

Continued Excellence



Moving Ahead Together...

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

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



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Corporate Information

Directors

Mukhdoom Syed Ahmed Mahmud
Director/Chairman

Mr. Jahangir Khan Tareen
Director/Chief Executive

Mrs. Sameera Mahmud

Mr. Ijaz Ahmed Phulpoto

Mr. Raheal Masud

Mr. Asim Nisar Bajwa

Mr. Zafar Iqbal

Chief Operating Officer

Rana Nasim Ahmed

Group Director (Finance), CFO & Company Secretary

Mr. Muhammad Rafique

Audit Committee

Mr. Asim Nisar Bajwa
Chairman / Member

Mr. Zafar Iqbal
Member

Mr. Raheal Masud
Member

HR Committee

Mr. Ijaz Ahmed Phulpoto
Chairman / Member

Mr. Zafar Iqbal
Member

Mr. Raheal Masud
Member

Auditors

KPMG Taseer Hadi & Co.
Chartered Accountants

Registrar

Corplink (Pvt.) Ltd.

Legal Advisor

Cornelius, Lane & Mufti



Bankers

Faysal Bank Ltd.

The Bank of Punjab

Habib Bank Ltd.

MCB Bank Ltd.

United Bank Ltd.

Barclays Bank Plc.

Standard Chartered Bank

(Pakistan) Ltd.

Silk Bank Ltd.

Pak Brunei Investment Company Ltd.

Meezan Bank Ltd.

Soneri Bank Ltd.

National Bank of Pakistan

Askari Bank Ltd.

Allied Bank Ltd.

Registered Office

17-Abid Majeed Road,
Lahore Cantonment, Lahore.

Mills

Unit-I

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

Unit-II

Machi Goth, Sadiqabad.
Distt. Rahim Yar Khan.

Unit-III

Mauza Luluwali, Near Village
Islamabad, Distt. Ghotki.

Web Presence

www.jdw-group.com

Mission & Strategy

Mission

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

Strategy

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

Notice of Annual General Meeting

*23rd AGM
31 January 2013
Thursday at 1:00 p.m.*

Notice is hereby given that 23rd Annual General Meeting of JDW Sugar Mills Limited (the "Company") will be held at Fairways Hall, Royal Palm, Golf & Country Club, 52-Canal Bank Road, Lahore on Thursday, January 31, 2013 at 1:00 p.m., to transact the following business:

Ordinary Business:

1. To confirm the minutes of the last Extra Ordinary General Meeting held on November 1, 2012.
2. To receive, consider and adopt the audited unconsolidated and consolidated financial information of the company for the financial year ended on 30th September, 2012 together with Directors' and Auditors' Reports thereon.
3. To approve a final cash dividend @ 60% i.e. Rs. 6 per share for the financial year ended September 30, 2012 as recommended by the Board of Directors.
4. To appoint Auditors of the Company for the next financial year 2012-13 and fix their remuneration. The retiring Auditors M/s KPMG Taseer Hadi & Co. Chartered Accountants, being eligible, have offered themselves for reappointment as Auditors of the Company.

Special Business:

5. Advances To Associated Company - Faruki Pulp Mills Limited
To consider and if deemed fit to pass the following resolutions with or without modification, addition or deletion, as special resolutions for advances to associated company:
 - a) "RESOLVED THAT consent and approval of the members of the Company be and is hereby accorded under Section 208 of the Companies Ordinance, 1984 for sanction of short term advances to Faruki Pulp Mills Limited, an associated undertaking of the Company, for up to an aggregate amount of Rs. 1,250,000,000 (Rupees one billion two hundred fifty million) for a period of one year from February 01, 2013 to January 31, 2014 (both days inclusive) at markup rate not less than the borrowing cost of the Company.
 - b) FURTHER RESOLVED THAT Mr. Muhammad Rafique, Company Secretary of the Company be and is hereby authorized to give effect to the above resolution and take all necessary steps as required under law or otherwise and to sign and execute any agreement, documents etc. for and on behalf of the Company in relation to the above advances."
6. Alteration in object clause of Memorandum of Association of the Company:
To consider and if deemed fit to pass the following resolutions with or without modification, addition or deletion, as special resolutions, for amendments in object clause of Memorandum of Association of the Company, subject to the approval and sanction of the Securities & Exchange Commission of Pakistan:
 - a) Resolved that subject to the approval and sanction of the Securities & Exchange Commission of Pakistan, the following new sub-clauses 5 to 11 be and are hereby inserted in object Clause-III of the Memorandum of Association, after existing sub-clause 4, and the existing consecutive sub-clauses 5 to 15 be and are hereby re-numbered respectively as consecutive sub-clauses 12 to 22:
 5. To acquire and secure membership, to act as Member/Broker of the Commodity Exchange(s) and to carry on the business of brokerage services in all kind of securities/commodities or other listed commodity futures contracts in or outside Pakistan under license or with the permission or approval of any recognized authority and/or Commodity Exchange(s).
 6. To engage in the futures trading in commodities such as gold, cotton, cotton yarn, wheat, rice, sugar and any other commodities as allowed by the Commodity Exchange(s).
 7. To establish ready, future, forward contract and conduct business of commodity in or outside Pakistan and to perform all allied and incidental functions in order to facilitate, set-up and carry on the business of all kind of commodities.

Notice of Annual General Meeting

8. To buy and sell all kind of commodities and engage in the export and import business of all kind of commodities.
 9. To facilitate the shipment, delivery, loading, carriage by land, sea and air delivery and insurance of commodity and to take such actions as the company may think fit.
 10. To act as a market maker in any issue of commodities/securities or other listed commodity futures contracts in or outside Pakistan with the permission or approval of any recognized authority and/or Commodity Exchange(s), subject to compliance with all applicable laws.
 11. To open branch or branches in any place in Pakistan or arrange franchise as may appear necessary or desirable to the Company.
- b) Further resolved that Mr. Muhammad Rafique, Company Secretary be and is hereby authorised to give effect to the above resolution and take all necessary steps as required under the law or otherwise and to sign and execute any petitions, applications, documents, letters of authorities etc. for and on behalf of the Company in relation to the foregoing and to further sub-delegate any or all of his powers hereunder”.
7. To transact any other business with the permission of the Chairman.

By Order of the Board

Place: Lahore
Dated: January 09, 2013

(Muhammad Rafique)
Company Secretary

NOTES:

Member's Register Closure:

1. The share transfer books of the company will remain closed and no transfer of shares will be accepted for registration from 24th January, 2013 to 31st January, 2013 (both days inclusive).

Appointment of Proxy (ies):

2. A member entitled to attend and vote at the general meeting may appoint any other member as proxy in writing to attend the meeting and vote on his/her behalf.
3. Duly completed form(s) of proxy must be deposited with the Company at the Registered Office of the Company not later than 48 hours before the time fixed for the meeting.
4. CDC Account holders will further have to follow the under-mentioned guidelines as laid down in circular 1 dated January 26, 2000 issued by the Securities and Exchange Commission of Pakistan.

For Attending the Meetings

In case of individuals, the account holders or sub-account holders whose registration details are uploaded as per regulations, shall authenticates his/her original valid Computerized National Identity Card (CNIC) or original passport at the time of attending meeting.

In case of Corporate Entity, Board of Director's Resolution/Power of attorney with specimen signature of the nominee shall be produced (unless it has been provided earlier) at the time of meeting.

For Appointment of Proxies:

- i. In case of individuals, the account holder or sub-account holders whose registration details are uploaded as per regulations, shall submit the proxy form as per above requirement.
- ii. Attested copy of CNIC or the passport of beneficial owners and proxy shall be furnished with the Proxy Form.
- iii. The Proxy shall produce his CNIC or the passport at the time of meeting.

iv. In case of corporate entity, the Board of Director's Resolution/Power of attorney with specimen signature shall be submitted (unless provided earlier) along with proxy form.

v. The Proxy form shall be witnessed by two persons whose name, CNIC No. and address shall be mention on proxy form.

5. Members are requested to notify immediately changes of their addresses (if any) to our Shares Registrar Corplink (Private) Limited, Wings Arcade, 1-K, Commercial Model Town, Lahore.

Compliance of SECP SRO No. 779(1)2011 dated August 18, 2011:

6. SECP also directed vide SRO No. 779(1)2011 dated August 18, 2011 to issue dividend warrant only crossed as "A/C Payee's Only" and should bear the Computerized National Identity Card Number (CNIC) of the registered member. Members, who have not yet submitted photocopy of their valid CNIC are requested to send the same at the earliest directly to the Company's Share Registrar M/s Corplink (Pvt.) Limited, Wings Arcade, I-K Commercial, Model Town, Lahore.

7. As directed by SECP vide circular No. 18 of 2012 dated June 05, 2012 and requested by the Company vide its letter dated July 18, 2012, we give the shareholders the opportunity to authorize the Company to directly credit in your bank account with cash dividend, if any, declared by the Company in future. If you wish that the cash dividend if declared by the Company be directly, credited into your bank account, instead of issuing a dividend warrants, please provide the following details:

- a) Title of Bank Account
- b) Bank Account Number
- c) Bank's Name
- d) Branch Name and Address
- e) Cell number of Shareholder
- f) Landline number of shareholder (if any)

Explanatory Statement Required by Section

160 (1) (b) of the Companies Ordinance, 1984

Agenda item No. 5:

Brief of Investee Company

Faruki Pulp Mills Limited ("FPML") was incorporated as an unlisted public limited Company on October 02, 1991 and certificate for commencement of business was issued on November 26, 1991. The principal business of FPML is manufacturing of wood pulp from Eucalyptus.

The manufacturing facility of FPML is located in Gujarat, Punjab and is the 'only' Bleached Kraft Pulp ("BKP") manufacturer in Pakistan and based primarily on Eucalyptus wood having a capacity of 200 tons per day ("tpd") or 68,000 tons per annum ("tpa"). FPML is an agricultural based Project using all local raw materials to produce an import substitute/ export.

i) Name of the associated company or associated undertaking along with criteria based on which the associated relationship is established:

Faruki Pulp Mills Limited is an associated company of JDW Sugar Mills Limited ("the Company/JDW") due to common directorship of Mr. Jahangir Khan Tareen, (Director/Chief Executive) of JDW who is also director in FPML. Moreover JDW owns 51,500,000 shares of Rs. 10 each of FPML, which constitute approximately 47.68% of the total issued and voting shares in FPML.

ii) Amount of loans or advances:

Short term advances will be given up to an aggregate amount of Rs. 1,250,000,000 (Rupees one billion two hundred fifty million) for one year commencing from February 01, 2013 to January 31, 2014 (both days inclusive).

iii) Purpose of loans or advances and benefits likely to accrue to the investing company and its members from such loans or advances:

The purpose of the advances is to provide funds to FPML to meet its short term working capital requirements for smooth running of its day to day matters.

FPML is an associated company of JDW and JDW owns its 51,500,000 shares of Rs. 10 each, which constitute approximately 47.68 % of the total issued and voting shares in FPML. The subject advances to FPML should facilitate

FPML to meet its working capital requirements. Expected dividend returns from FPML will enhance profitability of the company, which resultantly will strengthen/consolidate its share price and confidence of investors and creditors.

iv) In case any loan has already been granted to the said associated company or associated undertaking, the complete details thereof:

FPML has availed Rs. 500,000,000 (Rupees five hundred million) loan from JDW to meet its working capital requirements at the mark up rate of not less than the borrowing cost of the company, which is expiring on January 31, 2013.

v) Financial position, including main items of balance sheet and profit and loss account of the associated company or associated undertaking on the basis of its latest financial statements;

Based on the audited financial statements for the financial year ended June 30, 2012, the financial position of FPML appears to be as under:

Particulars	Amount (Rs.)
Paid up capital	: 1,080,000,000
General reserves	: NIL
Long term loans	: 1,400,000,000
Sponsors loans	: 1,462,498,647
Long term deposits	: NIL
Turnover	: NIL
Accumulated losses	: 112,720,705
Surplus on revaluation of fixed assets	: NIL
current assets	: 223,286,568
Profit/(loss) after tax	: (31,783,117)
Current ratio	: 0.1 : 1
Break up value per share	: 8.96



Explanatory Statement Required by Section

160 (1) (b) of the Companies Ordinance, 1984

- vi) **Average borrowing cost of the investing company or in case of absence of borrowing the Karachi Inter Bank Offered Rate for the relevant period:**
Average borrowing cost of the company.
- vii) **Rate of interest, mark up, profit, fees or commission etc. to be charged:**
Mark up will be charged at a rate not less than the borrowing cost of the Company.
- viii) **Source of funds from where loan or advances will be given:**
The advances will be advanced primarily out of the Company's available surplus funds from its business activities.
- ix) **Where loan or advances are being granted using borrowed funds:**
- I) Justification for granting loan or advance out of borrowed funds;
N/A
 - II) Detail of guarantees/assets pledged for obtaining such funds;
N/A
 - III) Repayment schedules of borrowing of the investing company.
N/A
- x) **Particulars of Collateral Security:**
Management of the Company does not consider it necessary to obtain direct collateral security from FPML, since FPML is an associated undertaking of the Company and under common management.
- xi) **If the loans or advances or advances carry conversion feature.**
NIL
- xii) **Repayment Schedule:**
The advances would be for a period of one year from February 1st 2013 to January 31st 2014 (both days inclusive) and would be renewable on terms and conditions as approved by the members through special resolution.
- xiii) **Salient feature of all agreements entered or to be entered with its associated company with regard to proposed investment:**
The company has entered a loan/advances agreement with FPML.
- xiv) **Direct or indirect interest of directors, sponsors, majority shareholders and their relatives, if any, in the associated company or the transaction under consideration:**
The Directors of the Company are interested in the business to the extent that one of the Directors namely Mr. Jahangir Khan Tareen is also director in FPML and may hold qualification shares in FPML. Moreover the company is owned substantial shareholding of the FPML.
- xv) **Any other important details necessary for the members to understand the transaction:**
All important disclosure has already been provided above in this document.
- xvi) **In case of investment in a project of an associated company that has not commenced operations, in addition to the information referred to above, the following further information is as under:**
- I) **A description of the project and its history since conceptualization;**
Faruki Pulp Mills Limited was incorporated as an unlisted public limited Company on October 02, 1991 and certificate for commencement of business was issued on November 26, 1991. The principal business of FPML is manufacturing of wood pulp from Eucalyptus. The manufacturing facility of FPML is located in Gujarat, Punjab and is the 'only' Bleached Kraft Pulp ("BKP") manufacturer in Pakistan and based primarily on Eucalyptus wood having a capacity of 200 tons per day ("tpd") or 68,000 tons per annum ("tpa"). FPML is an agricultural based Project using all local raw materials to produce an import substitute/export. The project is at construction, erection and testing stage.
 - II) Starting date and expected date of completion;
December, 2014
 - III) Expected return on total capital employed in the project; and
In the shape of expected dividends.

Explanatory Statement Required by Section

160 (1) (b) of the Companies Ordinance, 1984

Agenda Item No. 6:

ALTERATION IN OBJECT CLAUSE OF MEMORANDUM OF ASSOCIATION OF THE COMPANY

The board of directors of JDW Sugar Mills Limited (the Company) in their meeting held on January 03, 2013 discussed the increasing trend of online commodities trading through Pakistan Mercantile Exchange Limited (the "PMEX") and the future prospectus and role of PMEX in Pakistan for development of commodities trading. Keeping in view the above the board envisaged that obtaining the membership of PMEX will be helpful for speedy sale of stocks of the company.

The company had approached PMEX to obtain its membership and it was highlighted by the PMEX that company's Memorandum of Association does not have certain clauses, as required by Securities & Exchange Commission of Pakistan, before granting membership by PMEX to its members. Keeping in view the said requirements of PMEX, the Memorandum of Association of the company is being amended by incorporating the clauses proposed by PMEX.

STATUS OF EQUITY INVESTMENT IN JDW POWER (PRIVATE) LIMITED AS REQUIRED BY SECP NOTIFICATION NO. SRO. 865(I)2000, DATED DECEMBER 6, 2000.

Members in their Extra-Ordinary General Meeting held on Sunday, November 1, 2009 at 11.00 a.m. at Registered Office of the company had approved equity investment of up to an aggregate sum of Rs. 500,000,000 in the equity of JDW Power (Private) Limited ("JDWPL") which is an associated company of the company and was planning to set up 80 MW co-generation power plant at Jamal Din Wali Distt. Rahim Yar Khan.

By virtue of said approval the company was authorized to subscribe up to 50,000,000 ordinary shares of Rs. 10/- each at par value of JDWPL as and when were offered by JDWPL, out of which company had so far been allotted 9,000,000 shares of Rs. 10 each in the paid up value of Rs. 90,000,000.

Moreover, Board in their meeting held on January 3, 2013 reiterates that its key responsibility was to protect the interests of its shareholders. The fate of JDW-Unit I is linked to the Project as the sugar mill would be entirely dependent on the Project for steam and electricity supply after Project commissioning. The Board agreed that there was no guarantee in the present circumstances that the Project would not suffer the same fate as other IPPs in the future and have payments disrupted. If any

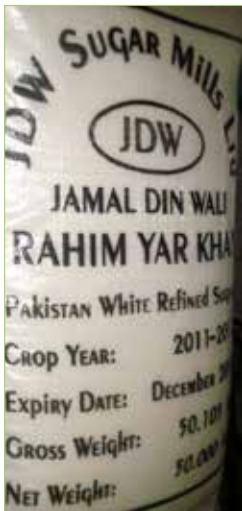
such disruptions were to fall within the sugar season and force the Project to shut down, that would wreak havoc with the sugar milling operations and jeopardize the company's obligations to sugarcane growers, banks, and other parties. Further, the circular debt crisis in the power sector continued unabated and there had been no serious effort to resolve the issue.

Keeping in the view the unavoidable circumstances the board has decided to close proposed 80 MW Co-Generation power plant and simultaneously board also approved allowance for impairment of all investment made in the shape of equity in proposed power plant.

STATUS OF FUND INVESTMENT IN FARUKI PULP MILLS LIMITED AS PER SPECIAL RESOLUTION PASSED IN AUGUST 3, 2010 AS REQUIRED UNDER SECP NOTIFICATION NO. SRO. 865(I)2000, DATED DECEMBER 6, 2000.

The Sponsors Support Agreement ("SSA") was signed by the company after getting approval of its members through special resolution in its Extra Ordinary General meeting held on August 03, 2010 for fulfilling the fund requirements of FPML to complete its project. FPML. As of today; no loan/advance or investment has been made to FPML by the company pursuant to the SSA.





Operating Highlights

Production Data

		2012	2011	2010	2009	2008	2007
Unit - I							
Season started	Date	18-Nov-11	25-Nov-10	15-Nov-09	23-Nov-08	19-Nov-07	17-Nov-06
Season closed	Date	7-Apr-12	31-Mar-11	5-Mar-10	9-Mar-09	1-May-08	12-Apr-07
Days worked	Days	142	127	111	107	165	147
Average daily crushing	M.Tons	19,095	16,703	15,469	13,911	17,239	12,860
Sugar cane crushed	M.Tons	2,711,463	2,121,232	1,717,041	1,488,463	2,844,395	1,890,482
Sucrose recovery	% age	10.04	10.42	8.84	11.15	10.16	10.35
Sugar production	M.Tons	272,226	221,079	151,850	165,968	288,949	195,586
Molasses recovery	% age	4.40	3.84	4.48	4.03	4.74	4.09
Molasses production	M.Tons	119,229	81,466	77,006	60,021	134,817	77,311

Unit - II

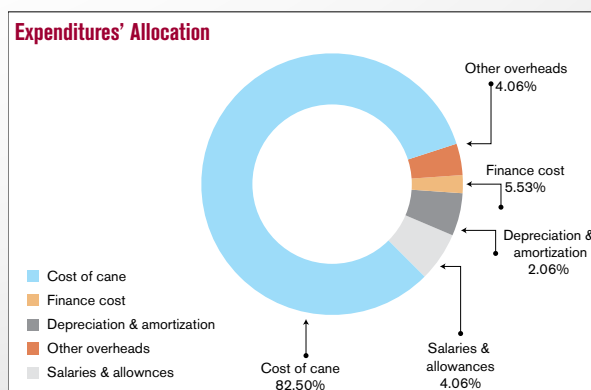
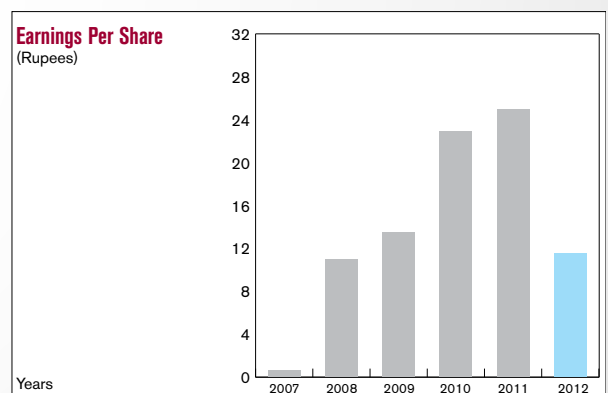
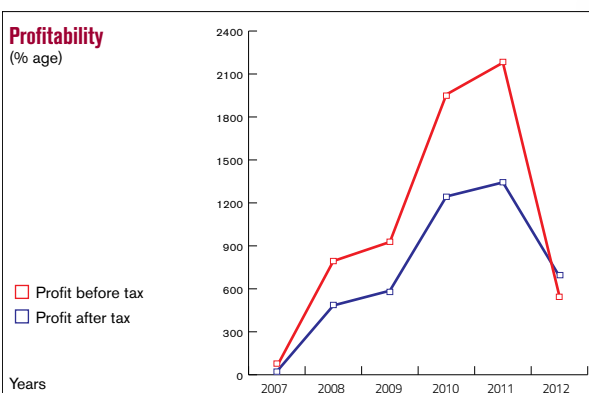
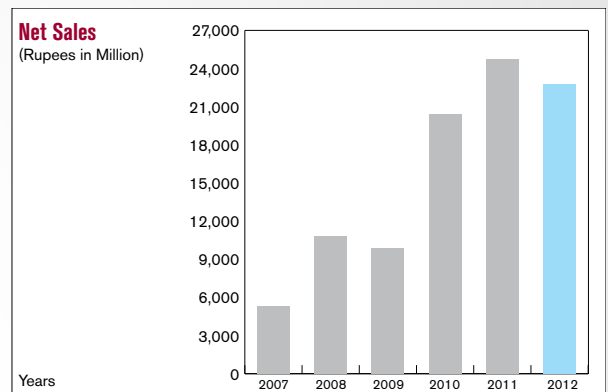
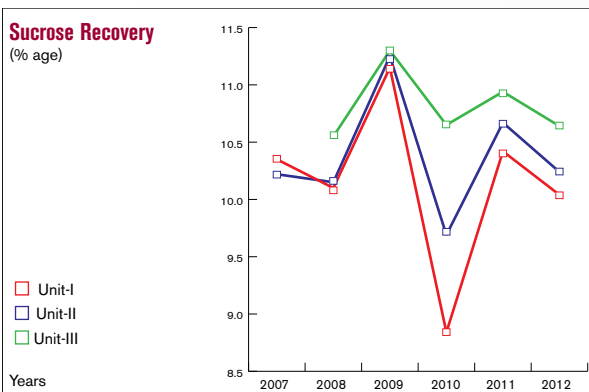
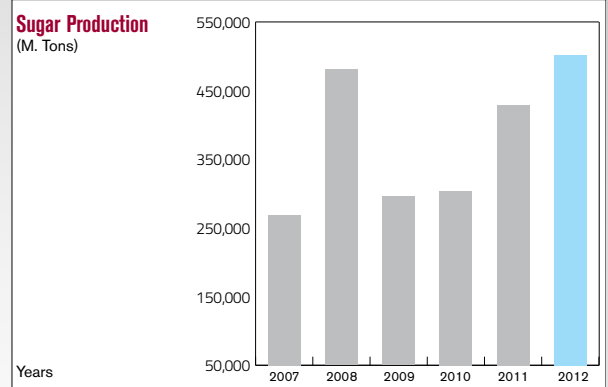
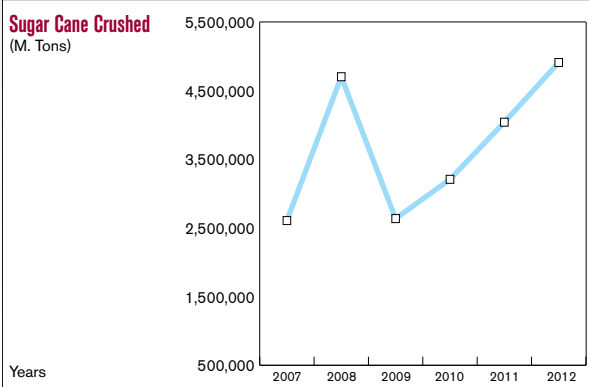
Season started	Date	18-Nov-11	25-Nov-10	15-Nov-09	23-Nov-08	19-Nov-07	17-Nov-06
Season closed	Date	31-Mar-12	30-Mar-11	1-Mar-10	5-Mar-09	18-Apr-08	1-Apr-07
Days worked	Days	135	126	107	103	152	136
Average daily crushing	M.Tons	7,872	6,887	6,592	5,784	6,551	5,274
Sugar cane crushed	M.Tons	1,062,742	867,796	705,363	595,765	995,700	717,230
Sucrose recovery	% age	10.24	10.67	9.69	11.25	10.15	10.22
Sugar production	M.Tons	108,864	92,595	68,352	67,044	101,082	73,315
Molasses recovery	% age	4.21	4.17	4.35	4.21	5.11	4.48
Molasses production	M.Tons	44,783	36,222	30,677	25,083	50,864	32,151

Unit - III

Season started	Date	25-Nov-11	1-Dec-10	9-Nov-09	1-Dec-08	30-Nov-07	-
Season closed	Date	20-Mar-12	31-Mar-11	5-Mar-10	4-Mar-09	23-Apr-08	-
Days worked	Days	117	121	117	94	146	-
Average daily crushing	M.Tons	9,701	8,690	6,720	5,879	5,908	-
Sugar cane crushed	M.Tons	1,135,063	1,051,525	786,256	552,646	862,496	-
Sucrose recovery	% age	10.64	10.94	10.65	11.30	10.55	-
Sugar production	M.Tons	120,721	115,033	83,697	62,484	90,918	-
Molasses recovery	% age	4.38	4.27	4.41	4.02	5.66	-
Molasses production	M.Tons	49,675	44,936	34,685	22,250	48,785	-

Operating Results

		2012	2011	2010	2009	(Rupees in thousand)	
						2008	2007
Gross sales		24,491,645	26,467,626	21,386,484	11,253,261	12,407,766	6,144,673
Net sales		22,749,880	24,729,491	20,380,684	9,898,459	10,801,461	5,344,241
Cost of sales		20,387,895	20,594,228	16,744,651	7,510,054	8,818,583	4,527,892
Administrative, distribution & marketing expenses		485,546	445,618	356,151	242,381	351,519	147,954
Finance cost		1,334,999	1,375,701	1,168,440	1,127,468	816,218	697,960
Other operating expenses		119,204	156,975	212,051	115,553	91,141	14,202
Other operating income		(126,044)	(66,439)	(58,066)	(24,439)	(70,322)	(112,130)
Profit before taxation		548,281	2,223,409	1,957,457	927,036	794,323	58,498
Profit after taxation		687,275	1,372,430	1,245,984	587,654	484,453	23,187
Basic earnings per share	Rs.	11.52	24.95	22.89	13.50	10.94	0.61
Dividend - cash	%	60	90	70	40	35	-
- bonus	%	-	-	10	-	15	20



Directors' Report

It gives me pleasure in presenting you the company's 23rd Annual Report and Audited Accounts for the year ended 30th September, 2012

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

Operating Results

Description	Unit	2011-12				2010-11			
		Unit-I	Unit-II	Unit-III	Combined	Unit-I	Unit-II	Unit-III	Combined
Season Started	Date	18.11.11	18.11.11	25.11.11	--	25.11.10	25.11.10	01.12.10	--
Season Closed	Date	07.04.12	31.03.12	20.03.12	--	31.03.11	30.03.11	31.03.11	--
Days Worked	Days	142	135	117	131	127	126	121	125
Sugarcane crushed	M.Tons	2,711,463	1,062,742	1,135,063	4,909,268	2,121,232	867,796	1,051,525	4,040,553
Sucrose Recovery	%age	10.04	10.24	10.64	10.22	10.42	10.67	10.94	10.61
Sugar Production	M.Tons	272,226	108,864	120,721	501,811	221,079	92,595	115,033	428,707
Molasses Recovery	%age	4.40	4.21	4.38	4.35	3.84	4.17	4.27	4.02
Molasses Production	M.Tons	119,229	44,783	49,675	213,687	81,466	36,222	44,936	162,624

The comments on these results are as under:

- There has been 15% increase in average crushing capacity achieved this time. With average combined crushing of 37,380 tons per day, the Mills on the average were operated for 131 days during the year under review as against 125 days with average crushing of 32,411 tons per day last year. Sugar cane crushed this time was 22% higher than last year.
- Average sucrose recovery achieved this time was 39 bps less i.e., decreased from 10.61% to 10.22% caused mainly due to early lodging of cane crop. However, molasses recovery has registered increase from 4.02% to 4.35 %. Despite comparatively low sucrose recovery the actual production achieved was 17% higher than last year.
- JDWSML–Unit III, located in district Ghotki has achieved highest sucrose recovery of 10.64% among all the sugar units of JDW Group.

Deharki Sugar Mills being subsidiary of the company has achieved the following operating results in its first year of operation:

Operating Results - Subsidiary Company

Description	Unit	2011-12
Season Started	Date	03.12.11
Season Closed	Date	27.03.12
Days Worked	Days	116
Sugarcane crushed	M.Tons	751,262
Sucrose Recovery	%age	10.34
Sugar Production	M.Tons	77,635
Molasses Recovery	%age	4.59
Molasses Production	M.Tons	34,501



Directors' Report

Financial indicators

An analysis of the key operating results is given below:

	30 September 2012	30 September 2011 (Restated)
	(Rs. in million)	
Gross sales	24,492	26,468
Net sales	22,750	24,729
Operating profit	1,883	3,599
Profit before tax	548	2,223
Profit after tax	687	1,372
Basic earnings per share (Rs.)	11.52	24.95

- Despite 7% decrease in the gross turnover, the Company has successfully managed its sales volume around Rs. 25 billion. The main reason of decline in turnover was sharp decline in the prices of sugar. Prices of molasses were also not as good as were before.
- There has been 3% decrease in financial charges which is mainly attributable to reduction in discount rate by SBP and reducing long term loans of the company. The Company is fulfilling its financial obligations on time and enjoying good relations with all the financial institutions Company is dealing with.
- The Company has earned a pre-tax profit amounting to Rs. 548 million as against profit of Rs. 2,223 million last year. Profit after tax has also decreased from Rs. 1,372 million to Rs. 687 million consequently the basic earnings per share has also decreased from Rs. 24.95 to Rs. 11.52. The gross profit ratio has dropped from 16.72% to 10.38% due to higher cane cost and rock bottom prices of sugar throughout the year. Depreciation charges, administrative expenses, distribution & marketing expenses and other operating expenses are almost at the same level as were last year.
- The balance sheet size has increased from Rs. 19 billion to Rs. 23 billion. Accumulated reserves are more than seven times of the paid up capital of the Company.

