AL-ABBAS SUGAR Mills Limited

22nd ANNUAL REPORT 2012

CONTENTS

Corporate Information

BOARD OF DIRECTORS

Muhammad Iqbal Usman	Chairman
Shunaid Qureshi	Chief Executive
Asim Ghani	Director
Duraid Qureshi	Director
Jahangir Siddiqui	Director
Muhammad Salman Husain Chawala	Director
Abdul Hamid Ahmed Dagia	Director

COMPANY SECRETARY AND CHIEF FINANCIAL OFFICER

Muhammad Suleman Kanjiani - FCA

AUDIT COMMITTEE

Muhammad Iqbal Usman	Chairman
Asim Ghani	Member
Duraid Qureshi	Member
Abdul Hamid Ahmed Dagia	Member
Safar Ali - ACA	Secretary

HUMAN RESOURCE AND REMUNERATION COMMITTEE

Jahangir Siddiqui	Chairman
Muhammad Iqbal Usman	Member
Shunaid Qureshi	Member

BANKERS

Allied Bank Limited
Bank Alfalah Limited
BankIslami Pakistan Limited
Barclays Bank Plc Pakistan
Faysal Bank Limited
Habib Metropolitan Bank Limited
JS Bank Limited
KASB Bank Limited
MCB Bank Limited
Meezan Bank Limited
National Bank of Pakistan
Pak Brunei Investment Company Limited
Standard Chartered Bank
United Bank Limited

STATUTORY AUDITORS

Hyder Bhimji & Co.
Chartered Accountants

COST AUDITORS

Haroon Zakaria & Co.
Chartered Accountants

REGISTERED OFFICE

2nd Floor, Pardesi House, Survey No. 2/1,
R.Y. 16, Old Queens Road, Karachi – 74000
Tel: 92-21-111-111-224
Fax: 92-21-32470090
Website: www.aasml.com

SHARE REGISTRAR OFFICE

Central Depository Company of Pakistan Limited
CDC House, 99-B, Block 'B', S.M.C.H.S.,
Main Shahra-e-Faisal, Karachi-74400.

FACTORIES LOCATIONS

1) Mirwah Gorchani, Distt. Mirpurkhas, Sindh
2) Main National Highway, Dhabeji, Sindh

VISION AND MISSION STATEMENT

Vision

AL-ABBAS SUGAR MILLS LIMITED is committed to earn reputation of a reliable manufacturer and supplier of good quality white refined sugar, industrial alcohol, calcium carbide and alloys in local and international markets.

Mission

- To be a profitable organization and to meet the expectations of our stakeholders.
- To become competitive in local and international markets by concentrating on quality of core products.
- To promote best use and development of human resources in a safe environment, as an equal opportunity employer.
- To use advance technology for efficient and cost effective operations.

AL-ABBAS SUGAR Mills Limited

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the 22nd Annual General Meeting of Al-Abbas Sugar Mills Limited will be held at Beach Luxury Hotel, Karachi on Monday, January 28, 2013 at 11:00 a.m. to transact the following business:

Ordinary Business

1. To confirm the minutes of the 21st Annual General Meeting of the shareholders of the Company held on January 31, 2012.

2. To receive, consider and adopt Annual Audited Financial Statements for the year ended September 30, 2012, together with the reports of the Auditors' and Directors' thereon.

3. To approve a final cash dividend of Rs. 4 per share (40%) for the year ended September 30, 2012 as recommended by Board of Directors.

4. To appoint auditors for the ensuing year, and to fix their remuneration. Messer's Hyder Bhimji & Co., Chartered Accountants, being retired and eligible, have offered themselves for re-appointment.

5. To elect eight (8) directors as fixed by the Board of Directors in accordance with the requirements of Companies Ordinance, 1984 for a term of three years commencing from January 29, 2013. The names of retiring directors are Mr. Muhammad Iqbal Usman, Mr. Shunaid Qureshi, Mr. Asim Ghani, Mr. Duraid Qureshi, Mr. Jahangir Siddiqui, Mr. Abdul Hamid Ahmed Dagia, and Mr. Salman Husain Chawala.

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

By Order of the Board

Suleman Kanjiani
Company Secretary
Karachi: **December 31, 2012**

Notes:

1. Share Transfer Books will be closed from January 21, 2013 to January 28, 2013 (both days inclusive).

2. All Members are entitled to attend and vote at the meeting. A Member may appoint a proxy who needs to be a Member of the Company.

3. The instrument appointing the proxy and the other authority under which it is signed, or a notarially certified copy thereof, must be lodged at the Company's Registered Office or Share Registrar Office at least 48 hours before the time of the meeting.

4. Any change of address of Members should be notified immediately to the Company's Share Department or Share Registrar Office.

5. Any person who seeks to contest the election of directors shall, whether he is a retiring director or otherwise, file with the Company the following documents at its registered office not later than fourteen days before the date of the above said meeting;

a) Notice of his/her intention to offer himself/herself for the election of directors in terms of Section 178(3) of the Companies Ordinance, 1984.

b) Consent to act as director on Form 28 under section 184 of the Companies Ordinance, 1984.

c) A detailed profile along with his/her office address as required under SECP's SRO 25(1)2012 dated January 16, 2012.

d) A List of Companies, where he/she is serving as the directors of the Company, if any.

e) A declaration that:

- He/she is not ineligible to become a director of the Company under any applicable laws and regulations (including listing regulations of Stock Exchange)
- He/she is not serving as a director of more than seven listed companies simultaneously. Provided that this limit shall not include the directorship in the listed subsidiaries of a listed holding company.
- Neither he/she nor his/her spouse is engaged in the business of brokerage or is a sponsor director or officer of a corporate brokerage house.

CDC Account Holders will further have to follow the under mentioned guidelines as laid down by the Securities and Exchange Commission of Pakistan:

A. For Attending the Meeting:

i. In case of individuals, the account holder or sub-account holder whose securities and their registration details are uploaded as per the regulations shall authenticate his identity by showing his original Computerized National Identity Card (CNIC) or original passport at the time of attending the meeting.

ii. In case of corporate entity, the Board of Directors' resolution / power of attorney with specimen signature of the nominee shall be produced at the time of the meeting.

B. For Appointing Proxies:

i. In case of individuals, the account holder or sub-account holder whose securities and their registration details are uploaded as per the regulations shall submit the proxy form as per the requirement by the Company.

ii. The proxy form shall be witnessed by two persons whose names, address and CNIC numbers shall be mentioned on the form.

iii. Attested copies of CNIC or the passport of the beneficial owners and the proxy shall be furnished with the proxy form.

iv. The proxy shall produce his original CNIC or original passport at the time of the meeting.

v. In case of corporate entity, the Board of Directors' resolution / power of attorney with specimen signature shall be submitted along with proxy form to the Company.

DIRECTORS' REPORT

The Board of Directors of your Company take pleasure in presenting their report together with the Company's Annual Audited Financial Statements for the year ended September 30, 2012. The Director's report, prepared under section 236 of the Companies Ordinance, 1984 and clause (xix) of the Code of Corporate Governance, will be put forward to the members at the 22nd Annual General Meeting of the Company to be held on January 28, 2013.

FINANCIAL RESULTS:

	2012	2011
	(Rupees in thousand)	
Profit before taxation	**539,337**	324,463
Taxation	**(48,791)**	(71,657)
Profit after taxation	**490,546**	252,806
Loss from discontinued operations	**-**	(25,943)
Net profit for the year	**490,546**	226,863
Earnings per share in rupees	**28.25**	13.07

DIVIDEND

The Board of Directors in their meeting held on December 20, 2012 has proposed a final cash dividend for the year ended September 30, 2012 of Rs. 4 per share of Rs. 10 each i.e. 40% for the year amounting to Rs. 69.449 million. This is in addition to the interim cash dividend of Rs. 4 per share (i.e. 40%), making a total distribution of Rs. 8 per share (i.e. 80%). The approval of the members for the final cash dividend shall be obtained at the Annual General Meeting to be held on January 28, 2013. These financial statements do not include the effect of the proposed final cash dividend. The appropriation approved by the Board is as follows:

	(Rupees in thousands)
Profit after taxation	**490,546**
Unappropriated profit brought forward	**777,192**
Available for appropriation	**1,267,738**
1st Interim dividend at Rs. 4 per share (40%)	**(69,449)**
Subsequent event	
Proposed final dividend for the year at Rs. 4 per share (40%)	**(69,449)**
Transfer to general reserves	**(1,000,000)**
Unappropriated profit carried forward	**128,840**

OPERATING RESULTS

Details of operation in respect of Sugar, Ethanol, Power, Chemical and alloys Division are given as under:

SUGAR UNIT:

OPERATING DATA:
Operational performance

Date of start of season	**December 09, 2011**	November 03, 2010
No. of days worked	**93**	137
Crushing (M. Tons)	**402,317**	594,000
Production from sugarcane (M. Tons)	**39,479**	60,395
Recovery (%)	**9.83**	10.17
Production from raw sugar	**Nil**	3,597

FINANCIAL DATA:

	2012	2011
	(Rupees in thousand)	
Sales - Net	**3,136,894**	3,062,529
Cost of sales	**(2,771,999)**	(2,687,151)
Gross profit	**364,895**	375,378
Distribution cost	**(120,763)**	(9,600)
Administrative expenses	**(71,679)**	(59,569)
Other operating expenses	**-**	(7,517)
Operating profit	**172,453**	298,692
Finance cost	**(163,748)**	(272,159)
Other income	**14,742**	34,723
Profit before taxation	**23,447**	61,256

Crushing operations for 2011-12 seasons started on December 09, 2011 and the plant operated for 93 days ending on March 11, 2012 as against 137 days of preceding season. The Sugarcane crushed during the current season was 402,317 M. Tons with average sucrose recovery of 9.83% and sugar production of 39,479 M. Tons, as compared with crushing of 594,000 with average sucrose recovery of 10.17% and sugar production of 60,395 M. Tons of same period of last year.

The Company encountered a short crushing season, reduced cane crushing and low sucrose recovery as compared to last year mainly on account of devastating flood and heavy rainfall resulting in destruction to standing crop and unavailability of quality sugarcane for crushing. Despite these challenges in the vicinity, your Company managed the available resources by ensuring quality cane procurement without greatly impacting the sucrose recovery contents. Further, due to reduction in selling price of sugar, net profit before taxation has shown significant reduction.

ETHANOL UNIT:

OPERATING DATA:

		2012	2011
Production (M. Tons)	- Unit - I and II	**39,282**	38,800
Capacity attained (%)	- Unit - I and II	**96**	99

FINANCIAL DATA:

	2012	2011
	(Rupees in thousand)	
Sales - Net	**2,813,570**	2,932,441
Cost of sales	**(1,958,498)**	(2,170,366)
Gross profit	**855,072**	762,075
Distribution cost	**(87,928)**	(83,689)
Administrative expenses	**(47,787)**	(59,569)
Other operating expenses	**(53,284)**	(71,086)
Operating profit	**666,073**	547,731
Finance cost	**(102,541)**	(83,639)
Other income	**11,487**	2,083
Profit before taxation	**575,019**	466,175

The production of ethanol during the year ended September 30, 2012 was 39,282 M. Tons as compared with 38,800 M. Tons during previous year registering slight increase and the sales quantity was decreased by 1,412 M. Tons. The profit before taxation of this segment is Rs. 575.019 million during the year under review as against segment results of Rs. 466.175 million in the corresponding period, which is mainly due to increase in the price of ethanol as compare to last year.

Power, Chemical and Alloys Division

The Company incurred segment loss of Rs. 19.312 million during the year under review in power division as compared to the segment loss of Rs. 8.490 million in corresponding period, which mainly represent the charge of non-cash depreciation expense for the year. The Company is in negotiation with Karachi Electric Supply Company Limited for the early recovery of outstanding balance and is hopeful for early recovery.

During the year under review the chemical department was remain non-operative, however certain portion of this division was given on lease which has resulted reduction in losses, as compare to last year, apart from that there has been no activity in this division in the year under review.

FUTURE OUTLOOK

By Grace of Allah for last couple of years, Ethanol Industry in Pakistan is performing well and it is expected that same performance will continue in future years as well.

It is expected that this year country will produce all time high sugar, however this will create very huge gap between sugar consumption in the country and overall availability of sugar. This will result in glut situation from the very beginning of the season and requires government to take timely decision for the export of at least one million metric tons of sugar; otherwise, it will create very difficult time for sugar industry. In addition to this, an un-wise decision by the Sindh Government to raise the minimum indicative price of sugar cane to Rs. 172/- per 40 kg has further aggravated miseries of sugar industry. The overall reduction in mark-up rate is very healthy sign which will have very positive impact in current scenario.

Another very positive development of this year is commencement of operations of Al-Abbas Tank Terminal facility located at Oil Installation Area, Kemari, and Karachi which will not give diversified line of business but will also contribute in overall profitability of the company.

As a whole, your Company is well aware of the challenges being faced and would do its best to take all necessary measures to increase the quality of operations in all its divisions and overall profitability of the Company despite above mentioned challenges.

BOARD OF DIRECTORS

The Board of Directors is comprised of two executive and five non-executive directors. The names of the current members of the Board of Directors are appearing in the Company Information. During the year ended September 30, 2012, eight meetings of the Board of Directors were held and were attended as follows:

Name of Directors	Status	Category	Number of meetings attended
Mr. Mohammad Iqbal	Chairman	Non-Executive Director	6/8
Mr. Shunaid Qureshi	Chief Executive	Executive Director	8/8
Mr. Asim Ghani	Director	Executive Director	8/8
Mr. Duraid Qureshi	Director	Non-Executive Director	7/8
Mr. Jahangir Siddiqui	Director	Non-Executive Director	5/7
Mr. Syed Hasan Akbar Kazmi	Director	Non-Executive Director	1/1
Mr. Muhammad Salman Husain Chawala	Director	Non-Executive Director	8/8
Mr. Abdul Hamid Dagia	Director	Non-Executive Director	7/8

During the year, Mr. Jahangir Siddiqui resigned and the Board appointed Mr. Syed Hasan Akbar Kazmi in his place. Later on Mr. Syed Hasan Akbar Kazmi resigned and casual vacancy was fulfilled by the re-appointment of Mr. Jahangir Siddiqui.

AUDIT COMMITTEE

The Board of Directors has established an Audit Committee in compliance with the Code of Corporate Governance with the following members:

Name of Members	Status	Category	Number of meetings attended
Mr. Mohammad Iqbal Usman	Chairman	Non-Executive Director	6/6
Mr. Abdul Hamid Dagia	Member	Non-Executive Director	4/6
Mr. Duraid Qureshi	Member	Non-Executive Director	4/6
Mr. Asim Ghani	Member	Executive Director	6/6

The Audit Committee reviewed the quarterly, half yearly, annual financial statements along with the related party transaction register and annual budget before submission to the Board. The Audit Committee also reviewed internal auditor's findings and held separate meetings with internal and external auditors as required under the Code of Corporate Governance.

HUMAN RESOURCE COMMITTEE

Human resource planning and management is one of the most important focus points at the highest management level. The Company's Board of Directors has developed a Human Resource and Remuneration Committee which is involved in the selection, evaluation, compensation and succession planning of the key management personnel. It is also involved in recommending improvements in Company's human resource policies and procedures and their periodic review. The Committee is comprises of the following members:

Name of Members	Status	Category	Number of meetings attended
Mr. Jahangir Siddiqui	Chairman	Non-Executive Director	1/1
Mr. Mohammad Iqbal Usman	Member	Non-Executive Director	1/1
Mr. Shunaid Qureshi	Member	Executive Director	1/1

FINANCIAL STATEMENTS

As required under listing regulations 35(xxi) of Karachi Stock Exchange the Chief Executive Officer and Chief Financial Officer present the financial statements, duly endorsed under their respective signatures, for consideration and approval of the Board of Directors and the Board after consideration and approval, authorize the signing of the financial statements for issuance and circulation.

These financial statements of the Company have been duly audited and approved without qualification by the auditors of the Company, Messrs.' Hyder Bhimji & Co. Chartered Accountants and their report is attached with the financial statements.

No material changes and commitments affecting the financial position of your Company have occurred between the end of the financial year to which this Balance Sheet relates and the date of Directors' Report except the declaration of final Cash dividend at the rate of Rs. 4 per share i.e. 40% and transfer of Rs. 1 billion from un-appropriated profit to general reserves. The effect of such declaration shall be reflected in next year's financial statement.

AUDITORS

The retiring auditors, Messrs Hyder Bhimji & Co. Chartered Accountants being eligible, offer themselves for re-appointment. On recommendation of Audit Committee, the Board of Directors has endorsed their appointment for the year 2012-2013 to the shareholders at the forthcoming annual general meeting.

