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COMPANY INFORMATION

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

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the 58th Annual General Meeting of the Shareholders of The Thal Industries Corporation Limited will be held on Friday, the 27th January, 2012 at 4:00 p.m. at 2 D-1, Gulberg-III, Lahore to transact the following business:-

ORDINARY BUSINESS:

a) Confirmation of the minutes of the 57th Annual General Meeting of the Thal Industries Corporation Limited held on 28-01-2011.

b) To receive, consider and adopt Annual Audited Accounts alongwith Balance Sheet for the year ended 30th September 2011 together with Auditors' and Directors' reports thereon.

c) To consider and approve cash dividend @ of Rs. 2.00 per share i.e.20% for the year ended 30th September, 2011.

d) To appoint Auditors for the year ending 30th September, 2012 and to fix their remuneration. M/s. Rahman Sarfaraz Rahim Iqbal Rafiq, Chartered Accountants retire. They have offered their services for re-appointment for the year ending 30-09-2012.

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

BY ORDER OF THE BOARD

MUHAMMAD SIDDIQ
Company Secretary

Lahore: 27th December-2011

Note:

1. Share Transfer Books of the Company will remain closed from 21-01-2012 to 27-01-2012 (both days inclusive). No transfer of shares will be accepted for registration during the closed period. However, transfer received at the office of the Company's Share Registrar Office at M/s. Corplink (Pvt.) Limited, Wings Arcade, 1-K, Commercial Model Town, Lahore by the close of business hours on 20th January 2012 will be treated in time for the entitlement of payout of dividend.

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

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

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

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

DIRECTOR'S REPORT TO THE SHAREHOLDERS

The Directors of your company are pleased to present 58th Annual Report together with Audited Accounts and Auditor's Report there on for the Financial Year Ended 30 September 2011.

INDUSTRY OVERVIEW

The sugar industry has passed through different phases of extreme bullishness and bearishness in the last few years. Due to heavy floods in the country during August/September 2010, the sugarcane crop was affected partly in Sind & Punjab region. Flood in our areas contributed to delay in harvesting which subsequently improved in the second half. This accumulated to severe cane price competition during the early part of the season and lowered in the subsequent period. Eventually, total sugarcane supply for the season ended higher than the crushing season before it.

The sugarcane minimum price fixed by the Government was increased from Rs. 100 per 40 kg to Rs. 125 per 40 kg for the crushing season 2010-11 under review. Due to price war amongst the Sugar Mills, the average sugarcane purchase price varied significantly from Rs. 180 to Rs. 220 per 40 kg in our sugarcane zone area during the year under review.

PERFORMANCE OF THE COMPANY

During the year under review your company was able to crush 1,380,805 M. Tons sugarcane and produced 121,024.25 M. Tons white sugar at an average sugar recovery of 8.76% as compared to the corresponding period of last year, the sugarcane crushing was 1,154,968 M. Tons and produced 99,828.75 M. Tons sugar at an average recovery of 8.56%.

Expecting a country wide short fall in sugar supply the Government of Pakistan approved duty free import of Raw Sugar for processing to bridge the short fall. Therefore your company also imported 2,096.31 M. Tons Raw sugar and produced 1,986.25 M. Tons refined white sugar at an average recovery of 94.738%.

The higher sugarcane purchase price during the perid under review caused tremendous increase in the sugar production cost and the financial cost also became high due to requirement of increased CF lines to make timley payments of cane growers.

FINANCIAL HIGHLIGHTS

During the financial year under review the company earned pretax profit of Rs. 290.741 million and after tax Rs. 183.697 million as compared to last year pretax profit of Rs. 229.991 million and after tax of Rs. 119.191 million.

The Profitability of the Company would have been further improved, if the Government had not increased the Special Excise Duty (SED) from 1% to 2.5% during period from March 2011 to June 2011 and the Sales tax to be paid on market price instead of price fixed earlier which increased the sales tax by Rs. 2.20 per kg from March 2011 onward.

Secondly the Company had been paying the S.E.D upto 04-08-2009 and an interim relief was granted by the honourable high court on 05-08-2009 and then on 04-06-2011 the petition filed by the company was dismissed and the accumulated liability upto 30-04-2011 of Rs. 100,839,408/- was paid under amnesty scheme announced by the FBR on 27-06-2011 to avoid additional surcharge & penalties there on.

FINANCIAL RESULTS

	2011 Rupees	2010 Rupees
	(Rupess in Million)	
Pre- Tax Profit	**290.741**	229.991
Provision for Taxation:		
- Current	**(103.862)**	(65.545)
- Deferred	**(3.182)**	(45.255)
Profit after Taxation	**183.697**	119.191
Accumulated profit brought forward	**366.150**	277.005
	549.847	396.196
APPROPRIATIONS		
Dividend paid during the year @ 15% (2010-20%)	**(22.535)**	(30.046)
Accumulated profit carried forward	**527.312**	366.150
Earning per share (Rs.)	**12.23**	7.93

EARNING PER SHARE

The earning per share of the company stood at Rs. 12.23 (2010: 7.93)

DIVIDEND

Your management has recommended 20%(2011: 15%) cash dividend for the financial year ended 30 September 2011.

RESEARCH AND DEVELOPMENT

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

Like previous years, your management has decided to provide new varieties of sugarcane seed with high yield/recovery and disease/frost resistance along with fertilizers and pesticides to cane growers on mark up free credit basis for Autumn sowing 2011, as well as free of cost timely services of biological laboratory at their door step so that sugarcane procurement for the next crushing season may not suffer.

FUTURE OUT LOOK

The Government has announced Rs. 150/- per 40Kg of sugarcane price for the coming crushing season of 2011-12 as compared to Rs. 125/- per 40Kg of 2010-11. The Sugarcane crop all over the Punjab is reported to be satisfactory and will be able to meet the requirement of sugar industry therefor there is lesser chance of price competition like previous years. There has been slight dcerease in the crop in Sindh province caused by flood but due to better yield we hope that overall supply of sugar will be higher as compared to last year. Future outlook of the sugarcane crop is also better due to recent decrease in the cotton prices and bad payments by PASSCO to wheat growers.

Keeping in view the brought forword sugar stocks in the country as well as high yielding sugarcane crop in next crushing season 2011-12, there will be surplus sugar production over consumption in the counrty. Simultaneoulsy sugar prices will remain under pressure which will ultimately squeese the profitability of the industry might even push some of the companies into negative bottom line numbers. Therefore sugarcane growers & sugar industry will be under pressure unless the Government reopens the sugar export. Re-opening of sugar export should help improve domestic sugar prices thereby also fetching better sugarcane prices for growers. Without the ability to export sugar, which in any case would be beneficial for Pakistan's trade balance, your company and the sugar industry on the whole will find it quite difficult to maintain the financial performance of previous years.

RELATED PARTIES DISCLOSURE

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

CORPORATE AND FINANCIAL REPORTING FRAMEWORK

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

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

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

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

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

f) The company has adopted the centeral depository system and the listing regulations of Karachi Stock Exchange. So for 133,409 shares of the company have been got transferred by the shareholders to the Centeral Depository company of Pakistan Karachi.

g) The company has appointed M/s CORPLINK (Pvt) Ltd, independent share Registerar in terms of section 204-A of the companies ordinance, 1984.

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

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

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

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

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

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

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

o) No Share transactions have been reported by the Directors, CFO, other Executives, Auditors, Company secretary or their spouses and minor childern during the year ended 30 September, 2011.

BOARD MEETINGS

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

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

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

Pattern of Shareholding

Pattern of Shareholding and Information Required Under Clause XXIX (i) and (j) of the Code of Corporate Governace. The information under this head as on September 30, 2011 is annexed.

AUDITORS

The information under this head as on September 30, 2011 is annexed.
The present Auditors M/S Rahman Sarfaraz Rahim Iqbal Rafiq Chartered Accountants retire and being eligible, offer their services for re-appointment. The Audit Committee has recommended M/S Rahman Sarfaraz Rahim Iqbal Rafiq Chartered Accountants for reappointment as Auditors for the year ending 30 September, 2012.

ACKNOWLEDGEMENT

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

For and on behalf of the Board

Lahore: 27th December, 2011

Chairman/Chief Executive

VISION STATEMENT

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

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

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

MISSION STATEMENT

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

CORPORATE STRATEGY

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

CORE VALUES

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

STATEMENT OF ETHICS & BUSINESS PRACTICES

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

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

Quality of Product:

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

Dealing with Employees:

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

Responsibility to Society / Interested Sectors:

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

We meet all our obligations and ensure timely compliance.

Financial Reporting & Internal Controls:

Our policies with reference to accounting, finance and corporate matters are governed by relevant corporate regulations, Companies Ordinance 1984, and the Code of Corporate Governance. It is our resolved to comply with International Accounting Standards for the preparation of financial statements with any departure therefrom being adequately disclosed.

