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COMPANY INFORMATION

BOARD OF DIRECTORS

MR. ISMAIL H. ZAKARIA	Chairman
MR. YUSUF AYOOB	Managing Director
MR. SULEMAN AYOOB	
MR. A. AZIZ AYOOB	
MR. ZIA ZAKARIA	Resident Director
MR. GHULAM MOHIUDDIN ZAKARIA	
MR. ZOHAIR ZAKARIA	
MR. AAMIR AMIN	(N.I.T. Nominee)
MR. KHURRAM AFTAB	(N.I.T. Nominee)

BOARD AUDIT COMMITTEE

MR. SULEMAN AYOOB	Chairman
MR. ZOHAIR ZAKARIA	Member
MR. AAMIR AMIN	Member

HUMAN RESOURCE AND REMUNERATION COMMITTEE

MR. A. AZIZ AYOOB	Chairman
MR.YUSUF AYOOB	Member
MR.GHULAM MOHIUDDIN ZAKARIA	Member

CHIEF FINANCIAL OFFICER

MR. IQBAL UMER

COMPANY SECRETARY

MR. MOHAMMAD YASIN MUGHAL
FCMA

AUDITORS

HYDER BHIMJI & COMPANY
Chartered Accountants

LEGAL ADVISOR

MR. ABDUL SATTAR PINGAR
Advocate

REGISTERED OFFICE

96-A, SINDHI MUSLIM HOUSING SOCIETY,
KARACHI-74400
Tel: 34550161-63 Fax: 34556675

FACTORY

JHOK SHARIF,
TALUKA MIRPUR BATHORO,
DISTRICT THATTA (SINDH)

REGISTRAR & SHARE REGISTRATION OFFICE

C & K MANAGEMENT ASSOCIATES (PVT) LTD.
404-TRADE TOWER,
ABDULLAH HAROON ROAD,
NEAR METROPOLE HOTEL,
KARACHI - 75530

WEBSITE

www.alnoorgroup.co

Mission Statement

To gain strength through industry leadership in the manufacturing and marketing of sugar and allied products and to have a strong presence in these products markets while retaining the options to diversify in other profitable ventures.

To operate, ethically while maximizing profits and satisfying customers' needs and stakeholders' interests.

To assist in the socio economic development of Pakistan especially in the rural areas through industrial expansion and development.

Vision Statement

To be a model company producing sugar and allied products of international quality by maintaining high level of ethical and professional standards.

CODE OF CONDUCT

Shahmurad Sugar Mills is guided by the following principles in its pursuit of excellence in all activities for the attainment of the Company's Objectives.

THE COMPANY

- Fulfills all statutory requirements of the Regulatory Authority and follows all applicable laws of the country together with compliance of accepted accounting principles, rules and procedures required.
- Deals with all stakeholders in an objective and transparent manner so as to meet the expectations of those who rely on the Company.
- Meet the expectations of the spectrum of the society and the Regulatory Authority by implementing an effective and fair system of financial reporting and internal controls.
- Uses all means to protect the environment and ensures health and safety of the employees.
- Activities and involvement of directors and employees of the Company in no way conflict with the interest of the Company. All acts and decisions of the management are motivated by the interest of the Company rather than their own.
- Ensures efficient and effective utilization of its resources.

AS DIRECTORS

- Promote and develop attractive environment through responsive policies and guidelines to facilitate viable and timely decisions.
- Maintain organizational effectiveness for the achievement of the Company's goals.
- Support and adherence to compliance of legal and industry requirements.
- Safeguard the interest and assets of the company to meet and honor all obligations of the Company.
- Promote a culture that supports enterprise and innovation with appropriate short-term and long-term performance related rewards that are fair and achievable in motivating management and employees effectively and productively.

AS EXECUTIVE AND MANAGERS

- Ensure cost effectiveness and profitability of operations.
- Provide directions and leadership for the organization and take viable and timely decisions.
- Develop and cultivate work ethics and harmony among colleagues and associates.
- Encourage initiatives and self-realization in employees through meaningful empowerment.
- Promote and develop culture of excellence, conservation and continuous improvement.
- Provide pleasant work atmosphere and ensure an equitable way of working and rewarding system.
- Institute commitment to environmental, health and safety performance.

AS EMPLOYEES AND WORKERS

- Observe Company policies, regulations and codes of Best Business Practices.
- Exercise prudence in effective, efficient and economical utilization of resources of the Company.
- Make concerted struggle for excellence and quality.
- Devote productive time and continued efforts to strength the Company.
- Protect and safeguard the interest of the Company and avoid the conflict of interest. Ensure the primary interest in all respect is that of the Company.

" Maintain financial integrity and must avoid making personal gain at the Company's cost by participating in or assisting activities which compete with the Company.

NOTICE OF MEETING

Notice is hereby given that 34th Annual General Meeting of SHAHMURAD SUGAR MILLS LIMITED will be held at the Registered Office of the Company at 96-A, Sindhi Muslim Society, Karachi on Wednesday, 30th January, 2013 at 03.30 p.m. to transact the following businesses:

ORDINARY BUSINESS

1. To confirm the minutes of the 33rd Annual General Meeting held on 30th January, 2012.
2. To receive, consider and adopt the Audited Financial Statements of the Company for the year ended September 30, 2012 together with the Directors' and Auditors' Reports thereon.
3. To approve payment of Cash Dividend @ 15 % i.e. Rs.1.50 per ordinary shares of Rs.10/= each for the year ended 30th September 2012 as recommended by the Board of Directors.
4. To appoint Auditors and to fix their remuneration for the year ended 30th September 2013. The present Auditors. M/s Hyder Bhimji & Co., Chartered Accountants, retire and offer themselves for re-appointment.
5. To transact any other business with permission of the Chair.

By Order of the Board

M. YASIN MUGHAL
COMPANY SECRETARY

Karachi: December 28, 2012

NOTE:

1. The Register of the Members of the Company will remain closed from 23rd January, 2013 to 3rd February, 2013 (Both days inclusive) for the purpose of holding the Annual General Meeting / Transfer of Shares.
2. A member of the Company entitled to attend and vote may appoint any member as his/her proxy to attend and vote on his/her behalf. PROXIES MUST BE RECEIVED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE MEETING.
3. Under directives of SECP, it is mandatory for the shareholders to provide the copy of Computerized National Identity Card (CNIC), in case of individuals, and National Tax Number (NTN), in case of corporate entity. Therefore all shareholders are requested to immediately send the required information to the Share Registrars of the Company. In case of non compliance of the said requirement, the Company will not be in a position to issue the dividends to the respective shareholders till compliant.
4. Under directives of SECP, the shareholders are hereby given the opportunity to authorise the Company to directly credit in their bank accounts with cash dividend if any, declared by the Company in future instead of issuing a dividend warrant, please provide the following information/details:

Details for Bank Mandate	
Title of Bank Account	
Bank Account Number	
Bank's Name	
Branch Name and Address	
Contact address of Shareholder/Transferee	
CNIC Number	

5. CDC Accounts Holders will further have to follow the under-mentioned guidelines as laid down in Circular I dated January 26, 2000 issued by the Securities and Exchange Commission of Pakistan.

A. For Attending the Meeting

a. In case of individuals, the account holder or sub-account holder and/or person whose securities are in group accounts 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.

b. In case of corporate entity, the Board of Directors' resolution /power of attorney with specimen signature of the nominee shall be produced (unless it has been provided earlier) at the time of the meeting.

B. For appointing proxies:

In case of individuals the account holder or sub-account holder and/or the person whose securities are in group account and their registration details are uploaded as per the Regulations shall submit the proxy form as per the above requirements.

i. The proxy form shall be witnessed by two persons whose names, addresses and CNIC number shall be mentioned on the form.

ii. Attested copies 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 case of corporate entity, the Board of Directors' resolution/power of attorney with specimen signature of the nominee shall be submitted (unless it has been provided earlier) along with proxy form to the company.

6. Shareholders are requested to inform the Company's Share Registrar M/S. C & K Management Associates (Pvt.) Ltd. of any change in their address immediately.

DIRECTORS' REPORT TO THE MEMBERS

IN THE NAME OF ALLAH THE MOST GRACIOUS AND MOST MERCIFUL

Dear Members

Assalam-o-Alaikum:

I feel it my pleasure on behalf of Board of Directors to place before you the audited financial statements of your company, the significant achievements as reflected therein together with Auditors' and Directors' Reports thereon, for the period ended September 30, 2012. The Company has earned profit after tax amounting to Rs. 145.344 million as against Rs 89.717 million earned last year.

Salient comparative production and financial data are provided as under:

PRODUCTION DATA

	2011-12	2010-11
Crushing season started on	**22-12-2011**	08-12-2010
Season ended on	**18-03-2012**	30-03-2011
Duration of crushing (days)	**87**	113
Sugarcane crushed (Metric Tons)	**566,077**	654,892
Sugar produced (Metric Tons)	**57,077**	60,775
Sugar recovery rate - percentage	**10.09**	9.27
Molasses produced (Metric Tons)	**28,888**	33,478
Ethanol produced (Metric Tons)	**27,947**	25,115
No. of days Distillery Plant operated	**345**	308

FINANCIAL DATA

(Rupees in thousand)

	2011-12	2010-11
Sales Revenue	**5,362,004**	4,392,083
Cost of sales	**4,666,113**	3,637,734
Administrative expenses	**120,192**	109,548
Financial Cost	**352,199**	462,637
Profit before taxation	**111,079**	88,526
Provision for taxation	**34,265**	1,191
Profit after tax	**145,344**	89,717
Earnings per share	**Rs.6.88**	Rs.4.25

PERFORMANCE REVIEW:

SUGAR DIVISION:

The sugarcane crushed during the period under consideration was 566,077 metric tons down about 13.50 percent from 654,892 metric tons from the previous year. Despite this lower crushing sugar produced remained reasonable at 57,077 metric tons posting a decline of about 6 percent due to the higher recovery which was Alhamdulillah at 10.09 percent verses 9.27 percent achieved last year. A notable feature was also a shorter duration of crushing season at only 87 days verses 113 days of the preceding year due to the significant reduction in cane availability. However, the higher crushing capability enabled better utilization of the shorter crushing period.

The Government of Sindh increases the minimum support price of sugarcane every year. For the crushing season 2011-12 the minimum sugarcane support price was fixed at Rs.154 as against Rs.127 per 40 kg of sugarcane last year depicting an increase of 21.26 percent. While increasing the cost of raw material for the sugar mills the Government has given due consideration to the wellbeing of the growers, which is appreciated, but this has increased the cost of production for the producers in the country. The price of the finished product is left open to the market forces over which the producers have no control.

During the period under consideration, the overall production of sugar was in excess of the requirements of the country including the carry over stock with the sugar mills and the stock maintained by the Trading Corporation of Pakistan. Keeping in view the excess availability of the product the Government of Pakistan also allowed export of sugar and your company exported 7,875 metric tons of sugar and earned valuable foreign exchange for the country. However, it may be noted that due to excess production of sugar worldwide, the price of the product remained under pressure in the international market also.

ETHANOL DIVISION:

During the period under review the Ethanol Division produced 27,947 Metric Tons of Ethanol as against 25,115 Metric Tons produced during the previous year. The production was higher by 2,832 tons which works out to 11.28 percent. Your Company exported 24,410 metric tons of Ethanol and earned US $22.168 million for the country.

CAPITAL EXPENDITURE:

In the Sugar Industry upgrading the plant and machinery is a continuous process. During the year under consideration the Company incurred an expenditure of Rs.212.992 million on addition and BMR in order to maintain the efficiency of the plant.

STATEMENT OF COMPLIANCE WITH BEST PRACTICES OF CORPORATE GOVERNANCE:

1. The Financial Statements prepared by the management of the Company present fairly its state of affairs, the results of its operation, cash flows and changes in equity.

2. The Company has maintained proper books of accounts as required by the law.

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

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

5. The system of internal control is sound in design and has been effectively implemented and monitored.

6. There are no significant doubts upon the Company's ability to continue as going concern.

7. There has been no material departure from the best practices of the Code of Corporate Governance as detailed in the listing regulations of the Stock Exchange.

8. There have been no outstanding statutory payments; however, there are some disputed cases which are appearing in the relevant notes to the financial statements.

9. The pattern of share holding in the Company as on September 30, 2012 is also included in the Annual Report.

10. The Directors, Chief Executive, Chief Financial Officer, Company Secretary, their spouses or minor children carried out no trade in the shares of the company except as otherwise indicated.

11. Value of investment and balance in deposit accounts of Provident Fund as at 30th June, 2012 amounted to Rs.21.078 million.

The key operating and financial data of the last ten years and pattern of shareholding have been included in the Annual Report. There has been no significant change in the holding of directors or their spouses except as otherwise indicated.

CHANGES IN THE COMPOSITION OF BOARD OF DIRECTORS:

There has been no change in the composition of Board of directors during the period under review.

During the period under consideration four Board meetings were held and attendance by each Director was as follow:

	Name of Directors	Attended	Status
01.	Mr. Ismail H Zakaria (Chairman)	3	Non- Executive
02.	Mr. Yusuf Ayoob	4	Executive
03.	Mr. Suleman Ayoob	4	Non-Executive
04.	Mr. Aziz Ayoob	3	Non-Executive
05.	Mr. Zia Zakaria	3	Executive
06.	Mr. Ghulam Mohiuddin Zakaria	3	Non-Executive
07.	Mr. Zohair Zakaria	3	Non-Executive
08.	Mr. Aamir Amin	1	N.I.T Nominee Non-Executive
09.	Mr. Khurram Aftab	4	N.I.T Nominee Non-Executive

The details of the remuneration of executives and non-executive directors have also been provided in the relevant note to the accounts as required under the Code of Corporate Governance.

HUMAN RESOURCE AND REMUNERATION COMMITTEE:

The Board in accordance with the Code of Corporate Governance has constituted Human Resource and Remuneration Committee comprising of the following directors.

1.	Mr. A. Aziz Ayoob	Chairman	Non-executive
2.	Mr. Yusuf Ayoob	Member	Executive
3.	Mr. Ghulam Mohiuddin Zakaria	Member	Non-executive

As the Committee was constituted close to the accounting year end the Committee has yet to hold its meeting.

AUDIT COMMITTEE:

The Board has also set up an Audit Committee comprising of the following directors. During the period under consideration four Audit Committee meetings were held and attendance by each member is indicated against each.

