

ABDULLAH SHAH GHAZI SUGAR MILLS LIMITED
CONDENSED INTERIM BALANCE SHEET
AS AT JUNE 30, 2016

	(Un-Audited) June 30, 2016	(Audited) September 30, 2015
Notes	RUPEES	
LIABILITIES		
SHARE CAPITAL AND RESERVES		
Authorized share capital 100,000,000 (2011:100,000,000) ordinary shares of Rs. 10/- each	1,000,000,000	1,000,000,000
Issued, subscribed and paid-up capital	792,616,660	792,616,660
Accumulated loss	(1,050,011,701)	(1,077,736,628)
	(257,395,041)	(285,119,968)
Surplus on revaluation of property, plant and equipment	545,731,428	568,856,725
NON-CURRENT LIABILITIES		
Long term loans - Unsecured	5 123,416,314	123,416,314
Long term loans - Secured	37,500,000	56,250,000
Retirement benefit obligations	3,607,401	5,325,743
Deferred taxation	88,969,709	271,005,082
CURRENT LIABILITIES		
Trade and other payables	2,043,341,857	1,926,061,236
Finance cost payable	115,293,639	87,660,375
Short term borrowings - Secured	404,821,342	407,811,201
Current portion of long term loan from bank	37,500,000	18,750,000
	2,600,956,838	2,440,282,812
CONTINGENCIES		
	6 --	--
	3,142,786,649	3,180,016,708
ASSETS		
NON CURRENT ASSETS		
Property, plant and equipments	2,678,748,634	2,714,146,332
Long term deposits	1,326,165	1,326,165
CURRENT ASSETS		
Stores and spares	48,042,203	41,674,795
Stock in trade	328,999,994	351,867,278
Advances, deposits and prepayments	30,003,800	57,452,307
Advance income tax - net	10,385,559	3,376,902
Cash and bank balances	45,280,294	10,172,929
	462,711,850	464,544,211
	3,142,786,649	3,180,016,708

The annexed notes form an integral part of these condensed interim financial statements.



CHIEF EXECUTIVE



DIRECTOR

ABDULLAH SHAH GHAZI SUGAR MILLS LTD
CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED)
FOR THE HALF-YEAR ENDED JUNE 30, 2016

	9 months		3 months	
	Oct 2015 to 2016	Oct 2014 to 2015	March 31, 2016	March 31, 2015
	RUPEES		RUPEES	
Sales	425,482,356	1,468,572,693	375,963,837	1,207,628,249
Cost of Sales	553,822,243	1,710,715,571	376,668,552	1,401,105,004
Gross Profit	<u>(128,339,887)</u>	<u>(242,142,878)</u>	<u>(704,715)</u>	<u>(193,476,755)</u>
OPERATING EXPENSES				
Administrative and general expenses	19,096,031	23,793,202	11,400,522	16,361,574
Distribution expense	1,230,460	1,802,794	925,050	1,374,459
	<u>20,326,491</u>	<u>25,595,996</u>	<u>12,325,572</u>	<u>17,736,033</u>
Operating Profit	<u>(148,666,378)</u>	<u>(267,738,874)</u>	<u>(13,030,287)</u>	<u>(211,212,788)</u>
Finance cost	31,515,861	57,240,591	20,821,194	33,328,165
Profit for the 1st quarter	<u>(180,182,239)</u>	<u>(324,979,465)</u>	<u>(33,851,481)</u>	<u>(244,540,953)</u>
Other Income	2,003	758,133	978	3,325
Profit before taxation	<u>(180,180,236)</u>	<u>(324,221,332)</u>	<u>(33,850,503)</u>	<u>(244,537,628)</u>
Provision for taxation				
Current	-	(7,342,863)	-	(6,038,141)
Deferred	182,035,373	12,308,372	10,832,160	8,205,581
	<u>182,035,373</u>	<u>4,965,509</u>	<u>10,832,160</u>	<u>2,167,440</u>
Profit after taxation	<u>1,855,137</u>	<u>(319,255,823)</u>	<u>(23,018,343)</u>	<u>(242,370,188)</u>
Earning Per Share- Basic and diluted	<u>0.02</u>	<u>(4.03)</u>	<u>(0.29)</u>	<u>(3.06)</u>

The annexed notes form an integral part of these condensed interim financial statements.



