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## VISION, MISSION & VALUES

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

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

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

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

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

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

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

Vision, Mission & Values

## COMPANY INFORMATION

### BOARD OF DIRECTORS

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

### AUDIT COMMITTEE

<i>Chairman</i>	Muhammad Anwar Khalid Bashir Muhammad Asif
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### COMPANY SECRETARY

Amjad Farooq

### CHIEF FINANCIAL OFFICER

Mahboob Ali Qureshi

### MANAGEMENT COMMITTEES

#### Business Strategy Committee

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

Chairman	Ahsan M. Saleem Anjum M. Saleem Muhammad Asghar Qureshi
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#### System & Technology Committee

Chairman	Muhammad Awais Qureshi Ch. Shah Muhammad Mahboob Ali Qureshi Saad Akhtar Jaffery
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#### Investment Committee

Chairman	Ahsan M. Saleem Anjum M. Saleem
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#### Human Resource Committee

Chairman	Muhammad Asghar Qureshi Muhammad Awais Qureshi Ch. Shah Muhammad Mahboob Ali Qureshi Hameedullah Awan
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## SHAREHOLDERS' INFORMATION

### Stock Exchange Listing

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

### Public Information

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Financial analysts, Stock brokers, interested investors and financial media desiring information about "Shakarganj" should contact Share Department at Company's registered Office, Lahore.

Tel: +92-42-5783830 & 33 +92-42-5783827-29

### Shareholder Information

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

Tel: +92-42-5783830 & 33 +92-42-5783827-29  
Fax: +92-42-5875916

### Products

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- Ethanol
- Particle Board
- Sugar
- Yarn
- Electricity

### Legal Advisor

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Hassan & Hassan Advocates, Lahore.

### Auditors

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A. F. Ferguson & Co.  
Chartered Accountants

### Bankers

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- Allied Bank Limited
- Askari Commercial Bank Limited
- Bank Alfalah Limited
- Samba Bank Limited
- Faysal Bank Limited
- Meezan Bank Limited
- MCB Bank Limited
- NIB Bank Limited
- National Bank of Pakistan Limited

- The Bank of Punjab
- United Bank Limited
- Standard Chartered Bank (Pakistan) Limited
- Saudi Pak Commercial Bank Limited

### Works

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Principal Facility  
Management House, Toba Road  
Jhang, Pakistan.

Tel: +92-47-7629337-41

Tlx: 43471CJP PK Fax: +92-47-7620272

E-mail: ssugar@shakarganj.com.pk

### Satellite Facilities

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#### Shakarganj Bhone

63 K.M. Jhang Sargodha Road,  
Bhone-Pakistan.

Tel: +92-47-7223016, 223075

Fax: +92-47-7223017

#### Shakarganj Dargai Shah

8 K.M. 18 Hazari, Layyah Road,  
Jhang-Pakistan.

Tel: +92-47-7006442-7006440

Fax: +92-47-7010127

### Website

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[www.shakarganj.com.pk](http://www.shakarganj.com.pk)

Note: This interim Report is available on Shakarganj website

### Registered Office

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BOP Tower, 10-B Block E 2, Gulberg III,  
Lahore. Pakistan

Tel: +92-42-5783827-29

Fax: +92-42-5875916

### Principal Office

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10th Floor, BOP Tower, 10-B Block E 2,  
Gulberg III, Lahore. Pakistan

Tel: +92-42-5783801-2

Fax: +92-42-5870357

### Karachi Office

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Sidco Avenue Centre, 264 R.A. Lines, Karachi.

Tel: +92-21-5688149

### Faisalabad Office

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Nishatabad, New Lahore Road, Faisalabad.

Tel: +92-41-753037

## COMPANY PROFILE

Shakarganj Mills Limited was incorporated in Pakistan in 1967 as a Public Limited Company and is listed on all stock exchanges in Pakistan. Shakarganj is a leading manufacturer of renewable food products, ingredients and textiles. All our products are made from renewable crops and by-products. We transform renewable agriculture crops, sugarcane and cotton, into value added products for customers in the sugar, food, beverage, pharmaceutical, fuel and power, cosmetics, building and textile industries. Some of our ingredients from renewable sources often replace synthetic and petrochemical alternatives. The company has its principal manufacturing facilities in Jhang along with satellite manufacturing facilities at Bhone, Faisalabad and Dargai Shah.

The registered office of the company is situated in Lahore.

In addition to the various business divisions and wholly owned subsidiaries, Shakarganj holds major interest in Shakarganj Food Products Limited, which is engaged in production of dairy and fruit products.

### **Sugar Business:**

Three manufacturing facilities located at Jhang, Bhone and Dargai Shah. The products include Coarse and fine grain white crystalline sugar in pharmaceutical, beverage and commercial grades. Crystalline and soft brown sugar. Castor and icing sugar. Ice cubes, sachets and retail packs.

The combined capacity of crushing is 24,000 metric tons sugarcane per day expandable up to 40,000 metric tons per day.

### **Ethanol Business:**

Ethanol is produced in distilleries located at Jhang and Bhone. The Products include, rectified ethanol in industrial and food grades, Anhydrous Ethanol (fuel grade) and Extra Neutral Ethanol in pharmaceutical and perfume grades. The combined capacity of distilleries is 280,000- 300,000 litres per day.

### **Building Materials Business:**

Particle Board facility located at Jhang with a capability to produce 12 feet x 4 feet sheets in varying thicknesses. Daily production capacity is 30 cubic meters.

### **Alternate Energy Business:**

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

### **Textile Business:**

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

### **Farming Business:**

This comprises of different parcels of land mainly located in Jhang division nearby our manufacturing facilities. Total area under cultivation is over 9,000 acres of which nearly 2,500 acres is owned land and rest is leased. The main crops include Sugarcane, Wheat, Gram, Maize, Fodder and seasonal vegetables. A dairy farm located in jhang with a herd of 200 milking cattle a small herd for fattening is under development.

### **Business vision and strategy:**

Shakarganj's vision is to create country's leading renewable ingredients business. We aim to achieve this by building a consistent portfolio of distinctive, profitable, high-value solutions in products and services for our customers. Shakarganj is committed to providing long-term value for our shareholders. Our strategy is to build

## COMPANY PROFILE

a stronger value added business on a low-cost commodity base. To deliver growth, we focus on five key business objectives.

### **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 on technical and manufacturing excellence and the efficient use of services such as logistics and utilities, we are continually working to improve the efficiency of our operations. We also strive to ensure that there are 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 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 develop 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 we have the right skills at all levels to grow our business.

### **Grow the contribution from value added products:**

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

## Dear Shakarganj Shareholder

I am pleased to present the un-audited accounts of your company for the 3rd quarter and nine months ended 30th June 2009.

The performance of various divisions is given below:

### Sugar Division

During the period under review, the availability of sugarcane was drastically reduced due to short crop. As sugarcane production was surplus last year and its substantial portion was frost damaged, the growers reduced the sowing for the current season. They were also inclined to plant alternative crops due to high prices of wheat and cotton. The overall availability of sugarcane was down by more than 35 percent. Due to the short crop, there was an unprecedented increase in the price of sugarcane. While there was a 33 percent increase in the minimum support price from Rs. 60 to Rs. 80 per 40 kg, the actual purchase price spiraled to Rs. 150 per 40 kg.

Due to shortage of raw material the operations started fairly late on 24th November 2008 and came to a close on 13th March 2009. Shakarganj processed 784,056 metric tons of sugarcane as compared to 2,254,124 metric tons during corresponding period. The production of sugar was obviously much lower at 71,600 metric tons compared to 177,092 metric tons in the corresponding period. The recovery rate improved to 9.16 percent compared to 7.85 percent in the previous season. In addition to the two sugar plants, the Dargai Shah plant was also brought into production on a trial run for a short period.

Sugar division recorded sale at Rs. 2,704 million compared to Rs. 3,765 million in the corresponding period of the last

year. Gross profit margin improved to 9.51% compared to 1.46% during the corresponding period due to increase in average selling price of sugar. Operating expenses for the period under review were Rs. 99.393 million as compared to 105.735 million in the corresponding period of last year. The operating profit amounted to Rs. 157.768 million as compared to operating loss of Rs. 50.653 million in the corresponding period of last year.

### Ethanol and Alternate Energy Business

This division was able to produce 31.750 million litres of ethanol as compared to 56.900 million liters in the corresponding period of last year. Production of this division was affected due to short season resulting in lower production of molasses. The sale of this division was Rs. 1,103.065 million as compared to Rs. 1,250.240 million in the corresponding period of last year.

Operating expenses during this period were Rs. 126.083 as compared to Rs. 112.701 million in the corresponding period of last year. The operating profit decreased to Rs. 120.570 million from Rs. 350.400 million in corresponding period of last year.

### Power Division

The Power Division generated 21,547,000 units during the period under review as compared to 9,106,700 units in the corresponding period of last year. The sales revenue of the division during the period under review was 143.309 million as compared to Rs. 37.583 million in the corresponding period. The total electricity generated is sold to FESCO under an agreement. The operating profit of this division during this period was Rs. 77.996 million as compared to Rs. 31.195 million during corresponding period last year.

## CHIEF EXECUTIVE REVIEW

### Textile Division

As reported earlier the textile industry is facing a very difficult time due to adverse operating conditions. The yarn market remained depressed and sales confined to the local market.

Overall production in the current period was 111,167 bags against 110,364 bags in the corresponding period. Actual production in 20's converted was 114,552 bags (11,116,700 Lbs). During the current period the single yarn was processed at the doubling plant and produced 43,073 bags compared to 43,067 bags in the corresponding period. Overall production performance could have been much better, but the frequent shut downs in electric supply from WAPDA seriously affected the total output. Your management made in-house arrangement to provide uninterrupted supply of electrical power to textile division. This improved the overall production of the textile division. Sales Revenue of the textile division stood at Rs. 734.093 million for the period under review compared to Rs. 647.871 million in the corresponding period of last year. The gross profit margin of 0.07% in the corresponding period was converted into gross loss of 8.12% during the period under review.

The operating expenses were Rs. 20.987 million for the current period compared to Rs. 26.772 million in the corresponding period, a reduction of 21.61%.

This division incurred an operating loss of Rs. 80.581 million as compared to Rs. 26.301 million in the corresponding period last year.

### Building Material Division

The production of this division during the period under review reduced substantially due to less availability of bagasse because of short crop. In the current period, 1,643

cubic meters of particle board was produced as compared to 6,567 cubic meters in the corresponding period.

Sales revenue of this division stood at Rs. 23.465 million as compared to 40.384 million in the corresponding period of last year. Gross profit margin decreased from 35.33% to 2.94% during the period under review.

