**CONTENTS**

## VISION & MISSION STATEMENT

Noon Pakistan is committed to make sustainable efforts towards optimum utilization of its resources to improve its profitability for not only to safeguard the interest of all its stakeholders but also to fulfil their resolve to serve the community and to become a leading food company in Pakistan maintaining the highest quality of products.

# Corporate Information

| | | |
|---|---|---|
| **BOARD OF DIRECTORS** | Mr. Salman Hayat Noon | Chairman / CEO (Executive Director) |
| | Mr. Adnan Hayat Noon | (Non-Executive Director) |
| | Mr. K. Iqbal Talib | (Non-Executive Director) |
| | Mr. Safdar M. Hayat Qureshi | (Non-Executive Director) |
| | Mr. Zaheer Ahmad Khan | (Non-Executive Director) |
| | Mr. Asif H. Bukhari | (Non-Executive Director) |
| | Col. (R) Abdul Khaliq Khan | (Executive Director) |
| **COMPANY SECRETARY** | Syed Anwar Ali | |
| **AUDIT COMMITTEE** | Mr. Asif H. Bukhari | Chairman |
| | Mr. Adnan Hayat Noon | Member |
| | Mr. K. Iqbal Talib | Member |
| **HR & R COMMITTEE** | Mr. K. Iqbal Talib | |
| | Mr. Zaheer Ahmad Khan | |
| | Col. (R) Abdul Khaliq Khan | |
| **AUDITORS** | Hameed Chaudhri & Co.<br>Chartered Accountants | |
| **CHIEF FINANCIAL OFFICER** | Mr. Nauman Afzal | |
| **LEGAL ADVISERS** | Hamid Law Associates | |
| **BANKERS** | Habib Bank Limited<br>United Bank Limited<br>National Bank of Pakistan<br>Bank Alfalah Limited<br>Faysal Bank Limited<br>The Bank of Punjab<br>NIB Bank Limited<br>MCB Bank Limited<br>Askari Bank Limited<br>Allied Bank Limited<br>Bank Islami Pakistan Limited | |
| **REGISTERED OFFICE<br>&<br>SHARES DEPARTMENT<br>/ REGISTRAR** | 66-Garden Block,<br>New Garden Town,<br>Lahore.<br>Tele : 35831462 - 35831463<br>E-mail: noonshr@brain.net.pk | |
| **WEBSITE** | www.nurpurfoods.com | |
| **PLANT** | Bhalwal, District Sargodha. | |

# NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the 45th Annual General Meeting of Noon Pakistan Limited will be held at 66 Garden Block, New Garden Town, Lahore on Monday, 29 October, 2012 at 11:30 a.m. to transact the following business:-

## ORDINARY BUSINESS

1. To confirm the minutes of the annual general meeting held on 29 October, 2011.

2. To receive, consider and adopt the audited accounts for the year ended 30 June, 2012 and the reports of the directors and auditors thereon.

3. To appoint auditors for the financial year ending 30 June, 2013 and to fix their remuneration.

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

## CLOSURE OF SHARE TRANSFER BOOKS

The share transfer books of the Company will remain closed from 23 October, 2012 to 29 October, 2012 (both days inclusive) for the purpose of holding the AGM.

**By Order of the Board**

**SYED ANWAR ALI**
**Company Secretary**

**27 September, 2012**

**NOTES:**

1. A member entitled to attend and vote at this meeting may appoint another member as his/her proxy to attend, speak and vote on his/her behalf. Proxies in order to be effective must be received by the Company at the registered office not less than 48 hours before the meeting. The shareholders through CDC are requested to bring original CNIC/Passport for the purpose of identification to attend the meeting. Representatives of corporate members should bring the usual documents required for such purpose. The members are requested to follow the guidelines contained in Circular No.1 of 2000 dated 26 January, 2000 issued by SECP reproduced on reverse of the Proxy Form.

2. Members, having physical shares, are advised to intimate any change in there registered address and the shareholders who have not yet submitted photocopies of their Computerized National Identity Cards (CNIC) are requested to send the same at the earliest.

# DIRECTORS' REPORT TO THE SHARE HOLDERS

The Directors of the Company are pleased to submit the Annual Report along with the audited financial statements for the year ended June 30, 2012.

**1. Summarized Financial Performance**

| | 2011-12 (Million Rs.) | 2010-11 (Million Rs.) | Change |
|---|---|---|---|
| Sale | 3305.49 | 2957.38 | + 11.79% |
| Gross Profit | 404.23 | 361.03 | + 11.97% |
| Operating Profit | 112.04 | 127.19 | - 11.98% |
| Net Profit | 36.00 | 41.55 | - 13.35% |
| Earnings per share | 2.58 | 2.98 | - 13.42% |

**2. The Year Under review:-**

Despite the energy crises, rapid price increases of fuel, electricity & gas, security concerns and high inflation, the Company continued to consistently perform recording a top line growth of 11.79%. On-going cost management and controlling initiatives have been taken to partially offset the negative impact of escalating input costs. Inflationary pressures have continued to impact key commodities and input costs, in particular fresh milk with an increase of 9.73% as compared to the previous year.

The Company continued to enhance its operational capabilities by enhancing its product range by diversifying into new products remains an integral part of the Company's management vision.

**3. Future Outlook**

Despite the challenge being faced in the country, the management of the Company continues to have a long term optimistic outlook for our business. We are hopeful that economic prospects of the country will improve in the future. We remain confident in the strong potential of Pakistan fuelled by its growing and youthful population. The Company is committed to bringing products of the highest quality that deliver wellness to our consumers.

**4. Appropriations**

Keeping in view prevailing depressed economic and financial scenarios, the Board has not recommended any dividend for the year ending 30th June 2012.

**5. Corporate and Financial Reporting Framework**

- The financial statements, prepared by the management of the Company, present fairly its state of affairs, the result of its operations, cash flow and changes in equity.
- Proper books of account of the Company have been maintained.
- Appropriate accounting policies have been consistently applied in preparation of the financial statements and accounting estimates are based on reasonable and prudent judgment.
- International Accounting Standards, as applicable in Pakistan, have been followed in preparation of the financial statements.
- The system of internal controls is sound in design and has been effectively implemented and monitored.
- There are no doubts upon the Company's ability to continue as a 'going concern'.
- There has been no material departure from the best practices of corporate governance, as detailed in the listing regulations.
- Key operating and financial data for the last six years in summarized form is annexed.
- There are no statutory payments on account of taxes, duties, levies and charges which are outstanding as on 30th June, 2012 except for those disclosed in the financial statements.
- The value of investments of staff provident fund, based on un-audited accounts, was Rs. 45.242 million as at 30th June, 2012.

- During the year, four meetings of the Board of Directors were held. Attendance by each director was as follow:

| Names of Directors | No. of Meetings Attended |
|---|---|
| Mr. Salman Hayat Noon | 3 |
| Mr. Adnan Hayat Noon | 3 |
| Mr. Safdar M. Hayat Qureshi | 4 |
| Mr. K. Iqbal Talib | 3 |
| Mr. Asif H. Bukhari | 4 |
| Mr. Zaheer Ahmad Khan | 2 |
| Mr. Abdul Khaliq Khan | 4 |

- During the year, four meetings of the Audit Committee were held. Attendance of these meetings is as follows:

| | |
|---|---|
| Mr. Asif H. Bukhari | 4 |
| Mr. Adnan Hayat Noon | 3 |
| Mr. K. Iqbal Talib | 3 |

- The pattern of shareholding and additional information regarding pattern of shareholding is included in this annual report. Shareholders holding more than 5% of the total voting shares is as follows:

| | | |
|---|---|---|
| Mr. Adnan Hayat Noon | 2,556,200 | 48.90% |
| Mr. Salman Hayat Noon | 1,331,174 | 25.47% |
| State Life Insurance Corp. of Pakistan | 270,487 | 5.17% |

- No trade in the shares of the Company was carried-out by the Directors, CEO, CFO, Company Secretary and their spouse and minor children during the year ended 30th June, 2012.

**6. Auditors**

The present auditors M/s Hameed Chaudhri & Co., Chartered Accountants retire and being eligible offer themselves for re-appointment. The board has received recommendations from its Audit Committee for re-appointment of M/s Hameed Chaudhri & Co., Chartered Accountants as auditors of the Company for the ensuing year.

**7. Compliance with the Code of Corporate Governance**

The requirements of the Code of Corporate Governance set out by the Karachi and Lahore Stock Exchanges in their listing rules, relevant for the year ended 30th June, 2012, have been duly complied with. A statement to this effect is annexed with the report.

**8. Acknowledgment**

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

**For and on behalf of the Board**

**Salman Hayat Noon**
**Chairman**

**Dated : 27 September, 2012**

# Statement of Compliance with the Code of Corporate Governance

This statement is being presented to comply with the Code of Corporate Governance contained in Listing Regulation No.35 of the Karachi Stock Exchange and Chapter XIII of the listing regulations of the 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 Code 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 5 non-executive directors.
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. During the year election of directors was held on 29 October, 2011 under provisions of the Companies Ordinance, 1984 and there being only seven candidates for election of seven directors, all retiring directors were re-elected for the tenure of three years w.e.f. 29 October, 2011. No casual vacancy was occurred on the Board during the year.
5. The Company has prepared a “Code of Conduct” and has ensured that appropriate steps have been taken to disseminate it throughout the Company along with its supporting policies and procedures.
6. The Board has developed a vision/ mission statement, overall corporate strategy and significant policies of the Company. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.
7. All the powers of the board have been duly exercised and decisions on material transactions, including appointment and determination of remuneration and terms and conditions of employment of the CEO, other executive and non-executive directors, have been taken by the Board/ shareholders.
8. The meetings of the Board were presided over by the Chairman and, in his absence, by a director elected by the Board for this purpose and the board met at least once in every quarter. Written notices of the Board meetings, along with agenda and working papers were circulated at least seven days before the meeting. The minutes of the meetings were appropriately recorded and circulated.
9. The Board has approved appointment of CEO including his remunerations and terms and conditions of employment.
10. The CFO and Head of Internal Audit are duly qualified in terms of clause xiii and xiv of the Code of Corporate Governance, for the purpose of holding the positions in the Company.
11. The Directors' Report for this year has been prepared in compliance with the requirements of the CCG and fully describes the salient matters required to be disclosed.
12. The financial statements of the Company were duly endorsed by CEO and CFO before approval of the Board.
13. The directors, CEO and executives do not hold any interest in the shares of the Company other than that disclosed in the pattern of shareholding.
14. The Company has complied with all the corporate and financial reporting requirements of the CCG.
15. The board has formed an Audit Committee. It comprises three members, and all of them are non-executive directors.
16. The meetings of the Audit Committee were held at least once every quarter prior to approval of interim and final results of the Company and as required by the CCG. The terms of reference of the committee have been formed and advised to the Committee for compliance.
17. The Board has formed an HR and Remuneration Committee. It comprises 3 members, of whom 2 members are non-executive directors.
18. The Board has set up an effective internal audit function.
19. The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the quality control review program of the ICAP, that they or any of the partners of the firm, their spouses and minor children do not hold shares of the Company and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the ICAP.
20. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the listing regulations and the auditors have confirmed that they have observed IFAC guidelines in this regard.
21. The 'closed period', prior to the announcement of interim/final results, and business decisions, which may materially affect the market price of the Company's securities, was determined and intimated to directors, employees and stock exchange(s).
22. Material/price sensitive information has been disseminated among all market participants at once through stock exchange(s).
23. We confirm that all other material principles enshrined in the CCG have been complied with.