	Name of Directors	Attended	Status
01.	Mr. Suleman Ayoob (Chairman)	4	Non-executive
02.	Mr. Zohair Zakaria	3	Non-executive
03.	Mr. Aamir Amin	3	N I T Nominee

Term of Reference of the Audit Committee has also been determined by the Board in accordance with the guide lines provided in the Listing Regulations of the Stock Exchange.

FUTURE OUTLOOK:

SUGAR DIVISION:

Keeping in view the past practice the Government of Sindh has increased the support price of sugarcane for the crushing season 2012-13 to Rs.172/= as compared to Rs.154/= per 40 kg in the preceding year vide Notification No.8(142)/S.O(Ext)/2012 dated November 1, 2012. This represents an increase of 12 percent over the previous year's raw material cost. It is a well known fact that the price of sugar has been depressed in the international and local markets due to excess production of the same and the recent increase in the raw material cost would further enhance the cost of production of sugar. Other direct and indirect costs have also been increased and it would be difficult for the sugar mills to recover these cost increases unless the sugar price also been increases proportionately.

Although the area under plantation has increased sizably, it has been subject to various climatic disturbances during the last two years. Excess rainfall, flood and other climatic disturbances continue to play havoc on seasonal crops. Prediction of yields on the crops planted is becoming more and more difficult and may perhaps once again, negatively affect the recovery rate in the area surrounding your mills. This will be clear only once the mills start crushing when the recovery rate of sugar can be fully assessed on a positive note. The general trend of reduction in the discount rate by the State Bank of Pakistan has already started reflecting in the financial charges and shall In Shaa Allah be beneficial for the company in the year ahead.

As the price of refined sugar in the international market continues to be erratic with higher production expected in the upcoming year particularly in the South East Asian region. the future scenario becomes harder to predict. The Economic Co-ordination Committee of Government of Pakistan has allowed export of sugar to help release some of Pakistan's surplus sugar into the international arena. The Trading Corporation of Pakistan has also purchased sugar from the local mills in order to build up and maintain a strategic buffer stock of the product which can come in good use during the years of shortage.

ETHANOL DIVISION:

Last year during the crushing season, molasses was procured for the requirements of the whole year. Although the company had to absorb higher financial charges due to this, the plant operated for 345 days as against 308 days of operation in the preceding year. The crushing of sugarcane in the province has since commenced and the requirement for purchase of molasses is under negotiation with the various sugar mills, following the same strategy as of preceding year. The international market of Ethanol may post some gains with Pakistan's re-inclusion in the European Generalized System of Preferences plus Scheme albeit on a limited scale.

CREDIT RATING OF THE COMPANY:

JCR-VIS Credit Rating Company Limited has assigned initial medium to long term entity rating of 'A-' (Single A Minus) and short term rating of 'A-2' (A-Two) to the Company. Outlook on medium to long term rating is "Stable".

CORPORATE & SOCIAL RESPONSIBILITY:

The company takes keen interest in its social and corporate responsibilities towards its employees and general public living in the franchise area of your Mill.

DIVIDEND:

Directors are pleased to recommend the payment of cash dividend at 15 percent i.e. Rs.1.50 (2011: 10% cash dividend i.e. Rs. 1.00) per share of Rs. 10/= each.

AUDITORS:

M/s Hyder Bhimji & Company, Chartered Accountants have completed the audit of Financial Statements for the year ended September 30, 2012 and being eligible offered their services for reappointment for the financial year 2012-13. Audit Committee has recommended their appointment for the year 2012-13 and Board of Directors of the company endorsed the recommendations of the Audit Committee for the re-appointment of M/s Hyder Bhimji & Company till the conclusion of the next Annual General Meeting of the members.

STAFF RELATIONS:

Finally the Directors of your Company record their appreciations for the perseverance, commitment to meeting the objectives and targets and the team work put in by the Management and employees, in the current demanding environment and are confident that they will continue to demonstrate the same zeal and vigor in future.

By order of the Board

YUSUF AYOOB
MANAGING DIRECTOR

Karachi: 28th December, 2012

STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE FOR THE YEAR ENDED 30TH SEPTEMBER 2012

This statement is being presented to comply with the Code of Corporate Governance (CCG) contained in the Regulation No 35, chapter XI of listing regulations of the Karachi Stock Exchange (Guarantee) 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.

1. The Company encourages representation of independent non-executive directors on the Board of Directors. At present the Board consists of nine directors including seven non-executive directors. The condition of independent non-executive directors and directors representing minority shareholders are applicable from the date of next election which is due on 25 March, 2013. At present the Board includes.

Category		Names
Independent Directors		Nil
Executive Directors	i)	Mr. Yusuf Ayoob
	ii)	Mr. Zia Zakaria
Non-Executive Directors	i)	Mr. Ismail H. Zakaria
	ii)	Mr. Suleman Ayoob
	iii)	Mr. Aziz Ayoob
	iv)	Mr. Ghulam Mohiuddin Zakaria
	v)	Mr. Zohair Zakaria
	vi)	Mr. Aamir Amin
	vii)	Mr. Khurram Aftab

2. All the directors have confirmed that none of them is serving as director in more than seven listed companies, including the Company.

3. All the resident directors of the Company are registered as taxpayers and none of them has defaulted in payment of any loan to a banking company, a DFI or an/NBFI or, being a member of stock exchange, has been declared as a defaulter by that stock exchange.

4. There was no change in the composition of Board of Directors during the year and no casual vacancy occurred during the period.

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

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

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

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

9. Since all the directors' posseses 14 years of education and 15 years of experience, they are exempt from the directors' training program as per CCG. However one of the directors has acquired the required certification from the Institute of Corporate Governance.

10. No new appointment of Chief Financial Officer (CFO), Company Secretary and Head of Internal Audit was made during the year. The Board has approved appointment of CFO, Company Secretary and Head of Internal Audit including their remuneration and terms and conditions of employment as determined by CEO.

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

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

13. The directors, CEO and executives do not hold any interest in the shares of the Company other than that disclosed in the pattern of shareholding.

14. The Company has complied with all the corporate and financial reporting requirements of the CCG.

15. The Board has formed an Audit Committee. It comprises of three members. All members are non-executive directors including the chairman of the committee.

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

17. The Board has formed a Human Resource and Remuneration Committee. It comprises of three members, of whom two are non-executive and one executive director and the Chairman of the Committee is a non-executive director.

18. The Board has set up an effective internal audit function in the Company.

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

20. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the listing regulations and the auditors have confirmed that they have observed IFAC guidelines in this regards.

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

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

23. We confirmed that all other material principles contained in the CCG have been complied with.

YUSUF AYOOB
CHIEF EXECUTIVE

Karachi: 28th December, 2012

KEY OPERATION & FINANCIAL DATA FOR LAST TEN YEARS

(Rupees in thousand)

	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
BALANCE SHEET:										
Share Capital	211,187	211,187	211,187	211,187	211,187	211,187	211,187	211,187	211,187	211,187
Reserves	442,188	296,930	208,586	184,529	76,405	(99,177)	(109,334)	(146,508)	(120,850)	(159,209)
Surplus on revaluation of fixed assets	431,487	451,986	473,701	496,561	314,874	331,257	348,544	366,787	386,440	176,986
Long Term Liabilities	817,157	914,113	741,021	973,916	1,164,938	1,131,560	1,049,346	538,719	518,653	255,547
Deferred Taxation	70,877	128,364	173,525	182,822	169,547	197,178	206,487	221,306	231,888	74,114
Current Liabilities	2,336,772	2,878,103	1,502,702	1,011,608	1,298,067	1,089,329	1,022,614	1,493,277	1,001,293	752,574
Operating Assets	2,149,828	2,044,741	1,957,988	1,918,684	1,693,408	1,681,232	1,644,117	1,630,152	1,498,675	714,027
Long Term Deposits	2,532	2,708	2,570	2,462	5,133	25,968	19,382	13,111	11,618	5,579
Long Term Investment	4,130	2,909	4,601	4,362	4,265	4,215	4,060	3,670	2,895	2,280
Deferred Cost									-	-
Current Assets	2,150,986	2,828,149	1,344,912	1,135,115	1,532,212	1,149,919	1,061,285	1,037,835	715,423	589,313
TRADING										
Turnover	5,362,004	4,392,083	4,440,856	2,887,436	2,345,768	1,523,852	1,880,477	1,067,984	826,086	992,890
Gross Profit/(Loss)	695,891	754,349	582,289	603,637	585,326	288,071	264,571	130,867	130,324	50,971
Operating Profit/(Loss)	462,591	550,887	409,360	444,042	395,895	200,048	187,051	70,009	85,074	7,736
Profit/(Loss) before Tax	111,079	88,526	67,308	115,012	158,225	(8,968)	13,548	(51,289)	(516)	(77,109)
Profit/(Loss) after Tax	145,344	89,717	32,248	102,794	169,708	(7,285)	18,541	(46,086)	21,011	(82,339)
Earning Per Share	6.88	4.25	1.53	4.87	8.04	(0.34)	0.88	(2.18)	0.99	(3.90)
Cash Dividend	10%	10%	10%	15%	10%	NIL	NIL	NIL	NIL	NIL
Bonus Shares	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
SUGAR PRODUCTION										
a) From Cane (M.Tons)	57,077	60,775	49,565	47,690	69,286	52,510	31,640	33,614	60,775	54,135
b) From Raw Sugar	-	-	-	-	-	-	9,814	4,566	-	-
Cane Crushed (M.Tons)	566,077	654,892	521,062	482,166	762,418	552,767	321,769	335,100	617,351	576,635
Sugar Produced (M.Tons)	57,077	60,775	49,565	47,690	69,286	52,510	41,454	37,872	60,775	54,135
Recovery (%)	10.09%	9.27%	9.51%	9.85%	9.08%	9.50%	9.88%	9.90%	9.80%	9.40%

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

We have reviewed the Statement of Compliance with the best practices contained in the Code of Corporate Governance, for the year ended September 30, 2012, prepared by the Board of Directors of **M/S Shahmurad Sugar Mills Limited** to comply with the listing Regulations No. 35 of the Karachi Stock Exchange Limited, where the Company is listed.

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

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

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

Based on our review nothing has come to our attention which causes us to believe that the statement of Compliance does not appropriately reflect the company's compliance, in all material respects, with the best practices contained in the Code of Corporate Governance as applicable to the Company for the year ended September 30, 2012.

Hyder Bhimji & Co.

HYDER BHIMJI & CO.
Chartered Accountants
Engagement Partner:
Shaikh Mohammad Tanvir

Karachi: December 28, 2012

AUDITORS' REPORT TO THE MEMBERS

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

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

We conducted our audit in accordance with the auditing standards as applicable in Pakistan. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the above said statements are free of any material misstatement. An audit includes examining, on 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 accounts have been kept by the Company as required by the Companies Ordinance, 1984;

b). in our opinion:

i) the balance sheet and profit and loss account together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984 and are in agreement with the books of account and are further in accordance with the accounting policies consistently applied;

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

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

c) in our opinion and to the best of our information and according to the explanations given to us, the balance sheet, profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan, and, give the information required by the Companies Ordinance, 1984, in the manner so required, and respectively give a true and fair view of the state of the company's affairs as at September 30, 2012 and of the profit, total comprehensive income, its cash flows and changes in equity for the year then ended; and

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

Hyder Bhimji & Co.
HYDER BHIMJI & CO.
Chartered Accountants
Engagement Partner:
Shaikh Mohammad Tanvir

Karachi: December 28, 2012

BALANCE SHEET
AS AT SEPTEMBER 30, 2012

	Note	2012	2011
		(Rupees in thousand)	
ASSETS			
NON CURRENT ASSETS			
Property, plant and equipment	6	2,149,828	2,044,741
Long Term Investment	7	4,130	2,909
Long Term Deposits	8	2,532	2,708
Long Term Loans	9	2,192	2,176
		2,158,682	2,052,534
CURRENT ASSETS			
Stores, spare parts and loose tools	10	177,769	170,911
Stock-in-trade	11	1,818,048	2,496,514
Trade debts	12	6,342	15
Loans and advances	13	69,873	127,635
Short term prepayments- to Related Party		1,154	721
Other receivables	14	18,070	19,501
Income Tax refundable-Payments less Provision		38,405	-
Cash and bank balances	15	21,325	12,852
		2,150,986	2,828,149
		4,309,668	4,880,683
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorised Capital			
25,000,000 ordinary shares of Rs. 10 each		250,000	250,000
Issued, subscribed and paid-up capital	16	211,187	211,187
General reserve	17	80,000	80,000
Share of associate's unrealised (loss) on remeasurment of investment		(1,448)	(1,982)
Unappropriated profit		363,636	218,912
		653,375	508,117
SURPLUS ON REVALUATION OF PROPERTY, PLANT & EQUIPMENT	18	431,487	451,986
NON CURRENT LIABILITIES			
Long Term Financing	19	573,005	662,357
Loan from Related Parties	20	230,855	230,855
Liabilities against assets subject to finance lease	21	13,297	20,901
Deferred taxation	22	70,877	128,364
		888,034	1,042,477
CURRENT LIABILITIES			
Trade and other Payables	23	853,539	1,382,915
Accrued markup / finance cost	24	40,065	65,411
Short term borrowings	25	1,038,771	1,247,197
Current portion of long term financing and liabilities against assets subject to finance lease	26	404,397	171,029
Provision for tax- Net of payment		-	11,551
		2,336,772	2,878,103
CONTINGENCIES AND COMMITMENTS	27	-	-
		4,309,668	4,880,683

The annexed notes 01 to 45 form an integral part of these financial statements.

YUSUF AYOOB
Managing Director

ZIA I.ZAKARIA
Director

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

	Note	2012	2011
		(Rupees in thousand)	
Sales	28	**5,362,004**	4,392,083
Cost of sales	29	**4,666,113**	3,637,734
Gross profit		**695,891**	754,349
Less:			
Distribution Cost	30	**117,363**	86,974
Administrative Expenses	31	**120,192**	109,548
Other Operating Charges	32	**13,096**	23,180
		250,651	219,702
Other Operating Income	33	**17,351**	16,240
Operating Profit		**462,591**	550,887
Finance Cost	34	**352,199**	462,637
		110,392	88,250
Share of profit in associate		**687**	276
Profit before taxation		**111,079**	88,526
Taxation	35	**34,265**	1,191
Profit after taxation		**145,344**	89,717
Earning per share - Basic and diluted	36	**6.88**	4.25

The annexed notes 01 to 45 form an integral part of these financial statements.

