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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
Muhammad Salman Husain	Director
Suleman Lalani	Director

### COMPANY SECRETARY

Khursheed Anwer

### CHIEF FINANCIAL OFFICER

Zuhair Abbas

### AUDIT COMMITTEE

Muhammad Iqbal Usman	Chairman
Asim Ghani	Member
Duraid Qureshi	Member
Syed Muhammad Talha	Secretary

### AUDITORS

Hyder Bhimji & Co.	Chartered Accountants
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### LEGAL ADVISOR

Usmani & Iqbal	Advocates & Solicitors
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### BANKERS

Al-Baraka Islamic Bank  
Allied Bank Limited  
Bank Al-Falah Limited  
Habib Bank Limited  
KASB 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](http://www.aasml.com)

### SHARE REGISTRAR OFFICE

Technology Trade (Pvt.) Ltd.  
Dagja House, 241-C, Block-2,  
P.E.C.H.S., Off. Shahrah-e-Quaideen, Karachi.

### FACTORIES LOCATIONS

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



## DIRECTORS' REVIEW REPORT

The directors are pleased to present the interim condensed financial information for the half-year ended March 31, 2009.

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, 2009	Half-year ended March 31, 2008
	(Rupees in thousand)	
Operating profit	241,082	128,255
Other operating income	4,312	7,962
	<u>245,394</u>	<u>136,217</u>
Finance cost	(97,268)	(79,139)
Profit before taxation	148,126	57,078
Provision for taxation	(24,408)	(7,980)
Profit after taxation	<u>123,718</u>	<u>49,098</u>
Basic earnings per share (Rupees)	<u>7.13</u>	<u>2.83</u>

### OPERATING RESULTS

During the half-year under review, your Company has earned profit after tax amounting to Rs. 123.718 million as compared to the profit after tax of Rs. 49.098 of corresponding period of last year registering remarkable increase of Rs. 74.62 million. The earnings per share have increased from Rs. 2.83 to 7.13.

The division - wise performance is presented below:

#### Sugar Division

The operational data is given below:

##### Operational data

	Half-year ended March 31, 2009	Half-year ended March 31, 2008
Date of start of season	November 19, 2008	November 15, 2007
No. of days worked	115	138
Cane Crushed (M. Tons)	513,887	597,869
Production (M. Tons)	52,850	59,840
Recovery (%)	10.28	10.06

Crushing operations for 2008-09 season commenced on November 19, 2008 and the plant operated for 115 days ending on March 15, 2009 as against 138 days of preceding season. The Sugarcane crushed during the current season was 513,887 M.T with average sucrose recovery of 10.28% and sugar production of 52,850 M.T, as compared with crushing of 597,869 with average sucrose recovery of 10.06% and sugar production of 59,840 M.T of same period of last year.

Despite of low cultivation of sugarcane on per hectare area of land during the year and short period of season days, your Company was able to manage crushing of 513,887 M.T. However, these results were possible due to increased capacity, operational efficiencies and procurement of high quality sugarcane.

#### Distillery Division

The operational data is given below:



**Operational data**

		Half-year ended March 31, 2009	Half-year ended March 31, 2008
No. of days worked	- Unit - I	116	177
	- Unit - II	144	175
Production (M. Tons)	- Unit - I and II	17,485	23,353
Capacity attained (%)	- Unit - I and II	98	98

During the period under review, the distillery division of your Company was under utilization due to shortage of molasses. During the current period this division produced 17,485 M.T alcohol as compared to corresponding period of last financial year of 23,353 M.T showing decrease of 25% production.

Due to recent stagflation, worldwide demand for ethanol has had an adverse effect on ethanol prices, while prices of molasses remained soaring due to shortage of sugarcane production in the country. Despite all bottlenecks, your Company was able to manage increase in quantum of sales in Pak Rupees from Rs. 740 million to Rs. 806 million.

**OTHER DIVISIONS**

In carbide and allied division, the Company produced and sold ferroalloys and allied products 2,881 MT and 2,324 M.T respectively. The Company has not produced calcium carbide due to unbridled import from China at reduced rate of custom duty. 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.

Medium Density Fibre Division is under study to restore its production on efficient basis.

