Annual Report
for the year ended 30 September 2008

What makes JDW, JDW?

Bond with Growers

Innovative Corporate Farming

Skills Up-gradation

Community Empowerment

JDW Sugar Mills Limited

Moving Ahead Together

Before bringing life to a vision we have to see it first. And for that we need people who specialize in seeing the impossible. Here at JDW, we are proud of the visionary men we have who take up the responsibility of creating opportunities for the future, not only for our company but for the whole community we operate in.

We believe life is about the betterment of the human condition; it's about social awareness, and random acts of kindness that weave the soul of humanity. Together, we all participate in weaving the social fabric; we should all therefore be patching the fabric when it develops holes. The change has begun, here at JDW, as we have started to unpack the challenges that encounter us, realizing that we each have a role that requires us to change and become more responsible for shaping our community and creating magic under JDW's vision. A vision in which everyone is benefited, be it our shareholders, the farmers or you.

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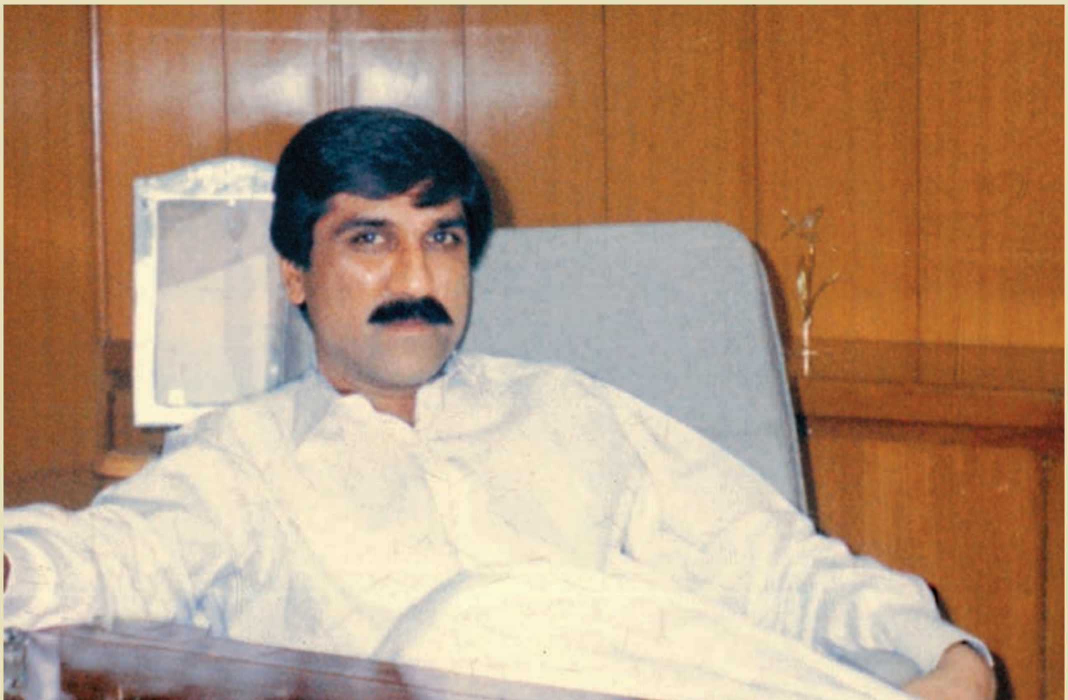
Chairman & Directors



Syed Ahmed Mahmud - *Chairman*

Rana Nasim Ahmed - *Resident Director*

Jahangir Khan Tareen - *Director*

Muhammad Rafique - *Executive Director Finance & Company Secretary*

Company Information

Directors

Syed Ahmed Mahmud
Chairman

Mrs. Amina Tareen
Chief Executive

Mr. Jahangir Khan Tareen
Mrs. Sameera Mahmud
Mr. Asim Nisar Bajwa
Mr. Muhammad Ismail
Mr. Abdul Ghaffar

CFO & Company Secretary

Mr. Muhammad Rafique

Audit Committee

Mr. Jahangir Khan Tareen
Chairman

Syed Ahmed Mahmud
Secretary

Mr. Muhammad Ismail
Member

Auditors

M/s KPMG Taseer Hadi & Co.
Chartered Accountants

Registrar

Corplink (Pvt.) Ltd.

Legal Advisors

Cornelius, Lane & Mufti

Bankers

Habib Bank Ltd.
MCB Bank Ltd.
Faysal Bank Ltd.
United Bank Ltd.
Allied Bank Ltd.
National Bank of Pakistan
The Bank of Punjab
Standard Chartered Bank Pakistan Ltd.
Saudi Pak Commercial Bank Ltd.

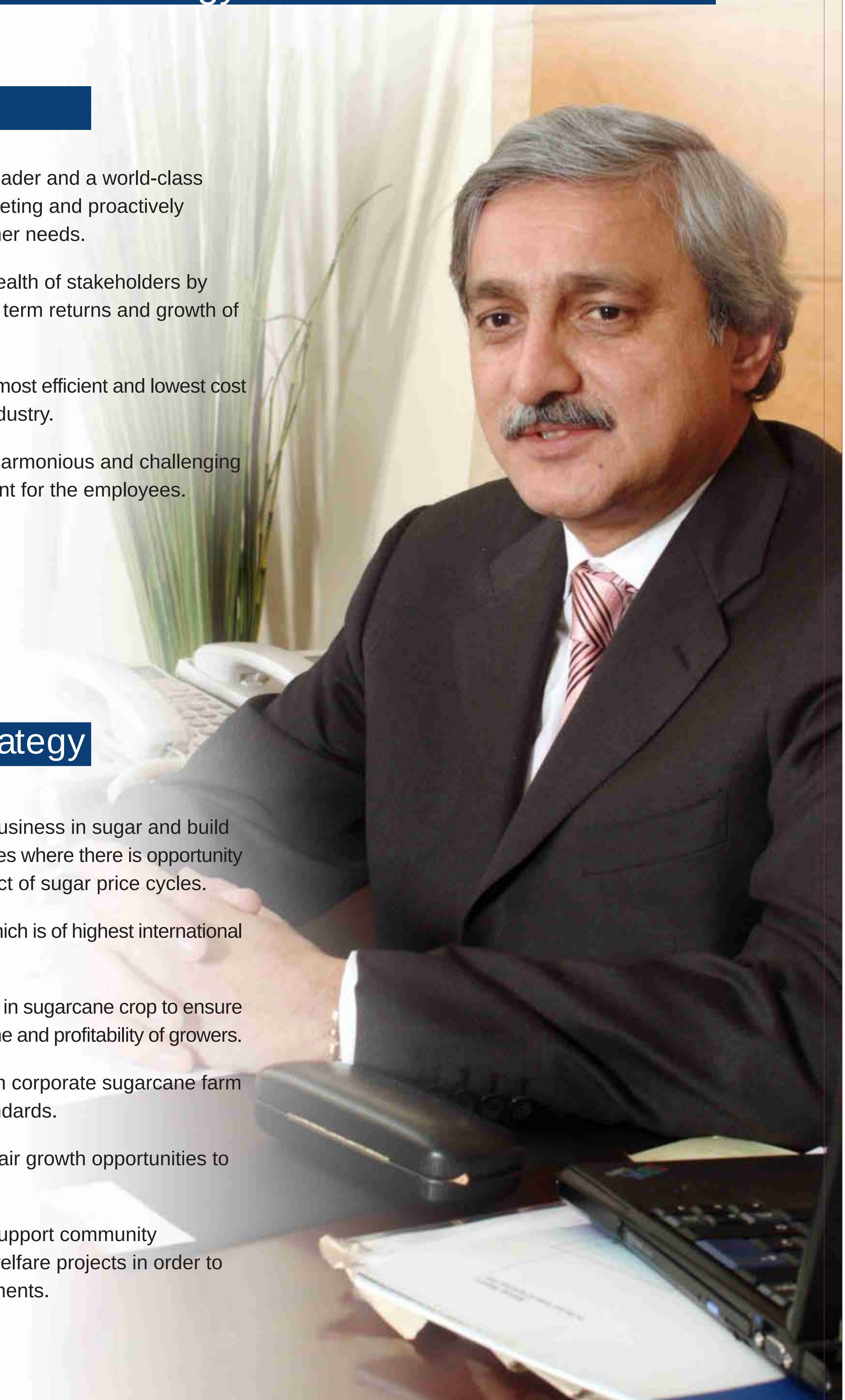
Registered Office

17-Abid Majeed Road, Lahore Cantt.,
Lahore.

Mills

Mauza Shirin, Jamal Din Wali,
Distt. Rahim Yar Khan.

Vision, Mission & Strategy



Mission

- To be the market leader and a world-class organization by meeting and proactively anticipating customer needs.
- To maximize the wealth of stakeholders by optimizing the long term returns and growth of the business.
- To be amongst the most efficient and lowest cost producers in the industry.
- To ensure a safe, harmonious and challenging working environment for the employees.

Corporate Strategy

- To grow our base business in sugar and build those related activities where there is opportunity to smooth the impact of sugar price cycles.
- To produce sugar which is of highest international standards.
- To make investment in sugarcane crop to ensure regular supply of cane and profitability of growers.
- To establish modern corporate sugarcane farm of international standards.
- To offer equal and fair growth opportunities to all employees.
- To undertake and support community development and welfare projects in order to fulfil social commitments.

Notice of Annual General Meeting

Notice is hereby given that 19th Annual General Meeting of JDW Sugar Mills Limited (the "Company") will be held at Avari Hotel, Lahore on Saturday, 31st January, 2009 at 10:30 a.m. to transact the following business:

1. To confirm the minutes of the Extra Ordinary General Meeting held on 31st December, 2008.

2. To receive, consider and adopt the audited accounts of the company for the year ended 30th September, 2008 together with Directors' and Auditors' Reports thereon.

3. To approve a cash dividend @ 35 % i.e Rs. 3.50 per share and Bonus shares @ 15 % i.e. 1.5 shares for every 10 shares for the year ended 30 September 2008 as recommended by the Directors.

4. To appoint Auditors of the Company for the year 2008-09 and fix their remuneration. The retiring Auditors M/s KPMG Taseer Hadi & Co. Chartered Accountants, being eligible, have offered themselves for reappointment as Auditors of the Company.

Special Business:

5. Increase in authorized capital;

   To increase the authorized capital of the Company by Rs. 100 million and accordingly amend the Memorandum of Association of the Company by passing the following resolutions, with or without modification, addition or deletion, as special resolutions;

   "RESOLVED THAT the authorized capital of the Company be increased from Rs.400,000,000 (divided into 40,000,000 ordinary shares of Rs. 10 each) to Rs.500,000,000 (divided into 50,000,0000 ordinary shares of Rs. 10 each) by creation of 10,000,000 ordinary shares of Rs.10 each.

   FURTHER RESOLVED THAT the Memorandum of Association of the Company be altered by substituting the figures and words "400,000,000 (Rupees four hundred million)" and "40,000,000" appearing in clause V, with the figures and words "500,000,000

(Rupees five hundr ed million)" and "50,000,000" respectively.

6. To transact any other business with the permission of the Chairman.

By Order of the Board

(Muhammad Rafique)
Company Secretary

Lahore: January 09, 2009

NOTES:

1. The share transfer books of the company will remain closed and no transfer of shares will be accepted for registration from 24th January, 2009 to 31st January, 2009 (both days inclusive).

2. A member entitled to attend and vote at the General Meeting may appoint another member as his/her proxy to attend and vote instead of him/her at the meeting. Proxies must be deposited at the Company Registered Office not less than forty eight hours before the time of holding the meeting.

3. Any individual beneficial owner of CDC, entitled to vote at the General Meeting, must bring his/her NIC with his/her to prove his/her identity, and in case of proxy, attested copy of share holder's NIC must be attached with the proxy form. The representative of corporate member should bring the usual documents required for such purpose.

4. Members are requested to notify immediately the change of address to our Company Registrar, Corplink (Pvt) Limited, Wings Arcade, I-K Commercial, Model Town, Lahore.

Operating Highlights

Production Data		2003	2004	2005	2006	2007	2008
Season started	Date	15-Nov-02	11-Nov-03	31-Oct-04	14-Nov-05	17-Nov-06	19-Nov-07
Season closed	Date	03-May-03	25-Apr-04	23-Mar-05	18-Mar-06	12-Apr-07	1-May-08
Days worked	Days	170	167	143	125	147	165
Average daily crushing	M.Tons	6,437	7,089	9,069	10,510	12,860	17,239
Sugar cane crushed	M.Tons	1,094,212	1,183,944	1,296,893	1,313,812	1,890,482	2,844,395
Sugar recovery	% age	10.04	10.55	10.45	10.44	10.35	10.16
Sugar production	M.Tons	109,875	124,856	135,490	152,256	195,586	288.949
Molasses recovery	% age	4.53	4.56	4.56	4.20	4.09	4.66
Molasses production	M.Tons	49,594	53,984	54,154	55,655	77,311	134,817

Operating Results		2003	2004	2005	2006	2007	2008
Gross sales		1,926,044	2,057,538	3,194,271	4,870,455	4,877,194	7,115,098
Net sales		1,650,911	1,890,182	2,792,474	4,226,410	4,237,941	6,166,723
Cost of sales		1,353,417	1,471,980	2,147,392	3,268,823	3,536,948	4,940,989
Administrative, distribution & marketing		38,150	64,506	75,381	107,617	104,489	191,943
Interest expense		93,080	69,341	172,857	389,362	558,358	560,645
Other income/(loss)		317	1,185	(12,328)	(11,508)	68,245	(21,456)
Profit before taxation		158,252	271,263	365,291	424,513	106,390	451,690
Profit after taxation		149,998	261,806	344,395	366,209	70,639	350,751
Basic earnings per share	Rs.	7.29	11.57	13.23	11.72	1.85	9.20
Dividend – cash	%	20	25	30	30	–	35
– bonus	%	–	10	15	20	20	15

Corporate Farming in Pakistan

The corporate farming concept was further refined at JDW Sugar Mills Ltd in 2008. This large and expanding corporate farming identity, comprising of JK Agri Farms and AK Agri farms, is now a farming leader within the Asian subcontinent.

The corporate farms function as separate entities and supply cane to the mills under a contractual agreement. The combined corporate farms will harvest over 17,000acres in the 2008/2009 season, with an expected yield exceeding 550,000 tonnes.

Innovative science and the continual adoption of new technology is helping drive the successful expansion of the corporate farms. This broadminded approach to farming is based on efforts to continually benchmark farming operations against international "Best Management Practices".

Farming practices are focused on achieving yields that are both sustainable and profitable. An understanding of the cropping potential of each farm drives the agronomy strategies of the corporate farms.

The successful strategies pioneered on the corporate farms are extended to the surrounding farming communities, which is improving farmer profitability and therefore reliability of cane supply to JDW Sugar Mills.

Corporate Farm Activities

Research and Development

- Varietal Screening and Selection program
- Soil and Water Testing Laboratory
- Bio-laboratory Facility
- Transfer of Technology
- New agronomy development

Corporate Farming in Pakistan

Agronomy Development

The adoption of new technology and the progressive modification of this technology and agronomic strategies to suit local conditions is essential to the corporate farm's success.

Agronomic Strategies are focused on;

- maximizing sugar production
- extending ratoon life
- minimizing lodging
- improving irrigation efficiency
- rationalizing tillage operations
- improving harvest and transport activities

Mechanization

The operation of large corporate farms cannot be managed efficiently unless key operations are either mechanized or supplemented with mechanization. Mechanization has required an increase in tractor horsepower. The progressive upgrade of tractors to higher capacity 4WD models is essential in order to operate the larger and more efficient farming equipment.

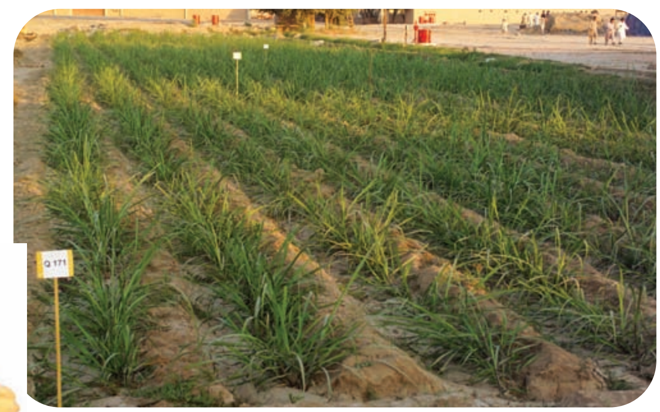
Improving farm layout design is essential to achieving farming efficiencies with new technologies such as mechanized harvesting and the larger tractor operations.

The corporate farm continues to investigate the best available mechanized technologies in the world to create synergies with the corporate farm's manual labour force.

Mechanised operations include;

Planting: semi-mechanized planting techniques.
Fertilizing (2 and 3 row coulter applicators)
Gypsum Spreading
Interrow herbicide spraying
High clearance tractor spraying
Carbofuran application
Harvesting

JK Agri Farms currently operates 9 harvesters and has the capacity to mechanically harvest over 300,000 tonnes of cane or over 10,000ac per season. In late season harvesting the green cane trash is retained to enable zero tillage ratooning programs.
The mechanical harvest and transport system continues to evolve into a world class operation as ef ficiencies improve with new innovations, impr oved infrastructure and improved far



Corporate Farming in Pakistan

JK Agri Farms has a strong focus on improving irrigation efficiency. Over irrigation in Pakistan with poor quality tube well water has historically lead to serious soil degradation. All gr ound water sour ces are constantly tested at the JDW Laboratory to ensure only fit irrigation water is applied.

Farm blocks ar e laser levelled with slope to enable improved irrigation efficiencies, significantly longer row lengths without bunds, and increased yield potential.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MASSEY FERGUSON
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MASSEY FERGUSON

Social Responsibility

The unique socio-economic programs created by JDW Sugar Mills to raise incomes and standards of living of local communities, have continued in 2008. Programs that were originally initiated as pilot projects, now play a key role in sustaining economic development of the immediate agricultural region. The programs utilize strong social & cultural bonds to harness the true potential of communities living in the rural areas.

JDW Sugar Mills 'social responsibility' programs take a holistic approach to socio-economic problems and therefore deal with a much wider range of issues and communal groups than traditional single focus programs.

Programs

1. Sugarcane Productivity Enhancement Project (SPEP)

This program is a truly multi-stakeholder project as it involves partnership between farming communities, private sector (JDW Sugar Mills Ltd.) and a non-profit organization (National Rural Support Programme).

SPEP has been designed to enhance small farm (<20 acres) profitability through agriculture & livestock extension services and provision of credit without collateral. The COs receives SPEP support from a professional team consisting of a social organizer, an agricultural extension officer, and a veterinary officer.

With continued support from JDW Sugar Mills, NRSP expanded its operation from 19 to 44 union councils. The number of active Community Organizations (COs) has now grown in 2008 to 1,341 with a membership of 17,206 farmers.

The main features of the SPEP include: -

- Social mobilization and organization of the rural poor into Community Organizations.

- Provision of agricultural extension services. Agricultural graduates employed by JDW Sugar Mills provide services through direct advice in CO meetings, published literature and farm visits.

- Credit facility from JDW Sugar Mills and NRSP for purchase of seed and other agricultural inputs on guarantee of the CO.

- Small farmers have access to farm machinery provided by JDW Sugar Mills on subsidy and credit.

JDW Sugar Mills invested Rs 27.4 million in 2007-2008 to support this programme. In addition, credit to the tune of Rs 213 million has been disbursed by the NRSP to raise the productivity & income of the farming communities.

2. Large Cane Grower Program

As a result of the success of SPEP, JDW Sugar Mills has decided to launch a new campaign to support large cane growers. Farmers in this gr oup can access a range of facilities provided by JDW Sugar Mills including;

- Technical advice on large scale cane growing from the JK Agri Solutions Extension Services.
- Easy access to credit.
- Subsidized agricultural machinery.
- Special loan facility for installing turbine irrigation system.

Farmers are taking advantage of this specialized program to improve their farming systems, which in turn is assisting the mills to improve cane supply.

3. Livestock Development Program (LDP)

SPEP management realizes that any effort in livestock productivity enhancement would directly benefit the poor in generating sustainable and reasonable incomes. Under this program DVMs and Veterinary Assistants provide CO members with services such as vaccinations, treatment of sick animals, advice on animal fattening, advice on enhancement of milk production and artificial insemination.

The approach used in this project has been replicated in the "Prime Minister's Special Initiative for Livestock" by the federal departments for national implementation under various RSPs. At present seven Veterinary Clinics under this project are working in Rahim Yar Khan region.




Social Responsibility

4. Women Development Program (WDP)

The Women's Development Program was initiated in the rural areas of SPEP to develop small business skills. Women in these rural areas can now benefit from the various programs run by NRSP. The project, which has so far organized 206 COs and encouraged membership of 2,172 women, has enabled women to access credit (Rs 57.8 million) and small business training facilities. Through these programs, women have been able to provide significantly improved income support to their households.

5. Support to Vocational Training Institutes

JDW Sugar Mills actively supported the establishment of vocational training Institutes in Jamal Din Wali, Roshan Bhait and Sheikh Wahan. JDW Sugar Mills provided Rs 1.76 million for setting up of these Institutes. These Institutes are currently providing training in trades that include dress making, embroidery, repair and maintenance of electrical home appliances, tractor mechanic and computer operator. Most of the graduates now have an opportunity to generate income through self employment in the market.

6. Quality Education for All (QEFA) "Rasool Pur Union Council"

In 2002-03, the District Government Rahim Yar Khan took a bold initiative in education sector and handed over the management of all the primary schools of Rasool Pur Union Council to NRSP. JDW Sugar Mills fully supported this initiative and provided operational, financial and logistic support to the project. The local community was mobilized & fully involved in the management of schools. The following additional tasks were given to them:-

- Raising funds for provision of lacking facilities.
- Reducing the drop outs and increasing enrollment.
- Reducing teacher's absenteeism.

The project has been a resounding success in terms of efficient management of schools, increase in student enrolment, and reduction in drop out ratio, provision of basic facilities and involvement of local communities in monitoring performance of school administration. Since initiative commenced, an amount of Rs 17.8 million has been provided by JDW Sugar Mills for the up gradation of schools. The officers of the World Bank and Government of the Punjab visited these schools and appreciated the "New School Management Approach" adopted in "Rasool Pur Union Council". The Punjab Education Sector Reforms Project (PESRP) launched in 2005-06 has been modeled on the lessons learnt from "Rahim Yar Khan Model".

Biogas Plants

Currently the world is experiencing a gr owing fuel crisis, with the developing countries most sever ely affected. Understanding the need to develop a cheap renewable and sustainable energy source, NRSP with financial support from Jamal Din Wali Sugar Mills (JDW-SM), has introduced an innovative technology for producing biogas fuel at the household level. The biogas system is likely to replace the currently unaffordable kerosene oil and cylinder gas option as cooking fuel for the poor rural households. It is also expected that the 'eco-friendly' biogas system will, in time, replace the traditional fire-wood fuel systems that are both damaging to the environment and to peoples health.