YUSUF AYOOB Managing Director	**ZIA I.ZAKARIA** Director

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

	Note	2012	2011
		(Rupees in thousand)	
Profit for the year after taxation		**145,344**	89,717
Other Comprehensive Income:			
Share of associate's unrealised profit/(Loss) on remeasurement of investment	7.2	**534**	(1,969)
Total Comprehensive Income for the year		**145,878**	87,748

The annexed notes 01 to 45 form an integral part of these financial statements.

YUSUF AYOOB
Managing Director

ZIA I.ZAKARIA
Director

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

	Issued, Subscribed & paid up capital	General reserves	Share of associate's unrealized (loss)/ Gain on remeasurement of investment	Un-appropriated profit	Total
	.... Rupees in thousands				
Balance as at October 01, 2010	211,187	80,000	(13)	128,599	419,773
During the year ended September 30, 2011					
Transfer from surplus on revaluation of property,plant and equiqment on account of incremental depreciation net of deferred tax				21,715	21,715
Total Comprehensive Income for the year 30th September-2011	-	-	(1,969)	89,717	87,748
Transaction with owners					
Final Dividend for 30-September-2010 @ 1.00 per Share	-	-		(21,119)	(21,119)
Balance as at September 30, 2011	211,187	80,000	(1,982)	218,912	508,117
Balance as at October 1, 2011	211,187	80,000	(1,982)	218,912	508,117
During the year ended September 30, 2012					
Transfer from surplus on revaluation of property,plant and equiqment on account of incremental depreciation net of deferred tax				20,499	20,499
Total Comprehensive Income for the year 30th September-2012			534	145,344	145,878
Transaction with owners					
Final Dividend for 30-September-2011 @ 1.00 per Share				(21,119)	(21,119)
Balance as at September 30, 2012	**211,187**	**80,000**	**(1,448)**	**363,636**	**653,375**

The annexed notes 01 to 45 form an integral part of these financial statements.

YUSUF AYOOB
Managing Director

ZIA I.ZAKARIA
Director

CASH FLOW STATEMENT
FOR THE YEAR ENDED SEPTEMBER 30, 2012

		2012	2011
		(Rupees in thousand)	
A.	**CASH FLOW FROM OPERATING ACTIVITIES**		
	Profit before taxation	111,079	88,526
	Adjustment for non cash charges and other items:		
	Depreciation	105,930	100,974
	Profit on disposal of property,plant & equipment	(2,028)	(136)
	Finance cost	352,199	462,637
	Share of profit in associate	(687)	(276)
		455,414	563,199
	Cash generated before working capital changes	566,493	651,725
	(Increase) / decrease in current assets		
	Stores spares and loose tools	(6,858)	(10,592)
	Stock in trade	678,466	(1,542,021)
	Trade debts	(6,327)	717
	Loans & advances	57,762	71,676
	Short term prepayments - to related party	(433)	(616)
	Other receivables	1,431	(4,089)
		724,041	(1,484,925)
	Increase / (decrease) in current liabilities		
	Trade and other payables	(529,376)	989,637
	Short term borrowings	(208,426)	479,648
		(737,802)	1,469,285
	Cash generated from operations	552,732	636,085
	Payment of Income Tax during the year	(73,178)	(48,742)
	Finance cost paid	(377,545)	(440,612)
	(Increase) / Decrease in Long term deposits	176	(138)
		(450,547)	(489,492)
	Net cash flow from operating activities	102,185	146,593
B.	**CASH FLOW FROM INVESTING ACTIVITIES**		
	Fixed capital expenditures	(212,992)	(187,751)
	Increase in Long term Loan	(16)	(1,525)
	Sale proceed of property,plant & equipment	4,003	160
	Net cash flow from investing activities	(209,005)	(189,116)
C.	**CASH FLOW FROM FINANCING ACTIVITIES**		
	Long term financing	300,000	808,571
	Repayment of long term financing	(157,214)	(773,833)
	Increase in Liabilities against assets subject to finance lease	-	30,000
	Repayment of Liabilities against assets subject to finance lease	(6,374)	(2,784)
	Dividend Paid	(21,119)	(21,119)
	Net cash inflow / (outflow) from financing activities	115,293	40,835
	Net (decrease) in cash and bank balances (A+B+C)	8,473	(1,688)
	Cash and bank balance at the beginning of the year	12,852	14,540
	Cash and bank balance at the end of year	21,325	12,852

The annexed notes 01 to 45 form an integral part of these financial statements.

YUSUF AYOOB
Managing Director

ZIA I.ZAKARIA
Director

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

1. The Company and its operations

The Company was incorporated in Pakistan under the repealed Companies Act, 1913 (now Companies Ordinance, 1984) as a public limited company. Its shares are quoted at the Karachi Stock Exchange. The Company owns and operate Sugar and Ethyl Ethanol manufacturing units which are located at Jhok, District Thatta in the province of Sindh. The registered office of the Company is located at 96-A, Sindhi Muslim Cooperative Housing Society, Karachi, Sindh.

1.1 The financial statements are presented in Pak. Rupees which is the company's functional and presentation currency.

2. Statement of Compliance

These financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRS) issued by 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 the Companies Ordinance, 1984 shall prevail.

3 Significant accounting Judgments and estimates

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

In the process of applying the accounting policies, management has made the following estimates and judgments which are significant to the financial statements:

a) Property, plant and equipment

The Company reviews appropriateness of the rate of depreciation, useful life and residual value used in the calculation of depreciation. Further, where applicable, an estimate of the recoverable amount of asset is made for possible impairment on an annual basis. In making these estimates, the Company uses technical resources available with the Company. Any change in the estimates in the future might affect the carrying amount of respective item of property, plant and equipment, with a corresponding effects on the depreciation and impairment.

b) Stock-in-trade

The Company reviews the net realizable value of stock in trade to assess any diminution in the respective carrying values. Net realizable value is estimated with reference to the estimated selling price in the ordinary course of business less the estimated cost necessary to make the sale.

c) Taxation

In making the estimate for income tax payable by the Company, the Company takes into account the applicable tax laws and decision by appellate authorities on certain issues in past. Due weightage is given to past history while determining the ratio of future export sales for the purposes of calculating deferred taxation.

Deferred tax assets are recognized for all unused tax losses and credits to the extent that it is probable that taxable profit will be available against such losses and credits can be utilized. Significant management judgment is required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and level of future taxable profits together with future tax planning strategies.

d) Impairment

The Company reviews carrying amount of assets annually to determine whether there is any indication of impairment. If any such indication exists, the assets recoverable amount is estimated and impairment losses are recognized in the profit and loss account.

e) Stores and spares with respect to provision for obsolescence and slow moving items

The estimates of slow moving and obsolete stores, spare parts and loose tools, are made, using and appropriately judging the relevant inputs and applying the parameters, as the management considers appropriate, which, on actual occurrence of the subsequent event, may fluctuate. The effects of variation is given as and when it takes place.

f) Trade debts

The Company reviews its doubtful trade debts at each reporting date to assess whether provision should be recorded in the profit and loss account. In particular, judgment by management is required in the estimation of the irrecoverable amount and timing of future cash flow when determining the level of provision required. Such estimates are based on assumptions about a number of factors and actual results may differ, resulting in future changes to the provision.

4 STANDARDS, AMENDMENTS TO PUBLISHED APPROVED ACCOUNTING STANDARD AND INTERPRETATIONS

4.1 New and amended standards and interpretations became effective

During the year, the following amendments, interpretations and improvements to the accounting standards became effective, but these are either irrelevant or do not have any significant effect on the company's operations and financial statements except for additional disclosures, incorporated in these financial statements if relevant:

IFRS 7 Financial Instruments: Disclosures - Amendments enhancing disclosures about transfer of financial assets.
This amendment aims to promote transparency in the reporting of transfer transactions and improve users' understanding of the risk exposures relating to transfers of financial assets and the effect of those risks on an entity's financial position, particularly those involving securitization of financial assets.

IAS 24 Related Party Disclosures (Revised)
The revised standard clarifies and simplifies the definition of a related party and removes the requirement for government-related entities to disclose details of all transactions with the government and other government-related entities. The Company complies with the requirements of revised IAS.

IFRIC 14 Prepayments of a Minimum Funding Requirement (Amendment)
The limit on a defined benefit asset, minimum funding requirements and their interaction. Without the amendments, entities are not permitted to recognize as an asset some voluntary prepayments for minimum funding contributions. This was not intended when IFRIC 14 was issued, and the amendments correct this.

4.2 Accounting and Financial Reporting Standards and Interpretations and Amendments to published approved accounting standards issued but not yet effective for the current financial year

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

Standard or Interpretation		**Effective dates (accounting period beginning on or after)**
IAS-12	Income Tax (Amendment)- Deferred Taxes: Recovery of underlying Assets The amendment provides an exception to the measurement principle in respect of investment property measured using the fair value model in accordance with IAS 40 Investment Property	January 1, 2012
IAS-1	Presentation of Financial Statement- Amendments to Presentation of items of comprehensive income The main change resulting from these amendment is a requirement for entities to group items presented in 'other comprehensive income' (OCI) on the basis of whether they are potentially reclassifiable to profit or loss subsequently (reclassification adjustments).	July 1, 2012
IFRS-7	Financial Instruments: Disclosures- Disclosures about offsetting of financial assets and liabilities The amendments to IFRS 7 contain new disclosure requirements for financial assets and liabilities that are offset in the statement of financial position or subject to master netting agreement or similar arrangement.	January 1, 2013

IAS-19	Employee Benefits- Amended The amended IAS-19 require the actuarial gains and losses to be recognized immediately in other comprehensive income; this change will remove the corridor method and eliminate the ability for entities to recognized all changes in the defined benefit obligation and in plan assets in profit or loss, which currently allows under IAS 19; and that the expected return on plan assets recognized in profit or loss is calculated based on the rate use to discount the defined benefit obligation.		January 1, 2013
IFRIC -20	Stripping Costs in the Production Phase of a Surface Mine The costs of stripping activity to be accounted for in accordance with the principles of IAS 2 Inventories to the extent that the benefit from the stripping activity is realized in the form of inventory produced		January 1, 2013
IAS-32	Financial Instruments - Presentation- Offsetting Financial Assets and Financial Liabilities - (Amendments) This amendment clarifies some of requirements for offsetting financial assets and financial liabilities on the balance sheet.		January 1, 2014

The Company expects that the adoption of the above revisions, amendments and interpretations of the standards will not have material affect on the Company's financial statements in the period of the initial application.

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

Standard or Interpretation		**IASB Effective dates (annual period beginning on or after)**
IFRS-9	Financial Instruments This standard is the first step in the process to replace IAS 39, Financial instruments: recognition and measurement. IFRS 9 introduces new requirements for classifying and measuring financial assets and is likely to affect the Company's accounting for its financial assets.	January 1, 2015
IFRS-10	Consolidated Financial Statements This standard outlines the requirements for the preparation and presentation of consolidated financial statements, requiring entities to consolidate entities it controls. Control requires exposure or rights to variable returns and the ability to affect those returns through power over an investee.	January 1, 2013
IFRS-11	Joint Arrangements This standard outlines the accounting by entities that jointly control an arrangement. Joint control involves the contractual agreed sharing of control and arrangements subject to joint control are classified as either a joint venture (representing a share of net assets and equity accounted) or a joint operation (representing rights to assets and obligations for liabilities, accounted for accordingly).	January 1, 2013
IFRS-12	Disclosure of Interest in Other Entities This standard includes the disclosure requirement for all forms of interests in other entities, including joint arrangements, associates, special purpose vehicles and other off balance sheet vehicles.	January 1, 2013
IFRS-13	Fair Value Measurement This standard applies to IFRSs that require or permit fair value measurements or disclosures and provide a single IFRS frame work for measuring fair value and requires disclosures about fair value measurement. the standard defines fair value on the basis of an 'exit price' notion and uses 'a fair value hierarchy', which results in market-based, rather than entity-specific measurement.	January 1, 2013

5. SIGNIFICANT ACCOUNTING POLICIES

The Principal accounting policies adopted are set out below

5.1 Accounting Convention

These financial statements have been prepared under " historical cost convention" except for certain items of property, plant and equipments, stated at revalued amount and long term investment in associates stated at equity method.

5.2 Employees post employment benefits

5.2.1 Defined Contribution Plan

The Company operates an approved provident fund scheme for all its employees eligible to the benefit and equal monthly contributions thereto are made both by the Company and the employees in accordance with the terms of the scheme @ 10% on basic plus applicable cost of living allowances.

5.2.2 Defined Benefit Plan

The Company was operating unfunded gratuity scheme covering all its permanent employees eligible to the benefit under the scheme. However, in accordance with the award of Labour Court No. 6, Hyderabad the scheme has been discontinued effective from October 1, 2004 and balance amount have been shown under "Trade and Other Payable".

5.3 Compensated unavailed leaves

The Company accounts for its liability towards unavailed leaves accumulated by employees on accrual basis.

5.4 Taxation

a) Current Income Tax

The charge for current taxation is based on taxable income at the current rate of taxation after taking into account applicable tax credits, rebates and exemptions available, if any, or minimum tax under section 113 of the Income Tax Ordinance, 2001, whichever is higher. The Company falls under the final tax regime under section 154 and 169 of the Income Tax Ordinance, 2001 to the extent of direct export sales.

b) Deferred

Deferred tax is recognized using the balance sheet liability method, on all temporary differences at the balance sheet date between the tax base of assets and liabilities and their carrying values for financial reporting purposes.

Deferred tax liabilities are recognized for all taxable temporary differences. Deferred tax assets are recognized for all deductible temporary differences to the extent that it is probable that the deductible temporary differences will reverse in the future and sufficient taxable income will be available against which the deductible temporary differences can be utilized. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be utilized.

Deferred tax assets and liabilities are measured at the tax rate that is expected to apply to the period when the asset is realized or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the balance sheet date. In this regard, the effects on deferred taxation of the portion of income expected to be subject to final tax regime is adjusted in accordance with the requirement of Accounting Technical Release - 27 of the Institute of Chartered Accountants of Pakistan (ICAP), if considered material.

c) Sales tax and Federal Excise Duty

Revenues, expenses and assets are recognized net off amount of sales tax except:

i) Where sales tax incurred on a purchase of asset or service is not recoverable from the taxation authority, in which case the sales tax is recognized as part of the cost of acquisition of the asset or as part of the expense item as applicable; and

ii) Receivables or payables that are stated with the amount of sales tax included.

iii) The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet.

