MIRZA SUGAR MILLS LTD.

23RD ANNUAL REPORT
2012

CONTENTS	Page No.

COMPANY PROFILE

BOARD OF DIRECTORS:

DR. (MRS). FEHMIDA MIRZA	Chairperson & Chief Executive
DR. ZULFIQAR ALI MIRZA	
MS. FARIDA ABBASI	
MR. ARSHAD ABID ABBASI	
MS. FAREHA ABID KAZI	
MIRZA SAULAT RAZA	
MR. IRSHAD HUSSAIN MIRZA	

AUDIT COMMITTEE:

MIRZA SAULAT RAZA	-	Chairman
MS. FARIDA ABBASI	-	Member
MR. IRSHAD HUSSAIN MIRZA	-	Member

H R & R COMMITTEE:

MS. FARIDA ABBASI	-	Chairperson
MIRZA SAULAT RAZA	-	Member
MR. IRSHAD HUSSAIN MIRZA	-	Member

CHIEF FINANCIAL OFFICER
& COMPANY SECRETARY:

MR. TARIQ MAHMOOD

LEGAL ADVISOR:

MR. GHULAM QADIR ZARGAR

AUDITORS:

M/S. RAHMAN SARFARAZ
RAHIM IQBAL RAFIQ
(CHARTERED ACCOUNTANTS)

BANKERS TO THE COMPANY:

HABIB BANK LIMITED
NIB BANK LIMITED.
MCB BANK LIMITED.

SHARES REGISTRAR:

M/S. TECHNOLOGY TRADE (PVT) LIMITED
DAGIA HOUSE, 241-C,
BLOCK-2, P.E.C.H.S.
OFF: SHAHRAH-E-QUAIDEEN,
KARACHI. TEL NO. 021-34391316-7

REGISTERED OFFICE:

10TH FLOOR, PORTION ‘B’
LAKSON SQUARE, BUILDING NO. 1,
SARWAR SHAHEED ROAD, KARACHI.

MILLS:

DEH CHHARO TAPPO, LOWARI SHARIFF
DISTRICT BADIN, SINDH.

E-MAIL ADDRESS:

pmsml@hotmail.com

WEBSITE:

www.mirzasugar.com

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the **23rd Annual General Meeting** of the Company will be held on **Wednesday, January 30, 2013 at 02.30 p.m** at the Auditorium of The Pakistan Institute of International Affairs (PIIA), Near Sidco Avenue Center, Opposite: Libra Autos CNG Pump, Maulana Deen Muhammad Wafai Road, Karachi to transact the following business:

ORDINARY BUSINESS:

1. To confirm the Minutes of the 22nd Annual General Meeting of the Company held on January 30, 2012.

2. To receive, consider and adopt the Annual Audited Accounts of the Company alongwith the Directors' and Auditors' Reports thereon for the year ended September 30, 2012.

3. To appoint Auditors of the Company for the year ending September 30, 2013 and fix their remuneration. The retiring Auditors, **M/s. Rahman Sarfaraz Rahim Iqbal Rafiq,** Chartered Accountants, being eligible, have offered themselves for re-appointment.

4. To transact any other business with the permission of the Chair.

SPECIAL BUSINESS:

To consider and if thought fit approve the recommendations of the Board of Directors for placement of Quarterly Accounts of the Company on its website in stead of circulating the same by post to the shareholders, subject to prior permission of SECP in accordance with SECP Circular No. 19 of 2004 dated 14th April, 2004, by passing following Resolution with or without modification :

"**Resolved** that Quarterly Accounts of the Company be placed on its website in stead of circulating the same by post to the members, subject to prior permission of SECP, in accordance with SECP Circular No. 19 of 2004 dated 14th April, 2004".

A statement as required under Section 160 (1) (b) of the Companies Ordinance, 1984 in respect of the special business to be considered at the meeting is being annexed.

By Order of the Board,

TARIQ MAHMOOD
Company Secretary

Karachi, January 07, 2013

NOTES:

1. The Shares Transfer Books of the Company will remain closed and no transfer of shares will be accepted for registration from **January 21, 2013 to January 30, 2013.** (both days inclusive).

2. A member entitled to attend and vote at the Annual General Meeting is entitled to appoint a proxy to attend and vote on his/her behalf.

   Form of Proxies, in order to be valid, must be received at the Registered Office of the Company 48 hours before the scheduled time of Meeting. A Proxy must be a member of the Company.

3. Account holders and sub-account holders of CDC are requested to bring their original computerized National Identity Cards (CNIC) or Original Passports for the purpose of identification to attend the meeting.

4. Shareholders are requested to notify any change in address immediately.

5. Members having physical shares are requested to provide copy of their CNIC/Passport.

STATEMENT UNDER SECTION 160(1)(b) OF THE COMPANIES ORDINANCE, 1984

The statement sets out the material facts of the special business to be transacted at the 23rd Annual General Meeting of the Company to be held on January 30, 2013.

PLACEMENT OF QUARTERLY ACCOUNTS ON COMPANY'S WEBSITE

Under Section 245 of the Companies Ordinance, 1984, the listed companies are required to prepare and either transmit their Quarterly Accounts by post to the shareholders or publish the same in the daily newspapers.

As contained in SECP Circular No.19 of 2004 dated April 14, 2004, SECP has decided that the requirement of Section 245 of the Companies Ordinance, 1984 would be treated as complied with, if the Quarterly Accounts are placed on the website subject to fulfillment of certain conditions as contained in the said circular including seeking the consent of its shareholders in General Meeting and obtaining prior permission of SECP for placement of Quarterly Accounts on its website.

In order to ensure timely availability of the information to the shareholders and to save the cost of printing and dispatch of Quarterly Accounts, the Board of Directors has recommended for placing the Quarterly Accounts on Company's website in stead of circulating the same by post to the shareholders, after fulfilling the requirements in this behalf.

DIRECTORS' REPORT

Dear Shareholders:

The Directors are pleased to present audited accounts and financial statements of the Company for the year ended September 30, 2012 along with review of operational performance and Auditors' Report thereon.

GENERAL

Mirza Sugar Mills Limited started the Crushing Season 2011-12 from December 27, 2011 and finally closed the operations on March 4, 2012, season's duration being only of 69 days.

The Government of Sindh increased the cane support price to Rs.154/40 kg for the Season 2011-12 from previous support price of Rs.127/40 kg. Due to recent rains and floods, sugarcane crop in district Badin was badly hit. Consequently, cane availability from the zone was limited to only about 22 lac maunds compared to normal availability of 30 lac maunds. With the beginning of March 2012, availability of cane from the zone was totally depleted and outzone cane was expensive. We had no option but to close the operations by March 04, 2012.

MSML crushed 4,067,257 maunds of cane and produced 16,050 tons of sugar with average season's recovery of 9.87% during 2011-12 compared to 6,119,180 maunds of cane crushed, 24,095 tons of sugar made with aggregate recovery of 9.85% respectively during previous season. During entire crushing period, market price of sugar remained depressed at Rs.44/45 per kg.

Operationally and technically, MSML's performance was satisfactory during the season under review with average cane cost of Rs.160/maund, being quite reasonable but due to exogenous factors of lower market price of sugar and depleted cane supplies due to rains and floods, MSML's performance was below par compared to last season.

OPERATING RESULTS

The operating results of the company during the Season 2011-12 along with those of previous season are summarized as under :

Particulars		Season 2011-2012	Season 2010 - 2011
Season started		27-12-2011	26-11-2010
Season closed		04-03-2012	28-03-2011
Days worked		69	123
Sugarcane crushing	(Tons)	162,690	244,767
" "	(Maunds)	4,067,257	6,119,180
Sugar recovery	(%)	9.87	9.850
Sugar production	(Tons)	16,050	24,095
Molasses recovery	(%)	4.95	4.854
Molasses production	(Tons)	8,042	11,876

Except for marginal improvement in recovery from 9.85% during 2010-11 to 9.87% during 2011-12, overall operational performance of MSML during 2011-12 was below par compared to last year primarily because of exogenous factors beyond the control of the management.

FINANCIAL RESULTS

The Company's financial results are appended below :

	2011-2012 Rs.	2010-2011 Rs.
Profit before taxation	159,149,636	39,334,641
Provision for taxation	(40,276,519)	(14,721,779)
Profit after taxation	118,873,117	24,612,862
Accumulated loss brought forward	(619,208,871)	(637,961,903)
Dividend Paid for the year 2010	-	(5,859,830)
Accumulated loss carried forward	(500,335,753)	(619,208,871)
Earning per share - basic & diluted	8.43	1.75

Audited accounts show that company booked a gross loss of Rs.55.31 million during the year under review compared to a gross profit of Rs.110.28 million booked last year. Net profit of Rs.118.87 million has been recorded during 2011-12 compared to a net profit of Rs.24.61 million recorded last year.

Net profit of Rs.118.87 million booked for 2011-12 is because of reversal of long term liabilities of Rs.285.821 million as a result of settlement of bank-dues, otherwise company suffered an operational loss of Rs.115.10 million during the year compared to an operational profit of Rs.50.99 million recorded last year.

SEASON 2012-2013

Prospects for Season 2012-13 are tough specially for the mills in Southern Sindh primarily because the impact of damages to cane-crops have stretched upto Season 2012-13. In MSML's zone, cane acreage is estimated at about 8,000 acres which is about the same as of last year. In upper and central Sindh crop position is much better. The company is aiming to give an improved performance during 2012-13.

HEALTH, SAFETY AND ENVIRONMENT

Appropriate facilities existed for safeguarding the health of employees in accordance with the Factories Act 1948 and National Environment Quality Standard (N.E.Q.S.) for Sugar Industry. We are collaborating with Environmental Protection Agency, Government of Sindh and facilities are being developed at site to minimize the emissions to the desired standard level. The plant has also been registered with the Agency as per "SMART", Self Monitoring and Reporting Tool.

INFORMATION TECHNOLOGY

Improvement and up-gradation of the existing instruments are being continuously made to coupe with the requirements of technological advancement in this field.

AUDIT REPORT

Non-confirmation of outstanding balances by IDBP (formerly ICP) and NIB Bank (formerly PICIC)

The Auditors have qualified their opinion in the matter and reported that they did not receive response from IDBP (formerly ICP) and NIB Bank (formerly PICIC) confirming balances outstanding in the company's books as disclosed in notes 9.1 and 9.2 in the financial statements. As both the loan cases are being contested in the court, the banks may have preferred not to send any response in this regard, to which we have no control. However, the company has almost settled the matter with IDBP and settlement process is in progress with NIB Bank.

Auditors Observation about going concern

Without qualifying their opinion in the matter, the auditors have given, as a matter of emphasis, a paragraph about going concern assumption used by the company in the preparation of its financial statements and that it is dependent on the ultimate outcome of the matters disclosed in Notes 1.2, 1.9 and 13 to the financial statements.

In this respect the management has made a fair assessment and accordingly prepared the financial statements by using going concern assumption. On the one hand it is well geared for continuity and procurement of sugarcane for the Season 2012-13. On the other hand, over the past years, it has earned aggregate net profit after tax of Rs. 357.62 million.

