

COST AUDITORS' REPORT

We, M/s. Haroon Zakaria & Company, Chartered Accountants, having been appointed to conduct an audit of cost accounts of **M/S. AL ABBAS SUGAR MILLS LIMITED**, have examined the books of account and the statements prescribed under clause (e) of sub section (1) of section 230 of the Companies Ordinance, 1984 and the other relevant record for the year ended September 30, 2012 and report that:

We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of this audit.

In our opinion:

- a) Proper cost accounting records as required by clause (e) of sub-section (1) of Section 230 of the Companies Ordinance, 1984 (XLVII of 1984), and as required by these rules have been kept by the Company.
- b) Proper returns, statements and schedules for the purpose of audit of cost accounts relating to branches were not required as the Company has no branches in or outside Pakistan.
- c) The said books and records give the information required by the rules in the manner so required, and

In our opinion and, subject to best of our information-

- a) The annexed statement of capacity utilization and stock-in-trade are in agreement with the books of account of the Company and exhibit a true and fair view of the company's affairs; and
- b) Cost accounting records have been properly kept so as to give a true and fair view of the cost of production, processing, manufacturing and marketing of Sugar.

The matter contained in the **Annexures** form part of this report.


Haroon Zakaria & Company
Chartered Accountants

Place: Karachi
Dated: 17 JAN 2013

PARTICULARS TO BE INCLUDED IN COST AUDITOR'S REPORT**1. CAPACITY**

- a) The following table shows the installed capacity per day and normal capacity calculated on the basis of number of working days and actual recovery percentage:-

Particulars	2012	2011	2010
Installed capacity per day (M.Tons)	7,500	7,500	7,500
No. of days worked	93	138	123
Total capacity based on the number of days worked (M.Tons.)	697,500	1,035,000	922,500
Cane milled (M. Tons.)	402,317	594,000	549,630
Capacity utilized by the mill per day (M. Tons.)	4,326	4,304	4,469

- b) The price of sugarcane is fixed at Rs.154.00 (2011 : Rs.127.00) (2010 : Rs.102.00) per 40 kg by the Government, but the company has paid over and above the fixed rate including quality premium and transportation charges.

c) **Other activities**

In addition to manufacturing of white refined sugar and its by-product i.e. molasses and baggase, the company is also engaged in the production of industrial alcohol, calcium carbide and Ferro alloys and power generation.

2. COST ACCOUNTING SYSTEM

The actual cost incurred by the company is charged to various cost centers / units on actual basis and the cost of service department is allocated on the basis considered appropriate under the circumstances. The net realizable value of molasses transferred to distillery unit and baggase consumed in boiler house or sold is deducted from the cost of sugar manufactured as a reduction in overall cost of production.

The company is using an ERP Oracle Financials for sugar industry, whereby the cost accounts are integrated with financial accounting records allowing all the accounting entries for cost of production, at various levels, to be incorporated in the financial books of accounts. Company's weighment bridge is fully computerized which facilitates the incorporation of cane purchased in the books of accounts at the time of weighment. The software was assessed as adequate to determine correctly the cost of the product of the company.

The Company kept adequate records to ascertain the cost of sugar produced and sold. The records have been transformed according to the format prescribed in the Sugar Industry (Cost Accounting Records) Order, 2001. All the cost components are recorded department-wise / cost centre-wise.

3. PRODUCTION

a) Production of each type of product is as under:

Particulars	(M.Tons)		
	2012	2011	2010
Sugar from sugarcane	39,479	60,395	57,130
Molasses - by product	19,724	28,950	26,720
Baggase - by product	130,097	187,033	170,396

b) Installed capacity

	2012	2011	2010
Installed capacity (M.Tons) (based on cane crushed per day and actual recovery percentage)	68,564	105,270	95,940
Actual recovery percentage	9.83%	10.17%	10.40%
Actual production (M.tons)	39,479	60,395	57,130
Capacity utilization (%age)	57.58%	57.37%	59.55%

Reason for decrease in production compared to the install capacity

The production of sugar has decreased due to the non-availability of sugarcane due to heavy rains and floods.

c) Addition to production capacity

There has been no addition in current year. However, Rs. 0.4 million in plant and machinery was added during 2011, whereas no addition in year 2010. During the year there has been no change in production capacity.

4. RAW MATERIAL

a) Detail of raw materials and its cost components is given hereunder: -

S. No	Particulars	2012		
		Quantity M.tons	Rate M.Ton	Amount (Rs. 000's)
1	Sugarcane purchased	402,317	3,850.39	1,549,077
2	Quality premium	-	141.25	56,827
3	Additional price to growers (excess of Government fixed price)	-	11.93	4,800
4	Other cost	-	39.15	15,751
	Total as per cost of sales	402,317	4,042.72	1,626,455

COST AUDIT REPORT

For the year
2012

S. No	Particulars	2011		
		Quantity M.tons	Rate M.Ton	Amount (Rs. 000's)
1	Sugarcane purchased	594,000	3,177.53	1,887,451
2	Quality premium	-	183.81	109,185
3	Additional price to growers (excess of Government fixed price)	-	1,909.96	1,134,517
4	Other cost	-	159.46	94,717
5	Raw sugar	3,597	60,142.24	216,332
6	Refined suger	6,700	64,515.67	432,255
	Total as per cost of sales	604,297	6,411.51	3,874,457

S. No	Particulars	2010		
		Quantity M.tons	Rate M.Ton	Amount (Rs. 000's)
1	Sugarcane purchased	549,630	2,550.00	1,401,555
2	Quality premium	-	212.50	116,796
3	Additional price to growers (excess of Government fixed price)	-	1,960.73	1,077,676
4	Other cost	-	317.60	174,562
	Total as per cost of sales	549,630	5,040.83	2,770,589

- b) Comparison of consumption of major raw material per M.Ton of production with standard consumption is produced as under:

	2012	2011	2010
Actual recovery percentage	9.83%	10.17%	10.40%
Actual raw material consumed per M.Ton	10.191	9.835	9.621
Standard raw material consumed per M.Ton	N/A	N/A	N/A

There are certain limitations attached with sugar industry due to which standard could not be maintained. These limitations include, quality of sugarcane from different areas give different yield, recovery from fresh sugarcane is more than old sugar cane, timing of cane crushing, distance between the cane field and the mill.

c) Variances in percentage

Actual raw material consumed per M. Ton of production. (Adverse)

The variances are due to difference in recovery of juice from sugarcane, in different periods. These ratios correspond with the yield ratio or recovery of sugar from raw material as given in section 3 (b) of our report, i.e. higher the recovery of sugar, lower the raw material consumed per M.Ton of sugar produced.

Actual raw material consumed per M. Ton of production. (Adverse)

Compared current with	
2011	2010
3.61%	5.92%

- d) The company prepares a purchase indent after weighing the quantities of sugarcane received which are instantly recorded in Cane Purchase Receipts (CPRs). These CPRs constitute the record of sugarcane based for computation of cost of sugarcane consumed. The quantities of sugarcane received are issued to production floor.

