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CORPORATE INFORMATION

| | |
|---------------------------|--|
| BOARD OF DIRECTORS | Manzoor Hayat Noon (Chairman / Chief Executive) K. Iqbal Talib Amjad Mahmood Agha Safdar M. Hayat Qureshi Adnan Hayat Noon Salman Hayat Noon Zaheer Ahmad Khan |
| AUDIT COMMITTEE | Adnan Hayat Noon (Chairman) Salman Hayat Noon Zaheer Ahmad Khan |
| MANAGEMENT | K. Iqbal Talib Managing Director Naveed Akhtar Resident Director Kamran Zahoor Chief Financial Officer |
| SECRETARY | Syed Anwar Ali |
| AUDITORS | Hameed Chaudhri & Co., Chartered Accountants |
| LEGAL ADVISERS | Hassan & Hassan (Advocates) |
| BANKERS | Allied Bank Limited Bank Islami Pakistan Limited Habib Bank Limited MCB Bank Limited United Bank Limited |
| HEAD OFFICE | 2nd Floor, Mustafa Center, 45-F, Main Market, Gulberg, Lahore Tel. # (042) 35788472-3 |
| REGISTERED OFFICE | 1st Floor, Alfalah Building, Shahrah-e-Quaid-e-Azam, Lahore. |
| SHARES DEPARTMENT | 66 – Garden Block, New Garden Town, Lahore. Tel. # (042) 35831462 Email: noonshr@brain.net.pk |
| MILLS | Bhalwal, District Sargodha. |
| WEBSITE | www.noonsugar.net |

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 2010.

FINANCIAL RESULTS

Sales of your company, during the quarter under review, improved by 34.64% and reached to Rupees 491 million as compared with Rupees 365 million for the same quarter of the last year. Gross profit was Rupees 82 million as compared to Rupees 39 million of last year. After tax profit for the quarter is Rupees 38 million (2009: Rupees 0.587 million), yielded an EPS of Rupees 2.33 as compared with Rupees 0.04 earned last year.

The rise in sales volume was mainly due to upward adjustment in selling price of sugar which consequently enabled the Company to generate profit.

OPERATIONAL RESULTS

Sugar Division

The current crushing season commenced on 29 November 2010. Your mills crushed 156,998 m. tons of sugarcane and produced 10,730 m. tons sugar with an average sucrose recovery of 7.44% in 33 days' operation as compared with 78,884 m. tons of sugarcane crushing and 5,148 m. tons of sugar production with 7.63% recovery in 42 days' operation in the corresponding quarter.

Distillery Division

Distillery plant processed 6,144 m. ton of molasses and produced 1,582,091 liters of ethanol with an average yield of 257 liters of ethanol per m. ton of molasses in 31 days' operation as compared with 7,861 m. ton of molasses, 1,924,000 liters of ethanol, an average yield of 245 liters of ethanol per m. ton of molasses in 40 days' operation during the corresponding period of last year.

Future Outlook

The outlook for the crushing season appeared to be brighter as compared to the previous season owing to a better crop and a bullish trend in global as well as local markets of both sugar and ethanol.

The overall outlook owing to better utilization of the extended capacity of sugar mill, (59.47% as against 23.48% in the corresponding period of last year) and markedly regular and more efficient operation looks promising.

The distillery operation, though handicapped by long interruptions in supply of Sui Gas, will hopefully yield better results from a higher production this year further reinforced by the expected support from the international market of ethanol.

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.



