

Shakarganj Mills Limited



Condensed Interim Report For the First Quarter Ended December 2011

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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

1. Mazhar Karim	(Independent)	Chairman (Non-Executive)
2. Ahsan M. Saleem		Chief Executive
<i>In alphabetic order:</i>		
3. Ali Altaf Saleem		Executive Director
4. Khalid Bashir	(Independent)	Non-Executive Director
5. Muhammad Anwar	(Independent)	Non-Executive Director
6. Muhammad Arshad	(Independent)	Non-Executive Director
7. Rubina Rizvi (NIT)	(Independent)	Non-Executive Director

Audit Committee

Chairman	Khalid Bashir
Member	Muhammad Anwar
Member	Ali Altaf Saleem

Chief Financial Officer

S. M. Chaudhry

Company Secretary

Asif Ali

Management Committees

Executive Committee

Chairman	Ahsan M. Saleem Anjum M. Saleem Muhammad Asghar Qureshi
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Business Strategy Committee

Chairman	Ahsan M. Saleem Anjum M. Saleem Ali Altaf Saleem Muhammad Asghar Qureshi Muhammad Pervaiz Akhter S. M. Chaudhry Manzoor Hussain Malik
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System & Technology Committee

Chairman	Muhammad Pervaiz Akhter S. M. Chaudhry Ibrahim Ahmad Cheema
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Human Resource Committee

Chairman	Muhammad Asghar Qureshi Muhammad Pervaiz Akhter S. M. Chaudhry Hameedullah Awan Asif Ali
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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 'Food Producers'

Public Information

Financial analysts, Stock brokers, interested investors and financial media desiring information about "Shakarganj" should contact Asif Ali at Company's Office, Jhang.
Tel: 047 765 2801 - 06
Fax: 047 765 2811
e-mail: info@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 - 98
Fax: 042 3575 5215
e-mail: info@corptec.com.pk

Products

- Sugar
- Ethanol
- Particle Board
- Yarn
- Electricity

Legal Advisor

Hassan & Hassan Advocates,
Lahore

Auditors

A.F. Ferguson & Co.
Chartered Accountants

Bankers

Allied Bank Limited
MCB Bank Limited
National Bank of Pakistan
The Bank of Punjab
United Bank Limited
Standard Chartered Bank
Silk Bank Limited
Bank Alfalah Limited
Faysal Bank Limited

Works

Principal Facility

Management House, Toba Road
Jhang, Pakistan
Tel: 047 765 2801 - 06
Fax: 047 765 2811
e-mail: info@shakarganj.com.pk

Satellite Facility

63km Sargodha Road,
Jhang, Pakistan
Tel: 048 688 9210
Fax: 048 688 9211
e-mail: info@shakarganj.com.pk

Website

www.shakarganj.com.pk
Note: This Interim Report is available on Shakarganj website.

Registered and Principal Office

10th Floor, BOP Tower,
10-B Block E 2, Gulberg III,
Lahore, Pakistan.
Tel: 042 3578 3801- 06
Fax: 042 3578 3811

Karachi Office

12th Floor, Sidco Avenue Centre,
264 R.A. Lines, Karachi.
Tel: 021 3568 8149
Fax: 021 3568 0476

Faisalabad Office

Nishatabad, New Lahore Road,
Faisalabad, Pakistan.
Tel: 041 875 2810
Fax: 041 875 2811

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 generating electricity from biogas. The Company has two manufacturing facilities in Jhang District. 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 two manufacturing facilities, located in District Jhang. 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 20,000 metric tons of sugarcane per day which is extendable to 32,000 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 different parcels of land mainly located at Jhang Division nearby our manufacturing facilities. Total area under cultivation is over 2,100 acres of which nearly 1,450 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 has been developed, with a herd of 200 milking and fattening cattle. Small herd of rams and bucks for fattening purpose has also been developed.

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.

DIRECTOR'S REVIEW

Dear Shareholders

I am pleased to present you the un-audited condensed interim financial information of the Company for the first quarter which ended 31 December 2011.

Overall performance of our Company during the period under review has improved significantly as compared to same period of last year. Higher sugarcane crushing, increased sugar production and enhanced ethanol exports, all contributed to the improved results in Q1FY2012, as detailed below:

Our Sugar Division crushed 870,249 tons of sugarcane to produce 67,796 tons of sugar at an average recovery of 8.01 percent. This was an overall increase of 130% in sugar production compared to same period last year when we produced 29,438 tons of sugar from 381,671 tons of sugarcane at a sugar recovery of 8.33 percent. This is attributable to an earlier start as crushing started on 14 October 2011 compared to 24 November 2010.

