



AL-ABBAS | SUGAR Mills
Limited



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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

LEGAL ADVISOR

Usmani & Iqbal Advocates & Solicitors

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

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' REVIEW REPORT

The Board of Directors is pleased to present the interim condensed financial information for the nine months ended June 30, 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 nine months under review is as follows:

	Nine months ended June 30, 2009	Nine months ended June 30, 2008
	← (Rs. in thousand) →	
Operating profit	349,145	211,808
Other operating income	19,116	10,094
	368,261	221,902
Finance cost	(163,839)	(127,855)
Profit before taxation	204,422	94,047
Provision for taxation	(57,518)	(16,529)
Profit after taxation	146,904	77,518
Earnings per share in rupees	8.46	4.46

OPERATING RESULTS

During the period under review, your Company registered an increase of Rs. 137.337 million in operating profit compared to corresponding period of last year. Profit earned after taxation increased to Rs. 146.904 million compared to Rs. 77.518 million in the corresponding period of last year despite an increase of financial charges by Rs. 35.984 million. The earnings per share also increased from Rs. 4.46 to Rs. 8.46.

Sugar unit

The operational data is given below:

Operational data

	Nine months ended June 30, 2009	Nine months ended June 30, 2008
Date of start of season	November 19, 2008	November 15, 2007
No. of days worked	115	147
Crushing (M. Tons)	513,887	615,690
Production (M. Tons)	52,850	61,965
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 147 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 615,690 M.T with average sucrose recovery of 10.06% and sugar production of 61,965 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 unit

The operational data is given below:

	Nine months ended June 30, 2009	Nine months ended June 30, 2008
No. of days worked - Unit - I	257	241
- Unit - II	256	229
Production (M. Tons) - Unit - I and II	23,687	30,863
Capacity attained (%) - Unit - I and II	98	98



During the period under review, the distillery division of your Company was under utilized due to acute shortage of molasses. During the current period, this division produced 23,687 M.T alcohol as compared to corresponding period of last financial year of 30,863 M.T registering decrease of 23% of production.

Due to recent stagflation, worldwide demand for ethanol 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 by Rs.101 million.

OTHER DIVISIONS

In carbide and allied division, the Company produced and sold ferroalloys and allied products 3,435 M.T and 3,392 M.T respectively. The Company has not produced calcium carbide due to unbridled import from China at reduced rate of custom duty.

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

FUTURE PROSPECTS

Faced with imminent sugarcane shortage, the Sugar Advisory Board (SAB) has recommended the Government to allow import of raw sugar at the start of the sugarcane crushing season this year to arrest the steady increase in the retail price of sugar. The reduced sugarcane output is expected to result in a decline in sugar production as well as higher sugar prices.

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 per hectare area of land. Consequently, the production of ethanol is likely to be lower as compared with the previous period.

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

Shunaid Qureshi
Chief Executive

Karachi: July 30, 2009

**INTERIM CONDENSED BALANCE SHEET****AS AT JUNE 30, 2009**

	Note	Un-audited June 30, 2009 (Rupees in thousand)	Audited September 30, 2008
NON-CURRENT ASSETS			
Property, plant and equipment	6	2,267,314	2,082,835
Long term loan and advances		2,537	3,103
Long term deposits		11,031	11,026
Long term investments		25,644	29,182
		<u>2,306,526</u>	<u>2,126,146</u>
CURRENT ASSETS			
Stores, spare and loose tools		225,514	209,401
Stock-in-trade		1,531,428	1,036,195
Trade debts - unsecured (considered good)		25,535	37,997
Loans and advances		217,269	201,315
Trade deposits and prepayments		1,811	5,448
Other receivables	7	6,061	-
Short term investment		16,475	17,250
Accrued mark-up		62	128
Tax refundable due from Government		17,018	86,415
Cash and bank balances		32,933	48,417
		<u>2,074,106</u>	<u>1,642,566</u>
		<u>4,380,632</u>	<u>3,768,712</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		<u>813,490</u>	<u>696,167</u>
Shareholders' equity		987,113	869,790
NON-CURRENT LIABILITIES			
Long term financing		890,609	1,075,000
Long term loan from related parties		301,346	395,070
Liabilities against assets subject to finance lease		2,075	3,295
Deferred liabilities		86,115	38,186
		<u>1,280,145</u>	<u>1,511,551</u>
CURRENT LIABILITIES			
Trade and other payables		708,012	656,959
Accrued mark-up		54,972	63,958
Short term borrowings		1,151,839	558,526
Current maturity of non-current liabilities		185,700	95,077
Provision for taxation		12,851	12,851
		<u>2,113,374</u>	<u>1,387,371</u>
CONTINGENCIES AND COMMITMENTS	8	<u>4,380,632</u>	<u>3,768,712</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 PERIOD ENDED JUNE 30, 2009**

