



HALF YEARLY REPORT FOR THE PERIOD ENDED 31 DECEMBER, 2011

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Corporate Information

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



DIRECTORS' REPORT TO THE SHAREHOLDERS

The Directors are pleased to present un-audited financial statements of your Company, duly reviewed by the Auditors, for the half year ended 31st December, 2011.

The Sales of your Company products are continuing to show a reasonable growth inspite of adverse economic conditions, challenging business environment, continued gas and power load shedding coupled with steep increase in input costs specially of fuel and raw milk.

During the first half of the year, the net Sales revenue was recorded at Rs. 1.609 billion as compared to Rs. 1.366 billion for the corresponding period of last year, thus showing a growth of 17.8 %.

The profit before tax also improved by 34.4 % to Rs. 50.047 million as compared to Rs. 37.241 million for the corresponding period of last year.

The above healthy results were achieved by very effective utilization of our facilities, strict control on expenses and better sales and marketing strategies.

The summarized results are as under:-

| | Dec., 2011 | Dec., 2010 |
|--------------------|----------------------------|----------------------------|
| | (Rupees in Million) | (Rupees in Million) |
| Net Sales | 1609.011 | 1365.976 |
| Gross Profit | 217.276 | 179.735 |
| Profit before tax | 50.047 | 37.241 |
| Profit after Tax | 39.403 | 23.095 |
| Earnings per Share | 2.83 | 1.66 |

We are anticipating difficult times ahead in regard to inflation, further increases in power, fuel, packing material and raw milk prices but after induction of two filling machines and back up facilities in the near future to offset the constraints on our production capacity and introduction of some new products, we hope to overcome their impact and look forward to good results in the second half of the year.

The Board is thankful to our valued Members, Customers and Banks for their trust and support to the Company. The Directors wish to express their appreciation to the team of dedicated officers and staff / workers, who had made concerted efforts towards growth of the Company's business.

for and on behalf of the Board

SALMAN HAYAT NOON
Chairman & Chief Executive

Dated : February 27, 2012





AUDITORS' REPORT TO THE MEMBERS ON REVIEW OF CONDENSED INTERIM FINANCIAL INFORMATION

Introduction

We have reviewed the accompanying condensed interim balance sheet of NOON PAKISTAN LIMITED (the Company) as at 31 December, 2011 and the related condensed interim profit and loss account, condensed interim statement of comprehensive income, condensed interim cash flow statement and condensed interim statement of changes in equity together with the notes forming part thereof for the half year then ended (here-in-after referred to as the "condensed interim financial information"). Management is responsible for the preparation and presentation of this condensed interim financial information in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on this condensed interim financial information based on our review.

The figures of the condensed interim profit and loss account for the quarters ended 31 December, 2011 and 2010 have not been reviewed, as we are required to review only the cumulative figures for the half year ended 31 December, 2011.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed interim financial information as of and for the half year ended 31 December, 2011 is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting.

