Shakarganj Mills Limited

Condensed Interim Report

For the First Quarter ended 31 December 2013

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	Chairman (Non-Executive)	Muhammad Anwar
2.	Chief Executive Officer	Ahsan M. Saleem
	In alphabetic order:	
3.	Executive Director	Ali Altaf Saleem
4.	Non-Executive Director	Khalid Bashir
5.	Non-Executive Director	Muhammad Arshad
6.	Non-Executive Director	Rasul Bux Phulpoto (NIT)
7.	Non-Executive Director	Shehryar Mazhar

Audit Committee

Chairman	Khalid Bashir
Member	Muhammad Anwar
Member	Ali Altaf Saleem

Human Resource & Remuneration Committee

Chairman	Muhammad Anwar
Member	Khalid Bashir
Member	Ali Altaf Saleem

Chief Financial Officer
S. M. Chaudhry

Company Secretary
Asif Ali

Management Committees

Executive Committee

Chairman	Ahsan M. Saleem
	Anjum M. Saleem
	Ali Altaf Saleem

Business Strategy Committee

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

System & Technology Committee

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

SHAREHOLDERS' INFORMATION

Stock Exchange Listing

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

Public Information

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

Products

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

Legal Advisor

Hassan & Hassan Advocates,
Lahore

Bankers

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

Works

Principal Facility

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

Satellite Facility

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

Website

www.shakarganj.com.pk
Note: This Interim Report is available on Shakarganj website.

Registered and Principal Office

10th Floor, BOP Tower,
10-B Block E 2, Gulberg III,
Lahore, Pakistan
Tel: 042 3578 3801- 06
Fax: 042 3578 3811

Karachi Office

12th Floor, Sidco Avenue Centre,
264 R.A. Lines, Karachi, Pakistan
Tel: 021 3568 8149
Fax: 021 3568 0476

Faisalabad Office

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

Share Registrar

CorpTec Associates (Pvt) Limited
503-E, Johar Town
Lahore
Tel: 042 3517 0336 - 7
Fax: 042 3517 0338
E-mail: info@corptec.com.pk

COMPANY PROFILE

Shakarganj Mills Limited was incorporated in Pakistan in 1967 as a Public Limited Company and is listed on all three stock exchanges of Pakistan. Shakarganj is a leading manufacturer of food products, bio fuel and building materials as well as textiles. We transform renewable crops such as sugarcane and cotton into value added products comprising refined sugar, textiles, bio fuel and building materials in addition to generating bio power from biogas. The Company has two manufacturing facilities in Jhang District. Our registered office is in Lahore.

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

Sugar Business:

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

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

Bio Fuel Business:

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

Bio Power Business:

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. For better control, from January 2013 ETP has been transferred to Bio Fuel Business.

Building Materials Business:

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

Textile Business:

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

Farming & Allied Business:

This comprises different parcels of land mainly located at Jhang Division nearby our manufacturing facilities. Total area under cultivation is over 1,800 acres of which nearly 1,355 acres is owned land and rest is leased. The main crops include sugarcane, wheat, gram, maize, fodder and seasonal vegetables. A dairy farm located at Jhang has been developed, with a herd of 250 milking and fattening cattle. Small herd of rams and bucks for fattening purpose has also been developed.

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

Business Vision and Strategy:

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

We focus on five key business objectives to deliver consistent growth.

- Serve our Customers:

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

- Operate Efficiently and Safely:

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

- Invest in Long Term Assets and Partnerships:

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

- Invest in Technology and People:

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

- Grow the Contribution from Value Added Products:

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

DIRECTORS' REVIEW

I am pleased to present you the un-audited condensed interim financial information of the Company for the first quarter ended 31 December 2013.

The Company's performance was challenged by further decline in sugar sale price and shortage of raw material affecting overall performance in the core businesses. During the period Company incurred after tax loss of Rs. 296 million in Q1FY2014 compared to profit of Rs. 87 million in Q1FY2013, as detailed below.

Our Sugar Division crushed 683,234 MT of sugarcane and produced 54,595 MT of sugar at an average recovery of 8.31 percent. This was an overall decrease of 9% in sugar production compared to same period last year when we produced 60,166 MT of sugar from 684,273 MT of sugarcane at a sugar recovery of 9.09 percent.

In the period under review, the performance of our Bio Fuel Division was also adversely affected due to shortage of molasses as the working days decreased from 92 days to 51 days, which produced 9.7 million litres, lower from 14.6 million litres in the corresponding period last year affecting our export as well as bio power business which could not start its operations due non availability of spent wash. However, your Company took sufficient measures to ensure full scale production in nine months to achieve optimal production levels and maintained its number one position as producer of bio fuel.

