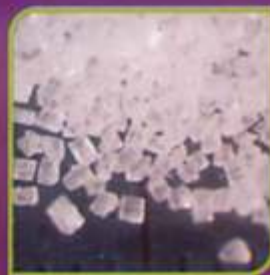
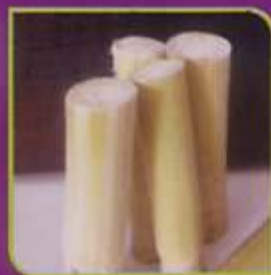


noon

SUGAR MILLS LTD.

ANNUAL REPORT

2010.



10

20



NOON
GROUP OF COMPANIES



CONTENTS

Corporate Information	2
Mission Statement	3
Notice of Annual General Meeting	4
Directors' Report to the Shareholders	5
Statement of Compliance	12
Review Report to the Members	14
Auditors' Report to the Members	15
Balance Sheet	16
Profit and Loss Account	18
Cash Flow Statement	19
Statement of Changes in Equity	20
Notes to the Financial Statements	21
Six Years' Review at a Glance	53
Pattern of Shareholding	54
Form of Proxy	

CORPORATE INFORMATION

BOARD OF DIRECTORS	Manzoor Hayat Noon K. Iqbal Talib Amjad Mahmood Agha Safdar M. Hayat Qureshi Adnan Hayat Noon Salman Hayat Noon Zaheer Ahmad Khan	(Chairman / Chief Executive)
AUDIT COMMITTEE	Adnan Hayat Noon Salman Hayat Noon Zaheer Ahmad Khan	(Chairman)
MANAGEMENT	K. Iqbal Talib Naveed Akhtar Kamran Zahoor	Managing Director Resident Director Chief Financial Officer
SECRETARY	Syed Anwar Ali	
AUDITORS	Hameed Chaudhri & Co., Chartered Accountants	
LEGAL ADVISERS	Hassan & Hassan (Advocates)	
BANKERS	Allied Bank Limited Bank Islami Pakistan Limited Habib Bank Limited MCB Bank Limited United Bank Limited	
HEAD OFFICE	2nd Floor, Mustafa Center, 45-F, Main Market, Gulberg, Lahore Tel. # (042) 35788472-3	
REGISTERED OFFICE	1st Floor, Alfalah Building, Shahrah-e-Quaid-e-Azam, Lahore.	
SHARES DEPARTMENT	66 – Garden Block, New Garden Town, Lahore. Tel. # (042) 35831462 Email: noonshr@brain.net.pk	
MILLS	Bhalwal, District Sargodha.	
WEBSITE	www.noonsugar.net	

MISSION STATEMENT

“Noon Sugar Mills Limited is committed to continue its sustained efforts towards optimising its resources through updated technology, staff motivation and good corporate governance so as to Insha Allah maintain its tradition of high yield and handsome returns to its shareholders on their investment in the Company.”



NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the 48th Annual General Meeting of Noon Sugar Mills Limited will be held on Monday, 31 January, 2011 at 11:30 a.m. at 66 Garden Block, New Garden Town, Lahore to transact the following business:

1. To confirm the minutes of the Annual General Meeting held on 30 January, 2010.
2. To receive, consider and adopt the audited accounts for the year ended 30 September, 2010 and the reports of the directors and auditors thereon.
3. To appoint auditors for the year ending 30 September, 2011 and to fix their remuneration.
4. To transact any other business as may be placed before the meeting with the permission of the Chairman.

CLOSURE OF SHARE TRANSFER BOOKS

The Share Transfer Books of the Company will remain closed from 27 January, 2011 to 03 February, 2011 (both days inclusive) for the purpose of holding the meeting.

By Order of the Board



SYED ANWAR ALI
Company Secretary

Lahore: 06 January, 2011

NOTES:

1. A member entitled to attend and vote at this meeting may appoint another member as his/her proxy to attend, speak and vote on his/her behalf. Proxies in order to be effective must be received by the Company at the registered office not less than 48 hours before the meeting. The shareholders through CDC are requested to bring original CNIC/Passport for the purpose of identification to attend the meeting. Representatives of corporate members should bring the usual documents required for such purpose.
2. The members, having physical shares are requested to provide copies of their CNIC and to notify change in their addresses, if any.

DIRECTORS' REPORT TO THE MEMBERS

Dear members,

Our shareholders and all other stakeholders can look back on 2010 operating results with a real understanding of the cyclical behavior of the crop. The farmers in an attempt to fetch maximum cash benefits opted for non-variety cane supported by an unwanted attraction of prices offered by surrounding millers within a scenario of unprecedented fluctuation in global sugar price. Your company however preferred to avoid becoming a part of an aggressive cane purchase of a crop largely affected by fog and frost in the region during the season and followed with judicial battle backed by treasury to persuade the millers to accept lower prices than their high cost of production in the prevailing circumstances.

We are grateful to our shareholders for recognition of our goals and for their trust and support in helping us to grow and build future activities on sustainable basis. NSM is a value driven company now in its fifth decade of operation and the Board takes decisions considering the long term perspective and aspirations of all our stakeholders. Times have changed. The bottom line profitability in the short term, is no longer considered the prime objective of a business concern. Businesses should embrace responsibility for the impact of their activities on the environment, consumers, employees and also fulfill their corporate social responsibilities.

The Board ensures that a robust governance structure is in place and committed to fostering a culture that values and rewards exemplary ethical behavior, personal & corporate integrity and respect for others.

In the above noted background, the Directors of your Company are pleased to present the 48th annual report and audited Financial Statements for the year ended 30th September, 2010.

Financial Results

The comparative financial results of the Company are summarized below:

Particulars	2010	2009
	(Rupees in million)	
Total Revenue	1,723	1,715
Gross Profit	4	272
Operating Profit	(79)	174
After-tax profit/(Loss)	(200)	57
Earnings Per Share (Rs.)	(14.90)	3.42

Operating Results

The operating results of your Company for the year under review with comparative statistics of last year are tabulated below:

Sugar		2010	2009
Operating period	Days	98	98
Cane crushed	M. Tons	294,534	358,130
Sugar produced	M. Tons	21,444	30,965
Average sucrose recovery	% age	7.28	8.65
Molasses recovery	% age	5.07	4.98
Molasses produced	M. Tons	14,921	17,838
Distillery			
Operating period	Days	165	180
Molasses processed	M. Tons	29,969	27,772
Ethanol produced	000's Ltrs.	7,415	7,350
Average yield	Ltrs./M. Tons	247	262

Sugar

The Directors would like to reiterate that the above mentioned statistics articulate the complex situation of the industry in general with regards to the geographical location and cyclical reasons leading towards shortage of sugarcane crop during the season. Extended period of fog blocking the sun light for photo-synthesis in the plant also affected the maturity, thereby decreasing the sucrose recovery from 8.65 in 2009 to 7.28 in 2010. Although, the sugar prices registered an increase at the year-end, the impact was too little and too late to recover the losses suffered due to low sugar prices in major part of the financial year under review.

Distillery

The capacity utilization of the distillery plant was severely affected by a sharp decline in international oil prices which reduced the consumption of Ethanol both as fuel blend and as chemical feed stock, causing a steep fall in the export prices of the Ethanol. This situation was further compounded by an increase in prices of molasses due to its limited availability as cattle feed, owing to a globally poor sugarcane crop during 2009-10 crushing season. Conversion of molasses into Ethanol was therefore, found unfeasible due to the imbalance between lower exports prices of Ethanol and relatively higher cost of molasses. The Directors of your company also approached the provincial regulatory authorities for adequate regulations for blending of Ethanol with fuel in line with successful practices already in place in Sindh province but was unfortunately declined by Punjab Government. The option for disposal of available molasses for export was also considered by the Management. However, in order to keep the bio-mass alive for gas generation and to maintain our presence in the local market to cover domestic requirement of the ethanol the distillery operation was adjusted to operate periodically until the commencement of next season, by using the mill's own production and available stock of molasses procured earlier, at relatively competitive prices.

Future Outlook

By the grace of Allah Almighty, the crushing for the year 2010-11 commenced on November 29, 2010 and up to December 31, 2010 total crushing was 156, 998 M. Tons with average sucrose recovery of 7.44% and sugar production of 10,730 M. Tons. The crushing and production during the corresponding period last year were 78,884 M. Tons & 5,148 M. Tons, respectively. The sugarcane crop is expected to be larger by approximately 15% during the season 2010-11 and to make it more attractive for the growers for fresh cultivation and for supplying it to the mills, the Government of Punjab has also increased the support price of sugarcane from Rs. 100/- per 40 Kg last year, to Rs. 125/- per 40 Kg.

The future outlook of your company therefore, though entirely dependent upon regular availability of raw material for its sugar and distillery divisions, appears to be brighter. The procurement cost of raw material for both sugar and ethanol have increased during the current season, but owing to a corresponding increase in product prices, its negative impact is contained, so far. As the crushing season has come into full swing, the sugarcane prices have gradually shot up to Rs. 197 per 40 Kg, reflecting a tough competition among the mills to fetch the maximum quantities of cane. Your management is however, striving hard to procure sugarcane and molasses at reasonable prices to maintain a reasonable margin for value addition and returns to the Company.

Through a careful selection of substitutes for some retiring senior executives with younger and more energetic persons and reinforcement of technical team at site, almost all minor bugs in the extended plant have been removed in a planned manner. The capacity utilization has consequently improved from 28% to 57% during the first 33 days of the current crushing season, with an appreciable improvement in milling & processing efficiency of the plant.

The Company continued with selective investments necessary to sustain by improving its plant operational efficiencies and maintain its position, certain BMR measures considered essential for optimum utilization of extended capacity of the plant were deferred, owing to repayment burden of existing long term liabilities of the plant and restricted cash generation due to abnormal shortage of cane and extensive damage to the crop from frost and fog in Sargodha region. The turnover of Distillery has remained restricted due to the reasons already explained in this report.

A capital outlay of Rs. 175 million has been planned for the sugar mill and Rs. 85 million for the Distillery. An arrangement is underway with some banks to provide long term loan for these schemes, enabling the equipment to be in place before the start of the next crushing season, Insha Allah.

The farming community in the surrounding of the Mills faces constant liquidity problems for timely procurement of seeds, fertilizers and pesticides and to further managing the irrigation. There is a dire need to assist and facilitate the willing farming community financially as well as technically to develop land by growing Variety Cane by resolving the problems being faced and to improve agriculture yield and quality. Your company intends to capitalize on this opportunity by persuading financial sector to work together to introduce and implement modern farming techniques through small scale micro financing set-ups being provided under one roof. We now hope that the cyclical trough of cane crop will start tapering off from the current crushing season and the management should brace itself for a big sugar crop in the coming years by taking all the necessary BMR measures for maximum utilization of crushing and production capacity of the plant in the most efficient manner.

A separate plan for investing Rs. 52 millions for agriculture loan to the farmers, for development of improved sucrose rich varieties over 3,000 acres during spring plantation is being planned separately and is currently under discussion with an interested bank.

Audit Committee

The Audit Committee constituted by the Board of Directors consists of three members; two of them are non-executive Directors. The Board has set the terms of reference for the Audit Committee including appraisal of financial management and reporting, and to assess the integrity of the Company's accounting procedures and financial controls.

The Committee supervises the internal control procedures through Internal Audit Department and reviews financial statements periodically, before the same are circulated. The Audit Committee is also responsible for recommending the appointment of auditors and ensures their independence with regard to services provided by them.

Corporate and Financial Reporting Framework

- a) The Board of Directors hereby declares that:
- the financial statements, prepared by the management of the Company present fairly its state of affairs, the result of its operations, cash flows and changes in equity;
 - proper books of accounts of the Company have been maintained;
 - appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgment;
 - International Accounting Standards, as applicable in Pakistan and the requirements of the Companies Ordinance, 1984 have been followed in preparation of financial statements;
 - the system of internal control is sound in design and have been effectively implemented and monitored;
 - there are no doubts upon the Company's ability to continue as a going concern;
 - there has been no material departure from the best practices of corporate governance, as detailed in the listing regulations of the stock exchanges;
 - there are no statutory payments on account of taxes, duties, levies and charges which are outstanding as at 30 September, 2010 except for those disclosed in the financial statements; and
 - the Directors, CEO, CFO, Company Secretary and their spouses and minor children have made no transactions in the Company's shares during the year ended 30

September, 2010 except for those disclosed in para e(iv) of this report.

