HUSEIN SUGAR MILLS LIMITED

ANNUAL REPORT 2011

Contents

STATEMENT OF ETHICS AND BUSINESS PRACTICES

Husein Sugar Mills Limited is guided by the following principles in the pursuit of excellence in all activities for attainment of the management objects for the efficient conduct of business.

- Formulate, implement, monitor and follow up the objectives, strategies, policies, procedures and overall business of the company.
- Ensure compliance of the company affairs as per legal and regulatory requirements guidelines of the statutory authorities and high business ethics.
- Motivate and encourage initiatives and experience employees committed to the management philosophy to carry out the business transactions honestly.
- Maintain organization effectiveness for the achievement of the organization goals.
- Ensure that the company's interest supersedes all other interests by making its best.

VISION STATEMENT

- A leading producer of sugar and its by-products by providing the highest quality of products and services to its customers.
- Lowest cost supplier with assured access to long-term supplies.
- Sustained growth in earning in real terms.
- Highly ethical company and the respected corporate citizen to continue playing the role in the social and environmental sectors of the company.
- To develop an extremely motivated and professional trained work force, which would drive growth through innovation and renovation.
- To strive for excellence through commitment, honest and team work.

MISSION STATEMENT

Our mission is to be a dynamic, profitable and growth oriented company by providing good return on investment to its shareholders and investors, quality products to its customers, promote agriculture sector, a secured and friendly environment place of work to its employees and present the company as a reliable partner to all sugarcane growth and other business associates.

COMPANY INFORMATION

BOARD OF DIRECTORS	Mst. Nusrat Shamim	Chairperson & Chief Executive
	Mr. Ahmad Ali Tariq	Executive Director
	Mian Shahzad Aslam	
	Mian Aamir Naseem	
	Mst. Ayesha Shahzad	
	Mr. Muhammad Shams Amin	
	Mr. Irfan Qamar	
	Mr. M. Mudassar Ahsan	
AUDIT COMMITTEE	Mian Shahzad Aslam	Chairman
	Mst. Ayesha Shahzad	Member
	Mr. Muhammad Mudassar Ahsan	Member
CHIEF FINANCIAL OFFICER	Irfan Qamar	
COMPANY SECRETARY	Syed Arif Hussain	
LEGAL ADVISOR	Manzoor Hussein Syed	
BANKERS	MCB Bank Limited	
	Bank Alfalah Limited	
	Habib Bank Limited	
	National Bank of Pakistan	
	Allied Bank Limited	
	United Bank Limited	
	The Bank of Punjab	
	Meezan Bank Limited	
	Faysal Bank Limited	
	Bank Islami Pakistan Limited	
AUDITORS	Riaz Ahmad & Company Chartered Accountants	
REGISTRAR	M/s Hameed Majeed Associates (Pvt.) Ltd. 1st Floor, H.M. House, 7-Bank Square Lahore. Ph: (042) 37235081-2 Fax: (042) 37358817	
MILLS	Lahore Road, Jaranwala	
REGISTERED / HEAD OFFICE	30-A E/I, Old FCC, Gulberg III, Lahore Ph: (042) 35762089 - 35762090 Fax: (042) 35712680 E-mail: info@huseinsugarmills.com Website: www.huseinsugarmills.com	

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the Forty-fifth Annual General Meeting of the Shareholders of **HUSEIN SUGAR MILLS LTD.,** will be held at its Registered/Head Office, 30 – A E/1, Old FCC., Gulberg III, Lahore on Monday January 30, 2012 at 11-30 A.M. to transact the following business:

1. To confirm the minutes of last Extra Ordinary General Meeting held on June 06, 2011.
2. To receive, consider and adopt, the Audited Financial Statements / Accounts for the period ended September 30, 2011 together with the Auditors' Reports thereon.
3. To appoint auditors of the company for the year 2011-12 ending period September 30, 2012 and to fix their remuneration. The present Auditors M/s. Riaz Ahmad & Company, Chartered Accountants, retires and being eligible, offers them-selves for re-appointment.
4. To transact any other business with the permission of the Chairperson.

By Order of the Board

Lahore:
Dated: January 09, 2012

(Syed Arif Hussain)
Company Secretary

1. The Register of Shareholders of the Company will remain closed from 24th to 30th January 2012 (both days inclusive). The members, whose names appear in the books of the Company as well as through CDC at the close of business i.e. on 23rd January 2012, shall be entitled to attend and vote at the meeting.
2. A Shareholder entitled to attend and vote may appoint another Shareholder as his/her proxy to attend and vote on his/her behalf. The instrument appointing a Proxy and the power of attorney or other authority under which it is signed or a materially certified copy of the power of attorney must be received at the Registered Office of the Company duly stamped, signed and witnessed not later than 48 hours before the meeting. An instrument of proxy applicable for meeting is attached herewith.
3. Shareholders whose shares are deposited with Central Depository System (CDS) are requested to bring their Computerized National Identity Card (NIC) along with their Account Number in CDS for verification. In case of corporate entity, the Board of Directors' resolution/power of attorney with specimen signatures of the nominee shall be produced (unless it has been provided earlier) at the time of the meeting.
4. In case of proxy for an individual beneficial owner of CDC, attested copies of beneficial owner's NIC or passport, account and participants ID numbers must be deposited along with the form of proxy. Representative of corporate members should bring the usual documents required for such purpose.

   Shareholders are requested to notify any change with the Share Registrar of the company in their addresses immediately, and once again advised that who has not yet supplied a copy of their CNIC to supply an attested copy on the company's Share Registrar address, M/s. Hameed Majeed Associates

BOARD'S REPORT

We are pleased to present the Annual Report of Husein Sugar Mills Limited for the year ended September 30, 2011.

The Company's performance for current and last year is as under:

	2011	2010
OPERATIONS:		
Number of operating days	122	106
Sugarcane crushed (M.Tons)	575,886	333,572
Actual production (M.Tons)	50,221	28,764
Sugar recovery (%)	8.72	8.62
FINANCIAL:	**Rupees in Million**	
Sales	3,477.699	1,824.195
Gross profit/(loss)	293.358	(149.607)
Operating profit/(loss)	185.748	(226.106)
Finance cost	66.504	71.343
Profit/(loss) after taxation	69.892	(170.963)
Earnings/(loss)per share (Rupees)	5.32	(13.87)

As evident from the above highlights, current year has driven the Company back on track after two worst years in its history. During reporting year, the company accounted for record sales of Rupees 3.478 billion which is highest ever in its history, registering an growth of 90.64.% over last year. Besides more production and improved recovery, jump in sales is attributable mainly to the Company's strategic selling at high prices. The Company contributed gross margin of Rupees 293.358 million during this year against last year's gross loss of Rupees 149.607.

The Company crushed 72% more sugarcane, along with restricting related cost to 57% than last year, through effective implementation of responsive and flexible sugarcane procurement policy. Despite more cash outlay for sugarcane procurement on instant cash payment basis, utilization of long term finances for plant's BMR and upward shift in mark-up rates for major part of the reporting period, the Company's finance cost decreased by 6.78% than last year, mainly due to better funds management.

Improved sugar recovery couples with increased crushing and resultant more sugar production are indicative of start of repayment of the Company's investments in the plant's BMR, which is a continuous programme. The Company has further undertaken a Rupees 250 million BMR plan for implementation during reporting and subsequent year. The Company is also compiling a long term BMR plan for its plant to induct efficient modern technologies in every sphere of its activities.

AGRICULTURE LOANS TO SUGARCANE FARMERS

The Company is also embarking upon agricultural financing to Husein-loyal sugarcane farmers, in form of seed of high sucrose varieties, fertilizers and pesticides. The Company's agricultural department has been activated for frequent field visits to provide free advisory to maximize sugarcane yield and minimize crop disease risks. The Company has negotiated a loan with a bank for this very particular objective. We believe that it shall play a vital role in enhancing sugarcane yield as well as sugar recovery, for the benefits of both stakeholders of sugar industry: the farmer and the mill.

CAPITAL STRUCTURE

Paid-up share capital of the Company has been increased to Rupees 170 million, through right share issue, to meet long term funds requirements. The Company has also arranged long term loans from banks for meeting its long term requirements for ongoing ambitious BMR programme.

PAYOUT

As evident from the above stated performance notes, overall performance of the Company is satisfactory, with reported earnings of Rupees 5.32 per share of the face value of Rupees 10, which comes to 53.2%. The Board, however, does not recommend payment of dividend since the Company is passing through a crucial phase to consolidate its financial strength that received major dents during last two years. Dividend is not recommended also because the Company is investing in capital intensive BMR plan to make the Company cost efficient and effective to become competitive.

FUTURE OUTLOOK

Recent situation of the sugar industry cannot, at all, be termed as satisfactory, despite bumper sugarcane crop, due to unprecedented sharp decline in prices of sugar and allied products. Sugar is, perhaps, only commodity of direct common consumption whose price has declined in this hyperinflationary time. This currently prevailing price trend is badly affecting sugar mills ability to pay growers. However, the Government has yet not taken any concrete steps to stabilize sugar price in domestic market, including building of buffer stock out of current production and allowing export of surplus sugar stock. Currently, sugar price in international market is much more than domestic sugar prices. Government can earn much needed foreign exchange by allowing export of surplus sugar as soon as possible. If current price trend is not immediately arrested, major segment of sugar industry would become sick.

CORPORATE GOVERNANCE

Board is pleased to report that:

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

b. Proper books of accounts have been maintained by the Company.

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

d. The international accounting standards, as applicable in Pakistan, have been followed in preparation of financial statements.

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

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

g. There has been no material departure from best practices of corporate governance as listed in the listing regulations of the stock exchanges where the company is listed.

h. The value of investments of contributory provident fund is Rupees 59.104 million (2010: Rupees 54.644 million), as at September 30, 2011.

i. Pattern of shareholding as at September 30, 2011 is annexed.

j. During the year under review seven meetings of the Board of Directors of the Company were held and the attendance position was as under:

k.

No. of Meetings Attended	Name of Director	
06	Mst. Nusrat Shamim	-Re-elected
07	Mian Ahmed Ali Tariq	-Re-elected
06	Mian Shahzad Aslam	-Re-elected
05	Mrs. Rukhsana Javed	-Re-elected
05	Mrs. Ayesha Shahzad	-Re-elected
04	Mian Aamir Naseem	(*)
02	Mian M. Shams Amin	(*)
02	Mian Farrukh Naseem	(*)
05	Mr. Irfan Qamar	-Elected
05	Mr. M. Mudassar Ahsan	-Elected
03	Mr. Khalid Javed	(*)

(*)Note: Mian Farrukh Naseem did not offer himself for re-election. Mian Aamir Naseem and Mr. M. Shams Amin were appointed on June 16, 2010 to replace Mr. Kahlid Javed and Mrs. Rukhsan Javed, respectively, who resigned on June 15, 2010.

Leaves of absences was granted to directors who could not attend Board meetings.

l. **POST BALANCE SHEET EVENTS**

Subsequent to balance sheet date, no significant change has occurred or come to the knowledge of the Board that warrants reporting to shareholders.

SHAREHOLDER'S ROLE

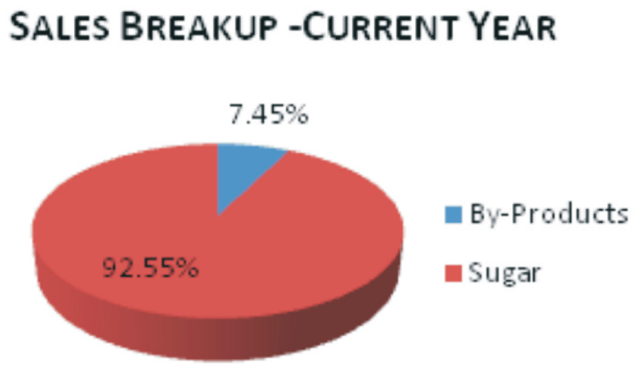
Company's shareholders are regularly informed about Company's state of affairs through quarterly accounts available on the Company's website. Their active participation in the members' meetings is also encouraged to ensure accountability and transparency.

