TABLE OF CONTENTS

COMPANY INFORMATION

BOARD OF DIRECTORS	:	**CHAIRMAN/CHIEF EXECUTIVE** Mr. Muhammad Shamim Khan **MANAGING DIRECTOR** Mr. Nauman Ahmed Khan **DIRECTORS** Mrs. Qaiser Shamim Khan Mr. Adnan Ahmed Khan Mrs. Farrah Khan Mr. Muhammad Khan Mrs. Sarah H. Khan	
AUDIT COMMITTEE	:	Mr. Adnan Ahmed Khan Mrs. Qaiser Shamim Khan Mr. Muhammad Khan	(Chairman) (Member) (Member)
HUMAN RESOURCE & REMUNERATION COMMITTEE	:	Mrs. Farrah Khan Mr. Muhammad Shamim Khan Mr. Muhammad Khan	(Chairman) (Member) (Member)
MANAGEMENT	:	Mr. Muhammad Kausar Sheikh Mr. Mumtaz Hussain Khosa	(Project Advisor) (Chief Financial Officer)
COMPANY SECRETARY	:	Mr. Wasif Mahmood	
AUDITORS	:	M/s. Rahman Sarfaraz Rahim Iqbal Rafiq Chartered Accountants, Lahore	
LEGAL ADVISOR	:	Mr. Shehzad Ata Elahi, Advocate Ch. Altaf Hussain Advocate	
BANKERS	:	Allied Bank Limited Bank Al-Habib Limited Barclays Bank Limited Bank Alfalah Limited BankIslami Pakistan Limited Habib Bank Limited Habib Metropolitan Bank Limited JS Bank Limited KASB Bank Limited MCB Bank Limited National Bank of Pakistan Samba Bank Limited United Bank Limited Faysal Bank Limited Meezan Bank Limited	
SHARE REGISTRAR	:	M/s. CORPLINK (Pvt) Ltd Wings Arcade, 1-K- Commercial Model Town, Lahore Tel: 042-35839182, 35887262 Fax: 042-35869037	
REGISTERED OFFICE	:	23- Pir Khurshid Colony Gulgasht, Multan Tel: 061-6524621, 6524675 Fax: 061-6524675	
LAHORE OFFICE	:	2-D-1 Gulberg-III, Lahore – 54600 Tel: 042-35771066-71 Fax: 042-35771175	
FACTORY ADDRESSES	:	Unit 1: Layyah Sugar Mills, Layyah Tel: 0606-411981-4 Fax: 0606-411284 Unit 2: Safina Sugar Mills, Lalian District Chinniot. Tel: 047-6610011-6 Fax: 047-6610010	
WEBSITE:	:	info@thalindustries.com	

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the 59th Annual General Meeting of the Shareholders of The Thal Industries Corporation Limited will be held on Saturday, the 26th January, 2013 at 3:00 p.m. at 2 D-1, Gulberg-III, Lahore to transact the following business:-

ORDINARY BUSINESS:

a) Confirmation of the minutes of the 58th Annual General Meeting of the Thal Industries Corporation Limited held on 27-01-2012.

b) To receive, consider and adopt Annual Audited Accounts alongwith Balance Sheet for the year ended 30th September 2012 together with Auditors' and Directors' reports thereon.

c) To consider and approve cash dividend @ of Rs. 1.00 per share i.e. 10% for the year ended 30th September, 2012.

d) To appoint Auditors for the year ending 30th September, 2013 and to fix their remuneration. M/s. Rahman Sarfaraz Rahim Iqbal Rafiq, Chartered Accountants retire. They have offered their services for re-appointment for the year ending 30-09-2013.

e) To consider any other business with the permission of the Chair.

BY ORDER OF THE BOARD

WASIF MAHMOOD
Company Secretary

Lahore: 27th December-2012

Note:

1. Share Transfer Books of the Company will remain closed from 20-01-2013 to 26-01-2013 (both days inclusive). No transfer of shares will be accepted for registration during the closed period. However, transfer received at the office of the Company's Share Registrar Office at M/s. Corplink (Pvt.) Limited, Wings Arcade, 1-K, Commercial Model Town, Lahore by the close of business hours on 19th January 2013 will be treated in time for the entitlement of payout of dividend.

2. Members are requested to attend in person alongwith national identity card or appoint some other member as proxy and send their proxy duly witnessed so as to reach at 2D-1 Gulberg III, Lahore not later than 48 hours before the time of holding the meeting.

3. Copies of Memorandum and Articles of Association of the Company, Listing Regulations of the Stock Exchanges, Companies Ordinance 1984 and other relevant laws/record may be inspected during the business hours on any working day at 2D-1, Gulberg III, Lahore from the date of the publication of the notice till the conclusion of the general meeting. A Corporate member of the Company may by a resolution of its Board of Directors authorize a person to act as its representative at the meeting.

4. Shareholders are requested to promptly notify the change in their address, if any to the Company's Share Registrar M/s. Corplink (Pvt.) Limited, Wings Arcade, 1-K, Commercial, Model Town, Lahore and also furnish attested photocopy of their computerized National Identity Card as per Listing Regulations, if not provided earlier.

5. CDC shareholders are requested to bring with them their CNICs, Participants' ID numbers and their account numbers duly verified by the CDC at the time of attending the Annual General Meeting in order to facilitate identification. In case of corporate entity, a certified copy of the resolution passed by the Board of Directors/ valid Power of Attorney with specimen signatures of the nominee be produced at the time of meeting.

DIRECTOR'S REPORT TO THE MEMBERS

The Directors of your company are pleased to present 59th Annual Report together with Audited Accounts and Auditor's Report thereon for the Financial Year Ended 30 September 2012.

INDUSTRY OVERVIEW

Sugarcane supply for the year under review was considerably better as compared to last year and in addition to that heavy rains in the country resulted in a healthy cane crop which ultimately increased the sugar recovery as well as yield of the farmers. There was about 10% to 15% increase in sugarcane crop as compared to last year.

The sugarcane minimum price fixed by the Government was increased from Rs. 125 to Rs. 150 per 40 kg for the crushing season 2011-12. This price of Rs 150 was maintained for most of the crushing season but unexpectedly there was an increase in sugarcane prices on reduction of cane supply during last 20-25 days of the season and cane prices increased from Rs. 150 to about Rs. 200 per 40 Kg.

PERFORMANCE OF THE COMPANY

During the year under review the Company was able to crush 1,668,548 m. tons sugarcane and produced 159,530.25 m. tons refined white sugar at an average recovery of 9.56% as compared to last year sugarcane crushing was 1,380,805 m. tons and produced 121,024.250 m. tons white refined sugar at an average recovery of 8.76% . The Company achieved an increase of 31.82% in sugar production as compared to last year. The increase in cane crushing & sugar production was partially due to increase in the cane crop and partially due to BMR completed during the mid of last year crushing season.

High cost sugar stocks of last year, anticipated bumper cane crop in current crushing season and ban on sugar export earlier in the financial year maintained selling pressure on sugar mills to meet working capital requirements through active sales and kept sugar prices at rock bottom level in the local market, which eroded the profitability of the Company substantially.

FINANCIAL HIGHLIGHTS

During the financial year under review the Company earned pretax profit of Rs. 164.322 million and after tax of Rs. 106.609 million as compared to last year pretax profit of Rs. 290.741 million and after tax of Rs. 183.697 million.

Reduction in profitability was due to carry forward of stocks from last year, abundant cane crop during the year under review and ultimately surplus sugar production as compared to local consumption, selling pressure on sugar mills to clear the bank lines and even permission for export of sugar in the last quarter could not help sugar industry and all these factors cumulatively participated in the reduction of profitability of the Company.

FINANCIAL RESULTS

	2012	**2011**
	(Rupees in Million)	
Profit before taxation	164.322	290.741
Provision for taxation:		
- Current	(37.073)	(103.862)
- Deferred	(20.640)	(3.182)
Profit after Taxation	106.609	183.697
Accumulated profit brought forward	527.312	366.150
	633.921	549.847
APPROPRIATIONS		
Dividend paid during the year @ 20% (2011-15%)	(30.046)	(22.535)
Accumulated profit carried forward	603.875	527.312
Earning per share (Rs.)	7.10	12.23

EARNING PER SHARE:

The earning per share of the company stood at Rs. 7.10 (2011: 12.23)

DIVIDEND

Your management has recommended 10%(2011: 20%) cash dividend for the financial year ended 30 September 2012.

RESEARCH AND DEVELOPMENT

Agricultural R&D is an integral part of the Company's policy which entails identification and multiplication of promising sugarcane varieties and subsequently their commercial sowing through reliable growers with best agricultural practices. This not only increases per acre yield of growers (thereby enhancing their earning and creating more enthusiasm for sowing sugarcane compared to competing crops) but also increases the sugarcane supply to the Company and boosts overall sugar recovery, directly improving the bottom line of the sugar industry.

Like previous years, your management has decided to provide new improved varieties of sugarcane seed with high yield/ recovery and disease/frost resistance along with fertilizers and pesticides to cane growers on mark up free credit basis for Autumn sowing 2012, as well as free of cost timely services of biological laboratory at their door step so that sugarcane procurement for the next crushing season may not suffer.

FUTURE OUT LOOK

The Government has announced Rs. 170/- per 40Kg of sugarcane price for the coming crushing season of 2012-13 as compared to Rs. 150/- per 40Kg of 2011-12. The Sugarcane crop all over the Punjab and as well as in the country is reported to be satisfactory and will meet the requirement of sugar industry so there is less chance of severe price competition. There is an expectation that sugarcane supply will be about equal to last year. Future outlook of sugarcane crop plantings also looks challenging due to recent increase in support price of wheat announced by Government.

Keeping in view the brought forward sugar stocks in the country as well as better yielding sugarcane crop in next crushing season 2012-13, sugar supply over consumption is expected to be surplus in the country. As a result sugar prices could remain under pressure which will ultimately result in squeeze the profitability of the industry. Keeping in view anticipated surplus sugar in the country, the Government has reopened the sugar export , but the sugarcane growers & sugar industry will remain under pressure due to oversupply situation that exists not only in the Local market but also globally .

Now in order to meet coming challenges, sugar industry has to change its horizon and adopt modern models of the sugar world where obtaining efficiency in steam consumption and achieving additional capability of power generation for export to the National Grids. This will not only provide an additional stream of income but will also improve the profitability of the company and will help the country in this era of power crises.

RELATED PARTIES DISCLOSURE

The transactions between the related parties were carried out at arm's length prices determined in accordance with the comparable uncontrolled market prices method. The company has fully complied with the best practices on transfer pricing.

CORPORATE AND FINANCIAL REPORTING FRAMEWORK

a) The Financial statements prepared by the company fairly present its state of affairs, the result of operations, cash flows and changes in equity:

b) Proper books of accounts of the company have been maintained.

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

d) International Accounting Standards as applicable in Pakistan and the requirements of the companies ordinance, 1984 have been followed in preparation of financial statements and there has been no departure there from.

e) The system of internal control has been designed and effectively implemented according to the requirement of the industry and on modern managerial principles which are being continuously reviewed and monitored. The review will continue in future for the improvement in control.

f) The company has adopted the Central Depository System and the Listing Regulations of Karachi Stock Exchange. So for 133,661 shares of the company have been got transferred by the shareholders to the Central Depository company of Pakistan Karachi.

g) The company has appointed M/s CORPLINK (Pvt) Ltd, independent Share Registrar in terms of section 204-A of the Companies Ordinance, 1984.

h) There is no doubt upon the Company's ability to continue as a going concern.

i) There has been no material departure from the best practices of corporate governance, as detailed in the Listing Regulations of Stock Exchanges.

j) The key operating and financial data of last six (06) years is annexed herewith:

k) There are no statutory payments against the company on account of Taxes, duties, levies and other charges except for those which are being paid in the normal course of business:

l) The Company maintains unfunded gratuity scheme for all its permanent employees:

m) There have been five board meetings during the year and attendance of each Director in the board meeting is stated under:

n) The Pattern of shareholders including additional information is annexed.

o) No Share transactions have been reported by the Directors, CFO, other Executives, Auditors, Company Secretary or their spouses and minor children during the year ended 30 September, 2012 except the transactions of Directors reported in the Form 34.