Other points of your interest are summarized below:

- The Govt. of Punjab increased sugarcane support price to Rs 150 per 40 kgs for the crushing season 2011-12 from Rs. 125 per 40 kgs last year whereas Govt. of Sindh increased it from Rs 127 to Rs 154 per 40 kgs for the similar period.
- Gross revenue from sale of electricity to MEPCO and SEPCO from two sugar units was Rs. 406 million (2010-11: Rs. 322 million).

- The Company continued its policy of prompt payments to growers during the season. Immediately after the close of the crushing season 2011-12 the Company had fully made the balance cane payment which was outstanding for last few days of the season.
- The Company is struggling this year to improve its financial ratios. The core reasons are unfavorable sale prices of sugar, increase in carry over sugar stocks, investments in group companies and massive additions to fixed assets during last five years with no corresponding increase in long term borrowings except small borrowings from leasing institutions. The long term debt will continue to reduce as Company will be repaying around Rs. 1.4 billion principal amount to the financial institutions during next year whereas two out of three majors debts would be fully settled during next calendar year. In order to put financial ratios in line with required standards the company needs to re-profile its balance sheet by capitalizing the major portion of existing short term borrowings into long term loans for a period of five to six years.
- JCR-VIS Credit Rating Company Limited (JCR-VIS) on September 05, 2012 has reaffirmed the medium to long-term entity rating of the Company at 'A' (Single A) and short-term rating at A-1 (A-One). The rating of the Company's Rs 1.7 billion TFC issue has also been reaffirmed at 'A+' (Single A Plus). Outlook on the assigned ratings has been reported as 'Stable'.
- The Karachi Stock Exchange (Guarantee) Limited (KSE) recently on the basis of comprehensive criteria, which includes Dividend Payout, Capital Efficiency, Profitability, Free-float of shares, Transparency & Investors Relation, Compliance with Listing Regulations has placed JDW Sugar Mills Limited (JDW) among "The Karachi Stock Exchange Top 25 Companies for the year 2011. Our Company's rank has upgraded from 15 to 14 in the order of priority and this is the 2nd consecutive year of the company of getting this milestone. This is a matter of pride for all of us.



Directors' Report

- Pakistan Centre for Philanthropy has ranked JDW Sugar Mills Limited at 17th out of 490 Public Limited Companies by total volume of donations on the basis of Corporate Philanthropy Survey 2011.

Dividend

The Board of Directors has recommended 60% cash dividend, subject to approval of the shareholders in the Annual General Meeting.

Appropriation of Profit

The following appropriations were made during the current year.

	2012 (Rs. in thousand)
Profit after taxation	687,275
Un-appropriated profit as at 01 October 2011 (Re-stated)	3,497,686
	4,184,961
Appropriations during the year	
Final cash dividend 90 % for the year ended 30 September 2011	(537,990)
Balance as at 30 September 2012	3,646,971
Subsequent Effects	
The Board of Directors of the Company in their meeting held on 03 January 2013 has proposed the following:	
Final cash dividend for the year 30 September 2012 of Rs. 6.0 per share	(358,660)
	3,288,311

Relationship with Growers

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

- Consistently follow the policy of timely payments of sugarcane to growers.
- Fulfill farmers' financial requirements by providing them financial assistance from own sources & by arranging loans for them from banks and also through different financial schemes of National Rural Support Programme (NRSP). During period under review, huge amount of agri loans were advanced to growers in the form of cash, seed, agricultural implements, turbines & tube wells, fertilizers and pesticides.
- Procure and provide latest agricultural equipments on subsidized rates to growers on easy installment basis.
- Enhance technical skills through various extension and advisory programmers.

- Provide better quality and better yield varieties of sugarcane resulting in increased productivity in sugarcane yield per acre.

Future Outlook

For crushing season 2012-13, the Company has already started crushing in its Unit-I (JDW), Unit-II (Sadiqabad), subsidiary company DSML on 30th November and in Unit-III (Ghotki) on 3rd December 2012. Owing to inadequate and late moon soon there is a possibility of experiencing low yield per acre this time which at present is not fully cleared. However, in view of increase in area under sugar cane cultivation and better sucrose recovery we are expecting higher sugar production this year. The provincial Governments i.e., Sindh and Punjab have increased support prices of sugarcane from Rs. 154 to Rs 172 per 40 kgs and Rs. 150 to Rs. 170 per 40 kgs respectively. However, due to huge carry over sugar stocks and anticipated record sugar production during the ongoing crushing season the federal Govt. is fully supporting the sugar industry and has so far given approval for export of 1,200,000 tons of Sugar out of which approx. 300,000 tons have already been exported and has also advised TCP to purchase sugar from sugar industry to maintain its buffer stocks. TCP has already floated tenders for procurement of 360,000 tons of sugar and sugar industry is expecting more buying of sugar by TCP in coming months. In view of these two major supports sugar prices are expected to improve which at present are below the cost of sugar production even for the most efficient sugar mills in the country.

The company has started the process of replacing existing low pressure boilers with high pressure boilers and small capacity power turbines with power turbines of 26 MW, initially at units i.e. JDW Unit II (Sadiqabad) & JDW Unit III (Ghotki). This change of technology will result in higher generation of power for sale to Discos. The LCs for the first phase of the project have already been established. The project is expected to be ready for operation before start of next crushing season.

Considering increase in sugarcane cost with no favorable increase in the prices of sugar & molasses and surplus sugar production in 2nd consecutive year in the country, the current year 2012-13 seems to be very difficult for the company. In view of the circumstances stated above, we are operating in a challenging environment with regulation of sugar cane prices by the provincial governments versus determination of sugar prices by the market forces and higher financial charges. In future, efforts will be made to increase sugar production, work on improving plant efficiencies, focusing on production of more and more electricity for sale purposes and reducing the financial charges to ensure better profitability. With improvement in sugar prices we can expect better financial results for the year 2012-13.

Directors' Report

Code of Corporate Governance

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

- The financial statements present fairly the state of affairs of the Company, the results of its operations, cash flow and changes in equity;
- Proper books of accounts of the Company have been maintained;
- Accounting policies as stated in the notes to the financial statements have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable prudent judgment;
- International Financial Reporting Standards, as applicable in Pakistan and the requirements of Companies Ordinance, 1984 have been followed in preparation of the financial statements;
- The system of internal control is sound in design and has been effectively implemented and monitored;
- There are no doubts about the Company's ability to continue as going concern;
- There has been no material departure from the best practices of corporate governance as detailed in the listing regulations;
- A statement regarding key financial data for the last six years is annexed to this report;
- Information about taxes and levies is given in the notes to the financial statements.
- During the year 8 board meetings were held. Attendance was as under:

Sr. No.	Name of Director	Meetings Attended
1.	Jahangir Khan Tareen	7
2.	Makhdoom Syed Ahmed Mahmud	5
3.	Sameera Mahmud	4
4.	Ijaz Ahmed Phulpoto	8
5.	Asim Nisar Bajwa	8
6.	Raheal Masud	3
7.	Zafar Iqbal	8

Directors who could not attend board meetings due to their preoccupations were granted leave of absence. Mr. Abdul Ghaffar & Mr. Muhammad Ismail resigned on 01 December 2011 & 25 May 2012 respectively as Director and Mrs. Sameera Mahmud & Mr. Raheal Masud appointed in their place as Director.

Audit Committee

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

Human Resource Committee

The Board has constituted a Human Resource Committee in compliance with the Code of Corporate Governance 2012.

Value of Provident Fund Investment

The Company operates a recognized provident fund scheme covering all its permanent employees. Equal monthly contributions to the fund are made both by the Company and its employees in accordance with fund rules. As per audited accounts of the Employees Provident Fund the value of its investments as on June 30, 2012 aggregating to Rs. 257 million (2011: Rs. 205 million).

Pattern of Shareholding

There were 1,254 shareholders of the Company as of 30 September 2012. A statement of pattern of shareholding is enclosed in this report.

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

National Exchequer

The Company has contributed a sum of Rs. 2,358 million (2011: Rs. 1,966 million) to the national exchequer in the form of taxes & duties during the year under review.

Corporate Social Responsibility Activities

The Company undertook the Corporate Social Responsibility Activities which are discussed in detail on pages from 16 to 20 during the period under review.

Auditors

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

Acknowledgement

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

On behalf of the board of directors

Lahore:
03 January, 2013

Jahangir Khan Tareen
Chief Executive

Corporate Social Responsibility



The unique socio-economic programs created by JDW Sugar Mills to raise the income and standard of living of local communities continued to expand in 2012. Programs that were originally initiated as pilot projects now play a key role in sustaining economic development of the immediate agricultural region. The programs utilize strong social and cultural bonds to harness the true potential of communities living in the rural areas.

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

Programs

1. Sugarcane Productivity Enhancement Project (SPEP)

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

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

With continued support from JDW Sugar Mills, NRSP expanded its operation in 50 union councils. The number of active COs grew in 2012 to 1,111 with a membership of 14,052 farmers.

The main features of the SPEP include:

- Social mobilization and organization of the rural poor into Community Organizations (COs).
- Provision of agricultural extension services; agricultural graduates employed by JDW Sugar Mills provide services through direct advice in CO meetings, published literature and farm visits.

- Credit facility from JDW Sugar Mills and NRSP for purchase of seed and other agricultural inputs on guarantee of the CO.
- Provision of farm machinery by JDW Sugar Mills on credit at subsidized rates to small farmers.

NRSP has distributed loans amounting to Rs. 435 million in the year 2011-12 to raise the productivity and income of the farming communities.

2. Farmer Support Program/Livestock Support Project

Livestock has a major share in the economy of farming community and growers residing in rural areas of District Rahim Yar Khan. However, due to lack of knowledge and skill, farmers are not harnessing the full milk and meat potential of livestock. Under the umbrella of "Farmer Support Program," JDW group has trained a team of Veterinary Assistants/A, I Technicians for providing following facilities to growers at their doorsteps:

1. Artificial Insemination for breed improvement
2. Deworming for control of endo and ecto parasites
3. Vaccination for control of diseases like FMD, HS and ETV etc
4. All kinds of treatment on just a phone call.

All medicines under this program are provided to the growers at cost while services are provided free of any charge.



Corporate Social Responsibility

3. Women's Development Program (WDP)

The Women's Development Program was initiated in the rural areas of SPEP to develop small business skills. Women in these rural areas can now benefit from the various programs run by NRSP. The project has so far organized 858 COs and encouraged membership of 7,992 women. The year 2011-12 enabled women to access credit (Rs. 83.29 million) and various small business training facilities. Through these programs, women have been able to provide significantly improved income support to their households.

Vocational training institutes established by JDW are currently providing training in trades that include dress

making, embroidery, repair and maintenance of electrical home appliances, tractor maintenance and computer operation. The graduates now have an opportunity to generate income through self-employment in the market.



Table 1 : Vocational Training Institute progress for 2011-2012

Jamal Din Wali- VTI						
Trades	Admitted Students			Pass out Students		
	Boys	Girls	Total	Boys	Girls	Total
Computer operator/office assistant	219	46	265	189	42	231
Dress making	-	237	237	-	209	209
Embroidery	-	237	237	-	206	206
Repair & maintenance of electrical	176	-	176	151	-	151
Tractor mechanic	220	-	220	152	-	152
Computer appliance & Office professional (self-finance)	25	-	25	20	-	20
Industrial electrician	60	-	60	50	-	50
Total	700	520	1,220	562	457	1,019

Rajan Pur Kalan- VTI						
Trades	Admitted Students			Pass out Students		
	Boys	Girls	Total	Boys	Girls	Total
Computer Operator/Office Assistant	240	38	278	197	36	233
Dress Making	-	234	234	-	185	185
Embroidery	-	224	224	-	168	168
Repair & Maintenance of Electrical	116	-	116	-	99	99
Total	356	496	852	197	488	685



Corporate Social Responsibility

4. Education

1. Quality Education for All (QEFA) in Rasool Pur Union Council

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

- Raising funds for provision of missing facilities
- Reducing the drop-out rate and increasing enrollment
- Reducing teacher's absenteeism.

The project has been a resounding success, resulting in efficient management of schools, increase in the student enrolment, reduction in the drop-out ratio, provision of basic facilities, and involvement of local communities in monitoring the performance of school administration. Since this initiative commenced, JDW Sugar Mills has been provided funds of Rs. 184.72 million, out of Rs. 157.72 million has been deployed in district Rahim Yar Khan and Rs. 26.46 million in the districts of Ghotki and Khairpur. These funds have been utilized to address missing facilities and upgrade existing ones. The officers of the World Bank and Government of the Punjab visited these schools and appreciated the "New School Management Approach" adopted in Rasool Pur Union Council. The Punjab Education Sector Reforms Project (PESRP) launched in 2005-06 has been modeled on the lessons learnt from this project.

Since inception, the JDW-funded education program has expanded to 205 schools, out of which 51 are girls' schools, 111 boys' schools and 43 are co- educational non-formal schools. The program features strong collaboration with

the NRSP and aims to address the quality of education in rural areas of district Rahim Yar Khan. The upgrades included employment of 214 teachers, new classrooms, boundary walls, and furniture for students and teachers, toilets, sheds, water supplies, electricity & electrification, IT labs, supports material, walking bridge and whitewash.

Table 2: The progress by the Quality Education Program Progress till 2011-2012.

Programs	Boys	Girls	Co-Education	Total
Rasool Pur				
No. of Schools	29	20	-	49
Enrollment	4,875	2,593	-	7,468
No. of Teachers	129	75	-	204
Kot Karam Khan				
No. of Schools	13	5	-	18
Enrollment	1,791	659	-	2,450
No. of Teachers	27	08	-	35
Non Formal (NEF)				
No. of Schools	-	-	14	14
Enrollment	633	515	-	1,148
No. of Teachers	10	15	-	25
Ghotki				
No. of Schools	43	12	10	65
Enrollment	4,156	2,589	-	6,745
No. of Teachers	70	29	-	99
Rajanpur				
No. of Schools	26	14	1	41
Enrollment	2,876	1,501	-	4,377
No. of Teachers	60	32	-	92
Grand Total				
No. of Schools	111	51	25	187
Enrollment	14,331	7,857	-	22,188
No. of Teachers	296	159	-	455



Corporate Social Responsibility

JDW Sugar Mills is using its valuable link with the district education department to make another contribution in educational institutes by raising the graduation rate of rural community, elementary and higher schools.

5. Helping Students for Education Continuity

With a strong focus on promoting education, JDW Sugar Mills has also resolved to provide financial support to students who want to continue their studies after passing their intermediate qualification. Currently 2 boys and one girl of Jamal Din Wali city have benefited from support of Rs. 0.12 million in continuing their education in graduate and post graduate classes.



6. Lodhran Pilot Project (LPP)

In order to provide a healthy environment, JDW Sugar Mills has provided Rs. 14.81 million to the LPP during the year for improvement in sewerage system. Public involvement is encouraged to ensure the system is maintained on a daily basis.

7. Free Eye Camps

NRSP and JDW Sugar Mills organized 39 free eye camps. JDW Sugar Mills enthusiastically participated in this program by providing both financial and logistical support. These successful eye camps, which focus on providing integrated eye care, have become an ongoing initiative for the poor rural community.



Cataract surgery was initially conducted in Al-Shifa Eye Trust, Sukkur. However, over time the surgery was facilitated in local premises. Consequently, in the last four camps, cataract surgeries were successfully performed at JDW Sugar Mills and it is expected that this practice will continue in the future.

Camps	OPDs Status			Cataract Surgeries Status			
	Organized	Male	Female	Total	Male	Female	Total
39		12,684	13,176	25,860	1,160	1,112	2,272

Features of the Eye Camp Program:

- Separate arrangements for men and women
- Free Registration
- Free OPD
- Free optical check-up
- Free medicines
- Free cataract surgeries
- Free transportation
- Free accommodation

Corporate Social Responsibility

8. CNIC Preparation & Distribution

The JDW area falls in the backward region of Pakistan. To facilitate people, the Group assisted the NADRA Mobile Unit in the preparation of computerized national ID cards during 2011-12: -

Sr. No.	Details	Nos.
1	Computerized ID Cards Prepared	1,550
2	Computerized ID Cards Distributed	680



9. Community Dairy Development Project

This project has been initiated to support poor people in (Tehsil Rahim Yar Khan and Sadiqabad).

The Company in collaboration with Pakistan Dairy Development Company (PDDC) is providing loans to poor farmers for the purchase of cows. The loans are repayable in easy equal instalments. This project will create employment opportunities in the region and promote cattle farming. Focus on bale silage technique is the latest intervention of the project. Bale silage technology is six years old in the world, European countries are in learning practice to get benefit from bale silage technique. Now the project is extended to area of Basti Chah Kinni of village Roshan Bhait.

Bale silage is more nutritious and has higher energy content than ordinary fodder. Bale silage offers the following advantages:

- More economical for the farmer as it costs less than even wheat straw
- Makes dairy farming easy and profitable
- Baling involves a single day of work
- Increases milk production

The project was initiated in March 2011 and had already made remarkable progress until September 2012. The actual achievements of the project are given in the table below.

Core Activity	Actual
Community farms established	15
Farmers organized	235
Farmers group formed	50
Animals housing / sheds	50
Silage introduced	10
Silage beneficiaries	150
Farmers group discussion	16
Farmers exposure visits	16
Health / Preventive Measures	
No. of animals vaccinated	2,600
No. of animals drenched	1,500
Output/Result Oriented Activity	Before After
Milk production (in litre per day)	4 9
Milk price per litre (in rupees)	30 45





Financial Statements
for the year ended 30 September 2012

Statement of Compliance

with the Code of Corporate Governance

This statement is being presented to comply with the Code of Corporate Governance contained in Regulation No. 35 of listing regulations of Karachi Stock Exchange Limited and Lahore Stock Exchange Limited for the purpose of establishing a framework of good governance, whereby a listed Company is managed in compliance with the best practices of corporate governance.

The JDW Sugar Mills Limited (JDWSML) has applied the principles contained in the Code of Corporate Governance (CCG) in the following manner:

1. The Company encourages representation of independent non-executive Directors and Directors representing minority interests on its Board of Directors. The current Board was appointed on 01 November, 2012 and includes:

Category	Names
Independent Directors	<ol style="list-style-type: none"> i. Mr. Asim Nisar Bajwa ii. Mr. Raheal Masud iii. Mr. Zafar Iqbal
Executive Directors	<ol style="list-style-type: none"> iv. Mr. Jahangir Khan Tareen v. Mukhdoom Syed Ahmed Mahmud
Non-Executive Directors	<ol style="list-style-type: none"> vi. Mrs. Sameera Mahmud vii. Mr. Ijaz Ahmed Phulpoto

The independent Directors meets the criteria of independence under clause i(b) of the CCG.

2. The Directors have confirmed that none of them is serving as a Director on more than seven listed companies, including JDWSML.
3. All the Directors of the JDWSML are registered as taxpayers and none of them has defaulted in payment of any loan to a banking Company, a DFI or an NBFIs or, being a member of a stock exchange, has been declared as a defaulter by that stock exchange.
4. During the year following Directors had resigned:
 - i. Mr. Abdul Ghaffar resigned on December 1, 2011.
 - ii. Mr. Muhammad Ismail resigned on May 25, 2012.

and the following Directors had filled the casual vacancy:

 - i. Mrs. Sameera Mahmud appointed on December 1, 2011.
 - ii. Mr. Raheal Masud appointed on May 25, 2012.
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 JDWSML. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.
7. All the powers of the Board have been duly exercised and decisions on material transactions, including appointment and determination of remuneration and terms and conditions of employment of the CEO, other executive and non-executive Directors, have been taken by the Board.
8. The meetings of the Board were presided over by the Chairman and, in his absence, by a Director elected by the Board for this purpose and the Board met at least once in every quarter. Written notices of the Board meetings, along with agenda and working papers, were circulated at least seven days before the meetings. The minutes of the meetings were appropriately recorded and circulated.

Statement of Compliance

with the Code of Corporate Governance

9. All the Directors on the Board are well conversant with their responsibilities as Directors of corporate bodies as the Company had arranged briefing for its Directors to apprise them of their duties and responsibilities. Two (02) Directors of the Company are exempt from Directors training programme due to 14 years of education and approximately 22 years of experience on the Board of a listed Company.
10. No new appointment of CFO, Company Secretary and Head of Internal Audit has occurred during the period.
11. The Directors' report for this year has been prepared in compliance with the requirements of the CCG and fully describes the salient matters required to be disclosed.
12. The financial statements of the Company were duly endorsed by CEO and CFO before approval of the Board.
13. The Directors, CEO and executives do not hold any interest in the shares of the Company other than that disclosed in the pattern of shareholding.
14. The Company has complied with all the corporate and financial reporting requirements of the CCG.
15. After implementation of revised Code of Corporate Governance, 2012, the Board has Re-composite its Audit Committee. It comprises of following three Board members

	Name	Type of Directorship	Position
a)	Mr. Asim Nisar Bajwa	Independent Director	Chairman
b)	Mr. Raheal Masud	Independent Director	Member
c)	Mr. Zafar Iqbal	Independent Director	Member

16. The meetings of the audit committee were held at least once every quarter prior to approval of interim and final results of the Company and as required by the CCG. The terms of reference of the committee have been formed and advised to the committee for compliance.
17. After implementation of revised Code of Corporate Governance, 2012, the Board has formed an HR and Remuneration Committee on 01 November 2012. It comprises of following three Board members:

	Name	Type of Directorship	Position
a)	Mr. Ijaz Ahmed Phulpoto	Non-Executive Director	Chairman
b)	Mr. Raheal Masud	Independent Director	Member
c)	Mr. Zafar Iqbal	Independent Director	Member

18. The Board has set up an effective internal audit function who are considered suitably qualified and experience for the purpose and are conversant with the policies and procedures of the Company.
19. The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the quality control review program of the ICAP, 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 ICAP.
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 has been disseminated among all market participants at once through stock exchange(s).
23. We confirm that all other material principles enshrined in the CCG have been complied with except for clause (vi) which requires that the Chairman shall be elected from among the Non-Executive Directors of the listed Company whereas the Chairman of the Company was an Executive Director till 25 December 2012 but subsequently he became Non-Executive Director.



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Review Report to the Members

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

We have reviewed the statement of compliance with the best practices contained in the Code of Corporate Governance prepared by the Board of Directors of JDW Sugar Mills Limited ("the Company") to comply with the Listing Regulations of Karachi and Lahore Stock Exchanges.

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 system sufficient to plan the audit and develop an effective audit approach. We have not carried out any special review of the internal control system to enable us to express an opinion as to whether the Board's statement on internal control covers all controls and the effectiveness of such internal controls.

Further, 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 transactions which are not executed at arm's length price recording proper justification for using such alternate pricing mechanism. Further, all such transactions are also required to be separately placed before the audit committee.

We are only required and have ensured compliance of requirement to the extent of approval of related party transactions by the Board of Directors and placement of such transactions before the audit committee. We have not carried out any procedures to determine whether the related party transactions were under taken at arm's length price.

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 30 September 2012.

We draw attention to point 23 of the statement of compliance relating to Chairman. We have not qualified our conclusion in respect of this matter.

Lahore
03 January 2013

KPMG Taseer Hadi & Co.
Chartered Accountants
(Kamran Iqbal Yousafi)



KPMG Taseer Hadi & Co.
Chartered Accountants
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Auditors' Report to the Members

We have audited the annexed balance sheet of JDW Sugar Mills Limited ("the Company") as at 30 September 2012 and the related profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof, for the year then ended and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

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

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

- (a) in our opinion, proper books of account have been kept by the Company as required by the Companies Ordinance, 1984;
- (b) in our opinion:
 - (i) the balance sheet and profit and loss account together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984, and are in agreement with the books of account and are further in accordance with accounting policies consistently applied;
 - (ii) the expenditure incurred during the year was for the purpose of the Company's business; and
 - (iii) the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the Company;
- (c) in our opinion and to the best of our information and according to the explanations given to us, the balance sheet, profit and loss account, 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 30 September 2012 and of the profit, its comprehensive income, its cash flows and changes in equity for the year then ended; and
- (d) in our opinion Zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980), was deducted by the Company and deposited in the Central Zakat Fund established under section 7 of that Ordinance.

Lahore
03 January 2013

KPMG Taseer Hadi & Co.
Chartered Accountants
(Kamran Iqbal Yousafi)

Balance Sheet

	Note	2012 Rupees	2011 Rupees (Restated)
SHARE CAPITAL AND RESERVES			
Share capital	5	597,766,610	592,766,610
Reserves		4,325,287,489	4,163,573,509
		<u>4,923,054,099</u>	<u>4,756,340,119</u>
NON CURRENT LIABILITIES			
Long term loans - secured	7	3,119,611,115	4,068,000,001
Liabilities against assets subject to finance lease	8	414,748,686	540,516,474
Deferred liabilities	9	1,592,526,507	1,497,915,433
		<u>5,126,886,308</u>	<u>6,106,431,908</u>
CURRENT LIABILITIES			
Short term borrowings - secured	10	8,111,666,733	5,535,951,315
Current portion of non current liabilities	11	1,449,872,658	1,115,947,540
Trade and other payables	12	2,526,560,365	1,098,166,335
Interest and mark-up accrued		442,600,039	201,904,179
Provision for taxation		-	473,004,100
		<u>12,530,699,795</u>	<u>8,424,973,469</u>
CONTINGENCIES AND COMMITMENTS			
	13	<u>22,580,640,202</u>	<u>19,287,745,496</u>

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

As at 30 September 2012

	Note	2012 Rupees	2011 Rupees (Restated)
NON CURRENT ASSETS			
Property, plant and equipment			
Operating fixed assets	14	7,856,588,719	7,554,015,934
Capital work in progress	15	369,984,770	158,488,843
		8,226,573,489	7,712,504,777
Investment property	16	685,973,260	527,290,145
Goodwill	17	608,310,693	608,310,693
Investments	18	1,810,250,000	851,500,000
Advances to related parties	19	2,027,500,000	2,977,178,837
Long term deposits	20	105,637,735	105,769,396
		5,237,671,688	5,070,049,071
CURRENT ASSETS			
Stores, spares and loose tools	21	590,954,610	540,910,519
Stock in trade - finished goods		3,731,551,031	1,922,057,309
Trade debts - unsecured, considered good	22	369,304,824	859,693,180
Advances, deposits, prepayments and other receivables	23	4,157,065,058	3,065,366,171
Tax refunds due from Government		256,136,742	1,431,700
Cash and bank balances	24	11,382,760	115,732,769
		9,116,395,025	6,505,191,648
		22,580,640,202	19,287,745,496

Profit and Loss Account

For the year ended 30 September 2012

	Note	2012 Rupees	2011 Rupees (Restated)
Gross sales		24,491,645,116	26,467,625,682
FED, Sales tax, SED & others		(1,741,764,905)	(1,738,134,475)
Net sales	25	22,749,880,211	24,729,491,207
Cost of sales	26	(20,387,894,576)	(20,594,227,631)
Gross profit		2,361,985,635	4,135,263,576
Administrative expenses	27	(462,956,222)	(430,482,211)
Distribution and marketing expenses	28	(22,589,638)	(15,135,294)
Other operating expenses	29	(119,203,961)	(156,975,431)
Other operating income	30	126,043,597	66,438,897
		(478,706,224)	(536,154,039)
Operating profit		1,883,279,411	3,599,109,537
Finance cost	31	(1,334,998,725)	(1,375,700,601)
Profit before taxation		548,280,686	2,223,408,936
Taxation	32	138,993,868	(850,979,032)
Profit after taxation		687,274,554	1,372,429,904
Basic earnings per share	33	11.52	24.95
Diluted earnings per share	34	11.50	24.71

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

Statement of Comprehensive Income

For the year ended 30 September 2012

	2012 Rupees	2011 Rupees (Restated)
Profit after taxation	687,274,554	1,372,429,904
Other comprehensive income for the year	-	-
Total comprehensive income for the year	687,274,554	1,372,429,904

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

Cash Flow Statement

For the year ended 30 September 2012

	Note	2012 Rupees	2011 Rupees (Restated)
CASH FLOW FROM OPERATING ACTIVITIES			
Cash generated from operations	35	2,902,025,103	1,898,558,883
Income tax paid		(566,260,360)	(453,925,583)
Workers' profit participation fund paid		(146,922,935)	(124,078,869)
Staff retirement benefits paid		(50,635,148)	(20,251,941)
Workers' welfare fund paid		-	(4,410,145)
		(763,818,443)	(602,666,538)
Net cash generated from operations		2,138,206,660	1,295,892,345
CASH FLOW FROM INVESTING ACTIVITIES			
Advances to related parties		(1,178,870,424)	(2,109,219,875)
Property, plant and equipment		(1,068,483,470)	(914,870,466)
Investment property		(135,103,494)	(108,553,632)
Long term deposits		131,661	(21,360,748)
Proceeds realized from sale of property, plant and equipment		55,030,930	2,646,000
Proceeds realized from sale of investment property		30,000,000	2,000,000
Advances to related parties for purchase of shares		-	(1,141,391,628)
Investment made during the year		-	(46,000,000)
Net cash used in investing activities		(2,297,294,797)	(4,336,750,349)
CASH FLOW FROM FINANCING ACTIVITIES			
Short term borrowings		2,575,715,418	3,250,660,344
Long term loans availed during the year		119,500,000	2,300,000,000
Proceeds from issuance of shares under employees' stock option scheme		11,809,500	-
Finance cost paid		(957,208,293)	(1,207,530,679)
Long term loans repaid during the year		(703,888,886)	(803,888,889)
Lease rentals paid		(459,567,884)	(426,882,902)
Dividend paid		(531,621,727)	(343,923,995)
Proceeds from issuance of right shares		-	377,215,090
Net cash generated from financing activities		54,738,128	3,145,648,969
Net (decrease) / increase in cash and cash equivalents		(104,350,009)	104,790,965
Cash and cash equivalents at the beginning of the year		115,732,769	10,941,804
Cash and cash equivalents at the end of the year	24	11,382,760	115,732,769

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

Statement of Changes in Equity

For the year ended 30 September 2012

	Share capital		Share premium		Employees' stock option		Accumulated profit		Sub Total		Total	
	Rupees		Rupees		Rupees		Rupees		Rupees		Rupees	
Balance as at 30 September 2010 - reported	489,889,770		320,624,708		-		2,606,977,832		2,927,602,540		3,417,492,310	
Effect of prior year adjustment - note. 12.3	-		-		-		(89,809,971)		(89,809,971)		(89,809,971)	
Balance as at 30 September 2010 - restated	489,889,770		320,624,708		-		2,517,167,861		2,837,792,569		3,327,682,339	
Transaction with owners, recorded directly in equity:												
Final dividend @ Rs. 7.00 per share	-		-		-		(342,922,839)		(342,922,839)		(342,922,839)	
Bonus shares issued at the rate of 10%	48,988,970		-		-		(48,988,970)		(48,988,970)		-	
Issuance of right shares at the rate of 10%	53,887,870		323,327,220		-		-		323,327,220		377,215,090	
Employees' stock option	-		-		21,935,625		-		21,935,625		21,935,625	
Total comprehensive income for the year - restated	-		-		-		1,372,429,904		1,372,429,904		1,372,429,904	
Balance as at 30 September 2011 - restated	592,766,610		643,951,928		21,935,625		3,497,685,956		4,163,573,509		4,756,340,119	
Transaction with owners, recorded directly in equity:												
Final dividend @ Rs. 9.00 per share	-		-		-		(537,989,949)		(537,989,949)		(537,989,949)	
Employees' stock option	-		-		5,619,875		-		5,619,875		5,619,875	
Shares issued under employees' stock option	5,000,000		34,365,000		(27,555,500)		-		6,809,500		11,809,500	
Total comprehensive income for the year	-		-		-		687,274,554		687,274,554		687,274,554	
Balance as at 30 September 2012	597,766,610		678,316,928		-		3,646,970,561		4,325,287,489		4,923,054,099	

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

Lahore

03 January 2013

Chief Executive

Director

Notes to the Financial Statements

For the year ended 30 September 2012

1 STATUS AND NATURE OF BUSINESS

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

2 BASIS OF PREPARATION

2.1 Separate financial statements

These financial statements are the separate financial statements of the Company in which investments in subsidiaries and associates are accounted for on the basis of direct equity interest rather than on the basis of reported results and net assets of the investees. Consolidated financial statements of the Company are prepared separately.

