MACCA GROUP

Abdullah Shah Ghazi
Sugar Mills Limited

33rd Annual Report 2016

CONTENTS

CORPORATE INFORMATION

BOARD DIRECTORS

Mr. Riaz Qadeer Butt
(Director/Chief Executive)
Muhammad Nawaz
Muhammad Rashid Rana
Atif Butt
Muhammad Talib
Yasir Iqbal
Muhammad Dawood

AUDIT COMMITTEE

Mr. Riaz Qadeer Butt	(Director)
Muhammad Talib	(Member)
Yasir Iqbal	(Member)

CHIEF FINANCIAL OFFICER

Sohail Azam Khan

COMPANY SECRETARY

Saleem Abbas

INTERNAL AUDITORS

Riaz Ahmad, Saqib, Gohar and Company
Chartered Accountants

AUDITORS

Kaleem & 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

7/10, A-2 Arkay Square
Shahrah-e-Liaqa, New Challi, Karachi

MILLS

Abdullah Shah Ghaziabad, Garho,
District Thatta, Sindh

BANKERS

Bank Islami Pakistan Lamited
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.asgsml.co

Mission Statement

To be the premier sugar and allied product's manufacturer while providing our clients with flexibility, on-time delivery, and consistent quality and to achieve sustainable and equitable expansion and growth through efficient and cost effective resources and at the same time developing a Corporate business environment most suited to all the employees and people Concerned.

Vision Statement

To transform the Company into a market leader for the Quality Sugar Manufacturing, while keeping our focus on the growing customer base, be characterized by a high degree of professionalism and is accountable for the successful fulfillment of the company's mission, and to play a meaningful role in the economy of Pakistan.

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN to all the Members of Abdullah Shah Ghazi Sugar Mills Limited (the 'Company") that 33rd Annual General Meeting of the Company will be held at 09:00 am on November 30 2017 at Diamond Banquet, Plot No. C-36, 37 Extension, Gulshan-e-Hadeed, Phase-1, Karachi, to transact the following business:

1. To confirm the minutes of the Annual General Meeting held on June 12, 2017.
2. To receive, consider and adopt the audited accounts of the Company for the year ended September 30, 2016 together with Directors' and Auditors' Report thereon.
3. To appoint Statutory Auditors of the Company for the financial year 2016-17 and fix their remuneration.
4. To transact any other matter with the permission of the Chair.

By Order of the Board

SALEEM ABBAS
COMPANY SECRETARY

Lahore:
November 08, 2017

NOTES:

1. The Share Transfer Books of the Company will remain closed for the period from November 22, 2017 to November 30, 2017 (both days inclusive) and no transfer will be accepted for registration during this period.
2. Members are requested to immediately notify change in their addresses, if any, at our Shares Registrar Transfer Agent Central Depository Company of Pakistan, Located at CDC House, 99-B, Block-B, S.M.C.H.S, Main Shahrah-e- Faisal, Karachi, Pakistan.
3. A member of the Company entitled to attend and vote at this meeting, may appoint another member as his/her proxy to attend and vote instead of him/her. Proxies, in order to be effective, must be received by the Company at the above said address, not less than 48 hours before the meeting.
4. Any individual beneficial owner of CDC, entitled to vote at the Annual General Meeting, must bring his/her CNIC with his/her to prove his here identity, and in case of proxy attested copy of share holder's CNIC must be attached with the proxy form. The representative of corporate member should bring the usual documents required for such purpose.

DIRECTORS' REPORT

IN THE NAME OF ALLAH THE MOST GRACIOUS AND MOST MERCIFUL

Dear Members; Assalam-o-Alaikum:

On behalf of the board of directors, I welcome all of you to the 33rd annual general meeting of the Company and present before you the annual report for the financial year ended September 30, 2016 along with financial statements and auditors' report thereon. The financial results of the year under review can be summarized as follows:

FINANCIAL RESULTS

Particulars	**2016 Rupees**	2015 Rupees
Net sales	**430,564,355**	1,763,890,388
Gross loss	**(323,660,061)**	(486,469,577)
Net loss after tax	**(384,250,365)**	(515,794,666)
Key performance indicators		
- Gross loss as % to sales	**(75.17 %)**	(27.58 %)
- Net loss % to sales	**(89.24 %)**	(29.24 %)
- (Loss)/ earning per share	**(4.85)**	(6.51)

Despite of all the financial odds, the management was able to complete all expansion and maintenance work by making the mills ready for crushing season 2015-2016. Unfortunately there remained a persistent shortage of sugar cane crop especially in mills' surrounding areas and generally in entire lower Sindh. This scarcity of crop resulted in to fewer crushing days that were restricted to 54 only. Sugar prices remained under pressure which were grossly mismatched with higher sugarcane prices. Additionally there were trashes of sub-standard moisted sugar stocks which were completely disposed-off during the year at best possible reduced rates.

All these factors resulted in to above unhealthy financial numbers as outlined above.

OPERATING RESULTS:

Particulars		**2016**	2015
Crushing days	Days	**54**	87
Cane crushed	Tons	**102,698.318**	267,160.135
Avg. crushing per day	Tons	**1,901.820**	3,070.806
Sugar produced	Tons	**8,195.000**	26,490.000
Average sugar recovery	% age	**8.434 %**	9.910 %
Molasses recovery	% age	**5.353 %**	5.049 %

FUTURE OUTLOOK:

Due to scarcity of sugar cane in surrounding areas of mills and current liquidity crunch resulting from persistent losses, future looks tough. However, management is striving hard to safely sail out Company out of current troubled situation and firmly believes that following factors will eventually pave way to deliver long term values to all stakeholders including our worthy shareholders:

- Unfavorable business conditions are temporary and cyclical in nature and would reverse in future.
- 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.
- 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.
- There will be a persistent financial support from sponsors to enable Company to survive as a "going concern".
- Management is actively pursuing a plan to reduce cost and to increase the efficiency of mills.

EXPLANATION ON QUALIFICATION IN AUDITOR'S REPORT:

M/s Kaleem & Co., Chartered Accountants were appointed on 27 February, 2017 to act as Auditors in annual general meeting held on June 12, 2017, a date falling subsequent to the Balance Sheet date. Consequently, they were unable to carry out physical examination of closing stock in trade.

CORPORATE AND FINANCIAL REPORTING FRAMEWORK:

The Directors are pleased to confirm compliance with corporate and financial reporting framework of the Securities and Exchange Commission of Pakistan and the Code of Corporate Governance for the following:

CORPORATE GOVERNANCE COMPLIANCE:

The compliance with the best practices of Code of Corporate Governance provides comfort to the Board. Therefore, the management ensures that all requirements of the code of corporate governance are complied with. The statement of compliance with the best practices of Code of Corporate Governance is annexed.

STATEMENT ON CORPORATE AND FINANCIAL REPORTING FRAMEWORK:

In compliance with the Code of Corporate Governance, we give below statements on Corporate and Financial Reporting Framework:

- The financial statements prepared by the management of the company present fairly its state of affairs, the results of its operations, cash flows and changes in equity.
- The Company has maintained proper books of accounts as per statutory requirements.
- Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgment.
- The International Accounting Standards, as applicable in Pakistan, have been followed in preparation of financial statements.
- The system of internal control is sound in design and has been effectively implemented and monitored.
- There are no significant doubts upon the company's ability to continue as a going concern.
- There has been no departure from the best practices of corporate governance, as detailed in the list in regulations.
- Key operating and financial data of last six years is annexed in summarize form.
- Information about outstanding taxes and other government levies are given in related note(s) to the accounts.
- The Company operates an un-funded gratuity scheme for all employees. The net value of investment in the irrespective accounts is given in related note(s) to the accounts.
- All material information, as described in the Code is disseminated to the Stock Exchange and Securities and Exchange Commission of Pakistan in a timely fashion.
- The Directors are aware of their fiduciary responsibilities.
- The directors, CEO, CFO, Company Secretary and their spouses and minor children have made no trading in the company's share during the year. The number of shares, if any, held by them is annexed.

BOARD MEETINGS:

During the year under review four (04) meetings of the Board of Directors were held. Participation of Directors is as follows: -

Director's Names	Meetings Attended
Mr. Riaz Qadeer Butt	1
Mr. Muhammad Rashid Rana	4
Mr. Atif Butt	4
Mr. Muhammad Talib	4
Mr. Yasir Iqbal	4
Mr. Muhammad Dawood	4
Mr. Muhammad Nawaz	4

AUDIT COMMITTEE:

The audit committee is performing its duties in line with its terms of reference framed by the Company's Board of Directors.

HUMAN RESOURCES AND REMUNERATION COMMITTEE:

The HR and Remuneration Committee comprises of three members. The Committee met once in a year.

PATTERN OF SHAREHOLDING:

Pattern of shareholding as at September 30, 2016 is annexed.

AUDITORS:

The present auditors, M/s Kaleem & Co., Chartered Accountants, retire and offer themselves for re-appointment for 2016-17. Audit Committee has also recommended them for re-appointment.

APPRECIATION:

The Board acknowledges the continued support and cooperation extended by the shareholders, bankers, sugarcane farmers and all other stakeholders. The Board also places on record its appreciation for employees of the Company for their devotion and hard work.