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

Purchase of Goods & Timely Payment:

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

Conflict of Interest:

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

Observance to Laws of the Country:

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

Objectives of the Company:

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

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

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

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

CHIEF EXECUTIVE

Mr. Muhammad Shamim Khan

MANAGING DIRECTOR

Mr. Nauman Ahmad Khan

DIRECTORS

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

SIX YEARS SUMMARY OF FINANCIAL HIGHLIGHTS

OPERATING PERFORMANCE:

	2011	2010	2009	2008	2007	2006
Quantitative Data						
Cane Crushed (M.Tons)	**1,380,805**	1,154,967	1,142,669	1,022,696	767,807	655,511
Sugar Produced (M.Tons)	**121,024**	99,829	105,601	92,703	68,025	51,790
Raw Sugar Processed (M.Tons)	**2,096**	-	-	-	-	5,407
Sugar Produced from Raw Sugar (M.Tons)	**1,986**	-	-	-	-	5,407
Profitability (Rs in 000)						
Gross Sales	**8,019,513**	6,791,240	2,448,836	2,434,136	1,971,003	1,900,927
Sales (Net)	**7,378,520**	6,535,895	3,804,992	2,190,647	1,720,513	1,676,675
Gross Profit	**950,816**	686,998	659,944	289,780	120,602	113,753
Profit before Taxation	**290,741**	229,991	307,071	133,605	28,002	23,263
Profit after Taxation	**183,697**	119,191	195,874	104,520	13,974	10,018
Financial Position (Rs in 000)						
Tangible Fixed Assets	**1,653,701**	1,698,563	1,720,743	1,086,852	664,492	660,818
Other Non Current Assets	**3,325**	7,987	7,052	6,896	4,545	5,008
	1,657,026	1,706,550	1,727,795	1,093,748	669,037	665,826
Current Assets	**2,368,028**	1,305,885	1,245,821	1,021,768	551,933	511,782
Current Liabilities	**2,120,560**	1,207,049	1,199,468	877,616	134,566	257,177
Net Working Capital Employed	**247,468**	98,836	46,353	144,152	417,367	254,605
Capital Employed	**1,904,494**	1,805,386	1,774,148	1,237,900	1,086,404	920,431
Long Term Loan & Other Liabilities	**1,133,194**	1,195,204	1,253,111	890,203	831,959	664,937
Shareholder's Equity	**771,300**	610,182	521,037	347,697	254,445	255,494
Represented By:						
Share Capital	**150,232**	150,232	150,232	150,232	150,232	150,232
Reserve & Unappropriated						
Profit/ (Loss) Carried Forward	**621,112**	459,950	370,805	197,466	104,213	105,262
	771,344	610,182	521,037	347,698	254,445	255,494
Ratios						
Gross Profit Ratio (%age)	**12.89**	10.51	17.34	13.30	7.00	6.78
Net Profit Before Tax Ratio (%age)	**3.94**	3.59	8.07	6.90	1.63	1.39
Debt to Equity Ratio (Excluding Directors Loan)	**32:68**	41:59	42:58	05:95	-	04:96
Current Ratio	**1.12**	1.08	1.04	1.16	4.10	1.99
Break up Value per Share (Rs.)	**51.34**	40.62	34.68	23.14	16.94	17.01
Earning per Share (Rs.)	**12.23**	7.93	13.04	6.96	0.93	0.67
Dividend (%age)	**15.00**	20.00	15.00	7.50	10.00	15.00
Dividend Paid (Rs in 000)	**22,535**	30,046	22,535	11,267	15,023	22,535

FORM-34
THE COMPANIES ORDINANCE 1984

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

1. Incorporation Number **0000619**

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

3. Pattern of holding of the shares held by the shareholders as at 30/09/2011

4. Number of Shareholders	Shareholdings From	Shareholdings To	Total Shares Held
452	1	100	21,630
230	101	500	59,566
114	501	1,000	83,247
95	1,001	5,000	224,721
16	5,001	10,000	109,494
3	10,001	15,000	30,320
2	15,001	20,000	38,570
2	20,001	25,000	49,145
2	30,001	35,000	61,244
1	40,001	45,000	44,110
7	45,001	50,000	345,608
1	50,001	55,000	55,000
2	55,001	60,000	115,500
2	60,001	65,000	124,000
1	65,001	70,000	68,000
2	75,001	80,000	156,000
2	80,001	85,000	163,500
4	90,001	95,000	377,753
5	95,001	100,000	498,550
4	100,001	105,000	411,500
6	105,001	110,000	654,000
3	115,001	120,000	359,000
1	120,001	125,000	125,000
1	130,001	135,000	135,000
1	145,001	150,000	150,000
1	150,001	155,000	150,013
2	175,001	180,000	358,000
1	180,001	185,000	182,500
1	190,001	195,000	191,807
2	195,001	200,000	398,500
1	200,001	205,000	201,069
1	205,001	210,000	209,878
2	225,001	230,000	455,500
1	240,001	245,000	242,000
2	250,001	255,000	507,463
1	255,001	260,000	256,694
1	265,001	270,000	267,960
1	305,001	310,000	308,000
1	785,001	790,000	786,480
1	1,215,001	1,220,000	1,216,060
1	4,830,001	4,835,000	4,830,850
979			**15,023,232**

5. Categories of shareholders	Shares Held	Percentage
5.1 Directors, Chief Executive Officers, and their spouse and minor childern	7,296,350	48.5671%
5.2 Associated Companies, undertakings and related parties.	0	0.0000%
5.3 NIT and ICP	25	0.0002%
5.4 Banks Development Financial Institutions, Non Banking Financial Institutions.	0	0.0000%
5.5 Insurance Companies	170	0.0011%
5.6 Modarabas and Mutual Funds	0	0.0000%
* 5.7 Share holders holding 10%	-	-
5.8 General Public	7,685,035	51.1543%
5.9 Others (to be specified)		
Joint Stock Companies	40,235	0.2678%
Abandoned Properties	809	0.0054%
Others	608	0.0040%
	15,023,232	100.0000%

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

CATEGORIES OF SHARE HOLDERS AS REQUIRED UNDER C.C.G.
AS ON 30TH SEPTEMBER 2011

S. No.	NAME	HOLDING	%AGE
	DIRECTORS, CEO THEIR SPOUSES & MINOR CHILDREN		
1	Mr. Muhammad Shamim Khan	4,830,850	32.1559%
2	Mrs. Qaiser Shamim Khan	786,480	5.2351%
3	Mr. Adnan Ahmed Khan	267,960	1.7836%
4	Mr. Nauman Ahmed Khan	1,216,060	8.0945%
5	Mrs. Farrah Khan	55,000	0.3661%
6	Mr. Muhammad Khan	5,000	0.0333%
7	Mr. Ahmed Khan	25,000	0.1664%
8	Mrs. Aamra Khan W/O Adnan Ahmed Khan	50,000	0.3328%
9	Mrs. Aniqa Khan W/O Nauman Ahmed Khan	50,000	0.3328%
10	Rania Khan (Minor) Through Guardian Mr. Adnan Ahmed Khan	10,000	0.0666%
		7,296,350	48.56711%
	ASSOCIATED COMPANIES	-	0.0000%
	NIT & ICP		
1	INVESTMENT CORPORATION OF PAKISTAN	25	0.0002%
	BANKS, DEVELOPMENT FINANCE INSTITUTIONS, NON BANKING FINANCE INSTITUTIONS	-	0.0000%
	INSURANCE COMPANIES		
1	ADAMJEE INSURANCE COMPANY LIMITED	170	0.0011%
	MODARABA & MUTUAL FUND	0	0.0000%
	JOINT STOCK COMPANIES		
1	Ghulam Rasool & Sons	295	0.0020%
2	Sh. Mohammad Ibrahim & Sons	295	0.0020%
3	Manzoor Ahmed & Sons	63	0.0004%
4	M/S Rajput Metal Works Limited	7,509	0.0500%
5	1763 Treet Corporation Ltd (CDC)	24,145	0.1607%
6	Stock Master Securities (Pvt) Ltd. (CDC)	2	0.0000%
7	Sarfraz Mahmood (PVT) Limited (CDC)	3	0.0000%
8	Treet Corporation Ltd (CDC)	2,513	0.0167%
9	Treet Corporation Ltd (CDC)	5,410	0.0360%
		40,235	0.2678%
	ABANDONED PROPERTIES		
1	DEPUTY ADMINISTRATOR ABANDONED PROPERTIES (CDC)	809	0.0054%
	OTHERS		
1	TRUSTEE-TREET COR. LTD. EMP. PRIVIDENT FUND. (CDC)	608	0.0040%
	SHARES HELD BY THE GENERAL PUBLIC	7,685,035	51.1543%
	TOTAL:-	15,023,232	100.000%

SHAREHOLDERS HOLDING 10% OR MORE OF TOTAL CAPITAL

S. NO	NAME	HOLDING	%AGE
1	Mr. Muhammad Shamim Khan	4,830,850	32.1559%

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

NIL

STATEMENT OF COMPLIANCE WITH THE CODE OF
CORPORATE GOVERNANCE FOR THE YEAR ENDED 30 SEPTEMBER 2011

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

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

1. The Company encourages effective representation of independent non-executive directors and directors representing minority interests in its Board of Directors.

