24th ANNUAL REPORT 2014

CONTENTS

Corporate Information

BOARD OF DIRECTORS

Muhammad Iqbal Usman	Chairman
Shunaid Qureshi	Chief Executive Officer
Asim Ghani	Executive Director
Ali Jehangir Siddiqui	Director
Asma Aves Cochinwala	Director
Darakshan Ghani	Director
Duraid Qureshi	Director
Sayyed Rafay Akber Rashdi	Director
Suleman Lalani	Director

COMPANY SECRETARY AND CHIEF FINANCIAL OFFICER

Zuhair Abbas

AUDIT COMMITTEE

Sayyed Rafay Akber Rashdi	Chairman
Darakshan Ghani	Member
Duraid Qureshi	Member
Tariq Iqbal	Secretary

HUMAN RESOURCE AND REMUNERATION COMMITTEE

Duraid Qureshi	Chairman
Asim Ghani	Member
Darakshan Ghani	Member
Sayyed Rafay Akber Rashdi	Member

BANKERS

Allied Bank Limited
Askari Bank Limited
Bank Alfalah Limited
Burj Bank Limited
Dubai Islamic Bank Pakistan Limited
Habib Metropolitan Bank Limited
MCB Bank Limited
National Bank of Pakistan
Bank of Punjab
Pak Oman Investment Company Limited
SilkBank Limited
Soneri Bank Limited
United Bank Limited

STATUTORY AUDITORS

Haroon Zakaria & Co.	Chartered Accountants

COST AUDITORS

Siddiqi & Company	Cost and Management Accountants

REGISTERED OFFICE

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

SHARE REGISTRAR OFFICE

CDC House-99B, Block 'B', S.M.C.H.S
Main Shahra-e-faisal, Karachi-74400

FACTORIES/STORAGE LOCATIONS

1) Mirwah Gorchani, Distt. Mirpurkhas, Sindh
2) Main National Highway, Dhabeji, Sindh
3) Oil Installation Area, Kemari, Karachi, Sindh

VISION AND MISSION STATEMENT

VISION

AL-ABBAS SUGAR MILLS LIMITED is committed to earn the 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 stockholders.
- 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 24thAnnual General Meeting of Al-Abbas Sugar Mills Limited will be held at Beach Luxury Hotel, Karachi on Friday, January 30, 2015 at 11:30 a.m. to transact the following business:

Ordinary Business

1. To confirm the minutes of the 23rd Annual General Meeting of the shareholders of the Company held on January 31, 2014.

2. To receive, consider and adopt Annual Audited Financial Statements for the year ended September 30, 2014, together with the reports of the Auditors' and Directors' thereon.

3. To declare and approve the final cash dividend of Rs. 10 per share for the year ended September 30, 2014 as recommended by the Board of Directors;

4. To appoint auditors for the ensuing year, and to fix their remuneration. The present auditors M/s Haroon Zakaria & Company Chartered Accountants, being retired and eligible, have offered themselves for re-appointment.

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

By Order of the Board

Zuhair Abbas
Company Secretary
Karachi: January 07, 2015

Notes:

1. Share Transfer Books will be closed from January 23, 2015 to January 30, 2015 (both days inclusive) for the purpose of Annual General Meeting and payment of the final dividend.

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 notarial 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 Registrar office.

5. 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.

6. Submission of Copies of CNIC and NTN Certificates

In pursuance with the Securities & Exchange Commission of Pakistan (SECP) Notification No.SRO 831(1)/2012 dated July 05, 2012 in super session of earlier Notification No. SRO 779(1)/2011 of August 18, 2011, SECP has directed all listed companies to mention Computerized National Identity Card Number (CNIC) / NTN numbers of the registered shareholder on the dividend warrants and on every list submitted to the Commission including submission of **Form-A (annual list of shareholders).** Therefore;

"THE SHAREHOLDERS OF THE COMPANY ARE REQUESTED TO PROVIDE IMMEDIATELY A COPY OF THEIR COMPUTERIZED NATIONAL IDENTITY CARD (CNIC) OR PASSPORT (IN CASE OF FOREIGNER) AT COMPANY'S REGISTERED OFFICE OR SHARE REGISTRAR OFFICES".

7. Amendment in Section 150 (Withholding Tax of Dividend) of Income Tax Ordinance-2001

The Government of Pakistan through Act, 2014 had made certain amendments in Section 150 of the Income Tax Ordinance, 2001 whereby different rates are prescribed for deduction of withholding tax on the amount of dividend paid by the companies. These tax rates are as under:

(a) For filers of income tax returns	10%
(b) For non-filers of income tax returns	15%

The Corporate shareholders having CDC account are required to have their National Tax Number (NTN) update with their respective participants, whereas physical shareholders should send acopy of their NTN certificate to the Company's share registrar M/s. Central Depository Company of Pakistan Limited. The shareholders while sending NTN or NTN certificates, as the case may be, must quote Company name and their respective Folio numbers.
In case of Joint holder, the status of filer / non-filer will be determined in respect of the first name of the beneficial owner.

8. Payment of Cash Dividend Electronically (Optional)

As per the directions to all Listed Companies by SECP vide Letter No.SM/CDC 2008 dated April 05, 2013, all shareholders and the Company are encouraged to put in place an effective arrangement for Payment of Cash Dividend Electronically (e-Dividend) through mutual co-operation. For this purpose, the members are requested to provide Dividend Mandate including Name, Bank Account Number, Bank and Respective Branch Address to the Company in order to adhere the envisaged guidelines.

9. Audited Financial Statements Through Email

Pursuant to SRO No. 787(1)/2014, dated September 08, 2014,the SECP has allowed circulation of Audited Financial Statements along with the notice of Annual General Meeting to the members via email. Therefore, all members who wish to receive a soft copy of Annual Report may send their email addresses to the Company Secretary. A consent form for electronic transmission may be downloaded from Company's website: **www.aasml.com**. A hard copy of the Audited Financial statements will be provided to members on request, free of cost, within seven days.

DIRECTORS' REPORT

The Board of Directors of your Company take pleasure in presenting their report together with the Company's Annual Audited Financial Statements and Auditors' report thereon for the year ended September 30, 2014.

FINANCIAL RESULTS:

	2014	2013
	(Rupees in thousand)	
Profit before taxation	**388,119**	330,998
Taxation	**(89,966)**	(43,453)
Net profit for the year	**298,153**	287,545
Earnings per share in rupees	**17.17**	16.56

DIVIDEND

The Board of Directors in their meeting held on January 03, 2015 has proposed a 100% as final dividend for the year ended September 30, 2014. The approval of the members for the final dividend shall be obtained at the Annual General Meeting to be held on January 30, 2015. These financial statements do not include the effect of the proposed final cash dividend. The appropriation approved by the Board is as follows:

	(Rupees in thousands)
Profit after taxation	**298,153**
Un-appropriated profit brought forward	**329,573**
Final dividend 2013 @ Rs.5/share	**(86,812)**
Available for appropriation and Un-appropriated profit carried forward	**540,914**

SUBSEQUENT EVENT

The Board of Directors has proposed the 100% as final dividend for the year ended September 30, 2014.

OPERATING RESULTS

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

SUGAR UNIT

Operating Data

Operational performance	**2014**	2013
Date of start of season	**November 01, 2013**	November 28, 2012
No. of days worked	**124**	92
Crushing (M.T)	**621,679**	503,178
Production from sugarcane (M.T)	**63,650**	52,727
Sales	**56,601**	53,341
Recovery (%)	**10.23**	10.48

Financial Data

	2014	2013
	(Rupees in thousand)	
Sales	**2,644,515**	2,708,121
Cost of sales	**(2,494,566)**	(2,453,882)
Gross profit	**149,949**	254,239
Distribution cost	**(38,077)**	(10,997)
Administrative expenses	**(70,385)**	(70,053)
Other operating expenses	**(2,537)**	(4,134)
Operating profit	**38,950**	169,055
Other income	**84,357**	20,471
Finance cost	**(125,711)**	(138,840)
(Loss)/ profit before taxation	**(2,404)**	50,686

Crushing operations for 2013-14 seasons started on November 01, 2013 and the plant operated for 124 days ending on March 04, 2014 as against 92 days of preceding season. The Sugarcane crushed during the current season was 621,679 metric tons with average sucrose recovery of 10.23% and sugar production of 63,650 metric tons as compared with crushing of 503,178 metric tons with average sucrose recovery of 10.48% and sugar production of 52,727 metric tons of same period of last year.

ETHANOL UNIT:

Operating Data	**2014**	2013
Production (metric tons) - Unit - I and II	**36,875**	34,735
Sales (metric tons)	**35,162**	39,919

Financial Data	**2014**	**2013**
	(Rupees in thousand)	
Sales	**2,876,225**	3,141,579
Cost of sales	**(2,245,207)**	(2,567,803)
Gross profit	**631,018**	573,776
Distribution cost	**(106,599)**	(110,326)
Administrative expenses	**(46,589)**	(46,205)
Other operating expenses	**(29,322)**	(29,142)
Operating profit	**448,508**	388,103
Other income	**43,028**	8,135
Finance cost	**(121,462)**	(85,416)
Profit before taxation	**370,074**	310,822

The production of ethanol during the year ended September 30, 2014 was 36,875 metric tons as compared with 34,735 metric tons during previous year registering slight increase of 2,140 metric tons. The profit before taxation of this segment is Rs. 370.074 million during the year under review as against segment results of Rs. 310.822 million in the corresponding period of last year evidencing increase of Rs. 59.252 million.

POWER, CHEMICAL AND ALLOYS DIVISION

During the year under review, the chemical and power division has incurred segment loss of Rs. 39.403 million as compared to the segment loss of Rs. 40.226 million for the last year. The loss in chemical and power segment was significantly reduced due to low inventory / stock level. The loss is mainly due to fixed cost.

STORAGE TANK TERMINAL

By the Grace of Almighty Allah, our Storage Tank Terminal successfully contributed profit of Rs. 59.852 million during the year (2013: Rs. 9.716 million). Our existing customers are very satisfied with our services. The ethanol produced by your company has also been stored in the tank terminal to facilitate the timely arrival of export orders. The Terminal is licensed to act as customs public bonded warehouse and has a total capacity of 22,850 M.T per month to handle bulk liquid cargo. The Terminal has permission to store dangerous goods which includes Ethanol as well as other petroleum products. As of today the Storage Terminal is fully occupied.

COMMENTS ON AUDITOR'S REPORT

As fully explained in note 27.1.3 to the financial statements, a suit bearing no. 281 has been filed in the Honorable High Court of Sindh at Karachi against the Company and 9 others alleging mismanagement in the Company's affairs. The Company and its management have denied all allegations of the plaintiff and are of the view that no inference is likely to materialize in the suit and there is no financial exposure of the Company in the matter.

FUTURE OUTLOOK

The future outlook of the Company entirely depends on a number of factors including sugar cane and molasses, average sucrose recovery, selling prices of sugar and ethanol, interest rate, inflation and stability of Pakistani rupees.

Sugar Segment

The prices of of sugar both locally and internationally are on continuous declining side. The Sindh Government has initially fixed the sugarcane price at Rs. 182 per maund i.e. Rs 2 higher from Punjab’s Region. Pakistan Sugar Mills Association (PSMA Sindh Zone) has challenged the fixation of sugarcane price in the Honorable High Court of Sindh at Karachi (Honourable Court) arguing that the fixed prices are not affordable keeping the selling prices under vagaries of the free market. Subsequently, Government of Sindh Agricultural, Supply and Prices Department issued notification No. 8 (142)/S.O (Ext) 95-XXIII and determined interim price of sugarcane at the rate of Rs.155 till the fixation of price of sugar by a Committee constituted by the Honarable Court. On December 9, 2014 again Government of Sindh Agricultural, Supply and Prices Department issued another notification wherein they rescind the earlier notification and reinstate the price of sugarcane at Rs. 182 per maund. The Company along with other sugar mills through PSMA-Sindh Zone had challenged the notification and seeking injunction which Honourable Court has granted. Meanwhile the Economic Coordination Committee (ECC) allowed exporting of surplus sugar to the tune of 0.65 million metric tons along with Inland freight subsidy of Rs. 2 and cash subsidy of Rs. 8 per kg. The ECC also fixed $ 450 minimum export price for Afghanistan. This will ease the excess supply situation in local markets. However on December 30, 2014 the Honourable Court has dismissed the petition filed by the PSMA-Sindh Zone. The Company through PSMA-Sindh Zone along with other sugar mills is considering to file an appeal before Supreme Court of Pakistan. Further, it is expected that because of decrease in prices in petroleum products by 17% and stable inflation rate the cost of other overheads will not increase significantly.

It is estimated that total consumption of sugar will be 4.5-4.6 million metric tons for the season 2014-2015 and surplus sugar will be around 1-1.2 million metric ton. Sugar consumption by food processing and related sector has witnessed a significant increase. However, supply-demand condition in local market will be in the favor of supply and consequently the prices of sugar are not relatively increasing as compared to its cost of production.

International analysis reveals moderate sugar output shortfall from large sugar producers such as Brazil, India and Thailand for the first time in last in six seasons. Therefore, the prices of sugar in International market may likely to be on the same level.

Ethanol Segment

In the past few years, the prospects for ethanol fuel use have grown around the world. With the decrease in prices of petroleum product, the prices of ethanol will likely to decline in the International markets. To mitigate this risk, Your Company is targeting growth industries to capture high prices.

Tank Terminal

The commencement of operations of tank terminal facility has positively contributed in the operations of the Company. The company expects stable earnings from this segment.

Power, Chemical and Alloys Division

The Company is under negotiation to sell its power generation from power plant having a capacity of 15 megawatt to K-Electric. The tariff determination is under the process by National Electric Power Regulatory Authority (NEPRA). After the approval of tariff from NEPRA, the agreement will be put forward for the approval of Board of Directors. With the start of operations, this segment will contribute lucrative profits in the operations of the Company.

Overall

The Company is putting more efforts to increase cost efficiencies, improve processes and seeking alternate course of actions to contest the foreseen risks and boost-up overall profitability.

BOARD OF DIRECTORS

The Board of Directors is comprised of two executive, five non-executive directors and one independent director. During the year ended September 30, 2014, five meetings of the Board of Directors were held. The numbers of meeting attended by directors are as follows:

Name of Directors	Status	Number of meetings attended
Mr. Mohammad Iqbal	Chairman	4/5
Mr. Shunaid Qureshi	Chief Executive	3/5
Mr. Asim Ghani	Executive Director	5/5
Mr. Duraid Qureshi	Non-Executive Director	4/5
Mr. Ali Jehangir Siddiqui	Non-Executive Director	1/5
Miss. Darakshan Ghani	Non-Executive Director	5/5
Mrs. Asma Aves Cochinwala	Non-Executive Director	3/5
Mr. Suleman Lalani	Non-Executive Director	5/5
Sayyed Rafay Akber Rashdi	Independent Director	2/5

AUDIT COMMITTEE

The Board of Directors has established an Audit Committee in compliance with the Code of Corporate Governance. During the year four meetings were held. The meetings attended by members are as follows:

Name of Members	Status	Category	Number of meetings attended
Sayyed Rafay Akber Rashdi	Chairman	Independent Director	3/4
Miss. Darakshan Ghani	Member	Non-Executive Director	4/4
Mr. Duraid Qureshi	Member	Non-Executive Director	4/4

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

HUMAN RESOURCE COMMITTEE

Human resource planning and management is one of the most important focus points at the highest management level. The Company has a Human Resource and Remuneration Committee which is involved in the selection, evaluation, compensation and succession planning of the key management personnel. It is also involved in recommending improvements in Company's human resource policies and procedures and their periodic review. During the year one meeting was held. The meetings attended by members are as follows:

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) A sound system of internal control has been designed and effectively implemented and monitored.

f) There are no significant 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) Three (3) Directors have already done Director's Training Program of Pakistan Institute of Corporate Governance (PICG), In addition, two (2) of the Directors are exempted from the requirement of Directors' training program under clause (xi) of CCG and rest of the Director will be trained within the prescribed time period. All the Directors are fully conversant with their duties and responsibilities as Directors of Corporate Bodies.

k) The Company maintains Gratuity Fund for its employees. The value of fund is Rs. 93.039 million in the shape of investment as on September 30, 2014.

