



AL-ABBAS | SUGAR Mills
Limited



Contents

Company Information	3
Directors' Report	4
Interim Condensed Balance Sheet	7
Interim Condensed Profit & Loss Account	8
Interim Condensed Statement of Comprehensive Income	9
Interim Condensed Cash Flow Statement	10
Interim Condensed Statement of Changes in Equity	11
Notes to the Interim Condensed Financial Information	12



COMPANY INFORMATION

BOARD OF DIRECTORS

Muhammad Iqbal Usman	Chairman
Shunaid Qureshi	Chief Executive
Asim Ghani	Director
Duraïd Qureshi	Director
Jahangir Siddiqui	Director
Muhammad Salman Husain Chawala	Director
Suleman Lalani	Director

COMPANY SECRETARY

Khursheed Anwer

CHIEF FINANCIAL OFFICER

Zuhair Abbas - ACA

AUDIT COMMITTEE

Muhammad Iqbal Usman	Chairman
Asim Ghani	Member
Duraïd Qureshi	Member
Jahangir Siddiqui	Member
Syed Muhammad Talha	Secretary

AUDITORS

Hyder Bhimji & Co.	Chartered Accountant
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LEGAL ADVISOR

Usmani & Iqbal	Advocate & Solicitors
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BANKERS

Al Baraka Islamic Bank
Allied Bank Limited
Bank Alfalah Limited
Bank Islami Pakistan Limited
Barclays Bank plc Pakistan
Habib Bank Limited
JS Bank Limited
KASB Bank Limited
MCB Bank Limited
Meezan Bank Limited
National Bank of Pakistan Limited
Standard Chartered Bank (Pakistan) Limited
United Bank Limited

REGISTERED OFFICE

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

SHARE REGISTRAR OFFICE

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

FACTORIES LOCATION

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



DIRECTORS' REPORT

The directors are pleased to present the interim condensed financial information for the quarter ended December 31, 2009.

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

PROFIT AND LOSS APPROPRIATION

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

	Quarter ended	
	December 31, 2009	December 31, 2008
	← (Rs. in thousand) →	
Profit before taxation	104,630	112,180
Taxation	(13,446)	(4,912)
Profit after taxation	91,184	107,268
Un-appropriated profit brought forward	501,739	245,350
Un-appropriated profit carried forward	592,923	352,618
Basic earnings per share (Rupees)	5.25	6.18

The Board of Directors had proposed the dividend of Rs. 4 per share for the year ended September 30, 2009 which the shareholders unanimously approved in the annual general meeting held on January 27, 2010. The dividend will be incorporated in the period in which it is approved by the shareholders.

OPERATING RESULTS

During the quarter under review, your Company has earned profit after tax amounting to Rs. 91.184 million as compared to the profit after taxation of Rs. 107.268 million of first quarter of last year.

Sugar unit

The financial and operational performance is given below:

Financial performance

	Quarter ended	
	December 31, 2009	December 31, 2008
	← (Rs. in thousand) →	
Sales - Net	810,906	524,333
Cost of sales	(651,574)	(441,234)
Gross profit	159,332	83,099
Distribution cost	(4,609)	(438)
Segment result	154,723	82,661

Operational performance

	2009-10	2008-09
Date of start of season	November 11, 2009	November 19, 2008
No. of days worked	51	43
Crushing (M. Tons)	197,607	159,574
Production (M. Tons)	18,195	13,335
Recovery (%)	9.65	9.00

During the period under review, the sugar segment profit is Rs. 154.723 million as against Rs. 82.661 million of last year of same quarter. The increase of Rs. 72.062 million in segment results of sugar is due to favorable prices during the quarter. During the quarter cost of production also registered an increase of 63.89% mainly due to high rate of sugarcane.

Distillery unit

The financial and operational performance is given below:



Financial performance

	Quarter ended	
	December 31, 2009	December 31, 2008
	← (Rs. in thousand) →	
Sales - Net	369,704	502,902
cost of sales	<u>(263,342)</u>	<u>(404,525)</u>
Gross profit	106,362	98,377
Distribution cost	<u>(15,323)</u>	<u>(20,365)</u>
Segment result	<u>91,039</u>	<u>78,012</u>

Operational performance

Production (M.Tons) - Unit I and II	3,588	8,309
Capacity attained Unit I and II	98	98

Despite decrease in sales by Rs. 133.198 million over the same quarter of last year, the distillery segment profit increased by Rs. 13.027 million. The increase in segment results is largely attributable to appreciation of US\$ against the Pak Rupees. Further, during the period under review we produced 3,588 MT as compared to 8,309 MT of the first quarter of the last year, the decrease of 4,721 MT of alcohol production is due to non availability of molasses.

