STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED SEPTEMBER 30, 2011

	2011 Rupees	2010 Rupees
Profit for the year after taxation	**46,927,846**	92,794,839
Other comprehensive income		
Incremental depreciation transferred from surplus	**18,433,175**	19,468,760
Less: Related Deferred tax	**6,451,611**	6,814,066
	11,981,564	12,654,694
Total comprehensive income for the year	**58,909,410**	105,449,533

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

GHULAM AHMED ADAM
Chief Executive

OMAR G. ADAM
Director

CASH FLOW STATEMENT FOR THE YEAR ENDED SEPTEMBER 30, 2011

	2011 Rupees	2010 Rupees
A. CASH FLOW FROM OPERATING ACTIVITIES		
Profit before taxation	**74,701,831**	133,706,647
Adjustments:		
Depreciation	**44,535,144**	44,643,891
Amortization of intangibles	**200,000**	133,333
Financial charges	**97,224,538**	46,593,758
Provision for gratuity	**48,835**	849,598
Workers' profit participation fund	**4,000,715**	-
Workers' welfare fund	**1,311,755**	-
Gain on sale of fixed assets	**(12,695)**	-
	147,308,292	92,220,580
Cash generated from operating activities before working capital changes	**222,010,123**	225,927,227
Working capital changes		
Decrease / (Increase) in current assets		
Biological assets	**(743,915)**	789,351
Stores and spares	**(1,446,918)**	(3,128,113)
Stock in trade	**(230,535,304)**	276,230,848
Trade debtors	**181,806,223**	(222,549,400)
Loans and advances	**(22,383,815)**	(1,567,858)
Deposits and prepayments	**(1,103,070)**	1,718,092
Interest accrued	**274,982**	(284,771)
Others receivables	**(443,217)**	(202,818)
	(74,575,034)	51,005,331
Increase / (Decrease) in current liabilities		
Trade and other payables	**39,595,496**	(15,939,022)
	(34,979,538)	35,066,309
Cash generated from operations after working capital changes	**187,030,585**	260,993,536
Financial charges paid	**(95,985,221)**	(54,369,997)
Workers' profit participation fund paid	**-**	(16,952,685)
Workers' welfare fund paid	**-**	(6,359,950)
Gratuity paid	**(125,800)**	(564,666)
Dividend paid	**(14,260,393)**	(5,400,385)
Taxes paid	**(14,859,619)**	(3,261,217)
Long term deposits	**1,237,400**	-
Net cash generated from operating activities	**63,036,952**	174,084,636

	2011 Rupees	2010 Rupees
B. CASH FLOW FROM INVESTING ACTIVITIES		
Fixed Capital Expenditure	**(51,665,747)**	(22,526,069)
Additions in Capital work in progress	**(3,655,448)**	(1,772,444)
Purchase of intangibles	**-**	(1,000,000)
Sale proceeds of fixed assets	**210,000**	-
Net cash used in investing activities	**(55,111,195)**	(25,298,513)
C. CASH FLOW FROM FINANCING ACTIVITIES		
Repayment of long term finance - net	**(14,666,667)**	(14,666,667)
Repayment of short term borrowings - net	**100,000,000**	(150,000,000)
Repayment of lease liability	**(5,489,407)**	(5,136,617)
Net cash generated from / (used in) financing activities	**79,843,926**	(169,803,284)
Net increase / (decrease) in cash and cash equivalents (A+B+C)	**87,769,683**	(21,017,161)
Cash and cash equivalents at beginning of year	**34,084,605**	55,101,766
Cash and cash equivalents at end of year	**121,854,288**	34,084,605

