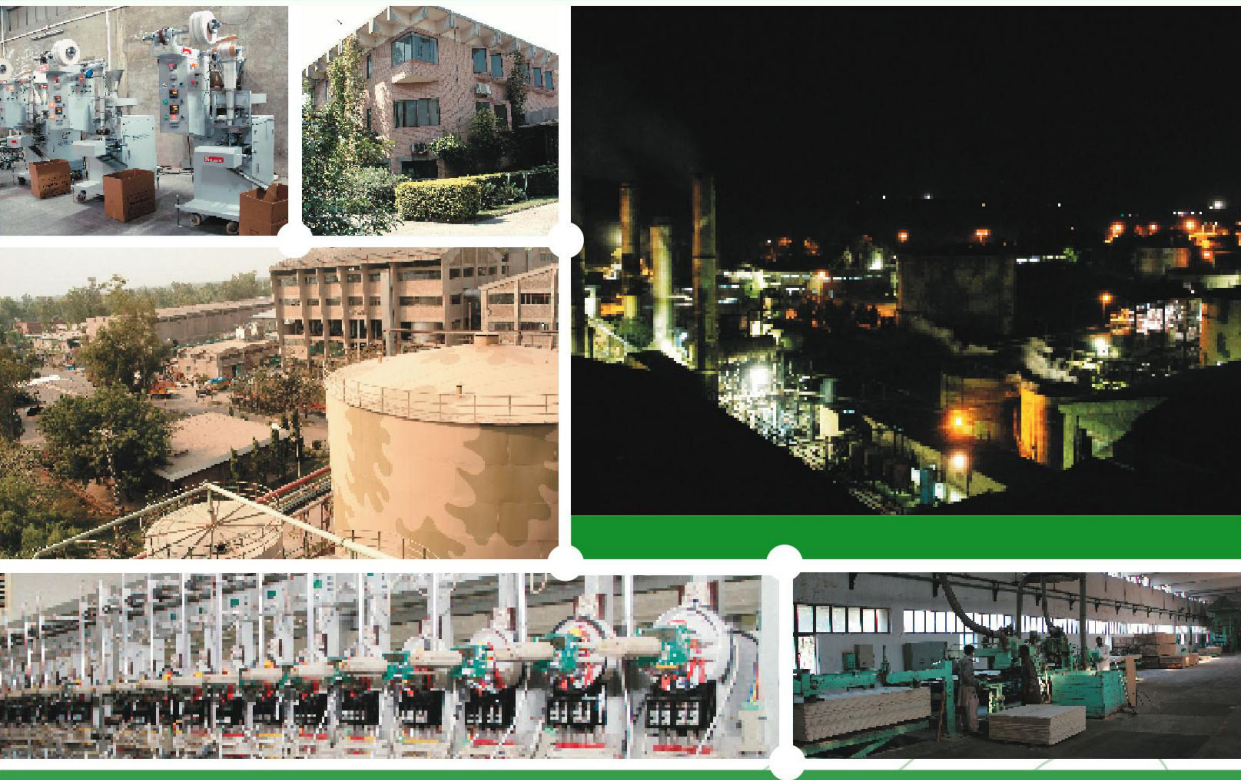


Condensed Interim Report

For the First Quarter Ended 31 December 2012



Shakarganj Mills Limited

CONTENTS

Vision, Mission and Values	2
Company Information	3
Shareholders' Information	4
Company Profile	5
Directors' Review	7
Condensed Interim Balance Sheet	8
Condensed Interim Profit and Loss Account	10
Condensed Interim Statement of Comprehensive Income	11
Condensed Interim Cash Flow Statement	12
Condensed Interim Statement of Changes in Equity	13
Selected Notes to the Condensed Interim Financial Information	14



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

Audit Committee

Chairman	Khalid Bashir
Member	Muhammad Anwar
Member	Ali Altaf Saleem

Human Resource & Remuneration Committee

Chairman	Muhammad Anwar
Member	Khalid Bashir
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
	Ali Altaf Saleem

Business Strategy Committee

Chairman	Ahsan M. Saleem
	Anjum M. Saleem
	Ali Altaf Saleem
	Muhammad Pervaiz Akhter
	S.M. Chaudhry
	Manzoor Hussain Malik

