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COMPANY INFORMATION

BOARD OF DIRECTORS

ISMAIL H. ZAKARIA
SULEMAN AYOOB
YUSUF AYOOB
A. AZIZ AYOOB
SHAMIM AHMAD
MUHAMMAD ASIF
ZIA I. ZAKARIA
SALIM AYOOB
ZOHAIR ZAKARIA
NOOR MOHAMMAD

Chairman & Managing Director
Resident Director

Marketing Director
(N.I.T. Nominee)
(N.I.T. Nominee)

BOARD AUDIT COMMITTEE

A. AZIZ AYOOB
ZIA I. ZAKARIA
MUHAMMAD ASIF

Chairman
Member
Member

CHIEF FINANCIAL OFFICER

ZOHAIR ZAKARIA

COMPANY SECRETARY

MOHAMMAD YASIN MUGHAL
FCMA

AUDITORS

M. YOUSUF ADIL SALEEM & CO.
Chartered Accountants

LEGAL ADVISOR

ABDUL SATTAR PINGAR

REGISTERED OFFICE

96-A, SINDHI MUSLIM SOCIETY,
KARACHI-74400
Tel: 4550161-63 Fax: 4556675

FACTORY

SHAHPUR JAHANIA, P.O. NOOR JAHANIA,
TALUKA MORO, DISTRICT NAWABSHAH

REGISTRAR & SHARE REGISTRATION OFFICE

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



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 product 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 39th 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 Saturday, 31st January, 2009 at 10.00 a. m to transact the following Ordinary Business

ORDINARY BUSINESS

1. To confirm the Minutes of the Extra Ordinary General Meeting of the Company held on 25th March, 2008.
2. To receive, consider and adopt the Audited Financial Statements of the Company for the year ended September 30, 2008 together with the Directors' and Auditors' Reports thereon.
3. To approve payment of cash dividend @ 30%.i.e. Rs.3.00 per ordinary share of Rs.10/= each for the year ended 30th September 2008 as recommended by the Board of Directors.
4. To appoint Auditors and to fix their remuneration for the year ended 30th September 2009. The present Auditors. M/s M. Yousuf Adil Saleem & Company, Chartered Accountants retire and offer themselves for re-appointment.
5. To transact any other business with permission of the chair.

By Order of the Board



(M. YASIN MUGHAL)
COMPANY SECRETARY

Karachi: 5th January 2009

NOTE:

1. The Register of the Members of the Company will remain closed from 28th January, 2009 to 6th February, 2009 (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 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 is Share Registrar , M/S. C & K Management Associates (Pvt.) Limited of any change in their addresses immediately.

DIRECTORS' REPORT TO THE MEMBERS

Dear Members

Assalam-o-Alaikum:

We are pleased to share with you the significant achievements of the Company's operations and present before you the Audited Annual Accounts together with Auditors' and Directors' Reports thereon for the year ended September 30, 2008. The company has earned after tax profit amounting to Rs.209,177 million as against Rs. 26,924 million earned last year. The directors of your company has recommended final cash dividend @ 30% i.e. Rs. 3.00 per share of Rs. 10/= each (2007 Rs. 1.50 per share of Rs. 10/= each).

Salient production and financial data are provided as under:

	2007-08	2006-07
PRODUCTION DATA		
Season started on	16-11-2007	11-11-2006
Season ended on	23-04-2008	06-04-2007
Duration of crushing (days)	159	146
Sugarcane crushed (Metric Tons)	1,062,304	782,777
Sugar produced (Metric Tons)	98,113	68,310
Sugar recovery rate - percentage	9.24	8.72
Molasses produced (Metric Tons)	55,452	38,545
		(Rupees in thousand)
FINANCIAL DATA		
Sales revenues	2,783,471	2,382,212
Cost of sales	2,220,540	2,055,009
Gross profit	562,931	327,203
Administrative expenses	158,756	111,679
Financial Cost	182,298	162,456
Profit before taxation	244,243	39,759
Provision for taxation	35,066	12,835
Profit after tax	209,177	26,924

PERFORMANCE REVIEW

The division-wise performance is presented below:

SUGAR DIVISION

Crushing operations for 2007-08 season commenced on November 16, 2007 and the plant operated for 159 days ending on 23rd April, 2008 as against 146 days in the preceding season. Sugarcane crushed during the current season was 1,062,304 Metric Tons with average sucrose recovery of 9.24% and sugar production of 98,113 Metric Tons, as compared with crushing of 782,777 Metric Tons, average sucrose recovery of 8.72% and sugar production of 68,310 Metric Tons during the previous season.

The Government of Sindh issued notification fixing the minimum sugarcane support price at Rs. 67/= per 40 kgs for the crushing season 2007-08 which was reduced to Rs.63/= per 40 kgs effective from 21st January 2008.

The Division made operating profit of Rs. 201.551 million during the year under review as compared with the operating profit of Rs. 49.563 million during the previous year. The increase in profit was on account of increase in volume of sugar production, sale and sucrose recovery by 0.52%.

MEDIUM DENSITY FIBRE (MDF) BOARD DIVISION:

During the period under review, the plant produced 47,260 metric tons of Lasani Wood in various sizes. The products have established their acceptability in the market and its demand has increased considerably. Some of the production of the Board Division was also exported.

FUTURE PROSPECTS

SUGAR DIVISION

The crushing for the year 2008-09 commenced on 23rd November, 2008. Upto 31st December, 2008, total crushing was 225,883 Metric Tons with average sucrose recovery of 8.15% and sugar production of 17,260 Metric Tons.

The Government of Sindh issued notification fixing the minimum sugarcane support price at Rs. 81/= per 40 kgs for the crushing season 2008-09.

The availability of sugarcane during 2008-09 is expected to be lower in view of the decreased acreage of the sugarcane crop. Sucrose recovery is also expected to reduce as compared with previous year due to lower availability of water. Consequently, the quantum of crushing and production of sugar will be lower during 2008-09. Unless the selling price improves significantly, the profitability of the Division will be effected by higher cost of production due to fixation of minimum support price of sugarcane at Rs. 81/= per 40 kgs. and other cost-push inflationary factors.

MEDIUM DENSITY FIBRE BOARD (MDF) DIVISION

Al-Hamdo-lillah the products of the Board Division has established their acceptability in the domestic market. In spite of the increase in the cost of construction materials particularly cement and steel bars, the housing industry is progressing well. MDF Board plays an important role in finishing the housing units. Keeping in view the past experience it appears that the capacity of the Division has to be enhanced in order to meet ever increasing demand.

CAPITAL EXPENDITURE

Projects with capital outlay of Rs. 191.702 million are under installation and would be commissioned during 2008-09 Insha Allah. These include upgradation to the mills and Process House with more efficient and newer equipments.

ELECTION OF DIRECTORS

The three years tenure of the Board of Directors expired and election of the Directors was held in the Extra Ordinary General Meeting of the members held on 25th March 2008. Following Directors were elected for a further period of three years:

01. Ismail H. Zakaria
02. Suleman Ayooob
03. Yusuf Ayooob
04. A. Aziz Ayooob
05. Shamim Ahmad
06. Muhammad Asif
07. Zia I. Zakaria
08. Salim Ayooob
09. Zohair Zakaria
10. Noor Mohammad Zakaria

AUDITORS

The Audit Committee has recommended to consider the re-appointment of Messrs. M. Yousuf Adil Salim and Company, Chartered Accountants, as auditors of the Company for the ensuing year.

The auditors Messrs. M. Yousuf Adil Salim and Company, Chartered Accountants, retire and being eligible offer themselves for re-appointment.

STATEMENT ON CORPORATE AND FINANCIAL REPORTING FRAMEWORK

1. The financial statements, prepared by the Company, present fairly its state of affairs, the result of its operations, cash flows and changes in equity.
2. Proper books of account of the Company have been maintained.
3. Appropriate accounting policies have been consistently applied in preparation of the financial statements, changes if any have been adequately disclosed and accounting estimates are based on reasonable and prudent judgment.
4. International Accounting Standards, as applicable in Pakistan, have been followed in preparation of financial statements and departure therefrom if any, has been adequately 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 a going concern.
7. There has been no material departure from the best practices of the corporate governance, as detailed in the listing regulations.
8. Key operating and financial data for last ten years in summarized form has also been included in Annual Report.
9. Value of investments and balances in deposit accounts of Provident Fund as at 30th September, 2008 are as follow:

Rs. '000

Provident Fund 17,500

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

	Name of Directors	No. of Meetings	
		Held	Attended
01.	Ismail H. Zakaria	6	6
02.	Suleman Ayoob	6	5
03.	Yusuf Ayoob	6	6
04.	A. Aziz Ayoob	6	6
05.	Shamim Ahmad	6	3
06.	Muhammad Asif	6	6
07.	Zia I. Zakaria	6	3
08.	Salim Ayoob	6	3
09.	Zohair Zakaria	6	6
10.	Noor Mohammad Zakaria	6	5

11. The pattern of shareholding and additional information regarding pattern of shareholding has also been included in the Annual Report.
12. During the year 2007-08, shares of the Company were purchased by the following Directors' spouses:

	<u>No. of Shares</u>
Mrs. Adiba Salim	67,609
Mrs. Munira Anjum	210,279

None of the other Directors, CEO, CFO, Company Secretary and their spouses and minor children carried out any trade in the shares of the Company.

GENERAL

The directors place on record their appreciation of the devoted services and hard work put in by the officers, staff and workers of the Company.