**FUTURE PROSPECTS**

The reduced cane output is expected to result in a decline in sugar production, imports as well as higher sugar prices. Anticipating shortage of sugar in the country, the Economic Coordination Committee (ECC) has already directed state-run Trading Corporation of Pakistan (TCP) to import 200,000 tonnes of sugar before the start of the next sugar cane crushing season.

The future outlook of distillery entirely depends on continuous availability of qualitative molasses at reasonable prices. The Management is striving hard to acquire molasses at reasonable cost. The molasses prices are soaring internationally and its availability to local distilleries at reasonable price remains a challenging task ahead.

Further, the availability of molasses is expected to be lower in view of the reduced sugarcane crop on per hectare area of land. Consequently, the production of ethanol is likely to be lower as compared with the previous period.

Global crude steel output is predicted to fall 7.2% from last year. Stainless steel output in the whole world showing decrease of 6.9% year-on-year basis. Ferroalloy market for the next few quarters is not so optimistic and the market will linger at a low level with mild undulations and this unit may still face various difficulties in operation.

**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 29, 2009



## 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 at March 31, 2009 and the related condensed interim profit and loss account, condensed interim cash flow statement and condensed interim statement of changes in equity, together with the notes forming part thereof, for the half year then ended (hereinafter referred to as the "interim financial information"). Management is responsible for the preparation and presentation of this interim financial information in accordance with approved accounting standards as applicable in Pakistan. Our responsibility is to express our conclusion on this interim financial information based on our review. The figures of the condensed interim profit and loss account for quarters ended March 31, 2009 and 2008 have not been reviewed, as we are required to review only the cumulative figures for the half year ended March 31, 2009 and 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 procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing 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 as of and for the half year ended March 31, 2009 is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan.

**Hyder Bhimji & Co.**  
Chartered Accountants  
Engagement Partner:  
Muhammad Hanif Razzak

Karachi May 29, 2009

**INTERIM CONDENSED BALANCE SHEET**

AS AT MARCH 31, 2009

	Note	Un-audited March 31, 2009 (Rupees in thousand)	Audited September 30, 2008
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	6	2,267,342	2,082,835
Long term loan and advances		2,867	3,103
Long term deposits		11,031	11,026
Long term investments		32,840	29,182
		<u>2,314,080</u>	<u>2,126,146</u>
<b>CURRENT ASSETS</b>			
Stores, spares and loose tools		253,118	209,401
Stock-in-trade		2,212,928	1,036,195
Trade debts - unsecured, considered good		129,063	37,997
Loans and advances		199,029	201,315
Trade deposits and prepayments		8,643	5,448
Other receivable	7	25,464	-
Short term investment		15,650	17,250
Accrued mark-up		35	128
Tax refundable due from Government		14,231	86,415
Cash and bank balances		29,180	48,417
		<u>2,887,341</u>	<u>1,642,566</u>
		<u>5,201,421</u>	<u>3,768,712</u>
<b>SHARE CAPITAL AND RESERVES</b>			
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		<u>797,499</u>	<u>696,167</u>
Shareholders' equity		971,122	869,790
<b>NON - CURRENT LIABILITIES</b>			
Long term financing		983,033	1,075,000
Long term loan from related parties		301,346	395,070
Liabilities against assets subject to finance lease		2,499	3,295
Deferred liabilities		57,347	38,186
		<u>1,344,225</u>	<u>1,511,551</u>
<b>CURRENT LIABILITIES</b>			
Trade and other payables		1,339,296	656,959
Accrued mark-up		80,298	63,958
Short term borrowings		1,285,411	558,526
Current maturity of non-current liabilities		168,218	95,077
Provision for taxation		12,851	12,851
		<u>2,886,074</u>	<u>1,387,371</u>
<b>CONTINGENCIES AND COMMITMENTS</b>			
	8	<u>5,201,421</u>	<u>3,768,712</u>