BOARD MEETINGS

During the year under review, five board meetings were held and attendance of each Directors in board meeting was as under:

SR. NO.	NAME OF THE DIRECTORS	NO. OF MEETINGS ATTENDED
1	Mr. Muhammad Shamim Khan	5
2	Mrs. Qaiser Shamim Khan	5
3	Mr. Adnan Ahmad Khan	5
4	Mr. Nauman Ahmad Khan	5
5	Mrs. Farrah Khan	4
6	Mr. Muhammad Khan	5
7	Mr. Ahmad Khan	4
8	Mrs. Sarah H. Khan	1

Leave of absence was granted to Directors, who could not attend any meeting due to preoccupied activities.

Ms. Sarah H. Khan was Co-opted as director in place of Mr. Ahmed khan Director since he resigned in July-2012.

PATTERN OF SHARE HOLDING

The statement of Pattern of Shareholding along with Categories of Shareholders of the company as at September 30, 2012 as required under Section 236 of the Companies Ordinance, 1984 and Code of Corporate Governance is annexed with this report.

AUDITORS

The present Auditors M/S Rahman Sarfaraz Rahim Iqbal Rafiq Chartered Accountants retire and being eligible, offer their services for re-appointment. The Audit Committee has recommended M/S Rahman Sarfaraz Rahim Iqbal Rafiq Chartered Accountants for re-appointment as Auditors for the year ending 30 September, 2013.

OTHER STATEMENTS AND REPORTS

Statement of Ethics and Business Practices, Six years summary of financial highlights, Pattern of Shareholding, Statement of compliance with the Code of Corporate Governance and Auditors' Report in this regard are also presented.

ACKNOWLEDGEMENT

The directors would like to record their appreciation for the efforts and devotion of all the Company's employees and hope that they will continue their contributions towards the enhancement of productivity and well being of the Company in future as well.

For and on behalf of Board of Directors,
The Thal Industries Corporation Ltd.

Muhammad Shamim Khan
Chairman/Chief Executive

Lahore: 27th December, 2012

VISION STATEMENT

We shall build on our core competencies and achieve excellence in performance to become a leading producer of best quality sugar. In doing so we aim to meet or accede the expectations of all our stakeholders.

Our goal is not only to attain technological advancements in the field of sugar but also to inculcate the most efficient, ethical and time tested business practices in our management.

Furthermore, we shall strive to innovate the ways for the improvement and increase in per acre yield of sugarcane and introduce improved varieties of sugarcane having better yield characters, high sucrose contents, disease and drought resistant and better ratooning crop in the region. We shall introduce the mechanized sugar cultivation method to the growers and to educate regarding latest developments of agriculture technology and free consultancy of professionals.

MISSION STATEMENT

We aim to be a leading producer and supplier of quality sugar by adopting the most technological advancement. We intend to play a pivotal role in the economic development of Pakistan.

CORPORATE STRATEGY

Our corporate strategy and objectives for the future are to find new and improved means of cost reduction, fuel economy and to acquire advanced manufacturing capabilities to support our product development efforts and product line expansion and stand ready to leverage our debt and be responsive to the changing economic scenario. We believe in harnessing the inherent strengths of available human resource and materials to the utmost and a commitment for building a solid foundation poised for sustainable growth for the long-term benefit of our shareholders and employees.

CORE VALUES

- Strive for excellence and build on our core competencies.
- Keep up with technological advancements in our biological control laboratory and extend the Research & Development Programme to control sugarcane crop diseases.
- Inculcate efficient, ethical and time tested business practices in our management.
- Work as a team and support each other.
- Put the interest of the company before that of the individuals.

STATEMENT OF ETHICS & BUSINESS PRACTICES

After taking over of The Thal Industries Corporation Limited in 1998 the aim of the new management is to produce quality product for its customers. We ensure transparency and professionalism at every step of our dealings, and look after the interests of stakeholders.

The statement of the company is based on the following principles.

Quality of Product:

- We would strive to produce the best quality / refined sugar for consumers.
- We would continuously update ourselves with technological advancements in sugar industry and strive to implement these changes in our company.
- We would maintain all relevant technical and professional standards to be compatible with requirements of the industry.

Dealing with Employees:

- We recognize and appreciate employees for their performance.
- We measure the performance of our employees by their ability to meet their objectives, their conduct at work, and their dealings with others both within and outside the organization, their contribution towards training peoples and successful planning, and innovation at their work place.
- We provide congenial work atmosphere where all employees are treated with respect and dignity and work as a team to achieve common objective.
- Unless specifically mentioned, all rules and regulations prevailing in the company apply to all levels of employees of the company.

Responsibility to Society / Interested Sectors:

We have an important role towards our society, shareholders, creditors and particularly to the sugarcane growers and the Government. Our dealings are transparent with all our customers / suppliers so as to meet the expectations of the people who deal with us.

We meet all our obligations and ensure timely compliance.

Financial Reporting & Internal Controls:

Our policies with reference to accounting, finance and corporate matters are governed by relevant corporate regulations, Companies Ordinance 1984, and the Code of Corporate Governance. It is our responsibility to comply with International Financial Reporting Standards (IFRSs) as applicable in Pakistan for the preparation of financial statements with any departure therefrom being adequately disclosed.

We are in the process of establishing an efficient internal Audit department to enhance the scope of Internal control and data generated by the Company. It also helps in building the confidence of our creditors, financial institutions and other interested organizations.

Purchase of Goods & Timely Payment:

To ensure cost effectiveness, we only purchase goods and services that meet our specifications and are competitively priced. To gauge the market conditions and availability of substitute products or services, we obtain quotations from various sources before finalizing our decision, so as not to hurt the confidence, reliability and trust of our suppliers. We ensure timely payments after deducting applicable taxes.

Conflict of Interest:

Activities and involvements of the directors and employees of the company in no way conflict with the interest of the company. All acts and decisions of the management are based keeping in view of the interest of the company.

Observance to Laws of the Country:

The company fulfils all statutory requirements of the Government and follows all applicable laws of the country.

Objectives of the Company:

We at The Thal Industries Corporation Limited, recognize the need of working at the highest standards to attain greater levels of performance. We endeavor to meet the expectations of all our stakeholders.

We conduct the business of the company with integrity and believe in quality.

We produce and supply goods and information with great care and competence to ensure that customers and creditors receive service that they deserve.

We respect that confidentiality of the information acquired during the course of our dealings with the interested parties and refrain from acting in any manner which discredit the company.

CHIEF EXECUTIVE

Mr. Muhammad Shamim Khan

MANAGING DIRECTOR

Mr. Nauman Ahmad Khan

DIRECTORS

Mrs. Qaiser Shamim Khan
Mr. Adnan Ahmad Khan
Mrs. Farrah Khan
Mr. Muhammad Khan
Mrs. Sarah H. Khan

SIX YEARS SUMMARY OF FINANCIAL HIGHLIGHTS

OPERATING PERFORMANCE:

	2012	2011	2010	2009	2008	2007
Quantitative Data (M. Tons)						
Cane Crushed	1,668,548	1,380,805	1,154,967	1,142,669	1,022,696	767,807
Sugar Produced	159,530	121,024	99,829	105,601	92,703	68,025
Raw Sugar Processed	-	2,096	-	-	-	-
Sugar Produced from Raw Sugar	-	1,986	-	-	-	-
Profitability (Rs in 000)						
Gross Sales	7,948,675	8,019,513	6,791,240	2,448,836	2,434,136	1,971,003
Sales (Net)	7,374,484	7,378,520	6,535,895	3,804,992	2,190,647	1,720,513
Gross Profit	674,490	950,816	686,998	659,994	289,780	120,602
Profit before Taxation	164,323	290,741	229,991	307,071	133,605	28,002
Profit after Taxation	106,609	183,697	119,191	195,874	104,520	13,974
Financial Position (Rs in 000)						
Tangible Fixed Assets	1,812,174	1,653,701	1,698,563	1,720,743	1,086,852	664,492
Other Non Current Assets	3,153	3,325	7,987	7,052	6,896	4,545
	1,815,327	**1,657,026**	**1,706,550**	**1,727,795**	**1,093,748**	**669,037**
Current Assets	3,081,126	2,368,028	1,305,885	1,245,821	1,021,768	551,933
Current Liabilities	2,700,540	2,120,560	1,207,049	1,199,468	877,616	134,566
Net Working Capital Employed	**380,586**	**247,468**	**98,836**	**46,353**	**144,152**	**417,367**
Capital Employed	2,195,913	1,904,494	1,805,386	1,774,148	1,237,900	1,086,404
Long Term Loan & Other Liabilities	1,348,006	1,133,150	1,195,204	1,253,111	890,203	831,959
Shareholder's Equity	**847,907**	**771,344**	**610,182**	**521,037**	**347,697**	**254,445**
Represented By:						
Share Capital	150,232	150,232	150,232	150,232	150,232	150,232
Reserve & Unappropriated						
Profit/ (Loss) Carried Forward	697,675	621,112	459,950	370,805	197,466	104,213
	847,907	**771,344**	**610,182**	**521,037**	**347,698**	**254,445**
Ratios						
Gross Profit Ratio (%age)	9.15	12.89	10.51	17.35	13.23	7.01
Net Profit Before Tax Ratio (%age)	2.23	3.94	3.52	8.07	6.10	1.63
Debt to Equity Ratio (Excluding Directors Loan)	11.89	32.68	41.59	42.58	5.95	-
Current Ratio	1.14	1.12	1.08	1.04	1.16	4.10
Break up Value per Share (Rs.)	56.44	51.34	40.62	34.68	23.14	16.94
Earning per Share (Rs.)	7.10	12.23	7.93	13.04	6.96	0.93
Dividend (%age)	10.00	15.00	20.00	15.00	7.50	10.00
Dividend Paid (Rs in 000)	15,023	22,535	30,046	22,535	11,267	15,023

FORM-34
THE COMPANIES ORDINANCE 1984

(Section 236(1) and 464)
PATTERN OF HOLDING OF SHARES

1. Incorporation Number **0000619**

2. Name of the Company **THE THAL INDUSTRIES CORP. LIMITED**

3. Pattern of holding of the shares held by the shareholders as at 30/09/2012

4. Number of Shareholders	Shareholdings From	Shareholdings To	Total Shares Held
478	1	100	21,679
227	101	500	59,758
112	501	1,000	82,016
95	1,001	5,000	225,711
16	5,001	10,000	109,494
3	10,001	15,000	30,320
2	15,001	20,000	38,570
1	20,001	25,000	24,145
2	30,001	35,000	61,244
1	40,001	45,000	44,110
7	45,001	50,000	345,608
1	50,001	55,000	55,000
2	55,001	60,000	115,500
2	60,001	65,000	124,000
1	65,001	70,000	68,000
2	75,001	80,000	156,000
2	80,001	85,000	163,500
4	90,001	95,000	377,753
5	95,001	100,000	498,550
4	100,001	105,000	411,500
6	105,001	110,000	654,000
3	115,001	120,000	359,000
1	120,001	125,000	125,000
1	130,001	135,000	135,000
1	145,001	150,000	150,000
1	150,001	155,000	150,013
2	175,001	180,000	358,000
1	180,001	185,000	182,500
1	190,001	195,000	191,807
2	195,001	200,000	398,500
1	200,001	205,000	201,069
1	205,001	210,000	209,878
2	225,001	230,000	455,500
1	240,001	245,000	242,000
2	250,001	255,000	507,463
1	255,001	260,000	256,694
1	265,001	270,000	267,960
1	305,001	310,000	308,000
1	785,001	790,000	786,480
1	1,215,001	1,220,000	1,216,060
1	4,830,001	4,835,000	4,855,850
999		**Total**	**15,023,232**