2. The directors have confirmed that none of them is serving as a director in more than ten listed companies, including this Compnay.

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 stcok exchange.

4. Any casual vacancy occurring in the Board was filled up by the directors accordingly.

5. The Company has prepared a 'Statement of Ethics and Business Practices', which has been signed by all the directors and employees of the Company.

6. The Board has developed a vision/mission statement, overall corporate strategy and significant policies of the Compnay. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.

7. All the powers of the Board have been duly exercised and decisions on material transactions, including appointment and determination of remuneration and terms and conditions of employment of the CEO and other executive directors, have been taken by the Board.

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

9. The Compay arragned orientation course for all its seven Directors, who are fully aware of their duties and responsibilities. However, another fresh course for the Directors will be arranged very shortly.

10. The Board has approved appointment of CFO, Company Secretary and Head of Inernal Audit, including their remuneration and terms and conditions of employment, as determined by the CEO.

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

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

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

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

15. The Board has formed an audit committee. It comprises three members, of whom two are non-executive directors including the chairman of the committee.

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 Code. Once a year the audit committee also meets the representative of External Auditors without the presence of the CFO and the head of Internal Audit and similarly it meets the head of Internal audit without the presence of the CFO and the External Auditors. The terms of referance of the Committee have been formed and advised to the committee for compliance.

17. The Board has set-up an effective internal audit function. The staff is considered suitably qualified and experienced for the purpose and is conversant with the policies and procedures of the Company and is involved in the internal audit function on a full time basis.

18. The related party transactions distinguishing between transactions carried out on terms equivalent to those that prevail at arm's length transactions which are not executed at arm's length price, recording proper justification for using such alternate pricing mechanism and transactions have been placed before the audit committee and approved by the Board of Directors to comply with the requirement of listing regulations of the Karachi and Lahore Stock Exchanges.

19. The statutory Auditors of the Company have confirmed that they have been given a satisfactory rating under the quality control review programme of the Institute of Chartered Accountants of Pakistan, that they or any of the partners of the firm, their spouses and minor childern 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 Institute of Chartered Accountants of Pakistan.

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

21. We confirm that all other material principles contained in the Code have been complied with by the Company.

CHIEF EXECUTIVE

DIRECTOR

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

We have reviewed the statement of compliance with the best practices contained in the Code of Corporate Governance prepared by the Board of Directors of The Thal Industries Corporation Limited to comply with the listing regulation No. 35 of the Lahore and also of Karachi Stock Exchanges where the company is listed.

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

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

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

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the best practices contained in the Code of Corporate Governance as applicable to company for the year ended 30 September 2011.

Rahman Sarfaraz Rahim Iqbal Rafiq
CHARTERED ACCOUNTANTS

LAHORE: 27th December 2011

AUDITOR'S REPORT TO THE MEMBERS

We have audited the annexed balance sheet of THE THAL INDUSTRIES CORPORATION LIMITED as at 30 September 2011 and the related profit & loss account, cash flow statement and statement of changes in equity together with the notes forming part thereof, for the year then ended and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

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

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

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

b) in our opinion –

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

c) in our opinion and to the best of our information and according to the explanations given to us, the balance sheet, profit & loss account, cash flow statement and statement of changes in equity together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan, and, give the information required by the Companies Ordinance, 1984, in the manner so required and respectively give a true and fair view of the state of the company's affairs as at 30 September 2011 and of the profit, its cash flows & changes in equity for the year then ended; and

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

Rahman Sarfaraz Rahim Iqbal Rafiq
CHARTERED ACCOUNTANTS
Engagement Partner: A. Rahman Mir

27 December 2011
LAHORE:

BALANCE SHEET
As at 30 September 2011

	Note	2011 Rupees	2010 Rupees
EQUITY AND LIABILITIES			
Share Capital and Reserves			
Share capital	3	**150,232,320**	150,232,320
Revenue reserves	4	**93,800,000**	93,800,000
Accumulated profit		**527,312,123**	366,149,887
		771,344,443	610,182,207
Non Current Liabilities			
Long term finance	5	**355,000,000**	425,000,000
Loans from directors	6	**574,800,000**	574,800,000
Deferred liabilities	7	**203,349,104**	195,404,036
		1,133,149,104	1,195,204,036
Current Liabilities			
Trade and other payables	8	**382,651,576**	190,901,523
Finance cost payable	9	**66,257,279**	53,344,924
Short term borrowings-secured	10	**1,241,498,712**	640,560,912
Advances from directors	11	**133,000,000**	76,850,000
Current portion of long term finance	5	**170,000,000**	150,000,000
Current portion of long term murabaha	12	**-**	7,500,000
Provision for taxation		**127,152,476**	87,891,661
		2,120,560,043	1,207,049,020
Contingencies and Commitments	13		
		4,025,053,590	3,012,435,263

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

CHIEF EXECUTIVE

	Note	2011 Rupees	2010 Rupees
PROPERTY AND ASSETS			
Non Current Assets			
Property, Plant & Equipment	14	**1,653,700,829**	1,698,563,774
Long Term Deposits	15	**3,324,863**	7,986,960
		1,657,025,692	1,706,550,734
Current Assets			
Stores, spare parts and loose tools	16	**261,468,280**	196,618,373
Stock-in-trade	17	**1,383,589,515**	600,995,523
Trade debts	18	**153,811,030**	188,526,349
Loans and advances	19	**200,729,481**	123,896,393
Trade deposits, prepayments and other receivables	20	**26,771,195**	2,894,199
Taxes recoverable / adjustable	21	**268,738,232**	176,758,326
Cash and bank balances	22	**72,920,165**	16,195,366
		2,368,027,898	1,305,884,529
		4,025,053,590	3,012,435,263

DIRECTOR

PROFIT AND LOSS ACCOUNT

For the year ended 30 September 2011

	Note	2011 Rupees	2010 Rupees
Sales - net	23	**7,378,519,838**	6,535,895,052
Cost of Sales	24	**(6,427,704,141)**	(5,848,896,969)
Gross profit		**950,815,697**	686,998,083
Operating expenses			
Distribution and selling expenses	25	**(45,947,774)**	(25,146,659)
Administrative Expenses	26	**(134,090,192)**	(131,119,948)
		(180,037,966)	(156,266,607)
Operating profit		**770,777,731**	530,731,476
Other Operating Income	27	**20,169,389**	18,254,195
		790,947,120	548,985,671
Finance Cost	28	**(478,864,672)**	(302,047,584)
Other Expenses	29	**(21,340,962)**	(16,946,731)
		(500,205,634)	(318,994,315)
Profit before taxation		**290,741,486**	229,991,356
Taxation	30	**(107,044,402)**	(110,800,108)
Profit after taxation		**183,697,084**	119,191,248
Other comprehensive income		**-**	-
Total comprehensive income for the year		**183,697,084**	119,191,248
Earnings Per Share - Basic and diluted	31	**12.23**	7.93

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

CHIEF EXECUTIVE **DIRECTOR**

CASH FLOW STATEMENT

For the year ended 30 September 2011

	Note	2011 Rupees	2010 Rupees
CASH FLOW FROM OPERATING ACTIVITIES			
Profit before tax		**290,741,486**	229,991,356
Adjustment for:-			
- Depreciation		**148,965,878**	152,052,812
- Provision for gratuity		**7,271,644**	5,696,720
- Gain on Sale of Fixed Assets		**(557,450)**	-
- Finance cost		**478,864,672**	302,047,584
- Workers' Profit participation fund		**15,604,122**	12,346,904
- Workers Welfare fund		**5,736,840**	4,599,827
		655,885,706	476,743,847
Operating cash flows before changes in working capital		**946,627,192**	706,735,203
Changes in working capital	32	**(751,694,406)**	(335,937,682)
Cash generated from operations		**194,932,786**	370,797,521
Gratuity paid		**(2,508,699)**	(1,358,939)
Finance cost paid		**(465,952,317)**	(290,664,862)
Workers' profit participation fund paid		**(12,346,904)**	(16,161,673)
Workers Welfare fund paid		**(4,599,827)**	(6,141,436)
Income tax paid		**(64,601,464)**	(61,210,803)
NET CASH FLOW FROM / (USED IN) OPERATING ACTIVITIES		**(355,076,425)**	(4,740,192)
CASH FLOW FROM INVESTING ACTIVITIES			
Fixed capital expenditure		**(104,169,580)**	(129,873,004)
Long term deposits		**4,662,097**	(935,000)
Proceeds from sale of Fixed Assets		**624,097**	-
NET CASH USED IN INVESTING ACTIVITIES		**(98,883,386)**	(130,808,004)
CASH FLOW FROM FINANCING ACTIVITIES			
Long term finance		**(50,000,000)**	175,000,000
Directors' loan-net		**-**	(150,000,000)
Murabaha finance received/(Paid)		**(7,500,000)**	(10,000,000)
Short term borrowings - net		**600,937,800**	130,190,247
Dividend paid		**(32,753,190)**	(18,270,809)
NET CASH FLOW FROM FINANCING ACTIVITIES		**510,684,610**	126,919,438
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS		**56,724,799**	(8,628,758)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR		**16,195,366**	24,824,124
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	22	**72,920,165**	16,195,366

