
AL-ABBAS SUGAR MILLS LIMITED

Cost Audit Report
for the year ended September 30, 2011

COST AUDITORS' REPORT

We, M/s. Haroon Zakaria & Company, Chartered Accountants, having been appointed to conduct an audit of cost accounts of **M/S. AL ABBAS SUGAR MILLS LIMITED**, have examined the books of account and the statements prescribed under clause (e) of sub section (1) of section 230 of the Companies Ordinance, 1984 and the other relevant record for the year ended September 30, 2011 and report that:

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

In our opinion:

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

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

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

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


Haroon Zakaria & Company
Chartered Accountants

Place: Karachi

Dated: 28 JAN 2012

PARTICULARS TO BE INCLUDED IN COST AUDITOR'S REPORT

1. CAPACITY

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

Particulars	2011	2010	2009
Installed capacity per day for 72 days (M.Tons)	-	-	5,500
Installed capacity per day for 43 days (M.Tons)	-	-	7,500
Installed capacity per day (M.Tons)	7,500	7,500	-
No. of days worked	138	123	115
Total capacity based on the number of days worked (M.Tons.)	1,035,000	922,500	718,500
Cane milled (M. Tons.)	594,000	549,630	513,887
Capacity utilized by the mill per day (M. Tons.)	4,304	4,469	4,469

- b) The price of sugarcane is fixed at **Rs.127.00** (2010 : Rs.102.00) (2009 : Rs.81.00) per 40 kg by the Government, but the company has paid over and above the fixed rate including premium.

c) **Other activities**

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

2. COST ACCOUNTING SYSTEM

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

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

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

PRODUCTION

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

Particulars	(M.Tons)		
	2011	2010	2009
Sugar from sugarcane	60,395	57,130	52,850
Molasses - by product	28,950	26,720	26,390
Baggase - by product	187,033	170,396	160,327

b) Installed capacity

	2011	2010	2009
Installed capacity (M.Tons) (based on cane crushed per day and actual recovery percentage)	105,270	95,940	73,862
Actual recovery percentage	10.17%	10.40%	10.28%
Actual production (M.tons)	60,395	57,130	52,850
Capacity utilization (%age)	57.37%	59.55%	71.55%

Reason for decrease in production compared to the install capacity

The production of sugar has decreased due to the non-availability of sugarcane.

c) Addition to production capacity

There has been addition of Rs. 0.4 million in plant and machinery during the current year, whereas no addition in year 2010. Addition in the year 2009 was Rs.895,901 million. During the year there is no change in production capacity however in 2009 crushing capacity of the plant has been increased from 5,500 M.Tons to 7,500 M.Tons per day.

4. RAW MATERIAL

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

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

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

S. No	Particulars	2009		
		Quantity M.tons	Rate M.Ton	Amount (Rs. 000's)
1	Sugarcane purchased	513,887	2,025.00	1,040,621
2	Quality premium	-	197.50	101,493
3	Additional price to growers (excess of Government fixed price)	-	603.93	310,350
4	Other cost	-	151.76	77,986
	Total as per cost of sales	513,887	2,978.18	1,530,450

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

	2011	2010	2009
Actual recovery percentage	10.17%	10.40%	10.28%
Actual raw material consumed per M.Ton	9.835	9.621	9.724
Standard raw material consumed per M.Ton	N/A	N/A	N/A

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

- c) **Variances in percentage**

	Compared current with	
	2010	2009
Actual raw material consumed per M. Ton of production. (Adverse)	2.23%	1.15%

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

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

SALARIES, WAGES AND OTHER BENEFITS

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

S. No.	Category	Rupees in thousands		
		2011	2010	2009
i	Direct labour cost on production	42,836	39,537	33,432
ii	Indirect employees' cost on production	67,816	65,984	54,849
iii	Bonus to workers and employees	14,059	13,324	10,777
iv	Other Employees cost	3,681	4,879	4,093
	Total as per cost of sales	128,392	123,724	103,151
v	Employees' cost on Administration	26,468	23,551	21,599
	Total employees cost	154,860	147,275	124,750

- b) Remuneration of Chief Executive Officer and Directors amounting to **Rs.7.500 million** (2010 : Rs.4.818 million) (2009 : Rs. 3.600 million) has been charged to administrative expenses.

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

Particulars	2011	2010	2009
Days available	128,616	98,892	90,160
Days worked	94,132	82,008	79,184

- d) The number of workers employed for the year 2011 were **932** (2010 : 804) (2009 : 784).
- e) Direct labour cost per M.Ton of output is **Rs.942.05** (2010 : Rs.925.28) (2009 : Rs.836.50) which has been worked out as follows: -

	Rupees in thousands		
	2011	2010	2009
Direct labour cost on production.	42,836	39,537	33,432
Bonus to workers and employees.	14,059	13,324	10,777
Total direct labour cost	56,895	52,861	44,209
Sugar produced from sugarcane - (M.Tons)	60,395	57,130	52,850
Labour cost (Rupees per M.Ton)	942.05	925.28	836.50

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

Increase in per ton direct labour cost as compared to 2010 and 2009 is due to increase in minimum wages rate, annual increment and labour incentives.

- g) Comments on incentive scheme:

The company has paid 7 bonuses (2010 : 8 bonuses) (2009 : 7 bonuses) during the year. It is the policy of the company to pay bonus on production of every **10,000 M.Ton** of sugar produced from sugarcane.

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

Bonus to workers has increased cost of production by **Rs.14.059 million** (2010 : Rs.13.324 million) (2009 : Rs.10.777 million).

a. STORES, SPARES AND LOOSE TOOLS

a) Expenditure per unit of output on stores:

	2011	2010	2009
Stores and spares (Rs.000's)	53,892	48,427	35,403
Process material as per Annexure - 5 (Rs.000's)	18,493	14,495	14,870
Stores and spares as per financials (Rs.000's)	72,385	62,922	50,273
Total production (M.Tons)	60,395	57,130	52,850
Expense per M.Ton of sugar (Rs.)	1,198.53	1,101.38	951.24

Increase in expense per M.Ton is due to general price inflation in stores and spares.