In the period under review, the performance of our Ethanol Division also improved due to higher capacity utilization, which allowed us to produce 20.6 million litres, up from 2.6 million litres in the corresponding period last year. Exports accounted for around 96 percent of total sale. This is attributable to non stop operations of distilleries this year compared to a stoppage from 01 October 2010 till 10 December 2010 last year.

Timely start up of ethanol production also allowed for smooth operations of the Power Division where we generated 6.2 million units of electricity as compared to 5.7 million units during the first quarter of last year.

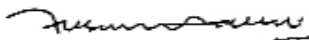
In the period under review, our Building Materials Division produced 2,263 cubic meters of particle board compared to 1,068 cubic meters in Q1FY2011.

Yarn production at our Textile Division decreased to 1.67 million kg in the period under review, in comparison to 1.83 million

kg in Q1FY2011. Capacity utilization of this division was low due to liquidity shortage resulting in irregular arrival of cotton.

Performance of most of the segments of the Company during the period had improved. High sugarcane crushing with increase in sugar production, achieving satisfactory profitability level in ethanol business had contributed positively towards Company's financials and we are hopeful that the Company would achieve higher production in all segments in Fiscal 2012.

On behalf of the Board



Ahsan M. Saleem
Chief Executive Officer

Date: 31 January 2012

CONDENSED INTERIM BALANCE SHEET

As at 31 December 2011 (Un-Audited)

	Note	December 2011 Un-Audited (Rupees in thousand)	September 2011 Audited
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized capital			
80,000,000 (30 September 2011: 80,000,000)			
ordinary shares of Rs 10 each		800,000	800,000
50,000,000 (30 September 2011: 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 (30 September 2011: 69,523,798)			
ordinary shares of Rs 10 each		695,238	695,238
Reserves		879,181	892,985
Accumulated loss		(2,737,860)	(2,767,168)
		(1,163,441)	(1,178,945)
SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT		1,416,346	1,416,678
NON-CURRENT LIABILITIES			
Long term finances	7	282,700	363,205
Liabilities against assets subject to finance lease		23,093	24,837
Employees' retirement benefits		335	501
		306,128	388,543
CURRENT LIABILITIES			
Current portion of long term liabilities		2,421,183	2,460,408
Short term borrowings - secured		2,644,241	2,541,813
Trade and other payables		3,316,157	1,245,952
Accrued finance cost		1,099,697	1,087,629
Provision for taxation		-	40,970
		9,481,278	7,376,772
CONTINGENCIES AND COMMITMENTS	8	10,040,311	8,003,048

The annexed notes 1 to 19 form an integral part of this condensed interim financial information.


Chief Executive

	Note	December 2011 Un-Audited (Rupees in thousand)	September 2011 Audited
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	9	5,192,796	5,241,210
Intangible assets		1,122	1,137
Biological assets		8,235	11,140
Investments - related parties	10	582,293	618,052
Employees' retirement benefits		541	1,045
Long term loans, advances, deposits and prepayments		63,683	45,068
		5,848,670	5,917,652

CURRENT ASSETS

Biological assets		21,317	21,493
Stores, spares and loose tools		170,821	106,393
Stock-in-trade		3,202,037	1,085,822
Trade debts		206,790	491,646
Investments	11	87,088	69,545
Loans, advances, deposits, prepayments and other receivables		427,376	191,328
Cash and bank balances		76,212	119,169
		4,191,641	2,085,396

10,040,311	8,003,048
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Chairman

CONDENSED INTERIM PROFIT AND LOSS ACCOUNT

For the Quarter Ended 31 December 2011 (Un-Audited)

	Note	December 2011 (Rupees in thousand)	December 2010 Represented
Continuing operations:			
Sales	12.1	3,012,243	1,919,187
Cost of sales	12.2	(2,624,414)	(1,860,799)
Gross profit		387,829	58,388
Administrative expenses		(81,063)	(49,253)
Distribution and selling costs		(73,335)	(8,815)
Other operating expenses		(25,760)	(102)
Other operating income		37,151	77,020
Profit from operations		244,822	77,238
Finance cost		(189,916)	(234,215)
Share of profit from associates		11,504	18,647
Profit/(loss) before taxation		66,410	(138,330)
Taxation			
- Company		(31,463)	(19,046)
- Associates		(5,971)	(6,040)
		(37,434)	(25,086)
Profit/(loss) for the period from continuing operations		28,976	(163,416)
Discontinued operations:			
Profit for the period from discontinued operations	13	-	202,756
Profit for the period		28,976	39,340
Basic earnings/ (loss) per share			
- From continuing operations	Rupees	14	0.42
- From discontinued operations	Rupees	14	-
- From profit for the period	Rupees		0.42
Diluted earnings/ (loss) per share			
- From continuing operations	Rupees	14	0.42
- From discontinued operations	Rupees	14	-
- From profit for the period	Rupees		0.42

The annexed notes 1 to 19 form an integral part of this condensed interim financial information.



