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CORPORATE INFORMATION

BOARD OF DIRECTORS	Mr. Salman Hayat Noon Malik Adnan Hayat Noon Mr. K. Iqbal Talib Mr. Zaheer Ahmad Khan Mr. Asif Hussain Bukhari Lt Col Abdul Khaliq Khan (Retd) Mr. Muhammad Iqbal	Chairman Chief Executive (Executive Director) (Non -Executive Director) (Non -Executive Director) (Non -Executive Director) (Non -Executive / Independent Director)
AUDIT COMMITTEE	Mr. Muhammad Iqbal Mr. Asif Hussain Bukhari Mr. Zaheer Ahmad Khan	Chairman Member Member
HRR COMMITTEE	Mr. Zaheer Ahmad Khan Mr. K. Iqbal Talib Mr. Asif Hussain Bukhari	Chairman Member Member
MANAGEMENT	Mr. K. Iqbal Talib Mr. Naveed Akhtar Mr. Kamran Zahoor	Director Resident Director Chief Financial Officer
SECRETARY	Syed Anwar Ali	
AUDITORS	Hameed Chaudhri & Co., Chartered Accountants	
HEAD INTERNAL AUDIT	Mr. Muhammad Shafiq	
LEGAL ADVISERS	Hassan & Hassan (Advocates)	
BANKERS	Allied Bank Limited MCB Bank Limited NIB Bank Limited Standard Chartered Bank (Pakistan) Limited United Bank Limited	
HEAD OFFICE	4- Sarwar Road, Lahore Cantt. Tel. # (042) 36655777 Fax # (042) 36662244	
REGISTERED OFFICE	66-Garden Block, New Garden Town, Lahore. Tel. # (042) 35831462 -3, Fax # (042) 35831462, E-mail: noonshr@brain.net.pk	
SHARES REGISTRAR	Corplink (Pvt.) Limited Wings Arcade, 1 - K Commerical, Model Town, Lahore. Tel. # (042) 35839182, 35916714, 35916719 Fax # (042) 35869037, E-mail: shares@corplink.com.pk Website: www.corplink.com.pk	
MILLS	Bhalwal, District Sargodha.	
WEBSITE	www.noonsugar.com	

DIRECTORS' REVIEW

DEAR MEMBERS

Your directors are pleased to present the condensed un-audited interim financial information of the company for the first quarter ended on 31 December 2015.

FINANCIAL RESULTS

The sales revenue of the Company, during the period under review, reduced by 17.93% and reached only to Rupees 473 million as compared to Rupees 576 million, for the same period of last year. Gross profit is however, Rupees 6 million as compared to Rupees 8 million of last year. Loss after taxation, for the period, is Rupees 39 million (December 2014: After tax loss Rupees 42 million), resulting in a loss of Rupees 2.39 per share, as compared with per share loss of Rupees 2.56 in the corresponding period of last year.

OPERATIONAL RESULTS

Sugar Division

The current crushing season commenced on 30 November 2015. Your mills crushed 215,865 m. tons of sugarcane and produced 19,420 m. tons sugar, with an average sucrose recovery of 9.28% in 32 days operation as compared to 190,166 m. tons of sugarcane crushing and 16,651 m. tons of sugar production with 9.18% recovery in 33 days' operation in the corresponding period.

Distillery Division

Distillery plants processed 6,694 MT of molasses and produced 1,587,161 liters of ethanol with an average yield of 237 liters of ethanol per MT of molasses in 22 days operation, as compared with 4,333 MT of molasses and 1,049,027 liters production of ethanol at an average yield of 242 liters of ethanol per ton of molasses, in 18 days operation during the corresponding period of last year.

Future Outlook

Sugar Division

The Punjab mills are again caught in the same vortex of cane support price difference with Sindh mills. Their approved price for the season, is Rs. 172/ md. against Punjab's Rs. 182/ md., though this time, there is no additional Bonus of Rs. 12/md, subsidy to the mills from the provincial Govt. However, this price edge, combined with their distinct sucrose recovery advantage, will make the cost of production of Sindh mills, substantially lower than Central and Northern Punjab mills in particular and one should not grudge their advantage, if the heavy surplus of large sugar mills in upper Sindh and of bordering area, would not find its ultimate common destination of Punjab sugar market. Let us only hope that the restricted opportunity offered through subsidized export of sugar to Afghanistan, will create a relatively level playing field for Punjab and KP mills, after paying a higher support price of cane.

