

2nd Quarter

Condensed Interim Financial Statements

For the quarter ended 31 March 2019 (Un-audited)

Abdullah Shah Ghazi Sugar Mills Limited

2nd Quarter



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 INFORMATION

Board of Directors

Mr. Muhammad Irshad Butt
(Director/Chief Executive)
Mr. Muhammad Nawaz
Mr. Muhammad Rashid Rana
Mr. Atif Butt
Mr. Muhammad Talib
Mr. Yasir Iqbal
Mr. Muhammad Dawood

Audit Committee

Mr. Muhammad Irshad Butt	(Director)
Mr. Muhammad Talib	(Member)
Mr. Yasir Iqbal	(Member)

Chief Financial Officer

Mr. Sohail Azam Khan

Company Secretary

Mr. Saleem Abbas

Internal Auditors

Mr. Waqar Bukhari

Auditors

Kaleem & 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

7/10, A-2 Arkay Square
Shahrah-e-Liaqa, New Challil, Karachi

Mills

Abdullah Shah Ghaziabad, Garho,
District Thatta, Sindh

Bankers

Bank Islami 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

Web Presence:

www.asgsml.co

DIRECTOR'S REPORT

Dear Shareholders,

Assalam-o-Alaikum,

Directors are pleased to present half yearly accounts of the Company duly reviewed by the Company's auditors along with brief resume of the Company's activities during the period ended March 31, 2019.

Operating Results:

The operating result upto March 31, 2019 and for full season are given below:-

Season Started	01-01-2019	26-01-2018
Season Closed	07-02-2019	05-04-2018
Days Worked	38	70
Cane Crushed (M. Tons)	24,777.792	39,361.796
Sugar Recovery (%age)	7.331	8.004
Sugar Produced (M. Tons)	1,755.000	3,096.000

Future Prospects

As sugarcane crop position in the area is reported to be better, it is expected that cane availability during next season will be far better than the current season. We have good working relations with local growers and hope to have regular supply of sugarcane to our mills. Thus it is expected that Mill will be able to crush more sugarcane and produce a improved quantity of sugar during next season.

Acknowledgement

The Board would like to place on record its appreciation of all the employees of the company for their dedication and hard work. The Board also likes to thank the Stake Holders for their trust and support to the Company.

Lahore:
Mach 31, 2019

CHIEF EXECUTIVE

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

Introduction

We have reviewed the accompanying condensed interim statement of financial position of **Abdullah Shah Ghazi Sugar Mills Limited** ("the Company") as at 31 March 2019 and the related condensed interim profit and loss account, condensed interim statement of comprehensive income, condensed interim cash flow statement, condensed interim statement of changes in equity and notes to the accounts for the six month period then ended (here-in-after referred as the "interim financial information"). Management is responsible for the preparation and presentation of this condensed interim financial information in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on this condensed interim financial information based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity." A review of condensed interim 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.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed interim financial information is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting.

Emphasis of Matter

Without qualifying our conclusion we draw attention of the members to note 3 to the interim condensed financial information which indicates that the company has sustained a net loss after taxation of Rs.196.706 million during the half year ended March 31,2019 and as of that date it has accumulated loss of Rs. 1,822.907 million which resulted in negative equity of Rs. 1,030.291 million and its current liabilities exceeded its current assets by Rs. 2,818.935 Million. These conditions, along with matters as set forth in note 3, indicate the existence of material uncertainty which may cast significant doubt about company's ability to continue as going concern.

Other Matters

The figures of the condensed interim profit & Loss account and condensed interim statement of comprehensive income for the quarter ended March 31, 2019 have not been reviewed as we are required to review only the cumulative figures for the half year ended March 31, 2019.

Further our review report format is based on Auditor (Reporting Obligations) Regulations, 2018 notified by the SECP through S.R.O. 558 (I)/2018 dated April 26, 2018.

