



Shakarganj Limited

REACHES GOLD



---

Condensed Interim Report  
For the Quarter and Six Months ended  
31 March 2018

---

# CONTENTS

Vision, Mission and Values	2
Company Information	3
Shareholders' Information	4
Company Profile	5
Directors' Review	7
Auditor's Report to the Members on Review of Interim Financial Information	9
Condensed Interim Statement of Financial Position	10
Condensed Interim Profit and Loss Account	12
Condensed Interim Statement of Other Comprehensive Income	13
Condensed Interim Cash Flow Statement	14
Condensed Interim Statement of Changes in Equity	15
Notes to the Condensed Interim Unconsolidated Financial Information	16

## VISION, MISSION & CORE VALUES

To gain and maintain leadership in our relevant sectors by producing the best quality products at the lowest possible cost

To give the best returns to our shareholders by optimal allocation of resources to the products and markets we compete in

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

To provide the best working environment to our employees and provide them opportunities to enhance their skills

To work with our farmers, suppliers, and distributors as partners in 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

To be a socially responsible corporate citizen supporting education, health, environment, and socio economic development of its community

# COMPANY INFORMATION

## Board of Directors

1. Chairman (Non-Executive)	Muhammad Anwar
2. Chief Executive Officer	Anjum Muhammad Saleem
In alphabetic order:	
3. Executive Director	Ali Altaf Saleem
4. Non-Executive Director	Hajerah Ahsan Saleem
5. Non-Executive Director	Khalid Bashir
6. Non-Executive Director (Independent)	Khawaja Jalaluddin
7. Non-Executive Director	Muhammad Arshad
8. Non-Executive Director (Independent)	Sheikh Asim Rafiq

## Audit Committee

Chairman	Khalid Bashir
Member	Hajerah Ahsan Saleem
Member	Khawaja Jalaluddin (Independent)
Member	Sheikh Asim Rafiq (Independent)

## Human Resource & Remuneration Committee

Chairman	Muhammad Anwar
Member	Anjum Muhammad Saleem
Member	Khalid Bashir

## Chief Financial Officer

Muhammad Asif

## Company Secretary

Asif Ali

## Management Committees

### Executive Committee

Chairman	Anjum Muhammad Saleem
	Ali Altaf Saleem
	Muhammad Pervez Akhtar

### Business Strategy Committee

Chairman	Anjum Muhammad Saleem
	Ali Altaf Saleem
	Muhammad Pervez Akhtar
	Muhammad Asif
	Manzoor Hussain Malik

### System & Technology Committee

Chairman	Muhammad Pervez Akhtar
	Muhammad Asif
	Ibrahim Ahmad Cheema

# SHAREHOLDERS' INFORMATION

## Stock Exchange Listing

Shakarganj Limited is a listed company and its shares are traded on the Pakistan Stock Exchange. Daily quotes on the Company's stock can be obtained from leading newspapers. Shakarganj is listed under 'Sugar & Allied Industries'

## Public Information

Financial analysts, Stock brokers, interested investors and financial media desiring information about "Shakarganj" should contact Mr. Asif Ali at the Company's Office, Jhang. Tel: (047) 763 1001 - 05 Fax: (047) 763 1011 E-mail: [info@shakarganj.com.pk](mailto: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) 3517 0336 - 7 Fax: (042) 3517 0338 E-mail: [info@corptec.com.pk](mailto:info@corptec.com.pk)

## Products

- Sugar
- Bio Fuel
- Bio Power
- Building Materials
- Yarn
- Tiger Compost

## Legal Advisor

Hassan & Hassan Advocates, Lahore

## Auditors

KPMG Taseer Hadi & Co.  
Chartered Accountants

## Bankers

MCB Bank Limited  
National Bank of Pakistan  
Bank Islami Pakistan Limited

## Works

### Principal Facility

Management House  
Toba Road, Jhang, Pakistan  
Tel: (047) 763 1001 - 05  
Fax: (047) 763 1011  
E-mail: [info@shakarganj.com.pk](mailto:info@shakarganj.com.pk)

### Satellite Facility

Management House  
63 km, Jhang Sargodha Road  
Bhone, Pakistan  
Tel: (048) 688 9211 - 13  
Fax: (047) 763 1011

## Website

[www.shakarganj.com.pk](http://www.shakarganj.com.pk)  
Note: This Report is available on Shakarganj website.

## Registered and Principal Office

Executive Floor, IT Tower, 73 E 1  
Hali Road, Gulberg III, Lahore, Pakistan  
UAN: (042) 111 111 765  
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  
503-E, Johar Town  
Lahore  
Tel: (042) 3517 0336 - 7  
Fax: (042) 3517 0338  
E-mail: [info@corptec.com.pk](mailto:info@corptec.com.pk)

# COMPANY PROFILE

Shakarganj Limited was incorporated in Pakistan in 1967 as a Public Limited Company and is listed on the Pakistan Stock Exchange. Shakarganj is a leading manufacturer of food products, biofuel, building materials, as well as textiles. We transform renewable crops such as sugarcane and cotton into value added products including refined sugar, textiles, biofuel, and building materials. Our registered office is in Lahore with regional offices in Faisalabad and Karachi.

Shakarganj Limited, through its strategic shareholding in Shakarganj Food Products Limited, is also active in production of dairy and fruit products.

## Sugar Business:

We have two manufacturing facilities, which are both 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 Tons of Cane per Day (TCD) which is extendable to 32,000 TCD.

## Biofuel Business:

We have six distillation plants of which three are located at our Jhang facility and the remaining three are located at our Bhone facility where various grades of biofuel are produced. Our products include Rectified Ethanol (REN) for industrial and food grades, Anhydrous Ethanol for fuel grade, and Extra Neutral Alcohol (ENA) for pharmaceutical and perfume grades. The combined capacity of our distilleries is 350,000 litres per day.

## Bio Power Business:

We have a biogas based power generation facility located at Jhang. This facility consists of an Effluent Treatment Plant (ETP) and a Power Generation Facility. ETP operations involve biological treatment of distillery waste to produce methane, which then undergoes a biological de-sulphurisation process that removes sulphur from it. This gas can then either be utilised as fuel in our boilers, or more efficiently utilised to generate electricity in our biogas based generators which have a capacity 8 Megawatts.

## Building Materials Business:

Our Building Materials Division is located at our Jhang facility, with a capability to produce 12 x 4 foot sheets of particle board with varying thickness. Our daily production capacity is 30 cubic metres.

## Textile Business:

Located at our Jhang facility, this cotton spinning unit produces carded cotton and PC yarn ranging from 10/s to 31/s and doubled yarn ranging from 8 to 40 TPI. The installed capacity is 15,360 spindles for cotton spinning and 2,304 spindles for doubling.

## Farming & Allied Business:

This comprises different parcels of land mainly located in Jhang District near our manufacturing facilities. Total area under cultivation is 1,285 acres which is our owned land. 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 150 milking and fattening cattle. A 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 standardised microbial culture in filter cake. The compost is a rich source of organic matter, with macro and micro nutrients to help improve soil and it 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 the 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 providing 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 originally. 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 Programmes 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 utilise 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 the unaudited condensed interim financial information of the Company for the Half Year ended 31 March 2018. This condensed interim financial information was subject to a limited scope review by the external auditors, KPMG Taseer Hadi & Company, Chartered Accountants. The auditor's review report is attached to this interim condensed financial information.

## Financial and Operational Performance:

### Summary of operating performance:

As forewarned in our last annual review, we could not start our crushing campaign timely due to declined selling prices of sugar and high procurement rates of sugarcane fixed by the Government. In view of the overall surplus sugar scenario in Pakistan and anticipated sugar production in the country, the millers were reluctant to start crushing season as the same was considered just a loss making exercise. Shakarganj first time in its history started its crushing in the last week of December 2017 as compelled by the Government. Unpredictable and impractical policies of the government pertaining to sugar exports have created difficulties for sugar mills in the shape of sugar glut in the market as well as difficulties for farmers as mills were finding it difficult to pay for sugarcane supplies.