Your mill's cane crush, production and sucrose recovery, are better than the corresponding period of last year so far. The ultimate volume will however, largely depend upon the general competitiveness of regional mills with two large mills in the central Punjab, creating a sharp imbalance since beginning of the season, from their additional resource of Steel and Power exports to the grid, to offer substantially high prices of cane to procure from the supply areas of other mills, forcing them to match their procurement price and payment schedule, to prevent the pilferage of cane from their own and adjoining areas

Distillery Division

Our traditional Ethanol markets in Far East and China continue to be quite and cautious, to watch the persistent falling trend of fossil oil prices, mainly to see the effect of the recent entry of Iranian oil in the world oil and commodities trade. Since Ethanol price is usually indexed with oil for blending with gasoline, the offers of Q2 will reflect the future trend of ethanol market. Perhaps, the unpredictable, but huge Chinese industrial demand and MFN status may arrest the declining trend for Pakistan.

The purchase of molasses to supplement our own production is cautiously balanced to maintain a slim margin for value addition on this account and despite the challenges mentioned above, efforts will be made to improve it.

ACKNOWLEDGEMENT

The Board is thankful to the valuable members and Bankers for their trust and persistent support to the Company. The Board would also like to place on record its appreciation to all the employees of the Company for their dedication, diligence and hard work.



K. Iqbal Talib
Director

For and on behalf of the Board



Salman Hayat Noon
Chairman

Lahore: 29 January, 2016

CONDENSED INTERIM BALANCE SHEET

	Note	Un-Audited Dec., 31, 2015 (Rupees in thousand)	Audited September 30, 2015
Equity and Liabilities			
Share Capital and Reserves			
Authorised capital		<u>200,000</u>	<u>200,000</u>
Issued, subscribed and paid-up capital		165,175	165,175
Reserves		549,217	549,217
Accumulated Loss		<u>(327,104)</u>	<u>(287,636)</u>
		387,288	426,756
Non-current Liabilities			
Long term finances	7	52,500	60,000
Long term deposits		1,076	1,076
Staff retirement benefits - gratuity		34,109	33,326
		87,685	94,402
Current Liabilities			
Trade and other payables	8	654,130	484,285
Accrued mark-up		9,094	14,563
Short term finances	9	1,024,720	467,834
Current portion of long term finances	7	37,500	37,500
Taxation	10	32,717	27,987
		1,758,161	1,032,169
Contingencies and Commitments	11	2,233,134	1,553,327

The annexed notes form an integral part of this condensed interim financial information.



Salman Hayat Noon
Chairman

AS AT DECEMBER 31, 2015

		Un-Audited Dec., 31, 2015	Audited September 30, 2015
	Note	(Rupees in thousand)	
Assets			
Non-current Assets			
Property, plant and equipment	12	955,988	935,428
Investment property		8,047	8,064
Loans and advances		671	671
Deposits		1,972	1,522
		966,678	945,685
Current Assets			
Stores, spares and loose tools		44,575	69,483
Stock-in-trade	13	1,050,056	356,230
Trade debts - unsecured, considered good		18,245	11,706
Loans and advances		49,702	19,292
Deposits and Payments		3,648	1,458
Other receivables		5,469	4,346
Income tax refundable, advance income tax and tax deducted at source		74,524	73,362
Cash and bank balances		20,237	71,765
		1,266,456	607,642
		2,233,134	1,553,327

The Chief Executive is out of Pakistan and in his absence this condensed interim financial information have been signed by two Directors as required under section 241 (2) of the Companies Ordinance, 1984.



