15th ANNUAL REPORT 2005

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CORPORATE INFORMATION

BOARD OF DIRECTORS
Muhammad Iqbal Usman
(Chairman)
Shunaid Qureshi
(Chief Executive)
Munawar A. Siddiqui
Munaf Ibrahim
Shahid Anwar
Duraid Qureshi
Asim Ghani

COMPANY SECRETARY
Muhammad Suleman Kanjiani

CHIEF FINANCIAL OFFICER
Mirza Adal Baig

AUDIT COMMITTEE
Muhammad Iqbal Usman
(Chairman)
Duraid Qureshi
Asim Ghani

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
United Bank Limited

REGISTERED OFFICE
Pardesi House, Survey No. 2/1, R.Y. 16,
Old Queens Road, Karachi – 74000

FACTROY
Mirwah Gorchani, Distt. Mirpurkhas, Sindh

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the 15th Annual General Meeting of Al-Abbas Sugar Mills Limited will be held at **Registered Office of the Company, Pardesi House, Old Queens Raod, Karachi** on **Thursday, January 26, 2006 at 4:00 pm** to transact the following business:

A. Ordinary Business

1. To confirm the minutes of the last Annual General Meeting of the shareholders of the company held on January 20, 2005.

2. To receive, consider and adopt Audited Financial Statements for the year ended September 30, 2005, together with the Reports of the Auditors and Directors thereon.

3. To approve payment of dividend for the year ended September 30, 2005 as recommended by the Board of Directors.

4. To appoint auditors for the ensuing year, and to fix their remuneration. Messrs Hyder Bhimji & Co., Chartered Accountants, retire and being eligible have offered themselves for re-appointment.

B. Special Business

5. To approve placement of Quarterly Financial Statements on the company's website instead of transmitting the same to the shareholders by post, subject to approval from the Securities and Exchange Commission of Pakistan.

   A statement as required by Section 160 (1) (b) of the Companies Ordinance, 1984 in respect of the special business to be considered at the meeting is being sent to the Members.

   By Order of the Board

   Muhammad Suleman Kanjiani
   Company Secretary

   Karachi
   December 27, 2005

Notes:

1. Share Transfer Books will be closed from January 17, 2006 to January 26, 2006 (both days inclusive).

2. All Members are entitled to attend and vote at the meeting. A Member may appoint a proxy who need be a Member of the Company.

3. The instrument appointing the proxy and the other authority under which it is signed, or a notarially certified copy thereof, must be lodged at the Company's Registered Office at least 48 hours before the time of the meeting.

4. Any change of address of Members should be notified immediately to the Company's Share Department.

   CDC Account Holders will further have to follow the under mentioned guidelines as laid down by the Securities and Exchange Commission of Pakistan:

A. For Attending the Meeting:

i. In case of individuals, the account holder or sub-account holder whose securities and their registration details are uploaded as per the Regulations, shall authenticate his identity by showing his original Computerised National Identity Card (CNIC) or original passport at the time of attending the meeting.

ii. In case of corporate entity, the Board of Directors' resolution / power of attorney with specimen signature of the nominee shall be produced at the time of the meeting.

B. For Appointing Proxies:

i. In case of individuals, the account holder or sub-account holder whose securities and their registration details are uploaded as per the Regulations, shall submit the proxy form as per the requirement by the Company.

ii. The proxy form shall be witnessed by two persons whose names, address and CNIC numbers shall be mentioned on the form.

iii. Attested copies of CNIC or the passport of the beneficial owners and the proxy shall be furnished with the proxy form.

iv. The proxy shall produce his original CNIC or original passport at the time of the meeting.

v. In case of corporate entity, the Board of Directors' resolution / power of attorney with specimen signature shall be submitted along with proxy form to the Company.

Statement under Section 160 (1) (b) of the Companies Ordinance, 1984

This Statement is annexed to the Notice of the Fifteenth Annual General Meeting of Al-Abbas Sugar Mills Limited to be held on January 26th, 2006 at which certain special business is to be transacted. The purpose of this Statement is to set forth the material facts concerning such special business.

A. Item 5 of the Agenda – Placement of quarterly financial statements on company's website:

In order to avoid unnecessary cost and cumbersome exercise, the Board feels that the objectives of the statutory provision of Section 245 of the Companies Ordinance, 1984 would be achieved if the company is allowed by Securities and Exchange Commission of Pakistan and the shareholders to place Quarterly Financial Statements on the company's website instead of transmitting the same to the shareholders by post.

DIRECTOR'S REPORT

The Directors are pleased to submit the Annual Report along with the audited financial statements for the year ended September 30, 2005.

