Annual Report
for the year ended 30 September 2011

Continued Excellence

Corporate Social Responsibility

Innovative Farming

Bond with Growers

Community Empowerment

JDW Sugar Mills Limited

Moving Ahead Together...

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

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

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Corporate Information

Directors

Syed Ahmed Mahmud
Director/Chairman

Mr. Jahangir Khan Tareen
Director/Chief Executive

Mrs. Sameera Mahmud
Mr. Ijaz Ahmed Phulpoto
Mr. Asim Nisar Bajwa
Mr. Zafar Iqbal
Mr. Muhammad Ismail

Chief Operating Officer

Rana Nasim Ahmed

Group Director (Finance), CFO & Company Secretary

Mr. Muhammad Rafique

Audit Committee

Mr. Asim Nisar Bajwa
Chairman / Member

Mr. Zafar Iqbal
Secretary / Member

Mrs. Sameera Mahmud
Member

Auditors

KPMG Taseer Hadi & Co.
Chartered Accountants

Registrar

Corplink (Pvt.) Ltd.

Legal Advisor

Cornelius, Lane & Mufti

Bankers

Faysal Bank Ltd.
United Bank Ltd.
MCB Bank Ltd.
Allied Bank Ltd.
Habib Bank Ltd.
National Bank of Pakistan
The Bank of Punjab
Standard Chartered Bank (Pakistan) Ltd.
Habib Metropolitan Bank Ltd.
Silk Bank Ltd.
JS Bank Ltd.
Barclays Bank Plc.
Bank Alfalah Ltd.
Soneri Bank Ltd.

Registered Office

17-Abid Majeed Road,
Lahore Cantonment, Lahore.

Mills

Unit-I
Mauza Shirin, Jamal Din Wali,
Distt. Rahim Yar Khan.

Unit-II
Machi Goth, Sadiqabad.
Distt. Rahim Yar Khan.

Unit-III
Mauza Laluwali, Near Village
Islamabad, Distt. Ghotki.

Web Presence

www.jdw-group.com

Mission

- To be the market leader and a world-class organization by meeting and proactively anticipating customer needs.
- To maximize the wealth of stakeholders by optimizing the long term returns and growth of the business.
- To be amongst the most efficient and lowest cost producers in the industry.
- To ensure a safe, harmonious and challenging working environment for the employees.

Strategy

- To grow our base business in sugar and build those related activities where there is opportunity to smooth the impact of sugar price cycles.
- To produce sugar which is of highest international standards.
- To make investment in sugarcane crop to ensure regular supply of cane and profitability of growers.
- To offer equal and fair growth opportunities to all employees.
- To undertake and support community development and welfare projects in order to fulfil social commitments.

Notice of Annual General Meeting

Notice is hereby given that 22nd Annual General Meeting of JDW Sugar Mills Limited (the "Company") will be held at Fairways Hall, Royal Palm, Golf & Country Club, 52-Canal Bank Road, Lahore on Tuesday, 31st January, 2012 at 1:00 p.m. to transact the following business:

Ordinary Business:

1. To confirm the minutes of the last Annual General Meeting held on January 31, 2011.

2. To receive, consider and adopt the audited financial statements of the company for the financial year ended on 30th September, 2011 together with Directors' and Auditors' Reports thereon.

3. To approve a final cash dividend @ 90% i.e Rs. 9 per share for the year ended September 30, 2011 as recommended by the Board of Directors.

4. To appoint Auditors of the Company for the next financial year 2011-12 and fix their remuneration. The retiring Auditors M/s KPMG Taseer Hadi & Co. Chartered Accountants, being eligible, have offered themselves for reappointment as Auditors of the Company.

Special Business:

5. Advances To Associated Company - Faruki Pulp Mills Limited

To consider and if deemed fit to pass the following resolutions with or without modification, addition or deletion, as special resolutions:

a) "RESOLVED THAT consent and approval of the members of the Company be and is hereby accorded under Section 208 of the Companies Ordinance, 1984 for sanction of short term advances to Faruki Pulp Mills Limited, an associated undertaking of the Company, for up to an aggregate amount of Rs. 500,000,000 (Rupees five hundred million) for a period of one year from February 01, 2012 to January 31, 2013 (both days inclusive) at markup rate not less than the borrowing cost of the Company.

b) FURTHER RESOLVED THAT Mr. Muhammad Rafique, Company Secretary of the Company be and is hereby authorized to give effect to the above resolution and take all necessary steps as required under law or otherwise and to sign and execute any agreement, documents etc. for and on behalf of the Company in relation to the above advances."

6. To transact any other business with the permission of the Chairman.

By Order of the Board

(Muhammad Rafique)
Company Secretary

Lahore: January 10, 2012

NOTES:

1. The share transfer books of the company will remain closed and no transfer of shares will be accepted for registration from 24th January, 2012 to 31st January, 2012 (both days inclusive). Share transfers received upto close of business on 23rd January, 2012 shall entitle the transferees to the aforesaid cash dividend.

2. A member entitled to attend and vote at the Annual General Meeting may appoint another member as his/her proxy to attend and vote instead of him/her at the meeting. Proxies must be deposited at the Company Registered Office not less than 48 hours before the time of holding the meeting.

3. Any individual beneficial owner of CDC, entitled to vote at the Annual General Meeting, must bring his/her CNIC with his/her to prove his/her identity, and in case of proxy, attested copy of share holder's CNIC must be attached with the proxy form. The representative of corporate member should bring the usual documents required for such purpose.

4. Members are requested to notify immediately changes of their addresses (if any) to our Shares Registrar, Corplink (Pvt) Limited, Wings Arcade, I-K Commercial, Model Town, Lahore.

Agenda Item No. 5

i) **Name of Investee company together with the amount and purpose of loan or advance; in case any loan had already been provided or loan has been written off to the said investee company, the complete details of the said loan:**

Faruki Pulp Mills Limited ("FPML") was incorporated as an unlisted public limited Company on October 02, 1991 and certificate of commencement of business was issued on November 26, 1991. The principal business of FPML is manufacturing of wood pulp from Eucalyptus. The FPML has successfully started its commercial operations.

The manufacturing facility of FPML is located in Gujarat, Punjab and is the 'only' Bleached Kraft Pulp ("BKP") manufacturer in Pakistan and based primarily on Eucalyptus wood having a capacity of 200 tons per day ("tpd") or 68,000 tons per annum ("tpa"). FPML is an agricultural based Project using all local raw materials to produce an import substitute/ export.

FPML is an associated undertaking of JDW Sugar Mills Limited (the "Company") and 51,500,000 shares of Rs. 10 each of FPML are owned by the Company, which constitute approximately 47.69% of the total issued and voting shares in FPML.

The advances shall be for up to a maximum sum of RS. 500,000,000 (Rupees five hundred million). The purpose of the advances is to provide the FPML with working capital for smooth running its commercial operations.

ii) **A brief about the financial position of the investee company on the basis of last published financial statements:**
Based on the audited financial statements for the financial year ended June 30, 2011, the financial position of FPML appears to be as under:

Particulars		Amount (Rs.)
Paid up capital	:	1,080,000,000
General reserves	:	NIL
Long term loans/leases and other liabilities	:	1,997,046,666
Sponsors loans	:	75,000,000
Long term deposits	:	NIL
Turnover	:	NIL
Accumulated losses	:	(80,937,588)
Surplus on revaluation of fixed assets	:	NIL
Current assets	:	189,570,561
Loss after tax	:	(24,053,061)
Current ratio	:	1.04:1
Loss per share	:	(0.22)
Break up value per share	:	9.25

iii) **Rate of mark-up be charged:**

Mark-up will be charged at a rate which shall not be less than the borrowing cost of the company.

iv) **Particulars of Collateral Security:**

Management of the Company does not consider it necessary to obtain direct collateral security from FPML, since FPML is an associated undertaking of the Company and under common management.

v) **Source of funds from where loan will be given:**

The advances will be advanced primarily out of the Company's available surplus funds from its business activities and/or finance facilities availed by it.

vi) **Repayment Schedule:**

The advances would be for a period from February 1st 2012 to January 31st, 2013 (both days inclusive) and would be renewable on terms and conditions as approved by the members through special resolution.

vii) Purpose of loans and advances:

The purpose of the advances is to provide the FPML with funds to meet its working capital requirements for smooth running of its commercial operations.

viii) Benefits Accruing to the Company and its shareholders from the finance facility:

FPML is an associated undertaking of the Company and 51,500,000 shares of Rs. 10 each of FPML are owned by the Company, which constitute approximately 47.69 % of the total issued and voting shares in FPML. The subject advances to FPML should facilitate FPML to meet its working capital requirements. Expected dividend returns from FPML will enhance profitability of the company, which resultantly will strengthen/ consolidate its share price and confidence of investor and creditors.

ix) Personal Interest of the Directors of the Company:

The Directors of the Company are interested in the business to the extent that one of the Directors namely Mr. Jahangir Khan Tareen is also director in FPML and may hold qualification shares in FPML.

STATUS OF EQUITY INVESTMENT IN JDW POWER (PRIVATE) LIMITED AS REQUIRED BY SECP NOTIFICATION NO. SRO. 865(I)2000, DATED DECEMBER 6, 2000.

Members in their Extra-Ordinary General Meeting held on Sunday, November 1, 2009 at 11.00 a.m. at Registered Office of the company had approved equity investment of up to an aggregate sum of Rs. 500,000,000 in the equity of JDW Power (Private) Limited ("JDWPL") which is an associated company of the company and is planning to set up 80 MW co-generation power plant at Jamal Din Wali Distt. Rahim Yar Khan.

By virtue of said approval the company was authorized to subscribe up to 50,000,000 ordinary shares of Rs. 10/- each at par value of JDWPL as and when were offered by JDWPL, out of which company had so far been allotted 9,000,000 shares of Rs. 10 each in the paid up value of Rs. 90,000,000.

The Board reiterates that its key responsibility was to protect the interests of its shareholders. The fate of JDW-Unit I is linked to the Project as the sugar mill would be entirely dependent on the Project for steam and electricity supply after Project commissioning. The Board agreed that there was no guarantee in the present circumstances that the Project would not suffer the same fate as other IPPs in the future and have payments disrupted. If any such disruptions were to fall within the sugar season and force the Project to shut down, that would wreak havoc with the sugar milling operations and jeopardize the company's obligations to sugarcane growers, banks, and other parties. Further, the circular debt crisis in the power sector continued unabated and there had been no serious effort to resolve the issue.

Keeping in view the said circumstances the board decided to put the power project on indefinite hold. However, the board may reassess the decision in case there were structural improvements in the power sector and macroeconomic stability in the future.

STATUS OF FUND INVESTMENT IN FARUKI PULP MILLS LIMITED AS PER SPECIAL RESOLUTION PASSED IN AUGUST 3, 2010 AS REQUIRED UNDER SECP NOTIFICATION NO. SRO. 865(I)2000, DATED DECEMBER 6, 2000.

The Sponsors Support Agreement ("SSA") was signed by the company after getting approval of its members through special resolution in its Extra Ordinary General meeting held on August 03, 2010 for fulfilling the fund requirements of FPML to complete its project. FPML has successfully started its commercial operations and as of today; no loan/ advance or investment has been made in FPML by the company pursuant to the SSA.


WARNING

Production Data Unit - I

		2006	2007	2008	2009	2010	**2011**
Season started	Date	14-Nov-05	17-Nov-06	19-Nov-07	23-Nov-08	15-Nov-09	25-Nov-10
Season closed	Date	18-Mar-06	12-Apr-07	1-May-08	9-Mar-09	5-Mar-10	31-Mar-11
Days worked	Days	125	147	165	107	111	127
Average daily crushing	M.Tons	10,510	12,860	17,239	13,911	15,469	16,703
Sugar cane crushed	M.Tons	1,313,812	1,890,482	2,844,395	1,488,463	1,717,041	2,121,232
Sucrose recovery	% age	10.44	10.35	10.16	11.15	8.84	10.42
Sugar production	M.Tons	152,256	195,586	288,949	165,968	151,850	221,079
Molasses recovery	% age	4.20	4.09	4.74	4.03	4.48	3.84
Molasses production	M.Tons	55,655	77,311	134,817	60,021	77,006	81,466

Production Data Unit - II

		2006	2007	2008	2009	2010	**2011**
Season started	Date	15-Nov-05	17-Nov-06	19-Nov-07	23-Nov-08	15-Nov-09	25-Nov-10
Season closed	Date	9-Mar-06	1-Apr-07	18-Apr-08	5-Mar-09	1-Mar-10	30-Mar-11
Days worked	Days	115	136	152	103	107	126
Average daily crushing	M.Tons	4,460	5,274	6,551	5,784	6,592	6,887
Sugar cane crushed	M.Tons	512,844	717,230	995,700	595,765	705,363	867,796
Sucrose recovery	% age	9.80	10.22	10.15	11.25	9.69	10.67
Sugar production	M.Tons	50,256	73,315	101,082	67,044	68,352	92,595
Molasses recovery	% age	4.53	4.48	5.11	4.21	4.35	4.17
Molasses production	M.Tons	23,235	32,151	50,864	25,083	30,677	36,222

Production Data Unit - III

		2006	2007	2008	2009	2010	**2011**
Season started	Date	–	–	30–Nov–07	1–Dec–08	9–Nov–09	01-Dec-10
Season closed	Date	–	–	23–Apr–08	4–Mar–09	5–Mar–10	31-Mar-11
Days worked	Days	–	–	146	94	117	121
Average daily crushing	M.Tons	–	–	5,908	5,879	6,720	8,690
Sugar cane crushed	M.Tons	–	–	862,496	552,646	786,256	1,051,525
Sucrose recovery	% age	–	–	10.55	11.30	10.65	10.94
Sugar production	M.Tons	–	–	90,918	62,484	83,697	115,033
Molasses recovery	% age	–	–	5.66	4.02	4.41	4.27
Molasses production	M.Tons	–	–	48,785	22,250	34,685	44,936

Operating Results

(Rupees in thousands)

		(Restated)					
		2006	2007	2008	2009	2010	**2011**
Gross sales		6,489,766	6,144,673	12,407,766	11,253,261	21,386,484	26,467,626
Net sales		5,635,918	5,344,241	10,801,461	9,898,459	20,380,684	24,729,491
Cost of sales		4,482,904	4,527,892	8,818,583	7,510,054	16,744,651	20,513,820
Administrative, distribution & marketing		179,432	147,954	351,519	242,381	356,151	445,618
Interest expenses		495,060	697,960	816,218	1,127,468	1,168,440	1,333,093
Other operating expenses		187,169	14,202	91,141	115,553	212,051	323,691
Other operating income		(20,382)	(112,130)	(70,322)	(24,439)	(58,066)	(66,439)
Profit before taxation		287,147	58,498	794,323	927,036	1,957,457	2,179,708
Profit after taxation		241,951	23,187	484,453	587,654	1,245,984	1,343,186
Basic earnings per share	Rs.	7.75	0.61	10.94	13.50	22.89	24.42
Dividend – cash	%	30	–	35	40	70	90
– bonus	%	20	20	15	–	10	–

It gives me pleasure in presenting you the company's 22nd Annual Report and Audited Accounts for the year ended 30th September, 2011

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

Operating Results

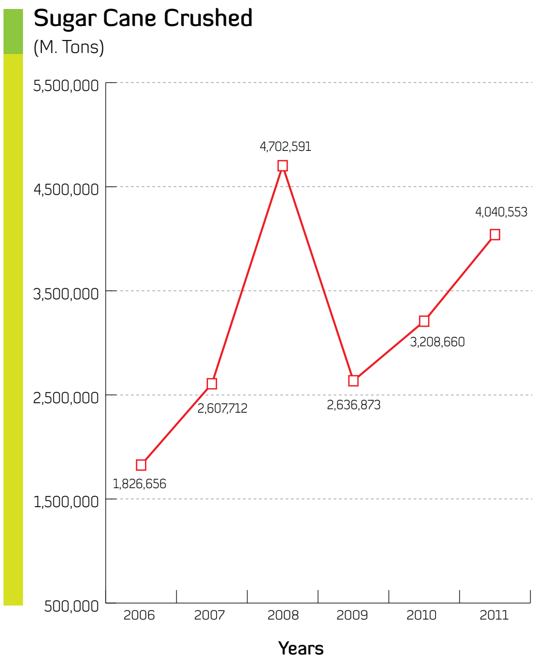
		2010-11				2009-10			
		JDW-I	JDW-II	JDW-III	COMBINED	JDW-I	JDW-II	JDW-III	COMBINED
Starting	Date	25-Nov-2010	25-Nov-2010	01-Dec-2010	–	15-Nov-2009	15-Nov-2009	09-Nov-2009	–
Ending	Date	31-Mar-2011	30-Mar-2011	31-Mar-2011	–	05-Mar-2010	01-Mar-2010	05-Mar-2010	–
Working	Days	127	126	121	125	111	107	117	112
Sugarcane crushed	M.Tons	2,121,232	867,796	1,051,525	4,040,553	1,717,041	705,363	786,256	3,208,660
Sugar Production	M.Tons	221,079	92,595	115,033	428,707	151,850	68,352	83,697	303,899
Sucrose Recovery	%age	10.42	10.67	10.94	10.61	8.84	9.69	10.65	9.47
Molasses Production	M.Tons	81,466	36,222	44,936	162,624	77,006	30,677	34,685	142,368
Molasses Recovery	%age	3.84	4.17	4.27	4.02	4.48	4.35	4.41	4.44

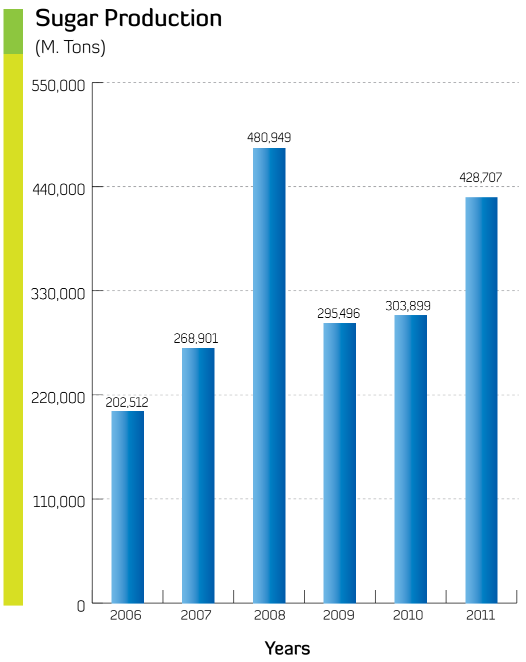
The comments on these results are as under:

- With average combined crushing of 32,324 tons per day, the Mills on the average were operated for 125 days during the period under review as against 112 days with average crushing of 28,649 tons per day last year.

- Average sucrose recovery achieved this time was 114 bps higher and has increased from 9.47 % to 10.61% as the cane crop this season was pest free whereas last year there was massive pest (Pyrilla) attack on the crop.

- JDWSML–Unit III, located in district Ghotki has achieved sucrose recovery of 10.94% which was the highest achieved by any sugar mills in Pakistan for the crushing season 2010-11. Owing to comparatively higher sucrose recovery the molasses recovery this time has decreased from 4.44% to 4.02%.





Financial indicators

An analysis of the key operating results is given below:

	30 September 2011	30 September 2010
	(Rs. in millions)	(Restated)
Gross Sales	26,468	21,386
Net Sales	24,729	20,381
Operating Profit	3,513	3,126
Profit before Tax	2,180	1,957
Profit after Tax	1,343	1,246
Basic earnings per share	24.42	22.89

The gross turnover of the company has crossed Rs. 25 billion bench mark. There has been 24 % increase in gross sales which is mainly attributable to increase in sugar prices and sale of more sugar this time due to higher sugar production.

The Company has earned a pre-tax profit amounting to Rs. 2,180 million as against profit of Rs.1,957 million last year. Profit after tax has increased marginally due to more provision for income tax. The basic earnings per share has increased from Rs. 22.89 to Rs.24.42.

The gross profit ratio has slightly dropped due to substantial increase in the prices of sugar cane. Depreciation charges, administrative expenses and distribution & marketing expenses are almost the same as were last year. However, there has been increase in other operating expenses owing to more costs incurred on harvesting activities.

Other points of your interest are summarized below:

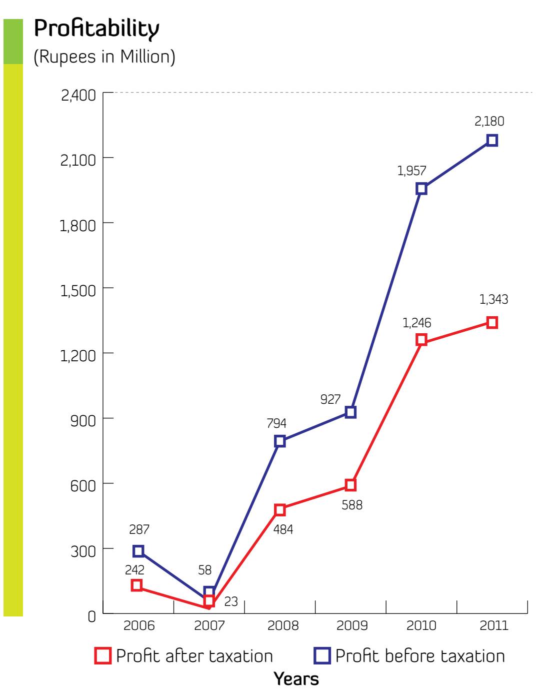
- Govt. of Punjab fixed the minimum sugarcane price at Rs. 125 per 40 kgs for the crushing season 2010-11 as against Rs. 100 per 40 kgs for the crushing season 2009-10 whereas Govt. of Sindh increased it from Rs. 102 to Rs. 127 per 40 kgs for the similar period.

- For crushing season 2010-11 mills were started in the last week of November 2010. Cane crushed was 26% higher in comparison with corresponding period whereas increase in sugar production was 41%. Comparatively higher increase in sugar production as compared to cane crushed is attributable to increase in sucrose recovery.

- The average sugarcane price of this crushing season was all times high as compared to the support price of Rs.125 per 40 kgs. The increased cost on procurement of sugar cane was mitigated by favorable trend in sugar prices. Substantial increase in cane cost has disturbed the gross profit and net profit ratios to net sales.

- Gross revenue from sale of electricity to HESCO from Unit III and to MEPCO from Unit I was Rs. 322 million as compared to Rs. 212 million in the corresponding period.

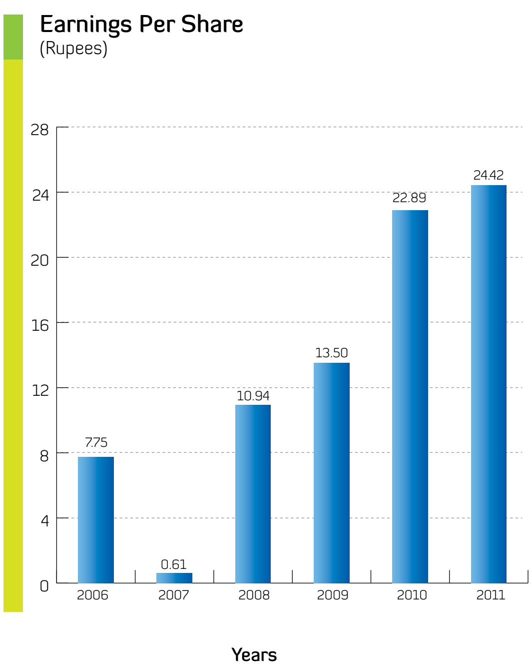
- The company continued its policy of prompt payment to growers during the season. Immediately after the close of the crushing season 2010-11 the company had fully made the balance cane payment which was outstanding for last few days of the season.



- The current ratio, debt to equity ratio and debt service coverage ratio have slightly improved over last year. However, leverage ratio has increased from 2.56 times to 3 times. The company's entire debt is 43 % of the gross turnover whereas last year it was 30 %. Leverage ratio and % age of company's debt to gross turnover have deteriorated due to non adjustment of entire cash finance limits prior to year end. The debt will continue to reduce as company will be repaying more than Rs. one billion every year for next few years. This reduction in debt will result in saving of financial charges on long term debt.

- There has been 14% increase in financial charges of the company which is due to increase in sugar production and volume of sales. The company is fulfilling its financial obligations on time and enjoying good relationship with all the financial institutions.

- The company has set up another sugar project in district Ghotki i.e., Deharki Sugar Mills (Pvt) Limited which is a subsidiary of the company and has successfully started commercial production on 3rd December, 2011. This project was started last year and has been completed in a record period of less than one year. The capacity of this plant is 8,000 TCD. Increase in long term financing during period under review is due to this project for which fresh long term borrowing was raised on company's balance sheet to finance this project.



- During period under review there were many changes in Govt. levies on sugar. Initially sales tax on sugar was applicable @ 8 % on fixed sale value of Rs 28.88 per kg and Special Excise Duty (SED) was also applicable @ 1 %. However, with effect from March 15, 2011 the fixed sale value criteria was withdrawn by FBR and the sales tax was made applicable @ 8 % on the actual sale value of sugar and SED was increased from 1% to 2.5 %. In Federal budget 2011 sales tax and SED on sugar were replaced with new levy i.e., Federal Excise Duty (FED) @ 8 % of the actual sale vale w.e.f. June 4, 2011.

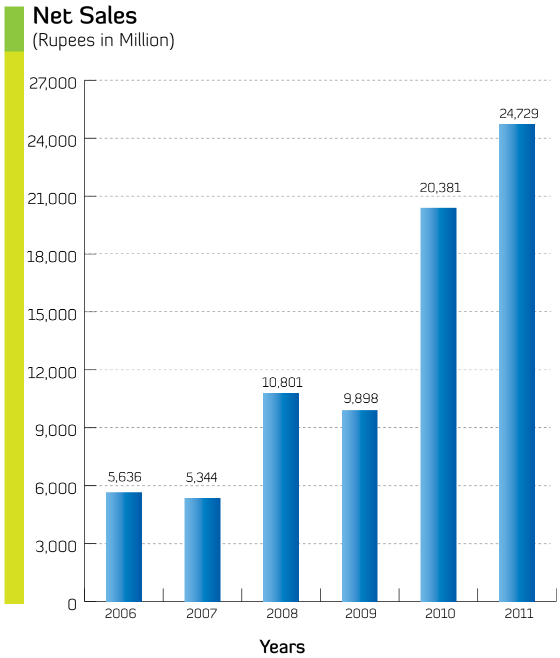
- JCR-VIS Credit Rating Company Limited (JCR-VIS) on August 16, 2011 has upgraded the long-term entity rating of the Company to 'A' (Single A) from A- (Single A Minus) and short-term rating to A-1 (A-One) from A-2 (A-Two). The rating of the company's Rs 1.7 billion TFC issue has also been upgraded from 'A' (Single A) to 'A+' (Single A Plus). Outlook on the assigned ratings has been reported as ' Stable'.