	Nine Monts Ended		Quarter Ended	
	2009	2008	2009	2008
	(Rupees in thousand)		(Rupees in thousand)	
Turnover	3,034,851	2,006,423	1,302,241	749,928
Cost of sales	<u>(2,553,706)</u>	<u>(1,566,344)</u>	<u>(1,148,511)</u>	<u>(523,759)</u>
Gross profit	481,145	440,079	153,730	226,169
Distribution cost	<u>(55,628)</u>	<u>(106,414)</u>	<u>(20,542)</u>	<u>(64,105)</u>
Administrative expenses	<u>(61,487)</u>	<u>(58,544)</u>	<u>(23,040)</u>	<u>(22,887)</u>
Other operating expenses	<u>(14,885)</u>	<u>(63,313)</u>	<u>(2,085)</u>	<u>(55,624)</u>
	<u>(132,000)</u>	<u>(228,271)</u>	<u>(45,667)</u>	<u>(142,616)</u>
Operating profit	349,145	211,808	108,063	83,553
Finance cost	<u>(163,839)</u>	<u>(127,855)</u>	<u>(66,571)</u>	<u>(48,716)</u>
Other operating income	<u>19,116</u>	<u>10,094</u>	<u>14,804</u>	<u>2,132</u>
Profit before taxation	204,422	94,047	56,296	36,969
Taxation				
Current	<u>(12,158)</u>	<u>(16,529)</u>	<u>(4,342)</u>	<u>(8,549)</u>
Deferred	<u>(45,360)</u>	<u>-</u>	<u>(28,768)</u>	<u>-</u>
	<u>(57,518)</u>	<u>(16,529)</u>	<u>(33,110)</u>	<u>(8,549)</u>
Profit after taxation	146,904	77,518	23,186	28,420
Earnings per share (Basic and diluted - Rupees)	8.46	4.46	1.34	1.64

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 PERIOD ENDED JUNE 30, 2009**

	Note	June 30, 2009	June 30, 2008
(Rupees in thousand)			
Cash flow from operating activities			
Cash generated from / (used in) operations	10	73,668	(174,415)
Finance cost paid		(187,299)	(182,434)
Taxes paid		(12,158)	(17,921)
		<u>(199,457)</u>	<u>(200,355)</u>
Net cash used in operating activities		(125,789)	(374,770)
Cash flow from investing activities			
Capital expenditure on property, plant and equipment		(271,974)	(201,941)
Proceeds from disposal of fixed assets		3,159	-
Intangible assets		-	(150)
Long term loans and advances		568	(1,273)
Long term deposits		(5)	(978)
Net cash used in investing activities		(268,252)	(204,342)
Cash flow from financing activities			
Repayment of non-current liabilities		(94,988)	(739,441)
Long term loan from related parties		(93,724)	15,916
Dividend paid		(26,043)	-
Proceeds from long term financing obtained		-	750,000
Short term borrowings - net		593,312	533,109
Net cash from financing activities		<u>378,557</u>	<u>559,584</u>
Net decrease in cash and cash equivalents		(15,484)	19,528
Cash and cash equivalents at beginning of the year		48,417	39,142
Cash and cash equivalents at the end of the period		<u>32,933</u>	<u>19,614</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 PERIOD ENDED JUNE 30, 2009