The Company has following investments:

Name of company	Country of incorporation	Shareholding
Subsidiary		
- Deharki Sugar Mills (Private) Limited	Pakistan	99.98%
Associates		
- Faruki Pulp Mills Limited	Pakistan	47.69%
- JDW Power (Private) Limited	Pakistan	47.37%
- JK Dairies (Private) Limited	Pakistan	22.22%

2.2 Statement of compliance

These financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan and the requirements of Companies Ordinance, 1984. Approved accounting standards comprise of such International Financial Reporting Standards (IFRSs) issued by the International Standard Board as are notified under the provisions of the Companies Ordinance, 1984. Wherever, the requirements of the Companies Ordinance, 1984 or directives issued by the Securities and Exchange Commission of Pakistan differ with the requirements of these standards, the requirements of Companies Ordinance, 1984 or the requirements of the said directives shall prevail.

2.3 Basis of measurement

These financial statements have been prepared under the historical cost convention except for revaluation of certain financial instruments at fair value and recognition of certain employee retirement benefits at present value.

2.4 Functional and presentation currency

These financial statements are presented in Pakistani Rupees which is also the Company’s functional currency. All financial information presented in Pakistani Rupees has been rounded to the nearest rupee.

3 USE OF ESTIMATES AND JUDGMENTS

The preparation of financial statements in conformity with approved accounting standards requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions and judgments are based on historical experience and various other factors that are believed to be reasonable under the

Notes to the Financial Statements

For the year ended 30 September 2012

circumstances, the result of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

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

The areas where various assumptions and estimates are significant to Company's financial statements or where judgments were exercised in application of accounting policies are as follows:

- Retirement and other benefits
- Provision for taxation
- Residual values and useful lives of depreciable assets
- Provisions and contingencies

4 SIGNIFICANT ACCOUNTING POLICIES

4.1 Standards, Interpretations and Amendments not yet effective

The following standards, amendments and interpretations of approved accounting standards will be effective for accounting periods beginning on or after 01 July 2012:

- Amendments to IAS 12 – deferred tax on investment property (effective for annual periods beginning on or after 1 January 2012). The 2010 amendment provides an exception to the measurement principle in respect of investment property measured using the fair value model in accordance with IAS 40 Investment Property. The measurement of deferred tax assets and liabilities, in this limited circumstance, is based on a rebuttable presumption that the carrying amount of the investment property will be recovered entirely through sale. The presumption can be rebutted only if the investment property is depreciable and held within a business model whose objective is to consume substantially all of the asset's economic benefits over the life of the asset. The amendment has no impact on financial statements of the Company.
- IAS 19 Employee Benefits (amended 2011) - (effective for annual periods beginning on or after 1 January 2013). The amended IAS 19 includes the amendments that require actuarial gains and losses to be recognized immediately in other comprehensive income; this change will remove the corridor method and eliminate the ability for entities to recognize all changes in the defined benefit obligation and in plan assets in profit or loss, which currently is allowed under IAS 19; and that the expected return on plan assets recognized in profit or loss is calculated based on the rate used to discount the defined benefit obligation.
- Presentation of Items of Other Comprehensive Income (Amendments to IAS 1) - (effective for annual periods beginning on or after 1 July 2012). The amendments require that an entity present separately the items of other comprehensive income that would be reclassified to profit or loss in the future if certain conditions are met from those that would never be reclassified to profit or loss. The amendments do not address which items are presented in other comprehensive income or which items need to be reclassified. The requirements of other IFRSs continue to apply in this regard. The amendments have no impact on financial statements of the Company.
- IAS 27 Separate Financial Statements (2011) - (effective for annual periods beginning on or after 1 January 2013). IAS 27 (2011) supersedes IAS 27 (2008). Three new standards IFRS 10 - Consolidated Financial Statements, IFRS 11- Joint Arrangements and IFRS 12- Disclosure of Interest in Other Entities dealing with IAS 27 would be applicable effective 1 January 2013. IAS 27 (2011) carries forward the existing accounting and disclosure requirements for separate financial statements, with some minor clarifications. The amendments have no impact on financial statements of the Company.

Notes to the Financial Statements

For the year ended 30 September 2012

- IAS 28 Investments in Associates and Joint Ventures (2011) - (effective for annual periods beginning on or after 1 January 2013). IAS 28 (2011) supersedes IAS 28 (2008). IAS 28 (2011) makes the amendments to apply IFRS 5 to an investment, or a portion of an investment, in an associate or a joint venture that meets the criteria to be classified as held for sale; and on cessation of significant influence or joint control, even if an investment in an associate becomes an investment in a joint venture. The amendments have no impact on financial statements of the Company.
 - Offsetting Financial Assets and Financial Liabilities (Amendments to IAS 32) – (effective for annual periods beginning on or after 1 January 2014). The amendments address inconsistencies in current practice when applying the offsetting criteria in IAS 32 Financial Instruments: Presentation. The amendments clarify the meaning of ‘currently has a legally enforceable right of set-off’; and that some gross settlement systems may be considered equivalent to net settlement.
 - Offsetting Financial Assets and Financial Liabilities (Amendments to IFRS 7) – (effective for annual periods beginning on or after 1 January 2013). The amendments to IFRS 7 contain new disclosure requirements for financial assets and liabilities that are offset in the statement of financial position or subject to master netting agreement or similar arrangement.
- 4.2** Annual Improvements 2009–2011 (effective for annual periods beginning on or after 1 January 2013). The new cycle of improvements contains amendments to the following five standards, with consequential amendments to other standards and interpretations.
- IAS 1 Presentation of Financial Statements is amended to clarify that only one comparative period – which is the preceding period – is required for a complete set of financial statements. If an entity presents additional comparative information, then that additional information need not be in the form of a complete set of financial statements. However, such information should be accompanied by related notes and should be in accordance with IFRS. Furthermore, it clarifies that the ‘third statement of financial position’, when required, is only required if the effect of restatement is material to statement of financial position.
 - IAS 16 Property, Plant and Equipment is amended to clarify the accounting of spare parts, stand-by equipment and servicing equipment. The definition of ‘property, plant and equipment’ in IAS 16 is now considered in determining whether these items should be accounted for under that standard. If these items do not meet the definition, then they are accounted for using IAS 2 Inventories.
 - IAS 32 Financial Instruments: Presentation - is amended to clarify that IAS 12 Income Taxes applies to the accounting for income taxes relating to distributions to holders of an equity instrument and transaction costs of an equity transaction. The amendment removes a perceived inconsistency between IAS 32 and IAS 12.
 - IAS 34 Interim Financial Reporting is amended to align the disclosure requirements for segment assets and segment liabilities in interim financial reports with those in IFRS 8 Operating Segments. IAS 34 now requires the disclosure of a measure of total assets and liabilities for a particular reportable segment. In addition, such disclosure is only required when the amount is regularly provided to the chief operating decision maker and there has been a material change from the amount disclosed in the last annual financial statements for that reportable segment.

4.3 Property, plant and equipment

Owned

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

Notes to the Financial Statements

For the year ended 30 September 2012

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

Depreciation is charged to profit on reducing balance method so as to write off the written down value of assets over their estimated useful lives at rates disclosed in note 14. Depreciation on additions is charged from the date when the asset is available for use, while no depreciation is charged on the date of disposal.

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

The Company assesses at each balance sheet date whether there is any indication that property, plant and equipment may be impaired. If such indication exists, the carrying amounts of such assets are reviewed to assess whether they are recorded in excess of their recoverable amount. Where carrying values exceed the respective recoverable amount, assets are written down to their recoverable amounts and the resulting impairment loss is recognized in income currently. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. Where an impairment loss is recognized, the depreciation charge is adjusted in the future periods to allocate the asset's revised carrying amount over its estimated useful life.

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

Leased

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

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

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

Assets acquired under a finance lease are depreciated over the estimated useful life of the assets on reducing balance method at the rates disclosed in note 14. Depreciation of leased assets is charged to profit and loss account.

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

4.4 Stores, spares and loose tools

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

Notes to the Financial Statements

For the year ended 30 September 2012

4.5 Stock in trade

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

Cost is determined as follows:

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

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

4.6 Trade debts

Trade debts are carried at original invoice amount less an estimate made for doubtful debts based on a review of all outstanding amounts at the year end. Bad debts are written off when identified.

4.7 Employee benefits

4.7.1 Defined contribution plan

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

4.7.2 Defined benefit plans

The Company also operates an unfunded gratuity scheme for eligible employees who have completed their qualifying period. Provision is made annually to cover current obligation under the scheme on the basis of actuarial recommendation.

The most recent valuation was carried out as at 30 September 2012 using the "Projected unit credit method". Following significant assumptions are used for valuation of the scheme:

	2012	2011
Discount rate	12.00%	12.50%
Expected increase in eligible pay	10.00%	10.50%
Expected average working life of employee	10 years	11 years

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

4.7.3 Employees' stock option scheme

The intrinsic value of the options granted to the eligible employees is recognised as an expense, with a corresponding increase in reserves, over the period that the employees unconditionally become entitled to the option.

4.8 Taxation

Income tax expense comprises current and deferred tax.

Notes to the Financial Statements

For the year ended 30 September 2012

Current

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

Deferred

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

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

4.9 Revenue recognition

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

Revenue from the sale of electricity is recognized on transmission of electricity.

Interest and rental income are recognized on accrual basis.

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

4.10 Cash and cash equivalents

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

4.11 Provisions

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

4.12 Financial instruments

Financial assets

Significant financial assets include advances and receivables, long term deposits and cash and bank balances. Finances and receivables are stated at their nominal value as reduced by provision for doubtful finances and receivable, while other financial assets are stated at cost.

Financial liabilities

Financial liabilities are classified according to the substance of the contractual arrangements entered into. Significant financial liabilities include short and long term finances, lease finances, interest and mark up accrued and trade and other payables. Markup based financial liabilities are recorded at gross proceeds received. Other liabilities are stated at their nominal value.

Notes to the Financial Statements

For the year ended 30 September 2012

Recognition and derecognition

All the financial assets and financial liabilities are recognized at the time when the Company becomes party to the contractual provisions of the instrument. Financial assets are derecognized when the Company loses control of the contractual rights that comprise the financial assets. Financial liabilities are derecognized when they are extinguished i.e. when the obligation specified in the contract is discharged, cancelled or expires. Any gain or loss on derecognition of the financial assets and financial liabilities is taken to income currently.

4.13 Offsetting

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

4.14 Borrowing cost

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

4.15 Trade and other payables

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

4.16 Foreign currency transactions

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

4.17 Deferred income

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

4.18 Investments

Investment in equity instruments of subsidiary company

Investment in subsidiary company is measured at cost in the Company's separate financial statements, as per the requirements of IAS-27 "Consolidated and Separate Financial Statements". However, at subsequent reporting dates, the Company reviews the carrying amount of the investment and its recoverability to determine whether there is an indication that such investment has suffered an impairment loss. If any such indication exists the carrying amount of the investment is adjusted to the extent of impairment loss. Impairment losses are recognized as an expense.

Investments in equity instruments of associated companies

Associates are all entities over which the Company has significant influence but no control. Investments in associates are measured at cost less any identified impairment loss if any in the Company's separate financial statements.

The Company is required to issue consolidated financial statements along with its separate financial statements, in accordance with the requirements of IAS 27 'Consolidated and Separate Financial Statements'. Investments in associated undertakings, in the consolidated financial statements, are being accounted for using the equity method.

Available for sale

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

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

4.19 Investment property

Investment Property is property held either to earn rental income or for capital appreciation or for both, but not for sale in ordinary course of business, use in production or supply of goods or services as for administrative purpose.

The Company's investment property comprises of land which is carried at cost less identified impairment loss, if any. The Company assesses at each balance sheet date whether there is any indication that investment property may be impaired. If such indication exists, the carrying amount of such assets are reviewed to assess whether they are recorded in excess of their recoverable amount. Where carrying value exceeds the respective recoverable amount, assets are written down to their recoverable amounts and the resulting impairment loss is recognized in the profit and loss account for the year. The recoverable amount is the higher of an asset's fair value less costs to sell and value-in-use.

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

4.20 Related party transactions

The Company enters into transactions with related parties on an arm's length basis except in extremely rare circumstances where, subject to approval of the Board of Directors, it is in the interest of the Company to do so.

4.21 Goodwill

Goodwill represents the excess of the cost of acquisition over the fair value of the net identifiable assets of the merged subsidiaries at the dates of acquisition. Goodwill recognized is tested annually for impairment and carried at cost less accumulated impairment losses.

4.22 Dividend

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

Notes to the Financial Statements

For the year ended 30 September 2012

		2012 Rupees	2011 Rupees
5	SHARE CAPITAL		
	5.1 Authorized capital		
	75,000,000 (2011: 75,000,000) ordinary shares of Rs. 10 each	750,000,000	750,000,000
	25,000,000 (2011: 25,000,000) preference shares of Rs. 10 each	250,000,000	250,000,000
		<u>1,000,000,000</u>	<u>1,000,000,000</u>
	5.2 Issued, subscribed and and paid up capital		
	32,145,725 (2011: 31,645,725) ordinary shares of Rs. 10 each	321,457,250	316,457,250
	27,630,936 (2011: 27,630,936) bonus shares of Rs. 10 each	276,309,360	276,309,360
		<u>597,766,610</u>	<u>592,766,610</u>

6 EMPLOYEES' STOCK OPTION

The Company operates a stock option scheme "the Scheme" approved by Securities and Exchange Commission of Pakistan "SECP" dated 16 July 2010, under section 86 of the Companies Ordinance, 1984 read with Public Companies' Employee Stock Option Scheme Rules, 2001. Under the Scheme the Compensation Committee of the Company shall recommend to the board as to which of the eligible employees are entitled to grant of option to subscribe for shares at an option price. Option price, unless otherwise determined by the Compensation Committee, will be the lesser of 30% of the average of market price of shares quoted on Karachi Stock Exchange, during 3 months prior to the date of grant of option and 3 months prior to date of exercise of option. The aggregate number of the shares for all options granted or to be granted under the Scheme to all eligible employees shall not, at any time, exceed 1% of the paid up capital of the Company. The Option shall be exercised during the applicable option period, subject to expiry of relevant minimum vesting period.

In the year ended 30 September 2011, Company awarded 500,000 share options to its eligible employees under the employees' stock option scheme "the Scheme" which were to be settled in shares after completing vesting period of one year ending on 01 January 2012. Main features of the Scheme were as follows:

Date of grant of option	1-Jan-11
Date of exercise of option	1-Jan-12
Number of options granted	500,000
Exercise price	Lesser of 30% of the average of market price of shares quoted on Karachi Stock Exchange, during 3 months prior to date of grant of option and 3 months prior to date of exercise of option.

The number and weighted average exercise price of stock options is as follows:

	2012		2011	
	Weighted average exercise price Rupees	Number of options	Weighted average exercise price Rupees	Number of options
Options outstanding at the beginning of the period	23.59	500,000	-	-
Options granted during the year	-	-	23.59	500,000
Options exercised during the year	23.61	500,000	-	-
Options outstanding at the end of the year		<u>-</u>		<u>500,000</u>

The weighted average market rate of shares during the year Jan-11 to Dec-11 has been Rs. 78.76 per share.

Notes to the Financial Statements

For the year ended 30 September 2012

	Note	2012 Rupees	2011 Rupees
7	LONG TERM LOANS - SECURED		
	Privately placed term finance certificates	680,000,011	1,057,777,784
	Privately placed sukuk certificates	199,999,999	311,111,110
	Habib Bank Limited - led syndicated loan	787,999,994	1,042,999,996
	United Bank Limited - led syndicated loan	2,419,500,000	2,300,000,000
	Pak Brunei Investment Company Limited	200,000,000	-
	Habib Bank Limited	-	160,000,000
		<u>4,287,500,004</u>	<u>4,871,888,890</u>
	Current maturity presented under current liabilities	(1,167,888,889)	(803,888,889)
		<u>3,119,611,115</u>	<u>4,068,000,001</u>

7.1 Privately placed term finance certificates

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

Principal repayment

18 unequal quarterly installments commencing after a grace period of eighteen months starting from March 2010 and ending June 2014.

Rate of return

The return on TFC's is payable quarterly at a rate of three months KIBOR plus 125 bps per annum.

Trustee

In order to protect the interest of TFC's holders, MCB Bank Limited has been appointed as trustee under a trust deed dated 23 April, 2008.

Security

This loan is secured by first pari passu charge on land measuring 800 kanals, fixed assets, plant and machinery of the Company and its subsidiary Deharki Sugar Mills (Private) Limited by execution of JPPA and personal guarantees of Directors.

7.2 Privately placed sukuk certificates

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

Principal repayment

18 unequal quarterly installments commencing after a grace period of eighteen months starting from March 2010 and ending June 2014.

Rate of return

The return on sukuk certificates is payable quarterly at a rate of three months KIBOR plus 125 bps per annum.

Trustee

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

Notes to the Financial Statements

For the year ended 30 September 2012

Security

This loan is secured by first pari passu charge on land measuring 800 kanals, fixed assets, plant and machinery of the Company and its subsidiary Deharki Sugar Mills (Private) Limited by execution of JPPA and personal guarantees of Directors.

7.3 Habib Bank Limited - led syndicated loan

This syndicated loan comprises of loans from Habib Bank Limited, MCB Bank Limited, Faysal Bank Limited, JS Bank Limited and Pak Kuwait Investment Company (Private) Limited.

Principal repayment

It is repayable in 22 unequal quarterly installments after a grace period of eighteen months starting from June 2010 and ending on December 2015.

Rate of return

The interest is payable quarterly at a rate of three months KIBOR plus 200 bps per annum.

Security

This loan is secured by first pari passu charge on land measuring 800 kanals, fixed assets, plant and machinery of the Company and its subsidiary Deharki Sugar Mills (Private) Limited by execution of JPPA and personal guarantees of Directors.

7.4 United Bank Limited - led syndicated loan

This syndicated loan comprises of loans from United Bank Limited, Faisal Bank Limited, Pak Kuwait Investment Company (Private) Limited, The Bank of Punjab, Soneri Bank Limited and Meezan Bank Limited. This loan was taken to setup new sugar project at Deharki.

Principal repayment

The loan is repayable in 20 unequal quarterly installments after a grace period of eighteen months starting from March 2013 and ending on December 2017.

Rate of return

The interest is payable quarterly at a rate of three months KIBOR plus 275 bps per annum which during the year was changed to three months KIBOR plus 250 bps per annum after the Company upgraded the ranking charge to first pari passu charge over its present and future fixed assets.

Security

This loan is secured by first pari passu charge on land measuring 800 kanals, fixed assets, plant and machinery of the Company and its subsidiary Deharki Sugar Mills (Private) Limited by execution of JPPA and personal guarantees of Directors.

7.5 Pak Brunei Investment Company Limited

Principal repayment

It is repayable in 20 unequal quarterly installments starting from February 2013 and ending on November 2017.

Rate of return

The interest is payable quarterly at a rate of three months KIBOR plus 275 bps per annum.

Security

This loan is secured by first pari passu charge on land measuring 800 kanals, fixed assets, plant and machinery of the Company and its subsidiary Deharki Sugar Mills (Private) Limited by execution of JPPA and personal guarantees of Directors.

The loan was classified as current liability in the previous year on the basis of management's intention to repay the loan in the year ended 30 September 2012. However due to subsequent change in management's intention the loan has now been classified according to the agreed repayment schedule.

Notes to the Financial Statements

For the year ended 30 September 2012

7.6 Habib Bank Limited

Principal repayment

It was repayable in 20 unequal quarterly installments starting from May 2009 and ending on March 2014. However, the Company repaid the entire amount of loan in the current year.

Rate of return

The interest was payable quarterly at a rate of three months KIBOR plus 275 bps per annum.

Security

This loan was secured by first pari passu charge on fixed assets of the Company (including land, building, plant and machinery) worth Rs. 400 million and token registered mortgage on personal property and personal guarantees of all Directors of the Company.

8 LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE

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

		2012		
	Note	Minimum lease payments	Finance cost for future periods	Present value
		Rupees	Rupees	Rupees
Not later than one year	11	347,222,923	65,239,154	281,983,769
Later than one year and not later than five years		464,702,553	49,953,867	414,748,686
		<u>811,925,476</u>	<u>115,193,021</u>	<u>696,732,455</u>
		2011		
		Minimum lease payments	Finance cost for future periods	Present value
		Rupees	Rupees	Rupees
Not later than one year		414,527,936	102,469,285	312,058,651
Later than one year and not later than five years		646,873,264	106,356,790	540,516,474
		<u>1,061,401,200</u>	<u>208,826,075</u>	<u>852,575,125</u>

The Company has entered into various lease agreements with financial institutions for plant and machinery, implements and vehicles. Lease rentals are payable on quarterly / monthly basis and include finance cost ranging from six months KIBOR plus 250 bps per annum to 500 bps per annum (2011: six months KIBOR plus 250 bps per annum to 450 bps per annum) which has been used as the discounting factor. Further, the finance cost of the leases obtained during the year ranges from six months KIBOR plus 250 bps per annum to 300 bps per annum. The Company has the option to purchase the assets upon completion of lease period and has the intention to exercise such option. There are no financial restrictions imposed by lessors.

Notes to the Financial Statements

For the year ended 30 September 2012

	Notes	2012 Rupees	2011 Rupees
9	DEFERRED LIABILITIES		
	Deferred taxation	1,555,097,927	1,452,394,283
	Staff retirement benefits	37,428,580	45,521,150
		<u>1,592,526,507</u>	<u>1,497,915,433</u>
9.1	Deferred taxation		
	The liability for deferred taxation comprises temporary differences relating to:		
	Accelerated tax depreciation	1,612,205,165	1,488,790,455
	Leased assets	344,428,536	360,473,889
	Liabilities against assets subject to finance lease	(243,856,359)	(298,401,294)
	Provisions for doubtful debts and obsolescence	(29,392,858)	(41,644,398)
	Employee retirement benefits	(13,100,002)	(15,932,402)
	Unused tax credits and losses	(105,080,573)	-
	Other timing differences	(10,105,982)	(40,891,967)
		<u>1,555,097,927</u>	<u>1,452,394,283</u>
9.2	Staff retirement benefits - gratuity		
	Present value of defined benefit obligations	46,368,612	49,810,065
	Unrecognised actuarial losses	(8,940,032)	(4,288,915)
	Liability as at 30 September	<u>37,428,580</u>	<u>45,521,150</u>
9.2.1	Movement in liability for defined benefit obligation		
	Opening present value of defined benefit obligations	49,810,065	44,927,601
	Current service cost for the year	5,149,409	4,048,031
	Interest cost for the year	4,428,542	6,093,794
	Benefit paid during the period	(28,763,466)	(2,801,009)
	Curtailment loss	7,815,285	-
	Actuarial loss / (income) on present value of defined benefit obligation	7,928,777	(2,458,352)
	Closing present value of defined benefit obligations	<u>46,368,612</u>	<u>49,810,065</u>
9.2.2	Movement in unrecognised actuarial losses		
	Opening unrecognised actuarial losses	(4,288,915)	(6,972,718)
	Actuarial gain or loss arising during the year	(7,928,777)	2,458,352
	Actuarial losses charged to profit and loss account	3,277,660	225,451
	Closing unrecognised actuarial losses	<u>(8,940,032)</u>	<u>(4,288,915)</u>
9.2.3	Change in present value of net staff gratuity		
	Balance as at 01 October	45,521,150	37,954,883
	Charge to profit and loss account	20,670,896	10,367,276
	Payments	(28,763,466)	(2,801,009)
	Liability as at 30 September	<u>37,428,580</u>	<u>45,521,150</u>

Notes to the Financial Statements

For the year ended 30 September 2012

	Notes	2012 Rupees	2011 Rupees			
9.2.3.1 Charge to profit and loss account for the year comprises:						
Current service cost		5,149,409	4,048,031			
Interest cost for the year		4,428,542	6,093,794			
Curtailement loss		7,815,285	-			
Actuarial losses recognised		3,277,660	225,451			
		<u>20,670,896</u>	<u>10,367,276</u>			
9.2.4 Historical information comparison for five years						
		2012 Rupees	2011 Rupees	2010 Rupees	2009 Rupees	2008 Rupees
Present value of defined obligations		46,368,612	49,810,065	44,927,601	33,021,263	25,523,798
Experience adjustment gain / (loss)		7,928,777	2,458,352	(1,073,358)	(3,775,441)	(3,431,020)
9.2.5 Expected expense for the next year						
The expected expense to the gratuity scheme for the year ending 30 September 2013 works out to Rs. 10,282,556.						
	Notes	2012 Rupees	2011 Rupees			
10 SHORT TERM BORROWINGS - SECURED						
Banking and Financial Institutions						
- Cash finances	10.1	3,693,155,297	2,839,182,500			
- Running finances	10.2	4,225,076,380	2,413,233,136			
- Finance against trust receipts (FATR)	10.3	193,435,056	83,535,679			
- Pak Brunei Investment Company Limited	7.5	-	200,000,000			
		<u>8,111,666,733</u>	<u>5,535,951,315</u>			
10.1	The Company has obtained cash finance facilities aggregating to Rs. 12,300 million (2011: Rs. 10,700 million). The mark up rates applicable during the year ranges from one month KIBOR plus 150 bps per annum to 250 bps per annum (2011: one month KIBOR plus 150 bps per annum to 350 bps per annum). These are secured against pledge of sugar and personal guarantees of the Directors.					
10.2	The Company has obtained running finance facilities aggregating to Rs. 4,193 million (2011: Rs. 2,595 million). The mark up rates applicable during the year ranges from one month KIBOR plus 200 bps per annum to 300 bps per annum (2011: one month KIBOR plus 150 bps per annum to 400 bps per annum). These are secured against present and future current assets of the Company and personal guarantees of the Directors. The outstanding balance includes cheques not yet presented amounting to Rs. 145.05 million.					
10.3	The limit of this facility is Rs. 400 million (2011: Rs. 200 million). It carries mark-up ranging from one month KIBOR plus 200 bps to three months KIBOR plus 250 bps per annum (2011: one month KIBOR plus 200 bps to three months KIBOR plus 200 bps per annum). It is secured against first charge over current assets of Company.					

Notes to the Financial Statements

For the year ended 30 September 2012

	Notes	2012 Rupees	2011 Rupees
11	CURRENT PORTION OF NON CURRENT LIABILITIES		
Current portion of long term loans from banking companies and financial institutions	7	1,167,888,889	803,888,889
Liabilities against assets subject to finance lease	8	281,983,769	312,058,651
		<u>1,449,872,658</u>	<u>1,115,947,540</u>
	Notes	2012 Rupees	2011 Rupees (Restated)
12	TRADE AND OTHER PAYABLES		
Advances from customers		1,757,398,601	42,528,995
Trade creditors	12.1	399,719,528	278,027,973
Federal excise duty and sales tax payable		221,177,090	374,856,480
Workers' profit participation fund payable	12.2	28,874,232	116,834,189
Accrued expenses		70,631,033	82,265,866
Unclaimed dividend		13,832,078	7,463,856
Tax deducted at source		2,871,161	3,373,347
Retention money		8,833,164	5,846,200
Provident fund payable		5,722,348	4,137,458
Workers' welfare fund		329,729	78,425,348
Sales tax payable	12.3	-	89,809,971
Other payables		17,171,401	14,596,652
		<u>2,526,560,365</u>	<u>1,098,166,335</u>
12.1	This includes an amount of Rs. 12,807,229 (2011: Rs. 13,331,129) due to JDW Aviation (Private) Limited, a related party.		
	Notes	2012 Rupees	2011 Rupees
12.2	Workers' profit participation fund		
Balance as at 01 October		116,834,189	105,212,720
Add: Allocation for the year		28,874,232	116,834,189
Interest on funds utilized in the Company's business		30,088,746	18,866,149
		<u>175,797,167</u>	<u>240,913,058</u>
Less: Paid during the year		146,922,935	124,078,869
Balance as at 30 September		<u>28,874,232</u>	<u>116,834,189</u>
12.3	The sales tax department conducted audits of the Company for the periods from Jul-1999 to May-2000, Feb-2000 to Jan-2002 & Oct-2003 to Mar-2005 and demanded a total amount of Rs. 97.54 million on account of various observations in respect of these periods out of which Company had already booked an amount of Rs. 7.74 million as a liability in previous years. The Company based on legal advice contested the demand and filed cases at various forums, however, during the year an amnesty scheme was announced by FBR vide SRO 548 (I)/2012 considering which the Company conceded and deposited the entire principal amount involved. Accordingly Rs. 89.81 million has been charged to opening accumulated profits of comparative period with a corresponding increase in trade and other payables.		