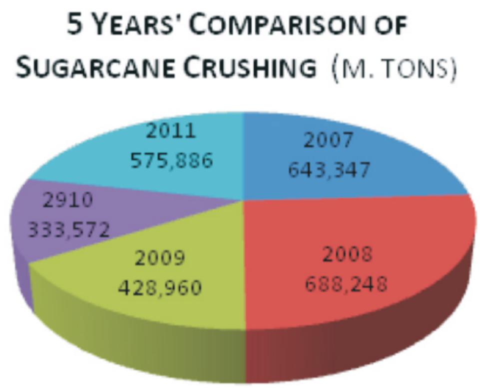
AUDITORS

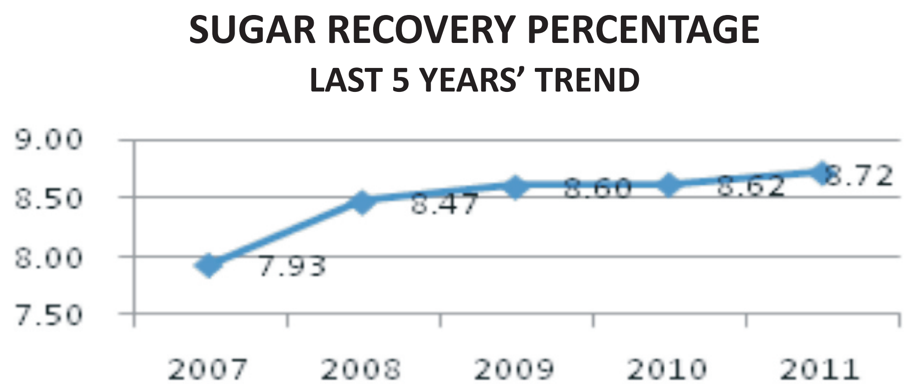
The auditors, Riaz Ahmad and Company, Chartered Accountants, retire and offer themselves for reappointment for 2011-12. Audit Committee has also recommended them for reappointment.

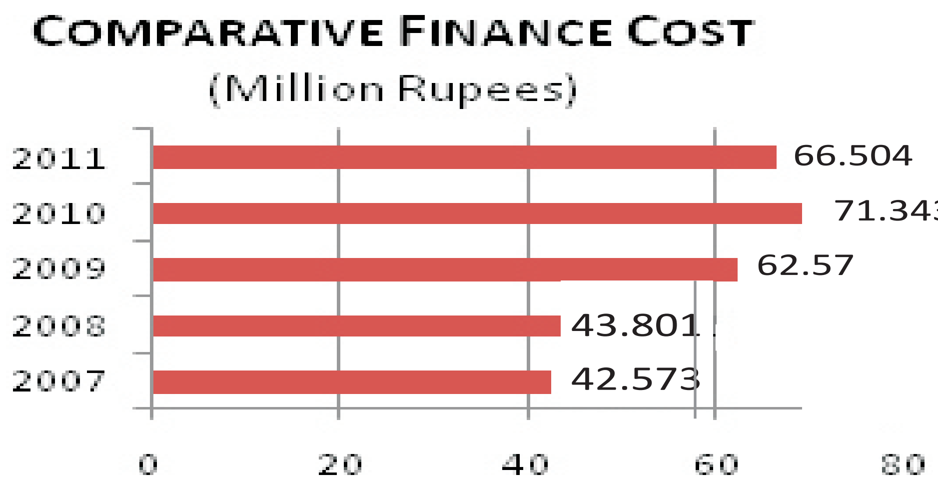
APPRECIATION

The Board acknowledges with thanks the continued support and cooperation extended by the shareholders, bankers, sugarcane farmers and all other stakeholders. The Board also place on record its appreciation for the entire work force of the Company for its devotion and hard work.









Lahore:
December 31, 2011

On behalf of the Board

Chairperson

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

We have reviewed the Statement of Compliance with the best practices contained in the Code of Corporate Governance prepared by the Board of Directors of **HUSEIN SUGAR MILLS LIMITED** ("the Company") for the year ended 30 September 2011, to comply with the Listing Regulations of the respective Stock Exchanges, where the Company is listed.

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

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

Further, Listing Regulations of the Karachi and Lahore Stock Exchanges require the Company to place before the Board of Directors for their consideration and approval related party transactions distinguishing between transactions carried out on terms equivalent to those that prevail in arm's length transactions and transactions which are not executed at arm's length price recording proper justification for using such alternate pricing mechanism. Further, all such transactions are also required to be separately placed before the audit committee. We are only required and have ensured compliance of requirement to the extent of approval of related party transactions by the Board of Directors and placement of such transactions before the audit committee. We have not carried out any procedures to determine whether the related party transactions were 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 30 September 2011.

RIAZ AHMAD & COMPANY
Chartered Accountants

Name of engagement partner:
Syed Mustafa Ali

Date: December 31, 2011
LAHORE

STATEMENT OF COMPLIANCE WITH CODE OF CORPORATE GOVERNENCE

This statement is being presented to comply with the Code of Corporate Governance contained in listing regulations of the Karachi and Lahore Stock Exchanges for the purpose of establishing a framework of good governance, whereby a listed company is managed in compliance with the best practices of corporate governance.

The company has applied the principles contained in the Code in the following manner:

1. The company encourages representation of independent non-executive directors. At present Board of Directors include four independent non-executive directors.

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

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

4. Casual vacancies occurred on the Board during the year ended September 30, 2011 were fulfilled within 30 days.

5. The company has prepared a 'Statement of Ethics and Business Practices', which has been signed by the directors and designated employees of the company.

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

7. All the powers of the Board have been duly exercised and decisions on material transactions, including appointment and terms and conditions of employment of the Chief Executive Officer (CEO) and Executive Director have been taken by the Board.

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

9. All the directors on the Board are fully conversant with their duties and responsibilities as directors of the corporate bodies. The Board has arranged the orientation course for its member to be acquainted with “Code of Corporate Governance”.

10. There is no change in the position of CFO, the Company Secretary and head of internal auditor. Their remuneration and terms and conditions of employment has been duly approved by the Board.

11. The Director's Report for the financial year ended September 30, 2011 has been prepared in compliance with the requirements of the Code and it fully describes the salient matters required to be disclosed.

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

13. The Directors, the CEO and the 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 Code.

15. The Board has formed audit committee. It comprises of three members, all of whom 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 approval of interim and final results of the company and as required by the Code. The terms of reference of the committee have been formed and advised to the committee for compliance.

17. The Board has set-up an effective internal audit function by appointing a full time head of internal Audit.

18. The statutory auditors of the company have confirmed that:

    i. they have given a satisfactory rating under the quality control review programme of the Institute of Chartered Accountants of Pakistan;

    ii. they or any of the partners of the firm, their spouses and minor children do not hold shares of the company; and

    iii. 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.

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

20. The related party transactions have been placed before the audit committee and approved by the Board of Directors to comply with the requirements of listing regulations of Karachi and Lahore Stock Exchanges. All transactions with related parties were made on an arm's length basis.

21. We confirm that all other material principles contained in the Code have been substantially complied with.

By the order of the Board.

Lahore : December 31, 2011

MST. NUSRAT SHAMIM
Chief Executive/Chairperson

KEY OPERATING AND FINANCIAL DATA

OPERATING DATA	2011	2010	2009	2008	2007	2006
Cane crushed (M.Tons)	**575,886**	333,572	428,960	688,248	643,347	437,776
Sugar produced from Sugar Cane (M.Tons)	**50,221**	28,764	36,920	58,326	50,992	36,778
Average Recovery from Sugarcane(%)	**8.72**	8.62	8.60	8.47	7.93	8.40
Raw Sugar processed (M.Tons)	**-**	-	-	-	-	1,997
Sugar produced from Raw Sugar (M.Tons)	**-**	-	-	-	-	1,878
Number of days worked	**122**	106	108	141	158	124

	……..……..………….....(Rupees in ' 000)……...……………….....					
FINANCIAL DATA						
Sales	**3,477,699**	1,824,195	1,468,262	1,647,795	1,332,046	1,013,839
Gross Profit/(Loss)	**293,358**	(149,607)	49,580	172,991	15,097	109,977
Operating Profit/(Loss)	**185,749**	(226,107)	(25,038)	100,582	(27,590)	60,282
Profit / (Loss) before taxation	**119,245**	(297,450)	(87,608)	56,780	(70,163)	25,083
Taxation	**(49,353)**	126,487	13,215	(21,860)	32,537	(18,885)
Profit / (Loss)after taxation	**69,892**	(170,963)	(74,393)	34,919	(37,625)	6,198
Earning / (Loss) per share (Rupees)	**5.32**	(13.87)	(6.15)	2.89	(3.11)	0.51
Total Assets	**1,397,393**	1,281,549	666,340	593,177	743,348	816,660
Current Liabilities	**372,535**	607,123	339,678	152,598	357,879	334,837
Capital Employed	**1,024,858**	674,426	326,662	440,579	385,468	481,823
Represented by:						
Share Capital	**170,000**	121,000	121,000	121,000	121,000	121,000
Reserves	**192,920**	191,232	195,168	199,777	200,379	200,979
Unappropriated Profit /(Accumulated Loss)	**(116,192)**	(186,085)	(15,121)	79,841	44,923	82,548
Shareholders' Equity	**246,728**	126,147	301,047	400,618	366,302	404,527
Non - current Liabilities						
Liabilities against assets subject to finance lease	**5,816**	9,956	24,626	10,969	9,651	28,512
Long term financing	**279,341**	45,000	-	-	-	-
Deferred Taxation	**-**	-	-	28,992	9,516	48,784
Deferred income on sale and lease back	**289**	639	989	-	-	-
	285,446	55,595	25,615	39,961	19,167	77,296

AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed balance sheet of **HUSEIN SUGAR MILLS LIMITED** as at 30 September 2011 and the related profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof, for the year then ended and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

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

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

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

(b) in our opinion:

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

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

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

(c) in our opinion and to the best of our information and according to the explanations given to us, the balance sheet, profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan, and, give the information required by the Companies Ordinance, 1984, in the manner so required and respectively give a true and fair view of the state of the company’s affairs as at 30 September 2011 and of the profit, its comprehensive income, its cash flows and changes in equity for the year then ended; and

(d) in our opinion, no Zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).