CORPORATE SOCIAL RESPONSIBILITY

The Company is committed towards accomplishing its Corporate Social Responsibility (CSR) and actively takes part in social work programs that are conducted throughout the year. During the year under review as part of CSR program, various contributions were made in the sector of education, national cause donation, rural development etc.

CONTRIBUTION TO THE NATIONAL EXCHEQUER

The Company contributed a total amount of Rs. 340 million (2011: Rs. 272 million) to the Government Treasury in shape of taxes, levies, excise duty and sales tax.

PATTERN OF SHAREHOLDING AND SHARES TRADED

The Pattern of shareholding as on September 30, 2012, in accordance with the requirements of the Code of Corporate Governance and a statement reflecting distribution of shareholding, is separately annexed to this report.

No trading in the shares of the Company were carried out by the Director's, Chief Executive Officer, Chief Financial Officer and Company Secretary and their spouses and minor children except the following:

Mr. Asim Ghani - Executive Director bought 110,000 shares of the Company from general public through CDC. Similarly, subsequent to the year-end, he has further purchased 200,000 shares of the Company, which will be reflected in subsequent financial statements.

CORPORATE GOVERNANCE

The Directors are pleased to state that your Company has complied with the provisions of the Code of Corporate Governance as required by SECP which formed part of stock exchanges listing regulations.

COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE

a) The financial statements prepared by the Management, present fairly its state of affairs, the result of its operations, cash flows and changes in equity.

b) The Company has maintained proper books of accounts.

c) Appropriate accounting policies have been consistently applied in the preparation of financial statements and accounting estimates are based on reasonable and prudent judgment.

d) International Accounting Standards as applicable in Pakistan have been followed in preparation of financial statements.

e) The system of internal control is sound in design and has been effectively implemented and monitored.

f) There are no doubts upon the Company's ability to continue as a going concern.

g) The Key financial data for the last six years is annexed with this report.

h) There has been no material departure from the best practices of Corporate Governance, as detailed in the listing regulations.

i) The Company has not made payment against market committee fee since inception as it has been challenged in Honorable High Court of Sindh. However full provision has been made in the accounts for such liability.

j) The Company maintains Gratuity Fund for its employees. The value of fund is Rs. 125.231 million in the shape of investments as on September 30, 2012.

ACKNOWLEDGEMENT

The Company strongly believes that its success is driven by the commitment and dedication of its employees. We acknowledge the contribution of each and every staff member of the Company for significant contribution, continued dedication and hard work in delivering such a strong performance. We would also like to express our thanks to the customers for their trust in our products and look forward to their continued patronage. We also thank our shareholders, banks and financial institution for their support, guidance and confidence reposed in our enterprise and stand committed to do our best to ensure full reward of their investment in the coming years. May Allah bless us in our efforts. A'meen!

For and on behalf of the Board of Directors

SHUNAID QURESHI
Chief Executive Officer

Karachi: December 20, 2012

PATTERN OF SHAREHOLDINGS

AS ON SEPTEMBER 30, 2012

Number of Shareholders	Shareholdings		Total Number of Shares Held
	From	To	
124	1	100	7,254
528	101	500	252,594
48	501	1,000	45,442
37	1,001	5,000	88,690
2	5,001	6,000	12,000
1	6,001	7,000	7,000
2	7,001	10,000	20,000
2	10,001	20,000	32,000
2	20,001	30,000	51,900
2	30,001	40,000	75,591
2	40,001	50,000	85,302
1	50,001	125,000	124,138
1	125,001	171,000	170,577
1	171,001	175,000	172,500
1	175,001	200,000	194,900
1	200,001	300,000	284,998
1	300,001	400,000	305,287
1	400,001	500,000	405,968
1	500,001	950,000	946,232
1	950,001	1,000,000	976,182
1	1,000,001	1,400,000	1,399,668
1	1,400,001	1,500,000	1,414,500
1	1,500,001	1,800,000	1,719,500
1	1,800,001	2,000,000	1,873,250
1	2,000,001	2,500,000	2,290,327
1	2,500,001	5,000,000	4,406,500
765			**17,362,300**

CATEGORIES OF SHAREHOLDERS

AS ON SEPTEMBER 30, 2012

Categories of Shareholders	Number of Shares Held	Percentage
Directors, Chief Executive Officer, and their spouse and minor children.	2,550,350	14.6890
Associated Companies, undertaking and related parties	11,054,948	63.6721
NIT and ICP	37,252	0.2146
Banks Development Financial Institutions, Non Banking Financial Institutions.	2,766,391	15.9333
Insurance Companies	NIL	NIL
Modarabas and Mutual Fund	600	0.0035
Share holders holding 10%	8,570,077	49.3603
General Public		
a. Local	760,982	4.3830
b. Foreign	NIL	NIL
Others	191,777	1.1046

DETAIL OF SHAREHOLDERS CATEGORIES

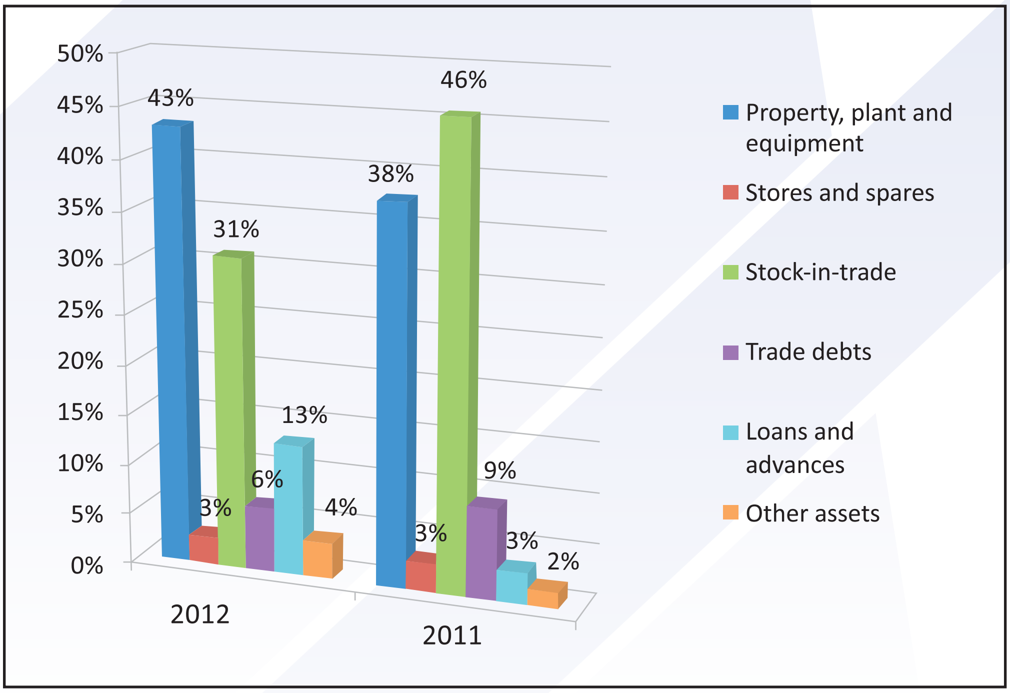
		No. of Shares	Percentage
1	**Associated Companies , Undertakings and Related Parties**	**No. of Shares**	**Percentage**
	Mahvesh and Jahangir Siddiqui Foundation	**1,414,500**	8.1470
	Jahangir Siddiqui Securities Services Limited	**1,719,500**	9.9036
	Jahangir Siddiqui & Sons Limited	**405,968**	2.3382
	Trustee Al-Abbas Sugar Mills Ltd	**4,000**	0.0230
	JS Value Fund Limited	**284,998**	1.6415
	Haji Abdul Ghani	**4,406,500**	25.3797
	Muhammad Ayub Younus Adhi	**1,873,250**	10.7892
	Noor Jahan Hajiani	**946,232**	5.4499
		11,054,948	63.6721
2	**NIT and ICP**		
	Investment Corporation of Pakistan	**500**	0.0029
	National Investment Trust Limited	**36,752**	0.2117
		37,252	0.2146
3	**Directors, CEO and their spouses and minor children**		
	Muhammad Iqbal Usman	**500**	0.0029
	Shunaid Qureshi	**1,399,668**	8.0615
	Asim Ghani	**172,500**	0.9935
	Duraid Qureshi	**1,000**	0.0058
	Jahangir Siddiqui	**976,182**	5.6224
	Abdul Hamid Ahmed Dagia	**500**	0.0029
		2,550,350	14.6890
4	**Public sector companies and corporation**	**NIL**	**NIL**
5	**Banks, Development Financial Institutions, Non- Banking Financial Institution, Insurance Companies, Modarabas and Mutual Fund.**	**No. of Shares**	**Percentage**
	National Bank of Pakistan-Trustee Department	**2,290,327**	13.1914
	The Bank of Khyber	**200**	0.0012
	The Bank of Punjab, Treasury Division	**305,287**	1.7583
	Faysal Bank Limited	**170,577**	0.9825
	Prodential Stocks Fund Limited	**600**	0.0035
		2,766,991	15.9368
6	**Shareholder holding ten percent or more voting interest in the Company**		
	Haji Abdul Ghani	**4,406,500**	25.3797
	Muhammad Ayub Younus Adhi	**1,873,250**	10.7892
	National Bank of Pakistan-Trustee Department	**2,290,327**	13.1914
		8,570,077	49.3603

KEY FINANCIAL DATA

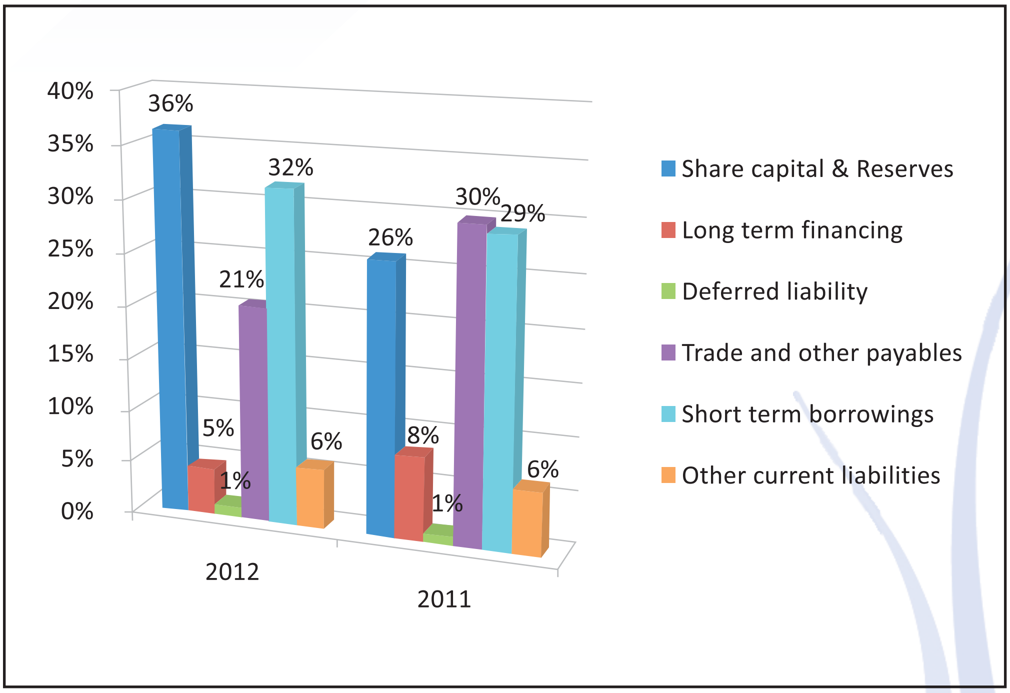
		2012	2011	2010	2009	2008	2007
Investment Measure							
Ordinary Share Capital	Rs. in ' 000 '	**173,623**	173,623	173,623	173,623	173,623	173,623
Reserves	Rs. in ' 000 '	**1,554,091**	1,207,941	1,073,278	952,003	696,167	628,305
Ordinary Shareholder's Equity	Rs. in ' 000 '	**1,727,714**	1,381,564	1,246,901	1,125,626	869,790	801,928
Dividend on Ordinary Shares	Rs. in ' 000 '	**156,261**	86,812	86,812	69,449	26,043	-
Dividend per Ordinary Share	Rs.	**8.00**	5.00	5.00	4.00	1.50	-
Profit Before Taxation	Rs. in ' 000 '	**539,337**	324,463	276,059	337,120	96,427	104,333
Profit After Taxation	Rs. in ' 000 '	**490,546**	226,863	204,851	282,432	75,045	149,521
Earnings per share of Rs. 10	Rs.	**28.25**	13.07	11.80	16.27	4.32	8.61
Measure of Financial Status							
Current Ratio	x : 1	**0.96**	0.95	0.81	1.00	1.18	0.92
Long Term Debt Equity Ratio	x : 1	**0.25**	0.47	0.70	0.96	1.35	0.97
Total Debt Ratio	x : 1	**0.41**	0.41	0.43	0.42	0.46	0.39
Number of Days Stock	In days	**55.89**	118	59	100	120	72
Measure of Performance							
Sales	Rs. in ' 000 '	**5,964,181**	6,220,458	6,352,884	4,166,922	2,757,639	2,726,337
Cost of Goods Sold as % of Sales	%	**80.56**	84.92	88.09	81.15	78.07	92.3
Profit Before Taxation as % of Sales	%	**9.04**	5.22	4.35	8.09	3.50	3.83
Profit After Taxation as % of Sales	%	**8.22**	3.65	3.22	6.78	2.72	5.48

COMPOSITION OF BALANCE SHEET

ASSETS

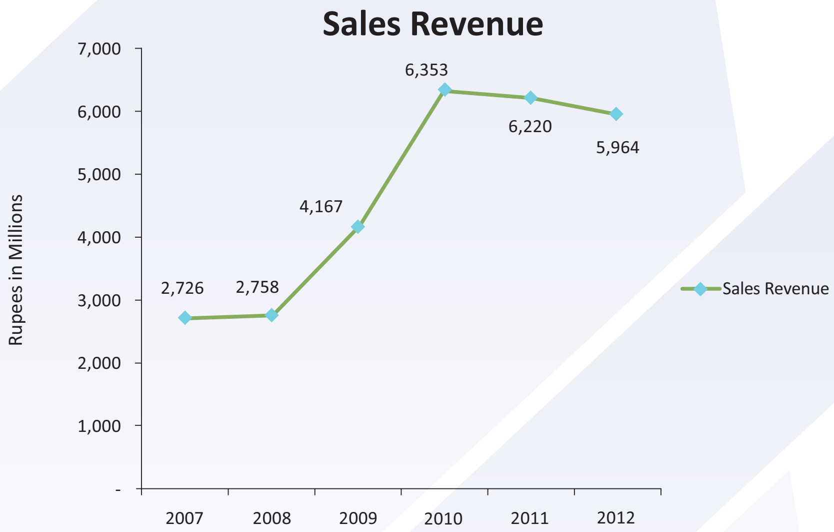


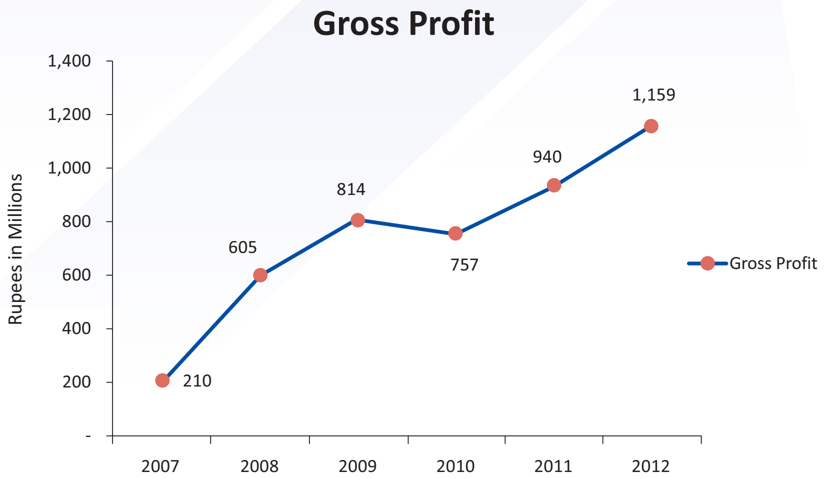
EQUITY AND LIABILITIES

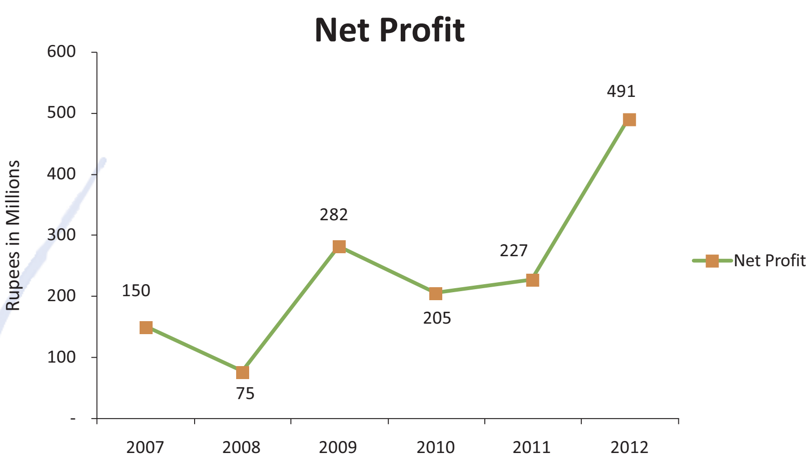


AL-ABBAS SUGAR Mills Limited

FINANCIAL INDICATORS







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

We have reviewed the Statement of Compliance with the best practices contained in the Code of Corporate Governance for the year ended September 30, 2012 prepared by the Board of Directors of M/S Al-Abbas Sugar Mills Limited to comply with the Listing Regulation no. 35 of the Karachi Stock Exchange Limited, where the Company is listed.