5.	Categories of shareholders	Shares Held	Percentage
5.1	Directors, chief executive officer and their spouses and minor children	7,346,350	48.8999%
5.2	Associated companies, under takings and related parties	-	0.0000%
5.3	NIT and ICP	25	0.0002%
5.4	Banks, DFIs and NBFIs	-	0.0000%
5.5	Insurance companies	170	0.0011%
5.6	Modarbas and Mutual funds	-	0.0000%
*5.7	Share holding 10%	-	0.0000%
5.8	General Public:		
	a) Local	7,635,037	50.8215%
	b) Foreign	-	0.0000%
5.9	Others (to be specified)		
	Joint stock companies	40,233	0.2678%
	Abandoned properties	809	0.0054%
	Others	608	0.0040%
		15,023,232	100%

* Note:

This being a part of item No. 5.1 therefore, it is not counted again in doing grand total

CATEGORIES OF SHARE HOLDERS AS REQUIRED UNDER C.C.G.
AS ON 30TH SEPTEMBER 2012

S. No.	NAME	HOLDING	%AGE
	DIRECTORS, CEO THEIR SPOUSES & MINOR CHILDREN		
1	Mr. Muhammad Shamim Khan	4,855,850	32.3223%
2	Mrs. Qaiser Shamim Khan	786,480	5.2351%
3	Mr. Adnan Ahmed Khan	267,960	1.7836%
4	Mr. Nauman Ahmed Khan	1,216,060	8.0945%
5	Mrs. Farrah Khan	55,000	0.3661%
6	Mr. Muhammad Khan	5,000	0.0333%
7	Mrs. Sarah H. Khan	50,000	0.3328%
8	Mrs. Aamra Khan W/O Adnan Ahmed Khan	50,000	0.3328%
9	Mrs. Aniqa Khan W/O Nauman Ahmed Khan	50,000	0.3328%
10	Rania Khan (Minor) Through Gardian Mr. Adnan Ahmed Khan	10,000	0.0666%
		7,346,350	48.8999%
	ASSOCIATED COMPANIES	-	0.0000%
	NIT & ICP		
1	INVESTMENT CORPORATION OF PAKISTAN	25	0.0002%
	BANKS, DEVELOPMENT FINANCE INSTITUTIONS, NON BANKING FINANCE INSTITUTIONS	-	0.0000%
	INSURANCE COMPANIES		
1	ADAMJEE INSURANCE COMPANY LIMITED	170	0.0011%
	MODARABA & MUTUAL FUND	0	0.0000%
	JOINT STOCK COMPANIES		
1	Ghulam Rasool & Sons	295	0.0020%
2	Sh. Mohammad Ibrahim & Sons	295	0.0020%
3	Manzoor Ahmed & Sons	63	0.0004%
4	M/S Rajput Metal Works Limited	7,509	0.0500%
5	1763 Treet Corporation Ltd (CDC)	24,145	0.1607%
6	Sarfraz Mahmood (PVT) Limited (CDC)	3	0.0000%
7	Treet Corporation Ltd (CDC)	2,513	0.0167%
8	Treet Corporation Ltd (CDC)	5,410	0.0360%
		40,233	0.2678%
	ABANDONED PROPERTIES		
1	ABANDONED PROPERTIES	809	0.0054%
	OTHERS		
1	TRUSTEE-TREET CORP. LTD EMP. PROVIDENT FUND (CD)	608	0.0040%
	SHARES HELD BY THE GENERAL PUBLIC	7,635,037	50.8215%
	TOTAL:-	15,023,232	100.000%

S. No.	NAME	HOLDING	%AGE
SHAREHOLDERS HOLDING 10% OR MORE OF TOTAL CAPITAL			
1	Mr. Muhammad Shamim Khan	4,855,850	32.3223%
SHAREHOLDERS HOLDING 5% OR MORE OF TOTAL CAPITAL			
1	Mr. Muhammad Shamim Khan	4,855,850	32.3223%
2	Mr. Nauman Ahmed Khan	1,216,060	8.0945%
3	Mrs. Qaiser Shamim Khan	786,480	5.2351%
		6,858,390	45.6519%

During the financial year under review the trading in shares of the company by the Directors, CEO, CFO, Company Secretary and their spouses and minor children is as follows:

S. NO	NAME	SALE	PURCHASE
1	Mr. Muhammad Shamim Khan	-	25,000

STATEMENT OF COMPLIANCE WITH THE CODE OF
CORPORATE GOVERNANCE FOR THE YEAR ENDED 30 SEPTEMBER 2012

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

The Company has applied the principles contained in the CCG in the following manner:

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

Category	**Names**
Independent Directors	None
Executive Directors	Mr Muhammad Shamim Khan Mr Nauman Ahmad Khan Mr Muhammad Khan
Non-Executive Directors	Mr Adnan Ahmad Khan Mrs Farrah Khan Mrs Qaiser Shamim Khan Mrs Sarah H. Khan

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

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

4. A casual vacancy occurring on the board was filled up by the directors within 90 days thereof.

5. The company has prepared a "Code of Conduct" and has ensured that appropriate steps have been taken to disseminate it throughout the company alongwith 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 alongwith 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 executive directors have been taken by the board.

8. The meetings of the board were presided over by the Chairman and the board met at least once in every quarter. Written notices of the board meetings, alongwith agenda and working papers, were circulated at least seven days before the meetings. The minutes of the meetings were appropriately recorded and circulated.

9. The company arranged orientation course for all its seven Directors, who are fully aware of their duties and responsibilities. However, another fresh course for the Directors will be arranged very shortly and no training programme has been arranged during the year.

10. The board has approved appointment of the Company Secretary.

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 share holding.

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

15. The board has formed an Audit Committee. It comprises of three members of whom two are non executive directors and one is executive director. The Chairman of the committee is not an independent director.

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

17. The Board has not formed a Human Resource and Remuneration (HR&R) Committee as required under CCG. However, subsequent to the year ended 30 September 2012 the Board of Directors has appointed the said committee.

18. The board has set up an effective internal audit function which is considered suitably qualified and experienced for the purpose and is conversant with the policies and procedures of the company.

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

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

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

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

23. We confirm that all other material principles enshrined in the CCG have been complied with except for the matters stated in paragraphs 1, 9 and 15 towards which reasonable progress is being made by the company to seek compliance by the end of next accounting year.

For and on behalf of Board of Directors,
The Thal Industries Corporation Ltd.

Muhammad Shamim Khan
Chairman/Chief Executive

Lahore: 27th December, 2012

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

We have reviewed the statement of compliance with the best practices contained in the Code of Corporate Governance prepared by the Board of Directors of **The Thal Industries Corporation Limited** to comply with the listing regulation No. 35 of the Lahore and also of Karachi 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 the inquiries of the Company personnel and review of various documents prepared by the Company to comply with the Code.

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

Further, listing regulations of the Lahore and Karachi Stock Exchanges require the company to place before the Board of Directors for their consideration and approval related party transactions, distinguishing between transactions carried out on terms equivalent to those that prevail in arm's length transactions and transactions which are not executed at arm's length price recording proper justification for using such alternate pricing mechanism. Further, all such transactions are also required to be separately placed before the audit committee. We are only required and have ensured the 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, we draw attention to the following paragraphs of statement of compliance with Code of Corporate Governance viz para 1 [Independent Directors], 9 [Training programme for directors] and 15 [Audit Committee matters], except for these matters 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 company for the year ended 30 September 2012.

Rahman Sarfaraz Rahim Iqbal Rafiq

Rahman Sarfaraz Rahim Iqbal Rafiq
CHARTERED ACCOUNTANTS
Engagement Partner: Zubair Irfan Malik

LAHORE: DECEMBER 27, 2012

AUDITOR'S REPORT TO THE MEMBERS

We have audited the annexed balance sheet of **THE THAL INDUSTRIES CORPORATION LIMITED** as at 30 September 2012 and the related profit & loss account, cash flow statement and statement of changes in equity together with the notes forming part thereof, for the year then ended and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

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

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

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

b) in our opinion –

   i) the balance sheet and profit & loss account together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984 and are in agreement with the books of account and are further in accordance with accounting policies consistently applied;
   ii) the expenditure incurred during the year was for the purpose of the company's business; and
   iii) the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the company;

c) in our opinion and to the best of our information and according to the explanations given to us, the balance sheet, profit & loss account, cash flow statement and statement of changes in equity together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan, and, give the information required by the Companies Ordinance, 1984, in the manner so required and respectively give a true and fair view of the state of the company's affairs as at 30 September 2012 and of the profit, its cash flows & 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.

Rahman Sarfaraz Rahim Iqbal Rafiq

Rahman Sarfaraz Rahim Iqbal Rafiq
CHARTERED ACCOUNTANTS
Engagement Partner: Zubair Irfan Malik

LAHORE: DECEMBER 27, 2012

BALANCE SHEET
As at 30 September 2012

	Note	2012 Rupees	2011 Rupees
EQUITY AND LIABILITIES			
Share Capital and Reserves			
Share capital	3	150,232,320	150,232,320
Revenue reserves	4	93,800,000	93,800,000
Accumulated profit		603,874,884	527,312,123
		847,907,204	771,344,443
Non Current Liabilities			
Long term finance	5	544,077,500	355,000,000
Loans from directors	6	574,800,000	574,800,000
Deferred liabilities	7	229,128,226	203,349,104
		1,348,005,726	1,133,149,104
Current Liabilities			
Trade and other payables	8	1,469,500,137	382,651,576
Finance cost payable	9	50,690,760	66,257,279
Short term borrowings-secured	10	878,699,011	1,241,498,712
Advances from directors	11	28,500,000	133,000,000
Current portion of long term finance	5	209,385,000	170,000,000
Provision for taxation		63,765,143	127,152,476
		2,700,540,051	2,120,560,043
Contingencies and Commitments	12		
		4,896,452,981	4,025,053,590

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

CHIEF EXECUTIVE

	Note	2012 Rupees	2011 Rupees
PROPERTY AND ASSETS			
Non Current Assets			
Property, Plant & Equipment	13	1,812,174,230	1,653,700,829
Long Term Deposits	14	3,152,900	3,324,863
		1,815,327,130	1,657,025,692
Current Assets			
Stores, spare parts and loose tools	15	414,186,509	261,468,280
Stock-in-trade	16	1,854,084,976	1,383,589,515
Trade debts	17	49,370,747	153,811,030
Loans and advances	18	473,023,292	200,729,481
Trade deposits, prepayments and other receivables	19	29,104,903	26,771,195
Taxes recoverable / adjustable	20	241,683,866	268,738,232
Cash and bank balances	21	19,671,558	72,920,165
		3,081,125,851	2,368,027,898
		4,896,452,981	4,025,053,590

DIRECTOR

PROFIT AND LOSS ACCOUNT
For the year ended 30 September 2012

	Note	2012 Rupees	2011 Rupees
Sales - net	22	7,374,483,890	7,378,519,838
Cost of Sales	23	(6,699,993,880)	(6,427,704,141)
Gross profit		674,490,010	950,815,697
Operating expenses			
Distribution and selling expenses	24	(73,138,944)	(45,947,774)
Administrative Expenses	25	(153,202,352)	(134,090,192)
		(226,341,296)	(180,037,966)
Operating profit		448,148,714	770,777,731
Other Operating Income	26	35,440,888	20,169,389
		483,589,602	790,947,120
Finance Cost	27	(308,869,659)	(478,864,672)
Other Expenses	28	(10,397,346)	(21,340,962)
		(319,267,005)	(500,205,634)
Profit before taxation		164,322,597	290,741,486
Taxation	29	(57,713,372)	(107,044,402)
Profit after taxation		106,609,225	183,697,084
Other comprehensive income		-	-
Total comprehensive income for the year		106,609,225	183,697,084
Earnings Per Share - Basic and diluted	30	7.10	12.23