Chief Executive



Chairman

CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME

For the Quarter Ended 31 December 2011 (Un-Audited)

	December 2011 (Rupees in thousand)	December 2010
Profit after taxation	28,976	39,340
Other Comprehensive income:		
Fair value loss during the period	(15,809)	(47,817)
Share of other comprehensive income/(loss) of associates	2,005	651
Transfer from surplus on revaluation of property, plant and equipment on account of		
- incremental depreciation - net of tax	5	5
- revaluation adjustment of land - net of tax	327	-
	332	5
Other comprehensive loss for the period	(13,472)	(47,161)
Total comprehensive profit /(loss) for the period	15,504	(7,821)

The annexed notes 1 to 19 form an integral part of this condensed interim financial information.


Chief Executive

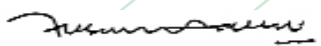

Chairman

CONDENSED INTERIM CASH FLOW STATEMENT

For the Quarter Ended 31 December 2011 (Un-Audited)

	Note	December 2011 (Rupees in thousand)	December 2010
Cash flows from operating activities			
Cash generated from/(used) in operations	15	241,448	(1,379,309)
Finance cost paid		(177,848)	(130,593)
Taxes paid		(77,886)	(10,851)
Employees' retirement benefits paid		(2,314)	(755)
Net decrease in long term deposits		(18,615)	984
Net cash used in operating activities		(35,215)	(1,520,524)
Cash flows from investing activities			
Fixed capital expenditure		(53,505)	(21,574)
Dividends received		14,802	43,495
Proceeds from non-current assets held for sale		-	1,350,000
Proceeds from sale of property, plant and equipment		50,007	10,220
Net cash generated from investing activities		11,304	1,382,141
Cash flows from financing activities			
Long term finances - net		(108,025)	447,999
Net increase (decrease) in short term borrowings - secured		102,428	(185,080)
Finance lease liabilities - net		(13,449)	(152,549)
Net cash (used in)/generated from financing activities		(19,046)	110,370
Net decrease in cash and cash equivalents		(42,957)	(28,013)
Cash and cash equivalents at the beginning of the period		119,169	33,514
Cash and cash equivalents at the end of the period		76,212	5,501

The annexed notes 1 to 19 form an integral part of this condensed interim financial information.



Chief Executive



Chairman

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY

For the Quarter Ended 31 December 2011 (Un-Audited)


(Rupees in thousand)

	Share Capital	Share Premium	Capital Reserve				Revenue Reserve			Accumulated (Loss)/Profit	Total
			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		
Balance as on 30 September 2010	695,238	243,282	13,321	40,402	155,930	452,935	410,606	22,700	83,000	969,241	(1,206,392)
Total comprehensive income (loss) for the period ended 31 December 2010											
Profit for the period	-	-	-	-	-	-	-	-	-	-	39,340
Other comprehensive income for the period:											
Fair value gain on Available for sale investments	-	-	-	(47,817)	-	(47,817)	-	-	-	(47,817)	(47,817)
Share of other comprehensive income of associates	-	-	651	-	-	651	-	-	-	651	651
Transfer from surplus on revaluation of property, plant and equipment	-	-	-	-	-	-	-	-	-	-	5
Total comprehensive income/(loss) for the period	-	-	651	(47,817)	-	(47,166)	-	-	-	(47,166)	5
Balance as on 31 December 2010	695,238	243,282	13,972	(7,415)	155,930	405,769	410,606	22,700	83,000	922,075	(1,214,213)
Balance as on 30 September 2011	695,238	243,282	15,904	(38,437)	155,930	376,679	410,606	22,700	83,000	892,985	(1,178,945)
Total comprehensive income (loss) for the period ended 31 December 2011											
Profit for the period	-	-	-	-	-	-	-	-	-	-	28,976
Other comprehensive income/(loss) for the period:											
Fair value loss on Available for sale investments	-	-	-	(15,809)	-	(15,809)	-	-	-	(15,809)	(15,809)
Share of other comprehensive income of associates	-	-	2,005	-	-	2,005	-	-	-	2,005	2,005
Transfer from surplus on revaluation of property, plant and equipment	-	-	-	-	-	-	-	-	-	-	332
Total comprehensive income/(loss) for the period	-	-	2,005	(15,809)	-	(13,804)	-	-	-	(13,804)	332
Balance as on 31 December 2011	695,238	243,282	17,909	(54,246)	155,930	362,875	410,606	22,700	83,000	879,181	(1,163,441)

The annexed notes 1 to 19 form an integral part of this condensed interim financial information.



Chief Executive



Chairman

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL INFORMATION

For the Quarter Ended 31 December 2011 (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 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 satellite manufacturing facilities at Bhone. The registered office of the Company is situated in Lahore.