On behalf of the board of Directors



ISMAIL H. ZAKARIA
CHIEF EXECUTIVE

Karachi: 5th January, 2009

STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE FOR THE YEAR ENDED 30TH SEPTEMBER 2008

This statement is being presented to comply with the Corporate Governance contained in the Regulation No 37 and XIII of listing regulations of the Karachi 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 four executive Directors. There are six 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 non 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 a 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 members of the Board are well conversant with their duties and responsibilities.
10. The Chief Financial Officer / Company Secretary were appointed prior to the enforcement Code of Corporate Governance. Appointment of Head of Internal Audit was approved by the Board including his remuneration and term and conditions of employment, as determined by the CEO.
11. 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.
12. The financial statements of the Company were duly endorsed by CEO and CFO before approval of the Board.
13. The Directors, CEO and executives do not hold any interest in the shares of the Company other than that disclosed in the pattern of shareholding.
14. The Company has complied with all the corporate and financial reporting requirements of the Code.
15. The Board has formed an Audit Committee. It comprises of three members, whom are non-executive Directors including the Chairman of the Committee.

16. 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.
17. The Board has setup an effective internal audit function.
18. 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.
19. 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.
20. We confirmed that all other material principles contained in the Code have been complied with.


ISMAIL H. ZAKARIA
CHAIRMAN

Karachi: 5th January 2009

STATEMENT OF COMPLIANCE WITH THE BEST PRACTICES ON TRANSFER PRICING

The company is in compliance with the best practice on Transfer Pricing as contained in the relevant listing Regulations of the Karachi Stock Exchange (Guarantee) Limited and Lahore Stock Exchange (Guarantee) Limited.

On Behalf of the Board of Directors


ISMAIL H. ZAKARIA
CHAIRMAN

Karachi: 5th January 2009

KEY OPERATION & FINANCIAL DATA FOR LAST TEN YEARS

(Rupees in thousand)

	2008	2007	2006	2005	2004	2003	2002	2001	2000	1999
BALANCE SHEET:			(Restated)							
Share Capital	185,703	185,703	185,703	185,703	185,703	185,703	185,703	185,703	185,703	185,703
Reserves	556,139	344,659	301,468	197,805	90,778	(3,041)	9,342	137,285	163,866	162,618
Surplus on revaluation										
of fixed assets	730,234	337,261	369,288	399,472	432,671	447,548	-	-	-	-
Long Term Liabilities	270,630	400,714	150,073	229,526	283,025	182,742	249,705	281,871	88,009	165,081
Deferred Liabilities	492,058	346,074	344,112	279,750	308,640	350,783	93,416	117,753	112,490	106,264
Current Liabilities	1,540,962	723,653	723,016	873,515	804,576	1,022,207	1,147,942	940,272	652,715	630,644
Operating Assets	2,264,422	1,527,982	1,472,955	1,456,103	1,445,824	1,521,749	848,609	853,830	789,788	808,888
Long Term Deposits	5,071	11,317	10,742	11,047	9,991	9,461	8,589	6,718	12,062	11,259
Long Term Investments	37,751	10,263	8,607	3,671	39,852	18,449	18,199	26,631	26,631	26,631
Deferred Cost	-	-	-	-	-	5,759	8,283	7,243	4,441	-
Current Assets	1,468,482	788,502	581,356	694,950	609,726	630,524	802,322	768,462	369,861	403,532
TRADING:										
Turnover	2,783,471	2,382,212	2,698,535	1,703,015	1,521,994	1,291,612	1,054,217	1,335,760	1,360,333	1,347,975
Gross Profit	562,931	327,203	415,307	297,704	203,695	77,772	68,836	184,234	245,851	253,066
Operating Profit (Loss)	429,868	212,905	324,858	215,492	130,712	8,594	(4,840)	94,690	169,470	156,606
Profit(Loss) before Tax	244,243	39,759	182,154	94,955	16,082	(104,461)	(124,617)	(19,563)	49,292	32,598
Profit(Loss) after Tax	209,177	26,924	116,767	103,888	35,886	(74,502)	(119,511)	(26,581)	(19,818)	(17,486)
Earning per share	11.26	1.45	6.29	5.59	1.93	(4.01)	(6.44)	(1.43)	1.07	0.94
Cash dividend	30%	15%	10%	10%	NIL	NIL	NIL	NIL	10%	7.50%
SUGAR PRODUCTION:										
a) From Cane	98,113	68,310	62,722	49,004	70,360	52,508	45,525	45,150	59,175	60,435
b) From Raw Sugar	-	-	7,980	6,141	-	-	3,370	26,754	-	-
Sugar Produced (M.Tons)	98,113	68,310	70,702	55,145	70,360	52,508	48,895	71,904	59,175	60,435
Cane crushed (M.Tons)	1,062,304	782,777	662,200	538,064	756,425	622,697	554,560	592,908	728,987	803,632
Recovery (%)	9.24%	8.72%	9.47%	9.11%	9.30%	8.40%	8.25%	7.612%	8.13%	7.52%

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

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

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

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

Based on our review, nothing has come to our attention, which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the best practices contained in the Code of Corporate Governance, as applicable to the company for the year ended September 30, 2008.

Karachi: 5th January 2009

M. Yousuf Adil Saleem & Co.

M. YOUSUF ADIL SALEEM & CO.
Chartered Accountants

AUDITORS' REPORT TO THE MEMBERS

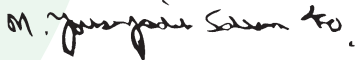
We have audited the annexed balance sheet of **AL-NOOR SUGAR MILLS LIMITED** as at September 30, 2008 and the related profit and loss account, cash flow statement and statement of changes in equity together with the notes forming part thereof, for the year then ended and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

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

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

- a. in our opinion, proper books of account have been kept by the company as required by the Companies Ordinance, 1984;
- b. in our opinion :
 - i. the balance sheet and profit and loss account together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984, and are in agreement with the books of account and are further in accordance with accounting policies consistently applied;
 - ii. the expenditure incurred during the year was for the purpose of the Company's business; and
 - iii. the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the company;
- c. in our opinion and to the best of our information and according to the explanations given to us, the balance sheet, profit and loss account, 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, 2008 and of the profit, 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.

Karachi: 5th January 2009


M. YOUSUF ADIL SALEEM & CO.
Chartered Accountants

BALANCE SHEET
AS AT 30TH SEPTEMBER, 2008

	Note	2008 (Rupees in thousand)	2007
SHARE CAPITAL AND RESERVES			
Authorised Capital 20,000,000 (2007 : 20,000,000) ordinary shares of Rs.10/- each		200,000	200,000
Issued, subscribed and paid-up capital	3	185,703	185,703
General revenue reserve		190,000	190,000
Unappropriated profit		366,139	154,659
		741,842	530,362
SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT	4	730,234	337,261
NON-CURRENT LIABILITIES			
Long term financing	5	237,500	325,000
Liabilities against assets subject to finance lease	6	28,261	70,840
Long term deposits		4,869	4,874
Deferred liabilities	7	492,058	346,074
CURRENT LIABILITIES			
Trade and other payables	8	526,054	317,484
Interest / mark-up accrued	9	28,416	14,446
Short term borrowings	10	862,684	270,955
Current portion of non-current liabilities	11	123,808	118,679
Provision for income tax		-	2,089
		1,540,962	723,653
CONTINGENCIES AND COMMITMENTS	12	-	-
		3,775,726	2,338,064
NON - CURRENT ASSETS			
Property, plant and equipment	13	2,264,422	1,527,982
Long-term investments	14	37,751	10,263
Long-term deposits	15	5,071	11,317
CURRENT ASSETS			
Stores, spares and loose tools	16	188,578	144,818
Stock-in-trade	17	1,009,052	393,723
Trade debts unsecured - considered good		11,314	28,978
Loans and advances	18	149,526	144,861
Trade deposits and short-term prepayments	19	7,164	5,254
Income tax refundable		16,168	-
Other receivables	20	417	23,271
Cash and bank balances	21	86,263	47,597
		1,468,482	788,502
		3,775,726	2,338,064

The annexed notes 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, 2008

	Note	2008 (Rupees in thousand)	2007
Sales	22	2,783,471	2,382,212
Cost of sales	23	(2,220,540)	(2,055,009)
Gross profit		562,931	327,203
Profit from trading activities	24	63,782	3,510
Other operating income	25	10,335	4,363
		637,048	335,076
Distribution cost	26	(48,424)	(10,492)
Administration expenses	27	(158,756)	(111,679)
Other operating expenses	28	(30,134)	(9,536)
Finance cost	29	(182,298)	(162,456)
Share of profit / (loss) of associated undertakings	14	26,807	(1,154)
Profit before taxation		244,243	39,759
Provision for taxation	30	(35,066)	(12,835)
Net profit for the year		209,177	26,924
Earnings per share - Basic and Diluted (Rupees)	31	11.26	1.45

