

Condensed Interim Report

For the Quarter Ended December 31, 2009



Shakarganj Mills Limited

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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

Mazhar Karim		Chairman
Ahsan M. Saleem		Chief Executive
Kaleem Uddeen Ahmad	(Independent)	Non-Executive Director
Khalid Bashir		Non-Executive Director
Muhammad Anwar		Non-Executive Director
Muhammad Arshad		Non-Executive Director
Muhammad Asif	(Independent)	Non-Executive Director

AUDIT COMMITTEE

Chairman	Muhammad Anwar
	Khalid Bashir
	Muhammad Asif

CHIEF FINANCIAL OFFICER Mehboob Ali Qureshi

MANAGEMENT COMMITTEES

Executive Committee

Chairman	Ahsan M. Saleem
	Anjum M. Saleem
	Muhammad Asghar Qureshi

Business Strategy Committee

Chairman	Ahsan M. Saleem
	Anjum M. Saleem
	Muhammad Asghar Qureshi
	Muhammad Pervaiz Akhter
	Manzoor Hussain Malik
	Shahid Hamid Mir
	Ch. Shah Muhammad

System & Technology Committee

Chairman	Muhammad Pervaiz Akhter
	Ch. Shah Muhammad
	Mehboob Ali Qureshi
	Saad Akhtar Jaffery

Investment Committee

Chairman	Ahsan M. Saleem
	Anjum M. Saleem

Human Resource Committee

Chairman	Muhammad Asghar Qureshi
	Muhammad Pervaiz Akhter
	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 Mahboob Ali Qureshi at Company's Office, Jhang. Tel: (047) 765 2801-5 Fax: (047) 765 2811 E-mail: mahboob.qureshi@shakarganj.com.pk

Shareholders' Information

Inquiries concerning lost stock certificates, dividend payment, change of address, verification of transfer deeds and share transfers should be directed to CorpTec Associates (Pvt.) Limited Share Registrar of the Company at Lahore. Tel: (042) 3578 8097-8 Fax: (042) 3575 5215 E-mail: info@corptec.com.pk

Products

Ethanol
Particle Board
Sugar
Yarn
Electricity

Legal Advisor

Hassan & Hassan Advocates,
Lahore

Auditors

A.F. Ferguson & Co.
Chartered Accountants

Bankers

Allied Bank Limited
Askari Bank Limited
Bank Alfalah Limited
Faysal Bank Limited
Meezan Bank Limited
MCB Bank Limited

National Bank of Pakistan
The Bank of Punjab
United Bank Limited
Standard Chartered Bank
(Pakistan) Limited
KASB Bank Limited
Soneri Bank Limited

Works

Principal Facility

Management House,
Toba Road Jhang, Pakistan.
Tel: (047) 765 2801-5
Fax: (047) 765 2811
E-mail: mahboob.qureshi@shakarganj.com.pk

Satellite Facilities

Shakarganj Bhone
63 K.M. Jhang Sargodha Road,
Bhone-Pakistan.
Tel: (047) 722 3016, 722 3075
Fax: (047) 722 3017

Shakarganj Dargai Shah

8 K.M. 18 Hazari, Layyah Road,
Jhang-Pakistan.
Tel: (047) 700 6442, 700 6440
Fax: (047) 701 0127

Website

www.shakarganj.com.pk
Note: This interim report is available on shakarganj's website.

Registered and Principal Office

BOP Tower,
10-B Block E 2, Gulberg III,
Lahore, Pakistan.
Tel: (042) 3578 3801-06
Fax: (042) 3587 3807

Karachi Office

12th Floor, Sidco Avenue Centre,
264 R.A. Lines, Karachi.
Tel: (021) 3568 8149

Faisalabad Office

Nishatabad, New Lahore Road,
Faisalabad, Pakistan.
Tel: (041) 875 3037



COMPANY PROFILE

Shakarganj Mills Limited was incorporated in Pakistan in 1967 as a Public Limited Company and is listed on all three stock exchanges of Pakistan. Shakarganj is a leading manufacturer of food products, industrial ethanol and particle board as well as textiles. We transform renewable crops such as sugarcane and cotton into value added products comprising refined sugar, textiles, industrial grade ethanol and building materials in addition to generate electricity generated from biogas. The company has its principal manufacturing facilities at Jhang, in addition to two satellite facilities located at Bhone and Dargai Shah. Our registered office is in Lahore. Shakarganj Mills, through its interest in Shakarganj Food Products Limited, is also active in production of dairy and fruit products.

Sugar Business:

We have three manufacturing facilities, located at Jhang, Bhone and Dargai Shah. We produce different types of sugar comprising pharmaceutical, beverage and commercial grades sugar as well as soft brown sugar, castor and icing sugar, sugar cubes, sachets and retail packs. Our combined crushing capacity is of 24,000 metric tons of sugarcane per day which is extendable to 40,000 metric tons per day.

Ethanol Business:

We have distilleries located at Jhang and Bhone where various grades of ethanol are produced. Our products include rectified ethanol for industrial and food grades, anhydrous ethanol for fuel grade and Extra Neutral Ethanol for pharmaceutical and perfume grades. The combined capacity of our distilleries is 280,000 - 300,000 liters per day.

Building Materials Business:

Our building materials division is located at Jhang facility, with a capability to produce 12 x 4 feet sheets of particle board of varying thickness. Our daily production capacity is 30 cubic meters.

Alternate Energy Business:

Biogas power generation facility is located at Jhang, this facility comprises an Effluent Treatment Plant (ETP) and a Power Generation Facility. ETP operations involve biological treatment of distillery waste to produce Methane and a biological de-sulphurization plant to remove sulphur from the methane gas. This gas is then used in the power house to produce electricity which is sold to a utility company on the national grid. The present capacity of this plant is 8 megawatts.

Textile Business:

Located at Jhang, this cotton spinning unit produces carded cotton yarns ranging from 10/s to 30/s and doubled cotton yarn ranging from 8 to 15 TPI. The installed capacity is 25,856 spindles for cotton spinning and 2,304 spindles for doubling.

Farming Business:

This comprises over 4500 acres of different parcels of land mainly located at Jhang Division nearby our manufacturing facilities. Out of which 1600 acres is owned land and rest is leased. The main crops include Sugarcane, Wheat, Gram, Maize, Fodder and seasonal vegetables. A dairy farm located at Jhang with a herd of 220 milking cattle a small herd for fattening is under development.

Business Vision and Strategy:

Shakarganj's vision is to create country's leading renewable ingredients business. We aim to achieve this by building a consistent portfolio of distinctive, profitable, high-value solutions in products and services for our customers. Shakarganj is committed to provide long-term value for our shareholders. Our strategy is to build a stronger value added business with a low-cost commodity base. We focus on five key business objectives to deliver consistent growth.



Serve our Customers:

Delivering excellent customer service is at the core of everything we do. Our aim is to be the partner of choice in our customers' processes and to help them develop more successful consumer products.

Operate Efficiently and Safely:

We aim to be the lowest-cost and most efficient producer in all our markets. Through our expertise in high-volume process management, our focus is on technical and manufacturing excellence and the efficient use of services such as logistics and utilities. We are continually working to improve operational efficiency and strive to ensure safe and healthy conditions for everyone at our sites.

Invest in Long Term Assets and Partnerships:

We continually evaluate investment opportunities that would add strategic value by enabling us to enter new markets or add products, technologies and knowledge more efficiently than we could organically. We also aim to grow our business by forming joint ventures and partnerships to enhance the capabilities of our existing product portfolio. Using alliances and joint ventures can be an efficient way to lower our cost of investing in new areas and markets, and will help secure access to new and complementary technology and expertise.

Invest in Technology and People:

We are investing in our research and development capabilities to help us in developing innovative solutions that meet our customers' product challenges. We are also complementing our own capabilities through business and technology partnerships, and university collaborations. To develop talent, improve leadership and help our employees succeed, we operate various programs designed to ensure the right skills at all levels to grow our business.

Grow the Contribution from Value Added Products:

We are committed to grow the contribution from our value added products. Value added products utilize technology and intellectual property enabling us to obtain a price premium and/or sustainable higher margins.

CHIEF EXECUTIVE REVIEW

Dear Shareholders

I am pleased to present the un-audited accounts of your company for the first quarter ended December 31, 2009. Following is a brief review of operations of our various divisions:

Sugar Division

For the past several seasons, the sugarcane crop throughout Pakistan has been falling due to various factors. The main reasons are weather conditions, shortage of water, and higher prices for alternative crops such as wheat and cotton. The current season is not different, and all sugar mills are running below capacity, due to the acute shortage of sugarcane.

