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.

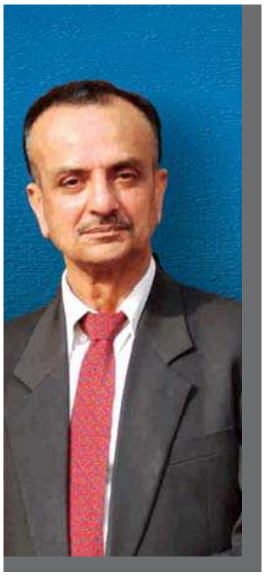
To provide the best working environment to its employees and provide opportunities to them for enhancing their skills.

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

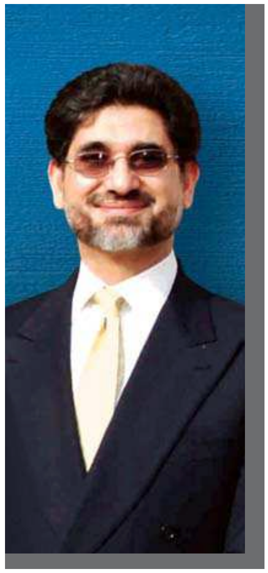
To pursue environment friendly policies and effectively and efficiently use all energy resources aiming for zero waste and a clean healthy environment in its vicinity.

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

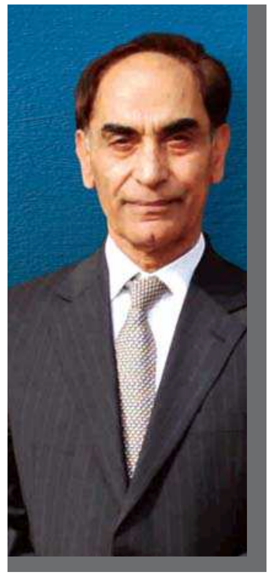
Company Information



Mazhar Karim
Chairman



Ahsan M.Saleem
Chief Executive

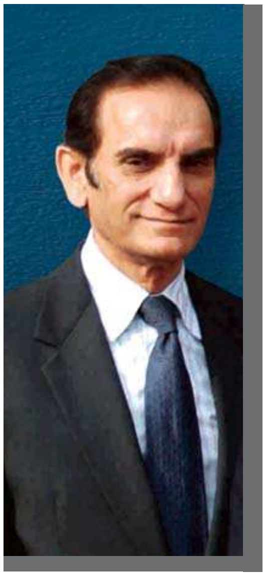


Muhammad Anwar
Non-Executive Director

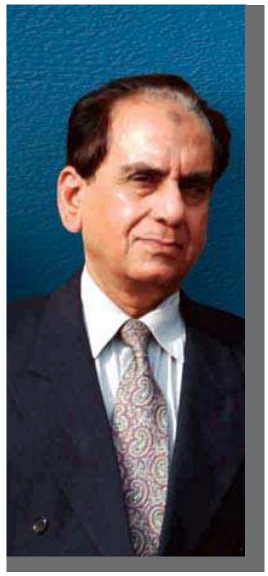
Muhammad Asif
Non-Executive Director

Board of Directors

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



Khalid Bashir
Non-Executive Director



Muhammad Arshad
Non-Executive Director

Kaleem Uddeen Ahmad
Non-Executive Director
(Independent)

Chief Financial Officer
Mahboob Ali Qureshi

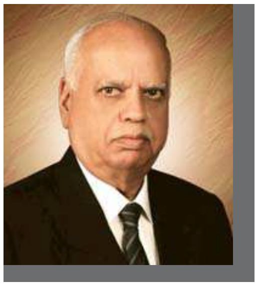
Company Secretary
Amjad Farooq

Audit Committee

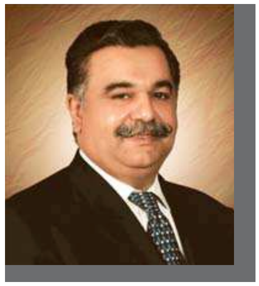
Chairman
Muhammad Anwar

Members
Khalid Bashir
Muhammad Asif

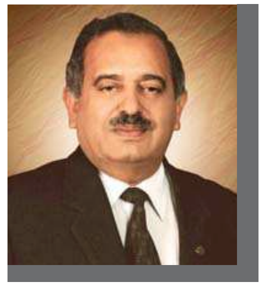
The Management



Muhammad Asghar Qureshi
Managing Director
Sugar & Co. Products *1999

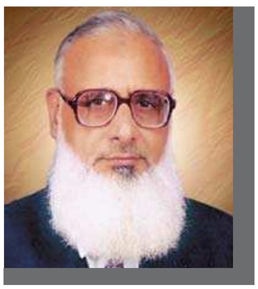


Anjum M. Saleem
Managing Director
Textile *1996



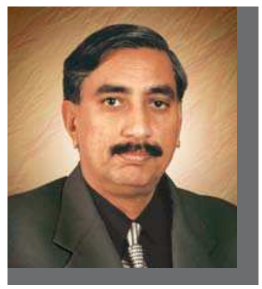
Muhammad Awais Qureshi
Advisor to Chief Executive *1980

Muhammad Pervaiz Akhter
Executive Vice President
Principal Facility *1981



Ch. Shah Muhammad
Head of Compliance &
Risk Management *2007

Mahboob Ali Qureshi
Chief Financial Officer *2007



Manzoor Hussain Malik
Vice President Agriculture *1980

Muhammad Saifullah
Sr. Vice President Operations
Satellite Facility (Bhone) *1991

Management Committees

Executive Committee

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

This committee devises long term policies and visions for the Company with the sole objective for providing the best returns to shareholders by optimum allocation of existing resources. The Committee is also responsible for review of Company's operation on ongoing basis, establishing and ensuring adequacy of internal controls and monitoring compliance of key policies.

Business Strategy Committee

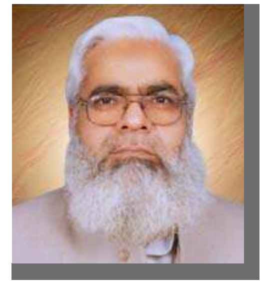
Chairman **Ahsan M. Saleem**
Anjum M. Saleem
Muhammad Asghar Qureshi
Muhammad Pervaiz Akhter
Manzoor Hussain Malik
Shahid Hamid Mir
Ch. Shah Muhammad

This Committee is responsible for formulation of business strategy, review of risks and their mitigation plan. Further, the Committee is also responsible for staying abreast of developments and trends in the Industry to assist the Board in planning for future capital intensive investments and growth of the Company.

Hameedullah Awan
Vice President Administration *2001

Dr. Shahid Afghan
Director Research *1987

Maqsood Bhatti
Senior Vice President
Satellite Facility (Dargai Shah) *1986



Abbas Ali Gill
GM (Building Material Division) *1992

Asif Ali
General Manager Finance *1996

Zahid Mahmood Khan
GM (Distillery) *2004

Shahid Hussain
Manager Quality Control
& Testing *2003

Amjad Farooq
Company Secretary *2004

System and Technology Committee

Chairman — **Muhammad Pervaiz Akhtar**
Ch. Shah Muhammad
Mahboob Ali Qureshi
Saad Akhtar Jaffery

This committee is responsible for devising the I.T strategy within the organization to keep all information systems of the company updated in a fast changing environment.

Investment Committee

Chairman — **Ahsan M. Saleem**
Anjum M.Saleem

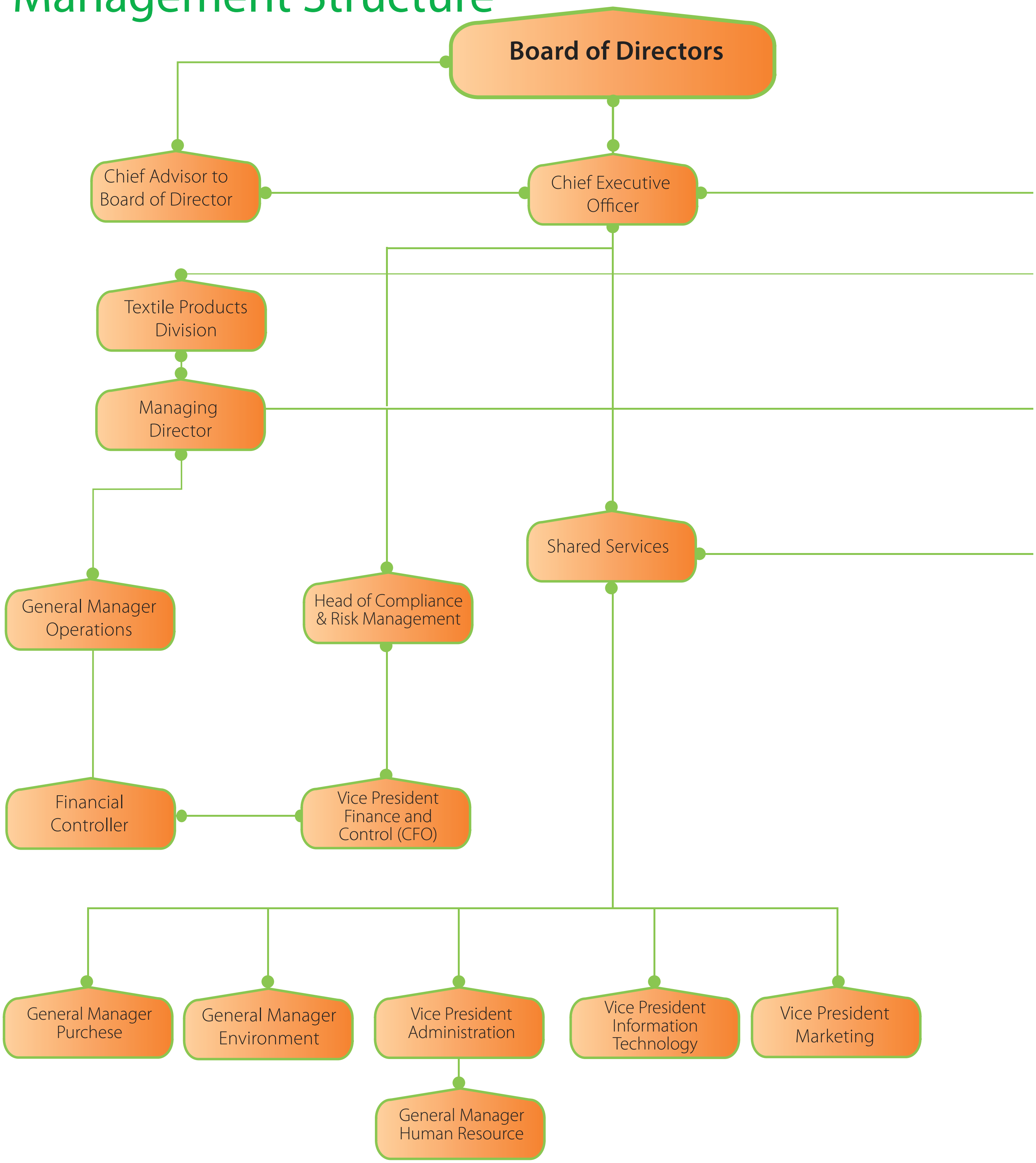
This committee helps to maintain a balanced portfolio of investments and maximize returns while keeping risk at a desirable low level.

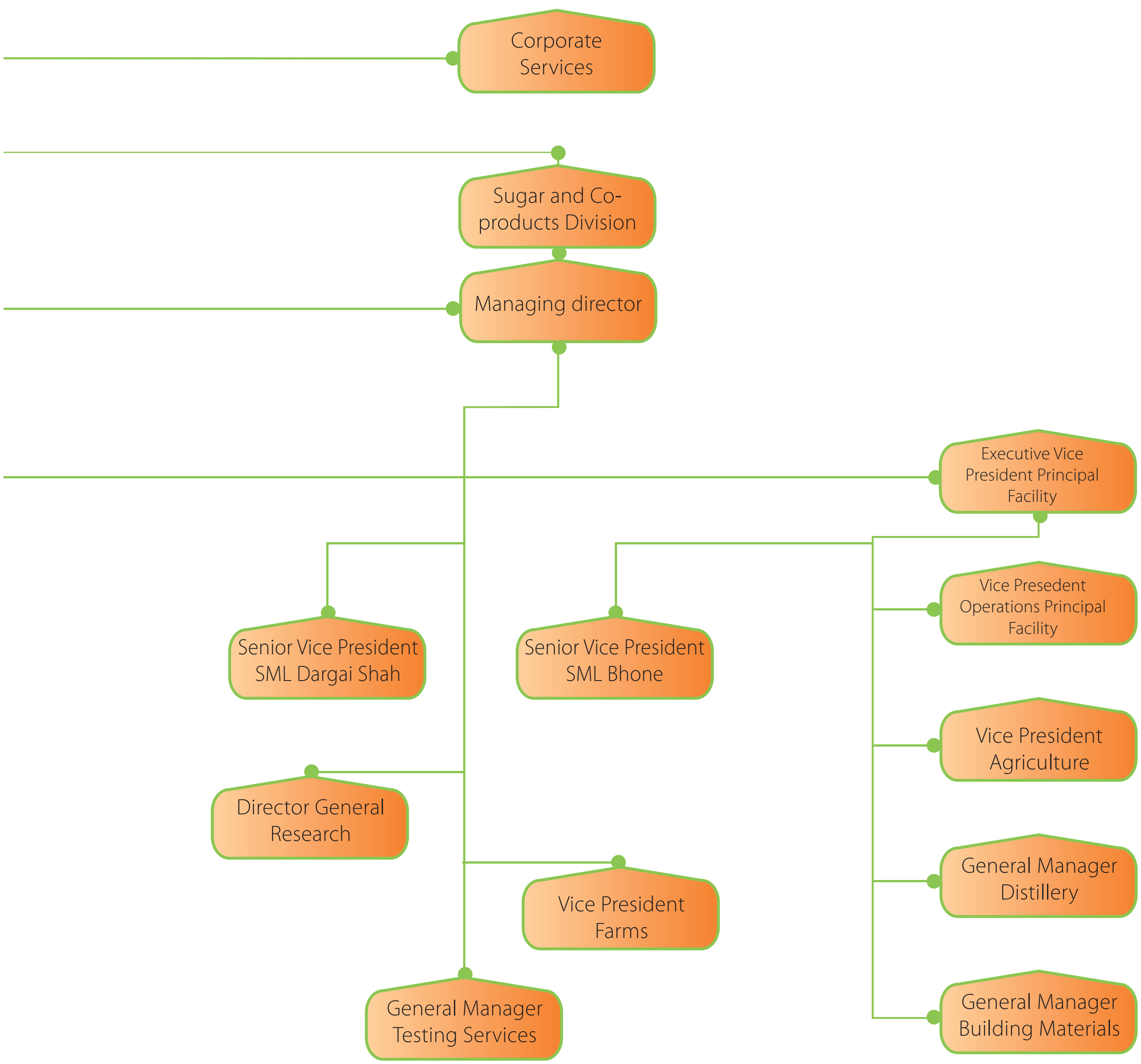
Human Resource Committee

Chairman — **Muhammad Asghar Qureshi**
Muhammad Pervaiz Akhtar
Ch. Shah Muhammad
Mahboob Ali Qureshi
Hameedullah Awan

The HR Committee has been constituted to address and improve the area of Human Resource Development. The main aim of the committee is to guide the management in formulating an overall strategic plan for HR and to provide the best working environment.

Management Structure




Corporate Services
Sugar and Co-products Division
Managing director
Executive Vice President Principal Facility
Senior Vice President SML Dargai Shah
Senior Vice President SML Bhone
Vice Presedent Operations Principal Facility
Vice President Agriculture
Director General Research
General Manager Distillery
Vice President Farms
General Manager Testing Services
General Manager Building Materials

Shareholders Information

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

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

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

Products
- Ethanol
- Particle Board
- Sugar
- Yarn
- Elecricity

Legal Advisor
Hassan & Hassan Advocates,
Lahore

Auditors
A.F. Ferguson & Co.
Chartered Accountants

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

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

Satellite Facilities

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

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

Website
www.shakarganj.com.pk
Note: Annual Report 2009 is avaliable on shakarganj's website.

Registered and Principal Office
BOP Tower,
10-B Block E 2, Gulberg III,
Lahore, Pakistan.
Tel: (042) 3578 3801-06
Fax: (042) 3587 3807

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

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

Annual General Meeting
The 42nd Annual General Meeting of Shakarganj Mills Limited will be held on Monday April 5, 2010 at 12:00 noon at Qasr-e-Noor, 9 E 2 Main Boulevard, Gulberg III, Lahore.

Company Profile

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

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

Sugar Business:

We have three manufacturing facilities, located at Jhang, Bhone and Dargai Shah. We produce different types of sugar comprising pharmaceutical, beverage and commercial grades sugar as well as soft brown sugar, castor and icing sugar, sugar cubes, sachets and retail packs.

Our combined crushing capacity is of 24,000 metric tons of sugarcane per day which is extendable to 40,000 metric tons per day.

Ethanol Business:

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

Building Materials Business:

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

Alternate Energy Business:

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

Textile Business:

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

Farming Business:

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

Business Vision and Strategy:

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

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

Serve our Customers:

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

employees succeed, we operate various programs designed to ensure the right skills at all levels to grow our business.

Grow the Contribution from Value Added Products:

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

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

Shakarganj Sugar Research Institute Annual Review 2009

Board of Governors

- Mr. Mohammad Asghar Qureshi
  Chairman
- Mr. Ali Altaf Saleem
  Member
- Mr. Mohammad Pervaiz Akhtar
  Member
- Dr. Arshad Ali Chattha
  Member
- Mr. Malik Manzoor Hussain
  Member
- Mr. Langer Khan
  Member
- Dr. Tahir Hussain
  Member
- Dr. Shahid Afghan
  Member

Principal Functions

1. Sugarcane breeding to evolve high yielding, early maturing varieties having tolerance against biotic and abiotic stresses.

2. To investigate the agronomic problem of sugarcane production.

3. Research and development on utilization of biomass from sugar industry effluents and its use for sustainable agriculture.

4. To study soils in sugarcane producing areas and to relate these to crop management.

5. Development of genetic engineering and tissue culture techniques for establishment of elite clones.

6. To study and monitor the pests and diseases of sugarcane as appropriate control measures.

7. To conduct research on germination of sugarcane setts, sucrose production, translocation, storage and environmental influences on these processes.

8. To advice on the use of fertilizers and other agricultural chemicals, irrigation and drainage, diseases and pests control, the use of machines and equipments land and water management, and other aspects of crop planting, production and management.

9. To publish and disseminate information on all aspects of sugarcane production.

10. To conduct educational courses in various aspects of sugarcane growing for cane development staff and growers.

11. To collaborate and exchange information and material with Research Organizations in Pakistan and abroad.

12. To improve technology of sugarcane production inside the sugar factories by improving process and milling efficiency.

This report summarizes the research and development activities being conducted at Shakarganj Sugar Research Institute, with emphasis on main goals that were achieved during 2008-09. Following is the brief description on progress of the projects.

1. Sugarcane variety Development

A program of new variety development has always been essential in all industries where a mixed production of sugar, ethanol and bio-energy is contemplated. It is generally accepted that varieties are the backbone of any successful sugar industry, and research should be enhanced so as to provide varieties for each environment or ecological niche, improving yields of sugar, ethanol and biomass for cogeneration of electricity. As in any live crop, there is a genotype-environment interaction for the sugarcane varieties to be successful, so only a restricted number of new clones or varieties tested became a new commercial variety. Addition of a new sugarcane variety plays an important role in improving cane yield at farmer's field and sugar with other products of economic importance at the factories. Research work on development of new cane varieties continued at the same level of priority. Following is a brief description of cane varieties developed at SSRI under different selection stages:

a. Promising cane varieties at National Uniform Varietal Yield Trials (NUVYT)

A good number of promising clones of CSSG, CPSG, HoSG, QSG and NSG-Series has completed final stage studies were included in NUVYT for further evaluation through National Agri. Research Center (NARC) Islamabad Govt. of Pakistan. Biometric traits and sugar recovery % cane are given in table-1. The clones included in NUVYT are high yielding, early maturing, non-lodging having resistance to major pest insects and diseases. Number of clones selected for NUVYT from 2004 to 2009 is given in table-2.

Table-1 Biometric traits of cane varieties included in NUVYT

Sr. No.	NUVYT Year/ Varieties	Cane yield (t/ha)	Rec. % cane Avg.	(Sugar yield (t/ha) (Oct-Mar)
	2007-09 (Data Completed)			
1.	NSG-59	112	11.07	12.4
2.	HoSG-529	127	11.28	14.33
3.	HoSG-795	108	11.03	11.91
	2008-10 (Under Trial)			
4.	CPSG-1663	161	10.29	16.57
5.	CSSG-2453	111	10.82	12.01
6.	CSSG-2402	119	11.37	13.53
	2009-11 (Under Trials)			
7.	HoSG-129	115	10.95	12.59
8.	HoSG-315	133	11.29	15.02
9.	CPSG-1607	112	10.74	12.03
10.	CPSG-3453	128	11.35	14.53
11.	CPSG-3481	119	12.88	15.33
	2009-11 (Seed multiplication at coordinating units)			
12.	S2003 CPSG-437	126	11.81	14.88
13.	S2003 CPSG-25	106	10.92	11.58
14.	S2004 CPSG-2923	89	11.57	10.3
15.	S2003 HoSG-1257	112	11.44	12.81
16.	S2003 CPSG-104	100	11.12	11.12
	Standards checks			
17.	SPSG-26	102	10.01	10.21
18.	HSF-240	90	9.79	8.81

b. Semi-Final Trials

Number of clones selected for semi-final trials from 2004 to 2009 is given in table-2. Promising clones at semifinal stage were 24, selected from S2000-02 HoSG, CPSG, and CSSG-Series, on the basis of germination capacity, tillering potential, cane yield, early maturity trend and disease reaction, during the year under report. These clones would be evaluated further for ratoonability, abiotic and biotic stresses.

c. Advanced Clones

Clones advanced during the year under report were 98 from S2003HoSG Series out of 103 progenies of previous year. The selection was advanced on the basis of plant height, cane girth, tillering, millable canes, cane yield, sugar recovery % cane and disease reaction. Number of clones advanced from 2004 to 2009 is given in table-2.

d. Progeny Clones

Techniques of growing and handling of original seedlings were improved for efficient selection of progenies. Seedlings planted during September 2005 were singled out in pots for internodes formation till January 2006. These original seedlings were transplanted as single stools at 2 x 5 feet spacing in the field during February 2006 and kept as ratoon in spring 2007. Progeny clones will be selected from ratoon seedlings during spring 2008. Number of progenies selected from 2004 to 2009 is given in table-2.

e. Original Seedlings

We were fortunate this year obtaining cane fuzz from National Sugar Crops Research Institute (NSCRI), Thattha. The stuff given from NSCRI was open pollinated. It was grown in July 2009 at experimental area of SSRI. The seedlings raised during the year under report were 1171. Populations of seedlings raised from 2004 to 2009 are given in table.2.

Table-2 Germplasm under different selection stages at SSRI

Description	2004-05	2005-06	2006-07	2007-08	2008-09
NUVYT	02	03	03	05	05
Final	06	09	14	25	18
Semi-final	13	140	43	24	06
Advance	627	291	103	98	28
Progenitors	1,518	2,981	513	2,500	152
Original Seedling	50,852	35,187	20,888	30,653	1,171

2. Biological Control

a. Biological control of borers complex

Biocontrol technologies are not only low cost, sustainable, effective but also environment friendly. It has been observed that continues release of Trichogramma chilonis has significantly reduced infestation of borers in growers cane fields. Data given in table 3 indicated that area covered during last three year is consistent for Shakarganj cane growers of Jhang area. Keeping in view to facilitate the cane growing areas of Bone and Dargai Shah, SSRI labs has been expanded its capacity from 200,000 to 400,000 cards per season.

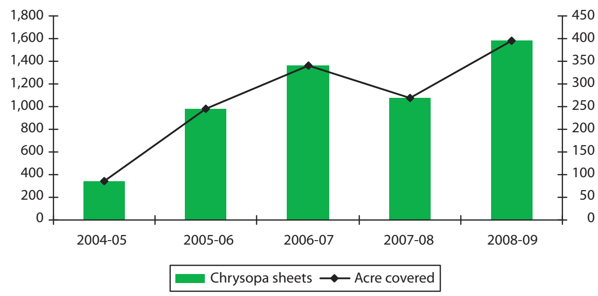
Table-3 Year wise production of Trichogramma cards at SSRI, Jhang

Sr.#	Year	Tricho-cards Produced	Acreage covered	Income Rs.
1.	2004-05	238,660	15,911	954,640
2.	2005-06	330,138	22,009	1,650,690
3.	2006-07	214,898	14,326	1,074,490
4.	2007-08	200,145	13,343	1,401,015
5.	2008-09	187,963	12,531	1,363,230

b. Biological Control of Pyrilla

Egg sheets applied in the cane fields were 1577. The Green lacewings have shown an effective predation on eggs and nymphs of Pyrilla. In addition, Chrysoperla is equally efficient for borers, mealy bugs, aphids, jassid and whitefly of sugarcane, rice, maize and cotton. This facility will be expended up to 2500 sheets annually from next fiscal year. Year-wise production of Chrysoperla carnea sheets is given in fig.2.

Fig.2 Year -wise production of Chrysoperla sheets



3. Tissue culture Programme

Tissue culture of new sugarcane clones has been started for S2003 US-633, S2003 US- 247 and S2003 US-694 for rapid multiplication of high recovery sugar crops. Studies on direct regeneration have been initiated for production of more number of plantlets at low cost. Research work was in progress on soma clone regeneration to develop genetically modified mutants of having good promise for high cane-sugar yields, specifically frost tolerant mutants. Tissue culture of gerbera and Lillium was started from 2008. A population of 1000 Lillium plantlets of different varieties have been transferred to field during the year under report. Meristem of Sugar leaf (Stevia rebaudiana) has also been excised to explore its biometry at commercial scale. Stevia is a drought tolerant perennial shrub, grows about one meter tall and has leaves 2-3 cm long. Stevia is three hundred times sweeter than the sugar. It is non- caloric and offers a healthy, natural alternative to cooking with refined sugar or artificial sweeteners.

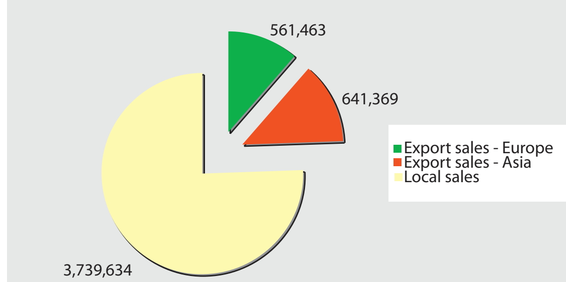
4. Studies on Disease Tolerance

First time in Pakistan SSRI has started screening of varieties against sugarcane mosaic virus (SCMV) using Enzyme Linked Immuno Sorbent Assay. Thus reliable screening would help develop resistant varieties against SCMV. In addition, using traditional technologies nursery of different selection stages of promising clones were screened against red rot, rust, pokkah boeng and smut. Pathogenicity tests for combined resistance were conducted from Dec. 08 to Sep. 09. It is encouraging that we have 27 clones showing combined resistance out of 218. Studies on interaction of different races of red rot pathogen, genotypes and environment are in progress. Research work on isolation of antagonistic fungus (Metarhizium anisopliae) was in progress. This would be useful for bio-control of sugarcane termites. In addition to that isolation, identification and mass multiplication of Trichoderma viridae and Trichoderma harzianuma were in progress for bio-control of the sugarcane red rot disease.

5. Agronomic Trials

Objective of this programme is to provide technical guidance on production technology, biometric traits of varieties, integrated pest management, and judicious use of fertilizer and irrigation water. The agronomic trials conducted on promising clones comprised seed rate, row spacing, fertilizer application, weed control and post harvest losses.

Segment revenue from external customers by geographical areas (Rs.'000')



6. Soil and Water Advisory Service

The service has shown its significance for cane growers of to correct fertility of soil and status of irrigation water. This service has improved judicious use of fertilizer and irrigation water. Soil and water analysis services are not only done free of cost but also at the doorstep of the growers. During the year under report soil and water samples were 1030 and 646, respectively for 75 cane growers of Shakarganj.

7. Organic Sugar Project

New cane growers registered under the project were 45. The trend of growing organic sugarcane was increasing. During the year under report the crop has been planted on 740 hectares. In addition 25 growers were in conversion cultivating 139 hectares of organic crop. Second consignment 40 tons organic sugar was exported during the year under report.

8. Botanic Garden

The botanic garden has been furnished with flora of 428 species. It comprised trees, shrubs, herbs, climbers, cactus and gymnosperms. Future prospects of this botanic project are participation in exhibitions and to develop collaboration with national and international botanic organizations for exchange of expertise, materials and literature Status of flora at SML during 2008-09 is given in table-4.

Table-4 Periodic details on the status of flora species

Flora	Species (2005-06)	Species (2006-07)	Species (2007-08)	Species (2008-09)
Trees (Angiosperms)	115	135	145	153
Shrubs	45	54	58	62
Herbs	112	112	115	115
Climbers	21	21	21	21
Cactus	25	31	35	70
Gymnosperms	7	7	7	7
Total	326	360	381	428

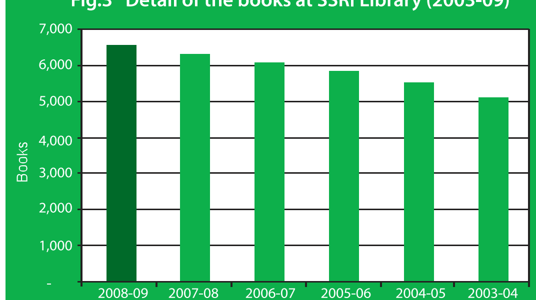
9. Publication of Pakistan Sugar Journal (PSJ)

Research papers published so far in Pakistan Sugar Journal were 432. Keeping in view increasing demand of PSJ printing of copies have been increase from 150 to 200. Agreement of exchange of BSES bulletin with PSJ was done during the year under report. In addition to that Higher Education Commission has recognized PSJ for publication of research work on sugar crops for award Ph. D degree. In addition to that case of PSJ is under consideration at Quality Assurance Division of HEC to award PSJ W category as international journal. This would help improve recognition of PSJ, internationally.

10. Library

Cumulative numbers of the stuff showing vertical increase is given in fig.3. Addition of new books, manuals, proceedings, research journals and audio-video aid has touched figure of 6441 at the library of SSRI during the year under report. Most of the departments at Shakarganj have on line access to the library.

Fig.3 Detail of the books at SSRI Library (2003-09)



Our Governing Principles

As a responsible corporate citizen, we always aim to act in a socially responsible manner at all times.

Purpose and Value of Business

Shakarganj Mills Limited is a sugar and sugar co-products, food and textiles manufacturing company with annual sales of Rs.4.9 billion and over 2,800 employees.

Shakarganj is one of the largest sugar and co-products manufacturer in Pakistan with a wide range of products.With an increasingly strong emphasis on research and technology, we are turning natural products into white crystalline sugar for general consumption, specialty sugars for food and pharmaceutical industry, retail package sugars, alternate energy resources, building materials and inputs for value added textiles.

Our emphasis is to concentrate our energies and expertise on segments of the market where we can establish a leading position. As a company we are always searching for better, more efficient and more profitable ways to manufacture our products and ways to employ our technology and knowledge base in other related sectors.

As a responsible corporate citizen, we always aim to act in a socially responsible manner at all times. In a decentralized organization structure our business divisions devise procedures appropriate to and compliant with the local laws, culture and operating conditions which are always within the following minimum governing principles:

Employees

Our employees are our most crucial resource and therefore we abide by the following principles;

- **Equal Opportunities –** we are committed to offering equal opportunities to all people in their recruitment, training and career development, having regard for their particular aptitudes and abilities. Full and fair consideration is given to applicants with disabilities and every effort is made to provide an opportunity for retraining any person becoming disabled whilst employed by Shakarganj.

- **Health and Safety –** we consider health and safety to be as important as any other function of the company and its business objectives. Top tier management of each business division is directly responsible for health and safety in our locations of operations. We seek to provide a safe and healthy workplace and system of work in line with all local laws and regulations, to protect all our employees, visitors and the public where they come into contact with foreseeable work hazards. Our employees are required to adopt a proactive attitude towards this end. A Health and Safety committee continues to develop awareness of work hazards and safety amongst all employees. The committee also manages and measures health and safety performance on a continuous basis.

- **Harassment and Discrimination –** we will not tolerate mental, physical or sexual harassment in the workplace.

  We will not allow any form of discrimination on basis of sex, race, creed, language, religion or colour. We expect our employees to report any incident of harassment or discrimination to the appropriate human resource department which shall conduct an independent inquiry into all such reports and take action in light of the results of the inquiry.

- **Human Rights –** managers are required to take account of the core International Labour Organization conventions and to strive to observe the United Nations Declaration on Human Rights, by respecting the rights of our employees. They are required to observe the following in particular;

  Universal respect for an observance of human rights and fundamental freedoms for all without any discrimination. We remunerate fairly with respect to skills, performance, our peers and local conditions. We brief our employees and their representatives on all relevant matters on regular basis.

Ethical Business Practices

- **Competition –** we are committed to free and fair competition and will compete strongly but honestly complying with all relevant laws.

- **Bribery –** Shakarganj will not condone the offering or receiving of bribes or other such facilitating payments or gifts to any person or entity for the purpose of obtaining or retaining business for Shakarganj or influencing political decisions.

- **Political Donations** – financial donations are not permitted to any political party or for furthering any political cause.
- **Confidentiality and Accuracy of Information** – the confidentiality of information received in the course of business will be respected and never be used for personal gain. False information will not be given in the course of any commercial negotiation or transaction.
- **Conflict of Interest** – any personal interest, which may prejudice or which may reasonably be deemed to be prejudice, by others, the impartiality of employees must be formally declared to senior management. This includes, but is not limited to, owning shares in business partners, trading in company shares and personal or family involvement in commercial transactions with the company.
- **Business Gifts and Hospitality** – Gifts other than items of very small intrinsic value are not accepted. Employees who receive hospitality must not allow themselves to reach a position where they may be deemed to have been influenced in making a business decision as a consequence. Giving and receiving of reasonable business products, marketing materials and entertainment are permitted.
- **Food Safety Standards** – Shakarganj recognizes that quality and safety of our products used in food as a primary product or an ingredient, is essential for our customers. High priority is placed on all aspects of food safety. Food safety systems are regularly reviewed to ensure their effectiveness. Economic considerations are never put before food safety.

Board of Directors

The business and management of the company are the responsibility of the whole board. There is a formal schedule of matters reserved for board decision. These include approval of annual and interim results, the company's strategic plans, annual budget, larger capital expenditure and investment proposals and overall system of internal control and riskmanagement.

The directors have a legal responsibility to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and of its profit and loss for that period. In preparation of these statements the directors are required to;

- Select suitable accounting policies and then apply them consistently.
- Make estimates and judgments that are reasonable and prudent.
- State whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements.
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue its business.

The directors are responsible to ensure that proper accounting records are kept which disclose with reasonable accuracy the financial position of the company. They have the general responsibility for taking steps to safeguard the assets of the company.

Other specific responsibilities are delegated to board committees which operate within clearlydefined terms of reference and report regularly to the board.

Within the overall guiding principles set out above the key objectives of the board are;

- The agreement of strategy
- The agreement of detailed set of objectives and policies that facilitate the achievement of strategy
- Monitoring the performance of executive management in delivery of objectives and strategy
- Monitoring and safeguarding the financial position of the Company to ensure that objectives and strategy can be delivered.
- Approval of all capital expenditure, other expenditure which is not part of the defined objectives or strategic plan.
- Approving corporate transactions – this includes any potential acquisition or disposal.
- Delegating clear levels of authority to the executive management team. This is represented by the defined system of internal controls which is reviewed by the audit committee.
- Providing appropriate framework of support and remuneration structures to encourage and enable executive management to deliver the objectives and strategy of the Company.

- Monitoring the risks being entered into by the Company and ensuring all of these are properly evaluated.

Code of Conduct

The board of directors has adopted a code of conduct for its members, executive management and staff members, specifying the business standards and ethical considerations in conducting its business. The code includes:

- Corporate governance
- Relationship with employees, customers and regulators
- Confidentiality of information
- Trading in company shares
- Environmental responsibilities

Responsibility to stakeholders

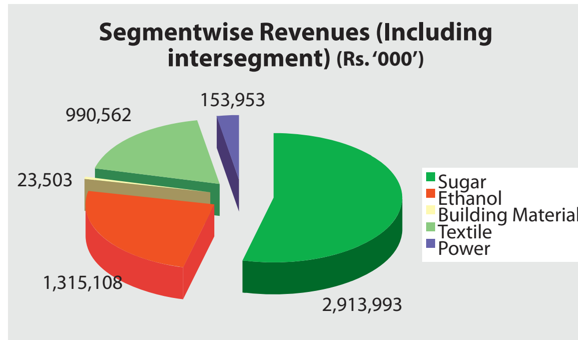
Shakarganj is committed to operate with the primary responsibility of increasing shareholder value. However the principal responsibility to all stakeholders is never underrated.

Shareholders –the company places significant importance on communications with shareholders. We will communicate our achievements and prospects to our shareholders in a timely manner. Apart from the annual general meeting the company communicates with its shareholders by way of the annual report and accounts, the half yearly and quarterly financial statements at **www.shakarganj.com.pk**, the company's website. Significant matters requiring shareholders' approval are brought to extraordinary general meetings of shareholders. The company secretariat has a designated officer to deal with all queries of shareholders.

Customers – we seek to be honest and fair in our relationships with our customers. We always endeavor to provide the standards of products and services that have been agreed whilst at the same time offering value for money. At all times we take all reasonable steps to ensure the safety and quality of goods and services that we produce.

Suppliers –we will carry out our business honestly, ethically and with respect for the rights and interests of our suppliers.We will settle our bills promptly as they fall due.We will co-operate with our suppliers to improve quality and efficiency.We seek to develop relationship with suppliers consistent with these basic principles especially with respect to human rights and conditions of employment.

The wider community –we recognize our responsibilities as a member of the communities in which we operate.We strongly believe in contributing to the well being of wider Shakarganj community. We emphasize our efforts in community service on education, adult literacy, healthcare, environmental issues and protection of local culture and heritage. These business principles apply to all our employees and are the minimum standard for their behavior. The operating business divisions may have additional standards. Failure to comply with our principles may lead to disciplinary action. Shakarganj encourages open culture in all its dealings between employees and people with whom it comes in contact with.We believe effective communication is essential for dealing with any malpractice and wrongdoing.We will make all efforts to protect the confidentiality of any person including our employees, raising any concern.

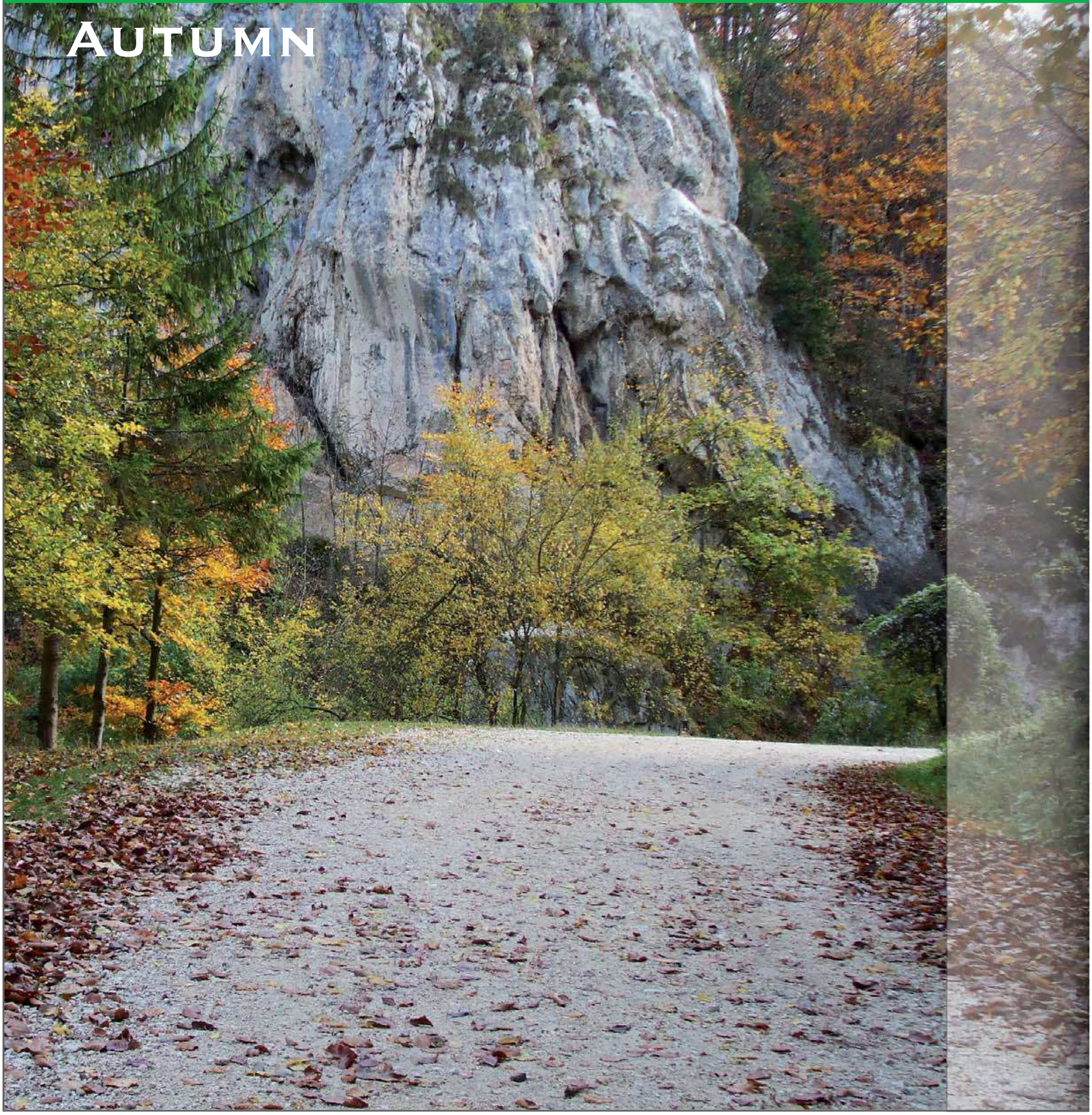


"We strongly believe in contributing to the well-being of the wider Shakarganj community."

Autumn is one of the four temperate seasons. Autumn marks the transition from summer into winter, September (northern hemisphere) when the arrival of night becomes noticeably earlier.

The actual lag varies with region, so some cultures regard the autumnal equinox as "mid-autumn" whilst others treat it as the start of autumn. In October, the maximum temperature is of the order of 34C° to 37C° all over Pakistan, while the nights are fairly cool with the minimum temperature around 16C°. In the month of November, both the maximum and the mimimum temperatures fall by about 6C° and the weather becomes pleasant. October and November are by far the driest months all over the plains of Pakistan.

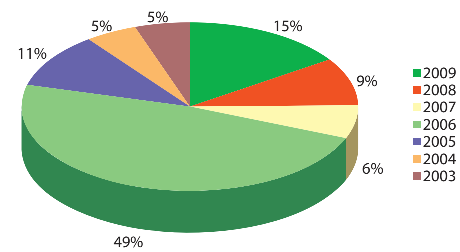
Autumn



Director's Report

Dear Shakarganj Shareholder:

The directors of your company are pleased to submit their report together with the audited accounts of the company for the year ended September 30, 2009:



Financial Results

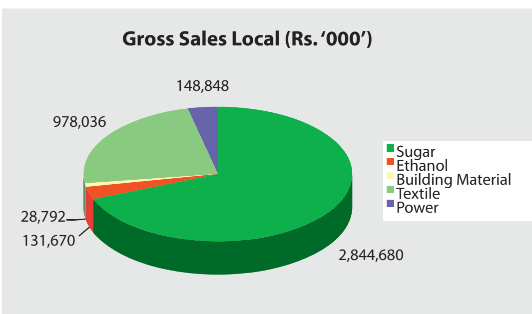
The financial results of the company are summarized below:

		2009	2008
		(Rupees in Thousand)	
Profit/ (Loss) before Tax		**(1,534,697)**	(721,871)
Taxation		**(17,010)**	(11,121)
Profit/(Loss) for the year from continuing operations		**(1,551,707)**	(732,992)
Profit/(Loss) for the year from discontinued operations		**19,590**	(73,033)
(Loss) for the year		**(1,532,117)**	(806,025)
(Loss) per share from continuing operations			
- basic	(Rupees)	**(22.32)**	(10.54)
- diluted	(Rupees)	**(22.32)**	(10.54)
(Loss)/earnings per share from discontinued operations			
- basic	(Rupees)	**0.28**	(1.05)
- diluted	(Rupees)	**0.28**	(1.05)

Due to losses, the directors do not recommend any dividend for the year ended September 30, 2009.

Statement on Corporate and Financial Reporting Framework

1. These financial statements, prepared by the management of the company, present fairly its state of affairs, the result of its operations, cash flows and changes in equity.
2. Proper books of accounts of the company have been maintained.
3. Appropriate accounting policies have been consistently applied in preparation of financial statements. Accounting estimates are based on reasonable and prudent judgment.
4. International Accounting Standards, as applicable in Pakistan, have been followed in preparation of financial statements and any departure there from has been adequately disclosed.



5. The system of internal control and other such procedures, which are in place, are being continuously reviewed by the internal audit function. The process of review will continue and any weakness in controls will be removed.
6. There has been no material departure from the best practices of corporate governance, as detailed in the listing regulations.
7. The auditors of the Company have given an emphasis paragraph in their report without any qualification concerning existence of material uncertainty which may cast doubt about the ability of the Company to continue as a going concern. The fullest information and explanation in regard to these remarks have been provided in the Chief Executive's Review.
8. The significant deviations from last year in operating results have been explained in detail together with the reason thereof in the Chief Executive's Review.
9. Key operating and financial data for the last seven years in summarized form is shown on Page 42.
10. The outstanding statutory duties, taxes, charges and levies, if any have been fully disclosed in the financial statements.
11. The significant plans and decisions particularly corporate restructuring of the Company along with future prospects have been outlined in the Chief Executive's Review.
12. Total number of employees at the end of the year was 2,813 (2008: 3,686).
13. Following is the value of investments based on audited accounts for the year ended 30 September 2009:

Gratuity fund	**Rupees 52.50 million**
Pension fund	**Rupees 140.86 million**
Provident fund (Un-audited Account)	**Rupees 86.67 million**

Auditors

The auditors M/s A. F. Ferguson & Co., Chartered Accountants, will retire and are eligible for re-appointment as auditors of the company for the next year. The Audit Committee of the Board has recommended the re-appointment of M/s A. F. Ferguson & Co., Chartered Accountants for the year ending September 30, 2010.

Meetings of the Board of Directors

During the year four (4) meetings of the Board of Directors were held. Leave of absence was granted to directors who could not attend the board meetings. Attendance by each director was as follows:

Directors	136th	137th	138th	139th
Mr. Mazhar Karim	P	P	P	P
Mr. Ahsan M. Saleem	P	P	P	P

Name in alphabetic order				
Mr. Jamal Nasim	P	P	N/A	N/A
Mr. Kaleem-Uddeen Ahmad	N/A	N/A	P	P
Mr. Khalid Bashir	P	P	L	L
Mr. Muhammad Anwar	P	P	P	L
Mr. Muhammad Arshad	P	P	P	P
Mr. Muhammad Asif	P	P	P	P

P = Present L = Leave of absence N/A = Not Applicable

Pattern of Shareholding

A statement of pattern of shareholding is placed on Page 193.

No trade in the shares of the company was carried out by CEO, CFO, Company Secretary, their spouses and minor children except those that have been duly reported as per the law except following:

Name of Director	Shares purchased
Mr. Muhammad Arshad	361

Financial Statements

The financial statements of the Company have been duly audited and approved without qualification by the auditors of the Company, M/s. A. F. Ferguson & Co., Chartered Accountants and their report is attached with the financial statements. The auditors have, however given an emphasis of the matter paragraph in their report to the members. The management is confident that through the restructuring of borrowings and generation of adequate liquidity through disposal of identified assets, your company will be able to continue its operations for the foreseeable future and we will also be able to post positive results from the next financial year. The quarterly accounts for the period ended December 31, 2009 have already posted positive bottom line. This issue has also been dealt more elaborately in the Chief Executive's Review.

No material changes and commitments affecting the financial position of the company which have occurred between the end of the financial year to which this balance sheet relates and the date of the Directors Report.

Chief Executive's Review

The directors endorse the contents of the Chief Executive's Review for the year ended September 30, 2009 which contains the state of company's affairs, reasons for incurring losses and a reasonable indication of the future prospects. The contents of the report shall be read along with this report and shall form an integral part of the Directors Report in terms of Section 236 of the Companies Ordinance, 1984 and requirements of Code of Corporate Governance under Listing Regulations of the Stock Exchanges.

By Order of the Board

Ahsan M. Saleem
Chief Executive

March 4, 2010

Spring is one of the four temperate seasons, the transition period between winter and summer. Its days are close to twelve hours long with increasing day length, as it occurs near the time of an equinox. In the Northern Hemisphere, spring runs from March into May, and in the Southern Hemisphere it runs from September into November. Spring is also the tropical cyclone season in both hemispheres, although it is more delayed in the north Atlantic Ocean than the other ocean basins.

Spring in Pakistan brings alot of joys and festivals as the crops are harvested. "Basant" is one of the famous festival celeberated inwhich people wear yellow colored cloths and kite flying is done all over the country.

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Spring

Chief Executive's Review

Overview:

Our results for the year under review reflect the unprecedented chaos in the national economic landscape. Erosion in value of the Rupee against the Dollar, a steep rise in interest rates, severe liquidity crunch and a continuing energy crisis have all added to turmoil in the economic environment.

After experiencing several years of substantial growth, Pakistan's economy lost its momentum last year, and uncertainty following the global meltdown not only slowed down foreign direct investment (FDI) but also took its toll on local capital markets.

There is a world wide shortage of sugar due to reduced availability of sugar cane, and the situation is not different in Pakistan. Sugarcane acreage has fallen by 15% in most areas of the Punjab, resulting in stiff competition for the limited supply of raw material, and a subsequent rise in its cost. The minimum support price for sugarcane for year 2009-10 has been increased further by 25%. This, while raising the cost of production, is expected to improve crop availability and encourage sugarcane plantation in coming years.

Operational Review:

It is essential for our operations that we ensure long-term availability of a reliable supply of sugarcane. This is achieved through development of long-lasting, mutually beneficial relationships with our growers, suppliers and other commercial partners to secure raw material sources.

Generating optimal returns from large-scale commodity manufacturing requires firm control over costs and other risks to preserve value. Getting the maximum yield from our raw materials is essential for running a high margin operation and we accomplish this by focusing on innovative manufacturing techniques and minimizing wastage in the manufacturing process.

We rely on our team of highly skilled and motivated people to develop, manufacture and sell a wide array of products to customers in domestic and international markets.

Sugar Business:

We produce refined sugar and our product range includes crystalline white sugar of coarse and fine grains, pharmaceutical and beverage grade sugars and specialty products such as crystalline and soft brown, caster and icing sugars. These products are used for providing natural sweetness, texture and flavour across a full range of foods and drinks.

The crushing season 2008-2009 ended with at nation wide fall of 33 percent in sugar production at 3.2 million tons as compared to 4.7 million tons in the previous season. During the year under review, the availability of sugarcane fell drastically due to a shortage in the crop as growers reduced the area under cultivation, while switching to other crops such as cotton and wheat. This was done as a response to the low prices for sugar cane in the previous season, resulting from a surplus supply, a substantial portion of which was damaged by frost.

The overall availability of sugarcane fell by more than 36 percent this season, resulting in an unprecedented increase in its price. While there was a 33 percent increase in the minimum support price from Rs. 60 to Rs. 80 per 40 kg, the actual purchase price spiraled to more than Rs. 150 per 40 kgs.

As a result of higher input costs and lower output, the sugar market in Pakistan experienced a rise in prices while international prices also hit a 25 year high due to 11% fall in global sugar production.

Our crushing season also suffered the effects of a short supply of sugar cane, allowing us to crush only 784,000 tons of sugarcane as against 2,255,000 tons the previous season. However, a significant increase in recovery, which rose to 9.13 percent from 7.85 percent, provided some relief and sugar production for the season was 71,600 tons. This, however, was far below the previous year's production of 177,000 tons. This season, our third sugar plant at Dargai Shah was also brought into production, producing 3,000 tons during a trial period of 50 days.

Ethanol and Alternate Energy Business:

Our Ethanol division uses molasses produced as a byproduct from sugarcane to manufacture various grades of ethanol. Ethanol can be used in the manufacture of vinegar, cosmetics and pharmaceutical products and industrial products such as paints and varnishes. It can also be blended with gasoline and used as fuel. We produce Industrial and Anhydrous grades of Ethanol at Jhang, and Extra Neutral Ethanol at our Bhone distillery.

In the year under review, our production was 33.3 million litres, compared to 66.5 million litres in the previous year. Close to 90 percent of our production is exported providing relief against the deteriorating value of the rupee.