ACKNOWLEDGEMENT

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

For and on behalf of the Board of Directors

Karachi: January 03, 2015

MUHAMMAD IQBAL USMAN
Chairman

PATTERN OF SHAREHOLDINGS
AS ON SEPTEMBER 30, 2014

Number of Shares	Shareholdings' slab		Total Number of Shares Held
	From	To	
194	1	100	7,619
514	101	500	243,943
50	501	1,000	48,100
39	1,001	5,000	93,062
4	5,001	10,000	33,000
1	10,001	15,000	11,500
2	15,001	20,000	39,500
1	20,001	25,000	25,000
3	25,001	30,000	84,400
1	30,001	105,000	100,027
1	105,001	110,000	106,400
1	110,001	135,000	130,479
1	135,001	195,000	194,600
1	195,001	220,000	216,100
1	220,001	410,000	405,968
1	410,001	420,000	417,500
1	420,001	425,000	421,802
1	425,001	495,000	490,798
1	495,001	730,000	728,087
1	730,001	830,000	829,583
1	830,001	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	1,718,500
1	1,720,001	1,900,000	1,873,250
1	1,900,001	4,410,000	4,406,500
826			**17,362,300**

CATAGORIES OF SHAREHOLDERS
AS ON SEPTEMBER 30, 2014

Shareholders Catagories	Number of Shares Held	Percentage
Associated Companies, undertaking and related parties	8,835,082	50.8866
Mutual Fund	597,798	3.4431
Directors, Chief Executive Officer, and their spouse and minor children.	2,353,497	13.5552
Executives	NIL	NIL
Public Sector Companies and Corporations	NIL	NIL
NIT and ICP	830,083	4.7810
Banks, development Finance institutions, non-Banking Finance Companies, insurance Companies, takaful, modarabas and pension funds	863,344	4.9725
Share holders holding 5%	12,734,832	73.3476
General Public		
a. Local	1,728,013	9.9527
b. Foreign	NIL	NIL
Others	2,154,483	12.4090

DETAIL OF SHAREHOLDERS CATAGORIES

AS ON SEPTEMBER 30, 2014

		No. of Shares	Percentage
1	**Associated Companies , Undertakings and Related Parties**		
	Mahvash and Jahangir Siddiqui Foundation	**1,414,500**	8.1470
	Trustee Al-Abbas Sugar Mills Limited-Employees Gratuity Fund	**194,600**	1.1208
	Haji Abdul Ghani	**4,406,500**	25.3797
	Muhammad Ayub Younus Adhi	**1,873,250**	10.7892
	Noor Jahan Hajiani	**946,232**	5.4499
		8,835,082	50.8866
2	**Mutual funds**		
	Prodential Stocks Fund Limited	**600**	0.0035
	MCBFSL-Trustee JS Value Fund	**490,798**	2.8268
	MCFSL - Trustee Js Growth Fund	**106,400**	0.6128
		597,798	3.4431
3	**Directors, CEO and their spouses and minor children**		
	Muhammad Iqbal Usman	**500**	0.0029
	Shunaid Qureshi	**1,399,668**	8.0615
	Ali Jehangir Siddiqui	**500**	0.0029
	Asim Ghani	**417,500**	2.4046
	Asma Aves Cochinwala	**100,027**	0.5761
	Darakshan Ghani	**421,802**	2.4294
	Duraid Qureshi	**1,000**	0.0058
	Sayyed Rafey Akbar Rashdi	**500**	0.0029
	Suleman Lalani	**500**	0.0029
	Hira Asim	**11,500**	0.0662
		2,353,497	13.5552
4	**Executives**	**NIL**	NIL
5	**Public Sector Companies and corporations**	**NIL**	NIL
6	**NIT and ICP**		
	Investment Corporation of Pakistan	**500**	0.0029
	CDC - Trustee National Investment (Uuit) Trust	**829,583**	4.7781
		830,083	4.7810

DETAIL OF SHAREHOLDERS CATAGORIES

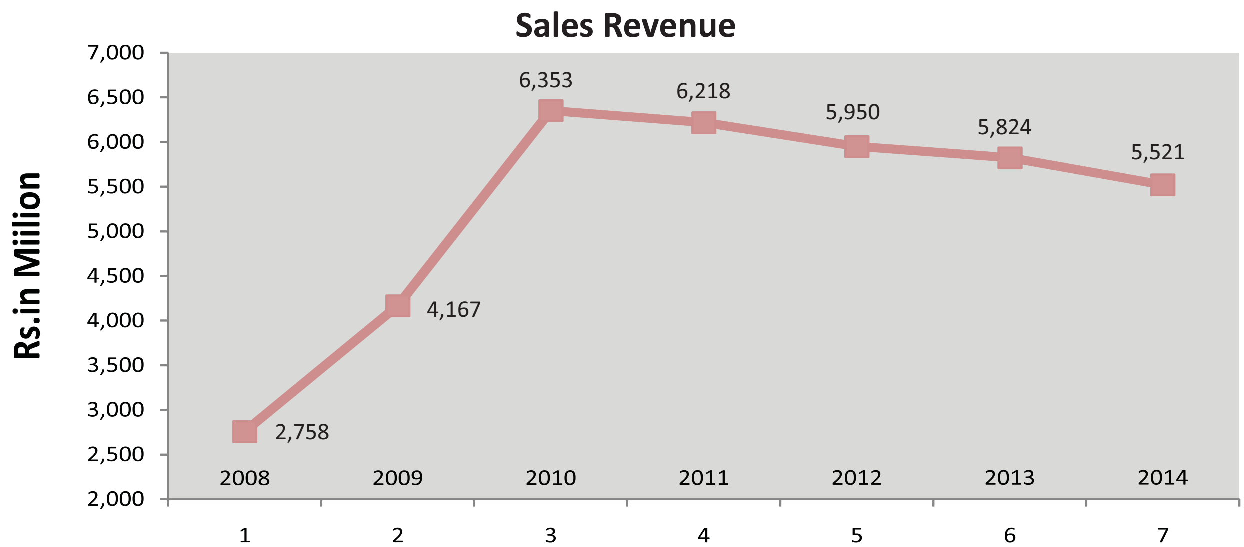
AS ON SEPTEMBER 30, 2014

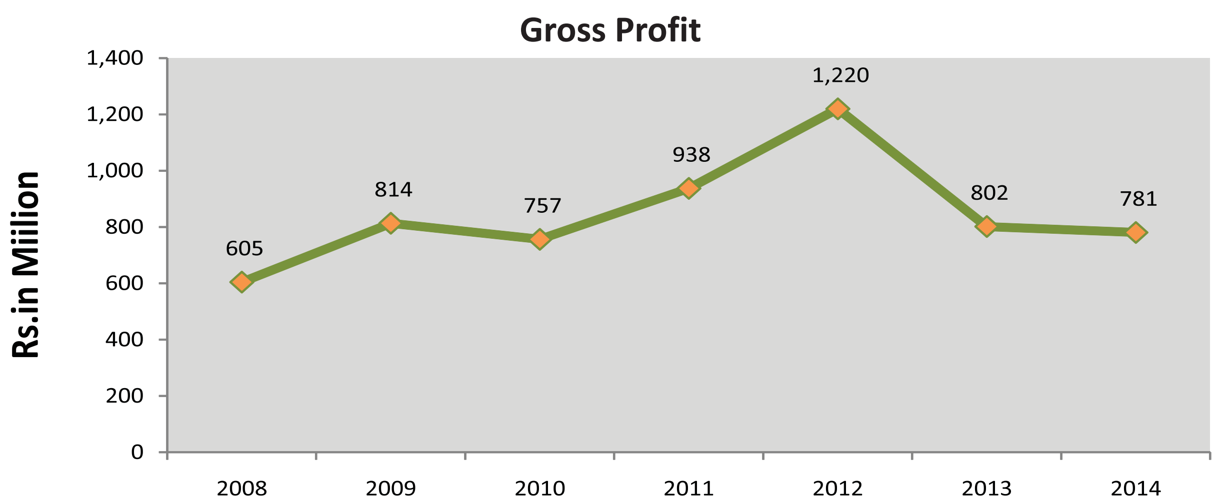
		No. of Shares	Percentage
7	**Banks, development finance institutions, Non- banking finance Companies, Insurance Companies, takaful, modarabas and pension funds**		
	National Bank of Pakistan	**728,087**	4.1935
	Trustee National Bank of Pakistan Employees Pension Fund	**130,479**	0.7515
	Trustee National Bank of Pakistan Emp Bevevolent Fund Trust	**4,578**	0.0264
	The Bank of Khyber	**200**	0.0012
		863,344	4.9725
8	**Shareholder holding five percent or more voting interest in the Company**		
	Haji Abdul Ghani	**4,406,500**	25.3797
	Muhammad Ayub Younus Adhi	**1,873,250**	10.7892
	Jahangir Siddiqui Securities Services Limited	**1,718,500**	9.8979
	Mahvash and Jahangir Siddiqui Foundation	**1,414,500**	8.1470
	Shunaid Qureshi	**1,399,668**	8.0615
	Jahangir Siddiqui	**976,182**	5.6224
	Noor Jahan Hajiani	**946,232**	5.4499
		12,734,832	73.3476

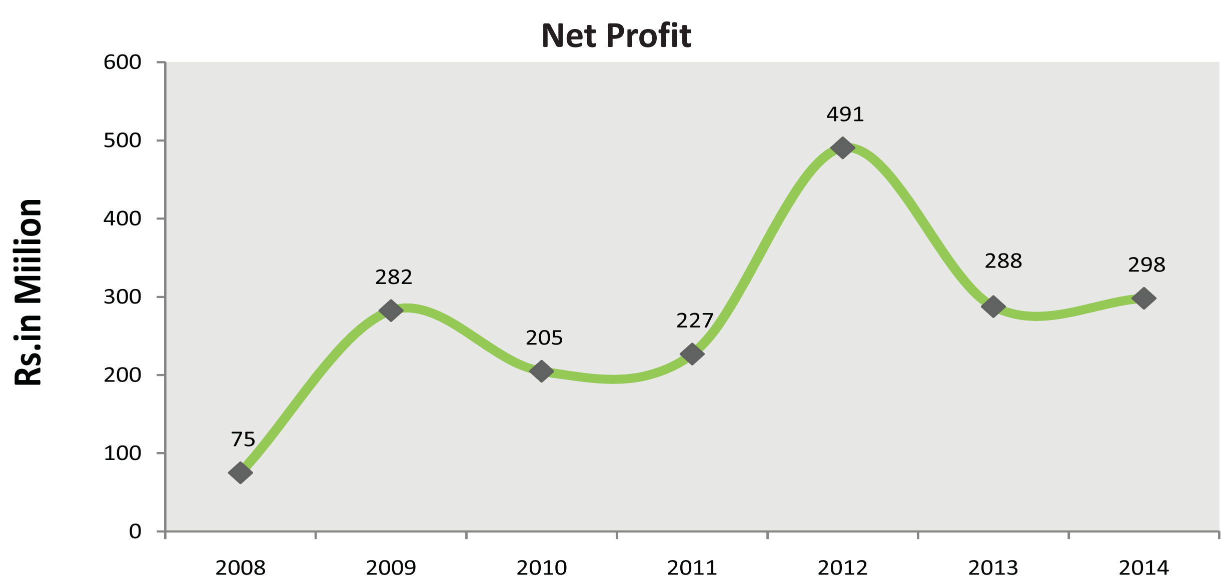
KEY FINANCIAL DATA

		2014	2013	2012	2011	2010	2009
Investment Measure							
Ordinary Share Capital	Rs. in ' 000 '	**173,623**	173,623	173,623	173,623	173,623	173,623
Reserves	Rs. in ' 000 '	**2,052,615**	1,808,825	1,553,757	1,207,480	1,073,278	952,003
Ordinary Shareholder's Equity	Rs. in ' 000 '	**2,226,238**	1,982,448	1,727,380	1,381,103	1,246,901	1,125,626
Dividend declared on Ordinary Share	Rs. in ' 000 '	**173,623**	86,812	138,898	86,812	86,812	69,449
Dividend declared per Ordinary Share	Rs.	**10.00**	5.00	8.00	5.00	5.00	4.00
Profit Before Taxation	Rs. in ' 000 '	**388,119**	330,998	539,337	324,463	276,059	337,120
Profit After Taxation	Rs. in ' 000 '	**298,153**	287,545	490,546	226,863	204,851	282,432
Earnings per share of Rs. 10	Rs.	**17.17**	16.56	28.25	13.07	11.80	16.27
Measure of Financial Status							
Current Ratio	x : 1	**1.07**	0.93	0.96	0.95	0.81	1.00
Debt Equity Ratio	x : 1	**-**	0.08	0.25	0.47	0.70	0.96
Total Debt Ratio	x : 1	**0.27**	0.38	0.41	0.41	0.43	0.42
Number of Days Stock	In days	**93.42**	89.47	150.55	118	59	100
Measure of Performance							
Sales	Rs. in ' 000 '	**5,520,740**	5,849,700	5,950,464	6,217,989	6,352,884	4,166,922
Cost of Goods Sold as % of Sales	%	**85.85**	85.85	79.50	84.92	88.09	81.15
Profit Before Taxation as % of Sales	%	**7.03**	5.66	9.06	5.22	4.35	8.09
Profit After Taxation as % of Sales	%	**5.40**	4.92	8.24	3.65	3.22	6.78

FINANCIAL INDICATORS







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

We have reviewed the enclosed Statement of Compliance with the best practices contained in the Code of Corporate Governance (the Code) prepared by the Board of Directors of Al-Abbas Sugar Mills Limited, (the Company) for the year ended September 30, 2014 to comply with the requirements of the Listing Regulation No. 35 (Chapter XI) of the Karachi Stock Exchange Limited where the Company is listed.

The responsibility for compliance with the Code is that of the Board of Directors of the Company (the Board). 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 and report if it does not and to highlight any non-compliance with the requirement of the Code. A review is limited primarily to inquiries of the management personnel and review of various documents prepared by the management 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 are not required to consider whether the Board's statement on internal control covers all risks and controls, or to form an opinion on the effectiveness of such internal controls, the management's corporate governance procedures and risks.

The Code requires the Company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board for their review 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 and recording proper justification for using such alternate pricing mechanism. We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the Board upon recommendation of the Audit Committee. We have not carried out any procedures to determine whether the related party transactions were under taken 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 as applicable to the Company for the year ended September 30, 2014.

Haroon Zakaria & Co

Haroon Zakaria & Co.
Chartered Accountants
Engagement Partner
Mohammad Iqbal Abdul Aziz

Karachi: January 03, 2015

STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE

This statement is being presented to comply with the Code of Corporate Governance contained in listing regulation No 35 of the listing Regulation of Karachi Stock Exchange Limited for the purpose of establishing a framework of good governance, whereby a listed company is managed in compliance with the best practices of corporate governance. The Company has applied the principles contained in the CODE OF CORPORATE GOVERNANCE (CCG) in the following manner:

1. The Company encourages representation of independent non-executive directors and directors representing minority interests on its board of directors. The present Board includes:

Category	Names
Independent Director	Sayyed Raffay Akber Rashdi
Non-Executive Directors	Mr. Mohammad Iqbal Usman Mr. Duraid Qureshi Miss. Darakshan Ghani Mrs. Asma Aves Cochinwala Mr. Ali Jehangir Siddiqui Mr. Suleman Lalani
Executive Directors	Mr. Asim Ghani
Chief Executive Officer	Mr. Shunaid Qureshi

   The independent director meets the criteria of independence under clause I (b) of CCG.

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

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

4. No casual vacancy occurred in the Board during the current year.

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

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

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

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

9. The Company arranges orientation course for its Directors as and when needed to apprise them of their duties and responsibilities. Three (3) Directors have already done Directors' Training Program of Pakistan Institute of Corporate Governance (PICG). In addition, two (2) of the Directors are exempted from the requirement of Director's training program under clause (xi) of CCG and rest of the Directors to be trained within specified time.

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. However, no new appointment was made during the year.

11. The details of all related party transactions have been placed before the Audit Committee of the Company and upon recommendations of the Audit Committee the same have been placed before the Board for review and approval, and all the transactions were made on the terms equivalent to those that prevail in arm's length transaction. The Company maintains a detail record of related party transactions along with all documents.

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

13. The financial statements of the Company were duly endorsed by CEO (and in his absence by Executive Director) and CFO before approval of the board.

14. 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.

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

16. The Board has formed an Audit Committee. It comprises of three (3) members, of whom two are non-executive directors and chairman is an independent Director.

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

18. The board has formed an HR and Remuneration Committee. It comprises of four (4) members, of whom two are non-executive directors including chairman and one independent director.

19. The board has set up an effective internal audit function managed by qualified and experienced professional who are conversant with the policies and procedures of the Company and industry best practices. They are involved in the internal audit function on a full time basis. The Head of Internal Audit department functionally reports to the Board's Audit Committee.

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

21. 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.

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

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

24. We confirm that all other material principles enshrined in the CCG have been complied with.

MUHAMMAD IQBAL USMAN
Chairman

Karachi: January 03, 2015

AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed balance sheet of Al-Abbas Sugar Mills Limited (the Company) as at September 30, 2014 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 purpose 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 account 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 except for change in accounting policies as disclosed in note 3.1 to the financial statements with which we concur;
   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, 2014 and of the profit, its 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.

Emphasis of Matter

We draw attention to note 27.1.3 of the financial statements which describes the uncertainty related to the outcome of the lawsuit filed against the company and others by a non-executive Director of the company. Our conclusion is not qualified in respect of this matter.

Other Matter

The financial statements of the Company for the year ended September 30, 2013 were audited by another firm of chartered accountants, Hyder Bhimji & Co., who through their report dated January 06, 2014, expressed an unqualified opinion thereon. However, the report contained emphasis of matter paragraph regarding the existence of uncertainty related to the outcome of the lawsuit filed against the Company and others by non executive Director of the Company. The details of law suit are the same as described in note 27.1.3 of the financial statements for the year ended September 30, 2014.

