

# Condensed Interim Report

For the Six Months Period  
ended 31 March 2015



**Shakarganj Limited**  
(Formerly Shakarganj Mills Limited)



## > CONTENTS

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

## > 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

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1. Chairman (Non-Executive)	Muhammad Anwar
2. Chief Executive Officer	Ahsan M. Saleem
<i>In alphabetic order:</i>	
3. Executive Director	Ali Altaf Saleem
4. Non-Executive Director	Khalid Bashir
5. Non-Executive Director	Muhammad Arshad
6. Non-Executive Director (NIT)	Sheikh Asim Rafiq
7. Non-Executive Director (Independent)	Shehryar Mazhar

### Audit Committee

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Chairman	Khalid Bashir
Member	Muhammad Anwar
Member	Sheikh Asim Rafiq (NIT)
Member	Shehryar Mazhar (Independent)

### Human Resource & Remuneration Committee

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Chairman	Muhammad Anwar
Member	Ahsan M. Saleem
Member	Khalid Bashir

### Chief Financial Officer

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S. M. Chaudhry

### Company Secretary

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Asif Ali

### Management Committees

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#### Executive Committee

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

#### Business Strategy Committee

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Chairman	Ahsan M. Saleem
	Anjum M. Saleem
	Ali Altaf Saleem
	Muhammad Pervez Akhtar
	S. M. Chaudhry
	Manzoor Hussain Malik

#### System & Technology Committee

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

## > SHAREHOLDERS' INFORMATION

### Stock Exchange Listing

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Shakarganj Limited (Formerly 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

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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

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Inquiries concerning lost stock certificates, dividend payment, change of address, verification of transfer deeds and share transfers should be directed to 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

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

### Legal Advisor

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Hassan & Hassan Advocates, Lahore

### Auditors

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KPMG Taseer Hadi & Co. Chartered Accountants

### Bankers

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Faysal Bank Limited  
MCB Bank Limited  
National Bank of Pakistan  
Standard Chartered Bank

### Works

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#### 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

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

#### Website

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

#### Registered and Principal Office

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

#### Karachi Office

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

#### Faisalabad Office

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

#### Share Registrar

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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 Limited (Formerly 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, 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 2014 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 1,470 acres of which nearly 1,285 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 the unaudited condensed interim financial information of the Company for the six month period ended 31 March 2015. This condensed interim financial information was subject to a limited scope review by the external auditors KPMG Taseer Hadi & Co., Chartered Accountants. The auditor's review report is attached to this financial information.

### **Financial and Operational Performance:**

#### Summary of operating performance:

The season under review has been one of the most difficult seasons to-date due to high levels of uncertainty and volatility in local as well as international markets. Sugar production was significantly reduced due to a sharp increase in sugarcane procurement costs in the absence of a corresponding rise in sugar prices. The floods in Jhang region also adversely affected our crushing campaign. In fact, during the season, Sindh Government issued notification reducing downward the sugarcane price to Rs. 155 per 40 kg. This compares to Rs. 180 per 40 kg announced and enforced by the Punjab government. This led to not only Shakarganj but all other Sugar Mills in Punjab also selling refined sugar at the rate below the cost of production.

In spite of 9% increase in average recovery of sugar at Shakarganj, the Sugar Division recorded operational losses of Rs.383 million due to increased cost of production on account of higher sugarcane price and increased fixed overheads cost per unit due to low capacity utilization. In addition to continued financial pressure, the adverse business environment had affected our core operations. The first half of fiscal 2015 saw restricted margins given depressed selling prices of almost all our products while input

prices including raw material costs were on higher side.

Despite all the challenges, our bio fuel, bio power businesses performed better and with the positive contribution toward bottom line, helped the Company to manage the affairs within range bound. With this, along with the share of profit from associated companies, in second quarter, the Company posted Rs. 50 million profit before tax as compared to Rs. 93 million profit before tax in the corresponding period. After tax loss for the half year ended 31 March 2015 was Rs. 101 million as compared to Rs 265 million loss in corresponding period of last year. We are trying to arrest the situation and hope that in remaining part of Fiscal 2015, bio-fuel and bio-power as well as other operational business segments will perform better.

### **Business Segments:**

#### Sugar Division:

The Sugar Division crushed 615,394 MT (H1FY14: 1,259,272 MT) of sugarcane to produce 59,905 MT (H1FY14: 112,271 MT) of sugar at an average recovery rate of 9.73 percent (H1FY14: 8.92 percent) resulting in a 47 percent decrease in sugar production.

#### Bio-Fuel Division:

During the period under review, the performance of Bio-Fuel Division remained reasonable with production at 31.9 million litres (H1FY14: 36.7 million litres), down 13 percent when compared to the corresponding period last year mainly on account of low crushing level resulting shortage of molasses. Exports accounted for around 91 percent of total sales.



### Bio-Power Division:

The Bio-Power Division generated 6.3 million units of power (H1FY14: 2.8 million units) for the six month period ended 31 March 2015. Performance during the period was good primarily due to timely startup of operations.

### Building Materials Division:

In view of shortage of bagasse due to low crushing as mentioned above as well as depressed selling prices of particle board, this division could not start its operations whereas in the corresponding period of last year, this division was able to produce 4,560 cubic metres of particle board.

### Textile Division:

Yarn production was same as in the corresponding period which is 2.90 million kg (H1FY14: 2.90 million kg). Raw material prices soared during the period while lower yarn demand dampened selling prices, shrinking margins and profits.

### **Outlook:**

Improvements are expected in the results of bio-fuel as well as production from the bio-power and other operational segments, subject to quality and availability of molasses. In spite of all the challenges financial performance remained marginally better in Q2FY15 as compared to Q1FY15. The

management is trying its best to deal with the situation of adverse business environment and hope that performance of operational segments would be improved during the second half of Fiscal year 2015.