RIAZ AHMAD & COMPANY
Chartered Accountants

Name of engagement partner:
Syed Mustafa Ali

Date: December 31, 2011
LAHORE

BALANCE SHEET

	NOTE	2011 Rupees	2010 Rupees
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized share capital	3	**500,000,000**	200,000,000
Issued, subscribed and paid up share capital	4	**170,000,000**	121,000,000
Reserves	5	**76,727,817**	5,146,759
Total equity		**246,727,817**	126,146,759
Surplus on revaluation of land	6	**492,684,029**	492,684,029
LIABILITIES			
NON-CURRENT LIABILITIES			
Long term financing	7	**279,341,467**	45,000,000
Liabilities against assets subject to finance lease	8	**5,816,327**	9,956,090
Deferred income on sale and lease back	9	**288,692**	638,934
		285,446,486	55,595,024
CURRENT LIABILITIES			
Trade and other payables	10	**137,633,485**	314,544,830
Accrued mark-up	11	**9,982,059**	14,508,762
Short term borrowings	12	**178,010,632**	263,909,933
Current portion of finance lease liabilities	8	**11,505,783**	14,159,301
Provision for taxation		**35,402,820**	-
		372,534,779	607,122,826
Total liabilities		**657,981,265**	662,717,850
CONTINGENCIES AND COMMITMENTS	13		
TOTAL EQUITY, SURPLUS AND LIABILITIES		**1,397,393,111**	1,281,548,638

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

MST. NUSRAT SHAMIM
Chief Executive Officer

AS AT 30 SEPTEMBER 2011

	NOTE	2011 Rupees	2010 Rupees
ASSETS			
NON-CURRENT ASSETS			
Fixed assets	14	**899,332,177**	833,746,509
Long term investments	15	**4,877,075**	3,188,250
Long term deposits	16	**7,635,429**	10,931,329
Deferred income tax asset	17	**99,181,153**	112,983,204
		1,011,025,834	960,849,292
CURRENT ASSETS			
Stores, spare parts and loose tools	18	**77,092,854**	85,989,615
Stock-in-trade	19	**10,680,752**	129,560,416
Trade debts	20	**1,223,692**	1,042,481
Current portion of long term deposits	16	**5,620,600**	39,250,522
Advances	21	**23,473,764**	16,835,838
Short term prepayments		**1,302,690**	1,057,739
Other receivables	22	**61,336,403**	38,846,175
Short term investment	23	**200,786,301**	-
Cash and bank balances	24	**4,850,221**	8,116,560
		386,367,277	320,699,346
TOTAL ASSETS		**1,397,393,111**	1,281,548,638

Ahmed Ali Tariq

AHMED ALI TARIQ
Director

PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 30 SEPTEMBER 2011

	NOTE	2011 Rupees	2010 Rupees
SALES	25	**3,477,698,909**	1,824,195,244
COST OF SALES	26	**(3,184,341,030)**	(1,973,801,846)
GROSS PROFIT / (LOSS)		**293,357,879**	(149,606,602)
DISTRIBUTION COST	27	**(7,815,000)**	(4,809,924)
ADMINISTRATIVE EXPENSES	28	**(98,606,236)**	(76,729,662)
OTHER OPERATING EXPENSES	29	**(14,676,383)**	(184,207)
		(121,097,619)	(81,723,793)
		172,260,260	(231,330,395)
OTHER OPERATING INCOME	30	**13,488,583**	5,223,846
PROFIT / (LOSS) FROM OPERATIONS		**185,748,843**	(226,106,549)
FINANCE COST	31	**(66,503,859)**	(71,343,411)
PROFIT / (LOSS) BEFORE TAXATION		**119,244,984**	(297,449,960)
PROVISION FOR TAXATION	32	**(49,352,751)**	126,486,629
PROFIT / (LOSS) AFTER TAXATION		**69,892,233**	(170,963,331)
EARNINGS / (LOSS) PER SHARE - BASIC AND DILUTED	33	**5.32**	(13.87)

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

MST. NUSRAT SHAMIM
Chief Executive Officer

AHMED ALI TARIQ
Director

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 SEPTEMBER 2011

	2011 Rupees	2010 Rupees
PROFIT / (LOSS) AFTER TAXATION	**69,892,233**	(170,963,331)
OTHER COMPREHENSIVE INCOME / (LOSS):		
Surplus / (deficit) on remeasurement of available for sale investments	**1,688,825**	(3,937,200)
TOTAL COMPREHENSIVE INCOME / (LOSS) FOR THE YEAR	**71,581,058**	(174,900,531)

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

MST. NUSRAT SHAMIM
Chief Executive Officer

AHMED ALI TARIQ
Director

CASH FLOW STATEMENT
FOR THE YEAR ENDED 30 SEPTEMBER 2011

	2011 Rupees	2010 Rupees
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit / (loss) before taxation	**119,244,984**	(297,449,960)
Adjustments for non-cash charges and other items:		
Depreciation	**39,516,433**	39,686,394
Amortization of intangible asset	**333,300**	-
Finance cost	**66,503,859**	71,343,411
Profit on bank deposits	**(1,414,766)**	-
Security deposit forfeited	**(3,000,000)**	(671,200)
Provision against doubtful receivable	**5,413,387**	-
Balances written back	**(1,248,116)**	-
Amortization of deferred income on sale and lease back	**(350,242)**	(350,242)
Gain on disposal of operating fixed assets	**(786,391)**	(165,000)
CASH FROM / (USED IN) OPERATING ACTIVITIES BEFORE WORKING CAPITAL CHANGES	**224,212,448**	(187,606,597)
WORKING CAPITAL CHANGES		
(Increase) / decrease in current assets:		
Stores, spare parts and loose tools	**8,896,761**	10,437,529
Stock-in-trade	**118,879,664**	(25,581,631)
Trade debts	**(181,211)**	4,209,919
Advances	**(10,218,258)**	2,430,854
Short term prepayments	**(244,951)**	(87,414)
Other receivables	**(5,592,139)**	(2,932,601)
(Decrease) / increase in current liabilities:		
Trade and other payables	**(166,382,667)**	126,094,641
	(54,842,801)	114,571,297
CASH GENERATED FROM / (USED IN) OPERATIONS	**169,369,647**	(73,035,300)
Finance cost paid	**(71,686,799)**	(68,849,657)
Income tax paid	**(22,401,979)**	(13,072,596)
Dividend paid	**(2,700,230)**	(4,960,893)
Net (decrease) / increase in long term deposits	**36,925,822**	(38,467,950)
NET CASH GENERATED FROM / (USED IN) OPERATING ACTIVITIES	**109,506,461**	(198,386,396)
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of operating fixed assets	**1,120,000**	165,000
Property, plant and equipment - acquired	**(96,872,663)**	(3,861,739)
Short term investment made	**(200,000,000)**	-
Intangible asset - acquired	**(250,000)**	-
Profit on bank deposits received	**571,088**	-
NET CASH USED IN INVESTING ACTIVITIES	**(295,431,575)**	(3,696,739)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of right shares	**49,000,000**	-
Repayment of liabilities against assets subject to finance lease	**(14,783,391)**	(20,148,281)
Proceeds from long term financing	**279,341,467**	45,000,000
Repayment of long term financing	**(45,000,000)**	-
Short term borrowings - net	**(85,899,301)**	156,409,933
NET CASH FROM FINANCING ACTIVITIES	**182,658,775**	181,261,652
NET DECREASE IN CASH AND CASH EQUIVALENTS	**(3,266,339)**	(20,821,483)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	**8,116,560**	28,938,043
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	**4,850,221**	8,116,560

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

MST. NUSRAT SHAMIM
Chief Executive Officer

AHMED ALI TARIQ
Director

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 SEPTEMBER 2011

	SHARE CAPITAL	RESERVES							TOTAL EQUITY
		Capital			Revenue			TOTAL	
		Premium on issue of right shares	Fair value reserve	Sub Total	General	Accumulated loss	Sub Total		
	Rupees								
Balance as on 30 September 2009	121,000,000	21,093,550	4,625,000	25,718,550	169,450,000	(15,121,260)	154,328,740	180,047,290	301,047,290
Total comprehensive loss for the year ended 30 September 2010	-	-	(3,937,200)	(3,937,200)	-	(170,963,331)	(170,963,331)	(174,900,531)	(174,900,531)
Balance as on 30 September 2010	121,000,000	21,093,550	687,800	21,781,350	169,450,000	(186,084,591)	(16,634,591)	5,146,759	126,146,759
Right shares issued during the year	49,000,000	-	-	-	-	-	-	-	49,000,000
Total comprehensive income for the year ended 30 September 2011	-	-	1,688,825	1,688,825	-	69,892,233	69,892,233	71,581,058	71,581,058
Balance as on 30 September 2011	170,000,000	21,093,550	2,376,625	23,470,175	169,450,000	(116,192,358)	53,257,642	76,727,817	246,727,817

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

MST. NUSRAT SHAMIM
Chief Executive Officer

AHMED ALI TARIQ
Director

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2011

1. THE COMPANY AND ITS OPERATIONS

Husein Sugar Mills Limited (the "Company") is a public limited company incorporated in Pakistan under the Companies Act, 1913 (Now Companies Ordinance, 1984). The shares of the Company are listed on Lahore and Karachi Stock Exchanges. Its registered office is situated at 30-A E/1, Old FCC, Gulberg-III, Lahore. The Company is principally engaged in the business of production and sale of sugar and by products.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented, unless otherwise stated:

2.1 Basis of preparation

a) 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 or directives of the Companies Ordinance, 1984 shall prevail.

b) Accounting convention

These financial statements have been prepared under the historical cost convention, except for land which is carried at revalued amount and certain financial instruments which are carried at their fair value.

c) Critical accounting estimates and judgements

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

- **Income taxes:** In making the estimates for income taxes payable by the Company, the management considers current Income Tax Law and the decisions of appellate authorities on certain cases issued in past. Where the final tax outcome is different from the amount that were initially recorded, such differences will impact the income tax provision in the period in which such final outcome is determined.

- **Useful lives, patterns of economic benefits and impairments:** Estimates with respect to residual values, useful lives and pattern of flow of economic benefits are based on the analysis of the management of the Company. Further, the Company reviews the value of assets for possible impairment on an annual basis. Any change in the estimates in the future might affect the carrying amount of respective item of property, plant and equipment, with a corresponding effect on the depreciation charge and impairment.

- **Inventories:** Net realizable value of inventories is estimated with reference to the estimate selling price in the ordinary course of business less estimated costs necessary to make the sales.

d) Amendments to published approved accounting standards that are effective in current year and are relevant to the Company

The following amendments to published approved standards are mandatory for the Company's accounting periods beginning on or after 01 October 2010:

International Accounting Standard (IAS) 1 (Amendment), 'Presentation of Financial Statements' (effective for annual periods beginning on or after 01 January 2010). The amendment provides clarification that the potential settlement of a liability by the issue of equity is not relevant to its classification as current or non-current. By amending the definition of current liability, the amendment permits a liability to be classified as non-current (provided that the entity has an unconditional right to defer settlement by transfer of cash or other assets for at least 12 months after the accounting period) notwithstanding the fact that the entity could be required by the counterparty to settle in shares at any time. The application of the amendment does not affect the results or net assets of the Company as it is only concerned with presentation and disclosures.

IAS 7 (Amendment), 'Statement of Cash Flows' (effective for annual periods beginning on or after 01 January 2010). The amendment provides clarification that only expenditure that results in a recognized asset in the balance sheet can be classified as a cash flow from investing activity. The clarification results in an improvement in the alignment of the classification of cash flows from investing activities in the cash flow statement and the presentation of recognized assets in the balance sheet. The application of the amendment does not affect the results or net assets of the Company as it is only concerned with presentation and disclosures.

e) Interpretations and amendments to published approved accounting standards that are effective in current year but not relevant to the Company

There are other new interpretations and amendments to the published approved accounting standards that are mandatory for accounting periods beginning on or after 01 October 2010 but are considered not to be relevant or do not have any significant impact on the Company's financial statements and are therefore not detailed in these financial statements.

f) Standards and amendments to published approved accounting standards that are not yet effective but relevant to the Company

Following standards and amendments to the published approved accounting standards have been published and are mandatory for the Company's accounting periods beginning on or after 01 October 2011 or later periods:

IFRS 7 (Amendment), 'Financial Instruments: Disclosures' (effective for annual periods beginning on or after 01 July 2011). The new disclosure requirements apply to transfer of financial assets. An entity transfers a financial asset when it transfers the contractual rights to receive cash flows of the asset to another party. These amendments are part of the IASBs comprehensive review of off balance sheet activities. The amendments will 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 asset. The management of the Company is in the process of evaluating the impacts of the aforesaid amendment on the Company's financial statements.

IFRS 9 'Financial Instruments' (effective for annual periods beginning on or after 01 January 2013). 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.

IFRS 13 'Fair Value Measurement' (effective for annual period beginning on or after 01 January 2013). IFRS 13 establishes a single framework for measuring fair value where that is required by other standards. IFRS 13 applies to both financial and non-financial items measured at fair value. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The management of the Company is in the process of evaluating the impacts of the aforesaid standard on the Company's financial statements.

