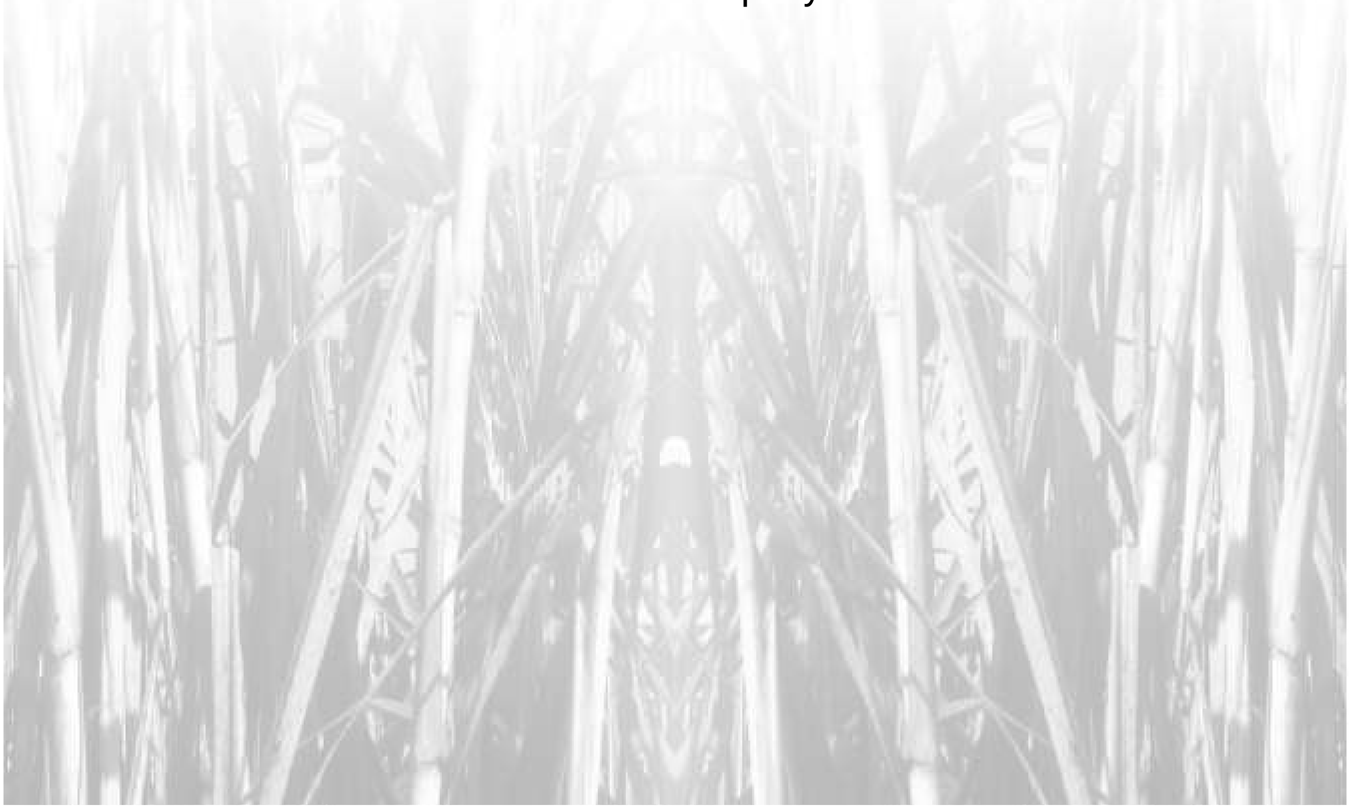
CONTENTS

CORPORATE INFORMATION

BOARD OF DIRECTORS	Malik Adnan Hayat Noon	Chairman & Chief Executive
	Mr. K. Iqbal Talib	(Executive Director)
	Mr. Asif Hussain Bukhari	(Non-Executive Director)
	Mr. Salman Hayat Noon	(Non-Executive Director)
	Mr. Amjad Mahmood Agha	(Non-Executive Director)
	Mr. Safdar M. Hayat Qureshi	(Non-Executive Director)
	Mr. Zaheer Ahmad Khan	(Non-Executive Director)
AUDIT COMMITTEE	Mr. Salman Hayat Noon	Chairman
	Mr. Zaheer Ahmad Khan	Member
	Mr. Asif Hussain Bukhari	Member
HRR COMMITTEE	Mr. K. Iqbal Talib	Member
	Mr. Zaheer Ahmad Khan	Member
	Mr. Asif Hussain Bukhari	Member
MANAGEMENT	Mr. K. Iqbal Talib	Managing Director
	Mr. Naveed Akhtar	Resident Director
	Mr. Kamran Zahoor	Chief Financial Officer
SECRETARY	Syed Anwar Ali	
AUDITORS	Hameed Chaudhri & Co., Chartered Accountants	
HEAD INTERNAL AUDIT	Mr. Muhammad Shafiq	
LEGAL ADVISERS	Hassan & Hassan (Advocates)	
BANKERS	Allied Bank Limited Habib Bank Limited MCB Bank Limited Standard Chartered Bank (Pakistan) Limited United Bank Limited	
HEAD OFFICE	2nd Floor, Mustafa Center, 45-F, Main Market, Gulberg II, Lahore. Tel. # (042) 35788472-3	
REGISTERED OFFICE & SHARES DEPARTMENT	66 – Garden Block, New Garden Town, Lahore. Tel. # (042) 35831462-3 E-mail: noonshr@brain.net.pk	
MILLS	Bhalwal, District Sargodha.	
WEBSITE	www.noonsugar.com	

MISSION STATEMENT

"Noon Sugar Mills Limited is committed to continue its sustained efforts towards optimizing its resources through updated technology, staff motivation and good corporate governance so as to Insha Allah maintain its tradition of high yield and handsome returns to its shareholders on their investment in the Company."



NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the 51st Annual General Meeting of Noon Sugar Mills Limited will be held on Friday, 31 January, 2014 at 11:30 a.m. at 66 Garden Block, New Garden Town, Lahore to transact the following business:

1. To confirm the minutes of the Annual General Meeting held on 31 January, 2013.

2. To receive, consider and adopt the audited accounts for the year ended 30 September, 2013 and the reports of the directors and auditors thereon.

3. To appoint auditors for the year ending 30 September, 2014 and to fix their remuneration.

4. To transact any other business as may be placed before the meeting with the permission of the Chairman.

CLOSURE OF SHARE TRANSFER BOOKS

The Share Transfer Books of the Company will remain closed from 25 January, 2014 to 31 January, 2014 (both days inclusive) for the purpose of holding the AGM.

By Order of the Board

SYED ANWAR ALI
Company Secretary

Lahore: 07 January, 2014

NOTES:

1. A member entitled to attend and vote at this meeting may appoint another member as his/her proxy to attend, speak and vote on his/her behalf. Proxies in order to be effective must be received by the Company at the registered office not less than 48 hours before the meeting. The shareholders through CDC are requested to bring original CNIC/Passport for the purpose of identification to attend the meeting. Representatives of corporate members should bring the usual documents required for such purpose.

2. Members having physical shares are requested to send copy of their Computerized National Identity Card (CNIC) if they have not already provided and to notify change in their addresses, if any.

SIX YEARS' REVIEW AT A GLANCE

YEAR ended 30th September		2013	2012	2011	2010	2009	2008
Sugar Production:							
Cane crushed	(M.Tons)	603,528	701,851	600,385	294,534	358,130	554,283
Average sucrose recovery	(%)	9.57	9.36	7.70	7.28	8.65	8.03
Sugar produced	(M.Tons)	57,766	65,684	46,181	21,444	30,965	44,497
Operating period	(Days)	107	114	116	98	98	123
Alcohol Production:							
Molasses processed	(M.Tons)	71,315	83,748	72,644	29,969	27,772	85,862
Alcohol produced	(000's Ltrs.)	17,292	22,028	17,571	7,415	7,350	22,589
Average alcohol yield	(Ltrs/Ton)	243	263	242	247	262	263
Operating period	(Days)	234	307	302	165	180	358
Operating results:							
Sales	(000' Rs.)	3,834,732	4,622,657	3,101,489	1,723,592	1,714,912	1,814,537
Cost of sales	(000' Rs.)	3,618,215	4,201,356	2,695,524	1,719,524	1,443,161	1,583,232
Gross profit	(000' Rs.)	216,517	421,301	405,965	4,068	271,751	231,305
Pre-tax profit/(loss)	(000' Rs.)	(136,387)	120,785	62,642	(183,237)	66,148	(43,546)
Profit after taxation	(000' Rs.)	(159,915)	106,298	34,858	(200,582)	56,572	(50,215)
Gross Profit to Net Sales	(%)	5.65	9.11	13.09	0.24	15.85	12.75
Net Profit/(loss) to Net Sales	(%)	(4.17)	2.30	1.12	(11.64)	3.30	(2.77)
Shareholders' Equity:							
Paid up capital	(000' Rs.)	165,175	165,175	165,175	165,175	150,159	150,159
Reserves & surplus	(000' Rs.)	463,443	656,201	574,466	539,142	815,196	757,765
Shareholders' equity	(000' Rs.)	628,618	821,376	739,641	704,317	965,355	907,924
Break-up value per share	(Rupees)	38.06	49.73	44.78	42.64	64.29	60.46
Earnings per share	(Rupees)	(9.68)	6.44	2.11	(14.90)	3.42	(3.34)
Return on equity	(%)	(25.44)	12.94	4.71	(28.48)	5.86	(5.53)
Financial position:							
Current assets	(000' Rs.)	639,796	630,140	1,129,184	354,449	316,343	477,034
Fixed capital expenditure	(000' Rs.)	1,086,398	1,146,199	1,108,752	1,134,653	1,242,597	1,367,011
Total assets	(000' Rs.)	1,756,427	1,826,793	2,289,429	1,536,321	1,598,772	1,934,326
Current liabilities	(000' Rs.)	919,959	878,945	1,499,694	781,124	448,038	709,915
Long term debts	(000' Rs.)	151,231	72,873	0.00	0.00	132,872	266,937
Total liabilities	(000' Rs.)	1,127,809	1,005,417	1,549,788	832,004	633,417	1,026,402
Current ratio	(%)	0.70	0.72	0.75	0.45	0.71	0.67
Debt equity ratio	(%)	19.39	8.15	0.00	0.00	12.10	22.72
Dividends:							
Cash	(%)	-	20	15	-	10	-
Bonus shares	(%)	-	-	-	-	10	-
Total pay out	(%)	-	20	15	-	20	-

DIRECTORS' REPORT TO THE MEMBERS

Dear members,

The Directors of Noon Sugar Mills Limited are pleased to present the 51st Annual Report and audited Financial Statements of the Company and the Auditors' Report thereon for the year ended 30th September 2013.

Financial Results

The comparative financial results of the Company are summarised below:

Particulars	2013	2012
	(Rupees in million)	
Total Revenue	3,835	4,623
Gross Profit	216	421
Operating Profit	36	250
After-tax (loss) / Profit	(160)	106
(Loss) / Earnings Per Share (Rs.)	(9.68)	6.44

Operating Results

The operating results of your Company for the year under review with comparative statistics of last year are tabulated below:

Sugar		2013	2012
Operating period	Days	107	114
Cane crushed	M. Tons	603,528	701,851
Sugar produced	M. Tons	57,766	65,684
Average sucrose recovery	% age	9.57	9.36
Molasses recovery	% age	4.89	5.01
Molasses produced	M. Tons	29,517	35,173
Distillery			
Operating period	Days	234	307
Molasses processed	M. Tons	71,315	83,748
Ethanol produced	000's Ltrs.	17,292	22,028
Average yield	Ltrs./M. Ton	243	263

Sugar

The Government had fixed the minimum support price of sugarcane for the crushing season 2012-13 at Rs. 170 as against Rs. 150 per 40 kg of sugarcane for the year 2011-12, indicating an increase of 13.33 percent. Your mill's significant improvement in season's average sugar recovery to 9.57% was more than offset by the increased mismatch of raw material and product sale prices. The excess production of sugar, against national consumption, together with carryover stocks from previous year, resulted in a heavy pressure for selling below cost, to meet the working capital requirement for cane payment and other liabilities.