Lahore: February 27, 2012
Audit Engagement Partner: Abdul Hameed Chaudhri


HAMEED CHAUDHRI & CO.,
CHARTERED ACCOUNTANTS

**CONDENSED INTERIM BALANCE SHEET**

| | Note | Un-Audited 31 Dec., 2011 Rupees | Audited 30 June., 2011 Rupees |
|--|------|---------------------------------------|-------------------------------------|
| EQUITY AND LIABILITIES | | | |
| SHARE CAPITAL AND RESERVES | | | |
| Authorised capital | 5.1 | <u>215,000,000</u> | <u>205,000,000</u> |
| Issued, subscribed and paid-up capital | 5.2 | 139,392,000 | 126,720,000 |
| Unappropriated profit | | <u>166,901,207</u> | <u>139,543,250</u> |
| | | 306,293,207 | 266,263,250 |
| SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT | | | |
| | | 56,414,933 | 57,041,597 |
| DEFERRED INCOME | | 391,143 | 569,630 |
| NON-CURRENT LIABILITIES | | | |
| Musharakah finance | 6 | <u>11,072,867</u> | <u>200,000,000</u> |
| Liabilities against assets subject to finance lease | 7 | <u>39,844,510</u> | <u>29,709,065</u> |
| Deferred taxation | | <u>22,862,284</u> | <u>28,335,030</u> |
| Accrued profit on musharakah finance | | <u>0</u> | <u>14,014,451</u> |
| | | 73,779,661 | 272,058,546 |
| CURRENT LIABILITIES | | | |
| Trade and other payables | | <u>387,913,288</u> | <u>441,880,264</u> |
| Accrued mark-up and interest | | <u>9,994,712</u> | <u>8,821,425</u> |
| Short term finances | | <u>246,719,337</u> | <u>245,552,130</u> |
| Current portion of long term liabilities | | <u>22,327,403</u> | <u>36,437,606</u> |
| Taxation | 8 | <u>47,182,546</u> | <u>31,065,740</u> |
| Dividends | | <u>1,018,170</u> | <u>1,018,170</u> |
| | | 715,155,456 | 764,775,335 |
| CONTINGENCIES AND COMMITMENTS | 9 | <u>1,152,034,400</u> | <u>1,360,708,358</u> |

The annexed notes form an integral part of this condensed interim financial information.

SALMAN HAYAT NOON
Chief Executive





AS AT 31 DECEMBER, 2011

| | Note | Un-Audited 31 Dec., 2011 Rupees | Audited 30 June., 2011 Rupees |
|--|------|---------------------------------------|-------------------------------------|
| ASSETS | | | |
| NON-CURRENT ASSETS | | | |
| Property, plant and equipment | 10 | 641,293,311 | 565,924,030 |
| Intangible assets | | 160,263 | 232,269 |
| Security deposits | | 1,249,076 | 1,209,923 |
| | | <u>642,702,650</u> | <u>567,366,222</u> |
| CURRENT ASSETS | | | |
| Stores, spares and loose tools | | 176,762,456 | 174,181,252 |
| Stock-in-trade | | 72,824,000 | 177,393,000 |
| Trade debts - unsecured considered good | | 97,564,633 | 73,624,303 |
| Loans and advances | | 8,557,910 | 13,814,554 |
| Deposits and prepayments | | 10,241,978 | 11,093,440 |
| Due from Associated Companies | | 1,084,920 | 591,229 |
| Accrued profit on term deposit receipts | | 170,186 | 12,603,635 |
| Other receivables | | 137,789 | 274,119 |
| Sales tax refundable | | 54,676,364 | 82,777,647 |
| Advance income tax, tax deducted at source and income tax refundable | | 48,269,699 | 235,807,035 |
| Cash and bank balances | 11 | 39,041,815 | 211,181,922 |
| | | <u>509,331,750</u> | <u>793,342,136</u> |
| | | <u>1,152,034,400</u> | <u>1,360,708,358</u> |