Without qualifying their opinion, the Company auditors' have given a paragraph of emphasis in their review report drawing attention to conditions that may affect the Company's ability to continue as a going concern. The Company believes that there is no doubt on its ability to continue as a going concern as it has adequate resources and operating capabilities to continue operations for the foreseeable future. The steps taken by the management so far and those planned for the future are explained in Note 1.2 of the annexed condensed interim financial information.

On behalf of the Board



**Ahsan M. Saleem**  
**Chief Executive Officer**

Date: 28 May 2015



KPMG Taseer Hadi & Co.  
Chartered Accountants  
2nd Floor,  
Servis House  
2-Main Gulberg Jail Road,  
Lahore Pakistan

Telephone + 92 (42) 3579 0901-6  
Fax + 92 (42) 3579 0907  
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## Independent Auditor's Report on Review of Condensed Interim Financial Information to the Members

### Introduction

We have reviewed the accompanying condensed interim balance sheet of Shakarganj Limited (Formerly Shakarganj Mills Limited) ("the Company") as at 31 March 2015 and the related condensed interim profit and loss account, condensed interim statement of comprehensive income, condensed interim cash flow statement, condensed interim statement of changes in equity and notes to the condensed interim financial information for the six-months period then ended (here-in-after referred to as "condensed interim financial information"). Management is responsible for the preparation and presentation of this condensed interim financial information in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on this condensed interim financial information based on our review.

### Scope of review

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

### Conclusion

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

### Other matters

The figures of the condensed interim profit and loss account and condensed interim statement of comprehensive income for the quarters ended 31 March 2015 and 31 March 2014, have not been reviewed and we do not express a conclusion on them.

We draw attention to note 1.2 to the interim financial information, which highlights the company's inability to timely meet its obligation in respect of principal and markup repayments on borrowings from financial institutions. The company has incurred a loss during this interim period and as at this date the current liabilities of the company have exceeded its current assets by Rs. 5,129 million and equity has been eroded. These conditions along with other matters set forth in note 1.2 indicate the existence of material uncertainty that may cast significant doubt about the company's ability to continue as a going concern.

Our conclusion is not qualified in respect of this matter.

Lahore  
Date: 28 May 2015

KPMG Taseer Hadi & Co.  
Chartered Accountants  
(Bilal Ali)

KPMG Taseer Hadi & Co., a Partnership firm registered in Pakistan and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity.

## > CONDENSED INTERIM BALANCE SHEET (UN-AUDITED)

As at 31 March 2015

	Note	31 March 2015 (Un-audited) (Rupees in thousand)	30 September 2014 (Audited)
<b>EQUITY AND LIABILITIES</b>			
<b>Share capital and reserves</b>			
Authorised capital			
150,000,000 (30 September 2014: 150,000,000) ordinary shares of Rs. 10 each		1,500,000	1,500,000
50,000,000 (30 September 2014: 50,000,000) preference shares of Rs. 10 each		500,000	500,000
		2,000,000	2,000,000
Issued, subscribed and paid up capital			
69,523,798 (30 September 2014: 69,523,798) ordinary shares of Rs. 10 each		695,238	695,238
Reserves		1,125,228	1,109,735
Accumulated loss		(2,425,734)	(2,459,840)
		(605,268)	(654,867)
Surplus on revaluation of property, plant and equipment		5,162,906	5,297,880
<b>Non-current liabilities</b>			
Long term finances	7	-	-
Liabilities against assets subject to finance lease		-	-
Deferred taxation		1,089,825	1,089,825
Employees' retirement benefits		9,287	9,287
		1,099,112	1,099,112
<b>Current liabilities</b>			
Current portion of long term liabilities		1,123,418	1,364,594
Short term borrowings - secured		2,163,526	1,861,493
Trade and other payables		3,843,472	2,836,493
Accrued finance cost		600,980	606,721
		7,731,396	6,669,301
<b>Contingencies and commitments</b>			
	8	-	-
		13,388,146	12,411,426

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

  
Chief Executive



	Note	31 March 2015 (Un-audited) (Rupees in thousand)	30 September 2014 (Audited)
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	9	9,938,585	10,254,043
Intangible assets		820	865
Biological assets		12,738	13,654
Investments - related parties	10	794,091	603,687
Long term loans, advances, deposits and prepayments		39,237	37,359
		10,785,471	10,909,608
<b>Current assets</b>			
Biological assets		28,381	29,477
Stores, spares and loose tools		110,500	100,287
Stock-in-trade	11	1,212,103	479,944
Trade debts		447,632	38,888
Investments	12	285,698	295,721
Loans, advances, deposits, prepayments and other receivables		372,976	462,509
Cash and bank balances		145,385	94,992
		2,602,675	1,501,818
		13,388,146	12,411,426

  
**Chairman**

## > CONDENSED INTERIM PROFIT AND LOSS ACCOUNT

For the Six Months Period Ended 31 March 2015 (Un-Audited)