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

CHIEF EXECUTIVE **DIRECTOR**

STATEMENT OF CHANGES IN EQUITY

For the year ended 30 September 2011

PARTICULARS	SHARE CAPITAL	GENERAL RESERVES	ACCUMULATED PROFIT	TOTAL
	RUPEES			
Balance as on 01 October 2009	150,232,320	93,800,000	277,005,103	521,037,423
Cash dividend declared during the year @ 20% i.e. Rs. 2.00 per share for the year ended 30 September 2009	-	-	(30,046,464)	(30,046,464)
Total Comprehensive income for the year	-	-	119,191,248	119,191,248
Balance as on 30 September 2010	**150,232,320**	**93,800,000**	**366,149,887**	**610,182,207**
Cash dividend declared during the year @ 15% i.e. Rs. 1.5 per share for the year ended 30 September 2010	-	-	(22,534,848)	(22,534,848)
Total Comprehensive income for the year	-	-	183,697,084	183,697,084
Balance as on 30 September 2011	**150,232,320**	**93,800,000**	**527,312,123**	**771,344,443**

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

CHIEF EXECUTIVE **DIRECTOR**

1 STATUS AND ACTIVITIES

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Statement of compliance

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

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

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

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

- IFRS 2-Share based payment
- IFRS 3-Business combinations
- IFRS 5-Non current assets held for sale and discontinued operations
- IFRS 8-Operating segments
- IAS -1 Presentation of financial statements
- IAS -7 Statement of cash flows
- IAS -17 Leases
- IAS -27 Consolidated and separate financial statements
- IAS -32 Financial Instruments: Presentation
- IAS -36 Impairment of assets
- IAS -39 Financial Instruments: Recognition and measurement
- IFRIC-19-Extinguishing Financial Liabilities with Equity Instruments

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

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

- IFRS 7 - Financial Instruments: Disclosures (effective for annual periods beginning on or after 1 July 2011).
- IFRS 9 Financial Instruments- Classification and Measurement (applicable for annual period beginning on or after 1 January 2013).
- IFRS 10 - Consolidated Financial Statements - (applicable for annual periods beginning on or after 1 January 2013).
- IFRS 11 - Joint Arrangements - (applicable for annual periods beginning on or after 1 January 2013).

- IFRS 12 - Disclosure of Interests in Other Entities - (applicable for annual periods beginning on or after 1 January 2013).
- IFRS 13 - Fair Value Measurement - (applicable for annual periods beginning on or after 1 January 2013).
- IAS 1- Presentation of financial statements (effective for annual periods beginning on or after 1 July 2012).
- IAS 12- Income Taxes (effective for annual periods beginning on or after 1 January 2012).
- IAS 19- Employee Benefits (effective for annual periods beginning on or after 1 January 2013).
- IAS 24 Related Party Disclosures-Revised definition of related parties (effective for annual periods beginning on or after 1 January 2011).
- IAS 27 Consolidated and separate financial statements (effective for annual periods beginning on or after 1 January 2013).
- IAS 28 - Investments in Associates (effective for annual periods beginning on or after 1 January 2013).
- IAS 34- Interim financial Reporting (effective for annual periods beginning on or after 1 January 2011).
- IFRIC 13- Customer Loyalty Programmes (effective for annual periods beginning on or after 1January 2011).
- IFRIC 14 The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction- (effective for annual periods beginning on or after 1 January 2011).

2.3 Accounting convention

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

2.4 Use of estimates and judgments

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

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

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

- Useful life of depreciable assets (note 14.1)
- Contingencies (note 13)
- Provisions (note 2.6)

2.5 Staff retirement benefits

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

2.6 Provisions

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

2.7 Taxation

Current

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

Deferred

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

2.8 Foreign currency transactions

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

2.9 Property, plant & equipment and depreciation

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

Depreciation is charged by applying the reducing balance method over its estimated useful life at the rates specified in note 14.1.

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

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

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

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

2.10 Capital work in progress

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

2.11 Borrowing Costs

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

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

2.12 Accounting for finance lease

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

2.13 Ijarah

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

2.14 Stores, spares and loose tools

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

2.15 Stock-in-trade

These are valued applying the following basis:

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

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

2.16 Revenue recognition

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

2.17 Dividend

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

2.18 Financial Instruments

<u>Initial Recognition</u>

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

<u>Initial Measurement</u>

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

<u>Financial assets</u>

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

- Financial assets at fair value through profit or loss ("FVTPL").
- Loans and receivables.

- Held-to-maturity investments.
- Available-for-sale financial assets.

<u>Financial assets at fair value through profit or loss (FVTPL)</u>

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

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

Loans and receivables

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

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

Held-to-maturity investments

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

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

Available-for-sale financial assets

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

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

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

Financial liabilities

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

The Company's financial liabilities are generally classified into:
- financial liabilities at FVTPL and
- other financial liabilities.

Financial liabilities at fair value through profit or loss

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

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

Other financial liabilities

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

Equity instruments

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

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

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

Derivative financial instruments and hedging

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

Derecognition

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

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

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

Effective interest method

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

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

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

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

Impairment of financial assets

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

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

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

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

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

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

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

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

Off setting

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

2.19 Cash and cash equivalents

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

2.20 Related parties transactions

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

2.21 Impairment

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

2.22 Figures

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

3. SHARE CAPITAL

2011	2010		2011	2010
(Number of shares)			Rupees	Rupees
Authorized Capital:				
20,000,000	20,000,000	Ordinary shares of Rs. 10/- each	**200,000,000**	200,000,000
Issued, subscribed and paid up capital:				
8,368,846	8,368,846	Ordinary shares of Rs. 10/- each fully paid in cash	**83,688,460**	83,688,460
142,770	142,770	Ordinary shares of Rs. 10/- each issued as fully paid for consideration otherwise than cash	**1,427,700**	1,427,700
6,511,616	6,511,616	Ordinary shares of Rs. 10/- each issued as bonus shares	**65,116,160**	65,116,160
15,023,232	15,023,232		**150,232,320**	150,232,320

	2011 Rupees	2010 Rupees
4. REVENUE RESERVES		
General reserves	**93,800,000**	93,800,000

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

5. LONG TERM FINANCE

	2011	2010
Opening balance	**575,000,000**	400,000,000
Obtained during the year	**100,000,000**	200,000,000
	675,000,000	600,000,000
Paid during the year	**(150,000,000)**	(25,000,000)
	525,000,000	575,000,000
Less: Current portion	**(170,000,000)**	(150,000,000)
	355,000,000	425,000,000

Three demand finance facilities of Rs. 700 million (2010: 600 million) have been obtained from various banks. These loans are secured against first pari passu charge of Rs. 935 million over all present and future fixed assets of the company and personal guarantees of directors of the company. These facilities will be repaid in quarterly/biannually instalments beginning from 27 July 2010 and ending on 31 July 2016. These carry mark up @ 3 to 6 month KIBOR + 2% to 2.50% (2010: 3 to 6 month KIBOR + 2% to 2.50%) p.a.

	Note	2011 Rupees	2010 Rupees
6. LOANS FROM DIRECTORS - UNSECURED		**574,800,000**	574,800,000

6.1 These are unsecured and interest free loans. The directors of the company have acknowledged that they have no intention to demand repayment of such loans within next twelve months, therefore current portion has not been recognized. These loans are available for subordination to bank loans.