Safdar M. Hayat Qureshi
Director

For and on behalf of the Board



Adnan Hayat Noon
Director

Lahore: 28 January 2011

CONDENSED INTERIM BALANCE SHEET AS AT 31 DECEMBER 2010

| | Note | (Un-Audited) 31 Dec. 2010 | (Audited) 30 Sep. 2010 |
|---|------|------------------------------|---------------------------|
| NON-CURRENT ASSETS | | | |
| (Rupees in thousand) | | | |
| Property, plant and equipment | 7 | 1,096,245 | 1,117,599 |
| Investment property | | 17,032 | 17,054 |
| Investments | | 45,086 | 45,086 |
| Loans and advances | | 1,154 | 847 |
| Deposits | | 1,286 | 1,286 |
| | | <u>1,160,804</u> | <u>1,181,872</u> |
| CURRENT ASSETS | | | |
| Stores, spares and loose tools | | 60,952 | 61,990 |
| Stock-in-trade | | 612,014 | 160,060 |
| Trade debtors - unsecured, considered good | | 79 | 16,872 |
| Advances, deposits, prepayments and other receivables | | 84,285 | 53,178 |
| Investment - Held-for-sale | | 23,722 | 23,722 |
| Cash & bank balances | | 212,130 | 38,627 |
| | | <u>993,182</u> | <u>354,449</u> |
| LESS: CURRENT LIABILITIES | | | |
| Current portion of long term liabilities | | 103,571 | 132,872 |
| Short term finances - secured | 8 | 678,320 | 522,976 |
| Trade and other payables | | 351,754 | 84,482 |
| Accrued mark-up | | 24,423 | 23,448 |
| Taxation | | 22,254 | 17,346 |
| | | <u>1,180,323</u> | <u>781,124</u> |
| WORKING CAPITAL | | <u>(187,141)</u> | <u>(426,675)</u> |
| TOTAL CAPITAL EMPLOYED | | <u>973,663</u> | <u>755,197</u> |
| Less: Long term finances | 9 | 180,000 | - |
| Other non-current liabilities | | 50,804 | 50,880 |
| | | <u>230,804</u> | <u>50,880</u> |
| NET CAPITAL EMPLOYED | | <u>742,859</u> | <u>704,317</u> |
| REPRESENTED BY: | | | |
| SHARE CAPITAL AND RESERVES | | | |
| Share capital | | | |
| Issued, subscribed & paid up | 10 | 165,175 | 165,175 |
| Reserves | | 739,217 | 739,217 |
| Unappropriated profit | | (161,532) | (200,075) |
| | | <u>742,859</u> | <u>704,317</u> |
| CONTINGENCIES AND COMMITMENTS | 11 | - | - |
| | | <u>742,859</u> | <u>704,317</u> |

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

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

For and on behalf of the Board


Safdar M. Hayat Qureshi
Director


Adnan Hayat Noon
Director

CONDENSED INTERIM PROFIT & LOSS ACCOUNT (UN-AUDITED)
FOR THE FIRST QUARTER ENDED 31 DECEMBER 2010

| | For the first quarter ended | |
|-------------------------------------|-----------------------------|---------|
| | Dec-10 | Dec-09 |
| | (Rupees in thousand) | |
| Sales-net | 490,797 | 364,533 |
| Cost of sales | 408,730 | 325,124 |
| Gross profit | 82,067 | 39,409 |
| Administrative & marketing expenses | 17,030 | 18,196 |
| Operating profit | 65,038 | 21,213 |
| Other operating income | 6,542 | 708 |
| | 71,579 | 21,921 |
| Other charges | | |
| Finance cost | 24,278 | 19,002 |
| Other operating expenses | 3,851 | 509 |
| | 28,129 | 19,511 |
| Profit before taxation | 43,451 | 2,410 |
| Taxation | 4,908 | 1,823 |
| Profit after taxation | 38,543 | 587 |
| Comprehensive income for the period | - | - |
| Total comprehensive income | 38,543 | 587 |
| Earnings per share - basic | 2.33 | 0.04 |
| | RS. | |

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



Safdar M. Hayat Qureshi
Director



Adnan Hayat Noon
Director

CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED) FOR THE FIRST QUARTER ENDED 31 DECEMBER 2010

| | For the first quarter ended | |
|---|-----------------------------|-----------------|
| | Dec-10 | Dec-09 |
| | (Rupees in thousand) | |
| CASH FLOW FROM OPERATING ACTIVITIES | | |
| Profit for the period before taxation | 43,451 | 2,410 |
| Adjustments for: | | |
| Depreciation on property, plant & equipment and investment property | 28,609 | 31,544 |
| Gain on disposal of operating fixed assets - net | (62) | (264) |
| Provision for WPPF | 2,283 | 129 |
| Provision for WWF | 868 | 48 |
| Provision for staff retirement benefits - gratuity | 5,292 | 2,238 |
| Finance cost | 24,278 | 19,002 |
| CASH FLOW FROM OPERATING ACTIVITIES - Before working capital changes | 104,719 | 55,107 |
| (Increase) / decrease in current assets: | | |
| Stores, spares and loose tools | 1,038 | (3,954) |
| Stock-in-trade | (451,954) | (66,375) |
| Trade debts | 16,793 | (37,184) |
| Advances, deposit, prepayments and other receivables | (30,074) | (20,708) |
| Increase in trade and other payables | 264,121 | 55,291 |
| | (200,076) | (72,930) |
| CASH OUTFLOW FROM OPERATING ACTIVITIES - Before taxation | (95,357) | (17,823) |
| Income taxes paid | (1,033) | (445) |
| Staff retirement benefits (gratuity) - paid | (5,368) | (1,318) |
| CASH OUTFLOW FROM OPERATING ACTIVITIES - After taxation | (101,759) | (19,586) |
| CASH FLOW FROM INVESTING ACTIVITIES | | |
| Property, plant and equipment acquired | (8,539) | (2,974) |
| Sale proceeds of operating fixed assets | 1,368 | 375 |
| Long term deposits - net | (307) | (210) |
| Loans and advances - net | - | (241) |
| NET CASH OUTFLOW FROM INVESTING ACTIVITIES | (7,478) | (3,050) |
| CASH FLOW FROM FINANCING ACTIVITIES | | |
| Long term finances | 151,428 | (66,421) |
| Lease finances | (729) | (536) |
| Short term finances | 155,344 | 127,191 |
| Finance cost paid | (23,303) | (24,994) |
| NET CASH INFLOW FROM FINANCING ACTIVITIES | 282,740 | 35,240 |
| NET INCREASE IN CASH AND CASH EQUIVALENTS | 173,503 | 12,604 |
| CASH AND CASH EQUIVALENTS - At beginning of the period | 38,627 | 9,766 |
| CASH AND CASH EQUIVALENTS - At end of the period | 212,130 | 22,370 |

