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COMPANY INFORMATION

BOARD OF DIRECTORS

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

BOARD AUDIT COMMITTEE

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

CHIEF FINANCIAL OFFICER

MR. ZOHAIR ZAKARIA

COMPANY SECRETARY

MR. MOHAMMAD YASIN MUGHAL
FCMA

AUDITORS

HYDER BHIMJI & CO.
Chartered Accountants

LEGAL ADVISOR

MR. ABDUL SATTAR PINGAR

REGISTERED OFFICE

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

FACTORY

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

REGISTRAR & SHARE REGISTRATION OFFICE

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

WEBSITE

www.alnoorgroup.co

Mission Statement

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

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

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

Vision Statement

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

STATEMENT OF ETHICS & BUSINESS PRACTICES

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

THE COMPANY

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

AS DIRECTORS

- Promote and develop attractive environment through responsive policies and guidelines to facilitate viable and timely decisions.
- Maintain organizational effectiveness for the achievement of the Company's 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 AND 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 42nd 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 Monday, 30th January, 2012 at 10.30 a.m to transact the following Business

ORDINARY BUSINESS

1. To confirm the Minutes of the Extra Ordinary General Meeting of the Company held on 25th March, 2011.

2. To receive, consider and adopt the Audited Financial Statements of the Company for the year ended September 30, 2011 together with the Directors' and Auditors' Reports thereon.

3. To approve payment of cash dividend @ 30 % .i.e. Rs.3/= per ordinary share of Rs.10/= each for the year ended 30th September 2011 as recommended by the Board of Directors.

4. To appoint Auditors and to fix their remuneration for the year ended 30th September 2012.

5. To transact any other business with permission of the Chair.

By Order of the Board

(M. YASIN MUGHAL)
COMPANY SECRETARY

Karachi: December 29, 2011

NOTE:

1. The Register of the Members of the Company will remain closed from 23rd January, 2012 to 2nd February, 2012 (Both days inclusive) for the purpose of holding the Annual General Meeting / Transfer of shares.

2. A member of the Company entitled to attend and vote may appoint any member as his/her proxy to attend and vote on his/her behalf . PROXIES MUST BE RECEIVED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE MEETING.

3. CDC Account Holders will further have to follow the under-mentioned guidelines as laid down in Circular I dated January 26, 2000 issued by the Securities and Exchange Commission of Pakistan.

A. For Attending the Meeting

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

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

B. For appointing proxies:

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

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

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

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

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

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

DIRECTORS' REPORT TO THE MEMBERS

IN THE NAME OF ALLAH THE MOST GRACIOUS AND MOST MERCIFUL

Dear Members

Assalam-o-Alaikum:

On behalf of Board of Directors of your Company, I feel it my pleasure to place before you the significant achievements of your Company's operations as reflected in the audited Annual Financial Statements together with Auditors' Report thereon for the period ended September 30, 2011.The Company has earned profit after tax amounting to Rs.104.465 million as against Rs 254.398 million earned last year.

Salient production and financial data are provided as under:

PRODUCTION DATA

	2010-11	2009-10
Season started on	29-10-2010	13-11-2009
Season ended on	19-03-2011	03-03-2010
Duration of crushing (days)	142	111
Sugarcane crushed (Metric Tons)	888,736	774,230
Sugar produced (Metric Tons)	71,655	73,175
Sugar recovery rate - percentage	8.05	9.47
Molasses produced (Metric Tons)	43,070	35,185
MDF Board produced (metric tons)	37,012	41,881
No. of days MDF Board Plant operated	294	321

FINANCIAL DATA

	(Rupees in thousand)	
Sales Revenue	5,983,046	6,313,220
Cost of sales	5,246,478	5,311,417
Administrative expenses	283,795	236,853
Financial Cost	412,252	329,899
Profit before taxation	59,875	391,453
Provision for taxation	44,590	(137,055)
Profit after tax	104,465	254,398
Earning per share	Rs.5.63	Rs.13.70

PERFORMANCE REVIEW:

SUGAR DIVISION:

During the period under review, the sugarcane crushed was more by 14.79% as compared to the preceding year. However the sugar produced was less by 2.08%. The reason for this inverse position was due to the drastically low sugar recovery of 8.05% from the cane crushed this year as compared to 9.47% in the preceding season reflecting a huge drop of 15%. This reduced recovery was due to flood and heavy rain which affected the standing crop adversely. Furthermore, as reported earlier, the standing crop in the area of your mills came under sever attack of Pyrilla pest which has also substantially reduced the recovery percentage. Accordingly, the cost of sugar produced went up sharply due to these factors.

Sugar cane price although was fixed by the Government at Rs. 127 per 40 kilograms of cane, but due to growers unwillingness to supply at this price, the average sugarcane procurement rate this year was Rs. 191.68 per 40 kilograms. In the sugar industry, the cost of sugarcane accounts for more than 75% of the total cost of the production of sugar. The industry continues to stress upon the Government to formulate a policy of linking sugarcane support price to the sugar price in the open market and for timely fixation and announcement of sugarcane support price. The present mechanism literally assures sugarcane floor price with no ceiling whilst the finished product price remains volatile to many elements. Formulation of such a strategy will enable a long term approach of planning and help in proper and timely plantation of high yield sugarcane as it will provide the necessary incentives to both the farmers and the sugar mills.

The lower contents of sugar in the sugarcane, and the higher price of sugarcane, have all significantly affected the profitability of the company. This affect has multiplied in the fourth quarter when sugar prices in the local and international markets have taken a significant downturn as surplus production of the product is expected in the coming year in the South East Asian region.

MEDIUM DENSITY FIBRE (MDF) BOARD DIVISION:

During the period under review, the plant produced 37,012 Metric Tons of Lasani wood in various sizes as against 41,881 M. Tons produced during the previous year. The production was lower by 11.63%. This reduction in production was mainly due to installation of energy plant as all the boilers and associated systems were shut down for installation of this new system. The new system is online now and operating satisfactorily. Due to this the profitability of the division has reduced in the current year, although it is expected that the benefits of the energy plant in term of a more balanced production cycle and controlled fuel costs will be clearly visible in the years to come Insha Allah.

The final product during the year included laminated sheets in various sizes and colors produced during the year thereby increasing component of value added board in the product line. Some of the product was also exported to Afghanistan. As the capacity utilization and value addition increases the need for power has also increased substantially. The rental power option although reduced, still continues to be utilized after the sugar cane crushing season.

POWER GENERATION DIVISION:

As pointed out in the previous year's Annual Report, the availability of power from WAPDA was uncertain due to frequent load shedding and accordingly the management decided to acquire its own power generators to overcome the situation which are operated during the cane crushing season with bagasse utilized as fuel. One additional boiler and turbine of 15 megawatt have been installed and on achieving reasonable capacity power generation the surplus power is also supplied to WAPDA during the cane crushing season. During the crushing season, the company generated 7.932 megawatt in excess of its requirements which was sold to WAPDA at a value of Rupees 67.357 million.

CAPITAL EXPENDITURE:

In the Sugar Industry, upgrading the plant and machinery is a continuous feature. During the year under review the Company incurred an expenditure of Rs.343.345 million on addition and BMR in order to maintain the efficiency of the Mills. This also includes Rs. 267 million on acquisition of above mentioned energy plant installed in the Board Division in addition to regular BMR in both Divisions.

STATEMENT OF COMPLIANCE WITH BEST PRACTICES OF CORPORATE GOVERNANCE:

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

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

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

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

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

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

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

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

9. The pattern of share holding in the Company as on September 30, 2011 is also included in the Annual Report.

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

11. Value of investment and balance in deposit accounts of Provident Fund as at 30th June, 2011 amounted to Rs.36.857 million.

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

CHANGES IN THE COMPOSITION OF BOARD OF DIRECTORS:

The three years tenure of the Board of Directors was completed on March 25, 2011 and following persons were elected by the members in the Extra Ordinary General Meeting held on the said date as Directors of your Company for a further period of three years.

1. Mr. Ismail H Zakaria
2. Mr. Suleman Ayoob
3. Mr. Yusuf Ayoob
4. Mr. A Aziz Ayoob
5. Mr. Noor Mohammad Zakaria
6. Mr. Shamim Ahmad
7. Mr. Muhammad Asif
8. Mr. Zia Zakaria
9. Mr. Salim Ayoob
10. Mr. Zohair Zakaria

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

		No. of Meetings	
	Name of Directors	Held	Attended
01	Mr. Ismail H Zakaria	5	4
02	Mr. Suleman Ayoob	5	4
03	Mr. Yusuf Ayoob	5	5
04	Mr. A. Aziz Ayoob	5	5
05	Mr. Noor Mohammad Zakaria (4)	5	4
06	Mr. Shamim Ahmad	5	4
07	Mr. Muhammad Asif	5	5
08	Mr. Zia Zakaria	5	4
09	Mr. Salim Ayoob	5	-
10	Mr. Zohair Zakaria	5	5

FUTURE OUTLOOK:

SUGAR DIVISION:

The Government of Sindh has announced a minimum sugar cane support price of Rs. 154 per 40 kilograms for the crushing season 2011-12 vide notification NO.8(142)s.o(Ext)/2011 dated October 25, 2011 against Rs. 127 per 40 kilograms fixed in the preceding year. This represents an increase of 21.26% over the preceding year. Although the area under plantation has increased sizably, it has been subject to various climatic disturbances. Rainfall was excessive in the months of August and September 2011, with short bursts of torrential rain and significant water accumulation in the fields that might, possibly once again, negatively affect the recovery rate in the area surrounding your mills. This will be clear only once the mills start crushing when the recovery of cane can be fully assessed. On the Pyrilla pest front that has been rampant in the area surrounding your mills, the management has taken steps to introduce pesticides and biological methods to control this problem. Although complete eradication of Pyrilla takes time, the management is hopeful that there will be substantial reduction of the pest in the current season.