Despite difficulties resulting from shortage of raw material, Shakarganj crushed 30% more sugarcane in the current quarter as compared to the corresponding period last year. While the government announced minimum support price for sugarcane was increased by 25% from Rs. 80 to Rs. 100 per 40 kg, stiff competition between various sugar mills resulted in prices as high as Rs. 250 per 40 kg, leading to a sharp increase in production costs.

Higher sale prices for sugar have helped this division achieve sales of Rs. 2,543 million as against Rs. 612 million in the corresponding period last year, registering a growth of 316%. The gross profit margin for the period under review is 18.80% as compared to previous period's margin of 7.62%.

Our sugarcane-crushing season started on November 20, 2009 and sugarcane crushing was 345,896 tons against 265,886 tons during the corresponding period while sugar production this season has been 26,792 tons at an average recovery rate of 8.42% against 21,498 tons at a recovery rate of 8.58% in 2008.

While our operating expenses rose this quarter to Rs. 45.25 million against Rs. 26.56 million in 2008, our operating profit also increased to Rs. 433 million from Rs. 20 million last year. This is mainly due to

increased production, coupled with the increase in gross selling price.

Ethanol and Alternate Energy Business

Our revenue from Ethanol sales was Rs. 156.43 million this quarter, compared to Rs. 465.03 million in corresponding period last year while the gross profit margin decreased from 47.35% to 18.91%. This is due to the late start of these operations caused by unavailability of molasses. Till end of the quarter, the distillery operations had completed 38 production days till the end of the quarter, as compared to 92 days last year. Total production during the period under review was 2.9 million liters compared to 11.4 million liters in the corresponding period in 2008.

Decreased levels of activity led to lower operating expenses, which were Rs. 11.43 million for the quarter compared to Rs. 36.71 million in the corresponding period. Operating profit, however, also decreased from Rs. 183.5 million to Rs. 18.2 million.

Sales revenue of the Power Division, which started operations in 2008, was Rs 34.7 million compared to Rs. 47.5 million in the corresponding period. Gross margin in the quarter under review was 43.4% as compared to the gross profit margin of 67.2% in the corresponding period. Operating profit decreased from Rs. 29.9 million to Rs. 14.5 million.

Building Materials Division

Revenue of our Building Material Division stood at Rs. 7.9 million this quarter, compared to Rs. 14.4 million in the corresponding period of 2008. Due to unavailability of bagasse in significant quantities, production could not be started before the end of the quarter.

Textile Division

Business conditions were difficult due to depressed market conditions and a steep rise in cotton price. However, our Textile Division performed well during the period under review. Sales revenue was Rs. 305



million as compared to Rs. 252 million in the corresponding period of 2008 while gross profit margin improved remarkably to 5.7% from a gross loss of 22.3%.

Production performance improved slightly in the current period, with overall production rising to 40,265 bags from 38,522 bags in the same period last year. Actual production in 20's converted was 41,756 bags (4,175,600 lbs). During the current period the single yarn processed at the doubling plant and produced 17,111 bags compared to 13,961 bags in the corresponding period.

Operating expenses fell slightly to Rs. 6 million for the current period from Rs.6.7 million in the corresponding period last year. This is due to reduced export sales. The division posted an operating profit of Rs. 11.4 million against a loss of Rs. 62.9 million in the corresponding period.

Overall Results

During the quarter under review, your company has turned around to post a net profit of Rs. 157 million against net loss of Rs. 217 million in corresponding period.

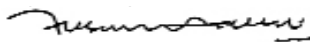
Administrative and general expenses rose slightly to Rs. 50.1 million from Rs. 49.4 million in the corresponding period. Due to reduced borrowing, our financial charges have fallen from Rs. 338 million to Rs.279 million.

Future Outlook

Considering the productivity achieved by the core business of your company compared to corresponding period we are confident to

achieve better results for the current year. Sugar prices are on increasing trend and the sugar market is projected to stay firm. Our Ethanol Division is expected to make a significant contribution to our bottom line as we plan to operate our distilleries at capacity for the rest of the year. Our Biogas power plant and our Textile Division are also expected to continue their positive contributions to revenues.

On behalf of the Board



Ahsan M. Saleem
Chief Executive Officer
March 4, 2010

CONDENSED INTERIM BALANCE SHEET

AS AT DECEMBER 31, 2009 (UN-AUDITED)

	December 2009 Un-Audited (Rupees in thousand)	September 2009 Audited
EQUITY AND LIABILITIES		
SHARE CAPITAL AND RESERVES		
Authorized capital		
80,000,000 (2009: 80,000,000)		
ordinary shares of Rs 10 each	800,000	800,000
50,000,000 (2009: 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		
69,523,798 (2009: 69,523,798)		
ordinary shares of Rs 10 each	695,238	695,238
Reserves	848,063	963,215
Accumulated (loss)/profit	(1,493,820)	(1,650,770)
	49,481	7,683
SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT	1,699,444	1,699,444
NON-CURRENT LIABILITIES		
Long term finances	1,578,774	1,283,446
Liabilities against assets subject to finance lease	354,463	153,775
Employees' retirement benefits	11,248	12,314
Deferred income	5,275	5,312
	1,949,760	1,454,847
CURRENT LIABILITIES		
Current portion of long term liabilities	1,249,891	1,763,566
Short term borrowings - secured	3,228,982	4,054,535
Trade and other payables	1,087,229	936,374
Accrued finance cost	862,053	610,572
	6,428,155	7,365,047
CONTINGENCIES AND COMMITMENTS		
	10,126,840	10,527,021

The annexed notes 1 to 20 form an integral part of these financial statements.



		December 2009 Un-Audited (Rupees in thousand)	September 2009 Audited
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	9	6,296,349	6,385,995
Intangible assets		978	1,001
Assets subject to finance lease		528,543	535,630
Capital work-in-progress		356,277	350,667
Biological assets		22,030	10,781
Investments - related parties	10	903,300	906,896
Long term loans, advances, deposits and prepayments		100,070	99,784
		8,207,547	8,290,754
CURRENT ASSETS			
Biological assets		10,815	25,708
Stores, spares and loose tools		123,984	112,774
Stock-in-trade		554,183	1,022,608
Trade debts		208,101	13,696
Investments	11	157,082	260,322
Loans, advances, deposits, prepayments and other receivables		148,726	140,929
Cash and bank balances		235,049	24,508
		1,437,940	1,600,545
Non-current assets held for sale	12	481,353	635,722
		1,919,293	2,236,267
		10,126,840	10,527,021



Chairman



CONDENSED INTERIM PROFIT AND LOSS ACCOUNT

FOR THE QUARTER ENDED DECEMBER 31, 2009 (UN-AUDITED)

	Note	December 2009 (Rupees in thousand)	December 2008	
Continuing operations:				
Sales	14	2,872,313	1,300,695	
Cost of sales	15	(2,335,229)	(1,056,180)	
Gross profit		537,084	244,515	
Administrative expenses		(50,129)	(49,347)	
Distribution and selling costs		(13,311)	(24,048)	
Other operating expenses		(32,019)	(16,948)	
Other operating income		10,624	23,033	
Profit from operations		452,249	177,205	
Finance cost		(279,460)	(337,957)	
Profit/(Loss) before taxation		172,789	(160,752)	
Taxation		(15,839)	(353)	
Profit/(Loss) for the period from continuing operations		156,950	(161,105)	
Discontinued operations:				
Loss for the period discontinued operations		-	(56,029)	
Profit/(Loss) for the period		156,950	(217,134)	
Earnings/(Loss) per share from continuing operations				
- basic	Rupees	16	2.26	(2.32)
- diluted	Rupees	16	2.26	(2.32)
Loss per share from discontinued operations				
- basic	Rupees	16	-	(0.81)
- diluted	Rupees	16	-	(0.81)

The annexed notes 1 to 20 form an integral part of these financial statements.


Chief Executive


Chairman



CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME
FOR THE QUARTER ENDED DECEMBER 31, 2009 (UN-AUDITED)

	December 2009	December 2008
	(Rupees in thousand)	
PROFIT/(LOSS) FOR THE PERIOD	156,950	(217,134)
OTHER COMPREHENSIVE INCOME		
Net change in fair value of available for sale investment	(115,152)	(139,454)
TOTAL COMPREHENSIVE INCOME/ (LOSS) FOR THE PERIOD	41,798	(356,588)


The annexed notes 1 to 20 form an integral part of these financial statements.

