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COMPANY INFORMATION

BOARD OF DIRECTORS

Muhammad Iqbal Usman	Chairman
Shunaid Qureshi	Chief Executive
Asim Ghani	Director
Duraid Qureshi	Director
Munawar A. Siddiqui	Director
Munaf Ibrahim	Director
Shahid Anwar	Director

COMPANY SECRETARY

Khursheed Anwer

CHIEF FINANCIAL OFFICER

Zuhair Abbas - ACA

AUDIT COMMITTEE

Muhammad Iqbal Usman	Chairman
Duraid Qureshi	Member
Asim Ghani	Member

AUDITORS

Hyder Bhimji & Co. Chartered Accountant

LEGAL ADVISOR

Usmani & Iqbal Advocate & Solicitors

BANKERS

Al-Baraka Islamic Bank
Allied Bank Limited
Bank Al-Falah Limited
Habib Bank Limited
MCB Bank Limited
Saudi Pak Commercial Bank Limited
Standard Chartered 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 : 92-21-2470090
Website : www.aasml.com

FACTORY LOCATIONS

- 1) Mirwah Gorchani, Distt. Mirpurkhas, Sindh
- 2) Main National Highway, Dhabeji, Sindh



DIRECTORS' REPORT

The directors are pleased to present the financial statements for the half year ended March 31, 2008.

The financial results of the Company during the period under review compared with the corresponding period are summarized below:

The profit and loss account for the half year under review is as follows:

	Half year ended March 31, 2008	Half year ended March 31, 2007
	← (Rs. in thousand) →	
Operating profit	128,255	104,212
Other operating income	7,962	4,591
	<u>136,217</u>	<u>108,803</u>
Finance cost	(79,139)	(20,499)
Profit before taxation	<u>57,078</u>	<u>88,304</u>
Provision for taxation	(7,980)	(20,274)
Profit after taxation	<u>49,098</u>	<u>68,030</u>
Earnings per share	2.83	3.92

OPERATING RESULTS

During the half year under review, your Company registered an increase of Rs. 24.043 million in operating profit compared to Rs. 104.212 million in the corresponding period of last year showing an increase of 23.07%. However, profit earned after taxation decreased to Rs. 49.098 million compared to Rs. 68.030 million in the corresponding period of last year mainly due to increase in finance cost showing a decrease of 27.83% in the profit.

Sugar unit

The operational data is given below:

Operational data

	Half year ended March 31, 2008	Half year ended March 31, 2007
Date of start of season	November 15, 2007	November 12, 2006
No. of days worked	138	140
Crushing (M. Tons)	597,869	442,394
Production (M. Tons)	59,840	42,953
Recovery (%)	10.06	9.73



The Sugar cane crushing season started on November 15, 2007 and your Company crushed 597,869 M.T. sugar cane up to March 31, 2008 compared to 442,394 M.T. sugar cane in the corresponding period of last year showing an increase of 35.14%. The Company also registered an increase in the production of white bagged sugar by 16,887 M.T. from 42,953 M.T. of last year to the corresponding period of this year of 59,840 M.T. showing an increase of 39.32%. The Company produced 1,196,800 bags of 50 k.g. each this year. It is the second time since the inception of your Company that we have achieved such phenomenal production. Despite various constraints confronting the sugar industry as a whole including falling sugar sale prices compared to prevailing in last year, your Company managed to earn profit in sugar segment of the Company. This achievement was possible due to operational efficiencies and procurement of high quality sugar cane.

Distillery unit

The operational data is given below:

Operational data

		Half year ended March 31, 2008	Half year ended March 31, 2007
No. of days worked	- Unit - I	177	162
	- Unit - II	175	145
Production (M. Tons)	- Unit - I	11,673	10,526
	- Unit - II	11,680	9,660
Capacity attained (%)	- Unit - I	98	93
	- Unit - II	98	95

During the period under review, the distillery unit of your Company performed very well and achieved capacity utilization of 98% far exceeding the performance achieved last year. Your Company faced formidable challenges as usual confronting with scarce availability of molasses and export orders. The Company was well aware of these bottlenecks and had been focusing to overcome these problems with strenuous efforts. As a result, the production and sales increased by 13.56% and 14.26% respectively, as compared to the corresponding period of last year. Such par excellence performance of the distillery unit has resulted in overall profit of the Company.

