



Shakarganj Limited
(Formerly Shakarganj Mills Limited)



Condensed Interim Report For the first quarter ended

31 December 2015



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> VISION, MISSION & VALUES

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

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

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

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

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

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

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



> COMPANY INFORMATION

Board of Directors

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

Audit Committee

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

Human Resource & Remuneration Committee

Chairman	Muhammad Anwar
Member	Anjum Muhammad Saleem
Member	Khalid Bashir

Chief Financial Officer

Nisar Ahmad Alvi

Company Secretary

Asif Ali

Management Committees

Executive Committee

Chairman	Anjum Muhammad Saleem
	Ali Altaf Saleem
	Muhammad Pervez Akhtar

Business Strategy Committee

Chairman	Anjum Muhammad Saleem
	Ali Altaf Saleem
	Muhammad Pervez Akhtar
	Nisar Ahmad Alvi
	Manzoor Hussain Malik

System & Technology Committee

Chairman	Muhammad Pervez Akhtar
	Nisar Ahmad Alvi
	Ibrahim Ahmad Cheema

> SHAREHOLDERS' INFORMATION

Stock Exchange Listing

Shakarganj Limited (Formerly Shakarganj Mills Limited) is a listed company and its shares are traded on all the three stock exchanges of Pakistan. Daily quotes on the Company's stock can be obtained from leading newspapers. Shakarganj is listed under 'Sugar & Allied Industries'

Public Information

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

Shareholders' Information

Inquiries concerning lost stock certificates, dividend payment, change of address, verification of transfer deeds and share transfers should be directed to CorpTec Associates (Pvt) Limited, Share Registrar of the Company at Lahore. Tel: 042 3517 0336 - 7 Fax: 042 3517 0338 E-mail: info@corptec.com.pk

Products

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

Legal Advisor

Hassan & Hassan Advocates, Lahore

Auditors

KPMG Taseer Hadi & Co. Chartered Accountants

Bankers

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

Works

Principal Facility

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

Satellite Facility

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

Website

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

Registered and Principal Office

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

Karachi Office

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

Faisalabad Office

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

Share Registrar

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



> COMPANY PROFILE

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

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

Sugar Business:

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

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

Bio Fuel Business:

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

Bio Power Business:

Biogas power generation facility is located at Jhang. This facility comprises an Effluent Treatment Plant (ETP) and a Power Generation Facility. ETP operations involve biological treatment of distillery waste to produce

methane and a biological de-sulphurization plant to remove sulphur from the methane gas. This gas is then used in the power house to produce electricity which is sold to a utility company on the national grid. The present capacity of this plant is 8 megawatts. For better control, from January 2013 ETP has been transferred to Bio Fuel Business.

Building Materials Business:

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

Textile Business:

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

Farming & Allied Business:

This comprises different parcels of land mainly located at Jhang Division nearby our manufacturing facilities. Total area under cultivation is 1,336 acres of which nearly 1,285 acres is owned land and rest is leased. The main crops include sugarcane, wheat, gram, maize, fodder and seasonal vegetables. A dairy farm located at Jhang has been developed, with a herd of 150 milking and fattening cattle. Small herd of rams and bucks for fattening purpose has also been developed.

Shakarganj has also launched a new product in the area of non chemicals fertilizers under the brand name of "Shakarganj Tiger Compost". The product as organic fertilizer has been developed using aerobic decomposition process with addition of standardized microbial culture in filter cake. The compost is a rich source of organic matter, with macro and micro nutrients to help improve soil is very

useful for better growth, yield and quality of all field crops in general and specifically for sugarcane. This is at its initial stage and would grow up in the farmer's community with the practical exposures.

Business Vision and Strategy:

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

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

- Serve our Customers:

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

- Operate Efficiently and Safely:

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

- Invest in Long Term Assets and Partnerships:

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

- Invest in Technology and People:

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

- Grow the Contribution from Value Added Products:

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



> DIRECTORS' REVIEW

I am pleased to present you the un-audited condensed interim financial information of the Company for the first quarter ended 31 December 2015.

During the period under review, the Company earned an after tax profit of Rs. 116.73 million as compared to after tax loss of Rs. 98.64 million in Q1FY2015. Overall financial results of the Company were marginally better but operationally, yet your company was trying to get the momentum. Despite better anticipated sugarcane crop, the price war for procurement of sugarcane started which will affect financials adversely. National and International sugar glut also affected the profit margins, however, price trend is improving now and with better sugar recovery/ increased level of crushing, all would improve the margins.

Our Sugar Division crushed 152,775 MT of sugarcane and produced 13,706 MT of sugar at an average recovery of 9.97 percent. This was an overall increase of 5% in sugar recovery compared to same period last year when we produced 13,240 MT of sugar from 143,708 MT of sugarcane at a sugar recovery of 9.53 percent. Management was trying to improve level of crushing as well as recovery percentage by selective purchase of sugarcane in view of price and supply fluctuations.

