23rd ANNUAL REPORT 2013

CONTENTS

Corporate Information

BOARD OF DIRECTORS

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

COMPANY SECRETARY AND CHIEF FINANCIAL OFFICER

Zuhair Abbas

AUDIT COMMITTEE

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

HUMAN RESOURCE AND REMUNERATION COMMITTEE

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

BANKERS

Allied Bank Limited
Askari Bank Limited
Bank Alfalah Limited
Burj Bank Limited
Dubai Islamic Bank Pakistan Limited
Habib Metropolitan Bank Limited
KASB Bank Limited
MCB Bank Limited
Meezan Bank Limited
National Bank of Pakistan
Pak Brunei Investment Company Limited
Pak Oman Investment Company Limited
SilkBank Limited
Soneri Bank Limited
Standard Chartered Bank
United Bank Limited

STATUTORY AUDITORS

Hyder Bhimji & Co. — Chartered Accountants

COST AUDITORS

Haroon Zakaria & Co. — Chartered Accountants

REGISTERED OFFICE

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

SHARE REGISTRAR OFFICE

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

FACTORIES / STORAGE LOCATIONS

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

Vision

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

Mission

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

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the 23rd Annual General Meeting of Al-Abbas Sugar Mills Limited will be held at Beach Luxury Hotel, Karachi on Friday, January 31, 2014 at 09:30 a.m. to transact the following business:

Ordinary Business

1. To confirm the minutes of the 22nd Annual General Meeting of the shareholders of the Company held on January 28, 2013.

2. To receive, consider and adopt Annual Audited Financial Statements for the year ended September 30, 2013, together with the reports of the Auditors' and Directors' thereon.

3. To declare and approve a final cash dividend of Rs.5 per share for the year ended September 30, 2013 as recommended by the Board of Directors;

4. On the recommendation of the Audit Committee Board of Directors has proposed the name of M/s. Haroon Zakaria & Company Chartered Accountants as an external auditors for ensuing year in place of M/s. Hyder Bhimji & Co. Chartered Accountants and to fix at their remuneration.

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

Special Business

1. Increase in Authorized Share Capital

To consider and approve increase in Authorized Share Capital of the Company from Rs. 175 million to Rs. 400 million and to approve the amendments in the Memorandum of Association of the Company resulting from this increase and to pass resolution given in the statement under section 160(1)(b).

A statement under section 160(1)(b) of the Companies Ordinance, 1984, pertaining to the special business is being sent to the shareholders with this notice.

By Order of the Board

Zuhair Abbas
Company Secretary
Karachi: January 09, 2014

Notes:

1. Share Transfer Books will be closed from January 23, 2014 to January 31, 2014 (both days inclusive).

2. All Members are entitled to attend and vote at the meeting. A Member may appoint a proxy who needs to be a Member of the Company.

3. The instrument appointing the proxy and the other authority under which it is signed, or a notarial certified copy thereof, must be lodged at the Company's Registered Office or Share Registrar Office at least 48 hours before the time of the meeting.

4. Any change of address of Members should be notified immediately to the Company's Share Department or Share Registrar Office.

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

A. For Attending the Meeting:

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

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

B. For Appointing Proxies:

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

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

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

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

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

6. Members are requested to provide copy of their CNIC or passport (in case of foreigner) unless it has been provided earlier enabling the company to comply with the relevant laws.

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

Statement under section 160(b) of the Companies Ordinance 1984;

Increase in Authorized Capital

It is proposed to increase the Authorized Share Capital from Rs. 175 million to Rs. 400 million to facilitate further issue of capital according to the requirements of the Company. For this purpose it is intended to pass with or without modification the following resolutions as Ordinary Resolutions:

a) Resolved that the Authorized Share Capital of the Company be and is hereby increased from Rs.175million to Rs. 400 million by the creation of 22,500,000 ordinary shares of Rs.10/- each. Such new shares, whenever issued, shall rank paripassu with the existing shares.

b) Further Resolved that in view of the increase in Authorized Share Capital, Clause V of the Memorandum of Association be and is hereby amended to read as under:

> "The capital of the Company is Rs. 400,000,000 (Rupees Four Hundred Million) divided into 40,000,000 ordinary shares of Rs.10/- each. The Company shall have power to increase or reduce the capital of the Company and divided shares in the capital for the time being into several classes."

c) Further Resolved that the Chief Executive or Executive Director or Secretary of the Company be and are hereby authorized singly to comply with all formalities in this regard.

The Directors of the Company are interested in the above business only to the extent of their shareholding in the Company.

DIRECTORS' REPORT

The Board of Directors of your Company take pleasure in presenting their report together with the Company's Annual Audited Financial Statements and Auditors' report thereon for the year ended September 30, 2013.

FINANCIAL RESULTS:

	2013	2012
	(Rupees in thousand)	
Profit before taxation	**330,998**	539,337
Taxation	**(43,453)**	(48,791)
Net profit for the year	**287,545**	490,546
Earnings per share in rupees	**16.56**	28.25

DIVIDEND

The Board of Directors in their meeting held on January 6, 2014 has proposed a final cash dividend for the year ended September 30, 2013 of Rs. 5 per share (that is 50%) amounting to Rs. 86.812 million. The approval of the members for the final dividend shall be obtained at the Annual General Meeting to be held on January 31, 2014. These financial statements do not include the effect of the proposed final dividend. The appropriation approved by the Board is as follows:

	(Rupees in thousands)
Profit after taxation	**287,545**
Un-appropriated profit brought forward	**1,111,477**
Transfer to general reserve	**(1,000,000)**
Final dividend 2012 @ Rs.4 per share	**(69,449)**
Available for appropriation and Un-appropriated profit carried forward	**329,573**

SUBSEQUENT EVENT

The Board of Directors has proposed a final cash dividend of Rs. 5 per share (that is 50%) amounting to Rs. 86.812 million for the year ended September 30, 2013.

OPERATING RESULTS

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

SUGAR UNIT:

OPERATING DATA:

Operational performance	**2012-13**	**2011-12**
Date of start of season	November 28, 2012	December 09, 2011
No. of days worked	92	93
Crushing (M.T)	503,178	402,317
Production from sugarcane (M.T)	52,727	39,479
Sales	53,341	56,760
Recovery (%)	10.48	9.83

FINANCIAL DATA:	2013	2012
	(Rupees in thousand)	
Sales - net	**2,705,881**	3,136,894
Cost of sales	**(2,453,882)**	(2,771,941)
Gross profit	**251,999**	364,953
Distribution cost	**(10,997)**	(120,763)
Administrative expenses	**(70,053)**	(71,679)
Other operating expenses	**(4,134)**	(262)
Operating profit	**166,818**	172,249
Other income	**22,711**	14,841
Finance cost	**(138,840)**	(163,748)
Profit before taxation	**50,686**	23,342

Crushing operations for 2012-13 seasons started on November 28, 2012 and the plant operated for 92 days ending on February 27, 2013 as against 93 days of preceding season. The Sugarcane crushed during the current season was 503,178 M.T with average sucrose recovery of 10.48% and sugar production of 52,727 M.T, as compared with crushing of 402,317 M.T with average sucrose recovery of 9.83% and sugar production of 39,479 M.T of same period of last year.

Keeping in view the surplus sugar availability in the country, the government allowed export of sugar under a defined mechanism duly monitored by State Bank of Pakistan. Your Company availed this opportunity and exported 18,960 M.T of sugar during the year ended September 30, 2013 as against 5,236 M.T of last year.

ETHANOL UNIT:

OPERATING DATA:	2013	2012
Production (M.T) - Unit - I and II	**34,735**	39,282
Capacity attained (%) - Unit - I and II	**91**	96

FINANCIAL DATA:	2013	2012
	(Rupees in thousand)	
Sales - net	**3,118,050**	2,813,570
Cost of sales	**(2,567,803)**	(1,958,498)
Gross profit	**550,247**	855,072
Distribution cost	**(110,326)**	(87,928)
Administrative expenses	**(46,205)**	(47,787)
Other operating expenses	**(29,142)**	(53,284)
Operating profit	**364,574**	666,073
Other income	**31,664**	11,592
Finance cost	**(85,416)**	(102,541)
Profit before taxation	**310,822**	575,125

The production of ethanol during the year ended September 30, 2013 was 34,735 M.T as compared with 39,282 M.T during previous year registering slight decrease of 4,547 M.T. In spite of slight decrease in production, your company managed to increase its sales quantity by 5,633 M.T thus able to increase its distillery revenue. The profit before taxation of this segment are Rs. 310.822 million during the year under review as against segment results of Rs. 575.125 million in the corresponding period of last year evidencing decline of Rs. 264.303 million.

Power, Chemical and Alloys Division

During the year under review, the chemical and power division has incurred segment loss of Rs. 40.226 million as compared to the segment loss of Rs. 59.129 million for the same period last year. The loss in chemical and power segment was significantly reduced due to low inventory / stock level. The loss is mainly due to fixed cost.

To further reduce the operational losses, the Company continued to rent out one furnace of its chemical division to a third party for providing the use of chemical alloys manufacturing (furnace) plant facility.

Storage Tank Terminal

By the Grace of Almighty Allah our Storage Tank Terminal successfully started operations in October 2012 and has earned a profit of Rs. 9.716 million during the year. We are currently handling cargo of our Clients as well as cargo of our own company. The Terminal is licensed to act as customs public bonded warehouse and has a total capacity of 22,850 M.T per month to handle bulk liquid cargo. The Terminal has permission to store dangerous goods which includes Ethanol as well as other petroleum products. As of today the Storage Terminal is 100% occupied.

Comments on Auditor's Report

As fully explained in note 27.1.C to these financial statements, during the period, a Suit bearing no. 281 has been filed in the Honorable High Court of Sindh at Karachi against the Company and 9 others alleging mismanagement in the Company's affairs. The Company and its management have denied all allegations of the plaintiff and are of the view that no inference is likely to materialize in the suit and there is no financial exposure of the Company in the matter.

FUTURE OUTLOOK

The future outlook of your Company entirely depends on stable selling prices of sugar and ethanol, discount rate, export refinance rate and Pakistani Rupees parity with US dollar.

The support price of sugarcane for the Sindh region has fixed at Rs. 172 per maund for season 2013-2014, which is same as last year. The higher support price as compared to sugar selling price coupled with inflationary pressure on input items will significantly impact the cost of production. In ensuing year a bumper crop is expected in Pakistan due to favorable weather condition.

The sugar sales prices of local and international market are depressed and are not lucrative. It is expected that India and Thailand will have large surplus of sugar which will put a lot of pressure on international sugar prices. However, Brazil the largest producer and exporter of sugar divert its sugarcane to manufacture ethanol with a ratio of 50:50 as compared to 47:53 of last year. This will reduce the overall global surplus of the sugar. The Government has allowed exporting the remaining quantity of sugar till February 2014. The ensuing season will continue to be challenging year for the sugar division.

The prices of ethanol are expected to be on the same level. Pakistan has also attained "Generalized System of Preference (GSP) Plus status" from European Union (EU) effective from January 1, 2014, which will allow duty free import to EU countries. This will positively affect the international demand for Pakistani ethanol.

The commencement of operations of tank terminal facility located at Oil Installation Area, Kemari, Karachi will add value to the bottom line of the Company. The Company has developed and equipped the Tank Terminal with the most modern facilities for handling and storage of liquid products among which one is Rectified Spirit (Ethanol). The terminal has 12 tanks with storage capacity of approx. 22,850 M.T per month.

As a whole, your Company is well aware of the challenges being faced and would do its best to take all necessary measures to increase the quality of operations in all its divisions and overall profitability of the Company despite above mentioned challenges.

BOARD OF DIRECTORS

The Board of Directors is comprised of two executive, five non-executive directors and one independent director. During the year the election of Directors were made and the names of the current members of the Board of Directors are appearing in the Company Information. During the year ended September 30, 2013, eight meetings of the Board of Directors were held, out of which three were held before elections. The numbers of meeting attended by current and retired directors are as follows:

Name of Directors	Status	Number of meetings attended
Mr. Mohammad Iqbal Usman	Chairman	8/8
Mr. Shunaid Qureshi	Chief Executive	8/8
Mr. Asim Ghani	Executive Director	7/8
Mr. Duraid Qureshi	Non-Executive Director	5/8
Mr. Ali Jehangir Siddiqui	Non-Executive Director	3/5
Miss. Darakshan Ghani	Non-Executive Director	5/5
Mrs. Asma Aves Cochinwala	Non-Executive Director	5/5
Mr. Suleman Lalani	Non-Executive Director	5/5
Sayyed Rafay Akber Rashdi	Independent Director	4/5
Mr. Muhammad Salman Husain Chawala	Retired	2/3
Mr. Abdul Hamid Dagia	Retired	3/3
Mr. Jahangir Siddiqui	Retired	3/3

AUDIT COMMITTEE

The Board of Directors has established an Audit Committee in compliance with the Code of Corporate Governance. During the year new audit committee was established and four meetings were held out of which two were held before election. The meetings attended by current and retired members are as follows:

Name of Members	Status	Category	Number of meetings attended
Sayyed Rafay Akber Rashdi	Chairman	Independent Director	1/2
Miss. Darakshan Ghani	Member	Non-Executive Director	2/2
Mr. Duraid Qureshi	Member	Non-Executive Director	4/4
Mr. Asim Ghani	Retired	Executive Director	2/2
Mr. Mohammad Iqbal Usman	Retired	Non-Executive Director	2/2
Mr. Abdul Hamid Dagia	Retired	Non-Executive Director	0/2

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

HUMAN RESOURCE COMMITTEE

Human resource planning and management is one of the most important focus points at the highest management level. The Company has a Human Resource and Remuneration Committee which is involved in the selection, evaluation, compensation and succession planning of the key management personnel. It is also involved in recommending improvements in Company's human resource policies and procedures and their periodic review.

During the year new Human Resource committee was established and three meetings were held out of which 1 was before election. The meetings attended by current and retired members are as follows:

Name of Members	Status	Category	Number of meetings attended
Mr. Duraid Qureshi	Chairman	Non-Executive Director	3/3
Mr. Asim Ghani	Member	Executive Director	3/3
Miss. Darakshan Ghani	Member	Non-Executive Director	2/2
Sayyed Rafay Akber Rashdi	Member	Independent Director	2/2
Mr. Jahangir Siddiqui	Retired	Non-Executive Director	1/1
Mr. Shunaid Qureshi	Retired	Chief Executive Officer	1/1
Mr. Mohammad Iqbal Usman	Retired	Non-Executive Director	1/1

AUDITORS

The existing Auditors, M/s. Hyder Bhimji & Co. Chartered Accountants had been auditors of the Company since 2003-04. The Audit Committee is of view to rotate the Auditors in order to comply with best practices of Corporate Governance; and recommended the name of M/s. Haroon Zakaria & Company Chartered Accountants as an external Auditors of the Company for the year ended September 30, 2014 in place of retiring Auditors M/s. Hyder Bhimji & Co. Chartered Accountants which was approved by the Board of Directors. The Board of Directors appreciates the services of retiring Auditors.

CORPORATE SOCIAL RESPONSIBILITY

The Company is committed towards accomplishing its Corporate Social Responsibility (CSR) and actively takes part in social work programs that are conducted throughout the year. During the year under review as part of CSR program, various contributions were made in the sector of health, donations etc.

CONTRIBUTION TO THE NATIONAL EXCHEQUER

The Company contributed a total amount of Rs. 145.272 million (2012: Rs. 340 million) to the Government Treasury in shape of taxes, levies, excise duty and sales tax.

PATTERN OF SHAREHOLDING AND SHARES TRADED

The Pattern of shareholding as on September 30, 2013, in accordance with the requirements of the Code of Corporate Governance and a statement reflecting distribution of shareholding, is separately annexed to this report.

