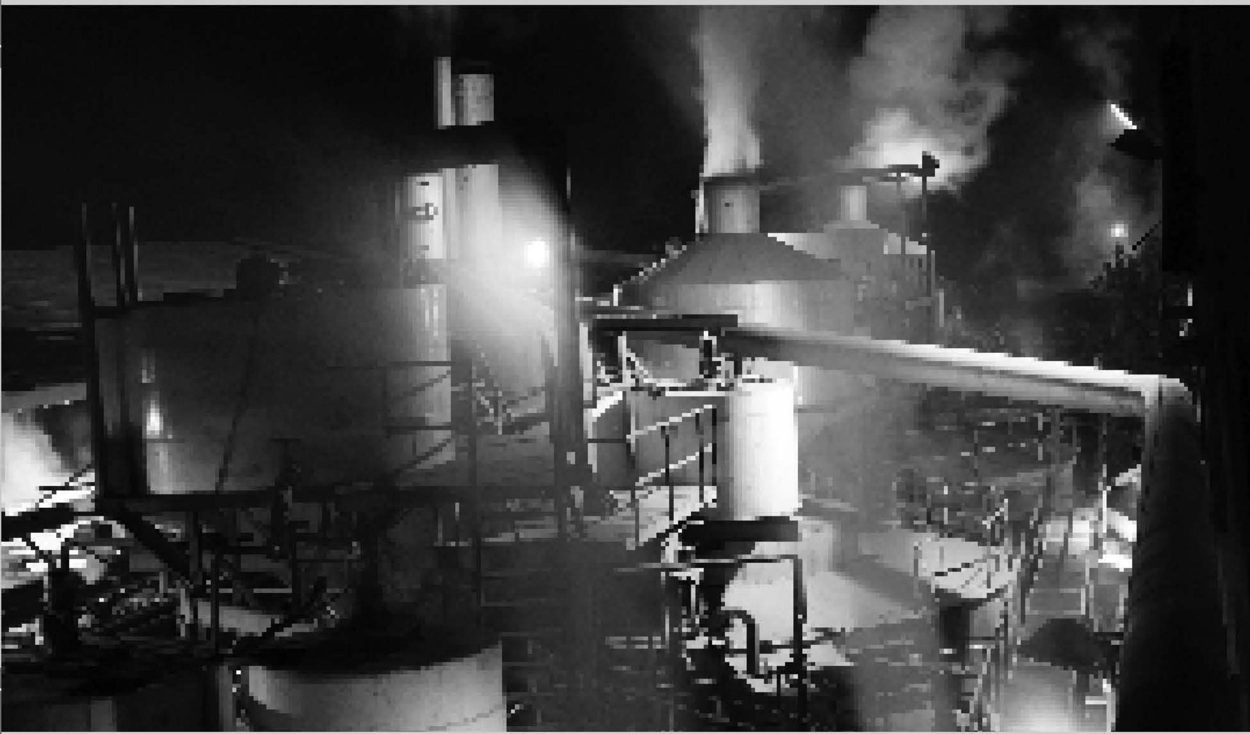
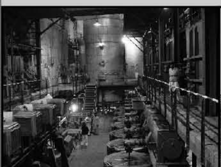
Shakarganj Mills Limited





Condensed Interim Report

For the Quarter and Nine Months Ended June 30, 2011

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

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

Audit Committee

Chairman	Khalid Bashir
Member	Muhammad Anwar
Member	Ali Altaf Saleem

Chief Financial Officer S. M. Chaudhry

Company Secretary Asif Ali

Management Committees

Executive Committee

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

Business Strategy Committee

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

System & Technology Committee

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

Human Resource Committee

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

SHAREHOLDERS' INFORMATION

Stock Exchange Listing

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

Public Information

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

Shareholders' Information

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

Products

- Sugar
- Ethanol
- Particle Board
- Yarn
- Electricity

Legal Advisor

Hassan & Hassan Advocates,
Lahore

Auditors

A.F. Ferguson & Co.
Chartered Accountants

Bankers

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

Works

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

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

Website

www.shakarganj.com.pk
Note: This interim report is available 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 generating electricity generated from biogas. The Company has two manufacturing facilities in Jhang District. Our registered office is in Lahore.

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

Sugar Business:

We have two manufacturing facilities, located in District Jhang. We produce different types of sugar comprising pharmaceutical, beverage and commercial grades sugar as well as soft brown sugar, castor and icing sugar, sugar cubes, sachets and retail packs.

Our combined crushing capacity is of 20,000 metric tons of sugarcane per day which is extendable to 32,000 metric tons per day.

Ethanol Business:

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

Building Materials Business:

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

Alternate Energy Business:

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

Textile Business:

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

Farming Business:

This comprises different parcels of land mainly located at Jhang division nearby our manufacturing facilities. Total area under cultivation is over 2200 acres of which nearly 1,600 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 200 milking and fattening cattle. A small herd of he sheep around 50 in number for fattening purpose has also been developed and this would be further enhanced around 200.

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 Shareholder

I am pleased to present the un-audited accounts of your company for the third quarter, and nine months ended 30th June 2011. Following is a review of the financial and operating performance of the company:

Overall Financial Performance

Despite the economic challenges, the Company's profit from operations for nine months ended 30th June, 2011 stood at Rs. 893.12 million, more than twice the Rs. 442.83 million from the corresponding period last year. After tax profit from both continuing and discontinued operations was Rs. 245.52 million, a significant improvement from the net loss of Rs. 714.99 million in the corresponding period last year. Overall earnings per share for the period under review have also shown a considerable improvement to Rs. 3.53 as compared to a loss per share of Rs. 10.28 in the corresponding period last year.

During the period under review, almost all key performance indicators have shown improvements compared to the corresponding period last year, especially relating to our core business activities.

OPERATIONAL PERFORMANCE

Sugar Division

Similar to the previous season, this season was also quite challenging due to the continued shortage of sugar cane crop vis-à-vis the demand from various mills, resulting in stiff competition between various mills reminiscent of the 2009-2010 season. However, through an aggressive procurement policy, the company was able to achieve 70% higher crushing as compared to corresponding period the last year while also achieving higher sucrose recovery.

Sales revenue of the Sugar Division stood at Rs. 7,817.04 million compared to Rs. 4,908.39 million in the corresponding period. The gross profit margin for the period under review declined to 6.22% as compared to previous period's margin of 8.29%, which can be attributed to higher production costs.

The sugarcane-crushing season started on November 24, 2010 and ended on April 8, 2011. Sugar production was 141,473 tons at a recovery rate of 9.01%, from two sugar units, against production of 78,540 tons at a recovery rate of 8.60% from three sugar units during corresponding period last year. Sugarcane crushed during the current period was 1,567,361 tons against 913,271 tons in corresponding period last year.

Operating expenses were Rs. 155.53 million as compared to Rs. 112.09 million in corresponding period of last year. The expenses increased due to higher operating activities during the current period. Operating profit from our sugar operations increased to Rs. 330.37 million from Rs. 295.02 million last year.

Ethanol and Alternate Energy Business

Sales revenue from ethanol stood at Rs. 2,147.50 million compared to Rs. 635.67 million in corresponding period of last year with the improved gross profit margin of 26.74% from 15.32%. Ethanol production more than doubled to 47.00 million liters in the period under review, compared to 22.62 million liters last year.

Operating expenses rose to Rs. 197.47 million for the current period compared to Rs. 74.50 million in the corresponding period, increasing in line with the higher level of activities. Due to higher production and exports during the period, this division achieved a profit of Rs. 376.72 million as compared to operating profit of Rs. 22.90 million during the corresponding period.

