



AL-ABBAS | SUGAR Mills
Limited



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COMPANY INFORMATION

BOARD OF DIRECTORS

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

COMPANY SECRETARY

Muhammad Suleman Kanjiani

CHIEF FINANCIAL OFFICER

Mirza Adal Baig

AUDIT COMMITTEE

Muhammad Iqbal Usman	Chairman
Duraid Qureshi	Member
Asim Ghani	Member

AUDITORS

Hyder Bhimji & Co.
Chartered Accountants

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
United Bank Limited

REGISTERED OFFICE

2nd Floor, Pardesi House, Survey No. 2/1,
R. Y. 16, Old Queens Road, Karachi.
Tel : 92-21-111-111-224
Fax : 92-21-2470090
Website : www.aasml.com

FACTROY

Mirwah Gorchani, Distt. Mirpurkhas, Sindh

DIRECTORS' REPORT

The Directors are pleased to present the financial statements for the quarter ended December 31, 2006.

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

PROFIT AND APPROPRIATION

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

	Quarter ended December 31 2006	Quarter ended December 31 2005
	← (Rs. in thousand) →	
Operating profit / (loss)	62,405	(11,517)
Other income	<u>476</u>	<u>974</u>
	62,881	(10,543)
Finance costs	<u>(7,806)</u>	<u>(7,507)</u>
Profit / (loss) before taxation	<u>55,075</u>	(18,050)
Taxation:		
Provision for taxation	<u>(9,720)</u>	<u>647</u>
Profit / (loss) after taxation	<u>45,355</u>	(17,403)

OPERATING RESULTS

During the quarter under review, your company earned a pre tax profit of Rs. 55.075 million as compared to pre-tax loss to first quarter of last year. Despite of frequent stoppages of sugar unit during the quarter, your company earned a post tax profit in both divisions.

Sugar unit

The financial and operational data is given below:

Financial data

	Quarter ended December 31 2006	Quarter ended December 31 2005
	← (Rs. in thousand) →	
Sales	401,374	243,305
Cost of sales	(366,596)	(243,574)
Gross profit / (loss)	34,778	(269)
Operating expenses	(12,373)	(6,277)
Finance costs	(6,013)	(2,169)
Other income	407	487

Operational data

	Quarter ended December 31 2006	Quarter ended December 31 2005
Date of start of season	November 12	November 25
	2006	2005
No. of days worked	50	37
Crushing (M. Tons)	93,266.46	70,499.41
Production (M. Tons)	7,280	8,170
Recovery (%)	8.08	8.97

During the period under review, sugar unit is showing better financial results, however, due to abnormal increase in support price of sugarcane fixed by the Government and deterioration of quality of cane as compared to last year, the performance of sugar division may suffer.

Distillery unit

The distillery unit of your company has performed well during the quarter under review and we hope this performance will continue in the rest of the year. The financial and operational data is given below:

Financial data

	Quarter ended December 31 2006	Quarter ended December 31 2005
	← (Rs. in thousand) →	
Sales	384,018	54,520
Cost of sales	(326,217)	(53,612)
Gross profit	57,801	908
Operating expenses	(17,801)	(5,879)
Finance costs	(1,793)	(5,338)
Other income	69	487

Operational data

No. of days worked - Unit - I	88	-
- Unit - II	58	14
Production (M. Tons) - Unit - I	5,729.00	-
- Unit - II	3,728.00	830.69
Capacity attained (%) - Unit - I	93	-
- Unit - II	92	85

FUTURE PROSPECTS


Both of the divisions of your company depend greatly on quantity and quality of sugarcane, therefore, management is trying its best to buy both sugarcane and molasses at minimum cost and at the same time, quality of molasses is being monitored very closely. Further, the Government policy towards import of sugar to check retail prices and international prices of raw and refined sugar will also play very significant role especially in the background of good surplus of sugar stock in India for export.

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 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 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