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

GHULAM AHMED ADAM
Chief Executive

OMAR G. ADAM
Director

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED SEPTEMBER 30, 2011

Description	Share Capital	Revenue Reserves: General Reserves	Revenue Reserves: Accumulated Profit	Revenue Reserves: Total	Total
	------	------	Rupees	------	------
Balance as at September 30, 2009	**57,636,540**	**15,000,000**	**113,352,067**	**128,352,067**	**185,988,607**
Profit for the year	-	-	92,794,839	92,794,839	92,794,839
Transferred from surplus on revaluation on account of incremental depreciation - net of deferred tax	-	-	12,654,694	12,654,694	12,654,694
Total comprehensive income	-	-	105,449,533	105,449,533	105,449,533
Owners transactions					
Final dividend paid @ 10% (Rupee 1 per share) for the year ended September 30, 2009	-	-	(5,763,654)	(5,763,654)	(5,763,654)
Balance as at September 30, 2010	**57,636,540**	**15,000,000**	**213,037,946**	**228,037,946**	**285,674,486**
Profit for the year	-	-	46,927,846	46,927,846	46,927,846
Transferred from surplus on revaluation on account of incremental depreciation - net of deferred tax	-	-	11,981,564	11,981,564	11,981,564
Total comprehensive income	-	-	58,909,410	58,909,410	58,909,410
Owners transactions					
Transfer to general reserve	-	85,000,000	(85,000,000)	-	-
Final dividend paid @ 25% (Rupee 2.5 per share) for the year ended September 30, 2010	-	-	(14,409,135)	(14,409,135)	(14,409,135)
Balance as at September 30, 2011	**57,636,540**	**100,000,000**	**172,538,221**	**272,538,221**	**330,174,761**

The general reserves and accumulated profit can be utilized for meeting any contingencies and for distribution of profits by way of dividends.

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

GHULAM AHMED ADAM
Chief Executive

OMAR G. ADAM
Director

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED SEPTEMBER 30, 2011

1 COMPANY AND ITS OPERATIONS

Adam Sugar Mills Limited (the Company) was incorporated in Pakistan in 1965 in the name of Bahawalnagar Sugar Mills Limited as a public limited company. In 1985, the name of the Company was changed to Adam Sugar Mills Limited. The shares of the Company are quoted on Karachi and Lahore Stock Exchanges. The Company is principally engaged in manufacturing and Sale of Sugar. The registered office of the Company is situated at first floor Haji Adam Chambers, Altaf Hussain Road, New Challi, Karachi.

2 BASIS OF PREPARATION

2.1 Statement of Compliance

These financial statements have been prepared in accordance with approved accounting standards, as applicable in Pakistan. 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 or directives of the Companies Ordinance, 1984 shall prevail.

2.2 Basis of Measurement

These financial statements have been prepared under the historical cost convention, except as otherwise disclosed in these notes. Further, accrual basis of accounting is followed except for cash flow information.

2.3 Functional and presentation currency

These financial statements are presented in Pakistani rupees which is the functional currency of the Company.

2.4 Critical accounting estimates and judgments

The preparation of financial statements in conformity with approved accounting standards, as applicable in Pakistan, requires management to make judgments, estimates and assumptions that affect the application of policies and the reported amounts of asset, liabilities, income and expenses.

The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Judgments made by management in the application of approved accounting standard as, applicable in Pakistan, that have significant effect on the financial statements and estimates with a significant risk of material judgment in the next year are as follows:

Property, plant, equipment and intangible asset

The Company reviews the appropriateness of rate of depreciation / amortization, useful life and residual value used in calculation of depreciation / amortization. Further, the Company reviews the value of the assets for possible impairment on an annual basis. Any change in the estimates in future years might affect the carrying amounts of the respective items of property, plant, equipment and intangible asset with a corresponding effect on the depreciation / amortization charge and impairment.

Stock in trade and stores and spares

The Company reviews the net realizable value of stock-in-trade and stores and spares parts to assess any diminution in the respective carrying values. Net realizable values is estimated with reference to the estimated selling price in the ordinary course of business less the estimated cost necessary to make the sale.

Trade debtors

The Company reviews its receivables against any provision required for any doubtful balances on a on-going basis. The provision is made while taking into consideration expected recoveries, if any.

Taxation

In making the estimates for income taxes currently payable by the Company, the management looks at the current income tax law and the decisions of appellate authorities on certain issues in the past.