In 2008, we commissioned a pioneering alternate energy project which is the 'first of its kind' in the region, where biogas released from distillery waste is successfully utilized to generate electricity. The Biogas energy project can produce up to 8 megawatts of electricity, with output capacity directly related to distillery operations. This is an environment friendly 'green' process and it allowed us to generate 23.5 million units of electricity in 2009 as compared to 17.7 million units in the previous year. When ample molasses is available, running the distilleries at full capacity can further enhance our power generation capacity. Our entire production is sold to the national grid as Shakarganj has a long term contract to supply electricity produced to WAPDA.

Building Materials Business:

Bagasse is a natural by-product of sugar manufacturing, consisting of residual pulp and fibrous material of sugarcane which is left over after juice is extracted. This material is primarily used as a fuel in the factory boilers for steam and power generation. Through innovative fuel conservation measures, we seek to save surplus bagasse which can then be processed to produce sheets of particle board. These sheets are commonly used as an alternative to wood in the furniture and building industries.

Shakarganj produced 1,643 cubic meters of particle board compared to 6,540 cubic meters last year. The decrease was mainly as result of reduced availability of bagasse which was an effect of the short sugarcane crop and lower crushing volumes. The market for particle board remained buoyant due to sustained activity in the building industry.

Farming Business:

A good sugarcane crop is always critical to our core operations as sugarcane is a perishable crop open to risks of adverse weather and climatic conditions, shortage and availability of water and pest attacks. We have a large family of sugarcane growers who are our regular suppliers of raw material. We continuously endeavor to establish best farming practices and provide farmers with the latest technology. Our farming business is a testing ground for developing techniques and broadening the knowledge base on best practices.

Textile Business:

Cotton is an indigenous crop in Pakistan and the cotton plant produces a number of flowers, which upon maturity yield cotton fibre, which is separated from the seed, cleansed and ginned to produce staple cotton. It is then further processed in spinning mills to produce spun cotton yarn. The yarn is sold to knitting and weaving mills to produce fabric.

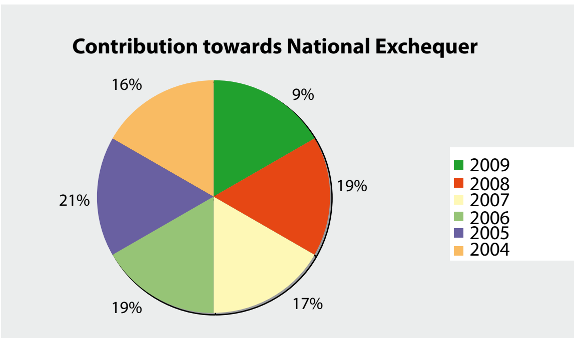
At Crescent Ujala, our spinning facility, production for the current year has slightly decreased to 6.13 million kg of spun yarn as compared to 6.79 million kg in previous year. Although average count of yarn remained almost same, our mill was closed for 21 days due to electric shutdown in current year while 15 days of closure was observed in previous year. Due to world wide financial meltdown, commodity prices remained depressed throughout the year, although some recovery has been observed in last quarter of the current year. Yarn prices remained low due to decreased demand of fabric in world market which severely affected our gross profit margin. In addition to low yarn prices, gross profit margin was also affected due to price hike in energy cost.

Financial Overview

As reflected in our financial statements the exceptional bedlams faced by the company, the maximum efforts were made towards operating targets achievement. Whereas according to the reasons given in the succeeding business segmental performance, the company incurred after tax loss of Rs.1,551 including impairment loss on investment of Rs.298 million. The detail explanation has been given in Para 1.2 to the notes to audited financial statements.

Investments Overview:

Fiscal 2009 proved to be very difficult for equities markets, with the market slumping to its lowest point. The political instability, rising interest rates, balance of payment deficits, depleting foreign exchange reserves and the failure on part of the government to resolve these issues impacted the



market badly. This was further aggravated due to imposition of a floor and closure of the market. The purpose of the floor was to arrest the falling market which had begun to echo a systemic problem which might have spread to other areas of the financial services industry. However, this decision was detrimental to the investment climate and resulted in deepening the crisis. The

market eventually opened on 15 December 2008. Post imposition of the floor, market volumes fell down drastically. All these factors contributed negatively toward the results of Shakarganj which include impairment losses on investments amounting to Rs. 298.50 million.

Due to the sustained effect of adverse business environment in core areas of our operations, the company has been under a financial pressure which was further aggravated because of the extremely unusual economic conditions world-wide. The management is cognizant of the fact that major cost reductions and re-profiling of company's debt structure is of primary importance. We feel that with 40 years of experience and history of extremely efficient operations, our market positioning and underlying value of our core assets, this temporary phase of adversity will be comfortably met. The rationalization of operations is underway which will yield major cost reductions. A major debt re-profiling exercise was conducted and completed. According to this restructuring, two agreements have been signed between consortium of banks and Shakarganj Mills Limited on February 16, 2010. Syndicated Bridge Finance Agreement for Rs2,466 million will be retired in 18 months out of sale proceeds of non-core fixed assets. The second Syndicated Cash Finance Agreement for Rs.2,980 million has also been signed.

Research and Development:

Transfer of efficient, environment friendly and economically rewarding technology for sugarcane agriculture is the mainstay of our supply chain management strategy. Shakarganj funds advanced research in sugarcane technology through Shakarganj Sugar Research Institute (SSRI). This institute is first of its kind private sector initiative in Pakistan. We have successfully bred a number of proprietary sugarcane varieties which increase the yield for our farmers and improve sugar content of the produce. At the same time low cost, efficient and environment friendly biocontrol systems for pest of sugarcane crop are also made available by the institute. All research results and benefits are open and available to the stakeholders without cost as a national service. This annual report includes a separate section detailing the activities of SSRI.

Operating our plants efficiently and safely at high volumes requires reliable and up-to-date manufacturing processes. We have a highly qualified team of engineers to ensure that our plants function effectively and efficiently. Our engineers are actively involved in the manufacturing line, and use a number of sophisticated computer-based process tools to track and model data to help in identifying opportunities for production efficiencies such as improving yields, saving energy or minimizing waste. When new products or processes have been developed, our team of engineers ensures that these are incorporated into our existing facilities quickly and efficiently, with minimum interruption to production.

Contribution to Economy:

Being a responsible member of the corporate community Shakarganj always contributes substantially towards the national economy on account of taxes and other government levies. During this year your company's contribution to federal, provincial and local taxes was Rs. 307 million. We spent Rs. 1,260.77 million as cost of financing. The share of workers compensation was Rs. 389 million. During the last ten years, your company has made a consolidated contribution of Rs. 4.6 billion in shape of Federal, Provincial and local taxes.

People:

Running a diverse business like Shakarganj, which develops, manufactures and sells a variety of products and services to customers in different markets, relies on a team of highly skilled and motivated people from a wide range of disciplines.

Shakarganj employs 3,381 people in throughout its subsidiaries and business divisions. Our workforce encompasses a broad range of skills and experience in areas such as food science, sales and marketing, engineering and business support services.

Talent Management:

It is one of our key objectives is to attract and retain top-quality talent, and to ensure that our employees develop and grow in their roles and meet new challenges as their careers' progress. To help achieve these objectives, we have developed and are implementing 'The Shakarganj People Strategy'. This consists of four main components:

Behaviours for Success – these encourage our people to display strong leadership at all stages of seniority by exhibiting identified key characteristics and behaviours we require for success, such as a focus on excellent customer service.

Talent Management – a system which addresses key business issues such as succession planning and filling development gaps to ensure we have the right skills to grow Shakarganj at all levels.

Leadership Curriculum – this provides opportunities for all managers across Shakarganj to improve their skills and expand their knowledge through a number of tailored programmes, seminars and courses.

Graduate Development – a graduate recruitment and development programme to attract and develop talented individuals and prepare them for key roles across Shakarganj.

Our remuneration policies are designed to attract, retain and reward employees of the highest caliber and experience to help execute Shakarganj's strategy.

Social Responsibility:

There is never any compromise at Shakarganj on being anything less than an exemplary corporate citizen. We are committed to follow the highest social standards in every way we conduct our business. We aim to play a positive role in the communities in which we operate. Our community involvement policy is one of the core components underpinning our ethical behavior. Our programmes involve building long term relationships with local communities to deliver our shared objective: establishing strong, safe, healthy and educated communities by investing time and resources into projects that directly address local needs.

Our Social Action Programme delivers a variety of social services in our extended community under the banner of "Sukh Char" programme These services include education, healthcare, promotion of arts and protection of our cultural heritage.

In our education programme we provide proactive support to higher education through our contribution to Lahore University of Management Sciences and National Textile University. Our school adoption initiative provides support to 33 local girls and boys' schools that includes provision of clean drinking water, nutrition supplements, uniforms, maintenance of infrastructure and building additional facilities where required. Shakarganj also provides support to education programme of The Citizen's Foundation. To provide backbone support to the education initiative a purpose built teachers training institute is operating at Shakarganj premises as a public service. So far 1,413 teachers have successfully completed training at this facility.

Shakarganj funds special incentives for school children include recognition of high achievers in school exams with scholarships and awards, sports competitions for school children and inter-school handwriting competitions for school children and teachers.

The company has so far established 105 adult literacy centers in its vicinity, of which 97 are for females. The results have been very encouraging. 2,507 participants have so far been taught under this programme out of which 2,371 are females. Shakarganj Healthcare initiative delivers primary medical facilities at the doorsteps of our extended community. Three teams of qualified doctors, paramedical staff and mobile dispensaries served over 28,600 patients during the year. We are aiming to increase this to sixty thousand patients during next two year. Diagnostic facilities, preventive treatment and free medicines are provided through this programme.

For efficient delivery of our "Sukh Char" programme a chain of community centers have been built in 18 locations. These centers, known as Kisan Markaz, serve as hub of activities for the social programme in each sub-community. 10 more centers are planned to be built in the next year. In addition to deliver the "Sukh Char" programme at doorsteps, Kisan Markaz also serves as a first contact point for our farmers. Each fully staffed markaz helps in transfer of farming technology and facilitating supplies to Shakarganj.

In 2008 Shakarganj started a programme for implantation of artificial limbs for physically disadvantaged people in the Jhang area. This programme is run in collaboration with International Committee of Red Cross. So far 77 patients have been provided custom designed artificial Lower limbs. From February 2009 the scope of this programme has been extend to provision of upper limbs as well. Currently there are 15 candidates on waiting list for lower limbs and 36 for upper limbs.

Shakarganj provides 1,000 cartons of flavoured milk to thalassaemia affected children every month, in Collaboration with Punjab Red Crescent Society.

We provide support to the promising local talent in improving their artistic skills through a structured training programme at the School of Art and Calligraphy. A display centre exhibiting the works of these artists and promotion of cultural heritage is also maintained by Shakarganj at the School.

Safety, Health and Environment:

As we always aim to be an exemplary corporate citizen, and health and safety and environmental concerns are always among our key focal points. We are committed to providing clean, healthy and safe conditions for our employees, contractors and visitors. In providing a good working environment our top most priority is safety and we target continuous improvement to reduce injury and accident times to zero.

Nearly six hundred and fifty members of our team have participated in a structured program to obtain professional training and certification in first aid, in collaboration with Pakistan Red Crescent Society – Punjab. Preventive action and training and timely response procedures to deal with potential accidents have resulted in minimizing injuries and accidents.

Environmental protection issues are always considered as among our top priorities. Shakarganj produces all its products from renewable crops and raw materials and does not conduct business at the cost of damage to our environment. We proactively fund and support environmental protection activities in our communities in particular and on national level generally. Energy conservation and aiming for 'zero' waste are key elements of our environment policies. Using sugar by-products in our production lines substantially reduces use of fossil fuels and solves waste disposal issues. Distillery spent-wash is the ultimate waste product in our production process. This is now biologically treated to produce bio-gas, and water, safe to use for irrigation. In addition we encourage and promote biological pest control, organic farming techniques and return of all natural nutrients to the soil that are brought with supply of sugar cane to the mills. We strongly support the activities of Worldwide Fund for Nature, run regular training and education programmes for water management and participate in tree plantation campaigns twice every year.

Corporate Governance:

In terms of good governance we aim to go beyond what is required of us in rules and regulations. Corporate governance is a constant review and evaluation of all aspects of our operations, our strategy and the way we conduct our business. A separate, section details our role as a responsible corporate citizen.

Business Process Re-engineering and Management Information System:

To enhance efficiencies and as a part of business process re-engineering for continuous improvements, the company initiated implementation of Oracle application suite, an Enterprise Resource Planning system for its financial, supply chain, manufacturing, projects and human resource management system to replace our legacy applications. This is in the implementation phase and expected to be completed in next year. In order to support this ERP, state of the art HP servers were selected and installed. Business locations are also now connected over a High Speed Wide Area Network which has a high level of security through firewalls and state of the art technology.

Future Outlook:

We are confident of achieving better results in fiscal 2010 with expanded production capacity due to start of full crushing campaign of Shakarganj third sugar unit at Dargai Shah. However, we expect the continuity of some of the challenges as currently being faced by sugar industry in Pakistan which may affect overall results of your company as well. Despite the better anticipated prices of sugar, the price war for procurement of sugarcane is likely to continue in fiscal 2010 as well. We expect that Government will not interfere the market this year and will let market players to work as per the recommendations by the CCP. Next season has been started with a positive note with improved recovery rate of sugar. A number of our operational capabilities are interlinked with the production results of our core business, sugar manufacturing. We have taken a number of remedial and protective measures to insulate the company from the impact of the global economic meltdown. On the positive side the sugar commodity prices are on the rising trend and expected to improve further, which would result in a positive contribution to company's earnings. Our positioning in the industry as one of the largest integrated units gives a competitive edge over other manufacturers. We intend to leverage this competitive edge and operate efficiently to prevent any further negative impacts. The decision of the Government to allow marketing of ethanol as motor vehicle fuel on trial basis of ethanol will help improve the local demand further. While sugar and ethanol business is expected to do better in the coming year, textile business will remain under pressure. However our buying strategy for cotton has resulted in adequate raw material at lower prices and this will allow us to contribute positively. Our alternate energy plant will also continue its positive contribution to our revenues.

We expect to achieve economies in our overall operations by de-layering and simplifying our organizational layout, reducing costs company-wide and economies of scale.

Excellence Awards:

Your company is proud to win the Best Corporate Report Award 2008 on producing an outstanding annual report. Instituted by ICAP and ICMAP, this award is given to companies for clear financial performance, reporting and presentation.

Your company was awarded with the Best Export Performance Award 2008 by the Federation of Pakistan Chamber of Commerce and Industry. The annual trophy for the highest export of Ethanol from Pakistan for 2008 was awarded to Shakarganj by honorable Prime Minister of Pakistan Mr. Yousaf Raza Gillani in Karachi.

Shakarganj Laboratories was awarded ISO 17025 accreditation by the Ministry of Science and Technology, Government of Pakistan in recognition of our compliance with the requirements of the Pakistan National Accreditations Council.

Your company's substantial contribution to the national exchequer was recognized by the Federal Board of Revenue and hence your company won the best taxpayer award for being the largest taxpayer in its industrial sector.

Risk Factors:

The inherent risks and uncertainties in running a business directly affect the success of businesses. The management of Shakarganj has identified its exposure to these potential risks. The success of Shakarganj in operations depends upon our ability to mitigate these risks. As a part of our policy to produce forward looking statements we are outlining the risks which may affect our business. This exercise also helps the management focus on a strategy to mitigate risk factors:

- **Failure to provide a safe working environment.**
  Health and safety of our employees, contractors, suppliers and the communities we operate in are of primary importance to us. Our failure to provide a healthy and safe working environment may result in third party liabilities, interruption in operations, fines and penalties and damage to reputation.

- **Fluctuation in supply and price of raw materials.**
  All our finished products are made from renewable agricultural products. These raw materials are subject to fluctuation in availability and pricing due to harvest and weather conditions, crop diseases, yields, alternative crops and by product values. We may not be able to pass on to our customers the full impact of any undue increases or our operations may suffer due to inadequate supplies.

- **Technological advantages.**
  Our competitors may be able to identify and implement a major technological change which may improve their production efficiencies and lower costs. Our inability to implement similar steps may lower our competitive edge. Similarly, we must ensure that we match or exceed the quality and service performance of our competitors.

- **Employee retention and recruitment.**
  The success of our growth strategy is dependent on the knowledge and skill set of our core team of employees, attracting the right talent to work for the company and our ability to retain these employees. Our failure to do so may adversely effect on our performance.

- **Failure to maintain effective internal controls.**
  Without effective internal controls the company may be exposed to financial irregularities and losses. This covers the areas ranging from safeguarding the assets to accuracy and reliability of its records and financial reporting

- **Market intervention from the government.**
  The Government of Pakistan and the provincial government often intervene in the market both on the demand and supply sides by setting a minimum support price for raw materials and forcing subsidized sales of manufactured products. This disturbs and distorts the market equilibrium. The distortion may result in eroding the economic margins of the company to the extent that it suffers bottom line losses.

General:

The Directors are always a source of guidance and support for the management and we appreciate their commitment to your company's progress and prosperity. The Directors would also like to express their appreciation for the dedicated efforts, loyalty and hard work of the workers, staff and members of the management team. Our sugarcane farmers are the backbone of our industry and we thank them for their continued support.

On behalf of the Board

Ahsan M. Saleem
Chief Executive Officer

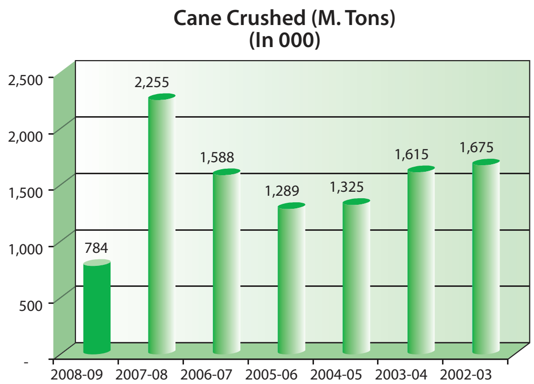
March 4, 2010

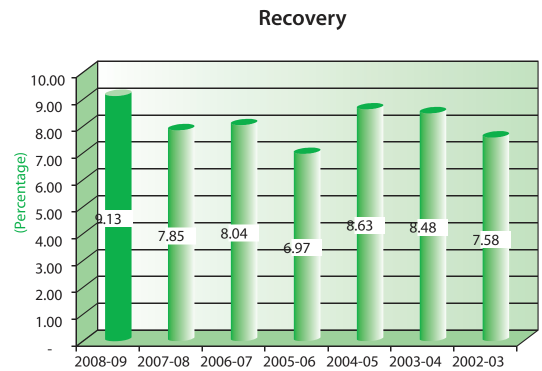
Production Data

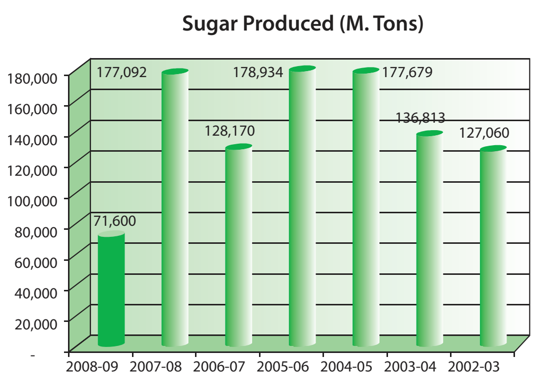
Season	Duration Season (Days)	Cane Crushed (M. Tons)	Raw Sugar Processed (M. Tons)	Sugar Produced (M. Tons)	Recovery (Percent)
2008-09	110	784,056	-	71,600	9.13
2007-08	174	2,254,712	-	177,092	7.85
2006-07	155	1,587,929	-	128,170	8.04
2005-06	170	1,288,548	92,968.40	178,934	6.97
2004-05	160	1,324,510	67,930.40	177,679	8.63
2003-04	159	1,614,539	-	136,813	8.48
2002-03	196	1,675,370	-	127,060	7.58
2001-02	195	1,704,812	-	128,000	7.53
2000-01	161	1,054,992	27,811.59	105,550	7.50
1999-00	144	524,377		39,965	7.63
1998-99	157	1,350,119		101,479	7.51
1997-98	163	1,434,389		112,430	7.85
1996-97	176	1,036,955		79,740	7.69
1995-96	151	763,316		60,285	7.92
1994-95	157	1,057,036		86,075	8.11
1993-94	196	1,203,371		88,117	7.34
1992-93	161	691,839		54,055	7.85
1991-92	174	746,506		63,986	8.57
1990-91	204	866,552		65,537	7.56
1989-90	187	708,632		57,912	8.17
1988-89	170	446,325		36,367	7.70
1987-88	193	698,605		55,726	7.98
1986-87	149	333,601		27,899	8.36
1985-86	113	237,602		20,625	8.66
1984-85	168	441,718		39,523	8.96
1983-84	173	427,169		35,501	8.31
1982-83	173	361,291		29,440	8.16
1981-82	207	466,040		39,474	8.47
1980-81	187	287,723		25,562	8.89
1979-80	112	61,207		5,619	8.95
1978-79	114	107,106		9,267	8.80
1977-78	177	319,960		27,620	8.61
1976-77	166	308,987		26,086	8.45
1975-76	157	246,394		18,865	7.61
1974-75	107	104,069		8,253	8.30
1973-74	101	87,825		5,477	6.28

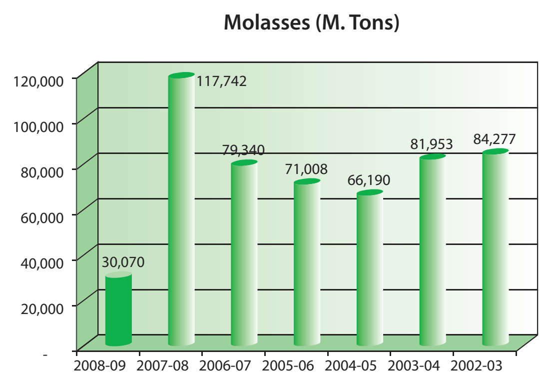
Process Losses (Percent)	Molasses (M. Tons)	Ethanol (Litres)	Building Material (Cubic Meter)	Yarn (Bags)	Electricity (MW)
1.95	33 ,070	33,319,694	1,643	148,426	23,542
2.17	117,742	66,490,739	6,540	149,788	17,714
2.30	79,340	35,093,676	1,834	135,935	
2.54	71,008	27,625,611	1,477	133,580	
2.17	66,190	33,245,964	3,584	119,106	
2.41	81,953	35,408,000	5,141	119,922	
2.36	84,277	26,233,000	1,668	109,096	
2.42	91,890	15,800,156	5,670	96,326	
2.31	53,601	10,469,000	1,571	82,063	
2.20	24,243	4,967,000	497	96,999	
2.23	61,756	5,324,756	1,922	103,555	
2.38	73,477	6,350,000	2,784	85,259	
2.50	54,711	6,015,000	-	98,406	
2.65	39,397	2,573,700	2,118	83,542	
2.77	53,172	5,460,000	5,299	73,938	
2.65	60,150	5,250,076	4,335	50,880	
2.68	35,980	4,887,020	1,663	115,488	
2.53	37,710	4,525,900	3,360	117,902	
2.59	47,135	3,422,204	643	113,341	
2.31	33,180	3,030,217		97,388	
2.44	22,410				
2.61	38,740	308,494			
2.24	15,060	1,855,809			
2.29	11,470	20,239			
2.38	22,580				
2.40	21,860				
2.44	16,255				
2.48	21,255				
2.42	13,373				
2.25	2,358				
2.27	4,147				
2.44	14,103				
2.67	15,228				
2.68	11,424				
2.75	4,182				
3.57	4,726				

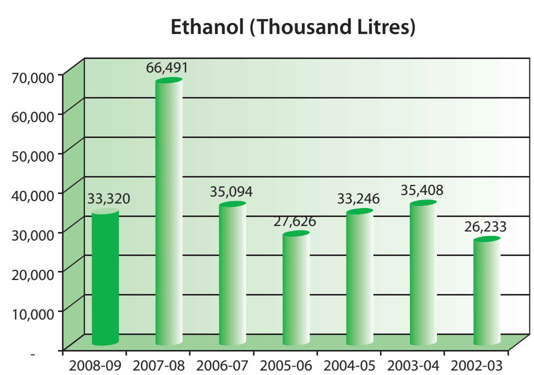
Production Data

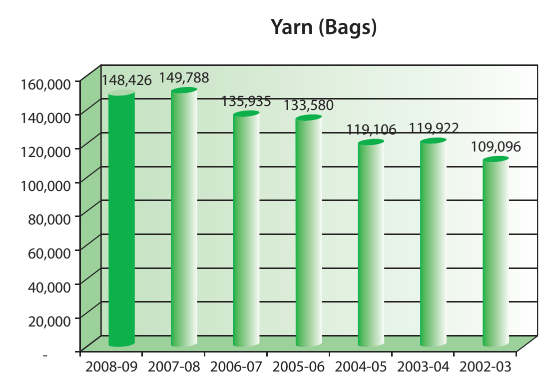








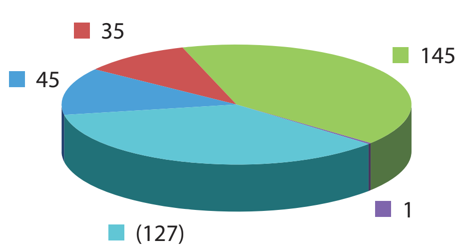




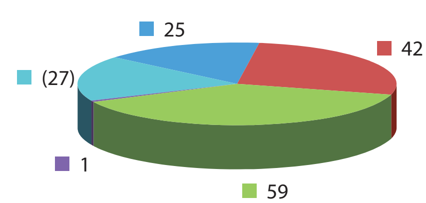
Statement of Value Added

	2009		2008	
	(Rupees in Million)			
Wealth Generated				
Sales Revenue (Gross)	**4,943**		6,790	
Other Receipts	**86**		78	
	5,029		6,868	
Less: Materials & Services	**(4,164)**		(5,328)	
Value Added	**865**	**100**	1,540	100
Wealth Distributed	**(Rs in Million)**	**%AGE**	**(Rs in Million)**	**%AGE**
To Employees:				
Salaries, Benefits and Other Costs	**390**	**45**	382	25
To Government:				
Income Tax, Sales Tax and Other Taxes	**307**	**35**	644	42
To Providers of Capital				
Dividend to Shareholders	**-**	**-**	-	-
Mark up/interest expenses on borrowed funds	**1,260**	**145**	930	59
	1,957	225	1,956	126
To Society				
Donation towards education, health and environments	**4**	**1**	7	1
To Provide for Maintenance & Expansion of Assets				
Depreciation / Amortization	**436**	**50**	383	25
Loss Sustained	**(1,532)**	**(177)**	(806)	(52)
	(1,096)	**(127)**	(423)	(27)
	865	**100**	1,540	100

Wealth Distribution 2009

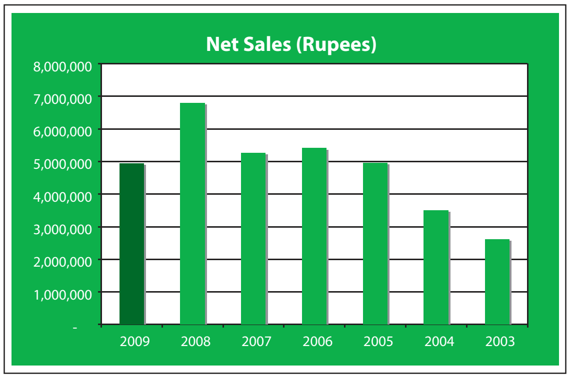


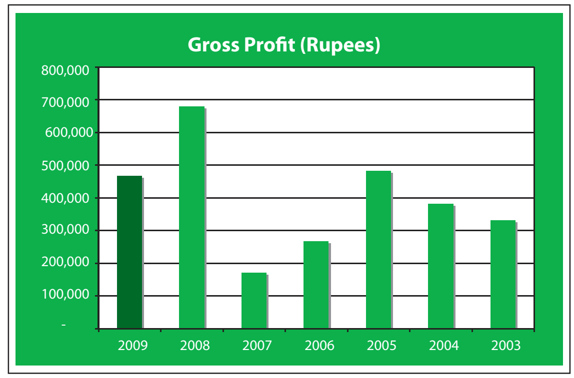
Wealth Distribution 2008

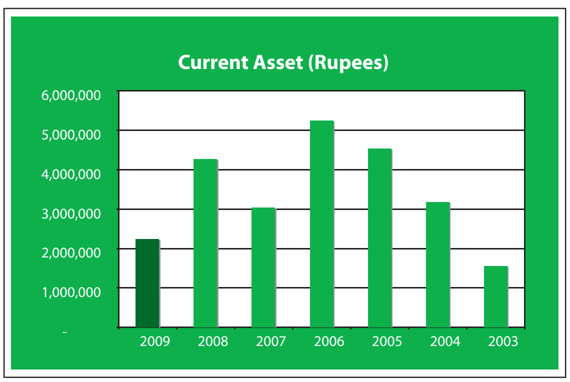


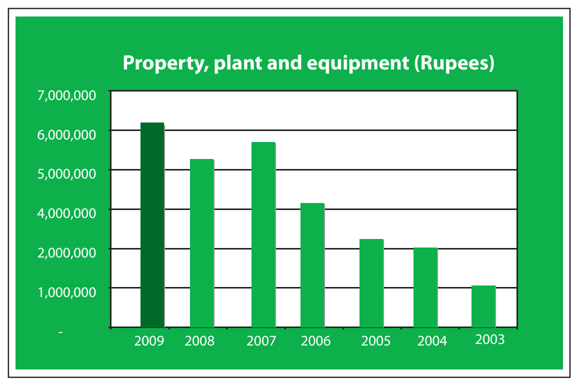
Financial Highlights

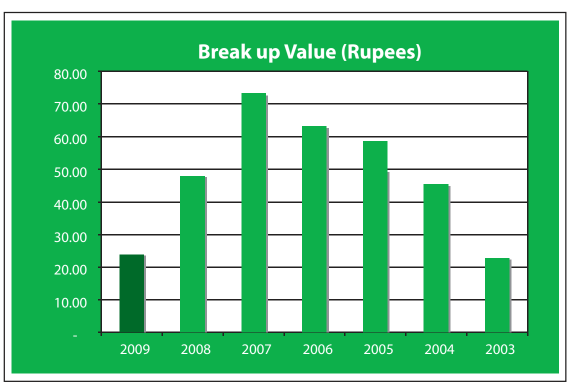
Operating Results:		2009	2008	2007	2006	2005	2004	2003
Net Sales	(Rs 000)	**4,942,466**	6,789,572	5,262,787	5,410,521	4,962,460	3,498,163	2,612,999
Cost of Sales	(Rs 000)	**4,475,834**	6,110,885	5,093,014	5,143,938	4,481,071	3,117,624	2,28a2,487
Gross Profit	(Rs 000)	**466,632**	678,687	169,773	266,583	481,389	380,539	330,512
Operating Profit	(Rs 000)	**(274,929)**	208,468	2,040,283	405,853	459,144	345,076	210,899
Profit / (Loss) Before Tax (after continue & discontinuing operations)	(Rs 000)	**(1,515,107)**	(794,904)	1,046,624	(295,836)	179,697	214,569	159,286
Profit after tax (both continuing & discontinuing operations)	(Rs 000)	**(1,532,117)**	(806,025)	621,179	66,639	207,381	155,495	129,578
Dividends	(Rs 000)	**-**	-	57,936	-	-	67,975	43,929
Earnings before interest, taxes, depreciation & amortization	(Rs 000)	**136,491**	591,974	2,432,661	719,087	628,275	480,384	311,867
Per Share Results and Return:								
Earning Per Share	(Rupees)	**(22.04)**	(11.59)	8.94	0.96	2.98	2.24	1.86
Cash Dividend per Share	(Rupees)	**-**	-	1.00	-	-	1.75	1.50
Dividend yield ratio	(%)	**-**	-	2.13	-	-	3.36	4.76
Dividend pay out ratio	(%)	**-**	-	9.33	-	-	43.72	33.90
Market Price Per Share at the end of the year (KSE 100 Index)	(Rupees)	**8.12**	11.84	47.00	25.65	47.50	52.10	31.50
Price Earning Ratio	(Times)	**(0.37)**	(1.02)	4.38	20.52	11.00	13.01	9.44
Financial Position								
Reserves	(Rs 000)	**963,215**	1,084,562	1,301,388	2,694,008	2,405,203	1,604,083	390,426
Current Assets	(Rs 000)	**2,236,267**	4,269,970	3,036,408	5,244,222	4,541,391	3,172,014	1,559,353
Current Liabilities	(Rs 000)	**7,365,047**	6,375,012	4,545,163	6,761,064	4,897,890	2,400,159	1,707,407
Net Current Assets / (Liabilities)	(Rs 000)	**(5,128,780)**	(2,105,042)	(1,508,755)	(1,516,842)	(356,499)	771,855	(148,054)
Property, plant and equipment	(Rs 000)	**6,385,995**	5,304,266	5,982,153	4,168,832	1,744,787	1,287,761	1,140,175
Total Assets	(Rs 000)	**9,782,728**	12,406,788	10,910,513	11,718,890	10,086,660	6,193,218	3,196,491
Long-Term Debt	(Rs 000)	**2,849,736**	2,930,753	2,245,822	1,966,387	2,291,537	1,772,257	660,233
Shareholders' Equity	(Rs 000)	**7,683**	1,620,254	2,585,146	3,356,562	3,102,264	2,009,602	835,233
Share Capital	(Rs 000)	**695,238**	695,238	579,365	579,365	540,537	388,430	388,430
Break-up Value per Share	(Rupees)	**0.11**	23.31	44.62	62.77	76.00	51.74	21.50
Break-up value per share including Surplus on Revaluation of Fixed Assets	(Rupees)	**24.55**	52.70	76.38	57.99	57.45	51.82	21.59
Financial Ratios:								
Current Ratio	(Times)	**0.30**	0.67	0.67	0.78	0.93	1.32	0.91
Long-Term Debt to Capitalization	(%)	**73.73**	64.40	46.49	36.94	42.48	46.86	44.15
Total Debt to Total Assets	(%)	**83.77**	70.47	59.44	71.36	69.24	58.44	73.87
Return on Average Assets Employed	(%)	**(2.40)**	6.91	18.42	4.42	6.77	3.67	5.17
Return on Average Equity	(%)	**(188)**	38.38	95.07	26.50	37.55	16.46	19.03
Return on capital employed	(%)	**(89.74)**	2.25	29.94	8.19	8.85	9.10	14.16
Weighted Average cost of debt	(%)	**17.09**	14.27	11.90	11.67	7.77	4.32	13.38
Quick / Acid test ratio	(Times)	**0.06**	0.17	0.43	0.51	0.73	1.13	0.50
Earnings before interest, taxes, depreciation & amortization margin (EBITDA)	(%)	**2.76**	7.64	46.22	13.29	12.66	13.73	11.94
Dividend yield ratio	(%)	**-**	-	2.13	-	-	3.36	4.76
Dividend cover ratio	(%)	**-**	-	10.72	-	-	2.35	2.22
Bonus Shares issued	(Rs 000)	**-**	115,873	-	62,074	-	-	-
Long-Term Debt to Equity Ratio	(Times)	**370.91**	1.81	0.87	0.59	0.74	0.89	0.79
Profitability Ratios:								
Gross Profit Ratio	(%)	**9.44**	10.00	3.23	4.93	9.70	10.88	12.65
Net Profit Margin	(%)	**(31.00)**	(11.87)	11.80	1.23	4.18	4.45	4.96
Interest Coverage	(Times)	**(0.20)**	0.33	2.46	0.84	1.78	2.55	1.97
Average Collection Period	(Days)	**4.95**	6.46	5	15	24	12	9
Debtor turnover ratio	(%)	**73.79**	70.97	36.51	19.85	22.32	29.95	31.53
Inventory Turnover	(Times)	**3.57**	4.96	4.53	2.82	4.76	6.71	3.43
Fixed Assets Turnover	(Times)	**0.71**	1.20	0.85	1.22	2.45	2.71	1.75
Total Assets Turnover	(Times)	**0.47**	0.55	0.49	0.54	0.60	0.66	0.82
Operating Cycle	(Days)	**93.65**	88.21	88.15	151.35	107.28	72.22	130.90
Other Data:								
Depreciation & Amortization	(Rs 000)	**436,099**	383,133	392,038	313,234	169,131	135,308	100,968
Capital Expenditure	(Rs 000)	**880,730**	530,551	365,944	2,732,941	602,993	288,071	294,850

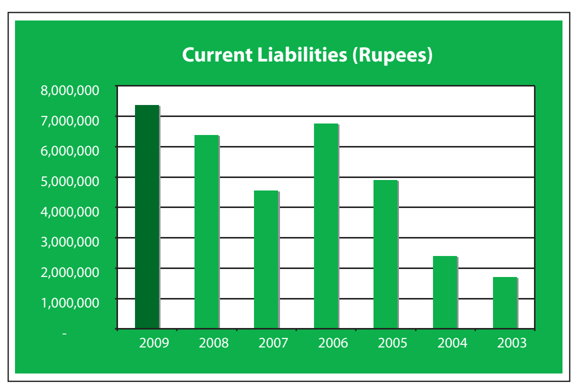

Net Sales (Rupees)
8,000,000
7,000,000
6,000,000
5,000,000
4,000,000
3,000,000
2,000,000
1,000,000
-
2009
2008
2007
2006
2005
2004
2003

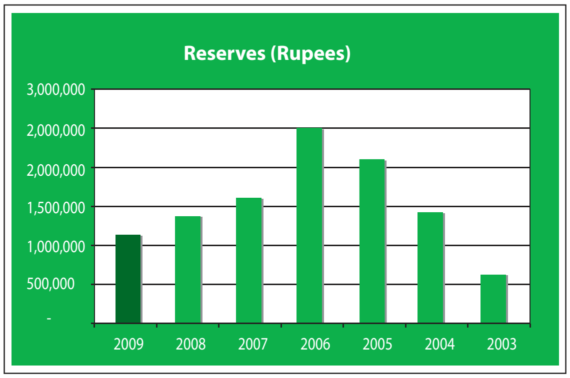

Gross Profit (Rupees)
800,000
700,000
600,000
500,000
400,000
300,000
200,000
100,000
-
2009
2008
2007
2006
2005
2004
2003

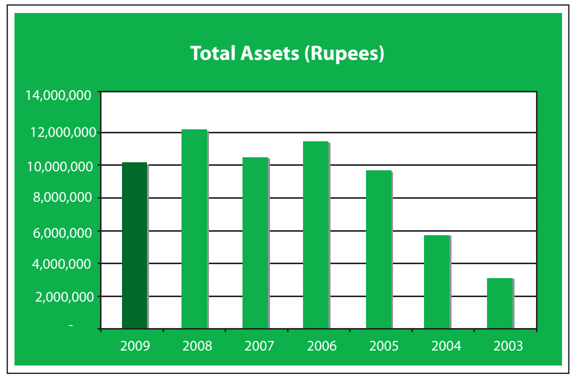

Current Asset (Rupees)
6,000,000
5,000,000
4,000,000
3,000,000
2,000,000
1,000,000
-
2009
2008
2007
2006
2005
2004
2003

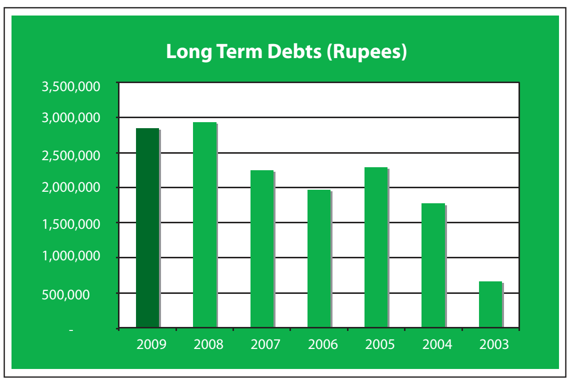

Property, plant and equipment (Rupees)
7,000,000
6,000,000
5,000,000
4,000,000
2,000,000
1,000,000
-
2009
2008
2007
2006
2005
2004
2003

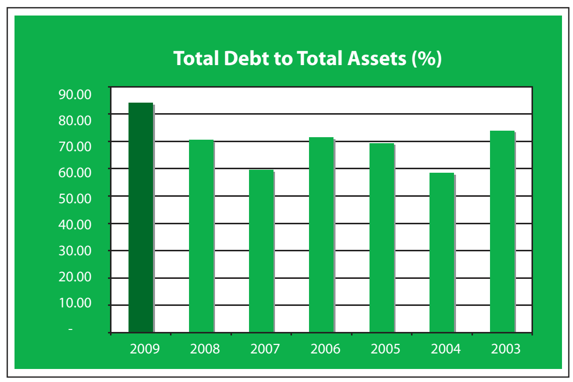

Break up Value (Rupees)
80.00
70.00
60.00
50.00
40.00
30.00
20.00
10.00
-
2009
2008
2007
2006
2005
2004
2003

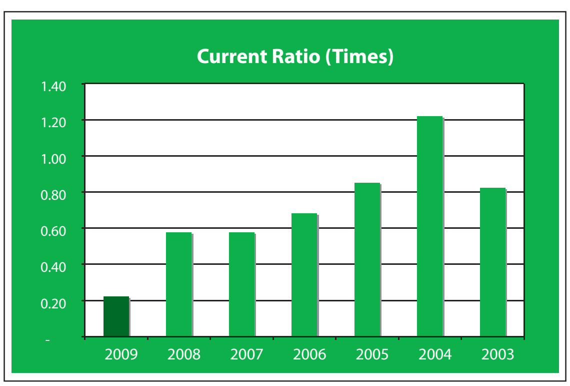

Current Liabilities (Rupees)
8,000,000
7,000,000
6,000,000
5,000,000
4,000,000
3,000,000
2,000,000
1,000,000
-
2009
2008
2007
2006
2005
2004
2003

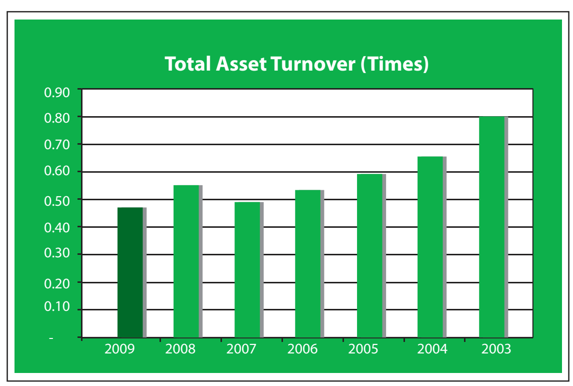

Reserves (Rupees)
3,000,000
2,000,000
2,000,000
1,500,000
1,000,000
500,000
-
2009
2008
2007
2006
2005
2004
2003


Total Assets (Rupees)
14,000,000
12,000,000
10,000,000
8,000,000
6,000,000
4,000,000
2,000,000
-
2009
2008
2007
2006
2005
2004
2003


Long Term Debts (Rupees)
3,500,000
3,000,000
2,500,000
2,000,000
1,500,000
1,000,000
500,000
-
2009
2008
2007
2006
2005
2004
2003


Total Debt to Total Assets (%)
90.00
80.00
70.00
60.00
50.00
40.00
30.00
20.00
10.00
-
2009
2008
2007
2006
2005
2004
2003


Current Ratio (Times)
1.40
1.20
1.00
0.80
0.60
0.40
0.20
-
2009
2008
2007
2006
2005
2004
2003


Total Asset Turnover (Times)
0.90
0.80
0.70
0.60
0.50
0.40
0.30
0.20
0.10
-
2009
2008
2007
2006
2005
2004
2003

Vertical Analysis

(Rupees in million)

	2009	%	2008	%	2007	%
Operating Results						
Net sales	**4,942**	**100.0**	6,790	100.0	5,263	100.0
Cost of sales	**(4,476)**	**(90.6)**	(6,111)	(90.0)	(5,093)	(96.8)
Gross profit	**467**	**9.4**	679	10.0	170	3.2
Administrative expenses	**(221)**	**(4.5)**	(212)	(3.1)	(188)	(3.6)
Distribution and selling expenses	**(117)**	**(2.4)**	(164)	(2.4)	(93)	(1.8)
Other operating expenses	**(489)**	**(9.9)**	(172)	(2.5)	(82)	(1.6)
Other operating income	**86**	**1.7**	78	1.2	2,234	42.4
Operating profit from operations	**(275)**	**(5.6)**	208	3.1	2,040	38.8
Finance costs	**(1,260)**	**(25.5)**	(930)	(13.7)	(859)	(16.3)
Profit / (loss) before taxation	**(1,535)**	**(31.1)**	(722)	(10.6)	1,181	22.4
Taxation	**(17)**	**(0.3)**	(11)	(0.2)	(425)	(8.1)
Loss from discontinued operations	**20**	**0.4**	(73)	(1.1)	(135)	(2.6)
Net profit / (loss) after taxation	**(1,532)**	**(31.0)**	(806)	(11.9)	621	11.8
Balance Sheet						
Non-Current Assets						
Property, plant and equipment	**6,386**	**60.7**	5,304	42.8	5,982	54.8
Intangible assets	**1**	**0.0**	2	0.0	1	0.0
Assets subject to finance lease	**536**	**5.1**	335	2.7	223	2.0
Capital work-in-progress	**351**	**3.3**	1,284	10.4	794	7.3
Biological assets	**11**	**0.1**	6	0.1	30	0.3
Investments - related parties	**907**	**8.6**	918	7.4	735	6.7
Long term loans, advances, deposits and prepayments	**100**	**0.9**	287	2.3	110	1.0
Deferred taxation	**-**	**-**	-	-	-	-
Total Non-Current Assets	**8,291**	**78.8**	8,137	65.6	7,875	72.2
Current Assets						
Biological assets	**26**	**0.2**	-	-	90	0.8
Stores, spares and loose tools	**113**	**1.1**	97	0.8	91	0.8
Stock-in-trade	**1,023**	**9.7**	1,272	10.3	1,070	9.8
Trade debts	**14**	**0.1**	120	1.0	71	0.7
Investments	**260**	**2.5**	408	3.3	1,072	9.8
Loan, advances, deposits and prepayments and other receivables	**141**	**1.3**	188	1.5	149	1.4
Cash and bank balances	**25**	**0.2**	346	2.8	493	4.5
Non-current assets held for sale	**636**	**6.0**	1,839	14.8	-	-
Total Current Assets	**2,236**	**21.2**	4,270	34.4	3,036	27.8
Total assets	**10,527**	**100.0**	12,407	100.0	10,911	100.0
Share capital and reserves						
Paid up capital	**695**	**6.6**	695	5.6	579	5.3
Reserves	**963**	**9.1**	1,085	8.7	1,301	11.9
Accumulated (loss) / profit	**(1,651)**	**(15.7)**	(160)	(1.3)	704	6.5
Share holders' equity	**8**	**0.1**	1,620	13.1	2,585	23.7
Surplus on revaluation of property, plant and equipment	**1,699**	**16.1**	2,044	16.5	1,840	16.9
Non-Current Liabilities						
Long term finance	**1,283**	**12.2**	2,062	16.6	1,782	16.3
Long term advances	**-**	**-**	-	-	1	0.0
Liabilities against assets subject to finance lease	**154**	**1.5**	285	2.3	148	1.4
Employees' retirement benefits	**12**	**0.1**	11	0.1	5	0.0
Deferred taxation	**5**	**0.1**	9	0.1	4	0.0
Total Non-Current Liabilities	**1,455**	**13.8**	2,368	19.1	1,940	17.8
Current Liabilities						
Current portion of long term liabilities	**1,764**	**16.8**	1,026	8.3	560	5.1
Short term borrowings - secured	**4,055**	**38.5**	4,111	33.1	3,344	30.7
Trade and other payables	**936**	**8.9**	885	7.1	447	4.1
Accrued finance cost	**611**	**5.8**	315	2.5	194	1.8
Liabilities directly associated with non current assets classified as held for sale	**-**	**-**	38	0.3	-	-
Total Current Liabilities	**7,365**	**70.0**	6,375	51.4	4,545	41.7
Total Liabilities	**10,527**	**100.0**	12,407	100.0	10,911	100.0

Horizontal Analysis

(Rupees in million)

	2009	Variance vs Last Year Increase / (Decrease) %	2008	Variance vs Last Year Increase / (Decrease) %	2007	Variance vs Last Year Increase / (Decrease) %	2006
Operating Results							
Net sales	**4,942**	**(27.2)**	6,790	29.0	5,263	(2.7)	5,411
Cost of sales	**(4,476)**	**(26.8)**	(6,111)	20.0	(5,093)	(1.0)	(5,144)
Gross profit	**467**	**(31.2)**	679	299.8	170	(36.3)	267
Administrative expenses	**(221)**	**4.1**	(212)	12.9	(188)	(11.2)	(212)
Distribution and selling expenses	**(117)**	**(28.6)**	(164)	75.8	(93)	26.9	(74)
Other operating expenses	**(489)**	**184.8**	(172)	110.5	(82)	(55.4)	(183)
Other operating income	**86**	**10.3**	78	(96.5)	2,234	267.6	608
Profit from operations	**(275)**	**(231.9)**	208	(89.8)	2,040	402.7	406
Finance costs	**(1,260)**	**35.4**	(930)	8.3	(859)	22.4	(702)
Profit / (loss) before taxation	**(1,535)**	**112.6**	(722)	(161.1)	1,181	(499.3)	(296)
Taxation	**(17)**	**53.0**	(11)	(97.4)	(425)	(217.4)	362
Loss from discontinued operations	**20**	**(126.8)**	(73)	(45.7)	(135)	-	-
Net profit / (loss) after taxation	**(1,532)**	**90.1**	(806)	(229.8)	621	832.2	67
Balance Sheet							
Non-Current Assets							
Property, plant and equipment	**6,386**	**20.4**	5,304	(11.3)	5,982	43.5	4,169
Intangible assets	**1**	**(49.8)**	2	46.6	1	-	-
Assets subject to finance lease	**536**	**59.9**	335	50.4	223	(19.7)	277
Capital work-in-progress	**351**	**(72.7)**	1,284	61.8	794	25.2	634
Biological assets	**11**	**72.6**	6	(79.0)	30	300.4	7
Investments - related parties	**907**	**(1.2)**	918	24.9	735	(12.9)	844
Long term loans, advances, deposits and prepayments	**100**	**(65.3)**	287	161.0	110	(28.3)	154
Deferred taxation	-	-	-	-	-	-	390
Total Non-Current Assets	**8,291**	**1.9**	8,137	3.3	7,875	21.6	6,475
Current Assets							
Biological assets	**26**	-	-	(100.0)	90	(51.4)	185
Stores, spares and loose tools	**113**	**16.4**	97	6.2	91	(8.5)	100
Stock-in-trade	**1,023**	**(19.6)**	1,272	18.9	1,070	(41.3)	1,824
Trade debts	**14**	**(88.6)**	120	69.2	71	(67.3)	217
Investments	**260**	**(36.1)**	408	(62.0)	1,072	(56.2)	2,446
Loan, advances, deposits and prepayments and other receivables	**141**	**(24.9)**	188	26.0	149	(47.3)	282
Cash and bank balances	**25**	**(92.9)**	346	(29.8)	493	159.1	190
Non-current assets held for sale	**636**	-	1,839	-	-	-	-
Total Current Assets	**2,236**	**(47.6)**	**4,270**	40.6	3,036	(42.1)	5,244
Total assets	**10,527**	**(15.2)**	**12,407**	13.7	10,911	(6.9)	11,719
Share capital and reserves							
Paid up capital	**695**	-	695	20.0	579	-	579
Reserves	**963**	**(11.2)**	1,085	(16.7)	1,301	(51.7)	2,694
Accumulated (loss) / profit	**(1,651)**	**934.7**	(160)	(122.7)	704	746.7	83
Share holders' equity	**8**	**(99.5)**	**1,620**	**(37.3)**	**2,585**	**(23.0)**	**3,357**
Surplus on revaluation of property plant and equipment	**1,699**	**(16.8)**	2,044	11.1	1,840	58,190.3	3
Non-Current Liabilities							
Long term finance	**1,283**	**(37.8)**	2,062	15.7	1,782	22.1	1,459
Long term advances	-	-	-	-	1	-	-
Liabilities against assets subject to finance lease	**154**	**(46.1)**	285	92.6	148	12.5	132
Employees' retirement benefits	**12**	**11.7**	11	113.8	5	119.2	2
Deferred taxation	**5**	**(39.6)**	9	145.4	4	(25.7)	
Total Non-Current Liabilities	**1,455**	**(38.6)**	**2,368**	22.0	1,940	21.4	1,
Current Liabilities							
Current portion of long term liabilities	**1,764**	**71.8**	1,026	83.4	560	(3.4)	579
Short term borrowings - secured	**4,055**	**(1.4)**	4,111	22.9	3,344	(40.1)	5,581
Trade and other payables	**936**	**5.9**	885	97.7	447	30.9	342
Accrued finance cost	**611**	**93.5**	315	62.7	194	(25.3)	259
Liabilities directly associated with non current assets classified as held for sale	-	-	38	-	-	-	-
Total Current Liabilities	**7,365**	**15.5**	6,375	40.3	4,545	(32.8)	6,761
Total Liabilities	**10,527**	**(15.2)**	12,407	13.7	10,911	(6.9)	11,719

Statement of Compliance with Best Practices of Code of Corporate Governance

This statement is being presented to comply with the Code of Corporate Governance as contained in Regulation No. 35 and 36 of the Listing Regulations of the Karachi Stock Exchange and Chapter XIII of Listing Regulations of Lahore Stock Exchange and Chapter XI of Listing Regulations of Islamabad Stock Exchange for the purpose of establishing a framework of good governance, whereby a listed company is managed in compliance with the best practices of corporate governance.
The company has applied the principles contained in the Code in the following manner:

1. The company encourages representation of independent non-executive. At present six Directors are independent non-executive directors.