No trading in the shares of the Company were carried out by the Directors, Chief Executive Officer, Chief Financial Officer and Company Secretary and their spouses and minor children except the following:

Name	Category	Transaction	No. Of Shares
Mr. Ali Jehangir Siddiqui	Non-Executive Director	Purchase of share	500
Mr. Asim Ghani	Executive Director	Purchase of share	205,000
Miss. Darakshan Ghani	Non-Executive Director	Purchase of share	271,000

CORPORATE GOVERNANCE

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

COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE

a) The financial statements prepared by the Management, present fairly its state of affairs, the result of its operations, cash flows and changes in equity.

b) The Company has maintained proper books of accounts.

c) Appropriate accounting policies have been consistently applied in the preparation of financial statements and accounting estimates are based on reasonable and prudent judgment.

d) International Accounting Standards as applicable in Pakistan have been followed in preparation of financial statements.

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

f) There are no doubts upon the Company's ability to continue as a going concern.

g) The Key financial data for the last six years is annexed with this report.

h) There has been no material departure from the best practices of Corporate Governance, as detailed in the listing regulations.

i) The Company has not made payment against market committee fee since inception as it has been challenged in Honorable High Court of Sindh. However full provision has been made in the accounts for such liability.

j) During the year one of the Director, Miss Darakshan Ghani has attended and completed the Directors' Training Program organized by Pakistan Institute of Corporate Governance (PICG).

k) The Company maintains Gratuity Fund for its employees. The value of fund is Rs. 69.111 million in the shape of investment as on September 30, 2013.

ACKNOWLEDGEMENT

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

For and on behalf of the Board of Directors

SHUNAID QURESHI
Chief Executive Officer

Karachi: January 06, 2014

PATTERN OF SHAREHOLDINGS

AS ON SEPTEMBER 30, 2013

Number of Shareholders	Shareholdings From	Shareholdings To	Total Number of Shares Held
175	1	100	7,351
517	101	500	246,832
49	501	1,000	46,900
40	1,001	5,000	92,612
6	5,001	10,000	47,000
1	10,001	15,000	12,000
1	15,001	20,000	20,000
1	20,001	25,000	25,000
2	25,001	30,000	54,500
2	30,001	40,000	72,091
1	40,001	45,000	44,000
1	45,001	105,000	100,027
1	105,001	130,000	127,138
1	130,001	135,000	130,479
1	135,001	285,000	284,998
1	285,001	400,000	377,500
1	400,001	410,000	405,968
1	410,001	425,000	421,802
1	425,001	730,000	728,087
1	730,001	850,000	946,232
1	850,001	980,000	976,182
1	980,001	1,385,000	1,383,183
1	1,385,001	1,400,000	1,399,668
1	1,400,001	1,415,000	1,414,500
1	1,415,001	1,720,000	1,718,500
1	1,720,001	1,900,000	1,873,250
1	1,900,001	4,410,000	4,406,500
811			**17,362,300**

CATEGORIES OF SHAREHOLDERS

AS ON SEPTEMBER 30, 2013

Categories of Shareholders	Number of Shares Held	Percentage
Associated Companies, undertaking and related parties	12,026,130	69.2658
Mutual Fund	600	0.0035
Directors, Chief Executive Officer, and their spouse and minor children.	2,301,997	13.2586
Executives	NIL	NIL
Public Sector Companies and Corporations	NIL	NIL
NIT and ICP	36,752	0.2117
Banks, Development Financial Institutions, Non-Banking Financial Companies, Insurance Companies, Takaful, Modarabas and Pension Funds	2,246,527	12.9391
Share holders holding 5% or more	14,118,015	81.3142
General Public		
a. Local	556,517	3.2053
b. Foreign	NIL	NIL
Others	193,777	1.1161

DETAIL OF SHAREHOLDERS CATEGORIES

AS ON SEPTEMBER 30, 2013

		No. of Shares	Percentage
1	**Associated Companies , Undertakings and Related Parties**		
	Mahvash and Jahangir Siddiqui Foundation	**1,414,500**	8.1470
	Jahangir Siddiqui Securities Services Limited	**1,718,500**	9.8979
	Jahangir Siddiqui & Sons Limited	**405,968**	2.3382
	MCBFSL-Trustee JS Value Fund	**284,998**	1.6415
	Jahangir Siddiqui	**976,182**	5.6224
	Haji Abdul Ghani	**4,406,500**	25.3797
	Muhammad Ayub Younus Adhi	**1,873,250**	10.7892
	Noor Jahan Hajiani	**946,232**	5.4499
		12,026,130	69.2658
2	**Mutual funds**		
	Prodential Stocks Fund Limited	**600**	0.0035
		600	0.0035
3	**Directors, CEO and their spouses and minor children**		
	Muhammad Iqbal Usman	**500**	0.0029
	Shunaid Qureshi	**1,399,668**	8.0615
	Ali Jehangir Siddiqui	**500**	0.0029
	Asim Ghani	**377,500**	2.1743
	Asma Aves Cochinwala	**100,027**	0.5761
	Darakshan Ghani	**421,802**	2.4294
	Duraid Qureshi	**1,000**	0.0058
	Sayyed Rafey Akbar Rashdi	**500**	0.0029
	Suleman Lalani	**500**	0.0029
		2,301,997	13.2586
4	**Executives**	**NIL**	NIL
5	**Public Sector Companies and corporations**	**NIL**	NIL
6	**NIT and ICP**		
	Investment Corporation of Pakistan	**500**	0.0029
	National Investment Trust Limited	**36,252**	0.2088
		36,752	0.2117

DETAIL OF SHAREHOLDERS CATEGORIES

AS ON SEPTEMBER 30, 2013

7 Banks, Development Financial Institutions, Non- Banking Financial Companies, Insurance Companies, Takaful, Modarabas and Pension Funds

	No. of Shares	Percentages
National Bank of Pakistan-Trustee Department NI(U)T Fund	**1,383,183**	7.9666
National Bank of Pakistan	**728,087**	4.1935
Trustee National Bank of Pakistan Employees Pension Fund	**130,479**	0.7515
Trustee National Bank of Pakistan Emp Bevevolent Fund Trust	**4,578**	0.0264
The Bank of Khyber	**200**	0.0012
	2,246,527	12.9391

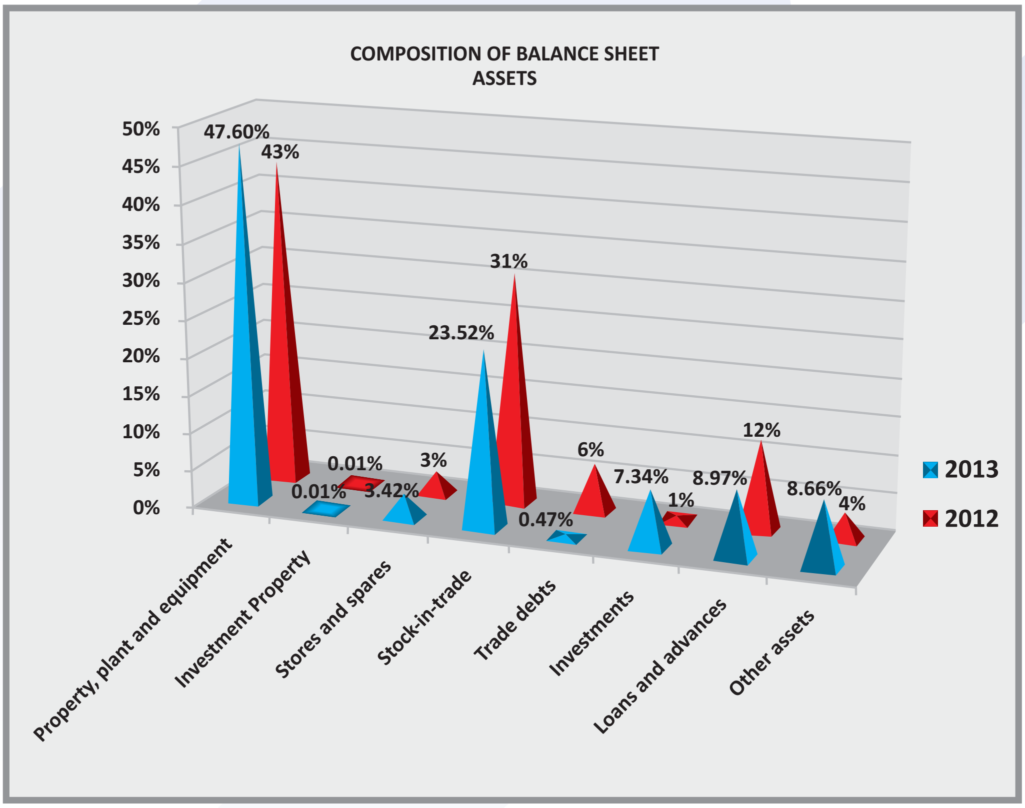
8 Shareholder holding five percent or more voting interest in the Company

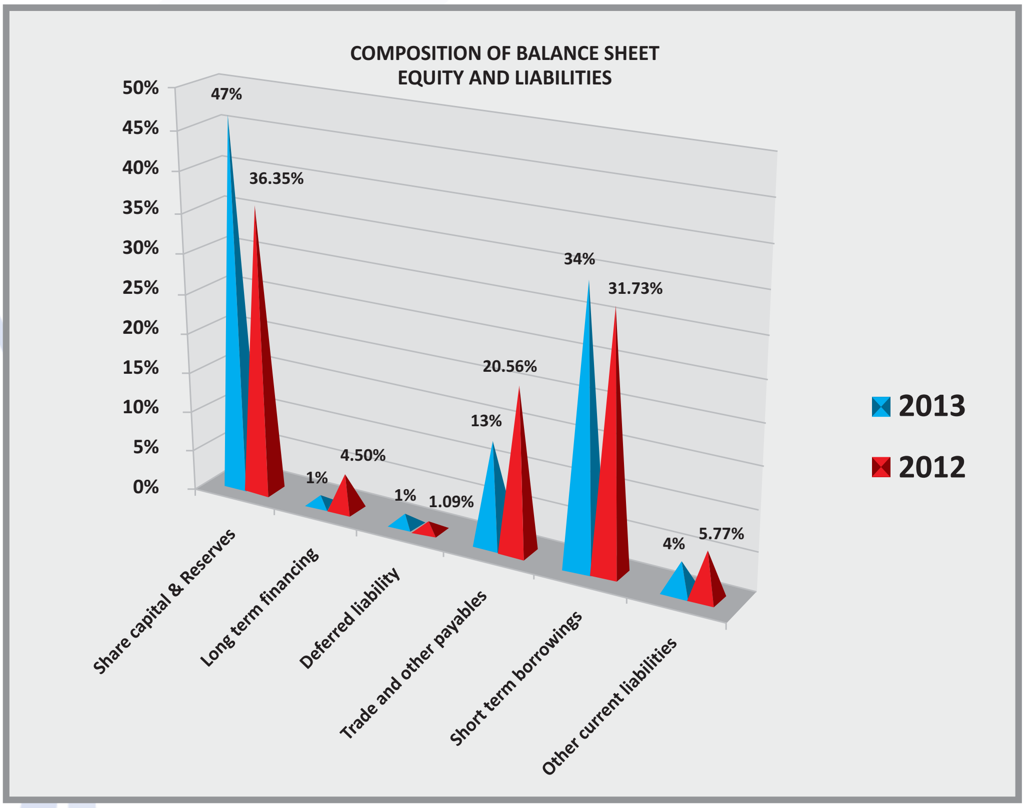
	No. of Shares	Percentages
Haji Abdul Ghani	**4,406,500**	25.3797
Muhammad Ayub Younus Adhi	**1,873,250**	10.7892
Jahangir Siddiqui Securities Services Limited	**1,718,500**	9.8979
Mahvash and Jahangir Siddiqui Foundation	**1,414,500**	8.1470
Shunaid Qureshi	**1,399,668**	8.0615
National Bank of Pakistan-Trustee Department NI(U)T Fund	**1,383,183**	7.9666
Jahangir Siddiqui	**976,182**	5.6224
Noor Jahan Hajiani	**946,232**	5.4499
	14,118,015	81.3142

KEY FINANCIAL DATA

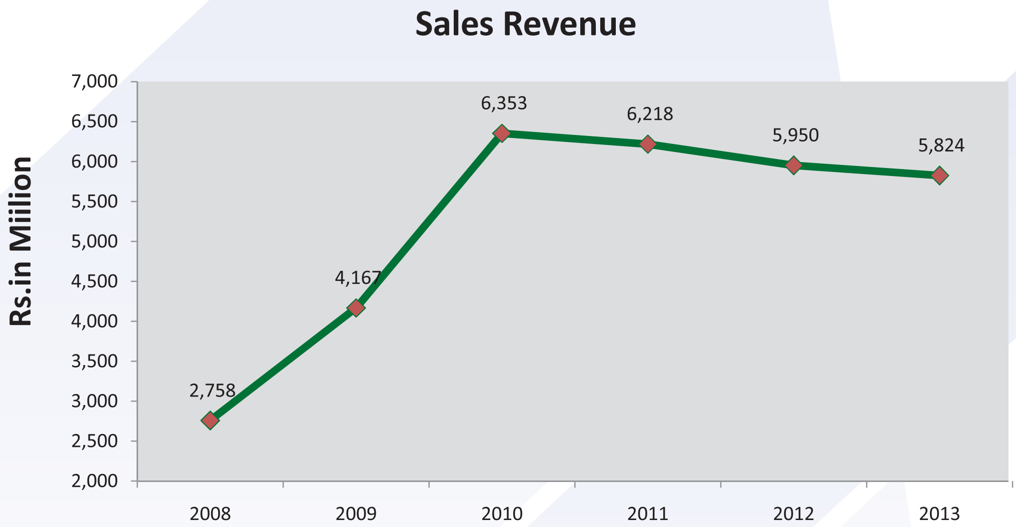
		2013	2012	2011	2010	2009	2008
Investment Measure							
Ordinary Share Capital	Rs. in ' 000 '	**173,623**	173,623	173,623	173,623	173,623	173,623
Reserves	Rs. in ' 000 '	**1,788,394**	1,554,091	1,207,941	1,073,278	952,003	696,167
Ordinary Shareholder's Equity	Rs. in ' 000 '	**1,962,017**	1,727,714	1,381,564	1,246,901	1,125,626	869,790
Dividend on Ordinary Shares	Rs. in ' 000 '	**86,812**	138,898	86,812	86,812	69,449	26,043
Dividend per Ordinary Share	Rs.	**5.00**	8.00	5.00	5.00	4.00	1.50
Profit Before Taxation	Rs. in ' 000 '	**330,998**	539,337	324,463	276,059	337,120	96,427
Profit After Taxation	Rs. in ' 000 '	**287,545**	490,546	226,863	204,851	282,432	75,045
Earnings per share of Rs. 10	Rs.	**16.56**	28.25	13.07	11.80	16.27	4.32
Measure of Financial Status							
Current Ratio	x : 1	**0.92**	0.96	0.95	0.81	1.00	1.18
Long Term Debt Equity Ratio	x : 1	**0.08**	0.25	0.47	0.70	0.96	1.35
Total Debt Ratio	x : 1	**0.38**	0.41	0.41	0.43	0.42	0.46
Number of Days Stock	In days	**89.47**	150.55	118	59	100	120
Measure of Performance							
Sales	Rs. in ' 000 '	**5,823,931**	5,950,464	6,217,989	6,352,884	4,166,922	2,757,639
Cost of Goods Sold as % of Sales	%	**86.23**	79.50	84.92	88.09	81.15	78.07
Profit Before Taxation as % of Sales	%	**5.68**	9.06	5.22	4.35	8.09	3.50
Profit After Taxation as % of Sales	%	**4.94**	8.24	3.65	3.22	6.78	2.72

