# CONTENTS

Vision, Mission, Values	2
Company Information	3
Shareholders' Information	4
Chief Executive Review	5
Auditors' Report	8
Balance Sheet	9
Profit and Loss Account	11
Cash Flow Statement	12
Statement of Changes in Equity	13
Notes to the Financial Statements	14
Consolidated Balance Sheet	21
Consolidated Profit and Loss Account	23
Consolidated Cash Flow Statement	24
Consolidated Statement of Changes in Equity	25
Notes to the Consolidated Financial Statements	26

# **VISION, MISSION, VALUES**

To gain and maintain leadership in the industries it competes in by producing the best quality products with lowest possible cost.

To give the best returns to shareholders by optimal allocation of resources to the products and markets the company competes in.

To provide the best value products and services to its customers through investment in technology, human resources, operational systems and processes.

To provide the best working environment to its employees and provide opportunities to them for enhancing their skills.

To work with its farmers, suppliers and distributors as partners developing their expertise and profitability.

To pursue environment friendly policies and effectively and efficiently use all energy resources aiming for zero waste and a clean healthy environment in its vicinity.

To be a socially responsible corporate citizen supporting education, health, environment and socio economic development of the society.

# **COMPANY INFORMATION**

#### **BOARD OF DIRECTORS**

BOARD OF DIRECTORS	
Mazhar Karim	Chairman
Ahsan M. Saleem	Chief Executive
Gul Nawaz	Non-Executive Director
Khalid Bashir	Non-Executive Director
Muhammad Anwar	Non-Executive Director
Muhammad Arshad	Non-Executive Director
Muhammad Asif	Non-Executive Director
AUDIT COMMITTEE	
Chairman	Muhammad Anwar
	Khalid Bashir
	Muhammad Asif
CHIEF FINANCIAL OFFICER	Mehboob Ali Qureshi
COMPANY SECRETARY	Tariq Aleem
MANAGEMENT COMMITTEES	
Business Strategy Committee	Abaan M. Calaam
	Ahsan M. Saleem
	Anjum M. Saleem
	Dr. Wasim Azhar
	Muhammad Asghar Qureshi
	Pervaiz Akhter
	Manzoor Hussain Malik
	Shahid Hamid Mir
	Ch. Shah Muhammad
Executive Committee	
	Ahsan M. Saleem
	Anjum M. Saleem
	Muhammad Asghar Qureshi
System 8 Technology Committee	
System & Technology Committee	
	Muhammad Awais Qureshi
	Ashraf Khan Afiridi
	Ch. Shah Muhammad
	Mehboob Ali Qureshi
	Saad Akhtar Jaffery
Investment Committee	
	Ahsan M. Saleem
	Anjum M. Saleem
Human Resource Committee	,
	Muhammad Asghar Qureshi
	Muhammad Awais Qureshi
	Ashraf Khan Afiridi
	Ch. Shah Muhammad
	Mehboob Ali Qureshi
	Hameedullah Awan

# SHAREHOLDERS' INFORMATION

#### Stock Exchange Listing

Shakarganj Mills Limited is a listed company and its shares are traded on all the three stock exchanges of Pakistan. Daily quotes on the company's stock can be obtained from leading newspapers. Shakarganj is listed under 'Sugar and Allied'

#### Public Information

Financial analysts, Stock brokers, interested investors and financial media desiring information about "Shakarganj" should contact Tariq Aleem at Company's registered Office, Lahore.Tel: +92-42-5783830 & 33 +92-42-5783827-29

Email: tariqaleem@shakarganj.com.pk

#### Shareholder Information

Inquiries concerning lost stock certificates, dividend payment, change of address, verification of transfer deeds and share transfers should be directed to Shareholder Services Department at the Registered Office at Lahore.

Tel: +92-42-5783830 & 33 +92-42-5783827-29 Fax: +92-42-5875916 Email: tarigaleem@shakarganj.com.pk

#### Products

- Ethanol
- Particle Board
- O Sugar
- O Yarn

#### Legal Advisor

Hassan & Hassan Advocates, Lahore.

#### Auditors

A. F. Ferguson & Co. Chartered Accountants

#### Bankers

- O ABN Amro Bank
- O Allied Bank Limited
- O Askari Commercial Bank Ltd.
- O Bank Alflah Ltd.
- O Crescent Commercial Bank Ltd.
- Faysal Bank Ltd.
- O Meezan Bank Ltd.
- MCB Bank Ltd.

- O National Bank of Pakistan Ltd.
- O The Bank of Punjab
- O United Bank Ltd.
- O Stadard Chartered Bank (Pakistan) Ltd.
- O Saudi Pak Commercial Bank Ltd.

#### Works

Principal Facility Management House, Toba Road Jhang, Pakistan. Tel:+92-47-7629337-41 Tlx: 43471CJP PK Fax: +92-47-7620272 E-mail: ssugar@shakarganj.com.pk

#### Satellite Facility

63 K.M. Jhang Sargodha Road, Bhoone. Tel: +92-47-7223016, 223075 Fax: +92-47-7223017

#### Website

www.shakarganj.com.pk

#### **Registered Office**

Crescent Standard Tower, 10-B Block E 2, Gulberg III, Lahore. Pakistan Tel: +92-42-5783827-29 Fax: +92-42-5875916

#### **Principal Office**

10th Floor, Crescent Standard Tower, 10-B Block E 2, Gulberg III, Lahore. Pakistan Tel: +92-42-5783801-2 Fax: +92-42-5870357

#### Karachi Office

Sidco Avenue Centre, 264 R.A. Lines, Karachi. Tel: +92-21-5688149

#### **Faisalabad Office**

Nishatabad, New Lahore Road Faisalabad Tel: +92-41-753037

# CHIEF EXECUTIVE REVIEW

#### Dear Shakarganj Shareholder

I am pleased to present the financial statements of your company for the six months ended 31st March 2008. These were subject to a limited scope review by the auditors A. F Ferguson & Co. and their report is attached to the financial statements.

The following paragraphs give the review of operating performance of divisions of the company.

#### **Sugar Division**

In crushing season 2007-08, there was a bumper sugar cane crop with abundant availability of cane. The sugar industry as a whole, crushed 52,732,710 tons of cane compared to 40,456,177 tons in the last year. Sugar production increased to 4,698,913 tons, compared to 3,517,513 tons last year. This represents 33.85 percent increase in overall sugar production.

In line with increase in cane crushing and sugar production in the industry, Shakarganj also crushed 2.254 million tons of cane to produce 177,092 tons of sugar. In the last season 1.588 million tons of cane was crushed to produce 128,170 tons of sugar.

However, despite the bumper crop of sugar cane the weather had a major adverse effect on the cane quality. A severe and sustained cold spell with sub zero temperatures and continuous frost, directly affected the sucrose contents of cane. This resulted in very poor average recovery in the Shakarganj footprint area, which dropped to 7.85 percent from 8.04 percent last year.

In the previous year, government had imported large quantities of sugar for intervention the market and these stocks remained largely unsold. Expectations of higher production volumes and carry forward stocks, kept the sugar market depressed from the beginning of the season and this trend continued for the first six months of fiscal 2008.

Sales of the sugar division remained at Rs. 2,191 million compared to Rs. 2,421 million in the corresponding period of the last year. Gross profit margin for the period ended reduced to 1.12% as compared to 8.79% in last year was due to depress sugar sale market and high cost of inputs coupled with lesser recovery. Our sugar cane crushing started on 25 October 2007, the production of sugar up to 31st march 2008 was 168,273 M. tones at a recovery rate of 7.87 % against 112,012 M. tones at a recovery rate of 8.02% in the last year 2007. Operating expenses were Rs. 83.102 million in 1st half of the year as compared 78.703 million in the corresponding period of last year. These expenses increased due to higher rate of inflation.

All the foregoing factors resulted in an operating loss of Rs. 58.472 million in the 1st half of the year compared to operating profit of Rs. 134.64 million in the corresponding period of last year.

#### Ethanol and Alternate Energy Business

Sales revenue of Ethanol and Alternate Energy Division stood at Rs. 555.567 million compared to Rs. 286.260 million in the corresponding period of last year. Gross profit

margin increased from 23.60% in the first half of the last year to 26.32 % in the current year. The increase in margin is because of production efficiency and better quality of molasses at lower costs.

The ethanol division produced 36.964 million liters in 1st half of year 2008 as compared to 12.199 million liters in the corresponding period of last year. Current production includes 9.093 million litters from Bhoone facility, which operated for the first time in this season.

Better logistic management of distillery operation resulted in timely supply of high quality molasses and uninterrupted power supply. This resulted in continuous operation of distilleries and much higher production of ethanol.

Operating expenses stood at Rs. 73.564 million during the 1st half of year 2008 compared to Rs. 39.605 million in the corresponding period of last year. The increase in operating expenses was due to increase in level of production activities and exports. The operating profit increased from Rs. 27.961 million to Rs. 72.682 million in the 1st half of the current year.

#### **Textile Division**

The textile industry in Pakistan has been under strain during the last year. Spiraling cost of inputs including cotton, also faces the difficulties such as power shortage, increase in cotton prices and inflationary effect on the other input costs.

The textile division faced same pressures felt by the industry as a whole. Sales Revenue of the textile division stood at Rs. 431.183 million in the 1st half-year compared to Rs. 366.436 million in the corresponding period of 2007. Due to unusually high input costs and weak demand there is a gross loss of Rs. 14.377 million in the period under review compared to the gross profit of Rs. 16.671 million in the last period. Power shortage has seriously hampered the production capacity of this division and this is a major contributory factor in the poor financial performance of this division. Yarn production was 73,852 bags against 71,997 bags in the corresponding period of the last year. Overall production targets could not be achieved because of frequent shutdown in electricity supply from wapda..

Operating expenses stood at Rs. 19.339 million for the current period compared to 13.760 million. This increase is due to increase in minimum wages and inflationary effect on inputs. Operating loss was Rs.33.716 million compared to an operating profit of Rs. 2.940 million the corresponding period.