Biogas Plant Cost

Biogas Plants	Community Share	JDW-Sugar Mills Share
100	Rs. 740,000	Rs. 3,380,000

Biogas Plant Completion View

Social Responsibilities

Primary Healthcare Project

In the larger public interest JDW Sugar Mills Ltd. has taken the initiative to provide health facilities in the remote areas of District Rahim Yar Khan. In the first phase it has launched 4 new dispensaries which ar e attached with the Chief Minister's Primary Healthcare Programme.

Sr. No.	Dispensary	Union Council	Total Cost Rs.
1	Malik Pur	Akram Abad	700,000
2	Sheikh Wahan	Bahudi Pur Qureshian	700,000
3	Ranjhay Khan	Ranjhay Khan	1,000,000
4	Muslim Abad	Kot Karam Khan	600,000
			Grand Total: 3,000,000

The dispensaries at Malik Pur and Sheikh Wahan have been completed, with the dispensaries at Ranjhay Khan and Muslim Khan to be completed shortly.

All dispensaries are attached with local BHU and more than 100 patients are being looked after daily by qualified staff. All problems regarding Primary Health are covered and PRSP monitors the functions and management.

Lodhran Pilot Project (LPP)

In order to provide a healthy environment, JDW Sugar Mills has provided Rs. 1.1 million to the LPP to rehabilitate the sewerage system of Basti Shah Pur, Union Council Jamal Din Wali. Public involvement is encouraged to ensure the system is maintained on a daily basis.

Water Filtration Plants

Water, in the rural areas, is rapidly becoming unfit for drinking. This problem is causing serious health problems all over the country.

To resolve this problem, JDW Sugar Mills Ltd. has commenced a program of developing water filtration plants (Reverse Osmosis System) for the community. At least 500 families are now benefiting from the water filtration plants daily.

Sr. No.	Village	Union Council	Total Cost Rs.
1	Awami Colony	Sadiq Abad Deh	825,000
2	Lakar Wali	Roshan Bhait	1,050,000
			Grand Total: 1,875,000

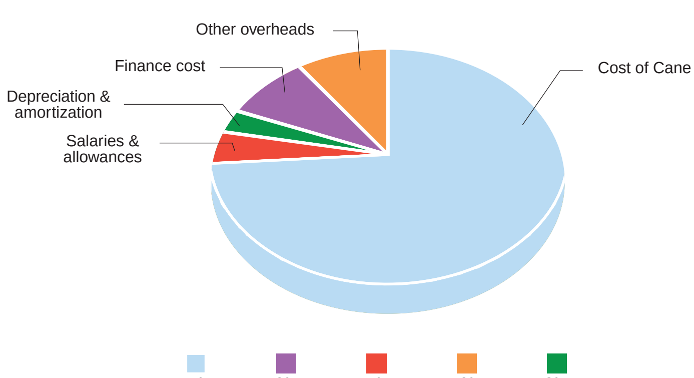
Directors' Report

It gives me pleasure in presenting you the company's 19th Annual Report and Audited Accounts for the year ended 30 September 2008.

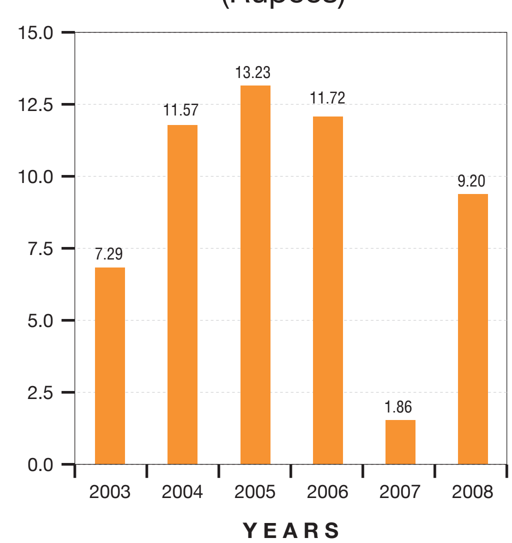
The operating and financial results for the year under review are summarized below:

Operating Results		2008	2007
Crushing days	Days	165	147
Cane crushed	Tons	2,844,395	1,890,482
Avg. Crushing per day	Tons	17,239	12,860
Sucrose recovery	%age	10.16	10.35
Sugar produced	Tons	288,949	195,586
Molasses recovery	%age	4.66	4.09
Molasses production	Tons	134,817	77,311

EXPENDITURES' ALLOCATION



EARNINGS PER SHARE
(Rupees)



The comments of the directors on these results are as under:

- With average crushing of 17,239 tons per day Mills was operated for 165 days during the period under review as against 147 days with average crushing of 12,860 tons per day last year.

- Sucrose recovery achieved this year was 10.16 % which is slightly lower than last year. This was due to multiple days of frost which damaged the standing sugar cane crop. However, it was still the 5th highest achieved by any Mills in the country. It is pertinent to mention that during period under review the highest recovery of any mill in the country, i.e., 10.55%, was achieved by Ghotki Sugar Mills (Pvt.) Limited, a subsidiary of the company (the incdence of frost in Ghotki district was much less than in RYK district). United Sugar Mills Limited, a subsidiary company also achieved 10.15 % sucrose recovery which was the 6th highest in ranking. For crushing season 2007-08 the industry's average recovery was 8.98 % whereas average sucrose recovery in Punjab was 8.93 %, NWFP 7.62 % and Sindh 9.33 %.

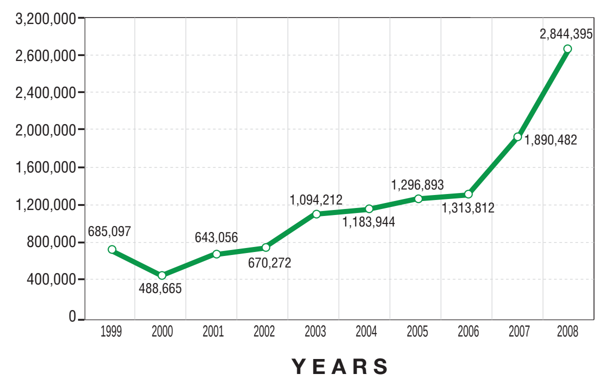
- Sugar production achieved this year is 48 % higher than last year. This is the highest production ever achieved by the company since its inception and 2nd highest was achieved last year. Since 2001-02 the company is showing continuous growth in sugar production which is attributable to untiring efforts of the whole management team and continuation of farmers' friendly policies.

Financial indicators

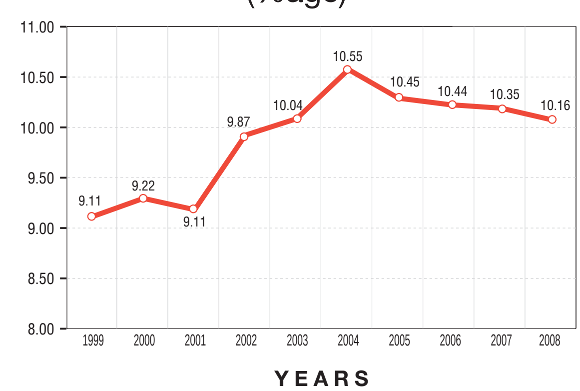
An analysis of the key operating results is given below:

	2008	2007
	(Rs. in million)	
Gross Sales	7,115	4,877
Net Sales	6,167	4,238
Operating profit	1,012	665
Profit before tax	452	106
Profit after tax	351	71
Basic earnings per share	9.20	1.86

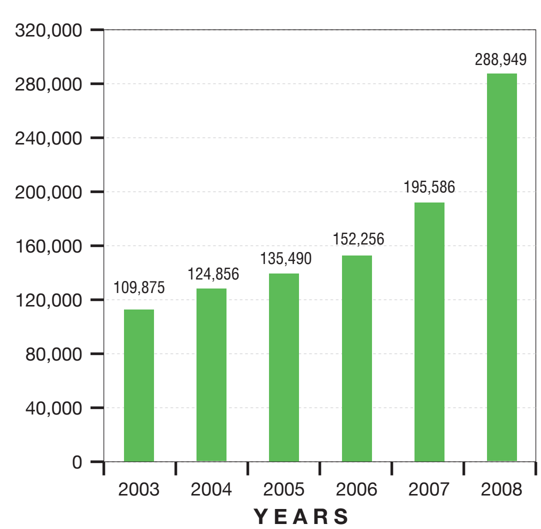
SUGAR CANE CRUSHED
(M. Tons)



SURCROSE RECOVERY
(%age)



SUGAR PRODUCTION
(M. Tons)



Directors' Report

With sale of 88% of the opening stocks and current year's production the Company has earned a net profit after tax amounting to Rs. 351 million as against profit of Rs. 71 million last year. The basic earnings per share have increased from Rs. 1.86 to Rs. 9.20. The gross profit ratio has also increased to 20% from 17%. Substantial increase in sugar production as stated above and purchase of sugarcane at support price throughout the crushing season were the main reasons for better financial results despite unfavorable sugar prices throughout the year and the lower recovery due to frost.

There has been Rs. 69 million increase in distribution & marketing expenses which is mainly due to freight & handling expenses incurred on export of sugar.

Other points of your interest are summarized below:

- For crushing season 2008-09 mills was started on 23 November 2008. Production results are expected to be lower by at least 30 % compared with last year due to substantial decrease in area under sugarcane cultivation. Damage of crop by frost which led to reduction of the ratoon crop, the non-availability of water and substantial increase in the support prices of competing crops such as wheat, rice and cotton were the main reasons for reduction in sugarcane crop.

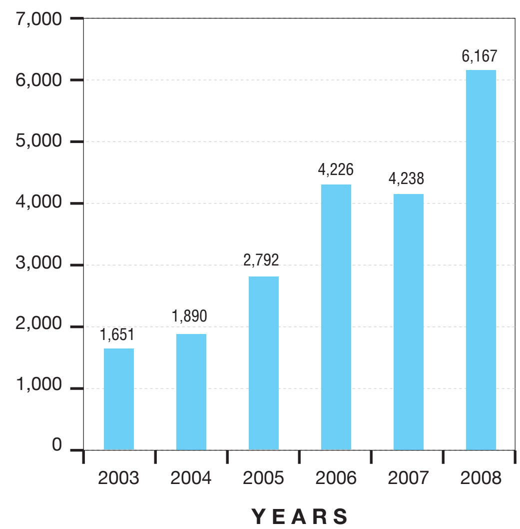
- As compared to the corresponding period the balance sheet size of the company has increased from Rs. 7.2 billion to Rs. 7.9 billion.

- The company continued its policy of prompt payment to growers. Immediately after the close of the crushing season 2007-08 the company had fully paid the balance payment of the cane procurement.

- The current and debt equity ratios of the company have improved compared with last year and the company is fulfilling its financial obligations with all the financial institutions.

- During period under review the company initiated the process of debt re-profiling of Rs. 2.200 billion in January 2008 through MCB Bank Limited being the lead arranger which was successfully completed in June 2008. The tenor of new debt is six years including 18 months grace period and mark up rate is 3MK+125bps. This re-profiling of debt has resulted in saving financial charges and improving liquidity position of the company.

NET SALES
(Rupees in Million)



Dividend

In view of the better profitability of the company the Board of Directors has recommended 35% cash dividend and 15% bonus shares subject to approval of the shareholders in the annual general meeting.

Appropriation of Profit

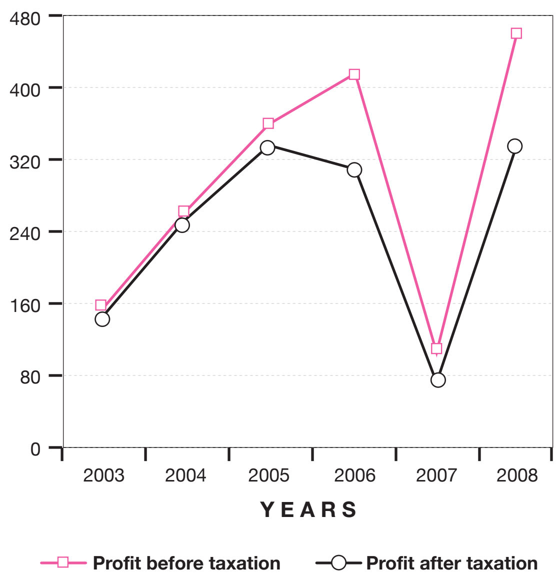
The following appropriations were made during the current year.

	2008 (Rs. in thousand)
Profit after taxation	350,751
Un-appropriated profit as at 01 October 2007	855,914
	1,206,665
Appropriations during the year	
Final cash dividend for the year ended 30 September 2007	–
Bonus shares issued at the rate of 20%	(63,542)
Balance as at 30 September 2008	1,143,123

Subsequent Effects

The Board of Directors of the Company in their meeting held on 09 January 2009 has proposed the following:	
Final cash dividend for the year ended 30 September 2008 of Rs. 3.50 (2007: Rs. Nil) per share	133,439
Bonus shares at the rate of 15% (2007: 20%)	57,188
	190,627

PROFITABILITY
(Rupees in Million)



Relationship with Growers

The company enjoys cordial relationship with the farmers' community as it considers the growers to be its backbone. To maintain and further strengthen the relationship, the company always gives priority and endeavors to;

- Consistently follow the policy of timely payments of sugarcane to growers.
- Fulfill farmers' financial requirements by providing them loans from own sources & by arranging loans for them from banks and also through different financial schemes of National Rural Support Programme (NRSP).
- Procure and provide latest agricultural equipments for the growers on subsidy easy installment basis.
- Enhance technical skills through various extension and advisory programmers.
- Provide better quality and better yield varieties of sugarcane resulting in increased productivity in sugarcane yield per acre.

Future Outlook

As stated earlier, for crushing season 2008-09 the company has already started crushing on 23rd November and sugar production expected this time will be at least 30 % less than last year due to substantial decrease in sugarcane crop. On overall country basis the reduction in sugar production will be even higher. The support price of sugarcane has been increased by 33.33 % from Rs. 60 to Rs. 80 per 40 kg. The rate of road cess contribution has also been enhanced. General inflationary trend, substantial increase in mark up rates and increase in minimum wage will result in increasing the costs in coming years. However, the silver lining is that sugar and molasses prices are comparatively better than last year and it is expected despite all odds company will do better. It also appears that sucrose recovery may also higher as the crop has escaped frost so far.

The management has now set goals to consolidate financial position of the company by focusing on reducing the financial charges which Inshallah we will be able to achieve.

In view of the above stated circumstances, we are operating in a challenging environment with high inflation, high sugarcane prices and huge volume of loan and financial charges. In future the main focus would be on reduction of financial charges of the company.

Directors' Report

Code of Corporate Governance

As required under the Code of Corporate Governance, the Board of Directors states that:

- The financial statements present fairly the state of affairs of the company, the results of its operations, cash flow and changes in equity;
- Proper books of accounts of the company have been maintained;
- Accounting policies as stated in the notes to the financial statements have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable prudent judgment;
- International Financial Reporting Standards, as applicable in Pakistan, and the requirements of Companies Ordinance, 1984 have been followed in preparation of the financial statements;
- The system of internal control is sound in design and has been effectively implemented and monitored;
- There are no doubts about the company's ability to continue as going concern;
- There has been no material departure from the best practices of corporate governance as detailed in the listing regulations;
- A statement regarding key financial data for the last six years is annexed to this report;
- A total of 235,000 number of shares has been issued during the year as a result of excercise of employees' stock option scheme.
- Information about taxes and levies is given in the notes to the financial statements.

Audit Committee

The Board has constituted an Audit Committee consisting of three members including Chairman of the Committee. The committee regularly meets as per requirement of the code. The committee assists the Board in reviewing internal audit manual and internal audit system.

Value of Provident Fund Investment

The company operates a recognized provident fund scheme covering all its permanent employees. Equal monthly contributions to the fund are made both by the company and its employees in accordance with fund rules. The audit of accounts of provident fund is under process; however the value of its investments as at 30 June 2008 aggregates to Rs. 103.426 million.

Pattern of Shareholding

There were 1,031 shareholders of the company as on 30 September 2008. A statement of pattern of shareholding is enclosed in this report.

Statement of transaction in shares of the Company by the Directors, CEO, CFO and Company Secretary and their spouses and minor children during the year is enclosed in report.

Auditors

The present auditors M/s. KPMG Taseer Hadi & Co., Chartered Accountants retire and have offered themselves for re-appointment.

Acknowledgement

The directors would like to express their appreciation for the dedication hard work of the workers, staff and members of the management team. Growers are the key element of our industry and we thank them for their continued co-operation. The directors of the company are also thankful to the banks and leasing companies for the financial assistance and co-operation they have extended to the company.

On behalf of the board of directors

Lahore:
09 January 2009

Mrs. AMINA TAREEN
CHIEF EXECUTIVE

Financial Statements

For the year ended 30 September 2008

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 regulations of Karachi Stock Exchange (Guarantee) Limited and Lahore Stock Exchange (Guarantee) Limited for the purpose of establishing a framework of good governance, whereby a listed company is managed in compliance with the best practices of corporate governance.

The Company has applied the principles contained in the Code in the following manner:

1. The Board of Directors comprised of seven (07) Directors. The Company encourages representation of independent non-executive Directors on its Board of Directors. At present the Board includes at least three independent non-executive Directors.

2. The Directors have confirmed that none of them is serving as a Director in more than ten 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. No one is a member of any Stock Exchange.

4. No casual vacancy occured in the Board.

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

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

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

8. The meetings of the Board were presided over by the Chairman and, in his absence, by a Director elected by the Board for this purpose and the Board met at least once in every quarter. Written notices of the Board meetings, along with agenda and working papers, were circulated at least seven days before the meetings. The minutes of the meetings were appropriately recorded and circulated.

9. The Board arranged orientation course for its Directors during the year to apprise them of their duties and responsibilities.

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

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

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

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

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

15. The Board has formed an audit committee. It comprises thee members, of whom one is non-executive Director.

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

17. The Board has set-up an effective internal audit function/ or has outsourced the internal audit function having suitable qualified and experienced personal who are conversant with the policies and procedures of the Company.

18. The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the quality control review programme of the Institute of Chartered Accountants of Pakistan, that they or any of the partners of the firm, their spouses and minor children do not hold 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 Institute of Chartered Accountants of Pakistan.

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

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

Lahore:
09 January 2009

Mrs. Amina Tareen
Chief Executive

Review Report to the Members

on Statement of Compliance with the Best Practices of Code of Corporate Governance

KPMG Taseer Hadi & Co.
Chartered Accountants

201-Office Block,
Siddiq Trade Centre
72-Main Boulevard, Gulberg-II,
Lahore, Pakistan.

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We have reviewed the Statement of Compliance with the best practices contained in the Code of Corporate Governance prepared by the Board of Directors of JDW Sugar Mills Limited ("the Company") to comply with the Listing Regulations of the respective Stock Exchanges, where the Company is listed.

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

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

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

Lahore:
09 January 2009

KPMG Taseer Hadi & Co.
Chartered Accountants

Auditors' Report to the Members

KPMG Taseer Hadi & Co.
Chartered Accountants

201-Office Block,
Siddiq Trade Centre
72-Main Boulevard, Gulberg-II,
Lahore, Pakistan.

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We have audited the annexed balance sheet of JDW Sugar Mills Limited ("the Company") as at 30 September 2008 and the related profit and loss account, cash flow statement and statement of changes in equity together with the notes forming part thereof, for the year then ended and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

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

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

a) in our opinion, proper books of 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 ;

   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, 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 30 September 2008 and of the profit, 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.

Lahore:
09 January 2009

KPMG Taseer Hadi & Co.
Chartered Accountants

Balance Sheet

	Note	2008 (Rupees)	2007 (Rupees)
SHARE CAPITAL AND RESERVES			
Share capital	5	381,254,260	315,361,900
Reserves		1,180,814,247	893,285,422
		1,562,068,507	1,208,647,322
NON CURRENT LIABILITIES			
Subordinated loan from Director - unsecured	6	260,900,000	260,900,000
Long term loans - secured	7	2,200,000,000	2,086,287,880
Liabilities against assets subject to finance lease	8	353,881,872	328,038,520
Deferred taxation	9	175,286,234	79,710,556
Deferred income	10	7,890,204	12,132,409
		2,997,958,310	2,767,069,365
CURRENT LIABILITIES			
Short term borrowings - secured	11	1,970,380,636	2,316,752,803
Current portion of non current liabilities	12	154,934,612	447,164,952
Trade and other payables	13	1,161,679,843	348,515,313
Interest and mark-up accrued		95,254,218	155,287,171
		3,382,249,309	3,267,720,239
CONTINGENCIES AND COMMITMENTS	14		
		7,942,276,126	7,243,436,926

The attached notes from 1 to 39 form an integral part of these financial statements.

Lahore:
09 January 2009

As at 30 September 2008

	Note	2008 (Rupees)	2007 (Rupees)
NON CURRENT ASSETS			
Property, plant and equipment			
Operating assets	15	3,237,354,576	3,191,942,900
Capital work in progress		769,240	–
		3,238,123,816	3,191,942,900
Investments	17	1,868,079,683	1,583,808,492
Long term deposits	18	36,991,979	33,809,769
		5,143,195,478	4,809,561,161
CURRENT ASSETS			
Stores, spares and loose tools	19	159,419,324	149,622,246
Stock in trade – finished goods		598,629,031	358,188,760
Trade debts – unsecured, considered good		43,285,232	131,034,562
Advances, deposits, prepayments and other receivables	20	1,954,506,657	1,753,835,648
Advance income tax		40,839,672	19,172,365
Cash and bank balances	21	2,400,732	22,022,184
		2,799,080,648	2,433,875,765
		7,942,276,126	7,243,436,926

The attached notes from 1 to 39 form an integral part of these financial statements.

Chief Executive　　　　Director

Profit and Loss Account

For the year ended 30 September 2008

	Note	2008 (Rupees)	2007 (Rupees)
Sales - net	22	6,166,723,410	4,237,940,735
Cost of sales	23	(4,940,988,666)	(3,536,948,165)
Gross profit		1,225,734,744	700,992,570
Administrative expenses	24	(116,922,719)	(98,730,161)
Distribution and marketing expenses	25	(75,020,261)	(5,758,919)
Other operating expenses	26	(60,765,600)	(12,157,061)
Other operating income	27	39,309,691	80,402,078
		(213,398,889)	(36,244,063)
Operating profit		1,012,335,855	664,748,507
Finance cost	28	(560,645,479)	(558,358,372)
Profit before taxation		451,690,376	106,390,135
Taxation	29	(100,939,177)	(35,750,664)
Profit after taxation		350,751,199	70,639,471
Basic earnings per share	36	9.20	1.86
Diluted earnings per share		9.20	1.85

The attached notes from 1 to 39 form an integral part of these financial statements.