### Investments

During the current period the stock market started showing signs of improvements after a long slump. Although there has been a sustained diminution in the values of our investments based on stock market pricing, however the underlying values of these investments are still robust. The management feels that this diminution is not of permanent nature and it would not be appropriate to write off this reduction in the profit and loss account of the company because we expect the reversal of these values in a short time horizon. The effect of this has been taken in the equity of the company, but a permanent loss has not been booked. This is a deviation from the strict application of International Accounting Standards, however, the management has a firm opinion that application of IAS rules will distort the correct position of the company presented to the shareholders.

Total investment appearing in long term and short term classification as on 30th June 2009 were Rs.870.887 million and Rs. 200.391 million respectively as compared to Rs. 917.771 million and Rs. 407.578 million respectively, as at 30th September 2008.

### Overall Results

The overall operations resulted in a net loss of Rs. 691.829 million as compared to net loss of Rs. 362.092 million in the corresponding period of fiscal 2008.



Due to the sustained effect of adverse business environment in core areas of our operations, the company has been under a financial pressure which was further aggravated because of the global slump and extremely unusual economic conditions worldwide.


The management is cognizant of the fact that major cost reductions and re-profiling of company's debt structure is of primary importance. We feel that with 40 years of experience and history of extremely efficient operations, our market positioning and underlying value of our core assets, this temporary phase of adversity will be comfortably met. The rationalization of operations is underway which will yield major cost reductions. A major debt re-profiling exercise is also underway and expected to be completed shortly.

### Future Outlook

In the present uncertain conditions it is the most difficult job to make categorical statements on the future outlook of any business. Any predictions and projections for an industry relying on agricultural raw materials are even more difficult due to the vagaries of weather and climatic conditions. A number of our operational capabilities are interlinked with the production results of our core business, sugar manufacturing. We have taken a number of remedial and protective measures to insulate the company from the impact of global economic meltdown. On the positive side the sugar commodity prices are firm and are expected to improve further, which would result in positive contribution to company's earnings. Our positioning the industry as one of the largest integrated unit gives a competitive edge over other manufacturers. We intend to leverage this

competitive edge and operate at highest efficiency to cater for any further negative impacts. The decision of the Government to allow marketing of ethanol as motor vehicle fuel on trial basis of ethanol would help to improve the local demand. While sugar and ethanol business is expected to do better in the coming months, textile business will remain under pressure. However our buying strategy for cotton has resulted in adequate raw material at lower prices and this will give us some opportunity to minimize the operational losses in the remaining months. Our alternate energy plant will continue to positively contribute to the revenues.

**On behalf of the Board**



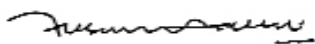
**Ahsan M. Saleem**  
Chief Executive Officer

August 08, 2009

## CONDENSED INTERIM BALANCE SHEET AS AT JUNE 30, 2009 (UN-AUDITED)

	Note	June 30, 2009	September 30, 2008
		(Rupees in thousand)	
<b>EQUITY AND LIABILITIES</b>			
<b>SHARE CAPITAL AND RESERVES</b>			
Authorised capital			
80,000,000 (September 30, 2008: 80,000,000) ordinary shares of Rs 10 each		<b>800,000</b>	800,000
50,000,000 (September 30, 2008: 50,000,000) preference shares of Rs 10 each		<b>500,000</b>	500,000
		<b>1,300,000</b>	1,300,000
Issued, subscribed and paid up capital			
69,523,798 (September 30, 2008: 69,523,798) ordinary shares of Rs 10 each		<b>695,238</b>	695,238
Reserves		<b>714,072</b>	1,084,562
Accumulated loss		<b>(851,364)</b>	(159,546)
		<b>557,946</b>	1,620,254
<b>SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT</b>		<b>2,002,944</b>	2,043,827
<b>NON-CURRENT LIABILITIES</b>			
Long term finances	6	<b>1,967,902</b>	2,062,440
Liabilities against assets subject to finance lease		<b>221,498</b>	285,427
Employees' retirement benefits		<b>14,017</b>	11,029
Deferred income		<b>6,915</b>	8,799
		<b>2,210,332</b>	2,367,695
<b>CURRENT LIABILITIES</b>			
Current portion of long term liabilities		<b>691,148</b>	1,026,316
Short term borrowings - secured		<b>4,797,801</b>	4,110,840
Trade and other payables		<b>923,070</b>	884,510
Accrued finance cost		<b>424,187</b>	315,482
		<b>6,836,206</b>	6,337,148
Liabilities directly associated with non-current assets classified as held for sale	11	<b>31,555</b>	37,864
		<b>6,867,761</b>	6,375,012
<b>CONTINGENCIES AND COMMITMENTS</b>	7	<b>11,638,983</b>	12,406,788

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

  
Chief Executive

  
Chairman

# CONDENSED INTERIM BALANCE SHEET AS AT JUNE 30, 2009 (UN-AUDITED)

	Note	June 30, 2009 (Rupees in thousand)	September 30, 2008
<b>ASSETS</b>			
<b>NON CURRENT ASSETS</b>			
Property, plant and equipment	8	5,837,198	5,304,266
Intangible assets		1,772	1,994
Assets subject to finance lease		547,909	335,078
Capital work-in-progress		522,688	1,284,215
Biological assets		6,963	6,248
Investments - related parties	9	870,887	917,771
Long term loans, advances, deposits and prepayments		279,930	287,246
		<b>8,067,347</b>	<b>8,136,818</b>
 <b>CURRENT ASSETS</b>			
Stores, spares and loose tools		101,657	96,873
Stock-in-trade		1,334,846	1,271,798
Trade debts		209,540	120,258
Investments	10	200,391	407,578
Loans, advances, deposits, prepayments and other receivables		148,005	187,575
Cash and bank balances		97,834	346,394
		<b>2,092,273</b>	<b>2,430,476</b>
Non-current assets held for sale	11	<b>1,479,363</b>	<b>1,839,494</b>
		<b>11,638,983</b>	<b>12,406,788</b>

  
Chief Executive

  
Chairman

## CONDENSED INTERIM PROFIT AND LOSS ACCOUNT FOR THE QUARTER AND NINE MONTHS ENDED JUNE 30, 2009 (UN-AUDITED)

	Note	Quarter ended		Nine months ended	
		June 30, 2009	June 30, 2008	June 30, 2009	June 30, 2008
<b>(Rupees in thousand)</b>					
<b>Continuing Operations:</b>					
Sales	12.1	1,065,908	2,398,783	4,290,913	5,221,362
Cost of sales	12.2	(1,006,761)	(1,990,937)	(3,761,579)	(4,621,221)
<b>Gross profit</b>		<b>59,147</b>	<b>407,846</b>	<b>529,334</b>	<b>600,141</b>
Administrative expenses		(42,879)	(29,163)	(160,806)	(136,799)
Distribution and selling costs		(27,741)	(41,879)	(95,160)	(111,690)
Other operating expenses		(3,206)	(55,323)	(37,320)	(107,237)
Other operating income		98,505	13,966	166,622	59,532
<b>Profit from operations</b>		<b>83,826</b>	<b>295,447</b>	<b>402,670</b>	<b>303,947</b>
Finance cost		(296,609)	(231,468)	(950,202)	(611,677)
<b>(Loss) / profit before taxation</b>		<b>(212,783)</b>	<b>63,979</b>	<b>(547,532)</b>	<b>(307,730)</b>
Taxation		(1,770)	14,700	(10,074)	-
(Loss) / profit for the period from continuing operations		(214,553)	78,679	(557,606)	(307,730)
<b>Discontinued Operations:</b>					
Loss for the period from discontinued operations		(49,290)	(3,200)	(134,223)	(54,362)
Loss for the period		(263,843)	75,479	(691,829)	(362,092)
<b>(Loss) / earning per share from continuing operations</b>					
- basic	13 Rupees	<b>(3.09)</b>	1.13	<b>(8.02)</b>	(4.43)
- diluted	13 Rupees	<b>(3.09)</b>	1.13	<b>(8.02)</b>	(4.43)
<b>(Loss) per share from discontinued operations</b>					
- basic	13 Rupees	<b>(0.71)</b>	(0.05)	(1.93)	(0.78)
- diluted	13 Rupees	<b>(0.71)</b>	(0.05)	(1.93)	(0.78)

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

  
Chief Executive

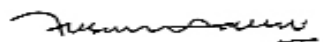
  
Chairman


## CONDENSED INTERIM CASH FLOW STATEMENT

### FOR THE NINE MONTHS ENDED JUNE 30, 2009 (UN-AUDITED)

	Note	Nine months ended	
		June 30, 2009	June 30, 2008
(Rupees in thousand)			
<b>Cash flows from operating activities</b>			
Cash generated from / (used in) operations	14	582,446	(175,136)
Finance cost paid		(842,374)	(542,092)
Taxes paid		(20,191)	(5,769)
Employees' retirement benefits paid		(4,533)	(3,229)
Net decrease / (increase) in long term advances, loans, deposits and prepayments		9,125	(190,806)
<b>Net cash used in operating activities</b>		<b>(275,527)</b>	<b>(917,032)</b>
<b>Cash flows from investing activities</b>			
Fixed capital expenditure		(406,642)	(501,574)
Net decrease / (Increase) in investment		18,449	(248,770)
Dividend received		7,694	11,365
Income from bank deposits received		33,074	-
Sale proceeds from sale of property, plant and equipment		185,554	6,415
<b>Net cash used in investing activities</b>		<b>(161,871)</b>	<b>(732,564)</b>
<b>Cash flows from financing activities</b>			
Disbursement of long term finances		200,000	1,403,000
Repayment of long term finances		(214,790)	(335,091)
Net increase in short term borrowings - secured		288,141	362,139
Finance lease liabilities - net		(84,513)	(91,663)
Dividend paid		-	(57,936)
<b>Net cash generated from financing activities</b>		<b>188,838</b>	<b>1,280,449</b>
<b>Net decrease in cash and cash equivalents</b>		<b>(248,560)</b>	<b>(369,147)</b>
<b>Cash and cash equivalents at the beginning of the period</b>		<b>346,394</b>	<b>493,241</b>
<b>Cash and cash equivalents at the end of the period</b>		<b>97,834</b>	<b>124,094</b>

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


  
 Chief Executive


  
 Chairman

## CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY FOR THE NINE MONTHS ENDED JUNE 30, 2009 (UN-AUDITED)

(Rupees in thousand)