K. Iqbal Talib
 Director

CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED)
FOR THE FIRST QUARTER ENDED 31 DECEMBER, 2015

	Note	For the First Quarter Ended	
		December 2015	December 2014
(Rupees in thousand)			
SALES - Net	14	473,045	576,364
COST OF SALES	15	466,598	567,755
GROSS PROFIT		6,447	8,609
DISTRIBUTION AND MARKETING COST		3,274	3,288
ADMINISTRATIVE EXPENSES		25,169	23,415
OTHER OPERATING EXPENSES		177	101
OTHER OPERATING INCOME		(815)	(2,671)
		27,805	24,133
LOSS FROM OPERATIONS		(21,358)	(15,524)
FINANCE COST		13,380	20,942
LOSS BEFORE TAXATION		(34,738)	(36,466)
TAXATION	10	4,730	5,764
LOSS AFTER TAXATION		(39,468)	(42,230)
OTHER COMPREHENSIVE INCOME		0	0
TOTAL COMPREHENSIVE LOSS FOR THE PERIOD		(39,468)	(42,230)
-----Rupees-----			
LOSS PER SHARE		(2.39)	(2.56)

The annexed notes form an integral part of this condensed interim financial information.

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Salman Hayat Noon
Chairman



K. Iqbal Talib
Director

CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)

FOR THE FIRST QUARTER ENDED 31 DECEMBER, 2015

	<u>For the first quarter ended</u>	
	Dec., 31, 2015	Dec., 31, 2014
	(Rupees in thousand)	
CASH FLOW FROM OPERATING ACTIVITIES		
Loss for the period - before taxation	(34,738)	(36,466)
Adjustments for non-cash charges and other items:		
Depreciation on operating fixed assets and investment property	23,083	25,140
Gain on disposal of operating fixed assets - net	0	(1,986)
Staff retirement benefits - gratuity	1,737	2,714
Finance cost	13,380	20,942
CASH FLOW FROM OPERATING ACTIVITIES - Before working capital changes	3,462	10,344
(Increase) / decrease in current assets:		
Stores, spares and loose tools	24,908	1,742
Stock-in-trade	(693,826)	(442,088)
Trade debts	(6,539)	745
Loans and advances	(30,410)	(1,263)
Deposits and prepayments	(2,190)	736
Other receivables	(1,123)	1,417
Increase in trade and other payables	169,845	442,587
	(539,335)	3,876
CASH IN/(OUT) FLOW FROM OPERATING ACTIVITIES - Before taxation	(535,873)	14,220
Income tax paid	(1,162)	(6,927)
Staff retirement benefits (gratuity) - paid	(954)	(1,839)
Deposits - net	(450)	0
CASH IN/(OUT) FLOW FROM OPERATING ACTIVITIES - After taxation	(538,439)	5,454
CASH FLOW FROM INVESTING ACTIVITIES		
Property, plant and equipment acquired	(43,626)	(6,570)
Sale proceeds of operating fixed assets	0	2,375
NET CASH OUTFLOW FROM INVESTING ACTIVITIES	(43,626)	(4,195)
CASH FLOW FROM FINANCING ACTIVITIES		
Long term finances - net	(7,500)	(17,910)
Short term finances	556,886	56,670
Finance cost paid	(18,849)	(40,317)
NET CASH IN/(OUT) FLOW FROM FINANCING ACTIVITIES	530,537	(1,557)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	(51,528)	(298)
CASH AND CASH EQUIVALENTS - At beginning of the period	71,765	24,086
CASH AND CASH EQUIVALENTS - At end of the period	20,237	23,788

The annexed notes form an integral part of this condensed interim financial information.