In the period under review, our Building Materials Division produced 887 cubic meters of particle board compared to 1,149 cubic meters in Q1FY2013. Yarn production at our Textile Division slightly reduced to 1.65 million kg in the period under review, in comparison to 1.76 million kg in Q1FY 2013.

The outlook for sugar business depends on the selling price of sugar, however, measures taken by the management so far would enable your Company to post overall positive results in Fiscal 2014. The Bio Fuel Division would contribute its share in the overall profitability as the prices look attractive. Other business segments are also expected to contribute to the profit of the Company.

On behalf of the Board

Ahsan M. Saleem
Chief Executive Officer

Date: 30 January 2014

CONDENSED INTERIM BALANCE SHEET

As at 31 December 2013 (Un-Audited)

	Note	December 2013 Un-Audited	September 2013 Audited
		(Rupees in thousand)	
EQUITY AND LIABILITIES			
Share capital and reserves			
Authorized capital			
80,000,000 (September 2013: 80,000,000) ordinary shares of Rs. 10 each		800,000	800,000
50,000,000 (September 2013: 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 2013: 69,523,798) ordinary shares of Rs. 10 each		695,238	695,238
Reserves		1,272,327	1,187,887
Accumulated loss		(2,145,897)	(1,862,015)
		(178,332)	21,110
Surplus on revaluation of property, plant and equipment		2,130,236	2,141,914
Non-current liabilities			
Long term finances	7	225,950	26,003
Liabilities against assets subject to finance lease		9,262	10,148
		235,212	36,151
Current liabilities			
Current portion of long term liabilities		1,677,982	2,117,610
Short term borrowings		1,883,230	1,155,480
Trade and other payables		4,667,314	2,422,533
Accrued finance cost		762,835	916,193
		8,991,361	6,611,816
Contingencies and commitments	8	-	-
		11,178,477	8,810,991

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

Chief Executive

	Note	December 2013 Un-Audited	September 2013 Audited
		(Rupees in thousand)	
ASSETS			
Non-current assets			
Property, plant and equipment	9	6,186,325	6,252,667
Intangible assets		932	955
Biological assets		14,239	13,975
Investments - related parties	10	964,571	1,081,722
Employees' retirement benefits		8,779	8,779
Long term loans, advances, deposits and prepayments		74,918	38,323
Deferred taxation		-	-
		7,249,764	7,396,421
Current assets			
Biological assets		30,207	32,600
Stores, spares and loose tools		169,492	115,086
Stock-in-trade		2,612,933	522,007
Trade debts		313,349	71,619
Investments	11	274,420	248,607
Loans, advances, deposits, prepayments and other receivables		496,422	324,282
Cash and bank balances		31,890	100,369
		3,928,713	1,414,570
		11,178,477	8,810,991

Chairman

CONDENSED INTERIM PROFIT AND LOSS ACCOUNT

For the First Quarter ended 31 December 2013 (Un-Audited)

		Note	December 2013	December 2012
			(Rupees in thousand)	(Represented)
Sales - net		12.1	1,704,374	2,973,171
Cost of sales		12.2	(1,837,249)	(2,679,683)
Gross profit / (loss)			(132,875)	293,488
Administrative expenses			(75,270)	(70,540)
Distribution and selling costs			(22,988)	(71,898)
Other operating expenses			(24,368)	(17,764)
Other income			57,426	44,558
Profit / (loss) from operations			(198,075)	177,844
Finance cost			(76,904)	(129,477)
Share of profit from associates			2,262	68,174
Profit / (loss) before taxation			(272,717)	116,541
Taxation				
- Company			(16,947)	(17,702)
- Associates			(5,896)	(11,974)
			(22,843)	(29,676)
Profit / (loss) for the period			(295,560)	86,865
Basic earnings per share				
- Profit / (loss) per share	Rupees	13	(4.25)	1.25
Diluted earnings per share				
- Profit / (loss) per share	Rupees	13	(3.93)	1.15

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

Chief Executive **Chairman**

CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME

For the First Quarter ended 31 December 2013 (Un-Audited)

	December 2013	December 2012
	(Rupees in thousand)	
Profit / (loss) for the period	(295,560)	86,865
Other comprehensive income		
Items that may be reclassified to profit and loss		
Fair value gain on ' Available for sale' investments	82,193	7,926
Share of other comprehensive income of associates	2,246	1,785
Total comprehensive income / (loss) for the period	(211,121)	96,576