The responsibility for compliance with the Code of Corporate Governance is that of the Board of Directors of the Company. Our responsibility is to review, to the extent where such compliance can be objectively verified, whether the Statement of Compliance reflects the status of the Company's compliance with the provisions of the Code of Corporate Governance and report if it does not. A review is limited primarily to inquiries of the Company's 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 (x) of Listing Regulation no. 35 of Karachi Stock Exchange Limited 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 to check the approval of the related party transactions by the Board of Directors and placement of such transactions before the audit committee. We have not carried out procedures to determine whether the related party transactions were undertaken at arm's length price or not.

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the best practices contained in the Code of Corporate Governance, as applicable to the Company for the year ended September 30, 2012.

Hyder Bhimji & Co.

HYDER BHIMJI & CO.
CHARTERED ACCOUNTANTS
Engagement Partner: Mohammad Hanif Razzak

Karachi:
Date : December 20, 2012

STATEMENT OF COMPLIANCE WITH THE CODE OF CORRPORATE GOVERNANCE

This statement is being presented to comply with the Code of Corporate Governance contained in listing regulations of Karachi Stock Exchange 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 CCG in the following manner:

1. The Company encourages representation of independent non-executive directors and directors representing minority interests on its board of directors. The election of Directors is due and new Board will be constituted as per the requirement of the Code of Corporate Governance. At present the board includes:

Category	Names
Independent Directors	None
Non-Executive Directors	Mr. Mohammad Iqbal Usman Mr. Jahangir Siddiqui Mr. Abdul Hamid Dagia Mr. Duraid Qureshi Mr. Muhammad Salman Husain Chawala
Executive Directors	Mr. Asim Ghani Mr. Shunaid Qureshi

2. The directors have confirmed that none of them is serving as a director on more than seven listed companies, including this Company.

3. All the resident directors of the Company are registered as taxpayers and none of them has defaulted in payment of any loan to a banking Company, a DFI or an NBFI or, being a member of a stock exchange, has been declared as a defaulter by that stock exchange.

4. A casual vacancy occurring on the board was filled up by the directors within 30 days.

5. The Company has prepared a "Code of Conduct" and has ensured that appropriate steps have been taken to disseminate it throughout the Company along with its supporting policies and procedures.

6. The board has developed a vision and 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, other executive and non-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. The directors have attended various training programs.

10. The board has approved appointment of CFO and Company Secretary, including their remuneration and terms and conditions of employment.

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

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

13. 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.

14. The Company has complied with all the corporate and financial reporting requirements of the CCG.

15. The board has formed an Audit Committee. It comprises of four members, of whom three are non-executive directors including the Chairman of the Committee.

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

17. The board has formed the Human Resource and Remuneration Committee. It comprises of three members, of whom two are non-executive directors including the chairman of the Committee.

18. The board has set up an effective internal audit function. This function is being performed by Head of internal Audit who is considered suitably qualified and experienced for the purpose and is conversant with the policies and procedures of the Company.

19. The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the quality control review program of the Institute of Chartered Accountant 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 Accountant of Pakistan.

20. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the listing regulations and the auditors have confirmed that they have observed IFAC guidelines in this regard.

21. The 'closed period', prior to the announcement of interim/final results, and business decisions, which may materially affect the market price of Company's securities, was determined and intimated to directors, employees and stock exchange.

22. Material /price sensitive information has been disseminated among all market participants at once through stock exchange.

23. We confirm that all other material principles enshrined in the Code have been complied with.

Karachi: December 20, 2012

SHUNAID QURESHI
CHIEF EXECUTIVE

AUDITOR'S REPORT TO THE MEMBERS

We have audited the annexed Balance Sheet of AL-ABBAS SUGAR MILLS LIMITED as at September 30, 2012 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 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 and, after due verification, we report that:

(a) in our opinion, proper books of accounts 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;

   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 September 30, 2012 and of the profit, total comprehensive income, 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.

Hyder Bhimji & Co

HYDER BHIMJI & CO.
CHARTERED ACCOUNTANTS
Engagement Partner.
Mohammad Hanif Razzak

Karachi:
Date : December 20, 2012

BALANCE SHEET

AS AT SEPTEMBER 30, 2012

	Note	2012	2011
		(Rupees in thousand)	
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	4	**2,051,036**	1,999,174
Intangible assets	5	**1**	613
Long term loans and advances	6	**3,816**	3,404
Long term deposits		**9,557**	11,127
Long term investments	7	**20,979**	9,114
Deferred tax asset - net	8	**27,135**	14,586
		2,112,524	2,038,018
CURRENT ASSETS			
Stores and spares	9	**130,512**	153,152
Stock-in-trade	10	**1,471,452**	2,430,743
Trade debts	11	**305,336**	487,536
Loans and advances	12	**618,764**	170,399
Trade deposits and short term prepayments	13	**45,935**	1,012
Other receivables	14	**30,122**	19,600
Short term investments	15	**30,115**	10,000
Accrued income	16	**956**	416
Cash and bank balances	17	**6,973**	18,179
		2,640,165	3,291,037
Total assets		**4,752,689**	5,329,055
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized capital			
17,500,000 Ordinary shares of Rs. 10 each		**175,000**	175,000
Issued, subscribed and paid-up capital	18	**173,623**	173,623
Reserves	19	**1,554,091**	1,207,941
Shareholders' equity		**1,727,714**	1,381,564
NON-CURRENT LIABILITIES			
Long term financing	20	**214,094**	433,791
Deferred liability	21	**51,614**	47,591
		265,708	481,382
CURRENT LIABILITIES			
Trade and other payables	22	**977,229**	1,588,808
Accrued mark-up	23	**41,480**	84,026
Short term borrowings	24	**1,508,015**	1,548,977
Current maturity of long term financing	20	**219,697**	219,697
Provision for taxation		**12,846**	24,601
		2,759,267	3,466,109
CONTINGENCIES AND COMMITMENTS	25		
Total equity and liabilities		**4,752,689**	5,329,055

The annexed notes from 1 to 44 form an integral part of these financial statements.

Shunaid Qureshi
Chief Executive

Asim Ghani
Director

AL-ABBAS SUGAR Mills Limited

PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED SEPTEMBER 30, 2012

	Note	2012	2011
		(Rupees in thousand)	
Continuing operations			
Sales - net	26	**5,964,181**	6,220,458
Cost of sales	27	**(4,804,885)**	(5,280,399)
Gross profit		**1,159,296**	940,059
Distribution cost	28	**(208,691)**	(93,289)
Administrative expenses	29	**(119,466)**	(123,564)
Other operating expenses	30	**(57,742)**	(78,603)
		(385,899)	(295,456)
Operating profit		**773,397**	644,603
Finance cost	31	**(266,289)**	(356,946)
Other operating income	32	**32,229**	36,806
Profit before taxation		**539,337**	324,463
Taxation	33	**(48,791)**	(71,657)
Profit after taxation from continuing operations		**490,546**	252,806
Discontinued operations			
Loss from discontinued operations		-	(25,943)
Net profit for the year		**490,546**	226,863
Earning / (loss) per share (Rupees)			
- From countinuing operations		**28.25**	14.56
- From discontinued operations		-	(1.49)
Basic and diluted - Earning per share (Rupees)	34	**28.25**	13.07

The annexed notes from 1 to 44 form an integral part of these financial statements.

Shunaid Qureshi
Chief Executive

Asim Ghani
Director

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED SEPTEMBER 30, 2012

	2012	2011
	(Rupees in thousand)	
Net profit for the year	**490,546**	226,863
Other comprehensive income		
Unrealised gain/(loss) on revaluation of available for sale investments	**11,865**	(5,388)
Total comprehensive income	**502,411**	221,475

The annexed notes from 1 to 44 form an integral part of these financial statements.

Shunaid Qureshi
Chief Executive

Asim Ghani
Director

CASH FLOW STATEMENT

FOR THE YEAR ENDED SEPTEMBER 30, 2012

	Note	2012	2011
		(Rupees in thousand)	
Cash flows from operating activities			
Cash generated from / (used in) operations	35	**976,576**	(120,431)
Financial charges paid		**(308,835)**	(333,902)
Taxes paid		**(118,539)**	(77,120)
		(427,374)	(411,022)
Net cash generated from / (used in) operating activities		**549,202**	(531,453)
Cash flows from investing activities			
Purchase of property, plant and equipment		**(169,764)**	(51,341)
Proceeds from disposal of property, plant and equipment		**3,008**	3,844
Proceeds from sales of non-current assets held for sale		**19,309**	180,022
Interest received		**1,991**	1,969
Dividend received		**810**	-
Long term loans and advances - net		**(412)**	(21)
Long term deposits		**1,570**	1,035
Net cash (used in) / generated from investing activities		**(143,488)**	135,508
Cash flows from financing activities			
Repayment of long term financing		**(219,697)**	(219,847)
Repayment of lease liabilities		**-**	(1,627)
Dividend paid		**(156,261)**	(86,812)
Short term borrowings - net		**(40,962)**	692,797
Net cash (used in) / generated from financing activities		**(416,920)**	384,511
Net decrease in cash and cash equivalents		**(11,206)**	(11,434)
Cash and cash equivalents at beginning of the year		**18,179**	29,613
Cash and cash equivalents at the end of the year		**6,973**	18,179

The annexed notes from 1 to 44 form an integral part of these financial statements.

Shunaid Qureshi
Chief Executive

Asim Ghani
Director

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED SEPTEMBER 30, 2012

	Issued, subscribed and paid-up capital	RESERVES				Total Share holder's Equity
		Revenue reserves		Fair value reserve on remeasurement of available for sale investments	Total reserves	
		General reserves	Unappropriated profit			
	(Rupees in thousand)					
Balance as at October 01, 2010	173,623	458,000	637,141	(21,863)	1,073,278	1,246,901
Total comprehensive income for the year						
Net profit for the year	-	-	226,863	-	226,863	226,863
Other comprehensive income	-	-	-	(5,388)	(5,388)	(5,388)
	-	-	226,863	(5,388)	221,475	221,475
Distribution to owners						
Final cash dividend 2010: Rs. 5 per share	-	-	(86,812)	-	(86,812)	(86,812)
Balance as at September 30, 2011	173,623	458,000	777,192	(27,251)	1,207,941	1,381,564
Balance as at October 01, 2011	173,623	458,000	777,192	(27,251)	1,207,941	1,381,564
Total comprehensive income for the year						
Profit for the year	-	-	490,546	-	490,546	490,546
Other comprehensive income	-	-	-	11,865	11,865	11,865
	-	-	490,546	11,865	502,411	502,411
Distribution to owners						
Final cash Dividend 2011: Rs. 5 per share	-	-	(86,812)	-	(86,812)	(86,812)
Interim cash Dividend 2012: Rs. 4 per share	-	-	(69,449)	-	(69,449)	(69,449)
Balance as at September 30, 2012	173,623	458,000	1,111,477	(15,386)	1,554,091	1,727,714

The annexed notes from 1 to 44 form an integral part of these financial statements.

Shunaid Qureshi
Chief Executive

Asim Ghani
Director

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2012

1 THE COMPANY AND ITS OPERATIONS

Al-Abbas Sugar Mills Limited - AASML ("the Company") was incorporated in Pakistan on May 2, 1991 as a public limited company under the Companies Ordinance, 1984. The Company is listed on the Karachi Stock Exchange. The registered office of the Company is situated at Pardesi House, Survey No. 2/1, R.Y.16. Old Queens Road, Karachi, Pakistan. The principal activities of the Company under following business segments / divisions comprises of :

S. No	Division	Principal Activities	Location of undertaking	Commencement of commercial production
1	Sugar	Manufacturing and sale of sugar	Mirwah Gorchani, Mirpurkhas	December 15, 1993
2	Ethanol	Processing and sale of industrial ethanol	Mirwah Gorchani, Mirpurkhas	Unit I: August 20, 2000 Unit II: January 23, 2004
3	Power*, chemical and alloys	Manufacturing and sales of Calcium Carbide, Ferro alloys, *Generation and sales of electricity	Dhabeji, Thatta.	November 01, 2006 *April 06, 2010

2 BASIS OF PREPARATION

2.1 Statement of Compliance

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

2.2 Accounting convention

These financial statements have been prepared under the historical cost convention without any adjustments for the effect of inflation or current values, except for investments classified as available for sale and at fair value through profit and loss and financial assets and liabilities which are carried at their fair values, certain employee benefits are based on actuarial valuation which are stated at present value. Impairment of assets, capitalization of borrowing cost, stock-in-trade which is valued at net realizable value, if it is less than the cost.

2.3 Standards, amendments and interpretations to existing standards that are relevant to the Company

The following new standards and amendments to standards are mandatory for the Company's accounting periods beginning on or after October 01, 2011 or have been early adopted by the Company.

- Presentation of Items of Other Comprehensive Income (Amendments to IAS 1) - (effective for annual periods beginning on or after July 01, 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.

- Offsetting Financial Assets and Financial Liabilities (Amendments to IAS 32) – (effective for annual periods beginning on or after January 01, 2014). The amendments address inconsistencies in current practice when applying the offsetting criteria in IAS 32 Financial Instruments: Presentation. The amendments clarify the meaning of ‘currently has a legally enforceable right of set-off’; and that some gross settlement systems may be considered equivalent to net settlement.

- Offsetting Financial Assets and Financial Liabilities (Amendments to IFRS 7) – (effective for annual periods beginning on or after 1 January 2013). The amendments to IFRS 7 contain new disclosure requirements for financial assets and liabilities that are offset in the statement of financial position or subject to master netting agreement or similar arrangement.

- IAS 16 Property, Plant and Equipment is amended to clarify the accounting of spare parts, stand-by equipment and servicing equipment. The definition of 'property, plant and equipment' in IAS 16 is now considered in determining whether these items should be accounted for under this standard. If these items do not meet the definition, then they are accounted for using IAS 2 Inventories.

- IAS 34, Interim Financial Reporting is amended to align the disclosure requirements for segment assets and segment liabilities in interim financial reports with those in IFRS 8 Operating Segments.

- IAS 1, Presentation of Financial Statements (effective January 01, 2011). The amendment clarifies that an entity will present an analysis of other comprehensive income for each component of equity, either in the statement of changes in equity or in the notes to the financial statements.

- IAS 24, Related party disclosures (Revised), issued in November 2009. It supersedes IAS 24, Related party disclosures, issued in 2003. IAS 24 (revised) is mandatory for periods beginning on or after January 01, 2011. The revised standard clarifies and simplifies the definition of a related party and removes the requirement for government-related entities to disclose details of all transactions with the government and other government-related entities. The Company complies with the requirements of revised IAS.

- IFRS 9, Financial instruments (effective for periods beginning on or after October 01, 2013). This standard is the first step in the process to replace IAS 39, Financial instruments: recognition and measurement. IFRS 9 introduces new requirements for classifying and measuring financial assets and is likely to affect the Company’s accounting for its financial assets.

2.4 Standards, amendments and interpretations to existing standards that are not relevant to the Company

The following amendments and interpretations to existing standards have been published and are mandatory for the accounting periods beginning on or after October 01, 2011 or have been early adopted by the Company but are either not relevant to the company's operations or are not expected to have a significant impact on the Company's financial statements, other than increased disclosures in certain cases:

- Amendment to IAS 12, deferred tax on investment property (effective for annual period beginning on or after 01 January 2012). The 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.

- IAS 1, Presentation of Financial Statements is amended to clarify that only one comparative period – which is the preceding period – is required for a complete set of financial statements.