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Salman Hayat Noon
Chairman



K. Iqbal Talib
Director

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
FOR THE FIRST QUARTER ENDED 31 DECEMBER, 2015

Share capital	Reserves			(accumulated loss)	Total
	Capital	Revenue	Sub-total		
	Share premium account	General			

----- (Rupees in thousand) -----

Balance as at 01 October, 2014 (Audited)	165,175	119,217	430,000	549,217	(193,907)	520,485
Total comprehensive loss for the quarter						
Loss after taxation for the quarter ended 31 December, 2014	0	0	0	0	(42,230)	(42,230)
Balance as at 31 December, 2014 (Un-Audited)	165,175	119,217	430,000	549,217	(236,137)	478,255
Balance as at 01 October, 2015 (Audited)	165,175	119,217	430,000	549,217	(287,636)	426,756
Total comprehensive loss for the quarter						
Loss after taxation for the quarter ended 31 December, 2015	0	0	0	0	(39,468)	(39,468)
Balance as at 31 December, 2015 (Un-Audited)	165,175	119,217	430,000	549,217	(327,104)	387,288

The annexed notes form an integral part of this condensed interim financial information.

The Chief Executive is out of Pakistan and in his absence this condensed interim financial information have been signed by two Directors as required under section 241 (2) of the Companies Ordinance, 1984.



Salman Hayat Noon
Chairman



K. Iqbal Talib
Director

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED)

FOR THE FIRST QUARTER ENDED 31 DECEMBER, 2015

1. LEGAL STATUS AND NATURE OF BUSINESS

Noon Sugar Mills Limited (the Company) was incorporated in the year 1964 as a Public Company and its shares are quoted on all the Stock Exchanges in Pakistan. It is principally engaged in production and sale of white sugar and spirit. The Company's Mills are located at Bhalwal, District Sargodha and its Head Office is at 4-Sarwar Road, Lahore Cantt., Lahore.

2. BASIS OF PREPARATION

This condensed interim financial information is un-audited and is being submitted to the members in accordance with section 245 of the Companies Ordinance, 1984. It has been prepared in accordance with the requirements of the International Accounting Standard 34 - 'Interim Financial Reporting' and provisions of and directives issued under the Companies Ordinance, 1984. In case where requirements differ, the provisions of or directives issued under the Companies Ordinance, 1984 have been followed. This condensed interim financial information does not include all the information required for annual financial statements and therefore, should be read in conjunction with the audited annual financial statements for the year ended September 30, 2015.

3. ACCOUNTING POLICIES

The accounting policies and methods of computation adopted for the preparation of this condensed interim financial information are the same as those applied in the preparation of preceding annual published financial statements of the Company for the year ended September 30, 2015.

4. AMENDMENTS TO PUBLISHED STANDARDS EFFECTIVE IN THE CURRENT PERIOD

Certain standards, amendments and interpretations to approved accounting standards are effective for accounting period beginning on October 01, 2015 but are considered not to be relevant or to have any significant effect on the Company's operations and are, therefore, not detailed in this condensed interim financial information.

5. SEASONALITY OF OPERATIONS

The Company is inter-alia, engaged in manufacturing of sugar for which the season begins in October / November and ends in March / April. Therefore, majority of expenses are incurred and production activities are undertaken in first half of the Company's financial year thus increasing volume of inventories and financing at the end of the first half.

6. PROVISIONS

Provisions in respect of taxation and retirement benefit obligations are estimated and these are subject to final adjustments in the annual audited financial statements.

7. LONG TERM FINANCES - Secured		Un-Audited Quarter ended Dec., 31, 2015	Audited Year-ended September 30, 2015
Demand finances	Note	(Rupees in thousand)	
United Bank Limited (UBL)	7.1	90,000	97,500
Less: Current portion grouped under current liabilities		37,500	37,500
		52,500	60,000

7.1 The Company, during the financial year ended 30 September 2013, has arranged a demand finance facility of Rs. 150 million from UBL. This finance facility carries mark-up at the rate of 3 month KIBOR+200 bps and is repayable in 20 equal quarterly instalments of Rs.7.500 million commencing from November 15, 2013. Effective mark-up rate charged by UBL, during the period, is 8.60% (September 2015: 9.01% to 12.21%) per annum. This finance facility is secured against first pari passu hypothecation charge of Rs.400 million on plant, machinery and equipments of the Company.

8. TRADE AND OTHER PAYABLES

Trade and other payables include trade creditors aggregating Rs. 413.034 million (30 September, 2015: Rs. 303.840 million).