Chemical Division and MDFB Division

The financial and operational performance is given below:

Financial performance

	Quarter ended	
	December 31, 2009	December 31, 2008
	← (Rs. in thousand) →	
Sales - Net	18,851	228,619
cost of sales	<u>(69,888)</u>	<u>(169,549)</u>
Gross profit	(51,037)	59,070
Distribution cost	<u>(41)</u>	<u>(10)</u>
Segment result	<u>(51,078)</u>	<u>59,060</u>

During the period under review, these divisions have incurred segment loss of Rs. (51.078) million as compared segment profit of 59.060 million to the last quarter of the same period.

As already communicated to the shareholders the Company has signed a Contract with the Karachi Electric Supply Company Limited (KESC) on October 23, 2009 for the sale of electrical energy from the existing 15MW coal fired power generation facility at Dhabeji unit. The Company will commence the power supply to KESC upon completion of the interconnection facilities and commissioning of the power plant, the expected date is about first quarter of 2010.

FUTURE PROSPECTS

The future outlook of your Company entirely depends on continuous availability of raw materials for its sugar division and distilleries at reasonable prices. The procurement of raw materials for both Sugar and Ethanol remained a difficult task for the current season. As the crushing season is on full swing, the sugarcane prices have gradually shot up due to stiff competition among the manufacturers to grab the maximum quantity. There has been an intense competition across sugar mills to acquire higher supplies of cane to improve their level of capacity utilization. The net effect of this dichotomous situation is reflected in higher cane prices dictated by the growers and accepted by the mills in order to remain in production.



During the current season shortage of around one million tons of sugar is expected for which the government has to immediately take necessary measures to overcome this huge shortage of the commodity in the local market. The international prices of sugar are at the highest and the importers are reluctant to purchase sugar at a higher price. This is a serious problem which we are going to face and the government must take some steps to overcome this shortage.

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. The Government has imposed export duty on molasses in order to restrict its export and to ensure that sufficient quantity is available to the local distilleries to produce value added product ethanol for export.

As a whole, your Company is well aware of the challenges being faced and would do its best to take all necessary measures to increase the production of all its divisions and overall profitability of the Company despite a daunting situation ahead.

ACKNOWLEDGEMENT

We would like to thank all financial institutions having business relationship with us and our customers for their continued support and cooperation. We would also like to share our deepest appreciation for our staff for their dedication, loyalty and hard work.

On behalf of Board of Directors

Shunaid Qureshi
Chief Executive

Karachi: **January 30, 2010**



INTERIM CONDENSED BALANCE SHEET (UN-AUDITED)

AS AT DECEMBER 31, 2009

	Note	December 31, 2009 (Rupees in thousand)	September 30, 2009 (Rupees in thousand)
NON-CURRENT ASSETS			
Property, plant and equipment	6	2,194,821	2,249,725
Intangible assts		15,336	16,358
Long term loan and advances		2,722	4,899
Long term deposits		11,136	11,031
Long term investments		25,590	28,629
		<u>2,249,605</u>	<u>2,310,642</u>
CURRENT ASSETS			
Stores, spares and loose tools		186,997	201,760
Stock-in-trade		850,959	813,761
Trade debts unsecured - considered good		22,977	208,254
Loans and advances		174,812	141,349
Trade deposits, short term prepayments and other receivable		16,735	9,329
Short term investment		15,400	19,500
Accrued mark-up		232	196
Tax refund due from Government		17,343	15,280
Cash and bank balances		13,902	12,504
		<u>1,299,357</u>	<u>1,421,933</u>
		<u>3,548,962</u>	<u>3,732,575</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		1,040,148	952,003
Shareholders' equity		1,213,771	1,125,626
NON CURRENT LIABILITIES			
Long term financing		779,243	873,335
Long term loan from sponsors		191,346	301,346
Liabilities against assets subject to finance lease		1,395	1,639
Deferred liabilities		82,897	74,460
		<u>1,054,881</u>	<u>1,250,780</u>
CURRENT LIABILITIES			
Trade and other payables		571,239	595,044
Accrued mark-up		23,733	60,239
Short term borrowings		458,562	484,852
Current maturity of non-current liabilities		213,925	203,183
Provision for taxation		12,851	12,851
		<u>1,280,310</u>	<u>1,356,169</u>
CONTINGENCIES AND COMMITMENT	7	<u>3,548,962</u>	<u>3,732,575</u>