**On behalf of the Board**

**Salman Hayat Noon**
**Chief Executive**

**Lahore : 27 September, 2012.**

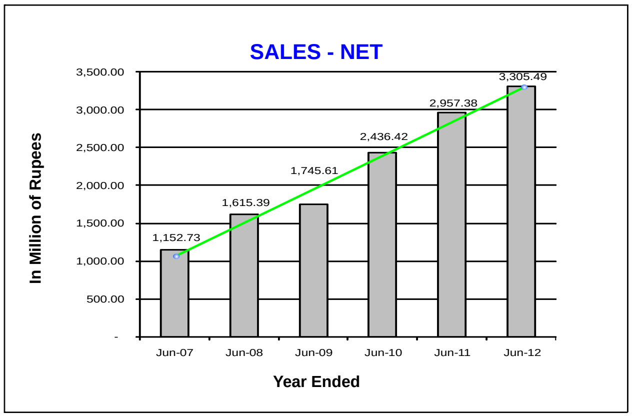
# SIX YEARS' REVIEW AT A GLANCE

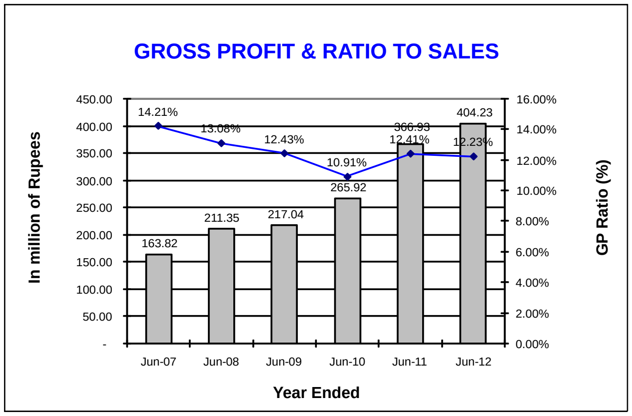
| | | 2012 | 2011 | 2010 | 2009 | 2008 | 2007 |
|---|---|---|---|---|---|---|---|
| **Fresh Milk Processed** | | 38,371,430 | 43,443,343 | 43,098,600 | 38,438,598 | 47,770,115 | 36,790,300 |
| **Production** | | | | | | | |
| UHT Milk/ Tea Whitener | Ltrs. | 30,572,685 | 30,940,079 | 20,385,290 | 16,246,333 | 18,900,404 | 16,395,520 |
| UHT Flavour Milk | Ltrs. | 5,285,880 | 4,668,071 | 4,075,407 | 2,498,299 | 1,864,517 | 1,403,663 |
| UHT Cream | Ltrs. | 30,146 | 71,381 | 461,722 | 345,580 | 530,523 | 378,589 |
| Butter | Kgs. | 940,030 | 986,335 | 1,011,925 | 862,622 | 1,050,708 | 967,953 |
| Milk Powder | Kgs. | 638,125 | 927,943 | 1,160,508 | 930,894 | 1,107,870 | 785,709 |
| Cheese | Kgs. | 262,090 | 203,146 | 206,508 | 194,020 | 210,026 | 204,393 |
| Ghee | Kgs. | 106,044 | 34,371 | 52,190 | 31,331 | 126,327 | 53,228 |
| Pasteurized Milk | Ltrs. | 6,102,611 | 4,911,778 | 2,663,294 | 1,806,733 | 1,847,110 | 1,589,895 |
| Loose Cream | Ltrs. | 0 | 0 | 3,490 | 0 | 202,960 | 16,688 |
| Jams & honey | Kgs. | 42,245 | 34,032 | 42,812 | 23,735 | 44,775 | 42,803 |
| Juices | Ltrs. | 4,343,677 | 4,421,399 | 10,341,160 | 10,402,443 | 4,184,944 | 98,786 |
| **Financial Performance - Profitability** | | | | | | | |
| Gross profit margin | % | 12.23 | 12.41 | 10.91 | 12.43 | 13.08 | 14.21 |
| EBITDA margin to sales | % | 5.28 | 6.21 | 5.15 | 6.92 | 6.56 | 6.73 |
| Pre tax margin | % | 1.50 | 2.28 | 2.03 | 2.64 | 3.03 | 1.60 |
| Net profit margin | % | 1.09 | 1.41 | 1.12 | 2.78 | 2.16 | 1.52 |
| Return on equity | % | 11.86 | 15.61 | 11.49 | 23.16 | 14.61 | 16.13 |
| Return on capital employed | % | 8.97 | 8.15 | 9.03 | 14.68 | 7.83 | 7.88 |
| **Operating Performance / Liquidity** | | | | | | | |
| Total assets turnover | Times | 2.49 | 2.17 | 2.66 | 2.34 | 2.16 | 2.08 |
| Fixed assets turnover | Times | 5.18 | 5.23 | 4.84 | 3.91 | 3.83 | 3.20 |
| Trade Debtors | Rs.000' | 109,019 | 73,624 | 92,008 | 61,764 | 50,952 | 39,499 |
| Debtors turnover | Times | 36 | 36 | 32 | 31 | 36 | 31 |
| Debtors turnover | Days | 10 | 10 | 12 | 12 | 10 | 12 |
| Inventory | Rs.000' | 198,185 | 177,393 | 84,595 | 90,035 | 73,428 | 44,283 |
| Inventory turnover | Times | 15 | 20 | 25 | 19 | 24 | 27 |
| Inventory turnover | Days | 24 | 18 | 15 | 20 | 15 | 14 |
| Purchases | Rs.000' | 2,598,377 | 2,429,902 | 1,955,075 | 1,363,373 | 1,263,018 | 849,764 |
| Accounts Payables | Rs.000' | 464,682 | 358,353 | 220,927 | 143,963 | 151,367 | 64,351 |
| Creditors turnover | Times | 6 | 8 | 11 | 9 | 12 | 17 |
| Average Payment Period | Days | 58 | 44 | 34 | 40 | 31 | 22 |
| Operating cycle | Days | (24) | (15) | (8) | (8) | (6) | 4 |
| Return on assets | % | 2.72 | 3.05 | 2.98 | 6.51 | 3.32 | 3.17 |
| Current ratio | Times | 0.80 | 1.04 | 0.73 | 0.81 | 0.85 | 0.65 |
| Quick / Acit test ratio | Times | 0.57 | 0.81 | 0.58 | 0.57 | 0.66 | 0.50 |
| **Capital Market / Capital Structure Analysis** | | | | | | | |
| Market value per share | | | | | | | |
| - Year end | Rs. | 37.00 | 20.27 | 23.82 | 50.88 | 182.16 | 159.95 |
| - High during the year | Rs. | 57.64 | 33.06 | 53.99 | 173.06 | 286.65 | 185.00 |
| - Low during the year | Rs. | 12.65 | 17.51 | 21.90 | 38.98 | 58.90 | 144.00 |
| Breakup value / (Net assets / share) | Rs. | 21.77 | 21.01 | 18.74 | 18.21 | 14.74 | 13.73 |
| - excluding revaluation surplus | Rs. | 303,518 | 266,263 | 237,463 | 209,804 | 169,836 | 108,758 |
| - including revaluation surplus | Rs. | 359,306 | 323,305 | 259,135 | 231,849 | 192,297 | 131,679 |
| Earning per share (pre tax) | Rs. | 3.55 | 5.33 | 3.91 | 8.02 | 10.92 | 0.23 |
| Earning per share (after tax) | Rs. | 2.58 | 3.28 | 2.15 | 8.57 | 6.94 | (1.07) |
| Earnings growth | % | (13.42) | 52.56 | (74.91) | 23.49 | 748.60 | 93.51 |
| Price earning ratio | Times | 14.34 | 6.18 | 11.08 | 5.94 | 26.25 | (149.49) |
| Market price to breakup value | Times | 1.70 | 0.96 | 1.27 | 2.79 | 12.36 | 11.65 |
| Debt : Equity | Times | 1.12 | 1.97 | 1.21 | 1.43 | 1.79 | 2.63 |
| Interest cover | Times | 1.79 | 2.13 | 2.24 | 1.90 | 2.37 | 1.50 |

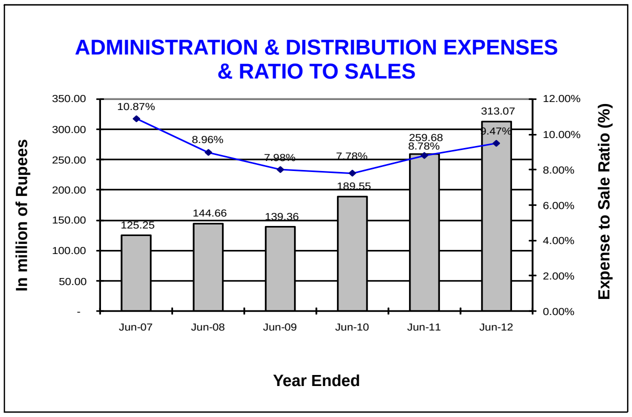
# SIX YEARS' REVIEW AT A GLANCE

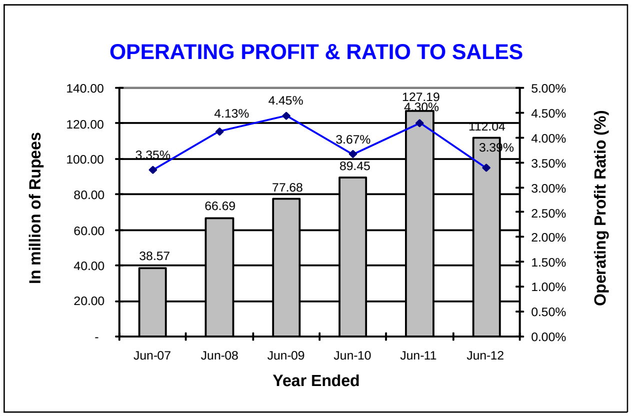
| | | 2012 | 2011 | 2010 | 2009 | 2008 | 2007 |
|---|---|---|---|---|---|---|---|
| **Corporate Distribution & Retention** | | | | | | | |
| Dividend per share - cash | | - | - | 1.20 | - | - | - |
| Bonus shares issued | % | 10.00 | - | - | 10.00 | - | - |
| Dividend payout | % | - | - | 55.81 | - | - | - |
| Dividend cover ratio | % | - | - | 179.17 | - | - | - |
| Retention | % | - | - | 44.19 | - | - | - |
| **Summary of Balance Sheet** | | | | | | | |
| Share capital | Rs.000' | 139,392 | 126,720 | 126,720 | 115,200 | 115,200 | 79,200 |
| Reserves | Rs.000' | 164,126 | 139,543 | 110,743 | 94,604 | 54,636 | 29,558 |
| Share holder's fund / Equity | Rs.000' | 303,518 | 266,263 | 237,463 | 209,804 | 169,836 | 108,758 |
| Revaluation surplus | Rs.000' | 55,788 | 57,042 | 21,672 | 22,046 | 22,461 | 22,922 |
| Long term borrowings | Rs.000' | 97,786 | 243,724 | 64,822 | 121,076 | 146,905 | 113,920 |
| Capital employed | Rs.000' | 401,304 | 509,987 | 302,285 | 330,879 | 316,741 | 222,678 |
| Deferred liabilities | Rs.000' | 9,752 | 28,335 | 28,096 | 16,642 | 19,657 | 13,684 |
| Property, plant & equipment | Rs.000' | 636,753 | 565,924 | 503,510 | 446,180 | 422,206 | 360,727 |
| Long term assets | Rs.000' | 638,088 | 567,366 | 504,825 | 446,877 | 422,732 | 361,637 |
| Current Assets | Rs.000' | 687,177 | 793,342 | 410,964 | 299,073 | 325,515 | 191,495 |
| Net current assets / working capital | Rs.000' | (170,981) | 28,567 | (150,188) | (70,525) | (55,784) | (102,353) |
| Liquid funds - net | Rs.000' | 36,564 | 211,182 | 23,351 | 10,843 | 29,292 | 14,335 |
| **Summary of Profit & Loss** | | | | | | | |
| Sales - net | Rs.000' | 3,305,489 | 2,957,377 | 2,436,416 | 1,745,609 | 1,615,387 | 1,152,735 |
| Gross profit | Rs.000' | 404,225 | 366,933 | 265,918 | 217,038 | 211,350 | 163,814 |
| Operating profit | Rs.000' | 112,042 | 127,192 | 89,452 | 97,177 | 84,751 | 55,229 |
| Profit before tax | Rs.000' | 49,519 | 67,485 | 49,568 | 46,070 | 48,951 | 18,486 |
| Profit after tax | Rs.000' | 36,001 | 41,551 | 27,286 | 48,581 | 24,813 | 17,544 |
| EBITDA | Rs.000' | 174,607 | 183,609 | 125,558 | 120,776 | 105,923 | 77,578 |
| **Summary of Cash Flows** | | | | | | | |
| Net cash flow from operating activities | Rs.000' | 180,767 | 88,208 | 170,106 | 115,052 | 91,888 | 86,159 |
| Net cash flow from investing activities | Rs.000' | (87,561) | (8,512) | (101,628) | (40,778) | (41,497) | (27,404) |
| Net cash flow from financing activities | Rs.000' | (267,824) | 108,135 | (55,970) | (92,724) | (35,433) | (84,308) |
| Changes in cash & cash equivalents | Rs.000' | (174,618) | 187,831 | 12,508 | (18,450) | 14,957 | (25,554) |
| Cash & cash equivalents - Year end | Rs.000' | 36,564 | 211,182 | 23,351 | 10,843 | 29,292 | 14,335 |

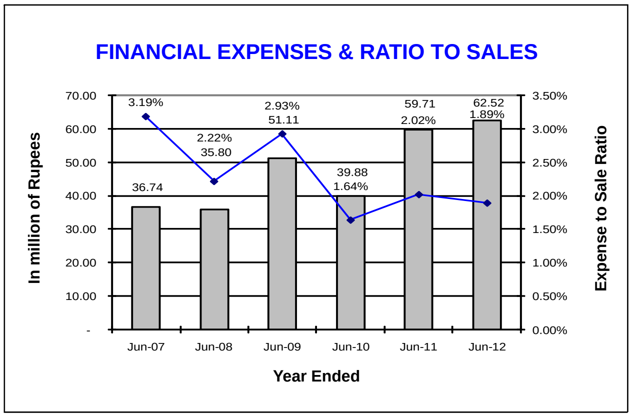
# PERFORMANCE OVERVIEW

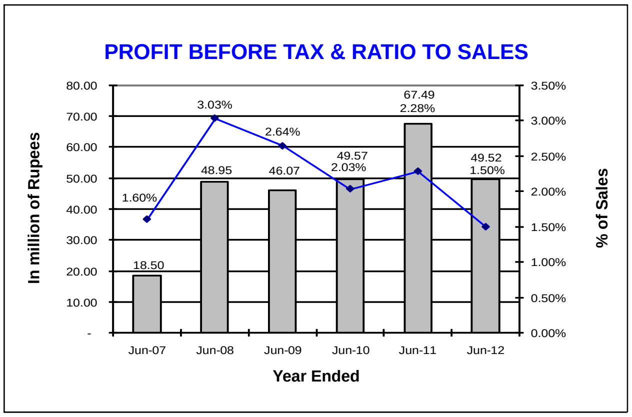


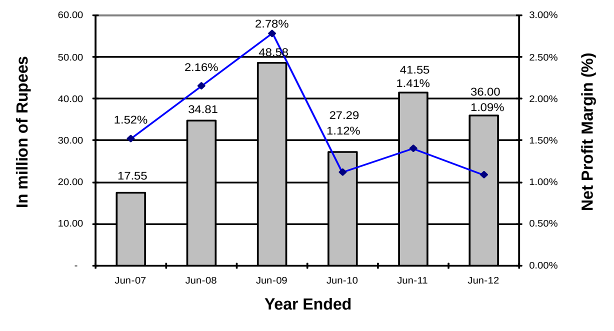



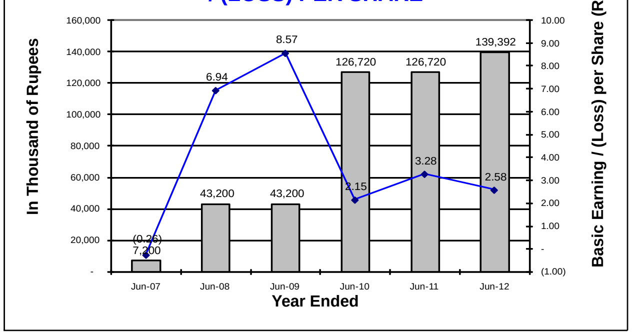



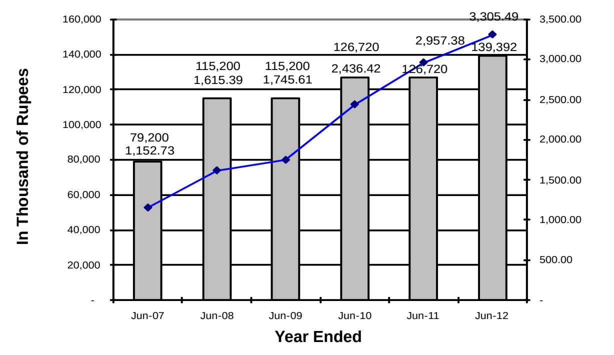
## PROFIT AFTER TAX & NET PROFIT MARGIN



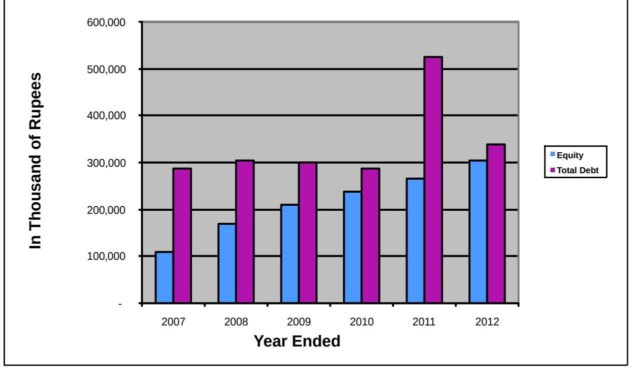

## ORDINARY SHARE CAPITAL & BASIC EARNING / (LOSS) PER SHARE



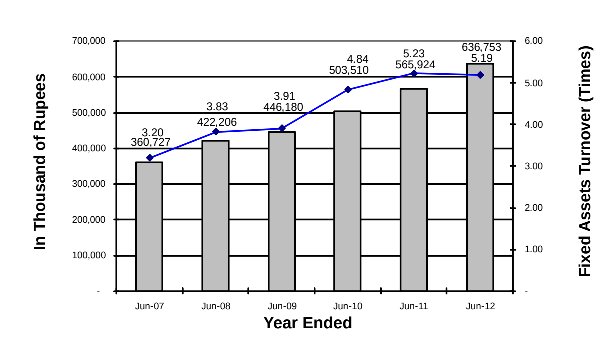

## PAID-UP SHARE CAPITAL



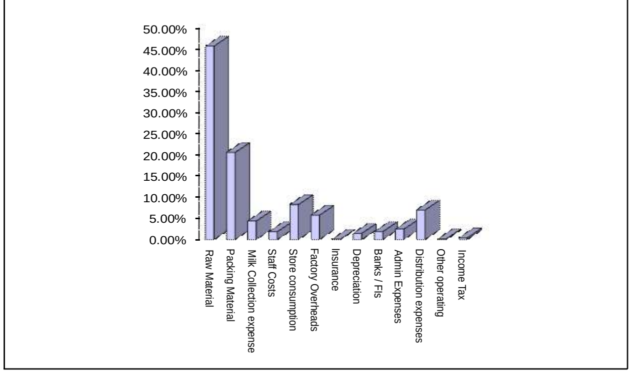

## SHAREHOLDERS' EQUITY AND TOTAL DEBTS




## OPERATING FIXED ASSETS & TURNOVER




## APPLICATION OF REVENUE



**THE COMPANIES ORDINANCE 1984**
**PATTERN OF SHAREHOLDING - ORDINARY SHARES**

FORM 34

1. **Incorporation No.** : **0002355**
2. **Name of the Company** : **NOON PAKISTAN LIMITED**
3. **Pattern of holding of the shares held by the shareholders as at** : **30-06-2012**

