



	<i>2012</i> <i>Rupees</i>	<i>2011</i> <i>Rupees</i>
5 LONG TERM DEPOSITS		
Lease deposits	-	1,250,000
Others	40,000	40,000
	40,000	1,290,000
Current maturity of lease deposit	-	(1,250,000)
	40,000	40,000
6 INTANGIBLE ASSETS		
<i>- Accounting Software</i>		
Cost	1,000,000	1,000,000
Addition	209,500	
Accumulated amortization	(540,316)	(333,333)
	669,184	666,667
Rate of amortization	20%	20%
7 BIOLOGICAL ASSETS		
At fair value		
Carrying value at beginning of the year	1,228,264	484,349
Addition due to cultivation	3,019,925	800,686
Gain / (loss) arising from changes in fair value less estimated cost to sale	(2,796,575)	303,762
	1,451,614	1,588,797
Deduction due to harvesting	(1,339,101)	(360,533)
Carrying value at end of the year	112,513	1,228,264

7.1 Operations and principal activities at farms

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



	2012	2011
	Rupees	Rupees
8 STORES AND SPARES		
Stores	74,259,103	44,677,790
Spares	15,967,500	12,799,177
	90,226,603	57,476,967

9 STOCK IN TRADE		
Sugar in process	4,352,446	6,374,599
Sugar - finished goods	1,127,778,503	221,056,747
Molasses	1,106,072	11,553,042
	1,133,237,021	238,984,388

10 SHORT TERM INVESTMENTS

Includes investments in term deposit receipts of various banks. Rate of return on these investments ranges from 10.35 % to 11.30 % (2011 : 8.5% to 11.5%).

11 TRADE DEBTS - CONSIDERED GOOD

This includes Rs.37.508 (2011 : Rs.37.508) million receivable from Province of Punjab through District Collector Bahawalnagar and other related Government departments (Refer Note 24.2).

	2012	2011
	Rupees	Rupees
12 LOANS AND ADVANCES - CONSIDERED GOOD		
Loan to staff	1,546,820	641,847
Advances		
- to growers	15,492,434	8,997,690
- to suppliers	33,046,316	30,752,239
- against income tax	24,157,232	16,613,411
- against expenses	3,856,718	366,435
	76,552,700	56,729,775
	78,099,520	57,371,622



	<i>Note</i>	<i>2012 Rupees</i>	<i>2011 Rupees</i>
13 DEPOSITS AND PREPAYMENTS			
Current maturity of lease deposit		-	1,250,000
Prepayments		849,416	592,466
Trade deposits		32,634,537	1,592,574
		33,483,953	3,435,040

14 CASH AND BANK BALANCES

Cash in hand		1,052,490	2,011,240
Cash at bank			
- Current accounts		25,779,656	23,950,269
- Deposit accounts	14.1	19,274,319	77,078,141
		45,053,975	101,028,410
		46,106,465	103,039,650

14.1 These carry mark up ranging from 7.5% to 10% (2011 : 7.5% to 10%).

15 ISSUED, SUBSCRIBED AND PAID-UP CAPITAL

<i>2012</i>	<i>2011</i>		<i>2012</i>	<i>2011</i>
<i>(Number of Shares)</i>				
10,000,000	10,000,000	Authorized capital	100,000,000	100,000,000
		Ordinary shares of Rs. 10 each		
		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

15.1 The number of shares held by associated companies - (related parties) of the company are 3,507,446 (2011 : 3,507,446).



2012
Rupees *2011*
Rupees

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

Opening balance	374,660,953	393,094,128
Transferred to equity in respect of incremental depreciation - net of deferred tax	(11,346,130)	(11,981,564)
Related deferred tax liability of incremental depreciation	(6,109,454)	(6,451,611)
	(17,455,584)	(18,433,175)
	357,205,369	374,660,953
Less: Related deferred tax liability		
- at beginning of the year	118,665,362	125,116,973
- on Incremental depreciation for the year	(6,109,454)	(6,451,611)
	112,555,908	118,665,362
	244,649,461	255,995,591

16.1 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.

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

	<i>Cost as at September 30, 2012</i>	<i>Accumulated Depreciation</i>	<i>Written down Value as at September 30, 2012</i>
	----- <i>Rupees</i> -----		
Free hold land	12,887,937	-	12,887,937
Factory building on free hold land	56,757,112	34,902,681	21,854,431
Non - Factory building on free hold land	9,321,344	4,684,280	4,637,064
Plant and machinery	706,690,802	273,074,201	433,616,601
	785,657,195	312,661,162	472,996,033



	<i>Note</i>	<i>2012 Rupees</i>	<i>2011 Rupees</i>
17 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.

