



24th ANNUAL REPORT 2014

CONTENTS

Corporate Information	02
Vision and Mission Statement	03
Notice of Annual General Meeting	04
Directors' Report	06
Pattern of Shareholding	12
Key Financial Data	15
Composition of Balance Sheet	16
Financial Indicators	17
Review Report to the Members on Statement of Compliance with Best Practices of the Code of Corporate Governance	18
Statement of Compliance with the Code of Corporate Governance	19
Auditors' Report to the Members	21
Balance Sheet	22
Profit and Loss Account	23
Statement of Comprehensive Income	24
Cash Flow Statement	25
Statement of Changes in Equity	26
Notes to the Financial Statements	27
Form of Proxy	
Form for Submission of Copies of CNIC and NTN Certificates	
Form for Filer	
Form for Dividend Mandate (Optional)	



Corporate Information

BOARD OF DIRECTORS

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

COMPANY SECRETARY AND CHIEF FINANCIAL OFFICER

Zuhair Abbas

AUDIT COMMITTEE

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

HUMAN RESOURCE AND REMUNERATION COMMITTEE

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

BANKERS

Allied Bank Limited
Askari Bank Limited
Bank Alfalah Limited
Burj Bank Limited
Dubai Islamic Bank Pakistan Limited
Habib Metropolitan Bank Limited
MCB Bank Limited
National Bank of Pakistan
Bank of Punjab
Pak Oman Investment Company Limited
SilkBank Limited
Soneri Bank Limited
United Bank Limited

STATUTORY AUDITORS

Haroon Zakaria & Co. Chartered Accountants

COST AUDITORS

Siddiqi & Company Cost and Management Accountants

REGISTERED OFFICE

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

SHARE REGISTRAR OFFICE

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

FACTORIES/STORAGE LOCATIONS

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



VISION AND MISSION STATEMENT

VISION

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

MISSION

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



NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the 24th Annual General Meeting of Al-Abbas Sugar Mills Limited will be held at Beach Luxury Hotel, Karachi on Friday, January 30, 2015 at 11:30 a.m. to transact the following business:

Ordinary Business

1. To confirm the minutes of the 23rd Annual General Meeting of the shareholders of the Company held on January 31, 2014.
2. To receive, consider and adopt Annual Audited Financial Statements for the year ended September 30, 2014, together with the reports of the Auditors' and Directors' thereon.
3. To declare and approve the final cash dividend of Rs. 10 per share for the year ended September 30, 2014 as recommended by the Board of Directors;
4. To appoint auditors for the ensuing year, and to fix their remuneration. The present auditors M/s Haroon Zakaria & Company Chartered Accountants, being retired and eligible, have offered themselves for re-appointment.
5. To transact any other business with the permission of the chair.

By Order of the Board

Zuhair Abbas
Company Secretary
Karachi: January 07, 2015

Notes:

1. Share Transfer Books will be closed from January 23, 2015 to January 30, 2015 (both days inclusive) for the purpose of Annual General Meeting and payment of the final dividend.
2. All Members are entitled to attend and vote at the meeting. A Member may appoint a proxy who needs to be a Member of the Company.
3. The instrument appointing the proxy and the other authority under which it is signed, or a notarial certified copy thereof, must be lodged at the Company's Registered Office or Share Registrar Office at least 48 hours before the time of the meeting.
4. Any change of address of Members should be notified immediately to the Company's Share Registrar office.
5. CDC Account Holders will further have to follow the under mentioned guidelines as laid down by the Securities and Exchange Commission of Pakistan:
 - A. For Attending the Meeting:**
 - i. In case of individuals, the account holder or sub-account holder whose securities and their registration details are uploaded as per the regulations shall authenticate his identity by showing his original Computerized National Identity Card (CNIC) or original passport at the time of attending the meeting.
 - ii. In case of corporate entity, the Board of Directors' resolution / power of attorney with specimen signature of the nominee shall be produced at the time of the meeting.



B. For Appointing Proxies:

- i. In case of individuals, the account holder or sub-account holder whose securities and their registration details are uploaded as per the regulations shall submit the proxy form as per the requirement by the Company.
- ii. The proxy form shall be witnessed by two persons whose names, address and CNIC numbers shall be mentioned on the form.
- iii. Attested copies of CNIC or the passport of the beneficial owners and the proxy shall be furnished with the proxy form.
- iv. The proxy shall produce his original CNIC or original passport at the time of the meeting.
- v. In case of corporate entity, the Board of Directors' resolution / power of attorney with specimen signature shall be submitted along with proxy form to the Company.

6. Submission of Copies of CNIC and NTN Certificates

In pursuance with the Securities & Exchange Commission of Pakistan (SECP) Notification No.SRO 831(1)/2012 dated July 05, 2012 in super session of earlier Notification No. SRO 779(1)/2011 of August 18, 2011, SECP has directed all listed companies to mention Computerized National Identity Card Number (CNIC) / NTN numbers of the registered shareholder on the dividend warrants and on every list submitted to the Commission including submission of **Form-A (annual list of shareholders)**. Therefore;

"THE SHAREHOLDERS OF THE COMPANY ARE REQUESTED TO PROVIDE IMMEDIATELY A COPY OF THEIR COMPUTERIZED NATIONAL IDENTITY CARD (CNIC) OR PASSPORT (IN CASE OF FOREIGNER) AT COMPANY'S REGISTERED OFFICE OR SHARE REGISTRAR OFFICES".

7. Amendment in Section 150 (Withholding Tax of Dividend) of Income Tax Ordinance-2001

The Government of Pakistan through Act, 2014 had made certain amendments in Section 150 of the Income Tax Ordinance, 2001 whereby different rates are prescribed for deduction of withholding tax on the amount of dividend paid by the companies. These tax rates are as under:

- | | |
|--|-----|
| (a) For filers of income tax returns | 10% |
| (b) For non-filers of income tax returns | 15% |

The Corporate shareholders having CDC account are required to have their National Tax Number (NTN) update with their respective participants, whereas physical shareholders should send acopy of their NTN certificate to the Company's share registrar M/s. Central Depository Company of Pakistan Limited. The shareholders while sending NTN or NTN certificates, as the case may be, must quote Company name and their respective Folio numbers.

In case of Joint holder, the status of filer / non-filer will be determined in respect of the first name of the beneficial owner.

8. Payment of Cash Dividend Electronically (Optional)

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

9. Audited Financial Statements Through Email

Pursuant to SRO No. 787(1)/2014, dated September 08, 2014, the SECP has allowed circulation of Audited Financial Statements along with the notice of Annual General Meeting to the members via email. Therefore, all members who wish to receive a soft copy of Annual Report may send their email addresses to the Company Secretary. A consent form for electronic transmission may be downloaded from Company's website: www.aasml.com. A hard copy of the Audited Financial statements will be provided to members on request, free of cost, within seven days.



DIRECTORS' REPORT

The Board of Directors of your Company take pleasure in presenting their report together with the Company's Annual Audited Financial Statements and Auditors' report thereon for the year ended September 30, 2014.

FINANCIAL RESULTS:

	2014	2013
	(Rupees in thousand)	
Profit before taxation	388,119	330,998
Taxation	<u>(89,966)</u>	<u>(43,453)</u>
Net profit for the year	<u>298,153</u>	<u>287,545</u>
Earnings per share in rupees	<u>17.17</u>	<u>16.56</u>

DIVIDEND

The Board of Directors in their meeting held on January 03, 2015 has proposed a 100% as final dividend for the year ended September 30, 2014. The approval of the members for the final dividend shall be obtained at the Annual General Meeting to be held on January 30, 2015. These financial statements do not include the effect of the proposed final cash dividend. The appropriation approved by the Board is as follows:

	(Rupees in thousands)
Profit after taxation	298,153
Un-appropriated profit brought forward	329,573
Final dividend 2013 @ Rs.5/share	<u>(86,812)</u>
Available for appropriation and Un-appropriated profit carried forward	<u>540,914</u>

SUBSEQUENT EVENT

The Board of Directors has proposed the 100% as final dividend for the year ended September 30, 2014.

OPERATING RESULTS

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

SUGAR UNIT

Operating Data

Operational performance	2014	2013
Date of start of season	November 01, 2013	November 28, 2012
No. of days worked	124	92
Crushing (M.T)	621,679	503,178
Production from sugarcane (M.T)	63,650	52,727
Sales	56,601	53,341
Recovery (%)	10.23	10.48

**Financial Data**

	2014	2013
	(Rupees in thousand)	
Sales	2,644,515	2,708,121
Cost of sales	<u>(2,494,566)</u>	<u>(2,453,882)</u>
Gross profit	149,949	254,239
Distribution cost	(38,077)	(10,997)
Administrative expenses	(70,385)	(70,053)
Other operating expenses	<u>(2,537)</u>	<u>(4,134)</u>
Operating profit	38,950	169,055
Other income	84,357	20,471
Finance cost	<u>(125,711)</u>	<u>(138,840)</u>
(Loss)/ profit before taxation	<u>(2,404)</u>	<u>50,686</u>

Crushing operations for 2013-14 seasons started on November 01, 2013 and the plant operated for 124 days ending on March 04, 2014 as against 92 days of preceding season. The Sugarcane crushed during the current season was 621,679 metric tons with average sucrose recovery of 10.23% and sugar production of 63,650 metric tons as compared with crushing of 503,178 metric tons with average sucrose recovery of 10.48% and sugar production of 52,727 metric tons of same period of last year.

ETHANOL UNIT:**Operating Data**

	2014	2013
Production (metric tons) - Unit - I and II	36,875	34,735
Sales (metric tons)	35,162	39,919

Financial Data

	2014	2013
	(Rupees in thousand)	
Sales	2,876,225	3,141,579
Cost of sales	<u>(2,245,207)</u>	<u>(2,567,803)</u>
Gross profit	631,018	573,776
Distribution cost	(106,599)	(110,326)
Administrative expenses	(46,589)	(46,205)
Other operating expenses	<u>(29,322)</u>	<u>(29,142)</u>
Operating profit	448,508	388,103
Other income	43,028	8,135
Finance cost	<u>(121,462)</u>	<u>(85,416)</u>
Profit before taxation	<u>370,074</u>	<u>310,822</u>

The production of ethanol during the year ended September 30, 2014 was 36,875 metric tons as compared with 34,735 metric tons during previous year registering slight increase of 2,140 metric tons. The profit before taxation of this segment is Rs. 370.074 million during the year under review as against segment results of Rs. 310.822 million in the corresponding period of last year evidencing increase of Rs. 59.252 million.

POWER, CHEMICAL AND ALLOYS DIVISION

During the year under review, the chemical and power division has incurred segment loss of Rs. 39.403 million as compared to the segment loss of Rs. 40.226 million for the last year. The loss in chemical and power segment was significantly reduced due to low inventory / stock level. The loss is mainly due to fixed cost.



STORAGE TANK TERMINAL

By the Grace of Almighty Allah, our Storage Tank Terminal successfully contributed profit of Rs. 59.852 million during the year (2013: Rs. 9.716 million). Our existing customers are very satisfied with our services. The ethanol produced by your company has also been stored in the tank terminal to facilitate the timely arrival of export orders. The Terminal is licensed to act as customs public bonded warehouse and has a total capacity of 22,850 M.T per month to handle bulk liquid cargo. The Terminal has permission to store dangerous goods which includes Ethanol as well as other petroleum products. As of today the Storage Terminal is fully occupied.

COMMENTS ON AUDITOR'S REPORT

As fully explained in note 27.1.3 to the financial statements, a suit bearing no. 281 has been filed in the Honorable High Court of Sindh at Karachi against the Company and 9 others alleging mismanagement in the Company's affairs. The Company and its management have denied all allegations of the plaintiff and are of the view that no inference is likely to materialize in the suit and there is no financial exposure of the Company in the matter.

FUTURE OUTLOOK

The future outlook of the Company entirely depends on a number of factors including sugar cane and molasses, average sucrose recovery, selling prices of sugar and ethanol, interest rate, inflation and stability of Pakistani rupees.

Sugar Segment

The prices of sugar both locally and internationally are on continuous declining side. The Sindh Government has initially fixed the sugarcane price at Rs. 182 per maund i.e. Rs 2 higher from Punjab's Region. Pakistan Sugar Mills Association (PSMA Sindh Zone) has challenged the fixation of sugarcane price in the Honorable High Court of Sindh at Karachi (Honourable Court) arguing that the fixed prices are not affordable keeping the selling prices under vagaries of the free market. Subsequently, Government of Sindh Agricultural, Supply and Prices Department issued notification No. 8 (142)/S.O (Ext) 95-XXIII and determined interim price of sugarcane at the rate of Rs.155 till the fixation of price of sugar by a Committee constituted by the Honourable Court. On December 9, 2014 again Government of Sindh Agricultural, Supply and Prices Department issued another notification wherein they rescind the earlier notification and reinstate the price of sugarcane at Rs. 182 per maund. The Company along with other sugar mills through PSMA-Sindh Zone had challenged the notification and seeking injunction which Honourable Court has granted. Meanwhile the Economic Coordination Committee (ECC) allowed exporting of surplus sugar to the tune of 0.65 million metric tons along with Inland freight subsidy of Rs. 2 and cash subsidy of Rs. 8 per kg. The ECC also fixed \$ 450 minimum export price for Afghanistan. This will ease the excess supply situation in local markets. However on December 30, 2014 the Honourable Court has dismissed the petition filed by the PSMA-Sindh Zone. The Company through PSMA-Sindh Zone along with other sugar mills is considering to file an appeal before Supreme Court of Pakistan. Further, it is expected that because of decrease in prices in petroleum products by 17% and stable inflation rate the cost of other overheads will not increase significantly.

It is estimated that total consumption of sugar will be 4.5-4.6 million metric tons for the season 2014-2015 and surplus sugar will be around 1-1.2 million metric ton. Sugar consumption by food processing and related sector has witnessed a significant increase. However, supply-demand condition in local market will be in the favor of supply and consequently the prices of sugar are not relatively increasing as compared to its cost of production.

International analysis reveals moderate sugar output shortfall from large sugar producers such as Brazil, India and Thailand for the first time in last in six seasons. Therefore, the prices of sugar in International market may likely to be on the same level.

Ethanol Segment

In the past few years, the prospects for ethanol fuel use have grown around the world. With the decrease in prices of petroleum product, the prices of ethanol will likely to decline in the International markets. To mitigate this risk, Your Company is targeting growth industries to capture high prices.

Tank Terminal

The commencement of operations of tank terminal facility has positively contributed in the operations of the Company. The company expects stable earnings from this segment.



Power, Chemical and Alloys Division

The Company is under negotiation to sell its power generation from power plant having a capacity of 15 megawatt to K-Electric. The tariff determination is under the process by National Electric Power Regulatory Authority (NEPRA). After the approval of tariff from NEPRA, the agreement will be put forward for the approval of Board of Directors. With the start of operations, this segment will contribute lucrative profits in the operations of the Company.

Overall

The Company is putting more efforts to increase cost efficiencies, improve processes and seeking alternate course of actions to contest the foreseen risks and boost-up overall profitability.

BOARD OF DIRECTORS

The Board of Directors is comprised of two executive, five non-executive directors and one independent director. During the year ended September 30, 2014, five meetings of the Board of Directors were held. The numbers of meeting attended by directors are as follows:

Name of Directors	Status	Number of meetings attended
Mr. Mohammad Iqbal	Chairman	4/5
Mr. Shunaid Qureshi	Chief Executive	3/5
Mr. Asim Ghani	Executive Director	5/5
Mr. Duraid Qureshi	Non-Executive Director	4/5
Mr. Ali Jehangir Siddiqui	Non-Executive Director	1/5
Miss. Darakshan Ghani	Non-Executive Director	5/5
Mrs. Asma Aves Cochinwala	Non-Executive Director	3/5
Mr. Suleman Lalani	Non-Executive Director	5/5
Sayyed Rafay Akber Rashdi	Independent Director	2/5

AUDIT COMMITTEE

The Board of Directors has established an Audit Committee in compliance with the Code of Corporate Governance. During the year four meetings were held. The meetings attended by members are as follows:

Name of Members	Status	Category	Number of meetings attended
Sayyed Rafay Akber Rashdi	Chairman	Independent Director	3/4
Miss. Darakshan Ghani	Member	Non-Executive Director	4/4
Mr. Duraid Qureshi	Member	Non-Executive Director	4/4

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

HUMAN RESOURCE COMMITTEE

Human resource planning and management is one of the most important focus points at the highest management level. The Company has a Human Resource and Remuneration Committee which is involved in the selection, evaluation, compensation and succession planning of the key management personnel. It is also involved in recommending improvements in Company's human resource policies and procedures and their periodic review. During the year one meeting was held. The meetings attended by members are as follows:



Name of Members	Status	Category	Number of meetings attended
Mr. Duraid Qureshi	Chairman	Non-Executive Director	1/1
Mr. Asim Ghani	Member	Executive Director	1/1
Miss. Darakshan Ghani	Member	Non-Executive Director	1/1
Sayyed Rafay Akber Rashdi	Member	Independent Director	1/1

INVESTMENT COMMITTEE

The investment committee held (1) meeting during the year. Attendance by each member was as follows:

Name of Members	Status	Category	Number of meetings attended
Mr. Muhammad Iqbal	Chairman	Non-Executive Director	1/1
Mr. Asim Ghani	Member	Executive Director	1/1
Sayyed Rafay Akber Rashdi	Member	Independent Director	1/1

AUDITORS

The retiring auditors, M/s. Haroon Zakaria & Company Chartered Accountants being eligible, offer themselves for re-appointment. On recommendation of Audit Committee, the Board of Directors has endorsed their appointment for the year 2014-2015 to the shareholders at the forthcoming annual general meeting.

CORPORATE SOCIAL RESPONSIBILITY

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

CONTRIBUTION TO THE NATIONAL EXCHEQUER

The Company contributed a total amount of Rs. 189.795 million (2013: Rs. 97.707 million) to the Government Treasury in shape of taxes, levies, excise duty and sales tax.

PATTERN OF SHAREHOLDING AND SHARES TRADED

The Pattern of shareholding as on September 30, 2014, in accordance with the requirements of the Code of Corporate Governance and a statement reflecting distribution of shareholding, is separately annexed to this report.