Haroon Zakaria & Co

Haroon Zakaria & Co.
Chartered Accountants
Engagement Partner
Mohammad Iqbal Abdul Aziz

Karachi: January 03, 2015

BALANCE SHEET
AS AT SEPTEMBER 30, 2014

	Note	2014	2013 Restated	2012 Restated
			(Rupees in thousand)	
ASSETS				
Non-Current Assets				
Property, plant and equipment	4	**1,912,669**	2,003,935	2,050,515
Investment property	5	**422**	469	521
Intangible asset		**-**	-	1
Long term investments	6	**212,271**	183,085	20,979
Long term loans	7	**1,353**	3,002	3,816
Long term deposits		**11,393**	10,014	9,557
Deferred taxation - net	8	**-**	34,391	27,135
		2,138,108	2,234,896	2,112,524
Current Assets				
Stores and spares parts	9	**140,750**	144,200	130,512
Stock in trade	10	**1,435,926**	990,359	1,471,452
Trade debts	11	**41,997**	19,965	305,336
Loans and advances	12	**231,153**	377,747	573,588
Trade deposits and short term prepayments	13	**12,593**	16,856	45,935
Interest accrued	14	**1,300**	2,780	956
Other receivables	15	**69,505**	75,405	17,090
Short term investments	16	**232,479**	125,831	30,115
Income tax refunds due from the Government		**76,016**	63,695	57,874
Cash and bank balances	17	**17,394**	178,979	6,973
		2,259,113	1,995,817	2,639,831
Total Assets		**4,397,221**	4,230,713	4,752,355
EQUITY AND LIABILITIES				
Share Capital and Reserves				
Authorized capital	18	**400,000**	175,000	175,000
Issued, subscribed and paid-up capital	19	**173,623**	173,623	173,623
Reserves	20	**2,052,615**	1,808,825	1,553,757
Shareholders' equity		**2,226,238**	1,982,448	1,727,380
Non - Current Liabilities				
Long term financing	21	**-**	36,363	214,094
Deferred liability	22	**62,862**	56,646	51,614
		62,862	93,009	265,708
Current Liabilities				
Trade and other payables	23	**898,731**	559,532	977,229
Accrued mark-up	24	**16,953**	28,370	41,480
Short term borrowings	25	**1,143,227**	1,443,444	1,508,015
Current maturity of non-current liabilities	21	**36,364**	111,064	219,697
Provision for taxation	26	**12,846**	12,846	12,846
		2,108,121	2,155,256	2,759,267
Contingencies and Commitments	27			
Total Equity and Liabilities		**4,397,221**	4,230,713	4,752,355

The annexed notes from 1 to 50 form an integral part of these financial statements.

STATEMENT UNDER SECTION 241(2) OF THE COMPANIES ORDINANCE, 1984

As the Chief Executive is for the time being not in Pakistan, therefore, these financial statements have been signed by two Directors of the Company as required under section 241(2) of the Companies Ordinance, 1984.

Asim Ghani
Director

Duraid Qureshi
Director

PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED SEPTEMBER 30, 2014

	Note	2014	2013
		(Rupees in thousand)	
Sales	28	**5,520,740**	5,849,700
Cost of sales	29	**(4,739,773)**	(5,021,685)
Gross profit		**780,967**	828,015
Net profit from storage tank terminal	30	**59,852**	9,716
Net loss from chemical, alloys and power segment and fixed expenses due to suspension	31	**(39,403)**	(40,226)
		801,416	797,505
Distribution cost	32	**(144,676)**	(121,323)
Administrative expenses	33	**(116,974)**	(116,258)
Other operating expenses	34	**(31,859)**	(33,276)
		(293,509)	(270,857)
Operating profit		**507,907**	526,648
Finance cost	35	**(247,173)**	(224,256)
		260,734	302,392
Other income	36	**127,385**	28,606
Profit before taxation		**388,119**	330,998
Taxation	37	**(89,966)**	(43,453)
Profit after taxation		**298,153**	287,545
Earnings per share - basic and diluted	38	**17.17**	16.56

The annexed notes from 1 to 50 form an integral part of these financial statements.

STATEMENT UNDER SECTION 241(2) OF THE COMPANIES ORDINANCE, 1984
As the Chief Executive is for the time being not in Pakistan, therefore, these financial statements have been signed by two Directors of the Company as required under section 241(2) of the Companies Ordinance, 1984.

Asim Ghani
Director

Duraid Qureshi
Director

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED SEPTEMBER 30, 2014

	Note	2014	2013 Restated
		(Rupees in thousand)	
Profit after taxation		**298,153**	287,545
Other comprehensive income for the year			
Items to be classified to profit and loss account in subsequent period			
Unrealized gain on remeasurement of available for sale investments		**29,259**	16,207
Items that will not be reclassified to profit and loss account in subsequent period			
Remeasurements of defined benefit plan		**3,190**	20,765
Total comprehensive income for the year		**330,602**	324,517

The annexed notes from 1 to 50 form an integral part of these financial statements.

STATEMENT UNDER SECTION 241(2) OF THE COMPANIES ORDINANCE, 1984

As the Chief Executive is for the time being not in Pakistan, therefore, these financial statements have been signed by two Directors of the Company as required under section 241(2) of the Companies Ordinance, 1984.

Asim Ghani
Director

Duraid Qureshi
Director

CASH FLOW STATEMENT
FOR THE YEAR ENDED SEPTEMBER 30, 2014

	Note	2014	2013
		(Rupees in thousand)	
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	39	**692,940**	1,130,764
Finance cost paid		**(258,590)**	(237,366)
Income tax paid		**(67,896)**	(62,351)
Long term loans recovered		**1,649**	938
Long term deposits paid		**(1,379)**	(457)
		(326,216)	(299,236)
Net cash generated from operating activities		**366,724**	831,528
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditure on property, plant and equipment		**(48,593)**	(99,816)
Proceeds from disposal of property, plant and equipment		**3,365**	998
Purchase of long term investments		**-**	(145,932)
Proceeds from disposal of long term investments		**-**	34
Interest/markup received		**4,527**	4,469
Dividend received		**9,846**	405
Net cash used in investing activities		**(30,855)**	(239,842)
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of long term financing		**(111,063)**	(286,364)
Dividend paid		**(86,174)**	(68,745)
Short term borrowings - net		**(300,217)**	(64,571)
Net cash used in financing activities		**(497,454)**	(419,680)
Net (decrease) / increase in cash and cash equivalents		**(161,585)**	172,006
Cash and cash equivalents at the beginning of the year		**178,979**	6,973
Cash and cash equivalents at the end of the year	17	**17,394**	178,979

The annexed notes from 1 to 50 form an integral part of these financial statements.

STATEMENT UNDER SECTION 241(2) OF THE COMPANIES ORDINANCE, 1984
As the Chief Executive is for the time being not in Pakistan, therefore, these financial statements have been signed by two Directorsof the Company as required under section 241(2) of the Companies Ordinance, 1984.

Asim Ghani
Director

Duraid Qureshi
Director

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED SEPTEMBER 30, 2014

	Issued, subscribed and paid-up	RESERVES							Total Share holder's Equity
		Revenue reserves			Capital reserves				
		General reserve	Accumulated profit	Sub total	Gain/(loss) on remeasuremnet of retirement benefit obligation	Gain/(loss) on remeasurement of AFS investment	Sub total	Total reserves	
	(Rupees in thousand)								
Balance as at October 1, 2012	173,623	458,000	1,111,477	1,569,477	-	(15,386)	(15,386)	1,554,091	1,727,714
Effect of remeasurement of defined benefit plan (note 3.1)	-	-	-	-	(334)	-	(334)	(334)	(334)
Balance as at October 1, 2012 - restated	173,623	458,000	1,111,477	1,569,477	(334)	(15,386)	(15,720)	1,553,757	1,727,380
Total comprehensive income for the year									
Profit for the year	-	-	287,545	287,545	-	-	-	287,545	287,545
Other comprehensive income for the year									
Unrealized gain on remeasurement of available for sale investments	-	-	-	-	-	16,207	16,207	16,207	16,207
Remeasurements of defined benefit plan (note 3.1)	-	-	-	-	20,765	-	20,765	20,765	20,765
	-	-	-	-	20,765	16,207	36,972	36,972	36,972
Total comprehensive income for the year	-	-	287,545	287,545	20,765	16,207	36,972	324,517	324,517
Transfer to general reserve	-	1,000,000	(1,000,000)	-	-	-	-	-	-
Transactions with owners									
Final Dividend 2012: Rs. 4 per share	-	-	(69,449)	(69,449)	-	-	-	(69,449)	(69,449)
Balance as at September 30, 2013 - restated	**173,623**	**1,458,000**	**329,573**	**1,787,573**	**20,431**	**821**	**21,252**	**1,808,825**	**1,982,448**
Total comprehensive income for the year									
Profit for the year	-	-	298,153	298,153	-	-	-	298,153	298,153
Other comprehensive income for the year									
Unrealized gain on remeasurement of available for sale investments	-	-	-	-	-	29,259	29,259	29,259	29,259
Remeasurements of defined benefit plan	-	-	-	-	3,190	-	3,190	3,190	3,190
	-	-	-	-	3,190	29,259	32,449	32,449	32,449
Total comprehensive income for the year	-	-	298,153	298,153	3,190	29,259	32,449	330,602	330,602
Transactions with owners									
Final Dividend 2013: Rs. 5 per share	-	-	(86,812)	(86,812)	-	-	-	(86,812)	(86,812)
Balance as at September 30, 2014	**173,623**	**1,458,000**	**540,914**	**1,998,914**	**23,621**	**30,080**	**53,701**	**2,052,615**	**2,226,238**

The annexed notes from 1 to 50 form an integral part of these financial statements.

STATEMENT UNDER SECTION 241(2) OF THE COMPANIES ORDINANCE, 1984
As the Chief Executive is for the time being not in Pakistan, therefore, these financial statements have been signed by two Directors of the Company as required under section 241(2) of the Companies Ordinance, 1984.

Asim Ghani
Director

Duraid Qureshi
Director

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2014

1 THE COMPANY AND ITS OPERATIONS

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

S. No	Division	Principal Activities	Location of undertaking	Commencement of commercial production
1	Sugar	Manufacturing and sale of sugar	Mirwah Gorchani, Mirpurkhas	December 15, 1993
2	Ethanol (note 1.1)	Processing and sale of industrial ethanol	Mirwah Gorchani, Mirpurkhas	Unit I: August 20, 2000 Unit II: January 23, 2004
3	*Chemical and alloys and **Power (note 1.2)	*Manufacturing and sales of calcium carbide and ferro alloys. **Generation and sales of electricity.	Dhabeji, Thatta.	*November 01, 2006 **April 06, 2010
4	Tank Terminal	Providing bulk storage facility	Oil industrial area, Kemari, Karachi.	October 15, 2012

1.1 The Company has also entered into agreement for supply of CO_2 gas at its ethanol division. The same is not a reportable segment as per criteria defined in IFRS-8.

1.2 The production facilities of chemical, alloys and power segment have been suspended in view of present business conditions. However, the management of the Company is in process of negotiation with K-Electric for resumption of power supply to them for which budgets have been approved by the Board of Directors. Tariff has been filed with NEPRA. Once tariff is approved by NEPRA, the management of the Company will place the Power Acquisition Contract and Tariff before the Board of Directors for their approval. During the year a portion of chemical plant which was given on lease has been vacated by the lessee.

2 BASIS OF PREPARATION

2.1 Statement of Compliance

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

2.2 Basis of Measurement

These financial statements have been prepared under the historical cost convention, except as otherwise disclosed in these notes.

2.3 Functional and presentation currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the Company operates. The financial statements are presented in Pak Rupees, which is the Company's functional and presentation currency.

2.4 Critical Accounting Estimates and Judgments

The preparation of financial statements in conformity with the approved accounting standards, as applicable in Pakistan, requires management to make judgments, estimates and assumptions that affect the application of policies and the reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

- Assumptions and estimates used in determining the recoverable amount, residual values and useful lives of property, plant and equipment - note 3.2 and 4

- Assumptions and estimates used in determining the recoverable amount, residual values and useful lives of investment property - note 3.3 and 5

- Assumptions and estimates used in determining the provision for slow moving stores and spares - note 3.4 and 9

- Assumptions and estimates used in writing down items of stock in trade to their net realisable value - note 3.5 and 10

- Assumptions and estimates used in calculating the provision for doubtful trade debts - note 3.6 and 11

- Assumptions and estimates used in the recognition of current and deferred taxation - note 3.9 and 37

- Assumptions and estimates used in accounting for staff retirement benefits - note 3.1 and 15.1

- Assumptions and estimates used in calculating the provision for doubtful loans and advances - note 3.7 and 12

- Assumptions and estimates used in disclosure and assessment of provision for contingencies - note 27

2.5 Initial application of standards, amendments or an interpretation to existing standards

The amendments to the following standards have been adopted by the Company for the first time for the financial year beginning on October 01, 2013

IAS 19 'Employee Benefits' was revised in June 2011. The changes on the Company's accounting policies are to immediately recognise all past service costs and actuarial gains or losses; and to replace interest cost and expected return on plan assets with a net interest amount that is calculated by applying the discount rate to the net defined benefit liability (asset). See note 3.1 for the impact on the financial statements.

2.6 Adoption of new accounting standards / amendments and IFRS interpretations that are effective for the year ended September 30, 2014

The following standards, amendments and interpretations are effective for the year ended September 30, 2014.

These standards, interpretations and the amendments are either not relevant to the Company's operations or are not expected to have significant impact on the Company's financial statements other than certain additional disclosures.

Amendments to IAS 1 - Presentation of Financial Statements – Clarification of Requirements for Comparative information	**Effective from accounting period beginning on or after January 01, 2013**

This improvement clarifies the difference between voluntary additional comparative information and the minimum required comparative information. Generally, the minimum required comparative information is the previous period.

Amendments to IAS 16 - Property, Plant and Equipment – Classification of servicing equipment	**Effective from accounting period beginning on or after January 01, 2013**

This improvement clarifies that major spare parts and servicing equipment that meet the definition of property, plant and equipment are not inventory.

Amendments to IAS 32 Financial Instruments: Presentation - Tax effects of distributions to holders of an equity instrument, and transaction costs of an equity transaction	**Effective from accounting period beginning on or after January 01, 2013**

This improvement clarifies that income taxes arising from distributions to equity holders are accounted for in accordance with IAS 12 Income Taxes.

Amendments to IAS 34 - Interim Financial Reporting - Interim reporting of segment information for total assets and total liabilities	**Effective from accounting period beginning on or after January 01, 2013**

"The amendment aligns the disclosure requirements for total segment assets with total segment liabilities in interim financial statements. This clarification also ensures that interim disclosures are aligned with annual disclosures.”

Amendments to IFRS 7 Financial Instruments : Disclosures - Offsetting financial assets and financial liabilities	Effective from accounting period beginning on or after January 01, 2013

These amendments require an entity to disclose information about rights to set-off and related arrangements (e.g., collateral agreements). The disclosures would provide users with information that is useful in evaluating the effect of netting arrangements on an entity’s financial position. The new disclosures are required for all recognized financial instruments that are set off in accordance with IAS 32 Financial Instruments: Presentation. The disclosures also apply to recognized financial instruments that are subject to an enforceable master netting arrangement or similar agreement, irrespective of whether they are set off in accordance with IAS 32.

IFRIC 20 - Stripping Costs in the Production Phase of a Surface Mine	**Effective from accounting period beginning on or after January 01, 2013**

This interpretation applies to waste removal (stripping) costs incurred in surface mining activity, during the production phase of the mine. The interpretation addresses the accounting for the benefit from the stripping activity.

2.7 New accounting standards and IFRS interpretations that are not yet effective

The following standards, amendments and interpretations are only effective for accounting periods, beginning on or after the date mentioned against each of them. These standards, interpretations and the amendments are either not relevant to the Company's operations or are not expected to have significant impact on the Company's financial statements other than certain additional disclosures.

Amendments to IAS 19 Employee Benefits: Employee contributions — **Effective from accounting period beginning on or after July 01, 2014**

This amendment clarifies the application of IAS 19, 'Employee benefits' (2011) – referred to as 'IAS 19R', to plans that require employees or third parties to contribute towards the cost of benefits. The amendment does not affect the accounting for voluntary contributions. The 2011 revisions to IAS 19 distinguished between employee contributions related to service and those not linked to service. The current amendment further distinguishes between contributions that are linked to service only in the period in which they arise and those linked to service in more than one period. The amendment allows contributions that are linked to service, and do not vary with the length of employee service, to be deducted from the cost of benefits earned in the period that the service is provided.

IAS 27 (Revised 2011) – Separate Financial Statements — **Effective from accounting period beginning on or after January 01, 2015**

The revised Standard sets out the requirements regarding separate financial statements only. Most of the requirements in the revised Standard are carried forward unchanged from the previous Standard.

IAS 28 (Revised 2011) – Investments in Associates and Joint Ventures — **Effective from accounting period beginning on or after January 01, 2015**

Similar to the previous Standard, the new Standard deals with how to apply the equity method of accounting. However, the scope of the revised Standard has been changed so that it covers investments in joint ventures as well because IFRS 11 requires investments in joint ventures to be accounted for using the equity method of accounting.

A**mendments to IAS 32 Financial Instruments: Presentation - Offsetting financial assets and financial liabilities** — **Effective from accounting period beginning on or after January 01, 2014**

These amendments clarify the meaning of "currently has a legally enforceable right to set-off". It will be necessary to assess the impact to the entity by reviewing settlement procedures and legal documentation to ensure that offsetting is still possible in cases where it has been achieved in the past. In certain cases, offsetting may no longer be achieved. In other cases, contracts may have to be renegotiated. The requirement that the right of set-off be available for all counterparties to the netting agreement may prove to be a challenge for contracts where only one party has the right to offset in the event of default.

IAS 36 Impairment of Assets - Recoverable Amount Disclosures for Non-Financial Assets — **Effective from accounting period beginning on or after January 01, 2014**

The amendments:

- remove the requirement to disclose the recoverable amount of a cash-generating unit (or group of cash-generating units) to which a significant amount of goodwill or intangible assets with indefinite useful lives has been allocated in periods when no impairment or reversal has been recognized (this requirement having been inadvertently introduced as part of consequential amendments on the introduction of IFRS 13; and

- introduce additional disclosure requirements in respect of assets for which an impairment has been recognized or reversed and for which the recoverable amount is determined using fair value less costs of disposal.