System & Technology Committee

Chairman	Muhammad Pervaiz Akhtar
	S.M. Chaudhry
	Ibrahim Ahmad Cheema



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
- Bio Fuel
- Bio Power
- Building Materials
- Yarn

Legal Advisor

Hassan & Hassan Advocates,
Lahore

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

Shakarganj Bhone
63 km Jhang Sargodha Road,
Bhone, Pakistan
Tel: 048 688 9210, 12
Fax: 048 688 9211

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, Pakistan
Tel: 021 3568 8149
Fax: 021 3568 0476

Faisalabad Office

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

Share Registrar

CorpTec Associates (Pvt) Limited
7/3-G, Mushtaq Ahmad Gurmani Road,
Gulberg II, Lahore, Pakistan
Tel: 042 3578 8097 - 98
Fax: 042 3575 5215
E-mail: info@corptec.com.pk

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, bio fuel and building materials as well as textiles. We transform renewable crops such as sugarcane and cotton into value added products comprising refined sugar, textiles, bio fuel and building materials in addition to generating bio power 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 MT of sugarcane per day which is extendable to 32,000 MT per day.

Bio Fuel Business (Formerly Ethanol):

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

Bio Power Business (Formerly Power):

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.

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 metres.

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 & Allied Business:

This comprises different parcels of land mainly located at Jhang Division nearby our manufacturing facilities. Total area under cultivation is over 1,800 acres of which nearly 1,265 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.

Shakarganj has also launched a new product in the area of non chemicals fertilizers under the brand name of "Shakarganj Tiger Compost". The product as organic fertilizer has been developed using aerobic decomposition process with addition of standardized microbial culture in filter cake. The compost is a rich source of organic matter, with macro and micro nutrients to help improve soil is very useful for better growth, yield and quality of all field crops in general and specifically for



sugarcane. This is at its initial stage and would grow up in the farmer's community with the practical exposures.

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 along with sustainable and/or higher margins.

DIRECTORS' REVIEW

I am pleased to present you the un-audited condensed interim financial information of the Company for the first quarter ended 31 December 2012.

Overall performance of our Company during the period under review has improved as compared to same period of last year. Higher bio power and yarn productions and better results from associated companies all contributed to improved results with after tax profit of Rs.87 million in Q1FY2013 compared to Rs.29 million in Q1FY2012, as detailed below.

Our Sugar Division crushed 684,273 MT of sugarcane to produce 60,166 MT of sugar at an average recovery of 9.09 percent. This was an overall increase of 13% in sugar recovery compared to same period last year when we produced 84,989 MT of sugar from 870,249 MT of sugarcane at a sugar recovery of 8.01 percent.

In the period under review, the performance of our Bio Fuel Division remained satisfactory, which produced 14.6 million litres, lower from 20.6 million litres in the corresponding period last year due to late start. Exports accounted for around 92 percent of total sale.

During the period under review, the performance of our Bio Power Division remained good. We generated 7.6 million units of bio power, up by 24% as compared to 6.1 million units during the first quarter of last year.

In the period under review, our Building Materials Division produced 1,149 cubic metres of particle board compared to 2,263 cubic metres in Q1FY2012. Delayed start of crushing season resulted in insufficient surplus bagasses for this division.

Yarn production at our Textile Division increased to 1.77 million kg in the period under review, in comparison to 1.67 million kg in Q1FY2012. Capacity utilization of this division was better due to regular arrival of cotton.

Due to weather conditions crushing season 2012-13 started late. Depressed market prices of sugar also affected our core business, yet we anticipate a better season. Performance of Bio Fuel, Bio Power and Textile Division was good resulting positive contributions to the bottom line and we are hopeful that the Company would achieve better results in Fiscal 2013 as well.