	Note	Quarter ended		Half year ended	
		31 March 2015	31 March 2014	31 March 2015	31 March 2014
----- (Rupees in thousand) -----					
Sales	13.1	3,019,666	5,856,932	4,634,778	7,561,306
Cost of sales	13.2	(2,888,753)	(5,748,103)	(4,612,047)	(7,585,351)
<b>Gross profit / (loss)</b>		130,913	108,829	22,731	(24,045)
Administrative expenses		(72,883)	(86,639)	(141,057)	(161,909)
Distribution and selling costs		(75,988)	(116,664)	(95,473)	(139,652)
Other operating expenses		(1,026)	(4,401)	(8,661)	(28,769)
Other income		11,305	237,012	107,062	294,438
<b>(Loss) / profit from operations</b>		(7,679)	138,137	(115,398)	(59,937)
Finance cost		(71,760)	(90,383)	(133,961)	(167,287)
Share of income from associates		129,206	45,386	214,826	47,648
<b>Profit / (loss) before taxation</b>		49,767	93,140	(34,533)	(179,576)
Taxation					
- Company		(42,203)	(58,524)	(46,192)	(75,471)
- Associates		(9,794)	(4,407)	(20,143)	(10,303)
		(51,997)	(62,931)	(66,335)	(85,774)
<b>(Loss) / profit after taxation</b>		(2,230)	30,209	(100,868)	(265,350)
<b>Earnings per share</b>					
<b>Basic (loss) / earnings per share</b>	14.1	(0.03)	0.43	(1.45)	(3.82)
<b>Diluted (loss) / earning per share</b>	14.2	(0.03)	0.40	(1.45)	(3.82)

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 Six Months Period Ended 31 March 2015 (Un-Audited)



	Quarter ended		Half year ended	
	31 March 2015	31 March 2014	31 March 2015	31 March 2014
	----- (Rupees in thousand) -----			
<b>(Loss) / profit after taxation for the period</b>	(2,230)	30,209	(100,868)	(265,350)
<b><u>Other comprehensive income</u></b>				
<b>Item that are or may be subsequently reclassified to profit or loss account</b>				
Fair value gain on ' Available for sale' investments	6,499	(26,940)	49,700	55,253
Share of other comprehensive income of associates	406	4,066	209	6,312
	6,905	(22,874)	49,909	61,565
<b>Total comprehensive income / (loss) for the period</b>	4,675	7,335	(50,959)	(203,785)

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 Six Months Period Ended 31 March 2015 (Un-Audited)

	Note	Half year ended	
		March 2015 (Rupees in thousand)	March 2014
<b>Cash flows from operating activities</b>			
Cash generated from / (used in) operations	15	47,652	(636,905)
Finance cost paid		(113,488)	(366,957)
Taxes paid		(29,013)	(60,880)
Employees' retirement benefits paid		-	(10,047)
Net increase in long term advances, loans, deposits and prepayments		(1,878)	(1,285)
<b>Net cash used in operating activities</b>		(96,727)	(1,076,074)
<b>Cash flows from investing activities</b>			
Fixed capital expenditure		(2,287)	(87,749)
Dividend received		4,488	16,611
Proceeds from sale of investment		81,562	646,837
Sale proceeds from sale of livestock		1,207	458
Proceeds from sale of property, plant and equipment		1,293	18,869
<b>Net cash generated from investing activities</b>		86,263	595,026
<b>Cash flows from financing activities</b>			
Repayment of finance lease		(9,931)	(3,641)
Short term financing - net		302,033	1,089,770
Long term financing - net		(231,245)	(612,159)
<b>Net cash generated from financing activities</b>		60,857	473,970
<b>Net increase / (decrease) in cash and cash equivalents</b>		50,393	(7,078)
<b>Cash and cash equivalents at the beginning of the period</b>		94,992	100,369
<b>Cash and cash equivalents at the end of the period</b>		145,385	93,291

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 Six Months Period Ended 31 March 2015 (Un-Audited)

(Rupees in thousand)

	CAPITAL RESERVE				REVENUE RESERVE				Total	
	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
<b>Balance as at 01 October 2013</b>	695,238	243,282	26,865	245,504	155,930	410,606	22,700	83,000	(1,857,703)	25,422
Loss for the six months period ended 31 March 2014	-	-	-	-	-	-	-	-	(265,350)	(265,350)
Other comprehensive income for the year:										
Fair value gain on 'Available for sale' investments	-	-	-	55,253	-	-	-	-	-	-
Gain realised on disposal of 'Available for sale' investments transferred to profit and loss	-	-	-	(122,707)	-	-	-	-	-	(122,707)
Share of other comprehensive loss of associates	-	-	6,312	-	-	-	-	-	-	6,312
	-	-	6,312	(67,454)	-	-	-	-	-	(61,142)
Surplus on property, plant and equipment transferred to accumulated losses on account of:										
- incremental depreciation for the period - net of deferred tax	-	-	-	-	-	-	-	-	18,440	18,440
<b>Balance as at 31 March 2014</b>	695,238	243,282	33,177	178,050	155,930	410,606	22,700	83,000	(2,104,613)	(282,630)
Loss for the six months period ended 30 September 2014	-	-	-	-	-	-	-	-	(373,459)	(373,459)
Other comprehensive income for the year:										
Fair value loss on 'Available for sale' investments	-	-	-	(81,339)	-	-	-	-	-	(81,339)
Loss realized on disposal of 'available for sale' investments transferred to profit and loss	-	-	-	503	-	-	-	-	-	503
Remeasurement loss on employee retirement benefits	-	-	(9,374)	-	-	-	-	-	-	(21,336)
Share of other comprehensive loss of associates	-	-	(9,374)	(7,636)	-	-	-	-	-	(9,374)
	-	-	(9,374)	(7,636)	-	-	-	-	(21,336)	(38,346)
Surplus on property, plant and equipment transferred to accumulated losses on account of:										
- disposal of land	-	-	-	-	-	-	-	-	21,218	21,218
- incremental depreciation for the period - net of deferred tax	-	-	-	-	-	-	-	-	18,350	18,350
	-	-	-	-	-	-	-	-	(100,868)	(100,868)
<b>Balance as at 30 September 2014</b>	695,238	243,282	23,803	170,414	155,930	410,606	22,700	83,000	(2,459,840)	(654,867)
Loss for the six months period ended 31 March 2015	-	-	-	-	-	-	-	-	(100,868)	(100,868)
Other comprehensive income for the year:										
Fair value gain on 'Available for sale' investments	-	-	-	49,700	-	-	-	-	-	49,700
Gain realised on disposal of 'Available for sale' investments transferred to profit and loss	-	-	209	(34,416)	-	-	-	-	-	(34,416)
Share of other comprehensive loss of associates	-	-	209	15,284	-	-	-	-	-	209
	-	-	209	15,284	-	-	-	-	-	15,493
Surplus on property, plant and equipment transferred to accumulated losses on account of:										
- incremental depreciation for the period - net of deferred tax	-	-	-	-	-	-	-	-	134,974	134,974
<b>Balance as at 31 March 2015</b>	695,238	243,282	24,012	185,698	155,930	410,606	22,700	83,000	(2,425,734)	(605,268)

