



QUARTERLY REPORT

**Condensed Interim
Financial Statements (Un-Audited)
For the Nine Months Ended
June 30, 2019**

PURITY REDEFINED



AL-ABBAS SUGAR Mills
Limited



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COMPANY INFORMATION

BOARD OF DIRECTORS

Zakaria Usman
Asim Ghani
Asma Aves Cochinwala
Darakshan Ghani
Haroon Askari
Muhammad Salman Hussain Chawala
Shahid Hussain Jatoi
Siddiq Khokhar
Suleman Lalani

Chairman
Chief Executive Officer
Director
Director
Director
Director
Director
Director

COMPANY SECRETARY

Zuhair Abbas

CHIEF FINANCIAL OFFICER

Samir Hajani

AUDIT COMMITTEE

Haroon Askari
Asma Aves Cochinwala
Darakshan Ghani
Muhammad Salman Hussain Chawala
Zakaria Usman
Suhaib Afzal

Chairman
Member
Member
Member
Member
Secretary

HUMAN RESOURCE AND REMUNERATION COMMITTEE

Muhammad Salman Hussain Chawala
Asim Ghani
Shahid Hussain Jatoi
Siddiq Khokhar
Zakaria Usman

Chairman
Member
Member
Member
Member

RISK MANAGEMENT COMMITTEE:

Haroon Askari
Asim Ghani
Darakshan Ghani
Zakaria Usman

Chairman
Member
Member
Member

STATUTORY AUDITORS

Reanda Haroon Zakaria & Co.

Chartered Accountants

BANKERS

Al Baraka Bank Pakistan Limited (Burj Bank Limited)
Allied Bank Limited
Askari Bank Limited
Bank Alfalah Limited
Habib Metropolitan Bank Limited
MCB Bank Limited
MCB Islamic Bank
National Bank of Pakistan
The Bank of Punjab
Meezan Bank Limited
Soneri Bank Limited
United Bank Limited

REGISTERED OFFICE

2nd Floor, Pardesi House, Survey No. 2/1,
R.Y. 16, Old Queens Road, Karachi – 74000
Tel: 92-21-111-111-224
Fax: 92-21-32470090
Website: www.aasml.com

SHARE REGISTRAR OFFICE

CDC Share Registrar Services Limited
CDC House-99B, Block 'B', S.M.C.H.S
Main Shahrah-e-faisal, Karachi-74400

FACTORIES / STORAGE LOCATIONS

- 1) Mirwah Gorchani, Distt. Mirpurkhas, Sindh
- 2) Main National Highway, Dhabeji, Sindh
- 3) Oil Installation Area, Kemari, Karachi, Sindh

DIRECTORS' REVIEW REPORT

Dear Members,
Assalam-o-Alaikum

On behalf of the Board of Directors' we take the opportunity to place before you condensed interim financial statements for the Nine Months ended June 30, 2019.

Financial performance

The financial results of the Company for the nine months period ended June 30, 2019 compared with the corresponding period are summarized below:

	Nine months ended June 30, 2019 (Rupees in thousands)	Nine months ended June 30, 2018 (Rupees in thousands)
Operating profit	825,116	1,011,051
Finance cost	(50,805)	(50,517)
	<u>774,311</u>	<u>960,534</u>
Other income	38,780	15,501
Profit before taxation	<u>813,091</u>	<u>976,035</u>
Taxation	(61,970)	(143,302)
Profit after taxation	<u>751,121</u>	<u>832,733</u>
Basic earnings per share (Rupees)	<u>43.26</u>	<u>47.96</u>

During the period under review, your company has earned a profit after tax of Rs. 751.121 million as compared to the profit of Rs. 832.733 million in the corresponding period of last year. Net sales during the nine months ended were Rs. 4.963 billion as compared to Rs. 5.903 billion in the corresponding period resulting a decrease of Rs. 0.939 billion that is around 16%. The decline in overall turnover was mainly due to decline in sugar sales.

SUBSEQUENT EVENT AND DIVIDEND

The Board of Directors in their meeting held on July 29, 2019 has declared an interim cash dividend of Rs. 12.50 per shares i.e. 125% for the nine months period ended June 30, 2019. This is in addition to interim dividend already paid at Rs. 7.50 per share i.e. 75%. These condensed interim financial statements do not include the effect of interim dividend.

OPERATING SEGMENT RESULTS

The division wise performance is presented below:

Sugar Division

The financial and operational performance of sugar division is given below:

Financial performance

	Nine months ended June 30, 2019 (Rupees in thousands)	Nine months ended June 30, 2018 (Rupees in thousands)
Sales	1,990,040	3,339,117
Cost of sales	(1,938,901)	(2,772,336)
Gross Profit	<u>51,139</u>	<u>566,781</u>
Distribution cost	(23,323)	(156,013)
Administrative expenses	(54,663)	(45,516)
Segment operating result	<u>(26,847)</u>	<u>365,252</u>

Operational performance

	2018-19	2017-18
Date of start of season	13-Dec-2018	28-Nov-2017
Duration of season (Days)	84	135
Crushing (M. Tons)	467,828	665,539
Production from sugarcane (M.Tons)	50,892	74,387
Sales (M. Tons)	42,025	65,443
Recovery (%)	10.88%	11.17%

Sales of Sugar segment in the current period was Rs 1.990 billion as compared to corresponding period of Rs 3.339 billion, Sales of sugar declined in this period by Rs 1.349 billion due to decrease in sales quantity by 23,418 M.Tons. The Company has not exported any sugar as the local price were more lucrative then the international prices and the absence of sugar export subsidy by Federal and Sindh Government in current season making it more difficult for sugar industry of Sindh to export sugar.

Ethanol Division

	Nine months ended June 30, 2019	Nine months ended June 30, 2018
	(Rupees in thousands)	
Sales	2,973,295	2,564,076
Cost of sales	(1,769,985)	(1,563,382)
Gross profit	1,203,310	1,000,694
Distribution cost	(258,045)	(257,776)
Administrative expenses	(35,762)	(29,996)
Segment operating result	909,503	712,922

The operational data is given below:

Operational data

Operational performance	2018-19	2017-18
Production (M. Tons) - Unit I and II	33,096	30,991
Sales (M. Tons)	29,799	31,496

During the period under review ethanol sales remained geared primarily toward exports, which is a high profitable business. Operating profit from ethanol sales alone exceeds overall operating performance by the company. The sales quantity of ethanol has declined however, the turnover has increased by Rs. 409.219 million due to the devaluation of Pak Rupee against US Dollar.