CONDENSED INTERIM CASH FLOW STATEMENT

FOR THE QUARTER ENDED DECEMBER 31, 2009 (UN-AUDITED)

	Note	December 2009 (Rupees in thousand)	December 2008
CASH FLOW FROM OPERATING ACTIVITIES	17	994,793	(10,516)
Financial charges paid		(27,979)	(323,341)
Income tax paid		(19,162)	(9,050)
Employees retirement benefits paid		(4,274)	(1,302)
Transfer to non current assets held for sale		-	(1,219)
NET CASH FLOWS FROM OPERATING ACTIVITIES		943,378	(345,429)
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from sale of fixed assets		1,564	-
Fixed capital expenditures		(17,109)	(19,996)
Investment-net		126,202	-
Long term deposits		(286)	(6,459)
NET CASH FLOWS FROM INVESTING ACTIVITIES		110,371	(26,455)
CASH FLOWS FROM FINANCING ACTIVITIES			
Long Term loan acquired		-	-
Increase/(decrease) in Short term running finances		(825,553)	470,285
Repayment of long term loans		(31,341)	(74,715)
Finance lease liabilities Net		13,686	(48,059)
NET CASH FLOWS FROM FINANCING ACTIVITIES		(843,208)	347,511
Net increase/(decrease) in cash and cash equivalents		210,541	(24,375)
Cash and cash equivalents at the beginning of the period		24,508	346,394
Cash and cash equivalents at the end of the period		235,049	322,019

The annexed notes 1 to 20 form an integral part of these financial statements.



Chief Executive



Chairman



CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY

FOR THE QUARTER ENDED DECEMBER 31, 2009 (UN-AUDITED)

(Rupees in thousand)

	Reserves										Accumulated (Loss)/Profit Total			
	Share Capital	Reserve for Bonus Issue	Capital Reserve				Revenue Reserve					Sub - Total		
			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				
													243,282	169,044
Balance as on September 30, 2008	695,238	-	243,282	169,044	155,930	568,256	410,606	22,700	83,000	83,000	516,306	1,084,562	(159,546)	1,620,254
Total comprehensive loss for the period	-	-	-	(139,454)	-	(139,454)	-	-	-	-	-	(139,454)	(217,134)	(356,588)
Balance as on December 31, 2008	695,238	-	243,282	29,590	155,930	428,802	410,606	22,700	83,000	83,000	516,306	945,108	(376,680)	1,263,666
Transferred to profit and loss account on derecognition of shares	-	-	-	(930)	-	(930)	-	-	-	-	-	(930)	-	(930)
Total comprehensive (loss)/income the period - net of tax	-	-	-	19,037	-	19,037	-	-	-	-	-	19,037	(1,274,090)	(1,255,053)
Balance as on September 30, 2009	695,238	-	243,282	47,697	155,930	446,909	410,606	22,700	83,000	83,000	516,306	963,215	(1,650,770)	7,683
Total comprehensive (loss)/income for the period	-	-	-	(115,152)	-	(115,152)	-	-	-	-	-	(115,152)	156,950	41,798
Balance as on December 31, 2009	695,238	-	243,282	(67,455)	155,930	331,757	410,606	22,700	83,000	83,000	516,306	848,063	(1,493,820)	49,481

The annexed notes 1 to 20 form an integral part of these financial statements.



Chairman

Chief Executive

NOTES TO AND FORMING PART OF THE INTERIM FINANCIAL INFORMATION FOR THE QUARTER ENDED DECEMBER 31, 2009 (UN-AUDITED)

1. Legal status and nature of business

The company is incorporated in Pakistan and is listed on Karachi, Lahore and Islamabad Stock Exchanges. It is principally engaged in growing of sugar cane; manufacture, purchase and sale of sugar, ethanol, building material, yarn and engaged in generation and sale of electricity. The company has its principal manufacturing facilities at Jhang and a satellite manufacturing facilities at Bhone and Dargai Shah. The registered office of the company is situated in Lahore.

2. Basis of preparation

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 Financial Reporting Standard (IFRS) IAS 34 'Interim Financial Reporting' as applicable in Pakistan as notified by the Securities and Exchange Commission of Pakistan. This condensed interim financial information do not include all of the information required for full financial statements and should be read in conjunction with the financial statements of the Company for the year ended September 30, 2009.

The comparative balance sheet presented in these interim financial statements has been extracted from the audited financial statements of the Company for the year ended September 30, 2009 whereas the comparative profit and loss account, statement of changes in equity and cash flow statement are extracted from the unaudited condensed interim financial statements for the first quarter ended December 31, 2008.

This condensed interim financial information has been presented in Pakistan Rupees, which is the functional currency of the Company and the figures are rounded off to the nearest thousand of rupees.

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, 2009.

4. Estimates

Judgments and estimates made by the management in the preparation of the condensed quarterly 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, 2009.

5. Risk management policies

Risk management policies are consistent with those disclosed in the financial statements for the year ended September 30, 2009.

6. Taxation

The provision for taxation for the quarter ended December 31, 2009 has been made on an estimated basis.



	December 2009	September 2009
	(Rupees in thousand)	
7. Long term finances		
Long term loans - secured	1,475,275	1,475,275
Redeemable capital		
Preference shares (non-voting) - unsecured	345,755	345,755
Term finance certificates (non-voting) - secured	630,000	630,000
	975,755	975,755
Long term running finances - secured	365,011	398,706
	2,816,041	2,849,736
Less: Current portion shown under current liabilities		
- Long term loans - secured	(400,375)	(695,703)
- Redeemable capital - Preference Shares (non-voting) - secured	(345,755)	(345,755)
- Redeemable capital - term finance certificates (non-voting) - secured	(126,126)	(126,126)
- Long term running finances - secured	(365,011)	(398,706)
	(1,237,267)	(1,566,290)
	1,578,774	1,283,446

8. Contingencies and commitments

8.1 Contingencies

- (i) The company has issued following guarantees:
Bank guarantee of Rs 86.50 million (2009: Rs 86.50 million) in favor of Sui Northern Gas Pipelines Limited against performance of contracts.

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 (2009: Rs 467 million).
- (ii) 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. 5.040 million (2009: 5.040 million).

8.2 Commitments

The company has the following commitments in respect of

- (i) Contract for capital expenditure amounting to Rs 71.213 million (2009: Rs 71.213 million).
- (ii) Contracts for acquisition of intangible (computer software) amounting to Rs. 20 million (2009: 20 million).
- (iii) Contracts for other than capital expenditures Rs. 9.206 million (2009: 5.008 million)
- (iv) The amount of future payments under operating leases and the period in which these payments will become due are as follows:

	December 2009	September 2009
	(Rupees in thousand)	
Not later than one year	27,037	27,037
Later than one year and not later than five years	30,139	30,139
Later than five years	-	-
	57,176	57,176



	Note	December 2009 (Rupees in thousand)	September 2009
9. Property, plant and equipment			
Opening book value		6,385,995	5,304,266
Add/(Less) effect of revaluation		-	(303,490)
Add: Addition during the period	9.1	11,518	880,730
		6,397,513	5,881,506
Less: Disposal during the period		453	108,857
Classified as held for Disposal (at book value)		-	(1,005,992)
Impairment loss recognized		-	-
Accumulated depreciation on lease assets transferred		-	-
Depreciation charged during the period		100,711	392,646
		101,164	(504,489)
Closing book value		6,296,349	6,385,995
9.1 Addition during the period			
Land		11,133	8,181
Building on free hold land		-	37,811
Plant and machinery		321	716,834
Tools and equipment		9	3,426
Laboratory equipment		-	-
Water electric and weighbridge equipment		-	102,160
Furniture and fixture		15	535
Office equipment		16	1,006
Vehicles		13	10,700
Library books		12	77
		11,518	880,730
10. Investments - related parties			
Available for sale	10.1	732,300	735,896
Advance against purchase of shares in associated company - Shakarganj Food Products Limited		171,000	171,000
		903,300	906,896
10.1 Available for sale			
Subsidiary company - at cost		243,757	243,757
Associated companies - at cost		631,085	631,085
Others - at cost		2,200	2,200
		877,042	877,042
Add: Cumulative fair value gain		21,348	24,944
Less: Cumulative impairment losses recognized		(166,090)	(166,090)
Fair value gain		(144,742)	(141,146)
		732,300	735,896



	Note	December 2009 (Rupees in thousand)	September 2009
11 Investments			
Available for sale	11.1	157,082	254,136
Held for trading		-	6,186
		157,082	260,322

11.1 Available for sale

Others	- at cost	125,667	263,656
Add: Cumulative fair value gain		31,415	22,753
Less: Cumulative Impairment loss		-	(32,273)
		31,415	(9,520)
		157,082	254,136