5.5 **Property Plant & Equipments**

Owned

Operating fixed assets except furniture, fixture & fittings and vehicles are stated at revalued amounts less accumulated depreciation and impairment, if any. Furniture fixture & fittings and vehicles are stated at cost less accumulated depreciation and impairment, if any.

Depreciation on addition including assets after revaluations is charged from the quarter in which the assets are put to use while no Depreciation is charged in the quarter in which the assets are disposed off. Depreciation is charged to income applying the reducing balance method at the rates specified in assets note no. 6.1 .

Maintenance and normal repairs are charged to income as and when incurred, major renewals and improvements are capitalized and the assets so replaced, if any, are retired.

In accordance with the Section 235 of the Companies Ordinance, 1984 an amount equal to the incremental depreciation charged on assets after revaluation has been transferred from the surplus on revaluation of fixed assets to accumulated loss / profit in the current year through Statement of changes in equity. Consequently incremental depreciation charged for the period on revalued assets is transferred from surplus on revaluation of fixed assets to accumulated loss/unappropriated profit as the case may be during the current year as referred to in note no. 6.1 of these financial statements.

Gain or loss on disposal of property, plant and equipment is taken to profit and loss account.

The carrying value of fixed assets are reviewed for impairment when events or changes in circumstances indicate that the carrying values may not be recoverable. If such indications exist and where the carrying values exceed the estimated recoverable amounts, the assets are written down to the recoverable amount.

Assets subject to finance lease

Assets held under finance lease are initially recognized as items of property, plant & equipment of the company at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments as disclosed in note no 5.8.

These are subsequently stated at recorded amount less accumulated depreciation and impairment loss, if any. These assets are depreciated over their expected useful life at the rates specified in the note no 6.1 on the same basis as owned assets.

5.6 **Capital work-in-progress**

Capital work-in-progress is stated at cost accumulated up to the balance sheet date less impairment if any and represents costs / expenditures incurred on property, plant and equipment during the course of construction and implementation. These are transferred to specific assets as and when assets are available for intended use.

5.7 **Borrowings and their costs**

Borrowings are recorded at the proceeds received.

Borrowing costs incurred on finances obtained for the construction/installation 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 taken to the profit and loss account currently.

5.8 **Finance leases**

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating lease

Assets held under finance lease are recognized as items of property, plant & equipment of the company at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the balance sheet as "Liabilities against asset subject to finance lease". Lease payments are apportioned between finance charges and reduction of the liabilities against assets subject to finance lease so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged to profit & loss account unless they are directly attributable to qualifying assets in which case they are capitalized in accordance with the company's general policy on borrowing cost.

5.9 Investment in Associates

The Investment in associates is accounted for under equity method. Under this method, the investment is initially recognized at cost and the carrying amount is increased or decreased to recognize the Company's share of the profit or loss of the investee after the date of acquisition which is recognized in the profit and loss account. Dividend received, if any, reduces the carrying amount of investment. Changes in associate's equity including those arising from the revaluation of property, plant and equipment are recognized directly in the Company's equity in proportion of the equity held.

Break-up value / equity has been determined on the basis of latest audited financial statements as of June 30, 2012 of that un-listed company.

Investment is de-recognized when the Company has transferred substantially all risks and rewards of ownership and rights to receive cash flows from the investment has expired or has been transferred.

5.10 Impairment of assets

All Company's assets are reviewed at each financial year end to determine whether there is objective evidence of impairment. If any such indication exists, the assets recoverable amount is estimated and carrying amounts are adjusted accordingly. Impairment losses are recognized in the profit and loss account.

5.11 Trade Debts

Trade debts are initially recognized at fair value and subsequently measured at cost less provision for doubtful debts. A provision for doubtful debt is established when there is objective evidence that the Company will not be able to collect amount due according to the original terms of the debts. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganization, and default or delinquency in making payments are considered indicators that the trade debt is doubtful and the provision recognized in the profit and loss account. When a trade debt is uncollectable, it is written off.

5.12 Provisions

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

5.13 Cash and Cash Equivalents

For the purpose of cash flow statement, cash and cash equivalents comprise cash and bank balances.

5.14 Stores, Spare parts and Loose Tools

Stores, spare parts and loose tools are valued at cost, using first-in-first-out (FIFO) method. Items in transit are valued at cost comprising invoice value and other charges paid thereon. Adequate provision is made for obsolescence and slow moving items as and when required based on parameters set out by management.

5.15 Stock-in-Trade

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

Cost in relation to semi finished goods 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.

Cost in relation to stock of molasses held by Distillery Division is valued at moving 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.

5.16 Foreign currency transactions and translation:

Transactions in foreign currencies are translated into reporting currency at the rates of exchange prevailing on the date of transactions. Monetary assets and liabilities denominated in foreign currencies are translated into reporting currency using year-end spot foreign exchange rates and in case of forward contracts at the committed rates. Non-monetary assets and liabilities are translated using exchange rates that existed when the values were determined. Exchange differences on foreign currency translations are included in profit and loss account.

5.17 Financial Instruments

All the financial assets and liabilities are recognized at the time when the company becomes a party to the contractual provisions of the instrument. All the financial assets are derecognized at the time when the Company loses control of the contractual right that comprise the financial assets. All financial liabilities are derecognized at the time when they are extinguished that is, when the obligation specified in the contract is discharged, cancelled or expires. Any gain or loss on derecognition of the financial assets and financial liabilities are taken to profit and loss account.

5.18 Offsetting of Financial Assets and Liabilities

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

5.19 Segment Reporting

The Company has following reportable segments on the basis of product characteristics and the criteria defined by the "IFRS 8 Segment Reporting".

Sugar Division - Manufacturing and sale of Refined Sugar

Distillery Division - Manufacturing and sale of Ethyl Ethanol.

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 other debts. Segment liabilities comprise of operating liabilities and exclude items that are common to all operating segments.

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

5.20 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, excluding discounts, rebates and government levies. The following recognition criteria is adopted 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.

* Mark-up on grower loan is accounted for in line with the recovery of the respective loan due to exigencies involved in such matters. Recognition of markup on loans considered doubtful is deferred.

5.21 Dividends and other appropriations

Dividend and appropriation to reserves are recognized in the financial statements in the period in which these are approved.

	Note	2012	2011
		(Rupees in thousand)	
6 PROPERTY, PLANT AND EQUIPMENT			
Operating Assets	6.1	**2,052,479**	1,933,173
Capital Work in Progress	6.2	**97,349**	111,568
		2,149,828	2,044,741

6.1 OPERATING ASSETS

The following is a statement of the operating assets;

2012 **(Rupees in 'ooo)**

PARTICULARS	NET CARRYING VALUE						GROSS CARRYING VALUE			
	AS ON OCTOBER 1, 2011	ADDITIONS	TRANSFER AT NBV	DISPOSAL	DEPRECIATION	As ON SEPTEMBER 30, 2012	COST	ACCUMULATED DEPRECIATION	NET CARRYING VALUE AT SEP 30, 2012	DEPRECIATION RATE PER ANNUM
OWNED										
FREE HOLD LAND										
Cost	31,575	-	-	-	-	31,575	31,575	-	31,575	-
Revaluation	69,920		-	-	-	69,920	69,920	-	69,920	-
FACTORY BUILDING										
Cost	39,479	336	-	-	3,981	35,834	95,446	59,612	35,834	10%
Revaluation	21,508				2,151	19,357	33,220	13,863	19,357	10%
NON FACTORY BUILDING										
Cost	54,525	9,654	-	-	3,092	61,087	99,595	38,508	61,087	5%
Revaluation	66,773		-	-	3,339	63,434	88,990	25,556	63,434	5%
RES QTR FOR LABOUR										
Cost	4,561	-	-	-	456	4,105	27,139	23,034	4,105	10%
Revaluation	6,505				650	5,855	12,695	6,840	5,855	10%
PLANT & MACHINERY										
Cost	1,165,868	165,682	-	-	63,361	1,268,189	2,124,974	856,785	1,268,189	5%
Revaluation	444,218		-	-	22,235	421,983	641,212	219,229	421,983	5%
FURNITURE, FIXTURE AND FITTINGS										
Cost	1,948	792	-	-	249	2,491	7,450	4,959	2,491	10%
OFFICE EQUIPMENT										
Cost	12,674	4,169	-	-	1,495	15,348	30,285	14,937	15,348	10%
Revaluation	2,034	-	-	-	203	1,831	4,786	2,955	1,831	10%
VEHICLES					-					
Cost	11,585	10,785	-	1,975	2,928	17,467	37,377	19,910	17,467	20%
LEASED										
PLANT & MACHINERY										
Cost	-	35,793	-	-	1,790	34,003	35,793	1,790	34,003	20%
TOTAL										
Cost	1,322,215	227,211	-	1,975	77,352	1,470,099	2,489,634	1,019,535	1,470,099	
Revaluation	610,958	-	-	-	28,578	582,380	850,823	268,443	582,380	
	1,933,173	**227,211**	**-**	**1,975**	**105,930**	**2,052,479**	**3,340,457**	**1,287,978**	**2,052,479**	

2011 (Rupees in 'ooo)

PARTICULARS	NET CARRYING VALUE: AS ON OCTOBER 1, 2010	ADDITIONS	TRANSFER AT NBV	DISPOSAL	DEPRECIATION	As ON SEPTEMBER 30, 2011	GROSS CARRYING VALUE: COST	ACCUMULATED DEPRECIATION	NET CARRYING VALUE AT SEP 30, 2011	DEPRECIATION RATE PER ANNUM
OWNED										
FREE HOLD LAND										
Cost	2,140	29,435	-	-	-	31,575	31,575	-	31,575	-
Revaluation	69,920		-	-	-	69,920	69,920	-	69,920	-
FACTORY BUILDING										
Cost	36,542	7,059	-	-	4,122	39,479	95,110	55,631	39,479	10%
Revaluation	23,898				2,390	21,508	33,220	11,712	21,508	10%
NON FACTORY BUILDING					-					
Cost	49,870	7,327	-	-	2,672	54,525	89,941	35,416	54,525	5%
Revaluation	70,288		-	-	3,515	66,773	88,990	22,217	66,773	5%
RES QTR FOR LABOUR										
Cost	4,339	677	-	-	455	4,561	27,139	22,578	4,561	10%
Revaluation	7,228				723	6,505	12,695	6,190	6,505	10%
PLANT & MACHINERY										
Cost	1,080,597	144,773	-	-	59,502	1,165,868	1,959,292	793,424	1,165,868	5%
Revaluation	467,625		-	-	23,407	444,218	641,212	196,994	444,218	5%
FURNITURE, FIXTURE AND FITTINGS										
Cost	1,754	399	-	-	205	1,948	6,658	4,710	1,948	10%
OFFICE EQUIPMENT										
Cost	10,299	3,655	-	-	1,280	12,674	26,116	13,442	12,674	10%
Revaluation	2,260	-	-	-	226	2,034	4,786	2,752	2,034	10%
VEHICLES										
Cost	9,705	4,381	-	24	2,477	11,585	26,592	15,007	11,585	20%
TOTAL										
Cost	1,195,246	197,706	-	24	70,713	1,322,215	2,262,423	940,208	1,322,215	
Revaluation	641,219	-	-	-	30,261	610,958	850,823	239,865	610,958	
TOTAL	**1,836,465**	**197,706**	**-**	**24**	**100,974**	**1,933,173**	**3,113,246**	**1,180,073**	**1,933,173**	

6.1.2 Depreciation has been allocated as follows:

	2012 SUGAR	2012 ETHANOL	2012 TOTAL	2011 SUGAR	2011 ETHANOL	2011 TOTAL
	------	------	------ (Rupees in 'ooo)	------	------	------
Manufacturing	**50,260**	**43,257**	**93,517**	52,147	37,275	89,422
Administration	**9,286**	**3,127**	**12,413**	8,789	2,763	11,552
Total	**59,546**	**46,384**	**105,930**	60,936	40,038	100,974

6.1.3 The Company has revalued its fixed assets, carried out by Messrs Sipra & Company in September 30,2009.

6.1.4 DISPOSAL OF FIXED ASSETS

2012

Description	Original Cost	Accumulated Depreciation	W.D.V.	Sale proceeds	Profit on Disposal	Mode of Disposal	Sold to
		------	(Rupees in 'ooo)	------			
Toyota Corolla Model 1997	579	545	34	476	442	by Negotiation	Mr. M.Shahid House # H-70/A, Street # 2 Banarus Chowk site Sector 2-B, Karachi
Toyota Corolla Model 2007	985	659	326	926	600	by Negotiation	Mr. Anis Ali Flat # G-38, Rahimabad, F.B. Area Block 14, Karachi
Suzuki Baleno Model 2004	739	607	132	486	354	by Negotiation	Mr. M. Amir Burni House# B-12, Block -B Gulshane Jamal, Shaharae Faisal, Karachi
Suzuki Potohar Model 1995	538	526	12	221	209	by Negotiation	Mr. M. Ayoob Sana Qamar Taris, Flat # 13, Gulshane Iqbal, Block 13-5, Karachi
Suzuki Potohar Model 1996	472	457	15	101	86	by Negotiation	Mr. Syed Ghulam Ali Shah House # K-20-103S4 Usman Barohi Road, Kimarti.
Suzuki Potohar Model 1997	487	467	20	161	141	by Negotiation	Mr. M.Ayoob Sana Qamar Taris, Flat# 13, Gulshane Iqbal, Block 13-5, Karachi
Suzuki Potohar Model 1999	579	545	34	181	147	by Negotiation	Mr. Abdul Hanif House# 12/4, Bahadur Colony, Jamshed Road # 2, Karachi.
Toyota Corolla Model 2012	1,476	74	1,402	1,451	49	by Negotiation	Mr. M. Amir Burni B-12, Block-B Gulshane Jamal, Shahrahe Faisal, Karachi
	5,855	**3,880**	**1,975**	**4,003**	**2,028**		
2011	355	331	24	160	136		

6.2 CAPITAL WORK-IN-PROGRESS

	2012				2011			
	Balance as on 01-10-2011	Addition during the year	Capitalized	Balance as on 30-09-2012	Balance as on 01-10-2010	Addition during the year	Capitalized	Balance as on 30-09-2011
	-------------- (Rupees in 'ooo) --------------							
Civil Works								
Under Construction	16,896	33,669	9,990	40,575	1,941	26,087	11,132	16,896
	16,896	33,669	9,990	40,575	1,941	26,087	11,132	16,896
Plant & Machinery								
Plant & Machinery under errection- Owned	64,672	140,660	148,558	56,774	119,582	89,681	144,591	64,672
Leased 6.2.1	30,000	5,793	35,793	-	-	30,000	-	30,000
	94,672	146,453	184,351	56,774	119,582	119,681	144,591	94,672
	111,568	**180,122**	**194,341**	**97,349**	121,523	145,768	155,723	111,568