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

CHIEF EXECUTIVE **DIRECTOR**

CASH FLOW STATEMENT
For the year ended 30 September 2012

	Note	2012 Rupees	2011 Rupees
CASH FLOW FROM OPERATING ACTIVITIES			
Profit before tax		164,322,597	290,741,486
Adjustment for:			
- Depreciation		153,620,928	148,965,878
- Provision for gratuity		8,419,307	7,271,644
- Gain on Sale of Fixed Assets		-	(557,450)
- Finance cost		308,869,659	478,864,672
- Workers' profit participation fund		8,735,997	15,604,122
- Workers welfare fund		1,658,248	5,736,840
		481,304,139	655,885,706
Operating cash flows before changes in working capital		645,626,736	946,627,192
Changes in working capital	31	331,176,984	(807,844,406)
Cash generated from operations		976,803,720	138,782,786
Gratuity paid		(3,279,931)	(2,508,699)
Finance cost paid		(324,436,178)	(465,952,317)
Workers' profit participation fund paid		(15,604,122)	(12,346,904)
Workers welfare fund paid		(5,736,840)	(4,599,827)
Income tax paid		(100,460,959)	(64,601,464)
NET CASH FLOW FROM / (USED IN) OPERATING ACTIVITIES		527,285,690	(411,226,425)
CASH FLOW FROM INVESTING ACTIVITIES			
Fixed capital expenditure		(312,137,339)	(104,169,580)
Long term deposits		171,963	4,662,097
Proceeds from sale of Fixed Assets		43,010	624,097
NET CASH USED IN INVESTING ACTIVITIES		(311,922,366)	(98,883,386)
CASH FLOW FROM FINANCING ACTIVITIES			
Long term finance		228,462,500	(50,000,000)
Murabaha finance received/(Paid)		-	(7,500,000)
Short term borrowings - net		(362,799,701)	600,937,800
Advances from directors		(104,500,000)	56,150,000
Dividend paid		(29,774,730)	(32,753,190)
NET CASH FLOW FROM FINANCING ACTIVITIES		(268,611,931)	566,834,610
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS		(53,248,607)	56,724,799
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR		72,920,165	16,195,366
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	21	19,671,558	72,920,165

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

CHIEF EXECUTIVE **DIRECTOR**

STATEMENT OF CHANGES IN EQUITY
For the year ended 30 September 2012

PARTICULARS	SHARE CAPITAL	GENERAL RESERVES	ACCUMULATED PROFIT	TOTAL
	RUPEES			
Balance as on 01 October 2010	150,232,320	93,800,000	366,149,887	610,182,207
Cash dividend declared during the year @ 15 % i.e. Rs. 1.5 per share for the year ended 30 September 2010	-	-	(22,534,848)	(22,534,848)
Total Comprehensive income for the year	-	-	183,697,084	183,697,084
Balance as on 30 September 2011	**150,232,320**	**93,800,000**	**527,312,123**	**771,344,443**
Cash dividend declared during the year @ 20 % i.e. Rs. 2 per share for the year ended 30 September 2011	-	-	(30,046,464)	(30,046,464)
Total Comprehensive income for the year	-	-	106,609,225	106,609,225
Balance as on 30 September 2012	**150,232,320**	**93,800,000**	**603,874,884**	**847,907,204**

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

CHIEF EXECUTIVE **DIRECTOR**

1 STATUS AND ACTIVITIES

The Thal Industries Corporation Limited is a public limited company incorporated in Pakistan on 07th September 1953 under the Companies Act, 1913 (now Companies Ordinance, 1984) and is listed on Lahore and Karachi Stock Exchanges of Pakistan. Its registered office is situated at 23-Pir Khurshid Colony, Gulgasht, Multan. The Company is principally engaged in production and sale of refined sugar and its by-products.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Statement of compliance

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

2.2 Initial Application of a Standard, Amendment or an Interpretation to an Existing Standard and Forthcoming Requirements

a) Standards and interpretations that become effective but not relevant to the company:

The following standards (revised or amended) and interpretations became effective for the current financial year but are either not relevant or do not have any material effect on the financial statements of the Corporation:

- IFRS-7 Financial Instruments-Disclosure
- IAS-1 Presentation of financial statements
- IAS-24 Related Party Disclosures
- IAS-34 Interim Financial Reporting
- IFRIC-13 Customer Loyalty Programme
- IFRIC-14 The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction

b) Forthcoming requirements not effective in current year and not considered relevant:

The following standards (revised or amended) and interpretations of approved accounting standards are only effective for accounting periods beginning from the dates specified below. These standards are either not relevant to the Corporation's operations or are not expected to have significant impact on the Corporation's financial statements other than increased disclosures in certain cases:

- IAS 1 - Presentation of financial statements — Amendments to revise the way other comprehensive income is presented etc (effective for annual periods beginning on or after 1 July 2012 and 1 January 2013).
- IAS 12- Income Taxes (effective for annual periods beginning on or after 1 January 2012).
- IAS 16 - Property, plant & equipment (amendment applicable for annual period beginning on or after 1 January 2013).
- IAS 19- Employee Benefits (effective for annual periods beginning on or after 1 January 2013).
- IAS 27 - Consolidated and separate financial statements (effective for annual periods beginning on or after 1 January 2014).

- IAS 28 - Investments in Associates (effective for annual periods beginning on or after 1 January 2013).
- IAS 32 - Financial Instruments: Presentation (amendment applicable for annual periods beginning on or after 1 January 2014).
- IAS 34 - Interim financial reporting (effective for annual periods beginning on or after 1 January 2013).
- IFRS 7 - Financial Instruments: Disclosures (effective for annual periods beginning on or after 1 January 2015).
- IFRS 9 - Financial Instruments: Classification and Measurement - (applicable for annual periods beginning on or after 1 January 2015).
- IFRS 10 - Consolidated Financial Statements - (applicable for annual periods beginning on or after 1 January 2014).
- IFRS 11 - Joint Arrangements - (applicable for annual periods beginning on or after 1 January 2013).
- IFRS 12 - Disclosure of Interests in Other Entities - (applicable for annual periods beginning on or after 1 January 2014).
- IFRS 13 - Fair Value Measurement - (applicable for annual periods beginning on or after 1 January 2013).
- IFRIC-20 Stripping Costs in the Production Phase of a Surface Mine - (applicable for annual periods beginning on or after 1 January 2013).

2.3 Accounting convention

The financial statements have been prepared under the "Historical Cost Convention" except for recognition of staff retirement benefits which is based on actuarial values and financial instruments which are stated at fair value. The financial statements, except for cash flow information, have been prepared under the accrual basis of accounting.

2.4 Use of estimates and judgments

The preparation of financial statements in conformity with approved accounting standards, as applicable in Pakistan, requires management to make judgments, estimates and assumptions that affect the application of policies and reported amount of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised if the revision affects only that period, or in the period of revision and future periods if the revision affects both current and future periods.

The areas where various assumptions and estimates are significant to company's financial statements or where judgments were exercised in application of accounting policies are as follows:

- Useful life of depreciable assets (note 13.1)
- Contingencies (note 12)
- Provisions (note 2.6)

2.5 Staff retirement benefits

The Company operates an unfunded gratuity scheme (defined benefit plan) covering all permanent employees of the Company who have completed minimum qualifying period. Provisions are made annually to cover the obligation and charged to income currently, based on actuarial valuation by using the projected unit credit method. Actuarial gains and losses that exceed 10 percent of the greater of the present value of the company's defined benefit obligation and the fair value of assets (if any) are amortized over the expected remaining working lives of the participating employees. Past service cost is recognized immediately to the extent that the benefits are already vested and otherwise is amortized on a straight line basis over the average period until the benefits become vested.

2.6 Provisions

Provisions are recognized in the balance sheet when the company has legal or constructive obligation as a result of past event, and it is probable that outflow of economic benefits will be required to settle the obligation. However, provisions are reviewed at each balance sheet date and adjusted to reflect current best estimate.

2.7 Taxation

Current

Provision for current taxation is based on taxable income at the current tax rates after taking into account tax rebates and tax credits available, if any.

Deferred

Deferred tax is provided using the liability method, providing for temporary differences between the carrying amount of assets and liabilities for financial reporting purposes and the amount used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using the current rate of taxation. Deferred tax liabilities are recognized for all taxable temporary differences and deferred tax assets are recognized only to the extent that it is probable that future taxable profits will be available against which the assets can be utilized. Deferred tax is charged and credited to income except in the case of items credited or charged to equity in which case it is included in equity.

2.8 Foreign currency transactions

Assets and liabilities in foreign currencies are translated into Pak Rupees at the rates of exchange prevailing at the balance sheet date, except those covered under forward exchange contracts which are stated at contracted rate. Foreign currency transactions are translated into Pak Rupees at the rates prevailing at the date of transaction except for those covered by forward contracts, which are translated at contracted rates. All exchange differences are included in profit and loss account currently.

2.9 Property, plant & equipment and depreciation

Operating fixed assets except freehold land are stated at cost less accumulated depreciation and impairment losses, if any. Freehold land is stated at cost.

Depreciation is charged by applying the reducing balance method over its estimated useful life at the rates specified in note 13.1.

Depreciation is charged on additions during the year from the month in which property, plant and equipment become available for use while no depreciation is charged from the month of deletion / disposal.

The useful life and depreciation method are reviewed to ensure that the methods and period of depreciation charged during the year are consistent with the expected pattern of economic benefits from items of operating fixed assets. Appropriate adjustments are made if the impact of depreciation is significant.

Normal repairs are charged to income as and when incurred. Major renewals and improvements are capitalized and assets so replaced, if any, are retired.

Gains and losses on disposal of property, plant and equipment are taken to profit and loss account.

2.10 Capital work in progress

Capital work in progress is stated at cost and represents expenditure incurred on fixed assets during the construction and installation. Costs may also include borrowing costs as stated in accounting policy for borrowing costs. Transfers are made to relevant property, plant and equipment category as and when assets are available for use.

2.11 Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognized as an expense in the period in which these are incurred.

2.12 Accounting for finance lease

Assets subject to finance lease are initially recorded at lower of the present value of minimum lease payments under the lease agreement and the fair value of leased assets. The related obligation under the finance lease less finance cost allocable to future period are shown as liability. Finance cost is allocated to accounting period in a manner so as to provide a constant periodic rate of charge on the outstanding liability. Depreciation is charged at the rates as charged to owned assets to write off the assets over the estimated useful life in view of the certainty of the ownership of the assets at the end of the lease period.

2.13 Ijarah

Ujrah payments under Ijarah agreements are recognized as an expense in the income statement on straight-line basis over the Ijarah term.

2.14 Stores, spares and loose tools

These are valued at moving average cost except stores in transit which are stated at cost comprising invoice value plus other charges paid thereon up to the balance sheet date. Adequate provision is made against items considered obsolete / slow moving.

2.15 Stock-in-trade

These are valued applying the following basis:

Work in process	At lower of cost and net realizable value
Finished goods	At lower of cost and net realizable value
Molasses	At net realizable value

Average cost in relation to work in process and finished goods means production cost including all production overheads. Net realizable value signifies the estimated selling price in ordinary course of business less cost necessary to be incurred in order to make the sale.

2.16 Revenue recognition

Sales are recorded on dispatch of goods to the customers.
Income from bank deposits and loans and advances is recognized on accrual basis.

2.17 Dividend

Dividend distribution to the company's shareholders is recognized as a liability in the company's financial statements in the period in which the dividend is approved.

2.18 Financial Instruments

Initial Recognition

Financial assets and financial liabilities are recognized when entity becomes a party to the contractual provisions of the instrument. All regular way purchases or sales of financial assets are recognized and derecognised on a trade date basis.

Initial Measurement

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Financial assets

The Company's financial assets are classified into following categories:

- Financial assets at fair value through profit or loss ("FVTPL").
- Loans and receivables.
- Held-to-maturity investments.
- Available-for-sale financial assets.

Company's financial statements include long term deposits, trade debts, loans & advances, trade deposits & other receivables and cash and bank balances.

Financial assets at fair value through profit or loss (FVTPL)

Financial assets at FVTPL are subcategorized as:
- Financial assets held for trading.
- Financial assets designated as at FVTPL on initial recognition.