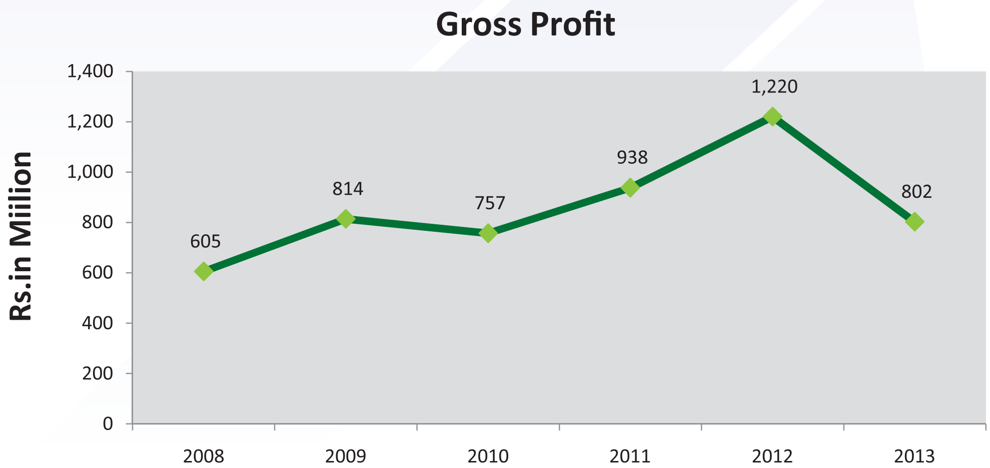
COMPOSITION OF BALANCE SHEET

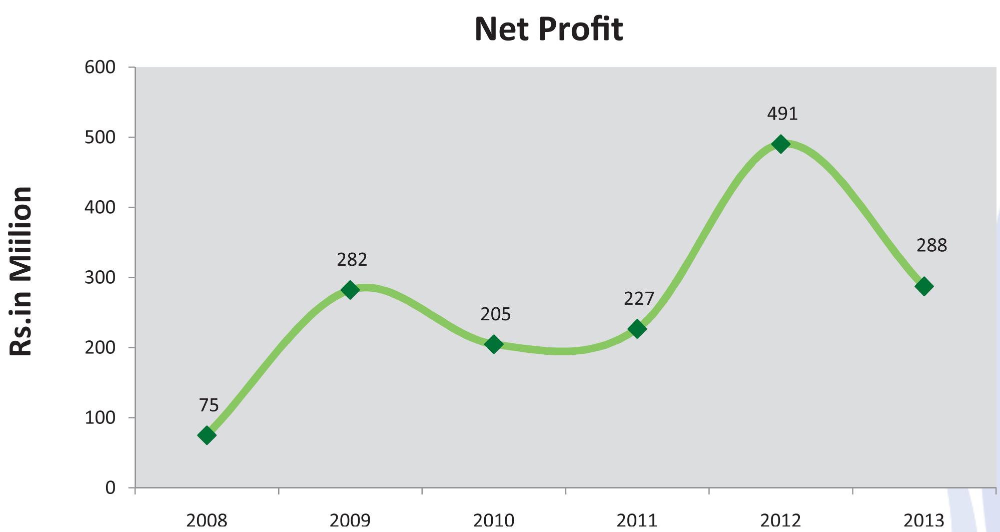




FINANCIAL INDICATORS







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

We have reviewed the Statement of Compliance with the best practices contained in the Code of Corporate Governance for the year ended September 30, 2013 prepared by the Board of Directors of **M/S. Al - Abbas Sugar Mills Limited (the Company)** to comply with the Listing Regulation no. 35 of the Karachi Stock Exchange Limited, 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's personnel and review of various documents prepared by the Company to comply with the Code.

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

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

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the best practices contained in the Code of Corporate Governance, as applicable to the company for the year ended September 30, 2013.

Hyder Bhimji & Co

HYDER BHIMJI & CO.
CHARTERED ACCOUNTANTS

Karachi: January 06, 2014

STATEMENT OF COMPLIANCE WITH THE CODE OF CORRPORATE GOVERNANCE

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

1. The Company encourages representation of independent non-executive directors and directors representing minority interests on its board of directors. During the year election of director were held and new board has been constituted. The present Board includes:

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

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

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

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

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

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

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

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

8. The meetings of the board were presided over by the Chairman and the board met at least once in 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 Directors are well conversant with listing regulations, legal requirement and operational imperatives of the company, and as such are fully aware of their duties and responsibilities. During the year, one Director of the Company has completed the formal Directors Training program of Pakistan Institute of Corporate Governance (PICG) and have received certificate in this respect.

10. During the year, two new appointments of Chief Financial Officer (CFO) and Company Secretary and Head of Internal Audit was made by the Board on the resignation of previous CFO and Company Secretary and Head of Internal Audit. The remuneration, terms and conditions of the employment of CFO, Company Secretary and Head of Internal Audit have been approved by the Board.

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

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 CCG.

15. The board has formed an Audit Committee. It comprises of three members, of whom two are non-executive directors and chairman is an independent 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 as required by the CCG. The terms of reference of the committee have been formed and advised to the committee for compliance.

17. The board has formed an HR and Remuneration Committee. It comprises four members, of whom two are non-executive directors including chairman.

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

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

20. 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.

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

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

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

Karachi: January 06, 2014

SHUNAID QURESHI
CHIEF EXECUTIVE

AUDITOR'S REPORT TO THE MEMBERS

We have audited the annexed Balance Sheet of **M/S. Al - ABBAS SUGAR MILLS LIMITED (the Company)** as at September 30, 2013 and the related Profit and Loss Account, Statement of Comprehensive Income, Cash Flow Statement and Statement of Changes in Equity together with the notes forming part thereof, for the year then ended and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

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

We conducted our audit in accordance with the auditing standards as applicable in Pakistan. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the above said statements are free of any material misstatement. An audit includes examining, on 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 the accounting policies consistently applied;

ii) the expenditure incurred during the year was for the purpose of the Company's business; and

iii) the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the Company.

c) in our opinion and to the best of our information and according to the explanations given to us, the Balance Sheet, Profit and Loss Account, Statement of Comprehensive Income, Cash Flow Statement and Statement of Changes in Equity, together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan, and give the information required by the Companies Ordinance 1984, in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at September 30, 2013 and of profit, total comprehensive income, its cash flows and changes in equity for the year then ended; and

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

We draw attention to Note no 27.1 of the annexed financial statements which describes the uncertainty related to the outcome of the lawsuit filed against the Company and others by a non executive Director of the Company and on the basis of legal advisor's opinion dated December 10, 2013 no consequential impact has been accounted for in the financial statements. Our opinion is not qualified in respect of this matter.

Hyder Bhimji

HYDER BHIMJI & CO.
CHARTERED ACCOUNTANTS
Engagement Partner.
Shaikh Mohammad Tanvir

Karachi: January 06, 2014

BALANCE SHEET

AS AT SEPTEMBER 30, 2013

	Note	September 30, 2013	Restated September 30, 2012	Restated September 30, 2011
			(Rupees in thousand)	
ASSETS				
NON-CURRENT ASSETS				
Property, plant and equipment	5	**2,003,935**	2,050,515	1,998,595
Investment property	6	**469**	521	579
Intangible asset	7	**-**	1	613
Long term investments	8	**183,085**	20,979	9,114
Long term loans	9	**3,002**	3,816	3,404
Long term deposits		**10,014**	9,557	11,127
Deferred taxation - net	10	**34,391**	27,135	14,586
		2,234,896	2,112,524	2,038,018
CURRENT ASSETS				
Stores and spares parts	11	**144,200**	130,512	153,152
Stock-in-trade	12	**990,359**	1,471,452	2,430,743
Trade debts	13	**19,965**	305,336	487,536
Loans and advances	14	**377,747**	573,588	157,969
Trade deposits and short term prepayments	15	**16,856**	45,935	1,012
Accrued income	16	**2,780**	956	416
Other receivables	17	**54,974**	17,424	19,600
Income tax refund due from Government		**12,698**	12,698	-
Income tax refundable net off provision		**50,997**	45,176	12,430
Short term investments	18	**125,831**	30,115	10,000
Cash and bank balances	19	**178,979**	6,973	18,179
		1,975,386	2,640,165	3,291,037
Total assets		**4,210,282**	4,752,689	5,329,055
SHARE CAPITAL AND RESERVES				
Authorized capital				
17,500,000 Ordinary shares of Rs. 10 each		**175,000**	175,000	175,000
Issued, subscribed and paid-up capital	20	**173,623**	173,623	173,623
Reserves	21	**1,788,394**	1,554,091	1,207,941
Shareholders' equity		**1,962,017**	1,727,714	1,381,564
NON-CURRENT LIABILITIES				
Long term financing	22	**36,363**	214,094	433,791
Deferred liability	23	**56,646**	51,614	47,591
		93,009	265,708	481,382
CURRENT LIABILITIES				
Trade and other payables	24	**559,532**	977,229	1,588,808
Accrued mark-up	25	**28,370**	41,480	84,026
Short term borrowings	26	**1,443,444**	1,508,015	1,548,977
Current maturity of non-current liabilities	22	**111,064**	219,697	219,697
Provision for taxation		**12,846**	12,846	24,601
Total liabilities		**2,155,256**	2,759,267	3,466,109
CONTINGENCIES AND COMMITMENTS	27			
Total equity and liabilities		**4,210,282**	4,752,689	5,329,055

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

Shunaid Qureshi	**Asim Ghani**
Chief Executive	Director

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED SEPTEMBER 30, 2013

	Note	2013	Restated 2012
		(Rupees in thousand)	
Sales - net	28	**5,823,931**	5,950,464
Cost of sales	29	**(5,021,685)**	(4,730,439)
Gross profit		**802,246**	1,220,025
Net profit from storage tank terminal	30	**9,716**	-
Net loss from chemical, alloys and power segment and fixed expenses due to suspension	31	**(40,226)**	(59,129)
		771,736	1,160,896
Distribution cost	32	**(121,323)**	(208,691)
Administrative expenses	33	**(116,258)**	(119,466)
Other operating expenses	34	**(33,276)**	(53,546)
		(270,857)	(381,703)
Operating profit		**500,879**	779,193
Other income	35	**54,375**	26,433
		555,254	805,626
Finance cost	36	**(224,256)**	(266,289)
Profit before taxation		**330,998**	539,337
Taxation	37	**(43,453)**	(48,791)
Profit after taxation		**287,545**	490,546
Earnings per share - Basic and diluted	38	**16.56**	28.25

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

Shunaid Qureshi
Chief Executive

Asim Ghani
Director

AL-ABBAS SUGAR Mills Limited

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED SEPTEMBER 30, 2013

	2013	2012
	(Rupees in thousand)	
Profit after taxation	**287,545**	490,546
Other comprehensive income		
Items that may be reclassified subsequently to profit and loss		
Unrealized gain on re-measurement of available for sale investments	**16,207**	11,865
Total comprehensive income for the year	**303,752**	502,411

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

Shunaid Qureshi
Chief Executive

Asim Ghani
Director

CASH FLOW STATEMENT

FOR THE YEAR ENDED SEPTEMBER 30, 2013

	Note	2013	Restated 2012
		(Rupees in thousand)	
Cash flows from operating activities			
Cash generated from operations	39	**1,130,764**	975,307
Finance cost paid		**(237,366)**	(308,835)
Income tax paid		**(62,351)**	(118,539)
Decrease / (increase) in long term loans		**938**	(427)
Long term deposits		**(457)**	1,570
		(299,236)	(426,231)
Net cash generated from operating activities		**831,528**	549,076
Cash flows from investing activities			
Capital expenditure on property, plant and equipment	5.1 & 5.2	**(99,816)**	(169,764)
Proceeds from disposal of property, plant and equipment		**998**	3,008
Purchase of long term investments		**(145,932)**	-
Proceeds from disposal of long term investments		**34**	-
Proceeds from sales of non-current assets held for sale		**-**	19,309
Interest/markup received		**4,469**	1,991
Dividend received		**405**	810
Net cash used in investing activities		**(239,842)**	(144,646)
Cash flows from financing activities			
Repayment of long term financing		**(286,364)**	(219,697)
Dividend paid		**(68,745)**	(154,977)
Short term borrowings - net		**(64,571)**	(40,962)
Net cash used in financing activities		**(419,680)**	(415,636)
Net increase / (decrease) in cash and cash equivalents		**172,006**	(11,206)
Cash and cash equivalents at beginning of the period		**6,973**	18,179
Cash and cash equivalents at the end of the period	19	**178,979**	6,973

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

Shunaid Qureshi
Chief Executive

Asim Ghani
Director

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED SEPTEMBER 30, 2013

	Issued, subscribed and paid-up capital	RESERVES				Total Share holder's Equity
		Revenue reserves		Unrealized gain / (loss) on remeasurement of available for sale investments	Total reserves	
		General reserves	Unappropriated profit			
	(Rupees in thousand)					
Balance as at October 1, 2011	173,623	458,000	777,192	(27,251)	1,207,941	1,381,564
Total comprehensive income for the year	-	-	490,546	11,865	502,411	502,411
Transactions with owners						
Final cash Dividend 2011: Rs. 5 per share	-	-	(86,812)	-	(86,812)	(86,812)
Interim cash Dividend 2012: Rs. 4 per share	-	-	(69,449)	-	(69,449)	(69,449)
Balance as at September 30, 2012	**173,623**	**458,000**	**1,111,477**	**(15,386)**	**1,554,091**	**1,727,714**
Transfer to general reserve	-	1,000,000	(1,000,000)	-	-	-
Total comprehensive income for the year	-	-	287,545	16,207	303,752	303,752
Transactions with owners						
Final dividend 2012: Rs. 4 per share	-	-	(69,449)	-	(69,449)	(69,449)
Balance as at September 30, 2013	**173,623**	**1,458,000**	**329,573**	**821**	**1,788,394**	**1,962,017**

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

Shunaid Qureshi
Chief Executive

Asim Ghani
Director

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2013

1 THE COMPANY AND ITS OPERATIONS

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

S. No	Division	Principal Activities	Location of undertaking	Commencement of commercial production
1	Sugar	Manufacturing and sale of sugar	Mirwah Gorchani, Mirpurkhas	December 15, 1993
2	Ethanol (note 1.1)	Processing and sale of industrial ethanol	Mirwah Gorchani, Mirpurkhas	Unit I: August 20, 2000 Unit II: January 23, 2004
3	*Chemical and alloys and **Power (note 1.3)	*Manufacturing and sales of calcium carbide and ferro alloys. **Generation and sales of electricity.	Dhabeji, Thatta.	*November 01, 2006 **April 06, 2010
4	Tank Terminal	Providing bulk storage facility	Oil industrial area, Kemari, Karachi.	October 15, 2012

1.1 The Company has also entered into agreement for supply of CO2 gas at its ethanol division. The same is not a reportable segment as per criteria defined in IFRS-8.

1.2 The Company rented out its former office premises which is reported and disclosed as investment property as provided in IAS-40.

1.3 The production facilities of chemical, alloys and power segment have been suspended in view of present business conditions and the matter of its recommencement will be reviewed when these conditions are improved. However, a portion of chemical plant has been given on lease which is likely to be vacated by the lessee in January 2014.

2 BASIS OF PREPARATION

2.1 Statement of Compliance

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

2.2 Accounting convention

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

2.3 New Standards, Interpretations and Amendments to Published Approved Accounting and Financial Reporting Standards

a) New and amended standards and interpretations became effective:

During the year, the following approved accounting standards, interpretations, amendments / revisions to the approved accounting standards became effective for the accounting periods beginning from the dates specified below;

- IAS 1- Presentation of Financial Statement- Amendments to Presentation of items of comprehensive income (Effective for annual periods beginning on or after July 01, 2012). This introduce new requirement to group together items in 'other comprehensive income' (OCI) that may be subsequently reclassified to profit and loss (reclassification adjustments) in order to facilitate the assessment of their impact on overall performance of the entity. Amendment has no effect on the Company's financial statement except for additional disclosure / presentation as incorporated in the Statement of Other Comprehensive Income.