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

**Shunaid Qureshi**  
Chief Executive**Asim Ghani**  
Director



**INTERIM CONDENSED PROFIT AND LOSS ACCOUNT (UN-AUDITED)**  
FOR THE PERIOD ENDED MARCH 31, 2009

	Half Year Ended		Quarter Ended	
	2009	2008	2009	2008
	(Rupees in thousand)			
Turnover	1,732,610	1,256,495	476,756	630,697
Cost of sales	(1,405,195)	(1,042,585)	(380,897)	(464,913)
<b>Gross profit</b>	<b>327,415</b>	<b>213,910</b>	<b>95,859</b>	<b>165,784</b>
Distribution cost	(35,086)	(42,309)	(16,730)	(26,805)
Administrative expenses	(38,447)	(35,657)	(21,527)	(19,320)
Other operating expenses	(12,800)	(7,689)	9,743	(4,195)
	(86,333)	(85,655)	(28,514)	(50,320)
<b>Operating profit</b>	<b>241,082</b>	<b>128,255</b>	<b>67,345</b>	<b>115,464</b>
Finance cost	(97,268)	(79,139)	(34,864)	(38,519)
Other operating income	4,312	7,962	3,465	4,562
<b>Profit before taxation</b>	<b>148,126</b>	<b>57,078</b>	<b>35,946</b>	<b>81,507</b>
<b>Taxation</b>				
Current	(7,816)	(7,980)	(2,904)	(2,820)
Deferred	(16,592)	-	(16,592)	(48,992)
	(24,408)	(7,980)	(19,496)	(51,812)
<b>Profit after taxation</b>	<b>123,718</b>	<b>49,098</b>	<b>16,450</b>	<b>29,695</b>
<b>Earnings per share</b> (Basic and diluted - Rupees)	<b>7.13</b>	<b>2.83</b>	<b>0.95</b>	<b>1.71</b>

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

**Shunaid Qureshi**  
Chief Executive

**Asim Ghani**  
Director

**INTERIM CONDENSED CASH FLOW STATEMENT (UN-AUDITED)**  
FOR THE PERIOD ENDED MARCH 31, 2009

	Note	March 31, 2009	March 31, 2008
(Rupees in thousand)			
<b>Cash flow from operating activities</b>			
Cash used in operations	10	(244,815)	(583,693)
Financial cost paid		(106,392)	(67,970)
Taxes paid		(7,816)	(12,660)
		(114,208)	(80,630)
<b>Net cash used in operating activities</b>		<b>(359,023)</b>	<b>(664,323)</b>
<b>Cash flow from investing activities</b>			
Capital expenditure on property, plant and equipment		(249,051)	(14,850)
Proceeds from disposal property, plant and equipment		1,110	-
Intangible assets		-	(150)
Long term loans and advances		236	(247)
Long term deposits		(5)	(444)
<b>Net cash used in investing activities</b>		<b>(247,710)</b>	<b>(15,691)</b>
<b>Cash flow from financing activities</b>			
Repayment of long term financing		(19,622)	(720,534)
Repayment of long term loan from related parties		(93,724)	-
Proceeds from long term financing obtained		-	765,245
Dividend paid		(26,043)	-
Short term borrowings - net		726,885	657,187
<b>Net cash from financing activities</b>		<b>587,496</b>	<b>701,898</b>
<b>Net (decrease)/ increase in cash and cash equivalents</b>		<b>(19,237)</b>	<b>21,884</b>
<b>Cash and cash equivalents at beginning of the year</b>		<b>48,417</b>	<b>39,142</b>
<b>Cash and cash equivalents at the end of the period</b>		<b>29,180</b>	<b>61,026</b>

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

**Shunaid Qureshi**  
Chief Executive

**Asim Ghani**  
Director





## INTERIM CONDENSED STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)

FOR THE PERIOD ENDED MARCH 31, 2009

	Share capital	General Reserve	Unappropriated profit	Fair value on remeasurement of investment available for sale	Total
	(Rupees in thousand)				
<b>Balance as at October 1, 2007</b>	173,623	458,000	170,305	-	801,928
Profit for the half year ended March 31, 2008	-	-	49,098	-	49,098
<b>Balance as at March 31, 2008</b>	173,623	458,000	219,403	-	851,026
Profit for the half year ended September 30, 2008	-	-	25,947	-	25,947
Loss on change in fair value of available for sale investment	-	-	-	(7,183)	(7,183)
<b>Balance as at October 1, 2008</b>	173,623	458,000	245,350	(7,183)	869,790
Dividend paid during the period	-	-	(26,043)	-	(26,043)
Reversal of fair value reserve on remeasurement of available for sale investment	-	-	-	3,657	3,657
Profit for the half year ended March 31, 2009	-	-	123,718	-	123,718
<b>Balance as at March 31, 2009</b>	173,623	458,000	343,025	(3,526)	971,122

