

# DIRECTORS' REPORT

Dear members,

The un-audited condensed interim financial information of the Company for the third quarter ended 30 June 2009 is presented herewith to fulfill statutory requirements.

The overall operating results for the quarter under review show a negative trend, mainly due to drop in revenue of both Sugar and Ethanol segments. Internal displacement of people from Swat region had an adverse effect on sugar sales, as a sizeable quantity of sugar was being consumed earlier by this region.

Ethanol production was restricted due to uneconomical level of raw material prices which could not be fully absorbed by depressed international export prices of ethanol as a result of sharp decline in world oil prices.

Pre-Tax profit for the period was eroded by Rs.7.560 million as a result of loss suffered due to depressed volume of sales during the third quarter ended 30 June 2009. The revision of Minimum Turnover Tax through Finance Act 2009, further reduced year to date Net profit by Rs.5.245 million. Net Profit for the period amounted to Rs.52.511 million with EPS of Rs.3.50 compared with Net Loss of Rs. 37.344 million with negative EPS of Rs.2.49 suffered during the corresponding period of last year.

As reported earlier, based on annual domestic consumption of 4.2 million tons a gap of around 0.3 million tons was foreseen which was to be filled by duty free import of refined sugar by the Government through Trading Corporation of Pakistan (TCP). An unexpected drop in average monthly consumption from 0.35 million tons to around 0.30 million tons, is likely to convert an otherwise deficit year into a break even or a minor surplus year, when actual sales figures are available to assess it.

The Country's total sugar production of 3.2 million tons in 2008-09 season along with a carry over stock of 0.7 million tons at the beginning of season in November 2008, was available with the sugar mills. PSMA's official statistics show that sugar stocks held by mills on 15 June 2009, stood at 1.888 million tons and may last until mid-December 2009, if monthly average consumption stays around 0.315 million tons.

The Distillery plant produced 6.648 million litres ethanol, compared with 18.158 million litres produced during the corresponding period of last year. The projected global ethanol surplus, following the unprecedented downward trend of oil prices, made the conversion of molasses into ethanol unfeasible due to the imbalance between lower export prices of ethanol and relatively higher cost of molasses, resulting in gross loss to the Company. The situation is not likely to improve during the remaining period until the commencement of next crushing season when the inter crop period of Brazil also begins.

The distillery operation has accordingly been adjusted to operate periodically in order to keep the biomass alive for gas generation and to cover domestic requirements of ethanol.

In view of depleting sugar stocks, a relatively stable sugar market is foreseen during the remaining part of the current financial year. The overall financial results of the Company are expected to improve during the last quarter of the year, INSHAALLAH.

**For and on behalf of the Board**



**MANZOOR HAYAT NOON**  
Chairman & Chief Executive

**Lahore : 28 July 2009**

# BALANCE SHEET AS AT 30 JUNE 2009

	As at 30 Jun. 2009	As at 30 Sep. 2008
	(Rupees in thousand)	
<b>NON-CURRENT ASSETS</b>		
Property, plant and equipment	1,258,383	1,349,771
Investment property	17,168	17,240
Investments	67,175	88,064
Loans and advances	1,305	1,505
Deposits	732	712
	<u>1,344,763</u>	<u>1,457,292</u>
<b>CURRENT ASSETS</b>		
Stores, Spares and loose tools	55,257	51,507
Stock in trade	510,470	318,059
Trade debtors – unsecured, considered good	28,921	40,771
Income tax refundable, advance income tax and tax deducted at source	27,014	21,806
Loans and advances	10,520	19,753
Investments	20,000	–
Deposits and prepayments	1,892	1,830
Other receivables	4,477	7,058
Cash & bank balances	27,997	16,250
	<u>686,548</u>	<u>477,034</u>
<b>LESS : CURRENT LIABILITIES</b>		
Current portion of long term liabilities	134,344	136,419
Short term finances	661,603	418,523
Trade and other payables	43,119	121,778
Accrued interest and mark-up	33,717	27,806
Taxation	12,369	5,389
	<u>885,152</u>	<u>709,915</u>
<b>WORKING CAPITAL</b>	<u>(198,604)</u>	<u>(232,881)</u>
<b>TOTAL CAPITAL EMPLOYED</b>	<u>1,146,159</u>	<u>1,224,411</u>
Less : Long term finances	132,143	264,286
Liabilities against assets subject to finance lease	1,318	2,651
Deferred and other non-current liabilities	51,798	49,550
	<u>185,259</u>	<u>316,487</u>
<b>NET CAPITAL EMPLOYED</b>	<u>960,900</u>	<u>907,924</u>
<b>REPRESENTED BY :</b>		
<b>SHARE CAPITAL AND RESERVES</b>		
Share capital		
Issued, subscribed & paid up	150,159	150,159
Reserves	754,233	754,233
Unappropriated profit	56,508	3,532
Shareholders' equity	<u>960,900</u>	<u>907,924</u>
<b>CONTINGENCIES AND COMMITMENTS</b>		
	–	–
	<u>960,900</u>	<u>907,924</u>