In a supportive measure for the industry, the Federal Government had allowed the export of sugar but it remained limited due to low international prices, slow processing and non-availability of incentives given by the government for export of sugar.

Distillery

The distillery operation was restricted to 234 days against 307 days in the corresponding period, mainly owing to two negative factors faced during the period under review. The natural gas supply which provides an alternative fuel during 8 months of off-season, remained mostly suspended to compel the operation of a large bagasse fired boiler and steam turbo generator of sugar mills by utilizing own surplus bagasse, supplemented with purchase of significant quantities from other sugar mills. Also due to increased competition among the distilleries both the availability and price of molasses, restricted the procurement of raw material to limit the capacity utilization of the distilleries.

It is however, gratifying to report that more than 90% of industrial grade ethanol produced during the season was exported, though yielding a slimmer margin due to 16% increase in average molasses price as compared to the previous year.

A supplement of relatively large quantity of molasses is planned this year and it is hoped that the GSP+ status granted by European Union for imports of goods from Pakistan, including ethanol, will improve the returns from our distillery division.

Future Outlook

According to survey the cane crop size is more or less the same as last year. A minor reduction in area is likely to be made up by a healthier crop. But the successive revision of price in both competing crops; rice and wheat, may affect the spring plantation in some measure, causing a shortage of supply in the next crushing season.

Owing to a increasingly prominent contribution by the mills of Southern Punjab and upper Sindh, the actual production of sugar in 2013-14 season, is likely to exceed 7.00 million tons, causing a minimum surplus of over 2.00 million tons and in case a significant support for export of surplus sugar and tender to build one million tons buffer stock by TCP, is not executed promptly by the government, the mounting surplus may prove to be more damaging for the industry, than the previous year. The regional situation of sugar industry, including India and Thailand is also likely to follow a surplus trend.

Our emphasis on distillery and other by-products has consequently increased and our plan for export of surplus power from the existing arrangement and through new installation of high-pressure 6 MW power unit is being aggressively followed. The required Power Generation License for export from our conventional system has already been obtained and the completion of necessary formalities with FESCO is under way. The contract for purchase of high pressure Steam Turbo Generator unit of 6MW from a reputed Chinese company has already been signed and the purchase of compatible 40 T/Hr multi-feed Boiler is to be finalized soon.

A CO_2 recovery plant at the distillery has already been installed and is likely to start its contribution to the revenues of your Company from March 2014. The desired approval of EPA for both the above projects has been received.

Corporate Social Responsibility

Quality education:

The Company took over, in 2005, two Primary Schools established by the Company in 1968 but nationalized in 1972, and has upgraded these schools to Boys and Girls High Schools of excellent academic standards in the mills premises for employees' children. Talented students from the adjoining area of the mills are also allowed admission in these schools. In order to improve the security and up keep privacy of premises, extensive refurbishment of the school was undertaken.

The project has been successful through efficient Management of both schools, the involvement of expert staff in monitoring performance of school administration has resulted in increase in student enrolment, reduction in dropout, and a marked rise in pass percentage of school to the Board level.

Compliance with the Code of Corporate Governance

The requirement of the Code of Corporate Governance (CCG) set out by Karachi, Lahore and Islamabad stock exchanges in their listing regulations, relevant for the year ended 30 September, 2013 have been adopted by the Company and have been fully complied with. A statement to the effect is annexed to the report.

Meetings of Board of Directors

During the year under consideration, five Board meetings were held and number of meetings attended by each director is given in the annexed table.

Audit Committee

An Audit Committee of the Board has been in existence since the CCG, which now comprises of three non-executive directors. During the year, four meetings of the Audit Committee were held. The Audit Committee has its terms of reference which were determined by the Board of Directors in accordance with the guidelines provided by the listing regulations.

Corporate and Financial Reporting Framework

The financial statements together with the notes thereon have been drawn up by the management of the Company in conformity with the Companies Ordinance, 1984 and applicable International Financial Reporting Standards (IFRS). These statements present fairly the Company's state of affairs, the results of its operations, cash flow and changes in equity.

The Board of Directors hereby declares that:

- Any departure from the application of IFRS has been adequately disclosed in “Notes to the Accounts” of financial statements;
- proper books of accounts of the Company have been maintained by the Company;
- appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgment;

- the system of internal controls is sound in design and has been effectively implemented and monitored;

- there are no doubts upon the Company's ability to continue as a going concern;

- there has been no material departure from the Best Practices of Corporate Governance, as detailed in the listing regulations of stock exchanges;

- The key operating and financial data of last six years is annexed to this report.

- there are no statutory payments on account of taxes, duties, levies and charges which are outstanding as at 30 September, 2013 except for those disclosed in the financial statements;

- the Directors, CEO, CFO, Company Secretary and their spouses and minor children have made no transactions in the Company's shares during the year ended 30 September, 2013; and

- Value of the investments of employees retirement funds are as follows:

  Provident Fund

As at 30 September, 2013 (un-audited)	Rs. 64.739 million
As at 30 September, 2012 (audited)	Rs. 71.223 million

  Gratuity scheme is currently un-funded and annual provision is made on the basis of actuarial valuation to cover obligation under the scheme for all eligible employees and the details are contained in Note 8 to the audited financial statements for the year ended 30 September, 2013.

Pattern of Shareholding/ Categories as at 30 September, 2013
Provided Separately.

Shares held by:

I. Associated Companies, undertakings and related parties:

	Number of shares held
Noon Industries (Pvt.) Limited	765,403

II. Mutual Funds:

	Number of shares held
CDC – Trustee AKD Opportunity Fund	158,370
CDC – Golden Arrow Selected Stock Fund Ltd.	1,003,591

III.The Directors and their spouse and minor children:

	Number of shares held		
Names of Directors	Ownself	Spouse	Minor Children
Malik Adnan Hayat Noon	4,355,181	Nil	Nil
Mr. Salman Hayat Noon	81,655	Nil	Nil
Mr. K. Iqbal Talib	26,360	7,260	Nil
Mr. Amjad Mahmood Agha	70	Nil	Nil
Mr. Safdar M. Hayat Qureshi	14,520	Nil	Nil
Mr. Zaheer Ahmad Khan	159	Nil	Nil
Mr. Asif Hussain Bukhari	2,091	Nil	Nil

IV.Executives:	Nil	Nil	Nil

V. Public Sector Companies and Corporations, Joint Stock Companies:

Shares held	Percentage
1,078,958	6.54 %

VI. Banks, Development Finance Institutions, Non-Banking Finance Companies, Insurance Companies, Takaful, Modarabas and Pension Funds:

Shares held	Percentage
4,846,173	29.34 %

VII. Shareholders holding five percent or more voting rights in the listed company:

	Shares held	Percentage
Malik Adnan Hayat Noon	4,355,181	26.37 %
BHF Bank (Switzerland) Ltd.	2,236,080	13.54 %
EFG Private Bank (Channel Islands) Ltd.	1,437,480	8.70 %
Golden Arrow Selected Stocks Fund Ltd.	1,003,591	6.08 %
Aqeel Karim Dhedhi	861,981	5.22 %

VIII.Trading in Shares

There is no trading in the shares of the Company, carried out by its directors, executives and their spouses and minor children during the financial year.

Attendance of Directors in Board Meetings

During the year under review, five meetings of the Board of Directors were held, attendance position was as under:

Names of Directors	Meetings Attended
Malik Adnan Hayat Noon	3
Mr. Salman Hayat Noon	4
Mr. K. Iqbal Talib	5
Mr. Amjad Mahmood Agha	1
Mr. Safdar M. Hayat Qureshi	2
Mr. Zaheer Ahmad Khan	4
Mr. Asif Hussain Bukhari	5

Leave of absence was granted to the directors who could not attend the Board Meetings.

Attendance of Members in Audit Committee Meetings

During the year under review, four Audit Committee Meetings were held, attendance position was as under:

Names of Members	Meetings Attended
Mr. Salman Hayat Noon	3
Mr. Zaheer Ahmad Khan	3
Mr. Asif Hussain Bukhari	4

Number of Meetings of Shareholders

During the year under review, annual general meeting was held on 31 January, 2013.

Outstanding statutory Payments

All outstanding payments are normal and of routine nature.

Role of Shareholders

The Board aims to ensure that the Company's shareholders are timely informed about the major developments affecting the Company's state of affairs. To achieve this objective, information is communicated to the shareholders through quarterly, half-yearly and annual reports, now being promptly placed on Company's website. The Board encourages the shareholders' participation at the General Meetings to ensure the desired level of accountability.

Safety and Environments

The Company strictly complies with the standards of the safety rules and regulations. It also follows environment friendly policies.

Auditors

M/s Hameed Chaudhri & Co., Chartered Accountants, the retiring auditors have offered their services for another term. The Board proposes their appointment as recommended by the Audit Committee.

Acknowledgement

The Board is thankful to the valuable members and bankers for their trust and persistent support to the Company. The Board would also like to place on record its appreciation to all the employees of the Company for their dedication, diligence and hard work.

For and on behalf of the Board

MALIK ADNAN HAYAT NOON
Chairman & Chief Executive

Lahore: 07 January, 2014

STATEMENT OF COMPLIANCE WITH THE BEST PRACTICES OF CODE OF CORPORATE GOVERNANCE

Name of company : Noon Sugar Mills Limited
Year ending : 30 September, 2013

This statement is being presented to comply with the Code of Corporate Governance contained in Regulation No.35 of listing regulations of Karachi, Lahore and Islamabad 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 CCG in the following manner:

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

Category	Names
Independent Director	Mr. Amjad Mahmood Agha
Executive Directors	Malik Adnan Hayat Noon Mr. K. Iqbal Talib
Non-Executive Directors	Mr. Salman Hayat Noon Mr. Zaheer Ahmad Khan Mr. Safdar M. Hayat Qureshi Mr. Asif Hussain Bukhari

2. The directors have confirmed that none of them is serving as a director in more than seven 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 an NBFI or, being a member of a stock exchange, has been declared as a defaulter by that stock exchange.
4. No casual vacancy occurred on the Board during the year.
5. The Company has prepared a "Code of Conduct" and has ensured that appropriate steps have been taken to disseminate it throughout the Company along with its supporting policies and procedures.
6. The Board has developed a vision/mission statement, overall corporate strategy and significant policies of the Company. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.
7. All the powers of the Board have been duly exercised and decisions on material transactions, including appointment and determination of remuneration and terms and conditions of employment of the CEO, other executive and non-executive directors, have been taken by the Board/shareholders.
8. The meetings of the Board were presided over by the Chairman and, in his absence, by a director elected by the Board for this purpose and the Board met at least once in every quarter. Written notices of the Board meetings, along with agenda and working papers, were circulated at least seven days before the meetings. The minutes of the Board meetings were appropriately recorded and circulated.
9. All the directors on the Board are fully conversant with their duties and responsibilities as directors of corporate bodies. At present one director has acquired the formal directors training certificate from the Institute of Cost and Management Accountants of Pakistan (ICMA).
10. There was no new appointment of CFO, Company Secretary and Head of Internal Audit during the year.

11. The Directors' Report for this year has been prepared in compliance with the requirements of the CCG and fully describes the salient matters required to be disclosed.

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

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

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

15. The Board has formed an Audit Committee. It comprises 3 members and all of them are non-executive directors.

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

17. The Board has formed an HR and Remuneration Committee. It comprises 3 members, of whom two are non-executive directors.

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

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

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

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

22. Material/price sensitive information has been disseminated among all market participants at once through stock exchanges.

