CONTENTS

COMPANY INFORMATION

BOARD OF DIRECTORS

MR. ISMAIL H. ZAKARIA	Chairman & Managing Director
MR. YUSUF AYOOB	
MR. SULEMAN AYOOB	Resident Director
MR. A. AZIZ AYOOB	Marketing Director
MR. NOOR MOHAMMAD ZAKARIA	
MR. ZIA ZAKARIA	
MR. SALIM AYOOB	
MR. ZOHAIR ZAKARIA	
MR. SHAMIM AHMAD	(N.I.T. Nominee)
MR. MUHAMMAD ASIF	(N.I.T. Nominee)

BOARD AUDIT COMMITTEE

MR. A. AZIZ AYOOB	Chairman
MR. ZIA ZAKARIA	Member
MR. MUHAMMAD ASIF	Member

HUMAN RESOURCE AND REMUNERATION COMMITTEE

MR. NOOR MOHAMMAD ZAKARIA	Chairman
MR. ISMAIL H. ZAKARIA	Member
MR. ZIA ZAKARIA	Member

CHIEF FINANCIAL OFFICER

MR. ZOHAIR ZAKARIA

COMPANY SECRETARY

MR. MOHAMMAD YASIN MUGHAL
FCMA

AUDITORS

HYDER BHIMJI & CO.
Chartered Accountants

LEGAL ADVISOR

MR. ABDUL SATTAR PINGAR

REGISTERED OFFICE

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

FACTORY

SHAHPUR JAHANIA, P.O. NOOR JAHANIA, TALUKA MORO,
DISTRICT SHAHEED BENAZIR BHUTTO ABAD (NAWABSHAH)

REGISTRAR & SHARE REGISTRATION OFFICE

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

WEBSITE

www.alnoorsugar.co

Mission Statement

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

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

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

Vision Statement

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

CODE OF CONDUCT

Al-Noor Sugar Mills Limited is guided by the following principles in its pursuit of excellence in all activities for the attainment of the Company Objectives.

THE COMPANY

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

AS DIRECTORS

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

AS EXECUTIVE AND MANAGERS

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

AS EMPLOYEES AND WORKERS

- Observe Company policies, regulations and codes of Best Business Practices.
- Exercise prudence in effective, efficient and economical utilization of resources of the Company.
- Make concerted struggle for excellence and quality.
- Devote productive time and continued efforts to strength the Company.
- Protect and safeguard the interest of the Company and avoid the conflict of interest. Ensure the primary interest in all respects is that of the Company.
- Maintain financial integrity and must avoid making personal gain at the Company's cost by participating in or assisting activities which compete with the Company.

NOTICE OF MEETING

Notice is hereby given that 44th Annual General Meeting of AL-NOOR SUGAR MILLS LIMITED will be held at the Registered Office of the Company at 96-A, Sindhi Muslim Society, Karachi on Friday, 31st January, 2014 at 03.30 p. m to transact the following Business

ORDINARY BUSINESS

1. To confirm the Minutes of the 43rd Annual General Meeting of the Company held on 30th January, 2013.

2. To receive, consider and adopt the Audited Financial Statements of the Company for the year ended September 30, 2013 together with the Directors' and Auditors' Reports thereon.

3. To approve payment of cash dividend @ 5 % .i.e. Re.0.50 per ordinary share of Rs.10/= each for the year ended 30th September 2013 as recommended by the Board of Directors.

4. To appoint Auditors and fix their remuneration for the year ended 30th September 2014.

SPECIAL BUSINESS

5. To consider and approve the issue of bonus shares @ 5% (Five bonus shares for every One hundred shares held) for the year ended September 30, 2013 as recommended by the Board of Directors.

A statement under section 160(1)(b) of the Companies Ordinance, 1984 pertaining to the Special Business referred to above is annexed to this Notice of Meeting

OTHER BUSINESS

6. To transact any other business with permission of the Chair.

By Order of the Board

(M. YASIN MUGHAL)
COMPANY SECRETARY

Karachi: December 27, 2013

NOTE:

1. The Register of Members of the Company will remain closed from 23rd January, 2014 to 3rd February, 2014 (Both days inclusive) for the purpose of holding the Annual General Meeting / Transfer of shares.

2. A member of the Company entitled to attend and vote may appoint any member as his/her proxy to attend and vote on his/her behalf . PROXIES MUST BE RECEIVED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE MEETING.

3. Submission of copies of CNIC:

SECP has directed vide SRO No.831(1)2012 dated July 05, 2012 to issue dividend warrant only crossed as " A/c Payee only" and should bear the computerized National Identity Card (CNIC) number of the registered member. All those shareholders who have not submitted their valid CNICs are once again requested to send a photocopy of their valid CNIC/NTN alongwith the Folio number(s) to the Company's Share Registrar. No dividend will be payable unless the CNIC number is printed on the dividend warrants, so please let us have your CNIC, failing which we will not be responsible, if we are unable to pay the dividends to the Shareholders who have not submitted their valid CNIC

4. Payment of Cash Dividend Electronically (Optional):

The Company wish to inform its shareholders that under the law they are also entitled to receive their cash dividend directly in their bank account instead of receiving it through dividend warrants. Shareholders wishing to exercise this option may submit their application to the Company's Share Registrar, giving particulars relating to their name, folio number, bank account number, title of account and complete mailing address of the bank. CDC account holders should submit their request directly to their broker (participant) CDC.

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

A. For Attending the Meeting

i. In case of individuals, the account holder or sub-account holder and/or person whose securities are in group account and their registration details are uploaded as per the Regulations shall authenticate his identity by showing his Original Computerized National Identity Card (CNIC) or original passport at the time of attending the meeting.

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

B. For appointing proxies:

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

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

iii. Attested copies of CNIC or the passport of the beneficial owners and the proxy shall be furnished with the proxy form.

iv. The proxy shall produce his/her original CNIC or original passport at the time of the meeting.

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

6. Change of Address:

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

**STATEMENT UNDER SECTION 160(1)(b) OF THE COMPANIES ORDINANCE, 1984:
REGARDING THE SPECIAL BUSINESS**

The statement sets out the material facts pertaining to the special business to be transacted at the forthcoming Annual General Meeting of the Company to be held on January 31, 2014.

ISSUE OF BONUS SHARES TO THE MEMBERS

The Directors in their meeting held on 27 December, 2013 have recommended issue of bonus shares in proportion of five (5) Ordinary shares for every one hundred (100) ordinary shares held by the members (i.e 5%).

The following Resolution is proposed to be passed as Ordinary Resolution:

a. RESOLVED " that a sum of Rs. 9,749,380/= out of Company's accumulated profit be capitalized for issuing 974,938 fully paid ordinary shares of Rs.10/- each as bonus shares to be allotted to those shareholders of the Company, whose names shall appear in the register of members at the close of business on January 22, 2014 @ 5% in the proportion of Five ordinary shares of Rs.10/- each against One hundred ordinary shares held by a shareholder. The said shares shall rank pari passu with the existing shares of the Company as regards future dividend and in all other respects."

b. FURTHER RESOLVED THAT fractional entitlement of the members shall be consolidated into whole shares and sold in the market. The sale proceeds thereof will be donated as authorised by the Board.

c. Further Resolved that the Chief Executive /Company Secretary of the Company be and is hereby authorized to do all acts to effect this Resolution and authorize them to comply with all the necessary requirements of the law in this behalf.

The Directors of the Company are interested in the above business only to the extent of their shareholding in the Company.

DIRECTORS' REPORT TO THE MEMBERS

IN THE NAME OF ALLAH THE MOST GRACIOUS AND MOST MERCIFUL

Dear Members

Assalam-o-Alaikum:

On behalf of Board of Directors I feel pleasure to place before you the audited financial statements of your company, the significant achievements as reflected therein together with Auditors' and Directors' Reports thereon, for the period ended September 30, 2013. The Company has earned a profit after tax amounting to Rs.24.074 million as against a loss of Rs 43.099 million earned last year.

Salient comparative production and financial data are provided as under:

PRODUCTION DATA	2012-13	2011-12
Crushing season started on	01-12-2012	16-12-2011
Season ended on	25-03-2013	04-04-2012
Duration of crushing (days)	114	108
Sugarcane crushed (Metric Tons)	959,302	885,101
Sugar produced (Metric Tons)	99,740	88,058
Sugar recovery rate - percentage	10.40	9.95
Molasses produced (Metric Tons)	43,623	40,630
MDF Board produced (Cubic Meter)	50,237	49,886
No. of days MDF Board Plant operated	335	325

FINANCIAL DATA	(Rupees in thousand)	
Sales Revenue	7,594,313	6,129,081
Cost of sales	6,756,466	5,450,157
Administrative expenses	353,274	335,360
Financial Cost	344,447	421,244
Profit/(loss) before taxation	126,267	(83,513)
Provision for taxation	(102,193)	40,414
Profit/(loss) after tax	24,074	(43,099)
Earnings/(Loss) per share	Rs.1.23	(Rs.2.32)

PERFORMANCE REVIEW:

SUGAR DIVISION:

For the period under consideration cane crushed was more than the last season by 8.38 percent as the crop position improved. The production of sugar also increased partly due to increase in the volume of crushing and partly due to improvement in the sugar recovery percentage which improved to 10.40 percent for the current year from 9.95 percent in the preceding year. Your mills crushed 959,302 metric tons of sugarcane as against 885,101 metric tons crushed in the last year's crushing season. The increase in the recovery percentage is depicting healthy trend and shows that many growers have taken advantage of the Company's introduction to new better yielding varieties and planted higher recovery sugarcane in your Mills area. These modern varieties of cane not only have better sucrose contents, but also have a higher yield per acre.

From the cost of cane point of view, for the crushing season 2012-13 the minimum sugarcane support price was fixed at Rs.172 as against Rs.154 per 40 kg of sugarcane indicating an increase of 11.69 percent. While increasing the cost of raw material for the sugar mills the Government has given due consideration to the wellbeing of the growers, but this has increased the cost of production for the producers in the country. Keeping this important aspect in mind, and the overall excess production in Pakistan, the government permitted export of sugar on a limited scale.

Supplementing the export of sugar, the Trading Corporation of Pakistan (TCP) also floated tenders for the procurement of 250,000 metric tons of sugar. Your Company also participated in these but due to huge stocks in the country and most mills offering sugar, only marginal quantity was successfully sold to TCP. The TCP in turn supplied this sugar to the Utility Sores Corporation in an attempt to provide cheap sugar to the general public. The overall domestic and international surplus of sugar has kept the bottom line of the sugar division under pressure despite all the measures highlighted above.

MEDIUM DENSITY FIBRE (MDF) BOARD DIVISION:

During the period under review, the plant produced 50,237 Cubic Meters of Lasani Wood in various sizes as against 49,886 Cubic Meters produced during the previous year. The MDF Division has struggled over the last year due to heavy power outages which has affected quality of the board produced and efficiency losses in the production as well. The final product during the year included laminated sheets in various sizes and colors produced during the year thereby increasing component of value added board in the product line. Some of the product was also exported to Afghanistan although geographical uncertainty and unrest affected transport route and reduced export sales. Some board producing units have also emerged in Khyber Pakhtunkhwa and have an advantage of availability of raw material at low cost and reduced transportation charges to the neighboring country of Afghanistan. This has resulted in substantial reduction in the export of your company.

POWER GENERATION DIVISION:

As pointed out in the last year's Annual Report, the availability of power from WAPDA was uncertain due to frequent load shedding and accordingly the management decided to acquire its own power generators to overcome the situation which are operated during the crushing season with bagasse utilized as fuel. One additional boiler and turbine have been installed and on achieving reasonable capacity of power generation the surplus power was also supplied to WAPDA during the crushing season. Your company generated 12,064 megawatt in excess of its requirements which was sold to WAPDA at a value of Rupees 116.264 million. In addition the requirements of power of MDF Board division were also met.

CAPITAL EXPENDITURE:

In the Sugar Industry, upgrading the plant and machinery is a continuous process. During the year under consideration the Company incurred an expenditure of Rs.29.967 million on addition and BMR in order to maintain the efficiency of the plant.

STATEMENT OF COMPLIANCE WITH BEST PRACTICES OF CORPORATE GOVERNANCE:

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

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

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

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

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

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

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

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

9. The pattern of share holding in the Company as on September 30, 2013 is also included in the Annual Report.

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

11. Value of investment and balance in deposit accounts of Provident Fund as at 30th June, 2013 amounted to Rs.79.103 million.

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

CHANGES IN THE COMPOSITION OF BOARD OF DIRECTORS:

The present Board of Directors was elected by the members in the Extra Ordinary General Meeting held on March 25, 2011 and since then there has been no change in the composition thereof.

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

	NAME OF DIRECTORS	ATTENDED	STATUS
01.	Mr. Ismail H Zakaria (Chairman)	3	Executive
02.	Mr. Yusuf Ayoob	4	Non-executive
03.	Mr. Suleman Ayoob	4	Executive
04.	Mr. Aziz Ayoob	4	Executive
05.	Mr. Noor Mohammad Zakaria	3	Non-executive
06.	Mr. Zia Zakaria	4	Non-executive
07.	Mr. Salim Ayoob	2	Executive
08.	Mr. Zohair Zakaria	3	Executive
09.	Mr. Shamim Ahmad	4	Non-executive
10.	Mr. Muhammad Asif	3	Non- executive

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

HUMAN RESOURCE AND REMUNERATION COMMITTEE:

The Board in accordance with the Code of Corporate Governance had constituted Human Resource and Remuneration Committee comprising of the following directors. During the period one meeting of the Committee was held and attendance was as follow.

	NAME OF THE DIRECTORS	POSITION	STATUS	ATTENDED
01.	Mr. Noor Mohammad Zakaria	Chairman	Non-executive	1
02.	Mr. Ismail H Zakaria	Member	Executive	1
03.	Mr. Zia Zakaria	Member	Non-executive	1

AUDIT COMMITTEE:

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

	NAMES OF DIRECTORS	ATTENDED	STATUS
01.	Mr. A. Aziz Ayoob (Chairman)	4	Executive
02.	Mr. Zia Zakaria	4	Non-executive
03.	Mr. Muhammad Asif	3	Non-executive

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

FUTURE OUTLOOK:

SUGAR DIVISION:

This year the Government of Sindh has decided to maintain the support price of sugarcane at Rs.172/= per 40 kg of the same wide notification No. (142)S.O(Ext)95-XXIII dated December 11, 2013 for the crushing season 2013-14. While the government exercises control over the price of the sugarcane to protect the growers, it is imperative to exercise similar control over the selling price of sugar. It is a well known fact that the price of sugar has been depressed in the international and domestic markets due to excessive production of the same. Meanwhile the crushing of sugarcane has commenced on November 01, 2013 and recovery rate trend is not yet clear. The area under plantation has remained more or less the same, and it is expected that the production of sugar by your mills during 2013-14 would be similar to that of last year provided the recovery percentage in sugarcane is similar to that of the preceding year.

The countrywide sugar production in the year ahead once again seems to be a significant surplus. The prospects of export may enable an outlet for this excess sugar and help to ease the over-supply scenario. However; this will depend largely on the international market prices. Export sales not only allow a better price realization but with regular lifting of sugar also help to reduce the financial charges of your company.

