FINANCIAL STATEMENTS
OF
ABDULLAH SHAH GHAZI SUGAR
MILLS LIMITED
FOR THE YEAR ENDED
SEPTEMBER 30, 2010

Mission Statement

To be the premier sugar and allied product's manufacturer while providing our clients with flexibility, on-time delivery, and consistent quality and to achieve sustainable and equitable expansion and growth through efficient and cost effective resources and at the same time developing a Corporate business environment most suited to all the employees and people Concerned.

Vision Statement

To transform the Company into a market leader for the Quality Sugar Manufacturing, while keeping our focus on the growing customer base, be characterized by a high degree of professionalism and is accountable for the successful fulfillment of the company's mission, and to play a meaningful role in the economy of Pakistan.

Directors' Report

Dear Members,

It gives me pleasure in presenting you the Company's Twenty Seventh Annual Report and Audited accounts for the year ended September 30, 2010.

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

Operating results:

		2010	2009
Crushing Days	Days	118	102
Cane Crushed	Tons	242,917.666	191,743.689
Avg. Crushing Per day	Tons	2,058.62	1,879.84
Sugar Recovery	%Age	9.152	10.16
Sugar Produced	Tons	22,223	19,671.50
Molasses Recovery	%Age	4.99	5.0

Financial Indicators

An analysis of the Key operating results is given below:

	2010	2009
Gross Sales	1,310,246,607	795,293,082
Net Sales	1,249,555,284	728,138,200
Operating Profit	109,956,850	143,338,934
Profit before Tax	38,085,109	95,645,512
Net Profit after tax	41,746,091	94,206,728

In view of the financial position of the Company; due to accumulated losses and other factors, your directors have decided to pass over the dividend.

Auditor Report:

The Auditors Report of the members still contains modifications regarding non settlement of long term liabilities relating to previous management and revaluation of fixed assets. The issue of non settlement of liabilities with the previous management stands for a long time and ever since the takeover of Company by us, we are in the constant negotiation for an early settlement of the issue. As per the qualification relating to valuation of fixed assets, the same will be carried out during the current year to incorporate the effects of modification and replacement made in order to improve the operational capacity.

FUTURE PROSPECTS:

For the season 2010-11, Government has again raised the support price of sugar cane to encourage growers. Also to counter the last year substantial increase in sugar cane price, import subsidy has been announced on import of Raw Sugar. The recent floods have though damaged the crops to some extent but on the positive side has also helped in improving recoveries of the standing crops through timely showers. Overall the sugar production in the country is expected to be higher than the last year and this will help in stabilizing the commodity price once the current production reaches the market. The management through close contacts and coordination with the growers it trying its best to promote better crop varieties to ensure better results in the coming seasons.

Corporate and financial Reporting Framework

a) The board of directors hereby declares that:

- The financial statements prepared by the management of the Company present fairly its state of affairs, the result of its operations, cash flows and changes in equity;
- Proper books of account have been maintained
- Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgment;
- International Financial Reporting and Accounting Standards, as applicable in Pakistan and the requirements of the Companies Ordnance 1984 have been followed in preparation of financial statements;
- The system of internal control is sound in design and effectively implemented;
- There are no doubts on Company's ability to continue as going concern;
- There has been no material departure from the best practices of corporate governance, as detailed in the listing regulations of the Stock Exchanges;
- The Directors, CEO,CFO, Company Secretary and their spouses and minor children have made no transactions in the Company's shares during the year ended September 30, 2010.

b) The key operating and financial data for six years is annexed to this report.

c) During the year under review, Four meetings of Board of Directors were held. Attendance of the members of the Board was as follows:

Name of Directors	**Meeting Attended**
Mr.Muhammad Irshad Butt	2
Mst. Qamar - u l - Nisa	4
Mr.Riaz Qadeer Butt	4
Mr.Fiaz Qadeer Butt	4
Mr.Azhar Qadeer Butt	4
Mr.Farrukh Iqbal	4
Mr.Awais Butt	4

Leave of absence was granted to the Directors who could not attend the meetings.

Compliance with the Code of Corporate Governance

The requirements of the Code of Corporate Governance set out by Karachi and Lahore Stock Exchanges relevant to the current financial year have been duly complied with. A statement to this effect is annexed with a review report from Auditors.

Pattern of Shareholding

The categories and Pattern of Shareholding as required by the Companies Ordinance 1984 in Form 34 is annexed to this annual report.

Auditors

M/S Faruq Ali and Company Chartered Accountants, the retiring auditors have offered their services for another term.

Acknowledgement

The Board would like to place on record its appreciation of all the employees of the Company for their dedication and hard work. The Board also like to thank the Financial Institutions and Members for their trust and support to the Company.

For and on behalf of the Board

Lahore : January 10, 2011

CHIEF EXECUTIVE

Six Years Financial Hightlights

(Figure in Thousand)

DESCRIPTION	2010	2009	2008	2007	2006	2005
Profit and Loss:						
Turnover (Net Sales)/ Toll manufacturing income	**1,249,555**	728,138	172,969	107,443	92,864	65,524
Gross Profit / (Loss) **/ income**	**137,463**	167,613	42,177	(18,214)	(25,885)	(29,840)
Operating Profit / (Loss)	**109,957**	143,339	33,719	(25,981)	(34,185)	(58,465)
Profit / (Loss) before Taxation	**38,085**	95,646	138,554	(26,096)	(33,153)	(10,209)
Profit / (Loss) after Taxation	**41,746**	94,207	140,850	(24,176)	(15,836)	(10,537)
Balance Sheet:						
Shareholder Equity	**792,617**	146,667	146,667	146,667	146,667	146,667
Surplus on Revaluation of Fixed Assets	**60,568**	64,386	68,475	72,741	77,305	84,929
Accumulated Profit / (Loss)	**(650,314)**	(695,878)	(794,174)	(939,290)	(919,678)	(911,467)
Property, Plant & Equipment	**747,376**	572,564	395,322	384,382	393,173	396,141
Other Long Term Assets	**4,654**	1,055	837	1,173	1,324	3,298
Current Assets	**586,848**	336,523	**90,255**	73,600	115,156	151,087
Current Liabilities	**584,345**	274,863	**107,450**	344,631	329,223	177,254
Long term liabilities	**551,662**	1,120,104	**957,996**	664,227	703,712	830,943
Significant Results:						
Gross Profit / (Loss) Ratio %	**11.00**	23.02	24.38	(16.95)	(27.87)	(45.54)
Profit / (Loss) before Tax Ratio%	**3.06**	13.14	80.10	(24.29)	(35.70)	(15.58)
Current Ratio	**1.005**	1.224	**0.840**	0.214	0.350	0.852
Earning / (Loss) Per Share	**0.56**	6.42	9.65	(1.65)	(1.08)	(0.72)

THE COMPANIES ORDINANCE , 1984
(section 236(1)and 464)
PATTERN OF SHAREHOLDING

1- Incorporation 1Number **K-333/7858/1984**

2- Name of the Company **ABDULLAH SHAH GHAZI SUGAR MILLS LIMITED**

3- Pattern of holding of the shares held by the Shareholders as at 3 0 0 9 2 0 1 0

4-

Number of Shareholders	Shareholdings				Total Shares held
867	1	-	100	Shares	84,004
936	101	-	500	Shares	355,193
76	501	-	1000	Shares	67,244
85	1001	-	5000	Shares	212,673
19	5001	-	10000	Shares	147,137
4	10001	-	15000	Shares	46,100
2	15001	-	20000	Shares	37,500
3	20001	-	25000	Shares	72,500
1	25001	-	30000	Shares	27,100
2	30001	-	35000	Shares	66,500
5	35001	-	50000	Shares	204,815
1	50001	-	100000	Shares	89,600
1	100001	-	125000	Shares	123,100
1	125001	-	200000	Shares	159,500
1	5000001	-	9999999999	Shares	77,568,700
2004	**Total**				**79,261,666**