However, our biofuel business has performed well as it gained momentum, prices are reasonable and there is a good margin in this business. We are hopeful that the Company will meet its production targets for the Biofuel Division. In spite of the situation of our core business activities and delayed start as discussed above, the Company earned a gross profit of Rs. 31.18 million compared to a gross profit of

Rs. 1,234.70 million in the corresponding period last year. The Company earned an overall after-tax profit of Rs. 21.13 million as compared to after tax profit of Rs. 1,054.83 million in first half of fiscal 2017.

## Business Segments:

### Sugar Division:

As discussed above, the crushing campaign was started very late on 25 December 2017 and the production of sugar was declined significantly. The Sugar Division crushed 657,386 MT (HYFY17: 1,535,951 MT) of sugarcane to produce 59,128 MT (HYFY17: 142,693 MT) of sugar at an average recovery rate of 9.20 percent (HYFY17: 9.37 percent) resulting in a 59 percent decrease in sugar production.

### Biofuel Division:

The production of this division increased to 26.51 million litres (HYFY17: 15.18 million litres). During the period under review, the performance of Biofuel Division was good and the trend was improving in terms of productions and profitability. During the period, exports accounted for 93.2 percent of total biofuel sales.

### Bio-Power Division:

The Bio-Power Division was not operative due to non-availability of raw material as well as due to heavy repair and maintenance involved to restart the power generation. Therefore, there was no bio power generation as was the case in HYFY17.

### Building Materials Division:

In view of lower crushing and non-availability of sufficient bagasse, the production of this



division could not be started during the period (HYFY17: 1,578).

#### Textile Division:

Yarn production increased to 1.85 million kg (HYFY17: 1.84 million kg). The slight increase in production was attributable to full operational days during the current period compared to corresponding period.


#### **Outlook:**

The management is confident for further improvements in biofuel business in the remaining half of fiscal year 2018. As the future outlook of our distilleries operation depends on continuous availability of good quality molasses, the management is striving to add bulk quantity of molasses at reasonable cost to create enough margins for healthy bottom line. Sugar business outlook is dependent of government policies and sugar selling prices. However, the management would try its level best to achieve better results in other operative segments. The Textile Division performance is expected to improve in view of the margin available.

As explained in our last annual report, the Company has been in a tight liquidity position since 2009. During the first half

of fiscal year 2018, the Company has successfully renewed its working capital lines for financing of its operations. Negotiations with the Company lenders were being successfully finalized as fully explained in note 1.2 to the attached condensed interim financial information. Negotiations are also in process for the long-term financing with one of the Company's lenders and hopefully this would be finalized soon. The Company remains committed to its best efforts to achieve better performance and to improve further its liquidity scenario.

On behalf of the Board



**Anjum Muhammad Saleem**  
**Chief Executive Officer**



**Ali Altaf Saleem**  
**Director**

Date: 30 May 2018



**KPMG Taseer Hadi & Co.**  
Chartered Accountants  
351 Shadman-I, Jail Road,  
Lahore 54000 Pakistan

Telephone + 92 (42) 111 KMPGTH (576484)  
Fax + 92 (42) 37429907

## Auditor's Report to the Members on Review of Interim Financial Information

### *Introduction*

We have reviewed the accompanying condensed interim statement of financial position of Shakarganj Limited ("the Company") as at 31 March 2018 and the related condensed interim profit and loss account, condensed interim statement of comprehensive income, condensed interim cash flow statement, condensed interim statement of changes in equity and notes to the condensed interim financial information for the six-months period then ended (here-in-after referred to as "condensed interim financial information"). Management is responsible for the preparation and presentation of this condensed interim financial information in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on this condensed interim financial information based on our review.

### *Scope of review*

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

### *Conclusion*

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed interim financial information is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting.

### *Other matters*

The figures of the condensed interim profit and loss account and condensed interim statement of comprehensive income for the quarters ended 31 March 2018 and 31 March 2017, have not been reviewed and we do not express a conclusion on them.

Lahore  
Date: 30 May 2018

KPMG Taseer Hadi & Co.  
Chartered Accountants  
(Kamran Iqbal Yousafi)

# CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION

As at 31 March 2018 (Un-audited)

	Note	31 March 2018 (Un-audited)	30 September 2017 (Audited) (Restated)	30 September 2016 (Audited) (Restated)
(Rupees in thousand)				
<b>EQUITY AND LIABILITIES</b>				
<b>Share capital and reserves</b>				
Authorized capital				
150,000,000 (30 September 2017: 150,000,000)		1,500,000	1,500,000	1,500,000
ordinary shares of Rs. 10 each				
50,000,000 (30 September 2017: 50,000,000)		500,000	500,000	500,000
preference shares of Rs. 10 each				
		<u>2,000,000</u>	<u>2,000,000</u>	<u>2,000,000</u>
Issued, subscribed and paid up capital				
125,000,000 (30 September 2017: 125,000,000)		1,250,000	1,250,000	1,100,000
ordinary shares of Rs 10 each		41,894	47,055	57,205
Equity portion of director loan - net of tax		1,720,772	1,726,474	906,114
Reserves		(1,578,525)	(1,560,360)	(2,034,861)
Accumulated loss				
Surplus on revaluation of property, plant and equipment		4,567,178	4,678,971	4,942,775
		<u>6,001,319</u>	<u>6,142,140</u>	<u>4,971,233</u>
<b>Non-current liabilities</b>				
Long term finances	7	362,833	405,767	491,213
Deferred taxation		731,213	760,843	810,042
		<u>1,094,046</u>	<u>1,166,610</u>	<u>1,301,255</u>
<b>Current liabilities</b>				
Current portion of long term liabilities		124,457	123,707	147,543
Short term borrowings	8	1,858,995	1,661,160	969,199
Trade and other payables		2,665,516	2,059,100	3,230,484
Unclaimed dividend		4,050	1,519	1,537
Accrued finance cost		20,823	116,516	218,545
		<u>4,673,841</u>	<u>3,962,002</u>	<u>4,567,308</u>
<b>Contingencies and commitments</b>				
	9	<u>11,769,206</u>	<u>11,270,752</u>	<u>10,839,796</u>

The annexed notes 1 to 21 form an integral part of this condensed interim financial information.

  
Chief Executive

  
Director

  
Chief Financial Officer

	Note	31 March 2018 (Un-audited)	30 September 2017 (Audited) (Restated)	30 September 2016 (Audited) (Restated)
(Rupees in thousand)				
<b>ASSETS</b>				
<b>Non-current assets</b>				
Property, plant and equipment	10	8,319,695	8,487,270	8,988,245
Biological assets		8,772	11,840	7,734
Investments - related parties	11	1,201,667	1,084,476	954,356
Employees' retirement benefits		39,262	50,703	38,927
Long term loans, advances and deposits		36,521	36,531	36,531
		9,605,917	9,670,820	10,025,793
<b>Current assets</b>				
Biological assets	12	19,732	14,811	13,718
Stores, spares and loose tools		78,262	61,342	70,879
Stock-in-trade		1,235,285	1,115,847	347,650
Trade debts		317,998	167,717	13,154
Loans, advances, deposits, prepayments and other receivables		425,077	234,960	349,962
Cash and bank balances		86,935	5,255	18,640
		2,163,289	1,599,932	814,003
		11,769,206	11,270,752	10,839,796

  
Chief Executive

  
Director

  
Chief Financial Officer

# CONDENSED INTERIM PROFIT AND LOSS ACCOUNT

For the Six Months Period Ended 31 March 2018 (Un-Audited)

	Note	Quarter ended		Half year ended	
		31 March	31 March	31 March	31 March
		2018	2017	2018	2017
----- (Rupees in thousand) -----					
Sales - net	13.1	3,822,145	6,156,931	4,644,857	8,736,823
Cost of sales	13.2	(3,484,166)	(5,061,097)	(4,613,678)	(7,502,125)
Gross profit		337,979	1,095,834	31,179	1,234,698
Administrative expenses		(85,659)	(78,081)	(148,351)	(137,455)
Distribution and selling costs		(57,558)	(27,274)	(85,360)	(33,392)
Other expenses		(8,728)	(54,987)	(31,510)	(70,391)
Other income		213,602	69,080	236,095	106,003
Profit from operations		399,636	1,004,572	2,053	1,099,463
Finance cost		(28,322)	(46,060)	(78,355)	(81,060)
Share of profit from associate		87,336	60,081	168,735	132,167
Profit before taxation		458,650	1,018,593	92,433	1,150,570
Taxation					
- Company		(30,695)	(45,367)	(25,460)	(55,582)
- Associate		(16,489)	(20,454)	(45,842)	(40,157)
		(47,184)	(65,821)	(71,302)	(95,739)
Profit after taxation		411,466	952,772	21,131	1,054,831
Earnings per share - basic and diluted	Rupees	3.51	8.14	0.18	9.01

The annexed notes 1 to 21 form an integral part of this condensed interim financial information.