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 Six Months Ended 31 March 2015 (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. The name of the Company has been changed from 'Shakarganj Mills Limited' to 'Shakarganj Limited' on 29 January 2015. It is principally engaged in manufacture, purchase and sale of sugar, bio fuel, building materials, yarn (textile) and engaged in generation and sale of electricity (bio power). The Company has its principal manufacturing facilities at Jhang and satellite manufacturing facilities at Bhone. The registered office of the Company is situated in Lahore.

### 1.2 Going concern assumption

The Company has been facing liquidity crunch for the last few years. During this interim period the liquidity position further deteriorated resulting in low level of cane procurement and consequent low level of crushing. The Company could only be able to crush 0.62 million tons of sugarcane in the current crushing season compared to 1.26 million tons of sugarcane in the crushing season 2013-2014. The Company has incurred a net loss of Rs. 100.86 million during the current period and as at the reporting date the current liabilities of the Company have exceeded its current assets by Rs. 5,129 million (30 September 2014: Rs. 5,168 million), the equity has eroded and stands at negative Rs. 605.27 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. 1,883 million (30 September 2014: Rs. 2,165 million) are over-due for payment.

In February 2010, the Company 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 that could not become operative due to delays in obtaining No-objection certificate from National Bank of Pakistan for creation of pari passu charge on the assets against the above facilities. Furthermore, the Company was not able to liquidate all of the specified assets as per timelines identified in the bridge loan agreement and subsequent to June 30, 2011, these facilities stood expired.

Furthermore 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 March 31, 2015.

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 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:

The Company undertook significant operational measures in previous years to improve its productivity and financial results in order to generate liquidity for financing of operations and repayment of borrowings. However as explained above because of the liquidity crunch, the operational performance is not consistently improving.



The Company repaid Rs. 1,666 million of the bridge loan through utilisation of improved liquidity resulting from operational results and sale of certain assets of the Company, namely, Sugar Unit at Dargai Shah, Power Division at Dargai Shah, partial disinvestment in Safeway Mutual Fund, full disinvestment in Asian Stocks Fund and partial disposal of agricultural land. Moreover during the current and prior periods, the Company also disposed off its entire holding in Asian Stock Fund, Crescent Jute Products Limited and Safeway Mutual Fund and partial holding in Altern Energy Limited. The realised proceeds were utilized towards repayment of bank borrowings and to finance operations.

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 loans, 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 in current and prior years successfully restructured / rescheduled various loans amounting to Rs. 1,435 million with respective lenders (including term finance certificate holders), out of which Rs. 1,226 million has been repaid as of March 31, 2015. The Company expects relaxation in payment terms and support by the lenders for the remaining overdue loans.

#### **Short term financing- secured**

The Company has negotiated with 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 overdue loans (principal only).

As a result of above negotiations, the Company obtained working capital lines of Rs. 1,100 million from a number of banks of which Rs. 1,073 million has been utilized as of March 31, 2015. These facilities have been obtained against pledge of Sugar /Molasses /Bio Fuel at margin ranging from 15% to 25% and have resulted in significantly improved operational liquidity in current period.

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.

The condensed interim financial information have 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.

The condensed interim 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 has been prepared in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting. The disclosures in this condensed interim financial information does not include all the information reported for full annual financial statements and should be read in conjunction with the annual financial statements for the year ended 30 September 2014.

This condensed interim financial information is being submitted to the shareholders as required by section 245 the Companies Ordinance, 1984.

## **3. SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies and methods of computation adopted for the preparation of this condensed interim financial information are the same as those applied in the preparation of the financial statements for the year ended 30 September 2014 and should be read in conjunction with those financial statements.

## **4. ESTIMATES**

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

In preparing these condensed interim financial statements, the significant judgments made by management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the financial statements for the year ended 30 September 2014.

## **5. SEASONALITY OF OPERATIONS**

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

## **6. TAXATION**

The provision for taxation for the half year ended 31 March 2015 has been made on an estimated basis.



	Note	31 March 2015 (Rupees in thousand)	30 September 2014
<b>7. LONG TERM FINANCES</b>			
Long term loans - secured		650,462	826,557
Redeemable Capital			
Preference shares (non-voting) - unsecured		345,756	345,756
Term finance certificates (non-voting) - secured		127,200	182,350
		472,956	528,106
		1,123,418	1,354,663
Less: Current portion shown under current liabilities	7.1		
- Long term loans - secured		(650,462)	(826,557)
- Redeemable capital - Preference Shares (non-voting) - secured		(345,756)	(345,756)
- Redeemable capital - term finance certificates (non-voting) - secured		(127,200)	(182,350)
		(1,123,418)	(1,354,663)
		-	-

**7.1** The aggregate current portion of Rs. 1,123 million (30 September 2014: Rs. 1,355 million) includes over-due principal installments aggregating to Rs. 821 million (30 September 2014: Rs. 888 million) and Rs. 302 million (30 September 2014: Rs. 467 million) representing principal installments which under the term of original loan agreements are due for repayment in period subsequent to 31 March 2016. However, as the Company could not repay on a timely basis the installments due up till the period ended 31 March 2015 and is not compliant with certain debt covenants, which represents a breach of the respective agreements, therefore these loans have been disclosed as a current liability under the guidance contained in "IAS 1 Presentation of financial statements".