1.2 Going concern assumption

The Company has been facing a liquidity crunch for the last few years as mentioned in note 1.2 to annual financial statements for the year ended 30 September 2011. With reference to the conditions & steps taken as mentioned in note referred above, the management is confident of the Company's ability to continue as a going concern. The management had been taking various steps to revive the operational & financial performance of the company.

The Company has successfully negotiated with some of its lenders on bilateral terms and obtained short term finance for working capital purposes resulting in significantly improved operational results. Moreover, the Company has been able to restructure Rs 473 million of various over-due borrowings from MCB Bank Limited into a long term loan with relaxation in payment terms. Restructuring deal has also been finalized with The Bank of Punjab for Rs 251 million and United Bank Limited for Rs 201 million.

Key performance indicators are consistently improving and during the period ended 31 December 2011, Company performance had improved further.

The Company is currently in the process of negotiations with its lenders and seeking following short term secured financing for operational liquidity:

- Working capital line against pledge of sugar for 120 to 150 days with an incentive for lender to adjust 10% of the new disbursement against settlement of existing over-due loans (principal only). So far working capital facilities from MCB Bank Limited Rs 1,000 million, NIB Bank Limited Rs 200 million and Faysal Bank Limited Rs 100 million have been obtained to meet the working capital requirements of the company against pledge of sugar at margin ranging from 15% to 25%.
- FE 25 loan in US Dollars with a maturity of 120 - 150 days have been arranged for working capital against pledge. Such loan is securitized against pledge of molasses/ethanol with an incentive for lender to adjust 20% of the new disbursement against settlement of existing over-due loans.

Newly disbursed facilities shall be settled upon sale of respective commodities (sugar / ethanol).

The Company has received, in addition to the above, response from some other banks who have offered new working capital facilities and the Company is confident that based on its above-mentioned plan, it will continue to enjoy support from the lenders and also be able to reschedule existing over-due borrowings.

This interim financial information has been prepared on going concern basis based on management's expectation that:

- the Company will continue to get support of its lenders and will be able to obtain relaxation in payment terms of its over-due borrowings; and
- the Company will be able to generate adequate liquidity through new short term borrowings and will be successful in utilizing such funds to increase its operations and achieve its budgeted targets for production of sugar, ethanol etc.

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 30 September 2011.

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 30 September 2011 whereas the comparative condensed interim profit and loss account, condensed interim statement of comprehensive income, condensed interim cash flow statement and condensed statement of changes in equity are stated from the unaudited condensed interim financial statements for the first quarter ended 31 December 2010.

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 30 September 2011.

Amendments to certain existing standards and interpretations on approved accounting standards effective during the period were not relevant to the Company's operations and did not have any impact on the accounting policies of the Company.

4. Estimates & Judgments

Estimates and Judgments 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 30 September 2011.

5. Risk management policies

Risk management policies are consistent with those disclosed in the financial statements for the year ended 30 September 2011.

6. Taxation

The provision for taxation for the quarter ended 31 December 2011 has been made on an estimated basis.

7. Long term finances

	December 2011 (Rupees in thousand)	September 2011
Long term loans - secured	1,582,473	1,676,945
Redeemable capital		
Preference shares (non-voting) - unsecured	345,756	345,756
Term finance certificates (non-voting) - secured	583,100	596,000
	928,856	941,756
Long term running finances - secured	174,808	175,461
Loan from Chief Executive and key management personnel- unsecured	-	-
	2,686,137	2,794,162
Less: Current portion shown under current liabilities		
- Long term loans - secured	(1,299,773)	(1,313,740)
- Redeemable capital - Preference Shares (non-voting) - secured	(345,756)	(345,756)
- Redeemable capital - term finance certificates (non-voting) - secured	(583,100)	(596,000)
- Long term running finances - secured	(174,808)	(175,461)
	(2,403,437)	(2,430,957)
	282,700	363,205

8. Contingencies and commitments

8.1 Contingencies

- (i) The Company has issued following guarantees:

Cross corporate guarantee in favour of Allied Bank Limited to secure long term finance facility availed by the Company's associate, Shakarganj Food Products Limited of Rs 467 million (30 September 2011: 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 (30 September 2011: Rs 5.040 million).

8.2 Commitments

The Company has the following commitments in respect of:

- (i) Contract for capital expenditure amounting to Rs 65.213 million (30 September 2011: Rs 71.213 million).
- (ii) Contracts for acquisition of intangible (computer software) amounting to Rs 20 million (30 September 2011: 20 million).
- (iii) Contracts for other than capital expenditures Rs 1.2 million (30 September 2011: Rs 8.28 million).