- IAS 1, Financial Statements Presentation (effective July 01, 2012). The main change resulting from these amendment is a requirement for entities to group items presented in 'other comprehensive income' (OCI) on the basis of whether they are potentially reclassifiable to profit or loss subsequently (reclassification adjustments).

- IAS 32, Financial Instruments: Presentation - is amended to clarify that IAS 12 Income Taxes applies to the accounting for income taxes relating to distributions to holders of an equity instrument and transaction costs of an equity transaction.

- IFRS 7, Financial Instruments: Disclosures (effective January 01, 2011). The amendment emphasis the interaction between quantitative and qualitative disclosures about the nature in extent of risks associated with financial instruments.

-IFRS 7, Financial Instruments: Disclosures (effective July 01, 2011). This amendment aims to promote transparency in the reporting of transfer transactions and improve users' understanding of the risk exposures relating to transfers of financial assets and the effect of those risks on an entity's financial position, particularly those involving securitization of financial assets.

-IFRIC 19, Extinguishing financial liabilities with equity instruments, effective October 01, 2011. The interpretation clarifies the accounting by an entity when the terms of a financial liability are renegotiated and result in the entity issuing equity instruments to a creditor of the entity to extinguish all or part of the financial liability (debt for equity swap). It requires a gain or loss to be recognized in profit or loss, which is measured as the difference between the carrying amount of the financial liability and the fair value of the equity instruments issued. If the fair value of the equity instruments issued cannot be reliably measured, the equity instruments should be measured to reflect the fair value of the financial liability extinguished.

- IFRIC 14, Prepayments of a minimum funding requirement (Amendment). The amendments correct an unintended consequence of IFRIC 14, IAS 19 - The limit on a defined benefit asset, minimum funding requirements and their interaction. Without the amendments, entities are not permitted to recognize as an asset some voluntary prepayments for minimum funding contributions. This was not intended when IFRIC 14 was issued, and the amendments correct this. The amendments are effective for annual periods beginning January 01, 2011. The amendments should be applied retrospectively to the earliest comparative period presented.

2.5 Standards, amendments and interpretations to existing standards that are not yet effective and have not been early adopted by the Company

The following amendments and interpretations to existing standards have been published and are mandatory for the Company's accounting periods beginning on or after October 01, 2012 and the Company has not early adopted them:

- IAS 19, Employee Benefits (Amendment 2011) - (effective for annual period beginning on or after January 01, 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 recognised all changes in the defined benefit obligation and in plan assets in profit or loss, which currently allows under IAS 19; and that the expected return on plan assets recognised in profit or loss is calculated based on the rate use to discount the defined benefit obligation.

- IAS 28, (Revised) Associates and joint ventures (effective for periods on or after January 01, 2013). The revised standard includes the requirements for joint ventures, as well as associates, to be equity accounted following the issue of IFRS 11.

- IAS 32, Financial Instruments: Presentation (effective January 01, 2014). This amendment clarifies some of requirements for offsetting financial assets and financial liabilities on the balance sheet.

- IFRS 7, Financial Instruments: Disclosures (effective January 01, 2013). This amendment reflects the joint IASB and FASB requirements to enhance current offsetting disclosures. These new disclosures are intended to facilitate comparison between those entities that prepare IFRS financial statements and those that prepare US GAAP financial statements.

- IFRS 12, Disclosure of interests in other entities (effective for periods beginning on or after January 01, 2013). This standard includes the disclosure requirement for all forms of interests in other entities, including joint arrangements, associates, special purpose vehicles and other off balance sheet vehicles.

- IFRS 13, Fair value measurement (effective for periods beginning on or after January 01, 2012). This standard applies to IFRSs that require or permit fair value measurements or disclosures and provide a single IFRS frame work for measuring fair value and requires disclosures about fair value measurement. The standard defines fair value on the basis of an 'exit price' notion and uses 'a fair value hierarchy', which results in market-based, rather than entity-specific measurement.

2.6 Critical Accounting Estimates and Judgments

The preparation of financial statements in conformity with approved accounting standards, as applicable in Pakistan, requires the use of certain critical accounting estimates. It also requires the management to exercise its judgment in the process of applying the Company's accounting policies. Estimates, assumptions and judgments are continually evaluated and are based on historical experience, including expectations of future events that are believed to be reasonable under the circumstances. The areas where various assumptions and estimates are significant to the Company's financial statements or where judgment was exercised in application of accounting policies are as follows:

- Property, Plant and Equipments - 3.1
- Intangible assets - 3.2
- Investments - 3.3
- Stores and spares - 3.4
- Stock in trade - 3.5
- Trade debts - 3.6
- Taxation - current 3.8 (a)
- Taxation - deferred 3.8 (b)
- Staff Retirement Benefits - 3.9
- Loans and advances - 12
- Contingencies - 25.1

2.7 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 rupees.

3 SIGNIFICANT ACCOUNTING POLICIES

3.1 Property, plant and equipment

a) Operating fixed assets - owned

These are stated at cost less accumulated depreciation and impairment, if any, except for land, which is stated at cost.

Depreciation is charged, on a systematic basis over the useful life of the asset, on reducing balance method, which reflects the patterns in which the asset's economic benefits are consumed by the Company, at the rates specified in the relevant note. Assets residual value and useful lives are reviewed and adjusted appropriately at each financial year end. Depreciation on additions is charged from the month in which the assets are put to use while no depreciation is charged in the month in which the assets are disposed off.

Maintenance and normal repairs are charged to profit and loss account, as and when incurred. Major renewals and improvements are capitalized and the assets so replaced, if any, are retired.

Gains or losses on disposals, if any, are included in profit and loss account.

b) Accounting for leases

Finance leases, which transfer to the Company substantially all the risks and benefits incidental to ownership of the leased assets, are capitalized at the inception of the lease at the fair value of the leased assets or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly in profit and loss account.

Depreciation is charged at rates and method used for similar assets, so as to depreciate the assets over their estimated useful life in view of ownership of the assets at the end of the lease term.

c) Capital work-in-progress

Capital work-in-progress represents expenditures on fixed assets including advances in the course of construction and installation. Transfers are made to relevant fixed assets category as and when assets are available for use. Capital work-in-progress is stated at cost.

3.2 Intangible assets

Intangible assets acquired by the Company are stated at cost less accumulated amortization and impairment losses, if any.

Subsequent expenditures on intangible assets are capitalized only when it increases the future economic benefits embodied in the specific assets to which it relates. All other expenditure are expensed as incurred.

Amortization is charged to profit and loss account on a straight line basis over the estimated useful lives of intangible assets at the rate specified in the relevant note, unless such lives are indefinite. All intangible assets with an indefinite useful life are systematically tested for impairment at each balance sheet date. Amortization on additions to intangible assets is charged from the month in which an item is acquired or capitalized while no amortization is charged for the month in which the item is disposed off.

Where the carrying amount of assets exceeds its estimated recoverable amount it is written down immediately to its recoverable amount.

3.3 Investments

a) Available for sale investments

Investments which the management intends to hold for an indefinite period, but may be sold in response to the need for liquidity are classified as available for sale.

All investments in equity instruments of associated companies are initially recognized at cost, being the fair value of the consideration given including transaction cost associated with the investments. After initial recognition, investments classified as available for sale are remeasured at fair value.

Unrealised gain or loss on remeasurement of available for sale investments are recognized in the Statement of Changes in Equity through Other Comprehensive Income until the investments are sold or otherwise disposed off, or until the investments is determined to be impaired, at which time the cumulative gain or loss is recognised in the profit and loss account.

b) At fair value through profit or loss

All investments classified as investments at fair value through profit or loss are initially measured at cost being fair value of consideration given. Subsequent to initial recognition, these investments are marked to market using the closing market rates and are carried on the balance sheet at fair value. Net gains and losses arising on changes in fair values of these investments are taken to the profit and loss account in the period in which these arise.

c) Held to Maturity

These are stated at cost with fixed or determinable maturities in respect of which the Company has the positive intent and ability to hold till maturity.

3.4 Stores and spares

Stores and spares are valued at lower of moving average cost and net realizable value except for items in transit, which are valued at cost comprising invoice value plus other directly attributable charges incurred thereon. Value of items is reviewed at each balance sheet date to record any provision for slow moving items and obsolescence.

3.5 Stock-in-trade

These are stated at the lower of weighted average cost and net realizable value.

Cost in relation to semi finished and finished goods represents cost of raw material and an appropriate portion of manufacturing overheads. Cost in respect of semi finished goods is adjusted to an appropriate stage of completion of process whereas cost of bagasse is taken equivalent to net realizable value.

Cost in relation to stock of molasses held in ethanol division acquired from outside sugar mills is valued at weighted average cost whereas the molasses transferred by the sugar division to ethanol division are valued at net realizable value.

Net realizable value signifies the estimated selling price in the ordinary course of business less the estimated cost of completion and the estimated costs necessary to make the sale.

3.6 Trade debts

Trade debts originated by the Company are recognized and carried at original invoice amount less an allowance for any uncollectible amounts. An estimate for doubtful debts is made when collection of the amount is no longer probable. Bad debts are written off as incurred.

3.7 Cash and cash equivalents

For the purpose of the cash flow statement, cash and cash equivalents comprise of cash and bank balances. The cash and cash equivalents are subject to insignificant risk of changes in value.

3.8 Taxation

a) Current

The Company falls under the presumptive tax regime under Sections 154 and 169 of the Income Tax Ordinance, 2001, to the extent of direct export sales. Provision for tax on other income and local sales is based on higher of tax on taxable income at the rates applicable for the current tax year, after considering the rebates and tax credits available, and minimun tax as specified in the Income Tax Law, if any.

b) Deferred

Deferred tax is provided by using the balance sheet liability method, on all temporary differences at the balance sheet date arising between the tax base of assets and liabilities and their carrying values for financial reporting purposes. Deferred tax asset is recognized only to the extent that it is probable that future profit will be available against which the asset can be utilized. Deferred tax asset is reduced to the extent that it is no longer probable that the related tax benefits will be realized.

3.9 Staff retirement benefits

a) Defined benefit gratuity scheme

The company operates an approved funded gratuity scheme (defined benefit plan) for all its employees who have completed the qualifying period under the scheme. Contributions are made to the fund in accordance with the actuarial recommendations. The most recent valuation in this regard was carried out as at September 30, 2012, using the Projected Unit Credit Method for valuation of the scheme. Actuarial gains / losses exceeding 10 percent of the higher of projected benefit obligation and fair value of plan assets, at the beginning of the year, are amortized over average future service of the employees.

b) Employees compensated absences

The Company accounts for liability in respect of unavailed compensated absences for all its permanent employees, in the period of absence. Provision for liabilities towards compensated absences is made on the basis of last drawn basic salary.

3.10 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.

3.11 Foreign currency transaction

Transactions in foreign currencies are translated into reporting currency at the rates of exchange prevailing on the dates of transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the rates ruling on the balance sheet date. Non-monetary assets and liabilities are recorded using exchange rates that existed when the values were determined. Exchange differences on foreign currency translations are included in profit and loss account.

3.12 Financial instruments

a) Recognition

All the financial assets and financial liabilities are recognized at the time when the company becomes a party to the contractual provisions of the instrument. Any gains or losses on derecognizing of the financial assets and financial liabilities are taken to profit and loss account.

b) Offsetting

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

c) Derivative financial instruments

The Company uses derivative financial instruments such as interest rate swap and cross currency swap to hedge its risk associated with interest and exchange rate fluctuations. Such derivative financial instruments are initially recognized at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at fair value. Derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative.

Any gains or losses arising from change in fair value of derivatives that do not qualify for hedge accounting are taken directly to profit and loss account.

3.13 Borrowing costs

Borrowing costs incurred on finances obtained for the construction of qualifying assets are capitalized up to date the respective assets are available for the intended use. All other mark-up, interest and other related charges are charged to profit and loss account in the period in which they are incurred.

3.14 Provisions

A provision is recognized in the balance sheet when the Company has a legal or constructive obligation as a result of past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of obligation.

3.15 Related party transactions

Related party transactions are carried out on commercials terms, as approved by the Board, substantiated as given in note 40 to the financial statements.

3.16 Inter-segment pricing

Transfer between business segments are recorded at net realizable value prevailing at the time of transfer.

3.17 Revenue recognition

Revenue is recognized to the extent it is probable that the economic benefits will flow to the Company and the revenue can be measured reliably. Revenue is measured at the fair value of the consideration received or receivable, and is reduced for the allowances such as taxes, duties, commissions, sales returns and trade discounts. The following recognition criteria must be met before revenue is recognized:

a) Revenue from sale of goods is recognized when the significant risks and rewards of ownership of the goods have passed to the buyer, usually on dispatch of the goods to customers.

b) Return on bank deposits is recognized on a time proportion basis on the principal amount outstanding and the rate applicable.

c) Mark-up on growers loan that are considered good is recognized on a time proportion basis on the principal amount outstanding and the rate applicable.

d) Unrealized gains / (losses) arising on remeasurement of investments classified as 'at fair value through profit & loss' are included in profit and loss account in the year in which they arise.

e) Miscellaneous income is recognized on receipts basis.

f) Dividend income is recognized when the right to receive the same is established.

3.18 Dividend and appropriation to reserves

Dividend and appropriations to reserves are recognized in the financial statements in the period in which they are approved by the shareholders.

3.19 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting structure. Management monitors the operating results of its business units separately for the purpose of making decisions regarding resource allocation and performance assessment.

Segment results, assets and liabilities include items directly attributable to segment as well as those that can be allocated on a reasonable basis. Segment assets, consist primarily of property, plant and equipment, intangibles, stores and spares, stock in trade and trade and other debts. Segment liabilities comprise of operating liabilities and exclude items such as taxation and corporate.

Segment capital expenditure is the total cost included during the year to acquire property, plant and equipment and intangible assets.

3.20 Impairment

The carrying amounts of the financial assets are reviewed at each financial year end to determine whether there is any indication of impairment of any asset or a group of assets. If any such indication exists, the recoverable amount of that asset is estimated and impairment losses are recognized in the profit and loss account.

3.21 Earning per share

The Company presents basic and diluted earnings per share (EPS) data. Basic EPS is calculated by dividing the profit or loss attributable to share holders of the Company by the weighted average number of ordinary shares. Diluted EPS is determined by adjusting the profit or loss attributable to share holders and the weighted average number of ordinary shares outstanding, adjusted for the effects of all dilutive potential ordinary shares.