SAFDAR M. HAYAT QURESHI
Managing Director



**CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED)
FOR THE QUARTER AND HALF-YEAR ENDED 31 DECEMBER, 2011**

| Note | Quarter ended | | Half-year ended | |
|--------------------------|--------------------|------------------|------------------|------------------|
| | 31 Dec., 2011 | 31 Dec., 2010 | 31 Dec., 2011 | 31 Dec., 2010 |
| | ----- Rupees ----- | | | |
| SALES - Net | 818,975,369 | 720,902,283 | 1,609,011,136 | 1,365,976,556 |
| COST OF SALES | 701,599,328 | 633,657,622 | 1,391,734,930 | 1,186,241,234 |
| GROSS PROFIT | 117,376,041 | 87,244,661 | 217,276,206 | 179,735,322 |
| DISTRIBUTION COST | 56,379,963 | 49,735,576 | 99,972,430 | 89,557,920 |
| ADMINISTRATIVE EXPENSES | 24,575,980 | 18,322,314 | 41,898,704 | 33,783,209 |
| OTHER OPERATING EXPENSES | 2,041,304 | 809,833 | 3,712,504 | 4,161,657 |
| OTHER OPERATING INCOME | (7,451,739) | (4,946,927) | (15,622,864) | (7,654,250) |
| | 75,545,508 | 63,920,796 | 129,960,774 | 119,848,536 |
| PROFIT FROM OPERATIONS | 41,830,533 | 23,323,865 | 87,315,432 | 59,886,786 |
| FINANCE COST | 18,957,389 | 12,627,265 | 37,268,079 | 22,645,445 |
| PROFIT BEFORE TAXATION | 22,873,144 | 10,696,600 | 50,047,353 | 37,241,341 |
| TAXATION | | | | |
| Current | 8,200,168 | 7,238,686 | 16,116,806 | 13,689,429 |
| Deferred | (6,627,279) | 2,526,300 | (5,472,746) | 456,719 |
| | 1,572,889 | 9,764,986 | 10,644,060 | 14,146,148 |
| PROFIT AFTER TAXATION | 21,300,255 | 931,614 | 39,403,293 | 23,095,193 |
| | | Restated | | Restated |
| EARNINGS PER SHARE | 1.53 | 0.07 | 2.83 | 1.66 |

The annexed notes form an integral part of this condensed interim financial information.

SALMAN HAYAT NOON
Chief Executive

SAFDAR M. HAYAT QURESHI
Managing Director



**CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)
FOR THE QUARTER AND HALF-YEAR ENDED 31 DECEMBER, 2011**

| | Quarter ended | | Half-year ended | |
|--|--------------------|------------------|-------------------|-------------------|
| | 31 Dec., 2011 | 31 Dec., 2010 | 31 Dec., 2011 | 31 Dec., 2010 |
| | ----- Rupees ----- | | | |
| PROFIT AFTER TAXATION | 21,300,255 | 931,614 | 39,403,293 | 23,095,193 |
| Other comprehensive income | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> |
| TOTAL COMPREHENSIVE INCOME FOR THE PERIOD | <u>21,300,255</u> | <u>931,614</u> | <u>39,403,293</u> | <u>23,095,193</u> |

The annexed notes form an integral part of this condensed interim financial information.

SALMAN HAYAT NOON
Chief Executive

SAFDAR M. HAYAT QURESHI
Managing Director





**CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)
FOR THE HALF-YEAR ENDED 31 DECEMBER, 2011**

| | Half-year ended | |
|---|----------------------------|----------------------------|
| | 31 Dec., 2011 Rupees | 31 Dec., 2010 Rupees |
| CASH FLOW FROM OPERATING ACTIVITIES | | |
| Profit for the period - before taxation | 50,047,353 | 37,241,341 |
| Adjustments for non-cash and other charges: | | |
| Depreciation | 28,938,226 | 27,557,174 |
| Amortization of computer software | 72,006 | 33,330 |
| Gain on sale of operating fixed assets | (592,878) | (1,953,649) |
| Finance cost | 37,268,079 | 22,645,445 |
| Deferred income recognised | (128,088) | (2,169,057) |
| Profit on bank deposits | (12,232,427) | (565,216) |
| PROFIT BEFORE WORKING CAPITAL CHANGES | 103,372,271 | 82,789,368 |
| Effect on cash flow due to working capital changes | | |
| (Increase) / decrease in current assets: | | |
| Stores, spares and loose tools | (2,581,204) | (54,404,822) |
| Stock-in-trade | 104,569,000 | 20,966,000 |
| Trade debts | (23,940,330) | 9,202,578 |
| Loans and advances | 5,256,644 | 424,468 |
| Deposits and prepayments | 851,462 | 9,017,439 |
| Due from Associated Companies | (493,691) | (99,047) |
| Other receivables | 136,330 | 54,119 |
| Sales tax refundable | 28,101,283 | (5,537,275) |
| (Decrease) / Increase in trade and other payables | (53,966,976) | 12,805,547 |
| | 57,932,518 | (7,570,993) |
| CASH GENERATED FROM OPERATIONS | 161,304,789 | 75,218,375 |
| Taxes paid | (12,462,664) | (6,981,371) |
| NET CASH GENERATED FROM OPERATING ACTIVITIES | 148,842,125 | 68,237,004 |
| CASH FLOW FROM INVESTING ACTIVITIES | | |
| Purchase of property, plant and equipment | (88,149,428) | (24,003,716) |
| Sale proceeds of operating fixed assets disposed-off | 4,646,071 | 19,825,000 |
| Security deposits | (39,153) | 0 |
| Profit on bank deposits received | 24,665,876 | 154,639 |
| NET CASH USED IN INVESTING ACTIVITIES | (58,876,634) | (4,024,077) |