Lahore:
09 January 2009

Chief Executive

Director

Cash Flow Statement

For the year ended 30 September 2008

	Note	2008 (Rupees)	2007 (Rupees)
CASH FLOW FROM OPERATING ACTIVITIES			
Profit before taxation		451,690,376	106,390,135
Adjustments for non cash and other items:			
Finance cost		560,645,479	558,358,372
Depreciation		199,935,462	194,952,440
Workers' profit participation fund		24,602,044	5,713,756
Workers' welfare fund		15,748,465	2,171,227
Staff retirement benefits		18,331,590	13,805,600
Amortization of deferred income		(4,242,205)	(74,016)
Profit on disposal of property, plant and equipment		(1,280,441)	(66,967,015)
		813,740,394	707,960,364
Operating profit before working capital changes		1,265,430,770	814,350,499
Decrease/(increase) in current assets:			
Stores, spares and loose tools		(9,797,078)	19,901,944
Stock in trade		(240,440,271)	(358,188,760)
Advances, deposits, prepayments and other receivables		(118,019,849)	(751,238,040)
Trade debts		87,749,330	(131,034,562)
		(280,507,868)	(1,220,559,418)
Increase in current liabilities			
Trade and other payables		785,551,794	65,505,337
Cash generated from / (used in) operations		1,770,474,696	(340,703,582)
Finance cost paid		(567,474,873)	(466,085,141)
Workers' profit participation fund paid		(5,926,272)	(23,722,111)
Workers' welfare fund paid		(8,532,917)	–
Income tax paid		(27,030,806)	(27,979,078)
Staff retirement benefits paid		(16,537,003)	(13,819,190)
		(625,501,871)	(531,605,520)
Net cash generated from / (used in) operations		1,144,972,825	(872,309,102)
CASH FLOW FROM INVESTING ACTIVITIES			
Investments made during the year		(284,271,191)	(597,500,000)
Additions to property, plant and equipment		(219,695,136)	(270,603,601)
Proceeds realized from sale and lease back transactions		88,520,795	120,422,278
Proceeds realized from sale of property, plant and equipment		2,542,200	163,642,750
Long term deposits		(3,182,210)	(14,567,315)
Net cash used in investing activities		(416,085,542)	(598,605,888)
CASH FLOW FROM FINANCING ACTIVITIES			
Long term loans		(214,166,669)	(28,333,331)
Payable to sponsoring shareholders of United Sugar Mills Limited		–	(330,000,000)
Short term borrowings		(346,372,167)	1,958,729,362
Lease rentals paid		(187,454,868)	(146,638,818)
Dividend paid		(515,031)	(77,077,322)
Increase in subordinated loan from Director		–	110,900,000
Net cash (used in)/ generated from financing activities		(748,508,735)	1,487,579,891
Net (decrease) / increase in cash and cash equivalents		(19,621,452)	16,664,901
Cash and cash equivalents at the beginning of the year		22,022,184	5,357,283
Cash and cash equivalents at the end of the year	21	2,400,732	22,022,184

The attached notes from 1 to 39 form an integral part of these financial statements.

Lahore:
09 January 2009 — Chief Executive — Director

Statement of Changes in Equity

For the year ended 30 September 2008

	Capital				
	Share capital	Share premium	Share option reserve	Accumulated profit	Total
	(Rupees)	(Rupees)	(Rupees)	(Rupees)	(Rupees)
Balance as at 30 September 2006	260,301,580	–	–	915,425,481	1,175,727,061
Final dividend for the year 2006					
at the rate of Rs. 3.00 per share	–	–	–	(78,090,474)	(78,090,474)
Bonus shares issued at the rate of 20 %	52,060,320	–	–	(52,060,320)	–
Profit for the year	–	–	–	70,639,471	70,639,471
Share based option	–	–	16,071,264	–	16,071,264
Share option exercised	3,000,000	21,300,000	–	–	24,300,000
Balance as at 30 September 2007	315,361,900	21,300,000	16,071,264	855,914,158	1,208,647,322
Share based option	–	–	2,669,986	–	2,669,986
Share option exercised	2,350,000	16,391,250	(18,741,250)	–	–
Bonus shares issued at the rate of 20 %	63,542,360	–	–	(63,542,360)	–
Profit for the year	–	–	–	350,751,199	350,751,199
Balance as at 30 September 2008	381,254,260	37,691,250	–	1,143,122,997	1,562,068,507

The attached notes from 1 to 39 form an integral part of these financial statements.

Lahore:
09 January 2009

Chief Executive

Director

Notes to the Financial Statements

For the year ended 30 September 2008

1 STATUS AND NATURE OF BUSINESS

JDW Sugar Mills Limited ("the Company") was incorporated in Pakistan on 31 May 1990 as a Private Limited Company under the Companies Ordinance, 1984 and was subsequently converted into a Public Limited Company on 24 August 1991. Shares of the Company are listed on the Karachi and Lahore Stock Exchanges. The registered office of the Company is situated at 17 - Abid Majeed Road, Lahore Cantonment, Lahore. The principal activity of the Company is production and sale of crystalline sugar.

2 STATEMENT OF COMPLIANCE

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

2.2 Standards, Interpretations and amendments to published approved accounting standards

The following amendments to existing standards have been published that are applicable to the Company's financial statements covering annual periods, beginning on or after the following dates:

2.2.1 Amendments to published standards effective in current year

Amendments to IAS 1 'Presentation of Financial Statements' - Capital disclosure is mandatory for the Company's accounting period beginning on October 01, 2007. Its adoption by the Company only impacts the format and extent of disclosures presented in the financial statements.

2.2.2 Amendments and Interpretations to publish standards applicable to the Company not yet effective

The following amendments and interpretations to existing standards have been published and are mandatory for the Company's accounting periods beginning on or after their respective effective dates:

- IFRS 7 'Financial Instruments : Disclosures' is applicable to the Company's financial statements covering annual periods, beginning on or after 01 October 2008. It requires disclosures about the significance of financial instruments for the Company's financial position and performance, as well as quantitative and qualitative disclosure on the nature and extent to risks.

- Certain amendments to IAS 23 ' Borrowing Costs' have been published that are applicable to the Company's financial statements covering annual periods, beginning on or after 01 October 2009. Adoption of these amendments would require the Company to capitalize the borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset (one that takes substantial period of time to get ready for use or sale) as part of the cost of that asset. The option of immediately expensing these borrowing costs will be removed. Its adoption will not have any impact on the Company's financial statements.

- Amendment to IFRS 2 Share-based Payment – Vesting Conditions and Cancellations that are applicable to the Company's financial statements covering annual periods, beginning on or after 01 October 2009. These amendments clarifies the definition of vesting conditions, introduces the concept of non-vesting conditions, requires non-vesting conditions to be reflected in grant-date fair value and provides the accounting treatment for non-vesting conditions and cancellations. The application of this standard is not likely to have any material effect on Company's financial statements.

2.2.3 Standards and interpretations to existing standards that are not applicable to the Company and not yet effective

Standards or Interpretation		Effective date (accounting periods beginning on or after)
IFRS 8	- Operating Segments	01 October 2009
IFRIC 12	- Service concession arrangements	01 October 2008
IFRIC 13	- Customer loyalty programmes	01 October 2008
IFRIC 14	- The limit on a defined benefit asset, minimum funding requirements and their interaction	01 October 2008
IFRIC 15	- Accounting for agreements for the construction of real estate	01 October 2009
IFRIC 16	- Hedge of net investment in a foreign operation	01 October 2009

In addition to the above, a new standard 'IFRS 4 - Insurance Contracts' has been issued by the International Accounting Standards Board but has not yet been adopted by the Institute of Chartered Accountants of Pakistan (ICAP) or notified by the SECP and, hence, presently do not form part of the local financial reporting framework.

3. BASIS OF MEASUREMENT

These financial statements have been prepared on the basis of historical cost convention.

The preparation of financial statements in conformity with approved accounting standards requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions and judgments are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the result of which form the basis of making the judgments about 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. Revision to accounting estimates are recognized in the period in which the estimate is revised if the revision effects only that period, or in the period of revision and future periods if the revision affects both current and future periods. The areas where various assumptions and estimates are significant to Company's financial statements or where judgments were exercised in application of accounting policies are:

- Residual value and useful lives of depreciable assets — *note 4.1*
- Taxation — *note 4.6*

4. SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies adopted in the preparation of these financial statements are set out below. The policies have been consistently applied to all the years presented, unless otherwise stated.

4.1 Property, plant and equipment

Owned

Property, plant and equipment, except freehold land are stated at cost less accumulated depreciation and any identified impairment loss. Freehold land and capital work in progress are stated at cost less any identified impairment loss. Cost includes direct cost, related overheads, interest and mark up referred to in note 4.12.

Subsequent costs are included in the asset's carrying amount or recognised 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. Major repairs and improvements are capitalized. All other repair and maintenance costs are charged to income during the period in which they are incurred.

Depreciation is charged to profit on reducing balance method so as to write off the written down value of assets over their estimated useful lives at rates disclosed in note 15.

Depreciation methods, residual values and useful lives of assets are reviewed at each financial year end, and adjusted if impact on depreciation is significant.

Depreciation on additions is charged from the date the asset is acquired or capitalized to the date of disposal.

The Company assesses at each balance sheet date whether there is any indication that property, plant and equipment 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 recognised in income currently. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. Where an impairment loss is recognised, the depreciation charge is adjusted in the future periods to allocate the asset's revised carrying amount over its estimated useful life.

The gain or loss on disposal or retirement of an asset represented by the difference between the sale proceeds and the carrying amount of the asset is recognised as an income or expense.

Leased

Leases where the Company has substantially all the risks and rewards of ownership are classified as finance leases. At inception, finance leases are capitalized at the lower of present value of minimum lease payments under the lease agreements and the fair value of the assets, less accumulated depreciation and impairment loss, if any.

The related rental obligations, net of finance costs, are included in liabilities against assets subject to finance lease as referred to in note 8. The liabilities are classified as current and non-current depending upon the timing of the payment.

Each lease payment is allocated between the liability and finance costs so as to achieve a constant rate on the balance outstanding. The interest element of the rental is charged to profit over the lease term.

Assets acquired under a finance lease are depreciated over the estimated useful life of the assets on reducing balance method at the rates disclosed in note 15. Depreciation of leased assets is charged to profit and loss account.

Depreciation on additions is charged from the date the asset is available for use to the date of disposal.

Depreciation methods, residual values and useful lives of the assets are reviewed at each financial year end, and adjusted if impact on depreciation is significant.

4.2 Stores, spares and loose tools

These are valued at lower of weighted average cost and net realisable value except for items in transit, which are valued at cost comprising invoice value and related expenses incurred thereon up to the balance sheet date. Obsolete and used items are recorded at nil value.

4.3 Stock in trade

Finished goods

These are valued at the lower of weighted average cost and net realizable value except for stock in transit, which is valued at cost comprising invoice value and related expenses incurred thereon up to the balance sheet date.

Cost is determined as follows:

Raw materials	at weighted average cost
Work-in-process and finished goods	at weighted average cost and related manufacturing expenses
Molasses	at lower of cost and net realizable value

Net realizable value signifies the estimated selling price in the ordinary course of business less other costs necessary to be incurred to make the sale.

4.4 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. Bad debts are written off when identified.

4.5 Staff retirement benefit

Defined contribution plan

The Company operates approved contributory provident fund for all permanent employees. Equal monthly contribution is made both by the Company and employees to the fund at the rate of 10% of basic salary.

Shared based payment transactions

The Company established a share option programme that entitles senior executive level of the Company to receive shares of the Company at 100% discount or such other discount rates as may be decided by the Board from time to time. The shares issued to the employees under the above scheme will not be transferable for a period of two years starting from the date of issue.

The grant date fair value of options granted to employees is recognised as salaries expense, with corresponding increase in equity over the period that the employees become unconditionally entitled to the option.

4.6 Taxation

Income tax expense comprises current and deferred tax.

Current

Provision of current tax is based on the taxable income for the year determined in accordance with the prevailing law for taxation of income. The charge for current tax is calculated using prevailing tax rates or tax rates expected to apply to the profit for the year if enacted after taking into account tax credits, rebates and exemptions, if any. The charge for current tax also includes adjustments, where considered necessary, to provision for tax made in previous years arising from assessments framed during the year for such years.

Deferred

Deferred tax is accounted for using the balance sheet liability method in respect of all temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of the taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which the deductible temporary differences, unused tax losses and tax credits can be utilized.

Deferred tax is calculated at the rates are expected to apply to the period when the differences reverse based on tax rates that have been enacted or substantively enacted by the balance sheet date. Deferred tax is charged or credited in the profit and loss account, except in the case of items credited or charged to equity in which case it is included in equity.

4.7 Revenue recognition

Revenue from the sale of goods is measured at the fair value of the consideration received or receivable. Revenue is recognised when the significant risks and rewards of ownership have been transferred to the buyer.

Interest and rental income from harvesting equipment are recognized on accrual basis.

Dividend income is recognized when the right of receipt is established.

4.8 Cash and cash equivalents

Cash and cash equivalents are carried at cost in the balance sheet. For the purpose of cash flow statement, cash and cash equivalents comprise of cash in hand and bank balances.

4.9 Provisions

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

4.10 Financial instruments

Financial assets and liabilities are recognized when the Company becomes party to the contractual provisions of the instrument. Financial assets are de-recognized when the Company loses control of the contractual rights that comprise the financial asset. Financial liabilities are de-recognized when they are extinguished - that is, when the obligation specified in the contract is discharged, cancelled, or expired. The particular measurement methods adopted are disclosed in the individual policy statements associated with each item.

4.11 Offsetting

Financial assets and 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 amount and the Company intends either to settle on a net basis or to realize the assets or settle the liabilities simultaneously.

4.12 Borrowing cost

Borrowing costs incurred on long term finances obtained for the construction of qualifying assets are capitalized up to the date the respective assets are available for the intended use. All other borrowing costs are taken to the profit and loss account currently.

4.13 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.

4.14 Foreign currency transactions

All monetary assets and liabilities in foreign currencies are translated into rupees at exchange rates prevailing at the balance sheet date. Transactions in foreign currencies are translated into rupees at the spot rate. All non-monetary items are translated into rupees at exchange rates prevailing on the date of transactions or on the date when fair values are determined. Exchange differences are included in the profit currently.

4.15 Dividend

Dividend distribution to Company's shareholders is recognized as a liability in the period in which the dividends are approved.

4.16 Deferred income

Deferred income represents excess of sale proceeds in relation to the carrying amount of the asset acquired under sale and lease back arrangement. Deferred income is amortized on a straight line basis over the period of lease term.

4.17 Investment

Investment in equity instruments of subsidiary companies

This is initially measured at cost. At subsequent reporting dates, the Company reviews the carrying amount of the investment to assess whether there is any indication that such investment has suffered an impairment loss. If any such indication exists the recoverable amount is estimated in order to determine the extent of loss if any. Impairment losses are recognized as an expense. When an impairment loss subsequently reverses, the carrying amount of the investment is increased to the revised recoverable amount but limited to the extent of the initial cost of the investment. A reversal of the impairment loss is recognized as income.

	2008 (Number)	2007 (Number)	2008 (Rupees)	2007 (Rupees)
5. SHARE CAPITAL				
5.1 Authorized capital				
Ordinary shares of Rs. 10 each	**40,000,000**	35,000,000	**400,000,000**	350,000,000
5.2 Issued, subscribed and paid up capital				
Ordinary shares of Rs. 10 each fully paid in cash	**20,577,200**	20,577,200	**205,772,000**	205,772,000
Ordinary shares of Rs. 10 each issued as fully paid bonus shares	**17,013,226**	10,658,990	**170,132,260**	106,589,900
Ordinary shares of Rs. 10 each issued against share option exercised	**535,000**	300,000	**5,350,000**	3,000,000
	38,125,426	31,536,190	**381,254,260**	315,361,900

6. SUBORDINATED LOAN FROM DIRECTOR - UNSECURED

This loan is unsecured and subordinated to the syndicated loans referred to in note 7. Mark up at the rate of 6 months KIBOR plus 300bps (2007: 6 months KIBOR plus 200 bps) per annum is payable on quarterly basis.

	Note	2008 (Rupees)	2007 (Rupees)
7. LONG TERM LOANS – SECURED			
Privately placed term finance certificates (PPTFC's)			
MCB Bank Limited		225,000,000	–
Faysal Bank Limited		300,000,000	–
Saudi Pak Industrial and Agricultural Investment Co. (Pvt) Ltd.		50,000,000	–
The Bank of Punjab		400,000,000	–
AKD Income Fund		70,000,000	–
AKD Opportunity Fund		40,000,000	–
Golden Arrow Selected Stock Fund Limited		40,000,000	–
MCB Dynamic Cash Fund		100,000,000	–
National Bank of Pakistan		200,000,000	–
Soneri Bank Limited		83,000,000	–
Saudi Pak Commercial Bank Limited		192,000,000	–
	7.1	1,700,000,000	–
Privately placed SUKUK certificates (PPSC's)			
MCB Bank limited		175,000,000	–
Askari Commercial Bank Limited		200,000,000	–
The Bank of Khyber		125,000,000	–
	7.2	500,000,000	–
		2,200,000,000	–
Faysal Bank Limited			
Morabaha LPO		–	37,500,000
Habib Bank Limited			
Demand Finance		–	32,000,000
Standard Chartered Bank Limited			
Term Finance		–	28,000,000
Syndicated Loan – I			
National Bank of Pakistan		–	200,000,000
Habib Bank Limited		–	100,000,000
The Bank of Punjab		–	66,666,668
Saudi Pak Commercial Bank Limited		–	33,333,332
		–	400,000,000
Syndicated Loan – II			
Faysal Bank Limited		–	125,000,000
Allied Bank Limited		–	83,333,334
Soneri Bank Limited		–	41,666,667
Pak Kuwait Investment Company (Pvt.) Limited		–	83,333,334
PICIC Commercial Bank Limited		–	83,333,334
		–	416,666,669
Syndicated Loan – III			
United Bank Limited		–	500,000,000
Allied Bank Limited		–	350,000,000
MCB Bank Limited		–	200,000,000
Pak Kuwait Investment Company (Pvt.) Limited		–	150,000,000
Saudi Pak Commercial Bank Limited		–	150,000,000
Faysal Bank Limited		–	150,000,000
		–	1,500,000,000
		–	2,414,166,669
Less: Current maturity – Note 12		–	327,878,789
		2,200,000,000	2,086,287,880

7.1 PPTFC's

TFC's have been issued by way of private placements with a consortium of institutional investors. The total issue comprises of 340,000 TFC's having face value of Rs. 5,000.

Terms of repayment

18 unequal quarterly installments commencing after a grace period of one year and six months i.e March 2010 and ending June 2014.

Rate of return

The return on TFC's is payable quarterly at a rate of 3 months KIBOR plus 1.25%.

Trustee

In order to protect the interests of TFC holders, MCB Bank Limited has been appointed as trustee under a trust deed dated 27 May 2008.

Security

This finance is secured by first pari passu charge on land measuring 248 kanals and 552 kanals, fixed assets, plant and machinery of the Company and its subsidiary United Sugar Mills Limited.

7.2 PPSC's

SC's have been issued by way of private placements with a consortium of institutional investors. The total issue comprises of 100,000 sukuk certificates having face value of Rs. 5,000.

Terms of repayment

18 unequal quarterly installments commencing after a grace period of one year and six months i.e March 2010 and ending June 2014.

Rate of return

The return on SC's is payable quarterly at a rate of 3 months KIBOR plus 1.25%.

Trustee

In order to protect the interests of sukuk certificate holders, MCB Bank Limited has been appointed as trustee under a trust deed dated 3 April 2008.

Security

This finance is secured by first pari passu charge on land measuring 248 kanals and 552 kanals, fixed assets, plant and machinery of the Company and its subsidiary company United Sugar Mills Limited.

8. LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE

The amount of future minimum lease payments along with their present value and the periods during which they will fall due are:

	Note	2008 Minimum lease payments (Rupees)	2008 Finance cost for future periods (Rupees)	2008 Present value (Rupees)
Not later than one year	12	222,493,946	67,559,334	154,934,612
Later than one year and not later than five years		421,090,760	67,208,888	353,881,872
		643,584,706	134,768,222	508,816,484

	Note	2007 Minimum lease payments (Rupees)	2007 Finance cost for future periods (Rupees)	2007 Present value (Rupees)
Not later than one year	12	157,283,623	37,997,460	119,286,163
Later than one year and not later than five years		364,815,947	36,777,427	328,038,520
		552,099,570	74,774,887	447,324,683

The Company has entered into various lease agreements with various financial institutions for plant and machinery, implements and vehicles. Lease rentals are payable on quarterly and monthly basis and include finance cost ranging from 12.48% to 17.69% (2007: 10.71% to 14.65%) per annum which has been used as the discounting factor. The Company has the option to purchase the assets upon completion of lease period and has the intention to exercise such option. There are no financial restrictions imposed by lessors.

9. DEFERRED TAXATION

The liability for deferred taxation comprises of temporary differences relating to:

	2008 (Rupees)	2007 (Rupees)
Accelerated tax depreciation	413,581,896	352,768,550
Leased assets	162,959,232	191,421,428
Liabilities against assets subject to finance lease	(164,248,504)	(156,563,639)
Unused tax credits and losses	(237,006,390)	(307,915,783)
	175,286,234	79,710,556

10. DEFERRED INCOME

This represents the unamortized balance of excess of sale proceeds over carrying amount of plant and equipment on sale and lease back transaction with financial institutions.

During the year, the Company has recognized deferred income amounting to Rs. nil (2007: Rs. 12.13 million). The amount credited to the Profit and Loss account is Rs. 4.24 million (2007 : Rs. 0.074 million).

Notes to the Financial Statements
For the year ended 30 September 2008

		Note	2008 (Rupees)	2007 (Rupees)
11.	**SHORT TERM BORROWINGS - SECURED**			
	Banking and Financial Institutions			
	– Cash finances	11.1	962,351,050	1,327,784,415
	– Running finances	11.2	808,029,586	788,968,388
	– Morabaha –LPO	11.3	200,000,000	200,000,000
			1,970,380,636	2,316,752,803

11.1 The Company has obtained cash finance facilities aggregating to Rs. 5,620 million (2007: Rs. 2,770 million). The mark up rates applicable during the year ranges from 10.80% p.a. to 15.58% p.a. These are secured against pledge of sugar bags of the Company and United Sugar Mills Limited (Subsidiary Company) and personal guarantees of all the Directors of the Company.

11.2 The Company has obtained running finance facilities aggregating to Rs. 887 million (2007: Rs. 800 million). The mark up rates applicable during the year ranges from 11.05% p.a. to 16.99% p.a. These are secured against present and future current assets and personal guarantees of all the Directors of the Company.

11.3 The Company has obtained morabaha LPO facility of Rs. 200 million (2007: Rs. 200 million). The mark up rates applicable during the year ranges from 12.20% p.a. to 15.87% p.a. This facility is secured by way of joint pari–passu charge over current assets for Rs. 267 million and personal guarantees of all the Directors of the Company.