On behalf of the Board



Ahsan M. Saleem
Chief Executive Officer


Date: 28 January 2013

**CONDENSED INTERIM BALANCE SHEET**

As at 31 December 2012 (Un-Audited)

	Note	December 2012 Un-Audited (Rupees in thousand)	September 2012 Audited
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized capital			
80,000,000 (September 2012: 80,000,000)			
ordinary shares of Rs.10 each		800,000	800,000
50,000,000 (September 2012: 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 (September 2012: 69,523,798)			
ordinary shares of Rs.10 each		695,238	695,238
Reserves		979,941	970,230
Accumulated loss		(2,170,498)	(2,268,692)
		(495,319)	(603,224)
SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT		2,270,250	2,281,579
NON-CURRENT LIABILITIES			
Long term finances	7	426,074	459,964
Liabilities against assets subject to finance lease		16,766	18,793
Employees' retirement benefits		-	-
		442,840	478,757
CURRENT LIABILITIES			
Current portion of long term liabilities		2,007,597	1,959,402
Short term borrowings		2,171,691	2,507,350
Trade and other payables		3,693,133	1,979,617
Accrued finance cost		1,133,339	1,122,448
Provision for taxation		-	504
		9,005,760	7,569,321
CONTINGENCIES AND COMMITMENTS			
	8	11,223,531	9,726,433

The annexed notes 1 to 18 form an integral part of this condensed interim financial information.


 Chief Executive

	Note	December 2012 Un-Audited (Rupees in thousand)	September 2012 Audited
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	9	6,400,932	6,401,019
Intangible assets		1,030	1,045
Biological assets		9,736	8,895
Investments - related parties	10	814,713	750,895
Employees' retirement benefits		5,067	5,071
Long term loans, advances, deposits and prepayments		39,997	39,969
Deferred taxation		-	-
		7,271,475	7,206,894
CURRENT ASSETS			
Biological assets		26,504	37,395
Stores, spares and loose tools		193,674	129,862
Stock-in-trade		3,058,126	1,765,735
Trade debts		230,479	243,138
Investments	11	118,414	119,041
Loans, advances, deposits, prepayments and other receivables		297,415	154,767
Cash and bank balances		27,444	69,601
		3,952,056	2,519,539
		11,223,531	9,726,433



Chairman

**CONDENSED INTERIM PROFIT AND LOSS ACCOUNT**


For the First Quarter Ended 31 December 2012 (Un-Audited)

		Note	December 2012 (Rupees in thousand)	December 2011
Sales		12.1	2,962,562	3,012,243
Cost of sales		12.2	(2,679,683)	(2,624,414)
Gross profit			282,879	387,829
Administrative expenses			(70,540)	(81,063)
Distribution and selling costs			(71,897)	(73,335)
Other operating expenses			(7,156)	(25,760)
Other operating income			44,558	37,151
Profit from operations			177,844	244,822
Finance cost			(129,477)	(189,916)
Share of profit from associates			68,174	11,504
Profit before taxation			116,541	66,410
Taxation				
- Company			(17,702)	(31,463)
- Associates			(11,974)	(5,971)
			(29,676)	(37,434)
Profit for the period			86,865	28,976
Earnings per share				
- basic earning per share	Rupees	13	1.25	0.42
- diluted earnings per share	Rupees	13	1.15	0.42

The annexed notes 1 to 18 form an integral part of this condensed interim financial information.



Chief Executive



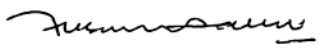
Chairman


CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME

For the First Quarter Ended 31 December 2012 (Un-Audited)

	December 2012 (Rupees in thousand)	December 2011
Profit after taxation	86,865	28,976
Other Comprehensive income/(loss):		
Fair value gain/(loss) during the period	7,926	(15,809)
Share of other comprehensive income of associates	1,785	2,005
Transfer from surplus on revaluation of property, plant and equipment on account of		
- incremental depreciation - net of tax	11,329	5
- revaluation adjustment of land - net of tax	-	327
	11,329	332
Other comprehensive income/(loss) for the period	21,040	(13,472)
Total comprehensive income for the period	107,905	15,504

The annexed notes 1 to 18 form an integral part of this condensed interim financial information.