- b) The key operating and financial data of last six years is annexed to this report.
- c) Value of investments of employees retirement funds are as follows:

Provident Fund

As at 30 September, 2010 (un-audited)	Rs.105.823 million
As at 30 September, 2009 (audited)	Rs.110.075 million

Gratuity scheme is currently un-funded and annual provision is made on the basis of actuarial valuation to cover obligation under the scheme for all eligible employees and the details are contained in note 12 to the audited financial statements for the year ended 30 September, 2010.

- d) During the year under review, four meetings of the Board of Directors were held. Attendance of the members of the Board was as follows:

Names of Directors	Meetings Attended
Mr. Manzoor Hayat Noon	4*
Mr. Adnan Hayat Noon	3
Mr. Salman Hayat Noon	2
Mr. K. Iqbal Talib	4
Mr. Javed Ali Khan**	0
Mr. Amjad Mahmood Agha**	1
Mr. Safdar M. Hayat Qureshi	4
Mr. Zaheer Ahmad Khan	2

* one meeting was attended by alternate director.

** resigned / appointed during the year.

Leave of absence was granted to the Directors who could not attend the Board Meetings.

- e) The Categories and Pattern of Shareholding as required by the Companies Ordinance, 1984 in Form 34 is annexed to this annual report. The additional information is given hereunder:

Details of Shareholding

i) Directors/ CEO/ Executives and their spouse and minor children:

Names of Directors	No. of Shares held		
	Own-self	Spouse	Minor Children
Mr. Manzoor Hayat Noon	100	4,389	Nil
Mr. Adnan Hayat Noon	4,355,181	Nil	Nil
Mr. Salman Hayat Noon	81,655	Nil	Nil
Mr. K. Iqbal Talib	26,360	7,260	Nil
Mr. Amjad Mahmood Agha	70	Nil	Nil
Mr. Safdar M. Hayat Qureshi	14,520	Nil	Nil
Mr. Zaheer Ahmad Khan	159	Nil	Nil

ii) Executives Nil Nil Nil

iii) Shareholders holding more than 10% of the total issued capital:

Name	No. of Shares
Mr. Adnan Hayat Noon	4,355,181

iv) Trading in the shares by Directors, CEO, CFO and Company Secretary:

Mr. Manzoor Hayat Noon transferred 4,292,766 ordinary shares of the Company to Mr. Adnan Hayat Noon on 09 August, 2010. The shareholding of directors increased due to addition of 10% bonus shares declared last year. There was no trading in the shares of the Company by other directors or officers.

v) Shareholding of the CEO in the associated companies:

	No. of Shares
- Pioneer Cement Limited	39,230,453
- Noon Pakistan Limited (Ordinary Shares)	1,205,249
- Noon Pakistan Limited (Non-Voting Ordinary Shares)	655,149

Compliance with the Code of Corporate Governance

The requirements of the Code of Corporate Governance set out by the Karachi, Lahore and Islamabad Stock Exchanges in their Listing Rules, relevant to the current financial year have been duly complied with. A statement to this effect is annexed with a Review Report from the auditors.

Role of Shareholders

The Board aims to ensure that the Company's shareholders are timely informed about the major developments affecting the Company's state of affairs. To achieve this objective, information is communicated to the shareholders through quarterly, half-yearly and annual reports, now being

promptly placed on Company's website. The Board encourages the shareholders' participation at the General Meetings to ensure the desired level of accountability.

Auditors

M/s Hameed Chaudhri & Co., Chartered Accountants, the retiring auditors have offered their services for another term. The Board proposes their appointment as recommended by the Audit Committee.

Acknowledgement

The Board is thankful to the valuable members and bankers for their trust and persistent support to the Company. The Board would also like to place on record its appreciation to all the employees of the Company for their dedication, diligence, and hard work.

For and on behalf of the Board



K. IQBAL TALIB
Managing Director



ADNAN HAYAT NOON
Director

Lahore: 06 January, 2011

STATEMENT OF COMPLIANCE WITH BEST PRACTICES OF CODE OF CORPORATE GOVERNANCE

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

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

1. The Company encourages representation of independent non-executive directors. The present Board includes four non-executive directors.
2. The Directors have confirmed that none of them is serving as a director in more than ten listed companies including this Company.
3. All the Directors of the Company are registered as tax payers and none of them has defaulted in payment of any loan to a banking company, a DFI or an NBFI or, being a member of a stock exchange, has been declared a defaulter by that stock exchange.
4. The election of directors was held on 31 March, 2008 and all retiring directors were re-elected to hold office for the tenure of three years w.e.f. 31 March, 2008.
5. The Company has prepared a "Statement of Ethics and Business Practices", which has been signed by all the directors and officers of the Company.
6. The Board has developed a vision / mission statement, overall corporate strategy and significant policies of the Company. A complete record of particulars of significant policies along with the dates on which they were approved or amended, has been maintained.
7. All the powers of the Board have been duly exercised and decision on material transactions, including appointment and determination of remuneration and terms and conditions of employment of the CEO and other executive directors have been taken by the Board.
8. The meetings of the Board are presided over by the Chairman whenever present. The Board met at least once in every quarter. Written notices of the Board meetings, along with agenda and working papers, were appropriately circulated before the meetings. The minutes of the meetings were recorded and circulated among the directors.
9. Directors are well conversant with the listing regulations and legal requirements and as such are fully aware of their duties and responsibilities.
10. There was no new appointment of CEO, Company Secretary or Head of Internal Audit Department during the year. Mr. Kamran Zahoor has been appointed as CFO in place of Mr. Ehsan R. Shaikh who resigned w.e.f. 01 October, 2010.

11. The Directors' Report has been prepared in compliance with the requirements of the Code and fully describes the salient matters required to be disclosed.
12. The financial statements of the Company were duly endorsed by the 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, comprising three members, two of them are non-executive directors.
16. The meetings of the Audit Committee were held at least once every quarter for the approval of interim and final results of the Company as required by the Code. The terms of reference of the Committee have been formulated and advised to the Committee for compliance.
17. The Board has set up 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 (ICAP), 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 the 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 regards.
20. We confirm that all other material principles contained in the Code have been complied with.

For and on behalf of the Board



K. IQBAL TALIB
Managing Director



ADNAN HAYAT NOON
Director

Lahore: 06 January, 2011

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

We have reviewed the Statement of Compliance with the best practices contained in the Code of Corporate Governance prepared by the Board of Directors of **NOON SUGAR MILLS LIMITED** (the Company) to comply with the Listing Regulation No. 35, 35 and 36 of the Karachi, Lahore and Islamabad Stock Exchanges, respectively, 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 are not required to consider whether the Board's statement on internal control covers all risks and controls, or to form an opinion on the effectiveness of such internal controls, the Company's corporate governance procedures and risks.

Further, Sub - Regulation (xiii-a) of Listing Regulations 35 notified by The Karachi Stock Exchange (Guarantee) Limited vide circular KSE/N-269 dated 19 January, 2009 requires the Company to place before the Board of Directors for their consideration and approval related party transactions distinguishing between transactions carried-out on terms equivalent to those that prevail in arm's length transactions and transactions which are not executed at arm's length price recording proper justification for using such alternate pricing mechanism. Further, all such transactions are also required to be separately placed before the audit committee. We are only required and have ensured compliance of requirement to the extent of approval of the 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 30 September, 2010.



LAHORE: 06 January, 2011

HAMEED CHAUDHRI & CO.,
CHARTERED ACCOUNTANTS
Audit engagement partner: Abdul Majeed Chaudhri

AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed balance sheet of **NOON SUGAR MILLS LIMITED** (the Company) as at 30 September, 2010 and the related profit and loss account, cash flow statement and statement of changes in equity together with the notes forming part thereof, for the year then ended and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

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

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

- (a) in our opinion, proper books of account have been kept by the Company as required by the Companies Ordinance, 1984;
- (b) in our opinion:
 - (i) the balance sheet and profit and loss account together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984, and are in agreement with the books of account and are further in accordance with accounting policies consistently applied, except for the changes as described in note 5.1 to the financial statements with which we concur;
 - (ii) the expenditure incurred during the year was for the purpose of the Company's business; and
 - (iii) the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the Company;
- (c) in our opinion and to the best of our information and according to the explanations given to us, the balance sheet, profit and loss account, cash flow statement and statement of changes in equity together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan, and, give the information required by the Companies Ordinance, 1984, in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at 30 September, 2010 and of the loss, 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.

Hameed Chaudhri

**HAMEED CHAUDHRI & CO.,
CHARTERED ACCOUNTANTS**

Audit engagement partner: Abdul Majeed Chaudhri

LAHORE: 06 January, 2011

BALANCE SHEET AS AT

EQUITY AND LIABILITIES	Note	2010 (Rupees in thousand)	2009
SHARE CAPITAL AND RESERVES			
Authorised capital 20,000,000 ordinary shares of Rs.10 each		<u>200,000</u>	<u>200,000</u>
Issued, subscribed and paid-up capital	7	165,175	150,159
Reserves	8	739,217	754,233
(Accumulated loss) /unappropriated profit		<u>(200,075)</u>	<u>60,963</u>
		<u>704,317</u>	<u>965,355</u>
NON-CURRENT LIABILITIES			
Long term finances	9	0	132,143
Liabilities against assets subject to finance lease	10	0	729
Long term deposits	11	1,123	1,362
Staff retirement benefits - gratuity	12	49,757	51,145
		<u>50,880</u>	<u>185,379</u>
CURRENT LIABILITIES			
Trade and other payables	13	84,482	30,261
Accrued mark-up	14	23,448	20,519
Short term finances	15	522,976	253,182
Current portion of long term liabilities	16	132,872	134,501
Taxation	17	17,346	9,575
		<u>781,124</u>	<u>448,038</u>
CONTINGENCIES AND COMMITMENTS			
	18	<u>1,536,321</u>	<u>1,598,772</u>

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

The Chief Executive is out of Pakistan and in his absence these financial statements have been signed by two Directors as required under section 241 (2) of the Companies Ordinance, 1984.



K. IQBAL TALIB
MANAGING DIRECTOR

30 SEPTEMBER, 2010

ASSETS	Note	2010 (Rupees in thousand)	2009
NON-CURRENT ASSETS			
Property, plant and equipment	19	1,117,599	1,225,452
Investment property	20	17,054	17,145
Investments	21	45,086	37,990
Loans and advances	22	847	1,102
Deposits		<u>1,286</u>	<u>740</u>
		1,181,872	1,282,429
CURRENT ASSETS			
Stores, spares and loose tools	23	61,990	57,974
Stock-in-trade	24	160,060	133,203
Trade debts - unsecured, considered good		16,872	3,112
Loans and advances	25	23,235	13,799
Deposits and prepayments	26	879	2,142
Other receivables	27	4,214	4,513
Income tax refundable, advance income tax and tax deducted at source		24,850	22,609
Bank balances	28	38,627	9,766
		330,727	247,118
INVESTMENTS CLASSIFIED AS HELD FOR SALE			
	29	23,722	69,225
		<u>1,536,321</u>	<u>1,598,772</u>



ADNAN HAYAT NOON

DIRECTOR

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

	Note	2010 (Rupees in thousand)	2009
SALES	30	1,723,592	1,714,912
COST OF SALES	31	1,719,524	1,443,161
GROSS PROFIT		4,068	271,751
ADMINISTRATIVE EXPENSES	32	69,787	63,322
DISTRIBUTION AND MARKETING EXPENSES	33	23,433	28,433
OTHER OPERATING EXPENSES	34	3,860	12,081
OTHER OPERATING INCOME	35	(14,157)	(6,457)
		82,923	97,379
(LOSS) / PROFIT FROM OPERATIONS		(78,855)	174,372
FINANCE COST	36	111,415	126,516
(LOSS) / PROFIT FOR THE YEAR BEFORE SHARE OF PROFIT OF AN ASSOCIATED COMPANY AND TAXATION		(190,270)	47,856
SHARE OF PROFIT OF AN ASSOCIATED COMPANY - Net of taxation	21	7,033	18,292
(LOSS) / PROFIT BEFORE TAXATION		(183,237)	66,148
TAXATION			
- Current	17	17,346	9,575
- Prior year	17	(1)	1
		17,345	9,576
(LOSS) / PROFIT AFTER TAXATION		(200,582)	56,572
IMPAIRMENT LOSS ON INVESTMENTS CLASSIFIED AS HELD FOR SALE	29	45,503	0
(LOSS) / PROFIT FOR THE YEAR		(246,085)	56,572
OTHER COMPREHENSIVE INCOME		0	0
TOTAL COMPREHENSIVE (LOSS) / INCOME		(246,085)	56,572
		----- Rupees -----	
(LOSS) / EARNINGS PER SHARE - restated	37	(14.90)	3.42

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

The Chief Executive is out of Pakistan and in his absence these financial statements have been signed by two Directors as required under section 241 (2) of the Companies Ordinance, 1984.