As mentioned in our last annual review, due to depressed prices Shakarganj was compelled to close its bio-fuel as well as other operational segments in last quarter of Fiscal 2015. This also affect all business segments during the quarter under review especially bio fuel and alternate energy businesses and in the period under review, our Bio Fuel Division operational days were only 25 as compared to 92 days in Q1FY2015. This has affected financials and operational performance of the Company adversely. During the period under review, this division produced 2.05 million litres as compared to 7.6 million litres in the

corresponding period last year. But the price trend in this area improved which may improve the margins in future. However, bio power operations are yet to be started when spent wash would be available in comparison with 1.4 million units generated in Q1FY2015. Due to successful re-profiling of our long term loans, mark up and other charges have been reversed amounting to Rs. 156 million.

In the period under review, our Building Materials Division could not start its operations due to non-availability of sufficient bagasse, however the management took necessary measures to ensure its operation in next nine months. Yarn production at our Textile Division slightly reduced to 0.76 million kg in the period under review, in comparison to 1.47 million kg in Q1FY2015 because of the cotton prices and lower margins.

The outlook for sugar business still depends on the availability of sugarcane and availability of sufficient working capital lines as well as selling price of sugar, however, with the help of measures taken by the management so far, Shakarganj is expected to achieve overall positive results in Fiscal 2016. The Bio Fuel Division would contribute its share in the Company's profitability in remaining three quarters of current year. Other business segments are also expected to contribute to the bottom line of the Company.

On behalf of the Board

Anjum Muhammad Saleem
Chief Executive Officer

Date: 29 January 2016

> CONDENSED INTERIM BALANCE SHEET

As at 31 December 2015 (Un-Audited)

	Note	December 2015 (Un-audited) (Rupees in thousand)	September 2015 (Audited)
EQUITY AND LIABILITIES			
Share capital and reserves			
Authorized capital 150,000,000 (2015: 150,000,000) ordinary shares of Rs 10 each		1,500,000	1,500,000
50,000,000 (2015: 50,000,000) preference shares of Rs 10 each		500,000	500,000
		2,000,000	2,000,000
Issued, subscribed and paid up capital 69,523,798 (2015: 69,523,798) ordinary shares of Rs 10 each		695,238	695,238
Reserves		1,020,738	896,940
Accumulated loss		(2,118,149)	(2,303,988)
		(402,173)	(711,810)
Surplus on revaluation of property, plant and equipment		5,133,958	5,203,063
Non-current liabilities			
Long term finances	7	410,956	-
Liabilities against assets subject to finance lease		-	-
Employees' retirement benefits		-	-
Deferred taxation		849,748	864,353
		1,260,704	864,353
Current liabilities			
Current portion of long term liabilities		499,366	1,034,356
Short term borrowings		3,102,056	2,584,737
Trade and other payables		4,085,739	3,737,147
Accrued finance cost		294,130	616,745
		7,981,291	7,972,985
Contingencies and commitments			
	8		
		13,973,780	13,328,591

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


Chief Executive



	Note	December 2015 (Un-audited) (Rupees in thousand)	September 2015 (Audited)
ASSETS			
Non-current assets			
Property, plant and equipment	9	9,492,607	9,599,483
Intangible assets		758	775
Biological assets		7,608	9,954
Investments - related parties	10	1,099,592	901,845
Employees' retirement benefits		12,220	12,126
Long term loans, advances and deposits		36,945	36,945
		10,649,730	10,561,128
Current assets			
Biological assets		13,258	20,668
Stores, spares and loose tools		95,472	83,516
Stock-in-trade		1,275,387	804,951
Trade debts		28,055	30,564
Investments	11	-	-
Loans, advances, deposits, prepayments and other receivables		388,038	299,308
Cash and bank balances		1,523,840	1,528,456
		3,324,050	2,767,463
		13,973,780	13,328,591


Chairman

> CONDENSED INTERIM PROFIT AND LOSS ACCOUNT

For the First Quarter Ended 31 December 2015 (Un-Audited)

	Note	December 2015 (Rupees in thousand)	December 2014	
Sales - net	12.1	598,366	1,615,112	
Cost of sales	12.2	(651,587)	(1,723,294)	
Gross loss		(53,221)	(108,182)	
Administrative expenses		(53,511)	(68,174)	
Distribution and selling costs		(10,897)	(19,485)	
Other operating expenses		(10,533)	(7,635)	
Other income		197,805	95,757	
Profit / (loss) from operations		69,643	(107,719)	
Finance cost		(41,464)	(62,201)	
Share of profit from associates		86,471	85,620	
Profit / (loss) before taxation		114,650	(84,300)	
Taxation				
- Company		14,605	(3,989)	
- Associates		(12,521)	(10,349)	
		2,084	(14,338)	
Profit / (loss) for the period		116,734	(98,638)	
Basic earnings / (loss) per share	Rupees	13	1.68	(1.42)
Diluted earnings / (loss) per share	Rupees	13	1.55	(1.31)