2. The directors have confirmed that none of them is serving as a director in more than ten listed companies, including this company.

3. All the resident directors of the company are registered as taxpayers and none of them has defaulted in payment of any loan to a banking company a DFI or an NBFI, or being a member of a stock exchange, has been declared as a defaulter by that stock exchange.

4. A casual vacancy occurring in the Board on January 6, 2009 and May 29, 2009 was filled up by the directors within 30 days thereof.

5. The company has prepared a 'Statement of Ethics and Business Practices', which has been signed by all the directors and employees of the company.

6. The Board has developed a vision/mission statement and significant policies of the company. A Complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.

7. Significant policies are formally approved by the Board. However, the overall corporate strategy is in the process of being formulated for Board's.

8. All the powers of the board have been duly exercised and decisions on material transactions, including appointment and determination of remuneration and terms and conditions of employment of CEO and other executive directors, have been taken by the Board.

9. The meetings of the Board were presided over by the Chairman and the Board met at least once in every quarter during the year ended September 30, 2009. Written notices of the Board Meetings, along with the agenda, were circulated at least seven days before the meetings. The Minutes of the meetings were appropriately recorded and circulated.

10. The members of Board have attended orientation course to apprise them of their duties and responsibilities.

11. The board has approved appointment of CFO, Company Secretary and the Head of Internal Audit, including their remuneration and terms and conditions of employment, as recommended by CEO.

12. The Director's Report for the year ended September 30, 2009 has been prepared in compliance with the requirements of the Code and it fully describes the salient matters required to be disclosed.

13. The financial statements of the company were duly endorsed by the CEO and CFO before approval by the Board.

14. The Directors, CEO and executives do not hold any interest in the shares of the company, other than that disclosed in the pattern of shareholding.

15. The company has complied with all the corporate and financial reporting requirements of the Code.

16. The Board has formed an audit committee. It comprises of three members, all of whom are non-executive directors including the Chairman of the Committee. The Audit Charter of the Company requires that at least two members of the Audit Committee must be financially literate.

17. The meetings of the audit committee were held at least once every quarter prior to approval of interim and final results of the company and as required by the Code. The terms of reference of the committee have been formed and advised to the committee for compliance.

18. The Board has set-up an effective internal audit function by appointing a full-time Head of Internal Audit. The day to day operations of this function have been outsourced to Ms. Riaz Ahmad & Company, Chartered Accountants who is considered suitably qualified and experienced.

19. The statutory auditors of the company have confirmed that they have been given a satisfactory rating under the quality control review programme of the Institute of Chartered Accountants of Pakistan, that they or any of the partners of the firm, their spouses and minor children do not hold shares of the company and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the Institute of Chartered Accountants of Pakistan.

20. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the listing regulations and the auditors have confirmed that they have observed IFAC guidelines in this regard.

21. The related party transactions have been placed before the audit committee and approved by the board of directors, along with pricing methods for such transactions.

22. We confirm that all other material principles contained in the Code have been complied with.

On behalf of the Board

Ahsan M. Saleem
Chief Executive Officer

March 4, 2010

A. F. FERGUSON & CO.

A member firm of PRICEWATERHOUSECOOPERS

Review Report to the Members

On Statement of Compliance with Best Practices of Code of Corporate Governance

A. F. Ferguson & Co.
Chartered Accountants
23-C, Aziz Avenue, Canal Bank
Gulberg V, P.O. Box 39,
Lahore - 54660, Pakistan.
Telephone: (042) 3571 5864-71
Fax: (042) 3571 5872

We have reviewed the statement of compliance with the best practices contained in the Code of Corporate Governance prepared by the Board of Directors of Shakarganj Mills Limited to comply with the Listing Regulation No. 35 and 36 of the Karachi Stock Exchange, Lahore Stock Exchange and the Islamabad Stock Exchange, where the company is listed.

The responsibility for compliance with the Code of Corporate Governance is that of the Board of Directors of the Company. Our responsibility is to review, to the extent where such compliance can be objectively verified, whether the Statement of Compliance reflects the status of the company's compliance with the provisions of the Code of Corporate Governance and report if it does not. A review is limited primarily to inquiries of the company personnel and review of various documents prepared by the company to comply with the Code.

As part of our audit of financial statements we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We are not required to consider whether the Board's statement on internal control covers all risks and controls, or to form an opinion on the effectiveness of such internal controls, the company's corporate governance procedures and risks.

Further, Sub-Regulation (xiii a) of Listing Regulations 35 notified by The Karachi Stock Exchange (Guarantee) Limited vide circular KSE/N-269 dated January 19, 2009 requires the company to place before the Board of Directors for their consideration and approval related party transactions distinguishing between transactions carried out on terms equivalent to those that prevail in arm's length transactions and transactions which are not executed at arm's length price, recording proper justification for using such alternate pricing mechanism. Further, all such transactions are also required to be separately placed before the audit committee. We are only required and have ensured compliance of requirement to the extent of approval of related party transactions by the Board of Directors and placement of such transactions before the audit committee.

We have not carried out any procedures to determine whether the related party transactions were undertaken at arm's length price or not.

Based on our review nothing has come to our attention which causes us to believe that the statement of compliance does not appropriately reflect the company's compliance, in all material respects, with the best practices contained in the Code of Corporate Governance as applicable to the company for the year ended September 30, 2009.

Chartered Accountants

Lahore
March 4, 2010

A. F. Ferguson & Co.
Chartered Accountants
23-C, Aziz Avenue, Canal Bank
Gulberg V, P.O. Box 39,
Lahore - 54660, Pakistan.
Telephone: (042) 3571 5864-71
Fax: (042) 3571 5872

AUDITOR'S REPORT TO THE MEMBERS

We have audited the annexed balance sheet of Shakarganj Mills Limited as at September 30, 2009 and the related profit and loss account, cash flow statement and statement of changes in equity together with the notes forming part thereof, for the year then ended and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

It is the responsibility of the company's management to establish and maintain a system of internal control, and prepare and present the above said statements in conformity with the approved accounting standards and the requirements of the Companies Ordinance, 1984. Our responsibility is to express an opinion on these statements based on our audit.

We conducted our audit in accordance with the auditing standards as applicable in Pakistan. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the above said statements are free of any material misstatement. An audit includes examining on a test basis, evidence supporting the amounts and disclosures in the above said statements. An audit also includes assessing the accounting policies and significant estimates made by management, as well as, evaluating the overall presentation of the above said statements. We believe that our audit provides a reasonable basis for our opinion and, after due verification, we report that:

(a) in our opinion, proper books of account have been kept by the company as required by the Companies Ordinance, 1984;

(b) in our opinion:
   (i) the balance sheet and profit and loss account together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984, and are in agreement with the books of account and are further in accordance with accounting policies consistently applied;
   (ii) the expenditure incurred during the year was for the purpose of the company's business; and
   (iii) the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the company;

(c) in our opinion, and to the best of our information and according to the explanations given to us, the balance sheet, profit and loss account, cash flow statement and statement of changes in equity together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan, and give the information required by the Companies Ordinance, 1984, in the manner so required and respectively give a true and fair view of the state of the company's affairs as at September 30, 2009 and of the loss, its cash flows and changes in equity for the year then ended; and

(d) in our opinion zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980), was deducted by the company and deposited in the Central Zakat Fund established under Section 7 of that Ordinance.

(e) Without qualifying our opinion, we draw attention to note 1.2 to the financial statements which indicates the company could not meet its obligations in respect of repayments of long term loans, finance lease rentals and finance costs due during the year ended September 30, 2009. The company has incurred net loss of Rs 1,532 million during the year, its current liabilities have exceeded its current assets by Rs 5,129 million and the equity has almost been wiped off.

    These conditions along with other matters as set forth in note 1.2 indicate the existence of material uncertainty which may cast doubt about the company's ability to continue as a going concern.

    These financial statements do not include any adjustments relating to the realisation of the company's assets and liquidation of any liabilities that may be necessary should the company be unable to continue as a going concern.

Chartered Accountants

Lahore.
March 4, 2010.

Name of engagement partner: Muhammad Masood

BALANCE SHEET

As at September 30, 2009

	Note	2009	2008
		(Rupees in thousand)	
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized capital			
80,000,000 (2008: 80,000,000) ordinary shares of Rs 10 each		**800,000**	800,000
50,000,000 (2008: 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 (2008: 69,523,798) ordinary shares of Rs 10 each	5	**695,238**	695,238
Reserves		**963,215**	1,084,562
Accumulated loss		**(1,650,770)**	(159,546)
		7,683	1,620,254
SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT	6	**1,699,444**	2,043,827
NON-CURRENT LIABILITIES			
Long term finances	7	**1,283,446**	2,062,440
Liabilities against assets subject to finance lease	8	**153,775**	285,427
Employees' retirement benefits	9	**12,314**	11,029
Deferred income	10	**5,312**	8,799
		1,454,847	2,367,695
CURRENT LIABILITIES			
Current portion of long term liabilities	11	**1,763,566**	1,026,316
Short term borrowings - secured	12	**4,054,535**	4,110,840
Trade and other payables	13	**936,374**	884,510
Accrued finance cost	14	**610,572**	315,482
		7,365,047	6,337,148
Liabilities directly associated with non current assets classified as held-for-sale	30	**-**	37,864
		7,365,047	6,375,012
CONTINGENCIES AND COMMITMENTS	15		
		10,527,021	12,406,788

The annexed notes 1 to 49 form an integral part of these financial statements.

	Note	2009	2008
		(Rupees in thousand)	
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	16	**6,385,995**	5,304,266
Intangible assets	17	**1,001**	1,994
Assets subject to finance lease	18	**535,630**	335,078
Capital work-in-progress	19	**350,667**	1,284,215
Biological assets	20	**10,781**	6,248
Investments - related parties	21	**906,896**	917,771
Long term loans, advances, deposits and prepayments	22	**99,784**	287,246
Deferred taxation	23	**-**	-
		8,290,754	8,136,818
CURRENT ASSETS			
Biological assets	20	**25,708**	-
Stores, spares and loose tools	24	**112,774**	96,873
Stock-in-trade	25	**1,022,608**	1,271,798
Trade debts	26	**13,696**	120,258
Investments	27	**260,322**	407,578
Loans, advances, deposits, prepayments and other receivables	28	**140,929**	187,575
Cash and bank balances	29	**24,508**	346,394
		1,600,545	2,430,476
Non-current assets held for sale	30	**635,722**	1,839,494
		2,236,267	4,269,970
		10,527,021	12,406,788

The annexed notes 1 to 49 form an integral part of these financial statements.

Chief Executive **Chairman**

PROFIT AND LOSS ACCOUNT
For the year ended September 30, 2009

		Note	2009	2008
			(Rupees in thousand)	
Continuing operations:				
Sales		31	**4,942,466**	6,789,572
Cost of sales		32	**(4,475,834)**	(6,110,885)
Gross profit			**466,632**	678,687
Administrative expenses		33	**(221,243)**	(212,433)
Distribution and selling costs		34	**(117,110)**	(164,080)
Other operating expenses		35	**(489,410)**	(171,832)
Other operating income		36	**86,202**	78,126
(Loss)/profit from operations			**(274,929)**	208,468
Finance cost		37	**(1,259,768)**	(930,339)
Loss before taxation			**(1,534,697)**	(721,871)
Taxation		38	**(17,010)**	(11,121)
Loss for the year from continuing operations			**(1,551,707)**	(732,992)
Discontinued operations:				
Profit/(loss) for the year from discontinued operations		29	**19,590**	(73,033)
Loss for the year			**(1,532,117)**	(806,025)
Loss per share from continuing operations				
- basic	Rupees	39	**(22.32)**	(10.54)
- diluted	Rupees	39	**(22.32)**	(10.54)
Earnings/(loss) per share from discontinued operations				
- basic	Rupees	39	**0.28**	(1.05)
- diluted	Rupees	39	**0.28**	(1.05)

The annexed notes 1 to 49 form an integral part of these financial statements.

Chief Executive **Chairman**

CASH FLOW STATEMENT

For the year ended September 30, 2009

	Note	2009	2008
		(Rupees in thousand)	
Cash flows from operating activities			
Cash generated from operations	40	**1,051,082**	654,521
Finance cost paid		**(988,643)**	(807,833)
Taxes paid		**(24,067)**	(31,149)
Employees' retirement benefits paid		**(11,567)**	(7,650)
Net decrease/(increase) in long term deposits		**18,271**	(179,003)
Transfered from/to non-current assets held for sale		**36**	(36)
Net cash generated from/(used in) operating activities		**45,112**	(371,150)
Cash flows from investing activities			
Fixed capital expenditure		**(289,438)**	(1,188,411)
Investment made		**(2,435)**	(452,435)
Proceeds from sale of investment		**35,403**	201,078
Dividend received		**11,873**	5,084
Income from bank deposits received		**7,245**	18,875
Sale proceeds from sale of property, plant and equipment		**124,162**	4,832
Net cash used in investing activities		**(113,190)**	(1,410,977)
Cash flows from financing activities			
Long term finances - net		**(103,261)**	707,175
Sale proceeds from sale and lease back transaction		**-**	19,100
Net increase in short term borrowings - secured		**(56,305)**	766,591
Finance lease liabilities - net		**(94,238)**	200,198
Dividend paid		**(4)**	(57,784)
Net cash (used in)/generated from financing activities		**(253,808)**	1,635,280
Net decrease in cash and cash equivalents		**(321,886)**	(146,847)
Cash and cash equivalents at the beginning of the year		**346,394**	493,241
Cash and cash equivalents at the end of the year	29	**24,508**	346,394

The annexed notes 1 to 49 form an integral part of these financial statements.

Chief Executive **Chairman**

STATEMENT OF CHANGES IN EQUITY

For the year ended September 30, 2009

(Rupees in thousand)

		RESERVES											
			CAPITAL RESERVES				REVENUE RESERVES						
	Share capital	Reserve for bonus issue	Share premium	Fair value reserve	Difference of capital under scheme of arrangement of merger	Sub total	General	Dividend equali-zation	Equity investment market value equalization	Sub total	Total	Accumu-lated (loss) /profit	Total
Balance as on September 30, 2007	579,365	-	243,282	269,997	155,930	669,209	526,479	22,700	83,000	632,179	1,301,388	704,393	2,585,146
Fair value loss during the year	-	-	-	(100,958)	-	(100,958)	-	-	-	-	(100,958)	-	(100,958)
Transferred to profit and loss account on derecognition of shares	-	-	-	5	-	5	-	-	-	-	5	-	5
Transfer from surplus on revaluation of property, plant and equipment - net of tax	-	-	-	-	-	-	-	-	-	-	-	22	22
Transfers from general reserve for issue of bonus shares	-	115,873	-	-	-	115,873	(115,873)	-	-	(115,873)	-	-	-
Final dividend for the year ended September 30, 2007 - Rs 1 per share	-	-	-	-	-	-	-	-	-	-	-	(57,936)	(57,936)
Bonus shares issued during the year	115,873	(115,873)	-	-	-	(115,873)	-	-	-	-	(115,873)	-	-
Loss for the year	-	-	-	-	-	-	-	-	-	-	-	(806,025)	(806,025)
Balance as on September 30, 2008	695,238	-	243,282	169,044	155,930	568,256	410,606	22,700	83,000	516,306	1,084,562	(159,546)	1,620,254
Fair value loss during the year	-	-	-	(418,921)	-	(418,921)	-	-	-	-	(418,921)	-	(418,921)
Transferred to profit and loss account on derecognition of shares	-	-	-	(930)	-	(930)	-	-	-	-	(930)	-	(930)
Impairment loss recognised during the year	-	-	-	298,504	-	298,504	-	-	-	-	298,504	-	298,504
Transfer from surplus on revaluation of property, plant and equipment on account of:													
- incremental depreciation - net of tax	-	-	-	-	-	-	-	-	-	-	-	21	21
- disposal of land - net of tax	-	-	-	-	-	-	-	-	-	-	-	40,872	40,872
Loss for the year	-	-	-	-	-	-	-	-	-	-	-	(1,532,117)	(1,532,117)
Balance as on September 30, 2009	**695,238**	**-**	**243,282**	**47,697**	**155,930**	**446,909**	**410,606**	**22,700**	**83,000**	**516,306**	**963,215**	**(1,650,770)**	**7,683**

The annexed notes 1 to 49 form an integral part of these financial statements.

Chief Executive | **Chairman**

NOTES TO THE FINANCIAL STATEMENTS
For the year ended September 30, 2009

1. LEGAL STATUS AND NATURE OF BUSINESS

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

1.2 Going concern assumption

The company has faced liquidity crunch during the current and the prior year due to a variety of factors including low levels of cane procurement and consequent low level of crushing, continued financing of assets and operations through high level of borrowings and an overall sugar industry crisis during the year in which sugar prices were capped by the government authorities. The company has incurred a loss of Rs 1,532 million during the current year (including impairment loss on investments of Rs 298.5 million) and the current liabilities have exceeded the current assets by Rs 5,129 million. Due to the above factors, the company could not timely meet its obligations to repay long term loans, liabilities against assets subject to finance lease and the markup accrued thereon and as a result the lenders refused to renew the aggregate short term facilities also to the effect that the short term borrowing facilities stand expired as at September 30, 2009.

Consequently the company entered into negotiations with the lenders (as a consortium) to restructure its borrowings and the restructuring agreements were signed by the company and the lenders by 16 February 2010.

As per the restructuring plan, the lenders of the company, except for National Bank of Pakistan Limited (which has separately restructured its debts), have agreed to provide, as a consortium, a bridge loan facility payable in installments by June 2011 amounting to Rs 2,466 million and extended short term running finance facility to the extent of Rs 2,980 million up to October 31, 2010.

As per the above restructuring plan agreed with the lenders, the bridge finance will be repaid through the sale of assets of the company in installments, and further injection of equity of Rs 300 million by June 2011. Following is the detail of the assets (at their carrying value) to be disposed of by the company to retire the bridge loan.

Assets	**(Rupees in thousands)**
Agricultural Land	906,558
Complete disposal of investment in shares of :	
- Safeway Mutual Fund Limited	270,240
- Asian Stocks Fund Limited	215,790
Partial disposal of investment in shares of Shakarganj Foods Products Limited	200,000
Plant and machinery at Mian Muhammad Sugar Mill	194,787
SML Power Division - Dargai Shah	149,692
Residential and commercial plots	181,000
Turbines	25,000
	2,143,067

The management expects to sell the aggregate assets at a profit to the carrying values given above. In case, the company is unable to sell these assets by their respective committed dates as per the agreement, it will be considered an event of default and the company will be required to sell off one of its three units to repay the bridge loan. As per the committed dates for disposal of above assets, Rs 1,556 million are repayable by September 30, 2010.

The bridge loan is secured against:

- a pari passu charge overall presence and future fixed asset of the company (excluding land and building);
- first mortgage/charge over immovable property of the company;
- personal guarantees of Mr. Anjum Saleem and Mr. Ahsan Saleem;

- an irrevocable and unconditional commitment from Shakarganj Energy (Private) Limited (SEL) to purchase the energy plant at Dargai Shah and at an aggregate value of Rs 300 million secured back to back by pledge of marketable securities valuing Rs 573 million owned by Crescent Steel and Allied Products Limited, and associated company: and
- pledge of shares in Shakarganj Food Products Limited

Additionally, the lenders will create a lien on a special reserve account , where the proceeds from the sale assets and a unit, if required, of the company will be deposited.

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

The finalisation of above security arrangements is currently in process.

The company is also in the process of renegotiating the existing long term loans with lenders for relaxation in payment periods and expects that these will be rescheduled for payment over five years with two years of grace period.

The accrued markup is payable immediately.

These financial statements have been prepared on a going concern basis. The management is confident that through the restructuring of its borrowings, it will be able to get positive results from the next financial year. The management also believes that it will be able to generate adequate liquidity through disposal of the assets identified above to retire the Bridge finance, and that the company will be able to continue its operations for the foreseeable future without curtailing materialy its operations. These financial statements 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

2.1 These financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board as are notified under the Companies Ordinance, 1984, provisions of and directives issued under the Companies Ordinance , 1984. In case requirements differ, the provisions or directives of the Companies Ordinance, 1984 shall prevail.

2.2 Standards, Interpretations and amendments to published approved accounting standards

The following amendments to existing standards have been published that are applicable to the company's financial statements covering annual periods, beginning on or after the following dates:

2.2.1 Amendments to published standards effective in current year

- IAS 29 'Financial Reporting in Hyperinflationary Economies' is effective from July 1, 2008. The Company does not have any operations in hyperinflationary economies and therefore, the application of this standard has no effect on the Company's financial statements.

- IFRS 7 'Financial Instruments: Disclosures' is effective from July 1, 2008 and supersedes the disclosure requirements of IAS 32 'Financial Instruments: Presentation'. It introduces new disclosures relating to financial instruments which have been set out in note 45 to these financial statements. Its adoption does not have any impact on the classification and valuation of the Company's financial instruments.

- IFRIC 14, 'IAS 19 - The limit on a defined benefit asset, minimum funding requirements and their interaction' is effective from January 1, 2008. IFRIC 14 provides guidance on assessing the limit in IAS 19 on the amount of the surplus that can be recognised as an asset. It also explains how the pension asset or liability may be affected by a statutory or contractual minimum funding requirement.

2.2.2 Amendments to published standards not yet effective

The following amendments and interpretations to existing standards have been published and are mandatory for the Company's accounting periods beginning on or after their respective effective dates:

- IFRS 7 (Amendment), ' Financial Instruments: Disclosure' (effective from January 1, 2009). There are a number of minor amendments to IFRS 7 in respect of enhanced disclosures about liquidity risk and fair value measurements. These amendments are unlikely to have an impact on the company's financial statements and have therefore not been analyzed in detail.

- IFRS 8, 'Operating segments' (effective from 1 January 2009) replaces IAS 14, 'Segment reporting', and aligns segment reporting with the requirements of the US standard SFAS 131, 'Disclosures about segments of an enterprise and related information'. The new standard requires a 'management approach', under which segment information is presented on the same basis as that used for internal reporting purposes. The Company will apply IFRS 8 from 1 October 2009.

- IAS 1 (Revised), 'Presentation of financial statements' (effective from 1 January 2009). The revised standard will prohibit the presentation of items of income and expenses (that is, 'non-owner changes in equity') in the statement of changes in equity, requiring 'non-owner changes in equity' to be presented separately from owner changes in equity. All non-owner changes in equity will be required to be shown in a performance statement, but entities can choose whether to present one performance statement (the statement of comprehensive income) or two statements (the income statement and statement of comprehensive income). Where entities restate or reclassify comparative information, they will be required to present a restated balance sheet as at the beginning comparative period in addition to the current requirement to present balance sheets at the end of the current period and comparative period. The Company will apply IAS 1 (Revised) from 1 October 2009.

- IAS 19 (Amendment), 'Employee benefits' (effective from 1 January 2009). The amendment is part of the IASB's annual improvements project published in May 2008.

- The amendment clarifies that a plan amendment that results in a change in the extent to which benefit promises are affected by future salary increases is a curtailment, while an amendment that changes benefits attributable to past service gives rise to a negative past service cost if it results in a reduction in the present value of the defined benefit obligation.

- The definition of return on plan assets has been amended to state that plan administration costs are deducted in the calculation of return on plan assets only to the extent that such costs have been excluded from measurement of the defined benefit obligation.

- The distinction between short term and long term employee benefits will be based on whether benefits are due to be settled within or after 12 months of employee service being rendered.

The Company will apply the IAS 19 (Amendment) from 1 October 2009.

- Certain amendments to IAS 23 ' Borrowing Costs' have been published that are applicable to the Company's financial statements covering annual periods, beginning on or after October 01, 2009. Adoption of these amendments would require the Company to capitalize the borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset (one that takes substantial period of time to get ready for use or sale) as part of the cost of that asset. The option of immediately expensing these borrowing costs will be removed.

- IAS 36 (Amendment), 'Impairment of assets' (effective from 1 January 2009). The amendment is part of the IASB's annual improvements project published in May 2008. Where fair value less costs to sell is calculated on the basis of discounted cash flows, disclosures equivalent to those for value-in-use calculation should be made. The Company will apply the IAS 36 (Amendment) and provide the required disclosure where applicable for impairment tests from 1 October 2009.

- IAS 38 (Amendment), 'Intangible assets' (effective from July 1, 2009). The amended standard states that a prepayment may only be recognized in the event that payment has been made in advance of obtaining right of access of goods or receipt of services. This amendment is not expected to have a significant effect on the company's financial statements.

- IAS 39 (Amendment), 'Financial Instruments: Recognition and Measurement' - Reclassification of Financial Assets (effective from July 1, 2009). This amendment to the Standard permits an entity to reclassify non-derivative financial assets (other than those designated at fair value through profit or loss by the entity upon initial recognition) out of the fair value through profit or loss category in particular circumstances. The amendment also permits an entity to transfer from the available-for-sale category to the loans and receivables category, a financial asset that would have met the definition of loans and receivables (if the financial asset had not been designated as available-for-sale), if the entity has the intention and ability to hold that financial asset for the foreseeable future. The management is in the process of assessing the impact of its adoption on the company's financial statements.

2.2.3 Standards and interpretations to existing standards that are not applicable to the company and not yet effective

Standards or Interpretation	Effective date (accounting periods beginning on or after)
IFRS 2 - Share based payments	January 01, 2009
IFRS 4 - Insurance Contracts	January 01, 2009
IFRIC 12 - Service Concession Arrangements	July 01, 2009
IFRIC 13 - Customer loyalty programmes	July 01, 2009
IFRIC 15 - Accounting for agreements for the construction of real estate	January 01, 2009
IFRIC 16 - Hedge of net investment in a foreign operation	July 01, 2009
IFRIC 17 - Distribution of non-cash assets to owners	July 01, 2009
IFRIC 18 - Transfers of Assets from Customers	July 01, 2009

3. Basis of measurement

3.1 These financial statements have been prepared under the historical cost convention except for revaluation of certain employees' retirement benefits at present value as referred to in note 4.2 and revaluation of certain property, plant and equipment, biological assets, certain financial instruments and certain assets held for disposal at fair values as referred to in notes 4.3, 4.6, 4.8 and 4.15 respectively.

3.2 The company's significant accounting policies are stated in note 4. Not all of these significant policies require the management to make difficult, subjective or complex judgment or estimates. The following is intended to provide an understanding of the policies the management considers critical because of their complexity, judgment of estimation involved in their application and their impact on these financial statements. Estimates and judgments are continually evaluated and are based on historical experience, including expectations of future events that are believed to be reasonable under the circumstances. These judgments involve assumptions or estimates in respect of future events and the actual results may differ from these estimates.

a) Retirement benefits

The company uses the valuation performed by an independent actuary as the present value of its retirement benefit obligations. The valuation is based on assumptions as mentioned in note 4.2

b) Recoverable amount of property, plant and equipment

The company basis its valuation of operating assets suspect to impairment upon valuation performed by an independent valuation expert. The valuation is based on fair value less costs to sell as mentioned in note 4.3

c) Biological assets

The company basis its valuation upon yield assessment performed by an independent agricultural expert and computes fair value less estimated point of sales cost to arrive at its valuation. The fair value less estimated point of sales cost is based on factors mentioned in note 4.6

4. SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented, unless otherwise stated.

4.1 Taxation

Current

Provision of current tax is based on the taxable income for the year determined in accordance with the prevailing law for taxation of income. The charge for current tax is calculated using prevailing tax rates or tax rates expected to apply to the profit for the year if enacted. The charge for current tax also includes adjustments, where considered necessary, to provision for tax made in previous years arising from assessments framed during the year for such years.

Deferred

Deferred tax is accounted for using the balance sheet liability method in respect of all temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of the taxable profit.

Deferred tax liabilities are generally recognized for all taxable temporary differences and deferred tax assets are recognized to the extent that it is probable that taxable profits will be available against which the deductible temporary differences, unused tax losses and tax credits can be utilized.

Deferred tax is calculated at the rates that are expected to apply to the period when the differences reverse based on tax rates that have been enacted or substantively enacted by the balance sheet date. Deferred tax is charged or credited in the income statement, except in the case of items credited or charged to equity in which case it is included in equity.

4.2 Employees' retirement benefits

4.2.1 Defined benefit plans

The main feature of the schemes operated by the company for its employees of sugar and allied divisions are as:

All permanent employees who are in the management cadre of the company participate in an approved funded defined benefit pension plan. In addition, there is an approved funded defined benefit gratuity scheme for all permanent employees, who are in the management cadre of the company subject to a minimum qualifying period of service according to the terms of employment. Monthly contributions are made to these funds on the basis of actuarial recommendation at the rate of 20% per annum of basic salary for pension and 8.33% per annum of basic salary for gratuity. Actuarial valuation for the schemes was carried out as at September 30, 2009.

Actual returns on plan assets during the year were Rs 18.260 million and Rs 1.859 million for pension and gratuity funds respectively. The actual returns on plan assets represent the difference between the fair value of plan assets at the beginning of the year and as at the end of the year after adjustments for contributions made by the company as reduced by benefits paid during the year.

The future contribution rates of these plans include allowances for deficit and surplus. Projected unit credit method using the following significant assumptions, is used for valuation of these schemes:

Discount rate	12%	per annum
Expected increase in eligible pay	11-12%	per annum
Expected rate of return on plan assets	14%	per annum
Expected mortality rate	EFU 61-66 mortality table adjusted for company's experience	
Expected withdrawal and early retirement rate	Based on experience	

Plan assets include long term Government bonds, term finance certificates of financial institutions; preference shares and ordinary shares of listed and unlisted companies and term deposits with banks. Return on Government bonds and debt is at fixed rates.

The company is expected to contribute Rs 9.385 million and Rs 4.500 million to the pension and gratuity funds respectively in the next year ending September 30, 2010.

Experience gains and losses arising during the year are recognized immediately in accordance with the provisions of IAS 19.

The company policy with regard to actuarial gains/losses follows minimum recommended approach under IAS 19 (revised 2000).

4.2.2 Defined contribution plan

There is an approved funded contributory provident fund for all permanent employees. Equal monthly contributions are made by the company and employees to the fund in accordance with the fund rules.

Interest @ 7-8% per annum is payable to the fund on the balances utilized by the company which is charged to profit.

Retirement benefits are payable to staff on completion of prescribed qualifying period of service under these schemes.

4.3 Property, plant and equipment

Freehold land, buildings and plant and machinery were revalued as at September 30, 1979 by an independent valuer as of that date. Land was revalued again as at September 30, 2007 and September 30, 2008 and September 30, 2009 by an independent valuer by reference to its current market price. These are shown at revalued figures less accumulated depreciation and any identified impairment loss. Additions subsequent to that date are stated at cost less accumulated depreciation and any identified impairment loss. All other property, plant and equipment are stated at cost less accumulated depreciation and any identified impairment loss. Costs in relation to certain property, plant and equipment comprises of historical cost, revalued amount and borrowing costs referred to in note 4.21.

Increases in the carrying amount arising on revaluation of property, plant and equipment are credited to surplus on revaluation of property, plant and equipment. Decreases that offset previous increases of the same assets are charged against this surplus, all other decreases are charged to income. Each year the difference between depreciation based on revalued carrying amount of the asset (the depreciation charged to the income) and depreciation based on the assets' original cost is transferred from surplus on revaluation of property, plant and equipment to unappropriated profit. All transfers to/from surplus on revaluation of property, plant and equipment are net of applicable deferred taxation.

Depreciation on all property, plant and equipment, except land is charged to profit on the reducing balance method so as to write off the cost of an asset over its estimated useful life at the annual rates given in note 16 after taking into account the impact of their residual values, if considered significant.

The assets' residual values and useful lives are reviewed, at each financial year end, and adjusted if impact on depreciation is significant. The company's estimate of the residual value of its property, plant and equipment as at September 30, 2008 has not required any adjustment as its impact is considered insignificant.

Depreciation on additions to property, plant and equipment is charged from the month in which the asset is acquired or capitalized, while no depreciation is charged for the month in which the asset is disposed off.

The company assesses at each balance sheet date whether there is any indication that property, plant and equipment may be impaired. If such indication exists, the carrying amount of such assets are reviewed to asses whether they are recorded in excess of their recoverable amount. Where carrying values exceed the respective recoverable amount, assets are written down to their recoverable amounts and the resulting impairment is recognized in income currently. The recoverable amount is the higher of an asset's fair value less cost to sell and value in use. Where an impairment loss is recognized, the depreciation charge is adjusted in the future periods to allocate the asset's revised carrying amount over its estimated useful life.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the company and the cost of the item can be measured reliably. All other repair and maintenance costs are charged to income during the period in which they are incurred.

The gain or loss on disposal or retirement of an asset represented by the difference between the sale proceeds and the carrying amount of the asset is recognized as an income or expense.

4.4 Intangible assets

Intangible assets represent the cost of computer software acquired and are stated at cost less accumulated amortization and any identified impairment loss.

Amortization is charged to income on the straight line basis so as to write off the cost of an asset over its estimated useful life. Amortization on additions is charged from the month in which an asset is acquired or capitalized while no amortization is charged for the month in which the asset is disposed off. Amortization is being charged as specified in note 17.

The company assesses at each balance sheet date whether there is any indication that intangible assets may be impaired. If such indication exists, the carrying amount of such assets are reviewed to asses whether they are recorded in excess of their recoverable amount. Where carrying values exceed the respective recoverable amount, assets are written down to their recoverable amounts and the resulting impairment is recognized in income currently. The recoverable amount is the higher of an asset's fair value less cost to sell and value in use. Where an impairment loss is recognized, the amortization charge is adjusted in the future periods to allocate the asset's revised carrying amount over its estimated useful life.

4.5 Capital work-in-progress

Capital work-in-progress is stated at cost less any identified impairment loss.

4.6 Biological assets

Biological assets comprise of standing crops and livestock. These are stated at fair value less estimated point-of-sale costs, with any resultant gain or loss recognized in the profit and loss account. The fair value of standing crops is based on the support price fixed by the Government and other factors such as estimated crop yield and area under cultivation. The fair value of livestock is estimated on the basis of market prices of livestock of similar age, breed and genetic merit. Point-of-sale costs include all costs that are necessary to sell the assets, excluding costs necessary to get the assets to the market.

4.7 Leases

The company is the lessee:

4.7.1 Finance leases

Leases where the company has substantially all the risks and rewards of ownership are classified as finance leases. Assets subject to finance lease are initially recognized at lower of present value of minimum lease payments under the lease arrangements and the fair value of assets. Subsequently these assets are stated at cost less accumulated depreciation and any identified impairment loss.

Each lease payment is allocated between the liability and finance cost so as to achieve a constant rate on the balance outstanding. The interest element of the rental is charged to profit over the lease term.

The related rental obligations, net of finance cost, are included in liabilities against assets subject to finance lease as referred to in note 8. The liabilities are classified as current and non-current depending upon the timing of the payment.

Assets acquired under a finance lease are depreciated over the useful life of the asset on reducing balance method at the rates given in note 18. Depreciation on leased assets is charged to the profit and loss account.

Depreciation on additions to leased assets is charged from the month in which an asset is acquired while no depreciation is charged for the month in which the asset is disposed off.

4.7.2 Operating leases

Leases where a significant portion of the risks and rewards of ownership are retained by the lesser are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to profit on a straight-line basis over the lease term.

4.8 Investments

Held to maturity

Investments with fixed maturity that the management has the intent and ability to hold to maturity are classified as held to maturity and are initially measured at cost and at subsequent reporting dates measured at amortized cost using the effective yield method.

Available for sale

Investments, including those where the company has control or significant influence, that are intended to be held for an indefinite period or may be sold in response to a need for liquidity, are classified as available for sale. Investments classified as available for sale, including investments in subsidiaries and associated undertakings, are initially measured at cost, being the fair value of consideration given. At subsequent reporting dates, these investments are remeasured at fair value, unless fair value cannot be reliably measured. Unrealized gains and losses arising from changes in the fair value are included in fair value reserve in the period in which they arise. Investment in un-quoted subsidiaries are carried at cost.

Investments intended to be held for less than twelve months from the balance sheet date or to be sold to raise operating capital, are included in current assets, all other investments are classified as non-current. Management determines the appropriate classification of its investments at the time of the purchase and re-evaluates such designation on a regular basis.

The company is required to issue consolidated financial statements along with its separate financial statements, in accordance with the requirements of IAS 27 "Consolidated and Separate Financial Statements". Investments in associated undertakings, in the consolidated financial statements, are being accounted for using the equity method.

Held for trading

Investments that are acquired principally for the purpose of generating a profit from short term fluctuations in price are classified as trading investments and included in current assets. These are initially measured at cost and at subsequent reporting dates, these investments are remeasured at fair value. Realized and unrealized gains and losses arising from changes in fair value are included in net profit or loss for the period in which they arise.

The fair value of publicly traded securities is based on market prices quoted on the Karachi Stock Exchange at the balance sheet date. The investments for which a quoted market price is not available, are measured at cost as it is not practical to apply any other valuation methodology.

All purchases and sales of investments are recognized on the trade date which is the date that the company commits to purchase or sell the investment. Cost of purchase includes transaction cost.

At each balance sheet date, the company reviews the carrying amounts of the investments to assess whether there is any indication that such investments have suffered an impairment loss. If any such indication exists, the recoverable amount is estimated in order to determine the extent of the impairment loss, if any. Impairment losses are recognized as expense. In respect of 'available for sale' financial assets, cumulative impairment loss less any impairment loss on that financial asset previously recognized in profit and loss account, is removed from equity and recognized in the profit and loss account. Impairment losses recognized in the profit and loss account on equity instruments are not reversed through the profit and loss account.

4.9 Stores, spares and loose tools

Usable stores and spares are valued principally at moving average cost, while items considered obsolete are carried at nil value. Items in transit are valued at cost comprising invoice value plus other charges paid thereon. Provision is made in the financial statements for obsolete and slow moving stores and spares based on management's estimate.

4.10 Stock-in-trade

Stock of raw materials, work-in-process and finished goods, except for those in transit are valued principally at the lower of weighted average cost and net realizable value. Cost of work-in-process and finished goods comprises cost of direct materials, labour and appropriate manufacturing overheads. Cost of own produced molasses, a by product, is determined on the basis of monthly average cost of molasses purchased from third parties. Cost of stillage, a by product of the Effluent Treatment Plant used in the generation of electricity by the Power division is valued at Nil as it does not have any market value.

Materials in transit are stated at cost comprising invoice values plus other charges paid thereon.

Net realizable value signifies the estimated selling price in the ordinary course of business less costs necessary to be incurred in order to make a sale. Provision is made in the financial statements for obsolete and slow moving stock in trade based on management's estimate.

4.11 Financial assets and liabilities

Financial assets and financial liabilities are recognized, at the time when the company becomes a party to the contractual provisions of the instrument and derecognized when the company loses control of contractual rights that comprise the financial assets and in the case of financial liability when the obligation specified in the contract is discharged, cancelled or expired. Any gain or loss on derecognition of financial assets and financial liabilities is included in the profit and loss account for the year. All financial assets and liabilities are initially measured at cost, which is the fair value of consideration given and received respectively. These financial assets and liabilities are subsequently measured at fair value or cost as the case may be. The particular measurement methods adopted are disclosed in the individual policy statements associated with each item.

4.12 Offsetting of financial assets and liabilities

Financial assets and liabilities are offset and the net amount is reported in the financial statements only when there is a legally enforceable right to set off the recognized amount and the company intends either to settle on a net basis or to realize the assets and to settle the liabilities simultaneously.

4.13 Trade debts

Trade debts are carried at original invoice amount less an estimate made for doubtful receivable balances based on review of outstanding amounts at the year end. Bad debts are written off when identified.

4.14 Cash and cash equivalents

Cash and cash equivalents are carried in the balance sheet at cost. For the purpose of cash flow statement, cash and cash equivalents comprise cash in hand, demand deposits, other short term highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value.

4.15 Non-current assets held for sale

Non-current assets are classified as assets held for sale and stated at the lower of carrying amount and fair value less costs to sell if their carrying value is to be recovered principally through a sale transaction rather than through continuing use.

4.16 Borrowings

Loans and borrowings are recorded at the proceeds received. In subsequent periods, borrowings are stated at amortized cost using the effective yield method. Preference shares, which are redeemable on a specific date at the option of the holder, are classified as liabilities. The dividend on these preference shares is recognized in the profit and loss account as finance cost. Preference shares are classified as equity to the extent there is conclusive evidence that these will not result in an outflow of another financial asset or exchange of financial assets or liabilities under conditions that are potentially unfavourable to the company.

Finance cost is accounted for on an accrual basis and are reported under accrued finance costs to the extent unpaid.

4.17 Creditors, accruals and provisions

Liabilities for creditors and other amounts payable are carried at cost, which is the fair value of the consideration to be paid in future for the goods and/or services received, whether or not billed to the company.

Provisions are recognized when the company has a present legal or constructive obligation as a result of past events, it is probable, will result in an outflow of resources embodying economic benefits, to settle the obligation and a reliable estimate of the amount can be made. Provisions are reviewed at year end and adjusted to reflect the current best estimate.

4.18 Deferred income

Deferred income represents excess of sale proceeds in relation to the carrying amount of the asset acquired under sale and lease back arrangement. Deferred income is amortized on a straight line basis over the period of lease term.

4.19 Derivative financial instruments

These are initially recorded at cost on the date a derivative contract is entered into and are remeasured to fair value at subsequent reporting dates. The method of recognizing the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. The company designates certain derivatives as cash flow hedges.

The company documents at the inception of the transaction the relationship between the hedging instruments and hedged items, as well as its risk management objective and strategy for undertaking various hedge transactions. The company also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in cash flow of hedged items.

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognized in equity. The gain or loss relating to the ineffective portion is recognized immediately in the profit and loss account.

Amounts accumulated in equity are recycled in the profit and loss account in the periods when the hedged item affects profit or loss. The gain or loss relating to the effective portion of interest rate swaps hedging variable rate borrowings is recognized in the profit and loss account within 'finance costs'. The gain or loss relating to the ineffective portion is recognized in the profit and loss account within 'other operating income/expenses'.

4.20 Foreign currency transactions and translation

Foreign currency transactions are translated into Pak Rupees using the exchange rates prevailing at the dates of the transactions. All monetary assets and liabilities in foreign currencies are translated into Pak Rupees at the rates of exchange prevailing at the balance sheet date. Foreign exchange gains and losses on translation are recognized in the profit and loss account. All non-monetary items are translated into Pak rupees at exchange rates prevailing on the date of transaction or on the date when fair values are determined.

The financial statements are presented in Pak Rupees, which is the company's functional and presentation currency.

4.21 Borrowing costs

Mark-up, interest and other charges on borrowings are capitalized up to the date of commissioning of the respective property, plant and equipment, acquired out of the proceeds of such borrowings. All other mark-up, interest and other charges are charged to profit.

4.22 Revenue recognition

Revenue from sales is recognized on dispatch of goods to customers.

Revenue from sale of electricity is recognised on transmission of electricity to Faisalabad Electric Supply Company (FESCO).

Dividend on equity investments is recognized as income when the right of receipt is established.

Return on deposits is accrued on a time proportion basis by reference to the principal outstanding and the applicable rate of return.

4.23 Business segments

A business segment is a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different from those of other business segments. Business segments are the primary reporting format and the company is organized into six business segments:

- Sugar division - manufacture and sale of sugar;
- Ethanol division - manufacture and sale of ethanol;
- Building Materials division - manufacture and sale of particle boards;
- Textile division - manufacture and sale of yarn;
- Engineering division - design, fabrication and sale of industrial scale steel equipment; and
- Power division - generation and sale of electricity.

Engineering Division was sold during the current year to associated company, Crescent Steel and Allied Products Limited.

A geographical segment is engaged in providing products or services within a particular economic environment that are subject to risks and returns that are different from those of segments operating in other economic environments. The company mainly operates in one economic environment, hence there are no geographical segments.

4.23.1 Segment assets and liabilities

The assets of a segment include all operating assets used by a segment and consists principally of operating cash, receivables, inventories and property, plant and equipment, net off allowances and provisions.

Segment liabilities include all operating liabilities consisting principally of deferred liabilities, other payables and accrued liabilities.

The carrying amount of identifiable assets and liabilities are directly attributed to respective segments. The carrying amount of jointly used assets and liabilities of sugar and allied segments is classified as unallocated assets and liabilities.

4.23.2 Allocation of segment expenses

All identifiable expenses are directly attributed to the respective segments. The jointly incurred expenses of sugar and allied segments are allocated on the basis of segment revenues.

4.24 Dividends

Dividend distribution to the Company's shareholders is recognized as liability at the time of their declaration.

5. Issued, subscribed and paid up capital

2009	2008		**2009**	2008
(Number of shares)		**Ordinary**	**(Rupees in thousand)**	
23,544,798	23,544,798	Ordinary shares of Rs 10 each fully paid in cash	**235,448**	235,448
33,131,816	33,131,816	Ordinary shares of Rs 10 each issued as fully paid bonus shares	**331,318**	331,318
12,847,184	12,847,184	Ordinary shares of Rs 10 each issued as fully paid for consideration other than cash	**128,472**	128,472
69,523,798	69,523,798		**695,238**	695,238

Ordinary shares of the company held by associated undertakings as at year end are as follows:

Asian Stocks Fund Limited	**1,975,000**	2,177,400
Crescent Jute Products Limited	**200,640**	200,640
Crescent Steel and Allied Products Limited	**15,244,665**	15,244,665
Crescent Sugar Mills & Distillery Limited	**2,865,830**	2,865,830
Safeway Mutual Fund Limited	**2,042,400**	2,403,509
The Crescent Textile Mills Limited	**5,427,488**	5,450,988
	27,756,023	28,343,032

	2009	2008
	(Rupees in thousand)	
6. SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT		
Revaluation - net of deferred tax	**2,043,827**	1,840,226
Revaluation (decrease)/surplus arising during the year	**(303,490)**	203,623
Surplus transferred to accumulated losses on account of:		
- incremental depreciation - net of tax	**(21)**	(22)
- disposal of land	**(40,872)**	-
	1,699,444	2,043,827

Freehold land, buildings and plant and machinery of the principal facility at Jhang were revalued by an independent valuer as at September 30, 1979. Freehold land was again revalued as at September 30, 2007, September 30, 2008 and then as at September 30, 2009 by an independent valuer by reference to its current market price. Plant and machinery and land is stated in note 16 at appreciated value. The revaluation surplus is net of applicable deferred income taxes. Incremental depreciation represents the difference between the actual depreciation on buildings and plant and machinery and the equivalent depreciation based on the historical cost of buildings and plant and machinery.

		2009	2008
		(Rupees in thousand)	
7. LONG TERM FINANCES			
Long term loans - secured	- note 7.1	**1,475,275**	1,556,178
Redeemable capital			
Preference shares (non-voting) - unsecured	- note 7.4	**345,755**	345,755
Term finance certificates (non-voting) - secured	- note 7.5	**630,000**	630,000
		975,755	975,755
Long term running finances - secured	- note 7.6	**398,706**	398,820
		2,849,736	2,930,753
Less:Current portion shown under current liabilities			
- Long term loans - secured		**(695,703)**	(469,493)
- Redeemable capital - Preference Shares (non-voting) - secured		**(345,755)**	-
- Redeemable capital - term finance certificates (non-voting) - secured		**(126,126)**	-
- Long term running finances - secured		**(398,706)**	(398,820)
- note 7.2		**(1,566,290)**	(868,313)
		1,283,446	2,062,440

7.1 Long term loans - secured

Loan	Lender	2009	2008	Rate of mark-up per annum	Number of installments Outstanding	Mark-up payable
1	Atlas Investment Bank Limited	**-**	5,000	** Base rate + 3.5% subject to floor of 5.5%	None	Semi annual
2	Saudi Pak Commercial Bank Limited	**125,000**	175,000	* Base rate + 3.75% and monitoring fee of 0.25% p.a	10 quarterly installments ending November 2011 including 1 overdue installment amounting to Rs 12.5 million	Quarterly
3	International Housing Finance Limited	**-**	913	**** Base rate + 4.25%	None	Monthly
4	Syndicate term loan - note 7.3	**351,000**	525,000	** Base rate + 3% subject to floor of 5.25%	4 semi annual installments ending November 2010. Includes 1 partial payment of Rs. 36 million outstanding for the last semi annual period	Semi-annual
5	MCB Bank Limited	**91,875**	122,500	* Base rate + 2% subject to floor of 8%	3 semi annual installments ending September 2010, including 1 over due installment of Rs. 30.625 million	Quarterly
6	Meezan Bank Limited	**10,239**	18,965	* Base rate + 2% subject to floor of 8% and cap of 18%	4 quarterly installments ending April 2010 including 1 overdue installment of Rs 2.704 million	Quarterly
7	Faysal Bank (+)	**13,750**	17,500	* Base rate + 3.25%	11 Quarterly installments ending December 2012 including 2 over-due installment amounting to Rs 2.5 million	Quarterly
8	Faysal Bank (++)	**1,350**	2,700	* Base rate + 2.6%	3 quarterly installments ending November 2009 including 2 over-due installment amounting to Rs 1.35 million	Quarterly
9	Faysal Bank (+++)	**511**	2,044	* Base rate + 3%	1 Overdue instalment amounting to Rs. .0.511 million	Quarterly
10	Faysal Bank	**64,000**	64,000	* Base rate + 3.25%	3 years revolving arrangement ending March 2011	Semi annual
11	National Bank of Pakistan	**217,600**	244,800	* Base rate + 2.5%	8 semi annual installments ending November 2012	Quarterly
12	National Bank of Pakistan	**199,950**	-	***** Base rate +3%	20 quarterly installments ending June 2014 including 1 overdue installment of Rs.10 million	Quarterly
13	Standard Chartered Bank	**400,000**	400,000	* Base rate + 2.25%	10 semi annual installments including grace period of 12 months ending June 2014	Semi annual
		1,475,275	1,578,422			
	Less: Liability directly associated with non-current assets classified as held for sale during the year					
	Faysal Bank (+)	**-**	(17,500)			
	Faysal Bank (++)	**-**	(2,700)			
	Faysal Bank (+++)	**-**	(2,044)			
		1,475,275	1,556,178			

* Base rate: Average ask rate of six-month Karachi Inter Bank Offer Rate ("KIBOR") reset for each mark-up period

** Base rate: Cut-off yield of the last auction of the 6-months Government of Pakistan Treasury Bills.

*** Base rate: SBP Discount rate to be set for each mark-up period

**** Base rate: Average ask rate of twelve-month Karachi Inter Bank Offer Rate ("KIBOR") to be reset for each mark-up period

***** Base rate: Average ask rate of three-month Karachi Inter Bank Offer Rate ("KIBOR") to be reset for each mark-up period

Security

Loan 1 to 2

These are secured against first charge on property, plant and equipment of the company ranking pari passu with other creditors.

Loan 3

It is secured against equitable mortgage on immovable property financed through the loan.

Loan 4

The loan is secured by first charge by way of hypothecation over all moveable assets of the company and equitable mortgage charge over plant and machinery of the satellite facility.

Loan 5 to 9

These are secured against specific charges on plant and machinery financed through the respective loans.

Loan 10

These are secured by way of a charge on agriculture land and 1st pari passu charge on fixed assets of the company.

Loan 11

These are secured by way of 1st pari passu charge over present and future property, plant and equipment of the company.

Loan 12

These are secured by way of first pari passu charge on fixed assets of the company.

Loan 13

These are secured by way of hypothecation over all present and future moveable assets of the company and mortgage of land and buildings.

7.2 The aggregate current portion of Rs 1.566 billion includes over due installments of principal aggregating to Rs 585.932 million (2008: Nil). As referred to in note 1.2, the company is currently negotiating with the lenders for rescheduling of the above loans for relaxation in payment period. The lenders, currently engaged with the company for finalisation of restructuring agreements, have neither demanded for repayment of loans nor charged any significant penalties. Furthermore, none of the banks have sought intervention of courts for realisation of their financing in the company. The company is confident that the above loans will be rescheduled by the lenders a referred to in note 1.2.

7.3 Derivative cross-currency Interest Rate Swap

The company has entered into a cross-currency interest rate swap for its syndicate term loan to hedge the possible adverse movements in interest rates. Under the terms of the interest rate swap arrangement, the company pays Libor plus bank spread to the arranging bank on the syndicate term loan denominated in US $ for the purposes of the interest rate swap, and receives KIBOR on same loan denominated in PAK rupees from the arranging bank. There has been no transfer of liability under this arrangement, only the nature of the interest payments has changed. As this hedging relationship is ineffective and does not meet the criteria of cash flow hedge, this arrangement does not qualify for special hedge accounting specified in IAS 39 'Financial instruments: Recognition and Measurement'.

7.4 Redeemable preference shares (non-voting) - unsecured

Redeemable Preference shares (non-voting) were issued in 2005 to the shareholders of the company in the ratio of 85 preference shares for every 100 ordinary shares held as on October 22, 2004 and to certain institutional investors in equal proportion. These shares are listed on Lahore and Karachi Stock Exchanges. The conversion option is not binding either on the company or the preference shareholders except in case of the conversion upon maturity, where the preference shareholders opt for conversion, subsequent to the company's failure to pay preferred dividend during the entire tenure.

