

Half Year Ended
March 31, 2013

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March 31, 2013



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

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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

Company Information

Board of Directors

Muhammad Irshad Butt	Chairman/Director
Riaz Qadeer Butt	Director
Muhammad Rashid Rana	Director
Atif Butt	Director
Muhammad Talib	Director
Yasir Iqbal	Director
Shoukat Ali Butt	Director

Chief Financial Officer

Imran Mirza

Company Secretary

Malik Riaz Hussain

Audit Committee

Muhammad Irshad Butt	Chairman
Muhammad Talib	Member
Yasir Iqbal	Member

Internal Auditors

Riaz Ahmed, Saqib, Gohar & Company
Chartered Accountant

External Auditors

Faruq Ali and Company
Chartered Accountants

Share Registrar

Five K's (Pvt) Limited

Registered Office

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

Mills:

Abdullah Shah Ghaziabad
Garho, District Thatta
Sindh

Bankers:

BankIslami Pakistan Limited
Summit Bank Limited
Bank Al-Falah Limited
Silk Bank Limited
MCB Bank Limited
Sindh Bank Ltd
Habib Metropolitan Bank Ltd
United Bank Limited
Allied Bank Limited

Director's Report

The Board of Director of your Company have pleasure to presenting Half yearly performance review together with the Interim Condensed Financial statements duly reviewed by the Auditors.

Overview:

The crushing season 2012-13 closed on 09-03-2013. The no. of days declined compared to last year but average daily crushing increased 36.18% compared to last year. In spite of very tight margin your company managed to earn comprehensive income for the half year Rupees 21.92 million.

The summarized operating results of the company are as follows:

Operating Results:

	2012 - 2013	2011 - 2012
Commencement Date	18 - 12 - 2012	26 - 12 - 2011
Crushing Days	82	87
Sugar Cane Crushed (M.T.)	217,538.902	169,492.663
Average daily crushing (M.T.)	2,652.910	1,948.120
Sugar Recovery	9.721	9.80
Production (M.T.)	21,195.00	16,582.50

Acknowledgments:

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.

On Behalf of The Board

Muhammad Irshad Butt
(Chairman)

Date: 31 May 2013

AUDITORS' 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, 2013, 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 (here-in-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 this 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, 2013 and 2012 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, 2013 is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan.

Dated: 31-05-2013

Place: Karachi

CHARTERED ACCOUNTANTS

Engagement Partner: S. Naseem uz Zaman

Condensed Interim Balance Sheet (Un-Audited) As At March 31, 2013

Notes	Un - Audited March 31, 2013	Audited September 30, 2012
RUPEES		
EQUITY AND LIABILITIES		
SHARE CAPITAL AND RESERVES		
Authorized share capital	1,000,000,000	1,000,000,000
100,000,000 Ordinary shares of Rs. 10/- each		
Issued, subscribed and paid-up capital	792,616,660	792,616,660
Accumulated loss	(610,279,519)	(632,197,603)
	182,337,141	160,419,057
Surplus on revaluation of property, plant and equipment	627,000,024	644,802,353
NON-CURRENT LIABILITIES		
Long term loans - Unsecured	531,592,879	531,592,879
Liabilities against assets subject to finance lease	14,383,563	16,944,278
Deferred liability for staff gratuity	4,249,331	3,741,758
Deferred taxation	329,670,517	333,051,784
CURRENT LIABILITIES		
Current portion of lease finance	6,178,163	5,380,844
Accrued markup	17,401,220	41,382,815
Trade and other payables	832,014,076	727,021,441
Borrowing from banks - Secured	823,209,413	802,122,280
	1,678,802,872	1,575,907,380
CONTINGENCIES		
	—	—
	3,368,036,327	3,266,459,489
ASSETS		
NON CURRENT ASSETS		
Property, plant and equipments	1,899,081,799	1,855,892,065
Long term deposits	5,376,065	5,315,865
CURRENT ASSETS		
Stores and spares	208,127,908	253,810,988
Stock in trade	1,137,353,114	1,059,361,285
Advances, deposits and prepayments	77,354,609	66,507,729
Advance income tax - Net	8,762,580	13,076,726
Cash and bank balances	31,980,252	12,494,831
	1,463,578,463	1,405,251,559
	3,368,036,327	3,266,459,489