18 LONG TERM FINANCES

From banking company - Secured

Demand Finance Facility	18.1	-	29,333,332
Term loan	18.2	200,000,000	-
Current maturity shown under current liabilities	23	-	(14,666,667)
		<u>200,000,000</u>	<u>14,666,665</u>

18.1 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. During the year the loan was fully repaid.

18.2 This represents term loan of Rs.200 million and carries mark up at the rate of average of 3 months KIBOR plus 2.5%. The loan is payable in 8 equal semi annual installments of Rs.25million starting from November 11, 2013. The loan is secured against first equitable mortgage over mill premises and first pari passu charge of Rs.267 million on the present and future fixed assets of the Company and subordination of loan agreement of Rs.267 million.

19 LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE

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% (2011 : 12.97%).

The amount of future payments for the lease and the period in which these payments will become due are:



	<i>Note</i>	2012 Rupees	2011 Rupees
Minimum lease payments			
Upto one year		-	5,524,000
More than 1 year but not later than 5 years		-	-
		-	5,524,000
Finance charges not yet due			
Upto one year		-	200,609
More than 1 year but not later than 5 years		-	-
		-	200,609
Present value of minimum lease payments			
Upto one year		-	5,323,391
More than 1 year but not later than 5 years		-	-
		-	5,323,391
Current portion shown under current liabilities	23	-	5,323,391
		-	-

20 DEFERRED LIABILITIES

Deferred taxation	20.1	239,869,331	229,570,000
Staff retirement benefits	20.2	1,586,689	1,447,048
		241,456,020	231,017,048

20.1 Deferred taxation comprises differences relating to:

Credit balance arises due to:

Accelerated tax depreciation	233,738,721	231,812,141
Assets subject to finance lease	6,685,951	7,037,843
	240,424,672	238,849,984

Debit balance arises due to:

Provision for gratuity	(555,341)	(506,467)
Liabilities against assets subject to finance lease	-	(1,863,187)
Minimum tax impact	-	(6,910,330)
	(555,341)	(9,279,984)
	239,869,331	229,570,000



**20.2 Staff retirement benefits
- Gratuity**

a) Reconciliation of obligation as at year end

	2012	2011
	Rupees	Rupees
Reconciliation of defined benefit obligation	997,488	1,125,515
Unrecognized actuarial gain	589,201	321,533
Net liability at end of the year	1,586,689	1,447,048

b) Charge for the year

Current service cost	91,199	29,576
Interest cost	135,062	54,985
Actuarial gain recognized for the year	(52,245)	(35,726)
	174,016	48,835

c) Movement in defined benefit obligation

Present value of defined benefit obligation

At beginning of the year	1,125,515	1,957,633
Charge for the year	226,261	48,835
Benefits paid during the year	(34,375)	(125,800)
Actuarial loss / (gain) on PVDBO	(319,913)	(755,153)
At the end of the year	997,488	1,125,515

d) Changes in actuarial gains / (losses)

Unrecognized actuarial gains

At the beginning of the year	321,533	357,259
Actuarial loss arising during the year	319,913	-
Recognized for the year	(52,245)	(35,726)
At the end of the year	589,201	321,533

e) The principal actuarial assumptions used for the purpose of the valuation were as follows:

	2012	2011
	Per annum	Per annum
Discount rate	11.5%	12%
Expected rate of increase in salary	11.5%	12%
Average expected remaining working life time of employees	4 years	2 years



	<i>Note</i>	<i>2012 Rupees</i>	<i>2011 Rupees</i>
21 SHORT TERM BORROWINGS			
Unsecured - interest free			
- from chief executive		515,251,863	100,000,000
Secured - interest bearing			
- from banking companies	21.1 & 21.2	-	-
		515,251,863	100,000,000

21.1 The short term credit facilities available from banking companies and unavailed in respect of cash finances as at September 30, 2012 amount to Rs.1.45 (2011 : Rs.0.75) billion. These finances are secured against pledge of refined white sugar, pari passu charge on fixed assets, subordination of director's loan and personal guarantee of chief executive of the Company. Mark up charging rate ranges from one month KIBOR + 2.75 % to three months KIBOR + 3 % (2011 : three month KIBOR + 2.5% and 2.75% to three months KIBOR + 3 %).