5-	Categories of Shareholders	Shares held	Percentage
5.1	Directors, Chief Executive Officer, their spouses and minor children	4,000	0.01%
5.2	Associated Companies, undertakings and related parties	77,691,800	98.02%
5.3	NIT and ICP	28,200	0.04%
5.4	Banks, Development Financial Institutions, Non-Banking Finance Companies	50,500	0.06%
5.5	Insurance Companies	500	0.00%
5.6	Modarabas and Mutual Funds	208,649	0.26%
5.7	Shareholders holding 10%	77,691,800	98.02%
5.8	General Public		
	a. Local	1,267,782	1.60%
	b. Foreign	-	0.00%
5.9	Others (Joint Stock Companies)	10,235	0.01%

ABDULLAH SHAH GHAZI SUGAR MILLS LIMITED

Pattern of Shareholding under Regulation 37(xx)(i) of the Code of Corporate Governance as at September 30, 2010

	Categories of Shareholders	Number of Shareholders	Number of Shares held	% of Shareholding
1.	**Associated Companies**	**1**	**77,691,800**	**98.02%**
2.	**NIT and ICP**	**3**	**28,200**	**0.04%**
3.	**Directors, CEO, their Spouses & Minor Children**	**7**	**4,000**	**0.01%**
4.	**Executives**	**-**	**-**	**0.00%**
5.	**Others Joint Stock Companies**	**6**	**10,235**	**0.01%**
6.	**Banks, Development Finance Institutions, Non-Banking Finance Companies, Insurance Companies, Modarbas & Mutual Funds**	**43**	**259,649**	**0.33%**
7.	**Individuals**	**1,981**	**1,267,782**	**1.60%**
	TOTAL	**2,041**	**79,261,666**	**100.00%**

DETAILS OF CATAGORIES OF SHAREHOLDERS

	Names	Number of Shareholders	Number of Shares held	% of Shareholding
1.	**Associated Companies**			
1.1	HAQ BAHU SUGAR MILLS (PVT.) LIMITED	1	77,691,800	98.02%
		1	**77,691,800**	**98.02%**
2.	**NIT and ICP**			
2.1	INVESTMENT CORPORATION OF PAKISTAN	1	27,100	0.03%
2.2	National Bank of Pakistan, Trustee Deptt.	1	100	0.00%
2.3	M/S. KARACHI INVESTMENT COMPANY	1	1,000	0.00%
		3	**28,200**	**0.04%**
3.	**Directors, CEO, their Spouses & Minor Children**			
	Directors and CEO			
3.1	MR. MUHAMMAD IRSHAD BUTT	1	1,000	0.00%
3.2	MR. AWAIS BUTT	1	500	0.00%
3.3	MR. AZHAR QADEER BUTT	1	500	0.00%
3.4	MR. FAIZ QADEER BUTT	1	500	0.00%
3.5	MR. RIAZ QADEER BUTT	1	500	0.00%
3.6	MRS. QAMAR-UL-NISA	1	500	0.00%
3.7	MR. FARRUKH IQBAL	1	500	0.00%
		7	**4,000**	**0.01%**
5	**Others Joint Stock Companies**			
	M/S. ASIF AGENCIES	1	5,000	0.01%
	HORIZON SECRITIES (SMC-PVT) LIMITED	1	27	0.00%
	M/S. PAK GREASE MFG. CO. (PVT)	1	2,700	0.00%
	M/S. CENTRAL CHEMICAL LTD	1	1,400	0.00%
	M/S. VALIKA ART FABRICS LTD.	1	1,100	0.00%
	DARSON SECURITIES (PVT) LIMITED	1	8	0.00%
		6	**10,235**	**0.01%**
6.1	**Banks, Development Financial Institutions, Non-Banking Finance Companies**			
	M/S. PAKISTAN INDUSTRIAL CREDI	1	46,000	0.06%
	M/S. HABIB BANK LIMITED	1	2,000	0.00%
	SAUDI PAK IND and AGRI INVES CO	1	2,500	0.00%
		3	**50,500**	**0.06%**
6.2	**Insurance Companies**			
	M/S. ADAMJEE INSURANCE CO. LTD	1	500	0.00%
		1	**500**	**0.20%**
6.3	**Modaraba and Mutual Funds**			
	M/S. THE PAKISTAN FUND	1	159,500	0.20%
	FIRST FIDELITY LEASING MODARBA	1	49,149	0.06%
		2	**208,649**	**0.26%**
7	General Public	**1,981**	**1,267,782**	**1.60%**
		2,004	**79,261,666**	**100.20%**

SHAREHOLDERS HOLDING 10% OR MORE OF THE VOTING SHARES/ INTERESTS IN THE COMPANY

Names	Number of Shareholders	Number of Shares held	% of Shareholding
HAQ BAHU SUGAR MILLS (PVT.) LIMITED	1	77,691,800	98.02%

Statement Of Compliance With The Code Of Corporate Governance

This statement is being presented to comply with the Code to Corporate Governance contained in Regulation No. 37 Chapter XIII of the listing regulations of Karachi Stock Exchange (Guarantee) Limited and Lahore Stock Exchange (Guarantee) Limited respectively for the purpose of establishing a framework of good governance, whereby a listed company is managed in compliance with the best practices of corporate governance.

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

1. The Company encourages representation of independent non-executive directors and directors representing minority interest on its Board. At present the Board comprises eight directors, including the CEO. Presently there is one independent director on the Board.
2. The directors have confirmed that none of them is serving as a director in more than ten listed companies, including this company.
3. All the resident directors of the company are registered as taxpayers and none of them has defaulted in payment of any loan to a banking company, a DFI or an NBFI or, being a member of a stock exchange, has been declared as a defaulter by that stock exchange.
4. The Company has prepared a 'Statement of Ethics and Business Practices' which has been signed by all the Directors and employees of the Company.
5. 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.
6. 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 Chief Executive Officer (CEO) and other executive directors, have been taken by the Board.
7. The meetings of the Board were presiding over by the Chairman, and in his absence, by directors elected by the Board for this purpose. The Board met at least once in every quarter. Written notices of the Board meetings, along with agenda and working papers, were circulated at lease seven days before the meetings. The minutes of the meetings were appropriately recorded and circulated.
8. The Board has arranged necessary orientation courses for its Directors during the year to appraise them of their duties and responsibilities.
9. The Board has approved appointments of the Chief Financial Officer, the Company Secretary and the Head of Internal Audit including their remuneration and terms and conditions of employment, as determined by the CEO.
10. The director's report for the year ended September 30, 2010 has been prepared in compliance with the requirements of the code and fully describes the salient matters required to be disclosed.

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

12. 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.

13. The company has complied with all the corporate and financial reporting requirements of the code.

14. The Board has formed and audit committee. It comprises three members, all of whom are non-executive directors.

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

16. The Board has set-up an effective internal audit function and personnel involved are considered suitable, qualified and experienced for the purpose and are conversant with the policies and procedures of the company and they are involved in the internal audit function on full time basis.

17. The statutory auditors of the company have confirmed that they have been given a satisfactory rating under the quality control review program of the Institute of Chartered Accountants of Pakistan, that they or any of the partner 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 Accountant (IFAC) guidelines on code of ethics as adopted by the Institute of Chartered Accountant of Pakistan.

18. 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 observe IFAC guidelines in this regard.