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


Chief Executive


Chairman



> CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME

For the First Quarter Ended 31 December 2015 (Un-Audited)

	December 2015 (Rupees in thousand)	December 2014
Profit / (loss) for the period	116,734	(98,638)
Other comprehensive income for the period		
<u>Items that may be reclassified to profit and loss account:</u>		
Fair value (deficit) / gain on 'Available for sale' investments	123,723	43,201
Share of other comprehensive income / (loss) of associates	75	(197)
Total comprehensive profit / (loss) for the period	240,532	(55,634)

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


Chief Executive


Chairman

> CONDENSED INTERIM CASH FLOW STATEMENT

For the First Quarter Ended 31 December 2015 (Un-Audited)

	Note	December 2015 (Rupees in thousand)	December 2014
Cash flows from operating activities			
Cash generated / (used) in operations	14	(145,025)	604,863
Finance cost paid		(18,979)	(60,782)
Taxes paid		(45,404)	(10,958)
Employees' retirement benefits paid		(4,234)	(4,742)
Net decrease in long term deposits		-	-
Net cash generated from / (used in) operating activities		(213,642)	528,381
Cash flows from investing activities			
Fixed capital expenditure		(1,041)	(392)
Proceeds from sale of live stock		318	680
Income from bank deposits received		5	8
Proceeds from sale of investment		-	67,119
Proceeds from sale of property, plant and equipment		5,509	496
Net cash generated from investing activities		4,791	67,911
Cash flows from financing activities			
Repayment of long term borrowings		(313,084)	(148,709)
Short term borrowings - net		517,319	(285,920)
Finance lease liabilities - net		-	-
Net cash generated / (used) in financing activities		204,235	(434,629)
Net increase / (decrease) in cash and cash equivalents		(4,616)	161,663
Cash and cash equivalents at the beginning of the period		1,528,456	94,992
Cash and cash equivalents at the end of the period		1,523,840	256,655

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


Chief Executive


Chairman

> CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY

For the First Quarter Ended 31 December 2015 (Un-Audited)

(Rupees in thousand)

	CAPITAL RESERVE				REVENUE RESERVE				Total	
	Share Capital	Share Premium	Share in capital reserves of associates	Fair Value Reserve	Difference of Capital Under Scheme of Arrangement of Merger	General	Dividend Equalization	Equity Investment Market Value Equalization		Accumulated loss
Balance as at 01 October 2014	695,238	243,282	23,803	170,414	155,930	410,606	22,700	83,000	(2,459,840)	(654,867)
Total comprehensive income for the period ended 31 December 2014	-	-	-	-	-	-	-	-	(96,638)	(96,638)
Loss for the period	-	-	(197)	43,201	-	-	-	-	-	43,201
Other comprehensive income for the period:	-	-	-	-	-	-	-	-	-	-
- Fair value gain on 'Available for sale' investments	-	-	-	43,201	-	-	-	-	-	43,201
- Share of other comprehensive loss of associates	-	-	(197)	-	-	-	-	-	-	(197)
Surplus transferred to accumulated losses on account of:	-	-	(197)	43,201	-	-	-	-	(96,638)	(55,634)
- incremental depreciation on property, plant and equipment - net of deferred tax	-	-	-	-	-	-	-	-	68,422	68,422
Total comprehensive loss for the period	-	-	(197)	43,201	-	-	-	-	(30,216)	1,2788
Balance as on 31 December 2014	695,238	243,282	23,606	213,615	155,930	410,606	22,700	83,000	(2,490,056)	(642,079)
Balance as on 30 September 2015	695,238	243,282	(2,331)	(16,247)	155,930	410,606	22,700	83,000	(2,303,988)	(711,810)
Total comprehensive income for the period ended 30 September 2015	-	-	-	-	-	-	-	-	116,734	116,734
Profit for the period	-	-	-	-	-	-	-	-	-	-
Other comprehensive income for the period:	-	-	-	123,723	-	-	-	-	-	123,723
- Fair value gain on 'Available for sale' investments	-	-	-	123,723	-	-	-	-	-	123,723
- Share of other comprehensive income of associates	-	-	75	-	-	-	-	-	-	75
Surplus transferred to accumulated losses on account of:	-	-	75	123,723	-	-	-	-	116,734	240,532
- incremental depreciation on property, plant and equipment - net of deferred tax	-	-	-	-	-	-	-	-	-	-
Total comprehensive loss for the period	-	-	-	-	-	-	-	-	69,105	69,105
Balance as on 31 December 2015	695,238	243,282	(2,256)	107,476	155,930	410,606	22,700	83,000	(2,118,149)	(402,173)

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


Chief Executive


Chairman



> NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION

For the First Quarter Ended 31 December 2015 (Un-Audited)

1. The Company and its operations

1.1 The Company is incorporated in Pakistan and is listed on Karachi, Lahore and Islamabad Stock Exchanges. The name of the Company has been changed from 'Shakarganj Mills Limited' to 'Shakarganj Limited' on 29 January 2015. It is principally engaged in manufacture, purchase and sale of sugar, bio fuel, building materials, yarn (textile) and engaged in generation and sale of electricity (bio power). The Company has its principal manufacturing facilities at Jhang and satellite manufacturing facilities at Bhone. The registered office of the Company is situated at 10th floor, BOP tower, 10-B, Block E-2, Main Boulevard, Gulberg-III, Lahore.

