CONTENTS

COMPANY INFORMATION

BOARD OF DIRECTORS

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

BOARD AUDIT COMMITTEE

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

CHIEF FINANCIAL OFFICER

MR. ZOHAIR ZAKARIA

COMPANY SECRETARY

MR. MOHAMMAD YASIN MUGHAL
FCMA

AUDITORS

HYDER BHIMJI & CO.
Chartered Accountants

LEGAL ADVISOR

MR. ABDUL SATTAR PINGAR

REGISTERED OFFICE

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

FACTORY

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

REGISTRAR & SHARE REGISTRATION OFFICE

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

WEBSITE

www.alnoorgroup.com.pk

Mission Statement

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

To operate ethically while maximizing profits and satisfying customers needs and stake holder's interests.

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

Vision Statement

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

STATEMENT OF ETHICS & BUSINESS PRACTICES

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

THE COMPANY

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

AS DIRECTORS

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

AS EXECUTIVE AND MANAGERS

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

AS EMPLOYEES & WORKERS

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

NOTICE OF MEETING

Notice is hereby given that 41st Annual General Meeting of AL-NOOR SUGAR MILLS LIMITED will be held at the Registered Office of the Company at 96-A, Sindhi Muslim Society, Karachi on Friday, 28th January, 2011 at 10.00 a. m to transact the following Business

ORDINARY BUSINESS

1. To confirm the Minutes of the 40th Annual General Meeting of the Company held on 29th January, 2010.
2. To receive, consider and adopt the Audited Financial Statements of the Company for the year ended September 30, 2010 together with the Directors' and Auditors' Reports thereon.
3. To approve payment of cash dividend @ 50 % .i.e. Rs.5/= per ordinary share of Rs.10/= each for the year ended 30th September 2010 as recommended by the Board of Directors.
4. To appoint Auditors and to fix their remuneration for the year ended 30th September 2011.
5. To transact any other business with permission of the Chair.

By Order of the Board

(M. YASIN MUGHAL)
COMPANY SECRETARY

Karachi: December 30, 2010

NOTE:

1. The Register of the Members of the Company will remain closed from 22nd January, 2011 to 2nd February, 2011 (Both days inclusive) for the purpose of holding the Annual General Meeting / Transfer of shares.
2. A member of the Company entitled to attend and vote may appoint any member as his/her proxy to attend and vote on his/her behalf . PROXIES MUST BE RECEIVED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE MEETING.
3. CDC Account Holders will further have to follow the under-mentioned guidelines as laid down in Circular I dated January 26, 2000 issued by the Securities and Exchange Commission of Pakistan.

A. For Attending the Meeting

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

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

B. For appointing proxies:

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

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

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

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

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

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

DIRECTORS' REPORT TO THE MEMBERS

IN THE NAME OF ALLAH THE MOST GRACIOUS AND MOST MERCIFUL

Dear Members

Assalam-o-Alaikum:

The directors of your Company are pleased to place before you the significant achievements of your Company's operations as reflected in the audited Annual Financial Statements together with Auditors' and Directors' Reports thereon for the period ended September 30, 2010.The Company has earned profit before tax amounting to Rs.391.392 million as against Rs.210.749 million earned last year.

Salient production and financial data are provided as under:

PRODUCTION DATA

	2009-10	2008-09
Season started on	13-11-2009	23-11-2008
Season ended on	03-03-2010	16-03-2009
Duration of crushing (days)	111	114
Sugarcane crushed (Metric Tons)	774,230	736,420
Sugar produced (Metric Tons)	73,175	66,495
Sugar recovery rate - percentage	9.47	9.03
Molasses produced (Metric Tons)	35,185	35,528
MDF Board produced (metric tons)	41,881	39,987

FINANCIAL DATA

	(Rupees in thousand)	
Sales revenues	6,313,220	4,249,981
Cost of sales	5,311,417	3,567,029
Administrative expenses	236,853	177,970
Financial Cost	329,899	289,102
Profit before taxation	391,392	210,749
Provision for taxation	137,055	91,011
Profit after tax	254,398	119,738
Earning per share	Rs.13.70	Rs.6.45

PERFORMANCE REVIEW:

SUGAR DIVISION:

During the period under review the availability of sugarcane was slightly better as compared to the preceding season and sugar produced improved by approximately 10 percent when compared with the previous year. Recovery percentage also improved to 9.47% as against 9.03% achieved last year.

During the period under review the production of sugar on overall country basis was 3.189 million tons and carry over stock of sugar was 0.867 million tons making a total of 4.056 million tons available for the year 2009-10. The requirement of the country for sugar is best estimated at about 4.500 million tons. The shortfall was negligible and it was expected that Trading Corporation of Pakistan would maintain sufficient buffer stock to meet the requirements of the country. Meanwhile the price of the sugar in the international market jumped to over US$ 700 per metric ton. This situation resulted in expensive import and created a substantial gap between demand and supply in the domestic market resulting in substantial increase in the price of the commodity and created a difficult situation for the Government to import sugar.

The Government of Sindh vide Notification dated September 2, 2009 fixed sugarcane support price at Rs.102/= per 40 kgs for the crushing season 2009-10 reflecting an increase of 26% over previous year price. In the sugar industry the cost of sugarcane accounts for about seventy five percent of the total production cost of sugar and mills owners were unable to procure sugarcane even at this high rate due to low availability of the same and prices were further escalated on account of unhealthy competition amongst the mills. The industry continues to stress upon the Government of Pakistan to formulate a policy of linking sugarcane support price to the sugar price in the open market and for timely fixation and announcement of sugarcane support price. The present mechanism almost literarily assures sugarcane floor price with no ceiling while the finished product price is volatile. Formulation of such a strategy will enable a long term approach of planning and help in proper and timely plantation of high yield sugarcane as it will provide the necessary incentives to both the farmers and the sugar mills.

MEDIUM DENSITY FIBRE (MDF) BOARD DIVISION:

During the period under review the plant produced 41,881 metric tons of Lasani wood in various sizes as against 39,987 metric tons produced last year. The production was higher by about 5 percent although extensive load shedding by WAPDA and power shortages were faced. The final product included laminated sheets in various sizes produced during the year thereby increasing component of value added board in the product line. Some of the output of the Board Division was also exported to Afghanistan. The management continues to consider various options to increase the capacity of the plant. As the capacity utilization and value addition increases, the need for the power has increased substantially. With low availability of WAPDA power supply an interim measure of rental power generators continues till the self power generation equipment comes into full capacity.

POWER GENERATION DIVISION:

It was also pointed out in the Annual Report 2008-09 that availability of power from WAPDA was uncertain due to frequent load shedding and accordingly the management decided to acquire its own power generators to overcome the situation. One additional boiler and turbine of 15 mega watt have been installed valuing Rs. 262.106 million. On achieving full capacity generation the dependence on WAPDA would be reduced considerably. During the year under review the company generated 896 mega watt excess power which was sold to WAPDA valuing Rs.6.729 million.

CAPITAL EXPENDITURE:

In the sugar industry upgrading the plant and machinery is a continuous feature. During the year under review the Company incurred an expenditure of Rs.524.941 million on additions and BMR in order to maintain the efficiency of your Mills. This also includes Rs.272.083 million incurred on acquisition of above mentioned boiler and steam turbine in addition to BMR in the Sugar Division and enhancement of the MDF plant lamination capability to add further value to the board produced.

STATEMENT OF COMPLIANCE WITH BEST PRACTICES OF CORPORATE GOVERNANCE:

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

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

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

4. International Accounting Standards, as applicable in Pakistan, have been followed in preparation of the financial statements unless otherwise disclosed.

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

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

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

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

9. The pattern of share holding in the Company as on September 30, 2010 is also included in the Annual Report.

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

11. Value of investment and balance in deposit accounts of Provident Fund as at 30th September 2010 amounted to Rs.28.111million.

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

CHANGES IN THE BOARD:

There has been no change in the composition of Board of Directors of the Company during the period.

Number of Board meetings held during the year and attendance by each Director was as follow:

		No. of Meetings	
	Name of Directors	**Held**	**Attended**
01	Mr. Ismail H Zakaria	4	4
02	Mr. Suleman Ayoob	4	4
03	Mr. Yusuf Ayoob	4	4
04	Mr. A Aziz Ayoob	4	4
05	Mr. Shamim Ahmad	4	3
06	Mr. Muhammad Asif	4	4
07	Mr. Zia Zakaria	4	4
08	Mr. Salim Ayoob	4	3
09	Mr. Zohair Zakaria	4	3
10	Mr. Noor Mohammad Zakaria	4	1

FUTURE OUTLOOK:

SUGAR DIVISION:

Government of Sindh has announced minimum sugarcane support price for 2010-11 crushing season at Rs. 127 vide Notification No SCB/721 dated October 20, 2010 as against Rs.102/= per 40 kg fixed last year. This represents an increase in the raw material support price of Rs.25/= per 40kg or 24.51 percent over the preceding year. During the recent devasting flood in the country many major crops including sugarcane have been substantially affected in Sindh. This has also effected the sugar recovery rate reducing it considerably due to a high water table in cane area. Further more the sugarcane cost constitutes about 75% of the total production cost of sugar and scarcity of the same in the province has enhanced the cost of the same as the growers are not willing to sell their out put at the support price fixed by the Government of Sindh. The increase in the sugarcane price will ultimately increase the production cost and non availability of the same would further enhance the cost as idle capacity cost has to be absorbed by the lower volume of sugar produced considerably shrinking margin for the sugar producing units in the country. The cost of refined sugar in the international market also continues to increase and the Government has to arrange through Trading Corporation of Pakistan timely import of the product in order to avoid further escalation in the price of the product. It is imperative that the Government of Pakistan must formulate a cogent policy to protect the interest of growers' producers and consumers.

MDF BOARD DIVISION:

Al-Hamdo-lillah the products of the Board Division has established their acceptability not only in the domestic market but also in the export market. The future of the division is dependent on the regular availability of power, for which the management has installed a power plant to ensure regular power supply to the Division. While the demand continues to grow, the continuity in the power supply and its cost is imperative for a stable future of the Division.

CORPORATE & SOCIAL RESPONSIBILITY:

The company is well aware of social and corporate responsibilities towards its employees and general public living in its franchise area of your mill. The company established a school in the factory area and provides education not only to the children of employees but also to the children residing in the surrounding areas of the factory. During the period under review specialized medical camps were also established where free of cost eyes operations for removal of cataract were conducted under the supervision of renowned eyes surgeons.

DIVIDEND:

Directors are pleased to recommend the payment of cash dividend at 50% i.e. Rs.5/= per share. (2009: 40% cash dividend i.e. Rs. 4.00) per share of Rs. 10/= each.

AUDITORS:

M/s Hyder Bhimji. & Company, Chartered Accountants have completed the audit of financial statements for the year ended September 30, 2010 and being eligible offered themselves for reappointment for the financial year 2010-11. Audit committee and Board has also recommended their reappointment.