	Reserves										Un-appropriated profit	Total	
	Capital Reserve				Revenue Reserve								
	Share premium	Fair Value reserve	Difference of capital under scheme of arrangement of merger	Sub - Total	General	Dividend Equalization	Equity Investment Market value equalization	Sub - Total	Total				
Share Capital													
Reserve for bonus shares													
Balance as on September 30, 2007	579,365	-	243,282	269,997	155,930	669,209	526,479	22,700	83,000	632,179	1,301,388	704,393	2,585,146
Fair value gain during the period	-	-	-	76,454	-	76,454	-	-	-	-	76,454	-	76,454
Transfer from surplus on revaluation of property, plant and equipment on account of incremental depreciation	-	-	-	-	-	-	-	-	-	-	-	11	11
Transfer to profit and loss account on disposal of investment	-	-	-	1,434	-	1,434	-	-	-	-	1,434	-	1,434
Permanent diminution adjusted on derecognition	-	-	-	(1,443)	-	(1,443)	-	-	-	-	(1,443)	-	(1,443)
Transfers from general reserve for issue of bonus shares	-	-	-	-	-	115,873	(115,873)	-	-	(115,873)	-	-	-
Final dividend for the year ended September 30, 2007 - Rs 1 per share	-	-	-	-	-	-	-	-	-	-	-	(57,936)	(57,936)
Bonus shares issued during the period	115,873	(115,873)	-	-	-	(115,873)	-	-	-	-	(115,873)	-	-
Profit for the period	-	-	-	-	-	-	-	-	-	-	-	(362,092)	(362,092)
<b>Balance as on June 30, 2008</b>	<b>695,238</b>	<b>-</b>	<b>243,282</b>	<b>346,442</b>	<b>155,930</b>	<b>745,654</b>	<b>410,606</b>	<b>22,700</b>	<b>83,000</b>	<b>516,306</b>	<b>1,261,960</b>	<b>284,376</b>	<b>2,241,574</b>
Balance as on September 30, 2008	695,238	-	243,282	169,044	155,930	568,256	410,606	22,700	83,000	516,306	1,084,562	(159,546)	1,620,254
Fair value gain during the period	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfer from surplus on revaluation of property, plant and equipment on account of incremental depreciation	-	-	-	(370,490)	-	(370,490)	-	-	-	-	(370,490)	-	(370,490)
Loss for the period	-	-	-	-	-	-	-	-	-	-	-	11	11
<b>Balance as on June 30, 2009</b>	<b>695,238</b>	<b>-</b>	<b>243,282</b>	<b>(201,446)</b>	<b>155,930</b>	<b>197,766</b>	<b>410,606</b>	<b>22,700</b>	<b>83,000</b>	<b>516,306</b>	<b>714,072</b>	<b>(851,364)</b>	<b>557,946</b>

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

  
\_\_\_\_\_  
Chief Executive

  
\_\_\_\_\_  
Chairman

**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM  
FINANCIAL INFORMATION  
FOR THE QUARTER AND NINE MONTHS ENDED JUNE 30, 2009 (UN-AUDITED)**

**1. The company and its operations**

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

**2. Statement of compliance**

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

**3. Significant Accounting Policies**

The accounting policies adopted for the preparation of this condensed interim financial information are the same as those applied in the preparation of preceding annual published financial statements of the company for the year ended September 30, 2008.

**4. Use of estimates and judgments**

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

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

Estimates and judgments used by the management of the company in preparation of condensed interim financial information are same as those in preparation of preceding annual published financial statements for the year ended September 30, 2008 except for the value of mature sugarcane crops which is based upon estimated average yield of 348 (September 30, 2008: 611) mounds per acre.

**5. The provision for taxation for the nine months ended June 30, 2009 has been made on an estimated basis.**

**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM  
FINANCIAL INFORMATION  
FOR THE QUARTER AND NINE MONTHS ENDED JUNE 30, 2009 (UN-AUDITED)**

	<b>June 30, 2009</b>	<b>September 30, 2008</b>
	<b>(Rupees in thousand)</b>	
<b>6. Long term finances</b>		
Opening balance	<b>2,930,753</b>	2,245,822
Add: Disbursements during the period	<b>200,000</b>	1,433,000
	<b>3,130,753</b>	3,678,822
Less: Repayments during the period	<b>(212,160)</b>	(514,757)
Transferred to short term borrowings	<b>(398,820)</b>	(211,068)
Classified as held for sale	-	(22,244)
	<b>2,519,773</b>	2,930,753
Less: Current portion shown under current liabilities	<b>(551,871)</b>	(868,313)
	<b>1,967,902</b>	2,062,440

**7. Contingencies and commitments**

**7.1 Contingencies**

The company has issued following guarantees:

- (i) Bank guarantee of Rs 86.50 million (September 2008: Rs 86.50 million) in favor of Sui Northern Gas Pipelines Limited against performance of contracts.
- (ii) Cross corporate guarantee in favour of Allied Bank Limited to secure long term finance facility availed by the company's associated undertaking, Shakarganj Food Products Limited of Rs 467 million (September 2008: 467 million).
- (iii) 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 (September 2008: Rs 7.680 million).

**7.2 Commitments**

The company has the following commitments in respect of:

- (i) Letters of credit other than capital expenditure Rs 11.50 million (September 2008: Rs 56.721 million).
- (ii) Contracts for capital expenditure amounting to Rs 87.36 million (September 2008: Rs 273.202 million).
- (iii) Contracts for acquisition of intangible assets (computer software) amounting to Rs 20 million (September 2008: Rs 20 million).
- (iv) The amount of future payments under operating leases and the period in which these payments will become due are as follows:



**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM  
FINANCIAL INFORMATION  
FOR THE QUARTER AND NINE MONTHS ENDED JUNE 30, 2009 (UN-AUDITED)**

	Note	June 30, 2009 (Rupees in thousand)	September 30, 2008
Not later than one year		14,850	25,749
Later than one and not later than five years		28,142	96,509
Later than five years		-	5,802
		<b>42,992</b>	128,060
<b>8. Property, Plant and Equipment</b>			
Opening book value		5,304,266	5,982,153
Add: Additions during the period	8.1	880,548	530,551
Add: Transferred from non-current assets held for sale		60,893	-
Add: Revaluations during the period		-	203,623
		<b>6,245,707</b>	6,716,327
Less: Disposals during the period (at book value)		108,431	2,685
Depreciation charged during the period		300,078	357,122
Classified as held for disposal (at book value)		-	1,005,992
Impairment charged during the period		-	46,262
		<b>408,509</b>	1,412,061
Closing book value		<b>5,837,198</b>	5,304,266
<b>8.1 Additions during the period</b>			
Land		10	30,533
Building on freehold land		12,452	33,583
Plant and machinery		750,351	436,957
Tools and equipment		902	1,923
Laboratory equipment		1,682	687
Water, electric and weighbridge equipments		108,711	6,105
Furniture and fixtures		455	2,991
Office equipment		962	1,454
Vehicles		4,947	16,309
Arms and ammunition		-	9
Library books		77	-
		<b>880,548</b>	530,551

**8.2** Assets disposed off during the period include assets pertaining to the Engineering Work Shop at Dallowal Faisalabad, which were sold to Crescent Steel and Allied Products Limited against consideration received in cash amounting to Rupees 117.126 million. Capital gain relating to this transaction has been shown in other operating income.

**9. Investments - related parties**

Available for sale	9.1	870,887	917,771
		<b>870,887</b>	917,771
		<b>870,887</b>	917,771

**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM  
FINANCIAL INFORMATION  
FOR THE QUARTER AND NINE MONTHS ENDED JUNE 30, 2009 (UN-AUDITED)**

	Note	June 30, 2009 (Rupees in thousand)	September 30, 2008
<b>9.1 Available for sale</b>			
At cost:			
Subsidiary company		<b>243,757</b>	819,303
Associated companies	9.2	<b>631,178</b>	69,529
Others		<b>2,200</b>	2,200
		<b>877,135</b>	891,032
Add: Cumulative fair value (loss) / gain		<b>(1,048)</b>	31,939
Less: Cumulative impairment losses recognized		<b>(5,200)</b>	(5,200)
Fair value gain		<b>(6,248)</b>	26,739
		<b>870,887</b>	917,771

**9.2** During the period, the status of Shakarganj Foods Products Limited (SFPL) has changed from subsidiary to associate as shareholding has reduced from 53% to 45% due to issuance of right shares not taken up by the company.

**10. Short term investments**

Available for sale	10.1	<b>186,782</b>	378,959
Held for trading		<b>13,609</b>	28,619
		<b>200,391</b>	407,578

**10.1 Available for sale**

At cost:			
Associated companies		<b>44</b>	44
Others		<b>265,571</b>	265,541
		<b>265,615</b>	265,585
Add: Cumulative fair value (loss)/gain		<b>(78,833)</b>	113,374
Less: Cumulative impairment losses recognized	10.2	-	-
Fair value gain		<b>(78,833)</b>	113,374
		<b>186,782</b>	378,959

**10.2 Impairment losses**

Opening balance		-	35,634
Add: transferred from long term investments		-	-
Add: impairment loss recognized during the period		-	-
Less: impairment loss adjusted upon derecognition of investments		-	(1,443)
Less: impairment loss for non-current assets held for sale		-	(34,191)
Closing balance		-	-

**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM  
FINANCIAL INFORMATION  
FOR THE QUARTER AND NINE MONTHS ENDED JUNE 30, 2009 (UN-AUDITED)**

**11. Non-current assets held for sale and discontinued operations**

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

	<b>June 30, 2009</b>	September 30, 2008
	<b>(Rupees in thousand)</b>	
<b>(a) Non-current assets classified as held for sale</b>		
Shakarganj Farms (Private) Limited	<b>1,009,556</b>	1,224,392
Investment in subsidiary and associate company at market value	<b>469,807</b>	615,102
	<b>1,479,363</b>	1,839,494
<b>(b) Liabilities directly associated with non-current assets classified as held for sale</b>		
Shakarganj Farms (Private) Limited	<b>31,555</b>	37,864

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

**(i) Shakarganj Farms (Private) Limited**

The assets and liabilities related to Shakarganj Farms (previously part of the sugar segment) have been presented as held for sale following the approval of the management of SML and shareholders in September 2008 to incorporate SML Farms as a new company namely Shakarganj Farms (Private) Limited in consideration for shares. The completion for the transaction is expected by the end of this financial year.