| | Half-year ended | |
|---|----------------------------|----------------------------|
| | 31 Dec., 2011 Rupees | 31 Dec., 2010 Rupees |
| CASH FLOW FROM FINANCING ACTIVITIES | | |
| Term and demand finances - repaid | (24,145,808) | (17,763,876) |
| Musharakah finance - net | (182,866,937) | 200,000,000 |
| Lease finances - net | (6,150,817) | (22,079,770) |
| Short term finances - net | 1,167,207 | (2,921,462) |
| Finance cost paid | (50,109,243) | (21,642,624) |
| Dividends paid | 0 | (3,935,919) |
| NET CASH (USED IN) / GENERATED FROM FINANCING ACTIVITIES | (262,105,598) | 131,656,349 |
| NET (DECREASE) / INCREASE IN CASH AND CASH EQUIVALENTS | (172,140,107) | 195,869,276 |
| CASH AND CASH EQUIVALENTS - At beginning of the period | 211,181,922 | 23,350,614 |
| CASH AND CASH EQUIVALENTS - At end of the period | 39,041,815 | 219,219,890 |

The annexed notes form an integral part of this condensed interim financial information.

SALMAN HAYAT NOON
Chief Executive

SAFDAR M. HAYAT QURESHI
Managing Director



**CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
FOR THE HALF-YEAR ENDED 31 DECEMBER, 2011**

| | Share capital | Unappropriated profit | Total |
|---|---------------------------|---------------------------|---------------------------|
| ----- Rupees ----- | | | |
| Balance as at 01 July, 2010 | 126,720,000 | 110,742,893 | 237,462,893 |
| Transactions with owners | | | |
| Final cash dividend for the year ended 30 June, 2010 at the rate of Re.1.2 per share | 0 | (15,206,400) | (15,206,400) |
| Total comprehensive income for the half-year ended 31 December, 2010 | 0 | 23,095,193 | 23,095,193 |
| Transfer from surplus on revaluation of property, plant and equipment on account of incremental depreciation for the half-year - net of deferred taxation | 0 | 168,110 | 168,110 |
| Balance as at 31 December, 2010 | <u>126,720,000</u> | <u>118,799,796</u> | <u>245,519,796</u> |
| Balance as at 01 July, 2011 | 126,720,000 | 139,543,250 | 266,263,250 |
| Transactions with owners | | | |
| Nominal value of ordinary and non-voting ordinary shares issued as fully paid bonus shares | 12,672,000 | (12,672,000) | 0 |
| Total comprehensive income for the half-year ended 31 December, 2011 | 0 | 39,403,293 | 39,403,293 |
| Transfer from surplus on revaluation of property, plant and equipment on account of incremental depreciation for the half-year - net of deferred taxation | 0 | 626,664 | 626,664 |
| Balance as at 31 December, 2011 | <u>139,392,000</u> | <u>166,901,207</u> | <u>306,293,207</u> |

The annexed notes form an integral part of this condensed interim financial information.


