Condensed Interim Report

For the Quarter and Nine Months Ended June 30, 2010

Shakarganj Mills Limited

CONTENTS

VISION, MISSION & VALUES

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

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

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

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

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

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

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

COMPANY INFORMATION

Board of Directors

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

Audit Committee

Chairman	Muhammad Anwar
	Khalid Bashir
	Muhammad Asif

Chief Financial Officer S. M. Chaudhry

Management Committees

Executive Committee

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

Business Strategy Committee

Chairman	Ahsan M. Saleem
	Anjum M. Saleem
	Muhammad Asghar Qureshi
	Muhammad Pervaiz Akhter
	Manzoor Hussain Malik
	S. M. Chaudhry

System & Technology Committee

Chairman	Muhammad Pervaiz Akhter
	S. M. Chaudhry

Investment Committee

Chairman	Ahsan M. Saleem
	Anjum M. Saleem

Human Resource Committee

Chairman	Muhammad Asghar Qureshi
	Muhammad Pervaiz Akhter
	S. M. Chaudhry
	Muhammad Saifullah
	Hameedullah Awan

SHAREHOLDERS' INFORMATION

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

Public Information
Financial analysts, Stock brokers, interested investors and financial media desiring information about "Shakarganj" should contact S. M. Chaudhry at Company's Office, Jhang.
Tel: (047) 765 2801-5
Fax: (047) 765 2811
E-mail: sm.chaudhry@shakarganj.com.pk

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

Products
Ethanol
Particle Board
Sugar
Yarn
Elecricity

Legal Advisor
Hassan & Hassan Advocates,
Lahore

Auditors
A.F. Ferguson & Co.
Chartered Accountants

Bankers
Allied Bank Limited
Askari Bank Limited
Bank Alfalah Limited
Faysal Bank Limited
Meezan Bank Limited
MCB Bank Limited
National Bank of Pakistan
The Bank of Punjab
United Bank Limited
Standard Chartered Bank (Pakistan) Limited
KASB Bank Limited
Soneri Bank Limited

Works
Principal Facility
Management House,
Toba Road Jhang, Pakistan.
Tel: (047) 765 2801-5
Fax: (047) 765 2811
E-mail: sm.chaudhry@shakarganj.com.pk

Satellite Facilities

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

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

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

Registered and Principal Office
BOP Tower,
10-B, Block E 2, Gulberg III,
Lahore, Pakistan.
Tel: (042) 3578 3801-06
Fax: (042) 3578 3811

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

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

COMPANY PROFILE

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

Sugar Business:

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

Ethanol Business:

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

Building Materials Business:

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

Alternate Energy Business:

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

Textile Business:

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

Farming Business:

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

Business Vision and Strategy:

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

Serve our Customers:

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

Operate Efficiently and Safely:

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

Invest in Long Term Assets and Partnerships:

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

Invest in Technology and People:

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

Grow the Contribution from Value Added Products:

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

CHIEF EXECUTIVE REVIEW

Dear Shakarganj Shareholder

I am pleased to present the un-audited accounts of your company for the 3rd quarter and nine months ended 30th June 2010.

The performance of various divisions is given below:

Sugar Division

The sugarcane crushing operation mainly depends on the availability of cane crop and this year, as well, due to the cyclical nature of sugarcane crop, availability of sugarcane was drastically reduced. For the past several seasons, the sugarcane crop throughout Pakistan has been falling due to various factors. The main reasons are weather conditions, shortage of water and higher prices for alternative crops such as wheat and cotton. The current season is no different and all sugar mills were running below capacity due to the acute shortage of sugarcane.

Despite difficulties resulting from shortage of raw material, Shakarganj managed to crush 22% more sugarcane in the current period as compared to the corresponding period of last year 2009. While the minimum support price for sugarcane announced by the government increased by 25% from Rs. 80 to Rs. 100 per 40 kg, stiff competition between various sugar mills resulted in prices as high as Rs. 250 per 40 kg, leading to a sharp increase in production costs which erodes margins. The crushing season ended a month earlier because of sugarcane shortage with resultant low production. Throughout our entire crushing season which lasted for only 109 days, we experienced low or no cane situation and the mill could not attain any production efficiencies as we had to operate on intermittent basis.

Higher sale prices for sugar have helped this division to achieve sales of Rs. 4,908 million as against Rs. 2,716 million in the corresponding period last year, registering a growth of 80.72 % in sale figures however, still gross profit margin for the period under review decreased to 8.29% as compared to previous period's margin of 9.47% due to increased cane purchase price in the current season.

Due to shortage of raw material the operations started fairly late on November 20, 2009 and close on March 8, 2010. Sugarcane crushing for the season was 913,271 tons against 748,130 tons during the previous season while sugar production this season has been 78,540 tons at an average recovery rate of 8.60% against 68,573 tons at a recovery rate of 9.16% in 2009.

Operating expenses rose for nine months to Rs. 112.09 million against Rs. 99.39 million in 2009. However, our operating profit increased to Rs. 295.02 million from Rs. 157.77 million last year. This is mainly due to increase in production and volume of sales revenues. In the current situation the management is taking all steps to reduce losses. The management is making efforts to economize and sharply reduce costs in the extended off season period. This is a difficult challenge in today's highly inflationary economic environment.

Ethanol and Alternate Energy Business

In this segment due to the overall shortage of cane crop, there has been shortage of molasses as raw material for ethanol business which affected the performance of the current period of fiscal 2010 as compared to the corresponding period.

Sales revenue of Ethanol and Alternate Energy Division stood at Rs. 635.67 million compared to Rs. 1,103.06 million in the corresponding period. Due to lower production and higher raw material cost, gross profit margin decreased from 22.36% in the nine months ending June 2009 of the last year to 15.32 % in the current year.