FINANCIAL RESULTS

	Year ended September 30	
	2005	**2004**
	(Rupees in thousand)	
Profit before taxation	**70,492**	211,390
Taxation	**(7,061)**	22,128
Profit after taxation	**63,431**	233,518
Un-appropriated profit b/f	**4,576**	1,826
Profit available for appropriation	**68,007**	235,344

APPROPRIATION OF PROFIT

The profit available for appropriation is recommended to be appropriated as follows:

	Year ended September 30	
	2005	**2004**
	(Rupees in thousand)	
Profit available for appropriation	**68,007**	235,344
Transfer to general reserves	**-**	(170,000)
Dividend on ordinary shares	**(52,087)**	(60,768)
	(52,087)	(230,768)
Un-appropriated profit c/f to Balance Sheet	**15,920**	4,576
Basic earnings per share (Rupees)	**3.65**	13.45

OPERATING RESULTS

Your company has excellent record of continuous growth performance and we, by the grace of Almighty Allah, are pleased to report another successful year. Although this year has not been as profitable as last year but we have managed to earn some profitability despite some adverse factors faced by the company. In a year of mixed fortune for different industrial segments, Al-Abbas Sugar has continued to reinforce its market position. Your company achieved an impressive increase of 32 percent in net sales over last year. This was yet another year wherein the acquisition of raw material i.e. sugar cane proved to be production constraint which was effectively managed. Planning also played an important role to make timely and effective decisions which further strengthened our position as a reliable supplier.

The company's net profit after tax from manufacturing operations is Rs. 63.43 million which includes Rs. 12.79 million under the head "other operating income" which mainly represents income from sale of scrap and sales tax refund.

SUGAR UNIT

The operating performance of sugar unit has declined as compared to last year, the reason of which has been discussed above, whereas financial results of sugar unit have shown improvement as compared to previous year.

OPERATING DATA:

Season	2004-2005	2003-2004
Crushing (M. Tons)	**343,742**	562,096
Recovery (%)	**10.10**	9.45
Sugar production (M. Tons)	**37,384**	53,134
Molasses production (M. Tons)	**17,890**	29,700
No. of days worked	**118**	130

FINANCIAL DATA:

	Year ended September 30	
	2005	2004
	(Rupees in thousand)	
Sales	**950,385**	610,814
Cost of sales	**877,920**	548,996
Gross profit	**72,465**	61,818
Operating profit	**41,821**	30,316
Financial charges	**14,171**	9,711
Profit before tax	**32,203**	24,541

Raw Material: The year 2004-2005 proved to be a difficult time for the agricultural sector. Lower production of sugarcane resulted in abnormal hike in prices. The increase in prices of sugarcane significantly affected the cost of production. However, through our strategic planning, efforts and relationship with growers helped to achieve reasonable but not desired capacity utilization.

The shortage of water for irrigation, inflationary trend in prices of agricultural inputs and shifting of area to other cash crops can continue to contribute to escalation in prices of sugarcane.

DISTILLERY UNIT:

By the grace of Almighty Allah, distillery unit has shown reasonably good results this year. However the factors discussed above have greatly affected the profitability and capacity utilization of the distillery unit.

		2004-2005	
	UNIT 1	UNIT 2	TOTAL
Production (M. Tons)	15,235	11,515	26,750
Percentage of capacity attained	90	91	90

		2003-2004	
	UNIT 1	UNIT 2	TOTAL
Production (M. Tons)	22,453	11,386	33,839
Percentage of capacity attained	107	81	96

FINANCIAL DATA:

	Year ended September 30 2005	2004
	(Rupees in thousand)	
Sales	**773,137**	697,449
Cost of sales	**651,636**	425,814
Gross profit	**121,501**	271,635
Operating profit	**58,355**	218,095
Financial charges	**22,393**	21,878
Profit before tax	**38,289**	186,849

Raw Material: For the distillery unit, one of the main bottlenecks this year was the limited supply of raw material as has already been stated in our previous reports. Another issue was the quality of molasses being received which was also not as per the specification required.

Export: On the export side, your company has made intensive efforts to further maintain the market in the European Union (EU) with standard quality product at an affordable price. However, our efforts were taken aback with the imposition of duty by EU and subsequently the initiation of anti-dumping proceedings by the EU in which we were the sample company. Your company also contested the proceedings with an all out effort the result of which is expected around first quarter of 2006. Another factor which affected the exports and profitability was the hike in prices of molasses. Although the company was geared to export huge quantities but there was not enough raw material available as mentioned in our previous reports.

FUTURE OUTLOOK:

The drastic increase in the prices of major agricultural products may mount pressure on the price of sugarcane. The price of sugarcane, utilities and other costs will put our profit margins under pressure and this remains a cause of concern since the increase in cost of production on multiple accounts cannot be passed on as a whole to the buyers.

Your company is vigilant of those challenges and is taking strategic initiatives to minimize the negative effects on business by implementing strict financial controls, optimal plant operations, and cost control to achieve cost efficiencies.

Further, for the current crushing year 2005-2006 your sugar plant has started production on November 25, 2005 but due to issuance of revised notification of the Government of Sindh where by it has revised the minimum sugar cane price per 40 kilograms from Rs. 48 to Rs. 60 due to which Pakistan Sugar Mills Association (PSMA) decided to stop crushing till the time the Government of Sindh withdraws its notification. Therefore, crushing will resume only after PSMA's decision.

BOARD OF DIRECTORS

The Board of Directors is comprised of two executive and five non-executive directors. The current members of the Board of Directors have been listed in the Company Information.