5. SALARIES, WAGES AND OTHER BENEFITS

- a) Total wages and salaries paid to employees are as follows: -

S. No.	Category	Rupees in thousands		
		2012	2011	2010
i	Direct labour cost on production	39,477	42,836	39,537
ii	Indirect employees' cost on production	71,357	67,816	65,984
iii	Bonus to workers and employees	11,215	14,059	13,324
iv	Other Employees cost	6,026	3,681	4,879
	Total as per cost of sales	128,075	128,392	123,724
v	Employees' cost on Administration	33,842	26,468	23,551
	Total employees cost	161,917	154,860	147,275

- b) Remuneration of Chief Executive Officer and Executive Directors amounting to Rs.10.08 million (2011: Rs.7.500 million) (2010: Rs. 4.818 million) has been charged to administrative expenses.

- c) Total mans days of direct labour available and actually worked: -

Particulars	2012	2011	2010
Days available	88,164	128,616	98,892
Days worked	74,892	94,132	82,008

- d) The number of workers employed for the year 2012 are 948 (2011 : 932) (2010 : 804).

- e) Direct labour cost per M.Ton of output is Rs.1284.02 (2011 : Rs.942.05) (2010 : Rs.925.28) which has been worked out as follows: -

	Rupees in thousands		
	2012	2011	2010
Direct labour cost on production.	39,477	42,836	39,537
Bonus to workers and employees.	11,215	14,059	13,324
Total direct labour cost	50,692	56,895	52,861
Sugar produced from sugarcane - (M.Tons)	39,479	60,395	57,130
Labour cost (Rupees per M.Ton)	1,284.02	942.05	925.28

- f) Variance in item (e) above is as under:

Increase in per ton direct labour cost as compared to 2012 and 2011 is due to increase in minimum wages rate, annual increment and labour incentives together with the decrease of sugar production.

g) Comments on incentive scheme:

The company has paid 4 bonuses (2011 : 7 bonuses) (2010 : 8 bonuses) during the year. It is the policy of the company to pay bonus on every production of 10,000 M.Ton. Last bonus is paid either in full or in proportionate depending upon the production.

Its contribution towards production could not be determined because utilization of production capacity is dependent on the availability of sugarcane.

Bonus to workers has decreased due to decrease in production of sugar to Rs.11.215 million (2011 : Rs.14.059 million) (2010 : Rs.13.324 million).

6. STORES, SPARES AND LOOSE TOOLS**a) Expenditure per unit of output on stores:**

	2012	2011	2010
Stores and spares (Rs.000's)	67,477	53,892	48,427
Process material as per Annexure - 5 (Rs.000's)	12,056	18,493	14,495
Stores and spares as per financials (Rs.000's)	79,534	72,385	62,922
Total production (M.Tons)	39,479	60,395	57,130
Expense per M.Ton of sugar (Rs.)	2,014.58	1,198.53	1,101.38

Increase in expense per M.Ton is due to general price inflation in stores and spares. However, the per ton stores and spares has increased significantly, due to decrease in production of sugar.

- b) The company operates an ERP Oracle Financials for receipt and issuance of stores and spares items. All receipts are being recorded through stores receipt report (SRR), which is being prepared only after acceptance of stores items through material inspection report (MIR) by the department initiating purchase of that item. Whereas all stores issues are being recorded on duly approved store issue receipt (SIR) and charged to respective departments in accordance with the accounting policy i.e. moving average cost. Almost all purchases except in case of emergency or minor items are being carried out by the head office on receipt of store purchase requisition (SPR) duly signed by authorized officer of concerned department. All inventory items are being valued at moving average cost and the same is being adopted consistently. Thus the company is maintaining proper record for receipt and issuance of stores items and valuation of stores items.
- c) The computerized record maintained by the company enables it to calculate value of stores and spares items in hand at the closing date. The value of stores having no movement in preceding twenty four months as on September 30, 2012 amounts to Rs. 21.002 (2011: Rs.21.002) (2010: Rs.19.987) million.

7. DEPRECIATION

- a) Depreciation is charged on a systematic basis over the useful life of the asset by applying the reducing balance method at the rates ranging from 5% to 30%. Depreciation on additions is charged from the month in which the assets is put to use while no depreciation is charged in the month in which the assets are disposed off.

- b) Depreciation of common assets is allocated to cost of sales and administrative expenses on the basis of use of assets.
- c) The depreciation is charged to the cost of various products to the extent that they relate to their manufacturing. Breakup of depreciation charged to cost of sugar is as follows: -

Description	Amount	
	2012	2011
Main factory Building	8,065	7,973
Plant, machinery and equipment	39,244	40,012
Tools and tackles	136	389
Total	47,445	48,374

8. OVERHEADS

- a) Total amounts of overheads and their head-wise break-up, other than those mentioned separately elsewhere, are as follows: -

i) FACTORY OVERHEADS

COST CENTRE	2012	2011	2010	Increase / (Decrease)			
				Compared with 2011		Compared with 2010	
				%	Amount in '000	%	Amount in '000
				Rupees in thousand			
Repairs and maintenance	16,865	14,757	9,795	14%	2,108	72%	7,070
Water, fuel and power	100,965	128,213	33,581	(21%)	(27,248)	201%	67,384
Security services	5,486	3,163	2,840	73%	2,323	93%	2,646
Printing and stationery	222	215	210	3%	6	6%	12
Vehicle running expenses	4,678	3,386	4,815	38%	1,292	(3%)	(137)
Insurance expenses	7,627	6,777	9,097	13%	851	(16%)	(1,470)
Traveling and conveyance	846	2,149	4,309	(61%)	(1,303)	(80%)	(3,463)
Communication charges	514	506	443	2%	9	16%	71
Fees and subscription	610	271	356	125%	339	71%	254
Newspaper and periodicals	56	49	47	14%	7	20%	9
Entertainment	3,708	2,453	2,260	51%	1,256	64%	1,448
Miscellaneous expenses	1,843	1,578	582	17%	265	217%	1,261
Total	143,421	163,517	68,335		(20,096)		75,086

b) Reasons for significant variances in factory overheads: (compared with 2011):

- i) **Repair and Maintenance:** Increase is attributable due to construction of Sim nala for effective drainage of rain water costing Rs. 10 million and repair of existing storage godowns.
- ii) **Water Fuel and Power:** The crushing of sugarcane and production of sugar decreased as compared to previous year due to heavy rains and floods resulting less consumption of fuel and power.
- iii) **Security Service:** Increase is due to normal increase in salaries of security person together with the increase in deployment of security personnel due to law and order situation.

- iv) **Vehicle Running:** The running and maintenance cost has increased substantially due to increase in fuel prices.
- v) **Insurance:** Increase is due to normal inflationary impact.
- vi) **Travelling:** Tight control over travelling cost and no foreign travelling was required.
- vii) **Fee and Subscription:** The fee was paid for various certification pertaining to the export of sugar.
- viii) **Entertainment:** Increase in company guest expense & guest house expense due to frequent visit of consultants and directors for construction of new Sim nala and drainage construction.
- ix) **Miscellaneous expenses:** Nominal increase in accommodation charges for casual and seasonal worker during the year.