7. DEFERRED LIABILITIES

	Note	2011 Rupees	2010 Rupees
Staff gratuity (As determined in Actuarial valuation)	7.1	**18,876,510**	14,113,565
Deferred taxation	7.2	**184,472,594**	181,290,471
		203,349,104	195,404,036

7.1 Staff gratuity

	2011 Rupees	2010 Rupees
Movement in net liability recognized in the balance sheet		
Opening balance of provision for gratuity	**14,113,565**	9,775,784
Charge to profit and loss account	**7,271,644**	5,696,720
Benefits paid during the year	**(2,508,699)**	(1,358,939)
Closing balance of provision for gratuity	**18,876,510**	14,113,565
Reconciliation of the liability recognized in the balance sheet		
Present value of defined benefit obligation	**20,938,521**	15,869,954
Add: Gratuity benefits payable	**512,329**	162,465
Add / (less) : Unrecognised Actuarial gain / (loss) to be recognized in later periods	**(2,574,340)**	(1,918,854)
Liability recognised in balance sheet	**18,876,510**	14,113,565
Changes in present value of defined benefit obligations		
Present value of defined benefit obligations as at 01 October	**15,869,954**	11,003,569
Current service cost for the year	**5,253,269**	4,324,681
Interest cost for the year	**1,983,744**	1,320,428
Benefits payments payable during the year	**(370,664)**	(162,465)
Benefits paid during the year	**(2,487,899)**	(1,045,780)
Actuarial (Gain)/loss on present value of defined benefit obligations	**690,117**	429,521
Present value of defined benefit obligations as at 30 September	**20,938,521**	15,869,954

	Note	2011 Rupees	2010 Rupees
Amount recognized during the year			
Current service cost		**5,253,269**	4,324,681
Interest cost		**1,983,744**	1,320,428
Actuarial (Gains) / Losses charge		**34,631**	51,611
Expense recognised in profit and loss account		**7,271,644**	5,696,720
Changes in unrecognized actuarial gains / (losses)			
Opening balance of unrecognized actuarial gains/(losses) as at 01 October		**(1,918,854)**	(1,540,944)
Actuarial loss arising during the year-obligation		**(690,117)**	(429,521)
Actuarial (Gains) / Losses recognised in profit and loss account during the year		**34,631**	51,611
Closing balance of unrecognized actuarial gains/(losses) as at 30 September		**(2,574,340)**	(1,918,854)

The present value of defined benefit obligations is as follows:

	2011	2010	2009	2008	2007
			Rupees		
As at September 30 Present value of defined benefit obligations	**20,938,521**	15,869,954	11,003,569	6,534,168	4,588,497
Experience adjustment on plan liabilities	**690,117**	429,521	526,644	1,002,371	61,871

The figures have been taken from actuarial report carried out as at 30 September 2011 using the projected unit credit method. Principal actuarial assumptions for the reporting period are as follows:

	2011	2010
Discount rate	**12.5%**	12.5%
Expected rate of increase in salaries	**11.5%**	11.5%
Average expected remaining working life time of employees:		
Layyah unit	**12 years**	12 years
Safina unit	**13 years**	13 years

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

	2011 Rupees	2010 Rupees
Expense is recognised in the following line item of profit and loss account:		
Cost of sales	**5,368,402**	4,245,941
Administrative Expenses	**1,903,242**	1,450,779
	7,271,644	5,696,720

	Note	2011 Rupees	2010 Rupees
7.2 Deferred Taxation			
Taxable temporary differences:			
Deferred tax liability arising in respect of depreciation of owned assets		**191,079,373**	188,114,291
Deductible temporary differences:			
Deferred tax assets arising in respect of employees benefits		**(6,606,779)**	(4,939,748)
Excess tax adjustable against future tax liability U/S 113	-	**(1,884,072)**	
(Deferred tax assets)			
		(6,606,779)	(6,823,820)
Deferred Tax liability as on 30 September		**184,472,594**	181,290,471

8. TRADE AND OTHER PAYABLES

	Note	2011 Rupees	2010 Rupees
Creditors		**113,308,758**	93,559,697
Advances from customers		**155,293,824**	17,436,166
Accrued liabilities		**37,473,024**	33,054,957
Income tax deducted at source		**449,608**	266,885
Sales tax payable		**48,007,792**	8,795,930
Special excise duty		**-**	3,845,207
Unpresented dividend warrants		**6,605,951**	16,824,293
Workers' profit participation fund	8.1	**15,775,779**	12,518,561
Workers welfare fund payable	8.2	**5,736,840**	4,599,827
		382,651,576	190,901,523

8.1 Workers' profit participation fund

	2011 Rupees	2010 Rupees
Opening balance	**12,518,561**	16,333,330
Interest for the year	**1,648,312**	2,222,230
	14,166,873	18,555,560
Less : Payments Made:		
To Workers	**13,989,339**	18,382,414
To Government	**5,877**	1,489
	13,995,216	18,383,903
	171,657	171,657
Share of the Company's profit for the year	**15,604,122**	12,346,904
	15,775,779	12,518,561

8.1.1 The Company retains the workers' profit participation fund for the business operations till the date of allocation to the workers. Interest is being paid at the prescribed rates under the Act on fund utilized by the Company till the date of allocation to the workers.

8.2 Figure of last year has been regrouped from taxation expense (note 30) to other expenses (note 29). Consequently Workers Welfare Fund payable has been grouped from provision for taxation payable to trade and other payables (note 8) for better presentation.

	Note	2011 Rupees	2010 Rupees
9. FINANCE COST PAYABLE			
- Short term borrowings - Secured		**56,603,115**	31,817,780
- Long term borrowings- Secured		**9,654,164**	21,527,144
		66,257,279	53,344,924

10. SHORT TERM BORROWINGS - SECURED

FROM BANKING COMPANIES

	Sanctioned Limits (Rs. in millions) 2011	2010	Note	2011 Rupees	2010 Rupees
Running Finance	**835**	290	10.1	**588,501,277**	217,546,801
Cash Finance	**4,800**	2,800	10.2	**652,997,435**	423,014,111
				1,241,498,712	640,560,912

10.1 These loans have been obtained from various banks to meet the working capital requirements and are secured against first pari passu hypothecation charge over current assets of the company and are collaterally secured against first pari passu charge/mortgage over fixed assets and personal guarantees of the directors of the Company. These are subject to mark up @ 1 month to 3 month KIBOR + 0.30% to 1.80% (2010: 1 month to 3 month KIBOR + 1.50% to 1.75%) p.a. The limits will expire on various dates by 30 April 2012 but are renewable.

10.2 These loans have been obtained from various banks and are secured against pledge over sugar bags of equivalent value with 25% margin and are collaterally secured against hypothecation charge over current assets and personal guarantees of the Directors. These are subject to mark up @ 1 to 3 months KIBOR plus 1.20% to 2.00% (2010: 1 month KIBOR plus 1.50% to 1.80%) p.a. The limits will expire on various dates by 30 April 2012 but are renewable.

	2011 Rupees	2010 Rupees
11. ADVANCES FROM DIRECTORS	**133,000,000**	76,850,000

Advances from directors are unsecured and are interest free.

12. CURRENT PORTION OF LONG TERM MURABAHA

Murabaha finance has been paid off during the year. The last year figure showed the entire payable amount. The murabaha facility of Rs. 30 Million was obtained from First National Bank Modaraba for the purchase of stores & spares, machinery and equipments payable in 12 quarterly instalments. It was secured against first pari passu hypothecation charge on present and future movable and fixed assets and first pari passu equitable mortgage charge on land together with all buildings, constructions, structures, superstructures, godowns, sheds, plant & machinery, etc. on land with 25 % margin equivalent to Rs. 40 Million and personal guarantees of directors. Timely Payment Profit Rate (TPPR) is charged which is based on 3 month KIBOR plus 2.40% (2010: 3 month KIBOR plus 2.40%) p.a.

	Note	2011 Rupees	2010 Rupees
13. CONTINGENCIES AND COMMITMENTS			
Contingencies			
Various claims against the company not acknowledged as debt which are pending in the court for decision		**1,568,000**	1,568,000
Sales tax on molasses	13.1	**1,217,508**	1,217,508
Income tax cases	13.2	**11,955,520**	11,955,520
Additional tax u/s 87 of Income Tax Ordinance, 1979	13.3	**4,500,353**	4,500,353
Bank guarantees	13.4	**841,653**	7,019,485
		20,083,034	26,260,866
Commitments			
Contracts for capital expenditure		**30,030,000**	-
Letters of credit for capital expenditure		**38,818,725**	-
Letters of credit for other than capital expenditure		**2,770,371**	8,836,172
Ijarah rentals	13.5	**13,110,506**	12,818,346
		84,729,602	21,654,518

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

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

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

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

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

	2011 Rupees	2010 Rupees

13.5 Ijarah rentals:

	2011 Rupees	2010 Rupees
Not later than one year	**6,090,634**	5,494,900
Later than one year and not later than five year	**7,019,872**	7,323,446
	13,110,506	12,818,346

The company entered into Ijarah agreements with Al Baraka Islamic Bank to acquire plant & machinery and vehicle. The Ijarah payments are payable on quarterly basis and incorporate mark up @ 1 year KIBOR plus 2% (2010: 1 year KIBOR plus 1.50 %) p.a.