IAS 1 (Amendments), 'Presentation of Financial Statements' (effective for annual periods beginning on or after 01 July 2012). It clarifies that an entity will present an analysis of other comprehensive income for each component of equity, either in the statement of changes in equity or in the notes to the financial statements.

There are other amendments resulting from annual improvements project initiated by International Accounting Standards Board in May 2010, specifically in IFRS 7 'Financial Instruments: Disclosures', IAS 1 'Presentation of Financial Statements' and IAS 24 'Related Party Disclosures' that are considered relevant to the Company's financial statements. These amendments are unlikely to have a significant impact on the Company's financial statements and have therefore not been analyzed in detail.

g) Standards, interpretations and amendments to published approved accounting standards that are not effective in current year and not considered relevant

There are other accounting standards, amendments to published approved accounting standards and new interpretation that are mandatory for accounting periods beginning on or after 01 October 2011 but are considered not to be relevant or do not have any significant impact on the Company's financial statements and are therefore not detailed in these financial statements.

2.2 Staff retirement benefits

The Company operates a funded provident fund scheme covering all permanent employees and chief executive. Equal monthly contributions are made to the fund both by the Company and employees at the rate of 10 percent of basic pay plus cost of living allowance.

2.3 Taxation

Current

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

Deferred

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

Deferred tax is calculated at the rates that are expected to apply to the period when the differences reverse based on tax rates that have been enacted or substantively enacted by the balance sheet date. Deferred tax is charged or credited in the profit and loss account, except to the extent that it relates to items recognized in other comprehensive income or directly in equity. In this case the tax is also recognized in other comprehensive income or directly in equity respectively.

2.4 Foreign currencies

The financial statements are presented in Pak Rupees, which is the Company's functional currency. Transactions in foreign currency during the year are initially recorded in the functional currency at the rates prevailing at the date of transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at functional currency rates of exchange prevailing at the balance sheet date. All differences are taken to the profit and loss account.

2.5 Fixed assets

Property, plant, equipment and depreciation

Owned

Property, plant and equipment except freehold land and capital work-in-progress are stated at cost less accumulated depreciation and accumulated impairment losses (if any). Freehold land is stated at revalued amount less accumulated impairment losses, if any. Capital work-in-progress is stated at cost less accumulated impairment losses, if any. Cost of property, plant and equipment consists of historical cost, borrowing cost pertaining to erection / construction period of qualifying assets and other directly attributable cost of bringing the asset to working condition.

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

Any revaluation surplus is credited to surplus on revaluation of operating fixed assets except to the extent that it reverses a revaluation decrease of the same asset previously recognized in profit or loss, in which case the increase is recognized in profit or loss. A revaluation deficit is recognized in profit or loss, except to the extent that it offsets an existing surplus on the same asset recognized in surplus on revaluation of operating fixed assets.

Leased

Finance leases

Leases where the Company has substantially all the risk and rewards of ownership are classified as finance lease. Assets subject to finance lease are capitalized at the commencement of the lease term at the lower of present value of minimum lease payments under the lease agreements and the fair value of the leased assets, each determined at the inception of the lease.

The related rental obligation net of finance cost, is included in liabilities against assets subject to finance lease. The liabilities are classified as current and long term depending upon the timing of payments.

Each lease payment is allocated between the liability and finance cost so as to achieve a constant rate on the balance outstanding. The finance cost is charged to income over the lease term.

Depreciation of assets subject to finance lease is recognized in the same manner as for owned assets. Depreciation of the leased assets is charged to income.

Operating lease

Leases where significant portion of the risk and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are charged to the income on a straight-line basis over the period of lease.

Depreciation

Depreciation on all operating fixed assets is charged to profit applying the straight-line method so as to write off the cost of the assets over their estimated useful lives at the rates given in Note 14.1. The residual values and useful lives are reviewed by the management at each financial year end and adjusted if impact on depreciation is significant. Depreciation on additions is charged from the date on which the assets are available for use and on deletions upto the date on which the assets are deleted.

Derecognition

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset is included in the profit and loss account in the year the asset is derecognized.

Intangible assets

Intangible assets, which are non-monetary assets without physical substance, are recognized at cost, which comprise purchase price, non-refundable purchase taxes and other directly attributable expenditures relating to their implementation and customization. After initial recognition, an intangible asset is carried at cost less accumulated amortization and impairment losses, if any. Intangible assets are amortized from the month when these assets are available for use, using the straight line method, whereby the cost of the intangible asset is amortized over its estimated useful life over which economic benefits are expected to flow to the Company. The useful life and amortization method are reviewed and adjusted, if appropriate, at each reporting date.

2.6 Financial instruments

Financial Instruments carried on the balance sheet include investments, long term deposits, trade debts, loans and advances, other receivables, cash and bank balances, short-term borrowings, accrued mark-up, trade and other payables, liabilities against assets subject to finance lease and long term financing. Financial assets and liabilities are recognized initially at fair value when the Company becomes a party to the contractual provisions of instrument.

The particular measurement methods adopted are disclosed in the following individual policy statements associated with each item. Financial assets are derecognized when the Company loses control of the contractual rights that comprise the financial asset. The Company loses such control if it realizes the rights to benefits specified in contract, the rights expire or the Company surrenders those rights. Financial liabilities are derecognized when the obligation specified in the contract is discharged, cancelled or expired. Any gain or loss on subsequent measurement (except available for sale investments) and derecognition is charged to the profit and loss account currently.

Off setting

Financial assets and liabilities are offset when the Company has a legally enforceable right to offset and intends to settle either on a net basis or to realize the asset and settle the liability simultaneously.

2.7 Trade and other receivables

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

2.8 Borrowings

Borrowings are recognized initially at fair value and are subsequently stated at amortized cost, any difference between the proceeds and the redemption value is recognized in the profit and loss account over the period of the borrowings using the effective interest rate method.

2.9 Trade and other payables

Liabilities for trade and other amounts payable are initially recognized at fair value, which is normally the transaction cost.

2.10 Investments

The Company's management determines the appropriate classification of its investments at the time of purchase.

Investments are initially measured at fair value plus transaction costs directly attributable to acquisition, except for “investment at fair value through profit and loss account” which is initially measured at fair value.

Investment at fair value through profit and loss account

Investment classified as held-for-trading and those designated as such are included in this category. Investments are classified as held-for-trading if they are acquired for the purpose of selling in the short term.

Gains or losses on investments held-for-trading are recognized in profit and loss account.

Held-to-maturity

Investments with fixed or determinable payments and fixed maturity are classified as held-to-maturity when the Company has the positive intention and ability to hold to maturity. Investments intended to be held for an undefined period are not included in this classification. Other long-term investments that are intended to be held to maturity are subsequently measured at amortized cost. This cost is computed as the amount initially recognized minus principal repayments, plus or minus the cumulative amortization using the effective interest rate method of any difference between the initially recognized amount and the maturity amount. For investments carried at amortized cost, gains and losses are recognized in profit and loss account when the investments are derecognized or impaired, as well as through the amortization process.

Available-for-sale

Investments intended to be held for an indefinite period of time, which may be sold in response to need for liquidity, or changes to interest rates or equity prices are classified as available-for-sale.

After initial recognition, investments which are classified as available-for-sale are measured at fair value. Gains or losses on available-for-sale investments are recognized directly in statement of other comprehensive income until the investment is sold, derecognized or is determined to be impaired, at which time the cumulative gain or loss previously reported in statement of other comprehensive income is included in profit and loss account.

For investments that are actively traded in organised financial markets, fair value is determined by reference to stock exchange quoted market bids at the close of business on the balance sheet date. For investments where there is no quoted market price, fair value is determined by reference to the current market value of another instrument which is substantially the same or is calculated based on the expected cash flows of the underlying net asset base of the investment.

2.11 Inventories

Inventories, except for stock in transit, molasses, bagasse and press mud are stated at lower of cost and net realizable value. Cost is determined as follows:

Stores, spare parts and loose tools

Useable stores, spare parts and loose tools are valued principally at moving average cost, while items considered obsolete are carried at nil value. Items in transit are valued at cost comprising invoice value plus other charges paid thereon.

Stock-in-trade

Cost of work-in-process and finished goods comprise cost of direct material, labour and appropriate manufacturing overheads.

Molasses, bagasse and press mud are valued at their net realizable value.

Net realizable value is determined on the basis of the estimated selling price of the product in the ordinary course of business less estimated costs of completion and estimated costs necessary to make a sale.

2.12 Borrowing cost

Interest, mark-up and other charges on long-term financing are capitalized up to the date of commissioning of the respective qualifying assets acquired out of the proceeds of such borrowings. All other interest, mark-up and other charges are charged to income.

2.13 Provisions

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

2.14 Impairment

Financial assets

A financial asset is considered to be impaired if objective evidence indicate that one or more events had a negative effect on the estimated future cash flow of that asset.

An impairment loss in respect of a financial asset measured at amortized cost is calculated as a difference between its carrying amount and the present value of estimated future cash flows discounted at the original effective interest rate. An impairment loss in respect of available for sale financial asset is calculated by reference to its current fair value.

Significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics.

Non-financial assets

The carrying amounts of assets are reviewed at each balance sheet date for impairment whenever events or changes in circumstances indicate that the carrying amounts of the assets may not be recoverable. If such indication exists, and where the carrying value exceeds the estimated recoverable amount, assets are written down to their recoverable amounts. The resulting impairment loss is taken to the profit and loss account except for impairment loss on revalued assets, which is adjusted against the related revaluation surplus to the extent that the impairment loss does not exceed the surplus on revaluation of that asset.

2.15 Revenue recognition

Revenue from sales is recognized on delivery of goods to customers.

Dividend income is recognized when the right to receive the dividend is established.

Return on bank deposits is accrued on a time proportionate basis by reference to the principal outstanding and the applicable rate of return.

2.16 Cash and cash equivalents

Cash and cash equivalents comprise cash in hand, cash at banks on current, saving and deposit accounts and other short term highly liquid instruments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in values.

2.17 Share capital

Ordinary shares are classified as equity.

2.18 Dividend and transfer of reserve

Dividend distribution to the shareholders is recognized as a liability in the Company's financial statements in period in which the dividends are declared and other appropriations are recognized in the period in which these are approved by the Board of Directors.

3. AUTHORIZED SHARE CAPITAL

2011	2010		2011	2010
(Number of shares)			Rupees	Rupees
50,000,000	20,000,000	Ordinary shares of Rupees 10 each	**500,000,000**	200,000,000

3.1 The Company has increased its authorized share capital (ordinary shares) by Rupees 300,000,000 divided into 30 million ordinary shares of Rupees 10 each by the way of special resolution of its members in their Extra Ordinary General Meeting held on 06 June 2011.

4. ISSUED, SUBSCRIBED AND PAID UP SHARE CAPITAL

2011	2010		2011	2010
(Number of shares)			Rupees	Rupees
8,156,250	3,256,250	Ordinary shares of Rupees 10 each fully paid in cash	**81,562,500**	32,562,500
161,900	161,900	Ordinary shares of Rupees 10 each issued fully paid for consideration other than cash	**1,619,000**	1,619,000
8,681,850	8,681,850	Ordinary shares of Rupees 10 each issued as fully paid bonus shares	**86,818,500**	86,818,500
17,000,000	12,100,000		**170,000,000**	121,000,000

4.1 Movement during the year

12,100,000	12,100,000	At 01 October	**121,000,000**	121,000,000
4,900,000	-	Ordinary shares of Rupees 10 each issued as fully paid right shares	**49,000,000**	-
17,000,000	12,100,000		**170,000,000**	121,000,000

5. RESERVES

Composition of reserves is as follows:

	2011	2010
Capital		
Share premium (Note 5.1)	**21,093,550**	21,093,550
Fair value reserve (Note 5.2)	**2,376,625**	687,800
	23,470,175	21,781,350
Revenue		
General	**169,450,000**	169,450,000
Accumulated loss	**(116,192,358)**	(186,084,591)
	53,257,642	(16,634,591)
	76,727,817	5,146,759

5.1 This reserve can be utilized by the Company only for the purposes specified in Section 83(2) of the Companies Ordinance, 1984.