Power, Chemical and Alloys Division

The operations for the chemical and power division were remained suspended during the period under review and the division has incurred operating segment loss of Rs.28.918million as compared to loss of Rs. 30.099 million for the same period last year. The loss mainly represents the fixed expenses.

Bulk Storage Terminal

During the period under review this division earned a profit of Rs. 58.845 million as compared to profit of Rs. 75.367 million of last year. The decrease was due to the reduced operations for the maintenance of storage tanks.

FUTURE PROSPECTS

Sugar prices in domestic market have been improving recently due to decrease in sugar production by 25 to 30 percent in Pakistan, providing relief to some extent. The Economic Coordination Committee (ECC) has allowed 1 million tons of sugar export but due to the fiscal pressures at the center, federal government has refused to offer subsidy on export; however, it has increased export quota to 1.1 million tons. In the absence of subsidy, export volumes have remained diminished the current international prices are not viable for the sugar industry to consider the sugar export unless the Government announces any subsidy. The country will continue to observe a rise in retail price of sugar.

During the quarter, the Federal Government has released their full 50 percent share of subsidy, however, the Sindh Government hasn't announced to disburse the 50 percent of their share to the mills. The Provincial Government is yet to clear the balance outstanding amount. Due to delay in payment of subsidy amount, sugar mills are facing severe financial crunch.

The Government through Finance Bill 2019-20 has increased sales tax on sugar from 8 percent to 17 percent from July 01, 2019 and withdraws the additional 3 percent sales tax on unregistered buyers/persons. Furthermore, it is now mandatory to record CNIC number of unregistered buyers on sales invoices and permitted that input tax attributable to supplies made to unregistered buyers / persons for which CNIC number is not mentioned on respective sales invoices to be disallowed on pro rate basis. However Government has postponed the Collection of CNICs of unregistered buyers till 1st August, 2019. The sugar brokers showing resistance in providing their CNIC numbers and that has created a ruckus in sugar industry as a result the buying of sugar has been stopped by the sugar brokers.

The outlook of the ethanol production is based on the availability of quality of molasses. Due to reduction in sugarcane crushing the production of molasses was also reduced and the price of molasses shot up during the period which also affects the cost of production of ethanol. The management is striving hard to acquire molasses at reasonable cost.

The company is well aware of the challenges being faced and would do its best to take all necessary measures to increase the productivity in all its divisions and overall profitability of the Company.

ACKNOWLEDGEMENT

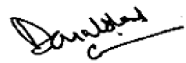
The Company strongly acknowledge the devotion of each and every staff member of the Company for significant contribution in delivering such a strong performance. We would also like to express our thanks to the customers for their trust in our products and look forward for their continued support.

We also thank our shareholders, banks and financial institution for their support, guidance and confidence reposed in our enterprise and stand committed to make sure for enrichment of efficiency with countless enthusiasm and spirit Insha Allah, to overcome the difficult situation being faced by the Company.

On behalf of Board of Directors



Asim Ghani
Chief Executive Officer



Darakshan Ghani
Director

Karachi: July 29, 2019

CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION (UN-AUDITED)
AS AT JUNE 30, 2019

		June 30, 2019 Un-audited	September 30, 2018 Audited
	Note	(Rupees in thousand)	
ASSETS			
Non-Current Assets			
Property, plant and equipment	7	1,651,989	1,513,245
Investment property		256	277
Long term investments	8	183,271	654,448
Long term loans		56	413
Long term deposits		11,836	11,606
Deferred taxation	9	-	-
		<u>1,847,408</u>	<u>2,179,989</u>
Current Assets			
Stores and spares		147,387	143,148
Stock-in-trade	10	2,776,041	1,905,094
Trade debts		13,775	243,771
Loans and advances	11	729,570	326,027
Trade deposits and short term prepayments		21,010	9,343
Interest accrued		3,763	1,625
Other receivables		289,200	592,157
Short term investments		450,600	600
Income tax refunds due from the Government		109,109	92,816
Cash and bank balances	12	138,288	112,007
		<u>4,678,743</u>	<u>3,426,588</u>
Total Assets		<u><u>6,526,151</u></u>	<u><u>5,606,577</u></u>
EQUITY AND LIABILITIES			
Share Capital and Reserves			
Authorized capital		<u>400,000</u>	<u>400,000</u>
Issued, subscribed and paid-up capital		173,623	173,623
Reserves		<u>2,924,404</u>	<u>3,420,351</u>
Shareholders' equity		<u>3,098,027</u>	<u>3,593,974</u>
Non - Current Liabilities			
Long term deposits		22,381	22,381
Deferred liability		<u>92,041</u>	<u>87,363</u>
		<u>114,422</u>	<u>109,744</u>
Current Liabilities			
Trade and other payables		1,498,713	1,168,506
Accrued mark-up		13,678	4,017
Short term borrowings	13	1,761,255	702,090
Unclaimed / withheld dividend		27,210	15,400
Provision for taxation		<u>12,846</u>	<u>12,846</u>
		<u>3,313,702</u>	<u>1,902,859</u>
Contingencies and Commitments	14	-	-
Total Equity and Liabilities		<u><u>6,526,151</u></u>	<u><u>5,606,577</u></u>

The annexed notes from 1 to 21 form an integral part of these financial statements.