Muhammad Kaleem Rathor
Lahore
Date: May 30, 2019

KALEEM & COMPANY
CHARTERED ACCOUNTANTS

ABDULLAH SHAH GHAZI SUGAR MILLS LIMITED
CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION (UN-AUDITED)
AS AT MARCH 31, 2019

	Note	Unaudited 31-Mar-19 Rupees	Audited 30-Sep-18 Rupees
<u>EQUITY AND LIABILITIES</u>			
<u>SHARE CAPITAL AND RESERVES</u>			
Authorized share capital		1,000,000,000	1,000,000,000
Issued, subscribed and paid-up capital		792,616,660	792,616,660
Accumulated loss		(1,822,907,678)	(1,639,771,429)
		(1,030,291,018)	(847,154,769)
Surplus in revaluation of property, plant and equipment		495,697,675	502,399,755
<u>NON-CURRENT LIABILITIES</u>			
Long term loans from related party - unsecured	7	123,416,314	123,416,314
Long term loan from bank - secured	8	5,000,000	5,000,000
Retirement benefit obligations		5,893,240	5,953,240
Deferred taxation	9	-	-
		134,309,554	134,369,554
<u>CURRENT LIABILITIES</u>			
Trade and other payables	10	2,423,426,057	2,363,146,120
Finance cost payable		252,491,667	226,679,952
Short term borrowings - secured	11	74,720,546	74,720,546
Current portion of long term loan from bank		347,298,518	347,798,518
Provision for Taxation		1,913,875	1,484,038
		3,099,850,663	3,013,829,174
<u>CONTINGENCIES AND COMMITMENTS</u>			
	12	-	-
TOTAL EQUITY AND LIABILITIES		2,699,566,874	2,803,443,714
<u>ASSETS</u>			
<u>NON-CURRENT ASSETS</u>			
Property, plant and equipment	13	2,416,825,179	2,479,855,189
Long term deposits		1,826,165	1,826,165
<u>CURRENT ASSETS</u>			
Stores and spares		54,850,882	38,320,772
Stock in trade	14	127,742,693	183,613,276
Advances, deposits and prepayments	15	85,159,729	88,191,562
Advance income tax - net		5,736,535	6,867,218
Cash and bank balances	16	7,425,691	4,769,532
		280,915,530	321,762,360
TOTAL ASSETS		2,699,566,874	2,803,443,714

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

CHIEF EXECUTIVE

DIRECTOR

CHIEF FINANCIAL OFFICER

ABDULLAH SHAH GHAZI SUGAR MILLS LIMITED
CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED)
FOR THE HALF YEAR AND QUARTER ENDED MARCH 31, 2019

	Note	Half Year Ended		Second Quarter Ended	
		31-Mar-19 Rupees	31-Mar-18 Rupees	31-Mar-19 Rupees	31-Mar-18 Rupees
Sales - net	17	153,110,000	68,400,000	68,750,000	68,400,000
Cost of sales	18	298,459,192	339,480,811	26,542,630	37,031,129
Gross loss		(145,349,192)	(271,080,811)	42,207,370	31,368,871
Administrative and general expenses		11,063,174	17,065,231	4,328,244	9,409,086
Distribution expenses		928,400	1,065,000	730,400	1,065,000
		11,991,574	18,130,231	5,058,644	10,474,086
Operating loss		(157,340,766)	(289,211,042)	37,148,726	20,894,785
Other income		-	-	-	-
Finance cost		30,583,688	16,058,840	19,474,977	7,981,166
Loss before tax		(187,924,454)	(305,269,882)	17,673,749	12,913,619
Taxation	19	8,782,114	8,123,955	9,841,463	-
Net loss after tax		(196,706,568)	(313,393,837)	7,832,286	12,913,619
Earnings/(loss) per share		(2.48)	(3.95)	0.10	0.16

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

CHIEF EXECUTIVE

DIRECTOR

CHIEF FINANCIAL OFFICER

ABDULLAH SHAH GHAZI SUGAR MILLS LIMITED
CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)
FOR THE HALF YEAR AND QUARTER ENDED MARCH 31, 2019

	Half Year Ended		Second Quarter Ended	
	31-Mar-19 Rupees	31-Mar-18 Rupees	31-Mar-19 Rupees	31-Mar-18 Rupees
Loss after taxation for the period	(196,706,568)	(313,393,837)	7,832,286	12,913,619
Other comprehensive income				
Remeasurement of retirement benefit obligation	-	-	-	-
Deferred tax on remeasurement of retirement benefit obligation	-	-	-	-
	-	-	-	-
Total comprehensive loss for the period	(196,706,568)	(313,393,837)	7,832,286	12,913,619

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

CHIEF EXECUTIVE

DIRECTOR

CHIEF FINANCIAL OFFICER

ABDULLAH SHAH GHAZI SUGAR MILLS LIMITED
CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)
FOR THE HALF YEAR ENDED MARCH 31, 2019