1.2 Going concern assumption

The Company has been facing liquidity crunch for the last few years. During the current period, the liquidity position improved and the Company has earned net profit of 117 million however as at the reporting date the current liabilities of the Company have exceeded its current assets by Rs. 4,657 million (September 2015: Rs. 5,206 million), the equity has eroded and stands at negative Rs. 402 million.

During the period the Company has crushed 152,775 MT (December 2014: 143,708 MT) of sugarcane and produced sugar of 13,706 MT (December 2014: 13,240 MT) at average recovery of 9.97% ((December 2014: 9.53%). Further 2.05 million litre ((December 2014: 7.55 million litre) of bio fuel was produced during the period. The lower level of operations is primarily due to liquidity constraints as the Company was not able to procure sufficient quantity of sugarcane during the period.

Redeemable term finance certificates and redeemable preference shares overdue as of 31 December 2015 amounts to Rs. 63.2 million and Rs. 345.76 million respectively alongwith overdue accrued markup of Rs. 239.14 million.

The above conditions raise doubts on the Company's ability to continue as a going concern and, therefore, it may not be able to realize its assets and discharge its liabilities in the normal course of business. However, the management is confident of the Company's ability to continue as a going concern based on its concerted effort to re-profile borrowings and utilisation of improved liquidity in cost efficient operational levels of cane crushing and Bio Fuel manufacturing.

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

To-date out of total overdue finances of Rs. 7,122 million, the Company has repaid the bridge finance and other overdue borrowings amounting to Rs. 6,680 million through utilisation of liquidity resulting from operational results and sale of certain assets of the Company, namely, Sugar Unit at Dargai Shah, power division at Dargai Shah, disposal of certain investments (Safeway Fund Limited, Safeway Mutual Fund Limited, Asian Stocks Fund Limited, Crescent Jute Products Limited and Altern Energy Limited) and partial disposal of agricultural land.

The Company has also entered into agreement for sale of carbon dioxide (CO₂), produced as a by-product of Bio fuel manufacturing process, that will help generate additional liquidity at improved margins.

The Company is considering various options to improve liquidity by issuance of right shares and/or disposal of agricultural land and plant and machinery. In this regard board of directors has approved right issue of shares however other plans are being finalized as of 31 December 2015.

The Company, in its efforts to re-profile its borrowings, continued the process of negotiations with its lenders seeking short term financing facilities for operational liquidity and relaxation in payments of its existing loans.



Long term financing - secured

The Company requested its lenders for restructuring of over-due balances including mark-up to term borrowings under reduced and/or non-mark-up arrangements. As a result, the Company has in current period and prior years successfully restructured / rescheduled various loans amounting to Rs. 1,871 million with respective lenders (including term finance certificate holders), out of which Rs. 1,409 million has been repaid as of 31 December 2015. The Company expects relaxation in payment terms and support by the lenders for the remaining overdue loans.

Subsequent to the year end, the Company has received a proposal from National Bank of Pakistan for the restructuring of its over-due finances (including short term borrowings and accrued markup). Accordingly as at the reporting date, Company has paid 35% of the total overdue principal and markup on the basis of cost of funds relevant to demand finance facilities. Remaining overdue principal and markup amounts have been restructured by NBP by waiving off markup over and above from calculation of markup on cost of funds on demand finance loans which adjustment has been shown in other operating income.

Short term financing- secured

The Company has negotiated with its lenders for following short term secured financing for operational liquidity.

- Working capital line against pledge of sugar at 10%-15% margin for 120 days with an incentive for lender to adjust 10% of the new disbursement against settlement of existing over-due loans (principal only); and
- An FE 25 loan/export refinance with a maturity of 120 days after settlement of working capital against pledge of sugar. Such loan is being offered to be securitised against pledge of molasses / Bio Fuel with an incentive for lender to adjust 10% of the new disbursement against settlement of existing overdue loans (principal only).

Newly disbursed facilities shall be settled upon sale of respective commodities (Sugar / Bio Fuel).

As a result of above negotiations, the Company obtained working capital lines of Rs 1,100 million from a number of banks of which Rs 1,025 million has been utilized as of 31 December 2015. These facilities have been obtained against pledge of Sugar / Molasses / Bio Fuel at margin ranging from 10% to 15% and have resulted in significantly improved operational liquidity in current year.