14. PROPERTY, PLANT AND EQUIPMENT

	Note	2011 Rupees	2010 Rupees
Operating fixed assets	14.1	**1,615,296,042**	1,687,123,386
Capital work in progress	14.2	**38,404,787**	11,440,388
		1,653,700,829	1,698,563,774

14.1 OPERATING FIXED ASSETS

	OWNED							
	Freehold land	Buildings on freehold	Plant and machinery	Tools, implements and other factory equipments	Computer and other office equipments	Electric installation	Vehicles	Total
	RUPEES							
COST								
Balance as at 01 October 2009	253,871,706	417,082,618	1,688,962,532	42,528,532	17,765,419	15,058,655	33,433,448	2,468,702,910
Additions during the year	-	24,597,152	108,260,733	16,526,456	747,409	1,996,145	1,075,640	153,203,535
Disposals	-	-	-	-	-	-	-	-
Balance as at 30 September 2010	253,871,706	441,679,770	1,797,223,265	59,054,988	18,512,828	17,054,800	34,509,088	2,621,906,445
Additions during the year	5,228,197	10,813,308	35,443,216	9,731,629	2,234,482	6,277,541	7,476,808	77,205,181
Disposals	-	-	-	-	(27,400)	-	(1,197,150)	(1,224,550)
Balance as at 30 September 2011	**259,099,903**	**452,493,078**	**1,832,666,481**	**68,786,617**	**20,719,910**	**23,332,341**	**40,788,746**	**2,697,887,076**
DEPRECIATION								
Balance as at 01 October 2009	-	65,164,250	663,536,339	18,679,302	6,704,998	8,384,887	20,260,471	782,730,247
Charge for the year	-	36,633,724	106,929,432	3,411,229	1,524,677	740,374	2,813,376	152,052,812
Depreciation on disposals	-	-	-	-	-	-	-	-
Balance as at 30 September 2010	-	101,797,974	770,465,771	22,090,531	8,229,675	9,125,261	23,073,847	934,783,059
Charge for the year	-	34,078,254	104,514,514	4,684,408	1,612,925	1,127,131	2,948,646	148,965,878
Depreciation on disposals	-	-	-	-	(17,331)	-	(1,140,572)	(1,157,903)
Balance as at 30 September 2011	**-**	**135,876,228**	**874,980,285**	**26,774,939**	**9,825,269**	**10,252,392**	**24,881,921**	**1,082,591,034**
Written down value as at 30 September 2010	253,871,706	339,881,796	1,026,757,494	36,964,457	10,283,153	7,929,539	11,435,241	1,687,123,386
Written down value as at 30 September 2011	**259,099,903**	**316,616,850**	**957,686,196**	**42,011,678**	**10,894,641**	**13,079,949**	**15,906,825**	**1,615,296,042**
Rate of depreciation in %	-	10	10	10-15	10-20	10	20	

	2011 Rupees	2010 Rupees
Depreciation charged has been allocated as follows:		
Cost of goods manufactured	**145,266,678**	148,474,214
Administrative expenses	**3,699,200**	3,578,598
Total	**148,965,878**	152,052,812

14.1.1 DETAIL OF DISPOSAL OF OPERATING FIXED ASSETS

Description	Cost	Accumulated depreciation	Book value	Sale proceeds	Sold to	Mode of Disposal
		-----------------Rupees-------------------				
Vehicles						
Land Cruiser	989,150	935,868	53,282	461,538	Mr Imran Faiz, Layyah	Negotiation
Potohar Jeep	203,400	202,623	777	145,299	Mr Muhammad Rafi	Negotiation
Bicycle	4,600	2,081	2,519	1,260	Employee Mr Mulazim Hussain, Layyah	Negotiation
Computers						
Computers	27,400	17,331	10,069	16,000	Employee Malik Abdul Aziz, Safina	Negotiation
	1,224,550	1,157,903	66,647	624,097		

* Proceeds on disposal are taken net of sales tax.

	2011 Rupees	2010 Rupees
14.2 Capital work in progress		
Plant and machinery	**4,541,747**	7,274,708
Factory buildings	**187,503**	1,816,255
Residential buildings	**31,796,776**	103,100
Other buildings	**1,878,761**	2,246,325
	38,404,787	11,440,388

15. LONG TERM DEPOSITS

Ijarah key money	**2,796,500**	7,442,300
Other security deposits	**528,363**	544,660
	3,324,863	7,986,960

16. STORES, SPARE PARTS AND LOOSE TOOLS

Stores	**183,404,333**	127,613,236
Spare parts	**76,135,283**	67,006,670
Loose tools	**1,928,664**	1,998,467
	261,468,280	196,618,373

	Note	2011 Rupees	2010 Rupees
17. STOCK IN TRADE			
Work in process		**8,039,081**	6,983,273
Finished goods:			
- Sugar	17.1	**1,342,601,318**	535,447,863
- Molasses		**32,949,116**	58,564,387
		1,375,550,434	594,012,250
		1,383,589,515	600,995,523

17.1 It includes pledged stocks of Rs. 808,675,485/- (2010: 535,447,863/-) against borrowings from various financial institutions.

	Note	2011 Rupees	2010 Rupees
18. TRADE DEBTS			
unsecured and considered good by the management	18.1	**153,811,030**	188,526,349

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

	2011 Rupees	2010 Rupees
Naubahar Bottling Co. (Pvt) Ltd	**2,040,000**	118,863,118
Northern Bottling Co. (Pvt) Ltd	**10,680,005**	28,530,000
Haidri Beverages (Pvt) Ltd	**21,255,000**	28,667,926
	33,975,005	176,061,044

19. LOANS AND ADVANCES

-unsecured, interest free and considered good

Advances to:

	Note	2011 Rupees	2010 Rupees
- Contractors		**3,555,507**	2,688,897
- Growers	19.1	**126,946,370**	82,718,445
- Suppliers		**69,861,886**	38,008,337
- Employees	19.2	**365,718**	480,714
		200,729,481	123,896,393

19.1 Advances to sugar cane growers represent advances for the purchase of sugar cane seeds, fertilizers, pesticides and insecticides. These loans are interest free and recoverable against future supply of sugar cane to the company.

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

	Note	2011 Rupees	2010 Rupees

20. TRADE DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

	Note	2011 Rupees	2010 Rupees
Margin against bank guarantees		**638,083**	665,182
Letters of credit		**24,048,649**	761,618
Prepayments		**1,382,091**	1,394,049
Other receivables	20.1	**702,372**	73,350
		26,771,195	2,894,199

20.1 This includes an amount of Rs. 390,202/- (2010: Rs. Nil-) receivable from Almoiz Industries Limited., an associated company (see note 34 also).

21. TAXES RECOVERABLE / ADJUSTABLE

	2011 Rupees	2010 Rupees
Advance income tax	**254,419,322**	163,181,899
Sales tax - input	**6,732,220**	12,200,903
Sales tax adjustable	**1,575,926**	1,196,126
Special excise duty adjustable	**113,374**	179,398
Flood surcharge	**5,897,390**	-
	268,738,232	176,758,326

22. CASH AND BANK BALANCES

	2011 Rupees	2010 Rupees
Cash in hand	**807,960**	566,240
Cash with banks on:		
current accounts	**60,777,847**	5,459,463
deposit accounts	**11,334,358**	10,169,663
	72,112,205	15,629,126
	72,920,165	16,195,366

23. SALES - NET

	Sugar	By Products				2011	2010
		Molasses	Mud	Bagasse	Electricity		
				Rupees			
Local sales	7,439,724,315	572,912,221	327,611	-	6,549,090	**8,019,513,237**	6,797,716,766
Less: Sales tax	(352,202,523)	(34,125,971)	(47,123)	-	(951,576)	**(387,327,193)**	(260,219,793)
Special Excise duty	(249,147,464)	(4,517,754)	(988)	-	-	**(253,666,206)**	(304,346)
Sales return	-	-	-	-	-	**-**	(1,297,575)
	6,838,374,328	534,268,496	279,500	-	5,597,514	**7,378,519,838**	6,535,895,052

24. COST OF SALES

	Note	2011 Rupees	2010 Rupees
Finished goods - opening		**594,012,250**	693,839,943
Add: Cost of goods manufactured	24.1	**7,209,242,325**	5,749,069,276
		7,803,254,575	6,442,909,219
Finished goods - closing		**(1,375,550,434)**	(594,012,250)
		6,427,704,141	5,848,896,969

24.1 Cost of goods manufactured:

	Note	2011 Rupees	2010 Rupees
Work in process - opening		**6,983,273**	2,327,997
Raw material consumed	24.1.1	**6,596,880,240**	5,186,204,153
Salaries, wages and other benefits	24.1.2	**150,150,287**	123,807,352
Fuel and power		**31,800,053**	37,065,480
Stores, spares and loose tools		**100,472,379**	64,319,106
Repairs and maintenance		**177,906,600**	188,631,754
Insurance		**568,382**	1,302,717
Depreciation		**145,266,678**	148,474,214
Vehicles running		**5,368,090**	2,200,149
Miscellaneous		**1,885,424**	1,719,627
		7,217,281,406	5,756,052,549
Work in process - closing		**(8,039,081)**	(6,983,273)
		7,209,242,325	5,749,069,276

	Note	2011 Rupees	2010 Rupees
24.1.1 Raw material consumed			
Sugar cane purchases		**6,504,333,934**	5,119,441,483
Cane procurement and other expenses		**92,546,306**	66,762,670
		6,596,880,240	5,186,204,153