#### **Building Material Division**

The performance of building material division has tremendously improved due to adequate availability of bagasse from sugar mills operation and realignment of plant operations and logistics. Building material division was able to start its production with the start of cane crushing season and remained in operation till end of May 2008.

Sales revenue of the building material division stood at Rs. 27.548 million as compared to 5.59 million in the corresponding period of last year. Gross profit margin increased from 18.26% to 32.61% in the 1st half of the current year. Building material division produced 4,984 cubic mater of particleboard in the 1st half of the year under review as compared to 919 cubic meters in the 1st half of the year 2007.

#### Investments

During the first half of the fiscal year 2008, the stock market remained volatile seeing KSE-100 index at high of 15274.53 and a low of 13082.01, closing at 15,125.29. Careful management of the company's portfolio resulted in a capital gain of Rs. 5.116 million. Dividend income was Rs. 5.465 million.

Total Investment appearing in long term and short term classification aggregated to Rs. 1,051.718 million and Rs. 1,203.740 million on 31 march 2008 as compared to Rs. 734.968 million and Rs. 1,071.929 million respectively, as at 30 September 2007.

#### **Future Outlook**

Although the results for the first six months show a less than satisfactory financial performance, these must be viewed in the context of the overall business environment and political turmoil during the period. However subsequent to the close of period under review, there are positive indications for the major segments of our business. Sugar market has stabilized and there is a significant price increase that will result in additional margins on the sugar stocks. Ethanol prices are also constantly improving and we expect to see further improvement in this already profitable segment. Re-profiling of our borrowings would result in lower financial costs. Shakarganj has successfully brought into operation a pioneering power project run on biogas. Supply of 3.5 megawatts electricity to Wapda has already started. This will soon increase to 7.5 megawatts. This will generate additional revenues for the company. The management is implementing a major plan to minimize costs, improve efficiencies and optimize the current capacities. We expect to see positive impact of these measures in the future periods. Market conditions for textiles has improved, however the severe power shortage is a major impediment in taking benefit of this improved position. We are implementing redistribution plan for internally generated power, which may somewhat improve the situation for textile division. With these measures we hope that the position at the year-end will substantially improve and in the subsequent periods these will have further positive impact on company's financial performance.

On behalf of the Board

humo

Ahsan M. Saleem Chief Executive Officer

May 29, 2008

# AUDITORS' REPORT TO THE MEMBERS ON REVIEW OF INTERIM FINANCIAL INFORMATION

#### Introduction

We have reviewed the accompanying condensed interim balance sheet of Shakarganj Mills Limited as at March 31, 2008 and the related condensed interim profit and loss account, condensed interim cash flow statement and condensed interim statement of changes in equity for the half year then ended (here-in-after referred to as the "interim financial information"). Management is responsible for the preparation and presentation of this interim financial information in accordance with approved accounting standards as applicable in Pakistan. Our responsibility is to express a conclusion on this interim financial information based on our review. The figures of the condensed interim profit and loss account for the quarters ended March 31, 2007 and 2008 have not been reviewed, as we are required to review only the cumulative figures for the half year ended March 31, 2008.

#### Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity." A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

#### Conclusion

Based on our review nothing has come to our attention that causes us to believe that the accompanying interim financial information as of and for the half year ended March 31, 2008 is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan.

#### **Chartered Accountants**

Lahore

Date: May 29, 2008

# CONDENSED INTERIM BALANCE SHEET AS AT MARCH 31, 2008 (UN-AUDITED)

EQUITY AND LIABILITIES SHARE CAPITAL AND RESERVES	Note	March 31September 3020082007(Un-audited)(Audited)(Rupees in thousand)	
SHARE CAPITAL AND RESERVES			
Authorised capital 80,000,000 (September 30, 2007: 80,000,000) ordinary shares of Rs 10 each		800,000	800,000
50,000,000 (September 30, 2007: 50,000,000) preference shares of Rs 10 each		500,000	500,000
		1,300,000	1,300,000
Issued, subscribed and paid up capital 69,523,797 (September 30, 2007: 57,936,498) ordinary shares of Rs 10 each Reserves Unappropriated profit		695,238 1,389,365 205,697	579,365 1,301,388 704,393
SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT		2,290,300 1,840,215	2,585,146 1,840,226
NON-CURRENT LIABILITIES			
Long term finances Long term advances Liabilities against assets subject to finance lease Retirement benefits Deferred income	5	1,339,542 - 348,030 8,270 2,354	1,782,304 736 148,195 5,158 3,585
CURRENT LIABILITIES		1,698,196	1,939,978
Current portion of long term liabilities Short term borrowings - secured Trade and other payables Accrued finance cost		1,230,413 4,771,468 2,024,542 220,210	559,678 3,344,249 447,383 193,853
CONTINGENCIES AND COMMITMENTS	6	8,246,633	4,545,163
	0	14,075,344	10,910,513

The annexed notes 1 to 16 form an integral part of this condensed interim financial information.

ASSETS	Note	March 31 S 2008 (Un-audited) (Rupees in	September 30 2007 (Audited) <b>thousand)</b>
NON CURRENT ASSETS			
Property, plant and equipment Intangible assets Assets subject to finance lease Capital work in progress Biological assets Investments - related parties Long term advances, loans, deposits and prepayments	7 8	6,158,228 1,190 259,180 1,080,643 52,455 1,051,718 286,963	5,982,153 1,360 222,720 793,584 29,682 734,968 109,638
		8,890,377	7,874,105

#### CURRENT ASSETS

Biological assets		29,793	89,713
Stores, spares and loose tools		120,982	91,218
Stock-in-trade		3,150,194	1,069,930
Trade debts		152,874	71,073
Investments	9	1,203,740	1,071,929
Loans, advances, deposits, prepayments			
and other receivables		272,521	149,304
Cash and bank balances		254,863	493,241
		5,184,967	3,036,408

14,075,344	10,910,513

auni Aus  $\sim$ Chief Executive

Agaa heer Chairman

10

### CONDENSED INTERIM PROFIT AND LOSS ACCOUNT FOR THE QUARTER AND HALF YEAR ENDED MARCH 31, 2008 (UN-AUDITED)

		Quarter ended		Half year ended	
	-	March	March	March	March
		31, 2008	31, 2007	31, 2008	31, 2007
	Note		(Rupees in	thousand)	
Sales	10.1	4 705 420	1 405 762	0 000 570	0.070.007
		1,795,420	1,495,763	2,822,579	2,872,987
Cost of sales	10.2	(1,796,553)	(1,346,540)	(2,630,284)	(2,574,686)
Gross (loss) / profit		(1,133)	149,223	192,295	298,301
Administrative expenses		(57,987)	(48,540)	(107,636)	(91,899)
Distribution and selling costs		(44,615)	(28,391)	(69,811)	(40,778)
Other operating expenses		(99,658)	(57,060)	(106,276)	(67,297)
Other operating income		29,854	352,060	45,566	468,504
(Loss) / profit from operations		(173,539)	367,292	(45,862)	566,831
Finance cost		(202,164)	(297,329)	(380,209)	(462,920)
(Loss) / profit before taxation		(375,703)	69,963	(426,071)	103,911
Taxation		(9,298)	(19,789)	(14,700)	(28,150)
(Loss) / profit after taxation		(385,001)	50,174	(440,771)	75,761
Earnings per share - basic	11 Rupee	s (5.54)	0.72	(6.34)	1.09

The annexed notes 1 to 16 form an integral part of this condensed interim financial information.

Aus  $\sim$ 

Agaa hee

Chief Executive

## CONDENSED INTERIM CASH FLOW STATEMENT FOR THE HALF YEAR ENDED MARCH 31, 2008 (UN-AUDITED)

	March 31 2008 (Rupees in	March 31 2007 thousand)
Cash flows from operating activities	(Rupees in	inousanu)
Cash (used in) / generated from operations12Finance cost paid12Taxes paid12Retirement benefits paid12Net (increase) / decrease in long term advances,	(558,542) (353,852) (10,866) (2,089)	652,163 (472,961) (22,377) (2,836)
loans, deposits and prepayments	(177,325)	59,766
Net cash (used in) / generated from operating activities	(1,102,674)	213,755
Cash flows from investing activities		
Fixed capital expenditure Investment made Proceeds from sale of investments Dividend received Sale proceeds from sale of property, plant and equipment	(378,137) (422,861) 180,474 6,084 1,001	(117,741) (385,167) 594,522 29,072 5,126
Net cash (used in) / generated from investing activities	(613,439)	125,812
Cash flows from financing activities		
Proceeds from long term finances Repayment of long term finances Sales proceeds from sale and lease back transactions Long term advances - net Net increase / (decrease) in short term borrowings - secured Finance lease liabilities - net Dividend paid	403,000 (232,539) - - 1,427,219 (62,009) (57,936)	230,400 (290,037) 7,679 5,013 (65,366) (17,645)
Net cash generated from / (used in) financing activities	1,477,735	(129,956)
Net (decrease) / increase in cash and cash equivalents Cash and cash equivalents at the	(238,378)	209,611
beginning of the period Cash and cash equivalents at the	493,241	190,335
end of the period	254,863	399,946

The annexed notes 1 to 16 form an integral part of this condensed interim financial information.

