

Half Year Ended
(March 31, 2014)

Registered Office:
5 -Nasim, C.H.S, Major Nazir Bhatti Road,
Off Shaheed-e-Millat Road, Karachi

Designed by: A.O Interactive 021-4311235

Half Year Ended
(March 31, 2014)



MACCA GROUP

Abdullah Shah Ghazi
Sugar Mills Limited

Contents

Company Information.....	01
Director Report.....	02
Review Report to the Members.....	03
Balance Sheet.....	04
Profit & Loss Account.....	05
Statement of Comprehensive Income	06
Cash Flow Statement.....	07
Statement of Changes in Equity.....	08
Notes to the Financial Statements.....	09

Corporate Profile

Board Directors

Mr. Muhammad Irshad Butt (Chairman/Chief Executive)
 Mr. Riaz Qadeer Butt
 Muhammad Rashid Rana
 Atif Butt
 Muhammad Talib
 Yasir Iqbal
 Shoukat Ali Butt

Audit Committee

Mr. Muhammad Irshad Butt (Chairman)
 Mr. Riaz Qadeer Butt (Member)
 Muhammad Rashid Rana (Member)

Chief Financial Officer

Imran Mirza

Company Secretary

Malik Riaz Hussain

Internal Auditors

Riaz Ahmad, Saqib, Gohar and Company
 Chartered Accountants

Auditors

Faruq Ali And Company
 Chartered Accountants

Registrar

Central Depository Company of Pakistan,
 CDC House, 99-B, Block-B, S.M.C.H.S.,
 Main Shahrah-e-Faisal, Karachi, Pakistan.

Registered Office

5 -Nasim, C.H.S, Major Nazir Bhatti Road,
 Off Shaheed-e-Millat Road, Karachi

Mill

Abdullah Shah, Ghaizabad Garho, District Thatta, Sindh.

Bankers

BankIslami Pakistan Limited
 Summit Bank Limited
 Bank Al-Falah Limited
 Silk Bank Limited
 MCB Bank Limited
 Meezan Bank Limited
 Habib Metropolitan Bank Limited
 United Bank Limited
 Allied Bank Limited
 KASB Bank Limited

Director's Report

Dear Members,

On behalf of the board, I am pleased to present half year performance review together with the interim condensed financial statements duly reviewed by the auditors.

Overview:

The sugar prices remained under pressure during the reporting period. However your company through its effective management generated gross profit of Rs. 24.352 and operating profit of Rs. 9.402 millions.

The summarized operating results of the company are as follows:

Particulars	2013 - 2014	2012 - 2013
Crushing Days	127	82
Sugar Cane Crushed	249,886.963	217,538.902
Sugar produced	24,641.500	21,195.000
Sugar recovery	9.861	9.721

Acknowledgment

We like to put on record our appreciation for all our staff members for their day and night efforts and be a part in strive to improve your company all round.

Karachi
 May 31, 2014

CHIEF EXECUTIVE

AUDITOR'S REPORT TO THE MEMBERS ON REVIEW OF INTERIM CONDENSED FINANCIAL INFORMATION

Introduction

We have reviewed the accompanying interim condensed balance sheet of **Abdullah Shah Ghazi Sugar Mills Limited** as at March 31, 2014, and the related interim condensed profit and loss account, interim condensed statement of comprehensive income, interim condensed cash flow statement and interim condensed statement of changes in equity together with the notes forming part thereof (herein-after referred to as the "interim condensed financial information") for the six months period then ended. Management is responsible for the preparation and presentation of their interim financial information in accordance with approved accounting standards as applicable in Pakistan for interim condensed financial reporting. Our responsibility is to express a conclusion on this interim condensed financial information based on our review. The figures for the quarters ended March 31, 2014 and 2013 in the interim condensed profit and loss account and interim condensed statement of comprehensive income have not been reviewed and we do not express a conclusion thereon.