Asim Ghani
Chief Executive Officer



Darakshan Ghani
Director



Samir Hajani
Chief Financial Officer


**CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS (UN-AUDITED)
FOR THE NINE MONTHS ENDED JUNE 30, 2019**

	Nine Months Ended		Quarter ended	
	June 30, 2019	June 30, 2018	June 30, 2019	June 30, 2018
	Rupees in thousand			
Sales - net	4,963,335	5,903,193	2,146,144	1,872,227
Cost of sales	(3,708,886)	(4,335,718)	(1,651,294)	(1,167,873)
Gross profit	1,254,449	1,567,475	494,850	704,354
Profit from other reportable segments - net	29,927	45,268	7,862	17,547
	1,284,376	1,612,743	502,712	721,901
Distribution cost	(281,368)	(413,789)	(77,883)	(200,271)
Administrative expenses	(90,425)	(75,512)	(32,219)	(25,216)
Other operating expenses	(87,467)	(112,391)	(50,927)	(32,497)
	(459,260)	(601,692)	(161,029)	(257,984)
Operating profit	825,116	1,011,051	341,683	463,917
Finance cost	(50,805)	(50,517)	(29,743)	(22,053)
Other income	38,780	15,501	11,464	4,045
Profit before taxation	813,091	976,035	323,404	445,909
Taxation	(61,970)	(143,302)	(30,179)	(64,004)
Profit after taxation	751,121	832,733	293,225	381,905
Earnings per share - Basic and diluted	43.26	47.96	16.89	22.00

The annexed notes from 1 to 21 form an integral part of these financial statements.



Asim Ghani
Chief Executive Officer



Darakshan Ghani
Director



Samir Hajani
Chief Financial Officer

**CONDENSED INTERIM STATEMENT OF OTHER COMPREHENSIVE INCOME (UN-AUDITED)
FOR THE NINE MONTHS ENDED JUNE 30, 2019**

	Nine Months Ended		Quarter ended	
	June 30, 2019	June 30, 2018	June 30, 2019	June 30, 2018
	Rupees in thousand			
Profit after taxation	751,121	832,733	293,225	381,905
Other comprehensive income for the period				
Items to be classified to profit and loss account in subsequent period				
Unrealized loss on remeasurement of available for sale investments	(96,931)	(29,168)	(37,874)	(37,293)
Total comprehensive income for the period	654,190	803,565	255,351	344,612

The annexed notes from 1 to 21 form an integral part of these financial statements.



Asim Ghani
Chief Executive Officer



Darakshan Ghani
Director



Samir Hajani
Chief Financial Officer

**CONDENSED INTERIM STATEMENT OF CASH FLOWS(UN-AUDITED)
FOR THE NINE MONTHS ENDED JUNE 30, 2019**

		Nine months ended	
		June 30, 2019	June 30, 2018
	Note	(Rupees in thousand)	
CASH FLOW FROM OPERATING ACTIVITIES			
Cash generated from operations	15	489,707	542,210
Finance cost paid		(41,144)	(57,517)
Income tax paid		(78,262)	(60,728)
Long term loans recovered - net		357	169
Long term deposits paid		(230)	-
		(119,279)	(118,076)
Net cash generated from operating activities		370,428	424,134
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditure incurred on fixed assets		(217,552)	(8,633)
Proceeds from disposal of fixed assets		3,279	1,651
Proceeds from sale of long term investments		221,998	-
Investment in term deposit receipts		(450,000)	-
Interest / markup received		17,716	4,085
Dividend received		7,768	11,135
Net cash (used in) / generated from investing activities		(416,791)	8,238
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividend paid		(986,522)	(137,798)
Short term borrowings obtained / (repaid) - net		1,059,165	(119,505)
Net cash generated from / (used in) financing activities		72,643	(257,303)
Net increase in cash and cash equivalents		26,280	175,069
Cash and cash equivalents at beginning of the year		112,007	23,583
Cash and cash equivalents at the end of the period		138,287	198,652

The annexed notes from 1 to 21 form an integral part of these financial statements.



Asim Ghani
Chief Executive Officer



Darakshan Ghani
Director




Samir Hajani
Chief Financial Officer

**CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
FOR THE NINE MONTHS ENDED JUNE 30, 2019**

	Issued, subscribed and paid-up capital	RESERVES					Total Shareholder's Equity
		Revenue reserves		Capital reserves		Total Reserves	
		General reserve	Unappropriated profit	Sub total	Gain or (loss) on remeasurement of Available for Sale investments		
Rupees in thousand							
Balance as at October 1, 2017	173,623	1,458,000	651,314	2,109,314	225,421	2,334,735	2,508,358
Total comprehensive income for the period							
Profit after taxation	-	-	832,733	832,733	-	832,733	832,733
Other comprehensive income for the period	-	-	-	-	(29,168)	(29,168)	(29,168)
Unrealized gain on remeasurement of available for sale investments	-	-	-	-	(29,168)	803,565	803,565
Transactions with owners							
Final Dividend 2017: Rs. 5 per share	-	-	(86,812)	(86,812)	-	(86,812)	(86,812)
Interim Dividend 2018: Rs. 3 per share	-	-	(52,087)	(52,087)	-	(52,087)	(52,087)
	-	-	(138,899)	(138,899)	-	(138,899)	(138,899)
Balance as at June 30, 2018	173,623	1,458,000	1,345,148	2,803,148	196,253	2,999,401	3,173,024
Balance as at October 1, 2018	173,623	1,458,000	1,791,550	3,249,550	170,801	3,420,351	3,593,974
Total comprehensive income for the period							
Profit after taxation	-	-	751,121	751,121	-	751,121	751,121
Other comprehensive income for the period	-	-	-	-	(96,931)	(96,931)	(96,931)
Unrealized loss on remeasurement of available for sale investments	-	-	-	-	(96,931)	(96,931)	(96,931)
Reclassification of gain to profit and loss account on sale of available for sale investments	-	-	751,121	751,121	(151,805)	(151,805)	(151,805)
Transactions with owners							
Final Dividend 2018: Rs. 50 per share	-	-	(868,115)	(868,115)	-	(868,115)	(868,115)
Interim Dividend 2019: Rs. 7.5 per share	-	-	(130,217)	(130,217)	-	(130,217)	(130,217)
	-	-	(998,332)	(998,332)	-	(998,332)	(998,332)
Balance as at June 30, 2019	173,623	1,458,000	1,544,339	3,002,339	(77,935)	2,924,404	3,098,027

The annexed notes from 1 to 21 form an integral part of these financial statements.


