



**AL-ABBAS | SUGAR** Mills  
Limited



## **Contents**

Company Information	3
Directors' Report	4
Balance Sheet	6
Profit & Loss Account	7
Cash Flow Statement	8
Statement of Changes in Equity	9
Notes to the Financial Statements	10
<b>CONSOLIDATED FINANCIAL STATEMENTS</b>	
Consolidated Balance Sheet	14
Consolidated Profit & Loss Account	15
Consolidated Cash Flow Statement	16
Consolidated Statement of Changes in Equity	17
Notes to the Consolidated Financial Statements	18



## COMPANY INFORMATION

### BOARD OF DIRECTORS

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

### COMPANY SECRETARY

Khursheed Anwer

### CHIEF FINANCIAL OFFICER

Zuhair Abbas

### AUDIT COMMITTEE

Muhammad Iqbal Usman	Chairman
Duraïd 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](http://www.aasml.com)

### FACTORY LOCATIONS

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



## DIRECTORS' REPORT

The Board of Directors is pleased to present the financial statements for the quarter ended December 31, 2007.

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 2007	Quarter ended December 31 2006
	← (Rs. in thousand) →	
Operating profit	61,551	62,405
Other income	5,497	476
	<u>67,048</u>	<u>62,881</u>
Finance cost	(19,905)	(7,806)
Profit before taxation	<u>47,143</u>	<u>55,075</u>
Taxation	(2,820)	(9,720)
Profit after taxation	<u>44,323</u>	<u>45,355</u>

### OPERATING RESULTS

During the quarter under review, your Company earned a pre tax profit of Rs. 47.143 million as compared to the pre-tax profit of Rs. 55.075 million of first quarter of last year.

#### Sugar unit

The financial and operational data is given below:

	Quarter ended December 31 2007	Quarter ended December 31 2006
	← (Rs. in thousand) →	
<b>Financial data</b>		
Sales	257,633	401,374
Cost of sales	(253,712)	(366,596)
Gross profit	3,921	34,778
Operating expenses	(9,588)	(12,373)
Finance cost	(10,642)	(6,013)
Other income	3,778	407

#### Operational data

	Quarter ended December 31 2007	Quarter ended December 31 2006
Date of start of season	November 15, 2007	November 12, 2006
No. of days worked	47	50
Crushing (M. Tons)	192,564	93,266
Production (M. Tons)	17,830	7,280
Recovery (%)	9.26	8.08

During the period under review, the sugar unit suffered losses due to various constraints including mandatory increase in minimum wages, high rate of mark up and plummeting sugar price because of substantial quantity of sugar imported from abroad. All these factors directly reflected on cost of production and ended up in losses.



**Distillery unit**

The distillery unit of your Company has performed very well during the quarter under review and achieved 98% capacity utilization which resulted in overall profit of the Company. The Company has been focusing to overcome the bottlenecks being faced due to scarce availability of molasses and procurement of export orders.

The financial and operational data is given below:

<b>Financial data</b>	Quarter ended	Quarter ended	
	December 31 2007	December 31 2006	
	← (Rs. in thousand) →		
Sales	<b>306,453</b>	384,018	
Cost of sales	<b>(214,854)</b>	(326,217)	
Gross profit	<b>91,599</b>	57,801	
Operating expenses	<b>(24,381)</b>	(17,801)	
Finance cost	<b>(9,263)</b>	(1,793)	
Other income	<b>1,160</b>	69	
	Quarter ended	Quarter ended	
	December 31 2007	December 31 2006	
<b>Operational data</b>			
No. of days worked	- Unit - I	<b>89</b>	88
	- Unit - II	<b>92</b>	58
Production (M. Tons)	- Unit - I	<b>5,792</b>	5,729
	- Unit - II	<b>6,189</b>	3,728
Capacity attained (%)	- Unit - I	<b>98</b>	93
	- Unit - II	<b>98</b>	92

**MERGER STATUS**

The Honorable High Court of Sindh at Karachi has sanctioned the merger of Al-Abbas Industries Limited with the Company. However filing of Certified True Copy of Order with Securities and Exchange Commission of Pakistan is in Process.

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

**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. The Company is also grateful to the bankers and financial institutions for their continued cooperation and support. May Allah bless us in our efforts. A'meen!