Sales revenue of the Power Division stood at Rs 129.37 million with a gross profit of Rs. 23.50 million and operating profit of Rs. 22.02 million respectively.

Textile Division

Sales revenue of the Textile Division was Rs. 1,158.61 million in the current period compared to Rs. 1,039.26 million in the corresponding period of 2010 with the gross profit margin of 1.85% as compared to gross profit of 3.40% in corresponding period.

Overall production in the current period was 71,765 bags against 114,019 bags in the corresponding period. Production declined due to closure of mills for 104 days during the period under review due to cotton prices reaching unsustainable levels. Actual production in 20's converted was 75,155 bags (7,515,500 lbs). During the current period the single yarn processed at the doubling plant was 23,839 bags compared to 47,737 bags in the corresponding period.

Operating expenses stood at Rs. 20.54 million for the current period compared to Rs. 19.93 million in the corresponding period. The operating profit decreased to Rs.1 million against operating profit of Rs. 15.37 million in the corresponding period.

Building Materials Division

Sales revenue of the Building Materials Division stood at Rs. 31.63 million compared to Rs. 38.46 million in the corresponding period of 2010. This Division's production performance remained satisfactory as production during the period was 4,339 cubic meters compared to 3,562 cubic meters in the same period of last year.

Operating expenses stood at Rs. 0.69 million for the current period compared to Rs. 0.94 million in the corresponding period. Operating profit stood at Rs. 2.41 as compared to Rs. 8.65 million in same period of last year.

Future Outlook

The management has taken various steps to steer the company back towards profitability and a major debt re-profiling exercise has been undertaken to relieve the liquidity and debt servicing pressure on the company as mentioned in Note 1.2 of enclosed condensed interim financial information. As anticipated in the annual directors' report, we have so far been able to post positive results and the continuity of company as a going concern would be beyond any doubt. The management is confident of continuity of improvements with special concentration on Ethanol and Alternate Energy Business where our export performance is higher than any other distillery in Pakistan. With continued emphasis on the export business and the rising trend in sugar prices, we expect the end of year accounts to be profitable as well, showing a turnaround from fiscal 2009-2010. The crop position for the upcoming sugar season is satisfactory, which will allow the company to procure sufficient raw materials for both the sugar division and also the ethanol division without increasing prices to the previous year's high levels. This, along with the continued bullish trend in international ethanol markets will help the company achieve positive results next year as well. While cotton prices have stabilized somewhat, and are not expected to rise again to the previous year's high levels, the market remains volatile and a clearer picture is expected when the new cotton crop becomes widely available.

On Behalf of the Board,

Ahsan M. Saleem
Chief Executive Officer

July 29, 2011

CONDENSED INTERIM BALANCE SHEET
AS AT JUNE 30, 2011 (UN-AUDITED)

	Note	**June 30, 2011**	September 30, 2010
		(Rupees in thousand)	
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorised capital			
80,000,000 (September 30, 2010: 80,000,000) ordinary shares of Rs 10 each		**800,000**	800,000
50,000,000 (September 30, 2010: 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, 2010: 69,523,798) ordinary shares of Rs 10 each		**695,238**	695,238
Reserves		**939,941**	969,241
Accumulated loss		**(2,574,761)**	(2,870,871)
		(939,582)	(1,206,392)
SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT		**1,648,839**	1,699,425
NON-CURRENT LIABILITIES			
Long term finances	6	**608,182**	1,137,926
Liabilities against assets subject to finance lease		**36,968**	58,577
Employees' retirement benefits		**8,143**	9,485
Deferred income		**62**	2,307
		653,355	1,208,295
CURRENT LIABILITIES			
Current portion of long term liabilities		**2,457,764**	1,791,441
Short term borrowings - secured		**3,954,713**	2,845,639
Trade and other payables		**2,152,847**	1,117,523
Accrued finance cost		**1,029,069**	812,863
Provision for taxation		**28,847**	-
		9,623,240	6,567,466
CONTINGENCIES AND COMMITMENTS	7		
		10,985,852	8,268,794

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

Chief Executive

	Note	**June 30, 2011**	September 30, 2010
		(Rupees in thousand)	
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	8	**4,077,182**	4,162,523
Intangible assets		**1,275**	1,249
Assets subject to finance lease		**92,575**	221,003
Capital work-in-progress		**142,534**	88,462
Biological assets		**12,774**	8,479
Investments - related parties	9	**448,466**	415,682
Long term loans, advances, deposits and prepayments		**45,911**	50,107
Deferred taxation		**-**	-
		4,820,717	4,947,505
CURRENT ASSETS			
Biological assets		**11,549**	15,143
Stores, spares and loose tools		**109,032**	91,246
Stock-in-trade		**3,075,457**	131,989
Trade debts		**266,711**	14,494
Investments	10	**114,028**	143,976
Loans, advances, deposits, prepayments and other receivables		**1,109,085**	227,087
Cash and bank balances		**24,038**	33,514
		4,709,900	657,449
Non-current assets held for sale	11	**1,455,235**	2,663,840
		6,165,135	3,321,289
		10,985,852	8,268,794

Chairman

CONDENSED INTERIM PROFIT AND LOSS ACCOUNT

FOR THE QUARTER AND NINE MONTHS ENDED JUNE 30, 2011 (UN-AUDITED)

	Note	Quarter ended		Nine Months ended	
		June 30, 2011	**June 30, 2010**	**June 30, 2011**	**June 30, 2010**
			(Rupees in thousand)		
			Restated		**Restated**
Continuing Operations:					
Sales	12.1	**2,301,922**	1,742,964	**10,264,568**	6,240,298
Cost of sales	12.2	**(1,981,631)**	(1,466,414)	**(9,145,835)**	(5,503,408)
Gross profit		**320,291**	276,550	**1,118,733**	736,890
Administrative expenses		**(59,660)**	(42,584)	**(213,416)**	(140,316)
Distribution and selling costs		**(75,275)**	(16,507)	**(162,303)**	(70,828)
Other operating expenses		**(8,168)**	(1,506)	**(28,605)**	(143,827)
Other operating income		**46,091**	412	**178,709**	60,911
Profit from operations		**223,279**	216,365	**893,118**	442,830
Finance cost		**(273,098)**	(172,199)	**(716,972)**	(711,662)
Share of income / (loss) from associates		**15,726**	9,639	**53,874**	(5,479)
Profit / (loss) before taxation		**(34,093)**	53,805	**230,020**	(274,311)
Taxation					
- Company		**(10,930)**	(5,709)	**(90,596)**	(29,745)
- Associates		**(3,973)**	(2,703)	**(16,284)**	(8,966)
		(14,903)	(8,412)	**(106,880)**	(38,711)
Profit / (loss) for the period from continuing operations		**(48,996)**	45,393	**123,140**	(313,022)
Discontinued Operations:					
Profit / (Loss) for the period from discontinuing operations		**(104)**	(51,200)	**122,384**	(401,971)
Profit / (Loss) for the period		**(49,100)**	(5,807)	**245,524**	(714,993)
Earnings / (loss) per share from continuing operations					
- basic	13 Rupees	**(0.70)**	0.65	**1.77**	(4.50)
- diluted	13 Rupees	**(0.70)**	0.65	**1.77**	(4.50)
Earnings / (loss) per share from discontinued operations					
- basic	13 Rupees	**(0.00)**	(0.74)	**1.76**	(5.78)
- diluted	13 Rupees	**(0.00)**	(0.74)	**1.76**	(5.78)

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, 2011 (UN-AUDITED)