MEDIUM DENSITY FIBRE BOARD DIVISION

The Medium Density Fibre Board unit started its commercial production from April 1, 2007. The plant has been operating intermittently due to various constraints including short sanding facility. During the period under review, the plant produced 64,409 sheets and including stock in hand, sold 80,798 sheets. Our product enjoys wider acceptability in the market and has created a niche in the market. However, your Company remained constrained mainly due to short sanding facility. The Company has already placed an order and established a letter of credit for a top of the line sanding unit expected to arrive by July 2008. The installation of new sanding unit shall enable the Company to cater the additional demand of MDFB and laminated sheets so the output and profitability could be increased in coming years.

CARBIDE AND ALLIED DIVISION

The Calcium Carbide division has produced 1,670 M.T. and sold 1,228 M.T. during the period under review. Our Company is a major producer of Calcium Carbide which fully conforms to the international standards. Our product is well accepted by the market and could cater the need of the entire country. However, due to unbridled import of Calcium Carbide from China at reduced rate of custom duty from 25% to 15% announced by the Government during last Federal Budget 2007-08, its production capacity is not fully utilized. The Management has been making vigorous efforts with the Government to restore the custom duty to its pre-budget rate of 25% so this indigenous industry is protected and put back on track.



FUTURE PROSPECTS

Our Company has been performing well despite various adverse factors. The future outlook entirely depends on continuous availability of qualitative sugar cane and molasses at reasonable prices. However, there is a lot to be desired on the part of the Government to evolve a rational sugar policy to protect the industry. The Industry is presently passing through a serious crisis due to plummeting sugar prices caused by the availability of huge quantity of sugar imported from abroad. This is to leave huge inventory looming large at the end of current season as well.

The molasses prices are also soaring internationally and its availability to local distilleries at reasonable price remains a challenging task ahead. The Government should step in soon to restrict its unabated export to ease its availability to the local distilleries and to facilitate production of value added product for export.

The Management is striving hard to acquire both sugar cane and molasses at reasonable cost.

ACKNOWLEDGEMENT

The Company strongly believes that its success is driven by the commitment and dedication of its employees. We acknowledge the contribution of each and every member of the Al-Abbas Sugar Mills Limited for significant contribution in areas of expertise. We would also like to express our thanks to the customers for their trust in our products and look forward to their continued patronage. We also thank our shareholders, banks and financial institution for their support, guidance and confidence reposed in our enterprise and stand committed to do our best to ensure full reward of their investment in the coming years. May Allah bless us in our efforts. A'meen!

On behalf of Board of Directors

MUHAMMAD IQBAL USMAN
Chairman

Karachi: **May 30, 2008**



AUDITORS REPORT TO THE MEMBERS ON REVIEW OF CONDENSED INTERIM FINANCIAL INFORMATION

Introduction

We have reviewed the accompanying condensed interim balance sheet of **AL-ABBAS SUGAR MILLS LIMITED** as of March 31, 2008 and the related condensed interim profit and loss account, condensed interim cash flow statement and condensed interim statement of changes in equity for the six months period then ended, together with notes forming part thereof for the half year then ended (hereinafter referred to as the financial information). Management is responsible for the preparation and presentation of this condensed interim financial information in accordance with approved accounting standards as applicable in Pakistan. Our responsibility is to express a conclusion on this condensed interim information based on our review. The figures for the quarters ended March 31, 2007 and 2008 in the accompanying condensed interim profit & loss account have not been reviewed, as we are required to review only the cumulative figures for the six months ended March 31, 2008.

Scope of Review

We conducted our review in accordance with the International Standard on Review Engagements 2410. "Review of Interim Financial Information performed by the Independent Auditor of the Entity". A review of condensed interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedure. A review is substantially less in scope than an audit conducted in accordance with the Auditing Standards as applicable in Pakistan and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

