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SUGAR MILLS LTD.

ANNUAL REPORT 2012

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NON
GROUP OF COMPANIES



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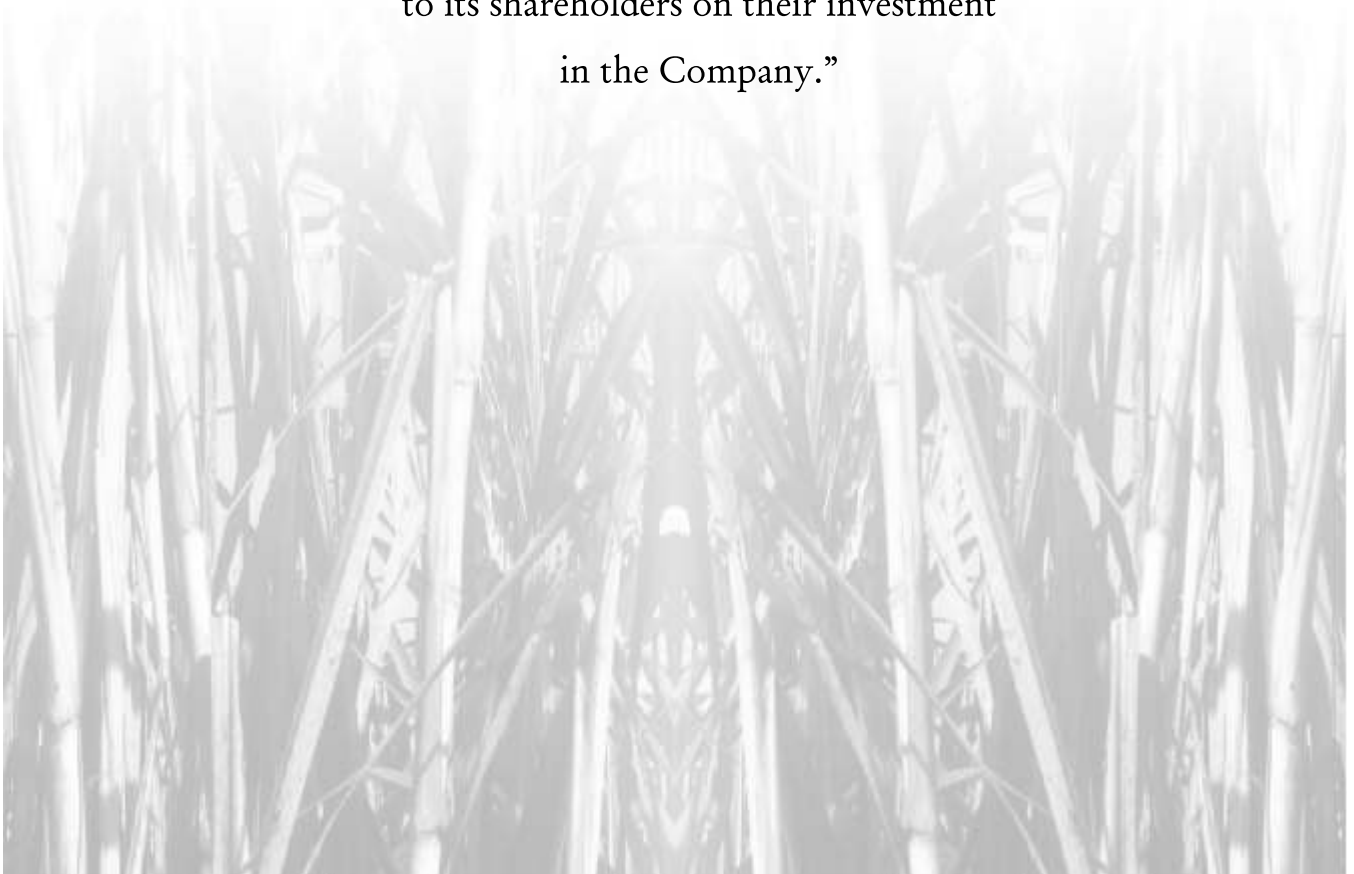
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CORPORATE INFORMATION

BOARD OF DIRECTORS	Mr. Adnan Hayat Noon Mr. K. Iqbal Talib Mr. Salman Hayat Noon Mr. Amjad Mahmood Agha Mr. Safdar M. Hayat Qureshi Mr. Zaheer Ahmad Khan Mr. Asif Hussain Bukhari	(Chairman & Chief Executive)
AUDIT COMMITTEE	Mr. Salman Hayat Noon Mr. Zaheer Ahmad Khan Mr. Asif Hussain Bukhari	Chairman Member Member
HRR COMMITTEE	Mr. K. Iqbal Talib Mr. Zaheer Ahmad Khan Mr. Asif Hussain Bukhari	Member Member Member
MANAGEMENT	Mr. K. Iqbal Talib Mr. Naveed Akhtar Mr. Kamran Zahoor	Managing Director Resident Director 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 optimising 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 50th Annual General Meeting of Noon Sugar Mills Limited will be held on Thursday, 31 January, 2013 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 Extraordinary General Meeting held on 24 September, 2012.
2. To receive, consider and adopt the audited accounts for the year ended 30 September, 2012 and the reports of the directors and auditors thereon.
3. To approve payment of dividend. The Board has recommended dividend @ 20%.
4. To appoint auditors for the year ending 30 September, 2013 and to fix their remuneration.
5. 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, 2013 to 31 January, 2013 (both days inclusive). Share transfers received upto close of business on 24 January, 2013 shall entitle the transferees to the aforesaid dividend.

By Order of the Board



SYED ANWAR ALI
Company Secretary

Lahore: 05 January, 2013

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 as CNIC number is required to be mentioned on the dividend warrant.
3. The members are also requested to notify change in their addresses, if any.

SIX YEARS' REVIEW AT A GLANCE

YEAR ended 30th September		2012	2011	2010	2009	2008	2007
Sugar Production:							
Cane crushed	(M.Tons)	701,851	600,385	294,534	358,130	554,283	467,269
Average sucrose recovery	(%)	9.36	7.70	7.28	8.65	8.03	7.52
Sugar produced	(M.Tons)	65,684	46,181	21,444	30,965	44,497	35,194
Operating period	(Days)	114	116	98	98	123	140
Alcohol Production:							
Molasses processed	(M.Tons)	83,748	72,644	29,969	27,772	85,862	57,505
Alcohol produced	(000's Ltrs.)	22,028	17,571	7,415	7,350	22,589	14,436
Average alcohol yield	(Ltrs/Ton)	263	242	247	262	263	251
Operating period	(Days)	307	302	165	180	358	296
Operating results:							
Sales	(000' Rs.)	4,622,657	3,101,489	1,723,592	1,714,912	1,814,537	1,088,775
Cost of sales	(000' Rs.)	4,201,356	2,695,524	1,719,524	1,443,161	1,583,232	1,018,495
Gross profit	(000' Rs.)	421,301	405,965	4,068	271,751	231,305	70,280
Pre-tax profit/(loss)	(000' Rs.)	120,785	62,642	(183,237)	66,148	(43,546)	(61,069)
Profit after taxation	(000' Rs.)	106,298	34,858	(200,582)	56,572	(50,215)	(35,751)
Gross Profit to Net Sales	(%)	9.11	13.09	0.24	15.85	12.75	6.45
Net Profit/(loss) to Net Sales	(%)	2.30	1.12	(11.64)	3.30	(2.77)	(3.28)
Shareholders' Equity:							
Paid up capital	(000' Rs.)	165,175	165,175	165,175	150,159	150,159	136,508
Reserves & surplus	(000' Rs.)	656,201	574,466	539,142	815,196	757,765	842,276
Shareholders' equity	(000' Rs.)	821,376	739,641	704,317	965,355	907,924	978,784
Break-up value per share	(Rupees)	49.73	44.78	42.64	64.29	60.46	71.70
Earnings per share	(Rupees)	6.44	2.11	(14.90)	3.42	(3.34)	(2.38)
Return on equity	(%)	12.94	4.71	(28.48)	5.86	(5.53)	(3.65)
Financial position:							
Current assets	(000' Rs.)	630,140	1,129,184	354,449	316,343	477,034	618,979
Fixed capital expenditure	(000' Rs.)	1,146,199	1,108,752	1,134,653	1,242,597	1,367,011	1,461,495
Total assets	(000' Rs.)	1,826,793	2,289,429	1,536,321	1,598,772	1,934,326	2,163,634
Current liabilities	(000' Rs.)	878,945	1,499,694	781,124	448,038	709,915	772,157
Long term debts	(000' Rs.)	72,873	0.00	0.00	132,872	266,937	361,155
Total liabilities	(000' Rs.)	1,005,417	1,549,788	832,004	633,417	1,026,402	1,184,850
Current ratio	(%)	0.72	0.75	0.45	0.71	0.67	0.80
Debt equity ratio	(%)	8.15	0.00	0.00	12.10	22.72	26.95
Dividends:							
Cash	(%)	20	15	-	10	-	-
Bonus shares	(%)	-	-	-	10	-	10
Total pay out	(%)	20	15	-	20	-	10

DIRECTORS' REPORT TO THE MEMBERS

Dear members,

The Directors of Noon Sugar Mills Limited are pleased to present the 50th annual report and audited Financial Statements of the Company and the Auditors' Report thereon for the year ended 30 September 2012.