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


Shunaid Qureshi
 Chief Executive


Asim Ghani
 Director

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

	Quarter Ended	
	December 31, 2009	December 31, 2008
	(Rupees in thousand)	
Turnover	1,199,461	1,255,854
Cost of sales	<u>(984,804)</u>	<u>(1,017,765)</u>
Gross profit	214,657	238,089
Distribution cost	<u>(19,973)</u>	<u>(18,356)</u>
Administrative expenses	<u>(26,477)</u>	<u>(23,453)</u>
Other operating expenses	<u>(14,582)</u>	<u>(22,543)</u>
	<u>(61,032)</u>	<u>(64,352)</u>
Operating profit	153,625	173,737
Finance cost	<u>(56,455)</u>	<u>(62,404)</u>
Other operating income	<u>7,460</u>	<u>847</u>
Profit before taxation	104,630	112,180
Taxation	<u>(13,446)</u>	<u>(4,912)</u>
Profit after taxation	<u>91,184</u>	<u>107,268</u>
Earnings per share - Rupees	<u>5.25</u>	<u>6.18</u>

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

Shunaid Qureshi
Chief Executive

Asim Ghani
Director

**INTERIM CONDENSED STATEMENT OF
COMPREHENSIVE INCOME (UN-AUDITED)**

FOR THE PERIOD ENDED DECEMBER 31, 2009

	Quarter Ended	
	December 31, 2009	December 31, 2008
	(Rupees in thousand)	
Profit for the period	91,184	107,268
<i>Other comprehensive income for the period</i>		
Unrealised loss on remeasurement of available for sale investments	(3,039)	(7,611)
Total comprehensive income for the period	<u>88,145</u>	<u>99,657</u>

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

Shunaid Qureshi
Chief Executive**Asim Ghani**
Director

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

		Quarter Ended	
	Note	December 31, 2009	December 31, 2008
		(Rupees in thousand)	
Cash flow from operating activities			
Cash used in operations	9	320,095	394,294
Financial charges paid		(92,961)	(91,195)
Taxes paid		(7,924)	(4,912)
		<u>(100,885)</u>	<u>(96,107)</u>
Net cash generated from operating activities		219,210	298,187
Cash flow from investing activities			
Capital expenditure on property, plant and equipment		-	(217,290)
Long term loans and advances		2,177	54
Long term deposits		(105)	(6)
Net cash generated from / (used in) investing activities		2,072	(217,242)
Cash flow from financing activities			
Repayment of long term financing		(83,350)	(18,883)
Repayment of liabilities against assets subject to finance lease		(244)	(277)
Repayments of long term loan from sponsors		(110,000)	-
Short term borrowings - net		(26,290)	(95,496)
Net cash used in financing activities		(219,884)	(114,656)
Net increase/(decrease) in cash and cash equivalents		1,398	(33,711)
Cash and cash equivalents at beginning of the period		12,504	48,417
Cash and cash equivalents at the end of the period		<u>13,902</u>	<u>14,706</u>

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

Shunaid Qureshi
Chief Executive

Asim Ghani
Director



INTERIM CONDENSED STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
FOR THE QUARTER ENDED DECEMBER 31, 2009

	Reserves					Total Reserve	Total Equity
	Share capital	Revenue		Fair value reserve on remeasurement of available for sale Investment	Total Reserve Reserves		
		General	Unappropriated profit				
Balance as at October 01, 2008	173,623	458,000	245,350	703,350	(7,183)	696,167	869,790
Total comprehensive income for the period	-	-	107,268	107,268	(7,611)	99,657	99,657
Balance as at December 31, 2008	173,623	458,000	352,618	810,618	(14,794)	795,824	969,447
Balance as at October 01, 2009	173,623	458,000	501,739	959,739	(7,736)	952,003	1,125,626
Total comprehensive income for the period	-	-	91,184	91,184	(3,039)	88,145	88,145
Balance as at December 31, 2009	173,623	458,000	592,923	1,050,923	(10,775)	1,040,148	1,213,771

(Rupees in thousand)