		Note	2008 (Rupees)	2007 (Rupees)
12.	**CURRENT PORTION OF NON CURRENT LIABILITIES**			
	Current portion of long term loans from banking companies and financial institutions	7	–	327,878,789
	Current portion of liabilities against assets subject to finance lease	8	154,934,612	119,286,163
			154,934,612	447,164,952
13.	**TRADE AND OTHER PAYABLES**			
	Advances from customers		710,616,530	13,156
	Trade creditors		108,347,759	114,698,154
	Sales tax payable		276,067,882	154,235,429
	SED Payable		17,147,815	–
	Workers' profit participation fund payable	13.1	24,605,555	5,713,756
	Workers' welfare fund		11,520,004	4,304,456
	Accrued expenses		2,074,930	10,547,794
	Tax deducted at source		425,742	2,000,650
	Unclaimed dividend		2,591,652	3,106,682
	Retention money		902,879	2,189,916
	Other payables		7,379,095	5,152,294
	Payable to United Bank Limited – Grower's Loan		–	46,553,026
			1,161,679,843	348,515,313
	13.1 Workers' profit participation fund			
	Opening balance		5,713,756	22,455,044
	Add: Allocation for the year		24,602,044	5,713,756
	Interest on funds utilized in the Company's business		216,027	1,267,067
			30,531,827	29,435,867
	Less: Paid during the year		5,926,272	23,722,111
	Closing balance		24,605,555	5,713,756

14. CONTINGENCIES AND COMMITMENT

Contingencies

14.1 The Sales Tax Department has demanded further tax from the Company for the year 2000-2001 on the grounds that it charged sales tax at the rate of 15% on it's sales to persons liable to be registered instead of 18%. The Company is in adjudication against this on grounds of the definition of registered person in the Sales Tax Act. The Lahore High Court has stopped any recovery by the sales tax department from JDW Sugar Mills Limited till the decision of Collector of Customs, Sales Tax and Central Excise, Multan Region. The Company expects a favorable outcome in this case. The amount of further sales tax is Rs. 77.9 million.

		Note	2008 (Rupees)	2007 (Rupees)
Commitments in respect of:				
14.2	Counter guarantee given on account of agricultural loan to growers:			
	United Bank limited		–	150,000,000
	Faysal Bank Limited		150,000,000	100,000,000
14.3	Letters of credit for Import of machinery and its related components		97,351,399	69,092,461
14.4	Letter of guarantee for purchase of oil & lubricants in favour of Shell Pakistan Limited		60,000,000	50,000,000
14.5	Letters of gaurantee for sugar tenders in favour of Trading Corporation of Pakistan		48,271,565	–

15. OPERATING ASSETS

	COST				DEPRECIATION					
	As at 01 October 2007	Additions / (deletions) during the year	Transfers to / (from) during the year	As at 30 September 2008	Rate	As at 01 October 2007	For the year	Adjustments	As at 30 September 2008	Net book value as at 30 September 2008
	(Rupees)	(Rupees)	(Rupees)	(Rupees)	(%)	(Rupees)	(Rupees)	(Rupees)	(Rupees)	(Rupees)
Owned										
Freehold land	216,501,789	19,247,690	–	235,749,479		–	–	–	–	235,749,479
Factory building on freehold land	333,040,089	8,769,052	–	341,809,141	10	98,311,002	23,988,247	–	122,299,249	219,509,892
Non factory building on freehold land	215,114,376	20,357,899	–	235,472,275	5	31,873,822	9,398,555	–	41,272,377	194,199,898
Plant and machinery	2,506,497,212	97,404,575	(35,979,715)	2,567,922,072	5	585,366,041	98,354,759	–	683,720,800	1,884,201,272
Motor vehicles	96,515,600	27,948,964	67,188,500	164,867,814	20	61,257,142	9,124,215	38,131,088	104,556,913	60,310,901
		(4,334,250)	(22,451,000)				(3,955,532)			
Electrical installation	35,158,727	397,495	–	35,556,222	10	25,170,552	998,818	–	26,169,370	9,386,852
Office equipment	28,935,285	3,501,345	–	32,436,630	20	17,012,033	2,678,839	–	19,690,872	12,745,758
Tools and equipment	13,973,245	1,549,489	–	15,522,734	10	5,855,905	881,471	–	6,737,376	8,785,358
Implements	14,312,635	38,353,510	128,154,000	150,730,065	10	3,815,871	2,894,222	49,982,005	56,692,098	94,037,967
			(30,090,080)							
Furniture and fixture	11,931,800	1,295,876	–	13,227,676	10	5,725,765	680,907	–	6,406,672	6,821,004
Weighbridge	9,717,830	–	–	9,717,830	10	6,749,239	296,859	–	7,046,098	2,671,732
Roads and boundary wall	7,098,931	–	–	7,098,931	10	5,369,634	172,930	–	5,542,564	1,556,367
Arms and ammunitions	3,011,000	–	–	3,011,000	10	678,844	233,216	–	912,060	2,098,940
Tubewell	744,434	100,000	–	844,434	10	342,570	45,228	–	387,798	456,637
	3,492,552,953	218,925,895	195,342,500	3,813,966,303		847,528,420	149,748,266	88,113,093	1,081,434,246	2,732,532,057
		(4,334,250)	(88,520,795)				(3,955,532)			
Leased										
Plant and machinery	317,613,910	–	35,979,715	312,414,625	5	29,735,811	14,444,957	–	35,581,791	276,832,834
			(41,179,000)					(8,598,977)		
Implements	183,980,178	–	30,090,080	164,173,308	10	29,212,707	15,093,710	–	27,697,678	136,475,630
		(517,950)	(49,379,000)				(98,442)	(16,510,297)		
Motor vehicles	168,323,780	27,683,000	22,451,000	113,073,280	20	64,050,983	20,648,529	–	21,559,225	91,514,055
		(600,000)	(104,784,500)				(136,468)	(63,003,819)		
	669,917,868	27,683,000	88,520,795	589,661,213		122,999,501	50,187,196	–	84,838,694	504,822,519
		(1,117,950)	(195,342,500)				(234,910)	(88,113,093)		
	4,162,470,821	246,608,895	–	4,403,627,516		970,527,921	199,935,462	–	1,166,272,940	3,237,354,576
	–	(5,452,200)	–	–		–	(4,190,442)	–	–	–

	COST				DEPRECIATION					Net book value as at 30 September 2007
	As at 01 October 2006	Additions / (deletions) during the year	Transfers to / (from) during the year	As at 30 September 2007	Rate	As at 01 October 2006	For the year	Adjustments	As at 30 September 2007	
	(Rupees)	(Rupees)	(Rupees)	(Rupees)	(%)	(Rupees)	(Rupees)	(Rupees)	(Rupees)	(Rupees)
Owned										
Freehold land	170,343,096	142,668,868	–	216,501,789	–	–	–	–	–	216,501,789
		(96,510,175)								
Factory building on freehold land	324,376,656	8,663,433	–	333,040,089	10	72,432,681	25,878,321	–	98,311,002	234,729,087
Non factory building on freehold land	205,109,268	10,005,108	–	215,114,376	5	22,751,262	9,122,560	–	31,873,822	183,240,554
Plant and machinery	2,516,559,969	57,937,243	(68,000,000)	2,506,497,212	5	491,156,206	102,464,590	(8,254,755)	585,366,041	1,921,131,171
Motor vehicles	88,532,820	20,558,480	(11,081,500)	96,515,600	20	54,802,320	8,236,875	(453,413)	61,257,142	35,258,458
		(1,494,200)					(1,328,640)			
Electrical installation	35,158,727	–	–	35,158,727	10	24,060,755	1,109,797	–	25,170,552	9,988,175
Office equipment	25,175,551	3,759,734	–	28,935,285	20	14,478,600	2,533,433	–	17,012,033	11,923,252
Tools and equipment	13,574,390	398,855	–	13,973,245	10	4,969,475	886,430	–	5,855,905	8,117,340
Implements	9,363,019	24,290,394	(19,340,778)	14,312,635	10	2,928,187	1,046,650	(158,966)	3,815,871	10,496,764
Furniture and fixture	10,374,314	1,557,486	–	11,931,800	10	5,123,893	601,873	–	5,725,766	6,206,035
Weighbridge	9,717,830	–	–	9,717,830	10	6,419,396	329,843	–	6,749,239	2,968,591
Roads and boundary wall	7,098,931	–	–	7,098,931	10	5,177,490	192,144	–	5,369,634	1,729,297
Arms and ammunitions	2,247,000	764,000	–	3,011,000	10	437,734	241,110	–	678,844	2,332,156
Tubewell	744,434	–	–	744,434	10	297,918	44,652	–	342,570	401,864
	3,418,376,005	270,603,601	(98,422,278)	3,492,552,953		705,035,917	152,688,278	–	847,528,421	2,645,024,533
		(98,004,375)					(1,328,640)	(8,867,134)		
Leased										
Plant and machinery	233,354,350	16,259,560	68,000,000	317,613,910	5	22,910,039	10,165,064	(3,339,292)	29,735,811	287,878,099
Implements	110,672,400	53,967,000	19,340,778	183,980,178	10	15,625,368	13,587,339	–	29,212,707	154,767,471
Motor vehicles	121,258,980	35,983,300	11,081,500	168,323,780	20	45,539,224	18,511,759	–	64,050,983	104,272,797
	465,285,730	106,209,860	98,422,278	669,917,868		84,074,631	42,264,162	(3,339,292)	122,999,501	546,918,367
	3,883,661,735	376,813,461	–	4,162,470,821		789,110,548	194,952,440	–	970,527,922	3,191,942,900
		(98,004,375)					(1,328,640)	(12,206,426)		

15.1 Depreciation charge for the year has been allocated as follows:

	Note	2008 (Rupees)	2007 (Rupees)
Cost of goods manufactured	23.1	177,191,648	177,383,530
Administrative expenses	24	6,626,498	5,976,788
Other operating expenses	26.1	16,117,316	11,592,122
		199,935,462	194,952,440

16. DISPOSAL OF PROPERTY, PLANT AND EQUIPMENT

Description	Particulars of buyer	Cost	Accumulated depreciation	Book value	Sale proceeds	Mode of disposal
		(Rupees)	(Rupees)	(Rupees)	(Rupees)	
	Employees					
Vehicle	Izhar	278,000	258,896	19,104	96,000	Negotiation
Motor Cycle	M.Saleem	61,250	45,273	15,977	16,200	Negotiation
	Insurance claim					
Vehicle	EFU	517,950	98,442	419,508	440,000	Insurance claim
Vehicle	EFU	600,000	136,468	463,532	550,000	Insurance claim
Vehicle	EFU	3,995,000	3,651,362	343,638	1,440,000	Insurance claim
	Leasing companies – sale and lease back					
Plant and machinery	Emirates Global Islamic Bank Limited	35,979,715	–	35,979,715	35,979,715	Negotiation
Vehicles	Orix Leasing Pakistan Limited	22,451,000	–	22,451,000	22,451,000	Negotiation
Implements	Standard Chartered Leasing Limited	30,090,080	–	30,090,080	30,090,080	Negotiation
2008		**93,972,995**	**4,190,441**	**89,782,554**	**91,062,995**	
2007		218,426,653	13,535,065	204,891,588	284,065,028	

	2008 (Rupees)	2007 (Rupees)
17. INVESTMENTS		
United Sugar Mills Limited (USML)		
2,924,107 (2007: 2,880,900) fully paid ordinary shares of Rs. 10 each. Equity held 97.47% (2007 : 96.03%)	1,000,579,683	986,308,492
Ghotki Sugar Mills (Private) Limited (GSML)		
86,500,000 (2007 : 59,750,000) fully paid ordinary shares of Rs. 10 each. Equity held 100% (2007 : 99.58%)	867,500,000	597,500,000
	1,868,079,683	1,583,808,492

18. LONG TERM DEPOSITS

These mainly comprise of security deposits with leasing companies in respect of leasing facilities availed.

	2008 (Rupees)	2007 (Rupees)
19. STORES, SPARES AND LOOSE TOOLS		
Spares	124,686,617	114,884,291
Stores	19,279,169	20,565,668
Loose tools	3,322,499	3,197,030
Oil and lubricants	10,206,289	9,697,784
Packing materials	1,435,605	1,043,059
Civil stores	489,145	234,414
	159,419,324	149,622,246

Notes to the Financial Statements

For the year ended 30 September 2008

			2008 (Rupees)	2007 (Rupees)
20.	**ADVANCES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES**			
	Advance to United Sugar Mills Limited (USML)	20.1	751,315,318	1,335,254,655
	Advances unsecured and considered good;			
	– to growers	20.2	962,885,524	287,895,082
	– to suppliers and contractors		115,335,686	103,105,313
	Letters of credit		97,351,399	1,940,016
	Prepaid expenses		9,942,892	10,492,077
	Advances to staff – Unsecured, considered good	20.3	6,480,898	4,619,641
	Excise duty receivable	20.4	9,888,364	9,888,364
	Other receivables		1,306,576	640,500
			1,954,506,657	1,753,835,648

20.1 This represents advance given to USML, subsidiary Company, to meet working capital requirements from the proceeds of short term borrowings from banks and mark up charged during the year is 12.14% to 15.13% per annum (2007: 12.67% per annum).

20.2 Advances to growers includes Rs. 851,627,643 (2007: Rs. 287,895,082) given to JK Agri Farms, (a related party) for procurement of sugarcane.

20.3 This includes mark up free salary advances to employees (other than executives) amounting to Rs. 3,570,585 (2007: Rs. 2,333,491).

20.4 The Company claimed an exemption of Rs.10.75 million from excise duty on an export transaction during 1993-94. However, the Excise Department rejected the claim and the Company deposited Rs. 9.88 million under protest.

			2008 (Rupees)	2007 (Rupees)
21.	**CASH AND BANK BALANCES**			
	Cash at bank - current account		1,869,622	19,623,708
	Cash in hand		531,110	2,398,476
			2,400,732	22,022,184
22.	**SALES - NET**			
	Sugar		6,705,602,572	4,669,029,612
	Molasses & Bagasse		409,495,708	208,164,315
			7,115,098,280	4,877,193,927
	Less: Sales tax		893,885,844	639,073,192
	Special excise duty		53,227,516	–
	Brokerage charges		1,261,510	180,000
			948,374,870	639,253,192
			6,166,723,410	4,237,940,735
23.	**COST OF SALES**			
	Opening stock - Sugar		358,188,760	–
	Cost of goods manufactured	23.1	5,181,428,937	3,895,136,925
	Less: Closing finished goods - Sugar		(598,629,031)	(358,188,760)
			4,940,988,666	3,536,948,165

		Note	2008 (Rupees)	2007 (Rupees)
23.1	**Cost of goods manufactured**			
	Cost of sugarcane consumed (including procurement and other costs)		4,430,898,179	3,252,059,133
	Salaries, wages and other benefits	23.1.1	213,556,168	210,989,230
	Depreciation	15	177,191,648	177,383,530
	Stores and spares consumed		114,026,989	80,724,861
	Packing materials consumed		87,587,184	45,908,518
	Oil, lubricants and fuel consumed		27,949,398	18,041,835
	Insurance		20,654,994	21,210,308
	Vehicle running expenses		27,326,413	22,826,427
	Chemicals consumed		32,765,178	21,036,891
	Electricity and power		8,682,042	10,844,981
	Handling and storage		6,256,163	5,245,314
	Freight and octroi		10,410,306	5,223,695
	Repairs and maintenance		6,964,431	4,548,499
	Mud and bagasse shifting expenses		3,978,522	2,796,833
	Printing and stationery		2,799,697	2,103,799
	Traveling and conveyance		2,974,868	1,056,519
	Telephone and fax		524,958	629,771
	Other expenses		6,881,799	12,506,781
			5,181,428,937	3,895,136,925

23.1.1 Salaries, wages and other benefits include Rs. 6,297,345 (2007: Rs. 5,526,968) in respect of staff retirement benefits and Rs. 2,272,329 (2007: 37,977,671) in respect of share option scheme.

		Note	2008 (Rupees)	2007 (Rupees)
24.	**ADMINISTRATIVE EXPENSES**			
	Salaries, wages and other benefits	24.1	31,976,506	30,591,896
	Traveling and conveyance		16,191,324	33,468,285
	Charity and donations	24.2	23,738,221	3,614,120
	Office rent and renovation		8,992,928	9,799,205
	Depreciation	15.1	6,626,498	5,976,788
	Vehicle running and maintenance		4,208,032	3,940,282
	Insurance		2,294,084	1,544,775
	Telephone and fax		1,418,665	1,745,690
	Legal and professional services		9,584,762	1,937,693
	Printing and stationery		1,077,890	1,181,170
	Auditors' remuneration	24.3	605,000	1,000,000
	Electricity and power		489,340	617,217
	Computer software and maintenance		401,411	457,208
	Fee and taxes		4,007,563	837,385
	Subscription and renewals		780,464	614,722
	Advertisement		2,820,710	732,845
	Entertainment		238,886	159,922
	Postage		251,182	251,752
	Newspapers, books and periodicals		80,212	104,110
	Other expenses		1,139,041	155,096
			116,922,719	98,730,161

24.1 Salaries, wages and other benefits include Rs. 1,316,956 (2007: Rs. 1,052,506) in respect of staff retirement benefits and Rs. 397,658 (2007: Rs. 2,393,592) in respect of share option scheme.

24.2 None of the Directors of the Company or their spouses have any interest in, or are otherwise associated with any of the recipients of donations made by the Company during the year.

		Note	2008 (Rupees)	2007 (Rupees)
24.3	Auditors' remuneration			
	Statutory audit		500,000	400,000
	Half yearly review		90,000	90,000
	Out of pocket expenses		15,000	10,000
	Special purpose post acquisition review of USML		–	500,000
			605,000	1,000,000

		Note	2008 (Rupees)	2007 (Rupees)
25.	**DISTRIBUTION AND MARKETING EXPENSES**			
	Salaries, wages and other benefits	25.1	5,773,042	4,331,680
	Sugar loading expenses		2,399,667	1,367,930
	Freight and handling charges – export		66,847,552	59,309
			75,020,261	5,758,919

25.1 Salaries, wages and staff benefits include Rs. 103,587 (2007: Rs. 96,420) in respect of staff retirement benefits.

		2008 (Rupees)	2007 (Rupees)
26.	**OTHER OPERATING EXPENSES**		
	Harvesting loss	20,415,091	4,272,078
	Workers' Profit Participation Fund	24,602,044	5,713,756
	Workers' Welfare Fund	15,748,465	2,171,227
		60,765,600	12,157,061

26.1 Harvesting loss includes Rs. 16,117,316 (2007: Rs. 11,592,122) in respect of depreciation on agricultural implements.

		2008 (Rupees)	2007 (Rupees)
27.	**OTHER OPERATING INCOME**		
	Income from non financial assets		
	Gain on foreign exchange transactions	12,239,758	–
	Insurance claim	11,742,000	–
	Profit on sale of property, plant and equipment	1,280,441	66,967,015
	Rental income	9,358,149	12,716,466
	Scrap sales	447,138	644,581
	Amortization of deferred income	4,242,205	74,016
		39,309,691	80,402,078

			2008 (Rupees)	2007 (Rupees)
28.	**FINANCE COST**			
	Interest and mark-up on:			
	Long term loans – secured		227,890,669	255,391,745
	Short term borrowings – secured	28.1	214,123,294	220,822,983
	Finance leases		50,091,715	32,287,469
	Subordinated loan from Director – unsecured		34,467,622	25,131,062
	Workers' profit participation fund	13.1	216,027	1,267,067
	Bank charges and commission		20,626,152	14,458,046
	Arrangement fee		13,230,000	–
	Project monitoring fee		–	9,000,000
			560,645,479	558,358,372

28.1 Mark up on short term borrowings is net of mark up in the amount of Rs. 114.129 million (2007: Rs. 144.82 million) on advance made to United Sugar Mills Limited (USML). The advance has been made from the proceeds of short term borrowings from banks.

			2008 (Rupees)	2007 (Rupees)
29.	**TAXATION**			
	Income tax – current	29.1	5,363,499	–
	Deferred tax	29.2	95,575,678	35,750,664
			100,939,177	35,750,664

29.1 Provision for current tax represents taxation under final tax regime relating to export sales of the Company.

29.2 Deferred tax expense relating to origination and reversal of temporary differences.

29.3	**Reconciliation of tax charge for the year**	2008 % age	2007 % age
	Applicable tax rate	35.00	35.00
	Tax effect of amounts chargeable at reduced tax rates	(2.96)	–
	Tax losses and credits utilized	(9.69)	–
	Tax effect of minimum turnover tax and others	–	(1.40)
	Average effective rate charged to profit and loss account	22.35	33.60

30. SHARE BASED PAYMENTS

The terms and conditions of the grants are as follows; all options are to be settled by the physical delivery of shares.

2008				
Employees entitled	**Number of shares in '000**	**Vesting Conditions**	**Contractual life of options**	**Fair value at grant date**
Option granted to key management	–	–	–	
Total share options	–	–	–	

2007				
Employees entitled	**Number of shares in '000**	**Vesting Conditions**	**Contractual life of options**	**Fair value at grant date**
Option granted to key management	300	One year service after grant date	Within 3 months of date of entitlement	81.00
Option granted to key management	235	One year service after grant date	Within 3 months of date of entitlement	79.75
Total share options	535			

The movement in number of share options outstanding is as follows:

	2008	2007
	Number in '000	
Outstanding as 01 October	235	–
Granted	–	535
Exercised	(235)	(300)
Outstanding at 30 September	–	235
Exerciseable at 30 September	–	–

31. FINANCIAL INSTRUMENTS

	Interest bearing			Non-interest bearing				
	Maturity within one year	Maturity one to five years	Maturity more than five years	Maturity within one year	Maturity one to five years	Maturity more than five years	Total	Credit risk
	(Rupees)	(Rupees)	(Rupees)	(Rupees)	(Rupees)	(Rupees)	(Rupees)	(Rupees)
Financial assets								
Long term deposits	–	–	–	–	36,991,979	–	36,991,979	36,991,979
Trade debts – unsecured, considered good	–	–	–	43,285,232	–	–	43,285,232	43,285,232
Advances, deposits and other receivables	751,315,318	–	–	1,306,576	–	–	752,621,894	884,326,842
Cash and bank balances	–	–	–	2,400,732	–	–	2,400,732	2,400,732
	751,315,318	–		46,992,540	36,991,979		835,299,837	835,299,837
Financial liabilities								
On balance sheet								
Subordinated loan from Director – unsecured	–	–	260,900,000	–	–	–	260,900,000	–
Long term loans – secured	–	1,613,333,333	586,666,667	–	–	–	2,200,000,000	–
Liabilities against assets subject to finance lease	154,934,612	353,881,872	–	–	–	–	508,816,484	–
Short term borrowings – secured	1,970,380,636	–	–	–	–	–	1,970,380,636	–
Interest and mark-up accrued	–	–	–	95,254,219	–	–	95,254,219	–
Trade and other payables	–	–	–	156,518,995	–	–	156,518,995	–
	2,125,315,248	1,967,215,205	847,566,667	251,773,214	–	–	5,191,870,334	–
Off balance sheet								
Letters of credit	–	–	–	97,351,399	–	–	97,351,399	–
	2,125,315,248	1,967,215,205	847,566,667	349,124,613	–	–	5,289,221,733	–
Financial (liabilities)/assets 2008	(1,373,999,930)	(1,967,215,205)	(847,566,667)	(302,132,073)	36,991,979	–	(4,453,921,896)	835,299,837
Financial (liabilities)/assets 2007	(1,078,033,469)	(2,024,102,277)	(651,124,123)	(179,231,806)	33,809,769	–	(3,898,681,906)	1,878,010,442

The effective interest/mark–up rates for the monetary financial assets and liabilities are mentioned in respective notes to the financial statements.