  
Chief Executive

  
Director

  
Chief Financial Officer

# CONDENSED INTERIM STATEMENT OF OTHER COMPREHENSIVE INCOME

For the Six Months Period Ended 31 March 2018 (Un-Audited)

	Quarter ended		Half year ended	
	31 March 2018	31 March 2017	31 March 2018	31 March 2017
	----- (Rupees in thousand) -----			
<b>Profit after taxation for the period</b>	411,466	952,772	21,131	1,054,831
<b><u>Other comprehensive income</u></b>				
<i>Item that are or may be subsequently reclassified to profit or loss account:</i>				
Fair value gain on 'Available for sale' investments	(144)	17,301	(5,702)	22,372
Share of other comprehensive (loss) / income of associate	-	-	-	-
	(144)	17,301	(5,702)	22,372
<b>Total comprehensive income for the period</b>	411,322	970,073	15,429	1,077,203

The annexed notes 1 to 21 form an integral part of this condensed interim financial information.

  
Chief Executive

  
Director

  
Chief Financial Officer

# CONDENSED INTERIM CASH FLOW STATEMENT

For the Six Months Ended 31 March 2018 (Un-Audited)

		Half year ended	
	Note	31 March 2018 (Rupees in thousand)	31 March 2017
<b>Cash flows from operating activities</b>			
Cash used in operations	16	238,512	(608,500)
Finance cost paid		(174,048)	(173,478)
Dividend Paid		(153,719)	-
Taxes paid		94,610	(62,548)
Net changes in long term advances, loans, deposits and prepayments		10	-
<b>Net cash generated / used in operating activities</b>		5,365	(844,526)
<b>Cash flows from investing activities</b>			
Fixed capital expenditure		(80,842)	(22,450)
Proceeds from sale of right allotment letters		-	-
Dividend received		405	-
Proceeds from sale of livestock		701	313
Proceeds from sale of property, plant and equipment		400	81,089
<b>Net cash (used in) / generated from investing activities</b>		(79,336)	58,952
<b>Cash flows from financing activities</b>			
Proceeds against right shares		-	-
Short term borrowings - net		197,835	853,813
Long term finances obtained		-	-
Long term finances repaid		(42,184)	(67,215)
<b>Net cash generated from / (used in) financing activities</b>		155,651	786,598
<b>Net increase / (decrease) in cash and cash equivalents</b>		81,680	1,024
<b>Cash and cash equivalents at beginning of period</b>		5,255	18,640
<b>Cash and cash equivalents at end of period</b>		86,935	19,664

The annexed notes 1 to 21 form an integral part of this condensed interim financial information.

  
Chief Executive

  
Director

  
Chief Financial Officer

# CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY

For the Six Months Ended 31 March 2018 (Un-Audited)

	CAPITAL RESERVE					REVENUE RESERVE					(Rupees in thousand)	
	Share Capital	Share Premium	Share in capital reserves of associates	Fair Value Reserve	Difference of Capital Under Scheme of Arrangement of Merger	Equity portion of director - net of tax	Surplus on revaluation of property, plant and equipment	General	Dividend Equalization	Equity Investment Market Value Equalization	Accumulated loss	Total
Balance as on 01 October 2016 as previously reported	1000000	237755	(10638)	6761	155930	52005	4942775	410606	22700	83000	(2034861)	28458
Effect of restatement as explained in note 3.2	-	-	-	-	-	-	-	-	-	-	-	4942775
Balance as on 01 October 2016 - restated	1000000	237755	(10638)	6761	155930	52005	4942775	410606	22700	83000	(2034861)	4971233
Total comprehensive income for the period	-	-	-	-	-	-	-	-	-	-	-	-
Profit for the six months period ended 31 March 2017	-	-	-	-	-	-	-	-	-	-	-	1054831
Other comprehensive income for the period:	-	-	-	-	-	-	-	-	-	-	-	-
Fair value gain on Available for sale investments	-	-	-	22372	-	-	-	-	-	-	-	22372
Share of other comprehensive income of associates	-	-	-	-	-	-	-	-	-	-	-	-
Surplus transferred to accumulated losses on account of incremental: disposal of property, plant and equipment - net of tax	-	-	-	-	-	-	(4286) (121298)	-	-	-	1054831	(1077203)
Transactions with owners of the Company, recognized directly in equity	-	-	-	-	-	-	(125584)	-	-	-	-	-
Equity portion of loan from director - net of tax	-	-	-	-	-	-	(4830)	-	-	-	4831	-
Balance as on 31 March 2017 as previously reported	1000000	237755	(10638)	29133	155930	52374	4817191	410606	22700	83000	(849151)	1231245
Effect of restatement as explained in note 3.2	-	-	-	-	-	-	-	-	-	-	-	4817191
Balance as on 31 March 2017 - restated	1000000	237755	(10638)	29133	155930	52374	4817191	410606	22700	83000	(849151)	6048436
Total comprehensive income for the period	-	-	-	-	-	-	-	-	-	-	-	-
Profit for the six months period ended 30 September 2017	-	-	-	-	-	-	-	-	-	-	-	(844012)
Other comprehensive income for the period:	-	-	-	-	-	-	-	-	-	-	-	-
Fair value gain on Available for sale investments	-	-	-	(16580)	-	-	(16382)	-	-	-	(16580)	(16580)
Proration rate adjustment	-	-	-	-	-	-	-	-	-	-	(16382)	(16382)
Remeasurement gain on employee retirement benefits	-	-	-	-	-	-	-	-	-	-	6110	6110
Share of other comprehensive income of associates	-	-	(4050)	-	-	-	-	-	-	-	(4050)	(4050)
Surplus transferred to accumulated losses on account of disposal of land	-	-	-	(16580)	-	-	(16382)	-	-	-	(837502)	(874914)
Incremental depreciation on property, plant and equipment - net of deferred tax	-	-	-	-	-	-	(1452) (120386)	-	-	-	1452	-
Total comprehensive income for the year	-	-	-	-	-	-	(121838)	-	-	-	-	-
Transactions with owners of the Company, recognized directly in equity	-	-	-	-	-	-	-	-	-	-	-	-
Proceeds from right shares	50000	825000	-	-	-	-	-	-	-	-	-	975000
Incremental cost on the issuance of right shares	-	(6382)	-	-	-	(5319)	-	-	-	-	-	(6382)
Equity portion of loan from director - net of tax	-	-	-	-	-	-	-	-	-	-	-	-
Balance as on 30 September 2017 - restated	1250000	1056373	(14688)	12553	155930	47055	4678971	410606	22700	83000	(1560360)	6142140
Total comprehensive income for the period	-	-	-	-	-	-	-	-	-	-	-	-
Profit for the six months period ended 31 March 2018	-	-	-	-	-	-	-	-	-	-	-	21131
Other comprehensive income for the period:	-	-	-	-	-	-	-	-	-	-	-	-
Share of other comprehensive income of associates	-	-	-	(5702)	-	-	-	-	-	-	(5702)	(5702)
Fair value gain on Available for sale investments	-	-	-	-	-	-	-	-	-	-	-	15429
Surplus transferred to accumulated losses on account of incremental depreciation on property, plant and equipment - net of deferred tax	-	-	-	(5702)	-	-	(11793)	-	-	-	21131	15429
Transactions with owners of the Company, recognized directly in equity	-	-	-	-	-	-	-	-	-	-	-	-
Equity portion of loan from director - net of tax	-	-	-	-	-	(5161)	-	-	-	-	5161	(156250)
Dividend paid for the year ended 30 September 2017	-	-	-	-	-	(5161)	-	-	-	-	(151089)	(156250)
Balance as at 31 March 2018	1250000	1056373	(14688)	6851	155930	41894	4567178	410606	22700	83000	(1578529)	6001319

The annexed notes 1 to 21 form an integral part of this condensed interim financial information.