19. We confirm that all other material principles contain in the Code have been complied with.

For & on behalf of the Board

CHIEF EXECUTIVE

Lahore : January 10, 2011

FARUQ ALI & CO.
& CO. CHARTERED ACCOUNTANTS

222-A, Karachi Memon
Cooperative Housing Society,
Justice Inamullah Road,
Near Hill Park, Karachi.74800.
Email: faac@cyber.net.pk

Telephone: (021) 34301966
: (021) 34301967
: (021) 34301968
: (021) 34301969
Fax : (021) 34301965

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

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

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

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

Further, Sub-Regulation (xiii a) of Listing Regulation No. 35 (previously Regulation No. 37) notified by the Karachi Stock Exchange (Guarantee) Limited vide circular KSE/N-269 dated 19 January 2009 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 arm's length transactions and transaction which are not executed at arm's length price recording proper justifications for using such alternate pricing mechanism. Further, all such transactions are also required to be separately placed before the audit committee. We are only required and have ensured compliance of requirement to the extent of approval of related party transactions by the Board of Directors and placement of such transactions before the audit committee. We have not carried out any procedures to determine whether the related party transactions were under taken at arm's length price or not.

Based on our review nothing has come to our attention, which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the best practices contained in the Code of Corporate Governance as applicable to the Company for the year ended September 30, 2010.

Dated: 10 JAN 2011
LAHORE:

CHARTERED ACCOUNTANTS

Engagement partner: S. Naseem uz Zaman.

FARUQ ALI & CO.
CHARTERED ACCOUNTANTS

222-A, Karachi Memon Cooperative Housing Society, Justice Inamullah Road, Near Hill Park, Karachi.74800.
Email: faac@cyber.net.pk
Telephone: (021) 34301966
: (021) 34301967
: (021) 34301968
: (021) 34301969
Fax : (021) 34301965

AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed balance sheet of **ABDULLAH SHAH GHAZI SUGAR MILLS LIMITED** as at September 30, 2010 and the related profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof, for the year then ended and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purpose of our audit.

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

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

a) A sum of Rs.158.330 million has been reflected as long term loan from previous management (note 7.2.1 to the financial statements) which is pending being under discussion with the previous management for final settlement. We have not been provided with information and explanation to ascertain the final outcome and basis on which the liability of Rs.46.460 million was reversed to income during the financial year ended September 30, 2005.

b) The revaluation of certain classes of property, plant and equipment of the company was carried out in the year 2000. As per requirement of International Accounting Standard 16 'Property, Plant and Equipment', revaluations shall be made with sufficient regularity to ensure that the carrying amount does not differ materially from that which would be determined using fair value at the end of the reporting period, whereas no revaluation of property, plant and equipment has been conducted since September 2000. The carrying amounts of said classes of property, plant and equipment may not reflect their fair values as at reporting date. In the absence of further revaluation, we are unable to quantify the effect that such a revaluation would have on the said assets.

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

d) in our opinion:

   i) the balance sheet and profit and loss account together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984, and are in agreement with the books of account and are further in accordance with accounting policies consistently applied except for the changes as described in note 2 to the financial statements with which we concur;

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

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

e) in our opinion and to the best of our information and according to the explanations given to us, except for the matters stated in paragraphs (a) and (b) above and to the extent those may affect the financial results of the Company, the balance sheet, profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan, and, give the information required by the Companies Ordinance, 1984, in the manner so required and respectively give a true and fair view of the state of the company's affairs as at September 30, 2010 and of the Profit, its cash flows and changes in equity for the year then ended; and

f) In our opinion, no Zakat was deductible at source under the Zakat and Ushr Ordinance, 1980.

Dated: 1? JAN 2011
Place: Lahore

CHARTERED ACCOUNTANTS

Engagement partner: S. Naseem-uz-Zaman.

ABDULLAH SHAH GHAZI SUGAR MILLS LIMITED
BALANCE SHEET AS ON SEPTEMBER 30, 2010

	Notes	2010	2009
		RUPEES	
LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized share capital			
100,000,000 (2009:100,000,000) ordinary shares of Rs. 10/- each		1,000,000,000	1,000,000,000
Issued, subscribed and paid-up capital	4	792,616,660	146,666,660
Accumulated loss		(650,314,284)	(695,877,971)
		142,302,376	(549,211,311)
Surplus on revaluation of property, plant and equipment	5	60,568,431	64,386,027
NON-CURRENT LIABILITIES			
Contribution against issue of shares	6	--	645,950,000
Long term loans - Unsecured	7	509,881,549	435,551,332
Liabilities against assets subject to finance lease	8	20,068,160	--
Deferred liabilities	9	21,712,552	38,602,929
CURRENT LIABILITIES			
Current portion of lease finance	8	3,231,325	--
Accrued markup	10	15,193,017	2,685,023
Trade and other payables	11	181,649,821	272,178,401
Borrowing from banks - Secured	12	376,692,420	--
Income tax payable - Net		7,579,042	--
		584,345,625	274,863,424
CONTINGENCIES	13	--	--
		1,338,878,693	**910,142,401**
ASSETS			
NON CURRENT ASSETS			
Property, plant and equipments	14	747,376,463	572,564,262
Long term deposits		4,654,315	1,055,217
CURRENT ASSETS			
Stores and spares		163,769,890	117,934,671
Stock in trade	15	274,773,214	109,736,690
Advances, deposits and prepayments	16	53,126,577	48,930,216
Cash and bank balances	17	95,178,234	59,921,345
		586,847,915	336,522,922
		1,338,878,693	**910,142,401**

The annexed notes form an integral part of these financial statements.

CHIEF EXECUTIVE **DIRECTOR**

ABDULLAH SHAH GHAZI SUGAR MILLS LIMITED
PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED SEPTEMBER 30, 2010

	Notes	2010	2009
		RUPEES	
Sales - Net	18	1,249,555,284	728,138,200
Cost of sales	19	1,112,091,919	560,524,947
Gross profit		137,463,365	167,613,253
OPERATING EXPENSES			
Administrative and general expenses	20	26,552,759	23,575,047
Distribution expenses	21	953,756	699,272
		27,506,515	24,274,319
Operating profit		109,956,850	143,338,934
Finance cost	22	78,401,304	40,494,797
Workers' profit participation fund		2,045,387	5,142,232
Workers' welfare fund		777,247	2,056,893
		81,223,938	47,693,922
Profit for the year		28,732,912	95,645,012
Other income	23	9,352,197	500
Profit before taxation		38,085,109	95,645,512
Provision for taxation			
- Current	24	(12,495,553)	(3,640,691)
- Deferred		16,156,535	2,201,907
		3,660,982	(1,438,784)
Profit after taxation		**41,746,091**	**94,206,728**
Earnings per share - Basic and diluted	25	0.56	6.42

The annexed notes form an integral part of these financial statements.