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

CHIEF EXECUTIVE

DIRECTOR

**Condensed Interim Profit And Loss Account (Un-Audited)
For The Half Year Ended March 31, 2013**

	6 months		3 months	
	Oct 2012 to Mar 2013	Oct 2011 to Mar 2012	Jan 2013 to Mar 2013	Jan 2012 to Mar 2012
	RUPEES			
Sales - Net	1,089,648,939	300,477,122	782,366,014	188,414,491
Cost of sales	1,013,169,787	210,687,080	746,630,813	145,959,039
Gross profit	76,479,152	89,790,042	35,735,201	42,455,452
OPERATING EXPENSES				
Administrative and general expenses	10,955,705	13,600,520	6,643,540	8,210,626
Distribution expenses	4,654,782	1,484,867	2,994,100	1,450,354
	15,610,487	15,085,387	9,637,640	9,660,980
Operating profit	60,868,665	74,704,655	26,097,561	32,794,472
Finance cost	52,141,269	67,901,689	21,980,960	34,087,667
Workers' profit participation fund	436,517	340,258	205,897	--
Workers' welfare fund	165,877	129,298	73,629	--
	52,743,663	68,371,245	22,260,486	34,087,667
Profit for the period	8,125,002	6,333,410	3,837,075	(1,293,195)
Other income	2,947	2,189	1,335	720
Profit before taxation	8,127,949	6,335,599	3,838,410	(1,292,475)
Taxation				
- Current	(7,393,461)	(3,004,771)	(5,857,046)	(1,884,145)
- Deferred	3,381,267	897,512	(2,786,961)	448,730
	(4,012,194)	(2,107,259)	(8,644,007)	(1,435,415)
(Loss) / profit after taxation	<u>4,115,755</u>	<u>4,228,340</u>	<u>(4,805,597)</u>	<u>(2,727,890)</u>
(Loss) / earnings per share - Basic and diluted	<u>0.05</u>	<u>0.05</u>	<u>(0.06)</u>	<u>(0.03)</u>

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

CHIEF EXECUTIVE

DIRECTOR

**Condensed Interim Statement Of Comprehensive Income (Un-Audited)
For The Half Year Ended March 31, 2013**

	6 months		3 months	
	Oct 2012 to Mar 2013	Oct 2011 to Mar 2012	Jan 2013 to Mar 2013	Jan 2012 to Mar 2012
	RUPEES			
profit /(Loss) for the period	4,115,755	4,228,340	(4,805,597)	(2,727,890)
Other comprehensive income:				
Transfer from surplus on revaluation of property, plant and equipment in respect of Incremental depreciation	27,388,199	2,564,321	9,930,548	1,282,160
Related deferred tax	(9,585,870)	(897,512)	(3,475,692)	(448,756)
	17,802,329	1,666,809	6,454,856	833,404
Total comprehensive income for the period transferred to equity	<u>21,918,084</u>	<u>5,895,149</u>	<u>1,649,259</u>	<u>(1,894,486)</u>

CHIEF EXECUTIVE

DIRECTOR

Condensed Interim Cash Flow Statement (Un-Audited) For The Half Year Ended March 31, 2013

	6 months ended Oct 2012 to Mar 2013	6 months ended Oct 2011 to Mar 2012
	RUPEES	
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before taxation	8,127,949	6,335,599
Adjustments for non cash and other items:		
Depreciation	48,162,845	16,773,025
Financial charges	52,141,269	67,901,689
Workers' profit participation fund	436,517	340,258
Workers' welfare fund	165,877	129,298
Provision for gratuity	507,573	535,000
	101,414,081	85,679,270
Cash flow before working capital changes	109,542,030	92,014,869
Movement in working capital (increase) / decrease in current assets		
Stores and spares	45,683,080	(4,688,819)
Stock in trade	(77,991,829)	(534,655,712)
Trade debts	--	(35,805,072)
Advances, deposits and prepayments	(10,846,880)	(11,612,380)
Increase / (decrease) in current liabilities		
Trade and other payables	104,390,241	423,390,643
	61,234,612	(163,371,340)
Cash generated / (used) in operations	170,776,642	(71,356,471)
Payments for:		
Taxes	(3,079,315)	(11,408,615)
Financial charges	(76,122,864)	(90,120,830)
Gratuity	--	(338,000)
	(79,202,179)	(101,867,445)
Net cash generated / (used) from operating activities	91,574,463	(173,223,916)
CASH FLOW FROM INVESTING ACTIVITIES		
Fixed capital expenditure	(90,750,579)	(66,412,219)
Long term deposits	(60,200)	--
Net cash used in investing activities	(90,810,779)	(66,412,219)
CASH FLOW FROM FINANCING ACTIVITIES		
Long term loans - Net	--	10,266,333
Lease finance - Net	(2,365,396)	(2,001,018)
Short term borrowings - Net	21,087,133	383,805,725
Net cash generated from financing activities	18,721,737	392,071,040
Net increase in cash and cash equivalent	19,485,421	152,434,905
Cash and bank balances at the beginning of the period	12,494,831	16,313,347
Cash and bank balances at the end of the period	31,980,252	168,748,252