No trading in the shares of the Company was carried out by the Director's, Chief Financial Officer and Company Secretary and their spouses and minor children except the following:

NAME	CATEGORY	TRANSACTION	NO. OF SHARES
Mr. Asim Ghani	Executive Director	Purchase of share	40,000
Mrs. Hira Asim	Spouse of Executive Director	Purchase of share	11,500

CORPORATE GOVERNANCE

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

COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE

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



- b) The Company has maintained proper books of accounts.
- c) Appropriate accounting policies have been consistently applied in the preparation of financial statements and accounting estimates are based on reasonable and prudent judgment.
- d) International Accounting Standards as applicable in Pakistan have been followed in preparation of financial statements.
- e) A sound system of internal control has been designed and effectively implemented and monitored.
- f) There are no significant doubts upon the Company's ability to continue as a going concern.
- g) The Key financial data for the last six years is annexed with this report.
- h) There has been no material departure from the best practices of Corporate Governance, as detailed in the listing regulations.
- i) The Company has not made payment against market committee fee since inception as it has been challenged in Honorable High Court of Sindh. However full provision has been made in the accounts for such liability.
- j) Three (3) Directors have already done Director's Training Program of Pakistan Institute of Corporate Governance (PICG), In addition, two (2) of the Directors are exempted from the requirement of Directors' training program under clause (xi) of CCG and rest of the Director will be trained within the prescribed time period. All the Directors are fully conversant with their duties and responsibilities as Directors of Corporate Bodies.
- k) The Company maintains Gratuity Fund for its employees. The value of fund is Rs. 93.039 million in the shape of investment as on September 30, 2014.

ACKNOWLEDGEMENT

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

For and on behalf of the Board
of Directors

MUHAMMAD IQBAL USMAN
Chairman

Karachi: January 03, 2015



PATTERN OF SHAREHOLDINGS

AS ON SEPTEMBER 30, 2014

Number of Shares	Shareholdings' slab		Total Number of Shares Held
	From	To	
194	1	100	7,619
514	101	500	243,943
50	501	1,000	48,100
39	1,001	5,000	93,062
4	5,001	10,000	33,000
1	10,001	15,000	11,500
2	15,001	20,000	39,500
1	20,001	25,000	25,000
3	25,001	30,000	84,400
1	30,001	105,000	100,027
1	105,001	110,000	106,400
1	110,001	135,000	130,479
1	135,001	195,000	194,600
1	195,001	220,000	216,100
1	220,001	410,000	405,968
1	410,001	420,000	417,500
1	420,001	425,000	421,802
1	425,001	495,000	490,798
1	495,001	730,000	728,087
1	730,001	830,000	829,583
1	830,001	950,000	946,232
1	950,001	980,000	976,182
1	980,001	1,400,000	1,399,668
1	1,400,001	1,415,000	1,414,500
1	1,415,001	1,720,000	1,718,500
1	1,720,001	1,900,000	1,873,250
1	1,900,001	4,410,000	4,406,500
826			17,362,300

CATAGORIES OF SHAREHOLDERS

AS ON SEPTEMBER 30, 2014

Shareholders Catagories	Number of Shares Held	Percentage
Associated Companies, undertaking and related parties	8,835,082	50.8866
Mutual Fund	597,798	3.4431
Directors, Chief Executive Officer, and their spouse and minor children.	2,353,497	13.5552
Executives	NIL	NIL
Public Sector Companies and Corporations	NIL	NIL
NIT and ICP	830,083	4.7810
Banks, development Finance institutions, non-Banking Finance Companies, insurance Companies, takaful, modarabas and pension funds	863,344	4.9725
Share holders holding 5%	12,734,832	73.3476
General Public		
a. Local	1,728,013	9.9527
b. Foreign	NIL	NIL
Others	2,154,483	12.4090



DETAIL OF SHAREHOLDERS CATAGORIES

AS ON SEPTEMBER 30, 2014

	No. of Shares	Percentage
1 Associated Companies , Undertakings and Related Parties		
Mahvash and Jahangir Siddiqui Foundation	1,414,500	8.1470
Trustee Al-Abbas Sugar Mills Limited-Employees Gratuity Fund	194,600	1.1208
Haji Abdul Ghani	4,406,500	25.3797
Muhammad Ayub Younus Adhi	1,873,250	10.7892
Noor Jahan Hajiani	946,232	5.4499
	<u>8,835,082</u>	<u>50.8866</u>
2 Mutual funds		
Prodenial Stocks Fund Limited	600	0.0035
MCBFSL-Trustee JS Value Fund	490,798	2.8268
MCFSL - Trustee Js Growth Fund	106,400	0.6128
	<u>597,798</u>	<u>3.4431</u>
3 Directors, CEO and their spouses and minor children		
Muhammad Iqbal Usman	500	0.0029
Shunaid Qureshi	1,399,668	8.0615
Ali Jehangir Siddiqui	500	0.0029
Asim Ghani	417,500	2.4046
Asma Aves Cochinwala	100,027	0.5761
Darakshan Ghani	421,802	2.4294
Duraid Qureshi	1,000	0.0058
Sayyed Rafey Akbar Rashdi	500	0.0029
Suleman Lalani	500	0.0029
Hira Asim	11,500	0.0662
	<u>2,353,497</u>	<u>13.5552</u>
4 Executives	<u>NIL</u>	<u>NIL</u>
5 Public Sector Companies and corporations	<u>NIL</u>	<u>NIL</u>
6 NIT and ICP		
Investment Corporation of Pakistan	500	0.0029
CDC - Trustee National Investment (Uuit) Trust	829,583	4.7781
	<u>830,083</u>	<u>4.7810</u>



DETAIL OF SHAREHOLDERS CATAGORIES

AS ON SEPTEMBER 30, 2014

	No. of Shares	Percentage
7 Banks, development finance institutions, Non- banking finance Companies, Insurance Companies, takaful, modarabas and pension funds		
National Bank of Pakistan	728,087	4.1935
Trustee National Bank of Pakistan Employees Pension Fund	130,479	0.7515
Trustee National Bank of Pakistan Emp Bevevolent Fund Trust	4,578	0.0264
The Bank of Khyber	200	0.0012
	863,344	4.9725
8 Shareholder holding five percent or more voting interest in the Company		
Haji Abdul Ghani	4,406,500	25.3797
Muhammad Ayub Younus Adhi	1,873,250	10.7892
Jahangir Siddiqui Securities Services Limited	1,718,500	9.8979
Mahvash and Jahangir Siddiqui Foundation	1,414,500	8.1470
Shunaid Qureshi	1,399,668	8.0615
Jahangir Siddiqui	976,182	5.6224
Noor Jahan Hajjani	946,232	5.4499
	12,734,832	73.3476



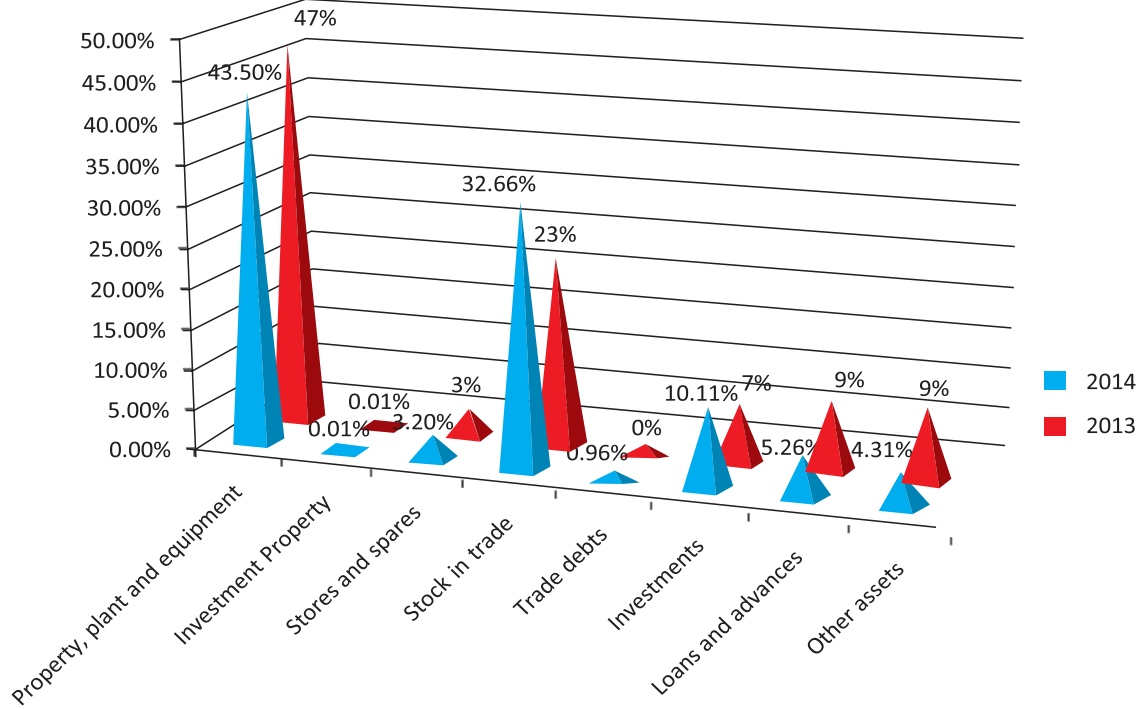
KEY FINANCIAL DATA

		2014	2013	2012	2011	2010	2009
Investment Measure							
Ordinary Share Capital	Rs. in ' 000 '	173,623	173,623	173,623	173,623	173,623	173,623
Reserves	Rs. in ' 000 '	2,052,615	1,808,825	1,553,757	1,207,480	1,073,278	952,003
Ordinary Shareholder's Equity	Rs. in ' 000 '	2,226,238	1,982,448	1,727,380	1,381,103	1,246,901	1,125,626
Dividend declared on Ordinary Share	Rs. in ' 000 '	173,623	86,812	138,898	86,812	86,812	69,449
Dividend declared per Ordinary Share	Rs.	10.00	5.00	8.00	5.00	5.00	4.00
Profit Before Taxation	Rs. in ' 000 '	388,119	330,998	539,337	324,463	276,059	337,120
Profit After Taxation	Rs. in ' 000 '	298,153	287,545	490,546	226,863	204,851	282,432
Earnings per share of Rs. 10	Rs.	17.17	16.56	28.25	13.07	11.80	16.27
Measure of Financial Status							
Current Ratio	x : 1	1.07	0.93	0.96	0.95	0.81	1.00
Debt Equity Ratio	x : 1	-	0.08	0.25	0.47	0.70	0.96
Total Debt Ratio	x : 1	0.27	0.38	0.41	0.41	0.43	0.42
Number of Days Stock	In days	93.42	89.47	150.55	118	59	100
Measure of Performance							
Sales	Rs. in ' 000 '	5,520,740	5,849,700	5,950,464	6,217,989	6,352,884	4,166,922
Cost of Goods Sold as % of Sales	%	85.85	85.85	79.50	84.92	88.09	81.15
Profit Before Taxation as % of Sales	%	7.03	5.66	9.06	5.22	4.35	8.09
Profit After Taxation as % of Sales	%	5.40	4.92	8.24	3.65	3.22	6.78

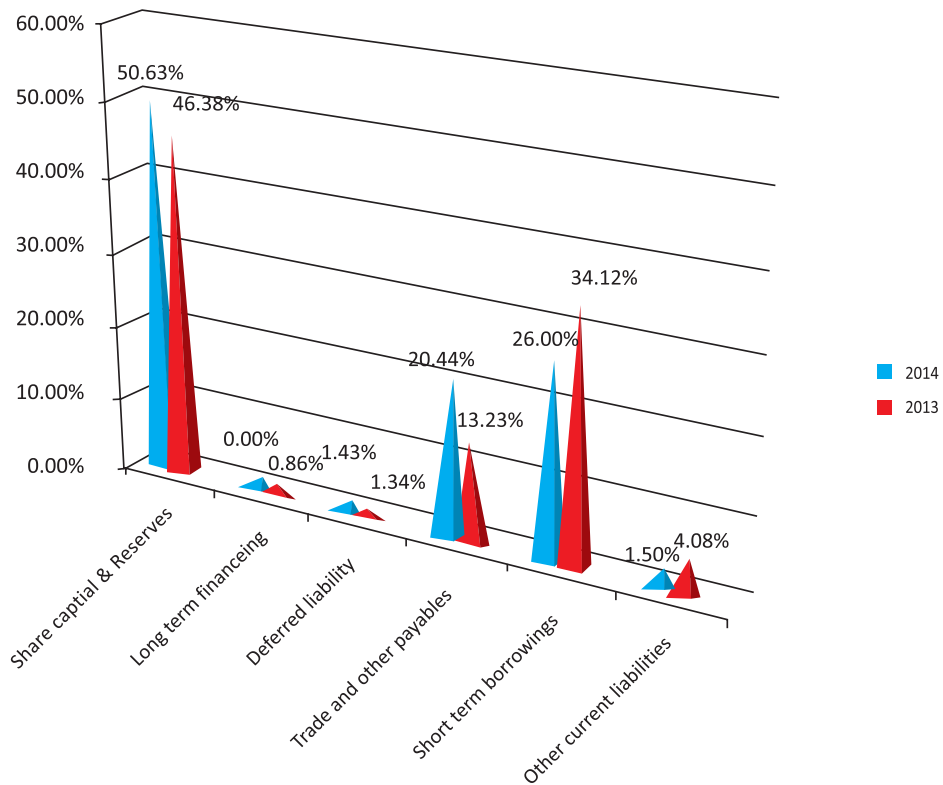


COMPOSITION OF BALANCE SHEET

ASSETS

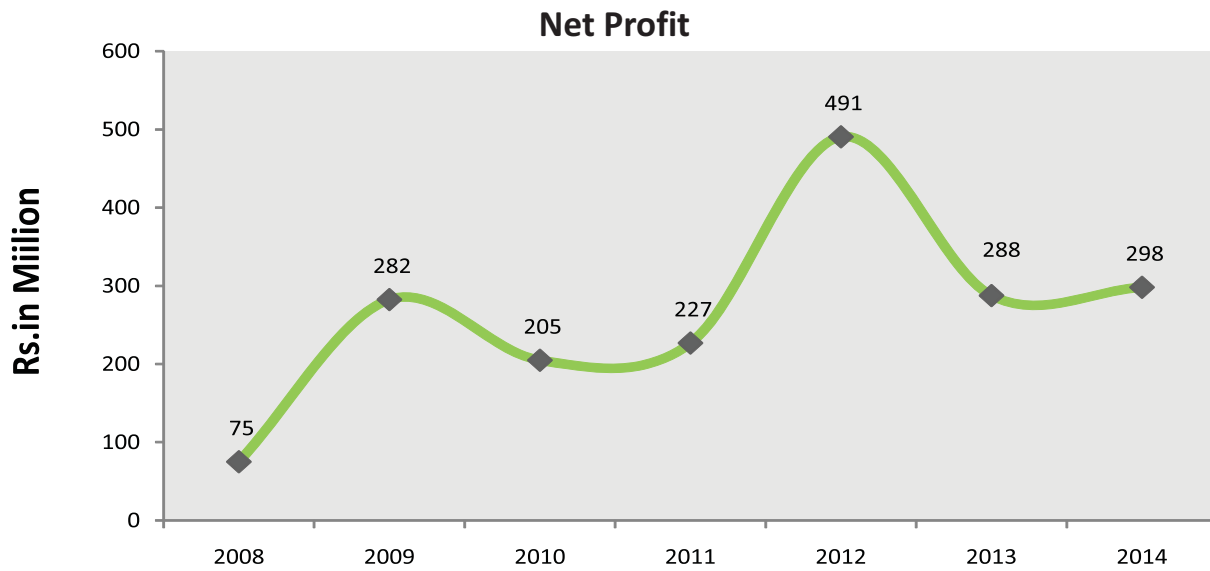
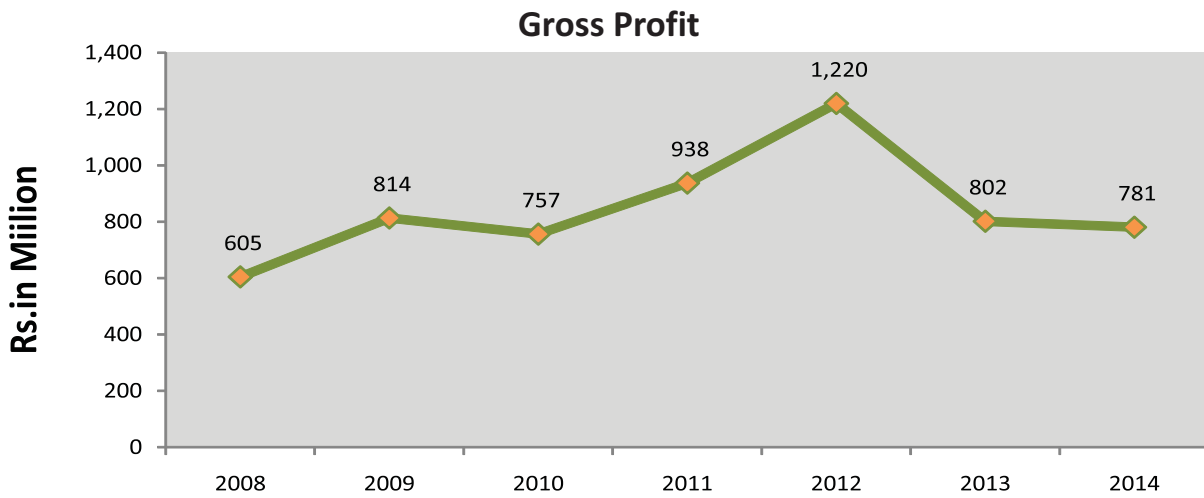
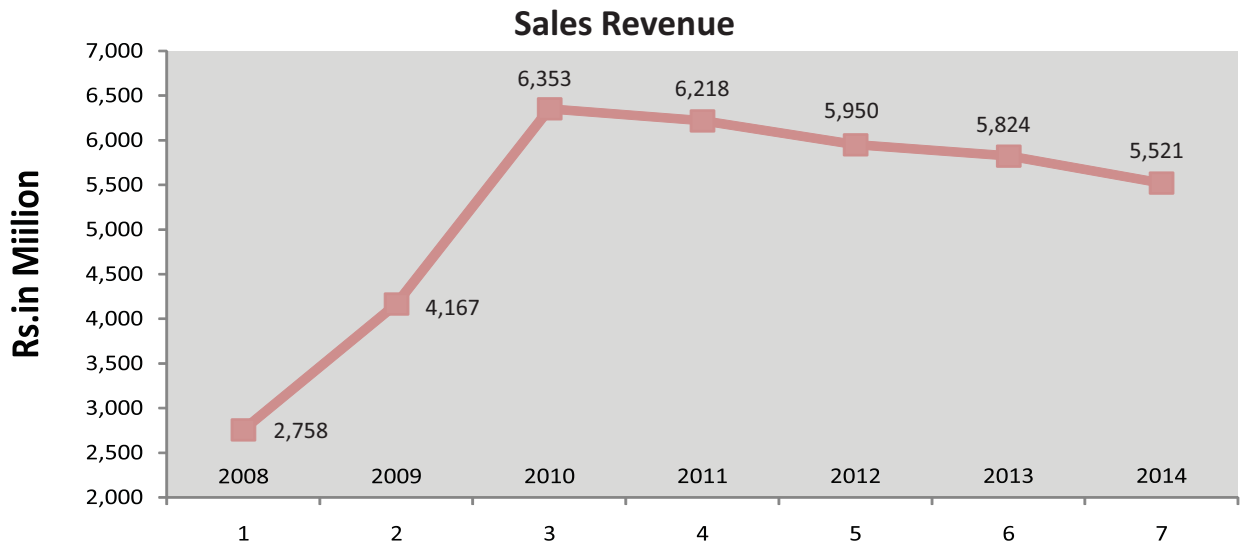


EQUITY AND LIABILITIES





FINANCIAL INDICATORS





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

We have reviewed the enclosed Statement of Compliance with the best practices contained in the Code of Corporate Governance (the Code) prepared by the Board of Directors of Al-Abbas Sugar Mills Limited, (the Company) for the year ended September 30, 2014 to comply with the requirements of the Listing Regulation No. 35 (Chapter XI) of the Karachi Stock Exchange Limited where the Company is listed.