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

Hyder Bhimji & Co.
Chartered Accountants

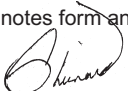
Karachi the May 30, 2008



INTERIM CONDENSED BALANCE SHEET
AS AT MARCH 31, 2008

	Note	March 31, 2008	September 30, 2007 Merged
(Rupees in thousand)			
NON-CURRENT ASSETS			
Property, plant and equipment	5	1,812,139	1,855,829
Intangible assets		142	-
Long term loan and advances		5,573	5,326
Long term deposits		10,462	10,018
		<u>1,828,316</u>	<u>1,871,173</u>
CURRENT ASSETS			
Stores, spare parts and loose tools		185,697	176,048
Stock-in-trade		1,145,454	384,071
Trade debts unsecured - considered good		296,203	143,969
Loans and advances		226,404	102,029
Trade deposits and short term prepayments		28,743	4,848
Accrued mark-up		15	96
Sales Tax refundable		46,331	7,243
Cash and bank balances		61,026	39,142
		<u>1,989,873</u>	<u>857,446</u>
		<u>3,818,189</u>	<u>2,728,619</u>
SHARE CAPITAL AND RESERVES			
Authorized capital 17,500,000 Ordinary shares of Rs. 10 each		<u>175,000</u>	<u>175,000</u>
Issued, subscribed and paid-up capital		173,623	173,623
Reserves		458,000	458,000
Unappropriated profit		219,399	112,122
Shareholders' equity		851,022	743,745
NON-CURRENT LIABILITIES			
Long term financing	6	750,000	962,371
Long Term Loan from sponsors		395,070	-
Deferred liabilities		38,096	93,286
		<u>1,183,166</u>	<u>1,055,657</u>
CURRENT LIABILITIES			
Trade and other payables		729,505	413,069
Accrued mark-up		41,182	30,013
Short term borrowings		936,191	279,004
Current maturity of long term financing		55,909	193,897
Provision for taxation less paid		21,214	13,235
		<u>1,784,001</u>	<u>929,218</u>
CONTINGENCIES AND COMMITMENTS	7	<u>3,818,189</u>	<u>2,728,619</u>

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


Shunaid Qureshi
 Chief Executive


Asim Ghani
 Director

**INTERIM CONDENSED PROFIT AND LOSS ACCOUNT
FOR THE PERIOD ENDED MARCH 31, 2008**

	Half Year Ended		Quarter Ended	
	2008	2007	2008	2007
	(Rupees in thousand)		(Rupees in thousand)	
Turnover	1,256,495	1,233,103	630,697	447,711
Cost of sales	(1,042,585)	(1,061,496)	(464,913)	(368,683)
Gross profit	213,910	171,607	165,784	79,028
Distribution cost	(42,309)	(34,306)	(26,805)	(19,418)
Administrative expenses	(35,657)	(25,094)	(19,320)	(13,890)
Other operating expenses	(7,689)	(7,995)	(4,195)	(3,913)
	(85,655)	(67,395)	(50,320)	(37,221)
	128,255	104,212	115,464	41,807
Finance cost	(79,139)	(20,499)	(38,519)	(12,693)
Other operating income	7,962	4,591	4,562	4,115
Profit before taxation	57,078	88,304	81,507	33,229
Taxation	(7,980)	(20,274)	(51,812)	(10,554)
Profit after taxation	49,098	68,030	29,695	22,675
Earnings per share - Rupees	2.83	3.92	1.71	1.31

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

Shunaid Qureshi
Chief Executive


Asim Ghani
Director



**INTERIM CONDENSED CASH FLOW STATEMENT
FOR THE PERIOD ENDED MARCH 31, 2008**

	Note	March 31, 2008	March 31, 2007
(Rupees in thousand)			
Cash flow from operating activities			
Cash used in operations	8	(583,693)	(340,454)
Financial charges paid		(67,970)	(32,848)
Taxes paid		(12,660)	(43,194)
		(80,630)	(76,042)
Net cash used in operating activities		(664,323)	(416,496)
Cash flow from investing activities			
Capital expenditure on property, plant and equipment		(14,850)	(15,934)
Intangible assets		(150)	-
Long term loans and advances		(247)	(1,039)
Long term deposits		(444)	(10)
Net cash used in investing activities		(15,691)	(16,983)
Cash flow from financing activities			
Repayment of long term financing		(720,534)	(37,272)
Proceeds from long term financing obtained		765,245	-
Short term borrowings		657,187	463,928
Net cash from financing activities		701,898	426,656
Net increase/(decrease) in cash and cash equivalents		21,884	(6,823)
Cash and cash equivalents at beginning of the year		39,142	10,907
Cash and cash equivalents at the end of the period		61,026	4,084