Financial Results

The comparative financial results of the Company are summarised below:

Particulars	2012	2011
	(Rupees in million)	
Total Revenue	4,623	3,101
Gross Profit	421	406
Operating Profit	250	254
After-tax Profit	106	35
Earnings Per Share (Rs.)	6.44	2.11

Operating Results

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

Sugar		2012	2011
Operating period	Days	114	116
Cane crushed	M. Tons	701,851	600,385
Sugar produced	M. Tons	65,684	46,181
Average sucrose recovery	% age	9.36	7.70
Molasses recovery	% age	5.01	5.29
Molasses produced	M. Tons	35,173	31,750
Distillery		2012	2011
Operating period	Days	307	302
Molasses processed	M. Tons	83,748	72,644
Ethanol produced	000's Ltrs.	22,028	17,571
Average yield	Ltrs./M. Ton	263	242

Sugar

A bumper crop of sugarcane in all sugar producing Provinces of the country resulted in an unprecedentedly large production of sugar. We are pleased to report that your mills not only achieved the highest ever sugar production and highest average Sucrose Recovery during the year under review, the sales revenues of your company also registered an increase of 49% from Rs. 3.1 billion to Rs. 4.6 billion. Both the quantitative and qualitative performance of sugar division improved significantly, in terms of crushing, recovery and production.

However, while sugarcane support prices increased by 20% from Rs. 125 per 40Kg to Rs.150 per 40Kg, sugar prices remained depressed all through the year due to surplus production and large stocks in the country. The average sugar prices witnessed a sharp fall of 28% as compared to last year's average whole sale price, as reported by USDA, thus seriously affecting the profitability of most sugar mills. Although, TCP somehow supported the sugar industry by purchasing sugar through local tenders for building buffer stocks but this sugar was subsequently sold at Utility Stores at prices much lower than the retail prices, further eroding the delicately balanced market sentiment. Ironically, such strict price control was exercised only on sugar and on none other far more essential kitchen items, which were openly sold unchecked at high prices.

In order to control the limited factors available to them to save the company from a loss situation, your management planned and adopted a prudent borrowing policy. Consequently, the financial charges reduced by Rs.70.236 million as compared to the previous year.

In the absence of any term loan, the necessary BMR for sugar plant was completed from internal resources, enabling the mills to now operate smoothly at 9000 TCD, with increased daily sugar production at higher Recovery levels.

A large sugar godown with an improvised light pre-fab. structural design was built to accommodate the larger stocks.

Distillery

The performance of distillery segment was quite satisfactory owing to both, a consistent demand of ethanol in the international market and improved availability of molasses for enhanced production of ethanol. Foreseeing this potential, the management paid special attention to ensure an uninterrupted supply of raw material and other inputs. An increase of 15% in capacity utilization was achieved despite three days per week interruption in natural gas supply, even during the summer months, which greatly handicapped full utilization of production potential of the plants.

Future Outlook

In order to further improve the seasonal average recovery through better maturity of cane, the crushing for the year 2012-13 was delayed by 9 days and commenced on November 30, 2012. Up to December 31, 2012, a total of 211,080 M. Tons cane was crushed and 18,425 M. Tons sugar was produced at an average sucrose recovery of 9.15%, as compared to 257,792 M. Tons crushing and 21,981 M. Tons of sugar production with average sucrose recovery of 8.61% , during the corresponding period last year.

The country wide sugarcane crop is expected to be higher in the season 2012-13 as compared to last year but in order to follow the previous year's practice, the Govt. of Punjab has increased the support price of sugar cane by 13% for the current crushing season from Rs. 150 per 40 kg to Rs. 170 per 40 Kg, announced last year.

All the official and private estimates agree that the sugar production of the country is expected to exceed to 5.5 million tons and the Government would take an early decision to allow subsidy of at least Rs. 5 per kg on export of

sugar, besides building an adequate buffer stock from regular sugar tenders by TCP for purchases from the local industry, at compatible prices, for consistent supply to the Utility stores and Armed Forces. The sugar market will otherwise, remain under undue pressure and owing to a negative cash flow, most mills will not be able to pay the total amount due to the cane growers for purchase of cane during the current crushing season.

The Distillery outlook, though reasonably covered up to Q1, remains relatively uncertain, largely due to Brazil's heavy stocks situation and falling currency, making it more attractive for the importers to take advantage of it in the export price. A massive build up of Corn based ethanol production in US and an almost flat curve of fossil oil prices, closely followed by ethanol market, are also other factors contributing to this uncertainty.

However, given the expected depletion in Brazilian ethanol stocks during their Holiday Season, falling in their inter-crop period and much expected impact of EU Duty concession for Pakistani products including Ethanol, the market is likely to stabilize, enabling Pakistan to InshaAllah, continue to hold its traditional position as a reliable sourcing alternative for Far Eastern market.

Your Company is also working diligently to discharge their responsibility towards environmental control through innovative use of sugar mills and distillery wastes and will share the outcome in next year accounts, Insha Allah.

Corporate Social Responsibility

Quality education:

The Company has taken over in 2005, two Primary Schools established by the Company in 1968 but nationalized in 1972, and now running these upgraded to Boys and Girls High Schools of excellent academic standards in the mills premises for employee's children. Talented students of the adjoining area of the mills are also allowed admission in the said school.

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 at 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 Exchange in their listing regulations, relevant for the year ended 30 September, 2012 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, six 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, 2012 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, 2012; and
- Value of the Investments of employees retirement funds are as follows:

Provident Fund

As at 30 September 2012 (un-audited)	Rs. 71.223 million
As at 30 September 2011 (audited)	Rs. 96.145 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 11 to the audited financial statements for the year ended 30 September, 2012.

Pattern of Shareholding / Categories

Provided separately.

Shares held by:

I. Associated Companies, undertakings and related parties:	
Noon Industries (Pvt.) Limited	Number of shares held 765,403
II. Mutual Funds:	
CDC – Trustee Arvabai & Fakhruddin Memorial FDN	Number of shares held 3,941
CDC – Trustee AKD Opportunity Fund	75,370
CDC – Golden Arrow Selected Stock Fund Ltd.	775,591

III. The Directors and their spouse and minor children:

Names of Directors	Number of shares held		
	Ownself	Spouse	Minor Children
Mr. 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
1,007,187	6.09 %

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

Shares held	Percentage
4,752,872	28.77 %

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

	Shares held	Percentage
Mr. 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 %
Aqeel Karim Dhedhi	865,481	5.24 %

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, six meetings of the Board of Directors were held, attendance position was as under:

Names of Directors	Meetings Attended
Mr. Adnan Hayat Noon	6
Mr. Salman Hayat Noon	6
Mr. K. Iqbal Talib	5
Mr. Amjad Mahmood Agha	2
Mr. Safdar M. Hayat Qureshi	6
Mr. Zaheer Ahmad Khan	6
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	4
Mr. Zaheer Ahmad Khan	4
Mr. Asif Hussain Bukhari	3

Number of Meetings of Shareholders

During the year under review, two general meeting were held, AGM on 31 January, 2012 and EGM on 24 September, 2012.

Outstanding statutory Payments

All outstanding payments are of normal and 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



ADNAN HAYAT NOON
Chairman & Chief Executive

Lahore: 05 January, 2013

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

Name of company : Noon Sugar Mills Limited

Year ending : 30 September, 2012

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	Mr. Adnan Hayat Noon Mr. K. Iqbal Talib
Non-Executive Directors	Mr. Salman Hayat Noon Mr. Asif Hussain Bukhari Mr. Zaheer Ahmad Khan Mr. Safdar M. Hayat Qureshi

The requirements of Executive Directors and Independent Directors in composition of Board under CCG will be met at the time of next election of directors.

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 NBFIs 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 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. The orientation courses are being arranged as per requirement of the CCG.

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 comprising 3 members, 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. We confirm that all other material principles enshrined in the CCG have been complied with.

For and on behalf of the Board



ADNAN HAYAT NOON
Chairman & Chief Executive



K. IQBAL TALIB
Managing Director

Lahore: 05 January, 2013

REVIEW REPORT TO THE MEMBERS ON STATEMENT OF COMPLIANCE WITH BEST PRACTICES OF THE 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, 2012.