Notes to the Financial Statements

For the year ended 30 September 2012

13 CONTINGENCIES AND COMMITMENTS

Contingencies

- 13.1** The sales tax department has demanded an amount of Rs. 47.62 million from the Company for the year 2002-2003 on the grounds of various observations. The case is in appeal before Lahore High Court against the order passed by the Appellate Tribunal. Alternative Dispute Resolution Committee has also unanimously decided the matter partially in favor of the Company and has forwarded its recommendations to Federal Board of Revenue ("FBR") for further necessary actions. FBR order is awaited. Based on opinion from legal advisor, management of the Company expects a favorable outcome in this case. Hence no provision has been made in the financial statements.
- 13.2** The Company availed 50% exemption of excise duty in 1990 - 91 crushing season on account of excess production over last year by having completed full crushing season i.e. 160 days. According to the audit report of Excise Department the exemption was wrongly availed. Therefore, the Deputy Collector issued show cause notice. The Company has challenged the same in Lahore High Court. No provision has been made in financial statements for this as the management is confident that the case will be decided in its favour.
- 13.3** The Punjab Industrial Development Board (PIDB) has claimed in respect of Pasrur Sugar Mills Limited (formerly subsidiary of United Sugar Mills Limited) an amount of Rs. 10,780,782. A dispute arose at the time of settlement of the consideration of the mills between PIDB and USML and the matter was referred to an arbitrator. An award had been announced by it in favor of the company whereby instead of paying the aforementioned amount, Rs.1,209,385 become recoverable from them. An appeal filed by PIDB against decision of arbitrator in Sindh High Court Karachi was dismissed during the year 2004-05. Now PIDB has again filed a petition and Supreme Court has accepted the petition to re open the case. The final outcome of this case is not known at present. However the management of the Company based on the opinion of its legal advisor is confident that this case will be decided in its favour. Accordingly no provision is made in the books of account of the Company.

	2012 Rupees	2011 Rupees
Commitments in respect of:		
13.4 Counter guarantee given on account of agricultural loan to growers:		
Faysal Bank Limited	3,783,333,333	2,950,000,000
The Bank of Punjab	300,000,000	300,000,000
Habib Bank Limited	400,000,000	400,000,000
National Bank of Pakistan	-	290,000,000
13.5 Letters of credit for import of machinery and its related components	187,269,707	341,840,563
13.6 Letters of guarantee in favour of:		
Fauji Fertilizer Company Limited	156,000,000	-
Trading Corporation of Pakistan (Private) Limited	132,668,715	-
Shell Pakistan Limited	35,000,000	35,000,000
Pakistan State Oil Company Limited	1,000,000	1,000,000
Punjab Power Development Board - Energy Department	957,000	957,000
Engro Fertilizer Limited	-	44,760,000

Notes to the Financial Statements

For the year ended 30 September 2012

14 OPERATING FIXED ASSETS

	Cost			Rate %	Depreciation			Net book value as at 30 September 2012 Rupees		
	As at 01 October 2011		As at 30 September 2012		For the year		As at 30 September 2012			
	Rupees	Transfers to / (from)	Rupees		Rupees	Rupees	Rupees		Rupees	Rupees
Owned										
Freehold land	471,326,656	(41,715,041)	467,115,695	-	-	-	-	467,115,695		
Factory building on freehold land	821,380,898	-	844,678,609	10	348,371,875	47,816,516	-	396,188,391		
Non factory building on freehold land	601,781,423	-	620,289,824	5	135,173,035	23,555,477	-	158,728,512		
Plant and machinery	6,142,840,226	102,502,043	6,793,287,394	5	1,845,764,802	228,996,358	12,409,795	2,023,927,873		
		(151,986,378)					(63,243,082)	4,769,359,521		
Motor vehicles	300,144,572	4,758,000	246,553,456	20	175,478,649	22,254,442	1,999,600	160,064,363		
		(68,177,124)					(39,668,328)	86,489,093		
Electrical installation	69,216,581	3,262,142	72,456,223	10	34,523,697	3,607,651	(8,930)	34,333,805		
Office equipment	36,933,867	11,940,520	48,374,387	20	19,466,682	4,791,264	(81,516)	24,010,964		
		(300,000)					(165,466)	23,845,498		
Tools and equipment	42,849,056	3,159,872	44,875,453	10	20,384,413	2,372,929	(543,643)	22,661,754		
		(1,133,475)						21,528,111		
Agri implements	295,546,023	44,909,129	309,205,427	10	71,401,532	25,286,099	7,550,576	93,760,510		
		(58,612,800)					(10,477,697)	83,282,813		
Furniture and fixtures	26,812,474	993,903	27,780,863	10	12,393,940	1,491,213	(7,463)	13,877,690		
Weightbridge	10,454,656	-	10,454,656	10	7,162,353	329,230	-	7,491,583		
Roads and boundary wall	46,451,461	-	46,451,461	10	15,203,951	3,124,751	-	18,328,702		
Arms and ammunitions	7,705,517	(114,000)	7,541,517	10	2,628,575	500,974	(78,658)	3,050,891		
Aircraft	418,645,628	(20,000,000)	398,645,628	10	88,794,734	32,511,568	(4,276,286)	117,030,016		
Tubewell	2,245,889	-	2,245,889	10	1,068,542	117,735	-	1,186,277		
Computers	16,249,425	3,652,270	19,901,695	33	8,677,034	3,070,356	-	11,747,390		
								8,154,305		
	9,310,584,352	856,987,539	9,959,856,177		2,786,493,814	399,826,563	21,040,625	6,870,128,898		
		(300,323,777)					(117,631,723)	6,752,497,175		
Leased										
Plant and machinery	579,463,691	66,000,000	542,961,648	5	62,156,475	23,019,765	(12,409,795)	72,766,445		
Agri implements	415,435,063	60,722,000	447,294,063	10	58,114,022	35,635,337	(7,550,576)	86,198,783		
Motor vehicles	195,458,480	35,960,100	226,660,580	20	40,161,341	33,329,501	(1,999,600)	71,491,242		
								155,169,338		
	1,190,357,234	162,682,100	1,216,916,291		160,431,838	91,984,603	(21,959,971)	986,459,821		
	10,500,941,586	1,019,669,639	11,176,774,468		2,946,925,652	491,811,166	(919,346)	7,856,588,719		
		(300,323,777)					(117,631,723)	7,538,956,996		

Notes to the Financial Statements

For the year ended 30 September 2012

	Cost			Rate %	Depreciation			Net book value as at 30 September 2011 Rupees	
	As at 01 October 2010 Rupees	Additions / (deletions) during the year Rupees	Transfers to / (from) Rupees		As at 30 September 2011 Rupees	For the year Rupees	Adjustments Rupees		As at 30 September 2011 Rupees
	Rupees	Rupees	Rupees		Rupees	Rupees	Rupees		Rupees
Owned									
Freehold land	153,311,656	318,015,000	-	471,326,656	-	-	-	471,326,656	
Factory building on freehold land	806,368,654	15,253,721	(241,477)	821,380,898	10	297,127,023	51,360,968	348,371,875	
Non factory building on freehold land	536,243,364	68,201,661	(2,663,602)	601,781,423	5	114,069,580	21,685,326	135,173,035	
Plant and machinery	5,886,649,933	247,677,066	8,513,227	6,142,840,226	5	1,625,080,423	218,377,738	1,845,764,802	
Motor vehicles	210,926,233	48,065,635	49,891,984	300,144,572	20	131,830,310	18,166,061	175,478,649	
		(8,739,280)					(6,545,343)	124,665,923	
Electrical installation	65,233,982	8,542,413	(4,559,814)	69,216,581	10	33,897,398	3,293,515	34,523,697	
Office equipment	47,944,975	5,979,227	(16,990,330)	36,933,867	20	29,607,600	4,044,438	19,466,682	
Tools and equipment	46,125,047	1,276,567	(4,552,558)	42,849,056	10	20,706,787	2,605,431	20,384,413	
Agri implements	290,581,122	80,138,077	129,529,600	295,546,023	10	104,159,242	19,450,265	71,401,532	
		(204,702,776)					(89,740,568)	224,144,491	
Furniture and fixtures	27,533,474	1,387,735	(2,108,735)	26,812,474	10	12,143,627	1,600,167	12,393,940	
Weighbridge	9,717,830	1,525,000	(788,174)	10,454,656	10	7,553,730	216,410	7,162,353	
Roads and boundary wall	46,960,621	193,008	(702,168)	46,451,461	10	12,329,197	3,465,575	15,203,951	
Arms and ammunitions	6,616,967	1,307,400	(218,850)	7,705,517	10	2,395,341	422,521	2,628,575	
Aircraft	418,645,628	-	-	418,645,628	10	52,144,635	36,650,099	88,794,734	
Tubewell	1,498,146	861,623	(113,880)	2,245,889	10	1,060,130	87,709	1,068,542	
Computers	12,374,652	4,020,065	(145,292)	16,249,425	33	5,994,903	2,730,075	8,677,034	
	8,566,732,284	802,444,193	154,849,931	9,310,584,352		2,450,099,926	384,156,298	6,524,090,538	
		(213,442,056)						(96,285,911)	
Leased									
Plant and machinery	339,461,735	281,695,743	(41,693,787)	579,463,691	5	45,524,223	23,731,287	62,156,475	
Implements	417,043,292	89,318,178	(90,926,407)	415,435,063	10	40,263,932	42,653,523	58,114,022	
Motor vehicles	161,585,780	96,244,250	(62,371,550)	195,458,480	20	55,525,867	30,761,038	40,161,341	
	918,090,807	467,256,171	(194,991,744)	1,190,357,234		141,314,022	97,145,848	160,431,838	
	9,484,823,091	1,269,702,364	(40,141,813)	10,500,941,586		2,591,413,948	481,302,146	2,946,925,652	
		(213,442,056)						(96,285,911)	

Notes to the Financial Statements

For the year ended 30 September 2012

	Note	2012 Rupees	2011 Rupees
14.1	Depreciation charge for the year has been allocated as follows:		
Cost of goods manufactured	26.1	441,560,248	428,266,953
Administrative expenses	27	50,250,918	53,035,193
		<u>491,811,166</u>	<u>481,302,146</u>

14.2 Disposal of Property, Plant and Equipment

Description	Particulars of buyer	Cost Rupees	Accumulated depreciation Rupees	Book value Rupees	Sale proceeds Rupees	Mode of disposal
Employees						
21 Vehicles	Employees	16,949,500	10,588,749	6,360,751	5,336,484	Company Policy
60 Motor Cycles	Employees	3,632,886	3,186,337	446,549	628,535	– do –
03 Vehicles	Employees	1,425,000	1,060,544	364,456	1,039,000	Negotiation
Other parties						
24 Vehicles	JK Farming Systems Limited	34,367,012	19,716,975	14,650,037	22,002,332	Negotiation
Agri Implements	– do –	52,608,350	7,653,003	44,955,347	46,720,000	– do –
Plant & Machinery	– do –	10,744,333	1,437,047	9,307,286	9,960,000	– do –
Tools & Equipment	– do –	1,133,475	543,643	589,832	625,000	– do –
Arms & Ammunitions	– do –	114,000	54,677	59,323	81,000	– do –
Plant & Machinery	Deharki Sugar Mills (Private) Limited	141,242,045	61,806,035	79,436,010	83,065,184	– do –
Vehicle	– do –	2,497,410	150,446	2,346,964	2,497,410	– do –
Photo copy machine	General Traders	180,000	97,126	82,874	60,000	– do –
Photo copy machine	ANZ Technologies	120,000	68,340	51,660	30,000	– do –
Air Craft	Syed Sibghat Ullah Shah	20,000,000	4,276,286	15,723,714	24,674,760	– do –
Vehicle	Claim from EFU	1,300,000	342,494	957,506	1,065,690	– do –
23 Motor Cycles	Muhammad Bashir	1,401,000	1,204,027	196,973	391,000	– do –
10 Tractors	Rais Nazir	6,790,000	2,027,240	4,762,760	4,500,000	– do –
Vehicle	Israr Khan	1,169,000	1,013,733	155,267	720,000	– do –
Vehicle	M. Tanvir Butt	576,766	426,647	150,119	375,000	– do –
Vehicle	Imran Khalid	1,354,000	583,263	770,737	802,167	– do –
Vehicle	Hammad Rabbani	1,354,000	583,263	770,737	802,167	– do –
Vehicle	Khaqan Babar Cheema	1,365,000	811,848	553,152	1,000,000	– do –
2012		<u>300,323,777</u>	<u>117,631,723</u>	<u>182,692,054</u>	<u>206,375,729</u>	
2011		<u>213,442,056</u>	<u>96,285,911</u>	<u>117,156,145</u>	<u>129,188,300</u>	

Notes to the Financial Statements

For the year ended 30 September 2012

- 15** The Company paid technical fee in previous year amounting to Rs. 43.70 million for BMR of plant and machinery which was charged to cost of sales ("COS") instead of being capitalized as required by the International Accounting Standard on Property, Plant and Equipment (IAS-16). The said amount has now been charged to capital work in progress ("CWIP") from COS and as per International Accounting Standard on Accounting Policies, Changes in Accounting Estimates and Errors (IAS 8) the adjustments of such classification have been made retrospectively. Consequently, as at 30 September 2011 CWIP has been increased by Rs. 43.70 million with a corresponding decrease in COS and provision for taxation has increased by Rs. 14.46 million. Tax expense and profit after tax for the year ended 30 September 2011 has increased by Rs. 14.46 million and Rs. 29.24 million respectively. The effect of such restatement on other items, basic and diluted earnings per share of the Company for year ending 30 September 2011 is immaterial.

	Notes	2012 Rupees	2011 Rupees
16	INVESTMENT PROPERTY		
	Balance as at 01 October	527,290,145	419,348,133
	Transferred from operating fixed assets	41,715,041	-
	Additions during the period	135,103,494	108,553,632
	Disposals during the period	(18,135,420)	(611,620)
	Balance as at 30 September	685,973,260	527,290,145

It mainly represents agricultural land given on lease. The fair value of investment property is Rs. 1,668,089,378 (2011: Rs 1,406,809,350).

17 GOODWILL

Goodwill includes Rs. 568,545,391 and Rs. 39,765,302 paid by the Company in excess of the fair value of identifiable net assets of United Sugar Mills Limited ("USML") and Ghotki Sugar Mills (Private) Limited ("GSML") respectively. This goodwill was merged in the Company's financials at the time of merger of USML and GSML into the Company. For impairment testing, the recoverable amount of both Companies has been determined based on the value in use calculations by discounting the five years cash flow projections at 15%. The calculation of value in use is sensitive to discount rate and local inflation rates.

	Notes	2012 Rupees	2011 Rupees	
18	INVESTMENTS			
	Investment in subsidiary company	18.1	1,049,750,000	1,000,000
	Investment in associated companies	18.2	760,500,000	850,500,000
			1,810,250,000	851,500,000
18.1	Investment in subsidiary company - Un quoted			
	Deharki Sugar Mills (Private) Limited ("DSML")			
	Cost as at 01 October 100,000 (2011: Nil)			
	fully paid shares of Rs. 10 each		1,000,000	-
	Acquired during the year 104,875,000 (2011: 100,000)			
	fully paid shares of Rs. 10 each		1,048,750,000	1,000,000
	Equity held 99.98% (2011: 80%)		1,049,750,000	1,000,000

Notes to the Financial Statements

For the year ended 30 September 2012

	Notes	2012 Rupees	2011 Rupees
18.2	Investment in associate - Un quoted		
	Faruki Pulp Mills Limited ("FPML")		
	51,500,000 (2011: 51,500,000) fully paid shares of Rs. 10 each		
	Equity held 47.69% (2011: 47.69%)	560,500,000	560,500,000
	JK Dairies (Private) Limited ("JKDL")		
	10,000,000 (2011: 10,000,000) fully paid shares of Rs. 10 each		
	Equity held 22.22% (2011: 33.33%)	200,000,000	200,000,000
	JDW Power (Private) Limited ("JDWPL")		
	Cost as at 01 October		
	9,000,000 (2011: 4,500,000) fully paid shares of Rs. 10 each	90,000,000	45,000,000
	Acquired during the year		
	4,500,000 fully paid shares of Rs. 10 each	-	45,000,000
	Less: Accumulated impairment allowance	29 (90,000,000)	-
	Equity held 47.37% (2011: 47.37%)	-	90,000,000
		<u>760,500,000</u>	<u>850,500,000</u>
19	ADVANCES TO RELATED PARTIES		
	Deharki Sugar Mills (Private) Limited		
	- advances	19.1 2,419,500,000	1,835,787,209
	- for purchase of shares	-	1,048,750,000
		<u>2,419,500,000</u>	<u>2,884,537,209</u>
	Less: Current maturity presented under current assets	(392,000,000)	-
		<u>2,027,500,000</u>	<u>2,884,537,209</u>
	JDW Power (Private) Limited		
	- for purchase of shares	-	92,641,628
		<u>2,027,500,000</u>	<u>2,977,178,837</u>
19.1	This represents amount given to DSML out of the proceeds of long term loan availed by the Company from United Bank Limited - led syndicated loan. The mark-up and principal repayment terms of the amount given are similar to those narrated in note 7.4 to these financial statements.		
20	LONG TERM DEPOSITS		
	These mainly comprise of security deposits with leasing companies in respect of leasing facilities availed.		
		2012 Rupees	2011 Rupees
21	STORES, SPARES AND LOOSE TOOLS		
	Stores	359,431,379	329,099,621
	Spares	259,898,232	240,051,293
	Loose tools	15,707,603	15,842,209
		<u>635,037,214</u>	<u>584,993,123</u>
	Less: Provision for obsolescence	(44,082,604)	(44,082,604)
		<u>590,954,610</u>	<u>540,910,519</u>

Notes to the Financial Statements

For the year ended 30 September 2012

21.1	Stores, spares and loose tools include items which may result in fixed capital expenditure but are not distinguishable.			
			2012	2011
			Rupees	Rupees
22	TRADE DEBTS - UNSECURED			
	Trade debts - unsecured, considered good	22.1	369,304,824	859,693,180
	Trade debts - unsecured, considered doubtful		14,486,141	14,486,141
			383,790,965	874,179,321
	Less: Provision for doubtful debts		(14,486,141)	(14,486,141)
			<u>369,304,824</u>	<u>859,693,180</u>
22.1	This includes an amount of Rs. 33,048,700 (2011: Rs 104,688,000) due from Riaz Bottlers (Private) Limited, a related party.			
		Notes	2012	2011
			Rupees	Rupees
23	ADVANCES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES			
	Advances to Growers			
	Unsecured - considered good	23.1	2,223,194,403	2,264,638,078
	Unsecured - considered doubtful		34,976,616	34,976,616
			2,258,171,019	2,299,614,694
	Less: Provision for doubtful advances		(34,976,616)	(34,976,616)
			<u>2,223,194,403</u>	<u>2,264,638,078</u>
	Advances to suppliers and contractors			
	Unsecured - considered good		114,629,935	307,808,384
	Unsecured - considered doubtful		25,438,633	25,438,633
			140,068,568	333,247,017
	Less: Provision for doubtful advances		(25,438,633)	(25,438,633)
			<u>114,629,935</u>	<u>307,808,384</u>
	Advances to related parties	23.2	1,504,576,726	273,432,666
	Letters of credit		194,142,915	137,491,118
	Advances to staff - unsecured, considered good		59,768,928	31,317,624
	Prepaid expenses		19,017,739	16,176,487
	Deposits		16,043,975	15,315,221
	Excise duty receivable	23.3	9,888,364	9,888,364
	Other receivables		15,802,073	9,298,229
			<u>4,157,065,058</u>	<u>3,065,366,171</u>
23.1	Advances to growers include Rs. 2,285,046,988 (2011: Rs. 1,346,920,701) given to JK Farming Systems Limited (a related party) for procurement of sugarcane.			
		Notes	2012	2011
			Rupees	Rupees
23.2	This represents advances given to:			
	Faruki Pulp Mills Limited	23.2.1	577,116,848	273,432,666
	Deharki Sugar Mills (Private) Limited	23.2.2	535,459,878	-
	Current portion of long term advances	19	392,000,000	-
			<u>1,504,576,726</u>	<u>273,432,666</u>

Notes to the Financial Statements

For the year ended 30 September 2012

23.2.1 This amount includes markup of Rs. 77,116,847 (2011: Rs. 23,432,666) charged at the rates ranging from 14.26% to 16.01% (2011: 15.91% to 16.28%) per annum.

23.2.2 This amount includes markup of Rs. 333,977,040 charged at the rates ranging from 14.26% to 16.01% per annum.

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

	Notes	2012 Rupees	2011 Rupees
24 CASH AND BANK BALANCES			
At banks:			
Current accounts		10,070,675	115,047,291
Saving accounts	24.1	261,770	259,970
		10,332,445	115,307,261
Cash in hand		1,050,315	425,508
		<u>11,382,760</u>	<u>115,732,769</u>

24.1 The balances in saving accounts carry mark-up which ranges from 6% to 8% per annum (2011: 8% to 10% per annum).

	Notes	2012 Rupees	2011 Rupees
25 SALES - NET			
Sugar			
local		21,823,849,477	24,879,892,673
export		542,802,425	-
		22,366,651,902	24,879,892,673
Molasses & Bagasse		1,719,298,785	1,265,775,472
Electricity		405,694,429	321,957,537
		2,124,993,214	1,587,733,009
		<u>24,491,645,116</u>	<u>26,467,625,682</u>
Less:			
Federal excise duty		1,616,581,443	608,146,897
Sales tax		112,225,076	935,728,745
Brokerage, commission and others		12,958,386	1,446,000
Special excise duty		-	192,812,833
		1,741,764,905	1,738,134,475
		<u>22,749,880,211</u>	<u>24,729,491,207</u>
26 COST OF SALES			
Opening stock in trade		1,922,057,309	206,682,011
Cost of goods manufactured	26.1	22,197,388,298	22,309,602,929
Less: Closing stock in trade		(3,731,551,031)	(1,922,057,309)
		<u>20,387,894,576</u>	<u>20,594,227,631</u>

Notes to the Financial Statements

For the year ended 30 September 2012

	Notes	2012 Rupees	2011 Rupees (Restated)
26.1	Cost of goods manufactured		
	Cost of sugarcane consumed (including procurement and other costs)	19,914,148,574	20,234,312,893
	Salaries, wages and other benefits	26.1.1 750,091,637	658,683,469
	Stores and spares consumed	422,335,716	442,809,470
	Depreciation	14.1 441,560,248	428,266,953
	Packing materials consumed	208,062,494	163,822,936
	Vehicle running expenses	102,508,604	80,707,889
	Chemicals consumed	114,198,470	72,831,720
	Oil, lubricants and fuel consumed	81,798,671	60,995,804
	Electricity and power	44,323,655	36,723,148
	Insurance	35,534,853	33,232,721
	Repairs and maintenance	18,896,087	24,880,909
	Mud and bagasse shifting expenses	8,613,019	12,668,463
	Freight and octroi	15,422,519	12,409,343
	Handling and storage	15,621,707	11,261,056
	Assets written off	728,491	10,637,283
	Printing and stationery	7,170,209	5,393,292
	Travelling and conveyance	4,085,165	4,389,371
	Telephone and fax	2,544,497	2,631,467
	Other expenses	9,743,682	12,944,742
		<u>22,197,388,298</u>	<u>22,309,602,929</u>
26.1.1	Salaries, wages and other benefits include Rs. 18,448,705 (2011: Rs. 14,681,834) in respect of provident fund, Rs. 14,469,627 (2011: 7,257,093) in respect of staff gratuity and Rs. 2,472,745 (2011: Rs. 9,651,675) in respect of employees' stock option scheme.		
	Notes	2012 Rupees	2011 Rupees
27	ADMINISTRATIVE EXPENSES		
	Salaries, wages and other benefits	27.1 215,425,810	178,753,723
	Depreciation	14.1 50,250,918	53,035,193
	Charity and donations	27.2 61,335,720	48,908,386
	Legal and professional services	11,811,276	26,961,000
	Travelling and conveyance	26,033,272	26,308,041
	Office rent and renovation	19,902,978	15,772,873
	Repairs and maintenance	7,191,567	14,760,638
	Vehicle running and maintenance	14,270,331	13,580,969
	Consultancy and advisory	4,200,000	9,973,931
	Fee and taxes	6,374,870	8,076,171
	Insurance	5,426,058	6,012,766
	Telephone, fax and postage	6,213,350	5,314,801
	Subscription and renewals	4,091,102	5,126,776
	Printing and stationery	3,661,888	3,781,725
	Advertisement	1,579,005	3,540,711
	Electricity and power	2,875,600	2,178,749
	Auditors' remuneration	27.3 1,865,000	1,875,000
	Entertainment	890,905	1,136,262
	Newspapers, books and periodicals	130,046	119,526
	Assets written off	150,106	-
	Arms and ammunition	62,600	38,700
	Other expenses	19,213,820	5,226,270
		<u>462,956,222</u>	<u>430,482,211</u>

Notes to the Financial Statements

For the year ended 30 September 2012

27.1 Salaries, wages and other benefits include Rs. 4,697,583 (2011: Rs. 3,470,733) in respect of provident fund, Rs. 6,201,269 (2011: Rs. 3,110,183) in respect of staff gratuity and Rs. 3,147,130 (2011: Rs. 12,283,950) in respect of employees' stock option scheme.

27.2 None of the Directors of the Company or their spouses have any interest in, or are otherwise associated with any of the recipients of donations made by the Company during the year except for the Lodhran Pilot Project (Non Profit Organization) and National Rural Support Programme (NRSP) in which Mr. Jahangir Khan Tareen is the President and Director respectively.

	Notes	2012 Rupees	2011 Rupees
27.3 Auditors' remuneration			
Statutory audit		1,500,000	1,500,000
Half yearly review		300,000	250,000
Other certificates		65,000	125,000
		<u>1,865,000</u>	<u>1,875,000</u>
28 DISTRIBUTION AND MARKETING EXPENSES			
Salaries, wages and other benefits	28.1	15,274,770	12,452,367
Freight and handling charges		1,151,183	417,800
Other selling expenses		6,163,685	2,265,127
		<u>22,589,638</u>	<u>15,135,294</u>
28.1 Salaries, wages and other benefits include Rs. 310,284 (2011: Rs. 246,247) in respect of provident fund.			
	Notes	2012 Rupees	2011 Rupees (Restated)
29 OTHER OPERATING EXPENSES			
Worker's profit participation fund		28,874,232	116,834,189
Worker's welfare fund		329,729	40,141,242
Allowance for impairment of long term investment	18.2	90,000,000	-
		<u>119,203,961</u>	<u>156,975,431</u>
	Notes	2012 Rupees	2011 Rupees
30 OTHER OPERATING INCOME			
Income from financial assets			
Profit on bank deposit		817,957	1,788,690
Income from non financial assets			
Rental income		23,968,588	20,470,683
Scrap sales		32,428,242	18,268,575
Profit on sale of property, plant and equipment	14.2	23,683,675	12,032,155
Profit on sale of investment property		11,864,580	1,388,380
Liabilities no longer payable written back		9,014,462	-
Provision for doubtful advances reversed		1,203,287	-
Gain on foreign exchange transactions		980,940	-
Others		22,081,866	12,490,414
		<u>125,225,640</u>	<u>64,650,207</u>
		<u>126,043,597</u>	<u>66,438,897</u>

Notes to the Financial Statements

For the year ended 30 September 2012

	Notes	2012 Rupees	2011 Rupees (Restated)	
31	FINANCE COST			
	Interest and mark-up on:			
	- short term borrowings - secured	31.1	773,845,177	695,454,578
	- long term loans - secured	31.2	401,792,438	513,397,786
	- finance leases		107,005,826	126,136,354
	- Worker's profit participation fund	12.2	30,088,746	18,866,149
	Bank charges and commission		22,266,538	21,845,734
			<u>1,334,998,725</u>	<u>1,375,700,601</u>
31.1	Mark up on short term borrowings is net of markup from related parties amounting to Rs. 315,660,213 (2011: Rs. 334,511,202) on receivable from these parties. This receivable has been made from the proceeds of short term borrowings from banks.			
31.2	Mark up on long term loans is net of markup from related party amounting to Rs. 278,649,769 (2011: Rs. 50,468,000) on receivable from Deharki Sugar Mills (Private) Limited. This receivable has been made from the proceeds of long term loan from United Bank Limited - led syndicated loan.			
		Notes	2012 Rupees	2011 Rupees
32	TAXATION			
	Income tax			
	current	32.1	46,907,898	655,418,365
	prior years	32.2	(288,605,409)	874,299
	Deferred tax	32.3	102,703,643	194,686,368
			<u>(138,993,868)</u>	<u>850,979,032</u>
32.1	The current tax provision represents the minimum tax on turnover for the year due under Section 113 of the Income Tax Ordinance, 2001.			
32.2	This represents refunds allowed by the Department for tax years 2003 & 2006 and other adjustments against the assessments finalized.			
32.3	Deferred tax expense relates to origination and reversal of temporary differences.			
32.4	The assessments of the Company are completed upto tax year 2012.			
32.5	Reconciliation of tax charge for the year			2011 % age
	Applicable tax rate			35.00
	Tax effects of amount not deductible for tax purposes			1.28
	Tax effects of amount deductible for tax purposes			(0.54)
	Tax effect of prior years			(0.00)
	Others			2.64
	Average effective rate charged to profit and loss account			<u>38.38</u>
There is no relationship between tax expense and accounting profit as the provision for current taxation is based on turnover tax therefore no numerical reconciliation has been presented for current year.				