CHIEF EXECUTIVE

Azhar

DIRECTOR

ABDULLAH SHAH GHAZI SUGAR MILLS LIMITED
CASH FLOW STATEMENT FOR THE YEAR ENDED SEPTEMBER 30, 2010

	2010	2009
	RUPEES	
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before taxation	38,085,109	95,645,512
Adjustments for non cash and other items:		
Depreciation	20,991,020	21,759,032
Financial charges	78,401,304	40,494,797
Workers' profit participation fund	2,045,387	5,142,232
Workers' welfare fund	777,247	2,056,893
Liabilities written back	(8,875,000)	--
Provision for gratuity	1,013,658	1,329,203
	94,353,616	70,782,157
Cash flow before working capital changes	132,438,725	166,427,669
Movement in working capital		
(Increase) / decrease in current assets		
Stores and spares	(45,835,219)	(78,110,817)
Stock in trade	(165,036,524)	(109,736,690)
Advances, deposits and prepayments	(7,846,842)	(7,314,410)
Increase / (decrease) in current liabilities		
Trade and other payables	(87,269,127)	169,753,630
	(305,987,712)	(25,408,287)
Cash (used) / generated from operations	(173,548,987)	141,019,382
Payments for:		
Taxes	1,266,030	5,990,316
Financial charges	41,770,180	1,139,964
Gratuity	1,747,500	2,703,050
	(44,783,710)	(9,833,330)
Net cash (used) / generated from operating activities	(218,332,697)	131,186,052
CASH FLOW FROM INVESTING ACTIVITIES		
Fixed capital expenditure	(170,803,221)	(199,001,146)
Long term security deposit	(3,599,098)	(218,500)
Net cash (used in) investing activities	(174,402,319)	(199,219,646)
CASH FLOW FROM FINANCING ACTIVITIES		
Long term loans - Net	53,000,000	116,789,884
Lease finance - Net	(1,700,515)	--
Short term borrowings - Net	376,692,420	--
Net cash generated from financing activities	427,991,905	116,789,884
Net increase in cash and cash equivalent	35,256,889	48,756,290
Cash and bank balances at the beginning of the year	59,921,345	11,165,055
Cash and bank balances at the end of the year	**95,178,234**	**59,921,345**

The annexed notes form an integral part of these financial statements.

CHIEF EXECUTIVE **DIRECTOR**

ABDULLAH SHAH GHAZI SUGAR MILLS LIMITED
STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED SEPTEMBER 30, 2010

	Share capital	Accumulated Loss	Total
		RUPEES	
Balance as at October 01, 2008	146,666,660	(794,173,880)	(647,507,220)
Total comprehensive income for the year	--	98,295,909	98,295,909
Balance as at September 30, 2009	146,666,660	(695,877,971)	(549,211,311)
Issue of shares	645,950,000	--	645,950,000
Total comprehensive income for the year	--	45,563,687	45,563,687
Balance as at September 30, 2010	**792,616,660**	**(650,314,284)**	**142,302,376**

The annexed notes form an integral part of these financial statements.

CHIEF EXECUTIVE

DIRECTOR

ABDULLAH SHAH GHAZI SUGAR MILLS LIMITED
STATEMENT OF OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED JUNE 30, 2010

	2010	2009
	RUPEES	
Profit for the period	41,746,091	94,206,728
Other comprehensive income:		
Net change in fair value of available-for-sale financial assets	--	--
Transfer from surplus on revaluation of property, plant and equipment	5,873,225	6,291,048
Related deferred tax	(2,055,629)	(2,201,867)
	3,817,596	4,089,181
	45,563,687	98,295,909
Total comprehensive income for the year	**45,563,687**	**98,295,909**

The annexed notes form an integral part of these financial statements.

CHIEF EXECUTIVE

Azhar
DIRECTOR

ABDULLAH SHAH GHAZI SUGAR MILLS LIMITED
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED SEPTEMBER 30, 2010

1 STATUS AND NATURE OF BUSINESS

The Company was incorporated in Pakistan on February 25, 1984 as a Private Limited Company and was subsequently converted into a Public Limited Company on February 11, 1990. The Company is listed in Karachi and Lahore Stock Exchanges. The principal business of the Company is manufacturing and selling of refined sugar. The Mill is located at Garho, Sindh. Name of parent company is M/s. Haq Bahu Sugar Mills (Private) Limited and registered office of the company is situated at 65-Infantry Road, Military Accounts Colony, Lahore.

2 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 (IFRS) issued by International Accounting Standard 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 shall prevail.

Initial Application of a standard or an Interpretation

The following standards, amendments and interpretations become effective during the current year.

During the current year, the Company has adopted the following new and amended IAS as of October 01, 2009, which has resulted in extended disclosures as described below:

IAS 1 - (Revised) Presentation of Financial Statements' (effective January 1, 2009)

IAS 1 (Revised) prohibits the presentation of items of income and expenses (i.e. 'non-owner changes in equity') in the statement of changes in equity. It requires non-owner changes in equity to be presented separately from owner changes in equity. All non-owner changes in equity are required to be shown in a statement of other comprehensive income, but entities can choose whether to present one statement of comprehensive income or two statements (the statement of comprehensive income and statement of other comprehensive income). The company has chosen to present all non owner changes in equity in one performance statement - statement of comprehensive income (profit and loss account). The company does not have any item of income and expenses representing other comprehensive income. Accordingly, the adoption of the above standard does not have any significant impact on the presentation of the company's financial statements and does not require the restatement or reclassification of comparative information.

IAS 23 "Borrowing cost (revised)"

Certain amendments to IAS 23, "Borrowing cost" have been published that a applicable to the company's financial statements covering annual period, beginning on or after January 1, 2009. Adoption of these amendments requires the company to capitalized the borrowing cost directly attributable to acquisition, construction or production of a qualifying assets (one that take substantial period of time to get ready for use or sale) as part of the cost of that assets. The option of immediately expensing these borrowing cost has been removed. The adoption of said amendment resulted in additional capitalization of borrowing cost amounting to Rs.Rs.8.025 million.

Standard and interpretations that become effective during the year

The following standards (revised or amended) and interpretations become effective for the current financial year but are either not relevant or do not have any material effect on the financial statements of the Company:

IFRS 3 - Business Combinations (Revised)
IFRS 7 - Financial Instruments: Disclosure (Amended)
IFRS 8 - Operating Segments
IAS 27 - Consolidated and Separate Financial Statements (Revised)
IAS 32 - Financial instruments (Amended of reputable instruments and obligations arising on liquidation)
IAS 39 - Financial Instruments: Recognition and Measurement (Amended)
IFRIC 15 - Agreements for the Construction of Real Estate.
IFRIC 16 - Hedges of a Net Investment in a Foreign Operation
IFRIC 17 - Distributions of Non-cash Assets to Owners
IFRIC 18 - Transfers of Assets from Customers

Standards and interpretations issued but not yet effective for the current financial year

The following are the standards and interpretations which have been issued but are not yet effective for the current financial year.

		Effective for period beginning on or after
IAS 24 -	Related Party Disclosures (Revised)	January 01, 2011
IAS 32 -	Financial Instruments: Presentation - Amendments Relating to Classification of Rights Issues	February 01, 2010
IFRS 2 -	Share-based Payment: Amendments relating to Group Cash - settled Share-based Payments Transactions	January 01, 2010
IFRIC 14 -	IAS 19 - The Limited on Defined Benefit Asset, Minimum Funding Requirements and their Interaction (Amendment)	January 01, 2011
IFRIC 19 -	Extinguishing Financial Liabilities with Equity Instruments	July 01, 2010

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

3.1 Basis of preparation

These financial statements have been prepared under the "historical cost convention" except of certain classes of property, plant and equipments which are stated at revalued amount.

The preparation of financial statements in conformity with approved accounting standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company's accounting policies. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements, are as follows:

i) Provision for taxes
ii) Estimation of residual values and useful lives of property, plant and equipment.
iii) Revaluation of property, plant and equipment by independent revaluers.
iv) Certain actuarial assumptions have been used for the determination of liability of staff retirement benefits

3.2 Staff retirement benefits

The Company operates an un-funded gratuity scheme covering all employees eligible to the benefit. Provisions are made on the basis of actuarial recommendations. The actuarial valuations are carried out using the Projected Unit Credit Method, as required by International Accounting Standards (IAS-19). The unrecognized actuarial gains or losses at each valuation date are amortized over the average remaining working lives of the employees in excess of 10% of the present value of the defined benefit obligation.

3.3 Taxation

Current
The Company accounts for current taxation on the basis of taxable income, if any, at the current rate of taxation after taking into account the tax credits and rebates available, if any.