Reasons for significant variances in factory overheads (compared with 2010):

- i) **Repair and Maintenance:** Increase is attributable due to construction of Sim nala for effective drainage of rain water and cane yard repairing.
- ii) **Water Fuel and Power:** The transfer price of baggase increased significantly. Moreover, the season started little bit late and company started its operation with furnace oil due to non-availability of Bagasse.
- iii) **Security Service:** Increase is due to normal increase in salaries together with the increase in deployment of security personnel.
- iv) **Vehicle running expense:** Decrease in expenses has been achieved through replacement of old vehicles and tight control over maintenance expenses.
- v) **Insurance:** In comparison with year 2010 the basis of insurance premium for stock and machinery were revised. Previously insurance premium was paid on lumpsum basis. The new practice result in saving.
- vi) **Travelling:** Tight control over travelling cost.
- vii) **Fee and Subscription:** The fee was paid for various certification pertaining to the export of sugar.
- viii) **Entertainment:** Increase in entertainment expense is due to inflationary impact.
- ix) **Miscellaneous expenses:** Increased due to increase in accommodation charges for casual and seasonal worker during the crushing season.

ii) ADMINISTRATION OVERHEADS

COST CENTRE	2012	2011	2010	Increase / (Decrease)			
				Compared with 2011		Compared with 2010	
				%	Amount in '000	%	Amount in '000
	Rupees in thousand						
Salaries, allowances and other benefits	33,842	26,468	23,551	28%	7,374	44%	10,291
Rent, rates and taxes	3,180	4,197	2,066	(24%)	(1,017)	54%	1,114
Communication charges	2,236	1,088	1,591	105%	1,148	41%	645
Traveling and conveyance	2,304	975	1,964	136%	1,329	17%	340
Printing and stationery	600	570	584	5%	30	3%	16
Entertainment	1,278	1,338	808	(4%)	(60)	58%	470
Vehicle running expenses	7,397	5,261	4,827	41%	2,136	53%	2,570
Repairs and maintenance	2,072	1,890	3,067	10%	182	(32%)	(995)
Insurance	1,660	1,084	1,525	53%	576	9%	135
Fees and subscription	2,713	1,947	678	39%	766	300%	2,035
Legal and professional charges	3,910	1,539	1,855	154%	2,371	111%	2,055
Auditors' remuneration	783	666	407	18%	117	92%	376
Charity and donations	1,177	278	220	323%	899	435%	957
Newspaper and periodicals	24	27	31	(11%)	(3)	(23%)	(7)
Utilities	2,098	1,798	2,665	17%	300	(21%)	(567)
Depreciation	4,689	4,526	7,175	4%	163	(35%)	(2,486)
Amortization expense	367	5,078	3,714	(93%)	(4,711)	(90%)	(3,347)
Miscellaneous expenses	1,349	839	1,588	61%	510	(15%)	(239)
Total	71,679	59,569	58,316		12,110		13,363

Reasons for significant variances in administrative overheads (compared with 2011):

- Salaries, allowance and other benefits:** Increase due to general increment in salaries and wages resulting in proportionate impact on Gratuity and leave encashment. Furthermore, the full year impact of increase in salaries of Executive Director and CEO.
- Rent rates and taxes:** The favorable variance arise on account of sharing of rented premises with 3rd party.
- Communication charges:** Increased due to surged in rates of broadband connection charges and increase in bandwidth for better connectivity with Site.
- Travelling:** It includes foreign travelling of CEO and ED for international conference.
- Vehicle running expense:** Increase in vehicle running expense was due to hike in fuel prices and maintenance cost of old cars. Further, Company changed the fuel allowance policy of executives during the year, resulting in the increase of expenses.
- Repairs and maintenance:** Nominal inflationary increase in repair and maintenance expenses.
- Insurance:** Increased due to change of health insurance plan and insurance cost for new additions during the year.
- Fee and Subscription:** Increase due to ERP licensing fees.

- ix) **Legal & Professional:** Increased due to increase in Oracle consultancy charges and other membership and retainership fees such as PSMA, lawyers and legal advisors.
- x) **Charity and Donation:** During the year, donation was paid to Fakhr-e-Imdad Foundation for supporting local educational expenses in the factory vicinity.
- xi) **Utilities:** Nominal increase in utilities expenses.
- xii) **Miscellaneous expenses:** Increased due to general increase in prices.

Reasons for significant variances in administrative overheads (compared with 2010):

- i) **Salaries, allowance and other benefits:** Increase due to general increment in salaries and wages.
- ii) **Rent rates and taxes:** The unfavorable variance arise on account of general inflationary impact.
- iii) **Communication charges:** Increased due to surged in rates of broadband connection charges and increase in bandwidth for better connectivity with Site.
- iv) **Travelling:** Nominal inflationary increase in local travelling expenses.
- v) **Vehicle running expense:** Increase in vehicle running expense was due to hike in fuel prices and maintenance cost of old cars. Further, Company changed the fuel allowance policy of executives during the year, resulting in the increase of expenses.
- vi) **Repairs and maintenance:** Tight control over repair and maintenance expenses.
- vii) **Insurance:** Nominal inflationary increase in insurance expenses.
- viii) **Fee and Subscription:** Increase due to ERP licensing fees.
- ix) **Legal & Professional:** Increased due to increase in Oracle consultancy charges and other membership and retainership fees such as PSMA, lawyers and legal advisors.
- x) **Charity and Donation:** During the year, donation was paid to Fakhr-e-Imdad Foundation for supporting local educational expenses in the factory vicinity.
- xi) **Utilities:** Decreased due to decrease in generator diesel consumption.
- xii) **Miscellaneous expenses:** Decreased due to reduction in advertising and corporate related expenses.

iii) DISTRIBUTION COST

PARTICULAR	2012	2011	2010	Increase / (Decrease)			
				Compared with 2011		Compared with 2010	
				%	Amount in '000	%	Amount in '000
				Rupees in thousand			
Sugar bags handling expenses	6,362	6,108	2,382	4%	254	167%	3,980
Marking fees	3,361	3,202	3,401	5%	159	(1%)	(40)
Sales promotion expenses	-	106	300	(100%)	(106)	(100%)	(300)
Service charges	81,604	-	-	100%	81,604	100%	81,604
Local transportation expenses	16,128	-	-	100%	16,128	100%	16,128
Export transportation and other expenses	13,308	-	-	100%	13,308	100%	13,308
Others	-	184	1,552	(100%)	(184)	100%	(1,552)
Total	120,763	9,600	7,635		111,163		113,128

Reasons for significant variances in distribution cost (compared with 2011):

- Sugar bags handling:** Insignificant variance obtained in sugar bags handling expense.
- Marking fees:** It represents 1% of sale value.
- Sale promotion:** Decreased due to no sales through broker.
- Service Charges:** These charges were incurred pertaining to the services obtained for the supplies to Government of Pakistan-Ministry of Defence.
- Local transportation:** These charges were incurred pertaining to supplies made to the Government of Pakistan-Ministry of Defence.
- Export transportation:** These charges were incurred against export of sugar bags on the basis of FOB rates.
- Others:** Last year some deals were made on CNF basis therefore nominal transportation charges were incurred.

Reasons for significant variances in distribution cost (compared with 2010):

- Sugar bags handling:** Increase due to revision of contract prices.
- Marking fees:** It represents 1% of sale value.
- Sale promotion:** Decreased due to no sales through broker.
- Service Charges:** These charges were incurred pertaining to the services obtained for the supplies to Government of Pakistan-Ministry of Defence.
- Local transportation:** These charges were incurred pertaining to supplies made to the Government of Pakistan-Ministry of Defence.

- vi) **Export transportation:** These charges were incurred against export of sugar bags on the basis of FOB rates.
- vii) **Others:** In year 2010 some deal were made on CNF basis therefore nominal transportation charges were incurred.

iv) FINANCIAL CHARGES

PARTICULAR	2012	2011	2010	Increase / (Decrease)			
				Compared with 2011		Compared with 2010	
				%	Amount in '000	%	Amount in '000
				Rupees in thousand			
Financial charges	163,748	272,159	147,338	(39.83%)	(108,411)	11.14%	16,410

Reasons for significant variances in financial charges (compared with 2011):

Due to decrease in borrowings mainly due to low crushing and decrease in rate of mark-up.