The price of refined sugar in the international market continues to be erratic with higher production expected in the upcoming year particularly in the South East Asian region. In this regard, the Trading Corporation of Pakistan has called for a local purchase tender of 200,000 tons to build up and maintain a strategic buffer stock of sugar in the country during the upcoming surplus years, which can come in good use during the years of shortage. This is a good step to bring stability to sugar prices, and might have a trickle down effect in providing stability to sugarcane prices as well.

MDF BOARD DIVISION:

Al-Hamdo-lillah the products Board Division has established their acceptability not only in the domestic market but also in the export market. The future of the Division is dependant on the regular availability of power and process steam for which the management has already taken measures by installing an energy plant which has come online. Additionally during the sugarcane crushing season, the supply of power is regularly improving which should improve the capacity utilization of the division. While the demand continues to grow, the continuity of power supply and its cost is imperative for a stable future of the Division.

During the first quarter of current year (up to December 13, 2011) the plant operated satisfactorily and produced 8,147 Metric tons of board in various thickness which included laminated sheets during the period and expected that production of the Division would increase during the remaining period of the year.

CREDIT RATING OF THE COMPANY

JCR-VIS Credit Rating Company Limited has assigned initial medium to long term entity rating of 'A-' (Single A Minus) and short term rating of 'A-2' (A-Two) to the Company. Outlook on medium to long term rating is "Stable"

CORPORATE & SOCIAL RESPONSIBILITY:

The company is well aware of social and corporate responsibilities towards its employees and general public living in its franchise area of your mill. The company operating a school in the factory area and provides education not only to the children of employees but also to the children residing in the surrounding areas of the factory.

DIVIDEND:

Directors are pleased to recommend the payment of cash dividend at 30 percent i.e. Rs.3.00/= (2010: 50 percent cash dividend i.e. Rs. 5.00) per share of Rs. 10/= each.

AUDITORS:

M/s Hyder Bhimji. & Company, Chartered Accountants have completed the audit of Financial Statements for the year ended September 30, 2011 and being eligible offered their services for reappointment for the financial year 2011-12. Audit Committee and Board have also recommended their reappointment.

STAFF RELATIONS:

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

By order of the Board

ISMAIL H. ZAKARIA
CHIEF EXECUTIVE

Karachi: December 29, 2011

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

This statement is being presented to the company with the Corporate Governance contained in the Regulation No 35 chapter XI of listing regulations of the Karachi and Lahore Stock Exchanges (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. At present the Board comprises of ten Directors including five non-executive Directors.

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 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. The tenure of the Board of Directors expired during the year and members in their Extra Ordinary General Meeting held on March 25th 2011 elected the Directors for a further period of three years as reported in the Directors' Report.

   The company has prepared a "Statement of Ethics and Business Practices" which has been approved by the Board of Directors.

5. The Board has developed a vision and mission statements, overall corporate strategy and significant policies. A complete record of particulars of significant policies has been maintained and amended / updated from time to time.

6. 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.

7. 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.

8. The related party transactions were placed before the Audit Committee and approved by the Board of Directors to comply with listing regulations of Karachi and Lahore Stock Exchanges.

9. The members of the Board are professionally qualified and well conversant with their duties and responsibilities. One of the Directors has also acquired the certification of the courses offered by the Pakistan Institute of Corporate Governance as required under the Code of Corporate Governance.

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

11. The Directors' Report for the year has been prepared in compliance with the requirements of the Code of Corporate Governance 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 of three members. Two of the members are non-executive Directors and Chairman of the Committee is an Executive Director.

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 have confirmed that they have been given a satisfactory rating under the quality control review programme of the Institute of Chartered Accountants of Pakistan, that they or any of the partners of the firm, their spouses and minor 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
MANAGING DIRECTOR

Karachi: December 29, 2011

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

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

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

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

Further, Sub - Regulation (xiii a) of Listing Regulations 35 notified by the Karachi and Lahore Stock Exchanges vide circular No. KSE/N-269 dated January 19, 2009 requires the Company to place before the Board of Directors for their consideration and approval of related party transactions distinguishing between transactions carried out on terms equivalent to those that prevail in arm's length transactions and transactions which are not executed at arm's length price recording proper justification for using such alternate pricing mechanism. Further, all such transactions are also required to be separately placed before the Audit Committee. We are only required and have ensured compliance of requirement to the extent of approval of related party transactions by the Board of Directors and placement of such transactions before the Audit Committee. We have not carried out any procedures to determine whether the related party transactions were undertaken at arm's length price or not.

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

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

Karachi: December 29, 2011

AUDITORS' REPORT TO THE MEMBERS

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

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

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

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

b. in our opinion :

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

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

   iii. the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the company;

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

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

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

Karachi: December 29, 2011

BALANCE SHEET
AS AT SEPTEMBER 30, 2011

	Note	2011	2010
		Rupees in '000	
			Restated
NON - CURRENT ASSETS			
Property, plant and equipment	6	**2,835,781**	2,681,942
Long term investments	7	**157,413**	144,169
Long term loans	8	**5,032**	4,476
Long term deposits	9	**42,375**	4,688
		3,040,601	2,835,275
CURRENT ASSETS			
Stores, spares and loose tools	10	**267,992**	218,657
Stock in trade	11	**2,422,829**	965,121
Trade debts		**7,843**	
Current maturity of long term loans	12	**5,439**	5,422
Loans and advances	12	**72,916**	41,528
Short term deposits and Prepayments	13	**7,772**	8,164
Other receivables	14	**22,302**	10,104
Cash and bank balances	15	**43,316**	140,429
		2,850,409	1,389,425
		5,891,010	4,224,700
SHARE CAPITAL AND RESERVES			
Authorised Capital			
20,000,000 (2010 : 20,000,000)			
ordinary shares of Rs.10/- each		**200,000**	200,000
Issued, subscribed and paid-up capital	16	**185,703**	185,703
Unrealised (loss)/Income on revaluation of investments)		**(1,137)**	6
Unappropriated profit		**988,736**	928,842
		1,173,302	1,114,551
SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT	17	**663,880**	708,767
NON-CURRENT LIABILITIES			
Long term financing	18	**299,166**	392,500
Liabilities against assets subject to finance lease	19	**158,283**	14,945
Deferred liabilities	20	**453,761**	561,830
Long term deposits		**334**	1,089
		911,544	970,364
CURRENT LIABILITIES			
Trade and other payables	21	**970,668**	646,914
Interest / mark-up accrued	22	**85,568**	41,477
Short term borrowings	23	**1,839,204**	549,483
Current portion of non-current liabilities	24	**220,378**	168,549
Provision for income tax net of payments		**26,466**	24,595
		3,142,284	1,431,018
CONTINGENCIES AND COMMITMENTS	25	**-**	-
		5,891,010	4,224,700

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

ISMAIL H. ZAKARIA
Chief Executive Officer

SULEMAN AYOOB
Director

PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED SEPTEMBER 30, 2011

	Note	2011	2010
		Rupees in '000	
Sales	26	**5,983,046**	6,313,220
Cost of sales	27	**(5,246,478)**	(5,311,417)
Gross profit		**736,568**	1,001,803
Profit from trading activities	28	**2,625**	2,647
Other operating income	29	**23,937**	2,391
		763,130	1,006,841
Distribution cost	30	**(16,882)**	(18,393)
Administrative expenses	31	**(283,795)**	(236,853)
Other operating expenses	32	**(4,620)**	(34,895)
Finance cost	33	**(412,252)**	(329,899)
Share of profit of associated undertakings	7	**14,294**	4,652
Profit before taxation		**59,875**	391,453
Taxation	34	**44,590**	(137,055)
Profit for the year		**104,465**	254,398
Earnings per share - Basic and Diluted (Rupees)	35	**5.63**	13.70

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

ISMAIL H. ZAKARIA
Chief Executive Officer

SULEMAN AYOOB
Director

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED SEPTEMBER 30, 2011

	Note	2011	2010
		Rupees in '000	
			Restated
Profit for the year after taxation		**104,465**	254,398
Other Comprehensive Income			
Share of Associate's unrealized (Loss)/Income on changes in fair value of investment	7	**(1,143)**	459
Total Comprehensive Income for the year		**103,322**	254,857

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

ISMAIL H. ZAKARIA
Chief Executive Officer

SULEMAN AYOOB
Director

CASH FLOW STATEMENT
FOR THE YEAR ENDED SEPTEMBER 30, 2011

	Note	2011	2010
		Rupees in '000	
A. CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before taxation		59,875	391,453
Adjustments for:			
Depreciation of property, plant and equipment		217,339	187,573
Gain on disposal of property, plant and equipment		(3,921)	(222)
Provision for doubtful recoveries		-	6,175
Provision for staff gratuity & leave encashment		-	2,456
Finance cost		412,252	329,899
Share of profit of associated undertakings		(14,294)	(4,652)
		611,376	521,229
Operating cash flows before movement in working capital		671,251	912,682
(Increase) / decrease in current assets			
Stores, spares and loose tools		(49,335)	(31,484)
Stock in trade		(1,457,708)	(1,251)
Trade debts		(7,843)	-
Loans and advances		(31,405)	(6,511)
Trade deposits and short term prepayments		392	472
Other receivables		(12,198)	(1,571)
		(1,558,097)	(40,345)
Increase / (decrease) in current liabilities			
Short term borrowings		1,289,721	(198,929)
Trade and other payables		342,215	241,583
		1,631,936	42,654
Cash generated from operations		745,090	914,991
Income taxes paid		(61,608)	(47,806)
Gratuity paid		(18,279)	(9,454)
Long term deposits-net		(755)	(398)
Long term loans		(556)	(332)
Finance cost paid		(368,161)	(324,951)
		(449,359)	(382,941)
Net cash flows from operating activities		295,731	532,050
B. CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(375,693)	(524,941)
Long term deposits		(37,687)	620
Proceeds from disposal of property, plant and equipment		8,254	230
Dividend received		3,300	4,950
Net cash flows used in investing activities		(401,826)	(519,141)
C. CASH FLOWS FROM FINANCING ACTIVITIES			
Long term finance obtained		100,000	200,000
Obligation under finance lease		175,000	
Repayment of long term financing		(157,500)	(87,500)
Repayment of principal portion of finance leases		(15,667)	(19,669)
Dividend paid		(92,851)	(73,080)
Net cash flows from/ (used in) financing activities		8,982	19,751
Net increase in cash and cash equivalents (A+B+C)		(97,113)	32,660
Cash and cash equivalents at the beginning of the year		140,429	107,769
Cash and cash equivalents at the end of the year		43,316	140,429

