

DIRECTORS' REPORT

Dear members,

Your Directors hereby present un-audited condensed interim financial information of the Company for the third quarter ended 30 June 2008.

The quarter under review, witnessed an improvement in the operating results of both sugar and distillery segments. The operating profit for the third quarter amounting Rs. 69.598 million, compares favourably with Rs. 52.668 million earned during the preceding quarter of the current financial year. Quarterly net Profit of Rs. 34.749 million, with an EPS of Rs. 2.31 reduced the year-to-date loss from Rs. 72.093 million to Rs. 37.344 million, reflecting in loss per share of Rs. 2.49 at the end of this quarter.

As reported earlier, with a record national sugar production of 4.733 million tons during 2007-08 season, a surplus of over 0.6 million tons was foreseen. The Government's decision to create a buffer stock by procuring this surplus quantity through Trading Corporation of Pakistan (TCP), started showing positive results with gradual improvement in the selling price of sugar in the domestic market. However, the scrapping of two successive sugar tenders by TCP, sent wrong signals and depressed the market again which persisted till the end of June 2008.

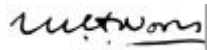
The Provincial Government, on the other hand, exerted undue pressure to make the balance payment to cane growers, resorting to harsh administrative and legal measures in some instances. Most mills therefore, having already exhausted their borrowing limits, had to continue selling sugar at uneconomical levels.

Driven by barely sufficient balance stock till the beginning of next crushing season, combined with a forecast of 30.-35% reduction in crop area, projecting a lower sugar production in the coming year, the market is expected to show a positive trend during the last quarter of the financial year, to hopefully improve the year-end results of the Company.

The Distillery operations have registered a significant improvement during the period under review. Ethanol exports accounted for 72% of current period's production at relatively favourable export prices. The last quarter of the financial year is expected to contribute further with additional five million litres ethanol exports expected during the said quarter.

In view of relatively stable market conditions for both sugar and ethanol segments, the overall financial results of the Company are expected to further improve during the last quarter of the year and convert net loss into marginal profits, Insha Allah.

For and on behalf of the Board



MANZOOR HAYAT NOON
Chairman & Chief Executive

Lahore : 28 July 2008

BALANCE SHEET AS AT 30 JUNE 2008

	As at 30 Jun. 2008	As at 30 Sep. 2007
	(Rupees in thousand)	
NON-CURRENT ASSETS		
Property, plant and equipment		
Operating fixed assets	1,364,860	455,133
Non-operating plant & machinery	7,000	7,000
Capital work-in-progress – at cost	10	982,021
	<u>1,371,870</u>	<u>1,444,154</u>
Investment property	17,266	17,341
Long term investments	87,528	81,208
Long term loans and advances	1,698	1,240
Long term deposits	512	712
	<u>1,478,874</u>	<u>1,544,655</u>
CURRENT ASSETS		
Stores, Spares and loose tools	59,478	55,324
Stock in trade	783,118	471,149
Trade debtors – unsecured, considered good	15,491	11,407
Income tax refundable, advance income tax and tax deducted at source	25,174	19,782
Loans and advances	15,644	16,865
Deposits and prepayments	5,288	2,127
Other receivables	19,215	27,469
Cash & bank balances	19,278	14,856
	<u>942,686</u>	<u>618,979</u>
LESS : CURRENT LIABILITIES		
Current portion of long term liabilities	136,734	108,645
Short term finances	751,947	536,778
Trade and other payables	256,121	98,651
Accrued interest and mark-up	18,090	22,606
Taxation	8,716	5,477
	<u>1,171,608</u>	<u>772,157</u>
WORKING CAPITAL	<u>(228,922)</u>	<u>(153,178)</u>
TOTAL CAPITAL EMPLOYED	<u>1,249,952</u>	<u>1,391,477</u>
Less : Long term finances	264,286	361,155
Liabilities against assets subject to finance lease	3,113	–
Deferred and other non-current liabilities	48,542	51,538
	<u>315,941</u>	<u>412,693</u>
NET CAPITAL EMPLOYED	<u>934,011</u>	<u>978,784</u>
REPRESENTED BY :		
SHARE CAPITAL AND RESERVES		
Share capital		
Issued, subscribed & paid up	150,159	136,508
Reserves	767,992	789,341
Unappropriated profit	15,860	52,935
Shareholders' equity	934,011	978,784
CONTINGENCIES AND COMMITMENTS	–	–
	<u>934,011</u>	<u>978,784</u>