	Quarter ended		Nine Months ended	
	June 30, 2011	**June 30, 2010**	**June 30, 2011**	**June 30, 2010**
		(Rupees in thousand) Restated		Restated
Profit/ (loss) for the period	**(49,100)**	(5,807)	**245,524**	(714,993)
Other comprehensive income				
Fair value (loss)/ gain on 'Available for sale' investments	**22,414**	(18,949)	**(46,405)**	(124,653)
Loss during the period transferred to profit and loss account on derecognition of shares	**-**	-	**-**	9,347
Impairment loss transferred to profit and loss account	**-**	-	**16,379**	115,971
	22,414	(18,949)	**(30,026)**	665
Share of other comprehensive (loss) / income of associates	**433**	229	**726**	(2,384)
Transfer from surplus on revaluation of property, plant and equipment on account of				
- incremental depreciation - net of tax	**6**	5	**15**	16
- disposal of land - net of tax	**-**	-	**50,571**	-
	6	5	**50,586**	16
Other comprehensive income/(loss) for the period	**22,853**	(18,715)	**21,286**	(1,703)
Total comprehensive (loss) / income for the period	**(26,247)**	(24,522)	**266,810**	(716,696)

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, 2011 (UN-AUDITED)

	Note	Nine Months ended June 30, 2011	June 30, 2010
		(Rupees in thousand)	
Cash flow from operating activities			
Cash generated from operations	14	**(1,156,001)**	950,019
Finance cost paid		**(497,086)**	(594,757)
Taxes paid		**(55,930)**	(41,053)
Employees' retirement benefits paid		**(7,017)**	(6,886)
Net decrease / (increase) in long term advances, loans, deposits and prepayments		**4,196**	26,890
Net cash generated (used in) / from operating activities		**(1,711,839)**	334,213
Cash flows from investing activities			
Fixed capital expenditure		**(116,181)**	(4,232)
Proceeds from sale of investments		**-**	364,596
Dividend received		**46,215**	16,170
Income from bank deposits received		**284**	12,984
Sale proceeds from sale of livestock		**3,387**	-
Sale proceeds from sale of Dargai Shah Facility		**478,000**	-
Sale proceeds from sale of property, plant and equipment		**66,966**	6,619
Net cash generated from investing activities		**478,671**	396,137
Cash flows from financing activities			
Repayment of long term finances		**(172,812)**	(304,634)
Net increase / (decrease) in short term borrowings - secured		**1,582,074**	(261,052)
Dividend paid		**(2)**	(3)
Finance lease liabilities - net		**(185,568)**	(118,911)
Net cash generated from / (used in) financing activities		**1,223,692**	(684,600)
Net increase in cash and cash equivalents		**(9,476)**	45,750
Cash and cash equivalents at the beginning of the period		**33,514**	24,508
Cash and cash equivalents at the end of the period		**24,038**	70,258

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, 2011 (UN-AUDITED)

(Rupees in thousand)

		Capital Reserve					Revenue Reserve						
	Share Capital	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 Value Equalization	Sub - Total	Total	Accumulated Loss	Total
Balance as on September 30, 2009	695,238	243,282	10,932	23,558	155,930	433,702	410,606	22,700	83,000	516,306	950,008	(1,991,163)	(345,917)
Total comprehensive income for the period ended June 30, 2010 - restated													
Loss for the period - restated	-	-		-	-	-	-	-	-	-	-	(714,993)	(714,993)
Other comprehensive income for the period - restated													
Fair value gain on ' Available for sale' investments	-	-	-	665	-	665	-	-	-	-	665	-	665
Share of other comprehensive loss of associates	-	-	(2,384)	-	-	(2,384)	-	-	-	-	(2,384)	-	(2,384)
Transfer from surplus on revaluation of property, plant and equipment	-	-	-	-	-	-	-	-	-	-	-	16	16
	-	-	(2,384)	665	-	(1,719)	-	-	-	-	(1,719)	16	(1,703)
Balance as on June 30, 2010 - restated	695,238	243,282	8,548	24,223	155,930	431,983	410,606	22,700	83,000	516,306	948,289	(2,706,140)	(1,062,613)
Balance as on September 30, 2010	695,238	243,282	13,321	40,402	155,930	452,935	410,606	22,700	83,000	516,306	969,241	(2,870,871)	(1,206,392)
Total comprehensive income for the period ended June 30, 2011													
Profit for the period	-	-		-	-	-	-	-	-	-	-	245,524	245,524
Other comprehensive income for the period													
Fair value loss on ' Available for sale' investments	-	-	-	(30,026)	-	(30,026)	-	-	-	-	(30,026)	-	(30,026)
Share of other comprehensive income of associates	-	-	726	-	-	726	-	-	-	-	726	-	726
Transfer from surplus on revaluation of property, plant and equipment	-	-		-	-	-	-	-	-	-	-	50,586	50,586
	-	-	726	(30,026)	-	(29,300)	-	-	-	-	(29,300)	50,586	21,286
Balance as on June 30, 2011	695,238	243,282	14,047	10,376	155,930	423,635	410,606	22,700	83,000	516,306	939,941	(2,574,761)	(939,582)

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, 2011 (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 manufacture, purchase and sale of sugar, ethanol, building material, yarn and engaged in generation and sale of electricity. The company has its principal manufacturing facilities at Jhang and satellite manufacturing facilities at Bhone. The registered office of the company is situated in Lahore.

1.2 Going concern assumption

As at the reporting date, the current liabilities of the Company have exceeded its current assets by Rs 3,458 million, the equity has been eroded and stands at negative Rs 940 million. The Company has not been able to meet its obligations under various agreements for long term loans, lease financing and short term borrowings.

The Company had entered into agreements for a bridge finance facility of Rs. 2,466 million and short term running finance facility of Rs 2,980 million from a consortium of its existing lenders providing short term and long term loans (except leasing companies and National Bank of Pakistan), which is repayable by June 2011 through sale of certain non-current assets of the Company and is interalia secured against:

- a pari passu charge over all present and future fixed assets of the company (excluding land and building);
- first mortgage/charge over immovable property of the company;
- personal guarantees of Mr. Anjum Saleem and Mr. Ahsan Saleem;
- pledge of shares in Shakarganj Food Products Limited; and
- lien on a special reserve account, where the proceeds from the sale of assets and a unit, if required, of the company will be deposited.

As per the terms of the agreement, the bridge finance was to be repaid through the sale of assets of the company, with an aggregate book value of approximately Rs 2,141.82 million, in installments.

The restructured short term running finance is secured against pledge of refined sugar at a margin. Additionally, the lenders will create a lien on a 'collection account' where proceeds from realization of receivables will be deposited.

The accrued markup is payable immediately.

The bridge finance facility and the consortium running finance facility were envisaged to be operational by April 2010. However, neither the bridge finance facility nor the consortium cash finance could become operative due to delays in obtaining No-objection certificate from the National Bank of Pakistan for creation of pari passu charge on assets against the above new facilities. Furthermore, the Company was also unable to liquidate all of the abovementioned assets as per the time lines identified in the bridge loan agreement which could be considered as contravention of the bridge finance facility, exposing the Company to penalties as referred in note 7.1 (iii).

The above conditions raise significant doubts on the Company's ability to continue as a going concern. However, the management is confident of the Company's ability to continue as a going concern based on its concerted effort to re-profile borrowings, sale of the non-current assets and utilization of improved liquidity in higher operational levels of cane crushing and ethanol manufacturing.

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

The company sold entire assets of the Satellite division at Dargai Shah in December 2010 at an aggregate consideration of Rs 1,350 million subject to completion of certain legal formalities. Out of consideration of Rs 1,350 million, the company has received an amount of Rs 478 million whereas remaining amount of Rs 872 million has been transferred to an Escrow account with Silk Bank Limited (Escrow Agent). The Escrow Agent will release the amount to members of bridge finance arrangement upon legal transfer of the property to the buyer for which it is persuing the lenders with existing charges on this property for release of such charges.