SALMAN HAYAT NOON
Chief Executive


SAFDAR M. HAYAT QURESHI
Managing Director



**NOTES TO THE CONDENSED INTERIM
FINANCIAL INFORMATION (UN-AUDITED)
FOR THE HALF-YEAR ENDED 31 DECEMBER, 2011**

1. CORPORATE INFORMATION

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

2. BASIS OF PREPARATION

2.1 This condensed interim financial information of the Company for the half-year ended 31 December, 2011 is being submitted to the shareholders in accordance with the requirements of section 245 of the Companies Ordinance, 1984 (the Ordinance) and the listing regulations of Karachi and Lahore stock exchanges. This condensed interim financial information has been prepared in accordance with the requirements of IAS 34 (Interim Financial Reporting) and provisions of and directives issued by the Securities and Exchange Commission of Pakistan under the Ordinance. In case where requirements differ, the provisions of or directives issued under the Ordinance have been followed.

2.2 This condensed interim financial information is un-audited; however, has been reviewed by the statutory Auditors under limited scope in accordance with the requirements of Code of Corporate Governance.

2.3 This condensed interim financial information does not include all the information required for full financial statements and should be read in conjunction with the annual audited financial statements as at and for the year ended 30 June, 2011.

2.4 This condensed interim financial information is presented in Pak Rupee, which is the functional currency of the Company. All the financial information presented in Pak Rupee has been rounded-off to the nearest Rupee except stated otherwise.

3. ACCOUNTING POLICIES

The accounting policies and the methods of computation followed in preparation of this condensed interim financial information are the same as those applied in preparation of the audited annual financial statements of the Company for the year ended 30 June, 2011 except for the adoption of new accounting policies as referred to in note 3.1.

3.1 Standards, interpretations and amendments to published approved accounting standards, which have been effective during the current financial period

(a) Following amendment to existing approved accounting standard became effective for the periods beginning on or after 01 January, 2011 and is relevant to the Company:

IAS 34 (Amendment), 'Interim Financial Reporting'. This amendment provides guidance to illustrate how to apply disclosure principles in IAS 34 and add disclosure requirements around the circumstances likely to affect fair values of financial instruments and their classification, transfers of financial instruments between different levels of the fair value measurement hierarchy, changes in classification of financial assets and changes in contingent liabilities and assets. The amendment has resulted in an additional disclosure as presented in note 13 to this condensed interim financial information.





- (b) There are certain new and amended standards and interpretations that have been published and are mandatory for accounting periods beginning on or after 01 July, 2011 but are considered not to be relevant or did not have any significant effect on the Company's operations and are therefore not detailed in this condensed interim financial information.

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

There are other standards, amendments and interpretations, which are not yet effective and are not considered to be relevant or do not have any significant effect on the Company's operations and are therefore not detailed in this condensed interim financial information.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of this condensed interim financial information requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates. In preparing this condensed interim financial information, the significant judgments made by management in applying accounting policies and key sources of estimation were the same as those that were applied to the annual audited financial statements for the year ended 30 June, 2011.

5. SHARE CAPITAL

5.1 Authorised Capital

| Un-audited 31 December, 2011 ---- Numbers ---- | Audited 30 June, 2010 | | Un-audited 31 December, 2011 Rupees | Audited 30 June, 2010 Rupees |
|---|-----------------------------|---|--|---------------------------------------|
| 5,250,000 | 5,000,000 | Ordinary shares of Rs.10 each | 52,500,000 | 50,000,000 |
| 7,500,000 | 7,500,000 | 12% redeemable cumulative convertible preference shares of Rs.10 each | 75,000,000 | 75,000,000 |
| 8,750,000 | 8,000,000 | Non-voting ordinary shares of Rs.10 each | 87,500,000 | 80,000,000 |
| <u>21,500,000</u> | <u>20,500,000</u> | | <u>215,000,000</u> | <u>205,000,000</u> |