- b) The company operates an ERP Oracle Financials for receipt and issuance of stores and spares items. All receipts are being recorded through stores receipt report (SRR), which is being prepared only after acceptance of stores items through material inspection report (MIR) by the department initiating purchase of that item. Whereas all issues are being recorded on duly approved store issue receipt (SIR) and charged to respective departments in accordance with the accounting policy i.e. moving average cost. Almost all purchases except in case of emergency or minor items are being carried out by the head office on receipt of store purchase requisition (SPR) duly signed by authorized officer of concerned department. All inventory items are being valued at moving average cost and the same is being adopted consistently. Thus the company is maintaining proper record for receipt and issuance of stores items and valuation of stores items.
- c) The computerized record maintained by the company enables it to calculate value of stores and spares items in hand at the closing date. The value of stores having no movement in preceding twenty four months as on September 30, 2011 amounts to **Rs.21.002** (2010 : Rs.19.987) (2009 : Rs.19.987) million.

7. DEPRECIATION

- a) Depreciation is charged on a systematic basis over the useful life of the asset by applying the reducing balance method at the rates ranging from 5% to 30%. Depreciation on additions is charged from the month in which the assets is put to use while no depreciation is charged in the month in which the assets are disposed off.
- b) Depreciation of common assets is allocated to cost of sales and administrative expenses on the basis of use of assets.
- c) The depreciation is charged to the cost of various products to the extent that they relate to their manufacturing. Breakup of depreciation charged to cost of sugar is as follows: -

Description	Amount	
	2011	2010
Building on free hold land	7,973	8,362
Plant, machinery and equipment	40,012	41,965
Tools and tackles	389	408
Total	48,374	50,735

OVERHEADS

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

i) **Factory overheads:**

COST CENTRE	2011	2010	2009	Increase / (Decrease)			
				Compared with 2010		Compared with 2009	
				%	Amount in '000	%	Amount in '000
				Rupees in thousand			
Repairs and maintenance	14,757	9,795	8,429	51%	4,962	75%	6,328
Water, fuel and power	128,213	33,581	36,702	282%	94,632	249%	91,511
Security services	3,163	2,840	2,589	11%	323	22%	574
Printing and stationery	215	210	111	2%	5	94%	104
Vehicle running expenses	3,386	4,815	2,221	(30%)	(1,429)	52%	1,165
Insurance expenses	6,777	9,097	8,055	(26%)	(2,320)	(16%)	(1,278)
Traveling and conveyance	2,149	4,309	2,074	(50%)	(2,160)	4%	75
Communication charges	506	443	799	14%	63	(37%)	(293)
Fees and subscription	271	356	312	(24%)	(85)	(13%)	(41)
Newspaper and periodicals	49	47	43	4%	2	14%	6
Entertainment	2,453	2,260	1,659	9%	193	48%	794
Miscellaneous expenses	1,578	582	878	171%	996	80%	700
Total	163,517	68,335	63,872		95,182		99,645

Basis of allocation:

Actual attributable cost except insurance which is actual premium attributable to the plant, machinery and building.

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

- Repair and Maintenance:** Increase is attributable due to cane yard repairing.
- Water Fuel and Power:** The transfer price of baggase is increased per M.ton. Moreover, the season started little bit late and company process raw sugar with furnace oil.
- Security Service:** Increase is due to normal increase in salaries of security person.
- Vehicle Running:** Decrease is due to low maintenance cost.
- Insurance:** during the year the basis of insurance premium for stock and machinery vary according to the need of the company. Previously insurance premium was paid on lumpsum basis. The new practice result in saving.
- Travelling:** Tight control over travelling cost.
- Communication charges:** Increase in communication charges is due to general increase in telecommunication rates.
- Fee and Subscription:** The fee was paid to SGS for ISO 22000 Rs.40,000/-.
- Entertainment:** Increase in company guest expense & guest house expense due to frequent visit of consultant and directors for identification of new warehouse place and repair of old ones.

Reasons for significant variances in factory overheads (compared with 2009):

- (a) **Repair and Maintenance:** Increase is attributable due to cane yard repairing and due to inflation.
- (b) **Water Fuel and Power:** The transfer price of baggase is increased from Rs.200 to Rs.1,000 per M.ton. Moreover, the season started little bit late and company process raw sugar with furnace oil.
- (c) **Security Service:** Increase is due to normal increase in salaries of security person.
- (d) **Printing and stationary expense:** Increase in printing and stationary expense is due to increase in rate of photocopy and paper cost for items like cane indent, stores issuance reports and other documents related to cane procurement.
- (e) **Vehicle running expense:** Increase in vehicle running expense was due to increase in fuel prices and maintenance cost.
- (f) **Insurance:** during the year the basis of insurance premium for stock and machinery vary according to the need of the company. Previously insurance premium was paid on lumpsum basis. The new practice result in saving.
- (f) **Traveling and conveyance:** Increase is due increase in inter city fare and number of visits of factory staff to head staff for Oracle training.
- (g) **Entertainment:** Increase in entertainment expense is due to inflationary impact.
- (h) **Communication charges:** Decreased due to minimization of direct dialing facility of staff.
- (i) **Fee and Subscription:** The fee of Rs.40,000/- was paid due to recertification of ISO 22000.
- (j) **Miscellaneous expenses:** Decreased due to reduction in various welfare work and gardening expense.

ii) Administration overheads:

COST CENTRE	2011	2010	2009	Increase / (Decrease)			
				Compared with 2010		Compared with 2009	
				%	Amount in '000	%	Amount in '000
				Rupees in thousand			
Salaries, allowances and other benefits	26,468	23,551	21,599	12%	2,917	23%	4,869
Rent, rates and taxes	4,197	2,066	1,371	103%	2,131	206%	2,826
Communication charges	1,088	1,591	1,583	(32%)	(503)	(31%)	(495)
Traveling and conveyance	975	1,964	2,032	(50%)	(989)	(52%)	(1,057)
Printing and stationery	570	584	434	(2%)	(14)	31%	136
Entertainment	1,338	808	859	66%	530	56%	479
Vehicle running expenses	5,261	4,827	5,824	9%	434	(10%)	(563)
Repairs and maintenance	1,890	3,067	747	(38%)	(1,177)	153%	1,143
Insurance	1,084	1,525	51	(29%)	(441)	2,025%	1,033
Fees and subscription	1,947	678	1,545	187%	1,269	26%	402
Legal and professional charges	1,539	1,855	2,418	(17%)	(316)	(36%)	(879)
Auditors' remuneration	666	407	340	64%	259	96%	326
Charity and donations	278	220	207	26%	58	34%	71
Newspaper and periodicals	27	31	39	(13%)	(4)	(0.31)	(12)
Utilities	1,798	2,665	2,047	(33%)	(867)	(12%)	(249)
Depreciation	4,526	7,175	8,482	(37%)	(2,649)	(47%)	(3,956)
Amortization expense	5,078	3,714	2,045	37%	1,364	100%	3,033
Miscellaneous expenses	839	1,588	659	(47%)	(749)	27%	180
Total	59,569	58,316	52,282		1,253		7,287