While the Bridge loan facility is not operative till the period end, however, the Company is confident that it will be able to obtain extension in the bridge loan from the consortium and consequently will be able to retire its over due loan installments and short term finances availed against now defunct facilities. Most of the consortium members of the bridge finance facility are already demanding markup based on the reduced rates given in bridge finance agreement.

In view of the delays in implementation of the bridge finance facility and consortium lenders' short term running finance facilities, the company has successfully negotiated with its lenders on bilateral terms and obtained short term finances during the year for working capital purposes resulting in significantly improved operational results. Furthermore, the company has been able to restructure substantial portion of its existing long term borrowings for relaxation in payment terms.

During the current period the Company also settled its lease liability of Rs 148.45 million to Meezan bank Limited for an amount of Rs 144.1 million, under a compromise agreement with the bank.

The condensed interim financial information have been prepared on a going concern basis based on the management's expectation that:

- the bridge loan will be disbursed and the dates for sale of assets extended by the consortium;
- the Company will successfully dispose off the identified assets at a profit to their carrying values;
- the lenders for long term loans will provide relief in payment terms; and
  the company will be able to utilize the liquidity generated through above restructuring/ rescheduling to increase its operations.

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

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, 2010.

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, 2010.

3.1 Standards and interpretations to existing standards that are effective and applicable to the Company

- IAS 1 (amendment), 'Presentation of financial statements' is effective from January 1, 2010. The amendment is part of the IASB's annual improvements project published in April 2009. The amendment provides clarification that the potential settlement of a liability by the issue of equity is not relevant to its classification as current or non current. By amending the definition of current liability, the amendment permits a liability to be classified as non-current (provided that the entity has an unconditional right to defer settlement by transfer of cash or other assets for at least 12 months after the accounting period) notwithstanding the fact that the entity could be required by the counterparty to settle in shares at any time. This amendment has no impact on Company's condensed interim financial statements.

IAS 7 (amendment), 'Statement of cash flows' is effective from July 1, 2010. The amendment provides clarification that only expenditure that results in a recognised asset in the balance sheet can be classified as a cash flow from investing activity. The clarification results in an improvement in the alignment of the classification of cash flows from investing activities in the cash flow statement and the presentation of recognised assets in the balance sheet. The application of the amendment does not affect the results or net assets of the Company.

IAS 36 (amendment), 'Impairment of assets', effective 1 January 2010. The amendment clarifies that the largest cash-generating unit (or group of units) to which goodwill should be allocated for the purposes of impairment testing is an operating segment, as defined by paragraph 5 of IFRS 8, ' Operating segments' (that is, before the aggregation of segments with similar economic characteristics). This amendment has no material impact on the Company's condensed interim financial information.

IAS 38 (amendment), 'Intangible assets', effective January 01, 2010. The amendment clarifies guidance in measuring the fair value of an intangible asset acquired in a business combination and permits the grouping of intangible assets as a single asset if each asset has similar useful economic lives. There is no impact of this amendment in the company's condensed interim financial information.

- IAS 39 (amendment); 'Cash flow hedge accounting' is effective from January 1, 2010. This amendment provides clarification when to recognize gains or losses on hedging instruments as a reclassification adjustments in a cash flow hedge of a forecast transaction that results subsequently in the recognition of a financial instrument. The amendment clarifies that gains or losses should be reclassified from equity to income statement in the period in which the hedged forecast cash flow affects income statement. The company has entered into a cross currency interest rate swap for syndicate term loan to hedge the possible adverse movements in interest rates. This hedging relationship does not meet the criteria of cash flow hedge, therefore there is no impact of this amendment on results of the company for the period.

- IFRS 5 (amendment), 'Non-current assets held for sale and discontinued operations'. The amendment clarifies that IFRS 5 specifies the disclosures required in respect of non-current assets (or disposal groups) classified as held for sale or discontinued operations. It also clarifies that the general requirement of IAS 1 still apply, in particular paragraph 15 (to achieve a fair presentation) and paragraph 125 (sources of estimation uncertainty) of IAS 1. Disclosures regarding company's assets held for sale and discontinued operations have been given in Note 11.

IFRIC 19, 'Extinguishing financial liabilities with equity instruments', effective 1 July 2010. The interpretation clarifies the accounting by an entity when the terms of a financial liability are renegotiated and result in the entity issuing equity instruments to a creditor of the entity to extinguish all or part of the financial liability (debt for equity swap). It requires a gain or loss to be recognised in profit or loss, which is measured as the difference between the carrying amount of the financial liability and the fair value of the equity instruments issued. If the fair value of the equity instruments issued cannot be reliably measured, the equity instruments should be measured to reflect the fair value of the financial liability extinguished. It does not have any impact on the Company's interim financial information.

3.2 Standards and interpretations to existing standards that are applicable to the company and not yet effective and have not been early adopted by the company

- IAS 1 (amendments), Clarifies that an entity will present an analysis of other comprehensive income for each component of equity, either in the statement of changes in equity or in the notes to the financial statements. This amendment is effective for periods beginning on or after January 01, 2011.

- IAS 12 (amendment); 'Income taxes on deferred tax'. This amendment introduces an exception to the existing principle for the measurement of deferred tax assets or liabilities arising on investment properties measure at fair value. As a result of the amendment, SIC 21, 'Income taxes - recovery of revalued non depreciable assets', will no longer apply to investment properties carried at fair value. The amendments also incorporate into IAS 12 the remaining guidance previously contained in SIC 21, which is withdrawn. It is not expected to have a material impact on company's financial statements.

- Revised IAS 24 (revised), 'Related party disclosures', issued in November 2009. It supersedes IAS 24, 'Related party disclosures', issued in 2003. IAS 24 (revised) is mandatory for periods beginning on or after January 01, 2011. Earlier application, in whole or in part, is permitted.

The revised standard clarifies and simplifies the definition of a related party and removes the requirement for government-related entities to disclose details of all transactions with the government and other government-related entities. The Company will apply the revised standard from January 01, 2011.

- Amendments to IFRS 7, 'Financial instruments: Disclosures' on derecognition is effective from July 1, 2011. These amendments are part of the IASBs comprehensive review of off balance sheet activities. The amendments will promote transparency in the reporting of transfer transactions and improve users' understanding of the risk exposures relating to transfers of financial assets and the effect of those risks on an entity's financial position, particularly those involving securitisation of financial asset.

IFRS 9, 'Financial instruments', issued in November 2009. This standard is the first step in the process to replace IAS 39, 'Financial instruments: recognition and measurement'. IFRS 9 introduces new requirements for classifying and measuring financial assets and is likely to affect the Company's accounting for its financial assets. The standard is not applicable until 1 January 2013 but is available for early adoption. The Company is yet to assess IFRS 9's full impact.

- IFRIC 14 (Amendment), 'Prepayments of a minimum funding requirement'. The amendments correct an unintended consequence of IFRIC 14, 'IAS 19 – The limit on a defined benefit asset, minimum funding requirements and their interaction'. Without the amendments, entities are not permitted to recognise as an asset some voluntary prepayments for minimum funding contributions. This was not intended when IFRIC 14 was issued, and the amendments correct this. The amendments are effective for annual periods beginning 1 January 2011. Earlier application is permitted. The amendments should be applied retrospectively to the earliest comparative period presented. The Company will apply these amendments for the financial reporting period commencing on 1 January 2011. It is not expected to have any impact on the Company's financial statements.