The price of refined sugar in the international market remained hard to predict due to climatic uncertainty worldwide but the general surplus trend will probably continue. However, in the South East Asia, the general eagerness of the growers to plant sugarcane is a good sign and strongly indicates production figures similar to that of the preceding year. The Economic Co-ordination Committee of Government of Pakistan has allowed limited export of sugar and the Trading Corporation of Pakistan has also purchased sugar from the local mills in order to build up and maintain a strategic buffer stock of the product which can come in good use during the years of shortage. These are good steps to bring stability to sugar prices, and might have a trickle down effect in providing stability to sugarcane prices as well. The price of sugar will of course remain the key factor in determining the basis of the division's bottom line.

MDF BOARD DIVISION:

Efforts are underway to enhance value addition of the MDF products by adding new lamination processes. The general consumption trend locally and internationally is emerging whereby the finished (laminated) product has higher demand. Accordingly the management has followed the efforts towards this goal.

During the first quarter of the current year the plant has operated satisfactorily and produced 7,436 Cubic Meters of Board in various thicknesses which also included laminated sheets and it is expected that the production of the Division would increase during the remaining period of the year.

CREDIT RATING OF THE COMPANY:

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

CORPORATE & SOCIAL RESPONSIBILITY:

The company continues to operate a school in the factory area and provides education not only to the children of employees but also to the children residing in the surrounding areas of the Mills.

DIVIDEND:

Directors are pleased to recommend the payment of cash dividend @ 5 percent i.e. Re 0.50 per share of Rs.10/= each in addition to bonus shares @ 5% i.e. 5 shares for every 100 shares held. (2012 - 5% cash dividend i.e. Re. 0.50 in addition to bonus share @ of 5%).

AUDITORS:

M/s Hyder Bhimji & Company, Chartered Accountants have completed the audit of Financial Statements for the year ended September 30, 2013 and being eligible offered their services for re-appointment for the financial year 2013-14. Audit Committee has also recommended their appointment for the year 2013-14 and Board of Directors of the company endorsed the recommendations of the Audit Committee for re-appointment of M/s Hyder Bhimji & Company till the conclusion of the next Annual General Meeting of the members.

STAFF RELATIONS:

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

By order of the Board

ISMAIL H. ZAKARIA
CHAIRMAN

Karachi: December 27, 2013

STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE FOR THE YEAR ENDED 30TH SEPTEMBER 2013

This statement is being presented to comply with the Code of Corporate Governance contained in the Regulation No 35, chapter XI of listing regulations of the Karachi Stock Exchange (Guarantee) Limited and Lahore Stock Exchange (Guarantee) Limited for the purpose of establishing a framework of good governance, whereby a listed company is managed in compliance with the best practices of Corporate Governance.

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

1. The Company encourages representation of independent non-executive directors on the Board of Directors. At present the Board consists of ten directors including five non-executive directors. The condition of independent non-executive directors and directors representing minority shareholders is applicable from the date of next election which is due on March 25, 2014. At present the Board includes:

Category		Names
Independent Directors		Nil
Executive Directors	i)	Mr. Ismail H. Zakaria
	ii)	Mr. Suleman Ayoob
	iii)	Mr. Aziz Ayoob
	iv)	Mr. Salim Ayoob
	v)	Mr. Zohair Zakaria
Non-Executive Directors	i)	Mr. Yusuf Ayoob
	ii)	Mr. Noor Mohammad Zakaria
	iii)	Mr. Zia Zakaria
	iv)	Mr. Shamim Ahmad
	v)	Mr. Muhammad Asif

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

3. All the resident directors of the Company are registered as taxpayers and none of them has defaulted in payment of any loan to a banking company, a DFI, /NBFI. No any director of the company is a member of the stock exchange.

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

5. The Company has prepared a "Code of conduct" and has ensured that appropriate steps have been taken to communicate the code of conduct 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 and other executives and non-executive directors, have been taken by the Board.

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

9. Since all the directors possess 14 years of education and 15 years of experience on the board and are exempt from the directors' training program as per Code of Corporate Governance. However one of the director has acquired the required certification from the Institute of Corporate Governance.

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

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

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

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

14. The Company has complied with all the corporate and financial reporting requirements of the Code of Corporate Governance.

15. The Board has formed an Audit Committee. It comprises of three members, of whom two are non-executive directors and the chairman of the committee is an executive director.

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

17. The Board has formed a Human Resource and Remuneration Committee. It comprises of three members, of whom two are non-executive and none is independent.

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

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

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

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

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

23. We confirm that all material principles contained in the Code of Corporate Governance have been complied except those indicated in the notes to the accounts.

ISMAIL H. ZAKARIA
MANAGING DIRECTOR

Karachi: December 27, 2013

HYDER BHIMJI & CO.
CHARTERED ACCOUNTANTS

Member of
KRESTON INTERNATIONAL
with affiliated offices worldwide

Suite No. 1601, Kashif Centre,
Shahrah-e-Faisal, Karachi-75530
Phone : +92-21-35640050 - 52
Fax : +92-21-35640053
Website: www.hyderbhimji.com

REVIEW REPORT TO THE MEMBERS ON THE 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 for the year ended September 30, 2013 prepared by the Board of Directors of **AL-NOOR SUGAR MILLS LIMITED** ("the Company") to comply with the Listing Regulations of Karachi and Lahore Stock Exchanges, where the Company is listed.

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

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

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

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the best practices contained in the Code of Corporate Governance as applicable to the company for the year ended September 30, 2013.

Hyder Bhimji & Co
HYDER BHIMJI & CO.
Chartered Accountants

Karachi: December 27, 2013

Lahore: Amin Building, 65 The Mall.
Phone : 042-37352661, 37321043
Fax : 042-37359515

Faisalabad: 206, 1st Floor,
Business Centre, New Civil Lines.
Phone : 041-2615632, 041-2615650
Fax : 041-2617902

URL: http://www.hyderbhimji.com

HYDER BHIMJI & CO.
CHARTERED ACCOUNTANTS

Member of
KRESTON INTERNATIONAL
with affiliated offices worldwide

Suite No. 1601, Kashif Centre,
Shahrah-e-Faisal, Karachi-75530
Phone : +92-21-35640050 - 52
Fax : +92-21-35640053
Website: www.hyderbhimji.com

AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed Balance Sheet of **M/S. AL-NOOR SUGAR MILLS LIMITED** (the Company) as at September 30, 2013 and the related Profit and Loss Account, Statement of Comprehensive Income, Cash Flow Statement and Statement of Changes in Equity together with the notes forming part thereof, for the year then ended and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

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

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

a). in our opinion, proper books of 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 the accounting policies consistently applied;

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

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

c) in our opinion and to the best of our information and according to the explanations given to us, the Balance Sheet, Profit and Loss Account, Statement of Comprehensive Income, Cash Flow Statement and Statement of Changes in Equity, together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan, and give the information required by the Companies Ordinance 1984, in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at September 30, 2013 and of profit, total comprehensive income, its cash flows and changes in equity for the year then ended; and

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

Hyder Bhimji & Co.

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

Karachi: December 27, 2013

Lahore: Amin Building, 65 The Mall.
Phone : 042-37352661, 37321043
Fax : 042-37359515

Faisalabad: 206, 1st Floor,
Business Centre, New Civil Lines.
Phone : 041-2615632, 041-2615650
Fax : 041-2617902

URL: http://www.hyderbhimji.com

BALANCE SHEET
AS AT SEPTEMBER 30, 2013

	Note	2013	2012	2011
			Rupees in '000	
			Restated	Restated
ASSETS				
NON - CURRENT ASSETS				
Property, plant and equipment	4	**3,479,922**	2,674,032	2,830,921
Intangible asset	5	**983**	3,274	4,860
Long term investments	6	**182,158**	172,566	151,852
Long term loans	7	**2,196**	4,230	5,032
Long term deposits	8	**37,889**	42,835	42,375
		3,703,148	2,896,937	3,035,040
CURRENT ASSETS				
Stores, spare parts and loose tools	9	**266,187**	235,479	267,992
Stock in trade	10	**1,809,154**	2,519,458	2,422,829
Trade debts	11	**96,348**	153,506	7,843
Loans and advances	12	**51,263**	58,701	78,355
Trade deposit and short term prepayments	13	**3,090**	2,767	7,772
Other receivables	14	**59,810**	8,528	22,302
Income tax refundable-Payments less provision		**22,624**	32,270	-
Cash and bank balances	15	**98,123**	63,341	43,316
		2,406,599	3,074,050	2,850,409
		6,109,747	5,970,987	5,885,449
EQUITY AND LIABILITIES				
SHARE CAPITAL AND RESERVES				
Authorised Capital				
50,000,000 (2012 : 20,000,000) ordinary shares of Rs.10 each		**500,000**	200,000	200,000
Issued, subscribed and paid-up capital	16	**194,988**	185,703	185,703
Share of associate's unrealised loss on remeasurement of associate's investments		**(1,603)**	(1,675)	(2,292)
Unappropriated profit		**957,995**	928,179	983,084
		1,151,380	1,112,207	1,166,495
Surplus on Revaluation of Property, Plant and Equipment	17	**1,243,465**	621,224	665,126
		2,394,845	1,733,431	1,831,621
NON-CURRENT LIABILITIES				
Long term financing	18	**957,792**	591,250	299,166
Liabilities against assets subject to finance lease	19	**94,570**	124,374	158,283
Deferred liabilities	20	**731,339**	374,560	453,761
Long term deposits		**441**	355	334
		1,784,142	1,090,539	911,544
CURRENT LIABILITIES				
Trade and other payables	21	**902,526**	1,516,955	970,668
Accrued finance cost	22	**45,483**	64,422	85,568
Short term borrowings	23	**670,243**	1,344,401	1,839,204
Current portion of Long term financing and liabilities against assets subject to finance lease	24	**312,508**	221,239	220,378
Provision for tax less payments		**-**	-	26,466
		1,930,760	3,147,017	3,142,284
CONTINGENCIES AND COMMITMENTS	25	**-**	-	-
		6,109,747	5,970,987	5,885,449

The annexed notes from 1 to 47 form an integral part of these financial statements.

ISMAIL H. ZAKARIA
Chief Executive Officer

SULEMAN AYOOB
Director

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

	Note	2013	2012
		Rupees in '000	
Sales	26	**7,594,313**	6,129,081
Cost of sales	27	**(6,756,466)**	(5,450,157)
Gross profit		**837,847**	678,924
Profit from trading activities	28	**2,976**	3,318
		840,823	682,242
Less:			
Distribution cost	29	**(35,271)**	(44,268)
Administrative expenses	30	**(353,274)**	(335,360)
Other operating charges	31	**(10,242)**	(1,000)
		(398,787)	(380,628)
		442,036	301,614
Other income	32	**14,208**	12,720
		456,244	314,334
Finance cost	33	**(344,447)**	(421,244)
		111,797	(106,910)
Share of profit of associates	6	**14,470**	23,397
Profit / (loss) before taxation		**126,267**	(83,513)
Taxation	34	**(102,193)**	40,414
Profit / (loss) after taxation		**24,074**	(43,099)
			Restated
Earning / (loss) per share - Basic and Diluted (Rupees)	35	**1.23**	(2.21)

The annexed notes from 1 to 47 form an integral part of these financial statements.

ISMAIL H. ZAKARIA
Chief Executive Officer

SULEMAN AYOOB
Director

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED SEPTEMBER 30, 2013

	Note	2013	2012
		Rupees in '000	
			Restated
Profit / (loss) after taxation		**24,074**	(43,099)
Other Comprehensive Income			
Items that may be reclassified subsequently to profit and loss			
Transfer from surplus on revaluation of property, plant and equipment on account of incremental depreciation net of deferred tax from;			
company's revaluation surplus		**21,926**	40,702
Share of associate's incremental depreciation of revaluation surplus		**2,386**	3,203
Share of associate's unrealized gain on remeasurement of investment	6	**72**	617
		24,384	44,522
Total Comprehensive (Loss)/Income for the year		**48,458**	1,423

The annexed notes from 1 to 47 form an integral part of these financial statements.

ISMAIL H. ZAKARIA
Chief Executive Officer

SULEMAN AYOOB
Director

CASH FLOW STATEMENT
FOR THE YEAR ENDED SEPTEMBER 30, 2013

	2013	2012
	Rupees in '000	
A. CASH FLOWS FROM OPERATING ACTIVITIES		
Profit / (loss) before taxation	126,267	(83,513)
Adjustments for:		
Depreciation of property, plant and equipment	172,340	224,045
Amortization of intangible assets	2,291	1,611
Profit on disposal of property, plant and equipment	(2,554)	(4,061)
Provision for obsolescence and slow moving items	1,185	1,000
Finance cost	344,447	421,244
Share of profit in associates	(14,470)	(23,397)
	503,239	620,442
Cash generated before working capital changes	629,506	536,929
(Increase) / decrease in current assets		
Stores, spare parts and loose tools	(31,893)	31,513
Stock in trade	710,304	(96,629)
Trade debts	57,158	(145,663)
Loans and advances	10,394	19,654
Trade deposits and short term prepayments	(323)	5,005
Other receivables	(51,282)	13,774
	694,358	(172,346)
Increase / (decrease) in current liabilities		
Short term borrowings	(674,158)	(444,803)
Trade and other payables	(614,408)	501,333
	(1,288,566)	56,530
Cash generated from operations	35,298	421,113
Income tax paid	(39,243)	(97,523)
Gratuity paid	-	(5,069)
Finance cost paid	(363,386)	(442,390)
(Increase) / Decrease in long term loans	(922)	802
Decrease / (Increase) in long term deposits	5,032	(439)
	(398,519)	(544,619)
Net cash used in operating activities	(363,221)	(123,506)
B. CASH FLOWS FROM INVESTING ACTIVITIES		
Additions to property, plant and equipment	(29,967)	(70,084)
Sale proceeds from disposal of property, plant and equipment	4,298	6,990
Dividend received from long term investment	4,950	3,300
Net cash used in investing activities	(20,719)	(59,794)
C. CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from long term financing	650,000	480,000
Repayment of long term financing	(187,917)	(193,334)
Repayment of principal of liabilities against assets subject to finance lease	(34,076)	(27,630)
Dividend paid	(9,285)	(55,711)
Net cash inflows from financing activities	418,722	203,325
Net increase in cash and cash equivalents (A+B+C)	34,782	20,025
Cash and cash equivalents at the beginning of the year	63,341	43,316
Cash and cash equivalents at the end of the year	98,123	63,341

The annexed notes from 1 to 47 form an integral part of these financial statements.