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

- (a) **Salaries, allowance and other benefits:** Increase due to hike in general increment in salaries and wages.
- (b) **Rent rates and taxes:** The unfavorable variance arise on account of full utilization of rented premises increase in space and due to revised rates in rent agreement.
- (c) **Repairs and maintenance:** Decrease due to decrease in maintenance cost of generator and vehicles.
- (d) **Communication charges:** Decreased due to minimization of direct dialing facility of staff.
- (e) **Insurance:** Decreased due to less cash in transit insurance.
- (f) **Travelling:** Tight control over travelling cost.
- (g) **Entertainment expense:** During the year the various foreign delegates visit head office to discuss business opportunities and main reason for increase is lunch and dinner provided to them.
- (h) **Vehicle running expense:** Increase in vehicle running expense was due to increase in fuel prices and maintenance cost.
- (i) **Fee and Subscription:** Increase due to Oracle licensing fee.
- (j) **Legal & Professional:** Decreased due to internal Audit function was outsourcing in previous year. But from 2010-2011 the company discontinued the outsourcing of internal audit and established inhouse audit function
- (k) **Utilities:** Decrease due to decrease in generator diesel cost, more dependent on KSE.
- (l) **Miscellaneous expenses:** Decreased due to reduction in advertising expenses.

Reasons for significant variances in administrative overheads (compared with 2009):

- (a) **Salaries, allowance and other benefits:** Increase due to hike in general increment in salaries and wages.
- (b) **Rent rates and taxes:** The unfavorable variance arise on account of full utilisation of rented premises increase in space and due to revised rates in rent agreement.
- (c) **Communication charges:** Decreased due to minimization of direct dialing facility of staff.
- (d) **Travelling:** Tight control over travelling cost.
- (e) **Fee and Subscription:** Increase due to exchange rate has been increased for Oracle licensing fee.
- (f) **Legal & Professional:** Decreased due to internal Audit function was outsourcing in previous year. But from 2010-2011 the company discontinued the outsourcing of internal audit and established inhouse audit function
- (g) **Entertainment expense:** During the year the various foreign delegates visit head office to discuss business opportunities and main reason for increase is lunch and dinner provided to them.
- (h) **Printing and Stationary:** Increase in printing and stationary expense is due to increase in all published financial statement. Furthermore due to increase in rate of hired photocopier machine.
- (i) **Repair and maintenance:** Increase is due to full utilisation of maintenance cost due to increase in space of the office.

- (j) **Insurance expense:** Increase is due to coverage of additional item like electric items, cash in transit limit and others.
- (k) **Amortization expense:** The increase is due to revision of amortization rate from 20% to 33.33%.
- (l) **Miscellaneous expenses:** The unfavorable variance arise due to normal inflationary impact as compared with 2009.

iii) **Distribution cost**

PARTICULAR	2011	2010	2009	Increase / (Decrease)			
				Compared with 2010		Compared with 2009	
				%	Amount in '000	%	Amount in '000
				Rupees in thousand			
Sugar bags handling expenses	6,108	2,382	2,338	156%	3,726	161%	3,770
Sales promotion	106	300	251	(65%)	(194)	(58%)	(145)
Marking fees	3,202	3,401	14,644	(6%)	(199)	(78%)	(11,442)
Others	184	1,552	-	(88%)	(1,368)	100%	184
Total	9,600	7,635	17,233		1,965		(7,633)

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

- (a) **Sugar bags handling:** The production has been increased and also the contract for handling sugar also increased.
- (b) **Sale promotion:** Decreased due to less sales through broker.
- (c) **Marking fees:** It represents 1% of sale value.
- (d) **Others:** Last year some deal were made on CNF basis therefore transportation charges incurred on that.

Reasons for significant variances in distribution cost (compared with 2009):

- (a) **Sugar bags handling:** The company also process the raw sugar and refined sugar. Therefore handling of both item increased the cost.
- (b) **Marking fees:** It represents 1% of sale value.

iv) **Financial charges**

PARTICULAR	2011	2010	2009	Increase / (Decrease)			
				Compared with 2010		Compared with 2009	
				%	Amount in '000	%	Amount in '000
				Rupees in thousand			
Financial charges	272,159	147,338	159,820	84.72%	124,821	70.29%	112,339

Reasons for significant variances in financial charges (compared with 2010):
Due to increase in borrowings and rate of mark-up.

Reasons for significant variances in financial charges (compared with 2009):
Increase in charges was due to the fact that company has obtain higher amount of short term loans towards increased working capital requirements as compared with 2009.

Packing material cost:

Packing material	Cost (Rs. in 000)	Production (M.Tons)	Cost / M. Ton Rs.
Year - September 30, 2011	28,967	60,395	479.63
- September 30, 2010	18,215	57,130	318.83

9. ROYALTY / TECHNICAL AID PAYMENTS

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

10. ABNORMAL NON-RECURRING FEATURES

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

11. COST OF PRODUCTION:

Particulars	2011	2010
Cost of goods manufactured (Rs. 000's) (Refer Annexure - 1)	3,841,565	2,851,712
Production in (M.Tons)	60,395	57,130
Cost per M.Ton (Rupees per M.Tons)	63,607	49,916

Comments: In the current year increase in production cost per ton was due to increased in purchase price of sugarcane.