The annexed notes 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, 2008**

	Note	2008	2007
(Rupees in thousand)			
A. CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before taxation		244,243	39,759
Adjustments for:			
Depreciation of property, plant and equipment		116,012	113,739
Gain on disposal of property, plant and equipment		(402)	(358)
Provision for doubtful recoveries		2,204	6,427
Provision for staff gratuity		11,373	2,723
Impairment of operating assets		4,658	-
Finance cost		182,298	162,456
Share of profit / (loss) of associated undertakings		(26,807)	1,154
		<u>289,336</u>	<u>286,141</u>
Operating cash flows before movement in working capital		533,579	325,900
(Increase) / decrease in current assets			
Stores, spares and loose tools		(43,760)	(13,150)
Stock in trade		(615,329)	(162,914)
Trade debts		17,664	14,188
Loans and advances		(6,869)	(38,988)
Trade deposits and short term prepayments		(1,910)	(1,616)
Other receivables		22,854	(12,190)
		<u>(627,350)</u>	<u>(214,670)</u>
Increase / (decrease) in current liabilities			
Short term borrowings		591,729	(126,854)
Trade and other payables		200,566	129,804
		<u>792,295</u>	<u>2,950</u>
Cash generated from operations		698,524	114,180
Income taxes paid / deducted		(29,782)	18,767
Gratuity paid		(245)	(1,853)
Long term deposits - net		(5)	(161)
Payment to disputed growers		(38,698)	-
Finance cost paid		(168,328)	(173,148)
		<u>(237,058)</u>	<u>(156,395)</u>
Net cash flows from operating activities		<u>461,466</u>	<u>(42,215)</u>
B. CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(278,376)	(102,043)
Long term deposits		6,246	(575)
Proceeds from disposal of property, plant and equipment		485	900
Net cash flows used in investing activities		<u>(271,645)</u>	<u>(101,718)</u>
C. CASH FLOWS FROM FINANCING ACTIVITIES			
Long term finance obtained		-	300,000
Repayment of long term financing		(62,500)	(87,113)
Repayment of principal portion of finance leases		(62,450)	(51,691)
Dividend received		1,650	-
Dividend paid		(27,855)	(18,360)
Net cash flows used in financing activities		<u>(151,155)</u>	<u>142,836</u>
Net decrease in cash and cash equivalents (A+B+C)		38,666	(1,097)
Cash and cash equivalents at the beginning of the year		47,597	48,694
Cash and cash equivalents at the end of the year		<u>86,263</u>	<u>47,597</u>

The annexed notes 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, 2008**

	Issued, Subscribed & paid up capital	General reserves	Unappropriated profit	Total
..... Rupees in thousands				
Balance at October 01, 2006	185,703	190,000	111,468	487,171
Incremental depreciation arising due to surplus on revaluation of fixed assets - net of deferred tax	-	-	32,027	32,027
Share of associate's transfer from surplus on revaluation of property, plant and equipment on account of incremental depreciation - net of deferred tax and disposal	-	-	2,701	2,701
Share of associate's unrealised loss on remeasurement of investment	-	-	109	109
Net income recognised directly in equity	-	-	34,837	34,837
Profit for the year ended September 30, 2007	-	-	26,924	26,924
Total recognised income and expense for the year			61,761	61,761
Final dividend for the year ended September 30, 2006 @ Re.1 per share	-	-	(18,570)	(18,570)
Balance at September 30, 2007	185,703	190,000	154,659	530,362
Incremental depreciation arising due to surplus on revaluation of fixed assets - net of deferred tax	-	-	27,827	27,827
Share of associate's transfer from surplus on revaluation of property, plant and equipment on account of incremental depreciation - net of deferred tax and disposal	-	-	2,560	2,560
Share of associate's unrealised loss on remeasurement of investment	-	-	(229)	(229)
Net income recognised directly in equity	-	-	30,158	30,158
Profit for the year ended September 30, 2008	-	-	209,177	209,177
Total recognised income and expense for the year			239,335	239,335
Final dividend for the year ended September 30, 2007 @ Rs.1.5 per share	-	-	(27,855)	(27,855)
Balance at September 30, 2008	185,703	190,000	366,139	741,842

The annexed notes 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, 2008

1. GENERAL INFORMATION

- 1.1 Al-Noor Sugar Mills Limited (the Company) was incorporated in Pakistan on 08 August, 1969 as a public limited company under the Companies Act, 1913 (now Companies Ordinance, 1984). The company is currently listed on Karachi and Lahore Stock Exchanges. The principal activities of the company is manufacturing and sale of sugar and medium density fiber (MDF) board. 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.

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

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

2. SIGNIFICANT ACCOUNTING POLICIES

2.1 Statement of Compliance

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

2.2 Standards, interpretations and amendments to published approved accounting standards that are not yet effective

The following standards and interpretations of approved accounting standards, effective for accounting periods beginning on or after dates mentioned below are either not relevant to the Company's operation or are not expected to have significant impact on the Company's financial statements other than increased disclosures in certain cases: -

IAS 29 - Financial Reporting in Hyperinflationary Statements	Effective from accounting period beginning on or after April 28, 2008
IFRS 7 - Financial Instruments: Disclosures	Effective from accounting period beginning on or after April 28, 2008
IFRS 8 - Operating Segments	Effective from accounting period beginning on or after January 01, 2009
IFRIC 12 - Services concession arrangements	Effective from accounting period beginning on or after January 01, 2008
IFRIC 13 - Customer loyalty program	Effective from accounting period beginning on or after July 01, 2008
IFRIC 14 - IAS 19-The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction	Effective from accounting period beginning on or after January 01, 2008
IFRIC 15 - Agreements for the Construction of Real Estate	Effective from accounting period beginning on or after January 01, 2009
IFRIC 16 - Hedges of a net investment in a foreign operation	Effective from accounting period beginning on or after October 01, 2008

2.3 Basis of preparation

These financial statements have been prepared under the "historical cost convention", modified by revaluation of certain property, plant and equipment, long term investments at equity method, certain financial instruments at fair value and recognition of certain employee benefits at present value.

The principal accounting policies adopted are set out below:

2.4 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 assets 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.

2.5 Employees Benefit Costs**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 - MDF board division

The company operates an unfunded gratuity scheme for all those permanent employees who have completed qualifying period as defined under the respective scheme. Provision is made to cover the obligation under scheme on the basis of actuarial valuation and is charged to income. The most recent Actuarial Valuation was carried out at September 30, 2008 using "Projected Unit Credit Actuarial Method".

The amount recognized in the balance sheet represents the present value of defined benefit obligation as adjusted for unrecognized actuarial gains and losses.

Cumulative net unrecognized actuarial gains and losses at the end of previous year which exceeds 10% of the present value of the Company's gratuity are amortised over the average expected remaining lives of employees.

Details of the schemes are given in note 7.1 to these financial statements.

Employees Compensated Absences

The Company provides for compensated absences for all eligible employees, on unavailed balance of leave, in the period in which these are earned.

2.6 Trade and other payables

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

2.7 Provisions

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

2.8 Property, plant and equipment**Company owned**

Property, plant and equipment except land and capital work-in-progress 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 less impairment in value, if any. Cost includes borrowing cost as referred in note 2.17.

Assets' residual values, if significant and their useful lives are reviewed and adjusted, if appropriate, at each balance sheet date.

Depreciation is charged to income applying the reducing balance method at the rates mentioned in the note 13 to the financial statements.

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.

Gains or losses on disposal of assets, if any, are recognised as and when incurred.

Surplus arising on revaluation is credited to surplus on revaluation of property, plant and equipment. The surplus on revaluation of property, plant and equipment to the extent of incremental depreciation charged on the related assets is transferred to unappropriated profit.

Capital work in progress

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 these assets are available for use.

Assets subject to finance lease

Assets subject to finance lease are depreciated over their expected useful lives on the same basis as owned assets.

2.9 Investments

Regular way purchase or sale of investments

All purchases and sales of investments are recognised using settlement date accounting. Settlement date is the date that the investments are delivered to or by the company.

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.

Derecognition

All investments are de-recognised when the rights to receive cash flows from the investments have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership.

2.10 Stores, Spares and loose tools

These are valued at cost.

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.

2.11 Stock-in-Trade

Stock-in-trade except "by products" are valued at the lower of cost and 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 is determined on average basis.

By product are valued at net realizable value.

Cost of trading stock is determined 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.

2.12 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.

2.13 Cash and cash equivalents

Cash and cash equivalents are carried in the balance sheet at cost. For the purpose of cash flow statement, cash and cash equivalents consist of cash in hand, balances with banks, highly liquid short-term investments that are convertible to known amount of cash and are subject to insignificant risk of change in value.

2.14 Impairment

The company assesses at each balance sheet date whether there is any indication that assets except deferred tax assets 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 amount, 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.

Where impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised recoverable amount but limited to the extent of initial cost of the asset. Reversal of impairment loss is recognised as income.

The gain or loss on disposal or retirement of an asset represented by the difference between the sale proceeds and the carrying amount of the asset is recognised as an income or expense.

2.15 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 loses 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 statements.

2.16 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.

- Sales of goods are recognised when goods are delivered and title has passed.
- Dividend income from investments is recognised when the shareholders' rights to receive payment have been established.
- Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.
- Interest on growers loans considered good is recognised on accrual basis whereas as matter of prudence interest on loan considered doubtful is recorded on receipt basis.

2.17 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.

2.18 Taxation**Current**

The charge for current taxation is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date. Management periodically evaluates position taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

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.

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.

2.19 Foreign Currencies

Transactions in currencies other than Pak-Rupees are recorded at the rates of exchange prevailing on the dates of the transactions. At each balance sheet date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the balance sheet date except where forward exchange contracts have been entered into for repayment of liabilities, in that case, the rates contracted for are used.

Gains and losses arising on retranslation are included in net profit or loss for the period.

2.20 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.

2.21 Dividend and other appropriations

Dividend is recognised as a liability in the year in which it is approved by the shareholders of the company. Appropriations of profits are reflected in the statement of changes in equity in the year in which such appropriations are made.

2.22 Related party transactions

Transactions with related parties are priced on arm's length basis. Prices for these transactions are determined on the basis of comparable uncontrolled price method, which sets the price by reference to comparable goods and services sold in an economically comparable market to a buyer unrelated to the seller.

2.23 Off setting of financial assets and financial liabilities

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.

2.24 Critical accounting estimates and judgment

The preparation of financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, incomes and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised.

Critical Judgments in applying the Company's accounting policies

In the process of applying the company's accounting policies, management has made the following judgments that have the most significant effect on the amounts recognised in the financial statements (apart from those involving estimations, which are dealt with below).

Deferred liabilities

As described in notes 7.3 of these financial statements, management considers that the company is not likely to incur further liabilities mentioned therein and that these liabilities are not required to be incurred within a year.