4	PROPERTY PLANT AND EQUIPMENT	Note	2012	2011
			(Rupees in thousand)	
	Operating fixed assets	4.1	**1,765,774**	1,830,364
	Capital work in progress - CWIP	4.2	**285,262**	168,810
			2,051,036	1,999,174

4.1 Operating fixed assets

2012

	COST					ACCUMULATED DEPRECIATION				Written down value as at 30-09-2012	Rate of depreciation %
	As at 01-10-2011	Additions / (Deletions)	Transferred from CWIP	Transferred (to)/ from non - current assets held for sale / lease	As at 30-09-2012	As at 01-10-2011	Charge for the year / (Adjustment)		As at 30-09-2012		
	(Rupees in thousand)										
Owned											
Free-hold land	26,557	-	-	-	26,557	-	-	-	-	26,557	-
Lease-hold land	51,000	-	-	-	51,000	-	-	-	-	51,000	-
Main factory building	382,978	-	-	-	382,978	183,610	19,048	-	202,658	180,320	10
Non-factory building	173,061	-	-	-	173,061	86,533	8,267	-	94,800	78,261	10
Plant and machinery	2,211,584	-	38,441	-	2,250,025	793,703	81,159	-	874,862	1,375,163	5 to 10
Furniture and fittings	10,606	48	-	-	10,654	4,302	607	-	4,909	5,745	10
Vehicles	56,135	11,663	-	-	63,640	31,341	4,564	-	33,098	30,542	20
	-	(4,158)	-	-	-	-	(2,807)	-	-	-	
Office equipment	30,403	1,105	-	-	30,924	15,940	1,445	-	17,063	13,861	10
	-	(584)	-	-	-	-	(322)	-	-	-	
Computers	5,309	2,055	-	-	7,364	2,584	1,063	-	3,647	3,717	30
Tools and tackles	4,268	-	-	-	4,268	3,524	136	-	3,660	608	10 to 20
	2,951,901	**14,871**	**38,441**	**-**	**3,000,471**	**1,121,537**	**116,289**	**-**	**1,234,697**	**1,765,774**	
	-	**(4,742)**	**-**	**-**	**-**	**-**	**(3,129)**	**-**	**-**	**-**	

2011

	COST					ACCUMULATED DEPRECIATION				Written down value as at 30-09-2011	Rate of depreciation %
	As at 01-10-2010	Additions / (Deletions)	Transferred from CWIP	Transferred (to)/ from non - current assets held for sale / lease	As at 30-09-2011	As at 01-10-2010	Charge for the year / (Adjustment)		As at 30-09-2011		
	(Rupees in thousand)										
Owned											
Free-hold land	26,557	-	-	-	26,557	-	-	-	-	26,557	-
Lease-hold land	51,000	-	-	-	51,000	-	-	-	-	51,000	-
Main factory building	382,978	-	-	-	382,978	162,588	21,022	-	183,610	199,368	10
Non-factory building	153,216	-	19,845	-	173,061	78,244	8,289	-	86,533	86,528	10
Plant and machinery	2,150,184	400	-	61,000	2,211,584	712,414	81,289	-	793,703	1,417,881	5 to 10
Furniture and fittings	7,106	3,500	-	-	10,606	3,785	517	-	4,302	6,304	10
Vehicles	49,546	123	5,742	5,405	56,135	25,025	5,626	2,551	31,341	24,794	20
	-	(4,681)	-	-	-	-	(1,861)	-	-	-	
Office equipment	29,885	661	-	-	30,403	14,478	1,482	-	15,940	14,463	10
	-	(143)	-	-	-	-	(20)	-	-	-	
Computers	4,050	1,309	-	-	5,309	1,778	807	-	2,584	2,725	30
	-	(50)	-	-	-	-	(1)	-	-	-	
Tools and tackles	4,268	-	-	-	4,268	3,358	166	-	3,524	744	10 to 20
	2,858,790	**5,993**	**25,587**	**66,405**	**2,951,901**	**1,001,670**	**119,198**	**2,551**	**1,121,537**	**1,830,364**	
	-	**(4,874)**	**-**	**-**	**-**	**-**	**(1,882)**	**-**	**-**	**-**	
Leased											
Vehicles	5,405	-	-	(5,405)	-	2,097	454	(2,551)	-	-	20
	2,864,195	**5,993**	**25,587**	**61,000**	**2,951,901**	**1,003,767**	**119,652**	**-**	**1,121,537**	**1,830,364**	
	-	**(4,874)**	**-**	**-**	**-**	**-**	**(1,882)**	**-**	**-**	**-**	

4.1.1 Reconciliation of carrying amount of operating fixed assets

2012

Description	Opening written down value	Additions	Transferred from CWIP	Transferred (to)/ from non - current assets held for sale / lease	Disposals	Depreciation charge	Closing written down value
	(Rupees in thousand)						
Owned							
Free-hold land	**26,557**	-	-	-	-	-	26,557
Lease-hold land	**51,000**	-	-	-	-	-	51,000
Main factory building	**199,368**	-	-	-	-	19,048	180,320
Non-factory building	**86,528**	-	-	-	-	8,267	78,261
Plant and machinery	**1,417,881**	-	38,441	-	-	81,159	1,375,163
Furniture and fittings	**6,304**	48	-	-	-	607	5,745
Vehicles	**24,794**	11,663	-	-	1,351	4,564	30,542
Office equipment	**14,463**	1,105	-	-	262	1,445	13,861
Computers	**2,725**	2,055	-	-	-	1,063	3,717
Tools and tackles	**744**	-	-	-	-	136	608
	1,830,364	**14,871**	**38,441**	**-**	**1,613**	**116,289**	**1,765,774**

2011

Description	Opening written down value	Additions	Transferred from CWIP	Transferred (to)/ from non - current assets held for sale / lease	Disposals	Depreciation charge	Closing written down value
	(Rupees in thousand)						
Owned							
Free-hold land	**26,557**	-	-	-	-	-	26,557
Lease-hold land	**51,000**	-	-	-	-	-	51,000
Main factory building	**220,390**	-	-	-	-	21,022	199,368
Non-factory building	**74,972**	-	19,845	-	-	8,289	86,528
Plant and machinery	**1,437,770**	400	-	61,000	-	81,289	1,417,881
Furniture and fittings	**3,321**	3,500	-	-	-	517	6,304
Vehicles	**24,521**	123	5,742	3,308	2,820	6,080	24,794
Office equipment	**15,407**	661	-	-	123	1,482	14,463
Computers	**2,272**	1,309	-	-	49	807	2,725
Tools and tackles	**910**	-	-	-	-	166	744
	1,857,120	5,993	25,587	64,308	2,992	119,652	1,830,364
Leased							
Vehicles	**3,308**	-	-	(3,308)	-	-	-
	1,860,428	5,993	25,587	61,000	2,992	119,652	1,830,364

4.1.2 The depreciation charged for the year has been allocated as follows:

	Note	2012	2011
		(Rupees in thousand)	
Cost of sales	27	**108,474**	110,600
Administrative expenses	29	**7,815**	9,052
		116,289	119,652

4.1.3 The following assets were disposed off during the year:

Description	Cost	Accumulated depreciation	Witten down value	Sale Proceeds	Gain/ (Loss)	Mode of Disposal	Particular of Buyers
	(Rupees in thousand)						
Office equipment	584	322	262	-	(262)	Write off	Nil
Toyota Corolla	1,169	913	256	1,000	744	Stolen	Insurance claim received from EFU
Mitsubishi Lancer	1,380	1,084	296	700	404	Negotiation	Sarwar Taj
Suzuki Beleno	837	586	251	564	313	Negotiation	Abdul Haleem
Suzuki Cultus	647	215	432	610	178	Negotiation	Mustafa
Honda Motorcycle	67	6	61	67	6	Stolen	Insurance claim received from EFU
Honda Motorcycle	58	3	55	67	12	Stolen	Insurance claim received from EFU
2012	**4,742**	**3,129**	**1,613**	**3,008**	**1,395**		
2011	4,874	1,882	2,992	3,844	852		

4.2 CAPITAL WORK IN PROGRESS - CWIP

Description	2012				2011			
	As at 01.10.2011	Addition	Transfer to operating fixed assets	As at 30-09-2012	As at 01.10.2010	Addition	Transfer to operating fixed assets	As at 30.09.2011
	(Rupees in thousand)							
Civil works								
Under construction	-	-	-	-	18,235	-	(18,235)	-
Borrowing cost capitalized	-	-	-	-	1,610	-	(1,610)	-
	-	-	-	-	19,845	-	(19,845)	-
Plant and machinery								
Advances for capital expenditure	-	-	-	-	5,742	-	(5,742)	-
Tank terminal (4.2.1)	**142,575**	**38,686**	-	**181,261**	113,444	29,131	-	142,575
Borrowing cost capitalized (4.2.2)	**26,235**	**20,845**	-	**47,080**	10,018	16,217	-	26,235
	168,810	**59,531**	-	**228,341**	129,204	45,348	(5,742)	168,810
Storage Tanks (4.2.3)	-	**84,126**	**(38,441)**	**45,685**	-	-	-	-
Advance to contractor		**1,113**	-	**1,113**	-	-	-	-
	-	**85,239**	**(38,441)**	**46,798**	-	-	-	-
Godown (4.2.4)	-	**9,009**	-	**9,009**	-	-	-	-
Advance to contractor		**1,114**	-	**1,114**	-	-	-	-
	-	**10,123**	-	**10,123**	-	-	-	-
Total	**168,810**	**154,893**	**(38,441)**	**285,262**	149,049	45,348	(25,587)	168,810

4.2.1 This represents cost of acquisition of Tank Terminals and cost incurred for rehabilitation of the tanks which is expected to be operational in the ensuing year.

4.2.2 Average annualized rate of 12.88% (2011: 11.37%) of borrowing has been used for capitalization of borrowing cost.

4.2.3 This represents cost of construction of molasses storage tanks which is expected to be operational in the ensuing year.

4.2.4 This represents cost of construction of Sugar godown which is expected to be operational in the ensuing year.

5 INTANGIBLE ASSET

2012

Description	Cost: As at 01.10.2011	Cost: Addition	Cost: As on 30-09-2012	Amortization: As at 01.10.2011	Amortization: Charge for the year	Amortization: As on 30-09-2012	Written down value as on 30-09-2012
	(Rupees in thousand)						
ERP software systems	22,285	-	22,285	21,672	612	22,284	1

2011

Description	Cost: As at 01.10.2010	Cost: Addition	Cost: As on 30-09-2011	Amortization: As at 01.10.2010	Amortization: Charge for the year	Amortization: As on 30-09-2011	Written down value as on 30-09-2011
	(Rupees in thousand)						
ERP software systems	22,285	-	22,285	11,517	10,155	21,672	613

5.1 Intangible assets are amortized at the rate of 33.33% (2011: 33.33% per annum).

	Note	2012	2011
		(Rupees in thousand)	
6 LONG TERM LOANS AND ADVANCES - Considered good			
Secured			
To employees - Other than Directors, Chief Executive and executives		**801**	740
To executives other than key management personnel		**612**	219
To executives being key management personnel		**3,923**	3,950
	6.1, 6.2 & 6.3	**5,336**	4,909
Current portion of long term loans and advances	12	**(1,520)**	(1,505)
		3,816	3,404

6.1 The maximum aggregate amount of loans outstanding during the year is Rs. 6.090 million (2011: Rs. 5.186 million).

	2012	2011
	(Rupees in thousand)	
6.2 Balance at beginning of the year	**4,909**	4,535
Add: Loans disbursed during the year	**3,239**	2,042
	8,148	6,577
Less: Recovery during the year	**(2,812)**	(1,668)
Balance at end of the year	**5,336**	4,909

6.3 The above loans and advances are interest free and are given for purchase of vehicles and personal use. These loans and advances are secured against the retirement benefits and vehicles (in case of vehicle loan) of the respective employees and are within the limits of such securities.

	Note	2012	2011
		(Rupees in thousand)	

7 LONG TERM INVESTMENTS

	Note	2012	2011
Available for sale investments			
Investement in Related Party:			
HUM Network Limited (Holding: 0.81%)		**8,699**	4,994
405,000 (2011: 405,000) ordinary shares of Rs. 10 each			
Investement in other than Related Party:			
Al-Abbas Cement Industries Limited		**12,280**	4,120
2,000,000 (2011: 2,000,000) ordinary shares of Rs. 10 each			
		20,979	9,114

8 DEFERRED TAX ASSET - Net

	Note	2012	2011
Deferred taxation			
Deferred Tax Assets arising in respect of			
Deductible temporary differences			
Available tax losses		**360,560**	270,388
Deferred Tax Liabilities arising in respect of			
Taxable temporary differences			
Accelerated tax depreciation		**(333,425)**	(255,802)
		27,135	14,586

9 STORES AND SPARES

	Note	2012	2011
Stores and spares		**151,514**	174,154
Provision for slow moving items and obsolescence	9.1	**(21,002)**	(21,002)
		130,512	153,152
9.1 Balance at beginning of the year		**(21,002)**	(19,987)
Provision made during the year		-	(1,015)
Balance at end of the year		**(21,002)**	(21,002)

10 STOCK-IN-TRADE

	Note	2012	2011
Raw materials	10.1	**445,147**	655,406
Work-in-process		**5,584**	19,417
Finished goods	10.1 &10.2	**1,019,156**	1,742,688
Other		**1,565**	13,232
		1,471,452	2,430,743

10.1 Value of stock pledged as on the balance sheet date amounts to Rs. 452.712 million (2011: Rs. 1,441.313 million).

10.2 Finished goods includes stock items valued at net realizable value (NRV) at Rs. 102.289 million (2011: Rs. 23.207 million):

Summay of related Cost and NRV is as under:	Cost	NRV
	(Rupees in thousand)	
Ferro Silicon	**13,879**	2,825
Silicon Magnese	**4,893**	807
Sugar	**104,886**	98,657
	123,658	102,289

		Note	2012	2011
			(Rupees in thousand)	
11	**TRADE DEBTS - Unsecured**			
	Considered good			
	Export		**208,739**	349,581
	Local		**96,597**	137,955
			305,336	487,536
	Considered doubtful - Local		**11,124**	6,666
	Provision for doubtful trade debts	11.1	**(11,124)**	(6,666)
			-	-
			305,336	487,536
11.1	Balance at the beginning of the year		**(6,666)**	(2,626)
	Provision made during the year		**(4,458)**	(4,500)
	Write off during the year		**-**	460
	Balance at end of the year		**(11,124)**	(6,666)
12	**LOANS AND ADVANCES**			
	Interest Based:			
	Loans to growers - Unsecured			
	Considered good	12.1	**9,889**	6,174
	Considered doubtful		**1,253**	1,253
			11,142	7,427
	Provision for loans considered doubtful	12.2	**(1,253)**	(1,253)
			9,889	6,174
	Non - Interest Based:			
	Current portion of long term loans and advances	6	**1,520**	1,505
	Advances - Unsecured			
	Considered good			
	To employees against salary	12.3	**157**	310
	To employees against expense		**351**	898
	To suppliers and contractors	12.4	**544,694**	147,795
			545,202	149,003
	Considered doubtful			
	To suppliers and contractors		**46,839**	46,839
	Provision for doubtful advances	12.2	**(46,839)**	(46,839)
			-	-
	Against letter of credit		**16,977**	1,287
	Advance tax		**45,176**	12,430
			618,764	170,399

12.1 The rate of mark-up on such loans ranges up to 14.96% (2011: Rs. 14.96%) subject to final settlement with the respective grower. During the year, Company has provided fertilizers, seeds and tricograma cards to the growers which has been provided as advance and the Company has an enforceable right to recover the same out of the cane supply from the said grower in the ensuing season.

		Note	2012	2011
			(Rupees in thousand)	
12.2	Balance at the beginning of the year		**(48,092)**	(19,143)
	Provision made during the year		**-**	(38,780)
	Write off during the year		**-**	9,831
	Balance at end of the year		**(48,092)**	(48,092)

12.3 This represents interest free advances given to employees against current salary.

12.4 This includes amount of Rs. 530.824 million (2011: Rs. 133.673 million) in respect of advance to molasses suppliers.

		Note	2012	2011
			(Rupees in thousand)	
13	**TRADE DEPOSITS AND SHORT TERM PREPAYMENTS**			
	Deposits	13.1	**44,223**	-
	Prepaid software license fee		**738**	-
	Prepaid insurance		**974**	1,012
			45,935	1,012

13.1 This represents deposit against performance guarantee paid to Trading Corporation of Pakistan against sale of sugar.

		Note	2012	2011
			(Rupees in thousand)	
14	**OTHER RECEIVABLES**			
	Tax refund due from Government		**12,698**	-
	Sales tax and excise duty		**3,058**	-
	Employee gratuity fund	22.2.a	**12,750**	-
	Against sale of non-current assets held for sale		-	19,309
	Others	14.1	**1,616**	291
			30,122	19,600

14.1 The amount includes Rs. 1.230 million (2011: Rs. 0.291 million) receivable from a related party. The maximum aggregate amount due at any month end during the year was Rs. 1.230 million (2011: Rs. 0.291 million).

		Note	2012	2011
			(Rupees in thousand)	
15	**SHORT TERM INVESTMENTS**			
	Held to Maturity			
	Term Deposit Receipts (TDR)	15.1	**14,190**	-
	At fair value through profit or loss			
	Fauji Cement Company Limited			
	2,500,000 (2011: 2,500,000) ordinary shares of Rs. 10 each		**15,925**	10,000
			30,115	10,000

15.1 These term deposit receipts are under banks lien against bank guarantees issued on behalf of the Company. It carry Interest ranging from 6.11% to 11% per annum.

	Note	2012	2011
		(Rupees in thousand)	

16 ACCRUED INCOME

Interest / Mark-up receivable on:			
Term deposit receipts		**309**	-
Growers loan		**647**	416
		956	416

17 CASH AND BANK BALANCES

Cash in hand		**1,111**	1,079
Cash at banks			
Current accounts	17.1	**5,712**	13,542
Saving accounts	17.2	**150**	3,558
		5,862	17,100
		6,973	18,179

17.1 It includes Rs. 1.711 million (2011: Rs. 1.173 million) due from related parties.

17.2 These carry profit ranging from 5% to 7% (2011: 5% to 7%).

18 ISSUED, SUBSCRIBED AND PAID-UP CAPITAL

2012	2011		2012	2011
(Number of shares)			(Rupees in thousand)	
17,362,300	17,362,300	Ordinary shares of Rs. 10 each allotted for consideration paid in cash	**173,623**	173,623

18.1 Number of shares held by the associates as on the balance sheet date are 11,054,948 (2011: 10,915,948).

19 REVENUE RESERVES

It includes General Reserve amounting to Rs. 458 million (2011: Rs. 458 million) which represents accumulation made out of profits in past years and is kept in order to meet future exigencies.