4.

| Number of Shareholders | Shareholding From | Shareholding To | Total Shares | Percentage |
|---|---|---|---|---|
| 567 | 1 | 100 | 34,657 | 0.66 |
| 199 | 101 | 500 | 47,564 | 0.91 |
| 80 | 501 | 1,000 | 50,202 | 0.96 |
| 79 | 1,001 | 5,000 | 157,833 | 3.02 |
| 12 | 5,001 | 10,000 | 93,343 | 1.79 |
| 5 | 10,001 | 15,000 | 62,908 | 1.20 |
| 1 | 15,001 | 20,000 | 15,681 | 0.30 |
| 1 | 20,001 | 25,000 | 20,603 | 0.39 |
| 1 | 25,001 | 30,000 | 26,136 | 0.50 |
| 1 | 30,001 | 35,000 | 31,689 | 0.61 |
| 1 | 45,001 | 50,000 | 45,998 | 0.88 |
| 1 | 75,001 | 80,000 | 76,500 | 1.46 |
| 1 | 85,001 | 90,000 | 88,000 | 1.68 |
| 1 | 120,001 | 125,000 | 121,028 | 2.32 |
| 1 | 215,001 | 220,000 | 217,800 | 4.17 |
| 1 | 270,001 | 275,000 | 270,487 | 5.17 |
| 1 | 1,330,001 | 1,335,000 | 1,331,174 | 25.47 |
| 1 | 2,535,001 | 2,540,000 | 2,535,597 | 48.51 |
| **954** | | | **5,227,200** | **100.00** |

5.

| | CATEGORIES OF SHAREHOLDERS | SHARES HELD | PERCENTAGE |
|---|---|---|---|
| 5.1 | Directors, Chief Executive, Officers and their spouse and minor children | **3,888,216** | **74.38** |
| 5.2 | Associated Companies, undertakings and related parties | **0** | **0** |
| 5.3 | NIT | **0** | **0** |
| | IDBP (ICP UNIT) | **10,438** | **0.20** |
| 5.4 | Banks, Development Financial Inst. Non Banking Financial Institutions. | **218,119** | **4.17** |
| 5.5 | Insurance Companies | **270,559** | **5.18** |
| 5.6 | Modarabas and Mutual Funds | **0** | **0** |
| 5.7 | Shareholders holding 5% | | |
| | Mr. Adnan Hayat Noon | **2,556,200** | **48.90** |
| | Mr. Salman Hayat Noon | **1,331,174** | **25.47** |
| | State Life Insurance Corp. of Pakistan | **270,487** | **5.17** |
| 5.8 | General Public | | |
| | a. Local | **801,803** | **15.34** |
| | b. Foreign | **219,542** | **4.20** |
| 5.9 | OTHERS (Joint stock /Investment Companies etc.) | **38,065** | **0.73** |

6. Signature of Company Secretary
7. Name of Signatory — **Syed Anwar Ali**
8. Designation — **Company Secretary**
9. CNIC Number — **35200-2711479-3**
10. Date — **30 June, 2012**

**THE COMPANIES ORDINANCE 1984** FORM 34

**PATTERN OF SHAREHOLDING -** NON-VOTING ORDINARY SHARES

1. **Incorporation No.** : **0002355**
2. **Name of the Company** : **NOON PAKISTAN LIMITED**
3. **Pattern of holding of the shares held by the shareholders as at** : **30-06-2012**

4.

| Number of Shareholders | Shareholding From | Shareholding To | Total Shares | Percentage |
|---|---|---|---|---|
| 19 | 1 | 100 | 619 | 0.01 |
| 20 | 101 | 500 | 5,182 | 0.06 |
| 57 | 501 | 1,000 | 48,968 | 0.56 |
| 49 | 1,001 | 5,000 | 130,092 | 1.49 |
| 13 | 5,001 | 10,000 | 97,031 | 1.11 |
| 9 | 10,001 | 15,000 | 109,411 | 1.26 |
| 8 | 15,001 | 20,000 | 146,853 | 1.69 |
| 5 | 20,001 | 25,000 | 120,492 | 1.38 |
| 1 | 30,001 | 35,000 | 34,339 | 0.39 |
| 4 | 35,001 | 40,000 | 147,192 | 1.69 |
| 1 | 40,001 | 45,000 | 43,560 | 0.50 |
| 1 | 50,001 | 55,000 | 51,500 | 0.59 |
| 1 | 65,001 | 70,000 | 70,000 | 0.80 |
| 2 | 90,001 | 95,000 | 184,204 | 2.11 |
| 1 | 130,001 | 135,000 | 130,531 | 1.50 |
| 1 | 145,001 | 150,000 | 146,410 | 1.68 |
| 1 | 225,001 | 230,000 | 230,000 | 2.64 |
| 1 | 475,001 | 480,000 | 477,950 | 5.49 |
| 1 | 725,001 | 730,000 | 729,666 | 8.38 |
| 1 | 1,205,001 | 1,210,000 | 1,210,000 | 13.89 |
| 1 | 2,175,001 | 2,180,000 | 2,178,000 | 25.00 |
| 1 | 2,415,001 | 2,420,000 | 2,420,000 | 27.78 |
| **198** | | | **8,712,000** | **100.00** |

5.

| | CATEGORIES OF SHAREHOLDERS | SHARES HELD | PERCENTAGE |
|---|---|---|---|
| 5.1 | Directors, Chief Executive, Officers and their spouse and minor children | **764,876** | **8.78** |
| 5.2 | Associated Companies, undertakings and related parties | **4,107,950** | **47.15** |
| 5.3 | NIT | **0** | **0** |
| | ICP | **0** | **0** |
| 5.4 | Banks, Development Financial Inst. Non Banking Financial Institutions. | **2,178,000** | **25.00** |
| 5.5 | Insurance Companies | **0** | **0** |
| 5.6 | Modarabas and Mutual Funds | **0** | **0** |
| 5.7 | **Shareholders holding 10%** | | |
| | Noon Sugar Mills Limited | **2,420,000** | **27.78** |
| | Noon Pakistan Ltd. - Staff Provident Fund Trust | **1,210,000** | **13.89** |
| | BHF-BANK (SWITZERLAND) LTD | **2,178,000** | **25.00** |
| 5.8 | **General Public** | | |
| | a. Local | **1,233,791** | **14.16** |
| | b. Foreign | **2,178,000** | **25.00** |
| 5.9 | **OTHERS** (Joint Stock / Investment Companies, Coop. Societies, Trusts etc.) | **427,383** | **4.91** |

6. Signature of Company Secretary — Anwar Ali
7. Name of Signatory — **Syed Anwar Ali**
8. Designation — **Company Secretary**
9. CNIC Number — **35200-2711479-3**
10. Date — **30 June, 2012**

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

We have reviewed the Statement of Compliance with the best practices contained in the Code of Corporate Governance prepared by the Board of Directors of NOON PAKISTAN LIMITED (the Company) to comply with the Listing Regulations of the Karachi and Lahore Stock Exchanges where the Company is listed.

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

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

Further, Listing Regulations of the Karachi and Lahore 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 alternative pricing mechanism. Further, all such transactions are also required to be separately placed before the Audit Committee. We are only required and have ensured compliance of requirement to the extent of approval of related party transactions by the Board of Directors and placement of such transactions before the Audit Committee. We have not carried out any procedure to determine whether the related party transactions were undertaken at arm's length price or not.

Based on our review, nothing has come to our attention which causes us to believe that the Statement of compliance does not appropriately reflect the Company's compliance, in all material respects, with the best practices contained in the Code of Corporate Governance as applicable to the Company for the year ended 30 June, 2012.

Hameed Chaudhri & Co.

**HAMEED CHAUDHRI & CO.,**
CHARTERED ACCOUNTANTS

**LAHORE: 28 September, 2012.**
Audit Engagement Partner : Nafees ud din

# AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed balance sheet of **NOON PAKISTAN LIMITED** (the Company) as at 30 June, 2012 and the related profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof, for the year then ended and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

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

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

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

(b) in our opinion:

  (i) the balance sheet and profit and loss account together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984, and are in agreement with the books of account and are further in accordance with accounting policies consistently applied;

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

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

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

(d) in our opinion, no zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).

Hameed Chaudhri & Co.

**HAMEED CHAUDHRI & CO.,**
CHARTERED ACCOUNTANTS

LAHORE; September 28, 2012.
Engagement Partner: Nafees ud Din

## BALANCE SHEET

| | Note | 2012 Rupees | 2011 Rupees |
|---|---|---|---|
| **EQUITY AND LIABILITIES** | | | |
| **SHARE CAPITAL & RESERVES** | | | |
| Authorised capital | **7.1** | **215,000,000** | 205,000,000 |
| Issued, subscribed and paid- up capital | **7.2** | **139,392,000** | 126,720,000 |
| Unappropriated profit | | **164,125,973** | 139,543,250 |
| | | **303,517,973** | 266,263,250 |
| **SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT** | **8** | **55,788,265** | 57,041,597 |
| **DEFERRED INCOME** | **9** | **263,520** | 569,630 |
| **NON-CURRENT LIABILITIES** | | | |
| Term and demand finances | **10** | **43,750,000** | 0 |
| Musharakah finances | **11** | **22,365,796** | 200,000,000 |
| Liabilities against assets subject to finance lease | **12** | **31,670,303** | 29,709,065 |
| Deferred taxation | **13** | **9,751,972** | 28,335,030 |
| Accrued profit on musharakah finances | | **0** | 14,014,451 |
| | | **107,538,071** | 272,058,546 |
| **CURRENT LIABILITIES** | | | |
| Trade and other payables | **14** | **572,291,690** | 441,880,264 |
| Accrued mark-up and interest | **15** | **10,727,796** | 8,821,425 |
| Short term finances | **16** | **181,126,866** | 245,552,130 |
| Current portion of non-current liabilities | **17** | **59,856,306** | 36,437,606 |
| Taxation | **18** | **33,138,171** | 31,065,740 |
| Dividends | 19 | **1,016,784** | 1,018,170 |
| | | **858,157,613** | 764,775,335 |
| **CONTINGENCIES AND COMMITMENTS** | **20** | **1,325,265,442** | 1,360,708,358 |

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

**SALMAN HAYAT NOON**

**Chief Executive**

## AS AT 30 JUNE, 2012

| | Note | 2012 Rupees | 2011 Rupees |
|---|---|---|---|
| **ASSETS** | | | |
| **NON-CURRENT ASSETS** | | | |
| Property, plant and equipment | 21 | **636,753,480** | 565,924,030 |
| Intangible assets | 22 | **116,024** | 232,269 |
| Security deposits | | **1,218,686** | 1,209,923 |
| | | **638,088,190** | 567,366,222 |
| **CURRENT ASSETS** | | | |
| Stores, spares and loose tools | 23 | **207,759,068** | 174,181,252 |
| Stock-in-trade | 24 | **198,185,000** | 177,393,000 |
| Trade debts - unsecured considered good | | **109,019,336** | 73,624,303 |
| Loans and advances | 25 | **9,497,276** | 13,814,554 |
| Deposits and prepayments | 26 | **15,896,664** | 11,093,440 |
| Due from Associated Companies | 27 | **568,471** | 591,229 |
| Accrued profit on term deposit receipts | | **372,630** | 12,603,635 |
| Other receivables | 28 | **170,359** | 274,119 |
| Sales tax refundable | | **67,994,714** | 82,777,647 |
| Advance income tax, tax deducted at source and income tax refundable | | **41,150,042** | 35,807,035 |
| Cash and bank balances | 29 | **36,563,692** | 211,181,922 |
| | | **687,177,252** | 793,342,136 |
| | | **1,325,265,442** | 1,360,708,358 |

**SAFDAR M. HAYAT QURESHI**

**DIRECTOR**

# PROFIT AND LOSS ACCOUNT
# FOR THE YEAR ENDED 30 JUNE, 2012

| | Note | 2012 Rupees | 2011 Rupees |
|---|---|---|---|
| **SALES** | 30 | **3,305,488,947** | 2,957,377,149 |
| **COST OF SALES** | 31 | **2,901,263,836** | 2,596,351,763 |
| **GROSS PROFIT** | | **404,225,111** | 361,025,386 |
| **DISTRIBUTION COST** | 32 | **231,378,368** | 192,671,837 |
| **ADMINISTRATIVE EXPENSES** | 33 | **81,690,024** | 61,100,950 |
| **OTHER OPERATING EXPENSES** | 34 | **4,291,406** | 13,636,902 |
| **OTHER OPERATING INCOME** | 35 | **(25,176,981)** | (33,575,966) |
| | | **292,182,817** | 233,833,723 |
| **PROFIT FROM OPERATIONS** | | **112,042,294** | 127,191,663 |
| **FINANCE COST** | 36 | **62,523,204** | 59,706,424 |
| **PROFIT BEFORE TAXATION** | | **49,519,090** | 67,485,239 |
| **TAXATION** | | | |
| - Current | 18 | **33,138,171** | 31,065,740 |
| - Prior years | 18 | **(1,037,414)** | (120,350) |
| - Deferred | 13 | **(18,583,058)** | (5,011,516) |
| | | **13,517,699** | 25,933,874 |
| **PROFIT AFTER TAXATION** | | **36,001,391** | 41,551,365 |
| | | | Restated |
| **EARNINGS PER SHARE** | 37 | **2.58** | 2.98 |

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

**Salman Hayat Noon**
**CHIEF EXECUTIVE**

**Safdar M. Hayat Qureshi**
**DIRECTOR**

# STATEMENT OF COMPREHENSIVE INCOME
# FOR THE YEAR ENDED 30 JUNE, 2012

| | 2012<br>Rupees | 2011<br>Rupees |
|---|---|---|
| **Profit for the Year after Taxation** | **36,001,391** | 41,551,365 |
| Other Comprehensive Income for the year | **0** | 0 |
| **Total Comprehensive Income for the Year** | **36,001,391** | 41,551,365 |