LAHORE: 05 January, 2013

Hameed Chaudhri & Co

HAMEED CHAUDHRI & CO.,
CHARTERED ACCOUNTANTS

Engagement Partner: Osman Hameed Chaudhri

AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed balance sheet of NOON SUGAR MILLS LIMITED (the Company) as at September 30, 2012 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, 2012 and of the profit, 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: 05 January, 2013

BALANCE SHEET AS AT

EQUITY AND LIABILITIES SHARE CAPITAL AND RESERVES	Note	2012 (Rupees in thousand)	2011
Authorised capital 20,000,000 ordinary shares of Rs.10 each		<u>200,000</u>	<u>200,000</u>
Issued, subscribed and paid-up capital	7	165,175	165,175
Reserves	8	549,217	739,217
Un-appropriated profit / (accumulated loss)		<u>106,984</u>	<u>(164,751)</u>
		<u>821,376</u>	<u>739,641</u>
NON-CURRENT LIABILITIES			
Long term finance	9	72,873	-
Long term deposits	10	459	411
Staff retirement benefits - gratuity	11	53,140	49,683
		126,472	50,094
CURRENT LIABILITIES			
Trade and other payables	12	196,013	194,928
Accrued mark-up	13	25,709	48,327
Short term finances	14	599,368	1,224,228
Current portion of non-current liabilities	15	41,642	837
Provision for taxation		16,213	31,374
		878,945	1,499,694
CONTINGENCIES AND COMMITMENTS			
	16		
		<u>1,826,793</u>	<u>2,289,429</u>

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



ADNAN HAYAT NOON
Chairman & Chief Executive

30 SEPTEMBER, 2012

ASSETS	Note	2012 (Rupees in thousand)	2011
NON-CURRENT ASSETS			
Property, plant and equipment	17	1,128,085	1,091,784
Investment property	18	18,114	16,968
Investments	19	48,200	49,420
Loans and advances	20	888	760
Deposits		1,366	1,313
		<u>1,196,653</u>	<u>1,160,245</u>
CURRENT ASSETS			
Stores, spares and loose tools	21	89,273	68,103
Stock-in-trade	22	346,294	876,962
Trade debts	23	76,010	48,282
Loans and advances	24	46,627	58,571
Prepayments		1,092	1,415
Other receivables	25	4,549	3,915
Income tax refundable, advance income tax and tax deducted at source		51,198	34,110
Bank balances	26	15,097	14,104
		630,140	1,105,462
INVESTMENTS CLASSIFIED AS HELD FOR SALE	27	-	23,722
		<u>1,826,793</u>	<u>2,289,429</u>


 K. IQBAL TALIB
 Managing Director

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

	Note	2012 (Rupees in thousand)	2011
SALES - Net	28	4,622,657	3,101,489
COST OF SALES	29	<u>4,201,356</u>	<u>2,695,524</u>
GROSS PROFIT		421,301	405,965
DISTRIBUTION AND MARKETING EXPENSES	30	<u>86,210</u>	<u>77,595</u>
ADMINISTRATIVE EXPENSES	31	<u>90,923</u>	<u>78,938</u>
OTHER OPERATING EXPENSES	32	<u>10,900</u>	<u>4,653</u>
		<u>188,033</u>	<u>161,186</u>
		233,268	244,779
OTHER OPERATING INCOME	33	<u>16,639</u>	<u>9,280</u>
PROFIT FROM OPERATIONS		<u>249,907</u>	<u>254,059</u>
FINANCE COST	34	<u>127,689</u>	<u>197,925</u>
PROFIT FOR THE YEAR BEFORE SHARE OF (LOSS) / PROFIT OF AN ASSOCIATED COMPANY AND TAXATION		122,218	56,134
SHARE OF (LOSS) / PROFIT OF AN ASSOCIATED COMPANY - Net of taxation	19	<u>(1,433)</u>	<u>6,508</u>
PROFIT BEFORE TAXATION		<u>120,785</u>	<u>62,642</u>
TAXATION	35	<u>14,487</u>	<u>27,784</u>
PROFIT FOR THE YEAR		<u>106,298</u>	<u>34,858</u>
OTHER COMPREHENSIVE INCOME		-	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		<u><u>106,298</u></u>	<u><u>34,858</u></u>
----- Rupees -----			
EARNINGS PER SHARE - basic and diluted	36	<u><u>6.44</u></u>	<u><u>2.11</u></u>

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



ADNAN HAYAT NOON
Chairman & Chief Executive



K. IQBAL TALIB
Managing Director

**CASH FLOW STATEMENT
FOR THE YEAR ENDED 30 SEPTEMBER, 2012**

	2012	2011
	(Rupees in thousand)	
Cash flow from operating activities		
Profit for the year before share of (loss) / profit of an Associated Company and taxation	122,218	56,134
Adjustments for non-cash charges and other items:		
Depreciation on property, plant & equipment and investment property	118,246	116,647
Gain on disposal of operating fixed assets - net	(1,551)	(402)
Operating fixed assets written-off	3,570	-
Unclaimed and other payable balances written-back	(647)	(393)
Provision for staff retirement benefits - gratuity	8,738	9,519
Irrecoverable balances written-off	121	88
Provision (reversed)/made for slow moving stores and spares inventory	(381)	118
Finance cost	125,556	195,046
Profit before working capital changes	<u>375,870</u>	<u>376,757</u>
Effect on cash flow due to working capital changes		
(Increase) / decrease in current assets:		
Stores, spares and loose tools	(20,789)	(6,231)
Stock-in-trade	530,668	(716,902)
Trade debts	(27,728)	(31,410)
Loans and advances	11,895	(35,419)
Prepayments	323	(536)
Other receivables	(634)	299
Increase in trade and other payables	1,334	110,844
	<u>495,069</u>	<u>(679,355)</u>
Cash generated from / (used in) operations	<u>870,939</u>	<u>(302,598)</u>
Income tax paid	(46,736)	(23,016)
Staff retirement benefits (gratuity) - paid	(5,281)	(9,593)
Net cash generated from / (used in) operating activities	<u>818,922</u>	<u>(335,207)</u>
Cash flow from investing activities		
Additions to property, plant and equipment	(159,689)	(93,577)
Sale proceeds of operating fixed assets	1,977	3,233
Long term deposits - net	(842)	98
Dividend received	-	2,640
Loans and advances - net	(200)	82
Net cash used in investing activities	<u>(158,754)</u>	<u>(87,524)</u>
Cash flow from financing activities		
Long term finance repaid	(10,410)	(132,143)
Lease finances repaid	-	(729)
Short term finances - net	(499,935)	701,252
Finance cost paid	(148,174)	(170,167)
Dividend paid	(24,378)	(5)
Cash received from sale of investments classified as held for sale	23,722	-
Net cash (used in) / generated from financing activities	<u>(659,175)</u>	<u>398,208</u>
Net increase / (decrease) in cash and cash equivalents	993	(24,523)
Cash and cash equivalents - at beginning of the year	14,104	38,627
Cash and cash equivalents - at end of the year	<u>15,097</u>	<u>14,104</u>

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



ADNAN HAYAT NOON
Chairman & Chief Executive



K. IQBAL TALIB
Managing Director

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

	Share capital	Share premium	Revenue reserve	Unappropri- ated profit / (accumul- ated loss)	Total
----- (Rupees in thousand) -----					
Balance as at 30 September, 2010	165,175	119,217	620,000	(200,075)	704,317
Total comprehensive income for the year	-	-	-	34,858	34,858
Effect of items directly credited in equity by an Associated Company	-	-	-	466	466
Balance as at 30 September, 2011	165,175	119,217	620,000	(164,751)	739,641
Transfer from revenue reserve	-	-	(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	106,984	821,376

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



ABNAN HAYAT NOON
Chairman & Chief Executive



K. IQBAL TALIB
Managing Director

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

1. CORPORATE INFORMATION

Noon Sugar Mills Limited (the Company) was incorporated in the year 1964 as a Public Company and its shares are quoted on the Stock Exchanges in Pakistan. It is principally engaged in production and sale of white sugar and spirit. 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.

2. STATEMENT OF COMPLIANCE

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

3. BASIS OF MEASUREMENT

3.1 Accounting convention

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

3.2 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.