- IAS 12 - Income Taxes- (Amendment) Deferred Taxes: Recovery of underlying Assets (Effective for annual periods beginning on or after July 01, 2012). The amendment clarified the determination of deferred tax on investment property measured at fair value. The amendment introduces a rebuttable presumption that deferred tax on investment property measured using fair value model in IAS 40 should be determined on the basis that its carrying amount will be recovered through sales. Furthermore, it introduces the requirement that deferred tax on non depreciable assets that are measured using the revaluation model in IAS 16 always be measured on a sale basis of the assets. The amendment is not relevant.

b) Approved standards, Interpretations and Amendments to published approved accounting standards issued but not yet effective for the current financial year

The following revised standards, amendments and interpretations with respect to approved accounting standards as applicable in Pakistan and would be effective from the dates mentioned below against the respective standards or interpretations:

- IAS 19 - Employee Benefits - Amendment (Effective for annual periods beginning on or after January 01, 2013). The amendment removes the options for accounting for the liability, and requires that the liabilities arising from such plans are recognized in full with actuarial gains and losses being recognized in other comprehensive income (elimination of ‘corridor method’ for recognition of actuarial gains and losses). It also revised the method of calculating the return on plan assets. The revised standard changes the definition of short-term employee benefits. The distinction between short-term and other long-term employee benefits is now based on whether the benefits are expected to be settled wholly within 12 months after the reporting date.

- IAS 27 - Separate Financial Statements (Revised 2011) - (Effective for annual periods beginning on or after January 01, 2013). The Standard requires that when an entity prepares separate financial statements, investments in subsidiaries, associates, and jointly controlled entities are accounted for either at cost, or in accordance with IFRS 9 Financial Instruments / IAS 39 Financial Instruments: Recognition and Measurement. The Standard also deals with the recognition of dividends, certain group reorganizations and includes a number of disclosure requirements.

- IAS 28 - Investments in Associates and Joint Ventures (2011)- (Effective for annual periods beginning on or after January 01, 2013). This Standard supersedes IAS 28 Investments in Associates and prescribes the accounting for investments in associates and sets out the requirements for the application of the equity method when accounting for investments in associates and joint ventures. The Standard defines 'significant influence' and provides guidance on how the equity method of accounting is to be applied (including exemptions from applying the equity method in some cases). It also prescribes how investments in associates and joint ventures should be tested for impairment.

- IAS 32 - Financial Instruments: Presentation- Disclosures about offsetting of financial assets and liabilities (Effective for annual periods beginning on or after January 01, 2014). These clarify certain aspects in the application of the requirements on offsetting, focused on four main areas: the meaning of 'currently has a legally enforceable right of set-off', the application of simultaneous realization and settlement, the offsetting of collateral amounts and the unit of account for applying the offsetting requirements.

- IFRS 7 - Financial Instruments: Disclosures- Disclosures about offsetting of financial assets and liabilities (Effective for annual periods beginning on or after January 01, 2013). These amendments require entities to disclose gross amount subject to right of set off, amounts set off in accordance with accounting standards followed, and the related net credit exposure. These disclosures are intended to facilitate comparison between those entities that prepare financial statements based on IFRS and those that prepare financial statements based on US GAAP.

The management anticipates that, except for the effects on the financial statements of amendments to IAS 19 "Employee Benefits", the adoption of the above standards, amendments and interpretations, will have no material impact on the Company's financial statements other than in presentation / disclosures. There were certain other standards and amendments that are not yet effective and are not relevant to the Company's financial statement.

The Company accounts for actuarial gains / losses, arising from re-measurement of present value of defined benefit obligation of staff retirement benefits and fair value of plan assets, using corridor approach as stated in note 4.10. However the amendment in IAS 19 will result in recognizing all the gains and losses arising from re-measurement of present value of defined benefit obligation in other comprehensive income instead of using corridor limit in the period in which these gains / losses arises. The amendments also require additional disclosures and retrospective application with certain exceptions. The application of the amendments to IAS 19 would result in the recognition of cumulative unrecognized actuarial gains amounting to 21.430 million in other comprehensive income in the period of initial application.

c) Annual improvements to IFRS—2009-2011 cycle - (Effective for annual periods beginning on or after January 01, 2013)

The International Accounting Standards Board (the Board) has issued the Annual Improvements to IFRSs – 2009–2011 Cycle, which contains following amendments / improvements to the approved accounting standards;

- IAS 1, Presentation of Financial Statements- Clarification of the requirements for comparative information. This clarifies that additional comparative information is not necessary for periods beyond the minimum comparative financial statement requirements of IAS 1. If additional comparative information is provided, the information should be presented in accordance with IFRSs, including disclosure of comparative information for any additional statements included beyond the minimum comparative financial statement requirements. Presenting additional comparative information voluntarily would not trigger a requirement to provide a complete set of financial statements.

In addition, the opening statement of financial position (known as the third balance sheet) must be presented in the following circumstances: when an entity changes its accounting policies; makes retrospective restatements or makes reclassifications, and that change has a material effect on the statement of financial position. The opening statement would be at the beginning of the preceding period. However, unlike the voluntary comparative information, the related notes are not required to accompany the third balance sheet period.

- IAS 16, Property, Plant and Equipment- Clarification of the servicing equipments. This clarifies that Spare parts, stand-by equipment and servicing equipment should be classified as property, plant and equipment when they meet the definition of property, plant and equipment and as inventory otherwise.

- IAS 32, Financial Instruments: Presentation- Tax effect of distributions to holders of equity instruments. The amendment removes the perceived inconsistency between IAS 32 and IAS 12 and clarifies that income taxes arising from distributions to equity holders are accounted for in accordance with IAS 12 Income Taxes.

- IAS 34, Interim financial reporting - Interim financial reporting and segment information for total assets and liabilities. The total assets and total liabilities for a particular reportable segment would be separately disclosed in interim financial reporting only when the amounts are regularly provided to the chief operating decision maker and there has been a material change from the amounts disclosed in the last annual financial statements for that reportable segment.

These amendments / clarification are not likely to have any material impact on the Company's financial statements except that these will require additional / increased disclosures.

d) New Standards issued by IASB but not yet notified by SECP

Following new standards have been issued by IASB which are yet to be notified by the Securities and Exchange Commission of Pakistan for the purpose of applicability in Pakistan.

- IFRS 9 - Financial Instruments (Effective for annual periods beginning on or after January 01, 2015). This is the first part of new standards on classification and measurement of financial assets that will replace IAS 39. IFRS 9 has two measurement categories: amortized cost and fair value. All equity instruments are measured at fair value. A debt instrument is measured at amortized cost only if the entity is holding it to collect contractual cash flows and the cash flows represent principal and interest / mark-up.

- IFRS 10 - Consolidated Financial Statements (Effective for annual periods beginning on or after January 01, 2013). This is a new standard that replaces the consolidation requirements in SIC - 12 Consolidation: Special Purpose Entities and IAS 27 - Consolidated and Separate Financial Statements. The proposed standard builds on existing principles by identifying the concept of control as the determining factor in whether an entity should be included within the consolidated financial statements of the parent company and provides additional guidance to assist in the determination of control where this is difficult to assess.

- IFRS 11 - Joint Arrangements (Effective for annual periods beginning on or after January 01, 2013). This is a new standard that deals with the accounting for joint arrangements and focuses on the rights and obligations of the arrangements, rather than its legal form. Standard requires a single method for accounting for interests in jointly controlled entities.

- IFRS 12 - Disclosure of Interest in Other Entities (Effective for annual periods beginning on or after January 01, 2013). This is a new and comprehensive standard on disclosure requirements for all forms of interests in other entities including joint arrangements, associates, special purpose vehicles and other off balance sheet vehicles.

- IFRS 13 Fair Value Measurement (Effective for annual periods beginning on or after January 01, 2013). This standard applies to IFRSs that require or permit fair value measurement or disclosures and provides a single IFRS framework for measuring fair value and requires disclosures about fair value measurement. The standard defines fair value on the basis of an 'exit-price' notion and uses 'a fair value hierarchy', which results in market-based, rather than entity-specific measurement.

2.4 Critical Accounting Estimates and Judgments

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

- Assumptions and estimates used in determining the recoverable amount, residual values and useful lives of property, plant and equipment - 4.1
- Assumptions and estimates used in determining the recoverable amount, residual values and useful lives of investment property - 4.2
- Assumptions and estimates used in determining the useful lives and residual values of intangible assets - 4.3
- Assumptions and estimates used in determining the provision for slow moving stores and spares - 4.5
- Assumptions and estimates used in writing down items of stock in trade to their net realisable value - 4.6
- Assumptions and estimates used in calculating the provision for doubtful trade debts - 4.7
- Assumptions and estimates used in the recognition of current and deferred taxation - 4.9
- Assumptions and estimates used in accounting for staff retirement benefits - 4.10
- Assumptions and estimates used in calculating the provision for doubtful loans and advances - 14
- Assumptions and estimates used in disclosure and assessment of provision for contingencies - 27

2.5 Functional and presentation currency

These financial statements are presented in Pakistan Rupees which is also the Company's functional currency. All financial information presented in Pakistan rupees.

3 CHANGE IN ACCOUNTING POLICY

During the year the Company has recognized its former office premises classified in non-factory building as investment property as per the criteria defined in "IAS 40 Investment Property" which applies to the accounting for property (land and/or buildings) held to earn rentals or for capital appreciation (or both).

The new accounting policy was adopted on October 01, 2012 and has been applied retrospectively. Management expects that the change in accounting policy will result in providing more reliable and relevant information. The related information is disclosed in note 6.

4 SIGNIFICANT ACCOUNTING POLICIES

4.1 Property, plant and equipment

a) Operating fixed assets - owned

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

Depreciation is charged, on a systematic basis over the useful life of the asset, on reducing balance method, which reflects the patterns in which the asset's economic benefits are consumed by the Company, at the rates specified in the relevant note. Assets residual value and useful lives are reviewed and adjusted appropriately at each financial year end. Depreciation on additions is charged from the month in which the assets are put to use while no depreciation is charged in the month in which the assets are disposed off. No amortisation is provided on leasehold land since the leases are renewable at the option of the lessee at nominal cost and their realisable values are expected to be higher than respective carrying values.

Maintenance and normal repairs are charged to profit and loss account, as and when incurred. Major renewals and improvements are capitalized and the assets so replaced, if any, are retired.

Gains or losses on disposals, if any, are included in profit and loss account.

b) Capital work-in-progress

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

4.2 Investment property

The Company carries investment property at their respective costs under the cost model in accordance with IAS 40 - Investment Property.

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

4.3 Intangible assets

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

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

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

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

4.4 Investments

a) Available for sale investments

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

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

Unrealized gain or loss on re-measurement of available for sale investments are recognized in the Statement of Changes in Equity through Other Comprehensive Income until the investments are sold or otherwise disposed off, or until the investments is determined to be impaired, at which time the cumulative gain or loss is recognized in the profit and loss account.

b) At fair value through profit and loss

All investments classified as investments at fair value through profit and loss' are initially measured at cost being fair value of consideration given. Subsequent to initial recognition, these investments are marked to market using the closing market rates and are carried on the balance sheet at fair value. Net gains and losses arising on changes in fair values of these investments are taken to the profit and loss account in the period in which these arise.

c) Held to Maturity

The investments with fixed or determinable maturities in respect of which the Company has the positive intent and ability to hold till maturity. These are stated at cost.

4.5 Stores and spares

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

4.6 Stock-in-trade

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

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

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

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

4.7 Trade debts

Trade debts originated by the Company are recognized and carried at original invoice amount less an allowance for doubtful debts. Provision for doubtful debts is based on the management's assessment of cutomer's outstanding balances and creditwothiness. Bad debts are written-off when identified.

4.8 Cash and cash equivalents

For the purpose of the cash flow statement, cash and cash equivalents consist of cash in hand and with Bank.

4.9 Taxation

a) Current

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

Provision for current taxation is based on taxability of certain income streams of the Company under final tax regime at the applicable tax rates and remaining income streams are chargeable at current rate of taxation under the normal tax regime after taking into account tax credits and rebates available, if any, or minimum tax under section 113 of the Income Tax Ordinance, 2001 which ever is higher. The charge for current income tax is recorded after adjustment, if any, to the provision for tax made in prior years including those arising from assessments and amendments in assessments during the year in such years.

b) Deferred

The Company accounts for deferred taxation on all material temporary differences using the liability method. Deferred tax debit balances are recognized only to the extent that it is probable that future taxable profits will be available against which these 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 at the balance sheet date. In this regard, the effects on deferred taxation of the portion of the income expected to be subject to final tax regime is adjusted in accordance with the requirement of Accounting Technical Release - 27 of the Institute of the Chartered Accountants of Pakistan. Deferred tax is charged or credited to profit and loss account.

4.10 Staff retirement benefits

a) Defined benefit plan - gratuity scheme

The company operates an approved funded gratuity scheme (defined benefit plan) for all its employees who have completed the qualifying period under the scheme. Contributions are made to the fund in accordance with the actuarial recommendations. The most recent valuation in this regard was carried out as at September 30, 2013, using the Projected Unit Credit Method for valuation of the scheme. Actuarial gains / losses exceeding 10 percent of the higher of projected benefit obligation and fair value of plan assets, at the beginning of the year, are amortized over average future service of the employees. However as mentioned in note 2.3(b) this policy has to be changed in order to bring it in confirmaty with IAS-19 from next year.

b) Employees compensated absences

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

4.11 Trade and other payables

Liabilities for trade and other amounts payable are carried at cost which is the fair value of the consideration to be paid in future for goods and services received.

4.12 Foreign currency transaction

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

4.13 Financial instruments

a) Recognition

All the financial assets and financial liabilities are recognized at the time when the Company becomes a party to the contractual provisions of the instrument. Financial assets are derecognized when the rights to receive cash flows from the assets have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership. A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expired. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange and modification is treated as a derecognition of the original liability and the recognition of a new liability. Any gains or losses on derecognizing of the financial assets and financial liabilities are taken to profit and loss account.

b) Offsetting

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

4.14 Borrowing costs

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

4.15 Provisions

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

4.16 Inter-segment pricing

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

4.17 Revenue recognition

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

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

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

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

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

e) Miscellaneous income is recognized on receipt basis.

f) Dividend income is recognized when the right to receive the same is established.

g) Rental income from investment property, rental income of chemical section and income on sale of CO_2 is recorded on accrual basis.

4.18 Dividend and appropriation to reserves

Dividend and appropriations to reserves are recognized in the financial statements in the period in which they are approved by the shareholders.

4.19 Segment reporting

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

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

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

4.20 Impairment

Financial assets

Financial assets are assessed at each reporting date to determine whether there is any objective evidence of impairment. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effects of the estimated future cash flows of that assets.

Non-financial assets

The carrying value of non-financial assets are assessed at each reporting date to determine whether there is any indication of impairment. If any such indications exists, then the recoverable amount is estimated. An impairment loss is recognized, as an expense in the profit and loss account, for the amount by which an asset's carrying amount exceeds it's recoverable amount. The recoverable amount is the higher of an asset's fair value less cost to sell and value in use. Value in use is determine through discounting of estimated future cash flows using a discount rate that reflects current market assessments of the time value of money and risk specific to the assets. For the purpose of assessing impairment, assets are grouped at the lowest levels for which they are separately identifiable cash flows (cash generating units).

4.21 Earnings per share

The Company presents basic and diluted earnings per share (EPS) data. Basic EPS is calculated by dividing the profit and loss attributable to share holders of the Company by the weighted average number of ordinary shares. Diluted EPS is determined by adjusting the profit and loss attributable to share holders and the weighted average number of ordinary shares outstanding, adjusted for the effects of all dilutive potential ordinary shares.