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


Shunaid Qureshi
 Chief Executive


Asim Ghani
 Director



**INTERIM CONDENSED STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED MARCH 31, 2008**

	Share capital	Revenue reserve		Total	Total
		General	Unappropriated profit		
		------(Rupees in thousand)-----			
Balance as at October 01, 2006	173,623	458,000	20,784	652,407	826,030
Net profit for the half year ended March 31, 2007	-	-	68,030	68,030	68,030
Balance as at March 31, 2007	173,623	458,000	88,814	546,814	720,437
Balance as at October 01, 2007	173,623	458,000	170,301	628,301	801,924
Net profit for the half year ended March 31, 2008	-	-	49,098	49,098	49,098
Balance as at March 31, 2008	173,623	458,000	219,399	677,399	851,022

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

Shunaid Qureshi
Chief Executive

Asim Ghani
Director



NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION
FOR THE PERIOD ENDED MARCH 31, 2008

1 THE COMPANY AND ITS OPERATIONS

- 1.1 Al-Abbas Sugar Mills Limited (AASML) was incorporated in Pakistan on May 2, 1991 as a public limited company. The Company's shares are quoted on the Karachi Stock Exchange. The registered office of the Company is situated at Karachi. The Company carry out the business of following divisions.

	Division	Principal Activities	Location of undertaking	Commencement of commercial production
1	Sugar	Manufacturing and sale of sugar	Mirwah Gorchani, Mirpurkhas	December 15, 1993
2	Distillery	Manufacturing and sale of industrial alcohol	Mirwah Gorchani, Mirpurkhas	Unit I: August 20, 2000 Unit II: January 23, 2004
3	Calcium Carbide and others	Manufacturing and sales of Calcium Carbide and Alloys	Dhabeji, Thatta.	November 1, 2006
4	Medium Density Fiber Board	Manufacturing and sales of Medium Density Fiber Board.	Dhabeji, Thatta.	April, 1st 2007

- 1.2 The Boards of Directors of the Company and Al-Abbas Industries Limited (AAIL), in their separate meetings approved a Scheme of Arrangement (the Scheme) in terms of sections 284-287 of the Companies Ordinance, 1984 (the Ordinance) for the amalgamation of AAIL with and into Company with effect from April 1, 2007 (effective date). The Scheme was approved by the shareholders of the Company and AAIL in their separate extra-ordinary general meetings held on November 14, 2007. The Company and AAIL has filed the proceeding of the separate Extra-ordinary meeting for sanctioning the Scheme to the Honorable High Court of Sindh at Karachi and the Court has issued the Order sanctioning the Scheme. The Certified True Copy of the Court Order has been filed with Securities and Exchange Commission of Pakistan on January 30, 2008. Pursuant to Court Order the AAIL has been amalgamated with the Company with effect from April 1, 2007. The financial statements for the year ended September 30, 2007 has now been prepared by incorporating the assets and liabilities of the then AAIL at fair value prevailing on the date of merger which is April 1, 2007.

The fair values of the property, plant and equipment has been determined by M/s Sipra & Company (Private) Limited approved valuer on the panel of valuers approved by the Pakistan Bankers Association, vide their report dated January 15, 2008. The Company has adopted acquisition method for the purpose of merger of financial statements of AAIL. Therefore the corresponding figures have been disclosed in these interim condensed financial information based on merged financial statements for the year ended September 30, 2007.

2 BASIS OF PREPARATION

These Interim Condensed Financial Information have been prepared in accordance with the requirements of the International Accounting Standards 34 "Interim Financial Reporting" and are submitted to the shareholders as required by Section 245 of the Companies Ordinance, 1984.

3 ACCOUNTING POLICIES

The accounting policies adopted for the preparation of these Interim Condensed Financial Information are the same as those applied in the preparation of preceding annual published financial statements of the Company for the year ended September 30, 2007.

4 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.



	March 31, 2008	March 31, 2007
	(Rupees in thousand) Addition	
5 PROPERTY, PLANT AND EQUIPMENT		
5.1 Tangible assets - Operating		
Non factory building	-	289
Plant and machinery	2,167	781
Office equipment	891	1,179
Furniture, fixture and others	153	179
Motor Vehicles	400	414
	<u>3,611</u>	<u>2,842</u>

6 LONG TERM FINANCING

This includes privately placed Term Finance Certificates (TFCs) issued by the Company to Allied Bank Limited aggregating to Rs. 750.00 million and having a face value of Rs.5,000 each. The TFCs carry markup at the rate of 6 months KIBOR + 1.75% per annum. Principal amount is repayable in 10 equal semi-annual installment of Rs.75 million each commencing from May 2009. The TFCs are due to be redeemed latest by November 2015. The TFCs are secured against first pari passu hypothecation charge on all present and future assets of the Company.

