

*NINE MONTHS REPORT*  
JUNE 30, 2013

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JUNE 30, 2013



**Registered Office:**

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

Designed by: A.Q Interactive 0321-4331125



**MACCA GROUP**

**Abdullah Shah Ghazi Sugar Mills Limited**



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## 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

Dear Members,

The Directors of the Company have pleasure presenting to you the Nine Months performance report together with un-audited Condensed Interim Financial Statements for the period ended June 30, 2013.

### Performance Review:

The Company did crushing of Sugar Cane for 82 days. The Sugar prices remained depressed in the local market during the year because of excessive sugar stocks available in the country. However your company managed to remain positive and perform well. The summary financial and operational results are given below:

### Financial Results:

Gross Profit	97.814
Profit before taxation	1.437
Profit after taxation	7.780

### Operational Results:

Season Started	18/12/2012
Season closed	09/03/2013
Crushing Days	82
Cane crushed (M.Tons)	217,538.902
Sugar Produced (M. Tons)	21,195.000
Sucrose Recovery	9.721 %

### 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 yor company all round.

On Behalf of the Board

Muhammad Irshad Butt

Date: 31 July 2013

## CONDENSED INTERIM BALANCE SHEET AS AT JUNE 30, 2013

Notes	(UN-AUDITED) June 30, 2013	(AUDITED) September 30, 2012
<b>LIABILITIES</b>		
<b>SHARE CAPITAL AND RESERVES</b>		
Authorized share capital 100,000,000 (2012:100,000,000) ordinary shares of Rs. 10/- each	1,000,000,000	1,000,000,000
Issued, subscribed and paid-up capital	792,616,660	792,616,660
Accumulated loss	(597,552,116)	(632,197,599)
	195,064,544	160,419,061
Surplus on revaluation of property, plant and equipment	617,937,146	644,802,352
<b>NON-CURRENT LIABILITIES</b>		
Long term loans - Unsecured	531,592,879	531,592,879
Liabilities against assets subject to finance lease	12,748,464	16,944,278
Deferred liabilities	322,153,662	336,793,542
<b>CURRENT LIABILITIES</b>		
Current portion of lease finance	6,249,696	5,380,844
Accrued markup	19,585,629	41,382,815
Trade and other payables	950,163,783	727,021,440
Borrowing from banks - Secured	790,704,513	802,122,280
	1,766,703,621	1,575,907,379
<b>CONTINGENCIES</b>		
	--	--
	<b>3,446,200,316</b>	<b>3,266,459,492</b>
<b>ASSETS</b>		
<b>NON CURRENT ASSETS</b>		
Property, plant and equipments	1,932,031,419	1,855,892,066
Long term deposits	13,790,570	5,315,865
<b>CURRENT ASSETS</b>		
Stores and spares	172,673,941	253,810,988
Stock in trade	1,183,010,273	1,059,361,287
Trade Debtors - Unsecured, considered good	23,587,404	--
Advances, deposits and prepayments	92,579,901	66,507,729
Advance income tax net	10,214,097	13,076,726
Cash and bank balances	18,312,711	12,494,831
	1,500,378,327	1,405,251,560
	<b>3,446,200,316</b>	<b>3,266,459,492</b>