Subsequent to the year ended 30 September 2015, the Company has again requested its lenders for working capital lines for financing of its operations in next year against pledge of stocks of sugar, molasses and bio-fuel. The Company, as an additional incentive to the lenders, has offered upfront deductions ranging from 5% to 10% on the requested limits for the settlement of overdue / due installments and markup.

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

The financial statements have been prepared on a going concern basis based on management's expectation that:

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

- the Company will be able to generate liquidity through issuance of right shares and/or disposal of agricultural land/ assets; and
- the Company will be able to generate adequate liquidity through new short term borrowings and will be successful in utilising such funds to increase its operations.

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

2. Basis of preparation and statement of compliance

This condensed interim financial information is un-audited and is being submitted to the members as required by section 245 of the Companies Ordinance, 1984. The condensed interim financial information has been prepared in accordance with the requirements of the International Financial Reporting Standard (IFRS) IAS 34 'Interim Financial Reporting' as applicable in Pakistan as notified by the Securities and Exchange Commission of Pakistan. This condensed interim financial information do not include all of the information required for full financial statements and should be read in conjunction with the financial statements of the Company for the year ended 30 September 2015.

The comparative balance sheets presented in this interim financial information has been extracted from the audited financial statements of the Company for the year ended 30 September 2015 whereas the comparative condensed interim profit and loss account, condensed interim statement of other comprehensive income, condensed interim cash flow statement and condensed statement of changes in equity are stated from the unaudited condensed interim financial information for the first quarter ended 31 December 2014.

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

3. Significant accounting policies

The accounting policies adopted for the preparation of this condensed interim financial information are the same as those applied in the preparation of preceding annual published financial statements of the Company for the year ended 30 September 2015.

4. Estimates & Judgments

Estimates and Judgments made by the management in the preparation of the condensed interim financial information are the same as those applied in the preparation of the preceding annual published financial statements of the Company for the year ended 30 September 2015.

5. Risk management policies

Risk management policies are consistent with those disclosed in the financial statements for the year ended 30 September 2015.

6. Taxation

The provision for taxation for the quarter ended 31 December 2015 has been made on an estimated basis. In view of gross loss during the period the provision for current taxation represents tax on income under final tax regime and periodic adjustment for deferred taxation.



	December 2015 (Rupees in thousand)	September 2015
7. Long term finances		
Long term loans - secured	461,366	569,400
Redeemable capital		
- Preference shares (non-voting) - unsecured	345,756	345,756
- Term finance certificates (non-voting) - secured	103,200	119,200
	448,956	464,956
	910,322	1,034,356
Less:		
- Long term loans - secured	(50,410)	(569,400)
- Redeemable capital - preference shares (non-voting) - unsecured	(345,756)	(345,756)
- Redeemable capital - term finance certificates (non-voting) - secured	(103,200)	(119,200)
	(499,366)	(1,034,356)
	410,956	-

8. Contingencies and commitments

8.1 Contingencies

- (i) Bank guarantee of Rs. 9.55 million (September 2015: Rs. 9.55 million) in favour of Sui Northern Gas Pipelines Limited against performance of contracts.
- (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. 14.02 million (September 2015: Rs. 14.02 million).
- (iii) During the year 2010, the Company entered into a bridge finance agreement with a consortium of banks for Rs. 2,466 million to be repaid by 30 June 2011 from the sale of assets, identified in the agreement. The bridge facility could not become operative and expired on 30 June 2011. The Company has, in these financial statements, accrued mark-up based on the reduced rates contained in the bridge finance agreement on its respective borrowings to the tune of Rs. 2,466 million. Had the mark-up been accrued at the terms of original agreements, it would have been higher by Rs. 149.53 million (September 2015: Rs. 149.53 million) approximately. However, the Company is in process of negotiation with lenders for restructuring of overdue balances and is confident that the lenders will not demand markup as per original agreements.

Moreover, pending the finalisation of restructured terms of payments with all lenders, the Company has not recognised penalties of Rs. 494.62 million (September 2015: Rs. 494.62 million) approximately which may be leviable under the terms of borrowings agreements including the bridge finance facility. The Company is confident that it will be able to negotiate restructured terms for repayment of loans and no penalty shall be levied by the lenders.

- (iv) The Sindh High Court (the Court) in the case of 'Kasim Textile' in its order of May 7, 2013 has held that benefit of carry forward of minimum tax under section 113 of the Income Tax Ordinance, 2001 is only available if tax payable in a tax year is less than minimum tax paid. If in a tax year, a Company has assessed losses on which no tax is payable, the Company forgoes the right to carry forward minimum tax paid in that year. In the light of this order,

the Company is not entitled to carry forward minimum tax paid in the tax year 2011 to 2014 of Rs. 264.70 million as a result of assessed tax losses in these years and adjust it against normal tax liability. Also in the case of refunds claimed in any year, those would also be adjusted accordingly. However, the management is of the view that the verdict has been challenged in the Supreme Court and that they are waiting for the final outcome.