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

CHIEF EXECUTIVE

DIRECTOR

Condensed Interim Statement Of Changes In Equity (Un-Audited) For The Half Year Ended March 31, 2013

	Issued, subscribed and paid up capital	Accumulated Loss	Total
	RUPEES		
Balance as at October 01, 2011	792,616,660	(637,770,322)	154,846,338
Total comprehensive income for the period			
Profit for the period	--	4,228,340	4,228,340
Transfer from surplus on revaluation of property, plant and equipments in respect of Incremental depreciation - Net of tax	--	1,666,809	1,666,809
	--	5,895,149	5,895,149
Balance as at March 31, 2012	792,616,660	(631,875,173)	160,741,487
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

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

CHIEF EXECUTIVE

DIRECTOR

Notes To The Condensed Interim Financial Statements (Un - Audited) For The Half Year Ended March 31, 2013

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 2012 and 2013 have not been reviewed by the auditors of the company as they have reviewed the cumulative figures for the half year ended 31, March 2012 and 2013. 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, 2012.

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, 2012.
- 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, 2012.

4 ISSUED, SUBSCRIBED AND PAID UP CAPITAL

79,261,666 (September 2012: 79,261,666) Ordinary shares of Rs. 10/- each fully paid in cash

Un - Audited March 31, 2013	Audited September 30, 2012
RUPEES	

792,616,660	792,616,660
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- 4.1 77,691,800 (September 2012: 77,691,800) shares are held by Haq Bahu Sugar Mills (Private) Limited (holding company) representing 98.02% (September 2012: 98.02%) shareholding in the company.

Un - Audited March 31, 2013	Audited September 30, 2012
RUPEES	

5 LONG TERM LOANS - Unsecured

Subordinated sponsors' loan	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 2012: 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>823,209,413</u>	<u>802,122,280</u>
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- 6.1 During the year company has obtained various short term borrowings facilities from various banks for working capital requirements against the available limit of Rs. 1,405.00 million (September 2012: Rs.1,723.333) million. These facilities carries markup @ ranging from three to six months KIBOR plus 2 % to 4 % (September 2012: @ ranging from three to six months KIBOR plus 1.75% 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.581.791 million (September 2012: Rs. 671.211 million) from the banks remained un-availed at the balance sheet date.

7 CONTINGENCIES

There are no contingencies which need to be disclosed in the interim condensed financial information.

8 PROPERTY, PLANT AND EQUIPMENTS

	Un - Audited March 31, 2013	Audited September 30, 2012
	RUPEES	
Operating fixed assets - At cost less accumulated depreciation	1,698,974,076	1,744,161,150
Capital work in progress - At cost	8.2 200,107,723	111,730,915
	<u>1,899,081,799</u>	<u>1,855,892,065</u>

8.1 Additions / transfer in property, plant and equipments during the period

Owned

Factory building	--	16,570,641
Plant and machinery	--	521,171,516
Electric equipment	19,000	66,542
Furniture and fixture	32,600	33,400
Tents and tarpaulins	708,335	613,962
Computers	288,405	68,225
Vehicles	1,325,431	2,290,702

Leased

Vehicles	602,000	3,806,500
	<u>2,975,771</u>	<u>544,621,488</u>

8.2 Capital work in progress - At cost

Plant and machinery

Opening balance	111,730,915	532,742,157
Additions during the period	88,376,808	116,730,915
	200,107,723	649,473,072

Capitalized in

Plant and machinery	--	(521,171,516)
Factory building	--	(16,570,641)
	--	(537,742,157)

200,107,723	111,730,915
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- 8.2.1 Additions to capital work in progress includes Rs.3.846 million (September 2012: Rs.10.912 million) borrowing cost capitalized during the period using average borrowing rate of 13.22% (September 2012: 15.27%).

Un - Audited March 31, 2013	Audited September 30, 2012
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RUPEES

9 STOCK IN TRADE

Work in process	2,738,380	4,085,216
Finished goods	9.1 1,134,614,734	1,055,276,069
	<u>1,137,353,114</u>	<u>1,059,361,285</u>

- 9.1 Finished goods stock valuing Rs.529.834 million (September 2012: Rs.522.457 million) were pledged as security for the finances obtained from commercial banks.

6 months ended Oct 2012 to Mar 2013	6 months ended Oct 2011 to Mar 2012
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RUPEES

10 TRANSACTION WITH RELATED PARTIES

Holding Company

Markup provided thereon	--	10,266,333
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Considering the financial position of the company, markup for the year amounting to 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 31-05-2013 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