7 CONTINGENCIES AND COMMITMENTS

7.1 Contingencies

There has been no change in contingencies since the last audited financial statements for the year ended September 30, 2007.

7.2 Commitments

The commitments as on the balance sheet date under open letter of credit is Nil (September 30, 2007 : Rs. 12 million.)

8 CASH USED IN OPERATIONS

Profit before taxation	57,078	88,304
Adjustment for:		
Depreciation	58,540	31,835
Amortization of intangible assets	8	100
Provision for slow moving items and obsolescence	-	1,000
Finance cost	79,139	20,499
Deferred liabilities - Market Committee Fee	2,989	2,212
	<u>140,676</u>	<u>55,646</u>
Operating profit before working capital changes	197,754	143,950
Changes in working capital :		
(Increase)/ decrease in current assets		
Stores, spare parts and loose tools	(9,649)	(3,311)
Stock-in-trade	(761,383)	(487,325)
Trade debts	(152,234)	33,204
Loans and advances	(111,715)	(35,818)
Trade deposits and short term prepayments	(23,895)	7,203
Accrued mark-up	81	85
Tax refund due from Government	(39,088)	-
	<u>(1,097,883)</u>	<u>(485,962)</u>
Increase in trade and other payables	316,436	1,558
Cash used in operations	<u>(583,693)</u>	<u>(340,454)</u>



(Rupees in thousand)

	Quarter Ended						MDFB	Total
	March 31, 2008	March 31, 2007	March 31, 2008	March 31, 2007	March 31, 2008	March 31, 2007		
			Distillery	Calcium Carbide and others				
Sugar	March 31, 2007	March 31, 2008	March 31, 2007	March 31, 2008	March 31, 2007	March 31, 2008	March 31, 2007	
Sales	163,658	80,664	433,704	367,047	15,362	17,973	-	
Segment results	63,985	36,448	72,547	23,162	(12,740)	15,187	-	
Unallocated Corporate Expenses:								
Administration cost							(19,320)	(13,890)
Finance Cost							(38,519)	(12,693)
Other operating expenses							(4,195)	(3,913)
Other Operating income							4,562	4,115
Taxation							(51,812)	(10,554)
							<u>29,695</u>	<u>22,675</u>



(Rupees in thousand)

	Half Year Ended								Total
	March 31, 2008		March 31, 2007		March 31, 2008		March 31, 2007		
	Sugar	Distillery	Calcium Carbide and others	MDFB					
9.1 Segment assets	331,568	347,363	546,709	-	373,009	-	1,573,994	685,507	
Unallocated segment assets							2,244,195	2,043,112	
							3,818,189	2,728,619	
9.2 Segment liabilities	243,760	159,894	19,725	-	15,320	-	285,717	164,428	
Unallocated segment liabilities							2,681,450	1,820,446	
							2,967,167	1,984,874	
9.3 Capital expenditure							14,850	15,934	
Unallocated capital expenditure									
9.4 Depreciation	17,451	14,423	14,397	-	10,075	-	58,540	31,835	



10 RELATED PARTY TRANSACTIONS

Transactions in relation to sales, purchases and services with related parties are made at arm's length prices determined in accordance with the Comparable Uncontrolled Price Method except for the allocation of expenses such as electricity, gas, water, repair and maintenance relating to head office, shared with associated companies, which are based on the advices received.

	March 31, 2008	March 31, 2007
	(Rupees in thousand)	
Purchases - Cement		
Thatta Cement Company Limited (Formerly related party)	-	721
Al- Abbas Cement Industries Limited	515	185
Loan received from related parties - Sponsors	15,245	-

11 DATE OF AUTHORIZATION FOR ISSUE

These financial Information were authorised for issue on May 30, 2008 by the Board of Directors of the Company.

12 General

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

Shunaid Qureshi
Chief Executive

Asim Ghani
Director