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

ISMAIL H. ZAKARIA
Chief Executive Officer

SULEMAN AYOOB
Director

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED SEPTEMBER 30, 2011

	Issued, Subscribed & paid up capital	General revenue reserve	Unappropriated profit	Unrealised Profit (loss) on revaluation of investments	Total
	………………….. Rupees in '000			…………………	
Balance as at October 1,2009 as Originally stated	185,703	-	691,824	(453)	877,074
Impact of restatment of Financial Statements of associate			236		236
Balance as at October 1,2009 as restated	185,703		692,060	(453)	877,310
Transcation with owners					
Transfer from surplus on revaluation of property, plant and equipment on account of incremental depreciation-net of deferred tax	-	-	53,093	-	53,093
Share of associate's unrealised loss on revaluation of investment	-	-	3,572		3,572
Net income recognised directly in equity	-	-	56,665	-	56,665
Total comprehensive income for the year ended September 30, 2010		-	254,398	459	254,857
Total recognised income and expense for the year	-	-	311,063	459	311,522
Final dividend for the year ended September 30, 2009 @ Rs. 4 per share	-	-	(74,281)	-	(74,281)
Transferred to unappropriated profit	-			-	-
Balance as at September 30,2010 as restated	185,703	-	928,842	6	1,114,551
Balance as at October 1,2010 as Originally stated	185,703	-	928,667	6	1,114,315
Impact of restatment of Financial Statements of associate			236		236
Balance as at October 1,2010 as restated	185,703		928,903	6	1,114,551
Transcation with owners					
Transfer from surplus on revaluation of property, plant and equipment on account of incremental depreciation-net of deferred tax	-	-	44,887	-	44,887
Share of associate's unrealised loss on revaluation of investment	-	-	3,393		3,393
Net income recognised directly in equity	-	-	48,280	-	48,280
Total comprehensive income for the year ended September 30, 2011		-	104,465	(1,143)	103,322
Total recognised income and expense for the year	-	-	152,745	(1,143)	151,602
Final dividend for the year ended September 30, 2010 @ Rs. 5 per share	-	-	(92,851)	-	(92,851)
Transferred to unappropriated profit	-			-	-
Balance as at September 30, 2011	185,703	-	988,736	(1,137)	1,173,302

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

ISMAIL H. ZAKARIA
Chief Executive Officer

SULEMAN AYOOB
Director

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2011

1. The Company and its Operations

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

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

2 Statement of Compliance

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

3 Significant Accounting Judgments and estimates

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

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

a) Property, plant and equipment

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

b) Stock-in-trade

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

c) Taxation

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

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

d) Impairment

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

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

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

f) Trade debts

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

4 Accounting Standards

4.1 Changes in disclosures and accounting policies

There are certain new standards, interpretations and amendments to published approved accounting standards that are mandatory for accounting periods beginning on or before January 01, 2010 but considered not to be relevant or to have any significant effect on the company's operations and are therefore, not disclosed in these financial statements.

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

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

Standard or Interpretation		Effective dates (accounting period beginning on or after)
IAS-1	Presentation of Financial Statement- Amendments to revise the way other comprehensive income is presented	July 1, 2012
IFRS-7	Financial Instruments: Disclosures- Amendments enhancing disclosures about transfer of financial assets	July 1, 2011
IAS-12	Income Tax (Amendment)- Deferred Taxes: Recovery of underlying Assets	January 1, 2012
IAS-19	Employee Benefits- Amended Standards resulting from the Post Employment Benefits and Termination Benefits Projects	January 1, 2013
IAS-24	Related Party Disclosure (Revised)	January 1, 2011
IFRIC-14	Prepayment of minimum Funding Requirement (Amendment)	January 1, 2011
IFRIC-15	Agreement for Construction of Real Estate	
IFRIC-16	Hedges of a Net Investment in a Foreign Operation	
IFRIC-17	Distributions of Non-cash Assets to Owners	
IFRIC-18	Transfer of Assets from Customers	

The Company expects that the adoption of the above revision, amendments and interpretations of the standards will not have any material impact on the Company's financial statements in the period of initial application except certain additional disclosures.

In addition to the above, amendments to various accounting standards have also been issued by IASB. Such improvements are generally effective for accounting periods beginning on or after 1 January 2011. The Company expects that the such improvements of the standards will not have any material impact on the Company's financial statements in the period of initial application.

Further, the following new standards have been issued by IASB which are yet to be notified by the Securities and Exchange Commission of Pakistan for the purpose of applicability in Pakistan.

Standard or Interpretation		Effective dates (accounting period beginning on or after)
IFRS-9	Financial Instruments	January 1, 2015
IFRS-10	Consolidated Financial Statements	January 1, 2013
IFRS-11	Joint Arrangements	January 1, 2013
IFRS-12	Disclosure of Interest in Other Entities	January 1, 2013
IFRS-13	Fair Value Measurement	January 1, 2013

5 SIGNIFICANT ACCOUNTING POLICIES

The Principal accounting policies adopted are set out below:

5.01 Accounting convention

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

5.02 Long term financing

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

5.03 Leases

Finance leases

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

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

Operating leases

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

5.04 Staff Post Retirement Benefits

Defined Contribution Plan - Sugar division

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

Defined Benefit Plan / Defined Contribution plan - MDF board division

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

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

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

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

5.05 Employees compensated absences

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

5.06 Trade and other payables

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

5.07 Provisions

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

5.08 Property, plant and equipment

(a) Company owned

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

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

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

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

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

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

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

(b) Leased

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

(c) Intangible assets

intangible asets acquired by the compnay are stated at cost less accumulated amorizartion and impairment losses, if any.

Amortization

Amortization is charged to the income statement on astraight line basis over the estimated useful lives of intangible assets unless such lives are indefinite. All intangible assets with an indefinite useful life are systematically tested for impairment at each balance sheet date. Amortization on additions to intangible assets is charged from the month in whcih an item is acquired or capitalized while no amortization is charged for the month which the item is disposed off.

5.09 Investment in associates

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

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

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

5.10 Stores, spares and loose tools

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

Sugar Division

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

MDF Board Division

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

5.11 Stock-in-Trade

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

Cost for raw material is determined using weighted average cost basis except for those in transit which are stated at invoice price plus other charges paid thereon upto the balance sheet date.
Finished goods and work-in-process consist of cost of direct materials, labour and a proportion of manufacturing overheads based on normal capacity. Cost of MDF Board stock is determined on average basis while weighted average cost is used for finished goods of sugar stock.

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

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

5.12 Trade debts and other receivables

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

5.13 Cash and cash equivalents

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

5.14 Impairment

Financial assets

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

Non-Financial Assets

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

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

5.15 Financial Instruments

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

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

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

5.16 Revenue Recognition

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

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

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

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

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

5.17 Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

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

5.18 Taxation

(a) Current

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

(b) Deferred

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

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

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

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

(c) Sales tax

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

i) Where sales tax incurred on a purchase of asset or service is not recoverable from the taxation authority, in which case the sales tax is recognized as part of the cost of acquisition of the asset or as part of the expense item as applicable; and

ii) Receivables or payables that are stated with the amount of sales tax included.

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

5.19 Foreign Currencies

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

5.20 Segment Reporting

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

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

Sugar Division - Manufacturing and sale of Refined Sugar

MDF Board - Manufacturing of Medium Density Fiber Board

5.21 Dividend and other appropriations

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

		2011	2010
		(Rupees in '000)	
6. PROPERTY, PLANT AND EQUIPMENT			
Operating assets	6.1	**2,817,445**	2,517,327
Capital work in progress	6.2	**18,336**	164,615
		2,835,781	2,681,942

