



CONTENTS

<u>Corporate Information</u>	2
<u>Directors' Report</u>	3
<u>Auditors' Review Report</u>	5
<u>Balance Sheet</u>	6
<u>Profit & Loss Account</u>	7
<u>Cash Flow Statement</u>	8
<u>Statement of Changes in Equity</u>	10
<u>Notes to the Interim Financial Information</u>	11

CORPORATE INFORMATION

BOARD OF DIRECTORS

Manzoor Hayat Noon (Chairman/Chief Executive)
K. Iqbal Talib
Javed Ali Khan
Safdar M. Hayat Qureshi
Adnan Hayat Noon
Slaman Hayat Noon
Zaheer Ahmad Khan

AUDIT COMMITTEE

Adnan Hayat Noon (Chairman)
Zaheer Ahmad Khan
Salman Hayat Noon

MANAGEMENT

K. Iqbal Talib Managing Director
Ahmad Ali Resident Director
Ehsan R. Shaikh Chief Financial Officer

SECRETARY

Syed Anwar Ali

AUDITORS

Hameed Chaudhri & Co.,
Chartered Accountants

LEGAL ADVISERS

Hassan & Hassan (Advocates)

HEAD OFFICE

6th Floor, EFU House,
Jail Road, Gulberg, Lahore

REGISTERED OFFICE

1st Floor, Alfalah Building,
Shahrah-e-Quaid-e-Azam, Lahore.

SHARES DEPARTMENT

66 – Garden Block,
New Garden Town, Lahore.

MILLS

Bhalwal, District Sargodha.

WEBSITE

www.noonsugar.net

DIRECTORS' REPORT

Dear members,

The financial statements of the Company for the half-year ended 31 March 2008, duly reviewed by the auditors along with Directors' Report on Company's operating performance for the current financial year, are presented herewith.

Alhamdulillah, the new milling unit of 8000 TCD with ancillary process house equipment, was fully operative in the current crushing season which started from 26 November 2007 and lasted 123 days upto 26 March 2008, compared with 140 days operation of the last season. Your Mills produced 44,497 tons sugar from 554,283 tons sugarcane with an average sucrose recovery of 8.03%, against 35,194 tons sugar from 467,269 tons sugarcane and 7.52% recovery of the previous season. The supply of cane, though mainly consisted of unapproved low yielding varieties, again severely affected by frost in our region, its availability to the Mills remained smooth and consistent throughout the season and the average daily crushing registered an increase of 35% over the last season.

The national sugar production has already reached 4.665 million tons till 15 April 2008. A few mills in the interior Sindh and Southern Punjab were still operational and total sugar production including beet sugar, is expected to be around 4.8 million tons. Considering the annual domestic requirements of around 4.2 millions tons, and some carried over imported stocks, a surplus of about 0.6 – 0.8 million tons is foreseen. The Government has already procured 4.0 million tons sugar from the industry through Trading Corporation of Pakistan and has approved the purchase of another 2.5 million tons, to maintain an adequate buffer stock.

The selling price of sugar had reached such a critically low level towards close of crushing season, that even the variable costs like sugarcane and sales tax / special excise duty were not recoverable. The positive policy of new Government has started showing gradual improvement from the current month and the sugar segment of your Mills is now expected to produce positive financial results during the second half of the financial year. To substantially offset the operating loss reflected in the first quarter of the year.

During the period under review, ethanol production at 12.7 million litres registered a marked increase of 81% over 7.1 million litres produced during the corresponding period of last year. As reported earlier, the raw material prices remained at reasonable levels during the first quarter of the year, which made our ethanol more competitive in the international market. Four parcels comprising 9.5 million litres, representing 74% of current period's production were shipped during the first half of the financial year. Export of another 6.25 million litres of both anhydrous and hydrous alcohol is expected during the second half of the year. However, a consistently high price of molasses, witnessed from the beginning of the second quarter, which was not adequately reflected in the export price of ethanol, is likely to yield only marginal returns from subsequent exports.