Asim Ghani
Chief Executive Officer


Darakshan Ghani
Director


Samir Hajani
Chief Financial Officer

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE NINE MONTHS ENDED JUNE 30, 2019**

1 THE COMPANY AND ITS OPERATIONS

Al-Abbas Sugar Mills Limited - AASML ("the Company") was incorporated in Pakistan on May 2, 1991 as a public limited company under the repealed Companies Ordinance, 1984 (now the Companies Act, 2017). The Company is listed with Pakistan Stock Exchange Limited - PSX. The registered office of the Company is situated at Pardesi House, Survey No. 2/1, R.Y.16, Old Queens Road, Karachi, Pakistan. The principal activities of the Company under following business segments / divisions comprises of:

S. No.	Division	Principal Activities	Location of undertaking	Commencement of commercial production
1	Sugar	Manufacturing and sale of sugar	Mirwah Gorchani, Mirpurkhas	December 15, 1993
2	Ethanol	Processing and sale of industrial ethanol	Mirwah Gorchani, Mirpurkhas	Unit I: August 20, 2000 Unit II: January 23, 2004
3	Chemical and alloys and (note 1.1) Power (note 1.1)	Manufacturing and sales of calcium carbide and ferro alloys. Generation and sales of electricity.	Dhabeji, Thatta.	November 01, 2006 April 06, 2010
4	Tank Terminal	Providing bulk storage facility	Oil Industrial Area, Kemari, Karachi.	October 15, 2012

- 1.1** The production facilities of chemical, alloys and power segment have been suspended in view of present business conditions and the matter of its recommencement will be reviewed when these conditions are improved.

2 BASIS OF PREPARATION

- 2.1** This condensed interim financial information of the Company for the nine months ended June 30, 2019 is unaudited and have been prepared in accordance with the requirements of the International Accounting Standard 34 - 'Interim Financial Reporting' and provisions of and directives issued under the Companies Act, 2017 (the Act). In case where requirements differ, the provisions of or directives issued under the Act shall prevail.

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

- 2.2** These condensed interim financial statements do not include all the information and disclosures required in an annual audited financial statements, and should be

read in conjunction with the Company's annual audited financial statements for the year ended September 30, 2018.

- 2.3** This condensed interim financial information are presented in Pakistani Rupees which is also the Company's functional currency.
- 2.4** The comparative statement of financial position presented in these condensed interim financial statements as at September 30, 2018 has been extracted from the annual audited financial statements of the Company for the year ended September 30, 2018 whereas the comparative condensed interim statement of profit or loss account and other comprehensive income, condensed interim statement of changes in equity and condensed interim statement of cash flows together with the notes thereto for the nine months period ended June 30, 2018 have been extracted from the condensed interim financial statements of the Company for the nine months period ended June 30, 2018.

3 SIGNIFICANT ACCOUNTING POLICIES

- 3.1** The accounting policies, applied in the preparation of this condensed interim financial information are the same as those applied in the preparation of the annual audited financial statements of the Company for the year ended September 30, 2018.
- 3.2 Change in accounting standards, interpretations and amendments to published approved accounting standards**
- (a) Standards and amendments to published approved accounting standards which are effective during the period ended June 30, 2019.**

There are certain new standards and amendments to approved accounting standards which are mandatory for the Company's annual accounting period which began on October 1, 2018. However, these do not have any significant impact on the Company's financial reporting and, therefore, have not been detailed in these condensed interim financial information.

- IFRS 15 'Revenue from contracts with customers' - IFRS 15 replaces the previous revenue standards: IAS 18 Revenue, IAS 11 Construction Contracts, and the related interpretations on revenue recognition.

IFRS 15 introduces a single five-step model for revenue recognition and establishes a comprehensive framework for recognition of revenue from contracts with customers based on a core principle that an entity should recognise revenue representing the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

The changes laid down by these standards do not have any significant impact on these condensed interim financial statements of the Company.

(b) Standards and amendments to published approved accounting standards that are not yet effective

There are certain new standards and amendments to the approved accounting standards that will be mandatory for the Company's annual accounting periods beginning on or after October 1, 2019. However, these amendments will not have any significant impact on the financial reporting of the Company and, therefore, have not been disclosed in these condensed interim financial information.

SECP has modified the effective date for the applicability of IFRS - 9 (Financial Instruments) till reporting year ending on or after June 30, 2019.

4 ACCOUNTING ESTIMATES, JUDGMENTS AND FINANCIAL RISK MANAGEMENT

4.1 The preparation of this condensed interim financial information in conformity with approved accounting standards as applicable in Pakistan requires management to make estimates, assumptions and use judgments that affect the application of policies and reported amounts of assets and liabilities and income and expenses. Estimates, assumptions and judgments are continually evaluated and are based on historical experience and other factors, including reasonable expectations of future events. Revision to accounting estimates are recognized prospectively commencing from the period of revision.

4.2 In preparing this condensed interim financial information, the significant judgments made by the management in applying the Company's accounting policies and the key source of estimation and uncertainty were the same as those that applied to the financial statements as at and for the year ended September 30, 2018.

4.3 The Company's financial risk management objectives and policies are consistent with those disclosed in the financial statements as at and for the year ended September 30, 2018.

5 INCOME TAX, WORKERS' PROFIT PARTICIPATION FUND, WORKERS' WELFARE FUND AND POST RETIREMENT BENEFITS

Provision in respect of income taxes, Workers' Profit Participation Fund, Workers' Welfare Fund and retirement benefits are estimates only and final liabilities will be determined on the basis of annual results.

6 SEASONAL PRODUCTION

Due to the seasonal availability of sugarcane, the manufacturing of sugar is carried out during the period of availability of sugarcane and cost incurred / accrued up to the reporting date have been accounted for. Accordingly, the cost incurred / accrued after the reporting date will be reported in the subsequent interim and annual financial statements.

	Note	(Un-audited) June 30, 2019 (Rupees in thousand)	(Audited) September 30, 2018
7	PROPERTY, PLANT AND EQUIPMENT		
Additions			
Vehicles		20,132	14,469
Office equipment		733	652
Computers		72	-
Transferred from CWIP			
Plant and machinery		44,432	-
Additions to CWIP			
Plant and machinery		194,962	19,858
Vehicles		1,653	-
Disposal			
Vehicle - at cost		2,815	5,516

8 LONG TERM INVESTMENTS

Available for sale investments - in Quoted shares at fair value	8.1, 8.2 & 8.3	<u>183,271</u>	<u>654,448</u>
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8.1 During the year, the Company has sold 16,989,500 preference shares and 3,397,900 ordinary shares of Aisha Steel Mills Limited.