PROFIT & LOSS ACCOUNT

FOR THE QUARTER AND NINE MONTHS ENDED 30 JUNE 2008

	Quarter ended		Nine months ended	
	30 June 2008	30 June 2007	30 June 2008	30 June 2007
	(Rupees in thousand)			
Sales – net	477,190	169,396	1,151,89	728,666
Cost of sales	383,823	162,168	1,018,33	667,653
Gross profit	<u>93,367</u>	<u>7,228</u>	<u>133,557</u>	<u>61,013</u>
Administrative & distribution expenses	23,769	11,676	80,755	50,882
Operating profit/(loss)	<u>69,598</u>	<u>(4,448)</u>	<u>52,802</u>	<u>10,131</u>
Other income	15,767	602	22,705	5,847
	<u>85,365</u>	<u>(3,846)</u>	<u>75,507</u>	<u>15,978</u>
Other charges				
Finance cost	50,446	17,825	107,944	34,315
Other operating expenses	325	(886)	882	(625)
	<u>50,771</u>	<u>16,939</u>	<u>108,826</u>	<u>33,690</u>
Profit/(loss) for the period	34,594	(20,785)	(33,319)	(17,712)
Share of profit/(loss) from an associate	–	–	(786)	(2,512)
Profit/(loss) before taxation	34,594	(20,785)	(34,105)	(20,224)
Taxation	(155)	4,876	3,239	9,484
Profit/(loss) after taxation	<u>34,749</u>	<u>(25,661)</u>	<u>(37,344)</u>	<u>(29,708)</u>
EARNINGS/(LOSS) PER SHARE Rs.	<u>2.31</u>	<u>(1.71)</u>	<u>(2.49)</u>	<u>(1.98)</u>

CASH FLOW STATEMENT

FOR THE PERIOD ENDED 30 JUNE 2008

	2008	2007
	(Rupees in thousand)	
Cash flow from operating activities :		
Profit/(loss) for the period – Before Taxation	(37,344)	(29,708)
Adjustment for depreciation	101,822	32,513
Changes in working capital – Net	<u>(180,035)</u>	<u>171,139</u>
Cash inflow/(outflow) from operating activities	(115,557)	173,944
Cash inflow from financing activities	148,460	460,075
Cash outflow for investing activities	<u>(28,481)</u>	<u>(627,924)</u>
Net increase/(decrease) in cash and cash equivalents	4,422	6,095
Cash and cash equivalents		
– At the beginning of the period	<u>14,856</u>	<u>18,206</u>
Cash and cash equivalents		
– At the end of the period	<u>19,278</u>	<u>24,301</u>

STATEMENT OF CHANGES IN EQUITY

FOR THE PERIOD ENDED 30 JUNE 2008

	Share capital	Capital Reserves		Revenue reserve	Unappropriated profit	Total
		Share premium reserve	Hedging reserve			
(Rupees in thousand)						
Balance as at 30 Sept. 2006	113,757	170,635	-	620,000	88,084	992,476
Nominal value of ordinary bonus shares issued	22,751	(22,751)	-	-	-	-
Loss for the year ended 30 Sept. 2007	-	-	-	-	(35,751)	(35,751)
Gain arising on derivative cross currency interest rate swap agreements	-	-	21,457	-	-	21,457
Share of item of an Associated Company directly credited to equity	-	-	-	-	602	602
Balance as at 30 Sept. 2007	136,508	147,884	21,457	620,000	52,935	978,784
Nominal value of ordinary bonus shares issued	13,651	(13,651)	-	-	-	-
Loss for the nine months ended 30 June 2008	-	-	-	-	(37,344)	(37,344)
Share of item of an Associated Company directly credited to equity	-	-	-	-	269	269
Gain arising on derivative cross currency interest rate swap agreements	-	-	(7,698)	-	-	(7,698)
Balance as at 30 June 2008	150,159	134,233	13,759	620,000	15,860	934,011

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 2007.
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.

For and on behalf of the Board



K. IQBAL TALIB
Managing Director



MANZOOR HAYAT NOON
Chairman & Chief Executive

Lahore : 28 July 2008

Registered Office	: 1st Floor, Alfalah Building Shahrah-e-Quaid-e-Azam, Lahore.
Head Office	: 6th Floor EFU House Jail Road, Gulberg, Lahore.
Shares Department	: 66-Garden Block, New Garden Town, Lahore.
Mills	: Bhalwal, District Sargodha.
Website	: www.noonsugar.net