On behalf of Board of Directors

RIAZ QADEER BUTT
(CHIEF EXECUTIVE)

Lahore: November 08, 2017

OPERATING HIGHLIGHTS

(Figure in Thousand)

DESCRIPTION	2016	2015	2014	2013	2012	2011
Profit and Loss:						
Turnover (Net Sales)/ Toll manufacturing income	430,564	1,763,890	1,057,295	1,277,459	581,462	1,263,144
Gross Profit / (Loss)	(323,660)	(486,470)	(99,988)	44,833	145,850	184,950
Operating Profit / (Loss)	(349,341)	(526,580)	(144,429)	(6,488)	118,808	159,036
Profit / (Loss) before Taxation	(409,656)	(563,636)	113,462	(95,508)	9,250	19,450
Profit / (Loss) after Taxation	(384,250)	(515,795)	68,685	(98,400)	0.686	8,978
Balance Sheet:						
Shareholder Equity	792,617	792,617	792,617	792,617	792,617	792,617
Surplus on Revaluation of Fixed Assets	545,718	568,857	574,722	608,650	644,802	57,002
Accumulated Profit / (Loss)	(1,430,699)	(1,077,737)	(595,159)	(697,069)	(635,650)	(637,770)
Property, Plant & Equipment	2,638,978	2,714,146	1,900,958	1,811,671	1,828,255	871,509
Other Long Term Assets	1,326	1,326	5,357	5,376	5,316	4,935
Current Assets	410,012	464,544	1,678,716	1,348,260	1,405,252	958,891
Current Liabilities	2,758,443	2,440,283	2,338,501	1,648,374	1,570,257	1,053,983
Long Term Liabilities	384,237	455,997	474,351	812,735	822,629	569,504
Significant Results:						
Gross Profit / (Loss) Ratio %	(75.17)	(27.58)	(9.46)	3.51	25.08	14.64
Profit / (Loss) before Tax Ratio%	(95.14)	(31.95)	10.73	(70.48)	1.59	1.54
Current Ratio	0.149	0.190	0.718	0.818	0.895	0.910
Earning / (Loss) Per Share	(4.848)	(6.507)	0.867	(1.241)	0.010	0.110

Pattern of Shareholding

FORM "34" THE COMPANIES ORDINANCE 1984 (SECTION 236 (1) & 464)

1	Incorporation Number	0011303
2	Name of the Company	ABDULLAH SHAH GHAZI SUGAR MILLS LTD
3	Pattern of Holding of the shares held by the shareholders as at	30-09-2016

4 No. Of Shareholders	Shareholdings'Slab		Total Shares Held
713	1	100	57,764
661	101	500	250,594
137	501	1000	127,135
220	1001	5000	660,557
69	5001	10000	587,475
18	10001	15000	227,500
15	15001	20000	270,086
6	20001	25000	145,169
10	25001	30000	288,448
5	30001	35000	169,000
5	35001	40000	193,500
1	40001	45000	44,000
7	45001	50000	347,000
1	50001	55000	53,555
1	60001	65000	65,000
1	75001	80000	76,500
1	80001	85000	83,947
2	85001	90000	175,575
1	90001	95000	93,000
2	95001	100000	200,000
1	100001	105000	101,400
2	105001	110000	216,000
1	115001	120000	120,000
1	120001	125000	123,100
1	180001	185000	182,000
1	200001	205000	202,500
1	250001	255000	254,161
1	295001	300000	300,000
1	330001	335000	333,627
1	385001	390000	389,000
1	810001	815000	814,500
1	1855001	1860000	1,859,815
1	4890001	4895000	4,890,249
1	65355001	65360000	65,359,509
1891			**79,261,666**

5	Categories of Shareholders	Shareholders	Shares Held	Percentage
5.1	**Directors and their spouse(s) and minor children**			
	MR. RIAZ QADEER BUTT	1	500	0.00%
	MUHAMMAD TALIB	1	400	0.00%
	ATIF BUTT	1	400	0.00%
	MUHAMMAD RASHID RANA	1	400	0.00%
	YASIR IQBAL	1	400	0.00%
	MUHAMMED NAWAZ	1	100	0.00%
	MUHAMMAD DAWOOD	1	400	0.00%
5.2	**Associated Companies, undertakings and related parties**			
	HAQ BAHU SUGAR MILLS (PVT) LTD	2	65,482,609	82.62%
5.3	**Executives**	-	-	-
5.4	**Public Sector Companies and Corporations**	5	2,240,742	2.83%
5.5	**Banks, development finance institutions, non-banking finance companies, insurance companies, takaful, modarabas and pension funds**	2	4,890,749	6.17%
5.6	**Mutual Funds**	-	-	-
5.7	**General Public**			
	a. Local	1863	6,451,177	8.14%
	b. Foreign	-	-	-
5.8	**Others**	12	193,789	0.24%
	Totals	**1891**	**79,261,666**	**100.00%**

	Share holders holding 5% or more	Shares Held	Percentage
	HAQ BAHU SUGAR MILLS (PVT.) LIMITED	65,482,609	82.62%
	AL BARAKA BANK (PAKISTAN) LIMITED	4,890,249	6.17%

6	Signature of Company Secretrary	
7	Name of signatory	**Saleem Abbas**
8	Designation	**Company Secretary**
9	CNIC Number	**32304-8810990-5**
10	Date	**30-09-2016**

CATEGORIES OF SHARE HOLDERS
AS REQUIRED UNDER COD OF CORPORATE GOVERNANCE (CCG)
AS ON SEPTEMBER 30, 2016

S.No.	Folio #	Name of shareholder	Number of shares held	Percentage
Directors and their spouse(s) and minor children				
1	6785	MR. RIAZ QADEER BUTT	500	0.00%
2	6847	MUHAMMAD TALIB	400	0.00%
3	6848	ATIF BUTT	400	0.00%
4	6849	MUHAMMAD RASHID RANA	400	0.00%
5	6850	YASIR IQBAL	400	0.00%
6	6889	MUHAMMED NAWAZ	100	0.00%
7	6904	MUHAMMAD DAWOOD	400	0.00%
		7	**2,600**	**0.00%**
Associated companies, undertakings and related parties				
1	6776	HAQ BAHU SUGAR MILLS (PVT) LTD	123,100	0.16%
2	03525-70701	HAQ BAHU SUGAR MILLS (PVT) LTD	65,359,509	82.46%
		2	**65,482,609**	**82.62%**
Executive				
		NIL		-
		-	-	-
Public sector companies and corporations				
1	9	M/S. NATIONAL BANK OF PAKISTAN TRUSTEE DEPARTMENT	100	0.00%
2	5077	M/S. PAKISTAN INDUSTRIAL CREDI. INVESTMENT CORPN. LTD.	27,200	0.03%
3	5145	INVESTMENT CORPN.OF PAKISTAN	20,000	0.03%
4	10819-26	PAK BRUNEI INVESTMENT COMPANY LIMITED	1,859,815	2.35%
5	07088-47	THE BANK OF PUNJAB, TREASURY DIVISION.	333,627	0.42%
		5	**2,240,742**	**2.83%**
Banks, development finance institutions, non-banking finance companies, insurance companies, takaful, modarabas and pension funds				
1	5306	M/S. ADAMJEE INSURANCE CO. LTD	500	0.00%
2	09944-24	AL BARAKA BANK (PAKISTAN) LIMITED	4,890,249	6.17%
		2	**4,890,749**	**6.17%**
Mutual Funds				
		NIL		-
		-	-	-
General Public Foreign				
		NIL		-
		-	-	-
Others				
1	5143	M/S. ASIF AGENCIES	3,400	0.00%
2	5144	M/S. KARACHI INVESTMENT COMPANY (PRIVATE) LTD.	1,000	0.00%
3	5259	M/S. PAK GREASE MFG. CO. (PVT)	700	0.00%
4	5268	M/S. THE PAKISTAN FUND	101,400	0.13%
5	5304	M/S. CENTRAL CHEMICAL LTD	1,000	0.00%
6	5428	M/S. VALIKA ART FABRICS LTD.	100	0.00%
7	06445-28	DARSON SECURITIES (PVT) LIMITED	500	0.00%
8	14241-22	FIKREE'S (SMC-PVT) LTD.	2,101	0.00%
9	04952-28	SHERMAN SECURITIES (PRIVATE) LIMITED	31,000	0.04%
10	10363-22	SALIM SOZER SECURITIES (PVT.) LTD.	15,088	0.02%
11	06452-10042	AL NOOR MODARABA MANAGEMENT LTD	10,000	0.01%
12	05736-15	NCC - PRE SETTLEMENT DELIVERY ACCOUNT	27,500	0.03%
		12	**193,789**	**0.24%**
Total		**1891**	**79,261,666**	**100.00%**
General Public Local		**1863**	**6,451,177**	**8.14%**

KALEEM & Co.
Chartered Accountants
134-C, Link A Street # 2, Cavalry Ground, Lahore Cantt, Pakistan
Phones: (92-42) 36672320-21
E-mail : kaleem.co@gmail.com

AUDITORS' REPORT TO THE SHAREHOLDERS

We have audited the annexed balance sheet of **ABDULLAH SHAH GHAZI SUGAR MILLS LTD.** as at September 30, 2016 and the related profit & loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof, for the year then ended and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purpose of our audit.

It is the responsibility of the Company's management to establish and maintain a system of internal control, and prepare and present the above said statements in conformity with the approved accounting standards and the requirements of the Companies Ordinance, 1984. Our responsibility is to express an opinion on these statements based on our audit.

We conducted our audit in accordance with the auditing standards as applicable in Pakistan. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the above said statements are free of any material misstatement. An audit includes examining. on a test basis, evidence supporting the amounts and disclosures in the above said statements. An audit also includes assessing the accounting policies and significant estimates made by management, as well as, evaluating the overall presentation of above said statements. We believe that our audit provides a reasonable basis for our opinion and, after due verification, we report that:

(a) During the audit of financial statements for the year ended September 30, 2016, we were unable to complete audit procedures in respect of balances relating to stock in trade as at September 30, 2016 as we could not physically verify the stock.