	31-Mar-2019 Rupees	31-Mar-2018 Rupees
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>		
Loss before taxation	(187,924,454)	(305,269,882)
Adjustments for non-cash and other items:		
Depreciation	63,068,624	66,743,104
Provision for gratuity	-	3,262,703
Finance cost	30,583,688	16,058,840
	93,652,312	86,064,647
<i>Profit before working capital changes</i>	(94,272,142)	(219,205,235)
Working capital changes		
(Increase)/Decrease in:		
Stores and spares	(16,530,111)	(2,907,731)
Stock in trade	55,870,583	49,064,525
Advances, deposits and prepayments	3,031,833	(11,095,131)
	42,372,305	35,061,663
(Increase)/Decrease in:		
Trade and other payables	60,279,938	198,936,623
	60,279,938	198,936,623
<i>Cash generated from operations</i>	8,380,101	14,793,051
Income tax paid	(353,356)	(5,565,711)
Finance cost paid	(4,771,973)	(3,362,984)
Gratuity paid	(60,000)	-
	(5,185,329)	(8,928,695)
<i>Net cash generated from operating activities</i>	3,194,772	5,864,356
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>		
Fixed assets acquired	(38,614)	(85,695)
<i>Net cash used in investing activities</i>	(38,614)	(85,695)
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>		
Loan term borrowings	-	(1,100,000)
Short term borrowings	(500,000)	-
<i>Net cash (used in)/from financing activities</i>	(500,000)	(1,100,000)
Net increase/(decrease) in cash and cash equivalents	2,656,159	4,678,661
Cash & cash equivalents at the beginning of the year	4,769,532	9,997,598
Cash & cash equivalents at the end of the year	7,425,691	14,676,259

CHIEF EXECUTIVE

DIRECTOR

CHIEF FINANCIAL OFFICER

ABDULLAH SHAH GHAZI SUGAR MILLS LIMITED
CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDIITED)
FOR THE HALF YEAR ENDED MARCH 31, 2019

	Share Capital	Un-appropriated Profit	Total
	R u p e e s		
Balance as at October 1, 2017 Audited	792,616,660	(1,345,597,152)	(552,980,492)
Total comprehensive loss for the period	-	(313,393,837)	(313,393,837)
Transfer from surplus on revaluation of fixed assets	-	14,225,414	14,225,414
Balance as at March 31, 2017 Un-Audited	792,616,660	(1,644,765,575)	(852,148,915)
Balance as at October 1, 2018 Audited	792,616,660	(1,639,771,429)	(847,154,769)
Total comprehensive loss for the period	-	(196,706,568)	(196,706,568)
Prior year adjustment	-	-	-
Transfer from surplus on revaluation of fixed assets	-	13,570,319	13,570,319
Balance as at March 31, 2019 Un-Audited	792,616,660	(1,822,907,678)	(1,030,291,018)

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

CHIEF EXECUTIVE

DIRECTOR

CHIEF FINANCIAL OFFICER

1 LEGAL STATUS AND NATURE OF BUSINESS

The Company as 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 on Pakistan Stock Exchange. The principal business of the Company is manufacturing and selling of refined sugar and by products. The Mill is located at Gharo, Sindh. Name of parent company is M/s. Haq Bahu Sugar Mills (Private) Limited and registered office of the company is situated at 7/10, A-2 Akray Square Shahra-e-Liaquat, New Challi, Karachi.

2 BASIS OF PREPARATION

2.1 Basis of Accounting

2.1.1 This condensed interim financial information comprises the condensed interim statement of financial position of the Company as at 31 March 2019 and the related condensed interim profit and loss account, condensed interim statement of comprehensive income, condensed interim cash flow statement and condensed interim statement of changes in equity together with the notes forming part thereof for the period from 01 October 2018 to 31 March 2019.

2.1.2 These condensed interim financial information have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting. The accounting and reporting standards as applicable in Pakistan for interim financial reporting comprise of:

- International Accounting Standard (IAS) 34, "Interim Financial Reporting," issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017;
- Islamic Financial Accounting Standards (IFAS) issued by the Institute of Chartered Accountants of Pakistan as notified under the Companies Act, 2017; and
- Provisions of and directives issued under the Companies Act, 2017.

Where the provisions of and directives issued under the Companies Act, 2017 differ with the requirements of IAS 34 or IFAS, the provisions of and directives issued under the Companies Act, 2017 have been followed.

2.1.3 This condensed interim financial information does not include all of the information required for full annual audited financial statements and should be read in conjunction with the annual audited financial statements for the year ended 30 September 2018.

2.1.4 Comparative statement of financial position numbers are extracted from the annual audited financial statements of the Company for the year ended 30 September 2018, whereas comparative figures of profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity are stated from unaudited interim financial information of the Company for the Six months period ended 31 March 2019.