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

Chief Executive

Chairman

CONDENSED INTERIM CASH FLOW STATEMENT

For the First Quarter ended 31 December 2013 (Un-Audited)

	Note	December 2013	December 2012
		(Rupees in thousand)	
Cash flows from operating activities			
Cash generated from operations	14	(437,086)	485,216
Finance cost paid		(230,262)	(118,586)
Taxes paid		(27,449)	(18,206)
Employees' retirement benefits paid		(3,248)	(2,725)
Net decrease / (increase) in long term deposits		(36,595)	(28)
Net cash generated from operating activities		(734,640)	345,671
Cash flows from investing activities			
Fixed capital expenditure		(27,253)	(80,917)
Sale proceed from investment		187,734	-
Dividends received		4,080	12,467
Income from bank deposits received		171	96
Proceeds from sale of property, plant and equipment		14,246	3,907
Net cash generated / (used) in investing activities		178,978	(64,447)
Cash flows from financing activities			
Long term finances - net		(239,369)	14,658
Short term borrowings - net		727,750	(335,659)
Finance lease liabilities - net		(1,198)	(2,380)
Dividends paid		-	-
Net cash generated / (used) in financing activities		487,183	(323,381)
Net decrease in cash and cash equivalents		(68,479)	(42,157)
Cash and cash equivalents at the beginning of the period		100,369	69,601
Cash and cash equivalents at the end of the period		31,890	27,444

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

Chief Executive **Chairman**

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY

For the First Quarter ended 31 December 2013 (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	General	Dividend Equalization	Equity Investment Market Value Equalization	Accumulated loss	Total
Balance as at 30 September 2012	695,238	243,282	19,823	34,889	155,930	410,606	22,700	83,000	(2,268,692)	(603,224)
Total comprehensive income for the period ended 31 December 2012										
Profit for the period	-	-	-	-	-	-	-	-	86,865	86,865
Other comprehensive income for the period										
Fair value loss on 'Available for sale' investments	-	-	-	7,926	-	-	-	-	-	7,926
Share of other comprehensive income of associates	-	-	1,785	-	-	-	-	-	-	1,785
	-	-	1,785	7,926	-	-	-	-	-	9,711
Surplus transferred to accumulated losses on account of - incremental depreciation									11,329	11,329
Total comprehensive income for the period	-	-	1,785	7,926	-	-	-	-	98,194	107,905
Balance as at 31 December 2012	695,238	243,282	21,608	42,815	155,930	410,606	22,700	83,000	(2,170,498)	(495,319)
Balance as at 30 September 2013	695,238	243,282	26,865	245,504	155,930	410,606	22,700	83,000	(1,862,015)	21,110
Total comprehensive income for the period ended 31 December 2013										
Loss for the period	-	-	-	-	-	-	-	-	(295,560)	(295,560)
Other comprehensive income for the period										
Fair value gain on 'Available for sale' investments	-	-	-	82,193	-	-	-	-	-	82,193
Share of other comprehensive income of associates	-	-	2,246	-	-	-	-	-	-	2,246
	-	-	2,246	82,193	-	-	-	-	-	84,439
Surplus transferred to accumulated losses on account of - incremental depreciation	-	-	-	-	-	-	-	-	11,678	11,678
Total comprehensive income / (loss) for the period	-	-	2,246	82,193	-	-	-	-	(283,882)	(199,443)
Balance as on 31 December 2013	695,238	243,282	29,111	327,697	155,930	410,606	22,700	83,000	(2,145,897)	(178,332)

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

Chief Executive **Chairman**

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION
For the First Quarter ended 31 December 2013 (Un-Audited)

1. The Company and its operations

1.1 The Company is incorporated in Pakistan and is listed on Karachi, Lahore and Islamabad Stock Exchanges. It is principally engaged in manufacture, purchase and sale of sugar, bio fuel, building materials, yarn (textile) and engaged in generation and sale of bio power (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. 5,063 million (2013: Rs. 5,197 million). The Company has not been able to meet its various obligations for long term loans and short term borrowings. Borrowings (including mark-up payable thereon) aggregating Rs. 1,684 million (2013: Rs. 2,409 million) are over-due for payment.

The Company had issued redeemable preference shares in 2005 to the shareholders of the Company which were to be redeemed along with any outstanding dividend payable in December 2009. Due to liquidity crunch the Company has not redeemed the preference shares and preference dividend amounting to Rs. 64.79 million is also outstanding as on 31 December 2013.

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

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

Operational measures

The Company continued with its efforts to achieve operational efficiency to improve its productivity and financial results in order to generate liquidity for financing of operations and repayment of borrowings.