- (iv) The amount of future payments under operating leases and the period in which these payments will become due are as follows:

	December 2011 (Rupees in thousand)	September 2011
Not later than one year	3,391	3,391
Later than one year and not later than five years	2,880	2,880
	6,271	6,271

9. Property, plant and equipment

Operating assets (owned)	- note 9.1	4,809,419	4,878,818
Operating assets (leased)		76,935	90,230
Capital work-in-progress	- note 9.2	306,442	272,162
		5,192,796	5,241,210

9.1 Operating assets (owned)

Opening book value		4,878,818	4,162,523
Add: Addition	- note 9.1.1	19,225	139,072
Transfer from assets subject to finance lease		11,624	119,878
Reclassified from held for Disposal (at book value)		-	1,066,046
Adjustment of revaluation surplus	- note 9.1.2	-	(97,520)
		4,909,667	5,389,999
Less: Disposal during the period		(33,825)	(222,798)
Depreciation charged during the period		(66,423)	(288,383)
		(100,248)	(511,181)
Closing book value		4,809,419	4,878,818

9.1.1 Addition during the period/year

Land	-	1,061
Building on free hold land	-	9,385
Plant and machinery	3,233	70,338
Tools and equipment	706	424
Laboratory equipment	659	479
Water electric and weighbridge equipment	3,415	2,245
Furniture and fixture	293	1,771
Office equipment	2,818	15,373
Vehicles	8,101	37,625
Arms and Ammunitions	-	243
Library books	-	128
	19,225	139,072

- 9.1.2** The Company basis its valuation of operating assets subject to impairment upon valuation performed by an independent valuation expert.

		December 2011 (Rupees in thousand)	September 2011
9.2 Capital work-in-progress			
Civil works		21,788	6,389
Plant and machinery		58,455	43,479
		80,243	49,868
Advances given for capital work in progress		226,199	51,587
Reclassified from / (to) non-current assets held for sale		-	170,707
		226,199	222,294
		306,442	272,162
10. Investments - related parties			
In equity instruments of associates	- note 10.1	541,459	543,867
Available for sale	- note 10.3	40,834	74,185
		582,293	618,052
10.1 In equity instruments of associates			
Cost		545,793	545,793
Brought forward amounts of post acquisition reserves, profits and negative goodwill recognized directly in profit and loss accounts		(1,926)	(29,225)
		543,867	516,568
Share of movement in reserves		2,005	2,583
Share of profit/(loss)			
- before taxation		11,504	55,893
- provision for taxation		(5,971)	(25,737)
		5,533	30,156
		551,405	549,307
Impairment loss		(5,866)	-
Dividends received		(4,080)	(5,440)
		(9,946)	(5,440)
Balance	- note 10.2	541,459	543,867

December September
2011 2011
(Rupees in thousand)

10.2 In equity instruments of associates

Quoted

Crescent Steel and Allied Products Limited

2,720,062 (30 September 2011: 2,720,062) fully paid ordinary shares of Rs. 10 each
Equity held: 4.82% (30 September 2011: 4.82%)

179,667 185,124

Safeway Mutual Fund Limited

16,579,143 (30 September 2011: 16,579,143)
fully paid ordinary shares of Rs 10 each - note 10.2.5
Equity held 30.45% (30 September 2011: 30.45%)

87,704 101,299

Unquoted

Shakarganj Food Products Limited

74,654,596 (30 September 2011: 74,654,596)
fully paid ordinary shares of Rs. 10 each
Equity Held: 49.24% (30 September 2011: 49.24%)

274,088 257,444

541,459 543,867

10.2.1 Investments in associates include goodwill amounting to Rs. 85.171 million (30 September 2011: Rs. 85.171 million).

10.2.2 The Company's share of the results of its principal associates, all of which are incorporated in Pakistan, and its share of the assets (including goodwill) and liabilities are as follows:

Name	Percentage interest held	Assets	Liabilities	Revenues	Profit / (loss)
31 December 2011					
Crescent Steel and Allied Products Limited	4.82%	230,671	62,628	44,811	(3,336)
Safeway Mutual Fund Limited	30.45%	194,376	545	(6,390)	(7,730)
Shakarganj Food Products Limited	49.24%	659,425	456,599	539,123	16,599
		<u>1,084,472</u>	<u>519,772</u>	<u>577,544</u>	<u>5,533</u>
30 September 2011					
Crescent Steel and Allied Products Limited	4.82%	236,318	62,818	211,978	30,415
Safeway Mutual Fund Limited	30.45%	202,274	712	29,180	-
Shakarganj Food Products Limited	49.24%	633,061	446,879	1,531,055	(259)
		<u>1,071,653</u>	<u>510,409</u>	<u>1,772,213</u>	<u>30,156</u>

10.2.3 The Company's investment in Crescent steel and Allied Products Limited is less than 20% but it is considered to be associate as per the requirements of IAS - 28 'Investments in Associates' because the Company has significant influence over its financial and operating policies through the director and chief executive of the Company.