3.3 Change in accounting policy for investments in associates

The Company changed its accounting policy for investments in associates during the year ended September 30, 2010. Investments in associates are now being accounted for under the equity method. The change in accounting policy has been accounted for retrospectively in accordance with the requirements of IAS-8, "Accounting Policies, Changes in Accounting Estimates and Error", and accordingly comparative figures for profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity have been restated. The effects of change in accounting policy on prior period condensed interim financial information has been summarized as follows:

	June 30, 2011
Decrease in net equity	(370,429)
Increase in loss for the period	(14,445)
Decrease in opening balance of retained earnings	(340,393)
Decrease in earning per share - basic and diluted	(0.20)

4. Seasonality of operations

Due to seasonal nature of sugar segment lower operating profits are usually expected in the last quarter than the first nine months.

5. Taxation

The provision for taxation for the nine months ended June 30, 2011 has been made on an estimated basis.

	Note	**June 30, 2011**	September 30, 2010
		(Rupees in thousand)	
6. Long term finances			
Opening balance		**2,736,067**	2,849,736
Add: Disbursements during the period		**-**	50,000
Add: Reclassified from short term to long term borrowings		**472,999**	171,000
Add: Effective interest on loans from Chief Executive and key management personnel		**4,656**	-
		3,213,722	3,070,736
Less: Repayments during the period		**(172,812)**	(334,669)
		3,040,910	2,736,067
Less: Current portion shown under current liabilities	6.1	**(2,432,728)**	(1,598,141)
		608,182	1,137,926

6.1 The aggregate current portion includes over-due installments of principal aggregating to Rs 354.837 million (September 30, 2010: Rs 307.484 million) and Rs. 1,259.90 million (September 30, 2010: Rs 199.920 million) representing principal installments that are repayable after period of one year, however have been reclassified as current portion, as the Company could not meet all the financial covenants of related borrowing agreements.

7. Contingencies and commitments

7.1 Contingencies

(i) The Company has issued following guarantees:

Bank guarantee of Rs 6 million (September 30, 2010: Rs 9.552 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 associate, Shakarganj Food Products Limited of Rs 467 million (September 30, 2010: Rs 467 million).

(ii) The Company has issued a post dated cheque in favour of the Collector of Customs against custom duty clearance in respect of import of plant and machinery amounting to Rs. 5.040 million (September 30, 2010: 5.040 million).

(iii) As referred to in note 1.2, the Company entered into a bridge finance agreement with a consortium of banks for Rs 2,466 million to be repaid by 30 June, 2011 from the sale of assets, identified in the agreement. For reasons specified in the note 1.2, the bridge facility could not be released to the Company till the date of this financial information. However, the Company is confident that this will become operative as it has complied with all significant conditions precedents contained in the bridge finance facility and is also confident that the timelines contained therein for sale of identified assets along with the repayment of the bridge loan will be extended. The Company has, in these financial information, accrued markup based on the reduced rates contained in the bridge finance agreement on its respective borrowings to the tune of Rs 2,466 million. Had the markup been accrued at the terms of original agreements, it would have been higher by Rs 87.819 million (September 30, 2010: Rs 56 million) approximately. The Company, based on the foregoing ground, is however confident that the lenders will not demand markup as per original agreements.

Moreover, pending the implementation of bridge finance facility and finalization of restructured terms of payments with all lenders, the Company has not recognised penalties of Rs 180 million approximately which may be leviable under the terms of the borrowing agreements including the bridge finance facility. None of the lenders has demanded any payment for the above referred penalties and the Company is confident that the bridge finance facility will become operational soon with a revised repayment plan and no penalty shall be levied by the lenders.

(iv) The Company sold its assets relating to the sugar manufacturing facility at Dargai Shah to M/s Hunza Sugar Mills Limited (HSML) through an 'Asset Sale Agreement' (ASA) dated December 3, 2010 for an aggregate consideration of Rs 1,350 million. Pursuant to the agreement, the Company has received Rs 478 million from the buyer, whereas the remaining Rs 872 million have been deposited with an Escrow Agent M/s Silk Bank Limited (SBL) under the terms of the ASA and the Escrow Agreement between the Company, HSML and SBL dated December 3, 2010. Physical possession of the Dargai Shah facility was handed over to HSML in December 2010.

For legal completion of the transaction, the Company is required to, amongst other requirements, obtain 'No Objection Certificates' (NOCs) from lenders with charge on assets of Dargai Shah facility and title documents of properties under possession of lenders on or before April 30, 2012, the 'Long Stop Date'. Failure of the Company to complete the legal aspects of the transactions before Long Stop Date will entitle the buyer, HSML, to terminate the agreement and demand full repayment alongwith usage charges.

The Company is confident that all legal formalities will be completed before the Long Stop Date.

7.2 Commitments

The company has the following commitments in respect of:

(i) Contract for capital expenditure amounting to Rs 65.213 million (September 30, 2010: Rs 71.213 million) .

(ii) Contracts for acquisition of intangible (computer software) amounting to Rs. 20 million (September 30, 2010: 20 million).

(iii) Contracts for other than capital expenditures Rs 5.88 million (September 30, 2010: 1.3 million)

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

	Note	**June 30, 2011**	September 30, 2010
		(Rupees in thousand)	
Not later than one year		**3,824**	6,368
Later than one and not later than five years		**1,673**	7,737
		5,497	14,105

8. Property, Plant and Equipment

	Note	**June 30, 2011**	September 30, 2010
Opening book value		**4,162,523**	6,385,995
Add: Additions during the period	8.1	**60,641**	94,245
Add: Transferred from assets subject to finance lease (at book value)		**119,899**	47,382
		4,343,063	6,527,622
Less: Disposals during the period (at book value)		**(54,366)**	(16,018)
Depreciation charged during the period		**(211,515)**	(329,651)
Classified as held for sale (at book value)		**-**	(2,019,430)
		(265,881)	(2,365,099)
Closing book value		**4,077,182**	4,162,523

8.1 Additions during the period

	June 30, 2011	September 30, 2010
Freehold Land	**362**	5,826
Buildings	**-**	43,443
Plant & Machinery	**15,136**	36,514
Tools and Equipments	**214**	2,759
Laboratory Equipments	**446**	-
Office equipments	**12,304**	247
Water, Electric and Weighbridge	**500**	2,291
Furniture and Fixtures	**991**	200
Vehicles	**30,323**	2,739
Arms and Ammunition	**243**	156
Library Books	**122**	70
	60,641	94,245

	Note	June 30, 2011	September 30, 2010
		(Rupees in thousand)	
9. Investments - related parties			
In equity instruments of associates	9.1	**448,144**	415,269
Available for sale	9.3	**322**	413
		448,466	415,682

	Note	June 30, 2011	September 30, 2010
9.1 In equity instruments of associates			
Cost		**444,494**	444,494
Brought forward amounts of post acquisition reserves profits and negative goodwill recognized directly in profit and loss account		**(29,225)**	19,362
		415,269	463,856
Share of movement in reserves during the period		**726**	2,389
Share of profit / (loss) for the period / year			
- before taxation		**53,874**	(22,229)
- provision for taxation		**(16,284)**	(20,587)
		37,590	(42,816)
		453,584	423,429
Dividend received during the period		**(5,440)**	(8,160)
Balance as at period / year end	9.2	**448,144**	415,269

	June 30, 2011	September 30, 2010
9.2 In equity instruments of associates		
Quoted		
Crescent Steel and Allied Products Limited		
2,720,062 (September 30, 2010: 2,720,062) fully paid ordinary shares of Rs. 10 each Equity held: 4.82% (September 30, 2010: 4.82%)	**182,651**	157,691
Unquoted		
Shakarganj Food Products Limited		
74,654,596 (September 30, 2010: 74,654,596) fully paid ordinary shares of Rs. 10 each Equity Held: 49.24% (September 30, 2010: 49.24%)	**265,493**	257,578
	448,144	415,269

9.2.1 Investments in associates include goodwill amounting to Rs. 85.171 million (September 30, 2010: Rs. 85.171 million).

