

DIRECTORS' REPORT

Dear members,

Your Directors take great pleasure in presenting un-audited financial statements of the Company for the first quarter ended December 31, 2004 as required by the Companies Ordinance, 1984.

The previous Directors' Report published with the annual financial statements of the Company gave a detailed review of current year's performance and there has been no significant change so far in the facts reported by your Directors.

The current crushing season commenced from November 20, 2004 and up to January 18, 2005 your Mills had crushed 187,891 tons of sugarcane and produced 16,336 tons sugar with an average sucrose recovery of 8.9% in 60 days' operation compared with 184,044 tons of sugarcane crushing and 15,453 tons of sugar production with 8.6% recovery in 50 days of the corresponding period of the last year. The decline in average daily crushing is attributed not only to the estimated substantial drop in Country's overall sugarcane production for the current season, but also due to an unprecedented early price war creating artificial shortage in supply of cane by the middlemen operating in full force in all supply areas. All possible efforts are however, being made to procure sufficient quantities of sugarcane for an efficient operation of the Mills, though the average cost of cane per ton of sugar is likely to be substantially high compared to the previous season.

The Distillery Plant produced 5.0 million litres of industrial alcohol during the quarter under review compared with 6.8 million litres produced during the corresponding period of last year. Lower production was attributed to partial closure of the plant due to both non-availability and phenomenal rise in the cost of molasses before the commencement of the current crushing season.

During the period under review, your Company achieved relatively improved financial results, mainly due to favourable sugar market conditions. The After Tax Profit for the quarter at Rs. 19.1 million produced an EPS of Rs. 3.69 per share compared with Rs. 2.31 earned during the corresponding quarter of the last year. A relatively stable sugar market is expected during the remaining period of the current year which, despite the higher cost of raw materials for both sugar and molasses, would make positive contribution towards the profitability of your Company, Insha Allah.

For and on behalf of the Board

Lahore : January 26, 2005

Manzoor Hayat Noon
Chairman & Chief Executive

BALANCE SHEET AS AT DECEMBER 31, 2004

	As at Dec. 31, 2004	As at Sep. 30, 2004
(Rupees in thousand)		
TANGIBLE FIXED ASSETS		
(At cost less depreciation)		
Operating fixed assets	418,730	401,882
Assets subject to finance lease	6,433	6,862
Non-operating fixed assets	7,000	7,000
Capital work-in-progress	31,201	33,583
Investment property	17,645	17,676
	481,009	467,003
LONG TERM INVESTMENTS	20,000	20,000
LONG TERM DEPOSITS & ADVANCES	865	1,524
CURRENT ASSETS		
Stores and spares	48,130	45,206
Stock in trade	154,802	99,591
Trade debtors	22,877	44,804
Advances, deposits & other receivables	77,731	38,673
Cash & bank balances	139,954	136,990
	443,494	365,264
LESS : CURRENT LIABILITIES		
Current portion of long term liabilities	6,794	6,835
Short term borrowings	12,357	12,357
Creditors, accruals & other payables	90,948	33,179
Workers' Welfare Fund	3,405	2,818
Provision for taxation	53,969	37,717
Dividends	3,547	3,576
	171,020	96,482
WORKING CAPITAL	272,474	268,782
TOTAL CAPITAL EMPLOYED	774,348	757,309
Less : Long term finances	12,501	14,435
Liabilities against assets subject to finance lease	2,357	2,932
Deferred & long term liabilities	132,244	131,797
	147,102	149,164
NET CAPITAL EMPLOYED	627,246	608,145
REPRESENTED BY :		
SHARE CAPITAL AND RESERVES		
Share capital		
Issued, subscribed & paid up	51,708	51,708
Revenue reserve	523,000	523,000
Reserve for issue of bonus shares	5,171	5,171
Unappropriated profit	47,367	28,266
	627,246	608,145
CONTINGENCIES AND COMMITMENTS	-	-
	627,246	608,145

**PROFIT & LOSS ACCOUNT
FOR THE QUARTER ENDED DECEMBER 31, 2004**

	2004	2003
	(Rupees in thousand)	
SALES – Net	249,835	223,034
COST OF SALES	<u>202,081</u>	<u>185,339</u>
GROSS PROFIT	47,754	37,695
ADMINISTRATIVE AND SELLING EXPENSES	<u>17,232</u>	<u>18,065</u>
OPERATING PROFIT	30,522	19,630
OTHER INCOME	<u>2,434</u>	<u>1,424</u>
	32,956	21,054
OTHER CHARGES		
Financial	597	724
Miscellaneous	843	606
Workers' (Profit) Participation Fund	1,576	986
Workers' Welfare Fund	587	368
	<u>3,603</u>	<u>2,684</u>
PROFIT BEFORE TAXATION	29,353	18,370
PROVISION FOR TAXATION	<u>10,252</u>	<u>6,429</u>
PROFIT AFTER TAXATION	19,101	11,941
UNAPPROPRIATED PROFIT – Brought forward	<u>28,266</u>	<u>1,682</u>
UNAPPROPRIATED PROFIT – Carried forward	<u>47,367</u>	<u>13,623</u>
EARNINGS PER SHARE	Rs. <u>3.69</u>	<u>2.31</u>

**CASH FLOW STATEMENT
FOR THE QUARTER ENDED DECEMBER 31, 2004**

Cash flow from operating activities :		
Profit for the period – Before Taxation	29,353	18,370
Adjustments for Depreciation	12,330	14,111
Changes in working capital – Net	<u>(10,695)</u>	<u>37,158</u>
Cash inflow from operating activities	30,988	69,639
Cash outflow for financing activities	(2,587)	(1,292)
Cash outflow for investing activities	<u>(25,437)</u>	<u>(4,040)</u>
Net increase in cash and cash equivalents	2,964	64,307
Cash and cash equivalents		
– At the beginning of the period	<u>136,990</u>	<u>47,289</u>
Cash and cash equivalents		
– At the end of the period	<u>139,954</u>	<u>111,596</u>

**STATEMENT OF CHANGES IN EQUITY
FOR THE QUARTER ENDED DECEMBER 31, 2004**

	As at 30.9.2004	Changes	As at 31.12.2004	As at 30.9.2003	Changes	As at 31.12.2003
	(Rupees in thousand)					
Share capital	51,708	–	51,708	51,708	–	51,708
Revenue reserve	523,000	–	523,000	441,000	–	441,000
Reserve for bonus shares	5,171	–	5,171	–	–	–
Unappropriated profit	28,266	19,101	47,367	1,682	11,941	13,623
	<u>608,145</u>	<u>19,101</u>	<u>627,246</u>	<u>494,390</u>	<u>11,941</u>	<u>506,331</u>

NOTES TO THE FINANCIAL STATEMENTS

- These financial statements are unaudited and presented to the members as required by the Securities and Exchange Commission of Pakistan under Section 246 of the Companies Ordinance, 1984.
- These financial statements comply with International Accounting Standards, where applicable, in all material respects.
- 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.
- Amounts set aside for Workers' (Profit) Participation Fund and Workers' Welfare Fund are provisional; final liability will be determined on the basis of annual results.
- 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.

Lahore : January 26, 2005 **K. Iqbal Talib** **Manzoor Hayat Noon**
 Managing Director 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