24.1.2 Salaries, wages and other benefits include Rs. 5,368,402/- (2010: Rs. 4,245,941/-) in respect of gratuity.

25. DISTRIBUTION AND SELLING EXPENSES

	Note	2011 Rupees	2010 Rupees
Salaries, wages and other benefits		**3,472,696**	2,742,620
Godown expenses		**37,752,339**	19,506,826
Insurance		**2,735,468**	1,151,178
Commission on sale of sugar		**1,987,271**	1,746,035
		45,947,774	25,146,659

26. ADMINISTRATIVE EXPENSES

	Note	2011 Rupees	2010 Rupees
Directors' remuneration		**6,120,000**	6,120,000
Salaries and other benefits	26.1	**81,825,616**	68,483,263
Rent, rates and taxes		**2,585,838**	2,250,582
Travelling and conveyance	26.2	**994,519**	1,279,700
Foreign Travelling		**2,219,885**	19,395
Fees and subscriptions		**1,465,875**	1,119,139
Repair and maintenance		**3,042,456**	4,148,718
Vehicles running		**7,961,023**	5,580,346
Postage, telephone and telegram		**2,219,939**	2,197,251
Printing and stationery		**2,295,692**	1,335,046
Legal and professional		**4,186,487**	2,537,589
Auditors' remuneration	26.3	**759,500**	645,000
Ijarah rentals		**6,651,960**	17,679,979
Depreciation		**3,699,200**	3,578,598
Miscellaneous	26.4	**8,046,452**	6,864,535
Flood related expenses		**15,750**	7,280,807
		134,090,192	131,119,948

26.1 Salaries and other benefits include Rs. 1,903,242/- (2010: Rs. 1,450,779/-) in respect of gratuity.

26.2 Auditors' travelling expenses amounting to Rs. 20,000/- (2010: Rs. 16,000/-) included in travelling expenses.

		Note	2011 Rupees	2010 Rupees
26.3	**Auditors' Remuneration:**			
	Audit fees		**600,000**	499,800
	Income Tax consultation services		**159,500**	145,200
			759,500	645,000

26.4 This includes donations of Rs. 206,459/- (2010: Rs. 310,601/-). No Director or his spouse has any interest in the donees.

		Note	2011 Rupees	2010 Rupees
27.	**OTHER OPERATING INCOME**			
	Financial Assets			
	Profit on deposit accounts		**273,097**	167,266
	Others			
	Gain on Disposal of Fixed Assets		**557,450**	-
	Gain on sale of stores		**123,497**	261,855
	Sale of scrap		**16,278,911**	11,953,318
	Rental Income		**240,000**	240,000
	Stale Parties balances written back		**151,243**	396,591
	Miscellaneous		**2,545,191**	5,235,165
			20,169,389	18,254,195
28.	**FINANCE COST**			
	Interest / mark-up on secured:			
	- short term borrowings		**391,930,047**	218,271,122
	- long term murabaha		**582,236**	2,036,382
	- long term finance		**79,665,194**	76,970,598
			472,177,477	297,278,102
	Interest on workers' profit participation fund		**1,648,312**	2,222,230
	Bank charges and commission		**5,038,883**	2,547,252
			478,864,672	302,047,584
29.	**OTHER EXPENSES**			
	Workers' profit participation fund	8.1	**15,604,122**	12,346,904
	Workers' welfare fund	8.2	**5,736,840**	4,599,827
			21,340,962	16,946,731
30.	**TAXATION**			
	- Current	30.1	**104,806,269**	65,545,454
	Prior year		**(943,990)**	-
	- Deferred	30.2	**3,182,123**	45,254,654
			107,044,402	110,800,108

30.1 Provision for the current year has been made at the current tax rate after taking into account tax rebates and tax credits available. The income tax assessments of the Company have been finalized up to tax year 2011 except for assessment year 1992-93, 1993-94, 2001-02, 2002-03 and 2003-04, which are under appeal.

	2011 Rupees	2010 Rupees
30.2 Deferred		
Deferred tax is accounted for according to Company's policy as given in Note No. 2.7		
Deferred Tax liability as on 30 September	**184,472,594**	181,290,471
Deferred Tax liability as on 30 September	**(181,290,471)**	(136,035,817)
Deferred Tax Expense	**3,182,123**	45,254,654

Tax charge reconciliation	2011 %	2010 %
30.3 Numerical reconciliation between the average effective tax rate and the applicable tax rate:		
Applicable income tax rate	**35.00**	35.00
Effect of non deductible items	**0.02**	0.05
Effect of other tax adjustments	**1.09**	12.18
Average effective income tax rate charged to income	**36.11**	47.23

	2011 Rupees	2010 Rupees

31. EARNINGS PER SHARE - BASIC AND DILUTED

	2011 Rupees	2010 Rupees
Earnings per share is calculated by dividing the profit after tax for the year by the weighted average number of shares outstanding during the year as follows:		
Profit after tax	**183,697,084**	119,191,248
Weighted average number of ordinary shares in issue during the period	**15,023,232**	15,023,232
Earnings per share	**12.23**	7.93

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

	2011 Rupees	2010 Rupees

32. CHANGES IN WORKING CAPITAL

	2011 Rupees	2010 Rupees
(Increase) / decrease in current assets:		
Stores, spare parts and loose tools	**(64,849,907)**	(5,411,237)
Stock-in-trade	**(782,593,992)**	95,172,417
Trade debts	**34,715,319**	(85,396,104)
Loans and advances	**(76,833,088)**	(21,049,417)
Trade deposits, prepayments and other receivables	**(23,876,996)**	2,359,286
Taxes recoverable/adjustable	**(91,979,906)**	(54,366,653)
Increase / (decrease) in current liabilities:		
Trade and other payables	**197,574,164**	(116,305,974)
Advances from directors	**56,150,000**	(150,940,000)
	(751,694,406)	(335,937,682)

33. REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

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

	2011				2010			
	Chief Executive	Directors	Executives	Total	Chief Executive	Director	Executives	Total
	RUPEES							
Managerial remuneration	**2,040,000**	**4,080,000**	**22,124,270**	**28,244,270**	2,040,000	4,080,000	16,715,327	22,835,327
Utilities	**-**	**-**	**418,768**	**418,768**	-	-	272,618	272,618
Bonus	**-**	**-**	**2,539,999**	**2,539,999**	-	-	1,840,875	1,840,875
Travelling	**-**	**1,258,706**	**-**	**1,258,706**	-	96,670	-	96,670
Total	**2,040,000**	**5,338,706**	**25,083,037**	**32,461,743**	2,040,000	4,176,670	18,828,820	25,045,490
Number of Persons	**1**	**2**	**28**	**31**	1	2	19	22

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

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

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

34. TRANSACTIONS WITH ASSOCIATED UNDERTAKINGS

Amounts due from and due to related parties are shown in note 6, 11, 18 & 20 and remuneration of the key management personnel is disclosed in note 33. Other significant transactions with related parties are as follows:

Name of Company	Transaction	20010 Rupees	2009 Rupees
Naubahar Bottling Co. (Pvt) Ltd.	- Sale of goods	**1,823,335,500**	1,673,623,960
	- Expenses paid of associate	**7,571,686**	-
Almoiz Industries Ltd.	- Purchase of goods	**1,961,085**	1,913,203
	- Sale of goods	**14,368,321**	8,296,949
	- Expenses paid of associate	**36,420**	79,716
Haidri Beverages (Pvt) Ltd.	- Sale of goods	**124,497,500**	119,421,000
Northern Bottling Co. (Pvt) Ltd	- Sale of goods	**187,062,500**	140,196,000
Shamim & Co. (Pvt) Ltd.	- Sale of goods	**328,178,000**	593,979,000

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

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

	2011 Rupees	2010 Rupees
Naubahar Bottling Co. (Pvt) Ltd.	**215,373,231**	244,220,496
Al Moiz Industries Ltd.	**5,206,131**	5,289,808
Haidri Beverages (Pvt) Ltd.	**21,255,000**	28,667,926
Northern Bottling Co. (Pvt) Ltd.	**10,680,005**	28,530,000
Shamim & Co. (Pvt) Ltd.	**36,288,537**	37,606,808

Key management personnel:

Loan received from/ (returned to) directors during the year	**-**	(150,000,000)
Advances received from/(returned to) directors during the year	**56,150,000**	(150,940,000)

35. FINANCIAL INSTRUMENTS

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

- Credit risk
- Liquidity risk
- Market risk

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

35.1 Credit risk

Credit risk represents the accounting loss that would be recognized at the reporting date if counterparties fail completely to perform as contracted and arises principally from trade receivables. Out of the total financial assets of Rs. 358,708,601/- (2010: Rs. 296,646,366/-), the financial assets which are subject to credit risk amounted to Rs. 357,900,641/- (2010: Rs.296,080,126/-).

