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COMPANY INFORMATION

BOARD OF DIRECTORS

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

COMPANY SECRETARY

Muhammad Suleman Kanjiani - FCA

CHIEF FINANCIAL OFFICER

Zuhair Abbas - ACA

AUDIT COMMITTEE

Muhammad Iqbal Usman	Chairman
Jahangir Siddiqui	Member
Asim Ghani	Member
Duraid Qureshi	Member

AUDITORS

Hyder Bhimji & Co. Chartered Accountant

LEGAL ADVISOR

Usmani & Iqbal Advocate & Solicitors

BANKERS

Al-Barka Islamic Bank
Allied Bank Limited
Bank Al-Falah Limited
Bank Islami Pakistan Limited
Barclays Bank Plc Pakistan
Faysal Bank Limited
Habib Bank Limited
Habib Metropolitan Bank Limited
JS Bank Limited
KASB Bank Limited
MCB Bank Limited
Meezan Bank Limited
National Bank of Pakistan
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.
Dagia 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' REPORT

The directors are pleased to present the interim condensed financial information for the quarter ended December 31, 2010.

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, 2010	December 31, 2009
	← (Rs. in thousand) →	
Profit before taxation	78,609	112,835
Taxation	<u>(21,205)</u>	<u>(13,446)</u>
Profit after taxation	57,404	99,389
Loss from discontinued operations	-	(8,205)
Net profit for the period ended	<u>57,404</u>	<u>91,184</u>
Basic earnings per share (Rupees)	<u>3.31</u>	<u>5.25</u>

The Board of Directors has proposed the dividend of Rs. 5 per share for the year ended September 30, 2010 and same has been approved by the shareholders in the annual general meeting held on January 31, 2011. 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. 57.404 million as compared to the profit after taxation of Rs. 91.184 million of first quarter of last year depicting declined of Rs. 33.780 million. The overall financial result is the culmination of segmental results, the reasons for variance in individual segment are stated in relevant section of this report.

Sugar division

The financial and operational performance is given below:

Financial performance

	Quarter ended	
	December 31, 2010	December 31, 2009
	← (Rs. in thousand) →	
Sales - Net	1,312,162	810,906
Cost of sales	<u>(1,234,957)</u>	<u>(651,574)</u>
Gross profit	77,205	159,332
Distribution cost	(4,161)	(4,609)
Administrative expenses	(17,556)	(14,990)
Other operating expenses	<u>(2,913)</u>	<u>(7,291)</u>
Operating profit	52,575	132,442
Finance cost	(28,627)	(29,338)
Other operating income	12,881	4,087
Profit before taxation	<u>24,267</u>	<u>99,411</u>

Operational performance

	2010-11	2009-10
Date of season started	November 03, 2009	November 11, 2009
No. of days worked	58	51
Crushing (M. Tons)	126,976	197,607
Production (M. Tons)	15,010	18,195
Recovery (%)	9.15	9.65

During the period under review, the season started - a little bit earlier as compared to last year, in wake of imported raw sugar planned to be processed along with normal crushing. However, the growers had not started harvesting of sugarcane for better prices. This situation hampered the planned operation of processing



of raw sugar along with normal crushing and thus incurred some additional power and ancillary cost. During the quarter, although sales registered increase by Rs. 501.256 million but on the other hand cost of sales also witnessed increased of Rs.583.383 thus reducing the gross profit Rs. 82.127 million.