STAFF RELATIONS:

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

By order of the Board

ISMAIL H. ZAKARIA
CHIEF EXECUTIVE

Karachi: December 30, 2010

STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE FOR THE YEAR ENDED 30TH SETEMBER 2010

This statement is being presented to the company with the Corporate Governance contained in the Regulation No 35 and XI of listing regulations of the Karachi Stock Exchange (Guarantee) Limited and Lahore Stock Exchange (Guarantee) Limited respectively 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 Board encourages representation of independent non-executive Director representing minority interest on its Board of Directors. At the present the Board comprises of ten Directors including five Executive Directors. There are five non-executive Directors two of them represent NIT and non-representing minority shareholders.

2. The directors have confirmed that none of them is serving as Director in more than ten listed companies, including the Company.

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

4. There was no change in the Board of Directors during the year.

5. The company has prepared a "Statement of 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. A complete record of particulars of significant policies has been maintained and amended / updated from time to time.

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. The Board met at least once in every quarter. Written notices of the meetings, along with the working papers were circulated at least seven days before the meetings. The minutes of the meetings were appropriately recorded and circulated.

9. The related party transactions were placed before the Audit Committee and approved by the Board of Directors with necessary justification for non-arm's length transactions and pricing methods for transactions that were made on terms equivalent to those that prevail in arm's length transaction only if such terms can be substantiated.

10. The members of the Board are well conversant with their duties and responsibilities, however, formal orientation courses as required under code were not conducted during the year and management is in process of arranging the same.

11. Chief Financial Officer / Company Secretary were appointed by the Board including their remuneration and terms and conditions of employment as determined by CEO. Head of Internal Audit was appointed prior to the enforcement of Code of Corporate Governance.

12. The Directors' Report for the year has been prepared in compliance with the requirements of the Code and fully described the salient matters required to be disclosed.

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

14. 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.

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

16. The Board has formed an Audit Committee of three members. Two of the members are non-executive Directors and Chairman of the Committee is an Executive Director.

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

18. The Board has setup an effective internal audit function.

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

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

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

Karachi: December 30, 2010

ISMAIL H. ZAKARIA
MANAGING DIRECTOR

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

We have reviewed the Statement of Compliance with the best practices contained in the Code of Corporate Governance prepared by the Board of Directors of **AL-NOOR SUGAR MILLS LIMITED** to comply with the Listing Regulation No. 35 (previously No. 37) of the Karachi Stock Exchange (Guarantee) Limited and Lahore Stock Exchange (Guarantee) Limited where the Company is listed.

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

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

Further, Sub - Regulation (xiii a) of Listing Regulations 35 notified by The Karachi Stock Exchange (Guarantee) Limited vide circular No. KSE/N-269 dated January 19, 2010 requires the Company to place before the Board of Directors for their consideration and approval of related party transactions distinguishing between transactions carried out on terms equivalent to those that prevail in arm's length transactions and transactions which are not executed at arm's length price recording proper justification for using such alternate pricing mechanism. Further, all such transactions are also required to be separately placed before the Audit Committee. We are only required and have ensured compliance of requirement to the extent of approval of related party transactions by the Board of Directors and placement of such transactions before the Audit Committee. We have not carried out any procedures to determine whether the related party transactions were undertaken at arm's length price or not.

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the best practices contained in the Code of Corporate Governance effective for the year ended September 30, 2010

Hyder Bhimji & Co

HYDER BHIMJI & CO.
Chartered Accountants
ENGAGEMENT PARTNER
Hyder Ali Bhimji

Karachi: December 30, 2010

AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed Balance Sheet of **AL-NOOR SUGAR MILLS LIMITED** as at September 30, 2010 and the related profit and 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 purpose of our audit.

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

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

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

b) in our opinion :

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

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

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

c) in our opinion and to the best of our information and according to the explanations given to us, the balance sheet, profit and loss account, cash flow statement and statement of changes in equity together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan, and, give the information required by the Companies Ordinance, 1984, in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at September 30, 2010 and of the profit, total comprehensive income its cash flows and changes in equity for the year then ended; and

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

Hyder Bhimji & Co

HYDER BHIMJI & CO.
Chartered Accountants
ENGAGEMENT PARTNER
Hyder Ali Bhimji

Karachi: December 30, 2010

BALANCE SHEET
AS AT SEPTEMBER 30, 2010

	Note	2010	2009
		Rupees in '000	
NON - CURRENT ASSETS			
Property, plant and equipment	6	2,681,942	2,327,921
Long term investments	7	143,933	143,772
Long term deposits	9	4,688	4,290
Long term loans	8	4,476	4,144
		2,835,039	2,480,127
CURRENT ASSETS			
Stores, spares and loose tools	10	218,657	187,173
Stock in trade	11	965,121	963,870
Current maturity of long term loans	12	5,422	2,588
Short term loans and advances	12	41,528	44,026
Short term deposits and Prepayments	13	8,164	8,636
Other receivables	14	10,104	8,533
Cash and bank balances	15	140,429	107,769
		1,389,425	1,322,595
		4,224,464	3,802,722
SHARE CAPITAL AND RESERVES			
Authorised Capital 20,000,000 (2009 : 20,000,000) ordinary shares of Rs.10/- each		200,000	200,000
Issued, subscribed and paid-up capital	16	185,703	185,703
Unrealised loss on revaluation of investments		(55)	(453)
Unappropriated profit		928,667	691,824
		1,114,315	877,074
SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT	17	708,767	765,432
NON-CURRENT LIABILITIES			
Long term financing	18	392,500	350,000
Liabilities against assets subject to finance lease	19	14,945	7,994
Deferred liabilities	20	561,830	518,674
Long term deposits		1,089	469
		970,364	877,137
CURRENT LIABILITIES			
Trade and other payables	21	646,914	385,294
Interest / mark-up accrued	22	41,477	36,529
Short term borrowings	23	549,483	748,412
Current portion of non-current liabilities	24	168,549	106,720
Provision for income tax-net of payments		24,595	6,124
		1,431,018	1,283,079
CONTINGENCIES AND COMMITMENTS	25	-	-
		4,224,464	3,802,722

The annexed notes from 1 to 44 form an integral part of these financial statements.

ISMAIL H. ZAKARIA
Chief Executive Officer

SULEMAN AYOOB
Director

PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED SEPTEMBER 30, 2010

	Note	2010	2009
		Rupees in '000	
Sales	26	6,313,220	4,249,981
Cost of sales	27	(5,311,417)	(3,567,029)
Gross profit		1,001,803	682,952
Profit from trading activities	28	2,647	4,325
Other operating income	29	2,391	3,226
		1,006,841	690,503
Distribution cost	30	(18,393)	(14,592)
Administrative expenses	31	(236,853)	(177,970)
Other operating expenses	32	(34,895)	(14,190)
Finance cost	33	(329,899)	(289,102)
Share of profit of associated undertakings	7	4,652	16,100
Profit before taxation		391,453	210,749
Taxation	34	(137,055)	(91,011)
Profit for the year		254,398	119,738
Earnings per share - Basic and Diluted (Rupees)	35	13.70	6.45

The annexed notes from 1 to 44 form an integral part of these financial statements.

ISMAIL H. ZAKARIA
Chief Executive Officer

SULEMAN AYOOB
Director

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED SEPTEMBER 30, 2010

	Note	2010	2009
		Rupees in '000	
Profit for the year after taxation		254,398	119,738
Other Comprehensive Income			
Share of Associate's unrealized (Loss) on changes in fair value of investment	7	398	38
Total Comprehensive Income for the year		254,796	119,776

The annexed notes from 1 to 44 form an integral part of these financial statements.

ISMAIL H. ZAKARIA
Chief Executive Officer

SULEMAN AYOOB
Director

CASH FLOW STATEMENT

FOR THE YEAR ENDED SEPTEMBER 30, 2010

	Note	2010	2009
		Rupees in '000	
A. CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before taxation		391,453	210,749
Adjustments for:			
Depreciation of property, plant and equipment		187,573	169,562
Gain on disposal of property, plant and equipment		(222)	(978)
Provision for doubtful recoveries		6,175	5,331
Provision for staff gratuity & leave encashment		2,456	6,395
Finance cost		329,899	289,102
Share of profit of associated undertakings		(4,652)	(16,100)
		521,229	453,312
Operating cash flows before movement in working capital		912,682	664,061
(Increase) / decrease in current assets			
Stores, spares and loose tools		(31,484)	1,405
Stock in trade		(1,251)	45,182
Trade debts		-	11,314
Loans and advances		(6,511)	96,271
Trade deposits and short term prepayments		472	(1,472)
Other receivables		(1,571)	(8,116)
		(40,345)	144,584
Increase / (decrease) in current liabilities			
Short term borrowings		(198,929)	(114,272)
Trade and other payables		241,583	(142,616)
		42,654	(256,888)
Cash generated from operations		914,991	551,757
Income taxes paid		(47,806)	(31,870)
Gratuity paid		(9,454)	(426)
Long term deposits-net		(398)	(4,400)
Long term loans		(332)	(2,836)
Finance cost paid		(324,951)	(280,989)
		(382,941)	(320,521)
Net cash flows from operating activities		532,050	231,236
B. CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(524,941)	(233,283)
Long term deposits		620	781
Proceeds from disposal of property, plant and equipment		230	1,200
Dividend received		4,950	1,650
Net cash flows used in investing activities		(519,141)	(229,652)
C. CASH FLOWS FROM FINANCING ACTIVITIES			
Long term finance obtained		200,000	200,000
Repayment of long term financing		(87,500)	(87,500)
Repayment of principal portion of finance leases		(19,669)	(37,355)
Dividend paid		(73,080)	(55,223)
Net cash flows from/ (used in) financing activities		19,751	19,922
Net increase in cash and cash equivalents (A+B+C)		32,660	21,506
Cash and cash equivalents at the beginning of the year		107,769	86,263
Cash and cash equivalents at the end of the year		140,429	107,769

The annexed notes from 1 to 44 form an integral part of these financial statements.

ISMAIL H. ZAKARIA
Chief Executive Officer

SULEMAN AYOOB
Director

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED SEPTEMBER 30, 2010

	Issued, Subscribed & paid up capital	General revenue reserve	Unappropriated profit	Unrealised Profit (loss) on revaluation of investments	Total
	.... Rupees in '000			....	
Balance as at October 01, 2008	185,703	190,000	378,873	(491)	754,085
Changes in equity for the year ended September 30, 2009					
Transfer from surplus on revaluation of property, plant and equipment on account of incremental depreciation-net of deferred tax	-	-	58,924	-	58,924
	-	-	-	-	-
Net income recognised directly in equity	-	-	58,924		58,924
Total comprehensive income for the year ended September 30, 2009		-	119,738	38	119,776
Total recognised income and expense for the year	-	-	178,662	38	178,700
Final dividend for the year ended September 30, 2008 @ Rs. 3 per share	-	-	(55,711)	-	(55,711)
Transferred to unappropriated profit	-	(190,000)	190,000	-	-
Balance as at September 30, 2009	185,703	-	691,824	(453)	877,074
Changes in equity for the year ended September 30, 2010					
Transfer from surplus on revaluation of property, plant and equipment on account of incremental depreciation-net of deferred tax	-	-	53,093	-	53,093
Share of associate's unrealised loss on revaluation of investment	-	-	3,633		3,633
Net income recognised directly in equity	-	-	56,726	-	56,726
Total comprehensive income for the year ended September 30, 2010		-	254,398	398	254,796
Total recognised income and expense for the year	-	-	311,124	398	311,522
Final dividend for the year ended September 30, 2009 @ Rs. 4 per share	-	-	(74,281)	-	(74,281)
Transferred to unappropriated profit	-			-	-
Balance as at September 30, 2010	185,703	-	928,667	(55)	1,114,315

The annexed notes from 1 to 44 form an integral part of these financial statements.