CHIEF EXECUTIVE



DIRECTOR

ABDULLAH SHAH GHAZI SUGAR MILLS LTD
INTERIM CONDENSED STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)
FOR THE HALF YEAR ENDED JUNE 30, 2016

	<u>9 months</u>		<u>3 months</u>	
	<u>Oct 2015 to Jun 2016</u>	<u>Oct 2014 to Jun 2015</u>	<u>Apr 2016 to Jun 2016</u>	<u>Apr 2015 to Jun 2015</u>
	RUPEES		RUPEES	
Profit for the period	1,855,137	(319,255,824)	(23,018,343)	(242,370,189)
Other Comprehensive income:				
Transfer from surplus on revaluation of property, plant and equipment	-	36,201,095	-	24,134,063
Related deferred tax	-	(12,308,372)	-	(8,205,581)
	-	23,892,723	-	15,928,482
Total comprehensive income / (loss) for the period	<u>1,855,137</u>	<u>(295,363,101)</u>	<u>(23,018,343)</u>	<u>(226,441,707)</u>

The annexed notes form an integral part of these condensed interim financial statements.



CHIEF EXECUTIVE



DIRECTOR

ABDULLAH SHAH GHAZI SUGAR MILLS LIMITED
CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)
FOR THE HALF-YEAR ENDED JUNE 30, 2016

	Jun 2016 RUPEES	Jun 2015 RUPEES
<u>CASH FLOW FROM OPERATING ACTIVITIES</u>		
Loss before taxation	(180,180,236)	(324,221,332)
Adjustments for non cash and other items:		
Depreciation	39,735,120	63,205,178
Financial charges	31,515,861	57,240,591
Prior year adjustment	2,744,493	--
	<u>73,995,474</u>	<u>120,445,769</u>
Cash flow before working capital changes	(106,184,762)	(203,775,564)
Changes in working capital		
(Increase) / decrease in current assets:		
Stores and spares	(6,367,408)	(351,560,019)
Stock in trade	22,867,284	406,894,598
Trade debts	--	--
Advances, deposits and prepayments	27,448,507	(15,730,861)
Increase / (decrease) in current liabilities:		
Trade and other payables	117,280,621	708,240,074
	<u>161,229,004</u>	<u>747,843,792</u>
Cash (used) in operations	55,044,242	544,068,228
Payments for:		
Taxes	(7,008,657)	(7,866,584)
Financial charges	(3,882,597)	(41,957,720)
Gratuity	(1,718,342)	(545,664)
	<u>(12,609,596)</u>	<u>(50,369,968)</u>
Net cash used from operating activities	42,434,646	493,698,260
<u>CASH FLOW FROM INVESTING ACTIVITIES</u>		
Fixed capital expenditure	(4,337,422)	(236,293,109)
Net cash used in investing activities	(4,337,422)	(236,293,109)
<u>CASH FLOW FROM FINANCING ACTIVITIES</u>		
Short term borrowings - Net	(2,989,859)	(264,852,626)
Net cash generated from financing activities	(2,989,859)	(264,852,626)
	--	--
Net decrease in cash and cash equivalent	35,107,365	(7,447,475)
Cash and bank balances at the beginning of the period	10,172,929	11,388,322
Cash and bank balances at the end of the period	45,280,294	3,940,847

The annexed notes form an integral part of the interim condensed financial information.



CHIEF EXECUTIVE



DIRECTOR

ABDULLAH SHAH GHAZI SUGAR MILLS LIMITED
CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
FOR THE HALF-YEAR ENDED JUNE 30, 2016

	Share capital	Accumulated Loss	Total
	RUPEES		
Balance as at October 01, 2014	792,616,660	(595,159,449)	197,457,211
Loss for the year	--	(319,255,824)	(319,255,824)
Transfer from surplus on revaluation of property, plant and equipments in respect of Incremental depreciation - Net of tax	--	23,892,723	23,892,723
	--	(295,363,101)	(295,363,101)
Balance as at June 30, 2015	792,616,660	(890,522,550)	(97,905,890)
Balance as at October 01, 2015	792,616,660	(1,077,736,628)	(285,119,968)
Total comprehensive income for the period	--	1,855,137	1,855,137
Prior year adjustment	--	2,744,493	2,744,493
Transfer from surplus on revaluation of property, plant and equipments in respect of Incremental depreciation - Net of tax	--	23,125,297	23,125,297
	--	27,724,927	27,724,927
Balance as at June 30, 2016	792,616,660	(1,050,011,701)	(257,395,041)

The annexed notes form an integral part of these condensed interim financial statements.