Karachi: January 25, 2007




Shunaid Qureshi
Chief Executive

BALANCE SHEET
AS AT DECEMBER 31, 2006

	December 31 2006 (Rupees in thousand)	September 30 2006
NON-CURRENT ASSETS		
Property, plant and equipment	833,717	843,113
Intangible assets	-	100
	<u>833,717</u>	<u>843,213</u>
LONG TERM LOAN AND ADVANCES	330	656
LONG TERM DEPOSITS	1,541	1,541
CURRENT ASSETS		
Stores, spare parts and loose tools	81,271	73,879
Stock-in-trade	253,586	612,481
Trade debts unsecured - considered good	25,414	43,686
Loans and advances	152,586	79,907
Trade deposits and short term prepayments	11,979	12,190
Accrued mark-up	10	85
Other receivables	90	-
Cash and bank balances	55,210	10,907
	<u>580,146</u>	<u>833,135</u>
	<u>1,415,734</u>	<u>1,678,545</u>
SHARE CAPITAL AND RESERVES		
Share capital		
Authorized		
17,500,000 (2005: 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
	<u>631,623</u>	<u>631,623</u>
Unappropriated profit	66,139	20,784
Shareholders' equity	<u>697,762</u>	<u>652,407</u>
NON CURRENT LIABILITIES		
Long term financing	74,546	93,182
Deferred liabilities	99,393	95,467
	<u>173,939</u>	<u>188,649</u>
CURRENT LIABILITIES		
Trade and other payables	274,959	270,444
Accrued mark-up	7,005	23,204
Short term borrowings	176,247	461,129
Current maturity of long term financing	74,545	74,545
Provision for taxation less paid	11,277	8,167
	<u>544,033</u>	<u>837,489</u>
	<u>1,415,734</u>	<u>1,678,545</u>

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


Shunaid Qureshi
Chief Executive


Asim Ghani
Director

PROFIT AND LOSS ACCOUNT
FOR THE QUARTER ENDED DECEMBER 31, 2006

	Quarter Ended	
	December 31 2006	December 31 2005
	(Rupees in thousand)	
Turnover - net	785,392	297,825
Cost of sales	<u>(692,813)</u>	<u>(297,186)</u>
Gross profit	92,579	639
Distribution cost	<u>(14,888)</u>	<u>(2,675)</u>
Administrative expenses	<u>(11,204)</u>	<u>(9,481)</u>
Other operating expenses	<u>(4,082)</u>	<u>-</u>
	<u>(30,174)</u>	<u>(12,156)</u>
Finance cost	62,405	(11,517)
Other operating income	<u>(7,806)</u>	<u>(7,507)</u>
	476	974
Profit/ (loss) before taxation	55,075	(18,050)
Taxation	<u>(9,720)</u>	<u>647</u>
Profit/ (loss) after taxation	<u>45,355</u>	<u>(17,403)</u>
Earning per share - Rupees	<u>2.61</u>	<u>(1.00)</u>

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



Shunaid Qureshi
Chief Executive



Asim Ghani
Director

CASH FLOW STATEMENT
FOR THE QUARTER ENDED DECEMBER 31, 2006

	December 31 2006	December 31 2005
	(Rupees in thousand)	
CASH GENERATED FROM OPERATIONS		
Profit/(loss) before taxation	55,075	(18,050)
Adjustment for:		
Depreciation	16,213	17,562
Amortization of intangible assets	100	100
Finance cost	7,806	7,507
Gain on disposal of fixed assets - net of loss	-	(201)
Deferred liabilities - Market Committee Fee	466	352
	<u>24,585</u>	<u>25,320</u>
Operating profit before working capital changes	79,660	7,270
Changes in working capital :		
(Increase)/ decrease in current assets		
Stores, spare parts and loose tools	(7,392)	(2,344)
Stock-in-trade	358,895	97,274
Trade debts	18,272	6,714
Loans and advances	(72,396)	(53,974)
Trade deposits and short term prepayments	211	(128,542)
Accrued mark-up	75	(14)
Tax refund due from government	-	6,810
Other receivables	(90)	(4)
	<u>297,575</u>	<u>(74,080)</u>
Increase in current liabilities		
Trade and other payables	4,515	61,284
Cash generated from/ (used in) operations	<u>381,750</u>	<u>(5,526)</u>
Financial charges paid	(24,005)	(7,721)
Taxes paid	(3,150)	(619)
	<u>(27,155)</u>	<u>(8,340)</u>
Net cash generated from/ (used in) operating activities	<u>354,595</u>	<u>(13,866)</u>
Cash flow from investing activities		
Capital expenditure on property, plant and equipment	(6,817)	(4,603)
Proceeds from disposal of fixed assets	-	205
Net increase in long term loans and advances	43	96
Net (decrease) in long term deposits	-	2
Net cash (used) in investing activities	<u>(6,774)</u>	<u>(4,300)</u>
Cash flow from financing activities		
Repayment of long term financing	(18,636)	(18,421)
Net cash (used) in financing activities	<u>(18,636)</u>	<u>(18,421)</u>
Net increase / (decrease) in cash and cash equivalents	329,185	(36,587)
Cash and cash equivalents at beginning of the year	(450,222)	(73,603)
Cash and cash equivalents at the end of the period	<u>(121,037)</u>	<u>(110,190)</u>