9. SHORT TERM FINANCES - Secured

Short term finance facilities available from various commercial banks under mark-up arrangements aggregate to Rs.2.018 billion (September 2015: Rs.2.018 billion). These finance facilities, during the current period, carried mark-up at the rates ranging from 4.50% to 8.60% (September 2015: 4.50% to 13.18%) per annum. Facilities available for opening letters of credit and guarantee aggregate to Rs.43.900 million (September 2015: Rs.43.900 million) of which the amount aggregating Rs.27.925 million (September 2015: Rs.27.925 million) remained unutilised at the balance sheet date. The aggregate finance facility are secured against charge over plant & machinery, pledge of refined sugar in bags, charge over current assets, equitable mortgage over land & building of the Company and lien over import & export documents. These facilities are expiring on various dates by March, 2016.

10. TAXATION

In view of available unused tax losses, provisions made during the current and preceding periods represent minimum tax payable under section 113 and final tax deducted at source on realisation of foreign exchange proceeds under section 154 of the Income Tax Ordinance, 2001.

11. CONTINGENCIES AND COMMITMENTS

11.1 There has been no significant change in the status of contingencies as reported in the preceding published annual financial statements of the Company for the year ended 30 September, 2015.

11.2 Guarantee given to Sui Northern Gas Pipelines Ltd. by a commercial bank on behalf of the Company outstanding as at 31 December, 2015 was for Rs.10.392 million (30 September 2015: Rs.10.392 million).

12. PROPERTY, PLANT AND EQUIPMENT

		Un-Audited Quarter ended Dec., 31, 2015	Audited Year-ended Sep., 30, 2015
	Note	(Rupees in thousand)	
Operating fixed assets	12.1	884,105	906,036
Capital work-in-progress - at cost		71,883	29,392
		<u>955,988</u>	<u>935,428</u>

12.1 Operating fixed assets

Opening book value		906,036	983,901
Additions during the period:			
Buildings on freehold land		0	295
Plant and machinery		972	23,459
Electric installations and fittings		60	62
Office equipment		103	257
Furniture and fixtures		0	50
Vehicles		0	2,611
Farm tractors		0	600
		1,135	27,334
Book value of assets disposed-off during the period / year		0	(1,089)
Book value of assets written-off during the period / year		0	(2,061)
Depreciation charge for the period / year		(23,066)	(102,049)
Closing book value		<u>884,105</u>	<u>906,036</u>

13. STOCK-IN-TRADE

Raw materials - molasses		64,523	14,749
Work-in-process:			
- sugar		35,769	4,633
- molasses		13,226	601
		48,995	5,234
Finished goods:			
- sugar		868,639	327,532
- spirit		66,525	8,441
		935,164	335,973
Other stocks - (Fair Price Shop and Depot)		1,374	274
		<u>1,050,056</u>	<u>356,230</u>

Sugar		Distillery		Total	
----- Un-audited -----					
Dec., 15,	Dec., 14,	Dec., 15,	Dec., 14,	Dec., 15,	Dec., 14,
----- Rupees in thousand -----					

14. Sales

Gross Sales						
Local	488,538	590,610	25,853	36,324	514,391	626,934
Inter-segment	59,195	52,142	-	-	-	-
	547,733	642,752	25,853	36,324	514,391	626,934
Less: Sales Tax and Special Excise Duty	36,639	44,290	4,707	6,280	41,346	50,570
Net Sales	511,094	598,462	21,146	30,044	473,045	576,364