The responsibility for compliance with the Code is that of the Board of Directors of the Company (the Board). 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 and report if it does not and to highlight any non-compliance with the requirement of the Code. A review is limited primarily to inquiries of the management personnel and review of various documents prepared by the management to comply with the Code.

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

The Code requires the Company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board for their review 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 and recording proper justification for using such alternate pricing mechanism. We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the Board upon recommendation of the Audit Committee. We have not carried out any procedures to determine whether the related party transactions were under taken at arm's length price or not.

Based on our review, nothing has come to our attention, which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the best practices contained in the Code as applicable to the Company for the year ended September 30, 2014.

Haroon Zakaria & Co.
Chartered Accountants
Engagement Partner
Mohammad Iqbal Abdul Aziz

Karachi: January 03, 2015



STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE

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

- The Company encourages representation of independent non-executive directors and directors representing minority interests on its board of directors. The present Board includes:

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

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

- The directors have confirmed that none of them is serving as a director on more than seven listed companies, including this Company.
- All the resident directors of the Company are registered as taxpayers and none of them has defaulted in payment of any loan to a banking Company, a DFI or an NBF. None of directors is a member of any of the stock exchange.
- No casual vacancy occurred in the Board during the current year.
- 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.
- The board has developed a vision and mission statement, overall corporate strategy and significant policies of the Company. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.
- All the powers of the board have been duly exercised and decisions on material transactions, including appointment and determination of remuneration and terms and conditions of employment of the CEO and other executive, have been taken by the board.
- The meetings of the board were presided over by the Chairman and the board met at least once in every quarter. Written notices of the board meetings, along with agenda and working papers, were circulated at least seven days before the meetings. The minutes of the meetings were appropriately recorded and circulated.
- The Company arranges orientation course for its Directors as and when needed to apprise them of their duties and responsibilities. Three (3) Directors have already done Directors' Training Program of Pakistan Institute of Corporate Governance (PICG). In addition, two (2) of the Directors are exempted from the requirement of Director's training program under clause (xi) of CCG and rest of the Directors to be trained within specified time.



10. The Board has approved appointment of Company Secretary, Chief Financial Officer and Head of Internal Audit including their remuneration and terms and conditions of employment, as determined by the CEO. However, no new appointment was made during the year.
11. The details of all related party transactions have been placed before the Audit Committee of the Company and upon recommendations of the Audit Committee the same have been placed before the Board for review and approval, and all the transactions were made on the terms equivalent to those that prevail in arm's length transaction. The Company maintains a detail record of related party transactions along with all documents.
12. 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.
13. The financial statements of the Company were duly endorsed by CEO (and in his absence by Executive Director) and CFO before approval of the board.
14. 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.
15. The Company has complied with all the corporate and financial reporting requirements of the CCG.
16. The Board has formed an Audit Committee. It comprises of three (3) members, of whom two are non-executive directors and chairman is an independent Director.
17. The meetings of the Audit Committee were held at least once every quarter prior to approval of interim and final results of the Company as required by the CCG. The terms of reference of the committee have been formed and advised to the committee for compliance.
18. The board has formed an HR and Remuneration Committee. It comprises of four (4) members, of whom two are non-executive directors including chairman and one independent director.
19. The board has set up an effective internal audit function managed by qualified and experienced professional who are conversant with the policies and procedures of the Company and industry best practices. They are involved in the internal audit function on a full time basis. The Head of Internal Audit department functionally reports to the Board's Audit Committee.
20. The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the quality control review program of the Institute of Chartered Accountant of Pakistan, that they or any of the partners of the firm, their spouses and minor children do not hold shares of the Company and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the Institute of Chartered Accountant of Pakistan.
21. 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.
22. 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.
23. Material/price sensitive information has been disseminated among all market participants at once through stock exchange.
24. We confirm that all other material principles enshrined in the CCG have been complied with.

MUHAMMAD IQBAL USMAN
Chairman

Karachi: January 03, 2015



AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed balance sheet of Al-Abbas Sugar Mills Limited (the Company) as at September 30, 2014 and the related profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof, for the year then ended and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purpose of our audit.

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

We conducted our audit in accordance with the auditing standards as applicable in Pakistan. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the above said statements are free of any material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the above said statements. An audit also includes assessing the accounting policies and significant estimates made by management, as well as, evaluating the overall presentation of 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 except for change in accounting policies as disclosed in note 3.1 to the financial statements with which we concur;
 - ii) the expenditure incurred during the year was for the purpose of the Company's business; and
 - iii) the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the Company;
- c) in our opinion and to the best of our information and according to the explanations given to us, the balance sheet, profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan, and, give the information required by the Companies Ordinance, 1984, in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at September 30, 2014 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.

Emphasis of Matter

We draw attention to note 27.1.3 of the financial statements which describes the uncertainty related to the outcome of the lawsuit filed against the company and others by a non-executive Director of the company. Our conclusion is not qualified in respect of this matter.

Other Matter

The financial statements of the Company for the year ended September 30, 2013 were audited by another firm of chartered accountants, Hyder Bhimji & Co., who through their report dated January 06, 2014, expressed an unqualified opinion thereon. However, the report contained emphasis of matter paragraph regarding the existence of uncertainty related to the outcome of the lawsuit filed against the Company and others by non executive Director of the Company. The details of law suit are the same as described in note 27.1.3 of the financial statements for the year ended September 30, 2014.

Haroon Zakaria

Haroon Zakaria & Co.
Chartered Accountants
Engagement Partner
Mohammad Iqbal Abdul Aziz

**BALANCE SHEET**

AS AT SEPTEMBER 30, 2014

	Note	2014	2013 Restated	2012 Restated
(Rupees in thousand)				
ASSETS				
Non-Current Assets				
Property, plant and equipment	4	1,912,669	2,003,935	2,050,515
Investment property	5	422	469	521
Intangible asset		-	-	1
Long term investments	6	212,271	183,085	20,979
Long term loans	7	1,353	3,002	3,816
Long term deposits		11,393	10,014	9,557
Deferred taxation - net	8	-	34,391	27,135
		2,138,108	2,234,896	2,112,524
Current Assets				
Stores and spares parts	9	140,750	144,200	130,512
Stock in trade	10	1,435,926	990,359	1,471,452
Trade debts	11	41,997	19,965	305,336
Loans and advances	12	231,153	377,747	573,588
Trade deposits and short term prepayments	13	12,593	16,856	45,935
Interest accrued	14	1,300	2,780	956
Other receivables	15	69,505	75,405	17,090
Short term investments	16	232,479	125,831	30,115
Income tax refunds due from the Government		76,016	63,695	57,874
Cash and bank balances	17	17,394	178,979	6,973
		2,259,113	1,995,817	2,639,831
Total Assets		4,397,221	4,230,713	4,752,355
EQUITY AND LIABILITIES				
Share Capital and Reserves				
Authorized capital	18	400,000	175,000	175,000
Issued, subscribed and paid-up capital	19	173,623	173,623	173,623
Reserves	20	2,052,615	1,808,825	1,553,757
Shareholders' equity		2,226,238	1,982,448	1,727,380
Non - Current Liabilities				
Long term financing	21	-	36,363	214,094
Deferred liability	22	62,862	56,646	51,614
		62,862	93,009	265,708
Current Liabilities				
Trade and other payables	23	898,731	559,532	977,229
Accrued mark-up	24	16,953	28,370	41,480
Short term borrowings	25	1,143,227	1,443,444	1,508,015
Current maturity of non-current liabilities	21	36,364	111,064	219,697
Provision for taxation	26	12,846	12,846	12,846
		2,108,121	2,155,256	2,759,267
Contingencies and Commitments	27			
Total Equity and Liabilities		4,397,221	4,230,713	4,752,355

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

STATEMENT UNDER SECTION 241(2) OF THE COMPANIES ORDINANCE, 1984

As the Chief Executive is for the time being not in Pakistan, therefore, these financial statements have been signed by two Directors of the Company as required under section 241(2) of the Companies Ordinance, 1984.


Asim Ghani
Director


Duraid Qureshi
Director



PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED SEPTEMBER 30, 2014

	Note	2014 (Rupees in thousand)	2013 (Rupees in thousand)
Sales	28	5,520,740	5,849,700
Cost of sales	29	(4,739,773)	(5,021,685)
Gross profit		780,967	828,015
Net profit from storage tank terminal	30	59,852	9,716
Net loss from chemical, alloys and power segment and fixed expenses due to suspension	31	(39,403)	(40,226)
		801,416	797,505
Distribution cost	32	(144,676)	(121,323)
Administrative expenses	33	(116,974)	(116,258)
Other operating expenses	34	(31,859)	(33,276)
		(293,509)	(270,857)
Operating profit		507,907	526,648
Finance cost	35	(247,173)	(224,256)
		260,734	302,392
Other income	36	127,385	28,606
Profit before taxation		388,119	330,998
Taxation	37	(89,966)	(43,453)
Profit after taxation		298,153	287,545
Earnings per share - basic and diluted	38	17.17	16.56

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

STATEMENT UNDER SECTION 241(2) OF THE COMPANIES ORDINANCE, 1984

As the Chief Executive is for the time being not in Pakistan, therefore, these financial statements have been signed by two Directors of the Company as required under section 241(2) of the Companies Ordinance, 1984.


Asim Ghani
 Director


Duraid Qureshi
 Director



STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED SEPTEMBER 30, 2014

Note	2014	2013 Restated
	(Rupees in thousand)	
Profit after taxation	298,153	287,545
Other comprehensive income for the year		
Items to be classified to profit and loss account in subsequent period		
Unrealized gain on remeasurement of available for sale investments	29,259	16,207
Items that will not be reclassified to profit and loss account in subsequent period		
Remeasurements of defined benefit plan	3,190	20,765
Total comprehensive income for the year	330,602	324,517

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

STATEMENT UNDER SECTION 241(2) OF THE COMPANIES ORDINANCE, 1984

As the Chief Executive is for the time being not in Pakistan, therefore, these financial statements have been signed by two Directors of the Company as required under section 241(2) of the Companies Ordinance, 1984.


Asim Ghani
Director


Duraid Qureshi
Director



CASH FLOW STATEMENT

FOR THE YEAR ENDED SEPTEMBER 30, 2014

	Note	2014	2013
		(Rupees in thousand)	
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	39	692,940	1,130,764
Finance cost paid		(258,590)	(237,366)
Income tax paid		(67,896)	(62,351)
Long term loans recovered		1,649	938
Long term deposits paid		(1,379)	(457)
		<u>(326,216)</u>	<u>(299,236)</u>
Net cash generated from operating activities		366,724	831,528
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditure on property, plant and equipment		(48,593)	(99,816)
Proceeds from disposal of property, plant and equipment		3,365	998
Purchase of long term investments		-	(145,932)
Proceeds from disposal of long term investments		-	34
Interest/markup received		4,527	4,469
Dividend received		9,846	405
Net cash used in investing activities		(30,855)	(239,842)
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of long term financing		(111,063)	(286,364)
Dividend paid		(86,174)	(68,745)
Short term borrowings - net		(300,217)	(64,571)
Net cash used in financing activities		(497,454)	(419,680)
Net (decrease) / increase in cash and cash equivalents		(161,585)	172,006
Cash and cash equivalents at the beginning of the year		178,979	6,973
Cash and cash equivalents at the end of the year	17	17,394	178,979

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

STATEMENT UNDER SECTION 241(2) OF THE COMPANIES ORDINANCE, 1984

As the Chief Executive is for the time being not in Pakistan, therefore, these financial statements have been signed by two Directors of the Company as required under section 241(2) of the Companies Ordinance, 1984.


Asim Ghani
 Director


Duraid Qureshi
 Director



STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED SEPTEMBER 30, 2014

Issued, subscribed and paid-up	RESERVES							Total Share holder's Equity	
	Revenue reserves			Capital reserves					
	General reserve	Accumulated profit	Sub total	Gain/(loss) on remeasurement of retirement benefit obligation	Gain/(loss) on remeasurement of AFS investment	Sub total	Total reserves		
(Rupees in thousand)									
Balance as at October 1, 2012	173,623	458,000	1,111,477	1,569,477	-	(15,386)	(15,386)	1,554,091	1,727,714
Effect of remeasurement of defined benefit plan (note 3.1)	-	-	-	-	(334)	-	(334)	(334)	(334)
Balance as at October 1, 2012 - restated	173,623	458,000	1,111,477	1,569,477	(334)	(15,386)	(15,720)	1,553,757	1,727,380
Total comprehensive income for the year Profit for the year	-	-	287,545	287,545	-	-	-	287,545	287,545
Other comprehensive income for the year									
Unrealized gain on remeasurement of available for sale investments	-	-	-	-	-	16,207	16,207	16,207	16,207
Remeasurements of defined benefit plan (note 3.1)	-	-	-	-	20,765	-	20,765	20,765	20,765
Total comprehensive income for the year	-	-	287,545	287,545	20,765	16,207	36,972	324,517	324,517
Transfer to general reserve	-	1,000,000	(1,000,000)	-	-	-	-	-	-
Transactions with owners									
Final Dividend 2012: Rs. 4 per share	-	-	(69,449)	(69,449)	-	-	-	(69,449)	(69,449)
Balance as at September 30, 2013 - restated	173,623	1,458,000	329,573	1,787,573	20,431	821	21,252	1,808,825	1,982,448
Total comprehensive income for the year Profit for the year	-	-	298,153	298,153	-	-	-	298,153	298,153
Other comprehensive income for the year									
Unrealized gain on remeasurement of available for sale investments	-	-	-	-	-	29,259	29,259	29,259	29,259
Remeasurements of defined benefit plan	-	-	-	-	3,190	-	3,190	3,190	3,190
Total comprehensive income for the year	-	-	298,153	298,153	3,190	29,259	32,449	330,602	330,602
Transactions with owners									
Final Dividend 2013: Rs. 5 per share	-	-	(86,812)	(86,812)	-	-	-	(86,812)	(86,812)
Balance as at September 30, 2014	<u>173,623</u>	<u>1,458,000</u>	<u>540,914</u>	<u>1,998,914</u>	<u>23,621</u>	<u>30,080</u>	<u>53,701</u>	<u>2,052,615</u>	<u>2,226,238</u>

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

STATEMENT UNDER SECTION 241(2) OF THE COMPANIES ORDINANCE, 1984

As the Chief Executive is for the time being not in Pakistan, therefore, these financial statements have been signed by two Directors of the Company as required under section 241(2) of the Companies Ordinance, 1984.


Asim Ghani
Director


Duraid Qureshi
Director



NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED SEPTEMBER 30, 2014

1 THE COMPANY AND ITS OPERATIONS

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

S. No	Division	Principal Activities	Location of undertaking	Commencement of commercial production
1	Sugar	Manufacturing and sale of sugar	Mirwah Gorchani, Mirpurkhas	December 15, 1993
2	Ethanol (note 1.1)	Processing and sale of industrial ethanol	Mirwah Gorchani, Mirpurkhas	Unit I: August 20, 2000 Unit II: January 23, 2004
3	*Chemical and alloys and **Power (note 1.2)	*Manufacturing and sales of calcium carbide and ferro alloys. **Generation and sales of electricity.	Dhabeji, Thatta.	*November 01, 2006 **April 06, 2010
4	Tank Terminal	Providing bulk storage facility	Oil industrial area, Kemari, Karachi.	October 15, 2012

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

1.2 The production facilities of chemical, alloys and power segment have been suspended in view of present business conditions. However, the management of the Company is in process of negotiation with K-Electric for resumption of power supply to them for which budgets have been approved by the Board of Directors. Tariff has been filed with NEPRA. Once tariff is approved by NEPRA, the management of the Company will place the Power Acquisition Contract and Tariff before the Board of Directors for their approval. During the year a portion of chemical plant which was given on lease has been vacated by the lessee.

2 BASIS OF PREPARATION

2.1 Statement of Compliance

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

2.2 Basis of Measurement

These financial statements have been prepared under the historical cost convention, except as otherwise disclosed in these notes.



2.3 Functional and presentation currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the Company operates. The financial statements are presented in Pak Rupees, which is the Company's functional and presentation currency.