 Chief Executive


 Chairman



CONDENSED INTERIM CASH FLOW STATEMENT

For the First Quarter Ended 31 December 2012 (Un-Audited)

	Note	December 2012 (Rupees in thousand)	December 2011
Cash flows from operating activities			
Cash generated from operations	15	484,725	241,448
Finance cost paid		(118,586)	(177,848)
Taxes paid		(18,206)	(77,886)
Employees' retirement benefits paid		(2,725)	(2,314)
Net (increase) decrease in long term deposits		(28)	(18,615)
Net cash generated/(used) in operating activities		345,180	(35,215)
Cash flows from investing activities			
Fixed capital expenditure		(80,917)	(53,505)
Dividends received		12,467	14,802
Sale Proceeds From Live Stocks		491	-
Interest received from bank deposits		96	-
Proceeds from sale of property, plant and equipment		3,907	50,007
Net cash (used)/generated from investing activities		(63,956)	11,304
Cash flows from financing activities			
Long term finances - net		14,658	(108,025)
Net increase (decrease) in short term borrowings - secured		(335,659)	102,428
Finance lease liabilities - net		(2,380)	(13,449)
Net cash used in financing activities		(323,381)	(19,046)
Net decrease in cash and cash equivalents		(42,157)	(42,957)
Cash and cash equivalents at the beginning of the period		69,601	119,169
Cash and cash equivalents at the end of the period		27,444	76,212

The annexed notes 1 to 18 form an integral part of this condensed interim financial information.


Chief Executive


Chairman

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY

For the First Quarter Ended 31 December 2012 (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 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	-	-	-	-	-	-	-	-	-	-	28,976
Profit for the period	-	-	-	-	-	-	-	-	-	-	28,976
Other comprehensive income for the year:											
Fair value gain 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	332
Total comprehensive income/(loss) for the period	-	-	2,005	(15,809)	-	(13,804)	-	-	-	(13,804)	(13,472)
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)
Balance as on 30 September 2012	695,238	243,282	19,823	34,889	155,930	453,924	410,606	22,700	83,000	970,230	(603,224)
Total comprehensive income (loss) for the period ended 31 December 2012	-	-	-	-	-	-	-	-	-	-	86,865
Profit for the period	-	-	-	-	-	-	-	-	-	-	86,865
Other comprehensive income/(loss) for the year:											
Fair value loss on 'Available for sale' investments	-	-	-	7,926	-	7,926	-	-	-	7,926	7,926
Share of other comprehensive income of associates	-	-	1,785	-	-	1,785	-	-	-	1,785	1,785
Transfer from surplus on revaluation of property, plant and equipment	-	-	-	-	-	-	-	-	-	11,329	11,329
Total comprehensive income/(loss) for the period	-	-	1,785	7,926	-	9,711	-	-	-	9,711	21,040
Balance as on 31 December 2012	695,238	243,282	21,608	42,815	155,930	463,635	410,606	22,700	83,000	979,941	(495,319)

The annexed notes 1 to 18 form an integral part of this condensed interim financial information.



Chief Executive



Chairman



NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION

For the First Quarter Ended 31 December 2012 (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, bio fuel, building materials, yarn and engaged in generation and sale of bio power. 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

As at the reporting date, the current liabilities of the Company have exceeded its current assets by Rs.5,054 million (30 September 2012: Rs.5,050 million), the equity has been eroded and stands at negative Rs.495 million (30 September 2012: Rs.603 million). The Company has not been able to meet its various obligations for long term loans, lease financing and short term borrowings. Borrowings (including mark-up payable thereon) aggregating Rs.2,235 million (30 September 2012: Rs.2,855 million) are over-due for payment.

The Company has been facing liquidity crunch for the last few years. In February 2010 the Company entered into agreements for a bridge finance facility of Rs.2,466 million and short term running finance facility of Rs.2,980 million from a consortium of its existing lenders. The bridge finance was envisaged to be operational by April 2010 and fully repaid by June 2011 through sale of certain assets of the Company, identified in the agreement. However, neither the bridge finance facility nor the consortium cash finance could become operative due to delays in obtaining No-objection certificate from National Bank of Pakistan for creation of pari passu charge on the assets against the above new facilities. Furthermore, the Company was not able to liquidate all of the specified assets as per timelines identified in the bridge loan agreement and subsequent to 30 June 2011, these facilities stood expired.