On behalf of Board of Directors

**MUHAMMAD IQBAL USMAN**  
Chairman

Karachi: January 25, 2008

**BALANCE SHEET (UN-AUDITED)**

AS AT DECEMBER 31, 2007

	Note	December 31 2007 (Rupees in thousand)	September 30 2007 (Rupees in thousand)
<b>NON CURRENT ASSETS</b>			
Property, plant and equipment	7	796,247	803,884
Long term Investment		30,750	30,750
Long term loan and advances		6,646	5,326
Long term deposit		1,399	1,399
		<u>835,042</u>	<u>841,359</u>
<b>CURRENT ASSETS</b>			
Stores, spare parts and loose tools		73,519	70,602
Stock-in-trade		340,831	300,953
Trade debts unsecured - considered good		95,595	121,125
Loans and advances		86,892	91,746
Trade deposits and short term prepayments		27,119	1,688
Accrued mark-up		39	96
Due from related parties		659,990	-
Tax refund due from Government		6,678	3,135
Cash and bank balances		107,285	32,378
		<u>1,397,948</u>	<u>621,723</u>
		<u>2,232,990</u>	<u>1,463,082</u>
<b>SHARE CAPITAL AND RESERVES</b>			
Share capital			
Authorized			
17,500,000 (2006: 17,500,000) ordinary shares of Rs. 10 each		175,000	175,000
Issued, subscribed and paid-up capital		173,623	173,623
Reserve		458,000	458,000
Unappropriated profit		137,589	93,266
Shareholders' equity		769,212	724,889
<b>NON CURRENT LIABILITIES</b>			
Long term financing	8	750,000	18,637
Deferred liabilities		94,249	93,286
		<u>844,249</u>	<u>111,923</u>
<b>CURRENT LIABILITIES</b>			
Trade and other payables		296,505	250,765
Accrued mark-up		12,852	9,104
Short term borrowings		206,944	279,004
Current maturity of long term financing		74,545	74,545
Provision for taxation		28,683	12,852
		<u>619,529</u>	<u>626,270</u>
		<u>2,232,990</u>	<u>1,463,082</u>

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

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



## PROFIT AND LOSS ACCOUNT (UN-AUDITED)

FOR THE QUARTER ENDED DECEMBER 31, 2007

	Quarter Ended	
	December 31 2007	December 31 2006
	(Rupees in thousand)	
Turnover - net	564,086	785,392
Cost of sales	<u>(468,566)</u>	<u>(692,813)</u>
Gross profit	95,520	92,579
Distribution cost	<u>(15,504)</u>	<u>(14,888)</u>
Administrative expenses	<u>(14,971)</u>	<u>(11,204)</u>
Other operating expenses	<u>(3,494)</u>	<u>(4,082)</u>
	<u>(33,969)</u>	<u>(30,174)</u>
	61,551	62,405
Finance cost	<u>(19,905)</u>	<u>(7,806)</u>
Other operating income	5,497	476
	<u>47,143</u>	<u>55,075</u>
Profit before taxation	47,143	55,075
Taxation	<u>(2,820)</u>	<u>(9,720)</u>
Profit after taxation	<u>44,323</u>	<u>45,355</u>
<b>Earnings per share - Basic and diluted</b>	<u>2.55</u>	<u>2.61</u>

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


**Shunaid Qureshi**  
Chief Executive

**Asim Ghani**  
Director



**CASH FLOW STATEMENT (UN-AUDITED)**  
FOR THE QUARTER ENDED DECEMBER 31, 2007

	Note	December 31 2007	December 31 2006
<b>Cash flow from operating activities</b>			
Cash generated from operations	9	104,747	381,750
Financial charges paid		(16,157)	(24,005)
Taxes paid		(4,095)	(3,150)
Net cash used in operating activities		(20,252)	(27,155)
<b>Cash flow from investing activities</b>			
Capital expenditure on property, plant and equipment		(7,581)	(6,817)
Investment in associated company		(659,990)	43
Long term loans and advances		(1,320)	-
Net cash used in investing activities		(668,891)	(6,774)
<b>Cash flow from financing activities</b>			
Repayment of long term financing		(18,637)	(18,636)
New long term financing obtained		750,000	-
Short term borrowings		(72,060)	(284,882)
Net cash from / (used in) financing activities		659,303	(326,350)
Net increase in cash and cash equivalents		74,907	21,471
Cash and cash equivalents at the beginning of the period		32,378	10,907
Cash and cash equivalents at the end of the period		107,285	55,210