Further the lenders as part of the financing/restructuring agreements have restricted dividend distribution by the company until full satisfaction of the entire over-due amount and other amounts due during the tenor of the finance facilities.

## 8. CONTINGENCIES AND COMMITMENTS

### 8.1 Contingencies

There is no material change in the status of contingencies as set out in note 14.1 to the financial statements of the Company for the year ended 30 September 2014.

### 8.2 Commitments

The Company has the following commitments in respect of:

- (i) Contract for capital expenditure amounting to Rs. 76.18 million (30 September 2014: Rs. 76.18 million).
- (ii) Contracts for acquisition of intangible (computer software) amounting to Rs. 20 million (30 September 2014: Rs. 20 million).
- (iii) Contracts for other than capital expenditures Rs. 8.32 million (30 September 2014: Rs. 7.81 million)

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

	Note	31 March 2015 (Rupees in thousand)	30 September 2014
Not later than one year		180	438
Later than one year and not later than five years		180	180
		360	618
<b>9. PROPERTY, PLANT AND EQUIPMENT</b>			
<i>Operating assets - at net book value</i>			
- Owned assets		9,853,520	10,115,176
- Leased assets		-	55,600
		9,853,520	10,170,776
Capital work in progress	9.1 9.2	85,065	83,267
		9,938,585	10,254,043
<b>9.1 Operating assets - at net book value</b>			
Net book value at the beginning of the period / year		10,115,176	5,871,414
Add: Additions during the period / year	9.1.1	489	315,213
Transfer from leased assets - plant and machinery		55,600	-
Effect of revaluation during the period / year		-	4,303,799
		56,089	4,619,012
Less: Deletions during the period / year		(495)	(51,941)
Depreciation charged during the period / year		(317,250)	(323,309)
		(317,745)	(375,250)
		9,853,520	10,115,176
<b>9.1.1 Additions during the period / year</b>			
Freehold Land		100	2,181
Building and roads on freehold land		-	5,618
Plant and machinery		-	298,787
Tools and equipments		-	2,072
Laboratory equipment		-	16
Office equipments		236	3,360
Water, electric and weighbridge equipments		87	2,494
Furniture and fixtures		59	598
Vehicles		-	65
Library books		7	22
		489	315,213



	Note	31 March 2015 (Rupees in thousand)	30 September 2014
<b>9.2 Capital work in progress</b>			
Civil works		2,593	1,154
Plant and machinery		40,323	41,001
		42,916	42,155
Advances to suppliers		58,733	57,696
Less: Provision for doubtful advances		(16,584)	(16,584)
		42,149	41,112
		85,065	83,267
<b>10. INVESTMENTS - RELATED PARTIES</b>			
In equity instruments of associates	10.1	794,091	603,687
Available for sale	10.3	-	-
		794,091	603,687
<b>10.1 In equity instruments of associates</b>			
Cost		444,494	444,494
Brought forward amounts of post acquisition reserves, profits and negative goodwill recognized directly in profit and loss account		159,193	84,139
		603,687	528,633
Share of movement in reserves during the period / year		209	(3,062)
Share of profit for the period / year			
- before taxation		214,826	122,618
- provision for taxation		(20,143)	(37,430)
		194,683	85,188
		798,579	610,759
Dividend received during the period / year		(4,488)	(7,072)
Balance as at period / year end	10.2	794,091	603,687

## 10.2 In equity instruments of associates

### Quoted

#### **Crescent Steel and Allied Products Limited**

2,992,068 (30 September 2014: 2,992,068)  
fully paid ordinary shares of Rs. 10 each  
Equity held: 4.82% (30 September 2014: 4.82%)

### Unquoted

#### **Shakarganj Food Products Limited**

74,654,596 (30 September 2014: 74,654,596)  
fully paid ordinary shares of Rs. 10 each  
Equity Held: 49.24% (30 September 2014: 49.24%)

	<b>31 March 2015 (Rupees in thousand)</b>	30 September 2014
	262,571	264,369
	531,520	339,318
	<u>794,091</u>	<u>603,687</u>

**10.2.1** Investments in associates include goodwill amounting to Rs. 82.886 million (30 September 2014: Rs. 82.886 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 follow:

### For the half year ended 31 March 2015

Name	Percentage interest held	Assets	Liabilities	Revenues	Profit
		----- (Rupees in thousand) -----			
Crescent Steel and Allied Products Limited	4.82%	327,049	(76,103)	59,498	3,223
Shakarganj Food Products Limited	49.24%	1,408,395	(948,136)	2,116,709	191,460
		<u>1,735,444</u>	<u>(1,024,239)</u>	<u>2,176,207</u>	<u>194,683</u>

### For the year ended 30 September 2014

Name	Percentage (interest held)	Assets	Liabilities	Revenues	Profit
		----- (Rupees in thousand) -----			
Crescent Steel and Allied Products Limited	4.82%	297,021	(44,276)	194,161	26,659
Shakarganj Food Products Limited	49.24%	989,606	(721,550)	3,346,242	58,529
		<u>1,286,627</u>	<u>(765,826)</u>	<u>3,540,403</u>	<u>85,188</u>

**10.2.3** 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 Associate' 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 reviewed consolidated financial statements as at 31 December 2014.