Contingencies

As described in notes 12.1 of these financial statements, management considers that the company is not likely to incur further liabilities mentioned therein.

Key sources of estimation uncertainty

Significant areas requiring the use of management estimates in these financial statements relate to the useful life of depreciable assets, provisioning of grower's loan and slow moving inventory. However, significant effect on the financial statements are not expected to result in material adjustment to the carrying amounts of assets and liabilities in the next year.

		Note	2008 (Rupees in thousand)	2007
3. ISSUED, SUBSCRIBED AND PAID-UP CAPITAL				
2007	2008			
No. of Shares				
3,617,635	3,617,635	Ordinary shares of Rs.10/- each fully paid In cash	36,177	36,177
814,637	814,637	Other than Cash: 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
14,067,980	14,067,980	As bonus shares	140,680	140,680
<u>18,570,252</u>	<u>18,570,252</u>		<u>185,703</u>	<u>185,703</u>

3.1 There were no movements during the reporting year.

3.2 The company has one class of ordinary shares which carry no right to fixed income.

3.3 Following ordinary shares were held by associates of the Company as at the balance sheet date: -

	2008	2007
	Number of Ordinary Shares of Rs.10/- each	
First Al Noor Modaraba	110,000	110,000
Noori Trading Corporation (Private) Limited	385,423	385,423
	<u>495,423</u>	<u>495,423</u>

3.4 The company has no reserved shares under options and sales contracts.

**4. SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT
- Net of deferred tax**

This represents surplus over book values resulting from the revaluation of property, plant and equipment carried out in 2003 and September 30, 2008 by SIPRA & Company (Private) Limited, adjusted by surplus realized on disposal of revalued assets, incremental depreciation arising out of revaluation and deferred taxation.

Note	2008	2007
	(Rupees in thousand)	
Surplus on revaluation of property, plant and equipment as at October 01,	337,261	369,288
Transferred to unappropriated profit on account of incremental depreciation - net off deferred tax	(27,827)	(32,027)
Effect of valuation of property, plant and equipment carried out at year end	578,817	-
Related deferred tax liability	(158,017)	-
	<u>420,800</u>	<u>-</u>
Surplus on revaluation of property, plant and equipment as at September 30	<u>730,234</u>	<u>337,261</u>

5. LONG TERM FINANCING

- Secured

From banking companies and other financial institution			
Term finances	(5.1)	25,000	87,500
Diminishing Musharika	(5.2)	300,000	300,000
Due within one year shown under current liabilities		(87,500)	(62,500)
		<u>237,500</u>	<u>325,000</u>

5.1 These are secured by first charge on property, plant and equipment of MDF board division and personal guarantee of directors. The facilities carries markup at the rate of six months KIBOR + 3.5 % per annum payable quarterly. The principal amount is repayable in quarterly installments of Rs. 3.125 million commenced from November 30, 2006. Effective interest rate for the year ranges from 13.59% to 17.30% (2007: 13.88% to 13.98%) per annum.

5.2 The loan 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 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 11.79% to 11.97% (2007: 11.81% to 11.97%) per annum.

6. LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE

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

	----- 2008 -----		----- 2007 -----	
	Minimum lease payments	Present Value	Minimum lease payments	Present Value
----- (Rupees in thousand) -----				
Within one year	43,246	36,308	68,828	56,179
After one year but not more than five years	31,696	28,261	80,130	70,840
Total minimum lease payments	74,942	64,569	148,958	127,019
Less: Amount representing finance charges	(10,373)	-	(21,939)	-
Present value of minimum lease payments	64,569	64,569	127,019	127,019
Less: Current portion				
Payable with in one year	(36,308)	(36,308)	(56,179)	(56,179)
	28,261	28,261	70,840	70,840

6.1 This represents machineries 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 2011. The financing rates used as discounting factor range from 9% to 26% (2007 : 9% to 26%) 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.

	Note	2008 (Rupees in thousand)	2007 (Rupees in thousand)
7. DEFERRED LIABILITIES			
Staff retirement benefits Gratuity	(7.1)	21,653	10,525
Deferred taxation	(7.2)	433,915	252,357
Excise duty	(7.3)	35,120	35,120
Creditors - Growers	(7.4)	-	46,702
Further sales tax	(7.5)	1,370	1,370
		492,058	346,074
7.1. Staff gratuity			
Charge for the year			
Current service cost		2,591	1,872
Interest cost		1,103	851
Past service cost		7,679	-
		11,373	2,723
Balance sheet reconciliation			
Present value of unfunded obligation		23,931	11,035
Unrecognized actuarial (loss) / gain		(2,278)	(510)
Net liability recognized in the balance sheet		21,653	10,525
Movement in liability			
Opening liability		10,525	9,655
Charge for the year		11,373	2,723
Benefits paid		(245)	(1,853)
		21,653	10,525

The principal assumptions used for the purpose of the actuarial valuations were as follows: -

Note	2008 (Rupees in thousand)	2007
Discount rate (Per annum)	14%	10%
Expected rate of increase in salaries (Per annum)	14%	10%

Amounts for the current year and previous four years are as follows:

	2008 Rupees	2007 Rupees	2006 Rupees	2005 Rupees	2004 Rupees
Actuarial net liability	21,653	10,525	9,655	11,547	10,428
Present value of defined benefit obligation	21,653	10,525	9,655	11,547	10,428

	Note	2008 (Rupees in thousand)	2007
7.2 Deferred taxation			
This comprises the following: -			
Deferred tax liabilities on taxable temporary differences arising in respect of :			
Accelerated depreciation rates		146,646	149,266
Lease financing arrangements		11,932	19,315
Investment in associates		3,036	-
Surplus on revaluation of property, plant and equipments		291,350	143,782
		452,964	312,363
Deferred tax assets on deductible temporary difference arising in respect of :			
Unabsorbed tax losses		-	46,130
Provisions		19,049	13,876
		(19,049)	(60,006)
		433,915	252,357

7.3 The guarantee amounting to Rs.19.045 million was issued to Collector, Central Excise and Land Customs, Hyderabad in respect of payment of 50% central excise duty against clearance of sugar stocks of 17,799.50 metric tons. The issue is related to denial of excise duty exemption by declaring full crushing season at minimum of 180 days vide notification of December 23, 1992. The Company has disputed the denial of exemption and has filed a constitutional petition before the Honourable High Court of Sindh. The Company has filed an appeal before the Supreme Court of Pakistan against the order of the High Court. However, the excise duty liability has been fully provided. The guarantee has been encashed by the Collector, Central Excise and Land Customs, Hyderabad for the full principal amount of Rs.19.045 million.

7.4 The company paid Rs.40/- per 40 Kgs. to growers for the season 2002-03 instead of Rs.43/- per 40 Kgs. as ordered by Government of Sindh. As a result company made short payment of Rs. 46.702 million but had booked the liability for short payment. The Technical Officer - Sukkur, Cane Commissioner Organisation Government of Sindh, has filed a case in the Honorable High Court of Sindh at Karachi which is still pending for decision. Out of the total liability, the Company has voluntarily made payment of Rs. 38 million and remaining balance is transferred to current liabilities - creditors. (Refer Note. 8 to the financial statements)

7.5 Through the Finance Act, 2000-2001 the definition of unregistered persons for the purpose of sales tax was amended. Accordingly, Sales Tax Department has raised a demand for further tax @ 3% in respect of sales made to unregistered persons, which has been contested by the Company before the Sales Tax Tribunal in the light of Sindh High Court Judgment. However, the Company has deposited Rs. 1.370 million against the said demand upto September 30, 2001. This matter is still pending for decision.

	Note	2008 (Rupees in thousand)	2007
8. TRADE AND OTHER PAYABLES			
Creditors	(7.4)	126,684	32,780
Murabaha payable	(8.1)	75,000	205,000
Accrued expenses	(8.2)	26,493	28,133
Advance from customers		213,142	21,016
Custom duty	(12.1.3)	199	199
Workers' profit participation fund	(8.3)	11,980	3,291
Workers' welfare fund		4,444	856
Brokerage and commission		1,005	409
Unclaimed dividend		1,128	865
Sales tax		62,217	22,544
Payable to provident fund - related party		611	78
Others		3,151	2,313
		<u>526,054</u>	<u>317,484</u>
8.1	The aggregate unavailed facilities of morabaha payable from commercial banks and modaraba available amounted to Rs. 175 million (2007 : Rs. 45 million). The effective rate of profit is ranging from 12% to 16% (2007 : 12% to 15%) per annum payable quarterly and it is secured against second charge on fixed assets, hypothecation of receivables and pledge of sugar stock of the company.		
8.2	It includes Rs. 0.844 million (2007 : Rs.2.4 million) and Rs. 0.720 million (2007 : Rs. 1.207 million) due to related party Reliance Insurance Company Limited and Directors family members respectively.		
8.3 Worker's profit participation fund			
Balance October 1,		3,291	10,574
Interest on funds utilized in the Company's business	(8.3.1)	325	1,038
		<u>3,616</u>	<u>11,612</u>
Paid to the fund		(3,331)	(10,574)
		<u>285</u>	<u>1,038</u>
Allocation for the year		11,695	2,253
		<u>11,980</u>	<u>3,291</u>
8.3.1	Interest on fund is charged @ 18.9% (2007 : 14%) per annum.		
9. INTEREST / MARK-UP ACCRUED			
Long term financing		1,968	2,295
Finance lease		675	1,315
Short term borrowings		18,945	4,922
Morabaha finance		6,828	5,914
		<u>28,416</u>	<u>14,446</u>
10. SHORT TERM BORROWINGS			
- Secured			
From banking companies and other financial institutions			
Running finance	(10.1)	677,684	270,955
Export refinance	(10.2)	-	-
Term Finance	(10.3)	185,000	-
		<u>862,684</u>	<u>270,955</u>

- 10.1** The aggregate unavailed running finance facilities available amounted to Rs.1,502 million (2007 : Rs.1,349 million) from commercial banks and other financial institutions. These are subject to markup ranging from 11.5% to 17% (2007 : 10% to 14%) per annum payable quarterly and are secured against 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.
- 10.2** The unavailed facility of export refinance from commercial bank is Rs. 32 million (2007 : 25 million). This is subject to markup at three months LIBOR + 2% (2007 : three months KIBOR + 3.5%) per annum and is secured against first registered pari pasu charge over stocks and receivables of the company. Effective rate of markup NIL (2007 : 10% to 15%) per annum. However, the company has not utilise this facility during the year.
- 10.3** This is subject to markup @ one month KIBOR + 1.1% per annum payable in one months' time and was secured against pledged stock. Effective rate of markup was 15.03% (2007 : 14%) per annum.