The financial results for the quarter under review have shown slight improvement yielding an operating profit of Rs. 52.7 million, earned during the second quarter, which reduced operating loss from Rs. 69.5 million to Rs. 16.8 million. Both sugar and distillery segments have contributed positively in this quarter and the second half of the year is expected to Insha Allah, further improve the operating performance of the Company.

The Board is grateful to its bankers and shareholders for their continued support and cooperation.

Lahore: 29 May 2008

for and behalf of the Board

MANZOOR HAYAT NOON
Chairman & Chief Executive

REVIEW REPORT TO THE MEMBERS

Introduction

We have reviewed the accompanying condensed interim balance sheet of NOON SUGAR MILLS LIMITED as at 31 March, 2008 and the related condensed interim profit and loss account, condensed interim cash flow statement and condensed interim statement of changes in equity together with the notes forming part thereof for the half-year then ended (here-in-after referred to as the “interim financial information”). Management is responsible for the preparation and presentation of this interim financial information in accordance with approved accounting standards as applicable in Pakistan. Our responsibility is to express a conclusion on this interim financial information based on our review. The figures of the condensed interim profit and loss account for the quarters ended 31 March, 2008 and 2007 have not been reviewed, as we are required to review only the cumulative figures for the half-year ended 31 March, 2008.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, “Review of Interim Financial Information Performed by the Independent Auditor of the Entity”. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial information as of and for the half-year ended 31 March, 2008 is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan.

Lahore: 29 May 2008

HAMEED CHAUDHRI & CO.,
CHARTERED ACCOUNTANTS

CONDENSED INTERIM BALANCE SHEET AS AT 31 MARCH 2008

	Un-audited 31 Mar., 2008	Audited 30 Sep., 2007
Note	(Rupees in thousand)	
EQUITY AND LIABILITIES		
CAPITAL AND RESERVES		
Authorised capital		
20,000,000 (30 Sep., 2007:15,000,000) ordinary shares of Rs. 10 each	200,000	150,000
Issued, subscribed and paid-up capital	150,159	136,508
Reserves	767,992	789,341
(Accumulated loss)/unappropriated profit	(18,891)	52,935
	899,260	978,784
NON-CURRENT LIABILITIES		
Long term finances	292,857	361,155
Liabilities against assets subject to finance lease	3,473	-
Long term deposits	886	1,657
Staff retirement benefits-gratuity	53,353	49,881
	350,569	412,693
CURRENT LIABILITIES		
Current portion of:		
- long term finances	136,535	107,846
- liabilities against assets subject to finance lease	1,523	799
- long term deposits	843	-
Short term finances	686,839	536,778
Trade and other payables	581,418	98,651
Accrued mark-up	23,564	22,606
Taxation	8,871	5,477
	1,439,593	772,157
CONTINGENCIES AND COMMITMENTS		
	-	-
	2,689,422	2,163,634
ASSETS		
NON-CURRENT ASSETS		
Property, plant and equipment	1,411,270	1,444,154
Investment property	17,291	17,341
Investments	87,527	81,208
Loans and advances	1,856	1,240
Deposits	662	712
	1,518,606	1,544,655
CURRENT ASSETS		
Stores, spares and loose tools	53,446	55,324
Stock-in-trade	1,009,476	471,149
Trade debts-unsecured considered good	13,336	11,407
Income tax refundable, advance income tax and tax deducted at source	23,980	19,782
Loans and advances	17,669	16,865
Deposits and prepayments	3,476	2,127
Other receivables	18,641	27,469
Cash and bank balances	30,792	14,856
	1,170,816	618,979
	2,689,422	2,163,634

The annexed notes form an integral part of this condensed interim financial information.