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

Long term financing - secured

The Company requested its lenders for restructuring of over-due balances including mark-up to term borrowings under reduced and/or non-mark-up arrangements. As a result, the Company has been able to restructure/ reschedule various loans from its lenders resulting in relaxation in payments and for others still in over-due deliberations are going on, the details of which are as follows:

- currently negotiating with National Bank of Pakistan to restructure its overdue principal alongwith mark-up to long term loans with deferred payment terms. Furthermore, the Company is seeking to obtain relaxation / waiver in overdue mark-up on upfront payment;

- restructuring of Rs. 176 million of over-due long term running finance and Rs. 75 million of over-due accrued mark-up under bridge finance to long term demand finance from The Bank of Punjab;

- restructuring of Rs. 161 million of short term financing and Rs. 76 million of over due mark-up under bridge finance to long term loan under non mark-up arrangements from Allied Bank Limited;

- restructuring of bridge finance of Rs. 181 million to long term loan from United Bank Limited;

- currently in negotiation with MCB Bank Limited for a increased working capital line and relaxation in payment terms. Restructuring of Rs. 473 million of various over-due borrowings to long term loan and rescheduling of long term loan of Rs. 92 million in prior years; and

- negotiating separately with each term finance certificate (TFC) holders for settlement of their outstanding overdues. The Company was successful in negotiating its overdue exposure with UBL Fund Managers and Askari Bank Limited.

Short term financing- secured

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

- Working capital line against pledge of sugar at 20% margin for 120 to 150 days with an incentive for lender to adjust 10% of the new disbursement against settlement of existing over-due loans (principal only); and

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

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

The Company after successfully negotiating with some of its lenders on bilateral terms received responses from a number of banks and obtained following working capital lines and FE 25 loans during the period:

	Amount (Rupees in million)
Working capital lines:	
MCB Bank Limited	1,000
The Bank of Punjab	200
Standard Chartered Bank Limited	200
Bank Alfalah Limited	100
FE 25 loan:	
Faysal Bank Limited	100
Standard Chartered Bank Limited	575

The above facilities have been obtained against pledge of sugar/molasses/bio fuel at margin ranging from 15% to 25% and have resulted in improvements in liquidity.

Subsequent to the year ended 30 September 2013, the Company has again succeeded in obtaining working capital lines for financing of its operations in current year against pledge of stocks of sugar, molasses and bio fuel. The Company, as an additional incentive to the lenders, has offered upfront deductions ranging from 5% to 10% on the requested limits for the settlement of overdue / due installments and mark-up. As a result, the Company has been able to secure a working capital line of Rs. 200 million from Standard Chartered Bank Limited with an incentive of reduction in mark-up rate on existing over-dues effective way forward. Furthermore, the bank will release its lien on the shares of Altern Energy Limited and Safeway Mutual Fund pledged with it to enable the Company to sell them. The proceeds realized on sale of above mentioned shares will be used to settle over-due principal and mark-up.

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

This condensed financial information has been prepared on a going concern basis based on management's expectation that:

- the Company will continue to get support of its lenders and will be able to obtain relaxation in payment terms of its over-due borrowings; and

- the Company will be able to generate adequate liquidity through new short term borrowings and will be successful in utilising such funds to increase its operations and achieve its budgeted targets for production of sugar, bio fuel etc.

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

2. Basis of preparation

This condensed interim financial information is un-audited and is being submitted to the members as required by section 245 of the Companies Ordinance, 1984. The condensed interim financial information has been prepared in accordance with the requirements of the International Financial Reporting Standard (IFRS) IAS 34 'Interim Financial Reporting' as applicable in Pakistan as notified by the Securities and Exchange Commission of Pakistan. This condensed interim financial information do not include all of the information required for full financial statements and should be read in conjunction with the financial statements of the Company for the year ended 30 September 2013.

The comparative balance sheet presented in this interim financial information has been extracted from the audited financial statements of the Company for the year ended 30 September 2013 whereas the comparative condensed interim profit and loss account, condensed interim statement of other comprehensive income, condensed interim cash flow statement and condensed statement of changes in equity are stated from the un-audited condensed interim financial statements for the first quarter ended 31 December 2012.

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

3. Significant accounting policies

The accounting policies adopted for the preparation of this condensed interim financial information are the same as those applied in the preparation of preceding annual published financial statements of the Company for the year ended 30 September 2013.

Amendments to certain existing standards and interpretations on approved accounting standards effective during the period were not relevant to the Company's operations and did not have any impact on the accounting policies of the Company.