Furthermore, the Company issued redeemable preference shares in 2005 to the shareholders of the Company which were to be redeemed along with any outstanding dividend payable in December 2009. Due to liquidity crunch the Company has not redeemed the preference shares and preference dividend amounting to Rs.64.792 million is also outstanding as on 31 December 2012.

The above conditions raise some doubts on the Company's ability to continue as a going concern. However, the management is confident of the Company's ability to continue as a going concern based on its concerted effort to re-profile borrowings and utilisation of improved liquidity in higher operational levels of cane crushing and bio fuel manufacturing.

The steps taken by management up till now and planned in future are as follows:

Operational measures

The Company undertook significant operational measures in last couple of years to improve its productivity and financial results in order to generate liquidity for financing of operations and repayment of borrowings. Keeping on with its efforts, the Company was able to crush 684,273 MT of sugarcane in first quarter of the Fiscal 2013 as compared to 870,249 MT of sugarcane during corresponding period. Similarly, the production of bio fuel is 14.64 million litres compared to 20.61 million litres in corresponding period of last year.

To date the Company has repaid Rs.1,918 million of the bridge loan through utilisation of improved liquidity resulting from better operational results as explained above and sale of certain assets of the Company, namely, Sugar Unit at Dargai Shah, Power Division at Dargai Shah, partial divestment in Safeway Mutual Fund Limited and Asian Stock Fund Limited, sale of investment in Safeway Fund Limited and partial disposal of agricultural land. Moreover during 2011 the Company also settled its lease liability of Rs.148.45 million to Meezan Bank Limited for an amount of Rs.144.1 million, under a compromise agreement with the bank.

After the expiry of Bridge loan facility on 30 June 2011 the Company, in its efforts to re-profile its borrowings, continued the process of negotiations with its lenders seeking short term financing facilities for operational liquidity and relaxation in payments of its existing loan, the details of which are as follows:

Short term secured financing

The Company requested its lenders for following short term secured financing for operational liquidity:

- Working capital line against pledge of sugar at 20% margin 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); and
- An FE 25 loan in US Dollars with a maturity of 120-150 days after settlement of working capital against pledge of sugar. Such loan is being offered to be securitised against pledge of molasses/bio fuel with an incentive for lender to adjust 20% of the new disbursement against settlement of existing over-due loans (principal only).

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

Subsequent to the year ended 30 September 2012, the Company has again requested its lenders for working capital lines for financing of its operations in current year against pledge of stocks of sugar, molasses and bio fuel. So far The Bank of Punjab and Standard Chartered Bank have provided working capital lines of Rs.200 million and \$ 6.5 million respectively. The Company, as an additional incentive to the lenders, has offered upfront deductions ranging from 5% to 10% on the requested limits for the settlement of overdue / due installments and markup.

Relaxations in repayments of existing loans

The Company had requested following relaxations from its lenders in view of its above mentioned proposal:

- rescheduling of over-due balance payable to be repaid upto 2015;
- to freeze the amount of accrued interest on bridge facility up to 30 September 2012 which shall be repaid during the next three years; and
- the long term debt will remain operative (being frozen after 30 September 2012) and its interest plus installment will be paid as and when due.

In addition to the restructuring detail in Note 1.2 of annual financial statements for the year ended 30 September 2012, todate the Company has been able to restructure/ reschedule following loans from its lenders resulting in relaxation in payments, the details of which are as follows:

- restructuring of Rs.161.08 million of overdue borrowings to long term loans and overdue mark up of Rs.76.92 million from Allied Bank Limited.
- rescheduling of PPTFC loans of Rs.80 million from UBL Fund Manager.

The Company is confident that based on its above mentioned plan it will continue to be supported by the lenders and also be able to reschedule remaining of its existing over-due borrowings as well.

The financial information have been prepared on a 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 utilising such funds to increase its operations and achieve its budgeted targets for production of sugar, bio fuel etc.

The financial information consequently, do not include any adjustments relating to the realisation of its assets and liquidation of any liabilities that might be necessary should the Company be unable to continue as a going concern.

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 2012.

The comparative balance sheet presented in these interim financial information has been extracted from the audited financial statements of the Company for the year ended 30 September 2012 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 information for the first quarter ended 31 December 2011.

This condensed interim financial information has been presented in Pakistani 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 2012.