2.4 Critical Accounting Estimates and Judgments

The preparation of financial statements in conformity with the approved accounting standards, as applicable in Pakistan, requires management to make judgments, estimates and assumptions that affect the application of policies and the reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

- Assumptions and estimates used in determining the recoverable amount, residual values and useful lives of property, plant and equipment - note 3.2 and 4
- Assumptions and estimates used in determining the recoverable amount, residual values and useful lives of investment property - note 3.3 and 5
- Assumptions and estimates used in determining the provision for slow moving stores and spares - note 3.4 and 9
- Assumptions and estimates used in writing down items of stock in trade to their net realisable value - note 3.5 and 10
- Assumptions and estimates used in calculating the provision for doubtful trade debts - note 3.6 and 11
- Assumptions and estimates used in the recognition of current and deferred taxation - note 3.9 and 37
- Assumptions and estimates used in accounting for staff retirement benefits - note 3.1 and 15.1
- Assumptions and estimates used in calculating the provision for doubtful loans and advances - note 3.7 and 12
- Assumptions and estimates used in disclosure and assessment of provision for contingencies - note 27

2.5 Initial application of standards, amendments or an interpretation to existing standards

The amendments to the following standards have been adopted by the Company for the first time for the financial year beginning on October 01, 2013

IAS 19 'Employee Benefits' was revised in June 2011. The changes on the Company's accounting policies are to immediately recognise all past service costs and actuarial gains or losses; and to replace interest cost and expected return on plan assets with a net interest amount that is calculated by applying the discount rate to the net defined benefit liability (asset). See note 3.1 for the impact on the financial statements.

2.6 Adoption of new accounting standards / amendments and IFRS interpretations that are effective for the year ended September 30, 2014

The following standards, amendments and interpretations are effective for the year ended September 30, 2014.



These standards, interpretations and the amendments are either not relevant to the Company's operations or are not expected to have significant impact on the Company's financial statements other than certain additional disclosures.

Amendments to IAS 1 - Presentation of Financial Statements – Clarification of Requirements for Comparative information

Effective from accounting period beginning on or after January 01, 2013

This improvement clarifies the difference between voluntary additional comparative information and the minimum required comparative information. Generally, the minimum required comparative information is the previous period.

Amendments to IAS 16 - Property, Plant and Equipment – Classification of servicing equipment

Effective from accounting period beginning on or after January 01, 2013

This improvement clarifies that major spare parts and servicing equipment that meet the definition of property, plant and equipment are not inventory.

Amendments to IAS 32 Financial Instruments: Presentation - Tax effects of distributions to holders of an equity instrument, and transaction costs of an equity transaction

Effective from accounting period beginning on or after January 01, 2013

This improvement clarifies that income taxes arising from distributions to equity holders are accounted for in accordance with IAS 12 Income Taxes.

Amendments to IAS 34 - Interim Financial Reporting - Interim reporting of segment information for total assets and total liabilities

Effective from accounting period beginning on or after January 01, 2013

"The amendment aligns the disclosure requirements for total segment assets with total segment liabilities in interim financial statements. This clarification also ensures that interim disclosures are aligned with annual disclosures."

Amendments to IFRS 7 Financial Instruments : Disclosures - Offsetting financial assets and financial liabilities

Effective from accounting period beginning on or after January 01, 2013

These amendments require an entity to disclose information about rights to set-off and related arrangements (e.g., collateral agreements). The disclosures would provide users with information that is useful in evaluating the effect of netting arrangements on an entity's financial position. The new disclosures are required for all recognized financial instruments that are set off in accordance with IAS 32 Financial Instruments: Presentation. The disclosures also apply to recognized financial instruments that are subject to an enforceable master netting arrangement or similar agreement, irrespective of whether they are set off in accordance with IAS 32.

IFRIC 20 - Stripping Costs in the Production Phase of a Surface Mine

Effective from accounting period beginning on or after January 01, 2013

This interpretation applies to waste removal (stripping) costs incurred in surface mining activity, during the production phase of the mine. The interpretation addresses the accounting for the benefit from the stripping activity.

2.7 New accounting standards and IFRS interpretations that are not yet effective

The following standards, amendments and interpretations are only effective for accounting periods, beginning on or after the date mentioned against each of them. These standards, interpretations and the amendments are either



not relevant to the Company's operations or are not expected to have significant impact on the Company's financial statements other than certain additional disclosures.

Amendments to IAS 19 Employee Benefits: Employee contributions

Effective from accounting period beginning on or after July 01, 2014

This amendment clarifies the application of IAS 19, 'Employee benefits' (2011) – referred to as 'IAS 19R', to plans that require employees or third parties to contribute towards the cost of benefits. The amendment does not affect the accounting for voluntary contributions. The 2011 revisions to IAS 19 distinguished between employee contributions related to service and those not linked to service. The current amendment further distinguishes between contributions that are linked to service only in the period in which they arise and those linked to service in more than one period. The amendment allows contributions that are linked to service, and do not vary with the length of employee service, to be deducted from the cost of benefits earned in the period that the service is provided.

IAS 27 (Revised 2011) – Separate Financial Statements

Effective from accounting period beginning on or after January 01, 2015

The revised Standard sets out the requirements regarding separate financial statements only. Most of the requirements in the revised Standard are carried forward unchanged from the previous Standard.

IAS 28 (Revised 2011) – Investments in Associates and Joint Ventures

Effective from accounting period beginning on or after January 01, 2015

Similar to the previous Standard, the new Standard deals with how to apply the equity method of accounting. However, the scope of the revised Standard has been changed so that it covers investments in joint ventures as well because IFRS 11 requires investments in joint ventures to be accounted for using the equity method of accounting.

Amendments to IAS 32 Financial Instruments: Presentation - Offsetting financial assets and financial liabilities

Effective from accounting period beginning on or after January 01, 2014

These amendments clarify the meaning of "currently has a legally enforceable right to set-off". It will be necessary to assess the impact to the entity by reviewing settlement procedures and legal documentation to ensure that offsetting is still possible in cases where it has been achieved in the past. In certain cases, offsetting may no longer be achieved. In other cases, contracts may have to be renegotiated. The requirement that the right of set-off be available for all counterparties to the netting agreement may prove to be a challenge for contracts where only one party has the right to offset in the event of default.

IAS 36 Impairment of Assets - Recoverable Amount Disclosures for Non-Financial Assets

Effective from accounting period beginning on or after January 01, 2014

The amendments:

- remove the requirement to disclose the recoverable amount of a cash-generating unit (or group of cash-generating units) to which a significant amount of goodwill or intangible assets with indefinite useful lives has been allocated in periods when no impairment or reversal has been recognized (this requirement having been inadvertently introduced as part of consequential amendments on the introduction of IFRS 13; and
- introduce additional disclosure requirements in respect of assets for which an impairment has been recognized or reversed and for which the recoverable amount is determined using fair value less costs of disposal.



IAS 39 Financial Instruments: Recognition and Measurement - Novation of Derivatives and Continuation of Hedge Accounting

Effective from accounting period beginning on or after January 01, 2014

The amendment allows the continuation of hedge accounting (under IAS 30 and IFRS 9 chapter on hedge accounting) when a derivative is novated to a clearing counterparty and certain conditions are met.

IFRS 10 – Consolidated Financial Statements

Effective from accounting period beginning on or after January 01, 2015. Earlier adoption is encouraged.

IFRS 10 replaces the part of IAS 27 Consolidated and Separate Financial Statements that deals with consolidated financial statements and SIC 12 Consolidation - Special Purpose Entities. Under IFRS 10, there is only one basis for consolidation for all entities, and that basis is control. This change is to remove the perceived inconsistency between the previous version of IAS 27 and SIC 12; the former used a control concept while the latter placed greater emphasis on risks and rewards. IFRS 10 includes a more robust definition of control in order to address unintentional weaknesses of the definition of control set out in the previous version of IAS 27. Specific transitional provisions are given for entities that apply IFRS 10 for the first time. Specifically, entities are required to make the 'control' assessment in accordance with IFRS 10 at the date of initial application, which is the beginning of the annual reporting period for which IFRS 10 is applied for the first time. No adjustments are required when the 'control' conclusion made at the date of initial application of IFRS 10 is the same before and after the application of IFRS 10. However, adjustments are required when the 'control' conclusion made at the date of initial application of IFRS 10 is different from that before the application of IFRS 10.

IFRS 11 – Joint Arrangements

Effective from accounting period beginning on or after January 01, 2015

IFRS 11 replaces IAS 31 Interest in Joint Ventures and SIC 13 Jointly Controlled Entities – Non monetary Contributions by Venturers. IFRS 11 deals with how a joint arrangement should be classified where two or more parties have joint control. There are two types of joint arrangements under IFRS 11: joint operations and joint ventures. These two types of joint arrangements are distinguished by parties' rights and obligations under the arrangements. Under IFRS 11, the existence of a separate vehicle is no longer a sufficient condition for a joint arrangement to be classified as a joint venture whereas, under IAS 31, the establishment of a separate legal vehicle was the key factor in determining whether a joint arrangement should be classified as a jointly controlled entity.

IFRS 12 – Disclosure of Interests in Other Entities

Effective from accounting period beginning on or after January 01, 2015

IFRS 12 is a new disclosure Standard that sets out what entities need to disclose in their annual consolidated financial statements when they have interests in subsidiaries, joint arrangements, associates or unconsolidated structured entities (broadly the same as special purpose entities under SIC 12). IFRS 12 aims to provide users of financial statements with information that helps evaluate the nature of and risks associated with the reporting entity's interest in other entities and the effects of those interests on its financial statements.

IFRS 13 – Fair Value Measurement

Effective from accounting period beginning on or after January 01, 2015

IFRS 13 establishes a single source of guidance for fair value measurements and disclosures about fair value measurements. IFRS 13 does not change the requirements regarding which items should be measured or disclosed at fair value. The scope of IFRS 13 is broad; it applies to both financial instrument items and non-financial instrument items for which other IFRSs require or permit fair value measurements and disclosures about fair value measurements, except in specified circumstances. IFRS 13 gives a new definition of fair value for financial reporting purposes. Fair value under IFRS 13 is defined as the price that would be received to sell an asset or paid to transfer a liability in



an orderly transaction in the principal (or most advantageous) market at the measurement date under current market condition (i.e. an exit price) regardless of whether that price is directly observable or estimated using another valuation technique. IFRS 13 should be applied prospectively as of the beginning of the annual period in which it is initially applied.

IFRIC 21 - Levies

**Effective from accounting period
beginning on or after January 01, 2014**

IFRIC 21 defines a levy as a payment to a government for which an entity receives no specific goods or services. A liability is recognized when the obligating event occurs. The obligating event is the activity that triggers payment of the levy. This is typically specified in the legislation that imposes the levy.

Other than the aforesaid standards, interpretations and amendments, the International Accounting Standards Board (IASB) has also issued the following standards which have not been adopted locally by the Securities and Exchange Commission of Pakistan:

- IFRS 1 – First Time Adoption of International Financial Reporting Standards
- IFRS 9 – Financial Instruments
- IFRS 14 – Regulatory Deferral Accounts
- IFRS 15 – Revenue from Contracts with Customers

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these financial statements are the same as those applied in the preparation of the financial statements of the Company for the year ended September 30, 2013 except as stated in note 3.1.

3.1 CHANGE IN ACCOUNTING POLICY

a) Adoption of amendments in IAS-19 'Employee Benefits' (Revised)

During the current year, the Company has changed its accounting policy in respect of post-retirement defined benefit plan as required under IAS 19, 'Employee Benefits'. According to the new policy, all actuarial gains and losses are recognized in Other Comprehensive Income (OCI) in the periods in which they occur. Amounts recorded in profit and loss account are limited to current and past service costs, gain or loss on settlement and net interest income or expense. All other changes in the net defined benefit obligation are recognized directly in OCI with no subsequent recycling through profit and loss account. Previously, the Company was recognizing all actuarial gains / losses in the profit and loss account.

The change in accounting policy has been accounted for retrospectively in accordance with the transitional provisions of the standard and the comparative figures have been restated as per the requirements of IAS 8, 'Accounting Policies, Changes in Accounting Estimates and Errors'. The Company's financial statements are affected to the extent of "remeasurements" relating to prior years. The effects of above changes have



been summarized below:

Note	2014 (Rupees in thousand)	2013
Impact on Statement of Financial Position		
Increase / (decrease) in other receivables	20,431	(334)
Increase / (decrease) in Reserve	20,431	(334)
Impact on Statement of Changes in Equity		
Increase / (decrease) in remeasurement of retirement benefit obligation	20,431	(334)
Impact on Statement of Comprehensive Income		
Increase in Other Comprehensive Income	20,765	-

b) Amendments to IAS -1 'Presentation of financial statements' - Clarification of the requirements for comparative information

The amendment clarifies the disclosure requirements for comparative information when an entity provides a third balance sheet either as required by IAS 8, 'Accounting Policies, Changes in Accounting Estimates and Errors' or voluntarily. When an entity produces an additional balance sheet as required by IAS 8, the balance sheet should be at the date of the beginning of the preceding period, i.e. the opening position. No notes are required to support this balance sheet. In light of this amendment and with the change in accounting policy with respect to accounting for remeasurement gains/(losses) on defined benefit plan, a third balance sheet has been presented during the current year stating restated balances.

3.2 Property, plant and equipment

a) Operating fixed assets - owned

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

Depreciation is charged, on a systematic basis over the useful life of the asset, on reducing balance method, which reflects the patterns in which the asset's economic benefits are consumed by the Company, at the rates specified in the note 4.1. Assets residual value and useful lives are reviewed and adjusted appropriately at each financial year end. Depreciation on additions is charged from the month in which the assets are put to use while no depreciation is charged in the month in which the assets are disposed off. No amortization is provided on leasehold land since the leases are renewable at the option of the lessee at nominal cost and their realizable values are expected to be higher than respective carrying values.

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. All other repairs and maintenance are charged to profit and loss account during the financial year in which they are incurred.

Assets are derecognized when disposed or when no future economic benefits are expected from its use or disposal. Gains or losses on disposals, if any, are included in profit and loss account.

b) Capital work-in-progress

Capital work-in-progress represents expenditures on fixed assets including advances in the course of



construction and installation. Transfers are made to relevant fixed assets category as and when assets are available for use. Capital work-in-progress is stated at cost.

3.3 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.

Former office premises which is held to earn rental income is classified under investment property. It is carried at its respective cost, under the cost model, less accumulated depreciation and accumulated impairment losses, if any. Depreciation is charged, on a systematic basis over the useful life of the asset, on reducing balance method, at the rate specified in the note 5.

3.4 Stores and spares

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

3.5 Stock-in-trade

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

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

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

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

3.6 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. Provision for doubtful debts is based on the management's assessment of customer's outstanding balances and creditworthiness. Bad debts are written-off when identified.

3.7 Loans, advances, deposits, prepayments and other receivables

Loans, advances, deposits, prepayment and other receivables are carried at original amount less provision made for doubtful receivables based on a review of all outstanding amounts at the year end. Loans, advances, deposits, prepayment and other receivables considered irrecoverable are written off.

3.8 Cash and cash equivalents

Cash and cash equivalents for cash flow purposes include cash in hand, current and deposit accounts held with banks.



3.9 Taxation

a) Current

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

The charge for current taxation is based on taxable income at the current rate of taxation after taking into account applicable tax credit, rebates and exemptions available, if any, or minimum tax on turnover or Alternate Corporate Tax (ACT), whichever is higher.

b) Deferred

Deferred income tax is provided using the balance sheet liability method for all temporary differences at the balance sheet date between tax base of assets and liabilities and their carrying amounts for financial reporting purposes. The amount of deferred tax provided is based on the expected manner of realization or the settlement of the carrying amounts of assets and liabilities, using the tax rates enacted or substantively enacted at the balance sheet date.

Deferred income tax asset is recognized for all deductible temporary differences and carry forward of unused tax losses, if any, to the extent that it is probable that taxable profit for the foreseeable future will be available against which such temporary differences and tax losses can be utilized.

3.10 Staff retirement benefits

a) Defined benefit plan - gratuity scheme

The company operates an approved funded gratuity scheme (defined benefit plan) for all its employees who have completed the qualifying period under the scheme. Contributions are made to the fund in accordance with the actuarial recommendations. The most recent valuation in this regard was carried out as at September 30, 2014, using the Projected Unit Credit Method for valuation of the scheme. Actuarial gains and losses for the defined benefit plan are recognized in full in the period in which they occur in other comprehensive income. Such actuarial gains and losses are recognized in equity as capital reserves as these will not reclassified to profit and loss in subsequent periods. Current and past service costs, gain or loss on settlement and net interest income or expense are accounted for in profit and loss account.

This scheme is governed by Trust Deeds and Rules. All matters pertaining to this scheme including contributions to the scheme and payments to outgoing members are dealt with in accordance with the Trust Deeds and Rules.

b) Employees compensated absences

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

3.11 Trade and other payables

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

3.12 Foreign currency transaction

Transactions in foreign currencies are translated into reporting currency at the rates of exchange prevailing on the dates of transactions. Monetary assets and liabilities denominated in foreign currencies are translated



at the rates ruling on the balance sheet date. Non-monetary assets and liabilities are recorded using exchange rates that existed when the values were determined. Exchange differences on foreign currency translations are included in profit and loss account.

3.13 Financial instruments

3.13.1 Financial assets

All financial assets are recognized at the time when the Company becomes a party to the contractual provisions of the instrument. Regular purchases and sales of investments are recognized at trade date i.e. the date on which the Company commits to purchase or sell the asset.

Financial assets are initially recognized at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognized at fair value and transaction costs are expensed in the profit and loss account.

Available for sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value. 'Loans and receivables' and 'held to maturity' investments are carried at amortized cost using effective interest rate method.

The fair values of quoted investments are based on current prices. If the market for a financial asset is not active (for unlisted securities), the Company measures the investments at cost less impairment in value, if any.

Financial assets are derecognized when the rights to receive cash flows from the assets have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership.

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

a) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are financial assets held for trading and financial assets designated upon initial recognition as at fair value through profit or loss. A financial asset is classified held for trading if acquired principally for the purpose of selling in the short term. Assets in this category are classified as current assets.

b) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market.

c) Available for sale financial assets

Available for sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless management intends to dispose of the investments within twelve months from the balance sheet date. Available for sale financial assets are classified as long term investments in the balance sheet.

When securities classified as available for sale are sold or impaired, the accumulated fair value adjustments recognized as "Other comprehensive Income" are included in the profit and loss account as gains and losses on disposal of long term investments. Dividends on available for sale equity instruments are recognized in the profit and loss account when the Company's right to receive payments is established.



d) Held to maturity

Held to maturity are financial assets with fixed or determinable payments and fixed maturity for which management has the intention and ability to hold till maturity are carried at amortized cost. Since the investment is for short term, its cost is treated as amortized cost because of insignificant difference.

3.13.2 Financial liabilities

All financial liabilities are recognized at the time when the Company becomes a party to the contractual provisions of the instrument.