The company has paid Rs.18.81 million to HBL during the season as per restructuring terms with said bank (refer note 9.3) and their dues now stand fully paid off. Further, as disclosed in note 1.2 company's negative equity has been reduced by an amount of Rs.118.92 million during current year as a result of net profit. It is well poised to start repayments as and when it reaches a settlement with NIB Bank Ltd. (formerly PICIC) either through the court or through negotiation. (refer notes 9.1 and 13.3).

BOARD OF DIRECTORS

There has been no change so far in the Board of Directors since after its constitution (w.e.f. 29th January, 2012) through Election of Directors held on 30th January, 2012 for a term of 3 (three) years. The next election of directors is due on 29th January, 2015.

AUDITORS

The retiring Auditors, M/s. Rahman Sarfaraz Rahim Iqbal Rafiq, Chartered Accountants, being eligible, have given their consent and offered themselves for re-appointment as Auditors of the Company for the year ending September 30, 2013. The Audit Committee has recommended for their re-appointment.

CODE OF CORPORATE GOVERNANCE

The Company has adopted the revised Code of Corporate Governance 2012 promulgated by the Securities & Exchange Commission of Pakistan. We have implemented the mandatory provisions and welcome the government step to more fully disclose and monitor the corporate sector. We hope it will go a long way in confidence building of small investors and will boost corporate investment.

CORPORATE AND FINANCIAL REPORTING FRAME WORK

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

b. Proper books of accounts of the company have been maintained.

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

d. International Financial Reporting Standards, as applicable in Pakistan, have been followed in preparation of financial statements and any departure therefrom has been adequately disclosed and explained.

e. The system of internal control, which was in place, is sound in design and has been effectively implemented and monitored. However, it is being continuously reviewed by internal audit and other officers handling such procedures. The process of review will continue and any weaknesses in controls will be removed. The function of Internal Audit has been implemented and operating successfully.

f. There are no significant doubts on the company's ability to continue as going concern.

g. There has been no material departure from the best practices of corporate governance, as detailed in the listing regulations.

h. The operating result of the company during the year under review was unsatisfactory compared to last season due to acute shortage of cane in the zone area on account of August/September'2011 rains and floods, which badly damaged the sugarcane crop in district Badin. Organizationally and technically there was no problem with the company but the external factors overshadowed the company's performance.

i. Key operating and financial data for last six (6) years in summarized form is annexed.

j. Because of the operational loss for the year under review, the Company has not declared any dividend or issued Bonus Shares for the year.

k. Outstanding taxes and levies are being accrued and paid as per law.

l. Value of investments based on audited accounts of Provident Fund is Rs. 54.698 million.

m. During the year, 4 (four) meetings of the Board of Directors were held. Attendance by each Director is as follows:

Name of Director	No. of Meetings Attended
Dr. (Mrs) Fehmida Mirza	-
Dr. Zulfiqar Ali Mirza	3
Ms. Farida Abbasi	4
Mr. Arshad Abid Abbasi	-
Ms. Fareha Abid Kazi	1
Mirza Saulat Raza	4
Mr. Irshad Hussain Mirza	4

Leave of absence is granted in all cases to the directors.

n. During the year, 7 (seven) meetings of the Audit Committee were held. Attendance by each Member is as follows:

Name of Members	No. of Meetings Attended
Mirza Saulat Raza	7
Ms. Farida Abbasi	7
Mr. Irshad Hussain Mirza	7

o There was no meeting of the HR&R Committee during the year, because the committee was formed subsequent to the year under review.

p. According to requirement of the revised Code 2012, at least one director is required to have the certification of directors' training program by June 30, 2013 and by June 30, 2016 every year at least one director to acquire the said certification; thereafter all directors shall obtain it.

However, there is a provision that individuals with a minimum of 14 years of education and 15 years of experience on the board of a listed company shall be exempted from the directors' training program. At present three of our directors already meet the exemption criteria by dint of qualification and experience and need not attend the training program. The condition of traning certification for the other directors will be complied in due course.

q. The pattern of shareholding in accordance with the requirement of revised CCG 2012 is annexed.

r. The Company has entered into settlement agreements with regard to its borrowings from banks and financial institutions in past years except for NIB Bank Ltd. (formerly PICIC) and has been paying the agreed installments to them regularly. The entire dues of ABL, MCB, ZTBL and Saud Pak Comm. Bank were already cleared in full during previous years. During the year under review, company has paid Rs.18.81 million to HBL and their entire liability now also stands cleared. The Company is in process of negotiation with NIB Bank to reschedule terms of payments of outstanding amount (please refer Note 9 of the financial statements). So far the company is not in default or likely to default in payment of its loan/debt to banks/financial institutions.

s. There was no trading in shares of the company carried out by its directors, executives (CEO, COO, CFO, Head of Internal Audit and Company Secretary), and their spouses and minor children.

VARIATION IN REMUNERATION OF CHIEF EXECUTIVE & WHOLE TIME DIRECTORS

Abstract of variation in the remuneration of the Chief Executive and whole time directors is annexed.

ACKNOWLEDGEMENT

We would like to take this opportunity to convey our deep appreciation to the shareholders, the workers, staff and officers of the Company for their patience, tolerance and forbearance, as well as the assistance and cooperation to the management during these hard days.

We would also like to thank our valued dealers, suppliers, financiers and shareholders for their cooperation and the trust reposed in our Company.

In the end, let us pray to Almighty Allah to guide us in all our pursuits of national development and for the betterment of your organization, Ameen.

On behalf of the Board

MIRZA SAULAT RAZA
Director

IRSHAD HUSSAIN MIRZA
Director

Karachi
December 26, 2012

Note: The Chief Executive being out of station, the Directors' Report has been signed by two directors.

ABSTRACT OF VARIATION IN THE REMUNERATION/TERM OF THE CHIEF EXECUTIVE AND WHOLE-TIME DIRECTORS
(Section 218 of the Companies Ordinance, 1984)

Following are the approved limit of remunerations at a maximum for the Chief Executive and the below mentioned Executive (whole time) Directors (including all allowances, benefits/perquisites, utilities etc.) along with transport and its maintenance for their official and personal use :

	Annual Entitlement			
	w.e.f.	Amount Rs.	w.e.f.	Amount Rs.
Dr. (Mrs) Fehmida Mirza Chairperson & Chief Executive	May 29, 2007	2,000,000	June 10, 2009	4,000,000
Ms Farida Abbasi Director	-	-	August 5, 2009	780,000

Monthly remunerations of Chief Executive and Executive Directors :

	Montly Remuneration			
	w.e.f.	Amount Rs.	w.e.f.	Amount Rs.
Dr. (Mrs) Fehmida Mirza Chairperson & Chief Executive	June 01, 2011	237,150	June 01, 2012	252,650
Ms Farida Abbasi Director	June 01, 2011	37,950	-	-

PATTERN OF SHAREHOLDINGS
AS AT 30TH SEPTEMBER 2012

Number of Share Holders	Shareholding From	Shareholding To	Total Shares Held	Percentage
915	1	100	84,515	0.60
708	101	500	323,380	2.29
125	501	1000	118,435	0.84
183	1001	5000	531,415	3.77
42	5001	10000	343,301	2.43
22	10001	15000	296,156	2.10
18	15001	20000	335,816	2.38
16	20001	25000	387,236	2.75
6	25001	30000	178,470	1.27
2	30001	35000	67,038	0.48
1	35001	40000	35,833	0.25
1	40001	45000	45,000	0.32
9	45001	50000	450,000	3.19
1	50001	55000	51,528	0.37
4	55001	60000	238,000	1.69
4	65001	70000	280,000	1.99
2	75001	80000	160,000	1.13
1	90001	95000	90,900	0.64
13	95001	100000	1,300,000	9.22
1	100001	105000	104,000	0.74
1	105001	110000	108,920	0.77
2	135001	140000	275,600	1.95
3	145001	150000	450,000	3.19
2	175001	180000	352,906	2.50
1	195001	200000	200,000	1.42
2	210001	215000	424,127	3.01
1	235001	240000	237,253	1.68
1	245001	250000	250,000	1.77
1	260001	265000	262,090	1.86
1	285001	290000	290,000	2.06
3	375001	380000	1,140,000	8.09
1	495001	500000	499,220	3.54
1	745001	750000	748,800	5.31
1	795001	800000	799,001	5.67
1	1260001	1265000	1,261,060	8.94
1	1375001	1380000	1,380,000	9.79
2097			**14,100,000**	**100**

CATEGORIES OF SHAREHOLDINGS (30-09-2012)
ADDITIONAL INFORMATION

Categories of Shareholders	Shares Held	Percentage
Associated Companies, Undertakings and Related Parties	–	–
Mutual Funds	–	–
NIT and ICP		
Investment Corporation of Pakistan (ICP)	**200**	**0.00**
Directors, CEO and their Spouse(s) and minor Children		
Dr. (Mrs). Fehmida Mirza (Chief Executive)	1,380,000	9.79
Dr. Zulfiqar Ali Mirza (Director) (Husband of Dr. (Mrs). Fehmida Mirza)	380,000	2.70
Ms. Farida Abbasi (Director)	2,500	0.02
Mr. Arshad Abid Abbasi (Director)	100,000	0.71
Ms. Fareha Abid Kazi (Director)	100,000	0.71
Mirza Saulat Raza (Director)	8,500	0.06
Mr. Irshad Hussain Mirza (Director)	1,000	0.01
	1,972,000	**13.99**
Executives	–	–
Public sector companies and corporations	–	–
Banks, Development Finance Institutions, Non-Banking Finance Companies, Insurance Companies, Takeful, Modarabas and Pension Fund; and:		
Industrial Development Bank Of Pakistan	4,396	0.03
The Bank of Punjab	17,500	0.12
State Life Insurance Corp. of Pakistan	175,277	1.24
National Insurance Company Ltd.	100,000	0.71
	297,173	**2.11**
Shareholders holding five percent or more voting rights in the listed company.		
Capital Industries (Pvt) Ltd.	812,107	5.76
Others / Joint Stock Companies		
Asonix Ind. (Pvt) Ltd.	700	0.00
Sarfaraz Mahmood (Pvt) Ltd.	500	0.00
Y.S. Securities & Services (Pvt) Ltd.	5,500	0.04
128 Securities (Pvt) Ltd.	500	0.00
Darson Securities (Pvt) Ltd.	800	0.01
Ace Securities (Pvt) Ltd.	18,500	0.13
Mian Mohammad Akram Sec. (Pvt) Ltd.	2,000	0.01
Stock Master Securities (Pvt) Ltd.	990	0.01
Axis Global Limited	500	0.00
Pearl Capital Management (Pvt) Ltd.	2,000	0.01
NCC - Retrieval Account	1,800	0.01
Ample Securities (Pvt) Ltd.	15,000	0.11
	48,790	**0.35**
Individuals	**10,969,730**	**77.80**
TOTAL	**14,100,000**	**100.00**

CORPORATE VISION / MISSION STATEMENT

VISION

The Company, one of the leading sugar mills in Sindh, aims at producing international quality white refined sugar for local consumption and export purpose. Our vision is to transform MSML into a modern and dynamic industry, highly indulgent in the well being of the investors, workforce and the agriculture community of the area. We want to fully equip the company to play a meaningful role on sustainable basis in the economic and social development of the country and protect the environment.