MANZOOR HAYAT NOON

Chairman & Chief Executive

SALMAN HAYAT NOON

Director

CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (Un-audited) For the Quarter and Half Year Ended 31 March 2008

	For the 2 nd Quarter		Cumulative	
	Jan.-Mar. 2008	Jan.-Mar. 2007	Oct.-Mar. 2008	Oct.-Mar. 2007
	----- Rupees in thousand -----			
Sales				
– local	257,409	278,372	533,286	554,953
– export	91,356	–	219,086	82,792
	348,765	278,372	752,372	637,745
Less:				
– sales tax	35,838	37,386	74,536	77,434
– special excise duty	1,196	–	1,627	–
– commission	700	656	1,507	1,041
	37,734	38,042	77,670	78,475
Sales – net	311,031	240,330	674,702	559,270
Cost of sales	230,538	206,293	634,512	505,485
Gross profit	80,493	34,037	40,190	53,785
Administrative expenses	16,244	15,855	30,764	29,626
Distribution cost	11,581	2,535	26,222	9,580
	27,825	18,390	56,986	39,206
Operating profit / (loss)	52,668	15,647	(16,796)	14,579
Other operating income	5,306	2,252	6,827	5,124
Interest and mark-up	74	82	111	121
	5,380	2,334	6,938	5,245
	58,048	17,981	(9,858)	19,824
Finance cost	36,486	11,151	57,498	16,490
Other operating expenses	223	(92)	557	261
	36,709	11,059	58,055	16,751
Profit/(loss) before taxation and share of loss from an Associated Company	21,339	6,922	(67,913)	3073
Share of loss from an Associated Company - net of taxation	(786)	(2,512)	(786)	(2,512)
Profit / (loss) before taxation	20,553	4,410	(68,699)	561
Taxation				
– current (note 9.1)	1,565	1,191	3,394	2,794
– deferred (note 9.2)	–	580	–	1,814
	1,565	1,771	3,394	4,608
Profit / (loss) after taxation	18,988	2,639	(72,093)	(4,047)
	----- Rupees -----			
Earnings / (loss) per share	1.26	0.18	(4.80)	(0.27)

- The annexed notes form an integral part of this condensed interim financial information.
- Appropriations have been reflected in the statement of changes in equity.

MANZOOR HAYAT NOON
Chairman & Chief Executive

SALMAN HAYAT NOON
Director

**CONDENSED INTERIM
CASH FLOW STATEMENT (Un-audited)
For the Half Year Ended 31 March 2008**

	Half-year ended	
	31 March 2008	31 March 2007
	(Rupees in thousand)	
Cash flow from operating activities		
(Loss)/profit for the period before share of loss of an Associated Company and taxation	(67,913)	3,073
Adjustments for non-cash changes and other items:		
Depreciation on operating fixed assets and investment property	67,132	25,883
Gain on sale of operating fixed assets – net	(1,503)	(627)
Dividend on preference shares	(1,632)	(1,200)
Staff retirement benefits – gratuity	4,857	4,333
Interest and mark-up income	(111)	(121)
Provision against slow moving stores and spares inventory	498	(1,076)
Finance cost	57,498	16,490
	58,826	46,755
Cash flow from operating activities		
– before working capital changes		
(Increase)/decrease in current assets:		
Stores, spares and loose tools	1,380	(1,446)
Stock-in-trade	(538,327)	(365,263)
Trade debts	(1,929)	14,591
Loans and advances	(804)	5,219
Deposits and prepayments	(1,349)	174
Other receivables	(71)	2
Increase in trade and other payables	482,806	166,074
	(58,294)	(180,649)
Cash inflow / (outflow) from operating activities	532	(133,894)
Taxes paid	(4,198)	(4,431)
Staff retirement benefits (gratuity) paid	(1,385)	(1,203)
Deposits – net	50	–
Net cash outflow from operating activities-after taxation	(5,001)	(139,528)