6.2.1 Addition during the year includes borrowing cost of Rs Nil (2011: 2.4 million)

	Note	2012	2011
		(Rupees in thousand)	
7 LONG TERM INVESTMENT			
Investment in associate			
Al-Noor Modaraba Management (Pvt.) Ltd.	7.1	**2,909**	4,601
Share of unrealized profit / (loss) on remeasurement of associate's available for sale investment	7.2	**534**	(1,969)
		3,443	2,633
Share of profit for the year		**687**	276
		4,130	2,909

7.1 500,000 (2011 :500,000) fully paid ordinary shares of Rs.10 each

Equity held 14.285% (2011 : 14.285%)

Break-up value Rs. 8.26 (2011 : Rs. 5.82)

Chief Executive Mr.Jalaluddin Ahmed

7.2 Unrealized loss on re-measurement of investment

	2012	2011
Opening balance	**1,982**	13
Unrealized profit/(loss) on re-measurement of investment	**(534)**	1,969
Closing balance	**1,448**	1,982

7.3 The Company's interest in assets and liabilities of Al- Noor Modaraba Management (Pvt.) Ltd. is as follows:

	2012	2011
Tangible Fixed assets	**981**	1,542
Long Term Investments	**23,824**	20,110
Other long term assets	**28**	24
Current assets	**11,474**	7,233
	36,307	28,909
Long term liabilities	**906**	620
Current liabilities	**6,497**	7,926
	7,403	8,546
Net Assets	**28,904**	20,363

	Note	2012	2011
		(Rupees in thousand)	
7.4 The Company's share in profit and loss of Al-Noor Modaraba Management (Pvt.) Ltd. is as follows:			
Income		**9,466**	6,040
Expenses		**(3,694)**	(4,031)
		5,772	2,009
Loss on remeasurement & impairment loss on investment		**(46)**	(132)
Share of profit from associates		**174**	283
Profit for the year before taxation		**5,900**	2,160
Taxation		**(1,139)**	(276)
Profit for the year after taxation		**4,761**	1,884
Share of associate incremental depreciation on revaluation of investment		**46**	49
		4,807	1,933

8 LONG TERM DEPOSITS

	Note	2012	2011
Guarantee margin		**500**	533
Security deposits		**2,032**	2,175
		2,532	2,708

9 LONG TERM LOANS

- Unsecured & Interest free

	Note	2012	2011
Considered Good			
- Due from executives	9.1	**3,617**	2,162
- Due from non- executive employees		**553**	1,561
		4,170	3,723
Less: Current Portion of:			
- Due from executives		**(1,594)**	(783)
- Due from non- executive employees		**(384)**	(764)
		(1,978)	(1,547)
		2,192	2,176

9.1 Movement of loans to executives

	Note	2012	2011
Balance at the beginning of the year		**2,162**	1,527
Disbursement during the year		**3,355**	1,617
Repayment during the year		**(1,900)**	(982)
Balance at the end of the year		**3,617**	2,162

9.2 Loans and advances have been given in accordance with the terms of employment and are repayable in monthly installments.

10 STORES, SPARE PARTS AND LOOSE TOOLS

	Note	2012	2011
Stores		**51,674**	52,437
Spare Parts		**139,974**	129,409
Stores and spare parts in transit		**1,350**	1,794
		192,998	183,640
Less: Provision for obsolescence and slow moving	10.1	**(15,229)**	(12,729)
		177,769	170,911

10.1 Provision for obsolescence and slow moving

	Note	2012	2011
Opening Balance		**12,729**	10,587
Provision for the year		**2,500**	2,142
Closing balance		**15,229**	12,729

		Note	2012	2011
			(Rupees in thousand)	
11	**STOCK-IN-TRADE**			
	Sugar in process		**6,973**	6,589
	Molasses		**448,092**	635,842
	Finished goods			
	Sugar	11.1	**1,008,550**	1,730,484
	Ethanol		**354,433**	123,599
			1,362,983	1,854,083
			1,818,048	2,496,514

11.1 Stock of finished goods is pledged against short term running finances under markup arrangement as referred in note No. 25 amounted to Rs. 504.870 million (2011:772.515 million) and under Murabaha arrangement as referred in Note No. 23.1 amounted to Rs. 180 million (2011 134.6 million).

11.2 Stock of sugar includes stock valued at NRV amounting to Rs. 712 million.

		Note	2012	2011
12	**TRADE DEBTS**			
	Export - Secured against L/C.		**6,060**	15
	Local - Unsecured, considered good		**282**	-
			6,342	15
13	**LOANS AND ADVANCES (UNSECURED) CONSIDERED GOOD**			
	Loans to Growers	13.1	**4,347**	45,653
	Advances against purchases and services		**60,426**	77,343
	Advances against expenses		**3,070**	1,834
	Advances to Employees-other than executives, Director and Chief executives		**52**	1,258
	Current portion of long term loans	9	**1,978**	1,547
			69,873	127,635
13.1	**Loans to Growers**			
	Considered good		**4,347**	45,653
	Considered doubtful		**22,731**	21,731
			27,078	67,384
	Less Provision for doubtful debts			
	As at October 1,		**21,731**	18,681
	Provision for the year		**1,000**	3,050
			22,731	21,731
			4,347	45,653

13.2 These carry Markup at the rate of 10% per annum chargeable annually.

		Note	2012	2011
14	**OTHER RECEIVABLES**			
	Transport contractors		**17,390**	13,284
	Receivables from related parties	14.1	**59**	3,496
	Others		**621**	2,721
			18,070	19,501

14.1 This represent claims receivables amounting to nil (2011 : 3,496 thousands) and other receivables Rs. 0.059 million (2011: nil) from M/s Reliance Insurance Company Ltd. The maximum aggregate amount due from related party at the end of any month during the year was Rs.7 Million (2011 : Rs. 3.496 million).

	Note	2012	2011
		(Rupees in thousand)	

15 CASH AND BANK BALANCES

		2012	2011
Cash in hand		**900**	455
Cash at banks			
In current accounts		**20,425**	12,397
		21,325	12,852

16 ISSUED, SUBSCRIBED AND PAID-UP CAPITAL

2012	2011		2012	2011
No. of Shares				
11,730,368	11,730,368	Ordinary shares of Rs.10 each allotted for consideration paid in cash	**117,304**	117,304
9,388,295	9,388,295	Ordinary shares of Rs.10 each allotted as fully paid bonus shares	**93,883**	93,883
21,118,663	21,118,663		**211,187**	211,187

16.1 Associated companies hold 4,016,104 (19.01%) shares in the Company.

17. GENERAL RESERVE

This represents amount appropriated out of profit in past years and retained in order to meet future exigencies.

18 SURPLUS ON REVALUATION OF PROPERTY, PLANT & EQUIPMENT

	2012	2011
Gross opening balance	**610,958**	641,219
Incremental depreciation - net of deferred tax	**(20,499)**	(21,715)
Deferred Tax on Incremental Depreciation	**(8,079)**	(8,546)
	(28,578)	(30,261)
Gross closing balance	**582,380**	610,958
Relevant deferred tax liability	**(150,893)**	(158,972)
Revaluation surplus net of deferred tax	**431,487**	451,986

18.1 This represents surplus over book values resulting from the revaluation of fixed assets lastly carried out by Messrs Sipra & Company on September 30,2009 (see note no.6).

19. LONG TERM FINANCING

	2012	2011
Banks	**191,567**	459,700
Financial institutions	**315,000**	78,086
Modaraba	**66,438**	124,571
	573,005	662,357

19.1

(Rupees in '000)

	FINANCIAL INSTITUTION: SAPICO	FINANCIAL INSTITUTION: PAK Brunie Investment Co. Ltd	FINANCIAL INSTITUTION: Pak Oman Investment Co. Ltd	FINANCIAL INSTITUTION: Pak Oman Investment Co. Ltd	FINANCIAL INSTITUTION: TOTAL	BANKS: HABIB BANK LTD	BANKS: Bank Islami Pak Ltd	BANKS: Standard Chartered Bank Ltd	BANKS: TOTAL	MODARABA: Standard Chartered Modaraba	TOTAL: 2012	TOTAL: 2011
Balance October 1, 2011	31,000	-	-	137,500	**168,500**	100,000	100,000	334,000	**534,000**	**124,571**	**827,071**	792,333
Addition	-	200,000	100,000	-	**300,000**	-	-	-	**-**	**-**	**300,000**	808,571
Payment	(15,500)	-	-	(50,000)	**(65,500)**		-	(66,800)	**(66,800)**	**(24,914)**	**(157,214)**	(773,833)
Total Payable as on 30.09.2012	15,500	200,000	100,000	87,500	**403,000**	100,000	100,000	267,200	**467,200**	**99,657**	**969,857**	827,071
Current Maturity Shown under current liabilities	(15,500)	(12,500)	(10,000)	(50,000)	**(88,000)**	(50,000)	(47,500)	(178,133)	**(275,633)**	**(33,219)**	**(396,852)**	(164,714)
	-	187,500	90,000	37,500	**315,000**	50,000	52,500	89,067	**191,567**	**66,438**	**573,005**	662,357
Description	Long Term Finance	Long Term Finance	Long Term Finance	Long Term Finance		Long Term Finance	Diminishing Musharaka	Diminishing Musharaka		Diminishing Musharaka		
Sanctioned/Sale Price/ Disbursed Amount (Rs in million)	62	200	100	200		100	100	334		124.571		
Effective rate of markup (per annum)	6M KIBOR + 2.25%	6M KIBOR + 2.50%	6 M KIBOR + 2.40%	6M KIBOR + 3.00%		3M KIBOR + 2.60%	3 M KIBOR + 2.50%	3 M KIBOR + 2.75%		6 M KIBOR + 2.10%		
Facility tenor	5 years	5 years	4 years	5 years		33 months	3 years	3 years		4 years		
Number of installments	8	16	16	16		4	8	10		15		
Principal amount of each installment (Rs in million)	7.75	12.50	***2.5 to 8.75	12.500		25	*7.5 & 17.50	**16.70 & 44.533		8.304		
Installments Payable	Half Yearly	Quarterly	Quarterly	Quarterly		Quarterly	Quarterly	Quarterly		Quarterly		
Date of Disbursement	23-06-2008	27-04-2012	28-09-2012	22-05-2009		04-07-2011	17-06-2011	25-03-2011		30-06-2011		
Grace Period	1 Year	1 Year	-	1 Year		1 Year	1 Year	6 Months		3 Months		
Date of payment of 1st installment	23-12-2009	27-07-2013	28-12-2012	01-08-2010		04-10-2012	17-09-2012	25-12-2011		01-01-2012		
Date of payment of last installment	23-06-2013	27-04-2017	28-09-2016	01-05-2014		04-04-2014	17-06-2014	25-03-2014		01-07-2015		

* First four installments of Rs 7.5 million and thereafter four installments of Rs 17.5 million

** First four installments of Rs 16.7 million and thereafter six installments of Rs 44.533 million

*** First four installments of Rs 2.5 million each, 5 to 8 intallments are Rs. 5 million each and balance 4 installments are 8.75 each.

SECURITIES

SAPICO -Saudi Pak Industrial & Agricultural Investment Co. (Pvt) Ltd	1st Pari Pasu Equitable Mortgage Charge over all Fixed Assets including Land, Building, Plant & Machinery of Company
Pak Brunei Investment Co. Ltd	1st Pari Pasu Equitable Mortgage & hypothecation Charge over all Fixed Assets including Land, Building, Plant & Machinery of Company
Habib Bank Ltd	1st Pari Pasu Equitable Mortgage & hypothecation Charge over all Fixed Assets including Land, Building, Plant & Machinery of Company
Pak Oman Investment Co. Ltd	1st Pari Pasu Equitable Mortgage & hypothecation Charge over all Fixed Assets including Land, Building, Plant & Machinery of Company
Pak Oman Investment Co. Ltd	1st Pari Pasu Equitable Mortgage & hypothecation Charge over all Fixed Assets including Land, Building, Plant & Machinery of Company
BankIslami Pakistan Ltd	1st Pari Pasu Equitable Mortgage & hypothecation Charge over all Fixed Assets including Land, Building, Plant & Machinery of Company
Standard Chartered Bank (Pak.) Ltd	1st Pari Pasu Hypothecated Charge over all fixed assets including Plant & Machinery of the Company
Standard Chartered Modaraba	1st Pari Pasu Hypothecated Charge over all fixed assets including Plant & Machinery of the Company

		2012	2011
		(Rupees in thousand)	
20	**LOAN FROM RELATED PARTIES**		
	- Unsecured & Interest free		
	Directors and related parties	230,855	230,855

The directors have given their consent to certain lenders that the balance due to them and their related parties will not be reduced below Rs. 229.802 million till the improvement in equity or achievement of leverage of 3.5 x 1.

21 LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE

Future minimum lease payments under finance lease and the present value of the net minimum lease payments are as follows:

	------- 2012 -------		------- 2011 -------	
	Minimum lease payments	**Present Value**	Minimum lease payments	Present Value
	-----------------(Rupees in thousand)--------------			
Within one year	**10,063**	**7,545**	10,519	6,315
After one year but not more than five years	**15,095**	**13,297**	26,298	20,901
Total minimum lease payments	**25,158**	**20,842**	36,817	27,216
Less : Amount representing finance charges	**4,316**	**-**	9,601	-
Present value of minimum lease payments	**20,842**	**20,842**	27,216	27,216
Less : Current portion	**7,545**	**-**	6,315	-
	13,297	**20,842**	20,901	27,216

21.1 This represents finance lease entered into with leasing companies for plant and machinery. Rates of finance charges is 6 months Kibor+3% (2011:Kibor + 3%)

21.2 The company enjoys the option to purchase the leased assets upon completion of the leased period. These are secured against demand promissory notes.