Ethanol division

The financial and operational performance is given below:

Financial performance

	Quarter ended	
	December 31, 2010	December 31, 2009
	← (Rs. in thousand) →	
Sales - Net	615,646	369,704
Cost of sales	(462,340)	(263,342)
Gross profit	153,306	106,362
Distribution cost	(14,988)	(15,323)
Administrative expenses	(4,363)	(11,030)
Other operating expenses	(2,913)	(7,291)
Operating profit	131,042	72,718
Finance cost	(13,595)	(26,341)
Other operating income	6,832	3,373
Profit before taxation	124,279	49,750

Operational performance

	2010-11	2009- 10
Production (M. Tons) - Unit I and II	6,280	3,588
Capacity attained Unit I and II	99	98

During the period under review, ethanol segment profit before taxation is Rs. 124.279 million as compared to 49.750 million of last year in the same quarter registering increase of Rs. 74.529 million. The increase in segment result is largely attributable to increase in production and shipments of 2,693 MT and 2,803 MT respectively, favorable price.

Power Chemical and alloys Division

During the period under review, this has incurred segment loss of Rs. 84.986 million as compared segment loss of Rs. 52.405 million to the last quarter of the same period. The loss is mainly due to higher input cost of production of ferroalloys and low selling prices due to competition with importers.

As already communicated to the shareholders the Company has terminated agreement with Karachi Electric Supply Company Limited in the first week of December 2010 due to overdue invoices and non fulfillment of agreement from KESC side.

FUTURE PROSPECTS

The procurement of raw materials for both Sugar and Ethanol remained a formidable task for the current season. The future outlook of your Company entirely depends on continuous availability of raw materials for its sugar division and distilleries at affordable prices. Despite the fact that raw sugar has been imported for the ensuing season, but the sugarcane prices have shot up much higher than the official rate of Rs. 127 amid stiff competition among the manufacturer to procure 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.

During the current season shortage of around five hundred thousand tons of sugar is expected. This gap would be bridged by the imported white and raw sugar.



The Management is striving hard to acquire molasses at reasonable cost.

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 31, 2011**

**INTERIM CONDENSED BALANCE SHEET**

AS AT DECEMBER 31, 2010

	Note	Un-audited December 31, 2010 (Rupees in thousand)	Audited September 30, 2010
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	6	1,990,757	2,009,477
Intangible assets		8,911	10,768
Long term loan and advances		3,801	3,383
Long term deposits		12,162	12,162
Long term investments		16,478	14,502
Deferred tax asset	7	15,735	15,735
		<u>2,047,844</u>	<u>2,066,027</u>
CURRENT ASSETS			
Stores, spare parts and loose tools		156,579	154,137
Stock-in-trade		835,052	991,194
Trade debts (considered good) - unsecured		261,290	343,043
Loans and advances		496,565	129,618
Trade deposits and prepayments		21,381	14,238
Other receivable	8	89,749	13,106
Short term investment		12,550	11,550
Accrued mark-up		180	84
Tax refund due from government		-	6,132
Cash and bank balances		37,289	29,613
		<u>1,910,635</u>	<u>1,692,715</u>
Non - current assets held for sale		286,274	286,274
		<u>4,244,753</u>	<u>4,045,016</u>
SHARE CAPITAL AND RESERVES			
Authorized capital			
17,500,000 Ordinary shares of Rs. 10 each		175,000	175,000
Issued, subscribed and paid-up capital		173,623	173,623
Reserves		1,132,658	1,073,278
Shareholders' equity		1,306,281	1,246,901
NON - CURRENT LIABILITIES			
Long term financing		594,547	653,638
Deferred liabilities		44,138	43,503
		<u>638,685</u>	<u>697,141</u>
CURRENT LIABILITIES			
Trade and other payables		880,016	937,573
Accrued mark-up		37,048	60,982
Short term borrowings		1,176,286	856,180
Current maturity of non-current liabilities		187,654	221,324
Provision for taxation		18,783	24,915
		<u>2,299,787</u>	<u>2,100,974</u>
CONTINGENCIES AND COMMITMENTS	9	<u>4,244,753</u>	<u>4,045,016</u>

The annexed notes from 1 to 16 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 QUARTER ENDED DECEMBER 31, 2010