23.All related parties transactions have been placed before the Audit Committee and Board of Directors and have been duly approved by the Board of Directors to comply with the requirements of listing regulations of Karachi, Lahore and Islamabad Stock Exchanges.

24. We confirm that all other material principles enshrined in the CCG have been complied with.

For and on behalf of the Board

MALIKADNAN HAYAT NOON
Chairman & Chief Executive

K. IQBAL TALIB
Managing Director

Lahore: 07 January, 2014

AUDITORS' 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 Noon Sugar Mills Limited (the Company) to comply with the Listing Regulations of Karachi, Lahore and Islamabad 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's personnel and review of various documents prepared by the Company to comply with the Code.

As part of our audit of the 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, Lahore and Islamabad 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 the 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 September 30, 2013.

Hameed Chaudhri & co

HAMEED CHAUDHRI & CO.,
CHARTERED ACCOUNTANTS
Engagement Partner: Osman Hameed Chaudhri

LAHORE: 07 January, 2014

AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed balance sheet of Noon Sugar Mills Limited (the Company) as at September 30, 2013 and the related profit and loss account, 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, cash flow statement and statement of changes in equity together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan, and, give the information required by the Companies Ordinance, 1984, in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at September 30, 2013 and of the loss, its cash flows and changes in equity for the year then ended; and

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

Hameed Chaudhri & Co

HAMEED CHAUDHRI & CO.,
CHARTERED ACCOUNTANTS
Audit engagement Partner: Osman Hameed Chaudhri

LAHORE: 07 January, 2014

BALANCE SHEET AS AT

	Note	2013	2012
		(Rupees in thousand)	
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorised capital			
20,000,000 ordinary shares of Rs.10 each		200,000	200,000
Issued, subscribed and paid-up capital	4	165,175	165,175
Reserves	5	549,217	549,217
(Accumulated loss) / Un-appropriated profit		(85,774)	106,984
		628,618	821,376
NON-CURRENT LIABILITIES			
Long term finance	6	151,231	72,873
Long term deposits	7	1,349	459
Staff retirement benefits - gratuity	8	55,270	53,140
		207,850	126,472
CURRENT LIABILITIES			
Trade and other payables	9	215,060	196,013
Accrued mark-up	10	28,018	25,709
Short term finances	11	581,969	599,368
Current portion of long tem finances	6	71,642	41,642
Provision for taxation		23,270	16,213
		919,959	878,945
		1,127,809	1,005,417
CONTINGENCIES AND COMMITMENTS	12		
		1,756,427	1,826,793

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

MALIK ADNAN HAYAT NOON
Chairman & Chief Executive

30 SEPTEMBER, 2013

	Note	2013	2012
		(Rupees in thousand)	
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	13	1,068,362	1,128,085
Investment property	14	18,036	18,114
Investments	15	27,991	48,200
Loans and advances	16	873	888
Deposits		1,369	1,366
		1,116,631	1,196,653
CURRENT ASSETS			
Stores, spares and loose tools	17	97,289	89,273
Stock-in-trade	18	388,215	346,294
Trade debts	19	6,137	76,010
Loans and advances	20	53,323	46,627
Trade deposits and short term prepayments		1,339	1,092
Other receivables	21	4,438	4,549
Income tax refundable, advance income tax and tax deducted at source		60,874	51,198
Bank balances	22	28,181	15,097
		639,796	630,140
		1,756,427	1,826,793

K. IQBAL TALIB
Managing Director

PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 30 SEPTEMBER, 2013

	Note	2013	2012
		(Rupees in thousand)	
SALES - Net	23	3,834,732	4,622,657
COST OF SALES	24	(3,618,215)	(4,201,356)
GROSS PROFIT		216,517	421,301
DISTRIBUTION AND MARKETING EXPENSES	25	(88,275)	(86,210)
ADMINISTRATIVE EXPENSES	26	(99,791)	(90,923)
OTHER INCOME	27	8,331	16,639
OTHER EXPENSES	28	(428)	(10,900)
PROFIT FROM OPERATIONS		36,354	249,907
FINANCE COST	29	(152,340)	(127,689)
(LOSS) / PROFIT FOR THE YEAR BEFORE SHARE OF LOSS OF AN ASSOCIATED COMPANY AND TAXATION		(115,986)	122,218
SHARE OF LOSS OF AN ASSOCIATED COMPANY - Net of taxation	15	(20,401)	(1,433)
(LOSS) / PROFIT BEFORE TAXATION		(136,387)	120,785
TAXATION	30	(23,528)	(14,487)
(LOSS) / PROFIT AFTER TAXATION		(159,915)	106,298
OTHER COMPREHENSIVE INCOME		-	-
TOTAL COMPREHENSIVE (LOSS) / INCOME		(159,915)	106,298
		------- Rupees -------	
(LOSS) / EARNINGS PER SHARE - basic and diluted	31	(9.68)	6.44

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

MALIK ADNAN HAYAT NOON
Chairman & Chief Executive

K. IQBAL TALIB
Managing Director

CASH FLOW STATEMENT
FOR THE YEAR ENDED 30 SEPTEMBER, 2013

	2013	2012
Cash flow from operating activities	(Rupees in thousand)	
(Loss) / profit for the year before share of loss of an Associated Company and taxation	(115,986)	122,218
Adjustments for non-cash charges and other items:		
Depreciation on property, plant & equipment and investment property	117,750	118,246
Gain on disposal of operating fixed assets - net	(235)	(1,551)
Operating fixed assets written-off	-	3,570
Unclaimed and other payable balances written-back	(309)	(647)
Provision for staff retirement benefits - gratuity	9,088	8,738
Irrecoverable balances written-off	22	121
Provision reversed for slow moving stores and spares inventory	(1,011)	(381)
Finance cost	149,046	125,556
Profit before working capital changes	158,365	375,870
Effect on cash flow due to working capital changes		
(Increase) / decrease in current assets:		
Stores, spares and loose tools	(7,005)	(20,789)
Stock-in-trade	(41,921)	530,668
Trade debts	69,873	(27,728)
Loans and advances	(6,728)	11,895
Trade deposits and short term prepayments	(247)	323
Other receivables	111	(634)
Increase in trade and other payables	18,400	1,334
	32,483	495,069
Cash generated from operations	190,848	870,939
Income tax paid	(26,147)	(46,736)
Staff retirement benefits (gratuity) - paid	(6,958)	(5,281)
Net cash generated from operating activities	157,743	818,922
Cash flow from investing activities		
Additions to property, plant and equipment	(58,021)	(159,689)
Sale proceeds of operating fixed assets	307	1,977
Long term deposits - net	887	(842)
Loans and advances - net	25	(200)
Net cash used in investing activities	(56,802)	(158,754)
Cash flow from financing activities		
Long term finances - obtained	150,000	-
Long term finances - repaid	(41,642)	(10,410)
Short term finances - net	(17,399)	(499,935)
Finance cost paid	(146,737)	(148,174)
Dividend paid	(32,079)	(24,378)
Cash received from sale of investments classified as held for sale	-	23,722
Net cash used in financing activities	(87,857)	(659,175)
Net increase in cash and cash equivalents	13,084	993
Cash and cash equivalents - at beginning of the year	15,097	14,104
Cash and cash equivalents - at end of the year	28,181	15,097

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

MALIK ADNAN HAYAT NOON
Chairman & Chief Executive

K. IQBAL TALIB
Managing Director

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 SEPTEMBER, 2013

	Share capital	Reserve: Share premium	Reserve: Revenue	Reserve: Sub-Total	Unappropriated profit / (accumulated loss)	Total
	----------------	----------------	(Rupees in thousand)	----------------	----------------	
Balance as at 30 September, 2011	165,175	119,217	620,000	739,217	(164,751)	739,641
Transfer from revenue reserve	-	-	(190,000)	(190,000)	190,000	-
Transactions with owners:						
Final cash dividend for the year ended 30 September, 2011 at the rate of Rs. 1.50 per share	-	-	-	-	(24,776)	(24,776)
Total comprehensive income for the year	-	-	-	-	106,298	106,298
Effect of items directly credited in equity by an Associated Company	-	-	-	-	213	213
Balance as at 30 September, 2012	165,175	119,217	430,000	549,217	106,984	821,376
Transactions with owners:						
Final cash dividend for the year ended 30 September, 2012 at the rate of Rs. 2 per share	-	-	-	-	(33,035)	(33,035)
Total comprehensive loss for the year	-	-	-	-	(159,915)	(159,915)
Effect of items directly credited in equity by an Associated Company	-	-	-	-	192	192
Balance as at 30 September, 2013	165,175	119,217	430,000	549,217	(85,774)	628,618

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

MALIK ADNAN HAYAT NOON
Chairman & Chief Executive

K. IQBAL TALIB
Managing Director

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER, 2013

1. LEGAL STATUS AND NATURE OF BUSINESS

Noon Sugar Mills Limited (the Company) was incorporated in the year 1964 as a Public Company and its shares are quoted on all the Stock Exchanges in Pakistan. The Company's Mills are located at Bhalwal, District Sargodha and its Head Office at 2nd floor, Mustafa Centre, 45-F Main Market, Gulberg, Lahore.

The principal activity of the Company is manufacturing and sale of white sugar and spirit.

2. BASIS OF PREPARATION

2.1 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.

2.2 Basis of measurement

These financial statements have been prepared under the historical cost convention except as disclosed in the accounting policies.

2.3 Functional and presentation currency

These financial statements are presented in Pak Rupees, which is the functional currency of the Company. All financial information presented in Pak Rupees has been rounded-off to the nearest thousand, unless otherwise stated.

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

2.4.1 Standards, interpretations and amendments to published approved accounting standards that are effective and relevant

There are no amended standards and interpretations that are effective for the first time in the current year that would be expected to have a material impact on the Company.

2.4.2 Standards, interpretations and amendments to published approved accounting standards that are effective but not relevant

IAS 1, ‘Financial statements presentation’ (effective from period beginning on or after October 1, 2012). The amendment to IAS 1 change the grouping of items presented in other comprehensive income. Items that could be reclassified (or recycled) to profit or loss at a future point in time (for example, net gains on hedges of net investments, exchange difference on translation of foreign operations, net movements on cash flow hedges and net losses or gains on available for sales financial assets) would be presented separately from items that will never be reclassified (for example, actuarial gains and losses on defined benefit plans). Income tax on items of other comprehensive income is required to be allocated on the same basis i.e. the amendments do not change the option to present items of other comprehensive income either before tax or net of tax. The change is not expected to have material impact on the Company's financial statements.

2.4.3 Standards, amendments and interpretations to existing standards that are not yet effective and have not been early adopted by the Company

The following new standards and amendments to published standards are only effective for annual periods beginning from the date specified below. These new standards and amendments to published standards have not been early adopted by the Company:

(a) Annual improvements to IFRSs 2011 are applicable on accounting periods beginning on or after January 1, 2013. This set of amendments includes changes to five standards: IFRS 1, 'First time adoption', IAS 1, 'Financial statements presentation', IAS 16, 'Property, plant and equipment', IAS 32, 'Financial instruments; Presentation' and IAS 34, 'Interim financial reporting'. The application of these amendments have no material impact on the Company's financial statements.

(b) IFRS 7 (Amendments), 'Financial instruments: Disclosures', on offsetting financial assets and financial liabilities is applicable on accounting periods beginning on or after January 1, 2013. The amendment includes new disclosures to facilitate comparison between those entities that prepare IFRS financial statements to those that prepare financial statements in accordance with US GAAP. The Company shall apply these amendments from October 1, 2013 and does not expect to have a material impact on its financial statements.

