

3rd Quarter

Condensed Interim Financial Statements

For the quarter ended 30 June 2020 (Un-audited)

Abdullah Shah Ghazi Sugar Mills Limited

3rd Quarter



CONTENTS

Company Information.....	01
Director Report.....	02
Balance Sheet.....	03
Profit & Loss Account.....	04
Statement of Comprehensive Income.....	05
Cash Flow Statement.....	06
Statement of Changes in Equity.....	07
Notes to the Financial Statements.....	08

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 Auditor

Syed Waqar Ali Bukhari

Auditor

Sarwars
Chartered Accountants

Registrar

CDC Shares Registrar Services Limited,
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.asgsmi.co

DIRECTOR'S REPORT

Dear Members,

Assalam-o-Alaikum,

Directors are pleased to present nine month accounts of the Company duly reviewed by the Company's auditors along with brief resume of the Company's activities during the period ended June 30, 2020.

Operating Results:

The operating result upto June 30, 2020 and for full season are given below:-

Season Started	-	01-01-2019
Season Closed	-	07-02-2019
Days Worked	-	38
Cane Crushed (M. Tons)	-	24,777.792
Sugar Recovery (%age)	-	7.331
Sugar Produced (M. Tons)	-	1,755.000

The year under review has also been proved difficult period. The on-going raw material impediments have obstructed the operations of the Company. The root cause for this obstruction had been non-availability of sugar cane at a reasonable price; and resultantly the Company could not purchase sugar cane to run the mills.

The Board would like to place on record its appreciation of all the employees of the company for their dedication and hard work.



Chief Executive



Director

Lahore: July 30, 2020


ABDULLAH SHAH GHAZI SUGAR MILLS LIMITED
CONDENSED INTERIM BALANCE SHEET
AS AT JUNE 30, 2020

	(Un-Audited) June 30, 2020	(Audited) September 30, 2019
Notes	RUPEES	
LIABILITIES		
SHARE CAPITAL AND RESERVES		
Authorized share capital 100,000,000 (2011:100,000,000) ordinary shares of Rs. 10/- each	<u>1,000,000,000</u>	<u>1,000,000,000</u>
Issued, subscribed and paid-up capital	5 <u>792,616,660</u>	792,616,660
Surplus in revaluation of property, plant and equipment	<u>1,394,076,398</u>	1,451,143,570
Accumulated loss	<u>(1,863,495,806)</u>	<u>(1,666,909,043)</u>
	<u>323,197,252</u>	576,851,187
NON-CURRENT LIABILITIES		
Long term loans - Unsecured	6 <u>123,416,314</u>	123,416,314
Long term loans - Secured	<u>3,972,000</u>	4,000,000
Retirement benefit obligations	<u>6,983,042</u>	6,983,042
Deferred taxation	<u>205,058,940</u>	190,985,345
	339,430,296	325,384,701
CURRENT LIABILITIES		
Trade and other payables	7 <u>2,453,705,265</u>	2,449,285,915
Finance cost payable	<u>325,785,197</u>	288,795,535
Short term borrowings - Secured	8 <u>74,720,546</u>	74,720,546
Current portion of long term loan from bank	<u>347,298,518</u>	347,798,518
Provision for taxation - net	<u>--</u>	1,913,875
	<u>3,201,509,526</u>	3,162,514,389
CONTINGENCIES		
	9 <u>--</u>	--
	<u>3,864,137,074</u>	<u>4,064,750,277</u>
ASSETS		
NON CURRENT ASSETS		
Property, plant and equipments	3,589,982,165	3,733,170,351
Long term deposits	1,826,165	1,826,165
CURRENT ASSETS		
Stores and spares	<u>34,168,776</u>	34,168,776
Stock in trade	<u>172,638,873</u>	202,181,486
Advances, deposits and prepayments	<u>57,436,132</u>	82,434,832
Advance income tax - net	<u>4,074,664</u>	5,895,003
Cash and bank balances	<u>4,010,299</u>	5,073,665
	<u>272,328,744</u>	329,753,761
	<u>3,864,137,074</u>	<u>4,064,750,277</u>

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


CHIEF EXECUTIVE


DIRECTOR


CHIEF FINANCIAL OFFICER

ABDULLAH SHAH GHAZI SUGAR MILLS LTD
CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED)
FOR THE NINE MONTHS ENDED JUNE 30, 2020