Terms of redemption

Preference shareholders may convert preference shares into ordinary shares of the company at the end of every financial year or the company may convert these preference shares into ordinary shares in whole or in part through a tender offer. The conversion is set in the ratio of 167 ordinary shares for every 1,000 preference shares at a face value of Rs 10 each.

The preference shares are to be redeemed in year ending September 30, 2010 if the conversion option is not offered by the company to preference shareholders or the preference shareholders do not opt for the conversion option.

Rate of dividend

The preference shareholders have a preferred right of dividend @ 8.5% per annum on a cumulative basis.

7.4.1 Preference shares of the company held by associated undertakings as at year end are as follows:

	2009	2008
	(Number of shares)	
Asian Stocks Fund Limited	**180,000**	180,000
Crescent Steel and Allied Products Limited	**2,999,396**	2,999,396
The Crescent Textile Mills Limited	**2,746,050**	2,746,050
Premier Insurance Company of Pakistan Limited	**53,125**	53,125
	5,978,571	5,978,571

7.5 Redeemable term finance certificates (non-voting) - secured

The TFCs have been issued to finance the acquisition and establishment of a new sugar plant and its existing business operations and for other purposes permitted by the Memorandum and Articles of Association.

Terms of redemption

The term finance certificates (TFC's) are redeemable in 6 years. The principal balance is payable in ten equal semi-annual installments after a grace period of 1 year. The first installment will be due at the end of March 2010, being the end of 18th month from the issue date (September 22, 2008). Mark up is charged at average 6 months KIBOR plus 2.25% and is payable semi-annually in arrears.

Security

The TFC's are secured by a first pari passu charge by way of hypothecation over all present and future movable fixed assets of the company and first pari passu mortgage by deposit of title deeds over land and building of the Company to the extent of outstanding face value of the TFC's plus 25% margin.

7.6 Long term running finances - secured

Long term running finance facilities available from the Bank of Punjab under mark-up arrangements amount to Nil (2008: 400 million) at a mark-up of Re 0.521 per Rs 1,000 per diem on the outstanding balance or part thereof. The aggregate running finances are secured against pledge of stock-in-trade, marketable securities and ranking charge on current assets of the company. The facilities have expired in July 2009 and are repayable immediately.

8. LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE

		2009	2008
		(Rupees in thousand)	
Present value of minimum lease payments		**351,051**	443,430
Less: Current portion shown under current liabilities	- note 8.1	**(197,276)**	(158,003)
		153,775	285,427

The minimum lease payments have been discounted at an implicit interest rate ranging from 8.44% to 18.93% to arrive at their present value. Rentals are paid in monthly/quarterly/semi-annual installments and in case of default in any payment, an additional charge at the rate of 3% to 36.5% shall be paid. The lessee has the option to purchase the assets after expiry of the lease term.

Taxes, repairs and insurance costs are to be borne by the company. In case of early termination of lease, the lessee shall pay entire amount of rentals for unexpired period of lease agreement.

The amount of future payments of the lease and the period in which these payments will become due are as follows:

	Minimum Lease payments	Future finance cost	Present value of lease liability 2009	Present value of lease liability 2008
	(Rupees in thousand)			
Not later than one year	226,381	29,105	**197,276**	158,003
Later than one year and not later than five years	173,670	19,895	**153,775**	285,427
	400,051	49,000	**351,051**	443,430

8.1 Current portion includes principal portion of overdue installments amounting to Rs 64.510 million (2008: Nil).

		2009	2008
		(Rupees in thousand)	

9. EMPLOYEES' RETIREMENT BENEFITS

Balance sheet obligations for:

		2009	2008
Pension fund	- note 9.1	**13,855**	12,024
Gratuity fund	- note 9.2	**(1,541)**	(995)
		12,314	11,029

Profit and Loss account charge for:

		2009	2008
Pension Benefits	- note 9.1	**9,155**	9,785
Gratuity Benefits	- note 9.2	**3,697**	3,736
		12,852	13,521

9.1 Pension fund

The amounts recognized in the balance sheet are determined as follows:

	2009	2008
Present value of defined benefit obligations	**161,675**	145,490
Fair value of plan assets	**(168,530)**	(147,386)
Non vested (past service) cost to be recognized in later periods	**(4,298)**	(5,730)
Unrecognized actuarial losses	**25,008**	19,650
Liability as at September 30	**13,855**	12,024

	2009	2008
	(Rupees in thousand)	
The movement in the defined benefit obligation over the year is as follows:		
Present value of defined benefit obligations as at October 1	**145,490**	139,975
Current Service Cost	**8,433**	7,880
Interest Cost	**20,369**	13,997
Benefits paid during the year	**(4,437)**	(3,849)
Actuarial gains	**(8,180)**	(12,513)
Present value of defined benefit obligations as at September 30	**161,675**	145,490
The movement in the fair value of plan assets of the year is as follows:		
Fair value as at October 1	**147,386**	135,250
Expected Return on plan assets	**20,634**	13,525
Contributions during the year	**7,322**	5,910
Benefits paid during the year	**(4,437)**	(3,849)
Actuarial losses	**(2,375)**	(3,450)
Fair value as at September 30	**168,530**	147,386
The amounts recognized in the Profit and Loss Account are as follows:		
Current Service Cost	**8,433**	7,880
Interest Cost	**20,369**	13,997
Expected return on plan assets	**(20,634)**	(13,525)
Past Service Cost	**1,433**	1,433
Actuarial gain recognised	**(446)**	-
Total, included in salaries and wages	**9,155**	9,785
The amounts recognized were included in the Profit and Loss Account as follows:		
Cost of sales	**3,741**	4,305
Administrative expenses	**5,370**	5,163
Discontinued operations	**-**	117
Capital work in progress	**44**	200
Total, included in salaries and wages	**9,155**	9,785

The actual return on plan assets was Rs. 18.260 million (2008: Rs. 10.074 million).

The principal actuarial assumptions used were as follows:

	2009	2008
Discount Rate	**12%**	14%
Expected Return on plan assets	**14%**	10%
Future salary increases	**11%**	13%
Average expected remaining working life time of employees	**11 years**	11 years

	2009	2008
	(Rupees in thousand)	
Plan assets are comprised as follows:		
Equity Instruments	**31,035**	35,990
Debt Instruments	**107,145**	111,396
Others	**30,350**	-
	168,530	147,386

Fair value of plan assets include Preference Shares of the company whose fair value as at September 30, 2009 is Rs 3.511 million (2008: Rs 3.580 million).

The present value of defined benefit obligation, the fair value of plan assets and the surplus or deficit of pension fund is as follows:

	2008-09	2007-08	2006-07	2005-06	2004-05
			(Rupees in thousand)		
As at September 30					
Present value of defined benefit obligations	**161,675**	145,490	139,975	109,038	105,657
Fair value of plan assets	**(168,530)**	(147,386)	(135,250)	(116,759)	(99,831)
(Surplus)/deficit	**(6,855)**	(1,896)	4,725	(7,721)	5,826
Experience adjustment on plan liabilities	**(8,180)**	(12,513)	16,797	(7,997)	3,192
Experience adjustment on plan assets	**(2,375)**	(3,450)	6,737	6,836	8,076

9.2 Gratuity fund

	2009	2008
	(Rupees in thousand)	
The amounts recognized in the balance sheet are determined as follows:		
Present value of defined benefit obligations	**42,362**	39,264
Fair value of plan assets	**(46,756)**	(39,642)
Unrecognized actuarial losses/(gains)	**2,853**	(617)
Asset as at September 30	**(1,541)**	(995)

The movement in the defined benefit obligation over the year is as follows:

	2009	2008
Present value of defined benefit obligations as at October 1	**39,264**	33,354
Current Service Cost	**3,750**	4,050
Interest Cost	**5,497**	3,335
Benefits paid during the year	**(1,518)**	(686)
Actuarial gains	**(4,631)**	(789)
Present value of defined benefit obligations as at September 30	**42,362**	39,264

	2009	2008
	(Rupees in thousand)	
The movement in the fair value of plan assets of the year is as follows:		
Fair value as at October 1	**39,642**	36,492
Expected Return on plan assets	**5,550**	3,649
Contributions during the year	**4,244**	1,739
Benefits paid during the year	**(1,518)**	(686)
Actuarial losses	**(1,162)**	(1,552)
Fair value as at September 30	**46,756**	39,642
The amounts recognized in the Profit and Loss Account are as follows:		
Current Service Cost	**3,750**	4,050
Interest Cost	**5,497**	3,335
Expected return on plan assets	**(5,550)**	(3,649)
Total, included in salaries and wages	**3,697**	3,736
The amounts recognized were included in the Profit and Loss Account as follows:		
Cost of sales	**1,583**	1,804
Administrative expenses	**2,114**	1,821
Discontinued operations	**-**	45
Capital work in progress	**-**	66
Total, included in salaries and wages	**3,697**	3,736

The actual return on plan assets was Rs. 1.859 million (2008: Rs. 2.097 million)

The principal actuarial assumptions used were as follows:	2009	2008
Discount Rate	**12%**	14%
Expected Return on plan assets	**14%**	10%
Future salary increases	**12%**	13%
Average expected remaining working life time of employees	**11 years**	10 years

	2009	2008
	(Rupees in thousand)	
Plan assets are comprised as follows:		
Equity Instruments	**10,266**	9,475
Debt Instruments	**40,863**	25,117
Others	**(4,373)**	5,049
	46,756	39,641

Fair value of plan assets include Ordinary shares and Preference Shares of the company whose fair values as at September 30, 2009 are Rs 0.516 million (2008:Rs 0.857 million) and Rs 0.509 million (2008: Rs 0.520 million) respectively.

The present value of defined benefit obligation, the fair value of plan assets and the surplus or deficit of gratuity fund is as follows:

	2008-09	2007-08	2006-07	2005-06	2004-05
			(Rupees in thousand)		
As at September 30					
Present value of defined benefit obligations	**42,362**	39,264	33,353	23,173	22,668
Fair value of plan assets	**(46,756)**	(39,642)	(36,491)	(30,236)	(25,087)
Surplus	**(4,394)**	(378)	(3,138)	(7,063)	(2,419)
Experience adjustment on plan liabilities	**(4,631)**	(789)	4,655	(3,225)	811
Experience adjustment on plan assets	**(1,162)**	(1,552)	551	785	1,548

10. DEFERRED INCOME

This represents the unamortized balance of excess of sale proceeds over carrying amount of property, plant and equipment on sale and lease back transaction with financial institutions.

The deferred income is being amortized each year over the respective period of the lease term. The amount credited to the profit and loss account during the year was Rs 3.487 million (2008: Rs 2.899 million).

11. CURRENT PORTION OF LONG TERM LIABILITIES

		2009	2008
		(Rupees in thousand)	
Long term finances	- note 7	**1,566,290**	868,313
Liabilities against assets subject to finance lease	- note 8	**197,276**	158,003
		1,763,566	1,026,316

Current portion of long term liabilities include overdue installments of principal aggregating to Rs 650.442 million (2008: Nil).

12. SHORT TERM BORROWINGS - SECURED

		2009	2008
Running finances	- note 12.2	**3,052,895**	3,029,224
Export refinance	- note 12.3	**661,867**	572,298
Term finances	- note 12.4	**339,773**	509,318
		4,054,535	4,110,840

12.1 As per the original terms of the respective agreements with the banks, the aggregate borrowing facilities stand expired as at September 30, 2009. The company, as referred to in note 1.2 has entered into restructuring agreements with all the lenders, except National Bank of Pakistan Limited which has extended its facility separately, whereby it has been allowed a bridge loan facility of Rs 2, 466 million and short term running finance of Rs 2,980 million has been extended up to October 31, 2010 at the rate of three month KIBOR plus 1% and one month KIBOR plus 3% respectively.

12.2 Running finances

As per the original facilities, these finances were available at a markup ranging from Re 0.3910 to Re 0.5342 per Rs 1,000 per diem on the outstanding balance or part thereof. The aggregate running finances are secured against pledge of stock-in-trade and marketable securities and registered hypothecation charge on property, plant and equipment and current assets of the company.

12.3 Export refinance

As per the original facilities, these finances were available at a markup ranging from Re 0.1282 to Re 0.2425 per Rs 1,000 per diem or part thereof. The aggregate export and import finances are secured against lien on export contracts and first charge on current assets of the company.

12.4 Term finances

As per the original facilities, these finances were available at a markup ranging from Re 0.4011 to Re 0.5342 per Rs 1,000 per diem on the balance outstanding or part thereof. These are secured against pledge of stock-in-trade and registered charge on current and certain non-current assets of the company.

Of the aggregate facility of Rs 400 million (2008: Rs 50 million) for opening of letters of credit and Rs 110 million (2008: Rs 110 million) for guarantees, that was available to the company up till September 30, 2009, the amount utilized at September 30, 2009 was Rs Nil (2008: Rs 43.913 million) and Rs 86.500 million (2008: Rs 86.500 million) respectively. The aggregate facilities of letter of credits are secured against lien over shipping/import documents. The aggregate facilities for guarantees are secured against margin deposits referred to in note 28, pledge of marketable securities and charge on current assets of the company.

The aggregate facilities are additionally secured against ranking charges on non-current assets of the company.

13. TRADE AND OTHER PAYABLES

		2009	2008
		(Rupees in thousand)	
Trade creditors	- note 13.1	**544,624**	657,848
Advances from customers		**192,455**	69,819
Security deposits	- note 13.2	**2,903**	2,631
Accrued liabilities		**101,324**	56,263
Workers' profit participation fund	- note 13.3	**-**	94
Workers' welfare fund	- note 13.4	**2,388**	1,598
Payable to government			
- Sales tax		**3,417**	-
- Excise duty		**-**	792
		3,417	792
Unclaimed dividend		**1,564**	1,568
Derivative interest rate swap	- note 13.5	**29,771**	36,959
Penalties payable		**5,001**	4,996
Others	- note 13.6	**52,927**	51,942
		936,374	884,510

13.1 Trade creditors include amount due to related parties Rs 1.637 million (2008: Rs 0.136 million).

13.2 These are interest free and refundable on completion of contracts.

13.3 Workers' profit participation fund

As at October 1	**94**	94
Less: Payments made during the year	**(94)**	-
As at September 30	**-**	94

	2009	2008
	(Rupees in thousand)	

13.4 Workers' welfare fund

	2009	2008
As at October 1	**1,598**	575
Charge for the year	**790**	1,023
As at September 30	**2,388**	1,598

13.5 The company has entered into derivative interest rate swap arrangements to hedge for the possible adverse movements in interest rates arising on the interest payments due on its long term finances as mentioned in note 7.2. The derivative interest rate swap arrangements outstanding as at September 30, 2009 have been marked to market and the resulting gain of Rs 7.187 million (2008: loss of Rs 32.154 million) has been recognized in profit and loss account as referred to in note 36 as this hedging relationship does not meet the criteria of cash flow hedge and does not qualify for special hedge accounting specified in IAS 39 'Financial Instruments: Recognition and Measurement'.

13.6 Included in other liabilities are provisions aggregating to Rs 17.792 million (2008: Rs 29.038 million) in respect of probable loss from pending litigation of the company against Sales tax authorities and the Excise department. The movement in these provisions during the year is as follows:

	2009	2008
	(Rupees in thousand)	
As at October 1	**29,038**	29,038
Provision written back during the year	**(11,246)**	-
As at September 30	**17,792**	29,038

The above provisions have been made as per the management's best estimate against various demands raised by the Sales Tax Authorities and the Excise Department, which are being contested by the company at various forums.

14. ACCRUED FINANCE COST

		2009	2008
		(Rupees in thousand)	
Accrued mark-up on:			
- Long term finances		**274,124**	154,405
- Liabilities against assets subject to finance leases	- note 14.1	**23,015**	1,223
- Short term borrowings		**313,433**	159,854
		610,572	315,482

14.1 This includes finance cost of Rs 331.010 million (2008: Nil) which is overdue for payment as at September 30, 2009.

15. CONTINGENCIES AND COMMITMENTS

15.1 Contingencies

(i) The company has issued following guarantees:

Bank guarantee of Rs 86.50 (2008: Rs 86.50) million in favour of Sui Northern Gas Pipelines Limited against performance of contracts.

Cross corporate guarantee in favour of Allied Bank Limited to secure long term finance facility availed by the company's subsidiary, Shakarganj Food Products Limited of Rs 467 million (2008: Rs 467 million).

(ii) The company has issued a post dated cheque in favour of the Collector of Customs against custom duty clearance in respect of import of plant and machinery amounting to Rs. 5.040 million (2008: 7.680 million).

15.2 Commitments

The company has the following commitments in respect of

(i) Letters of credit other than capital expenditure Rs Nil (2008: Rs 56.721 million).

(ii) Contract for capital expenditure amounting to Rs 71.213 million (2008: Rs 273.202 million) .

(iii) Contracts for acquisition of intangible (computer software) amounting to Rs. 20 million (2008: 20 million).

(iv) Contracts for other than capital expenditures Rs 5.008 million (2008: Nil)

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

	2009	2008
	(Rupees in thousand)	
Not later than one year	**27,037**	25,749
Later than one year and not later than five years	**30,139**	96,509
Later than five years	**-**	5,802
	57,176	128,060

16. PROPERTY, PLANT AND EQUIPMENT

2009 (Rupees in thousand)

	Cost/ re-valued amount October 1, 2008	Transferred from Non-current asset held for sale (*)	Additions/ (deletions)	Effect of revaluation as at September 30, 2009	Cost/ re-valued amount September 30, 2009	Accumulated depreciation as at October 1, 2008	Transferred from Non-current asset held for sale	Depre-ciation charge/ (deletions) for the year	Impair-ment charge for the year	Accumulated depreciation as at September 30, 2009	Book value as at September 30, 2009	Rate of depreci-ation %
Freehold land	1,389,614	959,279	8,181 (56,071)	(303,490)	1,997,513	-	-	-	-	-	1,997,513	-
Buildings and roads on freehold land	575,700	729	37,811 (33,000)	-	581,240	187,110	168	30,650 (5,316)	-	212,612	368,628	7.5
Plant and machinery	5,212,798	-	716,834 (27,808)	-	5,901,824	1,870,469	-	289,318 (6,213)	-	2,153,574	3,748,250	7.5-30
Tools and equipment	26,980	53,267	3,426 (1,680)	-	81,993	21,064	34,504	10,167 (1,507)	-	64,228	17,765	20-40
Water, electric and weighbridge equipment	262,130	11,294	102,160 (1,044)	-	374,540	136,909	6,952	42,921 (581)	-	186,201	188,339	20-40
Furniture and fixtures	39,494	886	535 (190)	-	40,725	25,360	541	2,957 (62)	-	28,796	11,929	20
Office equipment	35,629	334	937 (293)	-	36,607	30,402	185	3,079 (195)	-	33,471	3,136	40
Vehicles	57,340	37,998	10,700 (5,689)	-	100,349	29,097	15,445	11,634 (3,044)	-	53,132	47,217	20
Laboratory Equipment	18,119	-	-	-	18,119	14,108	-	1,607	-	15,715	2,404	40
Arms and ammunition	107	-	69	-	176	84	-	8	-	92	84	10
Library books	10,345	-	77	-	10,422	9,387	-	305	-	9,692	730	30
	7,628,256	1,063,787	880,730	(303,490)	9,143,508	2,323,990	57,795	392,646	-	2,757,513	6,385,995	
		-	(125,775)	-				(16,918)				

(*) These represents assets of the farms division, which were classified in prior year as 'Non-current assets held for disposal', however, are no longer classifiable as such for reasons mentioned in note 20.1. While the company expects that the farms land will be sold off in piecemeal in periods exceeding one year. However, the farm land's disposal has been finalised subsequent to the balance sheet date. Consequently, in line with the requirements of IFRS 5, farms assets are now shown as part of continuing operations and land included in property, plant and equipment.

(**) The valuation was carried out in the first week of January 2010. The managements consideres that the results of the valuation also represent the fair value as at balance sheet date, as no significant changes in the general economic conditions have occurred between September 30, 2009 and the valuation date.

2008 (Rupees in thousand)

	Cost/ re-valued amount October 1, 2007	Additions/ (deletions)	Effect of revaluation as at September 30, 2008	Classified as Non-current asset held for sale	Cost/ re-valued amount September 30, 2008	Accumulated depreciation as at October 1, 2007	Depreciation charge/ (deletions) for the year	Impairment charge for the year	Classified as Non-current asset held for sale	Accumulated depreciation as at September 30, 2008	Book value as at September 30, 2008	Rate of depre-ciation %
Freehold land	2,114,717	30,553	203,623	(959,279)	1,389,614	-	-	-	-	-	1,389,614	-
Buildings and roads on freehold land	543,181	33,583 (335)	-	(729)	575,700	157,966	29,607 (295)	-	(168)	187,110	388,590	7.5
Plant and machinery	4,780,147	436,937 (4,286)	-	-	5,212,798	1,571,381	256,375 (3,549)	46,262	-	1,870,469	3,342,329	7.5-30
Tools and equipment	78,377	1,923 (53)	-	(53,267)	26,980	39,728	15,864 (24)	-	(34,504)	21,064	5,916	20-40
Water, electric and weighbridge equipment	267,319	6,105	-	(11,294)	262,130	109,246	34,615	-	(6,952)	136,909	125,221	20-40
Furniture and fixtures	37,421	2,991 (32)	-	(886)	39,494	22,606	3,299 (4)	-	(541)	25,360	14,134	20
Office equipment	36,012	1,454 (1,503)	-	(334)	35,629	28,256	3,360 (1,029)	-	(185)	30,402	5,227	40
Vehicles	82,468	16,309 (3,439)	-	(37,998)	57,340	35,475	11,129 (2,062)	-	(15,445)	29,097	28,243	20
Laboratory Equipment	17,432	687	-	-	18,119	11,648	2,460	-	-	14,108	4,011	40
Arms and ammunition	98	9	-	-	107	82	2	-	-	84	23	10
Library books	10,345	-	-	-	10,345	8,976	411	-	-	9,387	958	30
	7,967,517	530,551	203,623	(1,063,787)	7,628,256	1,985,364	357,122	46,262	(57,795)	2,323,990	5,304,266	
		(9,648)	-	-			(6,963)					

16.1 The carrying amount of freehold land, buildings and plant and machinery would have been Rs 298.329 million (2008: Rs 305.348 million) , Rs 326.131 million (2008: Rs 382.082 million) and Rs 3,732.766 (2008: Rs 3,320.782) million respectively, had there been no revaluation.

16.2 Property, plant and equipment include assets with a book value of Rs 19.060 million (2008: Rs 10.482 million), Rs 2.080 million (2008: Rs 2.080 million) and Rs 1.850 million (2008: Rs Nil) which are in the name of Innovative Housing Finance Limited, Security Leasing Corporation Limited and Dawood Leasing Company Limited.

		2009	2008
		(Rupees in thousand)	
16.3 The depreciation charge for the year has been allocated as follows:			
Cost of sales	- note 32	**336,078**	315,395
Administrative expenses	- note 33	**24,654**	25,330
Discontinued operations	- note 39	**3,196**	16,298
Other expense - agriculture loss	- note 35	**8,548**	-
Property, plant and equipment - trial run		**18,199**	-
Capital work-in-progress - unallocated expenditure		**1,971**	99
		392,646	357,122

16.4 Impairment charge for the year was allocated to cost of sales as referred to in note 33.

16.5 Disposal of property, plant and equipment

(Rupees in thousand)

Particulars of assets	Sold to	Cost	Accumulated depreciation	Book value	Sale proceeds	Mode of disposal
Plant and Machinery	**Outside parties**					
	Almoiz Industries Limited	1,677	1,322	355	2,600	Negotiation
	Haji Muhammad Afzal	1,055	607	448	100	- do -
Water electric and weighbridge	**Outside parties**					
	Nasir Kambo	376	245	131	54	- do -
Vehicles	**Employees**					
	Mr. Maqsood Ahmed Bhati	849	548	301	212	- do -
	R.M Hameed Ullah Awan	402	220	182	275	- do -
	Outside parties					
	Anjum Motors Karachi	774	589	185	475	- do -
	EFU General Insurance	163	14	149	350	Insurance claim
Engineering Division Assets	Associated company - Crescent Steel and Allied Products Limited	116,667	10,302	106,365	117,176	Negotiation
Other assets having book value below Rs. 50,000		3,812	3,071	741	2,921	
		125,775	**16,918**	**108,857**	**124,163**	

17. INTANGIBLE ASSETS

2009 (Rupees in thousand)

	Cost as at October 01, 2008	Additions/ (transfers/ deletions)	Transferred to Assets held for disposal	Cost as at September 30, 2009	Accumulated amortization October 01, 2008	Amortization charge for the year	Transferred to Assets held for disposal	Accumulated amortization September 30, 2009	Book value as at September 30, 2009	Rate of amortization %
Computer software - acquired	1,700	-	-	1,700	680	340	-	1,020	680	20
Nepra license fee	1,007	-	(640)	367	33	29	(16)	46	321	3.7-5.0
	2,707	-	(640)	2,067	713	369	(16)	1,066	1,001	

2008 (Rupees in thousand)

	Cost as at October 01, 2007	Additions/ (transfers/ deletions)	Transferred to Assets held for disposal	Cost as at September 30, 2008	Accumulated amortization October 01, 2007	Amorti-zation charge for the year	Transferred to Assets held for disposal	Accumulated amortization September 30, 2008	Book value as at September 30, 2009	Rate of amorti-ization %
Computer software - acquired	1,700	-	-	1,700	340	340	-	680	1,020	20
Nepra license fee	-	1,007	-	1,007	-	33	-	33	974	
	1,700	1,007	-	2,707	340	373	-	713	1,994	

17.1 The amortization charge for the year has been allocated to cost of sales as referred to in note 33.

18. ASSETS SUBJECT TO FINANCE LEASE

2009 (Rupees in thousand)

	Cost as at October 01, 2008	Transferred from Non-current asset held for sale	Additions/ (transfers/ deletions)	Cost as at September 30, 2009	Accumulated depreciation October 01, 2008	Classified as Non-current asset held for sale	Depre-ciation charge/ (transfers) for the year	Impair-ment charge for the year	Accumulated depreciation September 30, 2009	Book value as at September 30, 2009	Rate of depre-ciation %
Plant and machinery	373,438	-	260,119 (61,807)	571,750	75,791	-	36,033 (45,922)	-	65,902	505,848	7.5
Vehicles	77,623	6,140	- (18,360)	65,403	40,192	204	7,420 (12,195)	-	35,621	29,782	20
	451,061	6,140	260,119 (80,167)	637,153	115,983	204	43,453 (58,117)	-	101,523	535,630	

2008 (Rupees in thousand)

	Cost as at October 01, 2007	Additions/ (transfers/ deletions)	Classified as Non-current asset held for sale	Cost as at September 30, 2008	Accumulated depreciation October 01, 2007	Depreciation charge/ (transfers) for the year	Impairment charge for the year	Classified as Non-current asset held for sale	Accumulated depreciation September, 30, 2008	Book value as at September 30, 2008	Rate of depre-ciation %
Plant and machinery	256,954	210,108 (93,624)	-	373,438	91,149	14,986 (41,274)	10,930	-	75,791	297,647	7.5
Vehicles	97,383	7,437 (21,057)	(6,140)	77,623	40,468	11,025 (11,097)	-	(204.00)	40,192	37,431	20
	354,337	217,545 (114,681)	(6,140)	451,061	131,617	26,011 (52,371)	10,930	(204)	115,983	335,078	

18.1 The depreciation charge for the year has been allocated as follows:

		2009	2008
		(Rupees in thousand)	
Cost of sales	- note 32	**31,155**	16,038
Administrative expenses	- note 33	**7,420**	9,767
Discontinued operations	- note 30	**-**	206
Property, plant and equipment - trial run		**4,878**	-
		43,453	26,011

		2009	2008
		(Rupees in thousand)	
19. CAPITAL WORK-IN-PROGRESS			
Civil works		**30,573**	39,640
Plant and Machinery	- note 19.1	**42,310**	702,401
Unallocated expenditure	- note 19.2	**13**	80,406
		72,896	822,447
Advances given for capital work in progress	- note 19.3	**277,771**	461,768
		350,667	1,284,215

19.1 It includes an amount of Rs Nil (2008: 234.628 million) being the cost of machinery financed by leasing companies.

		2009	2008
		(Rupees in thousand)	
19.2 Movement in unallocated expenditure			
Opening Balance		**80,406**	24,078
Expenses incurred during the year			
Salaries wages & other benefits	- note 19.2.1	**4,684**	12,336
Stores and spares consumed		**2,877**	35
Fuel and power		**3,354**	7,775
Rent, Rates and Taxes		**1,380**	4,466
Insurance		**544**	850
Freight and transportation		**1,544**	4,335
Travelling and conveyance		**744**	29
Consultancy Charges		**-**	2,006
Depreciation on property plant and equipment		**1,971**	99
Miscellaneous Expenses		**1,919**	477
Markup on:		**229**	-
Long Term Loan		**4,849**	26,854
Lease Liability		**-**	16,580
Trial Run Loss	- note 19.2.2	**61,386**	-
		85,481	75,842
Unallocated expenditure to date	- note 19.2.4	**165,887**	99,920
Unallocated expenditure capitalized		**(162,407)**	(19,514)
Charged to administrative expense		**(3,467)**	-
		13	80,406

19.2.1 Salaries wages and other benefits include Rs. 0.020 million (2008 : Rs. 0.200 million) in respect of pension fund.

19.2.2 Trial run operating loss

		2009	2008
		(Rupees in thousand)	
Sales		**45,689**	-
Cost of goods sold			
Raw Material consumed		**109,053**	-
Salaries wages & other benefits	- note 19.2.3	**9,554**	-
Stores and spares consumed		**2,145**	-
Dyes and Chemical		**2,777**	-
Fuel and power		**12,437**	-
Repair and maintenance		**436**	-
Depreciation on property plant and equipment		**18,199**	-
Depreciation of leased assets		**4,877**	-
Other Expenses		**1,266**	-
Cost of goods manufactured		**160,744**	-
Less: Work in process at the conclusion of trial production run		**(1,138)**	-
Cost of goods produced during trial production run		**159,606**	-
Less: Finished goods at the conclusion of trial production run		**(52,531)**	-
		107,075	-
Trial run operating loss		**(61,386)**	-

19.2.3 Salaries, wages and other benefits include Rs. 0.024 million (2008: Rs. Nil) in respect of pension fund.

19.2.4 This includes borrowing cost of Rs. 50.730 million (2008: Rs. 43.433 million) in aggregate.

19.3 Advances

		2009	2008
		(Rupees in thousand)	
Considered good:			
- Civil works		**11,858**	17,041
- Plant and machinery	- note 19.3.1	**251,114**	420,711
- Intangibles		**10,290**	12,095
- others		**4,509**	11,921
Considered doubtful:		**277,771**	461,768
- Plant and machinery		**1,890**	-
- Intangibles		**1,384**	-
		3,274	-
		281,045	461,768
Less: Provision against doubtful advances		**(3,274)**	-
		277,771	461,768

19.3.1 This include advance given to related party of Rs Nil (2008: Rs 4.656 million).

		2009	2008
		(Rupees in thousand)	

20. BIOLOGICAL ASSETS

		2009	2008
Sugarcane			
Mature		**23,171**	144,004
Immature		**3,963**	2,070
		27,134	146,074
Rice - mature		**2,537**	7,788
Livestock - mature		**6,818**	6,248
		36,489	160,110
Less: Transferred to Non-current assets held for sale	- note 20.1	**-**	(153,862)
		36,489	6,248
Non - current		**10,781**	6,248
Current		**25,708**	-
		36,489	6,248

20.1 Following the approval of the management and shareholders in September 2008, the company decided to sell its Farms division to a subsidiary of the company. Pursuant to this decision, the entire identified assets and identified liabilities of the Farms were classified as a disposal group and accounted for under IFRS 5 'Non-current Assets Held For Sale and Discontinued Operations' as referred to in Note 30. However, this plan was shelved during the year and the company in its BOD meeting, held on December 24, 2009, decided to discontinue the farming business from its entire group and sell off the farms' land to local third parties. Consequently, the farms divisions as a whole is no more considered as non-current asset held for disposal in terms of IFRS 5 'Non Current Assets Held For Sale and Discontinued Operations'.

20.2 The value of sugarcane crops is based on estimated average yield of 353 (2008: 611) mounds per acre on cultivated area of 1,406 (2008: 3,997) acres. The value of rice crops is based on the estimated yield of 20 (2008: 21) mounds per acre on cultivated area of 239 (2006: 476) acres. As at September 30, 2009, 1,140 (2008: 3,708) acres are under preparation for wheat cultivation.

20.3 Of the total 1,406 acres of Sugarcane crop, 305 acres relate to the September 2009 crop, which is valued at cost of Rs 3.963 million. As the crop is in early stages, its fair value less estimated point of sale cost cannot be reliably measured.

		2009	2008
		(Rupees in thousand)	

20.4 Movement during the year

		2009	2008
As at October 1		**6,248**	119,395
Increase due to purchases/costs incurred		**187,667**	229,616
(Loss)/ gain arising from changes in fair value less estimated point of sale costs		**(71,681)**	(33,926)
Decreases due to harvest / sales		**(239,607)**	(154,975)
Transferred from/(to) Non-current assets held for sale	- note 20.1	**153,862**	(153,862)
As at September 30		**36,489**	6,248

		2009	2008
		(Rupees in thousand)	

21. INVESTMENTS - RELATED PARTIES

Available for sale	- note 21.1	**735,896**	917,771
Advance against purchase of shares in associated company - Shakarganj Food Products Limited	- note 21.3	**171,000**	-
		906,896	917,771

21.1. Available for sale

Subsidiary company - at cost	- note 21.1.1	**243,757**	819,303
Associated companies - at cost	- note 21.1.2	**631,085**	69,529
Others - at cost	- note 21.1.3	**2,200**	2,200
		877,042	891,032
Add: Cumulative fair value gain	- note 21.1.4	**24,944**	31,939
Less:Cumulative impairment losses recognized	- note 21.1.5	**(166,090)**	(5,200)
Fair value gain		**(141,146)**	26,739
		735,896	917,771

21.1.1 Subsidiary company

Unquoted

Shakarganj Food Products Limited Nil (2008: 57,554,600) fully paid ordinary shares of Rs 10 each Equity held 44.7% (2008: 53%)	**-**	575,546
Asian Capital Management Limited Nil (2008: 6,750,000) fully paid ordinary shares of Rs 10 each Equity held 0% (2007: 75%)	**-**	118,800
Safeway Fund Limited 6,555,288 (2008: 3,093,750) fully paid ordinary shares of Rs 10 each Equity held 75% (2008: 75%)	**243,757**	124,957
	243,757	819,303

		2009	2008
		(Rupees in thousand)	
21.1.2 Associated companies			
Quoted			
Crescent Steel and Allied Products Limited 2,820,062 (2008: 2,820,062) fully paid ordinary shares of Rs. 10 each		**52,539**	52,529
Crescent Jute Products Limited 536,817 (2008: 536,817) fully paid ordinary shares of Rs 10 each		**-**	-
Unquoted			
Shakarganj Food Products Limited 57,554,600 (2008: Nil) fully paid ordinary shares of Rs 10 each		**575,546**	-
Central Depository Company of Pakistan Limited Nil (2008: 500,000) fully paid ordinary shares of Rs 10 each		**-**	14,000
Crescent Standard Telecommunications Limited 300,000 (2008: 300,000) fully paid ordinary shares of Rs 10 each		**3,000**	3,000
		631,085	69,529
21.1.3 Others			
Unquoted			
Crescent Group Services (Private) Limited 220,000 (2008: 220,000) fully paid ordinary shares of Rs 10 each		**2,200**	2,200
		2,200	2,200
21.1.4 Cumulative fair value gain			
As at October 1		**31,939**	126,405
Fair value loss during the year		**(167,885)**	(94,466)
		(135,946)	31,939
Impairment loss transferred to profit and loss account	- note 21.1.6	**160,890**	-
As at September 30		**24,944**	31,939
21.1.5 Cumulative impairment losses recognized			
As at October 1		**5,200**	5,200
recognised during the year	- note 21.1.6	**160,890**	-
As at September 30		**166,090**	5,200

21.1.6 This represents impairment loss recognised on the company's investment in its subsidiary, Safeway Fund Limited (SFL). SFL is the asset management company of Asian Stocks Fund Limited (ASFL) and Safeway Mutual Fund Limited (SMFL) and SFL's results are based on the performance of these two mutual funds. Due to the crash of stock market in 2008 and its continued suppressed situation throughout 2009, major variances between expected and actual revenues and cash flows of SFL were observed during 2008 and 2009. In view of its cash flows and eroded NAV, the company has estimated a provision for impairment of Rs 160.89 million in the current year.

21.2 Investments with face value of Rs 25.550 million (2008: Rs 25.600 million) and market value of Rs 69.470 million (2008: Rs 75.802 million) are pledged as security against long term running finances and short term borrowings as referred to in note 7.5 and note 12 respectively.

21.3 This represents the long term loan given to the associated company converted into share deposit money during the current year, as the company intends to purchase shares against this amount.

22. LONG TERM LOANS, ADVANCES, DEPOSITS AND PREPAYMENTS

		2009	2008
		(Rupees in thousand)	
Loans - considered good to:			
Subsidiary companies			
- Shakarganj Food Products Limited	- note 22.1	**-**	164,881
- Asian Capital Management Fund Limited	- note 22.2	**-**	10,000
Associate - Shakarganj Food Products Limited	- note 22.1	**17,399**	-
Others - Sui Northern Gas Pipelines Limited	- note 22.3	**3,312**	3,726
		20,711	178,607
Less: Current portion shown under short term advances	- note 28	**414**	414
		20,297	178,193
Advance to Creek Marina (Private) Limited	- note 22.4	**38,487**	38,487
Receivable from Safeway Fund Limited	- note 22.5	**-**	17,356
Security deposits		**40,664**	53,210
Others		**336**	-
		99,784	287,246

22.1 This is an unsecured loan extended to the associate (previously subsidiary) of the company to finance its working capital needs at an average mark-up at the rate of average borrowing rate of the company plus 1%. During the year markup has been charged at 17.31% to the associate of the company.

22.2 This was an unsecured, interest free loan extended to Asian Capital Management Fund Limited (ACMF) to meet its working capital requirements. This has been received during the year.

22.3 This represents an un-secured loan given to SNGPL for development of infrastructure for supply of gas to the principal facility. Mark up is charged at the rate of 1.5% per annum. This amount is receivable in 10 equal annual installments ending May 2017.

22.4 This represents payment for two apartments in the Creek Marina Projects pursuant to a settlement agreement entered into by the company and the former Crescent Standard Investment Bank Limited (CSIBL) in year 2006.

22.5 This amount was receivable from Safeway Fund Limited (SFL) on account of sale of shares of Crescent Standard Brokerage and Investment Services Limited (CSBISL) and Crescent Standard Business Management (Private) Limited (CSBML) to CSBML and CSBISL respectively and settlement of interaccount balances between SFL, CSBISL and CSBML. This has been received during the year.

22.6 Maximum aggregate amount outstanding during the year in respect of related parties is as follows:

	2009	2008
	(Rupees in thousand)	
Shakarganj Food Products Limited	**193,608**	164,881
Asian Capital Management Fund Limited	**10,000**	10,000
Safeway Fund Limited	**27,356**	17,356
	230,964	192,237

23. DEFERRED TAXATION

	2009	2008
The deferred tax asset comprises temporary differences relating to:		
Accelerated tax depreciation	**(846,254)**	(751,945)
Employee retirement benefits	**-**	-
Unused tax losses	**788,122**	746,420
Diminution in value of investments	**58,132**	5,525
	-	-

Deferred tax asset on tax losses available for carry forward and those representing minimum tax paid available for carry forward u/s 113 of the Income Tax Ordinance, 2001 are recognized to the extent that the realization of related tax benefits through future taxable profits is probable. The company has not recognized deferred tax assets of Rs 2,437.96 million (2008: 1,443.27 million) in respect of tax losses and Rs 60.36 million (2008: 85.18 million) in respect of minimum tax paid and available for carry forward u/s 113 of the Income Tax Ordinance, 2001, as sufficient tax profits would not be available to set these off in the foreseeable future. Minimum tax paid u/s 113 aggregating to Rs 60.36 million would not be available for carry forward against future tax liabilities subsequent to years 2010 through 2013. Tax losses amounting to Rs 79.34 million, Rs 810.42 million, Rs 785.16 million, Rs 1,400.73 million and Rs 840.39 million expire in year 2011, 2013, 2014, 2015 and 2016 respectively.

24. STORES, SPARES AND LOOSE TOOLS

	2009	2008
	(Rupees in thousand)	
Stores (including in transit Nil (2008: 8.700 million))	**88,587**	67,141
Spares	**27,408**	29,691
Loose tools	**1,389**	1,541
	117,384	98,373
Less: Provision for obsolete items	**(4,610)**	(1,500)
	112,774	96,873

24.1 Stores and spares include items which may result in fixed capital expenditure but are not distinguishable.

25. STOCK-IN-TRADE

	2009	2008
	(Rupees in thousand)	
Raw materials	**117,208**	324,721
Work-in-process	**9,155**	9,885
Finished goods	**896,245**	937,192
	1,022,608	1,271,798

25.1 Raw materials and finished goods amounting to Rs. 1,022.608 million (2008: Rs 1,239.86 million) are pledged with lenders as security against long term running finances and short term borrowings as referred to in note 7.5 and note 12 respectively.

25.2 Aggregate stocks with a cost of Rs Nil (2008: 191.455 million) are being valued at net realizable value of Rs Nil (2008: 189.464 million).

26. TRADE DEBTS

		2009	2008
		(Rupees in thousand)	
Considered good:			
- Secured		**4,437**	34,839
- Unsecured	- note 26.1	**9,259**	85,419
		13,696	120,258
Considered doubtful:		**2,059**	-
		15,755	120,258
Less: Provision for doubtful debts		**(2,059)**	-
		13,696	120,258

26.1 These include receivable from Shakarganj Food Products Limited, an associate company amounting to Rs 1.061 million (2008: 1.614 million).

27. INVESTMENTS

		2009	2008
		(Rupees in thousand)	
Available for sale	- note 27.1	**254,136**	378,959
Held for trading	- note 27.2	**6,186**	28,619
Held to maturity	- note 27.3	**-**	-
		260,322	407,578

27.1 Available for sale

Related parties - at cost	- note 27.1.1	**-**	44
Others - at cost	- note 27.1.2	**263,656**	265,541
		263,656	265,585
Add: Cumulative fair value gain	- note 27.1.4	**22,753**	113,374
Less: Cumulative Impairment loss	- note 27.1.5	**(32,273)**	-
		(9,520)	113,374
		254,136	378,959

27.1.1 Related parties

The Premier Insurance Company of Pakistan Limited		
Nil (2008: 95,482) fully paid ordinary shares of Rs 5 each	**-**	44
	-	44

NOTES TO THE FINANCIAL STATEMENTS

For the year ended September 30, 2009

	2009	2008
	(Rupees in thousand)	
27.1.2 Others		
Quoted		
Samba Bank Limited		
5,058,126 (2008: 5,058,126) fully paid ordinary shares of Rs 10 each	**50,988**	50,988
Altern Energy Limited		
21,266,582 (2008: 21,266,582) fully paid ordinary shares of Rs 10 each	**212,668**	212,678
Jubilee Spinning and Weaving Mills Limited		
Nil (2008: 15,584) fully paid ordinary shares of Rs 10 each	**-**	-
Pakistan Strategic Allocation Fund Limited		
Nil (2008: 187,500) fully paid ordinary shares of Rs 10 each	**-**	1,875
Innovative Investment Bank Limited - Unquoted		
51,351 (2008: 51,351) fully paid ordinary shares of Rs 10 each	**-**	-
	263,656	265,541

27.1.3 Investments with a face value of Rs 262.601 million (2008: Rs 262.641 million) and market value of Rs 253.421 million (2008: Rs 375.188 million) are pledged as security against long term running finances and short term borrowings as referred to in note 7.5 and note 12 respectively.

		2009	2008
		(Rupees in thousand)	
27.1.4 Cumulative fair value gain			
As at October 1		**113,374**	143,592
Fair value loss during the year		**(121,964)**	(6,492)
Transferred to profit and loss account on derecognition of shares		(930)	5
Fair value gain for non current assets held for sale		**-**	(23,731)
		(9,520)	113,374
Impairment loss recognized during the year	- note 27.1.6	**32,273**	-
As at September 30		**22,753**	113,374

Fair value loss during the year includes amount of fair value gain of Rs Nil (2008: Rs 51.126 million) and Rs Nil (2008: Rs 47.661 million) for investments in Safeway Mutual Fund Limited and Asian Stocks Fund Limited respectively classified under Non-current assets held for sale.

		2009	2008
		(Rupees in thousand)	
27.1.5 Cumulative impairment losses recognized			
As at October 1		-	35,634
Add: impairment loss recognized during the year	- note 27.1.6	**32,273**	-
Less: impairment loss adjusted upon derecognition of investment		-	(1,443)
Less: Impairment loss for Non current assets held for sale		-	(34,191)
As at September 30		**32,273**	-

27.1.6 This represents impairment loss recognised on the company's investment in Samba Bank Limited, as the market value has declined by 63% of cost as at the balance sheet date. The company has subsequent to the year end disposed off this investment at an aggregate value of Rs 19.980.

27.2 Held for trading - quoted

	2009	2008
Samba Bank Limited 1,671,987 (2008: 1,671,987) fully paid ordinary shares of Rs 10 each	**6,186**	17,472
D. G. Khan Cement Company Limited Nil (2008: 10,000) fully paid ordinary shares of Rs 10 each	-	393
Pakistan National Shipping Corporation Nil (2008: 95,000) fully paid ordinary shares of Rs 10 each	-	5,144
Pakistan Oilfields Limited Nil (2008: 10,000) fully paid ordinary shares of Rs 10 each	-	2,435
PICIC Energy Fund Nil (2008: 100,000) fully paid ordinary shares of Rs 10 each	-	445
United Bank Limited Nil (2008: 40,000) fully paid ordinary shares of Rs 10 each	-	2,730
	6,186	28,619

27.2.1 Investments with a face value of Rs 16.419 million (2008: Rs 16.419 million) and market value of Rs 6.075 million (2008: Rs 17.158 million) are pledged as security against long term running finances and short term borrowings as referred to in note 7.5 and note 12 respectively.

		2009	2008
		(Rupees in thousand)	
27.3 Held to maturity			
Musharika Investment	- note 28.3.1	**17,935**	17,935
Less: Cumulative impairment losses recognized		**(17,935)**	(17,935)
		-	-

27.3.1 This represents investment under musharika arrangement with Crescent Standard Modaraba on profit and loss sharing basis. Consequent to consistent failure of the Musharika to pay profits and in view of the rapidly deteriorating financial position of the Musharika, the company assessed its recoverable amount at Nil and consequently, full carrying amount of the investment was considered impaired in year 2006.

28. LOANS, ADVANCES, PREPAYMENTS AND OTHER RECEIVABLES

		2009 (Rupees in thousand)	2008 (Rupees in thousand)
Advances - considered good			
- to employees		**2,133**	1,062
- to suppliers and contractors	- note 28.1	**27,256**	23,833
- to sugarcane growers	- note 28.2	**4,415**	12,142
		33,804	37,037
Advances - considered doubtful:			
- to suppliers and contractors		**662**	513
- to sugarcane growers		**726**	2,000
		1,388	2,513
Due from related parties - unsecured and considered good	- note 28.3	**5,489**	4,254
Current portion of long term loan receivable from Sui Northern Gas Pipelines Limited	- note 22.2	**414**	414
Dividend receivable - considered good		**-**	130
Recoverable from government			
- Income tax		**43,432**	36,227
- Excise duty		**-**	-
- Sales tax		**9,590**	65,383
		53,022	101,610
Interest receivable on deposits		**281**	284
Security deposits			
- considered good		**21,204**	21,998
- considered doubtful		**960**	-
		22,164	21,998
Prepayments		**21,048**	14,842
Margins against bank guarantees		**1,470**	599
Others:			
- considered good		**4,197**	6,407
- considered doubtful		**1,458**	50
		5,655	
		144,735	190,138
Less: provision against doubtful receivables	- note 28.4	**(3,806)**	(2,563)
		140,929	187,575

28.1 These relate to normal business of the company and are interest free.

28.2 These relate to normal business of the company and carry mark-up ranging from 12.6% to 15.52%.

		2009	2008
		(Rupees in thousand)	
28.3 Due from related parties			
Considered good			
Crescent Sugar Mills and Distillery Limited		**526**	635
Crescent Steel and Allied Products Limited		**2,045**	1,829
Shakarganj Food Products Limited		**1,785**	1,790
Shakarganj Energy (Private) Limited		**1,133**	-
		5,489	4,254
28.4 Provision against doubtful receivables			
As at October 1		**2,563**	4,101
Provision during the year		**1,756**	677
Amount transferred to capital work in progress		**(513)**	-
Receivables written off against provision during the year		**-**	(2,215)
As at September 30		**3,806**	2,563
29. CASH AND BANK BALANCES			
At banks on:			
- Saving accounts	- note 29.1		
- Pak rupees		**8,842**	222,458
- Foreign currency	- note 29.2	**446**	446
		9,288	222,904
- Current accounts		**14,421**	118,910
		23,709	341,814
In hand		**799**	4,580
		24,508	346,394

29.1 Profit on balances in saving accounts ranges from 0.10% to 5.00% (2008: 0.10% to 11.00%) per annum.

29.2 Foreign currency accounts include US Dollars 5,340 (2008: 5,327) and Euros 644 (2008: 652).

30. NON CURRENT ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS

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

		2009	2008
		(Rupees in thousand)	
(a) Non-current assets classified as held for sale			
SML Farms	- note 30.1	-	1,224,392
Investments in subsidiary companies at market value	- note 30.2	**486,030**	615,102
SML Power Division	- note 30.3	**149,692**	-
SML Engineering Division	- note 30.4	-	-
		635,722	1,839,494
(b) Liabilities directly associated with non-current assets classified as held for sale			
SML Farms		-	37,864
(c) Analysis of the result of discontinued operations			
Profit/(loss) for the year from discontinued operations			
SML Farms	- note 30.1	-	(73,033)
Investments in subsidiary companies at market value	- note 30.2	**11,057**	-
SML Engineering Division	- note 30.4	**8,533**	-
		19,590	(73,033)
Cash flows from discontinued operations			
SML Farms	- note 30.1	-	23
Investments in subsidiary company at market value	- note 30.2	**11,057**	-
SML Power Division	- note 30.3	**(59,888)**	-
SML Engineering Division	- note30.4	**77,439**	-
		28,608	23

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

30.1 SML Farms

The assets and liabilities related to SML Farms (part of the Sugar segment) were presented as held for sale following the approval of the management of SML and shareholders in September 2008 to incorporate SML Farms as a new company namely Shakarganj Farms (Private) Limited in consideration for shares. During the year, the original plan to offload the farms division to a subsidiary company has been shelved pursuant to the liquidity crunch faced by the company as explained in note 1.2.

The management has decided in its BOD meeting held on December 24, 2009 to offload the farms division's land in piecemeal to local buyers for cash consideration, however, the management expects that as the land is scattered over vast area, such sale will take a time exceeding one year. Consequently, as per the requirements of IFRS 5 'Non-current assets held for sale and discontinued operations' results and balances pertaining to the farms division have been included as part of continued operations. The farms division's land has also been ear marked in the restructuring agreement as non performing assets and its proceeds from disposal will be used for the repayment of the bridge finance as referred in note 1.2.

	2009	2008
	(Rupees in thousand)	
Non-current assets classified as held for sale		
Property, plant and equipment	-	1,005,992
Assets subject to finance lease	-	5,936
Long term advances and deposits	-	1,809
Stores, spares and loose tools	-	938
Biological assets	-	153,862
Loans, advances, deposits, prepayments and other receivables	-	55,819
Cash and Bank balances	-	36
	-	1,224,392
Liabilities directly associated with non-current assets classified as held for sale		
Long term finances	-	11,700
Current portion of long term liabilities:		
Long term finances	-	10,544
Liabilities against assets subject to finance lease	-	1,859
Creditors, accrued and other liabilities	-	12,884
Accrued finance cost	-	877
	-	37,864
Analysis of the result of discontinued operations		
Loss from agricultural activities	-	(54,961)
Expenses		
Administrative expenses	-	(16,841)
Finance cost	-	(679)
Other charges	-	(552)
	-	(18,072)
Loss before tax from discontinued operations	-	(73,033)
Taxation	-	-
Loss for the year from discontinued operations	-	(73,033)
Analysis of the cash flows of discontinued operations		
Operating cash flows	-	(110,202)
Investing cash flows	-	(56,206)
Financing cash flows	-	166,431
Total cash flows	-	23

		2009	2008
		(Rupees in thousand)	
30.2 Investments in subsidiary companies at market value			
Non-current assets classified as held for sale			
Safeway Mutual Fund Limited (quoted) 29,215,143 (2008: 29,215,143) fully paid ordinary shares of Rs 10 each. Equity held 53.65% (2008: 53.65%)		**290,792**	290,792
Asian Stocks Fund Limited (quoted) 37,528,673 (2008: 37,528,673) fully paid ordinary shares of Rs 10 each. Equity held 41.7% (2008: 41.7%)		**334,770**	334,770
		625,562	625,562
Add: Cumulative fair value (loss)/gain	- note 30.2.1	**-**	23,731
Less: Cumulative impairment losses recognized	- note 30.2.2	**(139,532)**	(34,191)
Fair value loss		**(139,532)**	(10,460)
		486,030	615,102

The company has power to exercise more than 50% of the voting right and elect and appoint more than 50% of directors in respect of Asian Stocks Fund Limited (ASFL) and consequently considers it a subsidiary. It was inadvertently classified a an associate in prior year. Rectification of investment in ASFL as a subsidiary has no impact on reported figures.