12 Aus  $\sim \sim$ Chief Executive

Maylan free

Chairman

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY FOR THE HALF YEAR ENDED MARCH 31, 2008 (UN-AUDITED)
---

(Rupees in thousand)

						Reserves	IVes						
			Capital						Revenue				
	Share Capital	Reserve for bonus shares	Share premium	Fair Value reserve	Difference of capital under scheme of arrangement of merger	Sub - Total	General	Dividend Equalization	Equity Investment Market value equalization	Sub - Total	Total	Un- Appropriated Profit	Total
Balance as on September 30, 2006 Fair value gain during the period Transfer from sumbus on revaluation	579,365 -		243,282 -	1,662,617 (372,051)	155,930 -	2,061,829 (372,051)	526,479 -	22,700 _	83,000 -	632,179 _	2,694,008 (372,051)	83,189 _	3,356,562 (372,051)
of property, plant and equipment on account of incremental depreciation Profit for the period												13 75,761	13 75,761
Balance as on March 31, 2007	579,365		243,282	1,290,566	155,930	1,689,778	526,479	22,700	83,000	632,179	2,321,957	158,963	3,060,285
Balance as on September 30, 2007 Fair value gain during the period Transfer from surplus on revaluation	579,365 -		243,282 -	269,997 203,859	155,930 -	669,209 203,859	526,479 -	22,700 -	83,000 -	632,179 -	1,301,388 203,859	704,393 -	2,585,146 203,859
of property, plant and equipment on account of incremental depreciation		,	ı	ı	ı			,	ı			11	11
disposal of investment				1,434		1,434					1,434		1,434
derecognition	,	,		(1,443)		(1,443)	,				(1,443)		(1,443)
iransrers from general reserve for issue of bonus shares		115,873				115,873	(115,873)			(115,873)			
Final dividing on the year ended September 30, 2007 - Rs 1 per share Bonus shares issued during the period Loss for the period	- 115,873 -	- (115,873) -				- (115,873) -					- (115,873) -	(57,936) _ (440,771)	(57,936) _ (440,771)
Balance as on March 31, 2008	695,238		243,282	473,847	155,930	873,059	410,606	22,700	83,000	516,306	1,389,365	205,697	2,290,300

The annexed notes 1 to 16 form an integral part of these financial statements.

mound Chief Executive

After Leer Chairman

13

#### NOTES TO AND FORMING PART OF THE FINANCIAL INFORMATION FOR THE QUARTER AND HALF YEAR ENDED MARCH 31, 2008 (UN-AUDITED)

#### 1. The company and its activities

Shakarganj Mills Limited (the company) was incorporated in Pakistan on September 20, 1967 under the Companies Act, 1913 (now Companies Ordinance, 1984). Shares of the company are quoted on the stock exchanges in Pakistan. The principal activity of the company is to manufacture, purchase and sale of sugar, ethanol, building materials and yarn.

#### 2. Statement of compliance

This condensed interim financial information is un-audited and is being submitted to the members as required by section 245 of the Companies Ordinance, 1984. The condensed interim financial information has been prepared in accordance with the requirements of the International Accounting Standard (IAS) 34 'Interim Financial Reporting' and have been reviewed by the auditors as required by the Code of Corporate Governance.

#### 3. Significant accounting policies

The accounting policies 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, 2007.

4. The provision for taxation for the half year ended March 31, 2008 has been made on an estimated basis.

	March 31 2008	September 30 2007
Long term finances	(Rupees i	n thousand)
Opening balance Add: Disbursements during the period	2,245,822 403,000	1,966,387 566,820
	2,648,822	2,533,207
Less: Repayments during the period	(232,539)	(287,385)
	2,416,283	2,245,822
Less: Current portion shown under current liabilities	(1,076,741)	(463,518)
	1,339,542	1,782,304

#### 6. Contingencies & Commitments

#### 6.1 Contingencies:

5.

The company has issued following guarantees:

- Bank guarantee of Rs 86.50 million (September 2007: Rs 86.50 million) in favour of Sui Northern Gas Pipelines Limited to indemnify against default in gas bills.
- Bank guarantee in favour of Government of Pakistan through Collector of Sales Tax, LTU against Sales tax refund claim amounting to Rs 9.552 million (September 2007: Rs 1.352) million.
- (iii) Cross corporate guarantee in favour of Allied Bank Limited to secure long term finance facility availed by the company's subsidiary, Shakarganj Food Products Limited of Rs 467 million (September 2007: Rs 467 million).
- (iv) The company has issued a post dated cheque in favour of the Collector of Customs against custom duty clearance in respect of import of plant and machinery amounting to Rs 4.53 million (September 2007: Rs 4.53) million.
- (v) Claims not acknowledged as debts Rs 6.319 million (September 2007: 6.319 million).

#### 6.2 Commitments

The company has the following commitments in respect of:

- Letters of credit other than capital expenditure Rs 72.734 million (September 2007: Rs 2.867 million).
- (ii) Contracts for capital expenditure amounting to Rs 108.849 million (September 2007: Rs 387.927 million).
- (iii) Contracts for acquisition of intangible (computer software) amounting to Rs 20 million (September 2007: Rs 20 million).

7.	Property, plant and equipment	Note	March 31 2008 (Rupees i	September 30 2007 n thousand)
	Opening book value Add: Additions during the period Add: Revaluations during the period	7.1	5,982,153 350,695 -	4,168,831 365,944 1,837,094
			6,332,848	6,371,869
	Less: Disposals during the period (at book value Depreciation charged during the period Impairment charged during the period	ue)	476 174,144 -	10,062 362,753 16,901
			174,620	389,716
	Closing book value		6,158,228	5,982,153
7.1	Addition during the period			
	Land Building on freehold land Plant and machinery Tools and equipment Laboratory equipment Water, electric and weighbridge equipments Furniture and fixtures Office equipment Vehicles Library books		17,051 11,186 309,071 1,104 107 1,605 1,284 1,036 8,175 76 350,695	40,284 136,455 130,909 34,449 311 4,803 1,621 1,476 15,259 377 365,944
8.	Long term investment - related parties			
	Available for sale Advance against purchase of shares in subsidiary company Shakargani Food	8.1	1,051,718	193,034
	Products Limited		-	541,934
			1,051,718	734,968

8.1 Available for sale	March 31 2008 (Rupees i	September 30 2007 in thousand)
At cost: Subsidiary company Associated companies Others	575,546 313,286 2,200	100 69,529 2,200
	891,032	71,829
Add: Cumulative fair value gain Less: Cumulative impairment losses recognized	165,886 (5,200)	126,405 (5,200)
Fair value gain	160,686	121,205
	1,051,718	193,034

8.2 The company during the period acquired 3.040 million and 6.750 million shares in Safeway Fund Limited (SFL) and Asian Capital Management Limited (ACML) for Rs 125.000 million and Rs 118.800 million respectively. Consequent to this acquisition the company holds 73.69% and 75.00% of equity of SFL and ACML respectively. As SML has acquired control over SFL and ACML by virtue of this investment, consequently in the company's consolidated financial statements SFL and ACML are being consolidated as subsidiaries of the company.

#### 9. Short term investments

16

Available for sale Held for trading	9.1	1,165,071 38,669	1,000,970 70,959
		1,203,740	1,071,929
9.1 Available for sale			
At cost: Subsidiary company Associated companies Others		290,792 334,814 265,695	290,792 334,814 267,406
		891,301	893,012
Add: Cumulative fair value gain Less: Cumulative impairment losses recognized	9.2	307,961 (34,191)	143,592 (35,634)
Fair value gain		273,770	107,958
		1,165,071	1,000,970
9.2 Impairment losses			
Opening balance Add: transferred from long term investments Add: impairment loss recognized during the period Less: impairment loss adjusted upon derecognition of investments	b	35,634 - - (1,443)	54,171 34,191 52,892 (105,620)
Closing balance		34,191	35,634