Staff retirement benefits - Gratuity

Certain actuarial assumptions have been adopted as disclosed in the relevant note to the financial statements for valuation of present value of defined benefit obligations. Any changes in these assumptions in future years might affect gains and losses in those years.

2.5 Standards, amendments and interpretations which became effective during the year

During the year certain amendments to Standards and new interpretations became effective however they did not have any material effect on the financial statements of the Company.

2.6 New / revised accounting standards, amendments to published accounting standards, and interpretations that are not yet effective

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

- Presentation of items of Other Comprehensive Income (Amendments to IAS 1: Presentation of Financial Statements) effective for annual periods beginning on or after 1 July 2012.

- Deferred Tax: Recovery of Underlying Assets (Amendments to IAS 12) effective for annual periods beginning on or after 1 January 2012.

- IAS 19 Employee Benefits (amended 2011) effective for annual periods on or after 1 January 2013.
- Prepayments of a Minimum Funding Requirement (Amendments to IFRIC 14) effective for annual periods beginning on or after 1 January 2011.

- IAS 24 Related Party Disclosures (revised 2009) effective for annual periods beginning on or after 1 January 2011.

- Disclosures - Transfers of Financial Assets (Amendments to IFRS 7) effective for annual periods beginning on or after 1 July 2011.

3 SUMMARY OF SIGNIFICANT POLICIES

The principal accounting policies adopted in preparing these financial statements are as follows:

3.1 Property, plant and equipment

Owned

Property, plant and equipment are initially recognized at cost. Subsequent to initial recognition these are stated at cost or revalued amount less accumulated depreciation and impairment losses, if any except for freehold land which is stated at revalued amount.

Depreciation is charged to income by applying the diminishing balance method whereby the cost of an asset is written off over its useful life at the rates specified in note 4 to the financial statement. Depreciation is charged from the month of purchase while no depreciation is charged on disposal of assets from the month of disposal.

Gains and losses on disposal of property, plant and equipment are taken in to profit and loss account . Maintenance and normal repairs are charged to income as and when incurred while major improvements, if any, are capitalized.

Leased

These are stated at lower of present value of minimum lease payments under the lease agreements and the fair value of assets acquired on lease. Aggregate amounts of obligations relating to assets subject to finance lease is accounted for at net present value of liabilities. Assets so acquired are depreciated by applying reducing balance method at the rates specified in the relevant note. Depreciation is charged on additions during the year from the month of purchase while no depreciation is charged on disposal of assets from the month of disposal.

Financial charge is allocated to accounting period in a manner so as to provide a constant periodic rate of charge on the outstanding liability.

3.2 Intangible asset

This is initially stated at cost and subsequently carried at cost less accumulated amortization and accumulated impairment loss, if any. Amortization is charged applying straight line method over estimated useful life.

Amortization on addition is charged from the month in which an asset is acquired while no amortization is charged from the month in which the asset is disposed off.

3.3 *Capital work in progress*

These are stated at cost less impairment, if any, and represents expenditure on fixed assets in the course of construction and installation. Transfers are made to relevant fixed asset category as and when assets are available for their intended use.

3.4 *Stores and spares*

These are valued at lower of the moving average cost or net realizable value. Net realizable value comprise of estimated selling price in the ordinary course of the business less estimated cost necessary to make the sale. Provision is made for items considered obsolete and slow moving. Items in transit are valued at cost comprising invoice price and other charges paid thereon.

3.5 *Stock in trade*

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

Work in process	Prime cost plus proportionate allocation of manufacturing overheads based on stage of completion.
Finished goods	Prime cost plus an appropriate allocation of manufacturing overheads.
Stock of byproduct	Net realizable value.

Net realizable value comprise of estimated selling price in the ordinary course of the business less estimated cost necessary to make the sale.

3.6 *Trade and other receivables*

Trade debts and other receivables are recognized initially at fair value and subsequently measured at amortized cost net of provision for uncollectable amounts, if any. A provision for uncollectable amounts is established when there is an objective evidence that the Company will not be able to collect due amounts. Trade debts and other receivables considered irrecoverable are written off.