		2009	2008
		(Rupees in thousand)	
30.2.1 Cumulative fair value (loss)/gain			
As at October 1		**23,731**	-
Transferred from short-term investments		**-**	23,731
Fair value loss during the year		**(129,072)**	-
		(105,341)	23,731
Impairment loss transferred to profit and loss account	- note 30.2.3	**105,341**	-
As at September 30		**-**	23,731
30.2.2 Cumulative impairment losses recognized			
As at October 1		**34,191**	-
Transferred from short-term investments		**-**	34,191
Impairment losses recognised	- note 30.2.3	**105,341**	-
As at September 30		**139,532**	34,191
Analysis of the profit for the year			
Other operating income		**11,057**	
Taxation		**-**	-
Profit for the year		**11,057**	-
Analysis of the cash flows for the year			
Investing cash flows		**11,057**	-

30.2.3 This represents impairment loss recognised on the company's investment in its subsidiaries, Safeway Mutual Fund Limited (SMFL) and Asian Stocks Fund Limited (ASFL), as the market value has declined by 25% and 7% of cost as at the balance sheet date. As this decline is either prolonged or significant the company has charged it to profit and loss account.

During the year 2007 the company acquired aggregate 11.786 million and 18.812 million shares in Safeway Mutual Fund Limited (SWMFL) and Asian Stocks Fund Limited (ASFL) at an aggregate cost of Rs 301.137 million under the terms of an agreement for settlement of its certificates of deposits with the Innovative Housing Finance Limited (IHFL) and against aggregate cash consideration of Rs 140.142 million. Consequent to this settlement and acquisition of further shares in SWMFL and ASFL, the company effectively held 53.65% and 41.70% voting shares of the respective companies. However, the management intended to liquidate these investments within twelve months and for this purpose, an active program commenced to locate a buyer at a reasonable price. Consequently, these were classified as short term investments in the financial statements for the year ended September 30, 2007.

During the year ended September 30, 2008, these investments could not be off-loaded due to unusually adverse investment scenario of the country resulting in the cessation of the operations of the Karachi Stock Exchange (KSE) in Pakistan near the end of August 2008. During the current year, for various factors explained in note 1.2, and continued suppressed stock exchange market, the company was still unable to liquidate these investments. Even subsequent to year end, when the 'Net asset value' (NAV) of the respective funds have shown an increase, however, the share prices have declined. The company believes this is inter-alia related to Shakarganj Mills Limited's own liquidity crunch and poor performance of close end mutual funds in general. These events precluded the disposal of shares in the mutual funds during the year, however, the management considers that these events were beyond its control and remains committed to offload these investments at a price based on the intrinsic NAVs of the investments or through unwinding of these mutual funds.

As mentioned in note 1.2, these investments have been ear-marked for disposal to retire the restructured facilities within a year. Accordingly these investments are shown under the Non Current Assets Held For Sale under IFRS 5 'Non Current Assets Held For Sale and Discontinued Operations' as at September 30, 2009.

Investments with a face value of Rs 579.855 million (2008: Rs 459.855 million) and market value of Rs 434.546 million (2008: Rs 482.786 million) are pledged as security against long term running finances and short term borrowings as referred to in note 7.4 and note 12 respectively.

30.3 SML Power Division

The assets related to SML Power Division have been presented as held for sale following the approval of the Board of Directors of SML in August 2009. Power Division's assets consists of capital work in progress for the 14MW power plant installed at Dargai Shah. Negotiations were being carried out as at balance sheet date and subsequently on December 24th 2009 the Board has approved the sale to Shakarganj Energy (Private) Limited, a wholly owned subsidiary of associated company, Crescent Steel and Allied Products Limited, for Rs 300 million.

	2009	2008
	(Rupees in thousand)	
Non-current assets classified as held for sale		
Intangibles	**624**	-
Capital work in progress	**149,068**	-
	149,692	-
Analysis of the cash flows of discontinued operations		
Investing cash flows	**(59,888)**	-

30.4 SML Engineering Division

SML Engineering Division was sold to Crescent Steel and Allied Products Limited during the current year at a mutually agreed price, based on the valuation of the division's Non-current assets carried out by an independent valuer.

	2009	2008
	(Rupees in thousand)	
Analysis of the profit for the year		
Sales - Net of sales tax	**683**	-
Profit from sale of division	**10,809**	-
	11,492	-
Expenses		
Cost of sales	**(642)**	-
Administrative expenses	**(1,389)**	-
Distribution and selling costs	**(922)**	-
Finance cost	**(6)**	-
	(2,959)	-
Profit before tax from discontinued operations	**8,533**	-
Taxation	**-**	-
Profit for the year	**8,533**	-
Analysis of the cash flows for the year		
Operating cash flows	**(40,124)**	-
Investing cash flows	**117,563**	-
Net cash inflow	**77,439**	-

31. Sales

(Rupees in thousand)

	Sugar		Ethanol		Building Materials		Textile		Engineering		Power		Total	
	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008
Gross sales														
- Local	2,844,680	4,297,347	131,670	163,722	28,792	58,067	978,036	815,883	-	-	148,848	72,298	4,132,026	5,407,317
- Export	-	76,826	1,202,832	1,801,622	-	-	-	115,425	-	-	-	-	1,202,832	1,993,873
- By-products	5,388	52	-	-	-	-	16,373	25,674	-	-	-	-	21,761	25,726
- Inter-segment	429,102	603,518	-	-	-	-	-	-	-	110,512	25,551	17,529	-	-
	3,279,170	4,977,743	1,334,502	1,965,344	28,792	58,067	994,409	956,982	-	110,512	174,399	89,827	5,356,619	7,426,916
Less: Commission to selling agents	3,507	8,849	262	224	1,106	2,584	3,847	6,443	-		-	-	8,722	18,100
Sales tax and Special Excise Duty	361,670	578,442	19,132	22,853	4,183	8,032	-	-	-	-	20,446	9,917	405,431	619,244
	365,177	587,291	19,394	23,077	5,289	10,616	3,847	6,443	-	-	20,446	9,917	414,153	637,344
Net sales	2,913,993	4,390,452	1,315,108	1,942,267	23,503	47,451	990,562	950,539	-	110,512	153,953	79,910	4,942,466	6,789,572

31.1 Inter-segment sales have been eliminated from total figures.

31.2 Current year's sales of engineering division have been shown under note 40 - Analysis of results of discontinued operations' as it was disposed off during the year.

32. COST OF SALES

	Sugar 2009	Sugar 2008	Ethanol 2009	Ethanol 2008	Building Materials 2009	Building Materials 2008	Textile 2009	Textile 2008	Engineering 2009	Engineering 2008	Power 2009	Power 2008	Total 2009	Total 2008
Inter-segment	-	-	372,625	549,035	3,783	17,986	70,882	46,530	-	-	7,363	7,496	-	-
Raw materials consumed	1,881,091	3,460,218	529,313	572,169	6,859	-	753,004	742,628	-	56,039	-	-	3,170,267	4,831,054
	1,881,091	3,460,218	901,938	1,121,204	10,642	17,986	823,886	789,158	-	56,039	7,363	7,496	3,170,267	4,831,054
Salaries, wages and other benefits - note 33.3	179,295	180,060	16,333	16,572	4,297	5,353	63,036	65,828	-	704	5,994	4,945	268,955	273,462
Stores and spares consumed	52,072	112,629	3,725	5,567	385	1,055	14,539	23,267	-	228	10,780	2,412	81,501	145,158
Dyes and chemicals	12,181	29,014	23,438	46,525	3,205	14,117	-	-	-	-	3,750	213	42,574	89,869
Packing material consumed	29,098	58,571	-	-	-	-	16,078	14,317	-	-	-	-	45,176	72,888
Fuel and power	275,311	153,350	-	2,568	9	13	54,089	53,610	-	629	2,041	119	331,450	210,289
Repairs and maintenance	13,511	27,675	652	716	140	262	856	3,386	-	49	7,782	1,989	22,941	34,077
Insurance	5,641	5,118	1,258	1,199	29	30	2,929	2,573	-	83	687	244	10,544	9,247
Vehicle running and maintenance	4,877	6,100	-	-	16	46	-	-	-	102	-	-	4,893	6,248
Traveling and conveyance	831	1,095	98	175	15	51	950	1,178	-	112	161	367	2,055	2,978
Printing and stationery	474	892	30	66	-	7	-	-	-	-	12	30	516	995
Rent, rates and taxes	703	786	-	-	-	-	213	198	-	-	-	-	916	984
Sugarcane research and development - note 33.3	11,381	13,732	-	-	-	-	-	-	-	-	-	-	11,381	13,732
Staff training and development	616	643	-	-	-	-	-	-	-	-	-	-	616	643
Depreciation on:													-	-
- property, plant and equipment	240,981	225,670	50,595	50,359	1,024	1,107	20,865	21,807	-	2,764	22,613	13,689	336,078	315,396
- leased assets	15,595	7,493	-	30	-	-	291	1,900	-	-	15,269	6,615	31,155	16,038
Amortization on intangibles	-	-	-	-	-	-	340	340	-	-	29	33	369	373
Impairment of:													-	-
- property, plant and equipment	-	-	-	-	-	-	-	46,262	-	-	-	-	-	46,262
- leased assets	-	-	-	-	-	-	-	10,930	-	-	-	-	-	10,930
Software development charges	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Provision for store obsolescence	1,000	-	-	-	-	-	2,110	-	-	-	-	-	3,110	-
Other expenses	9,284	17,511	4,017	5,095	637	1,520	950	1,102	-	608	1,096	267	15,984	26,103
	2,733,942	4,300,557	1,002,084	1,250,076	20,399	41,547	1,001,132	1,035,856	-	61,318	77,577	38,419	4,380,481	6,106,726
Opening work-in-process	3,234	3,683	-	-	-	-	6,651	4,917	-	-	-	-	9,885	8,600
Work in progress at the conclusion of trial production run - note 19.2.2	1,138	-	-	-	-	-	-	-	-	-	-	-	1,138	-
Less: Closing work-in-process	(2,915)	(3,234)	-	-	-	-	(6,233)	(6,651)	-	-	-	-	(9,148)	(9,885)
	1,457	449	-	-	-	-	418	(1,734)	-	-	-	-	1,875	(1,285)
Cost of goods produced	2,735,399	4,301,006	1,002,084	1,250,076	20,399	41,547	1,001,550	1,034,122	-	61,318	77,577	38,419	4,382,356	6,105,441
Opening stock of finished goods	782,611	871,156	77,278	107,771	11,728	4,595	65,575	20,432	-	28,456	-	-	937,192	1,032,410
Finished goods at the conclusion of trial production run - note 19.2.2	52,531	-	-	-	-	-	-	-	-	-	-	-	52,531	-
Less: Closing stock of finished goods	(846,452)	(782,611)	(33,136)	(77,278)	(7,003)	(11,728)	(9,654)	(65,575)	-	(11,959)	-	-	(896,245)	(949,151)
	(11,310)	88,545	44,142	30,493	4,725	(7,133)	55,921	(45,143)	-	16,497	-	-	93,478	83,259
	2,724,089	4,389,551	1,046,226	1,280,569	25,124	34,414	1,057,471	988,979	-	77,815	77,577	38,419	4,475,834	6,188,700
Less: own goods capitalized / transferred to capital work in progress	-	-	-	-	-	-	-	-	-	(77,815)	-	-	-	(77,815)
	2,724,089	4,389,551	1,046,226	1,280,569	25,124	34,414	1,057,471	988,979	-	-	77,577	38,419	4,475,834	6,110,885

32.1 Inter-segment purchases have been eliminated from total figures.

32.2 Current year's cost of sales of engineering division have been shown under note 40 -'Analysis of results of discontinued operations' as it was disposed off during the year.

32.3 Salaries, wages and other benefits and sugarcane research and development include following in respect of retirement benefits:

	2009	2008
	(Rupees in thousand)	
Pension fund	**3,741**	4,305
Gratuity fund	**1,583**	1,804
Provident fund	**3,364**	3,246
	8,688	9,355

33. ADMINISTRATIVE EXPENSES

Salaries, wages and other benefits	- note 33.1	**117,259**	104,899
Repairs and maintenance		**7,778**	11,737
Insurance		**3,151**	3,099
Vehicle running and maintenance		**7,901**	9,112
Travelling and conveyance		**6,744**	6,828
Printing and stationary		**2,834**	3,316
Electricity and gas		**2,241**	1,768
Telephone, postage and telegram		**5,497**	4,286
Legal and professional charges	- note 33.2	**9,834**	11,942
Consultancy and advisory services		**5,223**	5,947
Rent, rates and taxes		**2,305**	2,140
Staff training and development		**-**	226
Entertainment		**2,911**	3,161
Subscriptions		**4,493**	4,966
Advertisements		**206**	381
Registered office expenses		**726**	726
Provision for doubtful advances		**4,518**	677
Depreciation on:			
- property, plant and equipment		**24,654**	25,330
- leased assets		**7,420**	9,767
Others		**5,548**	2,125
		221,243	212,433

33.1 Salaries, wages and other benefits include following in respect of retirement benefits:

Pension fund	**5,370**	5,163
Gratuity fund	**2,114**	1,821
Provident fund	**1,270**	1,223
	8,754	8,207

		2009	2008
		(Rupees in thousand)	
33.2 Professional services			
The charges for professional services include the following in respect of auditors' services for:			
- Statutory audit		**1,000**	1,000
- Half yearly review		**400**	400
- Certification charges		**100**	100
- Out of pocket expenses		**88**	101
		1,588	1,601

34. DISTRIBUTION AND SELLING COSTS

		2009	2008
Salaries, wages and other benefits	- note 34.1	**3,713**	3,039
Freight and forwarding		**99,008**	145,280
Handling and distribution		**1,492**	2,066
Loading and unloading charges		**3,338**	6,425
Sales promotion expenses		**240**	400
Insurance		**7,246**	6,870
Provision for doubtful receivables		**2,059**	-
Others		**14**	-
		117,110	164,080

34.1 Salaries, wages and other benefits include provident fund contribution of Rs 0.050 million (2008: Rs 0.077 million) by the company.

35. OTHER OPERATING EXPENSES

		2009	2008
		(Rupees in thousand)	
Workers Welfare Fund		**790**	1,023
Impairment losses on:			
- Available for sale investments:			
classified as long term	- note 21.1.5	**160,890**	
classified as short term	- note 27.1.5	**32,273**	-
classified as held for disposal	- note 30.2.3	**105,341**	
Social action program expenses		**3,180**	5,993
Unrealized loss on investments held for trading		**11,286**	22,355
Loss from agricultural activities	- note 35.1	**149,932**	-
Net exchange loss		**23,561**	107,858
Donations	- note 35.2	**950**	916
Loss on marked to market valuation of interest rate swap		**-**	32,154
Others		**1,207**	1,533
		489,410	171,832

35.1 Loss from agricultural activities

		2009	2008
Loss arising on changes in fair value of biological assets less estimated point-of-sale costs		**71,680**	-
Fair value of biological assets harvested less estimated point of sales cost		**(161,354)**	-
Less: costs of biological assets harvested	- note 35.3	**239,606**	-
		78,252	-
Loss from agricultural activities		**149,932**	-

35.2 None of the directors and their spouses had any interest in any of the donees.

35.3 This includes depreciation on property, plant and equipment of Rs 8.548 million (2008: Nil million).

35.4 Last year the there was net income from agriculture activities which was classified under other operating income as referred to in note 36.

36. OTHER OPERATING INCOME

		2009 (Rupees in thousand)	2008 (Rupees in thousand)
Income from financial assets			
Profit on sale of investments		**5,902**	5,505
Dividend income from:			
- related parties		**-**	7,770
- others		**686**	601
Gain on marked to market valuation of interest rate swap		**7,187**	-
Liabilities written back		**15,779**	3,968
Return on advance to:			
Associate - Shakarganj Food Products Limited		**23,730**	19,797
Return on bank deposits		**7,242**	14,044
		60,526	51,685
Income from non-financial assets			
Scrap sales		**8,005**	8,070
Profit on sale of property, plant and equipment		**4,496**	1,636
Profit on sale of assets subject to finance lease			387
Rental income		**42**	63
Amortization of deferred income		**3,487**	2,899
Agricultural income	- note 36.1	**-**	788
Others		**9,646**	12,598
		25,676	26,441
		86,202	78,126

36.1 Agricultural income

		2009	2008
Loss arising on changes in fair value of biological assets less estimated point-of-sale costs		-	(33,138)
Fair value of biological assets harvested less estimated point of sales cost		-	133,940
Less: costs of biological assets harvested	- note 36.2	-	(154,975)
		-	(21,035)
Less: Loss classified as results from discontinued operations		-	54,961
Income from agricultural activities		-	788

36.2 This includes depreciation on property, plant and equipment of Rs Nil (2008: 13.557 million).

		2009	2008
		(Rupees in thousand)	

37. FINANCE COST

		2009	2008
Interest and mark-up on:			
- Long term finances	- note 37.1	**518,594**	346,513
- Short term borrowings		**678,011**	538,629
- Due to provident fund - related party		**636**	-
- Finance lease	- note 37.2	**46,997**	20,453
- Overdue payable balances		**1,500**	-
Bank charges, commission and excise duty		**8,925**	20,151
Others	- note 37.3	**5,105**	4,593
		1,259,768	930,339

37.1 This includes preference dividend of Rs 29.409 million (2008: 29.409 million).

37.2 This includes penalties aggregating to Rs. 3.313 million (2008: Nil) levied by financial institutions due to delayed payments.

37.3 This includes penalties aggregating to Rs. Nil (2008: Rs. 0.043 million) levied by financial institutions due to delayed payments.

38. TAXATION

	2009	2008
	(Rupees in thousand)	
Current		
- For the year	**18,835**	19,939
- Prior period	**(1,825)**	(8,818)
	17,010	11,121

38.1 In view of the available tax losses, the provision for current taxation represents tax on income under 'Final Tax Regime'. Such tax is not available for set off against normal tax liability arising in future years.

For purposes of current taxation the tax losses available for carry forward as at September 30, 2009 are estimated approximately at Rs 7,753 million (2008: Rs 6,266 million), including assessed tax losses of Rs 6,180 million (2008: Rs 4,483 million).

38.2 The company, during the current year, has loss before taxation and the current tax provision represents the tax under final tax regime of the Income Tax Ordinance, 2001, therefore it is impracticable to prepare the tax charge reconciliation for the current year.

39. (Loss)/earnings per share

39.1 Basic (loss)/earnings per share

		2009	2008
Continuing operations			
Loss for the year from continuing operations	**Rupees**	**(1,551,707,000)**	(732,992,000)
Weighted average number of ordinary shares in issue during the year	**Number**	**69,523,798**	69,523,798
Loss per share - basic	**Rupees**	**(22.32)**	(10.54)
Discontinued operations			
Profit for the year from discontinued operations	**Rupees**	**19,590,000**	(73,033,000)
Weighted average number of ordinary shares in issue during the year	**Number**	**69,523,798**	69,523,798
Earnings/(loss) per share - basic	**Rupees**	**0.28**	(1.05)

39.2 Diluted loss 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/(loss) is adjusted to eliminate the preference dividend.

		2009	2008
Continuing operations			
Loss for the year from continuing operations	**Rupees**	**(1,551,707,000)**	(732,992,000)
Preference dividend on convertible preference shares	**Rupees**	**29,409,000**	29,409,000
Loss used to determine diluted earnings per share	**Rupees**	**(1,522,298,000)**	(703,583,000)
Weighted average number of ordinary shares in issue during the year	**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
Loss per share - diluted	**Rupees**	**(20.22)**	(9.34)

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

Discontinued operations

There are no dilutive instruments in respect of discontinued operations.

40. CASH USED IN OPERATING ACTIVITIES

	2009	2008
	(Rupees in thousand)	
Loss before taxation	**(1,515,107)**	(794,904)
Adjustment for:		
Depreciation/amortization of:		
- property, plant and equipment	**372,476**	357,122
- assets subject to finance lease	**38,575**	26,011
- intangible assets	**369**	373
- deferred income	**(3,487)**	(2,899)
Liabilities written back	**(15,779)**	(3,968)
Profit on sale of property, plant and equipment	**(15,305)**	(1,760)
Profit on sale of assets subject to finance lease	**-**	(387)
Impairment of:		
- property, plant and equipment	**-**	46,262
- assets subject to finance lease	**-**	10,930
- investments classified as available for sale	**298,504**	-
Gain on sale of investments	**(5,902)**	(5,505)
Unrealized loss on investments held for trading	**11,286**	22,355
Interest from bank deposits	**(7,242)**	(14,044)
Provision against:		
- doubtful receivables	**2,059**	677
- store obsolescence	**3,110**	-
- doubtful advances	**4,517**	-
Provision for employees' retirement benefits	**12,832**	13,521
Dividend income	**(11,743)**	(8,371)
Loss from agricultural activities	**141,384**	54,961
(Gain)/loss on marked to market valuation of interest rate swap	**(7,187)**	32,154
Finance cost	**1,259,768**	930,339
	2,078,235	1,457,771
Profit before working capital changes	**563,128**	662,867
Effect on cash flow due to working capital changes:		
Increase in stores and spares	**(18,073)**	(6,593)
Decrease/(Increase) in stock in trade	**249,190**	(201,868)
Net increase in biological assets	**(17,763)**	(95,676)
Decrease/(Increase) in trade debts	**104,503**	(49,185)
Decrease/(Increase) in loans, advances, prepayments and other receivables	**108,146**	(76,697)
Increase in trade and other payables	**61,951**	421,673
	487,954	(8,346)
	1,051,082	654,521

41. REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

41.1 The aggregate amount charged in the financial statements for the year for remuneration, including certain benefits, to the full time working directors and executives of the Company is as follows:

	Directors		Executives	
	2009	**2008**	**2009**	**2008**
	(Rupees in thousand)		(Rupees in thousand)	
Managerial remuneration	-	-	**33,721**	29,593
Contribution to provident fund, gratuity and pension funds	-	-	**7,675**	6,989
House rent	-	-	**5,336**	10,128
Utilities	-	-	**1,855**	2,920
Reimbursable expenses	-	-	**1,012**	877
Others	-	-	**1,489**	428
	-	-	**51,088**	50,935
Number of persons	-	-	**25**	**19**

41.2 These financial statements do not include any charge in respect of remuneration or benefits to the Chief Executive.

41.3 The Company also provides some of its executives with company maintained cars, travel facilities and club membership.

41.4 Aggregate amount charged in the financial statements for the year for fee to 8 directors (2008: 8 directors) was Rs 150,000 (2008: Rs 190,000).

42. RELATED PARTY DISCLOSURES

The related parties comprise subsidiaries, 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. Amounts due from and due to related parties are shown under receivables and payables and remuneration of the key management personnel is disclosed in note 41. Other significant transactions with related parties are as follows:

Relationship with the company	Nature of transactions	**2009**	2008
		(Rupees in thousand)	
i. Subsidiaries	Sale of goods	-	1,986
	Dividend income	**11,057**	-
	Share of common expenses	-	841
	Receipt against long term advance	**27,356**	-
	Interest charged on long term advances	-	19,797

Relationship with the company	Nature of transactions	2009	2008
		(Rupees in thousand)	
ii. Associated Undertakings	Purchase of goods and services	**56,821**	85,317
	Sale of goods and services	**6,352**	13,604
	Share of common expenses	**6,961**	4,558
	Interest Charged on long term advances	**23,730**	-
	Dividend income	**-**	7,770
	Purchase of investments	**-**	243,757
	Sale of investments	**20,873**	-
	Sale of fixed assets	**117,126**	-
	Sale of current assets	**7,081**	-
	Payments made to/on behalf of the company	**-**	714
	Funds received from/on behalf of the	**-**	-
	associated company	**3,351**	-
iii. Post employment benefit plans	Expense charged in respect of retirement benefit plans	**15,686**	16,503
	Interest free loan obtained	**-**	7,400

All transactions with related parties have been carried out on commercial terms and conditions.

43. CAPACITY AND PRODUCTION

		2009	2008
Sugar			
Rated crushing capacity - On the basis of 110 days (2008: 174 days)	M. Tons	**1,858,000**	2,784,000
Actual cane crushed	M. Tons	**784,056**	2,254,712
The low crushing was due to shortage of sugarcane and funds.			
Ethanol			
On the basis of 313 days (2008: 366 days) working	Liters	**68,580,000**	77,060,000
Actual production	Liters	**33,319,694**	66,490,739
The low production of ethanol was due to shortage of raw materials.			
Building Materials			
On the basis of 61 days (2008: 184 days)	Cubic meter	**1,830**	5,520
Actual production	Cubic meter	**1,643**	6,540
The low production of particle board was due to shortage of raw material.			
Textile			
Capacity (converted in 20s counts)	Kgs	**8,398,912**	8,398,912
Actual production (converted in 20s counts)	Kgs	**6,732,603**	7,073,524
The low production of yarn was due to shortage of raw material and funds.			
Power			
On the basis of 325 days (2008: 229 days)	KWh	**54,600,000**	27,600,000
Actual generation	KWh	**23,541,000**	17,714,054
The low generation was due to shortage of raw material.			

44. BUSINESS SEGMENTS INFORMATION

(Rupees in thousand)

		Sugar		Ethanol		Building Materials		Textile		Engineering		Power		Elimination		Total	
		2009	2008	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008
Continuing operations																	
Revenue																	
- External	- note 31	2,484,891	3,786,934	1,315,108	1,942,267	23,503	47,451	990,562	950,539	-	-	128,402	62,381	-	-	4,942,466	6,789,572
- Intersegment	- note 31	429,102	603,518	-	-	-	-	-	-	-	110,512	25,551	17,529	(454,653)	(731,559)	-	-
		2,913,993	4,390,452	1,315,108	1,942,267	23,503	47,451	990,562	950,539	-	110,512	153,953	79,910	(454,653)	(731,559)	4,942,466	6,789,572
Segment expenses																	
Cost of sales - Intersegment		-	-	372,625	549,035	3,783	17,986	70,882	46,530	-	-	7,363	7,496	(454,653)	(621,047)	-	-
- External	- note 32	2,724,089	4,389,551	673,601	731,534	21,341	16,428	986,589	942,449	-	77,815	70,214	30,923	-	(77,815)	4,475,834	6,110,885
		2,724,089	4,389,551	1,046,226	1,280,569	25,124	34,414	1,057,471	988,979	-	77,815	77,577	38,419	(454,653)	(698,862)	4,475,834	6,110,885
Gross profit/(loss)		189,904	901	268,882	661,698	(1,621)	13,037	(66,909)	(38,440)	-	32,697	76,376	41,491	-	(32,697)	466,632	678,687
- Administrative expenses	- note 33	127,716	123,173	57,639	54,490	1,030	1,331	28,110	27,671	-	3,526	6,748	2,242	-	-	221,243	212,433
- Distribution and selling expenses	- note 34	12,919	16,394	96,903	137,856	104	177	6,501	9,369	-	-	683	284	-	-	117,110	164,080
		140,635	139,567	154,542	192,346	1,134	1,508	34,611	37,040	-	3,526	7,431	2,526	-	-	338,353	376,513
Segment results		49,269	(138,666)	114,340	469,352	(2,755)	11,529	(101,520)	(75,480)	-	29,171	68,945	38,965	-	(32,697)	128,279	302,174
Other operating expenses																(489,410)	(171,832)
Operating Profit																(361,131)	130,342
Finance costs																(1,259,768)	(930,339)
Interest income																7,242	14,044
Other operating income																78,960	64,082
Taxation																(17,010)	(11,121)
(Loss)/Profit for the year from continuing operations																(1,551,707)	(732,992)
Discontinued operations																	
Loss for the year from discontinued operations																19,590	(73,033)
(Loss)/profit for the year																(1,532,117)	(806,025)

44.1 Inter-segment sales and purchases

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

44.2 Basis of inter-segment pricing

All inter-segment transfers are made at cost.

	Sugar 2009	Sugar 2008	Ethanol 2009	Ethanol 2008	Building Materials 2009	Building Materials 2008	Textile 2009	Textile 2008	Engineering 2009	Engineering 2008	Power 2009	Power 2008	Elimination 2009	Elimination 2008	Total 2009	Total 2008
44.3 Segment assets	4,585,283	3,498,548	584,363	906,125	31,699	26,308	155,710	592,910	-	124,045	727,889	500,822	-	(11,257)	6,084,944	5,637,501
Unallocated assets															4,442,077	6,769,287
															10,527,021	12,406,788
44.4 Segment liabilities	5,753,028	2,185,205	553,782	297,926	12,577	1,136	625,772	710,400	-	39,747	12,155	172,686	(19,399)	(38,387)	6,937,915	3,368,713
Unallocated liabilities															1,881,979	5,336,130
															8,819,894	8,704,843
44.5 Capital expenditure	266,597	95,454	-	177,179	-	-	3,894	40,099	1,199	4,362	74,066	642,629	-	-	345,756	959,723
Unallocated															19,348	70,673
															365,104	1,030,396
44.6 Depreciation on property, plant and equipment	240,981	225,670	50,595	50,359	1,024	1,107	20,865	21,807	3,196	2,764	22,613	13,689	-	-	339,274	315,396
Unallocated															53,372	41,627
															392,646	357,023
44.7 Depreciation on leased assets	15,595	7,493	-	30	-	-	291	1,900	-	-	15,269	6,615	-	-	31,155	16,038
Unallocated															12,298	9,767
															43,453	25,805
44.8 Amortization on intangible assets	-	-	-	-	-	-	340	340	-	-	29	33	-	-	369	373
Unallocated															-	-
															369	373
44.9 Impairment on Property, Plant and equipment	-	-	-	-	-	-	-	46,262	-	-	-	-	-	-	-	46,262
Unallocated															-	(29,361)
															-	16,901
44.10 Impairment on Assets subject to finance lease	-	-	-	-	-	-	-	10,930	-	-	-	-	-	-	-	10,930
Unallocated															-	23,766
															-	34,696

44.11 Secondary reporting format

Continuing operations

Segment revenue from external customers by geographical areas is as follows:

	Sugar 2009	Sugar 2008	Ethanol 2009	Ethanol 2008	Building Materials 2009	Building Materials 2008	Textile 2009	Textile 2008	Engineering 2009	Engineering 2008	Power 2009	Power 2008	Elimination 2009	Elimination 2008	Total 2009	Total 2008
Export sales - Europe	-	-	561,463	252,929	-	-	-	-	-	-	-	-	-	-	561,463	252,929
Export sales - Asia	-	76,826	641,369	979,410	-	-	-	-	-	-	-	-	-	-	641,369	1,056,236
Export sales - Africa	-	-	-	569,283	-	-	-	-	-	-	-	-	-	-	-	569,283
Export sales - Others	-	-	-	-	-	-	-	113,192	-	-	-	-	-	-	-	113,192
Local sales	2,484,891	3,710,108	112,276	140,645	23,503	47,451	990,562	837,347	-	-	128,402	62,381	-	-	3,739,634	4,797,932
	2,484,891	3,786,934	1,315,108	1,942,267	23,503	47,451	990,562	950,539	-	-	128,402	62,381	-	-	4,942,466	6,789,572

45. FINANCIAL RISK MANAGEMENT

45.1 Financial risk factors

The company's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk. The company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the company's financial performance. The company uses derivative financial instruments to hedge certain risk exposures.

Risk management is carried out by the finance and risk management departments under policies approved by the board of directors. These departments evaluate and hedge financial risks in close co-operation with the company's operating units. The board provides principles for overall risk management, as well as policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity.

(a) Market risk

(i) Foreign exchange risk

Foreign exchange risk is the risk that value of a financial instrument will fluctuate due to changes in foreign exchange rates. Foreign exchange risk arises mainly where receivables and payables exist due to transactions with foreign buyers and suppliers. The company, where considered necessary, uses money market borrowing contracts against receivables exposed to foreign currency risks.

The Company exposure to foreign currency risk was as follows:

		2009	2008
		USD	
Financial Assets			
Trade debts		**47,941**	355,955
Cash and bank balances	- note 29.2	**5,340**	5,327
Financial Liabilities			
Export refinance	- note 12.2	**3,743,942**	6,039,611
Derivative liability	- note 12.2	**370,655**	543,995

The following significant exchange rates were applied during the year:

	2009	2008
Rupees per USD		
Average rate	**80.32**	67.94
Reporting date rate	**83.30**	78.20

At 30 September 2009, if the Rupee had weakened/strengthened by 10% against the US dollar with all other variables held constant, post-tax profit for the year would have been Rs 32.612 million (2008: Rs 42.250 million) lower/higher, mainly as a result of foreign exchange gains/losses on translation of US dollar-denominated short term borrowings, trade receivables and cash and bank balances.

(ii) Price risk

The company is exposed to equity securities price risk because of investments held by the company and classified either as available for sale or at fair value through profit or loss. The company is not exposed to commodity price risk. To manage its price risk arising from investments in equity securities, the company diversifies its portfolio. Diversification of the portfolio is done in accordance with the limits set by the company.

The company's investments in equity of other entities that are publicly traded are listed on the following three stock exchanges, Karachi Stock Exchange, Lahore Stock Exchange and Islamabad Stock Exchange.

The table below summarises the impact of increases/decreases of the KSE-100 index on the company's post-tax profit for the year and on equity. The analysis is based on the assumption that the KSE-100 index had increased/decreased by 10% with all other variables held constant and all the company's equity instruments moved according to the historical correlation with the KSE-100 index:

	Impact on post-tax profit		Impact on other components of equity	
	2009	**2008**	**2009**	**2008**
	(Rupees in thousand)		**(Rupees in thousand)**	
Karachi Stock Exchange	**2,705**	1,203	**14,332**	30,747

Post-tax profit for the year would increase/decrease as a result of gains/losses on equity securities classified as at fair value through profit or loss. Other components of equity would increase/decrease as a result of gains/losses on equity securities classified as available for sale.

(iii) Cash flow and fair value interest rate risk

As the company has no significant interest-bearing assets, the company's income is substantially independent of changes in market interest rates.

The company's interest rate risk arises from both long-term and short term borrowings. Borrowings issued at variable rates expose the company to cash flow interest rate risk. During 2009 and 2008, the company's borrowings at variable rates were denominated in Rupees.

The company analyses its interest rate exposure on a dynamic basis. Various scenarios are simulated taking into consideration refinancing, renewal of existing positions, alternative financing and hedging. Based on these scenarios, the company calculates the impact on profit and loss of a defined interest rate shift. The scenarios are run only for liabilities that represent the major interest-bearing positions.

Based on the various scenarios, the company manages its cash flow interest rate risk by using cross currency interest rate swaps. Such interest rate swaps have the economic effect of converting borrowings with variable interest rates based on KIBOR to LIBOR. Generally, the company raises long-term borrowings with variable interest rate based on KIBOR and swaps the interest portion with the lower rates based on LIBOR. Under the interest rate swaps, the company agrees with other parties to exchange, at specified intervals , the difference between interest based on KIBOR and based on LIBOR, calculated by reference to the agreed notional amounts.

The Company does not account for any fixed rate financial assets and liabilities at fair value through profit or loss. Therefore a change in interest rates at the reporting date would not the carrying value of any of company's assets or liabilities.

At 30 September 2009, if interest rates on both short term and long borrowings had been 1% higher/lower with all other variables held constant, post-tax profit for the year would have been Rs 66.272 million (2008: Rs 59.701 million) lower/higher, mainly as a result of higher/lower interest expense on KIBOR based borrowings.

(b) Credit risk

Credit risk arises from cash and cash equivalents, derivative financial instruments and deposits with banks and financial institutions, as well as credit exposures to wholesale and other customers, including outstanding receivables and committed transactions. For banks and financial institutions, only independently rated parties with a strong credit rating are accepted. If customers are independently rated, these ratings are used. If there is no independent rating, management assesses the credit quality of the customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the board. The utilisation of credit limits is regularly monitored and major sales to customers are settled in cash.

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the balance sheet date was:

	2009	2008
	(Rupees in thousand)	
Long term loan and deposits	**99,784**	287,246
Trade debts	**13,696**	120,258
Loans, advances and other receivables	**66,859**	71,123
Cash and bank balances	**23,709**	341,814
	204,048	820,441

The company does not hold any collateral or any other credit enhancement instruments in relation to trade receivables.

The credit quality of Company's bank balances can be assessed with reference to external credit ratings as follows:

	Rating Short term	**Long term**	**Rating Agency**	**2009**	**2008**
Askari Bank Limited	A1+	AA	PACRA	**8,105**	3,086
Al-Baraka Islamic Bank	A-1	A	JCR-VIS	**53**	53
Allied Bank Limited	A1+	AA	PACRA	**22**	31,794
Atlas Bank Limited	A2	A -	PACRA	**100**	100
Bank Alfalah Limited	A1+	AA	PACRA	**203**	2,216
BankIslami Pakistan Limited	A1	A	PACRA	**8,451**	-
The Bank of Punjab	A1+	AA -	PACRA	**264**	1,444
Barclays Bank PLC	P-1	Aa3	Moody's	**10**	-
Samba Bank Limited	A-1	A	JCR-VIS	**-**	518
Faysal Bank Limited	A-1+	AA	PACRA	**609**	470
Habib Bank Limited	A-1+	AA+	JCR-VIS	**48**	872
KASB Bank Limited	A1	A	PACRA	**7**	8
MCB Bank Limited	A1+	AA+	PACRA	**4,940**	144,571
Meezan Bank Limited	A-1	A+	JCR-VIS	**268**	4
National Bank of Pakistan	A-1+	AAA	JCR-VIS	**98**	5,271
Silkbank Limited	A-3	A -	JCR-VIS	**58**	9
Standard Chartered Bank Limited	A1+	AAA	PACRA	**95**	95
United Bank Limited	A-1+	AA+	JCR-VIS	**378**	151,303
				23,709	341,814

(c) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. Due to the dynamic nature of the company's businesses, the finance department maintains flexibility in funding by maintaining availability under committed credit lines.

Management monitors the forecasts of the company's undrawn borrowing facilities (note 12) and cash and cash equivalents (note 29) on the basis of expected cash flow. In addition, the company's liquidity management policy involves projecting cash flows in each quarter and considering the level of liquid assets necessary to meet its liabilities; monitoring balance sheet liquidity ratios against internal and external regulatory requirements; and maintaining debt financing plans.

The table below analyses the company's financial liabilities and net-settled derivative financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

(Rupees in thousand)

	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
At September 30, 2009				
Fixed rate long term debt	345,755	-	-	-
Floating rate long term debt	1,220,535	460,368	823,078	-
Finance lease liabilities	226,381	101,255	72,415	-
Variable rate short term borrowings	4,054,535	-	-	-
Derivative financial instruments	75,140	19,494	15,699	-
Trade and other payables	936,374	-	-	-
Accrued finance cost	610,572	-	-	-
	7,469,292	581,117	911,192	-

(Rupees in thousand)

	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
At September 30,2008				
Fixed rate long term debt	-	345,755	-	-
Floating rate long term debt	878,857	594,889	1,053,528	79,968
Finance lease liabilities	207,948	159,585	169,785	-
Variable rate short term borrowings	4,110,840	-	-	-
Derivative financial instruments	95,007	75,140	35,193	-
Trade and other payables	884,510	-	-	-
Accrued finance cost	315,482	-	-	-
	6,492,644	1,175,369	1,258,506	79,968

45.2 Fair value estimation

The carrying value of financial assets and liabilities reflected in the financial statements approximate their fair values.

The fair value of financial instruments traded in active markets is based on quoted market prices at the balance sheet date. The quoted market price used for financial assets held by the company are the current bid prices.

The financial instruments that are not traded in active market are carried at cost and are tested for impairment according to IAS 39.

The carrying value less impairment provision of trade receivables are assumed to approximate their fair values.

46. CAPITAL RISK MANAGEMENT

The Board's policy is to maintain an efficient capital base so as to maintain investor, creditor and market confidence and to sustain the future development of its business. The board of directors monitors the return on capital employed, which the Company defines as operating income divided by total capital employed. The board of directors also monitors the level of dividends to ordinary shareholders.

The company's objectives when managing capital are:

(i) to safeguard the entity's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders, and

(ii) to provide an adequate return to shareholders.

The company manages the capital structure in the context of economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the company may, for example, adjust the amount of dividends paid to shareholders, issue new shares, or sell assets to reduce debt.

For working capital requirements and capital expenditure, the company primarily relies substantially on short term borrowings.

47. DATE OF AUTHORIZATION OF ISSUE

These financial statements were authorized for issue on March 4, 2010 by the board of directors of the company.

48. EVENTS AFTER THE BALANCE SHEET DATE

The company has signed restructuring agreements with lenders as referred to in note 1.2.

49. CORRESPONDING FIGURES

Corresponding figures have been re-arranged, wherever necessary, for the purposes of comparison. However, no significant re-arrangements have been made.

Chief Executive **Chairman**

Consolidated Financial Statements

For the year ended September 30, 2009

A. F. Ferguson & Co.
Chartered Accountants
23-C, Aziz Avenue, Canal Bank
Gulberg V, P.O. Box 39,
Lahore - 54660, Pakistan.
Telephone: (042) 3571 5864-71
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AUDITOR'S REPORT TO THE MEMBERS

We have audited the annexed consolidated financial statements comprising consolidated balance sheet of Shakarganj Mills Limited (the holding company) and its subsidiary companies as at September 30, 2009 and the related consolidated profit and loss account, consolidated cash flow statement and consolidated statement of changes in equity together with the notes forming part thereof, for the year then ended. We have also expressed separate opinion on the financial statements of Shakarganj Mills Limited. The financial statements of the subsidiary company, Safeway Fund Limited were audited by other firms of auditors, whose reports have been furnished to us and our opinion, in so far as it relates to the amounts included for such company, is based solely on the reports of such other auditors. The financial statements of Safeway Mutual Fund Limited and Asian Stocks Fund Limited are unaudited. These financial statements are the responsibility of the Holding Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

Our audit was conducted in accordance with the International Standards on Auditing and accordingly included such tests of accounting records and such other auditing procedures as we considered necessary in the circumstances.

Included in the consolidated profit and loss account is profit amounting to Rs. 133.844 million based on unaudited financial statements of subsidiaries whose financial years are not coterminous with that of the parent company.

Group's share of income from associated company of Rs. 2.757 million included in the consolidated profit and loss account and in note 24.1 to the consolidated financial statements is based on unaudited financial statements of these associated companies.

Except for the effect, if any, of the matters referred to in the preceding paragraphs, in our opinion the consolidated financial statements present fairly the financial position of Shakarganj Mills Limited and its subsidiary companies as at September 30, 2009 and the results of their operations for the year then ended.

Without qualifying our opinion, we draw attention to note 1.3 to the consolidated financial statements which indicates the parent company in the group could not meet its obligations in respect of repayments of long term loans, finance lease rentals and finance costs due during the year ended September 30, 2009. The group has incurred a net loss of Rs 1,389 million during the year, its current liabilities have exceeded its current assets by Rs 4,210 million and the equity attributable to the equity holders of the parent is negative. These conditions along with other matters as set forth in note 1.3 indicate the existence of material uncertainty which may cast doubt about the group's ability to continue as a going concern.

These consolidated financial statements do not include any adjustments relating to the realisation of the group's assets and liquidation of any liabilities that may be necessary should the group be unable to continue as a going concern.

Chartered Accountants

Lahore.
March 4, 2010.

Name of engagement partner: Muhammad Masood

CONSOLIDATED BALANCE SHEET
As at September 30, 2009

	Note	2009	2008
		(Rupees in thousand)	
			Restated
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized capital			
80,000,000 (2008: 80,000,000) ordinary shares of Rs 10 each		**800,000**	800,000
50,000,000 (2008: 50,000,000) preference shares of Rs 10 each		**500,000**	500,000
		1,300,000	1,300,000
EQUITY ATTRIBUTABLE TO THE EQUITY HOLDERS OF THE PARENT			
Issued, subscribed and paid up capital			
69,523,798 (2008: 69,523,798) ordinary shares of Rs 10 each	5	**695,238**	695,238
Share deposit money	6	**-**	200,000
Reserves		**924,665**	926,289
Accumulated loss		**(1,815,065)**	(434,841)
		(195,162)	1,386,686
MINORITY INTEREST		**679,005**	730,106
		483,843	2,116,792
SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT	7	**1,699,444**	2,043,827
NON-CURRENT LIABILITIES			
Long term finances	8	**1,283,446**	2,264,785
Long term advances	9	**-**	15,000
Liabilities against assets subject to finance lease	10	**153,775**	292,383
Employees' retirement benefits	11	**12,314**	19,837
Deferred income	12	**5,312**	8,799
Deferred taxation	13	**8,950**	8,500
		1,463,797	2,609,304
CURRENT LIABILITIES			
Current portion of long term liabilities	14	**1,763,566**	1,160,271
Short term borrowings - secured	15	**4,054,535**	4,110,840
Trade and other payables	16	**937,391**	1,207,177
Accrued finance cost	17	**610,572**	336,464
		7,366,064	6,814,752
Liabilities directly associated with non current assets classified as held-for-sale	32	**1,628**	6,296
		7,367,692	6,821,048
CONTINGENCIES AND COMMITMENTS	18		
		11,014,776	13,590,971

The annexed notes 1 to 53 form an integral part of these consolidated financial statements.

	Note	2009	2008
		(Rupees in thousand)	
			Restated
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	19	**6,387,765**	7,281,263
Intangible assets	20	**1,001**	173,497
Assets subject to finance lease	21	**535,630**	350,361
Capital work-in-progress	22	**350,667**	1,302,030
Biological assets	23	**10,781**	8,318
Investments - related parties	24	**470,425**	173,182
Long term loans, advances, deposits, prepayments and other receivables	25	**100,891**	125,350
		7,857,160	9,414,001
CURRENT ASSETS			
Biological assets	23	**25,708**	151,792
Stores, spares and loose tools	26	**112,774**	153,304
Stock-in-trade	27	**1,022,608**	1,356,107
Trade debts	28	**13,696**	159,009
Investments	29	**260,322**	439,790
Loans, advances, deposits, prepayments and other receivables	30	**143,780**	317,453
Cash and bank balances	31	**28,809**	401,253
		1,607,697	2,978,708
Non-current assets held for sale	32	**1,549,919**	1,198,262
		3,157,616	4,176,970
		11,014,776	13,590,971

The annexed notes 1 to 53 form an integral part of these consolidated financial statements.

Chief Executive **Chairman**

CONSOLIDATED PROFIT AND LOSS ACCOUNT

For the year ended September 30, 2009

		Note	2009	2008
			(Rupees in thousand)	
				Restated
Continuing operations:				
Sales		33	**5,473,194**	8,065,676
Cost of sales		34	**(4,983,550)**	(7,366,655)
Gross profit			**489,644**	699,021
Administrative expenses		35	**(230,175)**	(249,828)
Distribution and selling costs		36	**(196,599)**	(510,725)
Other operating expenses		37	**(351,552)**	(246,944)
Other operating income		38	**124,009**	391,208
(Loss)/profit from operations			**(164,673)**	82,732
Finance cost		39	**(1,274,638)**	(1,008,589)
Share of (loss)/profit from associates		24.1	**(59,846)**	8,669
Loss before taxation			**(1,499,157)**	(917,188)
Taxation				
- Group		39	**(19,458)**	(10,697)
- Associates		24.1	**(13,143)**	(10,345)
			(32,601)	(21,042)
Loss for the year from continuing operations			**(1,531,758)**	(938,230)
Discontinued operations:				
Profit/(loss) for the year from discontinued operations			**142,377**	(384,811)
Loss for the year			**(1,389,381)**	(1,323,041)
Attributable to:				
- Equity holders of the parent			**(1,421,117)**	(1,107,827)
- Minority interest			**31,736**	(215,214)
			(1,389,381)	(1,323,041)
Combined loss per share from continuing operations				
- basic	Rupees	41.1	**(20.44)**	(15.93)
- diluted	Rupees	41.2	**(20.44)**	(15.93)
Combined earnings/(loss) per share from discontinued operations				
- basic	Rupees	41.1	**1.14**	(3.10)
- diluted	Rupees	41.2	**1.14**	(3.10)

Appropriations have been reflected in the statement of changes in equity.

The annexed notes 1 to 53 form an integral part of these consolidated financial statements.

Chief Executive **Chairman**

CONSOLIDATED CASH FLOW STATEMENT

For the year ended September 30, 2009

	Note	2009	2008
		(Rupees in thousand)	
			Restated
Cash flows from operating activities			
Cash generated from/(used in) operations	42	**1,014,578**	(195,480)
Finance cost paid		**(1,010,146)**	(891,000)
Taxes paid		**(30,224)**	(33,831)
Employees' retirement benefits paid		**(10,453)**	(8,347)
Net decrease in long term deposits		**(655)**	(40,505)
Net cash used in operating activities		**(36,900)**	(1,169,163)
Cash flows from investing activities			
Fixed capital expenditure		**(297,190)**	(1,385,063)
Investment made		**(2,435)**	(201,078)
Proceeds from sale/maturity of investment		**206,065**	447,504
Disposal/acquisition of subsidiaries net of cash disposed/acquired		**(18,298)**	139,849
Investments in associates - net		**(8)**	7,692
Dividend received		**49,268**	49,176
Income from bank deposits received		**16,975**	22,058
Sale proceeds from sale of assets subject to finance lease		**-**	387
Sale proceeds from sale of property, plant and equipment		**127,905**	16,170
Net cash generated from/(used in) investing activities		**82,282**	(903,305)
Cash flows from financing activities			
Proceeds from share deposit money		**60,000**	650,000
Increase in long term finances		**24,938**	624,597
Sale proceeds from sale and lease back transaction		**-**	19,100
Repayment if long term advances		**(15,000)**	-
Net (decrease)/increase in short term borrowings - secured		**(56,305)**	599,075
Finance lease liabilities - net		**(94,603)**	205,686
Dividend paid		**(4)**	(57,710)
Dividend paid to minority shareholders		**22,175**	(50,470)
Net cash (used in)/ generated from financing activities		**(58,799)**	1,990,278
Net decrease in cash and cash equivalents		**(13,417)**	(82,190)
Cash and cash equivalents at the beginning of the year		**427,914**	510,104
Cash and cash equivalents at the end of the year	43	**414,497**	427,914

The annexed notes 1 to 53 form an integral part of these consolidated financial statements.

Chief Executive **Chairman**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended September 30, 2009

	ATTRIBUTABLE TO THE EQUITY HOLDERS OF THE PARENT																
			CAPITAL RESERVES						REVENUE RESERVES								
	Share capital	Share deposit money	Reserve for bonus issue	Share premium	Share in capital reserves of associates	Fair value reserve	Difference of capital under scheme of arrangement of merger	Sub-total	General	Dividend equalization	Equity investment market value equalization	Sub-total	Total	Accumulated (loss)/ profit	Total	MINORITY INTEREST	TOTAL EQUITY
	(Rupees in thousand)																
Balance as on September 30, 2007	579,365	60,000	-	243,282	108,159	(122,006)	155,930	385,365	526,479	22,700	83,000	632,179	1,017,544	730,900	2,387,809	-	2,387,809
Share deposit money received during the year by subsidiary company	-	650,000	-	-	-	-	-	-	-	-	-	-	-	-	650,000	-	650,000
Share issued to minority	-	(510,000)	-	-	-	-	-	-	-	-	-	-	-	-	(510,000)	182,335	(327,665)
Minority interest arising on business combination - restated	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	932,132	932,132
Fair value gain/(loss) during the year - restated	-	-	-	-	-	35,640	-	35,640	-	-	-	-	35,640	-	35,640	(118,677)	(83,037)
Transferred to profit and loss account on derecognition of shares	-	-	-	-	-	5	-	5	-	-	-	-	5	-	5	-	5
Share in capital reserves of associates	-	-	-	-	(11,027)		-	(11,027)	-	-	-	-	(11,027)	-	(11,027)	-	(11,027)
Transfer from surplus on revaluation of property, plant and equipment	-	-	-	-	-	-	-	-	-	-	-	-	-	22	22	-	22
Transfers from general reserve for issue of bonus shares	-	-	115,873	-	-	-	-	115,873	(115,873)	-	-	(115,873)	-	-	-	-	-
Dividend relating to 2007	-	-	-	-	-	-	-	-	-	-	-	-	-	(57,936)	(57,936)	(50,470)	(108,406)
Bonus shares issued during the year	115,873	-	(115,873)	-	-	-	-	(115,873)	-	-	-	-	(115,873)	-	-	-	-
Loss for the year - restated	-	-	-	-	-	-	-	-	-	-	-	-	-	(1,107,827)	(1,107,827)	(215,214)	(1,323,041)
Balance as on September 30, 2008 - restated	695,238	200,000	-	243,282	97,132	(86,361)	155,930	409,983	410,606	22,700	83,000	516,306	926,289	(434,841)	1,386,686	730,106	2,116,792
Share deposit money received during the year by subsidiary company	-	60,000	-	-	-	-	-	-	-	-	-	-	-	-	60,000	-	60,000
Share issued to minority	-	(200,000)	-	-	-	-	-	-	-	-	-	-	-	-	(200,000)	-	(200,000)
Conversion of subsidiary into associate	-	(60,000)	-	-	-	-	-	-	-	-	-	-	-	-	(60,000)	(152,466)	(212,466)
Fair value (loss)/gain during the year	-	-	-	-	-	(79,358)	-	(79,358)	-	-	-	-	(79,358)	-	(79,358)	31,583	(47,775)
Transferred to profit and loss account on derecognition of shares	-	-	-	-	-	53,525	-	53,525	-	-	-	-	53,525	-	53,525	47,454	100,979
Impairment loss recognised during the year	-	-	-	-	-	32,273	-	32,273	-	-	-	-	32,273	-	32,273	-	32,273
Share in capital reserves of associates	-	-	-	-	(8,064)	-	-	(8,064)	-	-	-	-	(8,064)	-	(8,064)	-	(8,064)
Transfer from surplus on revaluation of property, plant and equipment on account of:																	
- incremental depreciation - net of tax	-	-	-	-	-	-	-	-	-	-	-	-	-	21	21	-	21
- disposal of land - net of tax	-	-	-	-	-	-	-	-	-	-	-	-	-	40,872	40,872	-	40,872
Dividend relating to 2008	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(9,408)	(9,408)
(Loss)/profit for the year	-	-	-	-	-	-	-	-	-	-	-	-	-	(1,421,117)	(1,421,117)	31,736	(1,389,381)
Balance as on September 30, 2009	695,238	-	-	243,282	89,068	(79,921)	155,930	408,359	410,606	22,700	83,000	516,306	924,665	(1,815,065)	(195,162)	679,005	483,843

The annexed notes 1 to 53 form an integral part of these consolidated financial statements.