	Note	2012	2011
		(Rupees in thousand)	

20 LONG TERM FINANCING - Secured

From banking companies			
MCB bank limited - Demand finance	20.1	**109,091**	145,455
KASB bank limited - Term finance	20.2	**100,000**	133,333
		209,091	278,788
Privately placed term finance certificates	20.3	**224,700**	374,700
		433,791	653,488
Current portion of long term financing		**(219,697)**	(219,697)
		214,094	433,791

20.1 This represents Demand Finance II from MCB Bank Limited against sanctioned limit of Rs 200 million. It is secured against pari passu charge over fixed assets. It is repayable in 22 quarterly installments of Rs. 9.090 million each commencing from June 2010 latest by September 2015. It carries mark-up at the rate of three months KIBOR plus 1.65% (2011: three months KIBOR plus 1.65%) per annum payable quarterly.

20.2 This represents term finance from KASB Bank Limited against the sanctioned limit of Rs. 200 million for the purpose of enhancement of crushing capacity. It carries mark up at the rate of three months KIBOR plus 1.5% (2011: three months KIBOR plus 1.5%) per annum payable quarterly. The finance is repayable in 24 equal quarterly installments each of Rs. 8.33 million commencing from October 2009 latest by July 2015. It is secured against first pari passu charge over the Company's fixed assets (including land, building, plant and machinery).

20.3 This represents 150,000 privately placed Term Finance Certificates (TFCs) having a face value of Rs. 5,000 each issued by the Company through M/s Allied Bank of Pakistan, being the lead arranger. It carries mark up at the base rate of 6 months KIBOR plus 1.75%. It is secured by way of first pari passu hypothecation charge over all present and future fixed assets of the Company. TFCs will be redeemed in 10 equal bi-annual installments of Rs. 75 million each commencing from May 2009. The Company is entitled to exercise a call option by redeeming all or any part of outstanding TFCs before the maturity at least after two years of the issue date. As at the balance sheet date the TFCs certificate held by financial institutions amounted to Rs. 210.769 million (2011: Rs. 351.469 million) and by others Rs. 13.931 million (2011: Rs. 23.231 million). It also includes balance of Rs. 8.988 million (2011: Rs. 14.988 million) due to a related party.

21 DEFERRED LIABILITY

The Company has challenged the levy of market committee fee in the Honorable High Court of Sindh and filed a constitutional petition and has also obtained a stay order from the Honorable High Court. Pending the outcome of the petition, the Company has accounted for the levy as a matter of prudence.

22 TRADE AND OTHER PAYABLES

	Note	2012	2011
		(Rupees in thousand)	
Creditors		**297,866**	307,574
Accrued liabilities	22.1	**43,255**	34,729
Advances from customers		**554,855**	1,157,149
Payable to employees gratuity fund	22.2.a	**-**	10,106
Workers' profit participation fund	22.3	**29,205**	16,095
Workers' welfare fund		**24,946**	13,848
Unclaimed dividend		**3,775**	2,491
Retention money		**2,963**	1,254
Sales tax payable		**2,118**	1,487
Federal Excise duty payable		**5,842**	32,318
Special Excise duty payable		**9,696**	9,696
Others		**2,708**	2,061
		977,229	1,588,808

22.1 Accrued liabilities

	2012	2011
Utilities	**11,592**	13,598
Employees Emoluments	**13,549**	4,945
Marking fees	**13,463**	10,107
Accrual of Compensated absences	**2,622**	1,689
Others	**2,029**	4,390
	43,255	34,729

22.2 Receivable from / (payable to) employees gratuity fund

	2012	2011
	(Rupees in thousand)	
a) Movements in the assets / (liabilities) recognized in the balance sheet:		
Liability at the beginning of the year	**(10,106)**	(23,407)
Charge for the year	**(13,762)**	(15,491)
Contributions made by the company during the year	**36,618**	28,792
Asset / (liability) at the end of the year	**12,750**	(10,106)
b) The following amounts have been charged to profit and loss account during the year		
Current service cost	**11,795**	12,273
Interest cost	**13,240**	11,616
Expected return on plan assets	**(11,273)**	(8,398)
	13,762	15,491
c) The asset / (liability) recognized in the balance sheet is as follows:		
Present value of defined benefit obligation	**(112,815)**	(105,924)
Fair value of plan assets	**125,231**	90,184
Unrecognized actuarial loss	**334**	5,634
	12,750	(10,106)
d) Changes in present value of defined benefit obligations		
Present value of defined benefit obligation at the beginning of the year	**105,924**	92,932
Current service cost	**11,795**	12,273
Interest cost	**13,240**	11,616
Benefit paid during the year	**(17,012)**	(10,511)
Actuarial (gain) / loss	**(1,132)**	(386)
Present value of defined benefit obligation at the end of the year	**112,815**	105,924
e) Changes in fair value of plan assets		
Fair value of plan assets at the beginning of the year	**90,184**	67,194
Expected return on plan assets	**11,273**	8,398
Contributions during the year	**36,618**	28,792
Benefits paid during the year	**(17,012)**	(10,511)
Actuarial gain / (loss) on plan assets	**4,168**	(3,689)
Fair value of plan assets at the end of the year	**125,231**	90,184
f) Actual return on plan assets		
Expected return on plan assets	**11,273**	8,398
Actuarial gain / (loss) on plan assets	**4,168**	(3,689)
Actual return on plan assets	**15,441**	4,709

g) Actuarial valuation of the plan was carried out by M/s. Noman Associates as of September 30, 2012 using the projected unit credit method. Principal actuarial assumptions used were as follows:

	2012	2011
Expected rate of salary increase in future years	**10.5%**	11.5%
Discount rate	**11.5%**	12.5%
Expected rate of return on plan assets during the year	**12.5%**	12.5%
Average expected remaining working life of employee	**8 years**	7 years

h) Charge for the year has been allocated as under:

	Note	2012	2011
		(Rupees in thousand)	
Cost of sales	27	**11,010**	10,449
Administrative expense	29	**2,752**	5,042
		13,762	15,491

i) Expected charge for the year 2012-13 is Rs. 10.461 million.

j) Present value of defined benefit obligations and fair value of plan assets.

	2012	2011	2010	2009	2008
	(Rupees in thousand)				
Present value of defined obligations at year end	**112,815**	105,924	92,932	62,051	66,138
Fair value of plan assets at year end	**125,231**	90,184	67,194	54,446	47,915
Net surplus / (deficit)	**12,416**	(15,740)	(25,738)	(7,605)	(18,223)

k) **Experience adjustments:**

	2012	2011	2010	2009	2008
	(Rupees in thousand)				
Experience adjustments arising on plan liabilities gains / (losses).	**1,132**	386	(3,512)	13,897	(558)
Experience adjustments arising on plan assets gains / (losses).	**4,168**	(3,689)	(1,801)	(1,613)	(1,646)

22.3 Workers' profit participation fund

	Note	2012	2011
		(Rupees in thousand)	
Balance at the beginning of the year		**16,095**	11,782
Interest for the year	31	**917**	940
Charge for the year	30	**29,205**	16,095
		30,122	17,035
		46,217	28,817
Paid during the year		**(17,012)**	(12,722)
Balance at end of the year		**29,205**	16,095

23 ACCRUED MARK-UP

	Note	2012	2011
Mark-up on secured			
Long term financing	23.1	**15,031**	26,470
Short term borrowing	23.2	**26,449**	57,556
		41,480	84,026

23.1 It includes Rs. 0.45 million (2011: Rs. 1.059 million) payable to a related party.

23.2 It includes Rs. 3.455 million (2011: 10.872 million) payable to related parties.

24	SHORT TERM BORROWINGS	Note	2012	2011
			(Rupees in thousand)	
	From banking companies - secured			
	Under Mark up arrangements			
	Cash / Running finances	24.1	**453,689**	636,882
	Export refinance	24.1	**615,373**	504,000
	Foreign currency export finance	24.2	**438,953**	408,095
			1,508,015	1,548,977

24.1 The available aggregate finance facilities (short term funded) amounting to Rs. 4.670 billion (2011: Rs. 4.07 billion) which have been arranged from various commercial banks out of which Rs. 3.17 billion (2011: 2.420 billion) is interchangeable with export refinance and FE 25. The short term financing are secured against hypothecation of current assets, pledge of stock and hypothecation over present and future fixed assets of the Company. These carry mark-up ranging from 1 to 3 months KIBOR plus 1% to 1.5% (2011: 1 to 3 months KIBOR plus 1% to 2.50%) per annum payable quarterly in arrears or upon maturity. At the year end, facilities amounting to Rs. 3.162 billion (2011: Rs. 2.522 billion) remained unutilized. These facilities are expired on various dates latest by September 30, 2012 and are renewable. It includes Rs. 349.5 million (2011: Rs. 400 million) payable to related party.

24.2 The available facilities of foreign currency export finance (FE-25) interchangeable with limits of export refinance (ERF) and cash finance (CF) amounts to Rs. 1,570 million (2011: Rs. 1,100 million). Export refinance carries mark up at the rate of SBP Rate (8.5%) plus 1.0% (2011: SBP Rate (10%) plus 1.0%), whereas FE-25 carries markup at the rate of LIBOR plus 1.90% to 2.5% (2011: LIBOR plus 1.75% to 3.1%) and secured against hypothecation over present and future fixed assets, pledge of stock and hypothecation over current assets of the Company.

24.3 The available facilities for opening letters of credit as at September 30, 2012 aggregate Rs. 925 million (2011: Rs. 525 million) of which the amount unutilized as at September 30, 2012 was Rs. 908.023 million (2011: Rs. 522.716 million).

25 CONTINGENCIES AND COMMITMENTS

25.1 Contingencies

a) The Karachi Water and Sewerage Board has demanded Rs. 19.588 million for sewerage, fire and conservancy charges which the Company has challenged in Sindh High Court Karachi as no such facilities are being provided by the Board. The Court has stayed the operations of Demand Notice by the Karachi Water and Sewerage Board and hearings of the case are in process. The Management is confident that the case will be decided in favor of Company, therefore, no provision has been made in these financial statement.

b) The Competition Commission of Pakistan has issued show cause notice to the Company alleging cartelization by industry. The Company has challenged this show cause in Sindh High Court in Karachi challenging the jurisdiction of Competition Commission of Pakistan. The high court has stayed the show cause notice and case hearings are in progress in Sindh High Court Karachi. There is no financial implications related to this matter at the moment.

c) The Deputy Commissioner, Large Taxpayers' Unit Karachi through an Order has raised demand of Rs. 11.357 million alleging short payment of special excise duty relating to the period from March to Sep, 2010, besides alleging for input tax adjustment of Rs. 0.291 million. The Company on the strength of legal advise obtained has filed an appeal before Commissioner-Inland Revenue-Appeals. The Management on the basis of legal advise is confident that case will be decided in favor of Company, therefore, no provision has been made in these financial statements.

25.2 Commitments

a) Commitments in respect of letters of credit amounts to Rs. 12.537 million (2011: Rs. 2.284 million) and capital commitments in respect of tank terminal Rs. Nil (2011: Rs. 40 million), sugar godown Rs. 9.678 million (2011: Rs. Nil) and storage tank Rs. 32.082 million (2011: Rs. Nil).

b) Bank guarantees of Rs. 109.1 million (2011: Rs. 54.5 million) have been issued in favor of customers and suppliers.

26 TURNOVER

	Note	Sugar		Ethanol		Chemical and alloys		Power		Total	
		2012	2011	2012	2011	2012	2011	2012	2011	2012	2011
		(Rupees in thousand)									
Gross sales											
Local		**3,090,642**	3,201,923	**105,419**	88,065	**16,735**	64,977	**-**	203,736	**3,212,796**	3,558,701
Export		**269,942**	-	**2,720,634**	2,857,183	**-**	-	**-**	-	**2,990,576**	2,857,183
		3,360,584	3,201,923	**2,826,053**	2,945,248	**16,735**	64,977	**-**	203,736	**6,203,372**	6,415,884
Less:											
Sales tax		**(22,890)**	(119,530)	**(12,483)**	(12,013)	**(3,018)**	(11,596)	**-**	(30,956)	**(38,391)**	(174,095)
Special excise duty		**(5,378)**	(19,864)	**-**	(794)	**-**	(673)	**-**	-	**(5,378)**	(21,331)
Federal excise duty		**(195,422)**	-	**-**	-	**-**	-	**-**	-	**(195,422)**	-
		(223,690)	(139,394)	**(12,483)**	(12,807)	**(3,018)**	(12,269)	**-**	(30,956)	**(239,191)**	(195,426)
		3,136,894	3,062,529	**2,813,570**	2,932,441	**13,717**	52,708	**-**	172,780	**5,964,181**	6,220,458

27 COST OF SALES

	Note	Sugar 2012	Sugar 2011	Ethanol 2012	Ethanol 2011	Chemical and alloys 2012	Chemical and alloys 2011	Power 2012	Power 2011	Total 2012	Total 2011
Cost of raw materials consumed		**1,626,455**	3,874,457	**2,005,294**	1,866,252	**-**	42,998	**-**	112,490	**3,631,749**	5,896,197
Stores and spare parts consumed		**79,534**	72,385	**76,532**	72,255	**214**	19,922	**10**	2,396	**156,290**	166,958
Packing materials		**28,596**	28,967	**5,888**	4,512	**169**	7,255	**-**	-	**34,653**	40,734
Salaries, wages and other benefits	27.1	**127,812**	128,390	**29,411**	23,412	**9,308**	21,623	**1,038**	12,950	**167,569**	186,375
Water, fuel and power		**100,965**	128,213	**33,920**	72,889	**5,879**	123,420	**-**	33,235	**140,764**	357,757
Other manufacturing expenses	27.2	**28,424**	23,528	**19,171**	17,952	**8,013**	9,167	**-**	2,432	**55,608**	53,079
Repairs and maintenance		**16,865**	14,757	**23,062**	18,683	**225**	1,051	**-**	87	**40,152**	34,578
Depreciation	4.1.2	**47,445**	48,374	**25,124**	25,617	**22,099**	22,532	**13,806**	14,077	**108,474**	110,600
		2,056,096	4,319,071	**2,218,402**	2,101,572	**45,907**	247,968	**14,854**	177,667	**4,335,259**	6,846,278
Work-in-process											
Opening		**19,416**	4,444	**-**	-	**-**	-	**-**	-	**19,416**	4,444
Closing		**(5,584)**	(19,416)	**-**	-	**-**	-	**-**	-	**(5,584)**	(19,416)
		13,832	(14,972)	**-**	-	**-**	-	**-**	-	**13,832**	(14,972)
		2,069,928	4,304,099	**2,218,402**	2,101,572	**45,907**	247,968	**14,854**	177,667	**4,349,091**	6,831,306
Less:											
Transfer price of molasses		**(117,129)**	(254,818)	**-**	-	**-**	-	**-**	-	**(117,129)**	(254,818)
Sale of molasses - net		**(9,163)**	-	**-**	-	**-**	-	**-**	-	**(9,163)**	-
Sale of fusel oil & CO2 gas - net		**-**	-	**(9,912)**	(590)	**-**	-	**-**	-	**(9,912)**	(590)
Transfer price of bagasse		**(122,444)**	(182,884)	**-**	-	**-**	-	**-**	-	**(122,444)**	(182,884)
Sale of bagasse - net		**(9,090)**	(24,832)	**-**	-	**-**	-	**-**	-	**(9,090)**	(24,832)
		(257,826)	(462,534)	**(9,912)**	(590)	**-**	-	**-**	-	**(267,738)**	(463,124)
Cost of goods manufactured		**1,812,102**	3,841,565	**2,208,490**	2,100,982	**45,907**	247,968	**14,854**	177,667	**4,081,353**	6,368,182
Finished goods											
Opening		**1,547,374**	392,960	**178,039**	247,423	**17,275**	14,522	**-**	-	**1,742,688**	654,905
Closing		**(587,477)**	(1,547,374)	**(428,031)**	(178,039)	**(3,648)**	(17,275)	**-**	-	**(1,019,156)**	(1,742,688)
		959,897	(1,154,414)	**(249,992)**	69,384	**13,627**	(2,753)	**-**	-	**723,532**	(1,087,783)
		2,771,999	2,687,151	**1,958,498**	2,170,366	**59,534**	245,215	**14,854**	177,667	**4,804,885**	5,280,399

27.1 Salaries, allowances and other benefits include Rs. 11.010 million (2011: Rs. 10.449 million) in respect of defined benefit plan.

