



## DIRECTORS' REPORT TO THE MEMBERS

Your Directors take great pleasure in presenting the third quarterly financial statements and their report on the Company's operating performance for the period ended June 30, 2005.

### FINANCIAL RESULTS:

The financial results of your Company for the period under review are summarized as follows:

	<u>For the Period ended</u>	
	<u>June 30</u>	
	<u>2005</u>	<u>2004</u>
	(Rupees in thousand)	
Sales.	954,152	1,036,663
Gross Profit / (loss).	112,138	120,623
Operating Profit / (loss).	92,419	94,054
Net Profit / (loss) after tax	46,607	35,684
Basic Earning / (loss) per share	Rs. 1.44	Rs. 1.10

### OPERATIONAL ANALYSIS:

The crushing season 2004-05 was started on November 19, 2004 and continued till March 28, 2005. Its operational results are as follows:

		<u>2005</u>	<u>2004</u>
Crushing Days	No.	130	135
Average Recovery	%	8.74	8.74
Cane Crushed	M. Tons	564,054	965,573
Sugar Produced	M. Tons	49,285	84,395

The production of sugar during the crushing season 2004-05 has been decreased by about 41 % as compared to previous season because the production of sugar cane in the country was drastically dropped. It was attributed mainly to sizeable reduction in the sugarcane plantation in the country which caused sharp increase in sale rate.

By the grace of God, your Company has successfully completed its third quarter of the financial year 2004-05 and obtained quite satisfactory operating and financial results as compared to previous period due to better sale rate. The net profit margin has increased to 4.88% for the current period under review as against 3.44% of previous corresponding period. The earning per share for the third quarter has been raised to 1.44 from 0.77 for the half-year's financial statements of the current year.

### FUTURE OUTLOOK:

Presently, the sugar market seems to be a favorable for the sugar mills as the stocks are turning at ever better prices. However, the Trading Corporation of Pakistan, which had brought 100,000 tons of which sugar last week, has asked the government to set a second tender for further import of 100,000 tons of which sugar to improve the supply situation and stabilize sugar rates in the open market. However, such unrestricted import of sugar may cause glut in the market with serious consequences for the local sugar industry.

### ACKNOWLEDGEMENT:

The Board expresses its gratitude and wishes to place on record the valuable, loyal and commendable services rendered by the executives, staff members and workers of the Company.

On behalf of the Board

LAHORE:  
July 28, 2005.

(MIAN WAQAS RIAZ)  
Chief Executive