- (v) The Government of Punjab under the powers conferred through the Punjab Excise Act, 1914 through notification No. SO. Tax (E&T) 3-4/2012 dated July 03, 2012, levy a charge of Rs. 2 per litre on manufacturing of spirit (ethanol). The management through its legal council has challenged the imposition of said levy through a writ petition in the Honorable Lahore High Court. The Honorable Lahore High Court, through such petition, has granted an interim relief in favour of the Company and accordingly provision amounting to Rs.244.84 million (September 2015: Rs. 152.62 million) has not been incorporated in these financial statements.
- (vi) A case is pending against the Company is the Environmental Protection Agency, Punjab (EPA) as a result of wastes and emissions generated during operational conditions of the principle manufacturing facility in Jhang. The Company has filed an appeal before the EPA and is confident of a favourable outcome.

8.2 Commitments

The Company has the following commitments in respect of:

- (i) Contract for capital expenditure amounting to Rs. Nil (September 2015: Rs. 76.18 million).
- (ii) Contracts for acquisition of intangible (computer software) amounting to Rs. 20 million (September 2015: Rs. 20 million).
- (iii) Contracts for other than capital expenditures Rs. 2.71 million (September 2015: Rs. 2.45 million).

9. Property, plant and equipment

	Note	December 2015 (Rupees in thousand)	September 2015
Operating assets (owned)	9.1	9,439,742	9,545,987
Capital work-in-progress	9.2	52,865	53,496
		<u>9,492,607</u>	<u>9,599,483</u>

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



	Note	December 2015 (Rupees in thousand)	September 2015
9.1 Operating assets (owned)			
Opening book value		9,545,989	10,115,177
Add: Addition	9.1.1	1,655	13,321
Transfer from assets subject to finance lease		-	53,864
		9,547,644	10,182,362
Less: Disposal during the period		(3,735)	(4,277)
Depreciation charged during the period		(104,167)	(632,096)
		(107,902)	(636,373)
Closing book value		9,439,742	9,545,989
9.1.1 Addition during the period/year			
Land		-	100
Building on free hold land		-	-
Plant and machinery		1,598	12,501
Tools and equipment		-	79
Laboratory equipment		-	-
Water electric and weighbridge equipment		-	151
Furniture and fixture		54	147
Office equipment		2	334
Vehicles		-	-
Library books		-	7
		1,655	13,321
9.2 Capital work-in-progress			
Civil works		2,813	2,813
Plant and machinery		37,051	36,805
		39,864	39,618
Advances given for capital work in progress		13,001	13,878
		52,865	53,496
10. Investments - related parties			
In equity instruments of associates	10.1	727,469	653,444
Available for sale	10.3	372,123	248,401
		1,099,592	901,845

	Note	December 2015 (Rupees in thousand)	September 2015
10.1 In equity instruments of associates			
Cost		393,827	444,494
Brought forward amounts of post acquisition reserves, profits and negative goodwill recognized directly in profit and loss accounts		259,617	159,193
		653,444	603,687
Share of movement in reserves during the period / year		75	445
Share of profit for the period / year			
- before taxation		86,471	378,618
- provision for taxation		(12,521)	(53,510)
		73,950	325,108
		727,469	929,240
Dividends received during the period / year		-	(4,488)
Transferred to available for sale		-	(271,308)
		-	(275,796)
Balance as at period / year end	10.2	727,469	653,444
10.2 In equity instruments of associates			
Unquoted			
Shakarganj Food Products Limited			
74,654,596 (30 September 2015: 74,654,596)			
fully paid ordinary shares of Rs. 10 each	10.2.3	727,469	653,444
Equity Held: 49.24% (30 September 2015: 49.24%)			
		727,469	653,444

10.2.1 Investments in associates include goodwill amounting to Rs. 71.26 million (30 September 2015: Rs. 71.26 million).

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

Name	Percentage interest held	Assets Liabilities Revenues Profit			
		(Rupees in thousand)			
December 2015					
Shakarganj Food Products Limited	49.24%	1,751,221	(1,095,014)	1,218,262	73,950
September 2015					
Shakarganj Food Products Limited	49.24%	1,723,853	(1,141,670)	4,148,983	315,471.9

The financial year end of Shakarganj Food products Limited is 30 September and above figures are based on un-audited financial statements as of the same period.



10.2.3 The Company has assessed the recoverable amount of investment in Shakarganj Food Products Limited based on value in use calculation. This calculation has been made on discounted cash flow methodology which assumes gross profit margin of 19.40% - 21.34%, EBITDA of 8.74% - 10.37%, terminal growth rate of 4% and discount rate of approximately 10.60%.