K. IQBAL TALIB
MANAGING DIRECTOR



ADNAN HAYAT NOON
DIRECTOR

CASH FLOW STATEMENT FOR THE YEAR ENDED 30 SEPTEMBER, 2010

	2010	2009
	(Rupees in thousand)	
CASH FLOW FROM OPERATING ACTIVITIES		
(Loss) / profit for the year before share of profit of an Associated Company and taxation	(190,270)	47,856
Adjustments for:		
Depreciation on property, plant & equipment and investment property	126,293	138,896
Gain on disposal of operating fixed assets - net	(567)	(140)
Operating fixed assets written-off	1	2,513
Loss on sale of non-operating plant & machinery	0	5,400
Stores written-off	0	32
Dividend on preference shares	0	(2,163)
Unclaimed and other payable balances written-back	(472)	(168)
Provision for staff retirement benefits - gratuity	9,081	8,748
Irrecoverable balances written-off	285	96
Provision for slow moving stores and spares inventory	1,790	272
Finance cost	110,849	125,579
CASH FLOW FROM OPERATING ACTIVITIES - Before working capital changes	56,990	326,921
(Increase) / decrease in current assets:		
Stores, spares and loose tools	(5,806)	(6,771)
Stock-in-trade	(26,857)	184,856
Trade debts	(13,760)	37,659
Loans and advances	(9,824)	5,743
Deposits and prepayments	1,263	(312)
Other receivables	299	(2,855)
Increase / (decrease) in trade and other payables	55,692	(91,342)
	1,007	126,978
CASH INFLOW FROM OPERATING ACTIVITIES - Before taxation	57,997	453,899
Income taxes paid	(12,958)	(6,193)
Staff retirement benefits (gratuity) - paid	(10,469)	(6,214)
CASH INFLOW FROM OPERATING ACTIVITIES - After taxation	34,570	441,492
CASH FLOW FROM INVESTING ACTIVITIES		
Property, plant and equipment acquired	(18,928)	(23,997)
Sale proceeds of operating fixed assets	1,145	142
Sale proceeds of non-operating fixed assets	0	1,600
Long term deposits - net	(1,220)	404
Preference dividend received	0	7,563
Loans and advances - net	358	518
NET CASH OUTFLOW FROM INVESTING ACTIVITIES	(18,645)	(13,770)
CASH FLOW FROM FINANCING ACTIVITIES		
Long term finances	(132,143)	(134,370)
Lease finances	(1,923)	(1,622)
Short term finances	269,794	(165,341)
Finance cost paid	(107,920)	(132,866)
Dividend paid	(14,872)	(7)
NET CASH INFLOW / (OUTFLOW) FROM FINANCING ACTIVITIES	12,936	(434,206)
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS	28,861	(6,484)
CASH AND CASH EQUIVALENTS - At beginning of the year	9,766	16,250
CASH AND CASH EQUIVALENTS - At end of the year	38,627	9,766

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

The Chief Executive is out of Pakistan and in his absence these financial statements have been signed by two Directors as required under section 241(2) of the Companies Ordinance, 1984.


K. IQBAL TALIB
MANAGING DIRECTOR


ADNAN HAYAT NOON
DIRECTOR

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

	Share capital	Share premium	Revenue reserve	Unappropriated profit / (accumulated loss)	Total
----- (Rupees in thousand) -----					
Balance as at 30 September, 2008	150,159	134,233	620,000	3,532	907,924
Profit for the year	0	0	0	56,572	56,572
Effect of items directly credited in equity by the Associated Companies	0	0	0	859	859
Balance as at 30 September, 2009	150,159	134,233	620,000	60,963	965,355
Nominal value of bonus shares issued	15,016	(15,016)	0	0	0
Final cash dividend for the year ended 30 September, 2009 @ Rs.1.00 per share	0	0	0	(15,016)	(15,016)
Loss for the year	0	0	0	(246,085)	(246,085)
Effect of items directly credited in equity by an Associated Company	0	0	0	63	63
Balance as at 30 September, 2010	165,175	119,217	620,000	(200,075)	704,317

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

The Chief Executive is out of Pakistan and in his absence these financial statements have been signed by two Directors as required under section 241 (2) of the Companies Ordinance, 1984.



K. IQBAL TALIB
MANAGING DIRECTOR



ADNAN HAYAT NOON
DIRECTOR

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

1. CORPORATE INFORMATION

Noon Sugar Mills Limited (the Company) was incorporated in the year 1964 as a Public Company and its shares are quoted on the Stock Exchanges in Pakistan. It is principally engaged in production and sale of white sugar and spirit. The Company's Mills are located at Bhalwal, District Sargodha and its Head Office at 2nd floor, Mustafa Center, 45-F Main Market, Gulberg, Lahore.

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 or directives of the Companies Ordinance, 1984 shall prevail.

3. BASIS OF MEASUREMENT

3.1 Accounting convention

These financial statements have been prepared under the historical cost convention, except for the following:

- modification of foreign currency translation adjustments;
- recognition of employee retirement benefits at present value; and
- adoption of equity method of accounting for investment in an Associated Company.

3.2 Functional and presentation currency

These financial statements are presented in Pakistan Rupees, which is also the Company's functional currency. All financial information presented in Pakistan Rupees has been rounded to the nearest thousand.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

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. The estimates / judgments and associated assumptions used in the preparation of financial statements are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The estimates / judgments and associated assumptions are reviewed on an ongoing basis. Revision to the accounting estimates are recognised in the period in which the estimate is revised, if the revision affects only that period, or in the period of revision and future periods if the revision affects both current and future periods. The estimates, judgments and assumptions that have significant effect on the financial statements are as follows:

- a) staff retirement benefits;
- b) taxation;
- c) useful life of property, plant and equipment; and
- d) provision against slow moving inventories.

5. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

5.1 Accounting standards, amendments and interpretations, which have been effective and adopted by the Company

- (a) IAS 1 (revised) - 'Presentation of Financial Statements', requires presentation of transactions with owners in Statement of Changes in Equity and with non-owners in the Statement of Comprehensive Income. The revised standard requires an entity to opt for presenting such transactions either in a single statement of comprehensive income or in an income statement and a separate statement of comprehensive income. The Company has applied IAS 1 (revised) from 01 October, 2009 and has elected to present one performance statement (i.e. profit and loss account). However, since there are no non-owner changes in equity, there is no impact of such revised standard on these financial statements.
- (b) Revised IAS 23 'Borrowing Costs' (amendment) removes the option to expense borrowing costs and requires that an entity capitalise borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset as part of the cost of that asset. The Company's current accounting policy is in compliance with this amendment and, therefore, there is no effect of this change on the Company's financial statements.
- (c) IFRS 7 (Amendment) 'Financial Instruments: Disclosures'; the amendment requires enhanced disclosures regarding fair value measurement and liquidity risk. As the change only results in additional disclosures, there is no impact on loss per share.
- (d) IFRS 8 'Operating Segments' introduces the 'management approach' to segment reporting. IFRS 8 requires a change in the presentation and disclosure of segment information based on the internal reports regularly reviewed by the Company's decision makers in order to assess each segment's performance and to allocate resources to them. The application of IFRS 8 has resulted in detailed disclosures relating to operating segments in the Company's financial statements, however, there is no impact on loss for the year.

5.2 Standards, amendments to published standards and interpretations that are effective for the annual periods beginning on or after 01 October, 2009 but not relevant to the Company's financial statements

Other new standards, interpretations and amendments to existing standards, which are mandatory for accounting periods beginning on or after 01 October, 2009 are considered not to be relevant nor have any significant effect on the Company's operations; therefore are not detailed in these financial statements.

5.3 Standards, interpretations and amendments to published approved accounting standards and interpretations not yet effective and have not been early adopted by the Company

The following standards, amendments and interpretations of International Financial Reporting Standards will be effective for accounting periods beginning on or after the dates specified below:

- IAS 1 (Amendments) 'Presentation of Financial Statements' (effective for annual periods beginning on or after 01 January, 2010).
- IAS 7 (Amendments) 'Statement of Cash Flows' (effective for annual periods beginning on or after 01 January, 2010).

- IAS 17 (Amendments) 'Leases' (effective for annual periods beginning on or after 01 January, 2010).
- IAS 24 (Revised) 'Related Party Disclosures' (effective for annual periods beginning on or after 01 February, 2010).
- IAS 32 (Amendments) 'Financial Instruments: Presentation – Classification of Rights Issues' (effective for annual periods beginning on or after 01 January, 2010).
- IAS 36 (Amendments) 'Impairment of Assets' (effective for annual periods beginning on or after 01 January, 2010).
- IFRS 2 (Amendment) 'Share-based Payments - Group Cash-settled Share-based Payment Transactions' (effective for annual periods beginning on or after 01 January, 2010).
- IFRS 5 (Amendments) 'Non-current Assets Held for Sale and Discontinued Operations' (effective for annual periods beginning on or after 01 January, 2010).
- IFRS 8 (Amendments) 'Operating Segments' (effective for annual periods beginning on or after 01 January, 2010).
- IFRIC 14 (Amendments) - 'The Limit on a Defined Benefit Assets, Minimum Funding Requirements and their Interaction' (effective for annual periods beginning on or after 01 January, 2011).
- IFRIC 19 'Extinguishing Financial Liabilities with Equity Instruments' (effective for annual periods beginning on or after 01 July, 2010).

The International Accounting Standards Board made certain amendments to the existing standards as part of its second annual improvements project. The effective dates for these amendments vary by standard and most will be applicable to the Company's 2011 financial statements.

6. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies adopted in the preparation of these financial statements are set-out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

6.1 Equity instruments

These are recorded at their face value.

6.2 Borrowings and borrowing costs

All borrowings are recorded at the proceeds received. 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 are added to the cost of those assets, until such time as the assets are substantially ready for their intended use. All other borrowing costs are charged to income in the period in which these are incurred

6.3 Staff retirement benefits

(a) Defined contribution plan

The Company operates a recognised provident fund (the Fund) for all its permanent employees. Equal monthly contributions at the rate of 10% of the basic salary are made to the Fund both by the Company and employees. The assets of the Fund are held separately under the control of the Trustees.

(b) Defined benefit plan

The Company also operates an un-funded retirement gratuity scheme for those employees who have completed specified period of service with the Company. Eligibility is determined subject to completion of a prescribed qualifying period of service. Provision is made periodically / annually to cover obligation under the plan in accordance with the actuarial recommendations.

Employees' benefits under this scheme are accounted for on the basis of actuary's recommendations based on the actuarial valuation of the scheme. Latest valuation of the scheme was carried-out as on 30 September, 2010.

Net cumulative unrecognised actuarial gains / losses relating to pervious reporting periods in excess of 10% of present value of defined benefit obligation is recognised as income or expense over the estimated remaining working life of the employees.

6.4 Taxation

(a) Current

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

(b) Deferred

Deferred tax is recognised using the balance sheet liability method in respect of all temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, unused tax losses and tax credits can be utilised. Deferred tax liability is based on the expected tax rates applicable at the time of reversal.

6.5 Property, plant and equipment

(a) Operating fixed assets

Operating fixed assets are stated at cost less accumulated depreciation and any identified impairment loss except freehold land, which is stated at cost. Cost of some items of plant & machinery consists of historical cost and exchange fluctuation effects on foreign currency loans capitalised during prior years.

Depreciation is taken to profit and loss account applying reducing balance method so as to write-off the depreciable amount of an asset over its remaining useful life at the rates stated in note 19.1. The assets' residual values and useful lives are reviewed at each financial year-

end and adjusted if impact on depreciation is significant. Depreciation on additions to operating fixed assets is charged from the month in which an asset is acquired or capitalised while no depreciation is charged for the month in which the asset is disposed-off.

Normal repairs and replacements are taken to profit and loss account. Major improvements and modifications are capitalised and assets replaced, if any, other than those kept as stand-by, are retired.

Gain / loss on disposal of property, plant and equipment, if any, is taken to profit and loss account.

(b) Capital work-in-progress

This is stated at cost. All expenditure connected to the 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 available for use.

(c) Assets subject to finance lease

Assets held under finance lease arrangements are initially recorded at the lower of present value of minimum lease payments under the lease agreements and the fair value of the leased assets. The related obligations under the leases less finance cost allocated to future periods are shown as a liability. Depreciation on leased assets is charged applying reducing balance method at the rates used for similar owned assets, so as to depreciate the assets over their estimated useful lives in view of certainty of ownership of assets at the end of lease term.

The finance cost is allocated to accounting periods in a manner so as to provide a constant periodic rate of interest on the outstanding liability.