Scope of Review

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

Basis for qualified Conclusion

A sum of Rs.158.330 million has been reflected as long term loan from previous management (note 5.2.1 to the interim condensed financial information) which is pending being under discussion with the previous management for final settlement. We have not been provided with information and explanation to ascertain the final outcome and basis on which the liability of Rs.46.460 million was reversed to income during the financial year ended September 30, 2005

Qualified Conclusion

Based on our review, except for the matter stated in paragraph above, nothing has come to our attention that causes us to believe that the accompanying interim condensed financial information as at and for the half year ended March 31, 2014 is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan.

Dated: 31-05-2014

Place: Karachi

CHARTERED ACCOUNTANTS

Engagement Partner: S. Naseem uz Zaman

**INTERIM CONDENSED BALANCE SHEET - (Un-audited)
AS AT MARCH 31, 2014**

Notes	Un - Audited March 31, 2014	Audited September 30, 2013
EQUITY AND LIABILITIES		
SHARE CAPITAL AND RESERVES		
RUPEES		
	1,000,000,000	1,000,000,000
	100,000,000 Ordinary shares of Rs. 10/- each	
4	792,616,660	792,616,660
	(715,191,803)	(697,947,398)
	77,424,857	94,669,262
	Surplus on revaluation of property, plant and equipment	608,649,931
	591,685,838	608,649,931
NON-CURRENT LIABILITIES		
5	531,592,879	531,592,879
	316,703,419	325,062,517
CURRENT LIABILITIES		
	24,678,402	26,350,342
	1,400,664,894	788,790,385
6	765,596,174	790,191,916
	2,190,937,470	1,605,332,643
CONTINGENCIES		
7	--	--
	3,708,144,463	3,165,307,232
ASSETS		
NON CURRENT ASSETS		
8	1,835,994,477	1,811,671,217
	5,376,065	5,376,065
CURRENT ASSETS		
	205,426,407	232,063,286
9	1,548,458,167	1,015,679,872
	408,129	--
	97,051,159	89,940,535
	5,855,208	5,700,811
	9,574,851	4,875,446
	1,866,773,921	1,348,259,950
	3,708,144,463	3,165,307,232

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

CHIEF EXECUTIVE

DIRECTOR

INTERIM CONDENSED PROFIT AND LOSS ACCOUNT - (Un-audited)
FOR THE HALF YEAR ENDED MARCH 31, 2014

	6 months		3 months	
	Oct 2013 to Mar 2014	Oct 2012 to Mar 2013	Jan 2014 to Mar 2014	Jan 2013 to Mar 2013
	RUPEES			
Sales - Net	761,856,370	1,089,648,939	719,133,609	782,366,014
Cost of sales	737,504,133	1,013,169,787	705,818,112	746,630,813
Gross profit	24,352,237	76,479,152	13,315,497	35,735,201
OPERATING EXPENSES				
Administrative and general expenses	12,507,628	10,955,705	7,713,452	6,643,540
Distribution expenses	2,241,759	4,654,782	2,036,529	2,994,100
	14,949,387	15,610,487	9,749,981	9,637,640
Operating profit	9,402,850	60,868,665	3,565,516	26,097,561
Finance cost	48,625,290	52,141,269	23,460,294	21,980,960
Workers' profit participation fund	--	436,517	--	205,897
Workers' welfare fund	--	165,877	--	73,629
	48,625,290	52,743,663	23,460,294	22,260,486
(Loss) / profit for the period	(39,222,440)	8,125,002	(19,894,778)	3,837,075
Other income	1,963	2,947	389	1,335
(Loss) / profit before taxation	(39,220,477)	8,127,949	(19,894,389)	3,838,410
Taxation				
- Current	(3,927,119)	(7,393,461)	(3,713,505)	(5,857,046)
- Deferred	8,739,098	3,381,267	4,105,910	(2,786,961)
	4,811,498	(4,012,194)	392,405	(8,644,007)
(Loss) / profit after taxation	<u>(34,208,498)</u>	<u>4,115,755</u>	<u>(19,501,984)</u>	<u>(4,805,597)</u>
(Loss) / earnings per share - Basic and diluted	<u>(0.43)</u>	<u>0.05</u>	<u>(0.25)</u>	<u>(0.06)</u>

