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DEWAN SUGAR MILLS LIMITED

NINE MONTHS ENDED JUNE 30, 2012



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DEWAN SUGAR MILLS LIMITED

Registrar: BMF Consultants Pakistan (Pvt) Ltd. Anum Estate, Room No. 310 & 311, 3rd floor,
49, Darul Aman Society, Main Shahrāh-e-Faisal, Adjacent to Baloch Colony Bridge,
Karachi - 75350, Pakistan. Ph: 021-34321533-35 Fax: 021-34321533



A YOUSUF DEWAN COMPANY

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COMPANY INFORMATION

BOARD OF DIRECTORS	:	Dewan Muhammad Yousuf Farooqui Chairman / Chief Executive
		Dewan Abdul Rehman Farooqui
		Dewan Asim Mushfiq Farooqui
		Dewan Abdullah Ahmed Swaleh Farooqui
		Dewan Abdul Baqi Farooqui
		Haroon Iqbal
		Muhammad Baqir Jafferi
AUDIT COMMITTEE	:	Haroon Iqbal (Chairman) Dewan Abdul Rehman Farooqui (Member) Muhammad Baqir Jafferi (Member)
AUDITORS	:	Feroze Sharif Tariq & Co. Chartered Accountants
CHIEF FINANCIAL OFFICER	:	Muhammad Ilyas Abdul Sattar
COMPANY SECRETARY	:	Syed Muhammad Salahuddin
TAX ADVISORS	:	Sharif & Company Advocates
BANKERS	:	National Bank of Pakistan Summit Bank Limited Habib Bank Limited Standard Chartered Bank Pakistan Limited Silk Bank Limited Meezan Bank Limited NIB Bank Limited Bank of Khyber Limited The Bank of Punjab
REGISTERED OFFICE	:	Finance & Trade Centre Block-A, 7th Floor, Shahrah-e-Faisal, Karachi
SHARE REGISTRAR/ TRANSFER AGENT	:	BMF Consultants Pakistan (Private) Limited Anum Estate Building, Room No. 310 & 311, 3rd Floor, 49, Darul Aman Society, Main Shahrah-e-Faisal, adjacent to Baloch Colony Bridge, Karachi, Pakistan.
FACTORY	:	Jillaniabad, Budho Talpur, Taluka: Mirpur Bathoro District: Thatta Sindh Pakistan.
WEBSITE	:	www.dewangroup.com.pk

DIRECTORS' REPORT

IN THE NAME OF ALLAH
THE MOST GRACIOUS AND MERCIFUL
IF YE GIVE THANKS, I WILL GIVE YOU MORE (HOLY QURAN)

Dear Shareholder(s),

Assalam-o-Alaikum

On behalf of the Board of Directors, it is my privilege to present to you the unaudited condensed interim financial statements of the Company for the period ended June 30, 2012.

Financial Results

During the period under consideration, your Company has suffered after tax loss of Rs. 35.460 million, as compared to loss of Rs.84.851 million in the corresponding period.

Performance Review

Sugar Segment

The crop was devastated due to heavy rains/flood therefore the season was late started on 21st December, 2011. The sugar plant operated up to 14th March 2012 and crushed 544,198.09 tons of sugar cane as against 451,365.77 tons last season, showing 26% increase in production of refined sugar and 21% increase in crushing as compared to last season, though we have produced more sugar than last year but could not gain the benefit as the sale price of sugar dropped by 22% as compared to last year. This factor is the main contribution of loss.

Distillery Segment

The Distillery unit is running in full swing and produced 22,409 tons of Alcohol during the period under review as compared to 14,716 tons of Alcohol produced during the corresponding period last year showing 52% improvement in production. It is expected that the unit will remain operational till September 2012 provided that the smooth availability of raw material. Globally ethanol market showing depressed trend and prices are coming down from \$950/- per ton to \$600/- resultantly it will put pressure on distillery profitability in coming months. The performance of distillery segment is showing profit of Rs.274 million.