At each balance sheet date subsequent to initial recognition, financial assets at FVTPL are measured at fair value, with changes in fair value recognised directly in profit or loss in the period in which they arise. The net gain or loss recognised in profit or loss includes any dividend or interest earned on the financial assets.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market.

At each balance sheet date subsequent to initial recognition, loans and receivables are carried at amortised cost using the effective interest method, less any identified impairment losses.

Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that Company's management has the positive intention and ability to hold to maturity.

At each balance sheet date subsequent to initial recognition, held-to-maturity investments are measured at amortised cost using the effective interest method, less any identified impairment losses.

Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated or not classified as financial assets at FVTPL, loans and receivables or held-to-maturity investments. In addition to equity investments, the Company has also designated certain debt securities as available-for-sale financial assets.

At each balance sheet date subsequent to initial recognition, available-for-sale financial assets are measured at fair value. Changes in fair value are recognised in equity, until the financial asset is disposed of or is determined to be impaired, at which time, the cumulative gain or loss previously recognised in equity is removed from equity and recognised in profit or loss.

For available-for-sale equity investments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured and derivatives that are linked to and must be settled by delivery of such unquoted equity instruments, they are measured at cost less any identified impairment losses at each balance sheet date subsequent to initial recognition.

Financial liabilities

Financial liabilities and equity instruments issued by Company are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

Company's financial liabilities include loans from directors, long term finance, trade and other payables, finance cost payable, short term borrowings and advances from directors.

The Company's financial liabilities are generally classified into:

- financial liabilities at FVTPL and
- other financial liabilities.

Financial liabilities at fair value through profit or loss

Financial liabilities at FVTPL has two subcategories:
- financial liabilities held for trading and
- those designated as at FVTPL on initial recognition.

At each balance sheet date subsequent to initial recognition, financial liabilities at FVTPL are measured at fair value, with changes in fair value recognised directly in profit or loss in the period in which they arise. The net gain or loss recognised in profit or loss includes any interest paid on the financial liability.

Other financial liabilities

Other financial liabilities are subsequently measured at amortised cost, using the effective interest method.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities.

Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

Repurchase of the Company's own equity instruments is recognised and deducted directly from equity. No gain or loss is recognized in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

Derivative financial instruments and hedging

Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently remeasured to their fair value at each balance sheet date. The resulting gain or loss is recognized in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

Derecognition

Financial assets are derecognised when the rights to receive cash flows from the assets expire or, the financial assets are transferred and Company has transferred substantially all the risks and rewards of ownership of the financial assets. On derecognition of a financial asset, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognized directly in equity is recognized in profit or loss.

If Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

Financial liabilities are derecognised when the obligation specified in the relevant contract is discharged, cancelled or expires. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period.

Income is recognised on an effective interest basis for debt instruments other than those financial assets designated as at FVTPL, of which interest income is included in net gains or losses.

The effective interest method applied to financial liability is of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period.

Interest expense is recognised on an effective interest basis other than those financial liabilities designated as at FVTPL, of which the interest expense is included in net gains or losses.

Impairment of financial assets

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at each balance sheet date. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the financial assets have been impacted.

For an available-for-sale equity investment, a significant or prolonged decline in the fair value of that investment below its cost is considered to be objective evidence of impairment.

For all other financial assets, objective evidence of impairment could include:
- significant financial difficulty of the issuer or counterparty; or
- default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organization.

For certain categories of financial asset, such as trade debts, assets that are assessed not to be impaired individually are subsequently assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include Company's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period of 30 days, observable changes in national or local economic conditions that correlate with default on receivables.

For financial assets carried at amortised cost, an impairment loss is recognised in profit or loss when there is objective evidence that the asset is impaired, and is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the original effective interest rate.

For financial assets carried at cost, the amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment loss will not be reversed in subsequent periods.

For financial assets measured at amortised cost, if, in a subsequent period, the amount of impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment losses was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

Impairment losses on available-for-sale equity investments will not be reversed in profit or loss in subsequent periods. Any increase in fair value subsequent to impairment loss is recognised directly in equity. For available-for-sale debt investments, impairment losses are subsequently reversed if an increase in the fair value of the investment can be objectively related to an event occurring after the recognition of the impairment loss.

Off setting

Financial assets and financial liabilities are set off and the net amount is reported in the financial statements when the company has a legally enforceable right to set off the recognized asset and liability or intend either to settle on net basis or to realize the assets and settle the liabilities simultaneously.

2.19 Cash and cash equivalents

Cash and cash equivalents include cash, cheques in hand and balances with banks on current and deposit accounts.

2.20 Related parties transactions

Transactions with related parties are carried out at arm's length and priced at comparable uncontrolled market price.

2.21 Impairment

The carrying amounts of the assets are reviewed at each balance sheet date to determine whether there is any indication of impairment of any asset or group of assets. If any such indication exists, the recoverable amount of that asset or group of assets is estimated and impairment losses are recognized in the profit and loss account.

2.22 Figures

The corresponding figures are rearranged wherever necessary for the purpose of comparison and are rounded off to nearest rupee. Appropriate disclosure is given in relevant note in case of material rearrangements.

3. SHARE CAPITAL

2012	2011		2012	2011
(Number of shares)			Rupees	Rupees
Authorized Capital:				
20,000,000	20,000,000	Ordinary shares of Rs. 10/- each	200,000,000	200,000,000
Issued, subscribed and paid up capital:				
8,368,846	8,368,846	Ordinary shares of Rs. 10/- each fully paid in cash	83,688,460	83,688,460
142,770	142,770	Ordinary shares of Rs. 10/- each issued as fully paid for consideration otherwise than cash	1,427,700	1,427,700
6,511,616	6,511,616	Ordinary shares of Rs. 10/- each issued as bonus shares	65,116,160	65,116,160
15,023,232	15,023,232		150,232,320	150,232,320

4. REVENUE RESERVES

General reserves		93,800,000	93,800,000

It represents distributable profits transferred and utilizable at the discretion of the board of directors.

5. LONG TERM FINANCE

Opening balance		525,000,000	575,000,000
Obtained during the year		398,462,500	100,000,000
		923,462,500	675,000,000
Paid during the year		(170,000,000)	(150,000,000)
	5.1	753,462,500	525,000,000
Less: Current portion		(209,385,000)	(170,000,000)
		544,077,500	355,000,000

5.1 Demand finance facilities of Rs. 825 million (2011: 700 million) and term finance facilities of Rs. 385 million (2011: NIL) have been obtained from various banks. These loans are secured against first pari passu charge of Rs. 1,201 million over all present and future fixed assets of the company, hypothecation charge over fixed assets of the company and personal guarantees of directors of the company. The facilities of MCB Bank Limited are collaterally secured against 1st pari passu / ranking charge of Rs. 600 million over present and future current assets of the company. These facilities will be repaid in quarterly/biannually installments beginning from 27 July 2010 and ending on 30 September 2018. These carry mark up @ 3 to 6 month KIBOR + 1.25% to 2.50% (2011: 3 to 6 month KIBOR + 2% to 2.50%) p.a.

	Note	2012 Rupees	2011 Rupees
6. LOANS FROM DIRECTORS - UNSECURED	6.1	574,800,000	574,800,000

6.1 These loans have been obtained from directors of the company and are unsecured and interest free loans. These will be paid as and when convenient to the company. There is no fixed schedule and tenure for repayment of these loans. These loans are subordinated to bank loans to the extent of Rs. 400 million. Owing to the uncertainties regarding remaining tenure of these loans, the amortised cost cannot be ascertained and accordingly these loans have been carried at historical cost.

7. DEFERRED LIABILITIES

	Note	2012 Rupees	2011 Rupees
Staff gratuity (As determined in Actuarial valuation)	7.1	24,015,886	18,876,510
Deferred taxation	7.2	205,112,340	184,472,594
		229,128,226	203,349,104

7.1 Staff gratuity

	2012 Rupees	2011 Rupees
Movement in net liability recognized in the balance sheet		
Opening balance of provision for gratuity	18,876,510	14,113,565
Charge to profit and loss account	8,419,307	7,271,644
Benefits paid during the year	(3,279,931)	(2,508,699)
Closing balance of provision for gratuity	24,015,886	18,876,510
Reconciliation of the liability recognized in the balance sheet		
Present value of defined benefit obligation	27,923,507	20,938,521
Add: Gratuity benefits payable	553,058	512,329
Add / (less) : Unrecognised Actuarial gain / (loss) to be recognized in later periods	(4,460,679)	(2,574,340)
Liability recognised in balance sheet	24,015,886	18,876,510
Changes in present value of defined benefit obligations		
Present value of defined benefit obligations as at 01 October	20,938,521	15,869,954
Current service cost for the year	5,764,921	5,253,269
Interest cost for the year	2,617,315	1,983,744
Benefits payments payable during the year	(406,392)	(370,664)
Benefits paid during the year	(2,914,268)	(2,487,899)
Actuarial (Gain)/loss on present value of defined benefit obligations	1,923,410	690,117
Present value of defined benefit obligations as at 30 September	27,923,507	20,938,521

	Note	2012 Rupees	2011 Rupees
Amount recognized during the year			
Current service cost		5,764,921	5,253,269
Interest cost		2,617,315	1,983,744
Actuarial (Gains) / Losses charge		37,071	34,631
Expense recognised in profit and loss account		8,419,307	7,271,644
Changes in unrecognized actuarial gains / (losses)			
Opening balance of unrecognized actuarial gains/ (losses) as at 01 October		(2,574,340)	(1,918,854)
Actuarial loss arising during the year-obligation		(1,923,410)	(690,117)
Actuarial (Gains) / Losses recognised in profit and loss account during the year		37,071	34,631
Closing balance of unrecognized actuarial gains/ (losses) as at 30 September		(4,460,679)	(2,574,340)

The present value of defined benefit obligations is as follows:

	2012	2011	2010	2009	2008
			Rupees		
As at September 30					
Present value of defined benefit obligations	27,923,507	20,938,521	15,869,954	11,003,569	6,537,168
Experience adjustment on plan liabilities	1,923,410	690,117	429,521	526,644	1,002,371

The figures have been taken from actuarial report carried out as at 30 September 2012 using the projected unit credit method. Principal actuarial assumptions for the reporting period are as follows:

	2012	2011
Discount rate	11.5%	12.5%
Expected rate of increase in salaries	10.5%	11.5%
Average expected remaining working life time of employees:		
Layyah unit	12 years	12 years
Safina unit	14 Years	13 years

Expected mortality is based on EFU (61-66) mortality table.

	2012 Rupees	2011 Rupees
Expense is recognised in the following line item of profit and loss account:		
Cost of sales	6,088,357	5,368,402
Administrative Expenses	2,330,950	1,903,242
	8,419,307	7,271,644

	Note	2012 Rupees	2011 Rupees
7.2 Deferred Taxation			
Taxable temporary differences:			
Deferred tax liability arising in respect of depreciation of owned assets		221,508,298	191,079,373
Deductible temporary differences:			
Deferred tax assets arising in respect of employees benefits		(8,405,560)	(6,606,779)
Excess tax adjustable against future tax liability U/S 113 (Deferred tax assets)		(7,990,398)	-
		(16,395,958)	(6,606,779)
Deferred Tax liability as on 30 September		205,112,340	184,472,594

8. TRADE AND OTHER PAYABLES

	Note	2012 Rupees	2011 Rupees
Creditors		119,993,533	113,308,758
Advances from customers	8.1	1,304,736,730	155,293,824
Accrued liabilities		22,225,747	37,473,024
Income tax deducted at source		654,418	449,608
Sales tax payable		4,446,122	48,007,792
Unpresented dividend warrants		6,877,685	6,605,951
Workers' profit participation fund	8.2	8,907,654	15,775,779
Workers welfare fund payable		1,658,248	5,736,840
		1,469,500,137	382,651,576

8.1 This includes amounts due to associated undertakings for sale of refined sugar:

		2012 Rupees	2011 Rupees
Naubahar Bottling Co. (Pvt) Ltd		61,178,401	-
Haidri Beverages (Pvt) Ltd		1,804,951	-
		62,983,352	-

8.2 Workers' profit participation fund

		2012 Rupees	2011 Rupees
Opening balance		15,775,779	12,518,561
Interest for the year		1,228,825	1,648,312
		17,004,604	14,166,873
Less : Payments Made:			
To Workers		16,831,740	13,989,339
To Government		1,207	5,877
		16,832,947	13,995,216
		171,657	171,657
Share of the Company's profit for the year		8,735,997	15,604,122
		8,907,654	15,775,779

	Note	2012 Rupees	2011 Rupees

8.2.1 The Company retains the workers' profit participation fund for the business operations till the date of allocation to the workers. Interest is being paid at the rate of 15.75% (2011: 11.25%) p.a. as prescribed under the Act on fund utilized by the Company till the date of allocation to the workers.