12. Non Current Assets Held For Sale and Discontinued Operations

The non current assets held for sale and the liabilities directly associated with non-current assets classified as held for sale under IFRS 5 'Non Current Assets Held For Sale and Discontinued Operations' in their respective categories are summarized hereunder:

	December 2009 (Rupees in thousand)	September 2009
Non-current assets classified as held for sale		
Investments in subsidiary companies at market value	333,541	486,030
SML Power Division	147,812	149,692
	481,353	635,722



13. Segment results

(Rupees in thousand)

	Sugar		Ethanol		Building Material		Power		Textile		Engineering		Total	
	31.12.2009	31.12.2008	31.12.2009	31.12.2008	31.12.2009	31.12.2008	31.12.2009	31.12.2008	31.12.2009	31.12.2008	31.12.2009	31.12.2008	31.12.2009	31.12.2008
Sales	2,542,592	611,867	156,429	465,029	7,908	14,385	34,665	47,480	305,105	251,952	-	26,946	2,872,313	1,300,695
Cost of goods sold	2,064,629	565,256	126,851	244,854	10,860	12,343	19,614	15,568	287,658	308,176	-	21,514	2,335,229	1,056,180
	477,963	46,611	29,577	220,175	(2,952)	2,042	15,050	31,912	17,446	(56,224)	-	5,432	537,087	244,515
Administrative and general Selling and distribution	41,548	23,715	2,466	16,982	125	525	546	1,734	5,444	5,790	-	602	50,129	49,347
	3,702	2,840	8,961	19,726	9	73	42	240	596	886	-	283	13,311	24,048
	45,251	26,555	11,427	36,708	134	598	588	1,974	6,040	6,676	-	885	63,439	73,396
Segment results	432,712	20,056	18,150	183,467	(3,086)	1,444	14,462	29,937	11,407	(62,900)	-	4,547	473,645	171,120
14. SALES														
Gross Sales														
Local	2,555,511	601,481	16,233	41,315	9,984	17,557	55,018	55,018	296,726	248,832	-	-	2,878,455	964,202
By-product	456	-	-	-	-	-	-	-	9,194	4,356	-	-	9,650	4,356
Export			1,42,619	429,772									1,42,619	429,772
Inter-segment	139,719	89,968					34,665	50					26,946	-
	2,695,687	691,449	158,852	471,086	9,984	17,557	34,665	55,068	305,920	253,187	-	26,946	3,030,724	1,398,330
Less: Commission to selling agents	3,125	1,200	66	55	628	621			815	1,235			4,635	3,111
Sales Tax	149,970	78,382	2,358	6,003	1,448	2,551		7,589					153,776	94,525
	153,095	79,582	2,424	6,058	2,076	3,172		7,589	815	1,235			158,410	97,635
Net Sales	2,542,592	611,867	156,429	465,029	7,908	14,385	34,665	47,480	305,105	251,952	-	26,946	2,872,313	1,300,695

14.1 Inter-segment sales have been eliminated from total figures.

15. Cost of Sales

(Rupees in thousand)

	Sugar		Ethanol		Building Material		Power		Textile		Engineering Div		Total	
	31.12.2009	31.12.2008	31.12.2009	31.12.2008	31.12.2009	31.12.2008	31.12.2009	31.12.2008	31.12.2009	31.12.2008	31.12.2009	31.12.2008	31.12.2009	31.12.2008
Purchases														
Inter-segment	-	-	129,904	74,327	2,941	24	6,875	1,974	34,665	13,694	-	-	-	-
Raw Material Cost	1,340,208	557,819	(1,195)	164,714	1	-	-	-	222,700	223,001	-	8,887	1,561,715	954,421
	1,340,208	557,819	128,710	239,041	2,942	24	6,875	1,974	257,364	236,695	-	8,887	1,561,715	954,421
Salaries, wages and other benefits	47,068	45,569	3,263	4,589	939	1,090	1,200	1,437	17,908	15,609	-	515	70,378	68,810
Stores, spare parts and loose tools	19,573	21,899	505	1,346	167	102	263	457	3,940	3,331	-	10	24,448	27,144
Dyes and chemicals	4,475	3,642	1,982	6,781	11	160	73	57	-	-	-	-	6,541	10,640
Packing material	7,577	7,272	-	-	-	-	-	-	3,327	4,445	-	-	10,904	11,717
Fuel and Power	37,064	80,786	38	293	29	37	724	97	2,719	13,961	-	191	40,507	95,034
Repair and maintenance	3,278	6,038	323	314	10	7	1,050	2,277	323	79	-	5	4,718	8,729
Insurance	2,523	1,255	323	314	10	9	190	109	615	1,052	-	35	3,661	2,772
Vehicles' operating & maintenance	1,810	1,312	23	33	33	12	15	14	167	282	-	23	1,810	1,357
Traveling and conveyance	186	190	5	8	0	0	3	3	48	69	-	3	311	212
Printing and stationery	255	198	164	221	-	-	-	-	-	-	-	-	969	233
Rent, rates and taxes	969	164	-	-	-	-	-	-	-	-	-	-	1,608	2,221
Sugarcane research and development	1,608	2,221	-	-	-	-	-	-	-	-	-	-	-	-
Training & support for education development	209	-	-	-	-	-	-	-	-	-	-	-	209	-
Depreciation on Lease assets	1,513	1,460	-	-	-	-	-	-	85	182	-	-	1,598	1,642
Depreciation on Fixed assets	72,651	52,072	11,675	12,625	244	318	8,842	9,116	4,430	5,647	-	1,048	97,842	80,825
Other factory overheads	2,813	3,237	456	943	21	(19)	380	27	338	244	-	17	4,007	4,450
	1,543,780	785,133	146,979	265,972	4,362	1,739	19,614	15,568	291,265	281,596	-	10,772	1,831,616	1,270,760
Work in process inventory														
As at 01 October	2,860	3,234	-	-	-	-	-	-	6,233	6,651	-	-	9,092	9,886
As at 31 December	(143,081)	(40,717)	-	-	-	-	-	-	(6,349)	(4,644)	-	-	(149,430)	(45,361)
	(140,221)	(37,483)	-	-	-	-	-	-	(117)	2,007	-	-	(140,338)	(35,476)
	1,403,559	747,650	146,979	265,972	4,362	1,739	19,614	15,568	291,148	283,603	-	10,772	1,691,279	1,235,285
Finished goods inventory														
As at 01 October	849,553	777,337	33,075	77,278	6,780	11,728	8,842	9,116	9,654	65,575	-	11,959	899,062	943,878
As at 31 December	(188,483)	(959,730)	(53,202)	(98,396)	(282)	(1,124)	380	27	(13,144)	(41,002)	-	(1,216)	(255,112)	(1,101,468)
	661,070	(182,393)	(20,128)	(21,117)	6,498	10,605	8,842	9,116	2,510	24,573	-	10,743	643,950	(157,590)
	2,064,629	565,256	126,851	244,854	10,860	12,343	19,614	15,568	287,658	308,176	-	21,514	2,335,229	1,077,694
Own work capitalized													-	21,514
	2,064,629	565,256	126,851	244,854	10,860	12,343	19,614	15,568	287,658	308,176	-	21,514	2,335,229	1,056,180

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

December December
2009 2008
(Rupees in thousand)

16. Earnings/(Loss) per share

16.1 Basic earnings/(Loss) per share

Continuing operations

Profit/(Loss) for the year from continuing operations	Rupees	156,950,000	(161,105,380)
Weighted average number of ordinary shares in issue during the year	Number	69,523,798	69,523,798
Earnings/(Loss) per share - basic	Rupees	2.26	(2.32)

Discontinued operations

Loss for the year from discontinued operations	Rupees	-	(56,028,604)
Weighted average number of ordinary shares in issue during the year	Number	69,523,798	69,523,798
Loss per share - basic	Rupees	-	(0.81)

16.2 Diluted earnings/(loss) per share

Diluted earnings/(loss) per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. The company has a commitment to convert 1,000 preference shares into 167 ordinary shares of Rs 10 each. For the purposes of computing the diluted EPS the convertible preference shares are assumed to have been converted into ordinary shares, and the profit/(loss) is adjusted to eliminate the preference dividend.

December December
2009 2008
(Rupees in thousand)

Continuing operations

profit/(Loss) for the year from continuing operations	Rupees	156,950,000	(161,105,380)
Preference dividend on convertible preference shares	Rupees	29,409,000	29,409,000
profit/(Loss) used to determine diluted earnings per share	Rupees	186,359,000	(131,696,380)
Weighted average number of ordinary shares in issue during the year	Number	69,523,798	69,523,798
Assumed conversion of convertible preference shares into ordinary shares	Number	5,774,108	5,774,108
Weighted average number of ordinary shares for diluted earnings per share	Number	75,297,906	75,297,906
Earnings/(Loss) per share - diluted	Rupees	2.47	(1.75)

The effect of the conversion of the convertible preference shares into ordinary shares is anti-dilutive for both the current and the previous year, accordingly the diluted EPS is restricted to the basic EPS.