(c) IFRS 9 - 'Financial instruments - classification and measurement'. This is applicable on accounting periods beginning on or after January 1, 2015. This standard on classification and measurement of financial assets and financial liabilities will replace IAS 39, 'Financial instruments: Recognition and measurement'. IFRS 9 has two measurement categories: amortised cost and fair value. All equity instruments are measured at fair value. A debt instrument is measured at amortised cost only if the entity is holding it to collect contractual cash flows and the cash flows represent principal and interest. For liabilities, the standard retains most of the IAS 39 requirements. These include amortised-cost accounting for most financial liabilities, with bifurcation of embedded derivatives.

The main change is that, in cases where the fair value option is taken for financial liabilities, the part of a fair value change due to an entity's own credit risk is recorded in other comprehensive income rather than the income statement, unless this creates an accounting mismatch. This change will mainly affect financial institutions. The Company shall apply this standard from October 1, 2015 and does not expect to have a material impact on its financial statements.

(d) IAS 19 (Amendments), 'Employee benefits' is applicable on accounting periods beginning on or after January 1, 2013. These amendments shall eliminate the corridor approach and calculate finance cost on a net funding basis. The Company shall apply these amendments from October 1, 2013 and its impact on retained earnings shall be Rs. 4.324 million due to recognition of current unrecognised actuarial gain on its defined benefit plan.

(e) IAS 28 (Revised), 'Associates and Joint Ventures' (effective for periods beginning on or after January 01, 2013). This standard includes the requirements for associates and joint ventures that have to be equity accounted following the issue of IFRS 11. The Company is yet to assess the full impact of IAS 28 (Revised).

There are other new accounting standards, amendments to approved accounting standards and interpretations that are mandatory for future years. However they are not considered relevant to the Company and therefore are not expected to materially effect the financial statements of the Company for accounting periods on the dates prescribed therein.

2.5 Use of estimates and judgements

The preparation of financial statements in conformity with approved accounting standards requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

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

- employees' retirement benefits (note 3.3);
- provision for taxation (note 3.5);
- useful lives and residual values of property, plant & equipment 'assets (notes 3.6);
- net realizable values of stores, spare parts & loose tools and stock-in-trade (note 3.10 and 3.11); and
- provision for doubtful debts (note 3.12);

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

3.1 Equity instruments

These are recorded at their face value.

3.2 Borrowings and borrowing costs

All borrowings are recorded at the proceeds received. Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use are added to the cost of those assets, until such time as the assets are substantially ready for their intended use. All other borrowing costs are charged to income in the period in which these are incurred.

3.3 Staff retirement benefits

(a) Defined contribution plan

The Company is operating a provident fund scheme for all its permanent employees; equal monthly contribution to the fund is made at the rate of 10% of the basic salaries both by the employees and the Company. The assets of the Fund are held separately under the control of the Trustees.

(b) Defined benefit plan

The Company operates an un-funded retirement gratuity scheme for its eligible employees. Provision for gratuity is made annually to cover obligation under the scheme in accordance with the actuarial recommendations. Latest actuarial valuation was conducted on September 30, 2012 on the basis of the projected unit credit method by an independent Actuary.

3.4 Trade and other payables

Creditors relating to trade and other payables are carried at cost which is the fair value of consideration to be paid in the future for goods and services received, whether or not billed to the Company.

3.5 Taxation

(a) Current and prior year

Provision for current year's taxation is determined in accordance with the prevailing law of taxation on income enacted or substantially enacted by the balance sheet date and is based on current rates of taxation being applied on the taxable income for the year, after taking into account, tax credits and rebates available, if any. The tax charge also includes adjustments, where necessary, relating to prior years which arise from assessments finalised during the year.

(b) Deferred

Deferred tax is recognised using the balance sheet liability method on all temporary differences between the carrying amounts of assets and liabilities for the financial reporting purposes and the amounts used for taxation purposes.

Deferred tax asset is recognised for all the deductible temporary differences only to the extent that it is probable that future taxable profits will be available against which the deductible temporary differences, unused tax losses and tax credits can be utilised. Deferred tax asset is reduced to the extent that it is no longer probable that the related tax benefit will be realised. Deferred tax liabilities are recognised for all the taxable temporary differences.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on the tax rates that have been enacted or substantively enacted by the balance sheet date. Deferred tax is charged or credited in the income statement, except in the case of items credited or charged to other comprehensive income / equity in which case it is included in other comprehensive income / equity.

3.6 Property, plant and equipment

(a) Operating fixed assets

Operating fixed assets are stated at cost less accumulated depreciation and any identified impairment loss except freehold land, which is stated at cost. Cost of some items of plant & machinery consists of historical cost and exchange fluctuation effects on foreign currency loans capitalised during prior years.

Depreciation is taken to profit and loss account applying reducing balance method so as to write-off the depreciable amount of an asset over its remaining useful life at the rates stated in note 13.1. The assets' residual values and useful lives are reviewed at each financial year-end and adjusted if impact on depreciation is significant. Depreciation on additions to operating fixed assets is charged from the month in which an asset is acquired or capitalised while no depreciation is charged for the month in which the asset is disposed-off.

Normal repairs and replacements are taken to profit and loss account. Major improvements and modifications are capitalised and assets replaced, if any, other than those kept as stand-by, are retired.

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

(b) Capital work-in-progress

This is stated at cost. All expenditure connected to the specific assets incurred during installation and construction period are carried under capital work-in-progress. These are transferred to specific assets as and when assets are available for use.

3.7 Investment property

Property not held for own use or for sale in the ordinary course of business is classified as investment property. The Company uses cost model for valuation of its investment property; freehold land has been carried at cost whereas buildings on freehold land have been carried at cost less accumulated depreciation and any identified impairment loss.

Depreciation on buildings is taken to profit and loss account on reducing balance method at the rate stated in note 14. Depreciation on additions to investment property is charged from the month in which an asset is acquired while no depreciation is charged for the month in which the asset is disposed-off.

3.8 Investment in an Associated Company

Investment in an Associated Company is accounted for using equity basis of accounting under which the investment is initially recognised at cost and the carrying amount is increased or decreased to recognise the Company's share of the profit or loss of the Associated Company after the date of acquisition. The Company's share of the profit or loss of the Associated Company is recognised in the Company's profit or loss. Distributions received from the Associated Company reduce the carrying amount of the investment. Adjustments to the carrying amount are also made for changes in the Company's proportionate interest in the Associated Company arising from changes in the Associated Company's equity that have not been recognised in the Associated Company's profit or loss. The Company's share of those changes is recognised directly in equity of the Company.

The carrying amount of the investment is tested for impairment by comparing its recoverable amount (higher of value in use and fair value less cost to sell) with its carrying amount and loss, if any, is recognised in profit or loss.

3.9 Loans and advances

These are stated at cost.

3.10 Stores, spares and loose tools

Stores, spares and loose tools are stated at the lower of cost and net realisable value. The cost of inventory is based on moving average cost. Items in transit are stated at cost accumulated to the balance sheet date. Adequate provision is made against slow moving / obsolete items after taking into account a reasonable estimate of salvage value.

3.11 Stock-in-trade

Basis of valuation are as follows:

<u>Particulars</u>	<u>Mode of valuation</u>
Raw materials - molasses:	
- purchased	- At lower of weighted average cost and net realisable value
- own produced	- At net realisable value
Finished goods	- At lower of cost and net realisable value.
Work-in-process	- At cost.

- Cost in relation to finished goods and work-in-process represents the annual average manufacturing cost, which consists of prime cost and appropriate production overheads.
- Net realisable value signifies the selling price in the ordinary course of business less cost necessary to be incurred to effect such sale.

3.12 Trade debts and other receivables

Trade debts are recognised initially at original invoice amount, which is the fair value of consideration to be received in future and subsequently measured at cost less provision for doubtful debts, if any. An estimate is made for doubtful receivables when collection of the amount is no longer probable. Debts considered irrecoverable are written-off.

3.13 Cash and cash equivalents

Cash at banks and short term deposits, which are held to maturity are carried at cost. For the purposes of cash flow statement, cash equivalents are short term highly liquid instruments which are readily convertible to known amounts of cash and which are subject to insignificant risk of changes in values.

3.14 Impairment loss

The carrying amounts of the Company's assets are reviewed at each balance sheet date to identify circumstances indicating occurrence of impairment loss or reversal of provisions for impairment losses. If any indications exist, the recoverable amounts of such assets are estimated and impairment losses or reversals of impairment losses are recognised in the profit and loss account. Reversal of impairment loss is restricted to the original cost of the asset.

3.15 Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the amount of revenue can be measured reliably. Revenue is measured at the fair value of consideration received or receivable on the following basis:

(a) Local sales are accounted for when goods are dispatched to customers.

(b) Export sales are accounted for on shipment basis. Expenses on account of export of spirit are charged on consignment basis. If any consignment is not dispatched within the same year, the expenses relating to such consignment are carried forward as prepaid expenses.

(c) Dividend income is accounted for when the right of receipt is established.

(d) Interest / profit on bank deposits is accounted for on 'accrual basis'.

3.16 Foreign currency transactions

Transactions in foreign currencies are accounted for in Pak Rupees at the exchange rates prevailing at the date of transactions. Monetary assets and liabilities in foreign currencies are translated into Pak Rupees at rates of exchange prevailing at the balance sheet date. Foreign exchange differences are recognised in the profit and loss account.

3.17 Provisions

Provisions are recognised 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 can be made of the amount of obligation. Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate.

3.18 Financial assets and liabilities

Financial assets and financial liabilities are recognised at the time when the Company becomes a party to the contractual provisions of the instrument and derecognised when the Company loses control of contractual rights that comprise the financial assets and in the case of financial liabilities when the obligation specified in the contract is discharged, cancelled or expired. Any gain or loss on derecognition of financial assets and financial liabilities is included in the profit and loss account for the year.

Financial instruments carried on the balance sheet include deposits, trade debts, loans & advances, other receivables, bank balances, trade & other payables, accrued mark-up, long term and short term finances. All financial assets and liabilities are initially measured at cost, which is the fair value of consideration given and received respectively. These financial assets and liabilities are subsequently measured at fair value or cost as the case may be. The particular recognition methods adopted are disclosed in the individual policy statements associated with each item.

3.19 Off-setting of financial assets and liabilities

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

3.20 Segment reporting

A segment is a distinguishable component within the Company that is engaged in providing products which are subject to risks and returns that are different from those of other business segments.

3.21 Dividend and appropriation to reserves

Dividend distribution to the Company's shareholders and appropriation to reserves are recognised in the period in which these are approved.

4. ISSUED, SUBSCRIBED AND PAID-UP-CAPITAL

2013	2012		Note	2013	2012
---- Numbers ----				(Rupees in thousand)	
7,187,829	7,187,829	Ordinary shares of Rs. 10 each fully paid in cash		71,879	71,879
500,000	500,000	Ordinary shares of Rs. 10 each issued to NIB Bank Ltd. by conversion of loan		5,000	5,000
8,829,624	8,829,624	Ordinary shares of Rs. 10 each issued as fully paid bonus shares		88,296	88,296
16,517,453	16,517,453			165,175	165,175

5. RESERVES

	Note	2013	2012
Capital reserve - share premium	5.1	119,217	119,217
Revenue reserve - general		430,000	430,000
		549,217	549,217

5.1 This represents share premium received on 5,687,829 right ordinary shares issued during the financial year ended September 30, 2006 at the rate of Rs.30 per share adjusted by bonus shares issued.

6. LONG TERM FINANCE

Demand finance	Note	2013	2012
		(Rupees in thousand)	
Allied Bank Limited (ABL)	6.1	72,873	114,515
United Bank Limited (UBL)	6.2	150,000	-
		222,873	114,515
Less: Current portion grouped under current liabilities			
- ABL		41,642	41,642
- UBL		30,000	-
		71,642	41,642
		151,231	72,873

6.1 ABL, during the preceding financial year, had transferred a balance of Rs.125 million from the utilised short term running finance facility to a long term demand finance facility. This finance facility originally carried mark-up at the rate of 1 month KIBOR+150bps, however; ABL, during September, 2013, revised it to 3 month KIBOR+150bps. This finance facility is repayable in 12 equal quarterly instalments of Rs.10.410 million commenced from July 01, 2012. Effective mark-up rate charged by ABL, during the current financial year, ranged from 10.55% to 11.31% (2012: 12.01% to 13.64%) per annum. This finance facility is secured against first pari passu charge of Rs.167 million on fixed assets (plant and machinery) and current assets of the Company.