3.7 *Cash and cash equivalents*

Cash and cash equivalents are carried in the balance sheet at cost. For the purpose of cash flows statement, cash and cash equivalents consist of cash in hand, balances with banks.

3.8 *Loans, advances, deposits and prepayments*

These are stated at their nominal values net of any allowance for uncollectable amounts (if any).

3.9 Staff retirement benefits

Defined Contribution Plan

The Company operates a funded provident fund scheme covering permanent employees of mill. Equal contribution are made by both employer and employees.

Defined Benefit Plan

The Company also operates an unfunded gratuity scheme for its permanent employees. Provisions are made in the financial statements to cover the obligations using the *Projected Unit Credit Method*. Actuarial Gains/losses are amortized over the expected future service of the employees.

3.10 Taxation

Current

Provision for current taxation is based on the provisions of the Income Tax Ordinance, 2001.

Deferred

Deferred tax is accounted for using the balance sheet liability method in respect of temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and their tax base, to the extent of probability that taxable profits will be available against which these deductible temporary differences can be utilized. Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled.

The carrying amount of deferred tax asset is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of deferred tax asset to be recognized. Unrecognized deferred tax assets are reassessed at each balance sheet date and are recognized to the extent that it has become probable that future taxable profit will allow deferred tax asset to be recovered.

3.11 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 the future for goods and services received, whether or not billed to the Company.

3.12 Financial instruments

All financial assets and liabilities are initially measured at fair value, and subsequently measured at fair value or amortized cost as the case may be. The Company derecognizes the financial assets and financial liabilities when it ceases to be a party to such contractual provisions of the instruments.

3.13 *Off-setting of financial assets and financial liabilities*

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if the Company has a legally enforceable right to set off the recognized amounts and intends either to settle on net basis or to realize the assets and settle the liabilities simultaneously.

3.14 *Impairment*

The carrying amounts of assets are reviewed at each balance sheet date to determine whether there is any objective evidence that an asset or group of assets may be impaired. If any such evidence exists, the asset or group of assets' recoverable amount is estimated. An impairment loss is recognized whenever the carrying amount of an asset exceeds its recoverable amount. Impairment losses are recognized in profit and loss account.

3.15 *Related party transactions*

All transactions with related parties are carried out by the company at arms' length prices using the admissible valuation methods except loan from directors which is interest free.

3.16 *Translation of foreign currencies*

Transaction in foreign currencies are recorded into rupees at the rates approximating those prevailing on the date of each transaction. Monetary assets and liabilities in foreign currencies are reported in rupees using the exchange rates approximating those prevailing on the balance sheet date. Exchange differences are included in income currently.

3.17 *Revenue recognition*

Revenue from sales is recognized on dispatch of goods to customers.
Rent income is recorded on accrual basis as per terms of agreement.
Return on bank deposits is recognized on accrual basis.

3.18 *Dividend to share holders*

Dividend is recognized as a liability in the period in which it is approved and declared.

3.19 *Provisions*

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

3.20 *Borrowing Cost*

Borrowing costs are recognized as an expense in the period in which they are incurred.

3.21 *Biological asset*

Biological assets are measured at its fair value less its point of sale costs. Gain / (loss) on such measurement is recognized in profit and loss account. Gain / (loss) on disposal of biological asset is recognized in profit and loss account in the year of disposal.

4 PROPERTY, PLANT AND EQUIPMENT

	Note	2011 Rupees	2010 Rupees
Operating fixed assets	4.1	**831,331,341**	824,398,043
Capital work in progress	4.2	**5,427,892**	1,772,444
		836,759,233	826,170,487