  
**Shunaid Qureshi**  
Chief Executive

  
**Asim Ghani**  
Director





**STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)**  
FOR THE QUARTER ENDED DECEMBER 31, 2007

	Share capital	Revenue reserve		Total
		General reserve	Unappropriated profit	
----- (Rupees in thousand) -----				
<b>Balance as at October 1, 2006</b>	<b>173,623</b>	<b>458,000</b>	<b>20,784</b>	<b>652,407</b>
Net profit for the quarter ended December 31, 2006	-	-	45,355	45,355
<b>Balance as at December 31, 2006</b>	<u><b>173,623</b></u>	<u><b>458,000</b></u>	<u><b>66,139</b></u>	<u><b>697,762</b></u>
<b>Balance as at October 1, 2007</b>	<b>173,623</b>	<b>458,000</b>	<b>93,266</b>	<b>724,889</b>
Net profit for the quarter ended December 31, 2007	-	-	44,323	44,323
<b>Balance as at December 31, 2007</b>	<u><b>173,623</b></u>	<u><b>458,000</b></u>	<u><b>137,589</b></u>	<u><b>769,212</b></u>

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

**Shunaid Qureshi**  
Chief Executive

**Asim Ghani**  
Director



## NOTES TO THE FINANCIAL STATEMENTS (UN-AUDITED) FOR THE QUARTER ENDED DECEMBER 31, 2007

### 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 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 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, 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.

### 5 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, 2007	December 31, 2006
Purchases	(Rupees in thousand)	
Thatta cement company limited (Cement)	-	600
Al- Abbas Cement Industries Limited (Cement)	515	-
Due from subsidiary		
Al- Abbas Industries Limited	659,465	-

### 6 CONTINGENCIES AND COMMITMENTS

#### 6.1 Contingencies

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

#### 6.2 Commitments

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



	December 31 2007	December 31 2006
	<b>Additions</b> (Rupees in thousand)	
<b>7 PROPERTY, PLANT AND EQUIPMENT</b>		
<b>7.1 Tangible assets</b>		
Non factory building	-	53
Plant and machinery	2,117	-
Office equipment	178	424
<b>7.2 Capital work in progress</b>	<b>5,286</b>	6,340
<b>8</b>	<p>This represents 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 installments 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.</p>	
	December 31 2007	December 31 2006
<b>9 CASH GENERATED FROM OPERATIONS</b>	<b>(Rupees in thousand)</b>	
Profit before taxation	47,143	55,075
Adjustment for:		
Depreciation	15,218	16,213
Amortization of intangible assets	-	100
Finance cost	19,905	7,806
Deferred liabilities - Market Committee Fee	963	466
	<b>36,086</b>	24,585
Operating profit before working capital changes	<b>83,229</b>	79,660
(Increase)/ decrease in current assets		
Stores, spare parts and loose tools	(2,917)	(7,392)
Stock-in-trade	(39,878)	358,895
Trade debts	25,530	18,272
Loans and advances	21,960	(72,396)
Trade deposits and short term prepayments	(25,431)	211
Accrued mark-up	57	75
Other receivables	(3,543)	90
	<b>(24,222)</b>	297,575
Increase in trade and other payables	<b>45,740</b>	4,515
Cash generated from operations	<b>104,747</b>	381,750



**10 SEGMENTAL OPERATING RESULTS**

	Quarter ended		Quarter ended		Quarter ended	
	December 31 2007	December 31 2006	December 31 2007	December 31 2006	December 31 2007	December 31 2006
	SUGAR		DISTILLERY		TOTAL	
Turnover - net	257,633	401,374	306,453	384,018	564,086	785,392
Cost of sales	(253,712)	(366,596)	(214,854)	(326,217)	(468,566)	(692,813)
Gross profit	3,921	34,778	91,599	57,801	95,520	92,579
Distribution cost	(379)	(1,078)	(15,125)	(13,810)	(15,504)	(14,888)
Administrative expenses	(9,209)	(7,213)	(5,762)	(3,991)	(14,971)	(11,204)
Other operating expenses	-	(4,082)	(3,494)	-	(3,494)	(4,082)
	(9,588)	(12,373)	(24,381)	(17,801)	(33,969)	(30,174)
Finance cost	(5,667)	22,405	67,218	40,000	61,551	62,405
Other operating income	(10,642)	(6,013)	(9,263)	(1,793)	(19,905)	(7,806)
	3,778	407	1,160	69	4,938	476
Profit/ (loss) before taxation	(12,531)	16,799	59,115	38,276	46,584	55,075

(Rupees in thousand)

**11 DATE OF AUTHORISATION FOR ISSUE**

These financial statements were authorized for issue by the Board of Directors on January 25, 2008.

**12 GENERAL**

Figures have been rounded off to the nearest thousand of rupees.