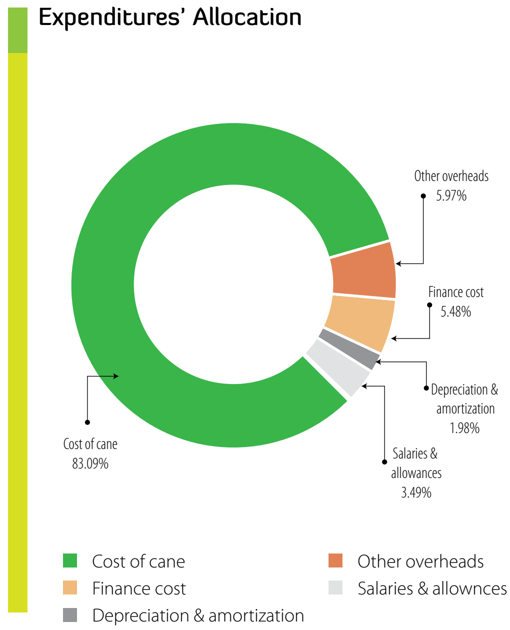
- The Karachi Stock Exchange (Guarantee) Limited (KSE) recently on the basis of comprehensive criteria, which includes Dividend Payout, Capital Efficiency, Profitability, Free-float of shares, Transparency & Investors Relation, Compliance with Listing Regulations has placed JDW Sugar Mills Limited among The Karachi Stock Exchange Top 25 Companies for the year 2010. On the basis of highest score obtained out of the list of top 25 companies our company was ranked on number 15. Our company is the only one from the entire sugar industry which has earned this milestone. This is a matter of pride for all of us.

- Pakistan Centre for Philanthropy has ranked JDW Sugar Mills Limited at 16th out of 532 Public Limited Companies by total volume of donations on the basis of Corporate Philanthropy Survey 2010.

Dividend

In view of the continuing good profitability of the company the Board of Directors has recommended 90% cash dividend, subject to approval of the shareholders in the Annual General Meeting.





Appropriation of Profit

The following appropriations were made during the current year.

	2011 (Rs. in thousands)
Profit after taxation	1,343,186
Un-appropriated profit as at 01 October 2010 (Re-stated)	2,606,978
	3,950,164
Appropriations during the Year	
Final cash dividend 70 % for the year ended 30 September 2010	(342,923)
Bonus shares @ 10%	(48,989)
Balance as at 30 September 2011	3,558,252
Subsequent Effects	
The Board of Directors of the Company in their meeting held on 05 January 2012 has proposed the following:	
Final cash dividend for the year 30 September 2011 of Rs. 9.0 (2010: Rs. 7.0) per share.	(533,490)
Bonus shares issued at the rate of Nil % (2010: 10 %)	–
	(533,490)
	3,024,762

Employees' Stock Option Scheme

During the year under review total 500,000 stock options were granted to senior level employees of the company under Employees Stock Option Scheme. The minimum vesting period for these options was one year i.e. December 31, 2011. As of to-date all option holders have opted their options and also have deposited with the thirty percent of the market price as per Employees Stock Option Scheme. Shares in lieu of stock options are being allotted to all the options holders.

Relationship with Growers

The company enjoys cordial relationship with the farmers' community as it considers the growers to be its backbone. To maintain and further strengthen the relationship, the company always gives priority and endeavors to;

- Consistently follow the policy of timely payments of sugarcane to growers.
- Fulfill farmers' financial requirements by providing them financial assistance from own sources & by arranging loans for them from banks and also through different financial schemes of National Rural Support Programme (NRSP). During period under review, approximately Rs 2,265 million was advanced to growers in the form of cash, seed, agricultural implements, turbines & tube wells, fertilizers and pesticides.
- Procure and provide latest agricultural equipments on subsidized rates to growers on easy installment basis.
- Enhance technical skills through various extension and advisory programs.
- Provide better quality and better yield varieties of sugarcane resulting in increased productivity in sugarcane yield per acre.

Future Outlook

For crushing season 2011-12, the Company has already started crushing in Unit-I and Unit-II on 18th November and in Unit-III on 25th November, 2011. Cane crop is bumper this time and we are expecting 25 to 30 % increase in sugar production. The provincial Governments i.e., Sindh and Punjab have increased support prices of sugar cane from Rs. 127 to Rs 154 per 40 kgs and Rs. 125 to Rs. 150 per 40 kgs respectively. However, due to carry over sugar stocks of approximately 600,000 to 700,000 tons and anticipated record sugar production the sugar prices have collapsed from the highest level of Rs. 78 per kg to Rs. 44 per kg the lowest level experienced during the ongoing crushing season so far. Sugar in excess of country's requirement will remain within the country due to ban on sugar export in Pakistan and will keep on disturbing the local prices.

TCP has recently procured 378,000 tons of sugar from the sugar mills to maintain its buffer sugar stocks but this buying of sugar by TCP is not going to help in maintaining sugar prices at level where industry can make reasonable profits. In view of the reduced sugar prices the Federal Govt. has decreased sugar prices at utility stores from Rs. 52 per kg to Rs. 42 per kg by giving huge subsidy.

Average combined sucrose recovery this time is expected to be lower than last year due to lodging of cane crop in the area of Unit-I. Keeping in view all these factors the current financial year seems to be tough for the company and maintaining same level of profitability is going to be very difficult.

Management is working on consolidating the financial position by focusing on reduction of financial charges. This is an area where substantial savings can be made in years to come.

In view of the above stated circumstances, we are operating in a challenging environment with ban on sugar export, regulation of sugarcane prices by the provincial governments versus determination of sugar prices by the market forces and higher financial charges. In future efforts will be made to increase sugar production, work on improving plant efficiencies and reduce financial charges.

Code of Corporate Governance

As required under the Code of Corporate Governance, the Board of Directors states that:

- The financial statements present fairly the state of affairs of the company, the results of its operations, cash flow and changes in equity;
- Proper books of accounts of the company have been maintained;
- Accounting policies as stated in the notes to the financial statements have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable prudent judgment;
- International Financial Reporting Standards, as applicable in Pakistan and the requirements of Companies Ordinance, 1984 have been followed in preparation of the financial statements;
- The system of internal control is sound in design and has been effectively implemented and monitored;
- There are no doubts about the 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;

- A statement regarding key financial data for the last six years is annexed to this report;
- Information about taxes and levies is given in the notes to the financial statements.

During the year, 13 board meetings were held. Attendance was as under:

		Meetings attended
1.	Jahangir Khan Tareen	11
2.	Syed Ahmed Mahmud	04
3.	Asim Nisar Bajwa	13
4.	Abdul Ghaffar	10
5.	Ejaz Ahmed Phulpoto	13
6.	Muhammad Ismail	12
7.	Zafar Iqbal (appointed w.e.f. 25.09.2010)	12

Directors who could not attend board meetings due to their preoccupations were granted leave of absence. Mr. Abdul Ghaffar resigned on December 1, 2011 as Director and Mrs. Sameera Mehmud appointed in his place as Director.

Audit Committee

The Board has constituted an Audit Committee consisting of three members including Chairman of the Committee. The committee regularly meets as per requirement of the code. The Committee assists the Board in reviewing internal audit manual and internal audit system.

Value of Provident Fund Investment

The company operates a recognized provident fund scheme covering all its permanent employees. Equal monthly contributions to the fund are made both by the company and its employees in accordance with fund rules. As per audited accounts of the Employees Provident Fund the value of its investments as on June 30, 2011 aggregates to Rs. 206 million (2009-10: Rs.156 million)

Pattern of Shareholding

There were 1298 shareholders of the company as of December 31, 2011. A statement of pattern of shareholding is enclosed in this report.

Statement of transaction in shares of the Company by the Directors, CEO, CFO and Company Secretary and their spouses and minor children during the year is enclosed in this report.

National Exchequer

The Company contributed a sum of Rs. 1,966 million approximately to the national exchequer in the form of duties and taxes during the year under review.

Corporate Social Responsibility Activities:

The Company undertook the Corporate Social Responsibility Activities which are discussed in detail on pages from 16 to 20 during the period under review.

Auditors

The present auditors M/s. KPMG Taseer Hadi & Co., Chartered Accountants retire and have offered themselves for re-appointment.

Acknowledgement

The directors would like to express their appreciation for the dedication hard work of the workers, staff and members of the management team. Growers are the key element of our industry and we thank them for their continued co-operation. The directors of the company are also thankful to the banks and leasing companies for the financial assistance and co-operation they have extended to the company. We are specially thank full for the co-operation of UBL led syndicate for financing the new sugar project of the Company.

On behalf of the board of directors

Lahore:
05 January, 2012

Jahangir Khan Tareen
Chief Executive

The unique socio-economic programs created by JDW Sugar Mills to raise the income and standard of living of local communities continued to expand in 2011. Programs that were originally initiated as pilot projects now play a key role in sustaining economic development of the immediate agricultural region. The programs utilize strong social and cultural bonds to harness the true potential of communities living in the rural areas.

The Company's social responsibility programs take a holistic approach to socio-economic problems and therefore deal with a much wider range of issues and communal groups than traditional single-focus programs.

Programs

1. Sugarcane Productivity Enhancement Project (SPEP)

This program is a truly multi-stakeholder project as it involves partnership between farming communities, the private sector (JDW Sugar Mills Ltd.) and a non-profit organization (National Rural Support Programme).

SPEP has been designed to enhance small farm (<20 acres) profitability through agriculture & livestock extension services and provision of credit without collateral. The community organizations (COs) receive SPEP support from a professional team consisting of a social organizer, an agricultural extension officer and a veterinary officer.

With continued support from JDW Sugar Mills, NRSP expanded its operation in 44 union councils. The number of active COs grew in 2011 to 1,768 with a membership of 21,583 farmers.

The main features of the SPEP include:

- Social mobilization and organization of the rural poor into Community Organizations (COs)
- Provision of agricultural extension services; agricultural graduates employed by JDW Sugar Mills provide services through direct advice in CO meetings, published literature and farm visits
- Credit facility from JDW Sugar Mills and NRSP for purchase of seed and other agricultural inputs on guarantee of the CO
- Small farmers have access to farm machinery provided by JDW Sugar Mills on credit at subsidized rates

NRSP distributed loans of Rs. 228.81 million in the year 2010-11 to raise the productivity & income of the farming communities.

2. Livestock Development Program (LDP)

SPEP management realizes that any effort in livestock productivity enhancement would directly benefit the poor in generating sustainable incomes. Under this program, DVMs and Veterinary Assistants provide services such as vaccinations, treatment of sick animals, advice on animal fattening, advice on enhancement of milk production and artificial insemination for breed improvement.

The approach used in this project has been replicated in the "Prime Minister's Special Initiative for Livestock" by the federal departments for national implementation under various rural support programmes. This project was successfully completed in June 2010. NRSP has since then successfully continued with the project under its own ownership on a self-sustaining basis.

3. Women's Development Program (WDP)

The Women's Development Program was initiated in the rural areas of SPEP to develop small business skills. Women in these rural areas can now benefit from the various programs run by NRSP. The project has so far organized 721 COs and encouraged membership of 6,320 women. The year 2010-11 enabled women to access credit worth Rs. 23.02 million and small business training facilities. Through these programs, women have been able to provide significantly improved income support to their households.

4. Support to Vocational Training Institutes

JDW Sugar Mills has provided Rs 6.25 million for the establishment of vocational training Institutes in Jamal Din Wali, Roshan Bhait and Rajan Pur Kalan.

Table 1 : Vocational Training Institute progress 2010-2011

Jamal Din Wali– VTI

	Admitted Students			Pass out Students		
Trades	Boys	Girls	Total	Boys	Girls	Total
Computer Operator/Office Assistant	30	–	30	23	–	23
Dress Making	–	30	30	–	18	18
Embroidery	–	30	30	–	23	23
Industrial Electrician	30	–	30	27	–	27
Tractor Mechanic	27	–	27	10	–	10
Total	87	60	147	60	41	101

RajanPurKalan– VTI

Computer Operator	30	–	30	30	–	30
Dress Making	–	30	30	–	30	30
Embroidery	–	30	30	–	19	19
Repair & Maintenance of Electrical	30	–	30	29	–	29
Total	60	60	120	59	49	108





These institutes are currently providing training in trades that include dress making, embroidery, repair and maintenance of electrical home appliances, tractor maintenance and computer operation. The graduates now have an opportunity to generate income through self-employment in the market.

5. Education

1. Quality Education for All (QEFA) in Rasool Pur Union Council

In 2002-03, the District Government of Rahim Yar Khan took a bold initiative in the education sector and handed over the management of all the primary schools of Rasool Pur Union Council to NRSP. JDW Sugar Mills fully supported this initiative and provided operational, financial and logistic support to the project. The local community was mobilized & fully involved in the management of schools. The following additional tasks were given to the community:

- Raising funds for provision of missing facilities
- Reducing the drop-out rate and increasing enrollment
- Reducing teacher's absenteeism.

The project has been a resounding success, resulting in efficient management of schools, increase in the student enrolment, reduction in the drop-out ratio, provision of basic facilities, and involvement of local communities in monitoring the performance of school administration. Since this initiative commenced, JDW Sugar Mills has been provided funds of Rs. 112.36 million, out of Rs. 90 million has been utilized in district Rahim Yar Khan and Rs. 22.36 million in district Ghotki. These funds have been channeled to address missing facilities and upgrading existing ones. The officers of the World Bank and Government of the Punjab visited these schools and appreciated the "New School Management Approach" adopted in Rasool Pur Union Council. The Punjab Education Sector Reforms Project (PESRP) launched in 2005-06 has been modeled on the lessons learnt from this project.

Since inception, the JDW-funded education programme has expanded to 154 schools, out of which there are 34 schools for girls, 77 for boys, while 43 are co-educational, non-formal schools. With strong collaboration with the NRSP, the program aims to address the quality of education in rural areas of district Rahim Yar Khan. These schools are now completely functional after being upgraded with funding support of Rs 40 million from JDW Sugar Mills. The upgrades included employment of 460 teachers, new classrooms, boundary walls, and furniture for students and teachers, toilets, sheds, water supplies, electricity & electrification, IT labs, supports material, walking bridge and whitewash.

Table 2: The JDW Sugar Mills sponsored Quality Education Program Progress till 2010-2011.

Programs	Boys	Girls	Co-Education	Total
Rasool Pur				
No. of Schools	26	18	–	44
Enrollment	4,373	2,387	–	6,760
No. of Teachers	137	89	–	226
Kot Karam Khan				
No. of Schools	13	5	–	18
Enrollment	1,698	650	–	2,348
No. of Teachers	37	13	–	50
Non Formal (NEF)				
No. of Schools	–	–	15	15
Enrollment	609	526	–	1,135
No. of Teachers	11	19	–	30
Ghotki				
No. of Schools	38	11	10	59
Enrollment	2,977	2,158	–	5,135
No. of Teachers	75	12	–	87
Grand Total				
No. of Schools	77	34	25	136
Enrollment	9,657	5,721	–	15,378
No. of Teachers	260	133	–	393

JDW Sugar Mills is using its valuable link with the district education department to make another contribution in educational institutes by raising the graduation level of rural community, elementary and higher schools.

6. Helping Students for Education Continuity

With a strong focus on promoting education, JDW Sugar Mills has also resolved to provide financial support to students who want to continue their studies after passing their intermediate qualification. Currently 15 boys and one girl of Jamal Din Wali city have benefited from support of Rs. 3.14 million in continuing their education in graduate and post graduate classes.

7. Lodhran Pilot Project (LPP) for Improved Sanitation

In order to provide a healthy environment, JDW Sugar Mills has provided Rs. 13.02 million to the LPP for improvement in sewerage system. Public involvement is encouraged to ensure the system is maintained on a daily basis.

8. Free Eye Camps

NRSP and JDW Sugar Mills have organized fourteen free eye camps. JDW Sugar Mills enthusiastically participated in this program by providing both financial and logistical support. These successful eye camps, which focus on providing integrated eye care, have become an on-going initiative for the poor rural community. In fourteen eye camps total 9,326 OPDs held from which 759 identified and operated for cataract surgeries (see table given below).

Summary of Eye Camps

	OPDs	Cataract Surgeries	Total
Male	4,738	409	5,147
Female	4,588	350	4,938
Total	9,326	759	10,085

Cataract surgeries of initial three camps held in July, 2009 were conducted in Al-Shifa Eye Trust, Sukkur. After that all the surgeries held at JDW Sugar Mills Colony area. This initiative proved more comfortable for poor local community and for old age group of beneficiaries.

Features of the Eye Camp Program:

- Separate arrangements for men and women
- Free Registration
- Free OPD
- Free optical check-up
- Free medicines
- Free cataract surgeries
- Free transportation
- Free accommodation

9. CNIC Preparation & Distribution

The JDW area falls in the backward region of Pakistan. To facilitate people, the Group assisted the NADRA Mobile Unit in the preparation of computerized national ID cards, as per table below.

Sr. No.	Details	Nos.
1	Computerized ID Cards Prepared	16,132
2	Computerized ID Cards Distributed	9,624

9. Community Dairy Development Project

This project has been initiated to support poor people in the region (Tehsil Rahim Yar Khan and Sadiqabad).

The Company in collaboration with Pakistan Dairy Development Company (PDDC) is providing loan to poor farmers for purchase of cows which will be repayable in easy equal instalments. This project will help in creation of employment opportunities by using their own skills and promote cattle farming. The project was initiated on 1st March, 2011. The core target of the project is to establish 30 community farms within three years. To date, 15 community farms have been established in the different rural areas and 235 farmers are benefiting from these community farms. A before & after analysis of the project is as follows:

Description	Before	After
Average milk production	4 litres	6 litres
Milk market rate to farmers	Rs. 30 per litre	Rs. 40 per litre

Financial Statements

for the year ended 30 September 2011

Statement of Compliance

with the Code of Corporate Governance

This statement is being presented to comply with the requirements of Code of Corporate Governance contained in listing regulations of Karachi Stock Exchange (Guarantee) Limited and Lahore Stock Exchange (Guarantee) Limited 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 Board of Directors comprised of seven (07) Directors. The Company encourages representation of independent non-executive Directors on its Board of Directors. At present the Board includes four independent non-executive directors.

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 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 NBFI. No one is a member of any Stock Exchange.

4. All casual vacancies occurring in the Board were filled up by the directors within 14 days thereof. During the year Mr. Abdul Ghaffar has resigned on December 01, 2011 as director and Mrs. Sameera Mahmud has been appointed in his place as director.

5. The Company has prepared a 'Statement of Ethics and Business Practices', which has been signed by all the directors and key 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 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 a director elected by the Board for this purpose and 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. No new appointment of Chief Financial Officer (CFO), Company Secretary and Head of Interal Audit were made during the year. However, any changes to the remuneration, terms and conditions of employment of CFO, Company Secretary and Head of Internal Audit have been determined by the CEO with the approval of the Board of Directors.

10. The directors' report for this year has been prepared in compliance with the requirements of the Code and fully describes the salient matters required to be disclosed.

11. The financial statements of the Company were duly endorsed by CEO and CFO before approval of the Board.

12. 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.

13. The Company has complied with all the corporate and financial reporting requirements of the Code.

14. The Board has formed an audit committee. It comprises three members and all are non-executive directors.

15. The meetings of the audit committee were held at least once every quarter prior to approval of interim and final results of the Company and as required by the Code. The terms of reference of the committee have been formed and advised to the committee for compliance.

16. The Board has set-up an effective internal audit function/ having suitable qualified and experienced persons who are conversant with the policies and procedures of the company.

17. The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the quality control review programme of the Institute of Chartered Accountants of Pakistan, that they or any of the partners 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 Accountants (IFAC) guidelines on code of ethics as adopted by the Institute of Chartered Accountants of Pakistan.

18. The related party transactions have been placed before the audit committee and approved by the Board of Directors to comply with the requirements of listing regulations of Karachi and Lahore Stock Exchanges. All transactions with related parties were made on an arm's length basis.

19. 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 observed IFAC guidelines in this regard.

20. the 'closed period', prior to the announcement of interim/final results and business decisions, which may materially affect the market price of company's share, was determined and intimated to directors, executives and stock exchange(s).

21. Material / price sensitive information has been disseminated amongst all market participants at once through stock exchange(s).

22. We confirm that all other material principles contained in the Code have been complied with.

Lahore
05 January 2012

Jahangir Khan Tareen
Chief Executive

Review Report to the Members

on Statement of Compliance with the Best Practices of Code of Corporate Governance

KPMG Taseer Hadi & Co.
Chartered Accountants

53-L, Gulberg III,
Lahore, Pakistan.

Telephone + 92 (42) 3585 0471-6
Fax + 92 (42) 3585 0477
Internet www.kpmg.com.pk

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 **JDW Sugar Mills Limited ("the Company")** to comply with the Listing Regulations of Karachi Stock Exchange.

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 transactions which are not executed at arm's length price recording proper justification 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.

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 30 September 2011.

Lahore
05 January 2012

KPMG Taseer Hadi & Co.
KPMG Taseer Hadi & Co.
Chartered Accountants
(Kamran Iqbal Yousafi)

KPMG Taseer Hadi & Co.
Chartered Accountants

53-L, Gulberg III,
Lahore, Pakistan.

Telephone + 92 (42) 3585 0471-6
Fax + 92 (42) 3585 0477
Internet www.kpmg.com.pk

We have audited the annexed balance sheet of JDW Sugar Mills Limited ("the Company") as at 30 September 2011 and the related profit and loss account, statement of comprehensive income, 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 purposes 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 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 the above said statements. We believe that our audit provides a reasonable basis for our opinion and, after due verification, we report that:

a) In our opinion, proper books of account have been kept by the Company as required by the Companies Ordinance, 1984;

b) 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 except for the changes mentioned referred to in note 4.1 to the financial statements with which we concur;

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;

c) in our opinion and to the best of our information and according to the explanations given to us, the balance sheet, profit and loss account, statement of comprehensive income, 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 30 September 2011 and of the profit, its cash flows and changes in equity for the year then ended; and

d) in our opinion Zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980), was deducted by the Company and deposited in the Central Zakat Fund established under section 7 of that Ordinance.

Lahore
05 January 2012

KPMG Taseer Hadi & Co.
Chartered Accountants

(Kamran Iqbal Yousafi)

	Note	2011 Rupees	2010 Rupees (Restated)
SHARE CAPITAL AND RESERVES			
Share capital	5	592,766,610	489,889,770
Reserves		4,224,139,342	2,927,602,540
		4,816,905,952	3,417,492,310
NON CURRENT LIABILITIES			
Long term loans – secured	7	4,068,000,001	2,571,888,890
Liabilities against assets subject to finance lease	8	540,516,474	528,665,198
Deferred liabilities	9	1,497,915,433	1,295,662,797
		6,106,431,908	4,396,216,885
CURRENT LIABILITIES			
Short term borrowings – secured	10	5,535,951,315	2,285,290,971
Current portion of non current liabilities	11	1,115,947,540	1,013,482,464
Trade and other payables	12	1,008,356,364	673,008,693
Interest and mark–up accrued		201,904,179	136,129,480
Provision for taxation		458,547,650	257,965,246
		8,320,707,048	4,365,876,854
CONTINGENCIES AND COMMITMENTS	13		
		19,244,044,908	12,179,586,049

The attached notes from 1 to 41 form an integral part of these financial statements.

Lahore
05 January 2012

	Note	2011 Rupees	2010 Rupees (Restated)
NON CURRENT ASSETS			
Property, plant and equipment			
Operating fixed assets	14	7,554,015,934	6,893,409,143
Capital work in progress		114,788,255	46,062,570
		7,668,804,189	6,939,471,713
Investment property	15	527,290,145	419,348,133
Goodwill	16	608,310,693	608,310,693
Investments	17	851,500,000	805,500,000
Advances to related parties	18	2,977,178,837	–
Long term deposits	19	105,769,396	84,408,648
		5,070,049,071	1,917,567,474
CURRENT ASSETS			
Stores, spares and loose tools	20	540,910,519	391,144,991
Stock in trade – finished goods		1,922,057,309	206,682,011
Trade debts – unsecured, considered good	21	859,693,180	142,956
Advances, deposits, prepayments and other receivables	22	3,066,797,871	2,713,635,100
Cash and bank balances	23	115,732,769	10,941,804
		6,505,191,648	3,322,546,862
		19,244,044,908	12,179,586,049

Chief Executive — Director

Profit and Loss Account

For the year ended 30 September 2011

	Note	2011 Rupees	2010 Rupees (Restated)
Gross sales		26,467,625,682	21,386,483,962
Sales tax, SED, FED & others		(1,738,134,475)	(1,005,800,083)
Net sales	24	24,729,491,207	20,380,683,879
Cost of sales	25	(20,513,820,267)	(16,744,651,160)
Gross profit		4,215,670,940	3,636,032,719
Administrative expenses	26	(430,482,211)	(344,195,411)
Distribution and marketing expenses	27	(15,135,294)	(11,956,057)
Other operating expenses	28	(323,690,681)	(212,051,150)
Other operating income	29	66,438,897	58,066,357
		(702,869,289)	(510,136,261)
Operating profit		3,512,801,651	3,125,896,458
Finance cost	30	(1,333,093,303)	(1,168,439,503)
Profit before taxation		2,179,708,348	1,957,456,955
Taxation	31	(836,522,582)	(711,473,399)
Profit after taxation		1,343,185,766	1,245,983,556
Basic earnings per share	32	24.42	22.89
Diluted earnings per share	33	24.18	22.89

The attached notes from 1 to 41 form an integral part of these financial statements.

Lahore
05 January 2012 Chief Executive Director

Statement of Comprehensive Income

For the year ended 30 September 2011

	2011 Rupees	2010 Rupees (Restated)
Profit after taxation	1,343,185,766	1,245,983,556
Other comprehensive income for the year		
Realized income on sale of long term investment – available for sale transferred to profit and loss account	–	57,500
Total comprehensive income for the year	1,343,185,766	1,246,041,056

The attached notes from 1 to 41 form an integral part of these financial statements.