Chip Board & Polypropylene Segment

During the period, Chip Board unit produced 15,465 sheets as against 11,405 sheets during the last period. Polypropylene segment remained non-operative. The management anticipates that operation of the segment will be regularized in the following season, as working capital lines from the banks will be available.

With the grace of Almighty Allah, we have timely met our debt servicing obligation and will meet the obligation on time in future as well Insha'Allah.

The Company whilst is aggressively improving the contribution to the government exchequer. It is further added that the Company also positively contributing towards economic development of remote area of Sindh.

In conclusion, we bow, beg and pray to Almighty Allah, Rahman-o-Ar-Rahim, in the name of our beloved Prophet Muhammad (peace be upon him) for the continued showering of his blessings, guidance, strength, health, and prosperity to us, our company, country and nation; and also pray to Almighty Allah to bestow peace, harmony, brotherhood, and unity in true Islamic spirit to whole of the Muslim Ummah; Ameen; Summa Ameen.

LO-MY LORD IS INDEED HEARER OF PRAYER (HOLY-QURAN)

Under Authority of the Board of Directors



Dewan Mohammad Yousuf Farooqui
Chairman / Chief Executive

Karachi, July 30, 2012

Condensed Interim Balance Sheet

As At June 30, 2012

(Un-Audited) (Audited)
Jun 30, 2012 Sep 30, 2011

ASSETS

NON-CURRENT ASSETS

Property, Plant and Equipment	4	2,934,860	3,112,880
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CURRENT ASSETS

Stores, Spares and Loose Tools		415,383	414,820
Stock-in-Trade		1,285,642	443,833
Trade Debts - Unsecured, Considered Good		27,093	33,466
Loans and Advances - Unsecured, Considered Good		1,150,166	1,113,093
Trade Deposits, Short-Term Prepayments and Current Balances		26,927	23,267
Other Receivables -Unsecured Considered Good		63	3,618
Income Tax Refunds and Advances		28,463	29,734
Short Term Investment - Related Party	5	28,938	41,496
Cash and Bank Balances		25,290	37,170
		2,987,965	2,140,497

EQUITY AND LIABILITIES

SHARE CAPITAL AND RESERVES

Authorized Capital 50,000,000 (Sept 2011: 50,000,000) Ordinary Shares of Rs. 10/- each		500,000	500,000
---	--	----------------	---------

Issued, Subscribed and Paid-up Capital		365,120	365,120
Reserves and Surplus		(633,663)	(643,183)

Surplus on Revaluation of Property, Plant & Equipment (Net)

(268,543)	(278,063)
729,332	786,870

NON-CURRENT LIABILITIES

Redeemable Capital - Secured, Non-Participatory	6	-	-
Term Finance - Secured	7	-	-
Syndicated Long Term Loan - Secured	8	3,185,072	3,343,408
Liabilities Against Assets Subject to Finance Lease -Secured	9	-	-
Deferred Liabilities	10	63,176	95,694

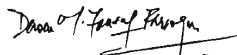
CURRENT LIABILITIES

Trade and Other Payables - Unsecured		1,213,181	745,612
Interest, Profit, Mark-up Accrued on Loans and Other Payables		7,601	7,601
Short Term Finances - Secured	11	614,368	224,864
Current Portion of Non-Current Liabilities	8 & 9	312,138	236,714
Provision for Taxation		66,500	90,677
		2,213,788	1,305,468

Contingencies & Commitments

12	-	-
	5,922,825	5,253,377

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



Dewan Mohammad Yousuf Farooqui
 Chairman / Chief Executive



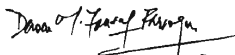
Dewan Abdul Rehman Farooqui
 Director

Condensed Interim Profit & Loss Account (Un-audited)