The ethanol division produced 22.62 million liters in nine months ending June 2010 as compared to 31.75 million liters in the corresponding period of last year. Production of this division was affected due to less availability of quality molasses.

Operating expenses stood at Rs. 74.50 million during the nine months ending June 2010 of current year compared to Rs. 126.08 million in the corresponding period of last year. There was operating profit of Rs. 22.90 million as compared to operating profit of Rs. 120.57 million in the corresponding period of last year.

The pioneering project of bio-gas power generation has performed well in nine months ending June 2010 by adding positively to the bottom line. Sales revenue of the Power Division was Rs 151.08 million compared to Rs. 143.31 million in the corresponding period. Gross margin in the period under review was 61.78% as compared to the gross profit margin of 58.91% in the corresponding period. This segment produced 21.01 million units of electricity in the nine months ending June 2010 as compared to 21.55 million units in the corresponding period of last year. The operating profit increased from Rs. 78 million in the corresponding period to Rs.89.65 million the current period.

Textile Division

Business conditions have improved despite the hardships being faced by the industry including steep rise in cotton price. However, our Textile Division performed well during the nine months ending June 2010. Sales revenue was Rs. 1,039 million as compared to Rs. 734 million in the corresponding period of 2009 while gross profit margin improved remarkably to 3.40% from a gross loss of 8.12%.

Overall production in the current period was 114,019 bags against 111,167 bags in the corresponding period. Actual production in 20's converted was 121,283 bags. During the current period the single yarn processed at the doubling plant and produced 47,737 bags compared to 43,077 bags in the corresponding period. Overall production performance could have been much better, but the frequent shut downs in electric supply from WAPDA affected the total output.

Operating expenses stood at Rs. 19.93 million for the current period compared to Rs. 20.99 million in the corresponding period. Inspite of increase in level of activities, the management was able to reduce the operating cost. There is an operating profit of Rs. 15.37 million against operating loss of Rs. 80.58 million in the corresponding period.

Building Material Division

The production of this division was increased due to more availability of bagasse as the cane crushing was comparatively increased. In the current period 3,562 cubic meters of particle board was produced as compared to 1,643 cubic meters in the corresponding period.

Sales revenue of the building material division stood at Rs. 38.46 million as compared to Rs. 23.47 million in the corresponding period. Gross profit margin decreased from 2.94% to 24.93% during the period under review

Investment

During the period under review, the stock market started showing signs of improvements. 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 to incorporate the diminution in the value by making the provisions of Rs. 115 million in the current period. We expect the reversal of these values in a short time horizon.

Overall Results

The above mentioned factors resulted in a net loss of Rs. 700.55 million during the period under review (including the results from discontinuing operations). Administrative and general expenses stood at Rs. 147.73 million compared to Rs. 168.64 million in the corresponding period. These expenses were decreased due to control measures taken by the management to reduce cost. The financial charges have decreased from Rs. 942.51 million to Rs. 712.86 million due to lower level of borrowing and decrease in average borrowing rates.

As mentioned earlier, 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 has been almost completed as at the half year end.

Future Outlook

Forthcoming crushing season 2010-11 is being viewed as good crop season as our initial field survey has indicated a good increase in area under sugarcane cultivation and significant reduction in sugarcane of undesired varieties. It is envisaged that these factors might assist sugar industry to pass through, to some extent, this extremely difficult patch. However, visible and solid support from the Government remains a fundamental factor for survival of the industry. We have taken some 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 in remaining period, 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. Ethanol business is dependent on availability of quality molasses and expected to do better in the coming months. Our textile business is expected to continue its performance in remaining period of fiscal 2010 as our buying strategy for cotton has resulted in adequate raw material at lower prices and this will give us some opportunity to maximize profits in the remaining months. Our alternate energy plant is expected to continue positive contribution to the revenues.

On behalf of the Board

Ahsan M. Saleem
Chief Executive Officer
July 28, 2010

CONDENSED INTERIM BALANCE SHEET
AS AT JUNE 30, 2010 (UN-AUDITED)

	Note	**June 30, 2010**	September 30, 2009
		(Rupees in thousand)	
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorised capital			
80,000,000 (September 30, 2009: 80,000,000) ordinary shares of Rs 10 each		**800,000**	800,000
50,000,000 (September 30, 2009: 50,000,000) preference shares of Rs 10 each		**500,000**	500,000
		1,300,000	1,300,000
Issued, subscribed and paid up capital			
69,523,798 (September 30, 2009: 69,523,798) ordinary shares of Rs 10 each		**695,238**	695,238
Reserves		**963,880**	963,215
Accumulated loss		**(2,351,303)**	(1,650,770)
		(692,185)	7,683
SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT		**1,699,428**	1,699,444
NON-CURRENT LIABILITIES			
Long term finances	6	**1,676,402**	1,283,446
Liabilities against assets subject to finance lease		**110,620**	153,775
Employees' retirement benefits		**12,683**	12,314
Deferred income		**3,773**	5,312
		1,803,478	1,454,847
CURRENT LIABILITIES			
Current portion of long term liabilities		**990,220**	1,763,566
Short term borrowings - secured		**3,793,483**	4,054,535
Trade and other payables		**1,614,025**	936,374
Accrued finance cost		**728,677**	610,572
		7,126,405	7,365,047
		7,126,405	7,365,047
CONTINGENCIES AND COMMITMENTS	7		
		9,937,126	10,527,021