ISMAIL H. ZAKARIA
Chief Executive Officer

SULEMAN AYOOB
Director

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2010

1. Status and nature of business

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

1.2 The financial statements are presented in Pak. Rupees which is the company's functional and presentation currency.

2 Statement of Compliance

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

3 Significant Accounting Judgments and estimates

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

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

a) Property, plant and equipment

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

b) Stock-in-trade

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

c) Taxation

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

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

d) Impairment

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

e) Stores and spares with respect to provision for obsolescence and slow moving items

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

f) Trade debts

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

4 Changes in disclosures and presentation

4.1 Amendments to published approved accounting standards that is effective in the current year.

During the current year, the Company has adopted the following new and amended IFRSs/IASs as of July 01, 2009, which has resulted in extended disclosures as described below:

IFRS 7 Financial Instruments: Disclosures

The amended standard, which became effective for the financial years starting on or after January 01, 2009, requires additional disclosures about fair value measurement and liquidity risk. Fair value measurement related to items recorded at fair value are to be disclosed by source of input using fair value hierarchy, by class, for all financial instruments recognized at fair value. The liquidity risk disclosures are not significantly impacted by the amendments.

IFRS 8 Operating Segments

This standard replaces IAS 14, 'Segment Reporting' and requires a 'management approach', under which segment information is presented on the basis as that used for internal reporting purposes. The management has determined the operating segment based on the reports reviewed by the Chief Operating Decision Maker (i.e. Chief Executive) of the Company. The management has determined that, as in the past, the Company has two reportable segments and therefore the adoption of the said IFRS has only resulted in some entity wide disclosures as given in note 41 to these financial statements.

IAS 1 Presentation of Financial Statements (Revised)

The revised IAS 1 was issued in September 2007 and became effective for financial years beginning on or after January 01, 2009. The revised standard separates owner and non-owner change in equity. The statement of changes in equity includes only detail of transaction with owner, the non-owner changes in equity presented as single line. In addition, the standard has introduced a statement of comprehensive income, which present all items of recognized income and expense, either as a single statement. or in two linked statements. The Company has opted to present two linked statements and accordingly has presented a separate statement of comprehensive income in these financial statements. Comparative figures have also been presented to bring in conformity with revised standard.

IAS 23 Borrowing costs (Amended)

This amendment requires an entity to capitalise borrowing cost directly attributable to the acquisition, construction or production of a qualifying asset (one that takes substantial period of time to get ready for use or sale) as part of the cost of that asset. Adoption of the amendment is not expected to have a significant effect on the Company's financial statements.

IAS 36 Impairment of assets (Amended)

In accordance with the new requirements, disclosures equivalent to those for value-in-use calculation should be made where fair value less costs to sell is calculated on the basis of discounted cash flows. Adoption of the amendment has no material effect on the Company's financial statements.

IAS 38 Intangible assets (Amended)

This amendment states that a prepayment may only be recognized in the event that prepayment has been made in advance of obtaining right of access to goods or receipt of services. This amendment is not expected to have any effect on the Company's financial statements.

4.2 Accounting Standards issued but not yet effective for the current financial year

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

Standard or Interpretation		Effective from accounting period beginning on or after
IAS- 24	Related Party Disclosures (Revised)	January 1, 2011
IAS- 32	Financial Instruments: Presentation-Amendments relating to Classification of Right Issues	February 1, 2011
IFRS- 2	Share-based Payment: Amendments relating to Group-settled Share-base Payment transactions	January 1, 2010
IFRIC-14	IAS 19- The limit on Defined Benefit Asset, Minimum Funding Requirement and their Interactions (Amendment)	January 1, 2011
IFRIC-19	Extinguishing Financial Liabilities with Equity instruments	July 1, 2010

The Company expects that the adoption of the above revision, amendments and interpretations of the standards will not have any material impact on the Company's financial statements in the period of initial application except for the implication of IAS 24- Related Party Disclosures (revised), which may effect certain disclosures.

In addition to the above, amendments to various accounting standards have also been issued by IASB as a result of its annual improvement project in April 2009. Such amendments are generally effective for accounting periods beginning on or after 1 January 2010. The Company expects that the adoption of the above standards and interpretations will not have any material impact on the Company's financial statements in the period of initial application.

4.3 Standards and interpretations that become effective but not relevant to the Company

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

IAS 23	Borrowing costs (Amended)
IAS 27	Consolidated and Separate Financial Statements (Revised)
IAS 32	Financial Instruments (Amended for puttable instruments and obligations arising on liquidation)
IAS 39	Financial Instruments: Recognition and Measurement (Amended)
IFRS 3	Business Combinations (Revised)
IFRIC 15	Agreements for the construction of Real Estate
IFRIC 16	Hedges of a Net Investment in a Foreign Operation
IFRIC 17	Distributions of Non-Cash Assets to Owners
IFRIC 18	Transfer of Assets from Customers

5 SIGNIFICANT ACCOUNTING POLICIES

The Principal accounting policies adopted are set out below:

5.01 Accounting convention

These financial statements have been prepared under the "historical cost convention", except that certain property, plant and equipment have been included at revalued amount and long term investments at equity method.

5.02 Long term financing

These are initially recognised at cost, being the fair value of the consideration received net of issue costs associated with the borrowings and subsequently measured at amortised cost using the effective interest rate method.

5.03 Leases

Finance leases

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

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

Operating leases

Leases are classified as operating lease where the lessor retains substantially all the risks and rewards of ownership of the assets. Operating lease payments are recognised as an expense in the profit and loss account on a straight-line basis over the lease term.

5.04 Staff Post Retirement Benefits

Defined Contribution Plan - sugar division

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

Defined Benefit Plan / Defined Contribution plan - MDF board division

The Company operated an unfunded gratuity scheme for all those permanent employees who have completed qualifying period as defined under the respective scheme and provision was made to cover the obligation under scheme on the basis of actuarial valuation and is charged to profit and loss account using "Projected Unit Credit" method. The most recent valuation was carried out at September 30, 2009.

However as per memorandum of understanding entered into with the Collective Bargaining Agent entered into during the year, the gratuity scheme for workers has been terminated with effect from 30th September 2008 and the same is payable with in two years. However gratuity scheme for all the officers has been terminated with effect from 30 September 2009 and is payable at the time of full and final settlement of respective officers.

Company has launched Providend Fund Scheme (define contribution plan) and is enforced w.e.f 1st October 2008 for workers and 1st October 2009 for Officers.

Accordingly the liability payable on account of gratuity is reflected in Note 21 and monthly contribution towards provident fund has been equally made by the Company and the employees at the rate of 10% of basic salary plus cost of living allowance. The company's contribution to the fund is charged to profit and loss account for the year.

5.05 Employees compensated absences

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

5.06 Trade and other payables

Trade and other payables are recognised initially at fair value plus directly attributable cost, if any, and subsequently measured at amortised cost using the effective interest rate method.

5.07 Provisions

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

5.08 Property, plant and equipment

(a) Company owned

Property, plant and equipment except land and capital work-in-progress(CWIP) are stated at cost or revalued amount less accumulated depreciation and impairment in value, if any. Land is stated at revalued amount and capital work-in-progress are stated at cost. Cost includes borrowing cost as referred in note 5.17.

Depreciation is charged to profit and loss account on reducing balance method at the rates shown in note 6.1 to the financial statements. The residual values, useful lives and depreciation methods are reviewed and changes, if any, are treated as change in accounting estimates, at each balance sheet date.

In respect of additions and disposals during the year, depreciation is charged from the month of acquisition and upto the month preceding the month of disposal respectively.

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

Surplus arising on revaluation is credited to surplus on revaluation of property, plant and equipment. Deficit arising on subsequent revaluation of fixed assets is adjusted against the balance in the above mentioned surplus account as allowed under the provisions of the Companies Ordinance, 1984 .The surplus on revaluation of property, plant and equipment to the extent of incremental depreciation charged on the related assets is transferred to unappropiated profit (net of deferred tax).

All expenditure connected with specific assets incurred during installation and construction period are carried under capital work-in-progress. These are transferred to specific assets as and when assets are ready for their intended use.

Gains or losses on disposal of property, plant and equipment, if any, are included in income currently.

(b) Leased

Assets subject to finance lease are depreciated over their expected useful lives at the rates specified in the note 6.1 to the financial statements on the same basis as owned assets.

5.09 Investment in associates

Associates are all entities over which the company has significant influence, but not control, generally accompanying a shareholding of 20% or more of the voting rights.

These investments are initially recognized at cost and are subsequently valued using equity method.

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

5.10 Stores, spares and loose tools

These are valued at lower of cost and net realizable value. Net realizable value signifies the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

Sugar Division

The cost is determined on first-in-first out (FIFO) basis less allowance for obsolete and slow moving items. Items in transit are valued at invoice values plus other charges incurred thereon upto balance sheet date.

MDF Board Division

The cost is determined on moving average cost less allowance for obsolete and slow moving items. Items in transit are valued at cost accumulated upto the date of the balance sheet.

5.11 Stock-in-Trade

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

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

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

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

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

5.12 Trade debts and other receivables

Trade debts and other receivables are carried at original invoice amount less an estimate made for doubtful receivables based on review of outstanding amounts at the year end. Balances considered bad and irrecoverable are written off when identified.

5.13 Cash and cash equivalents

For the purpose of cash flow statement, cash and cash equivalents comprise cash and bank balances and short term borrowings.

5.14 Impairment

Financial assets

A financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset. If an objective evidence exists that an impairment loss has been incurred, the carrying amount of the asset is reduced and the amount of loss is recognized in profit and loss. If in a subsequent period, the amount of impairment loss decreases, the previously recognized impairment loss is reversed through profit and loss account for financial assets classified as loans and receivables.

Non-Financial Assets

The company assesses at each balance sheet date whether there is any indication that assets other than inventories and deferred tax assets (if any), may be impaired. If such indication exists, the carrying amounts of such assets are reviewed to assess whether they are recorded in excess of their recoverable amount. Where carrying values exceed the respective recoverable amounts, assets are written down to their recoverable amounts and the resulting impairment loss is recognised in profit and loss account. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

5.15 Financial Instruments

Financial assets and liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument and de-recognised when the Company looses control of the contractual rights that comprise the financial asset and in case of financial liability when the obligation specified in the contract is discharged, cancelled or expired.

Other particular recognition method adopted by the company are disclosed in the individual policy statements associated with each item of financial instruments.

A financial asset and financial liability is offset and the net amount is reported in the balance sheet if the Company has a legal enforceable right to set off the transaction and also intends to settle on a net basis or to realise the asset and settle the liability simultaneously.

5.16 Revenue Recognition

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods and services provided in the normal course of business.

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

* Revenue from sale of goods is recognized when the significant risks and rewards of ownership of the goods have passed to the buyer usually on dispatch of the goods to customers.