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 information 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 2012.

5. Risk management policies

Risk management policies are consistent with those disclosed in the financial statements for the year ended 30 September 2012.

6. Taxation

The provision for taxation for the quarter ended 31 December 2012 has been made on an estimated basis.

7. Long term finances

	December 2012 (Rupees in thousand)	September 2012
Long term loans - secured	1,594,280	1,579,622
Redeemable capital		
Preference shares (non-voting) - unsecured	345,756	345,756
Term finance certificates (non-voting) - secured	485,192	485,192
	830,948	830,948
Long term running finances - secured	-	-
	2,425,228	2,410,570
Less: Current portion shown under current liabilities		
- Long term loans - secured	(1,168,206)	(1,119,658)
- Redeemable capital - Preference Shares (non-voting) - secured	(345,756)	(345,756)
- Redeemable capital - term finance certificates (non-voting) - secured	(485,192)	(485,192)
- Long term running finances - secured	-	-
	(1,999,154)	(1,950,606)
	426,074	459,964

8. Contingencies and commitments**8.1 Contingencies**

- (i) The Company has issued following guarantees:

Bank guarantee of Rs.9.552 million (2012: Rs.9.552) in favour 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 associate, Shakarganj Food Products Limited of Rs.467 million (2012: 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 (2012: 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 (2012: Rs.65.213 million).
- (ii) Contracts for acquisition of intangible (computer software) amounting to Rs.20 million (2012: Rs.20 million).
- (iii) Contracts for other than capital expenditures Rs.0.78 million (2012: Rs.7.29 million).



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

		December 2012 (Rupees in thousand)	September 2012
Not later than one year		4,992	4,992
Later than one year and not later than five years		1,350	1,350
		6,342	6,342
9. Property, plant and equipment			
Operating assets (owned)	- note 9.1	5,874,961	5,950,551
Operating assets (leased)		65,963	67,296
Capital work-in-progress	- note 9.2	460,008	383,172
		6,400,932	6,401,019
9.1 Operating assets (owned)			
Opening book value		5,950,551	4,878,818
Add: Addition	- note 9.1.1	4,081	311,455
Transfer from assets subject to finance lease		-	16,308
Adjustment of revaluation surplus		-	1,059,276
		5,954,632	6,265,857
Less: Disposal during the period		(659)	(36,003)
Depreciation charged during the period		(79,012)	(279,303)
		(79,671)	(315,306)
Closing book value		5,874,961	5,950,551
9.1.1 Addition during the period/year			
Land		-	1,670
Building on free hold land		223	51,380
Plant and machinery		1,712	199,234
Tools and equipment		243	4,120
Laboratory equipment		78	3,515
Water electric and weighbridge equipment		121	7,053
Furniture and fixture		956	3,587
Office equipment		486	6,424
Vehicles		226	34,277
Arms and Ammunitions		-	-
Library books		36	195
		4,081	311,455

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

		December 2012 (Rupees in thousand)	September 2012
9.2 Capital work-in-progress			
Civil works		16,785	8,399
Plant and machinery		251,846	111,528
		<hr/>	<hr/>
		268,631	119,927
Advances given for capital work in progress		191,377	263,245
		<hr/>	<hr/>
		460,008	383,172
		<hr/>	<hr/>
10. Investments - related parties			
In equity instruments of associates	- note 10.1	708,145	652,880
Available for sale	- note 10.3	106,568	98,015
		<hr/>	<hr/>
		814,713	750,895
		<hr/>	<hr/>
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		107,087	(1,926)
		<hr/>	<hr/>
		652,880	543,867
Share of movement in reserves		1,785	3,919
Share of profit			
- before taxation		68,174	138,580
- provision for taxation		(11,974)	(8,117)
		<hr/>	<hr/>
		56,200	130,463
		<hr/>	<hr/>
		710,865	678,249
Dividends received		(2,720)	(25,369)
		<hr/>	<hr/>
Balance	- note 10.2	708,145	652,880
		<hr/>	<hr/>

10.2 In equity instruments of associates

Quoted

Crescent Steel and Allied Products Limited

2,720,062 (30 September 2012: 2,720,062)
fully paid ordinary shares of Rs.10 each
Equity held: 4.82% (30 September 2012: 4.82%)- note 10.2.3