10.2.4 The above figures of Crescent Steel and Allied Products Limited and Safeway Mutual Fund Limited are based on un-audited financial statements as at 30 September 2011.

10.2.5 The Company's investment in Safeway Mutual Fund Limited has been reclassified from 'Non-current assets held for sale' to 'Investment in equity instruments of associates' at its recoverable amount.

		December 2011 (Rupees in thousand)	September 2011
10.3 Available for sale			
Associated companies - at cost	- note 10.3.1	147,917	147,917
Others - at cost	- note 10.3.2	2,200	2,200
		150,117	150,117
Add: Cumulative fair value (loss)/gain	- note 10.3.3	(16,026)	17,325
Less: Cumulative impairment losses recognized	- note 10.3.4	(93,257)	(93,257)
Fair value loss		(109,283)	(75,932)
		40,834	74,185

10.3.1 Associated companies

Quoted

Crescent Jute Products Limited

536,817 (30 September 2011: 536,817) fully paid ordinary shares of Rs 10 each

- -

Asian Stocks Fund Limited

16,245,673 (30 September 2011: 16,245,673) fully paid ordinary shares of Rs 10 each
Equity held 18.05% (30 September 2011: 18.05%)

144,917 144,917

Unquoted

Crescent Standard Telecommunications Limited
300,000 (30 September 2011: 300,000) fully paid ordinary shares of Rs 10 each

3,000 3,000

147,917 147,917

10.3.2 Others

Unquoted

Crescent Group Services (Private) Limited

220,000 (30 September 2011: 220,000) fully paid ordinary shares of Rs 10 each

2,200 2,200

	December 2011 (Rupees in thousand)	September 2011
10.3.3 Cumulative fair value gain		
As at 01 October	17,325	413
Reclassified from investments held for disposal	-	11,372
Fair value loss	(33,351)	(4,207)
	(16,026)	7,578
Impairment loss transferred to profit and loss account	-	9,747
As at period/year end	(16,026)	17,325

10.3.4 Cumulative impairment losses recognized

As at 01 October	93,257	5,200
Reclassified from investments held for disposal	-	78,310
Recognized during the period	-	9,747
As at period/year end	93,257	93,257

10.3.5 Investments with face value of Rs 922.49 million (30 September 2011: Rs 922.49 million) and market value of Rs 737.80 million (30 September 2011: Rs 795.50 million) are pledged as security against long term running finances and short term borrowings.

	December 2011 (Rupees in thousand)	September 2011
11. Investments		
Available for sale		
Altern Energy Limited - Quoted		
12,530,582 (30 September 2011: 12,530,582) fully paid ordinary shares of Rs 10 each	125,307	125,307
Innovative Investment Bank Limited - Unquoted		
51,351 (30 September 2011: 51,351) fully paid ordinary shares of Rs 10 each	-	-
	125,307	125,307
Add: Cumulative fair value loss	(38,219)	(55,762)
	87,088	69,545

11.1 Investments with a face value of Rs 124.66 million (30 September 2011: Rs 124.66 million) and market value of Rs 86.64 million (30 September 2011: 69.19 million) are pledged as security against long term running finances and short term borrowings.

11.2 Cumulative fair value gain

As at 01 October	(55,762)	18,669
Fair value gain/(loss)	17,543	(74,431)
As at period / year end	(38,219)	(55,762)

12. Business segments information

(Rupees in thousand)