9. FINANCE COST PAYABLE

	2012 Rupees	2011 Rupees
- Short term borrowings - Secured	39,908,794	56,603,115
- Long term borrowings- Secured	10,781,966	9,654,164
	50,690,760	66,257,279

10. SHORT TERM BORROWINGS - SECURED

FROM BANKING COMPANIES

	Sanctioned Limits (Rs. in millions) 2012	2011	Note	2012 Rupees	2011 Rupees
Running Finance	970	835	10.1	447,813,661	588,501,277
Cash Finance	5,460	4,800	10.2	430,885,350	652,997,435
				878,699,011	1,241,498,712

10.1 These loans have been obtained from various banks to meet the working capital requirements and are secured against first pari passu hypothecation/registered ranking charge over current assets of the company and personal guarantees of directors. The facilities of MCB Bank Limited are collaterally secured against first pari passu charge/mortgage over current assets of the Company. These are subject to mark up @ 1 month to 3 month KIBOR + 0.50% to 1.75% (2011: 1 month to 3 month KIBOR + 0.30% to 1.80%) p.a. The limits will expire on various dates by 30 May 2013 but are renewable.

10.2 These loans have been obtained from various banks and are secured against pledge over sugar bags of equivalent value with 10% to 25% margin and personal guarantees of directors. The facilities of MCB Bank Limited are collaterally secured against pari passu/ranking charge over current assets of the company. These are subject to mark up @ 1 to 3 months KIBOR plus 1.00% to 1.50% (2011: 1 to 3 months KIBOR plus 1.20% to 2.00%) p.a. The limits will expire on various dates by 30 May 2013 but are renewable.

	2012 Rupees	2011 Rupees
11. ADVANCES FROM DIRECTORS	28,500,000	133,000,000

Advances from directors are unsecured and are interest free.

	Note	2012 Rupees	2011 Rupees
12. CONTINGENCIES AND COMMITMENTS			
Contingencies			
Various claims against the company not acknowledged as debt which are pending in the court for decision		1,568,000	1,568,000
Sales tax on molasses	12.1	1,217,508	1,217,508
Income tax cases	12.2	11,955,520	11,955,520
Additional tax u/s 87 of Income Tax Ordinance, 1979	12.3	4,500,353	4,500,353
Bank guarantees	12.4	569,218,653	841,653
		588,460,034	20,083,034
Commitments			
Contracts for capital expenditure		271,848,759	30,030,000
Letters of credit for capital expenditure		32,551,655	38,818,725
Letters of credit for other than capital expenditure		5,225,815	2,770,371
Ijarah rentals	12.5	16,207,853	13,110,506
		325,834,082	84,729,602

12.1 This represents Sales tax claimed by Collector of Sales tax on Molasses. The Company has filed an appeal with the Appellate Tribunal Lahore. The case is still pending.

12.2 The Company is contingently liable for income tax demands in respect of various assessment years. Out of this amount Rs. 5,933,493/- pertains to the period prior to the privatization and management believes that the liability would be borne by Thal Development Authority (Defunct).

The Company has gone into appeals at higher appellate forum and the management is confident that outcome of the appeals would be ultimately in favour of the Company.

12.3 This represents additional tax of Rs. 2,279,633/- and Rs. 2,220,720/- claimed by the Deputy Commissioner of Income Tax u/s 87 of the Income tax Ordinance, 1979 for the assessment years 1992-93 and 1993-94 respectively. The company has filed appeals against imposition of this tax and in any case the management is of the view that Thal Development Authority (Defunct) is liable for taxes for the said amount.

12.4 Four bank guarantees were issued by Bank Al-Habib Ltd main branch Lahore amounting to Rs. 7,019,485/- in favour of Collector of Sales Tax, Collectorate Sales Tax Multan, liabilities against these guarantees were fully discharged by the Company. The Company requested the Sales Tax Collectorate for release of captioned Bank Guarantees. Out of these four guarantees one guarantee amounting to Rs. 841,653/- was detained by the department the decision of which is still pending with the Appellate Tribunal at Lahore and one guarantee for Rs. 639,165/- was released. So for as the release of remaining two guarantees amounting to Rs.5,171,000/- & Rs. 367,667/- is concerned, the Additional Commissioner Inland Revenue Enforcement & Collection Range-I-Zone-II, Multan vide letter no. Addl-CIR E&C -1-RTO MN/310 dated 19 August 2011, directed the Bank Al-Habib Ltd. "These two guarantees are not traceable in our office as such, we authorize you to cancel / redeem the above said bank guarantees in your books. No claim of any sort what so ever shall be lodged by us in future on above mentioned bank guarantees".

Four bank guarantees of Rs. 566.616 million were issued by various banks for advance payments received from customers against sales of Sugar. These guarantees will be expired on various dates upto 18 June 2013. One Bank guarantee of Rs. 1.761 million was issued by bank as shipping guarantee.

	Note	2012 Rupees	2011 Rupees
12.5 Ijarah rentals to be paid in future:			
Not later than one year		10,354,335	6,090,634
Later than one year and not later than five year		5,853,518	7,019,872
		16,207,853	13,110,506

The company has entered into ijarah agreements with Al Baraka Islamic Bank to acquire plant & machinery and vehicle. The ujrah payments are payable on quarterly basis and carry mark up @ 1 year KIBOR plus 1.50 % to 2.00% (2011: 1 year KIBOR plus 1.50 %) p.a.

13. PROPERTY, PLANT AND EQUIPMENT

	Note	2012 Rupees	2011 Rupees
Operating fixed assets	13.1	1,727,368,922	1,615,296,042
Capital work in progress	13.2	84,805,308	38,404,787
		1,812,174,230	1,653,700,829

13.1 OPERATING FIXED ASSETS

	OWNED							
	Freehold land	Buildings on freehold land	Plant and machinery	Tools, implements and other factory equipments	Computer and other office equipments	Electric installation	Vehicles	Total
	RUPEES							
COST								
Balance as at 01 October 2010	253,871,706	441,679,770	1,797,223,265	59,054,988	18,512,828	17,054,800	34,509,088	2,621,906,445
Additions during the year	5,228,197	10,813,308	35,443,216	9,731,629	2,234,482	6,277,541	7,476,808	77,205,181
Disposals	-	-	-	-	(27,400)	-	(1,197,150)	(1,224,550)
Balance as at 30 September 2011	259,099,903	452,493,078	1,832,666,481	68,786,617	20,719,910	23,332,341	40,788,746	2,697,887,076
Additions during the year	-	59,253,731	175,886,633	10,491,851	5,712,578	8,210,318	6,181,707	265,736,818
Disposals	-	-	(2,542,994)	-	-	-	-	(2,542,994)
Balance as at 30 September 2012	259,099,903	511,746,809	2,006,010,120	79,278,468	26,432,488	31,542,659	46,970,453	2,961,080,900
DEPRECIATION								
Balance as at 01 October 2010	-	101,797,974	770,465,771	22,090,531	8,229,675	9,125,261	23,073,847	934,783,059
Charge for the year	-	34,078,254	104,514,514	4,684,408	1,612,925	1,127,131	2,948,646	148,965,878
Depreciation on disposals	-	-	-	-	(17,331)	-	(1,140,572)	(1,157,903)
Balance as at 30 September 2011	-	135,876,228	874,980,285	26,774,939	9,825,269	10,252,392	24,881,921	1,082,591,034
Charge for the year	-	34,709,737	105,625,517	5,213,932	2,089,312	1,904,297	4,078,133	153,620,928
Depreciation on disposals	-	-	(2,499,984)	-	-	-	-	(2,499,984)
Balance as at 30 September 2012	-	170,585,965	978,105,818	31,988,871	11,914,581	12,156,689	28,960,054	1,233,711,978
Written down value as at 30 September 2011	**259,099,903**	**316,616,850**	**957,686,196**	**42,011,678**	**10,894,641**	**13,079,949**	**15,906,825**	**1,615,296,042**
Written down value as at 30 September 2012	**259,099,903**	**341,160,844**	**1,027,904,302**	**47,289,597**	**14,517,907**	**19,385,970**	**18,010,399**	**1,727,368,922**
Rate of depreciation in %	-	10	10	10-15	10-20	10	20	

	2012 Rupees	2011 Rupees
Depreciation charged has been allocated as follows:		
Cost of goods manufactured	148,882,463	145,266,678
Administrative expenses	4,738,465	3,699,200
Total	153,620,928	148,965,878

13.1.1 DETAIL OF DISPOSAL OF OPERATING FIXED ASSETS

Description	Cost	Accumulated depreciation	Book value	Sale proceeds	Sold to	Mode of Disposal
	----------------Rupees------------------					
Plant & Machinery						
Turbine	2,542,994	2,499,984	43,010	43,010	Party M/s Fiaz Syndicate (Pvt) Ltd.	Negotiation
	2,542,994	2,499,984	43,010	43,010		

* Proceeds on disposal are taken net of sales tax.

13.2 Capital work in progress

	2012 Rupees	2011 Rupees
Plant and machinery	70,483,083	4,541,747
Factory buildings	6,139,814	187,503
Residential buildings	-	31,796,776
Other buildings	8,182,411	1,878,761
	84,805,308	38,404,787

14 LONG TERM DEPOSITS

	2012 Rupees	2011 Rupees
Ijarah key money	2,713,400	2,796,500
Other security deposits	439,500	528,363
	3,152,900	3,324,863

15 STORES, SPARE PARTS AND LOOSE TOOLS

	2012 Rupees	2011 Rupees
Stores	327,180,179	183,404,333
Spare parts	84,567,712	76,135,283
Loose tools	2,438,618	1,928,664
	414,186,509	261,468,280

		Note	2012 Rupees	2011 Rupees
16	**STOCK IN TRADE**			
	Work in process		5,749,974	8,039,081
	Finished goods:			
	- Sugar	16.1	1,830,039,890	1,342,601,318
	- molasses		18,295,112	32,949,116
			1,848,335,002	1,375,550,434
			1,854,084,976	1,383,589,515

16.1 It includes pledged stocks of Rs. 480,867,090/- (2011: 808,675,485/-) against borrowings from various financial institutions.

		Note	2012 Rupees	2011 Rupees
17	**TRADE DEBTS**			
	unsecured and considered good by the management	17.1	49,370,747	153,811,030

17.1 This includes amounts due from associated undertakings for sale of refined sugar:

	2012 Rupees	2011 Rupees
Naubahar Bottling Co. (Pvt) Ltd	-	2,040,000
Northern Bottling Co. (Pvt) Ltd	-	10,680,005
Haidri Beverages (Pvt) Ltd	-	21,255,000
	-	33,975,005

		Note	2012 Rupees	2011 Rupees
18	**LOANS AND ADVANCES - unsecured, interest free and considered good**			
	Advances to:			
	- Contractors		18,988,574	3,555,507
	- Growers	18.1	147,412,828	126,946,370
	- Suppliers	18.2	304,874,546	69,861,886
	- Employees	18.3	1,747,344	365,718
			473,023,292	200,729,481

18.1 Advances to sugar cane growers represent in kind advances in the form of sugar cane seeds, fertilizers, pesticides and insecticides. These loans are interest free and recoverable against future supply of sugar cane to the company.

18.2 This includes advances of Rs. 19,483,751/- (2011: Rs. Nil) for purchase of land.

18.3 These advances are given to employees against their salaries and do not include any advance to Chief Executive, Directors and Executives of the Company.