31.1 Financial risk management objectives

The Company finances its operations through equity, borrowings and management of working capital with a view to maintaining a reasonable mix between the various sources of finance to minimize risk. The Company manages its exposure to financial risk in the following manner:

(a) Concentration of credit risk

Credit risk represents the accounting loss that would be recognised at the reporting date if counter parties failed completely to perform as contracted. The Company's credit risk is primarily attributable to its trade debts and its balances at banks. The credit risk on liquid funds is limited because the counter parties are banks with reasonably high credit ratings. The Company has no significant concentration of credit risk as exposure is spread over a large number of counter parties in the case of trade debts. To manage exposure to credit risk, the Company applies credit limits to its customers and also obtains collaterals, where considered necessary.

(b) Interest rate risk management

Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates. Significant interest rate risk exposures are primarily managed by a mix of borrowings at fixed and variable interest rates and contracting floor and cap of interest rates as referred to in note 7 and 11.

(c) Currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. Currency risk arises mainly where receivables and payables exist due to transactions with foreign buyers and suppliers. The Company believes that it is not exposed to currency risk.

(d) Liquidity risk

Liquidity risk is the risk that an enterprise will encounter difficulty in raising funds to meet commitments associated with financial instruments. The Company follows an effective cash management and planning policy to ensure availability of funds and to take appropriate measures for new requirements.

31.2 Fair value of financial assets and liabilities

The carrying value of financial assets and liabilities reflected in the financial statements approximates their fair values except for investments which are stated at cost. Fair value is determined on the basis of objective evidence at each reporting date.

32. REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

The aggregate amount charged in the financial statements for the year for remuneration, including all benefits to the Chief Executive, Directors and Executives of the Company is as follows:

	Chief Executive		Directors		Executives	
	2008	2007	2008	2007	2008	2007
	(Rupees)	(Rupees)	(Rupees)	(Rupees)	(Rupees)	(Rupees)
Managerial remuneration	4,400,000	4,000,000	–	–	12,282,510	11,783,783
House allowance	1,760,000	1,600,000	–	–	4,913,004	4,713,514
Utilities	440,000	400,000	–	–	1,228,251	1,178,378
Others	1,999,998	999,999	–	–	4,730,082	4,038,997
Company's contribution towards provident fund	–	–	–	–	1,238,660	990,864
Share option	–	–	–	–	2,669,987	40,371,264
	8,599,998	6,999,999	–	–	27,062,494	63,076,800
Number of persons	1	1	–	–	14	12

In addition to the above, some of the Executives are provided with free use of Company maintained cars.

33. TRANSACTIONS WITH RELATED PARTIES

The Company, in the normal course of business carries out transactions with related parties. Transactions with related parties other than remuneration and benefits to key management personnel under the terms of their employment disclosed above are as follows:

Name of parties	Nature of Transactions	2008 (Rupees)	2007 (Rupees)
United Sugar Mills Limited	Advance to meet working capital requirements	1,222,626,184	1,009,924,449
	Mark up	114,129,471	144,825,219
Ghotki Sugar Mills (Privte) Limited	Sale of bagasse	2,539,586	–
Riaz Bottlers (Private) Limited	Sale of sugar	276,560,400	74,009,392
JK Agri Solution (Private) Limited	Reimbursement of cane development expenditure	7,659,249	14,691,084
JDW Aviation (Private) Limited	Traveling services provided to the Company	14,110,036	33,600,000
JK Dairies (Private) Limited	Sale of land	–	163,038,750
	Sale of molasses	1,604,431	–
JK Agri Farms	Purchase of sugar cane	518,238,394	531,319,205
Jahangir Khan Tareen	Subordinated loan	–	110,900,000
	Mark up	34,467,622	25,131,062
Provident fund	Contribution	7,717,888	6,902,800

34. CAPACITY AND PRODUCTION

	2008		2007	
	Days	Tonnes	Days	Tonnes
Crushing capacity	120	2,400,000	120	2,400,000
Sugarcane crushed	165	2,844,394	147	1,890,482
Sugar production		288,949		195,586

35. CAPITAL MANAGEMENT

The Board's policy is to maintain an efficient capital base so as to maintain investor, creditor and market confidence and to sustain the future development of its business. The Board of Directors monitors the return on capital employed, which the Company defines as operating income divided by total capital employed. The Board of Directors also monitors the level of dividends to ordinary shareholders.

The Company's objectives when managing capital are:

(i) to safeguard the entity's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholers, and

(ii) to provide an adequate return to shareholders.

The Company manages the capital structure in the context of economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may, for example, adjust the amount of dividends paid to shareholders, issue new shares, or sell assets to reduce debt.

The Company monitors capital on the basis of the debt-to-equity ratio as follows:

	2008	2007
	(Rupees in thousand)	
Total debt	5,035,351,339	5,594,431,326
Total equity and debt	6,597,419,846	6,803,078,648
Debt-to-equity ratio	76%	82%

The decrease in the debt-to-equity ratio in 2008 resulted primarily from increase in equity due to the current year profit and reduction of debt.

Neither there were any changes in the Company's approach to capital management during the year nor the Company is subject to externally imposed capital requirements.

Notes to the Financial Statements

For the year ended 30 September 2008

36. BASIC AND DILUTED EARNINGS PER SHARE

		2008	2007
Basic			
Profit after taxation	Rupees	350,751,199	70,639,471
Weighted average number of ordinary shares – Basic	No. of shares	38,125,426	37,890,426
Basic earnings per share	Rupees	9.20	1.86
Diluted			
Profit after taxation	Rupees	350,751,199	70,639,471
Weighted average number of ordinary shares	No. of shares	38,125,426	37,890,426
Effect of share options on issue	No. of shares	–	235,000
Weighted average no. of ordinary shares for the purposes of diluted earning per share	No. of shares	–	38,125,426
Combined earnings per share	Rupees	9.20	1.85

37. EVENTS AFTER THE BALANCE SHEET DATE

The Board of Directors has proposed a final dividend for the year ended 30 September 2008 of Rs. 3.50 (35%) (2007: Rs. Nil) per share and bonus shares at the rate of 15% (2007: 20%) at their meeting held on 09 January 2009.

38. DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorized for issue on 09 January 2009 by the Board of Directors of the Company.

39. FIGURES

Workers' profit participation fund and workers' welfare fund of Rs. 5,713,756 and Rs. 2,171,227 respectively are now being shown under other operating expenses. Previously, these have been shown at the face of the profit and loss account.

Advances to growers of Rs. 287,895,082 and advances to suppliers and contractors of Rs. 103,105,313 are now being shown seperately. Previously, these have been clubbed as Advances to growers, suppliers and contractors.

Advance income tax of Rs. 19,172,365 are now being shown at the Balance sheet face. Previously, these have been shown under Advances, deposits, prepayments and other receivables.

Figures have been rounded off to the nearest rupee.

Lahore:
09 January 2009 Chief Executive Director

Consolidated Financial Statements

For the year ended 30 September 2008

Auditors' Report to the Members

KPMG Taseer Hadi & Co.
Chartered Accountants

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Lahore, Pakistan.

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We have audited the annexed consolidated financial statements comprising consolidated balance sheet of JDW Sugar Mills Limited ("the parent Company") and its subsidiary companies (hereinafter referred as the "JDW Group") as at 30 September 2008 and the related consolidated profit and loss account, consolidated cash flow statement and consolidated statement of changes in equity together with the notes forming part thereof, for the year then ended. We have also expressed a separate opinion on the financial statements of JDW Sugar Mills Limited. The financial statements of subsidiary companies, United Sugar Mills Limited and Ghotki Sugar Mills (Private) Limited were audited by other firms of auditors, whose reports have been furnished to us and our opinion in so far as it relates to the amounts included for such companies, is based solely on the reports of such other auditors. These financial statements are the responsibility of the parent Company's management. Our responsibility is to express an opinion on these statements based on our audit.

Our audit was conducted in accordance with the International Standards on Auditing and accordingly included such tests of accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the consolidated financial statements audited by us present fairly the financial position of JDW Group as at 30 September 2008 and the results of its operations for the year then ended.

Without qualifying our opinion, we draw attention of the members to note 14.2 of the financial statements, which discloses the management's assertion on the notice received from the Securities and Exchange Commission of Pakistan under section 472 of the Companies Ordinance, 1984.

Lahore:
09 January 2009

KPMG Taseer Hadi & Co.
Chartered Accountants

Consolidated Balance Sheet

	Note	2008 (Rupees)	2007 (Rupees)
SHARE CAPITAL AND RESERVES			
Share capital	5	381,254,260	315,361,900
Reserves		1,135,793,665	718,536,715
Minority interest		(2,372,367)	(6,345,583)
		1,514,675,558	1,027,553,032
NON CURRENT LIABILITIES			
Subordinated loan from Director – unsecured	6	260,900,000	260,900,000
Long term loans – secured	7	3,600,000,000	3,017,702,890
Liabilities against assets subject to finance lease	8	353,881,872	328,038,520
Deferred liabilities	9	585,574,775	387,284,676
Deferred income	10	7,890,204	12,132,409
		4,808,246,851	4,006,058,495
CURRENT LIABILITIES			
Short term borrowings – secured	11	1,970,380,636	2,316,752,803
Current portion of long term liabilities	12	154,934,612	447,164,952
Trade and other payables	13	1,726,633,296	551,987,795
Interest and mark-up accrued		101,105,342	172,013,779
Provision for taxation		100,995,978	39,000,000
		4,054,049,864	3,526,919,329
CONTINGENCIES AND COMMITMENTS	14		
		10,376,972,273	8,560,530,856

The attached notes from 1 to 43 form an integral part of these financial statements.

Lahore:
09 January 2009

As at 30 September 2008

	Note	2008 (Rupees)	2007 (Rupees)
NON CURRENT ASSETS			
Property, plant and equipment			
Operating assets	15	6,261,479,784	4,507,512,438
Capital work in progress	17	256,839,123	1,244,965,955
Stores and spares held for capital expenditure	18	12,296,025	131,086,097
		6,530,614,932	5,883,564,490
Intangible asset – Goodwill	19	585,554,867	566,283,676
Investment	20	375,000	375,000
Long term deposits	21	37,731,155	34,673,790
		7,154,275,954	6,484,896,956
CURRENT ASSETS			
Stores, spares and loose tools	22	371,253,099	224,711,294
Trade debts – unsecured, considered good	23	222,970,512	186,199,993
Stock-in-trade		876,391,873	914,974,191
Advances, deposits, prepayments and other receivables	24	1,681,912,008	628,283,405
Advance income tax		48,340,603	25,773,868
Cash and bank balances	25	21,828,224	95,691,149
		3,222,696,319	2,075,633,900
		10,376,972,273	8,560,530,856

Chief Executive

Director

Consolidated Profit and Loss Account

For the year ended 30 September 2008

	Note	2008 (Rupees)	2007 (Rupees)
Sales – net	26	10,801,461,407	5,344,240,796
Cost of sales	27	(8,818,583,211)	(4,527,891,865)
Gross profit		1,982,878,196	816,348,931
Administrative expenses	28	(215,740,080)	(140,329,553)
Distribution and marketing expenses	29	(135,778,796)	(7,624,033)
Other operating expenses	30	(91,141,209)	(14,137,700)
Other operating income		70,322,340	102,200,217
		(372,337,745)	(59,891,069)
Operating profit		1,610,540,451	756,457,862
Finance cost	32	(816,217,951)	(697,959,899)
Profit before taxation		794,322,500	58,497,963
Taxation	33	(309,869,960)	(35,310,805)
Profit after taxation		484,452,540	23,187,158
Attributable to:			
Equity holders of the parent		480,479,324	22,114,978
Minority interest		3,973,216	1,072,180
		484,452,540	23,187,158
Combined basic earnings per share	40	12.707	0.612
Combined diluted earnings per share	40	12.707	0.608

The attached notes from 1 to 43 form an integral part of these financial statements.

Lahore:
09 January 2009

Chief Executive

Director

Consolidated Cash Flow Statement

For the year ended 30 September 2008

	Note	2008 (Rupees)	2007 (Rupees)
CASH FLOW FROM OPERATING ACTIVITIES			
Profit before taxation		794,322,500	58,497,963
Adjustments for non cash and other items:			
Finance cost		816,217,951	697,959,899
Depreciation		374,534,204	307,669,212
Workers' profit participation fund		46,614,650	7,152,207
Workers' welfare fund		24,111,468	2,713,414
Staff retirement benefits		24,535,365	17,737,205
Provision for doubtful debts		19,424,107	–
Amortization of deferred income		(4,242,205)	(74,016)
Profit on sale of operating assets		(2,606,250)	(66,967,015)
PIDB liability written back		–	(10,780,782)
Excess provision/credit balances written back		–	(4,510,895)
Loss on remeasurement of investment		–	75,000
		1,298,589,290	950,974,229
Operating profit before working capital changes		2,092,911,790	1,009,472,192
(Increase)/decrease in current assets:			
Stores, spares and loose tools		(146,541,805)	10,391,667
Stock in trade		38,582,318	(914,974,191)
Trade debts – unsecured, considered good		(45,845,940)	(171,713,852)
Advances, deposits, prepayments and other receivables		(977,677,800)	3,279,226
		(1,131,483,227)	(1,073,017,150)
Increase in current liabilities			
Trade and other payables		1,117,941,407	86,743,231
Cash generated from operations		2,079,369,970	23,198,273
Finance cost paid		(833,833,449)	(605,686,668)
Income tax paid		(80,716,426)	(34,543,598)
Workers' profit participation fund paid		(7,299,902)	(35,422,335)
Workers' welfare fund paid		(8,532,917)	–
Staff retirement benefits paid		(17,823,301)	(15,110,189)
		(948,205,995)	(690,762,790)
Net cash generated from /(used in) operating activities		1,131,163,975	(667,564,517)
CASH FLOW FROM INVESTING ACTIVITIES			
Capital work in progress		(657,053,731)	–
Additions to operating assets		(453,404,081)	(466,474,256)
Investments made during the year		(19,271,191)	(533,771,387)
Stores and spares held for capital expenditure		110,349,312	–
Proceeds realized from sale and lease back transactions		88,520,795	120,422,278
Proceeds realized from sale of operating assets		8,813,103	163,966,121
Long term deposits		(3,057,365)	(14,567,315)
Net cash used in investing activities		(925,103,158)	(730,424,559)
CASH FLOW FROM FINANCING ACTIVITIES			
Long term loans – secured		254,418,324	(28,333,331)
Short term borrowings – secured		(346,372,167)	1,958,729,362
Lease rentals paid		(187,454,868)	(146,638,818)
Dividend paid		(515,031)	(77,077,322)
Payable to sponsoring shareholders of United Sugar Mills Limited		–	(330,000,000)
Subordinated loan from Director – unsecured		–	110,900,000
Net cash (used in)/generated from financing activities		(279,923,742)	1,487,579,891
Net (decrease)/increase in cash and cash equivalents		(73,862,925)	89,590,815
Cash and cash equivalents at the beginning of the year		95,691,149	6,100,334
Cash and cash equivalents at the end of the year	25	21,828,224	95,691,149

The attached notes from 1 to 43 form an integral part of these financial statements.

Lahore:
09 January 2009

Chief Executive

Director

Consolidated Statement of Changes in Equity

For the year ended 30 September 2008

	Capital					
	Share capital	Share premium	Share option reserve	Accumulated profit	Minority interest	Total
	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees
Balance as at 30 September 2006	260,301,580	–	–	789,201,267	(9,937,763)	1,039,565,084
Final dividend for the year 2006						
at the rate of Rs. 3 per share	–	_	_	(78,090,474)	–	(78,090,474)
Bonus shares issued at the rate of 20%	52,060,320	_	_	(52,060,320)	–	–
Profit for the year	–	_	_	22,114,978	–	22,114,978
Share based option	–	–	16,071,264	_	_	16,071,264
Share option exercised	3,000,000	21,300,000	_	_	_	24,300,000
Minority interest	–	_	_	_	3,592,180	3,592,180
Balance as at 30 September 2007	315,361,900	21,300,000	16,071,264	681,165,451	(6,345,583)	1,027,553,032
Bonus shares issued at the rate of 20 %	63,542,360	–	–	(63,542,360)	–	–
Share based option	–	–	2,669,986	–	–	2,669,986
Share option exercised	2,350,000	16,391,250	(18,741,250)	–	–	–
Profit for the year	–	–	–	480,479,324	–	480,479,324
Minority interest	–	–	–	–	3,973,216	3,973,216
Balance as at 30 September 2008	381,254,260	37,691,250	–	1,098,102,415	(2,372,367)	1,514,675,558

The attached notes from 1 to 43 form an integral part of these financial statements.

Lahore:
09 January 2009

Chief Executive

Director

Notes to the Consolidated Financial Statements

For the year ended 30 September 2008

1. STATUS AND NATURE OF BUSINESS

The Group consists of:

Parent Company

JDW Sugar Mills Limited

JDW Sugar Mills Limited ("the Company") was incorporated in Pakistan on 31 May 1990 as a Private Limited Company under the Companies Ordinance, 1984 and was subsequently converted into a Public Limited Company on 24 August 1991. Shares of the Company are listed on the Karachi and Lahore Stock Exchanges. The registered office of the Company is situated at 17 - Abid Majeed Road, Lahore Cantonment, Lahore. The principal activity of the Company is production and sale of crystalline sugar.

Subsidiary Companies

United Sugar Mills Limited

United Sugar Mills Limited (USML) was incorporated in Pakistan on 05 February 1970 and is listed on Karachi Stock Exchange until 14 September 2008. However, on the application of the management of the Company in the year 2008 it has been delisted with effect from 15 September 2008. The registered office of USML is situated at 17 - Abid Majeed Road, Lahore Cantonment, Lahore. The principal activity of USML is production and sale of crystalline sugar. Proportion of ownership interest held by Parent Company is 97.47% (2007: 96.03%).

Ghotki Sugar Mills (Private) Limited

Ghotki Sugar Mills (Private) Limited (GSML) was incorporated in Pakistan on 02 June 2006 as a Private Limited Company under the Companies Ordinance, 1984. The registered office of GSML is situated at 17 - Abid Majeed Road, Lahore Cantonment, Lahore. The principal activity of GSML is production and sale of crystalline sugar. Proportion of ownership interest held by Parent Company is 100% (2007: 99.58%).

2 STATEMENT OF COMPLIANCE

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

2.2 Standards, interpretations and amendments to published approved accounting standards

The following amendments to existing standards have been published that are applicable to the Group's financial statements covering annual periods, beginning on or after the following dates:

2.2.1 Amendments to published standards effective in current year

Amendments to IAS 1 'Presentation of Financial Statements' - Capital disclosure is mandatory for the Group's accounting period beginning on 01 October 2007 . Its adoption by the Group only impacts the format and extent of disclosures presented in the financial statements.

2.2.2 Amendments and Interpretations to publish standards applicable to the Group not yet effective

The following amendments and interpretations to existing standards have been published and are mandatory for the Group's accounting periods beginning on or after their respective effective dates:

– IFRS 7 'Financial Instruments: Disclosures' is applicable to the Group's financial statements covering annual periods, beginning on or after 01 October 2008. It requires disclosures about the significance of financial instruments for the Group's financial position and performance, as well as quantitative and qualitative disclosure on the nature and extent to risks.

- Certain amendments to IAS 23 ' Borrowing Costs' have been published that are applicable to the Group's financial statements covering annual periods, beginning on or after 01 October 2009. Adoption of these amendments would require the Group to capitalize the borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset (one that takes substantial period of time to get ready for use or sale) as part of the cost of that asset. The option of immediately expensing these borrowing costs will be removed. Its adoption will not have any impact on the Group's financial statements.

-Amendment to IFRS 2 Share-based Payment – Vesting Conditions and Cancellations that are applicable to the Group's financial statements covering annual periods, beginning on or after 01 October 2009. These amendments clarifies the definition of vesting conditions, introduces the concept of non-vesting conditions, requires non-vesting conditions to be reflected in grant-date fair value and provides the accounting treatment for non-vesting conditions and cancellations. The application of this standard is not likely to have any material effect on Group's financial statements.

-Revised IFRS 3 Business Combinations (applicable for annual periods beginning on or after 01 July 2009) broadens among other things the definition of business resulting in more acquisitions being treated as business combinations, contingent consideration to be measured at fair value and transaction costs other than share and debt issue costs to be expensed. The application of this standard is not likely to have an effect on Group's financial statements.

-Amended IAS 27 Consolidated and Separate Financial Statements (effective for annual periods beginning on or after 01 July 2009) requires accounting for changes in ownership interest by the group in a subsidiary, while maintaining control, to be recognized as an equity transaction. When the group loses control of subsidiary, any interest retained in the former subsidiary will be measured at fair value with the gain or loss recognized in the profit or loss. The application of the standard is not likely to have an effect on the Group's financial statements.

2.2.3 Standards and interpretations to existing standards that are not applicable to the Group and not yet effective

Standards or Interpretation		Effective date (accounting periods beginning on or after)
IFRS 8	Operating Segments	01 October 2009
IFRIC 12	Service concession arrangements	01 October 2008
IFRIC 13	Customer loyalty programmes	01 October 2008
IFRIC 14	The limit on a defined benefit asset, minimum funding requirements and their interaction	01 October 2008
IFRIC 15	Accounting for agreements for the construction of real estate	01 October 2009
IFRIC 16	Hedge of net investment in a foreign operation	01 October 2009

In addition to the above, a new standard 'IFRS 4 - Insurance Contracts' has been issued by the International Accounting Standards Board but has not yet been adopted by the Institute of Chartered Accountants of Pakistan (ICAP) or notified by the SECP and, hence, presently do not form part of the local financial reporting framework.

3 BASIS OF MEASUREMENT

These consolidated financial statements have been prepared on the basis of historical cost convention, except for revaluation of certain operating assets and financial instruments at fair value and recognition of certain employee retirement benefits at present value.

The preparation of consolidated financial statements in conformity with approved accounting standards requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions and judgments are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the result of which form the basis of making the judgments about 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. Revision to accounting estimates are recognized in the period in which the estimate is revised if the revision effects only that period, or in the period of revision and future periods if the revision affects both current and future periods. The areas where various assumptions and estimates are significant to Group's financial statements or where judgments were exercised in application of accounting policies are:

Residual value and useful lives of depreciable assets	note 4.2
Taxation	note 4.7
Impairment of goodwill	note 4.17

4 SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies adopted in the preparation of these consolidated financial statements are set out below. The policies have been consistently applied to all the years presented, unless otherwise stated.

4.1 Basis of consolidation

The consolidated financial statements includes the financial statements of JDW Sugar Mills Limited and its subsidiaries for the year ended 30 September 2008.

Subsidiary is that enterprise in which Group directly or indirectly controls, beneficially owns or holds more than 50% of the voting securities or otherwise has power to elect and appoint more than 50% of its Directors. The financial statements of the subsidiaries are included in the consolidated financial statements from the date control commences until the date control ceases.