For The Nine Month Ended June 30, 2012

	Nine Months Ended		Quarter Ended	
	Jun 30, 2012	Jun 30, 2011	Jun 30, 2012	Jun 30, 2011
	(Rupees in '000)			
Sales	3,131,698	3,163,284	681,971	782,832
Cost of Sales	(2,979,269)	(3,168,821)	(648,324)	(754,251)
Gross Profit / (Loss)	152,429	(5,537)	33,647	28,581
Administrative and General Expenses	(41,676)	(51,068)	(14,230)	(30,819)
Distribution and Selling Costs	(78,971)	(28,948)	(30,605)	(17,042)
Other Operating Income	3,573	849	865	248
Profit / (Loss) from Operations	35,355	(84,704)	(10,323)	(19,032)
Finance Cost	(70,297)	(35,945)	(29,203)	(18,476)
(Loss) before Income Tax	(34,942)	(120,649)	(39,526)	(37,508)
Taxation	(518)	35,798	3,489	40,022
(Loss) / Profit for the period (after Income Tax)	(35,460)	(84,851)	(36,037)	2,514
(Loss) / Profit per Share - Basic	(0.97)	(2.32)	(0.99)	0.07

The annexed notes form an integral part of the condensed interim financial statements.



Dewan Mohammad Yousuf Farooqui
Chairman / Chief Executive



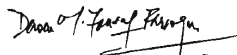
Dewan Abdul Rehman Farooqui
Director

Condensed Interim Statement of Comprehensive Income - (Un-audited)

For The Nine Month Ended June 30, 2012

	Nine Months Ended		Quarter Ended	
	Jun 30, 2012	Jun 30, 2011	Jun 30, 2012	June 30, 2011
	(Rupees in '000)			
(Loss)/Profit for the Period	(35,460)	(84,851)	(36,037)	2,514
Other Comprehensive Income:				
Loss of Sales of Assets (Khoski)	-	(688,111)	-	(688,111)
Available for Sale Financial Assets:				
Changes in Fair Value	(12,558)	21,567	(4,231)	11,875
Total Comprehensive (Loss) for The Period	<u>(48,018)</u>	<u>(751,395)</u>	<u>(40,268)</u>	<u>(673,722)</u>

The annexed notes form an integral part of the condensed interim financial statements.



Dewan Mohammad Yousuf Farooqui
Chairman / Chief Executive



Dewan Abdul Rehman Farooqui
Director

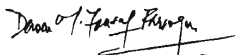
Condensed Interim Cash Flow Statement (Un-audited)

For The Nine Month Ended June 30, 2012

Jun 30, 2012 Jun 30, 2011

	(Rupees in '000)	
Cash Flow from Operating Activities		
(Loss) Before Taxation	(34,942)	(120,649)
Adjustment for Non-Cash and Other Items:		
Depreciation	180,522	224,691
Financial Charges	70,297	35,945
	250,819	260,636
	215,877	139,987
Changes in Operating Assets and Liabilities		
(Increase) / Decrease in Current Assets		
Stores and Spares	(563)	40,259
Stock in Trade	(841,809)	(173,210)
Trade Debts	6,372	(1,653)
Loans and Advances	(37,073)	(160,814)
Trade Deposits, Prepayments & Other Balances	(3,660)	2,042
Other Receivables	3,556	1,907
Increase / (Decrease) in Current Liabilities		
Trade and Other Payables	467,569	173,864
Short Term Finances	389,504	182,479
	(16,104)	64,874
Taxes paid	(54,406)	(12,964)
Financial Charges Paid	(36,354)	(11,539)
Gratuity Paid	(1,536)	(8,568)
	(92,296)	(33,071)
Net Cash Flows from Operating Activities	107,477	171,790
Cash Flow from Investing Activities		
Fixed Capital Expenditure	(2,502)	(28)
Proceed from Sales of Property, Plant & Equipment	--	500,000
Net Cash Out Flows from Investing Activities	(2,502)	499,972
Cash Flow from Financing Activities		
Syndicated Term Finance Secured	(114,758)	(450,000)
Lease Finance	(2,097)	(104)
Net cash out flows from financing activities	(116,855)	(450,104)
Net (Decrease)/ Increase in Cash and Bank Balances	(11,880)	221,658
Cash and Bank Balances at Beginning of the period	37,170	13,156
Cash and Bank Balances at the end of the period	25,290	234,814

The annexed notes form an integral part of the condensed interim financial statements.