	Share capital	General Reserve	Unappropriated profit	Fair value reserve on remeasurement of available for sale investment	Equity
	(Rupees in thousand)				
Balance as at October 01, 2007	173,623	458,000	170,305	-	801,928
Net profit for the nine months ended June 30, 2008	-	-	77,518	-	77,518
Balance as at June 30, 2008	173,623	458,000	247,823	-	879,446
Loss for the fourth quarter ended September 30, 2008	-	-	(2,473)	-	(2,473)
Loss on change in fair value of available for sale investment	-	-	-	(7,183)	(7,183)
Balance as at October 01, 2008	173,623	458,000	245,350	(7,183)	869,790
Dividend paid during the period	-	-	(26,043)	-	(26,043)
Loss on change in fair value of available for sale investment	-	-	-	(3,538)	(3,538)
Net profit for the nine months ended June 30, 2009	-	-	146,904	-	146,904
Balance as at June 30, 2009	173,623	458,000	366,211	(10,721)	987,113

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 PERIOD ENDED JUNE 30, 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 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. The Company carries out the business of following divisions:

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 others	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 Interim Condensed 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 Interim Condensed 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 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, 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.



	June, 30 2009	June, 30 2008
6 PROPERTY, PLANT AND EQUIPMENT	(Rupees in thousand)	
Additions		
Owned		
Plant and machinery	-	7,828
Office equipment	1,455	1,053
Furniture, fixture and others	256	191
Motor Vehicles	6,072	400
Capital work in progress	264,191	192,469
	<u>271,974</u>	<u>201,941</u>
Leased		
Vehicles	-	5,336
	<u>271,974</u>	<u>207,277</u>
Disposals	<u>5,579</u>	<u>572</u>
7 OTHER RECEIVABLES		
This includes Rs. 4.542 million net receivables on cross currency and interest rate swap agreement.		
8 CONTINGENCIES AND COMMITMENTS		
8.1 Contingencies		
The status of contingencies as at June 30, 2009 is same as reported in the annual financial statements for the year ended September 30, 2008.		
8.2 Commitments		
Commitment in respect of capital expenditure amounting to Rs. 113 million (September 30, 2008: Rs. 130 million) which includes letter of credit amounting to Rs. Nil (September 30, 2008: Rs. 122.17 million).		
	June, 30 2009	June, 30 2008
9 TURNOVER	(Rupees in thousand)	
Local	2,120,678	622,082
Export	1,215,828	1,473,896
	<u>3,336,506</u>	<u>2,095,978</u>
Less:		
Sales tax	283,385	86,732
Excise duty	18,270	2,823
	<u>301,655</u>	<u>89,555</u>
	<u>3,034,851</u>	<u>2,006,423</u>
10 CASH GENERATED FROM/ (USED IN) OPERATIONS		
Profit before taxation	204,422	94,047
Adjustments for:		
Depreciation	100,087	82,965
Amortization of intangible assets	-	21
Gain on disposal of fixed assets	(1,279)	-
Fair value changes in short term investment	776	-
Mark-up income	-	173
Finance cost	163,839	184,947
Provision against deferred liabilities	2,569	3,079
	<u>265,992</u>	<u>271,185</u>
Operating profit before changes in working capital	470,414	365,232
(Increase) / decrease in current assets		
Stores, spare and loose tools	(16,113)	(187,127)
Stock-in-trade	(495,233)	(702,761)
Trade debts	12,462	97,618
Loans and advances	(15,954)	(50,983)
Trade deposits and prepayments	3,637	(46,041)
Other receivables	(6,061)	-
Accrued mark-up	66	254
Tax refund due from Government	69,397	(76,923)
	<u>(447,799)</u>	<u>(965,963)</u>
Increase in trade and other payables	51,053	426,316
Cash generated from / (used in) operations	<u>73,668</u>	<u>(174,415)</u>



11 SEGMENT REPORTING

(Rupees in thousand)