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

CHIEF EXECUTIVE

DIRECTOR



**CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED)  
FOR THE NINE MONTHS ENDED JUNE 30, 2013**

**CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)  
FOR THE NINE MONTHS ENDED JUNE 30, 2013**

	9 months		3 months	
	Oct 2012 to Jun 2013	Oct 2011 to Jun 2012	Apr 2013 to Jun 2013	Apr 2012 to Jun 2012
	RUPEES		RUPEES	
Sales - Net	1,193,235,924	684,304,217	103,586,985	383,827,095
Cost of sales	1,095,422,410	559,365,288	82,252,623	348,678,208
Gross profit	97,813,514	124,938,929	21,334,362	35,148,887
<b>OPERATING EXPENSES</b>				
Administrative and general expenses	14,907,553	23,195,477	3,951,848	9,594,957
Distribution expenses	5,209,669	1,747,692	554,887	262,825
	20,117,222	24,943,169	4,506,735	9,857,782
Operating profit	77,696,292	99,995,760	16,827,627	25,291,105
Finance cost	76,154,975	100,630,776	24,013,706	32,729,087
Workers' profit participation fund	77,252	459,059	(359,265)	118,801
Workers' welfare fund	30,901	183,624	(134,976)	54,326
	76,263,127	101,273,459	23,519,464	32,902,214
Profit / (loss) for the period	1,433,165	(1,277,699)	(6,691,837)	(7,611,109)
Other income	3,713	9,816,205	766	9,814,016
Profit / (loss) before taxation	1,436,878	8,538,506	(6,691,071)	2,202,907
Provision for taxation				
- Current	(8,122,477)	(6,843,042)	(729,016)	(3,838,271)
- Deferred	14,465,880	1,346,294	11,084,613	448,756
	6,343,403	(5,496,748)	10,355,597	(3,389,515)
Profit / (loss) after taxati	7,780,281	3,041,758	3,664,526	(1,186,608)
Earnings / (loss) per share - Basic and dil	0.10	0.04	0.05	(0.01)

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

CHIEF EXECUTIVE

DIRECTOR

	9 months		3 months	
	Oct 2012 to Jun 2013	Oct 2011 to Jun 2012	Apr 2013 to Jun 2013	Apr 2012 to Jun 2012
	RUPEES		RUPEES	
Profit / (loss) for the period	7,780,281	3,041,758	3,664,526	(1,186,582)
Other comprehensive income:				
Transfer from surplus on revaluation of property, plant and equipment	41,331,086	3,846,480	13,942,887	1,282,159
Related deferred tax	(14,465,880)	(1,346,294)	(4,880,010)	(448,782)
	26,865,206	2,500,186	9,062,877	833,377
Total comprehensive income / (loss) for the period	34,645,487	5,541,944	12,727,403	(353,205)

CHIEF EXECUTIVE

DIRECTOR

# CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED) FOR THE NINE MONTHS ENDED JUNE 30, 2013

	30-Jun-13 RUPEES	Jun 2012 RUPEES
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Profit before taxation	1,436,878	8,538,506
<b>Adjustments for non cash and other items:</b>		
Depreciation	72,289,064	28,770,054
Financial charges	76,154,975	100,630,776
Workers' profit participation fund	77,252	459,059
Workers' welfare fund	30,901	183,624
Provision for gratuity	--	650,000
	148,552,191	130,693,513
Cash flow before working capital changes	149,989,069	139,232,019
<b>Movement in working capital (increase) / decrease in current assets</b>		
Stores and spares	81,137,047	109,307,207
Stock in trade	(123,648,987)	(220,724,144)
Trade debts	(23,587,404)	(71,607,000)
Advances, deposits and prepayments	(23,598,418)	(60,683,180)
<b>Increase / (decrease) in current liabilities</b>		
Trade and other payables	220,560,436	63,836,111
	130,862,674	(179,871,006)
<b>Cash (used) in operations</b>	280,851,744	(40,638,987)
Payments for:		
Taxes	(5,259,848)	--
Financial charges	(97,952,161)	(113,512,848)
Gratuity	(174,000)	(424,000)
	(103,386,009)	(113,936,848)
<b>Net cash Generated /(used) from operating activities</b>	177,465,734	(154,575,835)
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Fixed capital expenditure	(147,826,418)	(192,746,793)
Long Term Security Deposit	(8,474,705)	(3,731,426)
<b>Net cash used in investing activities</b>	(156,301,123)	(196,478,219)
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Long term loans - Net	--	15,166,804
Lease finance - Net	(3,928,964)	(3,062,003)
Short term borrowings - Net	(11,417,767)	359,141,505
<b>Net cash generated from financing activities</b>	(15,346,731)	371,246,306
<b>Net decrease in cash and cash equivalent</b>	5,817,880	20,192,252
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	18,312,711	36,505,599

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 NINE MONTHS ENDED JUNE 30, 2013