During the year ended September 30, 2005, four meetings of Board of Directors were held and were attended as follows:

Name of Directors	Number of meetings attended
▪ Mohammad Iqbal Usman	4
▪ Shunaid Qureshi	4
▪ Munawar Alam Siddiqui	3
▪ Munaf Ibrahim	3
▪ Shahid Anwar	4
▪ Duraid Qureshi	3
▪ Asim Ghani	4

CEO, Directors, CFO, Company Secretary and their spouses and minor children have made no transactions in the company's shares during the year.

AUDITORS

The retiring auditors, Messrs Hyder Bhimji & Co., Chartered Accountants being eligible, offer themselves for re-appointment. The Board of Directors, on recommendation of Audit Committee, has proposed appointment of M/s Hyder Bhimji & Co., Chartered Accountants for the year 2005-2006.

AUDIT COMMITTEE

The Board of Directors have established a Audit Committee in compliance with the Code of Corporate Governance with the following members:

Iqbal Usman	Chairman	Non Executive Director
Duraid Qureshi	Member	Non Executive Director
Asim Ghani	Member	Executive Director

The Audit Committee reviewed the quarterly, half yearly and annual financial statements before submission to the Board and their publication. The Audit Committee also reviewed internal auditor's findings and held separate meetings with internal and external auditors as required under the Code of Corporate Governance.

TRANSFER PRICING POLICY COMPLIANCE

The transactions between the related parties were made at arm's length prices determined in accordance with the comparable uncontrolled price method except electricity, gas, water, repair maintenance related to the head office shared with associated companies which are based on the advices received. The company has fully complied with the best practices on Transfer Pricing as contained in the listing regulations of stock exchanges in Pakistan.

PATTERN OF SHAREHOLDING

Pattern of shareholding as on September 30, 2005 according to requirements of the Code of Corporate Governance and a statement reflecting distribution of shareholding is annexed to this report.

CORPORATE GOVERNANCE

The Directors are pleased to state that your company is compliant with the provisions of the Code of Corporate Governance as required by SECP and formed as part of stock exchanges listing regulations.

COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE

a) The financial statements prepared by the management, present fairly its state of affairs, the result of its operations, cash flows and changes in equity.

b) The Company has maintained proper books of accounts.

c) Appropriate accounting policies have been consistently applied in the preparation of financial statements and accounting estimates are based on reasonable and prudent judgment.

d) International Accounting Standards as applicable in Pakistan have been followed in preparation of financial statements.

e) The system of internal control is sound in design and has been effectively implemented and monitored.

f) There are no doubts upon the Company's ability to continue as a going concern.

g) Statements regarding the following are annexed or are disclosed in the notes to the financial statements:

- Key financial data for the last six years.
- Pattern of shareholding.
- Trading in shares of the Company by its Directors, Chief Executive, Chief Financial Officer and Company Secretary.
- Number of Board meetings held and attendance by directors.

h) There has been no material departure from the best practices of corporate governance, as detailed in the listing regulations.

i) Board of Directors has recommended paying cash dividends @ 30% (Rs. 3.00 per share).

j) Company has not made payment against market committee fee since inception as it has been challenged in Honorable High Court of Sindh. However full provision has been made in the accounts for such liability.

k) The Company maintains Gratuity Fund for its employees. Stated below is the value of investment of the fund as on June 30, 2005, based on latest audited accounts of the fund.

- Gratuity Fund Rs. 19.133 million

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 delivering such a strong performance. 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!

Karachi:
December 22, 2005

SHUNAID QURESHI
Chief Executive

PATTERN OF SHAREHOLDING
AS ON SEPTEMBER 30, 2005

Number of Shareholders	Shareholding From	Shareholding To	Total Number of Shares Held
112	1	100	11,000
724	101	500	346,800
61	501	1,000	59,000
64	1,001	5,000	156,400
11	5,001	10,000	87,100
3	10,001	15,000	41,200
2	15,001	20,000	36,000
11	20,001	25,000	245,000
5	35,001	40,000	184,400
1	40,001	45,000	42,400
1	50,001	55,000	50,600
1	60,001	65,000	62,000
1	95,001	100,000	99,300
1	130,001	135,000	132,500
1	170,001	175,000	171,500
1	565,001	570,000	565,800
1	645,001	650,000	647,168
1	785,001	790,000	786,182
1	1,195,001	1,200,000	1,200,000
1	1,245,001	1,250,000	1,247,000
1	1,360,001	1,365,000	1,363,500
1	1,395,001	1,400,000	1,399,668
1	1,770,001	1,775,000	1,773,250
1	2,895,001	2,900,000	2,897,300
1	3,755,000	3,760,000	3,757,232
1,009			**17,362,300**

CATEGORIES OF SHAREHOLDERS
AS ON SEPTEMBER 30, 2005

Categories of Shareholders	Number of Shareholders	Number of Shares Held	Percentage
Individuals	988	12,160,600	70.04
Joint Stock Companies	12	1,705,700	9.83
Financial Institutions	4	2,899,800	16.70
Mutual Funds	2	581,800	3.35
Others	3	14,400	0.08
Total	1,009	17,362,300	100.00

Information on shareholding required under reporting framework is as follows:

Associated Companies, Undertakings and Related Parties

JAHANGIR SIDDIQUI & CO. LTD.	1,363,500
BSJS BALANCED FUND LTD.	565,800
HAJI ABDUL GHANI	3,757,232
MUHAMMAD AYOOB YOUNUS ADHI	1,773,250