**10.2.5** The Company has assessed the recoverable amount of investment in Crescent Steel and Allied Products Limited based on value in use calculation. This calculation has been made on discounted cash flow methodology which assumes gross profit margin of 13.04% - 16.17%, EBITDA of 25.5% - 30%, terminal growth rate of 3.5% and weighted average cost of capital of approximately 15.16%.

**10.2.6** The Company has assessed the recoverable amount of investment in Shakarganj Food Products Limited based on value in use calculation. This calculation has been made on discounted cash flow methodology which assumes gross profit margin of 14.60% - 15.56%, EBITDA of 3.77% - 4.15%, terminal growth rate of 4% and weighted average cost of capital of approximately 14.64%.

	Note	31 March 2015 (Rupees in thousand)	30 September 2014
<b>10.3 Available for sale</b>			
Associated companies - at cost	10.3.1	3,000	3,000
Others - at cost	10.3.2	2,200	2,200
		5,200	5,200
Add: Cumulative fair value gain	10.3.3	-	-
Less: Cumulative impairment losses recognized	10.3.4	(5,200)	(5,200)
Impairment loss		(5,200)	(5,200)
		-	-
<b>10.3.1 Associated companies</b>			
<b>Unquoted</b>			
<b>Crescent Standard Telecommunications Limited</b>			
300,000 (30 September 2014: 300,000) fully paid ordinary shares of Rs. 10 each		3,000	3,000
		3,000	3,000
<b>10.3.2 Others</b>			
<b>Unquoted</b>			
<b>Crescent Group Services (Private) Limited</b>			
220,000 (30 September 2014: 220,000) fully paid ordinary shares of Rs. 10 each		2,200	2,200
		2,200	2,200
<b>10.3.3 Cumulative fair value gain</b>			
As at October 01		-	122,204
Disposal of shares/units		-	(122,204)
Fair value gain during the period / year		-	-
As at period / year end		-	-



	<b>31 March 2015 (Rupees in thousand)</b>	30 September 2014
<b>10.3.4 Cumulative impairment losses recognized</b>		
As at October 1	5,200	93,257
Reversed during the period / year	-	(88,057)
As at period / year end	<u>5,200</u>	<u>5,200</u>

**10.4** Investments with face value of Rs. 594.246 million (30 September 2014: 594.246 million) and market value of Rs. 658 million (30 September 2014: 651 million) pledged as security against long term running finances and short term borrowings.

## 11. STOCK IN TRADE

The amount charged to profit and loss account on account of write down of finished goods to net realizable value amount to Rs. 40.43 million (30 September 2014: Rs. 6.87 million).

	Note	<b>31 March 2015 (Rupees in thousand)</b>	30 September 2014
<b>12. INVESTMENTS</b>			
Available for sale - at cost	12.1	100,000	125,307
Add: Cumulative fair value gain	12.2	185,698	170,414
		<u>285,698</u>	<u>295,721</u>
<b>12.1 Available for sale - at cost</b>			
<b>Altern Energy Limited - Quoted</b> 10,000,000 (30 September 2014: 12,530,582) fully paid ordinary shares of Rs. 10 each		100,000	125,307
<b>Innovative Investment Bank Limited - Unquoted</b> 51,351 (30 September 2014: 51,351) fully paid ordinary shares of Rs. 10 each		-	-
		<u>100,000</u>	<u>125,307</u>
<b>12.2 Cumulative fair value gain</b>			
As at October 01		170,414	123,300
Disposal of shares		(34,416)	-
Fair value gain during period / year		49,700	47,114
As at period / year end		<u>185,698</u>	<u>170,414</u>

**12.3** Investments with face value of Rs. 100 million (30 September 2014: Rs. 124.66 million) and market value of Rs. 285.7 million (30 September 2014: Rs. 294.2 million) are pledged as security against short term borrowings.

### 13. SEGMENTS INFORMATION

(Rupees in thousand)