results
Segment
10.5

																					(nu)		(Rupees in thousand)
Note		Sug Quarter ended March March 31, 2008 31, 2007	gar Half year ended March Mare 31, 2008 31, 21	ended March 31, 2007	Quarter ended March Mar 31, 2008 31, 2	Ch Etha	Half year e farch , 2008 3	4 b	Buildin Quarter ended March March 31, 2008 31, 2007	h N 31	ials Half year ended farch March , 2008 31, 2007	31.8	er ended March 31, 200	Textile Half yea March 7 31, 2008	Half year ended Aarch March I, 2008 31, 2007	Ei Quarter ended March Marc 31, 2008 31, 20	h nginer	falf yea rch 2008	r ended March 31, 2007 3	Ti Quarter ended March March 31, 2008 31, 200	otal	Half year ended March Ma 31, 2008 31, 2	ded March 31, 2007
Net sales 10.1 Segment expenses	1 1,485,119	1,333,683	2,190,944	2,421,176	338,877	106,350	555,567	286,260 1	15,208 1,7	1,770 27	27,548 5,595	95 225,034	4 181,581	431,183	366,436	67,635	6,692	80,112	6,692 1,	1,795,420 1,	1,495,763 2,	2,822,579 2,	2,872,987
- Cost of sales 10.2 Gross profit/(loss)		(1,555,089) (1,228,771) (69,950) 104,912	) (2,166,314) : 24,630	(2,208,133) 213,043	(284.378) 54,499	(67,761) (4 38,589	(409,321) (2 146,246	(218,694) (1 67,566	(11, 146) (7 4,062 1,0	(745) (18 1,025 8	(18,563) (4,573) 8,985 1,022	1,573) (241,589) 1,022 (16,555)	<ol> <li>(176,883)</li> <li>4,698</li> </ol>	(445,560) (14,377)	(349,765) 16,671	(20,884) 46,751	(3.566) 3.126	(54,232) 25,880	(3,566) (1.) 3,126	(1.796,552) (1.3 (1.3 (1.3	(1,346,540) (2,6 149,223	(2,630,283) (2,5 192,296	(574,686) 298,301
- Admin istrative expenses - Distribution and selling cost	(43,690) (5,566)	(38,224) (3,606) (44,820)	(74,879) (8,223) (8,223)	(70,914) (7,789)	(8,030) (36,800)	(3,091) (23,467)	(17,605) (55,959) (	(8,434) (31,171) (30,605)	(554) ( (86) (	$\left  \right $	H	(165) (5,544) (21) (2,163) (2,163) (2,163)	(6,758) (1,309) (1,309)	(13,842) (5,497)	(11,970) (1,797)	(169)	(416)	(210)	H		(48,540) (1 (28,391) (1	(107,636) ( (69,811) ( (69,811) (	(91,899) (40,778)
Segment results	(119,206)			134,340	(nco'ter)					965 1	7,753 B	Ĭ			2,904	46,582	2,710	25,670	2,710 (	(103,734)			165,624
10.1 Sales Gross sales																							
- Local - Export - By-products - Inter segment	1,407,955 13,931 268,818	1,392,709 (2)	2,095,451 13,931 52 382,663	2,566,184 - 204,394	40,603 304,064	73,324 40,597 2,086	59,674 504,216	121,205 1 178,871 2,086	18,772 2,0 - -	2,086 33	33,748 6,688  	88 182,822 - 37,399 - 6,379 	2 158,519 9 19,166 9 5,193	334,772 85,113 14,035	334,465 23,192 10,927	- - 67,635	- - 6,692	- - 80,112	- 1, - 6,692	,650,152 1, 355,394 6,379	1,626,638 2, 59,763 5,191	,523,645 3, 603,260 14,087	,028,542 202,063 10,931
	1,690,704	1,518,242	2,492,097	2,770,582	344,667	116,007	563,890	302,162 1	18,772 2,0	2,086 33	33,748 6,688	88 226,600	0 182,878	433,920	368,584	67,635	6,692	80,112	6,692 2	2,011,925 1,	1,691,592 3,	3,140,992 3,	3,241,536
Less: Commission to selling agents Sales tax Special excise duty	3,506 188,069 14,010	3,886 180,673	5,058 282,085 14,010	5,548 343,858 -	47 5,229 514	93 9,564	93 7,716 514	93 15,809 -		272 2	1,587 2 4,370 8 243	221 1,566 872 -	6 1,297 	2,737	2,148 -					6,023 195,715 14,767	5,320 190,509	9,475 294,171 14,767	8,010 360,539 -
· · · · · · · · · · · · · · · · · · ·	205,585		_	349,406	5,790			902						2,737	2,148	1	1						368,549
Net sales	1,485,119	1,333,683	2,190,944	2,421,176	338,877	106,350	555,567	286,260	15,208 1,7	1,770 27	27,548 5,595	95 225,034	4 181,581	431,183	366,436	67,635	6,692	80,112	6,692 1,	1,795,420 1,	1,495,763 2,	2,822,579 2,	2,872,987
10.2 COSLOI SAIES Inter-segment Raw materials consumed	1,915,231	- 2,086 1,460,683	3,308,338	2,086 2,257,707	273,228 94,301	118,763 (17,259)	374,224 156,823	183,246 1 37,581 ((	10,456 2,2 (3,751)	2,294 13	13,804 2,369	69 11,945 - 164,807	5 4,477 7 131,580	21,446 342,475	18,778 265,130	-	2,957	22,432	2,957 2,	2,189,774 1,	1,577,961 3,	3,830,068 2,	2,563,375
	1,915,231	1,462,769	3,308,338	2,259,793	367,529	101,504	531,047	220,827	6,705 2,2		13,804 2,369		2 136,057	363,921	283,908	19,186	2,957	22,432	2,957 2,	2,189,774 1,	,577,961 3,	3,830,068 2,	2,563,375
Salaries, wages and other benefits Stores and agrees consumed Dyes and chemicals Peaking material con sumed Evel and power	52,349 24,473 14,996 5,945 5,945 8,713	43,304 19,230 9,622 16,824 16,824 291	94,305 52,880 24,705 50,688 27,187 15,211 15,211	73,024 44,373 14,849 27,266 49,062 11,569	5,452 2,866 13,763 13,763 13,763	2,272 813 4,519 2,931 2,162	9,824 4,344 19,943 2,568 428	5,082 1,447 7,340 2,953 2,928 2,928	1,479 7 10,265 2,1 90 -		2,647 1,6 742 1,6 10,312 2,1 145	1,638 16,371 79 6,858 2,147 - 3,672 54 8,862 54 8,862 74 6,73	1 13,778 8 3,746 - 2,252 2 18,457 2 509 509	33,694 10,165 6,915 23,479 2,037 2,037	26,886 6,232 6,232 3,735 25,167 630	95 383 , , 28 383 , , 28	188 5 5 29	422 69 363 29 29	81 23 2 8	75,746 34,714 39,024 35,927 15,170 15,170 9,579	60,333 23,865 16,305 21,879 7,527 7,527	140,892 68,200 54,960 57,603 57,610 17,850	106,818 52,136 24,336 31,001 77,402 65,230
Vehicles running expenses Traveiling and conveyance	1,512					3'8	503 - 50	252	044	5 16						8 8	13	88	13	1,545 636			2,950
Printing and stationery Rent, rates and taxes Sugarcane research and development	327 186 2,733	1,894				<b>4</b> ' '	4	g ' '	- ' '	<u>م</u> ، ،	ø ' '	9 - 426 -	- 807 	734	861	N ' '	N ' '	4 ' '	01 ' '	356 612 2,733			592 1,243 3,167
Staff training and development Depreciation on fixed assets Depreciation of lease d assets Other factory overheads	201 58,189 2,131 7,157	71,478 2,003 7,010	206 110,999 4,163 12,665	-	16,173 31 1.102	- 615 1,233 (51)	- 29,760 159 2.125	- 14,894 1,650 537	- 182 - 1	197 - 40	364 . 3		- 2,821 9 2,536 (318)	12,398 12,467	- 7,885 2,536	- 1,108 - 27	153	2,089 - -	153	201 82,120 13,861 8,000			74 152,852 8,416 13.377
	2,128,096	Ê	.e.	2,6	Ą	-	601,103	-	1	1	6,6	232	18	467,216	359,972	20,884	3,566	25,776	1	-	4	e,	060,397
Opening work in process Less: Closing work in process	43,247 30,684	33,792	3,683	16,952 26,066					 	3,311	- 3,311	- 6,894 11 6,015	4 4,482 5 4,587	4,917 6,015	4,030					50,141 36,699	38,274 33,964	8,600 36,699	20,982 33,964
	12,563		1	(9,114)		.			- (3,5	(3,311)	- (3,311)	11) 879	9 (105)	(1,098)	(557)					1		(28,099) (	(12,982)
Cost of goods produced	2,140,659	1,651,555	3,688,560	2,628,934	407,618	116,140	601,103	258,431 1	19,026 2,3		28,535 3,548	48 233,237	7 181,960	466,118	359,415	20,884	3,566	25,776	3,566 2,	2,525,794 1,	1,827,905 4,	4,400,617 3,	3,047,415
Opening stock of finished goods Less: Closing stock of finished goods	1,807,812 2,393,402	1,522,748	871,156 2,393,402	1,524,731	176,313 299,553	68,064 116,443	107,771 299,553	76,706 116,443 1	6,687 3,6 14,567 5,1	3,628 2	4,595 6,212 14,567 5,187	12 49,342 87 40,990	2 29,144 0 34,221	20,432 40,990	24,571 34,221	• •	• •	28,456 -		2,040,154 1, 2,748,512 2,	1,623,584 1, 2,101,383 2,	1,032,410 1, 2,748,512 2,	,632,220
	(585,590)	(422,784)	(1,522,246)	(420,801)	(123,240)	(48,379) (1	(191,782) (	(39,737) (	(7,880) (1,559)		(9,972) 1,0	1,025 8,352	2 (5,077)	(20,558)	(0;650)	•	•	28,456		(708,358) (4	(477,799) (1,7	Ĩ.	(469, 163)
Less. Own goods capitalized	1,555,069	1,555,069 1,228,771	2,166,314	2,208,133	284,378	67,761	409,321	218,694	11,146 7	- 745 18	18,563 4,573	73 241,589	9 176,883	445,560	349,765	20,884	3,566	54,232	3,566 1,			2,630,283 2,	(3,300) 2,574,686

10.3 Inter segment sales/purchases have been eliminated from total figures.

#### 11. Earnings per share

There is no dilution of the basic earnings per share of the company as the effect of company's commitment to convert 1,000 preference shares into 167 ordinary shares of Rs 10 each is anti-dilutive.

	Half year ended		
	March 31	September 30	
	2008 (Bupaca i	2007 n thousand)	
	(Rupees I	n thousand)	
12. Cash generated from operations			
Profit before taxation Adjustments for: Depreciation in / amortization on:	(426,071)	103,911	
- Property, plant and equipment	174,144	171,222	
<ul> <li>Assets subject to finance lease</li> </ul>	22,543	13,015	
- Intangible assets	170	-	
- Deferred income	(1,231)	(1,278)	
Gain on sale of property, plant and equipment	(525)	(3,013)	
Impairment losses of investment	2,792	5,123	
Gain on sale of investments	(5,116)	(368,275)	
Unrealized loss on investments held for trading	-	(13,492)	
Retirement benefits accrued Dividend income	5,201 (5,465)	3,769 (31,404)	
Fair value loss on recognition of biological assets	38,338	29,672	
Finance cost	380,209	462,920	
	611,060	268,259	
		- ·	
Profit before working capital changes	184,989	372,170	
Effect on cash flow due to working capital changes:			
(Increase) in stores and spares	(29,764)	(8,543)	
(Increase) in stock in trade	(2,080,264)	(541,988)	
(Increase) in trade debts	(81,801)	(24,895)	
(Increase) / decrease in biological assets (Increase) / decrease in loans, advances,	(1,191)	17,755	
deposits, prepayments and other receivables	(127,670)	164,262	
Increase in trade and other payables	1,577,159	673,402	
	(743,531)	279,993	
	(558,542)	652,163	
	(000,042)	=	

		Half year ended		
		March 31 2008	2007	
		(Rupees i	n thousand)	
13.	Transactions with related parties			
	Subscription to right issue made by subsidiary company Interest bearing advances extended to	575,446	-	
	subsidiary company	178,171	-	
	Mark up charged to subsidiary company	9,809	-	
	Allocation of expenses from subsidiary company	177	-	
	Dividend received	2,564	2,332	
	Purchase of goods and services	77,323	46,004	
	Sale of goods	3,483	30,364	
	Sale of property, plant and equipment	-	2,836	
	Sale of other goods	-	2,763	
	Share of common expenses	-	830	
	Expenses incurred on behalf of the company	2,524	73	
	Key management personnel compensation	17,355	12,252	
	Expense in respect of retirement benefit plans	5,201	4,090	

#### 14. Date of authorisation for issue

This condensed interim financial information was authorised for issue on May 29, 2008 by the Board of Directors of the company.