NIT and ICP

INVESTMENT CORPORATION OF PAKISTAN	1,700
NATIONAL BANK OF PAKISTAN, TRUSTEE DEPARTMENT	2,897,300

Directors, CEO, their spouses and minor children

MUHAMMAD IQBAL USMAN	500
SHUNAID QURESHI	1,399,668
MUNAWAR ALAM SIDDIQUI	1,000
MUNAF IBRAHIM	500
DURAID QURESHI	1,000
ASIM GHANI	62,500

Banks, Development Financial Institutions, Non-Banking Financial Institutions, Insurance Companies, Modarabas & Mutual Funds

BANK OF KHYBER	200
PRUDENTIAL STOCK FUND	600
NDFC - INVESTOR	500

Public Sector Companies & Corporations

JAN MOHAMMAD A.LATIF NINI & SONS (PVT) LTD.,	2,500
Y.S. SECURITIES & SERVICES (PVT) LTD.,	500
AMER COTTON MILLS (PVT) LTD.,	25,000
MOLASSES EXPORT CO. (PVT) LTD.,	9,900
BULK MANAGEMENT PAKISTAN (PVT) LTD.,	171,500
TRUSTEES AL-ABBAS SUGAR MILLS LTD. EMPLOYEES GRATUITY FUND.,	4,000
VALIKA ART FABRICS LTD.,	8,000
I.I.KODVAVI SECURITIES (PVT) LTD.,	100
HASEEB WAQAS ENGINEERING LTD.,	500
LIVE SECURITIES (PVT) LTD.,	600
TIME SECURITIES (PVT) LTD.,	500
MEGA SECURITIES (PVT) LTD.	500
JAHANGIR SIDDIQUI SECURITIES SERVICES LTD.,	132,500
CDC - TRUSTEE ABAMCO COMPOSITE FUND.	16,000

Shareholder holding 10% or more voting interest in the Company
Employees, Annuitants & Employee's Trust-approximately

HAJI ABDUL GHANI	3,757,232	21.64 %
MUHAMMAD AYOOB YOUNUS ADHI	1,773,250	10.21 %
NATIONAL BANK OF PAKISTAN, TRUSTEE DEPARTMENT	2,897,300	16.69 %
CENTRAL DEPOSITORY COMPANY OF PAKISTAN (AS DEPOSITORY)*	16,871,000	97.17 %

* (Shares of Mr.Haji A.Ghani, Mr. Ayoob Younus Adhi & NBP - Trustee Department Included)

KEY FINANCIAL DATA

		2005	2004	2003	2002	2001	2000
Investment Measure							
Ordinary Share Capital	Rs/ mn	**173,623**	173,623	173,623	173,623	173,623	173,623
Reserves [Reserves + Un-appropriated profit]	Rs/ mn	**526,007**	462,576	289,826	251,263	250,640	204,233
Ordinary Shareholder's Equity [Ordinary share capital + Reserves + Unappropriated profit]	Rs/ mn	**699,630**	636,199	463,449	424,886	424,263	377,856
Dividend on Ordinary Shares	Rs/ mn	**52,087** *	60,768	31,252	-	34,725	26,043
Dividend per Ordinary Share [Total dividend on ordinary shares/ Number of ordinary shares issued]	Rs	**3.00** *	3.50	1.80	-	2.00	1.50
Profit / (Loss) Before Taxation	Rs/ mn	**70,492**	211,390	86,074	(10,857)	118,293	71,389
Profit After Taxation	Rs/ mn	**63,431**	233,518	69,815	623	81,132	46,693
Earnings per share of Rs. 10 [Profit after taxation attributable to ordinary shareholders/ Number of ordinary shares issued]	Rs	**3.65**	13.45	4.02	0.04	4.67	2.69
Measure of Financial Status							
Current Assets to Current Liabilities [Current assets/ (Current liabilities - Current maturity of long term loans)]	x : 1	**1.2**	1.1	1.0	1.0	1.0	0.8
Debt Equity Ratio [(Current maturity of long term financing + Long term financing) / Total shareholder's equity] [Total shareholder's equity = Issued, subscribed and paid-up capital + Reserves + Unappropriated profit]	x : 1	**0.3**	0.5	0.8	0.5	0.4	0.5
Total Debt Ratio [Interest bearing debt / Total assets] [Interest bearing debt = Long term loans + Current maturity of long term loans + Short-term loan + Finance under mark-up arrangement]	x : 1	**0.2**	0.2	0.4	0.5	0.5	0.3
Number of Days Stock [365 / Stock turnover] [Stock turnover = Cost of goods sold / Average stock-in-trade] [Average stock-in-trade = Opening stock in trade + Closing stock-in-trade / 2]		**130**	175	145	131	58	9
Measure of Performance							
Profit After Taxation as % of Average Capital Employed [Capital employed = Total assets - Current liabilites] [Average capital employed = (Opening capital employed + Closing capital employed) / 2]	%	**7.2**	26.0	9.1	0.1	12.0	8.2
Sales	Rs/ mn	**1,723,522**	1,308,263	1,205,394	1,270,682	1,770,531	819,717
Cost of Goods Sold as % of Sales	%	**88.7**	74.5	83.9	94.7	85.3	86.4
Profit Before Taxation as % of Sales	%	**4.1**	16.2	7.1	(0.9)	6.7	8.7
Profit After Taxation as % of Sales	%	**3.7**	17.8	5.8	0.0	4.6	5.7
Asset Turnover [Sales / Total assets]		**1.0**	0.7	0.8	0.9	1.2	0.9

* Due to change in accounting policy as stated in note 3.2, the effect of dividend declared is not shown in the financial data.