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

**Salman Hayat Noon**
**CHIEF EXECUTIVE**

**Safdar M. Hayat Qureshi**
**DIRECTOR**

# CASH FLOW STATEMENT
# FOR THE YEAR ENDED 30 JUNE, 2012

| | 2012<br>Rupees | 2011<br>Rupees |
|---|---|---|
| **CASH FLOW FROM OPERATING ACTIVITIES** | | |
| Profit for the year - before taxation | **49,519,090** | 67,485,239 |
| Adjustments for non-cash charges and other items: | | |
| Depreciation | **62,448,064** | 56,417,481 |
| Amortization of intangible assests | **116,245** | 105,328 |
| Gain on sale of operating fixed assets | **(847,298)** | (11,314,051) |
| Finance cost | **62,523,204** | 59,706,424 |
| Receivable balances written-off | **135,622** | 0 |
| Deferred income recognised | **(256,416)** | (2,788,669) |
| Profit on bank deposits | **(12,434,870)** | (12,987,768) |
| Exchange fluctuation loss | **1,543,516** | 16,315 |
| **PROFIT BEFORE WORKING CAPITAL CHANGES** | **162,747,157** | 156,640,299 |
| Effect on cash flow due to working capital changes | | |
| **(Increase) / decrease in current assets:** | | |
| Stores, spares and loose tools | **(33,577,816)** | (77,115,718) |
| Stock-in-trade | **(20,792,000)** | (92,798,000) |
| Trade debts | **(35,395,033)** | 18,383,541 |
| Loans and advances | **4,317,278** | (3,619,966) |
| Deposits and prepayments | **(4,803,224)** | 7,382,532 |
| Due from Associated Companies | **22,758** | 412,695 |
| Other receivables | **(31,862)** | 142,897 |
| Sales tax refundable | **14,782,933** | (18,918,742) |
| **Increase in trade and other payables** | **128,867,910** | 125,822,551 |
| | **53,390,944** | (40,308,210) |
| **CASH GENERATED FROM OPERATIONS** | **216,138,101** | 116,332,089 |
| Income tax paid | **(35,371,333)** | (28,124,259) |
| **NET CASH GENERATED FROM OPERATING ACTIVITIES** | **180,766,768** | 88,207,830 |
| **CASH FLOW FROM INVESTING ACTIVITIES** | | |
| Purchase of property, plant and equipment | **(115,485,075)** | (35,014,161) |
| Sale proceeds of operating fixed assets | **3,266,836** | 26,173,933 |
| Purchase of intangible assets | **0** | (232,032) |
| Security deposits | **(8,763)** | 0 |
| Profit on bank deposits received | **24,665,875** | 560,349 |
| **NET CASH USED IN INVESTING ACTIVITIES** | **(87,561,127)** | (8,511,911) |

| | **2012 Rupees** | 2011 Rupees |
|---|---|---|
| **CASH FLOW FROM FINANCING ACTIVITIES** | | |
| Term and demand finances - net | **(27,479,126)** | (35,527,750) |
| Musharakah finances - net | **(165,000,000)** | 200,000,000 |
| Loan from chief executive - net | **0** | (37,724,233) |
| Lease finances - net | **(11,286,811)** | (26,870,883) |
| Short term finances - net | **10,574,736** | 68,867,591 |
| Finance cost paid | **(74,631,284)** | (45,491,705) |
| Dividends paid | **(1,386)** | (15,117,631) |
| **NET CASH (USED IN) / GENERATED FROM FINANCING ACTIVITIES** | **(267,823,871)** | 108,135,389 |
| **NET (DECREASE) / INCREASE IN CASH AND CASH EQUIVALENTS** | **(174,618,230)** | 187,831,308 |
| **CASH AND CASH EQUIVALENTS -** At beginning of the year | **211,181,922** | 23,350,614 |
| **CASH AND CASH EQUIVALENTS -** At end of the year | **36,563,692** | 211,181,922 |

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

**Salman Hayat Noon**
**CHIEF EXECUTIVE**

**Safdar M. Hayat Qureshi**
**DIRECTOR**

# STATEMENT OF CHANGES IN EQUITY
# FOR THE YEAR ENDED 30 JUNE, 2012

| | Share capital | Capital redemption reserve | Unappro-priated profit | Total |
|---|---|---|---|---|
| | ------------------------- Rupees ------------------------- | | | |
| Balance as at 30 June, 2010 | 126,720,000 | 0 | 110,742,893 | 237,462,893 |
| **Transactions with owners:** | | | | |
| Final cash dividend for the year ended 30 June, 2010 @ Re. 1.20 per share | 0 | 0 | (15,206,400) | (15,206,400) |
| **Total comprehensive income for the year** | 0 | 0 | 41,551,365 | 41,551,365 |
| Surplus on revaluation of property, plant and equipment realised during the year (net of deferred taxation): | | | | |
| - on account of incremental depreciation for the year | 0 | 0 | 579,997 | 579,997 |
| - upon sale of revalued assets | 0 | 0 | 1,875,395 | 1,875,395 |
| Balance as at 30 June, 2011 | 126,720,000 | 0 | 139,543,250 | 266,263,250 |
| **Transactions with owners:** | | | | |
| Nominal value of ordinary and non-voting ordinary shares issued as bonus share | 12,672,000 | 0 | (12,672,000) | 0 |
| **Total Comprehensive income for the year** | 0 | 0 | 36,001,391 | 36,001,391 |
| Surplus on revaluation of property, plant and equipment realised during the year (net of deferred taxation): | | | | |
| - on account of incremental depreciation for the year | 0 | 0 | 1,253,332 | 1,253,332 |
| **Balance as at 30 June, 2012** | **139,392,000** | **0** | **164,125,973** | **303,517,973** |

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

**Salman Hayat Noon**
**Chief Executive**

**Safdar M. Hayat Qureshi**
**Director**

# NOTES TO THE FINANCIAL STATEMENTS
# FOR THE YEAR ENDED 30 JUNE, 2012

## 1. CORPORATE INFORMATION

Noon Pakistan Limited (the Company) was incorporated in Pakistan on 26 September, 1966 as a Public Company and its shares are quoted on Karachi and Lahore Stock Exchanges. It is principally engaged in processing and sale of toned milk, milk powder, fruit juices, allied dairy and food products. The registered office of the Company is situated at 66 Garden Block, New Garden Town, Lahore and the plant is located at Bhalwal, District Sargodha.

## 2. STATEMENT OF COMPLIANCE

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

## 3. BASIS OF MEASUREMENT

### 3.1 Accounting convention

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

### 3.2 Functional and presentation currency

These financial statements are presented in Pak Rupees, which is the functional currency of the Company.

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

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

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

**(a)** IFRS 7 (Amendment), 'Financial Instruments: Disclosures'. The amendment emphasises the interaction between quantitative and qualitative disclosures about the nature and extent of risks associated with the financial instruments. The amendment has only resulted in additional disclosures with respect to financial instruments, which have been duly incorporated in these financial statements.

**(b)** IAS 1 (Amendment), 'Presentation of Financial Statements'. The amendment clarifies that an entity will present an analysis of other comprehensive income for each component of equity, either in the statement of changes in equity or in the notes to the financial statements. The application of the revised standard has no material impact on the Company's financial statements.

**(c)** IAS 24 (Revised), 'Related Party Disclosures', issued in November, 2009 supersedes IAS 24 'Related Party Disclosures' issued in 2003. The revised standard clarifies and simplifies the definition of a related party and removes the requirement for government-related entities to disclose details of all transactions with the government and other government-related entities. The application of the revised standard has no material impact on the Company's financial statements.

**(d)** IAS 34 (Amendment), 'Interim Financial Reporting'. This amendment provides guidance to illustrate how to apply disclosure principles in IAS 34 and add disclosure requirements around the circumstances likely to affect fair values of financial instruments and their classification, transfers of financial instruments between different levels of the fair value hierarchy, changes in classification of financial assets and changes in contingent liabilities and assets. The amendment pertains to interim reporting and was duly incorporated in the Company's condensed interim financial information for the period of six months ended 31 December, 2011.

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

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

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

The following amendments and interpretations to existing standards have been published and are mandatory for the Company's accounting periods beginning on or after 01 July, 2012 and have not been early adopted by the Company:

**(a)** IFRS 7 (Amendments), 'Financial Instruments: Disclosures' (effective for the periods beginning on or after 01 January, 2013). The amendments contain new disclosure requirements for financial assets and liabilities that are offset in the statement of financial position or subject to master netting agreement or similar arrangement. This amendment is only expected to result in additional disclosures and will not impact the Company's financial results.

**(b)** IFRS 9, 'Financial Instruments' (effective for the periods beginning on or after 01 January, 2015). This is the first standard issued as part of a wider project to replace IAS 39 (Financial Instruments: Recognition and Measurement). IFRS 9 retains but simplifies the mixed measurement model and establishes two primary measurement categories for financial assets at (i) amortised cost and (ii) fair value. The basis of classification depends on entity's business model and the contractual cash flow characteristics of the financial asset. The Company is yet to assess the full impact of IFRS 9; however, initial indications are that it may not significantly affect the Company's financial assets.

**(c)** IFRS 13, 'Fair Value Measurement' (effective for the periods beginning on or after 01 January, 2013). This standard aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across IFRSs. It is unlikely that this standard will have a significant affect on the Company's financial statements.

**(d)** IAS 1 (Amendments), 'Presentation of Financial Statements' (effective for the periods beginning on or after 01 July, 2012).The main change resulting from these amendments is a requirement for the entities to group items presented in other comprehensive income (OCI) on the basis of whether they can be potentially reclassified to profit or loss subsequently (reclassification adjustments). Since, the Company currently does not have any items of OCI, the amendments are not expected to have an affect on the Company's financial statements.

**(e)** IAS 19 (Amendments), 'Employee Benefits' (effective for the periods beginning on or after 01 January, 2013). The amendments (i) eliminate the 'corridor method' for recognising actuarial gains and losses and make it mandatory for all the actuarial gains and losses to be recognised immediately, (ii) streamline the presentation of changes in assets and liabilities arising from defined benefit plans by reclassifying their presentation in other comprehensive income and (iii) enhance disclosure requirements for providing better information about the characteristics of the defined benefit plans and the risks that entities are exposed to through participation in these plans. The Company is yet to assess the full impact of these amendments.

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

## 5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

### 5.1 Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred and are subsequently measured at amortised cost using the effective interest rate method. Borrowings are classified as current liabilities unless the Company has an unconditional / contractual right to defer settlement of the liability for at least twelve months after the balance sheet date.

### 5.2 **Staff retirement benefits** (defined contribution plan)

The Company is operating a provident fund scheme for all its employees since 01 May, 1986; contribution to the fund is made monthly at the rate of 10% of the basic salaries both by the employees and the Company.

### 5.3 Trade and other payables

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

**5.4 Taxation**

**(a) Current and prior year**

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

**(b) Deferred**

Deferred tax is recognised using the balance sheet liability method on all temporary differences arising between the tax basis of assets and liabilities and their carrying amounts appearing in the financial statements. Deferred tax liability is recognised for all taxable temporary differences. Deferred tax asset is recognised for all deductible temporary differences to the extent that it is probable that temporary differences will reverse in the future and taxable income will be available against which the temporary differences can be utilised.

Deferred tax asset and liability is measured at the tax rate that is expected to apply to the period when the asset is realised or the liability is settled, based on tax rates that have been enacted or substantively enacted by the balance sheet date.

**5.5 Dividend and appropriation to reserves**

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

**5.6 Property, plant and equipment and depreciation**

**Operating fixed assets**

Freehold land, buildings on freehold land, plant & machinery, electric & gas installations and other works equipment are shown at fair value, based on valuations carried-out with sufficient regularity by external independent Valuers less subsequent depreciation. Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset, and the net amount is restated to the revalued amount of the asset. The remaining operating fixed assets are stated at historical cost less accumulated depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of items. Cost of some items of plant and machinery consists of historical cost and exchange fluctuation effects on foreign currency loans capitalised during prior year. Borrowing cost are also capitalised for the period upto the date of commissioning of the respective assets, acquired out of proceeds of such borrowings.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other repairs and maintenance are charged to income during the financial year in which these are incurred.

Depreciation on operating fixed assets, except freehold land, is charged to income applying reducing balance method so as to write-off the depreciable amount of an asset over its remaining useful life at the rates stated in note 21.The assets' residual values and useful lives are reviewed at each financial year-end and adjusted if impact on depreciation is significant.

Depreciation on additions to operating assets is charged from the month in which an asset is acquired or capitalised while no depreciation is charged for the month in which the asset is disposed-off.

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

**Capital work-in-progress**

Capital work-in-progress is stated at cost less any identified impairment loss.

**5.7 Intangible assets**

Computer software is stated at cost less accumulated amortisation. Software cost is only capitalised when it is probable that future economic benefits attributable to the software will flow to the Company and the same is amortised applying the straight-line method at the rate stated in note 22.

**5.8 Assets subject to finance lease**

Leases where the Company has substantially all the risks and rewards of ownership are classified as finance leases. Assets subject to finance lease are initially recognised at the lower of present value of minimum lease payments under the lease agreements and the fair value of assets. Subsequently these assets are stated at cost less accumulated depreciation and any identified impairment loss.

The related rental obligations, net of finance charges, are included in liabilities against assets subject to finance lease. The liabilities are classified as current and long-term depending upon the timing of payment.

Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate on the balance outstanding. The interest element of the rental is charged to profit over the lease term.

Depreciation on assets subject to finance lease is charged to income at the rate stated in note 21 applying reducing balance method to write-off the cost of the asset over its estimated remaining useful life in view of certainty of ownership of assets at the end of lease period.

Depreciation on additions to leased assets is charged from the month in which an asset is acquired while no depreciation is charged for the month in which the asset is disposed-off.

Finance cost and depreciation on leased assets are charged to income currently.

**5.9 Stores, spares and loose tools**

Stores, spares and loose tools are stated at the lower of cost and net realisable value. The cost of inventory is based on moving average cost. Items in transit are stated at cost accumulated upto the balance sheet date. The Company reviews the carrying amount of stores, spares and loose tools on a regular basis and provision is made for identified obsolete and slow moving items.

**5.10 Stock-in-trade**

Basis of valuation are as follows:

| Particulars | Mode of valuation |
|---|---|
| Work-in-process | -At cost. |
| Finished products | |
| 'A' grade | -At lower of cost and net realisable value. |
| 'B' grade | -At estimated realisable value. |

- Cost in relation to work-in-process and finished goods represents annual average cost which consists of prime cost and appropriate manufacturing overheads.

- Net realisable value signifies the selling price in the ordinary course of business less cost of completion and cost necessary to be incurred to effect such sale.

**5.11 Trade debts and other receivables**

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

**5.12 Cash and cash equivalents**

Cash and cash equivalents are carried in the balance sheet at cost. For the purpose of cash flow statement, cash and cash equivalents comprise of cash-in-hand and balances at banks.

**5.13 Provisions**

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the obligation can be made. Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate.

### 5.14 Impairment loss

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

### 5.15 Foreign currency translation

Transactions in foreign currencies are translated in Pak Rupees using the exchange rates prevailing at the dates of transactions. Monetary assets and liabilities denominated in foreign currencies are translated in Pak Rupees at the exchange rates prevailing at the balance sheet date. Exchange gains and losses are taken to profit and loss account.