	Share capital	Accumulated loss	Total
	Rupees		
<b>Balance as at October 01, 2011</b>	792,616,660	(637,770,322)	154,846,338
Total comprehensive income for the year	--	5,541,944	5,541,944
<b>Balance as at June 30, 2012</b>	792,616,660	(632,228,378)	160,388,282
<b>Balance as at October 01, 2012</b>	792,616,660	(632,197,603)	160,419,057
Total comprehensive income for the period	--	34,645,487	34,645,487
<b>Balance as at June 30, 2013</b>	792,616,660	(597,552,116)	195,064,544

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

CHIEF EXECUTIVE

DIRECTOR



## NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS ( UN - AUDITED ) FOR THE NINE MONTHS ENDED JUNE 30, 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

These interim condensed financial statements are un audited but subject to limited scope review by the auditors. These are 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 30, June 2013 and 2012 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. These interim condensed financial statements do 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 these interim condensed financial statements 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 judgement in the process of applying the Company's accounting policies. Estimates and judgements are continually evaluated and are 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 (Sep 2012: 79,261,666) ordinary shares of Rs. 10/- each fully paid in cash

	Un - Audited June 30, 2013	Audited September 30, 2012
	RUPEES	

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

4.1 77,691,800 (Sep 2012: 77,691,800) shares are held by Haq Bahu Sugar Mill (Private) Limited (holding company) representing 98.02% (Sep 2012: 98.02%) shareholding in the company.

### 5- Long Terms 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 million (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.

	Un - Audited June 30, 2013	Audited September 30, 2012
	RUPEES	

### 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 & 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 discussion 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	790,704,513	802,122,280
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6.1 During the year company has obtained various short term borrowings facilities from various banks against the available limit of Rs. 1,065.704 millions (September 2012, Rs.1,723.333 millions). 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. 274.999 millions (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 financial statements.

### 8. PROPERTY, PLANT AND EQUIPMENTS:

Operating fixed assets - At cost less accumulated depreciation	8.1	1,674,877,857	1,744,161,151
Capital work in progress - At cost	8.2	257,153,562	111,730,915
		<u>1,932,031,419</u>	<u>1,855,892,065</u>

#### 8.1 Additions in property, plant and equipments during the period :

##### Owned

Factory Building	--	16,570,641
Plant and Machinery	--	521,171,516
Electric installation	--	--
Electric equipment	19,000	66,542
Furniture and fixture	32,600	33,400
Tents and Tarpaulins	708,335	613,962
Computers	318,405	68,225
Vehicles	1,325,431	2,290,702

##### Leased Vehicle

	602,000	3,806,500
	<u>3,806,500</u>	<u>544,621,488</u>

## 8.2 Capital work in progress - At cost

Opening balance	111,730,915	532,742,157
Additions during the period	145,422,647	116,730,915
	257,153,562	649,473,072
<b>Capitalized In</b>		
Factory Building	--	(17,327,635)
Plant and machinery	--	(520,414,522)
	--	(537,742,157)
	<u>257,153,562</u>	<u>111,730,915</u>

### 8.2.1 Breakup is as follows

Plant and machinery	243,143,612	111,730,915
Civil works	<u>14,009,950</u>	<u>--</u>
	<u>257,153,562</u>	<u>111,730,915</u>

8.2.2 Additions to capital work in progress includes Rs.6.93 million (Sep 2012: Rs.10.91 million) borrowing cost capitalized during the period using average borrowing rate of 10.00% (september 2012 @ 15.27%).

	Un - Audited June 30, 2013	Audited September 30, 2012
	RUPEES	
<b>9. STOCK IN TRADE</b>		
Work in process	3,034,437	4,085,216
Finished goods	1,179,975,836	1,055,276,069
	<u>1,183,010,273</u>	<u>1,059,361,285</u>

9.1 Finished goods stock valuing Rs. 500.500 million (September 2012: Rs. 522.457 million) were pledged as security for the finances obtained from commercial banks.

	9 months ended Oct. 2011 to Jun 30, 2013	9 months ended Oct. 2010 to Jun 30, 2012
	RUPEES	

## 10. TRANSACTION WITH RELATED PARTIES

<b>Holding Company</b>		
Markup provided thereon	<u>--</u>	<u>15,166,804</u>

## 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 - 07 - 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