6.2 The Company, during the current financial year, has arranged a demand finance facility of Rs.150 million from UBL. This finance facility carries mark-up at the rate of 3 month KIBOR+200bps and is repayable in 20 equal quarterly instalments of Rs.7.500 million commencing from November 15, 2013. Effective mark-up rate charged by UBL, during the current financial year, is 11.01% per annum. This finance facility is secured against first pari passu hypothecation charge of Rs.400 million on fixed assets of the Company.

7. LONG TERM DEPOSITS - Unsecured

These interest free deposits have been received in accordance with the Company's Car Incentive Scheme and against these deposits vehicles have been provided to the employees. These are adjustable after specified periods by transfer of title of vehicles to the respective employees.

8. STAFF RETIREMENT BENEFITS - Gratuity

Projected unit credit method, as allowed under IAS 19 (Employee Benefits), has been used for actuarial valuation based on the following significant assumptions:

	2013	2012
- discount rate	11.5%	11.5%
- expected rate of eligible salary increase in future years	10.5%	10.5%
- average expected remaining working life time of employees	10 years	10 years

The amount recognised in the balance sheet is as follows:	2013	2012
	(Rupees in thousand)	
Present value of defined benefit obligation	50,946	48,816
Unrecognised actuarial gain	4,324	4,324
Net liability at end of the year	55,270	53,140
Net liability at beginning of the year	53,140	49,683
Charge to profit and loss account	9,088	8,738
Payments made during the year	(6,958)	(5,281)
Net liability at end of the year	55,270	53,140
The movement in the present value of defined benefit Obligation is as follows:		
Balance at beginning of the year	48,816	46,007
Current service cost	3,475	3,217
Interest Cost	5,613	5,521
Benefits paid	(6,958)	(5,281)
Actuarial gain	-	(648)
Balance at end of the year	50,946	48,816
Charge to profit and loss account:		
Current service cost	3,475	3,217
Interest cost	5,613	5,521
	9,088	8,738

Comparison of present value of defined benefit obligation and experience adjustment on obligation for five years is as follows:

	2013	2012	2011	2010	2009
	(Rupees in thousand)				
Present value of defined benefit obligation	50,946	48,816	46,007	46,822	45,742
Experience adjustment on obligation	-	(648)	-	2,978	-

9. TRADE AND OTHER PAYABLES

	Note	2013	2012
		(Rupees in thousand)	
Creditors		108,832	96,257
Bills payable		2,424	4,269
Advance payments		42,517	48,562
Retention money		555	437
Sales tax payable		26,301	4,967
Accrued expenses		25,692	28,699
Income tax deducted at source		466	81
Workers' (profit) participation fund	9.1	400	6,680
Unclaimed dividends		5,017	4,061
Others		2,856	2,000
		215,060	196,013

9.1 Workers' (profit) participation fund - the Fund

	2013	2012
Balance at beginning of the year	6,680	3,231
Add:		
- allocation for the year	-	6,433
- profit earned on the Fund's balances maintained in a PLS bank account	18	11
- Interest on funds utilised in the Company's business	426	81
	444	6,525
	7,124	9,756
Less: amounts paid to the workers during the year on behalf of the Fund	6,724	3,076
Balance at end of the year	400	6,680

10. ACCRUED MARK-UP

	2013	2012
Mark-up accrued on:		
- long term finances	3,585	3,839
- short term finances	24,433	21,870
	28,018	25,709

11. SHORT TERM FINANCES - Secured

Short term finance facilities available from various commercial banks under mark-up arrangements aggregate to Rs.2.208 billion (2012: Rs.2.063 billion). These finance facilities, during the current financial year, carried mark-up at the rates ranging from 9.2% to 12.45% (2012: 9.5% to 15.44%) per annum. Facilities available for opening letters of credit and guarantee aggregate to Rs.41.500 million (2012: Rs.41.500 million) of which the amount aggregating Rs.22.203 million (2012: Rs.23.44 million) remained unutilised at the balance sheet date. The aggregate finance facility are secured against charge over plant & machinery, pledge of refined sugar in bags, charge over current assets, equitable mortgage over land & building of the Company and lien over import & export documents. These facilities are expiring on various dates by March, 2014.

12. CONTINGENCIES AND COMMITMENTS

12.1 Commitments in respect of capital expenditure at the year-end aggregate to Rs.3.360 million (2012: Rs.15.061 million).

12.2 Commitments for irrevocable letters of credit outstanding at the year-end aggregate to Rs.3.082 million (2012: Rs.Nil).

12.3 Guarantee given to Sui Northern Gas Pipelines Ltd. by a commercial bank on behalf of the Company outstanding as at September 30, 2013 was for Rs.10.392 million (2012: Rs.10.392 million).

12.4 On an interim order of the High Court of Sindh, Karachi, sale certificate has been issued to the Company in respect of factory / plant known as Northern Chemicals and the Company has paid stamp duty on land it purchased. It was held that in case the Court comes to a conclusion that the Company is liable to pay stamp duty on plant and machinery as well, the Company shall pay the same within fifteen days from decision of appeal. In this regard, the Company has provided a bank guarantee in favour of Nazir of High Court of Sindh for an amount of Rs.2.400 million.

12.5 An appeal is pending before the Lahore High Court (LHC) against the order of the Customs, Central Excise & Sales Tax Appellate Tribunal (the Tribunal) in the matter of permit fee amounting Rs.5.994 million.

12.6 A reference application under section 47(1) of the Sales Tax Act, 1990 (the Act) is pending before the LHC against confirmation of original order by the Tribunal whereby the Company was ordered to pay sales tax demands aggregating Rs.3.083 million.

12.7 An appeal under section 47 of the Act is also pending before the LHC against judgment of the Tribunal whereby the Company was ordered to pay dues aggregating Rs.4.991 million.

12.8 An appeal before the LHC, against judgment of the Tribunal, is pending; the Tribunal has upheld the judgment of the Additional Collector whereby the Company was ordered to pay demands aggregating Rs.1.400 million.

12.9 Provisions for cane quality premium payable to growers aggregating Rs.79.335 million, related to different yearly notifications issued by Government of the Punjab (GoP) for fixation of cane support price and quality premium above 'bench mark average recovery', made during the financial years 1981-82 to 1994-95 were written-back during the financial year ended September 30, 2006. The management is of the view that no outflow of resources will be required as a result of judgment by the LHC for the cases pending adjudication before it. In parallel cases in prior years, the LHC has judged this levy as unconstitutional.

Presently, the intra-court appeals of the GoP are pending for a fresh decision by the LHC. Earlier, the Supreme Court of Pakistan had set aside the LHC's judgment of dismissal of review application filed by the GoP.

12.10 A writ petition is pending before the LHC against decision of the Board of Trustees of Employees Old-age Benefits Institution; the Institution has raised demand amounting Rs.3.394 million. The Company, as per order of the LHC, has deposited Rs. 381 thousand during May, 2011.

12.11 The Company, during June, 2002, had filed an appeal before the Tribunal against the order of the Additional Collector (Central Excise), Faisalabad rejecting the refund claim of the Company amounting Rs.15.117 million. The Company had paid this amount under protest as customs duty on the sale of sugar. The appeal is pending adjudication.

12.12 GoP, during the preceding financial year, imposed a duty @ Rs.2 per litre on manufacturing of spirit. The Company has filed an appeal before LHC against the imposition of duty which is pending adjudication. However, on an interim order of the LHC the Company has provided a bank guarantee in favour of Excise and taxation department for an amount of Rs.1.00 million.

12.13 Deputy Commissioner Inland Revenue, during the preceding financial year, raised a tax demand amounting Rs.51.287 million on the grounds that the Company was entitled to adjust its input tax only to the extent of 50% as the Federal Government has exempted 50% of sales tax on local supply of sugar. The Company filed a writ petition before LHC against the aforementioned demand, who vide his order dated November 22, 2012, decided the case in favour of the Company.

13. PROPERTY, PLANT AND EQUIPMENT

	Note	2013	2012
		(Rupees in thousand)	
Operating fixed assets	13.1	1,039,715	1,086,471
Capital work-in-progress	13.4	28,647	41,614
		1,068,362	1,128,085

13.1 Operating fixed assets - tangible

	Free hold land	Buildings on freehold land		Plant and machinery	Workshop equipment	Scales & weighbridges	Laboratory equipment	Other equipment	Electric installations & fittings	Tube-well	Office equipment	Furniture and fixtures	Vehicles	Farm tractors	Farm equipment	Total
		Colony	Factory													
	Rupees in '000															
COST																
Balance as at October 01, 2011	6,306	18,643	214,615	1,733,454	471	7,185	840	7,187	104,860	7,579	6,986	8,571	49,284	4,074	1,424	2,171,479
Additions during the year	-	4,063	29,082	115,306	-	13,176	-	5,242	1,896	-	675	155	6,293	880	96	176,864
Disposals during the year	-	-	-	-	-	-	-	-	-	-	-	-	(4,363)	-	-	(4,363)
Written-off during the year	-	-	-	(9,616)	-	-	-	-	-	-	-	-	-	-	-	(9,616)
Balance as at September 30, 2012	6,306	22,706	243,697	1,839,144	471	20,361	840	12,429	106,756	7,579	7,661	8,726	51,214	4,954	1,520	2,334,364
Balance as at October 01, 2012	6,306	22,706	243,697	1,839,144	471	20,361	840	12,429	106,756	7,579	7,661	8,726	51,214	4,954	1,520	2,334,364
Additions during the year	-	895	1,788	62,895	-	-	-	45	1,326	-	759	84	3,069	-	127	70,988
Disposals during the year	-	-	-	-	-	-	-	-	-	-	(91)	-	(1,674)	-	-	(1,765)
Balance as at September 30, 2013	6,306	23,601	245,485	1,902,039	471	20,361	840	12,474	108,082	7,579	8,329	8,810	52,609	4,954	1,647	2,403,587
DEPRECIATION																
Balance as at October 01, 2011	-	8,076	116,109	873,106	420	4,256	620	4,018	78,897	5,989	4,340	5,647	35,422	2,162	650	1,139,712
Charge for the year	-	622	11,267	93,835	6	1,536	22	665	4,019	159	483	301	4,556	606	87	118,164
On disposals during the year	-	-	-	-	-	-	-	-	-	-	-	-	(3,937)	-	-	(3,937)
On written-off during the year	-	-	-	(6,046)	-	-	-	-	-	-	-	-	-	-	-	(6,046)
Balance as at September 30, 2012	-	8,698	127,376	960,895	426	5,792	642	4,683	82,916	6,148	4,823	5,948	36,041	2,768	737	1,247,893
Balance as at October 01, 2012	-	8,698	127,376	960,895	426	5,792	642	4,683	82,916	6,148	4,823	5,948	36,041	2,768	737	1,247,893
Charge for the year	-	727	11,730	93,018	5	1,748	20	779	3,734	143	483	283	4,364	547	91	117,672
On disposals during the year	-	-	-	-	-	-	-	-	-	-	(46)	-	(1,647)	-	-	(1,693)
Balance as at September 30, 2013	-	9,425	139,106	1,053,913	431	7,540	662	5,462	86,650	6,291	5,260	6,231	38,758	3,315	828	1,363,872
BOOK VALUE AS AT SEPTEMBER 30, 2012	6,306	14,008	116,321	878,249	45	14,569	198	7,746	23,840	1,431	2,838	2,778	15,173	2,186	783	1,086,471
BOOK VALUE AS AT SEPTEMBER 30, 2013	6,306	14,176	106,379	848,126	40	12,821	178	7,012	21,432	1,288	3,069	2,579	13,851	1,639	819	1,039,715
Depreciation rate (%)		5	10	10	12	12	10	10	15	10	15	10	25	25	10	