* Return on bank deposits is recognized on a time proportion basis on the principal amount outstanding and the rate applicable.

* Mark-up on grower loan is accounted for in line with the recovery of the respective loan due to exigencies involve in such matters. Recognition of markup on loans considered doubtful is deferred.

* Dividend income from investments is recognised when the right to receive payment have been established.

5.17 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. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

All other borrowing costs are recognized in profit or loss in the period in which they are incurred.

5.18 Taxation

(a) Current

The charge for current taxation is based on taxable income at the current rate of taxation after taking into account applicable tax credits, rebates and exemptions available, if any, or one percent of total turnover under section 113 of the Income Tax Ordinance, 2001 whichever is higher. The Company falls under the final tax regime under section 154 and 169 of the Income Tax Ordinance, 2001 to the extent of direct export sales.

(b) Deferred

Deferred income tax is provided using the liability method for all temporary differences at the balance sheet date between tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. In this regard, the effects on deferred taxation of the portion of income subject to final tax regime is also considered in accordance with the requirement of Technical Release – 27 of Institute of Chartered Accountants of Pakistan.

Deferred income tax asset is recognized for all deductible temporary differences and carry forward of unused tax losses, if any, to the extent that it is probable that taxable profit will be available against which such temporary differences and tax losses can be utilized.

The carrying amount of deferred tax asset is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the asset to be recovered.

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

(c) Sales tax

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

i) Where sales tax incurred on a purchase of asset or service is not recoverable from the taxation authority, in which case the sales tax is recognized as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
ii) Receivables or payables that are stated with the amount of sales tax included.

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

5.19 Foreign Currencies

Transactions in foreign currencies are initially recorded at the exchange rate prevailing on the dates of transactions. Monetary assets and liabilities denominated in foreign currencies are subsequently translated into rupees at the exchange rates prevailing on the balance sheet date. Non-monetary assets and liabilities are translated using exchange rates that existed when the values were determined. Exchange differences on foreign currency translations are included in profit and loss account.

5.20 Segment Reporting

A segment is a distinguishable component within a company that is engaged in providing products (business segment), or in providing products with a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments. The Company has also established a power generation plant, however, the same do not meet the criteria as a reportable segment as defined in IFRS-8.

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

Sugar Division - Manufacturing and sale of Refined Sugar

MDF Board - Manufacturing of Medium Density Fiber Board

5.21 Dividend and other appropriations

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

	Note	2010	2009
		Rupees in '000	
6 PROPERTY, PLANT AND EQUIPMENT			
Operating assets	6.1	2,517,325	2,216,624
Capital work in progress	6.2	164,615	111,297
		2,681,940	2,327,921

6.1 Operating Assets

The following is a statement of the operating assets of 2010

PARTICULARS	FREEHOLD LAND		FACTORY BUILDING		NON-FACTORY BUILDING		PLANT & MACHINERY		POWER PLANT	PLANT & MACHINERY-LEASED		FURNITURE, FIXTURE AND FITTING	OFFICE EQUIPMENT	VEHICLES	VEHICLES-LEASED	TOTAL	
	Cost	Revaluation	Cost	Revaluation	Cost	Revaluation	Cost	Revaluation	Cost	Cost	Revaluation	Cost	Cost	Cost	Cost	Cost	Revaluation
Net carrying value																	
Year ended Sep 30, 2010																	
Opening Book Value	3,787	77,558	27,036	6,479	87,542	75,777	1,034,976	771,237		65,218	6,476	5,720	7,521	44,691	2,606	1,279,097	937,527
Additions at cost	-		12,220		1,897		149,207		272,083	18,000		224	6,385	29,608	-	489,623	-
Transfer at NBV	-	-	-	-	-	-	17,946	401	-	(17,946)	(401)	-	-		-	-	-
Disposal at NBV	-	-	-	-	-	-	-	-	-	-	-	-	-	(1,349)	-	(1,349)	-
Depreciation	-	-	2,825	648	4,738	4,309	73,707	70,744	9,977	2,743	483	580	3,820	12,251	748	111,389	76,184
Closing Net Book Value	**3,787**	**77,558**	**36,431**	**5,831**	**84,701**	**71,468**	**1,128,422**	**700,894**	**262,106**	**62,529**	**5,592**	**5,364**	**10,086**	**60,699**	**1,858**	**1,655,982**	**861,343**
Gross carrying Value																	
At Sep 30, 2010																	
Cost	3,786	77,558	66,553	10,618	138,014	95,702	2,088,018	1,128,516	272,083	75,231	8,537	16,163	47,509	109,715	5,688	2,822,760	1,320,931
Accumulated Depreciation	-	-	30,122	4,787	53,313	24,234	959,596	427,622	9,977	12,702	2,945	10,799	37,423	49,016	3,830	1,166,778	459,588
Net Book Value	**3,786**	**77,558**	**36,431**	**5,831**	**84,701**	**71,468**	**1,128,422**	**700,894**	**262,106**	**62,529**	**5,592**	**5,364**	**10,086**	**60,699**	**1,858**	**1,655,982**	**861,343**
Depreciation rate per annum	-	-	10%		5% - 10%		5%		5%	5%		10%	10%	20%	20%		

The following is a statement of the operating assets of 2009

PARTICULARS	FREEHOLD LAND		FACTORY BUILDING		NON-FACTORY BUILDING		PLANT & MACHINERY		POWER PLANT	PLANT & MACHINERY-LEASED		FURNITURE, FIXTURE AND FITTING	OFFICE EQUIPMENT	VEHICLES	VEHICLES-LEASED	TOTAL	
	Cost	Revaluation	Cost	Revaluation	Cost	Revaluation	Cost	Revaluation	Cost	Cost	Revaluation	Cost	Cost	Cost	Cost	Cost	Revaluation
Net carrying value																	
Year ended Sep 30, 2009																	
Opening Book Value	3,787	77,558	15,704	7,199	58,451	80,374	798,321	848,034		114,724	8,420	6,142	6,525	41,087	6,396	1,051,137	1,021,585
Additions at cost	-		13,022		32,876		253,007	-				198	3,941	10,644	-	313,688	-
Transfer at NBV	-	-	-	-	-	-	44,373	690		(44,373)	(690)	-	-	2,501	(2,501)	-	-
Disposal at NBV	-	-	-	-	-	-	-	-		-	-	-	-	(222)	-	(222)	-
Depreciation	-	-	1,690	720	3,785	4,597	60,725	77,487		5,133	1,254	620	2,945	9,319	1,289	85,506	84,058
Closing Net Book Value	**3,787**	**77,558**	**27,036**	**6,479**	**87,542**	**75,777**	**1,034,976**	**771,237**	**-**	**65,218**	**6,476**	**5,720**	**7,521**	**44,691**	**2,606**	**1,279,097**	**937,527**
Gross carrying Value																	
At Sep 30, 2009																	
Cost	3,787	77,558	54,333	10,618	136,117	95,702	1,924,343	1,121,994	-	71,699	15,057	15,939	41,124	80,838	6,822	2,335,002	1,320,929
Accumulated Depreciation	-	-	27,297	4,139	48,575	19,925	889,367	350,757		6,481	8,581	10,219	33,603	36,147	4,216	1,055,905	383,402
Net Book Value	**3,787**	**77,558**	**27,036**	**6,479**	**87,542**	**75,777**	**1,034,976**	**771,237**	**-**	**65,218**	**6,476**	**5,720**	**7,521**	**44,691**	**2,606**	**1,279,097**	**937,527**
Depreciation rate per annum	-	-	10%		5% - 10%		5%		5%	5%		10%	10%	20%	20%		

6.1.1 Detail of disposal of property, plant and equipment - by negotiation

Particulars	Original Cost/ Valuation	Accumulated depreciation	Written down value	Sale proceeds	Gain on disposal	Name and address of the buyer
	....	....	Rupees in '000	....	....	
Vehicles	253	245	8	230	222	Muhammad Qasim s/o Muhammad Yameen - Flat # R-1091, Dastageer, F.B Area Block 9, Karachi
Rupees 2010	**253**	**245**	**8**	**230**	**222**	
Rupees 2009	3,410	3,188	222	1,200	978	

6.1.2 Detail of Vehicle Snatched during the period - aganist Insurance Claim Receivable

Particulars	Original Cost/ Valuation	Accumulated depreciation	Written down value	Claim Receivable	Gain on disposal	Name and address of the buyer
	....	....	Rupees in '000	....	....	
Vehicles	1,609	268	1,341	1,341	-	Reliance Insurance Company Limited
Rupees 2010	**1,609**	**268**	**1,341**	**1,341**	**-**	
Rupees 2009	-	-	-	-	-	

6.2 Capital work in progress

	2010	2009
	Rupees in '000	
Plant and machinery	104,430	88,418
Civil work	11,583	14,198
Advance for Capital Expenditures	43,735	6,163
Advance for SAP B1	4,867	-
Advance for vehicles	-	2,518
	164,615	111,297

	2010				2009			
	Balance as on 01-10-2009	Addition during the year	Capitalized during the year	Balance as on 30-09-2010	Balance as on 01-10-2008	Addition during the year	Capitalized during the year	Balance as on 30-09-2009
Plant and machinery	88,418	433,599	(417,587)	104,430	162,342	154,267	(228,191)	88,418
Civil work	14,198	14,272	(16,887)	11,583	29,360	20,486	(35,648)	14,198
Advance for Capital Expenditures	6,163	56,422	(18,850)	43,735	-	6,163		6,163
Advance for SAP B1		4,867	-	4,867	-			-
Advance for vehicles	2,518	-	(2,518)	-	-	2,518		2,518
	111,297	509,160	(455,842)	164,615	191,702	183,434	(263,839)	111,297

	2010			2009		
	Cost	Accumulated depreciation / Impairment	Carrying value	Cost	Accumulated depreciation / Impairment	Carrying value
Land	3,787	-	3,787	3,787	-	3,787
Buildings	204,566	83,435	121,131	185,793	71,215	114,578
Plant and machinery	2,163,249	972,298	1,190,951	1,996,041	893,923	1,102,118
	2,371,602	1,055,733	1,315,869	2,185,621	965,138	1,220,483

Revaluation of land, buildings and plant and machinery had been lastly carried out on September 30, 2008 by Messers SIPRA & Company (Private) Limited on the basis of market value or depreciated replacement values as applicable. Revaluation surplus has been credited to surplus on revaluation of property, plant and equipment account to comply with the requirement of section 235 of the Companies Ordinance, 1984.