	<b>June 30, 2009</b>	September 30, 2008
	<b>(Rupees in thousand)</b>	
<b>Non-current assets classified as held for sale</b>		
Property, plant and equipment	<b>955,589</b>	1,005,992
Assets subject to finance lease	-	5,936
Capital work-in-progress	<b>2,979</b>	-
Long term advances and deposits	-	1,809
Stock in trade	<b>8,146</b>	-
Stores, spares and loose tools	<b>2,284</b>	938
Trade Debts	<b>2,449</b>	-
Biological assets	<b>26,157</b>	153,862
Loans, advances, deposits, prepayments and other receivables	<b>11,109</b>	55,819
Cash and Bank balances	<b>843</b>	36
	<b>1,009,556</b>	1,224,392
<b>Liabilities directly associated with non-current assets classified as held for sale</b>		
Long term finances	<b>12,692</b>	11,700
Current portion of long term liabilities:		
Long term finances	<b>6,922</b>	10,544
Liabilities against assets subject to finance lease	-	1,859
Creditors, accrued and other liabilities	<b>11,941</b>	12,884
Accrued finance cost	-	877
	<b>31,555</b>	37,864

**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM  
FINANCIAL INFORMATION  
FOR THE QUARTER AND NINE MONTHS ENDED JUNE 30, 2009 (UN-AUDITED)**

	Quarter ended		Nine months ended	
	June 30, 2009	June 30, 2008	June 30, 2009	June 30, 2008
	(Rupees in thousand)			
<b>Analysis of the result of discontinued operations</b>				
Loss from agricultural activities	(46,023)	(691)	(126,470)	(46,104)
Expenses				
Administrative expenses	(3,299)	(2,579)	(8,931)	(8,325)
Finance cost	(851)	(5)	(2,581)	(133)
Other operating income	(4,150) 883	(2,584) 75	(11,512) 3,759	(8,458) 200
Loss before taxation from discontinued operations	(49,290)	(3,200)	(134,223)	(54,362)
Taxation	-	-	-	-
Loss for the period from discontinued operations	(49,290)	(3,200)	(134,223)	(54,362)

**(ii) Investment in subsidiary and associate companies - at market value**

	June 30, 2009	September 30, 2008
	(Rupees in thousand)	
<b>Subsidiary company - Quoted</b>		
<b>Safeway Mutual Fund Limited</b>		
29,215,143 (September 30, 2008: 29,215,143) fully paid ordinary shares of Rs 10 each with cost of Rs 290,792 thousand	<b>314,063</b>	379,797
<b>Associated companies - Quoted</b>		
<b>Asian Stock Fund Limited</b>		
37,528,673 (September 30, 2008: 37,528,673) fully paid ordinary shares of Rs 10 each with cost of Rs in 334,770 thousand	<b>155,744</b>	235,305
	<b>469,8047</b>	615,102

The management remains committed to its plan of disposing of these investments at a price that is fair by the end of this financial year. Accordingly these investments are shown under the Non Current Assets Held For Sale under IFRS 5 'Non Current Assets Held For Sale and Discontinued Operations'.

# NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL INFORMATION FOR THE QUARTER AND NINE MONTHS ENDED JUNE 30, 2009 (UN-AUDITED)

## 12. Segment results

(Rupees in thousand)

Note		Sugar			Ethanol			Sublinguist/Alcohol			Tobacco			Engineering			Power			Total												
		New months ended			New months ended			New months ended			New months ended			New months ended			New months ended			New months ended												
		June	July	Aug	June	July	Aug	June	July	Aug	June	July	Aug	June	July	Aug	June	July	Aug	June	July	Aug										
10.1	Net sales	642,187	1,573,725	2,704,427	3,784,669	206,495	694,873	1,103,005	1,250,240	3,357	12,858	21,465	40,384	260,750	216,898	730,930	847,971	1,387	15,295	34,314	94,407	24,986	37,383	141,381	37,580	1,065,508	238,783	4,260,913	5,271,362			
10.2	Cost of sales	(811,607)	(1,450,073)	(2,447,286)	(3,709,897)	(194,881)	(377,768)	(936,412)	(857,088)	(3,571)	(17,520)	(22,774)	(20,910)	(253,430)	(219,960)	(830,877)	(647,200)	(8,200)	(8,554)	(22,523)	(62,888)	(16,577)	(5,721)	(58,883)	(5,721)	(1,006,781)	(1,960,337)	(2,761,578)	(4,682,121)			
	Gross profit/(loss)	293	1,123,652	1,257,141	1,074,772	201,376	327,105	1,039,417	393,152	7,408	12,338	19,691	41,474	105,320	96,938	1,500,807	480,771	1,807	6,741	21,791	33,519	17,409	31,662	82,498	30,969	1,064,721	1,300,406	1,509,376	7,909,235			
	- Administrative expenses	(493)	(8,703)	(14,244)	(81,048)	(14,188)	(43,176)	(298)	(91)	25	(8)	(6)	(12)	(611)	(1,159)	(2,488)	(6,958)	321	282	267	(80)	(10)	79	961	78	(2,741)	(41,879)	160,300	(1,39,789)			
	- Depreciation and selling cost	22,776	22,033	93,738	39,938	31,939	120,833	130,201	132,401	328	172	1,053	1,404	7,483	(20,897)	28,772	(483)	682	2,022	861	(208)	2,018	1,630	(843)	(1,018)	171,883	(253,968)	248,689				
	Segment results	3,164	9,019	(17,039)	(8,282)	(17,594)	(14,778)	(16,229)	(125,424)	(48)	(6)	512	2,458	1,348	74,913	(88,961)	(2,228)	6,929	951	31,688	(3,118)	31,119	(7,794)	31,128	(1,142)	339,893	(233,986)	547,562				
	12.1 Sales	646,816	1,582,880	2,844,067	3,883,501	34,863	61,550	112,191	126,224	43,79	15,183	26,748	48,181	297,491	334,077	724,600	338,894	-	-	-	-	21,797	33,463	142,381	33,460	97,980	1,912,843	3,652,765	4,426,688			
	- Local	46	46	17	50	50	17	17	17	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-				
	- Exports	2,309	46,705	116,096	176,345	60,989	1,037,914	1,148,993	-	-	-	4,114	5,200	11,746	19,935	-	-	-	-	-	-	-	-	-	6,443	5,900	14,655	18,587	-			
	- By-products	69,007	128,098	386,859	610,761	-	-	-	-	-	-	-	-	-	-	1,387	15,295	34,314	94,407	43,388	8,824	20,386	6,824	-	-	6,443	5,900	14,655	18,587			
	- Inter segment	717,221	1,783,912	3,043,336	4,265,009	211,608	703,248	1,119,658	1,267,139	48,718	15,183	29,748	48,181	291,603	318,245	1,387	15,295	34,314	94,407	281,188	42,027	162,943	42,027	-	1,51,071	2,005,995	4,674,742	5,746,567				
	Less: Commission to selling agents	210	2,282	3,348	730	77	85	197	158	77	80	106	216	853	1,087	305	434	-	-	-	-	3,231	4,444	19,608	4,444	1,350	6,884	7,682	11,019			
	Sales tax @ 18 percent normal duty	70,844	1,90,187	318,008	661,240	5,113	8,657	16,488	18,880	322	2,227	5,835	8,827	803	1,087	3,053	4,284	-	-	-	-	-	-	-	-	3,531	4,444	19,608	4,444			
	Net sales	642,187	1,573,725	2,704,427	3,784,669	206,495	694,873	1,103,005	1,250,240	3,357	12,858	21,465	40,384	260,750	216,898	731,148	480,771	1,387	15,295	34,314	94,407	24,986	37,383	141,381	37,580	1,065,508	238,783	4,260,913	5,271,362			
	12.2 Cost of sales	2,292	151,028	1,678,832	3,463,306	129,643	123,857	492,573	288,093	951	838	1,318	10,777	17,702	60,330	520,177	3,055	16,912	16,802	33,344	1,946	-	-	-	6,634	-	302,728	475,869	2,962,586	4,335,367		
	Raw materials consumed	30,776	23,351	1,814,030	1,174,596	3,372	4,818	12,773	781,363	1,577	2,284	10,147	16,098	22,274	188,035	622,420	683,758	3,055	16,912	16,802	33,344	1,946	-	-	-	6,634	-	302,728	475,869	2,962,586	4,335,367	
	Sales, wages and other benefits	5,185	6,021	43,648	69,411	325	(425)	2,612	3,919	19	182	365	924	4,119	5,283	10,848	15,458	16	21	92	90	1,152	1,402	9,766	1,402	10,996	22,274	28,784	68,751	90,904		
	Stores and spares consumed	1,803	3,475	11,753	28,189	4,283	22,795	21,934	42,688	294	3,682	2,935	1,414	5,149	3,281	13,144	10,165	-	-	-	-	1,700	203	2,815	203	7,120	39,235	38,817	86,195			
	Depreciation and selling cost	109,465	28,481	243,527	55,668	-	-	2,688	6	-	9	13	903	3,941	3,351	363,988	27,870	200	(42)	894	321	489	-	-	-	670	-	110,593	32,800	272,228	86,440	
	Repair and maintenance	792	3,374	9,584	18,885	66	879	599	383	63	75	141	220	(298)	383	739	2,400	40	3	101	95	56	173	138	478	1,386	4,771	171,884	6,727	62,821		
	Insurance	1,009	1,372	4,031	4,511	-	-	20	(56)	20	13	17	42	-	21	22	425	928	17,700	1,845	35	18	105	56	173	138	478	1,386	2,633	2,811	7,267	6,727
	Vehicle running expenses	182	297	670	750	20	(56)	96	147	13	14	39	163	313	676	862	20	88	71	92	52	108	131	126	307	1,055	1,421	4,170	4,440	4,440		
	Traveling and conveyance	198	168	536	540	3	-	2	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	237	(416)	701	690			
	Subsidiary research and development	2,872	1,982	8,281	9,109	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	2,872	1,982	8,281	9,109	9,109	
	Staff training and development	97,793	5,073	20,235	17,245	12,628	15,978	37,890	46,437	318	168	954	532	4,973	8,050	15,760	32,011	1,262	712	3,198	2,901	9,080	2,418	27,257	2,418	126,024	84,299	297,852	257,134			
	Depreciation/Amortisation	26,799	3,897	10,598	10,522	4,071	8,232	19,732	15,913	4	125	107	302	252	533	1,223	792	35	31	139	262	1,834	2,154	1,834	2,154	1,930	3,038	3,038	3,038	3,038		
	Other factory overheads	2,698	30,884	3,234	3,083	-	-	897,339	897,339	897,339	897,339	897,339	897,339	897,339	897,339	897,339	897,339	897,339	897,339	897,339	897,339	897,339	897,339	897,339	897,339	897,339	897,339	897,339	897,339	897,339	897,339	
	Operating work in progress	4,072	3,009	4,072	3,009	-	-	-	-	-	-	-	-	-	-	229	17	211	433	782	252	433	941	-	-	5,972	9,091	5,172	8,441	36,609	21,644	20,589
	Less: Closing work in process	(1,414)	27,675	(898)	674	-	-	-	-	-	-	-	-	(388)	(1,62)	709	(2,500)	1,206	(1,206)	(1,206)	9,080	9,080	2,418	27,257	2,418	126,024	84,299	297,852	257,134			
	Cost of goods produced	299,593	336,527	2,891,582	4,132,567	191,098	297,935	897,339	888,138	3,357	6,127	16,609	35,662	257,117	335,793	745,208	701,801	3,800	8,854	8,283	62,888	16,577	5,721	58,883	5,721	1,065,508	238,783	4,260,913	5,271,362			
	Opening stock of finished goods	1,259,881	2,286,921	792,611	971,158	1,520,000	2,953,533	7,278	10,771	7,507	14,367	11,728	49,950	63,576	120,612	263,636	306,712	1,262	712	3,198	2,901	9,080	2,418	27,257	2,418	126,024	84,299	297,852	257,134			
	Less: Closing stock of finished goods	904,827	1,174,805	944,927	1,174,805	1,98,217	214,820	1,582,177	218,820	7,483	15,142	12,086	74,933	170,968	74,933	-	-	-	-	-	-	-	-	-	-	-	-	1,087,603	1,483,761	1,087,603		
	Net sales	351,134	1,218,936	(1,22,316)	(303,710)	30,783	807,328	(80,938)	(11,416)	204	(575)	4,305	(10,547)	(4,877)	(33,443)	444,749	84,470	-	-	-	-	-	-	-	-	-	-	380,444	1,268,761	(150,411)	(47,807)	
	Less: Own goods cost/(loss)	811,867	1,348,073	2,705,687	3,935,887	194,881	377,688	884,412	769,681	3,571	7,882	22,778	26,115	262,440	201,940	793,867	447,400	3,620	8,884	8,283	62,888	16,577	5,721	58,883	5,721	1,065,508	238,783	4,260,913	5,271,362			
	12.3 Inter segment sales/purchases from total groups	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	

