

Half Year Ended
March 31, 2015

Registered Office:

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

Designed by: A.Q Interactive 0321-431235

Half Year Ended
March 31, 2015



MACCA GROUP

Abdullah Shah Ghazi
Sugar Mills Limited

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CORPORATE PROFILE**Board Directors**

Mr. Riaz Qadeer Butt (Chief Executive/ Director)

Muhammad Nawaz

Muhammad Rashid Rana

Atif Butt

Muhammad Talib

Yasir Iqbal

Shoukat Ali Butt

Audit Committee

Mr. Riaz Qadeer Butt (Director)

Muhammad Talib (Member)

Yasir Iqbal (Member)

Chief Financial Officer

Imran Mirza

Company Secretary

Malik Riaz Hussain

Internal AuditorsRiaz 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 REPORT

Dear Shareholders:

Directors are pleased to present half yearly accounts of the company duly reviewed by the company's auditors along with brief resume of company's activities during the period ended March 31, 2015.

Operating Results:

The operating result upto March 31, 2015 and for full season are given below:-

Season Started	15 - 12 - 2014	01 - 11 - 2013
Season Closed	11 - 03 - 2015	07 - 03 - 2014
Days Worked	87	127
Cane Crushed (M. Tons)	267,160.235	249,886.963
Sugar Recovery (%age)	9.910	9.861
Sugar Produced (M. Tons)	26,490.000	24,641.500

Financial Results:

The accounts reviewed by the auditors show an increase in Net sales of sugar of Rs. 1,052.328 (Million) compared to last year figure of Rs. 704.306 millions and sale of molasses of Rs. 70.444 million compared to corresponding sale of Rs. 57.550 millions for six months.

Auditors' Review Report**Auditors Observation about Going Concern**

As a matter of emphasis, the auditors have given a paragraph about going concern assumption used by the Company in preparation of its financial statements on the existing unsatisfactory financial condition of the company.

The Company managed to out run the operational performance of the corresponding period even in the most depressing of sugar prices. The Company had in its resources the capacity to crush even more sugar cane and produce even more sugar in the reporting period, but the limited availability of sugar cane in the mill area and the management policy decision not to go out of the area to procure expensive cane crop, resulted in controlled crushing.

The current management has an enviable business relations with its stake holders especially cane growers and it is expected that cane availability during the next crushing season, in the mill area, will be better than the current season. The Company is already exploring other than

available working capital and other production resources to meet the requirements of production.

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.

Acknowledgment

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 like to thank the Stake Holders for their trust and support to the company.

A FARUQALI & CO
& CO CHARTERED ACCOUNTANTS

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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, 2015, 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, 2015 and 2014 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.411.595 million was reflected as long term loan from previous management which were pending being under discussion with the previous management for final settlement. Out of the total amount Rs.46.460 was reversed to income during the financial year ended September 30, 2005 and remaining amount of Rs.365.135 million has been written back during the financial year ended September 30, 2014. We have not been provided with information and explanation to ascertain the final outcome and basis on which the liabilities have been written back in the financial statements.

Qualified Conclusion

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

Matter of emphasis

Without further qualifying our conclusion we draw attention of the members to note 2 to the interim condensed financial information which indicates that company incurred net loss after tax of Rs.166.563 million during the period ended March 31, 2015 and as of that date it has accumulated losses of Rs.745.794 million and its current liabilities exceeded its current assets by Rs.952.688 million. These conditions, along with other matters as set forth in note 2, indicate the existence of material uncertainty which may cast significant doubt about company's ability to continue as going concern.

Dated: May 30, 2015
Place: Karachi

CHARTERED ACCOUNTANTS

Engagement Partner: Fasih-uz-Zaman.