  
Chief Executive

  
Director

  
Chief Financial Officer



# NOTES TO THE CONDENSED INTERIM UNCONSOLIDATED FINANCIAL INFORMATION

For the Six Months Ended 31 March 2018 (Un-Audited)

## 1. The Company and its operations

- 1.1 The Company is incorporated in Pakistan and is listed on Pakistan Stock Exchange under the Listing Regulations of Pakistan Stock Exchange. It is principally engaged in manufacture, purchase and sale of sugar, bio fuel, building materials, yarn (textile) and engaged in generation and sale of electricity (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 at Executive Floor, IT tower, 73-E/1, Hali Road, Gulberg-III, Lahore. Following are the business unit and their respective locations.

Business Unit	Location
- Jhang Unit	Toba tek singh Road, Jhang - Pakistan.
- Bhone Unit	63 km Jhang - Sargodha road, Bhone - Pakistan.

## 1.2 Going concern assumption

The Company has only crushed 0.66 million MT (31 March 2017: 1.54 million MT) of sugarcane, produced 59,128 MT (31 March 2017: 142,693 MT) of sugar at average recovery of 9.20% (31 March 2017: 9.37%) and manufactured 26.51 million liters (31 March 2017: 15.18 million liters) of bio fuel during this interim period. The core reason for the lower level of operational production was due to unrest faced by the sugar industry and the growers' community for the last 2-3 seasons as a result of declined selling prices of sugar and high procurement rates of sugarcane fixed by the Government. Unpredictable Government policies pertaining to sugar exports are creating difficulties for sugar mills in the shape of sugar glut in the market and difficulties for farmers as mills are finding it difficult to pay for sugarcane supplies. Considering the overall surplus sugar position in Pakistan and sugar production in the country, the Company as well as the millers were reluctant to start in the latest crushing season. However, the management has re-inforced its focus towards production and export of bio fuel due to good margin in this business. Further, this business has gained momentum during and subsequent to the period end due to rupee depreciation, recent improvements in the global oil prices coupled with falling molasses prices. The management expects to improve the overall profitability of the Company from production and export of bio fuel in future.

The Company also faced difficulty in arranging working capital finance to meet operational liquidity from providers of finance. During this interim period, working capital lines of only Rs. 1,400 million were available for utilization. However, the Company is in negotiations with its lenders for working capital finance for operational liquidity.

As at the reporting date the current liabilities of the Company have exceeded its current assets by Rs. 2,510.55 million (30 September 2017: Rs. 2,362.07 million). The management is confident that with the support of lenders and by export of bio fuel, the Company will be able to generate sufficient cash flows during the financial year 30 September 2018.

## 2. Basis of preparation

### 2.1 Basis of accounting

- 2.1.1 This condensed interim financial information comprises the condensed interim statement of financial position of the Company as at 31 March 2018 and the related condensed interim profit and loss account, condensed interim statement of comprehensive income, condensed interim cash flow statement and condensed interim statement of changes in equity together with the notes forming part thereof for the period from 01 October 2017 to 31 March 2018.

- 2.1.2 This condensed interim financial information has been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting. The accounting and reporting standards as applicable in Pakistan for interim financial reporting comprise of:

- International Accounting Standard (IAS) 34, Interim Financial Reporting, issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017;

- Islamic Financial Accounting Standards (IFAS) issued by the Institute of Chartered Accountants of Pakistan as notified under the Companies Act, 2017; and
- Provisions of and directives issued under the Companies Act, 2017.

Where the provisions of and directives issued under the Companies Act, 2017 differ with the requirements of IAS 34 or IFAS, the provisions of and directives issued under the Companies Act, 2017 have been followed.

- 2.1.3** This condensed interim financial information does not include all of the information required for full annual financial statements and should be read in conjunction with the annual financial statements for the year ended 30 September 2017.
- 2.1.4** Comparative statement of financial position numbers are extracted from the annual audited financial statements of the Company for the year ended 30 September 2017, whereas comparative figures of profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity are stated from unaudited condensed interim financial information of the Company for the six months period ended 31 March 2017.
- 2.1.5** This condensed interim unconsolidated financial information is unaudited and being submitted to the shareholders as required under Section 237 of the Companies Act, 2017 and the Listing Regulations of Pakistan Stock Exchange Limited.

### **3. Statement of consistency in accounting policies**

- 3.1** The accounting policies and the methods of computation adopted in the preparation of the condensed interim financial information are same as those applied in the preparation of the audited financial statements for the year ended 30 September 2017 except for change in accounting policy as disclosed in note 3.2.

### **3.2 Change in accounting policy**

Effective 01 January 2018, the provisions of the Companies Act, 2017 relating to the preparation of the financial statements have become applicable. Accordingly, the treatment of surplus on revaluation of property, plant and equipment is now in line with the requirements of IAS 16 - Property, plant and equipment since the provisions of Section 235 of the repealed Companies Ordinance, 1984 has not been carried forward by the Companies Act, 2017. This change in accounting policy has resulted in reclassification of surplus on revaluation of land, building and plant and machinery - net of tax to equity by restating the corresponding figures which resulted in increase in equity by Rs. 4,942.76 million and Rs. 4,678.97 million as at 30 September 2016 and 30 September 2017 respectively.

- 3.3** The following amendments and interpretations of approved accounting standards will be effective for accounting periods as detailed below:

<b>Standard or interpretation</b>	<b>Effective date (accounting periods beginning on or after)</b>
IFRS 2 - Share-based Payments	01 January 2018
IAS 40 - Investment Property	01 January 2018
IAS 28 - Investments in Associates and Joint Ventures	01 January 2018
IFRIC 22 - Foreign Currency Transactions and Advance Consideration	01 January 2018
IFRIC 23 - Uncertainty over Income Tax Treatments	01 January 2019
IFRS 15 - Revenue from Contract with Customer	01 July 2018
IFRS 9 - Financial Instruments	01 July 2018
IAS 28 - Investments in Associates and Joint Ventures	01 January 2019
IFRS 3 - Business Combinations	01 January 2019
IFRS - 11 Joint Ventures	01 January 2019
IAS - 12 Income Taxes	01 January 2019
IAS - 23 Borrowing Cost	01 January 2019

#### 4. Estimates

The preparation of condensed interim financial information requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing these condensed interim financial information, the significant judgments made by management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the financial statements for the year ended 30 September 2017.

#### 5. Seasonality of operations

Due to seasonal nature of sugar segment, operating results are expected to fluctuate in the second half of the year than the first six months.

The sugar cane crushing season starts from November and lasts till April in each year.

#### 6. Taxation

The provision for taxation for the half year ended 31 March 2018 has been made on an estimated basis.

#### 7. Long term finances

	Note	(Un-audited) 31 March 2018 (Rupees in thousand)	(Audited) 30 September 2017
Long term loans - secured			
Interest bearing		234,488	273,569
Interest free		66,715	76,460
		301,203	350,029
Loan from director - interest free	7.1	186,087	179,445
		487,290	529,474
Less: Current portion shown under current liabilities			
- Long term loans - secured		(124,457)	(123,707)
		362,833	405,767

- 7.1 This represents unsecured interest free loan obtained from executive director of the Company and is repayable in lump sum after five years.

	Note	(Un-audited) 31 March 2018 (Rupees in thousand)	(Audited) 30 September 2017
Balance as at 30 September		179,445	166,863
Finance cost recognized on unwinding of loan from director		6,642	12,582
	7.1.1	186,087	179,445

- 7.1.1 This loan has been recognized at amortized cost using discount rate of 7.54%. The resulting change has been charged to equity (net of tax).

	Note	(Un-audited) 31 March 2018 (Rupees in thousand)	(Audited) 30 September 2017
<b>8. Short term borrowings</b>			
<i>Secured - interest bearing:</i>			
- Cash / Running finances	8.2	525,000	395,420
- Export refinance	8.3	887,199	843,396
<i>Unsecured:</i>			
- Short term interest free financing	8.4	446,796	422,344
		<u>1,858,995</u>	<u>1,661,160</u>
<b>8.1 Types of short term borrowings</b>			
Interest / mark-up based financing		1,312,199	1,138,816
Islamic mode of financing		100,000	100,000
Interest free financing		446,796	422,344
		<u>1,858,995</u>	<u>1,661,160</u>

## 8.2 Cash / Running finances

The Company has arranged this short term finance facility from MCB Bank Limited to meet working capital requirements. This finance was available at a mark-up ranging from 8.11% to 8.36% (30 September 2017: 8.07% to 8.13%) on the outstanding balance or part thereof. Expiry date of this facility is 30 September 2018.