6.1 Operating Assets

The following is a statement of operating assets

	2011									
	NET CARRYING VALUE						GROSS CARRYING VALUE			
PARTICULARS	OPENING BOOK VALUE AT OCT 01, 2010	ADDITIONS	TRANSFER AT NBV	DISPOSAL	DEPRECIATION / AMORTIZATION	NET BOOK VALUE AT SEP 30, 2011	COST	ACCUMULATED DEPRECIATION	NET BOOK VALUE AT SEP 30, 2011	RATE IN %
FREE HOLD LAND										
Cost	3,787	-	-	-	-	3,787	3,786	-	3,786	
Revaluation	77,558	-	-	-	-	77,558	77,558	-	77,558	
FACTORY BUILDING						-				
Cost	36,431	16,552	-	-	3,914	49,069	83,100	34,031	49,069	10%
Revaluation	5,831	-	-	-	583	5,248	10,556	5,308	5,248	10%
NON FACTORY BUILDING						-				
Cost	84,701	6,582	-	-	4,524	86,759	144,596	57,837	86,759	5% 10%
Revaluation	71,468	-	-	-	4,041	67,427	95,702	28,275	67,427	
POWER PLANT						-				
Cost	262,106	39,877	(175,000)	-	28,790	98,193	136,960	38,767	98,193	5%
Revaluation	-					-			-	
Leased										
Cost	-	-	175,000	-	5,833	169,167	175,000	5,833	169,167	5%
PLANT & MACHINERY										
Cost	1,128,422	422,264	42,515	1,359	79,885	1,511,957	2,562,855	1,050,898	1,511,957	5%
Revaluation	700,894	-	-	-	64,043	636,851	1,128,624	491,773	636,851	5%
Leased										
cost	62,529	-	(42,515)	-	4,086	15,928	19,667	3,739	15,928	5%
Revaluation	5,592	-	-	-	388	5,204	8,429	3,225	5,204	5%
FURNITURE, FIXTURE AND FITTINGS										
Cost	5,364	130	-	-	546	4,948	16,293	11,345	4,948	10%
OFFICE EQUIPMENT						-				
Cost	10,086	5,855	-	-	4,429	11,512	53,365	41,853	11,512	10%
Revaluation									-	
VEHICLES										
Cost	60,699	23,864	-	3,168	13,691	67,704	123,454	55,750	67,704	20%
Leased										
Cost	1,858	-	-	-	598	1,260	5,689	4,429	1,260	20%
INTANGIBLES	-	6,848	-	-	1,988	4,860	6,848	1,988	4,860	33%
TOTAL	**2,517,326**	**521,972**	**-**	**4,527**	**217,339**	**2,817,445**	**4,639,945**	**1,828,634**	**2,817,445**	

2010

PARTICULARS	NET CARRYING VALUE						GROSS CARRYING VALUE			
	OPENING BOOK VALUE AT OCT 01, 2009	ADDITIONS	TRANSFER AT NBV	DISPOSAL	DEPRECIATION	NET BOOK VALUE AT SEP 30, 2010	COST	ACCUMULATED DEPRECIATION	NET BOOK VALUE AT SEP 30, 2010	RATE IN %
FREE HOLD LAND										
Cost	3,787	-	-	-	-	3,787	3,787	-	3,787	
Revaluation	77,558		-	-	-	77,558	77,558	-	77,558	
FACTORY BUILDING										
Cost	27,036	12,220	-	-	2,825	36,431	66,553	30,122	36,431	10%
Revaluation	6,479				648	5,831	10,618	4,787	5,831	10%
NON FACTORY BUILDING										
Cost	87,452	1,897	-	-	4,738	84,701	138,014	53,313	84,701	5% 10%
Revaluation	75,777		-	-	4,309	71,468	95,702	24,234	71,468	5% 10%
POWER PLANT										
Cost		272,083			9,977	262,106	272,083	9,977	262,106	5%
Revaluation										
PLANT & MACHINERY										
Cost	1,034,977	149,207	17,946	-	73,707	1,128,423	2,088,019	959,596	1,128,423	
Revaluation	771,237		401	-	70,744	700,894	1,128,516	427,622	700,894	5%
Leased										5%
Cost	65,218	18,000	(17,946)		2,743	62,529	75,231	12,702	62,529	
Revaluation	6,476		(401)		483	5,592	8,537	2,945	5,592	5%
										5%
FURNITURE, FIXTURE AND FITTINGS										
Cost	5,720	224	-	-	580	5,364	16,163	10,799	5,364	10%
OFFICE EQUIPMENT										
Cost	7,521	6,385	-	-	3,820	10,086	47,509	37,423	10,086	10%
Revaluation	-	-	-	-		-	-	-	-	
VEHICLES										
Cost	44,691	29,608	-	1,349	12,251	60,699	109,715	49,016	60,699	20%
Leased										
Cost	2,606	-	-	-	748	1,858	5,688	3,830	1,858	20%
TOTAL	**2,216,535**	**489,624**	**-**	**1,349**	**187,573**	**2,517,327**	**4,143,693**	**1,626,366**	**2,517,327**	

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

Particulars	Original Cost/ Valuation	Accumulated depreciation	Written down value	Sale proceeds	Gain on disposal
	Rupees in '000				
Vehicle	9,349	6,874	2,475	5,550	3,075
Plant & Machinery	2,990	1,631	1,359	2,150	791
Rupees 2011	**12,339**	**8,505**	**3,834**	**7,700**	**3,866**
Rupees 2010	253	245	8	230	222

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

Particulars	Original Cost/ Valuation	Accumulated depreciation	Written down value	Claim Receivable	Gain on disposal	Name and address of the buyer
	Rupees in '000					
Vehicles	554	55	499	554	55	Reliance Insurance Company Limited
Rupees 2011	**554**	**55**	**499**	**554**	**55**	
Rupees 2010	1,609	268	1,341	1,341	-	
Rupees 2011	**12,893**	**8,560**	**4,333**	**8,254**	**3,921**	
Rupees 2010	1,862	513	1,349	1,571	222	

6.2 Capital work in progress

	2011	**2010**
	Rupees in '000	
Plant and machinery	**13,135**	104,430
Civil work	**2,331**	11,583
Advance for Capital Expenditures	**2,870**	43,735
Advance for SAP B1	**-**	4,867
Advance for vehicles	**-**	-
	18,336	164,615

	2011				2010			
	Balance as on 01-10-2010	Addition during the year	Capitalized during the year	Balance as on 30-09-2011	Balance as on 01-10-2009	Addition during the year	Capitalized during the year	Balance as on 30-09-2010
Plant and machinery	104,430	370,846	(462,141)	13,135	88,418	433,599	(417,587)	104,430
Civil work	11,583	13,881	(23,133)	2,331	14,198	14,272	(16,887)	11,583
Advance for Capital Expenditures	43,735		(40,865)	2,870	6,163	56,422	(18,850)	43,735
Advance for SAP B1	4,867	6,848	(11,715)	-	-	4,867	-	4,867
Advance for vehicles	-	-		-	2,518	-	(2,518)	-
	164,615	391,575	(537,854)	18,336	111,297	509,160	(455,842)	164,615

	Note	2011	2010
		Rupees in '000	
6.3 Depreciation for the year has been allocated as follows:			
Cost of goods sold	27.1	**187,164**	161,128
Administrative expenses	31	**30,175**	26,445
		217,339	187,573

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

7 LONG TERM INVESTMENTS

Investment in associated undertakings: -

	Shahmurad Sugar Mills Limited	Al Noor Modaraba Management (Pvt.) Limited	Total 2011	Total 2010 Restated
	Rupees in '000			
Opening balance	139,568	4,601	**144,169**	144,008
Share of associates' revaluation surplus	3,393	-	**3,393**	-
Share of profit of associate	14,018	276	**14,294**	4,652
Share of unrealised gain / (loss) on remeasurement of securities	825	(1,968)	**(1,143)**	459
Share of dividend of associate	(3,300)	-	**(3,300)**	(4,950)
	14,936	(1,692)	**13,244**	161
	154,504	2,909	**157,413**	144,169

Note

Summarized financial statements of associates are as follows: -

	----- 2011 -----		----- 2010 -----	
	Shahmurad Sugar Mills Limited	Al Noor Modaraba Management (Pvt.) Limited	Shahmurad Sugar Mills Limited	Al Noor Modaraba Management (Pvt.) Limited
	Rupees in '000			
Total assets	**4,880,683**	**28,909**	3,310,486	40,005
Total liabilities	**3,920,580**	**8,546**	2,417,248	7,796
Net assets	**960,103**	**20,363**	893,238	32,209
Revenue	**4,392,083**	**6,040**	4,440,856	3,027
Profit for the year	**88,526**	**1,933**	32,248	(2,716)
Number of shares held	**3,299,784**	**500,000**	3,299,784	500,000
Cost of investment	**21,631**	**5,000**	21,631	5,000
Ownership interest	**15.625%**	**14.285%**	15.625%	14.285%

7.1 The market value of Shahmurad Sugar Mills Limited share as at September 30, 2011 was Rs. 36.957 million (2010 : Rs. 36.133 million).

7.2 The financial year of Al-Noor Modaraba Management (Pvt.) Limited is June 30. Therefore, the financial results as of June 30, 2010 have been used for the purpose of application of equity method. The name of Chief Executive of the company is Mr. Jalaluddin Ahmed. The breakup value of this company is Rs. 5.82 (2010 : Rs. 9.20) per share.

	Note	2011	2010
		Rupees in '000	
8 LONG TERM LOANS			
Considered good			
Secured			
Due from - Executives	8.3	**1,563**	3,180
- Non Executive		**8,908**	6,718
	8.1	**10,471**	9,898
Recoverable within one year shown as current portion of long term loans	12	**(5,439)**	(5,422)
		5,032	4,476

8.1 Loans and advances have been given in accordance with the terms of employment and are repayable in monthly installments.

8.2 Reconciliation of outstanding amount of loans to Executives:

	2011	2010
Balance at the beginning of the year	**3,180**	3,000
Disbursement during the year	**1,500**	1,100
Repayment during the year	**(3,117)**	(920)
Balance at the end of the year	**1,563**	3,180

	Note	2011	2010
9 LONG TERM DEPOSITS			
Lease deposits		**38,335**	3,395
Other deposits		**4,040**	1,293
		42,375	4,688
10 STORES, SPARES AND LOOSE TOOLS			
Stores		**168,690**	130,503
Spares		**120,390**	106,253
Loose tools		**556**	566
Stores in transit		**44**	2,385
		289,680	239,707
Less: Provision for obsolete store and spare items	10.1	**(21,688)**	(21,050)
		267,992	218,657
10.1 Opening balance		**21,050**	16,800
Provision for the year		**638**	4,250
Closing balance		**21,688**	21,050
11 STOCK IN TRADE			
Raw material - in hand		**139,531**	218,254
Raw material - in transit			77,294
Work-in-process			
Sugar		**4,317**	8,891
Finished goods			
Sugar		**1,903,275**	617,564
Molasses		**15,942**	
MDF Sheets		**351,588**	35,531
Trading stock:			
Laminated flooring		**8,176**	7,587
By product - Molasses		**-**	-
By product - Baggasse		**-**	-
		2,278,981	660,682
		2,422,829	965,121

11.1 Stock of finished goods are pledged against short term running finances under markup arrangement as referred in note No. 23 amounting to Rs. 1644 million.(2010 : Rs. 359 million) and under Murabaha arrangement as referred in Note No. 21.1 amounting to Rs 100 million.

