

Directors' Report

Dear members,

The un-audited condensed interim financial information of the Company for the third quarter ended 30 June 2010 is presented herewith as required by the Companies Ordinance, 1984.

There has been no significant change in the facts reported by your Directors in their detailed review of the current year's performance of the Company in the half-yearly accounts. Operating Loss for the period at Rs.50.244 million includes Rs.16.973 million added during the third quarter mainly due to depressed selling price of sugar which could not make any positive contribution as its stocks were valued at net realisable value on 31 March 2010. Net Loss for the period amounted to Rs. 139.020 million with negative EPS of Rs. 8.42 compared to Net Profit of Rs. 52.511 million with EPS of Rs.3.18 earned during the corresponding period of last year.

As reported earlier, lower production at relatively higher raw material and conversion costs has adversely affected financial results of the Company. Apprehending the possibility of repeating harsh intervening measures by the Government and media trial of the sugar industry, as witnessed during the preceding year, the sugar market continues to remain under pressure and the situation is not likely to show any marked improvement during the last quarter of the year.

The Distillery plant produced 6.878 million litres ethanol compared with 6.647 million litres produced during the corresponding period of last year. The capacity utilisation of the distillery plant has remained restricted due to limited availability and high cost of molasses and would continue to operate periodically until the commencement of next crushing season in order to keep the biomass alive for gas generation and to cover domestic requirements of ethanol.

In view of the uncertainties prevalent in the sugar market, no major contribution is expected from the sugar segment. Distillery operation is, however, expected to produce relatively better returns and make some positive contribution to the Company's profitability at the year end.

Statement u/s 236(3) of the Companies Ordinance, 1984
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The Directors' Report to the Shareholders has not been authenticated by the Chief Executive as he was out of Pakistan.
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Lahore: 27 July 2010

For and on behalf of the Board



K. Iqbal Talib
Managing Director



Adnan Hayat Noon
Director

CONDENSED INTERIM BALANCE SHEET AS AT 30 JUNE 2010

	As at 30 Jun. 2010	As at 30 Sep. 2009
(Rupees in thousand)		
NON-CURRENT ASSETS		
Property, plant and equipment	1,136,184	1,225,452
Investment property	17,077	17,145
Investments	42,824	37,990
Loans and advances	1,011	1,102
Deposits	1,261	740
	1,198,357	1,282,429
CURRENT ASSETS		
Stores, spares and loose tools	58,834	57,974
Stock in trade	585,140	133,203
Trade debtors - unsecured, considered good	4,111	3,112
Income tax refundable, advance income tax and tax deducted at source	30,322	22,609
Loans and advances	20,026	13,799
Investments-Held for sale	69,225	69,225
Deposits and prepayments	1,469	2,142
Other receivables	7,243	4,513
Cash & bank balances	13,037	9,766
	789,407	316,343
LESS: CURRENT LIABILITIES		
Current portion of long term liabilities	133,766	134,501
Short term finances-secured	762,993	253,182
Trade and other payables	146,918	30,261
Accrued mark-up	31,801	20,519
Taxation	21,910	9,575
	1,097,388	448,038
WORKING CAPITAL	(307,981)	(131,695)
TOTAL CAPITAL EMPLOYED	890,376	1,150,734
Less: Long term finances	28,572	132,143
Liabilities against assets subject to finance lease	-	729
Deferred and other non-current liabilities	50,453	52,507
	79,025	185,379
NET CAPITAL EMPLOYED	811,351	965,355
REPRESENTED BY:		
SHARE CAPITAL AND RESERVES		
Share capital		
Issued, subscribed & paid up	165,175	150,159
Reserves	739,217	754,233
Unappropriated (loss)/profit	(93,041)	60,963
Shareholders' equity	811,351	965,355
CONTINGENCIES AND COMMITMENTS	-	-
	811,351	965,355