Reasons for significant variances in financial charges (compared with 2010):

Increase in charges was due to the fact that company has higher amount of short term loans in comparison with year 2010 due to increased working capital requirements.

(8) (c) **Basis of Allocation:** The factory overheads is allocated on actual attributable cost.

(8) (d) **Packing material cost:**

Packing material	Cost (Rs. in 000)	Production (M.Tons)	Cost / M. Ton Rs.
Year - September 30, 2012	28,596	39,479	724.33
- September 30, 2011	28,967	60,395	479.63

Reasons for significant variances:

During the year, due to export of sugar and Army contract, special packaging material were used including double bags and inner liner hence it resulted in increase in packing material expenses.

9. ROYALTY / TECHNICAL AID PAYMENTS

Royalty/technical aid fees payable for the year:
Amount chargeable per unit of the product:

N/A
N/A

10. ABNORMAL NON-RECURRING FEATURES

- a) There were no abnormal features affecting production/cost of production during the year, e.g., strikes, lock-outs, major breakdowns in the plant, substantial power cuts, serious accidents, etc.
- b) All expenses allocated to the white sugar are in ordinary course of business and no special expenses are directly allocated to it.

11. COST OF PRODUCTION

Particulars	2012	2011
Cost of goods manufactured (Rs. 000's) (Refer Annexure - 1)	1,812,102	3,841,565
Production in (M.Tons)	39,479	60,395
Cost per M.Ton (Rupees per M.Tons)	45,900	63,607

Comments: In the current year decrease in production cost per ton was due to decreased in additional purchase cost (other than govt fixed cane rate) for procuring sugarcane.

12. SALES**a) Local sales**

Particulars	2012		
	Quantity in M.Ton	Average selling rate Rs./M.Ton	Amount in Rs. (000's)
Sales of bagged sugar			
Local	51,524	59,984.51	3,090,642
Total	51,524	59,984.51	3,090,642
Less:			
Sales tax	-	(444.25)	(22,890)
FED	-	(3,792.84)	(195,422)
Special excise duty	-	(104.38)	(5,378)
	-	(4,341.47)	(223,690)
Net Sales	51,524	55,643.04	2,866,952

b) Export sales

Particulars	2012		
	Quantity in M.Ton	Average selling rate Rs./M.Ton	Amount in Rs. (000's)
Sales of bagged sugar			
Export	5,236	51,555.00	269,942
Total	5,236	51,555.00	269,942
Less:			
Sales tax	-	-	-
FED	-	-	-
Special excise duty	-	-	-
	-	-	-
Net Sales	5,236	51,555.00	269,942

i) Local sales

Particulars	2011		
	Quantity in M.Ton	Average selling rate Rs./M.Ton	Amount in Rs. (000's)
Sales of bagged sugar			
Local	48,495	66,025.84	3,201,923
Total	48,495	66,025.84	3,201,923
Less:			
Sales tax	-	(2,464.79)	(119,530)
Special excise duty	-	(409.61)	(19,864)
		(2,874.40)	(139,394)
Net Sales	48,495	63,151.44	3,062,529

ii) Export sales

There is no export sale of sugar during the year 2011. Therefore the disclosure relating to export sales is not applicable in this case.

13. PROFITABILITY

Profitability of sugar is determined as follows: -

	2012	2011
Total revenue (Rupees in thousand)	3,136,894	3,062,529
Total cost as per annexure - 1 (Rupees in thousand)	(3,131,042)	(3,040,288)
Profit after taxation (Rupees in thousand)	5,852	22,241
Quantity sold in (M.Tons)	56,760	48,495
Profit after taxation per M.Ton (Rupees)	103.10	458.62

Comments on profitability

Profit during current year is decreased by Rs. 355 per M.tons mainly due to decrease in sales price and also increase in sugarcane prices, packing material, inflationary impact on all other expenses together with the low margin on selling prices.

Profitability per machine hour

	2012	2011
Profit after taxation (Rupees in thousand)	5,852	22,241
Productive machine hours	1,898	2,426
Profit after taxation per machine hour (Rupees)	3,082.38	9,167.39

Profit maximization of products

Company is principally producing only one product from sugarcane. Had the sugarcane been used to manufacture more than one product than profit maximization of different products would have determined so that disclosure is not applicable in case of company.

14. COST AUDITORS OBSERVATIONS AND CONCLUSIONS

To the best of our knowledge and belief there are no:

- a) Matters, which appears to be clearly wrong in principle or apparently unjustifiable. "None "
- b) Cases where the company's funds have been used in a negligent or inefficient manner. "None "
- c) Factors that could have been controlled, but have not been done resulting in increase in the cost of production.
 - i) We state that the company has maintained budgetary control system. However, standards for recovery of cane could not be maintained due to the fact that cane from different sectors give different yield and yield may also changed due to delivery timing and consumption timing.
 - ii) We also state that the company has setup an effective internal audit function with suitably qualified and experienced personnel who are conversant with the policies and procedures of the company and are involved in the internal audit function on a full time basis.

d) Suggestions for improvements in performance:

i) Rectification of general imbalance in production facilities

No imbalance is noted as production facilities are located closely.

ii) Fuller utilization of installed capacity

Fuller utilization of installed capacity is dependent on adequate supply of sugar cane.

iii) Cost reduction, increased productivity, key limiting factors, improved inventory policies and energy conservancy:

- Cost reduction

The Company's measures for cost reduction were reviewed and found satisfactory.

- Increase productivity

Productivity may be increased by procurement of more sugarcane and processing of raw sugar. Further scientific means should be adopted to determine the quality of sugarcane so as to keep the recovery at maximum level.

- Key Limiting factors, improved inventory policies and energy conservancy

Apart from non availability of sugarcane there are no bottlenecks limiting production, further inventory system is adequate, efficient and energy being utilized at maximum level.

iv) State of technology and status of plant:

The company has "Defecation melt phosphate" clarification process which the latest technology used by the industry

The company has installed new machinery resulting in increase in capacity from 5,500 to 7,500 M.Tons per day in the year 2009. Therefore the technology is modern one.

15. RECONCILIATION WITH FINANCIAL STATEMENTS

The figures shown in this report are subject to reconciliations with financial statements. These reconciliations are annexed herewith.

16. COST STATEMENT

Cost statements on the formats prescribed by Securities and Exchange Commission under clause (e) of subsection (1) of section 230 of the Companies Ordinance 1984, duly authenticated by the Chief Executive Officer and Chief Financial Officer and verified by the auditors are enclosed with this report.

17. GENERAL

Figures have been rounded off to the nearest thousands rupees.