Chief Executive **Chairman**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended September 30, 2009

1. LEGAL STATUS AND NATURE OF BUSINESS

1.1 Constitution and ownership

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

Shakarganj Mills Limited

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

Safeway Mutual Fund Limited

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

Asian Stocks Fund Limited

Asian Stocks Fund Limited (ASFL) (a subsidiary) is a public limited company incorporated in June 1994 under the Companies Ordinance, 1984 and has been registered with Securities and Exchange Commission of Pakistan (SECP) as an Investment Company under the Investment Companies and Investment Advisors Rules, 1971 to carry on the business of a closed end investment company. The company is listed on the Karachi and Islamabad Stock Exchanges. The company has entered into an agreement with Safeway Fund Limited to act as its Assets Management Company. The company became a subsidiary of Shakarganj Mills Limited (the "parent company") on March 19, 2008. The registered office of the company is situated in Karachi.

Safeway Fund Limited

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

1.2 Activities of the group

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

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

Safeway Fund Limited is acting as the asset manager for Asian Stocks Fund Limited and Safeway Mutual Funds Limited under a license granted under Non Banking Finance Corporation (Establishment and Regulation) Rules, 2003 (NBFC rules), which expired on November 2008. SFL has duly applied for renewal of this license application, however a response to this effect is pending from Securities and Exchange Commission of Pakistan. SFL considers its previous license valid under proviso to sub rule 9 of rule 5 of the NBFC rules, which confirms that existing license is valid till the time it is renewed.

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

1.3 Going concern assumption

The group has faced liquidity crunch in its parent company during the current and the prior year due to a variety of factors including low levels of cane procurement and consequent low level of crushing, continued financing of assets and operations through high level of borrowings and an overall sugar industry crisis during the year in which sugar prices were capped by the government authorities. The group has incurred a loss of Rs 1,531 million during the current year from continuing operations and net loss of Rs 1,389 million after tax. The current liabilities have exceeded the current assets by Rs 4,210 million and the equity attributable to the equity holders of the parent is negative. Due to the above factors, the parent company could not timely meet its obligations to repay long term loans, liabilities against assets subject to finance lease and the markup accrued thereon and as a result the lenders refused to renew the aggregate short term facilities also to the effect that the short term borrowing facilities of the group stand expired as at September 30, 2009.

Consequently the parent company entered into negotiations with the lenders (as a consortium) to restructure its borrowings and the restructuring agreements were signed by the parent company and the lenders by 16 February 2010.

As per the restructuring plan, the lenders of the parent company, except for National Bank of Pakistan Limited (which has separately restructured its debts), have agreed to provide, as a consortium, a bridge loan facility payable in installments by June 2011 amounting to Rs 2,466 million and extended short term running finance facility to the extent of Rs 2,980 million up to October 31, 2010.

As per the above restructuring plan agreed with the lenders, the bridge finance will be repaid through the sale of assets of the parent company including the two subsidiaries, Safeway Mutual Fund Limited and Asian Stocks Fund Limited, in installments, and further injection of equity of Rs 300 million by June 2011. Following is the detail of the assets (at their carrying value in the books of the parent company) to be disposed of by the parent company to retire the bridge loan.

Assets	**(Rupees in thousands)**
Agricultural Land	906,558
Complete disposal of investment in shares of subsidiary companies:	
- Safeway Mutual Fund Limited	270,240
- Asian Stocks Fund Limited	215,790
Partial disposal of investment in shares of Shakarganj Foods Products Limited	200,000
Plant and machinery at Mian Muhammad Sugar Mill	194,787
SML Power Division - Dargai Shah	149,692
Residential and commercial plots	181,000
Turbines	25,000
	2,143,067

The management expects to sell the aggregate assets at a profit to the carrying values given above. In case, the parent company is unable to sell these assets by their respective committed dates as per the agreement, it will be considered an event of default and the parent company will be required to sell off one of its three units to repay the bridge loan. As per the committed dates for disposal of above assets, Rs 1,556 million are repayable by September 30, 2010.

The bridge loan is secured against :

- a pari passu charge over all present and future fixed assets of the parent company (excluding land and building);
- first mortgage/charge over immovable property of the parent company;
- personal guarantees of Mr. Anjum Saleem and Mr. Ahsan Saleem;
- an irrevocable and unconditional commitment from Shakarganj Energy (Private) Limited (SEL) to purchase the energy plant at Dargai Shah at an aggregate value of Rs 300 million secured back to back by pledge of marketable securities valuing Rs 573 million owned by Crescent Steel and Allied Products Limited, an associated company; and
- pledge of shares in Shakarganj Food Products Limited, an associated company.

Additionally, the lenders will create a lien on a special reserve account, where the proceeds from the sale of assets and a unit, if required, of the parent company will be deposited.

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

The finalisation of such security arrangements is currently in process.

The parent company is also in the process of renegotiating the existing long term loans with lenders for relaxation in payment periods and expects that these will be rescheduled for payment over five years with two years of grace period.

The accrued markup is payable immediately.

These consolidated financial statements have been prepared on a going concern basis. The management is confident that, through the restructuring of its borrowings, it will be able to get positive results from the next financial year. The management also believes that it will be able to generate adequate liquidity through disposal of the assets identified above, including the subsidiary companies, to retire the Bridge finance, and that the group will be able to continue its operations for the foreseeable future. These financial statements consequently, do not include any adjustments relating to the realisation of its assets and liquidation of any liabilities that might be necessary should the group be unable to continue as a going concern.

2. BASIS OF PREPARATION

2.1 These consolidated financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board as are notified under the Companies Ordinance, 1984, provisions of and directives issued under the Companies Ordinance , 1984. In case requirements differ, the provisions or directives of the Companies Ordinance, 1984 shall prevail.

2.2 Prior period errors

During the previous year Asian Stocks Fund Limited (ASFL) was inadvertently not consolidated as a subsidiary and consequently the consolidated financial statements did not include the results and balances of ASFL although the parent company had acquired control over more than 50% of voting rights in ASFL due to the acquisition of 75% stake in Safeway Fund Limited, by the parent company, on March 19, 2008. This error has been rectified and ASFL has been consolidated in these consolidated financial statements with effect from March 19, 2008.
The correction of this error has the following impact:

	Rupees in thousands
Increase in loss for the year ended September 30, 2008 attributable to:	
- Equity holders of the parent	48,906
- Minority interest	111,006
Decrease in equity attributable to equity holders of the parent as at September 30, 2008	33,313
Increase in Minority interest as at September 30, 2008	311,266

The previously reported figures of non current assets held for disposal and investments have also changed due to the correction of this error.

2.3 Standards, Interpretations and amendments to published approved accounting standards

The following amendments to existing standards have been published that are applicable to the group's financial statements covering annual periods, beginning on or after the following dates:

2.3.1 Amendments to published standards effective in current year

- IAS 29 'Financial Reporting in Hyperinflationary Economies' is effective from July 1, 2008. The group does not have any operations in hyperinflationary economies and therefore, the application of this standard has no effect on the group's financial statements.

- IFRS 7 'Financial Instruments: Disclosures' is effective from July 1, 2008 and supersedes the disclosure requirements of IAS 32 'Financial Instruments: Presentation'. It introduces new disclosures relating to financial instruments which have been set out in note 48 to these consolidated financial statements. Its adoption does not have any impact on the classification and valuation of the group's financial instruments.

- IFRIC 14, 'IAS 19 - The limit on a defined benefit asset, minimum funding requirements and their interaction' is effective from January 1, 2008. IFRIC 14 provides guidance on assessing the limit in IAS 19 on the amount of the surplus that can be recognised as an asset. It also explains how the pension asset or liability may be affected by a statutory or contractual minimum funding requirement.

2.3.2 Amendments to published standards not yet effective

The following amendments and interpretations to existing standards have been published and are mandatory for the group's accounting periods beginning on or after their respective effective dates:

- IFRS 7 (Amendment), ' Financial Instruments: Disclosure' (effective from January 1, 2009). There are a number of minor amendments to IFRS 7 in respect of enhanced disclosures about liquidity risk and fair value measurements. These amendments are unlikely to have an impact on the group's financial statements and have therefore not been analyzed in detail.

- IFRS 8, 'Operating segments' (effective from 1 January 2009) replaces IAS 14, 'Segment reporting', and aligns segment reporting with the requirements of the US standard SFAS 131, 'Disclosures about segments of an enterprise and related information'. The new standard requires a 'management approach', under which segment information is presented on the same basis as that used for internal reporting purposes. The group will apply IFRS 8 from 1 October 2009.

- IAS 1 (Revised), 'Presentation of financial statements' (effective from 1 January 2009). The revised standard will prohibit the presentation of items of income and expenses (that is, 'non-owner changes in equity') in the statement of changes in equity, requiring 'non-owner changes in equity' to be presented separately from owner changes in equity. All non-owner changes in equity will be required to be shown in a performance statement, but entities can choose whether to present one performance statement (the statement of comprehensive income) or two statements (the income statement and statement of comprehensive income). Where entities restate or reclassify comparative information, they will be required to present a restated balance sheet as at the beginning comparative period in addition to the current requirement to present balance sheets at the end of the current period and comparative period. The group will apply IAS 1 (Revised) from 1 October 2009.

- IAS 19 (Amendment), 'Employee benefits' (effective from 1 January 2009). The amendment is part of the IASB's annual improvements project published in May 2008.

- The amendment clarifies that a plan amendment that results in a change in the extent to which benefit promises are affected by future salary increases is a curtailment, while an amendment that changes benefits attributable to past service gives rise to a negative past service cost if it results in a reduction in the present value of the defined benefit obligation.

- The definition of return on plan assets has been amended to state that plan administration costs are deducted in the calculation of return on plan assets only to the extent that such costs have been excluded from measurement of the defined benefit obligation.

- The distinction between short term and long term employee benefits will be based on whether benefits are due to be settled within or after 12 months of employee service being rendered.

The group will apply the IAS 19 (Amendment) from 1 October 2009.

- Certain amendments to IAS 23' Borrowing Costs' have been published that are applicable to the group's financial statements covering annual periods, beginning on or after October 01, 2009. Adoption of these amendments would require the group to capitalize the borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset (one that takes substantial period of time to get ready for use or sale) as part of the cost of that asset. The option of immediately expensing these borrowing costs will be removed.

- IAS 36 (Amendment), 'Impairment of assets' (effective from 1 January 2009). The amendment is part of the IASB's annual improvements project published in May 2008. Where fair value less costs to sell is calculated on the basis of discounted cash flows, disclosures equivalent to those for value-in-use calculation should be made. The Group will apply the IAS 36 (Amendment) and provide the required disclosure where applicable for impairment tests from 1 October 2009.

- IAS 38 (Amendment), 'Intangible assets' (effective from July 1, 2009). The amended standard states that a prepayment may only be recognized in the event that payment has been made in advance of obtaining right of access of goods or receipt of services. This amendment is not expected to have a significant effect on the group's financial statements.

- IAS 39 (Amendment), 'Financial Instruments: Recognition and Measurement' - Reclassification of Financial Assets (effective from July 1, 2009). This amendment to the Standard permits an entity to reclassify non-derivative financial assets (other than those designated at fair value through profit or loss by the entity upon initial recognition) out of the fair value through profit or loss category in particular circumstances. The amendment also permits an entity to transfer from the available-for-sale category to the loans and receivables category, a financial asset that would have met the definition of loans and receivables (if the financial asset had not been designated as available-for-sale), if the entity has the intention and ability to hold that financial asset for the foreseeable future. The management is in the process of assessing the impact of its adoption on the group's financial statements.

2.2.3 Standards and interpretations to existing standards that are not applicable to the group and not yet effective

Standards or Interpretation	Effective date (accounting periods beginning on or after)
IFRS 2 - Share based payments	January 01, 2009
IFRS 4 - Insurance Contracts	January 01, 2009
IFRIC 12 - Service Concession Arrangements	July 01, 2009
IFRIC 13 - Customer loyalty programmes	July 01, 2009
IFRIC 15 - Accounting for agreements for the construction of real estate	January 01, 2009
IFRIC 16 - Hedge of net investment in a foreign operation	July 01, 2009
IFRIC 17 - Distribution of non-cash assets to owners	July 01, 2009
IFRIC 18 - Transfers of Assets from Customers	July 01, 2009

3. BASIS OF MEASUREMENT

3.1 These consolidated financial statements have been prepared under the historical cost convention except for revaluation of certain employees' retirement benefits at present value as referred to in note 4.3, revaluation of certain property, plant and equipment, biological assets and certain financial instruments at fair values as referred to in notes 4.4, 4.7 and 4.9 respectively.

3.2 The group's significant accounting policies are stated in note 4. Not all of these significant policies require the management to make difficult, subjective or complex judgment or estimates. The following is intended to provide an understanding of the policies the management considers critical because of their complexity, judgment of estimation involved in their application and their impact on these consolidated financial statements. Estimates and judgments are continually evaluated and are based on historical experience, including expectations of future events that are believed to be reasonable under the circumstances. These judgments involve assumptions or estimates in respect of future events and the actual results may differ from these estimates.

a) Retirement benefits

The group uses the valuation performed by an independent actuary as the present value of its retirement benefit obligations. The valuation is based on assumptions as mentioned in note 4.3.

b) Recoverable amount of property, plant and equipment

The group basis its valuation of operating assets suspect to impairment upon valuation performed by an independent valuation expert. The valuation is based on fair value less costs to sell as mentioned in note 4.4.

c) Biological assets

The group basis its valuation upon yield assessment performed by an independent agricultural expert and computes fair value less estimated point of sales cost to arrive at its valuation. The fair value less estimated point of sales cost is based on factors mentioned in note 4.7.

4. SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies adopted in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all years presented, unless otherwise stated.

4.1 Consolidation

a) Subsidiaries

Subsidiaries are all entities over which the group has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. The consolidated financial statements include Shakarganj Mills Limited and all companies in which it directly or indirectly controls, beneficially owns or holds more than 50% of the voting securities or otherwise has power to elect and appoint more than 50% of its directors. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the group controls another entity. Subsidiaries are fully consolidated from the date on which control is transferred to the group. They are de-consolidated from the date that control ceases.

The purchase method of accounting is used to account for the acquisition of subsidiaries by the group. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any minority interest. The excess of the cost of acquisition over the fair value of the group's share of the identifiable net assets acquired is recorded as goodwill. If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognized directly in the income statement.

Inter-company transactions, balances and unrealized gains on transactions between group companies are eliminated. Unrealized losses are also eliminated but considered an impairment indicator of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the group.

Subsidiaries, which the parent company intends to dispose off from the group within twelve months of the balance sheet, are also consolidated and shown under discontinued operations as referred to in note 32.

b) Minority interests

The group applies a policy of treating transactions with minority interests as transactions with parties external to the group. Disposals to minority interests result in gains and losses for the group that are recorded in the income statement.

Purchases from minority interests results in goodwill, being the difference between any consideration paid in the relevant share acquired of the carrying value of net assets of subsidiaries.

c) Associates

Associates are all entities over which the group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting and are initially recognized at cost. The group's investment in associates includes goodwill identified on acquisition, net of any accumulated impairment loss.

Associates, which the group intends to dispose off within twelve months of the balance sheet date are not accounted for under the equity method and are shown under Non-current assets held for sale at lower of carrying and fair value.

The group's share of its associates' post-acquisition profits or losses is recognized in the income statement, and its share of post-acquisition movements in reserves is recognized in reserves. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. When the group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the group does not recognize further losses, unless it has incurred obligations or made payments on behalf of the associate.

Unrealized gains on transactions between the group and its associates are eliminated to the extent of the group's interest in the associates. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the group.

Dilution gains and losses arising in investments in associates are recognized in the income statement.

4.2 Taxation

Current

Provision of current tax is based on the taxable income for the year determined in accordance with the prevailing law for taxation of income. The charge for current tax is calculated using prevailing tax rates or tax rates expected to apply to the profit for the year if enacted. The charge for current tax also includes adjustments, where considered necessary, to provision for tax made in previous years arising from assessments framed during the year for such years.

Deferred

Deferred tax is accounted for using the balance sheet liability method in respect of all temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of the taxable profit.

Deferred tax liabilities are generally recognized for all taxable temporary differences and deferred tax assets are recognized to the extent that it is probable that taxable profits will be available against which the deductible temporary differences, unused tax losses and tax credits can be utilized.

Provision is not made for taxation, which would become payable if retained profits of subsidiaries were distributed to the parent company, as it is not the intention to distribute more than the dividends, the tax on which is included in the financial statements.

Deferred tax is calculated at the rates that are expected to apply to the period when the differences reverse based on tax rates that have been enacted or substantively enacted by the balance sheet date. Deferred tax is charged or credited in the income statement, except in the case of items credited or charged to equity in which case it is included in equity.

4.3 Employees' retirement benefits

4.3.1 Defined benefit plans

Parent

The main feature of the schemes operated by the parent company for its employees of sugar and allied divisions are as follows:

All permanent employees who are in the management cadre of the parent company participate in an approved funded defined benefit pension plan. In addition, there is an approved funded defined benefit gratuity scheme for all permanent employees, who are in the management cadre of the parent company subject to a minimum qualifying period of service according to the terms of employment. Monthly contributions are made to these funds on the basis of actuarial recommendation at the rate of 20% per annum of basic salary for pension and 8.33% per annum of basic salary for gratuity. Actuarial valuation for the schemes was carried out as at September 30, 2008.

Actual returns on plan assets during the year were Rs 18.260 million and Rs 1.859 million for pension and gratuity funds respectively. The actual returns on plan assets represent the difference between the fair value of plan assets at the beginning of the year and as at the end of the year after adjustments for contributions made by the parent company as reduced by benefits paid during the year.

The future contribution rates of these plans include allowances for deficit and surplus. Projected unit credit method using the following significant assumptions, is used for valuation of these schemes:

Discount rate	12%	per annum
Expected increase in eligible pay	11-12%	per annum
Expected rate of return on plan assets	14%	per annum
Expected mortality rate	EFU 61-66 mortality table adjusted for company's experience	
Expected withdrawal and early retirement rate	Based on experience	

Plan assets include long term Government bonds, term finance certificates of financial institutions; preference shares and ordinary shares of listed and unlisted companies and term deposits with banks. Return on Government bonds and debt is at fixed rates.

The parent company is expected to contribute Rs 9.385 million and Rs 4.500 million to the pension and gratuity funds respectively in the next year ending September 30, 2010.

Experience gains and losses arising during the year are recognized immediately in accordance with the provisions of IAS 19.

The parent company's policy with regard to actuarial gains/losses follows minimum recommended approach under IAS 19 (revised 2000).

Subsidiary

SFL operates a scheme covering all permanent employees who complete the prescribed qualifying period of service. The obligations under the gratuity scheme are calculated on the basis of last drawn salary and the length of service of the employee.

4.3.2 Defined contribution plan

Parent

There is an approved funded contributory provident fund for all permanent employees. Equal monthly contributions are made by the parent company and employees to the fund in accordance with the fund rules.

Interest @ 7-8% per annum is payable to the fund on the balances utilized by the parent company which is charged to profit.

Retirement benefits are payable to staff on completion of prescribed qualifying period of service under these schemes.

Subsidiary

SFL operated a provident fund scheme for its eligible permanent employees until March 2009, after which the fund was discontinued. Equal monthly contributions were made to the fund by the subsidiary company and eligible employees.

4.4 Property, plant and equipment

Freehold land, buildings and plant and machinery of the parent company as at September 30, 1979 have been revalued by an independent valuer as of that date. Land was revalued again as at September 30, 2007, September 30, 2008 and September 30, 2009 by an independent valuer by reference to its current market price. These are shown at revalued figures less accumulated depreciation and any identified impairment loss. Additions subsequent to that date are stated at cost less accumulated depreciation and any identified impairment loss. All other property, plant and equipment are stated at cost less accumulated depreciation and any identified impairment loss. Costs in relation to certain property, plant and equipment comprises of historical cost, revalued amount and borrowing costs referred to in note 4.21.

Increases in the carrying amount arising on revaluation of property, plant and equipment are credited to surplus on revaluation of property, plant and equipment. Decreases that offset previous increases of the same assets are charged against this surplus, all other decreases are charged to income. Each year the difference between depreciation based on revalued carrying amount of the asset (the depreciation charged to the income) and depreciation based on the assets' original cost is transferred from surplus on revaluation of property, plant and equipment to unappropriated profit. All transfers to/from surplus on revaluation of property, plant and equipment are net of applicable deferred taxation.

Depreciation on all property, plant and equipment, except land is charged to profit on the reducing balance method so as to write off the cost of an asset over its estimated useful life at the annual rates given in note 19 after taking into account the impact of their residual values, if considered significant.

The assets' residual values and useful lives are reviewed, at each financial year end, and adjusted if impact on depreciation is significant. The group's estimate of the residual value of its property, plant and equipment as at September 30, 2009 has not required any adjustment as its impact is considered insignificant.

Depreciation on additions to property, plant and equipment is charged from the month in which the asset is acquired or capitalized, while no depreciation is charged for the month in which the asset is disposed off.

The group assesses at each balance sheet date whether there is any indication that property, plant and equipment may be impaired. If such indication exists, the carrying amount of such assets are reviewed to asses whether they are recorded in excess of their recoverable amount. Where carrying values exceed the respective recoverable amount, assets are written down to their recoverable amounts and the resulting impairment is recognized in income currently. The recoverable amount is the higher of an asset's fair value less cost to sell and value in use. Where an impairment loss is recognized, the depreciation charge is adjusted in the future periods to allocate the asset's revised carrying amount over its estimated useful life.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the group and the cost of the item can be measured reliably. All other repair and maintenance costs are charged to income during the period in which they are incurred.

The gain or loss on disposal or retirement of an asset represented by the difference between the sale proceeds and the carrying amount of the asset is recognized as an income or expense.

4.5 Intangible assets

a) Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets of the acquired subsidiary / associate at the date of acquisition. Goodwill on acquisitions of subsidiaries is included in 'intangible assets'. Goodwill on acquisitions of associates is included in 'investments in associates' and is tested for impairment as part of the overall balance. Separately recognized goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Impairment losses on goodwill are not reversed. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose.

b) Trademarks and licenses

Acquired trademarks and licenses are shown at historical cost. Trademarks and licenses have a finite useful life and are carried at cost less accumulated amortization. Amortization is calculated using the straight-line method to allocate the cost of trademarks and licenses over their estimated useful lives at rates mentioned in note 20.

c) Computer software

Acquired trademarks and licenses are shown at historical cost. Trademarks and licenses have a finite useful life and are carried at cost less accumulated amortization. Amortization is calculated using the straight-line method to allocate the cost of trademarks and licenses over their estimated useful lives.

Acquired computer software licenses are capitalized on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortized over their estimated useful lives Intangible assets. Amortization is charged to income on the straight line basis so as to write off the cost of an asset over its estimated useful life at rates mentioned in note 20. Amortization on additions is charged from the month in which an asset is acquired or capitalized while no amortization is charged for the month in which the asset is disposed off.

The group assesses at each balance sheet date whether there is any indication that intangible assets may be impaired. If such indication exists, the carrying amount of such assets are reviewed to asses whether they are recorded in excess of their recoverable amount. Where carrying values exceed the respective recoverable amount, assets are written down to their recoverable amounts and the resulting impairment is recognized in income currently. The recoverable amount is the higher of an asset's fair value less cost to sell and value in use. Where an impairment loss is recognized, the amortization charge is adjusted in the future periods to allocate the asset's revised carrying amount over its estimated useful life.

4.6 Capital work-in-progress

Capital work-in-progress is stated at cost less any identified impairment loss.

4.7 Biological assets

Biological assets comprise of standing crops and livestock. These are stated at fair value less estimated point-of-sale costs, with any resultant gain or loss recognized in the profit and loss account. The fair value of standing crops is based on the support price fixed by the Government and other factors such as estimated crop yield and area under cultivation. The fair value of livestock is estimated on the basis of market prices of livestock of similar age, breed and genetic merit. Point-of-sale costs include all costs that are necessary to sell the assets, excluding costs necessary to get the assets to the market.

4.8 Leases

The group is the lessee:

4.8.1 Finance leases

Leases where the group has substantially all the risks and rewards of ownership are classified as finance leases. Assets subject to finance lease are initially recognized at lower of present value of minimum lease payments under the lease arrangements and the fair value of assets. Subsequently these assets are stated at cost less accumulated depreciation and any identified impairment loss.

Each lease payment is allocated between the liability and finance cost so as to achieve a constant rate on the balance outstanding. The interest element of the rental is charged to profit over the lease term.

The related rental obligations, net of finance cost, are included in liabilities against assets subject to finance lease as referred to in note 10. The liabilities are classified as current and non-current depending upon the timing of the payment.

Assets acquired under a finance lease are depreciated over the useful life of the asset on reducing balance method at the rates given in note 21. Depreciation on leased assets is charged to the profit and loss account.

Depreciation on additions to leased assets is charged from the month in which an asset is acquired while no depreciation is charged for the month in which the asset is disposed off.

4.8.2 Operating leases

Leases where a significant portion of the risks and rewards of ownership are retained by the lesser are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to profit on a straight-line basis over the lease term.

4.9 Investments

Held to maturity

Investments with fixed maturity that the management has the intent and ability to hold to maturity are classified as held to maturity and are initially measured at cost and at subsequent reporting dates measured at amortized cost using the effective yield method.

Available for sale

Investments, including investments in associated undertakings where the group does not have significant influence, that are intended to be held for an indefinite period or may be sold in response to a need for liquidity, are classified as available for sale. Investments classified as available for sale are initially measured at cost, being the fair value of consideration given. At subsequent reporting dates, these investments are remeasured at fair value, unless fair value cannot be reliably measured. Unrealized gains and losses arising from changes in the fair value are included in fair value reserve in the period in which they arise.

Investments intended to be held for less than twelve months from the balance sheet date or to be sold to raise operating capital, are included in current assets, all other investments are classified as non-current. Management determines the appropriate classification of its investments at the time of the purchase and re-evaluates such designation on a regular basis.

Held for trading

Investments that are acquired principally for the purpose of generating a profit from short term fluctuations in price are classified as trading investments and included in current assets. These are initially measured at cost and at subsequent reporting dates, these investments are remeasured at fair value. Realized and unrealized gains and losses arising from changes in fair value are included in net profit or loss for the period in which they arise.

The fair value of publicly traded securities is based on market prices quoted on the Karachi Stock Exchange at the balance sheet date. The investments for which a quoted market price is not available, are measured at cost as it is not practical to apply any other valuation methodology.

All purchases and sales of investments are recognized on the trade date which is the date that the group commits to purchase or sell the investment. Cost of purchase includes transaction cost.

At each balance sheet date, the group reviews the carrying amounts of the investments to assess whether there is any indication that such investments have suffered an impairment loss. If any such indication exists, the recoverable amount is estimated in order to determine the extent of the impairment loss, if any. Impairment losses are recognized as expense. In respect of 'available for sale' financial assets, cumulative impairment loss less any impairment loss on that financial asset previously recognized in profit and loss account, is removed from equity and recognized in the profit and loss account. Impairment losses recognized in the profit and loss account on equity instruments are not reversed through the profit and loss account.

4.10 Stores, spares and loose tools

Usable stores and spares are valued principally at moving average cost, while items considered obsolete are carried at nil value. Items in transit are valued at cost comprising invoice value plus other charges paid thereon. Provision is made in the financial statements for obsolete and slow moving stores and spares based on management's estimate.

4.11 Stock-in-trade

Stock of raw materials, work-in-process and finished goods, except for those in transit are valued principally at the lower of weighted average cost and net realizable value. Cost of work-in-process and finished goods comprises cost of direct materials, labour and appropriate manufacturing overheads. Cost of own produced molasses, a by product, is determined on the basis of monthly average cost of molasses purchased from third parties.

Materials in transit are stated at cost comprising invoice values plus other charges paid thereon.

Net realizable value signifies the estimated selling price in the ordinary course of business less costs necessary to be incurred in order to make a sale. Provision is made in the financial statements for obsolete and slow moving stock in trade based on management's estimate.

4.12 Financial assets and liabilities

Financial assets and financial liabilities are recognized, at the time when the group becomes a party to the contractual provisions of the instrument and derecognized when the group loses control of contractual rights that comprise the financial assets and in the case of financial liability when the obligation specified in the contract is discharged, cancelled or expired. Any gain or loss on derecognition of financial assets and financial liabilities is included in the profit and loss account for the year. All financial assets and liabilities are initially measured at cost, which is the fair value of consideration given and received respectively. These financial assets and liabilities are subsequently measured at fair value or cost as the case may be. The particular measurement methods adopted are disclosed in the individual policy statements associated with each item.

4.13 Offsetting of financial assets and liabilities

Financial assets and liabilities are offset and the net amount is reported in the financial statements only when there is a legally enforceable right to set off the recognized amount and the group intends either to settle on a net basis or to realize the assets and to settle the liabilities simultaneously.

4.14 Trade debts

Trade debts are carried at original invoice amount less an estimate made for doubtful receivable balances based on review of outstanding amounts at the year end. Bad debts are written off when identified.

4.15 Cash and cash equivalents

Cash and cash equivalents are carried in the balance sheet at cost. For the purpose of cash flow statement, cash and cash equivalents comprise cash in hand, demand deposits, other short term highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value.

4.16 Non-current assets held for sale

Non-current assets are classified as assets held for sale and stated at the lower of carrying amount and fair value less costs to sell if their carrying value is to be recovered principally through a sale transaction rather than through continuing use.

4.17 Borrowings

Loans and borrowings are recorded at the proceeds received. In subsequent periods, borrowings are stated at amortized cost using the effective yield method. Preference shares, which are redeemable on a specific date at the option of the holder, are classified as liabilities. The dividend on these preference shares is recognized in the profit and loss account as finance cost. Preference shares are classified as equity to the extent there is conclusive evidence that these will not result in an outflow of another financial asset or exchange of financial assets or liabilities under conditions that are potentially unfavorable to the group.

Finance cost is accounted for on an accrual basis and are reported under accrued finance costs to the extent unpaid.

4.18 Creditors, accruals and provisions

Liabilities for creditors and other amounts payable are carried at cost, which is the fair value of the consideration to be paid in future for the goods and/or services received, whether or not billed to the group.

Provisions are recognized when the group has a present legal or constructive obligation as a result of past events, it is probable, will result in an outflow of resources embodying economic benefits, to settle the obligation and a reliable estimate of the amount can be made. Provisions are reviewed at year end and adjusted to reflect the current best estimate.

4.19 Deferred income

Deferred income represents excess of sale proceeds in relation to the carrying amount of the asset acquired under sale and lease back arrangement. Deferred income is amortized on a straight line basis over the period of lease term.

4.20 Derivative financial instruments

These are initially recorded at cost on the date a derivative contract is entered into and are remeasured to fair value at subsequent reporting dates. The method of recognizing the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. The group designates certain derivatives as cash flow hedges.

The group documents at the inception of the transaction the relationship between the hedging instruments and hedged items, as well as its risk management objective and strategy for undertaking various hedge transactions. The group also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in cash flow of hedged items.

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognized in equity. The gain or loss relating to the ineffective portion is recognized immediately in the profit and loss account.

Amounts accumulated in equity are recycled in the profit and loss account in the periods when the hedged item affects profit or loss. The gain or loss relating to the effective portion of interest rate swaps hedging variable rate borrowings is recognized in the profit and loss account within 'finance costs'. The gain or loss relating to the ineffective portion is recognized in the profit and loss account within 'other operating income/expenses'.

4.21 Foreign currency transactions and translation

Foreign currency transactions are translated into Pak Rupees using the exchange rates prevailing at the dates of the transactions. All monetary assets and liabilities in foreign currencies are translated into Pak Rupees at the rates of exchange prevailing at the balance sheet date. Foreign exchange gains and losses on translation are recognized in the profit and loss account. All non-monetary items are translated into rupees at exchange rates prevailing on the date of transaction or on the date when fair values are determined.

The financial statements are presented in Pak Rupees, which is the group's functional and presentation currency.

4.22 Borrowing costs

Mark-up, interest and other charges on borrowings are capitalized upto the date of commissioning of the respective property, plant and equipment, acquired out of the proceeds of such borrowings. All other mark-up, interest and other charges are charged to profit.

4.23 Revenue recognition

Revenue from sales is recognized on dispatch of goods to customers.

Revenue from sale of electricity is recognised on transmission of electricity to Faisalabad Electric Supply Company (FESCO).

Dividend on equity investments is recognized as income when the right of receipt is established.

Return on deposits is accrued on a time proportion basis by reference to the principal outstanding and the applicable rate of return.

4.24 Business segments

A business segment is a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different from those of other business segments. Business segments are the primary reporting format and the group is organized into eight business segments:

- Sugar division - manufacture and sale of sugar;
- Ethanol division - manufacture and sale of ethanol;
- Building Materials division - manufacture and sale of particle boards;
- Textile division - manufacture and sale of yarn;
- Engineering division - design, fabrication and sale of industrial scale steel equipment;
- Power division - generation and sale of electricity;
- Dairy and Fruit Products division - manufacture and sale of UHT milk and cream, milk powder, desi ghee, fruit pulp and concentrate juices; and
- Investment Advisory division - rendering investment advisory services for mutual fund.

The parent company reduced its holding in Shakarganj Food Products Limited during the current from 53% to 44.77%, thus converting it from subsidiary to associate. Secondly the parent company sold its Engineering Division during the current year to associated company, Crescent Steel and Allied Products Limited.

A geographical segment is engaged in providing products or services within a particular economic environment that are subject to risks and returns that are different from those of segments operating in other economic environments. The group mainly operates in one economic environment, hence there are no geographical segments.

4.24.1 Segment assets and liabilities

The assets of a segment include all operating assets used by a segment and consists principally of operating cash, receivables, inventories and property, plant and equipment, net off allowances and provisions.

Segment liabilities include all operating liabilities consisting principally of deferred liabilities, other payables and accrued liabilities.

The carrying amount of identifiable assets and liabilities are directly attributed to respective segments. The carrying amount of jointly used assets and liabilities of sugar and allied segments is classified as unallocated assets and liabilities.

4.24.2 Allocation of segment expenses

All identifiable expenses are directly attributed to the respective segments. The jointly incurred expenses of sugar and allied segments are allocated on the basis of segment revenues.

4.25 Dividends

Dividend distribution to the parent company's shareholders is recognized as liability at the time of their declaration.

5. Issued, subscribed and paid up capital

2009	2008		2009	2008
(Number of shares)			(Rupees in thousand)	
		Ordinary		
23,544,798	23,544,798	Ordinary shares of Rs 10 each fully paid in cash	**235,448**	235,448
33,131,816	33,131,816	Ordinary shares of Rs 10 each issued as fully paid bonus shares	**331,318**	331,318
12,847,184	12,847,184	Ordinary shares of Rs 10 each issued as fully paid for consideration other than cash	**128,472**	128,472
69,523,798	69,523,798		**695,238**	695,238

Ordinary shares of the parent company held by associated undertakings as at year end are as follows:

	2009	2008
	(Number of shares)	
Crescent Jute Products Limited	**200,640**	200,640
Crescent Steel and Allied Products Limited	**15,244,665**	15,244,665
Crescent Sugar Mills & Distillery Limited	**2,865,830**	2,865,830
The Crescent Textile Mills Limited	**5,427,488**	5,450,988
	23,738,623	23,762,123

6. This represents share deposit money received last year from IGI Finex Securities Limited. Shares were issued against it during the year.

	2009	2008
	(Rupees in thousand)	

7. SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT

Revaluation - net of deferred tax	**2,043,827**	1,840,226
Revaluation surplus arising during the year	**(303,490)**	203,623
Surplus transferred to accumulated losses on account of:		
- incremental depreciation - net of tax	**(21)**	(22)
- disposal of land	**(40,872)**	-
	1,699,444	2,043,827

Freehold land, buildings and plant and machinery of the principal facility (parent company) at Jhang were revalued by an independent valuer as at September 30, 1979. Freehold land of the parent company was again revalued as at September 30, 2007, September 30, 2008 and then as at September 30, 2009 by an independent valuer by reference to its current market price. Plant and machinery and land is stated in note 19 at appreciated value. The revaluation surplus is net of applicable deferred income taxes. Incremental depreciation represents the difference between the actual depreciation on buildings and plant and machinery and the equivalent depreciation based on the historical cost of buildings and plant and machinery. Incremental depreciation represents the difference between the actual depreciation on buildings and plant and machinery and the equivalent depreciation based on the historical cost of buildings and plant and machinery.

		2009	2008
		(Rupees in thousand)	

8. LONG TERM FINANCES

Long term loans - secured	- note 8.1	**1,475,275**	1,889,073
Redeemable capital			
Preference shares (non-voting) - unsecured	- note 8.4	**345,755**	345,755
Term finance certificates (non-voting) - secured	- note 8.5	**630,000**	630,000
		975,755	975,755
Long term running finances - secured	- note 8.6	**398,706**	398,820
		2,849,736	3,263,648
Less: Current portion shown under current liabilities			
- Long term loans - secured		**(695,703)**	(998,863)
- Redeemable capital - Preference Shares (non-voting) - secured		**(345,755)**	-
- Redeemable capital - term finance certificates (non-voting) - secured		**(126,126)**	-
- Long term running finances - secured		**(398,706)**	-
	- note 8.2	**(1,566,290)**	(998,863)
		1,283,446	2,264,785

8.1 Long term loans - secured

Loan	Lender	2009	2008		Rate of mark-up per annum	Number of installments Outstanding	Mark-up payable
1	Atlas Investment Bank Limited	-	5,000	**	Base rate + 3.5% subject to floor of 5.5%	None	Semi annual
2	Saudi Pak Commercial Bank Limited	**125,000**	175,000	*	Base rate + 3.75% and monitoring fee of 0.25% p.a	10 quarterly installments ending November 2011 including 1 overdue installment amounting to Rs 12.5 million	Quarterly
3	International Housing Finance Limited	-	913	****	Base rate + 4.25%	None	Monthly
4	Syndicate term loan - note 7.3	**351,000**	525,000	**	Base rate + 3% subject to floor of 5.25%	4 semi annual installments ending November 2010. Includes 1 partial payment of Rs. 36 million outstanding for the last semi annual period	Semi-annual
5	MCB Bank Limited	**91,875**	122,500	*	Base rate + 2% subject to floor of 8%	3 semi annual installments ending September 2010, including 1 over due installment of Rs. 30.625 million	Quarterly
6	Meezan Bank Limited	**10,239**	18,965	*	Base rate + 2% subject to floor of 8% and cap of 18%	4 quarterly installments ending April 2010 including 1 overdue installment of Rs 2.704 million	Quarterly
7	Faysal Bank (+)	**13,750**	17,500	*	Base rate + 3.25%	11 Quarterly installments ending December 2012 including 2 over-due installment amounting to Rs 2.5 million	Quarterly
8	Faysal Bank (++)	**1,350**	2,700	*	Base rate + 2.6%	3 quarterly installments ending November 2009 including 2 over-due installment amounting to Rs 1.35 million	Quarterly
9	Faysal Bank (+++)	**511**	2,044	*	Base rate + 3%	1 Quarterly installments ending June 2009 are outstanding which amount to Rs. .511 million	Quarterly
10	Faysal Bank	**64,000**	64,000	*	Base rate + 3.25%	3 years revolving arrangement ending March 2011	Semi annual
11	National Bank of Pakistan	**217,600**	244,800	*	Base rate + 2.5%	8 semi annual installments ending November 2012	Quarterly
12	National Bank of Pakistan	**199,950**	-	*****	Base rate +3%	20 quarterly installments ending June 2014 including 1 overdue installment of Rs.10 million	Quarterly
13	Standard Chartered Bank	**400,000**	400,000	*	Base rate + 2.25%	10 semi annual installments including grace period of 12 months ending June 2014	Semi annual
14	Allied Bank of Pakistan	-	280,000	*	Base rate + 2%	None	Semi annual
15	Industrial Development Bank of Pakistan	-	30,651			None	Not applicable
		1,475,275	1,889,073				

* Base rate: Average ask rate of six-month Karachi Inter Bank Offer Rate ("KIBOR") reset for each mark-up period

** Base rate: Cut-off yield of the last auction of the 6-months Government of Pakistan Treasury Bills

*** Base rate: SBP Discount rate to be set for each mark-up period

**** Base rate: Average ask rate of twelve-month Karachi Inter Bank Offer Rate ("KIBOR") to be reset for each mark-up period

***** Base rate: Average ask rate of three-month Karachi Inter Bank Offer Rate ("KIBOR") to be reset for each mark-up period

Security

Loan 1 to 2

These are secured against first charge on property, plant and equipment of the parent company ranking pari passu with other creditors.

Loan 3

It is secured against equitable mortgage on immovable property financed through the loan.

Loan 4

The loan is secured by first charge by way of hypothecation over all moveable assets of the parent company and equitable mortgage charge over plant and machinery of the satellite facility of the parent company.

Loan 5 to 9

These are secured against specific charges on plant and machinery parent company financed through the respective loans.

Loan 10

These are secured by way of a charge on agriculture land and 1st pari passu charge on fixed assets of the parent company.

Loan 11

These are secured by way of 1st pari passu charge over present and future property, plant and equipment of the parent company.

Loan 12

These are secured by way of first pari passu charge on fixed assets of the parent company.

Loan 13

These are secured by way of hypothecation over all present and future moveable assets of the parent company and mortgage of land and buildings.

8.2 The aggregate current portion of Rs 1.566 billion includes over due installments of principal aggregating to Rs 585.932 million (2008: Nil). As referred to in note 1.3, the parent company is currently negotiating with the lenders for rescheduling of the above loans for relaxation in payment period. The lenders, currently engaged with the parent company for finalisation of restructuring agreements, have neither demanded for repayment of loans nor charged any significant penalties. Furthermore, none of the banks have sought intervention of courts for realisation of their financing in the parent company. The parent company is confident that the above loans will be rescheduled by the lenders a referred to in note 1.3.

8.3 Derivative cross-currency Interest Rate Swap

The parent company has entered into a cross-currency interest rate swap for its syndicate term loan to hedge the possible adverse movements in interest rates. Under the terms of the interest rate swap arrangement, the parent company pays Libor plus bank spread to the arranging bank on the syndicate term loan denominated in US $ for the purposes of the interest rate swap, and receives KIBOR on same loan denominated in PAK rupees from the arranging bank. There has been no transfer of liability under this arrangement, only the nature of the interest payments has changed. As this hedging relationship is ineffective and does not meet the criteria of cash flow hedge, this arrangement does not qualify for special hedge accounting specified in IAS 39 'Financial instruments: Recognition and Measurement'.

8.4 Redeemable preference shares (non-voting) - unsecured

Redeemable Preference shares (non-voting) were issued in 2005 to the shareholders of the parent company in the ratio of 85 preference shares for every 100 ordinary shares held as on October 22, 2004 and to certain institutional investors in equal proportion. These shares are listed on Lahore and Karachi Stock Exchanges. The conversion option is not binding either on the parent company or the preference shareholders except in case of the conversion upon maturity, where the preference shareholders opt for conversion, subsequent to the parent company's failure to pay preferred dividend during the entire tenure.

Terms of redemption

Preference shareholders may convert preference shares into ordinary shares of the parent company at the end of every financial year or the parent company may convert these preference shares into ordinary shares in whole or in part through a tender offer. The conversion is set in the ratio of 167 ordinary shares of the parent company for every 1,000 preference shares at a face value of Rs 10 each.

The preference shares are to be redeemed in year ending September 30, 2010 if the conversion option is not offered by the parent company to preference shareholders or the preference shareholders do not opt for the conversion option.

Rate of dividend

The preference shareholders have a preferred right of dividend @ 8.5% per annum on a cumulative basis.

8.4.1 Preference shares of the parent company held by associated undertakings as at year end are as follows:

	2009	2008
	(Number of shares)	
Crescent Steel and Allied Products Limited	**2,999,396**	2,999,396
The Crescent Textile Mills Limited	**2,746,050**	2,746,050
Premier Insurance Company of Pakistan Limited	**53,125**	53,125
	5,798,571	5,798,571

8.5 Redeemable term finance certificates (non-voting) - secured

The TFCs have been issued by the parent company to finance the acquisition and establishment of a new sugar plant and its existing business operations and for other purposes permitted by the Memorandum and Articles of Association.

Terms of redemption

The term finance certificates (TFC's) are redeemable in 6 years. The principal balance is payable in ten equal semi-annual installments after a grace period of 1 year. The first installment will be due at the end of March 2010, being the end of 18th month from the issue date (September 22, 2008). Mark up is charged at average 6 months KIBOR plus 2.25% and is payable semi-annually in arrears.

Security

The TFC's are secured by a first pari passu charge by way of hypothecation over all present and future movable fixed assets of the parent company and first pari passu mortgage by deposit of title deeds over land and building of the parent company to the extent of outstanding face value of the TFC's plus 25% margin.

8.6 Long term running finances - secured

Long term running finance facilities available from the Bank of Punjab under mark-up arrangements amount to Nil (2008: 400 million) at a mark-up of Re 0.521 per Rs 1,000 per diem on the outstanding balance or part thereof. The aggregate running finances are secured against pledge of stock-in-trade, marketable securities and ranking charge on current assets of the parent company. The facilities have expired in July 2009 and are repayable immediately.

9. LONG TERM ADVANCES

		2009	2008
		(Rupees in thousand)	
Advance from associate	- note 9.1	**-**	15,000

9.2 This was an unsecured interest free amount advanced by an associate, Crescent Steel and Allied Products Limited (CSAPL) and was intended to be invested in the shares of Safeway Fund Limited (SFL), a subsidiary company. Due to changes in market and financial conditions, this plan has been placed on hold and the subsidiary company therefore returned the amount to CSAPL.

10. LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE

	2009	2008
	(Rupees in thousand)	
Present value of minimum lease payments	**351,051**	453,791
Less: Current portion shown under current liabilities	**(197,276)**	(161,408)
	153,775	292,383

The minimum lease payments have been discounted at an implicit interest rate ranging from 8.44% to 18.93% to arrive at their present value. Rentals are paid in monthly/quarterly/semi-annual installments and in case of default in any payment, an additional charge at the rate of 3% to 36.5% shall be paid. The lessee has the option to purchase the assets after expiry of the lease term.

Taxes, repairs and insurance costs are to be borne by the group companies. In case of early termination of lease, the lessee shall pay entire amount of rentals for unexpired period of lease agreement.

The amount of future payments of the lease and the period in which these payments will become due are as follows:

	Minimum Lease payments	Future finance cost	Present value of lease liability 2009	Present value of lease liability 2008
	(Rupees in thousand)			
Not later than one year	226,381	29,105	**197,276**	161,408
Later than one year and not later than five years	173,670	19,895	**153,775**	292,383
	400,051	49,000	**351,051**	453,791

10.1 Current portion includes principal portion of overdue installments amounting to Rs 64.510 million (2008: Nil).

11. EMPLOYEES' RETIREMENT BENEFITS

		2009	2008
		(Rupees in thousand)	
Balance sheet obligations for:			
Parent			
Pension fund	- note 11.1	**13,855**	12,024
Gratuity fund	- note 11.2	**(1,541)**	(995)
		12,314	11,029
Subsidiary			
Unfunded gratuity scheme	- note 11.3	**-**	6,649
Accumulating compensated absences	- note 11.4	**-**	2,159
		-	8,808
		12,314	19,837
Profit and Loss account charge for:			
Parent			
Pension fund	- note 11.1	**9,155**	9,785
Gratuity fund	- note 11.2	**3,697**	3,736
		12,852	13,521
Subsidiary			
Unfunded gratuity scheme	- note 11.3	**-**	4,010
Accumulating compensated absences	- note 11.4	**-**	883
		-	4,893
		12,852	18,414

	2009	2008
	(Rupees in thousand)	

11.1 Pension fund - Parent

The amounts recognized in the balance sheet are determined as follows:

	2009	2008
Present value of defined benefit obligations	**161,675**	145,490
Fair value of plan assets	**(168,530)**	(147,386)
Non vested (past service) cost to be recognized in later periods	**(4,298)**	(5,730)
Unrecognized actuarial losses	**25,008**	19,650
Liability as at September 30	**13,855**	12,024

The movement in the defined benefit obligation over the year is as follows:

	2009	2008
Present value of defined benefit obligations as at October 1	**145,490**	139,975
Current Service Cost	**8,433**	7,880
Interest Cost	**20,369**	13,997
Benefits paid during the year	**(4,437)**	(3,849)
Actuarial gains	**(8,180)**	(12,513)
Present value of defined benefit obligations as at September 30	**161,675**	145,490

The movement in the fair value of plan assets of the year is as follows:

	2009	2008
Fair value as at October 1	**147,386**	135,250
Expected Return on plan assets	**20,634**	13,525
Contributions during the year	**7,322**	5,910
Benefits paid during the year	**(4,437)**	(3,849)
Actuarial losses	**(2,375)**	(3,450)
Fair value as at September 30	**168,530**	147,386

The amounts recognized in the Profit and Loss Account are as follows:

	2009	2008
Current Service Cost	**8,433**	7,880
Interest Cost	**20,369**	13,997
Expected return on plan assets	**(20,634)**	(13,525)
Past Service Cost	**1,433**	1,433
Actuarial gain recongnised	**(446)**	-
Total, included in salaries and wages	**9,155**	9,785

The amounts recognized were included in the Profit and Loss Account as follows:

	2009	2008
Cost of sales	**3,741**	4,305
Administrative expenses	**5,370**	5,163
Discontinued operations	**-**	117
Capital work in progress	**44**	200
Total, included in salaries and wages	**9,155**	9,785

The actual return on plan assets was Rs. 18.260 million (2008: Rs. 10.074 million)

The principal actuarial assumptions used were as follows:

	2009	2008
Discount Rate	**12%**	14%
Expected Return on plan assets	**14%**	10%
Future salary increases	**11%**	13%
Average expected remaining working life time of employees	**11 years**	11 years

	2009	2008
	(Rupees in thousand)	
Plan assets are comprised as follows:		
Equity Instruments	**31,035**	35,990
Debt Instruments	**107,145**	111,396
Others	**30,350**	-
	168,530	147,386

Fair value of plan assets include Preference Shares of the parent company whose fair value as at September 30, 2009 is Rs 3.511 million (2008: Rs 3.580 million).

The present value of defined benefit obligation, the fair value of plan assets and the surplus or deficit of pension fund is as follows:

	2008-09	2007-08	2006-07	2005-06	2004-05
			(Rupees in thousand)		
As at September 30					
Present value of defined benefit obligations	**161,675**	145,490	139,975	109,038	105,657
Fair value of plan assets	**(168,530)**	(147,386)	(135,250)	(116,759)	(99,831)
Deficit/(surplus)	**(6,855)**	(1,896)	4,725	(7,721)	5,826
Experience adjustment on plan liabilities	**(8,180)**	(12,513)	16,797	(7,997)	3,192
Experience adjustment on plan assets	**(2,375)**	(3,450)	6,737	6,836	8,076

11.2 Gratuity fund - Parent

The amounts recognized in the balance sheet are determined as follows:

	2009	2008
	(Rupees in thousand)	
Present value of defined benefit obligations	**42,362**	39,264
Fair value of plan assets	**(46,756)**	(39,642)
Unrecognized actuarial losses/(gains)	**2,853**	(617)
Asset as at September 30	**(1,541)**	(995)

	2009	2008
	(Rupees in thousand)	
The movement in the defined benefit obligation over the year is as follows:		
Present value of defined benefit obligations as at October 1	**39,264**	33,354
Current Service Cost	**3,750**	4,050
Interest Cost	**5,497**	3,335
Benefits paid during the year	**(1,518)**	(686)
Actuarial gains	**(4,631)**	(789)
Present value of defined benefit obligations as at September 30	**42,362**	39,264
The movement in the fair value of plan assets of the year is as follows:		
Fair value as at October 1	**39,642**	36,492
Expected Return on plan assets	**5,550**	3,649
Contributions during the year	**4,244**	1,739
Benefits paid during the year	**(1,518)**	(686)
Actuarial losses	**(1,162)**	(1,552)
Fair value as at September 30	**46,756**	39,642
The amounts recognized in the Profit and Loss Account are as follows:		
Current Service Cost	**3,750**	4,050
Interest Cost	**5,497**	3,335
Expected return on plan assets	**(5,550)**	(3,649)
Total, included in salaries and wages	**3,697**	3,736
The amounts recognized were included in the Profit and Loss Account as follows:		
Cost of sales	**1,583**	1,804
Administrative expenses	**2,114**	1,821
Discontinued operations	**-**	45
Capital work in progress	**-**	66
Total, included in salaries and wages	**3,697**	3,736

The actual return on plan assets was Rs. 1.859 million (2008: Rs. 2.097 million)

	2009	2008
The principal actuarial assumptions used were as follows:		
Discount Rate	**12%**	14%
Expected Return on plan assets	**14%**	10%
Future salary increases	**12%**	13%
Average expected remaining working life time of employees	**11 years**	10 years

	2009	2008
	(Rupees in thousand)	
Plan assets are comprised as follows:		
Equity Instruments	**10,266**	9,475
Debt Instruments	**40,863**	25,117
Others	**(4,373)**	5,049
	46,756	39,641

Fair value of plan assets include Ordinary shares and Preference Shares of the parent company whose fair values as at September 30, 2009 are Rs 0.516 million (2008:Rs 0.857 million) and Rs 0.509 million (2008: Rs 0.520 million) respectively.