**Shunaid Qureshi**  
Chief Executive

**Asim Ghani**  
Director



# **CONSOLIDATED FINANCIAL STATEMENTS**



**CONSOLIDATED BALANCE SHEET (UN-AUDITED)**

AS AT DECEMBER 31, 2007

	Note	Rupees in thousand
<b>NON CURRENT ASSETS</b>		
Property, plant and equipment	8	1,839,323
Long term loan and advances		6,646
Long term deposit		10,143
		<u>1,856,112</u>
<b>CURRENT ASSETS</b>		
Stores, spare parts and loose tools		180,367
Stock-in-trade		430,168
Trade debts unsecured - considered good		128,950
Loans and advances		104,813
Trade deposits and short term prepayments		30,483
Accrued mark-up		39
Tax refund due from Government		13,340
Cash and bank balances		128,852
		<u>1,017,012</u>
		<u>2,873,124</u>
<b>SHARE CAPITAL AND RESERVES</b>		
Share capital		
Authorized		
17,500,000 ordinary shares of Rs. 10 each		<u>175,000</u>
Issued, subscribed and paid-up capital		173,623
Reserve		458,000
Unappropriated profit		136,317
Shareholders' equity		767,940
<b>NON CURRENT LIABILITIES</b>		
Long term financing	9	1,246,317
Deferred liabilities		49,916
		<u>1,296,233</u>
<b>CURRENT LIABILITIES</b>		
Trade and other payables		456,986
Accrued mark-up		14,102
Short term borrowings		206,944
Current maturity of long term financing		101,545
Provision for taxation		29,374
		808,951
		<u>2,873,124</u>

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

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



**CONSOLIDATED PROFIT AND LOSS ACCOUNT  
(UN-AUDITED)**

FOR THE QUARTER ENDED DECEMBER 31, 2007  
(Amount in thousand except for the earning per share)

	Quarter ended December 31, 2007
Turnover - net	625,798
Cost of sales	<u>(577,672)</u>
Gross profit	48,126
Distribution cost	<u>(15,504)</u>
Administrative expenses	<u>(16,337)</u>
Other operating expenses	<u>(3,494)</u>
	<u>(35,335)</u>
	12,791
Finance cost	<u>(40,620)</u>
Other operating income	<u>3,400</u>
Profit before taxation	<u>(24,429)</u>
Taxation	<u>43,832</u>
Profit after taxation	<u><u>19,403</u></u>
Earnings per share - Basic and diluted	<u><u>1.12</u></u>

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

**Shunaid Qureshi**  
Chief Executive

**Asim Ghani**  
Director



**CASH FLOW STATEMENT (UN-AUDITED)**  
FOR THE QUARTER ENDED DECEMBER 31, 2007

	Note	Quarter ended December 31, 2007 (Rupees in thousand)
<b>Cash flow from operating activities</b>		
Cash generated from operations	10	26,637
Financial charges paid		(56,653)
Taxes paid		(4,170)
Net cash used in operating activities		(34,186)
<b>Cash flow from investing activities</b>		
Capital expenditure on property, plant and equipment		(8,190)
Logn term loan and advances		(1,320)
Long term deposit		(125)
Net cash used in investing activities		(9,635)
<b>Cash flow from financing activities</b>		
Repayment of long term financing		(555,822)
Proceeds from long term financing		750,000
Proceeds from sponsors		15,245
Short term borrowings - net		(72,060)
Net cash from financing activities		137,363
Net increase in cash and cash equivalents		93,542
Cash and cash equivalents at the beginning of the period		35,310
Cash and cash equivalents at the end of the period		<u>128,852</u>

**Shunaid Qureshi**  
Chief Executive

**Asim Ghani**  
Director





**STATEMENT OF CHANGES IN EQUITY  
(UN-AUDITED)**  
FOR THE QUARTER ENDED DECEMBER 31, 2007

	Share capital	Revenue reserve		Total
		General reserve	Unappropriated profit	
----- (Rupees in thousand) -----				
<b>Balance as at October 1, 2007</b>	<b>173,623</b>	<b>458,000</b>	<b>116,914</b>	<b>748,537</b>
Net profit for the quarter ended December 31, 2007	-	-	19,403	19,403
<b>Balance as at December 31, 2007</b>	<b><u>173,623</u></b>	<b><u>458,000</u></b>	<b><u>136,317</u></b>	<b><u>767,940</u></b>