	Note	2012 Rupees	2011 Rupees
19 TRADE DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES			
Margin against bank guarantees		638,083	638,083
Letters of credit		18,937,215	24,048,649
Prepayments		2,357,725	1,382,091
Other receivables	19.1	7,171,880	702,372
		29,104,903	26,771,195

19.1 This includes an amount of Rs. NIL/- (2011: Rs. 390,202/-) receivable from Almoiz Industries Limited, an associated company.

20 TAXES RECOVERABLE / ADJUSTABLE

		2012 Rupees	2011 Rupees
Advance income tax		227,835,792	254,419,322
Sales tax - input		6,374,758	6,732,220
Sales tax adjustable		1,575,926	1,575,926
Special excise duty adjustable		-	113,374
Flood surcharge		5,897,390	5,897,390
		241,683,866	268,738,232

21 CASH AND BANK BALANCES

		2012 Rupees	2011 Rupees
Cash in hand		1,126,708	807,960
Cash with banks:			
- current accounts		9,166,281	60,777,847
- deposit accounts		9,378,569	11,334,358
		18,544,850	72,112,205
		19,671,558	72,920,165

		Note	2012 Rupees	2011 Rupees
22	**SALES - NET**			
	Local Sales:			
	Sugar		7,321,771,105	7,439,724,315
	By Products:			
	Molasses		603,969,843	572,912,221
	Press Mud		1,088,800	327,611
	Bagasse		8,159,998	-
	Electricity		8,295,697	6,549,090
			7,943,285,443	8,019,513,237
	Export Sales:			
	Sugar		5,389,350	-
			5,389,350	-
	Less: Sales Tax/Special Excise Duty			
	Sugar		(542,399,168)	(601,349,987)
	Molasses		(29,371,911)	(38,643,725)
	Press Mud		(150,080)	(48,111)
	Bagasse		(1,125,510)	-
	Electricity		(1,144,234)	(951,576)
			(574,190,903)	(640,993,399)
			7,374,483,890	7,378,519,838
23	**COST OF SALES**			
	Finished goods - opening		1,375,550,434	594,012,250
	Add: Cost of goods manufactured	23.1	7,172,778,448	7,209,242,325
			8,548,328,882	7,803,254,575
	Finished goods - closing		(1,848,335,002)	(1,375,550,434)
			6,699,993,880	6,427,704,141
23.1	**Cost of goods manufactured:**			
	Work in process - opening		8,039,081	6,983,273
	Raw material consumed	23.1.1	6,456,687,744	6,596,880,240
	Salaries, wages and other benefits	23.1.2	152,893,884	150,150,287
	Fuel and power		41,816,247	31,800,053
	Stores, spares and loose tools		144,505,597	100,472,379
	Repairs and maintenance		215,927,962	177,906,600
	Insurance		1,419,937	568,382
	Depreciation	13.1	148,882,463	145,266,678
	Vehicles running		6,402,824	5,368,090
	Miscellaneous		1,952,683	1,885,424
			7,178,528,422	7,217,281,406
	Work in process - closing		(5,749,974)	(8,039,081)
			7,172,778,448	7,209,242,325

	Note	2012 Rupees	2011 Rupees
23.1.1 Raw material consumed			
Sugar cane purchases		6,390,009,353	6,504,333,934
Cane procurement and other expenses		66,678,391	92,546,306
		6,456,687,744	6,596,880,240

23.1.2 Salaries, wages and other benefits include Rs. 6,088,357/- (2011: Rs. 5,368,402/-) in respect of gratuity.

24 DISTRIBUTION AND SELLING EXPENSES

	Note	2012 Rupees	2011 Rupees
Salaries, wages and other benefits		3,503,969	3,472,696
Godown expenses		63,500,191	37,752,339
Insurance		2,407,415	2,735,468
Commission on sale of sugar		3,727,369	1,987,271
		73,138,944	45,947,774

25 ADMINISTRATIVE EXPENSES

	Note	2012 Rupees	2011 Rupees
Directors' remuneration		6,120,000	6,120,000
Salaries and other benefits	25.1	91,023,997	81,825,616
Rent, rates and taxes		2,869,365	2,585,838
Travelling and conveyance	25.2	1,050,871	994,519
Foreign Travelling		1,230,937	2,219,885
Fees and subscriptions		1,960,116	1,465,875
Repair and maintenance		5,872,163	3,042,456
Vehicles running		10,691,091	7,961,023
Postage and telephone		2,505,893	2,219,939
Printing and stationery		1,876,722	2,295,692
Legal and professional		2,418,596	4,186,487
Auditors' remuneration	25.3	835,500	759,500
Ijarah rentals		9,575,998	6,651,960
Depreciation	13.1	4,738,465	3,699,200
Miscellaneous	25.4	10,432,638	8,046,452
Flood related expenses		-	15,750
		153,202,352	134,090,192

25.1 Salaries and other benefits include Rs. 2,330,950/- (2011: Rs. 1,903,242/-) in respect of gratuity.

25.2 Auditors' travelling expenses amounting to Rs. 20,000/- (2011: Rs. 20,000/-) included in travelling expenses.

25.3 Auditors' Remuneration:

	2012 Rupees	2011 Rupees
Audit fees	650,000	600,000
Income Tax consultation services	185,500	159,500
	835,500	759,500

	Note	2012 Rupees	2011 Rupees

25.4 This includes donations of Rs. 451,834/- (2011: Rs. 206,459/-). No Director or his spouse has any interest in the donees.

26 OTHER OPERATING INCOME

	Note	2012 Rupees	2011 Rupees
Financial Assets			
Profit on deposit accounts		2,235,538	273,097
Others			
Gain on Disposal of Fixed Assets		-	557,450
Gain on sale of stores		3,954,701	123,497
Sale of scrap		21,775,776	16,278,911
Sale of Bio culture		150,212	-
Rental Income		200,000	240,000
Stale Parties balances written back		3,056	151,243
Miscellaneous		7,121,605	2,545,191
		35,440,888	20,169,389

27 FINANCE COST

	Note	2012 Rupees	2011 Rupees
Interest / mark-up on secured:			
- short term borrowings		174,526,811	391,930,047
- long term murabaha		-	582,236
- long term finance		124,706,055	79,665,194
		299,232,866	472,177,477
Interest on workers' profit participation fund		1,228,825	1,648,312
Bank charges and commission		8,407,968	5,038,883
		308,869,659	478,864,672

28 OTHER EXPENSES

	Note	2012 Rupees	2011 Rupees
Workers' profit participation fund	8.2	8,735,997	15,604,122
Workers' welfare fund - current	8	1,658,248	5,736,840
Workers' welfare fund - prior		3,101	-
		10,397,346	21,340,962

29 TAXATION

	Note	2012 Rupees	2011 Rupees
Current	29.1	37,073,626	104,806,269
Prior year		-	(943,990)
Deferred	29.2	20,639,746	3,182,123
		57,713,372	107,044,402

29.1 Provision for the current year has been made at the current tax rate after taking into account tax rebates and tax credits available. The income tax assessments of the Company have been finalized upto tax year 2012 except for assessment year 1992-93, 1993-94, 2001-02, 2002-03 and 2003-04 which are under appeal.

	Note	2012 Rupees	2011 Rupees
29.2 Deferred			
Deferred tax is accounted for according to Company's policy as given in Note No. 2.7			
Deferred Tax liability as on 30 September 2012	7.2	205,112,340	184,472,594
Deferred Tax liability as on 30 September 2011	7.2	(184,472,594)	(181,290,471)
Deferred Tax Expense		20,639,746	3,182,123

29.3 Tax charge reconciliation for the current year is not prepared as the company is charged to minimum tax in the current year.

30 EARNINGS PER SHARE - BASIC AND DILUTED

Earnings per share is calculated by dividing the profit after tax for the year by the weighted average number of shares outstanding during the year as follows:

	2012	2011
Profit after tax	106,609,225	183,697,084
Weighted average number of ordinary shares in issue during the period	15,023,232	15,023,232
Earnings per share	7.10	12.23

No figure for diluted earnings per share has been presented as the Company has not issued any instruments carrying options which would have an impact on earnings per share when exercised.

31 CHANGES IN WORKING CAPITAL

	2012	2011
(Increase) / decrease in current assets:		
Stores, spare parts and loose tools	(152,718,229)	(64,849,907)
Stock-in-trade	(470,495,461)	(782,593,992)
Trade debts	104,440,283	34,715,319
Loans and advances	(272,293,811)	(76,833,088)
Trade deposits, prepayments and other receivables	(2,333,708)	(23,876,996)
Taxes recoverable/adjustable	27,054,366	(91,979,906)
Increase / (decrease) in current liabilities:		
Trade and other payables	1,097,523,544	197,574,164
	331,176,984	(807,844,406)

32 REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

The aggregate amount charged in the accounts for the year for remuneration including certain benefits to Chief Executive, Directors and Executives of the Company are as follows:

	2012				2011			
	Chief Executive	Directors	Executives	Total	Chief Executive	Directors	Executives	Total
	RUPEES							
Managerial remuneration	2,040,000	4,080,000	22,002,908	28,122,908	2,040,000	4,080,000	22,124,270	28,244,270
Utilities			453,829	453,829	-	-	418,768	418,768
Bonus			1,085,637	1,085,637	-	-	2,539,999	2,539,999
Travelling		288,477		288,477	-	1,258,706	-	1,258,706
Total	2,040,000	4,368,477	23,542,374	29,950,851	2,040,000	5,338,706	25,083,037	32,461,743
Number of Persons	1	2	25	28	1	2	28	31

32.1 The executives have been provided free unfurnished accommodation with maintained car for company's affairs only.

32.2 No meeting fee has been paid to Directors during the year.

32.3 Chief Executive and Directors are not entitled for any benefit other than disclosed as above.

33. TRANSACTIONS WITH ASSOCIATED UNDERTAKINGS

Amounts due from and due to related parties are shown in note 6, 8, 11, 17 & 19 and remuneration of the key management personnel is disclosed in note 32. Other significant transactions with related parties are as follows:

Name of Company	Transaction	2012 Rupees	2011 Rupees
Naubahar Bottling Co. (Pvt) Ltd.	- Sale of goods	1,630,822,980	1,823,335,500
	- Expenses paid of associate	2,489,040	7,571,686
Almoiz Industries Ltd.	- Purchase of goods	29,637,457	1,961,085
	- Sale of goods	51,798,457	14,368,321
	- Expenses paid of associate	-	36,420
Haidri Beverages (Pvt) Ltd.	- Sale of goods	35,235,000	129,497,500
Northern Bottling Co. (Pvt) Ltd	- Sale of goods	55,818,000	187,062,500
Shamim & Co. (Pvt) Ltd.	- Sale of goods	45,510,000	328,178,000

The company continues to have a policy whereby all transactions with related parties and associated undertakings are priced at comparable uncontrolled market price.

33.1 The maximum aggregate balance due from/ (due to) associated undertakings at the end of any month during the year:

	2012 Rupees	2011 Rupees
Naubahar Bottling Co. (Pvt) Ltd.	76,436,999	215,373,231
Al Moiz Industries Ltd.	28,007,531	5,206,131
Haidri Beverages (Pvt) Ltd.	-	21,255,000
Northern Bottling Co. (Pvt) Ltd.	847,880	10,680,005
Shamim & Co. (Pvt) Ltd.	21,425,000	36,288,537
Key management personnel:		
Advances received from/(returned to) directors during the year	(104,500,000)	56,150,000

34 FINANCIAL INSTRUMENTS

The Company has exposures to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

The Board of Directors has overall responsibility for the establishment and oversight of Company's risk management framework. The Board is also responsible for developing and monitoring the company's risk management policies.

34.1 Credit risk

Credit risk represents the accounting loss that would be recognized at the reporting date if counterparties fail completely to perform as contracted and arises principally from trade receivables. Out of the total financial assets of Rs. 229,165,340/- (2011: Rs. 358,708,601/-), the financial assets which are subject to credit risk amounted to Rs. 228,038,632/- (2011: Rs. 357,900,641/-).

