21st ANNUAL REPORT 2011

CONTENTS

CORPORATE INFORMATION

BOARD OF DIRECTORS	Muhammad Iqbal Usman	Chairman
	Shunaid Qureshi	Chief Executive
	Asim Ghani	Director
	Duraid Qureshi	Director
	Jahangir Siddiqui	Director
	Muhammad Salman Husain Chawala	Director
	Abdul Hamid Ahmed Dagia	Director
COMPANY SECRETARY	Muhammad Suleman Kanjiani - FCA	
CHIEF FINANCIAL OFFICER	Zuhair Abbas - ACA	
AUDIT COMMITTEE	Muhammad Iqbal Usman	Chairman
	Abdul Hamid Ahmed Dagia	Member
	Asim Ghani	Member
	Duraid Qureshi	Member
	Safar Ali - ACA	Secretary
AUDITORS	Hyder Bhimji & Co.	Chartered Accountants
LEGAL ADVISOR	Usmani & Iqbal	Advocate & Solicitors
BANKERS	Al-Baraka Islamic Bank Limited	
	Allied Bank Limited	
	Bank Al-falah Limited	
	Bank Islami Pakistan Limited	
	Barclays Bank Plc Pakistan	
	Faysal Bank Limited	
	Habib Bank Limited	
	Habib Metropolitan Bank Limited	
	JS Bank Limited	
	KASB Bank Limited	
	MCB Bank Limited	
	Meezan Bank Limited	
	National Bank of Pakistan	
	Standard Chartered Bank	
	United Bank Limited	
REGISTERED OFFICE	2nd Floor, Pardesi House, Survey No. 2/1, R.Y. 16, Old Queens Road, Karachi - 74000 Tel: 92-21-111-111-224 Fax: 92-21-32470090 Website: www.aasml.com	
SHARE REGISTRAR OFFICE	Technology Trade (Pvt.) Ltd. Dagia House, 241-C. Block-2, P.E.C.H.S., Off. Shahrah-e-Quaideen, Karachi.	
FACTORIES LOCATIONS	1) Mirwah Gorchani, Distt. Mirpurkhas, Sindh 2) Main National Highway, Dhabeji, Sindh	

VISION AND MISSION STATEMENT

Vision

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

Mission

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

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the 21st Annual General Meeting of Al-Abbas Sugar Mills Limited will be held at Beach Luxury Hotel, Karachi on Tuesday, January 31, 2012 at 11:00 a.m. to transact the following business:

Ordinary Business

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

2. To receive, consider and adopt Annual Audited Financial Statements for the year ended September 30, 2011, together with the reports of the Auditors' and Directors' thereon.

3. To declare and approve a final cash dividend of Rs. 5 per share (50 %) for the year ended September 30, 2011.

4. To appoint auditors for the ensuing year, and to fix their remuneration, Messrs Hyder Bhimji & Co., Chartered Accountants, retire and being eligible have offered them for re-appointment.

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

By Order of the Board

Suleman Kanjiani
Company Secretary

Karachi: **December 26, 2011**

Notes:
1. Share Transfer Books will be closed from January 24, 2012 to January 31, 2012 (both days inclusive).
2. All Members are entitled to attend and vote at the meeting. A Member may appoint a proxy who needs to be a Member of the Company.
3. The instrument appointing the proxy and the other authority under which it is signed, or a notarially certified copy thereof, must be lodged at the Company's Registered Office or Share Registrar Office at least 48 hours before the time of the meeting.
4. Any change of address of Members should be notified immediately to the Company's Share Department.

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

A. For Attending the Meeting:

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

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

B. For Appointing Proxies:

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

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

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

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

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

DIRECTORS' REPORT

Your Board is pleased to submit the Annual Report along with the Audited Financial Statements for the year ended September 30, 2011.

FINANCIAL RESULTS:	2011	2010
	(Rupees in thousand)	
Profit before taxation	**324,463**	276,059
Taxation	**(71,657)**	(14,350)
Profit after taxation	**252,806**	261,709
Loss from discontinued operations	**(25,943)**	(56,858)
Net profit for the year	**226,863**	204,851
Earnings per share in rupees	**13.07**	11.80

DIVIDEND

Your Board of Directors is pleased to recommend cash dividend of Rs.5 per equity share of Rs.10 each i.e. 50% for the year ended September 30, 2011. The appropriation approved by the Board is as follows:

	(Rupees in thousands)
Profit after taxation	**226,863**
Un-appropriated profit brought forward	**550,329**
Available for appropriation	**777,192**
Subsequent event	
Proposed dividend for the year on ordinary shares @ Rs.5	**86,812**
Un-appropriated profit carried forward	**690,380**

OPERATING RESULTS

Details of operation in respect of Sugar, Ethanol, Chemicals Division and other units are given as under:

SUGAR UNIT:

OPERATING DATA:

Date of start of season	**November 03, 2010**	November 11, 2009
No. of days worked	**138**	123
Crushing (M. Tons)	**594,000**	549,630
Production from sugarcane (M. Tons)	**60,395**	57,130
Recovery (%)	**10.17**	10.40
Production from raw sugar	**3,597**	NIL

FINANCIAL DATA:

	2011	2010
	(Rupees in thousand)	
Sales - net	**3,062,529**	3,227,788
Cost of sales	**(2,687,151)**	(2,848,593)
Gross profit	**375,378**	379,195
Distribution cost	**(9,600)**	(7,635)
Administrative expenses	**(59,569)**	(58,316)
Other operating expenses	**(7,517)**	(12,605)
Operating profit	**298,692**	300,639
Finance cost	**(272,159)**	(147,338)
Other income	**34,723**	35,645
Profit before taxation	**61,256**	188,946

Crushing operations for 2010-11 season started on November 3, 2010 and the plant operated for 138 days ending on March 13, 2011 as against 123 days of preceding season. The sugarcane crushed during the current season was 594,000 M.T with average sucrose recovery of 10.17% and sugar production of 60,395 M.T, as compared with crushing of 549,629 with average sucrose recovery of 10.40% and sugar production of 57,130 M.T of same period of last year.

Prompt cash payment to the farmer and quality procurement of sugarcane ensure that Company crushed quality sugarcane which resulted in consistent sugarcane crushing and sucrose content.

ETHANOL UNIT:

OPERATING DATA:

		2011	2010
Production (M. Tons)	- Unit - I and II	**38,800**	38,923
Capacity attained (%)	- Unit - I and II	**99**	98

FINANCIAL DATA:

	2011	2010
	(Rupees in thousand)	
Sales - net	**2,929,972**	2,514,775
Cost of sales	**(2,170,366)**	(2,001,340)
Gross profit	**759,606**	513,435
Distribution cost	**(83,689)**	(97,926)
Administrative expenses	**(59,569)**	(42,810)
Other operating expenses	**(68,617)**	(12,104)
Operating profit	**547,731**	360,595
Finance cost	**(83,639)**	(77,304)
Other income	**2,083**	26,084
Profit before taxation	**466,175**	309,375

The production of ethanol during the year ended September 30, 2011 was 38,800 M.T. as compared with 38,923 M.T. during previous year registering slight decrease. In spite of slight decrease in production, your company managed to increase its sales quantity by 2,300 M.T thus able to increase its distillery revenue and achieve slight better result than the comparative year. The profit before taxation of this segment are Rs. 466.175 million during the year under review as against segment results of Rs. 309.375 million in the corresponding period of last year.

Power, Chemical and Alloys Division

During the year under review, the chemical division has incurred segment loss of Rs. 196.808 million as compared to the segment loss of Rs. 172.191 million for the same period last year from continuing operations and a loss of Rs. 25.943 million from discontinued operations of the current year against loss of Rs 56.858 million of the same corresponding year. The loss is mainly due to higher input cost of production of ferroalloys and low selling prices due to competition with importers.

The Company incurred segment loss of Rs. 8.490 million during the year under review in power division as compared to the segment loss of Rs. 40.425 million in corresponding period.

FUTURE OUTLOOK

The future outlook of your Company entirely depends on stable selling prices of both sugar and ethanol.

The sugar price of local and international market is showing continuous decline as compared to previous quarters. The price for sugarcane is fixed at Rs. 154 per maund for season 2011-2012 which is quite high if we compared with current prevailing prices of sugar. Due to recent deluge, the recovery of sugarcane is expected to be lower as compared to last year. There is a bumper crop in whole Punjab and some of the region of Sindh which were not affected by recent flood. The area, where our factory is located, is severely affected by the flood therefore; procurement of quality sugarcane at reasonable price is and will remain quite a formidable challenge for the Company. There are estimates that India will have large surplus of sugar from season 2011-12 and this will put a lot of pressure on international sugar prices. It appears the current season will be very challenging and tough for your Company.

The consumption of ethanol has grown considerably in the last few years, mainly as a renewable fuel. The production of ethanol in Brazil - the largest producer and exporter is also showing sign of reduction in ethanol production and increase in local demand. However, due to worldwide doldrums the prices of ethanol also indicating declining trend. The recent deluge also severely affected the distillery operations and due to non-availability of canal water around two months, the operations of distillery remained close.

The Company is in process to renegotiate the terms of agreement with Karachi Electric Supply Company Limited that are more favorable to the interest of the Company. The agreement is in final stage and hopefully completed soon.

As a whole, your Company is well aware of the challenges being faced and would do its best to take all necessary measures to increase the production of all its divisions and overall profitability of the Company despite a daunting situation ahead.

BOARD OF DIRECTORS

The Board of Directors is comprised of two executive and five non-executive directors. The names of the current members of the Board of Directors have been listed in the Company Information. During the year ended September 30, 2011, four meetings of the Board of Directors were held and were attended as follows:

Name of Directors	Number of meetings attended
Mr. Mohammad Iqbal - Chairman	4/4
Mr. Shunaid Qureshi - Chief Executive	4/4
Mr. Asim Ghani - Director	4/4
Mr. Duraid Qureshi - Director	4/4
Mr. Jahangir Siddiqui - Director	1/4
Mr. Suleman Lalani - Director - resigned	1/1
Mr. Muhammad Salman Husain Chawala - Director	4/4
Mr. Abdul Hamid Dagia - Director - appointed in place of Mr. Suleman Lalani	3/3

During the year Mr. Suleman Lalani has resigned and the Board appointed Mr. Abdul Hamid Dagia in his place.

ABSTRACT UNDER SECTION 218 OF THE COMPANIES ORDINANCE, 1984

The abstract under section 218 is attached, the same has been previously circulated to the share holders.

AUDITORS

The retiring auditors, Messrs Hyder Bhimji & Co. Chartered Accountants being eligible have offer themselves for re-appointment. On recommendation of Audit Committee, the Board of Directors has endorsed their appointment for the year 2011-2012 to the shareholders at the forthcoming annual general meeting.

AUDIT COMMITTEE

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

Mr. Mohammad Iqbal Usman	Chairman	Non Executive Director
Mr. Abdul Hamid Dagia	Member	Non Executive Director
Mr. Duraid Qureshi	Member	Non Executive Director
Mr. Asim Ghani	Member	Executive Director

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

CORPORATE SOCIAL RESPONSIBILITY

The Company is committed towards accomplishing its Corporate Social Responsibility (CSR) and actively takes part in social work programs. During the year under review as part of CSR program, contributions were made in the sectors of education and flood relief work.

CONTRIBUTION TO THE NATIONAL EXCHEQUER

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

PATTERN OF SHAREHOLDING

Pattern of shareholding as on September 30, 2011 in accordance with the requirements of the Code of Corporate Governance and a statement reflecting distribution of shareholding is annexed to this report.

CORPORATE GOVERNANCE

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

COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE

a) The financial statements prepared by the Management, present fairly its state of affairs, the result of its operations, cash flows and changes in equity.
b) The Company has maintained proper books of accounts.
c) Appropriate accounting policies have been consistently applied in the preparation of financial statements and accounting estimates are based on reasonable and prudent judgment.
d) International Accounting Standards as applicable in Pakistan have been followed in preparation of financial statements.
e) The system of internal control is sound in design and has been effectively implemented and monitored.
f) There are no doubts upon the Company's ability to continue as a going concern.
g) The Key financial data for the last six years is annexed with this report.
h) There has been no material departure from the best practices of Corporate Governance, as detailed in the listing regulations.
i) The Company has not made payment against market committee fee since inception as it has been challenged in Honorable High Court of Sindh. However full provision has been made in the accounts for such liability.
j) The Company maintains Gratuity Fund for its employees. The value of fund is Rs. 90.185 million in the shape of investment as on September 30, 2011.

ACKNOWLEDGEMENT

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

Karachi: December 26, 2011

SHUNAID QURESHI
Chief Executive

ABSTRACT OF INCREASE IN REMUNERATION OF CHIEF EXECUTIVE OFFICER AND EXECUTIVE DIRECTOR

January 24, 2011

To: All Members of the Company

SUBJECT: INCREASE IN REMUNERATION OF CHIEF EXECUTIVE OFFICER AND EXECUTIVE DIRECTOR

Dear Member

This is to inform you that in terms of Section 218 of the Companies Ordinance, 1984 that the Board of Directors of the Company have, in their meeting held on January 3, 2011 increased the monthly remunerations of Mr. Shunaid Qureshi - Chief Executive Officer from Rs. 600,000 to Rs. 900,000 and of Mr. Asim Ghani - Executive Director from Rs. 200,000 to Rs. 500,000 effective from January 1, 2011. There were no other changes in the terms of appointment of Chief Executive Officer and Executive Director.

It is however informed that Mr. Shunaid Qureshi is the relatives of Mr. Duraid Qureshi and Mr. Jahangir Siddiqui, directors of the Company and Mr. Asim, Ghani is the relative of Mr. Iqbal Usman a director of the Company. Accordingly they are interested to the extent thereof.