5 PROPERTY PLANT AND EQUIPMENT

	Note	2013	2012
		(Rupees in thousand)	
Operating fixed assets	5.1	**1,955,605**	1,765,253
Capital work in progress (CWIP)	5.2	**48,330**	285,262
		2,003,935	2,050,515

5.1 Operating fixed assets

2013

	COST				ACCUMULATED DEPRECIATION			Written down value as at 30-09-2013	Rate of depreciation %
	As at 01-10-2012	Additions / (Deletions)	*Transferred from CWIP	As at 30-09-2013	As at 01-10-2012	Charge for the year / (Adjustment)	As at 30-09-2013		
	(Rupees in thousand)								
Owned									
Free-hold land	26,557	-	-	26,557	-	-	-	26,557	-
Lease-hold land	51,000	-	22,694	73,694	-	-	-	73,694	-
Main factory building	382,978	-	-	382,978	202,658	18,032	220,690	162,288	10
Non-factory building	171,461	-	49,314	220,775	93,721	11,684	105,405	115,370	10
Plant and machinery	2,250,025	-	257,044	2,507,069	874,862	106,318	981,180	1,525,889	5 to 10
Furniture and fittings	10,654	-	-	10,654	4,909	575	5,484	5,170	10
Vehicles	63,640	6,153	-	68,618	33,098	6,435	38,907	29,711	20
	-	(1,175)	-	-	-	(626)	-	-	-
Office equipment	30,924	940	-	31,864	17,063	1,446	18,509	13,355	10
Computers	7,364	603	-	7,967	3,647	1,235	4,882	3,085	30
Tools and tackles	4,268	-	-	4,268	3,660	122	3,782	486	20
	2,998,871	**7,696**	**329,052**	**3,334,444**	**1,233,618**	**145,847**	**1,378,839**	**1,955,605**	
	-	**(1,175)**	**-**	**-**	**-**	**(626)**	**-**	**-**	

*This includes total accumulated capital expenditure of storage tank terminal amounting to Rs. 228.341 million which have been transferred and allocated to land, building, plant and machinery during the year based on revaluation carried out by K.G. Traders on November 15, 2012.

2012

	COST				ACCUMULATED DEPRECIATION			Written down value as at 30-09-2012	Rate of depreciation %
	As at 01-10-2011	Additions / (Deletions)	Transferred from CWIP	As at 30-09-2012	As at 01-10-2011	Charge for the year / (Adjustment)	As at 30-09-2012		
	(Rupees in thousand)								
Owned									
Free-hold land	26,557	-	-	26,557	-	-	-	26,557	-
Lease-hold land	51,000	-	-	51,000	-	-	-	51,000	-
Main factory building	382,978	-	-	382,978	183,610	19,048	202,658	180,320	10
Non-factory building	171,461	-	-	171,461	85,512	8,209	93,721	77,740	10
Plant and machinery	2,211,584	-	38,441	2,250,025	793,703	81,159	874,862	1,375,163	5 to 10
Furniture and fittings	10,606	48	-	10,654	4,302	607	4,909	5,745	10
Vehicles	56,135	11,663	-	63,640	31,341	4,564	33,098	30,542	20
	-	(4,158)	-	-	-	(2,807)	-	-	-
Office equipment	30,403	1,105	-	30,924	15,940	1,445	17,063	13,861	10
	-	(584)	-	-	-	(322)	-	-	-
Computers	5,309	2,055	-	7,364	2,584	1,063	3,647	3,717	30
Tools and tackles	4,268	-	-	4,268	3,524	136	3,660	608	20
	2,950,301	**14,871**	**38,441**	**2,998,871**	**1,120,516**	**116,231**	**1,233,618**	**1,765,253**	
	-	**(4,742)**	**-**	**-**	**-**	**(3,129)**	**-**	**-**	

5.1.1 Reconciliation of carrying amount of operating fixed assets

Description	2013					
	Opening written down value	Additions	Transferred from CWIP	Disposals	Depreciation charge	Closing written down value
	(Rupees in thousand)					
Owned						
Free-hold land	**26,557**	-	-	-	-	26,557
Lease-hold land	**51,000**	-	22,694	-	-	73,694
Main factory building	**180,320**	-	-	-	18,032	162,288
Non-factory building	**77,740**	-	49,314	-	11,684	115,370
Plant and machinery	**1,375,163**	-	257,044	-	106,318	1,525,889
Furniture and fittings	**5,745**	-	-	-	575	5,170
Vehicles	**30,542**	6,153	-	549	6,435	29,711
Office equipment	**13,861**	940	-	-	1,446	13,355
Computers	**3,717**	603	-	-	1,235	3,085
Tools and tackles	**608**	-	-	-	122	486
	1,765,253	**7,696**	**329,052**	**549**	**145,847**	**1,955,605**

Description	2012					
	Opening written down value	Additions	Transferred from CWIP	Disposals	Depreciation charge	Closing written down value
	(Rupees in thousand)					
Owned						
Free-hold land	**26,557**	-	-	-	-	26,557
Lease-hold land	**51,000**	-	-	-	-	51,000
Main factory building	**199,368**	-	-	-	19,048	180,320
Non-factory building	**85,949**	-	-	-	8,209	77,740
Plant and machinery	**1,417,881**	-	38,441	-	81,159	1,375,163
Furniture and fittings	**6,304**	48	-	-	607	5,745
Vehicles	**24,794**	11,663	-	1,351	4,564	30,542
Office equipment	**14,463**	1,105	-	262	1,445	13,861
Computers	**2,725**	2,055	-	-	1,063	3,717
Tools and tackles	**744**	-	-	-	136	608
	1,829,785	**14,871**	**38,441**	**1,613**	**116,231**	**1,765,253**

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

	Note	2013	2012
		(Rupees in thousand)	
Cost of sales	29	**83,420**	72,511
Net profit from storage tank terminal	30	**20,789**	-
Chemical and alloys	31.2	**19,245**	22,099
Power	31.3	**12,804**	13,806
Administrative expenses	33	**9,589**	7,815
		145,847	116,231

5.1.3 The following assets were disposed off during the year:

Description	Cost	Accumulated depreciation	Witten down value	Sale Proceeds	Gain/ (Loss)	Mode of Disposal	Particular of Buyers
	(Rupees in thousand)						
Honda City AQS-227	979	561	418	840	422	Negotiation	Mr. Mohammad Ali, F.B. Area, Karachi
Honda Motorcycle KFT-8754	67	6	61	67	6	Snatched	Insurance claim received from EFU General Insurance
Honda Motorcycle KFQ-9974	57	10	47	67	20	Snatched	Insurance claim received from EFU General Insurance
Honda Motorcycle KBP-6464	40	32	8	12	4	Negotiation	Abdul Rehman Qureshi - employee of the Company
Honda Motorcycle KDD-6113	32	17	15	12	(3)	Negotiation	Niaz-ul-Hassan - employee of the Company
2013	**1,175**	**626**	**549**	**998**	**449**		
2012	4,874	1,882	2,992	3,844	852		

5.2 CAPITAL WORK IN PROGRESS - CWIP

Description	2013				2012			
	As at 01.10.2012	Additions	Transfer to operating fixed assets	As at 30-09-2013	As at 01.10.2011	Additions	Transfer to operating fixed assets	As at 30.09.2012
	(Rupees in thousand)							
Storage tank terminal	**181,261**	**-**	**(181,261)**	**-**	142,575	38,686	-	181,261
Related borrowing cost (5.2.1)	**47,080**	**-**	**(47,080)**	**-**	26,235	20,845	-	47,080
	228,341	**-**	**(228,341)**	**-**	168,810	59,531	-	228,341
Non-factory building								
Godown	**9,009**	**13,566**	**(22,575)**	**-**	-	9,009	-	9,009
Advance to contractor	**1,114**	**-**	**(1,114)**	**-**	-	1,114	-	1,114
Related borrowing cost (5.2.1)	**-**	**825**	**(825)**	**-**	-	-	-	-
	10,123	**14,391**	**(24,514)**	**-**	-	10,123	-	10,123
Plant and machinery								
Storage tanks - Ethanol division	**45,685**	**28,399**	**(74,084)**	**-**	-	84,126	(38,441)	45,685
Advance to contractor	**1,113**	**-**	**(1,113)**	**-**	-	1,113	-	1,113
Related borrowing cost (5.2.1)	**-**	**1,000**	**(1,000)**	**-**	-	-	-	-
	46,798	**29,399**	**(76,197)**	**-**	-	85,239	(38,441)	46,798
Digester (5.2.2)	**-**	**35,691**	**-**	**35,691**	-	-	-	-
Advance to contractor	**-**	**78**	**-**	**78**	-	-	-	-
Stores held for capitalization	**-**	**8,124**		**8,124**				
Related borrowing cost (5.2.1)	**-**	**1,439**	**-**	**1,439**	-	-	-	-
	-	**45,332**	**-**	**45,332**	-	-	-	-
Pipeline for storage tank terminal (5.2.3)	**-**	**2,864**	**-**	**2,864**	-	-	-	-
Related borrowing cost (5.2.1)	**-**	**134**	**-**	**134**	-	-	-	-
	-	**2,998**	**-**	**2,998**	-	-	-	-
Total	**285,262**	**92,120**	**(329,052)**	**48,330**	168,810	154,893	(38,441)	285,262

5.2.1 Average annualized rate of 10.84% (2012: 12.88%) for godown and storage tanks - Ethanol division and 9.11% (2012: 12.88%) for Digester and pipeline for storage tank terminal has been used for capitalization of borrowing cost.

5.2.2 This represents cost of construction of new digester which is expected to be operational in the ensuing year.

5.2.3 This represents cost of construction of a new pipeline at storage tank terminal which is expected to be operational in the ensuing year.

6 INVESTMENT PROPERTY

Description	Cost			Depreciation				
	As on October 01	Additions	As on September 30	As on October 01	Charge for the year	As on September 30	Written down value as on September 30	Rate of Depreciation
	(Rupees in thousand)							
Former office premises - 2013	**1,600**	**-**	**1,600**	**1,079**	**52**	**1,131**	**469**	**10%**
Former office premises - 2012	1,600	-	1,600	1,021	58	1,079	521	10%

6.1 The management estimates that its market value ranges from 25 million to 26 million.

7 INTANGIBLE ASSET

Description	Cost			Amortization			
	As on October 01	Additions	As on September 30	As on October 01	Charge for the year	As on September 30	Written down value as on September 30
	(Rupees in thousand)						
ERP software system - 2013	**22,285**	**-**	**22,285**	**22,284**	**1**	**22,285**	**-**
ERP software system - 2012	22,285	-	22,285	21,672	612	22,284	1

	Note	2013	2012
		(Rupees in thousand)	
8 LONG TERM INVESTMENTS			
Available for sale investments			
Investment in Related Party:			
HUM Network Limited (Holding: 0.81%) 405,000 (2012: 405,000) ordinary shares of Rs. 10 each		**23,174**	8,699
Investment in other than Related Party:			
Power Cement Limited (formerly Al-Abbas Cement Industries Limited) (Holding: 6.014%) 21,996,000 (2012: 2,000,000) ordinary shares of Rs. 10 each		**159,911**	12,280
		183,085	20,979
9 LONG TERM LOANS - Considered good			
Secured			
To executives			
Being key management personnel		**3,481**	3,923
Other than key management personnel		**137**	612
	9.1	**3,618**	4,535
To employees - Other than Directors, Chief Executive and executives		**780**	801
	9.2 & 9.3	**4,398**	5,336
Current portion of long term loans	14	**(1,396)**	(1,520)
		3,002	3,816

	Note	2013	2012
		(Rupees in thousand)	
9.1 Balance at beginning of the year		**4,535**	4,169
Add: Loans disbursed during the year		**1,100**	2,823
		5,635	6,992
Less: Recovery during the year		**(2,017)**	(2,457)
Balance at end of the year		**3,618**	4,535

9.2 The above loans are interest free and are given for purchase of vehicles and personal use. These loans are secured against the retirement benefits and vehicles (in case of vehicle loan) of the respective employees and are within the limits of such securities. The loan amount recoverable within three and five years is Rs. 1.645 million (2012: Rs. 1.514 million) and Rs. 1.357 million (2012: Rs. 1.778 million).

9.3 Maximum aggregate amount of loans outstanding at any month end was Rs. 5.357 million (2012: Rs. 6.090 million).

	Note	2013	2012
		(Rupees in thousand)	
10 DEFERRED TAXATION - net			
Deductible temporary differences			
Available tax losses		**286,098**	332,483
Provisions		**35,869**	28,077
		321,967	360,560
Taxable temporary differences			
Accelerated tax depreciation		**(287,576)**	(333,425)
		34,391	27,135
11 STORES AND SPARES PARTS			
Stores and spares parts		**166,052**	151,514
Provision for slow moving items and obsolescence	11.1	**(21,852)**	(21,002)
		144,200	130,512
11.1 Balance at beginning of the year		**(21,002)**	(21,002)
Provision made during the year		**(850)**	-
Balance at end of the year		**(21,852)**	(21,002)
12 STOCK-IN-TRADE			
Raw materials		**289,036**	445,147
Work-in-process		**5,823**	5,584
Finished goods			
Sugar	12.1	**526,717**	587,477
Ethanol	12.2	**159,645**	428,031
Ferro Silicon	12.2	**2,422**	3,648
		688,784	1,019,156
Stock of bagasse in hand		**6,716**	1,565
		990,359	1,471,452

12.1 Value of stock pledged as on the balance sheet date amounts to Rs. 208.055 million (2012: Rs. 452.712 million).

12.2 Finished goods includes stock items valued at net realizable value (NRV) at Rs. 19.007 million (2012: Rs. 102.289 million):

Summary of related Cost and NRV is as under:	**Cost**	**NRV**
	(Rupees in thousand)	
Ferro Silicon	**13,999**	2,422
Ethanol	**21,967**	16,585
	35,966	19,007

13 TRADE DEBTS - Unsecured	**Note**	**2013**	**2012**
		(Rupees in thousand)	
Considered good			
Export		**2,418**	208,739
Local		**17,547**	96,597
		19,965	305,336
Considered doubtful - Local		**18,593**	11,124
		38,558	316,460
Provision for doubtful trade debts	13.1	**(18,593)**	(11,124)
		19,965	305,336
13.1 Balance at the beginning of the year		**(11,124)**	(6,666)
Provision made during the year		**(7,469)**	(4,458)
Balance at end of the year		**(18,593)**	(11,124)

14 LOANS AND ADVANCES

	Note	2013	2012
Interest based:			
Loans to growers - Unsecured			
Considered good	14.1	**46,597**	8,655
Considered doubtful		**834**	1,229
		47,431	9,884
Provision for loans considered doubtful		**(834)**	(1,229)
		46,597	8,655
Non - Interest Based:			
Current portion of long term loans	9	**1,396**	1,520
Loans to growers - Unsecured			
Considered good		**2,069**	1,234
Considered doubtful		**420**	25
		2,489	1,259
Provision for loans considered doubtful		**(420)**	(25)
		2,069	1,234
Advances - Unsecured			
Considered good			
To employees against salary	14.2	**110**	157
To employees against expenses		**499**	351
To suppliers and contractors	14.3	**322,818**	544,694
		323,427	545,202
Considered doubtful - To suppliers and contractors		**46,838**	46,838
		370,265	592,040
Provision for doubtful advances		**(46,838)**	(46,838)
		323,427	545,202
Against letter of credit for stores and spares parts		**4,258**	16,977
		377,747	573,588

14.1 The rate of mark-up on such loans ranges up to 14.96% (2012: Rs 14.96%) subject to final settlement with the respective grower. In order to ensure supply of sugarcane from certain growers, Company has provided fertilizers, seeds and tricograma cards which has been provided as advance and the Company will recover the same out of the cane supply from the said grower in the ensuing season.

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

14.3 This includes amount of Rs. 314.379 Million (2012: Rs. 530.824 million) in respect of advance to molasses suppliers.

	Note	2013	2012
		(Rupees in thousand)	
15 TRADE DEPOSITS AND SHORT TERM PREPAYMENTS			
Deposits	15.1	**6,505**	44,223
Prepayments	15.2	**10,351**	1,712
		16,856	45,935

15.1 This represents deposit against performance guarantee paid to Trading Corporation of Pakistan against sale of sugar.