(b) in our opinion, proper books of accounts have been kept by the Company as required by the Companies Ordinance, 1984;

(c) in our opinion:

i) the balance sheet together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984 and are in agreement with the books of account and are further in accordance with accounting policies consistently applied;

ii) the expenditure incurred during the year was for the purpose of the Company's business; and

iii) the business conducted investments made and the expenditure incurred during the year were in accordance with the objects of the Company.

(d) in our opinion and to the best of our information and according to the explanations given to us except for the matter referred in paragraph 'a' above the balance sheet, profit & loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan, and, give the information required by the Companies Ordinance, 1984 in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at September 30, 2016 and of the loss, comprehensive loss, its cash flows and changes in equity for the year then ended; and

(e) in our opinion, no Zakat was deductible at source under the Zakat and Ushr Ordinance, 1980.

(t) Without further qualifying our opinion, we draw attention to the following matters:

(i) Note 2.3 of the financial statements which indicates that the company has incurred a loss after tax of Rs. 384,250,364 (2015: 563,636,492) . As at balance sheet date, it has accumulated loss of Rs. 1,430,699,304 (2015: Rs. 1,077,736,628), shareholders' equity is negative by an amount of Rs. 638,082,644 and its current liabilities exceeded its current assets by Rs. 2,348,431,435 (2015: Rs. 2,394,747,700).This factor indicates a material uncertainty which may cast significant doubt on the company's ability to continue as a going concern and therefore it may be unable to realize its assets and discharge its liabilities in normal course of business.

Muhammad Kaleem Rathor
Lahore
Date: November 08, 2017

KALEEM AND COMPANY
CHARTERED ACCOUNTANTS

STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE

This statement is being presented to comply with the Code of Corporate Governance (Code) contained in Listing Regulation No. 5.19 Chapter 5 of the Pakistan Stock Exchange Limited for the purpose of establishing a frame work of good governance, whereby a listed company is managed in compliance with the best practices of corporate governance.

The Company has applied the principles contained in the CCG in the following manner:

1. The Company encourages representation of independent non-executive directors and directors representing minority interests on its board of directors. At present the board includes:

Category	Names
Independent Directors	Mr. Atif Butt
Executive Directors	Mr. Riaz Qadeer Butt Mr. Yasir Iqbal
Non-Executive Directors	Mr. Muhammad Rashid Rana Mr. Muhammad Talib Mr. Shoukat Ali Butt Mr. Muhammad Nawaz

The independent director meet the criteria of independence under clause I(b) of the CCG.

2. The directors have confirmed that none of them is serving as a director on more than seven listed companies, including this Company (excluding the listed subsidiaries of listed holding companies where applicable).

3. All the resident directors of the Company are registered as tax payers and none of them has defaulted in payment of any loan to a banking company, a DFI or an NBFI or, being a member of a stock exchange, has been declared as a defaulter by that stock exchange.

4 The Company has prepared a "Code of Conduct" and has ensured that appropriate steps have been taken to disseminate it throughout the Company along with its supporting policies and procedures.

5 The board has developed a vision/mission statement, overall corporate strategy and significant policies of the Company. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.

6 All the powers of the Board have been duly exercised and decisions on material transactions, including appointment and determination of remuneration and terms and conditions of employment of the CEO, other executive and non-executive directors, have been taken by the board/shareholders.

All the powers of the Board have been duly exercised and decisions on material transactions, including appointment and determination of remuneration and terms and conditions of employment of the CEO, other executive and non-executive directors, have been taken by the board/shareholders.

7 The meetings of the board were presided over by the Chairman and, in his absence, by the Chief Executive Officer and the board met at least once in every quarter. Written notices of the board meetings, along with agenda and working papers, were circulated at least seven days before the meetings. The minutes of the meetings were appropriately recorded and circulated.

8 Directors are well conversant with the fiduciary responsibilities and orientation courses were arranged in-house and however during the year under consideration at least one director was required to acquire the certification under the directors' training program which could not be acquired due to other commitments of directors.

9 There was no change in the position of CFO, Company Secretary and Head of Internal Audit during the year. The Directors' report has been prepared in compliance with the requirements of the CCG and it fully describes the salient matters required to be disclosed.

10 The director's report for this year has been prepared in compliance with the requirements of the CCG and fully describes the salient matters required to be disclosed.

11 The financial statements of the company were duly endorsed by CEO and CFO before approval of the Board.

12 The directors, CEO and executives do not hold any interest in the shares of the Company other than that disclosed in the pattern of shareholding.

13 The Company has complied with all the corporate and financial reporting requirements of the CCG.

14 The system of internal controls is sound in design and has been effectively implemented and is being consistently reviewed by the Internal Audit Department.

15 There has been no material departure from the best practices of Corporate Governance as detailed in listing regulations of Pakistan Stock Exchange.

16 The board has formed an Audit Committee. It comprises of three members, all of whom are non-executive directors and the chairman of the committee is an independent director.

17 The meetings of the audit committee were held at least once every quarter prior to approval of interim and final results of the company and as required by the CCG. The terms of reference of the committee have been formed and advised to the committee for compliance.

18 The board has formed an HR and Remuneration Committee. It comprises of three members, of whom one is and independent director, the other is an executive director and the Chairman of the committee is a non-executive director.

19 The board has outsourced the internal audit function to Riaz Ahmad, Saqib, Gohar and Company, Chartered Accountants who are considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the Company.

20 The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the quality control review program of the Institute of Chartered Accountants of Pakistan (ICAP); that they or any of the partners of the firm, their spouses and minor children do not hold shares of the company and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the ICAP.

21 The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the listing regulations and the auditors have confirmed that they have observed IFAC guidelines in this regard.

22 The 'closed period', prior to the announcement of interim/final results, and business decisions, which may materially affect the market price of company's securities, was determined and intimated to directors, employees and stock exchange.

23 Material/price sensitive information has been disseminated among all market participants at once through stock exchange.

24 We confirm that all other material principles contained in the CCG have been complied with.

For & on behalf of the Board

LAHORE:
DATE : November 08, 2017

CHIEF EXECUTIVE OFFICER

KALEEM & Co.
Chartered Accountants

134-C, Link A Street # 2,
Cavalry Ground, Lahore
Cantt, Pakistan

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E-mail : kaleem.co@gmail.com

REVIEW REPORT TO THE MEMBERS ON STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE

We have reviewed the Statement of Compliance with the best practices (the Statement) contained in the Code of Corporate Governance (the Code) for the year ended 30 September 2016 prepared by the Board of Directors of Abdullah Shah Ghazi Sugar Mills Limited (the Company) to comply with the Listing Regulation No. 5.19 Chapter 5 of the Pakistan Stock Exchange Limited, where the Company is listed.

The responsibility for compliance with the Code is that of the Board of Directors of the Company. Our responsibility is to review, to the extent where such compliance can be objectively verified, whether the Statement reflects the status of the Company's compliance with the provisions of the Code and report if it does not. A review is limited primarily to inquiries of the Company's personnel and review of various documents prepared by the Company to comply with the Code.

As part of our audit of financial statements we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We are not required to consider whether the Board's statement on internal control covers all risks and controls, or to form an opinion on the effectiveness of such internal controls, the Company's corporate governance procedures and risks.

Further, Listing Regulation of the Pakistan Stock Exchange (Guarantee) Limited require the Company to place before the Board of Directors for their consideration and approval of related party transactions, distinguishing between transactions carried out on terms equivalent to those that prevail in arm's length transactions and transactions which are not executed at arm's length price, recording proper justification for using such alternate pricing mechanism. Further, all such transactions are also required to be separately placed before the Audit Committee. We are only required and have ensured compliance of requirement to the extent of approval of related party transactions by the Board of Directors and placement of such transactions before the Audit Committee. We have not carried out any procedures to determine whether or not the related party transactions were undertaken at arm's length price or not.

Based on our review, except for the matter described below, nothing has come to our attention, which causes us to believe that the Statement does not appropriately reflect the status of the Company's compliance, in all material respects, with the best practices contained in the Code, for the year ended 30 September 2016.

During the year under consideration a minimum of one director was required to acquire certification under directors training program, which has not been complied with. (Ref. 8 of the statement).