Yours truly,

Suleman Kanjiani
Company Secretary

PATTERN OF SHAREHOLDINGS

AS ON SEPTEMBER 30, 2011

Number of Shareholders	Shareholdings From	Shareholdings To	Total Number of Shares Held
104	1	100	7,220
542	101	500	259,002
49	501	1,000	46,147
35	1,001	5,000	81,562
7	5,001	10,000	56,000
1	10,001	15,000	12,000
1	15,001	20,000	20,000
1	20,001	25,000	25,000
5	25,001	30,000	134,700
1	30,001	35,000	32,898
1	35,001	40,000	36,752
1	40,001	60,000	42,400
1	60,001	65,000	62,500
1	65,001	135,000	130,753
1	135,001	140,000	139,000
1	140,001	165,000	160,877
1	165,001	235,000	232,077
1	235,001	270,000	266,968
1	270,001	285,000	284,998
1	285,001	310,000	305,287
1	310,001	950,000	946,232
1	950,001	980,000	976,182
1	980,001	1,400,000	1,399,668
1	1,400,001	1,415,000	1,414,500
1	1,415,001	1,720,000	1,719,500
1	1,720,001	1,900,000	1,873,250
1	1,900,001	2,300,000	2,290,327
1	2,300,001	4,410,000	4,406,500
764			17,362,300

CATEGORIES OF SHAREHOLDERS

AS ON SEPTEMBER 30, 2011

Categories of Shareholders	Number of Shares Held	Percentage
Directors, Chief Executive Officer, and their spouse and minor children.	2,440,350	14.0555
Associated Companies, undertaking and related parties	10,915,948	62.8716
NIT and ICP	37,252	0.2146
Banks Development Financial Institutions, Non Banking Financial Institutions.	2,860,589	16.4759
Insurance Companies	NIL	NIL
Modarabas and Mutual Fund	600	0.0035
Share holders holding 10%	8,570,077	49.3603
General Public		
a. Local	941,913	5.4250
b. Foreign	NIL	NIL
Others	165,648	0.9541

DETAIL OF SHAREHOLDERS CATEGORIES

		No. of Shares	Percentage
1	**Associated Companies , Undertakings and Related Parties**	**No. of Shares**	**Percentage**
	Mavesh & Jehangir Siddiqui Foundation	1,414,500	8.1470
	Jahangir Siddiqui Securities Services Ltd	1,719,500	9.9036
	Jahangir Siddiqui & Sons Ltd	266,968	1.5376
	Trustee Al-Abbas Sugar Mills Ltd	4,000	0.0230
	JS Value Fund Limited	284,998	1.6415
	Haji Abdul Ghani	4,406,500	25.3797
	Muhammad Ayoub Younus Adhi	1,873,250	10.7892
	Noor Jahan Hajiani	946,232	5.4499
		10,915,948	**62.8716**
2	**NIT and ICP**		
	Investment Corporation of Pakistan	500	0.0029
	National Investment Trust Limited	36,752	0.2117
		37,252	**0.2146**
3	**Directors, CEO and their spouses and minor children**		
	Muhammad Iqbal Usman	500	0.0029
	Shunaid Qureshi	1,399,668	8.0615
	Asim Ghani	62,500	0.3600
	Duraid Qureshi	1,000	0.0058
	Jahangir Siddiqui	976,182	5.6224
	Abdul Hamid Ahmed Dagia	500	0.0029
		2,440,350	**14.0555**
4	**Public sector companies and corporation**	**NIL**	**NIL**
5	**Banks, Development Financial Institutions, Non- Banking Financial Institution, Insurance Companies, Modarabas and Mutual Fund.**	**No. of Shares**	**Percentage**
	National Bank of Pakistan, Trustee Deptt	2,290,327	13.1914
	Bank of Khyber	32,898	0.1895
	Bank of Punjab	305,287	1.7583
	Faysal Bank Limited	232,077	1.3367
	Prodential Stocks Fund Limited	600	0.0035
		2,861,189	**16.4793**
6	**Shareholder holding ten percent or more voting interest in the Company**		
	Haji Abdul Ghani	4,406,500	25.3797
	Muhammad Ayoub Younus Adhi	1,873,250	10.7892
	National Bank of Pakistan-Trustee Department	2,290,327	13.1914
		8,570,077	**49.3603**

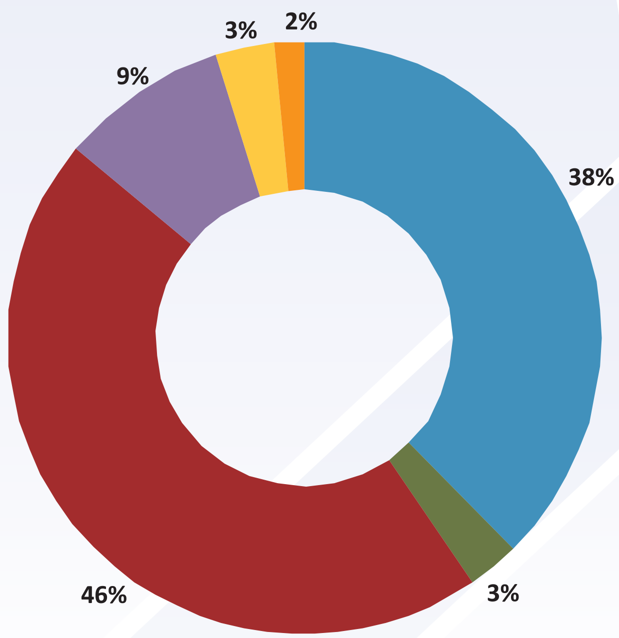
KEY FINANCIAL DATA

		2011	2010	2009	2008	2007	2006
Investment Measure							
Ordinary Share Capital	Rs. in ' 000 '	**173,623**	173,623	173,623	173,623	173,623	173,623
Reserves	Rs. in ' 000 '	**1,207,941**	1,073,278	952,003	696,167	628,305	478,784
Ordinary Shareholder's Equity	Rs. in ' 000 '	**1,381,564**	1,246,901	1,125,626	869,790	801,928	652,407
Dividend on Ordinary Shares	Rs. in ' 000 '	**86,812**	86,812	69,449	26,043	-	-
Dividend per Ordinary Share	Rs.	**5.00**	5.00	4.00	1.50	-	-
Profit Before Taxation	Rs. in ' 000 '	**324,463**	276,059	337,120	96,427	104,333	31,655
Profit After Taxation	Rs. in ' 000 '	**226,863**	204,851	282,432	75,045	149,521	4,864
Earnings per share of Rs. 10	Rs.	**13.07**	11.80	16.27	4.32	8.61	0.28
Measure of Financial Status							
Current Ratio	x : 1	**0.95**	0.81	1.00	1.18	0.92	1.09
Debt Equity Ratio	x : 1	**0.47**	0.70	0.96	1.35	0.97	0.26
Total Debt Ratio	x : 1	**0.41**	0.43	0.42	0.46	0.39	0.37
Number of Days Stock	In days	**118**	59	100	120	72	100
Measure of Performance							
Sales	Rs. in ' 000 '	**6,217,989**	6,352,884	4,166,922	2,757,639	2,726,337	2,338,670
Cost of Goods Sold as % of Sales	%	**84.92**	88.09	81.15	78.07	92.3	91.4
Profit Before Taxation as % of Sales	%	**5.22**	4.35	8.09	3.50	3.83	1.35
Profit After Taxation as % of Sales	%	**3.65**	3.22	6.78	2.72	5.48	0.21

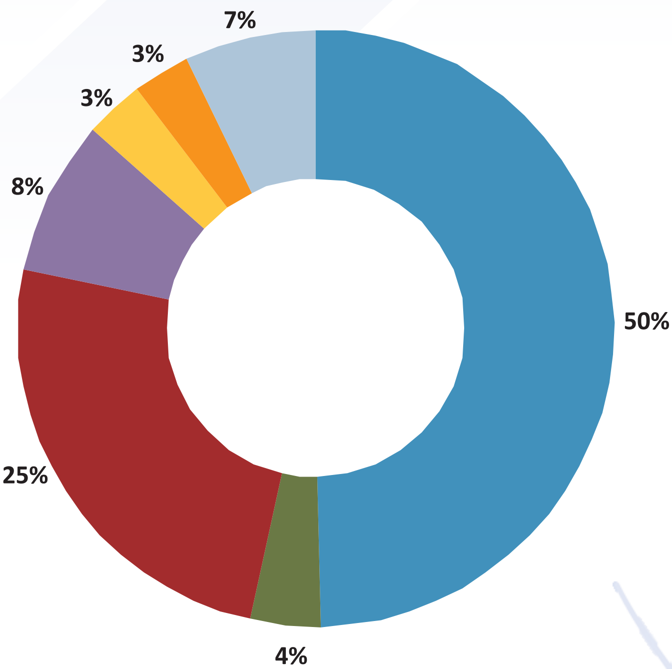
COMPOSITION OF BALANCE SHEET

ASSETS

FY 2011



FY 2010

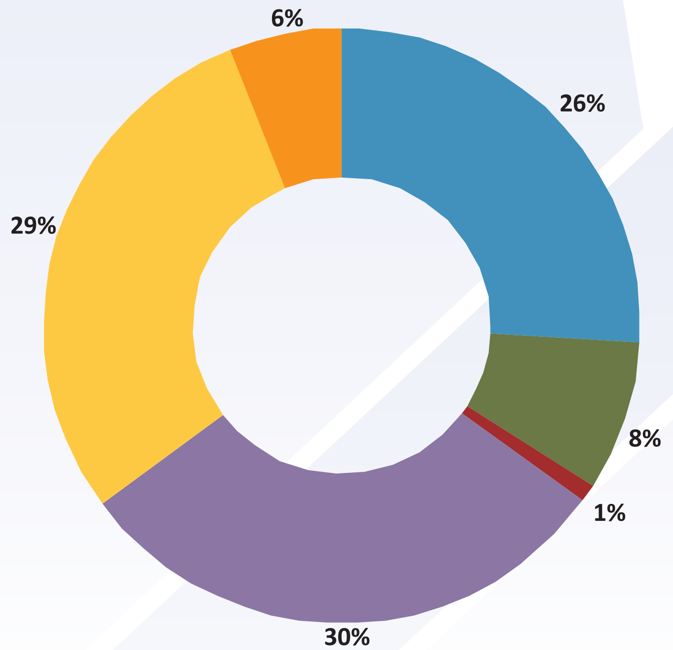


- Property, plant and equipment
- Stores and spares
- Stock-in-trade
- Trade debts
- Loans and advances
- Other assets
- Non - current assets held for sale

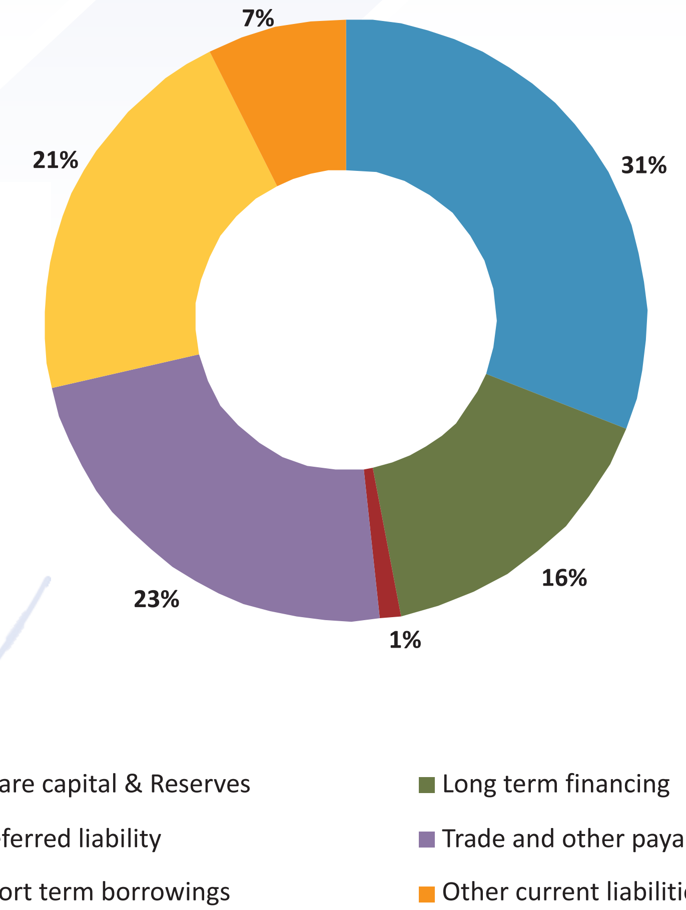
COMPOSITION OF BALANCE SHEET

EQUITY AND LIABILITIES

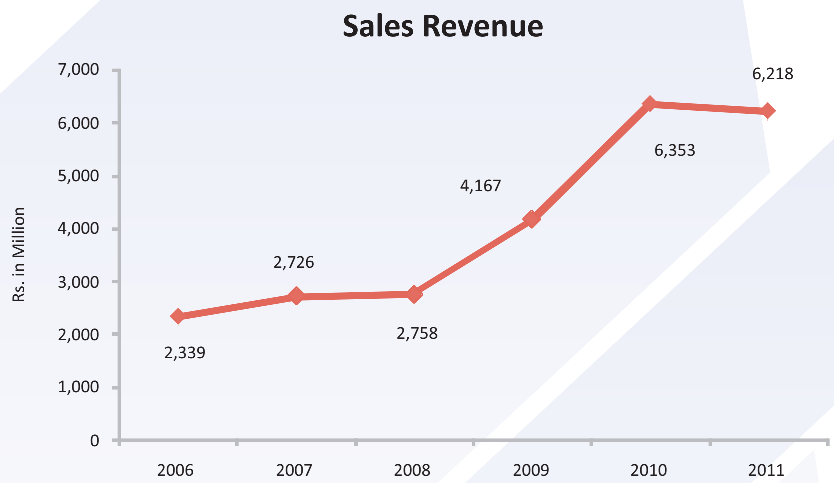
FY 2011

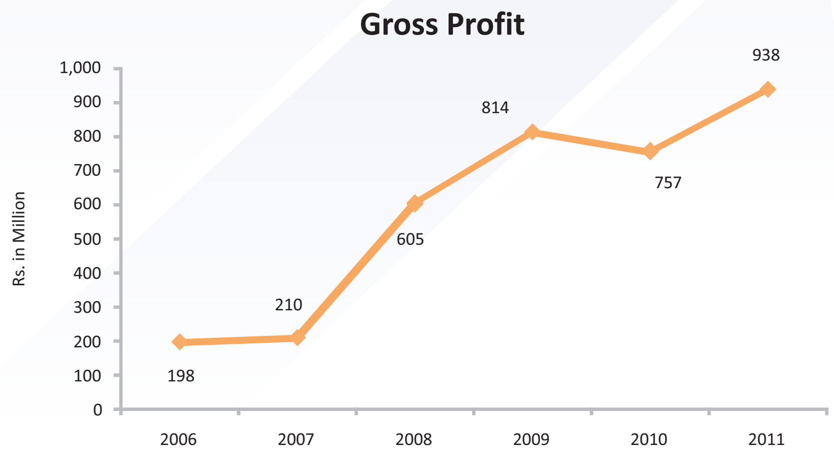


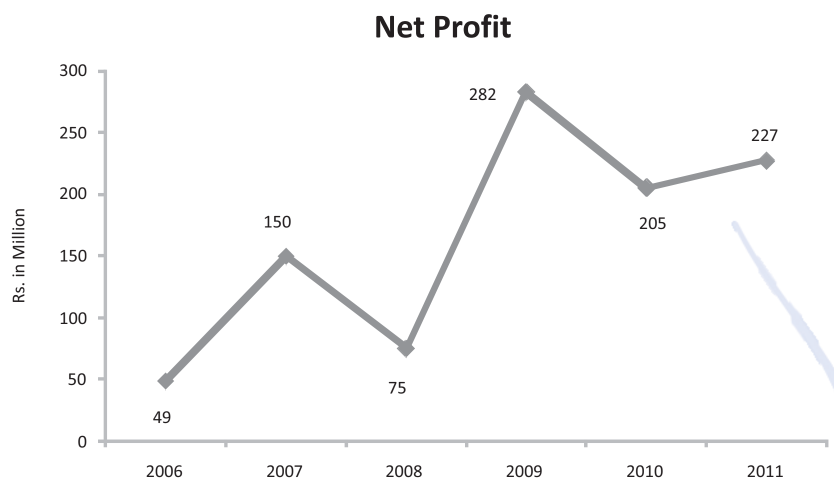
FY 2010



FINANCIAL INDICATORS







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

We have reviewed the Statement of Compliance with the best practices contained in the Code of Corporate Governance for the year ended September 30, 2011 prepared by the Board of Directors of M/S AL-ABBAS SUGAR MILLS LIMITED to comply with the Listing Regulations of the respective Stock Exchanges, where the Company is listed.