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

Chief Executive

	Note	June 30, 2010	September 30, 2009
		(Rupees in thousand)	
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	8	**5,231,796**	6,385,995
Intangible assets		**792**	1,001
Assets subject to finance lease		**227,729**	535,630
Capital work-in-progress		**86,598**	350,667
Biological assets		**9,120**	10,781
Investments - related parties	9	**815,394**	906,896
Long term loans, advances, deposits and prepayments		**72,894**	99,784
		6,444,323	8,290,754
CURRENT ASSETS			
Biological assets		**17,876**	25,708
Stores, spares and loose tools		**118,459**	112,774
Stock-in-trade		**1,218,987**	1,022,608
Trade debts		**6,527**	13,696
Investments	10	**129,441**	260,322
Loans, advances, deposits, prepayments and other receivables		**149,059**	140,929
Cash and bank balances		**70,258**	24,508
		1,710,607	1,600,545
Non-current assets held for sale	11	**1,782,196**	635,722
		3,492,803	2,236,267
		9,937,126	10,527,021

Chairman

CONDENSED INTERIM PROFIT AND LOSS ACCOUNT

FOR THE QUARTER AND NINE MONTHS ENDED JUNE 30, 2010 (UN-AUDITED)

			Quarter ended		Nine months ended	
			June 30, 2010	June 30, 2009	**June 30, 2010**	June 30, 2009
	Note		**(Rupees in thousand)**			
Continuing Operations:						
Sales	12.1		**1,793,211**	1,110,815	**6,299,934**	4,443,266
Cost of sales	12.2		**(1,491,926)**	(1,097,691)	**(5,616,012)**	(4,040,402)
Gross profit / (loss)			**301,285**	13,124	**683,922**	402,864
Administrative expenses			**(45,003)**	(46,093)	**(147,730)**	(168,636)
Distribution and selling costs			**(16,507)**	(27,423)	**(70,828)**	(94,241)
Other operating expenses			**(1,506)**	(6,823)	**(143,827)**	(37,901)
Other operating income			**15,330**	102,264	**62,654**	163,418
Profit from operations			**253,599**	35,049	**384,191**	265,504
Finance cost			**(172,199)**	(297,460)	**(712,862)**	(942,509)
Profit/(Loss) before taxation			**81,400**	(262,411)	**(328,671)**	(677,005)
Taxation			**(5,709)**	(1,717)	**(29,745)**	(10,074)
Profit/(Loss) for the period from continuing operations			**75,691**	(264,128)	**(358,416)**	(687,079)
Discontinued Operations:						
Profit / (Loss) for the period from discontinued operations			**(51,200)**	285	**(342,133)**	(4,750)
Profit/(Loss) for the period			**24,491**	(263,843)	**(700,549)**	(691,829)
Earning/(Loss) per share from continuing operations						
- basic	13	Rupees	**1.09**	(3.80)	**(5.16)**	(9.88)
- diluted	13	Rupees	**1.09**	(3.80)	**(5.16)**	(9.88)
Earning/(Loss) per share from discontinued operations						
- basic	13	Rupees	**(0.74)**	-	**(4.92)**	(0.07)
- diluted	13	Rupees	**(0.74)**	-	**(4.92)**	(0.07)

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

Chief Executive

Chairman

CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME

FOR THE QUARTER AND NINE MONTHS ENDED JUNE 30, 2010 (UN-AUDITED)

	Quarter ended		Nine months ended	
	June 30, 2010	June 30, 2009	**June 30, 2010**	June 30, 2009
	(Rupees in thousand)			
Profit /(Loss) for the period	**24,491**	(263,843)	**(700,549)**	(691,829)
Other comprehensive income				
Changes in fair value of available for sale investments	**1,336**	68,478	**665**	(370,490)
Transfer from surplus on revaluation of property, plant and equipment on account of incremental depreciation	**5**	11	**16**	11
Total comprehensive income /(loss) for the period	**25,832**	(195,354)	**(699,868)**	(1,062,308)

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, 2010 (UN-AUDITED)

	Note	Nine months ended June 30, 2010	Nine months ended June 30, 2009
		(Rupees in thousand)	
Cash flow from operating activities			
Cash generated from operations	14	**950,019**	582,446
Finance cost paid		**(594,757)**	(842,374)
Taxes paid		**(41,053)**	(20,191)
Employees' retirement benefits paid		**(6,886)**	(4,533)
Net (increase) / decrease in long term advances, loans, deposits and prepayments		**26,890**	9,125
Net cash generated from / (used in) operating activities		**334,213**	(275,527)
Cash flows from investing activities			
Fixed capital expenditure		**(4,232)**	(406,642)
Investment made		**-**	18,449
Proceeds from sale of investments		**364,596**	-
Dividend received		**16,170**	7,694
Income from bank deposits received		**12,984**	33,074
Sale proceeds from sale of property, plant and equipment		**6,619**	185,554
Net cash generated from / (used in) investing activities		**396,137**	(161,871)
Cash flows from financing activities			
Repayment of long term finances		**(304,634)**	(14,790)
Net (decrease) / increase in short term borrowings - secured		**(261,052)**	288,141
Finance lease liabilities - net		**(118,911)**	(84,513)
Dividend Paid		**(3)**	-
Net cash (used in) / generated from financing activities		**(684,600)**	188,838
Net increase / (decrease) in cash and cash equivalents		**45,750**	(248,560)
Cash and cash equivalents at the beginning of the period		**24,508**	346,394
Cash and cash equivalents at the end of the period		**70,258**	97,834

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, 2010 (UN-AUDITED)

(Rupees in thousand)