12. SALES:**(a) Local sales**

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

Particulars	2010		
	Quantity in M.Ton	Average selling rate Rs./M.Ton	Amount in Rs. (000's)
Sales of bagged sugar			
Local	63,227	53,785.28	3,400,682
Total	63,227	53,785.28	3,400,682
Less:			
Sales tax	-	(2,365.45)	(149,560)
Special excise duty	-	(369.05)	(23,334)
		(2,734.50)	(172,894)
Net Sales	63,227	51,050.79	3,227,788

(b) **Export sales**

There is no export sale of sugar during the year 2011 and 2010. Therefore the disclosure relating to export sales is not applicable in this case.

13. PROFITABILITY :

Profitability of sugar is determined as follows;

	2011	2010
Total revenue (Rupees in thousand)	3,062,529	3,227,788
Total cost as per annexure - 1 (Rupees in thousand)	(3,040,288)	(3,037,688)
Profit after taxation (Rupees in thousand)	22,241	190,100
Quantity sold in (M.Tons)	48,495	63,227
Profit after taxation per M.Ton (Rupees)	458.62	3,006.63

Comments on profitability

Profit during current year is decreased by Rupees 2,548 per M.tons mainly due to increase in sugarcane prices, purchase of raw and refined sugar and finance cost.

Profitability per machine hour

	2011	2010
Profit after taxation (Rupees in thousand)	22,241	190,100
Productive machine hours	2,426	2,445
Profit after taxation per machine hour (Rupees)	9,167.39	77,748.92

Profit maximization of products

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

COST AUDITORS OBSERVATIONS AND CONCLUSIONS

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

- a) Matters, which appears to be clearly wrong in principle or apparently unjustifiable. "None "
- b) Cases where the company's funds have been used in a negligent or inefficient manner. "None "
- c) Factors that could have been controlled, but have not been done resulting in increase in the cost of production.

- i) We state that the company has maintained budgetary control system. However, standards for recovery of cane could not be maintained due to the fact that cane from different sectors give different yield and yield may also changed due to delivery timing and consumption timing.
- ii) We also state that the company has setup an effective internal audit function with suitably qualified and experienced personnel who are conversant with the policies and procedures of the company and are involved in the internal audit function on a full time basis.

d) Suggestions for improvements in performance:

i) Rectification of general imbalance in production facilities

No imbalance is noted as production facilities are located closely.

ii) Fuller utilization of installed capacity

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

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

- Cost reduction

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

- Increase productivity

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

- Key Limiting factors, improved inventory policies and energy conservancy

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

iv) State of technology and status of plant:

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

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

RECONCILIATION WITH FINANCIAL STATEMENTS

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

16. COST STATEMENT

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

17. GENERAL

Figures have been rounded off to the nearest thousands rupees.

RECONCILIATION WITH FINANCIAL STATEMENTS

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

16. COST STATEMENT

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

17. GENERAL

Figures have been rounded off to the nearest thousands rupees.



GENERAL INFORMATION

A COMPANY INFORMATION:

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

B PRODUCTION DATA

S No	Particulars	Current Year	Previous Year
1 (a)	CANE CRUSHED:	2010-11	2009-10
	Date started	3-Nov-10	11-Nov-09
	Date finished	20-Mar-11	13-Mar-10
	Duration of run days	138	123
	Total number of hours in duration	3,287	2,913
	Total numbers of hours of actual crushing	2,426	2,445
	Total numbers of hours lost	861	468
	Total cane milled (tonnes)	594,000	549,630
	Converted mounds	14,850,000	13,740,750
	Total mixed juice obtained (tonnes)	688,065	638,446
(b)	GUR MELTED:	N/A	N/A
2	JUICE & ADDED WATER:		
	Average mixed juice % cane.	115.83	116.15
	Average added water % cane.	47.323	47.161
3	SUGAR MADE:		
	Total sugar bagged of all		
	Grade (100 kg)	-	-
	Grade (50 Kg)	1,279,840.00	1,142,600.00
	Sugar bagged (tonnes)	60,394.99	57,130.00
	Raw Sugar	3,597.01	-
	Refined Sugar	6,700.00	-
Sugar in process (tonnes)	388.00	97.45	
4	MOLASSES EXTRACTED:		
	Total molasses sent out (tonnes)	28,950.00	26,720.00
	Molasses in process (tonnes)	20.64	17.12
5	RECOVERY PERCENT:		
	Laboratory test % recovery of sugar cane	10.171%	10.400%
	Average recovery of marketable white sugar % cane	10.171%	10.400%
	Average production of final molasses % cane	4.837%	4.863%
6	BY PRODUCTS:		
	Baggase % cane		
	(Calculated) (tonnes)	31.487%	31.002%
	V.F.Cake % cane (tonnes)	3.0%	3.0%
7	CLARIFICATION PROCESS:		
	Specify the process used by the mill	Defecation melt phosphation	Defecation melt phosphation

[Signature]
Chief Financial Officer

[Signature]
Chief Executive Officer

AL-ABBAS SUGAR MILLS LIMITED
STATEMENT SHOWING COST OF PRODUCTION AND SALE OF WHITE BAGGED SUGAR
FOR THE YEAR ENDED SEPTEMBER 30, 2011

Quantitative Data – Bagged Sugar (M. Tons)	2011	2010
	Current year	Previous year
Opening Stock	7,146	13,243
Production from		
Sugar Cane	60,395	57,130
Raw Sugar	3,597	-
Refined Sugar	6,700	-
Closing Stock	(29,343)	(7,146)
Sales	<u>48,495</u>	<u>63,227</u>