5.2 This represents unrealized gain on remeasurement of investment at fair value and is not available for distribution. This will be transferred to profit and loss account on realization.

6. SURPLUS ON REVALUATION OF LAND

This represents surplus on revaluation of freehold land. Freehold land was valued by independent valuer, Messrs Sama Engineers Associates as on 30 September 2010.

7. LONG TERM FINANCING

	2011 Rupees	2010 Rupees
From banking companies - Secured		
Bankislami Pakistan Limited (Note 7.1)	**200,000,000**	-
MCB Bank Limited (Note 7.2)	**79,341,467**	-
	279,341,467	-
From director - unsecured (Note 7.3)	**-**	45,000,000
	279,341,467	45,000,000

7.1 This represents karobar financing obtained from BankIslami Pakistan Limited for a period of 15 months to meet the working capital requirements of the Company. This facility is secured against 100% cash collateralized in the shape of lien over investment of the Company in Term Deposit Receipts (TDRs) of BankIslami Pakistan Limited. Rate of mark-up is 1.50% above profit rate on TDRs under lien. The indicative profit rate on TDRs is 7.00% per annum. Effective rate of mark-up is 8.50% per annum.

7.2 This represents diminishing musharka, forming part of total credit facility of Rupees 149.900 million, obtained from MCB Bank Limited - Islamic Banking. This facility is being availed to enhance the crushing efficiency of the Company. This facility is secured against ranking charge over present and future assets (both current and fixed) of the Company with 25% margin and personal guarantees of two directors of the Company. Subsequently, this charge will be modified to exclusive charge of Rupees 200.000 million over plant and machinery to be installed at factory premises in Jaranwala, Faisalabad. Mark-up is payable quarterly at the rate of 3 months KIBOR plus 2.50% per annum. Effective rate of mark-up is 15.80% per annum. This facility is payable in four years in 12 quarterly installments with one year grace period.

7.3 This unsecured interest free loan obtained from a director of the Company has been fully repaid during the year.

8. LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE

	2011 Rupees	2010 Rupees
Future minimum lease payments	**18,884,481**	26,480,246
Less: Un-amortized finance charge	**1,562,371**	2,364,855
Present value of future minimum lease payments	**17,322,110**	24,115,391
Less: Current portion shown under current liabilities	**11,505,783**	14,159,301
	5,816,327	9,956,090

8.1 Minimum lease payments have been discounted using implicit interest rates ranging from 11.57% to 18.67% (2010: 11.57% to 18.35%) per annum. Balance rentals are payable in monthly installments. Taxes, repairs and insurance costs are to be borne by the Company. In case of termination of the agreement, the Company shall pay entire amount of rentals for unexpired period of lease agreement. These are secured against the leased assets, demand promissory notes, personal guarantees of directors and deposits of Rupees 7.945 million (2010: Rupees 6.351 million).

8.2 Minimum lease payments and their present values are regrouped as under:

	2011		2010	
	Not later than one year	Later than one year and not later than five years	Not later than one year	Later than one year and not later than five years
	------ Rupees ------			
Future minimum lease payments	12,498,568	6,385,913	16,245,177	10,235,069
Less: Un-amortized finance charge	992,785	569,586	2,085,876	278,979
Present value of future minimum lease payments	11,505,783	5,816,327	14,159,301	9,956,090

9. DEFERRED INCOME ON SALE AND LEASE BACK

	2011 Rupees	2010 Rupees
Balance as on 01 October	**638,934**	989,176
Less: Income amortized during the year (Note 30)	**350,242**	350,242
Balance as on 30 September	**288,692**	638,934

9.1 The Company entered into sale and lease back arrangement of operating fixed assets during the year ended 30 September 2009. Excess of sales proceeds over carrying amounts of operating fixed assets is deferred and being amortized over the lease term.

10. TRADE AND OTHER PAYABLES

	2011 Rupees	2010 Rupees
Creditors	**109,712,114**	288,529,769
Advances from customers	**788,950**	1,268,498
Security deposits repayable on completion of contracts - interest free	**539,000**	516,000
Accrued liabilities	**12,612,013**	13,869,005
Sales tax payable	**70,751**	3,276,807
Special excise duty payable	**80,659**	1,126,719
Income tax deducted at source	**1,579,532**	1,471,264
Payable to provident fund trust	**626,293**	577,696
Workers' profit participation fund (Note 29)	**6,404,134**	-
Workers' welfare fund (Note 29)	**2,433,571**	-
Unclaimed dividend	**1,208,842**	3,909,072
Others	**1,577,626**	-
	137,633,485	314,544,830

	2011 Rupees	2010 Rupees

11. ACCRUED MARK-UP

	2011 Rupees	2010 Rupees
Long term financing	**1,611,031**	-
Short term borrowings	**8,371,028**	14,508,762
	9,982,059	14,508,762

12. SHORT TERM BORROWINGS

	2011 Rupees	2010 Rupees
From banking companies - secured		
National Bank of Pakistan (Note 12.1)	**96,788,912**	96,405,937
Faysal Bank Limited (Note 12.2)	**31,500,000**	-
MCB Bank Limited		
- Cash finance (Note 12.3)	**-**	120,000,000
- Running finance (Note 12.4)	**49,721,720**	47,503,996
	49,721,720	167,503,996
	178,010,632	263,909,933

12.1 This represents short term cash finance facility, forming part of total credit facility of Rupees 100.000 million (2010: Rupees 100.000 million). This facility is secured against first charge over all present and future fixed / current assets of the Company to the extent of Rupees 133.333 million with a margin of 25% and personal guarantees of two directors of the Company. Mark-up is payable quarterly at the rate of 3 months KIBOR plus 2.00% per annum (2010: 3 months KIBOR plus 2.00% per annum). Effective rate of mark-up ranges from 14.72% to 15.29% (2010: 13.80% to 14.29%) per annum.

12.2 This represents short term agricultural cash finance facility, forming part of total credit facility of Rupees 60.000 million. This facility is obtained to provide advances to individual sugarcane growers upto Rupees 500,000 per grower. This facility is secured against first pari passu charge on current assets to the extent of Rupees 100.000 million, ranking charge on fixed assets to the extent of Rupees 100.000 million and personal guarantees of two directors of the Company. Mark-up is payable half yearly at the rate of 6 months KIBOR plus 3.5% per annum. Effective rate of mark-up is 16.88% per annum.

12.3 This short term cash finance facility has been fully repaid during the year. This facility was secured against pledge of refined sugar in bags and personal guarantees of two directors of the Company. Mark-up on this facility was paid quarterly at the rate of 3 months KIBOR plus 1.75% per annum (2010: 3 months KIBOR plus 1.75% per annum). Effective rate of mark-up was 14.82% to 15.29% (2010: 14.01% to 14.09%) per annum.

12.4 This represents running finance facility, forming part of total credit facility of Rupees 50.000 million (2010: Rupees 50.000 million). This facility is secured against first pari passu charge of Rupees 67 million on fixed assets of the Company with a margin of 25% and personal guarantees of two directors of the Company. Mark-up is payable quarterly at the rate of 1 month KIBOR plus 2.00% per annum. Effective rate of mark-up ranges from 14.67% to 15.65% (2010: 14.03% to 14.79%) per annum.

13. CONTINGENCIES AND COMMITMENTS

13.1 Contingencies

Guarantee of Rupees 42.80 million (2010: Rupees 42.80 million) is given by the bank of the Company to Sui Northern Gas Pipelines Limited against gas connection.

	2011 Rupees	2010 Rupees
13.2 Commitments		
For capital expenditure	**55,000,000**	-
Letters of credit	**20,775,749**	-

14. FIXED ASSETS

	2011 Rupees	2010 Rupees
Property, plant and equipment		
- Operating fixed assets (Note 14.1)	**774,488,345**	777,302,599
- Assets subject to finance lease (Note 14.1)	**34,195,218**	55,693,910
- Capital work-in-progress (Note 14.2)	**89,981,914**	-
Intangible asset under development	**-**	750,000
Intangible asset (Note 14.3)	**666,700**	-
	899,332,177	833,746,509

14.1 Reconciliation of carrying amounts at the beginning and end of the year is as follows

Description	OWNED											LEASED		
	Freehold land	Building on freehold land	Plant and machinery	Factory equipment	Gas and electric installations	Railway siding	Furniture and fixtures	Office equipment	Computer equipment	Vehicles	Total	Plant and machinery	Vehicles	Total
	Rupees													
At 30 September 2009														
Cost	22,678,607	85,777,750	657,065,681	6,841,741	8,529,951	492,072	3,025,667	4,656,132	2,847,652	24,882,143	816,797,396	63,218,446	15,579,500	78,797,946
Accumulated depreciation	-	(27,955,675)	(459,486,344)	(3,842,578)	(7,380,095)	(492,072)	(2,676,585)	(4,124,879)	(2,837,859)	(18,740,927)	(527,537,014)	(12,481,856)	(3,172,650)	(15,654,506)
Net book value	22,678,607	57,822,075	197,579,337	2,999,163	1,149,856	-	349,082	531,253	9,793	6,141,216	289,260,382	50,736,590	12,406,850	63,143,440
Year ended 30 September 2010														
Opening net book value	22,678,607	57,822,075	197,579,337	2,999,163	1,149,856	-	349,082	531,253	9,793	6,141,216	289,260,382	50,736,590	12,406,850	63,143,440
Additions	-	7,835,005	16,297,311	-	415,470	-	-	128,704	219,781	2,698,781	27,595,052	-	-	-
Disposals:														
Cost	-	-	-	-	-	-	-	-	-	(165,206)	(165,206)	-	-	-
Accumulated depreciation	-	-	-	-	-	-	-	-	-	165,206	165,206	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transferred from leased assets:														
Cost	-	-	-	-	-	-	-	-	-	1,330,500	1,330,500	-	(1,330,500)	(1,330,500)
Accumulated depreciation	-	-	-	-	-	-	-	-	-	(788,093)	(788,093)	-	788,093	788,093
	-	-	-	-	-	-	-	-	-	542,407	542,407	-	(542,407)	(542,407)
Depreciation charge	-	(2,100,741)	(27,605,033)	(449,174)	(209,140)	-	(68,183)	(78,165)	(131,812)	(2,137,023)	(32,779,271)	(4,575,435)	(2,331,688)	(6,907,123)
Surplus on revaluation	492,684,029	-	-	-	-	-	-	-	-	-	492,684,029	-	-	-
Closing net book value	515,362,636	63,556,339	186,271,615	2,549,989	1,356,186	-	280,899	581,792	97,762	7,245,381	777,302,599	46,161,155	9,532,755	55,693,910
At 30 September 2010														
Cost / revalued amount	515,362,636	93,612,755	673,362,992	6,841,741	8,945,421	492,072	3,025,667	4,784,836	3,067,433	28,746,218	1,338,241,771	63,218,446	14,249,000	77,467,446
Accumulated depreciation	-	(30,056,416)	(487,091,377)	(4,291,752)	(7,589,235)	(492,072)	(2,744,768)	(4,203,044)	(2,969,671)	(21,500,837)	(560,939,172)	(17,057,291)	(4,716,245)	(21,773,536)
Net book value	515,362,636	63,556,339	186,271,615	2,549,989	1,356,186	-	280,899	581,792	97,762	7,245,381	777,302,599	46,161,155	9,532,755	55,693,910
Year ended 30 September 2011														
Opening net book value	515,362,636	63,556,339	186,271,615	2,549,989	1,356,186	-	280,899	581,792	97,762	7,245,381	777,302,599	46,161,155	9,532,755	55,693,910
Additions	215,555	-	-	344,190	511,051	-	1,047,147	196,800	810,007	4,422,236	7,546,986	-	7,990,110	7,990,110
Disposals:														
Cost	-	-	-	-	-	-	-	-	-	(1,330,500)	(1,330,500)	-	-	-
Accumulated depreciation	-	-	-	-	-	-	-	-	-	996,891	996,891	-	-	-
	-	-	-	-	-	-	-	-	-	(333,609)	(333,609)	-	-	-
Transferred from leased assets:														
Cost	-	-	39,610,446	-	-	-	-	-	-	-	39,610,446	(39,610,446)	-	(39,610,446)
Accumulated depreciation	-	-	(13,997,670)	-	-	-	-	-	-	-	(13,997,670)	13,997,670	-	13,997,670
	-	-	25,612,776	-	-	-	-	-	-	-	25,612,776	(25,612,776)	-	(25,612,776)
Depreciation charge	-	(2,130,090)	(30,097,316)	(452,481)	(230,201)	-	(121,636)	(95,336)	(235,592)	(2,277,755)	(35,640,407)	(1,812,924)	(2,063,102)	(3,876,026)
Closing net book value	515,578,191	61,426,249	181,787,075	2,441,698	1,637,036	-	1,206,410	683,256	672,177	9,056,253	774,488,345	18,735,455	15,459,763	34,195,218
At 30 September 2011														
Cost / revalued amount	515,578,191	93,612,755	712,973,438	7,185,931	9,456,472	492,072	4,072,814	4,981,636	3,877,440	31,837,954	1,384,068,703	23,608,000	22,239,110	45,847,110
Accumulated depreciation	-	(32,186,506)	(531,186,363)	(4,744,233)	(7,819,436)	(492,072)	(2,866,404)	(4,298,380)	(3,205,263)	(22,781,701)	(609,580,358)	(4,872,545)	(6,779,347)	(11,651,892)
Net book value	515,578,191	61,426,249	181,787,075	2,441,698	1,637,036	-	1,206,410	683,256	672,177	9,056,253	774,488,345	18,735,455	15,459,763	34,195,218
Depreciation rate % per annum	-	2.5	7.5	10	10	5	10	10	30	20		7.5	20	