December
2012
(Rupees in thousand)

September
2012

213,286

204,715

Safeway Mutual Fund Limited

16,579,143 (30 September 2012: 16,579,143)
fully paid ordinary shares of Rs.10 each
Equity held 30.45% (30 September 2012: 30.45%)

179,373

148,771

Unquoted

Shakarganj Food Products Limited

74,654,596 (30 September 2012: 74,654,596)
fully paid ordinary shares of Rs.10 each
Equity Held: 49.24% (30 September 2012: 49.24%)

315,486

299,394

708,145

652,880

10.2.1 Investments in associates include goodwill amounting to Rs. 82.886 million (30 September 2012: Rs. 82.886 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 2012					
(Rupees in thousand)					
Crescent Steel and Allied Products Limited	4.82%	240,425	(38,763)	42,332	9,549
Safeway Mutual Fund Limited	30.45%	265,332	(835)	32,376	30,602
Shakarganj Food Products Limited	49.24%	669,527	(425,303)	404,671	16,049
		1,175,284	(464,901)	479,379	56,200
30 September 2012					
Crescent Steel and Allied Products Limited	4.82%	244,845	(51,661)	190,046	22,690
Safeway Mutual Fund Limited	30.45%	234,740	(833)	56,491	66,042
Shakarganj Food Products Limited	49.24%	652,447	(424,329)	1,986,195	41,731
		1,132,032	(476,823)	2,232,732	130,463



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 2012.

		December 2012 (Rupees in thousand)	September 2012
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 gain	- note 10.3.3	49,708	41,155
Less: Cumulative impairment losses recognized		(93,257)	(93,257)
Fair value loss		(43,549)	(52,102)
		106,568	98,015
10.3.1 Associated companies			
Quoted			
Crescent Jute Products Limited			
536,817 (30 September 2012: 536,817)			
fully paid ordinary shares of Rs.10 each			
Market Value- Rs.0.972 million			
(30 September 2012: Rs.0.542 million)			
		-	-
Asian Stocks Fund Limited			
16,245,673 (30 September 2012: 16,245,673)			
fully paid ordinary shares of Rs.10 each			
Market Value- Rs.105.597 million			
(30 September 2012: Rs.97.473 million)			
		144,917	144,917
Unquoted			
Crescent Standard Telecommunications Limited			
300,000 (30 September 2012: 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 2012: 220,000)			
fully paid ordinary shares of Rs.10 each			
		2,200	2,200

**10.3.3 Cumulative fair value gain**

	December 2012 (Rupees in thousand)	September 2012
As at 1 October	41,155	17,325
Fair value gain	8,553	23,830
As at period/year end	49,708	41,155

10.3.4 Investments with face value of Rs.922.486 million (30 September 2012: Rs.922.486 million) and market value of Rs.929.238 million (30 September 2012: Rs.903.817 million) are pledged as security against long term running finances and short term borrowings.

11. Investments

		December 2012 (Rupees in thousand)	September 2012
Available for sale - at cost	- note 11.1	125,307	125,307
Add: Cumulative fair value loss	- note 11.2	(6,893)	(6,266)
		118,414	119,041

11.1 Available for sale - at cost

Altern Energy Limited - Quoted 12,530,582 (30 September 2012: 12,530,582) fully paid ordinary shares of Rs.10 each		125,307	125,307
Innovative Investment Bank Limited - Unquoted 51,351 (30 September 2012: 51,351) fully paid ordinary shares of Rs.10 each		-	-
		125,307	125,307

11.2 Cumulative fair value loss

As at 1 October	(6,266)	(55,762)
Fair value (loss)/gain	(627)	49,496
As at period / year end	(6,893)	(6,266)

11.3 Investments with a face value of Rs.124.66 million (30 September 2012: Rs.124.66 million) and market value of Rs.117.804 million (30 September 2012: Rs.118.427 million) are pledged as security against long term running finances and short term borrowings.