21.2 The details of other credit facilities available to the company and not availed as at September 30, 2012 are as under:

Nature of Facilities			
Murabaha (Salam) finance		200,000,000	200,000,000
Sub-limits of cash finance facilities are:			
Letter of credit (0.10% per quarter)		250,000,000	250,000,000
Finance against import (one month KIBOR + 3%)		-	250,000,000
Shipping guarantee (as per bank schedule of charges)		-	250,000,000

22 TRADE AND OTHER PAYABLES

Trade creditors		45,375,711	29,047,184
Accrued liabilities		13,672,888	17,148,891
Advance from customers		658,667,806	24,254,653
Retention money		163,686	152,266
Workers Profit Participation Fund payable	22.1	17,647,568	12,340,504
Workers Welfare Fund payable		5,471,481	4,205,099
Provident fund payable	22.2	6,976,191	6,865,753
Market committee fee payable		1,362,203	1,907,163
Others		10,286,235	14,630,391
		759,623,769	110,551,904



	<i>Note</i>	<i>2012 Rupees</i>	<i>2011 Rupees</i>
22.1 Workers Profit Participation Fund payable			
Opening balance		12,340,504	7,189,473
Interest on funds utilized in the Company's business	30	1,974,480	1,150,316
		14,314,984	8,339,789
Payments made during the year to workers		-	-
		14,314,984	8,339,789
Provision for the year		3,332,584	4,000,715
		17,647,568	12,340,504

22.2 The Company is maintaining separate bank account for provident fund in its own name.

23 CURRENT MATURITY OF NON-CURRENT LIABILITIES

Current maturity of long term loan	18	-	14,666,667
Current maturity of liabilities against finance lease	19	-	5,323,391
		-	19,990,058

24 CONTINGENCIES AND COMMITMENTS

Contingencies

24.1 The food Secretary Punjab imposed a penalty of Rs.372,494 against the Company. The Company made appeal in Lahore High Court which was dismissed by the Honourable Court. Now the case has been filed in the Supreme Court of Pakistan and the Company expects favourable outcome of the case.

24.2 The company has filed case in Honourable Lahore High Court, Bahawalpur Bench, Bahawalpur against Province of Punjab through District Collector Bahawalnagar and other related Government departments for the recovery of Rs.55,161,000, being market value of sugar stock forcefully lifted by the Government of Punjab over and above from the quantity fixed by the Honorable Supreme Court of Pakistan at the rate of Rs. 38/kg. The management of the company is confident that the decision of the case will be in favour of the company. However, the company has recorded receivable amounting to Rs.37,507,900 at Rs.38/kg.



Adam Sugar Mills Limited

24.3 CPLA titled "Adam Sugar Mills Vs. Secretary to Govt. of Punjab, Food Department and Others" filed by the Company on 10-07-2010 in the Supreme Court against the judgment dated 17-06-2010 of the Lahore High Court.

The matter involves no future liability as the disputed amount has already been paid under direction of the High Court.

24.4 A case has been filed by the Company in Honorable Lahore High Court against Additional Collector in which legal interpretation is sought about whether the Company should pay sales tax on the price charged by the Company or on the rate fixed by the FBR. The Company is confident of favourable outcome of this case.

24.5 An appeal is pending against order of Commissioner Social Security dated 02-05-2005 involving the disputed demand of Rs.1.6 million on account of alleged unpaid social security contribution on special allowance.

No provision has been made as appellate remedy in High Court is available against an adverse order, if any.

24.6 An appeal is pending in the Punjab Social Security Court against order of Commissioner Social Security dated 04-10-2011 involving the disputed demand of Rs.4.519 million.

No provision has been made as appellate remedy in High Court is available against an adverse order, if any.