S. No.	Particulars	Current Year		Previous Year	
		Amount (Rs. in '000)	Cost per ton of sugar (Rs.)	Amount (Rs. in '000)	Cost per ton of sugar (Rs.)
1	2	3	4	5	6
		2011		2010	
1	Raw materials:				
(a)	Sugar cane (Annex 3)	3,248,042	53,779.98	2,790,170	48,838.96
(b)	Beet (Annex 4)	-	-	-	-
(c)	Gur	-	-	-	-
(d)	Raw sugar	216,332	60,142.24	-	-
(e)	Refined sugar	432,255	64,515.67	-	-
(f)	Process material (Annex 5)	17,128	242.29	12,809	224.21
2	Salaries/wages and benefits (Annex 6)	77,110	1,090.79	81,415	1,425.08
3	Consumable stores	59,378	839.95	44,024	770.59
4	Repairs and maintenance	13,988	197.87	7,994	139.93
5	Utilities:				
	Steam (Annex 7)	148,119	2,095.27	69,354	1,213.97
6	Electric power (Annex 8)	30,997	438.48	19,336	338.46
7	Water and gas	1,492	21.11	421	7.37
8	Insurance	-	-	-	-
9	Depreciation	25,154	355.83	26,383	461.81
10	Other factory overheads (Annex 9)	20,109	284.46	24,399	427.08
11	Total Cost	4,290,104	60,687.26	3,076,305	53,847.46
12	Add: Opening Stock of W.I.P.	4,444	62.86	1,717	30.05
13	Less: Closing Stock of W.I.P.	(19,416)	274.66	(4,444)	621.89
14	Total Cost of goods manufacturing	4,275,132	60,475.47	3,073,578	53,799.72
15	Less: Realizable value of by-products:				
	Transfer price of molasses	(254,818)	(3,604.62)	(193,906)	(3,394.12)
	Consumption of own baggase	(182,884)	(2,587.05)	(32,661)	(571.70)
	Sale of baggase	(24,832)	(351.27)	(13,514)	(236.55)
16	Net Cost of goods manufacturing:	3,812,598	53,932.52	2,833,497	49,597.36
17	Add: Packing material and handling	28,967	409.76	18,215	318.83
18	Net Cost of bagged sugar	3,841,565	54,342.29	2,851,712	49,916.19
19	Add: Excise duty / sales tax	-	-	-	-
20	Total cost of bagged sugar:	3,841,565	54,342.29	2,851,712	49,916.19
21	Add: Opening stock of sugar	392,960	54,990.20	389,841	29,437.51
22	Less: Closing stock of sugar	(1,547,374)	(52,734.01)	(392,960)	(54,990.20)
24	Cost of sales	2,687,151	55,410.89	2,848,593	45,053.43
25	Administrative expenses (Annex 10)	59,569	1,228.35	58,316	922.33
26	Selling and distribution expenses (Annex 11)	9,600	197.96	7,635	120.76
27	Financial expenses	272,159	5,612.10	147,338	2,330.30
28	Other charges - net	11,809	243.51	(24,194)	(382.65)
	Total cost to make and sell	3,040,288	62,692.81	3,037,688	48,044.16

Note

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



Chief Financial Officer



Chief Executive

AL-ABBAS SUGAR MILLS LIMITED
 STATEMENT SHOWING COST OF SUGARCANE PRODUCED
 FOR THE YEAR ENDED SEPTEMBER 30, 2011

S. No	Particulars	Current year		Previous year	
		Quantity	Amount	Quantity	Amount
1	2	3	4	5	6
1	Seeds and Other inputs: Seed Fertilizers, herbicides, etc. Insecticides Abiana / water charges Total cost of inputs				
2	Labor Cost: Land preparation Plantation Maintenance of cane crop/rations Operation of Tractors Harvesting Total Labor Cost				
3	Other Cost Fuel for tractors operation Maintenance and overhaul of Tractors Insurance Interest expenses Depreciation of equipments Rent of agriculture equipments (if any) Total other cost				
	Total Cost of own production (1+2+3)				
	Sales value at controlled price				
	Profit/Loss on own production				


 Chief Financial Officer


 Chief Executive

AL-ABBAS SUGAR MILLS LIMITED
 STATEMENT SHOWING COST OF SUGARCANE PRODUCED
 FOR THE YEAR ENDED SEPTEMBER 30, 2011


S. No	Particulars	Current year		Previous year	
		Quantity	Amount	Quantity	Amount
1	2	3	4	5	6
1	Seeds and Other inputs: Seed Fertilizers, herbicides, etc. Insecticides Abiana / water charges Total cost of inputs				
2	Labor Cost: Land preparation Plantation Maintenance of cane crop/rations Operation of Tractors Harvesting Total Labor Cost				
3	Other Cost Fuel for tractors operation Maintenance and overhaul of Tractors Insurance Interest expenses Depreciation of equipments Rent of agriculture equipments (if any) Total other cost				
	Total Cost of own production (1+2+3)				
	Sales value at controlled price				
	Profit/Loss on own production				



 Chief Financial Officer


 Chief Executive

AL-ABBAS SUGAR MILLS LIMITED
STATEMENT SHOWING COST OF SUGARCANE CRUSHED
FOR THE YEAR ENDED SEPTEMBER 30, 2011

S. No	Particulars	Current year			Previous year		
		Quantity	Rate	Amount	Quantity	Rate	Amount
		M.Tons	Rs/M.Ton	(Rs. In ' 000)	M.Tons	Rs/M.Ton	(Rs. In ' 000)
1	2	3	4	5	6	7	8
		2011			2010		
1	Total sugarcane purchased at Government fixed rate	594,000	3,177.53	1,887,451	549,630	2,550.00	1,401,555
	Sugarcane produced from own farm (Annex 2)	-	-	-	-	-	-
	Less: Loss in transit	-	-	-	-	-	-
	Sugarcane received at factory gate	594,000	3,177.53	1,887,451	549,630	2,550.00	1,401,555
2	Commission					212.50	116,796
3	Quality premium		183.81	109,185			
4	Additional price to growers (excess of government fixed rate).		1,909.96	1,134,517		1,960.73	1,077,676
5	Loading/unloading charges		2.04	1,210		1.72	947
6	Cane development expenses:						
(a)	Salaries and Wages of Supply and Development Staff		0.46	271			
(b)	Sugarcane Development Research		0.05	31		0.49	271
(c)	Supply staff and transportation expenses		-	-		-	-
(d)	Other expenditure.(Sector Office Expense)		1.62	964		1.44	794
7	Taxes and Levies:						
(a)	Cane cess/ purchase tax		6.88	4,088		5.00	2,748
(b)	Market committee fee		6.25	3,713		6.25	3,435
(c)	Road cess		-	-		-	-
(d)	Octroi		-	-		-	-
(e)	Other levies		-	-		-	-
8	Transportation Charges:						
(a)	Delivery expenses		142.15	84,440		302.69	166,367
(b)	Transport cost		-	-		-	-
(c)	Others		-	-		-	-
9	Other Expenditures at Cane Collection Centers:						
(a)	Salaries and Wages. (Annex 6)		36.92	21,933		35.07	19,274
(b)	Stores		-	-		-	-
(c)	Repairs and Maintenance		-	-		-	-
(d)	Others. (Annex 9)		0.40	239		0.56	307
	Total cost of "SUGARCANE" Transferred to production processes (Annex 1)	594,000	5,468.07	3,248,042	549,630	5,076.45	2,790,170