4. STANDARDS, INTERPRETATIONS AND AMENDMENTS TO PUBLISHED APPROVED ACCOUNTING STANDARDS

4.1 Amended standards that are effective in the current year and are relevant to the Company

The following amendments to the approved accounting standards are mandatory for the periods beginning on or after October 01, 2011 and are relevant to the Company:

- (a) IFRS 7 (Amendment), 'Financial Instruments: Disclosures'. The amendment emphasises the interaction between quantitative and qualitative disclosures about the nature and extent of risks associated with the financial instruments. The amendment has only resulted in additional disclosures with respect to financial instruments, which have been duly incorporated in these financial statements.
- (b) IAS 1 (Amendment), 'Presentation of Financial Statements'. The amendment clarifies that an entity will present an analysis of other comprehensive income for each component of equity, either in the statement of changes in equity or in the notes to the financial statements. The application of the revised standard has no material impact on the Company's financial statements.
- (c) IAS 24 (Revised), 'Related Party Disclosures', issued in November, 2009 supersedes IAS 24 'Related Party Disclosures' issued in 2003. The revised standard clarifies and simplifies the definition of a related party and removes the requirement for government-related entities to disclose details of all transactions with the government and other government-related entities. The application of the revised standard has no material impact on the Company's financial statements.
- (d) IAS 34 (Amendment), 'Interim Financial Reporting'. This amendment provides guidance to illustrate how to apply disclosure principles in IAS 34 and add disclosure requirements around the

circumstances likely to affect fair values of financial instruments and their classification, transfers of financial instruments between different levels of the fair value hierarchy, changes in classification of financial assets and changes in contingent liabilities and assets. The amendment pertains to interim reporting and was duly incorporated in the Company's condensed interim financial information for the period of six months ended March 31, 2012.

4.2 New accounting standards, amendments to approved accounting standards and interpretations that are effective in current financial year but are not relevant to the Company

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

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

Following new standards and amendments to existing standards have been published that are mandatory for accounting periods beginning on the dates mentioned below:

- (a) IFRS 7 (Amendments), 'Financial Instruments: Disclosures' (effective for the periods beginning on or after January 01, 2013). The amendments contain new disclosure requirements for financial assets and liabilities that are offset in the statement of financial position or subject to master netting agreement or similar arrangement. This amendment is only expected to result in additional disclosures and will not impact the Company's financial results.
- (b) IFRS 9, 'Financial Instruments' (effective for the periods beginning on or after January 01, 2015). This is the first standard issued as part of a wider project to replace IAS 39 (Financial Instruments: Recognition and Measurement). IFRS 9 retains but simplifies the mixed measurement model and establishes two primary measurement categories for financial assets at (i) amortised cost and (ii) fair value. The basis of classification depends on entity's business model and the contractual cash flow characteristics of the financial asset. The Company is yet to assess the full impact of IFRS 9; however, initial indications are that it may not significantly affect the Company's financial assets.
- (c) IAS 19 (Amendments), 'Employee benefits' (effective for the periods beginning on or after January 01, 2013). The amendments (a) eliminate the 'corridor method' for recognising actuarial gains and losses and make it mandatory for all the actuarial gains and losses to be recognised immediately, (b) streamline the presentation of changes in assets and liabilities arising from defined benefit plans by reclassifying their presentation in other comprehensive income and (c) enhance disclosure requirements for providing better information about the characteristics of the defined benefit plans and the risks that entities are exposed to through participation in these plans. The Company is yet to assess the full impact of these amendments.
- (d) IAS 1 (Amendments), 'Presentation of Financial Statements' (effective for the periods beginning on or after July 01, 2012). The main change resulting from these amendments is a requirement for the entities to group items presented in 'other comprehensive income' (OCI) on the basis of whether they can be potentially reclassified to profit or loss subsequently (reclassification adjustments). Since, the Company currently does not have any items of OCI, the amendments are not expected to have an affect on the Company's financial statements.

There are other new accounting standards, amendments to approved accounting standards and interpretations that are not yet effective; however, they are currently not considered to be relevant to the Company and therefore have not been detailed in these financial statements.

5. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

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

a) Staff retirement benefits - gratuity (note 6.3)

The present value of defined benefit obligation depends on a number of factors that are determined on actuarial basis using a number of assumptions. Any change in these assumptions will impact the carrying amount of the obligation. The present value of the obligation and the underlying assumptions are disclosed in note 11.

b) Provision for taxation (note 6.5)

In making the estimate for income taxes payable by the Company, the management looks at the applicable law and decisions of appellate authorities on certain issues in the past.

c) Property, plant and equipment (note 6.6)

The Company reviews appropriateness of the rates of depreciation, useful lives and residual values for calculation of depreciation on an on-going basis. Further, where applicable, an estimate of recoverable amount of asset is made if indicator of impairment is identified.

d) Stores & spares and stock-in-trade (note 6.10 and 6.11)

The Company reviews the net realisable value of stores & spares and stock-in-trade to assess any diminution in the respective carrying values. Net realisable value is determined with reference to estimated selling price less estimated expenditure to make the sales.

e) Provision for impairment of trade debts (note 6.12)

The Company assesses the recoverability of its trade debts if there is objective evidence that the Company will not be able to collect all the amount due according to the original terms. Significant financial difficulties of the debtors, probability that the debtor will enter bankruptcy and default or delinquency in payments are considered indications that the trade debt is impaired.

6. 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.

6.1 Equity instruments

These are recorded at their face value.

6.2 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.

6.3 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.

6.4 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.

6.5 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.

6.6 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 17.1. 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.

(c) Assets subject to finance lease

Assets held under finance lease arrangements are initially recorded at the lower of present value of minimum lease payments under the lease agreements and the fair value of the leased assets. The related obligations under the leases less finance cost allocated to future periods are shown as a liability. Depreciation on leased assets is charged applying reducing balance method at the rates used for similar owned assets, so as to depreciate the assets over their estimated useful lives in view of certainty of ownership of assets at the end of lease term.

The finance cost is allocated to accounting periods in a manner so as to provide a constant periodic rate of interest on the outstanding liability.

6.7 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 18. 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.

6.8 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.

6.9 Loans and advances

These are stated at cost.

6.10 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.

6.11 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.

6.12 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.

6.13 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.

6.14 Non-current assets held for sale

Non-current assets are classified as assets held for sale and stated at the lower of carrying amount and fair value less costs to sell if their carrying value is to be recovered principally through a sale transaction rather than through continuing use.

6.15 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.

6.16 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'.

6.17 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.

6.18 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.

6.19 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, investments classified as held for sale, 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.

6.20 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.

6.21 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.

6.22 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.

7. ISSUED, SUBSCRIBED AND PAID-UP-CAPITAL

2012 ---- Numbers ----	2011	Note	2012 (Rupees in thousand)	2011
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
<u>16,517,453</u>	<u>16,517,453</u>		<u>165,175</u>	<u>165,175</u>

8. RESERVES

Capital reserve - share premium	8.1	119,217	119,217
Revenue reserve - general		430,000	620,000
		<u>549,217</u>	<u>739,217</u>

8.1 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.

9. LONG TERM FINANCE

	Note	2012 (Rupees in thousand)	2011
Allied Bank Limited (ABL)			
- Demand finance	9.1	114,515	-
Less: Current portion grouped under current liabilities		<u>41,642</u>	<u>-</u>
		<u>72,873</u>	<u>-</u>

9.1 ABL, during April, 2012, has transferred a balance of Rs.125 million from the utilised short term running finance facility to a long term finance facility. The facility carries mark-up at the rate of 1 month KIBOR+150bps and 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 current financial year, ranged from 12.01% to 13.64% per annum. The 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.

10. LONG TERM DEPOSITS - Unsecured	Note	2012 (Rupees in thousand)	2011
Interest free deposits from employees	10.1	459	1,248
Less: due for adjustment within the following twelve months - grouped under current liabilities		<u>-</u>	<u>837</u>
		<u>459</u>	<u>411</u>

10.1 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.

11. 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:

	2012	2011
- discount rate	11.5%	12%
- expected rate of eligible salary increase in future years	10.5%	11%
- average expected remaining working life time of employees	10 years	10 years

The amount recognised in the balance sheet is as follows:

	2012 (Rupees in thousand)	2011
Present value of defined benefit obligation	48,816	46,007
Unrecognised actuarial gain	4,324	3,676)
Net liability at end of the year	<u>53,140</u>	<u>49,683</u>
Net liability at beginning of the year	49,683	49,757
Charge to profit and loss account	8,738	9,519
Benefits paid	(5,281)	(9,593)
Net liability at end of the year	<u>53,140</u>	<u>49,683</u>

The movement in the present value of defined benefit

Obligation is as follows:

	2012	2011
Balance at beginning of the year	46,007	46,822
Current service cost	3,217	3,160
Interest Cost	5,521	5,618
Benefits paid	(5,281)	(9,593)
Actuarial gain	(648)	-
Balance at end of the year	<u>48,816</u>	<u>46,007</u>

Expense recognised in profit and loss account is as follows

	2012	2011
Current service cost	3,217	3,160
Past service cost	-	741
Interest cost	5,521	5,618
	<u>8,738</u>	<u>9,519</u>

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

	2012	2011	2010	2009	2008
	------(Rupees in thousand)-----				
Present value of defined benefit obligation	<u>48,816</u>	<u>46,007</u>	<u>46,822</u>	<u>45,742</u>	<u>43,669</u>
Experience adjustment on obligation	<u>(648)</u>	<u>-</u>	<u>2,978</u>	<u>-</u>	<u>(6,170)</u>