ISMAIL H. ZAKARIA
Chief Executive Officer

SULEMAN AYOOB
Director

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

	Issued, Subscribed & paid up capital	Unappropriated Profit	Share of associate's unrealized (loss)/ Gain on remeasurement of investment	Total
	.... Rupees in '000		....	
Balance as at October 1, 2011 - as originally stated	185,703	988,736	(1,137)	1,173,302
Effect of correction of error - Note no. 44	-	(5,652)	(1,155)	(6,807)
Balance as at October 1, 2011- as restated	185,703	983,084	(2,292)	1,166,495
During the year ended September 30, 2012				
Total Comprehensive Income for the year				
Loss after taxation	-	(43,009)	-	(43,009)
Other comprehensive Income				
Transfer from surplus on revaluation of property, plant and equipment on account of incremental depreciation net of deferred tax from;				
Company's revaluation surplus	-	40,702	-	40,702
Share of associate's incremental depreciation of revaluation surplus	-	3,203	-	3,203
Share of associate's unrealized gain on remeasurement of investment	-	-	617	617
	-	43,905	617	44,522
Transaction with owners				
Final dividend for the year ended September 30, 2011 @ Rs. 3 per share	-	(55,711)	-	(55,711)
Balance as at September 30, 2012 - as restated	185,703	928,179	(1,675)	1,112,207
Balance as at October 1, 2012 - as originally stated	185,703	933,831	4,710	1,124,244
Effect of correction of error - Note no. 44	-	(5,652)	(6,385)	(12,037)
Balance as at October 1, 2012 - as restated	**185,703**	**928,179**	**(1,675)**	**1,112,207**
During the year ended September 30, 2013				
Total Comprehensive Income for the year				
Profit after taxation	-	24,074	-	24,074
Other comprehensive Income				
Transfer from surplus on revaluation of property, plant and equipment on account of incremental depreciation net of deferred tax from;				
Company's revaluation surplus	-	21,926	-	21,926
Share of associate's incremental depreciation on revaluation surplus	-	2,386	-	2,386
Shares of associate's unrealized gain on remeasurement of investment	-	-	72	72
	-	24,312	72	24,384
Transaction with owners				
Final dividend for the year ended September 30, 2012 @ Re. 0.50 per share	-	(9,285)	-	(9,285)
Issue bonus shares for the year ended September 30, 2012 @ Re. 0.50 per share	9,285	(9,285)	-	-
Balance as at September 30, 2013	**194,988**	**957,995**	**(1,603)**	**1,151,380**

The annexed notes from 1 to 47 form an integral part of these financial statements.

ISMAIL H. ZAKARIA
Chief Executive Officer

SULEMAN AYOOB
Director

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

1. THE COMPANY AND ITS OPERATIONS

Al-Noor Sugar Mills Limited (the Company) was incorporated in Pakistan on August 08, 1969 as a public limited company under the Companies Act, 1913 (now Companies Ordinance, 1984). The Company is listed on Karachi and Lahore Stock Exchanges. The principal activities of the Company are manufacturing / generation and sale of sugar, medium density fiber (MDF) board and power. The registered office of the company is situated at 96-A, Sindhi Muslim Society, Karachi and the manufacturing facilities are located at Shahpur Jahania, District Nawabshah in the province of Sindh.

2 BASIS OF PREPARATION

2.1 BASIS OF MEASUREMENT

These financial statements comprise of balance sheet, profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with explanatory notes and have been prepared under the 'historical cost convention' except that certain property, plant and equipment have been included at revalued amount and long term investments in associates are accounted for under equity method.

2.2 STATEMENT OF COMPLIANCE

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

2.3 FUNCTIONAL AND PRESENTATION CURRENCY

These financial statements have been prepared in Pak Rupees, which is the Company's functional currency.

2.4 SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES

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

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

a) Property, plant and equipment

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

b) Stock-in-trade

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

c) Taxation

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

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

d) Impairment

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

e) Stores and spare parts and loose tools with respect to provision for obsolescence and slow moving items

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

f) Trade debts

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

2.5 STANDARDS, AMENDMENTS TO PUBLISHED APPROVED ACCOUNTING STANDARD AND INTERPRETATIONS

2.5.1 New and amended standards and interpretations became effective

During the year, the following approved accounting standards, interpretations, amendments / revisions to the approved accounting standards became effective for the accounting periods beginning from the dates specified below;

IAS 1 **Presentation of Financial Statement-** Amendments to Presentation of items of comprehensive income (Effective for annual periods beginning on or after July 01, 2012)

This introduce new requirement to group together items in 'other comprehensive income' (OCI) that may be subsequently reclassified to profit or loss (reclassification adjustments) in order to facilitate the assessment of their impact on overall performance of the entity. Amendment has no effect on Company's financial statement except for additional disclosure.

IAS 12 **Income Taxes - (Amendment) Deferred Taxes:** Recovery of underlying Assets (Effective for annual periods beginning on or after July 01, 2012)

The amendment clarified the determination of deferred tax on investment property measured at fair value. The amendment introduces a rebuttable presumption that deferred tax on investment property measured using fair value model in IAS 40 should be determined on the basis that its carrying amount will be recovered through sales. Furthermore, it introduces the requirement that deferred tax on non depreciable assets that are measured using the revaluation model in IAS 16 always be measured on a sale basis of the assets. The amendment is not relevant to the company.

2.5.2 Approved standards, Interpretations and Amendments to published approved accounting standards issued but not yet effective for the current financial year

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

IAS-19 **Employee Benefits -** *Amendment (Effective for annual periods beginning on or after January 01, 2013)*

The amendment removes the options for accounting for the liability, and requires that the liabilities arising from such plans is recognised in full with actuarial gains and losses being recognised in other comprehensive income (elimination of 'corridor method' for recognition of actuarial gains and losses). It also revised the method of calculating the return on plan assets. The revised standard changes the definition of short-term employee benefits. The distinction between short-term and other long-term employee benefits is now based on whether the benefits are expected to be settled wholly within 12 months after the reporting date.

IAS 27 **Separate financial statements-** *Amendment (Effective for annual periods beginning on or after January 01, 2013)*

The Standard requires that when an entity prepares separate financial statements, investments in subsidiaries, associates, and jointly controlled entities are accounted for either at cost, or in accordance with IFRS 9 Financial Instruments / IAS 39 Financial Instruments: Recognition and Measurement. The Standard also deals with the recognition of dividends, certain group reorganisations and includes a number of disclosure requirements.

IAS 28 **Investments in Associates and Joint Ventures -** *Amendment (Effective for annual periods beginning on or after January 01, 2013)*

This Standard supersedes IAS 28 Investments in Associates and prescribes the accounting for investments in associates and sets out the requirements for the application of the equity method when accounting for investments in associates and joint ventures. The Standard defines 'significant influence' and provides guidance on how the equity method of accounting is to be applied (including exemptions from applying the equity method in some cases). It also prescribes how investments in associates and joint ventures should be tested for impairment.

IAS-32 **Financial Instruments: Presentation -** *Amendment (Effective for annual periods beginning on or after January 01, 2013)*

These clarify certain aspects in the application of the requirements on offsetting, focused on four main areas: the meaning of 'currently has a legally enforceable right of set-off', the application of simultaneous realization and settlement, the offsetting of collateral amounts and the unit of account for applying the offsetting requirements.

IFRS-7 **Financial Instruments:** *Disclosures- Disclosures about offsetting of financial assets and liabilities (Effective for annual periods beginning on or after January 01, 2013)*

These amendments require entities to disclose gross amount subject to right of set off, amounts set off in accordance with accounting standards followed, and the related net credit exposure. These disclosures are intended to facilitate comparison between those entities that prepare financial statements based on IFRS and those that prepare financial statements based on US GAAP.

IFRIC 14 **Stripping Costs in the Production Phase of a Surface Mine -** *(Effective for annual periods beginning on or after January 01, 2013)*

The costs of stripping activity to be accounted for in accordance with the principles of IAS 2 Inventories to the extent that the benefit from the stripping activity is realized in the form of inventory produced.

The above amendments, revisions and interpretations are either irrelevant to the company or their adoption will not have material impact on the company's financial statements except for additional disclosure.

Annual improvements to IFRS — 2009 — 2011 cycle - *(Effective for annual periods beginning on or after January 01, 2013)*

The International Accounting Standards Board (the Board) has issued the Annual Improvements to IFRSs – 2009–2011 Cycle, which contains following amendments / improvements to the approved accounting standards;

IAS-1 **Presentation of Financial Statements-** *Clarification of the requirements for comparative information*

This clarifies that additional comparative information is not necessary for periods beyond the minimum comparative financial statement requirements of IAS 1. If additional comparative information is provided, the information should be presented in accordance with IFRSs, including disclosure of comparative information for any additional statements included beyond the minimum comparative financial statement requirements. Presenting additional comparative information voluntarily would not trigger a requirement to provide a complete set of financial statements.

In addition, the opening statement of financial position (known as the third balance sheet) must be presented in the following circumstances: when an entity changes its accounting policies; makes retrospective restatements or makes reclassifications, and that change has a material effect on the statement of financial position. The opening statement would be at the beginning of the preceding period. However, unlike the voluntary comparative information, the related notes are not required to accompany the third balance sheet period.

IAS-16 **Property, Plant and Equipment-** *Clarification of the servicing equipments*

Clarifies that Spare parts, stand-by equipment and servicing equipment should be classified as property, plant and equipment when they meet the definition of property, plant and equipment and as inventory otherwise.

IAS 32 **Financial Instruments: Presentation-** *Tax effect of distribution to holders of equity instruments*

The amendment removes the perceived inconsistency between IAS 32 and IAS 12 and clarifies that income taxes arising from distributions to equity holders are accounted for in accordance with IAS 12 Income Taxes.

IAS 34 **Interim financial reporting -** *Interim financial reporting and segment information for total assets and liabilities*

The total assets and total liabilities for a particular reportable segment would be separately disclosed in interim financial reporting only when the amounts are regularly provided to the chief operating decision maker and there has been a material change from the amounts disclosed in the last annual financial statements for that reportable segment.

These amendments / clarification are not likely to have any material impact on the Company's financial statements.

2.5.3 New Standards issued by IASB but not yet notified by SECP

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

IFRS 9 **Financial Instruments** *(Effective for annual periods beginning on or after Jan 01, 2015)*

This is the first part of new standards on classification and measurement of financial assets that will replace IAS 39. IFRS 9 has two measurement categories: amortized cost and fair value. All equity instruments are measured at fair value. A debt instrument is measured at amortized cost only if the entity is holding it to collect contractual cash flows and the cash flows represent principal and interest / mark-up.

IFRS 10 **Consolidated Financial Statements** *(Effective for annual periods beginning on or after Jan 01, 2013)*

This is a new standard that replaces the consolidation requirements in SIC - 12 Consolidation: Special Purpose Entities and IAS 27 - Consolidated and Separate Financial Statements. The proposed standard builds on existing principles by identifying the concept of control as the determining factor in whether an entity should be included within the consolidated financial statements of the parent company and provides additional guidance to assist in the determination of control where this is difficult to assess.

IFRS 11 **Joint Arrangements** *(Effective for annual periods beginning on or after Jan 01, 2013)*

This is a new standard that deals with the accounting for joint arrangements and focuses on the rights and obligations of the arrangements, rather than its legal form. Standard requires a single method for accounting for interests in jointly controlled entities.

IFRS 12 **Disclosure of Interest in Other Entities** *(Effective for annual periods beginning on or after Jan 01, 2013)*

This is a new and comprehensive standard on disclosure requirements for all forms of interests in other entities including joint arrangements, associates, special purpose vehicles and other off balance sheet vehicles.

IFRS 13 Fair Value Measurement *(Effective for annual periods beginning on or after Jan 01, 2013)*

This standard applies to IFRSs that require or permit fair value measurement or disclosures and provides a single IFRS framework for measuring fair value and requires disclosures about fair value measurement. The standard defines fair value on the basis of an 'exit-price' notion and uses 'a fair value hierarchy', which results in market-based, rather than entity-specific measurement.

3 SIGNIFICANT ACCOUNTING POLICIES

The Principal accounting policies adopted are set out below

3.1 Property Plant & Equipments

a) Operating assets

Owned

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

Depreciation on addition including assets after revaluations is charged from month of acquisition and up to the month preceding the month of disposal respectively. Depreciation is charged to income applying the reducing balance method at the rates specified in assets note no. 4.1 .

The costs of replacing part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits associated with the part will flow to the Company and its cost can be measured reliably. The costs of day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

In accordance with the Section 235 of the Companies Ordinance, 1984 an amount equal to the incremental depreciation charged on assets after revaluation has been transferred from the surplus on revaluation of fixed assets to unappropriated profit in the current year through Statement of changes in equity. Consequently incremental depreciation charged for the period on revalued assets is transferred from surplus on revaluation of fixed assets to unappropriated profit as the case may be during the current year as referred to in note no. 17.1 of these financial statements.

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

Assets subject to finance lease

Assets held under finance lease are initially recognized as items of property, plant & equipment of the company at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments as disclosed in note no 3.9.

These are subsequently stated at recorded amount less accumulated depreciation and impairment loss, if any. These assets are depreciated over their expected useful life at the rates specified in the note no 4.1 on the same basis as owned assets.

b) Capital work-in-progress

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

3.2 Intangible assets

Intangible assets acquired by the company are stated at cost less accumulated amortization and impairment losses, if any.

Amortization

Amortization is charged to the profit and loss account on a straight line basis over the estimated useful lives of intangible assets unless such lives are indefinite. All intangible assets with an indefinite useful life are systematically tested for impairment at each balance sheet date. Amortization on additions to intangible assets is charged from the month in which an item is acquired or capitalized while no amortization is charged for the month which the item is disposed off.

3.3 Investment in Associates

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

Break-up value / equity has been determined on the basis of latest audited financial statements as of June 30, 2013 of that un-listed company.

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

3.4 Stores, Spare parts and Loose Tools

These are valued at lower of moving average cost less allowance for obsolescence and slow moving items. Items in transit are valued at invoice values plus other charges incurred thereon up to balance sheet date. Adequate provision is made for obsolescence and slow moving items as and when required based on the parameters set out by the management.

3.5 Stock-in-Trade

Stock-in-trade except "by products" are valued at the lower of cost and net realizable value. By products are valued at net realizable value.

Cost for raw material is determined using weighted average cost basis except for those in transit which are stated at invoice price plus other charges paid thereon up to the balance sheet date.

Finished goods and work-in-process consist of cost of direct materials, labour and a proportion of manufacturing overheads based on normal capacity. Cost of MDF Board stock is determined on average basis while weighted average cost is used for finished goods of sugar stock.

Cost of trading stock is determined using weighted average cost basis except for those in transit which are stated at invoice price plus other charges paid thereon up to the balance sheet date.

Net realizable value signifies the estimated selling price in the ordinary course of business less the estimated cost of completion and the estimated costs necessary to make the sale.

3.6 Trade Debts

Trade debts are carried at original invoice amount that is fair value except export receivables. Export trade debts are translated into Pak Rupees at the rates ruling on the balance sheet date or as fixed under contractual arrangements. A provision for doubtful debt is established when there is objective evidence that the Company will not be able to collect amount due according to the original terms of the debts. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganization, and default or delinquency in making payments are considered indicators that the trade debt is doubtful and the provision recognized in the profit and loss account. When a trade debt is uncollectable, it is written off.

3.7 Loans and Receivables

Financial assets which have fixed or determinable payments and are not quoted in an active market are classified as loans and receivables. These are measured at amortised cost less impairment, if any.

3.8 Borrowings and their costs

Borrowings are recorded at the proceeds received.