	Quarter Ended	
	December 31, 2010	December 31, 2009
	(Rupees in thousand)	
Continuing operations		
Sales - net	2,120,487	1,199,461
Cost of sales	<u>(1,955,378)</u>	<u>(976,599)</u>
Gross profit	165,109	222,862
Distribution cost	<u>(19,149)</u>	<u>(19,973)</u>
Administrative expenses	<u>(23,437)</u>	<u>(26,477)</u>
Other operating expenses	<u>(5,826)</u>	<u>(14,582)</u>
	<u>(48,412)</u>	<u>(61,032)</u>
Operating profit	116,697	161,830
Finance cost	<u>(57,801)</u>	<u>(56,455)</u>
Other operating income	<u>19,713</u>	<u>7,460</u>
Profit before taxation	78,609	112,835
Taxation		
Current	<u>(21,205)</u>	<u>(5,997)</u>
Deferred	<u>-</u>	<u>(7,449)</u>
	<u>(21,205)</u>	<u>(13,446)</u>
Net profit after taxation from continuing operations	<u>57,404</u>	<u>99,389</u>
Discontinued operations		
Loss from discontinued operations	<u>-</u>	<u>(8,205)</u>
Net profit for the period ended	<u>57,404</u>	<u>91,184</u>
Earnings per share - From continued operations - basic and diluted	<u>3.31</u>	<u>5.72</u>
Loss per share - From discontinued operations - basic and diluted	<u>-</u>	<u>(0.47)</u>
Earnings per share -For the quarter ended - basic and diluted	<u>3.31</u>	<u>5.25</u>

The annexed notes from 1 to 16 form an integral part of this condensed interim financial information

Shunaid Qureshi
Chief Executive

Asim Ghani
Director



**INTERIM CONDENSED STATEMENT OF
COMPREHENSIVE INCOME (UN-AUDITED)**
FOR THE QUARTER ENDED DECEMBER 31, 2010

	Quarter Ended	
	December 31, 2010	December 31, 2009
	(Rupees in thousand)	
Profit after taxation	57,404	91,184
Other comprehensive income for the period		
Unrealised gain/(loss) on revaluation of available for sale investments	1,976	(3,039)
Total comprehensive income for the period	<u>59,380</u>	<u>88,145</u>

The annexed notes from 1 to 16 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 QUARTER ENDED DECEMBER 31, 2010

Note	Quarter Ended	
	December 31, 2010	December 31, 2009
	(Rupees in thousand)	
Cash flows from operating activities		
Cash (used in) / generated from operations 11	(89,549)	328,300
Financial charges paid	(81,735)	(92,961)
Taxes paid	(36,599)	(7,924)
	(118,334)	(100,885)
Net cash (used in)/ generated from operating activities	(207,883)	227,415
Cash flows from investing activities		
Capital expenditure on property, plant and equipment	(11,368)	-
Long term loans and advances	(418)	2,177
Long term deposits	-	(105)
Net cash (used in) / generated from investing activities	(11,786)	2,072
Cash flows from financing activities		
Repayment of long term financing	(92,255)	(83,350)
Repayment of liabilities against assets subject to finance lease	(506)	(244)
Repayment of long term loan from related parties	-	(110,000)
Short term borrowings - net	320,106	(26,290)
Net cash generated from / (used in) financing activities	227,345	(219,884)
Net increase in cash and cash equivalents	7,676	9,603
Cash and cash equivalents at beginning of the period	29,613	12,504
Cash and cash equivalents at the end of the period	37,289	22,107

The annexed notes from 1 to 16 form an integral part of this condensed interim financial information.