Lahore
05 January 2012 — Chief Executive — Director

	Note	2011 Rupees	2010 Rupees (Restated)
CASH FLOW FROM OPERATING ACTIVITIES			
Cash generated from operations	34	1,794,800,065	4,320,005,217
Income tax paid		(453,925,583)	(97,147,553)
Workers' profit participation fund paid		(105,212,720)	(55,453,880)
Workers' welfare fund paid		(4,410,145)	(24,037,078)
Staff retirement benefits paid		(2,801,009)	(22,277,994)
		(566,349,457)	(198,916,505)
Net cash generated from operations		1,228,450,608	4,121,088,712
CASH FLOW FROM INVESTING ACTIVITIES			
Advances to related parties		(2,109,219,875)	–
Advances to related parties for purchase of shares		(1,141,391,628)	–
Property, plant and equipment		(871,169,878)	(185,510,557)
Investment property		(108,553,632)	(37,756,392)
Investment made during the year		(46,000,000)	(410,000,000)
Long term deposits		(21,360,748)	(35,531,373)
Proceeds realized from sale of property, plant and equipment		2,646,000	9,287,993
Proceeds realized from sale of investment property		2,000,000	–
Proceeds realized from sale of investment		–	150,000
Net cash used in investing activities		(4,293,049,761)	(659,360,329)
CASH FLOW FROM FINANCING ACTIVITIES			
Short term borrowings		3,250,660,344	(1,480,111,770)
Long term loans availed during the year		2,300,000,000	–
Proceeds from issuance of right shares		377,215,090	92,909,300
Finance cost paid		(1,183,789,530)	(1,159,106,529)
Long term loans repaid during the year		(803,888,889)	(504,222,221)
Lease rentals		(426,882,902)	(232,649,852)
Dividend		(343,923,995)	(174,183,028)
Net cash generated from / (used in) financing activities		3,169,390,118	(3,457,364,100)
Net increase in cash and cash equivalents		104,790,965	4,364,283
Cash and cash equivalents at the beginning of the year		10,941,804	6,577,521
Cash and cash equivalents at the end of the year	23	115,732,769	10,941,804

The attached notes from 1 to 41 form an integral part of these financial statements.

Lahore
05 January 2012

Chief Executive

Director

Statement of Changes in Equity

For the year ended 30 September 2011

	Note	Share capital	Share premium	Fair value adjustment on available for sale investment	Employees' stock option	Accumulated profit	Sub Total	Total
		Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees
Balance as at 30 September 2009 – as restated		435,457,570	21,247,608	(57,500)	–	1,534,207,664	1,555,397,772	1,990,855,342
Transaction with owners, recorded directly in equity:								
Final dividend @ Rs. 4.0 per share		–	–	–	–	(174,183,028)	(174,183,028)	(174,183,028)
Issuance of right shares at the rate of 12.5%		54,432,200	299,377,100	–	–	–	299,377,100	353,809,300
Total comprehensive income for the year		–	–	57,500	–	1,240,402,401	1,240,459,901	1,240,459,901
Balance as at 30 September 2010 – as reported		489,889,770	320,624,708	–	–	2,600,427,037	2,921,051,745	3,410,941,515
Effect of reversal of share of loss of associates	4.17 & 41.1	–	–	–	–	7,927,431	7,927,431	7,927,431
Effect of reversal of sale of electricity		–	–	–	–	(1,376,636)	(1,376,636)	(1,376,636)
Balance as at 30 September 2010 – as restated		489,889,770	320,624,708	–	–	2,606,977,832	2,927,602,540	3,417,492,310
Transaction with owners, recorded directly in equity:								
Final dividend @ Rs. 7.00 per share		–	–	–	–	(342,922,839)	(342,922,839)	(342,922,839)
Bonus shares issued at the rate of 10%		48,988,970	–	–	–	(48,988,970)	(48,988,970)	–
Issuance of right shares at the rate of 10%		53,887,870	323,327,220	–	–	–	323,327,220	377,215,090
Employees' stock option	6	–	–	–	21,935,625	–	21,935,625	21,935,625
Total comprehensive income for the year		–	–	–	–	1,343,185,766	1,343,185,766	1,343,185,766
Balance as at 30 September 2011		592,766,610	643,951,928	–	21,935,625	3,558,251,789	4,224,139,342	4,816,905,952

The attached notes from 1 to 41 form an integral part of these financial statements.

Lahore
05 January 2012

Chief Executive

Director

1 STATUS AND NATURE OF BUSINESS

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

2 BASIS OF PREPARATION

2.1 Statement of compliance

These financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan and the requirements of Companies Ordinance, 1984. Approved accounting standards comprise of such International Financial Reporting Standards (IFRSs) issued by the International Standard Board as are notified under the provisions of the Companies Ordinance, 1984. Wherever, the requirements of the Companies Ordinance, 1984 or directives issued by the Securities and Exchange Commission of Pakistan differ with the requirements of these standards, the requirements of Companies Ordinance, 1984 or the requirements of the said directives shall prevail.

2.2 Basis of measurement

These financial statements have been prepared under the historical cost convention except for revaluation of certain financial instruments at fair value and recognition of certain employee retirement benefits at present value.

2.3 Functional and presentation currency

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

3 USE OF ESTIMATES AND JUDGMENTS

The preparation of financial statements 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 affects only that period, or in the period of revision and future periods if the revision affects both current and future periods.

The areas where various assumptions and estimates are significant to Company's financial statements 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 Standards, Interpretations and Amendments not yet effective

The following standards, amendments and interpretations of approved accounting standards will be effective for accounting periods beginning on or after 01 July 2011:

- IAS 24 Related Party Disclosures (revised 2009) – (effective for annual periods beginning on or after 1 January 2011). The revision amends the definition of a related party and modifies certain related party disclosure requirements for government-related entities. The amendment would result in certain changes in disclosures.

- Amendments to IAS 12 – deferred tax on investment property (effective for annual periods beginning on or after 1 January 2012). The 2010 amendment provides an exception to the measurement principle in respect of investment property measured using the fair value model in accordance with IAS 40 Investment Property. The measurement of deferred tax assets and liabilities, in this limited circumstance, is based on a rebuttable presumption that the carrying amount of the investment property will be recovered entirely through sale. The presumption can be rebutted only if the investment property is depreciable and held within a business model whose objective is to consume substantially all of the asset's economic benefits over the life of the asset. The amendment has no impact on financial statements of the Company.

- Amendments to IFRIC 14 IAS 19 – The Limit on a Defined Benefit Assets, Minimum Funding Requirements and their Interaction (effective for annual periods beginning on or after 1 January 2011). These amendments remove unintended consequences arising from the treatment of prepayments where there is a minimum funding requirement. These amendments result in prepayments of contributions in certain circumstances being recognised as an asset rather than an expense. This amendment has no impact on Company's financial statements.

- Improvements to IFRSs 2010 – In May 2010 the IASB issued improvements to IFRSs 2010 which comprise of 11 amendments to 7 standards. Effective dates, early application and transitional requirements are addressed on a standard by standard basis. The majority of amendments are effective for annual periods beginning on or after 1 January 2011. The amendments include list of events or transactions that require disclosure in the interim financial statements, add an explicit statement that qualitative disclosure should be made in the context of the quantitative disclosures to better enable users to evaluate an entity's exposure to risks arising from financial instruments and fair value of award credits under the customer loyalty programs to take into account the amount of discounts or incentives that otherwise would be offered to customers that have not earned the award credits. Certain of these amendments will result in increased disclosures in the financial statements.

- IAS 19 Employee Benefits (amended 2011) - (effective for annual periods beginning on or after 1 January 2013). The amended IAS 19 includes the amendments that require actuarial gains and losses to be recognised immediately in other comprehensive income; this change will remove the corridor method and eliminate the ability for entities to recognise all changes in the defined benefit obligation and in plan assets in profit or loss, which currently is allowed under IAS 19; and that the expected return on plan assets recognised in profit or loss is calculated based on the rate used to discount the defined benefit obligation.

- Presentation of Items of Other Comprehensive Income (Amendments to IAS 1) - (effective for annual periods beginning on or after 1 July 2012). The amendments require that an entity present separately the items of other comprehensive income that would be reclassified to profit or loss in the future if certain conditions are met from those that would never be reclassified to profit or loss. The amendments do not address which items are presented in other comprehensive income or which items need to be reclassified. The requirements of other IFRSs continue to apply in this regard. The amendments have no impact on financial statements of the Company.

- Disclosures – Transfers of Financial Assets (Amendments to IFRS 7) - (effective for annual periods beginning on or after 1 July 2011). The amendments introduce new disclosure requirements about transfers of financial assets, including disclosures for financial assets that are not derecognised in their entirety; and financial assets that are derecognised in their entirety but for which the entity retains continuing involvement. The amendments have no impact on financial statements of the Company.

4.2 Property, plant and equipment

Owned

Property, plant and equipment, except freehold land are stated at cost less accumulated depreciation and any identified impairment loss. Freehold land and capital work in progress are stated at cost less any identified impairment loss. Cost includes direct cost and related overheads.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. Major repairs and improvements are capitalized. All other repair and maintenance costs are charged to income during the year in which they are incurred.

Depreciation is charged to profit on reducing balance method so as to write off the written down value of assets over their estimated useful lives at rates disclosed in note 14. Depreciation on additions is charged from the date when the asset is available for use, while no depreciation is charged on the date of disposal.

Depreciation methods, residual values and useful lives of assets are reviewed at each financial year end, and adjusted if impact on depreciation is significant.

The Company assesses at each balance sheet date whether there is any indication that property, plant and equipment may be impaired. If such indication exists, the carrying amounts of such assets are reviewed to assess whether they are recorded in excess of their recoverable amount. Where carrying values exceed the respective recoverable amount, assets are written down to their recoverable amounts and the resulting impairment loss is recognized in income currently. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. Where an impairment loss is recognized, the depreciation charge is adjusted in the future periods to allocate the asset's revised carrying amount over its estimated useful life.

The gain or loss on disposal or retirement of an asset represented by the difference between the sale proceeds and the carrying amount of the asset is recognized as an income or expense.

Leased

Leases where the Company has substantially all the risks and rewards of ownership are classified as finance leases. At inception, finance leases are capitalized at the lower of present value of minimum lease payments under the lease agreements and the fair value of the assets, less accumulated depreciation and impairment loss, if any.

The related rental obligations, net of finance costs, are included in liabilities against assets subject to finance lease as referred to in note 8. The liabilities are classified as current and non-current depending upon the timing of the payment.

Each lease payment is allocated between the liability and finance costs so as to achieve a constant rate on the balance outstanding. The interest element of the rental is charged to profit and loss account over the lease term.

Assets acquired under a finance lease are depreciated over the estimated useful life of the assets on reducing balance method at the rates disclosed in note 14. Depreciation of leased assets is charged to profit and loss account.

Depreciation methods, residual values and useful lives of the assets are reviewed at each financial year end, and adjusted if impact on depreciation is significant.

4.3 Stores, spares and loose tools

These are valued at lower of weighted average cost and net realizable value except for items in transit, which are valued at cost comprising invoice value and related expenses incurred thereon up to the balance sheet date. Obsolete and used items are recorded at nil value.

4.4 Stock in trade

These are valued at the lower of weighted average cost and net realizable value except for stock in transit, which is valued at cost comprising invoice value and related expenses incurred thereon up to the balance sheet date.

Cost is determined as follows:

Raw materials	at weighted average cost
Work-in-process and finished goods	at lower of weighted average cost plus related manufacturing expenses and net realizable value
Molasses	at lower of average cost and net realizable value

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

4.5 Trade debts

Trade debts are carried at original invoice amount less an estimate made for doubtful debts based on a review of all outstanding amounts at the year end. Bad debts are written off when identified.

4.6 Employee benefits

4.6.1 Defined contribution plan

The Company operates approved contributory provident fund for its eligible employees. Equal monthly contribution is made both by the Company and employee to the fund at the rate of 10% of basic salary.

4.6.2 Defined benefit plan

The Company also operates an unfunded gratuity scheme for eligible employees who have completed their qualifying period. Provision is made annually to cover current obligation under the scheme on the basis of actuarial recommendation.

The most recent valuation was carried out as at 30 September 2011 using the "Projected unit credit method". Following significant assumptions are used for valuation of the scheme:

	2011	2010
Discount rate	12.50%	14%
Expected increase in eligible pay	10.50%	12%
Expected average working life of employee	11 years	11 years

Cumulative net unrecognized actuarial gains and losses at the end of the previous year which exceed 10% of the present value of the obligations is amortized over the expected average working lives of the participating employees.

4.6.3 Employees' Stock Option

The intrinsic value of the options granted to the eligible employees is recognised as an expense, with a corresponding increase in reserves, over the period that the employees unconditionally become entitled to the option.

4.7 Taxation

Income tax expense comprises current and deferred tax.

Current

Provision of current tax is based on the taxable income for the year determined in accordance with the prevailing law for taxation of income. The charge for current tax is calculated using prevailing tax rates or tax rates expected to apply to the profit for the year if enacted after taking into account tax credits, rebates and exemptions, if any. The charge for current tax also includes adjustments, where considered necessary, to provision for tax made in previous years arising from assessments framed during the year for such years.

Deferred

Deferred tax is accounted for using the balance sheet liability method in respect of all temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of the taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences and deferred tax assets are recognized to the extent that it is probable that taxable profits will be available against which the deductible temporary differences, unused tax losses and tax credits can be utilized.

Deferred tax is calculated at the rates are expected to apply to the period when the differences reverse based on tax rates that have been enacted or substantively enacted by the balance sheet date. Deferred tax is charged or credited in the profit and loss account, except in the case of items credited or charged to equity in which case it is included in equity.

4.8 Revenue recognition

Revenue from the sale of goods is measured at the fair value of the consideration received or receivable. Revenue is recognized when the significant risks and rewards of ownership have been transferred to the buyer.

Revenue from sale of electricity is recognized on transmission of electricity.

Interest and rental income are recognized on accrual basis.

4.9 Cash and cash equivalents

Cash and cash equivalents are carried at cost in the balance sheet. For the purpose of cash flow statement, cash and cash equivalents comprise of cash in hand and bank balances.

4.10 Provisions

Provisions are recognized when the Company has a present legal or constructive obligation as a result of past event and it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate.

4.11 Financial instruments

Financial assets

Significant financial assets include advances and receivables, long term deposits and cash and bank balances. Finances and receivables are stated at their nominal value as reduced by provision for doubtful finances and receivable, while other financial assets are stated at cost.

Financial liabilities

Financial liabilities are classified according to the substance of the contractual arrangements entered into. Significant financial liabilities include short and long term finances, lease finances, interest and mark up accrued and trade and other payables. Markup based financial liabilities are recorded at gross proceeds received. Other liabilities are stated at their nominal value.

Recognition and derecognition

All the financial assets and financial liabilities are recognized at the time when the Company becomes party to the contractual provisions of the instrument. Financial assets are derecognized when the Company looses control of the contractual rights that comprise the financial assets. Financial liabilities are derecognized when they are extinguished i.e. when the obligation specified in the contract is discharged, cancelled or expires. Any gain or loss on derecognition of the financial assets and financial liabilities is taken to income currently.

4.12 Offsetting

Financial assets and liabilities are offset and the net amount is reported in the financial statements only when there is a legally enforceable right to set off the recognized amount and the Company intends either to settle on a net basis or to realize the assets or settle the liabilities simultaneously.

4.13 Borrowing cost

Borrowing costs incurred on long term finances obtained for the construction of qualifying assets are capitalized up to the date the respective assets are available for the intended use. All other borrowing costs are taken to the profit and loss account currently.

4.14 Trade and other payables

Liabilities for trade and other amounts payable are carried at cost which is the fair value of the consideration to be paid in future for goods and services received.

4.15 Foreign currency transactions

All monetary assets and liabilities in foreign currencies are translated into rupees at exchange rates prevailing at the balance sheet date. Transactions in foreign currencies are translated into rupees at the spot rate. All non-monetary items are translated into rupees at exchange rates prevailing on the date of transactions or on the date when fair values are determined. Exchange differences are included in the profit and loss account.

4.16 Deferred income

Deferred income represents excess of sale proceeds in relation to the carrying amount of the asset acquired under sale and lease back arrangement. Deferred income is amortized on a straight line basis over the period of lease term.

4.17 Investments

Investments in equity instruments of associated companies

Associates are all entities over which the Company has significant influence but not control. Investments in associates are measured at cost in the Company's separate financial statements.

The company is required to issue consolidated financial statements along with its separate financial statements, in accordance with the requirements of IAS 27 'Consolidated and Separate Financial Statements'. Investments in associated undertakings, in the consolidated financial statements, are being accounted for using the equity method.

The comparative figures have been restated to reflect the impact of above policy. Please see note 41.1 for further details.

Investment in equity instruments of subsidiary company

Investment in subsidiary company is measured at cost as per the requirements of IAS-27 "Consolidated and Separate Financial Statements". However, at subsequent reporting dates, the Company reviews the carrying amount of the investment and its recoverability to determine whether there is an indication that such investment has suffered an impairment loss. If any such indication exists the carrying amount of the investment is adjusted to the extent of impairment loss. Impairment losses are recognized as an expense.

Available for sale

Investments classified as available for sale are initially measured at cost, being the fair value of consideration given. At subsequent reporting dates, these investments are re-measured at fair value, unless fair value cannot be reliably measured. Unrealized gains and losses arising from the changes in the fair value are directly recognized in equity in the period in which they arise. Cumulative gains and losses arising from changes in fair value are included in net profit or loss for the period in which an investment is derecognized.

Investments intended to be held for less than twelve months from the balance sheet date or to be sold to raise operating capital, are included in current assets, all other investments are classified as non-current assets. Management determines the appropriate classification of its investments at the time of the purchase and re-evaluates such designation on a regular basis.

4.18 Investment Property

Investment Property is property held either to earn rental income or for capital appreciation or for both, but not for sale in ordinary course of business, use in production or supply of goods or services as for administrative purpose.

The Company assesses at each balance sheet date whether there is any indication that investment property may be impaired. If such indication exists, the carrying amount of such assets are reviewed to assess whether they are recorded in excess of their recoverable amount. Where carrying value exceeds the respective recoverable amount, assets are written down to their recoverable amounts and the resulting impairment loss is recognized in the profit and loss account for the year. The recoverable amount is the higher of an asset's fair value less costs to sell and value-in-use.

The gain or loss on disposal or retirement of an asset represented by the difference between the sale proceeds and the carrying amounts of the asset is recognized as an income or expense.

4.19 Related party transactions

The Company enters into transactions with related parties on an arm's length basis except in extremely rare circumstances where, subject to approval of the Board of Directors, it is in the interest of the Company to do so.

4.20 Goodwill

Goodwill represents the excess of the cost of acquisitions over the fair value of the net identifiable assets of the merged subsidiaries at the dates of acquisitions. Goodwill recognized is tested annually for impairment and carried at cost less accumulated impairment losses.

4.21 Dividend

Dividend distribution to shareholders is recognized as a liability in the period in which the dividends are approved.

	2011 Rupees	2010 Rupees
5 SHARE CAPITAL		
5.1 Authorized capital		
75,000,000 (2010: 55,000,000) ordinary shares of Rs. 10 each	750,000,000	550,000,000
25,000,000 (2010: Nil) preference shares of Rs. 10 each	250,000,000	–
	1,000,000,000	550,000,000

	2011 Rupees	2010 Rupees
5.2 Issued, subscribed and and paid up capital		
31,645,725 (2010: 26,256,938) ordinary shares of Rs. 10 each	316,457,250	262,569,380
27,630,936 (2010: 22,732,039) bonus shares of Rs. 10 each	276,309,360	227,320,390
	592,766,610	489,889,770

6 EMPLOYEES' STOCK OPTION

The Company is operating a stock option scheme "the Scheme" approved by Securities and Exchange Commission of Pakistan "SECP" dated 16 July 2010, under section 86 of the Companies Ordinance, 1984 read with Public Companies' employee stock option scheme Rules, 2001. The Compensation Committee of the Company shall recommend to the board as to which of the eligible employees are entitled to grant of option to subscribe for share at an option price. Option price, unless otherwise determined by the Compensation Committee, will be the lesser of 30% of the average of market price of share quoted in Karachi Stock Exchange, during 3 months prior to the date of grant of option and 3 months prior to date of exercise of option. The aggregate number of the share for all options granted or to be granted under the scheme to all eligible employees shall not, at any time, exceed 1% of the paid up capital of the Company. The option shall be exercised during the applicable option period, subject to expiry of relevant minimum vesting period. The Board of Directors of the Company, on recommendation of Compensation Committee, shall determine the entitlement to the options of the eligible employees in its meeting.

During the period, Company awarded 500,000 share options to its eligible employees under the employee stock option scheme "the Scheme" which are to be settled in shares subject to the vesting period of one year. Main features of the Scheme are as follows:

Date of grant of option	1-Jan-11
Date of exercise of option	1-Jan-12
Number of options granted	500,000
Exercise price	Lesser of 30% of the average of market price of shares quoted in Karachi Stock Exchange, during 3 months prior to date of grant of option and 3 months prior to date of exercise of option.

The number and weighted average exercise price of stock options are as follows:

	2011		2010	
	Weighted average exercise price Rupees	Number of options	Weighted average exercise price Rupees	Number of options
Options granted during the year	23.59	500,000	–	–

	Notes	2011 Rupees	2010 Rupees
7 LONG TERM LOANS - SECURED			
Privately Placed Term Finance Certificates	7.1	1,057,777,784	1,435,555,558
Privately Placed SUKKUK Certificates	7.2	311,111,110	422,222,221
Habib Bank Limited - term loan	7.3	160,000,000	220,000,000
Habib Bank Limited - led syndicated loan	7.4	1,042,999,996	1,298,000,000
United Bank Limited - led syndicated loan	7.5	2,300,000,000	–
		4,871,888,890	3,375,777,779
Current maturity presented under current liabilities	11	(803,888,889)	(803,888,889)
		4,068,000,001	2,571,888,890

7.1 Privately Placed Term Finance Certificates

These have been issued by way of private placements with a consortium of institutional investors. The total issue comprises of 340,000 TFC's having face value of Rs. 5,000 each.

Principal repayment

18 unequal quarterly instalments commencing after a grace period of one year and six months starting from March 2010 and ending June 2014.

Rate of return

The return on TFC's is payable quarterly at a rate of 3 months KIBOR plus 125 bps per annum.

Trustee

In order to protect the interests of TFC's holders, MCB Bank Limited has been appointed as trustee under a trust deed dated 27 May 2008.

Security

This finance is secured by first pari passu charge on land measuring 800 kanals, fixed assets, plant and machinery of the Company.

7.2 Privately Placed SUKKUK Certificates

These have been issued by way of private placements with a consortium of institutional investors. The total issue comprises of 100,000 sukuk certificates having face value of Rs. 5,000.

Principal repayment

18 unequal quarterly instalments commencing after a grace period of one year and six months starting from March 2010 and ending June 2014.

Rate of return

The return on TSC's is payable quarterly at a rate of 3 months KIBOR plus 125 bps per annum.

Trustee

In order to protect the interests of sukkuk certificate holders, MCB Bank Limited has been appointed as trustee under a trust deed dated 3 April 2008.

Security

This finance is secured by first pari passu charge on land measuring 800 kanals, fixed assets, plant and machinery of the Company.

7.3 Habib Bank Limited - term loan

Principal repayment

It is repayable in 20 unequal quarterly instalments starting from May 2009 and ending March 2014.

Rate of return

The interest is payable quarterly at a rate of 3 months KIBOR plus 275 bps per annum.

Security

This finance is secured by first pari passu charge on fixed assets of the Company (including land, building, plant and machinery) worth PKR 400 million and token registered mortgage on personal property and personal guarantee of all Directors of the Company.

7.4 Habib Bank Limited - led syndicated loan

This syndicated loan comprises of loans from Habib Bank Limited, MCB Bank Limited, Faysal Bank Limited, JS Bank Limited & Pak Kuwait Investment Company (Private) Limited.

Principal repayment

It is repayable in 23 unequal quarterly installments after a grace period of one year and six months starting from June 2010 and ending December 2015.

Rate of return

It carries markup at the rate of 3 months KIBOR plus 200 bps per annum.

Security

This loan is secured against first ranking pari passu charge over all the assets, equitable mortgage charge over immoveable properties of the Company and personal guarantee of Directors.

7.5 United Bank Limited- led syndicated loan

This syndicated loan comprises of loans from United Bank Limited, Faysal Bank Limited, Pak Kuwait Investment Company (Private) Limited, The Bank of Punjab, Soneri Bank Limited and Meezan Bank Limited.

Principal repayment

The loan is repayable in 20 unequal quarterly instalments after a grace period of one year and six months starting from March 2013 and ending on December 2017.

Rate of return

It carries mark-up rate at the rate of 3 months KIBOR plus 275 bps per annum.

Security

This loan is secured against first pari passu hypothecation charge over all present and future moveable fixed assets of the Company, first ranking mortgage over the project properties of Deharki Sugar Mills (Private) Limited and personal guarantee of main sponsoring Directors.

8 LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE

The amount of future minimum lease payments along with their present value and the periods during which they will fall due are:

		2011		
	Note	Minimum lease payments	Finance cost for future periods	Present value
		Rupees	Rupees	Rupees
Not later than one year	11	414,527,936	102,469,285	312,058,651
Later than one year and not later than five years		646,873,264	106,356,790	540,516,474
		1,061,401,200	208,826,075	852,575,125

		2010		
		Minimum lease payments	Finance cost for future periods	Present value
		Rupees	Rupees	Rupees
Not later than one year	11	305,134,250	95,540,675	209,593,575
Later than one year and not later than five years		636,573,988	107,908,790	528,665,198
		941,708,238	203,449,465	738,258,773

The Company has entered into various lease agreements with financial institutions for plant and machinery, implements and vehicles. Lease rentals are payable on quarterly / monthly basis and include finance cost ranging from 6 months KIBOR plus 250 bps per annum to 450 bps per annum (2010: 6 months KIBOR plus 250 bps per annum to 450 bps per annum) which has been used as the discounting factor. The Company has the option to purchase the assets upon completion of lease period and has the intention to exercise such option. There are no financial restrictions imposed by lessors.