4. Estimates & Judgments

Estimates and Judgments made by the management in the preparation of the condensed quarterly financial information are the same as those applied in the preparation of the preceding annual published financial statements of the Company for the year ended 30 September 2013.

5. Risk management policies

Risk management policies are consistent with those disclosed in the financial statements for the year ended 30 September 2013.

6. Taxation

The provision for taxation for the quarter ended 31 December 2013 has been made on an estimated basis.

	December 2013	September 2013
	(Rupees in thousand)	
7. Long term finances		
Long term loans - secured	1,165,126	1,371,835
Redeemable capital		
- Preference shares (non-voting) - unsecured	345,756	345,756
- Term finance certificates (non-voting) - secured	385,490	418,150
	731,246	763,906
	1,896,372	2,135,741
Less: Current portion shown under current liabilities		
- Long term loans - secured	(939,176)	(1,345,832)
- Redeemable capital - Preference Shares (non-voting) - secured	(345,756)	(345,756)
- Redeemable capital - term finance certificates (non-voting) - secured	(385,490)	(418,150)
	(1,670,422)	(2,109,738)
	225,950	26,003

8. Contingencies and commitments

8.1 Contingencies

(i) The Company has issued following guarantees:

Bank guarantee of Rs. 9.55 million (2013: Rs. 9.55 million) in favour of Sui Northern Gas Pipelines Limited and Excise and Taxation Department 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 (2013: 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. 9.52 million (2013: Rs. 9.52 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 become operative and expired on 30 June 2011. The Company has, in these financial statements, accrued mark-up 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 mark-up been accrued at the terms of original agreements, it would have been higher by Rs. 150.74 million (2013: Rs. 149.53 million) approximately. However, as explained in note 1.2, the Company is in process of negotiation with lenders for restructuring of overdue balances and is confident that the lenders will not demand mark-up as per original agreements.

Moreover, pending the finalisation of restructured terms of payments with all lenders, the Company has not recognised penalties of Rs. 497.13 million (2013: Rs. 486.92 million) approximately which may be leviable under the terms of borrowings agreements including the bridge finance facility. The Company is confident that it will be able to negotiate restructured terms for repayment of loans and no penalty shall be levied by the lenders.

(iv) The Sindh High Court (the Court) in the case of 'Kasim Textile' in its order of 7 May 2013 has held that benefit of carry forward of minimum tax under section 113 of the Income Tax Ordinance, 2001 is only available if tax payable in a tax year is less than minimum tax paid. If in a tax year, a company has assessed losses on which no tax is payable, the company forgoes the right to carry forward minimum tax paid in that year. In the light of this order, the Company is not entitled to carry forward minimum tax paid in the tax year 2010 to 2013 of Rs. 221.15 million as a result of assessed tax losses in these years and adjust it against normal tax liability. Also in the case of refunds claimed in any year, those would also be adjusted accordingly. However, the management is of the view that the verdict has been challenged in the Supreme Court and that they are waiting for the final outcome and accordingly tax liability for the current period has been made on the basis of minimum tax.

Commitments

The Company has the following commitments in respect of:

(i) Contract for capital expenditure amounting to Rs. 75.16 million (2013: Rs. 72.26 million).

(ii) Contracts for acquisition of intangible (computer software) amounting to Rs. 20 million (2013: Rs. 20 million).

(iii) Contracts for other than capital expenditures Rs. 2.73 million (2013: Rs. 11.05 million).

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

	Note	December 2013	September 2013
		(Rupees in thousand)	
Not later than one year		1,437	1,437
Later than one year and not later than five years		360	360
		1,797	1,797

9. Property, plant and equipment

	Note	December 2013	September 2013
Operating assets (owned)	9.1	5,811,454	5,871,414
Operating assets (leased)		58,981	60,108
Capital work-in-progress	9.2	315,890	321,145
		6,186,325	6,252,667

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

	Note	December 2013	September 2013
		(Rupees in thousand)	
9.1 Operating assets (owned)			
Opening book value		5,871,414	5,950,551
Add: Addition	9.1.1	33,635	371,289
Transfer from assets subject to finance lease		-	1,951
Adjustment of revaluation surplus		-	-
		5,905,049	6,323,791
Less: Disposal during the period		(13,741)	(114,898)
Depreciation charged during the period		(79,854)	(337,479)
		(93,595)	(452,377)
Closing book value		5,811,454	5,871,414
9.1.1 Addition during the period/year			
Land		51	13,206
Building on free hold land		999	42,494
Plant and machinery		31,128	299,344
Tools and equipment		253	2,766
Laboratory equipment		8	1,167
Water electric and weighbridge equipment		570	4,452
Furniture and fixture		80	2,549
Office equipment		530	2,677
Vehicles		-	2,492
Library books		16	142
		33,635	371,289
9.2 Capital work-in-progress			
Civil works		3,834	3,634
Plant and machinery		210,513	224,312
		214,347	227,946
Advances given for capital work in progress		101,543	93,199
		315,890	321,145