8.2 On October 01, 2016, short term investments amounting to Rs. 234.900 million were reclassified from fair value through profit or loss to available for sale investments classified under long term investments due to the fact that the management intended to hold those investments for a long term period which was also evident from the fact that there was no disposal from those investment since last two years. The reclassification was accounted for prospectively in accordance with the requirements of IFRS.

SECP issued show cause notice to the Company with the view that the change in classification of investments, as discussed above, was contrary to the requirements of IFRS. The Company, in reply through its advisor, gave reasonable justification for the reclassification in the light of provisions of IFRS.

However, during the last year, SECP has directed the Directors of the Company to avoid such reclassification in future and imposing penalty to each of the Director of the Company who gave their vote for such reclassification in the related board meeting. The Directors have filed an appeal before the Appellate Bench of Securities and Exchange Commission of Pakistan which is currently pending and expect the favourable outcome.

- 8.3 113,850 bonus shares of IGI Holding Limited was received in December 2018. However, the effect of these bonus shares were inadvertently omitted in the condensed interim financial statements for the period ended December 31, 2018. The below mentioned impact would have been recognized had there been no omission in the condensed interim financial statements for the period ended December 31, 2018 and March 31, 2019.

Impact on condensed interim financial statements for the quarter ended December 31, 2018

	Rs. In ' 000
Long term investment would have been increased by	22,904
Reserves would have been increased by	22,904
Condensed interim statement of other comprehensive income would have been increased by	22,904
Segment assets - unallocated would have been increased by	22,904
Unrecognized deferred tax asset would have been decreased by	(1,709)

Impact on condensed interim financial statements for the half year ended March 31, 2019

	Rs. In ' 000
Condensed interim statement of other comprehensive income for the quarter ended March 31, 2019 would have been decreased by	(22,904)

Note	(Un-audited) June 30, 2019 (Rupees in thousand)	(Audited) September 30, 2018
9 DEFERRED TAXATION		
Deferred Tax Assets arising in respect of Deductible temporary differences		
Available tax losses	157,925	158,916
Liabilities u/s 34(5)	68,394	68,394
Provisions	34,608	35,097
	<u>260,927</u>	<u>262,407</u>
Taxable temporary differences		
Accelerated tax depreciation	(220,568)	(225,788)
Investments - available for sale	(2,686)	(19,010)
	<u>37,673</u>	<u>17,609</u>
Unrecognized deferred tax asset	<u>(37,673)</u>	<u>(17,609)</u>
	<u>-</u>	<u>-</u>

- 9.1 The Company has not recognized its entire deferred tax asset relating to deductible differences up to the period ended June 30, 2019 as the management expects that major portion of taxes of the Company in foreseeable future will fall under minimum tax and final tax regime.

		(Un-audited) June 30, 2019 (Rupees in thousand)	(Audited) September 30, 2018
10	STOCK-IN-TRADE		
	Raw materials	714,023	592,542
	Work-in-process	4,760	4,061
	Finished goods	2,057,258	1,308,491
		<u>2,776,041</u>	<u>1,905,094</u>

- 10.1** Value of stock of raw material and finished goods pledged as at June 30, 2019 amounting to Rs. 817.774 (September 30, 2018 Rs. 354.753) million.

		(Un-audited) June 30, 2019 (Rupees in thousand)	(Audited) September 30, 2018
11	LOANS AND ADVANCES		
	Loans to growers		
	Considered good	17,019	12,725
	Considered doubtful	301	301
		17,320	13,026
	Provision for loans considered doubtful	(301)	(301)
		17,019	12,725
	Current portion of long term loans	715	798
		17,734	13,523
	Advances		
	To suppliers, contractors and others		
	Considered good	711,836	312,504
	Considered doubtful - suppliers and contractors	73,669	75,355
		785,505	387,859
	Provision for doubtful advances	(73,669)	(75,355)
		<u>711,836</u>	<u>312,504</u>
		<u>729,570</u>	<u>326,027</u>

- 11.1** This includes advances given to suppliers for purchase of molasses amounted to Rs. 662.967 million (September 30, 2018: Rs. 271.940 million)

	Note	(Un-audited) June 30, 2019 (Rupees in thousand)	(Audited) September 30, 2018
12 CASH AND BANK BALANCES			
Cash in hand		1,094	1,047
Cash at banks			
Current accounts	12.1	47,157	82,038
Saving accounts		90,037	28,922
		137,194	110,960
		<u>138,288</u>	<u>112,007</u>

12.1 This includes an amount of Rs. 68.138 (September 30, 2018: 0.009) million under an arrangement permissible under Shariah.

	Note	(Un-audited) June 30, 2019 (Rupees in thousand)	(Audited) September 30, 2018
13 SHORT TERM BORROWINGS			
From banking companies - secured			
Under Mark up arrangements			
Cash / running finances		10,255	83,090
Export refinance		1,751,000	619,000
		<u>1,761,255</u>	<u>702,090</u>

14 CONTINGENCIES AND COMMITMENTS

14.1 Contingencies

There were no major changes in the status of other contingencies as reported in the annual financial statements for the year ended September 30, 2018.

14.2 Commitments

- Commitments in respect of letter of credit amount to Rs. 18.360 (September 30, 2018: Rs. 104.044) million.
- Bank guarantees of Rs. 73.22 (September 30, 2018: Rs. 54.6) million have been issued by the banking companies on behalf of the Company in favour of customers and suppliers.