MISSION

Our mission is to promote agriculture and to achieve operating & financial stability for our company. This would help us to have meaningful role for a sound and dynamic industrial system to achieve sustainable and equitable economic growth of the Country. We would like to transform the agriculture community of the area into an exemplary force to become a role model for others. We would endeavor to enhance the value of our shareholders, to provide a secure place of work to our employees and to be an ethical partner to all our business associates.

SIX YEARS DATA AT A GLANCE

Rupees in Thousand

	PARTICULARS		2012	2011	2010	2009	2008 Restated	2007
	FINANCIAL DATA							
1	**Financial Position**							
	Paid up Capital	Rs.	141,000	141,000	141,000	141,000	141,000	141,000
	Accumlated (loss)/Profit	Rs.	500,336	(619,209)	(637,962)	(777,157)	(939,242)	(970,968)
	Long term Loan	Rs.	16,788	16,788	64,110	143,773	261,997	319,294
	Deferred Liablities	Rs.	120,427	386,698	386,698	386,698	191,691	153,301
	Fixed Assets (At Cost)	Rs.	730,767	735,856	720,294	692,765	694,223	689,506
	Accumulated Depreciation	Rs.	555,041	535,286	513,838	493,560	473,103	450,157
	Long term Advance/Deposits	Rs.	-	-	1,427	1,427	1,427	1,427
	Current Assets	Rs.	162,400	283,828	171,537	100,351	86,858	51,145
	Current Liabilities	Rs.	560,246	553,121	425,573	421,886	653,958	649,293
2.	**INCOME**							
	Sales	Rs.	774,361	1,465,478	1,328,623	649,457	627,212	484,426
	Gross Profit/(Loss)	Rs.	(55,313)	110,279	221,042	93,295	26,105	(3,850)
	Other Income	Rs.	286,882	6,700	357	140,055	62,490	7,653
	Pre-Tax (Loss)/Profit	Rs.	159,150	39,335	152,482	166,796	31,726	(44,745)
	Taxation	Rs.	(40,277)	(14,722)	(13,286)	(4,711)	-	(2,500)
3.	**STATISTICS AND RATIOS**							
	Gross Profit/(Loss) to Sales	%	(7.14)	7.53	16.64	14.37	4.16	(0.79)
	Pre-Tax Profit/(Loss) to Sales	%	20.55	2.68	11.48	25.68	5.06	(9.24)
	Pre-Tax Profit/(Loss) to Capital	%	112.87	27.90	108.14	118.29	22.50	(31.73)
	Current Ratio		1:3.45	1:1.95	1:2.48	1:4.20	1:7.52	1:12.69
	Paid - up Value per Share	Rs.	10	10	10	10	10	10
	Earnings per Share	Rs.	8.43	1.75	9.87	2.89	(2.18)	(3.35)
	Cash Dividend	Rs.	-	-	5,860	-	-	-
	Market Value Per Share	Rs.	3.49	2.35	4.85	5.50	1.81	3.15
4.	**OPERATING DATA**							
	Season Started		27.12.2011	26-11-2010	16-11-2009	15-12-2008	19-11-2007	20-11-2006
	Season Closed		04.03.2012	28-03-2011	06-03-2010	13-03-2009	14-04-2008	05-04-2007
	Days Worked		69	123	111	89	148	137
	Sugarcane Crushed	M.T	162,690	244,767	208,921	176,738	334,735	210,622
	Sugarcane Crushed	Mds	4,067,257	6,119,180	5,223,025	4,418,450	8,368,386	5,265,559
	Sugar Recovery	%	9.870	9.850	10.075	10.180	9.280	9.563
	Sugar Production	M.T.	16,050	24,095	21,055	18,000	31,090	20,131
	Molasses Recovery	%	4.950	4.854	4.719	4.638	5.230	4.909
	Molasses Production	M.T.	8,042	11,876	9,861	8,198	17,520	10,335

STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE
{See Clause (xl) of the revised code 2012}

Name of Company : **MIRZA SUGAR MILLS LIMITED**

Year Ended : **30th September, 2012**

This statement is being presented to comply with the Code of Corporate Governance contained in Regulation No. 35, Chapter XI of Listing Regulations of Karachi Stock Exchange (Guarantee) Limited and Lahore Stock Exchange (Guarantee) Limited for the purpose of establishing a frame-work 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 CCG (Revised Code 2012) in the following manner :

1. The Company encourages representation of independent non-executive directors and directors representing minority interests on its board of directors. The board comprises of seven directors including the C.E.O. At present the board includes:

Category	Names
Executive Directors	Dr. (Mrs) Fehmida Mirza Ms. Farida Abbasi
Non-Executive Directors	Dr. Zulfiqar Ali Mirza Mr. Arshad Abid Abbasi Ms. Fareha Abid Kazi Mirza Saulat Raza Mr. Irshad Hussain Mirza

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

3. All the resident directors of the Company are registered as taxpayers and none of them has defaulted in payment of any loan to a banking company, a Development Financial Institution or a Non-banking Financial Institution or, being a member of a stock exchange, has been declared as a defaulter by that Stock Exchange.

4. No casual vacancy occurred in the Board of Directors during the year under review.

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/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/Shareholders.

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

9. According to requirement of the revised Code 2012, at least one director is required to have the certification of directors' training program by June 30, 2013 and by June 30, 2016 every year at least one director to acquire the said certification; thereafter all directors shall obtain it.

However, there is a provision that individuals with a minimum of 14 years of education and 15 years of experience on the board of a listed company shall be exempted from the directors' training program. At present 3 (three) of our directors already meet the exemption criteria by dint of qualification and experience and need not attend the training program. The condition of training certification for the other directors will be complied with in due course.

10. The board has approved appointment of CFO, Company Secretary and Head of Internal Audit. All these appointments were made before the revised CCG has taken effect.

11. The directors' report for the 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 3 (three) members of whom 2 (two) are non-executive directors and the Chairman is a non-executive director.

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

17. The board has formed an HR and Remuneration Committee (HR&R) subsequent to the year end. It comprises three members of whom two are non-executive directors and the chairperson of the committee is an executive director.

18. The Board has set-up an internal audit function. Its effectiveness has to be improved as to its independence for which efforts are being made.

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

22. Material/price sensitive information, if any, is disseminated among all market participants at once through stock exchange(s).

23. Our CFO is an ACMA (a professional accountant) and thus meets the qualification requirement. However, our Head of Internal Audit Qualify for the post under the provision contained in Clauses (xiv) of the revised CCG regarding qualifications criteria.

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

December 26, 2012	**DIRECTOR**	**DIRECTOR**

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

We have reviewed the Statement of Compliance wih the best practices contained in the Code of Corporate Governance prepared by the Board of Directors of **Mirza Sugar Mills Limited** (The Company'), to comply with the Listing Regulations of the Karachi and Lahore Stock Exchanges (Guarantee) 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 personnel and review of various documents prepared by the Company to comply with the Code.

As part of the audit of financial statements we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach- We are not required to consider whether the Board’s statement on internal control covers all risks and control, or to form an opinion on the effectiveness of such internal controls, the company corporate governance procedures and risks.

Further Listing Regulations of the Karachi Stock Exchange (Guarantee) Limited and Lahore Stock Exchange (Guarantee) Limited requires the company to place before the Board of Directors for their consideration and approval related party transactions distinguishing between transactions carried out on terms equivalent to those that prevail in the 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 audit committee. We have not carried out any procedures to datermine whether the related party transactions were undertaken at arm's length price or not.

Based on our review, except for the matter stated in rote 9 and 17 of Statement of Compliance, 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, 2012.**

Rahman Sarfaraz Rahim Iqbal Rafiq
Chartered Accountants
Engagement Partner: **Mr. Muhammad Rafiq Dosani**

Karachi:
Dated: December 26, 2012

AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed Balance Sheet of **MIRZA SUGAR MILLS LIMITED** ("the Company") as at **September 30, 2012,** the related profit & loss account, statement of comprehensive income, statement of changes in equity and cash flow statement together with the notes forming part thereof, for the year then ended and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the'purpose of our audit.

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

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

(a) we did not receive any response to our requests for confirmation of long term loan balances from NIB Bank Limited(formerly Pakistan Industrial Credit and Investment Corporation) and Industrial Development Bank of Pakistan(formerly Investment Corporation of Pakistan) as disclosed in note 9.1 and note 9.2 respectively. We could not satisfy ourselves as to the accuracy and completeness of the balances appearing in the Company's books against them through alternative audit procedures. Therefore, we are unable to determine as to whether any adjustments are required to related carrying values appearing in the Company's books of account and financial statements thereof.

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

(c) in our opinion;

   (i) the balance sheet and profit and loss account together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984, and are in agreement with the books of account and are further in accordance with accounting policies consistently applied;
   (ii) the expenditure incurred during the year was for the purpose of the company's business; and
   (iii) the business conducted and the expenditure incurred during the year were in, accordance with the objects of the company;

(d) except for the effect of the adjustments that might have been determined to be necessary had we been able to satisfy ourselves as to the matter described in paragraph (a) above, 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, statement of changes in equity and cash flow statement 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, 2012, of the profit, its changes in equity and cash flows for the year then ended; and

(e) in our opinion, no zakat was deductable at source under the Zakat and Ushar Ordinance, 1980 (XVIII of 1980).

Without further qualifying our opinion, we draw attention to note 1.2 in the financial statements which indicates that the company's equity is negative by Rs. 359.34 million (2011: Rs. 478.21 million), its accumulated loss amounted to Rs.500.34 million (2011: Rs.619.21 million) and its current liabilities exceeded its current assets by Rs.397.85 million (2011: 269.29 million) as at the balance sheet date. In addition to the above, the ultimate outcome of the litigations between the company and NIB bank ltd against company as disclosed in note 1.2, 1.9 and 13 to the financial statements is not presently ascertainable. These conditions, along with other matters as set forth in note 1.2, indicate the existence of a material uncertainty that may cause significant doubt about the Company's ability to continue as a going concern.

Rahman Sarfaraz Rahim Iqbal Rafiq
Chartered Accountants
Engagement Partner: **Mr. Muhammad Rafiq Dosani**

Karachi.
Dated: December 26, 2012

BALANCE SHEET AS AT SEPTEMBER 30, 2012

	Note	2012	2011
ASSETS			
NON-CURRENT ASSETS		Rupees	
Property, plant and equipment	4	**175,726,018**	194,570,041
CURRENT ASSETS			
Stores, spares and loose tools	5	**26,372,886**	28,486,958
Stock-in-trade	6	**87,209,660**	140,826,612
Trade debts- Unsecured, considered good		**26,951,149**	36,010,130
Prepayments, loan and advances, and other receivables	7	**19,550,550**	40,839,877
Cash and bank balances	8	**2,315,569**	14,195,373
		162,399,814	260,358,950
TOTAL ASSETS		**338,125,832**	454,928,991
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized Capital			
15,000,000 (2011: 15,000,000) Ordinary Shares of Rs. 10/- each.		**150,000,000**	150,000,000
Issued, Subscribed and Paid up Capital			
14,100,000 (2011: 14,100,000) Ordinary Shares of Rs. 10/- each fully paid in cash		**141,000,000**	141,000,000
Accumulated loss		**(500,335,753)**	(619,208,870)
		(359,335,753)	(478,208,870)
NON-CURRENT LIABILITIES			
Long-term finances	9	**16,788,482**	16,788,482
Deferred liabilities	10	**120,426,718**	386,698,201
CURRENT LIABILITIES			
Current portion of long-term finances	9	**342,487,992**	359,692,308
Trade and other payables	11	**176,830,407**	143,128,407
Accrued markup on finances		**18,991,927**	18,991,927
Provision for taxation	12	**21,936,059**	7,838,536
		560,246,385	529,651,178
TOTAL EQUITY AND LIABILITIES		**338,125,832**	454,928,991
CONTINGENCIES AND COMMITMENTS	13	**-**	-

The annexed notes from 1 to 30 form an integral part of these financial statements.