Shunaid Qureshi
 Chief Executive


Asim Ghani
 Director

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
FOR THE QUARTER ENDED DECEMBER 31, 2010



AL-ABBAS SUGAR Mills Limited

	Issue, subscribed and paid -up capital	RESERVES		Fair value reserve on remeasurement of available for sale investment	Total
		General Reserve	Revenue reserve Unappropriated profit		
Balance as at October 01, 2009	173,623	458,000	501,739	(7,736)	1,125,626
Total comprehensive income for the period	-	-	91,184	(3,039)	88,145
Balance as at December 31, 2009	173,623	458,000	592,923	(10,775)	1,213,771
Balance as at October 01, 2010	173,623	458,000	637,141	(21,863)	1,246,901
Total comprehensive income for the period	-	-	57,404	1,976	59,380
Balance as at December 31, 2010	173,623	458,000	694,545	(19,887)	1,306,281

(Rupees in thousand)

The annexed notes from 1 to 16 form an integral part of this condensed interim financial information.


Shunaid Qureshi
 Chief Executive


Asim Ghani
 Director



NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION (UN-AUDITED)
FOR THE QUARTER ENDED DECEMBER 31, 2010

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
1	Sugar	Manufacturing and sale of sugar	Mirwah Gorchani, Mirpurkhas	December 15, 1993
2	Ethanol	Processing and sale of ethanol	Mirwah Gorchani, Mirpurkhas	Unit I: August 20, 2000 Unit II: January 23, 2004
3	Chemical and alloys Division	Manufacturing and sales of calcium carbide and ferro alloys	Dhabeji, Thatta.	November 1, 2006
4	Medium Density Fiber Board	Manufacturing and sales of Medium Density Fiber Board.	Dhabeji, Thatta.	Production suspended since last year
5	Power	Generation and sales of electricity	Dhabeji, Thatta.	April 6, 2010

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, 2010.

3 ACCOUNTING POLICIES

The accounting policies, related judgments, estimates and assumptions adopted for the preparation of this condensed interim financial information are the same as those applied in preparation of the annual financial statements of the Company for the year ended September 30, 2010.

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.

	Un-Audited December 31, 2010 (Rupees in thousand)	Audited September 30, 2010
6 PROPERTY, PLANT AND EQUIPMENT		
Additions, deletion and transfers		
Furniture, fixture and others	-	123
Motor vehicles - Transferred from CWIP	5,742	11,374
- Deletion	-	(6,858)
Office equipment	-	725
Computers	-	470
	<hr/> 5,742	<hr/> 5,834
Additions to CWIP		
Tank terminal	11,368	83,139
	<hr/> 17,110	<hr/> 88,973

7 DEFERRED TAX ASSET

The Company has not recognised deferred tax asset to the extent of tax losses for the quarter ending December 31, 2010 amounting to Rs. 152.875 million because it is probable that in current year tax losses for the quarter would be adjusted against estimated taxable income of the ensuing year.

8 OTHER RECEIVABLES

It includes net receivables in respect of cross currency and interest rate swap agreement amounting to Rs. 4.574 million (September 30, 2010: Rs. 10.025 million).

9 CONTINGENCIES AND COMMITMENTS

9.1 Contingencies

There were no major changes in the status of contingencies as reported in the annual financial statements for the year ended September 30, 2010.

9.2 Commitments

Commitments in respect of open letter of credit is amounting to Rs. 1.542 million (September 30, 2010: Rs. 527.219 million).



(Rupees in thousand)

	Quarter Ended December 31,						Total	
	2010		2009		2010			
	Sugar	Ethanol	Power Chemical and alloys	2010	2009	2010		2009
Sales	1,312,162	810,906	615,646	369,704	192,679	18,851	2,120,487	1,255,854
Segment results	73,044	154,723	138,318	91,039	(65,402)	(42,873)	145,960	202,889
Administrative expenses							(23,437)	(26,477)
Other operating expenses							(5,826)	(14,582)
Finance cost							(57,801)	(56,455)
Other operating income							19,713	7,460
Taxation							(21,205)	(13,446)
Net profit from continuing operations							57,404	99,389
Loss from discontinued operations							-	(8,205)
Net profit for the year							57,404	91,184