Discontinued operations

The effect of the conversion of the convertible preference shares into ordinary shares is anti-dilutive for the current and prior year, accordingly the diluted EPS is restricted to the basic EPS.

Note	December 2009	December 2008
	(Rupees in thousand)	
17 Cash used in operating activities		
(Loss)/profit before taxation	172,789	(216,781)
Adjustment for:		
Depreciation and amortization	107,788	86,905
Amortization of deferred income	(37)	(244)
Amortization of Intangible assets	-	85
Profit on sale of property, plant and equipment	(1,111)	-
Loss on sale of investments	17,973	-
Provision for employees' retirement benefits	3,208	2,920
Loss from agricultural activities	9,920	-
Change in fair value of biological assets	-	48,020
Unrealized loss on held for trading investment	-	12,362
Finance cost	279,460	337,957
	417,201	488,005
Profit before working capital changes	589,990	271,224
Effect on cash flow due to working capital changes:		
Increase in stores and spares	(11,210)	(41,825)
Decrease/(Increase) in stock in trade	468,425	(100,975)
Net increase in biological assets	(6,276)	-
Increase in trade debts	(194,405)	(152,359)
Increase in loans, advances, prepayments and other receivables	(4,474)	(181,436)
Increase in trade and other payables	152,743	194,854
	404,803	(281,740)
Cash Flow From Operating Activities	994,793	(10,516)

December December
2009 2008
(Rupees in thousand)

18 Related Party Disclosures


Purchase of Goods	-	23,016
Sale of Goods	21,081	523
Purchase of Services	-	-
Share of common expenses	1,015	845
Dividend Received	-	11,057
Equity contribution through share deposit money	-	-

19. Date of authorization of issue

These interim financial statements were authorized for issue on March 4, 2010 by the board of directors of the company.

20. Corresponding figures

Corresponding figures have been re-arranged, wherever necessary, for the purposes of comparison. However, no significant re-arrangements have been made.



Chief Executive



Chairman



CONSOLIDATED INTERIM FINANCIAL STATEMENTS
For the Quarter Ended December 31, 2009

CONSOLIDATED INTERIM BALANCE SHEET

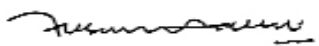
AS AT DECEMBER 31, 2009 (UN-AUDITED)

	Note	December 2009 Un-Audited (Rupees in thousand)	September 2009 Audited
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized capital			
80,000,000 (2009: 80,000,000)			
ordinary shares of Rs 10 each		800,000	800,000
50,000,000 (2009: 50,000,000)			
preference shares of Rs 10 each		500,000	500,000
		1,300,000	1,300,000
EQUITY ATTRIBUTABLE TO THE EQUITY HOLDERS OF THE PARENT			
Issued, subscribed and paid up capital			
69,523,798 (2009: 69,523,798)			
ordinary shares of Rs 10 each		695,238	695,238
Reserves		945,665	924,665
Accumulated loss		(1,656,962)	(1,815,065)
		(16,059)	(195,162)
MINORITY INTEREST		683,784	679,005
		667,725	483,843
SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT		1,699,444	1,699,444
NON-CURRENT LIABILITIES			
Long term finances	7	1,578,774	1,283,446
Liabilities against assets subject to finance lease		354,463	153,775
Employees' retirement benefits		11,248	12,314
Deferred income		5,275	5,312
Deferred taxation		8,950	8,950
		1,958,710	1,463,797
CURRENT LIABILITIES			
Current portion of long term liabilities		1,249,891	1,763,566
Short term borrowings - secured		3,228,982	4,054,535
Trade and other payables		1,091,443	937,391
Accrued finance cost		862,053	610,572
		6,432,369	7,366,064
Liabilities directly associated with non current assets classified as held-for-sale	13	48,404	1,628
		6,480,773	7,367,692
CONTINGENCIES AND COMMITMENTS	8		
		10,806,652	11,014,776

The annexed notes 1 to 22 form an integral part of these financial statements.



	Note	December 2009 Un-Audited (Rupees in thousand)	September 2009 Audited
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	9	6,299,512	6,387,765
Intangible assets		978	1,001
Assets subject to finance lease		528,543	535,630
Capital work-in-progress		356,277	350,667
Biological assets		22,030	10,781
Investments - related parties	10	450,799	470,425
Long term loans, advances, deposits, prepayments and other receivables		101,018	100,891
		7,759,157	7,857,160
CURRENT ASSETS			
Biological assets		10,815	25,708
Stores, spares and loose tools		123,984	112,774
Stock-in-trade		554,183	1,022,608
Trade debts		208,101	13,696
Investments	11	157,605	260,322
Loans, advances, deposits, prepayments and other receivables		160,469	143,780
Cash and bank balances	12	235,335	28,809
		1,450,492	1,607,697
Non-current assets held for sale	13	1,597,003	1,549,919
		3,047,495	3,157,616
		10,806,652	11,014,776


Chief Executive


Chairman

CONSOLIDATED INTERIM PROFIT AND LOSS ACCOUNT

FOR THE QUARTER ENDED DECEMBER 31, 2009 (UN-AUDITED)

	Note	December 2009 (Rupees in thousand)	December 2008	
Continuing operations:				
Sales	15	2,872,313	1,307,084	
Cost of sales	16	(2,335,229)	(1,056,180)	
Gross profit		537,084	250,904	
Administrative expenses		(57,033)	(63,535)	
Distribution and selling costs		(13,311)	(24,048)	
Other operating expenses		(44,142)	(76,630)	
Other operating income		19,268	81,680	
Profit from operations		441,866	168,371	
Finance cost		(279,468)	(337,959)	
Share of loss from associates		(17,287)	(27,165)	
Profit/(Loss) before taxation		145,111	(196,754)	
Taxation		(18,238)	(1,306)	
Profit/(Loss) for the year from continuing operations		126,873	(198,059)	
Discontinued operations:				
Profit/(loss) for the year from discontinued operations		51,006	(135,559)	
Profit/(Loss) for the year		177,879	(333,618)	
Attributable to:				
- Equity holders of the parent		158,103	(282,730)	
- Minority interest		19,776	(50,889)	
		177,879	(333,618)	
Combined profit/(loss) per share from continued operations				
- basic	Rupees	17	1.82	(2.85)
- diluted	Rupees	17	2.08	(2.85)
Combined profit/(loss) per share from discontinued operations				
- basic	Rupees	17	0.45	(1.22)
- diluted	Rupees	17	0.45	(1.22)

The annexed notes 1 to 22 form an integral part of these financial statements.


Chief Executive


Chairman



CONSOLIDATED INTERIM STATEMENT OF COMPREHENSIVE INCOME
FOR THE QUARTER ENDED DECEMBER 31, 2009 (UN-AUDITED)

	December 2009 (Rupees in thousand)	December 2008
PROFIT / (LOSS) FOR THE PERIOD	177,879	(333,619)
OTHER COMPREHENSIVE INCOME		
Fair value gain/(loss) during the period	6,003	(128,386)
TOTAL COMPREHENSIVE INCOME/ (LOSS) FOR THE PERIOD	183,882	(462,005)
SHARE OF PROFIT ATTRIBUTABLE TO		
EQUITY HOLDER OF PARENT	179,103	524,110
MINORITY INTEREST	4,779	(62,105)
	183,882	462,005

The annexed notes 1 to 22 form an integral part of these interim financial statements.

CONSOLIDATED INTERIM CASH FLOW STATEMENT

FOR THE QUARTER ENDED DECEMBER 31, 2009 (UN-AUDITED)

	Note	December 31, 2009 (Rupees in thousand)	December 31, 2008
CASH FLOW FROM OPERATING ACTIVITIES	18	1,100,291	6,686
Financial charges paid		(27,987)	(324,220)
Income tax paid		(21,561)	(9,050)
Employees retirement benefits paid		(4,274)	(1,302)
NET CASH FLOWS FROM OPERATING ACTIVITIES		1,046,469	(327,886)
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from sale of fixed assets		1,564	-
Fixed capital expenditures		(18,804)	(11,267)
Investment-net		(315,468)	(56,415)
Dividend received		3,725	
Long term deposits		(127)	(170,940)
NET CASH FLOWS FROM INVESTING ACTIVITIES		(329,110)	(238,622)
CASH FLOWS FROM FINANCING ACTIVITIES			
Long Term loan acquired		-	64,030
Increase (decrease) in Short term running finances		(825,553)	470,283
Repayment of long term loans		(33,695)	-
Long term advances		-	9,044
Dividend paid to minority share holder		-	(5,431)
Finance lease liabilities Net		13,682	(47,219)
NET CASH FLOWS FROM FINANCING ACTIVITIES		(845,566)	490,706
Net increase/(decrease) in cash and cash equivalents		(128,207)	(75,803)
Cash and cash equivalents at the beginning of the period		414,497	401,253
Cash and cash equivalents at the end of the period		286,290	325,450

The annexed notes 1 to 22 form an integral part of these interim financial statements.