	Note	December 2013	September 2013
		(Rupees in thousand)	

10. Investments - related parties

	Note	December 2013	September 2013
In equity instruments of associates	10.1	523,165	528,633
Available for sale	10.3	441,406	553,089
		964,571	1,081,722

10.1 In equity instruments of associates

	Note	December 2013	September 2013
Cost		444,494	545,793
Brought forward amounts of post acquisition reserves, profits and negative goodwill recognized directly in profit and loss accounts		84,139	107,087
		528,633	652,880
Share of movement in reserves during the period / year		2,246	7,042
Share of profit for the period / year			
- before taxation		2,262	198,667
- provision for taxation		(5,896)	(32,825)
		(3,634)	165,842
		527,245	825,764
Dividends received during the period / year		(4,080)	(32,200)
Transferred to available for sale		-	(264,931)
		(4,080)	(297,131)
Balance as at period / year end	10.2	523,165	528,633

10.2 In equity instruments of associates

	December 2013	September 2013
Quoted		
Crescent Steel and Allied Products Limited		
2,992,068 (30 September 2013: 2,720,062) fully paid ordinary shares of Rs. 10 each inclusive of bonus issue @ 10% during the period Equity held: 4.82% (30 September 2013: 4.82%)	255,199	246,809
Unquoted		
Shakarganj Food Products Limited		
74,654,596 (30 September 2013: 74,654,596) fully paid ordinary shares of Rs. 10 each Equity Held: 49.24% (30 September 2013: 49.24%)	267,966	281,824
	523,165	528,633

10.2.1 Investments in associates include goodwill amounting to Rs. 82.89 million (30 September 2013: Rs. 82.89 million).

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

December 2013

Name	Percentage interest held	Assets	Liabilities	Revenues	Profit / (loss)
		---------- (Rupees in thousand) ----------			
Crescent Steel and Allied Products Limited	4.82%	299,307	(55,615)	46,536	10,230
Shakarganj Food Products Limited	49.24%	814,338	(617,644)	616,524	(13,864)
		1,113,645	(673,259)	663,060	(3,634)

September 2013

Name	Percentage (interest held)	Assets	Liabilities	Revenues	Profit / (loss)
		---------- (Rupees in thousand) ----------			
Crescent Steel and Allied Products Limited	4.82%	279,086	(43,901)	240,964	42,901
Shakarganj Food Products Limited	49.24%	787,759	(577,765)	2,435,397	(17,259)
Safeway Mutual Fund Limited	30.45%	358,808	(8,753)	148,327	140,200
		1,425,653	(630,419)	2,824,688	165,842

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

10.2.4 The above figures of Crescent Steel and Allied Products Limited are based on un-audited consolidated financial statements as at 30 September 2013.

	Note	December 2013	September 2013
		(Rupees in thousand)	
10.3 Available for sale			
Associated companies - at cost	10.3.1	3,000	3,000
Others - at cost	10.3.2	335,457	521,142
		338,457	524,142
Add: Cumulative fair value gain	10.3.3	178,584	122,204
Less: Cumulative impairment losses recognized	10.3.4	(75,635)	(93,257)
Fair value gain		102,949	28,947
		441,406	553,089

	December 2013	September 2013
	(Rupees in thousand)	
10.3.1 Associated companies		
Quoted		
Crescent Jute Products Limited		
536,817 (30 September 2013: 536,817) fully paid ordinary shares of Rs. 10 each Market value - Rs. 1.35 million (30 September 2013: Rs. 0.83 million)	-	-
Unquoted		
Crescent Standard Telecommunications Limited		
300,000 (30 September 2013: 300,000) fully paid ordinary shares of Rs. 10 each	3,000	3,000
	3,000	3,000
10.3.2 Others		
Unquoted		
Crescent Group Services (Private) Limited		
220,000 (30 September 2013: 220,000) fully paid ordinary shares of Rs. 10 each	2,200	2,200
Mutual Funds - Open end		
Safeway Mutual Fund		
11,079,000 (30 September 2013: 19,066,014) units of Rs. 10 each Market value - Rs. 248.06 million (30 September 2013: 350.05)	217,341	374,025
Asian Stocks Fund		
14,138,000 (30 September 2013: 17,675,292) units of Rs. 10 each Market value - Rs. 191.99 million (30 September 2013: Rs. 202.21 million)	115,916	144,917
	335,457	521,142
10.3.3 Cumulative fair value gain		
As at 1 October	122,204	41,155
Fair value gain during the period / year	56,380	81,049
	178,584	122,204
Impairment loss transferred to profit and loss account	-	-
As at period / year end	178,584	122,204