13.2 Disposal of operating fixed assets

Asset description	Cost	Accumulated depreciation	Book value	Sale proceeds	Gain / (loss)	Mode of disposal	Particulars of buyer
	-------------------(Rupees in thousand)--------------------						
Office equipment:							
Photocopy machine	91	46	45	20	(25)	Negotiation	M/s Friends Trading Al-Latif Center, Gulberg III, Lahore
Vehicles:							
Pajero Jeep	1,220	1,210	10	125	115	-do-	Raja Yasir Anayat Army Flats, Bhalwal
Honda CG 125	80	77	3	36	33	-do-	Mr. Sajjid Hussain Tehsil Kalar kahar, Chakwal
Honda CG 125	78	75	3	32	29	-do-	Mr. Muhammad Afzal Rehman Pura Chowk, Sargodha
Honda CG 125	71	70	1	16	15	-do-	Mr. Muhammad Afzal Rehman Pura Chowk, Sargodha
Honda CG 125	78	75	3	28	25	-do-	Mr. Muhammad Ijaz Kot Momin Road, Bhalwal
Honda CG 125	80	77	3	35	32	-do-	Mr. Shabbir Ahmad Zahoor Hayat Colony, Bhalwal
Yamaha 100	67	63	4	15	11	-do-	Mr. Mahmood Zafar Nabi Pura, Lahore
	1,674	1,647	27	287	260		
	1,765	1,693	72	307	235		

	2013	2012
13.3 Depreciation for the year has been apportioned as under:	(Rupees in thousand)	
Cost of sales	111,107	111,602
Distribution and marketing expenses	354	300
Administrative expenses	6,211	6,262
	117,672	118,164
13.4 Capital work-in-progress		
Buildings on freehold land - factory		
- advance payments	1,240	901
Plant and machinery		
- cost and expenses	25,303	29,561
- advance payments	2,104	10,310
Electric installations		
- cost and expenses	-	842
	28,647	41,614

14. INVESTMENT PROPERTY

	Land		Buildings on freehold land	Total
	Freehold	Leasehold		
	------------ (Rupees in thousand) ------------			
At October 1, 2011				
Cost	6,730	8,600	5,609	20,939
Accumulated depreciation	-	-	3,971	3,971
Book value	6,730	8,600	1,638	16,968
Year ended September 30, 2012				
Opening book value	6,730	8,600	1,638	16,968
Additions	-	1,228	-	1,228
Depreciation charge for the year	-	-	82	82
Closing book value	6,730	9,828	1,556	18,114
At September 30, 2012				
Cost	6,730	9,828	5,609	22,167
Accumulated depreciation	-	-	4,053	4,053
Book value	6,730	9,828	1,556	18,114
Year ended September 30, 2013				
Opening book value	6,730	9,828	1,556	18,114
Depreciation charge for the year	-	-	78	78
Closing book value	6,730	9,828	1,478	18,036
At September 30, 2013				
Cost	6,730	9,828	5,609	22,167
Accumulated depreciation	-	-	4,131	4,131
Book value	6,730	9,828	1,478	18,036
Depreciation rate (%)			5	

14.1 Depreciation for the year has been grouped under other operating expenses (note 28).

14.2Fair value of the investment property, based on the management's estimation, as at September 30, 2013 was Rs.220 million (2012: Rs.220 million).

15. LONG TERM INVESTMENTS

	Note	2013	2012
		(Rupees in thousand)	
Associated Company - Quoted Equity method			
Noon Pakistan Limited. (NPL)			
2,420,000 (2012:2,420,000) non-voting ordinary shares of Rs. 10 each - cost			
Equity held: 17.36% (2012: 17.36%)	15.1	20,000	20,000
Post acquisition profit brought forward including effect of items directly credited in equity by NPL		28,392	29,633
Share of loss - net of taxation		(20,401)	(1,433)
		27,991	48,200
Others - Un-quoted			
National Industrial Cooperative Finance Corporation Ltd.			
1 A' class share of Rs. 100		1	1
Pasban Cooperative Finance Corporation Ltd.			
1 share of Rs. 100		1	1
Less: provision for diminution in value of investments	15.3	(2)	(2)
		-	-
		27,991	48,200

15.1 The Company had subscribed preference shares of NPL, during the financial year ended September 30, 2004, which were converted into non-voting ordinary shares by NPL's shareholders in their extra-ordinary general meeting held on June 16, 2009. This conversion resulted in 17.36% holding of the non-voting ordinary shares in NPL's paid-up share capital; however, the Company enjoys significant influence by virtue of common directors on the board of directors of NPL.

Fair value of investments in NPL as at September 30, 2013 was Rs.79.328 million (2012: Rs. 71.874 million).

15.2 (a)Summarised financial information of NPL is set-out below:

	2013	2012
- total assets as at September 30,	1,412,774	1,282,627
- total liabilities as at September 30,	1,196,977	949,244
- turnover for the year	2,722,487	3,285,302
- net loss for the year	(117,513)	(8,254)

(b)The share in net assets of NPL has been determined on the basis of audited financial statements for the year ended June 30, 2013 and un-audited financial statements for the quarters ended September 30, 2012 and September 30, 2013.

15.3 National Industrial Cooperative Finance Corporation Ltd. and Pasban Cooperative Finance Corporation Ltd. are under liquidation; therefore, these investments have been fully provided for.

16. LOANS AND ADVANCES - Secured, considered good

	Vehicles	Others	Total 2013	Total 2012
	------------ (Rupees in thousand) ------------			
Loans / advances to employees	834	671	1,505	1,530
Less: current portion grouped under current assets	403	229	632	642
	431	442	873	888

16.1 These interest free loans and advances are recoverable in instalments which vary from case to case.

16.2 Vehicle loans and some of the other loans are secured against lien on provident fund / gratuity balances of employees and title of ownership of vehicles in the Company's name.

17. STORES, SPARES AND LOOSE TOOLS

	Note	2013	2012
		(Rupees in thousand)	
Stores - including in-transit valuing Rs. 16.422 million (2012: Rs. 4.290 million)		53,704	41,841
Spares		53,289	58,086
Loose tools		756	817
		107,749	100,744
Less: provision for slow moving items	17.1	10,460	11,471
		97,289	89,273

17.1 The movement in balance of provision for obsolescence is as follows:

	2013	2012
Opening balance	11,471	11,852
Provision reversed during the year	(1,011)	(381)
Closing balance	10,460	11,471

Stores and spares inventory includes slow moving items valuing Rs.20.922 million (2012: Rs.22.943 million). The management estimates that slow moving items carry salvage value approximating to 50% of the book value. Provision against slow moving items to the extent of 50% of their carrying values exists in the books of account.

18.STOCK-IN-TRADE

	2013	2012
	(Rupees in thousand)	
Raw materials - molasses	60,639	10,062
Work-in-process:		
- Sugar	5,012	4,863
- Molasses	815	4,010
	5,827	8,873
Finished goods:		
- Sugar	313,766	184,834
- Spirit	7,660	142,249
	321,426	327,083
Other stocks- Fair Price Shop and Depot	323	276
	388,215	346,294

19. TRADE DEBTS	Note	2013	2012
		(Rupees in thousand)	
Export - secured		-	70,559
Local - unsecured, considered good	19.1	6,137	5,451
		6,137	76,010

19.1 These include an amount of Rs.2.165 million (2012: Rs.1.771 million) due from Noon Pakistan Limited (an associated Company).

19.2 Trade debts at the balance sheet date were all current and did not include any amounts past due.

	Note	2013	2012
		(Rupees in thousand)	
20. LOANS AND ADVANCES - considered good			
Advances to:			
- employees		2,824	2,216
- suppliers		9,875	9,542
Recoverable from growers		39,952	34,227
Current portion of long term loans and advances		632	642
Letters of credit		40	-
		53,323	46,627
21. OTHER RECEIVABLES			
Claims receivable - considered good		3,915	3,915
Others		523	634
		4,438	4,549
22. BANK BALANCES			
Cash at commercial banks on:			
- current accounts		14,163	9,212
- PLS saving accounts	22.1	9,689	1,950
- margin accounts	22.2	3,400	3,400
- dividend accounts		929	535
		28,181	15,097
Cash at Cooperative Societies on current accounts		745	745
Less: provision for doubtful balances	22.3	745	745
		-	-
		28,181	15,097

22.1 PLS saving accounts, during the current financial year, carried profit / mark-up at the rates of 6% and 6.5% (2012: 6%) per annum.

22.2 These represent 100% cash margin deducted by banks against guarantees issued on behalf of the Company.

22.3 As the recoverability of balances with Cooperative Societies is doubtful due to their closure by the Government of Pakistan; therefore, provision was made to meet the potential eventuality.

23. SALES - Net

	Sugar		Distillery		Total	
	2013	2012	2013	2012	2013	2012
	------------------------ (Rupees in thousand) ------------------------					
Local	2,790,171	3,744,004	244,370	223,213	3,034,541	3,967,217
Inter-segment (note 24.3)	239,919	256,709	-	-	-	-
Export	-	-	1,045,561	963,574	1,045,561	963,574
	3,030,090	4,000,713	1,289,931	1,186,787	4,080,102	4,930,791
Less:						
- sales tax	206,746	277,334	38,624	30,788	245,370	308,122
- trade discount	-	-	-	12	-	12
	206,746	277,334	38,624	30,800	245,370	308,134
	2,823,344	3,723,379	1,251,307	1,155,987	3,834,732	4,622,657

24. COST OF SALES

	Sugar 2013	Sugar 2012	Distillery 2013	Distillery 2012	Total 2013	Total 2012
Raw materials consumed (note 24.1)	2,675,568	2,771,447	378,532	385,600	3,054,100	3,157,047
Inter-segment transfers (note 24.3)	-	-	239,919	256,709	-	-
	2,675,568	2,771,447	618,451	642,309	3,054,100	3,157,047
Salaries, wages and benefits (note 24.2)	98,658	91,333	28,103	25,579	126,761	116,912
Fuel and power	12,032	15,334	85,389	66,052	97,421	81,386
Chemicals and stores consumed	51,070	52,468	21,861	23,594	72,931	76,062
Repair and maintenance	118,260	117,758	13,896	19,715	132,156	137,473
Depreciation	93,290	94,089	17,817	17,513	111,107	111,602
Insurance	6,517	3,927	919	1,639	7,436	5,566
Rates and taxes	327	316	28	27	355	343
Others	6,151	6,029	1,094	1,813	7,245	7,842
	3,061,873	3,152,701	787,558	798,241	3,609,512	3,694,233
Adjustment of work-in-process						
Opening	5,038	5,952	3,835	4,315	8,873	10,267
Closing	(5,012)	(5,038)	(815)	(3,835)	(5,827)	(8,873)
	26	914	3,020	480	3,046	1,394
Cost of goods manufactured	3,061,899	3,153,615	790,578	798,721	3,612,558	3,695,627
Adjustment of finished goods						
Opening stock	184,834	781,729	142,249	51,083	327,083	832,812
Closing stock	(313,766)	(184,834)	(7,660)	(142,249)	(321,426)	(327,083)
	(128,932)	596,895	134,589	(91,166)	5,657	505,729
	2,932,967	3,750,510	925,167	707,555	3,618,215	4,201,356

24.1 Sugar cane purchases include Rs.852 thousand (2012: Rs.943 thousand) in respect of purchases from Associated persons of directors.

24.2 These include Rs.990 thousand (2012: Rs.1,066 thousand) and Rs.6,630 thousand (2012: Rs.6,326 thousand) in respect of provident fund contributions and staff retirement benefits - gratuity respectively.