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

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


Safdar M. Hayat Qureshi
Director


Adnan Hayat Noon
Director

**CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
FOR THE FIRST QUARTER ENDED 31 DECEMBER 2010**

| Particulars | Share Capital | Share premium | Revenue reserve | Unappropriated profit/(loss) | Total |
|---------------------------------------|----------------|----------------|-----------------|------------------------------|----------------|
| ----- (Rupees in thousand) ----- | | | | | |
| Balance as at 30 September 2009 | 150,159 | 134,233 | 620,000 | 60,963 | 965,355 |
| Profit for the period | - | - | - | 587 | 587 |
| Balance as at 31 December 2009 | 150,159 | 134,233 | 620,000 | 61,550 | 965,942 |
| Balance as at 30 September 2010 | 165,175 | 119,217 | 620,000 | (200,075) | 704,316 |
| Profit for the period | - | - | - | 38,543 | 38,543 |
| Balance as at 31 December 2010 | 165,175 | 119,217 | 620,000 | (161,532) | 742,859 |

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

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



Safdar M. Hayat Qureshi
Director



Adnan Hayat Noon
Director

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED) FOR THE FIRST QUARTER ENDED 31 DECEMBER 2010

1. THE COMPANY AND ITS OPERATIONS

Noon Sugar Mills Limited (the Company) was incorporated in Pakistan in the year 1964 as a Public Limited Company and its shares are quoted on the Stock Exchanges in Pakistan. It is principally engaged in production and sale of white refined sugar and spirit. The Company's mills are located at Bhalwal, District Sargodha and its Head Office at 2nd Floor, Mustafa Center, 45-F Main Market, Gulberg, Lahore.

2. STATEMENT OF COMPLIANCE

These condensed interim financial information has been prepared in accordance with the requirement of IAS - 34 " Interim Financial Reporting " as applicable in Pakistan in all material respects. These condensed interim financial information is un-audited and is being submitted to the members under section -245 of the Companies Ordinance, 1984 and listing regulations of Stock Exchanges in Pakistan.

3. BASIS OF MEASUREMENT

- 3.1 These condensed financial information has been prepared in accordance with International Accounting Standard 34 "Interim Financial Reporting" as applicable in Pakistan.
- 3.2 These condensed interim financial information does not include all the information and disclosures required in the annual financial information and should be read in conjunction with financial statements of the Company for the year ended 30 September 2010.

4. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted and applied by the Company for the preparation of this condensed interim financial information is the same as was adopted and applied in the preparation of the preceding annual audited financial statements for the year ended 30 September 2010.

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. TAXATION, WORKERS' WELFARE FUND AND WORKERS' PROFIT PARTICIPATION FUND

Provision in respect of taxation, retirement benefit obligations, workers' welfare fund and workers' profit participation fund are estimated and these are subject to final adjustments in the annual audited financial statements.