	Note	2011	2010
		Rupees in '000	
12 LOANS AND ADVANCES			
Current porton of Long term Loans - Considered good			
- Secured			
Due from - Executives	8	**905**	1,080
- Non Executive		**4,534**	4,342
		5,439	5,422
Advances to Other Employees		**3,116**	-
Advances to growers - Unsecured			
Growers - considered good	12.1	**16,505**	17,354
Growers - considered doubtful		**36,801**	36,801
		53,306	54,155
Less: Provision for doubtful recovery	12.2	**(36,801)**	(36,801)
		16,505	17,354
Other Advances - Unsecured			
Considered good:			
For purchase and services		**53,295**	23,834
Letters of credit fee and expenses			
For transportation		**-**	332
Others		**-**	8
Considered doubtful:			
For purchase and services		**1,555**	1,555
For transportation		**2,740**	2,740
Provision for doubtful advances	12.3	**(4,295)**	(4,295)
		-	-
		72,916	41,528

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

	2011	2010
12.2 **<u>Provision for doubtful recovery against grower</u>**		
Opening balance	**36,801**	30,626
Provision made during the year	**-**	6,175
Closing balance	**36,801**	36,801

	2011	2010
13 SHORT TERM DEPOSITS AND PREPAYMENTS		
Trade deposits	**502**	3,787
Lease deposits	**60**	3,035
Sales Tax	**5,855**	
Short term prepayments	**1,355**	1,342
	7,772	8,164

	2011	2010
14 OTHER RECIEVABLES		
Insurance Claim receivable from related party	**22,089**	1,341
Others	**213**	8,763
	22,302	10,104

14.1 These claims are receivable from M/s Reliance Insurance Co a related party. The maximum aggregate amount due from related party at the end of any month during the year was Rs. 22.089 million

	Note	2011	2010
		Rupees in '000	

15 CASH AND BANK BALANCES

Cash in hand		**1,892**	937
Cash at banks			
On current accounts		**41,424**	139,455
On savings accounts		**-**	37
		41,424	139,492
		43,316	140,429

16 ISSUED, SUBSCRIBED AND PAID-UP CAPITAL

2011	2010		2011	2010
No. of Shares			Rupees in '000	
3,617,635	3,617,635	Ordinary shares of Rs.10 each allotted for consideration paid in cash.	**36,177**	36,177
		Ordinary shares of Rs. 10 each allotted as fully paid up otherwise than in cash:		
814,637	814,637	Issued to P.I.C.I.C in terms of loan agreement	**8,146**	8,146
40,000	40,000	Issued to I.C.P. in terms of debenture trust deed	**400**	400
20,000	20,000	Issued to State Life Insurance Corporation of Pakistan in terms of debenture trust deed	**200**	200
10,000	10,000	Issued to N.I.T. in terms of debenture trust deed	**100**	100
884,637	884,637		**8,846**	8,846
14,067,980	14,067,980	Ordinary shares of Rs. 10 each allotted as fully paid bonus shares.	**140,680**	140,680
18,570,252	18,570,252		**185,703**	185,703

16.1 Associated companies hold 1,811,294 (2010: 1,811,294) ordianry shares in the Company as at the balance sheet date.

		2011	2010
		Rupees in '000	

17 SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT

	Note	2011	2010
Surplus on revaluation of property, plant and equipment	17.1	**594,503**	639,390
Share of associates's surplus on revaluation of property, plant and equipment		**69,377**	69,377
		663,880	708,767

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

	Note	2011	2010
		Rupees in '000	
Surplus on revaluation of property, plant and equipment			
Opening Balance		**861,341**	937,526
Transferred to unappropriated profit on account of incremental depreciation - net of deferred tax		**(44,887)**	(53,093)
Related deferred tax liability		**(24,170)**	(23,092)
		(69,057)	(76,185)
Closing Balance		**792,284**	861,341
Related deferred tax liability			
Opening balance		**(221,951)**	(245,043)
Transferred to profit and loss account on account of - incremental depreciation		**24,170**	23,092
		(197,781)	(221,951)
		594,503	639,390

18. LONG TERM FINANCING

	Note	2011	2010
Term Finances	18.1	**237,500**	400,000
Diminishing Musharika	18.1	**255,000**	150,000
		492,500	550,000
Less: Current portion show under current liabilities	24	**(193,334)**	(157,500)
		299,166	392,500

18.1 Banks / Financial Institutions / Sukuk (Non Participatory-Secured)

	Bruj Bank Ltd	Bruj Bank Ltd	Bruj Bank Ltd	Pak Oman Inv	Pak Brunei Inv	SAPICO	Total 2011	Total 2010
Balance October 1	75,000	75,000	-	200,000	100,000	100,000	550,000	350,000
Add: Receipts	-		100,000		-		100,000	287,500
Less: Payment	37,500	37,500		50,000	12,500	20,000	157,500	87,500
Total Payable as on 30.09-2011	37,500	37,500	100,000	150,000	87,500	80,000	492,500	550,000
Less: Current Maturity Shown under current liabilities	37,500	37,500	16,667	50,000	25,000	26,667	193,334	157,500
	-	-	83,333	100,000	62,500	53,333	299,166	392,500

Description	Diminishing Musharaka	Diminishing Musharaka	Diminishing Musharaka	Long Term Finance	Long Term Finance	Long Term Finance
Sanctioned/Sale Price/ Disbursed Amount (Rs in million)	150	150	100	200	100	100
Facility Tenor	5 Years	5 Years	4 Years	5 Years	5 Years	4 Years
Grace Period	1 Year	1 Year	1 Year	1 Year	1 Year	3 Months
Effective rate of markup (per annum)	3M KIBOR + 2%	6M KIBOR + 2%	3M KIBOR + 2.50%	6M KIBOR + 3.00%	6 M KIBOR + 2.75%	6 M KIBOR + 2.50%
Installments Payable	Quarterly	Half Yearly	Quarterly	Quarterly	Half Yearly	Quaterly
Number of installments	16	8	12	16	16	15
Date of payment of 1st installment	28-11-2008	27-03-2009	21-06-2012	18-10-2010	18-06-2011	02-09-2010
Date of payment of last installment	28-08-2012	27-09-2012	21-03-2015	18-07-2014	18-12-2014	01-09-2014

SECURITIES

Bruj Bank Limited	First pari pasu E/M & hypothecation charge over all fixed assets including land, building, Plant & Machinery of Al-Noor Sugar Mills Limited-MDFB Division
Bruj Bank Limited	First pari pasu E/M & hypothecation charge over all fixed assets including land, building, Plant & Machinery of Al-Noor Sugar Mills Limited-MDFB Division
Bruj Bank Limited	First pari pasu E/M & hypothecation charge over all fixed assets including land, building, Plant & Machinery of Al-Noor Sugar Mills Limited-MDFB Division
Pak Oman Investment Compnay Ltd	First pari pasu E/M & hypothecation charge over all fixed assets including land, building, Plant & Machinery of Al-Noor Sugar Mills Limited-MDFB Division
Pak Brunei Investment Compnay Ltd	First pari pasu E/M & hypothecation charge over all fixed assets including land, building, Plant & Machinery of Al-Noor Sugar Mills Limited-MDFB Division
Saudi Pak Industrial & Agricultural Investment Co Ltd	First Pari Pasu & hypothecation charge over all fixed assets including land, building, Plant & Machinery of Al-Noor Sugar Mills Limited-MDFB Division

19 LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE

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

	------- 2011 -------		------- 2010 -------	
	Minimum lease payments	Present Value	Minimum lease payments	Present Value
	----------------- Rupees in '000	--------------		
Within one year	**49,339**	**27,045**	13,976	11,049
After one year but not more than five years	**199,689**	**158,282**	16,666	14,945
Total minimum lease payments	**249,028**	**185,327**	30,642	25,994
Less: Amount representing finance charges	**(63,701)**	**-**	(4,648)	-
Present value of minimum lease payments	**185,327**	**185,327**	25,994	25,994
Less: Current portion shown under current liabilities (see Note no.24)	**(27,044)**	**(27,044)**	(11,049)	(11,049)
	158,283	**158,283**	14,945	14,945

19.1 These represent machinery and vehicles acquired under finance lease from leasing companies. The outstanding lease rentals due under the lease agreements are payable in monthly and quarterly installments latest by 2016. The financing rates used as discounting factor range from 6 month kibor+2.50% and 26.17% (2010 : 15.87% to 26.17%) per annum. The Company intends to exercise the option to purchase the leased assets upon completion of the lease period. Liabilities are secured against promissory notes, security deposit, and specific charge over Plant and Machinery.