The responsibility for compliance with the Code of Corporate Governance is that of the Board of Directors of the Company. Our responsibility is to review, to the extent where such compliance can be objectively verified, whether the Statement of Compliance reflects the status of the Company's compliance with the provisions of the Code of Corporate Governance and report if it does not. A review is limited primarily to inquiries of the Company personnel and review of various documents prepared by the Company to comply with the Code.

As part of our audit of financial statements we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We have not carried out any special review of the internal control system to enable us to express an opinion as to whether the Board's statement on internal control covers all controls and the effectiveness of such internal controls.

Further, Sub - Regulation (xiii a) of Listing Regulations 35 notified by the Karachi Stock Exchange (Guarantee) Limited requires the Company to place before the Board of Directors for their consideration and approval related party transactions distinguishing between transactions carried out on terms equivalent to those that prevail in arm's length transactions and transactions which are not executed at arm's length price recording proper justification for using such alternate pricing mechanism. Further, all such transactions are also required to be separately placed before the audit committee. We are only required and have ensured compliance of requirement to the extent of approval of related party transactions by the Board of Directors and placement of such transactions before the audit committee. We have not carried out any procedures to determine whether the related party transactions were undertaken at arm's length price or not.

Based on our review nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the best practices contained in the Code of Corporate Governance, as applicable to the Company for the year ended September 30, 2011.

Karachi:
December 26, 2011

HYDER BHIMJI & CO.
CHARTERED ACCOUNTANTS

STATEMENT OF COMPLIANCE WITH THE CODE OF CORRPORATE GOVERNANCE

This statement is being presented to comply with the Code of Corporate Governance contained in listing regulations of Karachi Stock Exchange (Guarantee) Limited for the purpose of establishing a framework of good governance, whereby a listed company is managed in compliance with the best practices of Corporate Governance.

1. The Board comprises of seven Directors including two Executive Directors. The Company encourages the representation of independent non-executive Directors on its Board. There are five non-executive Directors.

2. The Directors have confirmed that none of them is serving as a director in more than ten listed companies, including the Company.

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

4. Causal vacancy arose in the Board of Directors during the year was filled within 30 days thereof.

5. The Company has prepared a 'Statement of Ethics and Business Practices', which has been signed by all the directors and employees of the Company.

6. The Board has developed a vision/mission statement, overall corporate strategy and significant policies of the Company. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.

7. All the powers of the Board have been duly exercised and decisions on material transactions, including appointment and determination of remuneration and terms and conditions of employment of the CEO and other executive directors, have been taken by the Board.

8. The meetings of the Board were presided over by the Chairman. The Board met at least once in every quarter. Written notices of the Board meetings, along with agenda and working papers, were circulated at least seven days before the meeting. The minutes of the meetings were appropriately recorded and circulated.

9. All the directors on the Board are fully conversant with their duties and responsibilities as directors of corporate bodies. All directors have attended seminar/ workshops in their personal capacity to equip themselves and keep abreast with the new information.

10. The Board has approved appointment of Company Secretary, Chief Financial Officer, and Head of Internal Audit including their remuneration and terms and conditions of employment, as determined by the CEO.

11. The Directors' Report for the year has been prepared in compliance with the requirements of the Code and fully describes the salient matters required to be disclosed.

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

13. The directors, CEO and executives do not hold any interest in the shares of the Company other than that disclosed in the pattern of shareholding.

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

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

16. The meetings of the Audit Committee were held at least once every quarter prior to approval of interim and final results of the Company. The terms of reference of the Committee have been formed and advised to the Committee for compliance.

17. The Board has set-up an effective Internal Audit function. This function is being performed by Head of Internal Audit who is considered suitably qualified and experienced for the purpose and is conversant with the policies and procedures of the Company.

18. The statutory Auditors of the Company have confirmed that they have been given a satisfactory rating under the quality control review program of the Institute of Chartered Accountants of Pakistan, that they or any of the partners of the firm, their spouses and minor children do not hold share of the Company and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on Code of Ethics as adopted by Institute of Chartered Accountants of Pakistan.

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

20. The related party transactions have been placed before the audit committee and approved by the Board of Directors with necessary justification for non arm's length transactions and pricing methods for transactions that were made on terms equivalent to those that prevail in the arm's length transactions only if such terms can be substantiated.

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

Karachi: December 26, 2011

SHUNAID QURESHI
Chief Executive

AUDITOR'S REPORT TO THE MEMBERS

We have audited the annexed Balance Sheet of M/S AL-ABBAS SUGAR MILLS LIMITED as at September 30, 2011 and the related Profit and Loss Account, Statement of Comprehensive Income, Cash Flow Statement and Statement of Changes in Equity together with the notes forming part thereof, for the year then ended and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

It is the responsibility of the Company's management to establish and maintain a system of internal control, and prepare and present the above said statements in conformity with the approved accounting standards and the requirements of the Companies Ordinance, 1984. Our responsibility is to express an opinion on these statements based on our audit.

We conducted our audit in accordance with the auditing standards as applicable in Pakistan. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the above said statements are free of any material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the above said statements. An audit also includes assessing the accounting policies and significant estimates made by management, as well as, evaluating the overall presentation of the above said statements. We believe that our audit provides a reasonable basis for our opinion and, after due verification, we report that:

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

(b) in our opinion:

- i) the Balance Sheet and Profit and Loss Account together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984, and are in agreement with the books of account and are further in accordance with accounting policies consistently applied;
- ii) the expenditure incurred during the year was for the purpose of the Company's business; and
- iii) the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the Company;

(c) in our opinion and to the best of our information and according to the explanations given to us, the Balance Sheet, Profit and Loss Account, Statement of Comprehensive Income, Cash Flow Statement and Statement of Changes in Equity together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan, and give the information required by the Companies Ordinance, 1984, in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at September 30, 2011 and of the profit, total comprehensive income, its cash flows and changes in equity for the year then ended; and

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

Hyder Bhimji & Co

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

Karachi:
December 26, 2011

AL-ABBAS SUGAR Mills Limited

BALANCE SHEET
AS AT SEPTEMBER 30, 2011

	Note	2011	2010
		(Rupees in thousand)	
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	4	**1,999,174**	2,009,477
Intangible assets	5	**613**	10,768
Long term loans and advances	6	**3,404**	3,383
Long term deposits		**11,127**	12,162
Long term investments	7	**9,114**	14,502
Deferred tax asset	8	**14,586**	15,735
		2,038,018	2,066,027
CURRENT ASSETS			
Stores and spares	9	**153,152**	154,137
Stock-in-trade	10	**2,430,743**	991,194
Trade debts	11	**487,536**	343,043
Loans and advances	12	**170,399**	129,618
Trade deposits and short term prepayments	13	**1,012**	14,238
Other receivables	14	**19,600**	13,106
Short term investment	15	**10,000**	11,550
Accrued mark-up		**416**	84
Cash and bank balances	16	**18,179**	29,613
		3,291,037	1,686,583
Non - current assets held for sale	17	**-**	286,274
Total assets		**5,329,055**	4,038,884
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized capital			
17,500,000 Ordinary shares of Rs. 10 each		**175,000**	175,000
Issued, subscribed and paid-up capital	18	**173,623**	173,623
Reserves	19	**1,207,941**	1,073,278
Shareholders' equity		**1,381,564**	1,246,901
NON-CURRENT LIABILITIES			
Long term financing	20	**433,791**	653,638
Deferred liability	21	**47,591**	43,503
		481,382	697,141
CURRENT LIABILITIES			
Trade and other payables	22	**1,588,808**	937,573
Accrued mark-up	23	**84,026**	60,982
Short term borrowings	24	**1,548,977**	856,180
Current maturity of long term financing	25	**219,697**	221,324
Provision for taxation		**24,601**	18,783
		3,466,109	2,094,842
CONTINGENCIES AND COMMITMENTS	26		
Total equity and liabilities		**5,329,055**	4,038,884

The annexed notes from 1 to 47 form an integral part of these financial statements.

Shunaid Qureshi	**Asim Ghani**
Chief Executive	Director

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED SEPTEMBER 30, 2011

	Note	2011	2010
		(Rupees in thousand)	
Continuing operations			
Sales - net	27	**6,217,989**	6,352,884
Cost of sales	28	**(5,280,399)**	(5,596,237)
Gross profit		**937,590**	756,647
Distribution cost	29	**(93,289)**	(105,561)
Administrative expenses	30	**(123,564)**	(107,319)
Other operating expenses	31	**(76,134)**	(35,734)
		(292,987)	(248,614)
Operating profit		**644,603**	508,033
Finance cost	32	**(356,946)**	(294,245)
Other operating income	33	**36,806**	62,271
Profit before taxation		**324,463**	276,059
Taxation	34	**(71,657)**	(14,350)
Net profit after taxation from continuing operations		**252,806**	261,709
Discontinued operations			
Loss from discontinued operations	35	**(25,943)**	(56,858)
Net profit for the year		**226,863**	204,851
		(Rupees)	
Earning per share - From continued operations - Basic and diluted		**14.56**	15.07
Loss per share - From discontinued operations - Basic and diluted		**(1.49)**	(3.27)
Earning per share - For the year ended - Basic and diluted	36	**13.07**	11.80

The annexed notes from 1 to 47 form an integral part of these financial statements.

Shunaid Qureshi
Chief Executive

Asim Ghani
Director

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

	2011	2010
	(Rupees in thousand)	
Profit after taxation	**226,863**	204,851
Other comprehensive income		
Unrealized loss on revaluation of available for sale investments	**(5,388)**	(14,127)
Total comprehensive income for the year	**221,475**	190,724

The annexed notes from 1 to 47 form an integral part of these financial statements.

Shunaid Qureshi
Chief Executive

Asim Ghani
Director

CASH FLOW STATEMENT
FOR THE YEAR ENDED SEPTEMBER 30, 2011

	Note	2011	2010
		(Rupees in thousand)	
Cash flows from operating activities			
Cash (used in) / generated from operations	37	**(120,431)**	639,212
Financial charges paid		**(333,902)**	(293,502)
Taxes paid		**(77,120)**	(42,579)
		(411,022)	(336,081)
Net cash (used in)/generated from operating activities		**(531,453)**	303,131
Cash flows from investing activities			
Purchase of property, plant and equipment		**(51,341)**	(95,831)
Purchase of intangible assets		**-**	(1,838)
Proceeds from disposal of property, plant and equipment		**3,844**	4,390
Proceeds from sales of non-current assets held for sale		**180,022**	-
Interest received		**1,969**	8,522
Dividend received		**-**	770
Long term loans and advances - net		**(21)**	1,758
Long term deposits		**1,035**	(1,131)
Net cash generated from / (used in) investing activities		**135,508**	(83,360)
Cash flows from financing activities			
Repayment of long term financing		**(219,847)**	(201,515)
Repayment of long term loan from related parties		**-**	(301,346)
Repayment of lease liabilities		**(1,627)**	(1,680)
Dividend paid		**(86,812)**	(69,449)
Short term borrowings - net		**692,797**	371,328
Net cash generated from / (used in) financing activities		**384,511**	(202,662)
Net (decrease) / increase in cash and cash equivalents		**(11,434)**	17,109
Cash and cash equivalents at beginning of the year		**29,613**	12,504
Cash and cash equivalents at the end of the year	16	**18,179**	29,613

The annexed notes from 1 to 47 form an integral part of these financial statements.

Shunaid Qureshi
Chief Executive

Asim Ghani
Director

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

	Issued, subscribed and paid up capital	RESERVES					Total Share holder's Equity
		Revenue			Fair value reserve on remeasurement of available for sale investments	Total reserves	
		General Reserves	Unappr-opriated profit	Total Revenue Reserves			
	(Rupees in thousand)						
Balance as at October 01, 2009	173,623	458,000	501,739	959,739	(7,736)	952,003	1,125,626
Total comprehensive income for the year							
Net profit for the year	-	-	204,851	204,851	-	204,851	204,851
Other comprehensive income	-	-	-	-	(14,127)	(14,127)	(14,127)
	-	-	204,851	204,851	(14,127)	190,724	190,724
Distribution to owners							
Final cash dividend for the year ended September 30, 2009: Rs. 4 per share	-	-	(69,449)	(69,449)	-	(69,449)	(69,449)
Balance as at September 30, 2010	173,623	458,000	637,141	1,095,141	(21,863)	1,073,278	1,246,901
Total comprehensive income for the year							
Profit for the year	-	-	226,863	226,863	-	226,863	226,863
Other comprehensive income	-	-	-	-	(5,388)	(5,388)	(5,388)
	-	-	226,863	226,863	(5,388)	221,475	221,475
Distribution to owners							
Final cash dividend for the year ended September 30, 2010: Rs. 5 per share	-	-	(86,812)	(86,812)	-	(86,812)	(86,812)
Balance as at September 30, 2011	173,623	458,000	777,192	1,235,192	(27,251)	1,207,941	1,381,564

The annexed notes from 1 to 47 form an integral part of these financial statements.