### 5.16 Financial instruments

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

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

### 5.17 Off-setting of financial assets and liabilities

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

### 5.18 Revenue recognition

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

- sales are recognised on dispatch of goods to customers.
- return on deposits / saving accounts is accounted for on `accrual basis'.

### 5.19 Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the respective assets. All other borrowing costs are expensed-out in the period they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

### 5.20 Segment reporting

Segment information is presented on the same basis as that used for internal reporting purposes by the Chief Operating Decision Maker, who is responsible for allocating resources and assessing performance of the operating segments. On the basis of its internal reporting structure, the Company considers itself to be a single reportable segment; however, certain information about the Company's products, as required by the approved accounting standards, is presented in note 43 to these financial statements.

## 6. ACCOUNTING ESTIMATES AND JUDGMENTS

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

**(a) Taxation**

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

**(b) Property, plant and equipment**

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

**(c) Stores & spares and stock-in-trade**

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

**(d) Provision for impairment of trade debts**

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

## 7. SHARE CAPITAL

### 7.1 Authorised Capital:

| 2012 | 2011 | | 2012 | 2011 |
|---|---|---|---|---|
| ------- Numbers ------- | | | Rupees | Rupees |
| **5,250,000** | 5,000,000 | ordinary shares of Rs.10 each | **52,500,000** | 50,000,000 |
| **7,500,000** | 7,500,000 | 12% redeemable cumulative convertible preference shares of Rs. 10 each | **75,000,000** | 75,000,000 |
| **8,750,000** | 8,000,000 | non-voting ordinary shares of Rs.10 each | **87,500,000** | 80,000,000 |
| **21,500,000** | 20,500,000 | | **215,000,000** | 205,000,000 |

### 7.2 Issued, subscribed and paid-up Capital:

| 2012 | 2011 | | 2012 | 2011 |
|---|---|---|---|---|
| **4,100,000** | 4,100,000 | ordinary shares of Rs.10 each fully paid in cash | **41,000,000** | 41,000,000 |
| **1,127,200** | 652,000 | ordinary shares of Rs. 10 each issued as fully paid bonus shares | **11,272,000** | 6,520,000 |
| **7,200,000** | 7,200,000 | non-voting ordinary shares of Rs.10 each issued on conversion of 12% cumulative convertible preference shares | **72,000,000** | 72,000,000 |
| **1,512,000** | 720,000 | non-voting ordinary shares of Rs. 10 each issued as fully paid bonus shares | **15,120,000** | 7,200,000 |
| **13,939,200** | 12,672,000 | | **139,392,000** | 126,720,000 |

**7.3** Noon Sugar Mills Limited (an Associated Company) held 2,420,000 (2011: 2,200,000) non-voting ordinary shares as at 30 June, 2012.

**7.4** The Company's shareholders, in the annual general meeting held on 29 October, 2011, had:

**(a)** approved to increase the authorised capital of the Company from Rs.205 million to Rs.215 million by addition of 250,000 ordinary shares and 750,000 non-voting ordinary shares of Rs.10 each; and

**(b)** resolved that a sum of Rs.12.672 million be capitalised by issuing of 475,200 ordinary shares of Rs.10 each and 792,000 non-voting ordinary shares of Rs.10 each as bonus shares.

## 8. SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT - Net

**8.1** The Company had first revalued its freehold land, buildings on freehold land and plant & machinery on 30 June, 1999, which resulted in revaluation surplus aggregating Rs.34.793 million. These fixed assets were revalued by independent Valuers on the basis of market value / depreciated market values.

**8.2** The Company, as at 31 March, 2011, has again revalued its freehold land, buildings on freehold land, plant & machinery, electric & gas installations and other works equipment. This revaluation exercise has been carried-out by M/s. Tanveer Associates (Independent Valuers and Consultants, Lahore). Freehold land has been revalued on the basis of current market value whereas other assets have been revalued on the basis of depreciated market values. The appraisal surplus arisen on latest revaluation aggregating Rs.43.076 million has been credited to this account to comply with the requirements of section 235 of the Companies Ordinance, 1984. The year-end balance has been arrived at as follows:

| | Note | **2012 Rupees** | 2011 Rupees |
|---|---|---|---|
| Opening balance | | **63,790,294** | 23,482,402 |
| Add: surplus arisen on revaluation carried-out during the preceding year | | **0** | 43,075,591 |
| Less: transferred to unappropriated profit: | | | |
| - on account of incremental depreciation for the year | | **(1,928,200)** | (892,304) |
| - upon sale of revalued assets | | **0** | (1,875,395) |
| | | **61,862,094** | 63,790,294 |
| Less: deferred tax on: | | | |
| - opening balance of surplus | | **6,748,697** | 1,810,416 |
| - surplus on revaluation carried-out during the preceding year | | **0** | 5,250,588 |
| - incremental depreciation for the year | | **(674,868)** | (312,307) |
| | | **6,073,829** | 6,748,697 |
| Closing balance | | **55,788,265** | 57,041,597 |

## 9. DEFERRED INCOME

This represents gain arisen upon sale and lease back of fixed assets: it is being credited to profit and loss account over the lease terms.

## 10. TERM AND DEMAND FINANCES - Secured

| | Note | 2012 | 2011 |
|---|---|---|---|
| **Allied Bank Limited** (ABL) | | | |
| - Term finances | **10.1** | **75,000,000** | 0 |
| - Demand finances | **10.2** | **0** | 19,145,804 |
| **NIB Bank Limited** (NIB) | | | |
| - Term finances | **10.3** | **0** | 8,333,322 |
| | | **75,000,000** | 27,479,126 |
| Less: Current portion grouped under current liabilities | | | |
| - ABL (including an overdue instalment of Rs. 6.250 million) | | **31,250,000** | 19,145,804 |
| - NIB | | **0** | 8,333,322 |
| | | **31,250,000** | 27,479,126 |
| | | **43,750,000** | 0 |

**10.1** ABL, during June, 2012, has transferred a balance of Rs.75 million from the utilised short term running finance facility to a long term finance facility. The finance facility carries mark-up at the rate of 3-months KIBOR+125bps and is repayable in 12 equal quarterly instalments of Rs.6.250 million commencing 30 June, 2012. The finance facility is secured against first pari passu charge for Rs.120 million on present and future fixed assets of the Company including land, buildings and machinery located at Bhalwal.

**10.2** The Company, during December, 2007, had finalised banking arrangements with ABL whereby ABL provided a demand finance facility of Rs.80 million, which was utilised by the Company to pay-off the demand finance facilities availed from Habib Bank Ltd. The balance of this finance facility was fully repaid during the year. The finance facility carried mark-up at the rate of 3-months KIBOR+1.50% per annum; effective mark-up rates charged by ABL, during the year, ranged from 14.67% to 15.03% (2011: 13.79% to 15.02%) per annum. The finance facility was secured against first pari passu charge of Rs.295 million on fixed assets of the Company excluding the charge of Rs.35 million of NIB on specific Tetra Pak machinery exclusively mortgaged with it.

**10.3** The Company, during April, 2009, had arranged a term finance facility of Rs.25 million from NIB to finance import of Tetra Pak filling equipment. The balance of this finance facility was also fully repaid during the year. The facility carried mark-up at the rate of 6-months KIBOR plus 200 bps with floor of 13%; the effective mark-up rates charged by NIB during the year ranged from 14.02% to 15.78% (2011: 14.37% to 15.62%) per annum. The facility was secured against first pari passu charge over plant and machinery for Rs.35 million and letter of comfort from Tetra Pak Pakistan Ltd.

## 11. MUSHARAKAH FINANCES - Secured

| | Note | 2012 Rupees | 2011 Rupees |
|---|---|---|---|
| Balance as at 30 June: | | | |
| - finance facility I | **11.1** | **0** | 200,000,000 |
| - finance facility II | **11.2** | **35,000,000** | 0 |
| | | **35,000,000** | 200,000,000 |
| Less: current portion grouped under current liabilities | | **12,634,204** | 0 |
| | | **22,365,796** | 200,000,000 |

**11.1** The Company, on 18 December, 2010, had entered into a Shirkat-ul-Milk agreement (diminishing musharakah finance) with Bank Islami Pakistan Ltd. (BIPL) for repaying riba based running finance facilities availed from various banks. This finance facility carried net spread of 1.5% over profit rate offered on bank deposits; effective profit rate charged by BIPL during the current and preceding years was 13.75% per annum. This finance facility was secured against 100% cash collateral in the shape of lien over term deposit receipts of Rs.200 million and ranking charge over plant & machinery of the Company. As per original terms, principal and profit accrued on this finance facility were repayable in lump sum on 29 December, 2012; however, the Company had fully repaid the principal and accrued profit of this finance facility during the year.

**11.2** The Company, on 29 November, 2011, has entered into another Shirkat-ul-Milk agreement of Rs.35 million with BIPL for purchase of a new Tetra Pak filling machine and conveyors. The facility amount has been disbursed by BIPL by making payments to Tetra Pak Export, Dubai. The principal balance of this finance facility is repayable in 10 quarterly instalments commencing September, 2012. The finance facility carries profit at the rate of 3-months KIBOR plus 1.50% per annum; effective profit rates charged by BIPL during the year ranged from 13.41% to 13.52% per annum. This finance facility is secured against exclusive hypothecation charge to the extent of Rs.56 million over machinery of the Company.

## 12. LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE - Secured

| Particulars | 2012 | | | 2011 | | |
|---|---|---|---|---|---|---|
| | **Upto one year** | **From one to five years** | **Total** | Upto one year | From one to five years | Total |
| | | | ---- Rupees ---- | | | |
| Minimum lease payments | **21,709,580** | **50,711,444** | **72,421,024** | 19,523,224 | 50,832,114 | 70,355,338 |
| Less: finance costs allocated to future periods | **5,737,478** | **4,616,235** | **10,353,713** | 5,464,744 | 7,806,143 | 13,270,887 |
| | **15,972,102** | **46,095,209** | **62,067,311** | 14,058,480 | 43,025,971 | 57,084,451 |
| Less: security deposits adjustable on expiry of lease terms | **0** | **14,424,906** | **14,424,906** | 5,100,000 | 13,316,906 | 18,416,906 |
| Present value of minimum lease payments | **15,972,102** | **31,670,303** | **47,642,405** | 8,958,480 | 29,709,065 | 38,667,545 |

**12.1** Lease finance facility amounting Rs.3.860 million along with mark-up availed from The Bank of Punjab (BoP) were fully adjusted during the year and the Company also exercised its option to purchase the leased assets. This finance facility was secured against BoP's charge on leased assets and corporate guarantee of the Company.

**12.2** The Company, during the financial year ended 30 June, 2008, had entered into a sale & lease-back agreement with Askari - Islamic Banking to finance Steam Boiler and Diesel Generator set along with accessories and fittings. Against the total cost of assets of Rs.12.750 million, the Company had given security deposit amounting Rs.5.100 million and Askari had financed the remaining cost of Rs.7.650 million. The amount financed by Askari was repayable in 36 monthly instalments commenced from August, 2008.This facility, during the year, carried profit at the rate of 15% (2011: profit rates ranged from 13.80% to 15%) per annum. The facility was secured against exclusive ownership of the leased assets in Askari's name.

**12.3** The Company, during the financial year ended 30 June, 2011, had acquired plant & machinery from Bank Alfalah Ltd. (BAL) against lease finance facility of Rs. 47.028 million. The liability under these arrangements is repayable in 60 monthly instalments commenced from September, 2010 and carries mark-up at the rate of 6-months KIBOR + 2% per annum; effective mark-up rates charged by the BAL during the year ranged from 13.97% to 15.76%(2011:14.87% to 15.76%) per annum. The Company intends to exercise its option to purchase the leased plant & machinery upon completion of lease term. The lease liability is secured against title of leased machinery in the name of lessor and personal guarantees of the directors.

**12.4** The Company, during the financial year ended 30 June, 2011, had entered into a sale & lease-back agreement with Faysal Bank Ltd. (FBL) to finance vehicles. Against the total cost of vehicles of Rs.5.100 million, the Company had given security deposit amounting Rs.1.020 million and FBL financed the remaining cost of Rs.4.080 million. The amount financed by FBL is repayable in 36 monthly instalments commenced from November, 2010. The finance facility carries mark-up at the rate of 12-months KIBOR + 3% per annum; effective mark-up rates charged by FBL during the year ranged from 15.21% to 16.71% (2011: 16.71%) per annum. The facility is secured against personal guarantees of the directors and registration of the leased vehicles in FBL's name. Gain arisen on sale & lease-back of vehicles amounting Rs.685 thousand has been treated as deferred income and is being credited to profit and loss account over the lease term.

**12.5** The Company, during the financial year ended 30 June, 2011, had entered into another sale & lease-back agreement with FBL to finance a vehicle. Against the total cost of vehicle of Rs.2.700 million, the Company had given security deposit amounting Rs.540 thousand and FBL financed the remaining cost of Rs.2.160 million. The amount financed by FBL is repayable in 24 monthly instalments commenced from November, 2010 and carries mark-up at the rate of 12-months KIBOR + 3% per annum; effective mark-up rates charged by FBL, during the year, were 15.21% to 16.71% (2011: 16.71%) per annum. The facility is secured against personal guarantees of the directors and registration of the leased vehicle in FBL's name. Gain arisen on sale & lease-back of this vehicle amounting Rs.89 thousand has been treated as deferred income and is being credited to profit and loss account over the lease term.

**12.6** The Company, during the year, has acquired plant & machinery from Bank Islami Pakistan Ltd. (BIPL) against Ijarah finance facility of Rs.14.721 million. The finance facility is repayable in 12 quarterly instalments commenced from January, 2012 and carries profit at the rate of 3-months KIBOR plus 1.5% per annum; effective profit rates charged by BIPL, during the year, ranged from 13.38% to 13.47% per annum. The finance facility is secured against exclusive charge over assets leased by BIPL and demand promissory note.

**12.7** The Company, during the year, has entered into an agreement with FBL for lease of vehicles; the finance facility amount is Rs.5.540 million. The finance facility carries mark-up at 12 months KIBOR+3%; the effective mark-up rate during the year was 17.25% per annum. The finance facility is secured against registration of vehicles in FBL's name and personal guarantees of two directors of the Company. The finance facility is repayable in 36 monthly instalments commenced from August, 2011.