	Note	Sugar 2012	Sugar 2011	Ethanol 2012	Ethanol 2011	Chemical and alloys 2012	Chemical and alloys 2011	Power 2012	Power 2011	Total 2012	Total 2011
		(Rupees in thousand)									
27.2 Other Manufacturing Expenses											
Security services		**5,486**	3,163	**3,657**	3,163	**2,493**	1,904	**-**	-	**11,636**	8,230
Printing and stationery		**222**	215	**50**	48	**58**	99	**-**	20	**330**	382
Vehicle running expenses		**4,678**	3,386	**2,749**	2,226	**918**	3,757	**-**	674	**8,345**	10,043
Insurance Expenses		**7,627**	6,777	**5,076**	6,531	**3,149**	1,266	**-**	1,235	**15,852**	15,809
Travelling and conveyance		**846**	2,149	**1,623**	2,149	**39**	79	**-**	4	**2,508**	4,381
Others		**9,565**	7,838	**6,016**	3,835	**1,356**	2,062	**-**	499	**16,937**	14,234
		28,424	23,528	**19,171**	17,952	**8,013**	9,167	**-**	2,432	**55,608**	53,079
28 DISTRIBUTION COST											
Sugar bags handling expenses		**6,362**	6,108	**-**	-	**-**	-	**-**	-	**6,362**	6,108
Export transportation and other expenses		**13,308**	-	**87,928**	83,689	**-**	-	**-**	-	**101,236**	83,689
Sales promotion expenses		**-**	106	**-**	-	**-**	-	**-**	-	**-**	106
Marking fees		**3,361**	3,202	**-**	-	**-**	-	**-**	-	**3,361**	3,202
Service charges		**81,604**	-	**-**	-	**-**	-	**-**	-	**81,604**	-
Local transportation		**16,128**	-	**-**	-	**-**	-	**-**	-	**16,128**	-
Others		**-**	184	**-**	-	**-**	-	**-**	-	**-**	184
		120,763	9,600	**87,928**	83,689	**-**	-	**-**	-	**208,691**	93,289
29 ADMINISTRATIVE EXPENSES											
Salaries, allowances and other benefits	29.1	**33,842**	26,468	**22,561**	26,468	**-**	460	**-**	151	**56,403**	53,547
Rent, rates and taxes		**3,180**	4,197	**2,120**	4,197	**-**	-	**-**	-	**5,300**	8,394
Communication charges		**2,236**	1,088	**1,491**	1,088	**-**	1,413	**-**	480	**3,727**	4,069
Traveling and conveyance		**2,304**	975	**1,536**	975	**-**	-	**-**	15	**3,840**	1,965
Printing and stationery		**600**	570	**400**	570	**-**	27	**-**	2	**1,000**	1,169
Entertainment		**1,278**	1,338	**852**	1,338	**-**	-	**-**	-	**2,130**	2,676
Vehicle running expenses		**7,397**	5,261	**4,931**	5,261	**-**	233	**-**	277	**12,328**	11,032
Repairs and maintenance		**2,072**	1,890	**1,381**	1,890	**-**	-	**-**	-	**3,453**	3,780
Insurance		**1,660**	1,084	**1,107**	1,084	**-**	59	**-**	-	**2,767**	2,227
Fees and subscription		**2,713**	1,947	**1,809**	1,947	**-**	200	**-**	352	**4,522**	4,446
Legal and professional charges		**3,910**	1,539	**2,607**	1,539	**-**	-	**-**	500	**6,517**	3,578
Auditors' remuneration	29.2	**783**	604	**522**	604	**-**	-	**-**	-	**1,305**	1,208
Charity and donations	29.3	**1,177**	278	**785**	278	**-**	-	**-**	-	**1,962**	556
Newspaper and periodicals		**24**	27	**16**	27	**-**	-	**-**	-	**40**	54
Utilities		**2,098**	1,798	**1,399**	1,798	**-**	-	**-**	-	**3,497**	3,596
Amortization of intangibles	5	**367**	5,078	**245**	5,077	**-**	-	**-**	-	**612**	10,155
Depreciation	4.1.2	**4,689**	4,526	**3,126**	4,526	**-**	-	**-**	-	**7,815**	9,052
Security Charges		**431**	459	**287**	458	**-**	-	**-**	-	**718**	917
Miscellaneous expenses		**918**	443	**612**	444	**-**	229	**-**	27	**1,530**	1,143
		71,679	59,570	**47,787**	59,569	**-**	2,621	**-**	1,804	**119,466**	123,564

29.1 Salaries, allowances and other benefits include Rs. 2.752 million (2011: Rs. 5.042 million) in respect of defined benefit plan.

29.2 Auditors' remuneration

	Sugar 2012	Sugar 2011	Ethanol 2012	Ethanol 2011	Chemical and alloys 2012	Chemical and alloys 2011	Power 2012	Power 2011	Total 2012	Total 2011
Hyder Bhimji and Co. - Statutory Auditors										
Annual audit fee	**600**	500	**400**	500	**-**	-	**-**	-	**1,000**	1,000
Half yearly review fee	**30**	25	**20**	25	**-**	-	**-**	-	**50**	50
Out of pocket expenses	**70**	29	**45**	29	**-**	-	**-**	-	**115**	58
	700	554	**465**	554	**-**	-	**-**	-	**1,165**	1,108
Haroon, Zakaria and Co. - Cost Auditors										
Audit fee	**78**	45	**52**	45	**-**	-	**-**	-	**130**	90
Out of pocket expenses	**5**	5	**5**	5	**-**	-	**-**	-	**10**	10
	83	50	**57**	50	**-**	-	**-**	-	**140**	100
	783	604	**522**	604	**-**	-	**-**	-	**1,305**	1,208

	Note	Sugar 2012	Sugar 2011	Distillery 2012	Distillery 2011	Chemical and alloys 2012	Chemical and alloys 2011	Power 2012	Power 2011	Total 2012	Total 2011
						(Rupees in thousand)					

29.3 This amount includes Rs. 1 million paid to Fakhr-e-Imdad foundation in which Chief Executive Officer is serving as a secretary on the Board of this institution. None of the directors or their spouses except mentioned earlier have any interest in any donee's fund.

30 OTHER OPERATING EXPENSES

	Note	Sugar 2012	Sugar 2011	Distillery 2012	Distillery 2011	Chemical and alloys 2012	Chemical and alloys 2011	Power 2012	Power 2011	Total 2012	Total 2011
Provision for slow moving items and obsolescence		-	1,015	-	-	-	-	-	-	-	1,015
Provision for doubtful debts		-	4,500	-	-	-	-	4,458	-	4,458	4,500
Provision for doubtful advances		-	-	-	37,941	-	-	-	-	-	37,941
Provision for loan to growers		-	839	-	-	-	-	-	-	-	839
Unrealized loss on remeasurement of investment		-	1,163	-	387	-	-	-	-	-	1,550
Realized foreign exchange loss on borrowings - net		-	-	12,981	6,338	-	-	-	-	12,981	6,338
Realized foreign exchange loss - net		-	-	-	2,469	-	-	-	-	-	2,469
Unrealized foreign exchange loss - net		-	-	-	580	-	-	-	-	-	580
Workers' profit participation fund	22.3	-	-	29,205	16,095	-	-	-	-	29,205	16,095
Workers' welfare fund		-	-	11,098	7,276	-	-	-	-	11,098	7,276
		-	7,517	53,284	71,086	-	-	4,458	-	57,742	78,603

31 FINANCE COST

	Note	Sugar 2012	Sugar 2011	Distillery 2012	Distillery 2011	Chemical and alloys 2012	Chemical and alloys 2011	Power 2012	Power 2011	Total 2012	Total 2011
Mark-up on long term financing		53,339	95,673	-	-	-	-	-	-	53,339	95,673
Mark-up on short term borrowings		105,603	173,510	97,527	79,724	-	-	-	-	203,130	253,234
Mark-up on leased assets		-	64	-	64	-	-	-	-	-	128
Interest on workers profit participation fund	22.3	-	-	917	940	-	-	-	-	917	940
Bank charges and guarantee commission		4,806	2,912	4,097	2,911	-	1,135	-	13	8,903	6,971
		163,748	272,159	102,541	83,639	-	1,135	-	13	266,289	356,946

32 OTHER OPERATING INCOME

	Note	Sugar 2012	Sugar 2011	Distillery 2012	Distillery 2011	Chemical and alloys 2012	Chemical and alloys 2011	Power 2012	Power 2011	Total 2012	Total 2011
Income from financial assets											
Mark - up on loan to growers		933	604	-	-	-	-	-	-	933	604
Interest on TDR		1,598	1,273	-	424	-	-	-	-	1,598	1,697
Gain on cross currency swap		-	24,536	-	-	-	-	-	-	-	24,536
Dividend		1,215	-	-	-	-	-	-	-	1,215	-
Unrealized gain on remeasurement of investment		4,444	-	1,481	-	-	-	-	-	5,925	-
		8,190	26,413	1,481	424	-	-	-	-	9,671	26,837
Income from other than financial assets											
Scrap sales		1,530	1,635	1,020	545	-	-	-	-	2,550	2,180
Property rentals		2,802	413	-	138	-	-	-	-	2,802	551
Plant lease		-	-	-	-	6,000	-	-	-	6,000	-
Realized foreign exchange gain -net		329	-	8,538	-	-	-	-	-	8,867	-
Gain on disposal of property, plant & equipment - net		1,046	639	349	213	-	-	-	-	1,395	852
Income from farming - net	32.1	697	4,859	-	-	-	-	-	-	697	4,859
Miscellaneous		148	764	99	763	-	-	-	-	247	1,527
		6,552	8,310	10,006	1,659	6,000	-	-	-	22,558	9,969
		14,742	34,723	11,487	2,083	6,000	-	-	-	32,229	36,806

32.1 Income from farming - net

	Note	Sugar 2012	Sugar 2011	Distillery 2012	Distillery 2011	Chemical and alloys 2012	Chemical and alloys 2011	Power 2012	Power 2011	Total 2012	Total 2011
Sales		3,027	6,523	-	-	-	-	-	-	3,027	6,523
Farming cost		(2,330)	(1,664)	-	-	-	-	-	-	(2,330)	(1,664)
		697	4,859	-	-	-	-	-	-	697	4,859

33 TAXATION

	Note	Sugar 2012	Sugar 2011	Distillery 2012	Distillery 2011	Chemical and alloys 2012	Chemical and alloys 2011	Power 2012	Power 2011	Total 2012	Total 2011
Current		28,556	31,969	30,999	30,311	197	545	-	1,786	59,752	64,611
Prior		1,588	5,897	-	-	-	-	-	-	1,588	5,897
Deferred		(12,549)	1,149	-	-	-	-	-	-	(12,549)	1,149
		17,595	39,015	30,999	30,311	197	545	-	1,786	48,791	71,657

33.1 This represents minimum tax on local turnover and on income chargeable under Final Tax Regime (FTR), therefore, no numerical tax reconciliation is given. Amendments upto tax year 2012 have been finalized under section 122(5A) of the Income Tax Ordinance, 2001.

34 EARNINGS / (LOSS) PER SHARE - BASIC AND DILUTED

	Note	2012	2011
		(Rupees in thousand)	
Net profit after taxation - From continued operations		**490,546**	252,806
Net loss after taxation - From discontinued operations		**-**	(25,943)
Net profit for the year		**490,546**	226,863
		(No. of Shares)	
Number of ordinary shares		**17,362,300**	17,362,300
Basic and diluted earnings per share - From continued operations - Rupees		**28.25**	14.56
Basic and diluted loss per share - From discontinued operations - Rupees		**-**	(1.49)
Basic and diluted earnings per share - Rupees	34.1	**28.25**	13.07

34.1 Diluted earnings per share has not been presented as the Company does not have any convertible instruments in issue as at September 30, 2012 and September 30, 2011 which would have any effect on the earnings per share if the option to convert is exercised.

35 CASH GENERATED / (USED IN) FROM OPERATIONS

	Note	2012	2011
		(Rupees in thousand)	
Profit before taxation		**539,337**	324,463
Adjustment for:			
Depreciation	4.1.2	**116,289**	119,652
Amortization on intangibles	5	**612**	10,155
Finance cost	31	**266,289**	356,946
Provision for trade debts	30	**4,458**	4,500
Provision for advances		**-**	37,941
Provision for loan to growers		**-**	839
Provision for slow moving items and obsolescence		**-**	1,015
Unrealized exchange gain / (loss) - net		**-**	580
Mark-up on loan to growers	32	**(933)**	(604)
Mark-up on TDR	32	**(1,598)**	(1,697)
Unrealized gain/ (loss) on remeasurement of investment - net	32	**(5,925)**	1,550
Dividend income	32	**(1,215)**	-
Gain on disposal of property, plant & equipment - net	32	**(1,395)**	(852)
Increase in market committee fee		**4,023**	4,088
		380,605	534,113
Operating profit before working capital changes		**919,942**	858,576
Decrease / (increase) in current assets			
Stores and spare parts		**22,640**	(30)
Stock-in-trade		**959,291**	(1,439,549)
Trade debts		**177,742**	(148,993)
Loans and advances		**(415,619)**	(67,131)
Short term investments		**(14,190)**	-
Trade deposits and short term prepayments		**(44,923)**	13,226
Other receivables		**(16,728)**	12,815
		668,213	(1,629,662)
(Decrease) / increase in trade and other payables		**(611,579)**	650,655
Cash generated from / (used in) operations		**976,576**	(120,431)

36 REMUNERATION OF CHIEF EXECUTIVE, DIRECTOR AND EXECUTIVES

	Chief Executive		Director		Executives		Total	
	2012	2011	2012	2011	2012	2011	2012	2011
	(Rupees in thousand)							
Managerial remuneration	**9,818**	9,000	**5,455**	4,636	**42,461**	48,281	**57,734**	61,917
Medical allowances	**982**	900	**545**	463	**3,116**	4,828	**4,643**	6,191
Other perquisite	**1,845**	955	**546**	225	**6,064**	5,462	**8,455**	6,642
Retirement benefits	**1,145**	1,346	**462**	748	**4,188**	13,131	**5,795**	15,225
Total	**13,790**	12,201	**7,008**	6,072	**55,829**	71,702	**76,627**	89,975
No. of persons	**1**	1	**1**	1	**39**	40	**41**	42

36.1 Chief Executive and a director are provided with company maintained cars for business and personal use.

36.2 Seventeen (2011: Nineteen) executives of the company are also provided with company maintained cars for the business and personal use.

37. FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

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 Company’s risk management framework. The Board is also responsible for developing and monitoring the Company's risk management policies.

37.1 Credit risk

Credit risk represents the accounting loss that would be recognized at the reporting date if counterparties fails to meet its contractual obligation and arises principally from trade debts and trade deposits. Out of the total financial assets of Rs. 1,074.073 million (2011: Rs. 732.292 million), the financial assets which are subject to credit risk amounted to Rs. 952.079 million (2011: Rs. 689.748 million).

To manage exposure to credit risk in respect of trade receivables, management performs credit reviews taking into account the customer's financial position, past experience and other factors. Sales contracts and credit terms are approved by the Chief Executive Officer and Executive Directors. Where considered necessary, advance payments are obtained from certain parties. Sales made to major customers are secured through letters of credit. The management has set a maximum credit period of 60 days in respect of all divisions' sales to reduce the credit risk.

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 before any provisions at the reporting date is:

	2012	**2011**
	(Rupees in thousand)	
Long-term loans and advances	**3,816**	3,404
Long-term deposits	**9,557**	11,127
Trade debts	**316,460**	494,202
Loans and advances	**602,675**	202,061
Trade deposits	**44,223**	-
Other receivables	**17,372**	19,600
Short term investment	**14,190**	-
Markup accrued	**956**	416
Bank balances	**5,862**	17,100
	1,015,111	747,909

Quality of financial assets

The Company kept its surplus fund with banks having good credit ratings. Currently the surplus funds are kept with banks having rating from A1+ to A3.

Bank balances	**2012**	**2011**
	(Rupees in thousand)	
With external credit rating		
A1+	**3,933**	15,668
A1	**1,831**	1,282
A2	**-**	75
A3	**98**	75
	5,862	17,100

Trade debts

All the trade debts at the balance sheet date represent domestic and overseas parties.

The maximum exposure to credit risk before any credit enhancements and provisions for trade debts at the reporting date by division is:

	2012	2011
	(Rupees in thousand)	
Sugar division	-	40,590
Ethanol division		
Against sight letter of credits	**208,739**	349,581
Others	**775**	945
	209,514	350,526
Chemical and alloys	**9,636**	9,636
Power	**88,950**	88,950
Bagasse	**4,500**	4,500
Others	**3,860**	-
	316,460	494,202

The aging of trade receivable at the reporting date is:

Past due 1-30 days	**213,371**	384,592
Past due 30-150 days	**3**	5,580
Past due 150 days	**103,086**	104,030
	316,460	494,202

One of the major customer amounting for Rs. 208.739 million of trade debts at September 30, 2012 has been subsequently cleared.