INTERIM CONDENSED BALANCE SHEET - (Un-audited)
AS AT MARCH 31, 2015

	Notes	Un - Audited March 31, 2015	Audited September 30, 2014
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
RUPEES			
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	5	792,616,660	792,616,660
Accumulated loss		(745,793,550)	(595,159,449)
		46,823,110	197,457,211
Surplus on revaluation of property, plant and equipment		558,793,187	574,721,669
NON-CURRENT LIABILITIES			
Long term loans - Unsecured	6	123,416,314	123,416,314
Retirement benefit obligations		6,023,783	5,319,134
Deferred taxation		294,948,634	345,615,509
CURRENT LIABILITIES			
Accrued markup		95,042,018	76,362,100
Trade and other payables		2,353,362,193	1,534,046,976
Short term borrowings	7	433,310,739	721,607,328
Provision for taxation - Net		2,913,413	6,484,468
		2,884,628,363	2,338,500,872
CONTINGENCIES AND COMMITMENTS			
	8	--	--
		<u>3,914,633,391</u>	<u>3,585,030,709</u>
ASSETS			
NON CURRENT ASSETS			
Property, plant and equipments	9	1,977,336,299	1,900,957,525
Long term deposits		5,357,065	5,357,065
CURRENT ASSETS			
Stores and spares		543,969,259	279,070,919
Stock in trade	10	1,178,033,259	1,228,947,846
Trade debtors - Unsecured, considered good		4,229,348	--
Advances, deposits and prepayments		181,133,119	159,309,032
Cash and bank balances		24,575,042	11,388,322
		1,931,940,027	1,678,716,119
		<u>3,914,633,391</u>	<u>3,585,030,709</u>

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, 2015

	6 months		3 months	
	Oct 2014 to Mar 2015	Oct 2013 to Mar 2014	Jan 2015 to Mar 2015	Jan 2014 to Mar 2014
RUPEES				
Sales - Net	1,122,771,343	761,856,370	861,826,899	719,133,609
Cost of sales	1,281,569,451	737,504,133	971,958,884	705,818,112
Gross (loss) / profit	(158,798,108)	24,352,237	(110,131,985)	13,315,497
OPERATING EXPENSES				
Administrative and general expenses	16,513,198	12,507,628	9,081,863	7,713,452
Distribution expenses	1,499,873	2,241,759	1,071,538	2,036,529
	18,013,071	14,749,387	10,153,401	9,749,981
Operating (loss) / profit	(176,811,179)	9,602,850	(120,285,386)	3,565,516
Finance cost	41,173,087	48,625,290	17,260,661	23,460,294
Loss for the period	(217,984,266)	(39,022,440)	(137,546,047)	(19,894,778)
Other income	754,808	1,963	--	389
Loss before taxation	(217,229,458)	(39,020,477)	(137,546,047)	(19,894,389)
Taxation				
- Current	--	(3,927,119)	1,304,722	(3,713,505)
- Deferred	50,666,875	8,739,098	46,564,084	4,105,910
	50,666,875	4,811,979	47,868,806	392,405
Loss after taxation	<u>(166,562,583)</u>	<u>(34,208,498)</u>	<u>(89,677,241)</u>	<u>(19,501,984)</u>
Loss per share - Basic and diluted	(2.10)	(0.43)	(1.13)	(0.25)

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, 2015

	6 months		3 months	
	Oct 2014 to Mar 2015	Oct 2013 to Mar 2014	Jan 2015 to Mar 2015	Jan 2014 to Mar 2014
	RUPEES			
Loss for the period	(166,562,583)	(34,208,498)	(89,677,241)	(19,501,984)
Other comprehensive income:				
Transfer from surplus on revaluation of property, plant and equipment in respect of incremental depreciation	24,134,064	25,703,191	12,067,032	13,237,680
Related deferred tax	(8,205,582)	(8,739,098)	(4,102,791)	(4,633,188)
	15,928,482	16,964,093	7,964,241	8,604,492
Total comprehensive income for the period transferred to equity	<u>(150,634,101)</u>	<u>(17,244,405)</u>	<u>(81,713,000)</u>	<u>(10,897,492)</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, 2015