Note: As required under section 241(2) of the Companies Ordinance, 1984, these financial statements have been signed by two Directors in absence of Chief Executive of the Company who is for the time being out of station.

DIRECTOR **DIRECTOR**

PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED SEPTEMBER 30, 2012

	Note	2012 Rupees	2011 Rupees
Sales - net	14	**774,360,704**	1,465,477,806
Cost of sales	15	**(829,673,359)**	(1,355,198,764)
Gross profit/ (loss)		**(55,312,655)**	110,279,042
Operating expenses			
Administrative expenses	16	**58,782,738**	57,944,915
Distribution costs	17	**1,006,346**	1,347,106
		(59,789,084)	(59,292,021)
Operating profit / (loss)		**(115,101,739)**	50,987,021
Finance costs	18	**(2,897,005)**	(9,000,428)
Other income	19	**286,882,015**	6,700,150
Other charges	20	**(9,733,635)**	(9,352,101)
		274,251,375	(11,652,379)
Profit before taxation		**159,149,636**	39,334,642
Taxation			
Current - for the year		**(20,346,650)**	(14,721,779)
Prior year tax		**(380,289)**	-
Deferred tax		**(19,549,580)**	-
	21	**(40,276,519)**	(14,721,779)
Profit after taxation		**118,873,117**	24,612,863
Earnings per share - basic & dilute	22	**8.43**	1.75

The annexed notes from 1 to 30 form an integral part of these financial statements.

DIRECTOR **DIRECTOR**

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED SEPTEMBER 30, 2012

	2012	2011
	Rupees	
Profit after taxation	**118,873,117**	24,612,863
Other comprehensive income	-	-
Total comprehensive income for the year transferred to equity	**118,873,117**	24,612,863

The annexed notes from 1 to 30 form an integral part of these financial statements.

DIRECTOR

DIRECTOR

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED SEPTEMBER 30, 2012

	Issued, subscribed & paid up capital	Accumulated losses	Other comprehensive income/(Loss)	Total
	Rupees			
Balance as at October 01, 2011	141,000,000	(637,961,903)	-	(496,961,903)
Comprehensive income for the year	-	24,612,863	-	24,612,863
Final dividend paid to minority share holders @ 10% for the year 2010	-	(5,859,830)	-	(5,859,830)
Balance as at September 30, 2011	141,000,000	(619,208,870)	-	(478,208,870)
Balance as at October 01, 2011	**141,000,000**	**(619,208,870)**	**-**	**(478,208,870)**
Comprehensive income for the year	**-**	**118,873,117**	**-**	**118,873,117**
Balance as at September 30, 2012	**141,000,000**	**(500,335,753)**	**-**	**(359,335,753)**

The annexed notes from 1 to 30 form an integral part of these financial statements.

DIRECTOR **DIRECTOR**

CASH FLOW STATEMENT
FOR THE YEAR ENDED SEPTEMBER 30, 2012

	2012	2011
	Rupees	
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	**159,149,636**	39,334,642
Adjustments for :		
Depreciation	**19,928,173**	21,447,762
Impairment losses on property, plant and equipment	**-**	6,000,000
Unrealized income on amortization of long term finance -net	**-**	(1,426,886)
Reversal of Deffered Liability	**(285,821,063)**	-
Gain on disposal of fix asset	**(13,756)**	-
Finance costs	**2,897,005**	9,000,428
	(263,009,641)	35,021,304
Operating cash inflows/(outflows) before working capital changes	**(103,860,005)**	74,355,946
Changes in working capital		
(Increase)/Decrease in current assets		
Stores, spares and loose tools	**2,114,072**	(4,865,436)
Stock in trade	**53,616,952**	(63,177,106)
Loans and advances	**21,289,327**	6,956,949
Prepayments and other receivables	**-**	(6,000,000)
Trade debtors - unsecured	**9,058,981**	(34,260,868)
Increase / (Decrease) in current liabilities		
Trade and other payables	**34,025,524**	83,256,163
	120,104,856	(18,090,298)
Cash generated from operations	**16,244,851**	56,265,648
Taxes paid	**(6,629,416)**	(15,025,575)
Financial cost paid	**(2,897,005)**	(9,000,427)
	(9,526,421)	(24,026,002)
Net cash generated from operating activities	**6,718,430**	32,239,646
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant & equipment	**(1,162,294)**	(15,562,500)
Proceed from sale of fixed assets	**91,900**	-
Deposits refunded	**-**	1,426,886
Net cash used in investing activities	**(1,070,394)**	(14,135,614)
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividend paid	**(323,524)**	(4,627,395)
Repayment of long term finances	**(17,204,316)**	(17,557,064)
Net cash used in financing activities	**(17,527,840)**	(22,184,459)
Net increase in cash and cash equivalents	**(11,879,804)**	(4,080,427)
Cash and cash equivalents at beginning of the year	**14,195,373**	18,275,800
Cash and cash equivalents at end of the year	**2,315,569**	14,195,373

The annexed notes from 1 to 30 form an integral part of these financial statements.

DIRECTOR **DIRECTOR**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2012

1 STATUS AND NATURE OF BUSINESS

1.1 The Company was incorporated in Pakistan as a Public Limited Company on January 16, 1990. Its shares are listed at Karachi and Lahore Stock Exchanges. The registered office of the company is situated at 10th Floor, Portion B, Lakson Square Building No.1, Sarwar Shaheed Road, Karachi. The Company is mainly engaged in the production and sale of sugar and molasses.

1.2 As of the reporting date, company's equity is negative by Rs.359.34 million (2011: Rs.478.21 million), its accumulated loss amounted to Rs.500.34 million (2011: Rs.619.21 million) and its current liabilities exceeded its current assets by Rs.397.85 million (2011: Rs. 269.29 million).

The company's profit for the year amounted to Rs.159 million (2011: Rs.39.334 million) and over the past few years it has reduced its long term balances through regular payments. There is a material uncertainty related to long term loan that includes disputed liability of NIB Bank Limited which is subject of suit and counter suit in High court. There are negotiations for out of court settlement being aggressively followed by the management (Refer note 9 and 13.3). The management is seeking settlement in line with the disclosure made in note 9.1 which it intends to pay through generation of substantial cash flows from operations in easy installments as soon as an agreement is reached with NIB and a repayment schedule is freshly drawn.

The above uncertainty may cast significant doubt on the company's ability to continue as a going concern in the event of an adverse outcome and, therefore, that it may be unable to realize its assets and discharge its liabilities in the normal course of business.

In view of the above, these financial statements have been prepared using going concern assumption.

2 SIGNIFICANT ACCOUNTING POLICIES

2.1 STATEMENT OF COMPLIANCE

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

2.2 Accounting convention

2.2.1 Basis of measurement

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

2.2.2 Functional and Presentation Currency

These Financial statements are presented in Pakistani Rupee which is the company's functional currency.

2.2.3 Significant Estimates

The preparation of financial statements in conformity with approved accounting standards, as applicable in Pakistan, requires the management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses.

The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the result of which form the basis of making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Judgments made by management in the application of Accounting Standards, as applicable in Pakistan, that have significant effect on the financial statements and estimates with significant risk of material judgment in the next year are as follows:

	Note
a) Useful life and residual values of property, plant and equipment	3.1
b) Provision for slow moving stores and spares	3.2
c) Provision for obsolete and slow moving inventories	3.3
d) Provision for taxation	3.8
e) Impairment in respect of financial assets	3.12.2

2.2.4 Changes in accounting policies and disclosures

New and amended standards adopted by the Company:

IAS 24, 'Related party disclosures' (revised 2009) Amends the definition of a related party and modifies certain related party disclosure requirements for government-related entities. The amended standard is effective from January 1, 2011.

Amendments to IAS 34, 'Interim financial reporting': Provide guidance to illustrate how to apply disclosure principles in IAS 34 and add disclosure requirements around: The circumstances likely to affect fair values of financial instruments and their classification, transfers of financial instruments between different levels of the fair value hierarchy, changes in classification of financial assets and changes in contingent liabilities and assets. The effective date is January 1, 2011.

Amendment to IAS 1, 'Presentation of financial statements': Clarifies that an entity will present an analysis of other comprehensive income for each component of equity, either in the statement of changes in equity or in the notes to the financial statements. The effective date is January 1, 2011.

IFRS 7, 'Financial instruments' Emphasis the interaction between quantitative and qualitative disclosures about the nature and extentes of risks associated with financial instruments. The effective date is January 1, 2011.

New and amended standards, and interpretations mandatory for the first time for the current financial year but not currently relevant to the Company:

IAS 1 (amendment), 'Presentation of financial statements'. The amendment clarifies that the potential settlement of a liability by the issue of equity is not relevant to its classification as current or non current. By amending the definition of current liability, the amendment permits a liability to be classified as non-current (provided that the entity has an unconditional right to defer settlement by transfer of cash or other assets for at least 12 months after the accounting period) notwithstanding the fact that the entity could be required by the counterparty to settle in shares at any time.

IFRS 5 (amendment), 'Non-current assets held for sale and discontinued operations'. The amendment clarifies that IFRS 5 specifies the disclosures required in respect of non-current assets (or disposal groups) classified as held for sale or discontinued operations. It also clarifies that the general requirements of IAS 1 still apply, in particular paragraph 15 (to achieve a fair presentation) and paragraph 125 (sources of estimation uncertainty) of IAS 1.

IFRIC 13, 'Customer loyalty programmes': The meaning of 'fair value' is clarified in the context of measuring award credits under customer loyalty programmes. The effective date is January 1, 2011.

Amendment to IFRIC 14, 'IAS 19 – The limit on a defined benefit assets, minimum funding requirements and their interaction': Removes unintended consequences arising from the treatment of prepayments where there is a minimum funding requirement. Results in prepayments of contributions in certain circumstances being recognised as an asset rather than an expense. The effective date is from January 1, 2011 however, for the Company's gratuity scheme being unfunded, the amendment stands irrelevant.

New standards, amendments and interpretations issued but not effective for the current financial year and not early adopted

IFRS 9, 'Financial instruments', issued in November 2009. This standard is the first step in the process to replace IAS 39, 'Financial instruments: recognition and measurement'. IFRS 9 introduces new requirements for classifying and measuring financial assets but is unlikely to materially affect the Company's accounting for its financial assets as held currently.