Borrowing costs incurred on finances obtained for the construction/installation of qualifying assets are capitalized up to date the respective assets are available for the intended use. All other mark-up, interest and other related charges are taken to the profit and loss account currently.

3.9 Finance leases

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

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

3.10 Employees post employment benefits

Defined Contribution Plan

The Company operates an approved funded contributory provident fund scheme for all its employees eligible for benefit. Equal monthly contributions are made by the company and employees at the rate of 10% of basic salary plus cost of living allowance. The company's contribution to the fund is charged to profit and loss account for the year.

3.11 Compensated unavailed leaves

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

3.12 Taxation

a) Current Income Tax

The charge for current taxation is based on taxable income at the current rate of taxation after taking into account applicable tax credits, rebates and exemptions available, if any, or minimum tax under section 113 of the Income Tax Ordinance, 2001, whichever is higher. The charge for current tax also includes adjustments, where considered necessary, to provision for taxation made in previous years arising from assessments framed during the year for such years. The Company falls under the final tax regime under section 154 and 169 of the Income Tax Ordinance, 2001 to the extent of export sales.

b) Deferred taxation

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

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

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

c) Sales tax

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

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

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

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

3.13 Trade and other payables

Liabilities for trade and other payables are carried at cost which is the fair value of the consideration to be paid in the future for goods and services received.

3.14 Provisions

A provision is recognized when the Company has a legal or constructive obligation as a result of a past event, if it is probable that an out flow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of obligation. Provisions are reviewed at each balance sheet date and adjusted to reflect current best estimate.

3.15 Financial Instruments

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

All financial assets and liabilities are initially measured at cost, which is the fair value of the consideration given and received respectively. These financial assets and liabilities are subsequently measured at fair value, or amortised cost, as the case may be.

3.16 Offsetting of Financial Assets and Liabilities

All financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if the Company has a legal enforceable right to set off the recognised amounts and intends either to settle on net basis or to realize the assets and settle the liabilities simultaneously.

3.17 Impairment of assets

Financial assets

A financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if objective evidence indicated that one or more events have had a negative effect on the estimated future cash flows of that asset.

The company considers evidence of impairment for receivable and other financial assets at specific asset level. Impairment losses are recognised as expense in profit and loss account. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

Non-Financial assets

The carrying amount of non-financial assets is assessed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the assets recoverable amount of such assets is estimated. Recoverable amount is higher of an asset's fair value less cost to sell and value in use. An impairment loss is recognised as expense in the profit and loss account for the amount by which asset's carrying amount exceeds its recoverable amount.

3.18 Revenue Recognition

Revenue is recognized to the extent it is probable that the economic benefits will flow to the company and the revenue can be measured reliably. Revenue is measured at the fair value of the consideration received or receivable, excluding discounts, rebates and government levies. The following recognition criteria is adopted for recognizing revenue;

* Revenue from sale of goods is recognized when the significant risks and rewards of ownership of the goods have passed to the buyer, usually on dispatch of the goods to customers.
* Return on bank deposits is recognized on a time proportion basis on the principal amount outstanding and the rate applicable.
* Mark-up on grower loan is accounted for in line with the recovery of the respective loan due to exigencies involved in such matters. Recognition of markup on loans considered doubtful is deferred.
* Dividend income is recognised when the Company's right to receive the payment is established.

3.19 Foreign currency transactions and translation

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

3.20 Cash and Cash Equivalents

For the purpose of cash flow statement cash and cash equivalents comprises cash in hand, balances with banks on current, savings and deposit accounts.

3.21 Segment Reporting

An operating segment is a component of the company that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relates to transactions with any of the company's other components. Operating segments are reported in a manner consistent with the internal reporting structure based on the operating (business) segments of the company. An operating segment's operating results are regularly reviewed by the management and the chief executive officer for the purpose of making decisions regarding resource allocation and performance assessment.

Segment results, assets and liabilities include items directly attributable to segment as well as those that can be allocated on a reasonable basis. Segment assets, consist primarily of property, plant and equipment, intangibles, stores and spares, stock in trade and other debts. Segment liabilities comprise of operating liabilities and exclude items that are common to all operating segments.

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

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

Sugar Division - Manufacturing and sale of Refined Sugar

MDF Board - Manufacturing of Medium Density Fiber Board

3.22 Dividends and other appropriations

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

	Note	2013	2012
		(Rupees in '000)	
4 PROPERTY, PLANT AND EQUIPMENT			
Operating assets	4.1	**3,463,912**	2,651,554
Capital work in progress	4.2	**16,010**	22,478
		3,479,922	2,674,032

4.1 OPERATING ASSETS

The following is a statement of operating assets

PARTICULARS	2013 NET CARRYING VALUE: Opening Net Book Value At Oct 01, 2012	Direct Additions	Transfer From CWIP	Revaluation	Transfer at NBV - Lease	Disposal	Depreciation	Net Book Value At Sep 30, 2013	GROSS CARRYING VALUE: Cost	Accumulated Depreciation	Net Book Value At Sep 30, 2013	Depreciation Rate
OWNED												
FREE HOLD LAND												
Cost	3,787	-	-	-	-	-	-	3,787	3,787	-	3,787	
Revaluation	77,558	-	-	57,455	-	-	-	135,013	135,013	-	135,013	
FACTORY BUILDING								-				
Cost	63,881	-	4,272	-	-	-	6,424	61,729	107,829	46,100	61,729	10%
Revaluation	4,723	-	-	130,834	-	-	472	135,085	141,390	6,305	135,085	10%
NON FACTORY BUILDING								-				
Cost	82,407	-	-	-	-	-	4,583	77,824	145,002	67,178	77,824	5% 10%
Revaluation	63,634	-	-	381,060	-	-	3,561	441,133	476,762	35,629	441,133	
POWER PLANT								-				
Cost	86,624	-	-	-	-	-	10,412	76,212	136,960	60,748	76,212	5%
Revaluation	-	-	-	22,621	-	-	-	22,621	22,621		22,621	
PLANT & MACHINERY												
Cost	1,438,081	7,195	18,831	-	14,265	-	86,734	1,391,638	2,638,488	1,246,850	1,391,638	5%
Revaluation	578,901	-	-	358,058	4,854	-	29,188	912,625	1,495,111	582,486	912,625	5%
FURNITURE, FIXTURE AND FITTINGS												
Cost	4,495	130	-	-	-	-	458	4,167	16,467	12,300	4,167	10%
OFFICE EQUIPMENT								-				
Cost	8,705	2,646	-	-	-	-	3,346	8,005	57,128	49,123	8,005	10%
VEHICLES												
Cost	65,023	3,361	-	-	603	(1,744)	13,512	53,731	141,810	88,079	53,731	20%
LEASED												
PLANT AND MACHINERY												
cost	14,265	-	-	-	(14,265)	-	-	-			-	5%
Revaluation	4,854	-	-	-	(4,854)	-	-	-		-	-	5%
POWER PLANT								-				
Cost	154,000	-	-	-	-	-	13,650	140,350	175,000	34,650	140,350	5%
Revaluation	-	-	-		-			-	-		-	
VEHICLES												
Cost	603	-	-	-	(603)	-	-	-			-	20%
TOTAL									-			
Cost	1,921,884	13,332	23,103	-	-	(1,744)	139,119	1,817,435	3,422,471	1,605,028	1,817,435	
Revaluation	729,670	-	-	950,028	-	-	33,221	1,646,477	2,270,897	624,420	1,646,477	
	2,651,554	**13,332**	**23,103**	**950,028**	**-**	**(1,744)**	**172,340**	**3,463,912**	**5,693,368**	**2,229,448**	**3,463,912**	

PARTICULARS	2012 NET CARRYING VALUE: Opening Net Book Value At Oct 01, 2011	Direct Additions	Transfer From CWIP	Revaluation	Transfer at NBV - Lease	Disposal	Depreciation	Net Book Value At Sep 30, 2012	GROSS CARRYING VALUE: Cost	Accumulated Depreciation	Net Book Value At Sep 30, 2012	Depreciation Rate
FREE HOLD LAND												
Cost	3,787	-	-	-	-	-	-	3,787	3,787	-	3,787	
Revaluation	77,558	-	-	-	-	-	-	77,558	77,558	-	77,558	
FACTORY BUILDING												
Cost	49,069	-	20,457	-	-	-	5,645	63,881	103,557	39,676	63,881	10%
Revaluation	5,248	-	-	-	-	-	525	4,723	10,556	5,833	4,723	10%
NON FACTORY BUILDING												
Cost	86,759	-	406	-	-	-	4,758	82,407	145,002	62,595	82,407	5% 10%
Revaluation	67,427	-	-	-	-	-	3,793	63,634	95,702	32,068	63,634	
POWER PLANT												
Cost	98,193	-	-	-	-	-	11,569	86,624	136,960	50,336	86,624	5%
PLANT & MACHINERY												
Cost	1,511,957	13,176	16,764	-	-	-	103,816	1,438,081	2,592,795	1,154,714	1,438,081	5%
Revaluation	636,851	-	-	-	-	-	57,950	578,901	1,128,624	549,723	578,901	5%
FURNITURE, FIXTURE AND FITTINGS												
Cost	4,948	44	-	-	-	-	497	4,495	16,337	11,842	4,495	10%
OFFICE EQUIPMENT												
Cost	11,512	1,117	-	-	-	-	3,924	8,705	54,482	45,777	8,705	10%
VEHICLES												
Cost	67,704	13,978	-	-	358	(2,928)	14,089	65,023	134,862	69,839	65,023	20%
LEASED												
POWER PLANT												
Cost	169,167	-	-	-	-	-	15,167	154,000	175,000	21,000	154,000	5%
PLANT & MACHINERY												
cost	15,928						1,663	14,265	19,667	5,402	14,265	5%
Revaluation	5,204	-	-	-	-	-	350	4,854	8,429	3,575	4,854	5%
VEHICLES												
Cost	1,260	-	-	-	(358)	-	299	603	5,331	4,728	603	20%
TOTAL												
Cost	2,020,284	28,315	37,627	-	-	(2,928)	161,427	1,921,884	3,387,780	1,465,909	1,921,884	
Revaluation	792,288	-	-	-	-	-	62,618	729,670	1,320,869	591,199	729,670	
	2,812,572	**28,315**	**37,627**		**-**	**(2,928)**	**224,045**	**2,651,554**	**4,708,649**	**2,057,108**	**2,651,554**	

4.1.1 Revaluation of land, buildings and plant and machinery had been recently carried out on September 30, 2013 by Messer K.G Traders (Private) Limited on the basis of market value or depreciated replacement values as applicable. Revaluation surplus has been credited to surplus on revaluation of property, plant and equipment account to comply with the requirement of section 235 of the Companies Ordinance, 1984.

	Note	2013	2012
		Rupees in '000	
4.1.2 Depreciation for the year has been allocated as follows:			
Cost of goods sold	27.1	**146,857**	194,919
Administrative expenses	30	**25,483**	29,126
		172,340	224,045

4.1.3 Detail of disposal of property, plant,equipment and vehicles - by negotiation

Particulars	Original Cost	Accumulated depreciation	Written down value	Sale proceeds	Gain on disposal	Particulars of Buyer
	.... Rupees in '000					
Suzuki Cultus AQK-647	805	411	394	500	106	Farooq Ahmed Flat No. 8/7 Kasba Colony Manghopir Road Sector-A Karachi
Suzuki Cargo KR-8689	522	165	357	575	218	Imran Ahmed 708-C,Street 4A, Mahmoodabad Karachi
Suzuki Cultus AMD-437	595	467	128	165	37	Muhammad Hanif 5E Nazimabad Karachi
Unique KDF-0462	35	26	9	18	9	Muhammad Yasin North Nazimabad Karachi
Suzuki Jimmy BD-0239	840	677	163	630	467	Ali Hassan S/o Muhammad Urs, Near Chandni Chowk Mir Khan Road Tehsil Mirpurkhas
Suzuki Cultus ALZ-269	600	453	147	500	353	Farooq S/o Abubakar C/o 96-A, SMCHS Karachi
Suzuki Cultus ALX-172	600	447	153	505	352	Waseem-ur-Rehman C/o Flat No. E-14 KDA Centre view apartment Baferzone Karachi
Suzuki Potohar BC-8593	405	341	64	205	141	Farooq Ahmed Flat No. 8/7 Kasba Colony Manghopir Road Sector-A Karachi
Suzuki Cultus ALX-173	600	428	172	505	333	Farooq Ahmed Flat No. 8/7 Kasba Colony Manghopir Road Sector-A Karachi
Suzuki Potohar BC-3962	315	266	49	240	191	Muhammad Naseem Flat No. 3/41-B B Hidge Jacob Line ferozabad Karachi
Suzuki Baleno ACA-177	619	596	23	305	282	Farooq Ahmed Flat No. 8/7 Kasba Colony Manghopir Road Sector-A Karachi
Unique KEV-1401	40	16	24	24	-	Shoukat Ali Nasir C/o 96-A, SMCHS Karachi
Honda 2007 KEI-3402	62	32	30	63	33	Saleem C/o 96-A, SMCHS Karachi
Honda KEQ-1645	63	32	31	63	32	Nawaz C/o 96-A, SMCHS Karachi.
2013	**6,101**	**4,357**	**1,744**	**4,298**	**2,554**	
2012	8,384	5,455	2,928	6,990	4,061	

4.1.4 Change in accounting estimate

During the year the estimated useful life of the plant and machinery of the MDF Board Division and rate of depreciation rates have been revised to fairly allocate the depreciable amount of the items of the plant and machinery of the division over their revised estimated useful life as follows;

- From 10 % to 5% in case of machinery relating to sunds line and mend line
- From 10 % to 20% in case of machinery relating to lamination process

The effect of the change in the estimate has been recognized prospectively by including it in the profit and loss account in the current year, which is follows;

	Rupees in '000
- Decrease in depreciation expense for the year	**(36,255)**
- Decrease in incremental depreciation on revaluation	**(23,578)**
- Increase in profit before tax	**36,255**
- Effect on equity - increase due to increase in net profit	**36,255**
- Decrease due to decrease in net incremental depreciation	**(15,561)**

4.2 Capital work in progress

	2013			
	Opening Balance	During the year		Closing Balance
		Additions	Capitalized	
Civil works-Factory Building	**9,960**	**5,292**	**(4,272)**	**10,980**
Plant and machinery-owned	**12,349**	**11,343**	**(18,831)**	**4,861**
Advance for Capital Expenditures	**169**	**-**	**-**	**169**
	22,478	**16,635**	**(23,103)**	**16,010**

	2012			
	Opening Balance	During the year		Closing Balance
		Additions	Capitalized	
Civil works				
Factory building	2,277	28,140	(20,457)	9,960
Non factory building	55	351	(406)	-
	2,332	28,491	(20,863)	9,960
Plant and machinery-owned	13,135	15,978	(16,764)	12,349
Advance for capital expenditures	2,870	-	(2,701)	169
	20,669	72,960	(61,191)	22,478

	Note	2013	2012
		Rupees in '000	
5 INTANGIBLE ASSETS			
ERP Software	5.1	**983**	3,274

5.1 ERP Software

	2013	2012
Net Carrying Value Basis		
Opening Net Book Value	**3,274**	4,860
Additions during the year	**-**	25
Amortization during the year	**2,291**	1,611
Closing Net Book Value	**983**	3,274
Gross Carrying Value Basis		
Cost	**6,873**	6,873
Accumulated Amortization	**5,890**	3,599
	983	3,274

6 LONG TERM INVESTMENTS

Investment in associates: -

	Shahmurad Sugar Mills Limited	Al Noor Modaraba Management (Pvt.) Limited	Total 2013	Total 2012
	Rupees in '000			
				Restated
Opening balance - As originally reported	175,834	4,130	**179,964**	154,020
Effect of restatement - Note No. 44	(7,398)	-	**(7,398)**	(2,168)
Opening balance - As restated	168,436	4,130	**172,566**	151,852
Share of profit of associate	14,315	155	**14,470**	23,397
Share of unrealised gain / (loss) on remeasurement of associate's investment	11	61	**72**	617
Dividend received from associate	(4,950)	-	**(4,950)**	(3,300)
	9,376	216	**9,592**	20,714
Closing Balance	177,812	4,346	**182,158**	172,566

Summarized financial statements of associates are as follows: -

	2013		2012	
	Shahmurad Sugar Mills Limited	Al Noor Modaraba Management (Pvt.) Limited	Shahmurad Sugar Mills Limited	Al Noor Modaraba Management (Pvt.) Limited
	Rupees in '000			
Total assets	**3,802,063**	**34,073**	4,309,668	36,307
Total liabilities	**2,657,198**	**3,654**	3,224,806	7,403
Net assets	**1,144,865**	**30,419**	1,084,862	28,904
Share of net assets	**178,885**	**4,346**	169,510	4,129
Revenue / Income	**5,642,437**	**5,617**	5,362,004	9,466
Profit after tax for the year	**91,616**	**973**	145,344	4,761
Number of shares held	**3,299,784**	**500,000**	3,299,784	500,000
Cost of investment	**21,631**	**5,000**	21,631	5,000
Ownership interest	**15.625%**	**14.285%**	15.625%	14.285%

6.1 The market value of Shahmurad Sugar Mills Limited share as at September 30, 2013 was Rs. 70.120 million (2012 : Rs. 42.270 million).