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

CHIEF EXECUTIVE

DIRECTOR

INTERIM CONDENSED STATEMENT OF COMPREHENSIVE INCOME - (Un-audited)
FOR THE HALF YEAR ENDED MARCH 31, 2014

	6 months		3 months	
	Oct 2013 to Mar 2014	Oct 2012 to Mar 2013	Jan 2014 to Mar 2014	Jan 2013 to Mar 2013
	RUPEES			
(Loss) / profit for the period	(34,408,498)	4,115,755	(19,501,984)	(4,805,597)
Other comprehensive income:				
Transfer from surplus on revaluation of property, plant and equipment in respect of incremental depreciation	25,703,191	27,388,199	13,237,680	9,930,548
Related deferred tax	(8,739,098)	(9,585,870)	(4,633,188)	(3,475,692)
	16,964,093	17,802,329	8,604,492	6,454,856
Total comprehensive income for the period transferred to equity	<u>(17,244,405)</u>	<u>21,918,084</u>	<u>(10,897,492)</u>	<u>1,649,259</u>

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

CHIEF EXECUTIVE

DIRECTOR

INTERIM CONDENSED CASH FLOW STATEMENT - (Un-audited)
FOR THE HALF YEAR ENDED MARCH 31, 2014

	6 months ended Oct 2013 to Mar 2014	6 months ended Oct 2012 to Mar 2013
RUPEES		
CASH FLOW FROM OPERATING ACTIVITIES		
(Loss) / profit before taxation	(39,220,477)	8,127,949
Adjustments for non cash and other items:		
Depreciation	48,668,797	48,162,845
Financial charges	48,625,290	52,141,269
Workers' profit participation fund	--	436,517
Workers' welfare fund	--	165,877
Provision for gratuity	600,000	507,573
	97,294,087	101,414,081
Cash flow before working capital changes	58,073,610	109,542,030
Movement in working capital (increase) / decrease in current assets		
Stores and spares	26,636,879	45,683,080
Stock in trade	(532,778,295)	(77,991,829)
Trade debts	(408,129)	--
Advances, deposits and prepayments	(7,110,624)	(10,846,880)
Increase / (decrease) in current liabilities		
Trade and other payables	611,872,509	104,390,241
	98,212,340	61,234,612
Cash generated from operations	156,285,950	170,776,642
Payments for:		
Taxes	(4,081,516)	(3,079,315)
Financial charges	(50,297,230)	(76,122,864)
Gratuity	(220,000)	--
	(54,598,746)	(79,202,179)
Net cash generated from operating activities	101,687,204	91,574,463
CASH FLOW FROM INVESTING ACTIVITIES		
Fixed capital expenditure	(72,392,057)	(90,750,579)
Long term deposits	--	(60,200)
Net cash used in investing activities	(72,392,057)	(90,810,779)
CASH FLOW FROM FINANCING ACTIVITIES		
Lease finance - Net	--	(2,365,396)
Short term borrowings - Net	(24,595,742)	21,087,133
Net cash (used in) / generated from financing activities	(24,595,742)	18,721,737
Net increase in cash and cash equivalent	4,699,405	19,485,421
Cash and bank balances at the beginning of the period	4,875,446	12,494,831
Cash and bank balances at the end of the period	9,574,851	31,980,252