#### 15. Subsequent events

Subsequent to March 31, 2008, a consortium of investors comprising KASB Capital Limited (KASB) and AKD Securities Limited (AKD), through an agreement dated April 12, 2008 with the company, Crescent Steel and Allied Products Limited (CSAPL) and Shakarganj Foods Product Limited (SFPL), have agreed to subscribe to the share capital of SFPL, a subsidiary of the company, to the extent of Rs 777 million. Consequent to this, the company's shareholding in SFPL will reduce from 90% to approximately 44%.

#### 16. Corresponding figures

Previous period's figures have been rearranged, wherever necessary, for the purposes of comparison. However, no significant re-arrangements have been made.

Hylan free

Chief Executive

# CONSOLIDATED FINANCIAL STATEMENTS AS AT MARCH 31, 2008

# CONSOLIDATED INTERIM BALANCE SHEET AS AT MARCH 31, 2008 (UN-AUDITED)

	Note	March 31 2008 (Ruppes in	September 30 2007 • thousand)
EQUITY AND LIABILITIES SHARE CAPITAL AND RESERVES		(Nupees ii	i illousalluj
Authorised capital 80,000,000 (September 30, 2007: 80,000,000) ordinary shares of Rs 10 each		800,000	800,000
50,000,000 (September 30, 2007: 50,000,000) preference shares of Rs 10 each		500,000	500,000
		1,300,000	1,300,000
Issued, subscribed and paid up capital 69,523,797 (September 30, 2007: 57,936,498) ordinary shares of Rs 10 each Share deposit money Reserves Unappropriated profit		695,238 100,000 1,066,309 104,457	579,365 60,000 1,017,544 730,900
MINORITY INTEREST		1,966,004 51,828	2,387,809
SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT		2,017,832 1,840,215	2,387,809 1,840,226
NON-CURRENT LIABILITIES			
Long term finances Long term advances Liabilities against assets subject to finance lease Retirement benefits Deferred income Deferred taxation	5	1,569,716 - 351,930 14,312 2,354 9,500	2,053,533 736 150,636 9,770 3,585 9,500
CURRENT LIABILITIES		1,947,812	2,227,760
Current portion of long term liabilities Short term borrowings - secured Trade and other payables Accrued finance cost		1,353,488 4,864,468 2,392,817 242,554	682,251 3,511,765 600,218 218,875
CONTINGENCIES AND COMMITMENTS	6	8,853,327	5,013,109
		14,659,186	11,468,904

The annexed notes 1 to 17 form an integral part of this condensed interim financial information.

	Note	March 31 2008 (Rupees ir	September 30 2007 hthousand)
ASSETS			
NON CURRENT ASSETS			
Property, plant and equipment	7	7,155,073	6,793,062
Intangible assets		202,767	85,428
Assets subject to finance lease		264,010	225,198
Capital work in progress		1,094,846	848,134
Biological assets		52,455	29,682
Investments - related parties Long term advances, loans, deposits	8	312,277	193,273
and prepayments		111,808	114,015
		9,193,236	8,288,792

#### CURRENT ASSETS

Biological assets		29,793	89,713
Stores, spares and loose tools		130,221	106,558
Stock-in-trade		3,259,370	1,125,704
Trade debts		167,410	85,107
Investments	9	1,245,179	1,071,929
Loans, advances, deposits, prepayments			
and other receivables		343,883	190,997
Cash and bank balances		290,094	510,104
		5,465,950	3,180,112

14,659,186	11,468,904

Aglea free Chairman

uni-Au Chief Executive

#### CONSOLIDATED INTERIM PROFIT AND LOSS ACCOUNT FOR THE QUARTER AND HALF YEAR ENDED MARCH 31, 2008 (UN-AUDITED)

		Quarter ended		Half yea	ear ended	
	-	March	March	March	March	
		31, 2008	31, 2007	31, 2008	31, 2007	
	Note		(Rupees in	thousand)		
Sales	10.1	2,076,716	1,744,436	3,385,761	3,413,231	
Cost of sales	10.2	(2,072,161)	(1,580,037)	(3,179,431)	(3,074,309)	
Gross (loss) / profit		4,555	164,399	206,330	338,922	
Administrative expenses		(63,067)	(53,267)	(116,806)	(100,387)	
Distribution and selling costs		(99,326)	(66,452)	(188,727)	(130,931)	
Other operating expenses		(114,319)	(64,117)	(126,181)	(77,736)	
Other operating income		16,003	352,331	31,963	468,927	
(Loss) / profit from operations		(256,154)	332,894	(193,421)	498,795	
Finance cost		(215,732)	(315,819)	(407,405)	(493,814)	
Income from associated companies		(13,735)	2,269	2,761	2,269	
Gain on disposal of subsidiary		-	-	38,324	-	
(Loss) / profit before taxation		(485,621)	19,344	(559,741)	7,250	
Taxation		(10,072)	(28,818)	(17,672)	(38,534)	
(Loss) / profit after taxation		(495,693)	(9,474)	(577,413)	(31,284)	
Attributable to:						
Equity holders of the parent		(487,461)	-	(568,518)	-	
Minority Interest		(8,232)	-	(8,895)	-	
		(495,693)	-	(577,413)	-	
Earnings per share - basic	11 Rupee	s (7.01)	(0.45)	(8.18)	(0.45)	

The annexed notes 1 to 17 form an integral part of this condensed interim financial information.

turmoren

Chief Executive

ff glan free Chairman

23

# CONSOLIDATED INTERIM CASH FLOW STATEMENT FOR THE HALF YEAR ENDED MARCH 31, 2008 (UN-AUDITED)

	Half yea	r ended
	March 31	March 31
	2008	2007
	(Rupees in	thousand)
Cash flows from operating activities		
Cash (used) in / generated from operations 12	(569,148)	617,025
Finance cost paid	(381,364)	(499,295)
Taxes paid	(12,306)	(22,918)
Retirement benefits paid	(2,527)	(2,836)
Net (increase) / decrease in long term advances,		
loans, deposits and prepayments	4,055	157
Net cash (used) in / generated from operating activities	(961,290)	92,133
Cash flows from investing activities		
Fixed capital expenditure	(541,976)	(171,870)
Investment made	(148,563)	(279,259)
Acquisition of subsidaries , net of cash acquired	(215,635)	(210,200)
Proceeds from sale of investments	180,474	594,522
Dividend received	6,084	29,072
Sale proceeds from sale of property, plant and equipment	1,867	5,126
Net cash (used) in / generated from investing activities	(717,749)	177,591
Cash flows from financing activities		
Proceeds from long term finances	403,000	230,400
Shares Deposit money received	100,000	50,000
Repayment of long term finances	(276,039)	(298,537)
Sales proceeds from sale and lease back transactions	-	7,679
Long term advances - net	-	5,013
Net increase / (decrease) in short term borrowings - secured	1,352,703	(29,527)
Finance lease liabilities - net	(62,699)	(17,645)
Dividend paid	(57,936)	-
Net cash generated from / (used) in financing activities	1,459,029	(52,617)
Net (decrease) / increase in cash		
and cash equivalents	(220,010)	217,107
Cash and cash equivalents at the		
beginning of the period	510,104	193,230
Cash and cash equivalents at the		
end of the period	290,094	410,337

The annexed notes 1 to 17 form an integral part of this condensed interim financial information.

24 Tur ورر  $\sim \sim \sim$ Chief Executive

Aglaa free

Chairman

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE HALF YEAR ENDED MARCH 31, 2008 (UN-AUDITED) (Rupees in thousand)