14.1.1 Had there been no revaluation, the book value of freehold land would have been lower by Rupees 492,684,029 (2010: Rupees 492,684,029).

14.1.2 Detail of operating fixed assets disposed of during the year is as follows:

Description	Cost	Accumulated Depreciation	Net Book Value	Sale Proceeds	Gain on Disposal	Mode of Disposal	Particulars
	----------	----------	---------- Rupees	----------	----------		
Vehicle							
Honda Civic (LEB-06-38)	1,330,500	996,891	333,609	1,120,000	786,391	Negotiation	Premier Insurance Limited

14.1.3 Depreciation charge for the year has been allocated as follows:

	2011 Rupees	2010 Rupees
Cost of sales (Note 26)	**34,603,013**	34,819,523
Distribution cost (Note 27)	**120,000**	120,000
Administrative expenses (Note 28)	**4,793,420**	4,746,871
	39,516,433	39,686,394

14.1.4 The cost of the operating fixed assets as on 30 September 2011 includes fully depreciated assets of Rupees 342.090 million (2010: Rupees 324.450 million) which are still in use of the Company.

		2011 Rupees	2010 Rupees
14.2	**CAPITAL WORK-IN-PROGRESS**		
	Plant and machinery (Note 14.2.1)	**71,066,491**	-
	Civil works	**2,265,014**	-
	Advances for capital expenditure	**16,650,409**	-
		89,981,914	-

14.2.1 It includes borrowing cost capitalized amounting to Rupees 656,237 (2010: Rupees Nil) using the capitalization rate of 15.80% per annum.

14.3	**INTANGIBLE ASSET**		
	Computer software		
	Opening net book value	**-**	-
	Addition	**1,000,000**	-
	Amortization (Note 28)	**(333,300)**	-
	Closing net book value	**666,700**	-
	Amortization rate (per annum)	**33.33 %**	-

15. LONG TERM INVESTMENTS

	2011 Rupees	2010 Rupees
AVAILABLE FOR SALE		
Associated companies - Quoted		
Shadab Textile Mills Limited		
375,000 (2010: 375,000) fully paid ordinary shares of Rupees 10 each	**2,500,000**	2,500,000
Sargodha Spinning Mills Limited		
500 (2010: 500) fully paid ordinary shares of Rupees 10 each	**5,000**	5,000
	2,505,000	2,505,000
Add: Fair value adjustment (Note 5)	**2,376,625**	687,800
Less: Impairment loss	**4,550**	4,550
	4,877,075	3,188,250

16. LONG TERM DEPOSITS

Margin against bank guarantees	**4,397,989**	42,917,989
Security deposits against leased assets	**7,945,300**	6,351,122
Security deposits - others	**912,740**	912,740
	13,256,029	50,181,851
Less: Current portion shown under current assets	**5,620,600**	39,250,522
	7,635,429	10,931,329

	2011 Rupees	2010 Rupees

17. DEFERRED INCOME TAX ASSET

The asset for deferred taxation originated due to timing differences relating to:

	2011 Rupees	2010 Rupees
Taxable temporary differences		
Accelerated tax depreciation	**55,482,223**	52,976,342
Finance lease	**5,905,588**	11,052,482
	61,387,811	64,028,824
Deductible temporary differences		
Available tax losses	**111,642,924**	157,846,743
Turnover tax available for carry forward	**48,926,040**	19,165,285
	160,568,964	177,012,028
Deferred income tax asset	**99,181,153**	112,983,204

18. STORES, SPARE PARTS AND LOOSE TOOLS

	2011 Rupees	2010 Rupees
Stores	**67,859,265**	74,944,977
Spare parts	**8,667,896**	9,772,037
Loose tools	**565,693**	1,272,601
	77,092,854	85,989,615

19. STOCK-IN-TRADE

	2011 Rupees	2010 Rupees
Work-in-process	**485,457**	586,375
Finished goods (Note 19.1)	**10,195,295**	128,974,041
	10,680,752	129,560,416

19.1 Finished goods includes inventory of press mud amounting to Rupees 7.199 million (2010: Rupees 1.209 million) carried at net realizable value.

20. TRADE DEBTS

	2011 Rupees	2010 Rupees
Considered good:		
Unsecured (Note 20.1)	**1,223,692**	1,042,481

20.1 These trade debts are neither past due nor impaired.

	2011 Rupees	2010 Rupees
21. ADVANCES		
Considered good		
Advances to:		
Employees - interest free	**426,071**	348,872
Employees against expenses	**92,559**	371,695
Suppliers	**18,996,224**	5,313,216
Contractors	**171,000**	12,630
Sugarcane growers	**3,787,910**	10,789,425
	23,473,764	16,835,838
22. OTHER RECEIVABLES		
Considered good		
Advance income tax	**57,189,333**	34,935,234
Accrued mark-up	**104,067**	46,690
Others	**9,456,390**	3,864,251
Less: Provision for doubtful receivables (Note 29)	**5,413,387**	-
	4,043,003	3,864,251
	61,336,403	38,846,175
23. SHORT TERM INVESTMENT		
Term deposit receipts (Note 23.1)	**200,000,000**	-
Add: Accrued mark-up thereon	**786,301**	-
	200,786,301	-

23.1 These Term Deposit Receipts (TDRs) have maturity period within one year. These TDRs are under lien against long term financing. The indicative profit rate on these TDRs is 7.00% per annum.

	2011 Rupees	2010 Rupees
24. CASH AND BANK BALANCES		
Cash in hand	**732,555**	56,111
Cash with banks on :		
Current accounts (Note 24.1)	**2,697,898**	7,056,317
Saving accounts (Note 24.2)	**1,419,768**	1,004,132
	4,117,666	8,060,449
	4,850,221	8,116,560

24.1 Cash with banks on current accounts include foreign currency balance of US$ 597.6 (2010: US$ 597.6).

24.2 Rate of profit on bank deposits ranges from 4.30% to 12.00% (2010: 5.00% to 7.00%) per annum.

	2011 Rupees	2010 Rupees
25. SALES		
Sugar	**3,419,249,550**	1,758,126,286
By Products:		
Molasses	**299,464,065**	157,033,039
Press mud	**1,303,390**	3,407,576
Bagasse	**2,504,954**	1,031,327
	3,722,521,959	1,919,598,228
Less: Sales tax, federal excise and special excise duty	**244,823,050**	95,402,984
	3,477,698,909	1,824,195,244
26. COST OF SALES		
Raw materials consumed:		
Sugarcane purchased	**2,815,855,458**	1,794,534,833
Sugarcane development cess	**14,413,385**	6,257,430
Market committee fee	**2,879,993**	1,743,806
	2,833,148,836	1,802,536,069
Salaries, wages and other benefits (Note 26.1)	**79,350,293**	60,441,400
Workers' welfare	**2,471,282**	2,361,982
Stores, spare parts and loose tools consumed	**8,244,544**	5,726,619
Chemicals consumed	**19,404,892**	4,386,521
Packing material consumed	**18,383,651**	9,478,452
Fuel and power	**22,326,576**	25,949,277
Repair and maintenance	**40,731,583**	48,145,054
Insurance	**1,884,915**	2,184,400
Other factory overheads	**4,911,781**	3,354,180
Depreciation (Note 14.1.3)	**34,603,013**	34,819,523
	3,065,461,366	1,999,383,477
Work-in-process		
Opening stock	**586,375**	314,292
Closing stock	**(485,457)**	(586,375)
	100,918	(272,083)
Cost of goods manufactured	**3,065,562,284**	1,999,111,394
Finished goods		
Opening stock	**128,974,041**	103,664,493
Closing stock	**(10,195,295)**	(128,974,041)
	118,778,746	(25,309,548)
	3,184,341,030	1,973,801,846

26.1 Salaries and other benefits include Rupees 1.787 million (2010: Rupees 1.558 million) in respect of employees' provident fund contribution by the Company.

	2011 Rupees	2010 Rupees

27. DISTRIBUTION COST

	2011 Rupees	2010 Rupees
Salaries, wages and other benefits (Note 27.1)	**1,678,940**	1,585,511
Handling and distribution	**2,341,558**	1,342,831
Commission to selling agent	**3,455,340**	1,422,180
Repair and maintenance	**140,354**	98,883
Printing and stationery	**64,577**	49,778
Depreciation (Note 14.1.3)	**120,000**	120,000
Miscellaneous	**14,231**	190,741
	7,815,000	4,809,924

27.1 Salaries and other benefits include Rupees 0.087 million (2010: Rupees 0.073 million) in respect of employees' provident fund contribution by the Company.

28. ADMINISTRATIVE EXPENSES

	2011 Rupees	2010 Rupees
Salaries and other benefits (Note 28.1)	**63,893,581**	53,520,787
Traveling and conveyance	**647,255**	1,016,814
Communication	**1,392,256**	1,095,411
Rent, rates and taxes	**3,503,581**	2,983,019
Printing and stationery	**1,226,625**	945,791
Repair and maintenance	**2,373,398**	931,501
Vehicles running	**8,364,500**	5,212,416
Fee and subscription	**2,244,445**	543,480
Legal and professional	**4,653,166**	1,654,756
Auditors' remuneration (Note 28.2)	**707,500**	691,500
Entertainment	**1,088,430**	791,021
Advertisement	**280,545**	98,900
Insurance	**1,079,615**	835,674
Amortization (Note 14.3)	**333,300**	-
Depreciation (Note 14.1.3)	**4,793,420**	4,746,871
Miscellaneous	**2,024,619**	1,661,721
	98,606,236	76,729,662

28.1 Salaries and other benefits include Rupees 2.077 million (2010: Rupees 1.809 million) in respect of employees' provident fund contribution by the Company.