Muhammad Kaleem Rathor
Lahore
Date: November 08, 2017

KALEEM AND COMPANY
CHARTERED ACCOUNTANTS

BALANCE SHEET AS ON SEPTEMBER 30, 2016

	NOTE	2016 RUPEES	2015 RUPEES
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized share capital	6	**1,000,000,000**	1,000,000,000
Issued, subscribed and paid-up capital	6	**792,616,660**	792,616,660
Accumulated losses		**(1,430,699,304)**	(1,077,736,628)
		(638,082,644)	(285,119,968)
Surplus on revaluation of property, plant and equipments -net	7	**545,718,063**	568,856,725
NON-CURRENT LIABILITIES			
Long term loan from related party - unsecured	8	**123,416,314**	123,416,314
Long term loan from bank - secured	9	**18,750,000**	56,250,000
Retirement benefit obligations	10	**4,338,633**	5,325,743
Deferred taxation	11	**237,732,442**	271,005,082
CURRENT LIABILITIES			
Trade and other payables	12	**2,198,744,094**	1,926,061,236
Finance cost payable	13	**142,193,704**	87,660,375
Short term borrowings - secured	14	**361,255,635**	407,811,201
Current portion of long term loan from bank	9	**56,250,000**	18,750,000
		2,758,443,433	2,440,282,812
CONTINGENCIES AND COMMITMENTS	15	-	-
		3,050,316,241	3,180,016,708
ASSETS			
NON CURRENT ASSETS			
Property, plant and equipments	16	**2,638,978,078**	2,714,146,332
Long term deposits		**1,326,165**	1,326,165
CURRENT ASSETS			
Stores and spares		**41,879,406**	41,674,795
Stock in trade	17	**246,734,092**	351,867,278
Trade debts - Unsecured - Considered good		**2,279,739**	-
Advances, deposits and prepayments	18	**105,809,369**	57,452,307
Advance income tax - net		**10,494,977**	3,376,902
Cash and bank balances	19	**2,814,415**	10,172,929
		410,011,998	464,544,211
		3,050,316,241	3,180,016,708

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

CHIEF EXECUTIVE

DIRECTOR

PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED SEPTEMBER 30, 2016

	NOTE	2016 RUPEES	2015 RUPEES
Sales - net	20	**430,564,355**	1,763,890,388
Cost of sales	21	**754,224,416**	2,250,359,965
Gross loss		**(323,660,061)**	(486,469,577)
Administrative and general expenses	22	**24,450,021**	38,284,360
Distribution expenses	23	**1,230,460**	1,826,516
		25,680,481	40,110,876
Operating loss		**(349,340,542)**	(526,580,453)
Finance cost	24	**60,317,263**	38,501,576
Loss for the year		**(409,657,805)**	(565,082,029)
Other income	25	**2,300**	1,445,537
Loss before taxation		**(409,655,505)**	(563,636,492)
Taxation			
- Current	26	**-**	-
- Deferred		**(25,084,789)**	(47,335,622)
- Prior		**(320,351)**	(506,204)
		(25,405,140)	(47,841,826)
Loss after taxation		**(384,250,365)**	(515,794,666)
Loss per share - basic and diluted	27	**(4.85)**	(6.51)

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

CHIEF EXECUTIVE

DIRECTOR

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED SEPTEMBER 30, 2016

	2016 RUPEES	2015 RUPEES
Loss after taxation	(384,250,365)	(515,794,666)
Other comprehensive income:		
Re-measurement of net defined benefit liability	906,634	583,942
Related deferred tax	(281,057)	(186,861)
	625,577	397,081
Total comprehensive loss	**(383,624,788)**	**(515,397,585)**

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

CHIEF EXECUTIVE

DIRECTOR

CASH FLOW STATEMENT
FOR THE YEAR ENDED SEPTEMBER 30, 2016

	2016 RUPEES	2015 RUPEES
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before taxation	(409,655,505)	(563,636,492)
Adjustments for non cash and other items:		
Depreciation	79,505,676	84,334,100
Financial charges	60,317,263	38,501,576
Workers' welfare fund	5,158,169	-
Prior year adjustment	(625,108)	-
Provision for gratuity	1,777,766	2,350,190
	146,133,766	**125,185,866**
Cash flow before working capital changes	**(263,521,739)**	**(438,450,626)**
Changes in working capital		
(Increase) / decrease in current assets :		
Stores and spares	(204,611)	237,396,124
Stock in trade	105,133,186	877,080,568
Trade debts	(2,279,739)	-
Advances, deposits and prepayments	(48,357,062)	101,856,725
	54,291,774	**1,216,333,417**
Increase / (decrease) in current liabilities:		
Trade and other payables	267,524,689	387,700,018
	267,524,689	**387,700,018**
Cash generated from operations	**58,294,724**	**1,165,582,809**
Payments for:		
Taxes	7,118,075	9,861,370
Financial charges	5,783,934	22,889,059
Gratuity	1,858,242	1,759,639
	(14,760,251)	**(34,510,068)**
Net cash generated from operating activities	**43,534,473**	**1,131,072,741**
CASH FLOWS FROM INVESTING ACTIVITIES		
Fixed capital expenditures	(4,337,421)	(897,522,907)
Long term deposit	-	4,030,900
Net cash used in investing activities	**(4,337,421)**	**(893,492,007)**
CASH FLOWS FROM FINANCING ACTIVITIES		
Long term loan from bank	-	75,000,000
Short term borrowings - Net	(46,555,566)	(313,796,127)
Net cash (used in) financing activities	**(46,555,566)**	**(238,796,127)**
Net (decrease) / increase in cash and cash equivalent	(7,358,514)	(1,215,393)
Cash and bank balances at the beginning of the year	10,172,929	11,388,322
Cash and bank balances at the end of the year	**2,814,415**	**10,172,929**

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

CHIEF EXECUTIVE

DIRECTOR

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED SEPTEMBER 30, 2016

	SHARE CAPITAL RUPEES	ACCUMULATED LOSSES RUPEES	TOTAL RUPEES
Balance as at October 1, 2015	792,616,660	(595,159,449)	197,457,211
Total comprehensive loss for the year	-	(515,397,585)	(515,397,585)
Transfer from surplus on revaluation of property, plant and equipments in respect of incremental depreciation - Net of tax	-	32,820,406	32,820,406
Balance as at September 30, 2015	**792,616,660**	**(1,077,736,628)**	**(285,119,968)**
Total comprehensive loss for the year	-	(383,624,788)	(383,624,788)
Prior year adjustment	-	(625,108)	(625,108)
Transfer from surplus on revaluation of property, plant and equipments in respect of incremental depreciation - Net of tax	-	31,287,220	31,287,220
Balance as at September 30, 2016	**792,616,660**	**(1,430,699,304)**	**(638,082,644)**

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

CHIEF EXECUTIVE

DIRECTOR

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED SEPTEMBER 30, 2016

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 Pakistan Stock Exchange. 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 7/10, A-2 Arkay Square Shahra - e - Liaquat, New Challi, Karachi.

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 shall prevail.

During the year on 30 May 2017, the Companies Act, 2017 (the Act) was enacted which replaced and repealed the Companies Ordinance, 1984 (the repealed Ordinance). However, the Securities and Exchange Commission of Pakistan (SECP) through its Circular No. 17 of 2017 dated 20 July 2017 has advised that the Companies whose financial year closes on or before 30 June 2017 shall prepare their financial statements in accordance with the provisions of the repealed Companies Ordinance, 1984.

2.2 Accounting Convention

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

2.3 Going Concern Assumption

The financial statements of the company for the year ended September 30, 2016 reflect that company has sustained a net loss after taxation of Rs. 384.250 million and as of that date it has accumulated losses of Rs. 1,430.699 million (2015: Rs. 1,077.736 million) resulted in negative equity of Rs. 638.083 million and its current liabilities exceeded its current assets by Rs. 2,348.431 million (2015: Rs. 1,975.739 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 management has taken the following significant measures to improve the operational performance and liquidity of the company:

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;

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.

Finally, the management is very much convinced that the above measures would result in improving the financial position and operational performance of the company.

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.

Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of revision and future periods if revision affects both current and future periods. The areas involving a higher degree of judgments or complexity or areas where assumptions and estimates are significant to the financial statements are as follows:

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.

Assumptions and estimates used in determining the depreciation rates, recoverable amount, residual values and useful lives of the property, plant and equipment-note 5.3 and 16.

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.

Assumptions and estimates used in determining the estimated selling price and estimated cost and provision for slow moving stores and spares-note 5.4, 5.5 & 17 respectively.

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 judgment 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 recognized at the balance sheet date.

4 STANDARD, INTERPRETATIONS & AMENDMENTS TO PUBLISHED APPROVED ACCOUNTING STANDARDS THAT ARE NOT YET EFFECTIVE

The following standards, amendments and interpretations with respect to the approved accounting standards as applicable in Pakistan, will be effective from the dates mentioned below against the respective standard or interpretation:

Standard or interpretation		Effective date (Annual periods beginning on or after)
IFRS 2	Shared-based Payments - Classification and Measurement of Share-based Payments Transactions (Amendments)	1 January 2018
IFRS 12	Consolidated Financial Statements, IFRS 12: Disclosure of Interests in Other Entities and IAS 28 Investment in Associates - Investment Entities: Applying the Consolidation Exception (Amendment)	1 January 2016
IFRS 10	Consolidated Financial Statements and IAS 28: Investment in Associates and Joint Ventures - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendment)	Not Yet Finalized
IFRS 11	Joint Arrangements - Accounting for Acquisition of Interest in Joint Operation (Amendment)	1 January 2016
IAS 1	Presentation of Financial Statements - Disclosure Initiative (Amendment)	1 January 2016
IAS 7	Statement of Cash Flow - Disclosure Initiative (Amendment)	1 January 2017
IAS 12	Income Taxes - Recognition of Deferred Tax Assets for Unrealized losses (Amendments)	1 January 2017
IAS 16	Property, Plant and Equipment and IAS 38: Intangible Assets - Clarification of Acceptable Method of Depreciation and Amortization (Amendment)	1 January 2016

IAS 41	Property, Plant and Equipment and IAS 41 Agriculture - Agriculture: Bearer Plants (Amendments)	1 January 2016
IAS 27	Separate Financial Statements - Equity Method in Separate Financial Statements (Amendment)	1 January 2016

The above standards and amendments are not expected to have any material impact on the Company's financial statements in the period of initial application.

