

# DIRECTORS' REPORT

Dear members,

The un-audited financial statements of the Company for the first quarter ending 31 December 2007, though representing only one month's sugar mills operation, are presented herewith to fulfill the statutory requirements.

During the first 53 days' operations, the daily crushing of sugarcane registered an increase of 40.6% over last year's average crushing of the corresponding period, mainly due to the operation of new milling unit from the beginning of the current season. In view of bumper crop of sugarcane anticipated for the current season, sugarcane supply to the Mills is expected to remain consistent during the remaining part of the season. However, due to huge load of excessive imported sugar and carry-over from the previous season, its current price is the lowest of the past three years and continues to plummet to a critical level where even cost of sugarcane and sales tax / special excise duty are not fully recovered. The Government is urged to intervene for the disposal of excessive sugar stocks to avert the crisis and save the sugar industry from a complete collapse.

Encouraged by the favourable trend in raw material prices prevalent at the beginning of the current fiscal year, to make our ethanol more competitive in the international market, the production schedule was planned accordingly. The distillery plant produced 6.264 million litres of hydrous alcohol during the quarter under review compared with 3.439 million litres produced during the corresponding period of last year. However, an unexpected rising trend in the both international and local prices of molasses, witnessed from the beginning of the second quarter, may not reflect in export prices of ethanol in the international market. Two parcels comprising 5.7 million litres were shipped during the quarter under review. Firm orders for another 5.0 million litres are in place for shipment during the second quarter of the current fiscal year. Efforts are under way to secure further orders for a similar volume for shipment during third and fourth quarters to maintain production schedule of the distillery unit, subject to availability of molasses at reasonable levels to maintain the viability of this operation.

The financial results for the quarter under review showed negative trend, mainly due to an operating loss of Rs. 82.021 million suffered by the sugar segment, attributed primarily to valuation of sugar stocks at realisable value of carry-over stocks, compared to a loss of Rs. 12.380 million reflected in the financial statements of the corresponding period of last year. The distillery division however, registered a marginal increase of Rs. 1.244 million over last year's operating profit. Net loss for the period amounted to Rs. 91.081 million with negative EPS of Rs. 6.67 against Rs. 6.686 million with per share loss of Rs. 0.59 suffered during the corresponding quarter of the last year. In view of uncertain market conditions, the financial results for the year cannot be assessed at this stage. The management is however, putting all possible efforts to improve operating performance of the Company to contain the losses.

**For and on behalf of the Board**



**MANZOOR HAYAT NOON**

Chairman & Chief Executive

**Lahore : 29 January 2008**

# BALANCE SHEET AS AT 31 DECEMBER 2007

	As at 31 Dec. 2007	As at Sep. 30, 2007
	(Rupees in thousand)	
<b>NON-CURRENT ASSETS</b>		
Property, plant and equipment	1,420,916	1,444,154
Investment property	17,316	17,341
Investments	88,046	81,208
Long term loans and advances	1,045	1,240
Long term deposits	712	712
	<u>1,528,035</u>	<u>1,544,655</u>
<b>CURRENT ASSETS</b>		
Stores, Spares and loose tools	52,170	55,324
Stock in trade	427,424	471,149
Trade debtors – unsecured, considered good	68,333	11,407
Income tax refundable, advance income tax and tax deducted at source	20,630	19,782
Loans and advances	20,880	16,865
Deposits and prepayments	4,169	2,127
Other receivables	30,415	27,469
Cash & bank balances	15,148	14,856
	<u>639,169</u>	<u>618,979</u>
<b>LESS : CURRENT LIABILITIES</b>		
Current portion of long term liabilities	137,224	108,645
Short term finances – secured	537,119	536,778
Trade and other payables	233,863	98,651
Accrued mark-up	16,448	22,606
Workers welfare fund	1,690	–
Taxation	7,306	5,477
	<u>933,650</u>	<u>772,157</u>
<b>WORKING CAPITAL</b>	(294,481)	(153,178)
<b>TOTAL CAPITAL EMPLOYED</b>	<u>1,233,554</u>	<u>1,391,477</u>
Less : Long term finances	292,857	361,155
Other non-current liabilities	52,994	51,538
	<u>345,851</u>	<u>412,693</u>
<b>NET CAPITAL EMPLOYED</b>	<u>887,703</u>	<u>978,784</u>
<b>REPRESENTED BY :</b>		
<b>SHARE CAPITAL AND RESERVES</b>		
Share capital		
Issued, subscribed & paid up	136,508	136,508
Reserves	789,341	789,341
Unappropriated profit/(loss)	(38,146)	52,935
	<u>887,703</u>	<u>978,784</u>
<b>CONTINGENCIES AND COMMITMENTS</b>	–	–
	<u>887,703</u>	<u>978,784</u>