20 DEFERRED LIABILITIES

	Note	2011	2010
		Rupees in '000	
Staff retirement benefits			
Gratuity	20.1	**-**	-
Deferred taxation	20.2	**418,641**	526,710
Excise duty	20.3	**35,120**	35,120
		453,761	561,830

20.1 Staff gratuity

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

20.2 Deferred taxation

	2011	2010
Opening Balance	**526,710**	455,932
Provision Reversed for the year	**(83,899)**	93,870
Deferred taxation on revaluation during the year	**(24,170)**	(23,092)
	418,641	526,710
Deferred tax liabilities on taxable temporary differences arising due to :		
Accelerated depreciation rates	**177,409**	307,065
Investment in associates	**10,132**	10,148
Lease financing arrangements	**50,116**	11,962
Surplus on revaluation of property, plant and equipments	**197,781**	221,951
	435,438	551,126
Deferred tax assets on deductible temporary difference arising due to :		
Provisions	**16,797**	24,416
	(16,797)	(24,416)
	418,641	526,710

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

	Note	2011	2010
		Rupees in '000	
21 TRADE AND OTHER PAYABLES			
Creditors		**103,605**	116,580
Murabaha payable	21.1	**280,000**	-
Accrued expenses	21.2	**65,946**	72,372
Advance from customers		**470,794**	393,032
Custom duty		**199**	199
Workers' Profit Participation fund	21.3	**5,449**	21,521
Workers' welfare fund		**7,099**	7,908
Unclaimed dividend		**2,031**	2,185
Sales tax		**29,585**	32,267
Payable to provident fund - related party		**1,799**	481
Others		**4,161**	369
		970,668	646,914

21.1 The facilities of morabaha payable from commercial banks and modaraba, as availed last year, have matured during the year. These carried markup at rates ranging from 6M Kibor+2.5% and 6M Kibor+1.50% (2010: 14.26% to 14.75%) per annum payable on maturity and were secured against second charge on fixed assets, hypothecation of receivables and pledge of sugar stock of the company.

21.2 It includes Rs. 0.0200 million (2010 : Rs. 7.96 million) and Rs. Nil (2010 : Rs. 0.720 million) due to related party Reliance Insurance Company Limited and Directors family members respectively.

21.3 Workers' Profit Participation fund

		2011	2010
Balance October 1,		**21,521**	8,457
Interest on funds utilized in the Company's business		**2,101**	709
		23,622	9,166
Paid to the fund		**(21,521)**	(8,457)
		2,101	709
Allocation for the year		**3,348**	20,812
		5,449	21,521
22 INTEREST / MARK-UP ACCRUED			
Long term financing		**11,385**	12,961
Finance lease		**244**	64
Short term borrowings		**73,939**	28,452
		85,568	41,477
23 SHORT TERM BORROWINGS - Secured			
From banking companies			
Running finance/Cash finance	23.1	**1,839,204**	549,483
		1,839,204	549,483

23.1 The aggregate unavailed running finance facilities amounts to Rs.1,771 million (2010 : Rs.2,825 million) from commercial banks. These carry markup at rates ranging from 1M Kibor+2% and 3M Kibor+1.75 to 2.5% (2010 : 14.10% to 16.40%) per annum payable quarterly and are secured against pari passu equitable mortgage on properties, hypothecation of stocks and receivables, pledge of sugar stock and second charge on fixed assets of the company.

	Note	2011	2010
24 CURRENT PORTION OF NON - CURRENT LIABILITIES			
Long term financing	18	**193,334**	157,500
Liabilities against assets subject to finance lease	19	**27,044**	11,049
		220,378	168,549

25 CONTINGENCIES AND COMMITMENTS

25.1 Contingencies

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

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

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

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

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

25.1.4 The Company has filed a petition before the Honorable High Court of Sindh against the imposition of special excise duty. The Honorable High Court has issued stay order for the recovery of 70% of the total amount of Rs.7.135 million against excise duty involved. The Company has however as a matter of precaution has provided for the amount of said duty in these account.

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

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

	Note	2011	2010
		Rupees in '000	
25.2 Commitments			
Letters of credit			
Stores		**3,934**	17,842
Plant and machinery			133,043
Trading stock		**-**	-
Raw Material		**3,675**	100,114
Capital work in progress			
Plant and machinery		**-**	22,259
26 SALES			
Local		**4,915,753**	5,872,014
Export		**1,366,481**	845,585
		6,282,234	6,717,599
Sales tax and federal excise duty		**298,667**	403,564
Brokerage and commission		**521**	815
		(299,188)	(404,379)
		5,983,046	6,313,220
27 COST OF GOODS SOLD			
Cost of goods manufactured	27.1	**6,603,997**	5,253,718
Finished goods			
Opening stock		**653,094**	710,793
Closing stock		**(2,010,613)**	(653,094)
		(1,357,519)	57,699
		5,246,478	5,311,417
27.1 Cost of goods manufactured			
Raw material consumed	27.1.1	**5,866,240**	4,572,372
Salaries, wages and benefits	27.1.2	**135,812**	115,321
Stores and spares consumed		**171,062**	189,715
Packing materials		**25,335**	24,030
Fuel and oil		**356,484**	191,548
Power and water		**180,213**	161,402
Repair and maintenance		**106,994**	90,920
Insurance		**20,779**	12,295
Depreciation	6.3	**187,164**	161,128
Provision for obsolete stores and spare items		**638**	4,250
Other manufacturing expenses		**55,338**	49,593
		7,106,059	5,572,574
Less:			
Byproduct sale			
Molasses		**338,933**	298,456
Sander dust		**6,364**	7,024
Electric Power		**161,339**	6,729
		(506,636)	(312,209)
Work-in-process			
Opening stock		**8,891**	2,244
Closing stock		**(4,317)**	(8,891)
		4,574	(6,647)
		6,603,997	5,253,718

	Note	2011	2010
		Rupees in '000	
27.1.1 Raw material consumed			
Opening stock		**218,254**	211,454
Purchases and purchase expenses	27.1.1.1	**5,775,705**	4,579,172
		5,993,959	4,790,626
Closing stock		**(127,719)**	(218,254)
		5,866,240	4,572,372

27.1.1.1 It includes subsidies paid to growers aggregating to Rs. 1432.515 million (2010: Rs.1471.44 million) in addition to minimum support price fixed by the Government of Sindh.

27.1.2 It includes Rs. 6.597 million (2010: Rs.5.418 million) in respect of staff retirement benefits.

28 PROFIT FROM TRADING ACTIVITIES

	2011	2010
Sales	**20,573**	19,107
Sales tax and federal excise duty	**(3,146)**	(2,807)
	17,428	16,300
Cost of goods sold:		
Opening stock	**7,587**	7,690
Purchases	**9,773**	11,678
Closing stock	**(8,176)**	(7,587)
	9,184	11,781
	8,244	4,519
Distribution expenses	**(5,619)**	(1,872)
Profit for the year	**2,625**	2,647

29 OTHER OPERATING INCOME

	2011	2010
Income from financial assets:		
Profit on bank accounts	**4,098**	37
Income from assets other than financial assets:		
Insurance claim	**11,279**	-
Sale of scrap	**1,618**	1,496
Gain on disposal of property, plant and equipment	**3,921**	222
Rent	**486**	636
Fed Income	**1,797**	-
Refund of Wharfage	**738**	-
	23,937	2,391

30 DISTRIBUTION COST

	2011	2010
Sales promotion	**7,955**	5,076
Export sale expenses	**4,048**	2,531
Dispatch and stacking	**4,879**	10,786
	16,882	18,393

	Note	2011	2010
		Rupees in '000	
31 ADMINISTRATIVE EXPENSES			
Salaries, wages and benefits	31.1	**114,196**	92,693
Staff welfare		**16,117**	16,333
Rent, rates and taxes		**1,825**	1,139
Electricity and gas charges		**3,960**	3,434
Repair and maintenance		**41,134**	26,520
Legal and professional		**2,991**	5,497
Vehicle running		**25,550**	19,780
Insurance		**2,895**	2,019
Communication		**5,886**	4,015
Entertainment		**7,280**	6,115
Printing and stationery		**2,719**	1,455
Fees and subscription		**1,926**	1,280
Traveling and conveyance		**7,173**	10,078
Auditors' remuneration	31.2	**800**	750
Charity and donation	31.3	**5,473**	4,442
Depreciation	6.3	**30,175**	26,445
Others		**13,695**	14,858
		283,795	236,853

31.1 It includes Rs. 4.09 million (2010 : Rs. 4.06 million) in respect of staff retirement benefits.

31.2 Auditors' remuneration

	2011	2010
Audit fee	**500**	500
Out of pocket expenses	**50**	50
Half yearly review fee	**75**	75
Code of corporate governance review fee	**50**	50
	675	675
A.D.Akhawala & Co. - Provident Fund	**25**	25
A.D.Akhawala & Co. - Cost Audit	**100**	50
	125	75
	800	750

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

	2011	2010
32 OTHER OPERATING EXPENSES		
Worker's Profit Participation fund	**3,348**	20,812
Workers welfare fund	**1,272**	7,908
Provision for doubtful recovery		6,175
	4,620	34,895

	Note	2011	2010
33 FINANCE COST			
Interest / Markup on:			
Long term financing		**74,314**	72,317
Lease finance		**8,677**	3,558
Short term borrowings		**287,696**	219,565
Morabaha financing		**34,084**	28,154
Workers' profit participation fund	21.3	**2,101**	709
Bank charges		**2,729**	2,863
Others		**2,651**	2,733
		412,252	329,899

	2011	2010
34 TAXATION		
Current year	**63,479**	66,277
Prior years	**-**	-
Deferred	**(108,069)**	70,778
	(44,590)	137,055

34.1 The company has worked out the tax liabilities for the current year on the basis of amendment incorporated in the Income tax rule which have resulted in reducing of tax expenses substainlly.