The assets and liabilities of the subsidiaries have been consolidated on a line by line basis and the carrying value of investments held by the parent company is eliminated against the subsidiaries shareholders' equity in the consolidated financial statement.

Material intra-group balances and transactions have been eliminated.

Minority interests are that part of the net results of the operations and of net assets of the subsidiaries attributable to interests which are not owned by the Group. Minority interest are presented as a separate item in the consolidated financial statements.

4.2 Property, plant and equipment

Owned

Property, plant and equipment, except freehold land are stated at cost less accumulated depreciation and any identified impairment loss. Freehold land and capital work in progress are stated at cost less any identified impairment loss. Cost includes direct cost, related overheads, interest and mark up referred to in note 4.13.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. Major repairs and improvements are capitalized. All other repair and maintenance costs are charged to income during the period in which they are incurred.

Depreciation is charged to profit on reducing balance method so as to write off the written down value of assets over their estimated useful lives at rates disclosed in note 15.

Depreciation methods, residual values and useful lives of assets are reviewed at each financial year end, and adjusted if impact on depreciation is significant.

Depreciation on additions is charged from the date the asset is acquired or capitalized to the date of disposal.

The Group assesses at each balance sheet date whether there is any indication that property, plant and equipment 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 recognised in income currently. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. Where an impairment loss is recognised, the depreciation charge is adjusted in the future periods to allocate the asset's revised carrying amount over its estimated useful life.

The gain or loss on disposal or retirement of an asset represented by the difference between the sale proceeds and the carrying amount of the asset is recognised as an income or expense.

Leased

Leases where the Group has substantially all the risks and rewards of ownership are classified as finance leases. At inception, finance leases are capitalized at the lower of present value of minimum lease payments under the lease agreements and the fair value of the assets, less accumulated depreciation and impairment loss, if any.

The related rental obligations, net of finance costs, are included in liabilities against assets subject to finance lease as referred to in note 8. The liabilities are classified as current and non-current depending upon the timing of the payment.

Each lease payment is allocated between the liability and finance costs so as to achieve a constant rate on the balance outstanding. The interest element of the rental is charged to profit over the lease term.

Assets acquired under a finance lease are depreciated over the estimated useful life of the assets on reducing balance method at the rates disclosed in note 15. Depreciation of leased assets is charged to profit and loss account.

Depreciation on additions is charged from the date the asset is available for use to the date of disposal.

Depreciation methods, residual values and useful lives of the assets are reviewed at each financial year end, and adjusted if impact on depreciation is significant.

4.3 Stores, spares and loose tools

These are valued at weighted average cost except for items in transit, which are valued at cost comprising invoice value and related expenses incurred thereon up to the balance sheet date. Obsolete and used items are recorded at nil value.

4.4 Stock in trade

Finished goods

These are valued at the lower of weighted average cost and net realizable value except for stock in transit, which is valued at cost comprising invoice value and related expenses incurred thereon up to the balance sheet date.

Cost is determined as follows:

Raw materials	At weighted average cost
Work-in-process and finished goods	At weighted average cost and related manufacturing expenses
Molasses	At lower of cost and net realizable value

Net realizable value signifies the estimated selling price in the ordinary course of business less other costs necessary to be incurred to make the sale.

4.5 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. Bad debts are written off when identified.

4.6 Staff retirement benefits

Parent company

Defined contribution plan

The Company operates approved contributory provident fund for all permanent employees. Equal monthly contribution is made both by the Company and employee to the fund at the rate of 10% of basic salary.

Shared based payment transactions

The Company established a share option scheme that entitles senior executive level of the Company to receive shares of the Company at 100% discount or such other discount rates as may be decided by the Board from time to time. The shares issued to the employees under the above scheme will not be transferable for a period of two years starting from the date of issue.

The grant date fair value of options granted to employees is recognised as salaries expense, with corresponding increase in equity over the period that the employees become unconditionally entitled to the option.

Subsidiaries

Defined benefit plans

The subsidiaries operate an unfunded gratuity scheme covering all employees who have completed their qualifying period. Provision is made annually to cover current obligation under the scheme.

The latest actuarial valuation for gratuity schemes was carried out as at 30 September 2008. Projected Unit Credit Method, using the following significant assumptions is used for valuation of the scheme:

Discount rate	12%
Expected increase in eligible pay	12%

Cumulative net unrecognized actuarial gains and losses at the end of previous year which exceed 10% of the greater of the present value of the company's obligations are amortized over the expected average working lives of the participating employees.

4.7 Taxation

Income tax expense comprises current and deferred tax.

Current

Provision of current tax is based on the taxable income for the year determined in accordance with the prevailing law for taxation of income. The charge for current tax is calculated using prevailing tax rates or tax rates expected to apply to the profit for the year if enacted after taking into account tax credits, rebates and exemptions, if any. The charge for current tax also includes adjustments, where considered necessary, to provision for tax made in previous years arising from assessments framed during the year for such years.

Deferred

Deferred tax is accounted for using the balance sheet liability method in respect of all temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of the taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which the deductible temporary differences, unused tax losses and tax credits can be utilized.

Deferred tax is calculated at the rates that are expected to apply to the period when the differences reverse based on tax rates that have been enacted or substantively enacted by the balance sheet date. Deferred tax is charged or credited in the profit and loss account, except in the case of items credited or charged to equity in which case it is included in equity.

4.8 Revenue recognition

Revenue from sale of goods is measured at the fair value of the consideration received or recievable. Revenue is recognised when the significant risks and rewards of ownership have been transfered to the buyer.

Interest and rental income from harvesting equipment are recognized on accrual basis.

Dividend income is recognized when the right of receipt is established.

4.9 Cash and cash equivalents

Cash and cash equivalents are carried at cost in the balance sheet. For the purpose of cash flow statement, cash and cash equivalents comprise of cash in hand and bank balances.

4.10 Provisions

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

4.11 Financial instruments

Financial assets and liabilities are recognized when the Group becomes party to the contractual provisions of the instrument. Financial assets are de-recognized when the Group loses control of the contractual rights that comprise the financial asset. Financial liabilities are de-recognized when they are extinguished that is, when the obligation specified in the contract is discharged, cancelled, or expired. The particular measurement methods adopted are disclosed in the individual policy statements associated with each item.

4.12 Offsetting

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

4.13 Borrowing costs

Borrowing costs incurred on long term finances obtained for the construction of qualifying assets are capitalized up to the date the respective assets are available for the intended use. All other borrowing costs are recognized as an expense in the period in which these are incurred.

4.14 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.

4.15 Foreign currency transactions

All monetary assets and liabilities in foreign currencies are translated into rupees at exchange rates prevailing at the balance sheet date. Transactions in foreign currencies are translated into rupees at the spot rate. All non-monetary items are translated into rupees at exchange rates prevailing on the date of transactions or on the date when fair values are determined. Exchange differences are included in the profit currently.

4.16 Dividend

Dividend distribution to the shareholders is recognized as a liability in the period in which the dividend is approved.

4.17 Intangible asset - Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets of the acquired subsidiary at the date of acquisition. Goodwill recognized is tested annually for impairment and carried at cost less accumulated impairment losses.

4.18 Deferred income

Deferred income represents excess of sale proceeds in relation to the carrying amount of the asset acquired under sale and lease back arrangement. Deferred income is amortized on a straight line basis over the period of lease term.

4.19 Investment

Available for sale

Investment classified as available for sale is initially measured at cost, being the fair value of consideration given. At subsequent reporting dates, this investment is re-measured at fair value, unless fair value cannot be reliably measured. Unrealised gains and losses arising from the changes in the fair value are directly recognized in equity in the period in which they arise. Cumulative gains & losses arising from changes in fair value are included in net profit or loss for the period in which an investment is derecognized.

Investment intended to be held for less than twelve months from the balance sheet date or to be sold to raise operating capital, are included in current assets, all other investments are classified as non-current. Management determines the appropriate classification of its investment at the time of the purchase and re-evaluates such designation on a regular basis.

	2008 (Number)	2007 (Number)	**2008 (Rupees)**	2007 (Rupees)
5. SHARE CAPITAL				
5.1 Authorized capital				
Ordinary shares of Rs. 10 each	**40,000,000**	35,000,000	**400,000,000**	350,000,000
5.2 Issued, subscribed and paid up capital				
Ordinary shares of Rs. 10 each fully paid in cash	**20,577,200**	20,577,200	**205,772,000**	205,772,000
Ordinary shares of Rs. 10 each issued as fully paid bonus shares	**17,013,226**	10,658,990	**170,132,260**	106,589,900
Ordinary shares of Rs. 10 each issued against share option exercised	**535,000**	300,000	**5,350,000**	3,000,000
	38,125,426	31,536,190	**381,254,260**	315,361,900

6. SUBORDINATED LOAN FROM DIRECTOR - UNSECURED

This loan is unsecured and subordinated to the syndicated loans referred to in note 7. Mark up is charged at the rate of 6 months KIBOR plus 300bps (2007: 6 months KIBOR plus 200 bps) per annum is payable on quarterly basis.

	Note	2008 (Rupees)	2007 (Rupees)
7. LONG TERM LOANS – SECURED			
Privately place term finance certificates (PPTFC's)			
MCB Bank Limited		225,000,000	–
Faysal Bank Limited		300,000,000	–
Saudi Pak Investment and Agricultural Company (Pvt.) Limited		50,000,000	–
The Bank of Punjab		400,000,000	–
AKD Income Fund		70,000,000	–
AKD Opportunity Fund		40,000,000	–
Golden Arrow Selected Stock Fund Limited		40,000,000	–
MCB Dynamic Cash Fund		100,000,000	–
National Bank of Pakistan		200,000,000	–
Soneri Bank Limited		83,000,000	–
Saudi Pak Commercial Bank Limited		192,000,000	–
	7.1	1,700,000,000	–
Privately placed SUKUK certificates (PPSC's)			
MCB Bank limited		175,000,000	–
Askari Commercial Bank Limited		200,000,000	–
The Bank of Khyber		125,000,000	–
	7.2	500,000,000	–
Habib Bank Limited (HBL) led syndicated loan			
Habib Bank Limited		350,000,000	–
MCB Bank Limited		400,000,000	–
JS Bank Limited		150,000,000	–
Pak Kawait Investment Bank Limited		150,000,000	–
Faysal Bank Limited		350,000,000	–
	7.3	1,400,000,000	–
Syndicated Loan – I			
National Bank of Pakistan		–	200,000,000
Habib Bank Limited		–	100,000,000
The Bank of Punjab		–	66,666,668
Saudi Pak Commercial Bank Limited		–	33,333,332
		–	400,000,000
Syndicated Loan – II			
Faysal Bank Limited		–	125,000,000
Allied Bank Limited		–	83,333,334
Soneri Bank Limited		–	41,666,667
Pak Kuwait Investment Company (Pvt.) Limited		–	83,333,334
PICIC Commercial Bank Limited		–	83,333,334
		–	416,666,669
Syndicated Loan – III			
United Bank Limited		–	500,000,000
Allied Bank Limited		–	350,000,000
MCB Bank Limited		–	200,000,000
Pak Kuwait Investment Company (Pvt.) Limited		–	150,000,000
Saudi Pak Commercial Bank Limited		–	150,000,000
Faysal Bank Limited		–	150,000,000
		–	1,500,000,000
Faysal Bank Limited			
Morabaha LPO		–	37,500,000
Habib Bank Limited			
Demand Finance		–	32,000,000
Standard Chartered Bank Limited			
Term Finance		–	28,000,000
Habib Bank Limited			
Bridge Finance		–	371,415,010
Saudi Pak Commercial Bank Limited			
Term Finance		–	560,000,000
		3,600,000,000	3,345,581,679
Less: Current maturity – Note 12		–	327,878,789
		3,600,000,000	3,017,702,890

7.1 PPTFC's

TFC's have been issued by way of private placements with a consortium of institutional investors. The total issue comprises of 340,000 TFC's having face value of Rs. 5,000.

Terms of repayment

18 unequal quarterly installments commencing after a grace period of one year and six months i.e March 2010 and ending June 2014.

Rate of return

The return on TFC's is payable quarterly at a rate of 3 months KIBOR plus 1.25%.

Trustee

In order to protect the interests of TFC holders, MCB Bank Limited has been appointed as trustee under a trust deed dated 27 May 2008.

Security

This finance is secured by first pari passu charge on land measuring 248 kanals and 552 kanals, fixed assets, plant and machinery of the parent company and USML.

7.2 PPSC's

SC's have been issued by way of private placements with a consortium of institutional investors. The total issue comprises of 100,000 sukuk certificates having face value of Rs. 5,000.

Terms of repayment

18 unequal quarterly installments commencing after a grace period of one year and six months i.e March 2010 and ending June 2014.

Rate of return

The return on SC's is payable quarterly at a rate of 3 months KIBOR plus 1.25%.

Trustee

In order to protect the interests of sukuk certificate holders, MCB Bank Limited has been appointed as trustee under a trust deed dated 3 April 2008.

Security

This finance is secured by first pari passu charge on land measuring 248 kanals and 552 kanals, fixed assets, plant and machinery of the Parent Company and USML.

7.3 Habib Bank Limited (HBL) led syndicated loan is secured against first ranking pari passu charge over all the assets, equitable mortgage charge over immovable properties of the subsidiaries and personal guarantee of directors to the extent of Rs 1,866,666,668. It is repayable in 22 installments ranging from Rs. 51,000,000 to 76,500,000 after a grace period of 1.5 years starting from June 2010. It carries mark-up at the rate of 3 months KIBOR (Average Ask side) plus 2% payable quarterly. Mark-up is reset on last business day prior to the commencement of each three months' period immediately preceding on the installment payment date.

Notes to the Consolidated Financial Statements

For the year ended 30 September 2008

8. LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE

The amount of future minimum lease payments along with their present value and the periods during which they will fall due are:

	Note	2008		
		Minimum lease payments	Finance cost for future periods	Present value
		(Rupees)	(Rupees)	(Rupees)
Not later than one year	12	222,493,946	67,559,334	154,934,612
Later than one year and not later than five years		421,090,760	67,208,888	353,881,872
		643,584,706	134,768,222	508,816,484

	Note	2007		
		Minimum lease payments	Finance cost for future periods	Present value
		(Rupees)	(Rupees)	(Rupees)
Not later than one year	12	157,283,623	37,997,460	119,286,163
Later than one year and not later than five years		364,815,947	36,777,427	328,038,520
		522,099,570	74,774,887	447,324,683

The Group has entered into various lease agreements with various commercial banks and financial institutions for plant and machinery and vehicles. Lease rentals are payable on quarterly and monthly basis and includes finance cost ranging from 12.48% to 17.69% (2007: 10.71% to 14.65%) per annum which has been used as the discounting factor. The Group has the option to purchase the assets upon completion of lease period and has the intention to exercise such option. There are no financial restrictions imposed by lessors.

9. DEFERRED LIABILITIES

	Note	2008 (Rupees)	2007 (Rupees)
Deferred taxation	9.1	568,444,852	375,072,230
Staff retirement benefits – gratuity	9.2	17,129,923	12,212,446
		585,574,775	387,284,676

9.1 Deferred taxation

	2008 (Rupees)	2007 (Rupees)
The liability for deferred taxation comprises of timing differences relating to:		
Accelerated tax depreciation	977,023,857	688,409,602
Leased assets	162,959,232	191,421,428
Liabilities against assets subject to finance lease	(164,248,504)	(156,563,639)
Unused tax credits and losses	(378,471,269)	(357,589,384)
Provision for gratuity	(5,766,044)	3,836,681
Provision for doubtful debts and receivables	(17,666,626)	–
Other timing differences	(5,385,794)	5,557,542
	568,444,852	375,072,230

	Note	2008 (Rupees)	2007 (Rupees)
9.2 Staff retirement benefits – gratuity			
Present value of defined benefit obligations		25,523,798	17,432,581
Unrecognised actuarial losses		(8,393,875)	(5,220,135)
Liability as at 30 September		17,129,923	12,212,446
Opening balance		12,212,446	8,321,340
Charge to profit and loss account		6,203,775	5,182,105
Payments		(1,286,298)	(1,290,999)
Liability as at 30 September		17,129,923	12,212,446
Charge to profit and loss account for the year comprises:			
Current service cost		4,891,468	3,991,068
Interest cost for the year		1,572,504	1,091,121
Actuarial losses recognised		(260,197)	99,916
		6,203,775	5,182,105

Historical information (USML)
Comparison for five years:

	2008 Rupees	2007 Rupees	2006 Rupees	2005 Rupees	2004 Rupees
Present value of defined benefit obligations	21,300,000	17,432,581	10,911,207	8,846,545	5,887,000
Experience adjustment (loss)	(1,447,000)	(2,730,000)	(543,000)	(1,132,000)	(697,000)

10. DEFERRED INCOME

This represents the unamortized balance of excess of sale proceeds over carrying amount of plant and machinery and vehicles on sale and lease back transactions with financial institutions.

During the year, the Group has recognized deferred income amounting to Rs. Nil (2007: Rs. 12.21 million). The amount credited to the Profit and Loss account is Rs. 4.24 million (2007: Rs. 0.074 million).

	Note	2008 (Rupees)	2007 (Rupees)
11. SHORT TERM BORROWINGS - SECURED			
Banking and Financial Institutions			
Cash finances	11.1	962,351,050	1,327,784,415
Running finances	11.2	808,029,586	788,968,388
Morabaha –LPO	11.3	200,000,000	200,000,000
		1,970,380,636	2,316,752,803

11.1 The Parent Company has obtained cash finance facilities aggregating to Rs. 5,620 million (2007: Rs. 2,770 million). The mark up rates applicable during the year ranges from 10.80% p.a. to 15.58% p.a. These are secured against pledge of sugar bags of the parent Company and USML and personal guarantees of all the Directors of the Parent Company.

11.2 The Parent Company has obtained running finance facilities aggregating to Rs. 887 million (2007: Rs. 800 million). The mark up rates applicable during the year ranges from 11.05% p.a. to 16.99% p.a. These are secured against present and future current assets and personal guarantees of all the Directors of the Parent Company.

11.3 The Parent Company has obtained morabaha LPO facility of Rs. 200 million (2007: Rs. 200 million). The mark up rates applicable during the year ranges from 12.20% p.a. to 15.87% p.a. This facility is secured by way of joint pari–passu charge over current assets for Rs. 267 million and personal guarantees of all the Directors of the Parent Company.

		Note	2008 (Rupees)	2007 (Rupees)
12.	**CURRENT PORTION OF NON CURRENT LIABILITIES**			
	Current portion of long term loans from banking companies and financial institutions	7	–	327,878,789
	Current portion of liabilities against assets subject to finance lease	8	154,934,612	119,286,163
			154,934,612	447,164,952
13.	**TRADE AND OTHER PAYABLES**			
	Trade creditors		276,546,670	247,547,450
	Advances from customers		827,666,574	3,626,299
	Sales tax payable		483,422,936	178,007,579
	Worker's Profit Participation Fund payable	13.1	46,772,363	7,152,207
	Special excise duty payable		31,690,597	–
	Worker's Welfare Fund		20,425,193	4,846,643
	Retention money		13,387,234	9,293,352
	Accrued expenses		12,308,484	37,278,921
	Payable to United Bank Limited – Grower's Loan		–	46,553,026
	Unclaimed dividend		4,930,092	5,445,122
	Tax deducted at source		2,062,766	6,774,842
	Other payables		7,420,387	5,462,354
			1,726,633,296	551,987,795
	13.1 Workers' Profit Participation Fund			
	Opening balance		7,152,207	34,155,268
	Add: Allocation for the year		46,614,650	7,152,207
	Interest on funds utilized in the Group business		305,408	1,488,258
			46,920,058	8,640,465
			54,072,265	42,795,733
	Less: Paid during the year		7,299,902	35,643,526
	Closing balance		46,772,363	7,152,207

14. CONTINGENCIES AND COMMITMENTS

Contingencies

JDW Sugar Mills Limited

14.1 The Sales Tax Department has demanded further tax from the Company for the year 2000-2001 on the grounds that it charged sales tax at the rate of 15% on it's sales to persons liable to be registered instead of 18%. The Company is in adjudication against this on grounds of the definition of registered person in the Sales Tax Act. The Lahore High Court has stopped any recovery by the sales tax department from JDW Sugar Mills Limited till the decision of Collector of Customs, Sales Tax and Central Excise, Multan Region. The Company expects a favorable outcome in this case. The amount of further sales tax is Rs. 77.9 million.

United Sugar Mills Limited

14.2 A confidential agreement was entered into by the previous sponsors of the Company with Mr. Bashir Ahmad on 17 January 2001 for revival of management and operations of the Company, pursuant to which inter alia Mr. Bashir Ahmed was appointed as the Chief Executive of the Company upto the year ended 30 September 2005. Pursuant to the said confidential agreement, Mr. Bashir Ahmed was entitled to have a share of profits of the Company based on a certain formula defined in the agreement. This agreement remained confined between the above said two parties until a dispute arose between them. Mr. Bashir Ahmed thereafter filed a recovery suit before the Honourable Sindh High Court at Karachi in October 2005 on the basis of the said agreement. The matter was resolved with the consent of the parties and the Honorable Sindh High Court was pleased to appoint a commissioner for determination of amounts due under the said agreement. Pursuant to the report of the said commissioner in June 2006, the Company had paid Mr. Bashir a net lump sum amount of Rs. 166.874 million as per the terms of the agreement. The said payment was charged to the profit and loss account as 'other charges' in the financial statements of the Company for the year ended 30 September 2006.

Subsequent to the aforesaid decision by the Honourable Sindh High Court and the above stated payments by the Company, the Securities and Exchange Commission of Pakistan (SECP) has undertaken an investigation into the state of affairs and reporting by the Company during the tenure of Mr. Bashir Ahmed, including into the legality of the aforesaid agreement. While we understand the investigation is still continuing, SECP has identified certain prima facie irregularities in the financial affairs of the Company during the tenure of Mr. Bashir Ahmed and has issued the following directions to the Company under Section 472 of the Companies Ordinance, 1984 vide its letter dated 24 October 2008:

"The current directors, on becoming aware of the looting and plundering done to siphon off funds from the Company, owe fiduciary duties to the Company and its shareholders, are required to take corrective measures. I, therefore, direct the Company, its Chief Executive and Directors in terms of Section 472 of the Ordinance to prepare true and fair accounts and present them before the shareholders by or before 31 January 2009. Further, they are also directed to initiate legal proceedings against the persons and entities responsible for siphoning off funds from the Company and thereby looting its shareholders."

Purported sales totaling Rs. 231.466 million have been identified by SECP to have been prima facie misappropriated / not accounted for by the previous management of the Company during the accounting period from 01 October 2001 to 30 September 2005. The Company is given to understand that such anomalies / misappropriation were identified by SECP from the record and documents submitted by the aforesaid Mr. Bashir Ahmad before the Honourable Sindh High Court and the court appointed Commissioner (i.e. the record and documents submitted by Mr. Bashir Ahmed for the purposes of determination of the amounts payable to him by the Company under the provisions of the above said confidential agreement).