24.7 Guarantees issued by Banking Companies on behalf of the Company are as follows:

	<i>Note</i>	2012 <i>Rupees</i>	2011 <i>Rupees</i>
In favour of :			
Market Committee Chishtian		130,000	125,000
Excise duty collection Multan		50,000	50,000
Punjab Employees Social Security Institution		8,920,639	8,930,000
		9,100,639	9,105,000
Commitments			
Future lease rentals		-	5,524,000

25 SALES - NET

Sugar - Local	1,483,651,161	2,378,487,247
Molasses	161,660,175	157,625,451
	1,645,311,336	2,536,112,698
Federal excise duty	(109,900,086)	(95,420,043)
	1,535,411,250	2,440,692,655



26 COST OF SALES

	<i>Note</i>	<i>2012</i> <i>Rupees</i>	<i>2011</i> <i>Rupees</i>
Manufacturing cost			
Sugarcane purchased & consumed		2,034,652,182	2,253,152,222
Handling expenses		2,410,620	2,531,055
Road cess		13,089,357	11,438,457
Stores consumed		30,258,959	24,714,179
Market committee fees		2,509,035	11,850,665
Salaries, wages and allowances	26.1	70,985,017	60,497,923
Repairs and maintenance	26.2	36,659,715	34,162,300
Fuel and power		16,791,533	15,514,674
Insurance		4,117,153	3,491,662
Flying ash removal expenses		2,761,442	1,922,566
Depreciation	4.3	43,558,977	42,770,108
		2,257,793,990	2,462,045,811
Opening stock of sugar in process		6,374,599	4,000,944
Closing stock of sugar in process		(4,352,446)	(6,374,599)
		2,022,153	(2,373,655)
Cost of goods manufactured		2,259,816,143	2,459,672,156
Opening stock			
Molasses		11,553,042	4,448,140
Sugar - finished goods		221,056,747	-
		232,609,789	4,448,140
Closing stock			
Molasses		(1,106,072)	(11,553,042)
Sugar - Finished goods		(1,127,778,503)	(221,056,747)
		(1,128,884,575)	(232,609,789)
		1,363,541,357	2,231,510,507



26.1 It includes Rs.274,036 (2011 : Rs.77,341) contribution each from the employees and the Company towards the provident fund scheme.

26.2 It includes an amount of Rs.5.154 (2011 : Rs.3.873) million paid against purchase of lube oil from Adam Lubricants Limited (associated undertaking). The pricing policy and terms and conditions are approved by the management and the same are entered at fair value.

	<i>Note</i>	2012 <i>Rupees</i>	2011 <i>Rupees</i>
27 ADMINISTRATIVE EXPENSES			
Salaries, wages and other allowances	27.1	28,207,339	21,988,922
Director remuneration		676,500	670,500
Printing and stationery		1,004,182	1,001,780
Postage, telegram and telephone		1,709,855	1,405,031
Security guard services		180,000	180,000
Vehicle running expenses		2,867,302	3,216,999
Conveyance and travelling expenses		1,590,650	1,176,870
Auditors' remuneration	27.2	587,000	455,000
Legal and professional charges		5,379,831	1,625,948
Rent, rates and taxes		1,129,811	815,965
Electricity charges		683,619	784,567
Fees and subscription		527,868	403,314
Entertainment		687,938	450,528
General expenses		593,682	880,341
Repair and maintenance		361,437	260,497
Charity and donation	27.3	3,157,829	691,302
Computer expenses		362,444	667,127
Amortization of intangible assets	6	206,983	200,000
Depreciation	4.3	2,273,690	1,765,036
		52,187,960	38,639,727



	<i>Note</i>	<i>2012</i> <i>Rupees</i>	<i>2011</i> <i>Rupees</i>
27.1			
This includes staff retirement benefits of Rs.174,016 (2011 : Rs.48,835).			
27.2			
Auditors' remuneration			
Statutory Audit			
Haroon Zakaria & Company			
- Statutory audit fee		362,000	300,000
- Review of half yearly accounts		40,000	25,000
- Review of compliance with corporate governance		35,000	30,000
		437,000	355,000
Cost audit			
Khalid Majid Rehman Sarfaraz Rahim Iqbal Rafiq & Company			
- Cost audit fee		150,000	100,000
		587,000	455,000

27.3 None of the directors or their spouses had any interest in the donee institutions.

28 SELLING AND DISTRIBUTION EXPENSES

Loading and unloading expenses	610,249	854,962
Shifting expenses	1,595,399	1,126,779
Advertisement expenses	142,577	145,250
Commission expenses	1,126,536	143,808
	3,474,761	2,270,799

29 OTHER OPERATING INCOME

Income from financial assets		
Profit on term and fixed deposits	9,244,212	6,096,500
Income from assets other than financial assets		
Rent	18,000	18,000
Gain on sale of fixed assets	3,090,471	12,695
Realized farming income - net	4,214,097	1,181,670
Liabilities written back	13,000,000	-
Unrealized farming loss	(2,796,575)	-
Miscellaneous	108,250	1,658,353
	17,634,243	2,870,718
	26,878,455	8,967,218