Notes to the Financial Statements

For the year ended 30 September 2012

		2012	2011
33	BASIC EARNINGS PER SHARE		
	Profit after taxation	Rupees 687,274,554	1,372,429,904
	Weighted average number of ordinary shares	No. of shares 59,650,978	54,998,113
	Basic earnings per share	Rupees 11.52	24.95
34	DILUTED EARNINGS PER SHARE		
	Profit attributable to ordinary shareholders (basic)	687,274,554	1,372,429,904
	Stock option expense	-	(4,752,719)
	Total	Rupees 687,274,554	1,367,677,185
	Weighted average number of ordinary shares (basic)	59,650,978	54,998,113
	Effect of stock option	125,683	356,329
		No. of shares 59,776,661	55,354,442
	Diluted earnings per share	Rupees 11.50	24.71
		2012	2011
		Rupees	Rupees
			(Restated)
35	CASH GENERATED FROM OPERATIONS		
	Profit before taxation	548,280,686	2,223,408,936
	Adjustments for non cash and other items:		
	Finance cost	1,334,998,725	1,375,700,601
	Depreciation	491,811,166	481,302,146
	Allowance for impairment of long term investment	90,000,000	-
	Workers' profit participation fund	28,874,232	116,834,189
	Workers' welfare fund	329,729	40,141,242
	Staff retirement benefits	44,127,468	28,766,090
	Employees' stock option	5,619,875	21,935,625
	Assets written off	878,597	10,637,283
	Gain on sale of investment property	(11,864,580)	(1,388,380)
	Profit on disposal of property, plant and equipment	(23,683,675)	(12,032,155)
	Provision for doubtful advances reversed	(1,203,287)	-
	Liabilities no longer payable written back	(9,014,462)	-
		1,950,873,788	2,061,896,641
	Operating profit before working capital changes	2,499,154,474	4,285,305,577
	(Increase) / decrease in current assets		
	Stock in trade	(1,809,493,722)	(1,715,375,298)
	Trade debts	490,388,356	(859,550,224)
	Stores, spares and loose tools	(50,044,091)	(149,765,528)
	Advances, deposits, prepayments and other receivables	174,685,748	36,725,222
		(1,194,463,709)	(2,687,965,828)
	Increase in current liabilities		
	Trade and other payables	1,597,334,338	301,219,134
	Cash generated from operations	2,902,025,103	1,898,558,883

Notes to the Financial Statements

For the year ended 30 September 2012

36 REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

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

	Directors							
	Chief Executive		Executive		Non - Executives		Executives	
	2012	2011	2012	2011	2012	2011	2012	2011
	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees
Managerial remuneration	19,333,333	16,000,000	13,966,667	8,800,000	2,800,000	2,800,000	73,407,605	48,770,992
House allowance	7,733,333	6,400,000	5,586,667	3,520,000	1,120,000	1,120,000	29,363,042	19,508,397
Utilities	1,933,333	1,600,000	1,396,667	880,000	280,000	280,000	7,340,761	4,877,099
Others	8,666,660	9,333,330	6,500,000	5,133,330	1,400,000	1,633,330	56,169,336	45,874,983
Company's contribution towards provident fund	-	-	-	-	-	-	6,692,952	4,828,328
Stock option scheme	-	-	-	-	-	-	5,619,875	21,935,625
	37,666,659	33,333,330	27,450,001	18,333,330	5,600,000	5,833,330	178,593,571	145,795,424
Number of persons	1	1	1	1	1	1	62	47

In addition to the above, chief executive, executive director and some of the executives are provided with free use of Company maintained cars.

37 FINANCIAL INSTRUMENTS

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

- Credit risk
- Liquidity risk
- Market risk

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

This note presents information about the Company's exposure to each of the above risks, the Company's objectives, policies and processes for measuring and managing risk, and the Company's management of capital.

The Company's risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to react changes in market conditions and the Company's activities.

37.1 Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivables from customers and loans to/due from related parties. Out of the total financial assets of Rs. 6,158.939 million (2011: Rs. 5,260.996 million) financial assets which are subject to credit risk amount to Rs. 2,169.97 million (2011: Rs. 1,441.85 million).

The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. To manage exposure to credit risk in respect of trade receivables, management reviews credit worthiness, references, establish purchase limits taking into account the customer's financial position, past experience and other factors. Export sales are secured through letters of credit.

Notes to the Financial Statements

For the year ended 30 September 2012

The management has set a maximum credit period of 15 days to reduce the credit risk. Limits are reviewed periodically and the customers that fail to meet the Company's benchmark creditworthiness may transact with the Company only on a prepayment basis.

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

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

	2012 Rupees	2011 Rupees
Trade debts	369,304,824	859,693,180
Advances, deposits, prepayments and other receivables	1,790,334,617	466,854,858
Bank balances	10,332,445	115,307,261
	<u>2,169,971,886</u>	<u>1,441,855,299</u>
The aging of trade receivables at the reporting date is:		
Not past due	369,304,824	859,693,180
Past due 120 days	14,486,141	14,486,141
	<u>383,790,965</u>	<u>874,179,321</u>

	2012		2011	
	Gross carrying amount Rupees	Accumulated impairment Rupees	Gross carrying amount Rupees	Accumulated impairment Rupees
Neither past due nor impaired	369,304,824	-	859,693,180	-
Past due more than 120 days	14,486,141	14,486,141	14,486,141	14,486,141
	<u>383,790,965</u>	<u>14,486,141</u>	<u>874,179,321</u>	<u>14,486,141</u>

Based on past experience the management believes that no further impairment allowance is necessary in respect of trade receivables and there are reasonable grounds to believe that the amounts will be recovered in normal course.

Credit quality of major financial assets

The credit quality of major financial assets that are neither past due nor impaired can be assessed by reference to external credit ratings (if available) or to historical information about counterparty default rate:

Notes to the Financial Statements

For the year ended 30 September 2012

Banks	Rating		Rating	2012	2011
	Long term	Short term	Agency		
Rupees					
Habib Bank Limited	AAA	A-1+	JCR-VIS	7,884,637	626,178
MCB Bank Limited	AA+	A1+	PACRA	257,132	83,136
National Bank of Pakistan	AAA	A-1+	JCR-VIS	380,029	547,325
United Bank Limited	AA+	A-1+	JCR-VIS	100,682	220,913
Bank Alfalah Limited	AA	A1+	PACRA	156,096	112,270,552
Faysal Bank Limited	AA	A1+	PACRA	591,337	1,004,337
KASB Bank Limited	BBB	A3	PACRA	20,430	27,532
Standard Chartered Bank (Pakistan) Limited	AAA	A1+	PACRA	17,220	14,412
The Bank of Punjab	AAA	A1+	PACRA	41,214	27,263
Allied Bank Limited	AA+	A1+	PACRA	54,781	26,992
Askari Bank Limited	AA	A1+	PACRA	115,880	22,996
The First Micro Finance Bank Limited	A	A-1	JCR-VIS	10,523	11,108
Bank Al Habib Limited	AA+	A1+	PACRA	12,259	27,786
AlBaraka Bank (Pakistan) Limited	A	A1	PACRA	75,014	34,917
JS Bank Limited	A+	A1	PACRA	16,730	30,442
Summit Bank Limited	A-	A-2	JCR-VIS	482,745	270,820
Soneri Bank Limited	AA-	A1+	PACRA	30,998	59,891
Burj Bank Limited	A	A-1	JCR-VIS	29,482	661
BankIslami Pakistan Limited	A	A1	PACRA	45,256	-
Dubai Islamic Bank Pakistan Limited	A	A-1	JCR-VIS	10,000	-
				10,332,445	115,307,261

37.2 Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations 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. For this purpose the Company has sufficient running finance facilities available from various commercial banks to meet its liquidity requirements. Further liquidity position of the Company is closely monitored through budgets, cash flow projections and comparison with actual results by the Board.

37.2.1 Exposure to liquidity risk

37.2.1 (a) Contractual maturities of financial liabilities, including estimated interest payments.

	2012				
	Carrying amount	Contractual cash flows	One year or less	One to five years	More than five years
Rupees					
Non-derivative financial liabilities					
Long term finances	4,287,500,004	5,297,462,809	1,652,295,049	3,535,792,260	109,375,500
Short term borrowings	8,111,666,733	8,403,224,482	8,403,224,482	-	-
Liabilities against assets subject to finance lease	696,732,455	811,925,476	347,222,923	464,702,553	-
Interest and mark up accrued	442,600,039	442,600,039	442,600,039	-	-
Trade and other payables	547,984,674	547,984,674	547,984,674	-	-
	14,086,483,905	15,503,197,480	11,393,327,167	4,000,494,813	109,375,500

Notes to the Financial Statements

For the year ended 30 September 2012

	2011				
	Carrying amount	Contractual cash flows	One year or less	One to five years	More than five years
	Rupees				
Non-derivative financial liabilities					
Long term finances	4,871,888,890	7,162,564,398	1,562,163,328	4,996,130,895	604,270,175
Short term borrowings	5,535,951,315	5,535,951,315	5,535,951,315	-	-
Liabilities against assets subject to finance lease	852,575,125	1,061,401,200	414,527,936	646,873,264	-
Interest and mark up accrued	201,904,179	201,904,179	201,904,179	-	-
Trade and other payables	388,200,547	388,200,547	388,200,547	-	-
	<u>11,850,520,056</u>	<u>14,350,021,639</u>	<u>8,102,747,305</u>	<u>5,643,004,159</u>	<u>604,270,175</u>

37.3 Market risk

Market risk is the 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 its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

37.3.1 Currency risk

Currency risk is the risk that fair values or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Currency risk arises from sales, purchases and resulting balances that are denominated in a currency other than functional currency.

37.3.1 (a) Exposure to currency risk

The Company's exposure to currency risk as at the reporting date is as follows:

	2012	2011
	USD	USD
	Rupees	Rupees
Assets		
Trade receivables	35,855,587	-
Net exposure	<u>35,855,587</u>	<u>-</u>

Notes to the Financial Statements

For the year ended 30 September 2012

37.3.1 (b) Exchange rates applied during the year

Foreign exchange rates applied during the year are as follows:

	2012		
	Spot rate		Average rate for the year
	Buying	Selling	
	Rupees		
EURO	122.19	122.45	118.89
USD	94.50	94.70	89.69
GBP	153.58	153.91	143.19
AUD	98.88	99.09	90.39
JPY	1.22	1.22	1.19
SEK	14.50	14.53	13.90

	2011		
	Spot rate		Average rate for the year
	Buying	Selling	
	Rupees		
EURO	116.86	116.59	118.77
USD	87.30	87.10	86.76
GBP	136.05	135.74	136.04
AUD	84.36	84.17	87.02
JPY	1.13	1.13	1.07
SEK	12.71	12.68	13.94

37.3.1 (c) Sensitivity analysis

A ten percent depreciation in Pak Rupee against the following currencies would have increased / (decreased) loss and equity by the amounts presented below. The analysis assumes that all other variables, in particular interest rates, remain constant.

	2012		2011	
	Equity Rupees	Profit Rupees	Equity Rupees	Profit Rupees
USD	-	3,585,559	-	-
	-	3,585,559	-	-

A ten percent appreciation in Pak Rupee against the above currencies would have an equal but opposite effect on profit or loss and equity.

Notes to the Financial Statements

For the year ended 30 September 2012

37.3.1 (d) Currency risk management

The Company manages its exposure to currency risk through continuous monitoring of expected / forecast committed and non-committed foreign currency payments and receipts. Reports on forecast foreign currency transactions, receipts and payments are prepared on monthly bases, exposure to currency risk is measured and appropriate steps are taken to ensure that such exposure is minimized while optimizing return. This includes matching of foreign currency liabilities / payments to assets / receipts, using source inputs in foreign currency and arranging cross currency swaps to hedge non-functional currency debt. The Company maintains foreign currency working capital lines in order to finance production of exportable goods. Proceeds from exports are used to repay / settle / rollover the Company's obligations under these working capital lines which substantially reduces exposure to currency risk in respect of such liabilities. Balances in foreign currency are also maintained in current and saving / deposits accounts with banking companies. The Company also occasionally uses currency options to cover any significant unfavourable rate scenarios.

37.3.2 Interest rate risk

The effective interest/mark-up rates for interest/mark-up bearing financial instruments are mentioned in relevant notes to the financial statements. The Company's interest/mark-up bearing financial instruments as at the reporting date are as follows:

	2012		2011	
	Financial asset	Financial liability	Financial asset	Financial liability
	Rupees			
Variable rate instruments	3,924,076,726	13,095,899,192	2,109,219,875	11,260,415,330

The Company does not account for any fixed rate financial assets and liabilities at fair value through profit and loss. Therefore a change in interest rates at the reporting date would not affect profit and loss account.

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) profit for the year by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant. The analysis is performed on the same basis for 2011.

	Profit and loss 100 bps	
	Increase	Decrease
	Rupees	
As at 30 September 2012	91,718,225	(91,718,225)
As at 30 September 2011	91,511,955	(91,511,955)

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

37.3.3 Other price risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk). Equity price risk arises from available-for-sale equity securities held. Material investments within the portfolio are managed on an individual basis and all buy and sell decisions are approved by the Board. The Company believes that it is not exposed to other price risk.

Notes to the Financial Statements

For the year ended 30 September 2012

37.3.4 Fair value of financial instruments

Fair value is the amount for which an asset could be exchanged or liability be settled between knowledgeable willing parties in an arm's length transaction. As at the reporting date, fair values of all financial instruments are considered to approximate their book values.

37.3.5 Capital management

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

The Company's objectives when managing capital are:

- a) "to safeguard the entity's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders, and
- b) to provide an adequate return to shareholders.

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

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

		2012	2011
Total debt	Rupees	4,984,232,459	5,724,464,015
Total equity and total debt	Rupees	9,907,286,558	10,480,804,134
Debt-to-equity ratio	% age	50%	55%

Total debt comprises of long term loans, liabilities against assets subject to finance lease and current portion of non current liabilities.

The decrease in the debt-to-equity ratio in 2012 is due to the repayments of long term loan during the year.

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

Notes to the Financial Statements

For the year ended 30 September 2012

38 TRANSACTIONS WITH RELATED PARTIES

The related parties comprise subsidiary, associated companies, other related companies, directors of the Company, key management personnel and post employment benefit plans. The Company in the normal course of business carries out transactions with various related parties. Amounts due from and due to related parties are shown under respective notes to the accounts. Other significant transactions with related parties are as follows:

Relationship	Nature of transactions	2012 Rupees	2011 Rupees
Subsidiary Company	Advances	785,195,630	1,785,319,209
	Mark up on advances	333,977,040	50,468,000
	Purchase of shares	1,048,750,000	-
	Advance for purchase of shares	-	1,048,750,000
Associated Companies	Advances	250,000,000	250,000,000
	Mark up on advances	56,226,046	23,432,666
	Advance against issue of shares	43,103,247	92,641,628
	Assets acquired	135,744,875	-
	Sale of sugar	811,374,326	639,770,453
	Sale of molasses	2,927,773	3,541,584
	Payment against purchase of aircraft	1,000,000	5,200,000
Other Related Parties	Purchase of sugarcane	3,206,166,810	2,822,673,333
	Provident fund contribution	24,900,186	18,398,814

	2012		2011	
	Days	Tonnes	Days	Tonnes
39 CAPACITY AND PRODUCTION				
Unit I				
Crushing capacity	120	2,460,000	120	2,460,000
Sugarcane crushed	142	2,711,463	127	2,121,232
Sugar production		272,226		221,079
Unit II				
Crushing capacity	120	1,020,000	120	1,020,000
Sugarcane crushed	135	1,062,742	126	867,796
Sugar production		108,864		92,595
Unit III				
Crushing capacity	120	1,320,000	120	1,320,000
Sugarcane crushed	117	1,135,063	121	1,051,525
Sugar production		120,721		115,033

Notes to the Financial Statements

For the year ended 30 September 2012

40 CORRESPONDING FIGURES

Corresponding figures have been re-arranged, where necessary, for the purpose of comparison. Significant reclassification for better presentation includes harvesting subsidy to growers amounting to Rs. 166.72 million previously included in other operating expenses now presented as cost of sales and finance cost.

41 DATE OF AUTHORIZATION FOR ISSUE

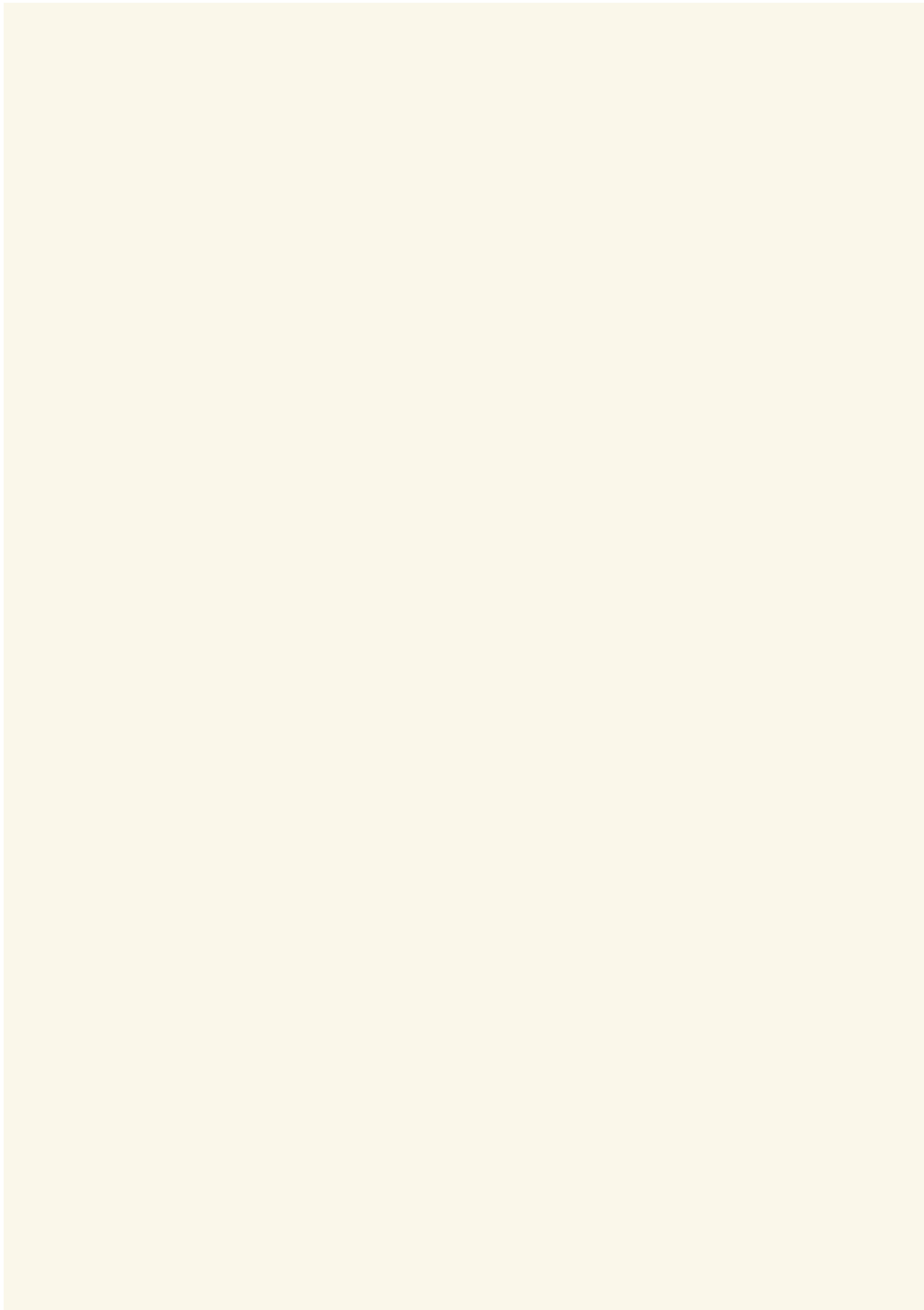
These financial statements were authorized for issue on 03 January, 2013 by the Board of Directors of the Company.

42 EVENTS AFTER THE BALANCE SHEET DATE

The Board of Directors of the Company has proposed a final cash dividend for the year ended 30 September 2012 of Rs. 6 per share (2011: Rs. 9 per share).

43 FIGURES

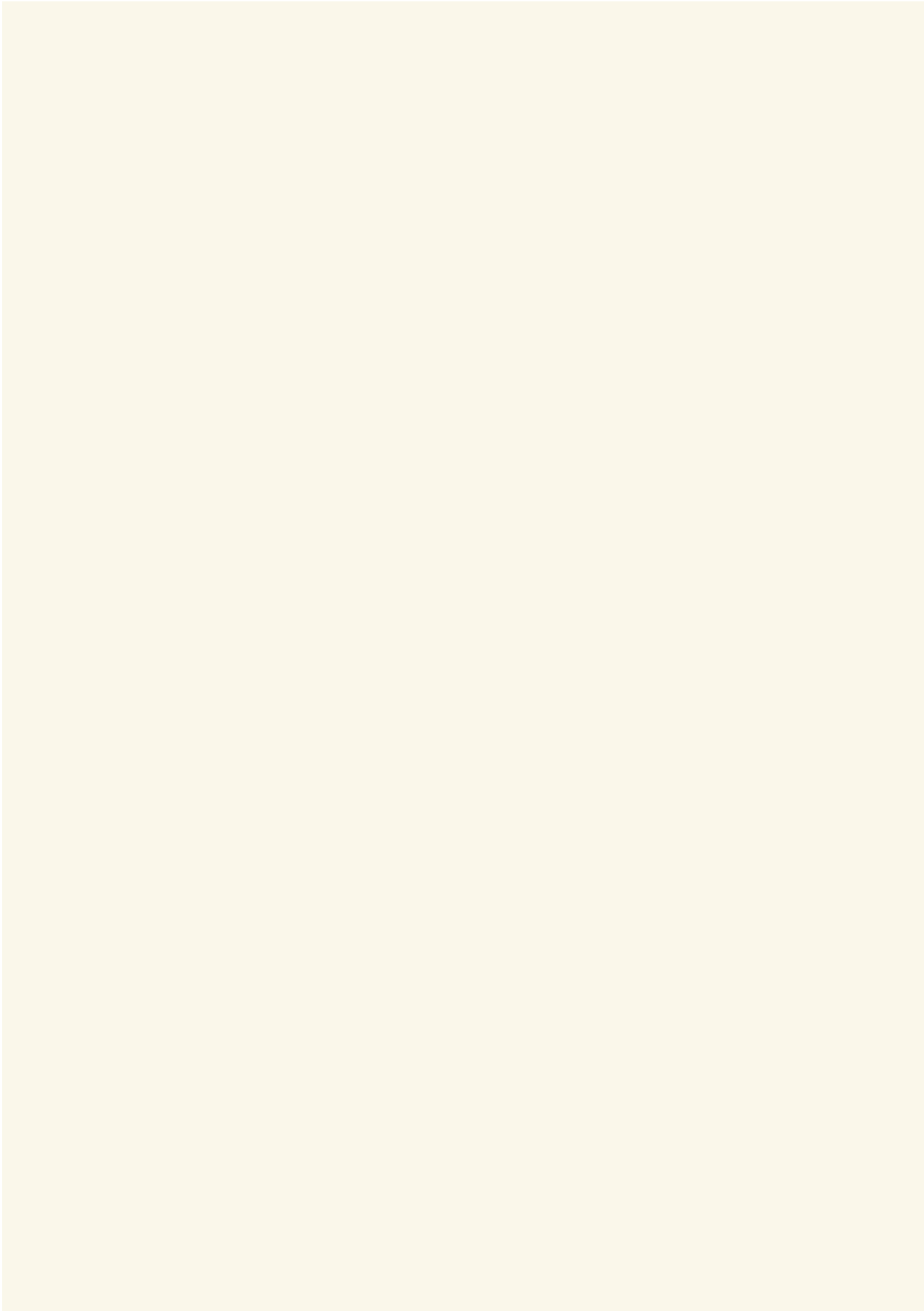
Figures have been rounded off to the nearest rupee.





Consolidated Financial Statements

for the year ended 30 September 2012





KPMG Taseer Hadi & Co.
Chartered Accountants
53 L Gulberg III
Lahore Pakistan

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Auditors' Report to the Members

We have audited the annexed consolidated financial statements comprising consolidated balance sheet of JDW Sugar Mills Limited ("the Holding Company") and its subsidiary company Deharki Sugar Mills (Private) Limited ("the Group") as at 30 September 2012 and the related consolidated profit and loss account, consolidated statement of comprehensive income, consolidated cash flow statement and consolidated statement of changes in equity together with the notes forming part thereof, for the year then ended. We have also expressed separate opinion on the financial statements of the Holding Company. The financial statements of the subsidiary company, Deharki Sugar Mills (Private) Limited was audited by other firm of auditors whose report has been furnished to us and our opinion, in so far as it relates to the amounts included for such Company, is based solely on the report of such other auditor. These financial statements are the responsibility of the Holding Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

In our opinion, the consolidated financial statements present fairly the financial position of the Holding Company and its subsidiary company as at 30 September 2012 and the results of their operations for the year then ended.

Lahore
03 January 2013

KPMG Taseer Hadi & Co.
Chartered Accountants
(Kamran Iqbal Yousafi)

Consolidated Balance Sheet

	Note	2012 Rupees	2011 Rupees (Restated)
SHARE CAPITAL AND RESERVES			
Share capital	5	597,766,610	592,766,610
Reserves		4,334,555,982	4,105,191,596
		4,932,322,592	4,697,958,206
Non controlling interest		248,377	(2,125,879)
		4,932,570,969	4,695,832,327
NON CURRENT LIABILITIES			
Long term loans - secured	7	3,119,611,115	4,068,000,001
Liabilities against assets subject to finance lease	8	414,748,686	540,516,474
Deferred liabilities	9	1,286,169,223	1,497,915,433
		4,820,529,024	6,106,431,908
CURRENT LIABILITIES			
Short term borrowings - secured	10	8,698,067,413	5,535,951,315
Current portion of non current liabilities	11	1,449,872,658	1,115,947,540
Trade and other payables	12	2,875,166,943	1,268,103,155
Interest and mark-up accrued		493,364,357	201,904,179
Provision for taxation		-	473,004,100
		13,516,471,371	8,594,910,289
CONTINGENCIES AND COMMITMENTS			
	13		
		23,269,571,364	19,397,174,524

The attached notes from 1 to 44 form an integral part of these consolidated financial statements.

As at 30 September 2012

	Note	2012 Rupees	2011 Rupees (Restated)
NON CURRENT ASSETS			
Property, plant and equipment			
Operating fixed assets	14	10,716,371,088	7,768,107,031
Capital work in progress	15	582,112,159	2,246,586,313
		11,298,483,247	10,014,693,344
Investment property	16	685,973,260	527,290,145
Goodwill	17	608,310,693	608,310,693
Investments	18	780,349,093	813,550,000
Advances to related party	19	-	92,641,628
Long term deposits	20	105,637,735	105,769,396
		2,180,270,781	2,147,561,862
CURRENT ASSETS			
Stores, spares and loose tools	21	817,725,530	549,754,982
Stock in trade - finished goods		4,666,381,509	1,922,057,309
Trade debts - unsecured, considered good	22	451,460,436	859,693,180
Advances, deposits, prepayments and other receivables	23	3,281,180,741	3,183,322,271
Tax refunds due from Government		520,468,278	306,023,980
Cash and bank balances	24	53,600,842	414,067,596
		9,790,817,336	7,234,919,318
		<u>23,269,571,364</u>	<u>19,397,174,524</u>

Consolidated Profit and Loss Account

For the year ended 30 September 2012

	Note	2012 Rupees	2011 Rupees (Restated)
Gross sales		27,507,217,540	26,467,625,682
FED, Sales tax, SED & others		(1,932,565,974)	(1,738,134,475)
Net sales	25	25,574,651,566	24,729,491,207
Cost of sales	26	(23,089,404,162)	(20,594,227,631)
Gross profit		2,485,247,404	4,135,263,576
Administrative expenses	27	(485,696,888)	(443,917,028)
Distribution and marketing expenses	28	(35,364,463)	(15,135,294)
Other operating expenses	29	(29,203,961)	(167,165,713)
Other operating income	30	127,802,552	66,438,897
		(422,462,760)	(559,779,138)
Operating profit		2,062,784,644	3,575,484,438
Finance cost	31	(1,703,511,816)	(1,375,834,294)
Share of loss of associated companies - net of taxation	18	(33,200,907)	(29,022,569)
Profit before taxation		326,071,921	2,170,627,575
Taxation	32	431,227,295	(850,979,032)
Profit after taxation		757,299,216	1,319,648,543
Attributable to:			
Equity holders of the Holding Company		757,295,171	1,322,024,422
Non controlling interest		4,045	(2,375,879)
		757,299,216	1,319,648,543
Basic earnings per share	33	12.70	23.99
Diluted earnings per share	34	12.67	23.75

The attached notes from 1 to 44 form an integral part of these consolidated financial statements.

Consolidated Statement of Comprehensive Income

For the year ended 30 September 2012

	2012 Rupees	2011 Rupees (Restated)
Profit after taxation	757,299,216	1,319,648,543
Other comprehensive income for the year	-	-
Total comprehensive income for the year	757,299,216	1,319,648,543
Attributable to:		
Equity holders of the Holding Company	757,295,171	1,322,024,422
Non controlling interest	4,045	(2,375,879)
	757,299,216	1,319,648,543

The attached notes from 1 to 44 form an integral part of these consolidated financial statements.