Chief Financial Officer



Chief Executive


AL-ABBAS SUGAR MILLS LIMITED
STATEMENT SHOWING COST OF BEET CONSUMED
FOR THE YEAR ENDED SEPTEMBER 30, 2011

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

Note:

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


Chief Financial Officer


Chief Executive

AL-ABBAS SUGAR MILLS LIMITED
STATEMENT SHOWING COST OF PROCESS MATERIAL CONSUMED
FOR THE YEAR ENDED SEPTEMBER 30, 2011

S. No.	Particulars	Current Year		Previous Year	
		Amount (Rs. in '000)	Cost per ton of sugar (Rs.)	Amount (Rs. in '000)	Cost per ton of sugar (Rs.)
1	2	3	4	5	6
		2011		2010	
	Total Sugar Produced (M-Tons)		60,395		57,130
1	Bleaching Powder	335	5.55	400	7.00
2	Formaline	4	0.07	6	0.11
3	Phosphoric Acid	3,836	63.52	1,322	23.14
4	Rock Salt	506	8.38	402	7.04
5	Soda Ash	31	0.51	3	0.05
6	Unslaked Lime	2,430	40.24	1,993	34.89
7	Caustic Soda	1,128	18.68	841	14.72
8	Lead Sub Accatate	107	1.77	177	3.10
9	Softno Treat 3000 Regular	87	1.44	143	2.50
10	Softno Treat 135 PH Shoot	58	0.96	74	1.30
11	Tri sodium Phosphate	5	0.08	1	0.02
12	Talofloc Wax	3,867	64.03	3,071	53.75
13	Anti foam	913	15.12	86	1.51
15	Filter Cloth	2	0.03	2	0.04
16	Sewing Thread	520	8.61	283	4.95
17	Cleaning Brushes	228	3.78	210	3.68
18	Oil Lubricants and Grease	3,627	60.05	3,952	69.18
19	Other	809	13.40	1,529	26.76
	Total	18,493	306.22	14,495	253.74
	Less allocated to:				
	a. Steam Generation.(Annex 7)	573	9.49	708	12.39
	b. Electricity Generation.(Annex 8)	792	13.11	978	17.12
		-	-	-	-
	Total	1,365	22.60	1,686	29.51
	Balance transferred to production process Annexure 1.	17,128	283.60	12,809	224.23

Note:

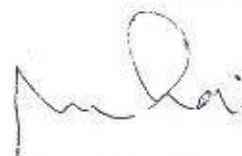
- 1 It is impracticable to further specify the itemized break up of others.



Chief Financial Officer


Chief Executive

AL-ABBAS SUGAR MILLS LIMITED
STATEMENT SHOWING COST OF SALARIES, WAGES AND BENEFITS
FOR THE YEAR ENDED SEPTEMBER 30, 2011

S. No	Particulars	Current Year		Previous Year	
		Amount (Rs. in '000)	Cost per ton of sugar (Rs.)	Amount (Rs. in '000)	Cost per ton of sugar (Rs.)
1	2	3	4	5	6
		2011		2010	
	Total Sugar Produced (M-Tons):		60,395		57,130
	Cost				
1	Salaries/Wages:				
(i)	Officers and permanent staff	86,055	1,424.87	77,711	1,360.25
(ii)	Seasonal staff	2,998	49.64	3,213	56.24
(iii)	Daily rated and contract labour	39,167	648.51	28,202	493.65
(iv)	Bonuses	14,059	232.78	13,324	233.22
		142,279	2,355.80	122,450	2,143.36
2	Benefits				
(i)	Medical expenses	314	5.20	130	2.28
(ii)	Canteen expenses	291	4.82	325	5.69
(iii)	Welfare, recreation	-	-	-	-
(iv)	Education cess / expenses	24	0.40	41	0.72
(v)	Group insurance / workmen	-	-	-	-
(viii)	Gratuity / pension	7,746	128.26	17,743	310.57
(ix)	Other benefits	4,206	69.64	6,586	115.28
	Total	154,860	2,564.12	147,275	2,577.90
	Less allocated to:				
	Raw material (Annex-3)	21,933	363.16	19,274	337.37
	Steam generation (Annex-7)	9,518	157.60	9,604	168.11
	Electricity generation (Annex-8)	19,831	328.36	13,431	235.10
	Admin expenses (Annex-10)	26,468	438.25	23,551	412.24
		77,750.00	1,287.37	65,860	1,152.82
	Balance transferred to production process Annexure 1.	77,110.00	1,276.75	81,415	1,425.08


Chief Financial Officer


Chief Executive

AL-ABBAS SUGAR MILLS LIMITED
STATEMENT SHOWING COST OF STEAM/GENERATED CONSUMED
FOR THE YEAR ENDED SEPTEMBER 30, 2011

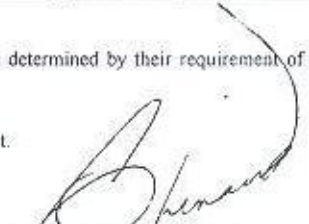
S. No.	Particulars	Unit	Current year	Previous year	Variance
1	2	3	4	5	6
1	Types of steam boilers used (Water Tube)	Number	3	3	-
2	No. of days worked. (Boiler 1)	Days	227	120	107
	No. of days worked. (Boiler 2)	Days	233	125	108
	No. of days worked. (Boiler 3)	Days	330	308	22
3	Installed Capacity (steam in tonnes).	Tons	1,445,400	1,445,400	-
4	Utilized capacity (steam in tonnes).	Tons	467,436	441,440	25,996
5	Production:				
	(a) High pressure steam.	Tons	-	-	-
	(b) Medium pressure steam.	Tons	467,436	441,440	25,996
	(c) Low pressure steam.	Tons	-	-	-
	(d) Less: transit losses.	Tons	-	-	-
	(e) Total.	Tons	467,436	441,440	25,996
	Percentage of capacity utilization (4/3 * 100)		32.34%	30.54%	1.80%