The current management is, in accordance with the aforesaid direction of SECP, in the process of initiating proceedings against the previous management. Any amounts which are determined in such proceedings to have been misappropriated and are recoverable shall, at such time, be recorded in the financial statements of the Company in accordance with the requirements of International Accounting Standard 8 - 'Accounting Policies, Changes in Accounting Estimates and Errors' (IAS 8).

Furthermore, the aforesaid payment of Rs. 166.874 million to Mr. Bashir Ahmed pursuant to the orders of the Honourable Sindh High Court was duly charged off by the Company as other operating expenses grouped under the head 'other charges' in its profit and loss account for the year ended 30 September 2006 i.e. the financial year in which the entire payment was actually made by the Company to Mr. Bashir Ahmed. SECP has now directed the Company to, instead, record each amount paid to Mr. Bashir for respective years to which each such payment relates, in accordance with the requirements of International Accounting Standard 8 - 'Accounting Policies, Changes in Accounting Estimates and Errors' (IAS 8). The said recording / adjustment, however, does not result in any change in equity or profit and loss account for the year or the prior years, as the earliest period presented in these financial statements is that of 30 September 2006.

This contingency note is being disclosed in these financial statements pursuant to the aforesaid direction of SECP to present true and fair accounts of the Company to the shareholders.

14.3 The Company availed 50% exemption of excise duty in 1990-91 crushing season on account of excess production over last year by having completed full crushing season i.e. 160 days. According to the audit report of Excise Department the exemption was wrongly availed. Therefore, the Deputy Collector issued show cause notice. The Company has challenged the same in Lahore High Court in Lahore. No provision has been made in financial statements for this as the management is confident that the case will be decided in its favour.

14.4 The Punjab Industrial Development Board (PIDB) claimed in respect of Pasrur Sugar Mills Limited (formerly subsidiary of United Sugar Mills Limited) an amount of Rs. 10,780,782. A dispute arose at the time of settlement of the consideration of the mills between PIDB and USML and the matter was referred to an arbitrator. An award had been announced by it in favour of the Company whereby instead of paying the aforementioned amount, Rs.1,209,385 become recoverable from them. An appeal filed by PIDB against decision of arbitrator in Sindh High Court Karachi was dismissed during the year 2004-05. Now PIDB has again filed a petition and Supreme Court accept the petition to re-open the case. The final outcome of this case is not known at present. However the management of the Company and its legal advisor are confident that this case will decided in its favour. Accordingly no provision is made in the books of account of the Company.

		2008 (Rupees)	2007 (Rupees)
Commitments in respect of:			
JDW Sugar Mills Limited			
14.5	Counter guarantee given on account of agricultural loan to growers:		
	United Bank limited	–	150,000,000
	Faysal Bank Limited	150,000,000	100,000,000
14.6	Letters of credit for Import of machinery and its related components	97,351,399	69,092,461
14.7	Letter of guarantee for purchase of oil and lubricants in favour of Shell Pakistan Limited	60,000,000	50,000,000
14.8	Letters of guarantee for sugar tenders in favour of Trading Corporation of Pakistan	48,271,565	–
United Sugar Mills Limited			
14.9	Cost of boiler under erection	18,846,000	80,000,000
Ghotki Sugar Mills (Private) Limited			
14.10	Letters of credit for capital expenditure	61,940,000	12,451,355
14.11	Letters of guarantee for sugar tenders in favour of Trading Corporation of Pakistan	19,205,001	–

15. Operating Assets

	COST				DEPRECIATION					Net book value
	As at 01 October 2007	Additions / (deletion)	Transfers to / (from) during the year	As at 30 September 2008	Rate	As at 01 October 2007	For the year	Adjustments	As at 30 September 2008	Net book value as at 30 September 2008
	(Rupees)	(Rupees)	(Rupees)	(Rupees)	(%)	(Rupees)	(Rupees)	(Rupees)	(Rupees)	(Rupees)
Owned										
Freehold land	333,149,282	30,399,090	–	363,548,372		–	–	–	–	363,548,372
Factory building on freehold land	339,334,918	280,727,231	–	620,062,149	10	132,770,319	50,238,967	–	183,009,286	437,052,863
Non factory building on freehold land	366,734,473	69,006,417	–	435,740,890	5	55,108,163	17,402,742	–	72,510,905	363,229,985
Plant and machinery	3,891,173,668	1,600,148,217	(35,979,715)	5,455,342,170	5	932,694,228	225,145,169	–	1,157,839,397	4,297,502,773
Motor vehicles	134,934,796	45,532,249	67,188,500	210,806,999	20	78,795,384	15,124,926	38,131,088	123,343,105	87,463,894
		(14,397,546)	(22,451,000)					(8,708,293)		
Electrical installation	42,083,062	4,352,153	–	46,435,215	10	25,305,309	2,074,093	–	27,379,402	19,055,813
Office equipment	45,322,411	9,498,083	–	54,707,854	20	24,569,598	4,854,405	–	29,342,843	25,365,011
		(112,640)						(81,160)		
Tools and equipment	44,056,029	8,446,639	–	52,502,668	10	18,114,051	3,070,301	–	21,184,352	31,318,316
Implements	26,466,980	38,772,316	128,154,000	163,303,216	10	9,949,410	3,113,583	49,982,005	63,044,998	100,258,218
			(30,090,080)							
Furniture and fixture	14,678,731	3,062,835	–	17,726,516	10	10,109,568	1,099,976	–	11,204,736	6,521,780
		(15,050)						(4,808)		
Weighbridge	9,717,830	–	–	9,717,830	10	6,749,239	296,859	–	7,046,098	2,671,732
Roads and boundary wall	7,098,931	17,387,335	–	24,486,266	10	5,369,634	1,336,063	–	6,705,697	17,780,569
Arms and ammunitions	5,852,967	–	–	5,852,967	10	1,011,570	511,044	–	1,522,614	4,330,353
Tubewell	1,398,146	100,000	–	1,498,146	10	861,680	78,879	–	940,559	557,587
	5,262,002,224	2,107,432,565	195,342,500	7,461,731,258		1,301,408,153	324,347,007	88,113,093	1,705,073,992	5,756,657,266
		(14,525,236)	(88,520,795)					(8,794,261)		
Leased										
Plant and machinery	317,613,910	–	35,979,715	312,414,625	5	29,735,811	14,444,958	–	35,581,792	276,832,834
			(41,179,000)					(8,598,977)		
Implements	165,996,478	–	30,090,080	146,189,608	10	29,212,707	15,093,710	–	27,697,678	118,491,930
		(517,950)	(49,379,000)				(98,442)	(16,510,297)		
Motor vehicles	186,307,480	27,683,000	22,451,000	131,056,980	20	64,050,983	20,648,529	–	21,559,225	109,497,755
		(600,000)	(104,784,500)				(136,468)	(63,003,819)		
	669,917,868	27,683,000	88,520,795	589,661,213		122,999,501	50,187,197	–	84,838,695	504,822,519
		(1,117,950)	(195,342,500)				(234,910)	(88,113,093)		
	5,931,920,092	2,135,115,565	–	8,051,392,471		1,424,407,654	374,534,204	–	1,789,912,687	6,261,479,784
		(15,643,186)	–				(234,910)	(8,794,261)		

	COST					DEPRECIATION						
	As at 01 October 2006	Assets of subsidiary on acquistion	Additions / (deletion) during the year	Transfers to / (from) during the year	As at 30 September 2007	Rate	As at 01 October 2006	Assets of subsidiary on acquistion	For the year	Adjustments during the year	As at 30 September 2007	Net book value as at 30 September 2007
	(Rupees)	(Rupees)	(Rupees)	(Rupees)	(Rupees)	(%)	(Rupees)	(Rupees)	(Rupees)	(Rupees)	(Rupees)	(Rupees)
Owned												
Freehold land	217,134,096	68,731,293	143,794,068 (96,510,175)	-	333,149,282	-	-	-	-	-	-	333,149,282
Factory building on freehold land	306,802,257	-	32,532,661	-	339,334,918	10	99,529,659	-	33,240,660	-	132,770,319	206,564,599
Non factory building on freehold land	291,874,088	-	74,860,385	-	366,734,473	5	41,109,521	-	13,998,642	-	55,108,163	311,626,310
Plant and machinery	3,783,548,125	-	175,625,543	(68,000,000)	3,891,173,668	5-10	742,170,495	-	198,778,488	(8,254,755)	932,694,228	2,958,479,440
Motor vehicles	110,350,916	17,679,880	20,269,180 (2,283,680)	(11,081,500)	134,934,796	20	69,330,001	2,196,253	9,517,291	(453,413) (1,794,748)	78,795,384	56,139,412
Electrical installation	35,158,727	5,186,207	1,738,128	-	42,083,062	10	24,060,755	134,757	1,109,797	-	25,305,309	16,777,753
Office equipment	37,597,471	3,051,684	4,673,256	-	45,322,411	10-30	20,986,534	250,817	3,332,247	-	24,569,598	20,752,813
Tools and equipment	34,911,845	303,913	8,840,271	-	44,056,029	10	15,585,323	11,140	2,517,588	-	18,114,051	25,941,978
Implements	20,957,782	559,582	24,290,394	(19,340,778)	26,466,980	10-25	8,845,194	24,909	1,238,273	(158,966)	9,949,410	16,517,570
Furniture and fixture	11,102,936	1,701,661	1,874,134	-	14,678,731	10	9,280,681	76,697	752,190	-	10,109,568	4,569,163
Weighbridge	9,717,830	-	-	-	9,717,830	10	6,419,396	-	329,843	-	6,749,239	2,968,591
Roads and boundary wall	7,098,931	-	-	-	7,098,931	10	5,177,490	-	192,144	-	5,369,634	1,729,297
Arms and ammunitions	2,764,650	2,324,317	764,000	-	5,852,967	10-20	619,093	84,109	308,368	-	1,011,570	4,841,397
Tubewell	1,398,146	-	-	-	1,398,146	10-25	772,160	-	89,520	-	861,680	536,466
	4,870,417,800	99,538,537	489,262,020 (98,793,855)	(98,422,278)	5,262,002,224		1,043,886,301	2,778,682	265,405,050	(10,661,882)	1,301,408,153	3,960,594,071
Leased												
Plant and machinery	233,354,350	-	16,259,560	68,000,000	317,613,910	5	22,910,039	-	10,165,064	(3,339,292)	29,735,811	287,878,099
Implements	110,672,400	-	35,983,300	19,340,778	165,996,478	10	15,625,368	-	13,587,339	-	29,212,707	136,783,771
Motor vehicles	121,258,980	-	53,967,000	11,081,500	186,307,480	20	45,539,224	-	18,511,759	-	64,050,983	122,256,497
	465,285,730	-	106,209,860	98,422,278	669,917,868		84,074,631	-	42,264,162	(3,339,292)	122,999,501	546,918,367
2007	5,335,703,530	99,538,537	595,471,880 (98,793,855)	-	5,931,920,092		1,127,960,933	2,778,682	307,669,212	(14,001,174)	1,424,407,654	4,507,512,438

	Note	2008 (Rupees)	2007 (Rupees)
15.1 Depreciation charge for the year has been allocated as follows:			
Cost of goods manufactured	27.1	346,086,524	241,653,790
Administrative expenses	28	12,330,365	6,272,967
Other operating expenses	30	16,117,314	14,761,135
		374,534,203	262,687,892

16. DISPOSAL OF PROPERTY, PLANT AND EQUIPMENT

Description	Particulars of buyer	Cost	Accumulated depreciation	Book value	Sale proceeds	Mode of disposal
		(Rupees)	(Rupees)	(Rupees)	(Rupees)	
	Employees					
Vehicle	Izhar	278,000	258,896	19,104	96,000	Negotiation
Motor Cycle	M.Saleem	61,250	45,273	15,977	16,200	Negotiation
	Insurance claim					
Vehicle	EFU	517,950	98,442	419,508	440,000	Insurance claim
Vehicle	EFU	600,000	136,468	463,532	550,000	Insurance claim
Vehicle	EFU	3,995,000	3,651,362	343,638	1,440,000	Insurance claim
Vehicle	EFU	853,833	164,126	689,707	756,450	Insurance claim
Vehicle	EFU	51,503	5,923	45,580	51,000	Insurance claim
Vehicle	EFU	2,940,000	93,100	2,846,900	2,940,000	Insurance claim
	Leasing companies – sale and lease back					
Plant and machinery	Emirates Global Islamic Bank Limited	35,979,715	–	35,979,715	35,979,715	Negotiation
Vehicles	Orix Leasing Pakistan Limited	22,451,000	–	22,451,000	22,451,000	Negotiation
Implements	Standard chartered leasing	30,090,080	–	30,090,080	30,090,080	Negotiation
	Others					
Vehicle	Mohammad Tariq-GM (T)	911,750	622,947	288,803	373,453	Company Policy
Vehicle	Sh. Abdul Wahid – Karachi	1,272,950	918,398	354,552	700,000	Negotiation
Vehicle	Sh. Abdul Saeed – Karachi	1,278,050	922,078	355,972	700,000	Negotiation
Vehicle	Sh. Abdul Wahid – Karachi	1,273,800	919,011	354,789	600,000	Negotiation
Vehicle	Sh. Abdul Saeed – Karachi	230,625	221,834	8,791	150,000	Negotiation
Vehicle	Ex-CEO	1,186,740	849,718	337,022	–	Adjustment
Vehicle	Ex-CEO	64,045	35,626	28,419	–	Adjustment
Furniture & fitting	Ex-CEO	15,050	4,809	10,241	–	Adjustment
Office equipment	Ex-CEO	34,200	10,930	23,270	–	Adjustment
Computers	Ex-CEO	78,440	70,230	8,210	–	Adjustment
2008		104,163,981	9,029,171	95,134,810	97,333,898	
2007		219,216,133	14,001,174	205,214,959	284,388,399	

	2008 (Rupees)	2007 (Rupees)
17. Capital work in progress		
Machinery and equipment	153,959,732	430,341,104
Civil works	89,030,898	190,692,077
Finance cost	13,848,493	74,666,810
Advances for capital expenditure	–	528,827,636
Electrical installations	–	139,568
Boiler under construction	–	20,298,760
	256,839,123	1,244,965,955

		2008 (Rupees)	2007 (Rupees)
18. STORES AND SPARES HELD FOR CAPITAL EXPENDITURE			
Electrical stores		3,719,721	30,461,773
Mechanical stores		8,406,304	93,034,050
General stores		170,000	804,299
Tools and tackles stores		–	4,561,977
Civil works stores		–	2,223,998
		12,296,025	131,086,097
19. INTANGIBLE ASSET – GOODWILL			
Opening balance		566,283,676	284,540,820
Deferred tax on fair value adjustment		–	244,457,554
Further acquisitions during the year		19,271,191	37,285,302
		585,554,867	566,283,676
20. INVESTMENT – AVAILABLE FOR SALE			
Taha Spinning Mills Limited			
50,000 (2007: 50,000) fully paid ordinary shares of Rs. 10 each	20.1	375,000	375,000

20.1 Aggregate market value of quoted investment at the terminal date is Rs. 375,000.

21. LONG TERM DEPOSITS

These mainly comprise of security deposits with leasing companies in respect of leasing facilities availed.

	2008 (Rupees)	2007 (Rupees)
22. STORES, SPARES AND LOOSE TOOLS		
Stores	127,667,383	143,058,396
Spares	219,702,441	63,529,661
Loose tools	11,752,236	4,668,078
Oil and lubricants	10,206,289	11,484,951
Packing materials	1,435,605	1,735,794
Civil stores	489,145	234,414
	371,253,099	224,711,294
23. TRADE DEBTS		
Trade debts – unsecured, considered good	222,970,512	186,199,993

Notes to the Consolidated Financial Statements

For the year ended 30 September 2008

	Note	2008 (Rupees)	2007 (Rupees)
24. ADVANCES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES			
Advances unsecured and considered good:			
– to growers	24.1	1,292,915,098	375,311,941
– to suppliers and contractors		249,450,398	172,969,766
Letters of credit		103,440,436	1,940,016
Advances to staff – unsecured, considered good	24.2	11,403,322	7,600,073
Prepaid expenses		13,493,050	12,110,683
Excise duty receivable	24.3	9,888,364	9,888,364
Sales tax refundable		–	47,822,062
Other receivables		1,321,340	640,500
		1,681,912,008	628,283,405

24.1 Advances to growers includes Rs. 851,627,643 (2007: Rs. 287,895,082) given to JK Agri Farms, (a related party) for procurement of sugarcane.

24.2 This includes mark up free salary advances to employees (other than executives) amounting to Rs. 3,570,585 (2007: Rs. 2,333,491).

24.3 The Group claimed an exemption of Rs.10.75 million from excise duty on an export transaction during 1993-94. However, the Excise Department rejected the claim and the Group deposited Rs.9.88 million under protest.

	Note	2008 (Rupees)	2007 (Rupees)
25. CASH AND BANK BALANCES			
Cash at bank – current accounts		20,548,965	93,187,303
Cash in hand		1,279,259	2,503,846
		21,828,224	95,691,149
26. SALES – NET			
Sugar		11,720,890,886	5,848,022,767
Molasses & Bagasse		672,982,915	296,650,365
		12,393,873,801	6,144,673,132
Less: Sales tax		1,501,832,736	800,187,536
Speacial excise duty		87,609,646	–
Brokerage charges		2,970,012	244,800
		1,592,412,394	800,432,336
		10,801,461,407	5,344,240,796
27. COST OF SALES			
Opening stock of finished goods – sugar		914,974,191	–
Add: Cost of goods manufactured	27.1	8,780,000,893	5,442,866,056
Less: Closing stock of finished goods – sugar		(876,391,873)	(914,974,191)
		8,818,583,211	4,527,891,865

Notes to the Consolidated Financial Statements

For the year ended 30 September 2008

		Note	2008 (Rupees)	2007 (Rupees)
27.1	**Cost of goods manufactured**			
	Cost of sugarcane consumed (including procurement and other costs)		7,356,446,883	4,498,121,682
	Salaries, wages and other benefits	27.1.1	410,289,508	310,215,899
	Depreciation	15.1	346,086,524	288,661,482
	Stores and spare consumed		225,320,619	107,915,492
	Packing materials consumed		144,536,592	62,124,711
	Oil, lubricants and fuel consumed		65,334,999	29,549,799
	Vehicle running expenses		51,998,541	29,106,179
	Insurance		27,639,601	25,066,641
	Chemicals consumed		60,794,725	29,469,835
	Electricity and power		17,992,498	17,767,249
	Handling and storage of sugar		9,098,678	5,245,314
	Repair and maintenance		10,692,575	6,052,524
	Freight and octroi		15,261,809	5,223,695
	Mud and bagasse shifting expenses		12,026,870	8,068,217
	Printing and stationery		5,838,800	3,059,978
	Traveling and conveyance		5,192,968	1,634,763
	Telephone and fax		2,350,245	629,771
	Other expenses		13,098,458	14,952,825
			8,780,000,893	5,442,866,056

27.1.1 Salaries, wages and other benefits includes Rs. 10,639,986 (2007: Rs. 8,279,092) in respect of staff retirement benefits and Rs. 2,272,329 (2007: Rs. 37,977,671) in respect of share option scheme.

		Note	2008 (Rupees)	2007 (Rupees)
28.	**ADMINISTRATIVE EXPENSES**			
	Salaries, wages and other benefits	28.1	47,264,017	35,903,544
	Traveling and conveyance		36,557,301	57,628,519
	Charity and donations	28.2	23,738,221	3,614,120
	Directors' remuneration		13,399,980	1,200,000
	Legal and professional charges		19,768,796	5,016,152
	Provision for doubtful debts		19,424,107	–
	Depreciation	15.1	12,330,365	7,415,608
	Office rent and renovation		10,112,917	10,395,918
	Vehicle running and maintenance		7,651,287	5,178,402
	Fee and taxes		5,130,690	837,385
	Insurance		2,948,371	2,244,062
	Advertisement		2,923,805	774,155
	Printing and stationery		2,465,756	1,789,897
	Postage		1,506,565	251,752
	Telephone and fax		1,418,665	2,377,668
	Auditors' remuneration	28.3	1,292,000	1,300,000
	Electricity and power		893,648	871,100
	Subscription and renewals		780,464	884,948
	Entertainment		450,554	237,715
	Computer software and maintenance		401,411	457,208
	Newspapers, books and periodicals		80,212	104,110
	Other expenses		5,200,948	1,847,290
			215,740,080	140,329,553

28.1 Salaries, wages and other benefits includes Rs. 3,178,090 (2007: Rs. 2,231,988) in respect of staff retirement benefits and Rs. 397,658 (2007: Rs. 2,393,592) in respect of share option scheme.

28.2 None of the Directors of the Group or their spouses have any interest in, or are otherwise associated with any of the recipients of donations made by the Group during the year.

Notes to the Consolidated Financial Statements

For the year ended 30 September 2008

			2008 (Rupees)	2007 (Rupees)
28.3	**Auditors' remuneration**			
	The charge for auditors' remuneration includes the following in respect of auditors' services for the Group:			
	Statutory audit		900,000	600,000
	Half yearly review		225,000	165,000
	Special purpose post acquistion review of USML		–	500,000
	Out of pocket expenses		57,000	35,000
	Others		110,000	–
			1,292,000	1,300,000
29.	**DISTRIBUTION AND MARKETING EXPENSES**			
	Sugar handling, forwarding and storage expenses		125,908,873	1,865,114
	Salaries, wages and other benefits	29.1	6,731,102	4,331,680
	Sugar loading & other expenses		3,138,821	1,427,239
			135,778,796	7,624,033

29.1 Salaries, wages and other benefits includes Rs. 103,587 (2007: Rs. 96,420) in respect of staff retirement benefits.

			2008 (Rupees)	2007 (Rupees)
30.	**OTHER OPERATING EXPENSES**			
	Harvesting loss	30.1	20,415,092	4,272,079
	Worker's profit participation fund		46,614,650	7,152,207
	Worker's welfare fund		24,111,467	2,713,414
			91,141,209	14,137,700

30.1 Harvesting loss includes Rs. 16,117,315 (2007: 11,592,122) in respect of depreciation on agricultural implements

		2008 (Rupees)	2007 (Rupees)
31.	**OTHER OPERATING INCOME**		
	Income from non financial assets		
	Gain on foreign exchange transactions	26,218,297	–
	Scrap sale	14,813,934	5,852,868
	Insurance claim	11,742,000	–
	Rental income	9,558,149	12,866,466
	Profit on sale of operating fixed assets	2,606,250	66,967,015
	Amortization of deferred income	4,242,205	74,016
	Sundry receipts	1,141,505	323,162
	Loss on revaluation of long term investment	–	(75,000)
	Excess provision/credit balances written back	–	4,910,895
	PIDB liability written back	–	10,780,782
	Bad debts recovered	–	500,013
		70,322,340	102,200,217

		2008 (Rupees)	2007 (Rupees)
32. FINANCE COST			
Interest and mark up on:			
Long term loans – secured		461,936,288	311,697,494
Short term borrowings – secured		219,947,839	303,566,884
Finance leases		50,091,715	32,287,469
Subordinated loan from Director – unsecured		34,467,622	25,131,062
Worker's profit participation fund	13.1	305,408	1,488,258
Bank charges and commission		23,159,079	14,788,732
Arrangement and Project monitoring fee		26,310,000	9,000,000
		816,217,951	697,959,899
33. TAXATION			
Income tax			
Current		33,542,170	–
Prior years		82,955,170	(33,947,677)
		116,497,340	(33,947,677)
Deferred tax	33.1	193,372,620	69,258,482
	33.2	309,869,960	35,310,805

33.1 Deferred tax expense relating to origination and reversal of temporary differences.

	2008 (%age)	2007 (%age)
33.2 Reconciliation of tax charge for the year		
Applicable tax rate	35.00	35.00
Tax effect of amounts chargeable at reduced tax rates	(3.61)	–
Tax effect of prior years	10.58	–
Tax effect of deferred tax reversal	(2.96)	–
Tax effect of minimum turnover tax and others	–	25.36
Average effective rate charged to profit and loss account	39.01	60.36

34. SHARE BASED PAYMENTS

The terms and conditions of the grants are as follows; all options are to be settled by the physical delivery of shares.