VISION & MISSION STATEMENT

VISION

AL-ABBAS SUGAR MILLS LIMITED is committed to earn the reputation of a reliable manufacturer and supplier of good quality white refined sugar and industrial alcohol in local and international markets.

MISSION

- ❖ To be a profitable organization and to meet the expectations of our stockholders.
- ❖ To become competitive in local and international markets by concentrating on quality of core products.
- ❖ To promote best use and development of human resources in a safe environment, as an equal opportunity employer.
- ❖ To use advance technology for efficient and cost effective operations.

STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE

This statement is being presented to comply with the Code of Corporate Governance contained in listing regulations of Karachi Stock Exchange (Guarantee) Limited for the purpose of establishing a framework of good governance, whereby a listed company is managed in compliance with the best practices of corporate governance.

1. The Board comprises of seven directors including two Executive Directors. The Company encourages the representation of independent non-executive directors on its Board. There are five non-executive directors.

2. The directors have confirmed that none of them is serving as a director in more than ten listed companies, including this Company.

3. All the resident directors of the company are registered as taxpayers and none of them has defaulted in payment of any loan to a banking company, DFI or NBFI or being a member of a Stock Exchange, has been declared as a defaulter by that Stock Exchange.

4. No casual vacancy arose in the Board during the year.

5. The Company has prepared a 'Statement of Ethics and Business Practices', which has been signed by all the directors and employees of the Company.

6. The Board has developed a vision/mission statement, overall corporate strategy and significant policies of the Company. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.

7. All the powers of the Board have been duly exercised and decisions on material transactions, including appointment and determination of remuneration and terms and conditions of employment of the CEO and other executive directors, have been taken by the Board.

8. The meetings of the Board were presided over by the Chairman. The Board met at least once in every quarter. Written notices of the Board meetings, along with agenda and working papers, were circulated at least seven days before the meeting. The minutes of the meetings were appropriately recorded and circulated.

9. The Board arranged orientation course for its directors during the year to apprise them of their duties and responsibilities.

10. No new appointments of Chief Financial Officer (CFO), Company Secretary or internal audit function have been made during the year ended September 30, 2005.

11. The directors' report for this year has been prepared in compliance with the requirements of the Code and fully describes the salient matters required to be disclosed.

12. The financial statements of the Company were duly endorsed by CEO and CFO before approval of the Board.

13. The directors, CEO and executives do not hold any interest in the shares of the Company other than that disclosed in the pattern of shareholding.

14. The Company has complied with all the corporate and financial reporting requirements of the Code.

15. The Board has formed an Audit Committee. It comprises of three members, of whom two are Non-Executive Directors.

16. The meetings of the Audit Committee were held at least once every quarter prior to approval of interim and final results of the Company. The terms of reference of the Committee have been formed and advised to the Committee for compliance.

17. The Board has set-up an effective internal audit function. This function has been outsourced to Shekha & Mufti, Chartered Accountants, who are considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the Company.

18. The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the quality control review program of the Institute of Chartered Accountants of Pakistan, that they or any of the partners of the firm, their spouses and minor children do not hold share of the Company and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on Code of Ethics as adopted by Institute of Chartered Accountants of Pakistan.

19. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the listing regulations and the auditors have confirmed that they have observed IFAC guidelines in this regard.

20. We confirm that all other material principles contained in the Code have been complied with.

Karachi : **December 22, 2005**

SHUNAID QURESHI
Chief Executive

ASIM GHANI
Director

STATEMENT OF COMPLIANCE WITH THE BEST PRACTICES ON TRANSFER PRICING

The Company has fully complied with the best practices on Transfer Pricing as contained in the listing regulations of the stock exchange in respect of all transactions carried out during the year ended September 30, 2005.

Karachi : **December 22, 2005**

SHUNAID QURESHI
Chief Executive

ASIM GHANI
Director

REVIEW REPORT TO THE MEMBERS ON STATEMENT OF COMPLIANCE WITH BEST PRACTICES OF CODE OF CORPORATE GOVERNANCE

We have reviewed the Statements of Compliance with the best practices contained in the Code of Corporate Governance prepared by the board of directors of **Al-Abbas Sugar Mills Limited** to comply with the Listing Regulation No. 37 (Chapter XI) of the Karachi Stock Exchange where the company is listed.

The responsibility for compliance with the Code of Corporate Governance is that of the Board of Directors of the Company. Our responsibility is to review, to the extent where such compliance can be objectively verified, whether the statement of compliance reflects the status of the company's compliance with the provisions of the Code of Corporate Governance and report if it does not. A review is limited primarily to inquiries of the company personnel and review of various documents prepared by the company to comply with the Code.