In addition to the above standards and amendments, improvements to various accounting standards have also been issued by the IASB in September 2014. Such improvements are generally effective for accounting periods beginning on or after 01 January 2016. The improvements contain amendments to the following standards:

Standard or interpretation

IFRS 5	Non-current Assets Held for Sale and Discontinued Operations
IFRS 7	Financial Instruments Disclosures: Disclosures: Offsetting Financial Assets and Financial Liabilities (Amendment)
IAS 19	Employee Benefits
IAS 34	Interim Financial Reporting

The above improvements are not expected to have any material impact on the Company's financial statements in the period of initial application.

Further, the following new standards have been issued by the IASB, which are yet to be notified by the SECP for the purpose of applicability in Pakistan.

Standard or interpretation		**IASB effective date (Annual periods beginning on or after)**
IFRS 9	Financial Instruments: Classification and Measurement	1 January 2018
IFRS 14	Regulatory Deferral Accounts	1 January 2016
IFRS 15	Revenue from Contracts with Customers	1 January 2018
IFRS 16	Leases	1 January 2019

5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

5.1 Staff Retirement Benefits

The Company operates an un-funded gratuity scheme covering all employees eligible to the benefit. Provisions are made on the basis of actuarial recommendations. The actuarial valuations are carried out as at 30th September 2016 using the Projected Unit Credit Method, as required by International Accounting Standards (IAS-19).

The amount recognized in balance sheet represents the present value of the defined benefit obligation as on 30th September, 2016 as adjusted for unrecognized actuarial gains and losses.

The amendments in IAS 19 require the recognition of changes in defined benefit obligation and fair value of plan asset when they occur thus eliminating 'Corridor Approach' permitted under previous version of IAS 19 thus accelerating recognition of past service cost. All actuarial gains and losses are recognized immediately through 'Other Comprehensive Income'.

5.2 Taxation

Current

Provision of current tax is based on the taxable income for the year determined in accordance with the prevailing law for taxation of income. The charge for current tax is calculated using prevailing tax rates or tax rates expected to apply to the profit for the year if enacted after taking into account tax credits, rebates and exemptions, if any. The charge for current tax also includes adjustments, where considered necessary, to provision for tax made in previous years arising from assessments framed during the year for such years.

Deferred

Deferred tax is recognized using the balance sheet liability method on all temporary differences between the carrying amounts of assets and liabilities for the financial reporting purposes and the amounts used for taxation purposes.

Deferred tax asset is recognized for all the deductible temporary differences only to the extent that it is probable that future taxable profits will be available against which the asset may be utilized. Deferred tax asset is reduced to the extent that it is no longer probable that related tax benefits will be realized. Deferred tax liabilities are recognized for all the taxable temporary differences.

Deferred tax asset and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on the tax rates that have been enacted or substantially enacted by the balance sheet date.

Deferred tax is charged or credited in the income statement, except in the case of items credited or charged to comprehensive income or equity, in which case it is included in comprehensive income or equity.

5.3 Property, Plant and Equipment

Operating fixed assets are stated at cost less accumulated depreciation and impairment loss, if any, except certain classes of property, plant and equipment as stated in note 17.3, which are stated at revalued amounts less accumulated depreciation and impairment loss, if any. Free hold land is stated at revalued amount. Depreciation is charged to current year's profit and loss account by applying reducing balance method over estimated useful life at the rates specified in note of property, plant and equipment.

Depreciation on addition during the year is charged proportionately, from date the asset is available for use, i.e. when it is in the location and condition necessary for it to be capable of operating in the manner intended by management. Depreciation is also charged on assets sold during the year proportionately.

Incremental depreciation charged for the period on revalued assets is transferred (net of tax) from surplus on revaluation of fixed assets to retained earnings / (accumulated losses).

Minor renewals, replacements, maintenance, repairs and profit and loss on disposal of fixed assets are included in current year's profit and loss account.

Major renewals and improvements are capitalized.

All expenditures connected with specific assets and incurred during development, installation and construction period are carried as capital work in progress. These are transferred to the specific asset as and when these assets are available for commercial or intended use.

5.4 Stores and Spares

These are valued at lower of cost, which is calculated according to moving average cost, and net realizable value. The cost is determined using weighted average method.

Net realizable value signifies the estimated selling price in the ordinary course of business less costs necessarily to be incurred in order to make the sale.

Stores in transit are valued at invoice values including other charges, if any, incurred thereon.

5.5 Stock in Trade

These are valued at lower of cost and net realizable value. The cost is determined as follows:

Raw materials:	Weighted average cost
Goods in transit:	Cost comprising invoice value plus other charges incurred thereon.
Work in process:	Weighted average manufacturing cost
Finished goods:	Average manufacturing cost
Molasses:	Contracted price / net realizable value

Net realizable value signifies the estimated selling price in ordinary course of business less expenses necessary to be incurred in order to make sale.

5.6 Revenue Recognition

Revenue from sale of goods is measured at fair value of the consideration received or receivable, net of discounts and applicable taxes. Revenue is recognized when the significant risks and rewards of ownership have been transferred to the customer, recovery of the consideration is probable , the associated costs and possible return of goods can be estimated reliably, there is no continuing involvement of management when the goods and the amount of revenue can be measured reliably.

- Sale of goods is recorded when significant risks and rewards of ownership are transferred to the customer;
- Interest and rental income are recognized on accrual basis;
- Dividend income is recognized when the company's right to receive the dividend is established; and
- Sale of scrap is recognized on actual realization basis.

5.7 Borrowings

Loans and borrowings are recorded at their fair value being the proceeds received. Financial charges are accounted for by applying effective interest rate method and included in accrued expenses.

Borrowing Cost incurred on finance obtained for the construction of qualifying assets are capitalized up to the date the respective assets are available for the intended use. All other mark up interest and other related charges are taken to profit and loss account.

5.8 Impairment

The carrying amounts of the company's assets are reviewed at each balance sheet date to determine whether there is an indication of impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any. Impairment losses are recognized as expenses in the profit and loss account.

5.9 Provisions

Provisions are recognized when the company has a present legal or constructive obligation as a result of a past event and is probable that an outflow of resources embodying economic benefits will be required to settle the obligation of which reliable estimate can be made. The expense related to provision is presented in profit and loss net of any reimbursements. The provision is recognized at its present value, accounting for time value of money, except where the impact for discounting is considered to be immaterial.

5.10 Foreign Currency Translation

Assets and liabilities in foreign currencies are translated into rupees at the rate of exchange prevailing at the balance sheet date except for the liabilities covered under forward exchange contracts which are translated at the contracted rates. Transaction in foreign currencies are converted into rupees at the rate of ruling on the date of transactions. Profit or loss arising on translation is recognized in the profit and loss account currently.

5.11 Trade Debts

Trade debts are stated initially at the fair value. Subsequent to initial recognition, these are stated at their amortized cost as reduced by appropriate provision for impairment, known impaired receivables are written off, while receivables considered doubtful are fully provided for.

5.12 Financial Instruments

All the financial assets and liabilities are recognized at the time when the Company becomes a party to the contractual provisions of the instrument. The Company derecognizes a financial asset or a portion of a financial asset when, and only when, the enterprise loses control of the contractual rights that comprise the financial asset or portion of the financial asset. While a financial liability or part of a financial liability is derecognized from the balance sheet, when, and only when it is extinguished, i.e. when the obligation specified in the contract is discharged cancelled or expires.

Financial Assets
Financial assets are investment in associates, long term loans and advances, long term deposits, trade debts, short term loans and advances, other receivable and cash and bank balances. These are initially recognized at its cost which represent fair value of consideration given for it and subsequent to initial recognition financial assets are carried at cost, if fair value is not materially different at the balance sheet date.

Financial Liabilities
Financial liabilities are classified according to the substance of the contractual agreements entered into. Significant financial liabilities are long term loans, short term finances, obligations under finance lease, trade and other payables. All financial liabilities are initially recognized at cost, which represents fair value of the consideration received at initial recognition. After initial recognition financial liabilities held for trading are carried at fair value and all other financial liabilities are measure at amortized cost.

5.13 Off Setting of Financial Assets and Liabilities

A financial asset and a financial liability are offset and the net amount is reported in the balance sheet if the company has a legally enforceable right to set-off the recognized amounts and intends either to settle on a net basis or to realize the asset and settle the liability,

5.14 Trade and Other Payables

Trade and other payables are carried at cost which is the fair value of consideration to be paid for goods and services.

5.15 Ijarah

Ijarah payments under an Ijarah are recognized as an expense in the profit and loss account on a straight-line basis over the Ijarah term.

5.16 Cash and Cash Equivalents

Cash and cash equivalents are carried in the balance sheet at nominal amounts. For the purpose of the cash flow statement, cash and cash equivalents comprises cash in hand and balance with banks in current and pals accounts.

5.17 Loans and Advances

Loans and advances are recorded at cost. The irrecoverable loans and advances are written off, provision is made against loans and advances considered doubtful.

5.18 Dividends

Dividend distribution to the company's shareholders is recognized as a liability in the financial statements in the period in which the dividends are approved.

5.19 Transactions with Related Parties

Transactions with related parties are priced at an arm's length basis. Prices for these transactions are determined on the basis of comparable uncontrolled price method, which sets the price by reference to comparable goods sold or services rendered in an economically comparable market to a buyer unrelated to the seller.

5.20 Earnings per Share

The Company presents basic and diluted earnings per share (EPS). Basic EPS is calculated by dividing the profit and loss attributale to ordinary shareholders' of the Company by the weighted average number of ordinary shares outstanding during the year. Diluted EPS is determined by using profit and loss attributable to ordinary shareholders' and the weighted average number of ordinary shares outstanding, adjusted for the effect of all dilutive potential ordinary shares.