CHIEF EXECUTIVE


DIRECTOR

ABDULLAH SHAH GHAZI SUGAR MILLS LTD
NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED JUNE 30, 2016

1) STATUES AND NATURE OF COMPANY

The Company was incorporated in Pakistan on February 25, 1984 as a Private Limited Company and was subsequently converted into a Public Limited Company on February 11, 1990. The Company is listed in Pakistan Stock Exchange. The principal business of the Company is manufacturing and selling of refined sugar and by products.

2) BASIS OF PREPARATION

2.1) Statement of Compliance

These financial statements have been prepared in accordance with the approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board (IASB) and Islamic Financial Accounting Standards (IFAS) issued by the Institute of Chartered Accountants of Pakistan as are notified under the Companies Ordinance, 1984, the requirements of the Companies Ordinance, 1984 and the directives issued by the Securities and Exchange Commission of Pakistan (SECP). Wherever the requirements of the Companies Ordinance, 1984, or directives issued by the SECP differ with the requirements of IFRSs, the requirements of the Companies Ordinance 1984 or the said directives issued by the SECP prevail.

2.2) Accounting Convention

These financial statements have been prepared under the "historical cost convention" except of certain classes of property, plant and equipments which are stated at revalued amount and employee retirement benefits which are stated at fair value.

3) SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of financial statements in conformity with approved accounting standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company's accounting policies. Estimates and judgments are continually evaluated and are based on historical experience and other factors involving a higher degree of expectations of future events that are believed to be reasonable under the circumstances.

3.1) Employee Benefits

The cost of defined benefit retirement plan (gratuity) is determined using actuarial valuations (projected unit credit method) performed by independent actuaries. The actuarial valuation involves making assumptions about discount rates, future salary increases, and mortality rates. All assumptions are reviewed at each reporting date.

3.2) Taxation

In making the estimate for income tax payable by the Company, the Company takes into account the applicable tax laws and the decision by appellate authorities on certain issues in the past.

3.3) Property, Plant and Equipment

The Company reviews appropriateness of the rate of depreciation and useful life used in the calculation of depreciation. Further, where applicable, an estimate of the recoverable amount of assets is made for possible impairment on an annual basis. In making these estimates, the Company uses the technical resources available with the Company. Any change in the estimates in the future might affect the carrying amount of respective item of property, plant and equipment, with corresponding effects on the depreciation charge and impairment.

**ABDULLAH SHAH GHAZI SUGAR MILLS LTD
NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED JUNE 30, 2016**

3.4) Inventories

The Company reviews the net realizable value of stock in trade and stores and spare parts to assess any diminution in the respective carrying values. Net realizable value is estimated with reference to the estimated selling price in the ordinary course of business less the estimated cost necessary to make the sale.

3.5) Impairment

The management of the company reviews carrying amounts of its assets including receivables and advances and cash generating units for possible impairment makes formal estimates of recoverable amounts if there is such indication.

3.6) Provisions and Contingencies

The company reviews the status of all pending litigations and claims against the company. Based on its judgement and the advice of the legal advisors for the estimated financial outcome, appropriate disclosure or provision is made. The actual outcome of those litigation and claims can have an effect on the carrying amounts of the liabilities recognised at the balance sheet date.

4) GOING CONCERN ASSUMPTION

The financial statements of the company for the half year ended March 31, 2016 reflect that company has sustained a net profit after taxation of Rs.1.855 million and as of that date it has accumulated losses of Rs.1,050.011 million (2015: Rs.1077.737 million) resulted in negative equity of Rs.257.395 million and its current liabilities exceeded its current assets by Rs.2,138.245 million (2015: Rs.1,975.739 million). These conditions indicate the existence of material uncertainty which may cast significant doubt about the company's ability to continue as going concern and therefore the company may not be able to realize its assets and discharge its liabilities in the normal course of business. However the financial statements have been prepared under going concern assumption due to following mitigating factors:

- a) Unfavorable business conditions are temporary and cyclical in nature and would reverse in future;
- b) Arbitration efforts that have been undertaken to resolve dispute with TCP will be successful and the Company will be able to settle the subject amount in a convenient and sustainable manner;
- c) Negotiations with all the secured creditors and financial institutions to restructure the liabilities on long-term basis are underway and some financial institutions have restructured their facilities and management expects that the remaining will also turnout successful; and
- d) There will be a persistent financial support from sponsors to enable Company to survive as a 'going concern'.
- e) Further, the management is actively pursuing a plan to reduce cost and to increase the efficiency of mills.

Accordingly the going concern assumption used in preparation of these financial statements is justified.