		2011 Rupees	2010 Rupees
28.2	**Auditors' remuneration**		
	Audit fee	**500,000**	500,000
	Certification fee	**50,000**	50,000
	Half yearly review	**115,000**	105,000
	Reimbursable expenses	**42,500**	36,500
		707,500	691,500

29. OTHER OPERATING EXPENSES

	2011 Rupees	2010 Rupees
Donations (Note 29.1)	**157,035**	184,207
Workers' profit participation fund (Note 10)	**6,404,134**	-
Workers' welfare fund (Note 10)	**2,433,571**	-
Provision for doubtful receivable (Note 22)	**5,413,387**	-
Others	**268,256**	-
	14,676,383	184,207

29.1 There was no interest of any director or his / her spouse in the donee.

30. OTHER OPERATING INCOME

	2011 Rupees	2010 Rupees
Income from financial assets		
Profit on bank deposits	**1,414,766**	476,932
Advance from customer forfeited	**3,000,000**	671,200
Income from investments in associated companies		
Dividend income (Note 30.1)	**375,250**	-
	4,790,016	1,148,132
Income from non-financial assets		
Sale of scrap	**5,305,932**	3,258,579
Gain on sale of operating fixed assets	**786,391**	165,000
Amortization of deferred income on sale and lease back (Note 9)	**350,242**	350,242
Balances written back	**1,248,116**	-
Miscellaneous	**1,007,886**	301,893
	13,488,583	5,223,846

30.1 It represents dividend received from associated companies Shadab Textile Mills Limited and Sargodha Spinning Mills Limited, amounting to Rupees 375,000 (2010: Rupees Nil) and Rupees 250 (2010: Rupees Nil) respectively.

31. FINANCE COST

	2011 Rupees	2010 Rupees
Mark up on :		
- Long term financing	**954,794**	-
- Short term borrowings	**60,313,071**	64,582,815
Finance charges on lease liabilities	**2,395,335**	5,665,501
Bank charges and commission	**2,840,659**	1,095,095
	66,503,859	71,343,411

32. PROVISION FOR TAXATION

	2011 Rupees	2010 Rupees
Current tax:		
For the year (Note 32.1)	**35,402,820**	-
Prior year	**147,880**	(15,002,784)
Deferred tax	**13,802,051**	(111,483,845)
	49,352,751	(126,486,629)

32.1 Provision for current income tax represents minimum tax on turnover under section 113 and tax on income from other sources under respective sections of the Income Tax Ordinance, 2001, therefore, it is impracticable to prepare the tax charge reconciliation for the years presented. The Company has carry forwardable tax losses of Rupees 318.980 million (2010: Rupees 450.991 million).

33. EARNINGS / (LOSS) PER SHARE - BASIC AND DILUTED

There is no dilutive effect on the basic earnings / (loss) per share.

		2011	2010
Profit / (loss) after taxation attributable to ordinary shareholders	**Rupees**	69,892,233	(170,963,331)
Weighted average number of ordinary shares	**Numbers**	13,127,260	12,323,036
Earnings / (loss) per share - Basic	**Rupees**	5.32	(13.87)

34. REMUNERATION OF CHIEF EXEXCUTIVE, DIRECTORS AND EXECUTIVES

The aggregate amount charged in these financial statements for remuneration including all benefits to the chief executive, directors and executives of the Company is as follows:

	2011			2010		
	Chief Executive	**Directors**	**Executives**	Chief Executive	Director	Executives
	Rupees					
Managerial remuneration	**4,775,610**	**5,444,387**	**11,308,921**	3,478,920	2,345,644	7,933,957
House rent	**1,416,000**	**1,748,154**	**1,937,112**	1,104,000	821,288	2,748,958
Contribution to provident fund	**316,800**	**386,485**	**871,284**	249,600	120,000	617,808
Utilities / medical allowance	**476,191**	**401,673**	**794,481**	535,870	178,062	502,176
Reimbursable expenses	**296,572**	**602,621**	**-**	1,034,643	-	-
	7,281,173	**8,583,320**	**14,911,798**	6,403,033	3,464,994	11,802,899
Number of persons	**1**	**3**	**11**	1	1	6

34.1 In addition to above, the chief executive, directors and certain executives are provided with the free use of the Company's maintained cars. Nine executives are also provided with furnished accomodation including utilities.

34.2 No meeting fee was paid to directors during the year (2010: Rupees Nil).

34.3 Head office building is owned by a director of the Company to whom rent amounting to Rupees 1,450,000 (2010: Rupees 900,000) was paid during the year.

35. TRANSACTIONS WITH RELATED PARTIES

The related parties comprise associated undertakings, other related companies and key management personnel. The Company in the normal course of business carries out transactions with related parties. Detail of transactions with related parties are specifically disclosed in these financial statements and there are no other related party transactions during the year.

36. PLANT CAPACITY AND ACTUAL PRODUCTION

		2011	2010
Installed crushing capacity 5,000 (2010: 5,000) M.Tons per day for 122 (2010: 106) working days.		**610,000**	530,000
Actual crushing	Metric tons	**575,886**	333,572
Actual production	Metric tons	**50,221**	28,764
Sugar recovery	Percentage	**8.72**	8.62

Reason for low crushing

Low crushing of sugarcane was mainly due to normal maintenance of the plant and shortage of sugarcane.

37. UNUTILIZED CREDIT FACILITIES

The Company has total credit facilities amounting to Rupees 1,879.900 million (2010: Rupees 945.000 million) out of which Rupees 1,422.548 million (2010: Rupees 681.090 million) remained unutilized at the end of the year.

38. FINANCIAL RISK MANAGEMENT

38.1 Financial risk factors

The Company's activities may expose it to a variety of financial risks: market risk (including currency risk, other price risk and interest rate risk), credit risk and liquidity risk. The Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the financial performance.

'Risk management is carried out by the Board of Directors (the Board). The Board provides principles for overall risk management, as well as policies covering specific areas such as currency risk, other price risk, interest rate risk, credit risk and liquidity risk.

(a) Market risk

(i) Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Currency risk arises mainly from future commercial transactions or receivables and payables that exist due to transactions in foreign currencies.

Currently, the Company's foreign exchange risk exposure is restricted to bank balances in United States Dollar (USD) as disclosed in note 24 to these financial statements which, in management's opinion, is considered to be insignificant.

(ii) Other Price risk

Other price risk represents the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instrument traded in the market. The Company is not exposed to commodity price risk.

Sensitivity analysis

The table below summarizes the impact of increase / decrease in the Karachi Stock Exchange (KSE) Index on the Company's profit after taxation for the year and on equity (fair value reserve). The analysis is based on the assumption that the equity index had increased / decreased by 5% with all other variables held constant and all the Company's equity instruments moved according to the historical correlation with the index:

Index	Impact on profit/(loss) after taxation		Impact on comprehensive income (fair value reserve)		
	2011 Rupees	**2010 Rupees**		**2011 Rupees**	**2010 Rupees**
KSE 100 (5% increase)	-	-	Increase in fair value reserve	**243,854**	159,412
KSE 100 (5% decrease)	-	-	Decrease in fair value reserve	**(243,854)**	(159,412)

Equity (fair value reserve) would increase / decrease as a result of gains / losses on equity investments classified as available for sale.

(iii) Interest rate risk

This represents the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Company has no significant long-term interest-bearing assets except short term investment. The Company's interest rate risk arises from long term financing, liabilities against assets subject to finance lease and short term borrowings. Borrowings and finance leases obtained at variable rates expose the Company to cash flow interest rate risk.

At the balance sheet date the interest rate profile of the Company’s interest bearing financial instruments was:

	2011 Rupees	2010 Rupees
Floating rate instruments		
Financial asset		
Short term investment	**200,000,000**	-
Bank balances - saving accounts	**1,419,768**	1,004,132
Financial liabilities		
Long term financing	**279,341,467**	-
Liabilities against assets subject to finance lease	**17,322,110**	24,115,391
Short term borrowings	**178,010,632**	263,909,933

Cash flow sensitivity analysis for variable rate instruments

If interest rates at the year end date, fluctuates by 1% higher / lower with all other variables held constant, profit after taxation for the year would have been by Rupees 2.541 million lower / higher (2010: loss after taxation for the year would have been higher / lower by Rupees 2.870 million), mainly as a result of higher / lower interest expense on floating rate financial instruments. This analysis is prepared assuming the amounts of financial instruments outstanding at balance sheet dates were outstanding for the whole year.

(b) Credit risk

Credit risk represents the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was as follows:

	2011 Rupees	2010 Rupees
Long term investments	**4,877,075**	3,188,250
Deposits	**13,256,029**	50,181,851
Trade debts	**1,223,692**	1,042,481
Advances	**426,071**	348,872
Other receivables	**4,147,070**	3,910,941
Short term investment	**200,786,301**	-
Bank balances	**4,117,666**	8,060,449
	228,833,904	66,732,844

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

	Rating			2011	2010
	Short Term	Long term	Agency	Rupees	Rupees
Banks					
Allied Bank Limited	A1+	AA	PACRA	106,313	245,406
Bank Alfalah Limited	A1+	AA	PACRA	259,747	5,318,087
BankIslami Pakistan Limited	A1	A	PACRA	4,060	-
Faysal Bank Limited	A1+	AA	PACRA	699,910	-
The Bank of Punjab	A1+	AA-	PACRA	101,578	190,255
Habib Bank Limited	A-1+	AA+	JCR-VIS	47,925	137,680
Meezan Bank Limited	A-1+	AA-	JCR-VIS	59,186	62,848
MCB Bank Limited	A1+	AA+	PACRA	2,189,470	1,243,179
National Bank of Pakistan	A-1+	AAA	JCR-VIS	360,630	320,366
United Bank Limited	A-1+	AA+	JCR-VIS	288,847	542,628
				4,117,666	8,060,449
Short term investment					
BankIslami Pakistan Limited	A1	A	PACRA	200,786,301	-
				204,903,967	8,060,449

The Company is not exposed to credit risk and impairment losses related to trade debts as the trade debts are neither past due nor impaired.

Due to the Company's long standing business relationships with these counterparties and after giving due consideration to their strong financial standing, the management does not expect non-performance by these counter parties on their obligations to the Company. Accordingly the credit risk is minimal.

(c) Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities.

The Company manages liquidity risk by maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities. At 30 September 2011, the Company had Rupees 1,422.548 million (2010: Rupees 681.090 million) available credit limits from financial institutions and Rupees 4.850 million (2010: Rupees 8.117 million) cash and bank balances. The management believes the liquidity risk to be low. Following are the contractual maturities of financial liabilities, including interest payments. The amount disclosed in the table are undiscounted cash flows:

Contractual maturities of financial liabilities as at 30 September 2011

	Carrying Amount	Contractual cash flows	6 month or less	6-12 month	1-2 Year	More than 2 years
	-------	-------	-------	Rupees	-------	-------
Non Derivative Financial liabilities						
Long term financing	279,341,467	334,105,116	6,267,975	6,267,975	282,073,452	39,495,714
Liabilities against assets subject to finance lease	17,322,110	18,884,481	6,685,729	5,812,839	2,320,693	4,065,220
Trade and other payables	125,649,595	125,649,595	125,649,595	-	-	-
Accrued mark-up	9,982,059	9,982,059	9,982,059	-	-	-
Short term borrowings	178,010,632	192,035,838	192,035,838	-	-	-
	610,305,863	680,657,089	340,621,196	12,080,814	284,394,145	43,560,934

Contractual maturities of financial liabilities as at 30 September 2010

	Carrying Amount	Contractual cash flows	6 month or less	6-12 month	1-2 Year	More than 2 years
	------	------	------ Rupees	------	------	------
Non Derivative Financial liabilities						
Long term financing	45,000,000	45,000,000	-	-	-	45,000,000
Liabilities against assets subject to finance lease	24,115,391	26,480,246	9,219,237	7,025,940	10,235,069	-
Trade and other payables	306,823,846	306,823,846	306,823,846	-	-	-
Accrued mark-up	14,508,762	14,508,762	14,508,762	-	-	-
Short term borrowings	263,909,933	272,133,514	272,133,514	-	-	-
	654,357,932	664,946,368	602,685,359	7,025,940	10,235,069	45,000,000

The contractual cash flows relating to the above financial liabilities have been determined on the basis of interest rates / mark up rates effective as at 30 September. The rates of interest / mark up have been disclosed in note 7, 8 and note 12 to these financial statements.