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

CHIEF EXECUTIVE

DIRECTOR

INTERIM CONDENSED STATEMENT OF CHANGES IN EQUITY - (Un-audited)
FOR THE HALF YEAR ENDED MARCH 31, 2014

	Issued, subscribed and paid up capital	Accumulated Loss	Total
RUPEES			
Balance as at October 01, 2012	792,616,660	(632,197,603)	160,419,057
Total comprehensive income for the period			
Profit for the period	--	4,115,755	4,115,755
Transfer from surplus on revaluation of property, plant and equipments in respect of Incremental depreciation - Net of tax	--	17,802,329	17,802,329
	--	21,918,084	21,918,084
Balance as at March 31, 2013	792,616,660	(610,279,519)	182,337,141
Balance as at October 01, 2013	792,616,660	(697,947,398)	94,669,262
Total comprehensive income for the period			
Loss for the period	--	(34,408,498)	(34,408,498)
Transfer from surplus on revaluation of property, plant and equipments in respect of Incremental depreciation - Net of tax	--	16,964,093	16,964,093
	--	(17,444,405)	(17,444,405)
Balance as at March 31, 2014	792,616,660	(715,391,803)	77,224,857

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

CHIEF EXECUTIVE

DIRECTOR

NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION - (Un-audited)
FOR THE HALF YEAR ENDED MARCH 31, 2014

1 STATUS AND NATURE OF BUSINESS

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 Karachi and Lahore Stock Exchanges. The principal business of the Company is manufacturing and selling of refined sugar. The Mill is located at Garho, Sindh.

2 BASIS OF PREPARATION

This interim condensed financial information is un audited but subject to limited scope review by the auditors. This is required to be presented to the share holders under section 245 of the ordinance and have been prepared in a condensed form in accordance with the requirements of the international accounting standard (IAS-34) "interim financial reporting" as applicable in Pakistan. The figures of the interim condensed profit and loss account for the quarters ended 31, March 2013 and 2014 have not been reviewed by the auditors of the company as they have reviewed the cumulative figures for the half year ended 31, March 2013 and 2014. The interim condensed financial information does not include all the information and disclosure required in the annual financial statements, and should be read in conjunction with the company's annual financial statements for the year ended September 30, 2013.

3 SIGNIFICANT ACCOUNTING POLICIES

- 3.1 The accounting policies and estimates adopted in the preparation of this interim condensed financial information are consistent with those followed in the preparation of the company's annual financial statements for the year ended September 30, 2013.
- 3.2 The preparation of interim condensed financial information 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, including expectations of future events that are believed to be reasonable under the circumstances. Actual results may differ from these estimates. The estimates and judgement applied by the management in preparation of this interim condensed financial information is same as those applied in preparation of annual financial statements of the company for the year ended September 30, 2013.

4 ISSUED, SUBSCRIBED AND PAID UP CAPITAL

79,261,666 (September 2013: 79,261,666) Ordinary shares of Rs. 10/- each fully paid in cash

Un - Audited March 31, 2014	Audited September 30, 2013
RUPEES	

792,616,660	792,616,660
-------------	-------------

- 4.1 77,691,800 (September 2013: 77,691,800) shares are held by Haq Bahu Sugar Mills (Private) Limited (holding company) representing 98.02% (September 2013: 98.02%) shareholding in the company.

	Un - Audited March 31, 2014	Audited September 30, 2013
RUPEES		

5 LONG TERM LOANS - Unsecured

Subordinated sponsors' loan - Interest bearing	5.1	166,457,861	166,457,861
Others - Interest free	5.2	365,135,018	365,135,018
		<u>531,592,879</u>	<u>531,592,879</u>

5.1 Subordinated sponsors' loan

The loan has been advanced by M/s. Haq Bahu Sugar Mills (Pvt.) Ltd which carries markup @ six months KIBOR plus 4%. This also include outstanding markup amounting to Rs.43.042 (September 2013: Rs.43.042) million. Since the loan alongwith markup will not be repayable within next twelve months therefore the same has been classified as long term liability. The loan is subordinated to the short term finance facility obtained by the company.