Deferred
Deferred tax is recognized on all major temporary differences between the carrying amounts for financial reporting purposes and the amount used for taxation purposes.
A deferred tax assets is recognized only to the extent that it is probable that future taxable profits will be available against which the assets can be utilized. Deferred tax reduced to the extent that it is no longer probable that the related tax benefits will be realized.

3.4 Property, plant and equipment

Operating fixed assets are stated at cost less accumulated depreciation and impairment loss, if any, except certain classes of property, plant and equipment as stated in note 14.3, which are stated at revalued amounts less accumulated depreciation and impairment loss, if any. Free hold land is stated at revalued amount. Depreciation is charged to current year's profit and loss account by applying reducing balance method over estimated useful life at the rates specified in note of property, plant and equipment.
Depreciation on addition is charged from the quarter in which assets are put to use while no depreciation is charged in the quarter in which assets are disposed off.
Incremental depreciation charged for the period on revalued assets is transferred (net of tax) from surplus on revaluation of fixed assets to retained earnings (accumulated losses).
Minor renewals, replacements, maintenance, repairs and profit and loss on disposal of fixed assets are included in current year's profit and loss account.
Major renewals and improvements are capitalized.
All expenditures connected with specific assets and incurred during development, installation and construction period are carried as capital work in progress. These are transferred to the specific asset as and when these assets are available for commercial or intended use.

3.5 Stores and spares

These are valued at lower of moving average cost and net realizable value.
Net realizable value signifies the estimated selling price in the ordinary course of business less costs necessarily to be incurred to make the sale.

3.6 Stock in trade

These are valued at lover of cost and net realizable value. The cost is determined as follows:

Raw materials	:	Average cost
Goods in transit	:	Cost comprising invoice value plus other charges incurred thereon.
Work in process	:	Average cost
Finished goods	:	Average cost

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

3.7 Revenue recognition

Revenue from sales is recognized on dispatch of goods to the customers.

Revenue from toll manufacturing was recognized on the basis of crushing of sugar cane when the sugar manufactured is lifted by the party.

3.8 Borrowing cost

Borrowing Cost incurred on finance obtained for the construction of qualifying assets are capitalized up to the date the respective assets are available for the intended use. All other mark up interest and other related charges are taken to Profit and Loss account.

3.9 Impairment

The carrying amounts of the company's assets are reviewed at each balance sheet date to determine whether there is an indication of impairment loss. Any impairment loss arising is recognized as expense in the profit and loss account.

3.10 Provisions

Provisions are recognized when the company has a present obligation (legal or constructive) as a result of a past event and is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and reliable estimate can be made of the amount of the obligation.

3.11 Foreign currency translation

Assets and liabilities in foreign currencies are translated into rupees at the rate of exchange prevailing at the balance sheet date except for the liabilities covered under forward exchange contracts which are translated at the contracted rates. Transaction in foreign currencies are converted into rupees at the rate of ruling on the date of transactions.

3.12 Trade debts

Bad debts are written off and provision is made for debts considered doubtful.

3.13 Financial instruments

Financial assets

Financial assets are loans advances, deposits, trade debts, other receivable and cash and banks. These are initially recognized at its cost which represent fair value of consideration given for it and subsequent to initial recognition financial assets are carried at cost, if fair value is not materially different at the balance sheet date.

Financial liabilities

Financial liabilities are classified according to the substance of the contractual agreements entered into. Significant financial liabilities are long term loans, trade and other payables.

All financial liabilities are initially recognized at cost, which represents fair value of the consideration received at initial recognition. After initial recognition financial liabilities held for trading are carried at fair value and all other financial liabilities are measure at amortized cost.

3.14 Trade and other payables

Trade and other payables are carried at cost which is the fair value of consideration to be paid for goods and services.

3.15 Cash and cash equivalents

Cash and cash equivalents are carried in the balance sheet at nominal amounts. For the purpose of the cash flow statement, cash and cash equivalents comprises cash in hand and balance with banks in current accounts.

3.16 Loans and advances

Loans and advances are recorded at cost. The irrecoverable loans and advances are written off, provision is made against loans and advances considered doubtful.

3.17 Long term and short term borrowings

These are recorded at the proceeds received. Financial charges relating to borrowings are recorded on accrual basis.

3.18 Dividends

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

3.19 Transactions with related parties

Transactions with related parties are priced at an arm's length basis. Prices for these transactions are determined on the basis of comparable uncontrolled price method, which sets the price by reference to comparable goods sold or services rendered in an economically comparables market to a buyer unrelated to the seller.

3.20 Off setting of financial assets and liabilities

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

4 ISSUED, SUBSCRIBED AND PAID UP CAPITAL

	2010	2009
	RUPEES	
79,261,666 (2009: 14,666,666) Ordinary shares of Rs.10/- each fully paid in cash	792,616,660	146,666,660

4.1 77,691,800 (Sep 2009:13,096,800) shares are held by Haq Bahu Sugar Mills (Private) Limited (holding company) representing 98.02% (Sep 2009 : 89.30%) shareholding in the company.

4.2 Reconciliation of number of shares is as follows:

	2010	2009
Shares at the beginning of the year	14,666,666	14,666,666
Add: shares issued during the year	64,595,000	--
Shares at the closing of the year	79,261,666	14,666,666

		2010	2009
		RUPEES	

5 SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT

	2010	2009
Opening balance	64,386,027	68,475,208
Transfer to accumulated loss in respect of incremental depreciation charged during the year - Net of tax	(3,817,596)	(4,089,181)
	60,568,431	64,386,027

The revaluation was carried out during the year 2000 by independent valuer M/s Iqbal A Nanjee & Co. (Valuation Consultants), using the market value being the basis of revaluation. The surplus arising from revaluation is Rs. 186.826 million. The closing balance of surplus on revaluation of fixed assets is not available for distribution to shareholders.

6 CONTRIBUTION AGAINST ISSUE OF SHARES

This has been transferred to issued, subscribed and paid up capital on account of shares issued during the year.

7 LONG TERM LOANS - Unsecured

	Note	2010	2009
Subordinated sponsors' loan	7.1	144,746,531	70,416,314
Others - Interest free	7.2	365,135,018	365,135,018
		509,881,549	435,551,332

7.1 Subordinated sponsors' loan

The loan has been advanced by M/s. Haq Bahu Sugar Mills (Pvt.) Ltd which carries markup @ six months KIBOR plus 4%. This also include outstanding markup amounting to Rs.21.330 million. Since the loan alongwith markup will not be repayable within next twelve months therefore the same has been classified as long term liability. The loan is subordinated to the short term finance facility obtained by the company.

7.2 Others - Interest free

	Note	2010	2009
Loan from previous management	7.2.1	158,329,843	158,329,843
Others	7.2.2	206,805,175	206,805,175
		365,135,018	365,135,018

7.2.1 This represents unsecured and interest free loans from the private concerns since 1998. During the year ended September 30, 2005, an amount of Rs. 46.460 million was agreed to be waived by the party and the same has been transferred to income in that year. The matter of settlement of remaining liabilities is pending subject to the final outcome of the discussions with the previous management. Till a final conclusion is reached the new management has decided to disclose the entire outstanding amount as its long term liability.

7.2.2 This represents amount received from various parties as interest / mark-up free accommodating finance payable / adjustable and can be rolled over to future period.