L							Attribut	Attributable to equity balders of the second	, holdere of t	the naront					/		
							MIIIN	inha ni anni	y riouces of	nie parent		ļ					
				Ca	Capital Reserves	Sé				Re	Revenue Reserves	/es					
	Share capital	Share deposit money	Reserve for issuance of bonus share	Share premium	Share in capital reserves of associates	Fair value reserve	Difference of capital under scheme of arrangement of merger	Sub- total	General	Dividend equaliz- ation	Equity investment market value eqializ- atopm	Sub- total	Total	Un-approp- riated profit	Total	Minority Interest	Total Equity
Balance as on September 30, 2006	579,365			243,282	10,205	1,587,979	155,930	1,997,396	526,479	22,700	83,000	632,179	2,629,575	255,259	3,464,199		3,464,199
Share deposit money received during the year Eair value loss during the pariod		50,000				(375 000)		- 13.25 0001					- 1375 000)		50,000		50,000
hain varue loos during the period					58,751	(000,000)		58,751					58,751		58,751		58,751
Transter from surplus on revaluation of property. plant and equipment														13	13		13
Loss for the period								,				,	,	(31,284)	(31,284)	,	(31,284)
Balance as on December 31, 2007	579,365	50,000		243,282	68,956	1,261,980	155,930	1,730,148	526,479	22,700	83,000	632,179	2,362,327	223,988	3,215,680		3,215,680
Share deposit money received during the year	,	10,000	ŗ	,	,	,	,	,	,	,	,	,	,	ı	10,000	,	10,000
Fair value gain during the year	,	,	,	,	,	40,420		40,420		,		,	40,420	,	40,420	,	40,420
I ransferred to profit and loss account on derecognition of shares				,		(1,477,298)	-	1.477,298)	,	,		-	(1,477,298)		(1,477,298)	'	(1.477.298)
Impairment loss transferred to profit and loss account	, 	,	,			52,892	,	52,892	,	,	,	,	52,892	,	52,892	,	52,892
Share in capital reserves of associates		,			39,203			39,203	,				39,203		39,203		39,203
Transfer from surplus on revaluation of														1			
property, plant and equipment	,	,	,	,	,	,	,	,	,	,	,	,	,	19	19		19
Profit for the year														506,893	506,893		506,893
Balance as on September 30, 2007	579,365	60,000		243,282	108,159	(122,006)	155,930	385,365	526,479	22,700	83,000	632,179	1,017,544	730,900	2,387,809		2,387,809
Final dividend for the year ended September 2007	,	,			,		,		,	,	,			(57,936)	(57,936)		(57,936)
Reserve for issuance of bonus shares	,		115,873	,	,		,	115,873	(115,873)	,		(115,873)		,		,	'
Bonus shares issued during the period	115,873	,	(115,873)	,	,	,	,	(115,873)	,	,	,	'	(115,873)	,	,	,	'
Issuance of share against share deposit money		(60,000)			,		,			,	,				(60,000)	21,676	(38,324)
Minority interest at date of acquisition	,	•			,		,			,						39,047	39,047
Share deposit money received during the period	' 0	100,000	,	,	,	,	,	,	,	,	,	,	,	,	100,000	,	100,000
Share in capital reserve of associate	,	,	,	,	(3,332)	,	,	(3,332)	,	,	,	,	(3,332)	,	(3,332)	,	(3,332)
Fair value gain during the period		ŀ				167,970		167,970		,			167,970		167,970		167,970
Transfer from surplus on revaluation of property,																	
plant and equipment	,	,	,	,	,	,	,	,	,	,	,	,	,	1	7	,	11
Loss for the period					,		,			,				(568,518)	(568,518)	(8,895)	(577,413)
	695,238	100,000		243,282	104,827	45,964	155,930	550,003	410,606	22,700	83,000	516,306	516,306 1,066,309	104,457	1,966,004	51,828	2,017,832
11																	

The annexed notes 1 to 17 form an integral part of these financial statements.

mound Chief Executive 25

Chairman

#### NOTES TO THE CONSOLIDATED FINAICAL STATEMENTS FOR THE QUARTER ENDED DECEMBER 31, 2007 (UN-AUDITED)

#### 1. The company and its activities

Shakarganj Mills Limited (the parent company) and its subsidiaries, Shakarganj Food Product Limited (SFPL), Safeway Fund Limited (SFL), Asian Capital Management Limited (ACML) (together, "the group") are engaged in the following business.

- manufacture, purchase and sale of sugar, ethanol, building material and yarn through the holding company, Shakarganj Mills Limited.
- manufacture and sale of juices, dairy product and other allied product through the subsidiary company, Shakarganj Food Product Limited (formally A.M. Fruit Products (Private) Limited).
- rendering investment advisory services of mutual fund through the subsidiary companies, Safeway Fund Limited and Asian Capital Management Limited.

#### 2. Basis of preparation of financial statements

These financial statements are unaudited and are being submitted to the shareholders as required under section 245 of companies ordinance, 1984. These have been prepared in accordance with the International Accounting Standards 34 "Interim Financial Reporting" as applicable in Pakistan as notified by the Securities and Exchange Commission of Pakistan.

#### 3. Significant accounting policies

Accounting policies for the preparation of these financial statements are the same as those applied in the preparation of the preceding annual published financial statements of the company for the year ended September 30, 2007.

4. The provision for taxation for the half year ended March 31, 2008 has been made on an estimated basis.

Consolidated information includes financial results of Shakarganj Food Product Limited, Safeway Fund Limited and Asian Capital Management Limited.

5.	Long term finances	March 31 2008 (Rupees in	September 30 2007 n thousand)
	Opening balance	2,639,051	2,370,831
	Add: Disbursements during the period Add: Amortization of Difference amount between	403,000	773,977
	initial & maturity amount	2,445	(11,215)
		3,044,496	3,133,593
	Less: Repayments during the period	(276,039)	(494,542)
		2,768,457	2,639,051
	Less: Current portion shown under current liabilities	(1,198,741)	(585,518)
		1,569,716	2,053,533

#### 6. Contingencies & Commitments

#### 6.1 Contingencies:

The group has issued following gurantees:

- (i) Bank guarantee of Rs 86.50 million (September 2007: Rs 86.50 million) in favour of Sui Northern Gas Pipelines Limited to indemnify against default in gas bills.
- (ii) Bank guarantee in favour of Government of Pakistan through Collector of Sales Tax, LTU against Sales tax refund claim amounting to Rs 9.552 million (September 2007: Rs 1.352) million.
- (iii) Cross corporate guarantee in favour of Allied Bank Limited to secure long term finance facility availed by the company's subsidiary, Shakarganj Food Products Limited of Rs 467 million (September 2007: Rs 467 million).
- (iv) The company has issued a post dated cheque in favour of the Collector of Customs against custom duty clearance in respect of import of plant and machinery amounting to Rs 4.53 million (September 2007: Rs 4.53) million.
- (v) Claims not acknowledged as debts Rs 6.319 million (September 2007: 6.319 million).
- (vi) During the course of negotiations for acquisition of net operating fixed assets of Dairy Crest Foods (Private) Limited ("the seller") by the subsidiary company, SFPL, the management of Dairy Crest Foods (Private) Limited disclosed to the Company ("the buyer") about a pending litigation between Mohammad Saleem etc vs Ravi Agricultural (the original owner of dairy plant, later on this plant was acquired by Dairy Crest Foods (Private) Limited) pending before Additional District and Session Judge, Faisalabad which challenges the title of the seller to the moveable assets and immovable property. By signing the tripartite asset transfer agreement , the seller agreed to inform the buyer in writing of all orders made in the suit as soon as the relevant orders are passed. Further the seller sponsors agreed to use their best efforts to get the suit dismissed as soon as possible and indemnify the buyer on demand against all losses, costs, expenses, damages and claim that may be made against or incurred by the buyer as consequence of any order or decision in the suit.

Further, if it is held in the suit that the seller did not have full title to any of the moveable assets and immovable property transferred, the seller sponsors would pay to the buyer on demand the amount paid by the buyer for same plus mark-up at the rate of 15% per annum from the date of payment by the buyer. As of the date of preparation of these financial statements, the suit is still pending before the Additional District and Session Judge, Faisalabad awaiting adjudication. Management of the Company is confident that the seller will be able to get the suit dismissed and the result of the suit will be favorable.

- (vii) Bank guarantee amounting to Rupees 0.900 million (30 September 2007: 0.900 million) given by subsidiary company SFPL in favour of Sui Northern Gas Pipelines Limited for the performance of contract.
- (viii) The Commissioner of Income Tax (Appeals) has passed an order under section 129 of the Income Tax Ordinance, 2001 for the tax year 2006 demanding Rupees 32.296 million as income tax payable alongwith additional tax on account of failure to withhold taxes at the time of making payments to certain parties and on additions

in fixed assets. The Subsidiary company SFPL is in the process of filing appeal before the Income Tax Appellate Tribunal against the said order contesting on the ground that withholding tax provisions do not apply to such payments. Pending the outcome of appeal, no provision has been recognised in these financial statements as the Company has strong grounds to believe that the ultimate outcome will be in its favour.

- (ix) The Subsidiary company SFPL was unable to submit sales tax refund claim amounting to Rupees 4.496 million for the month of July 2006 within the stipulated time owing to confusion over sales tax refund rules and the applicability of time limit for submission of refund claim. The Company applied to the Collector of Sales Tax and the Central Board of Revenue for condonation of time limit for submission of refund claim but was refused extension. Owing to the fact that a large number of registered sales tax payers are facing similar difficulty and their appeals before Sales Tax Appellate Tribunal are pending adjudication, no provision for sales tax irrecoverable has been recognized in these financial statements as the Company is confident of favourable outcome of the appeals.
- (x) Claim not acknowledged as debt by the subsidiary company SFPL amounting to Rupees 0.544 million ( 30 September 2007: NIL)
- (xi) The subsidiary company ACML has filed a rectification application application in respect of assessment year 2000-01 to 2002-03, which is still pending.
- (xii) Assessment in respect of assessment year 1999-2000 was finalized by the deputy commissioner of income tax by disallowing certain expenditures. The subsidiary company ACML has filed an appeal with the commissioner of income tax appeals ((CIT)A). The ((CIA)T) in its order allowed certian relief to the company. The income tax department has filed an appeal with the income tax appellate tribunal who has upheld the relief allowed by ((CIA)T). However the appeal effect order is still awaited.

#### 6.2 Commitments

The group has the following comitments in respect of:

- Letters of credit other than capital expenditure Rs 72.734 million (September 2007: Rs 2.867 million).
- (ii) Contracts for capital expenditure amounting to Rs 108.849 million (September 2007: Rs 494.710 million).
- (iii) Contracts for acquisition of intangible (computer software) amounting to Rs 20 million (September 2007: Rs 20 million).
- (iv) Commitments in respect of long term loan to Sui Northern Gas Pipelines Limited for the development of infrastructure for supply of natural gas to Dairy plant amounting to Rs 21.960 million (30 September 2007: 21.960).