15.2 This includes prepaid rent, Oracle license fee, insurance and Excise establishment fees of Ethanol Division and storage tank terminal.

	Note	2013	2012
		(Rupees in thousand)	
16 ACCRUED INCOME			
Interest / Mark - up receivable on:			
Growers loan		**2,751**	309
Term deposit receipts		**29**	647
		2,780	956
17 OTHER RECEIVABLES			
Sales tax and excise duty		**4,742**	3,058
Employee gratuity fund	17.1	**5,788**	12,750
Inland freight subsidy on sugar export		**42,343**	-
Others		**2,101**	1,616
		54,974	17,424

17.1 Receivable from employees gratuity fund

a) Movements in the assets recognized in the balance sheet:

	2013	2012
Asset at the beginning of year	**12,750**	(10,106)
Charge for the year	**(10,462)**	(13,762)
Contributions made by the company during the year	**3,500**	36,618
Asset at the end of year	**5,788**	12,750

		Note	2013	2012
			(Rupees in thousand)	
b)	The following amounts have been charged to profit and loss account during the year			
	Current service cost		**11,890**	11,795
	Interest cost		**12,974**	13,240
	Expected return on plan assets		**(14,402)**	(11,273)
			10,462	13,762
c)	The asset recognized in the balance sheet is as follows:			
	Present value of defined benefit obligation		**(86,362)**	(112,815)
	Fair value of plan assets		**113,580**	125,231
	Unrecognized actuarial (gain) / loss		**(21,430)**	334
			5,788	12,750
d)	Changes in present value of defined benefit obligations (Rupees in thousand)			
	Present value of defined benefit obligation at the beginning of the year		**112,815**	105,924
	Current service cost		**11,890**	11,795
	Interest cost		**12,974**	13,240
	Benefits due but not paid		**(999)**	-
	Benefit paid during the year		**(9,539)**	(17,012)
	Actuarial gain		**(40,779)**	(1,132)
	Present value of defined benefit obligation at the end of the year		**86,362**	112,815
e)	Changes in fair value of plan assets			
	Fair value of plan assets as at the beginning of the year		**125,231**	90,184
	Expected return on plan assets		**14,402**	11,273
	Contributions during the year		**3,500**	36,618
	Benefits due but not paid		**(999)**	-
	Benefits paid during the year		**(9,539)**	(17,012)
	Actuarial (loss) / gain on plan assets		**(19,015)**	4,168
	Fair value of plan assets at the end of the year		**113,580**	125,231
f)	Actual return on plan assets			
	Expected return on plan assets		**14,402**	11,273
	Actuarial (loss) / gain on plan assets		**(19,015)**	4,168
	Actual return on plan assets		**(4,613)**	15,441

g) Actuarial valuation of the plan was carried out by M/s. Noman Associates as of September 30, 2013 using the projected unit credit method. Principal actuarial assumptions used were as follows:

	2013	2012
Expected rate of salary increase in future years	10.5%	10.5%
Discount rate	11.5%	11.5%
Expected rate of return on plan assets during the year	11.5%	12.5%
Average expected remaining working life of employee	6 years	8 years

		Note	2013	2012
h)	Charge for the year has been allocated as under:		(Rupees in thousand)	
	Cost of sales	29	**5,740**	8,560
	Net profit from storage tank terminal	30	**231**	253
	Chemical and alloys	31.2	**98**	103
	Power	31.3	**74**	94
	Administrative expense	33	**4,319**	4,752
			10,462	13,762

i) Expected charge for the year 2013-14 will be Rs. 6.445 million.

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

	2013	2012	2011	2010	2009
	(Rupees in thousand)				
Present value of defined obligations at year end	**86,362**	112,815	105,932	92,932	62,051
Fair value of plan assets at year end	**113,580**	125,231	90,185	67,194	54,446
Net surplus / (deficit)	**27,218**	12,416	(15,747)	(25,738)	(7,605)

k) Experience adjustments:

	2013	2012	2011	2010	2009
Experience adjustments arising on plan liabilities (losses) / gains.	**40,779**	1,132	(378)	(3,512)	13,897
Experience adjustments arising on plan assets (losses) / gains.	**(19,015)**	4,168	(3,681)	(1,801)	(1,613)
	21,764	5,300	(4,059)	(5,313)	12,284

		Note	2013	2012
			(Rupees in thousand)	
18	**SHORT TERM INVESTMENTS**			
	Held to Maturity			
	Term Deposit Receipts (TDR)	18.1	**600**	14,190
	At fair value through profit or loss			
	Fauji Cement Company Limited			
	1,500,000 (2012: 2,500,000) ordinary shares of Rs. 10 each		**16,275**	15,925
	Mehran Sugar Mills Limited			
	200,000 (2012: Nil) ordinary shares of Rs 10 each		**13,998**	-
	IGI Insurance Limited			
	690,000 (2012: Nil) ordinary shares of Rs. 10 each		**94,958**	-
			125,831	30,115

18.1 These term deposit receipts are under banks lien against bank guarantees issued on behalf of Company. It carry profit of 6.75% (2012: 6.11% to 11%) per annum.

		Note	2013	2012
19	**CASH AND BANK BALANCES**		**(Rupees in thousand)**	
	Cash in hand		**1,047**	1,111
	Cash at banks			
	Current accounts		**176,134**	5,712
	Saving accounts	19.1	**1,798**	150
			177,932	5,862
			178,979	6,973

19.1 These carry profit ranging from 6% to 7.33% (2012: 5% to 7%).

20 ISSUED, SUBSCRIBED AND PAID-UP CAPITAL

2013	2012		2013	2012
(Number of shares)				
17,362,300	17,362,300	Ordinary shares of Rs. 10 each allotted for consideration paid in cash	**173,623**	173,623

20.1 Number of shares held by the associates as on the balance sheet date are 12,026,130 (2012: 11,054,948).

		Note	2013	2012
21	**RESERVES**		**(Rupees in thousand)**	
	Unrealized gain on remeasurement of available for sale investment		**821**	(15,386)
	Revenue reserves			
	General reserve	21.1	**1,458,000**	458,000
	Unappropriated profit		**329,573**	1,111,477
			1,787,573	1,569,477
			1,788,394	1,554,091

21.1 During the year Rs. 1,000 million was transferred from Unappropriated profit to general reserves in order to meet future exigencies.

		Note	2013	2012
22	**LONG TERM FINANCING - Secured**		**(Rupees in thousand)**	
	From banking companies			
	MCB bank limited - Demand finance	22.1	**72,727**	109,091
	KASB bank limited - Term finance	22.2	**-**	100,000
			72,727	209,091
	Privately placed term finance certificates	22.3	**74,700**	224,700
			147,427	433,791
	Current portion of long term financing		**(111,064)**	(219,697)
			36,363	214,094

22.1 This represents Demand Finance from MCB Bank Limited against sanctioned limit of Rs 200 million. It is secured against pari passu hypothecation charge over property, plant and equipment. It is repayable in 22 quarterly installments of Rs. 9.090 million each commencing from June 2010 latest by September 2015. It carries mark-up at the rate of three months KIBOR plus 1.65% (2012: three months KIBOR plus 1.65%) per annum chargeable and payable quarterly.

22.2 During the year the company has fully repaid this loan. This represented term finance from KASB Bank Limited against the sanctioned limit of Rs. 200 million for the purpose of enhancement of crushing capacity. It carried mark up at the rate of three months KIBOR plus 1.5% (2012: three months KIBOR plus 1.5%) per annum chargeable and payable quarterly. It was secured against first pari passu charge over the Company's property, plant and equipment.

22.3 This represents 150,000 privately placed Term Finance Certificates (TFCs) having a face value of Rs. 5,000 each issued by the Company through M/s Allied Bank of Pakistan, being the lead arranger. It carries mark up at the base rate of 6 months KIBOR plus 1.75%. It is secured by way of first pari passu hypothecation charge over all present and future property, plant and equipment of the Company. TFCs will be redeemed in 10 equal bi-annual installments of Rs. 75 million each commencing from May 2009. The Company is entitled to exercise a call option by redeeming all or any part of outstanding TFCs before the maturity at least after two years of the issue date. As at the balance sheet date the TFCs certificate held by financial institutions amounted to Rs. 70.01 million (2012: Rs. 210.61 million) and by others Rs. 4.681 million (2012: Rs. 14.081 million). All these term finance certificates have been fully redeemed on November 21, 2013.

23 DEFERRED LIABILITY

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

24 TRADE AND OTHER PAYABLES

	Note	2013	2012
		(Rupees in thousand)	
Creditors		**248,076**	297,866
Accrued liabilities		**36,870**	43,255
Advances from customers		**197,964**	554,855
Workers' profit participation fund	24.1	**17,777**	29,205
Workers' welfare fund		**26,090**	24,946
Unclaimed dividend		**4,479**	3,775
Retention money		**3,231**	2,963
Sales tax payable		**1,155**	2,118
Federal Excise duty payable		**868**	5,842
Special Excise duty payable		**9,690**	9,696
Installment recovered from employees on behalf of gratuity fund		**12,074**	-
Others		**1,258**	2,708
		559,532	977,229

24.1 Workers' profit participation fund

	Note	2013	2012
Balance at beginning of the year		**29,205**	16,095
Interest for the year	36	**1,510**	917
		30,715	17,012
Charge for the year	34	**17,777**	29,205
		48,492	46,217
Paid during the year		**(30,715)**	(17,012)
Balance at end of the year		**17,777**	29,205

25 ACCRUED MARK-UP

		2013	2012
Mark-up on secured			
Long term financing		**3,199**	15,031
Short term borrowing		**25,171**	26,449
		28,370	41,480

26	SHORT TERM BORROWINGS	Note	2013	2012
			(Rupees in thousand)	
	From banking companies - secured			
	Under Mark up arrangements			
	Cash / Running finances	26.1	**678,154**	453,689
	Export refinance	26.1	**765,290**	615,373
	Foreign currency export finance (FE 25)		**-**	438,953
			1,443,444	1,508,015

26.1 The available aggregate finance facilities (short term funded) amounting to Rs. 3.580 billion (2012: Rs. 4.670 billion) which have been arranged from various commercial banks out of which Rs. 2.335 billion (2012: 3.17 billion) is interchangeable with export refinance and FE 25. The short term financing are secured against hypothecation of current assets, pledge of stock and hypothecation over present and future property, plant and equipment of the Company. These carry mark-up ranging from 1 to 3 months KIBOR plus 1% to 1.5% (2012: 1 to 3 months KIBOR plus 1% to 1.5%) per annum payable quarterly in arrears or upon maturity. At the year end, facilities amounting to Rs. 2.137 billion (2012: Rs. 3.162 billion) remained unutilized. These facilities are expiring on various dates latest by June 30, 2014 and are renewable. It includes Rs. Nil (2012: Rs. 349.5 million) payable to related party.

26.2 The available facilities for opening letters of credit as at September 30, 2013 aggregate Rs. 200 million (2012: Rs. 925 million) of which the amount unutilized as at September 30, 2013 was Rs. 200 million (2012: Rs. 908.023 million).

27 CONTINGENCIES AND COMMITMENTS

27.1 Contingencies

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

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

c) During the period, a suit bearing no. 281 has been filed in the Honorable High Court of Sindh at Karachi by Mr. Suleman Lalani, (non-executive and minority Director) against the Company, its Chief Executive and eight others, alleging mismanagement in the company’s affairs including siphoning off and divergence of Company’s funds by the Chief Executive and others. The prayer sought in the suit comprises of Rs. 236.716 million retrieval of the Company’s funds along-with costs of the suit filed by the plaintiff and seeking appointment of receiver and carrying out of the forensic audit of the Company and removal of its Chief Executive.

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

The said Order of the Court has been challenged by the Company before the Division Bench of the High Court of Sindh, which has suspended a portion of the High Court's Order relating to SECP carrying out an investigation of the Company. This Appeal is currently pending before the Division Bench. The Company's legal counsel have stated that there is no financial exposure of the Company in the matter and in the given circumstances and the vagaries of litigation, no definite prediction can be made regarding the outcome of the case at this stage. However, in view of the Company's management, no adverse inference is likely to materialize in the suit.

27.2 Commitments

a) Capital commitments in respect of plant and machinery Rs. 25.274 million (2012: Rs. 32.082 million).

b) Bank guarantees of Rs. 54.6 million (2012: Rs. 109.1 million) have been issued in favor of customers and suppliers.

28 Sales

	Note	Sugar 2013	Sugar 2012	Ethanol 2013	Ethanol 2012	Total 2013	Total 2012
Gross sales		(Rupees in thousand)					
Local		**1,812,061**	3,090,642	**107,703**	105,419	**1,919,764**	3,196,061
Export		**966,128**	269,942	**3,020,817**	2,720,634	**3,986,945**	2,990,576
		2,778,189	3,360,584	**3,128,520**	2,826,053	**5,906,709**	6,186,637
Less:							
Sales tax		**(6,923)**	(22,890)	**(10,331)**	(12,483)	**(17,254)**	(35,373)
Special excise duty		**(2,063)**	(5,378)	**-**	-	**(2,063)**	(5,378)
Federal excise duty		**(63,322)**	(195,422)	**(139)**	-	**(63,461)**	(195,422)
		(72,308)	(223,690)	**(10,470)**	(12,483)	**(82,778)**	(236,173)
		2,705,881	3,136,894	**3,118,050**	2,813,570	**5,823,931**	5,950,464

29 COST OF SALES

	Note	Sugar 2013	Sugar 2012	Ethanol 2013	Ethanol 2012	Total 2013	Total 2012
Cost of raw materials consumed		**2,376,521**	1,626,455	**2,001,851**	2,005,294	**4,378,372**	3,631,749
Stores and spare parts consumed		**91,323**	79,534	**55,122**	76,532	**146,445**	156,066
Packing materials		**27,839**	28,596	**4,321**	5,888	**32,160**	34,484
Salaries, wages and other benefits	29.1	**155,175**	127,812	**30,708**	29,411	**185,883**	157,223
Water, fuel and power		**138,123**	100,965	**177,780**	45,139	**315,903**	146,104
Other manufacturing expenses	29.2	**34,682**	28,424	**20,480**	19,171	**55,162**	47,595
Repairs and maintenance		**18,693**	16,865	**10,724**	23,062	**29,417**	39,927
Depreciation	5.1.2	**46,813**	47,387	**36,607**	25,124	**83,420**	72,511
		2,889,169	2,056,038	**2,337,593**	2,229,621	**5,226,762**	4,285,659
Work-in-process							
Opening		**5,584**	19,416	**-**	-	**5,584**	19,416
Closing		**(5,823)**	(5,584)	**-**	-	**(5,823)**	(5,584)
		(239)	13,832	**-**	-	**(239)**	13,832
		2,888,930	2,069,870	**2,337,593**	2,229,621	**5,226,523**	4,299,491
Less:							
Transfer price of molasses		**(179,225)**	(117,129)	**-**	-	**(179,225)**	(117,129)
Sale of fusel oil, CO2 gas and electricity income - net		**-**	-	**(38,176)**	(21,131)	**(38,176)**	(21,131)
Sale of molasses - net		**(1,134)**	(9,163)	**-**	-	**(1,134)**	(9,163)
Transfer price of bagasse		**(305,943)**	(120,879)	**-**	-	**(305,943)**	(120,879)
Stock of bagasse in hand		**(6,716)**	(1,565)	**-**	-	**(6,716)**	(1,565)
Sale of bagasse - net		**(2,790)**	(9,090)	**-**	-	**(2,790)**	(9,090)
		(495,808)	(257,826)	**(38,176)**	(21,131)	**(533,984)**	(278,957)
Cost of goods manufactured		**2,393,122**	1,812,044	**2,299,417**	2,208,490	**4,692,539**	4,020,534
Finished goods							
Opening		**587,477**	1,547,374	**428,031**	178,039	**1,015,508**	1,725,413
Closing		**(526,717)**	(587,477)	**(159,645)**	(428,031)	**(686,362)**	(1,015,508)
		60,760	959,897	**268,386**	(249,992)	**329,146**	709,905
		2,453,882	2,771,941	**2,567,803**	1,958,498	**5,021,685**	4,730,439

29.1 Salaries, allowances and other benefits include Rs. 5.740 million (2012: Rs. 8.560 million) in respect of defined benefit plan.