22 DEFERRED TAXATION

		2012	2011
Opening Balance		**128,364**	173,525
Reversal during the year		**(57,487)**	(45,161)
Closing Balance	22.1	**70,877**	128,364

22.1 Deferred taxation comprises of:

	2012	2011
Deferred tax liabilities arising in respect of		
Accelerated tax depreciation	**147,745**	150,995
Revaluation of property, plant & equipment	**150,893**	158,972
	298,638	309,967
Deferred tax assets arising in respect of		
Provision for Doubtful grower loan	**(7,462)**	(7,606)
Provision for slow moving items and obsolescence	**(3,265)**	(4,455)
Provision for Gratuity	**(414)**	(675)
Provision for Leave Encashment	**(314)**	(513)
Unabsorbed tax loss/depreciation	**(216,306)**	(168,354)
	(227,761)	(181,603)
	70,877	128,364

		Note	2012	2011
			(Rupees in thousand)	
23	**TRADE AND OTHER PAYABLES**			
	Creditors - Related Parties		**16**	902
	- Others		**13,069**	32,048
	Istasna/IERF/Murabaha	23.1	**300,000**	254,690
	Accrued expenses		**12,761**	10,007
	Advance against Sales from customers		**486,652**	1,049,374
	Gratuity payable		**1,930**	1,930
	Worker's profit participation fund	23.2	**6,562**	5,728
	Worker's Welfare Fund		**9,853**	8,942
	Security Deposit		**232**	182
	Unclaimed dividends		**1,142**	1,016
	Others		**21,322**	18,096
			853,539	1,382,915

23.1 The Istasna/IERF/Murabaha arrangements are for an amount up to Rs. 1,000 million (2011: Rs 575 million). The effective rates of profit is Kibor+1 to 2% and SBP rate + 1% (2011: 6M Kibor+1.50 to 2%). The unavailed facility at the year end is Rs.700 million (2011: 320.4 million).

Securities:

1st pari passu hypothecation charge on Property Plant & Equipment & Pledge of Sugar.

23.2 Worker's profit participation fund

	Note	2012	2011
Balance at start		**5,728**	5,572
Add:			
Allocation for the year		**5,961**	5,046
Interest due on fund utilized in the Company's business shown under finance cost	34	**601**	682
		6,562	5,728
Less:			
Paid to Trustees		**5,728**	5,572
Balance at Close		**6,562**	5,728

		Note	2012	2011
24	**ACCRUED MARKUP / FINANCE COST**			
	Long term financing		**19,349**	14,251
	On Finance lease		**23**	36
	Short term Borrowings		**20,693**	51,124
			40,065	65,411
25	**SHORT TERM BORROWINGS**			
	Secured			
	Commercial Banks	25.1	**398,771**	407,197
	Export refinance	25.2	**640,000**	840,000
			1,038,771	1,247,197

25.1 Cash Finance/ Running Finance facilities available are up to Rs. 3,140 million (2011: Rs.2,465 million). The effective rate of markup ranges between 1M/3M/6M kibor+1.5% to 2% (2011: 1M/3M/ 6M kibor+1.5% to 4%). Unavailed facilities as on balance sheet date is Rs. 2,741 million (2011: Rs. 2,057.8 million).

Securities

Pledge of Sugar/Molasses/Ethanol and First pari passu charge on fixed assets.

25.2 These finance facilities are available from commercial banks under SBP Export Finance Scheme. The total limit is Rs. 740 Million (2011 Rs.840 Million). The effective rate of Mark-up is 1% over SBP ERF Rate which is 9.50% and 11% (2011: 1% over SBP ERF Rate which was 10%). Unavailed facilities as on balance sheet date is Rs. 100 million (2011: Rs Nil).

Securities

First pari passu equitable mortgage charge over current and future fixed assets of the company and pledge of Sugar / Molasses / Ethanol.

	Note	2012	2011
		(Rupees in thousand)	
26. CURRENT PORTION OF LONG TERM FINANCING AND LIABILITIES AGAINST ASSETS			
Long term financing	19	**396,852**	164,714
Liabilities against assets subject to finance lease	21	**7,545**	6,315
		404,397	171,029

27. CONTINGENCIES AND COMMITMENTS

a) CONTINGENCIES

27.1 A demand of Rs.4.629 million in respect of sales tax on in house use of baggase as fuel was raised by the Collectorate of Sales Tax, Hyderabad. The Company has disputed the liability and had filed an appeal before the Appellate Tribunal Karachi. The Appellate Tribunal has remanded back the case to the department of sales tax with a direction to compute the sales value and the sales tax payable thereon correctly after providing proper opportunity to the parties. The Sales Tax Tribunal has also directed the department to consider the fact that there was no deliberate or willful attempt to defraud the revenue therefore, the additional tax liability may be uncalled for. However, to avail of relief from levy of additional tax, as provided through SRO 1349(1) 99 dated 17th December,1999, the Company had to pay a total amount of Rs. 8.818 million including additional tax of Rs.4.190 million in December,1999.

The adjudicating authority has conducted the proceedings on remanded back case of the Tribunal and maintained its previous order. The Company had filed an appeal before Collector Appeals which was decided against the company. The company has filed an appeal before the Appellate Tribunal. However the company has provided for the contingency for the amount of sales tax and additional tax already paid through the aforesaid SRO.

27.2 The Company filed petition before Honorable High Court of Sindh challenging the levy of further tax against taxable supplies made to persons other than registered person under section 3(1A) of the Sales Tax Act, 1990. However, the entire liability till November 30, 2000 was paid by the Company, in the month of December 2000 as per judgment awarded against the department by the Honorable High Court of Sindh. Accordingly the Company has claimed refund of such further tax amounting to Rs. 45.190 million out of which an amount of Rs.7.144 million has been refunded by the department.

The Department of Sales Tax has filed an Appeal before the Honorable Supreme Court against the Order of the High Court of Sindh. The Honorable Supreme Court has allowed the Appeal with direction to the department to act in accordance with law. The Company is of the view that the Honorable Supreme Court has allowed the Appeal however, ratio-decidendi ordered by the High Court of Sindh has not been reversed, over ruled or amended. The Company is therefore of the view that the final outcome of the matter will be in favor of the Company. Sales Tax department has raised demands of further tax involving amount of Rs. 54 million, which has been contested by the company in the light of Sindh High Court Judgment. Tribunal has issued orders in favour of the company against which the sales tax department filed appealed against the orders of Tribunal which are pending at Honorable Sindh High Court.

27.3 The Company has filed a petition before the Honorable High Court of Sindh against the imposition of special excise duty. The Honorable High Court has issued stay order for the recovery of 70% of the total amount of Rs 7.073 million against excise duty involved. The Company has however as a matter of abundant precaution has provided for the amount of said duty in these accounts.

27.4 The Company's appeal in the Honorable Supreme Court against the Order of the Sindh High Court for levy of Quality Premium has been accepted by the Honorable Supreme Court by assailing the Order of Sindh High Court. Accordingly, no provision has been made in the books of accounts amounting to Rs. 86.670.million, as the matter is pending in the Honorable Supreme Court. Furthermore as per decision of federal government steering committee held on 16-07-2007, the quality premium shall remain suspended till decision of Honorable Supreme Court or consensus on uniform formula to be developed by MINFAL.

27.5 There are certain litigations pending in the sixth Sindh Labour Court pertaining to ex-employees. The sixth Sindh labour court awarded decision in favour of company and the ex-employees filed an appeal in Labour Appellate Tribunal at Hyderabad the outcome of which is pending. The financial liability may arise only if these cases are finally decided against the Company. The amount of liability is not ascertainable and hence, no provision has been made in this regard as in the management view the same is not likely to crystallize.

27.6 Cases regarding possession of land of the Company are pending in the Honorable High Court of Sindh where the matter is pending for hearing. The financial impact of the same is not presently determinable with any accuracy. The Company is confident that the same is not likely to be decided against the Company.

27.7 The Company has filed a petition in the Honourable Supreme Court of Pakistan against a show cause notice issued by Competition Commission of Pakistan (CCP), challenging the jurisdiction of the Competition Commission. The Honourable Supreme Court of Pakistan has disposed the petition on the ground that this matter is already under proceedings with Honorable High Courts and refrained CCP from passing any final / penal order till a final decision is achieved at Honourable High Courts. Therefore, there are no financial implications related to this at the moment.

27.8 The Company has filed a suit before the Honourable High Court of Sindh against Pakistan Standards and Quality Control Authority (the Authority) challenging the levy of marking fee under PSQCA Act-VI of 1996. The Authority has demanded a fee payment @ 0.1% of ex-factory price for the year 2008-09 amounting to Rs. 1.45 million. The Company is of the view that demand notifications so raised are without any lawful authority under the PSQCA Act-VI of 1996 and are violation of the constitution. The Honourable High Court of Sindh has accepted the petition and termed that the impugned notification have been issued without lawful authority and suspended the operation of the impugned notifications. The matter is pending for hearing before the Honorable High court of Sindh. No provision has been made in this regard since the management is confident that the outcome would be in Company's favour as the amount is insignificant and is not likely to materialize.

27.9 The Income Tax Department has filed an Appeal before the Honorable Appellate Tribunal Inland Revenue against order passed by the Appellate Commissioner relevant to accounting year ended on September 30, 2009 in respect of admissibility of certain expenses involving tax impact of Rs. 32.921 million. In view of the decision of the Appellate Commissioner Inland Revenue and the legal position so emerged, the Company is expecting that the order of Appellate Commissioner Inland Revenue will also be upheld by the Income Tax Appellate Tribunal Inland Revenue.

Furthermore, Company has already computed the tax liability for the years ended September 30, 2010, September 30, 2011 and September 30, 2012 on the basis of decision of the Appellate Commissioner Inland Revenue which has a tax impact of Rs. 91.524 million.

	2012	**2011**
	(Rupees in thousand)	
b) COMMITMENTS		
The Company's commitment as on September 30, 2012 are as follows:		
Letter of Credit for stores and spares	**20,277**	36,771

	Note	SUGAR 2012	SUGAR 2011	ETHANOL 2012	ETHANOL 2011	TOTAL 2012	TOTAL 2011
		(Rupees in thousand)					
28 NET SALES							
Local		3,153,171	2,651,938	-	5,220	3,153,171	2,657,158
Export		413,919	-	2,031,542	1,889,235	2,445,461	1,889,235
		3,567,090	2,651,938	2,031,542	1,894,455	5,598,632	4,546,393
Sales tax		233,568	77,174	-	752	233,568	77,926
Special Excise Duty		-	75,423	-	44	-	75,467
Brokerage and Commission		1,264	407	1,796	510	3,060	917
		234,832	153,004	1,796	1,306	236,628	154,310
Net sales		3,332,258	2,498,934	2,029,746	1,893,149	5,362,004	4,392,083
29 COST OF GOODS SOLD							
Manufacturing cost:							
Raw material consumed		2,302,365	3,346,990	1,617,112	1,387,302	3,919,477	4,734,292
Salaries, wages and benefits	29.1	58,228	53,701	15,219	11,166	73,447	64,867
Stores and spares consumed		72,846	67,945	37,842	29,130	110,688	97,075
Packing materials		24,340	22,614	1,093	4,224	25,433	26,838
Fuel and oil		13,584	11,040	31,917	42,831	45,501	53,871
Power and water		18,598	15,446	2,881	3,413	21,479	18,859
Chemicals and process materials		21,064	15,252	19,835	13,713	40,899	28,965
Repair and maintenance		26,876	22,530	10,620	10,892	37,496	33,422
Insurance		5,176	8,195	3,563	3,919	8,739	12,114
Other manufacturing expenses		13,511	14,707	6,973	4,978	20,484	19,685
Cane development cess and surcharge		3,538	4,093	-	-	3,538	4,093
Education cess		3	2	-	-	3	2
Depreciation		50,260	52,147	43,257	37,275	93,517	89,422
		2,610,389	3,634,662	1,790,312	1,548,843	4,400,701	5,183,505
Opening stock of work in process		6,589	10,052	-	-	6,589	10,052
Less: Closing stock of work in process		6,973	6,589	-	-	6,973	6,589
		(384)	3,463	-	-	(384)	3,463
		2,610,005	3,638,125	1,790,312	1,548,843	4,400,317	5,186,968
Less:							
Molasses transfer to Ethanol Division		222,844	299,088	-	-	222,844	299,088
Scrap Sales (Net of sales tax)		2,384	2,774	76	-	2,460	2,774
		225,228	301,862	76	-	225,304	301,862
		2,384,777	3,336,263	1,790,236	1,548,843	4,175,013	4,885,106
Opening stock of finished goods		1,730,484	481,308	123,599	125,403	1,854,083	606,711
Less: Closing stock of finished goods -		(1,008,550)	(1,730,484)	(354,433)	(123,599)	(1,362,983)	(1,854,083)
		721,934	(1,249,176)	(230,834)	1,804	491,100	(1,247,372)
		3,106,711	2,087,087	1,559,402	1,550,647	4,666,113	3,637,734

29.1 Includes Rs. 1.57 million (2011 : Rs. 1.215 million) in respect of contribution towards staff provident fund.

	SUGAR 2012	SUGAR 2011	ETHANOL 2012	ETHANOL 2011	TOTAL 2012	TOTAL 2011
30 DISTRIBUTION COST						
Sugar Handling Charges	7,374	4,282		-	7,374	4,282
Storage Rent	-	-	17,191	18,250	17,191	18,250
Carriage Out Ward	-	-	33,339	27,364	33,339	27,364
Export Charges	17,915	-	33,741	17,822	51,656	17,822
Other	-	-	7,803	19,256	7,803	19,256
	25,289	4,282	92,074	82,692	117,363	86,974

	Note	SUGAR 2012	SUGAR 2011	ETHANOL 2012	ETHANOL 2011	TOTAL 2012	TOTAL 2011
			(Rupees in thousand)				
31 ADMINISTRATIVE EXPENSES							
Salaries, wages and benefits	31.1	**36,048**	31,780	**8,945**	8,432	**44,993**	40,212
Chief Executives and Director's remuneration and perquisites		**12,525**	10,593	**-**	-	**12,525**	10,593
Staff welfare		**6,521**	4,042	**2,381**	2,747	**8,902**	6,789
Repair and maintenance		**4,704**	3,928	**2,700**	1,851	**7,404**	5,779
Legal and professional		**2,077**	2,399	**-**	-	**2,077**	2,399
Auditors' remuneration	31.2	**554**	496	**268**	250	**822**	746
Vehicle running		**7,093**	7,036	**2,141**	1,378	**9,234**	8,414
Insurance		**649**	298	**181**	123	**830**	421
Communication		**985**	1,070	**629**	325	**1,614**	1,395
Entertainment		**690**	801	**385**	286	**1,075**	1,087
Printing and stationery		**555**	751	**301**	372	**856**	1,123
Fees and subscription		**1,040**	684	**1,518**	1,932	**2,558**	2,616
Advertisement		**56**	166	**18**	108	**74**	274
Depreciation		**9,286**	8,789	**3,127**	2,763	**12,413**	11,552
Others		**10,754**	12,811	**4,061**	3,337	**14,815**	16,148
		93,537	85,644	**26,655**	23,904	**120,192**	109,548