	Note	December 2015 (Rupees in thousand)	September 2015
10.3 Available for sale			
Associated/Related companies - at cost	10.3.1	267,648	267,648
Others - at cost	10.3.2	2,200	2,200
		269,848	269,848
Add: Cumulative fair value reserve	10.3.3	107,475	(16,247)
Less: Cumulative impairment losses recognized	10.3.4	(5,200)	(5,200)
Fair value profit / (loss)		102,275	(21,447)
		372,123	248,401
10.3.1 Associated / related companies			
Quoted - related party			
Crescent Steel and Allied Products Limited			
2,992,068 (30 September 2015: 2,992,068) fully paid ordinary shares of Rs 10 each		264,648	264,648
Market value - Rs. 372.1 million (30 September 2015: Rs. 248.4 million)			
Unquoted - associated company			
Crescent Standard Telecommunications Limited			
300,000 (30 September 2015: 300,000) fully paid ordinary shares of Rs 10 each		3,000	3,000
		267,648	267,648
10.3.2 Others			
Unquoted			
Crescent Group Services (Private) Limited			
220,000 (30 September 2015: 220,000) fully paid ordinary shares of Rs 10 each		2,200	2,200
		2,200	2,200

	Note	December 2015 (Rupees in thousand)	September 2015
10.3.3 Cumulative fair value gain			
As at October 01		(16,247)	-
Disposal of shares / units		-	-
Fair value adjustment during the period / year		123,722	(16,247)
As at period / year end		107,475	(16,247)
10.3.4 Cumulative impairment losses recognized			
As at October 01		5,200	5,200
Reversal during the period / year		-	-
As at period / year end		5,200	5,200
11. Investments			
Available for sale - at cost	11.1	-	-
Add: Cumulative fair value reserve	11.2	-	-
		-	-
11.1 Available for sale - at cost			
Innovative Investment Bank Limited - Unquoted			
51,351 (30 September 2015: 51,351)			
fully paid ordinary shares of Rs 10 each		-	-
		-	-
11.2 Cumulative fair value reserve			
As at October 01		-	170,414
Fair value gain during the period / year		-	-
Gain realised on disposal transferred to profit and loss account		-	(170,414)
As at period / year end		-	-

12. Business segments information

(Rupees in thousand)

12.1 Revenue

- External
- Intersegment

	Sugar		Bio Fuel		Bio Power		Building Materials		Textile		Farms		Others		Total	
	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014
	425,441	793,596	307	450,678	-	-	-	5,373	163,062	350,849	8,092	8,066	1,464	6,550	598,366	1,615,112
	58,543	108,997	291	12,112	-	15,683	-	-	-	-	-	7,554	-	-	-	-
	483,984	902,593	598	462,789	-	15,683	-	5,373	163,062	350,849	8,092	15,620	1,464	6,550	598,366	1,615,112
	534,162	1,103,968	(56,399)	247,267	2,772	12,335	630	7,622	163,146	332,592	6,248	15,728	1,030	3,779	651,387	1,723,294
	291	15,656	58,543	106,513	-	9,539	-	36	-	12,602	-	-	-	-	-	-
	534,453	1,119,624	2,144	353,780	2,772	21,873	630	7,661	163,146	345,194	6,248	15,728	1,030	3,779	651,387	1,723,294
	(50,469)	(217,030)	(1,546)	(109,009)	(2,772)	(6,191)	(630)	(2,288)	(84)	5,655	1,844	(1,08)	434	2,771	(53,221)	(108,182)
	(47,403)	(39,547)	(59)	(20,277)	-	(687)	-	(235)	(5,498)	(6,518)	(408)	(622)	(143)	(287)	(53,511)	(68,174)
	(2,444)	(2,684)	(8,097)	(16,373)	-	-	-	(5)	(356)	(423)	-	-	-	-	(10,897)	(19,485)
	(49,847)	(42,232)	(8,156)	(36,650)	-	(687)	-	(240)	(5,854)	(6,941)	(408)	(622)	(143)	(287)	(64,408)	(87,659)
	(100,316)	(239,262)	(9,702)	72,359	(2,772)	(6,878)	(630)	(2,528)	(5,988)	(1,286)	1,436	(730)	291	2,484	(117,628)	(195,841)
															(10,533)	(7,635)
															197,805	95,757
															69,643	(107,719)
															(41,464)	(62,201)
															86,471	85,620
															114,650	(84,300)
															14,605	(3,989)
															(1,2521)	(10,349)
															2,084	(14,338)
															116,734	(98,638)

12.2

- External
- Intersegment

Gross profit / (loss)

- Administrative expenses
- Distribution and selling expenses

Segment results

Other operating expenses

Other operating income

Operating profit/ (loss)

Finance costs

Share of Profit from associates

Profit/ (loss) before taxation

Taxation

-Company

-Associates

Profit/ (loss) for the period

Note: (1) Intersegment sales & purchases have been eliminated from total figures.