Consolidated Cash Flow Statement

For the year ended 30 September 2012

	Note	2012 Rupees	2011 Rupees (Restated)
CASH FLOW FROM OPERATING ACTIVITIES			
Cash generated from operations	35	1,969,395,065	1,553,297,958
Income tax paid		(576,885,395)	(453,925,584)
Workers' profit participation fund paid		(146,922,935)	(124,078,869)
Workers' welfare fund paid		-	(4,410,145)
Staff retirement benefits paid		(59,670,194)	(20,251,941)
		(783,478,524)	(602,666,539)
Net cash generated from operations		1,185,916,541	950,631,419
CASH FLOW FROM INVESTING ACTIVITIES			
Advances to related parties		(211,042,548)	(273,432,666)
Property, plant and equipment		(1,887,439,649)	(3,216,967,459)
Investment property		(135,103,494)	(108,553,632)
Long term deposits		131,661	(21,360,748)
Proceeds realized from sale of property, plant and equipment		55,030,930	2,646,000
Proceeds realized from sale of investment property		30,000,000	2,000,000
Advances to related parties for purchase of shares		-	(92,641,628)
Investment made during the year		-	(45,000,000)
Net cash used in investing activities		(2,148,423,100)	(3,753,310,133)
CASH FLOW FROM FINANCING ACTIVITIES			
Short term borrowings		3,162,116,101	3,250,660,344
Long term loans availed during the year		119,500,000	2,300,000,000
Proceeds from issuance of shares under employees' stock option scheme		11,809,500	-
Finance cost paid		(996,307,299)	(1,147,606,142)
Long term loans repaid during the year		(703,888,886)	(803,888,889)
Lease rentals paid		(459,567,884)	(426,882,902)
Dividend paid		(531,621,727)	(343,923,995)
Proceeds from issuance of right shares		-	377,215,090
Proceeds from issuance of ordinary shares		-	250,000
Loan from Director		-	(19,000)
Net cash generated from financing activities		602,039,805	3,205,804,506
Net (decrease) / increase in cash and cash equivalents		(360,466,754)	403,125,792
Cash and cash equivalents at the beginning of the year		414,067,596	10,941,804
Cash and cash equivalents at the end of the year	24	53,600,842	414,067,596

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

Consolidated Statement of Changes in Equity

For the year ended 30 September 2012

	Attributable to equity holders of the Holding Company									
	Reserves					Total				
	Share capital	Share premium	Employees' stock option	Accumulated profit	Sub Total	Non controlling interest	Total	Non controlling interest	Total	Total equity
Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees
Balance as at 30 September 2010 - reported	489,889,770	320,624,708	-	2,599,050,401	2,919,675,109	3,409,564,879	-	3,409,564,879	-	3,409,564,879
Effect of prior year adjustment - note. 12.3	-	-	-	(89,809,971)	(89,809,971)	(89,809,971)	-	(89,809,971)	-	(89,809,971)
Balance as at 30 September 2010 - restated	489,889,770	320,624,708	-	2,509,240,430	2,829,865,138	3,319,754,908	-	3,319,754,908	-	3,319,754,908
Accumulated loss of subsidiary company	-	-	-	(49,000)	(49,000)	(49,000)	-	(49,000)	-	(49,000)
Transaction with owners, recorded directly in equity:										
Final dividend @ Rs. 7.00 per share	-	-	-	(342,922,839)	(342,922,839)	(342,922,839)	-	(342,922,839)	-	(342,922,839)
Bonus shares issued at the rate of 10%	48,988,970	-	-	(48,988,970)	(48,988,970)	-	-	-	-	-
Issuance of right shares at the rate of 10%	53,887,870	323,327,220	-	-	323,327,220	377,215,090	-	377,215,090	-	377,215,090
Employees' stock option	-	-	21,935,625	-	21,935,625	21,935,625	-	21,935,625	-	21,935,625
Non controlling shareholding	-	-	-	-	-	-	250,000	250,000	-	250,000
Total comprehensive income for the year - restated	-	-	-	1,322,024,422	1,322,024,422	1,322,024,422	(2,375,879)	1,319,648,543	(2,375,879)	1,319,648,543
Balance as at 30 September 2011 - restated	592,766,610	643,951,928	21,935,625	3,439,304,043	4,105,191,596	4,697,958,206	(2,125,879)	4,695,832,327	(2,125,879)	4,695,832,327
Transactions with owners, recorded directly in equity:										
Final dividend @ Rs. 9.00 per share	-	-	-	(537,989,949)	(537,989,949)	(537,989,949)	-	(537,989,949)	-	(537,989,949)
Employees' stock option	-	-	5,619,875	-	5,619,875	5,619,875	-	5,619,875	-	5,619,875
Shares issued under employees' stock option	5,000,000	34,365,000	(27,555,500)	-	6,809,500	11,809,500	-	11,809,500	-	11,809,500
Effect of increase in percentage of holding in subsidiary company	-	-	-	(2,370,211)	(2,370,211)	(2,370,211)	2,370,211	-	2,370,211	-
Total comprehensive income for the year	-	-	-	757,295,171	757,295,171	757,295,171	4,045	757,299,216	4,045	757,299,216
Balance as at 30 September 2012	597,766,610	678,316,928	-	3,656,239,054	4,334,555,982	4,932,322,592	248,377	4,932,570,969	248,377	4,932,570,969

The attached notes from 1 to 44 form an integral part of these consolidated financial statements.

Lahore

03 January 2013

Chief Executive

Director

Notes to the Consolidated Financial Statements

For the year ended 30 September 2012

1 STATUS AND NATURE OF BUSINESS

The Group comprises of

- JDW Sugar Mills Limited (“the Holding Company”); and
- Deharki Sugar Mills (Private) Limited (“the Subsidiary Company”).

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

1.2 Deharki Sugar Mills (Private) Limited was incorporated in Pakistan on 14 July 2010 as a Private Limited Company under the Companies Ordinance, 1984. The registered office of the Company is situated at 17-Abid Majeed Road, Lahore Cantonment Lahore. The principal activity of the Company is production and sale of crystalline sugar. The Company started its commercial production on 03 December 2011.

1.3 Movement in Holding Company’s ownership interest in Subsidiary Company during the year is as follows:

	2012	2011
Ownership interest at the beginning of the year	80.00%	-
Ownership interest acquired during the year	19.98%	80.00%
Ownership interest at the end of the year	99.98%	80.00%

1.4 Details regarding the Group’s investment in associates are given in note 18 to these consolidated financial statements.

2 BASIS OF PREPARATION

2.1 These consolidated financial statements have been prepared from the information available in the audited separate financial statements of the Holding Company for the year ended 30 September 2012 and the audited financial statements of Deharki Sugar Mills (Private) Limited for the year ended 30 September 2012. Details regarding the financial information of associates used in the preparation of these consolidated financial statements are given in note 18 to these consolidated financial statements.

The accounting policies used by the Subsidiary Companies in preparation of its financial statements are consistent with that of the Holding Company. The accounting policies used by the Group’s associates in preparation of their respective financial statements are also consistent with that of the Holding Company.

2.2 Statement of compliance

These consolidated financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan and the requirements of Companies Ordinance, 1984. Approved accounting standards comprise of such International Financial Reporting Standards (IFRSs) issued by the International Standard Board as are notified under the provisions of the Companies Ordinance, 1984. Wherever, the requirements of the Companies Ordinance, 1984 or directives issued by the Securities and Exchange Commission of Pakistan differ with the requirements of these standards, the requirements of Companies Ordinance, 1984 or the requirements of the said directives shall prevail.

2.3 Basis of measurement

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

2.4 Functional and presentation currency

These consolidated financial statements are presented in Pakistani Rupees which is also the Group’s functional currency. All financial information presented in Pakistani Rupees has been rounded to the nearest rupee.

Notes to the Consolidated Financial Statements

For the year ended 30 September 2012

3 USE OF ESTIMATES AND JUDGMENTS

The preparation of consolidated financial statements in conformity with approved accounting standards requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions and judgments are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the result of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

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

The areas where various assumptions and estimates are significant to Group's financial statements or where judgments were exercised in application of accounting policies are as follows:

- Retirement and other benefits
- Provision for taxation
- Residual values and useful lives of depreciable assets
- Provisions and contingencies

4 SIGNIFICANT ACCOUNTING POLICIES

4.1 Standards, Interpretations and Amendments not yet effective

The following standards, amendments and interpretations of approved accounting standards will be effective for accounting periods beginning on or after 01 July 2012:

- Amendments to IAS 12 – deferred tax on investment property (effective for annual periods beginning on or after 1 January 2012). The 2010 amendment provides an exception to the measurement principle in respect of investment property measured using the fair value model in accordance with IAS 40 Investment Property. The measurement of deferred tax assets and liabilities, in this limited circumstance, is based on a rebuttable presumption that the carrying amount of the investment property will be recovered entirely through sale. The presumption can be rebutted only if the investment property is depreciable and held within a business model whose objective is to consume substantially all of the asset's economic benefits over the life of the asset. The amendment has no impact on financial statements of the Company.
- IAS 19 Employee Benefits (amended 2011) - (effective for annual periods beginning on or after 1 January 2013). The amended IAS 19 includes the amendments that require actuarial gains and losses to be recognized immediately in other comprehensive income; this change will remove the corridor method and eliminate the ability for entities to recognize all changes in the defined benefit obligation and in plan assets in profit or loss, which currently is allowed under IAS 19; and that the expected return on plan assets recognized in profit or loss is calculated based on the rate used to discount the defined benefit obligation.
- Presentation of Items of Other Comprehensive Income (Amendments to IAS 1) - (effective for annual periods beginning on or after 1 July 2012). The amendments require that an entity present separately the items of other comprehensive income that would be reclassified to profit or loss in the future if certain conditions are met from those that would never be reclassified to profit or loss. The amendments do not address which items are presented in other comprehensive income or which items need to be reclassified. The requirements of other IFRSs continue to apply in this regard. The amendments have no impact on financial statements of the Company.
- IAS 27 Separate Financial Statements (2011) - (effective for annual periods beginning on or after 1 January 2013). IAS 27 (2011) supersedes IAS 27 (2008). Three new standards IFRS 10 - Consolidated Financial Statements, IFRS 11- Joint Arrangements and IFRS 12- Disclosure of Interest in Other Entities dealing with IAS 27 would be applicable effective 1 January 2013. IAS 27 (2011) carries forward the existing accounting and disclosure requirements for separate financial statements, with some minor clarifications. The amendments have no impact on financial statements of the Company.
- IAS 28 Investments in Associates and Joint Ventures (2011) - (effective for annual periods beginning on or after 1 January 2013). IAS 28 (2011) supersedes IAS 28 (2008). IAS 28 (2011)

Notes to the Consolidated Financial Statements

For the year ended 30 September 2012

makes the amendments to apply IFRS 5 to an investment, or a portion of an investment, in an associate or a joint venture that meets the criteria to be classified as held for sale; and on cessation of significant influence or joint control, even if an investment in an associate becomes an investment in a joint venture. The amendments have no impact on financial statements of the Company.

- Offsetting Financial Assets and Financial Liabilities (Amendments to IAS 32) – (effective for annual periods beginning on or after 1 January 2014). The amendments address inconsistencies in current practice when applying the offsetting criteria in IAS 32 Financial Instruments: Presentation. The amendments clarify the meaning of ‘currently has a legally enforceable right of set-off’; and that some gross settlement systems may be considered equivalent to net settlement.
- Offsetting Financial Assets and Financial Liabilities (Amendments to IFRS 7) – (effective for annual periods beginning on or after 1 January 2013). The amendments to IFRS 7 contain new disclosure requirements for financial assets and liabilities that are offset in the statement of financial position or subject to master netting agreement or similar arrangement.

4.2 Annual Improvements 2009–2011 (effective for annual periods beginning on or after 1 January 2013). The new cycle of improvements contains amendments to the following five standards, with consequential amendments to other standards and interpretations.

- IAS 1 Presentation of Financial Statements is amended to clarify that only one comparative period – which is the preceding period – is required for a complete set of financial statements. If an entity presents additional comparative information, then that additional information need not be in the form of a complete set of financial statements. However, such information should be accompanied by related notes and should be in accordance with IFRS. Furthermore, it clarifies that the ‘third statement of financial position’, when required, is only required if the effect of restatement is material to statement of financial position.
- IAS 16 Property, Plant and Equipment is amended to clarify the accounting of spare parts, stand-by equipment and servicing equipment. The definition of ‘property, plant and equipment’ in IAS 16 is now considered in determining whether these items should be accounted for under that standard. If these items do not meet the definition, then they are accounted for using IAS 2 Inventories.
- IAS 32 Financial Instruments: Presentation - is amended to clarify that IAS 12 Income Taxes applies to the accounting for income taxes relating to distributions to holders of an equity instrument and transaction costs of an equity transaction. The amendment removes a perceived inconsistency between IAS 32 and IAS 12.
- IAS 34 Interim Financial Reporting is amended to align the disclosure requirements for segment assets and segment liabilities in interim financial reports with those in IFRS 8 Operating Segments. IAS 34 now requires the disclosure of a measure of total assets and liabilities for a particular reportable segment. In addition, such disclosure is only required when the amount is regularly provided to the chief operating decision maker and there has been a material change from the amount disclosed in the last annual financial statements for that reportable segment.

4.3 Property, plant and equipment

Owned

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

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

Depreciation is charged to profit on reducing balance method so as to write off the written down value of assets over their estimated useful lives at rates disclosed in note 14. Depreciation on additions is

Notes to the Consolidated Financial Statements

For the year ended 30 September 2012

charged from the date when the asset is available for use, while no depreciation is charged on the date of disposal.

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

The Group assesses at each balance sheet date whether there is any indication that property, plant and equipment may be impaired. If such indication exists, the carrying amounts of such assets are reviewed to assess whether they are recorded in excess of their recoverable amount. Where carrying values exceed the respective recoverable amount, assets are written down to their recoverable amounts and the resulting impairment loss is recognized in income currently. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. Where an impairment loss is recognized, the depreciation charge is adjusted in the future periods to allocate the asset's revised carrying amount over its estimated useful life.

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

Leased

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

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

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

Assets acquired under a finance lease are depreciated over the estimated useful life of the assets on reducing balance method at the rates disclosed in note 14. Depreciation of leased assets is charged to profit and loss account.

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

4.4 Stores, spares and loose tools

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

4.5 Stock in trade

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

Cost is determined as follows:

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

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

Notes to the Consolidated Financial Statements

For the year ended 30 September 2012

4.6 Trade debts

Trade debts are carried at original invoice amount less an estimate made for doubtful debts based on a review of all outstanding amounts at the year end. Bad debts are written off when identified.

4.7 Employee benefits

4.7.1 Defined contribution plan

The Group operates a provident fund for its eligible employees. Equal monthly contribution is made both by the Holding Company & employees and Subsidiary Company & employees to the fund at the rate of 10% of basic salary.

4.7.2 Defined benefit plans

The Holding Company also operates an unfunded gratuity scheme for eligible employees who have completed their qualifying period. Provision is made annually to cover current obligation under the scheme on the basis of actuarial recommendation.

The most recent valuation was carried out as at 30 September 2012 using the "Projected unit credit method". Following significant assumptions are used for valuation of the scheme:

	2012	2011
Discount rate	12.00%	12.50%
Expected increase in eligible pay	10.00%	10.50%
Expected average working life of employee	10 years	11 years

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

4.7.3 Employees' Stock Option Scheme

The intrinsic value of the options granted to the eligible employees is recognized as an expense, with a corresponding increase in reserves, over the period that the employees unconditionally become entitled to the option.

4.8 Taxation

Income tax expense comprises current and deferred tax.

Current

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

Deferred

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

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

Notes to the Consolidated Financial Statements

For the year ended 30 September 2012

4.9 Revenue recognition

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

Revenue from the sale of electricity is recognized on transmission of electricity.

Interest and rental income are recognized on accrual basis.

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

4.10 Cash and cash equivalents

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

4.11 Provisions

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

4.12 Financial instruments

Financial assets

Significant financial assets include advances and receivables, long term deposits and cash and bank balances. Finances and receivables are stated at their nominal value as reduced by provision for doubtful finances and receivable, while other financial assets are stated at cost.

Financial liabilities

Financial liabilities are classified according to the substance of the contractual arrangements entered into. Significant financial liabilities include short and long term finances, lease finances, interest and mark up accrued and trade and other payables. Markup based financial liabilities are recorded at gross proceeds received. Other liabilities are stated at their nominal value.

Recognition and derecognition

All the financial assets and financial liabilities are recognized at the time when the Group becomes party to the contractual provisions of the instrument. Financial assets are derecognized when the Group loses control of the contractual rights that comprise the financial assets. Financial liabilities are derecognized when they are extinguished i.e. when the obligation specified in the contract is discharged, cancelled or expires. Any gain or loss on derecognition of the financial assets and financial liabilities is taken to income currently.

4.13 Offsetting

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

4.14 Borrowing cost

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

4.15 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.

Notes to the Consolidated Financial Statements

For the year ended 30 September 2012

4.16 Foreign currency transactions

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

4.17 Deferred income

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

4.18 Basis of consolidation

Subsidiaries

The consolidated financial statements include the financial statements of the Holding Company and its Subsidiary Company.

Subsidiaries are those entities in which the Holding Company directly or indirectly controls, beneficially owns or holds more than 50 percent of its voting securities or otherwise has power to elect and appoint more than 50 percent of its directors. The financial statements of subsidiaries are included in the consolidated financial statements from the date control commences. The financial statements of the subsidiaries are consolidated on a line-by-line basis and the carrying value of investment held by the Holding Company is eliminated against the Holding Company's share in paid up capital of the subsidiaries. The Group applies uniform accounting policies for like transactions and events in similar circumstances except where specified otherwise.

All material inter-group balances, transactions and resulting unrealized profits / losses are eliminated.

Associates

Entities in which the Group has significant influence but not control and which are neither subsidiaries nor joint ventures of the members of the Group are associates and are accounted for under the equity method of accounting (equity accounted investees).

These investments are initially recognized at cost. The consolidated financial statements include the associates' share of profit or loss and movements in other comprehensive income, after adjustments to align the accounting policies with those of the Group, from the date that significant influence commences until the date it ceases. Share of post acquisition profit and loss of associates is recognized in the profit and loss account. Distributions received from associates reduce the carrying amount of investment.

The carrying amount of investments in associates is reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the recoverable amount of the investments is estimated which is higher of its value in use and its fair value less costs to sell. An impairment loss is recognized if the carrying amount exceeds its recoverable amount and is charged to profit and loss account. An impairment loss is reversed if there has been a change in estimates used to determine the recoverable amount but limited to the extent of initial cost of the investments. A reversal of impairment loss is recognized in the profit and loss account.

4.19 Investment property

Investment property is property held either to earn rental income or for capital appreciation or for both, but not for sale in ordinary course of business, use in production or supply of goods or services as for administrative purpose.

The Group's investment property comprises of land which is carried at cost less identified impairment loss, if any. The Group assesses at each balance sheet date whether there is any indication that investment property may be impaired. If such indication exists, the carrying amount of such assets are reviewed to assess whether they are recorded in excess of their recoverable amount. Where carrying value exceeds the respective recoverable amount, assets are written down to their recoverable amounts and the resulting impairment loss is recognized in the profit and loss account for the year.

Notes to the Consolidated Financial Statements

For the year ended 30 September 2012

The recoverable amount is the higher of an asset's fair value less costs to sell and value-in-use.

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

4.20 Related party transactions

The Group enters into transactions with related parties on an arm's length basis except in extremely rare circumstances where, subject to approval of the Board of Directors, it is in the interest of the Group to do so.

4.21 Goodwill

Goodwill represents the excess of the cost of acquisition over the fair value of the net identifiable assets of the merged subsidiaries at the dates of acquisition. Goodwill recognized is tested annually for impairment and carried at cost less accumulated impairment losses.

4.22 Dividend

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

	2012 Rupees	2011 Rupees
5 SHARE CAPITAL		
5.1 Authorized capital		
75,000,000 (2011: 75,000,000) ordinary shares of Rs. 10 each	750,000,000	750,000,000
25,000,000 (2011: 25,000,000) preference shares of Rs. 10 each	250,000,000	250,000,000
	1,000,000,000	1,000,000,000
5.2 Issued, subscribed and and paid up capital		
32,145,725 (2011: 31,645,725) ordinary shares of Rs. 10 each	321,457,250	316,457,250
27,630,936 (2011: 27,630,936) bonus shares of Rs. 10 each	276,309,360	276,309,360
	597,766,610	592,766,610

6 EMPLOYEES' STOCK OPTION

The Holding Company operates a stock option scheme "the Scheme" approved by Securities and Exchange Commission of Pakistan "SECP" dated 16 July 2010, under section 86 of the Companies Ordinance, 1984 read with Public Companies' Employee Stock Option Scheme Rules, 2001. The Compensation Committee of the Holding Company shall recommend to the board as to which of the eligible employees are entitled to grant of option to subscribe for shares at an option price. Option price, unless otherwise determined by the Compensation Committee, will be the lesser of 30% of the average of market price of shares quoted on Karachi Stock Exchange, during 3 months prior to the date of grant of option and 3 months prior to date of exercise of option. The aggregate number of the shares for all options granted or to be granted under the scheme to all eligible employees shall not, at any time, exceed 1% of the paid up capital of the Holding Company. The Option shall be exercised during the applicable option period, subject to expiry of relevant minimum vesting period.

In the year ended 30 September 2011, Holding Company awarded 500,000 share options to its eligible employees under the employees' stock option scheme "the Scheme" which were to be settled in shares after completing vesting period of one year ending on 01 January 2012. Main features of the Scheme were as follows:

Date of grant of option	1-Jan-11
Date of exercise of option	1-Jan-12
Number of options granted	500,000
Exercise price	Lesser of 30% of the average of market price of shares quoted on Karachi Stock Exchange, during 3 months prior to date of grant of option and 3 months prior to date of exercise of option.

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The number and weighted average exercise price of stock options are as follows:

	2012		2011	
	Weighted average exercise price	Number of options	Weighted average exercise price	Number of options
	Rupees		Rupees	
Options outstanding at the beginning of the year	23.59	500,000	-	-
Options granted during the year	-	-	23.59	500,000
Options exercised during the year	23.61	500,000	-	-
Options outstanding at the end of the year		-		500,000

The weighted average market rate of shares during the year Jan-11 to Dec-11 has been Rs. 78.76 per share.

	Notes	2012 Rupees	2011 Rupees
7 LONG TERM LOANS - SECURED			
Privately placed term finance certificates	7.1	680,000,011	1,057,777,784
Privately placed sukuk certificates	7.2	199,999,999	311,111,110
Habib Bank Limited - led syndicated loan	7.3	787,999,994	1,042,999,996
United Bank Limited - led syndicated loan	7.4	2,419,500,000	2,300,000,000
Pak Brunei Investment Company Limited	7.5	200,000,000	-
Habib Bank Limited	7.6	-	160,000,000
		4,287,500,004	4,871,888,890
Current maturity presented under current liabilities	11	(1,167,888,889)	(803,888,889)
		3,119,611,115	4,068,000,001

7.1 Privately placed term finance certificates

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

Principal repayment

18 unequal quarterly installments commencing after a grace period of eighteen months starting from March 2010 and ending June 2014.

Rate of return

The return on TFC's is payable quarterly at a rate of three months KIBOR plus 125 bps per annum.

Trustee

In order to protect the interest of TFC's holders, MCB Bank Limited has been appointed as trustee under a trust deed dated 23 April, 2008.

Security

This loan is secured by first pari passu charge on land measuring 800 kanals, fixed assets, plant and machinery of the Holding Company and its subsidiary Deharki Sugar Mills (Private) Limited by execution of JPPA and personal guarantees of Directors.

7.2 Privately placed sukuk certificates

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

Principal repayment

18 unequal quarterly installments commencing after a grace period of eighteen months starting from March 2010 and ending June 2014.

Notes to the Consolidated Financial Statements

For the year ended 30 September 2012

Rate of return

The return on sukuk certificates is payable quarterly at a rate of three months KIBOR plus 125 bps per annum.

Trustee

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

Security

This loan is secured by first pari passu charge on land measuring 800 kanals, fixed assets, plant and machinery of the Holding Company and its subsidiary Deharki Sugar Mills (Private) Limited by execution of JPPA and personal guarantees of Directors.

7.3 Habib Bank Limited - led syndicated loan

This syndicated loan comprises of loans from Habib Bank Limited, MCB Bank Limited, Faysal Bank Limited, JS Bank Limited and Pak Kuwait Investment Company (Private) Limited.

Principal repayment

It is repayable in 22 unequal quarterly installments after a grace period of eighteen months starting from June 2010 and ending on December 2015.

Rate of return

The interest is payable quarterly at a rate of three months KIBOR plus 200 bps per annum.

Security

This loan is secured by first pari passu charge on land measuring 800 kanals, fixed assets, plant and machinery of the Holding Company and its subsidiary Deharki Sugar Mills (Private) Limited by execution of JPPA and personal guarantees of Directors.

7.4 United Bank Limited - led syndicated loan

This syndicated loan comprises of loans from United Bank Limited, Faisal Bank Limited, Pak Kuwait Investment Company (Private) Limited, The Bank of Punjab, Soneri Bank Limited and Meezan Bank Limited. This loan was taken to setup new sugar project at Deharki.

Principal repayment

The loan is repayable in 20 unequal quarterly installments after a grace period of eighteen months starting from March 2013 and ending on December 2017.

Rate of return

The interest is payable quarterly at a rate of three months KIBOR plus 275 bps per annum which during the year was changed to three months KIBOR plus 250 bps per annum after the Company upgraded the ranking charge to first pari passu charge over its present and future fixed assets.

Security

This loan is secured by first pari passu charge on land measuring 800 kanals, fixed assets, plant and machinery of the Holding Company and its subsidiary Deharki Sugar Mills (Private) Limited by execution of JPPA and personal guarantees of Directors.

7.5 Pak Brunei Investment Company Limited

Principal repayment

It is repayable in 20 unequal quarterly installments starting from February 2013 and ending on November 2017.

Rate of return

The interest is payable quarterly at a rate of three months KIBOR plus 275 bps per annum.

Security

This loan is secured by first pari passu charge on land measuring 800 kanals, fixed assets, plant and machinery of the Holding Company and its subsidiary Deharki Sugar Mills (Private) Limited by execution of JPPA and personal guarantees of Directors.

Notes to the Consolidated Financial Statements

For the year ended 30 September 2012

The loan was classified as current liability in the previous year on the basis of management's intention to repay the loan in the year ended 30 September 2012. However due to subsequent change in management's intention the loan has now been classified according to the agreed repayment schedule.

7.6 Habib Bank Limited

Principal repayment

It was repayable in 20 unequal quarterly installments starting from May 2009 and ending on March 2014. However, the Holding Company repaid the entire amount of loan in the current year.

Rate of return

The interest is payable quarterly at a rate of three months KIBOR plus 275 bps per annum.

Security

This loan was secured by first pari passu charge on fixed assets of the Holding Company (including land, building, plant and machinery) worth Rs. 400 million and token registered mortgage on personal property and personal guarantees of all Directors of the Holding Company.

8 LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE

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

	Note	2012		
		Minimum lease payments	Finance cost for future periods	Present value
		Rupees	Rupees	Rupees
Not later than one year	11	347,222,923	65,239,154	281,983,769
Later than one year and not later than five years		464,702,553	49,953,867	414,748,686
		<u>811,925,476</u>	<u>115,193,021</u>	<u>696,732,455</u>
		2011		
		Minimum lease payments	Finance cost for future periods	Present value
		Rupees	Rupees	Rupees
Not later than one year		414,527,936	102,469,285	312,058,651
Later than one year and not later than five years		646,873,264	106,356,790	540,516,474
		<u>1,061,401,200</u>	<u>208,826,075</u>	<u>852,575,125</u>

The Holding Company has entered into various lease agreements with financial institutions for plant and machinery, implements and vehicles. Lease rentals are payable on quarterly / monthly basis and include finance cost ranging from six months KIBOR plus 250 bps per annum to 500 bps per annum (2011: six months KIBOR plus 250 bps per annum to 450 bps per annum) which has been used as the discounting factor. Further, the finance cost of the leases obtained during the year ranges from six months KIBOR plus 250 bps per annum to 300 bps per annum. The Holding Company has the option to purchase the assets upon completion of lease period and has the intention to exercise such option. There are no financial restrictions imposed by lessors.

Notes to the Consolidated Financial Statements

For the year ended 30 September 2012

	Note	2012 Rupees	2011 Rupees
9 DEFERRED LIABILITIES			
Deferred taxation	9.1	1,248,740,643	1,452,394,283
Staff retirement benefits	9.2	37,428,580	45,521,150
		<u>1,286,169,223</u>	<u>1,497,915,433</u>
9.1 Deferred taxation			
The liability for deferred taxation comprises temporary differences relating to:			
Accelerated tax depreciation		2,091,421,471	1,488,790,455
Leased assets		344,428,536	360,473,889
Liabilities against assets subject to finance lease		(243,856,359)	(298,401,294)
Provisions for doubtful debts and obsolescence		(29,392,858)	(41,644,398)
Employee retirement benefits		(13,100,002)	(15,932,402)
Unused tax credits and losses		(890,654,163)	-
Other timing differences		(10,105,982)	(40,891,967)
		<u>1,248,740,643</u>	<u>1,452,394,283</u>
9.2 Staff retirement benefits - gratuity			
Present value of defined benefit obligations	9.2.1	46,368,612	49,810,065
Unrecognised actuarial losses	9.2.2	(8,940,032)	(4,288,915)
Liability as at 30 September	9.2.3	<u>37,428,580</u>	<u>45,521,150</u>
9.2.1 Movement in liability for defined benefit obligation			
Opening present value of defined benefit obligations		49,810,065	44,927,601
Current service cost for the year		5,149,409	4,048,031
Interest cost for the year		4,428,542	6,093,794
Benefit paid during the period		(28,763,466)	(2,801,009)
Curtailement loss		7,815,285	-
Actuarial loss / (income) on present value of defined benefit obligation		7,928,777	(2,458,352)
Closing present value of defined benefit obligations		<u>46,368,612</u>	<u>49,810,065</u>
9.2.2 Movement in unrecognised actuarial losses			
Opening unrecognised actuarial losses		(4,288,915)	(6,972,718)
Actuarial gain or loss arising during the year		(7,928,777)	2,458,352
Actuarial losses charged to profit and loss account		3,277,660	225,451
Closing unrecognised actuarial losses		<u>(8,940,032)</u>	<u>(4,288,915)</u>
9.2.3 Change in present value of net staff gratuity			
Balance as at 01 October		45,521,150	37,954,883
Charge to profit and loss account	9.2.3.1	20,670,896	10,367,276
Payments		(28,763,466)	(2,801,009)
Liability as at 30 September		<u>37,428,580</u>	<u>45,521,150</u>
9.2.3.1 Charge to profit and loss account for the year comprises:			
Current service cost		5,149,409	4,048,031
Interest cost for the year		4,428,542	6,093,794
Curtailement loss		7,815,285	-
Actuarial losses recognised		3,277,660	225,451
		<u>20,670,896</u>	<u>10,367,276</u>

Notes to the Consolidated Financial Statements

For the year ended 30 September 2012

9.2.5 Historical information comparison for five years

	2012 Rupees	2011 Rupees	2010 Rupees	2009 Rupees	2008 Rupees
Present value of defined obligations	46,368,612	49,810,065	44,927,601	33,021,263	25,523,798
Experience adjustment gain / (loss)	7,928,777	2,458,352	(1,073,358)	(3,775,441)	(3,431,020)

9.2.5 Expected expense for the next year

The expected expense to the gratuity scheme for the year ending 30 September 2013 works out to Rs. 10,282,556.

	Note	2012 Rupees	2011 Rupees
10 SHORT TERM BORROWINGS - SECURED			
Banking and Financial Institutions			
- Cash finances	10.1	4,279,555,977	2,839,182,500
- Running finances	10.2	4,225,076,380	2,413,233,136
- Finance against trust receipts (FATR)	10.3	193,435,056	83,535,679
- Pak Brunei Investment Company Limited	7.5	-	200,000,000
		<u>8,698,067,413</u>	<u>5,535,951,315</u>

10.1 The Group has obtained cash finance facilities aggregating to Rs. 13,500 million (2011: Rs. 10,700 million). The mark up rates applicable during the year ranges from one month KIBOR plus 150 bps per annum to 250 bps per annum (2011: one month KIBOR plus 150 bps per annum to 350 bps per annum). These are secured against pledge of sugar and personal guarantees of the Directors.

