

DIRECTORS' REPORT

Dear members,

Your Directors hereby present un-audited financial statements of your Company for the first quarter ended 31 December 2006 as required by the Companies Ordinance, 1984.

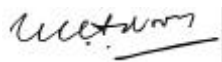
The current Crushing Season commenced from 25 November 2006 and during the first 60 days' operation your Mills crushed 180,699 tons of sugarcane and produced 13,234 tons sugar with an average recovery of 7.48% compared with 118,112 tons of sugarcane crushing and 9,283 tons sugar production with 7.13% recovery in 75 days of the corresponding period of the last year. Sugarcane supply to the Mills, except for the initial one week, remained smooth and consistent which has reflected in 91% increase in the average daily crushing over the same period of last season. In view of relatively higher sugarcane production estimates for the current crushing season, sugarcane supply is expected to remain consistent during most part of the season. However, lifting of sugarcane from our Mills area by the neighbouring mills has started showing adverse results in the form of relatively higher procurement cost of sugarcane. The sugarcane crop has again been hit by frost in our region and has started reflecting in fall in sucrose contents of cane which had already remained low due to massive propagation of low yielding "Richman" variety (SPF238) of sugarcane in this area.

The new milling unit is already in operation but enhanced capacity of the sugar mills is expected to start contributing towards sugar production soon as minor teething problems of the plant during the trial run are being overcome and new units of enhanced facility are gradually coming on line.

The Distillery Plant produced 3.439 million litres of both industrial and fuel grade alcohol during the quarter under review compared with 1.515 million litres produced during the corresponding period of last year. The capacity utilisation of the distillery plant remained restricted due to lack of interest in the international market for both Anhydrous and Industrial grade Ethanol and sharp fall in the price not correspondingly reflected in the cost of raw material. The production and sales targets will be reviewed after considering domestic and international market conditions for both anhydrous and hydrous ethyl alcohol which are expected to improve in the second and third quarters of the year.

The financial results for the quarter under review showed negative trend as they represent only one month's sugar mills operation. The situation is likely to improve during the remaining part of the year and the Management hopes to achieve positive operating results of the Company, Insha Allah.

For and on behalf of the Board



Manzoor Hayat Noon

Chairman & Chief Executive

Lahore : January 31, 2007

BALANCE SHEET AS AT DECEMBER 31, 2006

	As at Dec. 31, 2006	As at Sep. 30, 2006
	(Rupees in thousand)	
NON-CURRENT ASSETS		
Property, plant and equipment	1,336,720	1,267,074
Investment property	17,421	17,447
Investment	88,112	88,112
Long term loans and advances	916	902
Long term deposits	712	712
	1,443,881	1,374,247
CURRENT ASSETS		
Stores, spares and loose tools	48,467	49,022
Stock-in-trade	310,029	374,592
Trade debtors – unsecured, considered good	20,200	24,115
Income tax refundable, advance income tax and tax deducted at source	17,744	15,230
Loans and advances	15,743	14,782
Deposits and prepayments	3,660	3,130
Other receivables	4,286	3,694
Cash & bank balances	53,204	18,206
	473,333	502,771
LESS : CURRENT LIABILITIES		
Current portion of long term liabilities	80,625	43,545
Short term finances – secured	210,473	239,900
Trade and other payables	102,100	69,736
Accrued mark-up	14,117	10,330
Workers' welfare fund	1,690	1,690
Taxation	21,166	19,563
	430,171	384,764
WORKING CAPITAL	43,162	118,007
TOTAL CAPITAL EMPLOYED	1,487,043	1,492,254
Less : Long term finances	429,390	430,254
Liabilities against assets subject to finance lease	583	799
Other non-current liabilities	71,280	68,725
	501,253	499,778
NET CAPITAL EMPLOYED	985,790	992,476
REPRESENTED BY :		
SHARE CAPITAL AND RESERVES		
Share capital		
Issued, subscribed & paid up	113,757	113,757
Reserves	790,635	790,635
Unappropriated profit	81,398	88,084
	985,790	992,476
CONTINGENCIES AND COMMITMENTS		
	–	–
	985,790	992,476

PROFIT & LOSS ACCOUNT

FOR THE QUARTER ENDED DECEMBER 31, 2006

	2006	2005		
	(Rupees in thousand)			
Sales – net	318,941	125,991		
Cost of sales	<u>299,192</u>	<u>104,300</u>		
Gross profit	19,749	21,691		
Administrative and marketing expenses	<u>20,816</u>	<u>12,750</u>		
Operating (loss) / profit	(1,067)	8,941		
Other operating income	<u>2,910</u>	<u>8,765</u>		
	1,843	17,706		
Other charges				
Finance Cost	<table border="1" style="display: inline-table; vertical-align: middle;"><tr><td style="text-align: center;">5,339</td></tr></table>	5,339	<table border="1" style="display: inline-table; vertical-align: middle;"><tr><td style="text-align: center;">1,100</td></tr></table>	1,100
5,339				
1,100				
Miscellaneous	353	1,243		
Workers' (profit) participation fund	–	522		
Workers' welfare fund	–	98		
	<u>5,692</u>	<u>2,963</u>		
(Loss) / Profit before taxation	(3,849)	14,743		
Taxation	<u>2,837</u>	<u>3,686</u>		
(Loss) / Profit after taxation	<u>(6,686)</u>	<u>11,057</u>		
EARNINGS PER SHARE	Rs. <u>(0.59)</u>	<u>0.97</u>		

CASH FLOW STATEMENT

FOR THE QUARTER ENDED DECEMBER 31, 2006

Cash flow from operating activities :

(Loss) / Profit for the period – Before Taxation	(3,849)	14,743
Adjustment for depreciation	12,818	11,421
Changes in working capital – Net	<u>100,911</u>	<u>(281,509)</u>
Cash inflow/(outflow) from operating activities	109,880	(255,345)
Cash inflow for financing activities	6,960	224,846
Cash outflow for investing activities	<u>(81,842)</u>	<u>(160,428)</u>
Net increase / (decrease) in cash and cash equivalents	34,998	(190,927)
Cash and cash equivalents		
– At the beginning of the period	<u>18,206</u>	<u>237,671</u>
Cash and cash equivalents		
– At the end of the period	<u>53,204</u>	<u>46,744</u>

STATEMENT OF CHANGES IN EQUITY FOR THE QUARTER ENDED DECEMBER 31, 2006

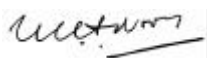
	2006			2005		
	As at 30.9.2006	Changes	As at 31.12.2006	As at 30.9.2005	Changes	As at 31.12.2005
	(Rupees in thousand)					
Share capital	113,757	-	113,757	113,757	-	113,757
Share premium account	170,635	-	170,635	170,635	-	170,635
Revenue Reserve – general	620,000	-	620,000	620,000	-	620,000
Unappropriated profit	88,084	(6,686)	81,398	44,957	11,057	56,014
	<u>992,476</u>	<u>(6,686)</u>	<u>985,790</u>	<u>949,349</u>	<u>11,057</u>	<u>960,406</u>

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 been re-arranged and reclassified, wherever necessary, for the purposes of comparison; however, no material re-arrangement have been made in these financial statements.

Lahore :
January 31, 2007


K. Iqbal Talib
Managing Director


Manzoor Hayat Noon
Chairman & Chief Executive

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 : www.noonsugar.com