		Note	2011 Rupees	2010 Rupees
9	**DEFERRED LIABILITIES**			
	Deferred taxation	9.1	1,452,394,283	1,257,707,914
	Staff retirement benefits	9.2	45,521,150	37,954,883
			1,497,915,433	1,295,662,797
9.1	**Deferred taxation**			
	The liability for deferred taxation comprises temporary differences relating to:			
	Accelerated tax depreciation		1,488,790,455	1,436,904,432
	Leased assets		360,473,889	271,871,875
	Liabilities against assets subject to finance lease		(298,401,294)	(258,390,571)
	Provisions for doubtful debts and obsolescence		(41,644,398)	(41,644,398)
	Employee retirement benefits		(15,932,402)	(8,420,215)
	Unused tax credits and losses		–	(105,788,755)
	Other timing differences		(40,891,967)	(36,824,454)
			1,452,394,283	1,257,707,914
9.2	**Staff retirement benefits - gratuity**			
	Present value of defined benefit obligations		49,810,065	44,927,601
	Unrecognised actuarial losses		(4,288,915)	(6,972,718)
	Liability as at 30 September		45,521,150	37,954,883
	Balance as at 01 October		37,954,883	26,885,791
	Charge to profit and loss account		10,367,276	13,121,562
	Payments		(2,801,009)	(2,052,470)
	Liability as at 30 September		45,521,150	37,954,883
	Charge to profit and loss account for the year comprises:			
	Current service cost		4,048,031	8,592,686
	Interest cost for the year		6,093,794	4,292,764
	Actuarial losses recognised		225,451	236,112
			10,367,276	13,121,562

Historical information comparison for five years:

	2011 Rupees	2010 Rupees	2009 Rupees	2008 Rupees	2007 Rupees
Present value of defined benefit obligations	49,810,065	44,927,601	33,021,263	25,523,798	16,182,081
Experience adjustment gain / (loss)	2,458,352	(1,073,358)	(1,817,636)	(3,431,020)	(2,730,185)

		Note	2011 Rupees	2010 Rupees
10	**SHORT TERM BORROWINGS – SECURED**			
	Banking and Financial Institutions			
	- Cash finances	10.1	2,839,182,500	156,712,202
	- Running finances	10.2	2,413,233,136	2,105,951,745
	- Finance against trust receipts (FATR)	10.3	83,535,679	22,627,024
	- Bridge finance - Pak Brunei	10.4	200,000,000	–
			5,535,951,315	2,285,290,971

10.1 The Company has obtained cash finance facilities aggregating to Rs. 10,700 million (2010: Rs. 8,350 million). The mark up rate applicable during the year ranges from 1 month KIBOR plus 150 bps per annum to 350 bps per annum (2010: 1 month KIBOR plus 125 bps per annum to 400 bps per annum). These are secured against pledge of sugar bags of the Company and personal guarantee of Directors of the Company.

10.2 The Company has obtained running finance facilities aggregating to Rs. 2,595 million (2010: Rs.2,393 million). The mark up rates applicable during the year ranges from 1 month KIBOR plus 150 bps per annum to 400 bps per annum (2010: 1 month KIBOR plus 200 bps per annum to 400 bps per annum). These are secured against present and future current assets of the Company and personal guarantee of Directors of the Company.

10.3 The limit of this facility is Rs. 200 million. It carries mark-up ranging from 1 month KIBOR plus 200 bps to 3 months KIBOR plus 200 bps per annum. It is secured against charge over current assets of the Company.

10.4 The limit of the facility is Rs. 200 million. It carries mark- up at the rate of 3 months KIBOR plus 275 bps per annum. It is secured against first pari passu charge over all present and future moveable fixed assets of the Company.

		Note	2011 Rupees	2010 Rupees Restated
11	**CURRENT PORTION OF NON CURRENT LIABILITIES**			
	Current portion of long term loans from banking companies and financial institutions	7	803,888,889	803,888,889
	Liabilities against assets subject to finance lease	8	312,058,651	209,593,575
			1,115,947,540	1,013,482,464
12	**TRADE AND OTHER PAYABLES**			
	Trade creditors		278,027,973	324,909,679
	Federal excise duty & sales tax payable		374,856,480	65,197,608
	Workers' profit participation fund payable	12.1	116,834,189	105,212,720
	Accrued expenses		82,265,866	77,488,607
	Workers' welfare fund		78,425,348	55,366,026
	Advances from customers		42,528,995	4,240,213
	Unclaimed dividend		7,463,856	8,465,012
	Retention money		5,846,200	5,767,844
	Tax deducted at source		3,373,347	3,559,136
	Special excise duty payable		–	6,270,253
	Other payables		18,734,110	16,531,595
			1,008,356,364	673,008,693

		Note	2011 Rupees	2010 Rupees
12.1	**Workers' profit participation fund**			
	Balance as at 01 October		105,212,720	49,992,301
	Add: Allocation for the year		116,834,189	105,212,720
	Interest on funds utilized in the Company's business		18,866,149	5,461,579
			240,913,058	160,666,600
	Less: Paid during the year		124,078,869	55,453,880
	Balance as at 30 September		116,834,189	105,212,720

13 CONTINGENCIES AND COMMITMENTS

Contingencies

13.1 The Sales Tax Department has demanded further tax of Rs. 77.9 million from the Company for the year 2000-2001 on the grounds that it charged sales tax at the rate of 15% on it's sales to persons liable to be registered instead of 18%. The Company is in adjudication against this on grounds of the definition of registered person in the Sales Tax Act. The Lahore High Court has stopped any recovery by the sales tax department from JDW Sugar Mills Limited till the decision of Collector of Customs, Sales Tax and Central Excise, Multan Region. Based on opinion from its legal advisor, management of the Company expects a favourable outcome in this case.

13.2 The Company availed 50% exemption of excise duty in 1990 - 91 crushing season on account of excess production over last year by having completed full crushing season i.e. 160 days. According to the audit report of Excise Department the exemption was wrongly availed. Therefore, the Deputy Collector issued show cause notice. The Company has challenged the same in Lahore High Court. No provision has been made in financial statements for this as the management is confident that the case will be decided in its favour.

13.3 The Punjab Industrial Development Board (PIDB) has claimed and amount of Rs. 10,780,782 from Pasrur Sugar Mills Limited (formerly subsidiary of United Sugar Mills Limited amount of Rs. 10,780,782. The claim was disputed by USML and the matter was referred to an arbitrator which announced and award in favor of USML, whereby instead of paying the aforementioned amount, RS.1,209,385 become recoverable from PIDB. An appeal was filed by PIDB against the decision of arbitrator in Sindh High Court Karachi which was dismissed during the year 2004-05. Now PIDB has again filed a petition and Supreme Court accept the petition to re-open the case. The final outcome of this case is not known at present. However the management of the Company based on the opinion of its legal advisor is confident that this case will be decided in its favour. Accordingly no provision is made in the books of account of the Company.

		2011 Rupees	2010 Rupees
	Commitments in respect of:		
13.4	Counter guarantee given on account of agricultural loan to growers:		
	Faysal Bank Limited	2,950,000,000	450,000,000
	The Bank of Punjab	300,000,000	300,000,000
	National Bank of Pakistan	290,000,000	290,000,000
	Habib Bank Limited	400,000,000	250,000,000
13.5	Letters of credit for import of machinery and its related components	341,840,563	297,938,537
13.6	Letters of guarantee in favour of:		
	Engro Fertilizer Limited	44,760,000	105,170,000
	Shell Pakistan Limited	35,000,000	35,000,000
	Pakistan State Oil Company Limited	1,000,000	1,000,000
	Punjab Power Development Board Energy - Energy Department	957,000	–
	Fauji Fertilizer Company Limited	–	39,688,000

14 OPERATING FIXED ASSETS

	Cost					Depreciation				Net book value
	As at 01 October 2010	Additions / (deletions) during the year	Transfers to / (from)	As at 30 September 2011	Rate	As at 01 October 2010	For the year	Adjustments	As at 30 September 2011	as at 30 September 2011
	Rupees	Rupees	Rupees	Rupees	%	Rupees	Rupees	Rupees	Rupees	Rupees
Owned										
Freehold land	153,311,656	318,015,000	–	471,326,656	–	–	–	–	–	471,326,656
Factory building on freehold land	806,368,654	15,253,721	(241,477)	821,380,898	10	297,127,023	51,360,968	(116,116)	348,371,875	473,009,023
Non factory building on freehold land	536,243,364	68,201,661	(2,663,602)	601,781,423	5	114,069,580	21,685,326	(581,871)	135,173,035	466,608,388
Plant and machinery	5,886,649,933	247,677,066	8,513,227	6,142,840,226	5	1,625,080,423	218,377,738	2,306,641	1,845,764,802	4,297,075,425
Motor vehicles	210,926,233	48,065,635	49,891,984	300,144,572	20	131,830,310	18,166,061	32,027,621	175,478,649	124,665,923
		(8,739,280)						(6,545,343)		
Electrical installation	65,233,982	8,542,413	(4,559,814)	69,216,581	10	33,897,398	3,293,514	(2,667,216)	34,523,697	34,692,884
Office equipment	47,944,975	5,979,222	(16,990,330)	36,933,867	20	29,607,600	4,044,438	(14,185,356)	19,466,682	17,467,185
Tools and equipment	46,125,047	1,276,567	(4,552,558)	42,849,056	10	20,706,787	2,605,431	(2,927,805)	20,384,413	22,464,643
Agri implements	290,581,122	80,138,077	129,529,600	295,546,023	10	104,159,242	19,450,265	37,532,593	71,401,533	224,144,490
		(204,702,776)						(89,740,568)		
Furniture and fixture	27,533,474	1,387,735	(2,108,735)	26,812,474	10	12,143,627	1,600,167	(1,349,854)	12,393,940	14,418,534
Weighbridge	9,717,830	1,525,000	(788,174)	10,454,656	10	7,553,730	216,410	(607,787)	7,162,353	3,292,303
Roads and boundary wall	46,960,621	193,008	(702,168)	46,451,461	10	12,329,197	3,465,575	(590,821)	15,203,951	31,247,510
Arms and ammunitions	6,616,967	1,307,400	(218,850)	7,705,517	10	2,395,341	422,521	(189,287)	2,628,575	5,076,942
Aircraft	418,645,628	–	–	418,645,628	10	52,144,635	36,650,099	-	88,794,734	329,850,894
Tubewell	1,498,146	861,623	(113,880)	2,245,889	10	1,060,130	87,709	(79,297)	1,068,542	1,177,347
Computers	12,374,652	4,020,065	(145,292)	16,249,425	33	5,994,903	2,730,075	(47,944)	8,677,034	7,572,391
	8,566,732,284	802,444,193	154,849,931	9,310,584,352		2,450,099,926	384,156,298	48,523,501	2,786,493,814	6,524,090,538
		(213,442,056)						(96,285,911)		
Leased										
Plant and machinery	339,461,735	281,695,743	(41,693,787)	579,463,691	5	45,524,223	23,731,287	(7,099,035)	62,156,475	517,307,216
Implements	417,043,292	89,318,178	(90,926,407)	415,435,063	10	40,263,932	42,653,523	(24,803,433)	58,114,022	357,321,041
Motor vehicles	161,585,780	96,244,250	(62,371,550)	195,458,480	20	55,525,867	30,761,038	(46,125,564)	40,161,341	155,297,139
	918,090,807	467,258,171	(194,991,744)	1,190,357,234		141,314,022	97,145,848	(78,028,032)	160,431,838	1,029,925,396
	9,484,823,091	1,269,702,364	(40,141,813)	10,500,941,586		2,591,413,948	481,302,146	(29,504,531)	2,946,925,652	7,554,015,934
		(213,442,056)						(96,285,911)		

14.1

	Cost					Depreciation				Net book value
	As at 01 October 2009	Additions / (deletions) during the year	Transfers to / (from)	As at 30 September 2010	Rate	As at 01 October 2009	For the year	Adjustments	As at 30 September 2010	as at 30 September 2010
	Rupees	Rupees	Rupees	Rupees	%	Rupees	Rupees	Rupees	Rupees	Rupees
Owned										
Freehold land	184,149,761	–	(30,838,105)	153,311,656	–	–	–	–	–	153,311,656
Factory building on freehold land	803,189,175	1,026,329	2,153,150	806,368,654	10	242,934,491	56,528,183	(2,335,651)	297,127,023	509,241,631
Non factory building on freehold land	507,725,760	29,036,956	(519,352)	536,243,364	5	92,999,796	21,455,461	(385,677)	114,069,580	422,173,784
Plant and machinery	5,785,191,419	46,951,879	54,506,635	5,886,649,933	5	1,413,193,368	218,395,813	(6,508,758)	1,625,080,423	4,261,569,510
Motor vehicles	208,056,247	16,866,181	(2,632,452)	210,926,233	20	128,805,498	16,289,686	(6,770,891)	131,830,310	79,095,923
		(11,363,743)			–			(6,493,983)		
Electrical installation	62,370,662	15,288,207	(12,424,887)	65,233,982	10	32,519,243	3,059,064	(1,680,909)	33,897,398	31,336,584
Office equipment	49,393,695	2,097,961	(3,546,681)	47,944,975	20	28,162,677	4,295,845	(2,850,922)	29,607,600	18,337,375
Tools and equipment	55,828,297	396,696	(10,099,946)	46,125,047	10	24,532,568	2,800,010	(6,625,791)	20,706,787	25,418,260
Agri implements	164,138,264	26,485,785	99,957,073	290,581,122	10	67,704,558	10,764,178	25,690,506	104,159,242	186,421,880
Furniture and fixture	26,725,569	3,314,469	(2,506,564)	27,533,474	10	12,607,575	1,441,566	(1,905,514)	12,143,627	15,389,847
Weighbridge	9,717,830	–	–	9,717,830	10	7,313,274	240,456	–	7,553,730	2,164,100
Roads and boundary wall	46,960,621	–	–	46,960,621	10	8,481,261	3,847,936	–	12,329,197	34,631,424
Arms and ammunitions	5,852,967	764,000	–	6,616,967	10	1,977,171	418,170	–	2,395,341	4,221,626
Aircraft	398,645,628	20,000,000	–	418,645,628	10	12,341,632	39,803,003	–	52,144,635	366,500,993
Tubewell	1,498,146	–	–	1,498,146	10	1,011,461	48,669	–	1,060,130	438,016
Computers	8,856,742	2,961,146	715,045	12,374,652	33	4,037,951	2,418,924	(370,943)	5,994,903	6,379,749
		(158,281)						(91,029)		
Fire fighting equipments	344,000	–	(344,000)	–	20	343,730	–	(343,730)	–	–
	8,318,644,783	165,189,609	94,419,916	8,566,732,284		2,078,966,254	381,806,964	(10,673,292)	2,450,099,926	6,116,632,358
		(11,522,024)						(6,585,012)		
Leased										
Plant and machinery	391,073,325	67,586,600	(119,198,190)	339,461,735	5	45,914,665	17,585,817	(17,976,259)	45,524,223	293,937,512
Implements	200,801,009	285,725,683	(69,483,400)	417,043,292	10	44,123,980	22,184,743	(26,044,791)	40,263,932	376,779,360
Motor vehicles	125,153,780	44,872,000	(8,440,000)	161,585,780	20	37,260,123	21,638,825	(3,373,081)	55,525,867	106,059,913
	717,028,114	398,184,283	(197,121,590)	918,090,807		127,298,768	61,409,385	(47,394,131)	141,314,022	776,776,785
	9,035,672,897	563,373,892	(102,701,674)	9,484,823,091		2,206,265,022	443,216,349	(58,067,423)	2,591,413,948	6,893,409,143
		(11,522,024)						(6,585,012)		

		Note	2011 Rupees	2010 Rupees
14.2	Depreciation charge for the year has been allocated as follows:			
	Cost of goods manufactured	25.1	366,242,917	371,168,043
	Administrative expenses	26	53,035,193	54,016,100
	Other operating expenses	28.1	62,024,036	18,032,206
			481,302,146	443,216,349

14.3 Disposal of Property, Plant and Equipment

Description	Particulars of buyer	Cost	Accumulated depreciation	Book value	Sale proceeds	Mode of disposal
		Rupees	Rupees	Rupees	Rupees	
	Employees					
Vehicle	Employee	1,030,500	664,609	365,891	206,100	Negotiation
Vehicle	Employee	879,000	573,017	305,983	266,700	– do –
Vehicle	Employee	768,000	607,027	160,973	230,400	– do –
Vehicle	Employee	794,000	512,081	281,919	241,200	– do –
Vehicle	Employee	560,000	413,199	146,801	177,900	– do –
Vehicle	Employee	406,325	292,440	113,885	255,000	– do –
Motor Cycle	Employee	58,500	47,213	11,287	20,000	– do –
Motor Cycle	Employee	35,500	27,986	7,514	16,000	– do –
Motor Cycle	Employee	50,490	31,407	19,083	30,000	– do –
Motor Cycle	Employee	57,500	45,329	12,171	20,000	– do –
Motor Cycle	Employee	59,000	33,341	25,659	29,000	– do –
	Others parties					
Agri implements- (288 tractors)	JK Farming Systems Limited	204,702,776	89,740,568	114,962,208	125,050,000	Negotiation
Vehicle	Ali Sher	739,000	587,077	151,923	500,000	– do –
Vehicle	Ali Sher	762,565	605,799	156,766	500,000	– do –
Vehicle	Ali Sher	875,000	759,876	115,124	510,000	– do –
Vehicle	Amjad Hussain	775,700	618,461	157,239	466,000	– do –
Vehicle	Shafiq Ahmad	514,200	399,625	114,575	420,000	– do –
Vehicle	Bismillah Autos	374,000	326,856	47,144	250,000	– do –
2011		213,442,056	96,285,911	117,156,145	129,188,300	
2010		11,522,024	6,585,012	4,937,012	9,287,993	

		2011 Rupees	2010 Rupees
15	**INVESTMENT PROPERTY**		
	Balance as at 01 October	419,348,133	350,753,636
	Transferred to investment property	–	30,838,105
	Additions during the year	108,553,632	37,756,392
	Deletion during the year	(611,620)	–
	Balance as at 30 September	527,290,145	419,348,133

It mainly represents agricultural land given on lease. The fair value of investment property is Rs. 1,406,809,350 (2010: Rs 1,042,228,438).

16 GOODWILL

It represents the excess of cost of acquisition over the fair value of the net identifiable assets of the subsidiaries at the date of acquisition.

		Note	2011 Rupees	2010 Rupees
17	**INVESTMENTS**			
	Investment in subsidiary company	17.1	1,000,000	–
	Investment in associated companies	17.2	850,500,000	805,500,000
	Available for sale	17.3	–	–
			851,500,000	805,500,000
17.1	**Investment in subsidiary company – Un quoted**			
	Deharki Sugar Mills (Private) Limited ("DSML")			
	100,000 (2010: Nil) fully paid ordinary shares of Rs.10 each			
	Equity held 80% (2010: Nil)		1,000,000	–
17.2	**Investment in associate – Un quoted**			
	Faruki Pulp Mills Limited ("FPML")			
	51,500,000 (2010: 51,500,000) fully paid shares of Rs. 10 each			
	Equity held 47.69% (2010 : 47.69%)		560,500,000	560,500,000
	JK Dairies (Private) Limited ("JKDL")			
	10,000,000 (2010: 10,000,000) fully paid shares of Rs. 10 each			
	Equity held 33.33% (2010 : 33.33%)		200,000,000	200,000,000
	JDW Power (Private) Limited ("JDWPL")			
	Cost as at 01 October			
	4,500,000 fully paid shares of Rs. 10 each		45,000,000	–
	Acquired during the year			
	4,500,000 fully paid shares of Rs. 10 each		45,000,000	45,000,000
	Equity held 47.37% (2010 : 47.37%)		90,000,000	45,000,000
			850,500,000	805,500,000
17.3	**Available for sale**			
	Taha Spinning Mills Limited – Quoted			
	Balance as at 01 October		–	317,500
	Disposal during the year			
	Nil (2010: 50,000) fully paid shares of Rs. 10 each		–	(317,500)
	Balance as at 30 September		–	–

		Note	2011 Rupees	2010 Rupees (Restated)
18	**ADVANCES TO RELATED PARTIES**			
	Deharki Sugar Mills (Private) Limited ("DSML")			
	Advances	18.1	1,835,787,209	–
	Advances for purchase of shares		1,048,750,000	–
			2,884,537,209	–
	JDW Power (Private) Limited ("JDWPL")			
	Advances for purchase of shares		92,641,628	–
			2,977,178,837	–

18.1 This amount includes markup of Rs. 50,468,000 charged at the rate of 16.28% per annum.

19 LONG TERM DEPOSITS

These mainly comprise of security deposits with leasing companies in respect of leasing facilities availed.

		Note	2011 Rupees	2010 Rupees (Restated)
20	**STORES, SPARES AND LOOSE TOOLS**			
	Stores		276,796,984	207,784,521
	Spares		240,051,293	166,926,733
	Oil and lubricants		37,116,436	37,199,113
	Loose tools		15,842,209	12,211,548
	Packing material		9,696,596	7,930,717
	Civil stores		5,489,605	3,174,963
			584,993,123	435,227,595
	Less: Provision for obsolescence		(44,082,604)	(44,082,604)
			540,910,519	391,144,991
21	**TRADE DEBTS – UNSECURED**			
	Trade debts – unsecured, considered good		859,693,180	142,956
	Trade debts – unsecured, considered doubtful		14,486,141	14,486,141
			874,179,321	14,629,097
	Less: Provision for doubtful debts		(14,486,141)	(14,486,141)
			859,693,180	142,956
22	**ADVANCES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES**			
	Advances to growers			
	Unsecured – considered good	22.1	2,264,638,078	2,329,066,095
	Unsecured – considered doubtful		34,976,616	34,976,616
			2,299,614,694	2,364,042,711
	Less: Provision for doubtful advances		(34,976,616)	(34,976,616)
			2,264,638,078	2,329,066,095
	Advance to suppliers and contractors			
	Unsecured – considered good		307,808,384	143,290,727
	Unsecured – considered doubtful		25,438,633	25,438,633
			333,247,017	168,729,360
	Less: Provision for doubtful advances		(25,438,633)	(25,438,633)
			307,808,384	143,290,727
	Advances to related party	22.2	273,432,666	–
	Letters of credit		137,491,118	199,308,991
	Advances to staff – unsecured, considered good		31,317,624	4,883,026
	Prepaid expenses		16,176,487	12,637,267
	Deposits		15,315,221	–
	Excise duty receivable	22.3	9,888,364	9,888,364
	Tax refunds from Government		1,431,700	1,431,700
	Other receivables		9,298,229	13,128,930
			3,066,797,871	2,713,635,100

22.1 Advances to growers include Rs. 1,346,920,701 (2010: Rs. 901,902,464) given to JK Farming Systems Limited for procurement of sugarcane.

22.2 This advance relates to Faruki Pulp Mills Limited, a related party. Further, this amount include markup of Rs. 23,432,666 charged at the rate of 15.97% per annum.

22.3 The Company claimed an exemption of Rs.10.75 million from excise duty on an export transaction during 1993-94. However, the Excise Department rejected the claim and the Company deposited Rs.9.88 million under protest.

		Note	2011 Rupees	2010 Rupees
23	**CASH AND BANK BALANCES**			
	At banks:			
	Current accounts		115,047,291	7,301,363
	Saving account	23.1	259,970	2,257,237
			115,307,261	9,558,600
	Cash in hand		425,508	1,383,204
			115,732,769	10,941,804

23.1 The balance in saving account carries mark–up which ranges from 8% to 10% per annum (2010: 8% to 10.5% per annum).

		Note	2011 Rupees	2010 Rupees Restated
24	**SALES – NET**			
	Sugar		24,879,892,673	20,154,641,352
	Molasses & Bagasse		1,265,775,472	1,019,887,942
	Electricity		321,957,537	211,954,668
			26,467,625,682	21,386,483,962
	Less: Sales tax		935,728,745	882,291,442
	Federal excise duty		608,146,897	–
	Special excise duty		192,812,833	104,788,185
	Brokerage, commission and others		1,446,000	18,720,456
			1,738,134,475	1,005,800,083
			24,729,491,207	20,380,683,879
25	**COST OF SALES**			
	Opening stock in trade		206,682,011	1,436,296,905
	Cost of goods manufactured	25.1	22,229,195,565	15,515,036,266
	Less: Closing stock in trade		(1,922,057,309)	(206,682,011)
			20,513,820,267	16,744,651,160

		Note	2011 Rupees	2010 Rupees (Restated)
25.1	**Cost of goods manufactured**			
	Cost of sugarcane consumed (including procurement and other costs)		20,215,929,565	13,767,259,901
	Salaries, wages and other benefits	25.1.1	658,683,469	535,540,073
	Stores and spares consumed		442,809,470	316,166,756
	Depreciation	14.2	366,242,917	371,168,043
	Packing material consumed		163,822,936	101,459,430
	Vehicle running expenses		80,707,889	56,112,362
	Chemicals consumed		72,831,720	61,818,883
	Oil, lubricants and fuel consumed		60,995,804	58,387,595
	Electricity and power		36,723,148	32,562,889
	Insurance		33,232,721	40,155,509
	Repairs and maintenance		24,880,909	30,154,330
	Mud and bagasse shifting expenses		12,668,463	11,554,846
	Freight and octroi		12,409,343	13,681,648
	Handling and storage		11,261,056	9,330,526
	Assets written off		10,637,283	20,213,356
	Printing and stationery		5,393,292	4,624,070
	Traveling and conveyance		4,389,371	2,556,336
	Telephone and fax		2,631,467	1,857,094
	Provision for obsolescence		–	44,082,604
	Provision for doubtful advances		–	24,959,525
	Other expenses		12,944,742	11,390,490
			22,229,195,565	15,515,036,266

25.1.1 Salaries, wages and other benefits include Rs. 14,681,834 (2010: Rs. 9,106,401) in respect of provident fund and Rs. 7,257,093 (2010: Rs. 9,185,093) in respect of staff gratuity.

		Note	2011 Rupees	2010 Rupees
26	**ADMINISTRATIVE EXPENSES**			
	Salaries, wages and other benefits	26.1	178,753,723	137,308,215
	Depreciation	14.2	53,035,193	54,016,100
	Charity and donations	26.2	48,908,386	41,013,848
	Legal and professional services		26,961,000	16,036,266
	Traveling and conveyance		26,308,041	27,088,130
	Office rent and renovation		15,772,873	11,650,604
	Repairs and maintenance		14,760,638	1,443,599
	Vehicle running and maintenance		13,580,969	11,205,399
	Consultancy and advisory		9,973,931	7,453,000
	Fee and taxes		8,076,171	3,660,417
	Insurance		6,012,766	3,973,966
	Telephone, fax and postage		5,314,801	5,401,447
	Subscription and renewals		5,126,776	5,492,223
	Printing and stationery		3,781,725	3,794,536
	Advertisement		3,540,711	2,018,558
	Electricity and power		2,178,749	1,884,239
	Auditors' remuneration	26.3	1,875,000	2,650,000
	Entertainment		1,136,262	770,393
	Newspapers, books and periodicals		119,526	42,892
	Arms and ammunition		38,700	132,631
	Other expenses		5,226,270	7,158,948
			430,482,211	344,195,411

26.1 Salaries, wages and other benefits include Rs. 3,470,733 (2010: Rs. 2,222,541) in respect of provident fund and Rs. 3,110,183 (2010: Rs. 3,936,468) in respect of staff gratuity.

26.2 None of the Directors of the Company or their spouses have any interest in, or are otherwise associated with any of the recipients of donations made by the Company during the year except for the Lodhran Pilot Project (Non Profit Organisation) in which Mr. Jahangir Khan Tareen is the President.