5.2 Others - Interest free

Loan from previous management	5.2.1	158,329,843	158,329,843
Others	5.2.2	206,805,175	206,805,175
		<u>365,135,018</u>	<u>365,135,018</u>

- 5.2.1 This represents unsecured and interest free loans from the private concerns since 1998. During the year ended September 30, 2005, an amount of Rs. 46.460 million was agreed to be waived by the party and the same has been transferred to income in that year. The matter of settlement of remaining liabilities is pending subject to the final outcome of the discussions with the previous management. Till a final conclusion is reached the new management has decided to disclose the entire outstanding amount as its long term liability.

- 5.2.2 This represents amount received from various parties as interest / mark-up free accommodating finance payable / adjustable and can be rolled over to future period.

6 BORROWING FROM BANKS - Secured

Short term finances	<u>765,596,174</u>	<u>790,191,916</u>
---------------------	--------------------	--------------------

- 6.1 The company has obtained various short term borrowings facilities from various banks for working capital requirements against the available limit of Rs.1,426.000 million (Sept 2013: Rs.1,426.000) million. These facilities carries markup @ ranging from three to six months KIBOR plus 2.25% to 4% (September 2013: @ ranging from three to six months KIBOR plus 2.25% 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.

- 6.2 The facilities amounting to Rs.660.404 million (September 2013: Rs. 635.808 million) from the banks remained un-availed at the balance sheet date.

7 CONTINGENCIES

The status of contingencies and commitments are same as reported in the annual financial statements for the year ended September 30, 2013.

	Un - Audited March 31, 2014	Audited September 30, 2013
	RUPEES	
8 PROPERTY, PLANT AND EQUIPMENTS		
Operating fixed assets - At cost less accumulated depreciation	1,835,994,477	1,628,827,757
Capital work in progress - At cost	8.2 --	182,843,460
	<u>1,835,994,477</u>	<u>1,811,671,217</u>
8.1 Additions / transfer in property, plant and equipments during the period		
<i>Owned</i>		
Building on free hold land:		
- Factory	15,169,716	--
- Non factory	3,652,617	--
Plant and machinery	234,945,747	--
Tools and equipment	85,640	--
Electric equipment	17,950	75,000
Furniture and fixture	226,169	39,600
Office equipment	179,020	3,032,390
Tents and tarpaulins	685,428	708,335
Computers	43,230	384,118
Vehicles	230,000	2,305,431
	<u>255,235,517</u>	<u>6,544,874</u>
8.2 Capital work in progress - At cost		
Opening balance	182,843,460	111,730,915
Add: Addition during the period	67,272,003	71,112,545
	<u>250,115,463</u>	<u>182,843,460</u>
Less: Capitalized during the period	(250,115,463)	--
	<u>--</u>	<u>182,843,460</u>
9 STOCK IN TRADE		
Work in process	1,474,573	4,553,615
Finished goods	9.1 1,546,983,594	1,011,126,257
	<u>1,548,458,167</u>	<u>1,015,679,872</u>

9.1 Finished goods stock valuing Rs.514.382 million (September 2013: Rs.749.409 million) were pledged as security for the finances obtained from commercial banks.

10 TRANSACTION WITH RELATED PARTIES

Holding company

Considering the financial position of the company, markup for the period amounting to Rs.7.268 (March 2013: Rs.8.477) million has been waived by the holding company.

11 CORRESPONDING FIGURES

In order to comply with the requirements of International Accounting Standard 34 "Interim Financial Reporting", balance sheet has been compared with the balances of annual financial statements, whereas profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity have been compared with the balances of comparable period of immediately preceding financial year.

12 DATE OF AUTHORIZATION FOR ISSUE

The interim condensed financial information was authorized for issue on 31-05-2014 in accordance with the resolution of the Board of Directors of the company.

13 GENERAL

These interim condensed financial information is presented in Rupees, which is the Company's functional currency. All financial information presented in Rupees have been rounded off to nearest rupees.

CHIEF EXECUTIVE

DIRECTOR