30 FINANCE COST

	<i>Note</i>	2012 <i>Rupees</i>	2011 <i>Rupees</i>
Mark up on			
- short term borrowings		67,928,806	86,631,158
- long term finances		1,579,260	6,277,719
- liabilities against assets subject to finance lease		1,245,969	921,541
- workers profit participation fund	22.1	1,974,480	1,150,316
		72,728,515	94,980,734
 Bank charges and commission		3,705,433	2,243,804
		76,433,948	97,224,538

31 OTHER OPERATING CHARGES

Workers' profit participation fund	3,332,584	4,000,715
Workers' welfare fund	1,266,382	1,311,755
	4,598,966	5,312,470

32 TAXATION

Current	9,042,845	24,406,927
Deferred	10,299,331	3,367,058
	19,342,176	27,773,985

32.1 Reconciliation between accounting profit and tax expense is not justifiable for current year as current year taxation is based on minimum tax on turnover under section 113 of the Income Tax Ordinance, 2001. This is due to the fact that 1% tax over turn over is higher than taxation at 35% on taxable profit.

32.2 Income tax returns upto and including the tax year 2011 have been filed, which are deemed to be the assessment orders under provisions of the Income Tax Ordinance, 2001. However the commissioner of income tax may any time during the period of five years select the deemed assessment for audit.

33 EARNING PER SHARE - BASIC AND DILUTED

Profit after taxation attributable to ordinary shareholders	<i>Rs.</i>	42,710,537	46,927,847
No of ordinary shares outstanding		5,763,654	5,763,654
Earning per share - basic and diluted	<i>Rs.</i>	7.41	8.14



2012
Rupees

2011
Rupees

34 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

34.1 Financial assets - at fair value through profit and loss

Long term deposits	40,000	40,000
Trade debts	37,843,149	40,743,177
Loans and advances	1,546,820	641,847
Trade deposits	32,634,537	-
Others receivables	58,000	766,498
Interest accrued	561,420	9,789
Cash and bank balances	46,106,465	103,039,650
	118,790,391	145,240,961

34.2 Financial liabilities - at fair value through profit and loss

Director's subordinated loan	239,324,437	239,324,437
Long term finances	200,000,000	14,666,665
Deferred liabilities	1,586,689	1,447,048
Trade and other payables	77,836,914	69,751,648
Short term borrowings	515,251,863	100,000,000
Accrued markup	6,318,588	89,001
Current maturity of non-current liabilities	-	19,990,058
Unclaimed dividend	2,444,807	2,250,480
	1,042,763,298	447,519,337

34.3 The company's activities expose it to a variety of financial risks: market risk (including currency risk, interest rate and price risk), credit risk and liquidity risk. The company's overall risk management focuses on the unpredictability of prices of the sugar and byproduct (molasses) and purchase price of the sugarcane and seeks potential adverse effects on the company's financial performance.

Risk managed and measured by the company are explained below: -

- 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.



34.4 Credit risk

Credit risk represents the accounting loss that would be recognized at the reporting date if counterparties fail completely to perform as contracted. Out of the total financial assets of Rs.118.790 (2011 : Rs.145.241) million, the financial assets which are subject to credit risk amounted to Rs.117.738 (2011 : Rs. 143.230) million.

The carrying amount of financial assets representing the maximum credit exposure at the reporting date as follows: -

	2012	2011
	Rupees	Rupees
Long term deposits	40,000	40,000
Trade debts	37,843,149	40,743,177
Loans and advances	1,546,820	641,847
Trade deposits	32,634,537	-
Others receivables	58,000	766,498
Interest accrued	561,420	9,789
Cash at bank	45,053,975	101,028,410
	117,737,901	143,229,721

The maximum exposure to credit risk for trade debtors is Rs. 37.508 (2011: Rs.37.51) million.

Impairment

The ageing of trade debts as at balance sheet date are as follows;

	2012		2011	
	Gross debts	Impaired	Gross debts	Impaired
	----- Rupees -----			
Past due 0 - 30 days	335,249	-	373,189	-
Past due 31 - 180 days	-	-	2,862,088	-
Past due 181 and above	37,507,900	-	37,507,900	-
	37,843,149	-	40,743,177	-

Based on the past experience, consideration of financial position, past track records and recoveries," the Company believes that trade debtors past due upto 360 days do not require any impairment. (Refer Note - 24.2).