2.1.5 This condensed interim financial information is unaudited and being submitted to the shareholders as required under Section 237 of the Companies Act, 2018 and the Listing Regulations of Pakistan Stock Exchange Limited.

3 GOING CONCERN ASSUMPTION

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

The interim condensed financial statements of the company for the half year ended March 31, 2019 reflect that company has sustained a net loss after taxation of Rs. 196.706 million and as of that date it has accumulated losses of Rs. 1,822.907 million (Sep 2018: Rs. 1,639.771 million) resulted in negative equity of Rs. 1,030.291 million (Sep 2018: Rs. 847.154 million) and its current liabilities exceeded its current assets by Rs. 2,818.935 million (Sep 2018: Rs. 2,692.066 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 management has taken the following significant measures to improve the operational performance and liquidity of the company:

- a) Unfavourable 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;
- 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.

Finally, the management is very much convinced that the above measures would result in improving the financial position and operational performance of the company.

4 ACCOUNTING POLICIES

- 4.1 The accounting policies and the methods of computation adopted in the preparation of this condensed interim financial information are same as those applied in the preparation of the audited financial statements for the year ended 30 September 2018.
- 4.2 Effective 01 January 2018, the provisions of the Companies Act, 2017 relating to the preparation of the financial statements have become applicable. However, there is no major impact of these provisions on the Company condensed interim financial information.
- 4.3 The following amendments and interpretations of approved accounting standards will be effective for accounting periods as detailed below :

Standard or Interpretation			Effective Date (Accounting periods beginning on or after)
IFRS 2	-	Share Based Payments	01 January 2018
IAS 40	-	Investment Property	01 January 2018
IAS 28	-	Investments in Associates and Joint Ventures	01 January 2018
IFRIC 22	-	Foreign Currency Transactions and Advance Consideration	01 January 2018
IFRS 9	-	Financial Instruments	01 July 2018
IFRS 15	-	Revenue from Contract with customer	01 July 2018
IFRS 3	-	Business Combinations	01 January 2019
IFRS 11	-	Joint ventures	01 January 2019
IAS 12	-	Income Taxes	01 January 2019
IAS 23	-	Borrowing Cost	01 January 2019
IAS 28	-	Investments in Associates and Joint Ventures	01 January 2019
IFRIC 23	-	Uncertainty over Income Tax Treatments	01 January 2019

The preparation of the condensed interim financial information requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

In preparing the condensed interim financial information, the significant judgments made by the management in applying accounting policies and the key sources of estimation uncertainty are the same as those applied in the preparation of audited financial statements for the year ended 30 September 2018.

6 SEASONALITY OF OPERATIONS

Due to seasonal nature of sugar, operating results of sugar are expected to fluctuate in the second half of the year. The sugarcane crushing season normally starts from November and lasts till April each year.

ABDULLAH SHAH GHAZI SUGAR MILLS LIMITED
NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (Un-Audited)
FOR THE HALF YEAR ENDED MARCH 31, 2019

		Un-Audited 31-Mar-2019 Rupees	Audited 30-Sep-2018 Rupees
7	<u>LONG TERM LOAN FROM RELATED PARTY - UNSECURED</u>		
	Subordinated loan from holding company	123,416,314	123,416,314
	The loan has been advanced by M/s. Haq Bahu Sugar Mills (Pvt.) Ltd which carries markup @ three months KIBOR plus 1% (Sep 2018: @ three 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.		
8	<u>LONG TERM LOAN FROM BANK - SECURED</u>		
	Markup based borrowing from conventional banks (Secured):		
	Term Finance		
	Summit Bank	8.1 75,000,000	75,000,000
	Silk Bank	8.2 5,500,000	6,000,000
		80,500,000	81,000,000
	Islamic Mode of Financing (Secured):	8.3	
	Bank Islami	271,798,518	271,798,518
		271,798,518	271,798,518
		352,298,518	352,798,518
		(347,298,518)	(347,798,518)
	Less: Current Portion of Long term Loans	5,000,000	5,000,000
	8.1 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.		
	8.2 The facility has been obtained from Silk Bank Limited amounting to Rs. 100 million. The facility carries no markup. The facility is secured against pledge of refined sugar with 10% margin.		
	8.3 The facility has been obtained from Bank Islami Limited amounting to Rs. 275 million. The facility carries markup @ 3 months KIBOR with a floor of 5% and cap of 12% per annum payable quarterly in arrears. The facility is secured against ranking charge over current assets of the Company with 25% margin.		
9	<u>DEFERRED TAXATION</u>		
	<i>Deferred tax liability arising due to</i>		
	Accelerated tax depreciation	195,837,489	192,946,611
	Revaluation - net of related depreciation	187,033,349	199,178,935
	<i>Deferred tax assets arising due to</i>		
	Staff gratuity	(1,650,107)	(1,726,440)
	Available tax losses and credits	(446,800,822)	(415,644,249)
		(65,580,091)	(25,245,143)
	Asset not recognized	(65,580,091)	(25,245,143)
		-	-
	9 Being prudent the Company has not recognised deferred tax assets of Rs. 65,580,091 million (2018: 25,245,143) in respect of unused tax depreciation losses.		
10	<u>TRADE AND OTHER PAYABLES</u>		
	Creditors for Goods and Services	1,054,837,631	1,062,135,491
	Advance from TCP	521,162,495	521,162,495
	Advance from Customers	757,144,079	696,634,462
	Accrued Liabilities	15,274,760	12,632,702
	Deposits	39,076	39,076
	Road Cess	2,186,539	2,448,207
	Income Tax Payable	3,951,772	3,856,160
	Workers' Profit Participation Fund	63,424,886	58,827,516
	Workers' Welfare Fund	4,616,856	4,616,856
	Other Liabilities	787,963	793,155
		2,423,426,057	2,363,146,120