| | | (Un-Audited) 31 December 2010 (Rupees in thousand) | (Audited) 30 September 2010 |
|--|------|--|--------------------------------|
| | Note | | |
| 7. PROPERTY, PLANT AND EQUIPMENT | | | |
| Opening book value | | 1,107,994 | 1,216,649 |
| Add: Additions during the period | 7.1 | 18,144 | 18,126 |
| Less: Deletion during the period | 7.1 | (1,306) | (579) |
| | | <u>1,124,832</u> | <u>1,234,196</u> |
| Less: Depreciation charged during the period | | (28,587) | (126,202) |
| | | <u>1,096,245</u> | <u>1,107,994</u> |
| Capital work in process | | - | 9,605 |
| | | <u>1,096,245</u> | <u>1,117,599</u> |

| | (Un-Audited) 31 December 2010 (Rupees in thousand) | | (Audited) 30 September 2010 | |
|--|--|----------------|--------------------------------|--------------|
| | Addition | Deletion | Addition | Deletion |
| 7.1 Addition/(deletion) during the period | | | | |
| Company owned assets | | | | |
| Building on freehold land | 33 | - | - | - |
| Plant and machinery | 15,843 | - | 14,577 | - |
| Laboratory equipment | - | - | 116 | - |
| Other equipment | 7 | - | - | - |
| Electric installations and fittings | 20 | (25) | 162 | (1) |
| Office equipment | 560 | - | 455 | (48) |
| Furniture and fixture | 55 | (45) | 252 | - |
| Vehicles | 1,627 | (1,236) | 1,508 | (530) |
| Farm tractors | - | - | 1,022 | - |
| Farm equipment | - | - | 34 | - |
| | <u>18,144</u> | <u>(1,306)</u> | <u>18,126</u> | <u>(579)</u> |

8. SHORT TERM BORROWINGS - Secured

Short term finance facilities available from various commercial banks under mark-up arrangements aggregate to Rs. 1.809 billion (2010: Rs. 1.841 billion). These facilities, during the current period, carried mark-up at the rates ranging from 10.00% to 15.32% (2010: 8.00% to 15.84%) per annum. Facilities available for opening letters of credit and guarantee aggregate to Rs.75.50 million (2010: Rs. 75.50 million) of which the amount aggregating Rs. 63.800 million (2010: Rs.65.108 million) remained unutilised at the balance sheet date. The aggregate facilities are secured against lien on import documents, charge on plant & machinery, pledge of refined sugar in bags, hypothecation of current assets and equitable mortgage over land, building and machinery of the Company. These facilities are expiring on various dates by March, 2011.

| | | (Un-Audited) 31 December 2010 | (Audited) 30 September 2010 |
|---|------|----------------------------------|--------------------------------|
| | Note | (Rupees in thousand) | |
| 9. LONG TERM FINANCES | | | |
| Opening balance | | 132,143 | 264,286 |
| Add: Obtained during the period | 9.1 | <u>180,000</u> | <u>-</u> |
| | | 312,143 | 264,286 |
| Less: Repayment during the period | | <u>(28,572)</u> | <u>(132,143)</u> |
| | | 283,571 | 132,143 |
| Less: Current portion shown under current liabilities | | <u>103,571</u> | <u>132,143</u> |
| | | <u><u>180,000</u></u> | <u><u>-</u></u> |

10. ISSUED, SUBSCRIBED AND PAID UP CAPITAL

| | | | |
|--|--|-----------------------|-----------------------|
| 7,187,829 (30 September 2010: 7,187,829) ordinary shares of Rs. 10 each fully paid in cash | | 71,879 | 71,879 |
| 500,000 (30 September 2010: 500,000) ordinary shares of Rs. 10 each issued to NIB Bank Limited by conversion of loan | | 5,000 | 5,000 |
| 8,829,624 (30 September 2010: 8,829,624) ordinary shares of Rs. 10 each issued as fully paid bonus shares | | <u>88,296</u> | <u>88,296</u> |
| | | <u><u>165,175</u></u> | <u><u>165,175</u></u> |

11. CONTINGENCIES AND COMMITMENTS

There is no material change in contingencies and commitments since the last annual published audited financial statements for the year ended 30 September 2010.

12. RELATED PARTY TRANSACTIONS

Transactions with related parties during the period under reference are as follow:

- the Company, during the period under reference, has sold sugar valuing Rs. 8.495 million (2010: Rs.42.718 million) to Noon Pakistan Limited (NPL);
- the Company, during the period under reference, had received dividend amounting Rs. 2.640 million from NPL (2010: Nil);
- sugarcane purchases include cane purchased from directors & associated persons of directors amounting to Rs. 0.981 million (2010: Rs. 0.898 million);
- the Company, during the preceding financial year, had received 200,000 non-voting ordinary shares as bonus shares from NPL.