6.6 Investment property

Property not held for own use or for sale in the ordinary course of business is classified as investment property. The Company uses cost model for valuation of its investment property; freehold land has been carried at cost whereas buildings on freehold land have been carried at cost less accumulated depreciation and any identified impairment loss.

Depreciation on buildings is taken to profit and loss account on reducing balance method at the rate stated in note 20. Depreciation on additions to investment property is charged from the month in which an asset is acquired while no depreciation is charged for the month in which the asset is disposed-off.

6.7 Investment in an Associated Company

Investment in an Associated Company is accounted for using equity basis of accounting under which the investment in an Associated Company is initially recognised at cost and the carrying amount is increased or decreased to recognise the Company's share of the profit or loss of an Associated Company after the date of acquisition. The Company's share of the profit or loss of an Associated Company is recognised in the Company's profit or loss. Distributions received from the Associated Company reduce the carrying amount of the investment. Adjustments to the carrying amounts are also made for changes in the Company's proportionate interest in an Associated Company arising from changes in the

Associated Company's equity that have not been recognised in the Associated Company's profit or loss. The Company's share of those changes is recognised directly in equity of the Company.

The carrying amount of the investment is tested for impairment by comparing its recoverable amount (higher of value in use and fair value less cost to sell) with its carrying amount and loss, if any, is recognised in profit or loss.

6.8 Loans and advances

These are stated at cost.

6.9 Stores, spares and loose tools

These are valued at moving average cost except items-in-transit, which are valued at cost accumulated to the balance sheet date. Adequate provision is made against slow moving / obsolete items after taking into account a reasonable estimate of salvage value.

6.10 Stock-in-trade

Basis of valuation are as follows:

<u>Particulars</u>	<u>Mode of valuation</u>
Raw materials - molasses:	
- purchased	- At lower of weighted average cost and net realisable value.
- own produced	- Net realisable value
Finished goods	- At lower of cost and net realisable value.
Work-in-process	- At cost.
- Cost in relation to finished goods and work-in-process represents the annual average manufacturing cost, which consists of prime cost and appropriate production overheads.	
- Net realisable value signifies the selling price in the ordinary course of business less cost necessary to be incurred to effect such sale.	

6.11 Trade debts

Trade debts are carried at original invoice amount less an estimate for doubtful debts based on review of outstanding amounts at the year-end. Bad debts are written-off when identified.

6.12 Cash and cash equivalents

Cash-in-hand and at banks and short term deposits which are held to maturity are carried at cost. For the purposes of cash flow statement, cash equivalents are short term highly liquid instruments which are readily convertible to known amounts of cash and which are subject to insignificant risk of changes in values.

6.13 Non-current assets held for sale

Non-current assets are classified as assets held for sale and stated at the lower of carrying amount and fair value less costs to sell if their carrying value is to be recovered principally through a sale transaction rather than through continuing use.

6.14 Impairment loss

The carrying amounts of the Company's assets are reviewed at each balance sheet date to identify circumstances indicating occurrence of impairment loss or reversal of provisions for impairment losses. If any indications exist, the recoverable amounts of such assets are estimated and impairment losses or reversals of impairment losses are recognised in the profit and loss account. Reversal of impairment loss is restricted to the original cost of the asset.

6.15 Revenue recognition

- Local sales are accounted for when goods are dispatched to customers.
- Export sales are accounted for on shipment basis. Expenses on account of export of spirit are charged on consignment basis. If any consignment is not dispatched within the same year, the expenses relating to such consignment are carried forward as prepaid expenses.
- Interest / profit on bank deposits is accounted for on 'accrual basis'.
- Dividend income is accounted for when the right of receipt is established.

6.16 Foreign currency transactions

Transactions in foreign currencies are initially recorded at the rates of exchange ruling on the dates of transactions. Monetary assets and liabilities denominated in foreign currencies are retranslated into Pak Rupees at the exchange rates prevailing on the balance sheet date. All exchange differences are charged to profit and loss account.

6.17 Provisions

Provisions are recognised 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.

6.18 Financial assets and liabilities

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument and derecognised when the Company loses control of contractual rights that comprise the financial assets and in the case of financial liabilities when the obligation specified in the contract is discharged, cancelled or expired. Any gain or loss on derecognition of financial assets and financial liabilities are included in the profit and loss for the year. All financial assets and financial liabilities are initially measured at cost, which is the fair value of the consideration given and received respectively. These financial assets and liabilities are subsequently measured at fair value, amortised cost or cost, as the case may be.

6.19 Off-setting of financial instruments

Financial assets and liabilities are off-set and the net amount reported in the balance sheet when there is a legally enforceable right to set-off the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

6.20 Segment reporting

A segment is a distinguishable component within the Company that is engaged in providing products which are subject to risks and returns that are different from those of other business segments.

6.21 Trade and other payables

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

6.22 Dividend and appropriation to reserves

Dividend distribution (including stock dividend) to the Company's shareholders is accounted for in the period in which the dividends are declared.

7. ISSUED, SUBSCRIBED AND PAID-UP CAPITAL

2010		2009			
---- Numbers ----				(Rupees in thousand)	
7,187,829	7,187,829	Ordinary shares of Rs.10 each fully paid in cash	71,879	71,879	
500,000	500,000	Ordinary shares of Rs.10 each issued to NIB Bank Ltd. by conversion of loan	5,000	5,000	
8,829,624	7,328,038	Ordinary shares of Rs.10 each issued as fully paid bonus shares	88,296	73,280	
<u>16,517,453</u>	<u>15,015,867</u>		<u>165,175</u>	<u>150,159</u>	

7.1 The Company, during the current financial year, has issued 1,501,586 fully paid ordinary shares of Rs.10 each as bonus shares out of Share Premium Account. These bonus shares were allotted in the ratio of 10 ordinary shares for every 100 ordinary shares to those shareholders whose names stood in the Register of Members as on 23 January, 2010.

8. RESERVES

	Note	2010 (Rupees in thousand)	2009
Capital reserve - share premium	8.1	119,217	134,233
Revenue reserve - general		620,000	620,000
		<u>739,217</u>	<u>754,233</u>

8.1 Share premium reserve

	Note	2010 (Rupees in thousand)	2009
Opening balance		134,233	134,233
Less: issue of bonus shares during the year		15,016	0
		<u>119,217</u>	<u>134,233</u>

This represents share premium received on 5,687,829 right ordinary shares issued during the financial year ended 30 September, 2006 at the rate of Rs.30 per share adjusted by bonus shares issued.

9. LONG TERM FINANCES - Secured

United Bank Limited (UBL)	9.1	75,000	150,000
MCB Bank Limited (MCB)	9.2	57,143	114,286
		<u>132,143</u>	<u>264,286</u>
Less: current portion grouped under current liabilities:			
- UBL		75,000	75,000
- MCB		57,143	57,143
		<u>132,143</u>	<u>132,143</u>
		<u>0</u>	<u>132,143</u>

9.1 This finance facility of Rs.300 million was obtained for financing the capacity expansion and carries mark-up at the rate of 3 Months KIBOR plus 110 bps per annum payable on quarterly basis; the effective mark-up rate, during the current financial year, ranged from 13.27% to 13.83% (2009:13.32% to 16.58%) per annum. This finance facility is secured by way of first pari passu charge of Rs.400 million on fixed assets of the Company, personal guarantees of some of the Company's directors and demand promissory notes. Initially this finance facility was repayable in eight equal half-yearly instalments; however, during the financial year ended 30 September, 2008, this finance facility was rescheduled and now repayable in six equal half-yearly instalments commenced from December, 2008.

9.2 This finance facility of Rs.200 million was obtained to cater capital investment pertaining to expansion in production capacity. It carries floating mark-up at the rate of 3 Months KIBOR plus 1.65% per annum payable on quarterly basis; the effective mark-up rate, during the current financial year, ranged from 13.91% to 14.25% (2009:14.42% to 17.15%) per annum. This finance facility is secured by way of first registered pari passu charge of Rs.267 million over all present and future fixed assets of the Company and personal guarantees of some of the Company's directors. This finance facility is repayable in seven equal half-yearly instalments commenced from June, 2008.

10. LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE - Secured

Particulars	2010			2009		
	Upto one year	From one to five years	Total	Upto one year	From one to five years	Total
	----- (Rupees in thousand) -----					
Minimum lease payments	1,731	0	1,731	2,231	1,731	3,962
Less: finance cost allocated to future periods	26	0	26	308	26	334
	<u>1,705</u>	<u>0</u>	<u>1,705</u>	<u>1,923</u>	<u>1,705</u>	<u>3,628</u>
Less: security deposits	976	0	976	0	976	976
Present value of minimum lease payments	<u>729</u>	<u>0</u>	<u>729</u>	<u>1,923</u>	<u>729</u>	<u>2,652</u>

The Company, during the financial year ended 30 September, 2008, entered into lease agreements with Askari Leasing Limited (now merged with Askari Bank Limited) for lease of vehicles. The liabilities under these agreements are payable in monthly instalments by February, 2011 and are subject to finance cost at the rate of 17.15% (2009: 17.15%) per annum. Additional charge of 3% per month is also leviable on overdue rentals. The Company intends to exercise its option to purchase the leased vehicles upon completion of the respective lease terms. The lease liabilities are secured against demand promissory notes, personal guarantees of some of the directors and title of the leased vehicles in the name of leasing company.

11. LONG TERM DEPOSITS - Unsecured

	Note	2010 (Rupees in thousand)	2009 (Rupees in thousand)
Interest free deposits from employees	11.1	1,123	1,797
Less: due for adjustment within the following twelve months - grouped under current liabilities		<u>0</u>	<u>435</u>
		<u>1,123</u>	<u>1,362</u>

11.1 These interest free deposits have been received in accordance with the Company's Car Incentive Scheme and against these deposits vehicles have been provided to the employees. These are adjustable after specified periods by transfer of title of vehicles to the respective employees.

12. STAFF RETIREMENT BENEFITS - Gratuity

Projected unit credit method, as allowed under IAS 19 (Employee Benefits), has been used for actuarial valuation based on the following significant assumptions:

	2010	2009
- discount rate	12%	12%
- expected rate of eligible salary increase in future years	11%	11%
- average expected remaining working life time of employees	10 years	10 years

The amount recognised in the balance sheet is as follows:

	(Rupees in thousand)	
Present value of defined benefit obligation	46,822	45,742
Unrecognised past service cost	(741)	(1,482)
Unrecognised actuarial gain	<u>3,676</u>	<u>6,885</u>
Net liability as at 30 September,	<u>49,757</u>	<u>51,145</u>

	2010 (Rupees in thousand)	2009
Net liability as at 01 October,	51,145	48,611
Charge to profit and loss account	9,081	8,748
Payments during the year	(10,469)	(6,214)
Net liability as at 30 September,	<u>49,757</u>	<u>51,145</u>
The movement in the present value of defined benefit		
Obligation is as follows:		
Present value of defined benefit obligation as at 01 October,	45,742	43,669
Current service cost	3,082	3,047
Interest cost	5,489	5,240
Benefits paid	(10,469)	(6,214)
Actuarial loss	2,978	0
Present value of defined benefit obligation as at 30 September,	<u>46,822</u>	<u>45,742</u>
Charge to profit and loss account for the year ended 30 September,		
Current service cost	3,082	3,047
Past service cost	741	741
Interest cost	5,489	5,240
Actuarial gain	(231)	(280)
	<u>9,081</u>	<u>8,748</u>

Comparison of present value of defined benefit obligation and experience adjustment on obligation for five years is as follows:

	2010	2009	2008	2007	2006
	------(Rupees in thousand)-----				
Present value of defined benefit obligation	<u>46,822</u>	<u>45,742</u>	<u>43,669</u>	<u>51,494</u>	<u>53,088</u>
Experience adjustment on obligation	<u>2,978</u>	<u>0</u>	<u>(6,170)</u>	<u>356</u>	<u>356</u>

13. TRADE AND OTHER PAYABLES

	Note	2010 (Rupees in thousand)	2009
Interest free deposits:			
- repayable on demand		13	13
- others		15	15
Creditors		65,711	9,391
Advance payments		1,699	500
Retention money		390	353
Sales tax payable		4,924	7,155
Accrued expenses		7,093	4,561
Income tax deducted at source		94	280
Workers' (profit) participation fund	13.1	202	2,644
Workers' welfare fund		0	957
Unclaimed dividends		3,668	3,524
Others		673	868
		<u>84,482</u>	<u>30,261</u>