			Un-Audited 31-Mar-2019 Rupees	Audited 30-Sep-2018 Rupees
11	SHORT TERM BORROWINGS			
	<i>Running Finance</i>			
	Summit Bank	11.1	47,080,879	47,080,879
			-	-
	<i>Short Term Finance</i>			
	Summit Bank	11.1	8,666,667	8,666,667
			8,666,667	8,666,667
	<i>Loan from Others - Unsecured Interest Free</i>			
	Azhar Qadeer Butt	11.2	18,973,000	18,973,000
			18,973,000	18,973,000
			74,720,546	74,720,546

11.1 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 (Sep 2018: Rs. 685.240 million). These facilities carries markup @ ranging from three to six months KIBOR plus 2.5% to 4% (Sep 2018: @ 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.

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

12 CONTINGENCIES AND COMMITMENTS

12.1 Contingencies

- 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.
- 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.
- Due to financial crunch faced by the Company the long term loan from Summit Bank (refer note 8) could not be serviced in a timely manner. Summit Bank Limited has filed lawsuit for recovery of this finance facility in Lahore High Court which is a pending adjudication.
- The Company had deposited an amount of Rs. 20.832 million of excise duty in 1991-92 under protest with collector of custom and central excise, Hyderabad on account of rebate of excise duty earlier claimed as per the incentive given by the government. The Honorable High Court of Sindh has decided the case in favor of Collector of Customs. The company has filed an appeal in Supreme Court of Pakistan which is pending for hearing. The management of the company expects favorable outcome. However, as a matter of prudence company has made provision there against in these financial statements.

12.2 Commitments

The Company has entered into Ijarah agreements for Rs.4.409 million (Sep 2018: Rs. 4.409 million) with Bank Alfalah 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 (Sep 2018: 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	--	--

		Un-Audited 31-Mar-2019 Rupees	Audited 30-Sep-2018 Rupees
13	<u>PROPERTY, PLANT AND EQUIPMENT</u>		
	Operating assets	13.1 2,362,552,759	2,425,582,769
	Capital work in progress	13.2 54,272,420	54,272,420
		2,416,825,179	2,479,855,189
	13.1 <u>Operating Assets</u>		
	Net book value at beginning of the period	2,425,582,769	2,558,955,225
	Addition during the period	38,614	109,545
	Adjustments during the period	-	-
	Depreciation charged during the period	(63,068,624)	(133,482,001)
		2,362,552,759	2,425,582,769
	13.2 <u>Capital work in progress</u>		
	Plant and machinery	54,272,420	54,272,420
		54,272,420	54,272,420
14	<u>STOCK IN TRADE</u>		
	Work in Process	76,472,693	99,253,276
	Finished Goods	51,270,000	84,360,000
		127,742,693	183,613,276
15	<u>ADVANCES, DEPOSITS AND PREPAYMENTS</u>		
	Advances - Unsecured, considered good		
	Growers	36,681,356	36,740,365
	Contractors	2,077,492	1,821,010
	Suppliers	22,071,169	21,215,696
	Employees	968,023	1,033,194
	For expenses	5,682,595	5,370,064
	Export rebate receivable	15,815,000	15,815,000
		83,295,635	81,995,329
	Excise duty deposit	20,831,910	20,831,910
	Sales tax receivable	1,864,094	6,196,233
		105,991,639	109,023,472
	Provision against excise duty deposit	(20,831,910)	(20,831,910)
		85,159,729	88,191,562
16	<u>CASH AND BANK BALANCES</u>		
	Cash at Banks	6,925,691	4,242,768
	Cash in Hand	500,000	526,763
		7,425,691	4,769,531