			Reserves										
			Capital Reserve				Revenue Reserve						
	Share Capital	Reserve for Bonus Issue	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	Accumulated Loss	Total
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
Loss for the period	-	-	-	-	-	-	-	-	-	-	-	(691,829)	(691,829)
Other comprehensive income for the period													
Fair value loss during the period	-	-	-	(370,490)	-	(370,490)	-	-	-	-	(370,490)	-	(370,490)
Transfer from surplus on revaluation of property, plant and equipment on account of incremental depreciation- net of tax	-	-	-	-	-	-	-	-	-	-	-	11	11
Total other comprehensive income for the period	-	-	-	(370,490)	-	(370,490)	-	-	-	-	(370,490)	11	(370,479)
Total comprehensive income for the period	-	-	-	(370,490)	-	(370,490)	-	-	-	-	(370,490)	(691,818)	(1,062,308)
Balance as on June 30, 2009	695,238	-	243,282	(201,446)	155,930	197,766	410,606	22,700	83,000	516,306	714,072	(851,364)	557,946
Balance as on September 30, 2009	695,238	-	243,282	47,697	155,930	446,909	410,606	22,700	83,000	516,306	963,215	(1,650,770)	7,683
Loss for the period	-	-	-	-	-	-	-	-	-	-	-	(700,549)	(700,549)
Other comprehensive income for the period													
Fair value loss during the period	-	-	-	(87,962)	-	(87,962)	-	-	-	-	(87,962)	-	(87,962)
Transferred to profit and loss account on dercognition of shares	-	-	-	(27,343)	-	(27,343)	-	-	-	-	(27,343)	-	(27,343)
Impairment loss recognized during the period	-	-	-	115,970	-	115,970	-	-	-	-	115,970	-	115,970
Transfer from surplus on revaluation of property, plant and equipment on account of incremental depreciation- net of tax	-	-	-	-	-	-	-	-	-	-	-	16	16
Total other comprehensive income for the period	-	-	-	665	-	665	-	-	-	-	665	16	681
Total comprehensive income for the period	-	-	-	665	-	665	-	-	-	-	665	(700,533)	(699,868)
Balance as on June 30, 2010	695,238	-	243,282	48,362	155,930	447,574	410,606	22,700	83,000	516,306	963,880	(2,351,303)	(692,185)

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, 2010 (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 sugar cane; manufacture, purchase and sale of sugar, ethanol, building material, yarn, and engaged in generation and sale of electricity. The company has its principal manufacturing facilities at Jhang and two satellite manufacturing facilities at Bhone and Dargai Shah. 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'. The condensed interim financial information should be read in conjunction with the annual financial statements for the year ended September 30, 2009.

3. Significant Accounting Policies

Except as disclosed below, the accounting policies adopted for the preparation of this condensed interim financial information are the same as those applied in the preparation of preceding annual published financial statements of the company for the year ended September 30, 2009.

IAS 1 (Revised), 'Presentation of financial statements' - effective October 01, 2009. The revised standard prohibits the presentation of items of income and expenses (that is 'nonowner changes in equity') in the statement of changes in equity, requiring 'non-owner changes in equity' to be presented separately from owner changes in equity. All 'nonowner changes in equity' are required to be shown in a performance statement. Companies can choose whether to present one performance statement (the statement of comprehensive income) or two statements (profit and loss account and statement of comprehensive income). The Company has preferred to present two statements.

IFRS 8, 'Operating segments' - effective October 01, 2009. This standard requires disclosure of information about the company's operating segments based on the Company's internal reporting structure and replaces the requirement to determine primary (business) and secondary (geographical) reporting segments of the company. Adoption of this standard did not have any effect on the financial position or performance of the company. Farms division, which was previously considered a part of the sugar segment, is now classifiable as a separate segment under IFRS 8. Segment information is given in note 12.

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.

5. The provision for taxation for the period ended June 30, 2010 has been made on an estimated basis.

	Note	June 30, 2010	September 30, 2009
		(Rupees in thousand)	
6. Long term finances			
Opening balance		**2,849,736**	2,930,753
Add: Disbursements during the period		**-**	199,950
Add: Reclassified from held for sale to long term liability		**-**	22,243
		2,849,736	3,152,946
Less: Repayments during the period		**(304,634)**	(303,210)
		2,545,102	2,849,736
Less: Current portion shown under current liabilities	6.1	**(868,700)**	(1,566,290)
		1,676,402	1,283,446

6.1 The company is negotiating with the lenders for rescheduling of the above loans for relaxation in payment period. The lenders, currently engaged with the company for finalization of restructuring agreements, have neither demanded for repayment of loans nor charged any significant penalties. Furthermore, none of the banks have sought intervention of courts for realization of their financing in the company. The company is confident that the above loans will be rescheduled by the lenders.

7. Contingencies and commitments

7.1 Contingencies

(i) Consequent upon filing of petition by the company in honorable Lahore High Court to set aside SRO 655(1)/2007, through which special excise duty was levied with effect from July 1, 2007, the company has not provided for an amount of Rs 23.484 million on account of special excise duty leviable on sale of sugar. The honorable court has provided an interim relief to the company in the form of a stay order and the final decision of the court is yet to be made. The management considers that the petition will be decided in their favour setting aside the provisions under the above SRO.

(ii) The company has issued following guarantees:

- Bank guarantee of Rs 86.50 million (September 30, 2009: Rs 86.50 million) in favour of Sui Northern Gas Pipelines Limited against performance of contracts.

- Cross corporate guarantee in favour of Allied Bank Limited to secure long term finance facility availed by the company's associated undertaking, Shakarganj Food Products Limited of Rs 467 million (September 30, 2009: Rs 467 million).

- 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 30, 2009: Rs 5.040 million).

7.2 Commitments

The company has the following commitments in respect of:

(ii) Contracts for capital expenditure amounting to Rs 71.213 million (September 30, 2009: Rs 71.213 million).

(iii) Contracts for acquisition of intangible assets (computer software) amounting to Rs 20 million (September 30, 2009: Rs 20 million).