IFRS 9 is the first standard issued as part of a wider project to replace IAS 39. IFRS 9 retains but simplifies the mixed measurement model and establishes two primary measurement categories for financial assets: amortised cost and fair value. The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. The guidance in IAS 39 on impairment of financial assets and hedge accounting continues to apply. The standard is not applicable until January 1, 2013 but is available for early adoption. Prior periods need not be restated if an entity adopts the standard for reporting periods beginning before January 1, 2012.

Revised IAS 24 (revised), 'Related party disclosures', issued in November 2009. It supersedes IAS 24, 'Related party disclosures', issued in 2003. IAS 24 (revised) is mandatory for periods beginning on or after January 1, 2011. Earlier application, in whole or in part, is permitted.

The revised standard clarifies and simplifies the definition of a related party and removes the requirement for government-related entities to disclose details of all transactions with the government and other government-related entities. When the revised standard is applied, the Company will need to disclose any transactions between its subsidiaries and its associates. The Company is currently putting systems in place to capture the necessary information. It is, therefore, not possible at this stage to disclose the impact, if any, of the revised standard on the related party disclosures.

IFRIC 19, 'Extinguishing financial liabilities with equity instruments', effective July 1, 2010. The interpretation clarifies the accounting by an entity when the terms of a financial liability are renegotiated and result in the entity issuing equity instruments to a creditor of the entity to extinguish all or part of the financial liability (debt for equity swap). It requires a gain or loss to be recognised in profit or loss, which is measured as the difference between the carrying amount of the financial liability and the fair value of the equity instruments issued. If the fair value of the equity instruments issued cannot be reliably measured, the equity instruments should be measured to reflect the fair value of the financial liability extinguished. The interpretation is not expected to have any impact on the Company's financial statements.

Amendments to IFRS 1, 'First-time adoption of International Financial Reporting Standards' (effective for annual periods beginning after January 1, 2011): Includes provisions for accounting policy changes in the year of adoption, revaluation basis as deemed cost and use of deemed cost for operations subject to rate regulation.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

3.1 Property, plant & equipment

Operating assets

These are stated at cost less accumulated depreciation and impairment loss, if any. Depreciation is charged to profit & loss account applying the reducing balance method whereby the cost of an asset is written off over its useful life at the rates specified in note 4 to the financial statements. Depreciation on additions is charged for the quarter in which an asset is put to use and no depreciation is charged in the quarter in which assets are disposed.

Subsequent costs are included in the asset's carrying amounts or recognized as a separate assets, as appropriate, only when it is probable that future benefits associated with the item will flow to the Company and the cost of the item can be measured reliably.

Gains and losses on disposal of assets, if any, are taken to the profit and loss account.

The assets' residual values, useful lives methods are reviewed and adjusted if appropriate, at each financial year. The Company's estimate of residual values of property,plant and equipment as at 30 September 2012 did not require any adjustment as its impact is considered insignificant.

An item of property,plant and equipment is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the profit and loss in the year asset is derecognized.

Capital work in progress

Capital work-in-progress is stated at cost less impairment, if any. It consists of expenditure incurred and advances made in respect of tangible and intangible assets in the course of their construction and installation. Transfers are made to relevant category as and when assets are available for use.

3.2 Stores, spares and loose tools

Stores, spares and loose tools excluding items in transit are valued at lower of moving average cost and net realizable value. Provision is made for slow moving and obsolete items.

Items in transit are valued at cost comprising invoice values plus other charges incurred thereon to the reporting date.

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

Provisions are made in the financial statements for obsolete and slow moving stores and spares based on management's best estimate regarding their future useability.

3.3 Stock in trade

All stock in trade except molasses are valued at lower of cost and net realizable value where cost is determined by applying the following basis:

- Finished sugar at average manufacturing cost;

- Sugar in process at average manufacturing cost;

- Molasses at contracted price / net realizable value;

Average cost in relation to work in process and finished goods signifies the cost of sugar including a portion of related direct overheads.

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

Provisions are made in the financial statements for obsolete and slow moving inventory based on management's best estimate regarding their future useability.

3.4 Trade and other receivables

Trade and other receivables are carried at original invoice amount/cost, which is the fair value of the consideration to be received, less an estimate made for doubtful receivables which is determined based on management review of outstanding amounts and previous repayment pattern. Balance considered bad and irrevocable are written off.

3.5 Cash and cash equivalents

Cash and cash equivalents in the statement of cash flows includes cash in hand, balance with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts / short term borrowings. Bank overdrafts are shown within borrowings in current liabilities on the balance sheet.

3.6 Staff retirement benefits

The company operates an approved provident fund for eligible employees. The Company contributes equal amount of employees contribution i.e. 8.33% of basic salary.

3.7 Deferred income

Deferred income primarily relates to restructuring/rescheduling of the finances with the banks/financial institutions expected to be earned on meeting the specified obligations against such restructuring/rescheduling arrangements.

Deferred income will be taken to profit and loss account, after final waiver of the related obligations by the corresponding banks/financial institutions.

3.8 Current and deferred income tax

Income tax expense comprises of current and deferred tax. Income tax expense is recognized in profit and loss account except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity.

Current

Current tax is the amount of tax payable on taxable income for the year, using tax rate enacted or subsequently enacted by the reporting date, and any adjustment to the tax payable in respect of previous year. Provision for current tax is based on higher of the taxable income at current rates of taxation in Pakistan after taking into account tax credits, rebates and exemptions available, if any or 1% of turnover. However, for income covered under final tax regime, taxation is based on applicable tax rates under such regime. The amount of unpaid income tax in respect of the current or prior periods is recognized as a liability. Any excess paid over what is due in respect of the current or prior periods is recognized as an asset.

Deferred

Deferred income tax is recognized using the balance sheet liability method on all temporary differences arising between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are recognized for all taxable temporary differences. A deferred tax assets are recognized only to the extent that it is probable that future taxable profits will be available against which deductible temporary differences can be utilized. Deferred tax is calculated at the rates that are expected to apply to the period when the differences reverse based on the tax rates that have been enacted substantively enacted by the reporting date. Deferred tax is charged or credited

to income except in the case of items credited or charged to equity in which case it is included in equity. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

3.9 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, whether or not billed to the company.

3.10 Provisions

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

3.11 Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the profit and loss account over the period of the borrowings using the effective interest method.

Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

3.12 Financial assets

3.12.1 Classification

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

a) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short-term. Derivatives are also categorised as held for trading unless they are designated as hedges. Assets in this category are classified as current assets.

b) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the end of the reporting period. These are classified as non-current assets. The Company's loans and receivables comprise 'loans and deposits', 'trade debts and other receivables' and 'cash and cash equivalents' in the balance sheet.

c) Held to maturity financial assets

Held to maturity financial assets are non derivative financial assets with fixed or determinable payments and fixed maturity with a positive intention and ability to hold to maturity. There were no held to maturity financial assets at the balance sheet date.

d) Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless the investment matures or management intends to dispose off it within 12 months of the end of the reporting date.

3.12.2 Recognition and measurement

Regular purchases and sales of financial assets are recognised on the trade date – the date on which the Company commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value, and transaction costs are expensed in the profit and loss account. Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership. Available-for-sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value. Loans and receivables are subsequently carried at amortised cost using the effective interest method.

Gains or losses arising from changes in the fair value of the 'financial assets at fair value through profit or loss' category are presented in the profit and loss account within 'other operating income/expenses' in the period in which they arise. Dividend income from financial assets at fair value through profit or loss is recognised in the profit and loss account as part of other income when the Company's right to receive payments is established.

Changes in fair value of monetary and non-monetary securities classified as available-for-sale are recognised in other comprehensive income. When securities classified as available-for-sale are sold or impaired, the accumulated fair value adjustments recognised in equity are included in the profit and loss account as 'gains and losses from investment securities'.

Interest on available-for-sale securities calculated using the effective interest method is recognised in the profit and loss account as part of other income. Dividends on available for sale equity instruments are recognised in the profit and loss account as part of other income when the Company's right to receive payments is established.

The Company assesses at the end of each reporting period whether there is objective evidence that a financial asset or a group of financial assets is impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss is removed from equity and recognised in the profit and loss account. Impairment losses recognised in the profit and loss account on equity instruments are not reversed through the profit and loss account. Impairment testing of trade debts and other receivables is described in relevent notes.

3.13 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle either on a net basis, or realise the asset and settle the liability simultaneously.

3.14 Foreign currency translation

Foreign currencies are translated into reporting currency at the rates of exchange prevailing on the date of transactions. Monetary assets and liabilities denominated in foreign currencies are translated into reporting currency equivalents using year-end spot foreign exchange rates. Non-monetary assets are translated using exchange rates that existed when the values were determined. Exchange differences on foreign currency translations are included in income currently.

3.15 Impairment of non-financial assets

The carrying amounts of the Company's non-financial assets carried at cost are reviewed at each balance sheet date to determine whether there is any indication of impairment. If such an indication exists, the recoverable amount of the asset is estimated in order to determine the extent of impairment loss, if any. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its estimated recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. Impairment losses are recognized in profit and loss account.

3.16 Basic and diluted earnings per share

The company presents basic and diluted earnings per share (EPS) for its shareholders. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the company by the weighted average number of ordinary shares outstanding during the period / year. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares, if any.

3.17 Related Party Transactions

Transactions with related parties are carried out on commercial terms and conditions.

3.18 Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the amount of revenue can be measured reliably. Revenue is measured at the fair value of the consideration received or receivable and is reduced for marketing allowances. Revenue is recognised on the following basis:

- Sales of goods are recognized when goods are delivered to the customer.

-Income on deposits and other financial assets is recognised on accrual basis.

3.19 Borrowing costs

Borrowing costs are recognised as an expense in the period in which they are incurred except where such costs are directly attributable to the acquisition, construction or production of a qualifying asset in which case such costs are capitalised as part of the cost of that asset.