GENERAL INFORMATION

A COMPANY INFORMATION:

- 1 Name of the company: Al-Abbas Sugar Mills Limited
- 2 Date of incorporation: May 2, 1991
- 3 Location of registered office: Pardesi House, Survey No. 2/1, R.Y. 16, Old Queens Road, Karachi-74000
- 4 Location of factory: Mirwah Gorchani, Distt. Mirpurkhas, Sindh
- 5 Products other than sugar being manufactured: Industrial Alcohol , Calcium Carbide , Chemical alloys and power.
- 6 Installed cane crushing capacity in tonnes: 7,500 Metric tons per day

B PRODUCTION DATA

S No	Particulars	Current Year	Previous Year
1 (a)	CANE CRUSHED:	2011-2012	2010-11
	Date started	9-Dec-11	3-Nov-10
	Date finished	10-Mar-12	20-Mar-11
	Duration of run days	93	138
	Total number of hours in duration	2,117	3,287
	Total numbers of hours of actual crushing	1,898	2,426
	Total numbers of hours lost	218	861
	Total cane milled (tonnes)	402,317	594,000
	Converted mounds	10,057,916	14,850,000
	Total mixed juice obtained (tonnes)	484,906	688,065
(b)	GUR MELTED:	N/A	N/A
2	JUICE & ADDED WATER:		
	Average mixed juice % cane.	120.53%	115.83
	Average added water % cane.	52.87	47.323
3	SUGAR MADE:		
	Total sugar bagged of all		
	Grade (100 kg)	-	-
	Grade (50 Kg)	789,580.00	1,279,840.00
	Sugar bagged (tonnes)	39,479.00	60,394.99
	Raw Sugar	-	3,597.01
	Refined Sugar	-	6,700.00
	Sugar in process (tonnes)	127.00	388.00
4	MOLASSES EXTRACTED:		
	Total molasses sent out (tonnes)	19,723.55	28,950.00
	Molasses in process (tonnes)	6.23	20.64
5	RECOVERY PERCENT:		
	Laboratory test % recovery of sugar cane	9.830%	10.171%
	Average recovery of marketable white sugar % cane	9.830%	10.171%
	Average production of final molasses % cane	4.902%	4.837%
6	BY PRODUCTS:		
	Baggase % cane		
	(Calculated) (tonnes)	32.337%	31.487%
	V.F.Cake % cane (tonnes)	3.000%	3.0%
7	CLARIFICATION PROCESS:		
	Specify the process used by the mill	Defecation melt phosphation	Defecation melt phosphation

[Signature]
Chief Financial Officer

[Signature]
Chief Executive Officer

AL-ABBAS SUGAR MILLS LIMITED
STATEMENT SHOWING COST OF PRODUCTION AND SALE OF WHITE BAGGED SUGAR
FOR THE YEAR ENDED SEPTEMBER 30, 2012

Annexure I

Quantitative Data – Bagged Sugar (M. Tons)	2012 Current year	2011 Previous year
Opening Stock	29,343	7,146
Production from		
Sugar Cane	39,479	60,395
Raw Sugar	-	3,597
Refined Sugar	-	6,700
Closing Stock	(12,062)	(29,343)
Total sales	56,760	48,495
Sales-Export	5,236	-
Sales-Local	51,524	48,495
Total sales	56,760	48,495

S. No.	Particulars	Current Year		Previous Year	
		Amount (Rs. in '000)	Cost per ton of sugar (Rs.)	Amount (Rs. in '000)	Cost per ton of sugar (Rs.)
1	2	3	4	5	6
		2012		2011	
1	Raw materials:				
(a)	Sugar cane (Annex 3)	1,649,429	41,779.92	3,248,042	53,779.99
(b)	Beet (Annex 4)	-	-	-	-
(c)	Gur	-	-	-	-
(d)	Raw sugar	-	-	216,332	60,142.24
(e)	Refined sugar	-	-	432,255	64,515.67
(f)	Process material (Annex 5)	12,023	304.55	17,128	242.29
2	Salaries/wages and benefits (Annex 6)	79,882	2,023.41	77,110	1,090.79
3	Consumable stores	67,478	1,709.21	59,378	839.95
4	Repairs and maintenance	13,722	347.58	13,988	197.87
5	Utilities:				
	Steam (Annex 7)	125,380	3,175.86	148,119	2,095.27
6	Electric power (Annex 8)	26,842	679.89	30,997	438.48
7	Water and gas	3,027	76.67	1,492	21.11
8	Insurance	-	-	-	-
9	Depreciation	24,671	624.91	25,154	355.83
10	Other factory overheads (Annex 9)	25,046	634.41	20,109	284.46
11	Total Cost	2,027,500	51,356.43	4,290,104	60,687.27
12	Add: Opening Stock of W.I.P.	19,416	491.81	4,444	62.86
13	Less: Closing Stock of W.I.P.	(5,584)	141.44	(19,416)	274.66
14	Total Cost of goods manufacturing	2,041,332	51,706.79	4,275,132	60,475.47
15	Less: Realizable value of by-products				
	Transfer price of molasses	(117,129)	(2,966.87)	(254,818)	(3,604.62)
	Consumption of own baggase	(122,444)	(3,101.49)	(182,884)	(2,587.05)
	Sale of molasses	(9,163)	(334.22)	-	-
	Sale of baggase	(9,090)	(230.24)	(24,832)	(351.27)
16	Net Cost of goods manufacturing:	1,783,506	45,176.08	3,812,598	53,932.52
17	Add: Packing material and handling	28,596	724.33	28,967	409.76
18	Net Cost of bagged sugar	1,812,102	45,900.42	3,841,565	54,342.29
19	Add: Excise duty / sales tax	-	-	-	-
20	Total cost of bagged sugar:	1,812,102	45,900.42	3,841,565	54,342.29
21	Add: Opening stock of sugar	1,547,374	52,734.01	392,960	54,990.20
22	Less: Closing stock of sugar	(587,477)	(48,704.78)	(1,547,374)	(52,734.01)
23	Cost of sales	2,771,999	48,837.20	2,687,151	55,410.89
24	Administrative expenses (Annex 10)	71,679	1,262.84	59,569	1,228.35
25	Selling and distribution expenses (Annex 11)	120,763	2,127.60	9,600	197.96
26	Financial expenses	163,748	2,884.92	272,159	5,612.10
27	Other charges - net	2,853	50.26	11,809	243.51
	Total cost to make and sell	3,131,042	55,162.83	3,040,288	62,692.81

Note

- Sales Tax is borne by the buyers, hence the same is not included in the cost
- Cost per M Tons of opening and closing stock has been calculated with their respective quantities


Chief Financial Officer

Chief Executive

AL-ABBAS SUGAR MILLS LIMITED

STATEMENT SHOWING COST OF PRODUCTION AND SALE OF WHITE BAGGED SUGAR
FOR THE YEAR ENDED SEPTEMBER 30, 2012

S.No	Particulars	Current Year		Previous Year	
		Quantity	Amount (Rs.)	Quantity	Amount (Rs.)
(1)	(2)	(3)	(4)	(5)	(6)
1	Seeds and Other Inputs:				
	(a) Seed				
	(b) Road Cess				
	(c) Fertilizers, herbicides etc.				
	(d) Insecticides				
	(e) Abiana and water charges				
	Total Cost of Inputs				
2	(a) Land preparation				
	(b) Plantation				
	(c) Maintenance of cane crop and ratoons				
	(d) Operation of Tractors				
	(e) Harvesting				
	Total Labour Cost				
3	Other Cost:				
	(a) Fuel for Tractors operation				
	(b) Maintenance and overhaul of Tractors				
	(c) Insurance				
	(d) Interest expenses				
	(e) Depreciation of equipment's				
	(f) Rent of agriculture equipment's (If any)				
	(g) Miscellaneous				
	Total Other Costs				
	Total Cost of own production (1+2+3)				
	Add: Opening balance				
	Less: Closing balance				
	Sales value at controlled price				
	Profit on own production				