(2) Other operating income include impact of reversal of mark up and other charges amounting to Rs. 156 million due to re-profiling of long term loans in the current period.



	Segment assets		Segment liabilities	
	31 December 2015	30 September 2015	31 December 2015	30 September 2015
	(Rupees in thousand)			
Sugar	7,665,595	7,417,190	6,182,562	5,917,096
Bio Fuel	3,089,221	2,826,749	2,403,236	2,259,940
Bio Power	351,379	277,934	32,661	32,661
Building Materials	40,280	55,548	22,239	22,239
Textile	381,751	397,019	158,434	158,434
Farms	685,432	700,700	77,323	77,323
Others	6,944	22,212	8,971	8,971
Unallocated	1,753,178	1,631,239	356,569	360,674
	13,973,780	13,328,591	9,241,995	8,837,338

12.3 Segment assets and liabilities

13. Earnings / (loss) per share

13.1 Basic earnings / (loss) per share

		December 2015	December 2014
Profit / (loss) for the period	Rupees	116,734,000	(98,638,000)
Weighted average number of ordinary shares in issue during the period	Number	69,523,798	69,523,798
Earnings / (loss) per share - basic	Rupees	1.68	(1.42)

13.2 Diluted earnings / (loss) per share

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. The company has a commitment to convert 1,000 preference shares into 167 ordinary shares of Rs 10 each. For the purposes of computing the diluted EPS the convertible preference shares are assumed to have been converted into ordinary shares, and the loss is adjusted to eliminate the preference dividend.

		December 2015	December 2014
Profit / (loss) for the period		116,734,000	(98,638,000)
Profit / (loss) used to determine diluted earnings per share	Rupees	116,734,000	(98,638,000)
Weighted average number of ordinary shares in issue during the period	Number	69,523,798	69,523,798
Assumed conversion of convertible preference shares into ordinary shares	Number	5,774,108	5,774,108
Weighted average number of ordinary shares for diluted earnings per share	Number	75,297,906	75,297,906
Earnings / (loss) per share - diluted	Rupees	1.55	(1.31)

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



14. Cash generated / (used) in operating activities

	December 2015 (Rupees in thousand)	December 2014
Profit (loss) before taxation	114,650	(84,300)
Adjustment for:		
Depreciation/amortization of:		
- property, plant and equipment	104,182	158,844
- intangible assets	18	22
Liabilities written back	(156,049)	-
Gain on sale of property, plant and equipment	(1,774)	(396)
Interest from bank deposits	(5)	(8)
Provision for employees' retirement benefits	4,140	4,448
Net loss (income) from livestock	2,028	(330)
Gain on sale of 'Available for sale' investments	-	(45,813)
Share of profit from associates	(86,471)	(85,620)
Finance cost	41,464	62,201
	(92,467)	93,348
Profit / (loss) before working capital changes	22,183	9,048
<i>Effect on cash flow due to working capital changes:</i>		
Increase in stores and spares	(11,956)	(12,923)
(Increase) / decrease in stock in trade	(470,436)	23,968
Decrease in biological assets - net	7,410	4,357
Decrease (increase) in trade debts	2,509	(164,511)
Decrease / (increase) in loans, advances, prepayments and other receivables	(43,327)	99,053
Increase in trade and other payables	348,592	645,871
	(167,208)	595,815
Cash generated / (used) in operating activities	(145,025)	604,863

15. Transactions with related parties

Relationship with the company	Nature of transactions	December 2015 (Rupees in thousand)	December 2014
i. Associated Undertakings			
Crescent Steel & Allied Products Limited	Purchase of goods	-	4,398
	Common Expenses	925	1,193
	Dividend income	-	-
Shakarganj Energy (Private) Limited	Rent paid against use of boiler	5,000	-
	Advance received against sale of bagasse	70,000	-
	Purchase of electricity and steam	-	66,997
	Sale of bagasse and water	-	67,062
Crescent Hadeed (Private) Limited	Sale of material	1,643	-
	Services rendered	200	-
Shakarganj Food Products Limited	Sale of goods	7,924	2,597
	Salaries and other common expenses	717	173
Premier Insurance Limited	Insurance expenses	1,467	1,184
ii. Post employment benefit plans	Expense charged in respect of retirement benefit plans	2,783	4,080
ii. Key management personnel	Salaries and other employee benefits	20,213	27,673

16. Date of authorisation for issue

This condensed interim financial information was authorized for issue on 29 January 2016 by the board of directors of the Company.

17. Events after the balance sheet date

There are no subsequent events occurring after balance sheet date.

18. Corresponding figures

Corresponding figures have been re-arranged and re-classified, wherever necessary, for the purposes of comparison and better presentation as per reporting framework however, no significant re-arrangements have been made.


Chief Executive


Chairman



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