The cash / running finance is secured against pledge of sugar and first pari passu charge of Rs. 1,000 million over all present and future fixed assets of company.

## 8.3 Export refinance

The Company has arranged facilities for short term finances to meet working capital requirements from various banks under mark up arrangements to the extent of Rs. 875 million (30 September 2017: Rs. 875 million). These finances were available at a mark-up ranging from 8.11% to 8.68% (30 September 2017: 8.07% to 8.35%) on the outstanding balance or part thereof. Foreign currency borrowings were available at mark-up rates based on LIBOR ranging from 4.86% to 5.72% (30 September 2017: 3.43% to 4.86%). Expiry date of the finances obtained from Bank Islamic Pakistan Limited is 28 February 2019 for MCB Bank Limited 30 September 2018 and that of National Bank of Pakistan is 31 December 2018.

The aggregate export finance is secured against lien on export contracts, pledge of stock-in-trade and registered hypothecation charge on property, plant and equipment and current assets of the Company.

## 8.4 Short term interest free financing

It represents unsecured short term interest free financing provided by a sugar agent for financing the operations of the Company.

## 9. Contingencies and commitments

### 9.1 Contingencies

There is no material change in the status of contingencies as set out in note 13.1 to the financial statements of the Company for the year ended 30 September 2017.

## 9.2 Commitments

The Company has the following commitments in respect of:

- (i) Contracts for acquisition of intangible (computer software) amounting to Rs 20 million (30 September 2017: Rs. 20 million).
- (ii) Contracts for other than capital expenditures Rs. 1.10 million (30 September 2017: Rs 1.20 million).

	Note	(Un-audited) 31 March 2018 (Rupees in thousand)	(Audited) 30 September 2017
<b>10. Property, plant and equipment</b>			
Operating assets - at net book value	10.1	8,220,339	8,386,457
Capital work in progress	10.2	99,356	100,813
		8,319,695	8,487,270
<b>10.1 Operating assets - at net book value</b>			
Net book value at the beginning of the period / year		8,386,457	8,941,152
Add: Additions during the period / year	10.1.1	82,299	5,441
Less: Deletions during the period / year		27	25,658
Depreciation charged during the period / year		248,390	534,478
		248,417	560,136
		8,220,339	8,386,457
<b>10.1.1 Additions during the period / year</b>			
Plant and machinery		49,126	3,833
Water, electric and weighbridge equipment		1,370	-
Office equipment		34	-
Vehicles		31,568	-
Furniture and fixtures		201	148
Tools and equipment		-	1,460
		82,299	5,441
<b>10.2 Capital work in progress</b>			
Civil works		3,243	3,208
Plant and machinery		75,549	68,833
		78,792	72,041
Advances to suppliers		57,501	28,772
Less: Provision for doubtful advances and impairment		(36,937)	-
		20,564	28,772
		99,356	100,813

	Note	(Un-audited) 31 March 2018 (Rupees in thousand)	(Audited) 30 September 2017
<b>11. Investments - related parties</b>			
In equity instrument of associate	11.1	1,178,895	1,056,002
Available for sale	11.2	22,772	28,474
		<u>1,201,667</u>	<u>1,084,476</u>
<b>11.1 In equity instruments of associate</b>			
<u>Unquoted</u>			
<b>Shakarganj Food Products Limited</b>			
74,654,596 (30 September 2017: 74,654,596) fully paid ordinary shares of Rs. 10 each			
Equity Held: 49.24% (30 September 2017: 49.24%)		1,178,895	1,056,002
		<u>1,178,895</u>	<u>1,056,002</u>
<b>11.1.1 Movement during the period / year</b>			
Cost		393,818	393,818
Brought forward amounts of post acquisition reserves		662,184	537,856
		<u>1,056,002</u>	<u>931,674</u>
Share of movement in reserves during the period / year -		(4,050)	
Share of profit for the period / year			
- before taxation		168,735	195,344
- provision for taxation		(45,842)	(66,966)
		<u>122,893</u>	<u>128,378</u>
		1,178,895	1,056,002
Balance as at period / year end	11.1	<u>1,178,895</u>	<u>1,056,002</u>
<b>11.1.2</b>	Investment in associate includes goodwill amounting to Rs. 71.26 million (30 September 2017: Rs. 71.26 million).		
<b>11.1.3</b>	Shakarganj Foods Products Limited ("SFPL") is a public unlisted Company incorporated in Pakistan and is principally engaged in the business of manufacturing, processing and sale of food products. The activities of SFPL are largely independent of the Company. The following table summarizes the financial information of SFPL as included in its own financial statements and the Company's share in the results. The table also reconciles the summarized financial information to the carrying amount of the Company's interest in its associate.		

	(Un-audited) 31 March 2018 (Percentage)	(Audited) 30 September 2017
<b>Percentage interest held</b>	49.24%	49.24%

Note	(Un-audited) 31 March 2018 (Rupees in thousand)	(Audited) 30 September 2017
Non-current assets	3,216,814	2,645,709
Current assets	2,539,507	2,208,544
Non-current liabilities	(676,916)	(557,365)
Current liabilities	(2,830,078)	(2,297,007)
<b>Net assets (100%)</b>	<b>2,249,327</b>	<b>1,999,881</b>
Company's share of net assets	1,107,634	984,741
Goodwill recognized	71,261	71,261
<b>Carrying amount of interest in associate</b>	<b>1,178,895</b>	<b>1,056,002</b>
Revenue	7,717,516	12,416,404
Profit from operations	249,564	260,705
Other comprehensive income	-	(8,224)
Total comprehensive income (100%)	249,564	252,481
<b>Company's share of total comprehensive income</b>	<b>122,893</b>	<b>124,328</b>

The current period figures of SFPL are based on condensed interim financial information duly reviewed by their auditors as of 31 March 2018.

- 11.1.4** Investments with face value of Rs 575.55 million (30 September 2017: Rs. 575.55 million) are pledged as security against short term borrowings.

Note	(Un-audited) 31 March 2018 (Rupees in thousand)	(Audited) 30 September 2017
<b>11.2 Available for sale</b>		
<b>a) Associated / Related companies</b>		
<b><u>Quoted - related party</u></b>		
<i>Crescent Steel and Allied Products Limited:</i>	15,921	15,921
180,000 fully paid ordinary shares of Rs. 10 each		
Equity held: 0.23% (30 September 2017: 0.23%)		
Market value - Rs. 22.77 million		
(30 September 2017: Rs. 28.47 million)		
<b><u>Unquoted - associated company</u></b>		
<i>Crescent Standard Telecommunications Limited:</i>		
300,000 (30 September 2017: 300,000)		
fully paid ordinary shares of Rs. 10 each	3,000	3,000
Equity held: 24.88% (30 September 2017: 24.88%)		

	Note	(Un-audited) 31 March 2018 (Rupees in thousand)	(Audited) 30 September 2017
<b>b) Others</b>			
<b><u>Unquoted</u></b>			
<i>Crescent Group Services ( Private ) Limited</i>			
220,000 (30 September 2017: 220,000) fully paid ordinary shares of Rs. 10 each Equity held: 01.03% (30 September 2017: 01.03%)		2,200	2,200
 Innovative Investment Bank Limited 51,351 (30 September 2017: 51,351) fully paid ordinary shares of Rs. 10 each		-	-
		21,121	21,121
Cumulative fair value reserve	11.2.1	6,851	12,553
Cumulative impairment losses recognized	11.2.2	(5,200)	(5,200)
		1,651	7,353
		22,772	28,474
<b>11.2.1 Cumulative fair value reserve</b>			
As at 01 October		12,553	6,761
Fair value adjustment during the period / year		(5,702)	5,792
As at period / year end		6,851	12,553
<b>11.2.2 Cumulative impairment losses recognized</b>			
As at 01 October		5,200	5,200
As at period / year end		5,200	5,200
<b>12. Stock in trade</b>			
Raw materials		115,389	338,471
Work-in-process		72,309	12,540
Finished goods		1,047,587	764,836
		1,235,285	1,115,847
<b>12.1</b>	The amount charged to profit and loss account on account of write down of finished goods to net realizable value amount to Rs. 104.95 million (30 September 2017: Rs. 26.92 million).		