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

  
**Shunaid Qureshi**  
 Chief Executive

  
**Asim Ghani**  
 Director

**NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED)  
FOR THE PERIOD ENDED MARCH 31, 2009****1 THE COMPANY AND ITS OPERATIONS**

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 Karachi Stock Exchange. The registered office of the Company is situated at Pardesi House, Survey No. 2/1, R.Y.16. Old Queens Road, Karachi. The Company carries out the business of following divisions.

S. No	Division	Principal Activities	Location of undertaking	Commencement of commercial production
1	Sugar	Manufacturing and sale of sugar	Mirwah Gorchani, Mirpurkhas	December 15, 1993
2	Distillery	Processing and sale of industrial alcohol	Mirwah Gorchani, Mirpurkhas	Unit I: August 20, 2000 Unit II: January 23, 2004
3	Calcium Carbide and allied products	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 1, 2007

**2 BASIS OF PREPARATION**

This Condensed Interim Financial Information has been prepared in accordance with the requirements of the International Accounting Standards 34 "Interim Financial Reporting" and is submitted to the shareholders as required by Section 245 of the Companies Ordinance, 1984. This Condensed Interim Financial Information does not include all of the information required for full annual financial statements and should be read in conjunction with the annual published financial statements for the year ended September 30, 2008.

**3 ACCOUNTING POLICIES**

The accounting policies adopted for the preparation of this Condensed Interim 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, 2008.

**4 PROVISIONS****4.1 Current taxation**

The Company falls under the presumptive tax regime under Sections 154 and 169 of the Income Tax Ordinance, 2001, to the extent of direct export sales. Provision for tax on other income and local sales is based on taxable income at the rates applicable for the current tax year, after considering the rebates and tax credits available, if any.

**4.2 Deferred taxation**

Deferred tax is provided by using the liability method, on all temporary differences at the balance sheet date between the tax base of assets and liabilities and their carrying values for financial reporting purposes. Deferred tax assets are recognized only to the extent that it is probable that future profit will be available against which the assets can be utilized.

**4.3 Workers' Profit Participation Fund and Workers' Welfare Fund**

Provision in respect of workers' profit participation fund and workers welfare fund are estimated only and final liabilities will be determined on the basis of annual results.



## 5 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.

6 PROPERTY, PLANT AND EQUIPMENT	March 31, 2009	March 31, 2008
	(Rupees in thousand)	
<b>Additions</b>		
Plant and machinery	-	2,167
Office equipment	1,087	891
Furniture, fixture and others	257	153
Motor vehicles	6,047	400
Capital work in progress	241,660	-
	<u>249,051</u>	<u>3,611</u>
<b>Disposals</b>		
Vehicles	<u>588</u>	<u>-</u>

## 7 OTHER RECEIVABLE

This includes net receivable on cross currency and interest rate swap agreement.

## 8 CONTINGENCIES AND COMMITMENTS

### 8.1 Contingencies

The status of contingencies as at March 31, 2009 is same as reported in the annual financial statements for the year ended September 30, 2008.

### 8.2 Commitments

Commitments in respect of open letter of credit is amounting to Rs. 73.821 million (September 30, 2008: Rs. 122.170 million).