Rupees in thousand)

12.1 Revenue

	1,496,962	1,526,953	910,524	1,000,009	62,448	49,166	19,727	35,615	462,136	389,947	4,953	5,812	-	2,862,562	3,012,243
External															
Intersegment	374,197	478,386	-	-	4,044	7,794	836	-	-	-	7,243	1,960	-	(386,320)	(488,140)
	1,871,159	2,005,339	910,524	1,000,009	66,492	56,960	20,563	35,615	462,136	389,947	12,196	12,513	-	(386,320)	(488,140)
														2,862,562	3,012,243

12.2 Segment expenses

[illegible]

Segment results

Operating Profit

Finance cost	(129,477)	(189,916)
Share of Profit from associates	68,174	11,504
Profit before taxation	116,541	66,410

Taxation

Company Associates	(17,702) (11,974)	(31,463) (5,971)
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Profit for the period

31 December 2012 **30 September 2012** **31 December 2012** **30 September 2012**
(Rupees in thousand)

12.3 Segment assets and liabilities

	Segment assets		Segment liabilities	
Sugar	3,895,365	3,272,704	5,865,236	5,280,716
Bio Fuel	1,925,664	1,579,188	1,565,492	1,234,749
Bio Power	865,487	745,653	142,653	117,341
Building Materials	53,254	47,390	325	255
Textile	412,332	342,358	244,532	154,609
Farms	784,596	754,214	14,365	14,379
Others	4,851	4,610	-	-
Unallocated	3,281,982	2,980,316	1,615,997	1,246,029
	11,223,531	9,726,433	9,448,600	8,048,078

13. Earnings per share

13.1 Basic earnings per share

Profit for the period	Rupees	86,865,000	28,976,000
Weighted average number of ordinary shares in issue during the period	Number	69,523,798	69,523,798
Earnings per share - basic	Rupees	1.25	0.42

13.2 Diluted earnings per share

Diluted earning 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.

Profit for the period	Rupees	86,865,000	28,976,000
Preference dividend on convertible preference shares	Rupees	-	7,327,175
Profit used to determine diluted earnings per share	Rupees	86,865,000	36,303,175
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
Earning per share - diluted	Rupees	1.15	0.48
Restricted to basic earning per share in case of anti-dilution	Rupees	1.15	0.42

14. Cash used in operating activities

	December 2012 (Rupees in thousand)	December 2011
Profit before taxation	116,541	66,410
Adjustment for:		
Depreciation/amortization of:		
- property, plant and equipment	80,345	68,094
- intangible assets	15	15
Loss from agriculture activities	1,009	-
Loss/(profit) on sale of property, plant and equipment	(3,248)	(16,182)
Interest from Bank Deposits	(96)	-
Liabilities written back	(210)	-
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	2,729	2,652
Dividend income	(9,747)	(10,722)
Share of (profit) / loss from associates	(68,174)	853
Net (income) / loss from livestock	(175)	-
Finance cost	129,477	189,916
	131,925	228,987
Profit before working capital changes	248,466	295,397
Effect on cash flow due to working capital changes:		
(Increase) / decrease in stores and spares	(63,812)	(64,428)
(Increase) / decrease in stock in trade	(1,292,391)	(2,116,215)
Net (increase) / decrease in biological assets	8,725	2,228
(Increase) / decrease trade debts	12,659	284,856
(Increase)/decrease in loans, advances, prepayments and other receivables	(142,648)	(230,595)
Increase in trade and other payables	1,713,726	2,070,205
	236,259	(53,949)
	484,725	241,448

15. Transactions with related parties

Relationship with the company	Nature of transactions		
i. Associated undertakings	Dividend received	12,467	14,802
	Purchase of goods and services	9,528	2,529
	Sale of goods and services	7,874	756
	Share of common expenses	414	450
	Health insurance expenses	1,250	448
ii. Post employment benefit plans	Expense charged in respect of retirement benefit plans	4,874	2,942
iii. Key Management Personnel	Salaries and other employee benefits	21,230	10,824



16. Date of authorization of issue

These financial information were authorized for issue on 28 January 2013 by the board of directors of the Company.

17. Events after the balance sheet date

There are no subsequent events occurring after balance sheet date.

18. 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 however, no significant re-arrangements have been made.



Chief Executive



Chairman



Shakarganj Mills Limited

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