### 13. SEGMENTS INFORMATION

(Rupees in thousand)

	Sugar				Bio Fuel				Bio Power				Building materials				Sub-total carried forward			
	Quarter ended		Half year ended		Quarter ended		Half year ended		Quarter ended		Half year ended		Quarter ended		Half year ended		Quarter ended		Half year ended	
	31 March 2018	31 March 2017	31 March 2018	31 March 2017	31 March 2018	31 March 2017	31 March 2018	31 March 2017	31 March 2018	31 March 2017	31 March 2018	31 March 2017	31 March 2018	31 March 2017	31 March 2018	31 March 2017	31 March 2018	31 March 2017	31 March 2018	31 March 2017
<b>13.1 Sales - Net</b>																				
External	2565.21	5189.005	2720716	7368027	62188	1807	62188	1807	-	-	-	-	7742	4243	7742	4243	2627359	5198554	2787147	7277576
- Local	11048	1287	11048	1287	716160	301579	1356428	301579	-	-	-	-	-	-	-	-	302866	302866	1146476	302866
- Export	222898	415948	222898	613777	7596	5916	7596	5916	-	-	-	-	-	-	-	-	722208	421864	230494	619699
- By product	2799157	5606240	2954662	7983091	785944	309302	1205212	309302	-	-	-	-	7742	4243	7742	4243	3585101	5922284	416417	8300135
Intersegment	291193	674771	3441916	689735	50368	45918	65139	45918	-	-	-	-	-	-	-	-	-	-	-	-
	3090350	6281011	3299578	8672826	886312	355220	1270351	355220	-	-	-	-	7742	4243	7742	4243	3585101	5922284	416417	8300135
<b>13.2 Segment expenses</b>																				
<b>Cost of sales</b>																				
Net of intersegment costs	3019583	5224989	3519604	7458234	219451	(410460)	609949	G99253	5172	8620	10241	11101	1321	11035	1983	11035	3246569	4834470	4150829	7072065
Intersegment cost	57222	49465	72093	51598	29186	669048	341904	684011	-	-	-	-	7	5723	5724	12	-	-	-	-
	3076905	5284454	3591697	7509832	510637	258588	954853	284758	5172	8620	10241	11101	2370	7044	7707	11047	3246569	4834470	4150829	7072065
Gross profit / (loss)	13445	996557	(292119)	1162594	325675	96632	315498	70462	(5172)	(8620)	(10241)	(11101)	(2370)	698	35	(6804)	338532	1088814	13288	1228070
Administrative expenses	(77936)	(66771)	(95712)	(119521)	388	(4912)	(35489)	(4912)	-	-	-	-	(123)	(107)	(107)	(483)	(77671)	(71789)	(132684)	(24938)
Distribution and selling cost	(4587)	(3535)	(5798)	(9604)	(52666)	(22864)	(78866)	(22864)	-	-	-	-	(4)	(3)	(3)	(15)	(57207)	(26802)	(84674)	(32471)
	(82523)	(70706)	(101510)	(125125)	(52228)	(27776)	(115350)	(27776)	-	-	-	-	(127)	(110)	(110)	(498)	(134878)	(98591)	(217358)	(157410)
<b>Segment results</b>	(69078)	925851	(393629)	1033469	273447	68856	200148	42686	(5172)	(8620)	(10241)	(11101)	(2497)	588	(7302)	(7302)	203654	990223	(204070)	1070660

### 13. SEGMENTS INFORMATION

	Sub-total brought forward						(RUPEES IN THOUSAND)					
	Textile			Farms			Others			Total		
	Quarter ended 31 March 2018	Half year ended 31 March 2018	Quarter ended 31 March 2017	Quarter ended 31 March 2018	Half year ended 31 March 2018	Quarter ended 31 March 2017	Quarter ended 31 March 2018	Half year ended 31 March 2018	Quarter ended 31 March 2017	Quarter ended 31 March 2018	Half year ended 31 March 2018	Quarter ended 31 March 2017
<b>13.1 Sales - Net</b>												
External												
- Local	2627399	5198554	2787147	7371576								
- Export	727208	302866	1146476	302866								
- By product	230494	421864	230494	619693								
	3585101	5923284	4164117	8300135								
Intersegment												
	3585101	5923284	4164117	8300135								
<b>13.2 Segment expenses</b>												
<b>Cost of sales</b>												
Net of intersegment costs	3246569	4834470	4150829	7072065								
Intersegment cost												
Gross profit / (loss)	3246569	4834470	4150829	7072065								
Administrative expenses	338532	1088814	13288	1228070								
Distribution and selling cost	(77671)	(71789)	(132684)	(124939)								
	(57207)	(26802)	(84694)	(32471)								
	(184878)	(98591)	(217368)	(157410)								
Segment results	203654	990223	(204070)	1070660								
Other operating expenses												
Finance costs												
Other operating income												
Share of income of associates												
Profit before taxation												
Taxation												
Profit for the period												

	Segment assets		Segment liabilities	
	31 March 2018	30 September 2017 (Rupees in thousand)	31 March 2018	30 September 2017
<b>13.3 Segment assets and liabilities</b>				
Sugar	6,200,904	5,817,779	3,311,611	2,841,265
Bio Fuel	2,461,139	2,512,461	1,423,401	1,853,758
Bio Power	228,052	237,145	24,218	25,171
Building Materials	45,746	53,804	42,039	21,812
Textile	345,294	321,324	129,913	97,641
Farms	694,536	700,635	17,305	17,703
Others	19	8	-	179
Unallocated	1,793,516	1,627,596	819,400	271,083
	<b>11,769,206</b>	<b>11,270,752</b>	<b>5,767,887</b>	<b>5,128,612</b>

#### 14. Reconciliation of movement of liabilities to cash flows arising from financing activities

	31 March 2018					
	Issued, subscribed and paid-up capital	Dividend Payable	Long term financing	Short term borrowing	Accrued markup	Total
	----- (Rupees in thousand) -----					
As at 01 October 2017	1,250,000	1,519	529,474	1,661,160	116,516	3,558,669
<u>Changes from financing cash flows</u>						
Dividend paid	-	(153,719)	-	-	-	(153,719)
Financial charges paid	-	-	-	-	(174,048)	(174,048)
Repayment of long term financing	-	-	(42,184)	-	-	(42,184)
Total changes from financing cash flows	-	(153,719)	(42,184)	-	(174,048)	(369,951)
<u>Other changes</u>						
Dividend for the period	-	156,250	-	-	-	156,250
Effect of unwinding of interest free loan	-	-	-	-	-	-
Change in borrowings	-	-	-	197,835	6,642	204,477
Interest expense	-	-	-	-	71,713	71,713
Total liability related other changes	-	156,250	-	197,835	78,355	432,440
As at 31 March 2018 (Un-audited)	1,250,000	4,050	487,290	1,858,995	20,823	3,621,158

#### 15. Fair value measurement of financial instruments

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Underlying the definition of fair value is the presumption that the company is a going concern and there is no intention or requirement to curtail materially the scale of its operations or to undertake a transaction on adverse terms.

A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis.

IFRS 13 'Fair Value Measurement' requires the company to classify fair value measurements and fair value hierarchy that reflects the significance of the inputs used in making the measurements of fair value hierarchy has the following levels:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1)
- Inputs other than quoted prices included within level 1 that are observable for the asset either directly (that is, derived from prices) (Level 2)
- Inputs for the asset or liability that are not based on observable market data (that is, unadjusted) inputs (Level 3)

Transfer between levels of the fair value hierarchy are recognized at the end of the reporting period during which the changes have occurred.