Shunaid Qureshi
Chief Executive

Asim Ghani
Director

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

1 THE COMPANY AND ITS OPERATIONS

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

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

2 BASIS OF PREPARATION

2.1 Statement of Compliance

These financial statements have been prepared in accordance with 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 Accounting convention

These financial statements have been prepared under the historical cost convention without any adjustments for the effect of inflation or current values, except for investments classified as available for sale and held for trading which are stated at fair value and financial assets and liabilities which are carried at their fair values, certain employee benefits are based on actuarial valuation, impairment of assets, capitalization of borrowing cost, stock in trade which is valued at net realizable value, if it is less than the cost and property, plant and equipment of former Al-Abbas Industries Limited at fair value.

2.3 Amendments to published standards that are effective in current year and are relevant to the Company

The following new standards and amendments to standards are mandatory for the Company's accounting periods beginning on or after October 01, 2010.

-IFRS 8 (Amendment), 'Operating segments' is effective from October 01, 2010. The amendment is part of the IASB's annual improvements project published in April 2009. The amendment provides clarification that the requirement for disclosing a measure of segment assets is only required when the Chief Operating Decision Maker (CODM) reviews that information. The application of the amendment will not affect the results or net assets of the Company as it is only concerned with presentation and disclosures.

- IAS 7 (Amendment), 'Statement of cash flows' is effective from October 01, 2010. The amendment provides clarification that only expenditure that results in a recognized asset in the balance sheet can be classified as a cash flow from investing activity. The clarification results in an improvement in the alignment of the classification of cash flows from investing activities in the cash flow statement and the presentation of recognized assets in the balance sheet. The application of the amendment will not affect the results or net assets of the Company as it is only concerned with presentation and disclosures.

-IFRS 5 (Amendment), 'Measurement of non-current assets (or disposal groups) classified as held-for-sale' is effective from October 01, 2010. The amendment provides clarification that IFRS 5 specifies the disclosures required in respect of non-current assets (or disposal groups) classified as held for sale or discontinued operations. It also clarifies that the general requirement of IAS 1 still apply, particularly paragraph 15 (to achieve a fair presentation) and paragraph 125 (sources of estimation uncertainty) of IAS 1. The application of this amendment does not have any impact on the Company's financial statements.

2.4 Amendments to published standards that are effective in current year but not relevant to the Company

The following amendments and interpretations to existing standards have been published and are mandatory for the accounting periods beginning on or after October 01, 2010 but are not relevant to the Company.

-IAS 1 (Amendment), 'Presentation of financial statements' is effective from October 01, 2010. The amendment provides clarification that the potential settlement of a liability by the issue of equity is not relevant to its classification as current or non current. By amending the definition of current liability, the amendment permits a liability to be classified as non-current (provided that the entity has an unconditional right to defer settlement by transfer of cash or other assets for at least 12 months after the accounting period) notwithstanding the fact that the entity could be required by the counterparty to settle in shares at any time. The application of the amendment will not affect the results or net assets of the Company as it is only concerned with presentation and disclosures.

-IAS 17 (Amendment), 'Leases' is effective from October 01, 2010. Prior to the amendment, IAS 17 generally required a lease of land with an indefinite useful life to be classified as an operating lease, unless title passed at the end of the lease term. The amendment provides clarification that when a lease includes both land and buildings, classification as a finance or operating lease is performed separately in accordance with IAS 17's general principles. A lease newly classified as a finance lease should be recognized retrospectively. The adoption of this amendment does not have any impact on the Company's financial statements.

-IAS 36 (Amendment), 'Impairment of assets', is effective from October 01, 2010. The amendment clarifies that the largest cash-generating unit (or group of units) to which goodwill should be allocated for the purposes of impairment testing is an operating segment, as defined by paragraph 5 of IFRS 8, 'Operating segments' (that is, before the aggregation of segments with similar economic characteristics). The application of this amendment does not have any impact on the Company's financial statements.

-IAS 38 (Amendment), 'Intangible assets' is effective from October 01, 2010. The amendment is part of the IASB's annual improvements project published in April 2009. The amendment clarifies guidance in measuring the fair value of an intangible asset acquired in a business combination and it permits the grouping of intangible assets as a single asset if each asset has similar useful economic lives. The application of this amendment does not have any impact on the Company's financial statements.

-IAS 39 (Amendment), 'Cash flow hedge accounting' is effective from October 01, 2010. This amendment provides clarification when to recognize gains or losses on hedging instruments as a reclassification adjustments in a cash flow hedge of a forecast transaction that results subsequently in the recognition of a financial instrument. The amendment clarifies that gains or losses should be reclassified from equity to income statement in the period in which the hedged forecast cash flow affects income statement. The application of this amendment does not have any impact on the Company's financial statements.

-IFRS 2 (Amendments), 'Group cash-settled share-based payment transactions' is effective from October 01, 2010. In addition to incorporating IFRIC 8, 'Scope of IFRS 2', and IFRIC 11, 'IFRS 2-Group and treasury share transactions', the amendments expand on the guidance in IFRIC 11 to address the classification of group arrangements that were not covered by that interpretation. The application of this amendment does not have any impact on the Company's financial statements.

-IFRS 3 (Revised), 'Business combinations', and consequential amendments to IAS 27, 'Consolidated and separate financial statements', IAS 28, 'Investments in associates', and IAS 31, 'Interests in joint ventures', are effective from October 01, 2010. The revised standard continues to apply the acquisition method to business combinations, with some significant changes. For example, all payments to purchase a business are to be recorded at fair value at the acquisition date, with contingent payments classified as debt subsequently re-measured through the income statement. There is a choice on an acquisition-by-acquisition basis to measure the non-controlling interest in the acquiree at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets. All acquisition-related costs should be expensed. It does not have any impact on the Company's financial statements.

-IFRIC 16, 'Hedges of a net investment in a foreign operation' effective October 01, 2010. This amendment states that, in a hedge of a net investment in a foreign operation, qualifying hedging instruments may be held by any entity or entities within a group, including the foreign operation itself, as long as the designation, documentation and effectiveness requirements of IAS 39 that relate to a net investment hedge are satisfied. In particular, the entity should clearly document its hedging strategy because of the possibility of different designations at different levels of the entity. It does not have any impact on the Company's financial statements.

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

The following amendments and interpretations to existing standards have been published and are mandatory for the Company's accounting periods beginning on or after October 01, 2011 or later periods, but the Company has not early adopted them:

-IFRS 9, 'Financial instruments', issued in November 2009. This standard is the first step in the process to replace IAS 39, 'Financial instruments: recognition and measurement'. IFRS 9 introduces new requirements for classifying and measuring financial assets and is likely to affect the Company's accounting for its financial assets. The standard is not applicable until October 01, 2013 but is available for early adoption.

-IAS 1 (Amendments), Clarifies that an entity will present an analysis of other comprehensive income for each component of equity, either in the statement of changes in equity or in the notes to the financial statements. This amendment is effective for periods beginning on or after October 01, 2011.

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

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

-IFRIC 14, 'Prepayments of a minimum funding requirement' (Amendment). The amendments correct an unintended consequence of IFRIC 14, 'IAS 19 - The limit on a defined benefit asset, minimum funding requirements and their interaction'. Without the amendments, entities are not permitted to recognize as an asset some voluntary prepayments for minimum funding contributions. This was not intended when IFRIC 14 was issued, and the amendments correct this. The amendments are effective for annual periods beginning January 01,2011. The amendments should be applied retrospectively to the earliest comparative period presented. The Company will apply these amendments for the financial reporting period commencing on October 01, 2011. It is not expected to have any impact on the Company's financial statements.

-IFRS 7, 'Disclosures on transfers of financial assets' (Amendment). The new disclosure requirements apply to transferred financial assets. An entity transfers a financial asset when it transfers the contractual rights to receive cash flows of the asset to another party. These amendments are part of the IASBs comprehensive review of off balance sheet activities. The amendments will promote transparency in the reporting of transfer transactions and improve users' understanding of the risk exposures relating to transfers of financial assets and the effect of those risks on an entity's financial position, particularly those involving securitization of financial asset. The Company will apply these amendments for the financial reporting period commencing on October 01, 2012. It is not expected to have any impact on the Company's financial statements.

2.6 Critical Accounting Estimates and Judgments

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

Property, Plant and Equipments - 3.1
Intangible assets - 3.2
Investments - 3.4
Provision for stores and spares - 3.5
Estimation of Net Realizable value for stock in trade Note -3.6
Trade debts - 3.7
Taxation Note -3.9
Deferred taxation - 3.9 (b)
Staff Retirement Benefits - 3.10
Loans and advances - 12
Contingencies - 26.1

2.7 Functional and presentation currency

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

3 SIGNIFICANT ACCOUNTING POLICIES

3.1 Property, plant and equipment

a) Operating fixed assets - owned

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

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

Maintenance and normal repairs are charged to income as and when incurred. Major renewals and improvements are capitalized.

Gains or losses on disposals, if any, are included in income currently.

b) Accounting for leases

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

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

c) Capital work-in-progress

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

3.2 Intangible assets

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

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

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

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

3.3 Non- Current assets held for sale

Non-current assets (or disposal groups) are classified as held for sale if the carrying amount will be recovered principally through sale. This condition is regarded as met only when the sale is highly probable, the assets (or disposal groups) are available for immediate sale in its present condition and management is committed to the sale which should be expected to qualify for recognition as a completed sale within one year from the date of the classification. Immediately prior to being classified as held for sale the carrying amount of assets and liabilities are measured in accordance with the applicable standard. After classification as held for sale it is measured at the lower of the carrying amount and fair value less costs to sell. An impairment loss is recognized in profit or loss for any initial and subsequent write-down of the asset and disposal group to fair value less costs to sell. A gain for any subsequent increase in fair value less costs to sell is recognized in profit or loss to the extent that it is not in excess of the cumulative impairment loss previously recognized.

Non-current assets or disposal groups that are classified as held for sale are not depreciated.

3.4 Investments

a) Long term investments

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

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

Gain or losses on devaluation of available for sale investment are recognized in equity until the investment is sold or otherwise dispose off, or until the investment is determined to be impaired, at which time the cumulative gain or loss previously reported in equity is included in income.

b) Investments in equity instruments of associated companies

Investments in associates where the company has significant influence are measured at cost in the company's financial statements.

At each balance sheet date, the company reviews the carrying amounts of the investments to assess whether there is any indication that such investments have suffered permanent impairment loss. If any such indication exists, the recoverable amount is estimated in order to determine the extent of the impairment loss, if any. Impairment losses are recognized as expense.

c) At fair value through profit or loss

Investments are stated at fair value through profit or loss which are designated as such upon initial recognition. Subsequent to initial recognition, these investments are marked to market using the closing market rates and are carried on the balance sheet at fair value. Net gains and losses arising on changes in fair values of these investments are taken to the profit and loss account in the period in which these arise.

3.5 Stores and spares

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

3.6 Stock-in-trade

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

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

Cost in relation to stock of molasses held by distillery acquired from outside sugar mills is valued at weighted average cost whereas the molasses transferred by the sugar division to distillery division are valued on the basis mentioned in the relevant note.

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

3.7 Trade debts

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

3.8 Cash and cash equivalents

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

3.9 Taxation

a) Current

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

b) Deferred

Deferred tax is provided by using the liability method, on all temporary differences at the balance sheet date between the tax base of assets and liabilities and their carrying values for financial reporting purposes. Deferred tax assets are recognized only to the extent that it is probable that future profit will be available against which the assets can be utilized.

3.10 Staff retirement benefits

a) Defined benefit gratuity scheme

The company operates an approved funded gratuity scheme (defined benefit plan) for all its employees who have completed the qualifying period under the scheme. Contributions are made to the fund in accordance with the actuarial recommendations. The most recent valuation in this regard was carried out as at September 30, 2011, using the Projected Unit Credit Method for valuation of the scheme. Actuarial gains/ losses exceeding 10 percent of the higher of projected benefit obligation and fair value of plan assets, at the beginning of the year, are amortized over average future service of the employees.

b) Employees compensated absences

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

3.11 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 future for goods and services.

3.12 Foreign currency transaction

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

The financial statements are presented in Pak Rupees, which is the Company's functional and presentation currency.

3.13 Financial instruments

a) Recognition

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

b) Offsetting

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

c) Derivative financial instruments

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

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

3.14 Borrowing costs

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

3.15 Provisions

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

3.16 Related party transactions

Transactions in relation to sales, purchases and services with related parties are made at arm's length prices determined in accordance with the comparable uncontrolled price method except for the allocation of expenses such as electricity, gas, water, repair and maintenance relating to the head office, shared with associated companies, which are based on the advices received. The related parties comprise of entities over which the directors are able to exercise significant influence, entities with common directors, major shareholders, directors and key management employees.

3.17 Inter-segment pricing

Transfer between business segment are recorded at net realizable value.

3.18 Revenue recognition

Revenue is recognized to the extent it is probable that the economic benefits will flow to the Company and the revenue can be measured reliably. Revenue is measured at the fair value of the consideration received or receivable, excluding discounts, rebates and government levies. The following recognition criteria must be met before revenue is recognized.

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

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

c) Mark-up on grower loan is accounted for in line with the recovery of the respective loan due to exigencies involved in such matters.

d) Unrealized gains /(losses) arising on revaluation of securities classified as 'held for trading' are included in profit and loss account in the period in which they arise.

e) Miscellaneous income is recognized on receipts basis.

f) Dividend income is recognized when the right to receive the same is established i.e. the book closure date of the investee company declaring the dividend.

3.19 Dividend and appropriation to reserves:

Dividend and appropriation to reserves are recognized in the financial statements in the period in which these are approved.