## INTERIM REPORT

## NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL INFORMATION FOR THE QUARTER AND NINE MONTHS ENDED JUNE 30, 2009 (UN-AUDITED)

	Quarter ended		Nine months ended	
	June 30, 2009	June 30, 2008	June 30, 2009	June 30, 2008
<b>13. Earning per share</b>				
<b>13.1 Basic earnings per share</b>				
<b>Continued operations</b>				
Loss for the period from continuing operations	<b>Rupees</b> (214,553,000)	78,679,000	(557,606,000)	(307,730,000)
Weighted average number of ordinary shares in issue during the period	<b>Number</b> 69,523,798	69,523,798	69,523,798	69,523,798
Loss/(earning) per share - basic	<b>Rupees</b> (3.09)	1.13	(8.02)	(4.43)
<b>Discontinued operations</b>				
Loss for the period from discontinued operations	<b>Rupees</b> (49,290,000)	(3,200,000)	(134,223,000)	(54,362,000)
Weighted average number of ordinary shares in issue during the period	<b>Number</b> 69,523,798	69,523,798	69,523,798	69,523,798
Loss per share - basic	<b>Rupees</b> (0.71)	(0.05)	(1.93)	(0.78)

### 13.2 Diluted earnings per share

Diluted earnings 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 loss is adjusted to eliminate the preference dividend.

	Quarter ended		Nine months ended	
	June 30, 2009	June 30, 2008	June 30, 2009	June 30, 2008
<b>Continued operations</b>				
Loss for the period from continuing operations	<b>Rupees</b> (214,553,000)	78,679,000	(557,606,000)	(307,730,000)
Preference dividend on convertible preference shares	<b>Rupees</b> 7,327,175	7,327,175	14,654,351	14,654,351
Loss used to determine diluted earnings per shares	<b>Rupees</b> (207,225,825)	86,006,175	(542,951,649)	(293,075,649)
Weighted average number of ordinary shares in issue during the period	<b>Number</b> 69,523,798	69,523,798	69,523,798	69,523,798
Assumed conversion of convertible preference shares into ordinary shares	<b>Number</b> 5,774,108	5,774,108	5,774,108	5,774,108
Weighted average number of ordinary shares for diluted earnings per share	<b>Number</b> 75,297,906	75,297,906	75,297,906	75,297,906
Loss per share - diluted	<b>Rupees</b> (2.75)	1.14	(7.21)	(3.89)

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

#### Discontinued operations

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

**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM  
FINANCIAL INFORMATION  
FOR THE QUARTER AND NINE MONTHS ENDED JUNE 30, 2009 (UN-AUDITED)**



	<b>Nine months ended</b>	
	<b>June 30, 2009</b>	<b>June 30, 2008</b>
	<b>(Rupees in thousand)</b>	
<b>14. Cash generated from operating activities</b>		
Loss before taxation	<b>(681,755)</b>	(362,092)
Adjustments for:		
Depreciation in / amortization on:		
- property, plant and equipment	<b>300,078</b>	264,353
- assets subject to finance lease	<b>26,384</b>	24,723
- intangible assets	<b>222</b>	255
- deferred income	<b>(1,884)</b>	(1,053)
Profit on sale of property, plant and equipment	<b>(77,123)</b>	(3,583)
Profit on sale of biological assets	-	-
Impairment of investments classified as available for sale	-	2,792
Gain on sale of investments	<b>(4,623)</b>	(5,375)
Unrealized loss on investments held for trading	<b>15,050</b>	19,039
Interest from bank deposits	<b>(28,243)</b>	-
Provision for employees' retirement benefits	<b>7,521</b>	7,802
Mark up earned on long term loan to an associate	-	-
Liabilities written back	-	-
Dividend income	<b>(8,371)</b>	(8,005)
Loss from agricultural activities classified under discontinued operations	<b>126,470</b>	92,872
(Gain) on marked to market valuation of interest rate swap	<b>(5,666)</b>	-
Finance cost	<b>950,202</b>	611,677
	<b>1,300,017</b>	1,005,497
Profit before working capital changes	<b>618,262</b>	643,405
Effect on cash flow due to working capital changes:		
(Increase) in stores and spares	<b>(6,130)</b>	(104,408)
(Increase) in stock in trade	<b>(71,194)</b>	(756,179)
(Increase) in trade debts	<b>(91,731)</b>	(165,349)
Decrease / (Increase) in biological assets	<b>520</b>	(52,576)
Decrease / (increase) in loans, advances, deposits, prepayments and other receivables	<b>89,436</b>	(99,949)
Increase in trade and other payables	<b>43,283</b>	359,920
	<b>(35,816)</b>	(818,541)
	<b>582,446</b>	(175,136)

**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM  
FINANCIAL INFORMATION  
FOR THE QUARTER AND NINE MONTHS ENDED JUNE 30, 2009 (UN-AUDITED)**

Nine months ended	
June 30, 2009	June 30, 2008

(Rupees in thousand)

**15. Transactions with related parties**

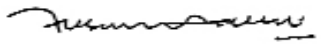
Relationship with the company	Nature of transactions		
i. Subsidiary	Subscription to right issue made by subsidiary company	-	575,446
	Interest bearing advances extended to subsidiary company	-	178,171
	Mark up charged to subsidiary company	-	10,623
	Allocation of expenses from subsidiary company	-	195
	Dividend received	7,304	-
ii. Associated undertakings	Mark up charged to associated company	23,677	-
	Dividend received	3,848	5,128
	Purchase of goods and services	52,174	80,606
	Sale of goods	4,382	3,732
	Sale of fixed asset	117,488	-
	Sale of shares	20,873	-
	Share of common expenses	4,488	-
iii. Other related parties	Expenses incurred on behalf of the company	-	2,524
iv. Post employment benefit plans	Expense charged in respect of retirement benefit plans	11,914	5,201
v. Key Management Personnel	Salaries and other employee benefits	37,028	17,355

**16. Date of authorisation for issue**

This condensed interim financial information was authorised for issue on August 08, 2009 by the Board of Directors of the company.

**17. Corresponding figures**

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



Chief Executive



Chairman



**CONSOLIDATED FINANCIAL STATEMENTS  
AS AT JUNE 30, 2009**

## CONSOLIDATED INTERIM BALANCE SHEET AS AT JUNE 30, 2009 (UN-AUDITED)

	Note	June 30, 2009	September 30, 2008
(Rupees in thousand)			
<b>EQUITY AND LIABILITIES</b>			
<b>SHARE CAPITAL AND RESERVES</b>			
Authorised capital			
80,000,000 (September 30, 2008: 80,000,000)			
ordinary shares of Rs 10 each		<b>800,000</b>	800,000
50,000,000 (September 30, 2008: 50,000,000)			
preference shares of Rs 10 each		<b>500,000</b>	500,000
		<b>1,300,000</b>	1,300,000
Issued, subscribed and paid up capital			
69,523,798 (September 30, 2008: 69,523,798)			
ordinary shares of Rs 10 each		<b>695,238</b>	695,238
Share deposit money		-	200,000
Reserves		<b>615,700</b>	910,696
Minority Interest		<b>223,204</b>	418,840
Accumulated loss		<b>(1,179,983)</b>	(385,935)
		<b>354,159</b>	1,838,839
<b>SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT</b>		<b>2,002,944</b>	2,043,827
<b>NON-CURRENT LIABILITIES</b>			
Long term finances	7	<b>1,985,724</b>	2,264,785
Long term advances		-	15,000
Liabilities against assets subject to finance lease		<b>221,498</b>	292,383
Employees' retirement benefits		<b>14,017</b>	19,837
Deferred taxation		<b>8,500</b>	8,500
Deferred income		<b>6,915</b>	8,799
		<b>2,236,654</b>	2,609,304
<b>CURRENT LIABILITIES</b>			
Current portion of long term liabilities		<b>692,940</b>	1,160,271
Short term borrowings - secured		<b>4,797,801</b>	4,110,840
Trade and other payables		<b>935,992</b>	1,207,177
Accrued finance cost		<b>424,187</b>	336,464
		<b>6,850,920</b>	6,814,752
Liabilities directly associated with non-current assets classified as held for sale	12	<b>1,880</b>	3,556
		<b>6,852,800</b>	6,818,308
<b>CONTINGENCIES AND COMMITMENTS</b>	8	<b>11,446,557</b>	13,310,278