## PROFIT & LOSS ACCOUNT FOR THE QUARTER AND NINE MONTHS ENDED 30 JUNE 2009

	Quarter ended		Nine months ended	
	30 June 2009	30 June 2008	30 June 2009	30 June 2008
	(Rupees in thousand)			
Sales – net	265,013	477,190	1,221,099	1,151,892
Cost of sales	221,531	383,823	988,367	1,018,335
<b>Gross profit</b>	<b>43,482</b>	<b>93,367</b>	<b>232,732</b>	<b>133,557</b>
Administrative & distribution expenses	16,120	23,769	69,343	80,755
<b>Operating profit</b>	<b>27,362</b>	<b>69,598</b>	<b>163,389</b>	<b>52,802</b>
Other income	1,444	15,767	4,980	22,705
	<b>28,806</b>	<b>85,365</b>	<b>168,369</b>	<b>75,507</b>
<b>Other charges</b>				
Finance cost	36,919	50,446	100,329	107,944
Other operating expenses	(553)	325	7,195	882
	<b>36,366</b>	<b>50,771</b>	<b>107,524</b>	<b>108,826</b>
<b>Profit/(loss) for the period</b>	<b>(7,560)</b>	<b>34,594</b>	<b>60,845</b>	<b>(33,319)</b>
Share of profit/(loss) from an associate	–	–	(1,354)	(786)
<b>Profit/(loss) before taxation</b>	<b>(7,560)</b>	<b>34,594</b>	<b>59,491</b>	<b>(34,105)</b>
Taxation	5,245	(155)	6,980	3,239
<b>Profit/(loss) after taxation</b>	<b>(12,805)</b>	<b>34,749</b>	<b>52,511</b>	<b>(37,344)</b>
<b>EARNINGS/(LOSS) PER SHARE</b> Rs.	<b>(0.85)</b>	<b>2.31</b>	<b>3.50</b>	<b>(2.49)</b>

## CASH FLOW STATEMENT FOR THE PERIOD ENDED 30 JUNE 2009

	2009	2008
	(Rupees in thousand)	
<b>Cash flow from operating activities :</b>		
Profit/(loss) for the period – Before Taxation	59,491	(34,105)
Adjustment for depreciation	104,969	101,822
Changes in working capital – Net	(248,974)	(183,274)
<b>Cash outflow from operating activities</b>	<b>(84,514)</b>	<b>(115,557)</b>
<b>Cash inflow from financing activities</b>	<b>107,529</b>	<b>148,460</b>
<b>Cash outflow from investing activities</b>	<b>(11,268)</b>	<b>(28,481)</b>
<b>Net increase in cash and cash equivalents</b>	<b>11,747</b>	<b>4,422</b>
<b>Cash and cash equivalents</b>		
– At the beginning of the period	16,250	14,856
<b>Cash and cash equivalents</b>		
– At the end of the period	27,997	19,278

# STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 30 JUNE 2009

	Capital Reserves					Total
	Share capital	Share premium reserve	Hedging reserve	Revenue reserve	Unappropriated profit	
	(Rupees in thousand)					
<b>Balance as at 30 Sep. 2007</b>	<b>136,508</b>	<b>147,884</b>	<b>21,457</b>	<b>620,000</b>	<b>52,935</b>	<b>978,784</b>
Nominal value of ordinary bonus shares issued	13,651	(13,651)	-	-	-	-
Loss for the year ended 30 September 2008	-	-	-	-	(50,215)	(50,215)
Adjustment arising on unwinding of derivatives cross currency interest rate swap agreements	-	-	(21,457)	-	-	(21,457)
Share of item of an Associated Company directly credited to equity	-	-	-	-	812	812
<b>Balance as at 30 Sep. 2008</b>	<b>150,159</b>	<b>134,233</b>	<b>-</b>	<b>620,000</b>	<b>3,532</b>	<b>907,924</b>
Profit for the nine months ended 30 June 2009	-	-	-	-	52,511	52,511
Share of item of an Associated Company directly credited to equity	-	-	-	-	465	465
<b>Balance as at 30 June 2009</b>	<b>150,159</b>	<b>134,233</b>	<b>-</b>	<b>620,000</b>	<b>56,508</b>	<b>960,900</b>

## NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION

1. This condensed interim financial information is unaudited and presented to the members as required by the Securities & Exchange Commission of Pakistan under Section 246 of the Companies Ordinance, 1984.
2. This condensed interim financial information complies with International Accounting Standards, where applicable, in all material respects.
3. The accounting policies adopted in preparation of this condensed interim financial information are the same as those applied in preparation of the preceding published financial statements of the Company for the year ended 30 September 2008.
4. Figures in this condensed interim financial information have been rounded-off to the nearest thousand rupees except stated otherwise and that of corresponding period have neither been re-arranged nor re-classified.



**K. Iqbal Talib**  
Managing Director



**Manzoor Hayat Noon**  
Chairman & Chief Executive

**Lahore : 28 July 2009**

<b>Registered Office</b>	: 1st Floor, Alfalah Building Shahrah-e-Quaid-e-Azam, Lahore.
<b>Head Office</b>	: 6th Floor EFU House Jail Road, Gulberg, Lahore.
<b>Shares Department</b>	: 66-Garden Block, New Garden Town, Lahore.
<b>Mills</b>	: Bhalwal, District Sargodha.
<b>Website</b>	: <a href="http://www.noonsugar.net">www.noonsugar.net</a> : <a href="http://www.noonsugar.com">www.noonsugar.com</a>