


ABDULLAH SHAH GHAZI SUGAR MILLS LIMITED
CONDENSED INTERIM BALANCE SHEET
AS AT JUNE 30, 2018

		(Un-Audited) June 30, 2018	(Audited) September 30, 2017
	Notes	RUPEES	
LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized share capital 100,000,000 (2011:100,000,000) ordinary shares of Rs. 10/- each		<u>1,000,000,000</u>	<u>1,000,000,000</u>
Issued, subscribed and paid-up capital		<u>792,616,660</u>	792,616,660
Accumulated loss		<u>(1,663,118,502)</u> (870,501,842)	(1,345,597,152) (552,980,492)
Surplus on revaluation of property, plant and equipment		509,512,462	523,581,629
NON-CURRENT LIABILITIES			
Long term loans - Unsecured	5	123,416,314	123,416,314
Long term loans - Secured		4,491,101	6,091,101
Retirement benefit obligations		4,850,576	4,850,576
CURRENT LIABILITIES			
Trade and other payables		<u>2,351,104,955</u>	2,146,310,690
Finance cost payable		<u>203,903,342</u>	184,467,672
Short term borrowings - Secured		<u>74,720,546</u>	74,720,546
Current portion of long term loan from bank		<u>348,398,518</u>	348,398,518
Provision for taxation - net		<u>1,484,038</u>	--
		<u>2,979,611,399</u>	2,753,897,426
CONTINGENCIES			
	6	--	--
		<u>2,751,380,010</u>	<u>2,858,856,554</u>
ASSETS			
NON CURRENT ASSETS			
Property, plant and equipments		2,505,846,880	2,605,872,926
Long term deposits		1,826,165	1,826,165
CURRENT ASSETS			
Stores and spares		<u>43,146,738</u>	41,740,839
Stock in trade		<u>84,360,000</u>	114,914,525
Advances, deposits and prepayments		<u>87,502,488</u>	73,480,481
Advance income tax - net		<u>16,833,524</u>	11,024,020
Cash and bank balances		<u>11,864,215</u>	9,997,598
		<u>243,706,965</u>	251,157,463
		<u>2,751,380,010</u>	<u>2,858,856,554</u>

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, 2018

	9 months		3 months	
	Oct 2017 to Jun 2018	Oct 2016 to Jun 2017	Apr 2018 to Jun 2018	Apr 2017 to Jun 2017
	RUPEES		RUPEES	
Sales	118,723,068	298,565,682	50,323,068	5,400,000
Cost of Sales	398,851,606	390,035,190	192,567,791	30,660,424
Gross Profit	(280,128,538)	(91,469,508)	(142,244,723)	(25,260,424)
OPERATING EXPENSES				
Administrative & general expenses	24,294,917	18,973,834	7,229,686	6,863,207
Distribution expense	1,140,000	979,736	75,000	-
	25,434,917	19,953,570	7,304,686	6,863,207
Operating Profit	(305,563,454)	(111,423,078)	(149,549,409)	(32,123,631)
Finance cost	24,543,025	28,930,530	8,484,184	4,324,920
Profit for the 1st quarter	(330,106,479)	(140,353,608)	(158,033,594)	(36,448,551)
Other Income	-	-	-	-
Profit before taxation	(330,106,479)	(140,353,608)	(158,033,594)	(36,448,551)
Provision for taxation				
Current	1,484,038	-	629,038	-
Deferred	640,146	(230,186,685)	10,832,160	(158,894,841)
Prior	6,628,809	26,332	(149,518)	26,332
	8,752,993	(230,160,353)	11,311,681	(158,868,509)
Profit after taxation	(338,859,472)	89,806,745	(146,721,913)	(195,317,060)
Earning Per Share- Basic and diluted	(4.28)	1.13	(1.85)	(2.46)

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, 2018

	9 months		3 months	
	Oct 2017 to Jun 2018	Oct 2016 to Jun 2017	Apr 2018 to Jun 2018	Apr 2017 to Jun 2017
	RUPEES		RUPEES	
Profit for the period	(338,859,472)	89,806,745	(158,662,632)	(36,325,520)
Other Comprehensive income:				
Transfer from surplus on revaluation of property, plant and equipment	-	410,102	-	410,102
Related deferred tax	-	(123,031)	-	(123,031)
	-	287,071	-	287,071
Total comprehensive income / (loss) for the period	<u>(338,859,472)</u>	<u>90,093,816</u>	<u>(158,662,632)</u>	<u>(36,038,449)</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, 2018