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

  
Chief Executive

  
Chairman

## CONSOLIDATED INTERIM BALANCE SHEET AS AT JUNE 30, 2009 (UN-AUDITED)

	Note	June 30, 2009 (Rupees in thousand)	September 30, 2008
<b>ASSETS</b>			
<b>NON CURRENT ASSETS</b>			
Property, plant and equipment	9	<b>6,792,785</b>	7,281,263
Intangible assets		<b>163,767</b>	173,497
Assets subject to finance lease		<b>547,909</b>	350,361
Capital work-in-progress		<b>526,455</b>	1,302,030
Biological assets		<b>6,963</b>	8,318
Investments - related parties	10	<b>328,560</b>	229,612
Long term loans, advances, deposits and prepayments		<b>281,041</b>	125,350
		<b>8,647,480</b>	9,470,431
 <b>CURRENT ASSETS</b>			
Biological assets		<b>26,156</b>	151,792
Stores, spares and loose tools		<b>103,941</b>	153,304
Stock-in-trade		<b>1,342,992</b>	1,356,107
Trade debts		<b>211,989</b>	159,009
Investments	11	<b>202,063</b>	442,315
Loans, advances, deposits, prepayments and other receivables		<b>162,824</b>	318,946
Cash and bank balances		<b>102,978</b>	401,253
		<b>2,152,943</b>	2,982,726
 Non-current assets held for sale	 12	 <b>646,134</b>	 857,121
		<b>2,799,077</b>	3,839,847
		<b>11,446,557</b>	13,310,278

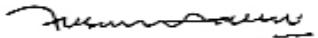
  
 Chief Executive

  
 Chairman

## CONSOLIDATED INTERIM PROFIT AND LOSS ACCOUNT FOR THE QUARTER AND NINE MONTHS ENDED JUNE 30, 2009 (UN-AUDITED)

	Note	Quarter ended		Nine months ended	
		June 30, 2009	June 30, 2008	June 30, 2009	June 30, 2008
<b>Continuing Operations:</b>					
Sales	13.1	<b>1,063,967</b>	2,705,419	<b>4,301,658</b>	6,091,180
Cost of sales	13.2	<b>(1,006,761)</b>	(2,287,329)	<b>(3,761,579)</b>	(5,466,760)
<b>Gross profit</b>		<b>57,206</b>	418,090	<b>540,079</b>	624,420
Administrative expenses		<b>(87,150)</b>	(45,500)	<b>(223,390)</b>	(162,306)
Distribution and selling costs		<b>(27,744)</b>	(113,515)	<b>(95,163)</b>	(302,242)
Other operating expenses		<b>(30,181)</b>	(67,078)	<b>(179,483)</b>	(193,259)
Other operating income		<b>93,339</b>	25,085	<b>230,196</b>	95,372
<b>Profit from operations</b>		<b>5,470</b>	217,082	<b>272,239</b>	61,985
Finance cost		<b>(296,610)</b>	(257,551)	<b>(950,206)</b>	(664,956)
Share of income Income (Loss) from associate		<b>(29,984)</b>	-	<b>(78,530)</b>	2,761
<b>(Loss) / profit before taxation</b>		<b>(321,124)</b>	(40,469)	<b>(756,497)</b>	(600,210)
Taxation		<b>(2,900)</b>	12,824	<b>(12,179)</b>	(4,848)
(Loss) / profit for the period from continuing operations		<b>(324,024)</b>	(27,645)	<b>(768,676)</b>	(605,058)
<b>Discontinued Operations:</b>					
Income (loss) for the period from discontinued operations		<b>1,595</b>	-	<b>(62,660)</b>	-
Loss for the period		<b>(322,429)</b>	(27,645)	<b>(831,336)</b>	(605,058)
Attributable to:					
- Equity holders of the parent		<b>(313,868)</b>	(10,616)	<b>(794,061)</b>	(587,366)
- Minority interest		<b>(8,561)</b>	(17,029)	<b>(37,275)</b>	(17,692)
		<b>(322,429)</b>	(27,645)	<b>(831,336)</b>	(605,058)
<b>Loss per share from continuing operations</b>					
- basic	Rupees	<b>(4.66)</b>	(0.40)	<b>(11.06)</b>	(8.70)
- diluted	Rupees	<b>(4.66)</b>	(0.40)	<b>(11.06)</b>	(8.70)
<b>(Loss)/earninig per share from discontinued operations</b>					
- basic	Rupees	<b>0.02</b>	(0.05)	<b>(0.90)</b>	-
- diluted	Rupees	<b>0.02</b>	(0.05)	<b>(0.90)</b>	-

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

  
Chief Executive

  
Chairman

## CONSOLIDATED INTERIM CASH FLOW STATEMENT FOR THE NINE MONTHS ENDED JUNE 30, 2009 (UN-AUDITED)

		Nine months ended	
		June 30, 2009	June 30, 2008
		(Rupees in thousand)	
<b>Cash flows from operating activities</b>			
	Cash generated from / (used in) operations	14 662,158	(251,017)
	Finance cost paid	(842,418)	(606,678)
	Taxes paid	(17,326)	(6,140)
	Employees' retirement benefits paid	(4,533)	(3,229)
	Net decrease / (increase) in long term advances, loans, deposits and prepayments	(31,475)	(50,558)
	<b>Net cash used in operating activities</b>	(233,594)	(917,622)
<b>Cash flows from investing activities</b>			
	Fixed capital expenditure	(411,026)	(676,499)
	Investment net	(60,897)	28,706
	Acquisition of subsidiaries net of cash acquired	-	(215,635)
	Dividend received	31,138	11,365
	Income from bank deposits received	19,599	-
	Sale proceeds from sale of livestock	-	-
	Sale proceeds from sale of property, plant and equipment	189,322	7,284
	<b>Net cash used in investing activities</b>	(231,864)	(844,779)
<b>Cash flows from financing activities</b>			
	Disbursement of long term finances	200,000	1,403,000
	Share deposit money received	-	449,500
	Repayment of long term finances	(216,582)	(414,320)
	Repayment of long term advances	(15,000)	-
	Net increase in short term borrowings - secured	288,141	194,623
	Finance lease liabilities - net	(84,510)	(92,237)
	Dividend paid	(4,866)	(57,936)
	<b>Net cash generated from financing activities</b>	167,183	1,482,630
	<b>Net decrease in cash and cash equivalents</b>	(298,275)	(279,771)
	<b>Cash and cash equivalents at the beginning of the period</b>	401,253	510,104
	<b>Cash and cash equivalents at the end of the period</b>	102,978	230,333

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


  
 Chief Executive


  
 Chairman

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE NINE MONTHS ENDED JUNE 30, 2009 (UN-AUDITED)

(Rupees in thousand)

	Attributable to equity holders of the parent											Minority Interest	Total Equity					
	Capital Reserves					Revenue Reserves					Un-appropriated profit			Total				
	Share capital	Share deposit money	Reserve for issuance of bonus share	Share premium	Share in capital reserves of associates	Fair value reserve	Difference of capital under scheme of arrangement of merger	Sub-total	General	Dividend equalization					Equity investment market equalization	Sub-total		
Balance as on September 30, 2007	579,365	60,000	-	243,282	108,159	(122,006)	155,930	385,365	526,479	22,700	83,000	632,179	1,017,544	730,900	2,387,809	-	2,387,809	
Final dividend for the year ended September 2007	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(57,936)	-	(57,936)	-
Reserve for issuance of bonus shares	-	-	115,873	-	-	-	-	115,873	(115,873)	-	-	(115,873)	-	-	-	-	-	-
Bonus Share issued during period	115,873	-	(115,873)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Issuance of share against share deposit money	-	(60,000)	-	-	-	-	-	-	-	-	-	-	-	-	(60,000)	21,676	(38,324)	-
Minority interest at the date of acquisition	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	39,047	39,047	-
Share deposit money received during the period	-	449,500	-	-	-	-	-	-	-	-	-	-	-	-	449,500	-	449,500	-
Share in capital reserve of associate	-	-	-	-	(3,332)	-	-	(3,332)	-	-	-	-	(3,332)	-	(3,332)	-	(3,332)	-
Fair value gain during the period	-	-	-	-	-	102,761	-	102,761	-	-	-	-	102,761	-	102,761	-	102,761	-
Transfer from surplus on revaluation of property, plant and equipment	-	-	-	-	-	-	-	-	-	-	-	-	-	-	11	11	-	11
Loss for the period	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(587,366)	(17,692)	(605,058)	-
Balance as on June 30, 2008	695,238	449,500	-	243,282	104,827	(19,245)	155,930	484,794	410,606	22,700	83,000	516,306	1,001,100	85,609	2,231,447	43,031	2,274,478	
Balance as on September 30, 2008	695,238	200,000	-	243,282	97,132	(101,954)	155,930	394,390	410,606	22,700	83,000	516,306	910,696	(385,935)	1,419,999	418,840	1,838,839	
Disposal of subsidiary - Shakarganj food product limited	-	(200,000)	-	-	-	-	-	-	-	-	-	-	-	-	(200,000)	(141,233)	(341,233)	-
Transfer from surplus on revaluation of property, plant and equipment	-	-	-	-	-	-	-	-	-	-	-	-	-	11	11	2,349	2,349	11
Merger of subsidiary - ACML & SFL	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Share in capital reserve of associates	-	-	-	-	(12,033)	-	-	(12,033)	-	-	-	-	(12,033)	-	(12,033)	-	(12,033)	-
Dividend for the period by subsidiary company - Safeway mutual fund	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(4,866)
Fair value loss during period	-	-	-	-	-	(282,963)	-	(282,963)	-	-	-	-	(282,963)	-	(282,963)	(14,611)	(297,574)	-
Loss for the period	-	-	-	-	-	-	-	-	-	-	-	-	-	(794,059)	(794,059)	(37,275)	(831,334)	-
<b>Balance as on June 30, 2009</b>	<b>695,238</b>	<b>-</b>	<b>-</b>	<b>243,282</b>	<b>85,099</b>	<b>(384,917)</b>	<b>155,930</b>	<b>99,394</b>	<b>410,606</b>	<b>22,700</b>	<b>83,000</b>	<b>516,306</b>	<b>615,700</b>	<b>(1,179,963)</b>	<b>130,955</b>	<b>223,204</b>	<b>354,159</b>	

The annexed notes 1 to 19 form an integral part of these financial statements.



Chief Executive



Chairman

# NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE QUARTER AND NINE MONTHS ENDED JUNE 30, 2009 (UN-AUDITED)

## 1. Legal status and nature of business

### 1.1 Constitution and ownership

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

#### **Shakarganj Mills Limited**

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

#### **Safeway Mutual Fund Limited**

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

#### **Safeway Fund Limited**

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

### 1.2 Activities of the group

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

- manufacture, purchase and sale of sugar, ethanol, building material, yarn, industrial scale steel equipment and engaged in generation and sale of electricity through the parent company, Shakarganj Mills Limited;
- investments in the shares of listed companies, through the subsidiary company, Safeway Mutual Fund Limited; and
- rendering investment advisory services for mutual funds, through the subsidiary companies Safeway Fund Limited.