	Note	2011	2010
		Rupees in '000	
34.2 Relationship between tax expense and accounting profit			
Accounting profit before tax		**59,875**	391,453
Tax rate %		**35%**	35%
Tax on accounting profit		**20,956**	137,009
Tax effect of:			
-income exempt from tax		**-**	-
-income chargeable to tax at special rate		**(72,063)**	(5,165)
-adjustments of prior years in respect of current tax		**-**	-
-deferred tax expense (income) relating to the origination and reversal of temporary differences		**6,517**	5,211
Tax charge for the year		**(44,590)**	137,055

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

Return of income for the tax year 2011 has been filed and is deemed to be assessed under provisions of the Income Tax Ordinance, 2001.

35 EARNINGS PER SHARE

- Basic and diluted

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

		2011	2010
Profit after taxation	Rs.	**104,465**	254,398
Weighted average number of ordinary shares outstanding during the year (in thousands)		**18,570**	18,570
Earnings per share (Rupees)	Rs.	**5.63**	13.70

36. RELATED PARTY TRANSACTIONS

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

Relationship with the Company	**Nature of Transactions**	2011	2010
		Rupees in '000	
Assocates:			
Reliance Insurance Company Limited	Insurance premium paid	**34,819**	7,949
Reliance Insurance Company Limited	Insurance claim received	**24,599**	-
Noori Trading (Private) Limited	Rent received	**36**	36
Shamurad Sugar Mills Limited	Sale of molasses	**338,931**	298,456
First Al-Noor Modaraba (Pvt) Limited	Expense reimbursed	**600**	600
Staff Retirement Benefits Plan	Employer's contribution to provident fund	**6,597**	5,648
Staff Retirement Benefits Plan	Staff Gratuity	**-**	1,510
Dividend received from associates		**3,300**	4,950
		408,882	319,149

	2011	2010
	Rupees in '000	

37 CAPACITY AND PRODUCTION

Sugar Division

	2011	2010
Capacity Days	**120**	120
Cane crushing capacity per day (M.Ton)	**7,000**	7,000
Total Crushing Capacity on basis of no. of days (M.Ton)	**840,000**	840,000
No of days Mill operated	**142**	111
Actual Crushing (M.Ton)	**888,736**	774,230
Sugar Production (M.Ton)	**71,655**	73,175

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

MDF Board division

	2011	2010
Mande Line		
No. of Days Mill Operated	**241**	260
Capacity Per Day (Cubic Meter)	**70**	70
Total Capacity on basis of no. of days (Cubic Meter)	**16,870**	18,200
Actual Production (Cubic Meter)	**15,177**	17,109
Sunds Line		
No. of Days Mill Operated	**294**	321
Capacity Per Day (Cubic Meter)	**122**	122
Total Capacity on basis of no. of days (Cubic Meter)	**35,868**	39,162
Actual Production (Cubic Meter)	**36,055**	39,365

38 REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

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

	Chief Executive		Directors		Executives		Total	
	2011	**2010**	**2011**	**2010**	**2011**	**2010**	**2011**	**2010**
				--- Rupees in '000 ---				
Meeting fee	20	20	180	60	-	-	200	80
Remuneration	4,348	4,392	14,620	12,450	22,599	16,953	41,567	33,795
Provident fund	-	-	-	-	312	1,413	312	1,413
Perquisite (including house rent and bonus)	3,558	2,196	8,232	4,931	17,113	13,673	28,903	20,800
Reimbursable expenses including traveling expenses	1,183	779	1,169	667		896	- 2,352	2,342
	9,109	7,387	24,201	18,108	40,024	32,935	73,334	58,430
Number of persons	1	1	3	3	30	28		

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

38.2 Meeting fee paid to 10 Directors was Rs.0.200 million (2010 : 10 Directors Rs. 0.185 million).

38.3 Reimbursable expenses paid to non-salaried director aggregate to Rs. 0.208 million (2010 : Rs. 0.758 million) approximately.

39 Financial Risk Management Objectives and Policies

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

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

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

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

39.2 Credit risk

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

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

	Carrying Values	
	2011	**2010**
	Rupees in '000	
Long-term Loan	**5,032**	4,476
Long-term deposits	**42,375**	4,688
Trade debts	**7,843**	-
Loans and advances	**72,916**	41,528
Other receivable	**22,302**	10,104
Bank balances	**41,424**	139,492
Cash in hand	**1,892**	937
	193,784	201,225

Quality of financial assets

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

39.2.1 Trade debts

Trade Debts amounting to Rs. 7,843 thousand (2010: Rs. Nil) are essentially due from these local and foreign companies and the company does not expect that these parties will fail to meet their obligation. None of the trade debts are past due.

39.2.2 Loans and advances & other receivables

	Carrying Values	
	2011	**2010**
	Rupees in '000	
Counter parties without credit rating - Long Term Loan	**5,032**	4,476
- Loans and Advances	**72,916**	41,528
- Other receivables	**213**	8,763

39.2.3 Bank Balances

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

AAA	25,100
AA+	13,166
AA	2,245
A	30
A-	112
AA-	690
BBB+	81
	41,424

39.3 Liquidity risk

Liquidity risk is the risk that the company will not be able to meet its financial obligations as they fall due. The Company applies the prudent risk management policies by maintaining sufficient cash and bank balances and by keeping committed credit facilities. As at the balance sheet date, the Company has unused credit facilities of Rs. 1,771 million. (2010: Rs. 2,825 million)

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

Year ended 30 September 2011	On demand	Less than 3 months	3 to 12 months	1 to 5 years	> 5 years	Total
Long term financing			193,334	299,166		492,500
Assets obtained on finance lease			27,044	158,283		185,327
Trade and other payables	-	941,239	29,429	-	-	970,668
Short-term borrowings	-	-	1,839,204	-	-	1,839,204
Accrued mark-up on short-term borrowings	-	85,568	-	-	-	85,568
	-	1,026,807	2,089,011	457,449	-	3,573,267

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

39.4 Foreign currency risk

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

39.5 Intrest/Markup rate risk

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

	Effective interest rates		Carrying Values	
	2011	**2010**	**2011**	**2010**
			--- Rupees in "000" ----	
Financial Assets				
Fixed Rate Instruments				
Loan to Growers	See Note 12		53,306	54,155
Liability Against assets subject to finance lease	See Note 19		158,283	14,945
Variable Rate Instruments				
Long Term Financing	See Note 18		299,166	392,500
WPPF	See Note 21		5,449	21,521
Short term Borrowings	See Note 23		1,839,204	549,483

Cash Flow Sensitivity Analysis for fixed rate instruments:

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

Cash Flow Sensitivity Analysis for variable rate instruments:

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

	Increase/decrease in basic Points	Effect on profit before tax
2011		
KIBOR	+100	(25,170)
KIBOR	-100	25,170
2010		
KIBOR	+100	(11,255)
KIBOR	-100	11,255

39.6 Price Risk

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

39.7 Fair value of financial instruments

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

40 CAPITAL RISK MANAGEMENT

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

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

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

	2011	2010
	(Rupees in '000)	
Total Borrowing	**2,517,031**	1,125,477
Less: Cash and bank balances	**43,316**	140,429
Net debt	**2,473,715**	985,048
Total equity	**1,173,302**	1,114,551
Gearing ratio	**67.83%**	46.92%

41 SEGMENT INFORMATION

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

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

	SUGAR		MDF BOARD		CONSOLIDATED	
	2011	2010	2011	2010	2011	2010
	Rupees in "000"					
REVENUE						
External sales	3,386,330	4,354,089	2,596,716	1,959,131	5,983,046	6,313,220
Inter-Segment sales					-	-
Total Revenue	3,386,330	4,354,089	2,596,716	1,959,131	5,983,046	6,313,220
RESULTS						
Profit from operations	318,302	609,047	144,151	142,548	462,453	751,595
Other operating expenses					(4,620)	(34,895)
Finance cost					(412,252)	(329,899)
Share of profit from associated undertaking					14,294	4,652
Profit before tax					59,875	391,453
Taxation					44,590	(137,055)
Net profit for the year					104,465	254,398
OTHER INFORMATION						
Capital expenditure	107,968	415,043	267,725	108,558	375,693	523,601
Depreciation	102,985	71,601	114,354	115,972	217,339	187,573
BALANCE SHEET						
Assets						
Segment assets	3,559,201	2,098,359	2,331,809	1,982,172	5,733,597	4,080,531
Investment in associates	157,413	144,169	-	-	157,413	144,169
Consolidated total assets					5,891,010	4,224,700
Liabilities						
Segment liabilities	3,202,722	1,863,748	851,098	513,039	4,027,362	2,376,787
Unallocated liabilities					26,466	24,595
Consolidated total liabilities					4,053,828	2,401,382

42 DIVIDEND

The Board of Directors proposed the final Cash Dividend for the year ended September 30, 2011 of Rs 3.00 (2010 : Rs. 5) per share amounting to Rs. 55.711 million (2010 : 92.852 million) at their meeting held on December 29, 2011 for the approval of the members at the Annual General Meeting to be held on January 30, 2012. These financial statement do not reflect dividend payable .

43 DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorized for issue on December 29, 2011 by the Board of Directors of the Company.

44 GENERAL

i. Amounts have been rounded off to the nearest thousand rupee unless otherwise stated.

ii. Restatement

Comparative Corresponding figure of Long Term Investment has been restated as a consequence of restatment in investee's Financial statement however the same do not affect figures of the profit and loss account of the corresponding period.