8 LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE

	2010 Lease Payments		2009 Lease Payments	
	Minimum	Present Value	Minimum	Present Value
	RUPEES			
Less than one year	6,100,104	3,231,325	--	--
Within one to five years	25,112,448	20,068,160	--	--
Total	31,212,552	23,299,485	--	--
Less: Financial charges allocated to the future periods	7,913,067	--	--	--
Present value of minimum lease payments	23,299,485	23,299,485	--	--
Less: Current portion- under current liabilities	3,231,325	3,231,325	--	--
	20,068,160	20,068,160	--	--

The Company entered into Ijarah agreement with First Habib Modaraba to acquire plant and machinery. The rentals under these agreement is payable monthly up to March 2015. Financing @ six month kibor plus 3.50% per annum. The cost of operating and maintaining the leased assets is borne by the company. The Company intends to exercise its option to purchase the leased assets at the residual values of assets upon the completion of the respective lease periods.

9 DEFERRED LIABILITIES

		2010	2009
		RUPEES	
Employees retirements benefits	9.1	3,262,565	3,996,407
Deferred tax liability arising due to revaluation of property, plant and equipment	9.2	18,449,987	34,606,522
		21,712,552	38,602,929

9.1 Employees retirements benefits

		2010	2009
Staff gratuity:			
Balance at beginning of the year		3,996,407	5,370,254
Add: Provision made during the year	9.1.1	1,013,658	1,329,203
Less: Payment made during the year		(1,747,500)	(2,703,050)
		3,262,565	3,996,407

9.1.1 Amount charged to profit and loss account

	2010	2009
Current service cost	604,900	761,583
Interest cost	416,099	620,587
Actuarial loss	(7,341)	(52,967)
Total amount chargeable to profit and loss account	1,013,658	1,329,203

9.1.2 Balance sheet reconciliation

	2010	2009
Present value of defined benefit obligation	3,123,394	3,467,490
Benefits payable during the year	--	123,444
Actuarial gains to be recognized in later periods	139,171	405,473
	3,262,565	3,996,407

9.1.3 Present value of defined benefit obligations

	2010	2009	2008	2007	2006
			RUPEES		
Present value of defined benefit obligations	3,123,394	3,467,490	4,432,762	--	4,442,109

9.1.4 Experience adjustments

	2010	2009	2008	2007	2006
			RUPEES		
Experience adjustments	258,961	355,608	(900,660)	--	193,952

9.1.5 Principal Actuarial Assumptions

Expected rate of increase in salaries	11.50%	11%
Discount factor used	12.50%	12%
Average expected remaining working life time of employees	8 Years	8 Years

	2010	2009
	RUPEES	
9.1.6 Allocation		
Total retirement benefits costs are included in salaries and benefits and allocated as follows:		
Cost of sales	538,335	756,524
Administrative and general expenses	475,323	572,679
	1,013,658	1,329,203

9.2 Deferred taxation

Deferred tax liability arising due to		
accelerated tax depreciation	20,882,784	20,843,249
revaluation - net of related depreciation	32,550,894	34,606,522
finance lease transactions	376,430	--
Deferred tax assets arising out of		
staff gratuity	(1,141,898)	(1,398,742)
available tax losses and credits	(45,624,297)	(74,086,197)
	7,043,913	(20,035,168)
Deferred tax asset not recognized	(11,406,074)	(54,641,690)
	18,449,987	34,606,522

Deferred tax asset arising due to available tax losses has been recognized to the extent that future taxable profits are expected to be available.

10 ACCRUED MARKUP

This includes amount of NIL (2009: Rs.2.685 million) payable to (M/s. Haq Bahu Sugar Mills (Pvt.) Ltd) Holding company.

		2010	2009
		RUPEES	

11 TRADE AND OTHER PAYABLES

Creditors for goods and supplies		121,784,328	151,854,637
Sales tax payable		594,715	--
Federal excise duty payable		900,807	1,338,537
Accrued liabilities		4,673,396	2,180,282
Deposits		39,076	39,076
Road cess		1,637,443	1,637,364
Income tax payable		1,325,977	1,473,910
Workers' profit participation fund	11.1	18,993,968	14,155,668
Workers' welfare fund	11.2	5,813,789	5,036,542
Other liabilities		25,886,322	94,462,385
		181,649,821	272,178,401

11.1 Workers' profit participation fund

Opening balance	14,155,668	7,449,121
Interest provided for the year	2,792,913	1,564,315
Add: Contribution during the year	2,045,387	5,142,232
	18,993,968	14,155,668

11.2 Workers' welfare fund

Opening balance	5,036,542	2,979,649
Add: provision for the year	777,247	2,056,893
	5,813,789	5,036,542

12 BORROWING FROM BANKS - Secured

Short term finances	12.1	376,692,420	--

12.1 During the year company has obtained various short term borrowings facilities from various banks against the available limit of Rs.737.500 million. These facilities carries markup @ three to six months KIBOR plus 1.5% to 4% payable quarterly in arrears. These facilities are secured on all present & future fixed assets of the company, pledge of refined sugar stock and personal guarantees of directors.

12.2 The facilities amounting to Rs.360.81 million from the banks remained un-availed at the balance sheet date.

13 CONTINGENCIES

There are no contingencies which need to be disclosed in the financial statements.

14 PROPERTY, PLANT AND EQUIPMENTS

Operating fixed assets - At cost less accumulated depreciation	14.1	356,154,922	351,656,517
Capital work in progress - At cost	14.4	391,221,541	220,907,745
		747,376,463	572,564,262

14.1 Operating fixed assets - At cost less accumulated depreciation

Particulars	Cost / Revaluation			Rate	Depreciation			Book value
	---------------- 2 0 1 0 ----------------							
	As at Oct 01, 2009	Additions	As at Sept 30, 2010		As at Oct 01, 2009	For the year	As at Sept 30, 2010	As at Sept 30, 2010
	RUPEES			%	RUPEES			
Owned								
Land free hold	2,965,691	--	2,965,691		--	--	--	2,965,691
Experimental land	1,174,428	--	1,174,428		--	--	--	1,174,428
Building on free hold land:								
- Factory	109,586,612	--	109,586,612	10	78,265,632	3,132,098	81,397,730	28,188,882
- Non Factory	54,981,495	--	54,981,495	10	41,950,431	1,303,106	43,253,537	11,727,958
Plant and machinery	583,614,532	--	583,614,532	5	292,022,680	14,579,593	306,602,273	277,012,259
Electric installations	12,399,826	--	12,399,826	10	10,806,774	159,305	10,966,079	1,433,747
Tools and equipment	3,334,737	--	3,334,737	10	2,008,663	132,607	2,141,270	1,193,467
Telephone installation	1,030,151	--	1,030,151	10	791,948	23,820	815,768	214,383
Electric equipment	6,336,461	102,300	6,438,761	10	4,002,245	235,980	4,238,225	2,200,536
Furniture and fixture	7,091,288	--	7,091,288	10	5,059,188	203,210	5,262,398	1,828,890
Office equipment	1,164,098	--	1,164,098	10	800,926	36,317	837,243	326,855
Arms and Ammunitions	453,677	--	453,677	10	258,393	19,528	277,921	175,756
Tents and Tarpaulins	890,505	--	890,505	10	244,753	64,575	309,328	581,177
Computers	2,571,935	24,000	2,595,935	10	1,167,314	142,862	1,310,176	1,285,759
Vehicles	6,205,307	363,125	6,568,432	20	4,777,879	331,759	5,109,638	1,458,794
Scales and weighbriges	14,000	--	14,000	10	1,400	1,260	2,660	11,340
	793,814,743	489,425	794,304,168		442,158,226	20,366,020	462,524,246	331,779,922
Leased								
Plant and machinery	--	25,000,000	25,000,000	5	--	625,000	625,000	24,375,000
TOTAL	**793,814,743**	**25,489,425**	**819,304,168**		**442,158,226**	**20,991,020**	**463,149,246**	**356,154,922**