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

## NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE QUARTER AND NINE MONTHS ENDED JUNE 30, 2009 (UN-AUDITED)

### 1.3 Change in the group composition

- Shakarganj Food Products Limited (SFPL) being the subsidiary of Shakarganj Mills Limited was consolidated on September 30, 2008. Subsequent to the year end SFPL issued shares under the consortium of investors comprising KASB Capital Limited (KASB) and AKD Securities Limited (AKD), through an agreement dated April 12, 2008 with the company, Crescent Steel and Allied Products Limited (CSAPL) and Shakarganj Foods Product Limited (SFPL). Consequent to this, the company's shareholding in SFPL has reduced from 53% to 45%. In these interim financial statements SFPL has been treated as an associated undertaking as per International Financial Reporting Standard (IAS) 28 'Investment in Associates.
- Asian Capital Management Limited (ACML) being the subsidiary of Shakarganj Mills Limited was consolidated on September 30, 2008. Subsequent to the year end ACML was merged with Safeway Fund Limited (another subsidiary of Shakarganj Mills Limited under the scheme of arrangement as approved by SECP through an agreement dated December 31, 2008 with the company. There was no change in shareholding of SFL consequent to this merger which remains 75%. In these interim financial statements SFL has been consolidated accordingly.

### 2. Basis of preparation

This condensed interim financial information is un-audited and is being submitted to the members as required by section 245 of the Companies Ordinance, 1984. The condensed interim financial information has been prepared in accordance with the requirements of the International Financial Reporting Standard (IFRS) IAS 34 'Interim Financial Reporting' as applicable in Pakistan as notified by the Securities and Exchange Commission of Pakistan. This condensed interim financial information do not include all of the information required for full financial statements and should be read in conjunction with the financial statements of the Company for the year ended September 30, 2008.

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

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

### 3. Significant accounting policies

The accounting policies adopted for the preparation of this condensed interim financial information are the same as those applied in the preparation of preceding annual published financial statements of the company for the year ended September 30, 2008.

### 4. Estimates

Estimates and judgments used by the management of the company in preparation of condensed interim financial information are same as those in preparation of preceding annual published financial statements for the year ended September 30, 2008 except for the value of mature sugarcane crops which is based upon estimated average yield of 348 (September 30, 2008: 611) mounds per acre.

### 5. Risk management policies

Risk management policies are consistent with those disclosed in the financial statements for the year ended September 30, 2008.

### 6. Taxation

The provision for taxation for the nine month ended June 30, 2009 has been made on an estimated basis.



## NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE QUARTER AND NINE MONTHS ENDED JUNE 30, 2009 (UN-AUDITED)

	June 30, 2009 (Rupees in thousand)	June 30, 2008
<b>7. Long term finances</b>		
Opening balance	<b>3,263,648</b>	2,639,051
Add: Disbursements during the period	<b>200,000</b>	1,433,000
	<b>3,463,648</b>	4,072,051
Less: Repayments during the period	<b>(216,582)</b>	(597,335)
Transferred to short term borrowings	<b>(398,820)</b>	(211,068)
Disposal of subsidiary SFPL	<b>(310,651)</b>	-
	<b>2,537,595</b>	3,263,648
Less: Current portion shown under current liabilities	<b>(551,871)</b>	(998,863)
	<b>1,985,724</b>	2,264,785

### 8. Contingencies and commitments

#### 8.1 Contingencies

The company has issued following guarantees:

- (i) Bank guarantee of Rs 86.50 million (September 2008: Rs 86.50 million) in favour of Sui Northern Gas Pipelines Limited against performance of contracts.
- (ii) Cross corporate guarantee in favour of Allied Bank Limited to secure long term finance facility availed by the company's associated undertaking, Shakarganj Food Products Limited of Rs 467 million (September 2008: Rs 467 million).
- (iii) 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 (September 2008: Rs 7.680 million).

#### 8.2 Commitments

The company has the following commitments in respect of:

- (i) Letters of credit other than capital expenditure Rs 11.50 million (September 2008: Rs 56.721 million).
- (ii) Contracts for capital expenditure amounting to Rs 87.36 million (September 2008: Rs 273.202 million).
- (iii) Contracts for acquisition of intangible assets (computer software) amounting to Rs 20 million (September 2008: Rs 20 million).
- (iv) The amount of future payments under operating leases and the period in which these payments will become due are as follows:

	June 30, 2009 (Rupees in thousand)	September 30, 2008
Not later than one year	<b>14,850</b>	25,749
Later than one and not later than five years	<b>28,142</b>	96,509
Later than five years	-	5,802
	<b>42,992</b>	128,060

## NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE QUARTER AND NINE MONTHS ENDED JUNE 30, 2009 (UN-AUDITED)

	Note	June 30, 2009 (Rupees in thousand)	September 30, 2008
<b>9. Property, plant and equipment</b>			
Opening book value		<b>7,281,263</b>	6,793,062
Add: Additions during the period	9.1	<b>904,334</b>	761,763
Add: Revaluations during the period		-	203,623
		<b>8,185,597</b>	7,758,448
Less: Disposals during the period (at book value)		<b>111,861</b>	26,121
Depreciation charged during the period		<b>311,692</b>	404,802
Disposal of subsidiary		<b>969,259</b>	-
Impairment charged during the period		-	46,262
		<b>1,392,812</b>	477,185
Closing book value		<b>6,792,785</b>	7,281,263
<b>9.1 Addition during the period</b>			
Land		<b>15,081</b>	30,553
Building on freehold land		<b>12,452</b>	48,155
Plant and machinery		<b>750,351</b>	645,575
Tools and equipment		<b>1,476</b>	1,923
Laboratory equipment		<b>1,682</b>	791
Water, electric and weighbridge equipments		<b>108,793</b>	6,198
Furniture and fixtures		<b>465</b>	5,122
Office equipment		<b>3,074</b>	2,693
Vehicles		<b>10,883</b>	20,739
Arms and ammunition		-	9
Library books		<b>77</b>	5
		<b>904,334</b>	761,763
<b>9.2 Assets disposed off during the period include assets pertaining to the Engineering Work Shop at Dallowal Faisalabad, which were sold to Crescent Steel and Allied Products Limited against consideration received in cash amounting to Rupees 117.126 million. Capital gain relating to this transaction has been shown in other operating income.</b>			
<b>10. Investments - related parties</b>			
In equity instrument of associated companies	10.1	<b>290,405</b>	156,838
Available for sale	10.2	<b>38,155</b>	71,397
Held to maturity	10.3	-	1,377
		<b>328,560</b>	229,612



## NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE QUARTER AND NINE MONTHS ENDED JUNE 30, 2009 (UN-AUDITED)

	Note	June 30, 2009 (Rupees in thousand)	September 30, 2008
<b>10.1 In equity instruments of associated undertaking</b>			
Cost		631,075	55,529
Brought forward amounts of post acquisition reserves and profits and negative goodwill recognized directly in profit and loss account		(250,108)	121,703
		<b>380,967</b>	177,232
Share of movement in reserve during period		(12,033)	(11,027)
Share of profit / (loss) for the period			
- before taxation		(78,529)	8,669
- provision for taxation		-	(10,345)
		<b>(78,529)</b>	(1,676)
		<b>290,405</b>	164,529
Dividend received during the period		-	(7,691)
		<b>290,405</b>	156,838
<b>10.2 Available for sale</b>			
At cost:			
Associated Companies		90,000	104,000
Others		2,200	2,200
		<b>92,200</b>	106,200
Add: Cumulative fair value (loss) / gain		(51,845)	(32,603)
Less: Cumulative impairment losses recognized		(2,200)	(2,200)
Fair value gain		(54,045)	(34,803)
		<b>38,155</b>	71,397
<b>10.3 Held to maturity</b>			
Certificates of investments		-	2,586
Less: Current portion shown under short term investment		-	(1,209)
		-	1,377
<b>10.4</b> During the period, the status of Shakarganj Foods Products Limited (SFPL) has changed from subsidiary to associate as shareholding has reduced from 53% to 45% due to issuance of right shares not taken up by the company.			
<b>11. Short term investments</b>			
Available for sale	11.1	186,782	378,959
Held for trading		15,281	35,420
Held to maturity		-	27,936
		<b>202,063</b>	442,315

**NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS  
FOR THE QUARTER AND NINE MONTHS ENDED JUNE 30, 2009 (UN-AUDITED)**

June 30,      September 30,  
2009              2008  
(Rupees in thousand)

**11.1 Available for sale**

At cost:		
Associated companies	44	44
Others	265,541	265,541
	265,585	265,585
Add: Cumulative fair value (loss)/gain	(78,803)	113,374
Less: Cumulative impairment losses recognized	-	-
Fair value gain	(78,803)	113,374
	186,782	378,959

**12. Non current assets held for sale and discontinued operations**

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

**(a) Non-current assets classified as held for sale**

Subsidiary company acquired with a view to resale and classified as held for sale	490,390	621,816
Investment in associates at market value	155,744	235,305
	646,134	857,121
	646,134	857,121

**(b) Liabilities directly associated with non-current assets classified as held for sale**

Shakarganj Farms (Pvt) Limited	1,880	3,556
	1,880	3,556

**NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS  
FOR THE QUARTER AND NINE MONTHS ENDED JUNE 30, 2009 (UN-AUDITED)**

(Figures in Thousand)