To manage exposure to credit risk in respect of trade receivables management performs credit reviews taking into account the customer's financial position, past experience and other factors. Where considered necessary, advance payments are obtained from certain parties. The management has set a maximum credit period of 30 days in respect of sales to certain institutions to reduce the credit risk.

Concentration of credit risk arises when a number of counter parties are engaged in similar business activities or have similar economic features that would cause their abilities to meet contractual obligation to be similarly effected by the changes in economic, political or other conditions. The Company believes that it is not exposed to major concentration of credit risk.

Some of the major customer accounts for Rs. 30,861,299/- of the trade receivables carrying amount at 30 September 2012 (2011 : Rs. 115,628,043/-) that have a good track record with the Company.

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date is:

	2012 Rupees	2011 Rupees
Long term deposits	3,152,900	3,324,863
Trade debts	49,370,747	153,811,030
Loan & advances	149,160,172	127,312,088
Trade deposits and other receivables	7,809,963	1,340,455
Bank balances	18,544,850	72,112,205
	228,038,632	357,900,641

All the trade debtors at the balance sheet date represent domestic parties.

The aging of trade receivable at the reporting date is:		
Not past due	31,597,278	96,900,949
Past due 1-30 days	9,874,149	30,762,206
Past due 30-150 days	7,899,320	26,147,875
Past due 150 days	-	-
	49,370,747	153,811,030

In the opinion of the management no provision is necessary for past due trade debts as these are considered good based on payment history.

34.2 Liquidity risk

Liquidity risk is the risk that the company will not be able to meet its financial obligations as they fall due. The company's approach to manage liquidity is to ensure as far as possible to always have sufficient liquidity to meet its liabilities when due. The company is not materially exposed to liquidity risk as substantially all obligations / commitments of the company are short term in nature and are restricted to the extent of available liquidity. In addition, the company has obtained running finance facilities from various commercial banks to meet any deficit, if required to meet the short term liquidity commitments.

The following are the contractual maturities of the financial liabilities, including estimated interest payments:

	2012					
	Carrying amount	Contractual Cash flows	Six Months or less	Six to twelve months	One to two years	Two to five years
	Rupees					
Financial Liabilities:						
Loans from directors-unsecured	574,800,000	574,800,000	-	-	-	574,800,000
Long term finances	753,462,500	983,165,380	151,188,263	145,307,560	321,926,187	364,743,370
Trade and other payables	149,096,965	149,096,965	-	149,096,965	-	-
Finance cost payable	50,690,760	50,690,760	50,690,760	-	-	-
Short term borrowings	878,699,011	878,699,011	-	878,699,011	-	-
Advances from directors	28,500,000	28,500,000	-	28,500,000	-	-
	2,435,249,236	**2,664,952,116**	**201,879,023**	**1,201,603,536**	**321,926,187**	**939,543,370**

	2011					
	Carrying amount	Contractual Cash flows	Six Months or less	Six to twelve months	One to two years	Two to five years
	Rupees					
Financial Liabilities:						
Loans from directors-unsecured	574,800,000	574,800,000	-	-	-	574,800,000
Long term finances	525,000,000	663,086,775	123,231,400	117,467,281	215,961,705	206,426,389
Trade and other payables	157,387,733	227,357,752	-	227,357,752	-	-
Finance cost payable	66,257,279	66,257,279	66,257,279	-	-	-
Short term borrowings	1,241,498,712	1,241,498,712	-	1,241,498,712	-	-
Advances from directors	133,000,000	133,000,000	-	133,000,000	-	-
	2,697,943,724	**2,906,000,518**	**189,488,679**	**1,719,323,745**	**215,961,705**	**781,226,389**

34.3 Market risk

Market risk is the risk that changes in market price, such as foreign exchange rates, interest rates and equity prices will effect the Company's income or the value of its holdings of financial instruments.

34.3.1 Currency risk

Currency risk is the risk that fair value or future cash flows of a financial instrument, will fluctuate because of changes in foreign exchange rates. Foreign currency risk arises mainly where receivables and payables exist due to foreign currency transaction. The company is exposed to currency risk on debtors denominated in foreign currency The company is not significantly exposed to currency risk. The total foreign currency risk exposure on reporting date amounted to Rs. 5,389,350/- (2011: Nil). Had the Pak Rupee been weakened /- strengthened by 5% against the US Dollar at the reporting date, with all other variables held constant, profit for the year and equity would have been lower / higher respectively by Rs. 269,467/- (2011: Nil).

34.3.2 Interest rate risk

At the reporting date the interest rate profile of the Company's significant interest bearing financial instruments was as follows:

	2012	2011	2012	2011
	Effective rate		Carrying amount	
	(in Percent)		(Rupees)	
Financial liabilities				
Fixed rate instruments	-	-	-	-
Variable rate instruments				
Long term finances	11.76 to 19.48	15.06 to 16.25	753,462,500	525,000,000
Short term borrowings	10.88 to 18.40	14.19 to 15.63	878,699,011	1,241,498,712

Fair value sensitivity analysis for fixed rate instruments

The company is not exposed to interest rate risk for fixed rate instruments as it does not hold any such fixed rate financial instruments.

Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points in interest rates at the reporting date would have decreased / (increased) profit for the year by the amounts shown below. This analysis assumes that all other variables remain constant. The analysis is performed on same basis for 2011.

	Increase/ decrease in %	Effect on profit before tax (Rupees)
As at 30 September 2012		
Cash flow sensitivity-Variable rate financial liabilities	1%	16,321,615
As at 30 September 2011		
Cash flow sensitivity-Variable rate financial liabilities	1%	17,664,987

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

34.3.3 Other price risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk). The company is not exposed to other price risks.

34.4 Fair value of financial instruments

The carrying values of the financial assets and financial liabilities approximate their fair values. Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction. The company measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:

- Level 1: Quoted market price (unadjusted) in an active market for an identical instrument.
- Level 2: Valuation techniques based on observable inputs, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: Valuation techniques using significant unobservable inputs.

As at 30 September 2012 the net fair value of all financial instruments has been based on the valuation methodology outlined below:

Long term deposits

Long term deposits do not carry any rate of return. The fair value of these has been taken at book value as it is not considered materially different and readily exchangeable.

Non current liabilities

For all non-current liabilities the fair values have been taken at book values as these are not considered materially different based on the current market rates of return and re-pricing profiles of similar non-current liabilities.

Other financial instruments

The fair values of all other financial instruments are considered to approximate their book values as they are short term in nature.

34.5 Financial instrument by categories

Financial Assets	Loans & receivables	
	2012	**2011**
	Rupees	
Long term deposits	3,152,900	3,324,863
Trade debts	49,370,747	153,811,030
Loan & advances	149,160,172	127,312,088
Trade deposits and other receivables	7,809,963	1,340,455
Cash and Bank balances	19,671,558	72,920,165
	229,165,340	358,708,601

Financial Liabilities

	Financial liabilities at amortised cost	
	2012	2011
	Rupees	
Loans from directors	574,800,000	574,800,000
Long term finance	753,462,500	525,000,000
Trade and other payables	149,096,965	157,387,733
Finance cost payable	50,690,760	66,257,279
Short term borrowings	878,699,011	1,241,498,712
Advances from directors	28,500,000	133,000,000
	2,435,249,236	2,697,943,724

35 Operating segments

These financial statements have been prepared on the basis of single reportable segment.

a) Revenue from sale of sugar and its by-products represents 100% (2011: 100%) of the sale of the company.

b) 100% (2011: 100%) of the sale for the year of the company is made to customers located in Pakistan.

c) All non-current assets of the company as at 30 September 2012 are located in Pakistan.

d) Sale to the following customers accounts for more than 10 % of the sales of the company:

	2012		2011	
	Rs.	Percentage	Rs.	Percentage
Naubahar Bottling Co. (Pvt) Ltd	1,630,822,980	22%	1,823,335,500	23%

36 CAPITAL RISK MANAGEMENT

The company's objectives for managing capital are:

i) to safeguard the entity's ability to continue as a going concern; and

ii) to provide an adequate return to shareholders by pricing products commensurately with the level of risk.

The Board's policy is to maintain an efficient capital base so as to maintain investor, creditor and market confidence and to sustain the future development of the business.

The company sets the amount of capital in proportion to risk. The company manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the company may issue new shares, or sell assets to reduce debts.

Consistently with others in the industry, the company monitors capital on the basis of the net debt-to-equity ratio. This ratio is calculated as net debt ÷ equity. Net debt is calculated as total debt (as shown in the balance sheet) less cash and cash equivalents. Equity comprises of share capital, reserves and retained earnings.

During 2012, the company's strategy, which was unchanged from 2011, was to maintain the net debt-to-equity ratio in the range 2.50 to 3.50 times, in order to secure access to finance at a reasonable cost.

The net debt-to-equity ratios at 30 September 2012 and at 30 September 2011 are as follows:

	2012 Rupees	**2011 Rupees**
Total debts	2,235,461,511	2,474,298,712
Less: cash and cash equivalents	(19,671,558)	(72,920,165)
Net debt	2,215,789,953	2,401,378,547
Total equity	847,907,204	771,344,443
Net debt-to-equity (Times)	2.61	3.11

The decrease in the debt-to-equity ratio during 2012 resulted from reduced borrowings level.

37. PLANT CAPACITY AND ACTUAL PRODUCTION

			2012	**2011**
Designed crushing capacity:				
- Layyah Sugar Mills	Old Plant	Metric Tons/day	3,300	3,300
- Layyah Sugar Mills	New Plant	Metric Tons/day	6,000	6,000
- Safina Sugar Mills	Old Plant	Metric Tons/day	6,000	4,500
Capacity on the basis of operating days		Metric Tons	1,863,900	1,569,000
Actual crushing		Metric Tons	1,668,548	1,380,805
Percentage of capacity attained		%	89.52	88.00
Sugar production from cane		Metric Tons	159,530.25	121,024.25
Recovery of sugar cane		%	9.56	8.76
Raw sugar processed				
Raw Sugar Processed		Metric Tons	-	2,096.31
Sugar Production		Metric Tons	-	1,986.25
Sugar Recovery		%	-	94.74

37.1 The under utilization of the capacity is mainly due to non availability of sugarcane.

38 NUMBER OF EMPLOYEES

Number of permanent employees as at 30 September 2012 were 551 (2011: 545).

39 DIVIDEND

The board of directors have proposed cash dividend for the year ended 30th September 2012 of Rs. 1.0/- (2011: Rs. 2.0) per share i.e. 10% (2011: 20%) amounting to Rs. 15,023,232/- (2011: Rs. 30,046,464/-) at their meeting held on 27th December 2012 for approval of the members at Annual General Meeting to be held on 26th January 2013.

40 DATE OF AUTHORIZATION OF ISSUE

These financial statements were authorized for issue on 27th December 2012 by the Board of Directors of the company.

CHIEF EXECUTIVE **DIRECTOR**

PROXY FORM

No. of Shares | Folio No.

I/We ____

of____

Being member of THE THAL INDUSTRIES CORPORATION LIMITED hereby appoint

Mr./Miss/Mrs.____

of failing him/her ____

being a member of the company a my/our proxy to attend, act and vote for me/us and on my/us and on my/or behalf, at the 59th Annual General Meeting of the company to be held at 2-D-1, Gulberg-III, Lahore on 26th January 2013 at 3:00 p.m. and every adjournment thereof:

As witness my hand this ______________________ day of ____________________________ 2013

Signed by the said _______________________________ of ______________________________

Witness's Signature

Member's Signature

Revenue Stamp
of Rs. 5/-

Date ______________________

Place _____________________

Notes: ____________________

1. This form of proxy, in order to be effected must be deposited duly completed in the Lahore office 2-D-1, Gulberg III, Lahore, not less than 48 hours before the time for holding the meeting.

2. A Proxy must be a member of the company.

3. Signature should agree with the specimen registered with the specimen registered with the company.