31.1 Includes Rs. 0.87 million (2011 : Rs. 0.882 million) in respect of contribution towards staff provident fund.

	SUGAR 2012	SUGAR 2011	ETHANOL 2012	ETHANOL 2011	TOTAL 2012	TOTAL 2011
31.2 Auditors' remuneration						
Hyder Bhimji & Co						
Statutory Audit	**336**	300	**215**	200	**550**	500
Half yearly review	**50**	45	**32**	30	**82**	75
CDC Certification	**-**	-	**-**	-	**-**	-
Corporate Governance	**34**	30	**21**	20	**55**	50
	419	375	**268**	250	**687**	625
Harron Zakaria & Co						
Cost Audit	**100**	100	**-**	-	**100**	100
A.D.Akhawala & Co. - Provident Fund	**35**	21	**-**	-	**35**	21
	554	496	**268**	250	**822**	746

	Note	2012	2011
		(Rupees in thousand)	
32 OTHER OPERATING CHARGES			
Charity and donation		**1,180**	1,968
Exchange Loss on derivative		**-**	8,899
Provision for doubtful loan to growers		**1,000**	3,050
Provision for slow moving spares items		**2,500**	2,142
Director meeting fees		**190**	158
Worker's profit participation fund		**5,961**	5,046
Worker's Welfare Fund		**2,265**	1,917
		13,096	23,180

32.1 None of the directors or their spouses had any interest in the above donee funds.

	2012	2011
33 OTHER OPERATING INCOME		
Income from financial Assets		
Exchange Gain on export proceeds	**8,322**	7,081
Insurance Claim	**7,000**	3,496
Interest on Grower Loan	**-**	4,560
Profit on Bank Deposits	**1**	214
	15,323	15,351
Income from non financial Assets		
Scrap Sales	**-**	294
Profit on disposal of Property, Plant & Equipment	**2,028**	136
	2,028	430
Income from other		
Provision written back	**-**	459
	17,351	16,240

		Note	2012	2011
			(Rupees in thousand)	
34	**FINANCE COST**			
	Markup on:			
	Long term financing		**125,006**	137,636
	Short term borrowings		**125,406**	257,209
	Export refinance		**93,544**	55,326
			343,956	450,171
	Interest on Worker's profit participation fund	23.2	**601**	682
	Finance cost on assets held under finance lease		**4,021**	-
	Bank charges		**666**	1,033
	Others		**2,955**	10,751
			8,243	12,466
			352,199	462,637
35	**TAXATION**			
	Current Taxation		**23,222**	43,970
	Deferred taxation			
	Current year		**(57,487)**	(130)
	Prior year		**-**	(45,031)
			(57,487)	(45,161)
			(34,265)	(1,191)

35.1 In view of available tax losses/depreciation, the provision for current taxation represents minimum tax being the turnover tax under Section 113 of the Income Tax Ordinance, 2001, hence tax reconciliation of tax expense with accounting profit is not presented.

36 EARNING PER SHARE - BASIC

	2012	2011
Profit after taxation	**145,344**	89,717
Weighted average number of ordinary shares	**21,118,663**	21,118,663
Earning per share	**6.88**	4.25

There is no dilutive effect on the basic earning per share.

37 TRANSACTIONS WITH ASSOCIATED UNDERTAKINGS

37.1 The related parties includes associates,executives being the key management personnel and post employment contribution plan. The company in the normal course of business carries out transcations with various related parties. Amount due from and to related parties are shown under receivables and payables, and remuneration of executives and directors and key management personnel is disclosed in note.39. Other significant transcations with related parties are as follow:

	2012	2011
Purchase of Goods	**290,767**	338,931
Insurance Premium	**11,804**	14,225
Insurance claim	**7,000**	3,496
Dividend paid to associated undertakings	**3,587**	3,587

		2012	2011
38	**CAPACITY AND PRODUCTION IN METRIC TONS**		
	Sugar Division		
	Capacity days	**120**	120
	Cane crushing capacity per day (M.T.)	**7,000**	7,000
	Total cane crushing capacity	**840,000**	840,000
	No of days Mill operated	**87**	113
	Actual crushing (M.T.)	**566,077**	654,892
	Sugar Production (M.T.)	**57,077**	60,775
	Distillery Division		
	Capacity in M.Tons	**33,000**	33,000
	Days	**330**	330
	Production in M.Tons	**27,947**	25,115
	No of days Mill operated	**345**	308

Reasons for short fall in production

The sugar production plant capacity is based on crushing of sugar cane on daily basis and the sugar production is dependent on certain factors which include surcose recovery. The short fall in actual crushing is mainly on account of shortage of sugar cane.

Production of ethanol has been lower due to carry over stock of molasses affected due to torrential rain, flood and also due to maintenance work carried out during production process

39 CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES' REMUNERATION

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

	Chief Executive		Director		Executives		Total	
	2012	**2011**	**2012**	**2011**	**2012**	**2011**	**2012**	**2011**
	------------------------- (Rupees in thousand) -------------------------							
Meeting fee	**20**	15	**170**	143	**-**	-	**190**	158
Remuneration	**4,171**	3,476	**3,408**	2,840	**11,047**	10,937	**18,626**	17,253
Provident fund	**-**	-	**-**	-	**759**	780	**759**	780
Perquisite (including house rent and bonus)	**2,086**	1,738	**1,705**	1,420	**15,806**	14,982	**19,597**	18,140
Reimbursable expenses including traveling expenses	**396**	387	**759**	732	**-**	-	**1,155**	1,119
	6,673	5,616	**6,042**	5,135	**27,612**	26,699	**40,327**	37,450
Number of persons	**1**	1	**1**	1	**19**	16		

i. The Chief Executive, Directors and Executives are provided with free use of company's cars.

ii. Meeting fee paid to 9 Directors (2011 : 9 Directors).

40 SEGMENT INFORMATION

The operating results, assets and liabilities and other significant information of each segment is as follows

	SUGAR DIVISION		ETHANOL DIVISION		TOTAL	
	2012	2011	2012	2011	2012	2011
	Rupees in "000"					
REVENUE						
External sales	**3,567,090**	2,651,938	**2,031,542**	1,894,455	**5,598,632**	4,546,393
Total Revenue	**3,567,090**	2,651,938	**2,031,542**	1,894,455	**5,598,632**	4,546,393
RESULTS						
Profit from operations	**116,868**	326,908	**358,819**	247,159	**475,687**	574,067
Other operating expenses					**(13,096)**	(23,180)
Finance cost					**(352,199)**	(462,637)
Share of profit from associated undertaking					**687**	276
Profit before tax					**111,079**	88,526
Taxation					**34,265**	1,191
Net profit for the year					**145,344**	89,717
OTHER INFORMATION						
Capital expenditure	**38,363**	64,825	**188,848**	132,880	**227,211**	197,705
Depreciation	**59,546**	60,936	**46,384**	40,038	**105,930**	100,974
BALANCE SHEET						
Assets						
Segment assets	**2,358,978**	3,099,682	**1,806,660**	1,676,597	**4,165,638**	4,776,279
Unallocated Assets	**-**	-	**-**	-	**139,900**	101,495
Long Term Investment					**4,130**	2,909
Consolidated total assets					**4,309,668**	4,880,683
Liabilities						
Segment liabilities	**1,793,257**	2,257,069	**1,413,204**	1,646,911	**3,206,461**	3,903,980
Unallocated liabilities					**18,345**	16,600
Consolidated total liabilities					**3,224,806**	3,920,580

41 FINANCIAL ASSETS AND LIABILITIES

Fianncial assets and liabilities of the company as at September 30 are as follows

	2012						
	Markup / Interest Based			Non Markup / Interest Based			Total
	Maturity up to One Year	Maturity after One Year	Sub Total	Maturity up to One Year	Maturity after One Year	Sub Total	
	--------(Rupees in '000)--------						
FINANCIAL ASSETS							
Long Term Investment	-	-	-	-	4,130	4,130	**4,130**
Long Term Deposits	-	-	-	-	2,532	2,532	**2,532**
Long Term Loans	-	-	-	1,978	2,192	4,170	**4,170**
Trade debts	-	-	-	6,342	-	6,342	**6,342**
Loans and advances	4,347	-	4,347	52	-	52	**4,399**
Other receivables	-	-	-	680	-	680	**680**
Bank balances	-	-	-	20,425	-	20,425	**20,425**
	4,347	-	4,347	29,477	8,854	38,331	**42,678**
FINANCIAL LIABILITIES							
Long Term Financing	396,852	573,005	969,857	-	-	-	**969,857**
Loan from Related Parties	-	-	-	-	230,855	230,855	**230,855**
Liabilities against assets subject to finance lease	7,545	13,297	20,842	-	-	-	**20,842**
Trade and other Payables	306,562	-	306,562	546,977	-	546,977	**853,539**
Accrued markup / finance cost	-	-	-	40,065	-	40,065	**40,065**
Short term borrowings	1,038,771	-	1,038,771	-	-	-	**1,038,771**
	1,749,730	586,302	2,336,032	587,042	230,855	817,897	**3,153,929**

	2011						
	Markup / Interest Based			Non Markup / Interest Based			Total
	Maturity up to One Year	Maturity after One Year	Sub Total	Maturity up to One Year	Maturity after One Year	Sub Total	
	--------(Rupees in '000)--------						
FINANCIAL ASSETS							
Long Term Investment	-	-	-	-	2,909	2,909	2,909
Long Term Deposits	-	-	-	-	2,708	2,708	2,708
Long Term Loans	-	-	-	1,547	2,176	3,723	3,723
Trade debts	-	-	-	-	15	15	15
Loans and advances	4,347	-	4,347	4,399	-	4,399	8,746
Other receivables	-	-	-	6,217	-	6,217	6,217
Bank balances	-	-	-	12,397	-	12,397	12,397
	4,347	-	4,347	24,560	7,808	32,368	36,715
FINANCIAL LIABILITIES							
Long Term Financing	164,714	662,357	827,071	-	-	-	827,071
Loan from Related Parties	-	-	-	-	230,855	230,855	230,855
Liabilities against assets subject to finance lease	6,315	20,901	27,216	-	-	-	27,216
Trade and other Payables	260,418	-	260,418	1,122,497	-	1,122,497	1,382,915
Accrued markup / finance cost	-	-	-	65,411	-	65,411	65,411
Short term borrowings	1,247,197	-	1,247,197	-	-	-	1,247,197
	1,678,644	683,258	2,361,902	1,187,908	230,855	1,418,763	3,780,665

42 FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

42.1 Financial Risk Management Objectives

The Company's activities expose it to a variety of financial risks; credit risk, liquidity risk and market risk (including interest rate risk, currency risk and other price risk). The Company's overall risk management programs focuses on the under predictability of financial markets and seek to minimize potential adverse effects on the Company's financial performance.

This note presents information about the Company's exposure to each of the above risk, the Company's objectives, policies and procedures for measuring and managing risk, and the Company's management of capital. Further quantitative disclosures are included throughout these financial statements.

The Company's senior management provides policies for overall risk management, as well as policies covering specific areas such as foreign exchange risk, interest rate risk, credit risk, financial instruments and investment of excess liquidity. The Board of Directors reviews and agrees policies for managing each of these risks which are summarized below:

A Credit risk

Credit risk represents the accounting loss that would be recognized at the reporting date if counter parties failed to perform as contracted. The Company manages credit risk interalia by setting out credit limits in relation to individual customers and / or by obtaining advance against sales and / or through letter of credits and/or by providing for doubtful debts. Also the Company does not have significant exposure in relation to individual customer. Consequently the Company believes that it is not exposed to any major concentration of credit risk.

The carrying amount of financial assets as disclosed in note no 41 represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

The Company is exposed to credit risk from its operating and certain investing activities and the Company's credit risk exposures are categorised under the following headings:

Bank balances

The Company limits its exposure to credit risk by investing in liquid securities and maintaining bank accounts only with counter-parties that have stable credit rating. Given these high credit ratings, management does not expect that any counter party will fail to meet their obligations.

The bank balances along with credit ratings are tabulated below:

	Long Term Ratings	Short Term Ratings	2012	2011
			Rupees in '000	
United Bank Limited	AA+	A1+	**4,003**	4,637
Habib Bank Limited	AA+	A1+	**51**	51
Allied Bank Limited	AA+	A1+	**10**	10
MCB Bank Limited	AA+	A1+	**25**	170
Standard Chartered Bank Limited	AAA	A1+	**139**	144
National Bank of Pakistan	AAA	A1+	**844**	1,668
Faysal Bank Limited	AA	A1+	**1,062**	2,231
Bank Al-Falah Limited	AA	A1+	**636**	288
Bank Islami Limited	A	A1	**11,429**	452
JS Bank Limited	A	A1	**287**	149
Al-Baraka Bank (Pakistan) Limited	A	A2	**36**	248
Soneri Bank Limited	AA-	A1+	**1,032**	1,032
Sindh Bank Ltd	AA-	A1	**8**	-
Meezan Bank Limited	AA-	A1+	**863**	123
Summit Bank Limited	A	A2	**-**	1,024
KASB Bank	BBB	A3	**-**	170
			20,425	12,397

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

Trade Debts of Rs. 6,060 thousand (2011: 15 thousands) are essentially due from foreign debtors whereas remaining amount of Rs. 282 thousand (2011: nil) is receivable from local debtors and the Company does not expect that these companies will fail to meet their obligations.

The Company believes that no allowance is necessary in respect of trade debts because these are not past due and not impaired. The Company is actively pursuing for the recovery and the Company does not expect these companies will fail to meet their obligations. Aging of trade debts is as follows:

	2012	2011
	(Rupees in '000)	
1 to 6 months	**6,342**	-
1 year to 3 years	**-**	15
	6,342	15

Export debts are secured under irrevocable letter of credit, document acceptance and other acceptable banking instruments.

Loans and advances

These represent balances due from growers and 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 except for certain past due loans to growers against which appropriate provision has been made in the financial statements as disclosed in note no 13.1.

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 be made soon.

Financial assets that are either past due or impaired

The credit quality of financial assets that are either past due or impaired is assessed by reference to historical information and external ratings or to historical information about counter party default rates.