Financial liabilities, other than those at fair value through profit or loss, are measured at amortized cost using the effective yield method.

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expired. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange and modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in respective carrying amounts is recognized in the profit and loss account.

3.13.3 Offsetting of financial assets and financial liabilities

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

3.13.4 Impairment

Financial assets

A financial asset is assessed at each balance sheet date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

Any impairment loss arising on financial assets is recognized in profit and loss account.

Non-financial assets

The Company assesses at each balance sheet date whether there is any indication that assets, other than deferred tax asset, 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 profit and loss account. The recoverable amount is the higher of an asset's 'fair value less costs to sell' and 'value in use'.

Where impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised recoverable amount but limited to the extent of the carrying amount that would have been determined (net of amortization or depreciation) had no impairment loss been recognized. Reversal of impairment loss is recognized as income.

3.14 Borrowing costs

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



3.15 Provisions

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

3.16 Inter-segment pricing

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

3.17 Revenue recognition

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

- Revenue from sale of goods is recognized when the significant risks and rewards of ownership of the goods have passed to the buyer, usually on dispatch of the goods to customers.
- Return on bank deposits is recognized on a time proportion basis on the principal amount outstanding and the rate applicable while income from held to maturity investment is recorded using effective yield method.
- Mark-up on growers loan is accounted for in line with the recovery of the respective loan due to exigencies involved in such matters. Recognition of mark-up on loans considered doubtful is deferred.
- Unrealized gains / (losses) arising on re-measurement of investments classified as 'at fair value through profit & loss' are included in profit and loss account in the year in which they arise.
- Unrealized gains / (losses) arising on revaluation of securities classified as 'available for sale' are included in other comprehensive income in the period in which they arise.
- Gains / (losses) arising on disposal of investments are included in income currently and are recognized on the date when the transaction takes place.
- Miscellaneous income is recognized on occurrence of transactions.
- Dividend income from investments is recognized when the Company's right to receive the dividend is established.
- Rental income from investment property, rental income of chemical section and income on sale of CO₂ is recorded on accrual basis.

3.18 Dividend and appropriation to reserves

Dividend and appropriations to reserves are recognized in the statement of changes in equity in the period in which these are approved.

3.19 Segment reporting

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



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

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

3.20 Earnings per share

The Company presents basic and diluted earnings per share (EPS) for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the year.

Diluted EPS is determined by adjusting the profit or loss attributable to ordinary share holders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares.

3.21 Transactions with related parties

The Company enters into transactions with related parties for sale or purchase of goods and services on an arm's length basis.



	Note	2014 (Rupees in thousand)	2013
4 PROPERTY, PLANT AND EQUIPMENT			
Operating fixed assets	4.1	1,912,669	1,955,605
Capital work in progress	4.2	-	48,330
		1,912,669	2,003,935

4.1 OPERATING FIXED ASSETS

As at September 30, 2014

	Cost				Rate %	Accumulated depreciation			Written down value as at September 30, 2014
	As at October 01, 2013	Additions / (Deletions)	Transferred from CWIP	As at September 30, 2014		As at October 01, 2013	Charge (adjustment) for the year	As at September 30, 2014	
----- Rupees in '000 -----									
Owned									
Free-hold land	26,557	-	-	26,557	-	-	-	-	26,557
Lease-hold land	73,694	-	-	73,694	-	-	-	-	73,694
Main factory building									
- on free-hold land	214,661	-	-	214,661	10	141,937	7,272	149,209	65,451
- on lease-hold land	168,317	-	-	168,317	10	78,753	8,956	87,710	80,608
Non-factory building									
- on free-hold land	147,109	-	-	147,109	10	79,892	6,722	86,614	60,495
- on lease-hold land	73,666	-	-	73,666	10	25,513	4,815	30,328	43,338
Plant and machinery	2,507,069	6,119	86,181	2,599,369	5 to 10	981,180	101,076	1,082,256	1,517,113
Furniture and fittings	10,654	-	-	10,654	10	5,484	517	6,001	4,653
Vehicles	68,618	4,123	-	68,915	20	38,907	6,108	42,814	26,101
	-	(3,826)	-	-		-	(2,201)	-	-
Office equipment	31,864	294	-	31,636	10	18,509	1,335	19,705	11,931
		(522)	-				(139)		
Computers	7,967	206	-	8,173	30	4,882	952	5,834	2,339
Tools and tackles	4,268	-	-	4,268	20	3,782	97	3,879	389
	3,334,444	10,742	86,181	3,427,019		1,378,839	137,851	1,514,350	1,912,669
	-	(4,348)	-	-		-	(2,340)	-	-

As at September 30, 2013

	Cost				Rate %	Accumulated depreciation			Written down value as at September 30, 2013
	As at October 01, 2012	Additions / (Deletions)	Transferred from CWIP	As at September 30, 2013		As at October 01, 2012	Charge (adjustment) for the year	As at September 30, 2013	
----- Rupees in '000 -----									
Owned									
Free-hold land	26,557	-	-	26,557	-	-	-	-	26,557
Lease-hold land	51,000	-	22,694	73,694	-	-	-	-	73,694
Main factory building									
- on free-hold land	214,661	-	-	214,661	10	133,856	8,080	141,937	72,724
- on lease-hold land	168,317	-	-	168,317	10	68,802	9,952	78,753	89,564
Non-factory building									
- on free-hold land	122,594	-	24,515	147,109	10	73,559	6,334	79,892	67,217
- on lease-hold land	48,867	-	24,799	73,666	10	20,162	5,350	25,513	48,153
Plant and machinery	2,250,025	-	257,044	2,507,069	5 to 10	874,862	106,318	981,180	1,525,889
Furniture and fittings	10,654	-	-	10,654	10	4,909	575	5,484	5,170
Vehicles	63,640	6,153	-	68,618	20	33,098	6,435	38,907	29,711
	-	(1,175)	-	-		-	(626)	-	-
Office equipment	30,924	940	-	31,864	10	17,063	1,446	18,509	13,355
Computers	7,364	603	-	7,967	30	3,647	1,235	4,882	3,085
Tools and tackles	4,268	-	-	4,268	20	3,660	122	3,782	486
	2,998,871	7,696	329,052	3,334,444		1,233,618	145,847	1,378,839	1,955,605
	-	(1,175)	-	-		-	(626)	-	-



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

	Note	2014 (Rupees in thousand)	2013
Cost of sales	29	79,361	83,420
Storage tank terminal	30	19,816	20,789
Chemical and alloys	31.2	17,712	19,245
Power	31.3	12,144	12,804
Administrative expenses	33	8,818	9,589
		<u>137,851</u>	<u>145,847</u>

4.1.2 The following assets were disposed off during the year:

Description	Cost	Accumulated depreciation	Witten down value	Sales Proceeds	Gain/ (Loss)	Mode of Disposal	Particular of Buyers
----- Rupees in '000 -----							
Vehicle							
Toyota Corolla ASQ-408	1,369	942	427	700	273	Negotiation	Mr. Ghulam Mustafa
Honda Civic ASW-405	1,849	942	907	1,800	893	Insurance claim	EFU General Insurance
Toyota Corolla AJR-480	536	307	229	700	471	Negotiation	Mr. Muhammad Ibrahim
Honda Motorcycle KGV-9582	72	10	62	69	7	Insurance claim	EFU General Insurance
	<u>3,826</u>	<u>2,201</u>	<u>1,625</u>	<u>3,269</u>	<u>1,644</u>		
Office Equipment							
Air conditioner	131	37	94	15	(79)	Negotiation	Various
Book value not exceeding Rs. 50,000 each	391	102	289	81	(208)	Negotiation	Various
	<u>522</u>	<u>139</u>	<u>383</u>	<u>96</u>	<u>(287)</u>		
Year ended Sep 30, 2014	4,348	2,340	2,008	3,365	1,357		
Year ended Sep 30, 2013	1,175	626	549	998	449		

4.2 CAPITAL WORK IN PROGRESS

Description	2014				2013			
	As at October 01, 2013	Additions / (adjustments)	Transfer to operating fixed assets	As at September 30, 2014	As at October 01, 2012	Additions / (adjustments)	Transfer to operating fixed assets	As at September 30, 2013
----- Rupees in '000 -----								
Storage tank terminal	-	-	-	-	181,261	-	(181,261)	-
Borrowing cost (note 4.2.1)	-	-	-	-	47,080	-	(47,080)	-
	-	-	-	-	<u>228,341</u>	-	<u>(228,341)</u>	-
Non-factory building								
Godown	-	-	-	-	9,009	13,566	(22,575)	-
Advance to contractor	-	-	-	-	1,114	-	(1,114)	-
Borrowing cost (note 4.2.1)	-	-	-	-	-	825	(825)	-
	-	-	-	-	<u>10,123</u>	<u>14,391</u>	<u>(24,514)</u>	-
Plant and machinery								
Storage tanks - Ethanol division	-	-	-	-	45,685	28,399	(74,084)	-
Advance to contractor	-	-	-	-	1,113	-	(1,113)	-
Borrowing cost (note 4.2.1)	-	-	-	-	-	1,000	(1,000)	-
	-	-	-	-	<u>46,798</u>	<u>29,399</u>	<u>(76,197)</u>	-
Digester	35,691	16,950	(52,641)	-	-	35,691	-	35,691
Advance to contractor	78	(78)	-	-	-	78	-	78
Stores held for capitalization	8,124	(8,124)	-	-	-	8,124	-	8,124
Borrowing cost (note 4.2.1)	1,439	4,544	(5,983)	-	-	1,439	-	1,439
	<u>45,332</u>	<u>13,292</u>	<u>(58,624)</u>	-	-	<u>45,332</u>	-	<u>45,332</u>
Pipeline for storage tank terminal	2,864	10,143	(13,007)	-	-	2,864	-	2,864
Borrowing cost (note 4.2.1)	134	168	(302)	-	-	134	-	134
	<u>2,998</u>	<u>10,311</u>	<u>(13,309)</u>	-	-	<u>2,998</u>	-	<u>2,998</u>
Pipeline from storage tank terminal to Pakistan refinery	-	14,136	(14,136)	-	-	-	-	-
Borrowing cost (note 4.2.1)	-	112	(112)	-	-	-	-	-
	-	<u>14,248</u>	<u>(14,248)</u>	-	-	-	-	-
Total	<u>48,330</u>	<u>37,851</u>	<u>(86,181)</u>	-	<u>285,262</u>	<u>92,120</u>	<u>(329,052)</u>	<u>48,330</u>

4.2.1 Average annualized rate of 10.02% (2013: 9.11%) has been used for capitalization of borrowing cost.



5 INVESTMENT PROPERTY

	Cost		Rate %	As at October 01,	Depreciation Charge for the year	As at September 30,	Written down As at September 30,
	As at October 01,	As at September 30,					
----- Rupees in '000 -----							
Former offices premises- 2014	<u>1,600</u>	<u>-</u>	<u>10%</u>	<u>1,131</u>	<u>47</u>	<u>1,178</u>	<u>422</u>
Former offices premises- 2013	<u>1,600</u>	<u>-</u>	<u>10%</u>	<u>1,079</u>	<u>52</u>	<u>1,131</u>	<u>469</u>

5.1 The estimated market value as per valuation carried out by M/s. Sipra and Company (Pvt.) Limited subsequent to year end as on November 21, 2014 is Rs. 31.18 million.

Note **2014** **2013**
(Rupees in thousand)

6 LONG TERM INVESTMENTS

Available for sale investments - in Quoted shares at fair value

In related party	6.1	<u>99,432</u>	<u>23,174</u>
In other than related party	6.2	<u>112,839</u>	<u>159,911</u>
		<u>212,271</u>	<u>183,085</u>

6.1 In related party

	2014	2013			2014	2013
	Number of shares					
	par value Rs.10/- each					
	<u>765,450</u>	<u>405,000</u>	Hum Network Limited	6.1.1	<u>99,432</u>	<u>23,174</u>

6.1.1 During the year, Hum Network Limited has issued bonus share of 162,000 and 198,450 bonus share at the rate of 40% and 35% respectively.

6.2 In other than related party

	2014	2013			2014	2013
	Number of shares					
	par value Rs.10/- each					
	<u>21,996,000</u>	<u>21,996,000</u>	Power Cement Limited		<u>112,839</u>	<u>159,911</u>

	2014	2013
The market value of each quoted security is as follows:	(Rupees)	
HUM Network Limited	<u>129.90</u>	<u>57.22</u>
Power Cement Limited	<u>5.13</u>	<u>7.27</u>



	Note	2014 (Rupees in thousand)	2013
7 LONG TERM LOANS			
- Considered good and secured			
Due from executives - related parties	7.1	1,407	3,618
Due from other employees		1,168	780
		<u>2,575</u>	<u>4,398</u>
Less: current portion of long term loans	12	(1,222)	(1,396)
		<u>3,928</u>	<u>7,400</u>

7.1 Reconciliation of carrying amount of loans to executives

Balance at beginning of the year	3,618	4,535
Add: disbursements	343	1,100
	<u>3,961</u>	<u>5,635</u>
Less: repayments	(2,554)	(2,017)
Balance at end of the year	<u>1,407</u>	<u>3,618</u>

7.2 These loans are interest free and have been given to executives and other employees of the Company for purchase of vehicles and personal use in accordance with their terms of employment. These loans are to be repaid over a period of two to five year in equal monthly installments. These are secured against the retirement benefits and vehicles (in case of vehicle loan) of the respective employees and are within the limits of such securities.

7.3 Maximum aggregate amount of loans outstanding at any month end was Rs. 4.364 million (2013: Rs. 5.357 million).

	Note	2014 (Rupees in thousand)	2013
8 DEFERRED TAXATION - NET			
Deductible temporary differences			
Available tax losses		260,869	286,098
Minimum tax		92,861	-
Provisions		32,937	35,869
		<u>386,667</u>	<u>321,967</u>
Taxable temporary differences			
Accelerated tax depreciation		(288,010)	(287,576)
Less: Unrecognized deferred tax asset	8.1	(98,657)	-
		<u>-</u>	<u>34,391</u>

8.1 Deferred tax asset as at September 30, 2014 has not been recognized as the Company is uncertain about the timing and extent of future taxable profits against which such benefits can be utilized. Further, deferred tax asset recognized in previous year has also been written off.



8.2 Movement in deferred tax asset

	October 1, 2012	Recognized in profit and loss account	September 30, 2013	Recognized in profit and loss account	September 30, 2014
----- Rupees in '000 -----					
Deferred tax liabilities					
arising in respect of:					
Accelerated tax depreciation	(333,425)	45,849	(287,576)	(434)	(288,010)
Less: deferred tax assets					
arising in respect of:					
Assessed tax losses	332,483	(46,385)	286,098	(25,229)	260,869
Minimum tax	-	-	-	92,861	92,861
Provisions	28,077	7,792	35,869	(2,932)	32,937
	360,560	(38,593)	321,967	64,700	386,667
Less: Deferred tax not recognized	-	-	-	(98,657)	(98,657)
	27,135	7,256	34,391	(34,391)	-

9 STORES AND SPARES PARTS

	Note	2014 (Rupees in thousand)	2013
Stores and spares parts		163,555	166,052
Less: provision for slow moving items and obsolescence	9.1	(22,805)	(21,852)
		<u>140,750</u>	<u>144,200</u>

9.1 Movements in provision for slow moving items and obsolescence during the year is as follows

	Note	2014 (Rupees in thousand)	2013
Balance at beginning of the year		21,852	21,002
Provision made during the year		953	850
Balance at end of the year		<u>22,805</u>	<u>21,852</u>

10 STOCK IN TRADE

Raw materials		327,600	289,036
Work-in-process		3,485	5,823
Finished goods			
- Sugar	10.1	815,234	526,717
- Ethanol	10.2	273,201	159,645
- Ferro Silicon	10.2	2,249	2,422
		1,090,684	688,784
Stock of bagasse in hand		14,157	6,716
		<u>1,435,926</u>	<u>990,359</u>

10.1 Value of stock pledged with the banking company amounting to Rs. 119.410 (2013: Rs. 208.055) million.

10.2 Finished goods includes stock items valued at net realizable value (NRV) at Rs. 4.565 million (2013: Rs. 19.007 million):



		Cost (Rupees in thousand)	NRV (Rupees in thousand)
Summary of related Cost and NRV is as under:			
Ferro Silicon		13,000	2,249
Ethanol - Grade B		3,062	2,316
		16,062	4,565
		16,062	4,565
11 TRADE DEBTS	Note	2014	2013
		(Rupees in thousand)	
Considered good			
- Export		23,269	2,418
- Local		18,728	17,547
		41,997	19,965
Considered doubtful - Local		15,432	18,593
		57,429	38,558
Less: provision for doubtful trade debts		11.1 (15,432)	(18,593)
		41,997	19,965
		41,997	19,965
11.1 Movements in provision for doubtful trade debts during the year is as follows			
Balance at beginning of the year		18,593	11,124
Provision made during the year		1,297	7,469
Reversal of provision made during the year		31.2 (4,458)	-
Balance at end of the year		15,432	18,593
		15,432	18,593
12 LOANS AND ADVANCES			
Loans - interest based			
- Loans to growers - Unsecured			
Considered good		12.1 18,713	46,597
Considered doubtful		-	834
		18,713	47,431
Provision for loans considered doubtful		12.2 -	(834)
		18,713	46,597
Loans - non interest based			
- Current portion of long term loans			
7		1,222	1,396
- Loans to growers - Unsecured			
Considered good		3,864	2,069
Considered doubtful		301	420
		4,165	2,489
Provision for loans considered doubtful		12.2 (301)	(420)
		3,864	2,069
Advances - Unsecured			
- Considered good			
To employees against salary		12.3 69	110
To employees against expenses		438	499
To suppliers and contractors		12.4 205,393	322,818
Against letter of credit for stores and spares parts		1,454	4,258
		207,354	327,685
- Considered doubtful			
To suppliers and contractors		46,838	46,838
		254,192	374,523
Provision for advances considered doubtful		(46,838)	(46,838)
		207,354	327,685
		231,153	377,747



12.1 The rate of mark-up on such loans ranges up to 14.96% (2013: Rs 14.96%) subject to final settlement with the respective grower. In order to ensure supply of sugarcane from certain growers, Company has provided fertilizers, seeds and tricograma cards which has been provided as advance and the Company will recover the same out of the cane supply from the said grower in the ensuing season.