	Sugar		Ethanol		Building Material		Textile		Farms		Power		Elimination		Total
	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010	
Continuing Operations															
12.1 Revenue															
External	1,526,953	1,332,264	1,000,009	19,748	35,615	8,609	389,947	555,230	10,553	3,336	49,166	-	-	3,012,243	1,919,187
Intersegment	478,386	112,873	-	-	-	-	-	-	1,960	2,469	7,794	40,867	(488,140)	(156,209)	-
	2,005,339	1,445,137	1,000,009	19,748	35,615	8,609	389,947	555,230	12,513	5,805	56,960	40,867	(488,140)	(156,209)	1,919,187
12.2 Segment expenses															
Cost of sales - Intersegment	1,960	4,900	458,027	100,476	12,560	8,135	12,899	41,542	-	-	2,694	1,255	(488,140)	(156,209)	-
- External	1,955,538	1,404,988	248,861	(83,100)	19,280	(363)	363,180	490,768	14,222	9,185	23,333	39,321	-	2,624,414	1,860,799
	1,957,498	1,409,788	706,888	17,376	31,840	7,772	376,079	532,310	14,222	9,185	26,027	40,576	(488,140)	(156,209)	1,860,799
Gross profit/(loss)	47,840	35,349	293,122	2,372	3,775	837	13,868	22,920	(1,709)	(3,380)	30,933	291	(488,140)	(156,209)	58,388
- Administrative expenses	(48,146)	(41,377)	(24,009)	(473)	(855)	(207)	(6,171)	(5,683)	(515)	(534)	(1,368)	(979)	-	(81,063)	(49,253)
- Distribution and selling expenses	(3,812)	(3,667)	(68,872)	(4,665)	(7)	(11)	(644)	(422)	-	-	-	(50)	-	(73,335)	(8,815)
	(51,958)	(45,044)	(92,881)	(5,138)	(862)	(218)	(6,815)	(6,105)	(515)	(534)	(1,368)	(1,029)	-	(154,398)	(58,068)
Segment results	(4,117)	(9,695)	200,241	(2,766)	2,913	619	7,053	16,815	(2,224)	(3,914)	29,565	(738)	-	233,431	320
Other operating expenses														(25,760)	(102)
Other operating income														37,151	77,020
Operating Profit/(loss)														244,822	77,238
Finance costs														(189,916)	(234,215)
Share of Profit from associates														11,504	18,647
Profit/(loss) before taxation														66,410	(138,330)
Taxation															
Company														(31,463)	(19,046)
Associates														(5,971)	(6,040)
														(37,434)	(25,086)
Profit/(loss) for the period from continuing operations														28,976	(163,416)
Profit for the period from discontinued operations														-	202,756
Profit for the period														28,976	39,340
12.3 Segment assets and liabilities															
Segment assets	5,581,486	3,780,620	1,544,962	1,393,809	30,072	40,389	414,162	293,020	1,032,870	1,035,890	611,061	612,387	-	9,214,613	7,156,115
Unallocated assets														825,698	846,933
														10,040,311	8,003,048
Segment liabilities	7,999,260	6,305,698	1,369,624	1,094,262	31,187	26,564	108,021	99,457	88,266	83,940	-	-	-	9,596,358	7,609,921

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 2011 (Rupees in thousand)	December 2010
Analysis of the result of discontinued operations		
Profit/(loss) for the period from discontinued operations		
Satellite facility at Dargai Shah (Sugar Division) - note 13.1	-	202,756
	-	202,756
Cash flows from discontinued operations		
Satellite facility at Dargai Shah (Sugar Division)- note 13.1	-	478,000
	-	478,000

A breakup of the constituents of non current assets held for sale and discontinued operations is given as follows:

13.1 Satellite facility at Dargai Shah (Sugar Division)

An asset sales agreement with Hunza Sugar Mills Limited was signed on 03 December 2010. As per the terms of the agreement the assets have been sold for Rs 1,350 million. Out of consideration of Rs 1,350 million, the Company received an amount of Rs 478 million whereas remaining amount of Rs 872 million was transferred to an Escrow account with Silk Bank Limited (Escrow agent). The Escrow Agent released the amount to members of the bridge finance arrangement in September 2011 upon legal transfer of the property to buyer after release of existing charges on this property from the lenders.

	December 2011 (Rupees in thousand)	December 2010
Analysis of the result of discontinued operations		
Gain on sale of non-current assets held for sale	-	202,756
Analysis of the cash flows of discontinued operations		
Investing cash flows	-	478,000

		December 2011 (Rupees in thousand)	December 2010
14. Earnings/(loss) per share			
14.1 Basic earnings/(loss) per share			
Continuing operations			
Profit/(loss) for the period from continuing operations	Rupees	28,976,000	(163,416,000)
Weighted average number of ordinary shares in issue during the period	Number	69,523,798	69,523,798
Earnings/(loss) per share - basic	Rupees	0.42	(2.35)
Discontinued operations			
Profit for the period from discontinued operations	Rupees	-	202,756,000
Weighted average number of ordinary shares in issue during the period	Number	69,523,798	69,523,798
Earnings per share - basic	Rupees	-	2.92

14.2 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 2011 (Rupees in thousand)	December 2010
Continuing operations			
Profit/(loss) for the period from continuing operations	Rupees	28,976,000	(163,416,000)
Preference dividend on convertible preference shares	Rupees	7,347,309	7,347,309
Profit/(loss) used to determine diluted earnings per share	Rupees	36,323,309	(156,068,691)
Weighted average number of ordinary shares in issue during the period	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
Profit/(loss) per share - diluted	Rupees	0.48	(2.07)
Restricted to basic profit/(loss) per share in case of anti-dilution	Rupees	0.42	(2.35)

Discontinued operations

There are no dilutive instruments in respect of discontinued operations.