6.2 The financial year of Al-Noor Modaraba Management (Pvt.) Limited is June 30. Therefore, the financial results as of June 30, 2013 have been used for the purpose of application of equity method. The name of Chief Executive of the company is Mr. Jalaluddin Ahmed. The breakup value per share of this company as June 30, 2013 is Rs. 8.69 (2012 : Rs. 8.26) and the aggregate breakup value of shares owned by the company amounts Rs. 4.346 million (2012: 4.130 million).

		Note	2013	2012
			Rupees in '000	
7	**LONG TERM LOANS**			
	Secured & Interest free			
	Considered good			
	Due from - Executives	7.1	**2,530**	6,628
	- Non Executive		**7,810**	2,790
			10,340	9,418
	Less : Current portion of			
	Due from - Executives		**(7,500)**	(3,120)
	- Non Executive		**(644)**	(2,068)
			(8,144)	(5,188)
			2,196	4,230
7.1	**Movement of outstanding amount of loans to Executives:**			
	Balance at the beginning of the year		**6,628**	1,563
	Disbursed during the year		**2,265**	6,631
	Recovered during the year		**(6,363)**	(1,566)
	Balance at the end of the year		**2,530**	6,628

7.2 Loans and advances have been given in accordance with the terms of employment and are recoverable within a period of three years in monthly installments. These are secured against the retirement benefits.

7.3 The maximum aggregate amount due from executives at any month end during the year was Rs. 6.935 million (2012: 7.125 million).

		Note	2013	2012
8	**LONG TERM DEPOSITS**			
	Lease deposits		**35,000**	37,700
	Other deposits		**2,889**	5,135
			37,889	42,835
9	**STORES, SPARES AND LOOSE TOOLS**			
	Stores		**105,406**	86,061
	Spares		**163,393**	165,060
	Loose tools		**594**	532
	Stores in transit		**20,667**	6,514
			290,060	258,167
	Less: Provision for obsolescence and slow moving items	9.1	**(23,873)**	(22,688)
			266,187	235,479
9.1	***Provision for obsolescence and slow moving items***			
	Opening balance		**22,688**	21,688
	Provision for the year		**1,185**	1,000
	Closing balance		**23,873**	22,688

	Note	2013	2012
		Rupees in '000	
10 STOCK IN TRADE			
Raw material - in hand		**307,735**	361,468
- in transit		**6,740**	12,134
		314,475	373,602
Sugar in process		**4,834**	3,527
Finished goods			
Sugar		**1,270,980**	1,970,121
Molasses		**15,195**	-
MDF Sheets		**192,835**	160,839
		1,479,010	2,130,960
Trading stock of laminated flooring / edge binding		**10,835**	11,369
		1,809,154	2,519,458

10.1 Stocks of refined sugar / MDFB Sheets amounting to Rs.655.180 million and Rs. 15.230 million (2012:1,576 million and Rs.Nil) are pledged against cash finance facilities and istisna arrangements as referred in Note.23.1 and 21.1 respectively.

	Note	2013	2012
11 TRADE DEBTS			
Export- Secured against letter of credit		**-**	38,465
Local - Unsecured, considered good		**96,348**	115,041
		96,348	153,506
12 LOANS AND ADVANCES			
Secured			
Current portion of long term loans	7	**8,144**	5,188
Un-secured & Interest free			
Considered good			
Advances against purchases and services		**40,771**	51,614
Advances to Employees		**2,348**	1,899
		43,119	53,513
Considered doubtful			
Loans to growers	12.1	**36,801**	36,801
For purchase and services		**1,555**	1,555
For transportation		**2,740**	2,740
		41,096	41,096
		92,359	99,797
Provision for doubtful loans and advances	12.2	**(41,096)**	(41,096)
		51,263	58,701

12.1 These loans are given to farmer/growers for their capital requirement for sugarcane cultivation and development. These are adjusted against purchase of sugarcane from respective growers. Interest is charged on these loans @ 10% subject to realization of principal, however no interest is accrued as at balance sheet date as all the balances are doubtful. Provision has been made in respect of loans against which future adjustment through purchase of sugarcane is considered doubtful.

	Note	2013	2012
		Rupees in '000	
12.2 *Provision for doubtful loans and advances*			
Opening balance		**41,096**	41,096
Provision made during the year		**-**	-
Closing balance		**41,096**	41,096
13 TRADE DEPOSITS AND SHORT TERM PREPAYMENTS			
Trade deposits		**739**	882
Short term prepayments		**2,351**	1,885
		3,090	2,767
14 OTHER RECIEVABLES			
Insurance Claim receivable from related party	14.1	**10,003**	8,470
Freight Subsidy	14.2	**49,779**	-
Others		**28**	58
		59,810	8,528

14.1 These claims are receivable from M/s Reliance Insurance Company Limited, a related party. The maximum aggregate amount due from related party at the end of any month during the year was Rs. 10.003 million (2012: 8.470 million). The claim is outstanding for not more than 120 days.

14.2 This represents freight subsidy on sugar exports receivable from Trade Development Authority of Pakistan.

	Note	2013	2012
15 CASH AND BANK BALANCES			
Cash in hand		**1,099**	659
Cash at banks			
Current accounts		**96,889**	62,019
Saving accounts	15.1	**135**	663
		97,024	62,682
		98,123	63,341

15.1 This carry profit at the rate ranging between 5% and 6 % (2012: 5 and 6 %).

16 ISSUED, SUBSCRIBED AND PAID-UP CAPITAL

2013	2012		2013	2012
No. of Shares			Rupees in '000	
3,617,635	3,617,635	Ordinary shares of Rs.10 each allotted for consideration paid in cash.	**36,177**	36,177
		Ordinary shares of Rs. 10 each allotted as fully paid up otherwise than in cash:		
814,637	814,637	Issued to P.I.C.I.C in terms of loan agreement	**8,146**	8,146
40,000	40,000	Issued to I.C.P. in terms of debenture trust deed	**400**	400
20,000	20,000	Issued to State Life Insurance Corporation of Pakistan in terms of debenture trust deed	**200**	200
10,000	10,000	Issued to N.I.T. in terms of debenture trust deed	**100**	100
884,637	884,637		**8,846**	8,846
14,996,492	14,067,980	Ordinary shares of Rs. 10 each allotted as fully paid bonus shares.	**149,965**	140,680
19,498,764	18,570,252		**194,988**	185,703

16.1 Reconciliation of share capital

2013	2012		2013	2012
No. of Shares			Rupees in '000	
18,750,252	18,750,252	Outstanding at the beginning of the year	185,703	185,703
928,512	-	Add: 5% issue of bonus shares during the year	9,285	-
19,678,764	18,750,252		194,988	185,703

16.2 Associated companies hold 1,901,859 (9.75%) ordinary shares in the Company.

	Note	2013	2012
		Rupees in '000	
			Restated
17 SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT			
Surplus on revaluation of property, plant and equipment	17.1	1,178,431	553,804
Share of associates' surplus on revaluation of property, plant and equipment		65,034	67,420
		1,243,465	621,224
17.1 Surplus on revaluation of property, plant and equipment			
Gross opening balance		729,670	792,287
Surplus on fresh revaluation of property, plant and equipment	17.2	950,028	-
		1,679,698	792,287
Incremental depreciation - net of deferred tax		(21,926)	(40,702)
Related deferred tax liability		(11,295)	(21,916)
		(33,221)	(62,618)
Gross closing balance		1,646,477	729,670
Related deferred tax liability			
Opening balance		(175,866)	(197,783)
Transferred to profit and loss account on account of incremental depreciation		11,295	21,916
On fresh revaluation of property, plant and equipment		(303,475)	-
		(468,046)	(175,866)
Closing balance net of deferred tax		1,178,431	553,804

17.2 This represents surplus over book values resulting from the revaluation of land, building and plant & machinery carried out recently on September 30, 2013 by Messer K.G. Traders (Private) Limited.

18 LONG TERM FINANCING- Secured (Non-participatory)

	Note	2013	2012
Banks	18.1	676,042	308,333
Financial Institution	18.1	162,500	114,167
Modaraba	18.1	119,250	168,750
		957,792	591,250

18.1

	BANKS						FINANCIAL INSTITUTION					MODARABA	TOTAL	
	Bank Islami Pak Ltd	Burj Bank Ltd	Burj Bank Ltd	Burj Bank Ltd	Meezan Bank Ltd	**Total**	SAPICO	Pak Oman Inv	Pak Oman Inv	Pak Brunei Inv	**Total**	**Standard Chartered Modaraba**	**2013**	2012
Balance October 1	-	-	83,333	100,000	200,000	**383,333**	53,333	100,000	-	62,500	**215,833**	180,000	**779,166**	492,500
Add: Receipts	250,000	250,000				**500,000**	-	-	150,000	-	**150,000**	-	**650,000**	480,000
Less: Payment	-	-	33,333	16,667	25,000	**75,000**	26,667	50,000	-	25,000	**101,667**	11,250	**187,917**	193,334
Total Payable as on September 30	250,000	250,000	50,000	83,333	175,000	**808,333**	26,666	50,000	150,000	37,500	**264,166**	168,750	**1,241,249**	779,166
Less: Current Maturity Shown under current liabilities	15,625	-	33,333	33,333	50,000	**132,291**	26,666	50,000		25,000	**101,666**	49,500	**283,457**	187,916
	234,375	250,000	16,667	50,000	125,000	**676,042**	-	-	150,000	12,500	**162,500**	119,250	**957,792**	591,250
Description	Diminishing Musharaka	Diminishing Musharaka	Diminishing Musharaka	Diminishing Musharaka	Diminishing Musharaka		Long Term Finance	Long Term Finance	Long Term Finance	Long Term Finance		Diminishing Musharaka		
Sanctioned/Sale Price/ Disbursed Amount (Rs in million)	250	250	100	100	200		100	200	150	100		180		
Facility Tenor	5 Years	5 Years	4 Years	4 Years	5Years		4 Years	5 Years	5 Years	5 Years		4 Years		
Grace Period	1 Year	1 Year	1 Year	1 Year	1 Year		3 Months	1 Year	1 Year	1 Year		1 Year		
Effective rate of markup (per annum)	3M KIBOR + 1.75%	6M KIBOR + 2%	3M KIBOR + 2.50%	3 M KIBOR + 2.50%	6 M KIBOR + 2.25%		6 M KIBOR + 2.50%	6M KIBOR + 3.00%	6M KIBOR + 2.00%	6 M KIBOR + 2.75%		6 M KIBOR + 2.00%		
Installments Payable	Quarterly	Half Yearly	Quarterly	Quarterly	Half Yearly		Quarterly	Quarterly	Quarterly	Half Yearly		Quarterly		
Number of installments	16	8	12	12	8		15	16	16	8		12 Varying		
Date of disbursement	13-05-2013	30-09-2013	21-03-2011	23-02-2012	23-11-2011		02-09-2010	18-07-2009	27-09-2013	18-12-2009		15-05-2012		
Date of maturity	13-05-2018	30-09-2018	21-03-2015	23-02-2016	23-11-2016		02-09-2014	18-07-2014	27-09-2018	18-12-2014		15-05-2016		

SECURITIES

Bankislami Pakistan Ltd-250-M.	First pari passu E/M & hypothecation charge over all property, plant and equipment including land, building, Plant & Machinery of Al-Noor Sugar Mills Limited-Sugar Division
Burj Bank Limited Rs.250-M.	First pari passu E/M & hypothecation charge over all property, plant and equipment including land, building, Plant & Machinery of Al-Noor Sugar Mills Limited-Sugar Division
Burj Bank Limited Rs. 100-M	First pari passu E/M & hypothecation charge over all property, plant and equipment including land, building, Plant & Machinery of Al-Noor Sugar Mills Limited-MDFB Division
Burj Bank Limited Rs. 100-M	First pari passu E/M & hypothecation charge over all property, plant and equipment including land, building, Plant & Machinery of Al-Noor Sugar Mills Limited-MDFB Division
Meezan Bank Limited Rs.200-M	First pari passu E/M & hypothecation charge over all property, plant and equipment including land, building, Plant & Machinery of Al-Noor Sugar Mills Limited-Sugar Division
Saudi Pak Industrial & Agricultural Investment Co Ltd	First pari passu E/M & hypothecation charge over all property, plant and equipment including land, building, Plant & Machinery of Al-Noor Sugar Mills Limited-MDFB Division
Pak Oman Investment Company Ltd Rs. 200-M	First pari passu E/M & hypothecation charge over all property, plant and equipment including land, building, Plant & Machinery of Al-Noor Sugar Mills Limited-MDFB Division
Pak Oman Investment Company Ltd Rs. 150-M	First pari passu E/M & hypothecation charge over all property, plant and equipment including land, building, Plant & Machinery of Al-Noor Sugar Mills Limited-MDFB Division
Pak Brunei Investment Company Ltd	First pari passu E/M & hypothecation charge over all property, plant and equipment including land, building, Plant & Machinery of Al-Noor Sugar Mills Limited-MDFB Division
Standard Chartered Modaraba	First pari passu E/M & hypothecation charge over all property, plant and equipment including land, building, Plant & Machinery of Al-Noor Sugar Mills Limited-Sugar Division

	Note	2013	2012
		Rupees in '000	

19 LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE

		2013	2012
Minimum lease payments / rentals payable			
Within one year		38,105	49,177
After one year but not more than five years		101,684	145,009
		139,789	194,186
Less: Amount representing finance charges payable			
Within one year		(9,054)	49,177
After one year but not more than five years		(7,114)	145,009
		(16,168)	(36,489)
Present value of minimum lease payments		123,621	157,697
Less: Current portion shown under current liabilities (Note no.24)		(29,051)	(33,323)
		94,570	124,374

19.1 These represent machinery acquired under finance lease from leasing companies. The outstanding lease rentals due under the lease agreements are payable in quarterly installments latest by 2016. These carry finance charges at the rate of 6 month KIBOR+2.50% (2012: 6 month KIBOR+2.50%) per anum being implicit in the lease. The Company intends to exercise the option to purchase the leased assets upon completion of the lease period. Liabilities are secured against promissory notes, security deposit.