Dewan Mohammad Yousuf Farooqui
Chairman / Chief Executive



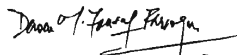
Dewan Abdul Rehman Farooqui
Director

Condensed Interim Statement of Changes in Equity (Un-audited)

For The Nine Month Ended June 30, 2012

	Issued, Subscribed & Paid-up Capital	General Reserve	Accumulated Profit/(Loss)	Total
(Rupees in '000)				
Balance as on October 01, 2010	365,120	190,000	(629,596)	(74,476)
Total comprehensive Loss for the period	--	--	(751,395)	(751,395)
Transfer of incremental depreciation on the revalued items of property, plant and equipment, from the Surplus account (Net of Tax)	--	--	82,524	82,524
Transfe of Surpluss on revaluation of assets Disposed during the period.			790,338	790,338
Balance as on June 30, 2011	<u>365,120</u>	<u>190,000</u>	<u>(508,129)</u>	<u>46,991</u>
Balance as on October 01, 2011	365,120	190,000	(833,183)	(278,063)
Total comprehensive Loss for the period	--	--	(48,018)	(48,018)
Transfer of incremental depreciation on the revalued items of property, plant and equipment, from the Surplus account (Net of Tax)	--	--	57,538	57,538
Balance as on June 30, 2012	<u>365,120</u>	<u>190,000</u>	<u>(823,663)</u>	<u>(268,543)</u>

The annexed notes form an integral part of the condensed interim financial statements.



Dewan Mohammad Yousuf Farooqui
Chairman / Chief Executive



Dewan Abdul Rehman Farooqui
Director

Condensed Interim Segment Results For The Nine Month Ended June 30, 2012

	Sugar Segment		Polypropylene Segment		Board and Panel Segment		Distillery Segment		Total	
	Jun-12	Jun-11	Jun-12	Jun-11	Jun-12	Jun-11	Jun-11	Jun-11	Jun-12	Jun-11
Gross Sales										
Local	1,756,127	2,293,274	-	-	-	7,312	43,574	9,010	1,799,701	2,309,596
Exports	-	-	-	-	-	-	1,476,579	967,260	1,476,579	967,260
	1,756,127	2,293,274	-	-	-	7,312	1,520,153	976,270	3,276,280	3,276,856
Sales Commission	1,145	-	-	-	-	-	7,463	1,482	8,608	1,482
Sales Tax /Special Excise Duty	130,083	109,505	-	-	-	1,152	5,891	1,433	135,974	112,090
	131,228	109,505	-	-	-	1,152	13,354	2,915	144,582	113,572
Net Sales	1,624,899	2,183,769	-	-	-	6,160	1,506,799	973,355	3,131,698	3,163,284
COST OF SALES	1,812,963	2,354,962	3,616	4,371	8,791	13,903	1,153,899	795,584	2,979,269	3,168,821
Gross (Loss) / Profit	(188,064)	(171,193)	(3,616)	(4,371)	(8,791)	(7,743)	352,900	177,771	152,429	(5,537)
Administrative Expenses	40,218	48,985	122	144	35	40	1,301	1,899	41,676	51,068
Selling and Distribution Costs	1,976	1,617	-	-	-	-	76,995	27,331	78,971	28,948
	42,194	50,602	122	144	35	40	78,296	29,230	120,647	80,016
Segment Results	(230,258)	(221,795)	(3,738)	(4,515)	(8,826)	(7,783)	274,604	148,541	31,782	(85,553)

(Rupees in '000')


Dewan Abdul Rehman Farooqui
Director


Dewan Mohammad Yousuf Farooqui
Chairman / Chief Executive

Condensed Interim Notes to the Accounts (Un-audited)