10.2 The Holding Company has obtained running finance facilities aggregating to Rs. 4,193 million (2011: Rs.2,595 million). The mark up rates applicable during the year ranges from one month KIBOR plus 200 bps per annum to 300 bps per annum (2011: one month KIBOR plus 150 bps per annum to 400 bps per annum). These are secured against present and future current assets of the Holding Company and personal guarantees of the Directors. The outstanding balance includes cheques not yet presented amounting to Rs.145.05 million.

10.3 The limit of this facility is Rs. 400 million (2011: Rs. 200 million). It carries mark-up ranging from one month KIBOR plus 200 bps to three month KIBOR plus 250 bps per annum (2011: one month KIBOR plus 200 bps to three month KIBOR plus 200 bps per annum). It is secured against first charge over current assets of Holding Company.

	Note	2012 Rupees	2011 Rupees
11 CURRENT PORTION OF NON CURRENT LIABILITIES			
Current portion of long term loans from banking companies and financial institutions	7	1,167,888,889	803,888,889
Liabilities against assets subject to finance lease	8	281,983,769	312,058,651
		<u>1,449,872,658</u>	<u>1,115,947,540</u>

Notes to the Consolidated Financial Statements

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	Note	2012 Rupees	2011 Rupees (Restated)
12	TRADE AND OTHER PAYABLES		
Advances from customers		1,892,730,701	42,528,995
Trade creditors	12.1	582,834,150	439,557,462
Federal excise duty and sales tax payable		221,177,090	374,856,480
Workers' profit participation fund payable	12.2	28,874,232	116,834,189
Accrued expenses		79,341,688	90,673,197
Unclaimed dividend		13,832,078	7,463,856
Tax deducted at source		3,031,603	3,373,347
Retention money		19,662,822	5,846,200
Provident fund payable		15,082,852	4,137,458
Workers' welfare fund		329,729	78,425,348
Sales tax payable	12.3	-	89,809,971
Other payables		18,269,998	14,596,652
		<u>2,875,166,943</u>	<u>1,268,103,155</u>
12.1	This includes an amount of Rs. 12,807,229 (2011: Rs. 13,331,129) due to JDW Aviation (Private) Limited, a related party.		
		2012 Rupees	2011 Rupees
12.2	Workers' profit participation fund		
Balance as at 01 October		116,834,189	105,212,720
Add: Allocation for the year		28,874,232	116,834,189
Interest on funds utilized in the Holding Company's business		30,088,746	18,866,149
		<u>175,797,167</u>	<u>240,913,058</u>
Less: Paid during the year		146,922,935	124,078,869
Balance as at 30 September		<u>28,874,232</u>	<u>116,834,189</u>
12.3	The sales tax department conducted audits of the Holding Company for the periods from Jul-1999 to May-2000, Feb-2000 to Jan-2002 & Oct-2003 to Mar-2005 and demanded a total amount of Rs. 97.54 million on account of various observations in respect of these periods out of which Holding Company had already booked an amount of Rs. 7.74 million as a liability in previous years. The Holding Company based on legal advice contested the demand and filed cases at various forums, however, during the year an amnesty scheme was announced by FBR vide SRO 548 (I)/2012 considering which the Holding Company conceded and deposited the entire principal amount involved. Accordingly Rs. 89.81 million has been charged to opening accumulated profits of comparative period with a corresponding increase in trade and other payables.		
13	CONTINGENCIES AND COMMITMENTS		
	Contingencies		
	Holding Company		
13.1	The sales tax department has demanded an amount of Rs. 47.62 million from the Holding Company for the year 2002-2003 on the grounds of various observations. The case is in appeal before Lahore High Court against the order passed by the Appellate Tribunal. Alternative Dispute Resolution Committee has also unanimously decided the matter partially in favour of the Holding Company and has forwarded its recommendations to Federal Board of Revenue ("FBR") for further necessary actions. FBR order is awaited. Based on opinion from legal advisor, management of the Holding Company expects a favourable outcome in this case. Hence no provision has been made in the financial statements.		

Notes to the Consolidated Financial Statements

For the year ended 30 September 2012

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

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

Subsidiary Company

13.4 The Subsidiary Company is in a Constitutional Petition with the Additional Secretary Industries and Commerce Department, Government of Sindh against cancelling of No Objection Certificate (collectively "impugned Cancellation Order"). However the Honorable Sindh High Court has suspended the Impugned Cancellation Order and the respondents in the Constitutional Petition have been restrained from interfering in the construction of the sugar mill. The actual date of further hearing in this case is yet to be notified by the high court. Whilst in the view of legal advisor the Subsidiary Company has an arguable case, and it is not possible at this stage to give a definitive opinion on the ultimate outcome or any losses that may be incurred by the Subsidiary Company.

13.5 Finance Act 2011, has withdrawn Special excise duty on all items, in view of this there is uncertainty about the adjustability or recovery of Special excise duty amounting to Rs. 12,133,487. This amount has been expensed out during the year.

	2012 Rupees	2011 Rupees
Commitments in respect of:		
13.6 Counter guarantee given on account of agricultural loan to growers:		
Faysal Bank Limited	3,783,333,333	2,950,000,000
The Bank of Punjab	300,000,000	300,000,000
Habib Bank Limited	400,000,000	400,000,000
National Bank of Pakistan	-	290,000,000
13.7 Letters of credit for import of machinery and its related components		
Holding Company	187,269,707	341,840,563
Subsidiary Company	28,500,000	78,653,836
13.8 Letters of guarantee in favour of:		
Fauji Fertilizer Company Limited	156,000,000	-
Trading Corporation of Pakistan (Private) Limited	132,668,715	-
Shell Pakistan Limited	35,000,000	35,000,000
Pakistan State Oil Company Limited	1,000,000	1,000,000
Punjab Power Development Board - Energy Department	957,000	957,000
Engro Fertilizer Limited	-	44,760,000

Notes to the Consolidated Financial Statements

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14 OPERATING FIXED ASSETS

	Cost				Rate %	Depreciation				Net book value as at 30 September 2012 Rupees		
	As at 01 October 2011		As at 30 September 2012			For the year		Adjustments			As at 30 September 2012	
	Rupees	Adjustments / (deletions) during the year	Rupees	Adjustments / (from)		Rupees	Rupees	Rupees	Rupees		Rupees	Rupees
Tangible												
Owned												
Freehold land	595,106,325	37,712,075	(41,715,041)	591,103,359	-	-	-	-	-	-	591,103,359	
Factory building on freehold land	821,380,898	375,175,464	-	1,196,556,362	10	348,371,875	70,585,164	-	-	418,957,039	777,599,323	
Non factory building on freehold land	601,781,423	177,460,175	-	779,241,598	5	135,173,035	34,322,414	-	-	169,495,449	609,746,149	
Plant and machinery	6,222,727,332	2,776,394,304	102,502,043	9,090,879,346	5	1,845,961,216	315,856,088	12,409,795	2,172,790,052	(1,437,047)	6,918,089,294	
		(10,744,333)	-									
Motor vehicles	306,107,374	28,696,509	4,758,000	273,882,169	20	175,932,355	26,874,317	1,999,600	165,288,390	108,593,779		
		(65,679,714)	-					(39,517,882)				
Electrical installation	70,676,319	13,322,779	(22,500)	83,976,598	10	34,551,938	4,369,677	(8,930)	38,912,685	45,063,913		
Office equipment	37,314,775	13,332,120	(200,000)	50,146,895	20	19,504,099	5,049,019	(81,516)	24,306,136	25,840,759		
		(300,000)	-					(165,466)				
Tools and equipment	43,705,048	6,530,968	-	49,102,541	10	20,389,108	2,690,998	-	22,536,463	26,566,078		
		(1,133,475)	-					(543,643)				
Agri implements	295,546,023	48,304,129	28,863,000	312,600,427	10	71,401,532	25,445,645	7,550,576	93,920,056	218,680,371		
		(58,612,800)	(1,499,925)					(10,477,697)				
Furniture and fixtures	27,592,309	5,314,380	(25,514)	32,881,175	10	12,406,868	1,866,586	(7,463)	14,265,991	18,615,184		
Weighbridge	10,454,656	-	-	10,454,656	10	7,162,353	329,230	-	7,491,583	2,963,073		
Roads and boundary wall	46,451,461	62,011,088	-	108,462,549	10	15,203,951	5,946,128	-	21,150,079	87,312,470		
Arms and ammunitions	7,705,517	(114,000)	(50,000)	7,541,517	10	2,628,575	500,974	(78,658)	3,050,891	4,490,626		
Aircraft	418,645,628	(20,000,000)	-	398,645,628	10	88,794,734	32,511,568	(4,276,286)	117,030,016	281,615,612		
Tubewell	2,245,889	-	-	2,245,889	10	1,068,542	117,795	-	1,186,277	1,059,612		
Computers	17,142,898	7,659,812	-	24,802,710	33	8,813,182	4,061,818	-	12,875,000	11,927,710		
	9,524,583,875	3,551,913,803	92,610,063	13,012,523,419		2,787,363,363	530,527,361	21,040,625	3,283,256,107	9,729,267,312		
		(156,584,322)						(55,675,242)				
Leased												
Plant and machinery	579,463,691	66,000,000	(102,502,043)	542,961,648	5	62,156,475	23,019,765	(12,409,795)	72,766,445	470,195,203		
Agri implements	415,435,063	60,722,000	(28,863,000)	447,294,063	10	58,114,022	35,635,337	(7,550,576)	86,198,783	361,095,280		
Motor vehicles	195,458,480	35,960,100	(4,758,000)	226,660,580	20	40,161,341	33,329,501	(1,999,600)	71,491,242	155,169,338		
	1,190,357,234	162,682,100	(136,123,043)	1,216,916,291		160,431,838	91,984,603	(21,959,971)	230,456,470	986,459,821		
Intangible												
Software	1,000,000	-	-	1,000,000	33	38,877	317,168	-	356,045	643,955		
	10,715,941,109	3,714,595,903	(43,512,980)	14,230,439,710		2,947,834,078	622,829,132	(919,346)	3,514,068,622	10,716,371,068		
		(156,584,322)						(55,675,242)				

Notes to the Consolidated Financial Statements

For the year ended 30 September 2012

	Cost			Rate %	Depreciation			Net book value as at 30 September 2011	
	As at 01 October 2010	Additions / (deletions) during the year	Adjustments / Transfers to / (from)		As at 30 September 2011	For the year	Adjustments		As at 30 September 2011
Tangible									
Owned									
Freehold land	153,311,656	441,794,669	-	595,106,325	-	-	-	595,106,325	
Factory building on freehold land	806,368,654	15,253,721	(241,477)	821,380,898	51,360,968	(116,116)	348,371,875	473,009,023	
Non factory building on freehold land	536,243,364	68,201,661	(2,663,602)	601,781,423	21,685,326	(581,871)	135,173,035	466,608,388	
Plant and machinery	5,886,649,933	327,564,172	8,513,227	6,222,727,332	218,574,152	2,306,641	1,845,961,216	4,376,766,116	
Motor vehicles	210,926,233	54,028,437	49,891,984	306,107,374	18,619,767	32,027,621	175,932,355	130,175,019	
		(8,739,280)				(6,546,343)			
Electrical installation	65,233,982	10,002,151	(4,559,814)	70,676,319	3,321,756	(2,667,216)	34,551,938	36,124,361	
Office equipment	47,944,975	6,360,130	(16,990,330)	37,314,775	4,081,855	(14,185,356)	19,504,099	17,810,676	
Tools and equipment	46,125,047	2,132,559	(4,552,558)	43,705,048	2,610,126	(2,927,805)	20,389,108	23,315,940	
Agri implements	290,581,122	80,138,077	129,529,600	295,546,023	19,450,265	37,532,593	71,401,532	224,144,491	
		(204,702,776)				(89,740,566)			
Furniture and fixture	27,533,474	2,167,570	(2,108,735)	27,592,309	1,613,095	(1,349,854)	12,406,868	15,185,441	
Weighbridge	9,717,830	1,525,000	(788,174)	10,454,656	216,410	(607,787)	7,162,353	3,292,303	
Roads and boundary wall	46,960,621	193,008	(702,169)	46,451,461	3,465,575	(590,821)	15,203,951	31,247,510	
Arms and ammunitions	6,616,967	1,307,400	(218,850)	7,705,517	422,521	(189,287)	2,628,575	5,076,942	
Aircraft	418,645,628	-	-	418,645,628	36,650,099	-	88,794,734	329,850,894	
Tubewell	1,498,146	861,623	(113,880)	2,245,889	87,709	(79,297)	1,068,542	1,177,347	
Computers	12,374,652	4,913,538	(145,292)	17,142,898	2,866,223	(47,944)	8,813,182	8,329,716	
	8,566,732,284	1,016,443,716	154,849,931	9,524,583,875	385,025,848	48,523,501	2,787,363,363	6,737,220,512	
		(213,442,056)				(96,285,911)			
Leased									
Plant and machinery	339,461,735	281,695,743	(41,693,787)	579,463,691	23,731,286	(7,099,035)	62,156,475	517,307,216	
Agri implements	417,043,292	89,318,178	(90,926,407)	415,435,063	42,653,523	(24,803,433)	58,114,022	357,321,041	
Motor vehicles	161,585,780	96,244,250	(62,371,550)	195,458,480	30,761,038	(46,125,564)	40,161,341	155,297,139	
	918,090,807	467,256,171	(194,991,744)	1,190,357,234	97,145,847	(78,028,032)	160,431,838	1,029,925,396	
Intangible									
Software	-	1,000,000	-	1,000,000	38,877	-	38,877	961,123	
	9,484,823,091	1,484,701,887	(40,141,813)	10,715,941,109	482,210,572	(29,504,531)	2,947,834,078	7,768,107,031	
		(213,442,056)				(96,285,911)			

Notes to the Consolidated Financial Statements

For the year ended 30 September 2012

	Note	2012 Rupees	2011 Rupees
14.1	Depreciation charge for the year has been allocated as follows:		
Cost of goods manufactured	26.1	572,261,046	428,266,953
Administrative expenses	27	50,568,086	53,943,619
		<u>622,829,132</u>	<u>482,210,572</u>

14.2 Disposal of Property, Plant and Equipment

Description	Particulars of buyer	Cost Rupees	Accumulated depreciation Rupees	Book value Rupees	Sale proceeds Rupees	Mode of disposal
Employees						
21 Vehicles	Employees	16,949,500	10,588,749	6,360,751	5,336,484	Company Policy
60 Motor Cycles	Employees	3,632,886	3,186,337	446,549	628,535	– do –
03 Vehicles	Employees	1,425,000	1,060,544	364,456	1,039,000	Negotiation
Other parties						
24 Vehicles	JK Farming Systems Limited	34,367,012	19,716,975	14,650,037	22,002,332	Negotiation
Agri Implements	– do –	52,608,350	7,653,003	44,955,347	46,720,000	– do –
Plant & Machinery	– do –	10,744,333	1,437,047	9,307,286	9,960,000	– do –
Tools & Equipment	– do –	1,133,475	543,643	589,832	625,000	– do –
Arms & Ammunitions	– do –	114,000	54,677	59,323	81,000	– do –
Photo copy machine	General Traders	180,000	97,126	82,874	60,000	– do –
Photo copy machine	ANZ Technologies	120,000	68,340	51,660	30,000	– do –
Air Craft	Syed Sibghat Ullah Shah	20,000,000	4,276,286	15,723,714	24,674,760	– do –
Vehicle	Claim from EFU	1,300,000	342,494	957,506	1,065,690	– do –
23 Motor Cycles	Muhammad Bashir	1,401,000	1,204,027	196,973	391,000	– do –
10 Tractors	Rais Nazir	6,790,000	2,027,240	4,762,760	4,500,000	– do –
Vehicle	Israr Khan	1,169,000	1,013,733	155,267	720,000	– do –
Vehicle	M. Tanvir Butt	576,766	426,647	150,119	375,000	– do –
Vehicle	Imran Khalid	1,354,000	583,263	770,737	802,167	– do –
Vehicle	Hammad Rabbani	1,354,000	583,263	770,737	802,167	– do –
Vehicle	Khaqan Babar Cheema	1,365,000	811,848	553,152	1,000,000	– do –
2012		<u>156,584,322</u>	<u>55,675,242</u>	<u>100,909,080</u>	<u>120,813,135</u>	
2011		<u>213,442,056</u>	<u>96,285,911</u>	<u>117,156,145</u>	<u>129,188,300</u>	

Notes to the Consolidated Financial Statements

For the year ended 30 September 2012

15 The Holding Company paid technical fee in previous year amounting to Rs. 43.70 million for BMR of plant and machinery which was charged to cost of sales (“COS”) instead of being capitalized as required by the International Accounting Standard on Property, Plant and Equipment (IAS-16) . The said amount has now been charged to capital work in progress (“CWIP”) from COS and as per International Accounting Standard on Accounting Policies, Changes in Accounting Estimates and Errors (IAS 8) the adjustments of such classification have been made retrospectively. Consequently, as at 30 September 2011 CWIP has been increased by Rs. 43.70 million with a corresponding decrease in COS and provision for taxation has increased by Rs. 14.46 million. Tax expense and profit after tax for the year ended 30 September 2011 has increased by Rs. 14.46 million and Rs. 29.24 million respectively. The effect of such restatement on other items, basic and diluted earnings per share of the Group for year ending 30 September 2011 is immaterial.

	Note	2012 Rupees	2011 Rupees
16 INVESTMENT PROPERTY			
Balance as at 01 October		527,290,145	419,348,133
Transferred from operating fixed assets		41,715,041	-
Additions during the period		135,103,494	108,553,632
Disposals during the period		(18,135,420)	(611,620)
Balance as at 30 September		<u>685,973,260</u>	<u>527,290,145</u>

It mainly represents agricultural land given on lease. The fair value of investment property is Rs. 1,668,089,378 (2011: Rs 1,406,809,350).

17 GOODWILL

Goodwill includes Rs. 568,545,391 and Rs. 39,765,302 paid by the Holding Company in excess of the fair value of identifiable net assets of United Sugar Mills Limited (“USML”) and Ghotki Sugar Mills (Private) Limited (“GSML”) respectively. This goodwill was merged in the Holding Company’s financials at the time of merger of USML and GSML into the Holding Company. For impairment testing, the recoverable amount of both Companies has been determined based on the value in use calculations by discounting the five years cash flow projections at 15%. The calculation of value in use is sensitive to discount rate and local inflation rates.

Notes to the Consolidated Financial Statements

For the year ended 30 September 2012

	Note	2012 Rupees	2011 Rupees
18 INVESTMENT			
Investment in associated companies- unquoted			
Cost of investments			
Opening balance		850,500,000	805,500,000
Acquired during the year		-	45,000,000
Closing balance		850,500,000	850,500,000
Share of loss			
Opening balance		(36,950,000)	(7,927,431)
Share of loss for the year		(33,200,907)	(29,022,569)
Closing balance		(70,150,907)	(36,950,000)
	18.1, 18.2 & 18.3	<u>780,349,093</u>	<u>813,550,000</u>
18.1 Faruki Pulp Mills Limited ("FPML")			
Cost of investment			
51,500,000 (2011: 51,500,000) fully paid shares of Rs. 10 each Equity held 47.69% (2011 : 47.69%)		560,500,000	560,500,000
Share of loss			
Opening balance		(19,614,146)	(8,143,241)
Share of loss for the year		(15,155,838)	(11,470,905)
Closing balance		(34,769,984)	(19,614,146)
		<u>525,730,016</u>	<u>540,885,854</u>
18.2 JK Dairies (Private) Limited ("JKDL")			
Cost of investment			
10,000,000 (2011: 10,000,000) fully paid shares of Rs. 10 each Equity held 22.22% (2011 : 33.33%)		200,000,000	200,000,000
Share of profit			
Opening balance		368,357	215,810
Share of profit for the year		54,250,720	152,547
Closing balance		54,619,077	368,357
		<u>254,619,077</u>	<u>200,368,357</u>

Notes to the Consolidated Financial Statements

For the year ended 30 September 2012

	Note	2012 Rupees	2011 Rupees
18.3 JDW Power (Private) Limited (“JDWPL”)			
Cost of investment			
9,000,000 (2011: 4,500,000) fully paid shares of Rs. 10 each		90,000,000	45,000,000
Acquired during the year Nil (2011: 4,500,000) fully paid shares of Rs. 10 each		-	45,000,000
Equity held 47.37% (2011 : 47.37%)		90,000,000	90,000,000
Share of loss			
Opening balance		(17,704,211)	-
Share of loss for the year		(72,295,789)	(17,704,211)
Closing balance		(90,000,000)	(17,704,211)
		-	72,295,789

Summarised financial information in respect of associated companies is set out below:

	2012			2011		
	FPML	JKDL	JDWPL	FPML	JKDL	JDWPL
	Rupees			Rupees		
Assets	4,323,362,218	1,034,729,930	108,195,081	3,071,109,078	848,421,327	233,535,418
Liabilities	3,356,082,923	104,390,548	624,219	2,072,046,666	462,762,722	24,636,049
Equity	967,279,295	930,339,382	107,570,862	999,062,412	385,658,605	208,899,369
Revenues	-	550,677,761	-	-	293,909,095	-
(Loss) / profit after tax for the year	(31,783,117)	244,680,777	(162,259,329)	(24,053,061)	457,641	(37,375,556)

Investments of the Group in associated companies has been accounted for under equity method of accounting based on its financial statements based as at 30 June 2012.

19 ADVANCES TO RELATED PARTY

This advance relates to the JDW Power (Private) Limited, a related party, for purchase of shares.

20 LONG TERM DEPOSITS

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

	2012 Rupees	2011 Rupees
21 STORES, SPARES AND LOOSE TOOLS		
Stores	491,473,998	508,129,863
Spares	381,276,465	353,781,500
Loose tools	19,663,263	19,106,712
	892,413,726	881,018,075
Less:		
Provision for obsolescence	(44,082,604)	(44,082,604)
Stores held for capital expenditures	(30,605,592)	(287,180,489)
	817,725,530	549,754,982

21.1 Stores, spares and loose tools include items which may result in fixed capital expenditure but are not distinguishable.

Notes to the Consolidated Financial Statements

For the year ended 30 September 2012

	Note	2012 Rupees	2011 Rupees
22	TRADE DEBTS - UNSECURED		
Trade debts - unsecured, considered good	22.1	451,460,436	859,693,180
Trade debts - unsecured, considered doubtful		14,486,141	14,486,141
		465,946,577	874,179,321
Less: Provision for doubtful debts		(14,486,141)	(14,486,141)
		451,460,436	859,693,180
22.1	This includes an amount of Rs. 33,048,700 (2011: Rs 104,688,000) due from Riaz Bottlers (Private) Limited, a related party.		
		2012 Rupees	2011 Rupees
23	ADVANCES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES		
Advances to growers			
Unsecured - considered good	23.1	2,253,424,651	2,264,638,078
Unsecured - considered doubtful		34,976,616	34,976,616
		2,288,401,267	2,299,614,694
Less: Provision for doubtful advances		(34,976,616)	(34,976,616)
		2,253,424,651	2,264,638,078
Advances to suppliers and contractors			
Unsecured - considered good		135,338,316	422,374,270
Unsecured - considered doubtful		25,438,633	25,438,633
		160,776,949	447,812,903
Less: Provision for doubtful advances		(25,438,633)	(25,438,633)
		135,338,316	422,374,270
Advances to related parties	23.2	577,116,848	273,432,666
Letters of credit		194,142,915	137,491,118
Advances to staff - unsecured, considered good		60,154,613	31,649,038
Prepaid expenses		19,189,511	18,879,473
Deposits		16,107,975	15,379,221
Excise duty receivable	23.3	9,888,364	9,888,364
Other receivables		15,817,548	9,590,043
		3,281,180,741	3,183,322,271
23.1	Advances to growers include Rs. 2,285,046,988 (2011: Rs. 1,346,920,701) given to JK Farming Systems Limited (a related party) for procurement of sugarcane.		
23.2	This represents amount given to Faruki Pulp Mills Limited, a related party and includes markup of Rs. 77,116,847 (2011: Rs. 23,432,666) charged at the rates ranging from 14.26% to 16.01% (2011: 15.91% to 16.28%) per annum.		
23.3	The Holding Company claimed an exemption of Rs. 10.75 million from excise duty on an export transaction during 1993-94. However, the Excise Department rejected the claim and the Holding Company deposited Rs. 9.88 million under protest.		

Notes to the Consolidated Financial Statements

For the year ended 30 September 2012

	Note	2012 Rupees	2011 Rupees
24 CASH AND BANK BALANCES			
At banks:			
Current accounts		11,385,747	124,201,056
Saving accounts	24.1	40,931,906	289,242,365
		52,317,653	413,443,421
Cash in hand		1,283,189	624,175
		53,600,842	414,067,596
24.1	The balances in saving accounts carry mark-up which ranges from 6% to 10% per annum (2011: 8% to 10% per annum).		
	Note	2012 Rupees	2011 Rupees
25 SALES - NET			
Sugar			
local		24,306,092,225	24,879,892,673
export		796,631,215	-
		25,102,723,440	24,879,892,673
Molasses & Bagasse		1,960,801,257	1,265,775,472
Electricity		443,692,843	321,957,537
		2,404,494,100	1,587,733,009
		27,507,217,540	26,467,625,682
Less:			
Federal excise duty		1,800,451,355	608,146,897
Sales tax		119,156,233	935,728,745
Special excise duty		-	192,812,833
Brokerage, commission and others		12,958,386	1,446,000
		1,932,565,974	1,738,134,475
		25,574,651,566	24,729,491,207
26 COST OF SALES			
Opening stock in trade		1,922,057,309	206,682,011
Cost of goods manufactured	26.1	25,833,728,362	22,309,602,929
Less: Closing stock in trade		(4,666,381,509)	(1,922,057,309)
		23,089,404,162	20,594,227,631

Notes to the Consolidated Financial Statements

For the year ended 30 September 2012

	Note	2012 Rupees	2011 Rupees (Restated)
26.1	Cost of goods manufactured		
	Cost of sugarcane consumed (including procurement and other costs)	22,987,623,877	20,234,312,893
	Salaries, wages and other benefits	26.1.1 909,359,348	658,683,469
	Stores and spares consumed	566,087,694	442,809,470
	Depreciation	14.1 572,261,046	428,266,953
	Packing materials consumed	239,505,298	163,822,936
	Vehicle running expenses	130,987,107	80,707,889
	Chemicals consumed	130,183,493	72,831,720
	Oil, lubricants and fuel consumed	96,344,407	60,995,804
	Electricity and power	51,033,044	36,723,148
	Insurance	38,819,314	33,232,721
	Repairs and maintenance	20,615,728	24,880,909
	Mud and bagasse shifting expenses	17,004,646	12,668,463
	Freight and octroi	22,206,766	12,409,343
	Handling and storage	18,975,582	11,261,056
	Assets written off	728,491	10,637,283
	Printing and stationery	10,435,135	5,393,292
	Travelling and conveyance	5,148,133	4,389,371
	Telephone and fax	3,335,181	2,631,467
	Other expenses	13,074,072	12,944,742
		<u>25,833,728,362</u>	<u>22,309,602,929</u>
26.1.1	Salaries, wages and other benefits include Rs. 23,032,625 (2011: Rs. 14,681,834) in respect of provident fund, Rs. 14,469,627 (2011: 7,257,093) in respect of staff gratuity and Rs. 2,472,745 (2011: Rs. 9,651,675) in respect of employees' stock option scheme.		
	Note	2012 Rupees	2011 Rupees
27	ADMINISTRATIVE EXPENSES		
	Salaries, wages and other benefits	27.1 217,989,334	180,188,575
	Depreciation	14.1 50,568,086	53,943,619
	Charity and donations	27.2 76,086,920	48,908,386
	Legal and professional services	12,838,476	31,776,300
	Travelling and conveyance	26,114,772	26,930,389
	Office rent and renovation	20,502,978	15,816,278
	Repairs and maintenance	7,233,917	14,764,114
	Vehicle running and maintenance	14,611,536	13,877,800
	Consultancy and advisory	4,200,000	9,973,931
	Fee and taxes	6,489,445	12,439,011
	Insurance	6,972,086	6,012,766
	Telephone, fax and postage	6,286,585	5,365,096
	Subscription and renewals	4,091,102	5,126,776
	Printing and stationery	3,705,653	3,837,893
	Advertisement	1,579,005	3,540,711
	Electricity and power	2,972,956	2,688,592
	Auditors' remuneration	27.3 2,140,000	2,130,000
	Entertainment	921,680	1,178,914
	Newspapers, books and periodicals	130,046	119,526
	Arms and ammunition	62,600	38,700
	Other expenses	20,199,711	5,259,651
		<u>485,696,888</u>	<u>443,917,028</u>

Notes to the Consolidated Financial Statements

For the year ended 30 September 2012

27.1 Salaries, wages and other benefits include Rs. 4,815,511 (2011: Rs. 3,533,495) in respect of provident fund, 6,201,269 (2011: Rs. 3,110,183) in respect of staff gratuity and Rs. 3,147,130 (2011: Rs. 12,283,950) in respect of employees' stock option scheme.

27.2 None of the Directors of the Group or their spouses have any interest in, or are otherwise associated with any of the recipients of donations made by the Group during the year except for the Lodhran Pilot Project (Non Profit Organization) and National Rural Support Programme (NRSP) in which Mr. Jahangir Khan Tareen is the President and Director respectively.