12. TRADE AND OTHER PAYABLES

	Note	2012 (Rupees in thousand)	2011
Creditors		96,257	91,020
Bills payable		5,760	4,179
Advance payments		48,562	60,666
Retention money		437	218
Sales tax payable		4,967	12,328
Accrued expenses		28,699	18,185
Income tax deducted at source		81	248
Workers' (profit) participation fund	12.1	6,680	3,231
Unclaimed dividends		4,061	3,663
Others		509	1,190
		<u>196,013</u>	<u>194,928</u>

12.1 Workers' (profit) participation fund - the Fund

Balance at beginning of the year	3,231	202
Add:		
- allocation for the year	6,433	3,022
- profit earned on the Fund's balances maintained in a PLS bank account	11	9
- Interest on funds utilised in the Company's business	81	-
	<u>6,525</u>	<u>3,031</u>
	9,756	3,233
Less: amounts paid to the workers during the year on behalf of the Fund	<u>3,076</u>	<u>2</u>
	<u>6,680</u>	<u>3,231</u>

13. ACCRUED MARK-UP

Mark-up accrued on:		
- long term finances	3,839	-
- short term finances	21,870	48,327
	<u>25,709</u>	<u>48,327</u>

14. SHORT TERM FINANCES - Secured

Short term finance facilities available from various commercial banks under mark-up arrangements aggregate to Rs.2.063 billion (2011: Rs.2.135 billion). These facilities, during current financial year, carried mark-up at the rates ranging from 9.5% to 15.44% (2011: 10% to 15.97%) per annum. Facilities available for opening letters of credit and guarantee aggregate to Rs.41.500 million (2011: Rs.90.500 million) of which the amount aggregating Rs.23.44 million (2011: Rs.75.300 million) remained unutilised at the balance sheet date. The aggregate facilities 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, 2013.

	Note	2012 (Rupees in thousand)	2011
15. CURRENT PORTION OF NON-CURRENT LIABILITIES			
Long term finance:	9	41,642	-
Long term deposits	10	-	837
		<u>41,642</u>	<u>837</u>

16. CONTINGENCIES AND COMMITMENTS

- 16.1 Commitments in respect of capital expenditure aggregate to Rs. 15.061 million (2011: nil).
- 16.2 Guarantee given to Sui Northern Gas Pipelines Ltd. by a commercial bank on behalf of the Company outstanding as at September 30, 2012 was for Rs.10.392 million (2011: Rs.10.392 million).
- 16.3 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 the amount of Rs. 2.400 million.
- 16.4 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.
- 16.5 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.
- 16.6 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.
- 16.7 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.
- 16.8 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.

- 16.9 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.
- 16.10 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.
- 16.11 GoP, during the current 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 the amount of Rs.1.00 million.
- 16.12 Deputy Commissioner Inland Revenue, during the current 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 has filed a writ petition before LHC against aforementioned demand, which is pending adjudication.

17. PROPERTY, PLANT AND EQUIPMENT

	Note	2012 (Rupees in thousand)	2011
Operating fixed assets	17.1	1,086,471	1,031,767
Capital work-in-progress	17.5	<u>41,614</u>	<u>60,017</u>
		<u>1,128,085</u>	<u>1,091,784</u>

17.1 Operating fixed assets - tangible

	Owned													Leased			
	Buildings on freehold land													Vehicles	Total		
	Freehold Land	Colony	Factory	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
(Rupees in '000)																	
At October 1, 2010																	
Cost	6,306	15,436	214,385	1,707,543	471	7,185	840	5,750	104,138	7,579	5,692	7,804	39,863	2,934	1,181	6,572	2,133,679
Accumulated depreciation	-	7,682	105,178	778,280	413	3,857	596	3,745	74,531	5,812	3,931	5,425	30,480	1,809	582	3,414	1,025,685
Net book value	6,306	7,804	109,207	929,263	58	3,328	244	2,005	29,607	1,767	1,761	2,379	9,383	1,125	599	3,158	1,107,994
Year ended September 30, 2011																	
Opening net book value	6,306	7,804	109,207	929,263	58	3,328	244	2,005	29,607	1,767	1,761	2,379	9,383	1,125	599	3,158	1,107,994
Additions	-	3,207	230	25,911	-	-	-	1,437	850	-	1,294	847	8,006	1,140	243	-	45,165
Transfers:																	
- cost	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	6,572	(6,572)
- depreciation	-	-	-	-	-	-	-	-	-	-	-	-	(3,414)	-	-	3,414	-
Disposals:																	
- cost	-	-	-	-	-	-	-	-	(128)	-	-	(80)	(5,157)	-	-	-	(6,365)
- depreciation	-	-	-	-	-	-	-	-	103	-	-	35	2,386	-	-	-	2,534
Depreciation charge for the year	-	-	-	-	-	-	-	(25)	(45)	(2,761)	-	-	-	-	-	-	(2,831)
Closing net book value	6,306	10,567	98,506	860,348	51	2,929	220	3,169	25,963	1,590	2,646	2,924	13,862	1,912	774	-	1,031,767
At September 30, 2011																	
Cost	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
Accumulated depreciation	-	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
Net book value	6,306	10,567	98,506	860,348	51	2,929	220	3,169	25,963	1,590	2,646	2,924	13,862	1,912	774	-	1,031,767
Year ended September 30, 2012																	
Opening net book value	6,306	10,567	98,506	860,348	51	2,929	220	3,169	25,963	1,590	2,646	2,924	13,862	1,912	774	-	1,031,767
Additions	-	4,063	29,082	115,306	-	13,176	-	5,242	1,896	-	675	155	6,293	880	96	-	176,864
Disposals:																	
- cost	-	-	-	-	-	-	-	-	-	-	-	-	(4,363)	-	-	-	(4,363)
- depreciation	-	-	-	-	-	-	-	-	-	-	-	-	3,937	-	-	-	3,937
Written-off:																	
- cost	-	-	-	(9,616)	-	-	-	-	-	-	-	-	-	-	-	-	(9,616)
- depreciation	-	-	-	6,046	-	-	-	-	-	-	-	-	-	-	-	-	6,046
Depreciation charge for the year	-	622	11,267	93,835	6	1,536	22	665	4,019	159	483	301	4,556	606	87	-	(3,570)
Closing net book value	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
At September 30, 2012																	
Cost	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
Accumulated depreciation	-	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
Net book value	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
Depreciation rate (%)		5	10	10	12	12	10	10	15	10	15	10	25	25	10		25

17.2 Disposal of operating fixed assets

Particulars	Cost	Accumulated depreciation	Book value	Sale proceeds	Gain	Mode of disposal	Particulars of buyer
------(Rupees in thousand)-----							
Vehicles:							
Honda Civic	1,315	1,161	154	591	437	Negotiation	Mr. Irfan Atta Ullah Mhrban Colony, Multan
Honda City	864	719	145	372	227	Company Policy	Mr. waheed Mohy-ud-Din Noon Sugar Mills Colony, Bhalwal
Honda City	853	739	114	368	254	-do-	Mr. Elahi Baksh Noon Sugar Mills Colony, Bhalwal
Toyota Coaster	1,331	1,318	13	646	633	Negotiation	Mr. Jahanzaib Chak No. 46, Sargodha
	<u>4,363</u>	<u>3,937</u>	<u>426</u>	<u>1,977</u>	<u>1,551</u>		

17.3 Assets written off

Particulars	Cost	Accumulated depreciation	Book value
----- (Rupees in '000) -----			
Plant and Machinery:			
Membrane	9,616	6,046	3,570

17.4 Depreciation for the year has been apportioned as under:

	2012	2011
	(Rupees in thousand)	
Cost of sales	111,602	111,309
Distribution and marketing expenses	300	109
Administrative expenses	6,262	5,143
	<u>118,164</u>	<u>116,561</u>

17.5 Capital work-in-progress

Buildings on freehold land - factory		
- cost and expenses	-	1,750
- advance payments	901	625
Plant and machinery		
- cost and expenses	29,561	45,109
- advance payments	10,310	3,986
Scales and weighbridges		
- cost and expenses	-	4,977
- advance payments	-	1,120
Vehicles		
- cost and expenses	-	2,450
Electric installations		
- cost and expenses	842	-
	<u>41,614</u>	<u>60,017</u>

18. INVESTMENT PROPERTY

Land		Buildings on freehold land	Total
Freehold	Leasehold		

----- (Rupees in thousand) -----

At October 1, 2010

Cost	6,730	8,600	5,609	20,939
Accumulated depreciation	-	-	3,885	3,885
Book value	<u>6,730</u>	<u>8,600</u>	<u>1,724</u>	<u>17,054</u>

Year ended September 30, 2011

Opening book value	6,730	8,600	1,724	17,054
Depreciation charge for the year	-	-	86	86
Closing book value	<u>6,730</u>	<u>8,600</u>	<u>1,638</u>	<u>16,968</u>

At September 30, 2011

Cost	6,730	8,600	5,609	20,939
Accumulated depreciation	-	-	3,971	3,971
Book value	<u>6,730</u>	<u>8,600</u>	<u>1,638</u>	<u>16,968</u>

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	<u>6,730</u>	<u>9,828</u>	<u>1,556</u>	<u>18,114</u>

At September 30, 2012

Cost	6,730	9,828	5,609	22,167
Accumulated depreciation	-	-	4,053	4,053
Book value	<u>6,730</u>	<u>9,828</u>	<u>1,556</u>	<u>18,114</u>

Depreciation rate (%)

5

18.1 Depreciation for the year has been grouped under other operating expenses (note 32).

18.2 Fair value of the investment property, based on the management's estimation, as at September 30, 2012 was Rs.220 million (September 30, 2011: Rs.167.800 million).