	Note	2010	2009
		Rupees in '000	

6.3 Depreciation for the year has been allocated as follows:

	Note	2010	2009
Cost of goods sold	27.1	161,128	147,008
Administrative expenses	31	26,445	22,554
		187,573	169,562

7 LONG TERM INVESTMENTS

Investment in associated undertakings: -

	Shahmurad Sugar Mills Limited	Al Noor Modaraba Management (Pvt.) Limited	Total 2010	Total 2009
	Rupees in '000			
Opening balance	139,418	4,354	143,772	98,416
Share of associates' revaluation surplus		-	-	30,864
Share of profit of associate	5,039	(387)	4,652	16,100
Share of unrealised gain / (loss) on remeasurement of securities	61	398	459	42
Share of dividend of associate	(4,950)	-	(4,950)	(1,650)
	150	11	161	45,356
	139,568	4,365	143,933	143,772

Note

Summarized financial statements of associates are as follows: -

	-------- 2010 -------		-------- 2019 -------	
	Shahmurad Sugar Mills Limited	Al Noor Modaraba Management (Pvt.) Limited	Shahmurad Sugar Mills Limited	Al Noor Modaraba Management (Pvt.) Limited
	---------------- Rupees in '000		----------------	
Total assets	3,310,486	40,005	3,060,623	46,830
Total liabilities	2,417,248	9,446	2,168,347	16,296
Net assets	893,238	30,559	892,276	30,534
Revenue	4,440,856	3,027	2,887,437	6,349
Profit for the year	32,248	(2,763)	102,744	324
Number of shares held	3,299,784	500,000	3,299,784	500,000
Cost of investment	21,631	5,000	21,631	5,000
Ownership interest	15.625%	14.285%	15.625%	14.285%

7.1 The market value of Shahmurad Sugar Mills Limited share as at September 30, 2010 was Rs. 36.133 million (2009 : Rs. 33.823 million).

7.2 The financial year of Al-Noor Modaraba Management (Pvt.) Limited is June 30. Therefore, the financial results as of June 30, 2010 have been used for the purpose of application of equity method. The name of Chief Executive of the company is Mr. Jalaluddin Ahmed. The breakup value of this company is Rs. 8.73 (2009 : Rs. 8.72) per share.

8. LONG TERM LOANS

	Note	2010	2009
		Rupees in '000	
Considered good			
Secured			
Due from - Executives - Related parties	8.3	3,180	3,000
- Other employees		6,718	3,732
	8.1	9,898	6,732
Recoverable within one year shown as current portion of long term loans	12	(5,422)	(2,588)
		4,476	4,144

8.1 These loans are given in accordance with terms of the Company's employment policy and are repayable upto a maximum period of 5 years.These are secured against the future salaries and retirement benefits of the employees.

8.2 Maximum amount outstanding at the end of any month during the year against any loans to executives was Rs.4 million (2009: Rs. 4 Million).

8.3 Reconciliation of outstanding amount of loans to Executives:

	2010	2009
Opening balance	3,000	-
Disbursements	1,100	4,000
Repayments	(920)	(1,000)
	3,180	3,000

	Note	2010	2009
		Rupees in '000	
9 LONG TERM DEPOSITS			
Lease deposits		3,395	3,730
Other deposits		1,293	560
		4,688	4,290
10 STORES, SPARES AND LOOSE TOOLS			
Stores		130,503	174,836
Spares		106,253	9,067
Loose tools		566	563
Stores in transit		2,385	19,507
		239,707	203,973
Less: Provision for obsolete store and spare items	10.1	(21,050)	(16,800)
		218,657	187,173
10.1 Opening balance		16,800	16,800
Provision made during the year		4,250	-
Closing balance		21,050	16,800
11 STOCK IN TRADE			
Raw material - in hand		218,254	211,454
Raw material - in transit		77,294	31,689
Work-in-process			
Sugar		8,891	2,244
Finished goods			
Sugar		617,564	613,515
MDF Sheets		35,531	88,278
Trading stock:			
Laminated flooring		7,587	7,690
By product - Baggasse		-	9,000
		660,682	718,483
		965,121	963,870

11.1 The carrying amount of raw material and finished goods pledged with the bank aggregated to Rs. 359 million (2009 : Rs. 780.114 million).

	Note	2010	2009
		Rupees in '000	
12 LOANS AND ADVANCES			
Current maturity of long term loans			
Current Maturity of Long term Loans - Considered good - Secured			
Due from - Executives Related parties	8	1,080	
- Other employees		4,342	2,588
		5,422	2,588
Advances to Other Employees		-	5,408
Advances to growers - Unsecured			
Growers - considered good	12.1	17,354	24,021
Growers - considered doubtful		36,801	35,206
		54,155	59,227
Less: Provision for doubtful recovery	12.2	(36,801)	(30,626)
		17,354	28,601
Other Advances - Unsecured			
Considered good:			
For purchase and services		23,834	7,045
For transportation		332	332
Others		8	2,640
Considered doubtful:			
For purchase and services		1,555	1,555
For transportation		2,740	2,740
Provision for doubtful advances	12.3	(4,295)	(4,295)
		-	-
		41,528	44,026

12.1 These advances are given to farmers/growers for their capital requirements for sugarcane cultivation and development. These are adjusted against purchase of sugarcane from respective growers. Provision has been made in respect of advances against which future adjustment through purchase of sugarcane is considered doubtful.

		2010	2009
12.2	Opening balance	30,626	25,910
	Provision made during the year	6,175	4,716
	Closing balance	36,801	30,626
12.3	Opening balance	4,295	3,679
	Provision made during the year	-	616
	Closing balance	4,295	4,295

	2010	2009
13 SHORT TERM DEPOSITS AND PREPAYMENTS		
Trade deposits	3,787	7,111
Lease deposits	3,035	516
Short term prepayments	1,342	1,009
	8,164	8,636
14 OTHER RECIEVABLES		
Associated undertakings	1,341	-
Others	8,763	8,533
	10,104	8,533

	Note	2010	2009
		Rupees in '000	
15 CASH AND BANK BALANCES			
Cash in hand		937	384
Cash at banks			
On current accounts		139,455	105,444
On deposit account		-	1,905
On savings accounts		37	36
		139,492	107,385
		140,429	107,769

16 ISSUED, SUBSCRIBED AND PAID-UP CAPITAL

2010	2009		2010	2009
No. of Shares			Rupees in '000	
3,617,635	3,617,635	Ordinary shares of Rs.10 each allotted for consideration paid in cash.	36,177	36,177
		Ordinary shares of Rs. 10 each allotted as fully paid up otherwise than in cash:		
814,637	814,637	Issued to P.I.C.I.C in terms of loan agreement	8,146	8,146
40,000	40,000	Issued to I.C.P. in terms of debenture trust deed	400	400
20,000	20,000	Issued to State Life Insurance Corporation of Pakistan in terms of debenture trust deed	200	200
10,000	10,000	Issued to N.I.T. in terms of debenture trust deed	100	100
884,637	884,637		8,846	8,846
14,067,980	14,067,980	Ordinary shares of Rs. 10 each allotted as fully paid bonus shares.	140,680	140,680
18,570,252	18,570,252		185,703	185,703

16.1 Associated companies hold 1,811,294 (2009: 495,423) ordianry shares in the Company as at the balance sheet date.

	Note	2010	2009
		Rupees in '000	
17 SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT			
Surplus on revaluation of property, plant and equipment	17.1	639,390	692,483
Share of associates's surplus on revaluation of property, plant and equipment		69,377	72,949
		708,767	765,432

17.1 This represents surplus over book values resulting from the revaluation of land, building and plant & machiney carried out lastly on September 30, 2008 by Messers SIPRA & Company (Private) Limited, adjusted by surplus realized on disposal of revalued assets, incremental depreciation arising out of revaluation and deferred taxation.

	Note	2010	2009
		Rupees in '000	
Surplus on revaluation of property, plant and equipment			
Opening Balance		937,526	1,021,584
Transferred to unappropriated profit on account of incremental depreciation - net of deferred tax		(53,093)	(58,924)
Related deferred tax liability		(23,092)	(25,134)
		(76,185)	(84,058)
Closing Balance		861,341	937,526
Related deferred tax liability			
Opening balance		(245,043)	(270,177)
Transferred to profit and loss account on account of - incremental depreciation		23,092	25,134
		(221,951)	(245,043)
		639,390	692,483

18 LONG TERM FINANCING - Secured

	Note	2010	2009
From banking companies and other financial institution			
Term finances	18.1	400,000	212,500
Diminishing Musharika	18.2	150,000	225,000
		550,000	437,500
Less: Current portion shown under current liabilities		(157,500)	(87,500)
		392,500	350,000

18.1 These are secured by First Pari Passu / 2nd equitable Mortgage charge over Fixed Assets(including land and building) of MDF board division. The facilities carries markup at the rate of six months KIBOR + 2.75% to 3.0 % per annum payable semi annually . The principal amount of one facility will start repayable in quarterly installments of Rs. 12.5 million from June 15, 2011 and other is payable in quarterly installments of Rs.12.5 million commencing from October 17, 2010. Effective interest rate for the year ranges from 14.93% to 15.40% (2009: 14.93% to 17.30%) per annum.

These are secured by first hyphothecation charge on plant and equipment of MDF board division and personal guarantee of directors. The facilities carries markup at the rate of six months KIBOR + 2% to 3 % per annum payable quarterly. The principal amount of facility is repayable in quarterly installments of Rs. 6.666 million commenced from December 2, 2010. Effective interest rate for the year ranges from 14.5% to 15.7% (2009: 14.93% to 17.30%) per annum.

18.2 The finance is secured by first pari-passu hypothecation charge over Land, Building and Plant and Machinery of MDF board division. The facility carries markup at the rate of three / six months KIBOR + 2% per annum payable quarterly / semi annually. The principal amount is repayable in quarterly and semi-annual installments of Rs. 9.375 million and Rs. 18.750 million commencing from November 30, 2008 and March 27, 2009 respectively. Effective interest rate for the year ranges from 14.11% to 15.27% (2009: 14.39% to 17.48%) per annum.

19 LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE

Future minimum lease payments under finance lease together with the present value of the net minimum lease payments are as follows: -

	------- 2010 -------		------- 2009 -------	
	Minimum lease payments	Present Value	Minimum lease payments	Present Value
	---------------- Rupees in '000 --------------			
Within one year	13,976	11,049	21,947	19,220
After one year but not more than five years	16,666	14,945	8,475	7,994
Total minimum lease payments	30,642	25,994	30,422	27,214
Less: Amount representing finance charges	(4,648)	-	(3,208)	-
Present value of minimum lease payments	25,994	25,994	27,214	27,214
Less: Current portion shown under current liabilities	(11,049)	(11,049)	(19,220)	(19,220)
	14,945	14,945	7,994	7,994

19.1 These represent machinery and vehicles acquired under finance lease from leasing companies. The outstanding lease rentals due under the lease agreements are payable in monthly and quarterly installments latest by 2012. The financing rates used as discounting factor range from 15.87% to 26.17% (2009 : 7.85% to 26.17%) per annum. The Company intends to exercise the option to purchase the leased assets upon completion of the lease period. Liabilities are secured against personal guarantee of directors, promissory notes and security deposits.

20 DEFERRED LIABILITIES

	Note	2010	2009
		Rupees in '000	
Staff retirement benefits			
Gratuity	20.1	-	27,622
Deferred taxation	20.2	526,710	455,932
Excise duty	20.3	35,120	35,120
		561,830	518,674

20.1 Staff gratuity

As more fully stated in Note 5.04, the defined benefit plan being the gratuity has been replaced with defined contribution plan effective from 30th September 2008, hence the amount due upto that amount and the amount accounted for has been transferred to current liabilities as the Company intends to make payment of the obligation in the forthcoming year hence the amount payable is no more deferred and thus accordingly transferred herefrom.