		2008	2007
		(Rupees in thousand)	
11. CURRENT PORTION OF NON CURRENT LIABILITIES			
Long term financing	(5)	87,500	62,500
Liabilities against assets subject to finance lease	(6)	<u>36,308</u>	<u>56,179</u>
		<u>123,808</u>	<u>118,679</u>

12. CONTINGENCIES AND COMMITMENTS

12.1 Contingencies

12.1.1 The Company had applied to the Government of Pakistan for declaring Medium Density Fibre Board Industry as "Key Industry" under SRO 458(1)/88 dated June 26, 1988 as the project is using 100% local raw material. Pending the declaration as Key Industry, the Central Board of Revenue has allowed the Company to get the consignments of plant and machinery cleared against bank guarantees. The Collector of Customs had presented Bank Guarantees for encashment and the company accordingly filed a writ in the High Court of Sindh there against. The High Court in its order has allowed the Collector of Customs to get the bank guarantees encashed with the conditions that in case bank guarantees are encashed and the decision goes in favour of the Company, the amount of bank guarantees encashed will be refunded along with 14% markup. Total amount of duties involved is Rs.8.893 million which had been fully provided for in the accounts in the relevant prior year, out of which Rs.8.694 million has been paid upto September 30, 1999. As per legal advisor of the Company the Honourable High Court has dismissed the case as time barred. The order of the Court is still awaited.

12.1.2 The Company has filed petition before Honorable High Court of Sindh challenging 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 has been paid by the company including additional tax and penalties. During December, 2000 a judgment in favour of Company was awarded by the Honorable High Court of Sindh. Accordingly, Company has 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. Management feels that refund will take substantial time to be realized, on realization, this will be recognized accordingly.

The Department of Sales Tax has filed an Appeal before the Supreme Court against the order of the High Court of Sindh. The Supreme Court has allowed the Appeal with direction to the department to act in accordance with law. The Company is of the view that the Supreme Court has allowed the Appeal however, ratio-decadency ordered by the High Court of Sindh has not been reversed, over ruled or amended. The Company is therefore of the view that the final outcome of the matter will be in favour of the Company.

- 12.1.3** Various Sugar Mills of Sindh filed constitutional petitions against levy of Quality premium which had been dismissed by the Honourable 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 accepted the appeals of the sugar mills by assailing the Order of the Sindh High Court. 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.220.910 million (2007 : Rs. 150.001 million).
- 12.1.4** The company is registered under the Social Security Ordinance, 1965. Government of Sindh has applied the said Ordinance through official gazette No. Lab (000HD)5-9/96 dated August 12. 1998. As per the notice received the company is required to make payment of contribution in this respect to the institution. The company have raised objection that the nearest Social Security dispensary by Social Security Institution is located at Nawabshah at a distance of 65 KM. from mill, whereas company has provided medical facilities within mill premises. The Sugar division has paid the required amount of Rs. 1.77 million, however the MDF board division has lodged suit before the SESSI Commissioner in, Karachi. Outcome of the suit is still awaited and the liability in this respect cannot be ascertained at this stage.
- 12.1.5** The Company has received an arbitrary assessment/demand of EOBI contribution of Rs. 2.045 million for the period July 2005 to June 2007; the company has filed appeal against the assessment with Adjudicating authority. The adjudicating authority has set aside the demand and has ordered EOBI to issue a new demand. Outcome of this case is still awaited and the liability in this respect cannot be determined.

	Note	2008	2007
(Rupees in thousand)			
12.2 Commitments			
Letters of credit		920	5,156
Plant and machinery		57,425	15,059
Trading stock		107,395	19,196
Capital work in progress			
Plant and machinery		10,975	263
13. PROPERTY, PLANT AND EQUIPMENT			
Operating assets	(13.1)	2,072,720	1,467,416
Capital work in progress	(13.4)	191,702	60,566
		<u>2,264,422</u>	<u>1,527,982</u>

13.1 Operating assets

Particulars	Cost / revaluation at October 01, 2007	Additions/ (Disposals) during the year	Revaluation/ Surplus	Transfer	Cost / revaluation at September 30, 2008	Accumulated depreciation at October 01, 2007	Depreciation/ (Disposals) for the year	Impairment for the year	Transfer	Accumulated depreciation / Impairment at September 30, 2008	Carrying value at September 30, 2008	Dep. Rate %
<i>Rupees in '000</i>												
Owned												
Freehold land	23,248	-	58,097	-	81,345	-	-	-	-	-	81,345	-
Building on freehold land												
- Factory	45,263	3,345	3,321	-	51,929	25,976	2,071	979	-	29,026	22,903	10
- Non-Factory	104,528	39,547	42,063	-	186,138	44,637	5,163	3,679	-	53,479	132,659	5-10
Building on leasehold land												
- Non-Factory	9,675	-	3,130	-	12,805	6,480	160	-	-	6,640	6,165	5
Plant and machinery	1,984,493	72,020	460,551	211,390	2,728,454	907,340	91,645	-	75,689	1,074,674	1,653,780	5-10
Furniture, fixture and fittings	13,017	2,725	-	-	15,742	9,107	495	-	-	9,602	6,140	10
Office equipment	33,097	4,087	-	-	37,184	28,402	2,256	-	-	30,658	6,526	33
Vehicles	41,825	25,516	-	4,415	71,054	21,575	6,482	-	2,529	29,967	41,087	20
		(702)					(619)					
	2,255,146	147,240	567,162	215,805	3,184,651	1,043,517	108,272	4,658	78,218	1,234,046	1,950,605	
		(702)					(619)					
Leased												
Plant and machinery	351,367	-	11,655	(211,390)	151,632	105,461	6,141	-	(75,689)	35,913	115,719	5
Vehicles	13,787	-	-	(4,415)	9,372	3,906	1,599	-	(2,529)	2,976	6,396	20
	365,154	-	11,655	(215,805)	161,004	109,367	7,740	-	(78,218)	38,889	122,115	
2008	2,620,300	147,240	578,817	-	3,345,655	1,152,884	116,012	4,658	-	1,272,935	2,072,720	
		(702)					(619)					

For comparative period

Particulars	Cost / revaluation at October 01, 2006	Additions/ (Disposals) during the year	Transfer	Cost / revaluation at September 30, 2007	Accumulated depreciation at October 01, 2006	Depreciation/ (Disposals) for the year	Transfer	Accumulated depreciation / Impairment at September 30, 2007	Carrying value at September 30, 2007	Dep. Rate %
<i>Rupees in '000</i>										
Owned										
Freehold land	23,248	-	-	23,248	-	-	-	-	23,248	-
Building on freehold land										
- Factory	40,032	5,231	-	45,263	24,351	1,625	-	25,976	19,287	10
- Non-Factory	104,004	524	-	104,528	40,918	3,719	-	44,637	59,891	5-10
Building on leasehold land										
- Non-Factory	9,675	-	-	9,675	6,312	168	-	6,480	3,195	5
Plant and machinery	1,909,658	50,774	24,061	1,984,493	818,948	81,538	6,854	907,340	1,077,153	5-10
Furniture, fixture and fittings	12,787	230	-	13,017	8,684	423	-	9,107	3,910	10
Office equipment	30,267	2,830	-	33,097	26,687	1,715	-	28,402	4,695	33
Vehicles	31,929	11,343	-	41,825	18,627	3,853	-	21,575	20,250	20
		(1,447)				(905)				
	2,161,600	70,932	24,061	2,255,146	944,527	93,041	6,854	1,043,517	1,211,629	
		(1,447)				(905)				
Leased										
Plant and machinery	315,647	59,781	(24,061)	351,367	93,317	18,998	(6,854)	105,461	245,906	5
Vehicles	6,303	7,484	-	13,787	2,206	1,700	-	3,906	9,881	20
	321,950	67,265	(24,061)	365,154	95,523	20,698	(6,854)	109,367	255,787	
2007	2,483,550	138,197	-	2,620,300	1,040,050	113,739	-	1,152,884	1,467,416	
		(1,447)				(905)				

**13.2 Detail of disposal of property, plant and equipment
- by negotiation**

Particulars	Original Cost/ Valuation	Accumulated Depreciation	Written Down Value	Sale proceeds	Name & Address of the Buyer
70 CC Super Star, KBC-2418, Model 2004	20	4	16	17	Auto Arslie A.M 20, Akbar road opposite Rizvi Chamber Karachi
Toyota corolla, AAM-072, Model 1996	619	558	61	405	Mr. Naeem Abbas House # 4-F/7/9, Hadri Market, Nazimabad, Karachi
Motor Bike Reg. No. KAR-6014	31	28	3	31	Mr. Qurban Ali Pazosand Colony Moro
Motor Bike Reg. No. KAR-9251	32	29	3	32	Mr. Nawab Ali Pazosand Colony Moro
Rupees 2008	<u>702</u>	<u>619</u>	<u>83</u>	<u>485</u>	
Rupees 2007	<u>1,447</u>	<u>905</u>	<u>542</u>	<u>900</u>	