4 PROPERTY, PLANT & EQUIPMENT

	Freehold land	Factory building	Non factory	Plant and machinery	Office equipment	Arms and Ammunitio	Furniture and fixture	Vehicles	Total
					Rupees				
As at October 01, 2010									
Cost	8,612,324	110,114,312	1,523,712	580,862,509	4,385,842	298,700	2,362,684	12,133,548	720,293,631
Accumulated depreciation	-	(71,080,080)	(1,111,574)	(431,244,378)	(2,790,707)	(150,695)	(1,639,230)	(5,821,664)	(513,838,328)
Net book value	**8,612,324**	**39,034,232**	**412,138**	**149,618,131**	**1,595,134**	**148,005**	**723,455**	**6,311,884**	**206,455,304**
Year ended September 30, 2011									
Opening net book value	8,612,324	39,034,232	412,138	149,618,131	1,595,134	148,005	723,455	6,311,884	206,455,304
Additions(including transfers) during the year	-	-	-	7,752,000	-	-	-	7,810,500	15,562,500
Disposals / transfers									
Cost	-	-	-	-	-	-	-	-	-
Accumulated depreciation	-	-	-	-	-	-	-	-	-
Net book value	-	-	-	-	-	-	-	-	-
Depreciation for the year	-	(3,903,423)	(41,214)	(15,515,213)	(159,514)	(14,801)	(72,346)	(1,741,252)	(21,447,762)
Impairment loss (note 4.2)	-	(4,322,589)	-	(1,374,411)	-	-	(303,000)	-	(6,000,000)
Closing net book value	**8,612,324**	**30,808,220**	**370,924**	**140,480,507**	**1,435,620**	**133,204**	**348,109**	**12,381,132**	**194,570,042**
As at September 30, 2011									
Cost	8,612,324	110,114,312	1,523,712	588,614,509	4,385,842	298,700	2,362,684	19,944,048	735,856,131
Accumulated depreciation	-	(74,983,503)	(1,152,788)	(446,759,591)	(2,950,221)	(165,496)	(1,711,576)	(7,562,916)	(535,286,090)
Impairment loss (note 4.2)	-	(4,322,589)	-	(1,374,411)	-	-	(303,000)	-	(6,000,000)
Net book value	**8,612,324**	**30,808,220**	**370,924**	**140,480,507**	**1,435,621**	**133,204**	**348,108**	**12,381,132**	**194,570,041**
As at October 01, 2011									
Cost	8,612,324	110,114,312	1,523,712	588,614,509	4,385,842	298,700	2,362,684	19,944,048	735,856,131
Accumulated depreciation	-	(79,306,092)	(1,152,788)	(448,134,002)	(2,950,221)	(165,496)	(2,014,576)	(7,562,916)	(541,286,090)
Net book value	**8,612,324**	**30,808,220**	**370,924**	**140,480,507**	**1,435,621**	**133,204**	**348,108**	**12,381,132**	**194,570,041**
Year ended September 30, 2012									
Opening net book value	8,612,324	30,808,220	370,924	140,480,507	1,435,621	133,204	348,108	12,381,132	194,570,041
Additions(including transfers) during the year	-	-	-	-	926,724	-	165,570	70,000	1,162,294
Disposals / transfers									
Cost	-	-	-	-	-	-	-	251,455	251,455
Accumulated depreciation	-	-	-	-	-	-	-	(173,311)	(173,311)
Net book value	-	-	-	-	-	-	-	78,144	78,144
Depreciation for the year	-	(3,080,822)	(37,092)	(14,048,051)	(236,235)	(13,320)	(47,229)	(2,465,424)	(19,928,173)
Closing net book value	**8,612,324**	**27,727,398**	**333,832**	**126,432,456**	**2,126,111**	**119,884**	**466,450**	**9,907,564**	**175,726,018**
As at September 30, 2012									
Cost	8,612,324	105,791,723	1,523,712	587,240,098	5,312,566	298,700	2,225,254	19,762,593	730,766,970
Accumulated depreciation	-	(78,064,325)	(1,189,880)	(460,807,642)	(3,186,456)	(178,816)	(1,758,804)	(9,855,029)	(555,040,952)
Net book value	**8,612,324**	**27,727,398**	**333,832**	**126,432,456**	**2,126,111**	**119,884**	**466,450**	**9,907,564**	**175,726,018**
Annual rates of depreciation	**0%**	**10%**	**10%**	**10%**	**10%**	**10%**	**10%**	**20%**	

4.1 Allocation of Depreciation

	2012	2011
	Rupees	
Cost of sales	**17,128,873**	19,418,636
Administrative expenses	**2,799,300**	2,029,125
	19,928,173	21,447,761

4.2 This represents impairment losses arising due to damages occurring to the factory area and assets within the factory premises due to flood in the Badin Region during the month of September 2011.

4.3 Particlars of Disposal

Particulars	Cost	Acc. Depreciation	Carrying value	Sale proceeds	Gain / (Loss)	Mode of disposal	Particulars of purchaser
Honda Motorcycle KFB-2623	64,500	12,900	51,600	64,900	13,300	Insurance Policy	EFU General Insurance
Honda Motorcycle KCT-4155	54,955	52,207	2,748	9,000	6,252	Negotiation	Mehram Ali (Company's Employee)
Others	132,000	108,204	23,796	18,000	(5,796)	Negotiation	Company's Employee
September 2012	**251,455**	**173,311**	**78,144**	**91,900**	**13,756**		
September 2011	-	-	-	-	-		

	Note	2012	2011
		——— Rupees ———	
5 STORES, SPARES AND LOOSE TOOLS			
Stores		**15,022,946**	15,975,675
Spares		**13,436,648**	14,576,266
Loose tools		**373,745**	395,470
		28,833,339	30,947,411
Less: Provision for slow moving stores		**(2,460,453)**	(2,460,453)
		26,372,886	28,486,958

5.1 The Company has made provision of slow moving stores on those item of store or spares which have not moved from last three years.

	Note	2012	2011
6 STOCK IN TRADE			
Finished sugar	6.1	**85,337,759**	138,967,362
Sugar in process		**1,871,901**	1,859,250
		87,209,660	140,826,612

6.1 The cost of inventories recognised as expense due to lower of market value of finished stock and is included in 'cost of sales' amounted to Rs. 1.857 million (2011: Nil).

	Note	2012	2011
		——— Rupees ———	
7 LOANS, PREPAYMENTS AND ADVANCES			
Unsecured and considered good			
Advances			
- To suppliers		**5,197,266**	14,113,284
- To contractors		**471,361**	497,005
- Advance against expense		**641,373**	513,802
- To growers		**9,251,605**	14,189,784
		15,561,605	29,313,875
- Staff Loan	7.1	**3,988,944**	5,176,002
Prepayments		**-**	350,000
Insurance claim receivable		**-**	6,000,000
		19,550,550	40,839,877

7.1 Loan to staff and executive are interest free and unsecured and given for general purpose in accordance with the company's policy and are repayable within one year.

	Note	2012	2011
		——— Rupees ———	
8 CASH AND BANK BALANCES			
Cash in hand		**172,105**	108,953
Cash at banks in current accounts		**2,143,464**	14,086,420
		2,315,569	14,195,373

9 LONG TERM FINANCINGS

Secured

	Note	Mark - up rate p.a.	Contracted Cash flows	Installments Number	Installments Commencing from	2012	2011
						(Rupees)	
Long term finance utilised under mark-up arrangements:							
NIB Bank Limited - locally manufactured machinery 1	9.1	6.0% p.a	25,570,579	19 quarter	April 1, 2001	**25,570,579**	25,570,579
NIB Bank Limited - locally manufactured machinery 2	9.1	6.0% p.a	26,033,368	19 quarter	April 1, 2001	**26,033,368**	26,033,368
NIB Bank Limited - overdue 1	9.1	14.0% p.a	129,333,255	46 quarter	April 1, 2001	**129,009,206**	128,685,156
NIB Bank Limited - overdue 2	9.1	14.0% p.a	128,189,621	46 quarter	April 1, 2001	**127,859,708**	127,529,795
NIB Bank Limited - interest account	9.1	Mark up free	27,124,224	46 quarter	April 1, 2001	**27,124,224**	27,124,224
Industrial Development Bank of Pakistan	9.2	14.0% p.a	6,890,906	46 quarter	April 1, 2001	**6,890,906**	6,890,906
Habib Bank Limited - AGF & DF	9.3	Mark up free	959,533	12 quarter	August 21, 2009	**-**	17,858,280
Loans from related party	9.4	Mark up free	16,788,482	-	-	**16,788,482**	16,788,482
						359,276,474	376,480,790
Less: Current portion shown under current liabilities						**-**	47,002,833
Overdue portion shown under current liabilities						**342,487,992**	312,689,475
						342,487,992	359,692,308
						16,788,482	16,788,482

9.1 NIB Bank Ltd (formerly PICIC)

The loan is secured by:

i) First charge by way of an equitable mortgage on all the immovable properties, hypothecation of stock and a floating charge on all other assets.

ii) A demand promissory note duly signed by the directors for the purchase price.

The total amount of loan represents the LMM finance including the capitalized mark up/interest as broken down given above.

These loans are based on terms and conditions of restructuring as approved by CIRSU and agreed between the parties in the year 2000.

As per the repayment schedule as agreed in aforesaid restructuring agreement, the principal loan represented by LMM 1 and LMM 2 is scheduled to be repaid in 19 quarterly installments starting from April 01, 2001 and cost of fund @ 6% per annum. The company fully recognised mark up as per repayment schedule and no further mark up was recognised in this respect.

The liability represented by overdue 1 and over due 2 was scheduled to be repaid in 46 quaterly installments along with cost of fund @ 14% starting from April 01, 2001. The company is accruing the mark up as per schedule agreed in the restructuing agreement.

The installment along with the cost of fund was paid by the company as per restructuring schedule till the year 2003.

In the year 2003 the bank preferred to file suit B-24 of 2003 for recovery of Rs.355.3 million along with cost of funds and other charges which is contested by the company in High Court.

Subsequently in the year 2004, the liability was considered and approved for settlement by SBP Committee for resolution of disputes with that of other bank liabilities in terms of SBP Circular 29 using FSV of the fixed assets of the company amounted to Rs.348.26 million determined by PBA approved professional valuer.This remained unimplemented owing to preconditions set by bank and FSV disputed by the company.

In terms of the approval by SBP Committee, the Bank conveyed its willingness to settle its liability at Rs.205 million which represents 58.82% of FSV value of Rs. 348.26 million with a precondition to drop all proceedings in court, while the company sought settlement based on lower FSV of Rs. 213 million as per valuation coducted by the valuer appointed by the company at propotinate share of NIB of Rs.105 million. The dispute remained unresolved. The matter continues to be contested in Court.

9.2 Industrial Development Bank of Pakistan (formerly ICP)

The loan is secured by:

i) First charge by way of an equitable mortgage on all the immovable properties, hypothecation of stock and floating charge on all other assets.

ii) Floating charge on all other assets and properties of the Company ranking pari passu with the charge created in favor of other secured creditors.

iii) A demand promissory note for the purchase price.

iv) Personal guarantees of all directors.

This is made up of balance of principal of Rs.4.345 million and mark up of Rs.2.526 million of LMM finance remaining after the company had complied with the decree issued by the Banking Court for making payment of Rs. 8.234 million in 24 monthly installments of Rs.343,104/= each with effect from 1st July, 2002 and 8% p.a. as cost of the fund in respect of suit filed by Industrial Development Bank of Pakistan (IDBP).

The company paid the last installment of Rs 1.313 million on February 23, 2007, along with cost of funds demanded by IDBP of Rs.1.32 million in accordance with court order dated 24/6/2006 to meet its obligations as per decree issued by banking court.

Further except for cost of fund demanded and paid no interest was accrued since the year 2002 as a result of full and final settlment through aforesaid decree. The amount subject to dispute between the company and IDBP was Rs. 0.94 million which was additionally claimed by bank and is required to be reconciled.

The Court vide its order dated August 26, 2010 appointed a firm of Chartered Accountants, to examine the books of account of both the company and IDBP to settle the account between them, however, the aforesaid firm did not commence reconciliation work and therefore IDBP during the year requested the Court to change the Chartered Accountants firm on which the Court is yet to issue an order.

As a result, the liability to the extent extinguished amounting to Rs. 4.136 million shall be taken to income when the aforesaid dispute of Rs. 0.94 million is settled between the parties.

9.3 Habib Bank Limited (HBL)

During the period company has made full and final settlement of financing from Habib Bank Limited. The bank offered settlement of Demand Finance at Rs 73.144 million and of Agricultural Finance at Rs 11.800 million subject to down payment of 10% and 12 equal quarterly installments of Rs 6.272 million each on 21st May 2009.