	9 months		3 months	
	Oct 2019 to Jun 2020	Oct 2018 to Jun 2019	Apr 2019 to Jun 2019	Apr 2019 to Jun 2019
	RUPEES		RUPEES	
Sales	-	153,110,000	-	-
Cost of Sales	189,621,155	281,491,400	2,256,144	(16,967,791)
Gross Profit/(Loss)	(189,621,155)	(128,381,400)	(2,256,144)	16,967,791
OPERATING EXPENSES				
Administrative & general expenses	12,797,737	13,974,551	3,629,819	2,911,377
Distribution expense	-	928,400	-	-
	12,797,737	14,902,951	3,629,819	2,911,377
Operating Profit/(Loss)	(202,418,892)	(143,284,352)	(5,885,963)	14,056,414
Finance cost	37,161,447	50,430,299	11,715,199	19,846,611
Loss for the 3rd quarter	(239,580,339)	(193,714,651)	(17,601,162)	(5,790,197)
Other Income	-	-	-	-
Loss before taxation	(239,580,339)	(193,714,651)	(17,601,162)	(5,790,197)
Provision for taxation				
Current	-	1,913,875	-	-
Deferred	(14,073,596)	-	(39,254,140)	(6,868,239)
Prior	-	-	-	-
	14,073,596	1,913,875	(39,254,140)	(6,868,239)
Loss after taxation	(253,653,935)	(195,628,526)	(56,855,302)	(12,658,436)
Loss Per Share- Basic and diluted	(3.20)	(2.47)	(0.72)	(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 LTD
INTERIM CONDENSED STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)
FOR THE NINE MONTHS ENDED JUNE 30, 2020

	9 months		3 months	
	Oct 2019 to Jun 2020	Oct 2018 to Jun 2019	Apr 2020 to Jun 2020	Apr 2019 to Jun 2019
	RUPEES		RUPEES	
Profit/(Loss) for the period	(253,653,935)	(195,628,527)	(56,855,302)	1,078,041
Other Comprehensive income:				
Transfer from surplus on revaluation of property, plant and equipment	-	-	-	-
Related deferred tax	-	-	-	-
Total comprehensive income / (loss) for the period	<u>(253,653,935)</u>	<u>(195,628,527)</u>	<u>(56,855,302)</u>	<u>1,078,041</u>

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 NINE MONTHS ENDED JUNE 30, 2020

	Jun 2020 RUPEES	Jun 2019 RUPEES
<u>CASH FLOW FROM OPERATING ACTIVITIES</u>		
Loss before taxation	(239,580,339)	(193,714,651)
Adjustments for non cash and other items:		
Depreciation	143,188,186	94,600,902
Financial charges	37,161,447	50,430,299
Prior year adjustment	--	5,757,743
	<u>180,349,633</u>	<u>150,788,945</u>
Cash flow before working capital changes	(59,230,706)	(42,925,706)
Changes in working capital		
(Increase) / decrease in current assets:		
Stores and spares	--	(9,631,305)
Stock in trade	29,542,614	5,792,317
Advances, deposits and prepayments	24,998,700	2,994,120
Increase / (decrease) in current liabilities:		
Trade and other payables	4,419,350	52,588,413
	<u>58,960,664</u>	<u>51,743,545</u>
Cash (used) in operations	(270,042)	8,817,838
Payments for:		
Taxes	(93,537)	387,292
Financial charges	(171,787)	6,918,502
Worker welfare Fund	--	167,000
	<u>(265,323)</u>	<u>(7,472,795)</u>
Net cash used from operating activities	(535,365)	1,345,044
<u>CASH FLOW FROM INVESTING ACTIVITIES</u>		
Long Term Security Deposit	--	(46,140)
Net cash used in investing activities	--	(46,140)
<u>CASH FLOW FROM FINANCING ACTIVITIES</u>		
Long term loans - Net	(28,000)	(1,600,000)
Short term borrowings - Net	(500,000)	600,000
Net cash generated from financing activities	(528,000)	(1,000,000)
Net decrease in cash and cash equivalent	(1,063,365)	298,904
Cash and bank balances at the beginning of the period	<u>5,073,665</u>	<u>4,769,532</u>
Cash and bank balances at the end of the period	<u>4,010,300</u>	<u>5,068,436</u>

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


CHIEF EXECUTIVE


DIRECTOR


CHIEF FINANCIAL OFFICER


ABDULLAH SHAH GHAZI SUGAR MILLS LIMITED
CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
FOR THE NINE MONTHS ENDED JUNE 30, 2020