(iv) Contract for other than capital expenditure Rs 1.3 million (September 30, 2009: Rs 5.008 million)

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

	Note	**June 30, 2010**	September 30, 2009
		(Rupees in thousand)	
Not later than one year		**8,167**	27,037
Later than one and not later than five years		**2,826**	30,139
		10,993	57,176

8. Property, Plant and Equipment

	Note		
Opening book value		**6,385,995**	5,304,266
Add: Additions during the period	8.1	**112,526**	880,730
Add: Transferred from non-current assets held for sale		**-**	1,005,992
Add: Revaluations during the period		**-**	(303,490)
		6,498,521	6,887,498
Less: Disposals during the period (at book value)		**1,351**	108,857
Depreciation charged during the period		**280,817**	392,646
Classified as held for disposal (at book value)		**984,557**	-
		1,266,725	501,503
Closing book value		**5,231,796**	6,385,995

8.1 Additions During the Period

Land	**5,356**	8,181
Building on freehold land	**32,880**	37,811
Plant and machinery	**38,731**	716,834
Tools and equipment	**50**	3,426
Water, electric and weighbridge equipments	**1,649**	102,160
Furniture and fixtures	**153**	535
Office equipment	**222**	937
Vehicles	**33,270**	10,700
Arms and ammunition	**156**	69
Library books	**59**	77
	112,526	880,730

	Note	June 30, 2010	September 30, 2009
		(Rupees in thousand)	
9. Investments - Related Parties			
Available for sale	9.1	**815,394**	735,896
Advance against purchase of shares in associated company - Shakarganj Food Products Limited		-	171,000
		815,394	906,896

9.1 Available for sale

	Note	June 30, 2010	September 30, 2009
At cost:			
Subsidiary company - Safeway Fund Limited	9.1.1	**-**	243,757
Associated companies	9.1.2	**800,222**	631,085
Others		**2,200**	2,200
		802,422	877,042
Add: Cumulative fair value gain		**18,172**	24,944
Less: Cumulative impairment losses recognized		**(5,200)**	(166,090)
Fair value gain		**12,972**	(141,146)
		815,394	735,896

9.1.1 Investments in Safeway Fund Limited (subsidiary in previous year) was disposed off during the period for a total consideration of Rs 71.25 million. The company has recognized, in addition to the impairment loss of Rs 160.89 million recognized in previous year, an additional loss of Rs 11.616 million on derecognition of these shares.

9.1.2 Investments in associated companies, include 74,654,600 (2009: 57,554,600) fully paid ordinary shares of Shakrganj Food Products Limited (un-quoted company) which was stated at cost of Rs. 10 per share.

	Note	June 30, 2010	September 30, 2009
		(Rupees in thousand)	
10. Short Term Investments			
Available for sale	10.1	**129,441**	254,136
Held for trading		**-**	6,186
		129,441	260,322

10.1 Available for sale

	Note	June 30, 2010	September 30, 2009
Others - at cost		**125,307**	263,656
Add: Cumulative fair value gain		**4,134**	22,753
Less: Cumulative impairment losses recognized	10.2	**-**	(32,273)
Fair value gain		**4,134**	(9,520)
		129,441	254,136

	June 30, 2010	September 30, 2009
	(Rupees in thousand)	
10.2 Impairment losses		
Opening balance	**32,273**	-
Add: impairment loss recognized during the period	**-**	32,273
Less: impairment loss adjusted upon derecognition of investments	**(32,273)**	-
Closing balance	**-**	32,273

11. Non-Current Assets Held for Sale and Discontinued Operations

The 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:

	Note	June 30, 2010	September 30, 2009
		(Rupees in thousand)	
(a) Non-current assets classified as held for sale			
Investment in associated companies at market value	11.1	**215,351**	486,030
Power Division - Dargai Shah	11.2	**155,537**	149,692
Sugar Division - Dargai Shah	11.3	**1,085,221**	-
Engineering Division - Faisalabad	11.4	**-**	-
Non-operative plant and machinery - Azad Jammu & Kashmir	11.5	**194,787**	-
6 Kanal land - Faisalabad	11.5	**36,036**	-
52 kanal land - Jhang	11.5	**95,264**	-
		1,782,196	635,722

	Note	Quarter ended		Nine months ended	
		June 30, 2010	June 30, 2009	June 30, 2010	June 30, 2009
		(Rupees in thousand)			
(b) Analysis of the results of discontinued operations					
(i) Analysis of the profit/(loss) for the period					
Investment in associated companies at market value	11.1	**(17,139)**	-	**(133,109)**	-
Power Division - Dargai Shah	11.2	**-**	-	**-**	-
Sugar Division - Dargai Shah	11.3	**(5,015)**	-	**(209,024)**	-
Engineering Division - Faisalabad	11.4	**-**	285	**-**	(4,750)
		(22,154)	285	**(342,133)**	(4,750)

	Note	Nine months ended June 30, 2010	June 30, 2009
		(Rupees in thousand)	
(ii) Analysis of the cash flows for the period			
Investment in subsidiary companies at market value	11.1	**163,628**	11,057
Power Division - Dargai Shah	11.2	**144,140**	(69,700)
Sugar Division - Dargai Shah	11.3	**9,067**	(221,132)
Engineering Division - Faisalabad	11.4	**-**	-
		316,835	(279,775)

11.1 Investment in associated companies (2009: Subsidiary companies) at market value

	June 30, 2010	September 30, 2009
	(Rupees in thousand)	
(a) Non-current assets classified as held for sale		
Safeway Mutual Fund Limited (quoted) 16,579,143 (September 2009: 29,215,143) fully paid ordinary shares of Rs 10 each. Equity held 30.45% (September 2009: 53.65%)	**165,020**	290,792
Asian Stocks Fund Limited (quoted) 16,245,673 (September 2009: 37,528,673) fully paid ordinary shares of Rs 10 each. Equity held 18.05% (September 2009: 41.7%)	**144,917**	334,770
	309,937	625,562
Fair value gain	**26,058**	-
Impairment loss	**(120,644)**	(139,532)
	(94,586)	(139,532)
	215,351	486,030

	Nine months ended June 30, 2010	June 30, 2009
	(Rupees in thousand)	
(b) Analysis of the result of discontinued operation		
(i) Analysis of the profit for the period		
Other operating expenses	**(133,109)**	-
Other operating income	**-**	11,057
(Loss) / profit for the period	**(133,109)**	11,057
(ii) Analysis of the cash flows for the period		
Investing cash flows	**163,628**	11,057

11.2 Power Division - Dargai Shah

Pursuant to the approval of the Board of Directors of the Company for sale of assets of sugar manufacturing facility in Dargai Shah, the management commenced an active plan to locate the buyer for this facility. Consequently, this has been classified as non-current asset held for sale.