For The Nine Month Ended June 30, 2012

1 The Company and its Operations

Dewan Sugar Mills Limited (the Company) was incorporated in Pakistan, as a public limited company on June 27, 1982, under the Companies Act, 1913 (Now the Companies Ordinance, 1984) and its shares are listed on the Karachi and Lahore Stock Exchanges in Pakistan. The registered office of the company is situated at 7th floor, block-A Finance and Trade Centre Shahara-e-faisal, Karachi, Pakistan; while its manufacturing facilities are located at Jillaniabad, Budho Talpur, Taluka: Mirpur Bathoro, District: Thatta, Sindh, Pakistan. The Principal activity of the Company is production and sale of white crystalline refined sugar, processing and trading of by-products, and other related activities and allied products.

2 Statement of Compliance

These condensed interim financial statements are un-audited and are being submitted to the share holders under the requirement of section 245 of the Companies Ordinance 1984. These condensed interim financial statements of the company for the nine months period ended June 30, 2012 has been prepared in accordance with the requirements of International Accounting Standard (IAS) 34 " interim financial Reporting" and Provisions of and directives issued under the companies Ordinance, 1984, in case where the requirements differ, the provision of or directives issued under the Companies Ordinance, 1984 have been followed.

3 Significant Accounting Policies and Disclosures

The accounting policies and method of computation adopted in the preparation of these financial statements are the same as those applied in the preparation of the annual financial statements of the Company for the preceding year ended September 30, 2011.

Jun 30, 2012 Sep 30, 2011

(Rupees in '000)

4 Property, Plant and Equipment

	2,934,860	3,112,880
--	------------------	-----------

Fixed capital expenditure during the period amounted to Rs 2.502 million (September 30, 2011: Rs 0.117 million). Fixed assets disposed off during the period amounted to Rs. nil million (September 30, 2011: Rs 1,444.76 million).

5 Short Term Investment - Related Party

The Market value of Dewan Farooque Motors Limited as at June 30, 2012 was Rs.2.12 per share and as of financial statement issuing date the market value of above share are Rs. 2.10 per share. Had the company account for the effect of change in market value of accounts issuing date the value of investment would have been decreased by Rs. 0.273 million and the loss for the current period have been increased by Rs.0.273 million.

Jun 30, 2012 Sep 30, 2011

	Notes	(Rupees in '000)	
6 Redeemable Capital - Secured, Non-Participatory			
Opening Balance		-	12,495
Transfer to Syndicated Long Term Loan		-	(12,495)
Closing Balance		-	-
7 Term Finance - Secured			
Opening Balance		-	1,233,850
Less : Repaymen		-	2,225
		-	1,231,625
Transferred to Syndicated Long Term Loan		-	(1,231,625)
		-	-
8 Syndicated Long Term Finance - Secured			
Reschedule Amount net of Payments/Adjustments	8.1	3,332,805	3,447,004
First National Bank Modaraba			
Principal amount outstanding	8.2	34,441	35,000
Mark-up payable			
Mark-up payable on Reschedule Term Finance	8.3	67,500	33,750
Mark-up payable (First National Bank Modaraba)	8.4	264	70
		3,435,010	3,515,824
Less : Current Maturity on Long Term Loan		249,938	172,416
		3,185,072	3,343,408

8.1 This amount represent outstanding balance of rescheduled settled amount as per compromising decree dated February 18, 2011 granted by Honourable High Court of Sindh at Karachi. As per terms 32 quarterly installments of principal loan ranging from Rs.57.09 million to Rs. 143.858 million will be payable in ten years with one year grace period with no mark-up through out the repayment period. The tenure of repayments starts on March 30, 2012 and last payment will be made on December 30, 2020.

8.2 This amount represents principal outstanding rescheduled amount approved by the management of First National Bank Modaraba on June 15, 2011. The Principal amount will be paid in 32 quarterly un-equal installments of Rs. 0.558 million to 1.520 million repayable in 10 year including grace Period of one year installments commencing from 16th June, 2012 and the last installment will be paid on March 16, 2021. No mark up will be charged during the period of tenure.