	2016 RUPEES	2015 RUPEES
6 ISSUED, SUBSCRIBED AND PAID UP CAPITAL		
Authorized share capital 100,000,000 (2015: 100,000,000) Ordinary shares Of Rs. 10/- Each	**1,000,000,000**	**1,000,000,000**
79,261,666 (2015: 79,261,666) Ordinary shares of Rs.10/- each fully paid in cash	**792,616,660**	**792,616,660**

6.1 65,482,609 (2015:65,482,609) ordinary shares are held by Haq Bahu Sugar Mills (Private) Limited (holding company) representing 82.62% (2015 : 82.62%) shareholding in the company.

7 SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENTS - Net

	2016 RUPEES	2015 RUPEES
Opening Balance	829,610,583	877,875,886
Less: **Transferred to equity in respect of:**		
Incremental depreciation on revalued Asset	(31,287,220)	(32,820,406)
Related deferred tax liability	(14,056,577)	(15,444,897)
	(45,343,797)	**(48,265,303)**
Closing Balance - Gross	**784,266,786**	**829,610,583**
Less: **Related Deferred tax liability**		
Related Deferred Tax Liability on Revaluation Surplus	260,753,858	303,154,217
Effect of change in tax rate	(8,148,558)	(8,631,211)
Reversal of Deferred Tax	-	(18,324,251)
Amount realized during the year on account of incremental depreciation	(14,056,577)	(15,444,897)
	238,548,723	**260,753,858**
Closing Balance - Net	**545,718,063**	**568,856,725**

The company has complied with the requirements of SRO 45(I) 2003 for the effect of incremental depreciation. The incremental depreciation charged on revalued assets during the years and in prior year has been transferred to unappropriated losses to record realization of surplus to the extent of incremental depreciation to comply with the amendment in section 235 of Companies Ordinance, 1984 and further notification of Securities and Exchange Commission of Pakistan to clarify the treatment of surplus arising on revaluation of fixed assets.

		2016 RUPEES	2015 RUPEES
8 LONG TERM LOAN FROM RELATED PARTY - Unsecured			
Subordinated Loan from Holding Company		**123,416,314**	**123,416,314**

The loan has been advanced by M/s. Haq Bahu Sugar Mills (Pvt.) Ltd which carries markup @ 3 months KIBOR plus 1% (2015: @ 6 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.

9 LONG TERM LOAN FROM BANK - SECURED

Markup bearing Finances from Conventional Bank	9.1	56,250,000	75,000,000
Less: Current Portion		(37,500,000)	(18,750,000)
		18,750,000	**56,250,000**

9.1 The facility has been obtained from Summit Bank Limited and is repayable in eight equal quarterly installments of Rs.9.375 million with a grace period of six month. 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, post dated cheques as per repayment schedule and personal guarantees of all sponsoring directors.

10 RETIREMENT BENEFIT OBLIGATIONS

Balance sheet liability		5,325,743	5,319,134
Re-measurements chargeable in other comprehensive income	10.2	(906,634)	(583,942)
Expenses chargeable to profit and loss account	10.1	1,777,766	2,350,190
Benefits paid		(1,858,242)	(1,759,639)
		4,338,633	**5,325,743**

10.1 Amount charged to profit and loss account

Current service cost	1,404,634	1,750,883
Interest cost on defined benefit obligation	373,132	599,307
Total amount chargeable to profit and loss account	**1,777,766**	**2,350,190**

10.2 Re-measurements chargeable in other comprehensive income

Remeasurement of plan obligation:

Actuarial (gains)/losses from changes in demographic assumptions	-	-
Actuarial (gains)/losses from changes in financial assumptions	(22,361)	-
Experience assumptions	(884,273)	583,942
Total re-measurements chargeable in other comprehensive income	**(906,634)**	**583,942**

a) Changes in Present Value of Defined benefit Obligations

Present value of defined benefit obligation	5,325,743	5,319,134
Current service cost	1,404,634	1,750,883
Interest cost on defined benefit obligation	373,132	599,307
Benefits due but not paid (payables)	(725,530)	-
Benefits paid	(1,858,242)	(1,759,639)
Remeasurements:		
Actuarial (gains)/losses from changes in demographic assumptions	-	-
Actuarial (gains)/losses from changes in financial assumptions	(22,361)	-
Experience assumptions	(884,273)	(583,942)
Present value of defined benefit obligation	**3,613,103**	**5,325,743**

		2016 RUPEES	2015 RUPEES
10.3 Significant actuarial assumptions			
Discount rate used for interest cost in profit and loss account charge		9.25%	13.50%
Discount rate used for year end obligation		7.25%	9.25%
Salary increase used for year end obligation		N/A	8.25%
Net salary is increased at		1-Jan-17	1-Jan-16
Mortality rates		2005	Setback 1 Year
Withdrawal rates		Age-Based	Age-Based
Retirement assumption		Age 60	Age 60
10.4 Allocation			
Total retirement benefits costs are included in salaries and benefits and allocated as follows:			
Cost of sales		1,031,104	1,339,756
Administrative and general expenses		746,662	1,010,434
		1,777,766	**2,350,190**
10.5 Year end sensitivity analysis (± 100 bps) on defined benefit obligation			
Discount rate + 100 BPS		3,339,515	4,946,972
Discount rate - 100 BPS		3,935,803	5,769,023
Salary Increase + 100 BPS		3,944,725	5,781,278
Salary Increase - 100 BPS		3,326,676	4,929,366

The average duration of the defined benefit obligation is 8 years.

11 DEFERRED TAXATION

Deferred tax liability arising due to			
accelerated tax depreciation		121,954,711	125,719,522
revaluation - Net of related depreciation		238,548,723	260,753,858
Deferred tax assets arising out of			
staff gratuity		(1,344,976)	(1,704,238)
available tax losses and credits		(343,712,866)	(238,141,758)
		15,445,592	**146,627,384**
Asset not recognized	11.1	(222,286,850)	(124,377,698)
		237,732,442	**271,005,082**

11.1 Deferred tax asset arising due to available tax losses has not been recognized as sufficient future taxable profits may not be available against which the said asset can be utilized.

12 TRADE AND OTHER PAYABLES

Creditors for goods and services		1,188,211,031	1,118,245,569
Advance from customers			
- Trading Corporation of Pakistan	12.1	521,162,495	521,162,495
- Others		395,973,002	221,522,548
Accrued liabilities		20,702,767	13,230,040
Deposits		39,076	39,076
Road cess		2,448,207	2,448,207
Income tax payable		3,448,846	2,775,635
Workers' profit participation fund	12.2	46,291,899	41,133,730
Workers' welfare fund	12.3	4,616,856	4,616,856
Sales tax payable		15,491,308	617,366
Other liabilities		358,607	269,714
		2,198,744,094	**1,926,061,236**

		2016 RUPEES	2015 RUPEES
12.1 The company is in dispute with Trading Corporation of Pakistan. For details refer to note 15.1(b).			

12.2 Workers' profit participation fund

	2016 RUPEES	2015 RUPEES
Opening balance	41,133,730	36,819,488
Interest provided for the year	5,158,169	4,314,242
	46,291,899	**41,133,730**

12.3 Workers' welfare fund

	2016 RUPEES	2015 RUPEES
Opening balance	4,616,856	4,616,856
Provision for the year	-	-
	4,616,856	**4,616,856**

13 FINANCE COST PAYABLE

	2016 RUPEES	2015 RUPEES
Markup on borrowing from conventional banks:		
Long term financing - Summit Bank	8,813,731	1,018,429
Short term borrowings		
Summit Bank	7,187,798	1,314,908
Silk Bank	8,714,330	3,369,601
	24,715,859	**5,702,938**
Islamic mode of financing:		
Short term borrowings - Bank Islami	39,240,365	13,125,629
Other financing:		
Long term financing - Haq Bahu Sugar Mills (Private) Limited	78,237,480	68,831,808
	142,193,704	**87,660,375**

14 SHORT TERM BORROWINGS

	Note	2016 RUPEES	2015 RUPEES
Markup Based Borrowing from Conventional Banks (Secured):			
Cash Finance	14.1	11,536,571	58,102,279
Running Finance	14.2	47,080,879	47,070,737
Short Term Finance	14.3	8,666,667	8,666,667
		67,284,117	**113,839,683**
Islamic Mode of Financing (Secured):			
Istisna	14.4	249,999,200	249,999,200
Murabaha	14.5	24,999,318	24,999,318
		274,998,518	**274,998,518**
Other Financing (Unsecured):	14.6	18,973,000	18,973,000
		361,255,635	**407,811,201**

14.1 The facility has been obtained from Silk Bank Limited amounting to Rs. 100 million. The facility carries markup @ 3 months KIBOR plus 4% per annum payable quarterly in arrears. The facility is secured against pledge of refined sugar with 10% margin.

14.2 The facility has been obtained from Summit Bank Limited amounting to Rs. 47.24 million. The facility carries markup @ 3 months KIBOR plus 2.5% per annum payable quarterly in arrears. The facility is secured against first hypothecation charge over company stock amounting to Rs. 93.33 million, first pari passu charge over present and future fixed assets of the company amounting to Rs. 34 million and personal guarantees of directors.

14.3 The facility has been obtained from Summit Bank Limited amounting to Rs. 47.24 million. The facility carries markup @ 3 months KIBOR plus 3% per annum payable quarterly in arrears. The facility is secured against first pari passu charge over all present and future fixed assets of the company amounting to Rs. 96.67 million, post dated cheques as per repayment schedule and ~~personal~~ guarantees of directors.