	Sugar				Bio Fuel				Bio Power				Building materials				Sub-total carried forward			
	Quarter ended		Half year ended		Quarter ended		Half year ended		Quarter ended		Half year ended		Quarter ended		Half year ended		Quarter ended		Half year ended	
	31 March 2015	31 March 2014	31 March 2015	31 March 2014	31 March 2015	31 March 2014	31 March 2015	31 March 2014	31 March 2015	31 March 2014	31 March 2015	31 March 2014	31 March 2015	31 March 2014	31 March 2015	31 March 2014	31 March 2015	31 March 2014	31 March 2015	
<b>13.1 Sales</b>																				
External Intersegment	1,824,182	3,804,371	2,617,778	4,888,899	874,750	1,734,509	1,325,428	1,834,146	-	-	32,303	-	17,144	-	5,373	37,045	2,698,932	5,556,024	3,948,579	6,760,090
	328,050	479,969	437,047	821,160	65,698	42,852	75,810	43,637	57,456	32,303	-	32,303	-	17,144	-	5,373	37,045	-	-	-
	2,152,232	4,284,340	3,054,825	5,710,059	938,448	1,777,341	1,401,238	1,877,783	57,456	32,303	-	32,303	-	17,144	-	5,373	37,045	5,556,024	3,948,579	6,760,090
<b>13.2 Segment expenses</b>																				
<b>Cost of sales</b>																				
Net of intersegment costs	2,187,644	4,483,975	3,291,612	6,094,804	410,982	978,753	658,249	681,138	19,004	12,295	22,077	2,442	(190)	10,068	8,030	10,068	2,620,072	5,474,833	3,991,268	6,806,049
Intersegment cost	44,945	30,430	60,601	38,942	331,665	460,638	438,178	790,129	23,154	15,993	15,993	71	19,643	107	31,161	107	-	-	-	-
	2,232,589	4,514,405	3,352,213	6,133,746	742,647	1,439,391	1,096,427	1,471,267	42,158	28,288	38,070	2,513	19,453	10,175	39,191	10,175	2,620,072	5,474,833	3,991,268	6,806,049
Gross (loss) / profit	(80,357)	(230,065)	(297,388)	(423,687)	195,801	337,950	304,811	406,516	15,298	4,015	(5,767)	(2,513)	(2,309)	(4,802)	(2,146)	(4,802)	78,860	81,191	(42,689)	(45,959)
Administrative expenses	(39,002)	(46,467)	(78,549)	(108,863)	(24,654)	(31,312)	(44,931)	(35,800)	(1,346)	(615)	(616)	(9)	(109)	(244)	(706)	(244)	(65,011)	(78,503)	(125,757)	(145,985)
Distribution and selling cost	(3,925)	(6,902)	(6,609)	(11,371)	(71,637)	(109,528)	(88,010)	(127,544)	-	-	-	(1)	(5)	(6)	(32)	(6)	(7,563)	(11,643)	(94,625)	(138,947)
	(42,927)	(53,369)	(85,158)	(120,234)	(96,291)	(140,840)	(132,941)	(163,344)	(1,346)	(615)	(616)	(10)	(114)	(250)	(738)	(250)	(140,574)	(194,938)	(220,382)	(284,932)
<b>Segment results</b>	(123,284)	(283,434)	(382,546)	(543,921)	99,510	197,110	171,870	243,172	13,952	3,400	7,074	(6,383)	(2,423)	(5,052)	(2,884)	(5,052)	(61,714)	(113,747)	(263,071)	(330,891)



### 13. SEGMENTS INFORMATION

(RUPEES IN THOUSAND)

	Sub-total brought forward						Textile						Farms						Others						Total					
	Quarter ended		Half year ended		Quarter ended		Half year ended		Quarter ended		Half year ended		Quarter ended		Half year ended		Quarter ended		Half year ended		Quarter ended		Half year ended		Quarter ended		Half year ended			
	31 March 2015	31 March 2014	31 March 2015	31 March 2014	31 March 2015	31 March 2014	31 March 2015	31 March 2014	31 March 2015	31 March 2014	31 March 2015	31 March 2014	31 March 2015	31 March 2014	31 March 2015	31 March 2014	31 March 2015	31 March 2014	31 March 2015	31 March 2014	31 March 2015	31 March 2014	31 March 2015	31 March 2014	31 March 2015	31 March 2014	31 March 2015			
<b>13.1 Sales</b>	2,698,932	5,556,024	3,948,579	6,760,090	311,720	288,837	662,569	774,923	6,545	4,528	14,611	14,214	2,469	7,543	9,019	12,079	3,019,666	5,856,932	4,634,778	7,561,306	3,019,666	5,856,932	4,634,778	7,561,306	3,019,666	5,856,932	4,634,778	7,561,306		
External Intersegment	-	-	-	-	-	-	-	-	6,895	5,295	14,449	13,446	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
<b>13.2 Segment expenses</b>	2,620,072	5,474,833	3,991,268	6,806,049	262,764	258,361	595,356	744,239	4,347	9,828	20,075	27,120	1,570	5,081	5,348	7,943	2,888,753	5,748,103	4,612,047	7,585,351	2,888,753	5,748,103	4,612,047	7,585,351	2,888,753	5,748,103	4,612,047	7,585,351		
Net of intersegment costs	-	-	-	-	52,274	31,757	64,876	31,757	3,990	1,800	3,990	2,444	-	138	-	320	-	-	-	-	-	-	-	-	-	-	-	-	-	
Intersegment cost	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
Gross (loss) / profit	78,860	81,191	(42,689)	(45,959)	(3,318)	(1,281)	2,337	(1,073)	5,103	(1,805)	4,995	(1,704)	899	2,324	3,671	3,816	130,913	108,829	22,731	(24,045)	130,913	108,829	22,731	(24,045)	130,913	108,829	22,731	(24,045)		
Administrative expenses	(65,011)	(78,503)	(125,757)	(145,985)	(7,200)	(7,105)	(13,718)	(14,235)	(634)	(886)	(1,256)	(1,458)	(38)	(145)	(326)	(231)	(72,883)	(86,639)	(141,057)	(161,909)	(72,883)	(86,639)	(141,057)	(161,909)	(72,883)	(86,639)	(141,057)	(161,909)		
Distribution and selling cost	(75,563)	(116,435)	(94,625)	(138,947)	(425)	(229)	(848)	(705)	(634)	(886)	(1,256)	(1,458)	(38)	(145)	(326)	(231)	(75,988)	(116,664)	(95,473)	(139,652)	(75,988)	(116,664)	(95,473)	(139,652)	(75,988)	(116,664)	(95,473)	(139,652)		
Segment results	(140,574)	(194,938)	(220,382)	(284,932)	(7,625)	(7,334)	(14,566)	(14,940)	(634)	(886)	(1,256)	(1,458)	(38)	(145)	(326)	(231)	(148,871)	(203,303)	(236,530)	(301,561)	(148,871)	(203,303)	(236,530)	(301,561)	(148,871)	(203,303)	(236,530)	(301,561)		
Other operating expenses	(61,714)	(113,747)	(263,071)	(330,891)	(10,948)	(8,615)	(12,229)	(16,013)	4,469	(2,691)	3,739	(3,162)	861	2,179	3,345	3,585	(17,958)	(94,474)	(213,799)	(325,606)	(17,958)	(94,474)	(213,799)	(325,606)	(17,958)	(94,474)	(213,799)	(325,606)		
Finance costs	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Other operating income	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Share of income of associates	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Taxation	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
(Loss) / profit for the period	(2,330)	(2,330)	30,209	(100,868)	(265,350)																									