	Jun 2018 RUPEES	Jun 2017 RUPEES
<u>CASH FLOW FROM OPERATING ACTIVITIES</u>		
Loss before taxation	(330,106,479)	(140,353,608)
Adjustments for non cash and other items:		
Depreciation	100,111,741	80,059,753
Financial charges	24,543,025	28,930,530
Workers' welfare fund	--	5,805,004
Prior year adjustment	4,894,054	9,699,694
Provision for gratuity	--	1,399,295
	<u>129,548,820</u>	<u>125,894,276</u>
Cash flow before working capital changes	(200,557,660)	(14,459,333)
Changes in working capital		
(Increase) / decrease in current assets:		
Stores and spares	(1,405,899)	(14,113,322)
Stock in trade	30,554,525	139,102,622
Trade debts	--	2,279,739
Advances, deposits and prepayments	(14,022,007)	39,957,110
Increase / (decrease) in current liabilities:		
Trade and other payables	199,900,211	(77,720,791)
	<u>215,026,830</u>	<u>89,505,358</u>
Cash (used) in operations	14,469,171	75,046,025
Payments for:		
Taxes	(5,809,504)	(451,397)
Financial charges	(5,107,355)	(17,151,098)
Gratuity	--	(477,250)
	<u>(10,916,859)</u>	<u>(18,079,745)</u>
Net cash used from operating activities	3,552,312	56,966,280
<u>CASH FLOW FROM INVESTING ACTIVITIES</u>		
Fixed capital expenditure	(85,695)	(33,999,314)
Long Term Security Deposit	--	(500,000)
Net cash used in investing activities	(85,695)	(34,499,314)
<u>CASH FLOW FROM FINANCING ACTIVITIES</u>		
Short term borrowings - Net	(1,600,000)	(7,045,470)
Net cash generated from financing activities	(1,600,000)	(7,045,470)
	<u>--</u>	<u>--</u>
Net decrease in cash and cash equivalent	1,866,617	15,421,496
Cash and bank balances at the beginning of the period	9,997,598	2,814,415
Cash and bank balances at the end of the period	11,864,215	18,235,911

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, 2018

	Share capital	Accumulated Loss	Total
	RUPEES		
Balance as at October 01, 2016	792,616,660	(1,430,699,306)	(638,082,646)
Total comprehensive income for the year	--	90,093,816	90,093,816
Prior year adjustment	--	9,699,694	9,699,694
Transfer from surplus on revaluation of property, plant and equipments in respect of Incremental depreciation - Net of tax	--	29,831,554	29,831,554
	--	129,625,064	129,625,064
Balance as at June 30, 2017	792,616,660	(1,301,074,242)	(508,457,582)
Balance as at October 01, 2017	792,616,660	(1,345,597,152)	(552,980,492)
Total comprehensive income for the period	--	(338,859,472)	(338,859,472)
Transfer from surplus on revaluation of property, plant and equipments in respect of Incremental depreciation - Net of tax	--	21,338,122	21,338,122
	--	(317,521,350)	(317,521,350)
Balance as at June 30, 2018	792,616,660	(1,663,118,502)	(870,501,842)

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, 2018

1) STATUTES 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, 2018

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 condensed interim financial information of the company June 30, 2018 reflect that company has sustained a net loss after taxation of Rs.212.412 million and as of that date it has accumulated losses of Rs.1,536.671 million (2017: Rs.1,301.074 million) resulted in negative equity of Rs.744.054 million and its current liabilities exceeded its current assets by Rs.2,609.457 million (2017: Rs.2,376.352 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.

5) ISSUED, SUBSCRIBED AND PAID UP CAPITAL

79,261,666 (2016: 79,261,666) Ordinary shares of Rs.10/- each
 fully paid in cash

Un - Audited June 30, Jun 2018 Rupees	Un - Audited June 30, Jun 2017 Rupees
<u>792,616,660</u>	<u>792,616,660</u>

- 5.1) 65,482,609 (2017:77,691,800) shares are held by Haq Bahu Sugar Mills (Private) Limited (holding company) representing 82.62% (2017 : 82.62%) shareholding in the company.

ABDULLAH SHAH GHAZI SUGAR MILLS LTD
NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED JUNE 30, 2018

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	4,491,101	75,000,000
		127,907,415	198,416,314

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.1115.138 million (Year ended September 2017 Rs.990.590 million)

9) SHORT TERM BORROWINGS - Secured

Short term finances from banks - Secured		55,747,546	55,747,546
Others - Unsecured, interest free	9.1	18,973,000	18,973,000
		74,720,546	74,720,546

9.1) 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 ex parte 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 incidental 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 principle 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, 2018

10.2) Commitments

The Company has entered into Ijarah agreements for Rs.4.409 million (2016: 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 kibar plus 1.23% to 1.41% per annum (2017: 1.23% to 1.41% per annum). The total of future Ijarah payments are as under:

Less than one year	-	13,850
Within one to five years	-	-

10) CORRESPONDING FIGURES

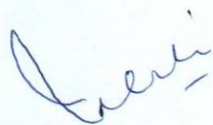
The corresponding figures have been rearranged and reclassified for the purpose of comparison and better presentation however there has been no significant reclassification.

8) DATE OF AUTHORIZATION FOR ISSUE

The financial statements were approved by the board of directors and authorized for issue on Dec 05, 2018.

9) GENERAL

Figures have been rounded off to the nearest rupee.



CHIEF EXECUTIVE



DIRECTOR