As part of our audit of financial statements we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We have not carried out any special review of the internal control system to enable us to express an opinion as to whether the Board's statement on internal control covers all controls and the effectiveness of such internal controls.

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the company's compliance, in all material respects, with the best practices contained in the Code of Corporate Governance for the year ended September 30, 2005.

Hyder Bhimji & Co

HYDER BHIMJI & CO.
Chartered Accountants
Karachi: **December 22, 2005**

AUDITORS REPORT TO THE MEMBERS

We have audited the annexed balance sheet of AL-ABBAS SUGAR MILLS LIMITED as at September 30, 2005 and the related profit and loss account, cash flow statement and statement of changes in equity together with the notes forming part thereof, for the year then ended and we state that we have obtained all the information and explanations, which to the best of our knowledge and belief, were necessary for the purposes of our audit.

It is the responsibility of the Company's management to establish and maintain a system of internal control, and prepare and present the above said statements in conformity with the approved accounting standards and the requirements of the Companies Ordinance, 1984. Our responsibility is to express an opinion on these statements based on our audit.

We conducted our audit in accordance with the auditing standards as applicable in Pakistan. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the above said statements are free of any material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the above said statements. An audit also includes assessing the accounting policies and significant estimates made by management, as well as, evaluating the overall presentation of the above said statements. We believe that our audit provides a reasonable basis for our opinion and, after due verification, we report that:

a) In our opinion, proper books of accounts have been kept by the Company as required by the Companies Ordinance, 1984;

b) In our opinion:

   i. the balance sheet and profit and loss account together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984, and are in agreement with the books of account and are further in accordance with accounting policies consistently applied, except for the change, as stated in note 3.2 to the financial statements, with which we concur;
   ii. the expenditure incurred during the year was for the purpose of the company's business; and
   iii. the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the Company;

c) In our opinion and to the best of our information and according to the explanations given to us, the balance sheet, profit and loss account, cash flow statement and statement of changes in equity together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan, and, give the information required by the Companies Ordinance, 1984, in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at September 30, 2005 and of the profit, its cash flows and changes in equity for the year then ended; and

d) In our opinion, Zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980), was deducted by the Company and deposited in the Central Zakat Fund established under Section 7 of that Ordinance.

Hyder Bhimji & Co

HYDER BHIMJI & CO.
Chartered Accountants
Karachi: **December 22, 2005**

BALANCE SHEET
AS AT SEPTEMBER 30, 2005

	Note	2005	2004
		(Rupees in thousand)	
FIXED ASSETS			Restated
Property, plant and equipment	4	**887,300**	930,990
Intangible asset	5	**500**	930
		887,800	931,920
LONG TERM LOAN AND ADVANCES	6	**1,013**	1,171
LONG TERM DEPOSITS		**1,527**	1,375
CURRENT ASSETS			
Stores, spare parts and loose tools	7	**76,378**	73,282
Stock-in-trade	8	**555,913**	534,332
Trade debts unsecured - considered good		**8,014**	7,821
Loans and advances	9	**111,294**	198,748
Deposits, prepayments and other receivables	10	**26,371**	29,863
Tax refund due from Government		**6,810**	11,011
Cash and bank balances	11	**6,665**	15,725
		791,445	870,782
		1,681,785	1,805,248
SHARE CAPITAL AND RESERVES			
Share capital			
Authorized			
17,500,000 (2004: 17,500,000) ordinary shares of Rs. 10 each		**175,000**	175,000
Issued, subscribed and paid-up capital	12	**173,623**	173,623
Reserve	13	**458,000**	458,000
		631,623	631,623
Unappropriated profit		**68,007**	65,344
Shareholders' equity		**699,630**	696,967
NON CURRENT LIABILITIES			
Long term financing	14	**-**	221,053
Deferred liabilities	15	**78,848**	77,772
		78,848	298,825
CURRENT LIABILITIES			
Trade and other payables	16	**596,190**	730,342
Accrued mark-up	17	**5,796**	4,243
Short term borrowings	18	**80,268**	1,187
Current maturity of long term financing		**221,053**	73,684
		903,307	809,456
CONTINGENCIES AND COMMITMENTS	19	**-**	-
		1,681,785	1,805,248

The annexed notes 1 to 38 form an integral part of these financial statements.

Shunaid Qureshi
Chief Executive

Asim Ghani
Director

PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED SEPTEMBER 30, 2005

	Note	2005	2004
		(Rupees in thousand)	
Net sales	20	**1,723,522**	1,308,263
Cost of sales	21	**(1,529,556)**	(974,810)
Gross profit		**193,966**	333,453
Distribution cost	22	**(49,868)**	(44,047)
Administrative expenses	23	**(43,922)**	(40,995)
		(93,790)	(85,042)
		100,176	248,411
Other operating income	24	**12,790**	5,694
		112,966	254,105
Finance cost	25	**(36,564)**	(31,589)
Other operating expenses	26	**(5,910)**	(11,126)
		(42,474)	(42,715)
Profit before taxation		**70,492**	211,390
Taxation	28	**(7,061)**	22,128
Profit after taxation		**63,431**	233,518
Earning per share - Rupees	33	**3.65**	13.45

The annexed notes 1 to 38 form an integral part of these financial statements.