20.2 Deferred taxation

	2010	2009
Opening Balance	455,932	416,884
Charge for the year	93,870	64,182
Deferred taxation on revaluation during the year	(23,092)	(25,134)
	526,710	455,932
Deferred tax liabilities on taxable temporary differences arising due to :		
Accelerated depreciation rates	307,065	232,583
Investment in associates	10,148	10,821
Lease financing arrangements	11,962	-
Surplus on revaluation of property, plant and equipments	221,951	245,043
	551,126	488,447
Deferred tax assets on deductible temporary difference arising due to :		
Lease financing arrangements	-	8,245
Provisions	24,416	24,270
	(24,416)	(32,515)
	526,710	455,932

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

	Note	2010	2009
		Rupees in '000	
21 TRADE AND OTHER PAYABLES			
Creditors		116,580	94,098
Murabaha payable	21.1	-	-
Accrued expenses	21.2	72,372	32,136
Advance from customers		393,032	222,872
Custom duty		199	199
Workers' Profit Participation fund	21.3	21,521	8,457
Workers' welfare fund		7,908	6,869
Unclaimed dividend		2,185	1,614
Sales tax		32,267	15,356
Payable to provident fund - related party		481	293
Others		369	3,400
		646,914	385,294

21.1 The facilities of morabaha payable from commercial banks and modaraba, as availed last year, have matured during the year. These carried markup at rates ranging from 14.26% to 14.75% (2009: 12% to 16%) per annum payable on maturity and were secured against second charge on fixed assets, hypothecation of receivables and pledge of sugar stock of the company.

21.2 It includes Rs. 7.96 million (2009 : Rs. 0.671 million) and Rs. 0.720 million (2009 : Rs. 0.720 million) due to related party Reliance Insurance Company Limited and Directors family members respectively.

21.3 Workers' Profit Participation fund

	2010	2009
Balance October 1,	8,457	11,980
Interest on funds utilized in the Company's business	709	2,022
	9,166	14,002
Paid to the fund	(8,457)	(11,980)
	709	2,022
Allocation for the year	20,812	6,435
	21,521	8,457

	Note	2010	2009
22 INTEREST / MARK-UP ACCRUED			
Long term financing		12,961	9,016
Finance lease		64	361
Short term borrowings		28,452	27,152
		41,477	36,529
23 SHORT TERM BORROWINGS - Secured			
From banking companies			
Running finance/Cash finance	23.1	549,483	748,412
		549,483	748,412

23.1 The aggregate unavailed running finance facilities amounts to Rs.2,825 million (2009 : Rs.1,902 million) from commercial banks. These carry markup at rates ranging from 14.10% to 16.40% (2009 : 14.51% to 17.26%) per annum payable quarterly and are secured against pari passu equitable mortgage on properties, hypothecation of stocks and receivables, pledge of sugar stock, second charge on fixed assets of the company and personal guarantee of directors.

		Note	2010	2009
			Rupees in '000	
24	**CURRENT PORTION OF NON - CURRENT LIABILITIES**			
	Long term financing	18	157,500	87,500
	Liabilities against assets subject to finance lease	19	11,049	19,220
			168,549	106,720

25 CONTINGENCIES AND COMMITMENTS

25.1 Contingencies

25.1.1 A demand of Rs.6.216 million in respect of sales tax on in house use of baggasse as fuel was raised by the Collectorate of Sales Tax, Hyderabad. The Company has disputed the liability and has filed an appeal before the Sales Tax Appellate Tribunal, Karachi, the outcome of which is pending. However, to avail a relief from further levy of additional tax and penalties, as facilitated through SRO 1349(1)/99 dated 17th December, 1999, the company has paid total tax due of Rs.11.791 million, including an additional tax of Rs.5.577 million.

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

The Department of Sales Tax filed an Appeal before the Supreme Court against the order of the High Court of Sindh. The Supreme Court allowed the appeal with direction to the department to act in accordance with law. The case was subsequently decided by the Sales Tax Tribunal in favour of the company vide order dated 27th May 2009.

The Department of Sales Tax Appeals against the orders of the Sales Tax Tribunal, which is pending at sindh High Court of Sindh and Supreme Court of Pakistan.

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

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

25.1.5 During the year the Company has filed a suit before the Honourable High Court of Sindh against Pakistan Standards and Quality Control Authority (the Authority) challenging the levy of making fee under PSQCA Act-VI of 1996. The Authority has demanded a fee payment @ 0.1% of ex-factory price for the year 2008-09 amounting to Rs. 6.5 million. The Company is of the view that demand notifications so raised are without any lawful authority under the PSQCA Act-VI of 1996 and are violation of the constitution. The Honourable High Court of Sindh has accepted the petition and termed that the impugned notification have been issued without lawful authority and suspended the operation of the impugned notifications. No provisions has been made in this regard since the management is confident that the outcome would be in Company's favour as the amount is insignificant and is not likely to materialize.

	Note	2010	2009
		Rupees in '000	
25.2 Commitments			
Letters of credit			
Stores		17,842	19,848
Plant and machinery		133,043	19,573
Trading stock		-	54,477
Raw Material		100,114	-
Capital work in progress			
Plant and machinery		22,259	187,811
26 SALES			
Local		5,872,014	4,177,516
Export		845,585	619,136
		6,717,599	4,796,652
Sales tax and federal excise duty		403,564	545,948
Brokerage and commission		815	723
		(404,379)	(546,671)
		6,313,220	4,249,981
27 COST OF GOODS SOLD			
Cost of goods manufactured	27.1	5,253,718	3,451,031
Finished goods			
Opening stock		710,793	826,791
Closing stock		(653,094)	(710,793)
		57,699	115,998
		5,311,417	3,567,029
27.1 Cost of goods manufactured			
Raw material consumed	27.1.1	4,572,372	2,823,981
Salaries, wages and benefits	27.1.2	115,321	109,684
Stores and spares consumed		189,715	137,021
Packing materials		24,030	22,684
Fuel and oil		191,548	145,973
Power and water		161,402	130,172
Repair and maintenance		90,920	69,985
Insurance		12,295	8,174
Depreciation	6.3	161,128	147,008
Provision for obsolete stores and spare items		4,250	-
Other manufacturing expenses		49,593	51,902
		5,572,574	3,646,584
Less:			
Byproduct sale			
Molasses		298,456	189,194
Sander dust		7,024	5,618
Electric Power		6,729	-
		(312,209)	(194,812)
Work-in-process			
Opening stock		2,244	1,503
Closing stock		(8,891)	(2,244)
		(6,647)	(741)
		5,253,718	3,451,031

	Note	2010	2009
		Rupees in '000	
27.1.1 Raw material consumed			
Opening stock		211,454	172,450
Purchases and purchase expenses	27.1.1.1	4,579,172	2,862,985
		4,790,626	3,035,435
Closing stock		(218,254)	(211,454)
		4,572,372	2,823,981

27.1.1.1 It includes subsidies paid to growers aggregating to Rs. 1471.44 million (2009: Rs.446.95 million) in addition to minimum support price fixed by the Government of Sindh.

27.1.2 It includes Rs. 5.418 million (2009 : Rs. 5.116 million) in respect of staff retirement benefits.

28 PROFIT FROM TRADING ACTIVITIES

	2010	2009
Sales	19,107	18,815
Sales tax and federal excise duty	(2,807)	(2,734)
	16,300	16,081
Cost of goods sold:		
Opening stock	7,690	8,278
Purchases	11,678	9,158
Closing stock	(7,587)	(7,690)
	11,781	9,746
	4,519	6,335
Distribution expenses	(1,872)	(2,010)
Profit for the year	2,647	4,325

29 OTHER OPERATING INCOME

	2010	2009
Income from financial assets:		
Profit on bank accounts	37	57
Income from assets other than financial assets:		
Insurance claim	-	900
Sale of scrap	1,496	797
Gain on disposal of property, plant and equipment	222	978
Rent	636	494
	2,391	3,226

30 DISTRIBUTION COST

	2010	2009
Sales promotion	5,076	5,542
Export sale expenses	2,531	1,990
Dispatch and stacking	10,786	7,060
	18,393	14,592

	Note	2010	2009
		Rupees in '000	
31 ADMINISTRATIVE EXPENSES			
Salaries, wages and benefits	31.1	92,693	61,640
Staff welfare		16,333	15,098
Rent, rates and taxes		1,139	1,922
Electricity and gas charges		3,434	1,381
Repair and maintenance		26,520	18,214
Legal and professional		5,497	1,549
Vehicle running		19,780	14,573
Insurance		2,019	2,520
Communication		4,015	3,155
Entertainment		6,115	4,104
Printing and stationery		1,455	1,163
Fees and subscription		1,280	1,897
Traveling and conveyance		10,078	10,483
Auditors' remuneration	31.2	750	589
Charity and donation	31.3	4,442	3,093
Depreciation	6.3	26,445	22,554
Others		14,858	14,035
		236,853	177,970

31.1 It includes Rs. 4.06 million (2009 : Rs. 1.3 million) in respect of staff retirement benefits.

31.2 Auditors' remuneration

	2010	2009
Audit fee	500	375
Out of pocket expenses	50	44
Half yearly review fee	75	75
Code of corporate governance review fee	50	50
Other services		
Provident fund audit	25	25
Others	50	20
	750	589

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

	Note	2010	2009
32 OTHER OPERATING EXPENSES			
Worker's Profit Participation fund		20,812	6,435
Workers welfare fund		7,908	2,424
Provision for doubtful recovery		6,175	5,331
		34,895	14,190
33 FINANCE COST			
Interest / Markup on:			
Long term financing		72,317	54,731
Lease finance		3,558	6,638
Short term borrowings		219,565	206,145
Morabaha financing		28,154	13,614
Workers' profit participation fund	21.3	709	2,022
Bank charges		2,863	2,804
Others		2,733	3,148
		329,899	289,102
34 TAXATION			
Current year		66,277	35,024
Prior years		-	19,138
Deferred		70,778	36,849
		137,055	91,011

	Note	2010	2009
		Rupees in '000	
34.1 Relationship between tax expense and accounting profit			
Accounting profit before tax		391,453	210,749
Tax rate %		35%	35%
Tax on accounting profit		137,009	73,762
Tax effect of:			
-income exempt from tax		-	-
-income chargeable to tax at special rate		(5,165)	(4,080)
-adjustments of prior years in respect of current tax		-	19,138
-deferred tax expense (income) relating to the origination and reversal of temporary differences		5,211	2,191
Tax charge for the year		137,055	91,011

34.2 The Company is in appeals before Income Tax Appelatte Tribunal (ITAT) against the orders of CIT-Appeals in respect of assesment year 2002-03 and tax years 2005 and 2007. The disputed amounts are not material and management expects a favorable decision in respect of aforementioned appeals.

Return of income for the tax year 2010 has been filed and is deemed to be assessed under provisions of the Income Tax Ordinance, 2001.