13.1 Workers' (profit) participation fund - the Fund

	Note	2010 (Rupees in thousand)	2009
Opening balance		2,644	76
Add:			
- allocation for the year		0	2,569
- profit earned on the Fund's balances maintained in a PLS bank account		10	3
- Interest on funds utilised in the Company's business		82	0
		<u>92</u>	<u>2,572</u>
		2,736	2,648
Less: amounts paid to the workers during the year on behalf of the Fund		<u>2,534</u>	<u>4</u>
		<u>202</u>	<u>2,644</u>
14. ACCRUED MARK-UP			
Mark-up accrued on:			
- long term finances		3,694	5,741
- short term finances		<u>19,754</u>	<u>14,778</u>
		<u>23,448</u>	<u>20,519</u>
15. SHORT TERM FINANCES - Secured			
<p>Short term finance facilities available from various commercial banks under mark-up arrangements aggregate to Rs.1.841 billion (2009: Rs.1.655 billion). These facilities, during the current financial year, carried mark-up at the rates ranging from 8.00% to 15.84% (2009: 7.50% to 18.17%) per annum. Facilities available for opening letters of credit and guarantee aggregate to Rs.75.50 million (2009: Rs.75.50 million) of which the amount aggregating Rs.65.108 million (2009: Rs.65.108 million) remained unutilised at the balance sheet date. The aggregate facilities are secured against lien on import documents, charge on plant & machinery, pledge of refined sugar in bags, hypothecation of current assets and equitable mortgage over land, building and machinery of the Company. These facilities are expiring on various dates by March, 2011.</p>			
16. CURRENT PORTION OF LONG TERM LIABILITIES			
Long term finances	9	132,143	132,143
Liabilities against assets subject to finance lease	10	729	1,923
Long term deposits	11	0	435
		<u>132,872</u>	<u>134,501</u>
17. TAXATION - Net			
Opening balance		9,575	5,389
Add: provision made during the year for:			
- current		17,346	9,575
- prior year		(1)	1
		<u>17,345</u>	<u>9,576</u>
		26,920	14,965
Less: adjustments against completed assessments		<u>9,574</u>	<u>5,390</u>
		<u>17,346</u>	<u>9,575</u>

- 17.1 Income tax assessment of the Company has been finalised upto Assessment year 2002-03 under section 62 of the Income Tax Ordinance, 1979 and for Tax Years 2003 to 2010 have been assessed under the self assessment scheme envisaged in section 120 of the Income Tax Ordinance, 2001 (the Ordinance). The Company has not received any notice from the Tax Department for selection of its cases for detailed scrutiny for these Tax Years.
- 17.2 No numeric tax rate reconciliation is given in these financial statements as provisions made during the current and preceding years represent final tax deducted at source on realisation of foreign exchange proceeds under section 154 and minimum tax payable under section 113 of the Ordinance.
- 17.3 Deferred tax asset arising on unused tax losses has not been recognised in these financial statements due to uncertainty about the availability of taxable profits in the foreseeable future.

18. CONTINGENCIES AND COMMITMENTS

- 18.1 No commitments were outstanding as at 30 September, 2010 and 30 September, 2009.
- 18.2 Guarantee issued by a commercial bank, in respect of financial and operational obligations of the Company, to a company amounting Rs.10.392 million as at 30 September, 2010 (2009: Rs.10.392 million).
- 18.3 (a) The Collectorate of Sales Tax, Faisalabad (the Collectorate), during the year ended 30 September, 1999, served a Show Cause Notice raising sales tax demands aggregating Rs.5.994 million along with additional tax and penalty on the grounds that the Company under-valued some of its products during the financial years 1994-95 to 1998-99 and paid lesser sales tax. The Company till 30 September, 2000 had paid amounts aggregating Rs.2.008 million against these demands and filed an appeal with the Customs, Excise and Sales Tax Appellate Tribunal, Lahore Bench (the Tribunal).
- (b) The Collector (Adjudication) Faisalabad (the Collector), during the year ended 30 September, 2000 vide his orders dated 24 August, 2000 directed the Company to pay the demanded amount of sales tax of Rs.5.994 million along with additional tax under section 34 of the Sales Tax Act, 1990 (the Act). The Company filed an appeal against the said orders with the Tribunal, which vide its order dated 29 July, 2002 upheld the Collector's order but remitted additional tax and penalty. The Company had filed an appeal with the Lahore High Court against the aforementioned order of the Tribunal; the appeal is pending adjudication.
- 18.4 The Company had also challenged the orders of the Collector (Adjudication) and the Additional Collector (Customs, Sales Tax & Central Excise) by filing appeals with the Tribunal. The Collector raised sales tax and additional tax demands aggregating Rs.13.183 million on the grounds that the Company during the period from February to July 2000 paid sales tax on the value of Rs.14 per kg of sugar, which was less than the actual value of supply as defined under section 2(46) of the Act. The Tribunal had reduced these demands to Rs.3.083 million. The Company had filed constitutional petition before the Lahore High Court against the orders of the Tribunal, which dismissed the said petition. The Company, after dismissal of its petition by the Lahore High Court, had filed a civil petition with the Supreme Court of Pakistan, which stayed recovery of arrears of tax payable on the amount above Rs.14 per kg and remanded the case to the Appellate Tribunal.

The Appellate Tribunal, during the fresh proceedings, had confirmed the order-in-original in total. The Company against the said order of the Tribunal had filed a reference application under section 47(1) of the Act before the Lahore High Court, Lahore, which is pending adjudication.

- 18.5 The Collectorate, during the year ended 30 September, 2001, had raised demands aggregating Rs.6.352 million along with additional tax alleging that the Company contravened various provisions of the Act. The Tribunal in response to the Company's appeal, vide its judgment dated 29 December, 2004, had allowed partial relief and reduced the magnitude of dues to Rs.4.991 million. The Company, against the Tribunal's judgment, had filed an appeal before the Lahore High Court, Lahore under section 47 of the Act; the appeal is pending adjudication.
- 18.6 The Collectorate, during the year ended 30 September, 2001, had raised demands aggregating Rs.9.989 million based on the special audit report for the period from January, 1999 to December, 2000. However, the Additional Collector (Adjudication), vide his order dated 18 October, 2001, had reduced the said demands to Rs.1.400 million and excluded additional tax and penalty originally levied thereon. The Company had filed an appeal against the said order before the Tribunal, which vide its order dated 13 March, 2009 had upheld the judgment of Additional Collector (Adjudication); however, the Company, during the preceding financial year, had filed an appeal before the Lahore High Court, Lahore against the said judgment of the Tribunal, which is pending adjudication.
- 18.7 (a) Provision for Cane Quality Premium related to different yearly Notifications issued by the Government of Punjab (GOP) for fixation of cane support price and Quality Premium above 'Bench Mark Average Recovery' for the respective years, payable to the growers.

The Company, having achieved higher than the 'Bench Mark Recovery', had filed writ petitions with the Lahore High Court for some of the years.

The Lahore High Court, vide its judgment dated 22 December, 1994, had accepted the said petitions. The Provincial Government of Punjab filed time-barred intra-court appeals against the said judgment. These appeals were withdrawn by the Additional Advocate General Punjab on 19 March, 1995, making statement to the effect that the Government would consider filing of petition before the Supreme Court of Pakistan. However, later the Advocate General filed review applications, seeking review of the order withdrawing the intra-court appeals. These review applications were admitted for regular hearing by a Division Bench of the Lahore High Court on 22 March, 1995. Lahore High Court, vide its order dated 26 February, 2004, had dismissed the review application filed by the GOP. However, the GOP filed petition for leave to appeal alongwith stay application in the Supreme Court of Pakistan against the order of Lahore High Court.

The Supreme Court of Pakistan, vide its order dated 21 October, 2008, has set aside the impugned judgements dated 19 March, 1995 and 26 February, 2004. Consequently, the Intra Court Appeals of GOP in these cases shall be deemed to be pending for a fresh decision by the Lahore High Court, Lahore in accordance with law. However, the Company had filed review petition on the above decision before the Supreme Court of Pakistan; which was dismissed by the Honourable Court. The case is pending adjudication before Lahore High Court.

- (b) Provisions for cane quality premium aggregating Rs.79.335 million, made during the financial years 1981-82 to 1994-95, were written-back in the financial year ended 30 September, 2006, as the management is of the view that no outflow of resources will be required as a result of judgment by the Lahore High Court for the cases pending adjudication before it. In parallel cases in prior years, the Lahore High Court has judged this levy as unconstitutional.

18.8 Contingent claim

The Company had claimed rebate at the rate of 50% of the excise duty on excess production of sugar for the seasons 1988-89 and 1994-95 amounting Rs.15.117 million and Rs.6.888 million respectively. The Lahore High Court decided these cases in favour of the Company vide its judgments dated 19 February, 2002 and 18 November, 2002. The Collector (Central Excise & Sales Tax) filed civil appeals against the said judgment before the Supreme Court of Pakistan, which vide its order dated 14 March, 2006 set-aside the aforesaid judgment of the Lahore High Court and remanded the cases to Federal Board of Revenue (FBR) with the directions to dispose-off the cases afresh in accordance with the law. The Federal Board of Revenue, vide its order dated 24 August, 2009, has declared that the Company was not entitled to claim any refund of the duty as the Company has passed-on the incidence of excise duty to the customers. The Company has filed a writ petition before the Lahore High Court against the said order of the FBR; which is pending adjudication.

19. PROPERTY, PLANT AND EQUIPMENT

	Note	2010 (Rupees in thousand)	2009
Operating fixed assets	19.1	1,107,994	1,216,649
Capital work-in-progress	19.5	<u>9,605</u>	<u>8,803</u>
		<u>1,117,599</u>	<u>1,225,452</u>

19.1 Operating fixed assets - tangible

	Owned														Leased		
	Buildings on freehold land		Plant and machinery	Workshop equipment	Scales and weigh-bridges	Laboratory equipment	Other equipment	Electric installations and fittings	Tube well	Office equipment	Furniture and fixtures	Vehicles	Farms tractors	Farms equipment	Total		
	Colony	Factory														Vehicles	
(Rupees in thousand)																	
At 30 September, 2006																	
Cost	6,306	14,972	214,313	1,679,676	471	7,155	724	5,737	100,720	7,579	5,181	7,465	40,401	1,932	840	6,572	2,100,654
Accumulated depreciation	0	6,706	79,568	568,536	306	2,687	552	3,275	63,541	5,398	3,400	4,915	26,697	1,090	477	958	769,586
Book value	6,306	8,176	134,745	1,111,140	75	4,298	172	2,462	37,179	2,181	1,781	2,550	13,704	222	363	5,614	1,330,968
Year ended 30 September, 2009																	
Additions	0	464	72	21,452	0	0	0	13	3,274	0	125	87	1,203	0	307	0	26,997
Disposals cost	0	0	0	0	0	0	0	0	0	0	0	0	(608)	0	0	0	(608)
depreciation	0	0	0	0	0	0	0	0	0	0	0	0	666	0	0	0	666
Writes-off cost	0	0	0	(8,162)	0	0	0	0	0	0	0	0	(65)	0	0	0	(8,227)
depreciation	0	0	0	5,650	0	0	0	0	0	0	0	0	64	0	0	0	5,714
Depreciation charge	0	425	13,476	112,426	9	516	17	247	5,891	218	278	264	3,625	56	39	1,404	138,801
Book value at 30 September, 2009																	
Cost	6,306	8,215	121,341	1,017,654	66	5,782	158	2,228	34,652	1,963	1,628	2,573	11,279	166	631	4,210	1,216,649
Year ended 30 September, 2010																	
Additions	0	0	0	14,577	0	0	116	0	162	0	455	252	1,568	1,022	34	0	18,126
Disposals cost	0	0	0	0	0	0	0	0	0	0	(69)	0	(2,576)	0	0	0	(2,645)
depreciation	0	0	0	0	0	0	0	0	0	0	21	0	2,846	0	0	0	2,867
Writes-off cost	0	0	0	0	0	0	0	0	(18)	0	0	0	0	0	0	0	(18)
depreciation	0	0	0	0	0	0	0	0	17	0	0	0	0	0	0	0	17
Depreciation charge	0	411	12,134	102,968	8	454	27	223	5,268	196	274	246	2,874	63	66	1,052	126,202
Book value at 30 September, 2010																	
Cost	6,306	7,804	109,207	929,265	58	3,328	244	2,055	29,697	1,767	1,761	2,379	9,383	1,125	599	3,158	1,077,094
At 30 September, 2009																	
Cost	6,306	15,436	214,185	1,692,966	471	7,185	724	5,750	103,994	7,579	5,566	7,532	40,931	1,912	1,147	6,572	2,118,216
Accumulated depreciation	0	7,221	93,644	675,312	405	3,403	569	3,522	69,342	5,616	3,678	5,179	29,652	1,746	516	2,362	901,567
Book value	6,306	8,215	121,341	1,017,654	66	3,782	155	2,228	34,652	1,963	1,628	2,373	11,279	166	631	4,210	1,216,649
At 30 September, 2010																	
Cost	6,306	15,436	214,185	1,707,543	471	7,185	840	5,750	104,138	7,579	5,692	7,804	39,863	2,934	1,181	6,572	2,133,679
Accumulated depreciation	0	7,632	105,178	778,280	413	3,857	596	3,745	74,531	5,812	3,931	5,425	30,480	1,669	582	3,414	1,025,685
Book value	6,306	7,804	109,207	929,263	58	3,328	244	2,015	29,697	1,767	1,761	2,379	9,383	1,125	599	3,158	1,077,094
Depreciation rate (%)	5	10	10	10	12	12	10	10	15	10	15	10	25	25	25	10	25