	June 30, 2019 (Rupees in thousand)	June 30, 2018
15 CASH GENERATED FROM OPERATIONS		
Profit before taxation	813,091	976,035
Adjustments for:		
Depreciation on property, plant and equipment	77,848	80,346
Depreciation on investment property	21	23
Gain on disposal of property, plant and equipment - net	(2,319)	(1,105)
Mark-up on loan to growers	(675)	(1,634)
Dividend income	(6,768)	(11,135)
Income on term deposit receipts/savings account	(19,179)	(889)
Finance cost	50,805	50,517
Subsidy on sugar export	-	(801,438)
Loss on sale of long term investments	441	-
Workers Welfare Fund	42,361	58,684
Workers Profit Participation Fund	44,665	53,865
Increase in deferred liability - market fee	4,678	6,656
	191,878	(566,110)
Cash generated from operating activities before working capital changes	1,004,969	409,925
(Increase) / decrease in current assets		
Stores and spares	(4,239)	10,181
Stock-in-trade	(870,947)	(672,764)
Trade debts	229,996	(412,397)
Loans and advances	(403,543)	290,279
Trade deposits and short term prepayments	(11,667)	3,881
Other receivables	301,957	333,091
	(758,443)	(447,729)
Increase / (decrease) in current liabilities		
Trade and other payables	243,181	580,014
Net cash generated from operations	489,707	542,210

16 SEGMENT REPORTING

	(Rupees in thousand)					
	Nine months ended June 30,					
	2019	2018	2019	2018	2019	2018
Segment profit and loss account	Sugar		Ethanol		Total	
Sales	1,990,040	3,339,117	2,973,295	2,564,076	4,963,335	5,903,193
Cost of sales	(1,938,901)	(2,772,336)	(1,769,985)	(1,563,382)	(3,708,886)	(4,335,718)
Gross profit	51,139	566,781	1,203,310	1,000,694	1,254,449	1,567,475
Profit from other reportable segments - net					29,927	45,268
Distribution cost	(23,323)	(156,013)	(258,045)	(257,776)	1,284,376	1,612,743
Administrative expenses	(54,663)	(45,516)	(35,762)	(29,996)	(281,368)	(413,789)
Operating segment results	(26,847)	365,252	909,503	712,922	(90,425)	(75,512)
Other operating expenses					912,583	1,123,442
Finance cost					(87,467)	(112,391)
Other Income					(50,805)	(50,517)
Profit before taxation					38,780	15,501
Taxation					813,091	976,035
Profit after taxation					(61,970)	(143,302)
					751,121	832,733

	(Rupees in thousand)					
	Quarter ended June 30,					
	2019	2018	2019	2018	2019	2018
	Sugar		Ethanol		Total	
Profit and loss account						
Sales	1,067,912	914,743	1,078,232	957,484	2,146,144	1,872,227
Cost of sales	(1,010,994)	(692,012)	(640,300)	(475,861)	(1,651,294)	(1,167,873)
Gross profit	56,918	222,731	437,932	481,623	494,850	704,354
Profit from other reportable segments - net					7,862	17,547
Distribution cost					502,712	721,901
Administrative expenses	(8,143)	(19,277)	(69,740)	(180,994)	(77,883)	(200,271)
Operating segment results	(19,734)	(15,333)	(12,485)	(9,883)	(32,219)	(25,216)
Other operating expenses	29,041	188,121	355,707	290,746	392,610	496,414
Finance cost					(50,927)	(32,497)
Other income					(29,743)	(22,053)
Profit before taxation					11,464	4,045
Taxation					323,404	445,909
Net profit for the period					(30,179)	(64,004)
					293,225	381,905

	June 30, 2019	September 30, 2018	June 30, 2019	September 30, 2018	June 30, 2019	September 30, 2018	June 30, 2019	September 30, 2018	(Rupees in thousand)	
	Sugar		Ethanol		Chemical, alloys and power		Storage tank terminal		Total	
Segment assets and liabilities										
Segment assets - Allocated	2,672,279	2,611,840	2,237,871	1,359,687	420,074	435,969	148,893	174,047	5,479,117	4,581,543
Segment assets - Unallocated									1,047,034	1,025,034
									6,526,151	5,606,577
Segment liabilities - Allocated										
Segment liabilities - Unallocated	1,171,198	999,614	1,935,628	772,785	104	104	31,575	22,381	3,138,505	1,794,884
									289,619	217,719
									3,428,124	2,012,603
Capital expenditure - Allocated										
Capital expenditure - Unallocated	170,388	-	24,574	19,858	-	-	-	-	194,962	19,858
									22,590	15,121
									217,552	34,979
Depreciation	29,547	42,851	22,742	33,706	15,896	24,347	9,663	15,717	77,848	116,621

17 RELATED PARTY TRANSACTIONS

The related parties comprise associated undertakings, other related group companies, Directors of the Company, Key Management Personnel and post employment benefit plans. The Company in the normal course of business carries out transactions with various related parties. Amounts due to / from related parties are shown in under respective notes to the financial statement. Transactions with related parties are as follows:

	June 30, 2019 (Rupees in thousand)	June 30, 2018
Transactions with Post Employment Benefit Plan - Gratuity Fund		
Loan installments recovered from employees on behalf of Employees Gratuity Fund	6,214	6,542
Paid to Employees Gratuity Fund on account of installment recovered from employees	12,505	24,723
Contribution paid to Employees Gratuity Fund	26,000	-
Transactions with key management personnel		
Remuneration of Chief Executive Officer, Directors and Executives	51,857	40,795
Transactions with Directors and their relatives		
Vehicle fuel, repair and maintenance charges	63	138
Boarding and lodging charges	219	205
Meeting fee	1,250	-
Transactions with Associated Undertakings		
Commission on sale of shares	612	-
Donation paid	500	-

During the period, the Company has paid dividend amounting to Rs. 588.132 (June 30, 2018: Rs. 80.837) million to Directors and Associates.

18 CORRESPONDING FIGURES

Corresponding figures have been re-arranged / reclassified, whenever considered necessary, for the purpose of compliance. This includes ethanol packing expenses amounted to Rs. 141.323 million reclassified from cost of sales to distribution expenses for better presentation.

19 GENERAL

Figures have been rounded off to the nearest thousand of Rupees, unless otherwise stated.

20 NON ADJUSTING SUBSEQUENT EVENT

The Board of Directors of the Company in their meeting held on July 29, 2019 has declared an interim cash dividend of Rs. 12.50 per share i.e. 125% for the period ended June 30, 2019 amounting to Rs. 217.029 million. The effect will be accounted in the period of payment.