8.3 This amount represents token mark up of Rs. 450 million payable to Syndicated (Summit Bank & Other) in 4 equal quarterly installments of Rs. 112.5 million each. The mark-up will be accrued quarterly in ten years for 40 equal installment of Rs. 11.250 million.

- 8.4** This amount represents token mark up of Rs 2.525 million payable to First National Bank Modaraba in 4 equal quarterly instalments of Rs.0.631 million each. The mark-up will be accrued quarterly in 9 years for 36 equal instalment of Rs.0.065 million.

	Jun 30, 2012	Sep 30, 2011
9 Liabilities Against Assets Subject to Finance Lease	(Rupees in '000)	
Present value of minimum lease payment	62,200	64,258
Classified as current maturity		
Current maturity	-	(15,260)
Overdue	(62,200)	(48,998)
	<u>(62,200)</u>	<u>(64,258)</u>
Balance as at June 30, 2012	-	-

- 9.1** During the period the Company has made settlement with the one of Leasing Company through compromising decree granted by the Banking Court No.II. Karachi. The term has been settled that Company will pay 4.1 million in full & final settlement. Two million have already been paid and remaining 2.1 million will be paid in 3 equal installment on 1st day of every month starting from Oct 2012.

	Notes	Jun 30, 2012	Sep 30, 2011
10 Deferred Liabilities		(Rupees in '000)	
Deferred taxation		31,410	62,392
Deferred Gratuity	10.1	31,766	33,302
		<u>63,176</u>	<u>95,694</u>

- 10.1** The Company discontinued its policy for staff retirement benefits plan for gratuity on March 31, 2007 and provision for all its outstanding liabilities had been made until March 31, 2007. The payable amount of gratuity shall be transferred to provident fund scheme after deduction of income tax payable by each member as per income tax law. The Company has not paid to the Provident Fund Trust as of Balance Sheet Date.

	Notes	Jun 30, 2012	Sep 30, 2011
11 Term Finance - Secured		(Rupees in '000)	
Short term running Finances - Secured	11.1	443,043	192,196
Short term Murabaha Facilities		-	7,697
Cash Finance Facility	11.2	170,575	-
Book Over draft		750	24,971
		<u>614,368</u>	<u>224,864</u>

11.1 As per the Court order/ compromising decree the Lender will also arrange a new short term loan of Rs. 450 million to meet the company's working capital requirements. The tenure of Rs. 200 million loan is one year expiring on December 31, 2011 and this facility is secured by way of First Charge over current assets of the company by way of hypothecation with 25% margin and the tenure of Rs. 250 million is one year expiring on September 30, 2011 this facility is secured by way of Pledge of Refined sugar stocks with 10% margin. The markup rate for these facilities is 3 months KIBOR plus 0.75 % payable on quarterly basis.

11.2 This amount represent Cash Finance Facility (Pledge) Obtained from National Bank of Pakistan against pledge of Molasses and Ethenol amounting to Rs. 250 million. The facility is for one year on rollover basis expiring on March 31, 2013, carrying markup of 3 month KIBOR plus 1.75%. Pricing shall be reset on beginning of each calendar quarter.

12 Contingencies and Commitments

There is no significant changes in the status of contingencies and commitments during the period as those reported in last annual financial statements, except settlement has been made with one of the Leasing Company for amounting to Rs.4.1 million as disclosed in Note # 9.1 of this financial statement.

13 Transactions With Related Parties

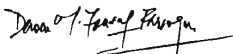
During the period, the aggregate of the transactions made by the Company with its associated Companies in respect of purchases, Sales & Services were for Rs.7.463 million (September 30, 2011: Rs.5.629 million).

14 Date of Authorization for Issue

These Financial Statements were authorized for issue on July 30, 2012 by the board of directors of the Company.

15 General

Figures have been rounded off to the nearest thousand rupees.



Dewan Mohammad Yousuf Farooqui
Chairman / Chief Executive



Dewan Abdul Rehman Farooqui
Director