29.2 Other Manufacturing Expenses	Sugar 2013	Sugar 2012	Ethanol 2013	Ethanol 2012	Total 2013	Total 2012
	(Rupees in thousand)					
Security services	**7,908**	5,486	**5,272**	3,657	**13,180**	9,143
Printing and stationery	**142**	222	**95**	50	**237**	272
Vehicle running expenses	**5,534**	4,678	**3,689**	2,749	**9,223**	7,427
Insurance Expenses	**7,580**	7,627	**5,053**	5,076	**12,633**	12,703
Travelling and conveyance	**3,245**	846	**2,163**	1,623	**5,408**	2,469
Others	**10,273**	9,565	**4,208**	6,016	**14,481**	15,581
	34,682	28,424	**20,480**	19,171	**55,162**	47,595

30 Net profit from storage tank terminal	Note	2013	2012
		(Rupees in thousand)	
Storage service income		**35,103**	-
Inter-segment services		**15,945**	-
		51,048	-
Less: direct expenses			
Salaries, wages and other benefits	30.1	**7,690**	-
Water, fuel and power		**1,706**	-
Repairs and maintenance		**3,559**	-
Depreciation		**20,789**	-
Security services		**1,481**	-
Printing and stationery		**40**	-
Vehicle running expenses		**596**	-
Insurance Expenses		**953**	-
Others		**4,518**	-
		41,332	-
		9,716	-

30.1 Salaries, allowances and other benefits include Rs. 0.231 million (2012: Rs. 0.253 million) in respect of defined benefit plan.

31 Net loss from chemical, alloys and power segment and fixed expenses due to suspension	Note	2013	2012
		(Rupees in thousand)	
Plant lease income		**11,400**	6,000
Scrap sales	31.1	**4,024**	-
		15,424	6,000
Less: fixed expenses due to suspension			
Chemical and alloys	31.2	**36,062**	39,506
Power	31.3	**19,588**	25,623
		55,650	65,129
		(40,226)	(59,129)

31.1 Scrap sales is net off Rs. 0.766 million being the sales tax.

		Note	2013	2012
			(Rupees in thousand)	
31.2	**Chemical and alloys**			
	Stores and spare parts consumed		-	118
	Packing materials		-	89
	Salaries, wages and other benefits	31.2.1	**2,865**	5,427
	Water, fuel and power		**207**	3,084
	Security services		**3,153**	1,308
	Printing and stationery		**1**	30
	Vehicle running expenses		**169**	482
	Insurance expenses		**2,033**	1,652
	Travelling and conveyance		**60**	20
	Repairs and maintenance		**340**	118
	Depreciation		**19,245**	22,099
	Provision for doubtful debts		**7,469**	4,458
	Loss / (gain) from sale of carried over stock	31.2.2	**387**	(90)
	Others		**133**	711
			36,062	39,506

31.2.1 Salaries, allowances and other benefits include Rs. 0.098 million (2012: Rs. 0.103 million) in respect of defined benefit plan.

		Note	2013	2012
			(Rupees in thousand)	
31.2.2	**(Loss) / gain from sale of stock**			
	Sales		**982**	16,735
	Less: sales tax		**(143)**	(3,018)
			839	13,717
	Stock adjustment			
	Opening		**3,648**	17,275
	Closing		**(2,422)**	(3,648)
			1,226	13,627
			(387)	90

		Note	2013	2012
31.3	**Power**			
	Stores and spare parts consumed		-	106
	Packing materials		-	80
	Salaries, wages and other benefits	31.3.1	**2,169**	4,919
	Water, fuel and power		**157**	2,795
	Security services		**2,387**	1,185
	Printing and stationery		-	28
	Vehicle running expenses		**128**	436
	Insurance expenses		**1,539**	1,497
	Travelling and conveyance		**45**	19
	Repairs and maintenance		**258**	107
	Depreciation		**12,804**	13,806
	Others		**101**	645
			19,588	25,623

31.3.1 Salaries, allowances and other benefits include Rs. 0.074 million (2012: Rs. 0.094 million) in respect of defined benefit plan.

		Note	Sugar		Ethanol		Total	
			2013	2012	2013	2012	2013	2012
32	**DISTRIBUTION COST**		(Rupees in thousand)					
	Sugar bags handling expenses		7,973	6,362	-	-	7,973	6,362
	Export transportation and other expenses	32.1	246	13,308	110,326	87,928	110,572	101,236
	Marking fees		2,778	3,361	-	-	2,778	3,361
	Service charges		-	81,604	-	-	-	81,604
	Local transportation expenses		-	16,128	-	-	-	16,128
			10,997	120,763	110,326	87,928	121,323	208,691

32.1 Export transportation and other expenses

		Sugar 2013	Sugar 2012	Ethanol 2013	Ethanol 2012	Total 2013	Total 2012
	Export transportation and other expenses	42,589	13,308	110,326	87,928	152,915	101,236
	Inland freight subsidy on sugar export	(42,343)	-	-	-	(42,343)	-
		246	13,308	110,326	87,928	110,572	101,236

33 ADMINISTRATIVE EXPENSES

	Note	Sugar 2013	Sugar 2012	Ethanol 2013	Ethanol 2012	Total 2013	Total 2012
Salaries, allowances and other benefits	33.1	31,476	33,842	20,984	22,561	52,460	56,403
Rent, rates and taxes		3,506	3,180	1,840	2,120	5,346	5,300
Communication charges		1,987	2,236	1,325	1,491	3,312	3,727
Traveling and conveyance		1,006	2,304	671	1,536	1,677	3,840
Printing and stationery		927	600	618	400	1,545	1,000
Entertainment		1,273	1,278	849	852	2,122	2,130
Vehicle running expenses		7,299	7,397	4,866	4,931	12,165	12,328
Repairs and maintenance		1,492	2,072	995	1,381	2,487	3,453
Insurance		1,692	1,660	1,128	1,107	2,820	2,767
Fees and subscription		2,831	2,713	1,887	1,809	4,718	4,522
Legal and professional charges		5,398	3,910	3,599	2,607	8,997	6,517
Auditors' remuneration	33.2	759	783	506	522	1,265	1,305
Charity and donations	33.3	451	1,177	301	785	752	1,962
Newspaper and periodicals		44	24	29	16	73	40
Utilities		2,267	2,098	1,511	1,399	3,778	3,497
Amortization of intangibles		1	367	-	245	1	612
Depreciation	5.1.2	5,753	4,689	3,836	3,126	9,589	7,815
Security charges		545	431	363	287	908	718
Miscellaneous expenses		1,346	918	897	612	2,243	1,530
		70,053	71,679	46,205	47,787	116,258	119,466

33.1 Salaries, allowances and other benefits include Rs. 4.319 million (2012: Rs. 4.752) in respect of defined benefit plan.

		Note	Sugar		Ethanol		Total	
			2013	2012	2013	2012	2013	2012
33.2	**Auditors' remuneration**		(Rupees in thousand)					
	Hyder Bhimji and Co. - Statutory Auditors							
	Annual audit fee		600	600	400	400	1,000	1,000
	Half yearly review fee		30	30	20	20	50	50
	Out of pocket expenses		41	70	34	45	75	115
			671	700	454	465	1,125	1,165
	Haroon, Zakaria and Co. - Cost Auditors							
	Audit fee		130	130	-	-	130	130
	Out of pocket expenses		10	10	-	-	10	10
			140	140	-	-	140	140
			811	840	454	465	1,265	1,305

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

	Note	Sugar 2013	Sugar 2012	Ethanol 2013	Ethanol 2012	Total 2013	Total 2012
		(Rupees in thousand)					
34 OTHER OPERATING EXPENSES							
Loss on translation of foreign exchange loan		-	-	7,533	12,981	7,533	12,981
Loss on disposal of property, plant and equipment		3	262	-	-	3	262
Provision for slow moving items and obsolescence		850	-	-	-	850	-
Loss from farming - net	34.1	358	-	-	-	358	-
Workers' profit participation fund	24.1	2,118	-	15,659	29,205	17,777	29,205
Workers' welfare fund		805	-	5,950	11,098	6,755	11,098
		4,134	262	29,142	53,284	33,276	53,546
34.1 (Loss) / Income from farming - net							
Sales		3,341	3,027	-	-	3,341	3,027
Farming cost		(3,699)	(2,330)	-	-	(3,699)	(2,330)
		(358)	697	-	-	(358)	697
35 OTHER INCOME							
Income from financial assets							
Mark - up on loan to growers		3,246	933	-	-	3,246	933
Income from TDR / PLS deposits		2,459	1,598	588	-	3,047	1,598
Dividend		1,875	1,215	-	-	1,875	1,215
Exchange gain		2,240	329	23,529	8,538	25,769	8,867
Capital gain on sale of long term investments		1	-	-	-	1	-
Unrealized gain on short term investments carried at fair value through profit or loss		8,090	4,444	5,394	1,481	13,484	5,925
		17,911	8,519	29,511	10,019	47,422	18,538
Income from other than financial assets							
Scrap sales		3,230	1,530	2,153	1,020	5,383	2,550
Income from investment property	35.1	1,118	2,744	-	-	1,118	2,744
Gain on disposal of property, plant and equipment		452	1,203	-	454	452	1,657
Income from farming - net	34.1	-	697	-	-	-	697
Miscellaneous		-	148	-	99	-	247
		4,800	6,322	2,153	1,573	6,953	7,895
		22,711	14,841	31,664	11,592	54,375	26,433
35.1 Income from investment property							
Rental income		1,170	2,802	-	-	1,170	2,802
Depreciation on investment property		(52)	(58)	-	-	(52)	(58)
		1,118	2,744	-	-	1,118	2,744
36 FINANCE COST							
Mark-up on long term financing		28,414	53,339	-	-	28,414	53,339
Mark-up on short term borrowings		105,071	105,603	81,520	97,527	186,591	203,130
Interest on workers profit participation fund	24.1	-	-	1,510	917	1,510	917
Bank charges and guarantee commission		5,355	4,806	2,386	4,097	7,741	8,903
		138,840	163,748	85,416	102,541	224,256	266,289
37 TAXATION							
Current						64,196	59,752
Prior						(13,487)	1,588
Deferred						(7,256)	(12,549)
						43,453	48,791

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

38	EARNINGS PER SHARE - BASIC AND DILUTED	Note	2013	2012
			(Rupees in thousand)	
	Net profit for the year		**287,545**	490,546
			(No. of Shares)	
	Number of ordinary shares		**17,362,300**	17,362,300
	Basic and diluted earnings per share - Rupees	38.1	**16.56**	28.25

38.1 Diluted earnings per share has not been presented as the Company does not have any convertible instruments in issue as at September 30, 2013 and September 30, 2012 which would have any effect on the earnings per share if the option to convert is exercised.

39	CASH GENERATED / FROM OPERATIONS	Note	2013	Restated 2012
			(Rupees in thousand)	
	Profit before taxation		**330,998**	539,337
	Adjustment for:			
	Depreciation on property, plant and equipment	5.1.2	**145,847**	116,231
	Depreciation on investment property	5.1.2	**52**	58
	Provision for trade debts	13.1	**7,469**	4,458
	Provision for slow moving items and obsolescence	11.1	**850**	-
	Amortization on intangibles	7	**1**	612
	Finance cost	36	**224,256**	266,289
	Mark - up on loan to growers	35	**(3,246)**	(933)
	Income from TDR / PLS deposits	35	**(3,047)**	(1,598)
	Unrealized gain on short term investments carried at fair value through profit or loss	35	**(13,484)**	(5,925)
	Dividend income	35	**(1,875)**	(1,215)
	Gain on disposal of property, plant and equipment - net	35	**(449)**	(1,395)
	Capital gain on sale of long term investments	35	**(1)**	-
	Increase in market committee fee		**5,032**	4,023
			361,405	380,605
	Operating profit before working capital changes		**692,425**	919,942
	Decrease / (increase) in current assets			
	Stores and spare parts		**(14,538)**	22,640
	Stock-in-trade		**481,093**	959,291
	Trade debts		**277,902**	177,742
	Loans and advances		**201,538**	(415,604)
	Trade deposits and short term prepayments		**29,079**	(44,923)
	Other receivables		**(36,080)**	(16,728)
	Short term investments		**(82,232)**	(14,190)
			856,762	668,228
	(Decrease) / increase in trade and other payables		**(418,401)**	(612,863)
	Cash generated from operations		**1,130,764**	975,307

40 REMUNERATION OF CHIEF EXECUTIVE, DIRECTOR AND EXECUTIVES

	Chief Executive		Director		Executives		Total	
	2013	2012	2013	2012	2013	2012	2013	2012
	(Rupees in thousand)							
Managerial remuneration	**9,818**	9,818	**5,455**	5,455	**33,626**	42,461	**48,899**	57,734
Medical allowances	**982**	982	**545**	545	**2,951**	3,116	**4,478**	4,643
Other perquisites	**1,471**	1,845	**320**	546	**5,846**	6,064	**7,637**	8,455
Retirement benefits	**2,326**	2,370	**696**	874	**2,717**	3,921	**5,739**	7,165
Total	**14,597**	15,015	**7,016**	7,420	**45,140**	55,562	**66,753**	77,997
No. of persons	**1**	1	**1**	1	**35**	39	**37**	41

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

40.2 Fifteen (2012: Seventeen) executives of the company are also provided with company maintained cars for the business and personal use.

41 FINANCIAL INSTRUMENTS BY CATERGORY

	2013				
	Loans and receivables	Held to maturity	Financial assets at fair value through Profit or loss	Available for sale investment	Total
	(Rupees in thousand)				
Assets					
Long term investments	-	-	-	183,085	183,085
Long term loans	3,002	-	-	-	3,002
Long term deposits	10,014	-	-	-	10,014
Trade debts	19,965	-	-	-	19,965
Loans and advances	1,506	-	-	-	1,506
Trade deposits	6,505	-	-	-	6,505
Accrued income	2,780	-	-	-	2,780
Other receivables	2,101	-	-	-	2,101
Short term investments	-	-	125,831	-	125,831
Cash and bank balances	178,979	-	-	-	178,979
	224,852	**-**	**125,831**	**183,085**	**533,768**

	2012				
	Loans and receivables	Held to maturity	Financial assets at fair value through Profit or loss	Available for sale investment	Total
	------------------------------------ (Rupees in thousand) ---------------------------------				
Assets					
Long term investments	-	-	-	20,979	20,979
Long term loans	3,816	-	-	-	3,816
Long term deposits	9,557	-	-	-	9,557
Trade debts	305,336	-	-	-	305,336
Loans and advances	1,677	-	-	-	1,677
Trade deposits	44,223	-	-	-	44,223
Accrued income	956	-	-	-	956
Other receivables	1,677	-	-	-	1,677
Short term investments	-	-	30,115	-	30,115
Cash and bank balances	6,973	-	-	-	6,973
	374,215	**-**	**30,115**	**20,979**	**425,309**

42. FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

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

- Credit risk
- Liquidity risk
- Market risk

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

42.1 Credit risk

Credit risk represents the accounting loss that would be recognized at the reporting date if counter parties fails to meet its contractual obligation and it mainly arises from balances with banks and financial institutions, short-term investments, trade debts, loans, advances, deposits and other receivables. The credit risk on liquid fund is limited because the counter parties are banks with reasonably high credit rating. Out of the total financial assets of Rs. 544.119 million (2012: Rs. 426.960 million), the financial assets which are subject to credit risk amounted to Rs. 532.721 million (2012: Rs. 424.137 million).