14.4 The facility has been obtained from Bank Islami amounting to Rs. 250 million. The facility carries markup @ 6 months KIBOR plus 2.5% per annum payable quarterly in arrears. The facility is secured against ownership of Istisna goods, first pari passu charge over present and future fixed assets of the company amounting to Rs. 334 million (25% safety margin) and personal guarantees of directors.

14.5 The facility has been obtained from Bank Islami amounting to Rs. 25 million. The facility carries markup @ 6 months KIBOR plus 4% per annum payable quarterly in arrears. The facility is secured against ranking charge over current assets of the company with 25% margin and corporate guarantee amounting to Rs. 25 million.

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

15 CONTINGENCIES AND COMMITMENTS

15.1 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 exparte 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 principal amount of Rs.570.913 million plus Rs.740.615 million being penalty, markup and other incident 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 there against has been made in these financial statements. During the year TCP has encashed Margin on Guarantee deposited by the company with the banks and therefore the principal amount claimed has been reduced to 521.165 million.

c) Due to financial crunch faced by the Company the long term loan from Summit Bank (refer note 9) could not be serviced in a timely manner.

Summit Bank Limited has filed lawsuit for recovery of this finance facility in Lahore High Court which is a pending adjudication.

d) The Company had deposited an amount of Rs. 20.832 million of excise duty in 1991-92 under protest with collector of custom and central excise, Hyderabad on account of rebate of excise duty earlier claimed as per the incentive given by the government. The Honorable High Court of Sindh has decided the case in favor of Collector of Customs. The company has filed an appeal in Supreme Court of Pakistan which is pending for hearing. The management of the company expects favorable outcome. However, as a matter of prudence company has made provision there against in these financial statements.

15.2 Commitments

The Company has entered into Ijarah agreements for Rs. 4.409 million (2015: Rs. 4.409 million) with Bank Alfalah Limited to acquire vehicles. The rentals under these agreements are payable monthly up to October 2017 carrying profit rates ranging from three and six month KIBOR plus 1.23% to 1.41% per annum (2015: 1.23% to 1.41% per annum). The total of future Ijarah payments are as under:

	2016 RUPEES	2015 RUPEES
Less than one year	1,034,740	1,274,556
Within one to five years	13,850	1,104,384

	Note	2016 RUPEES	2015 RUPEES
16 PROPERTY, PLANT AND EQUIPMENTS			
Operating Fixed Assets	16.1	1,387,534,905	1,465,986,581
Capital Work in Progress - At Cost	16.5	1,251,443,173	1,248,159,751
		2,638,978,078	**2,714,146,332**

16.5 Capital work in progress - At cost

	Note	2016 RUPEES	2015 RUPEES
Opening balance		1,248,159,751	355,621,863
Add: Additions during the year	16.5.2	3,283,422	892,537,888
	16.5.1	**1,251,443,173**	**1,248,159,751**

16.5.1 Breakup is as follows

	2016 RUPEES	2015 RUPEES
Plant and machinery	1,235,252,625	1,231,937,408
Civil works	16,190,548	16,222,343
	1,251,443,173	**1,248,159,751**

16.5.2 Additions to capital work in progress includes amount of Rs. Nil (2015: Rs. 38.873 million) borrowing cost capitalized during the year using average borrowing rate of Nil (2015: 12.49%) per annum.

17 STOCK IN TRADE

	Note	2016 RUPEES	2015 RUPEES
Work in process		30,518,092	1,320,898
Finished goods	17.1	216,216,000	350,546,380
		246,734,092	**351,867,278**

17.1 Finished goods stock valuing Rs. 3.445 million (2015: Rs. 66.478 million) were pledged as security for the finances obtained from commercial banks.

17.2 Finished goods stock has been written down to net realizable value by Rs. 39.924 million (2015: Rs. 35.785 million).

18 ADVANCES, DEPOSITS AND PREPAYMENTS

	Note	2016 RUPEES	2015 RUPEES
Advances - Unsecured, considered good			
Growers		74,583,315	25,410,240
Contractors		2,086,775	1,408,233
Suppliers		8,792,250	7,688,033
Employees		626,009	833,595
For expenses	18.1	3,906,020	4,085,190
Other receivable		-	1,609,204
Export rebate receivable		15,815,000	15,815,000
		105,809,369	**56,849,495**
Prepayments		-	202,023
Sales tax receivable		-	400,789
		105,809,369	**57,452,307**

18.1 It includes advances to executives amounting to Rs. 2.467 million (2015: Rs. Nil) and maximum amount due at the end of any month was Rs. 2.467 million (2015: Rs. Nil).

19 CASH AND BANK BALANCES

	2016 RUPEES	2015 RUPEES
Cash in hand	7,580	2,051,610
Cash with banks		
- In current accounts	2,705,765	8,091,012
- In saving account	101,070	30,307
	2,814,415	**10,172,929**

		2016 RUPEES	2015 RUPEES
20 SALES - Net			
Gross local sales			
Sugar		425,740,992	1,792,541,801
Molasses		36,359,739	106,619,507
Total gross sales		**462,100,731**	**1,899,161,308**
Less Sales tax		(31,536,376)	(135,270,920)
Sales - Net		**430,564,355**	**1,763,890,388**

		2016 RUPEES	2015 RUPEES
21 COST OF SALES			
Cost of sugar cane		465,589,170	1,106,514,964
Stores and spares consumed		12,782,973	40,380,812
Oil and lubricants consumed		2,414,782	5,599,645
Packing material consumed		3,045,617	13,174,527
Chemical consumed		6,486,597	10,344,605
Salaries, wages and benefits	21.1	64,845,118	87,480,190
Water, fuel and power		8,996,730	9,183,854
Vehicle running and maintenance		2,569,243	4,644,077
Freight, handling and octroi		867,310	2,593,222
Insurance		202,022	1,596,496
Ijara rentals		-	2,919,295
Depreciation	16.2	74,696,814	78,956,753
Others		6,594,854	9,890,957
		649,091,230	**1,373,279,397**
Add: Work in process - Opening		1,320,898	2,218,671
Less: Work in process - Closing		(30,518,092)	(1,320,898)
Cost of goods manufactured		**619,894,036**	**1,374,177,170**
Add: Finished good - Opening		350,546,380	1,226,729,175
Less: Finished good - Closing		(216,216,000)	(350,546,380)
	21.2	**754,224,416**	**2,250,359,965**

21.1 Its includes an amount of Rs. 1.031 million (2015: Rs. 1.340) in respect of staff retirement benefit.

21.2 Cost of goods sold includes cost of sugar stock loss amounting to Rs. 222.396 million (2015: Rs. 258.964 million) due to moisture and dampening.

		2016 RUPEES	2015 RUPEES
22 ADMINISTRATIVE AND GENERAL EXPENSES			
Salaries, bonus and allowances	22.1	2,694,039	8,405,867
Fees, subscription and renewals		6,810,827	7,538,785
Vehicle running and maintenance		1,049,410	1,896,874
Legal and professional charges		615,950	1,529,100
Printing and stationery		69,543	365,737
Insurance		-	45,171
Travelling, conveyance and entertainment		1,332,348	1,978,911
Rent, rates and taxes		2,890,520	810,457
Repairs and maintenance		49,920	324,238
Telephone and telex		36,640	48,460
Electricity		196,717	567,357
Auditors remuneration	22.2	866,400	866,400
Depreciation	16.2	4,808,862	5,377,347
Others		2,285,441	6,157,484
Ijarah rentals		595,870	2,060,506
Entertainment		147,534	311,666
		24,450,021	**38,284,360**

	2016 RUPEES	2015 RUPEES
22.1 Its includes an amount of Rs. 0.746 million (2015: Rs. 1.010) in respect of staff retirement benefit.		
22.2 Auditors' remuneration		
Annual audit fee	600,000	600,000
Review of code of corporate governance	100,000	100,000
Half year review	100,000	100,000
Cost audit fee	66,400	66,400
	866,400	**866,400**

23 DISTRIBUTION EXPENSES

	2016 RUPEES	2015 RUPEES
Loading and unloading charges	505,060	135,740
Stacking and re-stacking charges	425,400	712,625
Transportation charges	-	137,892
Numbering charges	-	63,576
Re loading charges	-	536,441
Carriage and freight	300,000	240,242
	1,230,460	**1,826,516**

24 FINANCE COST

	2016 RUPEES	2015 RUPEES
Mark up on subordinated sponsors' loan	9,405,672	11,979,971
Markup on long term loan	7,795,302	1,018,430
Mark up on short term borrowings	37,332,355	58,341,578
Markup on WPPF	5,158,169	4,314,242
Bank charges and commission	625,765	1,720,009
	60,317,263	**77,374,230**
Less: borrowing cost capitalized	-	(38,872,654)
	60,317,263	**38,501,576**

25 OTHER INCOME

	2016 RUPEES	2015 RUPEES
Scrap sales	-	754,808
Profit on deposit account	2,300	8,681
Gain on sale of vehicle	-	682,048
	2,300	**1,445,537**

26 TAXATION

Current

The assessment of the company deemed to have been finalized up to tax year 2016.