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

Name	Percentage interest held	Assets	Liabilities	Revenues	Profit / (loss)
For the nine months ended June 30, 2011					
Crescent Steel and Allied Products Limited	**4.82%**	**263,956**	**95,569**	**160,723**	**29,720**
Shakarganj Food Products Limited	**49.24%**	**634,625**	**442,756**	**716,234**	**7,870**
		898,581	**538,325**	**876,957**	**37,590**

Name	Percentage interest held	Assets	Liabilities	Revenues	Profit / (loss)
For the year ended September 30, 2010					
Crescent Steel and Allied Products Limited	4.82%	235,931	87,515	142,110	17,699
Shakarganj Food Products Limited	49.24%	646,749	462,722	1,400,131	(60,515)
		882,680	550,237	1,542,241	(42,816)

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

9.2.4 The above figures of Crescent Steel and Allied Products Limited and Shakarganj Food Products Limited are based on reviewed consolidated financial statements as at March 31, 2011.

	Note	**June 30, 2011**	September 30, 2010
		(Rupees in thousand)	
9.3 Available for sale			
Associated companies - at cost	9.3.1	**3,000**	3,000
Others - at cost	9.3.2	**2,200**	2,200
		5,200	5,200
Add: Cumulative fair value gain	9.3.3	**322**	413
Less: Cumulative impairment losses recognized	9.3.4	**(5,200)**	(5,200)
Fair value gain		**(4,878)**	(4,787)
		322	413

	June 30, 2011	September 30, 2010
	(Rupees in thousand)	
9.3.1 Associated companies		
Quoted		
Crescent Jute Products Limited		
536,817 (September 30, 2010: 536,817) fully paid ordinary shares of Rs 10 each	**-**	-
Unquoted		
Crescent Standard Telecommunications Limited		
300,000 (September 30, 2010: 300,000) fully paid ordinary shares of Rs 10 each	**3,000**	3,000
	3,000	3,000
9.3.2 Others		
Unquoted		
Crescent Group Services (Private) Limited		
220,000 (September 30, 2010: 220,000) fully paid ordinary shares of Rs 10 each	**2,200**	2,200
	2,200	2,200
9.3.3 Cumulative fair value gain		
As at October 1	**413**	805
Fair value gain / (loss) during the period	**(91)**	(392)
As at period / year end	**322**	413
9.3.4 Cumulative impairment losses recognized		
As at October 1	**5,200**	166,090
Adjusted on derecognition	**-**	(160,890)
As at period / year end	**5,200**	5,200

9.4 Investments with face value of Rs 594 million (September 30, 2010: Rs 640 million) and market value of Rs 624 million (September 30, 2010: Rs 676 million) are pledged as security against long term running finances and short term borrowings.

10. Investments

	Note	June 30, 2011	September 30, 2010
		(Rupees in thousand)	
Available for sale - at cost	10.1	**125,307**	125,307
Add: Cumulative fair value (loss) / gain	10.2	**(11,279)**	18,669
		114,028	143,976

10.1 Available for sale - at cost

Altern Energy Limited - Quoted 12,530,582 (September 30, 2010: 12,530,582) fully paid ordinary shares of Rs 10 each	**125,307**	125,307
Innovative Investment Bank Limited - Unquoted 51,351 (September 30, 2010: 51,351) fully paid ordinary shares	**-**	-
	125,307	125,307

10.2 Cumulative fair value gain

As at October 1	**18,669**	22,753
Fair value (loss) / gain during period / year	**(29,948)**	5,263
Transferred to profit and loss account on derecognition of shares	**-**	(9,347)
As at period / year end	**(11,279)**	18,669

10.3 Cumulative impairment losses recognized

As at October 1	**-**	32,273
Less: impairment loss adjusted upon derecognition of investment	**-**	(32,273)
As at period / year end	**-**	-

10.4 Investments with face value of Rs 124.66 million (September 30, 2010: Rs 124.66 million) and market value of Rs 113.459 million (September 30, 2010: Rs 143.234 million) are pledged as security against long term running finances and short term borrowings.

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:

	Note	June 30, 2011	September 30, 2010
		(Rupees in thousand)	
(a) Non-current assets classified as held for sale			
Satellite facility at Dargai Shah (Sugar Division)	11.1	**-**	1,192,395
Investments in associates at market value	11.3	**194,248**	210,612
Land - Agriculture (Farms Division)	11.4	**911,914**	911,914
Other non-operating assets	11.5	**349,073**	348,919
		1,455,235	2,663,840

	Note	Quarter ended		Nine months ended	
		June 30, 2011	**June 30, 2010**	**June 30, 2011**	**June 30, 2010**
			(Rupees in thousand)		
(b) Analysis of the results of discontinued operations					
Satellite facility at Dargai Shah (Sugar Division)	11.1	**-**	(5,015)	**116,722**	(209,024)
Investments in associates at market value	11.3	**-**	(17,139)	**27,116**	(133,109)
Land - Agriculture (Farms Division)	11.4	**(8,586)**	4,080	**(21,454)**	(59,838)
		(8,586)	(18,074)	**122,384**	(401,971)

	Note	Nine months ended	
		June 30, 2011	**June 30,** 2010
		(Rupees in thousand)	
(c) Analysis of the cash flows for the period			
Satellite facility at Dargai Shah (Sugar Division)	11.1	**(24)**	9,067
Satellite facility at Dargai Shah (Power Division)	11.2	**-**	144,140
Land - Agriculture (Farms Division)	11.4	**128**	(8,480)
		104	144,727

11.1 Satellite facility at Dargai Shah (Sugar Division)

An asset sales agreement with Hunza Sugar Mills Limited was signed on December 3, 2010. As per the terms of the agreement the assets have been sold for Rs 1,350 million, the Company has received Rs 478 million from the buyer while Rs 872 million have been paid into an Escrow account with Silk Bank Limited (the Escrow Agent). Company will recover the amount from the Escrow Agent upon legal transfer of the property to the buyer for which it is persuing the lenders with existing charges on this property for release of such charges.

	June 30, 2011	September 30, 2010
	(Rupees in thousand)	
Non-current assets classified as held for sale		
Property, plant and equipment	**-**	953,382
Assets subject to finance lease	**-**	237,720
Capital work in progress	**-**	1,293
	-	1,192,395

	Quarter ended		Nine months ended	
	June 30, 2011	June 30, 2010	June 30, 2011	June 30, 2010
		(Rupees in thousand)		
Analysis of the result of discontinued operation				
Sales	-	38,417	-	549,621
Other operating Income	-	764	**157,913**	877
	-	39,181	**157,913**	550,498
Expenses				
Cost of sales	-	(14,930)	-	(686,781)
Administrative expenses	-	(5,795)	**(5,649)**	(14,041)
Distribution and selling expenses	-	(433)	**(30)**	(1,460)
Other operating expenses	-	315	**(35,511)**	(4,839)
Finance Cost	-	(23,353)	**(1)**	(52,401)
	-	(44,196)	**(41,191)**	(759,522)
Loss before taxation	-	(5,015)	**116,722**	(209,024)
Taxation	-	-	-	-
(Loss) / profit after taxation	-	(5,015)	**116,722**	(209,024)

	Nine months ended	
	June 30, 2011	June 30, 2010
	(Rupees in thousand)	
Analysis of the cash flows of discontinued operations		
Operating cash flows	**(453,854)**	45,332
Investing cash flows	**477,920**	(36,265)
Financing cash flows	**(24,090)**	-
Total cash flows	**(24)**	9,067

11.2 Power Division - Dargai Shah

SML Power Division was sold to Shakarganj Energy (Private) Limited in the last year at a mutually agreed price, based on the valuation of the division's Non-current assets carried out by an independent valuer.