Particulars	Cost / Revaluation			Rate	Depreciation			Book value
	---------------- 2 0 0 9 ----------------							
	As at Oct 01, 2008	Additions	As at Sept 30, 2009		As at Oct 01, 2008	For the year	As at Sept 30, 2009	As at Sept 30, 2009
	RUPEES			%	RUPEES			
Land free hold	2,965,691	--	2,965,691		--	--	--	2,965,691
Experimental land	807,944	366,484	1,174,428		--	--	--	1,174,428
Building on free hold land:								
- Factory	109,586,612	--	109,586,612	10	74,785,523	3,480,109	78,265,632	31,320,980
- Non Factory	54,880,170	101,325	54,981,495	10	40,502,535	1,447,896	41,950,431	13,031,064
Plant and Machinery	576,668,132	6,946,400	583,614,532	5	276,675,740	15,346,940	292,022,680	291,591,852
Electric installations	12,399,826	--	12,399,826	10	10,629,768	177,006	10,806,774	1,593,052
Tools and equipment	2,942,520	392,217	3,334,737	10	1,861,321	147,342	2,008,663	1,326,074
Telephone installation	1,030,151	--	1,030,151	10	765,481	26,467	791,948	238,203
Electric equipment	6,027,619	308,842	6,336,461	10	3,742,888	259,357	4,002,245	2,334,216
Furniture and fixture	6,932,399	158,889	7,091,288	10	4,833,399	225,789	5,059,188	2,032,100
Office equipment	1,164,098	--	1,164,098	10	760,574	40,352	800,926	363,172
Arms and Ammunitions	269,847	183,830	453,677	10	236,695	21,698	258,393	195,284
Tents and Tarpaulins	643,005	247,500	890,505	10	173,003	71,750	244,753	645,752
Computers	2,419,659	152,276	2,571,935	10	1,011,245	156,069	1,167,314	1,404,621
Vehicles	6,124,309	80,998	6,205,307	20	4,421,022	356,857	4,777,879	1,427,428
Scales and weighbriges	--	14,000	14,000	10	--	1,400	1,400	12,600
TOTAL	**784,861,982**	**8,952,761**	**793,814,743**		**420,399,194**	**21,759,032**	**442,158,226**	**351,656,517**

	2010	2009
	RUPEES	
14.2 Depreciation charge for the year has been allocated as follows:		
- Cost of goods manufactured	18,052,277	18,712,768
- Administration	2,938,743	3,046,264
	20,991,020	21,759,032

		2010	2009
		RUPEES	

14.3 Had there been no revaluation the carrying amount of revalued assets would have been as follows :

		2010	2009
Land - free hold		2,877,388	2,877,388
Experimental land		1,145,920	1,145,920
Building on free hold land:			
- Factory		17,820,490	19,800,544
- Non Factory		5,361,713	5,957,458
Plant and Machinery		200,739,559	211,304,799
		227,945,070	241,086,110

14.4 Capital work in progress - At cost

		2010	2009
Opening balance		220,907,745	30,859,360
Additions during the year		170,313,796	190,048,385
		391,221,541	220,907,745

14.4.1 Breakup is as follows

		2010	2009
Plant and machinery		380,919,154	216,576,097
Civil works		10,302,387	4,331,648
		391,221,541	220,907,745

14.4.1 Additions to capital work in progress includes Rs.8.025 million (2009: NIL) borrowing cost capitalized during the year using average borrowing rate of 15.05%.

15 STOCK IN TRADE

		2010	2009
Work in process		2,624,626	1,334,311
Finished goods	15.1	272,148,588	108,402,379
		274,773,214	109,736,690

15.1 Finished goods stock valuing Rs.176.297 million were pledged as security for the finances obtained from commercial banks.

16 ADVANCES, DEPOSITS AND PREPAYMENTS

		2010	2009
Advances - Unsecured - Considered good:			
Growers		3,559,425	2,252,932
Contractors		20,801,904	17,782,708
Suppliers		899,658	442,104
Employees		275,059	1,175,597
For expenses		5,861,035	2,422,946
Income tax - net		--	3,650,481
		31,397,081	27,726,768
Deposits:			
Excise Duty	16.1	20,831,910	20,831,910
Prepayments		897,586	371,538
		53,126,577	48,930,216

16.1 This represents the amount of excise duty deposited in 1991-92 under protest with collector of custom and central excise, Hyderabad on account of rebate of excise duty earlier claimed as per the incentive given by the government. The Hon'able High Court of Sindh has decided the case in favour of Collector of Customs. The company has filed an appeal in Supreme Court of Pakistan which is pending for hearing. The management of the company expects favourable outcome.

		2010	2009
		RUPEES	
17 CASH AND BANK BALANCES			
Cash in hand		56,012	119,282
Cash with banks			
- In current accounts		94,714,397	59,802,063
- In saving account		407,825	--
		95,178,234	59,921,345
18 SALES - Net			
Gross sales			
- Sugar		1,223,009,300	718,893,082
- Molasses		87,237,307	76,400,000
		1,310,246,607	795,293,082
Less			
Sales tax		(53,151,354)	(60,637,500)
Excise duty		(7,539,969)	(6,517,382)
		(60,691,323)	(67,154,882)
Sales - Net		1,249,555,284	728,138,200
19 COST OF SALES			
Cost of sugar cane		1,152,124,805	538,917,357
Stores and spares consumed		16,533,823	25,162,323
Oil and lubricants consumed		2,805,977	6,680,598
Packing material consumed		6,943,887	5,066,755
Chemical consumed		3,506,132	4,214,696
Salaries, wages and benefits		56,639,322	51,197,929
Water, fuel and power		9,189,860	7,870,579
Vehicle running and maintenance		4,142,751	3,647,855
Freight, handling and octroi		574,506	848,774
Insurance		1,520,877	270,118
Depreciation	14.2	18,052,277	18,712,768
Others		5,094,226	7,671,885
		1,277,128,443	670,261,637
Add: Work in process - Opening		1,334,311	--
Less: Work in process - Closing		(2,624,626)	(1,334,311)
Cost of goods manufactured		1,275,838,128	668,927,326
Add: Finished good - Opening		108,402,379	--
Less: Finished good - Closing		(272,148,588)	(108,402,379)
		1,112,091,919	560,524,947

		2010	2009
		RUPEES	
20 ADMINISTRATIVE AND GENERAL EXPENSES			
Salaries, bonus and allowances		10,977,183	9,513,017
Fees, subscription and renewals		5,956,746	4,702,328
Vehicle running and maintenance		1,799,024	1,607,234
Legal and professional charges		341,133	512,800
Printing and stationery		745,281	573,822
Insurance		32,114	441,904
Travelling, conveyance and entertainment		304,620	363,816
Rent, rates and taxes		294,315	279,600
Repairs and maintenance		33,873	112,470
Telephone and telex		300,594	268,568
Electricity		706,288	295,201
Postage and telegrams		21,758	82,350
Directors' meeting fees		--	6,000
Auditors remuneration	20.1	750,000	645,000
Depreciation	14.2	2,938,743	3,046,264
Others		788,604	732,767
Entertainment		562,483	391,906
		26,552,759	23,575,047

20.1 Auditors' Remuneration

	2010	2009
Annual audit fee	500,000	300,000
Review of code of corporate governance	100,000	100,000
Half year review	100,000	100,000
Cost audit fee	50,000	95,000
Out of pocket expenses	--	50,000
	750,000	645,000

21 DISTRIBUTION EXPENSES

	2010	2009
Loading and unloading charges	487,686	310,254
Stacking & re-stacking charges	228,033	193,269
Transportation charges	189,200	172,143
Numbring charges	48,837	23,606
	953,756	699,272

22 FINANCE COST

	2010	2009
Markup on loan from Haq Bahu Sugar Mills (Pvt.) Ltd.	18,645,194	37,790,519
Mark up on short term borrowings	61,178,962	--
Mark up on lease finance	1,349,536	--
Markup on WPPF	2,792,913	1,564,315
Bank charges and commission	2,459,381	1,139,963
	86,425,986	40,494,797
Less: Capitalized	(8,024,682)	--
	78,401,304	40,494,797

	Note	2010	2009
		RUPEES	

23 OTHER INCOME

	Note	2010	2009
Scrap sales		379,310	--
Profit on deposit account		97,887	--
Liabilities written back		8,875,000	--
Miscellaneous receipts	23.1	--	500
		9,352,197	500

23.1 This represents refund of sales tax pertaining to prior years.

24 TAXATION

Current

The assessment of the company deemed to have been finalized upto tax year 2010.