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

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

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

	2013	2012
	(Rupees in thousand)	
Long term investments	**183,085**	20,979
Long term loans	**3,002**	3,816
Long term deposits	**10,014**	9,557
Trade debts	**38,558**	316,460
Loans and advances	**1,506**	1,677
Trade deposits	**6,505**	44,223
Accrued income	**2,780**	956
Other receivables	**2,101**	1,677
Short term investments	**125,831**	30,115
Bank balances	**177,932**	5,862
	551,314	435,322

Long term loans

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

Trade debts

All the trade debts at the balance sheet date represent domestic and overseas parties. The maximum exposure to credit risk before any credit enhancements and provisions for trade debts at the reporting date by division is:

	2013	2012
	(Rupees in thousand)	
Sugar division	**2,015**	-
Ethanol division		
Against sight letter of credits	**-**	208,739
Others	**15,853**	775
	15,853	209,514
Chemical and alloys	**9,636**	9,636
Power	**4,458**	88,950
Bagasse	**5,797**	4,500
Others	**799**	3,860
	38,558	316,460

The aging of trade receivable at the reporting date is:

	2013	2012
Past due 1-30 days	**9,269**	213,371
Past due 30-150 days	**10,695**	3
Past due 150 days	**18,594**	103,086
	38,558	316,460

The provision has been made for receivables past due over 150 days since it is likely that the same is not likely to be received. The movement in the allowance for provision of trade debts is disclosed in note number 13.1 to the financial statement.

Loan and advances

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

Other receivables

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

Quality of financial assets

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

Bank balances	**2013**	**2012**
	(Rupees in thousand)	
With external credit rating		
A1+	**177,525**	3,933
A1	**113**	1,831
A2	**52**	-
A3	**242**	98
	177,932	5,862

42.2 Liquidity risk

Liquidity risk represents the risk that the Company will encounter difficulties in meeting its financial obligations as they fall due. Prudent liquidity risk management implies maintaining sufficient cash and availability of funding through borrowing. Due to dynamic nature of the business, the Company maintains flexibility in funding by maintaining committed credit lines.

The following are the contractual maturities of the financial liabilities:

	2013					
	Carrying amount	**Contractual cash flows**	**Six months or less**	**Six to twelve months**	**Two to three years**	**Three to five years and over**
			(Rupees in thousand)			
Financial Liabilities						
Long term financing	**147,427**	**147,427**	**92,882**	**18,182**	**36,363**	**-**
Trade and other payables	**361,568**	**361,568**	**278,701**	**82,867**	**-**	**-**
Accrued markup	**28,370**	**28,370**	**28,370**	**-**	**-**	**-**
Short term borrowings	**1,443,444**	**1,443,444**	**721,722**	**721,721**	**-**	**-**
	1,980,809	**1,980,809**	**1,121,675**	**822,770**	**36,363**	**-**

	2012					
	Carrying amount	**Contractual cash flows**	**Six months or less**	**Six to twelve months**	**Two to three years**	**Three to five years and over**
			(Rupees in thousand)			
Financial Liabilities						
Long term financing	433,791	433,791	109,849	109,848	144,397	69,697
Trade and other payables	422,374	422,374	281,918	140,456	-	-
Accrued markup	41,480	41,480	41,480	-	-	-
Short term borrowings	1,508,015	1,508,015	754,008	754,008	-	-
	2,405,660	**2,405,660**	**1,187,255**	**1,004,312**	**144,397**	**69,697**

The Company manages liquidity risk by maintaining sufficient cash and ensuring the fund availability through adequate credit facilities. At September 30, 2013 the Company has Rs. 2.137 billion (2012: Rs. 3.162 billion) available unutilized short term borrowing limit from financial institutions and also has Rs. 178.969 million (2012: Rs. 6.973 million) being balances at banks. Based on the above, management believes the liquidity risk is insignificant.

42.3 Market risk

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

42.3.1 Foreign Exchange Risk

Foreign exchange risk represents the risk that the fair value of the future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Foreign exchange risk arises mainly from future economic transaction or receivables or payables that exist due to transactions in foreign currency. The Company is exposed to foreign exchange currency risk on import of raw sugar, stores and spares, export of refined sugar and export of ethanol mainly denominated in US dollars. Approximately 96.56% and 34.78% of the Company's revenue of ethanol segment and sugar segment respectively are denominated in currencies other than Pak rupees which form 68.46% of the total gross revenue of the Company. The Company's exposure to foreign currency risk for US Dollars is as follows:

	2013	**2012**
	(Rupees in thousand)	
Foreign debtors	**2,418**	208,739
Advance from customers - foreign	**(3,966)**	(7,740)
Foreign currency export refinance	**-**	(438,953)
Net exposure	**(1,548)**	(237,954)

The following significant exchange rate has been applied:

	Average rate		**Spot rate at reporting date**	
	2013	2012	**2013**	2012
USD to PKR	**98.83**	91.18	**105.50**	94.70

Sensitivity analysis

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

Effect on profit and loss	**2013**	**2012**
	(Rupees in thousand)	
US Dollars	**(155)**	(23,795)

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

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

42.3.2 Interest rate risk

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

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

	2013	2012	2013	2012
	Effective interest rate (in percent)		Carrying amount (Rupees in thousand)	
Financial assets				
Fixed rate instruments				
Loans to growers	**14.96**	14.96	**46,597**	8,655
Term deposit receipts (TDR)	**6.75**	6.11 to 9	**600**	14,190
			47,197	22,845
Variable rate instruments -				
Bank balances	**6 to 7.33**	5 to 7	**1,798**	150
Financial liabilities				
Fixed rate instruments -				
Export refinance	**9.2 to 11**	9.5 to 11	**765,290**	615,373
Variable rate instruments				
Long term financing	**11.03 to 13.79**	10.40 to 13.53	**147,427**	433,791
Short term borrowings	**10.03 to 11.79**	2.6 to 15	**678,154**	892,642
			825,581	1,326,433

Sensitivity analysis

Fair value sensitivity analysis

The Company hold short term investments of Rs. 125.831 million at fair value through profit or loss and the related gain is reported in note 35.

Cash flow sensitivity analysis for fixed rate instruments

A change of 100 basis points in interest rates at the reporting date would have decreased / (increased) profit for the year by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant. The analysis is performed on the same basis for 2012.

	Profit and loss upon 100 bp	
Financial assets	**Increase**	**Decrease**
As at September 30, 2013	**(Rupees in thousand)**	
Cash flow sensitivity	**472**	**(472)**
As at September 30, 2012		
Cash flow sensitivity	228	(228)
Financial liabilities		
As at September 30, 2013		
Cash flow sensitivity	**7,653**	**(7,653)**
As at September 30, 2012		
Cash flow sensitivity	6,154	(6,154)

Cash flow sensitivity analysis for variable rate instruments.
A change of 100 basis points in interest rates at the reporting date would have decreased / (increased) profit for the year by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant. The analysis is performed on the same basis for 2012.

	Profit and loss upon 100 bp	
Financial assets	**Increase**	**Decrease**
As at September 30, 2013	**(Rupees in thousand)**	
Cash flow sensitivity	**17.98**	**(17.98)**
As at September 30, 2012		
Cash flow sensitivity	2	(2)

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

Financial liabilities		
As at September 30, 2013		
Cash flow sensitivity	**8,256**	**(8,256)**
As at September 30, 2012		
Cash flow sensitivity	13,264	(13,264)

42.3.3 Other price risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk). The Company is exposed to price risk with respect to equity investment. Investments are monitored through continuous trend prevailing in the market for which an investment committee has been setup to take appropriate decision.

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

	2013	2012
	(Rupees in thousand)	
Investment at fair value through profit or loss	**12,523**	1,593
Available for sale investment	**18,309**	2,098
	30,832	3,691

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

42.4 Fair value of financial instruments

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

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

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

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

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

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

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

42.5 Capital risk management

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

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

		2013	2012
		(Rupees in thousand)	
Long term financing		**36,363**	214,094
Accrued mark-up		**28,370**	41,480
Short term borrowings		**1,443,444**	1,508,015
Current maturity of non-current liabilities		**111,064**	219,697
Total debt		**1,619,241**	1,983,286
Less: cash and bank balances		**178,979**	6,973
Net debt	A	**1,440,262**	1,976,313
Total capital and reserves		**1,962,017**	1,727,714
Capital and net debt	B	**3,402,279**	3,704,027
Gearing ratio	(C=A/B)	**42.33%**	53.36%

43 PLANT CAPACITY AND ACTUAL PRODUCTION

	2013	2012
Sugar Unit		
Sugarcane crushing capacity per day in M.T	**7,500**	7,500
Actual no. of days season operated	**93**	93
Sugar cane crushed during the year in M .T	**503,179**	402,317
Sugarcane yield	**10.23%**	9.83%
Capacity in M.T based on number of days operated and sugarcane yield	**71,354**	68,564
Actual production in M. T	**52,727**	39,479
Ethanol Unit		
Unit - I		
Capacity in liters per day	**85,000**	85,000
Actual no. of days operated	**305**	287
Capacity in liters based on number of days operated	**25,925,000**	24,395,000
Actual production in liters	**22,722,100**	23,678,755
Unit - II		
Capacity in liters per day	**87,500**	87,500
Actual no. of days operated	**249**	283
Capacity in liters based on number of days operated	**21,787,500**	24,762,500
Actual production in liters	**19,199,687**	23,567,714
Chemical alloys and others		
Capacity in M.T based on 320 days	**27,220**	27,220
Actual production in M.T	-	-
Power		
Capacity in Kilo Watts Hour (KWH) per day	**312,000**	312,000
Actual no. of days operated	-	-
Capacity in KWH based on number of days operated	-	-
Actual production in KWH	-	-
Tank terminal		
Capacity per year based on ethanol in M.T	**274,200**	-
Actual capacity utilized based on ethanol in M.T	**151,262**	-

43.1 Reasons for shortfall in capacity utilization

a) Sugar
Lesser availability of sugarcane.

b) Ethanol
Lesser availability of molasses and its quality.

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

d) Tank terminal
Under utilization was due to low demand as well as first year of operation

44 SEGMENT REPORTING

	Note	2013 Sugar	2013 Ethanol	2013 Chemical and alloys	2013 Power	2013 Total	2012
		(Rupees in thousand)					
Segment assets		1,548,013	1,241,413	566,386	208,814	**3,564,626**	4,569,923
Unallocated segment assets						**645,656**	182,766
						4,210,282	4,752,689
Segment liabilities		1,319,282	788,857	-	-	**2,108,139**	2,822,697
Unallocated segment liabilities						**140,126**	202,278
						2,248,268	3,024,975
Unallocated additions in operating fixed assets	5.1	-	-	-	-	**7,696**	14,871
Additions in capital work in progress	5.2	14,391	77,729	-	-	**92,120**	154,893
						99,816	169,764

	Note	2013 Sugar	2013 Ethanol	2013 Chemical and alloys	2013 Power	2013 Total	2012
		(Rupees in thousand)					
Depreciation							
Cost of sales	29	46,813	36,607	-	-	**83,420**	72,511
Administrative expenses	33	5,753	3,836	-	-	**9,589**	7,815
		52,566	40,443	-	-	**93,009**	80,326
Net profit from storage tank terminal	30	-	-	-	20,789	**20,789**	-
Net loss from chemical, alloys and power segment and fixed expenses due to suspension	31	-	-	32,049	-	**32,049**	35,905
						145,847	116,231
Amortization		1	-	-	-	**1**	612
Non cash expenses other than depreciation	34	850	-	7,469	-	**8,319**	4,458

44.1 Revenue reported in note number 28 generated from external customers. The inter transfer of molasses and bagasse from sugar segment to ethanol segment is accounted as a reduction of cost of production of sugar segment.

44.2 The accounting policies of the reportable segments are the same as th Companys' accounting policies described in note number 4. Financial charges on long term, cash and running financing is allocated to sugar where as mark up on export refinance is allocated to ethanol. This is the measure reported to management for the purposes of resource allocation and assessment of segment performance.

44.3 Revenue from major products

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

44.4 Information about major customers

Revenue from major customers (5% or above of segment's gross sales) of sugar segment represent Rs. 1,776 million (2012: Rs. 1,717 million) of total sugar segment gross revenue of Rs. 2,778 million (2012: Rs. 3,361 million), ethanol segment of Rs. 2,827 million (2012: Rs. 2,504 million) of total ethanol segment revenue of Rs. 3,129 million (2012: Rs. 2,826 million), power segment of Rs. Nil (2012: Rs. Nil) of total power segment revenue. Revenue from chemical and alloys segment does not include major customers.

45 RELATED PARTY TRANSACTIONS

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

	2013	2012
	(Rupees in thousand)	
Dividend received	**405**	810
Contribution paid to Employees Gratuity Fund	**3,500**	36,618
Rental income charged	**1,170**	2,802
Rental income received	**1,995**	1,977
Sale of ethanol and others	**43,121**	-
Commission on purchase and sale of shares	**1,042**	-

45.1 During the year the Company has paid dividend to Directors and Associates amounting to Rs. 56.213 million (2012: Rs. 121.444 million) There were no transactions with the key management personnel other than under their terms of employment, which are disclosed in note 40 to the financial statements.

46 NUMBER OF EMPLOYEES

Total number of employees at year end and average number of employees during the year are 950 (2012: 901) and 1,008 (2012: 1,004) respectively.

47 DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorized for issue on January 06, 2014 by the Board of Directors of the Company.

48 **CORRESPONDING FIGURES**

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

Reclassification from the caption component	Reclassification to the caption component	Note	Amount in million
Cost of sales - water, fuel and power	Cost of sales - sale of fusel oil, CO_2 gas and electricity income	29	11.219
Current assets - other receivable	Current assets - tax due from government		12.698
Current assets - loans and advances	Current assets - Income tax refundable net off provisions		45.176
Cash flows from operating activities - loans and advances	Cash flows from operating activities - long term loans		0.015
Cash flows from operating activities - trade and other payables	Cash flows from financing activities - dividend paid		1.284
Other operating income - gain on disposal of property, plant and equipment	Other operating expenses - loss on disposal of property, plant and equipment	34	0.262

49 **SUBSEQUENT EVENT**

The Board of Directors of the Company in their meeting held on January 06, 2014 has proposed a final cash dividend of Rs. 5 per share i-e 50% for the year ended September 30, 2013.

50 **GENERAL**

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

Shunaid Qureshi
Chief Executive

Asim Ghani
Director

AL-ABBAS SUGAR Mills Limited

FORM OF PROXY

I/We..of ....in the district of...being a member of AL-ABBAS SUGAR MILLS LIMITED, holding.. shares, hereby appoint Mr./Mrs./Miss..of ....who is also a member of the Company, as my proxy to vote for me, and on my behalf at the 23rd Annual General Meeting of the Company to be held at Beach Luxury Hotel, Karachi on Friday, January 31, 2014 at 09:30 a.m. and at any adjournment thereof.

As witness given under my/our hand(s) ....day of 2014

Signed by the said..

In the presence of 1 ....

2 ....

2 ....

3 ....

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

(Witness's Signature)

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

Share held ....

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

CDC A/c No..

CNIC No...

Note:-

1) The Proxy Form should be deposited at the Registered Office of the Company as soon as possible but not less than 48 hours before the time of holding the meeting and, on default, Proxy form will not be treated as valid.
2) No person can act as proxy unless he/she is member of the Company, except that a corporation may appoint a person who is not a member.
3) If a member appoints more then one proxy and more than one instrument of proxy is deposited by a member with a Company, all such instruments of proxies shall be rendered invalid.

For CDC Account Holders/Corporate Entities:

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

i) The proxy form shall be witnessed by two persons whose name, address and CNIC number shall be mentioned on the form.
ii) Attested copies of CNIC or the passport of the beneficial owners and the proxy shall be furnished with the proxy form.
iii) The proxy shall produce his original CNIC or original passport at the time of the meeting.
iv) In case of corporate entity, the Board of Director resolution / power of attorney with specimen signature shall be submitted (unless it has been provided earlier) alongwith proxy form to the Company.