## 13. DEFERRED TAXATION

| | 2012 Rupees | 2011 Rupees |
|---|---|---|
| This is composed of the following: | | |
| Taxable temporary difference arising in respect of: | | |
| - accelerated tax depreciation allowances | **106,515,148** | 90,545,267 |
| - surplus on revaluation of property, plant and equipment | **6,073,829** | 6,748,697 |
| - lease finances | **1,013,984** | 2,616,565 |
| | **113,602,961** | 99,910,529 |
| Deductible temporary difference arising in respect of: | | |
| - available unused tax losses | **(7,650,110)** | (12,452,238) |
| - minimum tax recoverable against tax charge in future years | **(83,181,297)** | (55,893,635) |
| - tax credit on investments in BMR of plant and machinery | **(13,019,582)** | (3,229,626) |
| | **(103,850,989)** | (71,575,499) |
| | **9,751,972** | 28,335,030 |

## 14. TRADE AND OTHER PAYABLES

| | Note | 2012 Rupees | 2011 Rupees |
|---|---|---|---|
| Creditors | 14.1 | **403,829,133** | 347,884,114 |
| Bills payable - secured | 14.2 | **60,852,502** | 10,469,282 |
| Accrued expenses | | **34,692,788** | 28,021,080 |
| Advance payments | | **58,953,949** | 43,327,758 |
| Due to employees | | **167,055** | 312,095 |
| Income tax deducted at source | | **10,083,449** | 5,688,878 |
| Employees' provident fund | | **430,786** | 679,586 |
| Workers' (profit) participation fund | 14.3 | **3,123,652** | 3,946,224 |
| Workers' welfare fund | | **0** | 1,397,085 |
| Others | | **158,376** | 154,162 |
| | | **572,291,690** | 441,880,264 |

**14.1** These include payable to Noon Sugar Mills Ltd. (an Associated Company) amounting Rs.730,960 (2011: Rs. 309,955).

**14.2** These are secured against import documents.

### 14.3 Workers' (Profit) participation fund

| | 2012 Rupees | 2011 Rupees |
|---|---|---|
| Opening balance | **3,946,224** | 2,907,649 |
| Add: interest on funds utilised in the Company's business | **448,084** | 299,675 |
| | **4,394,308** | 3,207,324 |
| Less: amounts paid during the year | **3,876,924** | 2,885,442 |
| | **517,384** | 321,882 |
| Add: allocation for the year | **2,606,268** | 3,624,342 |
| Closing balance | **3,123,652** | 3,946,224 |

## 15. ACCRUED MARK-UP AND INTEREST

| | 2012 Rupees | 2011 Rupees |
|---|---|---|
| Mark-up accrued on: | | |
| - term and demand finances | **0** | 1,061,859 |
| -musharakah finances | **1,782,492** | 0 |
| - loans from chief executive | **0** | 715,280 |
| - short term finances | **8,470,371** | 6,972,472 |
| Accrued lease finance charges | **474,933** | 71,814 |
| | **10,727,796** | 8,821,425 |

## 16. SHORT TERM FINANCES

| | Note | 2012 Rupees | 2011 Rupees |
|---|---|---|---|
| secured | 16.1 | **169,269,061** | 243,766,091 |
| unsecured | 16.2 | **11,857,805** | 1,786,039 |
| | | **181,126,866** | 245,552,130 |

**16.1** Running and murabahah finance facilities under mark-up / profit arrangements available from various commercial banks aggregate Rs.170 million (2011: Rs.245 million). These facilities, during the year, carried mark-up / profit at the rates ranging from 12.91% to 15.54% (2011: 13.29% to 15.52%) per annum and are secured against charge over all current assets of the Company including stores & spares, stock-in-trade and receivables. These finance facilities are expiring on various dates by March, 2013.

Facilities available for opening letters of credit and guarantee from various banks aggregate Rs.89.300 million (2011: Rs.92.825 million) of which the amount remained unutilised at the year-end was Rs.47.151 million (2011: Rs.77.653 million). These facilities are secured against lien on import documents, lien over term deposit receipts and the aforementioned securities. These facilities are available upto March, 2013.

**16.2** These temporary bank overdrafts have arisen due to issuance of cheques for amounts in excess of balances in the bank accounts.

| | Note | 2012 Rupees | 2011 Rupees |
|---|---|---|---|
| **17. CURRENT PORTION OF LONG TERM LIABILITIES** | | | |
| Term and demand finances | 10 | **31,250,000** | 27,479,126 |
| Musharakah finances | 11 | **12,634,204** | 0 |
| Liabilities against assets subject to finance lease | 12 | **15,972,102** | 8,958,480 |
| | | **59,856,306** | 36,437,606 |

**18. TAXATION** - Net

| | 2012 Rupees | 2011 Rupees |
|---|---|---|
| Opening balance | **31,065,740** | 12,256,253 |
| Add: provision / (reversal) made during the year: | | |
| - current | **33,138,171** | 31,065,740 |
| - prior years' | **(1,037,414)** | (120,350) |
| | **32,100,757** | 30,945,390 |
| | **63,166,497** | 43,201,643 |
| Less: adjustments against completed assessments | **30,028,326** | 12,135,903 |
| Closing balance | **33,138,171** | 31,065,740 |

**18.1** Income tax assessments of the Company, except as detailed in notes 18.3 and 18.4, have been finalised by the Income Tax Department (the Department) or deemed to be assessed under section 120 of the Income Tax Ordinance, 2001 (the Ordinance) upto the year ended 30 June, 2011.

**18.2** No numeric tax rate reconciliation has been presented in these financial statements as provision for the current and preceding years mainly represent minimum tax due under section 113 of the Ordinance.

**18.3** The appeal filed by the Department before the Appellate Tribunal Inland Revenue (the Tribunal) against the order of Commissioner Inland Revenue-Appeals (CIRA) has been remanded back to the CIRA during the year for denovo proceedings. The CIRA, vide his order dated 15 July, 2009, had annulled the order passed by the TO. Earlier, the TO, after conducting audit under section 177 of the Ordinance for Tax Year 2005, had passed an amended assessment order under section 122 of the Ordinance raising tax demands of Rs. 34.985 million alleging that the Company suppressed its sales.

Rectification application filed by the Company under section 221 of the Ordinance for Tax Year 2005 was rejected by the TO; however the CIRA, during the preceding year, had accepted the Company's appeal and annulled the order passed by the TO. The Department, against the order of CIRA, filed an appeal before the Tribunal, which has remanded the case to CIRA for adjudication.

**18.4** The Company, during the preceding year, had received a notice under section 177 of the Ordinance for Tax Year 2009 for selection of its case for detailed scrutiny. The Company filed an appeal before the Lahore High Court against its selection, which vide its order dated 21 February, 2011 stopped the proceedings till its further orders.

| **19. DIVIDENDS** | 2012 Rupees | 2011 Rupees |
|---|---|---|
| Unclaimed dividend on: | | |
| -ordinary shares | **901,294** | 869,810 |
| -Preference shares | **115,490** | 148,360 |
| | **1,016,784** | 1,018,170 |

**20. CONTINGENCIES AND COMMITMENTS**

**20.1** Guarantees aggregating Rs.9.800 million issued by commercial banks on behalf of the Company in favour of Sui Northern Gas Pipelines Ltd. (SNGPL) were outstanding as at 30 June, 2012 (guarantees aggregating Rs.11.825 million issued by commercial banks on behalf of the Company in favour of SNGPL and Pakistan Air Force were outstanding as at 30 June, 2011).

**20.2** Refer contents of notes 18.3 and 18.4.

**20.3** Commitments against irrevocable letters of credit outstanding as at 30 June, 2012 were Rs.4.097 million (2011: Rs. 4.219 million).

## 21. Operating fixed assets - tangible

| | Owned | | | | | | | | | Leased | | Total |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Freehold land | Buildings on freehold land | Plant & machinery | Milk Churns | Electric & gas installations | Other works equipment | Office equipment | Furniture and fixtures | Vehicles | Plant & machinery | Vehicles | |
| | ---------- Rupees ---------- | | | | | | | | | | | |
| **As at 30 June, 2010** | | | | | | | | | | | | |
| Cost / revaluation | 18,807,460 | 61,039,481 | 528,064,634 | 143,740 | 16,342,126 | 7,240,539 | 18,310,019 | 11,663,634 | 47,335,846 | 70,588,970 | 1,370,000 | 780,906,449 |
| Accumulated depreciation | 0 | 25,992,413 | 190,080,517 | 143,159 | 5,345,398 | 3,146,464 | 3,276,645 | 6,704,577 | 23,949,633 | 18,277,105 | 580,880 | 277,496,791 |
| Book value | 18,807,460 | 35,047,068 | 337,984,117 | 581 | 10,996,728 | 4,094,075 | 15,033,374 | 4,959,057 | 23,386,213 | 52,311,865 | 789,120 | 503,409,658 |
| **Year ended 30 June, 2011:** | | | | | | | | | | | | |
| Additions | 0 | 575,189 | 29,464,114 | 0 | 1,601,964 | 1,609 | 1,221,183 | 80,800 | 9,969,302 | 47,027,621 | 774,362 | 90,716,144 |
| Revaluation adjustments: | | | | | | | | | | | | |
| - cost / revaluation | 28,073,910 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 28,073,910 |
| - accumulated depreciation | 0 | 5,087,645 | 9,505,136 | 0 | 308,800 | 100,100 | 0 | 0 | 0 | 0 | 0 | 15,001,681 |
| Transfers from owned to leased | | | | | | | | | | | | |
| - cost | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | (8,101,630) | 0 | 8,101,630 | 0 |
| - accumulated depreciation | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 1,075,992 | 0 | (1,075,992) | 0 |
| Transfers from leased to owned | | | | | | | | | | | | |
| - cost | 0 | 0 | 46,580,000 | 0 | 0 | 0 | 0 | 0 | 1,370,000 | (46,580,000) | (1,370,000) | 0 |
| - accumulated depreciation | 0 | 0 | (12,230,161) | 0 | 0 | 0 | 0 | 0 | (659,792) | 12,230,161 | 659,792 | 0 |
| Disposals: | | | | | | | | | | | | |
| - cost | (1,926,370) | 0 | (13,856,678) | 0 | 0 | 0 | 0 | 0 | (5,110,120) | 0 | 0 | (20,893,168) |
| - accumulated depreciation | 0 | 0 | 2,360,638 | 0 | 0 | 0 | 0 | 0 | 3,672,648 | 0 | 0 | 6,033,286 |
| Depreciation charge | 0 | 3,616,258 | 36,372,466 | 87 | 1,215,448 | 404,261 | 1,572,010 | 502,614 | 4,426,130 | 7,059,295 | 1,248,912 | 56,417,481 |
| Book value as at 30 June, 2011 | 44,955,000 | 37,093,644 | 363,434,700 | 494 | 11,692,044 | 3,791,523 | 14,682,547 | 4,537,243 | 21,176,483 | 57,930,352 | 6,630,000 | 565,924,030 |
| **Year ended 30 June, 2012:** | | | | | | | | | | | | |
| Additions | 0 | 11,815,856 | 97,899,561 | 0 | 50,957 | 197,973 | 2,691,838 | 912,178 | 4,708,712 | 14,721,671 | 2,698,306 | 135,697,052 |
| Transfers from owned to leased | | | | | | | | | | | | |
| - cost | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | (2,888,932) | 0 | 2,888,932 | 0 |
| - accumulated depreciation | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 47,238 | 0 | (47,238) | 0 |
| Transfers from leased to owned | | | | | | | | | | | | |
| - cost | 0 | 0 | 17,040,000 | 0 | 0 | 0 | 0 | 0 | 0 | (17,040,000) | 0 | 0 |
| - accumulated depreciation | 0 | 0 | (5,215,619) | 0 | 0 | 0 | 0 | 0 | 0 | 5,215,619 | 0 | 0 |
| Disposals: | | | | | | | | | | | | |
| - cost | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | (3,673,118) | 0 | 0 | (3,673,118) |
| - accumulated depreciation | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 1,253,580 | 0 | 0 | 1,253,580 |
| Depreciation charge | 0 | 3,872,638 | 43,048,112 | 74 | 1,171,925 | 390,130 | 1,578,200 | 495,332 | 3,858,418 | 5,599,235 | 2,434,000 | 62,448,064 |
| Book value as at June 30, 2012 | 44,955,000 | 45,036,862 | 430,110,530 | 420 | 10,571,076 | 3,599,366 | 15,796,185 | 4,954,089 | 16,765,545 | 55,228,407 | 9,736,000 | 636,753,480 |
| **As at 30 June, 2011** | | | | | | | | | | | | |
| Cost / revaluation | 44,955,000 | 61,614,670 | 590,252,070 | 143,740 | 17,944,090 | 7,242,148 | 19,531,202 | 11,744,434 | 45,463,398 | 71,036,591 | 8,875,992 | 878,803,335 |
| Accumulated depreciation | 0 | 24,521,026 | 226,817,370 | 143,246 | 6,252,046 | 3,450,625 | 4,848,655 | 7,207,191 | 24,286,915 | 13,106,239 | 2,245,992 | 312,879,305 |
| Book value | 44,955,000 | 37,093,644 | 363,434,700 | 494 | 11,692,044 | 3,791,523 | 14,682,547 | 4,537,243 | 21,176,483 | 57,930,352 | 6,630,000 | 565,924,030 |
| **As at 30 June, 2012** | | | | | | | | | | | | |
| Cost / revaluation | 44,955,000 | 73,430,526 | 705,191,631 | 143,740 | 17,995,047 | 7,440,121 | 22,223,040 | 12,656,612 | 43,610,060 | 68,718,262 | 14,463,230 | 1,010,827,269 |
| Accumulated depreciation | 0 | 28,393,664 | 275,081,101 | 143,320 | 7,423,971 | 3,840,755 | 6,426,855 | 7,702,523 | 26,844,515 | 13,489,855 | 4,727,230 | 374,073,789 |
| Book value | 44,955,000 | 45,036,862 | 430,110,530 | 420 | 10,571,076 | 3,599,366 | 15,796,185 | 4,954,089 | 16,765,545 | 55,228,407 | 9,736,000 | 636,753,480 |
| Depreciation rate (%) | | 10 | 10 | 15 | 10 | 10 | 10 | 10 | 20 | 10 | 20 | |

**21.1** Had the operating fixed assets been recognised under the cost model, the carrying amounts of each revalued class of operating fixed assets would have been as follows:

| | **2012 Rupees** | 2011 Rupees |
|---|---|---|
| Freehold land | **446,703** | 446,703 |
| Buildings on freehold land | **39,466,669** | 30,904,541 |
| Plant & machinery | **418,685,736** | 350,740,484 |
| Electric & gas installations | **10,300,104** | 11,390,964 |
| Other works equipment | **3,511,529** | 3,693,926 |
| | **472,410741** | 397,176,618 |

**21.2 Disposal of vehicles**

| Particulars | Cost | Accumulated depreciation | Book value | Sale proceeds | Gain | Sold through negotiation to: |
|---|---|---|---|---|---|---|
| | ---------- | ---------- | ---------- Rupees | ---------- | ---------- | |
| Suzuki Mehran | 375,000 | 297,668 | 77,332 | 244,000 | 166,668 | Mr. Jahanzeb, Gulshan Iqbal Town, Okara. |
| Yamaha Motorcycle | 26,435 | 26,227 | 208 | 5,000 | 4,792 | Muhammad Farooq, Bhatta Chowk, Lahore. |
| Honda Motorcycle | 65,443 | 55,013 | 10,430 | 13,000 | 2,570 | Mr. Sabir, Sabzazar, Lahore. |
| Toyota Corolla | 1,164,000 | 224,006 | 939,994 | 1,125,000 | 185,006 | Mr. Imran Shareef, Gulshan Ravi, Lahore. |
| Suzuki Cultus | 617,850 | 408,948 | 208,902 | 400,000 | 191,098 | Mr. Gulshan Abbas, Gulshan Ravi, Lahore. |
| Honda Motorcycle | 74,700 | 50,373 | 24,327 | 67,071 | 42,744 | Mr. Afzal Hussain, Bhalwal, Distt. Sargodha. |
| Honda Motorcycle | 57,700 | 40,613 | 17,087 | 27,765 | 10,678 | Mr. Dost Muhammad, Bhalwal, Distt. Sargodha. |
| Honda City | 1,291,990 | 150,732 | 1,141,258 | 1,385,000 | 243,742 | Muhammad Saeed, G.T. Road, Lahore. |
| | 3,673,118 | 1,253,580 | 2,419,538 | 3,266,836 | 847,298 | |