Analysis of the cash flows of discontinued operation

Investing cash flows	-	144,140

	Note	June 30, 2011	September 30, 2010
		(Rupees in thousand)	

11.3 Investment in associates at market value

Non-current assets classified as held for sale

	Note	June 30, 2011	September 30, 2010
Safeway Mutual Fund Limited (quoted) 16,579,143 (September 30, 2010: 16,579,143) fully paid ordinary shares of Rs 10 each Equity held 30.45% (September 30, 2010: 30.45%)		**165,020**	165,020
Asian Stocks Fund Limited (quoted) 16,245,673 (September 30, 2010: 16,245,673) fully paid ordinary shares of Rs 10 each Equity held 18.05% (September 30, 2010: 18.05%)		**144,917**	144,917
		309,937	309,937
Add: Cumulative fair value gain	11.3.1	**21,334**	21,319
Less: Cumulative impairment losses recognized		**(137,023)**	(120,644)
Fair value loss		**(115,689)**	(99,325)
		194,248	210,612

11.3.1 Cumulative fair value (loss)/gain

	Note	June 30, 2011	September 30, 2010
As at October 1		**21,319**	-
Fair value loss during the period		**(16,364)**	(94,651)
		4,955	(94,651)
Impairment loss transferred to profit and loss account	11.3.2	**16,379**	115,970
As at period / year end		**21,334**	21,319

11.3.2 Cumulative impairment losses recognized

	June 30, 2011	September 30, 2010
As at October 1	**120,644**	139,532
Impairment losses recognised	**16,379**	115,970
Transferred to profit and loss account on derecognition of shares	**-**	(134,858)
As at period / year end	**137,023**	120,644

	Quarter ended		Nine months ended	
	June 30, 2011	June 30, 2010	June 30, 2011	June 30, 2010
	(Rupees in thousand)			
Analysis of the results of discontinued operations				
Other operating expenses	**-**	(17,139)	**(16,379)**	(133,109)
Other operating income	**-**	-	**43,495**	-
Taxation	**-**	-	**-**	-
Profit for the year	**-**	(17,139)	**27,116**	(133,109)

11.3.3 Investments with a face value of Rs 119 million (September 30, 2010: Rs 240.665 million) and market value of Rs 79.373 million (September 30, 2010: Rs 167.545 million) are pledged as security against long term running finances and short term borrowings.

11.4 Land - Agriculture (Farms Division)

The Board of Directors, in the meeting held on December 24, 2009 decided to dispose off the agricultural land of the Farms Division in piecemeal. The Company is actively persuing buyers through local dealers and their other sources and the Board is confident that the Company will be able to dispose off these assets during the financial year ending September 30, 2011.

The land is being carried at its revalued amount with a surplus of Rs 773.879 million included in the surplus on revaluation of property, plant and equipment in note 8.

	Quarter ended		Nine months ended	
	June 30, 2011	June 30, 2010	June 30, 2011	June 30, 2010
	(Rupees in thousand)			
Analysis of the results of discontinued operations				
Sales	**(815)**	17,092	**18,749**	26,481
Other operating income	**568**	14,918	**7,365**	1,743
	(247)	32,010	**26,114**	28,224
Expenses				
Cost of sales	**(9,548)**	(25,511)	**(44,403)**	(79,448)
Administrative expenses	**1,531**	(2,419)	**(2,189)**	(7,414)
Finance Cost	**(322)**	-	**(976)**	(1,200)
	(8,339)	(27,930)	**(47,568)**	(88,062)
Loss before taxation	**(8,586)**	4,080	**(21,454)**	(59,838)
Taxation	**-**	-	**-**	-
Loss after taxation	**(8,586)**	4,080	**(21,454)**	(59,838)

	Nine months ended	
	June 30, 2011	June 30, 2010
	(Rupees in thousand)	
Analysis of the cash flows of discontinued operations		
Operating cash flows	**22,122**	(1,583)
Investing cash flows	**(20,117)**	(1,286)
Financing cash flows	**(1,877)**	(5,611)
Total cash flows	**128**	(8,480)

	June 30, 2011	September 30, 2010
	(Rupees in thousand)	
11.5 Non - current assets held for sale		
Non-operative plant and machinery - Azad Jammu & Kashmir	**194,941**	194,787
SML Jhang - Plant and Machinery / Sugar (KK turbine with generators)	**3,182**	3,182
6 Kanal land - Faisalabad	**40,950**	40,950
7 Acre land Samundari Road Faisalabad	**55,800**	55,800
52 kanal land - Jhang	**54,200**	54,200
	349,073	348,919

11.5.1 These assets were committed to be sold by the Company under the terms of the restructuring agreements.

12. Segment information

(Rupees in thousand)

	Sugar				Ethanol				Building materials				Power				Textile				Total			
	Quarter ended		Nine months ended		Quarter ended		Nine months ended		Quarter ended		Nine months ended		Quarter ended		Nine months ended		Quarter ended		Nine months ended		Quarter ended		Nine months ended	
	June 30, 2011	June 30, 2010	June 30, 2011	June 30, 2010	June 30, 2011	June 30, 2010	June 30, 2011	June 30, 2010	June 30, 2011	June 30, 2010	June 30, 2011	June 30, 2010	June 30, 2011	June 30, 2010	June 30, 2011	June 30, 2010	June 30, 2011	June 30, 2010	June 30, 2011	June 30, 2010	June 30, 2011	June 30, 2010	June 30, 2011	June 30, 2010
12.1 Sales																								
- External	988,427	951,227	6,889,892	4,436,886	1,224,975	325,914	2,147,495	635,667	10,898	14,421	31,628	38,455	26,997	52,752	36,942	90,029	50,625	398,650	1,158,611	1,039,261	2,301,922	1,742,964	10,264,568	6,240,298
- Intersegment	151,838	53,593	927,143	471,506	-	-	-	-	-	-	-	-	16,303	8,190	92,424	61,050	-	-	-	-	-	-	-	-
	1,140,265	1,004,820	7,817,035	4,908,392	1,224,975	325,914	2,147,495	635,667	10,898	14,421	31,628	38,455	43,300	60,942	129,366	151,079	50,625	398,650	1,158,611	1,039,261	2,301,922	1,742,964	10,264,568	6,240,298
12.2 Segment expenses																								
- Cost of sales																								
- Net of intersegment costs	1,179,058	847,117	7,299,605	4,468,127	722,498	222,029	688,493	28,216	114	6,043	(10,555)	13,695	27,239	23,315	101,370	52,686	52,722	367,910	1,066,922	940,684	1,981,631	1,466,414	9,145,835	5,503,408
- Intersegment costs	194	-	31,526	33,155	158,397	41,980	884,812	510,043	10,041	2,052	39,081	15,175	(560)	4,017	4,496	5,056	264	13,011	70,248	63,281	-	-	-	-
	1,179,252	847,117	7,331,131	4,501,282	880,895	264,009	1,573,305	538,259	10,155	8,095	28,526	28,870	26,679	27,332	105,866	57,742	52,986	380,921	1,137,170	1,003,965	1,981,631	1,466,414	9,145,835	5,503,408
Gross profit / (loss)	(38,987)	157,703	485,904	407,110	344,080	61,905	574,190	97,408	743	6,326	3,102	9,585	16,621	33,610	23,500	93,337	(2,361)	17,729	21,441	35,296	320,291	276,550	1,118,733	736,890
- Administrative expenses	(25,746)	(25,888)	(147,061)	(103,859)	(26,136)	(7,117)	(45,257)	(14,049)	(243)	(330)	(675)	(870)	(162)	(2,581)	(1,369)	(3,417)	(7,373)	(6,668)	(19,054)	(18,121)	(59,660)	(42,584)	(213,416)	(140,316)
- Distribution and selling cost	(2,934)	8,863	(8,469)	(8,227)	(71,947)	(24,924)	(152,216)	(60,455)	(2)	36	(17)	(69)	(14)	122	(114)	(273)	(378)	(604)	(1,487)	(1,804)	(75,275)	(16,507)	(162,303)	(70,828)
	(28,680)	(17,025)	(155,530)	(112,086)	(98,083)	(32,041)	(197,473)	(74,504)	(245)	(294)	(692)	(939)	(176)	(2,459)	(1,483)	(3,690)	(7,751)	(7,272)	(20,541)	(19,925)	(134,935)	(59,091)	(375,719)	(211,144)
Segment results	(67,667)	140,678	330,374	295,024	245,997	29,864	376,717	22,904	498	6,032	2,410	8,646	16,445	31,151	22,017	89,647	(10,112)	10,457	900	15,371	185,356	217,459	743,014	525,746
Other operating expenses																					(8,168)	(1,506)	(28,605)	(143,827)
Finance Costs																					(273,098)	(172,199)	(716,972)	(711,662)
Other Operating Income																					46,091	412	178,709	60,911
Share of income of associates																					15,726	9,639	53,874	(5,479)
Profit / (loss) before taxation																					(34,093)	53,805	230,020	(274,311)
Taxation																								
Company																					(10,930)	(5,709)	(90,596)	(29,745)
Associates																					(3,973)	(2,703)	(16,284)	(8,966)
																					(14,903)	(8,412)	(106,880)	(38,711)
Profit / (loss) for the period from continuing operation																					(48,996)	45,393	123,140	(313,022)
Profit / (loss) for the period from discontinued operations																					(104)	(51,200)	122,384	(401,971)
Profit / (loss) for the period																					(49,100)	(5,807)	245,524	(714,993)