	6 months ended Oct 2014 to Mar 2015	6 months ended Oct 2013 to Mar 2014
	RUPEES	
CASH FLOW FROM OPERATING ACTIVITIES		
Loss before taxation	(217,229,458)	(39,020,477)
Adjustments for non cash and other items:		
Depreciation	42,123,526	48,068,797
Financial charges	41,173,087	48,625,290
Provision for gratuity	1,178,313	600,000
	84,474,926	97,294,087
Cash flow before working capital changes	(132,754,532)	58,273,610
Movement in working capital (increase) / decrease in current assets		
Stores and spares	(264,898,340)	26,636,879
Stock in trade	50,914,587	(532,778,295)
Trade debts	(4,229,348)	(408,129)
Advances, deposits and prepayments	(21,824,087)	(7,110,624)
Increase / (decrease) in current liabilities		
Trade and other payables	819,315,217	611,672,509
	579,278,029	98,012,340
Cash generated from operations	446,523,497	156,285,950
Payments for:		
Taxes	(3,571,055)	(4,081,516)
Financial charges	(22,493,169)	(50,297,230)
Gratuity	(473,664)	(220,000)
	(26,537,888)	(54,598,746)
Net cash generated from operating activities	419,985,609	101,687,204
CASH FLOW FROM INVESTING ACTIVITIES		
Fixed capital expenditure	(118,502,300)	(72,392,057)
Net cash used in investing activities	(118,502,300)	(72,392,057)
CASH FLOW FROM FINANCING ACTIVITIES		
Short term borrowings - Net	(288,296,589)	(24,595,742)
Net cash used in financing activities	(288,296,589)	(24,595,742)
Net increase in cash and cash equivalent	13,186,720	4,699,405
Cash and bank balances at the beginning of the period	11,388,322	4,875,446
Cash and bank balances at the end of the period	<u>24,575,042</u>	<u>9,574,851</u>

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, 2015**

	Issued, subscribed and paid up capital	Accumulated Loss	Total
	RUPEES		
Balance as at October 01, 2013 - As reported	792,616,660	(697,947,398)	94,669,262
Effect of change in accounting policy	--	878,709	878,709
Balance as at October 01, 2013 - As restated	792,616,660	(697,068,689)	95,547,971
Total comprehensive income for the period			
Loss for the period	--	(34,208,498)	(34,208,498)
Transfer from surplus on revaluation of property, plant and equipments in respect of Incremental depreciation - Net of tax	--	16,964,093	16,964,093
	--	(17,244,405)	(17,244,405)
Balance as at March 31, 2014 - As restated	792,616,660	(714,313,094)	78,303,566
 Balance as at October 01, 2014	792,616,660	(595,159,449)	197,457,211
Total comprehensive income for the period			
Loss for the period	--	(166,562,583)	(166,562,583)
Transfer from surplus on revaluation of property, plant and equipments in respect of Incremental depreciation - Net of tax	--	15,928,482	15,928,482
Remeasurement of net defined benefit liability	--	(150,634,101)	(150,634,101)
Balance as at March 31, 2015	792,616,660	(745,793,550)	46,823,110

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, 2015**

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 and by products. The Mill is located at Garho, Sindh. Name of parent company is M/s. Haq Bahu Sugar Mills (Private) Limited and registered office of the company is situated at 5, Nasim C.H.S., Major Nazir Bhatti Road, Off: Shaheed-e-Millat Road, Karachi.

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 2014 and 2015 have not been reviewed by the auditors of the company as they have reviewed the cumulative figures for the half year ended 31, March 2014 and 2015. 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, 2014.

3 GOING CONCERN ASSUMPTION

The interim condensed financial information for the half year ended March 31, 2015 reflect that the company incurred net loss after taxation of Rs.166.563 million and as of that date it has accumulated losses of Rs.745.794 million (Sep 2014: Rs.595.159 million) and its current liabilities exceeded its current assets by Rs.952.688 million (Sep 2014: Rs.659.785 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 as the conditions mentioned above are temporary and would reverse. The cost of production was high during the period under consideration as compared to the sugar prices. The reversal is very much evident from the prevailing market price of the sugar which is now showing increasing trend. Government has also enhanced regulatory duty on sugar import to support the local industry. Considering the prevailing market prices to be available for the whole next year, Company will easily be return to profitable operations in coming year and settle its obligations fairly comfortably.

4 SIGNIFICANT ACCOUNTING POLICIES

- 4.1 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, 2014.
- 4.2 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, 2014.