IAS 39 Financial Instruments: Recognition and Measurement - Novation of Derivatives and Continuation of Hedge Accounting

Effective from accounting period beginning on or after January 01, 2014

The amendment allows the continuation of hedge accounting (under IAS 30 and IFRS 9 chapter on hedge accounting) when a derivative is novated to a clearing counterparty and certain conditioned are met.

IFRS 10 – Consolidated Financial Statements

Effective from accounting period beginning on or after January 01, 2015. Earlier adoption is encouraged.

IFRS 10 replaces the part of IAS 27 Consolidated and Separate Financial Statements that deals with consolidated financial statements and SIC 12 Consolidation - Special Purpose Entities. Under IFRS 10, there is only one basis for consolidation for all entities, and that basis is control. This change is to remove the perceived inconsistency between the previous version of IAS 27 and SIC 12; the former used a control concept while the latter placed greater emphasis on risks and rewards. IFRS 10 includes a more robust definition of control in order to address unintentional weaknesses of the definition of control set out in the previous version of IAS 27. Specific transitional provisions are given for entities that apply IFRS 10 for the first time. Specifically, entities are required to make the 'control' assessment in accordance with IFRS 10 at the date of initial application, which is the beginning of the annual reporting period for which IFRS 10 is applied for the first time. No adjustments are required when the 'control' conclusion made at the date of initial application of IFRS 10 is the same before and after the application of IFRS 10. However, adjustments are required when the 'control' conclusion made at the date of initial application of IFRS 10 is different from that before the application of IFRS 10.

IFRS 11 – Joint Arrangements

Effective from accounting period beginning on or after January 01, 2015

IFRS 11 replaces IAS 31 Interest in Joint Ventures and SIC 13 Jointly Controlled Entities – Non monetary Contributions by Venturers. IFRS 11 deals with how a joint arrangement should be classified where two or more parties have joint control. There are two types of joint arrangements under IFRS 11: joint operations and joint ventures. These two types of joint arrangements are distinguished by parties' rights and obligations under the arrangements. Under IFRS 11, the existence of a separate vehicle is no longer a sufficient condition for a joint arrangement to be classified as a joint venture whereas, under IAS 31, the establishment of a separate legal vehicle was the key factor in determining whether a joint arrangement should be classified as a jointly controlled entity.

IFRS 12 – Disclosure of Interests in Other Entities

Effective from accounting period beginning on or after January 01, 2015

IFRS 12 is a new disclosure Standard that sets out what entities need to disclose in their annual consolidated financial statements when they have interests in subsidiaries, joint arrangements, associates or unconsolidated structured entities (broadly the same as special purpose entities under SIC 12). IFRS 12 aims to provide users of financial statements with information that helps evaluate the nature of and risks associated with the reporting entity's interest in other entities and the effects of those interests on its financial statements.

IFRS 13 – Fair Value Measurement

Effective from accounting period beginning on or after January 01, 2015

IFRS 13 establishes a single source of guidance for fair value measurements and disclosures about fair value measurements. IFRS 13 does not change the requirements regarding which items should be measured or disclosed at fair value. The scope of IFRS 13 is broad; it applies to both financial instrument items and non-financial instrument items for which other IFRSs require or permit fair value measurements and disclosures about fair value measurements, except in specified circumstances. IFRS 13 gives a new definition of fair value for financial reporting purposes. Fair value under IFRS 13 is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market condition (i.e. an exit price) regardless of whether that price is directly observable or estimated using another valuation technique. IFRS 13 should be applied prospectively as of the beginning of the annual period in which it is initially applied.

IFRIC 21 - Levies — **Effective from accounting period beginning on or after January 01, 2014**

IFRIC 21 defines a levy as a payment to a government for which an entity receives no specific goods or services. A liability is recognized when the obligating event occurs. The obligating event is the activity that triggers payment of the levy. This is typically specified in the legislation that imposes the levy.

Other than the aforesaid standards, interpretations and amendments, the International Accounting Standards Board (IASB) has also issued the following standards which have not been adopted locally by the Securities and Exchange Commission of Pakistan:

- IFRS 1 – First Time Adoption of International Financial Reporting Standards
- IFRS 9 – Financial Instruments
- IFRS 14 – Regulatory Deferral Accounts
- IFRS 15 – Revenue from Contracts with Customers

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these financial statements are the same as those applied in the preparation of the financial statements of the Company for the year ended September 30, 2013 except as stated in note 3.1.

3.1 CHANGE IN ACCOUNTING POLICY

a) Adoption of amendments in IAS-19 'Employee Benefits' (Revised)

During the current year, the Company has changed its accounting policy in respect of post-retirement defined benefit plan as required under IAS 19, 'Employee Benefits'. According to the new policy, all actuarial gains and losses are recognized in Other Comprehensive Income (OCI) in the periods in which they occur. Amounts recorded in profit and loss account are limited to current and past service costs, gain or loss on settlement and net interest income or expense. All other changes in the net defined benefit obligation are recognized directly in OCI with no subsequent recycling through profit and loss account. Previously, the Company was recognizing all actuarial gains / losses in the profit and loss account.

The change in accounting policy has been accounted for retrospectively in accordance with the transitional provisions of the standard and the comparative figures have been restated as per the requirements of IAS 8, 'Accounting Policies, Changes in Accounting Estimates and Errors'. The Company's financial statements are affected to the extent of "remeasurements" relating to prior years. The effects of above changes have been summarized below:

	Note	2014	2013
		(Rupees in thousand)	
Impact on Statement of Financial Position			
Increase / (decrease) in other receivables		**20,431**	(334)
Increase / (decrease) in Reserve		**20,431**	(334)
Impact on Statement of Changes in Equity			
Increase / (decrease) in remeasurement of retirement benefit obligation		**20,431**	(334)
Impact on Statement of Comprehensive Income			
Increase in Other Comprehensive Income		**20,765**	-

b) Amendments to IAS -1 'Presentation of financial statements' - Clarification of the requirements for comparative information

The amendment clarifies the disclosure requirements for comparative information when and entity provides a third balance sheet either as required by IAS 8, 'Accounting Policies, Changes in Accounting Estimates and Errors' or voluntarily. When an entity produces an additional balance sheet as required by IAS 8, the balance sheet should be at the date of the beginning of the preceding period, i.e. the opening position. No notes are required to support this balance sheet. In light of this amendment and with the change in accounting policy with respect to accounting for remeasurement gains/(losses) on defined benefit plan, a third balance sheet has been presented during the current year stating restated balances.

3.2 Property, plant and equipment

a) Operating fixed assets - owned

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

Depreciation is charged, on a systematic basis over the useful life of the asset, on reducing balance method, which reflects the patterns in which the asset's economic benefits are consumed by the Company, at the rates specified in the note 4.1. 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. No amortization is provided on leasehold land since the leases are renewable at the option of the lessee at nominal cost and their realizable values are expected to be higher than respective carrying values.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other repairs and maintenance are charged to profit and loss account during the financial year in which they are incurred.

Assets are derecognized when disposed or when no future economic benefits are expected from its use or disposal. Gains or losses on disposals, if any, are included in profit and loss account.

b) Capital work-in-progress

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

3.3 Investment property

Investment Property is property held either to earn rental income or for capital appreciation or for both, but not for sale in ordinary course of business, use in production or supply of goods or services as for administrative purpose.

Former office premises which is held to earn rental income is classified under investment property. It is carried at its respective cost, under the cost model, less accumulated depreciation and accumulated impairment losses, if any. Depreciation is charged, on a systematic basis over the useful life of the asset, on reducing balance method, at the rate specified in the note 5.

3.4 Stores and spares

Stores and spares are valued at lower of moving average cost except for items in transit, which are valued at cost comprising invoice value and related expenses incurred thereon upto balance sheet date. Value of items is reviewed at each balance sheet date to record any provision for slow moving items and obsolescence.

3.5 Stock-in-trade

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

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

Cost in relation to stock of molasses held in ethanol division is valued at weighted average cost.

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

3.6 Trade debts

Trade debts are carried at original invoice amount less an estimate made for doubtful debts based on a review of all outstanding amounts at the year end. Provision for doubtful debts is based on the management's assessment of customer's outstanding balances and creditworthiness. Bad debts are written-off when identified.

3.7 Loans, advances, deposits, prepayments and other receivables

Loans, advances, deposits, prepayment and other receivables are carried at original amount less provision made for doubtful receivables based on a review of all outstanding amounts at the year end. Loans, advances, deposits, prepayment and other receivables considered irrecoverable are written off.

3.8 Cash and cash equivalents

Cash and cash equivalents for cash flow purposes include cash in hand, current and deposit accounts held with banks.

3.9 Taxation

a) Current

Provision for current taxation is computed in accordance with the provision of the Income Tax Ordinance, 2001.

The charge for current taxation is based on taxable income at the current rate of taxation after taking into account applicable tax credit, rebates and exemptions available, if any, or minimum tax on turnover or Alternate Corporate Tax (ACT), whichever is higher.

b) Deferred

Deferred income tax is provided using the balance sheet liability method for all temporary differences at the balance sheet date between tax base of assets and liabilities and their carrying amounts for financial reporting purposes. The amount of deferred tax provided is based on the expected manner of realization or the settlement of the carrying amounts of assets and liabilities, using the tax rates enacted or substantively enacted at the balance sheet date.

Deferred income tax asset is recognized for all deductible temporary differences and carry forward of unused tax losses, if any, to the extent that it is probable that taxable profit for the foreseeable future will be available against which such temporary differences and tax losses can be utilized.

3.10 Staff retirement benefits

a) Defined benefit plan - 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, 2014, using the Projected Unit Credit Method for valuation of the scheme. Actuarial gains and losses for the defined benefit plan are recognized in full in the period in which they occur in other comprehensive income. Such actuarial gains and losses are recognized in equity as capital reserves as these will not reclassified to profit and loss in subsequent periods. Current and past service costs, gain or loss on settlement and net interest income or expense are accounted for in profit and loss account.

This scheme is governed by Trust Deeds and Rules. All matters pertaining to this scheme including contributions to the scheme and payments to outgoing members are dealt with in accordance with the Trust Deeds and Rules.

b) Employees compensated absences

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

3.11 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 received.

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 recorded using exchange rates that existed when the values were determined. Exchange differences on foreign currency translations are included in profit and loss account.

3.13 Financial instruments

3.13.1 Financial assets

All financial assets are recognized at the time when the Company becomes a party to the contractual provisions of the instrument. Regular purchases and sales of investments are recognized at trade date i.e. the date on which the Company commits to purchase or sell the asset.

Financial assets are initially recognized at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognized at fair value and transaction costs are expensed in the profit and loss account.

Available for sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value. 'Loans and receivables' and 'held to maturity' investments are carried at amortized cost using effective interest rate method.

The fair values of quoted investments are based on current prices. If the market for a financial asset is not active (for unlisted securities), the Company measures the investments at cost less impairment in value, if any.

Financial assets are derecognized when the rights to receive cash flows from the assets have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership.

The Company classifies its financial assets in the following categories: at fair value through profit or loss, loans and receivables, available for sale and held to maturity. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at the time of initial recognition.

a) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are financial assets held for trading and financial assets designated upon initial recognition as at fair value through profit or loss. A financial asset is classifieds held for trading if acquired principally for the purpose of selling in the short term. Assets in this category are classified as current assets.

b) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market.

c) Available for sale financial assets

Available for sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless management intends to dispose of the investments within twelve months from the balance sheet date. Available for sale financial assets are classified as long term investments in the balance sheet.

When securities classified as available for sale are sold or impaired, the accumulated fair value adjustments recognized as "Other comprehensive Income" are included in the profit and loss account as gains and losses on disposal of long term investments. Dividends on available for sale equity instruments are recognized in the profit and loss account when the Company's right to receive payments is established.

d) Held to maturity

Held to maturity are financial assets with fixed or determinable payments and fixed maturity for which management has the intention and ability to hold till maturity are carried at amortized cost. Since the investment is for short term, its cost is treated as amortized cost because of insignificant difference.

3.13.2 Financial liabilities

All financial liabilities are recognized at the time when the Company becomes a party to the contractual provisions of the instrument.

Financial liabilities, other than those at fair value through profit or loss, are measured at amortized cost using the effective yield method.

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expired. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange and modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in respective carrying amounts is recognized in the profit and loss account.

3.13.3 Offsetting of financial assets and financial liabilities

Financial assets and financial liabilities are offset and the net amount is reported in the financial statements only when there is a legally enforceable right to set-off the recognized amounts and the Company intends either to settle on a net basis or to realize the assets and to settle the liabilities simultaneously.

3.13.4 Impairment

Financial assets

A financial asset is assessed at each balance sheet date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

Any impairment loss arising on financial assets is recognized in profit and loss account.

Non-financial assets

The Company assesses at each balance sheet date whether there is any indication that assets, other than deferred tax asset, may be impaired. If such indication exists, the carrying amounts of such assets are reviewed to assess whether they are recorded in excess of their recoverable amount. Where carrying values exceed the respective recoverable amount, assets are written down to their recoverable amounts and the resulting impairment loss is recognized in profit and loss account. The recoverable amount is the higher of an asset's 'fair value less costs to sell' and 'value in use'.

Where impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised recoverable amount but limited to the extent of the carrying amount that would have been determined (net of amortization or depreciation) had no impairment loss been recognized. Reversal of impairment loss is recognized as income.

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 charged to profit and loss account in the period in which they are incurred.

3.15 Provisions

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

3.16 Inter-segment pricing

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

3.17 Revenue recognition

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

- 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.

- Return on bank deposits is recognized on a time proportion basis on the principal amount outstanding and the rate applicable while income from held to maturity investment is recorded using effective yield method.

- Mark-up on growers loan is accounted for in line with the recovery of the respective loan due to exigencies involved in such matters. Recognition of mark-up on loans considered doubtful is deferred.

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

- Unrealized gains / (losses) arising on revaluation of securities classified as 'available for sale' are included in other comprehensive income in the period in which they arise.

- Gains / (losses) arising on disposal of investments are included in income currently and are recognized on the date when the transaction takes place.

- Miscellaneous income is recognized on occurrence of transactions.

- Dividend income from investments is recognized when the Company's right to receive the dividend is established.

- Rental income from investment property, rental income of chemical section and income on sale of CO2 is recorded on accrual basis.

3.18 Dividend and appropriation to reserves

Dividend and appropriations to reserves are recognized in the statement of changes in equity in the period in which these are approved.

3.19 Segment reporting

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

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

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

3.20 Earnings per share

The Company presents basic and diluted earnings per share (EPS) for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the year.

Diluted EPS is determined by adjusting the profit or loss attributable to ordinary share holders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares.

3.21 Transactions with related parties

The Company enters into transactions with related parties for sale or purchase of goods and services on an arm's length basis.

	Note	2014	2013
		(Rupees in thousand)	

4 PROPERTY, PLANT AND EQUIPMENT

	Note	2014	2013
Operating fixed assets	4.1	**1,912,669**	1,955,605
Capital work in progress	4.2	**-**	48,330
		1,912,669	2,003,935

4.1 OPERATING FIXED ASSETS

As at September 30, 2014

	Cost					Accumulated depreciation			Written down
	As at October 01, 2013	**Additions / (Deletions)**	**Transferred from CWIP**	**As at September 30, 2014**	**Rate %**	**As at October 01, 2013**	**Charge (adjustment) for the year**	**As at September 30, 2014**	**value as at September 30, 2014**
	- - - - Rupees in '000 - - - -					- - - - Rupees in '000 - - - -			
Owned									
Free-hold land	26,557	-	-	26,557	-	-	-	-	26,557
Lease-hold land	73,694	-	-	73,694	-	-	-	-	73,694
Main factory building									
- on free-hold land	214,661	-	-	214,661	10	141,937	7,272	149,209	65,451
- on lease-hold land	168,317	-	-	168,317	10	78,753	8,956	87,710	80,608
Non-factory building									
- on free-hold land	147,109	-	-	147,109	10	79,892	6,722	86,614	60,495
- on lease-hold land	73,666	-	-	73,666	10	25,513	4,815	30,328	43,338
Plant and machinery	2,507,069	6,119	86,181	2,599,369	5 to 10	981,180	101,076	1,082,256	1,517,113
Furniture and fittings	10,654	-	-	10,654	10	5,484	517	6,001	4,653
Vehicles	68,618	4,123	-	68,915	20	38,907	6,108	42,814	26,101
	-	(3,826)	-	-		-	(2,201)	-	-
Office equipment	31,864	294	-	31,636	10	18,509	1,335	19,705	11,931
		(522)					(139)		
Computers	7,967	206	-	8,173	30	4,882	952	5,834	2,339
Tools and tackles	4,268	-	-	4,268	20	3,782	97	3,879	389
	3,334,444	10,742	86,181	3,427,019		1,378,839	137,851	1,514,350	1,912,669
	-	(4,348)	-	-		-	(2,340)	-	-