	2008			
Employees entitled	**Number of shares in '000'**	**Vesting Conditions**	**Contractual life of options**	**Fair value at grant date**
Option granted to key management	–	–	–	–
Total share options	–			

	2007			
Employees entitled	**Number of shares in '000'**	**Vesting Conditions**	**Contractual life of options**	**Fair value at grant date**
Option granted to key management	300	One year service after grant date	Within 3 months of date of entitlement	81.00
Option granted to key management	235	One year service after grant date	Within 3 months of date of entitlement	79.75
Total share options	535			

The movement in number of share options outstanding is as follows:

	2008	2007
	Number in '000'	
Outstanding at 01 October	235	–
Granted	–	535
Excercised	(235)	(300)
Outstanding at 30 September	–	235
Excerciseable at 30 September	–	–

35. FINANCIAL INSTRUMENTS

	Interest bearing			Non-interest bearing				
	Maturity within one year	Maturity one to five years	Maturity more than five years	Maturity within one year	Maturity one to five years	Maturity more than five years	Total	Credit risk
	(Rupees)	(Rupees)	(Rupees)	(Rupees)	(Rupees)	(Rupees)	(Rupees)	(Rupees)
Financial assets								
Long term deposits	–	–	–	–	37,731,155	–	37,731,155	37,731,155
Trade debts – unsecured, considered good	–	–	–	222,970,512	–	–	222,970,512	222,970,512
Cash and bank balances	–	–	–	21,828,224	–	–	21,828,224	21,828,224
	–	–		244,798,736	37,731,155		282,529,891	282,529,891
Financial liabilities								
On Balance sheet								
Subordinated loan from Director – unsecured	–	–	260,900,000	–	–	–	260,900,000	–
Long term loans – secured	–	2,544,748,343	1,055,251,657	–	–	–	3,600,000,000	–
Liabilities against assets subject to finance lease	154,934,612	353,881,872	–	–	–	–	508,816,484	–
Short term borrowings – secured	1,970,380,636	–	–	–	–	–	1,970,380,636	–
Interest and mark-up accrued	–	–	–	101,105,342	–	–	101,105,342	–
Trade and other payables	–	–	–	368,403,189		–	368,403,189	–
	2,125,315,248	2,898,630,215	1,316,151,657	469,508,531	–	–	6,809,605,651	–
Off Balance sheet								
Letters of credit	–	–	–	159,291,399	–	–	159,291,399	–
	2,125,315,248	2,898,630,215	1,316,151,657	628,799,930	–	–	6,968,897,050	–
Financial (liabilities)/assets 2008	(2,125,315,248)	(2,898,630,215)	(1,316,151,657)	(384,001,194)	37,731,155	–	(6,686,367,159)	282,529,891
Financial (liabilities)/assets 2007	(2,763,917,755)	(2,955,517,287)	(651,124,123)	346,357,801	34,673,790	–	(5,989,527,574)	948,623,158

The effective interest/mark–up rates for the monetary financial assets and liabilities are mentioned in respective notes to the financial statements.

35.1 Financial risk management objectives

The Group finances its operations through equity, borrowings and management of working capital with a view to maintaining a reasonable mix between the various sources of finance to minimize risk. Taken as a whole, risk arising from the Group's financial instruments is limited as there is no significant exposure to market risk in respect of such instruments. The Group manages its exposure to financial risk in the following manner:

(a) Concentration of credit risk

Credit risk represents the accounting loss that would be recognised at the reporting date if counter parties failed completely to perform as contracted. The Group's credit risk is primarily attributable to its trade debts and its balances at banks. The credit risk on liquid funds is limited because the counter parties are banks with reasonably high credit ratings. The Group has no significant concentration of credit risk as exposure is spread over a large number of counter parties in the case of trade debts. To manage exposure to credit risk, the Group applies credit limits to its customers and also obtains collaterals, where considered necessary.

(b) Interest rate risk management

Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates. Significant interest rate risk exposures are primarily managed by a mix of borrowings at fixed and variable interest rates and contracting floor and cap of interest rates as referred to in note 7 and 11.

(c) Currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. Currency risk arises mainly where receivables and payables exist due to transactions with foreign buyers and suppliers. The Group believes that it is not exposed to currency risk.

(d) Liquidity risk

Liquidity risk is the risk that an enterprise will encounter difficulty in raising funds to meet commitments associated with financial instruments. The Group follows an effective cash management and planning policy to ensure availability of funds and to take appropriate measures for new requirements.

35.2 Fair value of financial assets and liabilities

The carrying value of financial assets and liabilities reflected in the financial statements approximates their fair values. Fair value is determined on the basis of objective evidence at each reporting date.

36. REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

The aggregate amount charged in the financial statements for the year for remuneration, including all benefits to the Chief Executive, Directors and Executives of the Group is as follows:

	Chief Executive		Directors		Executives	
	2008	2007	2008	2007	2008	2007
	(Rupees)	(Rupees)	(Rupees)	(Rupees)	(Rupees)	(Rupees)
Managerial remuneration	4,400,000	4,000,000	200,000	–	14,924,370	15,276,916
House allowance	1,760,000	1,600,000	80,000	–	5,969,748	6,110,767
Utilities	440,000	400,000	20,000	–	1,492,437	1,527,691
Others	1,999,998	999,999	–	–	6,687,355	4,356,523
Company's contribution towards provident fund	–	–	–	–	1,238,660	990,864
Share option scheme	–	–	–	–	2,669,987	40,371,264
	8,599,998	6,999,999	300,000	–	32,982,557	68,634,025
Number of persons	1	1	1	–	18	16

In addition to the above, some of the Executives are provided with free use of Group maintained cars.

37. TRANSACTIONS WITH RELATED PARTIES

The Group, in the normal course of business carries out transactions with related parties. Transactions with related parties other than remuneration and benefits to Directors and key management personnel under the terms of their employment disclosed above are as follows:

Name of parties	Nature of Transactions	2008 (Rupees)	2007 (Rupees)
Riaz Bottlers (Private) Limited	Sale of sugar	276,560,400	74,009,392
JK Agri Solutions (Private) Limited	Reimbursement of cane development expenditure	7,659,249	14,691,084
JDW Aviation (Private) Limited	Traveling services provided	14,110,036	33,600,000
JK Dairies (Private) Limited	Sale of land	–	163,038,750
	Sale of molasses	1,604,431	–
JK Agri Farms	Sugarcane purchases	529,656,763	531,319,205
	Advances	–	35,000,000
Mr. Jahangir Khan Tareen	Subordinated loan	–	110,900,000
	Mark up	34,467,622	25,131,062
Provident fund	Contribution	7,717,888	6,092,800
AK Agri Farms	Sugarcane purchases	111,231,045	–

		JDW 2008	JDW 2007
38. CAPACITY AND PRODUCTION			
Crushing capacity	Days	120	120
	Tonnes	2,400,000	2,400,000
Sugarcane crushed	Days	165	147
	Tonnes	2,844,394	1,890,482
Sugar production	Tonnes	288,949	195,586
		USML	
Crushing capacity	Days	120	120
	Tonnes	960,000	840,000
Sugarcane crushed	Days	152	136
	Tonnes	995,700	717,230
Sugar production	Tonnes	101,082	73,315
		GSML	
Crushing capacity	Days	120	–
	Tonnes	960,000	–
Sugarcane crushed	Days	124	–
	Tonnes	862,496	–
Sugar production	Tonnes	90,918	–

39. CAPITAL MANAGEMENT

The Board's policy is to maintain an efficient capital base so as to maintain investor, creditor and market confidence and to sustain the future development of its business. The Board of Directors monitors the return on capital employed, which the Group defines as operating income divided by total capital employed. The Board of Directors also monitors the level of dividends to ordinary shareholders.

The Group's objectives when managing capital are:

(i) to safeguard the Group's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholers, and

(ii) to provide an adequate return to shareholders.

The Group manages the capital structure in the context of economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Group may, for example, adjust the amount of dividends paid to shareholders, issue new shares, or sell assets to reduce debt.

The Group monitors capital on the basis of the debt-to-equity ratio as follows:

	2008	2007
	(Rupees in thousand)	
Total debt	6,441,202,462	6,542,572,944
Total equity and debt	7,955,878,019	7,570,125,976
Debt-to-equity ratio (%)	80.96	86.43

The decrease in the debt-to-equity ratio in 2008 resulted primarily from increase in equity due to the current year profit and reduction of debt.

Neither there were any changes in the Group's approach to capital management during the year nor the Group is subject to externally imposed capital requirements.

40. COMBINED EARNINGS PER SHARE

		2008	2007
Basic			
Profit after taxation	Rupees	484,452,540	23,187,158
Weighted average number of ordinary shares – Basic	No. of shares	38,125,426	37,890,426
Basic earnings per share	Rupees	12.707	0.612
Diluted			
Profit after taxation	Rupees	484,452,540	23,187,158
Weighted average number of ordinary shares	No. of shares	38,125,426	37,890,426
Effect of share options	No. of shares	–	235,000
Weighted average no. of ordinary shares for the purposes of diluted earnings per share	No. of shares	38,125,426	38,125,426
Diluted earnings per share	Rupees	12.707	0.608

41. EVENTS AFTER THE BALANCE SHEET DATE

The Board of Directors of the Parent Company have proposed a final dividend for the year ended 30 September 2008 of Rs. 3.50 (35%) (2007: Rs. Nil) per share and bonus shares at the rate of 15% (2007: 20%) at their meeting held on 09 January 2009.

42. DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorized for issue on 09 January 2009 by the Board of Directors of the Group.

43. FIGURES

Worker's profit participation fund and worker's welfare fund of Rs. 7,152,207 and Rs. 2,713,414 respectively are now being shown under other operating expenses. Previously, these have been shown at the face of the profit and loss account.

Advances to growers of Rs. 375,311,941 and advances to suppliers and contractors of Rs. 172,969,766 are now being shown seperately. Previously, these have been clubbed as Advances to growers, suppliers and contractors.

Advance income tax of Rs. 25,773,868 are now being shown at the face of the Balance sheet. Previously, these have been shown under Advances, deposits, prepayments and other receivables.

Figures have been rounded off to the nearest rupee.

Lahore:
09 January 2009 Chief Executive Director

Pattern of Shareholding

As at 30 September 2008

Pattern of Shareholding

FORM "34" The Companies Ordinance 1984 (Section 236(1) & 464)

1. Incorporation Number **0021835**
2. Name of the Company **JDW SUGAR MILLS LIMITED**
3. Pattern of holding of the shares held by the shareholders as at **30-09-2008**

4.

No. of Shareholders	Shareholding From	Shareholding To	Total Shares Held
226	1	100	11932
224	101	500	57616
300	501	1,000	257700
167	1,001	5,000	376438
36	5,001	10,000	248961
20	10,001	15,000	248327
8	15,001	20,000	139551
7	20,001	25,000	153718
2	25,001	30,000	59120
2	30,001	35,000	65672
1	35,001	40,000	38200
4	45,001	50,000	200000
2	55,001	60,000	115742
1	65,001	70,000	67024
1	75,001	80,000	78481
1	80,001	85,000	83500
1	85,001	90,000	87400
2	90,001	95,000	182160
3	95,001	100,000	297773
2	115,001	120,000	236004
1	120,001	125,000	121536
1	150,001	155,000	152000
1	175,001	180,000	175500
2	180,001	185,000	363900
1	185,001	190,000	187402
1	200,001	205,000	200800
1	235,001	240,000	240000
1	250,001	255,000	252000
1	275,001	280,000	275900
1	355,001	360,000	357480
1	395,001	400,000	400000
1	595,001	600,000	600000
1	935,001	940,000	937047
1	1,610,001	1,615,000	1611175
4	3,640,001	3,645,000	14572797
1	6,880,001	6,885,000	6883634
1	7,785,001	7,790,000	7788936
1031			38125426

Pattern of Shareholding

FORM “34” The Companies Ordinance 1984 (Section 236(1) & 464)

		Shares held	Percentage
5.	Categories of shareholders	Shares held	Percentage
	5.1 Directors, Chief Executive Officers, and their spouse and minor childern	17,252,010	45.2507%
	5.2 Associated Companies, undertakings and related parties.	0	0.0000%
	5.3 NIT and ICP	8	0.0000%
	5.4 Banks Development Financial Institutions, Non Banking Financial Institutions	403,415	1.0581%
	5.5 Insurance Companies	373,752	0.9803%
	5.6 Modarabas and Mutual Funds	876,230	2.2983%
	5.7 Share holders holding 10%	14,672,570	38.4850%
	5.8 General Public		
	a. Local	18,939,274	49.6762%
	b. Foreign	–	–
	5.9 Others (to be specified)		
	Joint Stock Companies	245,740	0.6446%
	Non-Residence	34,580	0.0907%
	Investment Companies	417	0.0011%

6.	Signature of Company Secretary	
7.	Name of Signatory	MUHAMMAD RAFIQUE
8.	Designation	Company Secretary
9.	NIC Number	35201-3029372-5
10.	Date	30-09-2008

Catagories of Shareholders

As required under C.C.G, as on 30 September 2008

S. No.	Name	Holding	% Age
ASSOCIATED COMPANIES			
		0	0.0000%
NIT & ICP			
1	IDBP (ICP UNIT) (CDC)	8	0.0000%
		8	0.0000%
DIRECTORS, CEO THEIR SPOUSES & MINOR CHILDREN			
1	MR. JAHANGIR KHAN TAREEN (CDC)	7,799,936	20.4298%
2	MRS. AMINA TAREEN (CDC)	1,611,175	4.2260%
3	SYED AHMAD MEHMUD (CDC)	6,901,434	18.0552%
4	MRS. SAMEERA MEHMUD (CDC)	937,047	2.4578%
5	MR. MUHAMMAD ISMAIL	909	0.0024%
6	MR. ABDUL GHAFFAR	600	0.0016%
7	MR. ASIM NISAR BAJWA	909	0.0024%
		17,252,010	45.2507%
PUBLIC SECTOR COMPANIES & CORPORATIONS			
1	ABBASI & COMPANY (PVT) LIMITED (CDC)	1,821	0.0048%
2	ACE SECURITIES (PVT) LTD. (CDC)	4,600	0.0121%
3	AL-HAQ SECURITIES (PVT) LIMITED. (CDC)	2,800	0.0073%
4	AMIN TAI SECURITEIS (PRIVATE) LIMITED (CDC)	97,900	0.2568%
5	B & B SECURITIES (PVT) LTD. (CDC)	100	0.0003%
6	BAGASRA SECURITIES (PVT) LTD. (CDC)	3,200	0.0084%
7	CAPITAL VISION SECURITIES (PVT) LTD. (CDC)	237	0.0006%
8	CLIKTRADE LIMITED (CDC)	1,378	0.0036%
9	DARSON SECURITIES (PVT) LTD. (CDC)	200	0.0005%
10	DARSON SECURITIES (PVT) LTD. (CDC)	1,744	0.0046%
11	DOSSLANI'S SECURITIES (PVT) LTD. (CDC)	67,024	0.1758%
12	FIRHAJ FOOTWEARS (PRIVATE) LIMITED (CDC)	5,500	0.0144%
13	GENERAL INVES. & SECURITIES (PVT) LTD. (CDC)	12	0.0000%
14	INVESTFORUM PRIVATE LIMITED. SMC (CDC)	2,000	0.0052%
15	ISMAIL ABDUL SHAKOOR SECURITES (PVT) LTD. (CDC)	5,500	0.0144%
16	ISMAIL IQBAL SECURITES (PVT) LTD. (CDC)	10,400	0.0273%
17	JAVED OMER VOHRA & COMPANY LIMITED (CDC)	20	0.0001%
18	KHALID JAVED SECURITIES (PVT) LTD. (CDC)	200	0.0005%
19	KHAWAJA SECURITIES (PVT) LTD. (CDC)	88	0.0002%
20	LIVE SECURITIES (PVT) LTD. (CDC)	1,300	0.0034%
21	M.R. SECURITIES (PVT) LTD. (CDC)	2,000	0.0052%
22	MARS SECURITIES (PVT) LTD. (CDC)	400	0.0010%
23	MILLENNUM BROKERAGE (SMC-PVT) LTD.(CDC)	2,200	0.0058%
24	MUHAMMAD AHMAD NADEEM SEC(SMC-PVT) LTD. (CDC)	24	0.0001%
25	MUHAMMAD AHMAD NADEEM SEC(SMC-PVT) LTD. (CDC)	12,000	0.0315%
26	N. H. SECURITIES (PVT) LTD. (CDC)	909	0.0024%
27	ORIENTAL SECURITIES (PVT) LTD. (CDC)	412	0.0011%
28	PACE INVEST & SEC. (PVT) LTD (CDC)	1,200	0.0031%
29	PASHA SECURITIES (PVT) LTD. (CDC)	909	0.0024%
30	PRUDENTIAL SECURITIES LIMITED (CDC)	1,200	0.0031%
31	PRUDENTIAL SECURITIES LIMITED (CDC)	724	0.0019%
32	STOCK MASTER SECURITIES (PVT) LIMITED (CDC)	480	0.0013%
33	STOCK MASTER SECURITIES (PVT) LIMITED (CDC)	660	0.0017%
34	TECHNOLOGY LINKS (PVT) LTD. (CDC)	9,000	0.0236%
35	TIME SECURITIES (PVT) LTD. (CDC)	1,764	0.0046%
36	VALIKA ART FABRICS LTD. (CDC)	100	0.0003%
37	VALIKA ART FABRICS LTD. (CDC)	2,064	0.0054%
38	Y. S. SECURITIES & SERVICES (PVT) LIMITED (CDC)	1,380	0.0036%
39	ISLAMABAD STOCK EXCHANGE (G) LIMITED (CDC)	81	0.0002%
40	SARFRAZ MAHMOOD (PVT) LIMITED. (CDC)	909	0.0024%
41	FAIRWAY SECURITIES (PVT) LIMITED. (CDC)	1,000	0.0026%
42	AAG SECURITIES (PVT) LIMITED. (CDC)	200	0.0005%
43	SNM SECURITIES (PVT) LIMITED. (CDC)	100	0.0003%
		245,740	0.6446%
BANKS, DEVELOPMENT FINANCE INSTITUTIONS, NON BANKING FINANCE INSTITUTIONS			
1	N.D.F.C. (INVESTOR)	1,236	0.0032%
2	ATLAS BANK LIMITED(CDC)	1,932	0.0051%
3	NBP INVESTOR ACCOUNT (FORMER NDFC	247	0.0006%
4	HABIB BANK AG ZURICH, ZURICH SWITZERLAND (CDC)	400,000	1.0492%
		403,415	1.0581%

Catagories of Shareholders

As required under C.C.G, as on 30 September 2008

S. No.	Name	Holding	% Age
MODARABAS & MUTUAL FUNDS			
1	FIRST ELITE CAPITAL MODARABA (CDC)	16,281	0.0039%
2	CDC-TRUSTEE FIRST DAWOOD MUTUAL FUND (CDC)	99,873	0.2620%
3	CDC-TRUSTEE AKD OPPORTUNITY FUND (CDC)	181,740	0.4767%
4	GOLDEN ARROW SELECTED STCOKS FUND LTD (CDC)	121,536	0.3188%
5	CDC-TRUSTEE - NAFA MULTI ASSET FUND (CDC)	83,500	0.2190%
6	CDC-TRUSTEE - NAFA STOCK FUND (CDC)	87,400	0.2292%
7	TRUSTEE CROSBY DRAGON FUND (CDC)	275,900	0.7237%
8	TRUSTEE-FIRST NATIONAL EQUITIES EMPLOYEES (CDC)	10,000	0.0262%
		876,230	2.2983%
INSURANCE COMPANIES			
1	CENTURY INSURANCE COMPANY LTD (CDC)	16,272	0.0427%
2	EFU GENERAL INSURANCE LTD (CDC)	357,480	0.9376%
		373,752	0.9803%
INVESTMENT COMPNIES			
1	SAUDI PAK INV.CO (CDC)	417	0.0011%
		417	0.0011%
NON-RESIDENCE / FOREIGN COMPANIES			
1	SOMERS NOMINEES (FAR EAST) LTD.	34,580	0.0907%
		34,580	0.0907%
SHARES HELD BY THE GENERAL PUBLIC		18,939,274	49.6762%
TOTAL		38,125,426	100.0000%

SHAREHOLDERS HOLDING 10% OR MORE OF TOTAL CAPITAL

S. No.	NAME	HOLDING	%AGE
1	MR. JAHANGIR KHAN TAREEN	7,799,936	20.4298%
2	SYED AHMAD MEHMUD	6,901,434	18.0552%
		14,701,370	38.4850%

During the financial year the trading in shares of the company by the directors, CEO, CFO, Company Secretary and their spouses and minor children is as follows:

Sr. No.	Name	Sale	Purchase	Bonus
1	MR. JAHANGIR KHAN TAREEN (CDC)		11,000	1,298,156
2	MRS. AMINA TAREEN (CDC)		-	268,529
3	SYED AHMAD MEHMUD (CDC)		17,800	1,147,272
4	MRS. SAMEERA MEHMUD (CDC)		-	156,174
5	MR. MUHAMMAD ISMAIL		-	152
6	MR. ASIM NISAR BAJWA		-	152
7	MR. ABDUL GHAFFAR		-	100
8	MR. MUHAMMAD RAFIQUE (COMPANY SECRETARY)		43,000	7,000

Notes

Form of Proxy

19th Annual General Meeting

I/we ______________________________

of ______________________________
(address)

being a member of JDW Sugar Mills Limited hereby appoint

____
(Name)

of ______________________________

or failing him/her ______________________________
(Name)

of ______________________________

the company) as my/our proxy to vote for me/ us and on my/our behalf at the 19th Annual General Meeting of the Company to be held at Avari Hotel, Lahore on Saturday 31st January 2009 at 10:30 AM and at every adjournment thereof.

As Witness my hand this ______________ of ______________ 2009

signed by the said ______________________ in the presence

of ______________________________

Revenue Stamp

______________ (Signature)

______________ (Signature)

Note:

Proxies, in order to be effective must be received at the Company's Registered Office not less than forty eight hours before the time for holding the meeting and must be stamped, signed and witnessed.