26.1 Relationship between tax expense and accounting profit

	2016 RUPEES	2015 RUPEES
Accounting profit for the year	(409,655,505)	(563,636,492)
Applicable tax rate	31%	32%
Tax on accounting profit	(126,993,207)	(186,000,042)
Tax effect of expenses that are not deductible in determining taxable profit	26,010,701	28,605,816
Tax effect of expenses that are deductible in determining taxable profit	(11,695,651)	(13,893,561)
Tax effect loss related to presumptive tax regime		--
Adjustment of brought forward losses	112,678,157	171,287,787
Tax refundable under normal rules	--	--
Tax payable under normal rules	NIL	NIL
Minimum tax liability U/s. 113 (2015: U/s 113 - C)	-	-

In view of gross loss sustained by the company, no provision for taxation is required in terms of section 113 of the Income Tax Ordinance, 2001.

	2016 RUPEES	2015 RUPEES
27 LOSS PER SHARE - Basic and diluted		
There is no dilutive effect on basic earnings per share of the company, which is based on:		
Loss after taxation	(384,250,365)	(515,794,666)
	NUMBER OF SHARES	
Weighted average number of ordinary shares	79,261,666	79,261,666
Loss per share - Basic and diluted	(4.85)	(6.51)

28 REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

The aggregate amount charged in the accounts for remuneration, including all benefits, to the Chief Executive, Directors and Executives of the Company was as follows:

Particulars	2016				2015			
	Chief Executive	Director	Executive	Total	Chief Executive	Director	Executive	Total
Remuneration	--	300,000	849,000	1,149,000	--	300,000	6,156,000	6,456,000
Perquisites and other benefits	--	--	--	--	--	--	--	--
Total rupees	--	300,000	849,000	1,149,000	--	300,000	6,156,000	6,456,000
No. of persons	--	1	1	2	--	1	2	3

29 TRANSACTION WITH RELATED PARTIES

The related parties comprise of parent company, subsidiary companies, associated undertakings, other related companies, directors of the Company and entities under common directorship, key management personnel and post employment benefit plans. Amounts due to and due from related parties are shown under respective notes in these financial statements. Other significant transactions with related parties are as follows:

Relationship	Nature of transactions	2016	2015
29.1 Parent company			
	Long term loan	123,416,314	123,416,314
	Markup payable	78,237,480	68,831,808
	Markup expense	9,405,672	11,979,971
	Trade payable	270,521	270,521

30 NUMBER OF EMPLOYEES

	2016	2015
Number of employees as at Sep. 30		
Regular	33	49
Contractual	226	375
Average number of employees during the year		
Regular	41	53
Contractual	352	371

31 CAPACITY AND PRODUCTION

Year	No. of Days Mill Operated	Sugar Production (M.Tons)	Total Crushing Capacity (M.Tons)	Actual Crushing (M.Tons)
2016	54	8,195	5,500	102,698
2015	87	26,490	4,000	267,160

Reason for shortfall:

Under utilization of production capacity is due to scarcity of sugarcane in Sindh.

32 FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

The company is exposed to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

The board of directors has the overall responsibility for the establishment and oversight of company's risk management framework. The Board is also responsible for developing and monitoring the Company's risk management policies.

32.1 Credit risk

Credit risk represents the accounting loss that would be recognized at the reporting date if counter parties failed completely to perform as contracted. The company's credit risk is primary attributable to its receivables and balances with banks.

The carrying amounts of financial assets represent the maximum credit exposure. The maximum exposure to credit risk at the reporting date is:

	2016 RUPEES	2015 RUPEES
Deposits, loans and other receivables	86,788,505	35,832,671
Bank balances	2,705,765	8,091,012
	89,494,270	**43,923,683**

The company manages credit risk of receivables through the monitoring of credit exposures and continuous assessment of credit worthiness of its customers. The company believes that it is not exposed to any major concentration of credit risk as it operates in an essential products industry, its customers are credit worthy and dealing banks posses good credit ratings.

Name of Bank	Rating Agency	Rating	
		Short term	Long term
MCB Bank Limited	PACRA	A1+	AAA
Bank Alfalah Limited	PACRA	A1+	AA
National Bank of Pakistan	PACRA	A1+	AAA
Allied Bank Limited	PACRA	A1+	AA+
Soneri Bank Limited	PACRA	A1+	AA-
Meezan Bank Limited	JCR-VIS	A-1+	AA
Habib Metropolitan Bank Limited	PACRA	A1+	AA+
Silk Bank Limited	JCR-VIS	A-2	A-
United Bank Limited	JCR-VIS	A-1+	AAA
Bank Islami Pakistan Limited	PACRA	A1	A+
Summit Bank Limited	JCR-VIS	A-1	A-
Askari Bank Limited	PACRA	A1+	AA+
Sindh Bank Limited	JCR-VIS	A-1+	AA
Habib Bank Limited	JCR-VIS	A-1+	AAA
JS Bank Limited	PACRA	A1+	A+
Al Baraka Bank Limited	PACRA	A1	A
Bank Al Habib Limited	PACRA	A1+	AA+

32.2 Liquidity risk

Liquidity risk reflects an enterprise's inability in raising funds to meet commitments. The company follows an effective cash management and planning policy to ensure availability of funds and to take appropriate measures for new requirements. The following are the contractual maturities of the financial liabilities, including estimated markups:

	carrying amount	contractual cash flows	six months or less	six to twelve months	1 to 2 years	2 to 5 years
2016						
Financial Liability						
Long Term Loan from related party	123,416,314	149,458,035	4,308,548	4,356,156	8,688,509	132,104,823
Long Term Loan from bank	75,000,000	90,825,534	2,618,301	2,647,233	5,280,000	80,280,000
Short term borrowing	361,255,635	376,139,649	376,139,649	-	-	-
Accrued markup	142,193,704	142,193,704	142,193,704	-	-	-
Trade & Other Payables	1,281,608,597	1,281,608,597	1,281,608,597	-	-	-
2015						
Financial Liability						
Long Term Loan from related party	123,416,314	151,629,283	4,689,279	4,715,044	9,404,323	132,820,637
Long Term Loan from bank	75,000,000	92,100,000	2,842,192	2,857,808	5,700,000	80,700,000
Short term borrowing	407,811,201	445,071,029	445,071,029	-	-	-
Accrued markup	87,660,375	87,660,375	87,660,375	-	-	-
Trade & Other Payables	1,183,376,193	1,183,376,193	1,183,376,193	-	-	-

All the financial liabilities of the company are non derivative financial liabilities. The contractual cash flows relating to the above financial liabilities have been determined on the basis of markup rates effect as at September 30.

32.3 Market risk

Market risk is a risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Company's income or the value of financial instruments. The company's financial instruments are in its functional currency therefore it is not exposed to currency risk, however the company's exposure to interest rate risk is as follows:

32.4 Interest rate risk

Interest rate risk is the risk that the value of financial instrument will fluctuate due to changes in market interest rates. The company's exposure to the risk of changes in interest rates relates primarily to the following:

Variable rate instruments at carrying amounts:

	2016 RUPEES	2015 RUPEES
Financial liabilities		
Long term loan from related party	123,416,314	123,416,314
Long term loan from bank	75,000,000	75,000,000
Short term borrowings	361,255,635	407,811,201
	559,671,949	606,227,515
Interest bearing financial assets:		
Bank Balances in deposit / saving accounts	101,070	30,307

Fair value sensitivity analysis for fixed rate instruments:

The company does not account for any fixed rate financial assets at fair value through profit or loss, therefore a change in interest rates at the reporting date would not affect profit or loss.

Cash flow sensitivity analysis for variable rate instruments:

A change of 100 basis points in interest rates at the reporting date would have increased / decreased loss / profit for the year by the amounts shown below:

Effect on loss / profit due to change of 100 BPs	2016 RUPEES	2015 RUPEES
Increase	**4,038,550**	**6,285,639**
Decrease	**4,038,550**	**6,285,639**

32.5 Fair value of financial instruments

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The carrying values of financial instruments reflected in these financial statements approximate their fair values.

32.6 Capital risk management

The company's prime objective when managing capital is to safe guard the company's ability to continue as a going concern in order to provide returns for shareholders and benefits to other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

33 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.

34 DATE OF AUTHORIZATION FOR ISSUE

The financial statements were approved by the board of directors and authorized for issue on November 08, 2017.

35 FUNCTIONAL AND PRESENTATION CURRENCY

These financial statements are presented in Pakistani Rupees, which is the Company's functional currency. All financial information presented in Rupees been rounded to nearest rupee.

CHIEF EXECUTIVE

DIRECTOR

Abdullah Shah Ghazi Sugar Mills Limited

FORM OF PROXY

IMPORTANT

This form of Proxy duly completed must be deposited at the Company's Shares office Central Depository Company of Pakistan, CDC House, 99-B, Block-B, S.M.C.H.S., Main Shahrah-e-Faisal, Karachi, Pakistan.

A Proxy should also be a member of the Company.

I/we ____

of ____

being a member (s) of ABDULLAH SHAH GHAZI SUGAR MILLS LIMITED and holder of ____________

herby appoint ____

of ____

or failing him ____

who is also member of ABDULLAH SHAH GHAZI SUGAR MILLS LIMITED vide Registered Folio No./CDC Participant's

ID and Account No. ____________ as my/our proxy to vote for me/u and on my/our behalf at the 33rd Annual General Meeting of the Company to be held on Thursday, November 30, at 09:00am and any adjournment thereof

Signed this ____________________ day of ____________________ 2017.

Affix
Revenue
Stamp
Rs. 5/-

Signature ____________________

Witness: ____________________

Witness: ____________________

SIGNATURE

Name : ____________________

Address : ____________________

____

SIGNATURE

Name : ____________________

Address : ____________________

____

33rd Annual Report 2016

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