	Share capital	Accumulated Surplus on revaluation of property plant and equipment- net	Un-appropriated Profit	Total
RUPEES				
Balance as at October 01, 2018	792,616,660	--	(1,639,771,429)	(847,154,769)
Total comprehensive loss for the year	--	--	(195,628,527)	(195,628,527)
Transfer from surplus on revaluation of property, plant and equipments in respect of Incremental depreciation - Net of tax	--	--	20,072,763	20,072,763
	--	--	(175,555,764)	(175,555,764)
Balance as at June 30, 2019	792,616,660	--	(1,815,327,193)	(1,022,710,533)
Balance as at October 01, 2019	792,616,660	1,451,143,571	(1,666,909,043)	576,851,188
Total comprehensive loss for the period	--	-	(253,653,935)	(253,653,935)
Transfer from surplus on revaluation of property, plant and equipments in respect of Incremental depreciation - Net of tax	--	-	57,067,172	57,067,172
	--	--	(196,586,763)	(196,586,763)
Balance as at June 30, 2020	792,616,660	1,451,143,571	(1,863,495,806)	380,264,425

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


CHIEF EXECUTIVE


DIRECTOR


CHIEF FINANCIAL OFFICER

ABDULLAH SHAH GHAZI SUGAR MILLS LTD
NOTES TO THE FINANCIAL STATEMENTS
FOR THE NINE MONTHS ENDED JUNE 30, 2020

1) STATUTES AND NATURE OF COMPANY

The Company was incorporated in Pakistan on February 25, 1984 as a Private Limited Company and was subsequently converted into a Public Limited Company on February 11, 1990. The Company is listed in Pakistan Stock Exchange. The principal business of the Company is manufacturing and selling of refined sugar and by products.

2) BASIS OF PREPARATION

2.1) Statement of Compliance

These financial statements have been prepared in accordance with the approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board (IASB) and Islamic Financial Accounting Standards (IFAS) issued by the Institute of Chartered Accountants of Pakistan as are notified under the Companies Ordinance, 1984, the requirements of the Companies Ordinance, 1984 and the directives issued by the Securities and Exchange Commission of Pakistan (SECP). Wherever the requirements of the Companies Ordinance, 1984, or directives issued by the SECP differ with the requirements of IFRSs, the requirements of the Companies Ordinance 1984 or the said directives issued by the SECP prevail.

2.2) Accounting Convention

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

3) SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of financial statements in conformity with approved accounting standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company's accounting policies. Estimates and judgments are continually evaluated and are based on historical experience and other factors involving a higher degree of expectations of future events that are believed to be reasonable under the circumstances.

3.1) Employee Benefits

The cost of defined benefit retirement plan (gratuity) is determined using actuarial valuations (projected unit credit method) performed by independent actuaries. The actuarial valuation involves making assumptions about discount rates, future salary increases, and mortality rates. All assumptions are reviewed at each reporting date.

3.2) Taxation

In making the estimate for income tax payable by the Company, the Company takes into account the applicable tax laws and the decision by appellate authorities on certain issues in the past.

3.3) Property, Plant and Equipment

The Company reviews appropriateness of the rate of depreciation and useful life used in the calculation of depreciation. Further, where applicable, an estimate of the recoverable amount of assets is made for possible impairment on an annual basis. In making these estimates, the Company uses the technical resources available with the Company. Any change in the estimates in the future might affect the carrying amount of respective item of property, plant and equipment, with corresponding effects on the depreciation charge and impairment.

ABDULLAH SHAH GHAZI SUGAR MILLS LTD
NOTES TO THE FINANCIAL STATEMENTS
FOR THE NINE MONTHS ENDED JUNE 30, 2020

3.4) Inventories

The Company reviews the net realizable value of stock in trade and stores and spare parts to assess any diminution in the respective carrying values. Net realizable value is estimated with reference to the estimated selling price in the ordinary course of business less the estimated cost necessary to make the sale.

3.5) Impairment

The management of the company reviews carrying amounts of its assets including receivables and advances and cash generating units for possible impairment makes formal estimates of recoverable amounts if there is such indication.

3.6) Provisions and Contingencies

The company reviews the status of all pending litigations and claims against the company. Based on its judgement and the advice of the legal advisors for the estimated financial outcome, appropriate disclosure or provision is made. The actual outcome of those litigation and claims can have an effect on the carrying amounts of the liabilities recognised at the balance sheet date.