	Half-year ended	
	31 March	31 March
	2008	2007
	(Rupees in thousand)	
Cash flow from investing activities		
Property, plant and equipment acquired	(36,370)	(177,504)
Sale proceeds of operating fixed assets	3,676	1,019
Long term deposits from employees – net	72	107
Investments	(6,838)	–
Loans and advances to employees – net	(616)	(628)
Interest, profit and dividend received	2,943	3,237
Net cash outflow from investing activities	(37,133)	(173,769)
Cash flow from financing activities		
Long term finance – net	(39,609)	36,473
Lease finance – net	4,197	(1,347)
Short term finances – net	150,061	346,180
Finance cost paid	(56,540)	(8,389)
Dividends paid	(39)	(24)
Net cash inflow from financing activities	58,070	373,163
Net increase in cash and cash equivalents	15,936	59,866
Cash and cash equivalents		
– at the beginning of the period	14,856	18,206
Cash and cash equivalents		
– at the end of the period	30,792	78,072

The annexed notes form an integral part of this condensed interim financial information.

MANZOOR HAYAT NOON
Chairman & Chief Executive

SALMAN HAYAT NOON
Director

**CONDENSED INTERIM
STATEMENT OF CHANGES IN EQUITY
(Un-audited)
For the Half Year Ended 31 March 2008**

	Capital Reserves		Revenue reserve	Sub-total	Unappropriated profit / (accumulated loss)	Total	
	Share premium reserve	Hedging reserve					
	----- Rupees in thousand -----						
Balance as at 30 September, 2006	113,757	170,635	-	620,000	790,635	88,084	992,476
Nominal value of ordinary bonus shares issued	22,751	(22,751)	-	-	(22,751)	-	-
Loss for the half-year ended 31 March, 2007	-	-	-	-	-	(4,047)	(4,047)
Share of item of an Associated Company directly credited to equity	-	-	-	-	-	270	270
Balance as at 31 March, 2007	136,508	147,884	-	620,000	767,884	84,307	988,699
Loss for the half-year ended 30 September, 2007	-	-	-	-	-	(31,704)	(31,704)
Share of item of an Associated Company directly credited to equity	-	-	-	-	-	332	332
Gain arising on derivative cross currency interest rate swap agreements	-	-	21,457	-	21,457	-	21,457
Balance as at 30 September, 2007	136,508	147,884	21,457	620,000	789,341	52,935	978,784
Nominal value of ordinary bonus shares issued	13,651	(13,651)	-	-	(13,651)	-	-
Loss for the half-year ended 31 March, 2008	-	-	-	-	-	(72,093)	(72,093)
Share of item of an Associated Company directly credited to equity	-	-	-	-	-	267	267
Loss arising on derivative cross currency interest rate swap agreements	-	-	(7,698)	-	(7,698)	-	(7,698)
Balance as at 31 March, 2008	150,159	134,233	13,759	620,000	767,992	(18,891)	899,260

The annexed notes form an integral part of this condensed interim financial information.

MANZOOR HAYAT NOON
Chairman & Chief Executive

SALMAN HAYAT NOON
Director

SELECTED NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION

For the Half Year Ended 31 March 2008 (Un-audited)

1. 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 6th Floor, EFU House, Jail Road, Gulberg, Lahore.
2. This condensed interim financial information has been prepared in accordance with the requirements of International Accounting Standard 34 (Interim Financial Reporting) and has been reviewed by the external Auditors as required by the Code of Corporate Governance.
3. This condensed interim financial information does not include all the information required for full financial statements and should be read in conjunction with the preceding published annual financial statements of the Company for the year ended 30 September, 2007.
4. The accounting policies adopted for the preparation of this condensed interim financial information are the same as those applied in preparation of the preceding published annual financial statements of the Company for the year ended 30 September, 2007.
5. The significant judgment, estimates and assumptions used by the management in preparation of this condensed interim financial information are the same as those applied to the preceding published annual financial statements of the Company for the year ended 30 September, 2007.

6. ISSUED, SUBSCRIBED AND PAID-UP CAPITAL

The Company, during the current period, has issued 1,365,078 fully paid-up bonus shares of Rs. 10 each by capitalizing share premium reserve amounting Rs. 13.651 million.