24.3 Inter-segment sales and purchases have been eliminated from the total figures.

25. DISTRIBUTION AND MARKETING EXPENSES

	Sugar		Distillery		Total	
	2013	2012	2013	2012	2013	2012
	------------------- (Rupees in thousand) -------------------					
Salaries and benefits (note 25.1)	1,604	1,473	951	864	2,555	2,337
Loading, unloading, freight and export expenses	1,284	1,445	71,833	70,487	73,117	71,932
Rent of storage tanks	-	-	9,000	9,000	9,000	9,000
Depreciation	354	300	-	-	354	300
Commission	1,541	1,161	-	-	1,541	1,161
Others	1,614	1,373	94	107	1,708	1,480
	6,397	5,752	81,878	80,458	88,275	86,210

25.1 These include Rs.17 thousand (2012: Rs.18 thousand) and Rs.161 thousand (2012: Rs.50 thousand) in respect of provident fund contributions and staff retirement benefits - gratuity respectively.

26. ADMINISTRATIVE EXPENSES

Salaries and benefits (note 26.1)	45,877	40,390	15,292	13,848	61,169	54,238
Travelling and conveyance including directors' travelling amounting Rs. 1,597 thousand (2012: Rs. 93 thousand)	1,516	447	506	781	2,022	1,228
Vehicles' running and maintenance	5,228	5,152	1,743	1,803	6,971	6,955
Communication	1,041	1,073	420	506	1,461	1,579
Printing and stationery	998	904	333	303	1,331	1,207
Rent, rates and taxes	1,835	1,719	937	765	2,772	2,484
Insurance	573	438	191	146	764	584
Repair and maintenance	3,388	4,153	1,151	1,435	4,539	5,588
Subscription	689	403	627	165	1,316	568
Advertisement	146	441	49	147	195	588
Depreciation	6,167	4,658	44	1,604	6,211	6,262
Entertainment / guest house expenses	2,266	1,932	878	802	3,144	2,734
Auditors' remuneration (note 26.2)	601	571	200	190	801	761
Legal and professional charges (other than Auditors')	718	1,019	312	340	1,030	1,359
Utilities	4,205	3,325	1,401	1,108	5,606	4,433
Others	344	244	115	111	459	355
	75,592	66,869	24,199	24,054	99,791	90,923

26.1 These include Rs.321 thousand (2012: Rs.344 thousand) and Rs.2,297 thousand (2012: Rs.2,361 thousand) in respect of provident fund contributions and staff retirement benefits-gratuity respectively.

26.2 Auditors' remuneration

	2013	2012
	(Rupees in thousand)	
Hameed Chaudhri & Co.		
- statutory audit fee	500	500
- half yearly review	140	130
- certification charges	30	30
- short provision	5	-
- out-of-pocket expenses	35	30
	710	690
Javed Iqbal & Co. - cost audit fee (2012: S.M Naim Mian & Co.)	56	55
Javaid Jalal Amjad & Co. - provident fund's and WPPF's audit fee (2012: S.M Naim Mian & Co.)		
- current	17	16
- prior year	18	-
	801	761

26.3 Administrative expenses, which are not separately identifiable, have been allocated on the basis of management's estimation.

27. OTHER INCOME

	Note	2013	2012
		(Rupees in thousand)	
Income from financial assets			
Unclaimed and other payable balances written-back		309	647
Interest / mark-up on PLS saving accounts		681	751
Income from other than financial assets			
Scrap sales - net		4,542	12,629
Gain on disposal of operating fixed assets - net	13.2	235	1,551
Provision reversed for slow moving stores and spares inventory	17.1	1,011	381
Rent		6	6
Others		972	674
Exchange gain		575	-
		8,331	16,639

28. OTHER EXPENSES

	Note	2013	2012
Irrecoverable balances written-off		22	121
Donations (without directors' interest)		328	119
Depreciation on investment property	14	78	82
Operating fixed assets written-off		-	3,570
Workers' (profit) participation fund	9.1	-	6,433
Exchange loss		-	575
		428	10,900

29. FINANCE COST

	Note	2013	2012
		(Rupees in thousand)	
Mark-up on:			
- long term finances		13,456	8,044
- short term finances		135,164	116,675
- loan from chief executive		-	756
Interest on workers' (profit) participation fund	9.1	426	81
Bank and other charges		3,294	2,133
		152,340	127,689

30. TAXATION - Net

	2013	2012
Current year	23,270	16,213
Adjustment of prior years	258	(1,726)
	23,528	14,487

30.1 Income tax assessments of the Company have been finalised upto Assessment Year 2002-03 under section 62 of the repealed Income Tax Ordinance, 1979 whereas Tax Years 2003 to 2013 have been assessed under the self assessment scheme envisaged in section 120 of the Income Tax Ordinance, 2001 (the Ordinance).

30.2 No numeric tax rate reconciliation has been given in these financial statements as provisions made during the current and preceding years mainly represent minimum tax payable under section 113 and final tax deducted at source on realisation of foreign exchange proceeds under section 154, after adjusting tax credit available under section 65B of the Ordinance.

30.3 Deferred tax asset arising on unused tax losses has not been recognised in these financial statements due to uncertainty about the availability of taxable profits in the foreseeable future.

31. EARNINGS PER SHARE - Basic and Diluted

	2013	2012
	(Rupees in thousand)	
(Loss) / Profit after taxation attributable to ordinary shareholders	(159,915)	106,298
	Number of Shares	
Weighted average number of ordinary shares outstanding during the year	16,517,453	16,517,453
	----------------Rupees---------------	
(Loss) / earnings per share	(9.68)	6.44

31.1 There is no dilutive effect on the basic loss per share of the Company.

32. REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

Particulars	Chief Executive		Directors		Executives	
	2013	2012	2013	2012	2013	2012
	------------------------ (Rupees in thousand) ------------------------					
Managerial remuneration including bonus	4,800	4,800	5,029	4,995	9,893	8,879
Perquisites and benefits:						
House rent	-	-	600	600	-	-
Utilities	1,482	1,255	576	492	-	-
Medical	-	-	288	401	134	107
Servant salary	-	-	-	-	180	160
Entertainment/ club bills	690	490	119	90	88	70
	2,172	1,745	1,583	1,583	402	337
	6,972	6,545	6,612	6,578	10,295	9,216
No. of persons	1	1	2	2	7	7

32.1 The working directors and executives have been provided with free use of the Company maintained cars and telephones at their residences. Furnished residences have also been provided to the executives in the Mills' Colony.

32.2 The above payments do not include amounts paid or provided for by the Associated Companies, if any.

32.3 A sum of Rs.629 thousand (2012: Rs.640 thousand) was incurred on the renovation of chief executive's residence during the current financial year.

33. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

33.1 Financial Risk Factors

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

Risk management is carried-out by the Company's finance department under policies approved by the board of directors. The Company's finance department evaluates financial risks based on principles for overall risk management as well as policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk and investment of excess liquidity, provided by the board of directors.

33.2 Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises of three types of risks: currency risk, interest rate risk and price risk.

(a) Currency risk

Foreign currency risk arises mainly where receivables and payables exist due to transactions entered into in foreign currencies. The Company is exposed to currency risk on import of stores & spares and export of goods mainly denominated in US Dollars. The Company's exposure to foreign currency risk is as follows:

	Rupees	U.S.$
	(in thousand)	
2013		
Bills payable	2,424	23
Gross exposure	2,424	23
Outstanding letters of credit	3,082	29
Net exposure	5,506	52
2012		
Bills payable	4,268	45
Trade debts	(70,558)	(747)
Net exposure	(66,290)	(702)

The following significant exchange rates have been applied:

	Average rate		Balance sheet date rate	
	2013	2012	2013	2012
US Dollar to Rupee	102.20	89.58	105.5	94.5 / 94.7

Sensitivity Analysis

At September 30, 2013, if Rupee had strengthened by 1% against U.S$ with all other variables held constant, (loss) / profit after taxation for the year would have been decreased by the amount shown below mainly as a result of net foreign exchange gains / (loss) on translation of foreign currency financial liabilities and assets.

	2013	2012
	(Rupees in '000)	
Effect on (loss) / profit for the year		
U.S Dollar to Rupee	24	(663)

The weakening of Rupee against US Dollar would have an equal but opposite impact on (loss) / profit after taxation.

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

(b) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of change in market interest rates. At the reporting date, the interest rate profile of the Company's interest bearing financial instruments is as follows:

	2013	2012	2013	2012
	Effective rate		Carrying amount	
	%	%	(Rupees in '000)	
Fixed rate instruments				
Financial assets				
Bank balances	6 & 6.5	6	9,689	1,950
Variable rate instruments				
Financial liabilities				
Long term financing	10.55 - 11.31	12.01 - 13.64	222,873	114,515
Short term borrowings	9.2 - 12.45	9.5 - 15.44	581,969	599,368

Fair value sensitivity analysis for fixed rate instruments

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

Cash flow sensitivity analysis for variable rate instruments

At September 30, 2013, if interest rate on variable rate financial liabilities had been 1% higher / lower with all other variables held constant, loss after taxation for the year would have been Rs.8,048 thousand higher / lower mainly as a result of higher / lower interest expense on variable rate financial liabilities (2012: profit would have been lower / higher by Rs.7,139 thousand).

(c) Price risk

Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result 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 instruments or its issuer or factors affecting all similar financial instruments traded in the market. The Company is not exposed to any significant price risk.

33.3 Credit risk exposure and concentration of credit risk

Credit risk represents the risk of a loss if the counter party fails to discharge its obligation and cause the other party to incur a financial loss. The Company attempts to control credit risk by monitoring credit exposures, limiting transactions with specific counterparties and continually assessing the credit worthiness of counterparties.

Concentration of credit risk arises when a number of counterparties are engaged in similar business activities or have similar economic features that would cause their abilities to meet contractual obligations to be similarly affected by changes in economic, political or other conditions.

Concentration of credit risk indicates the relative sensitivity of the Company's performance to developments affecting a particular industry.

Credit risk primarily arises from deposits, trade debts, loans & advances, other receivables, balances with banks and investments. To manage exposure to credit risk in respect of trade debts, management performs credit reviews taking into account the customer's financial position, past experience and other relevant factors. Where considered necessary, advance payments are obtained from certain parties. Export sales made to major customers are secured through letters of credit. Credit risk on bank balances is limited as the counter parties are banks with reasonably high credit ratings.

In respect of other counter parties, due to the Company's long standing business relationship with them, management does not expect non-performance by these counter parties on their obligations to the Company.

Exposure to credit risk

The maximum exposure to credit risk as at September 30, 2013 along with comparative is tabulated below:

	2013	2012
	(Rupees in '000)	
Deposits	1,369	1,366
Trade debts	6,137	76,010
Loans and advances	39,952	34,227
Other receivables	4,438	4,549
Bank balances	28,181	15,097
	80,077	131,249

The maximum exposure to credit risk for trade debts at the reporting date by geographic region is as follows:

Domestic	6,137	5,451
Export	-	70,559
	6,137	76,010

Based on past experience, the Company's management believes that no impairment loss allowance is necessary in respect of trade debts as debts aggregating Rs.1.940 million have been realised subsequent to the year-end and for other trade debts there are reasonable grounds to believe that the amounts will be realised in short course of time.

33.4 Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach is to ensure, as far as possible, to always have sufficient liquidity to meet its liabilities when due. Prudent liquidity risk management implies maintaining sufficient cash and marketable securities and ensuring the availability of adequate credit facilities. The Company's treasury department aims at maintaining flexibility in funding by keeping committed credit lines available.