Chief Executive


Chairman



CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY FOR THE QUARTER ENDED DECEMBER 31, 2009 (UN-AUDITED)

(Rupees in thousand)

	Attributable to equity holders of the parent											Minority Interest	Total Equity		
	Capital Reserves					Revenue Reserves					Accumulated (loss)/profit			Total	
	Share capital	Share deposit money	Share premium	Share in capital reserves of associates	Fair value reserve	Difference of capital under scheme of arrangement of merger	Sub-total	General	Dividend equalization	Equity investment market value equalization					Sub-total
695,238	200,000	243,282	97,132	(86,361)	155,930	409,983	410,606	22,700	83,000	516,306	926,289	(434,841)	1,386,686	730,106	2,116,792
-	(200,000)	-	-	-	-	-	-	-	-	-	-	-	(200,000)	(141,233)	(341,233)
-	-	-	-	(117,170)	-	(117,170)	-	-	-	-	(117,170)	-	(399,900)	(5,431)	(462,005)
-	-	-	-	-	-	-	-	-	-	-	-	-	-	(62,105)	-
695,238	-	243,282	97,132	(203,531)	155,930	292,813	410,606	22,700	83,000	516,306	809,119	(717,571)	786,786	521,337	1,308,123
-	60,000	-	-	-	-	-	-	-	-	-	-	-	60,000	(11,233)	60,000
-	(60,000)	-	-	-	-	-	-	-	-	-	-	-	(60,000)	(3,977)	(71,233)
-	-	-	(8,064)	123,610	-	115,546	-	-	-	-	115,546	(1,097,494)	(981,948)	172,878	(809,070)
695,238	-	243,282	89,068	(79,921)	155,930	408,359	410,606	22,700	83,000	516,306	926,665	(1,815,065)	(195,162)	679,005	483,843
-	-	-	-	21,000	-	21,000	-	-	-	-	21,000	158,103	179,103	4,779	183,882
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
695,238	-	243,282	89,068	(58,921)	155,930	429,359	410,606	22,700	83,000	516,306	945,665	(1,656,962)	(16,059)	683,784	667,725

Balance as on September 30, 2008 Restated
Share issued to minority
Dividend relating to 2008
Total comprehensive loss for the period

Balance as on December 31, 2008 Restated
Share deposit money received during the year
by subsidiary company
Conversion of subsidiary into associate
Dividend relating to 2008
Total comprehensive (loss)/ profit for the period

Balance as on September 30, 2009 Restated
Fair value (loss)/gain during the period
Total comprehensive profit for the period

Balance as on December 31, 2009

The annexed notes 1 to 22 form an integral part of these interim financial statements.



Agha Saeed

Chairman

Ahmed Raza

Chief Executive

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

FOR THE QUARTER ENDED DECEMBER 31, 2009 (UN-AUDITED)

1. Legal status and nature of business

1.1 Constitution and ownership

The consolidated financial statements of the Shakarganj Group (the group) comprise of the financial statements of:

Shakarganj Mills Limited

Shakarganj Mills Limited (SML) (the “parent company”) was incorporated in Pakistan in September 1967 under the repealed Companies Act 1913, substituted later by the Companies Ordinance, 1984 and listed on Karachi, Lahore and Islamabad Stock Exchanges. The registered office of the company is situated in The Bank of Punjab Tower, Gulbreg III, Lahore.

Safeway Mutual Fund Limited

Safeway Mutual Fund Limited (SWML) (a subsidiary) is a public limited company incorporated in May 1994 under the Companies Ordinance, 1984 and has been registered with Securities and Exchange Commission of Pakistan (SECP) as an Investment Company under the Investment Companies and Investment Advisors Rules, 1971 to carry on the business of a closed end investment company. The company is listed on the Karachi and Islamabad Stock Exchanges. The company has entered into an agreement with Safeway Fund Limited to act as its Assets Management Company. The company became a subsidiary of Shakarganj Mills Limited (the “parent company”) on July 20, 2007. The registered office of the company is situated in Karachi.

Asian Stocks Fund Limited

Asian Stocks Fund Limited (ASFL) (a subsidiary) is a public limited company incorporated in June 1994 under the Companies Ordinance, 1984 and has been registered with Securities and Exchange Commission of Pakistan (SECP) as an Investment Company under the Investment Companies and Investment Advisors Rules, 1971 to carry on the business of a closed end investment company. The company is listed on the Karachi and Islamabad Stock Exchanges. The company has entered into an agreement with Safeway Fund Limited to act as its Assets Management Company. The company became a subsidiary of Shakarganj Mills Limited (the “parent company”) on March 19, 2008. The registered office of the company is situated in Karachi.

Safeway Fund Limited

Safeway Fund Limited (SFL) (a subsidiary) was incorporated in February 1992 as a private limited company under the Companies Ordinance, 1984 and was registered as an Investment Adviser under the Investment Companies and Investment Advisor Rules, 1971 which were repealed with effect from April 01, 2003. The company was converted into an unquoted public limited company in 1994. The company became a subsidiary of Shakarganj Mills Limited (the “parent company”) on March 19, 2008. The registered office of the company is situated in Karachi.

1.2 Activities of the group

Shakarganj Mills Limited (the parent company) and its subsidiaries, Safeway Mutual Fund Limited, Asian Stocks Fund Limited and Safeway Fund Limited (together, ‘the group’) are engaged in the following business:

- manufacture, purchase and sale of sugar, ethanol, building material, yarn and engaged in generation and sale of electricity through the parent company, Shakarganj Mills Limited;



- investments in the shares of listed companies, through the subsidiary companies, Safeway Mutual Fund Limited and Asian Stocks Fund Limited; and
- rendering investment advisory services for mutual funds, through the subsidiary company, Safeway Fund Limited.

Safeway Fund Limited is acting as the asset manager for Asian Stocks Fund Limited and Safeway Mutual Funds Limited under a license granted under Non Banking Finance Corporation (Establishment and Regulation) Rules, 2003 (NBFC rules), which expired on November 2008. SFL has duly applied for renewal of this license application, however a response to this effect is pending from Securities and Exchange Commission of Pakistan. SFL considers its previous license valid under proviso to sub rule 9 of rule 5 of the NBFC rules, which confirms that existing license is valid till the time it is renewed.

The group has its principal manufacturing facilities at Jhang, Bhone and Dargai Shah. The group's investment advisory company and the mutual funds operations are based in Karachi.

2. Basis of preparation

2.1 These interim consolidated financial information is un-audited and is being submitted to members as required by section 245 of the companies ordinance, 1984. The interim financial information has been prepared in accordance with the requirements of the international financial reporting standards (IFRS) IAS 34 'interim financial reporting' as applicable in Pakistan as notified by the Securities and Exchange Commission of Pakistan. This interim financial information do not include all of the information required for full financial statements and should be read in conjunction with the financial statements of the Company for the year ended September 30, 2009.

The comparative balance sheet presented in these financial statements has been extracted from the audited financial statements of the company for the year ended Septemeber 30, 2009 whereas the comparative profit and loss account, statement of changes in equity and cash flow statements are stated from unaudited interim financial statements for the first quarter ended December 31, 2008.

This interim financial information has been presented in Pakistan Rupees, which is the functional currency of the company and the figures are rounded off to the nearest thousand of rupees

3. Significant accounting policies

The significant accounting policies adopted in the preparation of these consolidated financial statements are the same as those applied in the preparation of preceding annual published financial statements of the company for the year ended September 30, 2009.

4. Estimates

Judgment and estimates made by the management in the preparation of the quarterly 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, 2009.

5. Risk management policies

Risk management policies are consistent with those disclosed in the financial statements for the year ended Septmeber 30, 2009

6. Taxation

The provision for taxation for the quarter ended December 31, 2009 has been made on an estimated basis.