13.3 Allocation of depreciation

	2008	2007
	(Rupees in thousand)	
Cost of goods sold	99,857	102,161
Administration expenses (27)	16,155	11,578
	<u>116,012</u>	<u>113,739</u>

13.4 Capital work in progress

	2008	2007
Plant and machinery	176,473	54,441
Civil work	15,229	4,970
Advance for vehicles	-	1,155
	<u>191,702</u>	<u>60,566</u>

13.5 Had there been no revaluation the related figures of property, plant and equipments at September 30, 2008 would have been as follows: -

	----- 2008 -----			----- 2007 -----		
	Cost	Accumulated depreciation / Impairment	Written value	Cost	Accumulated depreciation / Impairment	Written value
	----- Rupees in '000 -----					
Land	3,787	-	3,787	3,787	-	3,787
Buildings	144,553	70,398	74,155	91,986	54,446	37,540
Plant and machinery	1,743,035	829,990	913,045	1,671,015	767,901	903,114
	<u>1,891,375</u>	<u>900,388</u>	<u>990,987</u>	<u>1,766,788</u>	<u>822,347</u>	<u>944,441</u>

Revaluation of land, buildings and plant and machinery had been carried out in the year September 10, 2003 and September 30, 2008 by Messers Harvest Services (Private) Limited and Messer's SIPRA & Company (Private) Limited respectively 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.

14. LONG TERM INVESTMENTS

Investment in associated undertakings: -

	Shahmurad Sugar Mills Limited	Al Noor Modaraba Management (Pvt.) Limited	Total 2008	Total 2007
----- (Rupees in thousand) -----				
Opening balance	6,048	4,215	10,263	8,607
Share of incremental depreciation	2,560	-	2,560	2,701
Share of profit / (loss) of associate	26,516	291	26,807	(1,154)
Share of unrealised gain / (loss) on remeasurement of securities	8	(237)	(229)	109
Share of dividend of associate	(1,650)	-	(1,650)	-
	27,434	54	27,488	1,656
	33,482	4,269	37,751	10,263
Note	14.1	14.2		

Summarized financial statements of associates are as follows: -

	----- 2008 -----		----- 2007 -----	
	Shahmurad Sugar Mills Limited	Al Noor Modaraba Management (Pvt.) Limited	Shahmurad Sugar Mills Limited	Al Noor Modaraba Management (Pvt.) Limited
----- (Rupees in thousand) -----				
Total assets	3,235,018	46,437	2,882,868	70,275
Total liabilities	2,632,557	16,565	2,440,142	40,781
Net assets	602,461	29,872	442,726	29,494
Revenue	2,345,768	7,269	1,523,852	7,256
Profit / (loss) for the year	169,704	2,036	(7,826)	483
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%

14.1 The market value of Shahmurad Sugar Mills Limited share as at September 30, 2008 was Rs. 32.965 million (2007 : Rs. 26.728 million).

14.2 The financial year of Al-Noor Modaraba Management (Pvt.) Limited is June 30. Therefore, the financial results as of June 30, 2008 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. 8.53 (2007 : Rs. 8.43) per share.

15. LONG TERM DEPOSITS

	2008	2007
(Rupees in thousand)		
Lease deposits	4,509	10,711
Other deposits	562	606
	<u>5,071</u>	<u>11,317</u>

	Note	2008	2007
(Rupees in thousand)			
16. STORES, SPARES AND LOOSE TOOLS			
Stores		171,712	139,414
Spares		8,242	4,896
Loose tools		597	522
Stores in transit		24,827	4,986
		<u>205,378</u>	<u>149,818</u>
Less: Provision for obsolete store and spare items	(16.1)	<u>(16,800)</u>	<u>(5,000)</u>
		<u>188,578</u>	<u>144,818</u>
16.1 Opening balance		5,000	5,000
Provision made during the year		11,800	-
Closing balance		<u>16,800</u>	<u>5,000</u>
17. STOCK IN TRADE			
Raw material - in hand		54,425	46,119
Raw material - in transit		30	34,570
Work-in-process			
Sugar		1,503	1,962
Finished goods			
Sugar		780,678	249,689
MDF Sheets		41,116	43,401
Trading stock:			
Laminated flooring		8,465	6,300
MDF sheets and decorative paper		117,838	9,792
		<u>948,097</u>	<u>309,182</u>
By product - Molasses		-	370
Baggasse		4,997	1,520
		<u>1,009,052</u>	<u>393,723</u>
17.1 The carrying amount of finished goods pledged with the bank amounting to Rs. 812.059 million (2007 : Rs.145.987 million).			
(Rupees in thousand)			
18. LOANS AND ADVANCES			
Related parties - Considered good			
Due from - Executives		1,205	436
- Other employees		4,951	5,694
Others			
Growers - considered good	(18.1)	85,019	105,480
Growers - considered doubtful	(18.1)	25,910	25,910
Provision for doubtful recovery	(18.2)	<u>(25,910)</u>	<u>(25,910)</u>
		85,019	105,480
Sales tax on baggasse	(18.3)	-	11,791
Considered good:			
For purchase and services for transportation		21,861	16,352
Letter of credit margin		432	2,536
Others		34,746	-
		1,312	2,572
Considered doubtful:			
For purchase and services for transportation		939	939
Provision for doubtful advances	(18.4)	2,740	536
		<u>(3,679)</u>	<u>(1,475)</u>
		-	-
		<u>149,526</u>	<u>144,861</u>

18.1 These loans are given to farmers/growers for their capital requirements for sugarcane cultivation and development. The management has initiated recovery efforts for outstanding amount of loans together with interest thereon @ 14% (2007 : 14%) per annum. However, adjustment of outstanding balance of loan has been slow in view of the volatile market situation where procurement of cane has been difficult over past years in the province of Sindh and due to crises in the sugar industry and various factors including dezoning. However, as a matter of prudence adequate provision has been made to cover for any shortfall in recovery.

	2008	2007
	(Rupees in thousand)	
18.2 Opening balance	25,910	20,958
Provision made during the year	-	4,952
Closing balance	<u>25,910</u>	<u>25,910</u>

18.3 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. The company till last year included this amount in loan and advances as the case was pending. During the year the case has been decided by court against the company and the said amount has been charged off. The management has decided to file an appeal against the decision.

	Note	2008	2007
		(Rupees in thousand)	
18.4 Opening balance		1,475	-
Provision made during the year		2,204	1,475
Closing balance		<u>3,679</u>	<u>1,475</u>

19. TRADE DEPOSITS AND SHORT-TERM PREPAYMENTS

Trade deposits		1,432	1,652
Lease deposits		5,223	3,074
Short term prepayments		509	528
		<u>7,164</u>	<u>5,254</u>

**20. OTHER RECEIVABLES
- Unsecured - Considered good**

Guarantee margin		-	7,125
Wood claim receivable		-	15,882
Others	(20.1)	417	264
		<u>417</u>	<u>23,271</u>

20.1 It includes amount due from related party M/s. Zain Trading Corporation of Rs. NIL (2007 : Rs. 0.244 million).

21. CASH AND BANK BALANCES

Cash in hand		884	795
Cash at banks			
On current accounts		83,440	44,863
On deposit account	(21.1)	1,905	1,905
On saving accounts	(21.2)	34	34
		<u>85,379</u>	<u>46,802</u>
		<u>86,263</u>	<u>47,597</u>

21.1 Effective mark-up rate in respect of deposit account is ranging from 3% to 6% (2007 : 2% to 4%) per annum.

21.2 Effective mark-up rate in respect of savings account is 6% (2007 : 4%) per annum.

	Note	2008	2007
(Rupees in thousand)			
22. SALES			
Local		2,521,130	2,470,991
Export		624,120	251,393
		3,145,250	2,722,384
Sales tax and federal excise duty		360,250	339,557
Brokerage and commission		1,529	615
		(361,779)	(340,172)
		2,783,471	2,382,212
23. COST OF GOODS SOLD			
Cost of goods manufactured	(23.1)	2,752,351	2,194,659
Finished goods			
Opening stock		294,980	155,330
Closing stock		(826,791)	(294,980)
		(531,811)	(139,650)
		2,220,540	2,055,009
23.1 Cost of goods manufactured			
Raw material consumed	(23.1.1)	2,300,390	1,851,356
Salaries, wages and benefits	(23.1.2)	96,291	74,424
Stores and spares consumed		111,011	88,007
Packing materials		32,215	15,378
Fuel and oil		142,217	80,036
Power and water		86,257	77,197
Repair and maintenance		42,658	31,112
Insurance		7,579	8,396
Depreciation	(13.3)	99,857	102,161
Provision for obsolete stores and spare items		11,800	-
Other manufacturing expenses		47,653	28,991
		2,977,928	2,357,058
Less: by product sale			
Molasses		213,549	151,809
Baggasse		4,756	7,198
Sander dust		7,731	4,893
		(226,036)	(163,900)
Work-in-process			
Opening stock		1,962	3,463
Closing stock		(1,503)	(1,962)
		459	1,501
		2,752,351	2,194,659
23.1.1 Raw material consumed			
Opening stock		46,119	68,371
Purchases and purchase expenses		2,308,696	1,829,104
		2,354,815	1,897,475
Closing stock		(54,425)	(46,119)
		2,300,390	1,851,356