38.2 Fair values of financial assets and liabilities

The carrying values of all financial assets and liabilities reflected in financial statements approximate their fair values. The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped in to levels 1 to 3 based on the degree to which fair value is observable:

	Level 1	Level 2	Level 3	Total
	------	------ Rupees	------	------
As at 30 September 2011				
Assets				
Available for sale financial assets	4,877,075	-	-	4,877,075
As at 30 September 2010				
Assets				
Available for sale financial assets	3,188,250	-	-	3,188,250

The fair value of financial instruments traded in active markets is based on quoted market prices at the balance sheet date. The quoted market price used for financial instruments held by the Company is the current bid price. These financial instruments are classified under level 1 in above referred table.

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. These valuation techniques maximize the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value a financial instrument are observable, those financial instruments are classified under level 2 in above referred table. The Company has no such type of financial instruments as on 30 September 2011.

If one or more of the significant inputs is not based on observable market data, the financial instrument is classified under level 3. The carrying amount less impairment provision of trade receivables and payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the company for similar financial instruments.

38.3 Financial instruments by categories

	Loans and receivables	Available for sale	At amortized cost	Total
	----------------- Rupees -----------------			
As at 30 September 2011				
Assets as per balance sheet				
Long term investments	-	4,877,075	-	4,877,075
Deposits	13,256,029	-	-	13,256,029
Trade debts	1,223,692	-	-	1,223,692
Advances	426,071	-	-	426,071
Other receivables	4,147,070	-	-	4,147,070
Short term investment	-	-	200,786,301	200,786,301
Cash and bank balances	4,850,221	-	-	4,850,221
	23,903,083	4,877,075	200,786,301	229,566,459

	Loans and receivables	Available for sale	Total
	-----------Rupees-----------		
As at 30 September 2010			
Assets as per balance sheet			
Long term investments	-	3,188,250	3,188,250
Deposits	50,181,851	-	50,181,851
Trade debts	1,042,481	-	1,042,481
Advances	348,872	-	348,872
Other receivables	3,910,941	-	3,910,941
Cash and bank balances	8,116,560	-	8,116,560
	63,600,705	3,188,250	66,788,955

	2011 Rupees	2010 Rupees
Liabilities as per balance sheet at amortized cost		
Long term financing	**279,341,467**	45,000,000
Liabilities against assets subject to finance lease	**17,322,110**	24,115,391
Trade and other payables	**125,649,595**	306,823,846
Accrued mark-up	**9,982,059**	14,508,762
Short term borrowings	**178,010,632**	263,909,933
	610,305,863	654,357,932

38.4 Capital risk management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, issue new shares or sell assets to reduce debt. Consistent with others in the industry and the requirements of the lenders, the Company monitors the capital structure on the basis of gearing ratio. This ratio is calculated as borrowings divided by total capital employed. Borrowings represent long term financing, liabilities against assets subject to finance lease and short term borrowings obtained by the Company as referred to in note 7, 8 and 12 respectively. Total capital employed includes 'total equity' as shown in the balance sheet plus 'borrowings'.

		2011	2010
Borrowings	Rupees	**474,674,209**	333,025,324
Total equity	Rupees	**246,727,817**	126,146,759
Total capital employed	Rupees	**721,402,026**	459,172,083
Gearing ratio	Percentage	**65.80**	72.53

39. EVENTS AFTER THE REPORTING PERIOD

The board of directors of the Company at their meeting held on December 31, 2011 has proposed a cash dividend in respect of year ended 30 September 2011 of Rupees Nil per share (2010: Rupees Nil per share).

40. DATE OF AUTHORIZATION

These financial statements have been approved and authorized by the Board of Directors of the Company for issue on December 31, 2011.

41. CORRESPONDING FIGURES

Corresponding figures have been rearranged / regrouped wherever necessary for the purpose of comparison. However, no significant reclassification / rearrangement of comparative figures has been made in these financial statements.

42. GENERAL

Figures have been rounded off to nearest of Rupee.

MST. NUSRAT SHAMIM
Chief Executive Officer

AHMED ALI TARIQ
Director

INFORMATION UNDER COMPANIES ORDINANCE, 1984
{Section 236(1) and (464)}
PATTERN OF SHAREHOLDINGS HELD BY THE SHAREHOLDERS

FORM 34

1.	**Incorporation CUIN No.**	0002202
2.	**Name of Company**	Husein Sugar Mills Limited
3.	**Pattern of Shareholding as at**	30-09-2011

4. No. of Shareholders	SHAREHOLDINGS From	SHAREHOLDINGS To	TOTAL Shares Held
253	1	100	6,350
124	101	500	38,044
57	501	1000	40,238
62	1001	5000	157,545
14	5001	10000	94,842
7	10001	15000	94,114
2	15001	20000	38,977
1	40001	45000	40,905
1	45001	55000	48,104
1	60001	65000	60,150
2	65001	70000	130,525
1	100001	105000	102,092
4	105001	110000	432,524
1	110001	120000	113,993
1	120001	125000	124,548
1	130001	135000	130,583
1	135001	140000	139,605
2	140001	155000	285,270
1	155001	160000	159,951
1	160001	165000	163,818
1	205001	210000	205,537
1	340001	345000	341,950
1	350001	355000	354,397
2	385001	395000	773,194
1	395001	585000	395,949
1	585001	650000	588,219
1	650001	820000	653,192
1	820001	855000	824,077
1	855001	1535000	855,917
1	1535001	1605000	1,537,827
1	1605001	1701000	1,605,733
1	1701001	4755000	1,703,789
1	4755001	17000000	4,758,041
551	**Total**		**17,000,000**

Note: The slabs not applicable have not been shown

Categories of Shareholders as at 30 September 2011

Shareholders' Categories	Number of Shareholders	No. of Shares Held	Percentage
Individuals	533	16,977,492	99.8676
Investment Companies	3	1,373	0.0081
Financial Institutions	3	11,417	0.0672
Joint Stock Companies	5	2,386	0.0140
Modarabas	2	4,102	0.0241
Others	5	3,230	0.0190
Total	**551**	**17,000,000**	**100.0000**

SHAREHOLDING DETAIL WISE

5	Categories of shareholders	Shares held	Percentage
5.1	Directors, Chief Executive Officer, and their spouse and minor children.	11,142,283	65.5428
5.2	Associated companies, undertaking and related parties	---	---
5.3	**NIT and ICP**	1,373	0.0081
5.4	**Banks, Development Financial Institutions, Non Banking Financial Institutions**	11,417	0.0672
5.5	Insurance Companies	Nil	Nil
5.6	Modaraba and mutual funds	4,102	0.0242
5.7	Shareholders holding 10%	Detail Annexed	
5.8	**General Public**		
	a) Local	5,835,209	34.3248
	b) Foreign	---	---
5.9	**PUBLIC SECTOR JOINT STOCK COMPANIES**	4,773	0.0280
	SECP (CLA)	1	-
	Administrator Abondoned	842	0.0050
	TOTAL:	**17,000,000**	**100.0000**

CATEGORIES OF SHAREHODERS REQUIRED UNDER C.C.G.
AS ON SEPTEMBER 30, 2011

S.No.	Name	Holding	%age
ASSOCIATED COMPANIES		Nil	
	Directors, Chief Executive Officer, their spouses and minor children		
1	Mst. Nusrat Shamim	6363774	37.4339
2	Mr. Ahmed Ali Tariq	2393744	14.0808
3	Mian Shahzad Aslam	793,756	4.6691
4	Mian Aamir Naseem	831,196	4.8893
5	Mr. Muhammad Shams Amin	2,713	0.0159
6	Mrs. Ayesha Shahzad	549,002	3.2294
7	Mrs. Fatima Aamir	184,698	1.0864
8	Mr. Irfan Qamar	3,512	0.0206
9	Mr. Muhammad Mudassar Ahsan	19,888	0.1169
		11,142,283	65.5428
NIT & ICP			
1	Investment Corporation of Pakistan	1,219	0.0072
2	IDBP (ICP Unit) CDC	121	0.0008
3	National Investment Trust Ltd. CDC	33	0.0001
		1,373	0.0081
PUBLIC SECTOR COMPANIEES			
1	Darson Securities	440	0.0025
2	Capital Vision Securities (Pvt.,) Ltd.	1,546	0.0091
3	Moosani Securities (Pvt.) Ltd.,	343	0.0020
4	M/s Naeem Securities (Pvt.,) Ltd.,	56	0.0003
5	Pearl Capital Management (Pvt.) Ltd.	1	-
		2,386	0.0140
FINANCIAL INSTITUTIONS. & CORPORATIONS			
1	Mercantile Cooperative Finance Corporaion	9,295	0.0547
2	Habib Bank Limited	2,000	0.0118
3	National Bank of Pakistan	122	0.0007
		11,417	0.0672
SHARES HELD BY GENERAL PUBLIC		5835209	34.3248
MODARABA AND MUTUAL FUNDS			
1	First Elite Capital Modaraba CDC	4,102	0.0241
OTHERS			
1	Pakistan Cloth Merchants Associaton	1,434	0.0085
2	SECP (CLA)	1	-
3	The Okahi Memon Anjuman	953	0.0056
4	Administrator Abondoned Properties	842	0.0050
		3,230	0.0190
	TOTAL:	**17000000**	**100.00**

DISCLOSURE

During the financial year the trading in shares of the Company by the Directors, CEO, CFO, Company Secretary and their spouses and minor children were notified.

	Sale	Purchase
Mst. Nusrat Shamim	2,500	-
Mr. Irfan Qamar	-	2,500

SHAREHOLDERS HOLDINGS 10% OR MORE OF TOTAL CAPITAL

1	Mst. Nusrat Shamim	6363774
2	Mr. Ahmed Ali Tariq	2393744
3	Master Mustafa Ali Tariq	1703789

NOTES:

PROXY FORM
HUSEIN SUGAR MILLS LIMITED

I/We ____

of ____

being a member of HUSEIN SUGAR MILLS LIMITED, hereby appoint

____
(Name)

of______________________________ another member of the Company

or failing him/her ____
(Name)

of______________________________ another member of the Company

(being a member of the Company) as my/our proxy to attend and vote for and on my/our behalf, at the 45th Annual General Meeting of the Company to be held at its Registered Office, 30-A E/I, Old FCC, Gulberg III, Lahore on Monday January 30, 2011 at 11:30 A.M. and any adjournment thereof.

As witnessed given under my/our hand(s) ____________ day of ____________ , 2011.

1) Witness:

Signature____________________

Name ____________________

Address ____________________

____

Affix
Revenue
Stamp of Rs. 5/-

____
Signature of Member

2) Witness:

Signature____________________

Name ____________________

Address ____________________

____

Shares Held ____________________

Shareholders's Folio No. ____________________

CDC A/c No. ____________________

CNIC No. | | | | | | | | | | | | | | |

Note:

1) Proxies, in order to be effective, must be reached at the Company's Registered Office, not less than 48 hours before the time for holding the meeting and must be duly stamped, signed and witnessed.

2) CDC Shareholders, entitled to attend and vote at this meeting, must bring with them their National Identity Cards / Passport in original to prove his/her identity, and in case of Proxy, must enclose an attested copy of his/her NIC or Passport. Representatives of corporate members should bring the usual documents required for such purpose.

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AFFIX
CORRECT
POSTAGE

The Company Secretary
HUSEIN SUGAR MILLS LIMITED
30-A E/I, Old FCC, Gulberg III, Lahore
Ph: 35762089 - 35762090
Fax: (042) 35712680

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