	June 30, 2010	September 30, 2009
	(Rupees in thousand)	
(a) Non-current assets classified as held for sale		
Intangibles	**609**	624
Capital work in progress	**154,928**	149,068
	155,537	149,692

	Nine months ended	
	June 30, 2010	June 30, 2009
	(Rupees in thousand)	
(b) Analysis of the result of discontinued operation		
Analysis of the cash flows for the period		
Investing cash flows	**144,140**	(69,700)

	June 30, 2010	September 30, 2009
	(Rupees in thousand)	

11.3 Sugar Division - Dargai Shah

(a) Non-current assets classified as held for sale		
Land	**17,504**	-
Property, plant and equipment	**835,761**	-
Assets subject to finance lease	**231,679**	-
Capital work-in-progress	**277**	-
	1,085,221	-

(b) Analysis of the result of discontinued operation

	Quarter ended		Nine monts ended	
	June 30, 2010	June 30, 2009	**June 30, 2010**	June 30, 2009
	(Rupees in thousand)			
(i) Analysis of the loss for the period				
Sales	**38,417**	120,431	**549,621**	120,431
Other operating income	**764**	3,633	**877**	3,633
	39,181	124,064	**550,498**	124,064
Expenses				
Cost of sales	**(14,930)**	(207,611)	**(686,781)**	(207,611)
Administrative expenses	**(5,795)**	(2,010)	**(14,041)**	(4,750)
Distribution and selling costs	**(433)**	(9)	**(1,460)**	(16)
Other operating expenses	**315**	-	**(4,839)**	-
Finance Cost	**(23,353)**	(25,987)	**(52,401)**	(39,456)
	(44,196)	(235,617)	**(759,522)**	(251,833)
Loss before taxation	**(5,015)**	(111,553)	**(209,024)**	(127,769)
Taxation	**-**	-		-
Loss for the period	**(5,015)**	(111,553)	**(209,024)**	(127,769)

	Nine months ended	
	June 30, 2010	June 30, 2009
	(Rupees in thousand)	
(ii) Analysis of the cash flows for the period		
Operating cash flows	**45,332**	-
Investing cash flows	**(36,265)**	(221,132)
	9,067	(221,132)

11.4 SML Engineering Division

Analysis of the result of discontinued operation

	Quarter ended		Nine months ended	
	June 30, 2010	June 30, 2009	**June 30, 2010**	June 30, 2009
	(Rupees in thousand)			
(i) Analysis of the profit/(loss) for the period				
Sales	-	1,987	-	34,314
Less: intersegment sales	-	(1,987)	-	(34,314)
Other operating income	-	1,833	-	1,761
	-	1,833	-	1,761
Expenses				
Cost of sales	-	(3,820)	-	(32,553)
Less: cost of own goods capitalized	-	3,820	-	32,553
Administrative expenses	-	(84)	-	(1,100)
Distribution and selling costs	-	(321)	-	(922)
Other income	-	2,103	-	3,204
Finance cost	-	(3,246)	-	(7,693)
	-	(1,548)	-	(6,511)
Loss before taxation	-	285	-	(4,750)
Loss for the period	-	285	-	(4,750)

	Nine months ended	
	June 30, 2010	June 30, 2009
	(Rupees in thousand)	
(ii) Analysis of the cash flows for the period		
Operating cash flows	-	7,114
Investing cash flows	-	1,002
	-	8,116

11.5 These assets were committed to be sold by the Company under the terms of the restructuring agreements signed in February 2010. The management of the Company is in advance stages of sale of these assets and consequently these have been classified as non-current assets held for sale.

12. Segment information

(Rupees in thousand)

12.1 Sales / 12.2 Segment expenses

	Sugar				Ethanol			
	Quarter ended		Nine months ended		Quarter ended		Nine months ended	
	June 30, 2010	June 30, 2009	June 30, 2010	June 30, 2009	June 30, 2010	June 30, 2009	June 30, 2010	June 30, 2009
12.1 Sales								
- External	951,227	574,180	4,436,886	2,307,568	325,914	206,495	635,667	1,103,064
- Intersegment	53,593	68,007	471,506	408,472	-	-	-	-
	1,004,820	642,187	4,908,392	2,716,040	325,914	206,495	635,667	1,103,064
12.2 Segment expenses								
- Cost of sales net of intersegment costs	847,117	611,667	4,468,127	2,458,880	222,029	158,564	28,216	489,620
- Intersegment costs	-	-	33,155	-	41,980	36,317	510,043	366,792
Total cost of sales	847,117	611,667	4,501,282	2,458,880	264,009	194,881	538,259	856,412
Gross profit/(loss)	157,703	30,520	407,110	257,160	61,905	11,614	97,408	246,652
- Administrative expenses	(25,888)	(21,893)	(103,859)	(91,244)	(7,117)	(13,019)	(14,049)	(43,170)
- Distribution and selling cost	8,863	(483)	(8,227)	(8,149)	(24,924)	(26,149)	(60,455)	(82,913)
	(17,025)	(22,376)	(112,086)	(99,393)	(32,041)	(39,168)	(74,504)	(126,083)
Segment results	140,678	8,144	295,024	157,767	29,864	(27,554)	22,904	120,569