15. Cost of Sales

Raw Material consumed (Note 15.1)	990,449	880,268	55,505	38,838	986,759	866,964
Salaries, wages and other benefits	29,233	27,285	8,470	8,000	37,703	35,285
Fuel and power	3,179	9,200	626	5,775	3,805	14,975
Packing material consumed	7,463	8,267	-	-	7,463	8,267
Chemical consumed	8,362	7,954	1,349	1,588	9,711	9,542
Repair and maintenance	31,651	29,310	3,110	1,167	34,761	30,477
Insurance	1,420	1,147	679	434	2,099	1,581
Printing & stationery	718	643	28	29	746	672
Rent, rate and taxes	101	96	34	31	135	127
Depreciation	17,905	19,858	4,093	4,113	21,998	23,971
Vehicle running & maintenance	1,624	1,701	238	278	1,862	1,979
Miscellaneous	2,007	1,822	501	172	2,508	1,994
	1,094,112	987,551	74,633	60,425	1,109,550	995,834
Work In Process						
Add:- Opening Stock	4,633	4,662	601	984	5,234	5,646
Less:- Closing Stocks	(44,492)	(52,137)	(4,503)	(5,359)	(48,995)	(57,496)
	(39,859)	(47,475)	(3,902)	(4,375)	(43,761)	(51,850)
Cost of goods produced	1,054,253	940,076	70,731	56,050	1,065,789	943,984
Finished Goods						
Add:- Opening Stock	327,532	460,272	8,441	20,276	335,973	480,548
Less: - closing	(868,639)	(805,651)	(66,525)	(51,126)	(935,164)	(856,777)
	(541,107)	(345,379)	(58,084)	(30,850)	(599,191)	(376,229)
	513,146	594,697	12,647	25,200	466,598	567,755

15.1 Inter-segment sales and purchases have been eliminated from the total figures.

16. SEGMENT INFORMATION

	Sugar		Distillery		Elimination of inter segment transactions		Total	
	Un-audited							
	Quarter ended December, 31		Quarter ended December, 31		Quarter ended December, 31		Quarter ended December, 31	
	2015	2014	2015	2014	2015	2014	2015	2014
	Rupees in thousand							
Sales - net	511,094	598,462	21,146	30,044	(59,195)	(52,142)	473,045	576,364
Cost of sales	513,146	594,697	12,647	25,200	(59,195)	(52,142)	466,598	567,755
Gross profit	(2,052)	3,765	8,499	4,844	0	0	6,447	8,609
Distribution and marketing cost	786	743	2,488	2,545	0	0	3,274	3,288
Administrative expenses	21,784	20,375	3,385	3,040	0	0	25,169	23,415
	22,570	21,118	5,873	5,585	0	0	28,443	26,703
Segment results	(24,622)	(17,353)	2,626	(741)	0	0	(21,996)	(18,094)
Unallocatable income and expenses:								
Other operating expenses							(177)	(101)
Other operating income							815	2,671
Loss from operations							(21,358)	(15,524)
Finance cost							(13,380)	(20,942)
Taxation							(4,730)	(5,764)
Loss after taxation							(39,468)	(42,230)

17. TRANSACTIONS WITH RELATED PARTIES

The Company has related party relationship with its Associated Companies, employee benefit plans, its directors and key management personnel. Transactions with related parties are carried-out on arm's length basis.

Aggregate transactions with Noon Pakistan Ltd. during the period were as follows:

	(Rupees in thousand)	Un-audited Period ended	
		Dec., 31, 2015	Dec., 31 2014
Sale of sugar		<u>0</u>	<u>4,476</u>

- Sugarcane purchases include cane purchased from associated persons of directors amounting to Rs. 1,552 thousands (31 December 2014: Rs. 48 thousands)

18. DATE OF AUTHORISATION FOR ISSUE

This condensed interim financial information was authorised for issue in the Board of Directors' meeting held on 29 January, 2016.

19. GENERAL

19.1. In order to comply with the requirements of IAS 34 'Interim Financial Reporting', the condensed interim balance sheet have been compared with the balances of annual audited financial statements of the preceding financial year, whereas, the condensed interim profit and loss account, condensed interim cash flow statement and condensed interim statement of changes in equity have been compared with the balances of comparable period of the immediately preceding financial year.

19.2 Corresponding figures have been re-arranged and re-classified, wherever necessary, for the purposes of comparison. However, no significant re-arrangement / re-classifications have been made in this condensed interim financial information.

19.3 Figures have been rounded off to the nearest thousand except stated otherwise.

The Chief Executive is out of Pakistan and in his absence this condensed interim financial information have been signed by two Directors as required under section 241 (2) of the Companies Ordinance, 1984.



Salman Hayat Noon
Chairman



K. Iqbal Talib
Director