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

		Carrying amount				Fair value				
		Available for sale	Trade and other receivables	Cash and cash equivalents	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
Note		----- Rupees in thousands -----								
On balance sheet financial instruments										
31 March 2018 (Un-audited)										
Financial assets - measured at fair value										
11.2	Available for sale investments	22,772	-	-	-	22,772	22,772	-	-	22,772
15.1	Biological assets	-	28,504	-	-	28,504	-	-	28,504	28,504
		22,772	28,504	-	-	51,276	22,772	-	28,504	51,276
Financial assets - not measured at fair value										
15.1	Long term deposits	-	36,521	-	-	36,521	-	-	-	-
11.1	Investments - related parties	-	1,178,895	-	-	1,178,895	-	-	-	-
15.1	Trade debts - unsecured, considered good	-	317,998	-	-	317,998	-	-	-	-
15.1	Advances, deposits, prepayments and other receivables	-	(227,294)	-	-	(227,294)	-	-	-	-
15.1	Cash and bank balances	-	-	86,935	-	86,935	-	-	-	-
		-	1,306,120	86,935	-	1,393,055	-	-	-	-
Financial liabilities - measured at fair value										
Financial liabilities - not measured at fair value										
15.1	Long term loans	-	-	-	487,290	487,290	-	487,290	-	487,290
15.1	Short term borrowing	-	-	-	1,858,995	1,858,995	-	1,858,995	-	1,858,995
15.1	Trade and other payables	-	-	-	2,243,856	2,243,856	-	-	-	-
15.1	Accrued mark up	-	-	-	20,823	20,823	-	-	-	-
		-	-	-	4,610,964	4,610,964	-	2,346,285	-	2,346,285

## 30 September 2017 - (Audited)

## Financial assets - measured at fair value

	Carrying amount			Fair value					
	Available for sale	Trade and other receivables	Cash and cash equivalents	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
Available for sale investments	28,474	-	-	-	28,474	28,474	-	-	28,474
Biological assets	-	26,651	-	-	26,651	-	-	26,651	26,651
	28,474	26,651	-	-	55,125	28,474	-	26,651	55,125

## Financial assets - not measured at fair value

Long term deposits	-	36,531	-	-	36,531	-	-	-	-
Investments - related parties	-	1,056,002	-	-	1,056,002	-	-	-	-
Trade debts - unsecured, considered good	-	16,717	-	-	16,717	-	-	-	-
Advances, deposits, prepayments and other receivables	-	38,267	-	-	38,267	-	-	-	-
Cash and Bank balances	-	-	5,255	-	5,255	-	-	-	-
	-	1,298,517	5,255	-	1,303,772	-	-	-	-

## Financial liabilities - measured at fair value

Long term loans	-	-	-	529,474	529,474	-	529,474	-	529,474
Short term borrowings	-	-	-	1,661,160	1,661,160	-	1,661,160	-	1,661,160
Trade and other payables	-	-	-	1,119,873	1,119,873	-	-	-	-
Accrued markup	-	-	-	116,516	116,516	-	-	-	-
	-	-	-	3,427,023	3,427,023	-	219,634	-	219,634

**151** The Company has not disclosed the fair values of these financial assets and liabilities as these are for short term or reprice over short term. Therefore, their carrying amounts are reasonable approximation of fair value.

## 16. Cash generated from operating activities

	Half year ended	
	31 March 2018 (Rupees in thousand)	31 March 2017
Profit before taxation	92,433	1,150,570
<i>Adjustments for:</i>		
Depreciation on operating fixed assets	248,390	267,516
Amortization of intangible assets	-	16
Gain on sale of property, plant and equipment	(373)	(61,445)
Share of profit from associates	(168,735)	(132,167)
Fair value gain on livestock	2,367	(7,443)
Finance cost	78,355	81,060
Dividend income	(405)	-
Employees' retirement benefits	11,441	12,050
Liabilities no longer payable written back	-	(7,211)
	171,040	152,376
Profit before working capital changes	263,473	1,302,946
Effect on cash flow due to working capital changes (Increase) / decrease in current assets:		
Stock-in-trade	(119,438)	(1,673,602)
Trade debts	(150,281)	(229,781)
Stores and spares	(16,920)	(4,203)
Other receivables	(339,817)	(60,977)
Biological assets	(4,921)	894
Increase in current liabilities:		
Trade and other payables	606,416	56,223
	(24,961)	(1,911,446)
Cash generated from / (used in) operations	238,512	(608,500)

## 17. Transactions with related parties

The related parties comprise subsidiaries, associated undertakings, other related group companies, directors of the Company, key management personnel and post employment benefit plans. The company in the normal course of business carries out transactions with various related parties. Significant transactions with related parties are as follows:

		Half year ended	
Relationship with the company	Nature of transactions	31 March 2018 (Rupees in thousand)	31 March 2017
i. Associated / Related undertakings			
Crescent Steel & Allied Products Limited (CSAPL) (CSAPL holds 21.93% (30 September 2017: 21.93%) in the Company)	Purchase of goods	582	82
	Common expenses	2,090	1,351
	Dividend income	405	-
Shakarganj Engineering (Division of CSAPL)	Purchase of goods	140	-
Shakarganj Food Products Limited (Equity Held: 49.24% (30 September 2017: 49.24%))	Sale of goods	74,161	183,060
	Salary expense and other	1,020	944
	Common expenses		

Relationship with the company	Nature of transactions	Half year ended	
		31 March 2018 (Rupees in thousand)	31 March 2017
CS Energy (Private) Limited (Formerly Shakarganj Energy (Private) Limited) (Subsidiary of CSAPL)	Sale of bagasse and water Purchase of electricity and steam Purchase of material Common expenses (Salary) Rent paid against use of boiler	247,229 267,593 - 5,112 -	613,777 621,985 197 6,750 -
Crescent Hadeed (Private) Limited (Common directorship and subsidiary of CSAPL)	Rendering of services Sale of material Purchase of material	- 400 -	879 - 63
Premier Insurance Limited (Common directorship)	Insurance expenses	5,373	1,119
ii. Post employment benefit plans	Expense charged in respect of retirement benefit plans  Transactions with gratuity and pension fund account  - Funds received - Funds repaid - Markup expense	11,441   393,550 393,550 14,271	12,050   274,277 274,277 19,686
iii. Key Management Personnel	Salaries and other employee benefits	61,215	64,419
<b>Period / year end balances</b>		<b>(Un-audited) 31 March 2018 (Rupees in thousand)</b>	<b>(Audited) 30 September 2017</b>
<u>Payable to Associated/Related undertakings:</u>			
Crescent Steel & Allied Products Limited (CSAPL) (CSAPL holds 21.93% (30 September 2017: 21.93%) in the Company)		2,197	2,397
CS Energy (Private) Limited (Formerly Shakarganj Energy (Private) Limited) (Subsidiary of CSAPL)		36,290	5,785
Premier Insurance Limited (Common directorship)		2,738	3,895
<u>Receivable from Associated/Related undertakings:</u>			
Shakarganj Food Products Limited (Equity Held: 49.24% (30 September 2017: 49.24%))		10,951	5,673
Crescent Hadeed (Private) Limited (Common directorship and subsidiary of CSAPL)		3,768	2,574
Post employment benefit plans		39,262	50,703

#### 18. Financial risk management

The Company's financial risk management objective and policies are consistent with that disclosed in the annual financial statements of the Company for the year ended 30 September 2017.

#### 19. Tax on undistributed reserves

The Finance Act, 2017 introduced a tax under Section 5A of the Income Tax Ordinance, 2001 on every public company other than a scheduled bank or Modarba, that derives profits for tax year and does not distribute at least 40% of the after tax profit within six months of the end of said tax year through cash or bonus shares.

The Board of Directors of the Company intends to distribute sufficient cash dividend for the year ending 30 September 2018 to comply with the above stated requirements. Accordingly, no provision for tax on undistributed reserves has been made in this condensed interim financial statements.

#### 20. Date of authorization for issue

This condensed interim financial information was authorized for issue on 30 May 2018 by the Board of Directors of the Company.

#### 21. Events after the balance sheet date

There are no material subsequent events occurred after the date of statement of financial position.