3.20 Segment reporting

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

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

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

3.21 Impairment

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

4 PROPERTY PLANT AND EQUIPMENT

	Note	2011	2010
		(Rupees in thousand)	
Operating fixed assets	4.1	**1,830,364**	1,860,428
Capital work in progress - CWIP	4.2	**168,810**	149,049
		1,999,174	2,009,477

4.1 Operating fixed assets

2011

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

2010

	COST					ACCUMULATED DEPRECIATION				Written down value as at 30-09-2010	Rate of depreciation %
	As at 01-10-2009	Additions / (Deletions)	Transferred from CWIP	Transferred (to)/ from non - current assets held for sale / lease	As at 30-09-2010	As at 01-10-2009	Charge for the year / (Adjustment)	Transfer to / (from)	As at 30-09-2010		
	(Rupees in thousand)										
Owned											
Free-hold land	26,557	-	-	-	26,557	-	-	-	-	26,557	-
Lease-hold land	51,000	-	-	-	51,000	-	-	-	-	51,000	-
Main factory building on free-hold land	382,978	-	-	-	382,978	139,303	23,285	-	162,588	220,390	10
Non-factory building	153,216	-	-	-	153,216	70,324	7,920	-	78,244	74,972	10
Plant and machinery	2,455,733	-	-	(305,549)	2,150,184	657,563	84,793	-	712,414	1,437,770	5 to 10
	-	-	-	-	-	-	(29,942)	-	-	-	
Furniture and fittings	6,983	123	-	-	7,106	3,439	346	-	3,785	3,321	10
Vehicles	45,030	11,374	-	-	49,546	25,061	3,614	-	25,025	24,521	20
	-	(6,858)	-	-	-	-	(3,650)	-	-	-	
Office equipment	29,160	725	-	-	29,885	12,879	1,599	-	14,478	15,407	10
Computers	3,580	470	-	-	4,050	1,100	678	-	1,778	2,272	30
Tools and tackles	4,268	-	-	-	4,268	3,155	203	-	3,358	910	10 to 20
	3,158,505	**12,692**	-	-	**2,858,790**	**912,824**	**122,438**	-	**1,001,670**	**1,857,120**	
	-	**(6,858)**	-	**(305,549)**	**(33,592)**	-	-	-	-	-	
Leased											
Vehicles	5,405	-	-	-	5,405	1,362	735	-	2,097	3,308	20
	3,163,910	**12,692**	-	-	**2,864,195**	**914,186**	**123,173**	-	**1,003,767**	**1,860,428**	
	-	**(6,858)**	-	**(305,549)**	-	-	**(33,592)**	-	-	-	

4.1.1 Reconciliation of carrying amount of operating fixed assets

2011

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

2010

Description	Opening written down value	Additions	Transferred from CWIP	Transferred (to)/ from non - current assets held for sale / lease	Disposals	Depreciation charge	Closing written down value
	(Rupees in thousand)						
Owned							
Free-hold land	**26,557**	-	-	-	-	-	26,557
Lease-hold land	**51,000**	-	-	-	-	-	51,000
Main factory building on free-hold land	**243,675**	-	-	-	-	23,285	220,390
Non-factory building	**82,892**	-	-	-	-	7,920	74,972
Plant and machinery	**1,798,170**	-	-	(275,607)	-	84,793	1,437,770
Furniture and fittings	**3,544**	123	-	-	-	346	3,321
Vehicles	**19,969**	11,374	-	-	3,208	3,614	24,521
Office equipment	**16,281**	725	-	-	-	1,599	15,407
Computers	**2,480**	470	-	-	-	678	2,272
Tools and tackles	**1,113**	-	-	-	-	203	910
	2,245,681	12,692	-	(275,607)	3,208	122,438	1,857,120
Leased							
Vehicles	**4,043**	-	-	-	-	735	3,308
	2,249,724	12,692	-	(275,607)	3,208	123,173	1,860,428

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

	Note	2011	2010
		(Rupees in thousand)	
Cost of sales	28	**110,600**	115,998
Administrative expenses	30	**9,052**	7,175
		119,652	123,173

5 INTANGIBLE ASSET

Description	Cost			Amortization			Written down value as on 30-09-2011	Written down value as on 30-09-2010
	As at 01.10.2010	Addition	As on 30-09-2011	As at 01.10.2010	Charge for the year	As on 30-09-2011		
	(Rupees in thousand)							
ERP software systems	22,285	-	22,285	11,517	10,155	21,672	613	10,768

5.1 Intangible assets are amortized at the rate of 33.33% (2010: 33.33% per annum).

	Note	2011	2010
		(Rupees in thousand)	
6 LONG TERM LOANS AND ADVANCES - Considered good			
Secured			
To employees - Other than Directors, Chief Executive and executive	6.1	**740**	627
To executives other than key management personnel		**219**	-
To executives being key management personnel		**3,950**	3,908
	6.2	**4,909**	4,535
Current portion of long term loans and advances	12	**(1,505)**	(1,152)
		3,404	3,383

6.1 The maximum aggregate amount of loans outstanding during the year is Rs. 5.186 million (2010: Rs. 4.393 million).

	2011	2010
	(Rupees in thousand)	
6.2 Balance at beginning of the year	**4,535**	6,294
Add: Loans disbursed during the year	**2,042**	2,255
	6,577	8,549
Less: Recovery during the year	**(1,668)**	(4,014)
Balance at end of the year	**4,909**	4,535

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

7 LONG TERM INVESTMENTS

	2011	2010
	(Rupees in thousand)	
Related parties - Associated Companies		
Available for sale investments		
Al-Abbas Cement Industries Limited (Holding 1.09%) 2,000,000 (2010: 2,000,000) ordinary shares of Rs. 10 each	**4,120**	6,280
Eye Television Network Limited (Holding 0.81%)	**4,994**	8,222
405,000 (2010: 405,000) ordinary shares of Rs. 10 each	**9,114**	14,502

	Note	2011	2010
		(Rupees in thousand)	
8 DEFERRED TAX ASSET			
Deferred taxation			
Deductible temporary differences			
Available tax losses		**270,388**	349,829
Taxable temporary differences			
Accelerated tax depreciation		**255,802**	333,479
Lease liabilities		**-**	615
		255,802	334,094
		14,586	15,735

	Note	2011	2010
9 STORES AND SPARES			
Stores and spares		**174,154**	174,124
Provision for slow moving items and obsolescence	9.1	**(21,002)**	(19,987)
		153,152	154,137
9.1 Balance at beginning of the year		**(19,987)**	(19,897)
Provision made for the year		**(1,015)**	-
Balance at end of the year		**(21,002)**	(19,987)

	Note	2011	2010
10 STOCK-IN-TRADE			
Raw materials	10.2	**655,406**	331,842
Work-in-process		**19,417**	4,444
Finished goods	10.3	**1,742,688**	655,050
Provision for the year	10.4	**-**	(142)
		1,742,688	654,908
Other-Bagasse		**13,232**	-
		2,430,743	991,194

10.1 Value of stock pledged as on the balance sheet date amounts to Rs. 1,441.313 million (2010: Rs. 178.817 million).

10.2 It includes stock in transit amounting to Rs. Nil (2010: Rs. 58.889 million).

10.3 Stock in trade at September 30, 2011 includes stock items valued at net realizable value (NRV) as follows. The write down to NRV amounting to Rs. 71.435 million (2010: Rs. 34.656 million) has been recognised in cost of goods sold:

	Cost	NRV
	(Rupees in thousand)	
Ferro Silicon	**69,417**	**14,130**
Silicon Magnese	**19,060**	**3,145**
Sugar	**6,165**	**5,932**
	94,642	**23,207**

		Note	2011	2010
			(Rupees in thousand)	
10.4	**Provision for finished goods**			
	Balance at beginning of the year		**(142)**	(142)
	Write off during the year		**142**	-
	Balance at end of the year		**-**	(142)
11	**TRADE DEBTS - UNSECURED**			
	Considered good			
	Export proceed receivable		**349,581**	98
	Local		**137,955**	342,945
			487,536	343,043
	Considered doubtful - Local		**6,666**	2,626
	Provision for doubtful trade debts		**(6,666)**	(2,626)
			-	-
			487,536	343,043
11.1	Balance at the beginning of the year		**(2,626)**	-
	Provision made during the year		**(4,500)**	(2,626)
	Provision write off during the year		**460**	-
	Balance at end of the year		**(6,666)**	(2,626)
12	**LOANS AND ADVANCES**			
	Current portion of long term loans and advances	6	**1,505**	1,152
	Loans to growers - Unsecured	12.1		
	Considered good		**6,174**	4,474
	Considered doubtful		**1,253**	10,245
			7,427	14,719
	Provision for loans considered doubtful	12.2	**(1,253)**	(10,245)
			6,174	4,474
	Advances - Unsecured			
	Considered good			
	To employees against salary	12.3	**310**	654
	To employees against expense		**898**	1,858
	To suppliers and contractors		**148,715**	114,730
			149,923	117,242
	Considered doubtful			
	To suppliers and contractors		**46,839**	8,898
	Provision for doubtful advances	12.2	**(46,839)**	(8,898)
			-	-
	Against letter of credit		**367**	6,750
	Advance tax		**12,430**	-
			170,399	129,618

12.1 The rate of mark-up on such loans ranges up to 14.96% (2010: Rs 14.96%) subject to final settlement with the respective growers. During the year, Company has provided fertilizers , seeds and tricograma cards to the growers which has been provided as advance and the Company has enforceable right to recover the same out of the cane supply from the said growers in the ensuing season.

		2011	2010
		(Rupees in thousand)	
12.2	Balance at the beginning of the year	**(19,143)**	(10,245)
	Provision made for the year	**(38,780)**	(8,898)
	Provision write off during the year	**9,831**	-
	Balance at end of the year	**(48,092)**	(19,143)

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

		2011	2010
13	**TRADE DEPOSITS AND SHORT TERM PREPAYMENTS**	(Rupees in thousand)	
	Deposits	**-**	13,585
	Prepaid insurance	**1,012**	653
		1,012	14,238

		2011	2010
14	**OTHER RECEIVABLES**		
	Sales tax and excise duty	**-**	2,320
	Cross currency and interest rate swap	**-**	10,025
	Against sale of non-current assets available held for sale	**19,309**	-
	Others	**291**	761
		19,600	13,106

Proceeds realized subsequent to year end in respect of non-current assets available held for sale.

		Note	2011	2010
15	**SHORT TERM INVESTMENT**		(Rupees in thousand)	
	Other than related parties			
	At fair value through profit or loss - held for trading			
	Fauji Cement Company Limited			
	2,500,000 (2010:2,500,000) ordinary shares of Rs. 10 each		**10,000**	11,550

		Note	2011	2010
16	**CASH AND BANK BALANCES**			
	Cash in hand		**1,079**	1,207
	Cash at banks			
	Current accounts	16.1	**13,542**	27,295
	Saving accounts	16.2	**3,558**	1,111
			17,100	28,406
			18,179	29,613

16.1 It includes Rs. 0.798 million (2010: Rs. 0.860 million) with JS bank limited - a related party.

16.2 These carry profit ranging from 5% to 7%(2010: 6% to 7%).

17 NON - CURRENT ASSETS HELD FOR SALE

Description	2011				
	Carrying value at the end of the reporting period before classification as held for sale	Transferred to property, plant and equipment / stores and spares	Impairment	Sold / Consumed	Carrying amount after allocation of impairment loss
	(Rupees in thousand)				
Property, plant and equipments					
Plant and machinery	254,299	61,000	-	193,299	-
Stores and spares	31,975	6,032	13,441	12,502	-
	286,274	**67,032**	**13,441**	**205,801**	**-**

Description	2010			
	Carrying value at the end of the reporting period before classification as held for sale	Carrying amount as remeasured immediately before classification as held for sale	Allocated impairment loss	Carrying amount after allocation of impairment loss
	(Rupees in thousand)			
Property, plant and equipments				
Plant and machinery	275,607	275,607	21,308	254,299
Stores and spares	63,950	63,950	31,975	31,975
Stock in trade	3,575	3,575	3,575	-
	343,132	343,132	56,858	286,274

18 ISSUED, SUBSCRIBED AND PAID-UP CAPITAL

2011	2010		**2011**	**2010**
(Number of shares)			**(Rupees in thousand)**	
17,362,300	17,362,300	Ordinary shares of Rs. 10 each allotted for consideration paid in cash	**173,623**	173,623

18.1 Number of shares held by the associates as on the balance sheet date are 10,915,948 (2010: 10,965,950).

19 REVENUE RESERVES

It includes General Reserve amounting to Rs. 458 million (2010: Rs. 458 million) which represents accumulation made out of profits in past years and is kept in order to meet future exigencies.

	Note	2011	2010
		(Rupees in thousand)	
20 LONG TERM FINANCING - Secured			
From banking companies			
MCB bank limited - Demand finance	20.1	**145,455**	181,818
KASB bank limited - Term finance	20.2	**133,333**	166,667
		278,788	348,485
Privately placed term finance certificates	20.3 & 20.4	**374,700**	524,850
		653,488	873,335
Current portion of long term financing	27	**(219,697)**	(219,697)
		433,791	653,638

20.1 This represents the Demand Finance II from MCB Bank Limited against sanctioned limit of Rs 200 million. It is secured against pari passu charge over fixed assets for Rs. 274 million. It is repayable in 22 quarterly installments of Rs. 9.090 million each commencing from June 2010 latest by September 2015. This carry mark-up at the rate of three months KIBOR plus 1.65% (2010: three months KIBOR plus 1.65%) per annum payable quarterly.

20.2 This represent the term finance from KASB Bank Limited against the sanctioned limit of Rs. 200 million for the purpose of enhancement of crushing capacity. It carries mark up at the rate of three months KIBOR plus 1.5% (2010: three months KIBOR plus 1.5%) per annum payable quarterly. The finance is repayable in 24 equal quarterly installments each of Rs. 8.33 million commencing from October 2009 latest by July 2015. It is secured against first pari passu charge over the Company's fixed assets (including land, building and plant and machinery).

20.3 This represents 150,000 privately placed Term Finance Certificates (TFCs) having a face value of Rs. 5,000 each issued by the Company through M/s Allied Bank of Pakistan, being the lead arranger. It carries mark up at the base rate of 6 months KIBOR plus 1.75%. It is secured by way of first pari passu hypothecation charge over all present and future fixed assets of the Company. TFCs will be redeemed in 10 equal bi-annual installments of Rs. 75 million each commencing from May 2009. The Company is entitled to exercise a call option by redeeming all or any part of outstanding TFCs before the maturity at least after two years of the issue date. As at the balance sheet date the TFCs certificate held by financial institutions amounting to Rs. 244.902 million (2010: Rs. 478.650 million) and by others Rs. 129.948 million (2010: Rs. 46.200 million).

20.4 It includes balance of Rs. 14.988 million (2010: Rs. 20.995 million) due to a related party.

21 The Company has challenged the levy of market committee fee in the Honorable High Court of Sindh and filed a constitutional petition and has also obtained a stay order from the Honorable High Court. Pending the outcome of the petition, the Company has accounted for the levy as a matter of prudence. However, classified the same as deferred laibility as the liability is not likely to materialize in near future.