5.2 Issued, subscribed and paid-up capital

| | | | | |
|-------------------|-------------------|---|--------------------|--------------------|
| 12,672,000 | 12,672,000 | Balance at the beginning of the period / year | 126,720,000 | 126,720,000 |
| 1,267,200 | 0 | Issued ordinary and non-voting ordinary shares of Rs.10 each as fully paid bonus shares | 12,672,000 | 0 |
| <u>13,939,200</u> | <u>12,672,000</u> | Balance at the end of the period / year | <u>139,392,000</u> | <u>126,720,000</u> |



The Company's shareholders, in Annual General Meeting held on 29 October, 2011, approved the following:

- (a) increase in authorised capital by an amount of Rs.10,000,000 through addition of 250,000 ordinary shares and 750,000 non-voting ordinary shares of Rs.10 each; and
- (b) Rs.12,672,000 capitalised through issue of 475,200 ordinary shares and 792,000 non-voting ordinary shares of Rs.10 each as fully paid bonus shares.

6. MUSHARAKAH FINANCES - Secured

| | Note | Un-audited 31 December, 2011 Rupees | Audited 30 June, 2010 Rupees |
|---|-------------|--|---|
| Balance at the beginning of the period / year | | 200,000,000 | 0 |
| Add: finances availed during the period / year | 6.1 | 17,133,063 | 200,000,000 |
| | | 217,133,063 | 200,000,000 |
| Less: | | | |
| - finance repaid during the period | 6.2 | 200,000,000 | 0 |
| - current portion grouped under current liabilities | | 6,060,196 | 0 |
| | | 206,060,196 | 0 |
| Balance at the end of the period / year | | 11,072,867 | 200,000,000 |

6.1 The Company, on 29 November, 2011, has entered into a Shirkat-UI-Milk agreement (diminishing musharakah finance) of Rs.35.275 million with Bank Islami Pakistan Limited (BIPL) for purchase of a brand new Tetra Pak filling machine. Total amount of facility will be disbursed by BIPL through making payments in equal tranches to Tetra Pak Export FZE by May, 2012. The principal of this finance facility is repayable in 10 equal quarterly instalments commencing from September, 2012 and carries profit at the rate of 3 months KIBOR plus 1.50% per annum. Effective profit rate charged by BIPL during the current period was 13.43% per annum. This finance facility is secured against hypothecation charge of Rs.56 million on the above-mentioned machinery.

6.2 This finance facility was availed from BIPL by entering into a Shirkat-UI-Milk agreement during the preceding financial year ended 30 June, 2011. Originally this finance facility was repayable in lump sum on 29 December, 2012, however, the Company during the current period has fully repaid the outstanding balance and accrued mark-up thereon.

7. LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE - Secured

7.1 The Company, during the current period, has acquired plant & machinery from Bank Islami Pakistan Limited against lease finance facility of Rs.14.721 million. The liability under this lease arrangement is repayable in 10 quarterly instalments commencing from January, 2012 and carries profit at the rate of 3 months KIBOR plus 1.5% per annum. During the current period, effective profit rate charged by the bank was 13.47% per annum. The Company intends to exercise its option to purchase the leased plant & machinery upon completion of lease term. The lease liability is secured against title of leased machinery in the name of lessor and personal guarantees of the directors.



7.2 The Company, during the current period, has entered into sale & lease-back agreement with Faysal Bank Ltd. (FBL) to finance vehicles. Against the total cost of Rs.2.792 million, the Company has given security deposit amounting Rs.558 thousand and FBL has financed the remaining cost of Rs.2.234 million. The amount financed by FBL is repayable in 36 monthly instalments commenced from August, 2011 and carries mark-up at the rate of 12 months KIBOR + 3% per annum. During the current period, effective mark-up rate charged by FBL was 17.25% per annum. This lease finance is secured against personal guarantees of two Directors of the Company and registration of the leased vehicles in FBL's name.