12.2 Movements in provision for advances considered doubtful during the year is as follows

	Note	2014 (Rupees in thousand)	2013
Balance at beginning of the year		1,254	1,254
Reversal of provision during the year	36	(953)	-
Balance at end of the year		<u>301</u>	<u>1,254</u>

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

12.4 This includes amount of Rs. 202.018 million (2013: Rs. 314.379 million) in respect of advances to molasses suppliers.

13 TRADE DEPOSITS AND SHORT TERM PREPAYMENTS

	Note	2014 (Rupees in thousand)	2013
Deposits	13.1	1,000	6,505
Prepayments	13.2	11,593	10,351
		<u>12,593</u>	<u>16,856</u>

13.1 This represents deposit against performance guarantee paid to Directorate General Procurement against sale of sugar.

	Note	2014 (Rupees in thousand)	2013
13.2 Prepayments			
Rent		5,965	5,821
Establishment charges		3,015	2,554
Insurance		1,775	1,214
Software license fees		838	762
		<u>11,593</u>	<u>10,351</u>

14 INTEREST ACCRUED

- On

Growers loans		1,132	2,751
Term deposit receipts		168	29
		<u>1,300</u>	<u>2,780</u>

15 OTHER RECEIVABLES

- Considered good

Sales tax and excise duty		2,237	4,742
Defined benefit plan (staff retirement gratuity) - funded	15.1	23,017	26,219
Freight subsidy on sugar export		42,343	42,343
Others		1,908	2,101
		<u>69,505</u>	<u>75,405</u>



15.1 Defined benefit plan (staff retirement gratuity) - funded

As stated in note 3.1, the Company operates a defined benefit plan i.e. an approved funded gratuity scheme for all its permanent employees subject to attainment of retirement age and minimum service of prescribed period. Actuarial valuation of the scheme is carried out every year and the latest actuarial valuation was carried out as at September 30, 2014 using projected unit credit method. The disclosures made in notes 15.1.1 to 15.1.11 are based on the information included in that actuarial report.

15.1.1 The asset recognized in the balance sheet is as follows:

	Note	2014 (Rupees in thousand)	2013
Present value of defined benefit obligation	15.1.2	(68,105)	(86,361)
Fair value of plan assets	15.1.3	93,039	113,579
Payables		(1,917)	(999)
Net receivables in the balance sheet		<u>23,017</u>	<u>26,219</u>

15.1.2 Changes in present value of defined benefit obligation

Present value of defined benefit obligation at the beginning of the year	86,361	112,816
Current service cost	9,575	11,888
Interest cost on defined benefit obligation	7,986	12,974
Benefits due but not paid	(918)	(999)
Benefits paid	(32,920)	(9,539)
Remeasurements on obligation	(1,979)	(40,779)
Present value of defined benefit obligation at the end of the year	<u>68,105</u>	<u>86,361</u>

15.1.3 Changes in fair value of plan assets

Fair value of plan assets as at the beginning of the year	113,579	125,231
Contributions made during the year to the fund	-	3,500
Interest income on plan assets	11,169	14,401
Benefit paid	(32,920)	(9,539)
Return on plan assets, excluding interest income	1,211	(20,014)
Fair value of plan assets at the end of the year	<u>93,039</u>	<u>113,579</u>

15.1.4 Plan assets comprises of

	2014		2013	
	Rupees in '000	%	Rupees in '000	%
Bond	12,000	12.9%	-	-
Equity	52,535	56.5%	51,977	45.8%
Cash and/or deposits	28,504	30.6%	61,602	54.2%
	<u>93,039</u>	<u>100%</u>	<u>113,579</u>	<u>100%</u>

**15.1.5 The following amounts have been charged to profit and loss account during the year**

	Note	2014 (Rupees in thousand)	2013
Current service cost		9,575	11,888
Interest cost on defined benefit obligation		7,986	12,974
Interest income on plan assets		(11,169)	(14,401)
		<u>6,392</u>	<u>10,461</u>

15.1.6 Total Remeasurements Chargeable in Other Comprehensive Income

Remeasurements on obligation		(1,979)	(40,779)
Return on plan assets, excluding interest income		(1,211)	20,014
		<u>(3,190)</u>	<u>(20,765)</u>

15.1.7 Movement in net asset recognized in the balance sheet

Asset at the beginning of the year		26,219	12,415
Charge for the year	15.1.5	(6,392)	(10,461)
Remeasurements chargeable in other comprehensive income	15.1.6	3,190	20,765
Contributions		-	3,500
Asset at the end of the year		<u>23,017</u>	<u>26,219</u>

15.1.8 Principal actuarial assumptions

The latest actuarial valuation for gratuity fund was carried out as at September 30, 2014 using the Projected Unit Credit Method (PUCM). The following significant assumptions used for the actuarial valuation:

	2014	2013
Discount rate	<u>13.5%</u>	<u>11.5%</u>
Expected rate of increase in salary	<u>12.5%</u>	<u>10.5%</u>
Expected rate of return on plan assets	<u>11.5%</u>	<u>11.5%</u>
Average retirement age of the employee	<u>60 years</u>	<u>60 years</u>
Mortality rates	<u>SLIC 2001-2005</u>	<u>EFU 61-66</u>

15.1.9 Sensitivity analysis

Significant actuarial assumptions for the determination of the defined obligation are discount rate and expected rate of salary increase. The sensitivity analyses below have been determined based on reasonably possible changes of the respective assumptions occurring at the end of the reporting period, while holding all other assumptions constant:



	Impact on defined benefit obligation		
	Changes in assumption	Increase in assumption	Decrease in assumption
	%	(Rupees in '000')	
Discount rate	1	63,462	73,352
Salary increase	1	73,206	63,518

15.1.10 Expected charge for the year 2014-15 will be Rs. 8.267 million.

15.1.11 Risks associated with the fund

Investment Risk: The risk of the investment underperforming and being not sufficient to meet the liabilities.

Final Salary Risk: The risk that the final salary at the time of cessation of service is greater than what we assumed. Since the benefit is calculated on the final salary (which will closely reflect inflation and other macroeconomic factors), the benefit amount increases as salary increases.

Withdrawal Risk: The risk of higher or lower withdrawal experience than assumed. The final effect could go either way depending on the beneficiaries' service / age distribution and the benefit.

Mortality Risk: The risk that the actual mortality experience is different than that of expected i.e. the actual life expectancy is longer than assumed. Especially in case of benefit payable are in streams of payments after retirement like pension etc.

	Note	2014 (Rupees in thousand)	2013 (Rupees in thousand)
16 SHORT TERM INVESTMENTS			
Held to Maturity			
Term Deposit Receipts (TDR)	16.1	7,412	600
At fair value through profit and loss			
Other than related parties	16.2	<u>225,067</u>	<u>125,231</u>
		<u>232,479</u>	<u>125,831</u>

16.1 These term deposit receipts are under banks lien against bank guarantees issued on behalf of Company. It carry profit from 6.11% to 8.25% (2013: 6.75%) per annum.

	Note	2014 (Rupees in thousand)	2013 (Rupees in thousand)
16.2 At fair value through profit and loss - in quoted shares			
2014			2013
Number of shares			Number of shares
par value Rs.10/- each			par value Rs.10/- each
1,500,000			1,500,000
253,000			200,000
759,000			690,000
			Fauji Cement Company Limited
		29,235	16,275
	16.2.1	25,695	13,998
	16.2.2	170,137	94,958
		<u>225,067</u>	<u>125,231</u>



	Note	2014	2013
		(Rupees)	
The market value of each listed security is as follows:			
Fauji Cement Company Limited		19.49	10.85
Mehran Sugar Mills Limited		101.56	69.99
IGI Insurance Limited		224.16	137.62

16.2.1 During the year, Mehran sugar mills limited has issued a bonus shares of 30,000 and 23,000 at the rate of 15% and 10% respectively.

16.2.2 During the year, IGI insurance limited has issued a bonus shares of 69,000 at the rate of 10%.

	Note	2014	2013
		(Rupees in thousand)	
17 CASH AND BANK BALANCES			
Cash in hand		1,016	1,047
Cash at banks			
Current accounts		11,741	176,134
Saving accounts	17.1	4,637	1,798
		16,378	177,932
		17,394	178,979

17.1 These carry profit ranging from 5% to 7.5% (2013: 6% to 7.33%).

18 AUTHORIZED CAPITAL

2014	2013		2014	2013
Number of shares				
<u>40,000,000</u>	<u>17,500,000</u>	Ordinary share of par value Rs. 10 each	<u>400,000</u>	<u>175,000</u>

18.1 During the period, the company has increased its authorized capital by 22,500,000 ordinary shares of Rs.10 each.

19 ISSUED, SUBSCRIBED AND PAID-UP CAPITAL

2014	2013	Note	2014	2013
shares			(Rupees in thousand)	
<u>17,362,300</u>	<u>17,362,300</u>	Fully paid in cash	<u>173,623</u>	<u>173,623</u>
		Ordinary share of par value Rs. 10 each		

19.1 Number of shares held by the associates as on the balance sheet date are 5,821,000 (2013: 9,206,648).

19.2 The ordinary share holders are entitled to receive all distributions including dividends and other entitlements in the form of bonus and right shares as and when declared by the Company. All shares carry one vote per share without restriction.



	Note	2014 (Rupees in thousand)	2013
20 RESERVES			
Capital reserves			
Unrealized gain on remeasurement of retirement benefit obligation		23,621	20,431
Unrealized gain on remeasurement of available for sale investment		30,080	821
	20.1	53,701	21,252
Revenue reserves			
General reserve		1,458,000	1,458,000
Unappropriated profit		540,914	329,573
	20.2	1,998,914	1,787,573
		2,052,615	1,808,825

20.1 Capital reserve will be utilized for any purpose only after it is realized and transferred to profit and loss account. However, these reserves can be individually offset against losses arising in future periods (if any).

20.2 Revenue reserves can be utilized for meeting any contingencies and for distribution of profit by way of dividend.

	Note	2014 (Rupees in thousand)	2013
21 LONG TERM FINANCING			
- secured			
From banking companies			
MCB bank limited - Demand finance	21.1	36,364	72,727
Privately placed term finance certificates	21.2	-	74,700
		36,364	147,427
Current portion of long term financing		(36,364)	(111,064)
		-	36,363

21.1 This represents Demand Finance from MCB Bank Limited against sanctioned limit of Rs 200 million. It is secured against first pari passu charge over all present and future fixed assets of Company including land, building, property, plant and equipment. The outstanding amount at September 30, 2014 is repayable in 4 quarterly installments of Rs. 9.090 million by September 2015. It carries mark-up at the rate of three months KIBOR plus 1.65% (2013: three months KIBOR plus 1.65%) per annum chargeable and payable quarterly.

21.2 This has been fully paid during the year.

22 DEFERRED LIABILITY

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



	Note	2014	2013
(Rupees in thousand)			
23 TRADE AND OTHER PAYABLES			
Trade creditors		246,044	248,076
Accrued liabilities		36,781	36,870
Advances from customers		497,721	197,964
Advance against rent		19,123	-
Sales tax payable		18,810	1,155
Workers' profit participation fund	23.1	20,872	17,777
Workers' welfare fund		27,905	26,090
Unclaimed dividend		5,117	4,479
Retention money payable		2,045	3,231
Federal Excise duty payable		-	868
Special Excise duty payable		9,696	9,690
Withholding tax payable		5,503	833
Installments recovered from employees on behalf of gratuity fund		8,111	12,074
Others		1,003	425
		<u>898,731</u>	<u>559,532</u>
23.1 Workers' profit participation fund			
Balance at the beginning of the year		17,777	29,205
Interest for the year	35	2,941	1,510
Charge for the year	34	20,872	17,777
		<u>41,590</u>	<u>48,492</u>
Paid during the year		<u>(20,718)</u>	<u>(30,715)</u>
Balance at end of the year		<u>20,872</u>	<u>17,777</u>
24 ACCRUED MARK-UP			
Mark-up on			
Long term financing		72	3,199
Short term borrowing		16,881	25,171
		<u>16,953</u>	<u>28,370</u>
25 SHORT TERM BORROWINGS			
From banking companies - secured			
Under Mark up arrangements			
Cash / Running finances	25.1	321,552	678,154
Export refinance	25.1	821,675	765,290
		<u>1,143,227</u>	<u>1,443,444</u>

25.1 The available aggregate finance facilities (short term funded) amounting to Rs. 3.805 billion (2014: Rs. 3.580 billion) which have been arranged from various commercial banks out of which Rs. 2.960 billion (2013: 2.785 billion) are with export refinance and FE 25, out of total export refinance limit Rs. 2.510 billion (2013: 2.335 billion) are interchangeable. The short term financing are secured against hypothecation of current assets, pledge of stock and



hypothecation over present and future property, plant and equipment of the Company. These carry mark-up ranging from 1 to 3 months KIBOR plus 1% to 1.5% (2013: 1 to 3 months KIBOR plus 1% to 1.5%) per annum payable quarterly in arrears or upon maturity. At the year end, facilities amounting to Rs. 2.662 billion (2013: Rs. 2.137 billion) remained unutilized. These facilities are expiring on various dates latest by September 30, 2014 and are renewable.

- 25.2** The available facilities for opening letters of credit as at September 30, 2014 aggregate Rs. 200 million (2013: Rs. 200 million) of which the amount unutilized as at September 30, 2014 was Rs. 196.33 million (2013: Rs. 200 million).

26 PROVISION FOR TAXATION

- 26.1** The Company filed appeal before Commission of Income Tax (CIT) against the said amount of tax levied by Income Tax Officer (ITO) under section 12(9A) of Income Tax Ordinance, 1979 related to assessment year 2002-2003, who set aside the order of ITO. The Department made appeal before the learned Income Tax Appellate Tribunal who maintained the decision of CIT. The Department again filed reference before the Honorable High Court Sindh which is pending. As per view of the legal advisor, the decision of the reference will be in favour of the Company.

27 CONTINGENCIES AND COMMITMENTS

27.1 Contingencies

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

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

- 27.1.3** A suit bearing no. 281 has been filed in the Honorable High Court of Sindh at Karachi by Mr. Suleman Lalani, (non-executive and minority Director) against the Company, its Chief Executive and eight others, alleging mismanagement in the company's affairs including siphoning off and divergence of Company's funds by the Chief Executive and others. The prayer sought in the suit mainly comprises of Rs. 236.716 million retrieval of the Company's funds along-with costs of the suit filed by the plaintiff and seeking appointment of receiver and carrying out of the forensic audit of the Company and removal of its Chief Executive. In response to the aforementioned, the Company and its management denied all allegations of the plaintiff. The hearings are in progress.

The Company's legal counsel have stated that considering the vagaries of litigation, no definite prediction can be made regarding the outcome of the case at this stage. However, in view of the Company's management, no adverse inference is likely to materialize in the suit.

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

The said Order of the Court has been challenged by the Company before the Division Bench of the High Court of Sindh through appeal bearing No. HCA-124, which has suspended a portion of the High Court's Order relating to SECP carrying out an investigation of the Company. This Appeal is currently pending before the Division Bench, and as per view of the legal advisor, the Company has fair chance to succeed in the said case.



27.1.4 As per notification No. 4(142) S.O (Ext) 95-XXIII dated December 11,2013, Government of Sindh has directed sugar factories in the province to pay quality premium to the cane growers in respect of crushing season 2013-14 @0.50 paisa per 40 Kg for each 0.1% (including fraction thereof to be calculated prorated) of excess sucrose recovery of above 8.7% determined on overall sucrose recovery basis on each mill. However , as the matter is pending in Supreme Court of Pakistan and as per decisions of Federal Government ,Steering Committee meeting held on 16-07-2007, the quality premium shall remain suspended till decision of Supreme Court / Consensus on uniform formula is developed in Federal Government. In view of the given circumstances and as per the decision of the Punjab High Court in a similar case in which it was declared that the demand of quality premium is un lawful, the management of the company is confident that case will be decided in favour of sugar mills, therefore no provision has been made in this financial information for liability of quality premium in respect of crushing season 2013-14 amounting to Rs.82.225 million.

27.1.5 The Federal Government notified reduced rate of FED @ 0.5% on local supply of sugar to the extent of sugar exported by sugar mills against export quota allocated by Economic Coordination Committee in meeting dated January 10, 2013, subject to terms and conditions prescribed in S.R.O 77(1)/2013 dated February 07, 2013. The company has availed the facility effective from 10th January 2013, however as per contention of the department the relief is applicable from the date of SRO, accordingly the demand amounting to Rs. 85.450 millions relating to period prior to date of SRO has been created. The same has been contested before Honorable High Court of Sindh Vide Constitution Petition No. 1927/2014. The management is confident that the case will be decided in the favour of the company.

27.2 Commitments

- a) Commitments in respect of letter of credit amounts to Rs. 3.655 million (September 30, 2013: Nil) and Capital commitments in respect of plant and machinery amounts to Rs. Nil (September 30, 2013: Rs. 25.274 million).
- b) Bank guarantees of Rs. 61.412 (2013: Rs. 54.6) million have been issued by the banking companies on behalf of the Company in favour of customers and suppliers. The available and unavailed limits of bank guarantees amounting to Rs. 61.820 (2013: Rs. 54.6) million and Rs. 0.408 (2013:Nil) million respectively.

Note	Sugar		Ethanol		Total	
	2014	2013	2014	2013	2014	2013
	----- (Rupees in thousand) -----					
28 SALES						
Local	2,286,672	1,812,061	180,206	107,703	2,466,878	1,919,764
Export	494,806	968,368	2,719,041	3,044,346	3,213,847	4,012,714
	2,781,478	2,780,429	2,899,247	3,152,049	5,680,725	5,932,478
Less:						
Sales tax	(37)	(6,923)	(23,022)	(10,470)	(23,059)	(17,393)
Special excise duty	-	(2,063)	-	-	-	(2,063)
Federal excise duty	(136,926)	(63,322)	-	-	(136,926)	(63,322)
	(136,963)	(72,308)	(23,022)	(10,470)	(159,985)	(82,778)
	2,644,515	2,708,121	2,876,225	3,141,579	5,520,740	5,849,700

28.1 It includes exchange gain on sugar export of Rs. 0.751 million (2013: Rs.2.240 million) and on ethanol of Rs. 17.780 million (2013: Rs. 23.529 million).