23.1.2 It includes Rs. 9.099 million (2007 : Rs.2.267 million) in respect of staff retirement benefits.

	2008	2007
	(Rupees in thousand)	
24. PROFIT FROM TRADING ACTIVITIES		
Sales	283,941	16,850
Sales tax	(2,524)	(2,198)
	<u>281,417</u>	<u>14,652</u>
Cost of goods sold		
Opening stock	16,092	3,645
Purchases	325,492	10,246
Closing stock	(126,303)	(6,300)
	<u>215,281</u>	<u>7,591</u>
	66,136	7,061
Distribution expenses	(2,354)	(3,551)
Profit for the year	<u>63,782</u>	<u>3,510</u>
25. OTHER OPERATING INCOME		
Income from financial assets		
Profit on bank accounts	122	76
Income from assets other than financial assets		
Insurance claim	-	2,750
Sale of scrap	383	1,143
Gain on disposal of property, plant and equipment	402	358
Rent	36	36
Exchange gain	9,392	-
	<u>10,335</u>	<u>4,363</u>
25.1	Rent income is received from related party M/s Noori Trading (Private) Limited.	
26. DISTRIBUTION COST		
Sales promotion	7,421	6,631
Export sale expenses	33,813	357
Dispatch and stacking	7,190	3,504
	<u>48,424</u>	<u>10,492</u>
27. ADMINISTRATION EXPENSES		
Salaries, wages and benefits	47,138	36,031
Chief Executives and Director's remuneration and perquisites	7,258	5,289
Staff welfare	10,780	7,000
Rent, rates and taxes	1,978	1,996
Electricity and gas charges	1,610	1,545
Repair and maintenance	14,301	9,934
Legal and professional	1,764	3,161
Vehicle running	12,928	9,401
Insurance	1,626	1,799
Communication	2,371	2,072
Entertainment	3,688	3,132
Printing and stationery	1,061	933
Fees and subscription	1,756	1,164
Traveling and conveyance	9,911	5,837
Auditors' remuneration	405	405
Charity and donation	3,745	2,562
Depreciation	16,155	11,578
Impairment of operating assets	4,658	-
Others	15,623	7,840
	<u>158,756</u>	<u>111,679</u>

	2008	2007
	(Rupees in thousand)	
27.1	It includes Rs. 2.3 million (2007 : Rs. 1 million) in respect staff retirement benefits.	
27.2 Auditors' remuneration		
Audit fee	250	250
Out of pocket expenses	30	30
Other remuneration as auditor		
Half yearly review fee	50	50
Code of corporate governance review fee	30	30
Other services		
Provident fund audit	25	25
Others	20	20
	405	405
27.3	No directors or their spouses had any interest in the donee funds.	
27.4	According to latest revaluation report, buildings on free hold land are below the cost, thus these are taken at fair value and impairment in value has been charged off. (Refer note 13.1 to the financial statements).	
28. OTHER OPERATING EXPENSES		
Worker's profit participation fund	11,695	2,253
Workers welfare fund	4,444	856
Provision for doubtful recovery	2,204	6,427
Sales tax on bagasse - written off	(18.3)	-
	30,134	9,536
29. FINANCE COST		
Interest / Markup on:		
Long term financing	40,155	16,555
Lease finance	12,283	17,663
Short term borrowings	111,816	96,609
Morabaha financing	14,033	25,922
Workers' profit participation fund	325	1,038
Bank charges	2,066	2,499
Others	1,620	2,170
	182,298	162,456
30. TAXATION		
Current year	11,290	12,824
Prior years	235	(1,081)
Deferred	23,541	1,092
	35,066	12,835
30.1 Relationship between tax expense and accounting profit		
Accounting profit before tax	244,243	-
Tax rate %	35%	-
Tax on accounting profit	85,485	-
Tax effect of:		
expenses that are inadmissible in determining taxable profit	6,122	-
income exempt from tax	(3,287)	-
income chargeable to tax at special rate		
- Dividend income	165	-
- Rent income	(11)	-
- Export sales	(7,141)	-
adjustments of prior years in respect of:		
- Current tax	235	-
- Deferred tax	(46,501)	-
Tax charge for the year	35,066	-

Corresponding figures in respect of relationship between accounting profit and tax expense are not reported as the tax liability for the preceding year was determined under turnover tax and final tax regime.

31. 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: -

		2008	2007
		(Rupees in thousand)	
Profit after taxation	Rs.	209,177	26,924
Weighted average number of ordinary shares			
outstanding during the year (in thousands)		18,570	18,570
Earnings per share (Rupees)	Rs.	11.26	1.45

32. NON-CASH TRANSACTIONS

Additions to Property, plant and equipment during the year amounting to Rs. NIL (2007 : Rs.67.265 million) were financed by new finance leases.

33. TRANSACTIONS WITH ASSOCIATED UNDERTAKINGS

The related parties comprise associates, key management personnel and post employment contribution plan. The company in the normal course of business carries out transactions with various related parties. 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 35. Other significant transactions with related parties are as follows: -

Relationship with the Company	Nature of Transactions	2008	2007
		(Rupees in thousand)	
Associates	Insurance premium paid	9,560	10,823
	Insurance claim received	7,887	2,780
	Rent received	36	36
	Sale of molasses	213,549	54,219
	Sale of baggasse	-	8,278
Key management personnel	Employer's contribution to provident fund	964	133

34. PLANT CAPACITY AND ACTUAL PRODUCTION	----- 2008 -----		----- 2007 -----	
	Quantity (Metric tons)	Days	Quantity (Metric tons)	Days
Sugar division				
Capacity	71,400	120	71,400	120
Actual Production	98,113	159	68,310	146
MDF Board division				
Capacity	43,000	300	43,000	300
Actual Production	47,260	327	38,500	330

35. REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

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

	Chief Executive		Directors		Executives		Total	
	2008	2007	2008	2007	2008	2007	2008	2007
	---Rupees in thousands---							
Meeting fee	15	-	46	1	-	-	61	1
Remuneration	1,350	864	3,463	2,541	10,134	6,126	14,947	9,531
Provident fund	-	-	-	-	172	133	172	133
Perquisite (including house rent and bonus)	742	475	1,516	1,398	6,710	3,405	8,968	5,278
Reimbursable expenses including traveling expenses	15	30	630	48	298	205	943	283
	2,122	1,369	5,655	3,988	17,314	9,869	25,091	15,226
Number of persons	1	1	3	3	17	11		

- 35.1** The Chief Executive, certain Directors and Executives are provided with free use of company's cars the value of which approximates to Rs. 0.507 million (2007 : Rs. 0.56 million).
- 35.2** Meeting fee paid to 10 Directors was Rs.0.188 million (2007 : 7 Directors Rs.0.011 million).
- 35.3** Reimbursable expenses paid to non-salaried director amounting to Rs. 1.498 million (2007 : Rs.0.4 million) approximately.

36. FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

36.1 Interest Rate Risk

Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates. The effective interest / markup rates for the monetary financial assets and liabilities are mentioned in respective notes to the financial statements.

	Interest bearing		Sub Total	Non-interest		2008	2007
	Maturity upto one year	Maturity after one year		Maturity upto one year	Maturity after one year		
-----Rupees in thousands-----							
FINANCIAL ASSETS							
Long term investments	-	-	-	-	37,751	37,751	10,263
Long term deposits	-	-	-	-	562	562	606
Trade debts	-	-	-	11,314	-	11,314	28,978
Loans and advances	85,019	-	85,019	7,468	-	92,487	114,182
Trade deposits	-	-	-	1,432	-	1,432	1,652
Other receivables	-	-	-	417	-	417	23,271
Cash and bank balances	1,939	-	1,939	84,324	-	86,263	47,597
	86,958	-	86,958	104,955	38,313	230,226	226,549
FINANCIAL LIABILITIES							
Long term financing	87,500	237,500	325,000	-	-	325,000	387,500
Long term deposits	-	-	-	-	4,869	4,869	4,874
Liabilities against assets subject to finance lease	36,308	28,261	64,569	-	-	64,569	127,019
Trade and other payables	75,000	-	75,000	159,072	-	234,072	269,578
Interest/mark-up accrued	-	-	-	28,416	-	28,416	14,446
Short term borrowings	862,684	-	862,684	-	-	862,684	270,955
	1,061,492	265,761	1,327,253	187,488	4,869	1,519,610	1,074,372
OFF BALANCE SHEET ITEMS							
Financial Commitment							
Letters of credit	-	-	-	-	-	165,740	39,411
Capital work in progress	-	-	-	-	-	10,975	263
	-	-	-	-	-	176,715	39,674

36.2 Credit risk and concentration of credit risk

Credit risk represents the accounting loss that would be recognized at the reporting date if counter parties failed completely to perform as contracted. Out of the total financial assets of Rs. 230 million (2007 : Rs. 227 million), the financial assets which are subject to credit risk amounted to Rs. 144 million (2007: Rs. 179 million). The Company believes that it is not exposed to major concentration of credit risk. The management monitors and limits the Company's exposure to credit risk through monitoring of clients credit exposure review and conservative estimates of provision for doubtful receivable. The management is of the view that it is not exposed to significant concentration of credit risk.

36.3 Fair value of financial instruments

The carrying values of all financial assets and liabilities reflected in the financial statements approximates their fair values. Fair value is determined on the basis of objective evidence at each reporting date.

36.4 Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its commitments associated with financial liabilities when they fall due. The company's management closely monitors the Company's liquidity and cash flow position and ensures that sufficient liquid funds are available to meet any commitments as they arise.

36.5 Foreign exchange risk

Foreign currency risk arises mainly where receivables and payables exist due to transactions with foreign undertakings. In appropriate cases, the management takes out forward contracts to mitigate the risk. The company is not exposed to foreign exchange risk at year-end. The items exposed to foreign exchange risk consist of commitments under letters of credit as disclosed in Note 12. As at year end, no forward contracts have been taken up by the management due to strengthening of the local currency against foreign currencies.