		Un - Audited March 31, 2015	Audited September 30, 2014
		RUPEES	
5 ISSUED, SUBSCRIBED AND PAID UP CAPITAL			
79,261,666 (September 2014: 79,261,666) Ordinary shares of Rs. 10/- each fully paid in cash		<u>792,616,660</u>	<u>792,616,660</u>

5.1 77,691,800 (September 2014: 77,691,800) shares are held by Haq Bahu Sugar Mills (Private) Limited (holding company) representing 98.02% (September 2014: 98.02%) shareholding in the company.

6 LONG TERM LOANS - Unsecured

Subordinated sponsors' loan	6.1	<u>123,416,314</u>	<u>123,416,314</u>
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6.1 Subordinated sponsors' loan

The loan has been advanced by M/s. Haq Bahu Sugar Mills (Pvt.) Ltd which carries markup @ six months KIBOR plus 1% (September 2014: @ 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 the short term finance facility obtained by the company.

7 SHORT TERM BORROWINGS

Short term finances from banks - Secured	7.1	414,337,739	702,634,328
Loan from others - Unsecured, interest free	7.3	18,973,000	18,973,000
		<u>433,310,739</u>	<u>721,607,328</u>

7.1 During the year company has availed various short term borrowings facilities from various banks for working capital requirements against the available limit of Rs.650.000 million (September 2014: Rs.1,037.240) million. These facilities carries markup @ ranging from three to six months KIBOR plus 2.25% to 4% (September 2014: @ 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.

7.2 The facilities amounting to Rs.235.662 million (September 2014: Rs. 334.606 million) from the banks remained un-availed at the balance sheet date.

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

8 CONTINGENCIES AND COMMITMENTS

The status of contingencies and commitments are same as reported in the annual financial statements for the year ended September 30, 2014 except for a civil appeal is pending before the Honorable Supreme Court to decide about the sugar cane price subsidy of Rs.10.00/- per 40 kg as announced by the Sindh Government for the crushing season 2014-15. As the matter is in its very early stage and its out come can not be determined reliably hence the provision of Rs.66.790 million has not been made in this interim condensed financial information.

		Un - Audited March 31, 2015	Audited September 30, 2014
		RUPEES	
9 PROPERTY, PLANT AND EQUIPMENTS			
Operating fixed assets - At cost less accumulated depreciation		1,503,729,056	1,545,335,662
Capital work in progress - At cost	9.2	473,607,243	355,621,863
		<u>1,977,336,299</u>	<u>1,900,957,525</u>

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

Owned

Building on free hold land:			
- Non factory	--		3,652,617
Plant and machinery	--		353,600
Tools and equipment	64,000		85,640
Electric equipment	--		232,950
Furniture and fixture	26,000		268,049
Office equipment	--		205,020
Tents and tarpaulins	43,500		839,500
Computers	15,900		50,230
Vehicles	367,520		230,000
		<u>516,920</u>	<u>5,917,606</u>

9.2 Capital work in progress - At cost

Opening balance		355,621,863	182,843,460
Add: Addition during the period		117,985,380	172,778,403
		<u>473,607,243</u>	<u>355,621,863</u>
Less: Capitalized during the period		--	--
		<u>473,607,243</u>	<u>355,621,863</u>

10 STOCK IN TRADE

Work in process		947,758	2,218,671
Finished goods	10.1	1,177,085,501	1,226,729,175
		<u>1,178,033,259</u>	<u>1,228,947,846</u>

10.1 Finished goods stock valuing Rs.360.799 million (September 2014: Rs.591.302 million) were pledged as security for the finances obtained from commercial banks.

10.2 Finished goods stock has been written down to net realizable value by Rs.133.117 million (September 2014: Rs.90.657 million).

11 TRANSACTION WITH RELATED PARTIES

Holding company

Markup expense on subordinated loan is Rs.6.716 million (March 2014: Rs.7.268 million).

12 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.

13 DATE OF AUTHORIZATION FOR ISSUE

The interim condensed financial information was authorized for issue on May 30, 2015 in accordance with the resolution of the Board of Directors of the company.

14 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