Note	Sugar		Ethanol		Total	
	2014	2013	2014	2013	2014	2013
	----- (Rupees in thousand) -----					
29 COST OF SALES						
Cost of raw materials consumed	2,758,175	2,376,521	2,173,249	2,001,851	4,931,424	4,378,372
Stores and spare parts consumed	66,225	91,323	56,892	55,122	123,117	146,445
Packing materials	34,321	27,839	94	4,321	34,415	32,160
Salaries, wages and other benefits 29.1	173,735	155,175	33,656	30,708	207,391	185,883
Fuel, electricity and water charges	1,977	6,197	60,675	177,780	62,652	183,977
Repairs and maintenance	8,917	18,693	6,931	10,724	15,848	29,417
Other manufacturing expenses 29.2	38,573	34,682	22,601	20,480	61,174	55,162
Depreciation 4.1.1	44,991	46,813	34,370	36,607	79,361	83,420
	3,126,914	2,757,243	2,388,468	2,337,593	5,515,382	5,094,836
Work in process						
Opening	5,823	5,584	-	-	5,823	5,584
Closing	(3,485)	(5,823)	-	-	(3,485)	(5,823)
	2,338	(239)	-	-	2,338	(239)
	3,129,252	2,757,004	2,388,468	2,337,593	5,517,720	5,094,597
Less:						
Transfer price of molasses	(254,585)	(179,225)	-	-	(254,585)	(179,225)
Sale of fusel oil, CO2 gas and electricity income - net	-	-	(29,705)	(38,176)	(29,705)	(38,176)
Sale of molasses - net	(4)	(1,134)	-	-	(4)	(1,134)
Transfer price of bagasse	(60,674)	(175,582)	-	-	(60,674)	(175,582)
Stock adjustment of bagasse in hand - net	(7,441)	(5,151)	-	-	(7,441)	(5,151)
Sale of bagasse - net	(23,465)	(2,790)	-	-	(23,465)	(2,790)
	(346,169)	(363,882)	(29,705)	(38,176)	(375,874)	(402,058)
Cost of goods manufactured	2,783,083	2,393,122	2,358,763	2,299,417	5,141,846	4,692,539
Finished goods						
Opening	526,717	587,477	159,645	428,031	686,362	1,015,508
Closing	(815,234)	(526,717)	(273,201)	(159,645)	(1,088,435)	(686,362)
	(288,517)	60,760	(113,556)	268,386	(402,073)	329,146
	2,494,566	2,453,882	2,245,207	2,567,803	4,739,773	5,021,685

29.1 Salaries, allowances and other benefits include Rs. 2.978 million (2013: Rs. 5.740 million) in respect of defined benefit plan.

Note	Sugar		Ethanol		Total	
	2014	2013	2014	2013	2014	2013
	----- (Rupees in thousand) -----					
29.2 Other Manufacturing Expenses						
Security services	9,163	7,908	6,109	5,272	15,272	13,180
Printing and stationery	118	142	79	95	197	237
Vehicle running expenses	5,308	5,534	3,538	3,689	8,846	9,223
Insurance	8,986	7,580	5,990	5,053	14,976	12,633
Travelling and conveyance	3,228	3,245	2,152	2,163	5,380	5,408
Others	11,770	10,273	4,733	4,208	16,503	14,481
	38,573	34,682	22,601	20,480	61,174	55,162

Note	2014		2013	
	(Rupees in thousand)			
30 NET PROFIT FROM STORAGE TANK TERMINAL				
Storage service income	94,146	35,103		
Inter-segment services	17,100	15,945		
	111,246	51,048		
Less: direct expenses				
Salaries, wages and other benefits 30.1	9,376	7,690		
Water, fuel and power	2,815	1,706		
Repairs and maintenance	4,531	3,559		
Depreciation	19,816	20,789		
Security services	1,971	1,481		
Printing and stationery	21	40		
Lease charges	2,204	1,566		
Vehicle running expenses	936	596		
Insurance expenses	1,314	953		
Shipment expenses	3,040	1,576		
Fees and subscription	1,112	401		
Establishment charges	2,343	-		
Others	1,915	975		
	51,394	41,332		
	59,852	9,716		

30.1 Salaries, allowances and other benefits include Rs. 0.116 million (2013: Rs. 0.231 million) in respect of defined benefit plan.



	Note	2014 (Rupees in thousand)	2013
31 NET LOSS FROM CHEMICAL, ALLOYS AND POWER SEGMENT AND FIXED EXPENSES DUE TO SUSPENSION			
Plant lease income		4,800	11,400
Scrap sales	31.1	85	4,024
		<u>4,885</u>	<u>15,424</u>
Less: fixed expenses due to suspension			
Chemical and alloys	31.2	23,842	36,062
Power	31.3	20,446	19,588
		<u>44,288</u>	<u>55,650</u>
		<u>(39,403)</u>	<u>(40,226)</u>

31.1 The amount of Scrap sales is arrived at after netting off Rs. 0.016 million (2013: Rs. 0.766 million) being the sales tax.

	Note	2014 (Rupees in thousand)	2013
31.2 Chemical and alloys			
Salaries, wages and other benefits	31.2.1	3,978	2,865
Water, fuel and power		846	207
Security services		3,902	3,153
Printing and stationery		1	1
Vehicle running expenses		167	169
Insurance Expenses		1,295	2,033
Travelling and conveyance		57	60
Repairs and maintenance		159	340
Depreciation		17,712	19,245
Provision for doubtful debts	4.1.1	-	7,469
Others		197	133
		<u>28,314</u>	<u>35,675</u>
Reversal of provision for trade debts	11.1	(4,458)	-
(Gain) / loss from sale of carried over stock	31.2.2	(14)	387
		<u>23,842</u>	<u>36,062</u>

31.2.1 Salaries, allowances and other benefits include Rs. 0.080 million (2013: Rs. 0.098 million) in respect of defined benefit plan.

31.2.2 Gain / (loss) from sale of stock

	Note	2014 (Rupees in thousand)	2013
Sales		218	982
Less: sales tax		(31)	(143)
		<u>187</u>	<u>839</u>
Stock adjustment			
Opening		2,422	3,648
Closing		(2,249)	(2,422)
		<u>173</u>	<u>1,226</u>
		<u>14</u>	<u>(387)</u>



	Note	2014	2013
(Rupees in thousand)			
31.3 Power			
Salaries, wages and other benefits	31.3.1	3,115	2,169
Water, fuel and power		663	157
Security services		3,055	2,387
Vehicle running expenses		130	128
Insurance Expenses		1,015	1,539
Travelling and conveyance		44	45
Repairs and maintenance		124	258
Depreciation	4.1.2	12,144	12,804
Others		156	101
		<u>20,446</u>	<u>19,588</u>

31.3.1 Salaries, allowances and other benefits include Rs. 0.062 million (2013: Rs. 0.074 million) in respect of defined benefit plan.

Note	Sugar		Ethanol		Total	
	2014	2013	2014	2013	2014	2013
(Rupees in thousand)						

32 DISTRIBUTION COST

Sugar bags handling expenses	8,697	7,973	-	-	8,697	7,973
Export transportation and other expenses	26,599	246	106,599	110,326	133,198	110,572
Marking fees	2,781	2,778	-	-	2,781	2,778
	<u>38,077</u>	<u>10,997</u>	<u>106,599</u>	<u>110,326</u>	<u>144,676</u>	<u>121,323</u>

33 ADMINISTRATIVE EXPENSES

Salaries, allowances and other benefits	33.1	28,767	31,476	19,178	20,984	47,945	52,460
Rent, rates and taxes		3,067	3,506	2,045	1,840	5,112	5,346
Communication charges		1,908	1,987	1,272	1,325	3,180	3,312
Traveling and conveyance		540	1,006	360	671	900	1,677
Printing and stationery		1,471	927	981	618	2,452	1,545
Entertainment		1,051	1,273	701	849	1,752	2,122
Vehicle running expenses		7,570	7,299	5,047	4,866	12,617	12,165
Repairs and maintenance		1,230	1,492	820	995	2,050	2,487
Insurance		1,943	1,692	1,295	1,128	3,238	2,820
Fees and subscription		3,480	2,831	2,320	1,887	5,800	4,718
Legal and professional charges		6,419	5,398	4,279	3,599	10,698	8,997
Auditors' remuneration	33.2	839	759	559	506	1,398	1,265
Charity and donations	33.3	501	451	-	301	501	752
Newspaper and periodicals		42	44	28	29	70	73
Utilities		2,590	2,267	1,727	1,511	4,317	3,778
Depreciation	4.1.1	5,291	5,753	3,527	3,836	8,818	9,589
Security charges		920	545	613	363	1,533	908
Miscellaneous expenses		2,756	1,346	1,837	897	4,593	2,243
		<u>70,385</u>	<u>70,053</u>	<u>46,589</u>	<u>46,205</u>	<u>116,974</u>	<u>116,258</u>

33.1 Salaries, allowances and other benefits include Rs. 3.156 million (2013: Rs. 4.319) in respect of defined benefit plan.

Note	Sugar		Ethanol		Total	
	2014	2013	2014	2013	2014	2013
(Rupees in thousand)						

33.2 Auditors' remuneration

Statutory Auditors						
Annual audit fee	600	600	400	400	1,000	1,000
Half yearly review fee	62	30	42	20	104	50
Out of pocket expenses	76	41	64	34	140	75
	<u>738</u>	<u>671</u>	<u>506</u>	<u>454</u>	<u>1,244</u>	<u>1,125</u>
Cost Auditors						
Audit fee	135	130	-	-	135	130
Out of pocket expenses	20	10	-	-	20	10
	<u>155</u>	<u>140</u>	<u>-</u>	<u>-</u>	<u>155</u>	<u>140</u>
	<u>893</u>	<u>811</u>	<u>506</u>	<u>454</u>	<u>1,399</u>	<u>1,265</u>



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

	Note	Sugar		Ethanol		Total	
		2014	2013	2014	2013	2014	2013
34 OTHER OPERATING EXPENSES		(Rupees in thousand)					
Loss on translation of foreign exchange loan		-	-	-	7,533	-	7,533
Loss on disposal of property, plant and equipment		287	3	-	-	287	3
Provision for doubtful debts		1,297	-	-	-	1,297	-
Provision for slow moving items and obsolescence		953	850	-	-	953	850
Loss from farming - net		-	358	-	-	-	358
Workers' profit participation fund	23.1	-	2,118	20,872	15,659	20,872	17,777
Workers' welfare fund		-	805	8,450	5,950	8,450	6,755
		<u>2,537</u>	<u>4,134</u>	<u>29,322</u>	<u>29,142</u>	<u>31,859</u>	<u>33,276</u>
35 FINANCE COST							
Mark-up on long term financing		7,954	28,414	-	-	7,954	28,414
Mark-up on short term borrowings		112,915	105,071	115,687	81,520	228,602	186,591
Interest on workers profit participation fund	23.1	6	-	2,935	1,510	2,941	1,510
Bank charges and guarantee commission		4,836	5,355	2,840	2,386	7,676	7,741
		<u>125,711</u>	<u>138,840</u>	<u>121,462</u>	<u>85,416</u>	<u>247,173</u>	<u>224,256</u>
36 OTHER INCOME							
Income from financial assets							
Mark - up on loan to growers		1,770	3,246	-	-	1,770	3,246
Income from TDR / PLS deposits		1,204	2,459	-	588	1,204	3,047
Dividend income		7,971	1,875	-	-	7,971	1,875
Capital gain on sale of long term investments		-	1	-	-	-	1
Unrealized gain on short term investments carried at fair value through profit or loss		59,902	8,090	39,935	5,394	99,837	13,484
		<u>70,847</u>	<u>15,671</u>	<u>39,935</u>	<u>5,982</u>	<u>110,782</u>	<u>21,653</u>
Income from other than financial assets							
Scrap sales		4,640	3,230	3,093	2,153	7,733	5,383
Income from investment property	36.1	615	1,118	-	-	615	1,118
Sale of mud fertilizer		129	-	-	-	129	-
Liabilities written back		3,990	-	-	-	3,990	-
Reversal of provision for loan to growers		953	-	-	-	953	-
Gain on disposal of fixed assets		1,644	452	-	-	1,644	452
Income from farming - net	36.2	1,136	-	-	-	1,136	-
Miscellaneous		403	-	-	-	403	-
		<u>13,510</u>	<u>4,800</u>	<u>3,093</u>	<u>2,153</u>	<u>16,603</u>	<u>6,953</u>
		<u>84,357</u>	<u>20,471</u>	<u>43,028</u>	<u>8,135</u>	<u>127,385</u>	<u>28,606</u>
36.1 Income from investment property							
Rental income		662	1,170	-	-	662	1,170
Depreciation on investment property		(47)	(52)	-	-	(47)	(52)
		<u>615</u>	<u>1,118</u>	<u>-</u>	<u>-</u>	<u>615</u>	<u>1,118</u>
36.2 Income / (loss) from farming - net							
Sales		3,878	3,341	-	-	3,878	3,341
Farming cost		(2,742)	(3,699)	-	-	(2,742)	(3,699)
		<u>1,136</u>	<u>(358)</u>	<u>-</u>	<u>-</u>	<u>1,136</u>	<u>(358)</u>

	2014	2013	Total	
			2014	2013
37 TAXATION	(Rupees in thousand)			
Current	58,170	64,196		
Prior	(2,595)	(13,487)		
Deferred	34,391	(7,256)		
	<u>89,966</u>	<u>43,453</u>		

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

37.2 Income tax assessments of the Company have been finalized up to tax year 2014. However, the Commissioner of Income tax may, at any time during the period of five years from the date of filing of return, select the deemed assessment for audit.

37.3 During the current year, the Company has filed appeals before the Appellate Tribunal Inland Revenue and Commissioner Inland Revenue (Appeals) against amended orders passed under section 122 of Income Tax Ordinance, 2001 for the tax year 2011 and 2012. In the said orders, the assessing officer have made certain arbitrary additions to the income of the Company. However, these additions has no impact on tax liability of the Company due to huge carried forwarded losses. Further, the appeals filed before the appellate forum are pending adjudication, as hearing of the cases are not fixed so far.

37.4 For the tax year 2013, the Commissioner Inland Revenue has issued order u/s 122(1)/(5) of the Income Tax Ordinance 2001, with no material adverse effect.



	Note	2014 (Rupees in thousand)	2013
38 EARNINGS PER SHARE - BASIC AND DILUTED			
Profit after taxation		<u>298,153</u>	<u>287,545</u>
		(No. of Shares)	
Weighted average number of ordinary shares outstanding		<u>17,362,300</u>	<u>17,362,300</u>
		(Rupees)	
Earnings per share - basic and diluted	38.1	<u>17.17</u>	<u>16.56</u>

38.1 There are no dilutive potential ordinary shares outstanding as at September 30, 2014 and 2013.

	Note	2014 (Rupees in thousand)	2013
39 CASH GENERATED FROM OPERATIONS			
Profit before taxation		388,119	330,998
Adjustments for:			
Depreciation on property, plant and equipment		137,851	145,847
Depreciation on investment property		47	52
Provision for trade debts		1,297	7,469
Provision for slow moving items and obsolescence		953	850
Liability written back		(3,990)	-
Amortization on intangibles		-	1
Mark - up on loan to growers		(1,770)	(3,246)
Staff retirement benefits		6,392	10,461
Income from TDR / PLS deposits		(1,204)	(3,047)
Unrealized gain on short term investments carried at fair value through profit or loss		(99,837)	(13,484)
Dividend income		(7,971)	(1,875)
Gain on disposal of property, plant and equipment - net		(1,357)	(449)
Finance cost		247,173	224,256
Capital gain on sale of long term investments		-	(1)
Increase in market committee fee		6,216	5,032
		283,800	371,866
Working capital changes	39.1	21,021	427,900
Cash generated from operations		<u>692,940</u>	<u>1,130,764</u>

39.1 Working capital changes

(Increase) / decrease in current assets

Stores and spare parts	2,497	(14,538)
Stock-in-trade	(445,567)	481,093
Trade debts	(23,329)	277,902
Loans and advances	146,594	201,538
Trade deposits and short term prepayments	4,263	29,079
Other receivables	823	(46,541)
Short term investments	(6,811)	(82,232)
	(321,530)	846,301

Increase / (decrease) in current liabilities

Trade and other payables	342,551	(418,401)
	21,021	427,900



40 REMUNERATION OF CHIEF EXECUTIVE, DIRECTOR AND EXECUTIVES

	Chief Executive		Director		Executive		Total	
	2014	2013	2014	2013	2014	2013	2014	2013
	----- (Rupees in thousand) -----							
Managerial remuneration	9,818	9,818	5,455	5,455	36,645	33,626	51,918	48,899
Medical allowances	982	982	545	545	3,207	2,951	4,734	4,478
Other perquisites	3,058	1,471	724	320	5,926	5,846	9,708	7,637
Retirement benefits	1,767	2,326	548	696	1,454	2,717	3,769	5,739
Total	15,625	14,597	7,272	7,016	47,232	45,140	70,129	66,753
No. of persons	1	1	1	1	38	35	40	37

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

40.2 Seventeen (2013: Fifteen) executives of the company are also provided with company maintained cars for the business and personal use.

2014 2013
(Rupees in thousand)

41 FINANCIAL INSTRUMENTS BY CATEGORY

FINANCIAL ASSETS

- Loans and receivables at amortized cost

Long term loans	1,353	3,002
Long term deposits	11,393	10,014
Trade debts	57,429	38,558
Loans and advances	1,291	1,506
Trade deposits	1,000	6,505
Accrued income	1,300	2,780
Other receivables	1,908	2,101
Cash and bank balances	17,394	178,979
	<u>93,068</u>	<u>243,445</u>

- Held to maturity

Short term investments	7,412	600
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- Fair value through profit and loss

Short term investments	225,067	125,231
------------------------	---------	---------

- Available for sale

Long term investments	212,271	183,085
	<u>537,818</u>	<u>552,361</u>

FINANCIAL LIABILITIES

- Financial liabilities at amortized cost

Long term financing	36,364	147,427
Trade and other payables	318,224	305,155
Accrued mark-up	16,953	28,370
Short term borrowings	1,143,227	1,443,444
	<u>1,514,768</u>	<u>1,924,396</u>



42. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

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

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

- Credit risk
- Liquidity risk
- Market risk

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

42.1 Credit risk

Credit risk represents the accounting loss that would be recognized at the reporting date if counterparties fails to meet its contractual obligation and it mainly arises from balances with banks and financial institutions, short-term investments, trade debts, loans, advances, deposits and other receivables. The credit risk on liquid fund is limited because the counter parties are banks with reasonably high credit rating. Out of the total financial assets of Rs. 537.818 million (2013: Rs. 552.361 million), the financial assets which are subject to credit risk amounted to Rs. 536.802 million (2013: Rs. 551.314 million).