4) GOING CONCERN ASSUMPTION

The condensed interim financial information of the company June 30, 2020 reflect that company has sustained a net loss after taxation of Rs.253.654 million and as of that date it has accumulated losses of Rs.1,863.496 million (2019: Rs.1,666.909 million) resulted in equity of Rs.380.264 million and its current liabilities exceeded its current assets by Rs.2,929.181 million (2019: Rs.2,832.761 million). These conditions indicate the existence of material uncertainty which may cast significant doubt about the company's ability to continue as going concern and therefore the company may not be able to realize its assets and discharge its liabilities in the normal course of business. However the financial statements have been prepared under going concern assumption due to following mitigating factors:

- a) Unfavorable business conditions are temporary and cyclical in nature and would reverse in future;
 - b) Arbitration efforts that have been undertaken to resolve dispute with TCP will be successful and the Company will be able to settle the subject amount in a convenient and sustainable manner;
 - c) Negotiations with all the secured creditors and financial institutions to restructure the liabilities on long-term basis are underway and some financial institutions have restructured their facilities and management expects that the remaining will also turnout successful; and
 - d) There will be a persistent financial support from sponsors to enable Company to survive as a 'going concern'.
 - e) Further, the management is actively pursuing a plan to reduce cost and to increase the efficiency of mills.
- Accordingly the going concern assumption used in preparation of these financial statements is justified.

Un - Audited	Un - Audited
June 30,	June 30,
Jun 2020	Jun 2019
Rupees	Rupees

5) ISSUED, SUBSCRIBED AND PAID UP CAPITAL

79,261,666 (2016: 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) 79,261,666 (2019:79,261,666) shares are held by Haq Bahu Sugar Mills (Private) Limited (holding company) representing 78.49% (2019 : 78.49%) shareholding in the company.

ABDULLAH SHAH GHAZI SUGAR MILLS LTD
NOTES TO THE FINANCIAL STATEMENTS
FOR THE NINE MONTHS ENDED JUNE 30, 2020

6) LONG TERM LOANS:

Subordinated loan from holding Company - Unsecured	6.1	123,416,314	123,416,314
Long term loan from bank - Secured	6.2	75,000,000	75,000,000
		198,416,314	198,416,314

6.1) The loan has been advanced by M/s. Haq Bahu Sugar Mills (Pvt.) Ltd which carries markup @ six months KIBOR plus 1% (2019: @ six months KIBOR plus 1%) payable half yearly. Since the loan will not be repayable within next twelve months therefore the same has been classified as long term liability. The loan is subordinated to certain short term finance facility obtained by the Company.

6.2) The facility has been obtained from Summit Bank Limited and amounting to Rs. 75 million. The facility carries markup @ 3 months KIBOR plus 1% per annum payable quarterly in arrears. The facility is secured against first pari passu charge over present and future fixed assets of the company amounting to Rs. 66.70 million and personal guarantees of all sponsoring directors.

7) TRADE AND OTHER PAYABLES

This includes advances from customers aggregating Rs.1,392.114 million (Year ended September 2019 Rs.1,305.533 million)

8) SHORT TERM BORROWINGS - Secured

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

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

9) CONTINGENCIES AND COMMITMENTS

9.1) Contingencies

a) The Company received advances from Trading Corporation of Pakistan (TCP) under four different sugar supply agreements. The Company has disputed the supply of sugar under the said agreements contending that TCP made numerous breaches of the agreements causing enormous losses to the Company and has filed a civil suit in court of Honorable Civil Judge, Lahore praying to refer the dispute for arbitration under the terms of the agreements. The Court has initiated ex parte proceedings against TCP and matter is a pending adjudication.

b) During the year under consideration TCP filed a complaint with National Accountability Bureau (NAB), Sindh for recovery of the amount advanced by it as referred in preceding paragraph. Total amount claimed by TCP is Rs.1,311.528 million being principle amount of Rs.570.913 million plus Rs.740.615 million being penalty, markup and other incidental charges. The matter is pending with NAB for disposal and the management expects that outcome will be in its favor and penalty, markup and other incidental charges of Rs.740.615 million would not be payable, hence no provision thereagainst has been made in these financial statements. During the year TCP has encashed Margin on Gaurantee deposited by the company with the banks and therefore the pinciple amount claimed has been reduced to 521.165 million.

ABDULLAH SHAH GHAZI SUGAR MILLS LTD
NOTES TO THE FINANCIAL STATEMENTS
FOR THE NINE MONTHS ENDED JUNE 30, 2020

10) CORRESPONDING FIGURES

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

11) DATE OF AUTHORIZATION FOR ISSUE

The financial statements were approved by the board of directors and authorized for issue on July 30, 2020.

12) GENERAL

Figures have been rounded off to the nearest rupee.



CHIEF EXECUTIVE



DIRECTOR



CHIEF FINANCIAL OFFICER