	Note	2012 Rupees	2011 Rupees
27.3 Auditors' remuneration			
KPMG Taseer Hadi & Co.			
Statutory audit		1,500,000	1,500,000
Half yearly review		300,000	250,000
Other certificates		65,000	125,000
		1,865,000	1,875,000
Riaz Ahmed Saqib Gohar & Co.			
Statutory audit		275,000	150,000
Other certificates		-	105,000
		275,000	255,000
		2,140,000	2,130,000
28 DISTRIBUTION AND MARKETING EXPENSES			
Salaries, wages and other benefits	28.1	15,351,870	12,452,367
Freight and handling charges		12,929,759	417,800
Other selling expenses		7,082,834	2,265,127
		35,364,463	15,135,294
28.1			
Salaries, wages and other benefits include Rs. 310,284 (2011: Rs. 246,247) in respect of provident fund.			
	Note	2012 Rupees	2011 Rupees
29 OTHER OPERATING EXPENSES			
Worker's profit participation fund		28,874,232	116,834,189
Worker's welfare fund		329,729	40,141,242
Pre-operating expenses		-	10,190,282
		29,203,961	167,165,713
30 OTHER OPERATING INCOME			
Income from financial assets			
Profit on bank deposit		4,823,644	1,788,690
Income from non financial assets			
Rental income		23,968,588	20,470,683
Scrap sales		32,428,242	18,268,575
Profit on sale of property, plant and equipment	14.2	19,904,055	12,032,155
Profit on sale of investment property		11,864,580	1,388,380
Liabilities no longer payable written back		9,014,462	-
Provision for doubtful advances reversed		1,203,287	-
Gain on foreign exchange transactions		980,940	-
Others		23,614,754	12,490,414
		122,978,908	64,650,207
		127,802,552	66,438,897

Notes to the Consolidated Financial Statements

For the year ended 30 September 2012

	Note	2012 Rupees	2011 Rupees
31	FINANCE COST		
Interest and mark-up on:			
- short term borrowings - secured	31.1	861,072,773	695,454,578
- long term loans - secured		680,442,207	513,397,786
- finance leases		107,005,826	126,136,354
- Worker's profit participation fund	12.2	30,088,746	18,866,149
Bank charges and commission		24,902,264	21,979,427
		<u>1,703,511,816</u>	<u>1,375,834,294</u>
31.1	Mark up on short term borrowings is net of markup from related parties amounting to 260,332,942 (2011: Rs. 334,511,202) on receivable from these parties. This receivable has been made from the proceeds of short term borrowings from banks.		
	Note	2012 Rupees	2011 Rupees
32	TAXATION		
Income tax			
current	32.1	61,031,755	655,418,365
prior years	32.2	(288,605,409)	874,299
Deferred tax	32.3	(203,653,641)	194,686,368
		<u>(431,227,295)</u>	<u>850,979,032</u>
32.1	The current tax provision represents the minimum tax on turnover of the Group for the year due under Section 113 of the Income Tax Ordinance, 2001.		
32.2	This represents refunds allowed by the Department to Holding Company for tax years 2003 & 2006 and other adjustments against the assessments finalized.		
32.3	Deferred tax (income)/expense relates to origination and reversal of temporary differences.		
32.4	The assessments of the Holding Company are completed upto tax year 2012.		
32.5	Reconciliation of tax charge for the year		2011 % age
	Applicable tax rate		35.00
	Tax effects of amount not deductible for tax purposes		1.28
	Tax effects of amount deductible for tax purposes		(0.54)
	Tax effect of prior years		(0.00)
	Others		2.64
	Average effective rate charged to profit and loss account		<u>38.38</u>
	There is no relationship between tax expense and accounting profit as the provision for current taxation is based on turnover tax therefore no numerical reconciliation has been presented for current year.		

Notes to the Consolidated Financial Statements

For the year ended 30 September 2012

	Note	2012	2011
33	BASIC EARNINGS PER SHARE		
Profit after taxation	Rupees	757,299,216	1,319,648,543
Weighted average number of ordinary shares	No. of shares	59,650,978	54,998,113
Basic earnings per share	Rupees	12.70	23.99
34	DILUTED EARNINGS PER SHARE		
Profit attributable to ordinary shareholders (basic)		757,299,216	1,319,648,543
Stock option expense		-	(4,752,719)
Total	Rupees	757,299,216	1,314,895,824
Weighted average number of ordinary shares (basic)		59,650,978	54,998,113
Effect of stock option		125,683	356,329
	No. of shares	59,776,661	55,354,442
Diluted earnings per share	Rupees	12.67	23.75
		2012 Rupees	2011 Rupees (Restated)
35	CASH GENERATED FROM OPERATIONS		
Profit before taxation		326,071,921	2,170,627,575
Adjustments for non cash and other items:			
Finance cost		1,703,511,816	1,375,834,294
Depreciation		622,829,132	482,210,572
Workers' profit participation fund		28,874,232	116,834,189
Workers' welfare fund		329,729	40,141,242
Staff retirement benefits		53,162,514	28,828,852
Share of loss of associated companies		33,200,907	29,022,569
Employees' stock option		5,619,875	21,935,625
Assets written off		878,597	10,637,283
Gain on sale of investment property		(11,864,580)	(1,388,380)
Profit on disposal of property, plant and equipment		(19,904,055)	(12,032,155)
Provision for doubtful advances reversed		(1,203,287)	-
Liabilities no longer payable		(9,014,462)	-
		2,406,420,418	2,092,024,091
Operating profit before working capital changes		2,732,492,339	4,262,651,666
(Increase) / decrease in current assets			
Stock in trade		(2,744,324,200)	(1,715,375,298)
Trade debts		408,232,744	(859,550,224)
Stores, spares and loose tools		(267,970,548)	(158,609,991)
Advances, deposits, prepayments and other receivables		277,828,209	(430,423,756)
		(2,326,233,795)	(3,163,959,269)
Increase in current liabilities			
Trade and other payables		1,563,136,521	454,605,561
Cash generated from operations		1,969,395,065	1,553,297,958

Notes to the Consolidated Financial Statements

For the year ended 30 September 2012

36 REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

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

	Directors							
	Chief Executive		Executive		Non-Executive		Executive	
	2012	2011	2012	2011	2012	2011	2012	2011
	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees
Managerial remuneration	19,333,333	16,000,000	13,966,667	8,800,000	2,800,000	2,800,000	75,702,939	50,457,010
House allowance	7,733,333	6,400,000	5,586,667	3,520,000	1,120,000	1,120,000	30,281,175	20,175,062
Utilities	1,933,333	1,600,000	1,396,667	880,000	280,000	280,000	7,570,294	5,043,759
Others	8,666,660	9,333,330	6,500,000	5,133,330	1,400,000	1,633,330	57,331,584	45,874,983
Company's contribution towards provident fund	-	-	-	-	-	-	6,912,600	4,828,328
Stock option scheme	-	-	-	-	-	-	5,619,875	21,935,625
	<u>37,666,659</u>	<u>33,333,330</u>	<u>27,450,001</u>	<u>18,333,330</u>	<u>5,600,000</u>	<u>5,833,330</u>	<u>183,418,467</u>	<u>148,314,767</u>
Number of persons	1	1	1	1	1	1	66	49

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

37 FINANCIAL INSTRUMENTS

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

- Credit risk
- Liquidity risk
- Market risk

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

This note presents information about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risk, and the Group's management of capital.

The Group's risk management policies are established to identify and analyze the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to react changes in market conditions and the Group's activities.

37.1 CREDIT RISK

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers and loans to/due from related parties. Out of the total financial assets of Rs. 2,253.105 million (2011: Rs. 2,752.640 million) financial assets which are subject to credit risk amount to Rs. 1,367.118 million (2011: Rs. 1,740.679 million).

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. To manage exposure to credit risk in respect of trade receivables, management reviews credit worthiness, references, establish purchase limits taking into account the customer's financial position, past experience and other factors. Export sales are secured through letters of credit. The management has set a maximum credit period of 15 days to reduce the credit risk. Limits are reviewed periodically and the customers that fail to meet the Group's benchmark creditworthiness may transact with the Group only on a prepayment basis.

Concentration of credit risk arises when a number of counter parties are engaged in similar business activities or have similar economic features that would cause their abilities to meet contractual

Notes to the Consolidated Financial Statements

For the year ended 30 September 2012

obligation to be similarly effected by the changes in economic, political or other conditions. The Group believes that it is not exposed to major concentration of credit risk.

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

	Note	2012 Rupees	2011 Rupees
Trade debts		451,460,436	859,693,180
Advances, deposits, prepayments and other receivables		863,339,899	467,542,086
Bank balances		52,317,653	413,443,421
		<u>1,367,117,988</u>	<u>1,740,678,687</u>
The aging of trade receivables at the reporting date is:			
Not past due		451,460,436	859,693,180
Past due 120 days		14,486,141	14,486,141
		<u>465,946,577</u>	<u>874,179,321</u>

	2012		2011	
	Gross carrying amount	Accumulated impairment	Gross carrying amount	Accumulated impairment
	Rupees		Rupees	
Neither past due nor impaired	451,460,436	-	859,693,180	-
Past due more than 120 days	14,486,141	14,486,141	14,486,141	14,486,141
	<u>465,946,577</u>	<u>14,486,141</u>	<u>874,179,321</u>	<u>14,486,141</u>

Based on past experience the management believes that no further impairment allowance is necessary in respect of trade receivables and there are reasonable grounds to believe that the amounts will be recovered in normal course.

Credit quality of major financial assets

The credit quality of major financial assets that are neither past due nor impaired can be assessed by reference to external credit ratings (if available) or to historical information about counterparty default rate:

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Banks	Rating		Rating	2012	2011
	Long term	Short term	Agency (Rupees)		
Habib Bank Limited	AAA	A-1+	JCR-VIS	8,778,676	762,109
MCB Bank Limited	AA+	A1+	PACRA	310,886	83,136
National Bank of Pakistan	AAA	A-1+	JCR-VIS	380,029	547,325
United Bank Limited	AA+	A-1+	JCR-VIS	41,029,120	298,169,657
Bank Alfalah Limited	AA	A1+	PACRA	202,893	112,270,552
Faysal Bank Limited	AA	A1+	PACRA	595,287	1,004,337
KASB Bank Limited	BBB	A3	PACRA	20,430	27,532
Standard Chartered Bank (Pakistan) Limited	AAA	A1+	PACRA	17,220	14,412
The Bank of Punjab	AAA	A1+	PACRA	41,214	27,263
Allied Bank Limited	AA+	A1+	PACRA	71,833	26,992
Askari Bank Limited	AA	A1+	PACRA	115,880	22,996
The First Micro Finance Bank Limited	A	A-1	JCR-VIS	10,523	11,108
Bank Al Habib Limited	AA+	A1+	PACRA	12,259	27,786
AlBaraka Bank (Pakistan) Limited	A	A1	PACRA	75,014	34,917
JS Bank Limited	A+	A1	PACRA	16,730	30,442
Summit Bank Limited	A-	A-2	JCR-VIS	504,955	322,305
Soneri Bank Limited	AA-	A1+	PACRA	43,372	59,891
Burj Bank Limited	A	A-1	JCR-VIS	29,482	661
BankIslami Pakistan Limited	A	A1	PACRA	45,256	-
Dubai Islamic Bank Pakistan Limited	A	A-1	JCR-VIS	10,000	-
Silk Bank Limited				6,594	-
				<u>52,317,653</u>	<u>413,443,421</u>

37.2 Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group'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. For this purpose the Group has sufficient running finance facilities available from various commercial banks to meet its liquidity requirements. Further liquidity position of the Group is closely monitored through budgets, cash flow projections and comparison with actual results by the Board.

37.2.1 Exposure to liquidity risk

37.2.1 (a) Contractual maturities of financial liabilities, including estimated interest payments.

	2012				
	Carrying amount	Contractual cash flows	One year or less	One to five years	More than five years
	Rupees				
Non-derivative financial liabilities					
Long term finances	4,287,500,004	5,297,462,809	1,652,295,049	3,535,792,260	109,375,500
Short term borrowings	8,698,067,413	9,010,702,169	9,010,702,169	-	-
Liabilities against assets subject to finance lease	696,732,455	811,925,476	347,222,923	464,702,553	-
Interest and mark up accrued	493,364,357	493,364,357	493,364,357	-	-
Trade and other payables	761,259,152	761,259,152	761,259,152	-	-
	<u>14,936,923,381</u>	<u>16,374,713,963</u>	<u>12,264,843,650</u>	<u>4,000,494,813</u>	<u>109,375,500</u>

Notes to the Consolidated Financial Statements

For the year ended 30 September 2012

	2011				
	Carrying amount	Contractual cash flows	One year or less	One to five years	More than five years
	Rupees				
Non-derivative financial liabilities					
Long term finances	4,871,888,890	7,162,564,398	1,562,163,328	4,996,130,895	604,270,175
Short term borrowings	5,535,951,315	5,535,951,315	5,535,951,315	-	-
Liabilities against assets subject to finance lease	852,575,125	1,061,401,200	414,527,936	646,873,264	-
Interest and mark up accrued	201,904,179	201,904,179	201,904,179	-	-
Trade and other payables	562,276,836	562,276,836	562,276,836	-	-
	12,024,596,345	14,524,097,928	8,276,823,594	5,643,004,159	604,270,175

37.3 Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

37.3.1 Currency risk

Currency risk is the risk that fair values or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Currency risk arises from sales, purchases and resulting balances that are denominated in a currency other than functional currency.

37.3.1 (a) Exposure to currency risk

The Group's exposure to currency risk as at the reporting date is as follows:

	2012	2011
	USD Rupees	USD Rupees
Assets		
Trade receivables	54,518,951	-
Net exposure	54,518,951	-

37.3.1 (b) Exchange rates applied during the year

Foreign exchange rates applied during the year are as follows:

	2012		
	Spot rate		Average rate
	Buying	Selling	for the year
	Rupees		
EURO	122.19	122.45	118.89
USD	94.50	94.70	89.69
GBP	153.58	153.91	143.19
AUD	98.88	99.09	90.39
JPY	1.22	1.22	1.19
SEK	14.50	14.53	13.90

Notes to the Consolidated Financial Statements

For the year ended 30 September 2012

	2011		
	Spot rate		Average rate
	Buying	Selling	for the year
	Rupees		
EURO	116.86	116.59	118.77
USD	87.30	87.10	86.76
GBP	136.05	135.74	136.04
AUD	84.36	84.17	87.02
JPY	1.13	1.13	1.07
SEK	12.71	12.68	13.94

37.3.1 (c) Sensitivity analysis

A ten percent depreciation in Pak Rupee against the following currencies would have increased / (decreased) loss and equity by the amounts presented below. The analysis assumes that all other variables, in particular interest rates, remain constant.

	2012		2011	
	Equity Rupees	Profit Rupees	Equity Rupees	Profit Rupees
USD	-	5,451,895	-	-
	-	5,451,895	-	-

A ten percent appreciation in Pak Rupee against the above currencies would have an equal but opposite effect on profit or loss and equity.

37.3.1 (d) Currency risk management

The Group manages its exposure to currency risk through continuous monitoring of expected / forecast committed and non-committed foreign currency payments and receipts. Reports on forecast foreign currency transactions, receipts and payments are prepared on monthly basis, exposure to currency risk is measured and appropriate steps are taken to ensure that such exposure is minimized while optimizing return. This includes matching of foreign currency liabilities / payments to assets / receipts, using source inputs in foreign currency and arranging cross currency swaps to hedge non-functional currency debt. The Group maintains foreign currency working capital lines in order to finance production of exportable goods. Proceeds from exports are used to repay / settle / rollover the Group's obligations under these working capital lines which substantially reduces exposure to currency risk in respect of such liabilities. Balances in foreign currency are also maintained in current and saving / deposits accounts with banking companies. The Group also occasionally uses currency options to cover any significant unfavourable rate scenarios.

37.3.2 Interest rate risk

The effective interest/mark-up rates for interest/mark-up bearing financial instruments are mentioned in relevant notes to the consolidated financial statements. The Group's interest/mark-up bearing financial instruments as at the reporting date are as follows:

liability	2012		2011	
	Financial asset	Financial liability	Financial asset	Financial
	Rupees		Rupees	
Variable rate instruments	577,116,848	13,095,899,192	273,432,666	11,260,415,330

Notes to the Consolidated Financial Statements

For the year ended 30 September 2012

The Group does not account for any fixed rate financial assets and liabilities at fair value through profit and loss. Therefore a change in interest rates at the reporting date would not affect profit and loss account.

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) profit for the year by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant. The analysis is performed on the same basis for 2011.

	Profit and loss 100 bps	
	Increase	Decrease
	Rupees	
As at 30 September 2012	125,187,823	(125,187,823)
As at 30 September 2011	109,869,827	(109,869,827)

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

37.3.3 Other price risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk). Equity price risk arises from available-for-sale equity securities held. Material investments within the portfolio are managed on an individual basis and all buy and sell decisions are approved by the Board. The Company believes that it is not exposed to other price risk.

37.3.4 Fair value of financial instruments

Fair value is the amount for which an asset could be exchanged or liability be settled between knowledgeable willing parties in an arm's length transaction. As at the reporting date, fair values of all financial instruments are considered to approximate their book values.

37.3.5 Capital management

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

The Group's objectives when managing capital are:

- to safeguard the entity's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders, and
- to provide an adequate return to shareholders.

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

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

		2012	2011
Total debt	Rupees	4,984,232,459	5,724,464,015
Total equity and total debt	Rupees	9,916,803,428	10,420,296,342
Debt-to-equity ratio	% age	50%	55%

Notes to the Consolidated Financial Statements

For the year ended 30 September 2012

Total debt comprises of long term loans, liabilities against assets subject to finance lease and current portion of non current liabilities.

The decrease in the debt-to-equity ratio in 2012 is due to the repayments of long term loan during the year.

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

38 TRANSACTIONS WITH RELATED PARTIES

The related parties comprise associated companies, other related companies, Directors of the Group, key management personnel and post employment benefit plans. The Group in the normal course of business carries out transactions with various related parties. Amounts due from and due to related parties are shown under respective notes to the accounts. Other significant transactions with related parties are as follows:

Relationship	Nature of transactions	2012 Rupees	2011 Rupees
Associated Companies	Advances	250,000,000	250,000,000
	Mark up on advances	56,226,046	23,432,666
	Advance against issue of shares	43,103,247	92,641,628
	Assets acquired	135,744,875	-
	Sale of sugar	811,374,326	639,770,453
	Sale of molasses	2,927,773	3,541,584
	Payment against purchase of aircraft	1,000,000	5,200,000
Other Related Parties	Purchase of sugarcane	3,206,166,810	2,822,673,333
	Provident fund contribution	29,602,034	18,461,576

	2012		2011	
	Days	Tonnes	Days	Tonnes
39 CAPACITY AND PRODUCTION				
JDWSML				
Unit I				
Crushing capacity	120	2,460,000	120	2,460,000
Sugarcane crushed	142	2,711,463	127	2,121,232
Sugar production		272,226		221,079
Unit II				
Crushing capacity	120	1,020,000	120	1,020,000
Sugarcane crushed	135	1,062,742	126	867,796
Sugar production		108,864		92,595
Unit III				
Crushing capacity	120	1,320,000	120	1,320,000
Sugarcane crushed	117	1,135,063	121	1,051,525
Sugar production		120,721		115,033
DSML				
Crushing capacity	120	960,000	120	960,000
Sugarcane crushed	116	751,262		-
Sugar production		77,635		-

Notes to the Consolidated Financial Statements

For the year ended 30 September 2012

40 OPERATING SEGMENTS

These consolidated financial statements have been prepared on the basis of single reportable segment.

40.1 Revenue from sale of sugar represents 91.26% (2011: 94%) of the gross sales of the Group.

40.2 97.10% (2011: 100%) of the gross sales of the Group are made to customers located in Pakistan.

40.3 All non-current assets of the Group as at 30 September 2012 are located in Pakistan.

41 CORRESPONDING FIGURES

Corresponding figures have been re-arranged, where necessary, for the purpose of comparison. Significant reclassification for better presentation includes harvesting subsidy to growers amounting to Rs. 166.72 million previously included in other operating expenses now presented as cost of sales and finance cost.

42 DATE OF AUTHORIZATION FOR ISSUE

These consolidated financial statements were authorized for issue on 03 January 2013 by the Board of Directors of the Group.

43 EVENTS AFTER THE BALANCE SHEET DATE

The Board of Directors of the Group has proposed a final cash dividend for the year ended 30 September 2012 of Rs. 6 per share (2011: Rs. 9 per share).

44 FIGURES

Figures have been rounded off to the nearest rupee.



Pattern of Shareholding

As at 30 September 2012

Pattern of Shareholding

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

1. Incorporation Number	0021835
2. Name of the Company	JDW SUGAR MILLS LIMITED
3. Pattern of holding of the shares held by the shareholders as at	30-09-2012

4. No. of Shareholders	Shareholding		Total Shares Held
	From	To	
264	1	100	8,760
419	101	500	128,948
101	501	1,000	77,054
344	1,001	5,000	582,793
34	5,001	10,000	251,026
17	10,001	15,000	223,420
20	15,001	20,000	387,774
4	20,001	25,000	85,579
7	25,001	30,000	193,755
4	30,001	35,000	130,447
1	40,001	45,000	41,203
4	45,001	50,000	193,850
1	55,001	60,000	55,253
2	60,001	65,000	126,927
2	75,001	80,000	156,540
1	105,001	110,000	105,600
2	110,001	115,000	229,551
3	115,001	120,000	350,839
1	120,001	125,000	122,919
1	125,001	130,000	127,279
1	165,001	170,000	167,327
1	190,001	195,000	192,548
1	195,001	200,000	195,270
1	230,001	235,000	230,432
1	310,001	315,000	311,676
1	375,001	380,000	377,794
1	545,001	550,000	550,000
1	555,001	560,000	559,610
1	625,001	630,000	626,175
1	650,001	655,000	651,864
1	775,001	780,000	775,378
1	805,001	810,000	810,000
1	2,000,001	2,005,000	2,003,648
1	2,020,001	2,025,000	2,023,648
1	2,050,001	2,055,000	2,051,145
1	2,285,001	2,290,000	2,285,636
1	2,345,001	2,350,000	2,346,642
1	3,555,001	3,560,000	3,557,342
1	6,060,001	6,065,000	6,063,281
1	7,175,001	7,180,000	7,178,648
1	11,510,001	11,515,000	11,513,932
1	11,725,001	11,730,000	11,725,148
1,254			59,776,661

Pattern of Shareholding

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

5.	Categories of shareholders	Shares held	Percentage
5.1	Directors, Chief Executive Officer, and their spouse and minor children	32,613,096	54.5582%
5.2	Associated Companies, undertakings and related parties	3,557,342	5.9511%
5.3	NIT and ICP	19,974	0.0334%
5.4	Banks, Development Financial Institutions, Non Banking Financial Institutions	676,858	1.1323%
5.5	Insurance Companies	559,610	0.9362%
5.6	Modarabas and Mutual Funds	32,250	0.0540%
5.7	Share holders holding 10% and above	29,302,361	49.0197%
5.8	General Public		
	a. Local	20,775,053	34.7545%
	b. Foreign	—	—
5.9	Others (to be specified)		
	Joint Stock Companies	913,818	1.5287%
	Investment Companies	2,085	0.0035%
	Foreign Companies	41,203	0.0689%
	Others	585,372	0.9793%
6.	Signature of Company Secretary		
7.	Name of Signatory	MUHAMMAD RAFIQUE	
8.	Designation	COMPANY SECRETARY	
9.	CNIC Number	35201-3029372-5	
10.	Date	30-09-2012	

Categories of Shareholders

As required under C.C.G, as on 30 September 2012

Sr. No.	Name	No. of Shares Hold	Percentage		
Associated Companies, Undertakings Related Parties (Name Wise):					
1	JK FARMING SYSTEMS LIMITED. (CDC)	3,557,342	5.9511%		
Mutual Funds (Name Wise Detail)					
1	CDC - TRUSTEE AKD INDEX TRACKER FUND (CDC)	3,500	0.0059%		
2	CDC - TRUSTEE AKD OPPORTUNITY FUND (CDC)	6,577	0.0110%		
3	GOLDEN ARROW SELECTED STOCK FUND LTD. (CDC)	5,073	0.0085%		
Directors, CEO and their Spouse and Minor Children (Name Wise):					
1	MR. JAHANGIR KHAN TAREEN	17,788,429	29.7582%		
2	MUKHDOOM SYED AHMED MAHMUD (CDC)	11,513,932	19.2616%		
3	MR. IJAZ AHMED PHULPOTO (CDC)	366,929	0.6138%		
4	MR. ASIM NISAR BAJWA	1,421	0.0024%		
5	MR. RAHEAL MASUD	500	0.0008%		
6	MRS. SAMEERA MAHMUD (CDC)	651,864	1.0905%		
7	MR. ZAFAR IQBAL (CDC)	1,360	0.0023%		
8	MRS. AMINA TAREEN W/O JAHANGIR KHAN TAREEN (CDC)	2,285,636	0.8236%		
9	MRS. SARWAT SULTANA W/O IJAZ AHMED PHULPOTO (CDC)	3,025	0.0051%		
Executives:		3,456,642	10.2982%		
Public Sector Companies & Corporation:		-	-		
Banks, Development Finance Institutions, Non Banking Finance Institution, Insurance Companies, Modarabas and Mutual Funds:		1,233,127	2.0629%		
Shareholders holding five percent or more voting interest in the listed company (Name Wise)					
1	MR. JAHANGIR KHAN TAREEN (CDC)	17,788,429	29.7582%		
2	MUKHDOOM SYED AHMED MAHMUD (CDC)	11,513,932	19.2616%		
3	MR. ALI KHAN TAREEN (CDC)	7,178,648	12.0091%		
4	JK FARMING SYSTEMS LIMITED (CDC)	3,557,342	5.9511%		
All trades in the shares of the listed company, carried out by its Directors, CEO, CFO, Company Secretary and their spouses & minor children.					
S. No	Name	Addition Through gift	Deletion Through gift	Sale	Purchase
1	MR. JAHANGIR KHAN TAREEN - (CDC)	7,570,000	-	(4,314,780)	-
2	MUKHDOOM SYED AHMED MAHMUD - (CDC)	-	-	-	2,141,545
3	MR. RAHEAL MASUD	-	-	-	500
4	MR. MUHAMMAD RAFIQUE (CDC)	-	(15,000)	-	23,458
5	MR. MUHAMMAD RAFIQUE (THROUGH EMPLOYEES STOCK OPTION)	-	-	-	200,000

Proxy Form

JDW Sugar Mills Limited

23rd Annual General Meeting

Folio No./CDC A/c No. _____

I/We _____ of _____
in the district of _____ being a member/members of JDW Sugar Mills Limited
holding _____ shares of Rs.10 each, hereby appoint Mr./Ms. _____
of _____ a member of the Company, vide Registered Folio/CDC
A/c No. _____ or failing him / her, _____ 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 at Fairways Hall, Royal
Palm, Golf & Country Club, 52–Canal Bank Road, Lahore on Thursday, January 31, 2013 at 1:00 p.m. and at any
adjournment thereof or of any ballot to be taken in consequence thereof.

Signed this _____ day of January, 2013

Witnesses:

1. Signature _____
Name: _____
CNIC: _____
Address: _____

2. Signature _____
Name: _____
CNIC: _____
Address: _____

Affix Revenue
stamp of Rupees
Five

Signature by Member(s)

Note:

All proxies, in order to be effective, must be received at the Company's Registered Office not less than forty eight (48) hours before the time fixed for holding the Annual General Meeting and must be duly stamped, signed and witnessed as required.

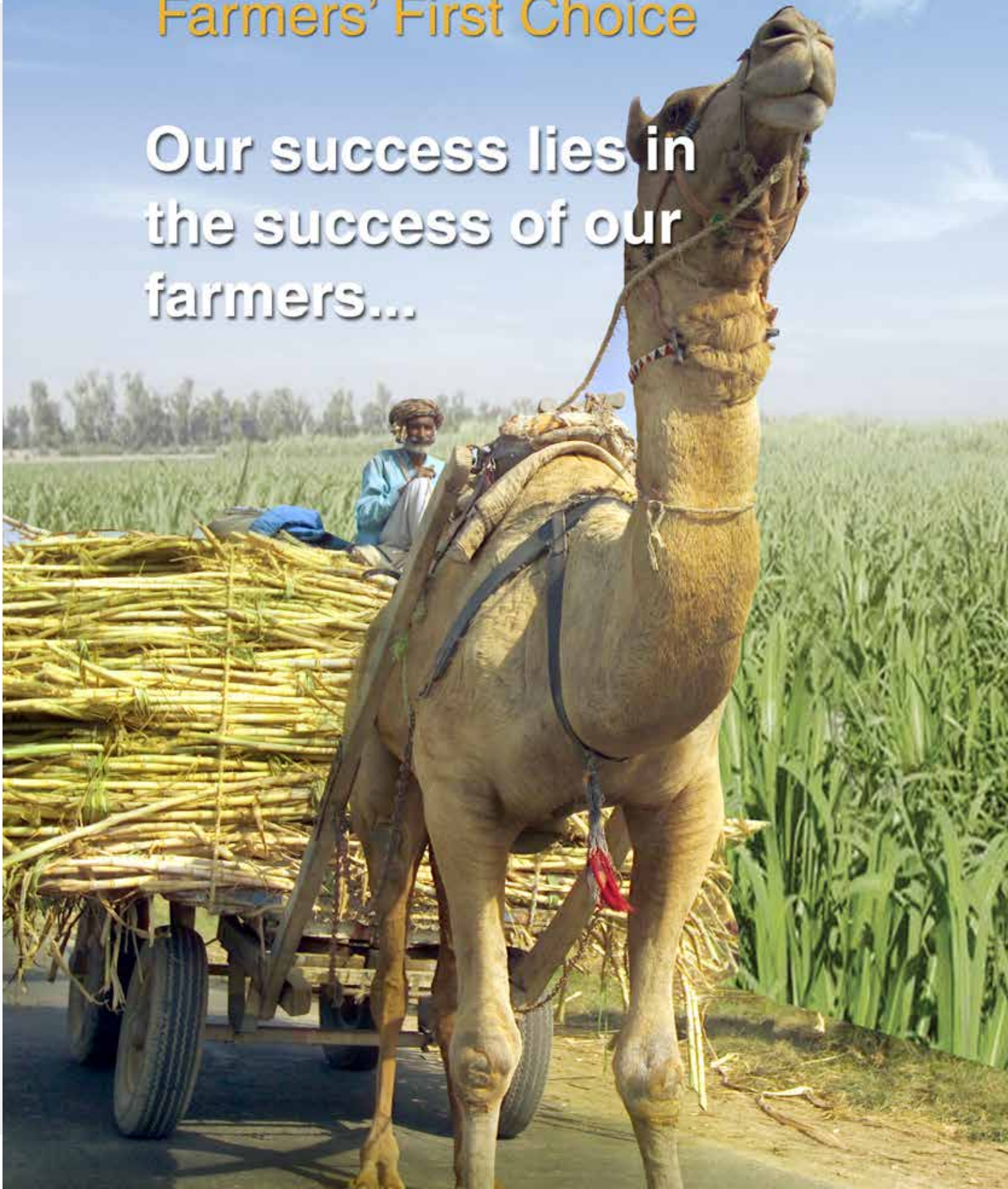
AFFIX
CORRECT
POSTAGE

The Company Secretary
JDW Sugar Mills Limited
Registered Office: 17– Abid Majeed Road,
Lahore Cantt. Pakistan.



Farmers' First Choice

**Our success lies in
the success of our
farmers...**



Annual Report 2012



JDW Sugar Mills Limited
Head Office: 17-Abid Majeed Road,
Lahore Cantt, Pakistan.