	December 2013	September 2013
	(Rupees in thousand)	
10.3.4 Cumulative impairment losses recognized		
As at 1 October	93,257	93,257
Recognized during the period / year	-	-
Transferred to profit and loss account on derecognition of units	(17,622)	-
As at period / year end	75,635	93,257

10.3.5 Investments with face value of Rs. 846.42 million (30 September 2013: Rs. 922.49 million) and market value of Rs. 1,103.79 million (30 September 2013: Rs. 1,157.94 million) are pledged as security against long term running finances and short term borrowings.

	Note	December 2013	September 2013
		(Rupees in thousand)	
11. Investments			
Available for sale - at cost	11.1	125,307	125,307
Add: Cumulative fair value gain	11.2	149,113	123,300
		274,420	248,607
11.1 Available for sale - at cost			
Altern Energy Limited - Quoted 12,530,582 (30 September 2013: 12,530,582) fully paid ordinary shares of Rs. 10 each Market value - Rs. 274.420 million (30 September 2013: Rs. 248.607 million)		125,307	125,307
Innovative Investment Bank Limited - Unquoted 51,351 (30 September 2013: 51,351) fully paid ordinary shares of Rs. 10 each		-	-
		125,307	125,307
11.2 Cumulative fair value gain			
As at 1 October		123,300	(6,266)
Fair value gain during the period / year		25,813	129,566
As at period / year end		149,113	123,300

11.3 Investments with a face value of Rs. 124.66 million (30 September 2013: Rs. 124.66 million) and market value of Rs. 273.01 million (30 September 2013: Rs. 247.33 million) are pledged as security against short term borrowings.

12. Business segments information

(Rupees in thousand)

	Sugar		Bio Fuel		Bio Power		Building Materials		Textile		Farms		Others		Total	
	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012
												Represented				Represented
12.1 Revenue																
- External	1,084,528	1,496,962	99,637	910,524	-	62,448	19,901	19,727	486,086	462,136	9,686	15,562	4,536	5,812	1,704,374	2,973,171
- Intersegment	341,191	374,197	805	43,500	-	1,287	-	836	-	-	8,151	7,243	-	-	-	-
	1,425,719	1,871,159	100,442	954,024	-	63,735	19,901	20,563	486,086	462,136	17,837	22,805	4,536	5,812	1,704,374	2,973,171
12.2 Segment expenses																
cost of sales - Intersegment	8,512	5,186	329,491	357,353	-	43,500	11,518	9,766	-	6,153	444	2,821	182	2,284	-	-
- External	1,610,829	1,909,423	(297,615)	292,345	9,782	31,218	8,220	14,133	485,878	418,598	17,292	11,374	2,862	2,593	1,837,249	2,679,683
	1,619,341	1,914,609	31,876	649,698	9,782	74,718	19,738	23,899	485,878	424,751	17,736	14,195	3,044	4,877	1,837,249	2,679,683
Gross profit / (loss)	(193,622)	(43,450)	68,566	304,326	(9,782)	(10,983)	163	(3,336)	208	37,385	101	8,610	1,492	935	(132,875)	293,488
- Administrative expenses	(62,064)	(40,590)	(4,377)	(20,695)	-	(1,383)	(930)	(446)	(7,130)	(6,874)	(572)	(426)	(198)	(126)	(75,270)	(70,540)
- Distribution and selling expenses	(4,469)	(4,261)	(18,016)	(67,088)	-	-	(27)	(19)	(476)	(530)	-	-	-	-	(22,988)	(71,898)
	(66,533)	(44,851)	(22,393)	(87,783)	-	(1,383)	(957)	(465)	(7,606)	(7,404)	(572)	(426)	(198)	(126)	(98,259)	(142,438)
Segment results	(260,155)	(88,301)	46,173	216,543	(9,782)	(12,366)	(794)	(3,801)	(7,398)	29,981	(471)	8,184	1,294	809	(231,133)	151,050
Other operating expenses															(24,368)	(17,764)
Other operating income															57,426	44,558
Operating profit / (loss)															(198,075)	177,844
Finance costs															(76,904)	(129,477)
Share of profit from associates															2,262	68,174
Profit / (loss) before taxation															(272,717)	116,541
Taxation																
-Company															(16,947)	(17,702)
-Associates															(5,896)	(11,974)
															(22,843)	(29,676)
Profit / (loss) for the period															(295,560)	86,865