	December 31, 2010	September 30, 2010	December 31, 2010	September 30, 2010	December 31, 2010	September 30, 2010	December 31, 2010	September 30, 2010
	Sugar		Ethanol		Power Chemical and alloys		Total	
10.1 Segment assets	1,414,923	1,380,198	1,232,470	1,005,663	804,293	884,427	3,451,686	3,270,288
Non - current assets held for sale							286,274	286,274
Unallocated segment assets							<u>506,793</u>	<u>488,454</u>
							<u>4,244,753</u>	<u>4,045,016</u>
10.2 Segment liabilities	1,558,242	1,164,529	606,667	701,807	521,493	602,422	2,686,402	2,468,758
Unallocated segment liabilities							<u>252,070</u>	<u>329,357</u>
							<u>2,938,472</u>	<u>2,798,115</u>
10.3 Capital expenditure	-	-	11,368	57,872	-	-	11,368	57,872
Unallocated capital expenditure							<u>5,742</u>	<u>39,797</u>
							<u>17,110</u>	<u>97,669</u>
10.4 Depreciation	14,466	57,910	6,431	26,867	9,191	38,396	30,088	123,173
10.5 Non cash items other than depreciation							-	11,666
10.6 The operations of Medium Density Fibre Board Division has been suspended since the last year and carrying value of the segment assets has been classified as Non- current asset held for sale.								



	December 31, 2010	December 31, 2009
	(Rupees in thousand)	
11 CASH (USED IN) / GENERATED FROM OPERATIONS		
Profit before taxation	78,609	112,835
Adjustments for:		
Depreciation	30,088	54,904
Finance cost	57,801	56,455
Amortization of intangible assets	1,857	1,022
Fair value changes in short term investment	(1,000)	4,100
Provision against deferred liabilities	635	399
	<u>89,381</u>	<u>116,880</u>
Operating profit before working capital changes	167,990	229,715
(Increase)/ decrease in current assets		
Stores, spare parts and loose tools	(2,442)	14,763
Stock-in-trade	156,142	(37,198)
Trade debts	81,753	185,277
Loans and advances	(351,553)	(33,599)
Trade deposits and short term prepayments	(7,143)	(7,406)
Other receivables	(76,643)	-
Accrued mark-up	(96)	(36)
	<u>(199,982)</u>	<u>121,801</u>
Increase in trade and other payables	<u>(57,557)</u>	<u>(23,216)</u>
	<u>(89,549)</u>	<u>328,300</u>

12 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.

	December 31, 2010	December 31, 2009
	(Rupees in thousand)	
Purchases of cement	97	-
Common Sharing expenses incurred and reimbursed	-	1,500
Dividend received	-	142
Contribution paid to Employee Gratuity Fund	2,867	3,243
Repayment of loan to related parties - sponsors	-	110,000
Key management personnel		
Remuneration of chief executive, directors and executives.	15,137	13,240

13 CORRESPONDING FIGURES

- 13.1 Corresponding figures in the Condensed Interim Balance Sheet and Condensed Interim Statement of Changes in Equity comprise of balances as per the annual audited financial statements for the year ended September 30, 2010. Corresponding figures in the Condensed Interim Profit and Loss Account, Condensed Interim Other Comprehensive Income and Condensed Interim Cash Flow Statement comprise of balances of comparable period as per the Condensed Interim Financial Information for the period ended December 31, 2009.
- 13.2 The presentation requirements for assets (or disposal group) classified as held for sale at the end of the reporting period do not apply retrospectively. The comparative statements of financial position for any previous period are therefore not re-presented.



14 DATE OF AUTHORIZATION FOR ISSUE

These financial Information were authorised for issue on January 31 , 2011 by Board of Directors of the Company.

15 EVENTS AFTER THE BALANCE SHEET DATE

The Board of Directors of the Company in their meeting held on January 03, 2011 has proposed a final cash dividend of Rs. 5 per share i-e 50% for the year ended September 30, 2010.

16 General

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

Shunaid Qureshi
Chief Executive

Asim Ghani
Director