## 9 TURN OVER

Local	1,113,044	464,493
Export	<u>781,585</u>	<u>859,167</u>
	<u>1,894,629</u>	<u>1,323,660</u>
Less:		
Sales tax	<u>152,502</u>	<u>65,062</u>
Excise duty	<u>9,517</u>	<u>2,103</u>
	<u>162,019</u>	<u>67,165</u>
	<u>1,732,610</u>	<u>1,256,495</u>

## 10 CASH USED IN OPERATIONS

Profit before taxation	148,126	57,078
Adjustment for:		
Depreciation	<u>63,957</u>	<u>58,540</u>
Gain on disposal of fixed assets	<u>(524)</u>	<u>-</u>
Amortization of intangible assets	<u>-</u>	<u>8</u>
Fair value changes in short term investment	<u>1,600</u>	<u>-</u>
Finance cost	<u>97,268</u>	<u>79,139</u>
Provision against deferred liabilities	<u>2,569</u>	<u>2,989</u>
	<u>164,870</u>	<u>140,676</u>
Operating profit before working capital changes	<u>312,996</u>	<u>197,754</u>
(Increase)/ decrease in current assets		
Stores, spares and loose tools	<u>(43,717)</u>	<u>(9,649)</u>
Stock-in-trade	<u>(1,176,733)</u>	<u>(761,383)</u>
Trade debts	<u>(91,066)</u>	<u>(152,234)</u>
Loans and advances	<u>2,286</u>	<u>(111,715)</u>
Trade deposits and prepayments	<u>(3,195)</u>	<u>(23,895)</u>
Accrued mark-up	<u>93</u>	<u>81</u>
Tax refundable due from Government	<u>72,184</u>	<u>(39,088)</u>
	<u>(1,240,148)</u>	<u>(1,097,883)</u>
Increase in trade and other payables	<u>682,337</u>	<u>316,436</u>
Cash used in operations	<u>(244,815)</u>	<u>(583,693)</u>



Half Year Ended March 31										
	2009		2008		2009		2008		2008	
	Sugar	Distillery	Calcium Carbide and others	MDFB	TOTAL					

(Rupees in thousand)

Sales	674,615	421,290	805,712	740,157	244,415	46,181	7,868	48,867	1,732,610	1,256,495
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Segment results	135,932	67,527	201,858	149,021	(36,970)	(12,915)	(8,491)	(32,032)	292,329	171,601
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**Unallocated Corporate Expenses:**

Administration cost	(38,447)	(35,657)
Finance cost	(97,268)	(79,139)
Other operating expenses	(12,800)	(7,689)
Other operating income	4,312	7,962
Taxation	(24,408)	(7,980)
	<u>123,718</u>	<u>49,098</u>



Quarter Ended March 31						
	2009	2008	2009	2008	2009	2008
Sugar						
			Distillery		MDFB	
			Calcium Carbide and others			
					TOTAL	
						2008

(Rupees in thousand)

Sales	150,282	163,658	302,810	433,704	23,664	15,362	-	17,973	476,756	630,697
Segment results	53,271	63,985	123,846	72,547	(98,560)	(12,740)	572	15,187	79,129	138,979

**Unallocated Corporate Expenses:**

Administration cost	(21,527)	(19,320)
Finance cost	(34,864)	(38,519)
Other operating expenses	9,743	(4,195)
Other operating income	3,465	4,562
Taxation	(19,496)	(51,812)
	<u>16,450</u>	<u>29,695</u>



	March 31 2009	September 30 2008	March 31 2009	September 30 2008	March 31 2009	September 30 2008	March 31 2009	September 30 2008	March 31 2009	September 30 2008
	<b>1,994,717</b>	<b>1,199,616</b>	<b>788,373</b>	<b>527,207</b>	<b>687,130</b>	<b>702,750</b>	<b>355,757</b>	<b>373,778</b>	<b>3,825,977</b>	<b>2,803,351</b>
11.1 Segment assets										
Unallocated segment assets									<b>1,375,444</b>	<b>965,361</b>
									<b>5,201,421</b>	<b>3,768,712</b>
11.2 Segment liabilities										
Unallocated segment liabilities									<b>330,173</b>	<b>560,745</b>
									<b>4,230,299</b>	<b>2,898,922</b>
11.3 Capital expenditure										
Unallocated capital expenditure									<b>7,391</b>	<b>2,182</b>
									<b>249,051</b>	<b>332,645</b>
11.4 Depreciation										
									<b>63,957</b>	<b>120,517</b>



## 12 RELATED PARTY TRANSACTIONS

Transactions in relation to sales, purchases and services with related parties are made at BOB/N(m's BOB) length with the Comparable