12.3 Segment assets and liabilities

	Segment assets		Segment liabilities	
	31December 2013	30 September 2013	31December 2013	30 September 2013
	(Rupees in thousand)			
Sugar	5,320,936	3,214,691	6,319,100	4,824,046
Bio Fuel	1,434,510	946,962	2,303,966	1,266,031
Bio Power	379,675	432,164	16,926	18,124
Building Materials	41,669	40,635	2,480	2,480
Textile	350,882	323,341	178,232	178,232
Farms	744,126	747,346	14,917	14,917
Others	3,696	942	-	-
Unallocated	2,902,983	3,104,910	390,952	344,137
	11,178,477	8,810,991	9,226,573	6,647,967

13. Earnings / (loss) per share

13.1 Basic earnings / (loss) per share

		December 2013	December 2012
Profit for the period	Rupees	(295,560,000)	86,865,000
Weighted average number of ordinary shares in issue during the period	Number	69,523,798	69,523,798
Earnings / (loss) per share - basic	Rupees	(4.25)	1.25

13.2 Diluted earnings / (loss) 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 profit/(loss) is adjusted to eliminate the preference dividend.

		December 2013	December 2012
Profit / (loss) for the period		(295,560,000)	86,865,000
Preference dividend on convertible preference shares		-	-
Profit used to determine diluted earnings per share	Rupees	(295,560,000)	86,865,000
Weighted average number of ordinary shares in issue during the period	Number	69,523,798	69,523,798
Assumed conversion of convertible preference shares into ordinary shares	Number	5,774,108	5,774,108
Weighted average number of ordinary shares for diluted earnings per share	Number	75,297,906	75,297,906
Profit / (loss) per share - diluted	Rupees	(3.93)	1.15

	December 2013	December 2012
	(Rupees in thousand)	

14. Cash used in operating activities

	December 2013	December 2012
Profit / (loss) before taxation	(272,717)	116,541
Adjustment for:		
Depreciation/amortization of:		
- property, plant and equipment	79,854	80,345
- intangible assets	22	15
Loss from agriculture activities	-	1,009
Loss / (gain) on sale of property, plant and equipment	(505)	(3,248)
Interest from bank deposits	(171)	(96)
Liability written back	-	(210)
Provision for employees' retirement benefits	3,248	2,729
Dividend income	-	(9,747)
Net (income) / loss from livestock	(264)	316
Profit on sale of investment	(19,671)	-
Share of (profit) / loss from associates	(2,262)	(68,174)
Finance cost	76,904	129,477
	137,155	132,416
Profit before working capital changes	(135,562)	248,957
Effect on cash flow due to working capital changes:		
Decrease / (increase) in stores and spares	(54,406)	(63,812)
Decrease / (increase) in stock in trade	(2,090,926)	(1,292,391)
Net decrease / (increase) in biological assets	2,390	8,725
Decrease / (increase) in trade debts	(241,730)	12,659
(Increase) / decrease in loans, advances, prepayments and other receivables	(161,638)	(142,648)
Increase in trade and other payables	2,244,786	1,713,726
	(301,524)	236,259
Cash generated from operating activities	(437,086)	485,216

15. Transactions with related parties

Relationship with the company	Nature of transactions	December 2013 (Rupees in thousand)	December 2012 (Rupees in thousand)
i. Associated Undertakings			
Crescent Steel & Allied Products Limited	Purchase of goods	3,171	9,529
	Sale of goods	933	
	Salaries and other common expenses	1,200	414
	Dividend income	4,080	2,720
Shakarganj Food Products Limited	Sale of goods	2,007	7,426
	Salaries and other common expenses	199	449
Premium Insurance Company of Pakistan	Insurance expenses	1,414	1,250
Asian Stocks Fund	Dividend Income	-	9,747
ii. Post employment benefit plans	Expense charged in respect of retirement benefit plans	5,482	4,874
iii. Key management personnel	Salaries and other employee benefits	22,734	21,230

16. Date of authorization of issue

This condensed interim financial information was authorized for issue on 30 January 2014 by the board of directors of the Company.

17. Events after the balance sheet date

There are no subsequent events occurring after balance sheet date.

18. Corresponding figures

Corresponding figures have been re-arranged and re-classified, wherever necessary, for the purposes of comparison and better presentation as per reporting framework. Significant re-arrangement made is as follows:

	Rupees in thousand
Fair value adjustment of agricultural assets from sale to other operating expenses	10,608

Chief Executive

Chairman

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