As at September 30, 2013

	Cost					Accumulated depreciation			Written down
	As at October 01, 2012	Additions / (Deletions)	Transferred from CWIP	As at September 30, 2013	Rate %	As at October 01, 2012	Charge (adjustment) for the year	As at September 30, 2013	value as at September 30, 2013
	- - - - Rupees in '000 - - - -					- - - - Rupees in '000 - - - -			
Owned									
Free-hold land	26,557	-	-	26,557	-	-	-	-	26,557
Lease-hold land	51,000	-	22,694	73,694	-	-	-	-	73,694
Main factory building									
- on free-hold land	214,661	-	-	214,661	10	133,856	8,080	141,937	- 72,724
- on lease-hold land	168,317	-	-	168,317	10	68,802	9,952	78,753	- 89,564
Non-factory building									
- on free-hold land	122,594	-	24,515	147,109	10	73,559	6,334	79,892	- 67,217
- on lease-hold land	48,867	-	24,799	73,666	10	20,162	5,350	25,513	- 48,153
Plant and machinery	2,250,025	-	257,044	2,507,069	5 to 10	874,862	106,318	981,180	1,525,889
Furniture and fittings	10,654	-	-	10,654	10	4,909	575	5,484	5,170
Vehicles	63,640	6,153	-	68,618	20	33,098	6,435	38,907	29,711
	-	(1,175)	-	-		-	(626)	-	-
Office equipment	30,924	940	-	31,864	10	17,063	1,446	18,509	13,355
Computers	7,364	603	-	7,967	30	3,647	1,235	4,882	3,085
Tools and tackles	4,268	-	-	4,268	20	3,660	122	3,782	486
	2,998,871	7,696	329,052	3,334,444		1,233,618	145,847	1,378,839	1,955,605
	-	(1,175)	-	-		-	(626)	-	-

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

	Note	2014	2013
		(Rupees in thousand)	
Cost of sales	29	**79,361**	83,420
Storage tank terminal	30	**19,816**	20,789
Chemical and alloys	31.2	**17,712**	19,245
Power	31.3	**12,144**	12,804
Administrative expenses	33	**8,818**	9,589
		137,851	145,847

4.1.2 The following assets were disposed off during the year:

Description	Cost	Accumulated depreciation	Witten down value	Sales Proceeds	Gain/ (Loss)	Mode of Disposal	Particular of Buyers
	Rupees in '000						
Vehicle							
Toyota Corolla ASQ-408	1,369	942	427	700	273	Negotiation	Mr. Ghulam Mustafa
Honda Civic ASW-405	1,849	942	907	1,800	893	Insurance claim	EFU General Insurance
Toyota Corolla AJR-480	536	307	229	700	471	Negotiation	Mr. Muhammad Ibrahim
Honda Motorcycle KGV-9582	72	10	62	69	7	Insurance claim	EFU General Insurance
	3,826	**2,201**	**1,625**	**3,269**	**1,644**		
Office Equipment							
Air conditioner	131	37	94	15	(79)	Negotiation	Various
Book value not exceeding Rs. 50,000 each	391	102	289	81	(208)	Negotiation	Various
	522	**139**	**383**	**96**	**(287)**		
Year ended Sep 30, 2014	**4,348**	**2,340**	**2,008**	**3,365**	**1,357**		
Year ended Sep 30, 2013	1,175	626	549	998	449		

4.2 CAPITAL WORK IN PROGRESS

Description	2014 As at October 01, 2013	2014 Additions / (adjustments)	2014 Transfer to operating fixed assets	2014 As at September 30, 2014	2013 As at October 01, 2012	2013 Additions / (adjustments)	2013 Transfer to operating fixed assets	2013 As at September 30, 2013
	Rupees in '000							
Storage tank terminal	-	-	-	-	181,261	-	(181,261)	-
Borrowing cost (note 4.2.1)	-	-	-	-	47,080	-	(47,080)	-
	-	-	-	-	228,341	-	(228,341)	-
Non-factory building								
Godown	-	-	-	-	9,009	13,566	(22,575)	-
Advance to contractor	-	-	-	-	1,114	-	(1,114)	-
Borrowing cost (note 4.2.1)	-	-	-	-	-	825	(825)	-
	-	-	-	-	10,123	14,391	(24,514)	-
Plant and machinery								
Storage tanks - Ethanol division	-	-	-	-	45,685	28,399	(74,084)	-
Advance to contractor	-	-	-	-	1,113	-	(1,113)	-
Borrowing cost (note 4.2.1)	-	-	-	-	-	1,000	(1,000)	-
	-	-	-	-	46,798	29,399	(76,197)	-
Digester	**35,691**	**16,950**	**(52,641)**	-	-	35,691	-	35,691
Advance to contractor	**78**	**(78)**	-	-	-	78	-	78
Stores held for capitalization	**8,124**	**(8,124)**	-	-	-	8,124	-	8,124
Borrowing cost (note 4.2.1)	**1,439**	**4,544**	**(5,983)**	-	-	1,439	-	1,439
	45,332	**13,292**	**(58,624)**	-	-	45,332	-	45,332
Pipeline for storage tank terminal	**2,864**	**10,143**	**(13,007)**	-	-	2,864	-	2,864
Borrowing cost (note 4.2.1)	**134**	**168**	**(302)**	-	-	134	-	134
	2,998	**10,311**	**(13,309)**	-	-	2,998	-	2,998
Pipeline from storage tank terminal to Pakistan refinery	-	**14,136**	**(14,136)**	-	-	-	-	-
Borrowing cost (note 4.2.1)	-	**112**	**(112)**	-	-	-	-	-
	-	**14,248**	**(14,248)**	-	-	-	-	-
Total	**48,330**	**37,851**	**(86,181)**	-	285,262	92,120	(329,052)	48,330

4.2.1 Average annualized rate of 10.02% (2013: 9.11%) has been used for capitalization of borrowing cost.

5 **INVESTMENT PROPERTY**

	Cost				Depreciation			Written down
	As at October 01,	Additions / (Deletions)	As at September 30,	Rate %	As at October 01,	Charge for the year	As at September 30,	As at September 30,
	- - - - - - - - - -	- - - - - - - - - -	- - - - Rupees in '000	- - - -	- - - - - - - - - -	- - - - - - - - - -	- - - - - - - - - -	- - - - - - - - - -
Former offices premises- **2014**	**1,600**	**-**	**1,600**	**10%**	**1,131**	**47**	**1,178**	**422**
Former offices premises- 2013	1,600	-	1,600	10%	1,079	52	1,131	469

5.1 The estimated market value as per valuation carried out by M/s. Sipra and Company (Pvt.) Limited subsequent to year end as on November 21, 2014 is Rs. 31.18 million.

	Note	2014	2013
		(Rupees in thousand)	
6 LONG TERM INVESTMENTS			
Available for sale investments - in Quoted shares at fair value			
In related party	6.1	**99,432**	23,174
In other than related party	6.2	**112,839**	159,911
		212,271	183,085

6.1 In related party

2014	2013				
Number of shares par value Rs.10/- each					
765,450	405,000	Hum Network Limited	6.1.1	**99,432**	23,174

6.1.1 During the year, Hum Network Limited has issued bonus share of 162,000 and 198,450 bonus share at the rate of 40% and 35% respectively.

6.2 In other than related party

2014	2013		2014	2013
Number of shares par value Rs.10/- each			(Rupees in thousand)	
21,996,000	21,996,000	Power Cement Limited	**112,839**	159,911

	2014	2013
The market value of each quoted security is as follows:	(Rupees)	
HUM Network Limited	**129.90**	57.22
Power Cement Limited	**5.13**	7.27

	Note	2014	2013
		(Rupees in thousand)	

7 LONG TERM LOANS

- Considered good and secured

	Note	2014	2013
Due from executives - related parties	7.1	**1,407**	3,618
Due from other employees		**1,168**	780
		2,575	4,398
Less: current portion of long term loans	12	**(1,222)**	(1,396)
		3,928	7,400

7.1 Reconciliation of carrying amount of loans to executives

	2014	2013
Balance at beginning of the year	**3,618**	4,535
Add: disbursements	**343**	1,100
	3,961	5,635
Less: repayments	**(2,554)**	(2,017)
Balance at end of the year	**1,407**	3,618

7.2 These loans are interest free and have been given to executives and other employees of the Company for purchase of vehicles and personal use in accordance with their terms of emloyment. These loans are to be repaid over a period of two to five year in equal monthly installments. These 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.

7.3 Maximum aggregate amount of loans outstanding at any month end was Rs. 4.364 million (2013: Rs. 5.357 million).

	Note	2014	2013
		(Rupees in thousand)	

8 DEFERRED TAXATION - NET

	Note	2014	2013
Deductible temporary differences			
Available tax losses		**260,869**	286,098
Minimum tax		**92,861**	-
Provisions		**32,937**	35,869
		386,667	321,967
Taxable temporary differences			
Accelerated tax depreciation		**(288,010)**	(287,576)
Less: Unrecognized deferred tax asset	8.1	**(98,657)**	-
		-	34,391

8.1 Deferred tax asset as at September 30, 2014 has not been recognized as the Company is uncertain about the timing and extent of future taxable profits against which such benefits can be utilized. Further, deferred tax asset recognized in previous year has also been written off.

8.2 Movement in deferred tax asset

	October 1, 2012	Recognized in profit and loss account	September 30, 2013	**Recognized in profit and loss account**	**September 30, 2014**
	Rupees in '000				
Deferred tax liabilities arising in respect of:					
Accelerated tax depreciation	(333,425)	45,849	(287,576)	**(434)**	**(288,010)**
Less: deferred tax assets arising in respect of:					
Assessed tax losses	332,483	(46,385)	286,098	**(25,229)**	**260,869**
Minimum tax	-	-	-	**92,861**	**92,861**
Provisions	28,077	7,792	35,869	**(2,932)**	**32,937**
	360,560	(38,593)	321,967	**64,700**	**386,667**
Less: Deferred tax not recognized	-	-	-	**(98,657)**	**(98,657)**
	27,135	7,256	34,391	**(34,391)**	**-**

9 STORES AND SPARES PARTS

	Note	**2014**	**2013**
		(Rupees in thousand)	
Stores and spares parts		**163,555**	166,052
Less: provision for slow moving items and obsolescence	9.1	**(22,805)**	(21,852)
		140,750	144,200

9.1 Movements in provision for slow moving items and obsolescence during the year is as follows

	Note	**2014**	2013
		(Rupees in thousand)	
Balance at beginning of the year		**21,852**	21,002
Provision made during the year		**953**	850
Balance at end of the year		**22,805**	21,852

10 STOCK IN TRADE

Raw materials		**327,600**	289,036
Work-in-process		**3,485**	5,823
Finished goods			
- Sugar	10.1	**815,234**	526,717
- Ethanol	10.2	**273,201**	159,645
- Ferro Silicon	10.2	**2,249**	2,422
		1,090,684	688,784
Stock of bagasse in hand		**14,157**	6,716
		1,435,926	990,359

10.1 Value of stock pledged with the banking company amounting to Rs. 119.410 (2013: Rs. 208.055) million.

10.2 Finished goods includes stock items valued at net realizable value (NRV) at Rs. 4.565 million (2013: Rs. 19.007 million):

	Cost	NRV
	(Rupees in thousand)	
Summary of related Cost and NRV is as under:		
Ferro Silicon	**13,000**	**2,249**
Ethanol - Grade B	**3,062**	**2,316**
	16,062	**4,565**

	Note	2014	2013
		(Rupees in thousand)	
11 TRADE DEBTS			
Considered good			
- Export		**23,269**	2,418
- Local		**18,728**	17,547
		41,997	19,965
Considered doubtful - Local		**15,432**	18,593
		57,429	38,558
Less: provision for doubtful trade debts	11.1	**(15,432)**	(18,593)
		41,997	19,965
11.1 Movements in provision for doubtful trade debts during the year is as follows			
Balance at beginning of the year		**18,593**	11,124
Provision made during the year		**1,297**	7,469
Reversal of provision made during the year	31.2	**(4,458)**	-
Balance at end of the year		**15,432**	18,593
12 LOANS AND ADVANCES			
Loans - interest based			
- **Loans to growers - Unsecured**			
Considered good	12.1	**18,713**	46,597
Considered doubtful		**-**	834
		18,713	47,431
Provision for loans considered doubtful	12.2	**-**	(834)
		18,713	46,597
Loans - non interest based			
- **Current portion of long term loans**	7	**1,222**	1,396
- **Loans to growers - Unsecured**			
Considered good		**3,864**	2,069
Considered doubtful		**301**	420
		4,165	2,489
Provision for loans considered doubtful	12.2	**(301)**	(420)
		3,864	2,069
Advances - Unsecured			
- **Considered good**			
To employees against salary	12.3	**69**	110
To employees against expenses		**438**	499
To suppliers and contractors	12.4	**205,393**	322,818
Against letter of credit for stores and spares parts		**1,454**	4,258
		207,354	327,685
- **Considered doubtful**			
To suppliers and contractors		**46,838**	46,838
		254,192	374,523
Provision for advances considered doubtful		**(46,838)**	(46,838)
		207,354	327,685
		231,153	377,747

12.1 The rate of mark-up on such loans ranges up to 14.96% (2013: Rs 14.96%) subject to final settlement with the respective grower. In order to ensure supply of sugarcane from certain growers, Company has provided fertilizers, seeds and tricograma cards which has been provided as advance and the Company will recover the same out of the cane supply from the said grower in the ensuing season.

12.2 Movements in provision for advances considered doubtful during the year is as follows

	Note	2014	2013
		(Rupees in thousand)	
Balance at beginning of the year		**1,254**	1,254
Reversal of provision during the year	36	**(953)**	-
Balance at end of the year		**301**	1,254

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

12.4 This includes amount of Rs. 202.018 million (2013: Rs. 314.379 million) in respect of advances to molasses suppliers.

13 TRADE DEPOSITS AND SHORT TERM PREPAYMENTS

	Note	2014	2013
		(Rupees in thousand)	
Deposits	13.1	**1,000**	6,505
Prepayments	13.2	**11,593**	10,351
		12,593	16,856

13.1 This represents deposit against performance guarantee paid to Directorate General Procurement against sale of sugar.

	Note	2014	2013
		(Rupees in thousand)	
13.2 Prepayments			
Rent		**5,965**	5,821
Establishment charges		**3,015**	2,554
Insurance		**1,775**	1,214
Software license fees		**838**	762
		11,593	10,351

14 INTEREST ACCRUED

		2014	2013
- **On**			
Growers loans		**1,132**	2,751
Term deposit receipts		**168**	29
		1,300	2,780

15 OTHER RECEIVABLES

	Note	2014	2013
- **Considered good**			
Sales tax and excise duty		**2,237**	4,742
Defined benefit plan (staff retirement gratuity) - funded	15.1	**23,017**	26,219
Freight subsidy on sugar export		**42,343**	42,343
Others		**1,908**	2,101
		69,505	75,405

15.1 Defined benefit plan (staff retirement gratuity) - funded

As stated in note 3.1, the Company operates a defined benefit plan i.e. an approved funded gratuity scheme for all its permanent employees subject to attainment of retirement age and minimum service of prescribed period. Actuarial valuation of the scheme is carried out every year and the latest actuarial valuation was carried out as at September 30, 2014 using projected unit credit method. The disclosures made in notes 15.1.1 to 15.1.11 are based on the information included in that actuarial report.

15.1.1 The asset recognized in the balance sheet is as follows:

	Note	2014	2013
		(Rupees in thousand)	
Present value of defined benefit obligation	15.1.2	**(68,105)**	(86,361)
Fair value of plan assets	15.1.3	**93,039**	113,579
Payables		**(1,917)**	(999)
Net receivables in the balance sheet		**23,017**	26,219

15.1.2 Changes in present value of defined benefit obligation

	2014	2013
Present value of defined benefit obligation at the beginning of the year	**86,361**	112,816
Current service cost	**9,575**	11,888
Interest cost on defined benefit obligation	**7,986**	12,974
Benefits due but not paid	**(918)**	(999)
Benefits paid	**(32,920)**	(9,539)
Remeasurements on obligation	**(1,979)**	(40,779)
Present value of defined benefit obligation at the end of the year	**68,105**	86,361

15.1.3 Changes in fair value of plan assets

	2014	2013
Fair value of plan assets as at the beginning of the year	**113,579**	125,231
Contributions made during the year to the fund	**-**	3,500
Interest income on plan assets	**11,169**	14,401
Benefit paid	**(32,920)**	(9,539)
Return on plan assets, excluding interest income	**1,211**	(20,014)
Fair value of plan assets at the end of the year	**93,039**	113,579

15.1.4 Plan assets comprises of

	2014		2013	
	Rupees in '000	**%**	**Rupees in '000**	**%**
Bond	**12,000**	**12.9%**	-	-
Equity	**52,535**	**56.5%**	51,977	45.8%
Cash and/or deposits	**28,504**	**30.6%**	61,602	54.2%
	93,039	**100%**	113,579	100%

15.1.5 The following amounts have been charged to profit and loss account during the year

	Note	2014	2013
		(Rupees in thousand)	
Current service cost		**9,575**	11,888
Interest cost on defined benefit obligation		**7,986**	12,974
Interest income on plan assets		**(11,169)**	(14,401)
		6,392	10,461

15.1.6 Total Remeasurements Chargeable in Other Comprehensive Income

Remeasurements on obligation		**(1,979)**	(40,779)
Return on plan assets, excluding interest income		**(1,211)**	20,014
		(3,190)	(20,765)

15.1.7 Movement in net asset recognized in the balance sheet

Asset at the beginning of the year		**26,219**	12,415
Charge for the year	15.1.5	**(6,392)**	(10,461)
Remeasurements chargeable in other comprehensive income	15.1.6	**3,190**	20,765
Contributions		**-**	3,500
Asset at the end of the year		**23,017**	26,219

15.1.8 Principal actuarial assumptions

The latest actuarial valuation for gratuity fund was carried out as at September 30, 2014 using the Projected Unit Credit Method (PUCM). The following significant assumptions used for the actuarial valuation:

	2014	2013
Discount rate	**13.5%**	11.5%
Expected rate of increase in salary	**12.5%**	10.5%
Expected rate of return on plan assets	**11.5%**	11.5%
Average retirement age of the employee	**60 years**	60 years
Mortality rates	**SLIC 2001-2005**	EFU 61-66

15.1.9 Sensitivity analysis

Significant actuarial assumptions for the determination of the defined obligation are discount rate and expected rate of salary increase. The sensitivity analyses below have been determined based on reasonably possible changes of the respective assumptions occurring at the end of the reporting period, while holding all other assumptions constant:

	Changes in assumption	Increase in assumption	Decrease in assumption
		Impact on defined benefit obligation	
	%	(Rupees in '000')	
Discount rate	1	63,462	73,352
Salary increase	1	73,206	63,518

15.1.10 Expected charge for the year 2014-15 will be Rs. 8.267 million.

15.1.11 Risks associated with the fund

Investment Risk: The risk of the investment underperforming and being not sufficient to meet the liabilities.