13. BUSINESS SEGMENT INFORMATION

| | For the first quarter ended 31 December 2010 | | | | For the first quarter ended 31 December 2009 | | | |
|---|--|---------------|--|----------------|--|---------------|--|----------------|
| | Sugar | Distillery | Elimination of inter-segment transaction | Total | Sugar | Distillery | Elimination of inter-segment transaction | Total |
| | (Rupees in thousand) | | | | (Rupees in thousand) | | | |
| Segment sales | | | | | | | | |
| Local | 458,405 | 62,324 | - | 520,729 | 329,630 | 63,018 | - | 392,647 |
| Inter-segment - Molasses | 66,968 | - | (66,968) | - | 26,836 | - | (26,836) | - |
| | <u>525,373</u> | <u>62,324</u> | <u>(66,968)</u> | <u>520,729</u> | <u>356,466</u> | <u>63,018</u> | <u>(26,836)</u> | <u>392,647</u> |
| Less: Sales tax, excise duty and commission | 17,196 | 12,736 | - | 29,932 | 17,284 | 10,830 | - | 28,114 |
| | <u>508,176</u> | <u>49,588</u> | <u>(66,968)</u> | <u>490,797</u> | <u>339,181</u> | <u>52,188</u> | <u>(26,836)</u> | <u>364,533</u> |
| Less: Cost of sales | 432,881 | 42,816 | (66,968) | 408,730 | 316,500 | 35,460 | (26,836) | 325,124 |
| Gross profit | 75,295 | 6,772 | - | 82,067 | 22,681 | 16,728 | - | 39,409 |
| Less: Segment expenses | | | | | | | | |
| Administrative and general expenses | 13,034 | 1,676 | - | 14,709 | 12,323 | 4,457 | - | 16,780 |
| Distribution and marketing expenses | 323 | 1,997 | - | 2,321 | 389 | 1,027 | - | 1,416 |
| | <u>13,357</u> | <u>3,673</u> | <u>-</u> | <u>17,030</u> | <u>12,711</u> | <u>5,484</u> | <u>-</u> | <u>18,196</u> |
| Operating profit | 61,938 | 3,099 | - | 65,038 | 9,969 | 11,243 | - | 21,213 |
| Unallocable income and expenses | | | | | | | | |
| Other operating expenses | | | | (3,851) | | | | (509) |
| Other operating income | | | | 6,542 | | | | 708 |
| Profit from operation | | | | <u>67,729</u> | | | | <u>21,412</u> |
| Finance cost | | | | (24,278) | | | | (19,002) |
| Taxation | | | | (4,908) | | | | (1,823) |
| Profit after taxation | | | | <u>38,543</u> | | | | <u>587</u> |

13.1 Inter-segment sales and purchases

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

13.2 Basis of inter-segment pricing

All inter-segment transfers are made at cost.

Information on assets and liabilities by segment and reconciliation of segments assets and liabilities with totals in the balance sheet is as follows:

| | As at 31 December 2010 | | | As at 30 September 2010 | | |
|----------------------------|------------------------|------------|------------------|-------------------------|------------|------------------|
| | Sugar | Distillery | Total | Sugar | Distillery | Total |
| | (Rupees in thousand) | | | (Rupees in thousand) | | |
| Segment assets | 1,492,177 | 368,875 | 1,861,052 | 1,179,983 | 243,664 | 1,423,647 |
| Unallocable assets | | | 292,934 | | | 112,674 |
| Total as per balance sheet | | | <u>2,153,986</u> | | | <u>1,536,321</u> |
| Segment liabilities | 359,317 | 154,190 | 513,507 | 248,677 | 17,131 | 265,808 |
| Unallocable liabilities | | | 897,619 | | | 566,196 |
| Total as per balance sheet | | | <u>1,411,127</u> | | | <u>832,004</u> |

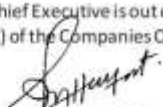
14. DATE OF AUTHORIZATION FOR ISSUE

These condensed interim financial information was authorized for issue on 28 January 2011 by the Board of Directors of the Company.

15. GENERAL

- 15.1 Corresponding figures in the balance sheet comprise of balances as per the annual audited financial statements for the year ended 30 September 2010, whereas corresponding figures in the profit and loss account, cashflow statement and statement of changes in equity comprise balances of the comparable period of immediately preceding financial year.
- 15.2 Corresponding figures have been re-arranged wherever necessary to facilitate comparison. However, no material re-arrangement has been made in these condensed interim financial information.
- 15.3 Figures in these condensed interim financial information have been rounded off to the nearest thousand rupees.

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


Safdar M. Hayat Qureshi
Director


Adnan Hayat Noon
Director