Un - Audited June 30, 2016 Rupees	Un - Audited June 30, 2015 Rupees
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5) ISSUED, SUBSCRIBED AND PAID UP CAPITAL

79,261,666 (2015: 79,261,666) Ordinary shares of Rs.10/- each fully paid in cash

792,616,660	792,616,660
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- 5.1) 65,482,609 (2015:77,691,800) shares are held by Haq Bahu Sugar Mills (Private) Limited (holding company) representing 82.62% (2015 : 82.62%) shareholding in the company.

ABDULLAH SHAH GHAZI SUGAR MILLS LTD
NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED JUNE 30, 2016

6) LONG TERM LOANS:

Subordinated loan from holding Company - Unsecured	6.1	123,416,314	123,416,314
Long term loan from bank - Secured	6.2	37,500,000	56,250,000
		<u>160,916,314</u>	<u>179,666,314</u>

6.1) The loan has been advanced by M/s. Haq Bahu Sugar Mills (Pvt.) Ltd which carries markup @ six months KIBOR plus 1% (2015: @ six months KIBOR plus 1%) payable half yearly. Since the loan will not be repayable within next twelve months therefore the same has been classified as long term liability. The loan is subordinated to certain short term finance facility obtained by the Company.

6.2) The facility has been obtained from Summit Bank Limited and amounting to Rs. 75 million. The facility carries markup @ 3 months KIBOR plus 1% per annum payable quarterly in arrears. The facility is secured against first pari passu charge over present and future fixed assets of the company amounting to Rs. 66.70 million and personal guarantees of all sponsoring directors.

8) TRADE AND OTHER PAYABLES

This includes advances from customers aggregating Rs.716.684 million (Year ended September 2015 Rs.785.685 million)

9) SHORT TERM BORROWINGS - Secured

Short term finances from banks - Secured	9.1	385,848,342	388,838,201
Others - Unsecured, interest free	9.2	<u>18,973,000</u>	<u>18,973,000</u>
		<u>404,821,342</u>	<u>407,811,201</u>

9.1) During the year the company has obtained various short term borrowings facilities from various banks for working capital requirements against the available limit of Rs.685.240 million (2015: Rs.685.240 million). These facilities carries markup @ ranging from three to 6 months KIBOR plus 2.5% to 4% (2015: @ ranging from three to six months KIBOR plus 2.5% to 4%) payable quarterly in arrears. These facilities are secured on all present & future fixed assets of the company, pledge of refined sugar stock and personal guarantees of directors.

9.2) This loan is interest free and unsecured and is payable with the mutual consent.

10) CONTINGENCIES AND COMMITMENTS

10.1) Contingencies

a) The Company received advances from Trading Corporation of Pakistan (TCP) under four different sugar supply agreements. The Company has disputed the supply of sugar under the said agreements contending that TCP made numerous breaches of the agreements causing enormous losses to the Company and has filed a civil suit in court of Honorable Civil Judge, Lahore praying to refer the dispute for arbitration under the terms of the agreements. The Court has initiated exparte proceedings against TCP and matter is a pending adjudication.

b) During the year under consideration TCP filed a complaint with National Accountability Bureau (NAB), Sindh for recovery of the amount advanced by it as referred in preceding paragraph. Total amount claimed by TCP is Rs.1,311.528 million being principle amount of Rs.570.913 million plus Rs.740.615 million being penalty, markup and other incident charges. The matter is pending with NAB for disposal and the management expects that outcome will be in its favor and penalty, markup and other incidental charges of Rs.740.615 million would not be payable, hence no provision thereagainst has been made in these financial statements. During the year TCP has encashed Margin on Gaurantee deposited by the company with the banks and therefore the pinciple amount claimed has been reduced to 521.165 million.

ABDULLAH SHAH GHAZI SUGAR MILLS LTD
NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED JUNE 30, 2016

10.2) Commitments

The Company has entered into Ijarah agreements for Rs.4.409 million (2015: Rs.4.409 million) with bank al falah limited to acquire vehicles. The rentals under these agreements are payable monthly up to October 2017 carrying profit rates ranging from three and six month kibor plus 1.23% to 1.41% per annum (2015: 1.23% to 1.41% per annum). The total of future Ijarah payments are as under:

Less than one year	1,034,740	1,274,556
Within one to five years	13,850	1,104,384

10) CORRESPONDING FIGURES

The corresponding figures have been rearranged and reclassified for the purpose of comparison and better presentation however there has been no significant reclassification.

8) DATE OF AUTHORIZATION FOR ISSUE

The financial statements were approved by the board of directors and authorized for issue on Aug 10, 2016.

9) GENERAL

Figures have been rounded off to the nearest rupee.



CHIEF EXECUTIVE



DIRECTOR