	Sugar			Bamboo			Bamboo Material			Tea			Engineering			Paper			Investment Subsidies			Total								
	June 30, 2009	June 30, 2008	June 30, 2007	June 30, 2009	June 30, 2008	June 30, 2007	June 30, 2009	June 30, 2008	June 30, 2007	June 30, 2009	June 30, 2008	June 30, 2007	June 30, 2009	June 30, 2008	June 30, 2007	June 30, 2009	June 30, 2008	June 30, 2007	June 30, 2009	June 30, 2008	June 30, 2007	June 30, 2009	June 30, 2008	June 30, 2007						
<b>13. Segment results</b>																														
Net sales	641.87	1573.25	2,704.47	3,798.69	206.46	694.673	1,533.06	1,250.42	3,977	12,836	23,465	46,384	262,750	278,608	784,003	487,871	1,987	15,295	34,314	96,497	24,895	37,583	143,300	37,263	298,227	2,706.419	4,376.658	6,091.840		
Cost of sales	(815.87)	(1,543.57)	(2,847.26)	(3,706.80)	(209.56)	(874.881)	(3,777.88)	(2,974.08)	(9,571)	(22,774)	(46,119)	(252,442)	(291,645)	(799,872)	(687,603)	(2,820,601)	(1,853)	(15,577)	(35,761)	(95,825)	(25,803)	(37,583)	(143,300)	(37,263)	(298,227)	(4,376.658)	(6,091.840)	(8,282.555)		
Gross profit	826.04	1,159.78	857.21	1,091.89	206.02	819.554	755.18	276.34	3,406	10,662	27,346	51,822	353,105	486,211	1,602,604	1,067,272	1,140	7,718	8,553	91,672	21,092	41,580	200,000	105,737	396,454	2,329.761	7,287.806	7,873.391		
Administration expenses	(21.83)	(53.00)	(91.44)	(83.00)	(33.00)	(34.98)	(63.70)	(30.39)	(29)	(15)	(65)	(121)	(530)	(678)	(1,530)	(2,016)	(32)	(652)	(1,100)	(2,562)	(442)	(628)	(1,033)	(1,033)	(6,208)	(20,300)	(29,300)	(32,340)		
Depreciation and amortisation	(22.39)	(24.53)	(80.38)	(108.20)	(30.80)	(30,317)	(30,683)	(15,700)	(30)	(12)	(103)	(140)	(634)	(2,067)	(672)	(40)	(65)	(2,032)	(645)	(1,538)	(3,844)	(20,546)	(46,732)	(62,895)	(18,844)	(184,884)	(189,935)	(31,863)	(44,944)	
Segment results	8.14	575.19	157,708	(80,003)	(77,654)	38,717	100,870	30,450	42	112	(242)	(2,685)	1,999	7,415	(62,651)	(20,211)	(2,233)	(608)	(319)	31,660	6,110	13,195	77,996	31,795	(78,000)	28,927	(27,548)	236,275	211,827	169,972
<b>13.1 Sales</b>																														
Local	666.85	1,622.80	2,646.07	3,688.30	34.603	675.50	112,921	192,234	4,679	18,163	28,748	48,311	257,489	206,077	728,400	838,849	-	-	23,787	33,603	142,339	33,403	312,896	312,896	2,228,909	3,652,305	5,333,808			
Export	2,829	642.56	1,057.40	1,109.39	176,967	638,665	1,077,572	1,548,956	42	1,114	5,000	17,740	19,835	-	-	-	-	-	-	5,492	5,492	5,492	5,492	5,492	5,492	14,662	19,297	26,881	31,791	37,516
Total	949.85	2,265.36	3,703.47	4,797.69	211,570	1,314,166	2,000,493	2,741,190	4,721	19,277	33,748	66,052	736,333	225,924	748,240	838,849	-	-	29,279	39,095	147,831	38,896	318,388	318,388	2,243,571	3,671,602	5,360,689			
Net sales	717,231	1,733,732	3,448,838	4,236,009	271,600	703,240	1,719,363	2,367,135	4,679	15,163	28,748	48,311	257,489	206,077	728,400	838,849	-	-	23,787	33,603	142,339	33,403	312,896	312,896	2,228,909	3,652,305	5,333,808			
Cost of sales	(902,000)	(1,696,265)	(3,131,065)	(3,983,809)	(231,960)	(888,477)	(3,659,831)	(4,265,833)	(11,800)	(26,600)	(73,000)	(110,000)	(300,000)	(400,000)	(1,000,000)	(1,300,000)	-	-	(20,000)	(25,000)	(100,000)	(100,000)	(100,000)	(100,000)	(400,000)	(1,300,000)	(1,600,000)	(2,100,000)	(2,700,000)	(3,500,000)
Gross profit	815,231	1,037,467	1,317,773	2,252,199	901,560	594,713	1,059,532	1,101,302	15,679	14,563	21,748	157,411	157,489	206,077	728,400	838,849	-	-	21,787	8,100	42,339	33,403	212,896	212,896	1,828,909	2,352,305	3,733,808			
Net sales	717,231	1,733,732	3,448,838	4,236,009	271,600	703,240	1,719,363	2,367,135	4,679	15,163	28,748	48,311	257,489	206,077	728,400	838,849	-	-	23,787	33,603	142,339	33,403	312,896	312,896	2,228,909	3,652,305	5,333,808			
Cost of sales	(902,000)	(1,696,265)	(3,131,065)	(3,983,809)	(231,960)	(888,477)	(3,659,831)	(4,265,833)	(11,800)	(26,600)	(73,000)	(110,000)	(300,000)	(400,000)	(1,000,000)	(1,300,000)	-	-	(20,000)	(25,000)	(100,000)	(100,000)	(100,000)	(100,000)	(400,000)	(1,300,000)	(1,600,000)	(2,100,000)	(2,700,000)	(3,500,000)
Gross profit	815,231	1,037,467	1,317,773	2,252,199	901,560	594,713	1,059,532	1,101,302	15,679	14,563	21,748	157,411	157,489	206,077	728,400	838,849	-	-	21,787	8,100	42,339	33,403	212,896	212,896	1,828,909	2,352,305	3,733,808			
Net sales	717,231	1,733,732	3,448,838	4,236,009	271,600	703,240	1,719,363	2,367,135	4,679	15,163	28,748	48,311	257,489	206,077	728,400	838,849	-	-	23,787	33,603	142,339	33,403	312,896	312,896	2,228,909	3,652,305	5,333,808			
Cost of sales	(902,000)	(1,696,265)	(3,131,065)	(3,983,809)	(231,960)	(888,477)	(3,659,831)	(4,265,833)	(11,800)	(26,600)	(73,000)	(110,000)	(300,000)	(400,000)	(1,000,000)	(1,300,000)	-	-	(20,000)	(25,000)	(100,000)	(100,000)	(100,000)	(100,000)	(400,000)	(1,300,000)	(1,600,000)	(2,100,000)	(2,700,000)	(3,500,000)
Gross profit	815,231	1,037,467	1,317,773	2,252,199	901,560	594,713	1,059,532	1,101,302	15,679	14,563	21,748	157,411	157,489	206,077	728,400	838,849	-	-	21,787	8,100	42,339	33,403	212,896	212,896	1,828,909	2,352,305	3,733,808			
Net sales	717,231	1,733,732	3,448,838	4,236,009	271,600	703,240	1,719,363	2,367,135	4,679	15,163	28,748	48,311	257,489	206,077	728,400	838,849	-	-	23,787	33,603	142,339	33,403	312,896	312,896	2,228,909	3,652,305	5,333,808			
Cost of sales	(902,000)	(1,696,265)	(3,131,065)	(3,983,809)	(231,960)	(888,477)	(3,659,831)	(4,265,833)	(11,800)	(26,600)	(73,000)	(110,000)	(300,000)	(400,000)	(1,000,000)	(1,300,000)	-	-	(20,000)	(25,000)	(100,000)	(100,000)	(100,000)	(100,000)	(400,000)	(1,300,000)	(1,600,000)	(2,100,000)	(2,700,000)	(3,500,000)
Gross profit	815,231	1,037,467	1,317,773	2,252,199	901,560	594,713	1,059,532	1,101,302	15,679	14,563	21,748	157,411	157,489	206,077	728,400	838,849	-	-	21,787	8,100	42,339	33,403	212,896	212,896	1,828,909	2,352,305	3,733,808			

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

## NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE QUARTER AND NINE MONTHS ENDED JUNE 30, 2009 (UN-AUDITED)

	June 30, 2009 (Rupees in thousand)	June 30, 2008
<b>14. Cash generated from operating activities</b>		
Loss before taxation	(819,157)	(600,210)
Adjustments for:		
Depreciation in / amortization on:		
- property, plant and equipment	311,692	298,878
- assets subject to finance lease	26,384	25,299
- intangible assets	434	23,618
- deferred income	(1,884)	(1,053)
Profit on sale of property, plant and equipment	(77,461)	(3,399)
Profit on sale of biological assets		
Impairment of investments classified as available for sale	39,435	2,792
Loss (gain) on sale of investments	88,647	(5,375)
Unrealized loss on investments held for trading	(26,223)	18,952
Interest from bank deposits	(14,768)	-
Provision for employees' retirement benefits	7,521	7,802
Mark up earned on long term loan to an associate	-	-
Liabilities written back	-	-
Dividend income	(31,008)	(2,878)
Loss from agricultural activities classified under discontinued operations	126,470	54,362
Provision for accumulating compensated absences	-	583
Gain on disposal of subsidiary	(64,745)	(38,324)
Share of loss / (income) from associates	78,530	(2,761)
Loss on marked to market valuation of interest rate swap	(5,666)	-
Finance cost	950,245	664,956
	<b>1,407,603</b>	<b>1,043,452</b>
Profit before working capital changes	<b>588,446</b>	<b>443,242</b>
Effect on cash flow due to working capital changes:		
Decrease (Increase) in stores and spares	19,812	(116,884)
Increase in stock in trade	(97,136)	(817,862)
Increase in trade debts	(93,345)	(169,849)
Increase in biological assets	520	(14,066)
Decrease / (increase) in loans, advances, deposits, prepayments and other receivables	188,437	(129,676)
Increase (decrease) in trade and other payables	55,424	554,078
	<b>73,712</b>	<b>(694,259)</b>
	<b>662,158</b>	<b>(251,017)</b>

**NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS  
FOR THE QUARTER AND NINE MONTHS ENDED JUNE 30, 2009 (UN-AUDITED)**



Nine months ended	
June 30, 2009	June 30, 2008

(Rupees in thousand)

**15. Transactions with related parties**

Relationship with the company	Nature of transactions		
i. Associated undertakings	Mark up charged to associated company	23,677	10,623
	Dividend received	3,848	7,294
	Purchase of goods and services	52,174	80,606
	Sale of goods	4,382	3,732
	Sale of fixed asset	117,488	-
	Sale of shares	20,873	-
	Share of common expenses	4,488	-
ii. Other related parties	Expenses incurred on behalf of the company	-	2,524
iii. Post employment benefit plans	Expense charged in respect of retirement benefit plans	11,914	5,201
iv. Key Management Personnel	Salaries and other employee benefits	37,028	17,355

**16. Detail of Subsidiaries**

Safeway Mutual Fund Limited	June 30, 2008	64.25%	Pakistan
Safeway Fund Limited	June 30, 2008	75.00%	Pakistan

**17. Date of authorization of issue**

These consolidated interim financial information was authorized for issue on August 08, 2009 by the Board of Directors of the company.

**18. Corresponding figures**

Comparative figures have been rearranged, whenever necessary for the purpose of comparison.

  
Chief Executive

  
Chairman



Shakarganj Mills Limited