Financial liabilities in accordance with their contractual maturities are presented below:

	Carrying amount	Contractual cash flows	Less than 1 year	Between 1 to 5 years
	------------ (Rupees in '000) ------------			
2013				
Long term finance	222,873	270,298	91,872	178,426
Trade and other payables	145,376	145,376	145,376	-
Accrued mark-up	28,018	28,018	28,018	-
Short term finances	581,969	608,233	608,233	-
	978,236	1,051,925	873,499	178,426

	Carrying amount	Contractual cash flows	Less than 1 year	Between 1 to 5 years
	------------ (Rupees in '000) ------------			
2012				
Long term finance	114,515	131,704	50,062	81,642
Trade and other payables	135,723	135,723	135,723	-
Accrued mark-up	25,709	25,709	25,709	-
Short term finances	599,368	631,390	631,390	-
	875,315	924,526	842,884	81,642

The contractual cash flows relating to the above financial liabilities have been determined on the basis of interest / mark-up rates effective at the respective year-ends. The rates of interest / mark-up have been disclosed in the respective notes to these financial statements.

33.5 Fair values of financial assets and liabilities

At September 30, 2013, the carrying values of all financial assets and liabilities reflected in the financial statements approximate to their fair values except for loans to employees, which have been valued at their original costs less repayments.

34. CAPITAL RISK MANAGEMENT

The Company's prime objective when managing capital is to safeguard its ability to continue as a going concern so that it can continue to provide returns for shareholders, benefits for other stakeholders and to maintain a strong capital base to support the sustained development of its business.

The Company manages its capital structure by monitoring return on net assets and makes adjustments to it in the light of changes in economic conditions. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividend paid to shareholders and / or issue new shares.

There was no change to the Company’s approach to capital management during the year and the Company is not subject to externally imposed capital requirements except for the maintenance of debt to equity ratio under the financing agreements.

35. CAPACITY AND PRODUCTION

		2013	2012
Sugar Plant			
Rated crushing capacity (based on 160 working days)	M. Tons	1,440,000	1,440,000
Cane crushed	M. Tons	603,528	701,851
Sugar produced	M. Tons	57,766	65,684
Days worked	Nos.	107	114
Sugar recovery	%	9.57	9.36
Distillery Plant			
Rated capacity per day	Litres	80,000	80,000
Actual production	Litres	17,292,389	22,028,395
Days worked	Nos.	234	307

36. SEGMENT INFORMATION

The Company's reportable segments are as follows:

- Sugar
- Distillery

36.1 Segment revenues and results

	Sugar	Distillery	Elimination of inter segment transactions	Total
	------------ Rupees in '000 ------------			
For the year ended September 30, 2013				
Sales	2,823,344	1,251,307	(239,919)	3,834,732
Cost of sales	(2,932,967)	(925,167)	(239,919)	(3,618,215)
Gross (loss) / profit	(109,623)	326,140	-	216,517
Selling and distribution expenses	(6,397)	(81,878)	-	(88,275)
Administrative expenses	(75,592)	(24,199)	-	(99,791)
	(81,989)	(106,077)	-	(188,066)
(Loss) / profit before taxation and unallocated income and expenses	(191,612)	220,063	-	28,451
Unallocatable income and expenses				
Other income				8,331
Other expenses				(428)
Finance cost				(152,340)
Share of loss of an Associated Company				(20,401)
Taxation				(23,528)
Loss for the year				(159,915)

	Sugar	Distillery	Elimination of inter segment transactions	Total
	------------ Rupees in '000 ------------			
For the year ended September 30, 2012				
Sales	3,723,379	1,155,987	(256,709)	4,622,657
Cost of sales	(3,750,510)	(707,555)	(256,709)	(4,201,356)
Gross (loss) / profit	(27,131)	448,432	-	421,301
Selling and distribution expenses	(5,752)	(80,458)	-	(86,210)
Administrative expenses	(66,869)	(24,054)	-	(90,923)
	(72,621)	(104,512)	-	(177,133)
(Loss) / profit before taxation and unallocated income and expenses	(99,752)	343,920	-	244,168
Unallocatable income and expenses				
Other income				16,639
Other expenses				(10,900)
Finance cost				(127,689)
Share of loss of an Associated Company				(1,433)
Taxation				(14,487)
Profit for the year				106,298

36.2 Segment assets and liabilities

	Sugar	Distillery	Total
	------- Rupees in '000 -------		
As at September 30, 2013			
Segment assets	1,380,424	259,733	1,640,157
Unallocatable assets			116,270
Total assets as per balance sheet			1,756,427
Segment liabilities	186,418	74,361	260,779
Unallocatable liabilities			867,030
Total liabilities as per balance sheet			1,127,809
As at September 30, 2012			
Segment assets	1,292,332	409,912	1,702,244
Unallocatable assets			124,549
Total assets as per balance sheet			1,826,793
Segment liabilities	184,518	47,856	232,374
Unallocatable liabilities			773,043
Total liabilities as per balance sheet			1,005,417

Sales to domestic customers in Pakistan are 74.37% (2012: 80.46%) and to customers outside Pakistan are 25.63% (2012: 19.54%) of the revenues during the current financial year.

The Company sells its manufactured products to local and foreign companies, commission agents, organisations and institutions. One (2012:Three) of the Company's customer contributed towards 40.30% (2012: 63.15%) of the local sales during the current financial year aggregating Rs.1.124 billion (2012: Rs.2.311 billion) which exceeds 10% of the local sales of the Company.

Geographical information

All segments of the Company are managed on nation-wide basis and operate manufacturing facilities and sale offices in Pakistan.

37. RELATED PARTY TRANSACTIONS

The Company has related party relationship with its Associated Companies, employee benefit plans, its directors and key management personnel. Transactions with related parties are carried-out on arm's length basis. Except as disclosed in notes 24.1, 32 and for the following, no transactions were executed with related parties:

	2013	2012
	(Rupees in thousand)	
Associated Company		
- sale of sugar	35,972	51,024
	Number of shares	
- bonus shares received	-	220,000

38. DISCLOSURE RELATING TO PROVIDENT FUND

		2013	2012
		--- Rupees in '000 ---	
(i)	Size of the Fund	91,446	95,549
(ii)	Cost of investments made	71,258	71,915
(iii)	Percentage of investments made	77.92%	75.27%
(iv)	Fair value of investments made	72,772	76,095

Break-up of the investment is as follows:

	2013	2012	2013	2012
	--- Percentage ---		--- Rupees in '000 ---	
Special account in a scheduled bank	8.96	0.91	6,519	692
Listed Securities	6.57	6.28	4,780	4,780
Mutual Fund	54.91	34.75	39,959	26,443
Other deposits with a scheduled bank	29.56	58.06	21,514	44,180
	100.00	100.00	72,772	76,095

The figures are based on the un-audited financial statements of the Provident Fund (the fund) as at September 30, 2013 and audited financial statements of September 30, 2012. Investments out of Fund were made in compliance with the provisions of section 227 of the Companies Ordinance, 1984 and the rules formulated for this purpose. However, the Fund's investment in a Mutual Fund exceeded the limit of twenty percent of the size of the Fund due to appreciation in net assets value and receipt of Bonus units of Mutual Fund.

39. NUMBER OF EMPLOYEES

	2013	2012
Number of employees as at September 30,		
- Permanent	498	502
- Contractual	39	89
Average number of employees during the year		
- Permanent	515	511
- Contractual	131	150

40. GENERAL

These financial statements were authorised for issue on January 07, 2014 by the board of directors of the Company.

Corresponding figures have been rearranged and reclassified, wherever necessary, for the purpose of comparison and better presentation, the effect of which is not material.

MALIK ADNAN HAYAT NOON
Chairman & Chief Executive

K. IQBAL TALIB
Managing Director

FORM 34

PATTERN OF SHAREHOLDING
AS AT 30 SEPTEMBER, 2013

1. Incorporation No. : 0001858

2. Name of the Company : NOON SUGAR MILLS LIMITED

3. Pattern of holding of the shares held by the shareholders as at 30 September, 2013.

4.

Number of Shareholders	Shareholdings		Total Shares Held	Percentage
	From	To		
792	1	100	25,925	0.16
539	101	500	137,001	0.83
205	501	1,000	154,759	0.94
326	1,001	5,000	735,846	4.45
57	5,001	10,000	401,763	2.43
15	10,001	15,000	191,072	1.16
15	15,001	20,000	258,278	1.56
13	20,001	25,000	292,060	1.77
3	25,001	30,000	86,669	0.52
2	30,001	35,000	65,118	0.39
2	35,001	40,000	77,863	0.47
2	45,001	50,000	97,916	0.59
3	55,001	60,000	171,365	1.04
2	60,001	65,000	123,307	0.75
3	80,001	85,000	249,053	1.51
1	90,001	95,000	92,000	0.56
2	100,001	105,000	204,346	1.24
1	125,001	130,000	126,383	0.77
2	155,001	160,000	317,184	1.92
1	185,001	190,000	187,388	1.13
1	350,001	355,000	353,676	2.14
1	450,001	455,000	452,537	2.74
1	510,001	515,000	514,341	3.11
1	600,001	605,000	604,302	3.66
1	765,001	770,000	765,403	4.63
1	860,001	865,000	861,981	5.22
1	1,000,001	1,005,000	1,003,591	6.08
1	1,435,001	1,440,000	1,437,480	8.70
1	2,235,001	2,240,000	2,236,080	13.54
1	4,290,001	4,295,000	4,292,766	25.99
1,996			16,517,453	100.00

5. Categories of shareholders	Shares held	Percentage
5.1 Directors, Chief Executive Officer and their spouse and minor children.	4,487,296	27.17
5.2 Associated Companies, Undertakings and related parties.	765,403	4.63
5.3 NIT & ICP	29,817	0.18
5.4 Banks, Development Finance Institutions, Non Banking Financial Institutions.	3,674,480	22.25
5.5 Insurance Companies	9,732	0.06
5.6 Modarabas and Mutual Funds	1,161,961	7.03
5.7 Shareholders holding 5% (or more)		
Malik Adnan Hayat Noon	4,355,181	26.37
BHF Bank (Switzerland) Ltd.	2,236,080	13.54
EFG Private Bank (Channel Islands) Ltd.	1,437,480	8.70
Golden Arrow Selected Stocks Fund Limited	1,003,591	6.08
Aqeel Karim Dhedhi	861,981	5.22
5.8 General Public		
a. Local	5,300,842	32.09
b. Foreign	-	0.00
5.9 Others (to be specified)		
Securities & Exchange Commission of Pakistan	1	0.00
Deputy Administrator Abandoned Properties	1,454	0.01
Charitable Trusts	3,941	0.02
Joint Stock Companies	1,078,085	6.53
Investment Companies	873	0.01
Cooperative Societies	3	0.00
Others	3,565	0.02

6.	Signature of Chief Executive / Secretary	
7.	Name of Signatory	Syed Anwar Ali
8.	Designation	Company Secretary
9.	CNIC Number	35200-2711479-3
10.	Date	30.09.2013

NOON SUGAR MILLS LIMITED
FORM OF PROXY

Registered Folio No. /
CDC Account No. ________________

I/We ____
Name

of ____
Address

being a member of NOON SUGAR MILLS LIMITED hereby appoint

____
Name

of ____
Address

or failing him / her ____
Name

of ____
Address

(also being a member of the Company) as my/ our proxy to attend, act and vote for me/ us and on my/ our behalf, at the 51st Annual General Meeting of the Company to be held on Friday, 31 January, 2014 at 66 Garden Block, New Garden Town, Lahore at 11:30 a.m. and at any adjournment thereof.

As witness my hand this __________________ day of ______________ 2014.

WITNESSES

1. Name ______________________
   Address ____________________
   CNIC # _____________________

____
Signature of the Shareholder/ Appointer

2. Name ______________________
   Address ____________________
   CNIC # _____________________

Revenue Stamp (Rs. 5/-)

NOTE: Proxies in order to be effective must reach 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. Proxies of the Members through CDC shall be accompanied with attested copies of their CNIC.