The present value of defined benefit obligation, the fair value of plan assets and the surplus or deficit of gratuity fund is as follows:

	2008-09	2007-08	2006-07	2005-06	2004-05
			(Rupees in thousand)		
As at September 30					
Present value of defined benefit obligations	**42,362**	39,264	33,353	23,173	22,668
Fair value of plan assets	**(46,756)**	(39,642)	(36,491)	(30,236)	(25,087)
Deficit/(surplus)	**(4,394)**	(378)	(3,138)	(7,063)	(2,419)
Experience adjustment on plan liabilities	**(4,631)**	(789)	4,655	(3,225)	811
Experience adjustment on plan assets	**(1,162)**	(1,552)	551	785	1,548

11.3 Unfunded gratuity scheme - Subsidiary

	2008 (Rupees in thousand)
The amounts recognized in the balance sheet are determined as follows:	
Present value of defined benefit obligations	7,801
Unrecognized actuarial gains	(1,152)
Liability as at September 30	6,649
The movement in the defined benefit obligation over the year is as follows:	
Present value of defined benefit obligations as at October 1	3,395
Current Service Cost	3,670
Interest Cost	340
Benefits paid during the year	(689)
Actuarial losses	1,085
Present value of defined benefit obligations as at September 30	7,801
The amounts recognized in the Profit and Loss Account are as follows:	
Current Service Cost	3,670
Interest Cost	340
Past Service Cost	-
Total, included in salaries and wages	4,010

Of the total charge, Rs 2.275 million, Rs 0.972 million and Rs 0.758 million respectively were included in 'cost of sales', 'administrative expenses' and 'selling and distribution expenses' respectively.

	2008
The principal actuarial assumptions used were as follows:	
Discount Rate	14%
Future salary increases	13%
Average expected remaining working life time of employees	13 years

The present value of defined benefit obligation is as follows:

	2007-08	2006-07	2005-06	2004-05
	(Rupees in thousand)			
As at September 30				
Present value of defined benefit obligations	**7,801**	3,395	1,142	-
Experience adjustment on plan liabilities	**1,085**	46	-	-

11.4 Accumulating compensated absences - Subsidiary

	2008 (Rupees in thousand)
Opening balance as at October 1	1,284
Provision for the year	883
	(8)
Closing balance as at September 30	2,159

Of the total charge, Rs. 0.508 million, Rs. 0.143 million and Rs 0.233 million respectively were included in 'cost of sales' , 'administrative expenses' and 'selling and distribution expenses' respectively.

11.5 The figures of unfunded gratuity scheme stated in note 11.3 and that of accumulating compensated absences in note 11.4 relate to prior year of Shakarganj Food Products Limited (SFPL), a subsidiary company. As SFLP, due to dilution in shareholding in December 2008, became an associate and actuarial valuation was carried out only at September 30, 2009, Consequently current year figures are not being presented.

12. DEFERRED INCOME

This represents the unamortized balance of excess of sale proceeds over carrying amount of property, plant and equipment on sale and lease back transaction with financial institutions.

The deferred income is being amortized each year over the respective period of the lease term. The amount credited to the profit and loss account during the year was Rs 3.487 million (2008: Rs 2.899 million).

13. DEFERRED TAXATION

	2009	2008
	(Rupees in thousand)	
The deferred tax liability comprises temporary differences relating to:		
Accelerated tax depreciation	**846,404**	876,352
Employee retirement benefits	**-**	(2,928)
Unused tax losses	**(788,122)**	(867,899)
Diminution in value of investments	**(58,132)**	(5,525)
Investment in associated companies	**8,800**	8,500
	8,950	8,500

Deferred tax asset on tax losses available for carry forward and those representing minimum tax paid available for carry forward u/s 113 of the Income Tax Ordinance, 2001 are recognized to the extent that the realization of related tax benefits through future taxable profits is probable. The group has not recognized deferred tax assets of Rs 2,437.96 million (2008: 1,168.01 million) in respect of tax losses and Rs 60.36 million (2008: 85.18 million) in respect of minimum tax paid and available for carry forward u/s 113 of the Income Tax Ordinance, 2001, as sufficient tax profits would not be available to set these off in the foreseeable future. Minimum tax paid u/s 113 aggregating to Rs 60.36 million would not be available for carry forward against future tax liabilities subsequent to years 2010 through 2013. Tax losses amounting to Rs 79.34 million, Rs 810.42 million, Rs 785.16 million, Rs 1,400.73 million and Rs 840.39 million expire in year 2011, 2013, 2014, 2015 and 2016 respectively.

		2009	2008
		(Rupees in thousand)	

14. CURRENT PORTION OF LONG TERM LIABILITIES

		2009	2008
Long term finances	- note 8	**1,566,290**	998,863
Liabilities against assets subject to finance lease	- note 10	**197,276**	161,408
		1,763,566	1,160,271

15. SHORT TERM BORROWINGS - SECURED

		2009	2008
Running finances	- note 15.2	**3,052,895**	3,029,224
Export refinance	- note 15.3	**611,867**	572,298
Term finances	- note 15.4	**339,773**	509,318
		4,054,535	4,110,840

15.1 As per the original terms of the respective agreements with the banks, the aggregate borrowing facilities stand expired as at September 30, 2009. The parent company, as referred to in note 1.3 has entered into restructuring agreements with all the lenders, except National Bank of Pakistan Limited, whereby it has been allowed a bridge loan facility of Rs 2,539 million and short term running finance of Rs 2,863 million has been extended upto August 31, 2010.

15.2 Running finances

As per the original facilities, these finances were available at a markup ranging from Re 0.3910 to Re 0.5342 per Rs 1,000 per diem on the outstanding balance or part thereof. The aggregate running finances are secured against pledge of stock-in-trade and marketable securities and registered hypothecation charge on property, plant and equipment and current assets of the parent company.

15.3 Export refinance

As per the original facilities, these finances were available at a markup ranging from Re 0.1282 to Re 0.2425 per Rs 1,000 per diem or part thereof. The aggregate export and import finances are secured against lien on export contracts and first charge on current assets of the parent company.

15.4 Term finances

As per the original facilities, these finances were available at a markup ranging from Re 0.4011 to Re 0.5342 per Rs 1,000 per diem on the balance outstanding or part thereof. These are secured against pledge of stock-in-trade and registered charge on current and certain non-current assets of the parent company.

Of the aggregate facility of Rs 400 million (2008: Rs 50 million) for opening of letters of credit and Rs 110 million (2008: Rs 110 million) for guarantees, that was available to the parent company up till September 30, 2009, the amount utilized at September 30, 2009 was Rs Nil (2008: Rs 43.913 million) and Rs 86.500 million (2008: Rs 86.500 million) respectively. The aggregate facilities of letter of credits are secured against lien over shipping/import documents. The aggregate facilities for guarantees are secured against margin deposits referred to in note 28, pledge of marketable securities and charge on current assets of the parent company.

The aggregate facilities are additionally secured against ranking charges on non-current assets of the parent company.

16. TRADE AND OTHER PAYABLES

		2009	2008
		(Rupees in thousand)	
Trade creditors	- note 16.1	**544,624**	913,896
Advances from customers		**192,455**	85,403
Security deposits	- note 16.2	**2,903**	2,631
Accrued liabilities		**102,194**	101,872
Workers' profit participation fund	- note 16.3	**-**	94
Workers' welfare fund	- note 16.4	**2,388**	1,598
Sales tax payable		**3,417**	792
Unclaimed dividend		**1,564**	1,568
Derivative interest rate swap	- note 16.5	**29,771**	36,959
Penalties payable		**5,001**	4,996
Others	- note 16.6	**53,074**	57,368
		937,391	1,207,177

16.1 Trade creditors include amount due to related parties Rs 1.637 million (2008: Rs 0.136 million).

16.2 These are interest free and refundable on completion of contracts.

16.3 Workers' profit participation fund

	2009	2008
	(Rupees in thousand)	
As at October 1	**94**	94
Less: Payments made during the year	**(94)**	-
As at September 30	**-**	94

16.4 Workers' welfare fund

	2009	2008
As at October 1	**1,598**	575
Charge for the year	**790**	1,023
As at September 30	**2,388**	1,598

16.5 The parent company has entered into derivative interest rate swap arrangements to hedge for the possible adverse movements in interest rates arising on the interest payments due on its long term finances as mentioned in note 8.2. The derivative interest rate swap arrangements outstanding as at September 30, 2009 have been marked to market and the resulting gain of Rs 7.187 million (2008: loss of Rs 32.154 million) has been recognized in profit and loss account as referred to in note 38 as this hedging relationship does not meet the criteria of cash flow hedge and does not qualify for special hedge accounting specified in IAS 39 'Financial Instruments: Recognition and Measurement'.

16.6 Included in other liabilities are provisions aggregating to Rs 17.792 million (2008: Rs 29.038 million) in respect of probable loss from pending litigation of the parent company against Sales tax authorities and the Excise department. The movement in these provisions during the year is as follows:

	2009	2008
	(Rupees in thousand)	
As at October 1	**29,038**	29,038
Provision written back during the year	**(11,246)**	-
As at September 30	**17,792**	29,038

The above provisions have been made as per the management's best estimate against various demands raised by the Sales Tax Authorities and the Excise Department, which are being contested by the company at various forums.

17. ACCRUED FINANCE COST

		2009	2008
		(Rupees in thousand)	
Accrued mark-up on:			
- Long term finances		**274,124**	175,387
- Liabilities against assets subject to finance leases	- note 17.1	**23,015**	1,223
- Short term borrowings		**313,433**	159,854
		610,572	336,464

17.1 This includes finance cost of Rs 331.010 million (2008: Nil) which is overdue for payment as at September 30, 2009.

18. CONTINGENCIES AND COMMITMENTS

18.1 Contingencies

(i) The parent company has issued following guarantees:

Bank guarantee of Rs 86.50 (2008: Rs 86.50) million in favour of Sui Northern Gas Pipelines Limited against performance of contracts.

Cross corporate guarantee in favour of Allied Bank Limited to secure long term finance facility availed by the parent company's associate, Shakarganj Food Products Limited of Rs 467 million (2008: Rs 467 million).

(ii) The parent company has issued a post dated cheque in favour of the Collector of Customs against custom duty clearance in respect of import of plant and machinery amounting to Rs. 5.040 million (2008: 7.680 million).

18.2 Commitments

The parent company has the following commitments in respect of

(i) Letters of credit other than capital expenditure Rs Nil (2008: Rs 56.721 million).

(ii) Contract for capital expenditure amounting to Rs 71.213 million (2008: Rs 273.202 million) .

(iii) Contracts for acquisition of intangible (computer software) amounting to Rs. 20 million (2008: 20 million).

(iv) Contracts for other than capital expenditures Rs 5.008 million (2008: Nil)

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

	2009	2008
	(Rupees in thousand)	
Not later than one year	**27,037**	25,749
Later than one year and not later than five years	**30,139**	98,734
Later than five years	**-**	5,802
	57,176	130,285

19. PROPERTY, PLANT AND EQUIPMENT

2009 (Rupees in thousand)

	Cost/ re-valued amount October 1, 2008	Additions/ (deletions)	Disposal of subsidiary	Effect of revaluation as at September 30, 2009	Cost/ re-valued amount September 30, 2009	Accumulated depreciation as at October 1, 2008	Depreciation charge/ (deletions) for the year	Disposal of subsidiary	Impair-rment charge for the year	Accumulated depreciation/ impairment as at September 30, 2009	Book value as at September 30, 2009	Rate of depre-ciation %
Freehold land	2,364,674	8,181	(15,781)	(303,490)	1,997,513	-	-	-	-	-	1,997,513	-
		(56,071)										
Buildings and roads on freehold land	642,776	37,811	(66,347)	-	581,240	194,725	31,386	(8,183)	-	212,612	368,628	5-7.5
		(33,000)					(5,316)					
Plant and machinery	6,199,000	726,304	(995,745)	-	5,901,751	1,975,525	300,413	(115,921)	-	2,153,804	3,747,947	5-30
		(27,808)					(6,213)					
Tools and equipment	80,247	3,426	-	-	81,993	55,568	10,167	-	-	64,228	17,765	20-40
		(1,680)					(1,507)					
Water, electric and weighbridge equipment	273,790	102,160	-	-	374,906	143,923	42,921	-	-	186,263	188,643	10-40
		(1,044)					(581)					
Furniture and fixtures	44,277	553	(3,370)	-	40,788	26,626	3,046	(564)	-	28,860	11,928	10-20
		(672)					(248)					
Office equipment	39,612	2,989	(3,432)	-	37,809	31,331	3,371	(567)	-	33,901	3,908	10-40
		(1,360)					(234)					
Vehicles	105,950	12,135	(6,660)	-	101,869	47,339	12,311	(1,370)	-	53,657	48,212	20
		(9,556)					(4,623)					
Laboratory Equipment	19,366	-	(1,247)	-	18,119	14,377	1,631	(295)	-	15,713	2,406	10-40
Arms and ammunition	107	69		-	176	84	8	-	-	92	84	10
Library books	10,350	77		-	10,427	9,388	308	-	-	9,696	731	30
							-					
2009	9,780,149	893,705	(1,092,582)	(303,490)	9,146,591	2,498,886	405,562	(126,900)	-	2,758,826	6,387,765	
		(131,191)					(18,722)	-				

(*) The valuation was carried out in the first week of January 2010. The managements consideres that the results of the valuation also represent the fair value as at balance sheet date, as no significant changes in the general economic conditions have occurred between September 30, 2009 and the valuation date.

2008 (Rupees in thousand)

	Cost/ re-valued amount October 1, 2007	Additions/ (deletions)	Acquisition of subsidiary	Effect of revaluation as at September 30, 2008	Cost/ re-valued amount September 30, 2008	Accumulated depreciation as at October 1, 2007	Acquisition of subsidiary	Depreciation charge/ (dele-tion) for the year	impair-ment charge for the year	Accumulated depreciation/ impairment as at September 30, 2008	Book value as at September 30, 2008	Rate of depre-ciation %
Freehold land	2,130,498	30,553	-	203,623	2,364,674	-	-	-	-	-	2,364,674	-
Buildings and roads on freehold land	594,956	48,155	-	-	642,776	162,804	-	32,216	-	194,725	448,051	5-7.5
		(335)						(295)				
Plant and machinery	5,582,686	645,575	-	-	6,199,000	1,637,143	-	298,277	46,262	1,975,525	4,223,475	5-30
		(29,261)						(6,157)				
Tools and equipment	78,377	1,923	-	-	80,247	39,728	-	15,864	-	55,568	24,679	20-40
		(53)						(24)				
Water, electric and weighbridge equipment	267,592	6,198	-	-	273,790	109,281	-	34,642	-	143,923	129,867	10-40
Furniture and fixtures	39,187	4,576	546	-	44,277	22,870	178	3,582	-	26,626	17,651	10-20
		(32)						(4)				
Office equipment	38,452	2,282	411	-	39,612	28,506	220	3,638	-	31,331	8,281	10-40
		(1,533)						(1,033)				
Vehicles	90,711	16,451	4,288	-	105,950	37,212	647	12,560	-	47,339	58,611	20
		(5,500)						(3,080)				
Laboratory Equipment	18,575	791	-	-	19,366	11,813	-	2,564	-	14,377	4,989	10-40
Arms and ammunition	98	9	-	-	107	82	-	2	-	84	23	10
Library books	10,345		5	-	10,350	8,976	1	411	-	9,388	962	30
2008	8,851,477	756,513	5,250	203,623	9,780,149	2,058,415	1,046	403,756	46,262	2,498,886	7,281,263	
		(36,379)	-	-			-	(10,593)				

19.1 The carrying amount of freehold land, buildings and plant and machinery would have been Rs 298.329 million (2008: Rs 321.129 million) , Rs 326.131 million (2008: Rs 440.982 million) and Rs 3,732.766 million (2008: Rs 4,204.010 million) million respectively, had there been no revaluation.

19.2 Property, plant and equipment include assets with a book value of Rs 19.060 million (2008: Rs 10.482 million), Rs 2.080 million (2008: Rs 2.080 million) and Rs 1.850 million (2008: Rs Nil) which are in the name of Innovative Housing Finance Limited, Security Leasing Corporation Limited and Dawood Leasing Company Limited.

19.3 The depreciation charge for the year has been allocated as follows:

		2009	2008
		(Rupees in thousand)	
Cost of sales	- note 34	**348,899**	361,157
Administrative expenses	- note 35	**24,675**	25,446
Distribution and selling costs	- note 36	**74**	756
Other operating expenses	- note 37	**8,548**	16,298
Discontinued operations	- note 32	**3,196**	-
Property, plant and equipment - trial run		**18,199**	-
Capital work-in-progress - unallocated expenditure		**1,971**	99
		405,562	403,756

19.4 Impairment charge for the year has been allocated to cost of sales as referred to in note 34.

19.5 Disposal of property, plant and equipment

Particulars of assets	Sold to	Cost	Accumulated depreciation	Book value	Sale proceeds	Mode of disposal
		(Rupees in thousand)				
Plant and Machinery	**Outside parties**					
	Almoiz Industries Limited	1,677	1,322	355	2,600	Negotiation
	Haji Muhammad Afzal	1,055	607	448	100	- do -
Water electric and weighbridge	**Outside parties**					
	Nasir Kambo	376	245	131	54	- do -
Vehicles	**Employees**					
	Mr. Maqsood Ahmed Bhati	849	548	301	212	- do -
	MR. R.M Hameed Ullah Awan	402	220	182	275	- do -
	Mr. Latif Khawar	1,376	445	931	985	- do -
	Mr. Javed Akhtar	916	326	590	752	- do -
	Mr. Asif Iqbal	479	153	326	397	- do -
	Outside parties					
	Anjum Motors Karachi	774	589	185	475	- do -
	Muhammad Ikram	634	512	122	230	- do -
	Rehman Cooling Centre	463	143	320	320	- do -
	EFU General Insurance	163	14	149	350	Insurance claim
Office Equipment	Associated company - Crescent Steel and Allied Products Limited	1,051	37	1,014	878	Negotiation
Engineering Division Assets	Associated company - Crescent Steel and Allied Products Limited	116,667	10,302	106,365	117,176	- do -
Other assets having book value below Rs. 50,000 - Parent company		3,812	3,071	741	2,921	
Other assets having book value below Rs. 50,000 - SFL (a subsidiary)		482	186	296	168	
Other assets having book value below Rs. 50,000 - SFPL (a subsidiary)		15	2	13	13	
		131,191	18,722	112,469	127,906	

20. INTANGIBLE ASSETS

2009 (Rupees in thousand)

	Cost as at September 30, 2008	Additions/ (transfers/ deletions)	Disposal of subsidiary	Transferred to Assets held for disposal	Cost as at September 30, 2009	Accumulated amortization September 30, 2008	Amortization charge/ (transfers) for the year	Disposal of subsidiary	Transferred to Assets held for disposal	Accumulated amortization September 30, 2009	Book value as at September 30, 2009	Rate of amorti- zation %
Goodwill	191,791	- (65,177)	-	-	126,614	20,885	126,614 (20,885)	-	-	126,614	-	20
Computer software and licenses	3,537	-	-	-	3,537	2,305	552	-	-	2,857	680	20
License fee for generation and sale of electricity	1,007	-	-	(640)	367	33	29	-	(16)	46	321	3.7
Trade marks and copy rights	721	-	(721)	-	-	336	36	(372)	-	-	-	20
2009	197,056	- (65,177)	(721)	(640)	130,518	23,559	127,231 (20,885)	(372)	(16)	129,517	1,001	

2008 (Rupees in thousand)

	Cost as at September 30, 2007	Additions/ (transfers/ deletions)	Acquisition of subsidiary	Transferred to Assets held for disposal	Cost as at September 30, 2008	Accumulated amortization September 30, 2007	Acquisition of subsidiary	Amortization charge/ (transfers) for the year	Transferred to Assets held for disposal	Accumulated amortization September 30, 2008	Book value as at September 30, 2008	Rate of amorti- zation %
Goodwill	104,424	- (39,247)	126,614	-	191,791	20,885	-	-	-	20,885	170,906	20
Computer software and licenses	1,700	-	1,837	-	3,537	340	365	1,600	-	2,305	1,232	20
License fee for generation and sale of electricity	-	1,007	-	-	1,007	-	-	33	-	33	974	3.7
Trade marks and copy rights	721	-	-	-	721	192	-	144	-	336	385	20
2008	106,845	1,007 (39,247)	128,451	-	197,056	21,417	365	1,777 -	-	23,559	173,497	

20.1 The amortization charge for the year has been allocated as follows:

		2009	2008
		(Rupees in thousand)	
Cost of sales	- note 34	**581**	1,632
Administrative expenses	- note 35	**-**	-
Other operating expenses	- note 37	**126,614**	
Distribution and selling costs	- note 36	**36**	145
		127,231	1,777

21. ASSETS SUBJECT TO FINANCE LEASE

2009 (Rupees in thousand)

	Cost as at September 30, 2008	Additions/ (transfers/ deletions)	Disposal of subsidiary	Cost as at September 30, 2009	Accumulated depreciation September 30, 2008	Depreciation charge/ (transfers) for the year	Impairment charge for the year	Disposal of subsidiary	Accumulated depreciation September 30, 2009	Book value as at September 30, 2009	Rate of depre- ciation %
Plant and machinery	375,078	260,119 (61,807)	(1,640)	571,750	75,879	36,053 (45,922)	- -	(108)	65,902	505,848	7.5-10
Vehicles	92,509	43 (18,360)	(8,789)	65,403	41,347	7,812 (12,195)	-	(1,343)	35,621	29,782	20
2009	467,587	260,162 (80,167)	(10,429)	637,153	117,226	43,865 (58,117)	-	(1,451)	101,523	535,630	

2008 (Rupees in thousand)

	Cost as at September 30, 2007	Additions/ (transfers/ deletions)	Disposal of subsidiary	Cost as at September 30, 2008	Accumulated depreciation September 30, 2007	Depreciation charge/ (transfers) for the year	Impairment charge for the year	Disposal of subsidiary	Accumulated depreciation September 30, 2008	Book value as at September 30, 2008	Rate of depre- ciation %
Plant and machinery	258,594	210,108 (93,624)	-	375,078	91,156	15,067 (41,274)	10,930 -	-	75,879	299,199	7.5-10
Vehicles	98,271	15,295 (21,057)	-	92,509	40,511	11,933 (11,097)	-	-	41,347	51,162	20
2008	356,865	225,403 (114,681)	-	467,587	131,667	27,000 (52,371)	10,930	-	117,226	350,361	

21.1 The amortization charge for the year has been allocated as follows:

		2009	2008
		(Rupees in thousand)	
Cost of sales	- note 34	**31,325**	16,845
Administrative expenses	- note 35	**7,420**	9,767
Distribution and selling costs	- note 36	**242**	182
Other operating expenses	- note 37	**-**	206
Property, plant and equipment - trial run		**4,878**	-
		43,865	27,000

			2009	2008
			(Rupees in thousand)	
22.	**CAPITAL WORK-IN-PROGRESS**			
	Civil works		**30,573**	47,383
	Plant and Machinery	- note 22.1	**42,310**	703,334
	Unallocated expenditure	- note 22.2	**13**	80,406
			72,896	831,123
	Advances given for capital work in progress	- note 22.3	**277,771**	470,907
			350,667	1,302,030

22.1 It includes an amount of Rs Nil (2008: 234.628 million) being the cost of machinery financed by leasing companies.

			2009	2008
			(Rupees in thousand)	
22.2	**Movement in unallocated expenditure**			
	Opening Balance		**80,406**	24,078
	Expenses incurred during the year			
	Salaries wages & other benefits	- note 22.2.1	**4,684**	12,336
	Stores and spares consumed		**2,877**	35
	Fuel and power		**3,354**	7,775
	Rent, Rates and Taxes		**1,380**	4,466
	Insurance		**544**	850
	Freight and transportation		**1,544**	4,335
	Travelling and conveyance		**744**	29
	Consultancy Charges		**-**	2,006
	Depreciation on property plant and equipment		**1,971**	99
	Miscellaneous Expenses		**1,919**	477
	Markup on:		**229**	-
	Long Term Loan		**4,849**	26,854
	Lease Liability		**-**	16,580
	Trial Run Loss	- note 22.2.2	**61,386**	-
			85,481	75,842
	Unallocated expenditure to date	- note 22.2.4	**165,887**	99,920
	Unallocated expenditure capitalized		**(162,407)**	(19,514)
	Charged to administrative expense		**(3,467)**	-
			13	80,406

22.2.1 Salaries wages and other benefits include Rs. 0.020 million (2008 : Rs. 0.200 million) in respect of pension fund.

		2009	2008
		(Rupees in thousand)	
22.2.2 Trial run operating loss			
Sales		**45,689**	-
Cost of goods sold			
Raw Material consumed		**109,053**	-
Salaries wages & other benefits	- note 19.2.3	**9,554**	-
Stores and spares consumed		**2,145**	-
Dyes and Chemical		**2,777**	-
Fuel and power		**12,437**	-
Repair and maintenance		**436**	-
Depreciation on property plant and equipment		**18,199**	-
Depreciation of leased assets		**4,877**	-
Other Expenses		**1,266**	-
Cost of goods manufactured		**160,744**	-
Less: Work in process at the conclusion of trial production run		**(1,138)**	-
Cost of goods produced during trial production run		**159,606**	-
Less: Finished goods at the conclusion of trial production run		**(52,531)**	-
		107,075	-
Trial run operating loss		**(61,386)**	-

22.2.3 Salaries, wages and other benefits include Rs. 0.024 million (2008: Rs. Nil) in respect of pension fund.

22.2.4 This includes borrowing cost of Rs. 50.730 million (2008: Rs. 43.433 million) in aggregate.

		2009	2008
		(Rupees in thousand)	
22.3 Advances			
Considered good:			
- Civil works		**11,858**	17,041
- Plant and machinery	- note 22.3.1	**251,114**	429,609
- Intangibles		**10,290**	12,336
- others		**4,509**	11,921
Considered doubtful:		**277,771**	470,907
- Plant and machinery		**1,890**	-
- Intangibles		**1,384**	-
		3,274	-
		281,045	470,907
Less: Provision against doubtful advances		**(3,274)**	-
		277,771	470,907

22.3.1 This include advance given to related party of Rs Nil (2008: Rs 4.656 million).

	2009	2008
	(Rupees in thousand)	

23. BIOLOGICAL ASSETS

	2009	2008
Sugarcane		
Mature	**23,171**	144,004
Immature	**3,963**	2,070
	27,134	146,074
Rice - mature	**2,537**	7,788
Livestock - mature	**6,818**	6,248
	36,489	160,110
Non - current	**10,781**	8,318
Current	**25,708**	151,792
	36,489	160,110

23.1 The value of sugarcane crops is based on estimated average yield of 353 (2008: 611) mounds per acre on cultivated area of 1,406 (2008: 3,997) acres. The value of rice crops is based on the estimated yield of 20 (2008: 21) mounds per acre on cultivated area of 239 (2006: 476) acres. As at September 30, 2009, 1,140 (2008: 3,708) acres are under preparation for wheat cultivation.

23.2 Of the total 1,406 acres of Sugarcane crop, 305 acres relate to the September 2009 crop, which is valued at cost of Rs 3.963 million. As the crop is in early stages, its fair value less estimated point of sale cost cannot be reliably measured.

23.3 Movement for the year

	2009 (Rupees in thousand)	2008
As at October 1	**160,110**	119,395
Increase due to purchases/costs incurred	**187,667**	229,616
Loss arising from changes in fair value less estimated point of sale costs	**(71,681)**	(33,926)
Decreases due to harvest / sales	**(239,607)**	(154,975)
As at September 30	**36,489**	160,100

24. INVESTMENTS - RELATED PARTIES

		2009	2008
In equity instruments of associated companies	- note 24.1	**298,620**	156,838
Available for sale	- note 24.3	**805**	14,967
Held to maturity	- note 24.4	**-**	1,377
Advance against purchase of shares in associate			
- Shakarganj Food Products Limited	- note 24.5	**171,000**	-
		470,425	173,182

		2009	2008
		(Rupees in thousand)	
24.1 In equity instruments of associated companies			
Cost		**55,538**	55,529
Brought forward amounts of post acquisition reserves and profits and negative goodwill recognized directly in profit and loss account		**101,309**	121,703
		156,847	177,232
Add:			
- Share of net assets after conversion of subsidiary into associate		**196,960**	-
- Carrying amount of goodwill on conversion in to associate		**25,866**	-
		222,826	-
Share of movement in reserves during the year		**(8,064)**	(11,027)
Share of (loss)/profit for the year			
- before taxation		**(59,846)**	8,669
- provision for taxation		**(13,143)**	(10,345)
		(72,989)	(1,676)
		298,620	164,529
Dividends received during the year		**-**	(7,691)
Balance as on September 30	- note 24.2	**298,620**	156,838

24.2 In equity instruments of associated companies

	2009	2008
Quoted		
Crescent Steel and Allied Products Limited		
2,820,062 (2008: 2,563,693) fully paid ordinary shares of Rs. 10 each Equity held: 4.99 % (2008: 4.99 %)	**151,538**	156,838
Shakarganj Foods Limited		
Nil (2008: 1,360,000) fully paid ordinary shares of Rs 10 each Equity held: Nil (2008: 45.33 %)	**-**	-
Unquoted		
Shakarganj Foods Products Limited		
57,554,600 (2008: Nil) fully paid ordinary shares of Rs 10 each Equity held: 44.77 % (2008: Nil)	**147,082**	-
Crescent Standard Telecommunications Limited		
300,000 (2008: 300,000) fully paid ordinary shares of Rs 10 each Equity held: 24.88 % (2008: 24.88 %)	**-**	-
	298,620	156,838

Investments in associates include goodwill amounting to Rs 38.298 million (2008: Rs 12.432 million).

24.2.1 The group'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:

Name	Percentage interest held	Assets	Liabilities	Revenues	Profit/ (loss)
		Rupees in thousand			
2008					
Crescent Steel and Allied Products Limited	4.99%	223,833	79,427	204,801	(1,676)
Shakarganj Food Limited	45.33%	-	-	-	-
Crescent Standard Telecommunications Limited	24.88%	-	-	-	-
		223,833	79,427	204,801	(1,676)

Name	Percentage interest held	Assets	Liabilities	Revenues	Profit/ (loss)
		Rupees in thousand			
2009					
Crescent Steel and Allied Products Limited	4.99%	188,617	49,689	166,370	2,750
Shakarganj Food Products Limited	44.77%	602,025	480,631	969,175	(75,745)
Crescent Standard Telecommunications Limited	24.88%	-	-	-	-
		790,642	530,320	1,135,545	(72,995)

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

			2009	2008
			(Rupees in thousand)	
				Restated
24.3 Available for sale				
Associated companies	- at cost	- note 24.3.1	**-**	14,000
Others	- at cost	- note 24.3.2	**2,200**	2,200
			2,200	16,200
Add: Cumulative fair value gain		- note 24.3.3	**805**	967
Less: Cumulative impairment losses recognized			**(2,200)**	(2,200)
Fair value gain			**(1,395)**	(1,233)
			805	14,967

		2009	2008
		(Rupees in thousand)	
24.3.1 Associated companies			
Quoted			
Crescent Jute Products Limited			
536,817 (2008: 536,817) fully paid ordinary shares of Rs 10 each		**-**	-
Unquoted			
Central Depository Company of Pakistan Limited			
Nil (2008: 500,000) fully paid ordinary shares of Rs 10 each		**-**	14,000
		-	14,000
24.3.2 Others			
Unquoted			
Crescent Group Services (Private) Limited			
220,000 (2007: 220,000) fully paid ordinary shares of Rs 10 each		**2,200**	2,200
		2,200	2,200
24.3.3 Cumulative fair value gain			
As at October 1		**967**	2,040
Fair value loss during the year		**(162)**	(1,073)
As at September 30		**805**	967
24.4 Held to maturity			
Certificates of investments	- note 24.4.1	**2,586**	2,586
Less : Encahsed during the year		**(2,586)**	-
Less : Current portion shown under short term investments		**-**	(1,209)
As at September 30		**-**	1,377

24.4.1 These were certificates of investments purchased from a leasing company by SFL (a subsidiary) for a period ranging from 3 months to 3 years and carried markup at the rate of 12% per annum. These were encashed during the year.

24.5 This represents the long term loan given to the associated company converted into share deposit money during the current year, as the parent company intends to purchase shares against this amount.

24.6 Investments with face value of Rs 25.55 million (2008: Rs 25.60 million) and market value of Rs 69.47 million (2008: Rs 75.80 million) are pledged as security against long term running finances and short term borrowings as referred to in note 8.6 and note 15 respectively.

		2009	2008
		(Rupees in thousand)	
25. LONG TERM LOANS, ADVANCES, DEPOSITS AND PREPAYMENTS			
Loans - considered good to:			
Associate - Shakarganj Food Products Limited	- note 25.1	**17,399**	-
Sui Northern Gas Pipelines Limited	- note 25.2	**3,312**	28,826
Employees	- note 25.3	**1,622**	2,607
		22,333	31,433
Less: Current portion shown under short term advances	- note 31	**930**	903
		21,403	30,530
Advance to Creek Marina (Private) Limited	- note 25.4	**38,487**	38,487
Prepayments		**40,664**	1,809
Security deposits and others		**337**	54,524
		100,891	125,350

25.1 This is an unsecured loan extended to the associate (previously subsidiary) of the parent company to finance its working capital needs at an average mark-up at the rate of average borrowing rate of the parent company plus 1%. During the year markup has been charged at 17.31% to the associate of the parent company.

25.2 This represents un-secured loans given to SNGPL for development of infrastructure for supply of gas to the principal facility and the Dairy and Fruit Products division. Mark up is charged at the rate of 1.5% per annum. This amount is receivable in 10 equal annual installments ending May 2017.

25.3 These represent interest free un-secured loans given to employees (including loans to executive of Rs 1.500 million (2008: Rs 1.24 million)) for purchase of vehicles in accordance with the terms of employment. These are repayable in four years from the date of disbursement.

25.4 This represents payment for two apartments in the Creek Marina Projects pursuant to a settlement agreement entered into by the parent company and the former Crescent Standard Investment Bank Limited (CSIBL) in year 2006.

25.5 Maximum aggregate amount outstanding during the year in respect of related parties is as follows:

	2009	2008
	(Rupees in thousand)	
Shakarganj Food Products Limited	**193,608**	-
Asian Capital Management Fund Limited	**-**	10,000
Safeway Fund Limited	**-**	17,356
Employees	**2,607**	985
	196,215	28,341

		2009	2008
		(Rupees in thousand)	

26. STORES, SPARES AND LOOSE TOOLS

	2009	2008
Stores (including in transit Nil (2008: 8.700 million))	**88,587**	112,548
Spares	**27,408**	40,715
Loose tools	**1,389**	1,541
	117,384	154,804
Less: Provision for obsolete items	**(4,610)**	(1,500)
	112,774	153,304

26.1 Stores and spares include items which may result in fixed capital expenditure but are not distinguishable.

27. STOCK-IN-TRADE

	2009	2008
Raw materials	**117,207**	324,721
Work-in-process	**9,155**	11,171
Finished goods	**896,246**	1,020,215
	1,022,608	1,356,107

27.1 Raw materials and finished goods amounting to Rs. 1,023 million (2008: Rs 1,240 million) are pledged with lenders as security against long term running finances and short term borrowings as referred to in note 8.6 and note 15 respectively.

27.2 Aggregate stocks with a cost of Rs Nil (2008: 195.957 million) are being valued at net realizable value of Rs Nil (2008: 193.323 million).

28. TRADE DEBTS

		2009	2008
		(Rupees in thousand)	
Considered good:			
- Secured		**4,437**	34,839
- Unsecured	- note 28.1	**9,259**	124,170
		13,696	159,009
Considered doubtful:		**2,059**	-
		15,755	159,009
Less: Provision for doubtful debts		**(2,059)**	-
		13,696	159,009

28.1 These include receivable from Shakarganj Food Products Limited, an associate company amounting to Rs 1.061 million (2008: 1.614 million).

29. INVESTMENTS

		2009	2008
		(Rupees in thousand)	Restated
Available for sale	- note 29.1	**254,136**	378,959
Held for trading	- note 29.2	**6,186**	32,895
Held to maturity	- note 29.3	**-**	27,936
		260,322	439,790

		2009	2008
		(Rupees in thousand)	
29.1 Available for sale			
Related parties - at cost	- note 29.1.1	**-**	44
Others - at cost	- note 29.1.2	**263,656**	265,541
		263,656	265,585
Add: Cumulative fair value gain	- note 29.1.4	**22,753**	113,374
Less: Cumulative Impairment loss	- note 29.1.5	**(32,273)**	-
		(9,520)	113,374
		254,136	378,959

29.1.1 Related parties

The Premier Insurance Company of Pakistan Limited		
Nil (2008: 95,482) fully paid ordinary shares of Rs 5 each	**-**	44
	-	44

29.1.2 Others

Quoted		
Crescent Commercial Bank Limited		
5,058,126 (2008: 5,058,126) fully paid ordinary shares of Rs 10 each	**50,988**	50,988
Altern Energy Limited		
21,266,582 (2008: 21,266,582) fully paid ordinary shares of Rs 10 each	**212,668**	212,678
Jubilee Spinning and Weaving Mills Limited		
Nil (2008: 15,584) fully paid ordinary shares of Rs 10 each	**-**	-
Pakistan Strategic Allocation Fund Limited		
Nil (2008: 187,500) fully paid ordinary shares of Rs 10 each	**-**	1,875
Unquoted		
Innovative Investment Bank Limited		
51,351 (2008: 51,351) fully paid ordinary shares of Rs 10 each	**-**	-
	263,656	265,541

29.1.3 Investments with a face value of Rs 262.601 million (2008: Rs 262.641 million) and market value of Rs 253.421 million (2008: Rs 375.188 million) are pledged as security against long term running finances and short term borrowings as referred to in note 7.5 and note 12 respectively.

		2009	2008
		(Rupees in thousand)	
29.1.4 Cumulative fair value gain			
As at October 1		**113,374**	(124,046)
Fair value loss during the year		**(121,964)**	123,496
Transferred to profit and loss account on derecognition of shares		**(930)**	5
Fair value gain for non current assets held for sale		**-**	113,919
		(9,520)	113,374
Impairment loss recognized during the year	- note 29.1.6	**32,273**	-
As at September 30		**22,753**	113,374

		2009	2008
29.1.5 Cumulative impairment losses recognized			
As at October 1		**-**	1,443
Add: impairment loss recognized during the year	- note 29.1.6	**32,273**	-
Less: impairment loss adjusted upon derecognition of investment		**-**	(1,443)
As at September 30		**32,273**	-

29.1.6 This represents impairment loss recognised on the parent company's investment in Samba Bank Limited as the market value has declined by 63% of cost as at the balance sheet date. The parent company has subsequent to the year end disposed off this investment at an aggregate value of Rs 19.980.

	2009	2008
	(Rupees in thousand)	
		Restated
29.2 Held for trading - quoted		
Samba Bank Limited		
1,671,987 (2007: 1,671,987) fully paid ordinary shares of Rs 10 each	**6,186**	17,472
D. G. Khan Cement Company Limited		
Nil (2008: 10,000) fully paid ordinary shares of Rs 10 each	**-**	393
Pakistan National Shipping Corporation		
Nil (2008: 95,000) fully paid ordinary shares of Rs 10 each	**-**	5,144
Pakistan Oilfields Limited		
Nil (2008: 10,000) fully paid ordinary shares of Rs 10 each	**-**	2,435
PICIC Energy Fund		
Nil (2008: 100,000) fully paid ordinary shares of Rs 10 each	**-**	445
United Bank Limited		
Nil (2008: 40,000) fully paid ordinary shares of Rs 10 each	**-**	2,730
ICI Pakistan Limited		
Nil (2008: 500) shares of Rs. 10 each	**-**	81
N.I.B Bank Limited		
Nil (2008: 90,800) share or Rs. 10 each	**-**	1,032
Pakistan Petroleum Limited		
Nil (2008: 5,000) share of Rs. 10 each	**-**	1,230
Pakistan Telecommunication Company Limited		
Nil (2008: 50,000) share of Rs. 10 each/-	**-**	1,932
Crescent Steel and Allied Products		
Nil (2008: 8) shares of Rs. 10 each	**-**	1
	6,186	32,895

29.3 Held to maturity

		2009	2008
		(Rupees in thousand)	
Musharika Investment	- note 29.3.1	**17,935**	17,935
Certificate of Investments		**-**	25,000
Term Finance Certificates		**-**	1,727
Current maturity of long term investment held to maturity		**-**	1,209
		17,935	45,871
Less: Cumulative impairment losses recognized		**(17,935)**	(17,935)
		-	27,936

29.3.1 This represents investment under musharika arrangement with Crescent Standard Modaraba on profit and loss sharing basis. Consequent to consistent failure of the Musharika to pay profits and in view of the rapidly deteriorating financial position of the Musharika, the group assessed its recoverable amount at Nil and consequently, full carrying amount of the investment was considered impaired in year 2006.

30. LOANS, ADVANCES, PREPAYMENTS AND OTHER RECEIVABLES

		2009	2008
		(Rupees in thousand)	Restated
Advances - considered good			
- to employees		**2,133**	3,007
- to suppliers and contractors	- note 30.1	**27,256**	54,456
- to sugarcane growers	- note 30.2	**4,415**	12,142
		33,804	69,605
Advances - considered doubtful:			
- to suppliers and contractors		**662**	513
- to sugarcane growers		**726**	2,000
Due from related parties-unsecured and considered good	- note 30.3	**5,489**	2,464
Current portion of long term loan receivable from			
Sui Northern Gas Pipelines Limited	- note 25.2	**414**	611
Others		**516**	292
Dividend receivable - considered good		**-**	182
Recoverable from government			
- Income tax		**45,547**	36,290
- Excise duty		**-**	2,968
- Sales tax		**9,590**	127,956
		55,137	167,214
Interest receivable on deposits		**281**	284
Security deposits:			
- considered good		**21,219**	24,287
- considered doubtful		**960**	-
		22,179	24,287
Prepayments		**21,142**	44,097
Margins against bank guarantees		**1,470**	599
Others:			
- considered good		**4,308**	7,818
- considered doubtful		**1,458**	50
		5,766	7,868
		147,586	320,016
Less: provision against doubtful receivables	- note 30.4	**(3,806)**	(2,563)
		143,780	317,453

30.1 These relate to normal business of the group and are interest free..

30.2 These relate to normal business of the parent company and carry mark-up ranging from 12.6% to 15.52%.

		2009	2008
		(Rupees in thousand)	
30.3	**Due from related parties**		
	Considered good		
	Crescent Sugart and Distillery Limited	**526**	635
	Crescent Steel and Allied Products Limited	**2,045**	1,829
	Shakarganj Food Products Limited	**1,785**	-
	Shakarganj Energy (Private) Limited	**1,133**	-
		5,489	2,464
30.4	**Provision against doubtful receivables**		
	As at October 1	**2,563**	4,101
	Provision during the year	**1,756**	677
	Amount transferred to capital work in progress	**(513)**	-
	Receivables written off against provision during the year	**-**	(2,215)
	As at September 30	**3,806**	2,563

31. CASH AND BANK BALANCES

		2009	2008
At banks on:			
- Saving accounts	- note 31.1		
- Pak rupees		**13,134**	230,934
- Foreign currency	- note 31.2	**446**	446
		13,580	231,380
- Current accounts		**14,421**	165,071
		28,001	396,451
In hand		**808**	4,802
		28,809	401,253

31.1 Profit on balances in saving accounts ranges from 0.10% to 5.00% (2008: 0.10% to 11.00%) per annum.

31.2 Foreign currency accounts include US Dollars 5,340 (2008: 5,327) and Euros 644 (2008: 652).

32. NON CURRENT ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS

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

		2009	2008
		(Rupees in thousand)	Restated
(a) Non-current assets classified as held for sale			
Subsidiary companies acquired with a view to resale	- note 32.1	**1,400,227**	1,198,262
SML Power Division	- note 32.2	**149,692**	-
SML Engineering Division	- note 32.3	**-**	-
		1,549,919	1,198,262
(b) Liabilities directly associated with non-current assets classified as held for sale			
Subsidiary companies acquired with a view to resale		**1,628**	6,296
(c) Analysis of the result of discontinued operations			
Profit/(loss) for the year from discontinued operations			
Subsidiary companies acquired with a view to resale	- note 32.1	**133,844**	(384,811)
SML Engineering Division	- note 32.3	**8,533**	-
		142,377	(384,811)
Cash flows from discontinued operations			
Subsidiary companies acquired with a view to resale	- note 32.1	**341,312**	98,965
SML Power Division	- note 32.2	**(59,888)**	-
SML Engineering Division	- note 32.3	**77,439**	-
		358,863	98,965

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

32.1 Subsidiary company acquired with a view to resale and classified as held for sale

During the year 2007 the parent company acquired aggregate 11.786 million and 18.812 million shares in Safeway Mutual Fund Limited (SWMFL) and Asian Stocks Fund Limited (ASFL) at an aggregate cost of Rs 301.137 million under the terms of an agreement for settlement of its certificates of deposits with the Innovative Housing Finance Limited (IHFL) and against aggregate cash consideration of Rs 140.142 million. Consequent to this settlement and acquisition of further shares in SWMFL and ASFL, the group effectively held 53.65% and 41.70% voting shares of the respective companies. However, the management intended to liquidate these investments within twelve months and for this purpose, an active program commenced to locate a buyer at a reasonable price. Consequently, these were classified as short term investments in the consolidated financial statements for the year ended September 30, 2007.

During the year ended September 30, 2008, these investments could not be off-loaded due to unusually adverse investment scenario of the country resulting in the cessation of the operations of the Karachi Stock Exchange (KSE) in Pakistan near the end of August 2008. During the current year, for various factors explained in note 1.3, and continued suppressed stock exchange market, the group was still unable to liquidate these investments. Even subsequent to year end, when the 'Net asset value' (NAV) of the respective funds have shown an increase, however, the share prices have declined. The group believes this is inter-alia related to the parent company's own liquidity crunch and poor performance of close end mutual funds in general. These events precluded the disposal of shares in the mutual funds during the year, however, the management considers that these events were beyond its control and remains committed to offload these investments at a price based to the intrinsic NAVs of the investments or through unwinding of these mutual funds.

As mentioned in note 1.3, these subsidiaries have been ear-marked for disposal to retire the restructured facilities within a year. Accordingly these investments are shown under the Non Current Assets Held For Sale under IFRS 5 'Non Current Assets Held For Sale and Discontinued Operations' as at September 30, 2009.

	2009	2008
	(Rupees in thousand)	
		Restated
Non-current assets classified as held for sale		
Cash and Bank balances	**385,688**	26,661
Short term investments	**937,336**	1,041,027
Receivable against continuous funding system	**-**	108,442
Receivable against sale of investments	**67,586**	3,384
Dividend receivable	**146**	5,174
Income tax refundable	**1,165**	2,043
Prepayments and other receivables	**3,116**	4,341
Long term deposits	**5,190**	7,190
	1,400,227	1,198,262
Liabilities directly associated with non-current assets classified as held for sale		
Remuneration payable to investment advisor	**439**	4,534
Accrued expenses and other liabilities	**822**	531
Dividend payable	**367**	352
Provision for taxation	**-**	879
	1,628	6,296
Analysis of the result of discontinued operations		
Income	**241,025**	(351,521)
Expenses	**(107,181)**	(33,290)
Loss before tax	**133,844**	(384,811)
Taxation	**-**	-
Loss for the year from discontinued operations	**133,844**	(384,811)
Analysis of the cash flows of discontinued operations		
Operating cash flows	**339,312**	103,390
Investing cash flows	**2,000**	(4,425)
Total cash flows	**341,312**	98,965

32.2 SML Power Division

The assets related to SML Power Division have been presented as held for sale following the approval of the Board of Directors of SML in August 2009. Power Division's assets consists of capital work in progress for the 14MW power plant installed at Dargai Shah. Negotiations were being carried out as at balance sheet date and subsequently on December 24th 2009 the Board has approved the sale to Shakarganj Energy (Private) Limited, a wholly owned subsidiary of associated company, Crescent Steel and Allied Products Limited, for Rs 300 million.

	2009	2008
	(Rupees in thousand)	
Non-current assets classified as held for sale		
Intangibles	**624**	-
Capital work in progress	**149,068**	-
	149,692	-
Analysis of the cash flows of discontinued operations		
Investing cash flows	**(59,888)**	-

32.3 SML Engineering Division

The parent company sold its Engineering Division to Crescent Steel and Allied Products Limited during the current year at a mutually agreed price, based on the valuation of the division's Non-current assets carried out by an independent valuer.