35 EARNINGS PER SHARE
- Basic and diluted

There is no dilutive effect on the basic earnings per share of the Company, which is computed as under: -

		2010	2009
Profit after taxation	Rs.	254,398	119,738
Weighted average number of ordinary shares outstanding during the year (in thousands)		18,570	18,570
Earnings per share (Rupees)	Rs.	13.70	6.45

36 RELATED PARTY TRANSACTIONS

The related parties comprise associates, key management personnel and staff retirement benefit plans. The transactions with related parties are carried out as per agreed terms. Amounts due from and to related parties are shown under receivables and payables, and remuneration of directors and key management personnel is disclosed in note 38 whereas transaction with respect to investment and return thereto are disclosed in Note 7. Other significant transactions with related parties are as follows: -

Relationship with the Company	**Nature of Transactions**	2010	2009
		Rupees in '000	
Associates:			
Reliance Insurance Company Limited	Insurance premium paid	7,949	12,167
Reliance Insurance Company Limited	Insurance claim received	-	900
Noori Trading (Private) Limited	Rent received	36	494
Shamurad Sugar Mills Limited	Sale of molasses	298,456	189,194
First Al-Noor Modaraba (Pvt) Limited	Expense reimbursed	600	420
Staff Retirement Benefits Plan	Employer's contribution to provident fund	5,648	1,696
Staff Retirement Benefits Plan	Staff Gratuity	1,510	426
Payment of Dividends from Associates		4,950	1,650
		319,149	206,947

	2010	2009
	Rupees in '000	

37 CAPACITY AND PRODUCTION

Sugar Division

	2010	2009
Capacity Days	120	120
Cane crushing capacity per day (M.Ton)	7,000	7,000
Total Crushing Capacity on basis of no. of days (M.Ton)	840,000	840,000
No of days Mill operated	111	114
Actual Crushing (M.Ton)	774,230	736,420
Sugar Production (M.Ton)	73,175	66,495

The sugar production plant capacity is based on crushing sugar cane on daily basis and the sugar production is dependent on certain factors which include surcose recovery. The short fall in actual crushing is mainly on account of shortage of sugar cane.

MDF Board division

	2010	2009
Mande Line		
No. of Days Mill Operated	260	230
Capacity Per Day (Cubic Meter)	70	70
Total Capacity on basis of no. of days (Cubic Meter)	18,200	16,100
Actual Production (Cubic Meter)	17,109	14,259
Sunds Line		
No. of Days Mill Operated	321	325
Capacity Per Day (Cubic Meter)	122	122
Total Capacity on basis of no. of days (Cubic Meter)	39,162	39,650
Actual Production (Cubic Meter)	39,365	40,325

38 REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

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

	Chief Executive		Directors		Executives		Total	
	2010	2009	2010	2009	2010	2009	2010	2009
	--- Rupees in '000 ---							
Meeting fee	20	15	60	60	-	-	80	75
Remuneration	4,392	2,160	12,450	4,680	16,953	14,972	33,795	21,812
Provident fund	-	-	-	-	1,413	332	1,413	332
Perquisite (including house rent and bonus)	2,196	1,188	4,931	2,574	13,673	11,714	20,800	15,476
Reimbursable expenses including traveling expenses	779	239	667	808	896	299	- 2,342	1,346
	7,387	3,602	18,108	8,122	32,935	27,317	58,430	39,041
Number of persons	1	1	3	3	28	27		

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

38.2 Meeting fee paid to 10 Directors was Rs.0.185 million (2009 : 10 Directors Rs. 0.175 million).

38.3 Reimbursable expenses paid to non-salaried director aggregate to Rs. 0.758 million (2009 : Rs. 2.630 million) approximately.

39 Financial Risk Management Objectives and Policies

39.1 The Company is mainly exposed to credit risk, liquidity risk, foreign currency risk interest/markup rate risk, price risk and derivative for the use of financial instruments.

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

The Company risk management policies are established to identfy and analyze the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. The Company's overall risk management programme focuses on th predictibility of financial markets and seeks to minimize potential adverse effects on the Company's financial performance.

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

39.2 Credit risk

Credit risk is the risk which arises with the possibility that one party to a financial instrument will fail to discharge its obligation and cause the other party to incur a financial loss.

The Company is exposed to credit risk on deposits, trade debts, loan and advances, profit accrued on bank deposits, other receivables and bank balances. The Company exposure to credit risk is minimal as the Company receives advance agaisnt sale of goods to customers and in respect of other financial assets, it seeks to minimize the credit risk exposure through having exposures only to reliable counterparties. The details of Company's exposure in this behalf is as under:

	Carrying Values	
	2010	2009
	Rupees in '000	
Long-term deposits	4,688	4,290
Trade debts	-	-
Loans and advances	41,528	44,026
Other receivable	10,104	8,533
Bank balances	139,492	107,385
Cash in hand	937	384
	196,749	164,618

Quality of financial assets

The credit quality of financial assets can be assessed by reference to external credit standing or the historical information about counter party default rates as shown below:

39.2.1 Trade debts

Trade Debts are essentially due from these local and foreign companies and the company does not expect that these parties will fail to meet their obligation. Mostly the sales are made on advance payments from local parties and in respect of exports these are secured through letter of credit or other reliable modes of trade.

39.2.2 Loans and advances & other receivables

Counter parties without credit rating - loans and advances
- Other receivables

39.2.3 Bank Balances

The company limits its exposure to credit risk by investing time deposits in bank accounts only with the counter parties that have stable credit rating accordingly the management does not expect that any counter party will fail to meet their obligation. The Credit rating of counter parties as at balances held on the balance sheet with them are as under:

AAA	11,797
AA+	124,538
AA	2,245
A	30
A-	112
AA-	690
BBB+	81
	139,493

39.3 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 applies the prudent risk management policies by maintaining sufficient cash and bank balances and by keeping committed credit facilities. As at the balance sheet date, the Company has unused credit facilities of Rs. 2,825 million. (2009: Rs. 1,902)

Table below summarizes the maturity profile of the Company's financial liabilities at the following reporting dates based on contgractual undiscounted payments.

Year ended 30 September 2010	On demand	Less than 3 months	3 to 12 months	1 to 5 years	> 5 years	Total
Long term financing			157,500	392,500		550,000
Assets obtained on finance lease			11,049	14,945		25,994
Trade and other payables	-	617,485	29,429	-	-	646,914
Short-term borrowings	-	-	549,483	-	-	549,483
Accrued mark-up on short-term borrowings	-	41477	-	-	-	41,477
	-	658,962	747,461	407,445	-	1,813,868

Year ended 30 September 2009	On demand	Less than 3 months	3 to 12 months	1 to 5 years	> 5 years	Total
			(Rupees in thousands)			
Long term financing			87,500	350,000		437,500
Assets obtained on finance lease			19,220	7,994		27,214
Trade and other payables	-	369,968	15,326	-	-	385,294
Short-term borrowings	-		748,412	-	-	748,412
Accrued mark-up on short-term borrowings	-	36,529			-	36,529
	-	406,497	870,458	357,994	-	1,634,949

39.4 Foreign currency risk

Foreign currency risk is the risk that the value of financial assets or a financial liability will fluctuate due to a change in foreign exchange rates. It arises mainly where receivables and payables exist due to transactions in foreign currency. The Company is not exposed to any significant foreign currency risk.

39.5 Intrest/Markup rate risk

Interest/markup rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of chages in market interest rates. The Company's exposure to the risk of changes in variable market interest rates arises from long term financing and short term borrowings with floating rates linked with KIBOR. All the borrowings have been obtained in functional currency. The following information provides the details of fixed and floating rates of borrowings:

	Effective interest rates		Carrying Values	
	2010	2009	2010	2009
			--- Rupees in "000" ----	
Financial Liabilities Fixed Rate Instruments				
Liability Against assets subject to finance lease	See Note 19		25,994	27,214
Variable Rate Instruments Long Term Financing	See Note 18		550,000	437,500
WPPF	See Note 21		21,521	8,457
Short term Borrowings	See Note 23		549,483	748,412

Cash Flow Sensitivity Analysis for fixed rate instruments:

The Company does not account for any fixed rate financial assets and liabilities at par value through the Profit and loss. Therefore a change in interest rates at the reporting date would not affect the Profit and Loss.

Cash Flow Sensitivity Analysis for variable rate instruments:

The following figures demonstrate the sensitivity to a reasonably possible change in interest rate, with all other variables held constant, of the Company's profit before tax:

	Increase/decrease in basic Points	Effect on profit before tax
2010		
KIBOR	+100	(11,255)
KIBOR	-100	11,255
2009		
KIBOR	+100	(12,131)
KIBOR	-100	12,131

39.6 Price Risk

Price Risk represents the risk that the fair value of future cash flow of a financial instrument will fluctuate because of change in market prices [other than those arising from interest rate risk]. The Company is not exposed to any significant price risk.

39.7 Fair value of financial instruments

The carrying value of all financial assets and liabilities reflected in the financial statements approximates their fair value. The Company's exposure is restricted to investment in associates only.

40 CAPITAL RISK MANAGEMENT

The primary objective of the Company's capital management are to safeguard the Company's ability to continue as going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

The Company manages its capital structure and makes adjustment to it, in light of changes in economic conditions. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders or issue new shares or sell assets to reduce debt.

The Company monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. Net debt is calculated as total loans and borrowings and subordinated loan, less cash and bank balances. Capital signifies equity as shown in the balance sheet plus net debt.

	2010	2009
	(Rupees in '000)	
Total Borrowing	1,125,477	1,213,126
Less: Cash and bank balances	140,429	107,769
Net debt	985,048	1,105,357
Total equity	1,114,315	877,074
Gearing ratio	46.92%	55.76%

41 SEGMENT INFORMATION

The company's operating businesses are organized and managed separately according to the nature of products produced with each segment representing a strategic business unit that offers different products and serves different markets. The Company is currently organised into two operating divisions and these divisions are the basis on which the company reports its primary segment information. The operating divisions are as follows:

- Sugar Division — Manufacturing of sugar
- MDF Board Division — Manufacturing of medium density fiber board

	SUGAR		MDF BOARD		CONSOLIDATED	
	2010	2009	2010	2009	2010	2009
	Rupees in "000"					
REVENUE						
External sales	4,354,089	2,633,681	1,959,131	1,616,300	6,313,220	4,249,981
Inter-Segment sales					-	-
Total Revenue	4,354,089	2,633,681	1,959,131	1,616,300	6,313,220	4,249,981
RESULTS						
Profit from operations	609,047	270,270	142,548	227,671	751,595	497,941
Other operating expenses					(34,895)	(14,190)
Finance cost					(329,899)	(289,102)
Share of profit from associated undertaking					4,652	16,100
Profit before tax					391,453	210,749
Taxation					(137,055)	(91,011)
Net profit for the year					254,398	119,738
OTHER INFORMATION						
Capital expenditure	415,043	242,660	108,558	71,028	523,601	313,688
Depreciation	71,600	50,941	115,972	118,621	187,572	169,562
BALANCE SHEET						
Assets						
Segment assets	2,098,359	2,017,386	1,982,172	1,641,564	4,080,531	3,658,950
Investment in associates	143,933	143,772	-	-	143,933	143,772
Consolidated total assets					4,224,464	3,802,722
Liabilities						
Segment liabilities	1,863,748	1,637,882	513,039	516,210	2,376,787	2,154,092
Unallocated liabilities					24,595	6,124
Consolidated total liabilities					2,401,382	2,160,216

42 DIVIDEND

The Board of Directors proposed the final Cash Dividend for the year ended September 30, 2010 of Rs.5 (2009 : Rs. 4) per share amounting to Rs.92.852 million (2009 : 74.281 million) at their meeting held on December 30, 2010 for the approval of the members at the Annual General Meeting to be held on January 28, 2011. These financial statement do not reflect dividend payable .