As at the balance sheet date amounts of Rs. 22.731 millions (2011: 21.731 million) receivable from growers were past due against which allowance for doubtful debts have been made.

B Liquidity risk

Liquidity risk represent the risk where the Company will encounter difficulty in meeting obligations associated with financial liabilities.

The Company manages liquidity risk by maintaining sufficient cash and ensuring the fund availability through adequate credit facilities. At September 30, 2012 the Company has PKR 2,841 million (2011: PKR 2,058 million) available unutilized short term borrowing limit from financial institutions and also has PKR 20.425 million (2011: PKR 12.397 million) being balances at banks. Based on the above, management believes the liquidity risk is insignificant.

The following are the contractual maturities (undiscounted) of the financial liabilities:

Year ended 30 September 2012	On demand	Less than 3 months	3 to 12 months	1 to 5 years	> 5 years	Total
			(Rupees in thousands)			
Long term financing	-	-	396,852	573,005	-	**969,857**
Loan from related parties	-	-	-	-	230,855	**230,855**
Liabilities against assets subject to finance lease	-	-	7,545	13,297	-	**20,842**
Trade and other payables	-	512,498	341,241	-	-	**853,739**
Short-term borrowings	-	398,771	640,000	-	-	**1,038,771**
Accrued mark-up on short-term borrowings	-	40,065	-	-	-	**40,065**
	-	951,334	1,385,638	586,302	230,855	**3,154,129**

Year ended 30 September 2011	On demand	Less than 3 months	3 to 12 months	1 to 5 years	> 5 years	Total
			(Rupees in thousands)			
Long term financing	-	-	164,714	662,357	-	827,071
Loan from related parties	-	-	-	-	230,855	230,855
Liabilities against assets subject to finance lease	-	-	6,315	20,901	-	27,216
Trade and other payables	-	1,092,331	290,584	-	-	1,382,915
Short-term borrowings	-	407,197	840,000	-	-	1,247,197
Accrued mark-up on short-term borrowings	-	65,411	-	-	-	65,411
	-	1,564,939	1,301,613	684,311	229,802	3,780,665

C Market Risk

Market risk refers to fluctuation in value of financial instruments as a result of changes in market prices. The company manages market risk through binding contracts.

D Interest/ markup rate risk management

Interest rate risk is the risk that the fair value or future cash flows of financial instrument will fluctuate because of changes in market interest rates. Majority of the interest rate exposure arises from long term financings, short term borrowings and Finance Lease. The Company analyses its mark up/interest rate exposure on a regular basis by monitoring markup/interest rate trends. The At the balance sheet date the interest rate profile of the Company's mark up/interest bearing financial instruments is:

	Effective interest rates 2012	Effective interest rates 2011	Carrying Values 2012	Carrying Values 2011
			--- Rupees in "000" ----	
Financial Assets				
Fixed Rate Instruments				
Loan to Growers	See Note 13		4,347	45,653
Financial Liabilities				
Fixed Rate Instruments				
WPPF	See Note 23		6,562	5,728
Variable Rate Instruments				
Long Term Financing	See Note 19		969,857	827,071
Istasna/IERF/Murabaha	See Note 23		300,000	254,690
Liability Against assets subject to finance lease	See Note 17		20,842	27,216
Short term Borrowings	See Note 25		1,038,771	1,247,197

Sensitivity analysis

A change of 100 basis points in interest rates at the reporting date would have increased/ decreased profit for the year before tax by the amounts shown below. The analysis assumes that all other variables remains constant.

	2012	2011
	--- Rupees in "000" ----	
Effect due to 100 basis points change		-
Increase	**(23,404)**	(24,076)
Decrease	**23,404**	24,076

E Foreign exchange risk management

Foreign exchange risk is the risk that the fair value of future cash flows of financial statements will fluctuate because of changes in foreign exchange rates.

Foreign exchange risk arises mainly from future economical transactions or receivables and payables that exist due to transactions in foreign currencies.

Currently, the Company's foreign exchange risk exposure is restricted to the amounts receivables / payable from / to the foreign entities and outstanding letters of credit, long term foreign currency loans and bills payable. In appropriate cases, the Company takes out forward contracts to mitigate risk. The Company's exposure to foreign currency risk is as follows:

		2012		2011	2012	2011
		(in thousands)			(Rupees in thousands)	
Balance Sheet Exposure						
Foreign debtors	$	64		-	**6,060**	-
Off Balance Sheet Exposure						
Commitments						-
US Dollars	**$**	**161**	$	260	**15,251**	22,741
EUROS	**€**	**26**	€	75	**3,245**	8,837
GBP	**£**	**7**	£	-	**1,051**	-
JPY	**JPY**	**550**	JPY	4,015	**729**	4,561
SW Frank					**-**	631
					20,276	36,770

The following significant exchange rate has been applied:

	2012	2011
Rupee per USD		
Average rate	**91.18**	86.48
Reporting date rate	**95.00**	87.28

Sensitivity analysis

A 10 percent strengthening / weakening of the PKR against USD at 30 Sept would have decreased / increased equity and profit and loss account by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant. The analysis is performed on the same basis for 2011.

	2012	2011
	--- Rupees in "000" ----	
As at September 30		
- Effects in US$ gain / (loss)	**621.72/ (1022)**	-

F Fair value of financial instruments

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

The carrying values of all the financial assets and liabilities reflected in the financial statements approximate their fair values except those which are described in respective notes.

G Capital risk management

The Company finances its operations through equity, borrowings and management of working capital with a view to maintain an appropriate mix amongst various sources of finance to minimize risk.

The primary objectives of the Company when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure.

The Company manages its capital structure and makes adjustment to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders or issue new shares.

During 2012 the Company's strategy was to maintain leveraged gearing. The gearing ratios as at September 30, 2012 and 2011 were as follows:

	2012	**2011**
	(Rupees in '000)	
Total borrowings	**1,221,554**	1,085,142
Less: Cash and bank	**(21,325)**	(12,852)
Net debt	**1,200,229**	1,072,290
Total equity	**653,375**	508,117
Total equity and debt	**1,874,929**	1,593,259
Gearing ratio (%)	**64.01%**	67.30%

43 DATE OF AUTHORIZATION

These financial statements were authorized for issue in the Board of Directors meeting held on 28th December 2012.

44 EVENTS AFTER BALANCE SHEET DATE

Subsequent to the year ended September 30, 2012, the Board of Directors has proposed a final cash dividend of Rs.31.678 million at 15% i.e Re 1.50/= per share of Rs 10/- each (2011 Rs.21.119 million at 10% i.e Re 1 per share of Rs 10/- each)) in their meeting held on December 28, 2012 subject to the approval of the members at the Annual General Meeting scheduled to be held on 30th January 2013.

45 GENERAL

Amounts have been rounded off to the nearest thousand rupee unless otherwise stated.

YUSUF AYOOB
Managing Director

ZIA I.ZAKARIA
Director

PATTERN OF HOLDING OF THE SHARES HELD BY THE SHAREHOLDERS AS ON 30-09-2012

NOs OF SHARESHOLDERS					TOTAL SHARES HELD
1369	FROM	1	TO	100	31,055
584	FROM	101	TO	500	145,375
127	FROM	501	TO	1000	101,941
192	FROM	1001	TO	5000	466,370
53	FROM	5001	TO	10000	414,848
12	FROM	10001	TO	15000	145,180
12	FROM	15001	TO	20000	225,232
11	FROM	20001	TO	25000	261,303
3	FROM	25001	TO	30000	88,000
8	FROM	30001	TO	35000	261,082
1	FROM	35001	TO	40000	38,500
3	FROM	40001	TO	45000	128,419
3	FROM	45001	TO	50000	144,949
1	FROM	50001	TO	55000	54,634
2	FROM	60001	TO	65000	122,556
1	FROM	70001	TO	75000	75,000
1	FROM	75001	TO	80000	76,000
2	FROM	80001	TO	85000	164,928
2	FROM	100001	TO	105000	202,452
2	FROM	110001	TO	115000	222,363
1	FROM	115001	TO	120000	118,463
2	FROM	120001	TO	125000	245,112
1	FROM	125001	TO	130000	126,781
2	FROM	130001	TO	135000	266,927
2	FROM	140001	TO	145000	286,086
6	FROM	145001	TO	150000	883,442
1	FROM	150001	TO	155000	154,407
2	FROM	155001	TO	160000	316,709
1	FROM	160001	TO	165000	164,566
1	FROM	165001	TO	170000	166,650
2	FROM	170001	TO	175000	342,048
1	FROM	180001	TO	185000	184,786
2	FROM	185001	TO	190000	375,131
2	FROM	190001	TO	195000	386,927
1	FROM	195001	TO	200000	195,838
2	FROM	210001	TO	215000	424,122
1	FROM	215001	TO	220000	218,086
2	FROM	225001	TO	230000	455,623
2	FROM	230001	TO	235000	463,652
1	FROM	270001	TO	275000	271,000
1	FROM	285001	TO	290000	288,924
1	FROM	295001	TO	300000	298,429
1	FROM	340001	TO	345000	340,758
1	FROM	355001	TO	360000	359,458
1	FROM	375001	TO	380000	377,818
1	FROM	390001	TO	395000	390,842
1	FROM	490001	TO	495000	493,541
1	FROM	500001	TO	505000	502,000
1	FROM	510001	TO	515000	514,180
1	FROM	740001	TO	745000	740,713
1	FROM	805001	TO	810000	806,206
1	FROM	870001	TO	875000	871,557
1	FROM	2415001	TO	2420000	2,417,910
1	FROM	3295001	TO	3300000	3,299,784
2438				**TOTAL:-**	**21,118,663**

CATEGORIES OF SHAREHOLDING AS ON 30-09-2012

SR.NO.	CATEGORIES OF SHAREHOLDER'S	NUMBER OF SHAREHOLDER'S	SHARES HELD	PERCENTAGE
1	INDIVIDUALS	2407	12,611,084	59.72%
2	JOINT STOCK COMPANIES	17	5,103,787	24.17%
3	INSURANCE COMPANIES	1	23,551	0.11%
4	FINANCIAL INSTITUTIONS	7	3,228,621	15.29%
5	MODARABA COMPANIES	2	102,218	0.48%
6	LEASING COMPANIES	1	2,058	0.01%
7	MODARABA MANAGEMENT COMPANIES	1	47,000	0.22%
8	OTHERS	2	344	0.00%
	TOTAL	**2,438**	**21,118,663**	**100%**

CATEGORIES OF SHARE HOLDING
AS AT SEPTEMBER 30, 2012

Categories of Shareholders	No. of Share holders	Sheres Held	Percentage
ASSOCIATED COMPANIES UNDERTAKINGS AND RELATED PARTIES			
Al-Noor Sugar Mills Ltd.	1	3,299,784	15.62
First Al-Noor Modaraba	1	102,203	0.48
Reliance Insurance Co. Ltd.	1	23,551	0.11
Al-Noor Modaraba Management (Pvt.) Ltd.	1	47,000	0.22
Noori Trading Corporation (Pvt.) Ltd.	2	666,566	3.16
NIT & ICP			
NATIONAL BANK OF PAKISTAN, TRUSTEE DEPTT	2	2,418,010	11.46
NATIONAL INVESTMENT TRUST LTD.	1	62,266	0.29
NATIONAL BANK OF PAKISTAN	2	234,065	1.11
DIRECTORS , CEO & THEIR SPOUSES AND MINOR CHILDREN	13		
MRS. MUNIRA ANJUM (W/O YUSUF AYOOB)		218,086	1.03
MR. MUHAMMAD YOUSUF AYOUB		377,818	1.79
MR.MOHAMMAD SULEMAN AYOOB		184,786	0.87
MR. ABDUL AZIZ AYOOB		170,594	0.81
MRS. ZARINA BAI ISMAIL (W/O ISMAIL H. ZAKARIA)		158,075	0.75
MR. ZIA ZAKARIA		228,999	1.08
MR. ZOHAIR ZAKARIA		226,624	1.07
MRS. SURAIYA SULEMAN (W/O SULEMAN AYOOB)		132,927	0.63
MR. ISMAIL H. ZAKARIA		47,949	0.23
MRS. MEHRUNNISA A. AZIZ (W/O A. AZIZ AYOOB)		43,613	0.21
MRS. SANOBER ZIA (W/O ZIA ZAKARIA)		10,641	0.05
MR. GHULAM MOHIUDDIN		871,557	4.13
MRS. MANAL GHULAM MOHIUDDIN (W/O GHULAM MOHIUDDIN)		60,290	0.29
PUBLIC SECTOR COMPANIES AND CORP.	---		---
BANK, DEVELOPMENT FINANCE INSTITUTIONS, NON BANKING FINANCE INSTITUTIONS, INSURANCE COMPANIES, MODARABAS AND MUTUAL FUNDS, LEASING	4	516,353	2.45
JOINT STOCK COMPANIES	14	1,137,437	5.38
OTHERS	2	344	0.00
INDIVIDUALS	2394	9,879,125	46.78
TOTAL:-	**2,438**	**21,118,663**	**100.00**

SHARE HOLDERS HOLDING FIVE PERCENT OR MORE VOTING INTEREST IN THE LISTED COMPANY

CERTIFICATES HOLDERS HOLDING FIVE PERNCENT OR MORE VOTING INTEREST IN THE LISTED COMPANY

National Bank of Pakistan Trustee Deptt.	---	2,418,010
Al-Noor Sugar Mills Limited		3,299,784

PROXY FORM

I/We ....

in the district of .... being a Member of **SHAHMURAD SUGAR MILLS LIMITED**

and holder of .... Ordinary Shares as per Share
(Number of Shares)

Register **Folio No.** .... and/or **CDC Participant I.D. No.** .... **and Sub Account No.** ....

hereby appoint .... of ....

or failing him ....

of.. also a member; as my/our Proxy in my/our absence to attend and vote for me/us at the 34th Annual General Meeting of the Company to be held on the 30th day of January two thousand and thirteen at 3.30 p.m. and at any adjournment thereof :

Signed this .... day of 2013

WITNESSES:

1. Signature ....
   Name: ....
   Address ....
   ....
   NIC or
   Passport No. ....

2. Signature ....
   Name: ....
   Address ....
   ....
   NIC or
   Passport No. ....

Rupees five
Revenue
Stamp

Signature of Member(s)

NOTE:

If a Member is unable to attend the Meeting, he may sign this Form and send it to Secretary SHAHMURAD SUGAR MILLS LIMITED, KARACHI so as to reach him not less than 48 hours before the time of holding the Meeting. A proxy need to be a member of the company.