	December 2009	September 2009
	(Rupees in thousand)	
7. Long term finances		
Long term loans - secured	1,475,275	1,475,275
Redeemable capital		
Preference shares (non-voting) - unsecured	345,755	345,755
Term finance certificates (non-voting) - secured	630,000	630,000
	975,755	975,755
Long term running finances - secured	365,011	398,706
	2,816,041	2,849,736
Less: Current portion shown under current liabilities		
- Long term loans - secured	(400,375)	(695,703)
- Redeemable capital - Preference Shares (non-voting) - secured	(345,755)	(345,755)
- Redeemable capital - term finance certificates (non-voting) - secured	(126,126)	(126,126)
- Long term running finances - secured	(365,011)	(398,706)
	(1,237,267)	(1,566,290)
	1,578,774	1,283,446
8. Contingencies and commitments		

8.1 Contingencies

(i) The company has issued following guarantees:

Bank guarantee of Rs 86.50 million (2009: Rs 86.50 million) million in favor of Sui Northern Gas Pipelines Limited against performance of contracts.

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 (2009: Rs 467 million) .

ii) 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. 5.040 million (2009: 5.040 million).



8.2 Commitments

The company has the following commitments in respect of

- (i) Contract for capital expenditure amounting to Rs. 71.213 million (2009: Rs. 71.213 million).
- (ii) Contracts for acquisition of intangible (computer software) amounting to Rs. 20 million (2009: Rs. 20 million).
- (iii) Contracts for other than capital expenditures Rs. 9.206 million (2009: Rs. 5.008 million)
- (iv) The amount of future payments under operating leases and the period in which these payments will become due are as follows:

Note	December 2009 (Rupees in thousand)	September 2009
Not later than one year	27,037	27,037
Later than one year and not later than five years	30,139	30,139
Later than five years	-	-
	57,176	57,176

9. Property, plant and equipment

Opening book value	6,387,765	7,281,263
Less effect of revaluation		(303,490)
Add : Addition during the period	9.1 13,194	893,705
	6,400,959	7,871,478
Less : Disposal during the period	453	112,469
Disposal of subsidiary	-	965,682
Depreciation charged during the period	100,994	405,562
	101,447	1,483,713
Closing book value	6,299,512	6,387,765

9.1 Addition during the period

Land	11,133	8,181
Building on free hold land	-	37,811
Plant and machinery	321	726,304
Tools and equipment	9	3,426
Water electric and weighbridge equipment	-	102,160
Furniture and fixture	15	553
Office equipment	16	2,989
Vehicles	1,688	12,135
Arm and ammunition	-	69
Library books	12	77
	13,194	893,705



	Note	December 2009 (Rupees in thousand)	September 2009
10. Investments - related parties			
In equity instruments of associated companies	10.1	279,262	298,620
Available for sale	10.2	537	805
Advance against purchase of shares in associated company - Shakarganj Food Products Limited		171,000	171,000
		450,799	470,425
10.1 In equity instruments of associated companies			
Cost		55,529	55,538
Brought forward amounts of post acquisition reserves and profits and negative goodwill recognized directly in profit and loss account		243,091	101,309
		298,620	156,847
Add:			
- Share of net assets after conversion of subsidiary into associate		-	196,960
- Carrying amount of goodwill on conversion in to associate		(2,071)	25,866
		(2,071)	222,826
Share of movement in reserves during the year		-	(8,064)
Share of loss for the year			
- before taxation		(17,287)	(59,846)
- provision for taxation		-	(13,143)
		(17,287)	(72,989)
		279,262	298,620
		279,262	298,620
10.2 Available for sale			
Others	- at cost	2,200	2,200
Add: Cumulative fair value gain		537	805
Less: Cumulative impairment losses recognized		(2,200)	(2,200)
Fair value gain		(1,663)	(1,395)
		537	805



	Note	December 2009 (Rupees in thousand)	September 2009
11 Investments			
Available for sale	11.1	157,082	254,136
Held for trading		523	6,186
		157,605	260,322
11.1 Available for sale			
Others - at cost		125,667	263,656
Add: Cumulative fair value gain		31,415	22,753
Less: Cumulative Impairment loss		-	(32,273)
Fair value gain		31,415	(9,520)
		157,082	254,136
12. Cash and Bank Balances			
Related to continuing operations		235,335	28,809
Related to discontinued operations		50,955	385,688
		286,290	414,497

13. Non Current Assets Held For Sale and Discontinued Operations

The non current assets held for sale and the liabilities directly associated with non-current assets classified as held for sale under IFRS 5 'Non Current Assets Held For Sale and Discontinued Operations' in their respective categories are summarized hereunder:

	December 2009 (Rupees in thousand)	September 2009
(a) Non-current assets classified as held for sale		
Subsidiary companies acquired with a view to resale	1,449,141	1,400,227
SML Power Division	147,862	149,692
	1,597,003	1,549,919
(b) Liabilities directly associated with non-current assets classified as held for sale		
Subsidiary companies acquired with a view to resale	48,404	1,628
(c) Analysis of the result of discontinued operations Profit/(loss) for the year from discontinued operations		
Subsidiary companies acquired with a view to resale	75,474	133,844
SML Engineering Division	(24,468)	8,533
	51,006	142,377





14. SEGMENT RESULTS

(Rupees in thousand)

	Sugar		Ethanol		Building Material		Power		Textile		Engineering		Investment advories		Total	
	31.12.2009	31.12.2008	31.12.2009	31.12.2008	31.12.2009	31.12.2008	31.12.2009	31.12.2008	31.12.2009	31.12.2008	31.12.2009	31.12.2008	31.12.2009	31.12.2008	31.12.2009	31.12.2008
15 Sales	2,542,591	611,867	156,428	465,029	7,908	14,385	34,665	47,480	305,105	251,953	-	26,946	-	6,389	2,872,313	1,307,084
16 Cost of goods sold	2,064,629	565,256	126,852	244,854	10,861	12,343	19,615	15,568	287,659	308,176	-	21,514	-	-	2,335,229	1,056,180
	477,962	46,611	29,576	220,175	(2,953)	2,042	15,050	31,912	17,446	(56,223)	-	5,432	-	6,389	537,084	250,904
Administrative and general Selling and distribution	41,548	23,715	2,466	16,982	125	535	546	1,734	5,444	5,790	-	602	6,904	14,188	57,033	63,535
	3,702	2,840	8,961	19,726	9	73	42	240	596	880	-	283	-	-	13,311	24,048
	45,251	26,555	11,427	36,708	134	598	588	1,974	6,040	6,676	-	885	6,904	14,188	70,344	87,583
Segment results	432,712	20,056	181,149	183,467	(3,087)	1,444	14,462	29,937	11,406	(62,899)	-	4,547	(6,904)	(7,799)	466,740	171,120

15. SALES

Gross Sales	2,555,511	601,481	16,233	41,315	9,984	17,557	55,018	296,726	248,832	-	-	-	-	-	2,878,454	964,202
Local	456	-	-	-	-	-	-	9194	4,356	-	-	-	-	-	6,650	4,356
By-product	-	-	-	-	-	-	-	-	-	-	-	-	-	-	142,619	429,772
Export	-	-	142,619	429,772	-	-	-	-	-	-	-	-	-	6,389	-	6,389
Investment advisory fee	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Inter-segment	139,719	89,968	-	-	-	-	34,665	50	-	-	-	26,948	-	-	-	-
	2,695,686	691,449	158,852	471,087	9,984	17,557	34,665	55,068	305,920	253,188	-	26,948	-	6,389	3,030,723	1,404,719
Less: Commission to selling agents	3,125	1,200	66	55	638	631	-	-	815	1,235	-	-	-	-	4,634	3,110
Sales tax	149,970	78,382	2,358	6,003	1,448	2,551	7,589	-	-	-	-	-	-	-	153,776	94,525
	153,095	79,582	2,424	6,058	2,076	3,172	-	7,589	815	1,235	-	-	-	-	158,410	97,635
Net Sales	2,542,591	611,867	156,428	465,029	7,908	14,385	34,665	47,480	305,105	251,953	-	26,948	-	6,389	2,872,313	1,307,084

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

(Rupees in thousand)

	Sugar		Ethanol		Building Material		Power		Textile		Engineering		Investment advisories		Total	
	31.12.2009	31.12.2008	31.12.2009	31.12.2008	31.12.2009	31.12.2008	31.12.2009	31.12.2008	31.12.2009	31.12.2008	31.12.2009	31.12.2008	31.12.2009	31.12.2008	31.12.2009	31.12.2008