20 DEFERRED LIABILITIES

	Note	2013	2012
Deferred taxation	20.1	696,219	339,440
Excise duty	20.2	35,120	35,120
		731,339	374,560

20.1 Deferred taxation

		2013	2012
Opening Balance		339,440	418,641
Deferred tax arisen due to revaluation during the year		303,475	-
Provision during the year		53,220	(79,201)
		696,135	339,440
Deferred tax liabilities arising due to;			
Accelerated depreciation rates		269,212	254,154
Investment in associates		15,640	15,333
Lease financing arrangements		-	2,656
Surplus on revaluation of property, plant and equipments		468,046	175,865
		752,898	448,008
Deferred tax assets arising due to;			
Provisions		(16,384)	(16,342)
Lease financing arrangements		(218)	-
Unabsorbed tax losses		(40,077)	(92,226)
		(56,679)	(108,568)
		696,219	339,440

20.2 This represents liability recognised in respect of denial of excise duty exemption by Central Excise and Land Customs Department vide notification of December 23, 1992. The company had filed a constitutional petition before the High Court of Sindh however the same was rejected by the Sindh High Court. The company has filed an appeal before the Supreme Court of Pakistan against the order of Sindh High Court. The appeal is pending for hearing, whereas the Company has recognised full amount of liability in this respect as a matter of abundant precaution and on prudent basis.

	Note	2013	2012
		Rupees in '000	

21 TRADE AND OTHER PAYABLES

	Note	2013	2012
Creditors		**162,536**	114,953
istisna / IERF / Murabaha payable	21.1	**510,000**	600,000
Accrued expenses		**33,473**	39,969
Advances from customers		**155,167**	715,043
Workers' Profit Participation fund	21.2	**6,584**	1,649
Workers' welfare fund		**2,473**	1,272
Unclaimed dividend		**3,430**	3,408
Sales tax payable		**26,935**	37,072
Payable to provident fund - related party		**145**	1,423
Others		**1,783**	2,166
		902,526	1,516,955

21.1 istisna/Murabaha have been availed from Islamic banks at 6Kibor+1% per anum (2012: 6M Kibor+1% to 1.50 per anum). The profit is payable with principle amount on the date of maturity of transaction. These include pledge and hypothecation facilities. Pledge facilities are primarily secured by pledge of sugar and collaterally secured by ranking charge on current assets and hypothecation facilities are secured by 1st pari passu hypothecation charge over plant and machinery.

21.2 Workers' Profit Participation fund

	2013	2012
Balance October 1,	**1,649**	5,449
Interest on funds utilized in the Company's business	**-**	1,649
	1,649	7,098
Paid to the fund	**(1,649)**	(5,449)
	-	1,649
Allocation for the year	**6,584**	-
	6,584	1,649

22 ACCRUED FINANCE COST

	2013	2012
On Long term financing	**17,820**	21,472
On Finance lease	**113**	285
On Istisna / IERF / Murabaha payable	**5,702**	3,733
On Short term borrowings	**21,848**	38,932
	45,483	64,422

23 SHORT TERM BORROWINGS
From banking copanies - Secured

	Note	2013	2012
Running finance/Cash finance	23.1	**670,243**	1,344,401

23.1 The aggregate unavailed running finance facilities from commercial banks amounts to Rs. 3,405 million (2012 : Rs.2,729 million) as on balance sheet date. These carry markup at rates ranging from 1M Kibor+2% and 3M Kibor+1.00% to 2.00% (2012 : 1M Kibor+2% and 3M Kibor+1.50 to 2.00%) per annum payable quarterly. These are secured against pledge of refine sugar/MDFB sheets, pari passu equitable mortgage charge on fixed assets and hypothecation of stocks and receivables.

24 CURRENT PORTION OF LONG TERM FINANCING AND LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE

	Note	2013	2012
Long term financing	18	**283,457**	187,916
Liabilities against assets subject to finance lease	19	**29,051**	33,323
		312,508	221,239

25 CONTINGENCIES AND COMMITMENTS

25.1 Contingencies

25.1.1 A demand of Rs.6.216 million in respect of sales tax on in house use of baggase as fuel was raised by the Collectorate of Sales Tax, Hyderabad. The Company has disputed the liability and had filed an appeal before the Appellate Tribunal Karachi. The Appellate Tribunal has remanded back the case to the department of sales tax with a direction to compute the sales value and the sales tax payable thereon correctly after providing proper opportunity to the parties. The Sales Tax Tribunal has also directed the department to consider the fact that there was no deliberate or willful attempt to defraud the revenue therefore, the additional tax liability may be uncalled. However, to avail relief from levy of additional tax, as provided through SRO 1349(1) 99 dated 17th December,1999, the Company had paid a total amount of Rs. 11.791 million including additional tax of Rs.5.577 million in December,1999.

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

25.1.2 The Company filed petition before the High Court of Sindh contesting the levy of further tax against taxable supplies made to persons other than registered person under section 3(IA) of the Sales Tax Act, 1990. However, the entire liability till November 30, 2000 against such further tax had been paid by the Company including additional tax and penalties. During December 2000, a judgment in favour of Company was awarded by the High Court of Sindh. Accordingly, Company has claimed for refund of such further tax amounting to Rs.48.990 million out of which an amount of Rs.5.233 million has already been refunded by the department.

The Department of Sales Tax has filed an Appeal before the Honorable Supreme Court against the Order of the High Court of Sindh. The Honorable Supreme Court has allowed the Appeal with direction to the department to act in accordance with law. The Company is of the view that the Honorable Supreme Court has allowed the Appeal however ratio-decided ordered by the High Court of Sindh has not been reversed, over ruled or amended. The Company is therefore of the view that the final outcome of the matter will be in favor of the Company. Sales Tax department has however raised a demand of further tax involving amount of 116 million, which has been contested by the company in the light of Sindh High Court Judgment. Thereafter the Sales Tax Tribunal has issued order in favour of the company against which the sales tax department filed appeal against the orders of Tribunal which are pending at Honorable Sindh High Court.

25.1.3 Various Sugar Mills of Sindh filed constitutional petitions against levy of Quality premium which had been dismissed by the High Court of Sindh. The mills preferred to file appeals in the Honorable Supreme Court against the High Court's Order. Subsequently the Honorable Supreme Court has admitted the appeals of the sugar mills for regular hearing. In view of the given circumstances and as per the decision of the Punjab High Court in a similar case in which the Punjab High Court had declared the demand of quality premium as un lawful, the management of the company expect a favourable decision and therefore, has decided not to provide for the Quality premium for the current season and as well as previous season which aggregates to Rs.323.48 million (2009 : Rs. 251.287 million).

25.1.4 The Company has filed a petition before the Honorable High Court of Sindh against the imposition of special excise duty. The Honorable High Court has issued stay order for the recovery of 70% of the total amount of Rs 7.135 million against excise duty involved. The Company has however as a matter of abundant precaution has provided for the amount of said duty in the financial statements. The case has been decided in favour of the company declaring Special Excise Duty as void ab-initio and of no legal effect. The Inland Revenue department has filed an appeal before Honorable Supreme Court of Pakistan against the decision of Honorable High Court.

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

25.1.6 The Company has filed a suit before the Honourable High Court of Sindh against Pakistan Standards and Quality Control Authority (the Authority) challenging the levy of marking fee under PSQCA Act-VI of 1996. The Authority has demanded a fee payment @ 0.1% of ex-factory price for the year 2008-09 amounting to Rs. 6.5 million. The Company is of the view that demand notifications so raised are without any lawful authority under the PSQCA Act-VI of 1996 and are violation of the constitution. The Honourable High Court of Sindh has accepted the petition and termed that the impugned notification have been issued without lawful authority and suspended the operation of the impugned, notifications. The constitutional petition filed before the Honourable High Court of Sindh has been allowed in favour of the company. In the meantime the legal counsel of the company filed caveat in respect of an appeal to be filed by the PSQCA against the Judgment in Honourable Supreme Court of Pakistan. The Pakistan Standards and Quality Control Authority has filed an appeal before the Honourable Supreme Court of Pakistan against the decision of Honourable High Court of Sindh. No provision has been made in respect.

	Note	2013	2012
		Rupees in '000	
25.2 Commitments			
Letters of credit			
Stores		**12,114**	10,261
Raw Material		**79,467**	22,138
Machinery (CWIP)		**99,866**	-
		191,447	32,399
Bank Guarantee in favour of Trading Corporation of Pakistan (Pvt) Ltd. (TCP) against sugar sale contracts		**6,505**	-
26 SALES			
Local		**6,535,120**	5,364,882
Export		**1,590,039**	1,264,621
		8,125,159	6,629,503
Sales tax and federal excise duty		**527,767**	499,105
Brokerage and commission		**3,079**	1,317
		(530,846)	(500,422)
		7,594,313	6,129,081
27 COST OF GOODS SOLD			
Opening stock of finished goods		**2,130,961**	2,010,613
Cost of goods manufactured	27.1	**6,104,514**	5,570,505
Finished goods available for sale		**8,235,475**	7,581,118
Less: Closing stock of finished goods		**(1,479,009)**	(2,130,961)
		6,756,466	5,450,157

	Note	2013	2012
		Rupees in '000	
27.1 Cost of goods manufactured			
Raw material consumed	27.1.1	**5,445,844**	4,817,452
Salaries, wages and benefits	27.1.2	**171,561**	148,972
Stores and spares parts consumed		**232,650**	207,393
Packing materials		**39,522**	34,519
Fuel and oil		**140,976**	188,142
Power and water		**218,987**	216,047
Repair and maintenance		**97,909**	87,250
Insurance		**16,993**	17,266
Depreciation	4.1.2	**146,857**	194,919
Other manufacturing expenses		**60,666**	61,630
		6,571,965	5,973,590
Less:			
Byproduct sale			
Molasses		**349,090**	290,750
Sander dust		**790**	2,183
Sale of Electric Power		**116,264**	110,942
		(466,144)	(403,875)
Work-in-process			
Opening stock		**3,527**	4,317
Closing stock		**(4,834)**	(3,527)
		(1,307)	790
		6,104,514	5,570,505
Raw material consumed			
Opening stock		**361,468**	400,879
Purchases and related expenses	27.1.1	**5,392,111**	4,778,041
		5,753,579	5,178,920
Closing stock		**(307,735)**	(361,468)
		5,445,844	4,817,452

27.1.1 It includes subsidies paid to growers aggregating to Rs. 55.749 million (2012: Rs.73.880 million) in addition to minimum support price fixed by the Government of Sindh.

27.1.2 It includes Rs. 5.491 million (2012: Rs.4.669 million) in respect of staff retirement benefits.

28 PROFIT FROM TRADING ACTIVITIES

	2013	2012
Sales	**22,249**	22,134
Sales tax and federal excise duty	**(3,089)**	(3,053)
	19,160	19,081
Cost of goods sold:		
Opening stock	**11,369**	8,176
Purchases	**9,646**	13,140
Closing stock	**(10,835)**	(11,369)
	10,180	9,947
	8,980	9,134
Distribution expenses	**(6,004)**	(5,816)
Profit for the year	**2,976**	3,318

	Note	2013	2012
		Rupees in '000	
29 DISTRIBUTION COST			
Sales promotion		**14,934**	13,583
Export sale expenses		**8,441**	23,438
Dispatch and stacking		**11,896**	7,247
		35,271	44,268
30 ADMINISTRATIVE EXPENSES			
Salaries, wages and benefits	30.1	**159,706**	141,077
Staff welfare		**24,677**	22,178
Rent, rates and taxes		**1,031**	1,623
Electricity and gas charges		**6,537**	4,691
Repair and maintenance		**42,232**	52,770
Legal and professional		**3,789**	4,080
Vehicle running		**33,236**	28,460
Insurance		**2,828**	3,543
Communication		**6,014**	5,408
Entertainment		**8,467**	7,531
Printing and stationery		**1,879**	3,274
Fees and subscription		**4,027**	3,046
Traveling and conveyance		**12,541**	11,141
Security Expenses		**8,796**	8,158
Auditors' remuneration	30.2	**984**	862
Charity and donation	30.3	**4,920**	3,961
Depreciation		**25,483**	29,126
Amortisation		**2,291**	1,611
Others		**3,836**	2,820
		353,274	335,360

30.1 It includes Rs. 3.905 million (2012 : Rs. 3.142 million) in respect of staff retirement benefits.

30.2 Auditors' remuneration

	2013	2012
Hider Bhimji & Co		
Audit fee	**700**	550
Out of pocket expenses	**66**	49
Half yearly review fee	**83**	83
Code of corporate governance review fee	**10**	55
	859	737
A.D.Akhawala & Co. - Provident Fund	**25**	25
A.D.Akhawala & Co. - Cost Audit	**100**	100
	125	125
	984	862

30.3 No directors or their spouses had any interest in the donee funds.

31 OTHER OPERATING EXPENSES

	2013	2012
Provision for obsolete stores and spare items	**1,185**	1,000
Worker's Profit Participation fund	**6,584**	-
Workers welfare fund	**2,473**	-
	10,242	1,000

	Note	2013	2012
		Rupees in '000	

32 OTHER INCOME

Income from financial assets:			
Profit on bank deposits		**428**	1,803
Exchange gain on export proceeds		**7,426**	1,127
		7,854	2,930
Income from non financial assets			
Insurance claim		**918**	3,500
Sale of scrap		**2,282**	1,593
Gain on disposal of property, plant and equipment		**2,554**	4,061
Rent		**600**	636
		6,354	9,790
		14,208	12,720

33 FINANCE COST

Profit / Markup / Interest on:			
Long term financing		**96,372**	104,307
Liabilities against asset subject to finance lease		**13,602**	20,450
Short term borrowings		**135,855**	183,216
Export refinance		**64,501**	57,511
IERF / Murabaha financing		**28,329**	48,963
Workers' profit participation fund	21.2	**-**	1,649
Bank charges		**3,122**	2,340
Others		**2,666**	2,808
		344,447	421,244

34 TAXATION

Current year		**48,889**	37,091
Prior years		**-**	1,696
Deferred		**53,304**	(79,201)
		102,193	(40,414)

34.1 The company has worked out the tax liabilities for the current year on the basis of amendment incorporated in the Income tax law which have resulted in reducing of tax expenses substantially.