	Note	2011 Rupees	2010 Rupees
26.3 Auditors' remuneration			
Statutory audit		1,500,000	1,200,000
Half yearly review		250,000	150,000
Other certifications		125,000	–
Staff secondment		–	1,300,000
		1,875,000	2,650,000
27 DISTRIBUTION AND MARKETING EXPENSES			
Salaries, wages and other benefits	27.1	12,452,367	9,832,224
Freight and handling charges		417,800	508,620
Other selling expenses		2,265,127	1,615,213
		15,135,294	11,956,057

27.1 Salaries, wages and other benefits include Rs. 246,247 (2010: Rs. 145,573) in respect of staff retirement benefits.

	Note	2011 Rupees	2010 Rupees
28 OTHER OPERATING EXPENSES			
Harvesting subsidy to growers	28.1	166,715,250	66,632,596
Worker's profit participation fund		116,834,189	105,212,720
Worker's welfare fund	28.2	40,141,242	39,980,834
Loss on sale of investment		–	225,000
		323,690,681	212,051,150

28.1 Harvesting subsidy includes Rs. 62,024,036 (2010: Rs. 18,032,206) in respect of depreciation on agricultural implements.

28.2 This includes prior year expense of Rs. 1,698,324.

	2011 Rupees	2010 Rupees (Restated)
29 OTHER OPERATING INCOME		
Income from financial assets		
Profit on bank deposit	1,788,690	1,191,514
Income from non financial assets		
Rental income	20,470,683	16,789,334
Scrap sales	18,268,575	21,050,658
Profit on sale of property, plant and equipment	12,032,155	4,350,982
Profit on sale of investment property	1,388,380	–
Amortization of deferred income	–	3,945,104
Gain on foreign exchange transactions	–	14,000
Others	12,490,414	10,724,765
	64,650,207	56,874,843
	66,438,897	58,066,357

		Note	2011 Rupees	2010 Rupees
30	**FINANCE COST**			
	Interest and mark–up on:			
	- short term borrowings – secured	30.1	695,454,578	527,967,038
	- long term loans – secured	30.2	513,397,786	522,418,070
	- finance leases		83,529,056	53,421,933
	- Worker's profit participation fund	12.1	18,866,149	5,461,579
	- Provident fund		2,955,285	9,274,637
	- subordinated loan from Director – unsecured		–	33,678,976
	Bank charges and commission		18,890,449	16,217,270
			1,333,093,303	1,168,439,503

30.1 Mark up on short term borrowings is net of mark up from related parties amounting to Rs. 334,511,202 (2010: Rs. 227,937,227) on receivable from these parties. This receivable has been made from the proceeds of short term borrowings from banks.

30.2 Mark up on long term borrowings is net of mark up from a related party amounting to Rs. 50,468,000 (2010: nil) on receivable from Deharki Sugar Mills (Private) Limited. This receivable has been made from the proceeds of long term loan from United Bank Limited - led syndicatd loan.

		Note	2011 Rupees	2010 Rupees
31	**TAXATION**			
	Income tax – current	31.1	640,961,915	355,300,376
	Income tax – prior years		874,299	(50,177,971)
	Deferred tax	31.2	194,686,368	406,350,994
			836,522,582	711,473,399

31.1 Provision for current tax represents taxation under normal tax regime and flood surcharge amounting to Rs. 6,069,562.

31.2 Deferred tax expense relates to origination and reversal of temporary differences.

		2011 % age	2010 % age
31.3	**Reconciliation of tax charge for the year**		
	Applicable tax rate	35.00	35.00
	Tax effects of amount not deductable for tax purposes	1.28	0.20
	Tax effects of amount deductable for tax purposes	(0.54)	(0.08)
	Tax effect of prior years	–	(19.51)
	Others	2.64	20.74
	Average effective rate charged to profit and loss account	38.38	36.35

			2011 Rupees	2010 Rupees (Restated)
32	**BASIC EARNINGS PER SHARE**			
	Profit after taxation	*Rupees*	1,343,185,766	1,245,983,556
	Weighted average number of ordinary shares	*Numbers*	54,998,113	54,426,754
	Basic earnings per share	*Rupees*	24.42	22.89
33	**DILUTED EARNINGS PER SHARE**			
	Profit attributable to ordinary shareholders (basic)		1,343,185,766	1,245,983,556
	Stock option expense		(4,752,719)	–
	Total	*Rupees*	1,338,433,047	1,245,983,556
	Weighted average number of ordinary shares (basic)		54,998,113	54,426,754
	Effect of stock option		356,329	–
		Numbers	55,354,442	54,426,754
	Diluted earnings per share	*Rupees*	24.18	22.89
34	**CASH GENERATED FROM OPERATIONS**			
	Profit before taxation		2,179,708,348	1,957,456,955
	Adjustments for non cash and other items:			
	Finance cost		1,333,093,303	1,168,439,503
	Depreciation		481,302,146	443,216,349
	Workers' profit participation fund		116,834,189	105,212,720
	Workers' welfare fund		40,141,242	39,980,834
	Staff retirement benefits		28,766,090	24,596,077
	Employees' stock option		21,935,625	–
	Assets written off		10,637,283	20,213,356
	Gain on sale of investment property		(1,388,380)	–
	Profit on disposal of property, plant and equipment		(12,032,155)	(4,350,982)
	Provision for obsolescence		–	44,082,604
	Amortization of deferred income		–	(3,945,104)
	Loss on sale of investment		–	225,000
	Provision for doubtful advances		–	24,425,315
			2,019,289,343	1,862,095,672
	Operating profit before working capital changes		4,198,997,691	3,819,552,627
	(Increase) / decrease in current assets			
	Stock in trade		(1,715,375,298)	1,229,614,895
	Trade debts		(859,550,224)	36,445,100
	Stores, spares and loose tools		(149,765,528)	(10,936,461)
	Advances, deposits, prepayments and other receivables		36,725,222	(560,996,835)
			(2,687,965,828)	694,126,699
	Increase / (decrease) in current liabilities			
	Trade and other payables		283,768,202	(193,674,109)
	Cash generated from operations		1,794,800,065	4,320,005,217

35 REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

The aggregate amount charged in the financial statements for the year for remuneration, including all benefits to the Chief Executive, Directors and Executives of the Company is as follows:

	Chief Executive		Director		Executives	
	2011	2010	2011	2010	2011	2010
	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees
Managerial remuneration	16,000,000	11,200,000	11,600,000	10,466,667	48,770,992	37,500,234
House allowance	6,400,000	4,480,000	4,640,000	4,186,666	19,508,397	15,000,094
Utilities	1,600,000	1,120,000	1,160,000	1,046,667	4,877,099	3,750,023
Others	9,333,330	4,800,000	6,766,660	5,200,000	45,874,983	41,927,268
Company's contribution towards provident fund	–	–	–	–	4,828,328	3,329,893
Stock option	–	–	–	–	21,935,625	–
	33,333,330	21,600,000	24,166,660	20,900,000	145,795,424	101,507,512
Number of persons	1	1	2	2	47	38

In addition to the above, some of the executives are provided with free use of Company maintained cars.

36 FINANCIAL INSTRUMENTS

The Company has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

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

This note presents information about the Company's exposure to each of the above risks, the Company's objectives, policies and processes for measuring and managing risk, and the Company's management of capital.

The Company's risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to react changes in market conditions and the Company's activities.

36.1 Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivables from customers and loans to/due from related parties. Out of the total financial assets of Rs. 3,124.83 million (2010: Rs. 27.71 million) financial assets which are subject to credit risk amount to Rs. 3,009.52 million (2010: Rs. 18.15 million).

The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. To manage exposure to credit risk in respect of trade receivables, management reviews credit worthiness, references, establish purchase limits taking into account the customer's financial position, past experience and other factors. Export sales are secured through letters of credit. The management has set a maximum credit period of 15 days to reduce the credit risk. Limits are reviewed periodically and the customers that fail to meet the Company's benchmark creditworthiness may transact with the Company only on a prepayment basis.

Concentration of credit risk arises when a number of counter parties are engaged in similar business activities or have similar economic features that would cause their abilities to meet contractual obligation to be similarly effected by the changes in economic, political or other conditions. The Company believes that it is not exposed to major concentration of credit risk.

The carrying amount of financial assets represents the maximum credit exposure before any credit enhancements. The maximum exposure to credit risk at the reporting date is:

	2011 Rupees	2010 Rupees
Trade debts	859,693,180	142,956
Advances, deposits, prepayments and other receivables	2,149,835,728	18,011,956
Bank balances	115,307,261	9,558,600
	3,124,836,169	27,713,512

The aging of trade receivables at the reporting date is:

	2011 Rupees	2010 Rupees
Not past due	859,693,180	142,956
Past due 0 – 30 days	–	–
Past due 31 – 60 days	–	–
Past due 61 – 90 days	–	–
Past due 91 – 120 days	–	–
Past due 120 days	–	–
	859,693,180	142,956

Based on past experience the management believes that no impairment allowance is necessary in respect of trade receivables and there are reasonable grounds to believe that the amounts will be recovered in normal course.

36.2 Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions. For this purpose the Company has sufficient running finance facilities available from various commercial banks to meet its liquidity requirements. Further liquidity position of the Company is closely monitored through budgets, cash flow projections and comparison with actual results by the Board.

Following is the maturity analysis of financial liabilities:

	2011					
	Less than 6 months	Between 6 to 12 months	Between 1 to 5 years	Between 6 to 10 years	Over 10 years	Total
	Rupees					
Non derivative financial liabilities						
Long term finances	486,333,330	317,555,559	4,068,000,001	–	–	4,871,888,890
Short term borrowings	5,535,951,315	–	–	–	–	5,535,951,315
Liabilities against assets subject to finance lease	163,686,937	148,371,715	540,516,474	–	–	852,575,126
Interest and mark up accrued	201,904,179	–	–	–	–	201,904,179
Trade and other payables	392,340,016	–	–	–	–	392,340,016
	6,780,215,777	465,927,274	4,608,516,475	–	–	11,854,659,526

	2010					
	Less than 6 months	Between 6 to 12 months	Between 1 to 5 years	Between 6 to 10 years	Over 10 years	Total
	Rupees					
Non derivative financial liabilities						
Long term finances	486,333,333	317,555,555	2,571,888,890	–	–	3,375,777,778
Short term borrowings	2,285,290,971	–	–	–	–	2,285,290,971
Liabilities against assets subject to finance lease	104,796,787	104,796,788	528,665,198	–	–	738,258,773
Interest and mark up accrued	136,129,480	–	–	–	–	136,129,480
Trade and other payables	433,162,737	–	–	–	–	433,162,737
	3,445,713,308	422,352,343	3,100,554,088	–	–	6,968,619,739

36.3 Market risk

Market risk is the 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 its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

36.3.1 Currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. Currency risk arises mainly where receivables and payables exist due to transactions with foreign buyers and suppliers. The Company believes that it is not exposed to currency risk.

36.3.2 Interest rate risk

The effective interest/mark-up rates for interest/mark-up bearing financial instruments are mentioned in relevant notes to the financial statements. The Company's interest/mark-up bearing financial instruments as at the reporting date are as follows:

	2011		2010	
	Financial asset	Financial liability	Financial asset	Financial liability
	Rupees		Rupees	
Variable rate instruments	2,109,219,875	11,260,415,330	–	6,399,327,523

The Company does not account for any fixed rate financial assets and liabilities at fair value through profit and loss. Therefore a change in interest rates at the reporting date would not affect profit and loss account.

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) profit for the year by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant. The analysis is performed on the same basis for 2010.

	Profit and loss 100 bps	
	Increase	Decrease
	Rupees	
As at 30 September 2011	(91,511,955)	91,511,955
As at 30 September 2010	(63,993,275)	63,993,275

The sensitivity analysis prepared is not necessarily indicative of the effects on profit for the year and assets / liabilities of the Company.

36.3.3 Other price risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk). Equity price risk arises from available-for-sale equity securities held. Material investments within the portfolio are managed on an individual basis and all buy and sell decisions are approved by the Board. The Company believes that it is not exposed to other price risk.

36.3.4 Fair value of financial instruments

Fair value is the amount for which an asset could be exchanged or liability be settled between knowledgeable willing parties in an arm's length transaction. As at the reporting date, fair values of all financial instruments are considered to approximate their book values.

36.3.5 Capital management

The Board's policy is to maintain an efficient capital base so as to maintain investor, creditor and market confidence and to sustain the future development of its business. The Board of Directors monitors the return on capital employed, which the Company defines as operating income divided by total capital employed. The Board of Directors also monitors the level of dividends to ordinary shareholders.

The Company's objectives when managing capital are:

a) to safeguard the entity's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders, and

b) to provide an adequate return to shareholders.

The Company manages the capital structure in the context of economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may, for example, adjust the amount of dividends paid to shareholders, issue new shares, or sell assets to reduce debt.

The Company monitors capital on the basis of the debt-to-equity ratio as follows:

		2011	2010
Total debt	Rupees	11,260,415,330	6,399,327,523
Total equity and total debt	Rupees	16,077,321,382	9,816,819,833
Debt-to-equity ratio	% age	70%	65%

Total debt comprises of long term loans, liabilities against assets subject to finance lease and short term borrowings.

The increaese in the debt-to-equity ratio in 2011 is primarily from increase in debts during the year.

Neither there were any changes in the Company's approach to capital management during the year nor the Company is subject to externally imposed capital requirements.

37 TRANSACTIONS WITH RELATED PARTIES

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

Name of parties	Nature of transactions	2011 Rupees	2010 Rupees
JK Farming Systems Limited	Purchase of sugarcane	2,822,673,333	–
	Markup on advances	310,821,509	–
Deharki Sugar Mills (Private) Limited	Advances for purchase of shares	1,048,750,000	–
	Advances	1,785,319,209	–
	Markup on advances	50,468,000	–
Riaz Bottlers (Private) Limited	Sale of sugar	639,770,453	642,259,450
Faruki Pulp Mills Limited	Advances	250,000,000	–
	Markup on advances	23,432,666	–
JDW Power (Private) Limited	Advances for purchase of shares	92,641,628	–
Provident Fund	Contribution	18,398,814	11,474,515
JDW Aviation (Private) Limited	Payment against purchase of aircraft	5,200,000	–
JK Dairies (Private) Limited	Sale of Molasses	3,541,584	245,518
JK Agri Farms	Purchase of sugarcane	–	1,694,164,126
	Markup on advances	–	135,545,275
Jahangir Khan Tareen	Mark up on subordinated loan	–	33,678,976

38 CAPACITY AND PRODUCTION

	2011 Days	2011 Tonnes	2010 Days	2010 Tonnes
Unit I				
Crushing capacity	120	2,460,000	120	2,400,000
Sugarcane crushed	127	2,121,232	111	1,717,040
Sugar production		221,079		151,850
Unit II				
Crushing capacity	120	1,020,000	120	960,000
Sugarcane crushed	126	867,796	107	705,362
Sugar production		92,595		68,352
Unit III				
Crushing capacity	120	1,320,000	120	1,080,000
Sugarcane crushed	121	1,051,525	117	786,256
Sugar production		115,033		83,697

39 DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorized for issue on 05 January 2012 by the Board of Directors of the Company.

40 EVENTS AFTER THE BALANCE SHEET DATE

The Board of Directors of the Company has proposed a final cash dividend for the year ended 30 September 2011 of Rs. 9 per share (2010: Rs. 7 per share) and bonus shares at the rate of Nil (2010: 10%) at their meeting held on 05 January 2012.

41 FIGURES

41.1 In pervious year investment in associates i.e. Faruki Pulp Mills Limited and JK Dairies (Private) Limited was accounted for using the equity method, whereas in current period these investments have been carried at cost due to the fact disclosed in note 4.17. The unappropriated proft/investment of comparative period has been increased/decreased by Rs. 7,927,431.

41.2 Figures have been rounded off to the nearest rupee.

Lahore
05 January 2012 | Chief Executive | Director

Consolidated Financial Statements
for the year ended 30 September 2011

KPMG Taseer Hadi & Co.
Chartered Accountants

53-L, Gulberg III,
Lahore, Pakistan.

Telephone + 92 (42) 3585 0471-6
Fax + 92 (42) 3585 0477
Internet www.kpmg.com.pk

We have audited the annexed consolidated financial statements comprising consolidated balance sheet of **JDW Sugar Mills Limited ("the holding Company")** and its subsidiary company (hereinafter referred as "the Group") as at 30 September 2011 and the related consolidated profit and loss account, consolidated statement of comprehensive income, consolidated cash flow statement and consolidated statement of changes in equity together with the notes forming part thereof, for the year then ended. The financial statements of the subsidiary company, Deharki Sugar Mills (Private) Limited was audited by other firm of auditors, whose report has been furnished to us and our opinion in so far as it relates to the amounts included for such company, are based solely on the report of such other auditors.

These consolidated financial statements are the responsibility of the holding Company's management. Our responsibility is to express an opinion on these consolidated financial 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 the above said statements. We believe that our audit provides a reasonable basis for our opinion.

In our opinion the consolidated financial statements present fairly the consolidated financial position of the Group as at 30 September 2011 and the consolidated results of its operations, its consolidated statement of comprehensive income, its consolidated cash flows statements and consolidated statement of changes in equity for the year then ended in accordance with the approved accounting standards as applicable in Pakistan.

Lahore
05 January 2012

KPMG Taseer Hadi & Co.
Chartered Accountants

(Kamran Iqbal Yousafi)

Consolidated Balance Sheet

	Note	2011 Rupees	2010 Rupees (Restated)
SHARE CAPITAL AND RESERVES			
Share capital	5	592,766,610	489,889,770
Reserves		4,115,289,429	2,919,675,109
		4,708,056,039	3,409,564,879
Non controlling interest		(2,125,879)	–
		4,705,930,160	3,409,564,879
NON CURRENT LIABILITIES			
Long term loans - secured	7	4,068,000,001	2,571,888,890
Liabilities against assets subject to finance lease	8	540,516,474	528,665,198
Deferred liabilities	9	1,497,915,433	1,295,662,797
		6,106,431,908	4,396,216,885
CURRENT LIABILITIES			
Short term borrowings - secured	10	5,535,951,315	2,285,290,971
Current portion of non current liabilities	11	1,115,947,540	1,013,482,464
Trade and other payables	12	1,178,293,184	673,008,693
Interest and mark-up accrued		201,904,179	136,129,480
Provision for taxation		458,547,651	257,965,246
		8,490,643,869	4,365,876,854
CONTINGENCIES AND COMMITMENTS	13		
		19,303,005,937	12,171,658,618

The attached notes from 1 to 42 form an integral part of these consolidated financial statements.

Lahore
05 January 2012

	Note	2011 Rupees	2010 Rupees (Restated)
NON CURRENT ASSETS			
Property, plant and equipment			
Operating fixed assets	14	7,768,107,031	6,893,409,143
Capital work in progress	15	2,152,417,725	46,062,570
		9,920,524,756	6,939,471,713
Investment property	16	527,290,145	419,348,133
Goodwill	17	608,310,693	608,310,693
Investments	18	813,550,000	797,572,569
Advances to related party	19	92,641,628	–
Long term deposits	20	105,769,397	84,408,648
		2,147,561,863	1,909,640,043
CURRENT ASSETS			
Stores, spares and loose tools	21	549,754,982	391,144,991
Stock in trade - finished goods		1,922,057,309	206,682,011
Trade debts - unsecured, considered good	22	859,693,180	142,956
Advances, deposits, prepayments and other receivables	23	3,489,346,251	2,713,635,100
Cash and bank balances	24	414,067,596	10,941,804
		7,234,919,318	3,322,546,862
		19,303,005,937	12,171,658,618

Chief Executive

Director

Consolidated Profit and Loss Account

For the year ended 30 September 2011

	Note	2011 Rupees	2010 Rupees (Restated)
Gross sales		26,467,625,682	21,386,483,962
Sales tax, SED, FED & others		(1,738,134,475)	(1,005,800,083)
Net sales	25	24,729,491,207	20,380,683,879
Cost of sales	26	(20,513,820,267)	(16,744,651,160)
Gross profit		4,215,670,940	3,636,032,719
Administrative expenses	27	(443,008,602)	(344,195,411)
Distribution and marketing expenses	28	(15,135,294)	(11,956,057)
Other operating expenses	29	(334,789,389)	(212,051,150)
Other operating income	30	66,438,897	58,066,357
		(726,494,388)	(510,136,261)
Operating profit		3,489,176,552	3,125,896,458
Finance cost	31	(1,383,694,996)	(1,168,439,503)
Share of loss of associated Companies	18	(29,022,569)	(7,927,431)
Profit before taxation		2,076,458,987	1,949,529,524
Taxation	32	(836,522,582)	(711,473,399)
Profit after taxation		1,239,936,405	1,238,056,125
Attributable to:			
Equity holders of parent		1,242,312,284	1,238,056,125
Non controlling interest		(2,375,879)	–
		1,239,936,405	1,238,056,125
Basic earnings per share	33	22.55	22.75
Diluted earnings per share	34	22.31	22.75

The attached notes from 1 to 42 form an integral part of these consolidated financial statements.

Lahore
05 January 2012 Chief Executive Director

Consolidated Statement of Comprehensive Income

For the year ended 30 September 2011

	2011 Rupees	2010 Rupees (Restated)
Profit after taxation	1,239,936,405	1,238,056,125
Other comprehensive income for the year		
Realized income on sale of long term investment - available for sale transferred to profit and loss account	–	57,500
Total comprehensive income for the year	1,239,936,405	1,238,113,625
Attributable to:		
Equity holders of parent	1,242,312,284	1,238,113,625
Non controlling interest	(2,375,879)	–
	1,239,936,405	1,238,113,625

The attached notes from 1 to 42 form an integral part of these consolidated financial statements.

Lahore
05 January 2012

Chief Executive

Director

Consolidated Cash Flow Statement

For the year ended 30 September 2011

	Note	2011 Rupees	2010 Rupees (Restated)
CASH FLOW FROM OPERATING ACTIVITIES			
Cash generated from operations	35	1,510,597,370	4,320,005,217
Income tax paid		(453,925,584)	(97,147,553)
Workers' profit participation fund paid		(105,212,720)	(55,453,880)
Workers' welfare fund paid		(4,410,145)	(24,037,078)
Staff retirement benefits paid		(2,801,009)	(22,277,994)
		(566,349,458)	(198,916,505)
Net cash generated from operations		944,247,912	4,121,088,712
CASH FLOW FROM INVESTING ACTIVITIES			
Property, plant and equipment		(3,174,266,871)	(185,510,557)
Advances to related party		(273,432,666)	–
Investment property		(108,553,632)	(37,756,392)
Advances to related party for purchase of shares		(92,641,628)	–
Investment made during the year		(45,000,000)	(410,000,000)
Long term deposits		(21,360,748)	(35,531,373)
Proceeds realized from sale of investment property		2,000,000	–
Proceeds realized from sale of property, plant and equipment		2,646,000	9,287,993
Proceeds realized from sale of investment		–	150,000
Net cash used in investing activities		(3,710,609,545)	(659,360,329)
CASH FLOW FROM FINANCING ACTIVITIES			
Short term borrowings		3,250,660,344	(1,480,111,770)
Long term loan availed during the year		2,300,000,000	–
Proceeds from issuance of right shares		377,215,090	92,909,300
Finance cost paid		(1,183,923,223)	(1,159,106,529)
Long term loans repaid during the year		(803,888,889)	(504,222,221)
Lease rentals		(426,882,902)	(232,649,852)
Dividend		(343,923,995)	(174,183,028)
Proceeds from issuance of ordinary shares		250,000	–
Loan from Director		(19,000)	–
Net cash generated from / (used in) financing activities		3,169,487,425	(3,457,364,100)
Net increase in cash and cash equivalents		403,125,792	4,364,283
Cash and cash equivalents at the beginning of the year		10,941,804	6,577,521
Cash and cash equivalents at the end of the year	24	414,067,596	10,941,804

The attached notes from 1 to 42 form an integral part of these consolidated financial statements.

Lahore
05 January 2012

Chief Executive

Director

Consolidated Statement of Changes in Equity

For the year ended 30 September 2011

	Note	Share capital	Share premium	Fair value adjustment on available for sale investment	Employees' stock option	Accumulated profit	Sub Total	Non controlling interest	Total
		Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees
Balance as at 30 September 2009 – as restated		435,457,570	21,247,608	(57,500)	–	1,534,207,664	1,555,397,772	–	1,990,855,342
Transaction with owners, recorded directly in equity:									
Final dividend @ Rs. 4.0 per share		–	–	–	–	(174,183,028)	(174,183,028)	–	(174,183,028)
Issuance of right shares at the rate of 12.5%		54,432,200	299,377,100	–	–	–	299,377,100	–	353,809,300
Total comprehensive income for the year		–	–	57,500	–	1,240,402,401	1,240,459,901	–	1,240,459,901
Balance as at 30 September 2010 – as reported		489,889,770	320,624,708	–	–	2,600,427,037	2,921,051,745	–	3,410,941,515
Effect of reversal of sale of electricity		–	–	–	–	(1,376,636)	(1,376,636)	–	(1,376,636)
Balance as at 30 September 2010 – as restated		489,889,770	320,624,708	–	–	2,599,050,401	2,919,675,109	–	3,409,564,879
Accumulated loss of subsidiary company		–	–	–	–	(49,000)	(49,000)	–	(49,000)
Transaction with owners, recorded directly in equity:									
Final dividend @ Rs. 7.00 per share		–	–	–	–	(342,922,839)	(342,922,839)	–	(342,922,839)
Bonus shares issued at the rate of 10%		48,988,970	–	–	–	(48,988,970)	(48,988,970)	–	–
Issuance of right shares at the rate of 10%		53,887,870	323,327,220	–	–	–	323,327,220	–	377,215,090
Employees' stock option	6	–	–	–	21,935,625	–	21,935,625	–	21,935,625
Non controlling shareholding		–	–	–	–	–	–	250,000	250,000
Total comprehensive income for the year		–	–	–	–	1,242,312,284	1,242,312,284	(2,375,879)	1,239,936,405
Balance as at 30 September 2011		592,766,610	643,951,928	–	21,935,625	3,449,401,876	4,115,289,429	(2,125,879)	4,705,930,160

The attached notes from 1 to 42 form an integral part of these consolidated financial statements.

Lahore
05 January 2012

Chief Executive

Director

1 STATUS AND NATURE OF BUSINESS

The Group comprises of

- JDW Sugar Mills Limited ("the Parent Company"); and
- Deharki Sugar Mills (Private) Limited ("the Subsidiary Company").

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

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 Suit no. 311, Business Avenue, Plot no. 26-A, Block-6, PECHS, Shahrah-e-Faisal, Karachi. The principal activity of the Company is manufacturing and sale of crystalline sugar. The Company started its commercial production subsequent to year end.