4.1 Operating fixed assets

Particular	Freehold land	Factory building on freehold land	Non-factory building on freehold land	Plant and Machinery	Building construction machinery	Railway siding
	------	------	------ Rupees ------	------	------	------
At September 30, 2009						
Cost / revaluation	36,100,000	67,637,890	12,185,595	1,028,129,543	238,125	2,191,346
Accumulated depreciation	-	31,323,426	5,464,399	294,583,626	233,868	2,151,976
Net book value	36,100,000	36,314,464	6,721,196	733,545,917	4,257	39,370
Year ended September 30, 2010						
Additions	-	2,086,657	-	16,431,758	-	-
Disposals						
- Cost	-	-	-	-	-	-
- Depreciation	-	-	-	-	-	-
Transfer from capital work in progress	-	-	-	-	-	-
Surplus on revaluation	-	-	-	-	-	-
Depreciation charged	-	3,683,223	336,060	37,408,145	383	3,937
Net book value as at September 30, 2010	36,100,000	34,717,898	6,385,136	712,569,530	3,874	35,433
Year ended September 30, 2011						
Additions	-	2,446,569	-	45,020,912	-	-
Transfer/Disposal						
- Cost	-	-	-	-	-	-
- Depreciation	-	-	-	-	-	-
Transfer from capital work in progress	-	-	-	-	-	-
Surplus on revaluation	-	-	-	-	-	-
Depreciation charged	-	3,692,853	319,257	37,106,679	349	3,543
Net book value as at September 30, 2011	**36,100,000**	**33,471,614**	**6,065,879**	**720,483,763**	**3,525**	**31,890**
At September 30, 2010						
Cost / revaluation	36,100,000	69,724,547	12,185,595	1,044,561,301	238,125	2,191,346
Accumulated depreciation	-	35,006,649	5,800,459	331,991,771	234,251	2,155,913
Net book value	36,100,000	34,717,898	6,385,136	712,569,530	3,874	35,433
At September 30, 2011						
Cost / revaluation	**36,100,000**	**72,171,116**	**12,185,595**	**1,089,582,213**	**238,125**	**2,191,346**
Accumulated depreciation	**-**	**38,699,502**	**6,119,716**	**369,098,450**	**234,600**	**2,159,456**
Net book value	**36,100,000**	**33,471,614**	**6,065,879**	**720,483,763**	**3,525**	**31,890**
Rate of depreciation %	**-**	**10**	**5**	**5**	**9**	**10**

4.1.1 The vehicle costing Rs.469,000/- having book value of Rs.197,305/- has been disposed-off at Rs.210,000/- to Mr. Muhammad Rizwan Ibrahim through negotiation.

Owned								Leased		
Vehicles	*Office equipment*	*Computer and other equipments*	*Furniture and fixtures*	*Electric generator*	*Water connection and electric installation*	*Tools and other equipments*	*Air conditioners and refrigerators*	*Plant and machinery*	*Vehicles*	*Total*
		Rupees								
15,178,123	1,545,398	3,667,770	3,255,707	556,759	2,497,536	7,921,453	1,547,394	25,000,000	2,640,500	1,210,293,139
10,531,048	1,149,870	1,872,761	1,939,755	504,814	2,179,228	6,448,349	899,362	2,719,531	1,775,261	363,777,274
4,647,075	395,528	1,795,009	1,315,952	51,945	318,308	1,473,104	648,032	22,280,469	865,239	846,515,865
2,915,360	99,640	72,800	46,960	500,000	-	372,894	-	-	-	22,526,069
2,640,500	-	-	-	-	-	-	-	-	2,640,500	-
(1,775,261)	-	-	-	-	-	-	-	-	(1,775,261)	-
865,239									(865,239)	
-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-
1,314,672	44,640	182,458	133,506	40,300	47,746	237,593	97,205	1,114,023	-	44,643,891
7,113,002	450,528	1,685,351	1,229,406	511,645	270,562	1,608,405	550,827	21,166,446	-	824,398,043
	21,698	383,440	314,730		1,617,318	1,749,080	112,000	-	-	51,665,747
469,000	-	-	-	-	-	-	-	-	-	469,000
(271,695)	-	-	-	-	-	-	-	-	-	(271,695)
197,305										197,305
-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-
1,383,139	45,162	189,030	147,705	46,048	66,250	390,547	86,260	1,058,322	-	44,535,144
5,532,558	**427,064**	**1,879,761**	**1,396,431**	**465,597**	**1,821,630**	**2,966,938**	**576,567**	**20,108,124**	**-**	**831,331,341**
20,733,983	1,645,038	3,740,570	3,302,667	1,056,759	2,497,536	8,294,347	1,547,394	25,000,000	-	1,232,819,208
13,620,981	1,194,510	2,055,219	2,073,261	545,114	2,226,974	6,685,942	996,567	3,833,554	-	408,421,165
7,113,002	450,528	1,685,351	1,229,406	511,645	270,562	1,608,405	550,827	21,166,446	-	824,398,043
20,264,983	**1,666,736**	**4,124,010**	**3,617,397**	**1,056,759**	**4,114,854**	**10,043,427**	**1,659,394**	**25,000,000**	**-**	**1,284,015,955**
14,732,425	**1,239,672**	**2,244,249**	**2,220,966**	**591,162**	**2,293,224**	**7,076,489**	**1,082,827**	**4,891,876**	**-**	**452,684,614**
5,532,558	**427,064**	**1,879,761**	**1,396,431**	**465,597**	**1,821,630**	**2,966,938**	**576,567**	**20,108,124**	**-**	**831,331,341**
20	**10**	**10**	**10**	**9**	**15**	**15**	**15**	**5**	**20**	