ISMAIL H. ZAKARIA
Chief Executive Officer

SULEMAN AYOOB
Director

KEY OPERATION & FINANCIAL DATA FOR LAST TEN YEARS

(Rupees in thousand)

	2011	2010	2009	2008 (Restated)	2007	2006 (Restated)	2005	2004	2003	2002
BALANCE SHEET:										
Share Capital	185,703	185,703	185,703	185,703	185,703	185,703	185,703	185,703	185,703	185,703
Reserves	928,612	928,612	691,371	568,382	344,659	301,468	197,805	90,778	(3,041)	9,342
Surplus on revaluaiton of fixed assets	663,880	708,767	765,432	795,686	337,261	369,288	399,472	432,671	447,548	-
Long Term Liabilities	457,783	408,534	358,463	270,630	400,714	150,073	229,526	283,025	182,742	249,705
Deferred Liabilities	453,761	561,830	518,674	473,657	346,074	344,112	279,750	308,640	350,783	93,416
Current Liabilities	3,142,284	1,431,018	1,283,079	1,542,332	723,653	723,016	873,515	804,576	1,022,207	1,147,942
Operating Assets	2,835,781	2,681,942	2,327,921	2,264,422	1,527,982	1,472,955	1,456,103	1,445,824	1,521,749	848,609
Long Term Deposits	42,375	4,688	4,290	5,071	11,317	10,742	11,047	9,991	9,461	8,589
Long Term Loans	5,032	4,476	4,144	-	-	-	-	-	-	-
Long Term Investments	157,413	143,933	143,772	98,416	10,263	8,607	3,671	39,852	18,449	18,199
Deferred Cost	-	-	-	-	-	-	-	-	5,759	8,283
Current Assets	2,850,409	1,389,425	1,322,595	1,466,075	788,502	581,356	694,950	609,726	630,524	802,322
TRADING:										
Turnover	5,983,046	6,313,220	4,249,981	3,048,478	2,382,212	2,698,535	1,703,015	1,521,994	1,291,612	1,054,217
Gross Profit	736,568	1,001,803	682,952	622,358	327,203	415,307	297,704	203,695	77,772	68,836
Operating Profit (Loss)	763,130	1,006,841	690,503	637,048	212,905	324,858	215,492	130,712	8,594	(4,840)
Profit(Loss) before Tax	59,875	391,453	210,749	244,243	39,759	182,154	94,955	16,082	(104,461)	(124,617)
Profit(Loss) after Tax	104,465	254,398	119,738	212,217	26,924	116,767	103,888	35,886	(74,502)	(119,511)
Earning per share	5.63	13.70	6.45	11.26	1.45	6.29	5.59	1.93	(4.01)	(6.44)
Cash dividend	30%	50%	40%	30%	15%	10%	10%	NIL	NIL	NIL
Bonus shares	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
SUGAR PRODUCTION:										
a) From Cane	71,655	73,175	66,495	98,113	68,310	62,722	49,004	70,360	52,508	45,525
b) From Raw Sugar	-	-	-	-	-	7,980	6,141	-	-	3,370
Sugar Produced (M.Tons)	71,655	73,175	66,495	98,113	68,310	70,702	55,145	70,360	52,508	48,895
Cane crushed (M.Tons)	888,736	774,230	736,420	1,062,304	782,777	662,200	538,064	756,425	622,697	554,560
Recovery (%)	8.05%	9.47%	9.03%	9.24%	8.72%	9.47%	9.11%	9.30%	8.40%	8.25%

PATTERN OF HOLDING OF THE SHARES HELD BY THE SHAREHOLDERS AS ON 30-09-2011

NOs OF SHARESHOLDERS	H O L D I N G S					TOTAL SHARES HELD
440	FROM	1	TO	100	SHARES	13,953
415	FROM	101	TO	500	SHARES	118,811
100	FROM	501	TO	1000	SHARES	75,305
157	FROM	1001	TO	5000	SHARES	391,366
38	FROM	5001	TO	10000	SHARES	255,583
3	FROM	10001	TO	15000	SHARES	37,731
7	FROM	15001	TO	20000	SHARES	126,730
5	FROM	20001	TO	25000	SHARES	120,766
2	FROM	25001	TO	30000	SHARES	53,918
3	FROM	30001	TO	35000	SHARES	96,491
2	FROM	35001	TO	40000	SHARES	78,900
5	FROM	45001	TO	50000	SHARES	238,432
4	FROM	50001	TO	55000	SHARES	213,402
2	FROM	55001	TO	60000	SHARES	117,260
2	FROM	60001	TO	65000	SHARES	124,496
1	FROM	65001	TO	70000	SHARES	67,609
2	FROM	80001	TO	85000	SHARES	168,082
1	FROM	90001	TO	95000	SHARES	92,500
3	FROM	95001	TO	100000	SHARES	296,619
2	FROM	105001	TO	110000	SHARES	219,787
1	FROM	115001	TO	120000	SHARES	116,947
1	FROM	140001	TO	145000	SHARES	142,350
1	FROM	150001	TO	155000	SHARES	151,453
3	FROM	165001	TO	170000	SHARES	504,186
2	FROM	170001	TO	175000	SHARES	345,536
2	FROM	175001	TO	180000	SHARES	355,088
2	FROM	185001	TO	190000	SHARES	374,563
1	FROM	200001	TO	205000	SHARES	201,097
1	FROM	210001	TO	215000	SHARES	214,101
1	FROM	215001	TO	220000	SHARES	218,627
1	FROM	220001	TO	225000	SHARES	220,354
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	275001	TO	280000	SHARES	275,844
1	FROM	290001	TO	295000	SHARES	293,329
1	FROM	330001	TO	335000	SHARES	334,518
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	425001	TO	430000	SHARES	425,976
1	FROM	435001	TO	440000	SHARES	437,688
1	FROM	465001	TO	470000	SHARES	468,230
1	FROM	490001	TO	495000	SHARES	491,200
1	FROM	510001	TO	515000	SHARES	513,757
1	FROM	615001	TO	620000	SHARES	618,094
1	FROM	640001	TO	645000	SHARES	644,821
1	FROM	700001	TO	705000	SHARES	703,629
1	FROM	920001	TO	925000	SHARES	924,470
1	FROM	1700001	TO	1705000	SHARES	1,701,294
1	FROM	2295001	TO	2300000	SHARES	2,296,656
1233						**18,570,252**

CATEGORIES OF SHAREHOLDING AS ON 30-09-2011

SR.NO.	CATEGORIES OF SHAREHOLDER'S	NUMBER OF SHARES HOLDERS	SHARES HELD	PERCENTAGE
1	INDIVIDUALS	1206	12,830,014	69.09%
2	JOINT STOCK COMPANIES	12	2,340,032	12.60%
3	INSURANCE COMPANIES	1	513,757	2.77%
4	FINANCIAL INSTITUTIONS	6	2,593,656	13.97%
5	MODARABA COMPANIES	1	110,000	0.59%
6	OTHERS	7	182,793	0.98%
	TOTAL	**1233**	**18,570,252**	**100.00%**

CATEGORIES OF SHARE HOLDING
AS AT SEPTEMBER 30, 2011

Categories of Certificate Holders	No. of Share Holders	Sheres Held	Percentage
ASSOCIATE COMPANIES UNDERTAKINGS AND RELATED PARTIES	**2**		
FIRST AL-NOOR MODARABA		110,000	0.59
NOORI TRADING CORP. (PVT) LTD		1,701,294	9.16
NIT & ICP	**5**		
NATIONAL BANK OF PAKISTAN (TRUSTEE DEPTT)		2,296,656	12.37
INVESTMENT CORPORATION OF PAKISTAN		190	0.00
NATIONAL INVESTMENT TRUST LTD.		78,083	0.42
NATIONAL BANK OF PAKISTAN		218,627	1.18
DIRECTORS , CEO & THEIR SPOUSES AND MINOR CHILDREN	**14**		
MRS. MUNIRA ANJUM YUSUF		365,065	1.97
MR. MUHAMMAD SULEMAN AYOOB		293,329	1.58
MR. MUHAMMAD YUSUF AYOOB		336,538	1.81
MR. ABDUL AZIZ AYOOB		109,787	0.59
MRS. MEHRUNNISA A. AZIZ (W/O A. AZIZ AYOOB)		188,860	1.02
MRS. ZARINA ISMAIL (W/O ISMAIL H. ZAKARIA)		173,393	0.93
MR. ZIA ZAKARIA		175,772	0.95
MR. ZOHAIR ZAKARIA		275,844	1.49
MRS. SURAIYA SULEMAN (W/O SULEMAN AYOOB)		54,486	0.29
MR. MOHAMMAD SALIM SULEMAN		84,183	0.45
MR. ISMAIL H. ZAKARIA		425,976	2.29
MR. NOOR MOHAMMAD ZAKARIA		10,231	0.06
MR. SHEHNAZ ZAKARIA (W/O NOOR MOHAMMAD)		338,996	1.83
MRS. ADIBA SALIM (W/O SALIM AYOOB)		67,609	0.36
PUBLIC SECTOR COMPANIES AND CORP.	**1**	513,757	2.77
BANK, DEVELOPMENT FINANCE INSTITUTIONS, NON BANKING FINANCE INSTITUTIONS, INSURANCE COMPANIES, MODARABAS AND MUTUAL FUNDS	**1**	100	0.00
JOINT STOCK COMPANIES	**11**	638,738	3.44
OTHERS	**7**	182,793	0.98
INDIVIDUALS	**1192**	9,929,945	53.47
TOTAL:-	**1233**	18,570,252	100.00

CERTIFICATES HOLDERS HOLDING

TEN PERNCENT OR MORE VOTING

INTEREST IN THE LISTED COMPANY

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

PROXY FORM

I/We ....

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

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

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

hereby appoint .... of ....

or failing him ....

of.. also a member; as my/our Proxy in my/our absence to attend and vote for me/us at the 42nd Annual General Meeting of the Company to be held on the 30th day of January two thousand and twelve at 10.30 A.M. and at any adjournment thereof :

Signed this .... day of 2012

<u>WITNESSES:</u>

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.