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


Shunaid Qureshi
 Chief Executive


Asim Ghani
 Director

STATEMENT OF CHANGES IN EQUITY
FOR THE QUARTER ENDED DECEMBER 31, 2006

	Share capital	General reserve	Unappropriated profit	Total
	----- (Rupees in thousand) -----			
Balance as at September 30, 2005	173,623	458,000	68,007	699,630
Dividend declared for the year ended September 30, 2005 @ 3 per share	-	-	(52,087)	(52,087)
Net profit for the year ended September 30, 2005	-	-	4,864	4,864
Balance as at September 30, 2006	<u>173,623</u>	<u>458,000</u>	<u>20,784</u>	<u>652,407</u>
Net profit for the quarter ended December 31, 2006	-	-	45,355	45,355
Balance as at December 31, 2006	<u><u>173,623</u></u>	<u><u>458,000</u></u>	<u><u>66,139</u></u>	<u><u>697,762</u></u>

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



Shunaid Qureshi
Chief Executive



Asim Ghani
Director



NOTES TO THE FINANCIAL STATEMENTS

FOR THE QUARTER ENDED DECEMBER 31, 2006

1 NATURE AND STATUS OF BUSINESS

The company 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 in Karachi.

	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

2 BASIS OF PREPARATION

These accounts have been prepared in accordance with the requirements of the International Accounting Standard 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 financial statements are the same as those applied in the preparation of preceding annual published financial statements of the company for the year ended September 30, 2006.

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.

5 TAXATION

The provision for current taxation for the period represents minimum tax on turnover and final liability will be determined on the basis of annual results.

6 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.

	December 31, 2006	December 31, 2005
Purchases		
Thatta Cement Company Limited	<u>600</u>	<u>235</u>

(Rupees in thousand)

**7 CONTINGENCIES AND COMMITMENTS****7.1 Contingencies**

There has been no change in contingencies as those appearing in the financial statements for the year ended September 30, 2006.

7.2 Commitments

Commitments in respect of capital expenditure amounts Rs. 20 million (September, 2005: 14.7 million) which includes letter of credit of Rs. 12.204 million (September, 2005: Rs. 2.3 million).

December 31, 2006		Septemehr 30, 2006	
Additions	Disposals	Additions	Disposals
------(Rupees in thousand)-----			

8 PROPERTY, PLANT AND EQUIPMENT**8.1 Tangible assets**

Free-holdland	-	-	11,595	-
Non factory building	53	-	-	-
Furniture and fixture	-	-	351	-
Motor vehicle	-	-	5,715	1,335
Office equipment	424	-	426	-
	<u>477</u>	<u>-</u>	<u>18,087</u>	<u>1,335</u>

Additions	Capitalized	Additions	Capitalized
------(Rupees in thousand)-----			

8.2 Capital work in progress

Bungalow	531	-	-	-
Biogas - Distillery	442	-	3,305	-
Miscellaneous work - Sugar	3,125	-	981	-
Automation process house	1,726	-	764	-
Borrowing cost	516	-	1,152	-
	<u>6,340</u>	<u>-</u>	<u>6,202</u>	<u>-</u>

9 SEGMENTAL OPERATING RESULTS

	Quarter ended		Quarter ended		Quarter ended	
	December 31 2006	December 31 2005	December 31 2006	December 31 2005	December 31 2006	December 31 2005
	SUGAR		DISTILLERY		TOTAL	
	----- (Rupees in thousand) -----					
Turnover - net	401,374	243,305	384,018	54,520	785,392	297,825
Cost of sales	(366,596)	(243,374)	(326,217)	(53,612)	(692,813)	(297,186)
Gross profit	34,778	(269)	57,801	908	92,579	639
Distribution cost	(1,078)	(395)	(13,810)	(2,280)	(14,888)	(2,675)
Administrative expenses	(7,213)	(5,882)	(3,991)	(3,599)	(11,204)	(9,481)
Other operating expenses	(4,082)	-	-	-	(4,082)	-
	(12,373)	(6,277)	(17,801)	(5,879)	(30,174)	(12,156)
Finance cost	22,405	(6,546)	40,000	(4,971)	62,405	(11,517)
Other operating income	(6,013)	(2,169)	(1,793)	(5,338)	(7,806)	(7,507)
	407	487	69	487	476	974
Profit/ (loss) before taxation	16,799	(8,228)	38,276	(9,822)	55,075	(18,050)

10 GENERAL

10.1 Figures have been rounded off to the nearest rupees.

10.2 These financial statements were authorized for issue by the Board of Directors on January 25, 2007 .

10.3 Comparative corresponding figures have been restated wherever necessary to facilitate comparison.



Shumail Qureshi
Chief Executive



Asim Ghani
Director