19.2 Disposal of operating fixed assets

Particulars	Cost	Accumulated depreciation	Book value	Sale proceeds	(Loss) / gain	Mode of disposal	Particulars of buyers
-------------	------	--------------------------	------------	---------------	---------------	------------------	-----------------------

----- (Rupees in thousand) -----

Office equipment

Laptop	69	21	48	28	(20)	Negotiation	M/s. Digitware System, Lahore
--------	----	----	----	----	------	-------------	-------------------------------

Vehicles

Toyota Corolla	870	758	112	375	263	Company policy	Abdul Majeed (Employee)
Honda City	853	688	165	441	276	-- do --	Saif-Ur-Rehman (Ex-employee)
Honda City	853	600	253	301	48	Negotiation	M. Asif Khan (Ex-employee)
	2,576	2,046	530	1,117	587		
	2,645	2,067	578	1,145	567		

19.3 Assets written-off

Particulars	Cost	Accumulated depreciation	Book value
-------------	------	--------------------------	------------

----- (Rupees in thousand) -----

Electric installation and fittings

Desert Cooler	5	4	1
Television	13	13	0
	18	17	1

19.4 Depreciation for the year has been apportioned as under:

	2010 (Rupees in thousand)	2009
Cost of sales	121,184	132,625
Administrative expenses	4,937	6,086
Distribution and marketing expenses	81	90
	<u>126,202</u>	<u>138,801</u>

19.5 Capital work-in-progress - at cost

Plant and machinery

- cost and expenses	7,876	8,803
- advance payments	1,729	0
	<u>9,605</u>	<u>8,803</u>

20. INVESTMENT PROPERTY

Land		Buildings on freehold land	Total
Freehold	Leasehold		

----- (Rupees in thousand) -----

As at 30 September, 2008

Cost	6,730	8,600	5,609	20,939
Accumulated depreciation	0	0	3,699	3,699
Book value	6,730	8,600	1,910	17,240

Year ended 30 September, 2009

Depreciation charge	0	0	95	95
Net book value as at 30 September, 2009	6,730	8,600	1,815	17,145

Year ended 30 September, 2010

Depreciation charge	0	0	91	91
Net book value as at September 30, 2010	6,730	8,600	1,724	17,054

As at 30 September, 2009

Cost	6,730	8,600	5,609	20,939
Accumulated depreciation	0	0	3,794	3,794
Book value	6,730	8,600	1,815	17,145

As at 30 September, 2010

Cost	6,730	8,600	5,609	20,939
Accumulated depreciation	0	0	3,885	3,885
Book value	6,730	8,600	1,724	17,054

Depreciation rate (%)

5

20.1 Depreciation for the year has been grouped under other operating expenses (note 34).

20.2 Fair value of the investment property, based on the management's estimation, as at 30 September, 2010 is Rs.167.800 million (2009:Rs.167.800 million).

21. LONG TERM INVESTMENTS

	Note	2010 (Rupees in thousand)	2009
Associated Company - Quoted Equity method			
Noon Pakistan Limited (NPL)			
2,200,000 (2009:2,000,000) non-voting ordinary shares of Rs.10 each - cost			
Equity held 17.36% (2009: 17.36%)	21.1	20,000	20,000
Post acquisition profit brought forward including effect of items directly credited in equity by NPL		18,053	70
Share of profit - net of taxation		7,033	17,920
		45,086	37,990
Others - Un-quoted			
National Industrial Cooperative Finance Corporation Ltd.			
1 A' class share of Rs.100		1	1
Pasban Cooperative Finance Corporation Ltd.			
1 share of Rs.100		1	1
Less: provision for diminution in value of investments	21.3	(2)	(2)
		0	0
		45,086	37,990

21.1 The Company had subscribed preference shares of NPL during the financial year ended 30 September, 2004, which were converted into non-voting ordinary shares by NPL's shareholders, in their Extra Ordinary General Meeting held on 16 June, 2009. Such conversion resulted into 17.36% holding of the non-voting ordinary shares in NPL's paid-up share capital; however, the Company enjoys significant influence by virtue of the common Directors on the Board of Directors of NPL. Fair value of investments in NPL as at 30 September 2010 was Rs.31.90 million (2009: Rs.50.08 million).

21.2 (a) Summarised financial information in respect of NPL is set-out below:

- total assets as at 30 September,	925,260	757,582
- total liabilities as at 30 September,	642,428	511,059
- turnover for the year	2,543,759	1,831,229
- net profit for the year	40,510	63,017

(b) The share in net assets of NPL has been determined on the basis of audited financial statements for the year ended 30 June, 2010 and un-audited financial statements for the quarters ended 30 September, 2009 and 30 September, 2010.

21.3 National Industrial Cooperative Finance Corporation Limited and Pasban Cooperative Finance Corporation Limited are under liquidation; therefore, these investments have been fully provided for.

22. LOANS AND ADVANCES - Secured, considered good

	Vehicles	Others	Total	
			2010	2009
	----- (Rupees in thousand) -----			
Loans / advances to employees	1,373	39	1,412	1,770
Less: current portion grouped under current assets	526	39	565	668
	847	0	847	1 102

22.1 These interest free loans and advances are recoverable in instalments which vary from case to case.

22.2 Vehicle loans and some of the other loans are secured against lien on provident fund / gratuity balances of employees and title of ownership of vehicles in the Company's name.

23. STORES, SPARES AND LOOSE TOOLS

	Note	2010 (Rupees in thousand)	2009
Stores - including in-transit amounting Rs.Nil (2009: Rs.1.497 million)		24,768	22,524
Spares		48,445	44,949
Loose tools		511	445
		73,724	67,918
Less: provision for slow moving items	23.1	11,734	9,944
		61,990	57,974

23.1 The movement in balance of provision for obsolescence is as follows:

Opening balance	9,944	9,672
Provision made during the year	1,790	272
Closing balance	11,734	9,944

Stores and spares inventory includes slow moving items valuing Rs.23.468 million (2009: Rs.19.888 million). The management estimates that slow moving items carry salvage value approximating to 50% of the book value. Provision against slow moving items to the extent of 50% of their values exists in the books of account.

24. STOCK-IN-TRADE

Raw materials - molasses	19,449	16,767
Work-in-process:		
- Sugar	3,430	1,764
- Molasses	39	0
	3,469	1,764
Finished goods:		
- Sugar	99,313	93,667
- Spirit	37,571	20,651
	136,884	114,318
Other stocks- Fair Price Shop and Depot	258	354
	160,060	133,203

25. LOANS AND ADVANCES - considered good	Note	2010 (Rupees in thousand)	2009
Advances to:			
- employees		994	697
- suppliers		4,766	1,543
Recoverable from growers		16,910	10,891
Current portion of long term loans and advances		<u>565</u>	<u>668</u>
		<u>23,235</u>	<u>13,799</u>
26. DEPOSITS AND PREPAYMENTS			
Security deposits		114	0
Prepayments		<u>765</u>	<u>2,142</u>
		<u>879</u>	<u>2,142</u>
27. OTHER RECEIVABLES			
Claims receivable - considered good		3,915	3,915
Letters of credit		0	386
Others		<u>299</u>	<u>212</u>
		<u>4,214</u>	<u>4,513</u>
28. BANK BALANCES			
Cash at commercial banks on:			
- current accounts [including security deposit amounting Rs.18 thousand (2009: Rs.18 thousand)]		31,806	6,729
- PLS saving accounts [including security deposit amounting Rs.10 thousand (2009: Rs.10 thousand)]		6,525	2,701
- dividend accounts		<u>296</u>	<u>336</u>
		<u>38,627</u>	<u>9,766</u>
Cash at Cooperative Societies on current accounts		<u>745</u>	<u>745</u>
Less: provision for doubtful balances	28.2	<u>745</u>	<u>745</u>
		<u>0</u>	<u>0</u>
		<u>38,627</u>	<u>9,766</u>
28.1 PLS saving accounts during the year carried profit / mark-up at the rate of 5% (2009: 5%) per annum			
28.2 As the recoverability of balances with Cooperative Societies is doubtful due to their closure by the Government of Pakistan; therefore, provision was made to meet the potential eventuality.			
29. INVESTMENTS CLASSIFIED AS HELD FOR SALE			
Pioneer Cement Limited (PCL)			
3,826,151 (2009: 3,826,151) fully paid ordinary shares of Rs. 10 each			
Equity held 1.72% (2009: 1.92%)	29.1	69,225	69,225
Less: impairment loss recognised		<u>(45,503)</u>	<u>0</u>
		<u>23,722</u>	<u>69,225</u>

29.1 The Company holds 1.72% (2009: 1.92%) of the voting power in PCL and alongwith certain other majority shareholders has granted right to the Vision Holdings Middle East Limited (VHML) to acquire certain shares subject to a call option for a period of 18 months commencing from 18 June, 2009. VHML, under the Listed Companies (Substantial Acquisition Voting Shares and Take-over) Ordinance, 2002, on 15 December, 2010, has made a public announcement of intention to acquire 25.93% shares or control of PCL; including Company's share holding as on 30 September, 2010. This intention to acquire has been announced upon completion of the due diligence exercise and the final adjusted purchase price of Rs.6.20 per share has been agreed upon. Consequently, the Company expects to receive the sales proceed pursuant to the call and put

option agreement, the Listed Companies (Substantial Acquisition Voting Shares and Take-over) Ordinance, 2002 and the Listed Companies (Substantial Acquisition Voting Shares and Take-over) Regulations, 2008. A foreign share holder of PCL and his associates have challenged the above settlement in Sind High Court; which is pending adjudication.

30. SALES - Net

	Sugar		Distillery		Total	
	2010	2009	2010	2009	2010	2009
	----- (Rupees in thousand) -----					
Local	1,398,465	1,539,915	247,960	173,428	1,646,425	1,713,343
Inter-segment (note 31.3)	131,789	96,195	0	0	0	0
Export	0	0	178,919	199,067	178,919	199,067
	1,530,254	1,636,110	426,879	372,495	1,825,344	1,912,410
Less:						
- sales tax	52,408	161,765	34,277	23,717	86,685	185,482
- federal excise duty	6,551	10,534	2,116	1,482	8,667	12,016
- trade discount	0	0	6,400	0	6,400	0
	58,959	172,299	42,793	25,199	101,752	197,498
	1,471,295	1,463,811	384,086	347,296	1,723,592	1,714,912

31. COST OF SALES

Raw materials consumed (note 31.1)	1,293,945	877,746	116,743	41,907	1,410,688	919,653
Inter-segment transfers (note 31.3)	0	0	131,789	96,195	0	0
	1,293,945	877,746	248,532	138,102	1,410,688	919,653
Salaries, wages and benefits (note 31.2)	60,065	59,608	17,230	16,462	77,295	76,070
Fuel and power	10,778	9,103	32,274	20,496	43,052	29,599
Chemicals and stores consumed	15,528	18,815	5,645	6,415	21,173	25,230
Repair and maintenance	55,812	68,977	7,983	7,995	63,795	76,972
Depreciation	101,499	111,004	19,685	21,621	121,184	132,625
Insurance	1,851	2,726	1,304	1,329	3,155	4,055
Rates and taxes	315	353	34	31	349	384
Others	2,393	2,921	711	671	3,104	3,592
	1,542,186	1,151,253	333,398	213,122	1,743,795	1,268,180
Adjustment of work-in-process						
Opening	1,764	895	0	1,706	1,764	2,601
Closing	(3,469)	(1,764)	0	0	(3,469)	(1,764)
	(1,705)	(869)	0	1,706	(1,705)	837
Cost of goods manufactured	1,540,481	1,150,384	333,398	214,828	1,742,090	1,269,017
Adjustment of finished goods						
Opening stock	93,667	245,383	20,651	43,079	114,318	288,462
Closing stock	(99,313)	(93,667)	(37,571)	(20,651)	(136,884)	(114,318)
	(5,646)	151,716	(16,920)	22,428	(22,566)	174,144
	1,534,835	1,302,100	316,478	237,256	1,719,524	1,443,161

31.1 Sugar cane purchases include cane purchased from:

Directors	0	144
Associated persons of directors	898	589
	898	733

31.2 These include Rs.1,499 thousand (2009: Rs.1,500 thousand) and Rs.6,574 thousand (2009: Rs.6,286 thousand) in respect of provident fund contributions and staff retirement benefits - gratuity respectively.