**21.3 Depreciation for the year has been apportioned as under:**

| | **2012 Rupees** | 2011 Rupees |
|---|---|---|
| Milk collection centres | **6,532,295** | 6,225,106 |
| Cost of sales | **48,806,410** | 43,782,548 |
| Distribution cost | **1,157,526** | 1,327,839 |
| Administrative expenses | **5,951,833** | 5,081,988 |
| | **62,448,064** | 56,417,481 |

**22. INTANGIBLE ASSET -** Computer softwares

| | 2012 Rupees | 2011 Rupees |
|---|---|---|
| Opening book value | **232,269** | 105,565 |
| Additions made during the year | **0** | 232,032 |
| Amortisation for the year | **(116,245)** | (105,328) |
| Book value at 30 June, | **116,024** | 232,269 |
| **Gross carrying value at 30 June,** | | |
| Cost | **432,032** | 432,032 |
| Accumulated amortisation | **316,008** | 199,763 |
| Book Value | **116,024** | 232,269 |
| Amortisation rate - % per annum | **33.33** | 33.33 |

**23. STORES, SPARES AND LOOSE TOOLS**

| | 2012 Rupees | 2011 Rupees |
|---|---|---|
| Stores - at mills including in transit inventory valuing Rs. 91.709 million (2011: Rs. 20.659 million) | **190,713,858** | 158,875,311 |
| Spares | **16,658,979** | 15,074,985 |
| Loose tools | **386,231** | 230,956 |
| | **207,759,068** | 174,181,252 |

**23.1** Stores and spares inventory includes slow moving items valuing Rs. 5.020 million (2011: Rs. 3.377 million).

**24. STOCK-IN-TRADE**

| | 2012 Rupees | 2011 Rupees |
|---|---|---|
| Work-in-process | **49,391,000** | 46,424,000 |
| Finished goods - 'A' grade | **148,794,000** | 130,969,000 |
| | **198,185,000** | 177,393,000 |

**25. LOANS AND ADVANCES** - Considered good

| | 2012 Rupees | 2011 Rupees |
|---|---|---|
| Due from employees | **913,393** | 877,276 |
| Advance payments | **8,583,883** | 12,937,278 |
| | **9,497,276** | 13,814,554 |

**26. DEPOSITS & PREPAYMENTS**

| | 2012 Rupees | 2011 Rupees |
|---|---|---|
| Security deposits | **10,960,448** | 9,255,588 |
| Prepayments | **75,000** | 911,591 |
| Letter of credits | **99,231** | 56,644 |
| Prepaid rent | **0** | 170,300 |
| Margin deposits against letters of credit | **4,761,985** | 699,317 |
| | **15,896,664** | 11,093,440 |

**27. DUE FROM ASSOCIATED COMPANIES**
- On account of normal trading transactions

| | 2012 Rupees | 2011 Rupees |
|---|---|---|
| Noon International (Pvt.) Limited | **22,579** | 42,532 |
| Textile Services | **545,892** | 548,697 |
| | **568,471** | 591,229 |

**28. OTHER RECEIVABLES**

| | 2012 Rupees | 2011 Rupees |
|---|---|---|
| Insurance claims receivable | **137,789** | 137,789 |
| Advance payments against lease rentals | **32,570** | 136,330 |
| | **170,359** | 274,119 |

## 29. CASH AND BANK BALANCES

| | Note | 2012 Rupees | 2011 Rupees |
|---|---|---|---|
| Cash-in-hand | | **141,620** | 72,759 |
| Cash at banks on: | | | |
| - current accounts | **29.1** | **30,304,576** | 3,467,927 |
| - PLS account | **29.2** | **95,971** | 94,095 |
| - term deposit receipt | **29.3** | **5,800,000** | 207,325,000 |
| - dividend accounts | | **221,525** | 222,141 |
| | | **36,422,072** | 211,109,163 |
| | | **36,563,692** | 211,181,922 |

**29.1** These include balances aggregating Rs.850,000 (2011: Rs.900,000), which are under lien of Allied Bank Ltd. and NIB Bank Ltd. (NIB) against guarantees issued by them in favour of Sui Northern Gas Pipelines Ltd. (SNGPL) on behalf of the Company.

**29.2** This carries profit at the rate of 5% (2011:5%) per annum.

**29.3** (a) These are under lien of NIB against guarantees issued by it in favour of SNGPL and carry profit at the rate of 7% per annum.

(b) 2011 balance included Rs.200 million, which was under lien of Bank Islami Pakistan Ltd. against musharakah finance facility of Rs. 200 million availed from it and carried profit at the rate of 12.25% per annum.

## 30. SALES - Net

| | 2012 Rupees | 2011 Rupees |
|---|---|---|
| Gross sales | **3,385,623,349** | 3,044,822,368 |
| Less: | | |
| Sales tax | **19,431,713** | 18,134,621 |
| Special excise duty | **0** | 1,919,360 |
| Shortages / leakages allowed | **30,921,407** | 27,656,908 |
| Discounts | **29,781,282** | 39,734,330 |
| | **80,134,402** | 87,445,219 |
| | **3,305,488,947** | 2,957,377,149 |

## 31. COST OF SALES

| | Note | 2012 Rupees | 2011 Rupees |
|---|---|---|---|
| Raw materials consumed | 31.1 | **1,515,662,798** | 1,517,723,418 |
| Milk collection expenses | | **144,979,688** | 142,480,036 |
| Salaries, wages and benefits | 31.2 | **61,454,048** | 59,764,354 |
| Power and fuel | | **179,632,892** | 137,558,923 |
| Packing materials consumed | | **682,573,474** | 573,471,506 |
| Stores and spares consumed | | **274,507,894** | 201,147,911 |
| Repair and maintenance | | **2,350,441** | 2,843,646 |
| Rent, rates and taxes | | **9,310,620** | 8,264,120 |
| Depreciation | | **48,806,410** | 43,782,548 |
| Insurance | | **2,777,571** | 2,113,301 |
| | | **2,922,055,836** | 2,689,149,763 |
| Adjustment of work-in-process | | | |
| Opening | | **46,424,000** | 25,078,000 |
| Closing | | **(49,391,000)** | (46,424,000) |
| | | **(2,967,000)** | (21,346,000) |
| Cost of goods manufactured | | **2,919,088,836** | 2,667,803,763 |
| Adjustment of finished goods | | | |
| Opening stock | | **130,969,000** | 59,517,000 |
| Closing stock | | **(148,794,000)** | (130,969,000) |
| | | **(17,825,000)** | (71,452,000) |
| | | **2,901,263,836** | 2,596,351,763 |

### 31.1 Raw materials consumed:

| | 2012 Rupees | 2011 Rupees |
|---|---|---|
| Fresh milk | **1,262,051,739** | 1,340,488,567 |
| Milk powder | **6,144,547** | 3,545,069 |
| Jams | **7,876,283** | 5,399,861 |
| Cream | **0** | 655,200 |
| Juice concentrates | **9,173,504** | 4,477,590 |
| Fats | **204,408,125** | 141,919,175 |
| Butter oil | **26,008,600** | 21,237,956 |
| | **1,515,662,798** | 1,517,723,418 |

**31.2** These include contributions amounting Rs.2.689 million (2011: Rs.2.474 million) to employees' provident fund trust .

## 32. DISTRIBUTION COST

| | Note | 2012 Rupees | 2011 Rupees |
|---|---|---|---|
| Freight and forwarding - net - off recoveries from distributors aggregating Rs.37.620 million (2011:Rs.23.888 million) | | **79,277,090** | 69,065,553 |
| Salaries and benefits | 32.1 | **24,943,310** | 21,869,882 |
| Rent | | **1,843,285** | 1,706,950 |
| Entertainment | | **19,156** | 52,490 |
| Communication | | **594,680** | 255,496 |
| Electricity and gas | | **1,000** | 5,401 |
| Travelling and conveyance | | **1,046,405** | 712,579 |
| Vehicles' running and maintenence | | **780,126** | 599,871 |
| Advertisement and sales promotion | | **119,563,889** | 96,065,074 |
| Insurance | | **692,935** | 108,812 |
| Depreciation | | **1,157,526** | 1,327,839 |
| Samples | | **1,210,238** | 671,383 |
| Others | | **248,728** | 230,507 |
| | | **231,378,368** | 192,671,837 |

**32.1** These include contributions amounting Rs.909,233 (2011: Rs.729,497) to employees' provident fund trust.

## 33. ADMINISTRATIVE EXPENSES

| | Note | 2012 Rupees | 2011 Rupees |
|---|---|---|---|
| Salaries and benefits | 33.1 | **35,002,924** | 28,362,064 |
| Travelling and conveyance: | | | |
| - directors | | **3,137,991** | 2,439,871 |
| - others | | **3,876,674** | 3,774,509 |
| Rent, rates and taxes | | **1,447,962** | 1,334,524 |
| Entertainment | | **2,429,300** | 774,472 |
| Communication | | **2,415,453** | 2,758,535 |
| Printing and stationery | | **1,851,221** | 1,721,038 |
| Electricity, gas and water | | **1,647,517** | 2,220,591 |
| Insurance | | **1,128,010** | 1,166,748 |
| Repair and maintenance | | **2,228,754** | 2,250,693 |
| Advertisement | | **245,650** | 69,600 |
| Vehicles' running and maintenance | | **6,322,954** | 3,522,249 |
| Subscription | | **747,915** | 722,891 |
| Auditors' remuneration | 33.2 | **750,000** | 780,000 |
| Legal and professional charges (other than Auditors) | | **10,652,415** | 2,459,402 |
| Cash security charges | | **183,360** | 153,160 |
| General | | **1,553,846** | 1,403,287 |
| Depreciation | | **5,951,833** | 5,081,988 |
| Amortisation of computer softwares | | **116,245** | 105,328 |
| | | **81,690,024** | 61,100,950 |

**33.1** These include contributions amounting Rs.1,032,280 (2011: Rs.895,006) to employees' provident fund trust.

### 33.2 Auditors' remuneration

| | 2012 | 2011 |
|---|---|---|
| Statutory audit fee | **600,000** | 600,000 |
| Half yearly review fee | **100,000** | 100,000 |
| Certification charges | **35,000** | 20,000 |
| Short provision for the preceding year | **0** | 45,000 |
| Out-of-pocket expenses | **15,000** | 15,000 |
| | **750,000** | 780,000 |

| 34. OTHER OPERATING EXPENSES | Note | 2012 Rupees | 2011 Rupees |
|---|---|---|---|
| Workers' (profit) participation fund | | **2,606,268** | 3,624,342 |
| Workers' welfare fund | 34.1 | **(3,310,247)** | 1,377,250 |
| Donations (without directors' interest) | | **6,000** | 1,387,443 |
| Sales tax and special excise duty of prior years recognised | | **0** | 1,508,409 |
| Prior years' sales tax refund claims rejected due to late filing | | **0** | 5,723,143 |
| Exchange fluctuation loss | | **1,543,516** | 16,315 |
| Receivable balances written-off | | **135,622** | 0 |
| | | **981,159** | 13,636,902 |

**34.1** These have been written back as the amendments introduced in Finance Acts 2006 and 2008 have been declared unconstitutional and unlawful by the Lahore High Court, Lahore.

| 35. OTHER OPERATING INCOME | Note | 2012 Rupees | 2011 Rupees |
|---|---|---|---|
| **Income from financial assets** | | | |
| Profit on PLS account and term deposit receipts | | **12,434,870** | 12,987,768 |
| **Others** | | | |
| Deferred income - credited | | **256,416** | 2,788,669 |
| Sale of scrap | | **6,402,801** | 5,045,391 |
| Gain on sale of fixed assets | 21.2 | **847,298** | 11,314,051 |
| Packing charges of milk and juices | | **1,925,349** | 1,440,087 |
| | | **21,866,734** | 33,575,966 |

| 36. FINANCE COST | 2012 Rupees | 2011 Rupees |
|---|---|---|
| Mark-up / profit on: | | |
| - term and demand finances | **1,296,635** | 6,543,529 |
| - musharakah finances | **15,104,348** | 14,014,451 |
| - loans from chief executive | **0** | 4,985,064 |
| - short term finances | **33,117,428** | 25,353,748 |
| Lease finance charges | **6,823,928** | 5,744,247 |
| Interest on funds of Tetra Pak Pakistan Ltd. utilised in the Company's business | **4,120,405** | 884,465 |
| Interest on workers' (profit) participation fund | **448,084** | 299,675 |
| Bank and other charges | **1,612,376** | 1,881,245 |
| | **62,523,204** | 59,706,424 |

## 37. EARNINGS PER SHARE

There is no dilutive effect on earnings per share of the Company, which is based on:

| | 2012 Rupees | 2011 Rupees |
|---|---|---|
| Profit after taxation attributable to ordinary shareholders | **36,001,391** | 41,551,365 |
| | **No. of shares** | Restated |
| Weighted average number of ordinary shares outstanding during the year | **1,393,200** | 1,393,200 |
| | **Rupees** | |
| Earnings per share | **2.58** | 2.98 |

## 38. TRANSACTIONS WITH RELATED PARTIES

**38.1** Maximum aggregate amount due from Associated Companies at the end of any month during the year was Rs.1,270,246 (2011: Rs.938,151).

**38.2 Aggregate transactions made during the year with the Associated Companies were as follows:**

| | 2012 | 2011 |
|---|---|---|
| - sale of dairy and other products | **264,269** | 305,346 |
| - purchase of stores and spares | **1,039,285** | 1,192,979 |
| - purchase of sugar | **50,325,860** | 44,313,605 |

**38.3** No other transactions, other than remuneration and benefits to key management personnel under the terms of their employment, were executed with other related parties during the year.

## 39. REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

| Particulars | Chief Executive | | Directors | | Executives | |
|---|---|---|---|---|---|---|
| | **2012** | 2011 | **2012** | 2011 | **2012** | 2011 |
| | ---------- Rupees ---------- | | | | | |
| Remuneration (including bonus) | **4,920,000** | 120,000 | **4,140,000** | 5,234,000 | **16,183,140** | 13,561,903 |
| Provident fund | **0** | 0 | **0** | 0 | **955,500** | 710,674 |
| Housing and utilities | **1,616,232** | 1,321,604 | **0** | 0 | **0** | 0 |
| Medical | **320,000** | 0 | **186,000** | 308,000 | **793,301** | 550,122 |
| Club bills | **220,163** | 77,325 | **0** | 96,086 | **0** | 0 |
| | **7,076,395** | 1,518,929 | **4,326,000** | 5,638,086 | **17,931,941** | 14,822,699 |
| Number of persons | **1** | note 39.1 | **3** | 4 | **10** | 8 |

**39.1** Expense for the corresponding year comprised of remuneration paid to Mr. Salman Hayat Noon newly appointed Chief Executive of the Company and Malik Manzoor Hayat Noon, who expired during the preceding year.