12.3 Segment assets and liabilities

	June 30, 2011	September 30, 2010	June 30, 2011	September 30, 2010
	(Rupees in thousand)			
	Segment assets		Segment liabilities	
Sugar	**5,744,214**	4,413,411	**5,816,783**	5,984,669
Ethanol	**1,747,572**	870,673	**811,624**	560,484
Building materials	**34,997**	37,294	**876**	11,801
Power	**422,350**	670,935	**980**	10,239
Textile	**276,881**	47,406	**50,588**	650,963
Farms - discontinued operations	**999,527**	-	**154,646**	-
Unallocated	**1,760,311**	2,229,075	**3,441,099**	557,605
	10,985,852	8,268,794	**10,276,596**	7,775,761

13. Earning / (Loss) per share

13.1 Basic earnings / (loss) per share

		Quarter ended		Nine months ended	
		June 30, 2011	June 30, 2010	June 30, 2011	June 30, 2010
Continued operations					
Profit / (loss) for the period from continuing operations	Rupees	**(48,995,924)**	45,393,000	**123,140,076**	(313,021,762)
Weighted average number of ordinary shares in issue during the period	Number	**69,523,798**	69,523,798	**69,523,798**	69,523,798
Earnings / (loss) per share - basic	Rupees	**(0.70)**	0.65	**1.77**	(4.50)
Discontinued operations					
(Loss) / profit for the period from discontinued operations	Rupees	**(104,000)**	(51,200,000)	**122,384,380**	(401,971,000)
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) / earnings per share - basic	Rupees	**(0.00)**	(0.74)	**1.76**	(5.78)

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, 2011	**June 30, 2010**	**June 30, 2011**	**June 30, 2010**
Continued operations					
Profit / (Loss) for the period from continuing operations	Rupees	**(48,995,924)**	45,393,000	**123,140,076**	(313,021,762)
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	**(41,668,749)**	52,720,175	**145,121,602**	(291,040,236)
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
Earnings / (loss) per share - diluted	Rupees	**(0.55)**	0.70	**1.93**	(3.87)
Restricted to basic earnings / (loss) per share in case of anti-dilution	Rupees	**(0.70)**	0.65	**1.77**	(4.50)

Discontinued operations

There are no dilutive instruments in respect of discontinued operations

14. Cash generated from operating activities

	Nine months ended June 30, 2011 (Rupees in thousand)	June 30, 2010 Restated
Profit / (loss) before taxation	**352,404**	(676,282)
Adjustments for:		
Depreciation on / amortization on:		
- property, plant and equipment	**212,872**	280,817
- assets subject to finance lease	**8,563**	31,079
- intangible assets	**259**	209
- deferred income	**(2,245)**	(1,539)
Profit on sale of property, plant and equipment	**(12,600)**	(5,268)
Profit on sale of Dargai Shah facility	**(157,967)**	-
Net loss/ (income) from livestock	**3,454**	-
Impairment of investments classified as available for sale	**16,379**	115,970
Gain on sale of investments	**-**	13,161
Share of (income) / loss from associates	**(53,874)**	5,479
Interest from bank deposits	**(32,910)**	(12,984)
Provision for employees' retirement benefits	**5,675**	7,255
Provision against doubtful advances	**1,978**	-
Provision for doubtful debts	**248**	-
Liabilities written back	**(50,645)**	-
Dividend income	**(43,495)**	(16,170)
Loss from agricultural activities classified under discontinued operations	**-**	26,683
(Gain) / loss on marked to market valuation of interest rate swap	**(58,038)**	125,228
Finance cost	**763,312**	712,862
	600,966	1,282,782
Profit before working capital changes	**953,370**	606,500
Effect on cash flow due to working capital changes:		
Increase in stores and spares	**(17,786)**	(5,685)
Increase in stock in trade	**(2,943,468)**	(196,379)
Increase in trade debts	**(252,465)**	(105,346)
Increase in biological assets	**(7,542)**	(17,190)
Increase in loans, advances, deposits, prepayments and other receivables	**17,550**	3,178
Increase in trade and other payables	**1,094,340**	664,941
	(2,109,371)	343,519
	(1,156,001)	950,019

		Nine months ended	
		June 30, 2011	June 30, 2010
		(Rupees in thousand)	

15. Transactions with related parties

Relationship with the company	Nature of transactions		
i. Subsidiary	Dividend received	-	6,752
ii. Associated undertakings	Dividend received	**48,936**	5,440
	Funds received and paid during the period	-	150,000
	Purchase of goods and services	**1,395**	19,340
	Sale of goods	**4,891**	7,298
	Advances to associated undertaking	-	684
	Share of common expenses	**4,372**	2,207
	Health insurance expenses	**1,304**	1,726
iii. Post employment benefit plans	Expense charged in respect of retirement benefit plans	**5,540**	8,538
	Transactions with provident fund account		
	- Funds received	**581,725**	-
	- Funds repaid	**570,007**	-
	- Markup expense	**2,320**	-
iv. Key Management Personnel	Salaries and other employee benefits	**32,274**	36,869

	June 30, 2011	September 30, 2010
	(Rupees in thousand)	
Period-end balances		
Receivable from related parties	**5,089**	343,280
Payable to related parties	**1,338**	7,679

16. Date of authorisation for issue

This condensed interim financial information was authorised for issue on July 29, 2011 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', loss of Rs 8.586 million and Rs 21.454 million for the quarter and nine months ended June 30, 2011 respectively for the Farms Division has been reclassified from continued operations and included in discontinued operations as referred to in note 11.

Chief Executive

Chairman

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