43 DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorized for issue on December 30, 2010 by the Board of Directors of the Company.

44 GENERAL

Figures have been rounded off to the nearest thousand of rupees.

ISMAIL H. ZAKARIA
Chief Executive Officer

SULEMAN AYOOB
Director

KEY OPERATION & FINANCIAL DATA FOR LAST TEN YEARS

(Rupees in thousand)

	2010	2009	2008	2007	2006	2005	2004	2003	2002	2001
			(Restated)		(Restated)					
BALANCE SHEET:										
Share Capital	185,703	185,703	185,703	185,703	185,703	185,703	185,703	185,703	185,703	185,703
Reserves	928,612	691,371	568,382	344,659	301,468	197,805	90,778	(3,041)	9,342	137,285
Surplus on revaluaiton										
of fixed assets	708,767	765,432	795,686	337,261	369,288	399,472	432,671	447,548	-	-
Long Term Liabilities	408,534	358,463	270,630	400,714	150,073	229,526	283,025	182,742	249,705	281,871
Deferred Liabilities	561,830	518,674	473,657	346,074	344,112	279,750	308,640	350,783	93,416	117,753
Current Liabilities	1,431,018	1,283,079	1,542,332	723,653	723,016	873,515	804,576	1,022,207	1,147,942	940,272
Operating Assets	2,681,942	2,327,921	2,264,422	1,527,982	1,472,955	1,456,103	1,445,824	1,521,749	848,609	853,830
Long Term Deposits	4,688	4,290	5,071	11,317	10,742	11,047	9,991	9,461	8,589	6,718
Long Term Loans	4,476	4,144	-	-	-	-	-	-	-	-
Long Term Investments	143,933	143,772	98,416	10,263	8,607	3,671	39,852	18,449	18,199	26,631
Deferred Cost	-	-	-	-	-	-	-	5,759	8,283	7,243
Current Assets	1,389,425	1,322,595	1,466,075	788,502	581,356	694,950	609,726	630,524	802,322	768,462
TRADING:										
Turnover	6,313,220	4,249,981	3,048,478	2,382,212	2,698,535	1,703,015	1,521,994	1,291,612	1,054,217	1,335,760
Gross Profit	1,001,803	682,952	622,358	327,203	415,307	297,704	203,695	77,772	68,836	184,234
Operating Profit (Loss)	1,006,841	690,503	637,048	212,905	324,858	215,492	130,712	8,594	(4,840)	94,690
Profit(Loss) before Tax	391,453	210,749	244,243	39,759	182,154	94,955	16,082	(104,461)	(124,617)	(19,563)
Profit(Loss) after Tax	254,398	119,738	212,217	26,924	116,767	103,888	35,886	(74,502)	(119,511)	(26,581)
Earning per share	13.70	6.45	11.26	1.45	6.29	5.59	1.93	(4.01)	(6.44)	(1.43)
Cash dividend	50%	40%	30%	15%	10%	10%	NIL	NIL	NIL	NIL
SUGAR PRODUCTION:										
a) From Cane	73,175	66,495	98,113	68,310	62,722	49,004	70,360	52,508	45,525	45,150
b) From Raw Sugar	-	-	-	-	7,980	6,141	-	-	3,370	26,754
Sugar Produced (M.Tons)	73,175	66,495	98,113	68,310	70,702	55,145	70,360	52,508	48,895	71,904
Cane crushed (M.Tons)	774,230	736,420	1,062,304	782,777	662,200	538,064	756,425	622,697	554,560	592,908
Recovery (%)	9.47%	9.03%	9.24%	8.72%	9.47%	9.11%	9.30%	8.40%	8.25%	7.612%

PATTERN OF HOLDING OF THE SHARES HELD BY THE SHAREHOLDERS AS ON 30-09-2010

NOs OF SHARESHOLDERS	HOLDINGS					TOTAL SHARES HELD
424	FROM	1	TO	100	SHARES	13,005
417	FROM	101	TO	500	SHARES	120,158
102	FROM	501	TO	1000	SHARES	78,424
180	FROM	1001	TO	5000	SHARES	449,761
43	FROM	5001	TO	10000	SHARES	301,551
4	FROM	10001	TO	15000	SHARES	53,231
7	FROM	15001	TO	20000	SHARES	125,105
4	FROM	20001	TO	25000	SHARES	95,766
2	FROM	25001	TO	30000	SHARES	56,385
5	FROM	30001	TO	35000	SHARES	161,818
1	FROM	35001	TO	40000	SHARES	40,000
2	FROM	40001	TO	45000	SHARES	85,652
4	FROM	45001	TO	50000	SHARES	188,661
3	FROM	50001	TO	55000	SHARES	162,092
2	FROM	55001	TO	60000	SHARES	117,260
1	FROM	60001	TO	65000	SHARES	60,871
1	FROM	65001	TO	70000	SHARES	67,609
2	FROM	80001	TO	85000	SHARES	168,082
2	FROM	90001	TO	95000	SHARES	184,217
2	FROM	95001	TO	100000	SHARES	200,000
2	FROM	105001	TO	110000	SHARES	219,787
1	FROM	115001	TO	120000	SHARES	116,947
1	FROM	140001	TO	145000	SHARES	142,350
1	FROM	150001	TO	155000	SHARES	151,453
3	FROM	165001	TO	170000	SHARES	504,186
2	FROM	170001	TO	175000	SHARES	345,536
2	FROM	175001	TO	180000	SHARES	355,088
2	FROM	185001	TO	190000	SHARES	374,563
1	FROM	200001	TO	205000	SHARES	201,097
1	FROM	210001	TO	215000	SHARES	214,101
1	FROM	220001	TO	225000	SHARES	220,354
1	FROM	225001	TO	230000	SHARES	227,729
1	FROM	240001	TO	245000	SHARES	240,277
1	FROM	245001	TO	250000	SHARES	245,264
3	FROM	250001	TO	255000	SHARES	762,291
1	FROM	260001	TO	265000	SHARES	261,573
1	FROM	265001	TO	270000	SHARES	269,518
1	FROM	275001	TO	280000	SHARES	275,844
1	FROM	290001	TO	295000	SHARES	293,329
1	FROM	295001	TO	300000	SHARES	300,000
2	FROM	335001	TO	340000	SHARES	675,534
1	FROM	365001	TO	370000	SHARES	365,065
2	FROM	375001	TO	380000	SHARES	758,821
1	FROM	425001	TO	430000	SHARES	425,976
1	FROM	490001	TO	495000	SHARES	491,200
1	FROM	510001	TO	515000	SHARES	513,757
1	FROM	615001	TO	620000	SHARES	618,094
1	FROM	640001	TO	645000	SHARES	644,821
1	FROM	700001	TO	705000	SHARES	703,629
1	FROM	920001	TO	925000	SHARES	924,470
1	FROM	1700001	TO	1705000	SHARES	1,701,294
1	FROM	2295001	TO	2300000	SHARES	2,296,656
1250						**18,570,252**

CATEGORIES OF SHAREHOLDING AS ON 30-09-2010

SR.NO.	CATEGORIES OF SHAREHOLDER'S	NUMBER OF SHARES HOLDERS	SHARES HELD	PERCENTAGE
1	INDIVIDUALS	1225	12,806,609	68.96%
2	JOINT STOCK COMPANIES	13	2,183,663	11.76%
3	INSURANCE COMPANIES	1	513,757	2.77%
4	FINANCIAL INSTITUTIONS	8	2,945,723	15.86%
5	MODARABA COMPANIES	1	110,000	0.59%
6	OTHERS	2	10,500	0.06%
	TOTAL	**1250**	**18,570,252**	**100.00%**

CATEGORIES OF SHARE HOLDING
AS AT SEPTEMBER 30, 2010

Categories of Certificate Holders	No. of Share Holders	Sheres Held	Percentage
ASSOCIATE COMPANIES UNDERTAKINGS			
AND RELATED PARTIES	2		
FIRST AL-NOOR MODARABA		110,000	0.59
NOORI TRADING CORP. (PVT) LTD		1,701,294	9.16
NIT & ICP	6		
NATIONAL BANK OF PAKISTAN (TRUSTEE DEPTT)		2,296,656	12.37
INVESTMENT CORPORATION OF PAKISTAN		190	0.00
NATIONAL INVESTMENT TRUST LTD.		78,083	0.42
NATIONAL BANK OF PAKISTAN		270,694	1.46
DIRECTORS , CEO & THEIR SPOUSES AND MINOR CHILDREN	14		
MRS. MUNIRA ANJUM YUSUF		365,065	1.97
MR. MUHAMMAD SULEMAN AYOOB		293,329	1.58
MR. MUHAMMAD YUSUF AYOOB		336,538	1.81
MR. ABDUL AZIZ AYOOB		109,787	0.59
MRS. MEHRUNNISA A. AZIZ (W/O A. AZIZ AYOOB)		188,860	1.02
MRS. ZARINA ISMAIL (W/O ISMAIL H. ZAKARIA)		173,393	0.93
MR. ZIA ZAKARIA		175,772	0.95
MR. ZOHAIR ZAKARIA		275,844	1.48
MRS. SURAIYA SULEMAN (W/O SULEMAN AYOOB)		54,486	0.29
MR. MOHAMMAD SALIM SULEMAN		84,183	0.45
MR. ISMAIL H. ZAKARIA		425,976	2.29
MR NOOR MOHAMMAD ZAKARIA		10,231	0.06
MR SHEHNAZ ZAKARIA (W/O NOOR MOHAMMAD)		338,996	1.83
MRS. ADIBA SALIM (W/O SALIM AYOOB)		67,609	0.36
PUBLIC SECTOR COMPANIES AND CORP.	1	513,757	2.77
BANK, DEVELOPMENT FINANCE INSTITUTIONS, NON BANKING FINANCE INSTITUTIONS,	2	300,100	1.62
INSURANCE COMPANIES, MODARABAS AND MUTUAL FUNDS			
JOINT STOCK COMPANIES	12	482,369	2.60
OTHERS	2	10,500	0.05
INDIVIDUALS	1211	9,906,540	53.35
TOTAL:-	**1250**	**18,570,252**	**100.00**

CERTIFICATES HOLDERS HOLDING TEN PERNCENT OR MORE VOTING INTEREST IN THE LISTED COMPANY

National Bank of Pakistan Trust Deptt	---	2,296,656

PROXY FORM

I/We ....

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

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

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

hereby appoint .... of ....

or failing him ....

of... also a member; as my/our Proxy in my/our absence to attend and vote for me/us at the 41st Annual General Meeting of the Company to be held on the 28th day of January two thousand and eleven at 10.00 A.M. and at any adjournment thereof :

Signed this .... day of 2011

WITNESSES:

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

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

Rupees five
Revenue
Stamp

Signature of Member(s)

NOTE:

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