Loss arisen on sale & lease-back of vehicles aggregating Rs.50 thousand has been deferred and is being charged to profit and loss account over the lease term.

7.3 The Company, during the current period, has acquired vehicles from Faysal Bank Ltd. (FBL) against lease finance facility of Rs.2.748 million. The liability under this lease arrangement is repayable in 36 monthly instalments commenced from August, 2011 and carries mark-up at the rate of 12 months KIBOR + 3% per annum. During the current period, effective mark-up rate charged by FBL was 17.25% per annum. This lease finance is secured against personal guarantees of two Directors of the Company and registration of the leased vehicles in FBL's name.

8. TAXATION

8.1 There has been no significant change in status of pending tax cases as reported in the preceding annual audited financial statements of the Company for the year ended 30 June, 2011.

8.2 Provision made during the current period represents minimum tax payable under section 113 of the Income Tax Ordinance, 2001.

9. CONTINGENCIES AND COMMITMENTS

9.1 Refer contents of note 8.1.

9.2 Guarantees aggregating Rs.9.800 million (30 June, 2011: Rs.11.825 million) issued by commercial banks on behalf of the Company in favour of Sui Northern Gas Pipelines Ltd. (30 June, 2011: Sui Northern Gas Pipelines Ltd. and Pakistan Air Force) were outstanding as at 31 December, 2011.

9.4 Commitments against irrevocable letters of credit outstanding as at 31 December, 2011 were Rs.25.975 million (30 June, 2011: Rs.4.219 million).





10. PROPERTY, PLANT AND EQUIPMENT

| | Note | Un-audited 31 December, 2011 Rupees | Audited 30 June, 2011 Rupees |
|--------------------------|-------------|--|---|
| Operating fixed assets | 10.1 | 633,161,847 | 565,924,030 |
| Capital work-in-progress | 10.2 | 8,131,464 | 0 |
| | | <u>641,293,311</u> | <u>565,924,030</u> |

10.1 Operating fixed assets

| | | | |
|--|--|---------------------------|---------------------------|
| Book value at the beginning of the period / year | | 565,924,030 | 503,409,658 |
| Additions during the period / year: | | | |
| Owned | | | |
| - buildings on freehold land | | 909,867 | 575,189 |
| - plant and machinery | | 75,609,731 | 29,464,114 |
| - electric and gas installations | | 0 | 1,601,964 |
| - other works equipment | | 53,877 | 1,609 |
| - office equipment | | 408,507 | 1,221,183 |
| - furniture and fixtures | | 15,000 | 80,800 |
| - vehicles | | 3,020,982 | 9,969,302 |
| Leased | | | |
| - plant and machinery | | 14,721,671 | 47,027,621 |
| - vehicles | | 5,540,000 | 774,362 |
| | | 100,279,635 | 90,716,144 |
| Revaluation surplus arisen during the preceding year | | 0 | 43,075,591 |
| | | 666,203,665 | 637,201,393 |
| Transfer in / (out) from owned assets: | | | |
| - plant and machinery | | 11,779,815 | 34,349,839 |
| - vehicles | | (2,842,399) | (6,315,430) |
| | | 8,937,416 | 28,034,409 |
| Transfer (out) / in from leased assets: | | | |
| - plant and machinery | | (11,779,815) | (34,349,839) |
| - vehicles | | 2,842,399 | 6,315,430 |
| | | (8,937,416) | (28,034,409) |
| Book value of fixed assets disposed-off during the period / year | | (4,103,592) | (14,859,882) |
| Depreciation charge for the period / year | | (28,938,226) | (56,417,481) |
| Book value at the end of the period / year | | <u>633,161,847</u> | <u>565,924,030</u> |