Final Salary Risk: The risk that the final salary at the time of cessation of service is greater than what we assumed. Since the benefit is calculated on the final salary (which will closely reflect inflation and other macroeconomic factors), the benefit amount increases as salary increases.

Withdrawal Risk: The risk of higher or lower withdrawal experience than assumed. The final effect could go either way depending on the beneficiaries' service / age distribution and the benefit.

Mortality Risk: The risk that the actual mortality experience is different than that of expected i.e. the actual life expectancy is longer than assumed. Especially in case of benefit payable are in streams of payments after retirement like pension etc.

	Note	2014	2013
		(Rupees in thousand)	
16 SHORT TERM INVESTMENTS			
Held to Maturity			
Term Deposit Receipts (TDR)	16.1	**7,412**	600
At fair value through profit and loss			
Other than related parties	16.2	**225,067**	125,231
		232,479	125,831

16.1 These term deposit receipts are under banks lien against bank guarantees issued on behalf of Company. It carry profit from 6.11% to 8.25% (2013: 6.75%) per annum.

16.2 At fair value through profit and loss - in quoted shares

2014	2013		Note	2014	2013
Number of shares par value Rs.10/- each				(Rupees in thousand)	
1,500,000	1,500,000	Fauji Cement Company Limited		**29,235**	16,275
253,000	200,000	Mehran Sugar Mills Limited	16.2.1	**25,695**	13,998
759,000	690,000	IGI Insurance Limited	16.2.2	**170,137**	94,958
				225,067	125,231

	Note	2014	2013
		(Rupees)	
The market value of each listed security is as follows:			
Fauji Cement Company Limited		**19.49**	10.85
Mehran Sugar Mills Limited		**101.56**	69.99
IGI Insurance Limited		**224.16**	137.62

16.2.1 During the year, Mehran sugar mills limited has issued a bonus shares of 30,000 and 23,000 at the rate of 15% and 10% respectively.

16.2.2 During the year, IGI insurance limited has issued a bonus shares of 69,000 at the rate of 10%.

	Note	2014	2013
		(Rupees in thousand)	
17 **CASH AND BANK BALANCES**			
Cash in hand		**1,016**	1,047
Cash at banks			
Current accounts		**11,741**	176,134
Saving accounts	17.1	**4,637**	1,798
		16,378	177,932
		17,394	178,979

17.1 These carry profit ranging from 5% to 7.5% (2013: 6% to 7.33%).

18 AUTHORIZED CAPITAL

2014	2013			
Number of shares				
40,000,000	17,500,000	Ordinary share of par value Rs. 10 each	**400,000**	175,000

18.1 During the period, the company has increased its authorized capital by 22,500,000 ordinary shares of Rs.10 each.

19 ISSUED, SUBSCRIBED AND PAID-UP CAPITAL

2014	2013		Note	2014	2013
shares				(Rupees in thousand)	
		Fully paid in cash			
17,362,300	17,362,300	Ordinary share of par value Rs. 10 each		**173,623**	173,623

19.1 Number of shares held by the associates as on the balance sheet date are 5,821,000 (2013: 9,206,648).

19.2 The ordinary share holders are entitled to receive all distributions including dividends and other entitlements in the form of bonus and right shares as and when declared by the Company. All shares carry one vote per share without restriction.

		Note	2014	2013
			(Rupees in thousand)	
20	**RESERVES**			
	Capital reserves			
	Unrealized gain on remeasurement of retirement benefit obligation		**23,621**	20,431
	Unrealized gain on remeasurement of available for sale investment		**30,080**	821
		20.1	**53,701**	21,252
	Revenue reserves			
	General reserve		**1,458,000**	1,458,000
	Unappropriated profit		**540,914**	329,573
		20.2	**1,998,914**	1,787,573
			2,052,615	1,808,825

20.1 Capital reserve will be utilized for any purpose only after it is realized and transferred to profit and loss account. However, these reserves can be individually offset against losses arising in future periods (if any).

20.2 Revenue reserves can be utilized for meeting any contingencies and for distribution of profit by way of dividend.

		Note	2014	2013
			(Rupees in thousand)	
21	**LONG TERM FINANCING**			
	- secured			
	From banking companies			
	MCB bank limited - Demand finance	21.1	**36,364**	72,727
	Privately placed term finance certificates	21.2	**-**	74,700
			36,364	147,427
	Current portion of long term financing		**(36,364)**	(111,064)
			-	36,363

21.1 This represents Demand Finance from MCB Bank Limited against sanctioned limit of Rs 200 million. It is secured against first pari passu charge over all present and future fixed assets of Company including land, building, property, plant and equipment. The outstanding amount at September 30, 2014 is repayable in 4 quarterly installments of Rs. 9.090 million by September 2015. It carries mark-up at the rate of three months KIBOR plus 1.65% (2013: three months KIBOR plus 1.65%) per annum chargeable and payable quarterly.

21.2 This has been fully paid during the year.

22 DEFERRED LIABILITY

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

	Note	2014	2013
		(Rupees in thousand)	

23 TRADE AND OTHER PAYABLES

	Note	2014	2013
Trade creditors		**246,044**	248,076
Accrued liabilities		**36,781**	36,870
Advances from customers		**497,721**	197,964
Advance against rent		**19,123**	-
Sales tax payable		**18,810**	1,155
Workers' profit participation fund	23.1	**20,872**	17,777
Workers' welfare fund		**27,905**	26,090
Unclaimed dividend		**5,117**	4,479
Retention money payable		**2,045**	3,231
Federal Excise duty payable		**-**	868
Special Excise duty payable		**9,696**	9,690
Withholding tax payable		**5,503**	833
Installments recovered from employees on behalf of gratuity fund		**8,111**	12,074
Others		**1,003**	425
		898,731	559,532

23.1 Workers' profit participation fund

	Note	2014	2013
Balance at the beginning of the year		**17,777**	29,205
Interest for the year	35	**2,941**	1,510
Charge for the year	34	**20,872**	17,777
		41,590	48,492
Paid during the year		**(20,718)**	(30,715)
Balance at end of the year		**20,872**	17,777

24 ACCRUED MARK-UP

	Note	2014	2013
Mark-up on			
Long term financing		**72**	3,199
Short term borrowing		**16,881**	25,171
		16,953	28,370

25 SHORT TERM BORROWINGS

From banking companies - secured
Under Mark up arrangements

	Note	2014	2013
Cash / Running finances	25.1	**321,552**	678,154
Export refinance	25.1	**821,675**	765,290
		1,143,227	1,443,444

25.1 The available aggregate finance facilities (short term funded) amounting to Rs. 3.805 billion (2014: Rs. 3.580 billion) which have been arranged from various commercial banks out of which Rs. 2.960 billion (2013: 2.785 billion) are with export refinance and FE 25, out of total export refinance limit Rs. 2.510 billion (2013: 2.335 billion) are interchangeable. The short term financing are secured against hypothecation of current assets, pledge of stock and hypothecation over present and future property, plant and equipment of the Company. These carry mark-up ranging from 1 to 3 months KIBOR plus 1% to 1.5% (2013: 1 to 3 months KIBOR plus 1% to 1.5%) per annum payable quarterly in arrears or upon maturity. At the year end, facilities amounting to Rs. 2.662 billion (2013: Rs. 2.137 billion) remained unutilized. These facilities are expiring on various dates latest by September 30, 2014 and are renewable.

25.2 The available facilities for opening letters of credit as at September 30, 2014 aggregate Rs. 200 million (2013: Rs. 200 million) of which the amount unutilized as at September 30, 2014 was Rs. 196.33 million (2013: Rs. 200 million).

26 PROVISION FOR TAXATION

26.1 The Company filed appeal before Commission of Income Tax (CIT) against the said amount of tax levied by Income Tax Officer (ITO) under section 12(9A) of Income Tax Ordinance, 1979 related to assessment year 2002-2003, who set aside the order of ITO. The Department made appeal before the learned Income Tax Appellate Tribunal who maintained the decision of CIT. The Department again filed reference before the Honorable High Court Sindh which is pending. As per view of the legal advisor, the decision of the reference will be in favour of the Company.

27 CONTINGENCIES AND COMMITMENTS

27.1 Contingencies

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

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

27.1.3 A suit bearing no. 281 has been filed in the Honorable High Court of Sindh at Karachi by Mr. Suleman Lalani, (non-executive and minority Director) against the Company, its Chief Executive and eight others, alleging mismanagement in the company's affairs including siphoning off and divergence of Company's funds by the Chief Executive and others. The prayer sought in the suit mainly comprises of Rs. 236.716 million retrieval of the Company's funds along-with costs of the suit filed by the plaintiff and seeking appointment of receiver and carrying out of the forensic audit of the Company and removal of its Chief Executive. In response to the aforementioned, the Company and its management denied all allegations of the plaintiff. The hearings are in progress.

The Company's legal counsel have stated that considering the vagaries of litigation, no definite prediction can be made regarding the outcome of the case at this stage. However, in view of the Company's management, no adverse inference is likely to materialize in the suit.

However, recently Mr. Lalani also filed another Civil Miscellaneous Application No. 9973 of 2013, seeking to refrain the Board of Directors of the Company from specifically approving any investment in Javedan Corporation Limited ("JCL"), a separate and unrelated public limited company. The said CMA was argued before the Sindh High Court by both parties which the High Court restrained the defendant no to take any decision for investment in JCL until the final outcome of the suit and directed the Securities Exchange Commission of Pakistan ("SECP") to treat the plaint filed in this matter as a complaint under Section 263 of the Companies Ordinance, 1984 and accordingly investigate the affairs of the Company and submit a report on the same.

The said Order of the Court has been challenged by the Company before the Division Bench of the High Court of Sindh through appeal bearing No. HCA-124, which has suspended a portion of the High Court's Order relating to SECP carrying out an investigation of the Company. This Appeal is currently pending before the Division Bench, and as per view of the legal advisor, the Company has fair chance to succeed in the said case.

27.1.4 As per notification No. 4(142) S.O (Ext) 95-XXIII dated December 11,2013, Government of Sindh has directed sugar factories in the province to pay quality premium to the cane growers in respect of crushing season 2013-14 @0.50 paisa per 40 Kg for each 0.1% (including fraction thereof to be calculated prorate) of excess sucrose recovery of above 8.7% determined on overall sucrose recovery basis on each mill. However , as the matter is pending in Supreme Court of Pakistan and as per decisions of Federal Government ,Steering Committee meeting held on 16-07-2007, the quality premium shall remain suspended till decision of Supreme Court / Consensus on uniform formula is developed in Federal Government. In view of the given circumstances and as per the decision of the Punjab High Court in a similar case in which it was declared that the demand of quality premium is un lawful, the management of the company is confident that case will be decided in favour of sugar mills, therefore no provision has been made in this financial information for liability of quality premium in respect of crushing season 2013-14 amounting to Rs.82.225 million.

27.1.5 The Federal Government notified reduced rate of FED @ 0.5% on l ocal supply of sugar to the extent of sugar exported by sugar mills against export quota allocated by Economic Coordination Committee in meeting dated January 10, 2013, subject to terms and conditions prescribed in S.R.O 77(1)/2013 dated February 07, 2013. The company has availed the facility effective from 10th January 2013, however as per contention of the department the relief is applicable from the date of SRO, accordingly the demand amounting to Rs. 85.450 millions relating to period prior to date of SRO has been created. The same has been contested before Honorable High Court of Sindh Vide Constitution Petition No. 1927/2014. The management is confident that the case will be decided in the favour of the company.

27.2 Commitments

a) Commitments in respect of letter of credit amounts to Rs. 3.655 million (September 30, 2013: Nil) and Capital commitments in respect of plant and machinery amounts to Rs. Nil (September 30, 2013: Rs. 25.274 million).

b) Bank guarantees of Rs. 61.412 (2013: Rs. 54.6) million have been issued by the banking companies on behalf of the Company in favour of customers and suppliers. The available and unavailed limits of bank guarantees amounting to Rs. 61.820 (2013: Rs. 54.6) million and Rs. 0.408 (2013:Nil) million respectively.

	Note	Sugar		Ethanol		Total	
		2014	2013	2014	2013	2014	2013
		(Rupees in thousand)					
28 SALES							
Local		**2,286,672**	1,812,061	**180,206**	107,703	**2,466,878**	1,919,764
Export	28.1	**494,806**	968,368	**2,719,041**	3,044,346	**3,213,847**	4,012,714
		2,781,478	2,780,429	**2,899,247**	3,152,049	**5,680,725**	5,932,478
Less:							
Sales tax		**(37)**	(6,923)	**(23,022)**	(10,470)	**(23,059)**	(17,393)
Special excise duty		**-**	(2,063)	**-**	-	**-**	(2,063)
Federal excise duty		**(136,926)**	(63,322)	**-**	-	**(136,926)**	(63,322)
		(136,963)	(72,308)	**(23,022)**	(10,470)	**(159,985)**	(82,778)
		2,644,515	2,708,121	**2,876,225**	3,141,579	**5,520,740**	5,849,700

28.1 It includes exchange gain on sugar export of Rs. 0.751 million (2013: Rs.2.240 million) and on ethanol of Rs. 17.780 million (2013: Rs. 23.529 million).

	Note	Sugar 2014	Sugar 2013	Ethanol 2014	Ethanol 2013	Total 2014	Total 2013
		(Rupees in thousand)					

29 COST OF SALES

	Note	Sugar 2014	Sugar 2013	Ethanol 2014	Ethanol 2013	Total 2014	Total 2013
Cost of raw materials consumed		**2,758,175**	2,376,521	**2,173,249**	2,001,851	**4,931,424**	4,378,372
Stores and spare parts consumed		**66,225**	91,323	**56,892**	55,122	**123,117**	146,445
Packing materials		**34,321**	27,839	**94**	4,321	**34,415**	32,160
Salaries, wages and other benefits	29.1	**173,735**	155,175	**33,656**	30,708	**207,391**	185,883
Fuel, electricity and water charges		**1,977**	6,197	**60,675**	177,780	**62,652**	183,977
Repairs and maintenance		**8,917**	18,693	**6,931**	10,724	**15,848**	29,417
Other manufacturing expenses	29.2	**38,573**	34,682	**22,601**	20,480	**61,174**	55,162
Depreciation	4.1.1	**44,991**	46,813	**34,370**	36,607	**79,361**	83,420
		3,126,914	2,757,243	**2,388,468**	2,337,593	**5,515,382**	5,094,836
Work in process							
Opening		**5,823**	5,584	**-**	-	**5,823**	5,584
Closing		**(3,485)**	(5,823)	**-**	-	**(3,485)**	(5,823)
		2,338	(239)	**-**	-	**2,338**	(239)
		3,129,252	2,757,004	**2,388,468**	2,337,593	**5,517,720**	5,094,597
Less:							
Transfer price of molasses		**(254,585)**	(179,225)	**-**	-	**(254,585)**	(179,225)
Sale of fusel oil, CO2 gas and electricity income - net		**-**	-	**(29,705)**	(38,176)	**(29,705)**	(38,176)
Sale of molasses - net		**(4)**	(1,134)	**-**	-	**(4)**	(1,134)
Transfer price of bagasse		**(60,674)**	(175,582)	**-**	-	**(60,674)**	(175,582)
Stock adjustment of bagasse in hand - net		**(7,441)**	(5,151)	**-**	-	**(7,441)**	(5,151)
Sale of bagasse - net		**(23,465)**	(2,790)	**-**	-	**(23,465)**	(2,790)
		(346,169)	(363,882)	**(29,705)**	(38,176)	**(375,874)**	(402,058)
Cost of goods manufactured		**2,783,083**	2,393,122	**2,358,763**	2,299,417	**5,141,846**	4,692,539
Finished goods							
Opening		**526,717**	587,477	**159,645**	428,031	**686,362**	1,015,508
Closing		**(815,234)**	(526,717)	**(273,201)**	(159,645)	**(1,088,435)**	(686,362)
		(288,517)	60,760	**(113,556)**	268,386	**(402,073)**	329,146
		2,494,566	2,453,882	**2,245,207**	2,567,803	**4,739,773**	5,021,685

29.1 Salaries, allowances and other benefits include Rs. 2.978 million (2013: Rs. 5.740 million) in respect of defined benefit plan.