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

35 EARNINGS PER SHARE
Basic and diluted

	2013	2012
	Rupees in '000	
		Restated
Profit / (loss) after taxation	**24,074**	(43,099)
Weighted average number of ordinary shares	**19,499**	19,499
outstanding during the year (in thousands)		
Earnings per share (Rupees)	**1.23**	(2.21)

There is no dilutive effect on the basic earnings per share of the Company. Weighted average number of ordinary sharers outstanding and earning per share for the year ended September 30, 2012 have been restated by taken into effect, the bonus shares issued during current year @ 5%.

36 RELATED PARTY TRANSACTIONS

The related parties comprise associates, key management personnel and staff retirement benefit plans. The transactions with related parties are carried out as per agreed terms. Amounts due from and to related parties are shown under receivables and payables, and remuneration of directors and key management personnel is disclosed in note 37 whereas transaction with respect to investment and return thereto are disclosed in Note 7. Other transactions with related parties are as follows: -

Relationship with the Company	Nature of Transactions	2013	2012
		Rupees in '000	
Assocates:			
Reliance Insurance Company Limited	Insurance premium paid	**32,057**	36,672
	Insurance claim received	**10,003**	25,577
Noori Trading (Private) Limited	Rent received	**-**	36
Shahmurad Sugar Mills Limited	Sale of molasses	**275,910**	290,750
First Al-Noor Modaraba (Pvt) Limited	Rent income	**600**	600
Staff Retirement Benefits Plan	Employer's contribution to provident fund	**9,396**	7,811
Dividend received from associates		**4,950**	3,300

37 REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

The aggregate amount charged in the financial statements for remuneration including all benefits to Chief Executive, Directors and Executives of the Company were as follows: -

	Chief Executive		Directors		Executives		Total	
	2013	2012	2013	2012	2013	2012	2013	2012
	--- Rupees in '000 ---							
Meeting fee	**15**	21	**205**	205	**-**	-	**220**	226
Remuneration	**6,324**	6,324	**18,282**	18,282	**46,175**	33,995	**70,781**	58,601
Provident fund	**-**	-	**-**	-	**3,769**	606	**3,769**	606
Perquisite (including house rent and bonus)	**3,162**	3,162	**9,141**	9,141	**47,353**	28,295	**59,656**	40,598
Reimbursable expenses including traveling expenses	**1,180**	1,485	**973**	2,086	**-**	-	**2,153**	3,571
	10,681	10,992	**28,601**	29,714	**97,297**	62,896	**136,579**	103,602
Number of persons	**1**	1	**3**	3	**59**	30		

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

37.1.2 Meeting fee has been paid to 10 Directors including CEO.

38 CAPACITY AND PRODUCTION

Sugar Division

	2013	2012
Capacity Days	**120**	120
Cane crushing capacity per day (M.Ton)	**7,000**	7,000
Total Crushing Capacity on basis of no. of days (M.Ton)	**840,000**	840,000
No of days Mill operated	**114**	108
Actual Crushing (M.Ton)	**959,302**	885,101
Sugar Production (M.Ton)	**99,740**	88,058

The sugar production plant capacity is based on crushing sugar cane on daily basis and the sugar production is dependent on certain factors which include sucrose recovery.

MDF Board division

Mande Line

	2013	2012
No. of Days Mill Operated	**160**	228
Capacity Per Day (Cubic Meter)	**70**	70
Total Capacity on basis of no. of days (Cubic Meter)	**11,200**	15,960
Actual Production (Cubic Meter)	**8,883**	13,113

Production of Mande Line of MDF Board Division was lowered due to production mix of different sizes.

Sunds Line

	2013	2012
No. of Days Mill Operated	**335**	325
Capacity Per Day (Cubic Meter)	**122**	122
Total Capacity on basis of no. of days (Cubic Meter)	**40,870**	39,650
Actual Production (Cubic Meter)	**41,354**	36,769

39 SEGMENT INFORMATION

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

	SUGAR		MDF BOARD		TOTAL	
	2013	2012	2013	2012	2013	2012
	Rupees in "000"					
REVENUE						
External sales	**5,433,593**	3,888,788	**2,160,720**	2,240,293	**7,594,313**	6,129,081
External Sales of By-product & Electricity	**465,354**	401,692	**-**	-	**465,354**	401,692
Inter-segment sales	**46,467**	52,222	**-**	-	**46,467**	52,222
Total Revenue	**5,945,414**	4,342,702	**2,160,720**	2,240,293	**8,106,134**	6,582,995
RESULTS						
Profit from operations	**414,824**	296,272	**51,662**	19,062	**466,486**	315,334
Other operating expenses					**(10,242)**	(1,000)
Finance cost					**(344,447)**	(421,244)
Share of profit from associated undertaking					**14,470**	23,397
Profit before tax					**126,267**	(83,513)
Taxation					**(102,193)**	40,414
Net profit for the year					**24,074**	(43,099)
BALANCE SHEET						
Assets						
Segment assets	**3,539,551**	3,522,941	**2,365,410**	2,243,211	**5,904,961**	5,766,152
Investment in associates	**182,158**	172,566	**-**	-	**182,158**	172,566
Unallocated Assets	**-**	-	**-**	-	**22,624**	32,270
Total assets					**6,109,747**	5,970,987
Liabilities						
Segment liabilities	**2,853,846**	3,360,000	**848,569**	871,211	**3,702,415**	4,231,211
Unallocated liabilities					**12,487**	6,351
Total liabilities					**3,714,902**	4,237,556
OTHER INFORMATION						
Additions to property, plant and equipment	**18,790**	33,588	**11,177**	36,496	**29,967**	70,084
Depreciation	**89,204**	94,292	**83,136**	129,753	**172,340**	224,045
Amortization	**-**	-	**2,291**	1,611	**2,291**	1,611

40 FINANCIAL ASSETS AND LIABILITIES

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

	2013						
	Markup / Interest Based			Non Markup / Interest Based			Total
	Maturity up to One Year	Maturity after One Year	Sub Total	Maturity up to One Year	Maturity after One Year	Sub Total	
	------------(Rupees in '000')------------						
FINANCIAL ASSETS							
Long Term Investment	-	-	-	-	182,158	182,158	**182,158**
Deposits	-	-	-	739	37,889	38,628	**38,628**
Long Term Loans	-	-	-	8,144	2,196	10,340	**10,340**
Trade debts	-	-	-	96,348	-	96,348	**96,348**
Loans and advances	-	-	-	2,348	-	2,348	**2,348**
Other receivables	-	-	-	59,810	-	59,810	**59,810**
Cash and bank balances	-	-	-	98,123	-	98,123	**98,123**
	-	-	-	265,512	222,243	487,755	**487,755**
FINANCIAL LIABILITIES							
Long Term Financing	283,457	957,792	1,241,249	-	-	-	**1,241,249**
Liabilities against assets subject to finance lease	29,051	94,570	123,621	-	-	-	**123,621**
Long term deposits	-	-	-	-	441	441	**441**
Trade and other Payables	690,000	-	690,000	57,359	-	57,359	**747,359**
Accrued markup / finance cost	-	-	-	45,483	-	45,483	**45,483**
Short term borrowings	670,243	-	670,243	-	-	-	**670,243**
	1,672,751	1,052,362	2,725,113	102,842	441	103,283	**2,828,396**

	2012						
	Markup / Interest Based			Non Markup / Interest Based			Total
	Maturity up to One Year	Maturity after One Year	Sub Total	Maturity up to One Year	Maturity after One Year	Sub Total	
	------------(Rupees in '000')------------						
FINANCIAL ASSETS							
Long Term Investment	-	-	-	-	172,566	172,566	**172,566**
Deposits	-	-	-	882	42,835	43,717	**43,717**
Long Term Loans	-	-	-	5,188	4,230	9,418	**9,418**
Trade debts	-	-	-	153,506	-	153,506	**153,506**
Loans and advances	-	-	-	1,899	-	1,899	**1,899**
Other receivables	-	-	-	8,528	-	8,528	**8,528**
Cash and bank balances	-	-	-	63,341	-	63,341	**63,341**
	-	-	-	233,344	219,631	452,975	**452,975**
FINANCIAL LIABILITIES							
Long Term Financing	187,916	591,250	779,166	-	-	-	**779,166**
Liabilities against assets subject to finance lease	33,323	124,374	157,697	-	-	-	**157,697**
Trade and other Payables	601,649	-	601,649	200,263	-	200,263	**801,912**
Accrued markup / finance cost	-	-	-	64,422	-	64,422	**64,422**
Short term borrowings	1,344,401	-	1,344,401	-	-	-	**1,344,401**
	2,167,289	715,624	2,882,913	264,685	-	264,685	**3,147,598**

41 FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

41.1 Financial Risk Management Objectives

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

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

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

This information about the Company's exposure to each of the above risk, the Company's objectives, policies and procedures for measuring and managing risk, and the Company's management of capital, is as follows;

A Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Company's operating activities exposes it to credit risks arising mainly in respect of investments, balances with banks, loans and advances, trade debts, deposits and other receivables. The maximum exposure to credit risk at the reporting date is as follows:

	2013	2012
	(Rupees in '000)	
Long term Investments	**182,158**	172,566
Loans and advances	**12,688**	58,701
Deposits	**38,628**	2,767
Trade debts	**96,348**	153,506
Other receivables	**59,810**	8,528
Bank balances	**98,123**	63,341
	487,755	459,409

Loans and advances

These represent balances due from growers and employees. The Company is actively pursuing for the recovery and based on past experience the Company does not expect that these counter parties will fail to meet their obligations hence no impairment allowance in necessary except for certain past due loans to growers against which appropriate provision has been made in the financial statements as disclosed in note no 12.1.

Deposits

These represent security deposits with utility and leasing companies and trade deposits to suppliers. Based on past experience and credit worthiness of the counterparties the Company does not expect that these counter parties will fail to meet their obligations and the Company believes that it is not exposed any significant credit risk in respect of deposits.

Trade debts

"Trade debts of Rs Nil (2012: 38.465 million) are due from foreign customers whereas remaining amount of Rs. 96.348 million (2012: 115.041 million) is receivable from local parties. The Company manages credit risk in respect of trade debts by setting credit limits in relation to individual customers and / or by obtaining advance against sales and / or through letter of credits and / or by providing for doubtful debts. The Company actively pursue for the recovery and the Company does not expect these companies will fail to meet their obligation and further these are neither past due nor impaired, hence no allowance is necessary in respect of trade debts. Aging of trade debts is as follows;

3 to 6 months	**96,348**	153,506

Other receivables

These represents amounts receivables from Government and related parties against which the Company is actively pursuing for the recovery and the Company expect that the recovery will be made soon. The Company believes that no impairment allowance is necessary in respect of receivable because these are neither past due nor impaired.

Bank balances

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

The bank balances along with credit ratings are tabulated below

	Long Term Ratings	Short Term Ratings	2013	2012
			Rupees in '000	
United Bank Limited	AA+	A1+	**19,329**	24,390
Habib Bank Limited	AA+	A1+	**8,048**	2,066
Allied Bank Limited	AA+	A1+	**888**	142
MCB Bank Limited	AA+	A1+	**15,940**	19,008
Standard Chartered Bank Limited	AAA	A1+	**175**	2,139
National Bank of Pakistan	AAA	A1+	**2,330**	2,811
Faysal Bank Limited	AA	A1+	**34,288**	1,082
Bank Al-Falah Limited	AA	A1+	**10,298**	10,703
Bank Islami Limited	A	A1	**160**	9
Habib Metropolitan Bank Limited	A	A1	**19**	17
Al-Baraka Bank (Pakistan) Limited	A	A2	**-**	178
Soneri Bank Limited	AA-	A1+	**408**	8
China Bank	AA-	A1	**125**	125
Meezan Bank Limited	AA-	A1+	**2,341**	4
Burj Bank Limited	A	A-2	**215**	-
Js Bank Limited	A	A1	**469**	-
Bank Al-Habib	AA+	A1+	**1,969**	-
Askari Commercial Bank Limited	AA	A1+	**12**	-
Dubai Islamic Bank	A	A-1	**10**	-
			97,024	62,682

Financial assets that are either past due or impaired

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

As at the balance sheet date amounts of Rs. 41.096 millions (2012: 41.096 million) receivable from growers, suppliers and contractors were past due against which allowance for doubtful debts have been made. The aging of the past due financial assets is as under;

1 year to 3 years	**41,096**	41,096

B Liquidity risk

Liquidity risk represents the risk where the Company will encounter difficulty in meeting obligations associated with financial liabilities when they fall due. The exposure to liquidity risk along with contractual maturities (undiscounted) of the financial liabilities is as follow;

	On demand	Less than 3 months	3 to 12 months	1 to 5 years	> 5 years	Total
			(Rupees in thousands)			
Year ended 30 September 2013						
Long term financing	**-**	**-**	**283,457**	**957,792**	**-**	**1,241,249**
Finance lease Liabilities			**29,051**	**94,570**		**123,621**
Trade and other payables	**-**	**378,111**	**524,415**	**-**	**-**	**902,526**
Short-term borrowings	**-**	**-**	**670,243**	**-**	**-**	**670,243**
Accrued mark-up		**45,483**				**45,483**
	-	**423,594**	**1,507,166**	**1,052,362**	**-**	**2,983,122**
Year ended 30 September 2012						
Long term financing	-	-	187,916	591,250	-	779,166
Finance lease Liabilities			33,323	124,374		157,697
Trade and other payables	-	907,037	609,918	-	-	1,516,955
Short-term borrowings	-	-	1,344,401	-	-	1,344,401
Accrued mark-up on		64,422				64,422
	-	971,459	2,175,558	715,624	-	3,862,641

The Company manages liquidity risk by maintaining sufficient cash and ensuring the fund availability through adequate credit facilities. At September 30, 2013 the Company has PKR 3,405 million (2012: PKR 2,729 million) available unutilized short term borrowing limit from financial institutions and also has PKR 97.024 million (2012: PKR 62.682 million) being balances at banks. Based on the above, management believes the liquidity risk is insignificant.

C Market Risk

Market risk is the risk that the fair value or future cash flows of the financial instrument may fluctuate as a result of changes in market interest rates or the market price due to a change in credit rating of the issuer or the instrument, change in market sentiments, speculative activities, supply and demand of securities, and liquidity in the market. Market risk comprises of three types of risks: Currency risk, interest rate risk and other price risk.

D Interest/ markup rate risk management

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

	Effective interest rates	Carrying Values	
	2013	2013	2012
Financial Liabilities		--- Rupees in "000" ----	
Variable Rate Instruments			
Long Term Financing	See Note 18	**957,792**	591,250
Istasna/IERF/Murabaha	See Note 21	**510,000**	600,000
Liability Against assets subject to finance lease	See Note 19	**94,570**	124,374
WPPF	See Note 21	**6,584**	1,649
Short term Borrowings	See Note 23	**670,243**	1,344,401
		2,239,189	2,661,674

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 balance sheet would not effect profit or loss of the Company.