	Un-Audited Half Year Ended		Un-Audited Quarter Ended	
	31-Mar-19 Rupees	31-Mar-18 Rupees	31-Mar-19 Rupees	31-Mar-18 Rupees
17	<u>SALES - NET</u>			
	<u>Gross Local Sales</u>			
	Sugar	153,486,900	75,240,000	59,847,300
	Molasses	15,138,489	-	15,138,489
	Total Gross Sales	168,625,389	75,240,000	74,985,789
	Less: Sales tax	(15,515,389)	(6,840,000)	(6,235,789)
		153,110,000	68,400,000	68,750,000

18 **COST OF SALES**

	Un-Audited Half Year Ended		Un-Audited Quarter Ended	
	31-Mar-19 Rupees	31-Mar-18 Rupees	31-Mar-19 Rupees	31-Mar-18 Rupees
Cost of sugar cane	114,102,267	154,765,727	113,821,385	21,395,917
Stores and spares consumed	11,704,066	12,057,271	7,922,536	6,270,913
Oil and lubricants consumed	1,012,768	3,086,891	1,012,768	2,807,077
Packing material consumed	-	1,200,587	-	1,200,587
Chemical consumed	461,236	4,501,382	461,236	4,499,682
Salaries, wages and benefits	42,436,749	37,588,801	30,441,740	24,983,378
Water, fuel and power	4,204,951	6,140,727	3,355,385	4,310,676
Vehicle running and maintenance	1,473,139	-	1,473,139	-
Freight, handling and octroi	2,728,307	3,877,981	1,847,867	3,342,101
Depreciation	61,381,166	64,846,666	30,690,583	32,423,333
Others	3,083,959	2,350,253	2,145,814	1,647,465
	242,588,609	290,416,286	193,172,454	102,881,129
Add: Opening WIP	99,253,276	114,914,525	-	-
Less: Closing WIP	(76,472,693)	-	(115,359,824)	-
Cost of Goods Manufactured	265,369,192	405,330,811	77,812,630	102,881,129
Add: Opening Finished Goods	84,360,000	-	-	-
Less: Closing Finished Goods	(51,270,000)	(65,850,000)	(51,270,000)	(65,850,000)
	298,459,192	339,480,811	26,542,630	37,031,129

19 **TAXATION**

Taxation for the period				
Current	1,913,875	855,000	859,375	-
Deferred	6,868,239	7,268,955	8,982,088	-
	8,782,114	8,123,955	9,841,463	-

20 **TRANSACTIONS WITH RELATED PARTIES**

The related parties and associated undertakings comprise related group companies, local associates, staff retirement funds, directors and key management personnel. Transactions and balances with related parties and associated undertakings are as follows:

Relationship	Nature of Transaction	Un-Audited Half Year Ended	
		31-Mar-19 Rupees	31-Mar-18 Rupees
Parent Company	Markup expense	5,271,263	4,394,160

		Un-Audited	Audited
<u>Relationship</u>	<u>Nature of Transaction</u>	31-Mar-19 Rupees	31-Mar-18 Rupees
<u>Period/year end balances</u>			
Parent Company	Long term loan	123,416,314	123,416,314
	Markup payable	101,804,446	91,382,731

21 **DATE OF AUTHORIZATION**

This condensed interim financial information was authorized for issue by the Board of Directors on 30 May 2019.

22 **GENERAL**

Figures in this condensed interim financial information has been rounded off to the nearest Rupee unless otherwise stated.

23 **EVENTS AFTER THE BALANCE SHEET DATE**

Subsequent to the period end, the Finance Act, 2018 has been promulgated and approved through which certain amendments were made in the income tax, sales tax, federal excise duty, custom act and other related laws. The amendments include super tax imposed through Finance Act, 2015 is extended upto tax year 2020 and corporate tax rate reduced to 29% for tax year 2019, thereafter, the rate will reduce by 1% annually until 2023.

CHIEF EXECUTIVE

DIRECTOR

CHIEF FINANCIAL OFFICER