	Note	2011	2010
		(Rupees in thousand)	
22 TRADE AND OTHER PAYABLES			
Creditors		**307,574**	531,958
Accrued liabilities		**34,729**	36,056
Advances from customers		**1,200,650**	322,884
Payable to employees gratuity fund	22.1	**10,106**	23,407
Workers' profit participation fund	22.2	**16,095**	11,782
Workers' welfare fund		**13,848**	6,595
Unclaimed dividend		**2,491**	1,191
Retention money		**1,254**	1,842
Others		**2,061**	1,858
		1,588,808	937,573

		2011	2010
		(Rupees in thousand)	

22.1 Payable to employees gratuity fund

a) Movements in the (assets) / liabilities recognized in the balance sheet:

	2011	2010
Balance at the beginning of year	**23,407**	10,587
Charge for the year	**15,491**	27,020
Contributions made by the company during the year	**(28,792)**	(14,200)
Balance at the end of year	**10,106**	23,407

b) The following amounts have been charged to profit and loss account during the year:

	2011	2010
Current service cost	**12,273**	11,250
Interest cost	**11,616**	7,446
Expected return on plan assets	**(8,398)**	(6,533)
Past service cost	**-**	14,857
	15,491	27,020

c) The amount recognized in the balance sheet is as follows:

	2011	2010
Present value of defined benefit obligation	**105,924**	92,932
Fair value of plan assets	**(90,184)**	(67,194)
Unrecognized actuarial loss	**(5,634)**	(2,331)
	10,106	23,407

d) Changes in present value of defined benefit obligations:

	2011	2010
Present value of defined benefit obligation at the beginning of the year	**92,932**	62,051
Current service cost	**12,273**	11,250
Interest cost	**11,616**	7,446
Past service cost	**-**	14,857
Benefit paid during the year	**(10,511)**	(6,184)
Actuarial (gain) / loss	**(386)**	3,512
Present value of defined benefit obligation at the end of the year	**105,924**	92,932

e) Changes in fair value of plan assets:

	2011	2010
Fair value of plan assets as at the beginning of the year	**67,194**	54,446
Expected return on plan assets	**8,398**	6,533
Contributions during the year	**28,792**	14,200
Benefits paid during the year	**(10,511)**	(6,184)
Actuarial gain on plan assets	**(3,689)**	(1,801)
Fair value of plan assets at the end of the year	**90,184**	67,194

f) Actual return on plan assets:

	2011	2010
Expected return on plan assets	**8,398**	6,533
Actuarial (gain) / loss on plan assets	**(3,689)**	(1,801)
Actual return on plan assets	**4,709**	4,732

g) Actuarial valuation of the plan was carried out by M/s. Noman Associates as of September 30, 2011 using the projected unit credit method. Principal actuarial assumptions used were as follows:

	2011	2010
Expected rate of salary increase in future years	**11.5%**	11.5%
Discount rate	**12.5%**	12.5%
Expected rate of return on plan assets during the year	**12.5%**	12.0%
Average expected remaining working life of employee	**7 years**	7 years

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

	Note	2011	2010
		(Rupees in thousand)	
Cost of sales	28	**10,449**	24,020
Administrative expense	30	**5,042**	3,000
		15,491	27,020

i) Expected charge for the year 2011-12 is Rs. 13.763 million.

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

	2011	2010	2009	2008	2007
	(Rupees in thousand)				
Present value of defined obligations at year end	**105,924**	92,932	62,051	66,138	55,558
Fair value of plan assets at year end	**90,184**	67,194	54,446	47,915	53,055
Net deficit	**15,740**	25,738	7,605	18,223	2,503

k) Experience adjustments:

	2011	2010	2009	2008	2007
Experience adjustments arising on plan liabilities gains / (losses).	**386**	(3,512)	13,897	(558)	N/A
Experience adjustments arising on plan assets gains / (losses).	**3,689**	(1,801)	(1,613)	1,646	N/A

22.2 Workers' profit participation fund

	Note	2011	2010
		(Rupees in thousand)	
Balance at beginning of the year		**11,782**	18,105
Interest for the year	32	**940**	1,092
Provision made during the year	31	**16,095**	11,782
		17,035	12,874
		28,817	30,979
Paid during the year		**(12,722)**	(19,197)
Balance at end of the year		**16,095**	11,782

23 ACCRUED MARK-UP

	Note	2011	2010
Mark-up on			
Long term financing	23.1	**26,470**	32,882
Short term borrowing	23.2	**57,556**	28,100
		84,026	60,982

23.1 It includes Rs. 1.059 million (2010: Rs. 1.315 million) payable to a related party.

23.2 It includes Rs. 10.872 million (2010: 3.749 million) payable to a related party.

24	SHORT TERM BORROWINGS	Note	2011	2010
			(Rupees in thousand)	
	From banking companies - secured			
	Under Mark up arrangements			
	Cash / Running finances	24.1	**636,882**	224,281
	Export refinance	24.1	**504,000**	546,249
	Foreign currency export finance	24.2	**408,095**	85,650
			1,548,977	856,180

24.1 The available aggregate finance facilities (short term funded) amounting to Rs. 4.07 billion (2010: Rs. 3.610 billion) which have been arranged from various commercial banks out of which Rs. 2.420 billion (2010: 2.496 billion) is interchangeable with export refinance and FE 25. These are secured against hypothecation of inventories and receivables, pledged of stock and present and future fixed assets of the Company. Cash and running finances carry mark-up ranging from 1 to 3 months KIBOR plus 1% to 2.5% (2010: 1 to 3 months KIBOR plus 1% to 2.25%) per annum payable quarterly in arrears and export refinances carry mark up at the rate of 11% (2010: 8.5% to 9.5%). At the year end, facilities amounting to Rs. 2.522 billion (2010: Rs. 2.754 billion) remained unutilized. These facilities are expired on various dates latest by September 30, 2012 and are renewable. It includes Rs. 400 million (2010: Rs. 200 million) payable to related party.

24.2 The available facility of foreign currency export finance interchangeable with limits of export refinance and cash finance amounts to Rs. 1,100 million (2010: Rs. 1,100 million) which carries mark up at the rate of LIBOR plus 1.75% to 3.1% (2010: LIBOR plus1.75%) and secured against hypothecation of fixed assets, pledge of stock and hypothecation of current assets.

24.3 The available facilities for opening letters of credit as at September 30, 2011 aggregate Rs. 525 million (2010: Rs. 680 million) of which the amount unutilized as at September 30, 2011 was Rs. 522.716 million (2010: Rs. 152.781 million).

25	CURRENT MATURITY OF LONG TERM FINANCING	Note	2011	2010
			(Rupees in thousand)	
	Current portion of long term financing	20	**219,697**	219,697
	Current portion of lease liabilities		**-**	1,627
			219,697	221,324

26 CONTINGENCIES AND COMMITMENTS

26.1 Contingency

a) The Honorable Income Tax Appellate Tribunal (ITAT) has restored the Taxation Officers' order adding back unabsorbed losses amounting to Rs. 12,790 million for the accounting year-2001 against which the Company has filed reference with the Honorable High Court of Sindh, which is pending. The departmental appeal in respect of accounting year 2000 has been decided in favour of the Company involving taxable loss of Rs. 9.748 million against which the department is in appeal before the Supreme Court of Pakistan. It is expected that the outcome will be in favour of Company. The issue of payment of tax under section 12(9A) of the repealed income tax Ordinance, 1979, for the accounting year-2001 amounting to Rs. 12.846 million has been decided in favour of the Company by the learned Appellate Tribunal Inland Revenue, vide order dated:16.09.2011

b) Bank guarantees of Rs. 54.5 million (2010: Rs. 66.55 million) have been issued in favour of customer and supplier.

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

d) The Competition Commission of Pakistan has issued show cause notice to the Company alleging cartelization by industry. The Company has challenged this show cause in Sindh High Court in Karachi challenging the jurisdiction of Competition Commission of Pakistan. The high court has stayed the show cause notice and case hearings are in progress in Sindh High Court Karachi.

e) The Company has filed a Constitutional Petition before the Honorable High Court of Sindh against Pakistan Standard and Quality Control Authority (the Authority) challenging the levy of marking fee under PSQCA Act -VI of 1996. The Authority has demanded a fee payment @ 0.1% of ex-factory price. The Company is of the view that demanded notifications so raised are without any lawful authority under the PSQCA Act -VI of 1996 and are in violation of the Constitution . The Honorable High Court of Sindh has accepted the Petition and termed that the impugned notifications have been issued with out lawful authority and suspended the operation of the impugned notifications. Full provision of Rs. 3.202 million (2010: Rs. 3.400 million) as a matter of prudence, has been made.

26.2 Commitments

Commitments in respect of letters of credit amounts to Rs. 2.284 million (2010: Rs. 527.219 million) and capital commitments in respect of tank terminal is Rs. 40 million.

27 TURNOVER

	Note	Sugar 2011	Sugar 2010	Ethanol 2011	Ethanol 2010	Chemical and alloys 2011	Chemical and alloys 2010	Power 2011	Power 2010	Total 2011	Total 2010
		(Rupees in thousand)									
Gross sales											
Local		3,201,923	3,400,682	88,065	77,093	64,977	246,208	203,736	488,267	3,558,701	4,212,250
Export	27.1	-	-	2,854,714	2,449,466	-	-	-	-	2,854,714	2,449,466
		3,201,923	3,400,682	2,942,779	2,526,559	64,977	246,208	203,736	488,267	6,413,415	6,661,716
Less:											
Sales tax		(119,530)	(149,560)	(12,013)	(11,131)	(11,596)	(43,081)	(30,956)	(79,042)	(174,095)	(282,814)
Special excise duty		(19,864)	(23,334)	(794)	(653)	(673)	(2,031)	-	-	(21,331)	(26,018)
		(139,394)	(172,894)	(12,807)	(11,784)	(12,269)	(45,112)	(30,956)	(79,042)	(195,426)	(308,832)
		3,062,529	3,227,788	2,929,972	2,514,775	52,708	201,096	172,780	409,225	6,217,989	6,352,884

27.1 It includes exchange loss of Rs. (2.469) million (2010: Exchange gain of Rs. 23.214 million).

28 COST OF SALES

	Note	Sugar 2011	Sugar 2010	Ethanol 2011	Ethanol 2010	Chemical and alloys 2011	Chemical and alloys 2010	Power 2011	Power 2010	Total 2011	Total 2010
Cost of raw materials consumed		3,874,457	2,770,589	1,866,252	1,955,301	42,998	53,219	112,490	415,625	5,896,197	5,194,734
Stores and spare parts consumed		72,385	62,922	72,255	28,762	19,922	13,118	2,396	7,692	166,958	112,494
Packing materials		28,967	18,215	4,512	11,361	7,255	8,116	-	-	40,734	37,692
Salaries, wages and other benefits	22.1.h	128,390	123,724	23,412	26,039	21,623	27,234	12,950	9,876	186,375	186,873
Water, fuel and power		128,213	33,581	72,889	12,055	123,420	115,831	33,235	-	357,757	161,467
Other manufacturing expenses	28.1	23,528	24,959	17,952	13,855	9,167	9,847	2,432	473	53,079	49,134
Repairs and maintenance		14,757	9,795	18,683	3,271	1,051	4,980	87	2,697	34,578	20,743
Depreciation	4.1.2	48,374	50,735	25,617	26,867	22,532	23,632	14,077	14,764	110,600	115,998
		4,319,071	3,094,520	2,101,572	2,077,511	247,968	255,977	177,667	451,127	6,846,278	5,879,135
Work-in-process											
Opening		4,444	1,717	-	-	-	-	-	-	4,444	1,717
Closing		(19,416)	(4,444)	-	-	-	-	-	-	(19,416)	(4,444)
		(14,972)	(2,727)	-	-	-	-	-	-	(14,972)	(2,727)
		4,304,099	3,091,793	2,101,572	2,077,511	247,968	255,977	177,667	451,127	6,831,306	5,876,408
Less:											
Transfer price of molasses		(254,818)	(193,906)	-	-	-	-	-	-	(254,818)	(193,906)
Sale of fusel oil		-	-	(590)	(249)	-	-	-	-	(590)	(249)
Transfer price of bagasse		(182,884)	(32,661)	-	-	-	-	-	-	(182,884)	(32,661)
Sales of bagasse		(24,832)	(13,514)	-	-	-	-	-	-	(24,832)	(13,514)
		(462,534)	(240,081)	(590)	(249)	-	-	-	-	(463,124)	(240,330)
Cost of goods manufactured		3,841,565	2,851,712	2,100,982	2,077,262	247,968	255,977	177,667	451,127	6,368,182	5,636,078
Finished goods											
Opening		392,960	389,841	247,423	171,501	14,522	53,722	-	-	654,905	615,064
Closing		(1,547,374)	(392,960)	(178,039)	(247,423)	(17,275)	(14,522)	-	-	(1,742,688)	(654,905)
		(1,154,414)	(3,119)	69,384	(75,922)	(2,753)	39,200	-	-	(1,087,783)	(39,841)
		2,687,151	2,848,593	2,170,366	2,001,340	245,215	295,177	177,667	451,127	5,280,399	5,596,237

	Note	Sugar 2011	Sugar 2010	Ethanol 2011	Ethanol 2010	Chemical and alloys 2011	Chemical and alloys 2010	Power 2011	Power 2010	Total 2011	Total 2010
					(Rupees in thousand)						

28.1 Other Manufacturing Expenses

	Note	Sugar 2011	Sugar 2010	Ethanol 2011	Ethanol 2010	Chemical and alloys 2011	Chemical and alloys 2010	Power 2011	Power 2010	Total 2011	Total 2010
Security services		**3,163**	2,840	**3,163**	2,874	**1,904**	-	**-**	-	**8,230**	5,714
Printing and stationery		**215**	210	**48**	41	**99**	42	**20**	7	**382**	300
Vehicle running expenses		**3,386**	4,815	**2,226**	441	**3,757**	6,567	**674**	-	**10,043**	11,823
Insurance Expenses		**6,777**	9,097	**6,531**	5,735	**1,266**	43	**1,235**	-	**15,809**	14,875
Travelling and conveyance		**2,149**	4,309	**2,149**	190	**79**	18	**4**	-	**4,381**	4,517
Others - overhead		**7,838**	3,688	**3,835**	4,574	**2,062**	3,177	**499**	466	**14,234**	11,905
		23,528	24,959	**17,952**	13,855	**9,167**	9,847	**2,432**	473	**53,079**	49,134