29.2 Other Manufacturing Expenses

	Note	Sugar 2014	Sugar 2013	Ethanol 2014	Ethanol 2013	Total 2014	Total 2013
		(Rupees in thousand)					
Security services		**9,163**	7,908	**6,109**	5,272	**15,272**	13,180
Printing and stationery		**118**	142	**79**	95	**197**	237
Vehicle running expenses		**5,308**	5,534	**3,538**	3,689	**8,846**	9,223
Insurance		**8,986**	7,580	**5,990**	5,053	**14,976**	12,633
Travelling and conveyance		**3,228**	3,245	**2,152**	2,163	**5,380**	5,408
Others		**11,770**	10,273	**4,733**	4,208	**16,503**	14,481
		38,573	34,682	**22,601**	20,480	**61,174**	55,162

30 NET PROFIT FROM STORAGE TANK TERMINAL

	Note	2014	2013
		(Rupees in thousand)	
Storage service income		**94,146**	35,103
Inter-segment services		**17,100**	15,945
		111,246	51,048
Less: direct expenses			
Salaries, wages and other benefits	30.1	**9,376**	7,690
Water, fuel and power		**2,815**	1,706
Repairs and maintenance		**4,531**	3,559
Depreciation		**19,816**	20,789
Security services		**1,971**	1,481
Printing and stationery		**21**	40
Lease charges		**2,204**	1,566
Vehicle running expenses		**936**	596
Insurance expenses		**1,314**	953
Shipment expenses		**3,040**	1,576
Fees and subscription		**1,112**	401
Establishment charges		2,343	-
Others		**1,915**	975
		51,394	41,332
		59,852	9,716

30.1 Salaries, allowances and other benefits include Rs. 0.116 million (2013: Rs. 0.231 million) in respect of defined benefit plan.

	Note	2014	2013
		(Rupees in thousand)	

31 NET LOSS FROM CHEMICAL, ALLOYS AND POWER SEGMENT AND FIXED EXPENSES DUE TO SUSPENSION

	Note	2014	2013
Plant lease income		**4,800**	11,400
Scrap sales	31.1	**85**	4,024
		4,885	15,424
Less: fixed expenses due to suspension			
Chemical and alloys	31.2	**23,842**	36,062
Power	31.3	**20,446**	19,588
		44,288	55,650
		(39,403)	(40,226)

31.1 The amount of Scrap sales is arrived at after netting off Rs. 0.016 million (2013: Rs. 0.766 million) being the sales tax.

31.2 Chemical and alloys

	Note	2014	2013
		(Rupees in thousand)	
Salaries, wages and other benefits	31.2.1	**3,978**	2,865
Water, fuel and power		**846**	207
Security services		**3,902**	3,153
Printing and stationery		**1**	1
Vehicle running expenses		**167**	169
Insurance Expenses		**1,295**	2,033
Travelling and conveyance		**57**	60
Repairs and maintenance		**159**	340
Depreciation		**17,712**	19,245
Provision for doubtful debts	4.1.1	**-**	7,469
Others		**197**	133
		28,314	35,675
Reversal of provision for trade debts	11.1	**(4,458)**	-
(Gain) / loss from sale of carried over stock	31.2.2	**(14)**	387
		23,842	36,062

31.2.1 Salaries, allowances and other benefits include Rs. 0.080 million (2013: Rs. 0.098 million) in respect of defined benefit plan.

31.2.2 Gain / (loss) from sale of stock

	Note	2014	2013
		(Rupees in thousand)	
Sales		**218**	982
Less: sales tax		**(31)**	(143)
		187	839
Stock adjustment			
Opening		**2,422**	3,648
Closing		**(2,249)**	(2,422)
		173	1,226
		14	(387)

	Note	2014	2013
		(Rupees in thousand)	
31.3 Power			
Salaries, wages and other benefits	31.3.1	**3,115**	2,169
Water, fuel and power		**663**	157
Security services		**3,055**	2,387
Vehicle running expenses		**130**	128
Insurance Expenses		**1,015**	1,539
Travelling and conveyance		**44**	45
Repairs and maintenance		**124**	258
Depreciation	4.1.2	**12,144**	12,804
Others		**156**	101
		20,446	19,588

31.3.1 Salaries, allowances and other benefits include Rs. 0.062 million (2013: Rs. 0.074 million) in respect of defined benefit plan.

32 DISTRIBUTION COST

	Note	Sugar 2014	Sugar 2013	Ethanol 2014	Ethanol 2013	Total 2014	Total 2013
		(Rupees in thousand)					
Sugar bags handling expenses		**8,697**	7,973	**-**	-	**8,697**	7,973
Export transportation and other expenses		**26,599**	246	**106,599**	110,326	**133,198**	110,572
Marking fees		**2,781**	2,778	**-**	-	**2,781**	2,778
		38,077	10,997	**106,599**	110,326	**144,676**	121,323

33 ADMINISTRATIVE EXPENSES

	Note	Sugar 2014	Sugar 2013	Ethanol 2014	Ethanol 2013	Total 2014	Total 2013
Salaries, allowances and other benefits	33.1	**28,767**	31,476	**19,178**	20,984	**47,945**	52,460
Rent, rates and taxes		**3,067**	3,506	**2,045**	1,840	**5,112**	5,346
Communication charges		**1,908**	1,987	**1,272**	1,325	**3,180**	3,312
Traveling and conveyance		**540**	1,006	**360**	671	**900**	1,677
Printing and stationery		**1,471**	927	**981**	618	**2,452**	1,545
Entertainment		**1,051**	1,273	**701**	849	**1,752**	2,122
Vehicle running expenses		**7,570**	7,299	**5,047**	4,866	**12,617**	12,165
Repairs and maintenance		**1,230**	1,492	**820**	995	**2,050**	2,487
Insurance		**1,943**	1,692	**1,295**	1,128	**3,238**	2,820
Fees and subscription		**3,480**	2,831	**2,320**	1,887	**5,800**	4,718
Legal and professional charges		**6,419**	5,398	**4,279**	3,599	**10,698**	8,997
Auditors' remuneration	33.2	**839**	759	**559**	506	**1,398**	1,265
Charity and donations	33.3	**501**	451	**-**	301	**501**	752
Newspaper and periodicals		**42**	44	**28**	29	**70**	73
Utilities		**2,590**	2,267	**1,727**	1,511	**4,317**	3,778
Depreciation	4.1.1	**5,291**	5,753	**3,527**	3,836	**8,818**	9,589
Security charges		**920**	545	**613**	363	**1,533**	908
Miscellaneous expenses		**2,756**	1,346	**1,837**	897	**4,593**	2,243
		70,385	70,053	**46,589**	46,205	**116,974**	116,258

33.1 Salaries, allowances and other benefits include Rs. 3.156 million (2013: Rs. 4.319) in respect of defined benefit plan.

33.2 Auditors' remuneration

	Note	Sugar 2014	Sugar 2013	Ethanol 2014	Ethanol 2013	Total 2014	Total 2013
		(Rupees in thousand)					
Statutory Auditors							
Annual audit fee		**600**	600	**400**	400	**1,000**	1,000
Half yearly review fee		**62**	30	**42**	20	**104**	50
Out of pocket expenses		**76**	41	**64**	34	**140**	75
		738	671	**506**	454	**1,244**	1,125
Cost Auditors							
Audit fee		**135**	130	**-**	-	**135**	130
Out of pocket expenses		**20**	10	**-**	-	**20**	10
		155	140	**-**	-	**155**	140
		893	811	**506**	454	**1,399**	1,265

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

34 OTHER OPERATING EXPENSES

	Note	Sugar 2014	Sugar 2013	Ethanol 2014	Ethanol 2013	Total 2014	Total 2013
		(Rupees in thousand)					
Loss on translation of foreign exchange loan		-	-	-	7,533	-	7,533
Loss on disposal of property, plant and equipment		287	3	-	-	287	3
Provision for doubtful debts		1,297	-	-	-	1,297	-
Provision for slow moving items and obsolescence		953	850	-	-	953	850
Loss from farming - net		-	358	-	-	-	358
Workers' profit participation fund	23.1	-	2,118	20,872	15,659	20,872	17,777
Workers' welfare fund		-	805	8,450	5,950	8,450	6,755
		2,537	4,134	29,322	29,142	31,859	33,276

35 FINANCE COST

	Note	Sugar 2014	Sugar 2013	Ethanol 2014	Ethanol 2013	Total 2014	Total 2013
Mark-up on long term financing		7,954	28,414	-	-	7,954	28,414
Mark-up on short term borrowings		112,915	105,071	115,687	81,520	228,602	186,591
Interest on workers profit participation fund	23.1	6	-	2,935	1,510	2,941	1,510
Bank charges and guarantee commission		4,836	5,355	2,840	2,386	7,676	7,741
		125,711	138,840	121,462	85,416	247,173	224,256

36 OTHER INCOME

	Note	Sugar 2014	Sugar 2013	Ethanol 2014	Ethanol 2013	Total 2014	Total 2013
Income from financial assets							
Mark - up on loan to growers		1,770	3,246	-	-	1,770	3,246
Income from TDR / PLS deposits		1,204	2,459	-	588	1,204	3,047
Dividend income		7,971	1,875	-	-	7,971	1,875
Capital gain on sale of long term investments		-	1	-	-	-	1
Unrealized gain on short term investments carried at fair value through profit or loss		59,902	8,090	39,935	5,394	99,837	13,484
		70,847	15,671	39,935	5,982	110,782	21,653
Income from other than financial assets							
Scrap sales		4,640	3,230	3,093	2,153	7,733	5,383
Income from investment property	36.1	615	1,118	-	-	615	1,118
Sale of mud fertilizer		129	-	-	-	129	-
Liabilities written back		3,990	-	-	-	3,990	-
eversal of provision for loan to growers		953	-	-	-	953	-
Gain on disposal of fixed assets		1,644	452	-	-	1,644	452
Income from farming - net	36.2	1,136	-	-	-	1,136	-
Miscellaneous		403	-	-	-	403	-
		13,510	4,800	3,093	2,153	16,603	6,953
		84,357	20,471	43,028	8,135	127,385	28,606

36.1 Income from investment property

	Sugar 2014	Sugar 2013	Ethanol 2014	Ethanol 2013	Total 2014	Total 2013
Rental income	662	1,170	-	-	662	1,170
Depreciation on investment property	(47)	(52)	-	-	(47)	(52)
	615	1,118	-	-	615	1,118

36.2 Income / (loss) from farming - net

	Sugar 2014	Sugar 2013	Ethanol 2014	Ethanol 2013	Total 2014	Total 2013
Sales	3,878	3,341	-	-	3,878	3,341
Farming cost	(2,742)	(3,699)	-	-	(2,742)	(3,699)
	1,136	(358)	-	-	1,136	(358)

37 TAXATION

	Total 2014	Total 2013
	(Rupees in thousand)	
Current	58,170	64,196
Prior	(2,595)	(13,487)
Deferred	34,391	(7,256)
	89,966	43,453

37.1 This represents minimum tax on local turnover and on income chargeable under Final Tax Regime (FTR), therefore, no numerical tax reconciliation is given.

37.2 Income tax assessments of the Company have been finalized up to tax year 2014. However, the Commissioner of Income tax may, at any time during the period of five years from the date of filing of return, select the deemed assessment for audit.

37.3 During the current year, the Company has filed appeals before the Appellate Tribunal Inland Revenue and Commissioner Inland Revenue (Appeals) against amended orders passed under section 122 of Income Tax Ordinance, 2001 for the tax year 2011 and 2012. In the said orders, the assessing officer have made certain arbitrary additions to the income of the Company. However, these additions has no impact on tax liability of the Company due to huge carried forwarded losses. Further, the appeals filed before the appellate forum are pending adjudication, as hearing of the cases are not fixed so far.

37.4 For the tax year 2013, the Commissioner Inland Revenue has issued order u/s 122(1)/(5) of the Income Tax Ordinance 2001, with no material adverse effect.

		Note	2014	2013
			(Rupees in thousand)	
38	**EARNINGS PER SHARE - BASIC AND DILUTED**			
	Profit after taxation		**298,153**	287,545
			(No. of Shares)	
	Weighted average number of ordinary shares outstanding		**17,362,300**	17,362,300
			(Rupees)	
	Earnings per share - basic and diluted	38.1	**17.17**	16.56

38.1 There are no dilutive potential ordinary shares outstanding as at September 30, 2014 and 2013.

		Note	2014	2013
			(Rupees in thousand)	
39	**CASH GENERATED FROM OPERATIONS**			
	Profit before taxation		**388,119**	330,998
	Adjustments for:			
	Depreciation on property, plant and equipment		**137,851**	145,847
	Depreciation on investment property		**47**	52
	Provision for trade debts		**1,297**	7,469
	Provision for slow moving items and obsolescence		**953**	850
	Liability written back		**(3,990)**	-
	Amortization on intangibles		**-**	1
	Mark - up on loan to growers		**(1,770)**	(3,246)
	Staff retirement benefits		**6,392**	10,461
	Income from TDR / PLS deposits		**(1,204)**	(3,047)
	Unrealized gain on short term investments carried at fair value through profit or loss		**(99,837)**	(13,484)
	Dividend income		**(7,971)**	(1,875)
	Gain on disposal of property, plant and equipment - net		**(1,357)**	(449)
	Finance cost		**247,173**	224,256
	Capital gain on sale of long term investments		**-**	(1)
	Increase in market committee fee		**6,216**	5,032
			283,800	371,866
	Working capital changes	39.1	**21,021**	427,900
	Cash generated from operations		**692,940**	1,130,764

		2014	2013
39.1	**Working capital changes**		
	(Increase) / decrease in current assets		
	Stores and spare parts	**2,497**	(14,538)
	Stock-in-trade	**(445,567)**	481,093
	Trade debts	**(23,329)**	277,902
	Loans and advances	**146,594**	201,538
	Trade deposits and short term prepayments	**4,263**	29,079
	Other receivables	**823**	(46,541)
	Short term investments	**(6,811)**	(82,232)
		(321,530)	846,301
	Increase / (decrease) in current liabilities		
	Trade and other payables	**342,551**	(418,401)
		21,021	427,900

40 REMUNERATION OF CHIEF EXECUTIVE, DIRECTOR AND EXECUTIVES

	Chief Executive		Director		Executive		Total	
	2014	**2013**	**2014**	**2013**	**2014**	**2013**	**2014**	**2013**
	(Rupees in thousand)							
Managerial remuneration	**9,818**	9,818	**5,455**	5,455	**36,645**	33,626	**51,918**	48,899
Medical allowances	**982**	982	**545**	545	**3,207**	2,951	**4,734**	4,478
Other perquisites	**3,058**	1,471	**724**	320	**5,926**	5,846	**9,708**	7,637
Retirement benefits	**1,767**	2,326	**548**	696	**1,454**	2,717	**3,769**	5,739
Total	**15,625**	14,597	**7,272**	7,016	**47,232**	45,140	**70,129**	66,753
No. of persons	**1**	1	**1**	1	**38**	35	**40**	37

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

40.2 Seventeen (2013: Fifteen) executives of the company are also provided with company maintained cars for the business and personal use.

41 FINANCIAL INSTRUMENTS BY CATEGORY

	2014	2013
	(Rupees in thousand)	
FINANCIAL ASSETS		
- **Loans and receivables at amortized cost**		
Long term loans	**1,353**	3,002
Long term deposits	**11,393**	10,014
Trade debts	**57,429**	38,558
Loans and advances	**1,291**	1,506
Trade deposits	**1,000**	6,505
Accrued income	**1,300**	2,780
Other receivables	**1,908**	2,101
Cash and bank balances	**17,394**	178,979
	93,068	243,445
- Held to maturity		
Short term investments	**7,412**	600
- Fair value through profit and loss		
Short term investments	**225,067**	125,231
- Available for sale		
Long term investments	**212,271**	183,085
	537,818	552,361
FINANCIAL LIABILITIES		
- **Financial liabilities at amortized cost**		
Long term financing	**36,364**	147,427
Trade and other payables	**318,224**	305,155
Accrued mark-up	**16,953**	28,370
Short term borrowings	**1,143,227**	1,443,444
	1,514,768	1,924,396

42. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Company's activities expose it to a variety of financial risks: credit risk, liquidity risk and market risk (interest / mark-up rate risk and price risk). The Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the financial performance. Overall, risks arising from the Company's financial assets and liabilities are limited. The Company consistently manages its exposure to financial risk without any material change from previous period in the manner described in notes below.

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. All treasury related transactions are carried out within the parameters of these policies.

42.1 Credit risk

Credit risk represents the accounting loss that would be recognized at the reporting date if counterparties fails to meet its contractual obligation and it mainly arises from balances with banks and financial institutions, short-term investments, trade debts, loans, advances, deposits and other receivables. The credit risk on liquid fund is limited because the counter parties are banks with reasonably high credit rating. Out of the total financial assets of Rs. 537.818 million (2013: Rs. 552.361 million), the financial assets which are subject to credit risk amounted to Rs. 536.802 million (2013: Rs. 551.314 million).

To manage exposure to credit risk in respect of trade debts, 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 exporters are secured through letters of credit. The management set out a maximum credit period in respect of certain customers as well in order to reduce the credit risk.

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

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

	2014	2013
	(Rupees in thousand)	
Long term investments	**212,271**	183,085
Long term loans	**1,353**	3,002
Long term deposits	**11,393**	10,014
Trade debts	**57,429**	38,558
Loans and advances	**1,291**	1,506
Trade deposits	**1,000**	6,505
Interest accrued	**1,300**	2,780
Other receivables	**1,908**	2,101
Short term investments	**232,479**	125,831
Bank balances	**16,378**	177,932
	536,802	551,314

Long term loans

The Company believes that no impairment allowance is required in respect of loans because these are not past due. The Company is actively pursuing for the recovery of the debt and the Company does not expect these employees will fail to meet their obligations.

Trade debts

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

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

	2014	2013
	(Rupees in thousand)	
Sugar division	**-**	2,015
Ethanol division	**23,269**	15,853
Chemical and alloys	**9,636**	9,636
Power	**-**	4,458
Bagasse	**7,857**	5,797
Others	**16,667**	799
	57,429	38,558

The aging of trade receivable at the reporting date is:

Past due 1-30 days	**29,068**	9,269
Past due 30-150 days	**10,869**	10,695
Past due 150 days	**17,492**	18,594
	57,429	38,558

The Company has made adequate provision of Rs. 15.432 million for receivables past due over 150 days since it is likely that the same is not likely to be received and for rest of the receivables the Company considers the amount to be fully recoverable and therefore, no further provision has been made. The movement in the allowance for provision of trade debts is disclosed in note number 11.1 to the financial statement.