31.3 Inter-segment sales and purchases have been eliminated from the total figures.

32. ADMINISTRATIVE EXPENSES

	Sugar		Distillery		Total	
	2010	2009	2010	2009	2010	2009
	----- (Rupees in thousand) -----					
Salaries and benefits (note 32.1)	27,369	25,506	9,497	8,877	36,866	34,383
Travelling and conveyance including directors' travelling amounting Rs.1.43 million (2009: Rs.1.48 million)	599	681	1,162	1,221	1,761	1,902
Vehicles' running and maintenance	4,277	3,624	1,527	1,308	5,804	4,932
Communication	872	695	406	348	1,278	1,043
Printing and stationery	551	505	184	169	735	674
Rent, rates and taxes	1,796	2,385	865	1,202	2,661	3,587
Insurance	549	530	184	177	733	707
Repair and maintenance	3,907	2,016	1,365	721	5,272	2,737
Subscription	451	261	150	238	601	499
Advertisement	145	67	48	32	193	99
Depreciation	3,598	4,426	1,339	1,660	4,937	6,086
Entertainment / guest house expenses	1,057	1,200	506	529	1,563	1,729
Auditors' remuneration (note 32.2)	694	297	231	99	925	396
Legal and professional charges (other than Auditors')	1,512	892	504	297	2,016	1,189
Utilities	2,978	2,242	993	748	3,971	2,990
Others	366	269	105	100	471	369
	50,721	45,596	19,066	17,726	69,787	63,322

32.1 These include Rs.530 thousand (2009: Rs.577 thousand) and Rs.2,454 thousand (2009: Rs.2,142 thousand) in respect of provident fund contributions and staff retirement benefits-gratuity respectively.

32.2 Auditors' remuneration

Hameed Chaudhri & Co.

- statutory audit fee	500	75
- half yearly review	100	100
- certification charges	0	12
- consultancy charges	30	110
- short provision for the preceding year	220	37
- out-of-pocket expenses	25	21
	875	355

Javaid Iqbal & Co. - cost audit fee

40 35

Javaid Jalal Amjad & Co. - Provident Fund - audit fee

10 6

925 396

32.3 Administrative expenses, which are not separately identifiable, have been allocated on the basis of management's estimation.

33. DISTRIBUTION AND MARKETING EXPENSES

Salaries and benefits (note 33.1)	566	853	417	431	983	1,284
Loading, unloading, freight and export expenses	414	668	13,288	17,629	13,702	18,297
Rent of storage tanks	0	0	7,500	6,750	7,500	6,750
Depreciation	81	90	0	0	81	90
Sales promotion expenses	0	80	107	185	107	265
Commission	879	1,420	0	135	879	1,555
Others	86	121	95	71	181	192
	2,026	3,232	21,407	25,201	23,433	28,433

33.1 These include Rs.13 thousand (2009: Rs.15 thousand) and Rs.52 thousand (2009: Rs.50 thousand) in respect of provident fund contributions and staff retirement benefits - gratuity respectively.

34. OTHER OPERATING EXPENSES	Note	2010 (Rupees in thousand)	2009
Irrecoverable balances written-off		285	96
Donations	34.1	1,067	147
Depreciation on investment property	20	91	95
Operating fixed assets written-off	19.3	1	2,513
Loss on sale of non-operating plant & machinery		0	5,400
Stores written-off		0	32
Provision for slow moving stores and spares inventory	23.1	1,790	272
Workers' (profit) participation fund		0	2,569
Workers' welfare fund - prior / current year		626	957
		<u>3,860</u>	<u>12,081</u>

34.1 None of the directors or their spouses have any interest in any of the donees.

35. OTHER OPERATING INCOME

Income from financial assets

Dividend on preference shares of Noon Pakistan Ltd.		0	2,163
Unclaimed and other payable balances written-back		472	168
Interest / mark-up on PLS saving accounts		626	625

Income from other than financial assets

Scrap sales - net		11,883	2,410
Gain on disposal of operating fixed assets	19.2	567	140
Rent		6	7
Others		603	944
		<u>14,157</u>	<u>6,457</u>

36. FINANCE COST

Mark-up on:

- long term finances		27,068	48,263
- short term finances		83,391	76,707
Lease finance charges		308	609
Interest on workers' (profit) participation fund		82	0
Bank and other charges		566	937
		<u>111,415</u>	<u>126,516</u>

37. (LOSS) / EARNINGS PER SHARE

	2010 (Rupees in thousand)	2009
(Loss) / profit after taxation attributable to ordinary shareholders	(246,085)	56,572
	Number of shares	
Weighted average number of ordinary shares outstanding during the year - restated	16,517,453	16,517,453
	----- Rupees -----	
(Loss) / earnings per share - restated	(14.90)	3.42

37.1 A diluted earnings per share has not been presented as the Company does not have any convertible instruments in issue as at 30 September, 2010 and 30 September, 2009, which would have any effect on the (loss) / earnings per share if the option to convert is exercised.

38. REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

Particulars	Chief Executive		Directors		Executives	
	2010	2009	2010	2009	2010	2009

----- (Rupees in thousand) -----

Managerial remuneration including bonus	0	0	3,325	3,450	7,581	5,611
---	---	---	-------	-------	-------	-------

Perquisites and benefits:

House rent	0	0	600	600	0	243
Utilities	1,483	1,202	365	308	158	111
Medical	56	10	197	166	130	126
Servant salary	0	0	0	0	125	132
Entertainment/ club bills	247	368	66	84	42	37
	1,786	1,580	1,228	1,158	455	649
	1,786	1,580	4,553	4,608	8,036	6,260

No. of persons	1	1	2	2	7	6
----------------	---	---	---	---	---	---

38.1 The working directors and executives have been provided with free use of the Company maintained cars and telephones at their residences. Furnished residences have also been provided to the executives in the Mills' Colony.

38.2 The above payments do not include amounts paid or provided for by the Associated Companies.

38.3 A sum of Rs.986 thousand (2009: Rs.726 thousand) was incurred on the renovation of chief executive's residence during the year.

39. CAPITAL RISK MANAGEMENT

The Company's prime objective when managing capital is to safeguard its ability to continue as a going concern in order to provide adequate returns for shareholders, benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to the ordinary shareholders or issue new shares.

Consistent with others in the industry, the Company monitors capital on the basis of gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings less cash and bank balances. Total capital is calculated as equity as shown in the balance sheet plus net debt.

	2010 (Rupees in thousand)	2009
Total borrowings	655,848	520,120
Less: Bank balances	<u>38,627</u>	<u>9,766</u>
Net debt	617,221	510,354
Total equity	<u>704,317</u>	<u>965,355</u>
Total capital	<u>1,321,538</u>	<u>1,475,709</u>
Gearing ratio	<u>47%</u>	<u>35%</u>

For the purpose of calculating the gearing ratio, the amount of total borrowings has been determined by including the effect of long term finances, liabilities against assets subject to finance lease and short term finances under mark-up arrangements.

40. FINANCIAL INSTRUMENTS

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

- credit risk;
- liquidity risk; and
- market risk.

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

40.1 Credit risk

Credit risk represents the accounting loss that would be recognised at the reporting date if counter parties fail completely to perform as contracted.

Credit risk arises principally from trade debts, its balances at banks and investments. Financial assets which are subject to credit risk aggregated Rs. 101.745 million (2009:Rs.98.247 million).

To manage exposure to credit risk in respect of trade debts, management performs credit reviews taking into account the customer's financial position, past experience and other factors. Where considered necessary, advance payments are obtained from certain parties. Export sales made to major customers are secured through letters of credit.

The Company limits its exposure to credit risk by investing in liquid securities and maintaining bank accounts only with counter parties that have satisfactory credit ratings. Given that management does not expect any counter party to fail to meet its obligations.

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

The maximum exposure to credit risk as at 30 September, 2010 along with comparative is tabulated below:

	2010	2009
	(Rupees in thousand)	
Deposits	1,400	740
Trade debts	16,872	3,112
Loans and advances	16,910	10,891
Other receivables	4,214	4,513
Bank balances	38,627	9,766
Investments classified as held for sale	23,722	69,225
	<u>101,745</u>	<u>98,247</u>

The trade debts at the balance sheet date were current and did not include any past due amounts.

Based on past experience, the Company's management believes that no impairment loss allowance is necessary in respect of trade debts as all of the debts have been realised subsequent to the year-end and for other receivables there are reasonable grounds to believe that the amounts will be realised in short course of time.

40.2 Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulties in meeting obligations associated with financial liabilities. Prudent liquidity risk management implies maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities. The Company's treasury department maintains flexibility in funding by maintaining availability under committed credit lines.

Financial liabilities in accordance with their contractual maturities are presented below:

	2010			
	Carrying amount	Contractual cash flow	Less than one year	Between 1 to 5 years
	(Rupees in thousand)			
Long term finances	132,143	140,056	140,056	0
Liabilities against assets subject to finance lease	729	755	755	0
Short term finances	522,976	558,040	558,040	0
Trade and other payables	77,563	77,563	77,563	0
Accrued mark-up	23,448	23,448	23,448	0
	<u>756,859</u>	<u>799,862</u>	<u>799,862</u>	<u>0</u>

	2009			
	Carrying amount	Contractual cash flow	Less than one year	Between 1 to 5 years
	----- (Rupees in thousand) -----			
Long term finances	264,286	300,976	159,587	141,389
Liabilities against assets subject to finance lease	2,652	2,652	1,923	729
Short term finances	253,182	276,623	276,623	0
Trade and other payables	18,725	18,725	18,725	0
Accrued mark-up	20,519	20,519	20,519	0
	<u>559,364</u>	<u>619,495</u>	<u>477,377</u>	<u>142,118</u>

The contractual cash flows relating to the above financial liabilities have been determined on the basis of mark-up rates effective at the respective year-ends. The rates of mark-up Have been disclosed in the respective notes to these financial statements.

40.3 Market risk

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

(a) Currency risk

Foreign currency risk arises mainly where receivables and payables exist due to transactions entered into foreign currencies. The Company is not exposed to currency risk as it has no significant foreign currency liabilities at the year-end.

(b) Interest rate risk

At the reporting date, the profit and mark-up rate profile of the Company's significant financial assets and liabilities is as follows:

	2010 Effective rate %	2009 Effective rate %	2010 Carrying Amount (Rupees in thousand)	2009 Carrying Amount (Rupees in thousand)
Fixed rate instruments				
Financial assets				
Bank balances at PLS Accounts	5	5	<u>6,525</u>	<u>2,701</u>
Variable rate instruments				
Financial liabilities				
Long term finances	13.27-14.25	13.32 -17.15	<u>132,143</u>	<u>264,286</u>
Liabilities against assets subject to finance lease	17.15	17.15	<u>729</u>	<u>2,652</u>
Short term finances	8.00-15.84	7.50 - 18.17	<u>522,976</u>	<u>253,182</u>

Fair value sensitivity analysis for fixed rate instruments

The Company does not account for any fixed rate financial assets and liabilities at fair value through profit and loss. Therefore, a change in mark-up rates at the reporting date would not affect profit and loss account.

Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points (bps) in mark-up rates at the balance sheet date would have (increased) / decreased loss for the year by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant. The analysis is performed on the same basis for the year 2009.

	Increase (Rupees in thousand)	Decrease
As at 30 September 2010		
Cash flow sensitivity		
- Variable rate financial liabilities	<u>(6,558)</u>	<u>6,558</u>
As at 30 September 2009		
Cash flow sensitivity		
- Variable rate financial liabilities	<u>5,201</u>	<u>(5,201)</u>

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

(c) Other price risk

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

40.4 Fair value of financial instruments

Carrying values of the financial assets and financial liabilities approximate their fair values. Fair value is the amount for which an asset could be exchanged or a liability settled between knowledgeable willing parties in an arm's length transaction.