7. LONG TERM FINANCES – Secured

	Un-audited Half-year ended 31 Mar., 2008	Audited Year- ended 30 Sep., 2007
	(Rupees in thousand)	
NIB Bank Ltd. (2007: Pakistan Industrial Credit & Investment Corporation Ltd.)	4,392	6,501
United Bank Limited (UBL)	225,000	262,500
MCB Bank Limited (MCB)	200,000	200,000
	429,392	469,001
Less: current portion grouped under current liabilities:		
– NIB	4,392	4,275
– UBL	75,000	75,000
– MCB	57,143	28,571
	136,535	107,846
	292,857	361,155

8. TRADE AND OTHER PAYABLES	Note	Un-audited Half-year ended 31 Mar., 2008 (Rupees in thousand)	Audited Year- ended 30 Sep., 2007
Interest free deposits:			
– repayable on demand		23	13
– others		5	35
Creditors		438,374	69,254
Advance payments		78,737	1,128
Retention money		23,532	600
Sales tax payable		700	11,462
Accrued expenses		33,207	9,141
Income tax deducted at source		140	100
Workers' (profit) participation fund		75	75
Workers' welfare fund		1,690	1,690
Unclaimed dividends		3,573	3,612
Others		1,362	1,541
		<u>581,418</u>	<u>98,651</u>

9. TAXATION

- 9.1** In view of available tax losses, the current tax expense represents the minimum tax on turnover for the period due under section 113 of the Income Tax Ordinance, 2001.
- 9.2** Deferred tax asset has not been recognised in the books of account due to uncertainty about the availability of taxable profits in the foreseeable future.

10. CONTINGENCIES AND COMMITMENTS

- 10.1** There is no significant change in the status of contingencies as reported in the preceding published annual financial statements of the Company for the year ended 30 September, 2007.
- 10.2** Commitments for capital expenditure outstanding as at 31 March, 2008 were for Rs. 3.630 million (30 September, 2007: Rs. 72.051 million).
- 10.3** Commitments against irrevocable letters of credit outstanding as at 31 March, 2008 were for Rs. 1.229 million (30 September, 2007: Rs. Nil).

11. PROPERTY, PLANT AND EQUIPMENT

Operating fixed assets	11.1	1,403,030	455,133
Non-operating plant & machinery		7,000	7,000
Capital work-in-progress – at cost	11.2	1,240	982,021
		<u>1,411,270</u>	<u>1,444,154</u>

11.1. Operating fixed assets

**Un-audited
Half-year
ended
31 Mar.,
2008
(Rupees in thousand)**

**Audited
Year-
ended
30 Sep.,
2007**

Opening book value	455,133	469,909
Additions during the period/year:		
Owened:		
Buildings on freehold land – factory	104,030	2,057
Plant and machinery	872,250	23,183
Scales and weighbridges	1,529	941
Other equipment	43	731
Electric installations and fittings	32,621	522
Office equipment	89	557
Furniture and fixtures	17	515
Vehicles	-	11,110
Leased:		
Vehicles	6,572	-
	1,017,151	39,616
Book value of assets disposed-off during the period/year	2,172	1,468
Depreciation charge for the period/year	67,082	52,924
Closing book value	<u>1,403,030</u>	<u>455,133</u>

11.2 Capital work-in-progress – at cost

Buildings – factory		
– civil works	-	78,999
– advance payments / progress payments to contractors	-	14,933
	-	93,932
Plant and machinery		
Local:		
– Costs	-	848,540
– advance payments/progress payments to contractors	-	4,674
Imported	1,210	942
	1,210	854,156
Scales and weigh-bridges		
– costs	-	1,529
– advance payments	-	4
	-	1,533
Electric installations and fittings		32,370
Others – advance payments	30	30
	<u>1,240</u>	<u>982,021</u>