2 BASIS OF PREPARATION

2.1 Statement of compliance

These consolidated financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan and the requirements of Companies Ordinance, 1984. Approved accounting standards comprise of such International Financial Reporting Standards (IFRSs) issued by the International Standard Board as are notified under the provisions of the Companies Ordinance, 1984. Wherever, the requirements of the Companies Ordinance, 1984 or directives issued by the Securities and Exchange Commission of Pakistan differ with the requirements of these standards, the requirements of Companies Ordinance, 1984 or the requirements of the said directives shall prevail.

2.2 Basis of measurement

These consolidated financial statements have been prepared under the historical cost convention except for revaluation of certain financial instruments at fair value and recognition of certain employee retirement benefits at present value.

2.3 Basis of consolidation

The consolidated financial statements include the financial statements of JDW Sugar Mills Limited, its subsidiary and associated Companies ("Group") for the year ended 30 September 2011.

Subsidiary is that enterprise in which Parent company directly or indirectly controls, beneficially owns or holds more than 50% of the voting securities or otherwise has power to elect and appoint more than 50% of its Directors. The financial information of the subsidiary is included in the consolidated financial statements from the date control commences until the date control ceases.

The assets and liabilities of the subsidiary company has been consolidated on a line by line basis and the carrying value of investments held by the Parent Company is eliminated against the subsidiary shareholders' equity in the consolidated financial statements. Material intra-group balances and transaction have been eliminated.

Associates are those entities in which the Group has significant influence, but not control, over the financial and operating policies. The consolidated financial statements include the Group's share of the total recognized gains and losses of associates on equity accounting basis, from the date that significant influence commences until the date that significant influence ceases. When the Group's share of losses exceeds its interest in an associate, the Group's carrying amount is reduced to nil and recognition of further losses is discontinued except to the extent that the Group has incurred legal or constructive obligation or made payments on behalf of the associate.

Non-controlling interest is that part of net results of operations and of net assets of subsidiary attributable to interests which are not owned by the Group. Non-controlling interest is presented separately in the consolidated financial statements.

2.4 Functional and presentation currency

These consolidated financial statements are presented in Pakistan Rupees, which is also the Group's functional currency. All financial information presented in Pakistan Rupee has been rounded to the nearest rupee.

3 USE OF ESTIMATES AND JUDGMENTS

The preparation of consolidated financial statements 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 affects only that period, or in the period of revision and future periods if the revision affects both current and future periods.

The areas where various assumptions and estimates are significant to Group's financial statements 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 Standards, Interpretations and Amendments not yet effective

The following standards, amendments and interpretations of approved accounting standards will be effective for accounting periods beginning on or after 01 July 2011:

– IAS 24 Related Party Disclosures (revised 2009) – (effective for annual periods beginning on or after 1 January 2011). The revision amends the definition of a related party and modifies certain related party disclosure requirements for government-related entities. The amendment would result in certain changes in disclosures.

– Amendments to IAS 12 – deferred tax on investment property (effective for annual periods beginning on or after 1 January 2012). The 2010 amendment provides an exception to the measurement principle in respect of investment property measured using the fair value model in accordance with IAS 40 Investment Property. The measurement of deferred tax assets and liabilities, in this limited circumstance, is based on a rebuttable presumption that the carrying amount of the investment property will be recovered entirely through sale. The presumption can be rebutted only if the investment property is depreciable and held within a business model whose objective is to consume substantially all of the asset's economic benefits over the life of the asset. The amendment has no impact on financial statements of the Group.

– Amendments to IFRIC 14 IAS 19 – The Limit on a Defined Benefit Assets, Minimum Funding Requirements and their Interaction (effective for annual periods beginning on or after 1 January 2011). These amendments remove unintended consequences arising from the treatment of prepayments where there is a minimum funding requirement. These amendments result in prepayments of contributions in certain circumstances being recognised as an asset rather than an expense. This amendment has no impact on Group's financial statements.

– Improvements to IFRSs 2010 – In May 2010 the IASB issued improvements to IFRSs 2010 which comprise of 11 amendments to 7 standards. Effective dates, early application and transitional requirements are addressed on a standard by standard basis. The majority of amendments are effective for annual periods beginning on or after 1 January 2011. The amendments include list of events or transactions that require disclosure in the interim financial statements, add an explicit statement that qualitative disclosure should be made in the context of the quantitative disclosures to better enable users to evaluate an entity's exposure to risks arising from financial instruments and fair value of award credits under the customer loyalty programs to take into account the amount of discounts or incentives that otherwise would be offered to customers that have not earned the award credits. Certain of these amendments will result in increased disclosures in the financial statements of the Group.

– IAS 19 Employee Benefits (amended 2011) - (effective for annual periods beginning on or after 1 January 2013). The amended IAS 19 includes the amendments that require actuarial gains and losses to be recognised immediately in other comprehensive income; this change will remove the corridor method and eliminate the ability for entities to recognise all changes in the defined benefit obligation and in plan assets in profit or loss, which currently is allowed under IAS 19; and that the expected return on plan assets recognised in profit or loss is calculated based on the rate used to discount the defined benefit obligation.

– Presentation of Items of Other Comprehensive Income (Amendments to IAS 1) - (effective for annual periods beginning on or after 1 July 2012). The amendments require that an entity present separately the items of other comprehensive income that would be reclassified to profit or loss in the future if certain conditions are met from those that would never be reclassified to profit or loss. The amendments do not address which items are presented in other comprehensive income or which items need to be reclassified. The requirements of other IFRSs continue to apply in this regard. The amendments have no impact on financial statements of the Group.

– Disclosures – Transfers of Financial Assets (Amendments to IFRS 7) - (effective for annual periods beginning on or after 1 July 2011). The amendments introduce new disclosure requirements about transfers of financial assets, including disclosures for financial assets that are not derecognised in their entirety; and financial assets that are derecognised in their entirety but for which the entity retains continuing involvement. The amendments have no impact on financial statements of the Group.

4.2 Property, plant and equipment

Owned

Property, plant and equipment, except freehold land are stated at cost less accumulated depreciation and any identified impairment loss. Freehold land and capital work in progress are stated at cost less any identified impairment loss. Cost includes direct cost and related overheads.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. Major repairs and improvements are capitalized. All other repair and maintenance costs are charged to profit and loss during the year in which they are incurred.

Depreciation is charged to profit on reducing balance method so as to write off the written down value of assets over their estimated useful lives at rates disclosed in note 14. Depreciation on additions is charged from the date when the asset is available for use while no depreciation is charged on the date of disposal.

Depreciation methods, residual values and useful lives of assets are reviewed at each financial year end, and adjusted if impact on depreciation is significant.

The Group assesses at each balance sheet date whether there is any indication that property, plant and equipment may be impaired. If such indication exists, the carrying amounts of such assets are reviewed to assess whether they are recorded in excess of their recoverable amount. Where carrying values exceed the respective recoverable amount, assets are written down to their recoverable amounts and the resulting impairment loss is recognized in income currently. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. Where an impairment loss is recognized, the depreciation charge is adjusted in the future periods to allocate the asset's revised carrying amount over its estimated useful life.

The gain or loss on disposal or retirement of an asset represented by the difference between the sale proceeds and the carrying amount of the asset is recognized as an income or expense.

Leased

Leases where the Group has substantially all the risks and rewards of ownership are classified as finance leases. At inception, finance leases are capitalized at the lower of present value of minimum lease payments under the lease agreements and the fair value of the assets, less accumulated depreciation and impairment loss, if any.

The related rental obligations, net of finance costs, are included in liabilities against assets subject to finance lease as referred to in note 8. The liabilities are classified as current and non-current depending upon the timing of the payment.

Each lease payment is allocated between the liability and finance costs so as to achieve a constant rate on the balance outstanding. The interest element of the rental is charged to profit and loss account over the lease term.

Assets acquired under a finance lease are depreciated over the estimated useful life of the assets on reducing balance method at the rates disclosed in note 14. Depreciation of leased assets is charged to profit and loss account.

Depreciation methods, residual values and useful lives of the assets are reviewed at each financial year end, and adjusted if impact on depreciation is significant.

4.3 Stores, spares and loose tools

These are valued at lower of weighted average cost and net realizable value except for items in transit, which are valued at cost comprising invoice value and related expenses incurred thereon up to the balance sheet date. Obsolete and used items are recorded at nil value.

4.4 Stock in trade

These are valued at the lower of weighted average cost and net realizable value except for stock in transit, which is valued at cost comprising invoice value and related expenses incurred thereon up to the balance sheet date.

Cost is determined as follows:

Raw materials	at weighted average cost
Work-in-process and finished goods	at lower of weighted average cost plus related manufacturing expenses and net realizable value
Molasses	at lower of average cost and net realizable value

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

4.5 Trade debts

Trade debts are carried at original invoice amount less an estimate made for doubtful debts based on a review of all outstanding amounts at the year end. Bad debts are written off when identified.

4.6 Employee benefits

4.6.1 Defined contribution plan

The Group operates approved contributory provident fund for its eligible employees. Equal monthly contribution is made both by the Group and employee to the fund at the rate of 10% of basic salary.

4.6.2 Defined benefit plan

The Group also operates an unfunded gratuity scheme for eligible employees who have completed their qualifying period. Provision is made annually to cover current obligation under the scheme on the basis of actuarial recommendation.

The most recent valuation was carried out as at 30 September 2011 using the “Projected unit credit method”. Following significant assumptions are used for valuation of the scheme:

	2011	2010
Discount rate	12.50%	14%
Expected increase in eligible pay	10.50%	12%
Expected average working life of employee	11 years	11 years

Cumulative net unrecognized actuarial gains and losses at the end of the previous year which exceed 10% of the present value of the obligations is amortized over the expected average working lives of the participating employees.

4.6.3 Employees' Stock Option

The intrinsic value of the options granted to the eligible employees is recognised as an expense, with a corresponding increase in reserves, over the period that the employees unconditionally become entitled to the option.

4.7 Taxation

Income tax expense comprises current and deferred tax.

Current

Provision of current tax is based on the taxable income for the year determined in accordance with the prevailing law for taxation of income. The charge for current tax is calculated using prevailing tax rates or tax rates expected to apply to the profit for the year if enacted after taking into account tax credits, rebates and exemptions, if any. The charge for current tax also includes adjustments, where considered necessary, to provision for tax made in previous years arising from assessments framed during the year for such years.

Deferred

Deferred tax is accounted for using the balance sheet liability method in respect of all temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of the taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences and deferred tax assets are recognized to the extent that it is probable that taxable profits will be available against which the deductible temporary differences, unused tax losses and tax credits can be utilized.

Deferred tax is calculated at the rates are expected to apply to the period when the differences reverse based on tax rates that have been enacted or substantively enacted by the balance sheet date. Deferred tax is charged or credited in the profit and loss account, except in the case of items credited or charged to equity in which case it is included in equity.

4.8 Revenue recognition

Revenue from the sale of goods is measured at the fair value of the consideration received or receivable. Revenue is recognized when the significant risks and rewards of ownership have been transferred to the buyer.

Revenue from sale of electricity is recognized on transmission of electricity.

Interest and rental income are recognized on accrual basis.

4.9 Cash and cash equivalents

Cash and cash equivalents are carried at cost in the balance sheet. For the purpose of cash flow statement, cash and cash equivalents comprise of cash in hand and bank balances.

4.10 Provisions

Provisions are recognized when the Group has a present legal or constructive obligation as a result of past event and it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate.

4.11 Financial instruments

Financial assets

Significant financial assets include advances and receivables, long term deposits and cash and bank balances. Finances and receivables are stated at their nominal value as reduced by provision for doubtful finances and receivable, while other financial assets are stated at cost.

Financial liabilities

Financial liabilities are classified according to the substance of the contractual arrangements entered into. Significant financial liabilities include short and long term finances, lease finances, interest and mark up accrued and trade and other payables. Markup based financial liabilities are recorded at gross proceeds received. Other liabilities are stated at their nominal value.

Recognition and derecognition

All the financial assets and financial liabilities are recognized at the time when the Group becomes party to the contractual provisions of the instrument. Financial assets are derecognized when the Group looses control of the contractual rights that comprise of the financial assets. Financial liabilities are derecognized when they are extinguished i.e. when the obligation specified in the contract is discharged, cancelled or expires. Any gain or loss on derecognition of the financial assets and financial liabilities is taken to income currently.

4.12 Offsetting

Financial assets and liabilities are offset and the net amount is reported in the consolidated financial statements only when there is a legally enforceable right to set off the recognized amount and the Group intends either to settle on a net basis or to realize the assets or settle the liabilities simultaneously.

4.13 Borrowing cost

Borrowing costs incurred on long term finances obtained for the construction of qualifying assets are capitalized up to the date the respective assets are available for the intended use. All other borrowing costs are taken to the profit and loss account currently.

4.14 Trade and other payables

Liabilities for trade and other amounts payable are carried at cost which is the fair value of the consideration to be paid in future for goods and services received.

4.15 Foreign currency transactions

All monetary assets and liabilities in foreign currencies are translated into rupees at exchange rates prevailing at the balance sheet date. Transactions in foreign currencies are translated into rupees at the spot rate. All non-monetary items are translated into rupees at exchange rates prevailing on the date of transactions or on the date when fair values are determined. Exchange differences are included in the profit and loss account.

4.16 Deferred income

Deferred income represents excess of sale proceeds in relation to the carrying amount of the asset acquired under sale and lease back arrangement. Deferred income is amortized on a straight line basis over the period of lease term.

4.17 Investments

Investments in equity instruments of associated companies

Investments in associates where the Group has significant influence, are accounted for using the equity method.

In case of investments accounted for under the equity method, the method is applied from the date when significant influence commences until the date when that significant influence ceases. When the Parent Company's share of losses exceeds the carrying amount of the associates, the carrying amount is reduced to nil and the recognition of further losses is discontinued except to the extent that the Parent Company has incurred obligations in respect of the associates.

Available for sale

Investments classified as available for sale are initially measured at cost, being the fair value of consideration given. At subsequent reporting dates, these investments are re-measured at fair value, unless fair value cannot be reliably measured. Unrealized gains and losses arising from the changes in the fair value are directly recognized in equity in the period in which they arise. Cumulative gains and losses arising from changes in fair value are included in net profit or loss for the period in which an investment is derecognized.

Investments intended to be held for less than twelve months from the balance sheet date or to be sold to raise operating capital, are included in current assets, all other investments are classified as non-current assets. Management determines the appropriate classification of its investments at the time of the purchase and re-evaluates such designation on a regular basis.

4.18 Investment Property

Investment Property is property held either to earn rental income or for capital appreciation or for both, but not for sale in ordinary course of business, use in production or supply of goods or services as for administrative purpose.

The Group assesses at each balance sheet date whether there is any indication that investment property may be impaired. If such indication exists, the carrying amount of such assets are reviewed to assess whether they are recorded in excess of their recoverable amount. Where carrying value exceeds the respective recoverable amount, assets are written down to their recoverable amounts and the resulting impairment loss is recognized in the profit and loss account for the year. The recoverable amount is the higher of an asset's fair value less costs to sell and value-in-use.

The gain or loss on disposal or retirement of an asset represented by the difference between the sale proceeds and the carrying amounts of the asset is recognized as an income or expense.

4.19 Related party transactions

The Group enters into transactions with related parties on an arm's length basis except in extremely rare circumstances where, subject to approval of the Board of Directors, it is in the interest of the Group to do so.

4.20 Goodwill

Goodwill represents the excess of the cost of acquisitions over the fair value of the net identifiable assets of the merged subsidiaries at the dates of acquisitions. Goodwill recognized is tested annually for impairment and carried at cost less accumulated impairment losses.

4.21 Dividend

Dividend distribution to shareholders is recognized as a liability in the period in which the dividends are approved.

	2011 Rupees	2010 Rupees
5 SHARE CAPITAL		
5.1 Authorized capital		
75,000,000 (2010: 55,000,000) ordinary shares of Rs. 10 each	750,000,000	550,000,000
25,000,000 (2010: Nil) preference shares of Rs. 10 each	250,000,000	–
	1,000,000,000	550,000,000

		2011 Rupees	2010 Rupees
5.2	**Issued, subscribed and and paid up capital**		
	31,645,725 (2010: 26,256,938) ordinary shares of Rs. 10 each	316,457,250	262,569,380
	27,630,936 (2010: 22,732,039) bonus shares of Rs. 10 each	276,309,360	227,320,390
		592,766,610	489,889,770

6 EMPLOYEES' STOCK OPTION

The Group is operating a stock option scheme "the Scheme" approved by Securities and Exchange Commission of Pakistan "SECP" dated 16 July 2010, under section 86 of the Companies Ordinance, 1984 read with Public Companies' employee stock option scheme Rules, 2001. The Compensation Committee of the Group shall recommend to the board as to which of the eligible employees are entitled to grant of option to subscribe for share at an option price. Option price, unless otherwise determined by the Compensation Committee, will be the lesser of 30% of the average of market price of share quoted in Karachi Stock Exchange, during 3 months prior to the date of grant of option and 3 months prior to date of exercise of option. The aggregate number of the share for all options granted or to be granted under the scheme to all eligible employees shall not, at any time, exceed 1% of the paid up capital of the Group. The option shall be exercised during the applicable option period, subject to expiry of relevant minimum vesting period. The Board of Directors of the Group, on recommendation of Compensation Committee, shall determine the entitlement to the options of the eligible employees in its meeting.

During the period, Group awarded 500,000 share options to its eligible employees under the employee stock option scheme "the Scheme" which are to be settled in shares subject to the vesting period of one year. Main features of the Scheme are as follows:

Date of grant of option	1-Jan-11
Date of exercise of option	1-Jan-12
Number of options granted	500,000
Exercise price	Lesser of 30% of the average of market price of shares quoted in Karachi Stock Exchange, during 3 months prior to date of grant of option and 3 months prior to date of exercise of option.

The number and weighted average exercise price of stock options are as follows:

	2011		2010	
	Weighted average exercise price Rupees	Number of options	Weighted average exercise price Rupees	Number of options
Options granted during the year	23.59	500,000	–	–

	Notes	2011 Rupees	2010 Rupees
7 LONG TERM LOANS - SECURED			
Privately Placed Term Finance Certificates	7.1	1,057,777,784	1,435,555,558
Privately Placed SUKKUK Certificates	7.2	311,111,110	422,222,221
Habib Bank Limited - term loan	7.3	160,000,000	220,000,000
Habib Bank Limited - led syndicated loan	7.4	1,042,999,996	1,298,000,000
United Bank Limited - led syndicated loan	7.5	2,300,000,000	–
		4,871,888,890	3,375,777,779
Current maturity presented under current liabilities	11	(803,888,889)	(803,888,889)
		4,068,000,001	2,571,888,890

7.1 Privately Placed Term Finance Certificates

These have been issued by way of private placements with a consortium of institutional investors. The total issue comprises of 340,000 TFC's having face value of Rs. 5,000 each.

Principal repayment

18 unequal quarterly instalments commencing after a grace period of one year and six months starting from March 2010 and ending June 2014.

Rate of return

The return on TFC's is payable quarterly at a rate of 3 months KIBOR plus 125 bps per annum.

Trustee

In order to protect the interests of TFC's holders, MCB Bank Limited has been appointed as trustee under a trust deed dated 27 May 2008.

Security

This finance is secured by first pari passu charge on land measuring 800 kanals, fixed assets, plant and machinery of the Parent Company.

7.2 Privately Placed Sukkuk Certificates

These have been issued by way of private placements with a consortium of institutional investors. The total issue comprises of 100,000 sukuk certificates having face value of Rs. 5,000.

Principal repayment

18 unequal quarterly instalments commencing after a grace period of one year and six months starting from March 2010 and ending June 2014.

Rate of return

The return on TSC's is payable quarterly at a rate of 3 months KIBOR plus 125 bps per annum.

Trustee

In order to protect the interests of sukkuk certificate holders, MCB Bank Limited has been appointed as trustee under a trust deed dated 3 April 2008.

Security

This finance is secured by first pari passu charge on land measuring 800 kanals, fixed assets, plant and machinery of the Parent Company.

7.3 Habib Bank Limited - term loan

Principal repayment

It is repayable in 20 unequal quarterly instalments starting from May 2009 and ending on March 2014.

Rate of return

The interest is payable quarterly at a rate of 3 months KIBOR plus 275 bps per annum.

Security

This finance is secured by first pari passu charge on fixed assets of the Parent Company (including land, building, plant and machinery) worth PKR 400 million and token registered mortgage on personal property and personal guarantee of all Directors of the Parent Company.

7.4 Habib Bank Limited - led syndicated loan

This syndicated loan comprises of loans from Habib Bank Limited, MCB Bank Limited, Faysal Bank Limited, JS Bank Limited & Pak Kuwait Investment Company (Private) Limited.

Principal repayment

It is repayable in 23 unequal quarterly installments after a grace period of one year and six months starting from June 2010 and ending December 2015.

Rate of return

It carries markup at the rate of 3 months KIBOR plus 200 bps per annum.

Security

This loan is secured against first ranking pari passu charge over all the assets, equitable mortgage charge over immovable properties of the Parent Company and personal guarantee of Directors.

7.5 United Bank Limited - led syndicated loan

This syndicated loan comprises of loans from United Bank Limited, Faysal Bank Limited, Pak Kuwait Investment Company (Private) Limited, The Bank of Punjab, Soneri Bank Limited and Meezan Bank Limited.

Principal repayment

The loan is repayable in 20 unequal quarterly instalments after a grace period of one year and six months starting from March 2013 and ending on December 2017.

Rate of return

It carries mark-up rate at the rate of 3 months KIBOR plus 275 bps per annum.

Security

This loan is secured against first pari passu hypothecation charge over all present and future movable fixed assets of the Parent Company, first ranking mortgage over the project properties of Deharki Sugar Mills (Private) Limited and personal guarantee of main sponsoring Directors.

8 LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE

The amount of future minimum lease payments along with their present value and the periods during which they will fall due are:

		2011		
	Note	Minimum lease payments	Finance cost for future periods	Present value
		Rupees	Rupees	Rupees
Not later than one year	11	414,527,936	102,469,285	312,058,651
Later than one year and not later than five years		646,873,264	106,356,790	540,516,474
		1,061,401,200	208,826,075	852,575,125

		2010		
		Minimum lease payments	Finance cost for future periods	Present value
		Rupees	Rupees	Rupees
Not later than one year	11	305,134,250	95,540,675	209,593,575
Later than one year and not later than five years		636,573,988	107,908,790	528,665,198
		941,708,238	203,449,465	738,258,773

The Parent Company has entered into various lease agreements with financial institutions for plant and machinery, implements and vehicles. Lease rentals are payable on quarterly / monthly basis and include finance cost ranging from 6 months KIBOR plus 250 bps per annum to 450 bps per annum (2010: 6 months KIBOR plus 250 bps per annum to 450 bps per annum) which has been used as the discounting factor. The Parent Company has the option to purchase the assets upon completion of lease period and has the intention to exercise such option. There are no financial restrictions imposed by lessors.

		Note	2011 Rupees	2010 Rupees
9	**DEFERRED LIABILITIES**			
	Deferred taxation	9.1	1,452,394,283	1,257,707,914
	Staff retirement benefits	9.2	45,521,150	37,954,883
			1,497,915,433	1,295,662,797
9.1	**Deferred taxation**			
	The liability for deferred taxation comprises temporary differences relating to:			
	Accelerated tax depreciation		1,488,790,455	1,436,904,432
	Leased assets		360,473,889	271,871,875
	Liabilities against assets subject to finance lease		(298,401,294)	(258,390,571)
	Provisions for doubtful debts and obsolescence		(41,644,398)	(41,644,398)
	Employee retirement benefits		(15,932,402)	(8,420,215)
	Unused tax credits and losses		–	(105,788,755)
	Other timing differences		(40,891,967)	(36,824,454)
			1,452,394,283	1,257,707,914
9.2	**Staff retirement benefits - gratuity**			
	Present value of defined benefit obligations		49,810,065	44,927,601
	Unrecognised actuarial losses		(4,288,915)	(6,972,718)
	Liability as at 30 September		45,521,150	37,954,883
	Balance as at 01 October		37,954,883	26,885,791
	Charge to profit and loss account		10,367,276	13,121,562
	Payments		(2,801,009)	(2,052,470)
	Liability as at 30 September		45,521,150	37,954,883
	Charge to profit and loss account for the year comprises:			
	Current service cost		4,048,031	8,592,686
	Interest cost for the year		6,093,794	4,292,764
	Actuarial losses recognised		225,451	236,112
			10,367,276	13,121,562

Historical information comparison for five years:

	2011 Rupees	2010 Rupees	2009 Rupees	2008 Rupees	2007 Rupees
Present value of defined benefit obligations	49,810,065	44,927,601	33,021,263	25,523,798	16,182,081
Experience adjustment gain / (loss)	2,458,352	(1,073,358)	(1,817,636)	(3,431,020)	(2,730,185)

		Note	2011 Rupees	2010 Rupees
10	**SHORT TERM BORROWINGS – SECURED**			
	Banking and Financial Institutions			
	- Cash finances	10.1	2,839,182,500	156,712,202
	- Running finances	10.2	2,413,233,136	2,105,951,745
	- Finance against trust receipts (FATR)	10.3	83,535,679	22,627,024
	- Bridge finance - Pak Brunei	10.4	200,000,000	–
			5,535,951,315	2,285,290,971

10.1 The Parent Company has obtained cash finance facilities aggregating to Rs. 10,700 million (2010: Rs. 8,350 million). The mark up rate applicable during the year ranges from 1 month KIBOR plus 150 bps per annum to 350 bps per annum (2010: 1 month KIBOR plus 125 bps per annum to 400 bps per annum). These are secured against pledge of sugar bags of the Parent Company and personal guarantees of the Directors of the Parent Company.

10.2 The Parent Company has obtained running finance facilities aggregating to Rs. 2,595 million (2010: Rs.2,393 million). The mark up rates applicable during the year ranges from 1 month KIBOR plus 150 bps per annum to 400 bps per annum (2010: 1 month KIBOR plus 200 bps per annum to 400 bps per annum). These are secured against present and future current assets of the Parent Company and personal guarantees of the Directors of the Parent Company.

10.3 The limit of this facility is Rs. 200 million. It carries mark-up ranging from 1 month KIBOR plus 200 bps to 3 months KIBOR plus 200 bps per annum. It is secured against charge over current assets of the Parent Company.

10.4 The limit of the facility is Rs. 200 million. It carries mark- up at the rate of 3 months KIBOR plus 275 bps per annum. It is secured against first pari passu charge over all present and future moveable fixed assets of the Parent Company.