 Chief Executive Officer


 Chief Financial Officer

AL-ABBAS SUGAR MILLS LIMITED
STATEMENT SHOWING COST OF SUGARCANE CRUSHED
FOR THE YEAR ENDED SEPTEMBER 30, 2012

S. No	Particulars	Current year			Previous year		
		Quantity M.Tons	Rate Rs/M.Ton	Amount (Rs. In ' 000)	Quantity M.Tons	Rate Rs/M.Ton	Amount (Rs. In ' 000)
		3	4	5	6	7	8
1	2						
1	Total sugarcane purchased at Government fixed rate						
	Sugarcane produced from own farm (Annex 2)	402,317	3,850.39	1,549,077	594,000	3,177.53	1,887,451
	Less: Loss in transit	-	-	-	-	-	-
	Sugarcane received at factory gate	402,317	3,850.39	1,549,077	594,000	3,177.53	1,887,451
2	Commission						
3	Quality premium						
4	Additional price to growers (excess of government fixed rate).		141.25	56,827		183.81	109,185
5	Loading/unloading charges		11.93	4,800		1,909.96	1,134,517
6	Cane development expenses:		2.22	893		2.04	1,210
(a)	Salaries and Wages of Supply and Development Staff		0.68	274		0.46	271
(b)	Sugarcane Development Research		0.19	76		0.05	31
(c)	Supply staff and transportation expenses		-	-		-	-
(d)	Other expenditure. (Sector Office Expense)		2.73	1,097		1.62	964
7	Taxes and Levies:						
(a)	Cane cess/ purchase tax		-	-		-	-
(b)	Market committee fee		-	-		-	-
(c)	Road cess		10.00	4,023		6.88	4,088
(d)	Octroi		6.25	2,514		6.25	3,713
(e)	Other levies		-	-		-	-
8	Transportation Charges:						
(a)	Delivery expenses		-	-		-	-
(b)	Transport cost		-	-		-	-
(c)	Others		17.08	6,873		142.15	84,440
9	Other Expenditures at Cane Collection Centers:						
(a)	Salaries and Wages. (Annex 6)		-	-		-	-
(b)	Stores		56.37	22,677		36.92	21,933
(c)	Repairs and Maintenance		-	-		-	-
(d)	Others. (Annex 9)		0.74	297		0.40	239
	Total cost of "SUGARCANE" Transferred to production processes (Annex 1)	402,317	4,099.83	1,649,429	594,000	5,468.07	3,248,042

Chief Financial Officer

Chief Executive

AL-ABBAS SUGAR MILLS LIMITED
STATEMENT SHOWING COST OF BEET CONSUMED
FOR THE YEAR ENDED SEPTEMBER 30, 2012

S. No	Particulars	Current year			Previous year		
		Quantity M.Tons	Rate Rs/M.Ton	Amount (Rs. In ' 000)	Quantity M.Tons	Rate Rs/M.Ton	Amount (Rs. In ' 000)
1	2	3	4	5	6	7	8
1	Total beet purchased at Government fixed rate						
	Less: Loss in transit						
	Beet received at factory gate						
2	Commission paid						
3	Loading / unloading						
4	Beet development expenses:						
(a)	Salaries and Wages of Supply and Development Staff						
(b)	Sugar Development Research						
(c)	Supply staff and transportation expenses						
(d)	Other expenditure						
5	Taxes and Levies (if any):						
(a)	Purchase tax						
(b)	Market committee fee						
(c)	Road cess						
(d)	Octroi						
(e)	Other levies						
6	Transportation Charges:						
(a)	Delivery expenses / travelling from purchases centre to mill gate						
(b)	Transport subsidy						
(c)	Others						
7	Other Expenditures at Beet Collection Centers:						
(a)	Salaries and Wages						
(b)	Stores						
(c)	Repairs and Maintenance						
(d)	Others						
	Total cost of "BEET" Transferred to production processes (Annex 1).						

Note:

1. No Beet was produced by the entity.
2. No beet was used for production of White sugar.


 Chief Financial Officer


 Chief Executive

AL-ABBAS SUGAR MILLS LIMITED
STATEMENT SHOWING COST OF PROCESS MATERIAL CONSUMED
FOR THE YEAR ENDED SEPTEMBER 30, 2012

S. No.	Particulars	Current Year		Previous Year	
		Amount (Rs. in '000)	Cost per ton of sugar (Rs.)	Amount (Rs. in '000)	Cost per ton of sugar (Rs.)
1	2	3	4	5	6
	Total Sugar Produced (M-Tons)	2012		2011	
			39,479		60,395
1	Bleaching Powder	278	7.04	335	5.55
2	Formaline	4	0.10	4	0.07
3	Phosphoric Acid	1,754	44.43	3,836	63.52
4	Rock Salt	593	15.02	506	8.38
5	Soda Ash	-	-	31	0.51
6	Unslaked Lime	2,166	54.86	2,430	40.24
7	Caustic Soda	703	17.81	1,128	18.68
8	Lead Sub Accatate	119	3.01	107	1.77
9	Softno Treat 3000 Regular	129	3.27	87	1.44
10	Softno Treat 135 PH Shoot	121	3.05	58	0.96
11	Tri sodium Phosphate	3	0.06	5	0.08
12	Talofloc Wax	4,158	105.32	3,867	64.03
13	Anti foam	161	4.07	913	15.12
14	Polyelectrolyt Accofloc A2125	359	9.09	-	-
15	Talo Float(Acco Flocc-A110)	151	3.82	-	-
16	Chmquest Sd-40	607	15.38	-	-
18	Filter Cloth	-	-	2	0.03
19	Sewing Thread	365	9.25	520	8.61
20	Cleaning Brushes	176	4.46	228	3.78
21	Oil Lubricants and Grease	-	-	3,627	60.05
23	Other	105	2.67	809	13.40
	Total	12,056	305.37	18,493	306.22
	Less allocated to:				
	a. Steam Generation.(Annex 7)	14	0.35	573	9.49
	b. Electricity Generation.(Annex 8)	19	0.48	792	13.11
		-	-	-	-
	Total	33	0.83	1,365	22.60
	Balance transferred to production process Annexure 1.	12,023	304.55	17,128	283.60

Note:

- 1 It is impracticable to further specify the itemized break up of others.

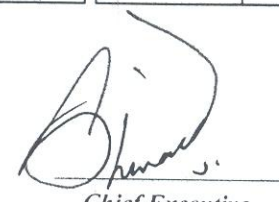

 Chief Financial Officer


 Chief Executive

AL-ABBAS SUGAR MILLS LIMITED
STATEMENT SHOWING COST OF SALARIES, WAGES AND BENEFITS
FOR THE YEAR ENDED SEPTEMBER 30, 2012