21 DATE OF AUTHORIZATION FOR ISSUE


These condensed interim financial information was authorized for issue on July 29, 2019 by Board of Directors of the Company.



Asim Ghani
Chief Executive Officer



Darakshan Ghani
Director



Samir Hajani
Chief Financial Officer

اجازت دی ہے مگر ملک کے خورد و نوش مالی حالات کے باعث وفاقی حکومت نے شکر کی برآمدی سبسڈی دینے سے انکار کر دیا ہے مگر حکومت نے شکر برآمد کا کوڈ بڑھا کر 1.1 ملین میٹرک ٹن کر دیا ہے۔ یہ سبسڈی نہ ہونے کے باعث شکر کی برآمد کے امکان کی ممکن نہیں کیونکہ بین الاقوامی منڈی میں شکر کی قیمت ہماری شوگر انڈسٹری کے لئے منافع بخش اس وقت تک نہیں ہو سکتی جب تک کہ حکومت ہمیں شکر کی برآمدی سبسڈی نہ دے۔ جبکہ ملک میں شکر کی خورد و نوش قیمت میں اضافہ کی توقعات ہیں۔ زیر جائزہ سرمایہ میں وفاقی حکومت نے اپنے حصہ کی 50% واجب الادا شکر کی برآمدی سبسڈی کی ادائیگی کر دی ہے۔ مگر حکومت سندھ نے حال اپنے حصہ کی یہ 50% سبسڈی کی رقم کی ادائیگی نہیں کی ہے اس تاخیر کے باعث شوگر کمزگاری حد تک مالی بحران کا شکار ہیں۔

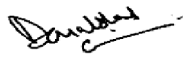
حکومت نے یکم جولائی 2019 سے فنانس بل 20 - 2019 کے ذریعہ شکر پر عائد سلیٹ ٹیکس 8% سے بڑھا کر 17% کر دیا ہے۔ جبکہ غیر رجسٹرڈ خریداروں پر عائد 3% اضافی سلیٹ ٹیکس ختم کر دیا ہے مزید برآں اب فروخت کنندہ کے لیے لازمی ہے کہ سٹراٹوٹس جاری کرتے وقت غیر رجسٹرڈ خریدار کا کمپیوٹر آئڈنٹیفیکیشن کا ڈیٹا سلیٹ ٹیکس پر درج کرے بصورت دیگر جس سٹراٹوٹس پر یہ غیر رجسٹرڈ خریدار کی این آئی سی نمبر نہیں ہوگا تو اس سٹراٹوٹس پر درج ان پٹ ٹیکس تسلیم نہیں کیا جائیگا اور اس ان پٹ ٹیکس کا کوئی فائدہ بھی فروخت کنندہ کو نہیں دیا جائیگا۔ مگر حکومت غیر رجسٹرڈ خریداروں کی این آئی سی کے نمبروں کے اندراج کی یہ شرط یکم اگست 2019 تک معطل کر دی ہے۔ شکر کے بروکرز بھی اپنا این آئی سی نمبر دینے کے خلاف کافی مزاحمت کر رہے ہیں اس ساری صورتحال کے نتیجے میں شوگر انڈسٹری میں بھی کافی انتشار پھیل گیا ہے اور انھوں نے شکر کی خریداری بھی بند کر دی ہے۔


استھول کی پیداوار کا انحصار اچھی کوالٹی کے شیرہ کی دستیابی ہے۔ گنے کی کم کرٹنگ کے باعث شیرہ کی پیداوار بھی کم ہوئی جس کے باعث شیرہ کی قیمت میں بھی اضافہ ہوا ہے نتیجتاً استھول کی پیداواری لاگت میں بھی اضافہ ہوا۔ ہماری ہر پور کوشش ہے کہ شیرہ دہن کی مناسب قیمت پر حاصل کیا جائے۔ کمپنی ان تمام مشکلات سے بخوبی آگاہ ہے جو اسے درپیش ہیں اور اس ضمن میں ہم وہ تمام ضروری اقدامات ہر ممکن طور پر بروئے کار لارہے ہیں جو اس کی پیداوار اور مجموعی منافع کو بڑھا سکتے ہیں۔

اظہار تشکر:

کمپنی اپنے ہر ملازم کی ان تمام کوششوں پر اس کی تبدل سے مشکور ہے جو اس نے کمپنی کی اس شاندار کارکردگی پیش کرنے کے سلسلے میں سرانجام دیں نیز کمپنی اپنے صارفین کی بھی بے حد مشکور ہے کہ جنہوں نے ہماری مصنوعات پر اعتماد کیا اور اپنا مستقل تعاون جاری رکھے ہوئے ہیں۔ ہم اپنے حصص یافتگان بینکس اور دیگر مالیاتی اداروں کے بھی مشکور ہیں کہ جو ہماری کمپنی پر اپنا اعتماد، رہنمائی اور تعاون جاری رکھے ہوئے ہیں اور ہم یقیناً ان کے اس اعتماد اور تعاون کی مدد سے انشائیہ کمپنی کو درپیش مشکلات پر قابو پالینگے۔

منجانب: بورڈ آف ڈائریکٹرز


درخشاں غنی
ڈائریکٹر


عاصم غنی
چیف ایگزیکٹو آفیسر

کراچی: July 29, 2019

پیداواری کارکردگی	2018-19	2017 - 18
آٹا زیزین	13 دسمبر 2018	8 نومبر 2017
سین کا دورانیہ - دن	84	135
کرشنگ (میٹرک ٹن)	467,828	665,539
شکر کی پیداوار	50,892	74,387
فروخت (میٹرک ٹن)	42,025	65,443
شکر حصولی (%)	10.88%	11.17 %