19. LONG TERM INVESTMENTS	Note	2012 (Rupees in thousand)	2011
Associated Company - Quoted Equity method Noon Pakistan Limited. (NPL)			
2,420,000 (2011:2,200,000) non-voting ordinary shares of Rs.10 each - cost Equity held 17.36% (2011: 17.36%)	19.1	20,000	20,000
Post acquisition profit brought forward including effect of items directly credited in equity by NPL		29,633	25,552
Share of (loss) / profit - net of taxation		(1,433)	6,508
Dividend received during the year		-	(2,640)
		<u>48,200</u>	<u>49,420</u>
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	19.3	(2)	(2)
		<u>-</u>	<u>-</u>
		<u>48,200</u>	<u>49,420</u>

19.1 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 extraordinary 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, 2012 was Rs.71.874 million (2011: Rs.25.894 million).

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

- total assets as at September 30,	1,282,627	1,287,019
- total liabilities as at September 30,	949,244	945,157
- turnover for the year	3,285,302	3,102,339
- net (loss) / profit for the year	(8,254)	37,491

(b) The share in net assets of NPL has been determined on the basis of audited financial statements for the year ended June 30, 2012 and un-audited financial statements for the quarters ended September 30, 2011 and September 30, 2012.

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

20. LOANS AND ADVANCES - Secured, considered good

	Vehicles	Others	Total	
			2012	2011
	----- (Rupees in thousand) -----			
Loans / advances to employees	1,030	500	1,530	1,330
Less: current portion grouped under current assets	475	167	642	570
	<u>555</u>	<u>333</u>	<u>888</u>	<u>760</u>

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

20.2 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.

21. STORES, SPARES AND LOOSE TOOLS

	Note	2012 (Rupees in thousand)	2011
Stores - including in-transit valuing Rs. 4.290 million (2011: Rs. 2.460 million)		41,841	26,963
Spares		58,086	52,391
Loose tools		817	601
		<u>100,744</u>	<u>79,955</u>
Less: provision for slow moving items	21.1	<u>11,471</u>	<u>11,852</u>
		<u>89,273</u>	<u>68,103</u>

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

Opening balance	11,852	11,734
Provision (reversed) / made during the year	<u>(381)</u>	<u>118</u>
Closing balance	<u>11,471</u>	<u>11,852</u>

Stores and spares inventory includes slow moving items valuing Rs.22.943 million (2011: Rs. 23.705 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.

	2012 (Rupees in thousand)	2011
22. STOCK-IN-TRADE		
Raw materials - molasses	10,062	33,540
Work-in-process:		
- Sugar	4,863	5,786
- Molasses	4,010	4,481
	<u>8,873</u>	<u>10,267</u>
Finished goods:		
- Sugar	184,834	781,729
- Spirit	142,249	51,083
	<u>327,083</u>	<u>832,812</u>
Other stocks- Fair Price Shop and Depot	276	343
	<u>346,294</u>	<u>876,962</u>

23. TRADE DEBTS	Note	2012 (Rupees in thousand)	2011
Export - secured		70,559	45,441
Local - unsecured, considered good	23.1	<u>5,451</u>	<u>2,841</u>
		<u>76,010</u>	<u>48,282</u>

23.1 These include an amount of Rs.1.771 million (2011:Rs.Nil) due from Noon Pakistan Limited (an associated Company).

24. LOANS AND ADVANCES - considered good

Advances to:			
- employees		2,216	3,086
- suppliers		9,542	24,569
Recoverable from growers		34,227	29,646
Current portion of long term loans and advances		642	570
others		-	700
		<u>46,627</u>	<u>58,571</u>

25. OTHER RECEIVABLES

Claims receivable - considered good		3,915	3,915
Others		634	-
		<u>4,549</u>	<u>3,915</u>

26. BANK BALANCES

Cash at commercial banks on:			
- current accounts		9,212	9,398
- PLS saving accounts	26.1	1,950	2,015
- margin accounts	26.2	3,400	2,400
- dividend accounts		535	291
		<u>15,097</u>	<u>14,104</u>
Cash at Cooperative Societies on current accounts		745	745
Less: provision for doubtful balances	26.3	745	745
		<u>15,097</u>	<u>14,104</u>

26.1 PLS saving accounts, during the current financial year, have carried profit / mark-up at the rate of 6% (2011: 5%) per annum.

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

26.3 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.

27. INVESTMENTS CLASSIFIED AS HELD FOR SALE

The Company held 3,826,151 ordinary shares in Pioneer Cement Limited (PCL). The Company, along with certain other majority shareholders, granted right to Vision Holdings Middle East Ltd. (VHMEL) to acquire shares subject to a call option for a period of 18 months commenced from June 18, 2009 as per the Shares Purchase Agreement (SPA) dated May 22, 2009. Upon completion of due diligence exercise, the final adjusted purchase price of Rs. 6.20 per share was agreed upon within the framework of SPA (the Agreed Consideration). Accordingly, VHMEL on December 15, 2010 under the Listed Companies (Substantial Acquisition of Voting Shares and Take-overs) Ordinance, 2002 made an announcement of its intention to acquire 25.93% shares or control of PCL including the Company's share-holding and also announced the Public Offer in the manner so prescribed.

A foreign share-holder along with two other local minority shareholders filed suits against PCL, buyer, seller, etc. with the Honourable Sindh High Court, Karachi (the Court) inter alia challenging the Public Offer made by VHMEL and settlement as per the SPA. The Court in its order dated October 25, 2011 disposed off all these suits and directed SECP to conclude the proceedings within 90 days with regard to the acquisition of shares by VHMEL as per the SPA. In line with the order of the Court, SECP in its order dated March 07, 2012 directed VHMEL to make Public Offer within 90 days of its order and to make payment within 30 days of closing date of the Public Offer. Consequently, the Company, during August, 2012 has received Rs.23.722 million being the Agreed Consideration for the sale of its shareholding in PCL.

28. SALES - Net

	Sugar		Distillery		Total	
	2012	2011	2012	2011	2012	2011
	----- (Rupees in thousand) -----					
Local	3,744,004	2,268,345	223,213	187,104	3,967,217	2,455,449
Inter-segment (note 29.3)	256,709	259,825	-	-	-	-
Export	-	-	963,574	804,970	963,574	804,970
	<u>4,000,713</u>	<u>2,528,170</u>	<u>1,186,787</u>	<u>992,074</u>	<u>4,930,791</u>	<u>3,260,419</u>
Less:						
- sales tax	277,334	114,691	30,788	26,615	308,122	141,306
- federal excise duty	-	13,461	-	1,963	-	15,424
- trade discount	-	-	12	2,200	12	2,200
	<u>277,334</u>	<u>128,152</u>	<u>30,800</u>	<u>30,778</u>	<u>308,134</u>	<u>158,930</u>
	<u><u>3,723,379</u></u>	<u><u>2,400,018</u></u>	<u><u>1,155,987</u></u>	<u><u>961,296</u></u>	<u><u>4,622,657</u></u>	<u><u>3,101,489</u></u>