S. No.	Particulars	Current Year			Previous Year		
		Quantity M. Ton	Rate per unit	Amount	Quantity M. Ton	Rate per unit	Amount
			Rs.	(Rs. In 000's)		Rs.	(Rs. In 000's)
1	2	3	4	5	6	7	8
1	Water						
2	Fuels:						
	(a) Baggase:						
	(i) Own. (Tons)	171,717	987.97	169,651	160,694	226.14	36,339
	(ii) Purchased. (Tons)		-	-		-	-
	(b) Pith.		-	-		-	-
	(c) Coal purchased.		-	-		-	-
	(d) Furnace Oil. (tons)		38.27	17,887		-	-
	(e) Fire Wood. (tons)		0.93	436		0.47	209
	(f) Bio Gas. (cu/mtrs)		-	-		-	-
	(g) Other fuels, if any (to be specified)		-	-		-	-
3	Quantity of waste heat from the plant, if any.		-	-		-	-
	Stores and spares		-	-		16.18	7,141
4	Consumable stores. (Annex 5)		1.23	573		1.60	708
5	Direct salaries, Wages and benefits. (Annex 6)		20.36	9,518		21.76	9,604
6	Repairs and Maintenance.		1.16	540		0.70	309
7	Oil & Lubricants		12.04	5,628		0.35	153
8	Other direct expenses (Annex 9)		0.43	199		0.57	253
9	Baggase handling		6.37	2,979		6.20	2,737
10	Depreciation.		38.29	17,898		42.52	18,772
11	Total Cost of Steam Raised.		482.01	225,309		172.67	76,225
12	Less: Outside sale.		-	-		-	-
13	Total Cost of Steam for Self Consumption.		482.01	225,309		172.67	76,225
	Add: Cost of steam purchased.		-	-		-	-
	Total Cost of Steam Consumed.		482.01	225,309		172.67	76,225
	ALLOCATION						
	Total of item 13 allocated to:						
	(i) White bagged sugar. Annex-1			148,119			69,354
	(ii) Electric powerhouse. Annex-8			4,824			2,214
	(iii) Distillery			72,366			4,657
	Total			225,309			76,225

Notes:

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


Chief Financial Officer


Chief Executive


AL-ABBAS SUGAR MILLS LIMITED
STATEMENT OF COST OF ELECTRIC POWER PURCHASED / GENERATED AND CONSUMED
FOR THE YEAR ENDED SEPTEMBER 30, 2011

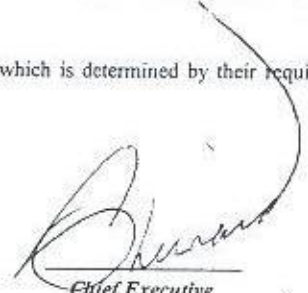
S. No	Particulars	Current Year 2011	Previous Year 2010	Variance
1	Installed Capacity (KWH)	65,880,000	65,880,000	-
2	No. of units generated (KWH)	20,291,000	19,117,000	1,174,000
3	No. of units purchased (KWH)	-	100,600	(100,600)
4	Total (2+3).	20,291,000	19,217,600	1,073,400
5	Consumption in Power House including other losses	355,092	336,308	18,784
6	Net units consumed (4-5)	19,935,908	18,881,292	1,054,616
7	Percentage of Consumption and losses to total units Available = $5/4 * 100$	1.75%	1.75%	0.00%
8	Percentage of power generated to installed capacity $2/1 * 100$	30.80%	29.02%	1.78%

S. No	Particulars	Current year			Previous year		
		Quantity	Rate Rs. / Kwh	Amount (Rs. In	Quantity	Rate Rs. / Kwh	Amount (Rs. In 000's)
1	2	3	4	5	6	7	8
		2011			2010		
1	Steam (Annex 7).	-	0.24	4,824	-	0.12	2,214
2	Consumable Stores.(Annex 5)	-	0.04	792	-	0.05	978
3	Stores and Spares	-	-	-	-	0.05	1,005
4	Oil & Lubricants	-	-	-	-	0.01	141
5	Salaries and Wages. (Annex 6)	-	0.99	19,831	-	0.71	13,431
6	Other direct expenses.(Annex 9)	-	-	-	-	-	-
7	Repairs and maintenance.	-	0.09	1,855	-	0.08	1,492
8	Duty on electricity and inspection fee	-	-	-	-	-	-
9	Depreciation.	-	0.41	8,139	-	0.30	5,580
	Total	-	1.78	35,441	-	1.32	24,841
10	Less:						
	(a) Credit for exhaust steam used in process etc.	-	-	-	-	-	-
	(b) Other credits, if any.	-	-	-	-	-	-
11	Cost of power generated	-	1.78	35,441	-	1.32	24,841
12	Less: Cost of power sold	-	-	-	-	-	-
13	Add: Cost of power purchased	-	-	-	-	17.57	1,768
14	Total net cost of power consumed	19,935,908		35,441	18,881,292		26,609
15	Average cost per unit average			1.78			1.41
	Total at item 15 allocated to:						
	(i) White bagged sugar (Annexure-1)			30,998			19,336
	(ii) Distillery			3,999			6,831
	(iii) Others:			445			442
	Total			35,442			26,609

Notes:

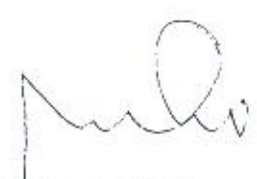
- 1 Cost allocated on the basis of estimated consumption by cost centers, which is determined by their requirement of power on different levels of operation.