Appropriations have been reflected in statement of changes in equity.

Shunaid Qureshi
Chief Executive

Asim Ghani
Director

CASH FLOW STATEMENT
FOR THE YEAR ENDED SEPTEMBER 30, 2005

	Note	2005	2004
		(Rupees in thousand)	
Cash flow from operating activities			
Cash generated from operations	34	**116,570**	574,592
Financial charges paid		**(35,470)**	(37,093)
Taxes paid		**(7,962)**	(26,705)
Net cash generated from operating activities		**73,138**	510,794
Cash flow (utilized towards)/from investing activities			
Capital expenditure on property, plant and equipment		**(27,726)**	(107,312)
Addition in intangible asset		**-**	(1,230)
Proceeds from disposal of fixed assets		**-**	770
Net increase/ (decrease) in long term loans and advances		**1,051**	(492)
Net (decrease) in long term deposits		**(152)**	(761)
Net cash used in investing activities		**(26,827)**	(109,025)
Cash flow from/(utilized towards) financing activities			
Repayment/Redemption of long term financing		**(73,684)**	(55,263)
Repayment of long term loan		**-**	(2,500)
Dividend paid		**(60,768)**	(31,252)
Net cash flow (utilized towards) financing activities		**(134,452)**	(89,015)
Net (decrease)/increase in cash and cash equivalents		**(88,141)**	312,754
Cash and cash equivalents at beginning of the year		**14,538**	(298,216)
Cash and cash equivalents at the end of the year	35	**(73,603)**	14,538

The annexed notes 1 to 38 form an integral part of these financial statements.

Shunaid Qureshi
Chief Executive

Asim Ghani
Director

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED SEPTEMBER 30, 2005

	Share capital	General reserve	Unappropriated profit	Total
	(Rs. in thousand)			
Balance as at September 30, 2003 as previously reported	173,623	288,000	1,826	463,449
Effect of change in accounting policy due to the revision of the Fourth Schedule to the Companies Ordinance, 1984.	-	-	31,252	31,252
Balance as at September 30, 2003 (Restated)	173,623	288,000	33,078	494,701
Dividend decared and paid @ 18%	-	-	(31,252)	(31,252)
Net profit for the year ended September 30, 2004	-	-	233,518	233,518
Transfer to general reserve	-	170,000	(170,000)	-
Balance as at September 30, 2004	173,623	458,000	65,344	696,967
Balance as at September 30, 2004 as previously reported	173,623	458,000	4,576	636,199
Effect of change in accounting policy due to the revision of the Fourth Schedule to the Companies Ordinance, 1984.	-	-	60,768	60,768
Balance as at September 30, 2004 (Restated)	173,623	458,000	65,344	696,967
Dividend declared and paid @ 35%	-	-	(60,768)	(60,768)
Net profit for the year ended September 30, 2005	-	-	63,431	63,431
Balance as at September 30, 2005	173,623	458,000	68,007	699,630

The annexed notes 1 to 38 form an integral part of these financial statements.

Shunaid Qureshi
Chief Executive

Asim Ghani
Director

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2005

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 at Pardesi House, Survey No. 2/1, R.Y. 16, Old Queens Road, 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 STATEMENT OF COMPLIANCE

These financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan and the requirements of the Companies Ordinance, 1984. Approved accounting standards comprise of such International Accounting Standards as notified under the provisions of the Companies Ordinance, 1984. Wherever the requirements of the Companies Ordinance, 1984 or directives issued by the Securities and Exchange Commission of Pakistan differ with the requirements of these standards, the requirements of the Companies Ordinance, 1984 or the requirements of the said directives take precedence.

3 SIGNIFICANT ACCOUNTING POLICIES

3.1 Cost convention

These financial statements have been prepared under the historical cost convention without any adjustments for the effect of inflation or current values, except for financial assets and liabilities which are carried at their fair values and certain employee benefit are based on actuarial valuation and stock in trade which are valued at net realizable value, if it is less than the cost.

3.2 Change in accounting policy

Due to revision in the Fourth Schedule to the Companies Ordinance, 1984, accounting policy pertaining to the recognition of dividends declared subsequent to the year end has also been revised. Upto previous year, dividend that were proposed after the balance sheet date but before the financial statement authorised for issue were recorded as a liability. After the change in the policy dividend is now recognised as a liability in the period in which it is declared. The change in accounting policy has been accounted for retrospectively and comparative information has been restated in accoreance with the benchmark treatment specified in IAS 8 "Net Profit and Loss for the Period, Fundamental Errors and changes in Accounting Policies". Had there been no change in the accounting policy, the 'unappropriated profit' for the year ended September 30, 2004 would have been lower by Rs. 60.768 million. The effect of changes in the accounting policy has been reflected in the statement of changes in equity.

3.3 Property, plant and equipments

(a) Operating fixed assets

These are stated at cost less accumulated depreciation except for free-hold land, which is stated at cost.

Depreciation is charged, on a systematic basis over the useful life of the asset, on reducing balance method, which reflects the patterns in which the asset's economic benefits are consumed by the company, at the rates specified in Note 4. Depreciation on additons is charged from the quarter in which the asset is put to use and on disposals upto the quarter of disposal.