12. INVESTMENTS (In related parties) – Quoted	Un-audited Half-year ended 31 Mar., 2008 (Rupees in thousand)	Audited Year- ended 30 Sep., 2007
Held-to-maturity		
Noon Pakistan Ltd. 2,000,000 – 12% redeemable cumulative preference shares of Rs. 10 each	20,000	20,000
Equity instruments of an Associated Company – equity method		
Pioneer Cement Ltd. 3,826,151 (30 September, 2007: 3,256,299) fully paid ordinary shares of Rs. 10 each	61,208	68,112
Equity held 1.92% (30 September, 2007: 1.92%) Opening balances		
569,852 right shares subscribed during the period @ Rs. 12 per share (including premium of Rs. 2 per share)	6,838	–
Share of loss for the period/year-net of tax	(786)	(4,390)
Transfer from surplus on revaluation of fixed assets on account of incremental depreciation	267	602
Distribution received	–	(3,116)
	67,527	61,208
	87,527	81,208
13. STOCK-IN-TRADE		
Raw materials – molasses	90,994	46,605
Work-in-process		
– Sugar	789	1,136
– Molasses	2,171	1,631
	2,960	2,767
Finished goods		
– Sugar-at cost (30 September, 2007: at net realisable value)	850,726	341,150
– Spirit	64,390	80,419
	915,116	421,569
Other stocks – Fair Price Shop and Depot	406	208
	1,009,476	471,149
14. OTHER RECEIVABLES		
Claims receivable – considered good	515	515
Dividend on preference shares	4,200	5,400
Fair value derivative financial instruments	13,759	21,457
Others	167	97
	18,641	27,469

15. SEGMENT-WISE OPERATING RESULTS

	Quarter ended 31 March 2008			Half-year ended 31 March, 2008		
	Sugar	Distillery	Total	Sugar	Distillery	Total
	----- Rupees in thousand -----					
Sales – net						
Local and export	177,189	133,842	311,031	370,411	304,291	674,702
Inter-segment	87,200	–	–	103,212	–	–
	264,389	133,842	311,031	473,623	304,291	674,702
Cost of sales	224,950	92,788	230,538	505,278	232,446	634,512
Gross profit/(loss)	39,439	41,054	80,493	(31,655)	71,845	40,190
Administrative expenses	11,695	4,549	16,244	22,281	8,483	30,764
Distribution cost	1,548	10,033	11,581	1,889	24,333	26,222
	13,243	14,582	27,825	24,170	32,816	56,986
Operating profit/(loss)	26,196	26,472	52,668	(55,825)	39,029	(16,796)

	Quarter ended 31 March 2007			Half-year ended 31 March, 2007		
	Sugar	Distillery	Total	Sugar	Distillery	Total
	----- Rupees in thousand -----					
Sales – net						
Local and export	211,148	29,182	240,330	402,468	156,802	559,270
Inter-segment	56,136	–	–	72,327	–	–
	267,284	29,182	240,330	474,795	156,802	559,270
Cost of sales	237,573	24,844	206,281	447,715	130,097	505,485
Gross profit	29,711	4,338	34,049	27,080	26,705	53,785
Administrative expenses	11,783	4,141	15,924	21,191	8,435	29,626
Distribution cost	268	2,267	2,535	569	9,011	9,580
	12,051	6,408	18,459	21,760	17,446	39,206
Operating profit/(loss)	17,660	(2,070)	15,590	5,320	9,259	14,579

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

16. TRANSACTIONS WITH RELATED PARTIES

The Company has related party relationship with its Associates, employee benefit plans, its directors and key management personnel. Transactions with related parties are carried-out on arm's length basis. No transactions, except for the following, were executed with related parties during the current period:

- remuneration and benefits to key management personnel under the terms of their employment;
- receipt of preference dividend amounting Rs. 2.832 million from Noon Pakistan Ltd.; and
- subscription of 569,852 right shares of Pioneer Cement Ltd.

17. DATE OF AUTHORISATION FOR ISSUE

This condensed interim financial information was authorised for issue by the Board of Directors of the Company in its meeting held on 29 May, 2008.

18. FIGURES

- Figures in this condensed interim financial information have been rounded-off to the nearest thousand Rupees except stated otherwise.
- Corresponding figures have neither been re-arranged nor re-classified.

MANZOOR HAYAT NOON

Chairman & Chief Executive

SALMAN HAYAT NOON

Director