S. No	Particulars	Current Year		Previous Year	
		Amount (Rs. in '000)	Cost per ton of sugar (Rs.)	Amount (Rs. in '000)	Cost per ton of sugar (Rs.)
1	2	3	4	5	6
		2012		2011	
	Total Sugar Produced (M-Tons):		39,479		60,395
	Cost				
1	Salaries/Wages:				
(i)	Officers and permanent staff	95,357	2,415.39	86,055	1,424.87
(ii)	Seasonal staff	2,389	60.52	2,998	49.64
(iii)	Daily rated and contract labour	36,707	929.79	39,167	648.51
(iv)	Bonuses	11,215	284.08	14,059	232.78
2	Benefits	145,668	3,689.78	142,279	2,355.80
(i)	Medical expenses	632	16.01	314	5.20
(ii)	Canteen expenses	264	6.69	291	4.82
(iii)	Welfare, recreation	-	-	-	-
(iv)	Education cess / expenses	75	1.90	24	0.40
(v)	Group insurance / workmen	-	-	-	-
(viii)	Gratuity / pension	8,059	204.13	7,746	128.26
(ix)	Other benefits	7,219	182.86	4,206	69.64
	Total	161,917	4,101.37	154,860	2,564.12
	Less allocated to:				
	Raw material (Annex-3)	22,677	574.41	21,933	363.16
	Steam generation (Annex-7)	10,879	275.56	9,518	157.60
	Electricity generation (Annex-8)	14,637	370.75	19,831	328.36
	Admin expenses (Annex-10)	33,842	857.22	26,468	438.25
		82,035	2,077.94	77,750	1,287.37
	Balance transferred to production process Annexure I.	79,882	2,023.43	77,110	1,276.75


 Chief Financial Officer


 Chief Executive

AL-ABBAS SUGAR MILLS LIMITED
STATEMENT SHOWING COST OF STEAM/GENERATED CONSUMED
FOR THE YEAR ENDED SEPTEMBER 30, 2012

S. No.	Particulars	Unit	Current year	Previous year	Variance
1	2	3	4	5	6
1	Types of steam boilers used (Water Tube)	Number	3	3	-
2	No. of days worked. (Boiler 1)	Days	136	227	(91)
	No. of days worked. (Boiler 2)	Days	142	233	(91)
	No. of days worked. (Boiler 3)	Days	331	330	1
3	Installed Capacity (steam in tonnes).	Tons	1,449,360	1,445,400	3,960
4	Utilized capacity (steam in tonnes).	Tons	408,580	467,436	(58,856)
5	Production:				
	(a) High pressure steam.	Tons	-	-	-
	(b) Medium pressure steam.	Tons	408,580	467,436	(58,856)
	(c) Low pressure steam.	Tons	-	-	-
	(d) Less: transit losses.	Tons	-	-	-
	(e) Total	Tons	408,580	467,436	(58,856)
	Percentage of capacity utilization (4/3 * 100)		28.19%	32.34%	-4.15%

S. No.	Particulars	Current Year			Previous Year		
		2012			2011		
		Quantity M. Ton	Rate per unit	Amount	Quantity M. Ton	Rate per unit	Amount
			Rs.	(Rs. In 000's)		Rs.	(Rs. In 000's)
1	Water						
2	Fuels:						
	(a) Baggase:						
	(i) Own. (Tons)	131,271	936.17	122,892	171,717	987.97	169,651
	(ii) Purchased. (Tons)		-	-		-	-
	(b) Pith.		-	-		-	-
	(c) Coal purchased.		-	-		-	-
	(d) Furnace Oil. (tons)		15.11	6,174		38.27	17,887
	(e) Fire Wood. (tons)		1.07	436		0.93	436
	(f) Bio Gas. (cu/mtrs)		-	-		-	-
	(g) Other fuels, if any (to be specified)		-	-		-	-
3	Quantity of waste heat from the plant, if any.		-	-		-	-
	Stores and spares		-	-		-	-
4	Consumable stores (Annex 5)		0.03	14		1.23	573
5	Direct salaries, Wages and benefits. (Annex 6)		26.63	10,879		20.36	9,518
6	Repairs and Maintenance		1.16	472		1.16	540
7	Oil & Lubricants		-	-		12.04	5,628
8	Other direct expenses (Annex 9)		0.61	248		0.43	199
9	Baggase handling		6.29	2,569		6.37	2,979
10	Depreciation.		42.97	17,555		38.29	17,898
11	Total Cost of Steam Raised.		394.63	161,239		482.01	225,309
12	Less: Outside sale.		-	-		-	-
13	Total Cost of Steam for Self Consumption.		394.63	161,239		482.01	225,309
	Add: Cost of steam purchased.		-	-		-	-
	Total Cost of Steam Consumed.		394.63	161,239		482.01	225,309
	ALLOCATION						
	Total of item 13 allocated to:						
	(i) White bagged sugar. Annex-1			125,380			148,119
	(ii) Electric powerhouse. Annex-8			4,296			4,824
	(iii) Distillery			31,563			72,366
	Total			161,239			225,309

Notes:

- Cost allocated on the basis of estimated consumption by cost centers, which is determined by their requirement of steam on different levels of operation.
- Transfer price of baggase is calculated on the basis market price less cost of freight.

[Signature]
Chief Financial Officer

[Signature]
Chief Executive

AL-ABBAS SUGAR MILLS LIMITED
STATEMENT OF COST OF ELECTRIC POWER PURCHASED / GENERATED AND CONSUMED
FOR THE YEAR ENDED SEPTEMBER 30, 2012

S. No	Particulars	Current Year 2012	Previous Year 2011	Variance
1	Installed Capacity (KWH)	65,880,000	65,880,000	-
2	No. of units generated (KWH)	30,178,240	20,291,000	9,887,240
3	No. of units purchased (KWH)	32,693	-	32,693
4	Total (2+3).	30,210,933	20,291,000	9,919,933
5	Consumption in Power House including other losses	528,691	355,092	173,599
6	Net units consumed (4-5)	29,682,242	19,935,908	9,746,334
7	Percentage of Consumption and losses to total units Available = $5/4 \times 100$	1.75%	1.75%	0.00%
8	Percentage of power generated to installed capacity $2/1 \times 100$	45.81%	30.80%	15.01%

S. No	Particulars	Current year			Previous year		
		Quantity	Rate Rs. / Kwh	Amount (Rs. In 000's)	Quantity	Rate Rs. / Kwh	Amount (Rs. In 000's)
1	2	3	4	5	6	7	8
		2012			2011		
1	Steam (Annex 7).	-	0.14	4,296	-	0.24	4,824
2	Consumable Stores.(Annex 5)	-	0.00	19	-	0.04	792
3	Stores and Spares	-	-	-	-	-	-
4	Oil & Lubricants	-	-	-	-	-	-
5	Salaries and Wages. (Annex 6)	-	0.49	14,637	-	0.99	19,831
6	Other direct expenses.(Annex 9)	-	-	-	-	-	-
7	Repairs and maintenance.	-	0.09	2,671	-	0.09	1,855
8	Duty on electricity and inspection fee	-	-	-	-	-	-
9	Depreciation.	-	0.18	5,219	-	0.41	8,139
	Total	-	0.90	26,842	-	1.78	35,441
10	Less:						
	(a) Credit for exhaust steam used in process etc.	-	-	-	-	-	-
	(b) Other credits, if any.	-	-	-	-	-	-
11	Cost of power generated	-	0.90	26,842	-	1.78	35,441
12	Less: Cost of power sold	-	-	-	-	-	-
13	Add: Cost of power purchased	-	-	-	-	-	-
14	Total net cost of power consumed	29,682,242		26,842	19,935,908		35,441
15	Average cost per unit average			0.90			1.78
	Total at item 15 allocated to:						
	(i) White bagged sugar (Annexure-1)			26,842			30,997
	(ii) Distillery			-			3,999
	(iii) Others:			-			445
	Total			26,842			35,441

Notes:

- 1 Cost allocated on the basis of estimated consumption by cost centers, which is determined by their requirement of power on different levels of operation.