Loan and advances

These represent balances due from employees; the Company is actively pursuing for the recovery and the Company does not expect these loans and advances will fail to meet their obligations.

Other receivables

The Company believes that no impairment allowance is necessary in respect of receivable because these are neither past due nor impaired. The Company is actively pursuing for the recovery and the Company expect that the recovery will made soon.

Quality of financial assets

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

	2014	2013
	(Rupees in thousand)	
Bank balances		
With external credit rating		
A1+	**10,869**	177,525
A1	**5,139**	113
A2	**314**	52
A3	**56**	242
	16,378	177,932

42.2 Liquidity risk

Liquidity risk reflects the Company's inability in raising funds to meet commitments. Liquidity risk arises because of the possibility that the Company could be required to pay its liabilities earlier than expected or difficulty in raising funds to meet commitments associated with financial liabilities as they fall due. The Company's approach to manage liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. The Company's liquidity management involves projecting cash flows and considering the level of liquid assets necessary to fulfill its obligation, monitoring balance sheet liquidity ratios against internal and external requirements and maintaining debt financing plans.

The following are the contractual maturities of the financial liabilities:

	2014					
	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	**36,364**	**36,364**	**18,182**	**18,182**	**-**	**-**
Trade and other payables	**318,224**	**318,224**	**95,832**	**222,391**	**-**	**-**
Accrued mark-up	**16,953**	**16,953**	**16,953**	**-**	**-**	**-**
Short term borrowings	**1,143,227**	**1,143,227**	**571,614**	**571,613**	**-**	**-**
	1,514,768	**1,514,768**	**702,581**	**812,186**	**-**	**-**

	2013					
	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	147,427	147,427	92,882	18,182	36,363	-
Trade and other payables	361,568	361,568	278,701	82,867	-	-
Accrued markup	28,370	28,370	28,370	-	-	-
Short term borrowings	1,443,444	1,443,444	721,722	721,722	-	-
	1,980,809	1,980,809	1,121,675	822,771	36,363	-

The Company manages liquidity risk by maintaining sufficient cash and ensuring the fund availability through adequate credit facilities. At September 30, 2014 the Company has Rs. 2.662 billion (2013: Rs. 2.137 billion) available unutilized short term borrowing limit from financial institutions and also has Rs. 17.394 million (2013: Rs. 178.979 million) being balances of cash and bank. Based on the above, management believes the liquidity risk is insignificant.

42.3 Market risk

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

42.3.1 Foreign Exchange Risk

Foreign exchange risk represents the risk that the fair value of the future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Foreign exchange risk arises mainly from future economic transaction or receivables or payables that exist due to transactions in foreign currency. The Company is exposed to foreign exchange currency risk on import of raw sugar, stores and spares, export of refined sugar and export of ethanol mainly denominated in US dollars. Approximately 93.78% and 17.79% of the Company's revenue from ethanol segment and sugar segment respectively are denominated in currencies other than Pak rupees which form

58.21% of the total gross revenue of the Company. The Company's exposure to foreign currency risk for US Dollars is as follows:

	2014	2013
	(Rupees in thousand)	
Foreign debtors	**23,269**	2,418
Advance from customers - foreign	**(3,457)**	(3,966)
Net exposure	**19,812**	(1,548)

The following significant exchange rate has been applied:

	Average rate		**Spot rate at reporting date**	
	2014	**2013**	**2014**	**2013**
USD to PKR	**102.38**	91.18	**102.70**	94.70

Sensitivity analysis

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

	2014	2013
	(Rupees in thousand)	
Effect on profit or loss		
US Dollars	**(1,981)**	155

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.

42.3.2 Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the financial instruments will fluctuate because of changes in market interest rate . The Company has long term and short term borrowings - under cash / running finance borrowings Rupee based loan at variable rates, short term borrowings under export refinance borrowings Rupee base loan at fixed rates. The Company has provided 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:

	2014	2013	**2014**	2013
	Effective interest rate (in percentage)		**Carrying amount (Rupees in thousand)**	
Financial assets				
Fixed rate instruments				
Loans to growers	**14.96**	14.96	**18,713**	46,597
Term deposit receipts (TDR)	**6.11 to 8.25**	6.75	**7,412**	600
			26,125	47,197
Variable rate instruments				
Bank balances	**5 to 7.5**	6 to 7.33	**4,637**	1,798

	2014	2013	2014	2013
	Effective interest rate (in percentage)		Carrying amount (Rupees in thousand)	
Financial liabilities				
Variable rate instruments				
Long term financing	**11.03 to 11.83**	11.03 to 13.79	**36,364**	147,427
Short term borrowings	**10.12 to 11.88**	10.03 to 11.79	**1,143,227**	1,143,227
			1,179,591	1,290,654

Sensitivity analysis

Fair value sensitivity analysis

The Company hold short term investments of Rs. 225.067 million at fair value through profit and loss and the related gain is reported in note 36 and hold available for sale investments of Rs. 212.271 million and the related gain is reported in statement of other comprehensive income.

Fair value sensitivity analysis for fixed rate instruments

The Company does not account for any fixed rate financial assets and liabilities at fair value through profit and loss. Therefore, a change in interest rates at the reporting date would not affect profit and loss account.

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 2013.

	Profit and loss 100 bp increase	decrease
	(Rupees in '000')	
Financial assets		
As at September 30, 2014		
Cash flow sensitivity	**(46.37)**	46.37
As at September 30, 2013		
Cash flow sensitivity	**(18)**	18

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

	Profit and loss 100 bp increase	decrease
	(Rupees in '000')	
Financial liabilities		
As at September 30, 2014		
Cash flow sensitivity	**11,796**	(11,796)
As at September 30, 2013		
Cash flow sensitivity	**12,907**	(12,907)

42.3.3 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. Investments are monitored through continuous trend prevailing in the market for which an investment committee has been setup to take appropriate decision.

A 10% increase / decrease in share prices at year end would have increased / decreased the Company's profit in case of long term investments at fair value through profit or loss and increase / decrease in unrealized gain on remeasurement of available for sale investments as follows:

	2014	2013
	(Rupees in thousand)	
Investment at fair value through profit or loss	**22,507**	12,523
Available for sale investment	**21,227**	18,309
	43,734	30,832

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

42.4 Fair value of financial instruments

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable willing parties in an arms length transaction.

Financial assets which are tradable in an open market are remeasured at the market prices prevailing on the balance sheet date. The carrying values of all other financial assets and liabilities reported in the financial statements approximate their fair value.

42.5 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:

		2014	2013
		(Rupees in thousand)	
Long term financing		**-**	36,363
Accrued mark-up		**16,953**	28,370
Short term borrowings		**1,143,227**	1,443,444
Current maturity of long term financing		**36,364**	111,064
Total debt		**1,196,544**	1,619,241
Less: cash and bank balances		**17,394**	178,979
Net debt	**A**	**1,179,150**	1,440,262
Total capital and reserves		**2,226,238**	1,982,448
Capital and net debt	**B**	**3,405,388**	3,422,710
Gearing ratio	**(C=A/B)**	**34.63%**	42.08%

	2014	2013
43 PLANT CAPACITY AND ACTUAL PRODUCTION		
Sugar Unit		
Sugarcane crushing capacity per day in M.T	**7,500**	7,500
Actual no. of days season operated	**124**	92
Sugar cane crushed during the year in M .T	**621,679**	503,179
Sugarcane yield	**10.23%**	10.48%
Capacity in M.T based on number of days operated and sugarcane yield	**95,139**	72,312
Actual production in M. T	**63,650**	52,727
Ethanol Unit		
Unit - I		
Capacity in liters per day	**85,000**	85,000
Actual no. of days operated	**259**	305
Capacity in liters based on number of days operated	**22,015,000**	25,925,000
Actual production in liters	**21,492,796**	22,722,100
Unit - II		
Capacity in liters per day	**87,500**	87,500
Actual no. of days operated	**294**	249
Capacity in liters based on number of days operated	**25,725,000**	21,787,500
Actual production in Liters	**24,738,578**	19,199,687
Chemical alloys and others		
Capacity in M.T based on 320 days	**27,220**	27,220
Actual production in M.T	**-**	-
Power		
Capacity in Kilo Watts Hour (KWH) per day	**312,000**	312,000
Actual no. of days operated	**-**	-
Capacity in KWH based on number of days operated	**-**	-
Actual production in KWH	**-**	-
Tank terminal		
Capacity per year based on ethanol in M.T	**274,200**	274,200
Actual capacity utilized based on ethanol in M.T	**268,035**	151,262

43.1 Reasons for shortfall in capacity utilization

a) **Sugar**
Lesser availability of sugarcane.

b) **Ethanol**
Lesser availability of molasses and its quality.

c) **Chemical, alloys and power**
Production facilities have been suspended.

d) **Tank terminal**
Under utilization was due to low demand during the initial period of the current year.

44 SEGMENT REPORTING

	Note	Sugar	Ethanol	Chemical,alloys and power	Storage tank terminal	Total	2013
		2014					
Segment assets and liabilities		(Rupees in thousand)					
Segment assets		1,980,349	1,441,832	539,766	220,429	4,182,376	3,872,942
Unallocated segment assets						214,845	357,771
						4,397,221	4,230,713
Segment liabilities		1,175,206	837,586	67	19,123	2,031,982	2,108,139
Unallocated segment liabilities						139,001	140,126
						2,170,983	2,248,265
Additions in capital work in progress	4.2	-	13,292	-	24,559	37,851	92,120
Addition in property, plant and equipment	4.2	-	-	6,119	-	6,119	-
Unallocated additions in operating fixed assets		-	-	-	-	4,623	7,696
						48,593	99,816

	Note	Sugar	Ethanol	Chemical, alloys and power	Storage tank terminal	Total	2013
		2014					
Segment profit and loss account		(Rupees in thousand)					
Sales	28	2,644,515	2,876,225	-	-	5,520,740	5,849,700
Cost of Sales	29	(2,494,566)	(2,245,207)	-	-	(4,739,773)	(5,021,685)
Net profit from storage tank terminal	30	-	-	-	59,852	59,852	9,716
Net loss from chemical, alloys and power segment and fixed expenses due to suspension	31	-	-	(39,403)	-	(39,403)	(40,226)
Distribution cost	32	(38,077)	(106,599)	-	-	(144,676)	(121,323)
Administrative expenses	33	(70,385)	(46,589)	-	-	(116,974)	(116,258)
Other operating expenses	34	(2,537)	(29,322)	-	-	(31,859)	(33,276)
Finance cost	35	(125,711)	(121,462)	-	-	(247,173)	(224,256)
Other income	36	84,357	43,028	-	-	127,385	28,606
Profit / (loss) before taxation		(2,404)	370,074	(39,403)	59,852	388,119	330,998
Taxation	37					(89,966)	(43,453)
Profit / (loss) after taxation						298,153	287,545
Depreciation		50,282	37,897	29,856	19,816	137,851	145,847
Amortization		-	-	-	-	-	1
Non-cash items other than depreciation							
Provision for trade debts	34	1,297	-	-	-	1,297	7,469
Provision for slow moving items and obsolescence	34	953	-	-	-	953	850
Liability written back	36	3,990	-	-	-	3,990	-
Unrealized gain on short term investments	36	59,902	39,935			99,837	13,484

44.1 Revenue reported in notes 28, 30 and 31 is generated from external customers except otherwise specified from other reporting segments. The inter transfer of molasses and bagasse from sugar segment to ethanol segment is accounted as a reduction of cost of production of sugar segment in note 29.

44.2 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, cash and running financing is allocated to sugar where as mark up on export refinance is allocated to ethanol. This is the measure reported to management for the purposes of resource allocation and assessment of segment performance.

44.3 Revenue from major products

The break up of Companys' revenue from external customers for major products is given in note number 28 of the financial statements.

44.4 Information about major customers

Revenue from major customers (5% or above of segment's gross sales) of sugar segment represent Rs. 1,395 million (2013: Rs. 1,776 million) of total sugar segment gross revenue of Rs. 2,781 million (2013: Rs. 2,778 million), ethanol segment of Rs. 2,449 million (2013: Rs. 2,827 million) of total ethanol segment revenue of Rs. 2,899 million (2013: Rs. 3,129 million), power segment of Rs. Nil (2013: Rs. Nil) of total power segment revenue. Revenue from chemical and alloys segment does not include major customers.

45 RELATED PARTY TRANSACTIONS

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

	Note	2014	2013
		(Rupees in thousand)	
Dividend received	45.1	**5,279**	405
Installment recovered from employees on behalf of Employees' Gratuity Fund		**11,091**	12,153
Paid to Employee's Gratuity Fund on account of installment recovered from employees		**15,054**	-
Contribution paid to Employees' Gratuity Fund		**-**	3,500
Rental income		**662**	1,170
Sale of ethanol and others		**-**	43,121
Commission on purchase and sale of shares		**-**	1,042

45.1 Beside cash dividend as mentioned above, the Company also received 162,000 and 198,450 bonus share at the rate of 40% and 35% respectively.

45.2 During the year the Company has paid dividend to Directors and Associates amounting to Rs. 71.646 million (2013: Rs. 56.213 million) There were no transactions with the key management personnel other than under their terms of employment, which are disclosed in note 40 to the financial statements.

46 NUMBER OF EMPLOYEES

Total number of employees at year end and average number of employees during the year are 955 (2013: 950) and 1,112 (2013: 1,008) respectively.

47 DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorized for issue on January 03, 2015 by the Board of Directors of the Company.

48 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:

Reclassification from the caption component	Reclassification to the caption component	Note	Amount in million
Other income - Exchange gain	Sales - Export sugar	28	2.240
Other income - Exchange gain	Sales - Export ethanol	28	23.529
Cost of sales - Water, fuel and power	Transfer price of bagasse	29	131.926
Income tax refundable net off provision	Income tax refund due form the Government	BS	50.997

49 SUBSEQUENT EVENT

The Board of Directors in its meeting held on January 03, 2015 proposed a cash dividend of Rs. 10 per share i.e. 100% for the year ended September 30, 2014 amounting to Rs. 173.623 million. The financial statements for the year ended September 30, 2014 do not include the effect of the proposed cash dividend which will be accounted for in the financial statements for the year ended September 30, 2015.

50 GENERAL

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

STATEMENT UNDER SECTION 241(2) OF THE COMPANIES ORDINANCE, 1984

As the Chief Executive is for the time being not in Pakistan, therefore, these financial statements have been signed by two Directors of the Company as required under section 241(2) of the Companies Ordinance, 1984.

Asim Ghani
Director

Duraid Qureshi
Director

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
as my proxy to vote for me, and on my behalf at the 24th Annual General Meeting of the Company to be held at Beach Luxury Hotel, Karachi on Saturday, January 30, 2015 at 11:30 a.m. and at any adjournment thereof.

As witness given under my/our hand(s)... day of 2015
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 that 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 names, addresses and CNIC numbers 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/her original CNIC or original passport at the time of the meeting.

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

Form of Submission of Copies of CNIC and NTN Certificates

In pursuance with the Securities & Exchange Commission of Pakistan (SECP) Notification No.SRO 831(1)/2012 dated July 05, 2012 in super session of earlier Notification No. SRO 779(1)/2011 of August 18, 2011, SECP has directed all listed companies to mention Computerized National Identity Card Number (CNIC) / NTN numbers of the registered shareholder on the dividend warrants. Therefore;

"THE SHAREHOLDERS OF THE COMPANY ARE REQUESTED TO PROVIDE IMMEDIATELY A COPY OF THEIR COMPUTERIZED NATIONAL IDENTITY CARD (CNIC) OR PASSPORT (IN CASE OF FOREIGNER) AT COMPANY'S REGISTERED OFFICE OR SHARE REGISTRAR OFFICES".

Folio No.	Name of Shareholder	CNIC/ NTN / Passport No (Copy Attached)

Signature of Member / Share holder

Form for Filer

Amendment in Section 150 (Withholding Tax of Dividend)of Income Tax Ordinance-2001

The Government of Pakistan through Act, 2014 had made certain amendments in Section 150 of the Income Tax Ordinance, 2001 whereby different rates are prescribed for deduction of withholding tax on the amount of dividend paid by the companies. These tax rates are as under:

(a) For filers of income tax returns	10%
(b) For non-filers of income tax returns	15%

"Therefore, The Corporate shareholders having CDC account are required to have their National Tax Number (NTN) update with their respective participants, whereas physical shareholders should send a copy of their NTN certificate to the Company's share registrar office".

Folio No.	Name of Shareholder	National Tax Number

Signature of Member / Share holder

Form for Dividend Mandate (Optional)

Payment of Cash Dividend Electronically (Optional)

As per the directions to all Listed Companies by SECP vide Letter No.SM/CDC 2008 dated April 05, 2013, all shareholders and the Company are encouraged to put in place an effective arrangement for Payment of Cash Dividend Electronically (e-Dividend) through mutual co-operation. For this purpose, the members are requested to provide Dividend Mandate including Name, Bank Account Number, Bank and Respective Branch Address to the Company in order to adhere the envisaged guidelines.

S.No.	Shareholder / Member Detail	
1	Shareholder' Name	
2	Father's / Husband Name	
3	Folio Number	
4	Name of Bank, Branch and Address	
5	Title of Bank Account	
6	Bank Account Number	
7	Branch Code	
8	Cell Number	
9	Telephone Number	
10	CNIC Number (attach Copy)	

Signature of Member / Share holder