Sugar		Distillery		Total	
2012	2011	2012	2011	2012	2011

----- (Rupees in thousand) -----

29. COST OF SALES

Raw materials consumed (note 29.1)	2,771,447	2,584,093	385,600	371,478	3,157,047	2,955,571
Inter-segment transfers (note 29.3)	-	-	256,709	259,825	-	-
	<u>2,771,447</u>	<u>2,584,093</u>	<u>642,309</u>	<u>631,303</u>	<u>3,157,047</u>	<u>2,955,571</u>
Salaries, wages and benefits (note 29.2)	91,333	81,555	25,579	22,276	116,912	103,831
Fuel and power	15,334	19,511	66,052	45,591	81,386	65,102
Chemicals and stores consumed	52,468	32,566	23,594	19,609	76,062	52,175
Repair and maintenance	117,758	90,011	19,715	9,425	137,473	99,436
Depreciation	94,089	93,541	17,513	17,768	111,602	111,309
Insurance	3,927	3,549	1,639	1,396	5,566	4,945
Rates and taxes	316	314	27	27	343	341
Others	6,029	4,659	1,813	881	7,842	5,540
	<u>3,152,701</u>	<u>2,909,799</u>	<u>798,241</u>	<u>748,276</u>	<u>3,694,233</u>	<u>3,398,250</u>
Adjustment of work-in-process						
Opening	5,952	3,469	4,315	-	10,267	3,469
Closing	(5,038)	(5,952)	(3,835)	(4,315)	(8,873)	(10,267)
	<u>914</u>	<u>(2,483)</u>	<u>480</u>	<u>(4,315)</u>	<u>1,394</u>	<u>(6,798)</u>
Cost of goods manufactured	3,153,615	2,907,316	798,721	743,961	3,695,627	3,391,452
Adjustment of finished goods						
Opening stock	781,729	99,313	51,083	37,571	832,812	136,884
Closing stock	(184,834)	(781,729)	(142,249)	(51,083)	(327,083)	(832,812)
	<u>596,895</u>	<u>(682,416)</u>	<u>(91,166)</u>	<u>(13,512)</u>	<u>505,729</u>	<u>(695,928)</u>
	<u>3,750,510</u>	<u>2,224,900</u>	<u>707,555</u>	<u>730,449</u>	<u>4,201,356</u>	<u>2,695,524</u>

29.1 Sugar cane purchases include cane purchased from:

Directors	-	571
Associated persons of directors	943	2,742
	<u>943</u>	<u>3,313</u>

29.2 These include Rs.1,066 thousand (2011: Rs.1,480 thousand) and Rs.6,326 thousand (2011: Rs.6,892 thousand) in respect of provident fund contributions and staff retirement benefits - gratuity respectively.

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

30. DISTRIBUTION AND MARKETING EXPENSES

	Sugar		Distillery		Total	
	2012	2011	2012	2011	2012	2011
	----- (Rupees in thousand) -----					
Salaries and benefits (note 30.1)	1,473	953	864	596	2,337	1,549
Loading, unloading, freight and export expenses	1,445	1,179	70,487	63,261	71,932	64,440
Rent of storage tanks	-	-	9,000	8,625	9,000	8,625
Depreciation	300	109	-	-	300	109
Sales promotion expenses	-	-	-	258	-	258
Commission	1,161	98	-	-	1,161	98
Others	1,373	2,387	107	129	1,480	2,516
	<u>5,752</u>	<u>4,726</u>	<u>80,458</u>	<u>72,869</u>	<u>86,210</u>	<u>77,595</u>

30.1 These include Rs.18 thousand (2011: Rs.17 thousand) and Rs.50 thousand (2011: Rs.55 thousand) in respect of provident fund contributions and staff retirement benefits - gratuity respectively.

31. ADMINISTRATIVE EXPENSES

Salaries and benefits (note 31.1)	40,390	36,402	13,848	12,134	54,238	48,536
Travelling and conveyance including directors' travelling amounting Rs.0.93 million (2011: Rs. 3.003 million)	447	958	781	2,322	1,228	3,280
Vehicles' running and maintenance	5,152	3,911	1,803	1,304	6,955	5,215
Communication	1,073	1,017	506	410	1,579	1,427
Printing and stationery	904	565	303	188	1,207	753
Rent, rates and taxes	1,719	1,562	765	1,231	2,484	2,793
Insurance	438	534	146	178	584	712
Repair and maintenance	4,153	2,482	1,435	884	5,588	3,366
Subscription	403	459	165	153	568	612
Advertisement	441	133	147	44	588	177
Depreciation	4,658	3,858	1,604	1,285	6,262	5,143
Entertainment / guest house expenses	1,932	1,289	802	555	2,734	1,844
Auditors' remuneration (note 31.2)	571	598	190	199	761	797
Legal and professional charges (other than Auditors')	1,019	416	340	138	1,359	554
Utilities	3,325	2,505	1,108	835	4,433	3,340
Others	244	292	111	97	355	389
	<u>66,869</u>	<u>56,981</u>	<u>24,054</u>	<u>21,957</u>	<u>90,923</u>	<u>78,938</u>

31.1 These include Rs.344 thousand (2011: Rs.532 thousand) and Rs.2,361 thousand (2011: Rs.2,572 thousand) in respect of provident fund contributions and staff retirement benefits-gratuity respectively.

31.2 Auditors' remuneration	2012	2011
Hameed Chaudhri & Co.	(Rupees in thousand)	
- statutory audit fee	500	500
- half yearly review	130	125
- consultancy charges	30	30
- certification charges	-	25
- out-of-pocket expenses	30	25
	<u>690</u>	<u>705</u>
S.M. Naim Mian & Co. - cost audit fee (2011: Javaid Iqbal & Co.)		
- current	55	55
- prior year	-	15
S.M. Naim Mian & Co. - provident fund's audit fee (2011: Javaid Jalal Amjad & Co.)		
- current	16	16
- prior year	-	6
	<u>761</u>	<u>797</u>

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

32. OTHER OPERATING EXPENSES	Note	2012	2011
		(Rupees in thousand)	
Irrecoverable balances written-off		121	88
Donations (without directors' interest)		119	52
Depreciation on investment property	18	82	86
Operating fixed assets written-off	17.3	3,570	-
Provision made for slow moving stores and spares inventory		-	118
Workers' (profit) participation fund	12.1	6,433	3,022
Exchange loss		575	-
Sales tax and federal excise duty - prior years		-	1,287
		<u>10,900</u>	<u>4,653</u>
33. OTHER OPERATING INCOME			
Income from financial assets			
Unclaimed and other payable balances written-back		647	393
Interest / mark-up on PLS saving accounts		751	548
Income from other than financial assets			
Scrap sales - net		12,629	7,274
Gain on disposal of operating fixed assets - net	17.2	1,551	402
Provision reversed for slow moving stores and spares inventory	21.1	381	-
Rent		6	4
Others		674	659
		<u>16,639</u>	<u>9,280</u>

34. FINANCE COST	Note	2012	2011
		(Rupees in thousand)	
Mark-up on:			
- long term finances		8,044	10,505
- short term finances		116,675	184,423
- loan from chief executive	34.1	756	-
Lease finance charges		-	118
Interest on workers' (profit) participation fund		81	-
Bank and other charges		2,133	2,879
		<u>127,689</u>	<u>197,925</u>

34.1 This represents mark-up, at the rate of 14% per annum, paid on a short term loan obtained from the Company's Chief Executive.

35. TAXATION - Net			
Current year		16,213	31,374
Adjustment of prior years		(1,726)	(3,590)
		<u>14,487</u>	<u>27,784</u>

35.1 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 2012 have been assessed under the self assessment scheme envisaged in section 120 of the Income Tax Ordinance, 2001 (the Ordinance). The Company has not received any notice from the Tax Department for selection of its cases for detailed scrutiny for these Tax Years.

35.2 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 of the Ordinance.

35.3 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.

36. EARNINGS PER SHARE - Basic and Diluted

Profit after taxation attributable to ordinary shareholders		<u>106,298</u>	<u>34,858</u>
		Number of Shares	
Weighted average number of ordinary shares outstanding during the year		<u>16,517,453</u>	<u>16,517,453</u>
		-----Rupees-----	
Earnings per share		<u>6.44</u>	<u>2.11</u>

36.1 There is no dilutive effect on the basic earnings per share of the Company.

37. REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

Particulars	Chief Executive		Directors		Executives	
	2012	2011	2012	2011	2012	2011
----- (Rupees in thousand) -----						
Managerial remuneration including bonus	4,800	1,200	4,995	4,180	8,879	10,474
Perquisites and benefits:						
House rent	-	-	600	600	-	-
Utilities	1,255	1,152	492	435	-	16
Medical	-	3,539	401	210	107	-
Servant salary	-	-	-	-	160	156
Entertainment/ club bills	490	428	90	86	70	-
	1,745	5,119	1,583	1,331	337	172
	6,545	6,319	6,578	5,511	9,216	10,646
No. of persons	1	note 37.1	2	2	7	10

37.1 After the death of Malik Manzoor Hayat Noon, during the preceding year, Mr. Adnan Hayat Noon was appointed as Chief Executive of the Company.

37.2 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.

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

37.4 A sum of Rs.640 thousand (2011: Rs.321 thousand) was incurred on the renovation of chief executive's residence during the current financial year.

38. 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.

39. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

39.1 Financial Risk Factors

The Company's activities expose it to a variety of financial risks: market risk (including interest rate risk and currency 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.