During the year management has decided to make of provision of Rs. 4.458 million (2011: 4.5 million) for receivables past due over 150 days and for remaining receivables there are reasonable grounds to believe that the amounts will be recovered in short course of time.

The movement in the allowance for provision of trade debts is disclosed in note number 11.1 to the financial statement.

37.2 Liquidity risk

Liquidity risk represents the risk that the Company will encounter difficulties in meeting its financial obligations as they fall due. Prudent liquidity risk management implies maintaining sufficient cash and availability of funding through borrowing. Due to dynamic nature of the business, the Company maintains flexibility in funding by maintaining committed credit lines available.

The following are the contractual maturities (undiscounted) of the financial liabilities:

	2012					
	Carrying amount	Contractual cash flows	Six months or less	Six to twelve months	One to two years	Two to five years and over
	(Rupees in thousand)					
Financial Liabilities						
Long term Loans	**433,791**	**433,791**	**109,849**	**109,848**	**144,397**	**69,697**
Trade and other payables	**977,229**	**977,229**	**652,261**	**324,968**	**-**	**-**
Accrued markup	**41,480**	**41,480**	**41,480**	**-**	**-**	**-**
Short term borrowings	**1,508,015**	**1,508,015**	**754,008**	**754,007**	**-**	**-**
	2,960,515	**2,960,515**	**1,557,598**	**1,188,823**	**144,397**	**69,697**

	2011					
	Carrying amount	Contractual cash flows	Six months or less	Six to twelve months	One to two years	Two to five years and over
	(Rupees in thousand)					
Financial Liabilities						
Long term Loans	653,488	653,488	109,849	109,848	219,697	214,094
Trade and other payables	1,588,808	1,588,808	1,265,322	323,486	-	-
Accrued markup	84,026	84,026	84,026	-	-	-
Short term borrowings	1,548,977	1,548,977	774,489	774,488	-	-
	3,875,299	3,875,299	2,233,686	1,207,822	219,697	214,094

37.3 Market risk

Market risk is the risk that the value of the financial instrument may fluctuate as a result of changes in market interest rates, foreign exchange rates or the equity prices due to a change in credit rating of the issuer or the instrument, change in market sentiments, speculative activities, supply and demand of securities and liquidity in the market.

37.3.1 Foreign Exchange Risk

Foreign exchange risk represents the risk that the fair value of the future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Foreign exchange risk arises mainly from future economic transaction or receivables or payables that exist due to transactions in foreign currency. The Company is exposed to foreign exchange currency risk on import of raw sugar, export of refined sugar ,stores and spares and export of ethanol mainly denominated in US dollars and cross currency swap transaction. Approximately 96.70% of the Company's revenue of ethanol segment are denominated in currencies other than Pak rupees which form 45.60% of the total revenue of the Company. The Company's exposure to foreign currency risk for US Dollars is as follows:

	2012	2011
	(Rupees in thousand)	
Foreign debtors	**208,739**	349,581
Foreign creditors and advance from customers	**(7,740)**	(31,776)
Foreign currency export refinance	**(438,953)**	(408,095)
Net exposure	**(237,954)**	(90,290)

The following significant exchange rate has been applied:

	Average rate		Spot rate at reporting date	
	2012	2011	**2012**	2011
USD to PKR	**91.18**	86.48	**94.70**	87.40

Sensitivity analysis

At reporting date, if the PKR had strengthened by 10% against the US $ with all other variables held constant, pre tax profit for the year have been higher by the amount shown below:

Effect on profit and loss	2012	2011
	(Rupees in thousand)	
US Dollars	**(23,795)**	(9,029)

The weakening of the PKR against US $ would have had an equal but opposite impact on the pre tax profit.

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

37.3.2 Interest rate risk

Interest rate risk is the risk that the value or future cash flows of the financial instruments will fluctuate because of changes in market interest rate . The Company has long term and short term borrowings - under cash / running finance borrowings Rupee based loan at variable rates, short term foreign exchange borrowings (FE-25) US dollar based loan at variable rates and short term borrowings under export refinance borrowings Rupee base loan at fixed rates. The Company has short term loan to growers and Term deposit to bank carrying mark up at fixed rates , while saving accounts carries mark up at variable rate.

At the reporting date the interest rate profile of the Company's significant interest bearing financial instruments was as follows:

	2012	2011	2012	2011
Financial assets	**Effective interest rate (in percent)**		**Carrying amount (Rupees in thousand)**	
Fixed rate instruments				
Loans to growers	**14.96**	14.96	**9,889**	6,174
Term deposit receipts (TDR)	**6.11 to 9**	-	**14,190**	-
			24,079	6,174
Variable rate instruments -				
Bank balances	**5 to 7**	5 to 7	**150**	3,558
Financial liabilities				
Fixed rate instruments -				
Export refinance	**9.5 to 11**	9 to 12	**615,373**	504,000
Variable rate instruments				
Long term financing	**10.40 to 13.53**	13.76 to 14.88	**433,791**	653,488
Short term borrowings	**2.6 to 15**	3.5 to 15	**892,642**	1,044,977
			1,326,433	1,698,465

Sensitivity analysis

Fair value sensitivity analysis for fixed 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 2011.

	Profit and loss upon 100 bp	
	Increase	Decrease
	(Rupees in thousand)	
Financial assets		
As at September 30, 2012		
Cash flow sensitivity	**(241)**	241
As at September 30, 2011		
Cash flow sensitivity	(62)	62
Financial liabilities		
As at September 30, 2012		
Cash flow sensitivity	**(6,154)**	6,154
As at September 30, 2011		
Cash flow sensitivity	(5,040)	5,040

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 2011.

	Profit and loss upon 100 bp	
	Increase	Decrease
	(Rupees in thousand)	
Financial assets		
As at September 30, 2012		
Cash flow sensitivity	**(2)**	2
As at September 30, 2011		
Cash flow sensitivity	(36)	36

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

Financial liabilities		
As at September 30, 2012		
Cash flow sensitivity	**(13,264)**	13,264
As at September 30, 2011		
Cash flow sensitivity	(16,985)	16,985

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). The Company is exposed to price risk with respect to equity investment. Investment in associates is a strategic investment whereas other investments are monitored through continuous trend prevailing in the market.

A 10% increase / decrease in share prices at year end would have increased / decreased the Company's profit in case of held for trading investments and increase / decrease fair value reserve on remeasurement of available for sale investments as follows:

	2012	**2011**
	(Rupees in thousand)	
Effect on profit or loss	**1,593**	1,000
Effect on equity	**2,098**	911
Effect on investments	**3,691**	1,911

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

37.4 Fair value of financial instruments

The carrying values of the financial assets and financial liabilities approximate their fair values. Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm’s length transaction.

Financial assets which are tradable in an open market are revalued at the market prices prevailing on the balance sheet date. The estimated fair value of all other financial assets and liabilities is considered not significantly different from book value.

The following table shows financial instruments recognized at fair value, analyzed between those whose fair value is based on:

Level 1: Quoted prices in active market for identical assets or liabilities.

Level 2: Those involving inputs other than quoted prices included in level 1 that are observable for the asset or liability , either directly (as prices) or indirectly (derived from prices); and

Level 3: Those whose inputs for the asset or liability that are not based on observable market date (unobservable inputs).

Investment in ordinary shares of listed Companies is valued using quoted prices in active market, hence fair value of such investments fall with in level 1 in fair value hierarchy as mentioned above.

37.5 Capital risk management

The Company’s objective when managing capital is to safeguard the Company’s ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, issue new shares and take other measures commensuration to the circumstances. The Company finances its expansions projects through equity, borrowings and management of its working capital with a view to maintaining an appropriate mix between various sources of finance to minimize risk.

The Company monitors capital using a gearing ratio, which is net debt divided by total shareholders equity and sponsors loan plus net debt. Net debt is calculated as total loans and borrowings including any finance cost thereon, less cash and bank balances. The Company's strategy was to maintain leveraged gearing. The gearing ratios as at the balance sheet are as follows:

		2012	2011
		(Rupees in thousand)	
Long term financing		**214,094**	433,791
Accrued mark-up		**41,480**	84,026
Short term borrowings		**1,508,015**	1,548,977
Current maturity of non-current liabilities		**219,697**	219,697
Total debt		**1,983,286**	2,286,491
Balance with banks		**6,973**	18,179
Net debt	A	**1,976,313**	2,268,312
Total capital and reserves		**1,727,714**	1,381,564
Capital and net debt	B	**3,704,027**	3,649,876
Gearing ratio	(C=A/B)	**53.36%**	62.15%

38 PLANT CAPACITY AND ACTUAL PRODUCTION

	2012	2011
Sugar Unit		
Sugarcane crushing capacity per day	**7,500**	7,500
No. of days season operated	**93**	138
Sugarcane yield	**9.83%**	10.17%
Capacity in M.T based on number of days operated and sugarcane yield	**68,564**	105,260
Production in M. Tons	**39,479**	63,395
Ethanol Unit		
Unit - I		
Capacity in liters per day	**85,000**	85,000
No. of days operated	**287**	270
Capacity in liters based on number of days operated	**24,395,000**	22,950,000
Production in liters	**23,678,755**	22,707,194
Unit - II		
Capacity in liters per day	**87,500**	87,500
No. of days operated	**283**	297
Capacity in liters based on number of days operated	**24,762,500**	25,987,500
Production in Liters	**23,567,714**	25,793,176
Calcium Carbide and Ferro Alloys		
Capacity in M. Tons based o n 320 days	**27,220**	27,220
Production in M. Tons	**-**	1,243
Power		
Capacity in Kilo Watts Hour (KWH) per day	**312,000**	312,000
No. of days operated	**-**	68
Capacity in KWH based on number of days operated	**-**	21,216,000
Production in KWH	**-**	19,878,605

38.1 Reasons for shortfall in capacity utilization

a) Sugar
Lesser availability of sugarcane is the main reason of shortfall in production of sugar.

b) Ethanol
Non-availablilty of canal water due to heavy floods and rains.

c) Chemical and alloys
Suspension of production due to less demand and losses. Subsequently the plant production facility was leased out to a third party.

d) Power
Suspension of production due to dispute over the non-payment of billing amount as per the contractual obligation by KESC.

39 SEGMENT REPORTING

	2012					
	Sugar	**Ethanol**	**Chemical and alloys**	**Power**	**Total**	**2011**
	(Rupees in thousand)					
Segment assets	1,630,106	2,247,556	363,132	329,129	**4,569,923**	5,204,198
Unallocated segment assets					**182,766**	124,857
					4,752,689	5,329,055
Segment liabilities	1,747,953	1,074,231	513	-	**2,822,697**	3,775,973
Unallocated segment liabilities					**202,278**	171,518
					3,024,975	3,947,491
Capital expenditure	10,123	144,770	-	-	**154,893**	45,748
Unallocated capital expenditure					**14,871**	5,593
					169,764	51,341

	2012					
	Sugar	**Ethanol**	**Chemical and alloys**	**Power**	**Total**	**2011**
	(Rupees in thousand)					
Depreciation	52,134	28,250	22,099	13,806	**116,289**	119,652
Amortization	367	245	-	-	**612**	10,155
Non cash expenses other than depreciation	-	-	-	4,458	**4,458**	46,425

39.1 Revenue reported in note number 26 generated from external customers. There were no inter-segment sales during the year (2011: Nil). The inter transfer of molasses from sugar segment to ethanol segment is accounted as a reduction of cost of production of sugar segment.

39.2 The accounting policies of the reportable segments are the same as the Company’s accounting policies described in note number 3. Financial charges on long term, cash and running financing is allocated to sugar where as mark up on export refinance is allocated to ethanol. This is the measure reported to management for the purposes of resource allocation and assessment of segment performance.

39.3 Revenue from major products

The break up of Company’s revenue from external customers for major products is given in note number 26 of the financial statements.

39.4 Information about major customers

Revenue from major customers (5% or above of segment's gross sales) of sugar segment represent Rs. 1,717 million (2011: Rs. 1,908 million) of total sugar segment gross revenue of Rs. 3,361 million (2011: Rs. 3,202 million), ethanol segment of Rs. 2,504 million (2011: Rs. 2,013 million) of total ethanol segment revenue of Rs. 2,826 million (2011: Rs. 2,942 million), power segment of Rs. Nil (2011: Rs. 204 million) of total power segment revenue. Revenue from chemical and alloys segment does not include major customers.

40 RELATED PARTY TRANSACTIONS

The related parties comprise associated undertakings, other related group 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 to / from related parties are shown in under respective note to the financial statement. Remuneration of directors, chief executive and executives being the key management personnel are disclosed in relevant note. Transactions with related parties are as follows:

	2012	2011
	(Rupees in thousand)	
Dividend received	**810**	-
Contribution paid to Employees Gratuity Fund	**36,618**	28,792
Transferred vehicles to related parties	**-**	1,327
Rental income received	**1,977**	551
Purchase of property, plant and equipment	**-**	400
Insurance premium paid	**21,095**	22,798
Short term borrowings obtained / (repaid) from banking companies - net	**(50,500)**	200,000
Finance cost paid	**59,080**	40,125

40.1 There were no transactions with the key management personnel other than under their terms of employment, which are disclosed in relevant note to the financial statements.

40.2 Transaction with Al-Abbas Cement Industries Limited for purchase of cement and common sharing expenses in comparative year amounting to Rs. 0.520 million and Rs. 0.550 million respectively has been omitted since it is no more a related party.

41 DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorized for issue on December 20, 2012 by the Board of Directors of the Company.

42 CORRESPONDING FIGURES

Corresponding figures have been re-arranged / reclassified, whenever necessary, for the purpose of compliance, comparison and better presentation. Major changes made during the year are as follows:

42.1 For better presentation realized exchange loss of Rs. 2.469 million have been reclassified under the head of other operating expenses which was previously classified under sales - net (Refer note number 30).

42.2 Investment in Al-Abbas Cement Industries Limited of Rs. 4.120 million have been reclassified as investment in other than related parties - associated companies under the head of long term investments which was previously classified as investment in related parties - associated companies under the same head (Refer note number 7).

42.3 Advance against Letter of Credit (LCs) amounting to Rs. 0.92 million have been reclassified from advances - unsecured to suppliers and contractors (Refer note number 12).

42.4 Sales tax, federal excise duty and special excise duty payable amounting to Rs. 1.487 million, Rs. 32.318 million and Rs. 9.696 million respectively have been reclassified from advances from customers under the head trade and other payables (Refer note number 22).

43 SUBSEQUENT EVENT

The Board of Directors of the Company in their meeting held on December 20, 2012 has proposed a final cash dividend of Rs. 4 per share i-e 40% for the year ended September 30, 2012. Further, the Board has also proposed a transfer of Rs. 1,000 million from unappropriated profit to general reserves. The financial statements for the year ended September 30, 2012 do not include the effect of these proposals which will be accounted for in subsequent financial statements.

44 GENERAL

Figures have been rounded off to the nearest thousand of Rupees, unless otherwise stated.

Shunaid Qureshi
Chief Executive

Asim Ghani
Director

AL-ABBAS SUGAR Mills Limited

FORM OF PROXY

I/We...of ....in the district of...being a member of AL-ABBAS SUGAR MILLS LIMITED, holding.. shares, hereby appoint Mr./Mrs./Miss...of ....who is also a member of the Company, as my proxy to vote for me, and on my behalf at the 22nd Annual General Meeting of the Company to be held at Beach Luxury Hotel, Karachi on Monday, January 28, 2013 at 11:00 a.m. and at any adjournment thereof.

As witness given under my/our hand(s) ....day of 2013

Signed by the said...

In the presence of 1 ....

2 ....

2 ....

3 ....

(Member's Signature on Rs. 5.00 Revenue Stamp)

(Witness's Signature)

(Signature should agree with the specimen signature negotiated with the Company)

Share held ....

Shareholders folio No...............................

CDC A/c No..

CNIC No..

Note:-

1) The Proxy Form should be deposited at the Registered Office of the Company as soon as possible but not less than 48 hours before the time of holding the meeting and, on default, Proxy form will not be treated as valid.
2) No person can act as proxy unless he/she is member of the Company, except that a corporation may appoint a person who is not a member.
3) If a member appoints more then one proxy and more than one instrument of proxy is deposited by a member with a Company, all such instruments of proxies shall be rendered invalid.

For CDC Account Holders/Corporate Entities:

In addition to the above the following requirements have to be met:

i) The proxy form shall be witnessed by two persons whose name, address and CNIC number shall be mentioned on the form.
ii) Attested copies of CNIC or the passport of the beneficial owners and the proxy shall be furnished with the proxy form.
iii) The proxy shall produce his original CNIC or original passport at the time of the meeting.
iv) In case of corporate entity, the Board of Director resolution / power of attorney with specimen signature shall be submitted (unless it has been provided earlier) alongwith proxy form to the Company.