		Note	2011 Rupees	2010 Rupees (Restated)
11	**CURRENT PORTION OF NON CURRENT LIABILITIES**			
	Current portion of long term loans from banking companies and financial institutions	7	803,888,889	803,888,889
	Liabilities against assets subject to finance lease	8	312,058,651	209,593,575
			1,115,947,540	1,013,482,464
12	**TRADE AND OTHER PAYABLES**			
	Trade creditors		439,557,462	324,909,679
	Federal excise duty and sales tax payable		374,856,480	65,197,608
	Workers' profit participation fund payable	12.1	116,834,189	105,212,720
	Accrued expenses		90,673,196	77,488,607
	Workers' welfare fund		78,425,348	55,366,026
	Advances from customers		42,528,995	4,240,213
	Unclaimed dividend		7,463,856	8,465,012
	Retention money		5,846,200	5,767,844
	Tax deducted at source		3,373,347	3,559,136
	Speacial excise duty payable		–	6,270,253
	Other payables		18,734,111	16,531,595
			1,178,293,184	673,008,693

		Note	2011 Rupees	2010 Rupees
12.1	**Workers' profit participation fund**			
	Balance as at 01 October		105,212,720	49,992,301
	Add: Allocation for the year		116,834,189	105,212,720
	Interest on funds utilized in the Parent Company's business		18,866,149	5,461,579
			240,913,058	160,666,600
	Less: Paid during the year		124,078,869	55,453,880
	Balance as at 30 September		116,834,189	105,212,720

13 CONTINGENCIES AND COMMITMENTS

Contingencies

Parent Company

13.1 The Sales Tax Department has demanded further tax of Rs. 77.9 million from the Company for the year 2000-2001 on the grounds that it charged sales tax at the rate of 15% on it's sales to persons liable to be registered instead of 18%. The Company is in adjudication against this on grounds of the definition of registered person in the Sales Tax Act. The Lahore High Court has stopped any recovery by the sales tax department from JDW Sugar Mills Limited till the decision of Collector of Customs, Sales Tax and Central Excise, Multan Region. Based on opinion from its legal advisor, management of the Company expects a favourable outcome in this case.

13.2 The Company availed 50% exemption of excise duty in 1990 - 91 crushing season on account of excess production over last year by having completed full crushing season i.e. 160 days. According to the audit report of Excise Department the exemption was wrongly availed. Therefore, the Deputy Collector issued show cause notice. The Company has challenged the same in Lahore High Court. No provision has been made in financial statements for this as the management is confident that the case will be decided in its favour.

13.3 The Punjab Industrial Development Board (PIDB) has claimed and amount of Rs. 10,780,782 from Pasrur Sugar Mills Limited (formerly subsidiary of United Sugar Mills Limited amount of Rs. 10,780,782. The claim was disputed by USML and the matter was referred to an arbitrator which announced and award in favor of USML, whereby instead of paying the aforementioned amount, Rs.1,209,385 become recoverable from PIDB. An appeal was filed by PIDB against the decision of arbitrator in Sindh High Court Karachi which was dismissed during the year 2004-05. Now PIDB has again filed a petition and Supreme Court accept the petition to re-open the case. The final outcome of this case is not known at present. However the management of the Company based on the opinion of its legal advisor is confident that this case will be decided in its favour. Accordingly no provision is made in the books of account of the Parent Company.

Subsidiary Company

13.4 The Company is in a Constitutional Petition with the Additional Secretary Industries and Commerce Department, Government of Sindh against cancelling of No Objection Certificate (collectively "impugned Cancellation Order"). However the Honorable Sindh High Court has suspended the Impugned Cancellation Order and the respondents in the Constitutional Petition have been restrained from interfering in the construction of the sugar mill. The actual date of further hearing in this case is yet to be notified by the high court. Whilst in the view of legal advisor the Company has an arguable case, and it is not possible at this stage to give a definitive opinion on the ultimate outcome or any losses that may be incurred by the Company.

13.5 Finance Act 2011, has withdrawal Special excise duty on all items, in view of this there is uncertainity about the adjustibility or recovery of Special excise duty amounting to Rs. 12,133,487.

	2011 Rupees	2010 Rupees
Commitments in respect of:		
13.6 Counter guarantee given on account of agricultural loan to growers		
Faysal Bank Limited	2,950,000,000	450,000,000
The Bank of Punjab	300,000,000	300,000,000
National Bank of Pakistan	290,000,000	290,000,000
Habib Bank Limited	400,000,000	250,000,000
13.7 Letters of credit for import of machinery and its related components		
Parent Company	341,840,563	297,938,537
Subsidiary Company	78,653,836	–
13.8 Letters of guarantee in favour of:		
Engro Fertilizer Limited	44,760,000	105,170,000
Shell Pakistan Limited	35,000,000	35,000,000
Pakistan State Oil Company Limited	1,000,000	1,000,000
Punjab Power Development Board Energy - Energy Department	957,000	–
Fauji Fertilizer Company Limited	–	39,688,000

14 OPERATING FIXED ASSETS

	Cost					Depreciation				Net book value
	As at 01 October 2010	Additions / (deletions) during the year	Transfers to / (from)	As at 30 September 2011	Rate	As at 01 October 2010	For the year	Adjustments	As at 30 September 2011	as at 30 September 2011
	Rupees	Rupees	Rupees	Rupees	%	Rupees	Rupees	Rupees	Rupees	Rupees
Owned										
Freehold land	153,311,656	441,794,669	–	595,106,325	–	–	–	–	–	595,106,325
Factory building on freehold land	806,368,654	15,253,721	(241,477)	821,380,898	10	297,127,023	51,360,968	(116,116)	348,371,875	473,009,023
Non factory building on freehold land	536,243,364	68,201,661	(2,663,602)	601,781,423	5	114,069,580	21,685,326	(581,871)	135,173,035	466,608,388
Plant and machinery	5,886,649,933	327,564,172	8,513,227	6,222,727,332	5	1,625,080,423	218,574,152	2,306,641	1,845,961,215	4,376,766,116
Motor vehicles	210,926,233	54,028,437	49,891,984	306,107,374	20	131,830,310	18,619,767	32,027,621	175,932,355	130,175,019
		(8,739,280)						(6,545,343)		
Electrical installation	65,233,982	10,002,151	(4,559,814)	70,676,319	10	33,897,398	3,321,756	(2,667,216)	34,551,939	36,124,380
Office equipment	47,944,975	6,360,130	(16,990,330)	37,314,775	20	29,607,600	4,081,855	(14,185,356)	19,504,099	17,810,676
Tools and equipment	46,125,047	2,132,559	(4,552,558)	43,705,048	10	20,706,787	2,610,126	(2,927,805)	20,389,108	23,315,940
Agri implements	290,581,122	80,138,077	129,529,600	295,546,023	10	104,159,242	19,450,265	37,532,593	71,401,533	
		(204,702,776)						(89,740,568)		224,144,490
Furniture and fixture	27,533,474	2,167,570	(2,108,735)	27,592,309	10	12,143,627	1,613,095	(1,349,854)	12,406,868	15,185,441
Weighbridge	9,717,830	1,525,000	(788,174)	10,454,656	10	7,553,730	216,410	(607,787)	7,162,353	3,292,303
Roads and boundary wall	46,960,621	193,008	(702,168)	46,451,461	10	12,329,197	3,465,575	(590,821)	15,203,951	31,247,510
Arms and ammunitions	6,616,967	1,307,400	(218,850)	7,705,517	10	2,395,341	422,521	(189,287)	2,628,575	5,076,942
Aircraft	418,645,628	–	–	418,645,628	10	52,144,635	36,650,099	–	88,794,734	329,850,894
Tubewell	1,498,146	861,623	(113,880)	2,245,889	10	1,060,130	87,709	(79,297)	1,068,542	1,177,347
Computers	12,374,652	4,913,538	(145,292)	17,142,898	33	5,994,903	2,866,223	(47,944)	8,813,182	8,329,716
	8,566,732,284	1,016,443,716	154,849,931	9,524,583,875		2,450,099,926	385,025,848	48,523,501	2,787,363,364	6,737,220,511
		(213,442,056)						(96,285,911)		
Leased										
Plant and machinery	339,461,735	281,695,743	(41,693,787)	579,463,691	5	45,524,223	23,731,286	(7,099,035)	62,156,474	517,307,217
Implements	417,043,292	89,318,178	(90,926,407)	415,435,063	10	40,263,932	42,653,523	(24,803,433)	58,114,022	357,321,041
Motor vehicles	161,585,780	96,244,250	(62,371,550)	195,458,480	20	55,525,867	30,761,038	(46,125,564)	40,161,341	155,297,139
	918,090,807	467,258,171	(194,991,744)	1,190,357,234		141,314,022	97,145,847	(78,028,032)	160,431,837	1,029,925,397
Intangible										
Software	–	1,000,000	–	1,000,000	33	–	38,877	–	38,877	961,123
	9,484,823,091	1,484,701,887	(40,141,813)	10,715,941,109		2,591,413,948	482,210,572	(29,504,531)	2,947,834,078	7,768,107,031
		(213,442,056)						(96,285,911)		

14.1

	Cost					Depreciation				Net book value as at 30 September 2010
	As at 01 October 2009	Additions / (deletions) during the year	Transfers to / (from)	As at 30 September 2010	Rate	As at 01 October 2009	For the year	Adjustments	As at 30 September 2010	
	Rupees	Rupees	Rupees	Rupees	%	Rupees	Rupees	Rupees	Rupees	Rupees
Owned										
Freehold land	184,149,761	–	(30,838,105)	153,311,656	–	–	–	–	–	153,311,656
Factory building on freehold land	803,189,175	1,026,329	2,153,150	806,368,654	10	242,934,491	56,528,183	(2,335,651)	297,127,023	509,241,631
Non factory building on freehold land	507,725,760	29,036,956	(519,352)	536,243,364	5	92,999,796	21,455,461	(385,677)	114,069,580	422,173,784
Plant and machinery	5,785,191,419	46,951,879	54,506,635	5,886,649,933	5	1,413,193,368	218,395,813	(6,508,758)	1,625,080,423	4,261,569,510
Motor vehicles	208,056,247	16,866,181	(2,632,452)	210,926,233	20	128,805,498	16,289,686	(6,770,891)	131,830,310	79,095,923
		(11,363,743)						(6,493,983)		
Electrical installation	62,370,662	15,288,207	(12,424,887)	65,233,982	10	32,519,243	3,059,064	(1,680,909)	33,897,398	31,336,584
Office equipment	49,393,695	2,097,961	(3,546,681)	47,944,975	20	28,162,677	4,295,845	(2,850,922)	29,607,600	18,337,375
Tools and equipment	55,828,297	396,696	(10,099,946)	46,125,047	10	24,532,568	2,800,010	(6,625,791)	20,706,787	25,418,260
Agri implements	164,138,264	26,485,785	99,957,073	290,581,122	10	67,704,558	10,764,178	25,690,506	104,159,242	186,421,880
Furniture and fixture	26,725,569	3,314,469	(2,506,564)	27,533,474	10	12,607,575	1,441,566	(1,905,514)	12,143,627	15,389,847
Weighbridge	9,717,830	–	–	9,717,830	10	7,313,274	240,456	–	7,553,730	2,164,100
Roads and boundary wall	46,960,621	–	–	46,960,621	10	8,481,261	3,847,936	–	12,329,197	34,631,424
Arms and ammunitions	5,852,967	764,000	–	6,616,967	10	1,977,171	418,170	–	2,395,341	4,221,626
Aircraft	398,645,628	20,000,000	–	418,645,628	10	12,341,632	39,803,003	–	52,144,635	366,500,993
Tubewell	1,498,146	–	–	1,498,146	10	1,011,461	48,669	–	1,060,130	438,016
Computers	8,856,742	2,961,146	715,045	12,374,652	33	4,037,951	2,418,924	(370,943)	5,994,903	6,379,749
		(158,281)						(91,029)		
Fire fighting equipments	344,000	–	(344,000)	–	20	343,730	–	(343,730)	–	–
	8,318,644,783	165,189,609	94,419,916	8,566,732,284		2,078,966,254	381,806,964	(10,673,292)	2,450,099,926	6,116,632,358
		(11,522,024)						(6,585,012)		
Leased										
Plant and machinery	391,073,325	67,586,600	(119,198,190)	339,461,735	5	45,914,665	17,585,817	(17,976,259)	45,524,223	293,937,512
Implements	200,801,009	285,725,683	(69,483,400)	417,043,292	10	44,123,980	22,184,743	(26,044,791)	40,263,932	376,779,360
Motor vehicles	125,153,780	44,872,000	(8,440,000)	161,585,780	20	37,260,123	21,638,825	(3,373,081)	55,525,867	106,059,913
	717,028,114	398,184,283	(197,121,590)	918,090,807		127,298,768	61,409,385	(47,394,131)	141,314,022	776,776,785
	9,035,672,897	563,373,892	(102,701,674)	9,484,823,091	–	2,206,265,022	443,216,349	(58,067,423)	2,591,413,948	6,893,409,143
		(11,522,024)						(6,585,012)		

		Note	2011 Rupees	2010 Rupees
14.2	Depreciation charge for the year has been allocated as follows:			
	Cost of goods manufactured	26.1	366,242,917	371,168,043
	Administrative expenses	27	53,035,193	54,016,100
	Other operating expenses	29.1	62,024,036	18,032,206
	Pre-operating expenses	29.3	908,426	–
			482,210,572	443,216,349

14.3 Disposal of Property, Plant and Equipment

Description	Particulars of buyer	Cost	Accumulated depreciation	Book value	Sale proceeds	Mode of disposal
		Rupees	Rupees	Rupees	Rupees	
	Employees					
Vehicle	Employee	1,030,500	664,609	365,891	206,100	Negotiation
Vehicle	Employee	879,000	573,017	305,983	266,700	– do –
Vehicle	Employee	768,000	607,027	160,973	230,400	– do –
Vehicle	Employee	794,000	512,081	281,919	241,200	– do –
Vehicle	Employee	560,000	413,199	146,801	177,900	– do –
Vehicle	Employee	406,325	292,440	113,885	255,000	– do –
Motor Cycle	Employee	58,500	47,213	11,287	20,000	– do –
Motor Cycle	Employee	35,500	27,986	7,514	16,000	– do –
Motor Cycle	Employee	50,490	31,407	19,083	30,000	– do –
Motor Cycle	Employee	57,500	45,329	12,171	20,000	– do –
Motor Cycle	Employee	59,000	33,341	25,659	29,000	– do –
	Others parties					
Agri implements- (288 tractors)	JK Farming Systems Limited	204,702,776	89,740,568	114,962,208	125,050,000	Negotiation
Vehicle	Ali Sher	739,000	587,077	151,923	500,000	– do –
Vehicle	Ali Sher	762,565	605,799	156,766	500,000	– do –
Vehicle	Ali Sher	875,000	759,876	115,124	510,000	– do –
Vehicle	Amjad Hussain	775,700	618,461	157,239	466,000	– do –
Vehicle	Shafiq Ahmad	514,200	399,625	114,575	420,000	– do –
Vehicle	Bismillah Autos	374,000	326,856	47,144	250,000	– do –
2011		213,442,056	96,285,911	117,156,145	129,188,300	
2010		11,522,024	6,585,012	4,937,012	9,287,993	

			2011 Rupees	2010 Rupees
15	**CAPITAL WORK IN PROGRESS**			
	Plant & machinery		1,329,107,927	–
	Factory building		295,517,294	–
	Stores held for capital expenditure		287,180,489	–
	Advances for purchase of vehicles		17,925,000	–
	Others		222,687,015	46,062,570
		15.1	2,152,417,725	46,062,570

15.1 It mainly relates to subsidiary company which is under erection and construction phase.

		2011	2010
16	**INVESTMENT PROPERTY**		
	Balance as at 01 October	419,348,133	350,753,636
	Transferred to investment property	–	30,838,105
	Additions during the year	108,553,632	37,756,392
	Deletion during the year	(611,620)	–
	Balance as at 30 September	527,290,145	419,348,133

It mainly represents agricultural land given on lease. The fair value of investment property is Rs. 1,406,809,350 (2010: Rs 1,042,228,438).

17 GOODWILL

It represents the excess of cost of acquisition over the fair value of the net identifiable assets of the subsidiaries at the date of acquisition.

		Note	2011 Rupees	2010 Rupees
18	**INVESTMENTS**			
	Investment in associated companies			
	Cost of investment		850,500,000	805,500,000
	Share of loss		(36,950,000)	(7,927,431)
		18.1	813,550,000	797,572,569
	Available for sale	18.2	–	–
			813,550,000	797,572,569

18.1 Investment in associated companies

18.1.1 Faruki Pulp Mills Limited ("FPML")

	2011	2010
Cost of investment		
51,500,000 (2010: 51,500,000) fully paid shares of Rs. 10 each Equity held 47.69% (2010 : 47.69%)	560,500,000	560,500,000
Share of loss		
Opening balance	(8,143,241)	(969,639)
Share of loss for the period	(11,470,905)	(7,173,602)
Closing balance	(19,614,146)	(8,143,241)
Balance as at 30 September	540,885,854	552,356,759

	Note	2011 Rupees	2010 Rupees
18.1.2 JK Dairies (Private) Limited ("JKDL")			
Cost of investment			
10,000,000 (2010: 10,000,000) fully paid shares of Rs. 10 each Equity held 33.33% (2010 : 33.33%)		200,000,000	200,000,000
Share of profit			
Opening balance		215,810	–
Share of profit for the period		152,547	215,810
Closing balance		368,357	215,810
Balance as at 30 September		200,368,357	200,215,810
18.1.3 JDW Power (Private) Limited ("JDWPL")			
Cost of investment			
Cost as at 01 October			
4,500,000 fully paid shares of Rs. 10 each		45,000,000	–
Acquired during the year			
4,500,000 fully paid shares of Rs. 10 each		45,000,000	45,000,000
Equity held 47.37% (2010 : 47.37%)		90,000,000	45,000,000
Share of loss			
Opening balance		–	–
Share of loss for the period		(17,704,211)	–
Closing balance		(17,704,211)	–
Balance as at 30 September		72,295,789	45,000,000
18.2 Available for sale			
Taha Spinning Mills Limited - Quoted			
Balance as at 01 October		–	317,500
Disposal during the year			
Nil (2010: 50,000) fully paid shares of Rs. 10 each		–	(317,500)
Balance as at 30 September		–	–

Summarised financial information in respect of associated companies is set out below:

	2011			2010		
	FPML	JKDL	JDWPL	FPML	JKDL (Restated)	JDWPL
	Rupees			Rupees		
Assets	3,071,109,078	848,421,327	233,535,418	1,620,093,813	645,347,155	81,035,128
Liabilities	2,072,046,666	462,762,722	24,636,049	696,978,340	260,146,190	41,391,809
Equity	999,062,412	385,658,605	208,899,369	923,115,473	385,200,965	39,643,319
Revenues	–	293,909,095	–	–	182,720,574	–
(Loss)/ profit after tax for the year	(24,053,061)	457,641	(37,375,556)	(20,250,162)	6,810,839	(18,511,681)

Investments of the Parent Company in associated companies have been accounted for under equity method based on their financial statements as at 30 June 2011.

19 ADVANCES TO RELATED PARTY

This advance relates to the JDW Power (Private) Limited, a related party, for purchase of shares.

20 LONG TERM DEPOSITS

These mainly comprise of security deposits with leasing companies in respect of leasing facilities availed.

		Note	2011 Rupees	2010 Rupees
21	**STORES, SPARES AND LOOSE TOOLS**			
	Stores		450,247,266	207,784,521
	Spares		353,781,500	166,926,733
	Oil and lubricants		37,834,236	37,199,113
	Loose tools		19,106,712	12,211,548
	Packing material		9,698,816	7,930,717
	Civil stores		10,349,545	3,174,963
			881,018,075	435,227,595
	Less:			
	Stores held for capital expenditure		(287,180,489)	–
	Provision for obsolescence		(44,082,604)	(44,082,604)
			549,754,982	391,144,991
22	**TRADE DEBTS – UNSECURED**			
	Trade debts – unsecured, considered good		859,693,180	142,956
	Trade debts – unsecured, considered doubtful		14,486,141	14,486,141
			874,179,321	14,629,097
	Less: Provision for doubtful debts		(14,486,141)	(14,486,141)
			859,693,180	142,956
23	**ADVANCES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES**			
	Advance to growers			
	Unsecured - considered good	23.1	2,264,638,078	2,329,066,095
	Unsecured - considered doubtful		34,976,616	34,976,616
			2,299,614,694	2,364,042,711
	Less: Provision for doubtful advances		(34,976,616)	(34,976,616)
			2,264,638,078	2,329,066,095
	Advance to suppliers and contractors			
	Unsecured - considered good		422,374,270	143,290,727
	Unsecured - considered doubtful		25,438,633	25,438,633
			447,812,903	168,729,360
	Less: Provision for doubtful advances		(25,438,633)	(25,438,633)
			422,374,270	143,290,727
	Tax refunds from Government		306,023,980	1,431,700
	Advances to related party	23.2	273,432,666	–
	Letters of credit		137,491,118	199,308,991
	Prepaid expenses		18,879,473	12,637,267
	Advances to staff - unsecured, considered good		31,649,038	4,883,026
	Deposits		15,315,221	–
	Excise duty receivable	23.3	9,888,364	9,888,364
	Other receivables		9,654,043	13,128,930
			3,489,346,251	2,713,635,100

23.1 Advances to growers includes Rs. 1,346,920,701 (2010: Rs. 901,902,464) given to JK Farming Systems Limited for procurement of sugarcane.

22.2 This advance relate to Faruki Pulp Mills Limited, a related party. Further, this amount includes markup of Rs. 23,432,666 charged at the rate of 15.97% per annum.

22.3 The Group claimed an exemption of Rs.10.75 million from excise duty on an export transaction during 1993-94. However, the Excise Department rejected the claim and the Group deposited Rs.9.88 million under protest.

	Note	2011 Rupees	2010 Rupees
24 CASH AND BANK BALANCES			
At banks:			
Current accounts		124,201,056	7,301,363
Saving / deposit accounts	24.1	289,242,365	2,257,237
		413,443,421	9,558,600
Cash in hand		624,175	1,383,204
		414,067,596	10,941,804

24.1 The balances in saving / deposit accounts carry mark–up which ranges from 8% to 10% per annum (2010: 8% to 10.5% per annum).

	Note	2011 Rupees	2010 Rupees (Restated)
25 SALES – NET			
Sugar		24,879,892,673	20,154,641,352
Molasses & Bagasse		1,265,775,472	1,019,887,942
Electricity		321,957,537	211,954,668
		26,467,625,682	21,386,483,962
Less: Sales tax		935,728,745	882,291,442
Federal excise duty		608,146,897	–
Special excise duty		192,812,833	104,788,185
Brokerage, commission and others		1,446,000	18,720,456
		1,738,134,475	1,005,800,083
		24,729,491,207	20,380,683,879

		Note	2011 Rupees	2010 Rupees (Restated)
26	**COST OF SALES**			
	Opening stock in trade		206,682,011	1,436,296,905
	Cost of goods manufactured	26.1	22,229,195,565	15,515,036,266
	Less: Closing stock in trade		(1,922,057,309)	(206,682,011)
			20,513,820,267	16,744,651,160

26.1 Cost of goods manufactured

	Note	2011 Rupees	2010 Rupees (Restated)
Cost of sugarcane consumed (including procurement and other costs)		20,215,929,565	13,767,259,901
Salaries, wages and other benefits	26.1.1	658,683,469	535,540,073
Stores and spares consumed		442,809,470	316,166,756
Depreciation	14.2	366,242,917	371,168,043
Packing materials consumed		163,822,936	101,459,430
Vehicle running expenses		80,707,889	56,112,362
Chemicals consumed		72,831,720	61,818,883
Oil, lubricants and fuel consumed		60,995,804	58,387,595
Electricity and power		36,723,148	32,562,889
Insurance		33,232,721	40,155,509
Repairs and maintenance		24,880,909	30,154,330
Mud and bagasse shifting expenses		12,668,463	11,554,846
Freight and octroi		12,409,343	13,681,648
Handling and storage		11,261,056	9,330,526
Assets written off		10,637,283	20,213,356
Printing and stationery		5,393,292	4,624,070
Traveling and conveyance		4,389,371	2,556,336
Telephone and fax		2,631,467	1,857,094
Provision for obsolescence		–	44,082,604
Provision for doubtful advances		–	24,959,525
Other expenses		12,944,742	11,390,490
		22,229,195,565	15,515,036,266

26.1.1 Salaries, wages and other benefits include Rs. 14,681,834 (2010: Rs. 9,106,401) in respect of provident fund and Rs. 7,257,093 (2010: Rs. 9,185,093) in respect of staff gratuity.

		Note	2011 Rupees	2010 Rupees
27	**ADMINISTRATIVE EXPENSES**			
	Salaries, wages and other benefits	27.1	180,188,575	137,308,215
	Depreciation	14.2	53,035,193	54,016,100
	Charity and donations	27.2	48,908,386	41,013,848
	Legal and professional services		31,776,300	16,036,266
	Traveling and conveyance		26,930,389	27,088,130
	Office rent and renovation		15,816,278	11,650,604
	Repair & maintenance		14,764,114	1,443,599
	Vehicle running and maintenance		13,877,800	11,205,399
	Fee and taxes		12,439,011	3,660,417
	Consultancy and advisory		9,973,931	7,453,000
	Insurance		6,012,766	3,973,966
	Telephone, fax and postage		5,365,096	5,401,447
	Subscription and renewals		5,126,776	5,492,223
	Printing and stationery		3,837,893	3,794,536
	Advertisement		3,540,711	2,018,558
	Electricity and power		2,688,592	1,884,239
	Auditors' remuneration	27.3	2,130,000	2,650,000
	Entertainment		1,178,914	770,393
	Newspapers, books and periodicals		119,526	42,892
	Arms and ammunition		38,700	132,631
	Other expenses		5,259,651	7,158,948
			443,008,602	344,195,411

27.1 Salaries, wages and other benefits include Rs. 3,533,495 (2010: Rs. 2,222,541) in respect of provident fund and Rs. 3,110,183 (2010: Rs. 3,936,468) in respect of staff gratuity.

27.2 None of the Directors of the Group or their spouses have any interest in, or are otherwise associated with any of the recipients of donations made by the Group during the year except for the Lodhran Pilot Project (Non Profit Organisation) in which Mr. Jahangir Khan Tareen is the President.