	2009	2008
	(Rupees in thousand)	
Analysis of the profit for the year		
Sales - Net of sales tax	**683**	-
Profit from sale of division	**10,809**	-
	11,492	-
Expenses		
Cost of sales	**(642)**	-
Administrative expenses	**(1,389)**	-
Distribution and selling costs	**(922)**	-
Finance cost	**(6)**	-
	(2,959)	-
Profit before tax from discontinued operations	**8,533**	-
Taxation	**-**	-
Profit for the year	**8,533**	-
Analysis of the cash flows for the year		
Operating cash flows	**(40,124)**	-
Investing cash flows	**117,563**	-
Net cash inflow	**77,439**	-

33. Sales

(Rupees in thousand)

	Sugar		Ethanol		Building Materials		Textile		Engineering		Power		Dairy and fruit products		Investment advisories		Total	
	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008 Restated	2009	2008 Restated
Gross sales																		
- Local sales	2,844,680	4,295,294	131,670	163,722	28,792	58,067	978,036	815,883	-	-	148,848	72,298	541,069	1,317,714	-	-	4,673,095	6,722,978
- Export sales	-	76,826	1,202,832	1,801,622	-	-	-	115,425	-	-	-	-	12,186	60,069	-	-	1,215,018	2,053,942
- By-products	5,388	52	-	-	-	-	16,373	25,674	-	-	-	-			-	-	21,761	25,726
- Inter-segment	429,102	603,518	-	-	-	-	-	-	-	110,512	25,551	17,529			-	-	-	-
	3,279,170	4,975,690	1,334,502	1,965,344	28,792	58,067	994,409	956,982	-	110,512	174,399	89,827	553,255	1,377,783	-	-	5,909,874	8,802,646
Less: Commission to selling agents	3,507	8,849	262	224	1,106	2,584	3,847	6,443	-	-	-	-	-	-	-	-	8,722	18,100
Trade discounts	-	-	-	-	-	-	-	-	-	-	-	-	22,527	99,626	-	-	22,527	99,626
Sales tax and Special Excise Duty	361,670	578,442	19,132	22,853	4,183	8,032	-	-	-	-	20,446	9,917	-	-	-	-	405,431	619,244
	365,177	587,291	19,394	23,077	5,289	10,616	3,847	6,443	-	-	20,446	9,917	22,527	99,626	-	-	436,680	736,970
Net sales	2,913,993	4,388,399	1,315,108	1,942,267	23,503	47,451	990,562	950,539	-	110,512	153,953	79,910	530,728	1,278,157	-	-	5,473,194	8,065,676

33.1 Inter-segment sales have been eliminated from total figures.

34. COST OF SALES

Inter-segment	-	-	372,625	549,035	3,783	17,986	70,882	46,530	-	-	7,363	7,496	-	-	-	-	-	-
Raw materials consumed	1,881,091	3,460,218	529,313	572,169	6,859	-	753,004	742,628	-	56,039	-	-	301,021	757,899	-	-	3,471,288	5,588,953
	1,881,091	3,460,218	901,938	1,121,204	10,642	17,986	823,886	789,158	-	56,039	7,363	7,496	301,021	757,899	-	-	3,471,288	5,588,953
Salaries, wages and other benefits - note 34.2	179,295	180,060	16,333	16,572	4,297	5,353	63,036	65,828	-	704	5,994	4,945	10,211	36,062	16,362	4,127	295,528	313,651
Processing charges	-	-	-	-	-	-	-	-	-	-	-	-	579	12,177	-	-	579	12,177
Stores and spares consumed	52,072	112,629	3,725	5,567	385	1,055	14,539	23,267	-	228	10,780	2,412	-	-		-	81,501	145,158
Dyes and chemicals	12,181	29,014	23,438	46,525	3,205	14,117	-	-	-	-	3,750	213	2,300	11,302		-	44,874	101,171
Packing material consumed	29,098	58,571	-	-	-	-	16,078	14,317	-	-	-	-	117,493	285,308		-	162,669	358,196
Fuel and power	275,311	153,350	-	2,568	9	13	54,089	53,610	-	629	2,041	119	27,786	94,227	538	360	359,774	304,876
Repairs and maintenance	13,511	27,675	652	716	140	262	856	3,386	-	49	7,782	1,989	7,032	21,403	758	117	30,731	55,597
Insurance	5,641	5,118	1,258	1,199	29	30	2,929	2,573	-	83	687	244	586	2,098	292	122	11,422	11,467
Vehicle running and maintenance	4,877	6,100	-	-	16	46	-	-	-	102	-	-	875	3,006	726	97	6,494	9,351
Traveling and conveyance	831	1,095	98	175	15	51	950	1,178	-	112	161	367		965	599	268	2,654	4,211
Printing and stationery	474	892	30	66	-	7	-	-	-	-	12	30	443	568	399	143	1,358	1,706
Rent, rates and taxes	703	786	-	-	-	-	213	198	-	-	-	-	-	-	1,397	163	2,313	1,147
Sugarcane research and development - note 34.2	11,381	13,732	-	-	-	-	-	-	-	-	-	-	-	-		-	11,381	13,732
Staff training and development	616	643	-	-	-	-	-	-	-	-	-	-	-	-		-	616	643
Depreciation on:		-		0		-		-	-	-		-	-	-		-	-	-
- property, plant and equipment	240,981	225,670	50,595	50,359	1,024	1,107	20,865	21,807		2,764	22,613	13,689	12,107	45,353	715	408	348,900	361,157
- leased assets	15,595	7,493	-	30	-	-	291	1,900	-	-	15,269	6,615	170	807		-	31,325	16,845
Amortization on intangibles	-	-	-	-	-	-	340	340	-	-	29	33	-	-	212	1,259	581	1,632
Impairment of:	-	-		-				-	-	-		-	-	-		-	-	-
- property, plant and equipment	-	-	-	-	-	-	-	46,262		-	-	-	-	-		-	-	46,262
- assets subject to finance lease	-	-	-	-	-	-	-	10,930	-	-	-	-	-	-		-	-	10,930
Software development charges	-	-	-	-	-	-	-	-	-	-	-	-	-	-		-	-	-
Provision for store obsolescence	1,000	-	-	-	-	-	2,110	-	-	-	-	-	-	-		-	3,110	-
Other expenses	9,284	17,511	4,017	5,095	637	1,520	950	1,102	-	608	1,096	267	1,514	5,497	123	1,117	17,621	32,717
	2,733,942	4,300,557	1,002,084	1,250,076	20,399	41,547	1,001,132	1,035,856	-	61,318	77,577	38,419	482,117	1,276,672	22,121	8,181	4,884,719	7,391,579
Opening work-in-process	3,234	3,683	-	-	-	-	6,651	4,917	-	-	-	-	1,286	2,235	-	-	11,171	10,835
Work in progress at the conclusion of trial production run	1,138	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1,138	-
Less: Closing work-in-process	(2,915)	(3,234)	-	-	-	-	(6,233)	(6,651)	-	-	-	-	(2,051)	(1,286)	-	-	(11,199)	(11,171)
	1,457	449	-	-	-	-	418	(1,734)	-	-	-	-	(765)	949	-	-	1,110	(336)
Cost of goods produced	2,735,399	4,301,006	1,002,084	1,250,076	20,399	41,547	1,001,550	1,034,122	-	61,318	77,577	38,419	481,352	1,277,621	22,121	8,181	4,885,829	7,391,243
Opening stock of finished goods	782,611	871,156	77,278	107,771	11,728	4,595	65,575	20,432	-	28,456	-	-	83,023	52,991	-	-	1,020,215	1,085,401
Finished goods at the conclusion of trial production run	52,531	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	52,531	-
Less: Closing stock of finished goods	(846,452)	(782,611)	(33,136)	(77,278)	(7,003)	(11,728)	(9,654)	(65,575)	-	(11,959)	-	-	(78,780)	(83,023)	-	-	(975,025)	(1,032,174)
	(11,310)	88,545	44,142	30,493	4,725	(7,133)	55,921	(45,143)	-	16,497	-	-	4,243	(30,032)	-	-	97,721	53,227
	2,724,089	4,389,551	1,046,226	1,280,569	25,124	34,414	1,057,471	988,979	-	77,815	77,577	38,419	485,595	1,247,589	22,121	8,181	4,983,550	7,444,470
Cost of sales - goods purchased for resale	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Less: Net expenses of trial run Capitalized	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Less: own goods capitalized / transferred to capital work in progress	-	-	-	-	-	-	-	-	-	(77,815)	-	-	-	-	-	-	-	(77,815)
	2,724,089	4,389,551	1,046,226	1,280,569	25,124	34,414	1,057,471	988,979	-	-	77,577	38,419	485,595	1,247,589	22,121	8,181	4,983,550	7,366,655

34.1 Inter-segment purchases have been eliminated from total figures.

34.2 Salaries, wages and other benefits and sugarcane research and development include following in respect of retirement benefits:

	2009	2008
	(Rupees in thousand)	
Parent		
Pension fund	**3,741**	4,305
Gratuity fund	**1,583**	1,804
Provident fund	**3,364**	3,246
	8,688	9,355
Subsidiaries		
Unfunded gratuity scheme	**357**	2,275
Provident fund	**434**	555
Gratuity Fund	**504**	603
Accumulating compensated absences	**-**	508
	1,295	3,941
Total	**9,983**	13,296

35. ADMINISTRATIVE EXPENSES

Salaries, wages and other benefits	- note 35.1	**119,941**	119,961
Repairs and maintenance		**7,787**	11,817
Insurance		**3,176**	5,603
Vehicle running and maintenance		**8,250**	9,789
Traveling and conveyance		**6,928**	7,613
Printing and stationary		**3,006**	3,698
Electricity and gas		**2,417**	2,161
Telephone, postage and telegram		**5,926**	4,870
Legal and professional charges	- note 35.2	**12,415**	20,461
Consultancy and advisory services		**6,506**	6,215
Rent, rates and taxes		**2,942**	3,211
Staff training and development		**-**	226
Entertainment		**3,130**	3,428
Subscriptions		**4,493**	8,417
Advertisements		**206**	411
Registered office expenses		**726**	726
Provision for doubtful advances		**4,518**	677
Receivables written off		**164**	
Depreciation on:			
- property, plant and equipment		**24,675**	28,188
- leased assets		**7,420**	9,972
Others		**5,549**	2,384
		230,175	249,828

		2009	2008
		(Rupees in thousand)	
35.1 Salaries, wages and other benefits include following in respect of retirement benefits:			
Parent			
Pension fund		**5,370**	5,163
Gratuity fund		**2,114**	1,821
Provident fund		**1,270**	1,223
		8,754	8,207
Subsidiaries			
Unfunded gratuity scheme		**99**	972
Accumulating compensated absences		**-**	143
		99	1,115
Total		**8,853**	9,322

35.2 Professional services

		2009	2008
The charges for professional services include the following in respect of auditors' services for:			
- Statutory audit		**1,090**	1,620
- Half yearly review		**460**	450
- Certification charges		**100**	125
- Out of pocket expenses		**103**	112
		1,753	2,307

36. Distribution and selling costs

		2009	2008
Salaries, wages and other benefits	- note 36.1	**13,716**	32,515
Freight and forwarding		**124,587**	214,404
Handling and distribution		**1,492**	2,066
Loading and unloading charges		**3,338**	6,425
Sales promotion expenses		**39,748**	234,600
Insurance		**7,330**	7,107
Rent, rates and taxes		**447**	1,393
Vehicle running and maintenance		**2,326**	2,713
Traveling and conveyance		**-**	3,995
Telephone, postage and telegram		**934**	2,883
Depreciation on property, plant and equipment		**74**	756
Depreciation on assets subject to finance lease		**242**	182
Amortization of intangible assets		**36**	145
Provision for doubtful receivables		**2,059**	0
Others		**270**	1,541
		196,599	510,725

		2009	2008
		(Rupees in thousand)	
36.1 Salaries, wages and other benefits include following in respect of retirement benefits:			
Parent			
Provident fund		**50**	77
Subsidiary			
Unfunded gratuity scheme		**698**	758
Accumulating compensated absences		**-**	233
		698	991
Total		**748**	1,068

37. Other operating expenses

		2009	2008
Workers Welfare Fund	- note 16.4	**790**	1,023
Loss on sale of held for trading investments		**2,144**	-
Loss on sale of property, plant and equipment		**-**	9,616
Provision for claims not acknowledged		**-**	8,376
Impairment losses on:			
- Available for sale short term investments:		**32,273**	-
- Goodwill acquired on business combination		**126,614**	-
Unrealized loss on investments held for trading		**10,900**	22,477
Social action program expenses		**3,180**	5,993
Loss from agricultural activities	- note 37.1	**149,932**	54,961
Net exchange loss		**23,159**	106,964
Loss on marked to market valuation of interest rate swaps		**-**	32,154
Donations	- note 37.2	**1,001**	956
Dairy farms development expenses		**65**	426
Others		**1,494**	3,998
		351,552	246,944

37.1 Loss from agricultural activities

		2009	2008
Loss arising on changes in fair value of biological assets less estimated point-of-sale costs		**71,680**	33,138
Fair value of biological assets harvested less estimated point of sales cost		**(161,354)**	(133,940)
Less: costs of biological assets harvested	- note 37.3	**239,606**	155,763
		78,252	21,823
Loss from agricultural activities		**149,932**	54,961

37.2 None of the directors and their spouses had any interest in any of the domes.

37.3 This includes depreciation on property, plant and equipment of Rs 8.548 million (2008: 13.557 million).

		2009	2008
		(Rupees in thousand)	
			Restated
38. OTHER OPERATING INCOME			
Income from financial assets			
Profit on sale of investments classified as:			
- available for sale		**4,488**	76
- held for trading		**-**	5,562
Realized gain on investments held to maturity		**3,468**	651
Dividend income from:			
- related parties		**-**	79
- others		**1,461**	654
Gain on marked to market valuation of interest rate swap		**7,187**	-
Liabilities written back		**17,693**	3,968
Return on advance to:			
- Associate - Shakarganj Food Products Limited		**16,915**	-
Return on bank deposits		**8,251**	16,725
Excess of share of net assets over consideration paid Gain/negative goodwill arising on disposal/business combination	- note 38.1	**36,734**	339,591
		96,197	367,306
Income from non-financial assets			
Scrap sales		**8,104**	9,578
Profit on sale of property, plant and equipment		**4,627**	-
Profit on sale of assets subject to finance lease		**-**	387
Rental income		**329**	175
Amortization of deferred income		**3,487**	2,899
Others		**11,265**	10,863
		27,812	23,902
		124,009	391,208

38.1 This represents gain on deemed disposal of holding in Shakarganj Food Products Limited (SFPL). In December 2008 SFPL raised further capital through right issue and the parent company did not exercise the right. This reduced the parent company's holding in SFPL from 53% to 44.77% and thus converting it from subsidiary to associate.

		2009	2008
39. FINANCE COST			
Interest and mark-up on:			
- Long term finances	- note 39.1	**530,547**	391,783
- Short term borrowings		**678,011**	543,833
- Due to provident fund - related party		**636**	-
- Finance lease	- note 39.2	**47,256**	20,870
- Overdue payable balances		**1,500**	-
Bank charges, commission and excise duty		**9,183**	21,463
Financial advisory fee		**-**	16,994
Others	- note 39.3	**7,505**	13,646
		1,274,638	1,008,589

39.1 This includes preference dividend of Rs 29.409 million (2008: 29.409 million).

39.2 This includes penalties aggregating to Rs. 3.313 million (2008: Nil) levied by financial institutions due to delayed payments.

39.3 This includes penalties aggregating to Rs. 2.401 million (2008: Rs. 0.043 million) levied by financial institutions due to delayed payments.

	2009	2008
	(Rupees in thousand)	
40. TAXATION		
For the year		
- Current	**20,628**	21,445
- Deferred	**150**	(1,000)
	20,778	20,445
Prior year		
- Current	**(1,620)**	(9,748)
- Deferred	**300**	-
	(1,320)	(9,748)
	19,458	10,697

40.1 In view of the available tax losses, the provision for current taxation represents tax on income under 'Final Tax Regime'. Such tax is not available for set off against normal tax liability arising in future years.

For purposes of current taxation the tax losses available for carry forward as at September 30, 2009 are estimated approximately at Rs 7,753 million (2008: Rs 7,165 million), including assessed tax losses of Rs 6,180 million (2008: Rs 4,936 million).

40.2 The group, during the current year, has loss before taxation and the current tax provision represents the tax under final tax regime of the Income Tax Ordinance, 2001, therefore it is impracticable to prepare the tax charge reconciliation for the current year.

41. COMBINED (LOSS)/EARNINGS PER SHARE

41.1 Combined basic loss per share

		2009	2008 Restated
Continuing operations			
Loss for the year from continuing operations attributable to equity holders of the parent	**Rupees**	**(1,421,117,000)**	(1,107,827,000)
Weighted average number of ordinary shares in issue during the year	**Number**	**69,523,798**	69,523,798
Loss per share - basic	**Rupees**	**(20.44)**	(15.93)
Discontinued operations			
Profit/(loss) for the year from discontinued operations attributable to equity holders of the parent	**Rupees**	**79,247,857**	(215,269,030)
Weighted average number of ordinary shares in issue during the year	**Number**	**69,523,798**	69,523,798
Earnings/(loss) per share - basic	**Rupees**	**1.14**	(3.10)

41.2 Diluted loss 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 parent 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.

		2009	2008 Restated
Continuing operations			
Loss for the year from continuing operations attributable to equity holders of the parent	**Rupees**	**(1,421,117,000)**	(1,107,827,000)
Preference dividend on convertible preference shares	**Rupees**	**29,409,000**	29,409,000
Loss used to determine diluted earnings per share	**Rupees**	**(1,391,708,000)**	(1,078,418,000)
Weighted average number of ordinary shares in issue during the year	**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 loss per share	**Number**	**75,297,906**	75,297,906
Loss per share - diluted	**Rupees**	**(18.48)**	(14.32)

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

Discontinued operations

There are no dilutive instruments in respect of discontinued operations.

	2009	2008
	(Rupees in thousand)	
		Restated
42. CASH USED IN OPERATING ACTIVITIES		
Loss before taxation	**(1,356,780)**	(1,301,999)
Adjustment for:		
Depreciation/amortization of:		
- property, plant and equipment	**385,392**	403,657
- assets subject to finance lease	**38,987**	27,000
- intangible assets	**617**	1,777
- deferred income	**(3,487)**	(2,899)
Share of income from associated companies	**59,846**	(8,669)
Liabilities written back	**(17,693)**	(3,968)
(Profit)/loss on sale of property, plant and equipment	**(15,436)**	9,616
Profit on sale of assets subject to finance lease	**-**	(387)
Impairment of:		
- property, plant and equipment	**-**	46,262
- assets subject to finance lease	**-**	10,930
- investments classified as available for sale	**32,273**	-
- goodwill acquired on business combination	**126,614**	-
Loss/(gain) on sale of investments	**44,701**	(5,638)
Unrealized (gain)/loss on investments held for trading	**(218,825)**	22,477
Interest from bank deposits	**(16,972)**	(16,725)
Provision against:		
- doubtful receivables	**2,059**	677
- store obsolescence	**3,110**	-
- doubtful advances	**4,518**	-
Provision for employees' retirement benefits	**12,852**	18,414
Dividend income	**(44,058)**	(46,369)
Loss from agricultural activities	**149,932**	54,961
(Gain)/loss on marked to market valuation of interest rate swap	**(7,187)**	32,154
Gain/negative goodwill arising on disposal/business combination	**(36,734)**	(339,591)
Finance cost	**1,274,638**	1,008,589
	1,775,147	1,212,268
Profit/(loss) before working capital changes	**418,367**	(89,731)
Effect on cash flow due to working capital changes:		
Decrease/(increase) in stores and spares	**9,651**	(46,746)
Decrease/(increase) in stock in trade	**208,855**	(230,403)
Increase in biological assets - net	**(26,311)**	(95,676)
Decrease/(increase) in trade debts	**209,667**	(183,021)
Decrease/(increase) in loans, advances, prepayments and other receivables	**75,381**	(97,495)
Increase in trade and other payables	**118,968**	547,592
	596,211	(105,749)
	1,014,578	(195,480)

		2009	2008
		(Rupees in thousand)	
			Restated

43. CASH AND CASH EQUIVALENTS

Cash and bank balances	- note 31	**28,809**	401,253
Cash and bank balances - discontinued operations	- note 32.1	**385,688**	26,661
		414,497	427,914

44. REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

44.1 The aggregate amount charged in the consolidated financial statements for the year for remuneration, including certain benefits, to the full time working directors and executives of the group is as follows:

	Directors		**Executives**	
	2009	**2008**	**2009**	**2008**
	(Rupees in thousand)		**(Rupees in thousand)**	
Managerial remuneration	-	-	**41,323**	50,576
Contribution to provident fund, gratuity and pension funds	-	-	**7,675**	6,989
Final settlement			**1,333**	-
House rent	-	-	**5,336**	10,128
Utilities	-	-	**1,855**	5,017
Reimbursable expenses	-	-	**1,012**	877
Others	-	-	**3,580**	428
	-	-	**62,114**	74,015
Number of persons	**-**	**-**	**29**	**32**

44.2 These consolidated financial statements do not include any charge in respect of remuneration or benefits to the Chief Executive.

44.3 The group also provides some of its executives with company maintained cars, travel facilities and club membership.

44.4 Aggregate amount charged in the consolidated financial statements for the year for fee to 8 directors (2008: 8 directors) was Rs 150,000 (2008: Rs 190,000).

45. RELATED PARTY DISCLOSURES

The related parties comprise subsidiaries, associated undertakings, post employment benefit plans, other related companies, and key management personnel. The group in the normal course of business carries out transactions with various related parties. Amounts due from and due to related parties are shown under receivables and payables and remuneration of the key management personnel is disclosed in note 44. Other significant transactions with related parties are as follows:

Relationship with the company	Nature of transactions	**2009**	2008
		(Rupees in thousand)	Restated
i. Associated Undertakings	Purchase of goods and services	**56,821**	85,317
	Sale of goods and services	**6,352**	11,690
	Share of common expenses	**6,961**	3,736
	Interest Charged on long term advances	**23,730**	-
	Dividend income	**-**	79
	Purchase of investments	**-**	243,757
	Sale of investments	**20,873**	-
	Sale of fixed assets	**117,126**	-
	Sale of current assets	**7,081**	-
	Payments made to/on behalf of the company	**-**	714
	Remuneration to custodian	**1,503**	-
	Payments against services received	**466**	
	Funds received from/on behalf of the associated company	**3,351**	-
ii. Post employment benefit plans	Expense charged in respect of retirement benefit plans	**15,686**	16,503
	Interest free loan obtained	**-**	7,400

All transactions with related parties have been carried out on commercial terms and conditions.

46. CAPACITY AND PRODUCTION

		2009	2008
Sugar			
Rated crushing capacity - On the basis of 110 days (2008: 174 days)	M. Tons	**1,858,000**	2,784,000
Actual cane crushed	M. Tons	**784,056**	2,254,712
The low crushing was due to shortage of sugarcane and funds.			
Ethanol			
On the basis of 313 days (2008: 366 days) working	Liters	**68,580,000**	77,060,000
Actual production	Liters	**33,319,694**	66,490,739
The low production of ethanol was due to shortage of raw materials.			
Building Materials			
On the basis of 61 days (2008: 184 days)	Cubic meter	**1,830**	5,520
Actual production	Cubic meter	**1,643**	6,540
The low production of particle board was due to shortage of raw material.			
Textile			
Capacity (converted in 20s counts)	Kgs	**8,398,912**	8,398,912
Actual production (converted in 20s counts)	Kgs	**6,732,603**	7,073,524
The low production of yarn was due to shortage of raw material and funds.			

		2009	2008
Power			
On the basis of 325 days (2008: 229 days)	KWh	**54,600,000**	27,600,000
Actual generation	KWh	**23,541,000**	17,714,054

The low generation was due to shortage of raw material.

		2008
Dairy and Fruit products division		
Ultra Heat Treated packed milk and cream		
Capacity	Litres	72,285,000
Actual production	Litres	26,244,754
Milk powder		
Capacity	Kgs	1,825,000
Actual production	Kgs	127,790
Desi Ghee		
Capacity	Kgs	365,000
Actual production	Kgs	62,086
Fruit pulps and concentrate juices		
Rated production capacity		
Capacity	Kgs	20,700,000
Actual production	Kgs	11,894,266

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended September 30, 2009

47. BUSINESS SEGMENTS INFORMATION

(Rupees in thousand)

	Sugar		Ethanol		Building Materials		Textile		Engineering		Power		Dairy and Fruit products		Investment advisories		Elimination		Total	
	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008
Continuing operations:																				
Revenue																				
- External - note 33	2,484,891	3,784,881	1,315,108	1,942,267	23,503	47,451	990,562	950,539	-	-	128,402	62,381	530,728	1,278,157	-	-	-	-	5,473,194	8,065,676
- Intersegment - note 33	429,102	603,518	-	-	-	-	-	-	-	110,512	25,551	17,529	-	-	-	-	(454,653)	(731,559)	-	-
	2,913,993	4,388,399	1,315,108	1,942,267	23,503	47,451	990,562	950,539	-	110,512	153,953	79,910	530,728	1,278,157	-	-	(454,653)	(731,559)	5,473,194	8,065,676
Segment expenses																				
Cost of sales - Intersegment	-	-	372,625	549,035	3,783	17,986	70,882	46,530	-	-	7,363	7,496	-	-	-	-	(454,653)	(621,047)	-	-
- External - note 34	2,724,089	4,389,551	673,601	731,534	21,341	16,428	986,589	942,449	-	77,815	70,214	30,923	485,595	1,247,589	22,121	8,181	-	(77,815)	4,983,550	7,366,655
	2,724,089	4,389,551	1,046,226	1,280,569	25,124	34,414	1,057,471	988,979	-	77,815	77,577	38,419	485,595	1,247,589	22,121	8,181	(454,653)	(698,862)	4,983,550	7,366,655
Gross profit/(loss)	189,904	(1,152)	268,882	661,698	(1,621)	13,037	(66,909)	(38,440)	-	32,697	76,376	41,491	45,133	30,568	(22,121)	(8,181)	-	(32,697)	489,644	699,021
- Administrative expenses - note 35	127,716	140,015	57,639	54,490	1,030	1,331	28,110	27,671	-	3,526	6,748	2,242	5,708	19,754	3,224	799	-	-	230,175	249,828
- Distribution and selling expenses - note 36	12,919	16,394	96,903	137,856	104	177	6,501	9,369	-	-	683	284	79,489	346,645		-	-	-	196,599	510,725
	140,635	156,409	154,542	192,346	1,134	1,508	34,611	37,040	-	3,526	7,431	2,526	85,197	366,399	3,224	799	-	-	426,774	760,553
Segment results	49,269	(157,561)	114,340	469,352	(2,755)	11,529	(101,520)	(75,480)	-	29,171	68,945	38,965	(40,064)	(335,831)	(25,345)	(8,980)	-	(32,697)	62,870	(61,532)
Other operating expenses																			(351,552)	(246,944)
Operating Profit																			(288,682)	(308,476)
Finance costs																			(1,274,638)	(1,008,589)
Interest income																			8,251	16,725
Other operating income																			115,758	374,483
Income from associate																			(59,846)	8,669
Taxation																			(32,601)	(21,042)
(Loss)/Profit for the year from continuing operations																			(1,531,758)	(938,230)
Discontinued operations:																				
Loss for the year from discontinued operations																			142,377	(384,811)
Profit/(loss) for the year																			(1,389,381)	(1,323,041)

47.1 Inter-segment sales and purchases
Inter-segment sales and purchases have been eliminated from total figures.

47.2 Basis of inter-segment pricing
All inter-segment transfers are made at cost.

	Sugar 2009	Sugar 2008	Ethanol 2009	Ethanol 2008	Building Materials 2009	Building Materials 2008	Textile 2009	Textile 2008	Engineering 2009	Engineering 2008	Power 2009	Power 2008	Dairy and Fruit products 2009	Dairy and Fruit products 2008	Investment advisories 2009	Investment advisories 2008	Elimination 2009	Elimination 2008	Total 2009	Total 2008
47.3 Segment assets	4,585,283	4,722,940	584,363	906,125	31,699	26,308	155,710	592,910	-	124,045	727,889	500,822	-	1,368,458	12,985	220,027	-	(11,257)	6,097,929	8,450,378
Unallocated assets																			4,916,847	5,140,593
																			11,014,776	13,590,971
47.4 Segment liabilities	5,753,028	2,223,069	553,782	297,926	12,577	1,136	625,772	710,400	-	39,747	12,155	172,686	-	823,550	2,281	53,964	(19,399)	(38,387)	6,940,196	4,284,091
Unallocated liabilities																			1,891,293	5,146,261
																			8,831,489	9,430,352
47.5 Capital expenditure	266,597	95,454	-	177,179	-	-	3,894	40,099	1,199	4,362	74,066	642,629	11,204	189,422	1,813	2,861	-	-	358,773	1,152,006
Unallocated																			(61,583)	(10,370)
																			297,190	1,141,636
47.6 Depreciation on property, plant and equipment	240,981	225,670	50,595	50,359	1,024	1,107	20,865	21,807	3,196	2,764	22,613	13,689	12,202	46,109	711	408	-	-	352,187	361,913
Unallocated																			53,375	41,843
																			405,562	403,756
47.7 Depreciation on leased assets	15,595	7,493	-	30	-	-	291	1,900	-	-	15,269	6,615	412	989	-	-	-	-	31,567	17,027
Unallocated																			12,298	9,973
																			43,865	27,000
47.8 Amortization on intangible assets	-	-	-	-	-	-	340	340	-	-	29	33	36	145	212	1,259	-	-	617	1,777
Unallocated																			-	-
																			617	1,777
47.9 Impairment of goodwill acquired **on business combination**	-	-	-	-	-	-	-	-	-	-	-	-	-	-	126,614	-	-	-	126,614	-
Unallocated																			-	-
																			126,614	-
47.10 Impairment on property, plant and equipment	-	-	-	-	-	-	-	46,262	-	-	-	-	-	-	-	-	-	-	-	46,262
Unallocated																			-	-
																			-	46,262
46.11 Impairment on Assets subject to finance lease	-	-	-	-	-	-	-	10,930	-	-	-	-	-	-		-	-	-	-	10,930
Unallocated																			-	-
																			-	10,930

47.12 Secondary reporting format

Segment revenue from external customers by geographical areas is as follows:

	Sugar 2009	Sugar 2008	Ethanol 2009	Ethanol 2008	Building Materials 2009	Building Materials 2008	Textile 2009	Textile 2008	Engineering 2009	Engineering 2008	Power 2009	Power 2008	Dairy and Fruit products 2009	Dairy and Fruit products 2008	Investment advisories 2009	Investment advisories 2008	Elimination 2009	Elimination 2008	Total 2009	Total 2008
Export sales - Europe	-	-	561,463	252,929	-	-	-	-	-	-	-	-	-	-	-	-	-	-	561,463	252,929
Export sales - Asia	-	76,826	641,369	979,410	-	-	-	-	-	-	-	-	-	-	-	-	-	-	641,369	1,056,236
Export sales - Africa	-	-	-	569,283	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	569,283
Export sales - Others	-	-	-	-	-	-	-	113,192	-	-	-	-	12,186	60,069	-	-	-	-	12,186	173,261
Local sales	2,484,891	3,708,055	112,276	140,645	23,503	47,451	990,562	837,347	-	-	128,402	62,381	518,542	1,218,088	-	-	-	-	4,258,176	6,013,967
	2,484,891	3,784,881	1,315,108	1,942,267	23,503	47,451	990,562	950,539	-	-	128,402	62,381	530,728	1,278,157	-	-	-	-	5,473,194	8,065,676

48. FINANCIAL RISK MANAGEMENT

48.1 Financial risk factors

The group's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk. The group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the group's financial performance. The group uses derivative financial instruments to hedge certain risk exposures.

Risk management is carried out by the finance and risk management departments under policies approved by the board of directors. These departments evaluate and hedge financial risks in close co-operation with the group's operating units. The board provides principles for overall risk management, as well as policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity.

(a) Market risk

(i) Foreign exchange risk

Foreign exchange risk is the risk that value of a financial instrument will fluctuate due to changes in foreign exchange rates. Foreign exchange risk arises mainly where receivables and payables exist due to transactions with foreign buyers and suppliers. The group, where considered necessary, uses money market borrowing contracts against receivables exposed to foreign currency risks.

The Company exposure to foreign currency risk was as follows:

		2009	2008
		USD	
Financial Assets			
Trade debts		**47,941**	355,955
Cash and bank balances	- note 29.2	**5,340**	5,327
Financial Liabilities			
Export refinance	- note 12.2	**3,743,942**	6,039,611
Derivative liability	- note 12.2	**370,655**	543,995

The following significant exchange rates were applied during the year:

	2009	2008
Rupees per USD		
Average rate	**80.32**	67.94
Reporting date rate	**83.30**	78.20

At 30 September 2009, if the Rupee had weakened/strengthened by 10% against the US dollar with all other variables held constant, post-tax profit for the year would have been Rs 32.612 million (2008: Rs 42.250 million) lower/higher, mainly as a result of foreign exchange gains/losses on translation of US dollar-denominated short term borrowings, trade receivables and cash and bank balances.

(ii) Price risk

The group is exposed to equity securities price risk because of investments held by the group and classified either as available for sale or at fair value through profit or loss. The group is not exposed to commodity price risk. To manage its price risk arising from investments in equity securities, the group diversifies its portfolio. Diversification of the portfolio is done in accordance with the limits set by the group.

The group's investments in equity of other entities that are publicly traded are listed on the following three stock exchanges, Karachi Stock Exchange, Lahore Stock Exchange and Islamabad Stock Exchange.

The table below summarises the impact of increases/decreases of the KSE-100 index on the group's post-tax profit for the year and on equity. The analysis is based on the assumption that the KSE-100 index had increased/decreased by 10% with all other variables held constant and all the group's equity instruments moved according to the historical correlation with the KSE-100 index:

	Impact on post-tax profit		Impact on other components of equity	
	2009	**2008**	**2009**	**2008**
	(Rupees in thousand)		**(Rupees in thousand)**	
Karachi Stock Exchange	**41,040**	57,494	**14,332**	49,887

Post-tax profit for the year would increase/decrease as a result of gains/losses on equity securities classified as at fair value through profit or loss. Other components of equity would increase/decrease as a result of gains/losses on equity securities classified as available for sale.

(iii) Cash flow and fair value interest rate risk

As the group has no significant interest-bearing assets, the group's income is substantially independent of changes in market interest rates.

The group's interest rate risk arises from both long-term and short term borrowings. Borrowings issued at variable rates expose the group to cash flow interest rate risk. During 2009 and 2008, the group's borrowings at variable rates were denominated in Rupees.

The group analyses its interest rate exposure on a dynamic basis. Various scenarios are simulated taking into consideration refinancing, renewal of existing positions, alternative financing and hedging. Based on these scenarios, the group calculates the impact on profit and loss of a defined interest rate shift. The scenarios are run only for liabilities that represent the major interest-bearing positions.

Based on the various scenarios, the group manages its cash flow interest rate risk by using cross currency interest rate swaps. Such interest rate swaps have the economic effect of converting borrowings with variable interest rates based on KIBOR to LIBOR. Generally, the group raises long-term borrowings with variable interest rate based on KIBOR and swaps the interest portion with the lower rates based on LIBOR. Under the interest rate swaps, the group agrees with other parties to exchange, at specified intervals , the difference between interest based on KIBOR and based on LIBOR, calculated by reference to the agreed notional amounts.

The group does not account for any significant fixed rate financial assets and liabilities at fair value through profit or loss. Therefore a change in interest rates at the reporting date would not the carrying value of any of group's assets or liabilities.

At 30 September 2009, if interest rates on both short term and long borrowings had been 1% higher/ lower with all other variables held constant, post-tax profit for the year would have been Rs 66.272 million (2008: Rs 59.701 million) lower/higher, mainly as a result of higher/lower interest expense on KIBOR based borrowings.

(b) Credit risk

Credit risk arises from cash and cash equivalents, derivative financial instruments and deposits with banks and financial institutions, as well as credit exposures to wholesale and retail customers, including outstanding receivables and committed transactions. For banks and financial institutions, only independently rated parties with a strong credit rating are accepted. If customers are independently rated, these ratings are used. If there is no independent rating, management assesses the credit quality of the customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the board. The utilisation of credit limits is regularly monitored and major sales to retail customers are settled in cash.

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the balance sheet date was:

	2009	2008
	(Rupees in thousand)	
Long term loan and deposits	**106,081**	132,540
Trade debts	**81,282**	270,835
Loans, advances and other receivables	**91,905**	159,754
Cash and bank balances	**413,689**	423,112
	692,957	986,241

The group does not hold any collateral or any other credit enhancement instruments in relation to trade receivables.

The credit quality of group's bank balances can be assessed with reference to external credit ratings as follows:

	Rating Short term	**Long term**	**Rating Agency**	**2009**	**2008**
Askari Bank Limited	A1+	AA	PACRA	**8,105**	3,086
Al-Baraka Islamic Bank	A-1	A	JCR-VIS	**53**	53
Allied Bank Limited	A1+	AA	PACRA	**22**	31,880
Atlas Bank Limited	A2	A -	PACRA	**100**	100
Bank Alfalah Limited	A1+	AA	PACRA	**389,682**	36,334
BankIslami Pakistan Limited	A1	A	PACRA	**8,451**	-
The Bank of Punjab	A1+	AA -	PACRA	**264**	2,540
Barclays Bank PLC	P-1	Aa3	Moody's	**10**	-
Samba Bank Limited	A-1	A	JCR-VIS	**-**	518
Faysal Bank Limited	A-1+	AA	PACRA	**609**	507
Habib Bank Limited	A-1+	AA+	JCR-VIS	**48**	872
KASB Bank Limited	A1	A	PACRA	**7**	41,537
MCB Bank Limited	A1+	AA+	PACRA	**5,075**	146,026
Meezan Bank Limited	A-1	A+	JCR-VIS	**268**	4
National Bank of Pakistan	A-1+	AAA	JCR-VIS	**98**	5,271
Silkbank Limited	A-3	A -	JCR-VIS	**58**	1,506
Soneri Bank Limited	A1+		PACRA	**179**	180
Standard Chartered Bank Limited	A1+	AAA	PACRA	**282**	304
United Bank Limited	A-1+	AA+	JCR-VIS	**378**	152,050
				413,689	422,768

(c) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. Due to the dynamic nature of the group's businesses, the finance department maintains flexibility in funding by maintaining availability under committed credit lines.

Management monitors the forecasts of the group's undrawn borrowing facilities (note 15) and cash and cash equivalents (note 31) on the basis of expected cash flow. In addition, the group's liquidity management policy involves projecting cash flows in each quarter and considering the level of liquid assets necessary to meet its liabilities; monitoring balance sheet liquidity ratios against internal and external regulatory requirements; and maintaining debt financing plans.

The table below analyses the group's financial liabilities and net-settled derivative financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

(Rupees in thousand)

	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
At September 30, 2009				
Fixed rate long term debt	345,755	-	-	-
Floating rate long term debt	1,220,535	460,368	823,078	-
Finance lease liabilities	226,381	101,255	72,415	-
Variable rate short term borrowings	4,054,535	-	-	-
Derivative financial instruments	75,140	19,494	15,699	-
Trade and other payables	937,391	-	-	-
Accrued finance cost	610,572	-	-	-
	7,470,309	581,117	911,192	-
At September 30,2008				
Fixed rate long term debt	-	345,755	-	-
Floating rate long term debt	894,183	715,214	1,193,528	114,968
Finance lease liabilities	212,377	168,398	169,785	-
Variable rate short term borrowings	4,110,840	-	-	-
Derivative financial instruments	95,007	75,140	35,193	-
Trade and other payables	1,207,177	-	-	-
Accrued finance cost	336,464	-	-	-
	6,856,048	1,304,506	1,398,506	114,968

48.2 Fair value estimation

The carrying value of financial assets and liabilities reflected in these consolidated financial statements approximate their fair values.

The fair value of financial instruments traded in active markets is based on quoted market prices at the balance sheet date. The quoted market price used for financial assets held by the company are the current bid prices.

The financial instruments that are not traded in active market are carried at cost and are tested for impairment according to IAS 39.

The carrying value less impairment provision of trade receivables are assumed to approximate their fair values.

49. CAPITAL RISK MANAGEMENT

The Board's policy is to maintain an efficient capital base so as to maintain investor, creditor and market confidence and to sustain the future development of its business. For its manufacturing operations board of directors monitors the return on capital employed, which the parent company define as operating income divided by total capital employed. The board of directors also monitors the level of dividends to ordinary shareholders.

For its mutual fund operations the market price and the net asset value and per share is monitored. The performance of the investment advisory companies are indexed to the performance of the mutual fund(s) which they manage and accordingly the key performance indicators monitored are related to the operational performance of the mutual fund.

The group's objectives when managing capital are:

(i) to safeguard the entity's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders, and
(ii) to provide an adequate return to shareholders.

The group manages the capital structure in the context of economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the group companies may, for example, adjust the amount of dividends paid to shareholders, issue new shares, or sell assets to reduce debt.

For working capital requirements and capital expenditure, the parent company rely substantially on short term borrowings. The mutual fund and investment advisory companies primarily rely on equity funding to manage their affairs.

50. DATE OF AUTHORIZATION OF ISSUE

These financial statements were authorized for issue on March 4, 2010 by the board of directors of the company.

51. EVENTS AFTER THE BALANCE SHEET DATE

The parent company has signed restructuring agreements with lenders as referred to in note 1.3.

52. DETAIL OF SUBSIDIARIES

Name of subsidiary	Accounting year end for consolidation	Economic percentage of holding	Country of incorporation
Safeway Mutual Fund Limited	September 30, 2009	64.25%	Pakistan
Asian Stocks Fund Limited	September 30, 2009	49.54%	Pakistan
Safeway Fund Limited	June 30, 2009	75.00%	Pakistan

53. CORRESPONDING FIGURES

Corresponding figures have been re-arranged, wherever necessary, for the purposes of comparison. However, no significant re-arrangements have been made, except for restatement as referred to in note 2.2.

Chief Executive **Chairman**

The Companies Ordinance 1984 Form - 34
(Section 236(1) and 464)

PATTERN OF SHAREHOLDING

1. Incorporation Number
2. Name of The Company **Shakarganj Mills Limited**
3. Pattern of Holding of the Shares held by the Shareholders as at : September 30, 2009

No. of Shareholders	Shareholding From	Shareholding To	Total shares held
284	1	100	11,859
345	101	500	107,080
286	501	1,000	216,734
488	1,001	5,000	1,060,571
94	5,001	10,000	661,032
50	10,001	15,000	616,520
32	15,001	20,000	553,664
12	20,001	25,000	277,519
8	25,001	30,000	220,212
10	30,001	35,000	327,513
7	35,001	40,000	263,739
6	40,001	45,000	249,883
1	45,001	50,000	49,167
2	50,001	55,000	105,866
8	55,001	60,000	473,899
3	60,001	65,000	189,581
3	65,001	70,000	198,362
3	70,001	75,000	216,966
3	80,001	85,000	243,764
1	85,001	90,000	88,500
2	90,001	95,000	183,932
4	95,001	100,000	396,984
2	100,001	105,000	201,745
2	105,001	110,000	216,366
3	110,001	115,000	335,776
3	115,001	120,000	352,660
1	125,001	130,000	125,929
5	135,001	140,000	681,224
2	140,001	145,000	284,947
2	145,001	150,000	294,590
1	150,001	155,000	152,090
2	155,001	160,000	316,747
3	175,001	180,000	531,839
1	180,001	185,000	182,684
2	190,001	195,000	383,400
1	195,001	200,000	200,000
1	200,001	205,000	200,440
3	220,001	225,000	670,063

No. of Shareholders	Shareholding From	To	Total shares held
1	235,001	240,000	235,410
1	275,001	280,000	276,999
1	410,001	415,000	412,563
1	460,001	465,000	463,600
1	505,001	510,000	508,200
1	510,001	515,000	513,240
1	525,001	530,000	526,695
2	535,001	540,000	1,076,524
1	545,001	550,000	546,304
1	630,001	635,000	630,500
1	650,001	655,000	654,703
1	670,001	675,000	671,275
1	680,001	685,000	682,938
1	765,001	770,000	765,150
1	1,025,001	1,030,000	1,027,000
1	1,065,001	1,070,000	1,066,138
1	1,225,001	1,230,000	1,228,800
1	1,505,001	1,510,000	1,505,913
1	1,970,001	1,975,000	1,975,000
1	2,040,001	2,045,000	2,042,400
1	2,785,001	2,790,000	2,787,428
1	2,805,001	2,810,000	2,805,480
1	5,425,001	5,430,000	5,427,488
1	7,190,001	7,195,000	7,194,553
1	7,410,001	7,415,000	7,410,983
1	15,240,001	15,245,000	15,244,665
1,713			**69,523,796**

Categories of Shareholder	Share Held	%age
5.1 - Directors, Chief Executive Officer, Their Spouse and Childern		
Directors		
Mr. Ahsan M. Saleem	850	0.00
Mr. Ahsan M. Saleem (CDC)	526,695	0.76
Mr. Khalid Bashir (CDC)	4,230	0.01
Mr. Mazhar Karim	3,588	0.01
Mr. Mazhar Karim (CDC)	546,304	0.79
Mr. Muhammad Anwar (CDC)	67,222	0.10
Mr. Muhammad Arshad (CDC)	143,136	0.21
Directors Spouse and Their Childern		
Mrs. Abida Mazhar	13,083	0.02
Mrs. Shahnaz A. Saleem	3,636	0.01
	1,308,744	**1.88**
5.2 - Associated Companies, Undertakings & Related Parties		
Asian Stock Fund Limited (CDC)	1,975,000	2.84
Crescent Jute Products Limited	200	0.00
Crescent Jute Products Limited (CDC)	200,440	0.29
Crescent Steel And Allied Products Limited (CDC)	15,244,665	21.93
Crescent Sugar Mills & Distillery Limited (CDC)	60,350	0.09
Crescent Sugar Mills & Distillery Limited (CDC)	2,805,480	4.04
Safeway Mutual Fund Limited (CDC)	2,042,400	2.94
The Crescent Textile Mills Limited (CDC)	5,427,488	7.81
	27,756,023	**39.92**
5.3 - NIT & ICP (Name Wise Detail)		
National Bank of Pakistan, Trustee Deptt. (CDC)	7,194,553	10.35
National Bank of Pakistan-Trustee Wing	71	0.00
NBP Trustee - NI(U)T (LOC) Fund (CDC)	7,410,983	10.66
	14,605,607	**21.01**
5.4 - Banks, DFI's, NBFI's		
Banks, DFI's, NBFI's	70,929	0.10
Banks, DFI's, NBFI's (CDC)	941,254	1.35
	1,012,183	**1.46**
5.5 - Insurance Companies		
Insurance Companies	8	0.00
	8	**0.00**
5.6 - Modaraba and Mutual Funds		
Modaraba and Mutual Funds	453	0.00
Modaraba and Mutual Funds (CDC)	513,240	0.74
	513,693	**0.74**

Categories of Shareholder	Share Held	%age
5.7 - Other Companies		
Other Companies	575,750	0.83
Other Companies (CDC)	4,989,586	7.18
	5,565,336	**8.00**
5.8 - Non Resident		
State Street Bank & Trust Co.	216	0.00
	216	**0.00**
5.9 - General Public		
A. Local	1,037,481	1.49
A. Local (CDC)	17,724,505	25.49
	18,761,986	**26.99**
	69,523,796	**100.00**

Shareholders More Than 10.00%		
NBP Trustee - NI(U)T (LOC) Fund (CDC)	7,410,983	10.66
Crescent Steel And Allied Products Limited (CDC)	15,244,665	21.93
National Bank of Pakistan, Trustee Deptt. (CDC)	7,194,553	10.35

NOTICE OF ANNUAL GENERAL MEETING

NOTICE is hereby given that 42nd Annual General Meeting of the Company will be held on Monday, April 5, 2010 at 12.00 Noon at Qasr-e-Noor, 9 E 2 Main Boulevard, Gulberg-III, Lahore to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Accounts of the Company for the year ended September 30, 2009 together with the Directors' and Auditors' Reports thereon.

2. To appoint auditors for the year ending September 30, 2010 and fix their remuneration.

SPECIAL BUSINESS

To consider and approve the disposal of one of the Company's sugar production facilities located at Dargai Shah, District Jhang, comprised of land measuring 83 acres and 02 kanals, together with all buildings and structures standing thereon and the plant machinery, equipment and all other assets installed therein, as part of the debt restructuring plan agreed upon between the Company and its lenders, by passing the following resolution as an ordinary resolution:

> **"Resolved**
>
> **That consent of the general meeting be and is hereby accorded to the disposal and sale of one of the Company's sugar production facilities located at Dargai Shah, District Jhang, comprised of land measuring 83 acres and 02 kanals, together with all buildings and structures standing thereon and the plant, machinery, equipment and all other assets installed therein, as part of the debt restructuring plan agreed upon between the Company and its lenders.**
>
> **Resolved Further**
>
> **That each of Mr. Ahsan M. Saleem, Chief Executive Officer, and Mr. Anjum M. Saleem, Managing Director, of the Company, be and are hereby singly authorized and empowered on behalf of the Company to do all acts, deeds and things and take all necessary steps including negotiations and signing of the documents, deeds and papers, agreements and all other documents as may be necessary in order to give effect to, implement and complete the sale of the assets as aforesaid and all matters connected, necessary and incidental thereto."**

BY ORDER OF THE BOARD

Company Secretary
Lahore.
March 11, 2010

NOTES:

1. The register of members of the Company will remain closed no transfer of shares will be accepted for registration from April 02, 2010 to April 08, 2010 (both days inclusive). Transfer received in order at the Company's Share Registrar, M/s CorpTec Associates (Pvt) Limited, 7/3 G, Mushtaq Ahmad Gurmani Road, Gulberg II, Lahore by the close of business on April 01, 2010 will be treated in time for the purpose of attending the annual general meeting.

2. A member entitled to attend and vote at this meeting may appoint other member as his/her proxy to attend and vote instead of his/her. The instrument appointing a Proxy and the power of attorney or other authority under which it is signed or a notary attested copy of the power of attorney must be deposited at the Registered Office of the Company at least 48 hours before the time of the meeting.

3. Members who have deposited their shares into Central Depository Company of Pakistan Limited ("CDC") will further have to follow the under mentioned guidelines as laid down by the Securities and Exchange Commission of Pakistan.

A. For Attending the Meeting

a. In case of Individuals, the accountholder and/or sub-account holder and their registration details are uploaded as per the CDC Regulations, shall authenticate his/her identity by showing his/her original CNIC or, original Passport at the time of attending the Meeting.

b. In case of corporate entity, the Board's resolution / power of attorney with specimen signature of the nominee shall be produced (unless it has been provided earlier) at the time of the Meeting.

B. For Appointing Proxies

a. In case of individuals, the account holder and/or sub-account holder and their registration details are uploaded as per the CDC Regulations, shall submit the proxy form as per above requirements.

b. The proxy form shall be witnessed by two persons, whose names, addresses and CNIC numbers shall be mentioned on the form.

c. Attested copies of the CNIC or the passport of beneficial owners and the proxy shall be furnished with the proxy form.

d. The proxy shall produce his original CNIC or original passport at the time of the Meeting.

e. In case of corporate entity, the Board's resolution / power of attorney with specimen signature shall be furnished (unless it has been provided earlier) along with proxy form to the Company.

STATEMENT UNDER SECTION 160(1) (b) OF THE COMPANIES ORDINANCE, 1984

This statement sets out the material facts pertaining to the special business to be transacted at the Annual General Meeting of the Company, scheduled to be held on April 05, 2010.

The Company is operating three manufacturing facilities i.e, at Jhang, Bhone and Dargai Shah comprised of sugar production units of 12,000, 8,000 and 4,000 (extendable to 8,000) tons crushing per day respectively. Consent of the shareholders is sought in a general meeting for disposal of the Company's one such production facility located at Dargai Shah, District Jhang, as part of the debt restructuring plan agreed upon between the Company and its lenders. This is comprised of land measuring 83acres and 02 kanals together with all buildings and structures standing thereon and the plant, machinery, equipment and all other assets installed therein. This facility commenced its commercial production in 2009. The Board of Directors had already approved the disposal of these assets subject to the consent/authorization of the Company's shareholders in a general meeting. The information required under Notification No. S.R.O. 1227/2005 dated December 12, 2005 is as follows:

i). The detail of assets to be sold:

Description: Complete sugar production facility of 4,000 (extendable to 8,000) ton crushing capacity per day located at Dargai Shah, District Jhang.

Cost and Revalued Amount:

Particulars of Asset	Cost	Revalued Amounts
	(Rupees in '000')	
Land	17,504	75,200
Building	33,154	137,381
Plant and Machinery	897,868	858,766
Total	**948,526**	**1,071,347**

Book Value Rs.899.219 Million

Approximate current market price/fair value Rs.2.500 to 3.000 Billion

ii). The proposed manner of disposal

The assets will be disposed of in a competitive bidding.

iii). Reason for the disposal of assets

There are multiple factors which have led to the decision by the directors of the Company to dispose of the assets, as aforesaid. The sugar industry has been facing shortage of cane crop since the last two cane crushing seasons due to which plant capacities could not be utilized. Due to shortage of cane crop, there is an increase in the cost of cane procurement which is an all time high of Rs.250/- per mound or more as compared to the Government Support Price of Rs. 100/- per mound. In the previous year, the Government has lifted the sugar at a ridiculous price of Rs. 36 per kg ex-factory when the market price of sugar was hovering around Rs. 60 per kg. This was substantially below the cost of production of sugar. Consequently, the Company suffered huge losses in the year ended September 30, 2009 causing a liquidity crunch. In the current scenario, the cost of cane, depreciation and the financial cost is the main area of concern for the management of the Company. To keep these factors in control to enable the Company to return to profitability, the management had negotiated a debt re-profiling with the lenders of the Company with the objective of reducing the financial cost in the next two years by disposal of certain fixed assets of the Company. The management is, therefore, proposing the sale of its sugar production facility at Dargai Shah, District Jhang.

iv). Benefits expected to accrue to the shareholders

The proceeds from the disposal of the assets will be utilized for reduction of the Company's borrowings. Consequently, the borrowing cost will reduce substantially. This along with reduction in the depreciation cost will result in better performance of the Company, as a whole and will enhance the shareholders value.

- The directors have no direct or indirect interest in the above said special business that would require further disclosure, save their shareholdings in and remuneration by the Company.

Shakarganj Mills Limited

FORM OF PROXY

I/We____ S/o, D/o, W/o ____________________________________ of ____ (full address) a member(s) of Shakarganj Mills Limited and holder of ____ shares as per Registered Folio No. ____________ and/or CDC Participant I.D. No. __________________ and Sub Account No. _______________ do hereby appoint ______________________________ of ______________________________________ (full address) or failing him/her ______________________________________ of ____ (full address) as my/our proxy to attend, speak and vote for me/us and on my/our behalf at the Annual General Meeting of Shakarganj Mills Limited scheduled to be held on Saturday, the January 31, 2009 at 12:00 noon at Qasr-e-Noor, 9 E 2 Main Boulevard,Gulberg-III. Lahore and at any adjournment thereof.

As witness my / our hand this ___________________________ day of ___________________________ 2009.

Member ______________________________

Witness ______________________________

Address ______________________________

Dated ________________________________

Signature on
Five-Rupees
Revenue Stamp

The signature should agree with the specimen registered with the Company.

Notes:

1. A member entitled to attend and vote at a General Meeting is entitled to appoint a proxy
2. The instrument appointing a Proxy, together with the Power of Attorney, if any, under which it is signed or a notarially certified copy thereof, should be deposited at the Registered office, not less than 48 hours before the time of holding the Meeting.
3. CDC account holders will further have to follow the under mentioned guidelines as laid down in circular No.1 dated January 26, 2000 of the Securities & Exchange Commission of Pakistan for appointing proxies.
4. In case of individuals, the account holder or sub-account holder and/or the person whose securities are in group account and their registration details are uploaded as per the Regulations, shall submit the proxy form as per the above requirement.
5. The proxy form shall be witnessed by two persons whose names, addresses and NIC numbers shall be mentioned on the form.
6. Attested copies of NIC or the passport of the beneficial owners and the proxy shall be furnished with the proxy form.
7. The proxy shall produce his original NIC or original passport at the time of the meeting.
8. In case of a corporate entity, the Board of Directors' resolution/power of attorney with specimen signatures of the proxy holder shall be submitted (unless it has been provided earlier) alongwith proxy form to the Company.