	December 2011	December 2010
	(Rupees in thousand)	
15. Cash used in operating activities		
Profit before taxation	66,410	64,425
Adjustment for:		
Depreciation/amortization of:		
- property, plant and equipment	68,094	71,063
- intangible assets	15	85
- deferred income	-	(37)
Loss from agriculture activities	-	2,161
Loss/(profit) on sale of property, plant and equipment	(16,182)	(6,745)
Profit on sale of non current assets held for disposal	-	(208,476)
Impairment of investments classified as available for sale	5,865	-
Loss (profit) on sale of investments in associates	(11,504)	-
Provision for employees' retirement benefits	2,652	-
Dividend income	(10,722)	(43,495)
Share of (profit) / loss from associates	853	(18,647)
Finance cost	189,916	234,193
	228,987	30,102
Profit before working capital changes	295,397	94,527
Effect on cash flow due to working capital changes:		
(Increase) / decrease in stores and spares	(64,428)	(27,613)
(Increase) / decrease in stock in trade	(2,116,215)	(1,003,045)
Net (increase) / decrease in biological assets	2,228	6,706
(Increase) / decrease trade debts	284,856	(17,973)
(Increase)/decrease in loans, advances, prepayments and other receivables	(230,595)	(1,178,230)
Increase in trade and other payables	2,070,205	746,319
	(53,949)	(1,473,836)
	241,448	(1,379,309)

16. Transactions with related parties

Relationship with the company	Nature of transactions		
i. Associated undertakings	Dividend received	14,802	43,495
	Purchase of goods and services	2,529	-
	Sale of goods and services	756	2,235
	Share of common expenses	450	629
	Health insurance expenses	448	421
ii. Post employment benefit plans	Expense charged in respect of retirement benefit plans	2,942	1,210
iii. Key Management Personnel	Salaries and other employee benefits	10,824	6,539

17. Date of authorization of issue

These financial statements were authorized for issue on 31 January 2012 by the board of directors of the company.

18. Events after the balance sheet date

There are no subsequent events occurring after balance sheet date.

19. Corresponding figures

Corresponding figures have been re-arranged and re-classified, wherever necessary, for the purposes of comparison and better presentation as per reporting framework. Significant re-arrangements made are as follows:

(Rupees in thousand)

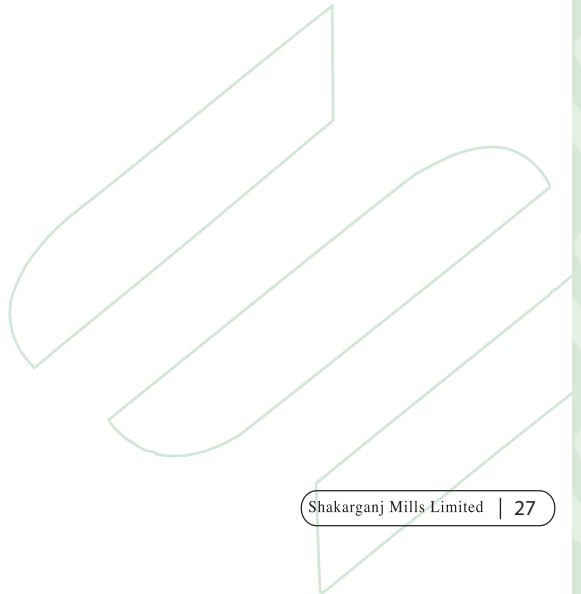
Dividend income on available for sale investments re-classified from held for disposal from 'Profit and loss for the period from discontinued operations' to 'Other operating income'	43,495
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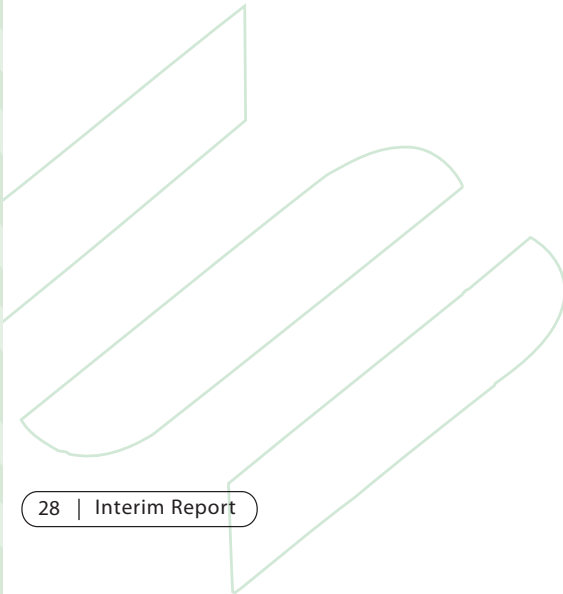
Results of operations of Farms Division have been represented as follows:

'Profit and loss for the period from discontinued operations' to 'Sales'	10,706
'Profit and loss for the period from discontinued operations' to 'Cost of sales'	16,655
'Profit and loss for the period from discontinued operations' to 'Administrative expenses'	534
'Profit and loss for the period from discontinued operations' to 'Other operating income'	4,245
'Profit and loss for the period from discontinued operations' to 'Finance cost'	23


Chief Executive


Chairman





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