		Note	March 31 2008 (Rupees ir	September 30 2007 I thousand)
7.	Property, plant and equipment			
	Opening book value Add: Additions during the period Add: Revaluation during the period	7.1	6,793,062 559,087 -	4,964,548 430,314 1,837,094
		-	7,352,149	7,231,956
	Less: Disposals during the period (at book value Depreciation charged during the period Impairment charge charged during the period	,	1,526 195,550 -	15,780 406,213 16,901
		-	197,076	438,894
	Closing book value	:	7,155,073	6,793,062
7.1	Addition during the period			
8.	Land Building on freehold land Plant and machinery Tools and equipment Laboratory equipment Water, electric and weighbridge equipments Furniture and fixtures Office equipment Vehicles Library books Assets of subsidiary company ACML Assets of subsidiary company SFL Long term investments - related parties In equity instruments of associated companies Available for sale Certificates of investment	8.1 8.2	17,051 17,221 505,759 1,104 211 1,627 2,313 1,347 8,175 76 33 4,170 559,087 171,404 139,179 1,694	41,591 140,883 184,605 34,449 411 4,900 1,745 2,518 18,835 377 - - - - - - - - - - - - - - - - - -
		:	312,277	193,273
8.1	In equity instruments of associated companie Cost Brought forward amounts of post acquisition	es	55,529	55,529
	reserves and profits and negative goodwill recognized directly in profit and loss account	-	121,704	157,789
	Share of movement in reserves during the year Share of profit for the year	-	177,233 (3,332)	213,318 97,954
	<ul> <li>before taxation</li> <li>provision for taxation</li> </ul>		2,761 (129)	103,688 (4,851)
		-	2,632	98,837
			176,533	410,109

	Note	March 31 2008 (Rupees ir	September 30 2007 n thousand)
	(Less)/Add: Share of profits and reserves of associates	5:	
	transferred to short term investments:		(000,440)
	<ul> <li>to be disposed off during twelve months disposed off during the year</li> </ul>	-	(233,448) 7,567
	dividends received during the year	(5,129)	(6,995)
	Balance	171,404	177,233
8.2	Available for sale		
	Associated companies - at cost	14,000	14,000
	Others - at cost	121,739	2,200
		135,739	16,200
	Add: Cumulative fair value gain	5,640	2,040
	Less: Cumulative impairment losses recognized	(2,200)	(2,200)
	Fair value gain	3,440	(160)
		139,179	16,040
9.	Short term investments		
	Available for sale 9.1	1,165,073	1,000,970
	Held for trading	80,106	70,959
		1,245,179	1,071,929
9.1	Available for sale		
	At cost:		
	Related parties	859,053	859,053
	Others	265,696	267,406
		1,124,749	1,126,459
	Add: Cumulative fair value gain	40,324	(124,046)
	Less: Cumulative Impairment losses recognized 9.2	-	(1,443)
	Fair value gain	40,324	(125,489)
		1,165,073	1,000,970
9.2	Impairment losses		
	Opening balance	1,443	54,171
	Add: impairment loss recognized during the period	-	52,892
	Less: impairment loss adjusted upon derecognition of investments	(1,443)	(105,620)
	, , , , , , , , , , , , , , , , , , ,		·
	Closing balance	-	1,443

l	March 31, 2007	540,244	(499,623)	40,621	(8,488) (90,153)	(98,641)	(58,020)	101	537,421 30,736			568, 157	27 913		27,913	540,244	- 320,106	320,106	12,780 2,895 111,034	10,704 35,511	7,476	695 73e	1,327	145				526,010	111 1,391	(1,280)	524,730 48,781	73,888 (25,107)	•
	2	561,982	(549,147) (4)	12,835	(7,786) (118,916) (	(126,702) (	(113,867) ()		585,054 28,861			613,915 5	51 933		51,933		. 831			9,499 41.732								581,121 5	2,235 2,435		52,991	-	
karganj Food	4 6	248,673	(233,497) (5	15,176	(4,727) (38,061) (1	(42,788) (1	(27,612) (1		252,101 21,262			273,363	24.690		24,690	248,673		71,806		6,980 18.093	1,617	603 260	1,259	83				-			40,091	_	
Sha	Quarter ended March Marc 31, 2008 31, 20	280,096	(275,606) (2:	4,490	(3,696) (54,711) (	(58,406) (	(53,917) ((		296,079 2 11,899			307,978 2	27,882		27,882			08,022	8,543 81 60,464	9,499 25.092	12,291	689 ere	387	164			10,933 93 4 874	4	1,062 2,435		22,958	_	
		6,692 2	(3,566) (27	3,126	(416) - (5	(416) (5	2,710 (5	¢			- 6,692		• •			6,692 2		2,957 2	188		59	' ç	2 23	2			- ' ' '	3,566 3	• •		3	- -	
6	Hall year ended March March 31, 2008 31, 200	80,112	(54,232) (3	25,880	(210)	(210)	25,670				80,112 6		• •			80,112 (		22,432	69	363	59	' oc	8 8	4		'		25,776	• •	-	28,456	- 28,456	
Engineering	4 6	6,692 8	(3,566) (5-	3,126 2	(416)	(416)	2,710 2				6,692 8					6,692 8	- 2,957 2	2,957 2	188	- 166	59	' ç	2 23	2				3,566 2		11	2 - 2		
	Quarter ended March Marc 31, 2008 31, 20	67,635	(20,884) (	46,751	(169)	(169)	46,582				- 67,635	67,635				67,635	-	19,186	95 28	363	18	' 8	28	2			801.1 201	20,884					
	6	366,436	(349,765) (2	16,671	(11,970) (1,797)	(13,767)	2,904	101 10	334,465 23,192	10,927		368,584	2,148		2,148	366,436	18,778 265,130	283,908	26,896 6,232 3,735	25.167	630	1,572	560		861	- 100 2	/,885 2,536	359,972	4,030 4,587	(557)	$\vdash$	34,221 (9,650)	
	Half year ended March Marc 31, 2008 31, 20	431,183 3	(445,560) (34	(14,377)	(13,842) ( (5,497)	(19,339) (1	(33.716)			14,035		433,920 3	2,737		2,737	431,183 3	21,446 342,475 2	1	33,694 10,165 - 6,915			917	489		\$, '	- 0000	12,467	467,216 3	4,917 6,015	(1,098)	Ĩ	_	
Textile	ch 1007 31	181,581 4	(176,883) (4-	4,698 (	(6,758) ( (1,309)	(8,067) (	(3,369)			5,193		182,878 4	1,297		1,297			136,057 3	13,778 3,746 2,252	18.457	509	1,138	282	' 100	- 108	' ' ' ' '	2,536	4	4,482 4,587		'H	34,221 (5,077) (5	
	March Man 31, 2008 31, 2	225,034 1	(241,589) (17	(16,555)	(5,544) (2,163)	(7.707)	(24,262)			6,379		226,600 1	1,566		1,566				16,371 6,858 3,672	8.862	673	399	253		426		0,408 11,699 CTEN	4			ŀ	40,990 8,352	
	N 10	5,595 22	(4,573) (24	1,022 (16	(165) (1 (21) (1	(186) (	836 (2		6,688 18 - 3			6,688 22	221	872 -	1,093				1,638 1 79 2,147 -			23	6 4	6			285 - 66	1	3,311	11	Έ	5,187 4 1,025	
als	Half year ended March Mard 31, 2008 31, 200	27,548	(18,563) (4	8,985	(1,100) (132)	(1,232)	7,753		33,748			33,748 (	1,587	4,370 243					2,647 742 10,312	13	145	15	- 93	9			905 - 14	8,535		1	$\vdash$	14,567 (	
ling mater	n N 07 31	1,770 2	(745) (18	1,025	(51) (7	.) (09)	905		2,086			2,086 3	44 .	272 -	316	1,770 2			791 71 2,124 1 -	8	23	11	2 40	6			- ' PL	5,615 2	- 3,311		3,628		
Bu	Quarter ended March March 31, 2008 31, 2007	15,208 1,7	(11,146) (7	4,062 1,0	(554) (	(640) (	3,422		18,772 2,0			18,772 2,0	904	2,417 243		15,208 1,7			1,479 489 10,265 2,		6	ω -	1 1	-			- 182	1		11	6,687 3,6		
	- 6 - 6	286,260 15	(218,694) (11,	67,566 4	(8,434) ( (31,171) (	(39,605) (	27,961 3		121,205 18 178,871		2,086		- 33 -	15,809 2	15,902 3	286,260 15	183,246 10 37,581 (3.		5,082 1 1,447 7,340 10	2.953	2,928	485	252	8			1,650	-			76,706 6	_	
	28L	555,567 28		146,246 6	(17,605) (E (55,959) (31	(73,564) (35	72,682 2		59,674 12 504,216 17			563,890 30	8	7,716 1 514	8,323 1	555,567 28		531,047 22	9,824 4,344 19,943 -			661	203	4			159	- "			107,771 7	-	
Ethanol	4 L0 2 N	106,350 555	(67,761) (409,321)	38,589 146	(3,091) (17, (23,467) (55,	(26,558) (73,	12,031 72		73,324 59 40,597 504		2,086		- <sup>33</sup>	9,564 7	9,657 8	106,350 555		ŝ	2,272 9 813 4 4,519 19			62	99	44			1,233	-		4 1	-		
	22	338,877 10	(284,378) (67	54,499 3:	(8,030) (3 (36,800) (23	(44,830) (26	9,669 1.		40,603 7. 304,064 4			344,667 11	47	5,229 514	5,790			10	5,452 2,866 13,763		185	388	103	28			10, 1/3 31 4 400	£				299,553 11 (123,240) (48	,
	51 M	2,421,176 335			(70,914) (8 (7,789) (36	(78,703) (44	134,340 8		2,566,184 4(	4	204,394		5,548	343,858	349,406 £	2,421,176 335			73,024 544,373 244,373 244,373 27,266 13	3.062	11,569	4,108	361	545	382 3,167		4,230	_	16,952 26,066	(9,114)		1,945,532 296 (420,801) (123	,
	Half year ended Aarch March I, 2008 31, 2007		314) (2,208,133)	24,630 213	(74,879) (70, (8,223) (7,					52		Ñ	5,058 5	282,085 343 14,010	301,153 349	I .		2,2	94,305 73 52,880 44 24,705 14 50,688 27			2,495 4				206		2,6			· · · ·		,
Sugar	3.4	683 2,190,944	71) (2,166,314)			(83,102) (83,102)	63,082 (58,472)		709 2,095,451 - 13,931	(2)		r,	3,886 5,			~	(n	с,	43,304 94, 19,230 52, 9,662 24, 16,824 50,						1,894 7.		2,003 4, 110, 7,040	~	33,792 3, 26,066 30,	ŧΓ	555 3,696,560 748 871,156	532 2,393,402 '84) (1,522,246)	
	Cuarter ended arch March 2008 31, 2007	19 1,333,683	9) (1,228,771)		0) (38.224) 6) (3.606)	6) (41,830)			1,392,		 18 125,535	-		59 180,673 10 -	85 184,559	-	-	1,4									-	1.6				02 1,945,532 0) (422,784)	
	March 31, 2008	1,485,119	(1,555,069)	(69,950)	(43,690) (5,566)	(49,256)	(119,206)	10 101 1	1,407,955		268,818	1,690,704	3,506	188,069 14,010	205,585	1,485,119	1,915,231	1,915,231	52,349 24,473 14,996 32,255	5.94	8,713	1,46	53	33	2,733	20	2,131 2,131 7,457	2,128,09	43,247 30,684	12,56	2, 140,659	2,393,402 (585,590)	
	Note	10.1	10.2																														