The company made down payment as well as 12 installment and settled the liability upto balance sheet date. The remaining balance of Rs 285.821 million which was outstanding in deferred liability, has been transferred to Other Income as income from debt extinguishment after the last and final installment made during the current year on account of principal of Rs 66.435 million and accrued mark up of Rs 219.385 million.

9.4 Loans from Related Parties

These represents unsecured and interest free loans with no fixed term for repayment.

	Note	2012	2011
		———— Rupees ————	
10 DEFERRED LIABILITY			
Deferred income	**10.1**	**-**	285,821,063
Quality premium	**10.2**	**100,877,138**	100,877,138
Deferred tax Liability	**10.3**	**19,549,580**	-
		120,426,718	386,698,201

10.1 After full and final settlement of HBL loan the balance of income which was pending for recognition subject to fulfillment of condition of Bank's liability in accordance with the agreed repayment schedules on HBL loan amounting to Rs 285.821 million was accordingly charged to Other income as the payment of last and final installment as per conditions disclosed in the note 9.3 has been made by the company.

10.2 This represents liability of Rs.100.877 million made in respect of quality premium to growers for the period from 1998-99 to 2002-2003. The matter of payment of quality premium to growers is currently subjudiced. Appeals filed in this matter are pending before the Supreme Court of Pakistan. Supreme Court granted injunction on the appeal citing conflicting judgment of the High Court of Sindh and the High Court of Punjab in the issue of validity of QP restrained recovery of QP till the matter is disposed off. The management maintains that subsequent to the year 2003 it has fulfilled its obligations of QP (Refer details in note 13.4).

	2012	2011
	—— Rupees ——	
10.3 DEFERRED TAXATION		
Taxable temporary differences		
On property,plant & equipment	**22,877,300**	24,017,647
Deductable temporary difference		
Brought forward lossess	**-**	21,019,417
Other deductable differences	**3,327,720**	2,998,230
	3,327,720	24,017,647
	19,549,580	-

10.3.1 Till last year deferred tax assets on brought forward losses amounted to Rs.104 million was recognised only to the extent of taxable temporary difference of that year as at that time the company did not expect sufficient taxable income in forseeable future against which such asset would be realized. During the current year brought forward losses upto tax year 2012, amounted to Rs.104 million, is completely offsett with taxable income amounted to Rs.172 million, of the tax year 2013.

	Note	2012	2011
		—— Rupees ——	
11 TRADE AND OTHER PAYABLES			
Creditors			
For sugarcane		**146,240,238**	121,582,229
For stores and spares		**2,257,864**	2,881,379
		148,498,102	124,463,608
Accrued Liabilities			
Accrued expenses		**9,826,861**	5,225,645
Road cess		**1,496,604**	1,196,534
		11,323,464	6,422,179
Other Liabilities			
Employees provident fund		**5,692**	7,453
Federal excise duty payable		**565,302**	6,471,994
Income tax withheld payable		**561,104**	463,759
Retention money		**28,309**	19,309
Workers' profits participation fund	**11.1**	**11,142,064**	2,446,929
Workers' welfare fund		**1,357,338**	-
Dividend payable		**908,912**	1,232,436
Others		**2,440,119**	1,600,740
		17,008,840	12,242,620
		176,830,407	143,128,407

		Note	2012	2011
			—— Rupees ——	
11.1	**Workers' profits participation fund**			
	Opening balance		**2,446,929**	8,189,133
	Allocated during the year		**8,376,297**	2,446,929
	Interest accrued during the year		**318,838**	653,336
			8,695,135	3,100,265
	Paid during the year		**-**	(8,842,469)
	Closing balance		**11,142,064**	2,446,929
12	**Provision for Taxation**			
	Opening liability		**7,838,536**	16,586,250
	Expense for the year		**20,346,650**	14,721,779
	Prior year tax expense		**380,289**	-
	Less: Advance tax for the year		**(6,629,416)**	(23,469,493)
	Provision for the year		**21,936,059**	7,838,536

13 CONTINGENCIES AND COMMITMENTS

CONTINGENCIES

13.1 The company is contesting a suit filed in the High Court in the Year 1998 by M/s. Indian Sugar & General Industry for recovery of Rs. 14.227 million (US$ 240,692) representing the balance amount due and interest thereon against the import of 1,645 M. Tons of sugar made by the Company. The suit is pending for evidence. The legal counsel is of the view that no adverse order is expected against the company therefore no provision has been made in these financial statements.

13.2 The department demanded further tax of Rs.4.88 million from the company that was not charged by it from its customers owing to ambiguity in section 2 (23) which stated that an unregistered person liable to be registered was to be treated at par with a registered person and hence further tax was not to be charged. The Additional Collector stayed the said demand in the year 2003.The matter was contested by the Collector of Custom & Sales Tax in the High Court and judgment was passed in favor of the company. The collectorate preferred appeal with the Supreme Court of Pakistan that accepted the plea and set aside the judgment of the High Court and allowed sales tax department to proceed the case in accordance with law vide its order in March 2006. The company has not received any fresh demand and has not made any provision there against. The legal counsel of the company is of the opinion that based on the merit of the case no tax liability is likely to arise in future in this case.

13.3 The company has not recorded further liability of Rs. 8.405 million plus cost of funds that has not yet been determined in respect of long term finance of NIB Bank. This is on account of difference between the amount of loan liabilities reflected in the books at principal of Rs. 334.94 million (Refer note # 11) and accrued mark up of Rs. 11.654 million as against that claimed by NIB Bank in recovery suit amounting to Rs. 355 million along with cost of funds that are yet to be decided by the Court. The reason for it is that the Company has filed counter claim against NIB Bank in Suit No. 30 of 2003 based on its workings reflecting that it has overpaid the liabilities by Rs. 139.92 million.

13.4 The matter of quality premium continues to be pending with the Honorable Supreme Court of Pakistan since the year 2004 after it granted leave to defend on the question of issue of quality premium. The Apex court also ordered that no coercive action for recovery of quality premium shall be taken against the mills till the case is decided. The Company purchased sugar cane at market rate, which was higher than minimum support price fixed by the government during the period from 2004-2011 except for 2007- 08 and 2003 - 04 and the resultant aggregate excess payment on account of various subsidies born by it as at the balance sheet date amounted to Rs. 1,141.842 million that absorbed the quality premium for the said years of Rs. 225.584 million. It also holds the view that uniform formula being developed by MINFAL for mills and cane growers would be applicable prospectively. In view of above, the company has not recorded any further obligation except that included in defered liability (Refer note # 10.2) with respect to quality premium.

COMMITMENTS

During the year company has unlifted deliver orders quantity of 1,098 M.Ton valuing Rs.53.4 million(2011: Nil).

		Note	2012	2011
			Rupees	Rupees
14	**SALES - NET**			
	Sugar		**780,164,500**	1,443,853,150
	Molasses		**52,946,636**	102,220,000
			833,111,136	1,546,073,150
	Brokerage		**(924,500)**	(619,770)
	Direct levies		**(57,825,932)**	(79,975,574)
			(58,750,432)	(80,595,344)
			774,360,704	1,465,477,806
15	**COST OF SALES**			
	Raw material consumed (including procurement and allied expenses)		**656,586,290**	1,281,306,258
	Manufacturing expenses	**15.1**	**119,470,117**	137,069,612
			776,056,407	1,418,375,870
	Opening stock:			
	Finished stock - sugar		**138,967,362**	76,675,587
	Sugar-in-process		**1,859,250**	973,919
			140,826,612	77,649,506
			916,883,019	1,496,025,376
	Closing stock:			
	Finished stock - sugar	**6**	**(85,337,759)**	(138,967,362)
	Sugar-in-process	**6**	**(1,871,901)**	(1,859,250)
			(87,209,660)	(140,826,612)
			829,673,359	1,355,198,764

	Note	2012	2011
		——— Rupees ———	
15.1 Manufacturing expenses			
Chemicals		**7,666,387**	7,802,012
Oil & Lubricants		**2,853,183**	4,097,089
Stores and spares consumed		**26,937,984**	37,572,550
Packing material consumed		**6,586,199**	8,764,345
Salaries and allowances	**15.1.1**	**40,949,249**	41,422,976
Repair and maintenance		**1,247,240**	1,699,455
Fuel and power		**6,796,923**	7,345,141
Insurance		**5,032,358**	4,364,805
Freight and handling		**1,742,432**	2,023,366
Depreciation	**4.1**	**17,128,873**	19,418,636
Others		**2,529,289**	2,559,237
		119,470,117	137,069,612

15.1.1 This includes Rs.962,009 (2011 : Rs.954,032) in respect of defined contributory provident fund.

	Note	2012	2011
		——— Rupees ———	
16 ADMINISTRATIVE EXPENSES			
Salaries, bonus and staff amenities	**16.1**	**26,904,981**	29,049,118
Directors' remuneration		**4,565,000**	4,084,675
Traveling and conveyance		**1,093,899**	1,124,283
Printing and stationery		**1,070,550**	747,385
Legal and professional		**754,508**	724,010
Auditors' remuneration	**16.2**	**750,000**	700,000
Telephone and postage		**1,969,118**	1,169,579
Electricity, water and gas		**2,533,924**	2,044,340
Vehicle maintenance		**8,117,668**	7,677,926
News papers books and periodicals		**15,949**	15,490
Repairs and maintenance		**4,777,135**	5,258,076
Rent, rates and taxes		**557,694**	263,767
Insurance		**350,012**	339,647
Charity and donations	**16.3**	**48,000**	262,000
Fees and subscription		**965,682**	835,679
Depreciation	**4.1**	**2,799,300**	2,029,125
Entertainment		**254,669**	218,200
Sanitation charges		**271,427**	292,564
Shares department expenses		**60,000**	155,628
Miscellaneous		**923,222**	953,423
		58,782,738	57,944,915

16.1. This includes Rs.485,650 (2011: Rs.425,293) in respect of defined contributory provident fund.

		Note	2012	2011
			Rupees	
16.2	**Auditors' remuneration**			
	Fee for the			
	- audit of annual financial statements		**550,000**	500,000
	- review of half yearly financial statements		**150,000**	150,000
	- review of compliance with Code of Corporate Governance		**50,000**	50,000
			750,000	700,000

16.3 Charity and donations

None of the directors or their spouse had any interest in these charity and donations.

		Note	2012	2011
17	**DISTRIBUTION COST**		Rupees	
	Advertisement		**63,500**	76,750
	Loading and stacking		**942,846**	1,251,856
	Others		**-**	18,500
			1,006,346	1,347,106

		Note	2012	2011
			Rupees	
18	**FINANCE COSTS**			
	Interest on long term financings		**1,613,103**	6,105,918
	Interest on workers' profits participation fund	**11.1**	**318,835**	653,336
	Bank and other charges		**965,068**	2,241,174
			2,897,005	9,000,428
19	**OTHER INCOME**			
	Bagass / scrap sales		**5,120**	700,150
	Gain on sale of Property, Plant & Equipments		**13.756**	-
	Defferred income recognized	**10.1**	**285,821,063**	-
	Bad debts written off		**1,042,076**	-
	Insurance claim receivable		**-**	6,000,000
			286,882,015	6,700,150
20	**OTHER CHARGES**			
	Contribution to:			
	-workers' profits participation fund		**8,376,297**	2,446,929
	-workers' welfare fund		**1,357,338**	-
	Deposits written off		**-**	1,426,886
	Advance from customers written back		**-**	(521,714)
	Impairment losses arising due to flood in the factory area		**-**	6,000,000
			9,733,635	9,352,101

		Note	2012	2011
			Rupees	
21	**TAXATION**			
	Current, for the year	**21.1**	**20,346,650**	14,721,779
	Prior Year tax expens	**21.2**	**380,289**	-
	Deferred tax expense	**10.3**	**19,549,580**	-

21.1 Current tax

Due to taxable profit for the year, company's tax expense for the year has been calculated at 35% on taxable income.