Chief Executive



Director



Chief Financial Officer



## ڈائریکٹرز کا جائزہ

میں 31 مارچ 2018ء کو ختم ہونے والی ششماہی کے لئے کمپنی کے غیر نظر ثانی شدہ منجمد عبوری مالیاتی معلومات بخوشی پیش کر رہا ہوں۔ یہ منجمد عبوری مالیاتی معلومات بیرونی آڈیٹر، KPMG، تاثیر ہادی اینڈ کمپنی چارٹرڈ اکاؤنٹنٹس کی طرف سے محدود سکوپ جائزہ کے حوالہ سے ہیں۔ آڈیٹرز کی جائزہ رپورٹ اس منجمد عبوری مالیاتی معلومات کے ہمراہ منسلک ہے۔

مالی اور آپریشنل کارکردگی:

آپریٹنگ کارکردگی کا خلاصہ:

جیسا کہ ہمارے پچھلے سالانہ جائزہ میں بتایا گیا کہ، حکومت کی طرف سے چینی کی کم قیمتوں اور مقرر کردہ گنے کی خریداری کی اعلیٰ شرحوں کی وجہ سے ہم بروقت اپنی کرشنگ مہم کو شروع نہیں کر سکے۔ پاکستان میں مجموعی اضافی چینی کے منظر نامہ اور ملک میں متوقع چینی کی پیداوار کے پیش نظر، مل مالکان کرشنگ سیزن شروع کرنے سے ہچکچاتے تھے کیونکہ اسی طرح کی مشق سے وہ پہلے ہی نقصان اٹھا چکے ہیں۔ شکرگنج نے تاریخ میں پہلی بار حکومت کی طرف سے مجبور کرنے کی وجہ سے دسمبر 2017ء کے آخری ہفتہ میں اپنے کرشنگ سیزن کا آغاز کیا۔ چینی کی برآمدات سے متعلق حکومت کی ناقابل اعتماد اور غیر متوقع پالیسیاں مارکیٹ میں وافر چینی کی شکل میں شوگر ملوں اور کسانوں کے لئے مشکلات پیدا کر رہی ہیں کیونکہ ملوں کو گنے کی فراہمی کے لئے ادائیگی کرنا مشکل ہو رہا ہے۔

تاہم، ہمارے بائیو فیول کاروبار نے اچھی کارکردگی کا مظاہرہ کیا ہے کیونکہ اس نے رفتار پکڑ لی ہے، قیمتیں موزوں ہیں اور اس کاروبار میں بہت اچھا منافع ہے۔ ہمیں امید ہے کہ کمپنی بائیو فیول ڈویژن کے لئے اپنے پیداواری اہداف کو پورا کرے گی۔ مندرجہ بالا بحث کے مطابق ہمارے بنیادی کاروبار کی صورت حال اور آغاز میں تاخیر کے مد نظر، کمپنی نے گزشتہ سال کی اسی مدت میں 1,234.70 ملین روپے کے مجموعی منافع کے مقابلے میں 31.18 ملین روپے کا مجموعی منافع کمایا ہے۔ کمپنی نے مالی سال 2017ء کی پہلی ششماہی میں 1,054.83 ملین روپے کا بعد از ٹیکس منافع کے مقابلے میں 21.13 ملین روپے کا بعد از ٹیکس مجموعی منافع کمایا ہے۔

کاروباری شعبہ جات:

شوگر ڈویژن

مندرجہ بالا بحث کے مطابق، کرشنگ مہم بہت تاخیر سے 25 دسمبر 2017ء کو شروع ہوئی اور چینی کی پیداوار نمایاں کم ہوئی۔ شوگر ڈویژن نے 9.20 فیصد (HYFY17: 9.37 فیصد) کی اوسط وصولی کی شرح پر 59,128 میٹرک ٹن

(142,693 HYFY 17 میٹرک ٹن) چینی بنانے کے لئے 657,386 میٹرک ٹن (1,535,951 HYFY 17 میٹرک ٹن) گنا کرش کیا جس کے نتیجے میں چینی کی پیداوار میں 59 فی صد کی کمی واقع ہوئی۔

بائیو فیول ڈویژن:

اس ڈویژن کی پیداوار 26.51 ملین لیٹرز (HYFY 17: 15.18 ملین لیٹرز) زیادہ ہوئی۔ زیر جائزہ مدت کے دوران، بائیو فیول ڈویژن کی کارکردگی اچھی تھی اور پیداوار اور منافع کے لحاظ سے یہ رجحان بہتر ہوا۔ اس مدت کے دوران، برآمدات کل بائیو فیول کی فروخت کا 93.2 فیصد شمار کیا گیا ہے۔

بائیو پاور ڈویژن

بائیو پاور ڈویژن خام مال کی عدم دستیابی کے ساتھ ساتھ بجلی کی پیداوار دوبارہ شروع کرنے کی خاطر بھاری مرمت اور بحالی کی وجہ سے نہیں چلایا گیا تھا۔ لہذا، مالی سال 2017 کی پہلی ششماہی میں حالات کے تحت کوئی بائیو پاور جزییشن نہیں ہوئی تھی۔

بلڈنگ میٹریل ڈویژن:

کم کرشنگ اور کافی بیگاس کی عدم دستیابی کے پیش نظر، اس ڈویژن کی پیداوار (1,578 HYFY 17) پہلی ششماہی میں شروع نہیں کی جاسکتی تھی۔

ٹیکسٹائل ڈویژن

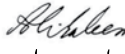
یارن کی پیداوار 1.85 ملین کلوگرام (HYFY 17: 1.84 ملین کلوگرام) تک بڑھ گئی۔ پیداوار میں قدرے اضافہ تقابلی مدت کے مقابلے موجودہ مدت کے دوران مکمل آپریشنل ایام سے منسوب ہے۔

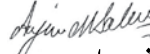
مستقبل کا نقطہ نظر:

مالی سال 2018 کی باقی ششماہی میں انتظامیہ بائیو فیول کاروبار میں مزید بہتری پر یقین رکھتی ہے۔ اچھے معیاری مولا س کی مسلسل دستیابی پر منحصر ہمارے کشید کاری کے آپریشن کے مستقبل کے نقطہ نظر کے مطابق، انتظامیہ صحت مند نچلی لائن کے لئے کافی منافع پیدا کرنے کے لئے موزوں لاگت پر مولا س کی بلک مقدار بڑھانے کی کوشش کر رہی ہے۔ شوگر کاروبار کے مستقبل کا نقطہ نظر حکومت کی پالیسیوں اور چینی کی فروخت کی قیمتوں پر منحصر ہے۔ تاہم، انتظامیہ دیگر آپریٹوشنوں میں بہتر نتائج حاصل کرنے کے لئے اپنی بہترین کوششیں کرے گی۔ ٹیکسٹائل ڈویژن کی کارکردگی دستیاب منافع کے پیش نظر بہتر ہونے کا امکان ہے۔

جیسا کہ ہماری گزشتہ سالانہ رپورٹ میں وضاحت کی گئی ہے، کمپنی 2009 سے عدم استحکام کی حیثیت رکھتی ہے۔ مالی سال 2018 کی پہلی ششماہی کے دوران، کمپنی نے اپنے آپریشنز کی فنانسنگ کے لئے اپنی ورکنگ کیپٹل لائٹوں کی کامیابی سے تجدید کی ہے۔ کمپنی کے قرض دہندگان کے ساتھ مذاکرات کو کامیابی سے حتمی شکل دی گئی جیسا کہ منسلک منجمد عبوری مالیاتی معلومات کے نوٹ 1.2 میں مکمل طور پر بیان کیا گیا ہے۔ کمپنی کے دہندگان میں سے ایک کے ساتھ طویل مدتی فنانسنگ کے لئے مذاکرات بھی جاری ہیں اور امید ہے کہ انہیں جلد ہی حتمی شکل دے دی جائے گی۔ کمپنی بہتر کارکردگی حاصل کرنے اور اپنے لیکویڈیٹی منظر نامہ کو مزید بہتر بنانے کے لئے اپنی بہترین کوششیں کر رہی ہے۔

منجانب بورڈ

  
 علی الطاف سلیم  
 ڈائریکٹر

  
 انجم ایم سلیم  
 چیف ایگزیکٹو آفیسر

تاریخ: 30 مئی 2018ء







## **Shakarganj Limited**

Executive Floor, IT Tower, 73 E 1  
Hali Road, Gulberg III, Lahore, Pakistan  
Telephone: (042) 111 111 765  
Fax: (042) 3578 3811