# 10. Segment results

Net sales Segment expenses - Cost of sales Gross profit/(loss) - Administrative expenses - Distribution and se limg cost

Segment results 10.1 Sales Gross sales - Local - Sponducs - Investment Advisory (es - Inter segment

Less: Commission to selling agents Trade Discount / Replacement Sales tax Special Excise Duty

# Net sales 10.2 Cost of sales

Inter-segment Baw makinkis consumed Raw makinkis consumed Statines, wages and other benefits Stores and sparse is communed Peoking markets i consumed Peoking markets i consumed Peoking markets i consumed Rel and power Rel and power Bay and conveyance Internation and dowelpoment Rel training and storekomment Rel training and storekomme

Opening work in process Less: Closing work in process

Cost of goods produced Opening stock of finished goods Less: Closing stock of finished goods Less Owngoods capitalized

ର C 10. Segment results

Note 10,10000 10,10000 10,10000 10,10000 10,10000 10,10000 10,10000 10,1000000 10,10000000 10,100000000	31, 2007 1	31, 2008 3 31, 2008 5 565 5 565 1 (2551) 1 566 5 568 5 569	March	Macch 31, 2008 642 642 (1(133) (1(133) (1(133) (1(133) (1(133) (1(133) (1(133) (1(133) (1(133) (1(133) (1(133) (1(133) (1(133) (1(133)) (1(1(133))) (1(1(133))) (1(1(133))) (1(133)) (1(133))) (1(1(133))	March	March 31, 2008 642	March 31, 2007	March 31, 2008 2,076,716	March 31, 2007 1,744,436	March 31, 2008 3	March 31, 2007 3,413,231
00 20 20		588 (1351) (		642 		642		2,076,716	1,744,436		3,413,231
7 g		(258) (271) (2		642 (1,133) (1						3,385,761	
		(100) (1		(1,133) (1,133) (4133)				(2,072,161)	(1,583,603)	(3,179,431)	(3,074,309)
		(35.) (35.)		(1,133) (1,133) (4131) (4131) 642 - - - - - - - - - - - - - - - - - - -		642	.	4,555	160,833	206,330	338,922
		(102) 		(1,13.3) (49.1) (49.1)   64.2 (442		(1,133)		(63,067)	(53,267)	(116,806)	(100,387)
		100 100 100 100 100 100 100 100		(1.1.3.9) (431)  6.4.2  6.4.2		- (4 42-2)		(99,326)	(66,452)	(188,727)	(130,931)
		· · · · 8 · 8 · · · · · 8		642		(491)		(157,838)	41,114	(59,203)	107,604
		· · · 8 · 8 · · · · · · 8 · 8 · · · · ·		642							
		· · · · · · · · · · · · · · · · · · ·		 642 642							
				 642 642			,	1.946.231	1.878.739	3.108.699	3.565.963
		8. 88		642 642				367,293	81,025	632,121	232,799
		858 · · · · ·		642 - 642				6,379	5,191	14,087	10,931
		· · · · · · · · · · · · · · · · · · ·		642		642		1,200		1,200	
se lling agen ts acement		288				642		2,321,103	1,964,955	3,756,107	3,809,693
selling agents		· · · · · · · · · · · · · · · · · · ·									
acement -								6,023	5,320	9,475	8,010
		228					,	27,882	24,690	51,933	27,913
		258						14 767	-	14767	
		558		.				244,387	220,519	370,346	396,462
558				642		642		2.076.716	1.744.436	3.385.761	3.413.231
10.2 COSt OT SaleS											
Raw materials consumed			,					2 397 796	1 749 767	4 179 899	2 883 481
								2,397,796	1,749,767	4,179,899	2,883,481
Salaries, wages and other benefits								84,289	66,859	156,759	119,598
Stores and spares consumed								34,714	23,865	68,200	52, 136
								39,105	17,750	55,177	27,231
Packing material consumed								96,391	66,248	177,574	142,035
			,	,				9,499	6,980	9,499	10,704
								40,202	28,972	95,342	200,200
repair and maintenance								0/6/12	2,144	04//20	00/'77
Insulations								100.0	2,002	0104	0,000
Franking conversions								1 023	1 802	2065	2 567
Printing and stationery	,							520	333	1.019	737
	,							612	1.030	1,106	1.243
Sugar can e research and development								2,733	1,894	7,247	3,167
Staff training and development								201	71	206	74
Depreciation on fixed assets								93,053	86,963	176,793	174,113
Depreciation of leased assets								13,954	5,772	16,882	8,416
Other factory overheads -	,		,	,			,	9,874	7,220	18,028	14,715
								2,851,141	2,091,786	5,009,838	3,586,407
Opening work in process								51,203	38,768	10,835	21,093
Less: Closing work in process	'							39,134	35,355	39,134	35,355
								12,069	3,413	(28,299)	(14,262)
Cost of goods produced								2,863,210	2,095,199	4,981,539	3,5/2,145
Opening stock of finished goods					,			2,063,112	1,663,675	1,085,401	1,681,001
Less: Closing stock of finished goods	-	-	-				-	2,833,277	2,175,271	2,833,277	2,175,271

Inter segment sales/purchases have been eliminated from total figures.

Less: Own goods capitalized

(3,566) 3,074,309

(54,232) 3,179,431

1,583,603

(20,884) 2,072,161

(Rupees in thousand)

#### 11. Earnings per share

There is no dilution of the basic earnings per share of the company as the effect of company's commitment to convert 1,000 preference shares into 167 ordinary shares of Rs 10 each is anti-dilutive.

		Half yea	r ended	
		March 31	March 31	
		2008 (Dunasa in	2007	
		(Rupees In	thousand)	
12.	Cash generated from operations			
	Profit before taxation Adjustments for:	(559,741)	7,250	
	Depreciation on property, plant and equipment	195,550	192,618	
	Depreciation on assets subject to finance lease	22,844	13,015	
	Amortization of intangible assets	10,747	10,511	
	Amortization of deferred income	(1,231)	(1,278)	
	Gain on sale of property, plant and equipment	(341)	(3,013)	
	Impairment losses of investment	(1,434)	5,123	
	Gain on sale of investments	(5,116)	(368,275)	
	Unrealized loss (gain) on investments held for trading	4,181	(13,492)	
	Retirement benefits accrued Dividend income	6,485	5,011 (31,404)	
	Fair value loss on recognition of biological assets	(338) 38,338	29,672	
	Provision for accumulating compensated absences	583	29,072	
	Gain on disposal of partial shares of subsidiary company	(38,324)		
	Share of loss/(income) from associated companies	(2,761)	(2,269)	
	Finance cost	407,405	493,814	
		636,588	330,033	1
	Profit before working capital changes	76,847	337,283	-
	Effect on cash flow due to working capital changes:			
	(Increase) in stores and spares	(23,663)	(7,403)	
	(Increase) in stores and spares	(2,133,666)	(562,773)	
	(Increase) / decrease in trade debts	(82,303)	(47,298)	
	(Increase) / decrease in biological assets	(1,191)	17,755	
	(Increase) / decrease in loans, advances,			
	deposits, prepayments and other receivables	(143,949)	208,569	
	Increase in trade and other payables	1,738,777	670,892	
		(645,995)	279,742	
		(569,148)	617,025	:
13.	Transactions with related parties			
	Dividend received	2,564	2,332	
	Purchase of goods and services	77,323	46,004	
	Sale of goods	3,483	30,364	
	Sale of property, plant and equipment	-	2,836	
	Sale of other goods	-	2,763	
	Share of common expenses	-	830	
	Expenses incurred on behalf of the company	2,524	73	
	Key management personnel compensation	18,440	12,972	
	Expense in respect of retirement benefit plans	5,201	4,090	
		109,535	102,264	
				33

#### 14. Date of authorization of issue

This condensed interim financial information was authorised for issue on May 29, 2008 by the Board of Directors of the company.

#### 15. Detail of subsidiaries

Name of subsidiary	Accounting year end	Percentage of holding	Country of incorporation
Shakarganj Food Products Limited (Formerly A. M. Fruit Products (Private) Limited)	September 30, 2007	90.56%	Pakistan
Safeway Fund Limited	June 30	75.00%	Pakistan
Asian Capital Management Limited	June 30	75.00%	Pakistan

#### 16. Subsequent events

Subsequent to March 31, 2008, a consortium of investors comprising KASB Capital Limited (KASB) and AKD Securities Limited (AKD), through an agreement dated April 12, 2008 with the company, Crescent Steel and Allied Products Limited (CSAPL) and Shakarganj Foods Product Limited (SFPL), have agreed to subscribe to the share capital of SFPL, a subsidiary of the company, to the extent of Rs 777 million. Consequent to this, the company's shareholding in SFPL will reduce from 90% to approximately 44%.

#### 17. Corresponding figures

Previous period's figures have been rearranged, wherever necessary, for the purposes of comparison. However, no significant re-arrangements have been made.

Chief Executive

Mylan free

Chairman