	Note	2011 Rupees	2010 Rupees
4.1.2 Depreciation has been charged to:			
Cost of sales	25	**42,770,108**	42,968,615
Administrative expenses	26	**1,765,036**	1,675,276
		44,535,144	44,643,891
4.2 Capital work in progress			
Factory building - Civil works		**5,427,892**	1,772,444

5 LONG TERM DEPOSITS

	2011 Rupees	2010 Rupees
Lease deposits	**1,250,000**	1,250,000
Others	**40,000**	27,400
	1,290,000	1,277,400
Current maturity of lease deposit	**(1,250,000)**	-
	40,000	1,277,400

6 INTANGIBLE ASSETS
- Accounting Software

	2011 Rupees	2010 Rupees
Cost	**1,000,000**	1,000,000
Accumulated amortization	**(333,333)**	(133,333)
	666,667	866,667
Rate of amortization	**20%**	20%

7 BIOLOGICAL ASSETS

	2011 Rupees	2010 Rupees
At fair value		
Carrying value at beginning of the year	**484,349**	1,273,700
Addition due to cultivation	**800,686**	399,179
Gain arising from changes in fair value less estimated cost to sale	**303,762**	158,515
	1,588,797	1,831,394
Deduction due to harvesting	**(360,533)**	(1,347,045)
Carrying value at end of the year	**1,228,264**	484,349

7.1 Operations and principal activities at farms

The company's agriculture activities include sugar cane and seeds cultivation, which is supplied to various sugar cane growers.

	Note	2011 Rupees	2010 Rupees
8 STORES AND SPARES			
Stores		**44,677,790**	42,075,643
Spares		**12,799,177**	13,954,406
		57,476,967	56,030,049
9 STOCK IN TRADE			
Sugar in process		**6,374,599**	4,000,944
Sugar - Finished goods		**221,056,747**	-
Molasses		**11,553,042**	4,448,140
		238,984,388	8,449,084
10 TRADE DEBTORS			
Considered good	23.5	**40,743,177**	222,549,400
11 LOANS AND ADVANCES			
Loans - considered good			
- growers		**8,997,690**	2,815,190
- staff		**641,847**	615,842
		9,639,537	3,431,032
Advances - considered good			
- suppliers		**32,344,813**	16,222,541
- against income tax		**16,613,411**	2,933,861
- against expenses		**366,435**	313,397
		49,324,659	19,469,799
considered bad			
- suppliers		**-**	5,722
- provision against considered doubtful		**-**	(5,722)
		-	-
		58,964,196	22,900,831

	Note	2011 Rupees	2010 Rupees
12 DEPOSITS AND PREPAYMENTS			
Current maturity of lease deposit		**1,250,000**	-
Prepayments		**592,466**	739,396
		1,842,466	739,396