29 DISTRIBUTION COST

	Note	Sugar 2011	Sugar 2010	Ethanol 2011	Ethanol 2010	Chemical and alloys 2011	Chemical and alloys 2010	Power 2011	Power 2010	Total 2011	Total 2010
Sugar bags handling expenses		**6,108**	2,382	**-**	-	**-**	-	**-**	-	**6,108**	2,382
Export expenses		**-**	-	**83,689**	97,926	**-**	-	**-**	-	**83,689**	97,926
Sales promotion expenses		**106**	300	**-**	-	**-**	-	**-**	-	**106**	300
Marking fees		**3,202**	3,401	**-**	-	**-**	-	**-**	-	**3,202**	3,401
Others		**184**	1,552	**-**	-	**-**	-	**-**	-	**184**	1,552
		9,600	7,635	**83,689**	97,926	**-**	-	**-**	-	**93,289**	105,561

30 ADMINISTRATIVE EXPENSES

	Note	Sugar 2011	Sugar 2010	Ethanol 2011	Ethanol 2010	Chemical and alloys 2011	Chemical and alloys 2010	Power 2011	Power 2010	Total 2011	Total 2010
Salaries, allowances and other benefits	22.1.h	**26,468**	23,551	**26,468**	21,643	**460**	675	**151**	500	**53,547**	46,369
Rent, rates and taxes		**4,197**	2,066	**4,197**	1,367	**-**	114	**-**	-	**8,394**	3,547
Communication charges		**1,088**	1,591	**1,088**	1,538	**1,413**	161	**480**	86	**4,069**	3,376
Traveling and conveyance		**975**	1,964	**975**	2,111	**-**	67	**15**	110	**1,965**	4,252
Printing and stationery		**570**	584	**570**	307	**27**	47	**2**	-	**1,169**	938
Entertainment		**1,338**	808	**1,338**	619	**-**	67	**-**	67	**2,676**	1,561
Vehicle running expenses		**5,261**	4,827	**5,261**	4,081	**233**	357	**277**	395	**11,032**	9,660
Repairs and maintenance		**1,890**	3,067	**1,890**	932	**-**	974	**-**	139	**3,780**	5,112
Insurance		**1,084**	1,525	**1,084**	1,025	**59**	-	**-**	-	**2,227**	2,550
Fees and subscription		**1,947**	678	**1,947**	748	**200**	133	**352**	25	**4,446**	1,584
Legal and professional charges		**1,539**	1,855	**1,539**	1,687	**-**	799	**500**	549	**3,578**	4,890
Auditors' remuneration	30.1	**604**	407	**604**	298	**-**	250	**-**	250	**1,208**	1,205
Charity and donations	30.2	**278**	220	**278**	220	**-**	3	**-**	3	**556**	446
Newspaper and periodicals		**27**	31	**27**	31	**-**	1	**-**	1	**54**	64
Utilities		**1,798**	2,665	**1,798**	1,198	**-**	96	**-**	27	**3,596**	3,986
Amortization expenses	5	**5,077**	3,714	**5,077**	3,714	**-**	-	**-**	-	**10,155**	7,428
Depreciation	4.1.2	**4,526**	7,175	**4,526**	-	**-**	-	**-**	-	**9,052**	7,175
Miscellaneous expenses		**902**	1,588	**902**	1,291	**229**	149	**27**	148	**2,060**	3,176
		59,569	58,316	**59,569**	42,810	**2,621**	3,893	**1,804**	2,300	**123,564**	107,319

30.1 Auditors' remuneration

	Note	Sugar 2011	Sugar 2010	Ethanol 2011	Ethanol 2010	Chemical and alloys 2011	Chemical and alloys 2010	Power 2011	Power 2010	Total 2011	Total 2010
Hyder Bhimji and Co. - Statutory Auditors											
Annual audit fee		**500**	250	**500**	250	**-**	250	**-**	250	**1,000**	1,000
Half yearly review fee		**25**	25	**25**	25	**-**	-	**-**	-	**50**	50
Out of pocket expenses		**29**	32	**29**	23	**-**	-	**-**	-	**58**	55
		554	307	**554**	298	**-**	250	**-**	250	**1,108**	1,105
Haroon, Zakaria and Co. - Cost Auditors											
Audit fee		**45**	90	**45**	-	**-**	-	**-**	-	**90**	90
Out of pocket expenses		**5**	10	**5**	-	**-**	-	**-**	-	**10**	10
		50	100	**50**	-	**-**	-	**-**	-	**100**	100
		604	407	**604**	298	**-**	250	**-**	250	**1,208**	1,205

30.2 None of the directors or their spouses have any interest in any donee's fund.

	Note	Sugar 2011	Sugar 2010	Distillery 2011	Distillery 2010	Chemical and alloys 2011	Chemical and alloys 2010	Power 2011	Power 2010	Total 2011	Total 2010
		(Rupees in thousand)									
31 OTHER OPERATING EXPENSES											
Provision for slow moving items and obsolescence		**1,015**	-	**-**	-	**-**	-	**-**	-	**1,015**	-
Provision for doubtful debts		**4,500**	-	**-**	-	**-**	2,627	**-**	-	**4,500**	2,627
Provision for doubtful advances		**-**	500	**37,941**	-	**-**	8,398	**-**	-	**37,941**	8,898
Provision for loan to growers		**839**	-	**-**	-	**-**	-	**-**	-	**839**	-
Loss on remeasurement of investment		**1,163**	3,976	**387**	3,975	**-**	-	**-**	-	**1,550**	7,951
Loss on FE-25		**-**	-	**6,338**	-	**-**	-	**-**	-	**6,338**	-
Unrealized foreign exchange loss		**-**	-	**580**	-	**-**	-	**-**	-	**580**	-
Workers' profit participation fund		**-**	5,891	**16,095**	5,891	**-**	-	**-**	-	**16,095**	11,782
Workers' welfare fund		**-**	2,238	**7,276**	2,238	**-**	-	**-**	-	**7,276**	4,476
		7,517	12,605	**68,617**	12,104	**-**	11,025	**-**	-	**76,134**	35,734
32 FINANCE COST											
Mark-up on long term financing		**95,673**	68,547	**-**	-	**-**	68,547	**-**	-	**95,673**	137,094
Mark-up on short term borrowings		**173,510**	74,545	**79,724**	75,172	**-**	-	**-**	-	**253,234**	149,717
Mark up on leased assets		**64**	239	**64**	239	**-**	-	**-**	-	**128**	478
Interest on workers profit participation fund		**-**	1,092	**940**	-	**-**	-	**-**	-	**940**	1,092
Bank charges and guarantee commission		**2,912**	2,915	**2,911**	1,893	**1,135**	1,050	**13**	6	**6,971**	5,864
		272,159	147,338	**83,639**	77,304	**1,135**	69,597	**13**	6	**356,946**	294,245
33 OTHER OPERATING INCOME											
Income from financial assets											
Interest income on loan to growers		**604**	575	**-**	-	**-**	-	**-**	-	**604**	575
Income from TDR		**1,273**	4,303	**424**	3,532	**-**	-	**-**	-	**1,697**	7,835
		1,877	4,878	**424**	3,532	**-**	-	**-**	-	**2,301**	8,410
Gain on Cross Currency Swap		**24,536**	18,307	**-**	18,307			**-**	-	**24,536**	36,614
Income from other than financial assets											
Dividend income		**-**	527	**-**	243	**-**	-	**-**	-	**-**	770
Scrap sales		**1,635**	4,561	**545**	-	**-**	-	**-**	-	**2,180**	4,561
Rental income		**413**	-	**138**	-	**-**	-	**-**	-	**551**	-
Gain on disposal of property plant & equipment		**639**	1,182	**213**	-	**-**	-	**-**	-	**852**	1,182
Income from Farm- net	33.1	**4,859**	4,123	**-**	-	**-**	-	**-**	-	**4,859**	4,123
Miscellaneous		**764**	2,067	**763**	4,002	**-**	542	**-**	-	**1,527**	6,611
		8,310	12,460	**1,659**	4,245	**-**	-	**-**	-	**9,969**	17,247
		34,723	35,645	**2,083**	26,084	**-**	542	**-**	-	**36,806**	62,271
33.1 INCOME FROM FARM - NET											
Income from farm		**6,523**	6,677	**-**	-	**-**	-	**-**	-	**6,523**	6,677
Farm expenses		**(1,664)**	(2,554)	**-**	-	**-**	-	**-**	-	**(1,664)**	(2,554)
	33.2	**4,859**	4,123	**-**	-	**-**	-	**-**	-	**4,859**	4,123

33.2 Farm operations is a distinguishable business segment as per the criteria specified in International Accounting Standard - 14 "Segment reporting" , but it is substantially below the threshold mentioned for reportable segment under IAS- 14, therefore, farm operation is not classified as reportable segment.

	Sugar 2011	Sugar 2010	Distillery 2011	Distillery 2010	Chemical and alloys 2011	Chemical and alloys 2010	Power 2011	Power 2010	Total 2011	Total 2010
34 TAXATION										
Current	**31,969**	32,538	**30,311**	25,150	**545**	2,011	**1,786**	4,092	**64,611**	63,791
Prior	**5,897**	-	**-**	-	**-**	-	**-**	-	**5,897**	-
Deferred	**1,149**	(33,692)	**-**	-	**-**	(7,874)	**-**	(7,875)	**1,149**	(49,441)
	39,015	(1,154)	**30,311**	25,150	**545**	(5,863)	**1,786**	(3,783)	**71,657**	14,350

34.1 This represents minimum tax on local turnover and on income chargeable under Final Tax Regime (FTR), therefore, no numerical tax reconciliation is given. Assessments upto tax year 2010 have been finalized under section 122(5A) of the Income Tax Ordinance, 2001.

35 LOSS FROM DISCONTINUED OPERATIONS

	2011	2010
	(Rupees in thousand)	
Loss from sale of stores and spares	**12,502**	-
Impairment of property, plant and equipment	**-**	21,308
Impairment of stores and spares	**13,441**	31,975
Impairment of stock in trade	**-**	3,575
Loss from discontinued operations	**25,943**	56,858

36 EARNINGS PER SHARE - BASIC AND DILUTED

	2011	2010
Net profit after taxation - From continued operations	**252,806**	261,709
Net loss after taxation - From discontinued operations	**(25,943)**	(56,858)
Net profit for the year	**226,863**	204,851
Number of ordinary shares	**17,362,300**	17,362,300
Basic earnings per share - From continued operations- Rupees	**14.56**	15.07
Basic loss per share - From discontinued operations- Rupees	**(1.49)**	(3.27)
Basic earnings per share - Rupees	**13.07**	11.80

36.1 Diluted earnings per share has not been presented as the Company does not have any convertible instruments in issue as at September 30, 2011 and September 30, 2010 which would have any effect on the earnings per share if the option to convert is exercised.

37 CASH (USED IN) / GENERATED FROM OPERATIONS

	Note	2011	2010
		(Rupees in thousand)	
Profit before taxation		**324,463**	276,059
Adjustment for:			
Depreciation	4.1.2	**119,652**	123,173
Amortization on intangibles	5	**10,155**	7,428
Finance cost	32	**356,946**	294,245
Provision for trade debts	31	**4,500**	2,627
Provision for advances	31	**37,941**	8,898
Provision for stock in trade		**-**	142
Provision for loan to growers	31	**839**	-
Provision for slow moving items and obsolescence	31	**1,015**	-
Unrealized exchange loss	31	**580**	-
Income from financial assets	33	**(2,301)**	(8,410)
Unrealized loss on investment	31	**1,550**	7,951
Dividend income		**-**	(770)
Gain on disposal of property, plant and equipment	33	**(852)**	(1,182)
Increase in market committee fee		**4,088**	2,748
		534,113	436,850
Operating profit before working capital changes		**858,576**	712,909
(Increase) / decrease in current assets			
Stores and spare parts		**(30)**	(16,327)
Stock-in-trade		**(1,439,549)**	(181,150)
Trade debts		**(148,993)**	(137,415)
Loans and advances		**(67,131)**	(93,031)
Other receivables		**12,815**	25,755
Trade deposits and short term prepayments		**13,226**	(14,058)
		(1,629,662)	(416,226)
Increase in trade and other payables		**650,655**	342,529
Cash (used in) / generated from operations		**(120,431)**	639,212

38 REMUNERATION OF CHIEF EXECUTIVE, DIRECTOR AND EXECUTIVES

	Chief Executive		Director		Executives		Total	
	2011	2010	2011	2011	2011	2010	2011	2010
	(Rupees in thousand)							
Managerial remuneration	**9,000**	6,546	**4,636**	2,182	**48,281**	45,895	**61,917**	54,623
Medical allowances	**900**	655	**463**	218	**4,828**	4,590	**6,191**	5,463
Other perquisite	**955**	312	**225**	118	**5,462**	2,708	**6,642**	3,138
Retirement benefits	**1,346**	606	**748**	202	**13,131**	3,325	**15,225**	4,133
Total	**12,201**	8,119	**6,072**	2,720	**71,702**	56,518	**89,975**	67,357
No. of persons	**1**	1	**1**	1	**40**	39	**42**	41

38.1 Chief Executive and a director are provided with company maintained cars for the business and personal use and are also provided with mobile phone facility for the business and personal use.

38.2 Nineteen (2010:Nineteen) executives of the company are also provided with company maintained cars for the business and personal use.

39. FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

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

- Credit risk
- Liquidity risk
- Market risk

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

39.1 Credit risk

Credit risk represents the accounting loss that would be recognized at the reporting date if counterparties fail completely to perform as contracted and arises principally from trade receivables. Out of the total financial assets of Rs. 575.733 million (2010: Rs. 448.970 million), the financial assets which are subject to credit risk amounted to Rs. 548.434 million (2010: Rs. 416.434 million).