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

Shunaid Qureshi
Chief Executive

Asim Ghani
Director

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

Al-Abbas Sugar Mills Limited - AASML ("the Company") was incorporated in Pakistan on May 2, 1991 as a public limited company under the Companies Ordinance, 1984. The Company is listed on the 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, Pakistan. The principal activities of the Company under following business segments / divisions comprises of :

S. No	Division	Principal Activities	Location of undertaking	Commencement of commercial production
i	Sugar	Manufacturing and sale of sugar	Miarwah Gorchani, Mirpurkhas	December 31, 2009
ii	Distillery	Processing and sale of industrial alcohol	Mirwah Gorchani, Mirpurkhas	Unit I: August 20, 2000 Unit II: January 23, 2004
iii	Calcium Carbide and allied products	Manufacturing and sales of Calcium Carbide and Alloys	Dhabeji, Thatta.	November 1, 2006
iv	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, 2009.

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, 2009.

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 information and annual financial statements.

6 PROPERTY, PLANT AND EQUIPMENT

	December 31, 2009	December 31, 2008
	(Rupees in thousand)	
	Additions	
6.1 Tangible assets - Operating		
Office equipment	-	137
6.2 Capital work in progress	-	217,153

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, 2009.

7.2 Commitments

The estimated commitments as on the balance sheet date for capital expenditure was amounting to Rs 50 million (September 30, 2009 : Rs.51.848 million.)

8 SEGMENT REPORTING

	(Rupees in thousand)				
	Quarter Ended December 31				
	2009		2008		
	Sugar	Distillery	Chemical	MDFB	TOTAL
Sales	810,906	369,704	18,851	-	1,199,461
Segment results	154,723	91,039	(42,873)	(8,205)	194,684
Unallocated Corporate Expenses:					
Administration cost					(26,477)
Finance cost					(56,455)
Other operating expenses					(14,582)
Other operating income					7,460
Taxation					(13,446)
					91,184
8.1 Segment assets	1,573,681	557,858	683,642	329,968	3,145,148
Unallocated segment assets					403,814
					3,548,962
8.2 Segment liabilities	967,592	423,321	322,530	302,372	2,015,815
Unallocated segment liabilities					319,376
					2,335,191
8.3 Capital expenditure	-	-	-	-	217,290
Unallocated capital expenditure	-	-	-	-	-
					217,290
8.4 Depreciation	20,621	12,950	13,128	8,205	54,904





	Quarter Ended	
	December 31, 2009	December 31, 2008
	← (Rupees in thousand) →	
9 CASH USED IN OPERATIONS		
Profit before taxation	104,630	112,180
Adjustment for:		
Depreciation	54,904	29,318
Finance cost	56,455	62,404
Amortisation expenses	1,022	-
Fair value changes in the short term investment	4,100	5,500
Deferred liabilities - Market committee fees	399	707
	<u>116,880</u>	<u>97,929</u>
Operating profit before working capital changes	221,510	210,109
(Increase)/ decrease in current assets		
Stores, spares and loose tools	14,763	(5,157)
Stock-in-trade	(37,198)	252,543
Trade debts	185,277	(123,285)
Loans and advances	(33,599)	(34,937)
Trade deposits and short term prepayments	(7,406)	55,811
Accrued mark-up	(36)	74
	<u>121,801</u>	<u>145,049</u>
Increase/(Decrease) in trade and other payables	(23,216)	39,136
Cash generated from operations	320,095	394,294

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 utilities, repair and maintenance relating to head office, shared with associated companies, which are based on the advices received.

	Quarter Ended	
	December 31, 2009	December 31, 2008
	← (Rupees in thousand) →	
Purchases - Cement	-	970
Common sharing expense incurred	1,500	1,500
Dividend received	142	-
Contribution to gratuity fund	3,243	-
Repayments of Sponsors loan	110,000	-

Key Management Personal

Remuneration of chief executive, directors and executives	13,240	10,279
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11 DATE OF AUTHORIZATION FOR ISSUE


These financial Information were authorized for issue on January 30, 2010 by the Board of Directors of the Company.

12 SUBSEQUENT EVENT

The Board of Directors of the Company in their meeting held on January 5, 2009 has proposed a final cash dividend of Rs. 4 per share i-e 40% for the year ended September 30, 2009.

13 GENERAL

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


Shunaid Qureshi
 Chief Executive


Asim Ghani
 Director