Purchases																
Inter-segment	-	-	74,327	-	2,941	24	6,875	1,974	34,665	13,694	-	-	-	-	-	-
Raw Material Cost	1,340,208	557,819	164,713	1	1				222,700	223,001	8,887	-	-	-	1,561,714	954,421
	1,340,208	557,819	239,040		2,942	24	6,875	1,974	257,365	236,695	8,887	-	-	-	1,561,714	954,421
Salaries, wages and other benefits	47,068	45,569	3,263	4,589	939	1,090	1,200	1,437	17,908	15,609	515	-	-	-	70,378	68,810
Stores, spare parts and loose tools	19,573	21,899	505	1,346	167	102	263	457	3,940	3,331	10	-	-	-	24,448	27,144
Dyes and chemicals	4,475	3,642	1,982	6,781	11	160	73	57	57	-	-	-	-	-	6,541	10,640
Packing material	37,064	80,786	-	-	-	-	-	-	3,327	4,445	-	-	-	-	10,904	11,717
Fuel and Power	3,278	6,038	38	293	29	37	1,050	2,277	2,719	13,961	191	-	-	-	40,507	95,034
Repair and maintenance	1,810	1,312	-	-	-	-	-	-	724	79	35	-	-	-	4,718	8,729
Insurance	2,523	1,255	323	314	10	7	190	109	615	1,052	5	-	-	-	3,661	2,771
Vehicle's operating & maintenance	186	190	23	33	3	12	15	14	167	282	23	-	-	-	1,810	1,357
Traveling and conveyance	255	198	5	8	3	0	3	3	48	-	3	-	-	-	311	212
Rent, rates and taxes	969	164	-	-	-	-	-	-	-	69	-	-	-	-	969	233
Sugarcane research and development	1,608	2,221	-	-	-	-	-	-	-	-	-	-	-	-	1,608	2,221
Training & support for education development	209	-	-	-	-	-	-	-	-	-	-	-	-	-	209	-
Depreciation on Fixed assets	1,513	1,460	-	-	-	-	-	-	85	182	-	-	-	-	1,598	1,642
Other factory overheads	72,651	52,072	11,675	12,625	244	318	8,842	9,116	4,430	5,647	1,048	-	-	-	97,842	80,825
	2,813	3,237	456	943	21	(19)	380	27	338	244	17	-	-	-	4,008	4,450
	1,543,780	785,134	1,469,779	265,972	4,363	1,740	19,615	15,568	291,265	281,596	10,772	-	-	-	1,831,617	1,270,759
Work in process inventory																
As at 01 October	2,860	3,234	-	-	-	-	-	-	6,233	6,651	-	-	-	-	9,093	9,886
As at 31 December	(143,081)	(40,717)	-	-	-	-	-	-	(6,349)	(4,644)	-	-	-	-	(149,430)	(46,361)
	(140,221)	(37,483)	-	-	-	-	-	-	(116)	2,007	-	-	-	-	(140,337)	(35,475)
	1,403,559	747,651	1,469,779	265,972	4,363	1,740	19,615	15,568	291,149	283,603	10,772	-	-	-	1,691,280	1,235,284
Finished goods inventory																
As at 01 October	849,553	777,337	33,075	77,278	6,780	11,728	-	-	9,654	65,575	11,959	-	-	-	899,062	943,878
As at 31 December	(188,483)	(959,730)	(53,202)	(96,396)	(282)	(1,124)	-	-	(13,144)	(41,002)	(1,216)	-	-	-	(255,111)	(1,101,468)
	661,070	(182,393)	(20,127)	(21,118)	6,498	10,604	-	-	(3,490)	24,573	10,743	-	-	-	643,951	(157,590)
Own work capitalized	2,064,629	565,256	12,6852	244,854	10,861	12,343	19,615	15,568	287,659	308,176	21,515	-	-	-	2,335,229	1,077,694
	2,064,629	565,256	12,6852	244,854	10,861	12,343	19,615	15,568	287,659	308,176	21,515	-	-	-	2,335,229	1,077,694
	2,064,629	565,256	12,6852	244,854	10,861	12,343	19,615	15,568	287,659	308,176	21,515	-	-	-	2,335,229	1,077,694

16.1 Inter-segment purchases have been eliminated from total figures.

		December 2009	December 2008
		(Rupees in thousand)	

17. Earnings/(loss) per share

17.1 Basic earnings/(loss) per share

Continuing operations

Profit/(Loss) for the year from continuing operations	Rupees	126,873,000	(198,059,194)
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Weighted average number of ordinary shares in issue during the year	Number	69,523,798	69,523,798
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Earnings/(Loss) per share - basic	Rupees	1.82	(2.85)
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Discontinued operations

Profit/(Loss) for the year from discontinued operations	Rupees	31,230,000	(84,670,471)
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Weighted average number of ordinary shares in issue during the year	Number	69,523,798	69,523,798
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Profit/(Loss) per share - basic	Rupees	0.45	(1.22)
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17.2 Diluted earnings/(loss) per share

Diluted earnings/(loss) per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. The company has a commitment to convert 1,000 preference shares into 167 ordinary shares of Rs 10 each. For the purposes of computing the diluted EPS the convertible preference shares are assumed to have been converted into ordinary shares, and the profit/(loss) is adjusted to eliminate the preference dividend.

		December 2009	December 2008
		(Rupees in thousand)	
Continuing operations			
Profit/(Loss) for the year from continuing operations	Rupees	126,873,000	(198,059,194)
Preference dividend on convertible preference shares	Rupees	29,409,000	29,409,000
Profit/(Loss) used to determine diluted earnings per share	Rupees	156,282,000	(168,650,194)
Weighted average number of ordinary shares in issue during the year	Number	69,523,798	69,523,798
Assumed conversion of convertible preference shares into ordinary shares	Number	5,774,108	5,774,108
Weighted average number of ordinary shares for diluted earnings per share	Number	75,297,906	75,297,906
Earnings/(Loss) per share - diluted	Rupees	2.08	(2.24)

The effect of the conversion of the convertible preference shares into ordinary shares is anti-dilutive for both the current and the previous year, accordingly the diluted EPS is restricted to the basic EPS.



Discontinued operations

The effect of the conversion of the convertible preference shares into ordinary shares is anti-dilutive for the current and prior year, accordingly the diluted EPS is restricted to the basic EPS.

	December 2009	December 2008
	(Rupees in thousand)	
18. Cash used in operating activities		
Profit/(Loss) before taxation	196,117	(332,313)
Adjustment for:		
Depreciation and amortization	108,081	86,905
Amortization of deferred income	(37)	(244)
Amortization of Intangible assets	23	3,844
Profit on sale of property, plant and equipment	(1,111)	
Loss (Gain) on sale of investments	(65,134)	7,761
Provision for employees' retirement benefits	3,208	6,920
Share of loss from associated undertaking	17,287	27,165
Gain/negative goodwill arising of disposal	2,068	(64,745)
Change in fair value of biological assets	9,920	56,029
Unrealized loss/(gain) on held for trading investment	41,235	156,969
Dividend income	(3,725)	-
Finance cost	279,468	337,959
	391,283	618,563
Profit before working capital changes	587,400	286,251
Effect on cash flow due to working capital changes:		
Increase in stores and spares	(11,210)	(15,883)
Decrease/(Increase) in stock in trade	468,425	(126,917)
Net increase in biological assets	(6,276)	(8,009)
Increase in trade debts	(194,405)	(153,973)
Decrease/(Increase) in loans, advances, prepayments and other receivables	55,529	(161,945)
Increase in trade and other payables	200,828	187,163
	512,891	(279,565)
Cash Flow From Operating Activities	1,100,291	6,686

19. Transaction in associated undertaking

Purchase of Goods	-	23,016
Sale of Goods	21,081	523
Purchase of Services	-	-
Share of common expenses	1,015	845
Dividend Received	-	3,753
Equity contribution through share deposit money	-	-

20. Date of authorization of issue

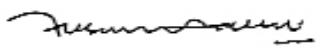
These interim financial statements were authorized for issue on March 4, 2010 by the board of directors of the company.

21. Detail of Subsidiaries

	Accounting period end for consolidation	Economic percentage of holding	Country of incorporation
Safeway Mutual Fund Limited	31-Dec-09	64.25%	Pakistan
Asian Stock Fund Limited	31-Dec-09	49.54%	Pakistan
Safeway Fund Limited	31-Dec-09	75%	Pakistan

22. Corresponding figures

Corresponding figures have been re-arranged, wherever necessary, for the purposes of comparison. However, no significant re-arrangements have been made.



Chief Executive



Chairman





Shakarganj Mills Limited

BOP Tower, 10-B Block E 2, Gulberg III, Lahore, Pakistan.
Tel: (042) 3578 3801-6 Fax: (042) 3587 3807
www.shakarganj.com.pk