# PROFIT & LOSS ACCOUNT

## FOR THE QUARTER ENDED 31 DECEMBER 2007

	2007	2006
	(Rupees in thousand)	
Sales – net	363,671	318,941
Cost of sales	<u>403,974</u>	<u>299,192</u>
Gross profit	(40,303)	19,749
Administrative & marketing expenses	<u>29,161</u>	<u>20,816</u>
Operating (loss)/ profit	(69,464)	(1,067)
Other operating income	<u>1,558</u>	<u>2,910</u>
	(67,906)	1,843
<b>Other charges</b>		
Finance cost	21,012	5,339
Other operating expenses	334	353
	<u>21,346</u>	<u>5,692</u>
<b>(Loss)/profit before taxation</b>	<u>(89,252)</u>	<u>(3,849)</u>
<b>Taxation</b>	<u>1,829</u>	<u>2,837</u>
<b>(Loss)/profit after taxation</b>	<u>(91,081)</u>	<u>(6,686)</u>
<b>EARNINGS/(LOSS) PER SHARE</b>	<u>(6.67)</u>	<u>(0.59)</u>

# CASH FLOW STATEMENT

## FOR THE QUARTER ENDED 31 DECEMBER 2007

	2007	2006
	(Rupees in thousand)	
<b>Cash flow from operating activities :</b>		
(Loss)/Profit for the period – Before Taxation	(89,252)	(3,849)
Adjustment for Depreciation	35,263	12,818
Changes in working capital – Net	<u>105,658</u>	<u>100,911</u>
<b>Cash inflow/(outflow) from operating activities</b>	<u>51,669</u>	<u>109,880</u>
<b>Cash inflow/(outflow) from financing activities</b>	(39,378)	6,960
<b>Cash outflow from investing activities</b>	<u>(11,999)</u>	<u>(81,842)</u>
<b>Net increase/(decrease) in cash and cash equivalents</b>	292	34,998
<b>Cash and cash equivalents</b>		
– At the beginning of the period	<u>14,856</u>	<u>18,206</u>
<b>Cash and cash equivalents</b>		
– At the end of the period	<u>15,148</u>	<u>53,204</u>

# STATEMENT OF CHANGES IN EQUITY FOR THE QUARTER ENDED 31 DECEMBER 2007

	2007		2006		As at 31-12-2006	
	As at 30-09-2007	Changes	As at 31-12-2007	As at 30-09-2006		Changes
(Rupees in thousand)						
Share capital	136,508	-	136,508	113,757	-	113,757
Capital Reserves:						
- Share Premium Account	147,884	-	147,884	170,635	-	170,635
- Hedging Reserve	21,457	-	21,457	-	-	-
Revenue Reserve – general	620,000	-	620,000	620,000	-	620,000
Unappropriated profit/(loss)	52,935	(91,081)	(38,146)	88,084	(6,686)	81,398
	<b>978,784</b>	<b>(91,081)</b>	<b>887,703</b>	<b>992,476</b>	<b>(6,686)</b>	<b>985,790</b>

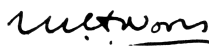
## NOTES TO THE FINANCIAL STATEMENTS

1. These financial statements are unaudited and presented to the members as required by the Securities & Exchange Commission of Pakistan under Section 246 of the Companies Ordinance, 1984.
2. These financial statements comply with International Accounting Standards, where applicable, in all material respects.
3. Accounting policies adopted in preparation of these financial statements are the same as those applied in the last annual published financial statements of the Company.
4. Figures in these financial statements have been rounded-off to the nearest thousand rupees and that of corresponding period have neither been re-arranged nor reclassified.



**K. Iqbal Talib**

**Lahore : 29 January 2008** Managing Director



**Manzoor Hayat Noon**

Chairman & Chief Executive

<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>