	Building Materials				Power			
	Quarter ended		Nine months ended		Quarter ended		Nine months ended	
	June 30, 2010	June 30, 2009	June 30, 2010	June 30, 2009	June 30, 2010	June 30, 2009	June 30, 2010	June 30, 2009
12.1 Sales								
- External	14,421	3,957	38,455	23,465	52,752	20,526	90,029	122,723
- Intersegment	-	-	-	-	8,190	4,369	61,050	20,586
	14,421	3,957	38,455	23,465	60,942	24,895	151,079	143,309
12.2 Segment expenses								
- Cost of sales net of intersegment costs	6,043	2,955	13,695	19,016	23,315	14,632	52,686	52,249
- Intersegment costs	2,052	616	15,175	3,758	4,017	1,945	5,056	6,634
Total cost of sales	8,095	3,571	28,870	22,774	27,332	16,577	57,742	58,883
Gross profit/(loss)	6,326	386	9,585	691	33,610	8,318	93,337	84,426
- Administrative expenses	(330)	(299)	(870)	(955)	(2,581)	(1,853)	(3,417)	(5,835)
- Distribution and selling cost	36	(25)	(69)	(98)	122	(155)	(273)	(595)
	(294)	(324)	(939)	(1,053)	(2,459)	(2,008)	(3,690)	(6,430)
Segment results	6,032	62	8,646	(362)	31,151	6,310	89,647	77,996

	Textile				Farms			
	Quarter ended		Nine months ended		Quarter ended		Nine months ended	
	June 30, 2010	June 30, 2009	June 30, 2010	June 30, 2009	June 30, 2010	June 30, 2009	June 30, 2010	June 30, 2009
12.1 Sales								
- External	398,650	260,750	1,039,261	734,093	50,247	44,907	59,636	152,353
- Intersegment	-	-	-	-	(33,155)	-	-	-
	398,650	260,750	1,039,261	734,093	17,092	44,907	59,636	152,353
12.2 Segment expenses								
- Cost of sales net of intersegment costs	367,910	218,943	940,684	741,814	25,511	90,930	79,448	278,823
- Intersegment costs	13,011	33,497	63,281	51,873	-	-	-	-
Total cost of sales	380,921	252,440	1,003,965	793,687	25,511	90,930	79,448	278,823
Gross profit/(loss)	17,729	8,310	35,296	(59,594)	(8,419)	(46,023)	(19,812)	(126,470)
- Administrative expenses	(6,668)	(5,730)	(18,121)	(18,501)	(2,419)	(3,299)	(7,414)	(8,931)
- Distribution and selling cost	(604)	(611)	(1,804)	(2,486)	-	-	-	-
	(7,272)	(6,341)	(19,925)	(20,987)	(2,419)	(3,299)	(7,414)	(8,931)
Segment results	10,457	1,969	15,371	(80,581)	(10,838)	(49,322)	(27,226)	(135,401)

	Total			
	Quarter ended		Nine months ended	
	June 30, 2010	June 30, 2009	June 30, 2010	June 30, 2009
12.1 Sales				
- External	1,793,211	1,110,815	6,299,934	4,443,266
- Intersegment	-	-	-	-
	1,793,211	1,110,815	6,299,934	4,443,266
12.2 Segment expenses				
- Cost of sales net of intersegment costs	1,491,925	1,097,691	5,616,012	4,040,402
- Intersegment costs	-	-	-	-
Total cost of sales	1,491,925	1,097,691	5,616,012	4,040,402
Gross profit/(loss)	301,286	13,124	683,922	402,864
- Administrative expenses	(45,003)	(46,093)	(147,730)	(168,636)
- Distribution and selling cost	(16,507)	(27,423)	(70,828)	(94,241)
	(61,510)	(73,516)	(218,558)	(262,877)
Segment results	239,776	(60,392)	465,364	139,987
Other operating expenses	(1,507)	(6,823)	(143,827)	(37,901)
Finance Costs	(172,199)	(297,460)	(712,862)	(942,509)
Other Operating Income	15,330	102,264	62,654	163,418
Taxation	(5,709)	(1,717)	(29,745)	(10,074)
Profit/(loss) for the period from continuing operation	75,691	(264,128)	(358,416)	(687,079)
Profit/(loss) for the period from discontinued operations	(51,200)	285	(342,133)	(4,750)
Profit/(loss) for the period	24,491	(263,843)	(700,549)	(691,829)

12.3 Segment assets and liabilities

	Sugar		Ethanol		Building Materials		Power		Textile		Farms		Total	
	June 30, 2010	September 30, 2009	June 30, 2010	September 30, 2009	June 30, 2010	September 30, 2009	June 30, 2010	September 30, 2009	June 30, 2010	September 30, 2009	June 30, 2010	September 30, 2009	June 30, 2010	September 30, 2009
Segment assets	4,708,985	4,586,075	1,031,186	1,004,363	40,502	31,699	780,055	727,889	381,363	372,819	991,168	1,023,380	7,933,259	7,746,225
Non-current assets held for discontinued operations													1,782,196	635,722
Unallocated Assets													221,671	2,145,074
													9,937,126	10,527,021
Segment liabilities	7,149,820	5,753,028	489,212	553,782	27,022	12,577	12,593	12,155	623,498	625,772	318,349	317,469	8,620,494	7,274,783
Unallocated liabilities													309,389	1,545,111
													8,929,883	8,819,894