	Segment assets		Segment liabilities	
	31 March 2015	30 September 2014	31 March 2015	30 September 2014
	<b>(Rupees in thousand)</b>			
Sugar	6,757,672	5,590,260	5,707,169	4,466,701
Bio Fuel	3,157,404	2,225,763	1,275,980	1,586,602
Bio Power	289,148	451,837	5,033	6,141
Building materials	73,362	80,136	7,506	2,139
Textile	415,933	430,900	125,799	114,782
Farms	710,079	720,427	16,844	16,854
Others	26	6,367	-	-
Unallocated	1,984,522	2,905,736	1,692,177	1,575,194
	<b>13,388,146</b>	<b>12,411,426</b>	<b>8,830,508</b>	<b>7,768,413</b>

### 13.3 Segment assets and liabilities

## 14. (LOSS) / EARNINGS PER SHARE

### 14.1 Basic (loss) / earnings per share

		Quarter ended		Half year ended	
		31 March 2015	31 March 2014	31 March 2015	31 March 2014
(Loss) / profit for the period	<b>Rupees</b>	(2,230,000)	30,209,000	(100,868,000)	(265,350,000)
Weighted average number of ordinary shares in issue during the period	<b>Number</b>	69,523,798	69,523,798	69,523,798	69,523,798
(Loss) / earnings per share - basic	<b>Rupees</b>	(0.03)	0.43	(1.45)	(3.82)

### 14.2 Diluted (loss) / earnings per share

Diluted loss 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 is adjusted to eliminate the preference dividend.

		Quarter ended		Half year ended	
		31 March 2015	31 March 2014	31 March 2015	31 March 2014
(Loss) / profit for the period	<b>Rupees</b>	(2,230,000)	30,209,000	(100,868,000)	(265,350,000)
Profit used to determine diluted earnings per shares	<b>Rupees</b>	(2,230,000)	30,209,000	(100,868,000)	(265,350,000)
Weighted average number of ordinary shares in issue during the period	<b>Number</b>	69,523,798	69,523,798	69,523,798	69,523,798
Assumed conversion of convertible preference shares into ordinary shares	<b>Number</b>	5,774,108	5,774,108	5,774,108	5,774,108
Weighted average number of ordinary shares for diluted earnings per share	<b>Number</b>	75,297,906	75,297,906	75,297,906	75,297,906
(Loss) / earnings per share - diluted	<b>Rupees</b>	(0.03)	0.40	(1.34)	(3.52)

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

## 15. CASH GENERATED FROM OPERATING ACTIVITIES

	<b>Half year ended</b>	
	<b>31 March 2015 (Rupees in thousand)</b>	31 March 2014
Loss before taxation	(34,533)	(179,576)
<i>Adjustments for:</i>		
Depreciation on operating assets	317,250	162,231
Amortization of intangible assets	45	45
(Gain) / loss on sale of property, plant and equipment	(798)	739
Dividend income	-	(12,531)
Share of profit from associates	(214,826)	(47,648)
Fair value gain on livestock	(291)	(1,483)
Profit on sale of Investment	(56,255)	(223,797)
Provision for employee benefits	-	7,223
Finance cost	133,961	167,287
Markup waived off	(26,214)	(4,400)
	152,872	47,666
Profit / (loss) before working capital changes	118,339	(131,910)
(Increase)/ decrease in current assets:		
Stock-in-trade	(732,159)	(1,675,328)
Trade debts	(408,744)	(348,513)
Stores and spares	(10,213)	(13,034)
Other receivables	72,354	(116,740)
Biological assets	1,096	(1,071)
Increase in current liabilities:		
Trade and other payables	1,006,979	1,649,691
	(70,687)	(504,995)
Cash generated from / (used in) operations	47,652	(636,905)



## 16. TRANSACTIONS WITH RELATED PARTIES

The related parties comprise associated undertakings, post employment benefit plans, other related companies, and key management personnel. The company in the normal course of business carries out transactions with various related parties. Transactions with related parties (other than disclosed elsewhere in this interim financial information) are as follows:

Relationship with the company	Nature of transactions	Half year ended	
		31 March 2015 (Rupees in thousand)	31 March 2014
i. Associated/Related undertakings			
Crescent Steel & Allied Products Limited	Purchase of goods	4,158	3,572
	Sale of goods	-	1,655
	Common expenses	3,130	4,601
	Dividend income	4,488	4,080
Shakarganj Food Products Limited	Sale of goods	7,601	4,065
	Salary expense and other		
	Common expenses	736	741
Premier Insurance Limited	Insurance expenses	2,336	2,808
Shakarganj Energy (Private) Limited	Sale of bagasse and water	241,018	-
	Purchase of electricity and steam	248,734	-
	Advance against purchase	40,000	-
ii. Post employment benefit plans			
	Expense charged in respect of retirement benefit plans	6,707	7,173
	Transactions with gratuity and pension fund account		
	- Funds received	651,951	2,031,340
	- Funds repaid	651,951	2,040,430
	- Markup expense	21,561	17,100
iii. Key Management Personnel			
	Salaries and other employee benefits	49,676	58,608

## 17. DATE OF AUTHORISATION FOR ISSUE

This condensed interim financial information was authorised for issue on 28 May 2015 by the Board of Directors of the Company.

## 18. GENERAL

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

  
Chief Executive

  
Chairman

BOOK POST



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