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

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

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

	2014	2013
	(Rupees in thousand)	
Long term investments	212,271	183,085
Long term loans	1,353	3,002
Long term deposits	11,393	10,014
Trade debts	57,429	38,558
Loans and advances	1,291	1,506
Trade deposits	1,000	6,505
Interest accrued	1,300	2,780
Other receivables	1,908	2,101
Short term investments	232,479	125,831
Bank balances	16,378	177,932
	<u>536,802</u>	<u>551,314</u>

**Long term loans**

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

Trade debts

All the trade debts at the balance sheet date represent domestic and overseas parties.

The maximum exposure to credit risk before any credit enhancements and provisions for trade debts at the reporting date by division is:

	2014	2013
	(Rupees in thousand)	
Sugar division	-	2,015
Ethanol division	23,269	15,853
Chemical and alloys	9,636	9,636
Power	-	4,458
Bagasse	7,857	5,797
Others	16,667	799
	57,429	38,558

The aging of trade receivable at the reporting date is:

Past due 1-30 days	29,068	9,269
Past due 30-150 days	10,869	10,695
Past due 150 days	17,492	18,594
	57,429	38,558

The Company has made adequate provision of Rs. 15.432 million for receivables past due over 150 days since it is likely that the same is not likely to be received and for rest of the receivables the Company considers the amount to be fully recoverable and therefore, no further provision has been made. The movement in the allowance for provision of trade debts is disclosed in note number 11.1 to the financial statement.

Loan and advances

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

Other receivables

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

Quality of financial assets

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

	2014	2013
	(Rupees in thousand)	
Bank balances		
With external credit rating		
A1+	10,869	177,525
A1	5,139	113
A2	314	52
A3	56	242
	16,378	177,932



42.2 Liquidity risk

Liquidity risk reflects the Company's inability in raising funds to meet commitments. Liquidity risk arises because of the possibility that the Company could be required to pay its liabilities earlier than expected or difficulty in raising funds to meet commitments associated with financial liabilities as they fall due. The Company's approach to manage liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. The Company's liquidity management involves projecting cash flows and considering the level of liquid assets necessary to fulfill its obligation, monitoring balance sheet liquidity ratios against internal and external requirements and maintaining debt financing plans.

The following are the contractual maturities of the financial liabilities:

	2014					
	Carrying amount	Contractual cash flows	Six months or less	Six to twelve months	One to two years	Two to five years and over
----- (Rupees in thousand) -----						
Financial Liabilities						
Long term financing	36,364	36,364	18,182	18,182	-	-
Trade and other payables	318,224	318,224	95,832	222,391	-	-
Accrued mark-up	16,953	16,953	16,953	-	-	-
Short term borrowings	1,143,227	1,143,227	571,614	571,613	-	-
	<u>1,514,768</u>	<u>1,514,768</u>	<u>702,581</u>	<u>812,186</u>	<u>-</u>	<u>-</u>
----- (Rupees in thousand) -----						
	2013					
	Carrying amount	Contractual cash flows	Six months or less	Six to twelve months	One to two years	Two to five years and over
----- (Rupees in thousand) -----						
Financial Liabilities						
Long term financing	147,427	147,427	92,882	18,182	36,363	-
Trade and other payables	361,568	361,568	278,701	82,867	-	-
Accrued markup	28,370	28,370	28,370	-	-	-
Short term borrowings	1,443,444	1,443,444	721,722	721,722	-	-
	<u>1,980,809</u>	<u>1,980,809</u>	<u>1,121,675</u>	<u>822,771</u>	<u>36,363</u>	<u>-</u>

The Company manages liquidity risk by maintaining sufficient cash and ensuring the fund availability through adequate credit facilities. At September 30, 2014 the Company has Rs. 2.662 billion (2013: Rs. 2.137 billion) available unutilized short term borrowing limit from financial institutions and also has Rs. 17.394 million (2013: Rs. 178.979 million) being balances of cash and bank. Based on the above, management believes the liquidity risk is insignificant.

42.3 Market risk

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

42.3.1 Foreign Exchange Risk

Foreign exchange risk represents the risk that the fair value of the future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Foreign exchange risk arises mainly from future economic transaction or receivables or payables that exist due to transactions in foreign currency. The Company is exposed to foreign exchange currency risk on import of raw sugar, stores and spares, export of refined sugar and export of ethanol mainly denominated in US dollars. Approximately 93.78% and 17.79% of the Company's revenue from ethanol segment and sugar segment respectively are denominated in currencies other than Pak rupees which form



58.21% of the total gross revenue of the Company. The Company's exposure to foreign currency risk for US Dollars is as follows:

	2014 (Rupees in thousand)	2013
Foreign debtors	23,269	2,418
Advance from customers - foreign	(3,457)	(3,966)
Net exposure	19,812	(1,548)

The following significant exchange rate has been applied:

	<u>Average rate</u>		<u>Spot rate at reporting date</u>	
	2014	2013	2014	2013
USD to PKR	102.38	91.18	102.70	94.70

Sensitivity analysis

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

	2014 (Rupees in thousand)	2013
Effect on profit or loss		
US Dollars	(1,981)	155

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

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

42.3.2 Interest rate risk

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

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

	2014 Effective interest rate (in percentage)	2013	2014 Carrying amount (Rupees in thousand)	2013
Financial assets				
Fixed rate instruments				
Loans to growers	14.96	14.96	18,713	46,597
Term deposit receipts (TDR)	6.11 to 8.25	6.75	7,412	600
			26,125	47,197
Variable rate instruments				
Bank balances	5 to 7.5	6 to 7.33	4,637	1,798



	2014	2013	2014	2013
	Effective interest rate (in percentage)		Carrying amount (Rupees in thousand)	
Financial liabilities				
Variable rate instruments				
Long term financing	11.03 to 11.83	11.03 to 13.79	36,364	147,427
Short term borrowings	10.12 to 11.88	10.03 to 11.79	1,143,227	1,143,227
			1,179,591	1,290,654

Sensitivity analysis

Fair value sensitivity analysis

The Company hold short term investments of Rs. 225.067 million at fair value through profit and loss and the related gain is reported in note 36 and hold available for sale investments of Rs. 212.271 million and the related gain is reported in statement of other comprehensive income.

Fair value sensitivity analysis for fixed rate instruments

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 decreased / (increased) profit for the year by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant. The analysis is performed on the same basis for 2013.

	Profit and loss 100 bp increase decrease (Rupees in '000')	
Financial assets		
As at September 30, 2014		
Cash flow sensitivity	(46.37)	46.37
As at September 30, 2013		
Cash flow sensitivity	(18)	18

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

	Profit and loss 100 bp increase decrease (Rupees in '000')	
Financial liabilities		
As at September 30, 2014		
Cash flow sensitivity	11,796	(11,796)
As at September 30, 2013		
Cash flow sensitivity	12,907	(12,907)

**42.3.3 Other price risk**

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

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

	2014 (Rupees in thousand)	2013
Investment at fair value through profit or loss	22,507	12,523
Available for sale investment	21,227	18,309
	<u>43,734</u>	<u>30,832</u>

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

42.4 Fair value of financial instruments

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable willing parties in an arms length transaction.

Financial assets which are tradable in an open market are remeasured at the market prices prevailing on the balance sheet date. The carrying values of all other financial assets and liabilities reported in the financial statements approximate their fair value.

42.5 Capital risk management

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

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

		2014 (Rupees in thousand)	2013
Long term financing		-	36,363
Accrued mark-up		16,953	28,370
Short term borrowings		1,143,227	1,443,444
Current maturity of long term financing		36,364	111,064
Total debt		<u>1,196,544</u>	1,619,241
Less: cash and bank balances		17,394	178,979
Net debt	A	<u>1,179,150</u>	1,440,262
Total capital and reserves		<u>2,226,238</u>	1,982,448
Capital and net debt	B	<u>3,405,388</u>	<u>3,422,710</u>
Gearing ratio	(C=A/B)	<u>34.63%</u>	<u>42.08%</u>



	2014	2013
43 PLANT CAPACITY AND ACTUAL PRODUCTION		
Sugar Unit		
Sugarcane crushing capacity per day in M.T	7,500	7,500
Actual no. of days season operated	124	92
Sugar cane crushed during the year in M .T	621,679	503,179
Sugarcane yield	10.23%	10.48%
Capacity in M.T based on number of days operated and sugarcane yield	95,139	72,312
Actual production in M. T	63,650	52,727
Ethanol Unit		
Unit - I		
Capacity in liters per day	85,000	85,000
Actual no. of days operated	259	305
Capacity in liters based on number of days operated	22,015,000	25,925,000
Actual production in liters	21,492,796	22,722,100
Unit - II		
Capacity in liters per day	87,500	87,500
Actual no. of days operated	294	249
Capacity in liters based on number of days operated	25,725,000	21,787,500
Actual production in Liters	24,738,578	19,199,687
Chemical alloys and others		
Capacity in M.T based on 320 days	27,220	27,220
Actual production in M.T	-	-
Power		
Capacity in Kilo Watts Hour (KWH) per day	312,000	312,000
Actual no. of days operated	-	-
Capacity in KWH based on number of days operated	-	-
Actual production in KWH	-	-
Tank terminal		
Capacity per year based on ethanol in M.T	274,200	274,200
Actual capacity utilized based on ethanol in M.T	268,035	151,262
43.1 Reasons for shortfall in capacity utilization		
a) Sugar Lesser availability of sugarcane.		
b) Ethanol Lesser availability of molasses and its quality.		
c) Chemical, alloys and power Production facilities have been suspended.		
d) Tank terminal Under utilization was due to low demand during the initial period of the current year.		



44 SEGMENT REPORTING

Note	2014					2013
	Sugar	Ethanol	Chemical, alloys and power	Storage tank terminal	Total	
----- (Rupees in thousand) -----						
Segment assets and liabilities						
Segment assets	1,980,349	1,441,832	539,766	220,429	4,182,376	3,872,942
Unallocated segment assets					214,845	357,771
					<u>4,397,221</u>	<u>4,230,713</u>
Segment liabilities	1,175,206	837,586	67	19,123	2,031,982	2,108,139
Unallocated segment liabilities					139,001	140,126
					<u>2,170,983</u>	<u>2,248,265</u>
Additions in capital work in progress	4.2	-	13,292	-	24,559	37,851
Addition in property, plant and equipment	4.2	-	-	6,119	-	6,119
Unallocated additions in operating fixed assets		-	-	-	-	4,623
					<u>48,593</u>	<u>99,816</u>
----- (Rupees in thousand) -----						
Note	2014					2013
	Sugar	Ethanol	Chemical, alloys and power	Storage tank terminal	Total	
----- (Rupees in thousand) -----						
Segment profit and loss account						
Sales	28	2,644,515	2,876,225	-	-	5,520,740
Cost of Sales	29	(2,494,566)	(2,245,207)	-	-	(4,739,773)
Net profit from storage tank terminal	30	-	-	-	59,852	59,852
Net loss from chemical, alloys and power segment and fixed expenses due to suspension	31	-	-	(39,403)	-	(39,403)
Distribution cost	32	(38,077)	(106,599)	-	-	(144,676)
Administrative expenses	33	(70,385)	(46,589)	-	-	(116,974)
Other operating expenses	34	(2,537)	(29,322)	-	-	(31,859)
Finance cost	35	(125,711)	(121,462)	-	-	(247,173)
Other income	36	84,357	43,028	-	-	127,385
Profit / (loss) before taxation		<u>(2,404)</u>	<u>370,074</u>	<u>(39,403)</u>	<u>59,852</u>	<u>388,119</u>
Taxation	37					(89,966)
Profit / (loss) after taxation					<u>298,153</u>	<u>287,545</u>
Depreciation		<u>50,282</u>	<u>37,897</u>	<u>29,856</u>	<u>19,816</u>	<u>137,851</u>
Amortization		-	-	-	-	1
Non-cash items other than depreciation						
Provision for trade debts	34	1,297	-	-	-	1,297
Provision for slow moving items and obsolescence	34	953	-	-	-	953
Liability written back	36	3,990	-	-	-	3,990
Unrealized gain on short term investments	36	59,902	39,935	-	-	99,837

44.1 Revenue reported in notes 28, 30 and 31 is generated from external customers except otherwise specified from other reporting segments. The inter transfer of molasses and bagasse from sugar segment to ethanol segment is accounted as a reduction of cost of production of sugar segment in note 29.

44.2 The accounting policies of the reportable segments are the same as th Companys' accounting policies described in note number 3. Financial charges on long term, cash and running financing is allocated to sugar where as mark up on export refinance is allocated to ethanol. This is the measure reported to management for the purposes of resource allocation and assessment of segment performance.

44.3 Revenue from major products

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



44.4 Information about major customers

Revenue from major customers (5% or above of segment's gross sales) of sugar segment represent Rs. 1,395 million (2013: Rs. 1,776 million) of total sugar segment gross revenue of Rs. 2,781 million (2013: Rs. 2,778 million), ethanol segment of Rs. 2,449 million (2013: Rs. 2,827 million) of total ethanol segment revenue of Rs. 2,899 million (2013: Rs. 3,129 million), power segment of Rs. Nil (2013: Rs. Nil) of total power segment revenue. Revenue from chemical and alloys segment does not include major customers.

45 RELATED PARTY TRANSACTIONS

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

	Note	2014 (Rupees in thousand)	2013
Dividend received	45.1	5,279	405
Installment recovered from employees on behalf of Employees' Gratuity Fund		11,091	12,153
Paid to Employee's Gratuity Fund on account of installment recovered from employees		15,054	-
Contribution paid to Employees' Gratuity Fund		-	3,500
Rental income		662	1,170
Sale of ethanol and others		-	43,121
Commission on purchase and sale of shares		-	1,042

45.1 Beside cash dividend as mentioned above, the Company also received 162,000 and 198,450 bonus share at the rate of 40% and 35% respectively.

45.2 During the year the Company has paid dividend to Directors and Associates amounting to Rs. 71.646 million (2013: Rs. 56.213 million) There were no transactions with the key management personnel other than under their terms of employment, which are disclosed in note 40 to the financial statements.

46 NUMBER OF EMPLOYEES

Total number of employees at year end and average number of employees during the year are 955 (2013: 950) and 1,112 (2013: 1,008) respectively.

47 DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorized for issue on January 03, 2015 by the Board of Directors of the Company.

48 CORRESPONDING FIGURES

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



Reclassification from the caption component	Reclassification to the caption component	Note	Amount in million
Other income - Exchange gain	Sales - Export sugar	28	2.240
Other income - Exchange gain	Sales - Export ethanol	28	23.529
Cost of sales - Water, fuel and power	Transfer price of bagasse	29	131.926
Income tax refundable net off provision	Income tax refund due form the Government	BS	50.997

49 SUBSEQUENT EVENT

The Board of Directors in its meeting held on January 03, 2015 proposed a cash dividend of Rs. 10 per share i.e. 100% for the year ended September 30, 2014 amounting to Rs. 173.623 million. The financial statements for the year ended September 30, 2014 do not include the effect of the proposed cash dividend which will be accounted for in the financial statements for the year ended September 30, 2015.

50 GENERAL

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

STATEMENT UNDER SECTION 241(2) OF THE COMPANIES ORDINANCE, 1984

As the Chief Executive is for the time being not in Pakistan, therefore, these financial statements have been signed by two Directors of the Company as required under section 241(2) of the Companies Ordinance, 1984.


Asim Ghani
Director


Duraid Qureshi
Director



AL-ABBAS SUGAR Mills Limited

FORM OF PROXY

I/We.....of
..... in the district of being a
member of **AL-ABBAS SUGAR MILLS LIMITED**, holding
shares, hereby appoint Mr./Mrs./Miss
.....of
as my proxy to vote for me, and on my behalf at the 24th Annual General Meeting of the Company to be held at Beach
Luxury Hotel, Karachi on Saturday, January 30, 2015 at 11:30 a.m. and at any adjournment thereof.

As witness given under my/our hand(s)..... day of2015

Signed by the said

in the presence of
1
2
2
3

(Witness's Signature)

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

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

Share held.....
Shareholders folio No.....
CDC A/c No.....
CNIC No.....

Note:

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

For CDC Account Holders/Corporate Entities:

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

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



Form of Submission of Copies of CNIC and NTN Certificates

In pursuance with the Securities & Exchange Commission of Pakistan (SECP) Notification No.SRO 831(1)/2012 dated July 05, 2012 in super session of earlier Notification No. SRO 779(1)/2011 of August 18, 2011, SECP has directed all listed companies to mention Computerized National Identity Card Number (CNIC) / NTN numbers of the registered shareholder on the dividend warrants. Therefore;

"THE SHAREHOLDERS OF THE COMPANY ARE REQUESTED TO PROVIDE IMMEDIATELY A COPY OF THEIR COMPUTERIZED NATIONAL IDENTITY CARD (CNIC) OR PASSPORT (IN CASE OF FOREIGNER) AT COMPANY'S REGISTERED OFFICE OR SHARE REGISTRAR OFFICES".

Folio No.	Name of Shareholder	CNIC/ NTN / Passport No (Copy Attached)

Signature of Member / Share holder



Form for Filer

Amendment in Section 150 (Withholding Tax of Dividend) of Income Tax Ordinance-2001

The Government of Pakistan through Act, 2014 had made certain amendments in Section 150 of the Income Tax Ordinance, 2001 whereby different rates are prescribed for deduction of withholding tax on the amount of dividend paid by the companies. These tax rates are as under:

- | | |
|--|-----|
| (a) For filers of income tax returns | 10% |
| (b) For non-filers of income tax returns | 15% |

"Therefore, The Corporate shareholders having CDC account are required to have their National Tax Number (NTN) update with their respective participants, whereas physical shareholders should send a copy of their NTN certificate to the Company's share registrar office".

Folio No.	Name of Shareholder	National Tax Number

Signature of Member / Share holder



Form for Dividend Mandate (Optional)

Payment of Cash Dividend Electronically (Optional)

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

S.No.	Shareholder / Member Detail	
1	Shareholder' Name	
2	Father's / Husband Name	
3	Folio Number	
4	Name of Bank, Branch and Address	
5	Title of Bank Account	
6	Bank Account Number	
7	Branch Code	
8	Cell Number	
9	Telephone Number	
10	CNIC Number (attach Copy)	

Signature of Member / Share holder