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

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

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

	2011	2010
	(Rupees in thousand)	
Long-term loans and advances	**4,909**	4,535
Long-term deposits	**11,127**	12,162
Trade debts	**494,202**	345,669
Term deposit	**-**	13,585
Other receivables	**19,600**	10,786
Accrued markup	**416**	84
Bank balances	**18,179**	29,613
	548,433	416,434

Quality of financial assets

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

Bank balances	2011	2010
	(Rupees in thousand)	
With external credit rating		
A1+	**15,668**	23,920
A1	**1,282**	121
A2	**75**	4,359
A3	**75**	-
	17,100	28,400
Without external credit rating	**-**	6
	17,100	28,406

Trade receivables

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

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

	2011	2010
	(Rupees in thousand)	
Sugar division	**40,590**	41,887
Distillery division		
Against sight letter of credits	**349,581**	98
Others	**945**	-
	350,525	98
Calcium carbide and ferro alloys	**9,636**	79,359
Power	**88,950**	224,325
Bagasse	**4,500**	-
	494,202	345,669

The aging of trade receivable at the reporting date is:

	2011	2010
Past due 1-30 days	**384,592**	253,043
Past due 30-150 days	**5,580**	90,000
Past due 150 days	**104,030**	2,626
	494,202	345,669

One of the major customer accounts for Rs. 349.581 million of trade receivables carrying amount at September 30, 2011 has been subsequently cleared.

During the year management has decided to make of provision of Rs. 4.5 million (2010: 2.626 million) for receivables past due over 150 days and for other receivables there are reasonable grounds to believe that the amounts will be recovered in short course of time.

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

39.2 Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity is to ensure as far as possible to always have sufficient liquidity to meet its liabilities when due. In addition, the Company has obtained various financing facilities from commercial banks to meet any deficit, if required to meet the liquidity commitments. Based on the above, management believes the Company is not exposed to liquidity risk.

The following are the contractual maturities of the financial liabilities, including estimated interest payments:

	2011					
	Carrying amount	Contractual cash flows	Six months or less	Six to twelve months	One to two years	Two to five years and over
	(Rupees in thousand)					
Financial Liabilities						
Long term Loans	**653,488**	**805,738**	**159,015**	**150,614**	**252,744**	**243,365**
Trade and other payables	**1,588,808**	**1,588,808**	**1,265,322**	**323,486**	**-**	**-**
Accrued markup	**84,026**	**84,026**	**84,026**	**-**	**-**	**-**
Short term borrowings	**1,548,977**	**1,664,715**	**813,068**	**851,647**	**-**	**-**
	3,875,299	**4,143,287**	**2,321,431**	**1,325,747**	**252,744**	**243,365**

	2010					
	Carrying amount	Contractual cash flows	Six months or less	Six to twelve months	One to two years	Two to five years and over
	(Rupees in thousand)					
Financial Liabilities						
Long term financing – secured	873,335	1,153,574	171,020	163,880	304,154	514,520
Liabilities against assets subject to finance lease	1,627	1,627	-	-	-	-
Trade and other payables	937,573	937,573	377,317	560,256	-	-
Accrued markup	60,982	60,982	60,982	-	-	-
Short term borrowings	856,180	911,529	660,334	251,195	-	-
	2,729,697	3,065,285	1,269,654	975,330	304,154	514,520

39.3 Market risk

Market risk is the risk that changes in market price, such as foreign exchange rates, interest rates and equity prices will effect the Company's income or the value of its holdings of financial instruments.

39.3.1 Foreign Exchange Risk

Foreign exchange risk represents the risk that the fair value of the future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Foreign exchange risk arises mainly from future economic transaction or receivables or payables that exist due to transactions in foreign exchange. The Company is exposed to currency risk on import of raw sugar, refined sugar , stores and spares and export of alcohol mainly denominated in US dollars and cross currency swap transaction. Approximately 97.43% of the Company's revenue of distillery segment are denominated in currencies other than Pak rupees which form 45.91% of the total revenue of the Company. The Company's exposure to foreign currency risk for US Dollars is as follows:

	2011	2010
	(Rupees in thousand)	
Foreign debtors	**349,581**	98
Foreign creditors and advance from customers	**(31,776)**	(547,383)
Foreign currency export finance	**(408,095)**	(85,650)
Cross currency swap	**-**	(562,500)
Net exposure	**(90,290)**	(1,195,435)

The following significant exchange rate has been applied:

	Average rate		Reporting date rate	
	2011	2010	**2011**	2010
USD to PKR	**86.48**	84.60	**87.40**	86.20

Sensitivity analysis

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

Effect on profit and loss	**2011**	**2010**
	(Rupees in thousand)	
US Dollars	**(9,029)**	(119,544)

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

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

39.3.2 Interest rate risk

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

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

	2011	**2010**	**2011**	**2010**
Financial assets	**Effective interest rate (in percent)**		**Carrying amount (Rupees in thousand)**	
Fixed rate instruments				
Loans to growers	**14.96**	14.96	**6,173**	4,474
Deposit	**-**	6.5	**-**	12,500
			6,173	16,974
Variable rate instruments -				
Bank balances	**5 to 7**	6 to 7	**3,558**	1,111
Financial liabilities				
Fixed rate instruments -				
Export refinance	**9 to 12**	8.5 to 9.5	**504,000**	546,249
Variable rate instruments				
Long term financing	**13.76 to 14.88**	13.76 to 14.22	**653,488**	873,335
Short term borrowings	**3.5 to 15**	3 to 15	**1,044,977**	309,931
			1,698,465	1,183,266

Sensitivity analysis

Fair value sensitivity analysis for fixed rate instruments.
A change of 100 basis points in interest rates at the reporting date would have decreased / (increased) profit for the year by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant. The analysis is performed on the same basis for 2010.

	Profit and loss 100 bp	
	increase	decrease
	(Rupees in thousand)	
Financial assets		
As at September 30, 2011		
Cash flow sensitivity	**62**	**(62)**
As at September 30, 2010		
Cash flow sensitivity	170	(170)
Financial liabilities		
As at September 30, 2011		
Cash flow sensitivity	**5,040**	**(5,040)**
As at September 30, 2010		
Cash flow sensitivity	5,462	(5,462)

Cash flow sensitivity analysis for variable rate instruments.
A change of 100 basis points in interest rates at the reporting date would have decreased / (increased) profit for the year by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant. The analysis is performed on the same basis for 2010.

	Profit and loss 100 bp	
	increase	decrease
	(Rupees in thousand)	
Financial assets		
As at September 30, 2011		
Cash flow sensitivity	**36**	**(36)**
As at September 30, 2010		
Cash flow sensitivity	11	(11)

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

Financial liabilities		
As at September 30, 2011		
Cash flow sensitivity	**16,985**	**(16,985)**
As at September 30, 2010		
Cash flow sensitivity	11,833	(11,833)

39.3.3 Other price risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk). The Company is exposed to price risk with respect to equity investment. Investment in associates is a strategic investment whereas other investments are monitored through continuous trend prevailing in the market.

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

	2011	2010
	(Rupees in thousand)	
Effect on profit or loss	**1,000**	1,155
Effect on equity	**911**	1,450
Effect on investments	**1,911**	2,605

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

39.4 Fair value of financial instruments

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

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

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

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

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

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

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

39.5 Capital risk management

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

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

		2011	2010
		(Rupees in thousand)	
Long term financing		**433,791**	653,638
Liabilities against assets subject to finance lease		**-**	1,627
Accrued mark-up		**84,026**	60,982
Short term borrowings		**1,548,977**	856,180
Current maturity of non-current liabilities		**219,697**	221,324
Total debt		**2,286,491**	1,793,751
Balance with banks		**18,179**	29,613
Net debt	A	**2,268,312**	1,764,138
Total capital and reserves		**1,381,564**	1,246,901
Capital and net debt	B	**3,649,876**	3,011,039
Gearing ratio	(C=A/B)	**62.15%**	58.59%

40. PLANT CAPACITY AND ACTUAL PRODUCTION

	2011	2010
Sugar Unit		
Sugarcane crushing capacity per day	**7,500**	7,500
No. of days season operated	**138**	123
Sugarcane yield	**10.17%**	10.39%
Capacity in M.T based on number of days operated and sugarcane yield	**105,260**	95,848
Production in M. Tons	**63,395**	57,130
Distillery Unit		
Unit - I		
Capacity in litres per day	**85,000**	85,000
No. of days operated	**270**	293
Capacity in litre based on number of days operated	**22,950,000**	24,905,000
Production in litres	**22,707,194**	24,689,438
Unit - II		
Capacity in litres per day	**87,500**	87,500
No. of days operated	**297**	278
Capacity in litre based on number of days operated	**25,987,500**	24,325,000
Production in Litres	**25,793,176**	23,963,857
Calcium Carbide and Ferro Alloys		
Capacity in M.T based on 320 days	**27,220**	27,220
Production in M.T	**1,243**	2,192
Power		
Capacity in Kilo Watts Hour (KWH) per day	**312,000**	312,000
No. of days operated	**68**	178
Capacity in KWH based on number of days operated	**21,216,000**	55,536,000
Production in KWH	**19,878,605**	53,142,480

40.1 Reasons for shortfall in capacity utilization

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

b) Distillery
Lesser availability of molasses is the main reason of shortfall in production of rectified spirit.

c) Calcium Carbide and Ferro Alloys
Due to lesser demand of the product the plant operated accordingly.

d) Power
Due to re-negotiation of agreement with KESC.

41 SEGMENT REPORTING

		2011					
		Sugar	Distillery	Calcium Carbide & Ferro Alloys	Power	Total	2010
		(Rupees in thousand)					
41.1	Segment assets	2,636,562	1,793,476	416,660	381,512	**5,228,210**	3,264,156
	Assets held available for sale					**-**	286,274
	Unallocated segment assets					**100,845**	488,454
						5,329,055	4,038,884
41.2	Segment liabilities	2,819,722	955,737	511	-	**3,775,970**	2,468,758
	Unallocated segment liabilities					**171,521**	323,225
						3,947,491	2,791,983
41.3	Capital expenditure	400	45,348	-	-	**45,748**	57,872
	Unallocated capital expenditure					**5,593**	39,797
						51,341	97,669
41.4	Depreciation	52,900	30,143	22,532	14,077	**119,652**	123,173
41.5	Amortization	5,078	5,077	-	-	**10,155**	7,428
41.6	Non cash expenses other than depreciation	7,517	38,909	-	-	**46,426**	11,666

41.7 Revenue reported in note number 27 generated from external customers. There were no inter-segment sales during the year (2010: Nil). The inter transfer of molasses from sugar segment to distillery segment is accounted as a reduction of cost of production of sugar segment.

41.8 The accounting policies of the reportable segments are the same as th Companys' accounting policies described in note number 3. Financial charges on long term financing is allocated among Sugar, calcium carbide and alloys and power segment where as mark up on export refinance is allocated to distillery and mark up of cash and running finnace is allocated to sugar segment. This is the measure reported to management for the purposes of resource allocation and assessment of segment performance.

41.9 Revenue from major products

The break up of Companys' revenue from external customers for major products is given in note number 27 of the financial statements.

42 Information about major customers

Revenue from major customers of Company's sugar segment represent approximately 2,547.317 million (2010: 1,913.723 million) of total sugar segment revenue of Rs. 3,201.923 million (2010: 3,400.682 million), alcohol segment of Rs. 2,317.491 million (2010: Rs. 1,595.23 million) of total alcohol segment revenue of Rs. 2,942.193 million (2010: 2,526.556 million), power segment of Rs. 203.736 million (2010: 488.267) of total power segment revenue. Revenue from calcium carbide and alloys segment does not include major customers.

43 RELATED PARTY TRANSACTIONS

The related parties comprise associated undertakings, other related group companies, directors of the company, key management personnel and post employment benefit plans. The Company in the normal course of business carries out transactions with various related parties. Amounts due to related parties are shown in under respective note to the financial statement. Remuneration of directors, chief executive and executives being the key management personnel are disclosed in relevant note. Transactions with related parties are as follows:

	2011	2010
	(Rupees in thousand)	
Purchase of cement	**520**	1,061
Sale of baggasse	**-**	287
Common sharing expenses incurred and reimbursed	**550**	1,500
Purchase of stores and spares	**-**	541
Dividend received	**-**	769
Contribution paid to Employees Gratuity Fund	**28,792**	14,200
Transferred vehicles to related parties	**1,327**	1,130
Transferred vehicle from related parties	**-**	1,411
Purchase of property, plant and equipment	**400**	-
Insurance premium paid	**22,798**	22,294
Finance cost - related parties	**27,366**	14,693
Repayment of loan to related parties- sponsors	**-**	(301,346)

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

44 DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorized for issue on December 26, 2011 by the Board of Directors of the Company.

45 CORRESPONDING FIGURES

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

45.1

Re-classified from	Re-classified to	Note	Amount (Rupees in thousand)	Reason
Other operating income Sale of fusel oil	Cost of sales Sale of fusel oil	28	249	Better presentation
Other operating expenses Provision for slow moving and obsolescence	Cost of sales Finished goods	28	142	Better presentation
Current assets Tax refund due from government	Current liabilities Provision for taxation		6,132	Better presentation

46 SUBSEQUENT EVENT

The Board of Directors of the Company in their meeting held on December 26, 2011 has proposed a final cash dividend of Rs.5 per share i-e 50% for the year ended September 30, 2011.

47 GENERAL

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

Shunaid Qureshi
Chief Executive

Asim Ghani
Director

AL-ABBAS SUGAR Mills Limited

FORM OF PROXY

I/We...of
....in the district of...being a member of AL-ABBAS SUGAR MILLS LIMITED, holding...
shares, hereby appoint Mr./Mrs./Miss..of
....who is also a member of the Company, as my proxy to vote for me, and on my behalf at the 21st Annual General Meeting of the Company to be held at Beach Luxury Hotel, Karachi on Tuesday, January 31, 2012 at 11:00 a.m. and at any adjournment thereof.

As witness given under my/our hand(s) ....day of 2012

Signed by the said...

In the presence of 1 ....

2 ....

2 ....

3 ....

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

(Witness's Signature)

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

Share held ....

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

CDC A/c No...

CNIC No..

Note:-

1) The Proxy Form should be deposited at the Registered Office of the Company as soon as possible but not less than 48 hours before the time of holding the meeting and, on default, Proxy form will not be treated as valid.

2) No person can act as proxy unless he/she is member of the Company, except that a corporation may appoint a person who is not a member.

3) If a member appoints more then one proxy and more than one instrument of proxy is deposited by a member with a Company, all such instruments of proxies shall be rendered invalid.

For CDC Account Holders/Corporate Entities:

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

i) The proxy form shall be witnessed by two persons whose name, address and CNIC number shall be mentioned on the form.

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

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

iv) In case of corporate entity, the Board of Director resolution / power of attorney with specimen signature shall be submitted (unless it has been provided earlier) alongwith proxy form to the Company.