	Nine Months Ended June 30,						Total		
	2009		2008		2009				
	Sugar	Distillery	Calcium Carbide and others	MDFB	2009	2008			
Sales	1,417,133	708,478	1,245,440	1,144,168	364,410	79,706	74,071	3,034,851	2,006,423
Segment results	246,418	99,963	224,830	260,827	(35,799)	2,185	(9,932)	425,517	333,665
Unallocated Corporate Expenses:									
Administration cost								(61,487)	(58,544)
Finance cost								(163,839)	(127,855)
Other operating expenses								(14,885)	(63,313)
Other operating income								19,116	10,094
Taxation								(57,518)	(16,529)
								<u>146,904</u>	<u>77,518</u>



Quarter Ended June 30,						
	2009	2008	2009	2008	2009	2008
			Distillery		MDFB	Total
Sugar						
	287,188	287,188	439,728	404,011	-	749,928
	32,436	32,436	22,972	111,806	(1,441)	162,063
	<u>110,486</u>	<u>110,486</u>	<u>439,728</u>	<u>404,011</u>	<u>(1,441)</u>	<u>1,302,241</u>
			1,171	15,099	25,204	133,188
Sales	742,518	287,188	439,728	404,011	-	749,928
Segment results	110,486	32,436	22,972	111,806	(1,441)	162,063
Unallocated Corporate Expenses:						
Administration cost						(23,040)
Finance cost						(66,571)
Other operating expenses						(2,085)
Other operating income						14,804
Taxation						(33,110)
						<u>23,186</u>
						<u>(22,887)</u>
						<u>(48,716)</u>
						<u>(55,624)</u>
						<u>2,132</u>
						<u>(8,549)</u>
						<u>28,419</u>



(Rupees in thousand)

	Jun 30, 2009	September 30, 2008	Jun 30, 2009	September 30, 2008	Jun 30, 2009	September 30, 2008	Jun 30, 2009	September 30, 2008	Total
	Sugar	Distillery	Calcium Carbide and others	MDFB					
11.1 Segment assets									
Unallocated segment assets	1,881,121	1,199,616	889,705	527,207	799,202	702,750	330,722	373,778	3,900,750
									479,882
									<u>4,380,632</u>
									<u>3,768,712</u>
11.2 Segment liabilities									
Unallocated segment liabilities	1,768,319	1,375,617	428,701	190,288	420,137	384,434	370,406	387,838	2,987,563
									405,956
									<u>3,393,519</u>
									<u>2,898,922</u>
11.3 Capital expenditure									
Unallocated capital expenditure	264,191	309,866	-	-	-	1,968	-	18,629	264,191
									7,783
									<u>271,974</u>
									<u>332,645</u>
11.4 Depreciation									
	34,122	24,690	22,508	34,127	32,593	36,446	10,864	25,254	100,087
									<u>120,517</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 common expenses such as electricity, gas, water, repair and maintenance etc. relating to head office, shared with associated companies, which are based on the advices received.

	June 30, 2009	June 30, 2008
	(Rupees in thousand)	
Purchases - Cement	1,655	1,210
Sales - Baggasse	1,611	-
Common sharing expenses incurred	4,500	-
Purchase of stores and spares	3,144	-
Dividend received	1,904	-
Loan (repayments) / received from related parties - Sponsors	(93,724)	15,916
Key management personnel		
Remuneration of chief executive, directors and executives	28,654	24,747

13 DATE OF AUTHORIZATION FOR ISSUE

This Condensed Interim Financial Information was authorized for issue on July 30, 2009 by Board of Directors of the Company.

14 CORRESPONDING FIGURES

Corresponding figures in the Interim Condensed Balance Sheet and Interim Condensed Statement of Changes in Equity comprise of balances as per the annual audited financial statements for the year ended September 30, 2008. Corresponding figures in the Interim Condensed Profit and Loss Account and Interim Condensed Cash Flow Statement comprise of balances of comparable period as per the Condensed Interim Financial Information for the nine months ended June 30, 2008.

15 General

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

Shunaid Qureshi
Chief Executive

Asim Ghani
Director