زیر جائزہ سال میں شکر کی فروخت 1.990 ملین روپے رہی جبکہ گزشتہ ای عرصہ میں یہ فروخت 3.339 ملین روپے تھی چنانچہ اس سیزن میں شکر کی فروخت میں 1.349 ملین روپے کی کمی واقع ہوئی جس کی بنیادی وجہ فروخت میں 23,418 میٹرک ٹن کی کمی تھی۔ اس عرصہ میں کمپنی نے شکر کی برآمد نہیں کی کیونکہ شکر کی قیمت مقامی منڈی میں بین الاقوامی منڈیوں کے مقابلے میں کافی منافع بخش تھی۔ جبکہ اس عرصہ میں وفاقی اور سندھ حکومتوں کی جانب سے شکر کی برآمدی سبسڈی اس سیزن میں نہیں دی گئی جس کی وجہ سے شکر کی برآمد کافی مشکل تھی۔

استھول ڈویژن

فروخت	نومبر 30 2019	نومبر 30 2018
لاگت فروخت	2,973,295	2,564,076
خام منافع	(1,769,985)	(1,563,382)
تفصیلی لاگت	1,203,310	1,000,694
انتظامی اخراجات	(258,045)	(257,776)
پیداواری منافع	(35,762)	(29,996)
	712,922	909,503

پیداواری تفصیلات

پیداواری تفصیلات حسب ذیل ہیں

پیداوار - میٹرک ٹن (پونٹ اورا)	2018 - 19	2017 - 18
فروخت - میٹرک ٹن	33,256	30,991
	29,800	31,496

زیر جائزہ عرصہ میں استھول ہی کی برآمد کی بدولت کے سبب سب سے زیادہ فیصد بخش کا رو بار غارت ہوا اور صرف اس پونٹ کا پیداواری منافع کمپنی کے مجموعی پیداواری منافع سے زیادہ بڑھ گیا۔ اگرچہ استھول کی فروخت شدہ مقدار کم تھی لیکن اس کے باوجود اس کی فروخت 409.219 ملین روپے بڑھ گئی جس کی بنیادی وجہ ڈالر کے مقابلے میں پاکستانی روپے کی قیمت کا گرتا ہے۔

پاور سیکل اور برت پونٹ:

زیر جائزہ عرصہ میں بھی سیکل اور برت پونٹ بدستور معطل رہا اور اس عرصہ میں اس کا پیداواری خسارہ 28.918 ملین روپے تھا جبکہ گزشتہ عرصہ کے مقابلے میں 30.099 ملین روپے تھا اس کی بنیادی وجہ لازمی انتظامی اخراجات تھے۔

بلک اسٹوریج ٹریٹل

اس عرصہ میں اس پونٹ نے 58.845 ملین روپے کا منافع کمایا جبکہ گزشتہ سال یہ منافع 75.367 ملین روپے تھا جس کی بنیادی وجہ اسٹوریج ٹینکس کی مرمت کے باعث اسٹوریج سروسز میں کمی تھی۔ مستقبل کے امکانات۔

زیر جائزہ عرصہ میں مقامی منڈی میں شکر کی قیمت میں اضافہ کی بنیادی وجہ شکر کی پیداوار میں 25 سے 30 فی صد کی کمی کا ہونا ہے۔ اگرچہ اس کا ٹکڑاؤ ریٹینیشن کمپنی (ای سی سی) نے ملین شکر کی برآمد کی

ڈائریکٹرز کی جائزہ رپورٹ

معزز ممبران

السلام علیکم

ہمیں بورڈ آف ڈائریکٹرز کی جانب سے کمپنی کے عبوری مالیاتی آڈٹ شدہ دستاویزات برائے نو ماہی ختم شدہ 30 جون 2019 پیش کرتے ہوئے بے حد مسرت ہو رہی ہے۔

مالیاتی کارکردگی:

کمپنی کے مالیاتی نتائج کا گزشتہ سال کے اسی عرصے کا تقابلی جائزہ ذیل میں پیش کیا جا رہا ہے۔

نو ماہی 30 جون 2019 روپے نو ماہی 30 جون 2018 روپے

ہزار میں	ہزار میں	
1,011,051	825,116	پیداواری منافع
(50,517)	(50,805)	مالیاتی لاگت
960,534	774,311	
15,501	38,780	دیگر آمدن
976,035	813,091	منافع قبل از ٹیکس
(143,302)	(61,970)	ٹیکس
832,733	751,121	منافع بعد از ٹیکس
47.96	43.26	فی شخص آمدنی - روپے میں

زیر جائزہ عرصہ میں آپ کی کمپنی نے 751.121 ملین روپے منافع بعد از ٹیکس کمایا جبکہ گزشتہ سال کے اسی عرصہ میں یہ منافع 832.733 ملین روپے تھا۔ جبکہ اسی عرصہ میں خالص فروخت 4.963 بلین روپے تھی جبکہ گزشتہ عرصہ میں یہ فروخت 5.903 بلین روپے تھی یعنی پچھتا 0.939 بلین روپے (16%) کی کمی نوٹ کی گئی۔ نیز کمپنی کے مجموعی منافع میں کمی کی بنیادی وجہ شرم کی فروخت میں تقریباً 64% کمی تھی۔

نقد منافع منقسمہ اور مابعد واقعات:

بورڈ آف ڈائریکٹرز نے اپنے اجلاس منعقدہ 29 جولائی 2019 کے دوران 30 جون 2019 تک کے منافع میں سے 125% عبوری نقد منافع منقسمہ دینے کی تجویز دی ہے۔ یہ منافع گزشتہ منافع 75% یعنی 7.50 روپے فی شخص کے علاوہ ہے مزید برآں ان مالیاتی حسابات برائے دورانیہ 30 جون 2019 میں اس نقد منافع منقسمہ کا کوئی اثر شامل نہیں ہے۔

پیداواری اور مالیاتی کارکردگی کے نتائج:

یونٹ کے اعتبار سے پیداواری اور مالیاتی کارکردگی کے نتائج حسب ذیل ہیں۔

شکر یونٹ:

شکر یونٹ کی پیداواری اور مالیاتی کارکردگی حسب ذیل ہے:

مالیاتی کارکردگی	نو ماہی 30 جون 2019 روپے	نو ماہی 30 جون 2018 روپے ہزار
فروخت	1,990,040	3,339,117
لاگت	(1,938,901)	(2,772,336)
خام منافع	51,139	566,781
تقسیمی لاگت	(23,323)	(156,013)
انتظامی اخراجات	(54,663)	(45,516)
پیداواری نتائج	(26,847)	(365,252)





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