39.2 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.\$	
2012			
Bills payable	4,268	45	
Trade debts	(70,558)	(747)	
Net exposure	<u>(66,290)</u>	<u>(702)</u>	
	Rupees	U.S.\$	G.B.P
2011			
Bills payable	4,179	26	14
Trade debts	(45,441)	(520)	-
Gross exposure	<u>(41,262)</u>	<u>(494)</u>	<u>14</u>
Outstanding letters of credit	92	1	-
Net exposure	<u>(41,170)</u>	<u>(493)</u>	<u>14</u>

The following significant exchange rates have been applied:

	Average rate		Balance sheet date rate	
	2012	2011	2012	2011
US Dollar to Rupee	89.58	86.71	94.5 / 94.7	87.2 / 87.4
G.B Pound to Rupee	152.91	136.20	153.91	136.23

Sensitivity Analysis

At September 30, 2012, if Rupee had strengthened by 1% against U.S\$ with all other variables held constant, profit after taxation for the year would have been increased / (decreased) by the amount shown below mainly as a result of net foreign exchange gains / (losses) on translation of foreign currency financial liabilities.

	2012	2011
	(Rupees in '000)	
Effect on profit for the year		
U.S Dollar to Rupee	(663)	(431)
G.B Pound to Rupee	-	19

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

The sensitivity analysis prepared is not necessarily indicative of the effects on 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:

	2012	2011	2012	2011
	Effective rate		Carrying amount	
	%	%	(Rupees in '000)	
Fixed rate instruments				
Financial assets				
Bank balances	6	5	<u>1,950</u>	<u>2,015</u>
Variable rate instruments				
Financial liabilities				
Long term financing	12.01 - 13.64	-	<u>114,515</u>	<u>-</u>
Short term borrowings	9.5 - 15.44	10 - 15.97	<u>599,368</u>	<u>1,224,228</u>

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, 2012, if interest rate on variable rate financial liabilities had been 1% higher / lower with all other variables held constant, profit after taxation for the year would have been Rs.7,139 thousand higher / lower mainly as a result of higher / lower interest expense on variable rate financial liabilities (2011: profit would have been higher / lower by Rs.12,242 thousand).

(c) Other 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.

39.3 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, 2012 along with comparative is tabulated below:

	2012	2011
	(Rupees in '000)	
Deposits	1,366	1,313
Trade debts	76,010	48,282
Loans and advances	34,227	29,646
Other receivables	4,549	3,915
Bank balances	15,097	14,104
Investments classified as held for sale	-	23,722
	<u>131,249</u>	<u>120,982</u>

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

Domestic	5,451	2,841
Export	70,559	45,441
	<u>76,010</u>	<u>48,282</u>

The export debtors of the Company are situated in Asia.

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

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. 75.031 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.

39.4 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) -----				
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	-
	<u>875,315</u>	<u>924,526</u>	<u>842,884</u>	<u>81,642</u>
			Carrying amount	Contractual cash flows (less than one year)
---- (Rupees in '000) ----				
2011				
Trade and other payables			118,455	118,455
Accrued mark-up			48,327	48,327
Short term finances			1,224,228	1,300,093
			<u>1,391,010</u>	<u>1,466,875</u>

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.

39.5 Fair values of financial instruments

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

At September 30, 2012, 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.

40. CAPACITY AND PRODUCTION

		2012	2011
Sugar Plant			
Rated crushing capacity (based on 160 working days)	M. Tons	1,440,000	1,280,000
Cane crushed	M. Tons	701,851	600,385
Sugar produced	M. Tons	65,684	46,181
Days worked	Nos.	114	116
Sugar recovery	%	9.36	7.70
Distillery Plant			
Rated capacity per day	Litres	80,000	80,000
Actual production	Litres	22,028,395	17,571,000
Days worked	Nos.	307	302

40.1 The Company, during the current financial year, has increased the crushing capacity of its sugar plant from 8,000 M.Tons to 9,000 M.Tons per day.

41. SEGMENT INFORMATION

The Company's reportable segments are as follows:

- Sugar
- Distillery

41.1 Segment revenues and results

	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 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 operating expenses				(10,900)
Other operating income				16,639
Finance cost				(127,689)
Share of Loss of an Associated Company				(1,433)
Taxation				(14,487)
Profit for the year				106,298
----- Rupees in '000 -----				
For the year ended September 30, 2011				
Sales	2,400,018	961,296	(259,825)	3,101,489
Cost of Sales	2,224,900	730,449	(259,825)	2,695,524
Gross Profit	175,118	230,847	-	405,965
Selling and Distribution Expenses	4,726	72,869	-	77,595
Administrative Expenses	56,981	21,957	-	78,938
	61,707	94,826	-	156,533
Profit before taxation and unallocated income and expenses	113,411	136,021	-	249,432
Unallocatable income and expenses				
Other operating expenses				(4,653)
Other operating income				9,280
Finance cost				(197,925)
Share of Profit of an Associated Company				6,508
Taxation				(27,784)
Profit for the year				34,858

41.2 Segment assets and liabilities

	Sugar	Distillery	Total
----- Rupees in '000 -----			
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			<u>1,826,793</u>
Segment liabilities	184,518	47,856	232,374
Unallocatable liabilities			773,043
Total liabilities as per balance sheet			<u>1,005,417</u>
As at September 30, 2011			
Segment assets	1,837,698	323,972	2,161,670
Unallocatable assets			127,759
Total assets as per balance sheet			<u>2,289,429</u>
Segment liabilities	193,297	39,728	233,025
Unallocatable liabilities			1,316,763
Total liabilities as per balance sheet			<u>1,549,788</u>

Sales to domestic customers in Pakistan are 80.46% (2011: 74.05%) and to customers outside Pakistan are 19.54% (2011: 25.95%) of the revenues during the current financial year.

The Company sells its manufactured products to local and foreign companies, commission agents, organisations and institutions. Three (2011: Three) of the Company's customers contributed towards 63.15% (2011: 55.21%) of the local sales during the current financial year aggregating Rs.2.311 billion (2011: Rs.1.355 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.

42. 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 29.1, 37 and for the following, no transactions were executed with related parties:

	2012	2011
	(Rupees in thousand)	
Associated Company		
- sale of sugar	51,024	43,267
- dividend received	-	2,640
		Number of shares
- bonus shares received	220,000	-

43. DIVIDEND

The Board of Directors, in their meeting held on January 05, 2013 has proposed a final cash dividend of Rs.2 (2011: Rs.1.5) per share amounting to Rs. 33.035 million (2011: Rs.24.776 million) for the financial year ended September 30, 2012. This appropriation will be approved by the members in the forthcoming Annual General Meeting to be held on January 31, 2013. These financial statements do not include the effect of this appropriation which will be accounted for in the financial statements for the financial year ending September 30, 2013.

44. DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorised for issue on January 05, 2013 by the board of directors of the Company.

45. FIGURES

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



ADNAN HAYAT NOON
Chairman & Chief Executive



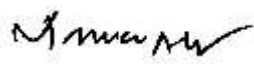
K. IQBAL TALIB
Managing Director

FORM 34

PATTERN OF SHAREHOLDING
AS AT 30 SEPTEMBER, 2012

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, 2012.

Number of Shareholders	Shareholdings		Total Shares Held	Percentage
	From	To		
785	1	100	26,016	0.16
558	101	500	139,362	0.84
217	501	1,000	159,400	0.97
339	1,001	5,000	745,707	4.51
59	5,001	10,000	413,792	2.51
20	10,001	15,000	248,111	1.50
14	15,001	20,000	241,871	1.46
13	20,001	25,000	292,060	1.77
3	25,001	30,000	86,669	0.52
2	30,001	35,000	61,668	0.37
1	35,001	40,000	39,179	0.24
1	40,001	45,000	43,952	0.27
1	45,001	50,000	47,916	0.29
4	55,001	60,000	230,292	1.39
2	60,001	65,000	123,307	0.75
1	75,001	80,000	75,370	0.46
2	80,001	85,000	167,696	1.02
3	100,001	105,000	308,330	1.87
1	125,001	130,000	126,383	0.77
2	180,001	185,000	365,271	2.21
1	185,001	190,000	187,388	1.13
1	215,001	220,000	216,699	1.31
1	265,001	270,000	267,188	1.62
1	450,001	455,000	452,537	2.74
1	510,001	515,000	514,341	3.11
1	560,001	565,000	564,147	3.42
1	765,001	770,000	765,403	4.63
1	775,001	780,000	775,591	4.70
1	865,001	870,000	865,481	5.24
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
2,040			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	31,953	0.19
5.4	Banks, Development Finance Institutions, Non Banking Financial Institutions.	3,674,480	22.25
5.5	Insurance Companies	227,431	1.38
5.6	Modarabas and Mutual Funds	850,961	5.15
5.7	Shareholders holding 5% (or more)		
	Mr. 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
	Aqeel Karim Dhedhi	865,481	5.24
5.8	General Public		
	a. Local	5,454,889	33.03
	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	1,006,314	6.09
	Investment Companies	873	0.01
	Cooperative Societies	3	0.00
	Others	12,454	0.08
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	30.09.2012	

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 50th Annual General Meeting of the Company to be held on Thursday, 31 January, 2013 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 _____ 2013.

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.



Noon Sugar Mills Limited

2nd Floor, Mustafa Center, 45-F, Main Market, Gulberg-II, Lahore.