Chief Financial Officer


Chief Executive

AL-ABBAS SUGAR MILLS LIMITED
STATEMENT SHOWING OTHER FACTORY OVERHEADS
FOR THE YEAR ENDED SEPTEMBER 30, 2011

S. No.	Particulars	Current Year		Previous Year	
		Rupees in '000	Cost per M/Ton of Sugar	Rupees in '000	Cost per M/Ton of Sugar
1	2	3	4	5	6
	Total Sugar Produced (M.Tons):		60,395		57,130
	Cost:				
1	Security services	3,163	52.37	2,840	49.71
2	Printing and stationery	215	3.56	210	3.68
3	Vehicle running expenses	3,386	56.06	4,815	84.28
4	Insurance expenses	6,777	112.21	9,097	159.23
5	Traveling and conveyance	2,149	35.58	4,309	75.42
6	Communication charges	506	8.38	443	7.75
7	Fees and subscription	271	4.49	356	6.23
8	Newspaper and periodicals	49	0.81	47	0.82
9	Entertainment	2,453	40.62	2,260	39.56
10	Miscellaneous expenses	1,578	26.13	582	10.19
11	Total	20,547	340.21	24,959	436.88
	Allocated to:				
	(i) White bagged sugar. Annex-1	20,109	332.96	24,399	427.08
	(ii) Cane field Annex- 3	239	3.95	307	5.37
	(iii) Steam generation. Annex-7	199	3.29	253	4.43
	(iv) Electric power house. Annex-8		-	-	-
	Total as per item 12 above	20,547	340.21	24,959	436.88



 Chief Financial Officer


 Chief Executive

AL-ABBAS SUGAR MILLS LIMITED
STATEMENT SHOWING ADMINISTRATIVE EXPENSES
FOR THE YEAR ENDED SEPTEMBER 30, 2011

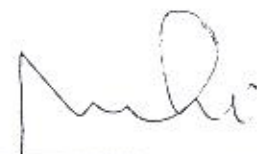
S. No.	Particulars	Current Year		Previous Year	
		Rupees in '000	Cost per M/Ton of Sugar	Rupees in '000	Cost per M/Ton of Sugar
1	2	3	4	5	6
		2011		2010	
1	Total Sugar Sold (M-Tons).		48,495		63,227
	Cost:				
2	Salaries, Wages and Benefits (Annex 6)	26,468	545.79	23,551	372.48
3	Rent, rates and taxes	4,197	86.55	2,066	32.68
4	Communication charges	1,088	22.44	1,591	25.16
5	Traveling and conveyance	975	20.11	1,964	31.06
6	Printing and stationery	570	11.75	584	9.24
7	Entertainment	1,338	27.59	808	12.78
8	Consultancy charges	-	-	-	-
9	Vehicle running expenses	5,261	108.49	4,827	76.34
10	Repairs and maintenance	1,890	38.97	3,067	48.51
11	Insurance	1,084	22.35	1,525	24.12
12	Fees and subscription	1,947	40.15	678	10.72
13	Legal and professional charges	1,539	31.74	1,855	29.34
14	Auditors' remuneration	666	13.73	407	6.44
15	Charity and donations	278	5.73	220	3.48
16	Newspaper and periodicals	27	0.56	31	0.49
17	Utilities	1,798	37.08	2,665	42.15
18	Depreciation	4,526	93.33	7,175	113.48
19	Amortization expense	5,078	104.71	3,714	58.74
20	Miscellaneous expenses	839	17.30	1,588	25.12
	Total of "Administrative expenses" Transferred to production processes (Annex 1).	59,569	1,228.35	58,316	922.33



Chief Financial Officer


Chief Executive

AL-ABBAS SUGAR MILLS LIMITED
 STATEMENT SHOWING SELLING EXPENSES
 FOR THE YEAR ENDED SEPTEMBER 30, 2011

S. No.	Particulars	Current Year		Previous Year	
		Rupees in '000	Cost per M/Ton of	Rupees in '000	Cost per M/Ton of
1	2	3	4	5	6
		2011		2010	
1	Total sugar sold (M-Tons).		48,495		63,227
2	Cost:				
	Sugar bags handling expenses	6,108	125.95	2,382	37.67
	Marking fees	3,202	66.03	3,401	53.79
	Sales promotion	106	2.19	300	4.74
	Others	184	3.79	1,552	24.55
	Total	9,600	197.96	7,635	120.76


 Chief Financial Officer


 Chief Executive


AL-ABBAS SUGAR MILLS LIMITED
STATEMENT SHOWING PRODUCTION CAPACITY OF THE PLANT
FOR THE YEAR ENDED SEPTEMBER 30, 2011

	Machine hours	
	2011	2010
Total capacity (based on duration of crushing period)	3,287	2,913
Actual utilization of machine hours	2,426	2,445
Hours lost	<u>861</u>	<u>468</u>
	Production units	
	M.Tons	
Total capacity (based on duration of crushing period)	105,270	95,940
Actual Production tonnes	60,395	57,130
Under utilization	<u>44,875</u>	<u>38,810</u>

Notes:

1. Non utilization of machine hours is due to shortage of cane and stoppage for various reasons as described in RT-4.
2. The total capacity in production unit is based on 10.17% (2010: 10.40%) recovery which is actual recovery for the crushing season. The under utilization of installed capacity in relation to production unit is due to non availability of sugarcane for crushing.


 Chief Financial Officer


 Chief Executive

AL-ABBAS SUGAR MILLS LIMITED
STATEMENT SHOWING STOCK IN TRADE
AS AT YEAR ENDED SEPTEMBER 30, 2011

	2011		2010		2009	
	Quantity (M.Tons)	Amount (in 000's)	Quantity (M.Tons)	Amount (in 000's)	Quantity (M.Tons)	Amount (in 000's)
Work in process	388	19,416	97	4,444	63	1,717
Finished Stock	29,343	1,547,374	7,146	392,960	13,243	389,841

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

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



 Chief Financial Officer



 Chief Executive

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

	2011	2010
	Rupees in '000'	
Total cost of goods manufactured as per (Annexure 1)	4,275,132	3,073,578
Add: Packing material consumed charged to manufacturing cost as per financial accounts (Annexure 1)	28,967	18,215
Less: Transfer price of baggase	(182,884)	(32,661)
Transfer price of molasses, stock and sale of baggase	(279,650)	(207,420)
Total cost of goods manufactured as per financial accounts	<u>3,841,565</u>	<u>2,851,712</u>
Total cost of sales as per (Annexure 1)	<u>2,687,151</u>	<u>2,848,593</u>
Total cost of goods sold as per financial accounts	<u>2,687,151</u>	<u>2,848,593</u>