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

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

Some of the major customer accounts for Rs. 115,628,043/- of the trade receivables carrying amount at 30 September 2011 (2010:Rs.176,061,044/-) that have a good track record with the Company.

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

	2011 Rupees	2010 Rupees
Long term deposits	**3,324,863**	7,986,960
Trade debts	**153,811,030**	188,526,349
Loan & advances	**127,312,088**	83,199,159
Trade deposits and other receivables	**1,340,455**	738,532
Bank balances	**72,112,205**	15,629,126
	357,900,641	296,080,126

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

The aging of trade receivable at the reporting date is:		
Not past due	**96,900,949**	118,863,658
Past due 1-30 days	**30,762,206**	37,968,065
Past due 30-150 days	**26,147,875**	31,694,626
Past due 150 days	**-**	-
	153,811,030	188,526,349

35.2 Liquidity risk

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

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

	2011					
	Carrying amount	Contractual Cash flows	Six Months or less	Six to twelve months	One to two years	Two to five years
	Rupees					
Financial Liabilities:						
Loans from directors-unsecured	**574,800,000**	**574,800,000**	**-**	**-**	**-**	**574,800,000**
Long term finances	**525,000,000**	**300,000,000**	**50,000,000**	**50,000,000**	**100,000,000**	**100,000,000**
Trade and other payables	**227,357,752**	**227,357,752**	**-**	**227,357,752**	**-**	**-**
Finance cost payable	**66,257,279**	**66,257,279**	**-**	**66,257,279**	**-**	**-**
Short term borrowings	**1,241,498,712**	**1,241,498,712**	**-**	**1,241,498,712**	**-**	**-**
Advances from directors	**133,000,000**	**133,000,000**	**-**	**133,000,000**	**-**	**-**
	2,767,913,743	**2,542,913,743**	**50,000,000**	**1,718,113,743**	**100,000,000**	**674,800,000**

	2010					
	Carrying amount	Contractual Cash flows	Six Months or less	Six to twelve months	One to two years	Two to five years
	Rupees					
Financial Liabilities:						
Loans from directors-unsecured	574,800,000	574,800,000	-	-	-	574,800,000
Long term finances	575,000,000	575,000,000	75,000,000	75,000,000	300,000,000	125,000,000
Long term murabaha	7,500,000	7,500,000	5,000,000	2,500,000	-	-
Trade and other payables	168,865,530	168,865,530	-	168,865,530	-	-
Finance cost payable	53,344,924	53,344,924	-	53,344,924	-	-
Short term borrowings	640,560,912	640,560,912	-	640,560,912	-	-
Advances from directors	76,850,000	76,850,000	-	76,850,000	-	-
	2,096,921,366	2,096,921,366	80,000,000	1,017,121,366	300,000,000	699,800,000

35.3 Market risk

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

35.3.1 Currency risk

The Company is not exposed to any currency risk as it does not hold any foreign currency receivables and payables.

35.3.2 Interest rate risk

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

	2011	2010	2011	2010
	Effective rate		Carrying amount	
	(in Percent)		(Rupees)	
<u>Financial liabilities</u>				
<u>Fixed rate instruments</u>	**-**	-	-	-
<u>Variable rate instruments</u>				
Long term finances	**15.06 to16.25**	14.26 to 14.83	**525,000,000**	575,000,000
Short term borrowings	**14.19 to 15.63**	13.52 to 14.80	**1,241,498,712**	640,560,912
Long term murabaha	**-**	17.90 to 14.74	**-**	7,500,000

<u>Fair value sensitivity analysis for fixed rate instruments</u>

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

<u>Cash flow sensitivity analysis for variable rate instruments</u>

A change of 100 basis points in interest rates at the reporting date would have decreased / (increased) profit for the year by the amounts shown below. This analysis assumes that all other variables remain constant. The analysis is performed on same basis for 2010.

	Increase/ decrease in %	Effect on profit before tax (Rupees)
As at 30 September 2011		
Cash flow sensitivity-Variable rate financial liabilities	**1%**	**17,664,987**
As at 30 September 2010		
Cash flow sensitivity-Variable rate financial liabilities	1%	12,230,609

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

35.3.3 Other price risk

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

35.4 Fair value of financial instruments

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

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

As at 30 September 2011 the net fair value of all financial instruments has been based on the valuation methodology outlined below:

Long term deposits

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

Non current liabilities

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

Other financial instruments

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

35.5 Financial instrument by categories

Financial Assets	**Loans & receivables**	
	2011	**2010**
	Rupees	
Long term deposits	**3,324,863**	7,986,960
Trade debts	**153,811,030**	188,526,349
Loan & advances	**127,312,088**	83,199,159
Trade deposits and other receivables	**1,340,455**	738,532
Cash and Bank balances	**72,920,165**	16,195,366
	358,708,601	296,646,366

Financial Liabilities	Financial liabilities at amortised cost	
	2011	**2010**
	Rupees	
Loans from directors	**574,800,000**	574,800,000
Long term finance	**525,000,000**	575,000,000
Long term murabaha	**-**	7,500,000
Trade and other payables	**227,357,752**	168,865,530
Finance cost payable	**66,257,279**	53,344,924
Short term borrowings	**1,241,498,712**	640,560,912
Advances from directors	**133,000,000**	76,850,000
	2,767,913,743	2,096,921,366

36. OPERATING SEGMENTS

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

a) Revenue from sale of sugar and its by-products represents 100% (2010: 100%) of the sale of the company.

b) 100% (2010: 100%) of the sale for the year of the company is made to customers located in Pakistan.

c) All non-current assets of the company as at 30 September 2011 are located in Pakistan.

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

	2011		2010	
	Rs.	**Percentage**	**Rs.**	**Percentage**
Naubahar Bottling Co. (Pvt) Ltd	**1,823,335,500**	**23 %**	1,673,623,960	24 %

37. CAPITAL RISK MANAGEMENT

The company's objectives for managing capital are:

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

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

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

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

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

During 2011, the company's strategy, which was unchanged from 2010, was to maintain the net debt-to-equity ratio in the range 3 to 3.75 times, in order to secure access to finance at a reasonable cost.

The net debt-to-equity ratios at 30 September 2011 and at 30 September 2010 are as follows:

	2011 Rupees	2010 Rupees
Total debts	**2,474,298,712**	1,874,710,912
Less: cash and cash equivalents	**(72,920,165)**	(16,195,366)
Net debt	**2,401,378,547**	1,858,515,546
Total equity	**771,344,443**	610,182,207
Net debt-to-equity (Times)	**3.11**	3.05

The slight increase in the debt-to-equity ratio during 2011 resulted from sluggishness of the sugar market.

38. PLANT CAPACITY AND ACTUAL PRODUCTION

			2011	2010
Designed crushing capacity:				
- Layyah Sugar Mills	Old Plant	Metric Tons/day	**3,300**	3,300
- Layyah Sugar Mills	New Plant	Metric Tons/day	**6,000**	6,000
- Safina Sugar Mills	Old Plant	Metric Tons/day	**4,500**	4,500
Capacity on the basis of operating days		Metric Tons	**1,569,000**	1,458,600
Actual crushing		Metric Tons	**1,380,805**	1,154,968
Percentage of capacity attained		%	**88.00**	79.18
Sugar production from cane		Metric Tons	**121,024.25**	98,828.75
Recovery of sugar cane		%	**8.76**	8.56
Raw sugar processed				
Raw Sugar Processed		Metric Tons	**2,096.31**	-
Sugar Production		Metric Tons	**1,986.25**	-
Sugar Recovery		%	**94.74**	-

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

39. NUMBER OF EMPLOYEES

Number of permanent employees as at 30 September 2011 were 545 (2010: 553).

40. DIVIDEND

The board of directors have proposed cash dividend for the year ended 30 September 2011 of Rs. 2.0 (2010: Rs.1.50) per share i.e. 20% (2010: 15%) amounting to Rs. 30,046,464/- (2010: Rs.22,534,848/-) at their meeting held on 27 December 2011 for approval of the members at Annual General Meeting to be held on 27 January 2012.

41. DATE OF AUTHORIZATION OF ISSUE

These financial statements were authorized for issue on 27 December 2011 by the Board of Directors of the company.

CHIEF EXECUTIVE **DIRECTOR**

PROXY FORM

No. of Shares | Folio No.

I/We ____

of____

Being member of THE THAL INDUSTRIES CORPORATION LIMITED hereby appoint

Mr./Miss/Mrs.____

of failing him/her ____

being a member of the company a my/our proxy to attend, act and vote for me/us and on my/us and on my/or behalf, at the 58th Annual General Meeting of the company to be held at 2-D-1, Gulberg-III, Lahore on 27th January 2012 at 4:00 p.m. and every adjournment thereof:

As witness my hand this ______________________ day of ____________________________________ 2012

Signed by the said ________________________________ of ____

Witness's Signature

Member's Signature

Revenue Stamp
of Rs. 5/-

Date ______________________

Place _____________________

Notes: ____________________

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

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

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