37. 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 sugar segment is the manufacturer of sugar and board segment is a manufacture of Medium Density Fiber (MDF) board. The following tables represents revenue and profit and certain assets and liabilities information regarding business segments for the year ended and as at September 30, 2008 and 2007: -

	SUGAR		MDF BOARD		CONSOLIDATED	
	2008	2007	2008	2007	2008	2007
	(Rupees in thousand)		(Rupees in thousand)		(Rupees in thousand)	
REVENUE						
External sales	1,551,646	1,435,304	1,231,825	946,908	2,783,471	2,382,212
Total Revenue	<u>1,551,646</u>	<u>1,435,304</u>	<u>1,231,825</u>	<u>946,908</u>	<u>2,783,471</u>	<u>2,382,212</u>
RESULTS						
Profit from operations	<u>202,187</u>	<u>49,563</u>	<u>227,681</u>	<u>163,342</u>	429,868	212,905
Other operating expenses					(30,134)	(9,536)
Finance cost					(182,298)	(162,456)
Share of profit from associated undertaking					26,807	(1,154)
Profit before tax					<u>244,243</u>	<u>39,759</u>
Taxation					(35,066)	(12,835)
Net profit for the year					<u>209,177</u>	<u>26,924</u>
OTHER INFORMATION						
Capital expenditure	50,890	92,312	96,350	45,885	147,240	138,197
Depreciation	43,825	42,519	72,187	71,220	116,012	113,739
BALANCE SHEET						
Assets						
Segment assets	2,149,446	1,373,418	1,588,529	954,383	3,737,975	2,327,801
Investment in associates	37,751	10,263	-	-	37,751	10,263
Consolidated total assets					<u>3,775,726</u>	<u>2,338,064</u>
Liabilities						
Segment liabilities	1,748,335	1,072,885	555,315	395,467	2,303,650	1,468,352
Unallocated liabilities					-	2,089
Consolidated total liabilities					<u>2,303,650</u>	<u>1,470,441</u>

38. CAPITAL DISCLOSURE

The company's objectives, policies and processes for managing capital are as follows:

The Company is not subject to any externally imposed capital requirements.

The company's objectives when managing capital are to safeguard the company's ability to continue as a going concern in order to provide returns for shareholders and to maintain an optimal capital structure to reduce the cost of capital.

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

Consistently with others in the industry, the company monitors capital on the basis of the debt-to-adjusted capital ratio. This ratio is calculated as net debt divided by adjusted capital. Net debt is calculated as total debt (as shown in the balance sheet) less cash and cash equivalents. Adjusted capital comprises all components of equity (i.e., share capital and unappropriated profit).

During the current year, the company's strategy unchanged from last year, to maintain the debt-to-adjusted capital ratio upto 60% in order to secure access to finance at a reasonable cost. The debt-to-adjusted capital ratios at September 30, 2008 and September 30, 2007 were as follows:

	2008 Rupees	2007 Rupees
Total debt	1,252,253	785,474
Less: Cash and cash equivalents	<u>86,263</u>	<u>47,597</u>
Net debt	1,165,990	737,877
Total equity	<u>741,842</u>	<u>530,362</u>
Adjusted capital	<u>1,907,832</u>	<u>1,268,239</u>
Debt-to-adjusted capital ratio	0.61	0.58

39. DIVIDEND

The Board of Directors proposed the final Cash Dividend for the year ended September 30, 2008 of Rs.3.00 (2007 : Re.1.50) per share amounting to Rs.55.711million (2007 : 27.855 million) at their meeting held on January 05, 2009 for the approval of the members at the Annual General Meeting to be held on January 31, 2009. These financial statement do not reflect dividend payable.

40. DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorized for issue on January 05, 2009 by the Board of Directors of the Company.



ISMAIL H. ZAKARIA
Chief Executive Officer



SULEMAN AYOOB
Director

PATTERN OF HOLDING OF THE SHARES HELD BY THE SHAREHOLDERS AS ON 30-09-2008

NOS OF SHAREHOLDERS		H O L D I N G S				TOTAL SHARES HELD
411	FROM	1	TO	100	SHARES	12,237
469	FROM	101	TO	500	SHARES	144,211
161	FROM	501	TO	1000	SHARES	136,526
249	FROM	1001	TO	5000	SHARES	632,182
60	FROM	5001	TO	10000	SHARES	433,008
7	FROM	10001	TO	15000	SHARES	95,231
10	FROM	15001	TO	20000	SHARES	179,105
10	FROM	20001	TO	25000	SHARES	232,266
4	FROM	25001	TO	30000	SHARES	113,385
4	FROM	30001	TO	35000	SHARES	130,491
4	FROM	45001	TO	50000	SHARES	188,661
3	FROM	50001	TO	55000	SHARES	162,092
2	FROM	55001	TO	60000	SHARES	113,617
1	FROM	60001	TO	65000	SHARES	60,871
2	FROM	65001	TO	70000	SHARES	133,109
2	FROM	80001	TO	85000	SHARES	168,082
1	FROM	90001	TO	95000	SHARES	92,500
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	210001	TO	215000	SHARES	214,101
1	FROM	220001	TO	225000	SHARES	221,500
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
2	FROM	335001	TO	340000	SHARES	675,534
1	FROM	365001	TO	370000	SHARES	365,065
1	FROM	375001	TO	380000	SHARES	378,976
1	FROM	385001	TO	390000	SHARES	385,423
1	FROM	425001	TO	430000	SHARES	425,976
1	FROM	510001	TO	515000	SHARES	513,757
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	1105001	TO	1110000	SHARES	1,109,294
1	FROM	2295001	TO	2300000	SHARES	2,296,656
1	FROM	2365001	TO	2370000	SHARES	2,365,747
1437						18,570,252

CATEGORIES OF SHAREHOLDING AS ON 30-09-2008

SR.NO.	CATEGORIES OF SHAREHOLDER'S	NUMBER OF SHAREHOLDER'S	SHARES HELD	PERCENTAGE
1	INDIVIDUALS	1407	12,771,907	68.78%
2	STOCK COMPANIES	19	450,455	2.43%
3	INSURANCE COMPANIES	1	513,757	2.77%
4	FINANCIAL INSTITUTIONS	7	4,714,633	25.39%
5	MODARABA COMPANIES	1	110,000	0.59%
7	INVESTMENT COMPANIES	1	3,500	0.02%
8	OTHERS	1	6,000	0.03%
TOTAL		1437	18,570,252	100.00%

**CATEGORIES OF SHARE HOLDING
AS AT SEPTEMBER 30, 2008**

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.		385,423	2.08
NIT & ICP	4		
National Bank of Pakistan (Trustee Deptt)		4,662,403	25.11
Investment Corporation of Pakistan		190	0.00
National Investment Trust Ltd.		18,940	0.10
DIRECTORS , CEO & THEIR SPOUSES AND MINOR CHILDREN	14		
MRS. MUNIRA ANJUM YUSUF		365,065	1.97
MR. SULEMAN AYOOB		293,329	1.58
MR. YUSUF AYOOB		336,538	1.81
MR. A. 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 ISMAIL		175,772	0.95
MR. ZOHAIR ISMAIL		275,844	1.49
MRS. SURAIYA SULEMAN (W/O SULEMAN AYOOB)		54,486	0.29
MR. SALIM SULEMAN		84,183	0.45
MR. ISMAIL H. ZAKARIA		425,976	2.29
MR NOOR MOHAMMAD		10,231	0.06
MR SHENAZ 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		
State Life Insurance Corporation of Pakistan		513,757	2.77
BANK, DEVELOPMENT FINANCE INSTITUTIONS, NON BANKING FINANCE INSTITUTIONS, INSURANCE COMPANIES, MODARABAS AND MUTUAL FUNDS	3		
UNITED BANK LTD		100	0.00
HABIB BANK AG ZURICH DEIRA DUBAI		25,000	0.13
PROGRESSIVE MANAGEMENT (PVT.) LTD.		8,000	0.04
JOINT STOCK COMPANIES	18		
SARFRAZ MAHMOOD (PVT) LTD.		15	0.00
AHMED MOTORS LTD.		587	0.00
NAEEM'S SECURITIES LTD		391	0.00
FIKREE DEVELOPMENT CORP. LTD.		1,304	0.01
HASEEB WAQAS ENGINEERING LTD.		500	0.00
MUSANI SECURITIES (PVT.) LTD		6,500	0.04
Y.S SECURITIES (PVT.) LTD.		920	0.00
AZEE SECURITIES (PVT.) LTD.		500	0.00
TRUST SECURITIES & BROKERAGE LTD		15,000	0.08
CLICKTRADE LTD		3,000	0.02
WE FINANCIAL SERVICE LTD.		55	0.00
AAG SECURITIES (PVT.) LTD		8,500	0.05
SAT SECURITIES (PVT.) LTD		1,000	0.01
DJM SECURITIES (PVT.) LTD		20,500	0.11
BAGASRA SECURITIES (PVT.) LTD		1,000	0.01
PASHA SECURITIES (PVT.) LTD.		1,500	0.01
ZHV SECURITIES (PVT.) LTD.		1,760	0.01
VALUE STOCK SECURITIES (PVT.) LTD.		2,000	0.01
INVESTMENT COMPANIES	1		
1 PROGRASIVE INVESTMENT MANAGEMENT (PVT.) LTD.		3,500	0.02
OTHERS	1		
ISLAMABAD STOCK EXCHANGE (G) LTD.		6,000	0.03
INDIVIDUALS	1393		
		9,871,838	53.16
TOTAL:-	1,437	18,570,252	100.00

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

National Bank of Pakistan Trust Deptt	---	4,662,403
---------------------------------------	-----	-----------

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 39th Annual General Meeting of the Company to be held on the 31st day of January two
thousand and nine at 10.00 A.M. and at any adjournment thereof :
Signed this day of 2009

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.