13 CASH AND BANK BALANCES

	Note	2011 Rupees	2010 Rupees
Cash in hand		**2,011,240**	1,140,117
Cash at Bank			
- Current accounts		**101,028,410**	17,732,461
- Deposit account	13.1	**18,814,638**	15,212,027
		119,843,048	32,944,488
		121,854,288	34,084,605

13.1 It carries markup ranging from 8.5% to 11.5% (2010: 8.5% to 10.5%) annually.

14 SHARE CAPITAL

2011 (Number of Shares)	2010 (Number of Shares)		2011 Rupees	2010 Rupees
		Authorized capital		
10,000,000	10,000,000	Ordinary shares of Rs. 10 each	**100,000,000**	100,000,000
		Issued, subscribed and paid up capital		
3,440,913	3,440,913	Ordinary shares of Rs. 10 each issued for cash	**34,409,130**	34,409,130
250,000	250,000	Issued to PICIC under terms of loan agreement	**2,500,000**	2,500,000
2,072,741	2,072,741	Issued as fully paid bonus shares	**20,727,410**	20,727,410
5,763,654	5,763,654		**57,636,540**	57,636,540

14.1 The number of shares held by associated companies - (related parties) of the company are 3,507,446 (2010: 3,507,446).

	2011 Rupees	2010 Rupees

15 SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT - NET

	2011 Rupees	2010 Rupees
Opening balance	**393,094,128**	412,562,888
Transferred to equity in respect of incremental depreciation - net of deferred tax	**(11,981,564)**	(12,654,694)
Related deferred tax liability of incremental depreciation.	**(6,451,611)**	(6,814,066)
	(18,433,175)	(19,468,760)
	374,660,953	393,094,128
Less: Related deferred tax liability		
- at beginning of the year	**125,116,973**	131,931,039
- on Incremental depreciation for the year	**(6,451,611)**	(6,814,066)
	118,665,362	125,116,973
	255,995,591	267,977,155

15.1 Land, building, plant and machinery of the Company were first time revalued by an independent professional valuer M/s. Asif Associates (Private) Limited on the basis of present value as on July 14, 2004 resulting in surplus of Rs.488.629 million incorporated in the financial statements for the year ended September 30, 2006. Subsequently these were again revalued by the same professional valuer on the basis of present value as on July 09, 2009 resulting in surplus of Rs.10.418 million which has been credited to surplus on revaluation of property plant and equipment.

15.2 Had there been no revaluation, the status of revalued assets (after providing depreciation) would have been as follows: -

	Cost as at September 30, 2011	Accumulated Depreciation	Written down Value as at September 30, 2011
	- - - - - - - - - - - - - - - Rupees	- - - - - - - - - - - -	
Free hold land	482,937	-	482,937
Factory building on free hold land	55,941,998	32,538,179	23,403,819
Non - Factory building on free hold land	5,688,514	4,501,059	1,187,455
Plant and machinery	643,578,124	251,975,282	391,602,842
	705,691,573	289,014,520	416,677,053

16 DIRECTOR'S SUBORDINATED LOAN

This is an interest free and unsecured long term loan from Chief Executive of the company and not payable within twelve months from the balance sheet date.

	Note	2011 Rupees	2010 Rupees
17 LONG TERM FINANCES			
From banking company - secured			
Demand Finance Facility	17.1	**29,333,332**	43,999,999
Current maturity shown under current liabilities	22	**(14,666,667)**	(14,666,667)
		14,666,665	29,333,332

17.1 This represents demand finance facility of Rs. 66 million and carries mark up at the rate of average of 3 months KIBOR plus 2.5%. The loan is payable in 18 equal quarterly installments of Rs.3.67 million. The loan is secured against equitable mortgage over factory premises and first pari passu charge of Rs. 175 million on the present and future fixed assets of the Company and subordination of director loan up to Rs. 200 million and personal guarantee of the Chief Executive.

18 LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASES

This represents finances obtained under the lease arrangement for plant and machinery. The total minimum lease payment are payable in 60 monthly installments. The internal rate of return ranging from 12.97% to (2010: 12.97%).