		Note	2011 Rupees	2010 Rupees
27.3	**Auditors' remuneration**			
	KPMG Taseer Hadi & Co.			
	Statutory audit		1,500,000	1,200,000
	Half yearly review		250,000	150,000
	Other certifications		125,000	–
	Staff secondment		–	1,300,000
	Riaz Ahmed Saqib Gohar & Co.			
	Statutory audit		150,000	–
	Other certifications		105,000	–
			2,130,000	2,650,000
28	**DISTRIBUTION AND MARKETING EXPENSES**			
	Salaries, wages and other benefits	28.1	12,452,367	9,832,224
	Freight and handling charges		417,800	508,620
	Other selling expenses		2,265,127	1,615,213
			15,135,294	11,956,057

28.1 Salaries, wages and staff benefits include Rs. 246,247 (2010: Rs. 145,573) in respect of staff retirement benefits.

		Note	2011 Rupees	2010 Rupees
29	**OTHER OPERATING EXPENSES**			
	Harvesting subsidy to growers	29.1	166,715,250	66,632,596
	Worker's profit participation fund		116,834,189	105,212,720
	Worker's welfare fund	29.2	40,141,242	39,980,834
	Pre-operating expenses	29.3	11,098,708	–
	Loss on sale of investment		–	225,000
			334,789,389	212,051,150

29.1 Harvesting subsidy includes Rs. 62,024,036 (2010: Rs. 18,032,206) in respect of depreciation on agricultural implements.

29.2 This includes prior year expense of Rs. 1,698,324.

29.3 This includes Rs. 908,426 (2010: Rs. Nil) in respect of depreciation expense.

		Note	2011 Rupees	2010 Rupees (Restated)
30	**OTHER OPERATING INCOME**			
	Income from financial assets			
	Profit on bank deposit		1,788,690	1,191,514
	Income from non financial assets			
	Rental income		20,470,683	16,789,334
	Scrap sales		18,268,575	21,050,658
	Profit on sale of property, plant and equipment		12,032,155	4,350,982
	Profit on sale of investment property		1,388,380	–
	Amortization of deferred income		–	3,945,104
	Gain on foreign exchange transactions		–	14,000
	Others		12,490,414	10,724,765
			64,650,207	56,874,843
			66,438,897	58,066,357
31	**FINANCE COST**			
	Interest and mark-up on:			
	- short term borrowings - secured	31.1	695,454,578	527,967,038
	- long term loans - secured		563,865,786	522,418,070
	- finance leases		83,529,056	53,421,933
	- Worker's profit participation fund	12.1	18,866,149	5,461,579
	- Provident fund		2,955,285	9,274,637
	- subordinated loan from Director - unsecured		–	33,678,976
	Bank charges and commission		19,024,142	16,217,270
			1,383,694,996	1,168,439,503

31.1 Mark up on short term borrowings is net of mark up from related parties amounting to Rs. 334,511,202 (2010: Rs. 227,937,227) on receivable from these parties. This receivable has been made from the proceeds of short term borrwoings from banks.

		Note	2011 Rupees	2010 Rupees
32	**TAXATION**			
	Income tax – current	32.1	640,961,915	355,300,376
	Income tax – prior years		874,299	(50,177,971)
	Deferred tax	32.2	194,686,368	406,350,994
			836,522,582	711,473,399

32.1 Provision for current tax represents taxation under normal tax regime and flood surcharge amounting to Rs. 6,069,562.

32.2 Deferred tax expense relates to origination and reversal of temporary differences.

		2011 % age	2010 % age
32.3	**Reconciliation of tax charge for the year**		
	Applicable tax rate	35.00	35.00
	Tax effects of amount not deductable for tax purposes	1.28	0.20
	Tax effects of amount deductable for tax purposes	(0.54)	(0.08)
	Tax effect of prior years	–	(19.51)
	Others	2.64	20.74
	Average effective rate charged to profit and loss account	38.38	36.35

			2011	2010
33	**BASIC EARNINGS PER SHARE**			
	Profit after taxation	*Rupees*	1,239,936,405	1,238,056,125
	Weighted average number of ordinary shares	*Numbers*	54,998,113	54,426,754
	Basic earnings per share	*Rupees*	22.55	22.75
34	**DILUTED EARNINGS PER SHARE**			
	Profit attributable to ordinary shareholders (basic)		1,239,936,405	1,238,056,125
	Stock option expense		(4,752,719)	–
	Total	*Rupees*	1,235,183,686	1,238,056,125
	Weighted average number of ordinary shares (basic)		54,998,113	54,426,754
	Effect of stock option		356,329	–
		Numbers	55,354,442	54,426,754
	Diluted earnings per share	*Rupees*	22.31	22.75

		Note	2011 Rupees	2010 Rupees (Restated)
35	**CASH GENERATED FROM OPERATIONS**			
	Profit before taxation		2,076,458,987	1,949,529,524
	Adjustments for non cash and other items:			
	Finance cost		1,383,694,996	1,168,439,503
	Depreciation		482,210,572	443,216,349
	Workers' profit participation fund		116,834,189	105,212,720
	Workers' welfare fund		40,141,242	39,980,834
	Employees' stock option		21,935,625	–
	Assets written off		10,637,283	20,213,356
	Staff retirement benefits		28,828,852	24,596,077
	Share of loss of associated companies		29,022,569	7,927,431
	Profit on disposal of property, plant and equipment		(12,032,155)	(4,350,982)
	Gain on sale of investment property		(1,388,380)	–
	Provision for obsolescence		–	44,082,604
	Amortization of deferred income		–	(3,945,104)
	Loss on sale of investment		–	225,000
	Provision for doubtful advances		–	24,425,315
			2,099,884,793	1,870,023,103
	Operating profit before working capital changes		4,176,343,780	3,819,552,627
	(Increase) / decrease in current assets			
	Stock in trade		(1,715,375,298)	1,229,614,895
	Trade debts		(859,550,224)	36,445,100
	Advances, deposits, prepayments and other receivables		(386,816,458)	(560,996,835)
	Stores, spares and loose tools		(158,609,991)	(10,936,461)
			(3,120,351,971)	694,126,699
	Increase / (decrease) in current liabilities			
	Trade and other payables		454,605,561	(193,674,109)
	Cash generated from operations		1,510,597,370	4,320,005,217

36 REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

The aggregate amount charged in the consolidated financial statements for the year for remuneration, including all benefits to the Chief Executive, Directors and Executives of the Group is as follows:

	Chief Executive		Director		Executives	
	2011	2010	2011	2010	2011	2010
	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees
Managerial remuneration	16,000,000	11,200,000	11,600,000	10,466,667	48,770,992	37,500,234
House allowance	6,400,000	4,480,000	4,640,000	4,186,666	19,508,397	15,000,094
Utilities	1,600,000	1,120,000	1,160,000	1,046,667	4,877,099	3,750,023
Others	9,333,330	4,800,000	6,766,660	5,200,000	45,874,983	41,927,268
Group's contribution towards provident fund	–	–	–	–	4,828,328	3,329,893
Stock option	–	–	–	–	21,935,625	–
	33,333,330	21,600,000	24,166,660	20,900,000	145,795,424	101,507,512
Number of persons	1	1	2	2	47	38

In addition to the above, some of the executives are provided with free use of Group maintained cars.

37 FINANCIAL INSTRUMENTS

The Group has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

The Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework. The Board is also responsible for developing and monitoring the Group's risk management policies.

This note presents information about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risk, and the Group's management of capital.

The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to react changes in market conditions and the Group's activities.

37.1 Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Group's receivables from customers and loans to/due from related parties. Out of the total financial assets of Rs. 1,587.87 million (2010: Rs. 27.71 million) financial assets which are subject to credit risk amount to Rs. 1,174.42 million (2010: Rs. 18.15 million).

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. To manage exposure to credit risk in respect of trade receivables, management reviews credit worthiness, references, establish purchase limits taking into account the customer's financial position, past experience and other factors. Export sales are secured through letters of credit. The management has set a maximum credit period of 15 days to reduce the credit risk. Limits are reviewed periodically and the customers that fail to meet the Group's benchmark creditworthiness may transact with the Group only on a prepayment basis.

Concentration of credit risk arises when a number of counter parties are engaged in similar business activities or have similar economic features that would cause their abilities to meet contractual obligation to be similarly effected by the changes in economic, political or other conditions. The Group believes that it is not exposed to major concentration of credit risk.

The carrying amount of financial assets represents the maximum credit exposure before any credit enhancements. The maximum exposure to credit risk at the reporting date is:

	2011 Rupees	2010 Rupees
Trade debts	859,693,180	142,956
Advances, deposits, prepayments and other receivables	314,735,747	18,011,956
Bank balances	413,443,421	9,558,600
	1,587,872,348	27,713,512

The aging of trade receivables at the reporting date is:

	2011 Rupees	2010 Rupees
Not past due	859,693,180	142,956
Past due 0 – 30 days	–	–
Past due 31 – 60 days	–	–
Past due 61 – 90 days	–	–
Past due 91 – 120 days	–	–
Past due 120 days	–	–
	859,693,180	142,956

Based on past experience the management believes that no impairment allowance is necessary in respect of trade receivables and there are reasonable grounds to believe that the amounts will be recovered in normal course.

37.2 Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions. For this purpose the Group has sufficient running finance facilities available from various commercial banks to meet its liquidity requirements. Further liquidity position of the Group is closely monitored through budgets, cash flow projections and comparison with actual results by the Board.

Following is the maturity analysis of financial liabilities:

	2011					
	Less than 6 months	Between 6 to 12 months	Between 1 to 5 years	Between 6 to 10 years	Over 10 years	Total
	Rupees					
Non derivative financial liabilities						
Long term finances	486,333,330	317,555,559	4,068,000,001	–	–	4,871,888,890
Short term borrowings	5,535,951,315	–	–	–	–	5,535,951,315
Liabilities against assets subject to finance lease	163,686,937	148,371,715	540,516,474	–	–	852,575,126
Interest and mark up accrued	201,904,179	–	–	–	–	201,904,179
Trade and other payables	562,276,836	–	–	–	–	562,276,836
	6,950,152,597	465,927,274	4,608,516,475	–	–	12,024,596,346

	2010					
	Less than 6 months	Between 6 to 12 months	Between 1 to 5 years	Between 6 to 10 years	Over 10 years	Total
	Rupees					
Non derivative financial liabilities						
Long term finances	486,333,333	317,555,555	2,571,888,890	–	–	3,375,777,778
Short term borrowings	2,285,290,971	–	–	–	–	2,285,290,971
Liabilities against assets subject to finance lease	104,796,787	104,796,788	528,665,198	–	–	738,258,773
Interest and mark up accrued	136,129,480	–	–	–	–	136,129,480
Trade and other payables	433,162,737	–	–	–	–	433,162,737
	3,445,713,308	422,352,343	3,100,554,088	–	–	6,968,619,739

37.3 Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

37.3.1 Currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. Currency risk arises mainly where receivables and payables exist due to transactions with foreign buyers and suppliers. The Group believes that it is not exposed to currency risk.

37.3.2 Interest rate risk

The effective interest/mark-up rates for interest/mark-up bearing financial instruments are mentioned in relevant notes to the consolidated financial statements. The Group's interest/mark-up bearing financial instruments as at the reporting date are as follows:

	2011		2010	
	Financial asset	Financial liability	Financial asset	Financial liability
	Rupees		Rupees	
Variable rate instruments	273,432,666	11,260,415,330	–	6,399,327,523

The Group does not account for any fixed rate financial assets and liabilities at fair value through profit and loss. Therefore a change in interest rates at the reporting date would not affect profit and loss account.

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) profit for the year by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant. The analysis is performed on the same basis for 2010.

	Profit and loss 100 bps	
	Increase	Decrease
	Rupees	
As at 30 September 2011	(109,869,827)	109,869,827
As at 30 September 2010	(63,993,275)	63,993,275

The sensitivity analysis prepared is not necessarily indicative of the effects on profit for the year and assets / liabilities of the Group.

37.3.3 Other price risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk). Equity price risk arises from available-for-sale equity securities held. Material investments within the portfolio are managed on an individual basis and all buy and sell decisions are approved by the Board. The Group believes that it is not exposed to other price risk.

37.3.4 Fair value of financial instruments

Fair value is the amount for which an asset could be exchanged or liability be settled between knowledgeable willing parties in an arm's length transaction. As at the reporting date, fair values of all financial instruments are considered to approximate their book values.

37.3.5 Capital management

The Board's policy is to maintain an efficient capital base so as to maintain investor, creditor and market confidence and to sustain the future development of its business. The Board of Directors monitors the return on capital employed, which the Group defines as operating income divided by total capital employed. The Board of Directors also monitors the level of dividends to ordinary shareholders.

The Group's objectives when managing capital are:

a) to safeguard the entity's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders, and

b) to provide an adequate return to shareholders.

The Group manages the capital structure in the context of economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Group may, for example, adjust the amount of dividends paid to shareholders, issue new shares, or sell assets to reduce debt.

The Group monitors capital on the basis of the debt-to-equity ratio as follows:

		2011	2010
Total debt	Rupees	11,260,415,330	6,399,327,523
Total equity and total debt	Rupees	15,966,345,490	9,808,892,402
Debt-to-equity ratio	% age	71%	65%

Total debt comprises of long term loans, liabilities against assets subject to finance lease and short term borrowings.

The increase in the debt-to-equity ratio in 2011 is primarily from increase in debts during the year.

Neither there were any changes in the Group's approach to capital management during the year nor the Group is subject to externally imposed capital requirements.

38 TRANSACTIONS WITH RELATED PARTIES

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

Name of parties	Nature of transactions	2011 Rupees	2010 Rupees
JK Farming Systems Limited	Purchase of sugarcane	2,822,673,333	–
	Markup on advances	310,821,509	–
Riaz Bottlers (Private) Limited	Sale of sugar	639,770,453	642,259,450
Faruki Pulp Mills Limited	Advances	250,000,000	–
	Markup on advances	23,432,666	–
JDW Power (Private) Limited	Advances for purchase of shares	92,641,628	–
Provident Fund	Contribution	18,461,576	11,474,515
JDW Aviation (Private) Limited	Payment against purchase of aircraft	5,200,000	–
JK Dairies (Private) Limited	Sale of Molasses	3,541,584	245,518
JK Agri Farms	Purchase of sugarcane	–	1,694,164,126
	Markup on advances	–	135,545,275
Jahangir Khan Tareen	Mark up on subordinated loan	–	33,678,976

	2011		2010	
	Days	Tonnes	Days	Tonnes
39 CAPACITY AND PRODUCTION				
Unit I				
Crushing capacity	120	2,460,000	120	2,400,000
Sugarcane crushed	127	2,121,232	111	1,717,040
Sugar production		221,079		151,850
Unit II				
Crushing capacity	120	1,020,000	120	960,000
Sugarcane crushed	126	867,796	107	705,362
Sugar production		92,595		68,352
Unit III				
Crushing capacity	120	1,320,000	120	1,080,000
Sugarcane crushed	121	1,051,525	117	786,256
Sugar production		115,033		83,697
DSML				
Crushing capacity	120	960,000	–	–

40 DATE OF AUTHORIZATION FOR ISSUE

These consolidated financial statements were authorized for issue on 05 Janaury 2012 by the Board of Directors of the Group.

41 EVENTS AFTER THE BALANCE SHEET DATE

The Board of Directors of the Group has proposed a final cash dividend for the yer ended 30 September 2011 of Rs. 9 per share (2010: Rs. 7 per share) and bonus shares at the rate of Nil (2010: 10%) at their meeting held on 05 January 2012.

42 FIGURES

Figures have been rounded off to the nearest rupee.

Lahore
05 January 2012 | Chief Executive | Director

Pattern of Shareholding
As at 31 December 2011

Pattern of Shareholding

FORM "34" The Companies Ordinance 1984 (Section 236(1) & 464)

1. **Incorporation Number** **0021835**

2. **Name of the Company** **JDW SUGAR MILLS LIMITED**

3. **Pattern of holding of the shares held by the shareholders as at** **31–12–2011**

4. No. of Shareholders	Shareholding From	Shareholding To	Total Shares Held
256	1	100	9,035
440	101	500	133,808
109	501	1,000	80,690
381	1,001	5,000	658,300
33	5,001	10,000	237,939
15	10,001	15,000	199,740
7	15,001	20,000	124,780
7	20,001	25,000	148,715
5	25,001	30,000	138,269
4	30,001	35,000	129,947
2	40,001	45,000	85,053
3	45,001	50,000	144,489
3	50,001	55,000	159,196
2	60,001	65,000	126,927
2	75,001	80,000	156,540
1	80,001	85,000	82,464
1	105,001	110,000	105,600
3	115,001	120,000	350,839
1	120,001	125,000	122,919
1	125,001	130,000	127,279
1	165,001	170,000	167,327
1	190,001	195,000	192,548
1	230,001	235,000	230,432
1	285,001	290,000	286,937
1	310,001	315,000	311,676
1	360,001	365,000	360,571
1	435,001	440,000	437,444
1	555,001	560,000	559,610
1	605,001	610,000	605,100
1	625,001	630,000	626,175
1	650,001	655,000	651,864
1	775,001	780,000	775,378
1	2,000,001	2,005,000	2,003,648
1	2,020,001	2,025,000	2,023,648
1	2,050,001	2,055,000	2,051,145
1	2,285,001	2,290,000	2,285,636
1	2,345,001	2,350,000	2,346,642
1	3,555,001	3,560,000	3,557,342
1	6,060,001	6,065,000	6,063,281
1	7,175,001	7,180,000	7,178,648
1	11,510,001	11,515,000	11,513,932
1	11,725,001	11,730,000	11,725,148
1,298			**59,276,661**

		Shares held	Percentage
5.	**Categories of shareholders**	**Shares held**	**Percentage**
5.1	Directors, Chief Executive Officer, and their spouse and minor children	32,610,404	55.0139%
5.2	Associated Companies, undertakings and related parties	–	–
5.3	NIT and ICP	19,974	0.0337%
5.4	Banks, Development Financial Institutions, Non Banking Financial Institutions	656,417	1.1074%
5.5	Insurance Companies	561,810	0.9478%
5.6	Modarabas and Mutual Funds	58,741	0.0991%
5.7	Share holders holding 10% and above	36,481,009	61.5436%
5.8	General Public		
	a. Local	19,939,105	33.6374%
	b. Foreign	–	–
5.9	Others (to be specified)		
	Joint Stock Companies	4,811,992	8.1179%
	Investment Companies	2,085	0.0035%
	Leasing Companies	20,441	0.0345%
	Foreign Companies	41,203	0.0695%
	Others	554,489	0.9354%

6. **Signature of Company Secretary**

7. **Name of Signatory** MUHAMMAD RAFIQUE

8. **Designation** COMPANY SECRETARY

9. **CNIC Number** 35201–3029372–5

10. **Date** 31–12–2011

As required under C.C.G, as on 31 December 2011

S. No.	NAME	HOLDING	% AGE
NIT and ICP (Name Wise):			
1	IDBP (ICP UNIT) (CDC)	1,824	0.0031%
2	INVESTMENT CORPORATION OF PAKISTAN	13,500	0.0228%
3	INVESTMENT CORPORATION OF PAKISTAN	4,650	0.0078%
Directors, CEO and their spouses and minor chidren (name wise):			
1	MR. JAHANGIR KHAN TAREEN (Director/Chief Executive)	17,788,429	30.0092%
2	MRS. AMINA TAREEN (w/o Mr. Jahangir Khan Tareen)	2,285,636	3.8559%
3	SYED AHMAD MEHMUD (Director)	11,513,932	19.4241%
4	MRS. SAMEERA MAHMUD (Director)	651,864	1.0997%
5	MR. IJAZ AHMED PHULPOTO (Director)	366,341	0.6180%
6	MR. MUHAMMAD ISMAIL (Director)	1,421	0.0024%
7	MR. ASIM NISAR BAJWA (Director)	1,421	0.0024%
8	MR. ZAFAR IQBAL (Director)	1,360	0.0023%
Executives:		2,954,862	4.9849%
Public Sector Companies & Corporations:		–	–
Banks, Development Finance Institutions, Non Banking Finance Intitutions, Insurance Companies, Modarabas and Mutual Funds:		1,297,409	2.1887%
Shareholders holding ten percent or more voting interest in the listed Company (Name Wise):			
1	MR. JAHANGIR KHAN TAREEN	17,788,429	30.0092%
2	SYED AHMAD MEHMUD	11,513,932	19.4241%
3	MR. ALI KHAN TAREEN	7,178,648	12.1104%
		36,481,009	61.5436%

All trades in the shares of the listed companies, carries out by its Directors, CEO, CFO, Company

Secretary and their spouses and minor children:

S.No	NAME	SALE	PURCHASE/ TRANSFER	RIGHT	BONUS
1	MR. JAHANGIR KHAN TAREEN (Director/Chief Executive)	4,314,780	8,507,238	1,235,997	1,123,634
2	MRS. AMINA TAREEN (w/o Mr. Jahangir Khan Tareen)	–	–	–	207,785
3	SYED AHMAD MEHMUD (Director)	–	2,141,545	–	852,035
4	MRS. SAMEERA MAHMUD (Director)	–	–	–	59,260
5	MR. IJAZ AHMED PHULPOTO (Director)	–	1,655	33,303	30,130
6	MR. MUHAMMAD ISMAIL (Director)	–	–	129	117
7	MR. ASIM NISAR BAJWA (Director)	–	–	129	117
8	MR. ZAFAR IQBAL (Director)	–	–	123	112
9	RANA NASIM AHMED (Chief Operating Officer)	–	950,000	126,967	115,425
10	MR. MUHAMMAD RAFIQUE (Company Secretary)	–	204,827	36,503	33,070

Form of Proxy

JDW Sugar Mills Ltd

22nd Annual General Meeting

I/We ______________________________ of ______________________________

District ______________________________ being a member of JDW Sugar Mills Limited and holder of ______________________________ ordinary shares, entitled to vote hereby appoint ______________________________ of ______________________________ another member of the Company, as my/our proxy to attend, speak and vote on my/our behalf at the 22nd Annual General Meeting of the Company to be held at Fairways Hall, Royal Palm, Golf & Country Club, 52–Canal Bank Road, Lahore on Tuesday, January 31, 2012 at 1:00 p.m. and at every adjournment thereof.

Signed this ______________ day of January, 2012

Witnesses:

1. Signature ______________________
   Name: ______________________
   Address: ______________________
   ____

Affix Revenue stamp of Rupees Five

Signature by Member(s)

2. Signature ______________________
   Name: ______________________
   Address: ______________________
   ____

Note:
All proxies, in order to be effective, must be received at the Company's Registered Office not less than forty eight hours before the time fixed for holding the Annual General Meeting and must be duly stamped, signed and witnessed as required.

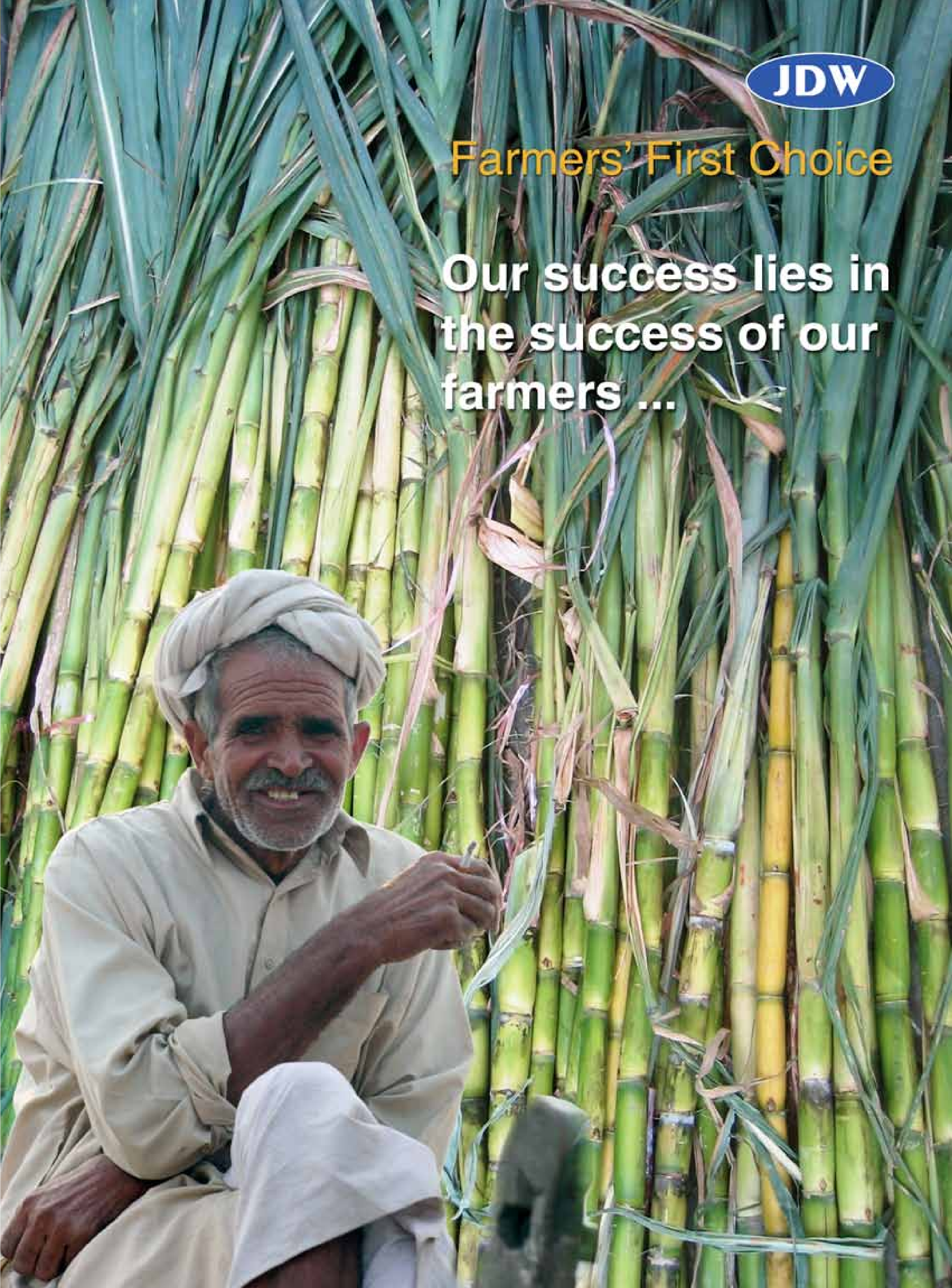
AFFIX
CORRECT
POSTAGE

The Company Secretary

JDW Sugar Mills Limited

Head Office: 17– Abid Majeed Road,

Lahore Cantt. Pakistan.


JDW
Farmers' First Choice
Our success lies in the success of our farmers ...

Annual Report for the year ended 30 September 2011

JDW Sugar Mills Limited

Head Office: 17-Abid Majeed Road,

Lahore Cantt, Pakistan.

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