21.2 Prior year tax

This represents Flood Surcharge amounted to Rs 581, 701 paid in tax year 2011 but not accounted for in the respective period. Whereas other differences in prior year returns have also been accounted for in the current period.

		2012	2011
		Rupees	
21.3	**TAX CHARGE RECONCILIATION**		
	Profit for the year before taxation	**159,199,636**	-
	Tax at the rate of 35%	**55,719,873**	-
	Tax effect of expenses that are inadmissible for tax purpose	**6,993,184**	-
	Tax effect of expenses that are admissible for tax purpose	**(5,853,502)**	-
	Brought forward lossess	**(36,512,904)**	-
	Deferred tax expense during the year	**19,549,580**	-
	Prior year tax expense	**380,289**	-
	Tax Expense for the year	**40,276,519**	-

21.4 Last year tax was computed on the basis of minimum tax u/s 113 of Income Tax Ordinance 2001 therefore no reconciliation of tax charged was prepared accordingly.

		2012	2011
		Rupees	
22	**EARNINGS PER SHARE**		
	BASIC		
	Profit after taxation (Rupees)	**118,923,117**	24,612,863
	Weighted average number of ordinary shares	**14,100,000**	14,100,000
	Earnings per share (Rupees)	**8.43**	1.75

DILUTED

There is no dilution effect on the basic earnings per share of the Company as the company has no potential ordinary shares in issue at the end of the reporting period.

23 REMUNERATION OF CHIEF EXECUTIVE AND DIRECTORS

PARTICULARS	2012 Chief Executive	2012 Director	2012 Executive	2012 Total	2011 Chief Executive	2011 Director	2011 Executive	2011 Total
	Rupees							
Remuneration	**2,907,800**	**1,657,200**	**-**	**4,565,000**	2,659,800	1,424,875	-	4,084,675
Perquisites, benefits and utilities	**2,099,128**	**-**	**-**	**2,099,128**	2,070,787	310,901	-	2,381,688
Total	**5,006,928**	**1,657,200**	**-**	**6,664,128**	4,730,587	1,735,776	-	6,466,363
No. of persons	**1**	**2**	**-**	**3**	1	2	-	3

23.1 The Chief Executive and Directors are entitled to free use of Company maintained cars. The Chief executive is also provided telephone and utility facilities.

24 TRANSACTIONS WITH RELATED PARTIES

Parties are considered to be related if one party has the ability to control the other party and exercise significant influence over other party in making financial and operating decisions.

The related parties comprise of major shareholders, directors of the company and key management personnel and staff/workers funds. Remuneration and benefits to executives of the company are in accordance with the terms of the employment while contribution to the provident fund and gratuity are in accordance with staff service rules.

Details of transactions with related parties are as follows:	**2012**	**2011**
	Rupees	
Transactions during the year		
Contribution to staff provident fund	**1,447,659**	1,379,955
Contribution in Workers' Profit Participation Fund	**8,376,297**	2,446,929
Interest accrued on WPPF	**318,838**	653,336
Payable / (Receivable) as on balance sheet date with:		
Workers' profit participation fund	**11,142,064**	2,446,929
Employees' provident fund trust	**5,692**	7,453

The remuneration of Chief Executive, Directors and Executives is disclosed in note 23 to the financial statements.

25 FINANCIAL INSTRUMENTS

	2012	**2011**
	Rupees	
Financial instruments by category		
FINANCIAL ASSETS		
Loans and receivables		
Trade debts	**26,951,149**	36,010,130
Cash and bank balances	**2,315,569**	14,195,373
	29,266,718	50,205,503
FINANCIAL LIABILITIES AT AMORTIZED COST		
Long-term finances	**359,276,474**	376,480,790
Trade and other payables	**175,654,000**	136,185,201
Accrued markup on finances	**18,991,927**	18,991,927
	553,922,401	531,657,918

26 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

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

The Board of Directors has overall responsibility for the establishment and oversight of Company's risk management framework. All treasury related transactions are carried out within the parameters of these policies.

26.1 Credit risk

Credit risk is the risk of financial loss to the Company if a counterparty to a financial instrument fails to meet its contractual obligations. Due to the company's long standing business relationships with these counterparties and after giving due consideration to their strong financial standing, management does not expect non–performance by these counter parties on their obligations to the company. To manage exposure to credit risk, Company applies credit limits and deals with credit worthy parties. It makes full provision against those balances considered doubtful by dealing with variety of major banks and financial institutions. All the balances are recoverable / deposited in Pakistan. The carrying amounts of financial assets against which the Company did not hold any collateral represent the maximum credit exposure, as specified below:

	2012	2011
	Rupees	
Trade debts	**26,951,149**	36,010,130
Bank balances	**2,143,464**	14,086,420
	29,094,613	50,096,550

26.1.1 Impairment losses

The aging of Trade debts at the reporting date was:

	2012		2011	
	Gross value	**npairmeı**	Gross value	Impairment
		Rupees		
Not past due	**26,951,149**	**-**	36,010,130	-

The company believes that no impairment allowance is necessary in respect of trade debts past due other than amount provided.

26.1.2 Credit quality of bank balance

	2012	2011
	Rupees	
Short term credit rating		
- A1+	**1,566,617**	11,307,875
- A-1+	**576,847**	2,778,545
	2,143,464	14,086,420

26.2 Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting its financial obligations as they fall due. Liquidity risk arises because of the possibility that the Company could be required to pay its liabilities earlier than expected or difficulty in raising funds to meet commitments associated with financial liabilities as they fall due. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. The following are the contractual maturities of financial liabilities (including interest payments):

	2012			
	Carrying Amount	**Contractual cash flows**	**Twelve months or less**	**Two to Five years**
	Rupees			
Non-Derivative Financial liabilities				
Long-term finances	359,276,474	360,889,969	342,487,992	16,788,482
Trade and other payables	176,830,407	176,830,407	176,830,407	-
Accrued markup on finances	18,991,927	18,991,927	18,991,927	-
	555,098,808	556,712,303	538,310,326	16,788,482

	2011			
	Carrying Amount	**Contractual cash flows**	**Twelve months or less**	**Two to Five years**
	Rupees			
Non-Derivative Financial liabilities				
Long-term finances	376,480,790	378,748,249	359,692,308	16,788,482
Trade and other payables	136,185,201	136,185,201	136,185,201	-
Accrued markup on finances	18,991,927	18,991,927	18,991,927	-
	531,657,918	533,925,377	514,869,436	16,788,482

26.3 Market risk

Market risk means that the future cash flows of a financial instrument will fluctuate because of changes in market prices such as foreign exchange rates and interest rates. The objective is to manage and control market risk exposures within acceptable parameters, while optimizing the return. The Company's market risk comprise of interest/mark up rate risk. The market risk associated with the Company's business activities are discussed as under:

26.3.1 Interest/mark up rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The company is not exposed to Interest / mark up rate risk as there is no variable rate financing as at the balance sheet date. At the balance sheet date, the interest rate profile of the Company's significant interest bearing financial instruments was as follows:

	2012	2011	**2012**	2011
	Effective interest rate (%)		Carrying amount	
			Rupees	
Fixed rate instruments				
Long term financing	6% - 14.48%	6% - 14.48%	**359,276,474**	376,480,790

No sensitivity analysis has been performed and disclosed in these financial statements since the company has no outstanding financial instruments at year end with variable interest rates.

26.4 Fair value of financial instruments

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction. Consequently, differences can arise between carrying values and the fair value estimates.

Underlying the definition of fair value is the presumption that the company is a going concern without any intention or requirement to curtail materially the scale of its operations or to undertake a transaction on adverse terms.

Fair value of all financial assets and financial liabilities are estimated to approximate their respective carrying amount.

27 CAPITAL RISK MANAGEMENT

The company's objectives when managing capital are 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.

In order to maintain or adjust the capital structure, the company may adjust the amount of dividends paid to shareholders, return capital to shareholders or issue new shares or sell assets to reduce debt.

Consistent with others in the industry, the company manages its capital risk by monitoring its debt levels and liquid assets and keeping in view future investment requirements and expectation of the shareholders. Debt is calculated as total borrowings. At the reporting date company's Debts amounted to 378.2 million and its Equity is negative by 358.9 million.

There were no changes to the Company's approach to capital management during the year and the Company is not subject to externally imposed capital requirements.

28 CAPACITY AND PRODUCTION	**2012**	**2011**
Curshing capacity (Metric Tons based on 180 days of production)	626,400	626,400
Actual curshing (Metric Tons)	162,690	244,767
Sugar capacity (Metric Tons based on 180 days of production)	62,640	62,640
Production of sugar (Metric Tons)	16,050	24,095
Number of days of production	69	123
Percentage of capacity attained	26%	38%

The reason for under utilization of installed capacity is due to limited availability of sugarcane.

The reason for under utilization of installed capacity is due to limited availability of sugarcane.

29 DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorized by the Board of Directors of the Company for issue on December 26, 2012.

30 GENERAL

Figures have been rounded off to the nearest rupee.

DIRECTOR	**DIRECTOR**

FORM OF PROXY

The Secretary,
MIRZA SUGAR MILLS LIMITED
10th Floor, Portion "B", Building No. 1,
Lakson Square, Sarwar Shaheed Road,
Karachi-74200.

I/We_______________________________ S/o _______________________________

CNIC _______________________________ of _______________________________

being a member of **MIRZA SUGAR MILLS LIMITED** and holder of____________________

Ordinary Shares, as per Register Folio No./CDC A/c No.______________________________

hereby appoint_____________________________ S/o ___________________________

CNIC _________________________ Folio No. / CDC A/C No.________________________

of ____

who is also a member of the Company as my/our Proxy to vote for me/us and on my/our behalf at the **23rd Annual General Meeting** of the Company to be held on **January 30, 2013** or at any adjournment thereof.

Signed:______________________day of ____________________________________2013.

Witness

1) Name__________________________
C.N.I.C No.______________________
Address_________________________
Signature________________________

2) Name__________________________
C.N.I.C No.______________________
Address_________________________
Signature________________________

Five
Rupees
Revenue
Stamp

(Signature should agree with the specimen signature registered with the company)

NOTE:

1. This form of proxy duly completed and signed, must be deposited at the company's Registered Office not later than 48 hours before the meeting.

2. This form should be signed by the Member or by his/her attorney duly authorised in writing. If the member is a corporation, its common seal should be affixed to the instrument.

3. A Member entitled to attend and vote at the meeting may appoint any other Member as his/her proxy to attend and vote on his/her behalf except that a corporation may appoint a person who is not a member.