Chief Financial Officer

Chief Executive

AL-ABBAS SUGAR MILLS LIMITED
STATEMENT SHOWING OTHER FACTORY OVERHEADS
FOR THE YEAR ENDED SEPTEMBER 30, 2012

S. No.	Particulars	Current Year		Previous Year	
		Rupees in '000	Cost per M/Ton of Sugar	Rupees in '000	Cost per M/Ton of Sugar
1	2	3	4	5	6.00
		2012		2011	
	Total Sugar Produced (M.Tons):		39,479		60,395
	Cost:				
1	Security services	5,486	138.95	3,163	52.37
2	Printing and stationery	222	5.62	215	3.56
3	Vehicle running expenses	4,678	118.50	3,386	56.06
4	Insurance expenses	7,627	193.20	6,777	112.21
5	Traveling and conveyance	846	21.44	2,149	35.58
6	Communication charges	514	13.03	506	8.38
7	Fees and subscription	610	15.46	271	4.49
8	Newspaper and periodicals	56	1.42	49	0.81
9	Entertainment	3,708	93.93	2,453	40.62
10	Miscellaneous expenses	1,843	46.67	1,578	26.13
11	Total	25,591	648.23	20,547	340.21
	Allocated to:				
	(i) White bagged sugar. Annex-1	25,046	634.41	20,109	332.96
	(ii) Cane field Annex- 3	297	7.54	239	3.95
	(iii) Steam generation. Annex-7	248	6.28	199	3.29
	(iv) Electric power house. Annex-8	-	-	-	-
	Total as per item 12 above	25,591	648.23	20,547	340.21


 Chief Financial Officer


 Chief Executive

AL-ABBAS SUGAR MILLS LIMITED
STATEMENT SHOWING ADMINISTRATIVE EXPENSES
FOR THE YEAR ENDED SEPTEMBER 30, 2012

S. No.	Particulars	Current Year		Previous Year	
		Rupees in '000	Cost per M/Ton of Sugar	Rupees in '000	Cost per M/Ton of Sugar
1	2	3	4	5	6
		2012		2011	
1	Total Sugar Sold (M-Tons).		56,760		48,495
	Cost:				
2	Salaries, Wages and Benefits (Annex 6)	33,842	596.23	26,468	545.79
3	Rent, rates and taxes	3,180	56.03	4,197	86.55
4	Communication charges	2,236	39.39	1,088	22.44
5	Traveling and conveyance	2,304	40.59	975	20.11
6	Printing and stationery	600	10.57	570	11.75
7	Entertainment	1,278	22.52	1,338	27.59
8	Consultancy charges	-	-	-	-
9	Vehicle running expenses	7,397	130.32	5,261	108.49
10	Repairs and maintenance	2,072	36.50	1,890	38.97
11	Insurance	1,660	29.25	1,084	22.35
12	Fees and subscription	2,713	47.80	1,947	40.15
13	Legal and professional charges	3,910	68.89	1,539	31.74
14	Auditors' remuneration	783	13.79	666	13.73
15	Charity and donations	1,177	20.74	278	5.73
16	Newspaper and periodicals	24	0.42	27	0.56
17	Utilities	2,098	36.96	1,798	37.08
18	Depreciation	4,689	82.61	4,526	93.33
19	Amortization expense	367	6.47	5,078	104.71
20	Miscellaneous expenses	1,349	23.77	839	17.30
	Total of "Administrative expenses" Transferred to production processes (Annex I).	71,679	1,262.84	59,569	1,228.35


Chief Financial Officer


Chief Executive

AL-ABBAS SUGAR MILLS LIMITED
STATEMENT SHOWING SELLING EXPENSES
FOR THE YEAR ENDED SEPTEMBER 30, 2012

S. No.	Particulars	Current Year		Previous Year	
		Rupees in '000	Cost per M/Ton of	Rupees in '000	Cost per M/Ton of
1	2	3	4	5	6
		2012		2011	
1	Total sugar sold (M-Tons).		56,760		48,495
2	Cost:				
	Sugar bags handling expenses	6,362	112.09	6,108	125.95
	Marking fees	3,361	59.21	3,202	66.03
	Sales promotion expenses	-	-	106	2.19
	Service Charges	81,604	1,437.70	-	-
	Local transportation expenses	16,128	284.14	-	-
	Export transportation and other expenses	13,308	234.46	-	-
	Others	-	-	184	3.79
	Total	120,763	2,127.60	9,600	197.96


 Chief Financial Officer


 Chief Executive

AL-ABBAS SUGAR MILLS LIMITED
RECONCILIATION OF COST OF GOODS MANUFACTURED AND COST OF GOODS SOLD
BETWEEN FINANCIAL ACCOUNTS AND COST ACCOUNTS

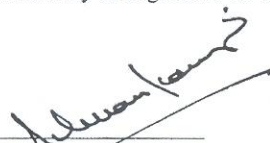
	2012	2011
	Rupees in '000'	
Total cost of goods manufactured as per (Annexure 1)	2,041,332	4,275,132
Add: Packing material consumed charged to manufacturing cost as per financial accounts (Annexure 1)	28,596	28,967
Less: Transfer price of baggase	(122,444)	(182,884)
Transfer price of molasses	(117,129)	(254,818)
Sale of molasses and baggase	(18,253)	(24,832)
Total cost of goods manufactured as per financial accounts	<u>1,812,102</u>	<u>3,841,565</u>
Total cost of sales as per (Annexure 1)	<u>2,771,999</u>	<u>2,687,151</u>
Total cost of goods sold as per financial accounts	<u>2,771,999</u>	<u>2,687,151</u>

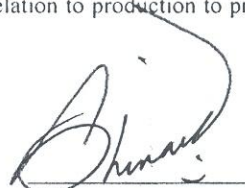
AL-ABBAS SUGAR MILLS LIMITED
STATEMENT SHOWING PRODUCTION CAPACITY OF THE PLANT
FOR THE YEAR ENDED SEPTEMBER 30, 2012

	<u>Machine hours</u>	
	2012	2011
Total capacity (based on duration of crushing period)	2117	3287
Actual utilization of machine hours	1898	2426
Hours lost	<u>218</u>	<u>861</u>
	<u>Production units</u>	
	<u>M.Tons</u>	
Total capacity (based on duration of crushing period)	68,564	105,270
Actual Production (tonnes)	39,479	60,395
Under utilization	<u>29,085</u>	<u>44,875</u>

Notes:

1. Non utilization of machine hours is due to shortager of cane and stoppage for various reasons as described in RT-4
2. The total capacity in production unit is based on 9.83% (2011: 10.17%) recovery which is actual recovery for the crushing season. The under utilization of installed capacity in relation to production to production unit is due to non availability of sugarcane for crushing.


 Chief Financial Officer


 Chief Executive

AL-ABBAS SUGAR MILLS LIMITED
STATEMENT SHOWING STOCK IN TRADE
AS AT YEAR ENDED SEPTEMBER 30, 2012

	2012		2011		2010	
	Quantity (M.Tons)	Amount (in 000's)	Quantity (M.Tons)	Amount (in 000's)	Quantity (M.Tons)	Amount (in 000's)
Work in process	127	5,584	388	19,416	97	4,444
Finished Stock	12,062	587,477	29,343	1,547,374	7,146	392,960

Work in process is adjusted to an appropriate stage of completion of process.

Finished goods are valued at lower of cost and net realizable value.


Chief Financial Officer


Chief Executive