13. Earning / (Loss) per share

13.1 Basic earnings per share

		Quarter ended		Nine Months ended	
		June 30, 2010	June 30, 2009	**June 30, 2010**	June 30, 2009
Continued operations					
Profit/(Loss) for the period from continuing operations	**Rupees**	**75,691,000**	(264,128,000)	**(358,416,000)**	(687,079,000)
Weighted average number of ordinary shares in issue during the period	**Number**	**69,523,798**	69,523,798	**69,523,798**	69,523,798
Profit/(Loss) per share - basic	**Rupees**	**1.09**	(3.80)	**(5.16)**	(9.88)
Discontinued operations					
Loss for the period from discontinued operations	**Rupees**	**(51,200,000)**	285,000	**(342,133,000)**	(4,750,000)
Weighted average number of ordinary shares in issue during the period	**Number**	**69,523,798**	69,523,798	**69,523,798**	69,523,798
Loss per share - basic	**Rupees**	**(0.74)**	-	**(4.92)**	(0.07)

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, 2010	June 30, 2009	**June 30, 2010**	June 30, 2009
Continued operations					
Profit/(Loss) for the period from continuing operations	**Rupees**	**75,691,000**	(264,128,000)	**(358,416,000)**	(687,079,000)
Preference dividend on convertible preference shares	**Rupees**	**7,327,175**	7,327,175	**21,981,526**	21,981,526
Profit/(Loss) used to determine diluted earnings per shares	**Rupees**	**83,018,175**	(256,800,825)	**(336,434,474)**	(665,097,474)
Weighted average number of ordinary shares in issue during the period	**Number**	**69,523,798**	69,523,798	**69,523,798**	69,523,798
Assumed conversion of convertible preference shares into ordinary shares	**Number**	**5,774,108**	5,774,108	**5,774,108**	5,774,108
Weighted average number of ordinary shares for diluted earnings per share	**Number**	**75,297,906**	75,297,906	**75,297,906**	75,297,906
Profit/(Loss) per share - diluted	**Rupees**	**1.10**	(3.41)	**(4.47)**	(8.83)

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.

	Nine months ended	
	June 30, 2010	June 30, 2009
	(Rupees in thousand)	
14. Cash generated from operating activities		
Loss before taxation	**(670,804)**	(681,755)
Adjustments for:		
Depreciation in / amortization on:		
- property, plant and equipment	**280,817**	300,078
- assets subject to finance lease	**31,079**	26,384
- intangible assets	**209**	222
- deferred income	**(1,539)**	(1,884)
Profit on sale of property, plant and equipment	**(5,268)**	(77,123)
Impairment of investments classified as available for sale	**115,970**	-
Loss on sale of investments	**13,161**	(4,623)
Unrealized loss on investments held for trading	**-**	15,050
Interest from bank deposits	**(12,984)**	(28,243)
Provision for employees' retirement benefits	**7,255**	7,521
Dividend income	**(16,170)**	(8,371)
Loss from agricultural activities classified under discontinued operations	**26,683**	126,470
Loss/(gain) on marked to market valuation of interest rate swap	**125,228**	(5,666)
Finance cost	**712,862**	950,202
	1,277,303	1,300,017
Profit before working capital changes	**606,499**	618,262
Effect on cash flow due to working capital changes:		
Increase in stores and spares	**(5,685)**	(6,130)
Increase in stock in trade	**(196,379)**	(71,194)
Increase in trade debts	**(105,346)**	(91,731)
(Increase)/Decrease in biological assets	**(17,190)**	520
Decrease in loans, advances, deposits, prepayments and other receivables	**3,178**	89,436
Increase in trade and other payables	**664,942**	43,283
	343,520	(35,816)
	950,019	582,446

		Nine months ended	
		June 30, 2010	June 30, 2009
		(Rupees in thousand)	

15. Transactions with related parties

Relationship with the company	**Nature of transactions**		
i. Subsidiary	Dividend received	**6,752**	7,304
ii. Associated undertakings	Mark up charged to associated company	**-**	23,677
	Dividend received	**5,440**	3,848
	Funds received and paid during the period	**150,000**	-
	Purchase of goods and services	**19,340**	52,174
	Sale of goods	**7,298**	4,382
	Advances to associated undertaking	**684**	-
	Share of common expenses	**2,207**	4,488
	Sale of fixed assets	**-**	117,488
	Sale of shares	**-**	20,873
iii. Post employment benefit plans	Expense charged in respect of retirement benefit plans	**8,538**	11,914
iv. Key Management Personnel	Salaries and other employee benefits	**36,869**	37,028

	June 30, 2010	June 30, 2009
	(Rupees in thousand)	
Period-end balances		
Receivable from related parties	**22,148**	199,175
Payable to related parties	**-**	2,252

16. Date of authorization for issue

This condensed interim financial information was authorized for issue on July 28, 2010 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. In accordance with the requirements of International Financial Reporting Standard 5 'Non-current Assets Held for Sale and Discontinued Operations', the results of operations of following have been re-presented from/into 'discontinued operations' as referred to in note 11:

Farms Division
Loss of Rs 49.290 million and Rs 134.223 million for the quarter and period ended June 30, 2009 respectively has been re-classified from discontinued operations and included in loss from continuing operations.

Sugar Division - Dargai Shah
Loss of Rs 5.015 million and Rs 127.769 million for the quarter and period ended June 30, 2009 has been re-classified from administrative expenses and distribution costs in continued operations and presented in discontinued operations in note 11.3.

Engineering Division - Faisalabad
Profit of Rs 0.285 million and Rs 4.750 million for the quarter and nine months ended June 30, 2009 respectively has been re-classified from continued operations and presented in discontinued operations in note 11.4.

Chief Executive

Chairman

Book Post

Shakarganj Mills Limited

BOP Tower, 10-B Block E 2, Gulberg III, Lahore, Pakistan.
Tel: (042) 3578 3801-6 Fax: (042) 3578 3811
www.shakarganj.com.pk

MAKHDOOMS (042-7595165)