**39.2** Chief Executive, Directors and the Executives have also been provided with free use of the Company maintained cars.

**39.3** Rent free accommodation has also been provided to two (2011: two) of the Executives.

## 40. CAPACITY AND PRODUCTION

| | Unit of measurement | 2012 | 2011 |
|---|---|---|---|
| **Milk Powder and Butter Plant** | | | |
| Annual rated capacity of milk processing based on three shifts | **Kgs.** | **44,416,000** | 44,416,000 |
| Fresh milk processed during the year | **Kgs.** | **6,062,098** | 7,149,621 |
| **Cheese Plant** | | | |
| Annual rated capacity of milk processing based on 24 hours per day | **Kgs.** | **3,275,000** | 3,275,000 |
| Fresh milk processed during the year | **Kgs.** | **2,791,510** | 2,524,060 |
| **Pasteurised Milk Plant** | | | |
| Annual rated capacity of milk pasteurisation based on three shifts | **Ltrs.** | **5,840,000** | 5,840,000 |
| Milk pasteurised during the year | **Ltrs.** | **5,315,908** | 4,278,553 |
| **Yogurt Plant** | | | |
| Annual rated capacity of milk processing based on three shifts | **Kgs.** | **2,920,000** | 2,920,000 |
| Fresh milk processed during the year | **Kgs.** | **4,912** | 0 |
| **UHT Milk Plant** | | | |
| Annual rated capacity of milk processing based on three shifts | **Ltrs.** | **87,488,000** | 87,488,000 |
| Milk processed during the year | **Ltrs.** | **5,125,948** | 9,992,215 |
| UHT cream | **Ltrs.** | **97,069** | 239,324 |
| Flavoured milk | **Ltrs.** | **3,690,935** | 3,090,361 |
| Drinking yogurt | **Ltrs.** | **22,469** | 2,210 |
| Chai mix | **Ltrs.** | **9,476,001** | 11,125,152 |
| Co-packing | **Ltrs.** | **758,224** | 432,702 |
| **Juice Plant** | | | |
| Annual rated capacity of juices based on three shifts | **Ltrs.** | **43,800,000** | 43,800,000 |
| Juices processed during the year | **Ltrs.** | **3,689,871** | 4,060,877 |
| Nectars | **Ltrs.** | **648,808** | 231,744 |
| Co-packing | **Ltrs.** | **138,340** | 342,016 |

- Processing and pasteurisation were restricted to the availability of raw milk to the Company.

- Processing of UHT and Juice plants were restricted to the extent of filling capacity of the Company.

## 41. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

### 41.1 Financial Risk Factors

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

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

### 41.2 Market risk

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

#### (a) Currency risk

Foreign currency risk arises mainly where receivables and payables exist due to transactions entered into in foreign currencies. The Company is exposed to currency risk on import of packing materials, plant & machinery and stores & spares denominated in U.S. $ and Euro. The Company's exposure to foreign currency risk for U.S. $ and Euro is as follows:

| | **2012** | | |
|---|---|---|---|
| | **Rupees** | **U.S.$** | **Euros** |
| **Bills payable** | **60,852,502** | **601,209** | **35,869** |
| **Outstanding letters of credit** | **4,097,398** | **0** | **34,577** |
| **Total exposure** | **64,949,900** | **601,209** | **70,446** |

| | 2011 | | |
|---|---|---|---|
| | Rupees | U.S.$ | Euros |
| Bills payable | 10,469,282 | 85,365 | 25,011 |
| Outstanding letters of credit | 4,219,172 | 1,810 | 32,536 |
| Total exposure | 14,688,454 | 87,175 | 57,547 |

The following significant exchange rates have been applied:

| | **Average rate** | | **Reporting date rate** | |
|---|---|---|---|---|
| | **2012** | 2011 | **2012** | 2011 |
| U.S. $ to Rupee | **88.47** | 85.92 | **94.20** | 86.05 |
| Euro to Rupee | **119.15** | 122.98 | **118.50** | 124.89 |

**Sensitivity analysis**

At 30 June, 2012, if Rupee had strengthened by 10% against U.S.$ and Euro with all other variables held constant, profit after taxation for the year would have been higher by the amount shown below mainly as a result of net foreign exchange gains on translation of foreign currency financial liabilities.

| | **2012** | 2011 |
|---|---|---|
| **Effect on profit for the year:** | **Rupees** | Rupees |
| U.S. $ to Rupee | **5,663,389** | 734,566 |
| Euro to Rupee | **425,048** | 312,362 |

The weakening of Rupee against U.S. $ and Euro would have had an equal but opposite impact on profit after taxation.

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

**(b) Interest rate risk**

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

| | **2012** | 2011 | **2012** | 2011 |
|---|---|---|---|---|
| | **Effective Rate** | | **Carrying Amount** | |
| | | | ------------ Rupees ------------- | |
| **Fixed rate instruments** | | | | |
| **Financial assets** | | | | |
| Bank balance at PLS account | **5%** | 5% | **95,971** | 94,095 |
| Term deposit receipts | **7%** | 7% to 12.25% | **5,800,000** | 207,325,000 |
| **Variable rate instruments** | | | | |
| **Financial liabilities** | | | | |
| Term and demand finances | **12.91% to 14.53%** | 13.79% to 15.62% | **75,000,000** | 27,479,126 |
| Musharakah finances | **13.41% to 13.75%** | 13.75% | **35,000,000** | 200,000,000 |
| Liabilities against assets subject to finance lease | **13.38% to 17.25** | 13.80% to 16.71% | **47,642,405** | 38,667,545 |
| Short term finances | **12.91% to 15.54%** | 13.29% to 15.52% | **169,269,061** | 243,766,091 |

**Cash flow sensitivity analysis for fix rate instruments**

At 30 June, 2012, if interest rate on fixed rate financial assets had been 1% higher / lower with all other variables held constant, profit after taxation for the year would have been Rs. 59 thousand (2011: Rs. 2,074 thousand) higher / lower, mainly as a result of higher / lower interest income on fixed rate financial assets.

**Cash flow sensitivity analysis for variable rate instruments**

At 30 June, 2012, if interest rate on variable rate financial liabilities had been 1% higher / lower with all other variables held constant, profit after taxation for the year would have been Rs. 4,532 thousand (2011: Rs. 1,237 thousand) lower / higher, mainly as a result of higher / lower interest expense on variable rate financial liabilities.

**(c) Price risk**

Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in market prices (other than those arising from interest rate risk or currency risk) whether those changes are caused by factors specific to the individual financial instruments or its issuer or factors affecting all similar financial instruments traded in the market. The Company is not exposed to any significant price risk.

**41.3 Credit risk exposure and concentration of credit risk**

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

Concentrations of credit risk arise when a number of counterparties are engaged in similar business activities or have similar economic features that would cause their abilities to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations of credit risk indicate the relative sensitivity of the Company's performance to developments affecting a particular industry.

Credit risk primarily arises from trade debts and balances with banks. To manage exposure to credit risk in respect of trade debts, management performs credit reviews taking into account the customer's financial position, past experience and other relevant factors. Where considered necessary, advance payments are obtained from certain parties. The management has set a maximum credit period of 45 days to reduce the credit risk. Credit risk on bank balances is limited as the counter parties are banks with reasonably high crediting ratings.

**Exposure to credit risk**

The maximum exposure to credit risk as at 30 June, 2012 along with comparative is tabulated below:

| | **2012 Rupees** | 2011 Rupees |
|---|---|---|
| Security deposits | **12,179,134** | 10,465,511 |
| Trade debts | **109,019,336** | 73,624,303 |
| Due from Associated Companies | **568,471** | 591,229 |
| Accrued profit on term deposit receipts | **372,630** | 12,603,635 |
| Other receivables | **137,789** | 137,789 |
| Bank balances | **36,422,072** | 211,109,163 |
| | **158,699,432** | 308,531,630 |

All the trade debts at the balance sheet date represent domestic parties.
The aging of trade debts at the year-end is as follows:

| | | |
|---|---|---|
| Not past due | **67,175,858** | 48,738,410 |
| Past due 1-45 days | **15,616,147** | 567,992 |
| Past due 45-180 days | **1,901,266** | 3,866,065 |
| Past due more than 180 days | **24,326,065** | 20,451,836 |
| | **109,019,336** | 73,624,303 |

Based on past experience, the Company's management believes that no impairment loss allowance is necessary in respect of trade debts as debts aggregating Rs.54,274,696 have been realised subsequent to the year-end and for other trade debts there are reasonable grounds to believe that the amounts will be realised in short course of time.

**41.4 Liquidity risk**

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

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

| | **2012** | | | |
|---|---|---|---|---|
| | **Carrying amount** | **Contractual cash flows** | **Less than 1 year** | **Between 1 to 5 years** |
| | ------------------ | **Rupees** | ------------------ | |
| **Term and demand finances** | **75,000,000** | **88,860,625** | **33,525,625** | **55,335,000** |
| **Musharakah finances** | **35,000,000** | **44,111,909** | **19,041,415** | **25,070,494** |
| **Liabilities against assets subject to finance lease** | **47,642,405** | **57,996,118** | **21,709,580** | **36,286,538** |
| **Trade and other payables** | **500,130,640** | **500,130,640** | **500,130,640** | **0** |
| **Accrued mark-up and Interest** | **10,727,796** | **10,727,796** | **10,727,796** | **0** |
| **Short term finances** | **169,269,061** | **184,808,501** | **184,808,501** | **0** |
| **Dividend** | **1,016,784** | **1,016,784** | **1,016,784** | **0** |
| | **838,786,686** | **887,652,373** | **770,960,341** | **116,692,032** |

| | 2011 | | | |
|---|---|---|---|---|
| | Carrying amount | Contractual cash flows | Less than 1 year | Between 1 to 5 years |
| | ------------------------------------ Rupees ------------------------------------ | | | |
| Term and demand finances | 27,479,126 | 70,116,223 | 38,459,613 | 31,656,610 |
| Musharakah finances | 200,000,000 | 241,250,000 | 0 | 241,250,000 |
| Liabilities against assets subject to finance lease | 38,667,545 | 51,938,432 | 14,423,224 | 37,515,208 |
| Accrued profit on musharakah finances | 14,014,451 | 14,014,451 | 0 | 14,014,451 |
| Trade and other payables | 387,520,319 | 387,520,319 | 387,520,319 | 0 |
| Accrued mark-up and Interest | 8,821,425 | 8,821,425 | 8,821,425 | 0 |
| Short term finances | 243,766,091 | 271,638,211 | 271,638,211 | 0 |
| Dividend | 1,018,170 | 1,018,170 | 1,018,170 | 0 |
| | 921,287,127 | 1,046,317,231 | 721,880,962 | 324,436,269 |

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

**41.5 Fair value of financial instruments**

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

At 30 June, 2012, the carrying values of all financial assets and liabilities reflected in the financial statements approximate to their fair values except for loans to employees, which are valued at their original costs less repayments.

## 42. CAPITAL RISK MANAGEMENT

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

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

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

## 43. INFORMATION ABOUT OPERATING SEGMENTS

For management purposes, the activities of the Company have been organised in one operating segment consisting of toned milk, milk powder, fruit juices, allied dairy and food products. The Company operates in the said reportable operating segment based on nature of products, risks and return, organisational and management structure and internal financial reporting systems. Accordingly, the figures reported in these financial statements relate to the Company's only reportable segment.

The operating interests of the Company are confined to Pakistan in terms of production areas and customers. Accordingly, the figures reported in these financial statements relate to the Company's only reportable segment relating to Pakistan.

The Company does not have any customer having sales of 10% or more during the years ended 30 June, 2012 and 30 June, 2011.

**44. DATE OF AUTHORISATION FOR ISSUE**

These financial statements were authorised for issue on 27 September, 2012 by the board of directors of the Company.

**45. FIGURES**

Corresponding figures, except for the fact that expenses aggregating Rs.5,907,496 which were grouped under administrative expenses for better presentation have been grouped under cost of sales, have neither been rearranged nor reclassified.

| | |
|---|---|
| **Salman Hayat Noon** | **Safdar M. Hayat Qureshi** |
| **CHIEF EXECUTIVE** | **DIRECTOR** |

## FORM OF PROXY

Registered Folio No./
CDC Account No. ____________

I/We ______________________________________________
(NAME)

of ______________________________________________

being a member of NOON PAKISTAN LIMITED, hereby appoint

______________________________________________
(NAME)

of ______________________________________________
(Address)

or failing him ______________________________________________
(NAME)

of ______________________________________________
(Address)

(also being a member of the Company) as my/our proxy to attend, act and vote for me / us and on my/our behalf at the 45th Annual General Meeting of The Company to be held at 66 Garden Block, New Garden Town, Lahore on Monday, 29 October, 2012 at 11:30 a.m. and at any adjournment thereof.

As witness my hand this. ____________________ Day of ____________________ 2012.

____________________
Signature of Shareholder

Revenue Stamp

| **Witness 1** | **Witness 2** |
|---|---|
| Signature ____________ | Signature ____________ |
| Name ____________ | Name ____________ |
| Address ____________ | Address ____________ |
| ____________ | ____________ |
| CNIC | CNIC |

**Note:** Proxies, in order to be effective must reach the Company's Registered office not less than 48 hours before the time for holding the meeting and must be duly stamped, signed and witnessed. Proxies of the Members through CDC shall be accompanied with attested copies of their CNIC.

SECP's circular no. 1 dated January 26th, 2000 is on the reverse side of the form.

**SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN**
State Life Building 7, Blue Area, Islamabad

January 26, 2000

**Circular No. 1 of 2000**

**Sub: GUIDELINES FOR ATTENDING GENERAL MEETINGS AND APPOINTMENT OF PROXIES**

The shares of a number of listed companies are now being maintained as "book entry Security" on the Central Depository System (CDS) of the Central Depository Company of Pakistan Limited (CDC). It has come to the notice of the Commission that there is some confusion about the authenticity of relevant documents in the matter of beneficial owners of the shares registered in the name of CDC for purposes of attending the general meetings and for verification of instruments of proxies. The issue has been examined and pending the further instruction to be issued in this regard, the following guideline for the convenience of the listed companies and the beneficial owners are laid down:

**A. Attending of meeting in person by account holders and / or sub-account holders and persons whose securities are in group account and their registration details are uploaded to CDS:**

(1) The Company shall obtain list of beneficial owners from the CDC as per Regulation # 12.3.5 of the CDC Regulations.

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

(3) In case of corporate entity, the Board of Directors' resolution / power of attorney with specimen signature of the nominee shall be produced at the time of the meeting.

**B. Appointment of Proxies**

(1) In case of individual, the account holder or sub-account holder and / or the person whose securities are in group account and their registration details are uploaded as per the Regulations, shall submit the proxy form as per requirement notified by the Company.

(2) The proxy form shall be witnessed by the two persons whose names, addresses and CNIC numbers shall be mentioned on the form.

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

(4) The proxy shall produce his original CNIC or original passport at the time of the meeting.

(5) In case of corporate entity, the Board of Directors' resolution / power of attorney with specimen signature shall be submitted alongwith proxy form to the Company.