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

**Shunaid Qureshi**  
Chief Executive

**Asim Ghani**  
Director



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - UNAUDITED

FOR THE QUARTER ENDED DECEMBER 31, 2007

### 1 THE GROUP AND ITS OPERATIONS

#### 1.1 HOLDING COMPANY

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
Sugar	Manufacturing and sale of sugar	Mirwah Gorchani, Mirpurkhas	December 15, 1993
Distillery	Manufacturing and sale of industrial alcohol	Mirwah Gorchani, Mirpurkhas	Unit I: August 20, 2000 Unit II: January 23, 2004

#### 1.2 SUBSIDIARY

Al-Abbas Industries Limited (AAIL) was incorporated in Pakistan on July 16, 2002 as a private limited company under the Companies Ordinance, 1984 (the Ordinance), and subsequently, converted into public limited company on June 16, 2003. 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
Calcium Carbide	Manufacturing and sales of Calcium Carbide	Dhabeji, Thatta.	November 1, 2006
Medium Density Fiber Board	Manufacturing and sales of Medium Density Fiber Board.	Dhabeji, Thatta.	April 1, 2007
Ferro Alloys	Manufacturing and sales of Ferro Alloys	Dhabeji, Thatta.	Not yet started commercial production.

### 2 BASIS OF CONSOLIDATION

The consolidated financial statements include the financial statements of the Holding Company and its Subsidiary Company - "The Group"

- Subsidiary Company is consolidated for the first time in first quarter and no comparative figure has been disclosed as they are not comparable.
- Material intra-group balances and transitions have been eliminated.
- The financial statements of Subsidiary Company have been consolidated on a line by line basis.

### 3 BASIS OF PREPARATION

These financial sstatments 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.

### 4 ACCOUNTING POLICIES

The accounting policies adopted for the preparation of these consolidated financial statements are the same as those applied in the preparation of preceding annual published consolidated financial statements of the Group for the year ended September 30, 2007.



## 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 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  
2007  
(Rupees in  
thousand)**

Purchases from Al- Abbas Cement Industries Limited	515
----------------------------------------------------	-----

## 7 CONTINGENCIES AND COMMITMENTS

### 7.1 Contingencies

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

### 7.2 Commitments

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

## 8 PROPERTY, PLANT AND EQUIPMENT

**December 31  
2007  
(Rupees in  
thousand)**

### 8.1 Tangible assets

Plant and machinery	2,117
Office equipment	178
Vehicles	609

### 8.2 Capital work in progress

5,286

- 9 During the period, Holding Company arranged privately placed Term Finance Certificates (TFCs) by Allied Bank Limited being arranger aggregating amounting to Rs. 750 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 installments 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 Holding Company.

**December 31  
2007  
(Rupees in  
thousand)**

## 10 CASH GENERATED FROM OPERATIONS

Loss before taxation	(24,429)
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Adjustment for:

Depreciation	29,236
Finance cost	40,620
Deferred liabilities - Market Committee Fee	965

70,821

Operating profit before working capital changes	46,392
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(Increase)/ decrease in current assets

Stores, spare parts and loose tools	(3,102)
Stock-in-trade	(51,470)
Trade debts	421
Loans and advances	(10,050)
Trade deposits and short term prepayments	(13,980)
Accrued mark-up	57

(78,124)

Increase in trade and other payables	58,369
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Cash generated from operations	26,637
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## 11 SEGMENTAL OPERATING RESULTS

	SUGAR	DISTILLERY	QUARTER ENDED			MDFB	TOTAL
			CALCIUM CARBIDE	FERRO ALLOYS			
Turnover - net	257,633	306,453	30,819	-	30,893	625,798	
Cost of sales	(253,712)	(214,854)	(23,401)	(7,593)	(78,112)	(577,672)	
Gross profit / (Loss)	3,921	91,599	7,418	(7,593)	(47,219)	48,126	
Distribution cost	(379)	(15,125)	-	-	-	(15,504)	
Administrative expenses	(9,209)	(5,762)	(764)	-	(602)	(16,337)	
Other operating expenses	-	(3,338)	-	-	-	(3,338)	
	(9,588)	(24,225)	(764)	-	(602)	(35,179)	
Finance cost	(5,667)	67,374	6,654	(7,593)	(47,821)	12,947	
Other operating income	(10,642)	(9,263)	(417)	(11,184)	(9,114)	(40,620)	
Profit/ (loss) before taxation	1,525	1,719	-	-	-	3,244	
	(14,784)	59,830	6,237	(18,777)	(56,935)	(24,429)	

(Rupees in thousand)

## 12 DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorized for issue by the Board of Directors on January 25, 2008.

## 13 GENERAL

Figures have been rounded off to the nearest thousand of rupees.



**Shunaid Qureshi**  
Chief Executive



**Asim Ghani**  
Director