24.1 Relationship between tax expense and accounting profit

	2010	2009
Accounting profit for the year	38,085,109	95,645,512
Applicable tax rate	35%	35%
Tax on accounting profit	13,329,788	33,475,929
Tax effect of expenses that are not deductible in determining taxable profit	8,173,975	8,080,882
Tax effect of expenses that are deductible in determining taxable profit	(11,839,335)	(13,214,281)
Adjustment of brought forward losses	(9,664,428)	(28,342,530)
Tax refundable under normal rules	--	--
Tax payable under normal rules	NIL	NIL
Minimum tax liability U/s. 113	12,495,553	3,640,691

25 EARNINGS PER SHARE - Basic and diluted

There is no dilutive effect on basic loss per share of the company, which is based on:

	2010	2009
Profit after taxation	41,746,091	94,206,728
	NUMBER OF SHARES	
Weighted average number of ordinary shares	74,837,351	14,666,666
	RUPEES	
Earnings per share - Basic and diluted	0.56	6.42

26 REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

The aggregate amount charged in the accounts for remuneration, including all benefits, to the Chief Executive, Directors and Executives of the Company was as follows:

Particulars	2010				2009			
	Chief Executive	Director	Executive	Total	Chief Executive	Director	Executive	Total
Remuneration	--	600,000	477,000	1,077,000	--	300,000	168,000	468,000
Perquisites and other benefits	--	--	--	--	--	--	--	--
Total rupees	--	600,000	477,000	1,077,000	--	300,000	168,000	468,000
No. of persons	--	1	2	3	--	1	1	2

27 TRANSACTION WITH RELATED PARTIES

The related parties comprise associated undertakings, directors, Haq Bahu Sugar Mills (Private) Limited (holding company) and key management personnel. Remuneration and benefits to chief executive, directors and key management personnel under terms of their employment are disclosed in note 26 to the financial statements, the other transactions with related parties are as under:

	2010	2009
	RUPEES	
Associated companies:		
Loan received - net	74,330,217	118,933,400
Markup provided thereon	18,645,194	37,790,519
Purchase of plant and machinery	--	1,650,000

28 CAPACITY AND PRODUCTION

Year	No. of days Mill Operated	Crushing Capacity		Actual Crushing M. Ton
		M. Ton per day	Total Crushing on the basis of No. of days Mill Operated M.T on	
2010	**118**	**3,000**	**354,000**	**242,917**
2009	101	3,000	303,000	191,744

Reason for shortfall:

Under utilization of production capacity is due to scarcity of sugarcane in sindh.

29 FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

The company is exposed to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

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

29.1 Credit risk

Credit risk represents the accounting loss that would be recognized at the reporting date if counter parties failed completely to perform as contracted. The company's credit risk is primary attributable to its receivables and balances with banks.

The carrying amounts of financial assets represent the maximum credit exposure. The maximum exposure to credit risk at the reporting date is:

	2010	2009
	RUPEES	
Deposits, loans and other receivables	29,915,302	21,532,961
Bank balances	94,714,397	59,802,063
	124,629,699	81,335,024

The company manages credit risk of receivables through the monitoring of credit exposures and continuous assessment of credit worthiness of its customers. The company believes that it is not exposed to any major concentration of credit risk as it operates in an essential products industry, its customers are credit worthy and dealing banks posses good credit ratings.

Name of Bank	Rating Agency	Rating Short term	Rating Long term
Muslim Commercial Bank Limited	PACRA	A1+	AA+
KASB Bank Limited	PACRA	A1	A
Bank Alfalah Limited	PACRA	A1+	AA

29.2 Liquidity risk

Liquidity risk reflects an enterprise's inability in raising funds to meet commitments. The company follows an effective cash management and planning policy to ensure availability of funds and to take appropriate measures for new requirements. The following are the contractual maturities of the financial liabilities, including estimated markups:

	Carrying Amounts	Contractual Cash flows	Six months or less	Six to twelve months	One to two years	Two to five years
			RUPEES			
2010						
Financial liabilities						
Long term loans	509,881,549	552,403,484	10,544,927	10,719,704	21,322,890	509,815,963
Lease finance	23,299,485	31,212,552	3,050,052	3,050,052	6,100,104	19,012,344
Short term borrowings	376,692,420	405,996,055	405,996,055	--	--	--
Accrued markup	15,193,017	15,193,017	15,193,017	--	--	--
Trade and other payables	181,649,821	181,649,821	181,649,821	--	--	--
	1,106,716,292	1,186,454,929	616,433,872	13,769,756	27,422,994	528,828,307
2009						
Financial liabilities						
Long term loans	435,551,332	458,967,067	5,813,783	5,878,024	11,723,928	435,551,332
Accrued markup	2,685,023	2,685,023	2,685,023	--	--	--
Trade and other payables	272,178,401	272,178,401	272,178,401	--	--	--
	710,414,756	733,830,491	280,677,207	5,878,024	11,723,928	435,551,332

All the financial liabilities of the company are non derivative financial liabilities. The contractual cash flows relating to the above financial liabilities have been determined on the basis of markup rates effect as at June 30.

42

29.3 Market Risk

Market risk is a risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Company's income or the value of financial instruments. The company's financial instruments are in its functional currency therefore it is not exposed to currency risk, however the company's exposure to interest rate risk is as follows:

Interest rate risk

Interest rate risk is the risk that the value of financial instrument will fluctuate due to changes in market interest rates. The company's exposure to the risk of changes in interest rates relates primarily to the following:

	2010	2009
	RUPEES	
Variable rate instruments at carrying amounts:		
Financial liabilities		
Long term loan	144,746,531	70,416,314
Lease finance	23,299,485	--
Short term borrowings	376,692,420	--
	544,738,436	70,416,314
Interest bearing financial assets:		
Bank Balances in deposit / saving accounts	407,825	--

Fair value sensitivity analysis for fixed rate instruments:

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

Cash flow sensitivity analysis for variable rate instruments:

A change of 100 basis points in interest rates at the reporting date would have increased / decreased loss/profit for the year by the amounts shown below:

	2010	2009
Effect on loss / profit due to change of 100 BPs		
Increase	4,437,693	2,017,275
Decrease	4,437,693	2,017,275

29.4 Fair value of financial instruments

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable willing parties in an arms length transaction. The carrying values of financial instruments reflected in these financial statements approximate their fair values.

29.5 Capital risk management

The company's prime objective when managing capital is to safe guard the company's ability to continue as a going concern in order to provide returns for shareholders and benefits to other stakeholders and to maintain an optimal capital structure to reduce the cost of capital

30 DATE OF AUTHORIZATION FOR ISSUE

The financial statements were approved by the board of directors and authorized for issue on

31 FUNCTIONAL AND PRESENTATION CURRENCY

These financial statements are presented in Rupees, which is the Company's functional currency. All financial information presented in Rupees been rounded to nearest rupee.

CHIEF EXECUTIVE

DIRECTOR