| | Note | Un-audited 31 December, 2011 Rupees | Audited 30 June, 2011 Rupees |
|--------------------------------------|------|--|---------------------------------------|
| 10.2 Capital work-in-progress | | | |
| Civil works - cost and expenses | | 2,844,637 | 0 |
| Plant and machinery | | | |
| - cost and expenses | | 4,741,827 | 0 |
| - advance payments | | 545,000 | 0 |
| | | 8,131,464 | 0 |
| 11. CASH AND BANK BALANCES | | | |
| Cash-in-hand | | 759,241 | 72,759 |
| Cash at banks on: | | | |
| - current accounts | 11.1 | 32,164,521 | 3,467,927 |
| - PLS account | | 96,212 | 94,095 |
| - term deposit receipts | 11.2 | 5,800,000 | 207,325,000 |
| - dividend accounts | | 221,841 | 222,141 |
| | | 38,282,574 | 211,109,163 |
| | | 39,041,815 | 211,181,922 |

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

11.2 These are under lien of NIB [30 June, 2011: NIB & Bank Islami Pakistan Ltd. (BIPL)] against guarantees (30 June, 2011: guarantees issued by NIB and musharakah finance facility availed from BIPL) issued on behalf of the Company.

12. TRANSACTIONS WITH RELATED PARTIES

Related parties comprise of Associated Companies, directors and key management personnel. Details of the transactions carried-out with related parties during the period are as follows:

| Relationship | Nature of transactions | Un-audited Half-year ended | |
|-----------------------------------|---------------------------------|---|--------------------------------------|
| | | 31 December, 2011 Rupees | 31 December, 2010 Rupees |
| Associated Companies | Sale of dairy products | 103,550 | 56,800 |
| | Purchase of stores and spares | 278,259 | 891,657 |
| | Purchase of sugar | 21,318,000 | 20,018,125 |
| Key management personnel | Remuneration and other benefits | 14,837,225 | 11,447,004 |
| Period / year end balances | | Un-audited 31 December, 2011 | Audited 30 June, 2011 |
| | Trade and other payables | 0 | 309,955 |
| | Due from Associated Companies | 1,084,920 | 591,229 |



12.1 Maximum aggregate amount due from Associated Companies at the end of any month during the period was Rs.1,367,174.

13. FINANCIAL RISK MANAGEMENT

This condensed interim financial information does not include all the financial risk management information and disclosures required in the annual financial statements and should be read in conjunction with the annual audited financial statements of the Company for the year ended 30 June, 2011. The Company's activities expose it to a variety of financial risks, which are credit risk, liquidity risk and market risk (including currency risk, interest risk and other price risk). There has been no change in the Company's sensitivity to these risks since 30 June, 2011, except for the reduction of exposure from credit and liquidity risks due to early repayment of musharakah finance facility and general exposure due to fluctuations in foreign currency and interest rates. There have been no changes in risk management objectives and policies of the Company during the period.

The carrying amounts of all financial assets and liabilities reflected in this condensed interim financial information approximate their fair values and there were no significant change in the business or economic circumstances during the period that would have affected the fair values of the financial assets of the Company. No reclassifications in the categories of financial assets have been made since 30 June, 2011.

14. DATE OF AUTHORISATION FOR ISSUE

This condensed interim financial information was authorised for issue in the Board of Directors' meeting held on 27 February, 2012.

15. CORRESPONDING FIGURES

- Corresponding figures in the condensed interim balance sheet comprise of balances as per the annual audited financial statements of the Company for the year ended 30 June, 2011 and corresponding figures in the condensed interim profit and loss account, condensed interim statement of comprehensive income, condensed interim cash flow statement and condensed interim statement of changes in equity comprise of balances of comparable period of the immediately preceding financial year, i.e. half-year ended 31 December, 2010. In addition, corresponding figures in the condensed interim profit and loss account and condensed interim statement of comprehensive income also include balances of the three months period ended 31 December, 2010.
- Corresponding figures have been re-arranged and re-classified, wherever necessary, for the purpose of comparison; however, no material re-arrangements / re-classifications have been made in this condensed interim financial information.

SALMAN HAYAT NOON
Chief Executive

SAFDAR M. HAYAT QURESHI
Managing Director