Fair value sensitivity analysis for fixed rate instruments

An increase / decrease of 100 basis points in interest rates at the reporting date would have decreased /increased profit for the year before tax by the amount of Rs. 22.392 million (2012: 26.617 million) assuming that all other variables remains constant.

E Foreign exchange risk management

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

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

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

		2013		2012	2013	2012
		(in thousands)			(Rupees in thousands)	
Balance Sheet Exposure						
Foreign debtors	$	-	$	405	-	38,465
Off Balance Sheet Exposure						
Commitments						
US Dollars	$	735	$	233	79,467	22,138
EUROS	€	725	€	73	107,320	8,950
JPY	JPY	-	JPY	2,285	-	1,311
					186,787	32,399

The following significant exchange rate has been applied:

	2013	2012
Rupee per USD		
Average rate	100.15	91.18
Reporting date rate	105.5	95

Sensitivity analysis

A 10 percent strengthening / weakening of the PKR against USD at 30 Sept would have decreased / increased profit before tax by the amount of Rs. Nil (2012: Rs.3.846 million). The effect of off Balance Sheet date items would have been Rs.18.679 million (2012: Rs.3.24 million). This analysis assumes that all other variables, in particular interest rates, remain constant. The analysis is performed on the same basis for 2013.

F Fair value of financial instruments

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

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

G Capital risk management

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

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

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

During 2013 the Company's strategy was to maintain leveraged gearing. The gearing ratios as at September 30, 2013 and 2012 were as follows:

	2013	2012
	(Rupees in '000)	
Total borrowings	**2,545,113**	2,881,264
Less: Cash and bank	**(98,123)**	(63,341)
	2,446,990	2,817,923
Total equity	**2,394,845**	1,733,431
Total equity and debt	**4,939,958**	4,614,695
Gearing ratio (%)	**49.53%**	61.06%

42 PROVIDENT FUND RELATED DISCLOSURES

The following information based on latest financial statements of the fund:

	2013	2012
	Rs. '000	
	Un-audited	Audited
Size of the fund - Total assets	**81,183**	59,869
Cost of investments made	**79,103**	57,722
Percentage of investments made	**97.44%**	96.41%
Fair value of investments	**79,103**	57,722

42.1 The break-up of fair value of investment is:

	2013		2012	
	Rs. 000s	..... %	Rs. 000s	..... % .....
	Un-audited		Audited	
Meezan Amdani Certificate	**77,700**	**98.23%**	57,700	99.96%
Saving accounts with banks	**1,403**	**1.77%**	22	0.04%
	79,103	**100.00%**	57,722	100.00%

42.2 The investment out of provident fund have been made in accordance with the provisions of Section 227 of the Companies Ordinance, 1984 and rules formulated for this purpose.

43 NUMBER OF EMPLOYEES

No of persons employed as on year end were 810 (2012:795) and average number of employee during the year were 668 (2012:710).

44 CORRECTION OF ERROR

In the previous years effect of incremental depreciation of associate and of the market value of the associate's shares was erroneously taken to the investment in associates accounted for under equity method. The error have been rectified and relevant corresponding figures have been adjusted retrospectively in accordance with the benchmark treatment prescribed in the IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors" .

The effect of the correction of error is as follows

	As originally reported	Effect of restatement	As restated
Share of associates revaluation surplus - as on September 30, 2011	65,984	4,639	70,623
Investment in associates - as on September 30, 2011	154,020	(2,168)	151,852
Share of unrealized gain / (loss) - as on September 30, 2011	(1,137)	(1,155)	(2,292)
Unappropriated profit - as on September 30, 2011	988,736	(5,652)	983,084
Unappropriated profit - as on September 30, 2012	933,831	(5,652)	928,179
Share of unrealized gain / (loss) - for the year ended September 30, 2012	5,847	(5,230)	617
Share of unrealized gain / (loss) - as on September 30, 2012	4,710	(6,385)	(1,675)

45 DATE OF AUTHORIZATION

These financial statements were authorized for issue in the Board of Directors meeting held on 27 December, 2013

46 EVENTS AFTER BALANCE SHEET DATE

Subsequent to the year ended September 30, 2013, the Board of Directors has proposed a final cash dividend of Re.0.50 (2012 Re.0.50) per share amounting to Rs.9.285 million (2012 :9.285 million) and 5% bonus shares i.e. 1 share evey 20 share at their meeting held on December 27, 2013 for the approval of the members at the Annual General Meeting to be held on 31st January 2014.

47 GENERAL

47.1 Reclassifications

For better and fair presentation following reclassification of comparative figures have been made;

From Component	To Component	(Rs. 000)
Balance Sheet		
Short term borrowings - IERF	Trade and Other Payables - IERF / Murabaha payable	50,000
Accrued Finance Cost - Short term borrowings	Accrued Finance Cost - IERF / Murabaha payable	3,733
Profit and Loss Account		
Finance Cost - Short term borrowings - IERF	Finance Cost - IERF / Murabaha payable	4,377
Cash Flow Statement		
Stores, Spare Parts and Loose Tools	Provision for obsolescence and slow moving items	1,000

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

ISMAIL H. ZAKARIA
Chief Executive Officer

SULEMAN AYOOB
Director

KEY OPERATION & FINANCIAL DATA FOR LAST TEN YEARS

(Rupees in thousand)

	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
		(Restated)	(Restated)			(Restated)		(Restated)		
BALANCE SHEET:										
Share Capital	194,988	185,703	185,703	185,703	185,703	185,703	185,703	185,703	185,703	185,703
Reserves	956,392	926,504	980,792	928,612	691,371	568,382	344,659	301,468	197,805	90,778
Surplus on revaluaiton										
of fixed assets	1,243,465	621,224	665,126	708,767	765,432	795,686	337,261	369,288	399,472	432,671
Long Term Liabilities	1,052,803	715,979	457,783	408,534	358,463	270,630	400,714	150,073	229,526	283,025
Deferred Liabilities	731,339	374,560	453,761	561,830	518,674	473,657	346,074	344,112	279,750	308,640
Current Liabilities	1,930,760	3,147,017	3,142,284	1,431,018	1,283,079	1,542,332	723,653	723,016	873,515	804,576
Operating Assets	3,479,922	2,674,032	2,830,921	2,681,942	2,327,921	2,264,422	1,527,982	1,472,955	1,456,103	1,445,824
Long Term Deposits	37,889	42,835	42,375	4,688	4,290	5,071	11,317	10,742	11,047	9,991
Long Term Loans	2,196	4,230	5,032	4,476	4,144	-	-	-	-	-
Long Term Investments	182,158	172,566	151,852	143,933	143,772	98,416	10,263	8,607	3,671	39,852
Current Assets	2,406,599	3,074,050	2,850,409	1,389,425	1,322,595	1,466,075	788,502	581,356	694,950	609,726
TRADING:										
Turnover	7,594,313	6,129,081	5,983,046	6,313,220	4,249,981	3,048,478	2,382,212	2,698,535	1,703,015	1,521,994
Gross Profit	837,847	678,924	737,206	1,001,803	682,952	622,358	327,203	415,307	297,704	203,695
Operating Profit (Loss)	840,823	682,242	739,831	1,006,841	690,503	637,048	212,905	324,858	215,492	130,712
Profit(Loss) before Tax	126,267	(83,513)	59,875	391,453	210,749	244,243	39,759	182,154	94,955	16,082
Profit(Loss) after Tax	24,074	(43,099)	104,465	254,398	119,738	212,217	26,924	116,767	103,888	35,886
Earning per share	1.23	(2.21)	5.63	13.70	6.45	11.26	1.45	6.29	5.59	1.93
Cash dividend	5%	5%	30%	50%	40%	30%	15%	10%	10%	NIL
Bonus shares	5%	5%	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
SUGAR PRODUCTION:										
a) From Cane	959,302	88,058	71,655	73,175	66,495	98,113	68,310	62,722	49,004	70,360
b) From Raw Sugar	-	-	-	-	-	-	-	7,980	6,141	-
Sugar Produced (M.Tons)	959,302	88,058	71,655	73,175	66,495	98,113	68,310	70,702	55,145	70,360
Cane crushed (M.Tons)	99,740	885,101	888,736	774,230	736,420	1,062,304	782,777	662,200	538,064	756,425
Recovery (%)	10.40%	9.95%	8.05%	9.47%	9.03%	9.24%	8.72%	9.47%	9.11%	9.30%

PATTERN OF HOLDING OF THE SHARES HELD BY THE SHAREHOLDERS AS ON 30-09-2013

NOs OF SHARESHOLDERS	HOLDINGS			TOTAL SHARES HELD
430	1	TO	100	11,902
394	101	TO	500	106,692
115	501	TO	1000	77,673
126	1001	TO	5000	267,318
21	5001	TO	10000	142,677
7	10001	TO	15000	82,587
8	15001	TO	20000	144,589
5	20001	TO	25000	109,474
4	25001	TO	30000	106,283
1	30001	TO	35000	31,719
1	35001	TO	40000	35,996
1	40001	TO	45000	42,000
2	45001	TO	50000	96,239
3	50001	TO	55000	154,061
5	55001	TO	60000	283,604
4	60001	TO	65000	251,507
1	70001	TO	75000	70,989
2	85001	TO	90000	176,485
1	95001	TO	100000	97,125
2	100001	TO	105000	210,000
1	110001	TO	115000	113,052
2	115001	TO	120000	230,776
1	120001	TO	125000	122,794
1	145001	TO	150000	149,467
1	155001	TO	160000	159,025
3	175001	TO	180000	529,394
3	180001	TO	185000	547,372
1	185001	TO	190000	188,281
1	190001	TO	195000	194,988
1	195001	TO	200000	198,303
1	205001	TO	210000	209,970
1	210001	TO	215000	211,151
1	220001	TO	225000	224,806
1	255001	TO	260000	257,527
3	265001	TO	270000	800,403
1	270001	TO	275000	274,651
1	285001	TO	290000	289,636
1	305001	TO	310000	307,995
2	350001	TO	355000	704,607
2	355001	TO	360000	713,945
1	380001	TO	385000	383,318
1	395001	TO	400000	397,924
1	445001	TO	450000	447,274
1	455001	TO	460000	459,572
1	535001	TO	540000	539,444
1	590001	TO	595000	595,000
1	675001	TO	680000	677,062
1	735001	TO	740000	738,810
1	970001	TO	975000	970,693
1	1160001	TO	1165000	1,164,758
1	1785001	TO	1790000	1,786,358
1	2410001	TO	2415000	2,411,488
1174			**TOTAL:-**	**19,498,764**

CATEGORIES OF SHAREHOLDING AS ON 30-09-2013

SR.NO.	CATEGORIES OF SHAREHOLDER'S	NUMBER OF SHARES HOLDERS	SHARES HELD	PERCENTAGE
1	INDIVIDUAL	1150	13,360,032	68.52%
2	INSURANCE COMPANIES	1	539,444	2.77%
3	JOINT STOCK COMPANIES	11	2,749,099	14.10%
4	FINANCE INSTITUTIONS	6	2,505,999	12.85%
5	MODARABA COMPANIES	1	115,500	0.59%
6	OTHERS	5	228,690	1.17%
	TOTAL:-	**1174**	**19,498,764**	**100.00%**

CATEGORIES OF SHARE HOLDING
AS AT SEPTEMBER 30, 2013

Categories of Shareholders	No. of Share Holders	Sheres Held	Percentage
ASSOCIATED COMPANIES UNDERTAKINGS AND RELATED PARTIES			
FIRST AL-NOOR MODARABA	1	115,500	0.59
NOORI TRADING CORP. (PVT) LTD	1	1,786,358	9.16
NBP, NIT & ICP			
NATIONAL BANK OF PAKISTAN TRUSTEE DEPARTMENT NI(U)T FUND	1	2,411,488	12.37
INVESTMENT CORPORATION OF PAKISTAN	1	199	0.00
NATIONAL INVESTMENT TRUST LTD.	2	81,987	0.42
NATIONAL BANK OF PAKISTAN	1	12,220	0.06
TRUSTEE NATIONAL BANK OF PAKISTAN EMPLOYEES PENSION FUND.	1	209,970	1.08
TRUSTEE NATIONAL BANK OF PAKISTAN EMP. BENEVOLENT FUND TRUST.	1	7,368	0.04
DIRECTORS , CEO & THEIR SPOUSES AND MINOR CHILDERN			
MRS. MUNIRA ANJUM (W/O YUSUF AYOOB)	1	383,318	1.97
MR. MUHAMMAD SULEMAN AYOOB	1	307,995	1.58
MR. MUHAMMAD YUSUF AYOOB	1	353,364	1.81
MR. ABDUL AZIZ AYOOB	1	115,276	0.59
MRS. MEHRUNNISA A. AZIZ (W/O A. AZIZ AYOOB)	1	198,303	1.02
MRS. ZARINA ISMAIL ZAKARIA (W/O ISMAIL H. ZAKARIA)	1	182,062	0.93
MR. ZIA ZAKARIA	1	184,560	0.95
MR. ZOHAIR ZAKARIA	1	289,636	1.49
MRS. SURAIYA SULEMAN (W/O SULEMAN AYOOB)	1	57,210	0.29
MR. MOHAMMAD SALIM SULEMAN	1	88,392	0.45
MR. ISMAIL H. ZAKARIA	1	447,274	2.29
MR. NOOR MOHAMMAD ZAKARIA	1	10,742	0.06
MRS. SHEHNAZ NOOR MOHAMMAD (W/O NOOR MOHAMMAD)	1	355,945	1.83
MRS. ADIBA SALIM (W/O SALIM AYOOB)	1	70,989	0.36
PUBLIC SECTOR COMPANIES AND CORP.	1	539,444	2.77
BANK, DEVELOPMENT FINANCE INSTITUTIONS, NON BANKING FINANCE COMPANIES INSURANCE COMPANIES, MODARABAS AND MUTUAL FUNDS	1	105	0.00
JOINT STOCK COMPANIES	10	962,741	4.93
OTHERS	3	11,352	0.06
INDIVIDUALS	1136	10,314,966	52.90
TOTAL:-	**1,174**	**19,498,764**	**100.00**

SHAREHOLDERS HOLDING FIVE PERCENT OR MORE VOTING INTEREST IN THE LISTED COMPANY

NATIONAL BANK OF PAKISTAN TRUSTEE DEPARTMENT NI(U)T FUND	---	2,411,488
NOORI TRADING CORPORATION (PVT.) LTD.	---	1,786,358
ZAKI ZAKARIA	---	1,164,758

PROXY FORM

I/We ....

in the district of .... being a Member of **AL-NOOR SUGAR MILLS LIMITED**

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

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

hereby appoint .... of ....

or failing him ....

of... also a member; as my/our Proxy in my/our absence to attend and vote for me/us at the 44th Annual General Meeting of the Company to be held on the 31st day of January two thousand and fourteen at 3.30 P.M. and at any adjournment thereof :

Signed this .... day of 2014

WITNESSES:

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

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

Rupees five
Revenue
Stamp

Signature of Member(s)

NOTE:

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