CONDENSED INTERIM PROFIT & LOSS ACCOUNT FOR THE QUARTER AND NINE MONTHS ENDED 30 JUNE 2010

	Quarter ended		Nine months ended	
	30 June 2010	30 June 2009	30 June 2010	30 June 2009
	(Rupees in thousand)			
Sales-net	334,372	265,013	1,231,101	1,221,099
Cost of sales	<u>329,781</u>	<u>221,531</u>	<u>1,211,271</u>	<u>988,367</u>
Gross profit	4,591	43,482	19,830	232,732
Administrative & distribution expenses	<u>21,564</u>	<u>16,120</u>	<u>70,074</u>	<u>69,343</u>
Operating (loss)/profit	(16,973)	27,362	(50,244)	163,389
Other income	<u>2,195</u>	<u>1,444</u>	<u>3,433</u>	<u>4,980</u>
	(14,778)	28,806	(46,811)	168,369
Other charges				
Finance cost	<u>34,566</u>	<u>36,919</u>	<u>83,410</u>	<u>100,329</u>
Other operating expenses	<u>246</u>	<u>(553)</u>	<u>1,266</u>	<u>7,195</u>
	<u>34,812</u>	<u>36,366</u>	<u>84,676</u>	<u>107,524</u>
(Loss)/profit for the period	(49,590)	(7,560)	(131,487)	60,845
Share of profit/(loss) from an associate	-	-	4,802	(1,354)
(Loss)/profit before taxation	(49,590)	(7,560)	(126,685)	59,491
Taxation	<u>7,292</u>	<u>5,245</u>	<u>12,335</u>	<u>6,980</u>
(Loss)/profit after taxation	<u>(56,882)</u>	<u>(12,805)</u>	<u>(139,020)</u>	<u>52,511</u>
(LOSS)/EARNINGS PER SHARE Rs.	<u>(3.44)</u>	<u>(0.78)</u>	<u>(8.42)</u>	<u>3.18</u>

CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME FOR THE QUARTER AND NINE MONTHS ENDED 30 JUNE 2010

(Loss)/profit after taxation	(56,882)	(12,805)	(139,020)	52,511
Other comprehensive income	-	-	-	-
Total comprehensive (loss)/income for the period	<u>(56,882)</u>	<u>(12,805)</u>	<u>(139,020)</u>	<u>52,511</u>

CONDENSED INTERIM CASH FLOW STATEMENT FOR THE PERIOD ENDED 30 JUNE 2010

	2010	2009
	(Rupees in thousand)	
Cash flow from operating activities:		
(Loss)/profit for the period-Before Taxation	(126,685)	59,491
Adjustment for depreciation	94,691	104,969
Changes in working capital-Net	<u>(353,439)</u>	<u>(248,974)</u>
Cash outflow from operating activities	(385,433)	(84,514)
Cash inflow from financing activities	401,479	107,529
Cash outflow for investing activities	<u>(12,775)</u>	<u>(11,268)</u>
Net increase in cash and cash equivalents	3,271	11,747
Cash and cash equivalents		
- At the beginning of the period	<u>9,766</u>	<u>16,250</u>
Cash and cash equivalents		
- At the end of the period	<u>13,037</u>	<u>27,997</u>

**CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 30 JUNE 2010**

	Share capital	Share premium account (Rupees in thousand)	Revenue reserve	Unappro- priated profit	Total
Balance as at 30 September 2008	150,159	134,233	620,000	3,532	907,924
Total comprehensive income for the year ended 30 September 2009	-	-	-	56,572	56,572
Share of item of an Associated Company directly credited to equity	-	-	-	859	859
Balance as at 30 September 2009	150,159	134,233	620,000	60,963	965,355
Nominal value of ordinary bonus shares issued	15,016	(15,016)	-	-	-
Cash dividend for the year ended 30 September 2009 @ Re. 1 per share				(15,016)	(15,016)
Total comprehensive loss for the nine months ended 30 June 2010	-	-	-	(139,020)	(139,020)
Share of item of an Associated Company directly credited to equity	-	-	-	32	32
Balance as at 30 June 2009	165,175	119,217	620,000	(93,041)	811,351

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION

- 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.
- This condensed interim financial information complies with International Accounting Standards, where applicable, in all material respects.
- 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 2009.
- 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.

Statement u/s 241(2) of the Companies Ordinance, 1984
The financial statements have not been authenticated by the Chief Executive as he was out of Pakistan.



K. Iqbal Talib
Managing Director



Adnan Hayat Noon
Director

Lahore: 27 July 2010