41. CAPACITY AND PRODUCTION

		2010	2009
Sugar Plant			
Rated crushing capacity (based on 160 working days)	M. Tons	1,280,000	1,280,000
Cane crushed	M. Tons	294,534	358,130
Sugar produced	M. Tons	21,444	30,965
Days worked	Nos.	98	98
Sugar recovery	%	7.28	8.65
Distillery Plant			
Rated capacity per day	Litres	60,000	60,000
Actual production	Litres	7,415,000	7,349,570
Days worked	Nos.	165	180

42. SEGMENT INFORMATION

A business segment is a group of assets and operations engaged in providing products that are subject to risk and returns that are different from those of other business segments. Management has determined the operating segments based on the information that is presented to the Chief Executive Officer of the Company for allocation of resources and assessment of performance. Based on internal management reporting structure and products produced and sold, the Company is organised into the following two operating segments.

- Sugar
- Distillery

Management monitors the operating results of above mentioned segments separately for the purpose of making decisions about resources to be allocated and of assessing performance.

Segment results and assets include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

Finance cost, other operating income & expenses, share of profit of an Associate and taxation are managed at the Company level. Unallocated assets include investment property, investments, deposits & prepayments, other receivables, income tax refundable, advance income tax & tax deducted at source and bank balances.

	Sugar		Distillery		Elimination of inter segment transaction		Total	
	2010	2009	2010	2009	2010	2009	2010	2009
Sales - Net	1,471,295	1,463,811	384,086	347,296	(131,789)	(96,195)	1,723,592	1,714,912
Cost of sales	1,534,835	1,302,100	316,478	237,256	(131,789)	(96,195)	1,719,524	1,443,161
Gross (loss) / profit	(63,540)	161,711	67,608	110,040	0	0	4,068	271,751
Administrative expenses	50,721	45,596	19,066	17,726	0	0	69,787	63,322
Distribution and marketing expenses	2,026	3,232	21,407	25,201	0	0	23,433	28,433
Segment results	(116,287)	112,883	27,135	67,113	0	0	(89,152)	179,996
Unallocatable income and expenses								
Other operating expenses							(3,860)	(12,081)
Other operating income							14,157	6,457
(Loss) / profit from operations							(78,855)	174,372
Finance cost							(111,415)	(126,516)
Share of profit of an Associated Company							7,033	18,292
Taxation							(17,345)	(9,576)
Impairment loss on investments classified as held for sale							(45,503)	0
(Loss) / profit after taxation							(246,085)	56,572

----- (Rupees in thousand) -----

Information on assets and liabilities by segment and reconciliation of segments assets and liabilities with totals in the balance sheet is as follows:

	Sugar		Distillery		Total	
	2010	2009	2010	2009	2010	2009
	----- (Rupees in thousand) -----					
Segment assets	1,179,983	1,204,737	243,664	242,849	1,423,647	1,447,586
Unallocatable assets					112,674	151,186
Total as per balance sheet					<u>1,536,321</u>	<u>1,598,772</u>
Segment liabilities	248,677	334,234	17,131	12,367	265,808	346,601
Unallocatable liabilities					566,196	286,816
Total as per balance sheet					<u>832,004</u>	<u>633,417</u>

Sales to domestic customers in Pakistan are 89.65% (2009: 88.39%) and to customers outside Pakistan are 10.35% (2009: 11.61%) of the revenues during the year.

The Company sells its manufactured products to local and foreign companies, commission agents, organisations and institutions. Out of these, Five (2009: Five) of the Company's customers contributed towards 65.17% (2009: 49.22%) of the local sales during the year amounting Rs. 1.073 billion (2009: Rs. 843.317 million) and each customer individually exceeds 10% of the local sales of the Company.

Geographical Segments

All segments of the Company are managed on nation-wide basis and operate manufacturing facilities and sale offices in Pakistan.

43. RELATED PARTY TRANSACTIONS

The Company has related party relationship with its Associated Companies, employee benefit plans, its directors and key management personnel. Transactions with related parties are carried-out on arm's length basis. Except as disclosed in note 31.1 & 38 and for the following, no transactions were executed with related parties:

- the Company, during the current financial year, has sold sugar valuing Rs. 42.718 million (2009: Rs. 20.862 million) to Noon Pakistan Limited (NPL);
- the Company, during the current financial year, has received 200,000 (2009: Nil) non-voting ordinary shares as bonus shares from NPL;

- the Company, during the preceding financial year, had received preference dividend amounting Rs. 2.163 million from NPL;
- the Company, during the preceding financial year, had made / received advance amounting Rs. 12.000 million to / from NPL against purchase of agricultural land; and
- the Company, during the preceding financial year, had received mark-up amounting Rs. 0.736 million from NPL against the amount given for purchase of agricultural land.

44. DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorised for issue on 06 January, 2011 by the board of directors of the Company.

45. FIGURES

Corresponding figures have been re-arranged / re-classified, wherever necessary, for the purposes of comparison; however, no material re-arrangements / re-classification have been made in these financial statements except for the followings:

- commission on sales which was net-off with sales in the preceding year has been grouped under distribution and marketing expenses (note 33); and
- interest and mark-up which was shown on profit and loss account has been grouped under other operating income (note 35).

The Chief Executive is out of Pakistan and in his absence these financial statements have been signed by two Directors as required under section 241 (2) of the Companies Ordinance, 1984.



K. IQBAL TALIB
MANAGING DIRECTOR



ADNAN HAYAT NOON
DIRECTOR

SIX YEARS' REVIEW AT A GLANCE


YEAR ended 30 September		2010	2009	2008	2007	2006	2005
Sugar Production							
Cane Crushed	(M. Tons)	294,534	358,130	554,283	467,269	278,181	357,965
Average sucrose recovery	(%)	7.28	8.65	8.03	7.52	6.71	9.08
sugar produced	(M. Tons)	21,444	30,965	44,497	35,194	24,660	32,479
Operating period	(Days)	98	98	123	140	130	126
Alcohol Production							
Molasses processed	(M. Tons)	29,969	27,772	85,862	57,505	61,929	63,329
Alcohol produced	(000's Ltrs)	7,415	7,350	22,589	14,436	15,015	14,980
Average alcohol yield	(Ltrs / Ton)	247	262	263	251	242	237
Operating period	(Days)	165	180	358	296	308	288
Operating Results							
Sales	(000's Rs.)	1,723,592	1,714,912	1,814,537	1,088,775	894,339	1,079,378
Cost of Sales	(000's Rs.)	1,719,524	1,443,161	1,583,232	1,018,495	821,266	845,900
Gross profit	(000's Rs.)	4,068	271,751	231,305	70,280	73,073	233,478
Pre-tax profit/(Loss)	(000's Rs.)	(183,237)	66,148	(43,546)	(61,069)	80,885	161,527
Profit after taxation	(000's Rs.)	(200,582)	56,572	(50,215)	(35,751)	76,785	139,400
Gross profit to net sales	(%)	0.24	15.85	12.75	6.45	8.17	21.63
Net profit to net sales	(%)	(11.64)	3.30	(2.77)	(3.28)	8.59	12.91
Shareholders' Equity							
Paid up capital	(000's Rs.)	165,175	150,159	150,159	136,508	113,757	113,757
Reserves & surplus	(000's Rs.)	539,142	815,196	757,765	842,276	878,719	835,592
Shareholders' equity	(000's Rs.)	704,317	965,355	907,924	978,784	992,476	949,349
Break-up value per share	(Rupees)	42.64	64.29	60.46	71.70	87.25	83.45
Earnings per share	(Rupees)	(14.90)	3.42	(3.34)	(2.38)	5.62	20.52
Return on equity	(%)	(28.48)	5.86	(5.53)	(3.65)	7.74	14.68
Financial Position							
Current assets	(000's Rs.)	354,449	316,343	477,034	618,979	502,771	455,502
Fixed capital expenditure	(000's Rs.)	1,134,653	1,242,597	1,367,011	1,461,495	1,284,521	751,282
Total assets	(000's Rs.)	1,536,321	1,598,772	1,934,326	2,163,634	1,877,018	1,286,487
Current liabilities	(000's Rs.)	781,124	448,038	709,915	772,157	384,764	181,821
Long term debts	(000's Rs.)	-	132,872	266,937	361,155	431,053	13,307
Total Liabilities	(000's Rs.)	832,004	633,417	1,026,402	1,184,850	884,542	337,138
Current ratio	(%)	0.45	0.71	0.67	0.80	1.31	2.51
Debt equity ratio	(%)	-	12.10	22.72	26.95	30.28	1.38
Dividends							
Cash	(%)	-	10	-	-	-	30
Bonus shares	(%)	-	10	-	10	20	-
Total pay out	(%)	-	20	-	10	20	30

FORM 34

PATTERN OF SHAREHOLDING AS AT 30 SEPTEMBER, 2010

1. Incorporation No. : 0001858
2. Name of the Company : NOON SUGAR MILLS LIMITED
3. Pattern of holding of the shares held by the shareholders as at 30 September, 2010.

Number of Shareholders	Shareholdings		Total Shares Held	Percentage
	From	To		
757	1	100	23,937	0.14
576	101	500	138,295	0.84
248	501	1,000	183,989	1.11
388	1,001	5,000	864,091	5.23
71	5,001	10,000	497,297	3.01
22	10,001	15,000	271,521	1.64
16	15,001	20,000	273,459	1.66
14	20,001	25,000	313,423	1.90
5	25,001	30,000	142,740	0.86
2	30,001	35,000	61,776	0.37
4	35,001	40,000	152,875	0.93
1	40,001	45,000	43,952	0.27
3	45,001	50,000	147,916	0.90
2	55,001	60,000	115,001	0.70
2	60,001	65,000	123,307	0.75
2	80,001	85,000	167,696	1.02
2	95,001	100,000	193,271	1.17
1	100,001	105,000	102,346	0.62
1	130,001	135,000	130,600	0.79
1	135,001	140,000	139,000	0.84
1	150,001	155,000	153,610	0.93
3	195,001	200,000	596,606	3.61
1	265,001	270,000	266,057	1.61
1	320,001	325,000	322,737	1.95
1	370,001	375,000	371,000	2.25
1	510,001	515,000	514,341	3.11
1	520,001	525,000	523,149	3.17
1	765,001	770,000	765,403	4.63
1	950,001	955,000	951,732	5.76
1	1,435,001	1,440,000	1,437,480	8.70
1	2,235,001	2,240,000	2,236,080	13.54
1	4,290,001	4,295,000	4,292,766	25.99
2,132			16,517,453	100.00

5. Categories of shareholders	Shares held	Percentage
5.1 Directors, Chief Executive Officer and their spouse and minor children.	4,489,694	27.18
5.2 Associated Companies, Undertakings and related parties.	765,403	4.63
5.3 NIT & ICP	32,793	0.20
5.4 Banks, Development Finance Institutions, Non Banking Financial Institutions.	3,696,630	22.38
5.5 Insurance Companies	563,181	3.41
5.6 Modarabas and Mutual Funds	266,057	1.61
5.7 Shareholders holding 10% (or more)	6,591,261	39.90
5.8 General Public		
a. Local	5,367,847	32.50
b. Foreign	0	0.00
5.9 Others (to be specified)		
Securities & Exchange Commission of Pakistan	1	0.00
Administrator Abandoned Properties	1,454	0.01
Charitable Trusts	3,941	0.02
Joint Stock Companies	1,268,576	7.68
Investment Companies	873	0.01
Cooperative Societies	3	0.00
Others	61,000	0.37
6. Signature of Chief Executive / Secretary		
7. Name of Signatory	Syed Anwar Ali	
8. Designation	Company Secretary	
9. CNIC Number	35200-2711479-3	
10. Date	30.09.2010	

NOON SUGAR MILLS LIMITED FORM OF PROXY

Registered Folio No. /
CDC Account No. _____

I/We _____
Name

of _____
Address

being a member of **NOON SUGAR MILLS LIMITED**, hereby appoint

Name

of _____
Address

or failing him/her _____
Name

of _____
Address

(also being a member of the Company) as my/our proxy to attend, act and vote for me/us and on my/our behalf, at the 48th Annual General Meeting of the Company to be held on Monday, 31 January, 2011 at 66 Garden Block, New Garden Town, Lahore at 11:30 a.m. and at any adjournment thereof.

As witness my hand this _____ day of _____ 2011.

WITNESSES

1. Name _____
Address _____
CNIC # _____

Signature of the Shareholder/Appointer

2. Name _____
Address _____
CNIC # _____

Revenue
Stamp

Note : Proxies, in order to be effective, must reach the Company's Registered Office not less than 48 hours before the time for holding the meeting and must be duly stamped, signed and witnessed. Proxies of the Members through CDC shall be accompanied with attested copies of their CNIC.



Noon Sugar Mills Limited

2nd Floor, Mustafa Center, 45-F, Main Market, Gulberg, Lahore.