Maintenance and normal repairs are charged to income as and when incurred. Major renewals and improvements are capitalized.

Gains or losses on disposals, if any, are included in income currently.

(b) Capital work-in-progress

Capital work-in-progress represents expenditures on fixed assets in the course of construction and installation. Transfers are made to relevant fixed assets category as and when assets are available for use. Capital-work-in progress is stated at cost.

(c) Impairment

The carrying amounts of the assets are reviewed at each balance sheet date to determine whether there is any indication of impairment of any asset or a group of assets. If any such indication exists, the recoverable amount of that asset is estimated and impairment losses are recognised in the profit and loss account.

3.4 Intangible asset

Intangible asset is stated at cost less accumulated amortisation and any impairment loss. Cost in relation to intangible asset presently held by the company includes cost of computer software and other expenses incidental to the purchase of computer software. Intanglible asset is amortised from the year when this asset is available for use on the straight line method whereby the cost of an intangible asset is written off over the period which reflects the pattern in which the economic benefits associated with the asset are likely to be consumed by the company.

3.5 Stores, spare parts and loose tools

Stores, spare parts and loose tools are valued at average cost. Items in transit are valued at cost comprising invoice value plus other directly attributable charges incurred thereon.

3.6 Stock-in-trade

These are stated at the lower of cost and net realizable value.

Cost in relation to semi finished and finished goods represents cost of raw material and an appropriate portion of manufacturing overheads. Cost in respect of semi finished goods is adjusted to an appropriate stage of completion of process.

Cost in relation to stock of molasses held by distillery acquired from outside sugar mills is valued at average cost whereas the molasses transfered by the mill to distillery are valued on the basis mentioned in note 3.17

Net realizable value signifies the estimated selling price in the ordinary course of business less the estimated cost of completion and the estimated costs necessary to make the sale.

3.7 Trade debts

Trade debts originated by the company are recognized and carried at original invoice amount less an allowance for any uncollectible amounts. An estimate for doubtful debts is made when collection of the amount is no longer probable. Bad debts are written off as incurred.

3.8 Cash and cash equivalents

For the purpose of the cash flow statement, cash and cash equivalents comprise of cash and bank balances net of short term borrowings. The cash and cash equivalents are subject to insignificant risk of changes in value.

3.9 Segment reporting

Business segments provide products that are subject to risks and returns that are different from those of other business segments.

3.10 Taxation

(a) Current

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. The tax charge as calculated above is compared with turnover tax under Section 113 of the Income Tax Ordinance, 2001 and whichever is higher is provided in the financial statements.

(b) Deferred

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.

3.11 Staff retirement benefits

(a) Defined benefit gratuity scheme

The company operates an approved funded gratuity scheme (defined benefit plan) for all its employees who have completed the qualifying period under the scheme. Contributions are made to the fund in accordance with the actuarial recommendations. The most recent valuation in this regard was carried out as at September 30, 2005, using the Projected Unit Credit Method for valuation of the scheme. As per actuary's report, actuarial gains and losses are recognized over average expected remaining working lives of employees.

(b) Employees compensated absences

The Company accounts for liability in respect of unavailed compensated absences for all its permanent employees, in the period of absence. Provision for liabilities towards compensated absences is made on the basis of last drawn basic salary.

3.12 Foreign currency transaction

Transactions in foreign currencies are translated into reporting currency at the rates of exchange prevailing on the dates of transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the rates ruling on the balance sheet date. Non-monetary assets and liabilities are translated using exchange rates that existed when the values were determined. Exchange differences on foreign currency translations are included in profit and loss account.

3.13 Financial instruments

(a) Recognition

All the financial assets and financial liabilities are recognized at the time when the company becomes a party to the contractual provisions of the instrument. Any gains or losses on derecognition of the financial assets and financial liabilities is taken to profit and loss account.

(b) Offsetting

A financial asset and a financial liability is offset and the net amount is reported in the balance sheet if the company has a legally enforceable right to set-off the recognized amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

3.14 Borrowing costs

Borrowing costs incurred on finances obtained for the construction of qualifying assets are capitalised upto date the respective assets are available for the intended use. All other mark-up, interest and other related charges are taken to the profit and loss account currently.

3.15 Provisions

A provision is recognized in the balance sheet when the company has a legal or constructive obligation as a result of past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of obligation.

3.16 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 maintainenance relating to the head office, shared with associated companies, whcih are based on the advices received.

3.17 Inter segment pricing

Transfer between business segments are recorded at net realizable value.

3.18 Revenue recognition

Local sales
Local sales are recorded when goods are dispatched to the customers.

Export sales
Export sales are recorded when shipped.

Interest
Interest on saving accounts and bank deposits is recorded on accrual basis.

Markup on grower loan

Mark-up on grower loan is accounted for in line with the recovery of the respective loan due to exigencies involved in such matters. The rate of mark-up on such loans ranges up to 15% subject to final settlement with the respective grower. Recognition on loans considered doubtful is deferred.

4 PROPERTY PLANT AND EQUIPMENT

	Note	2005	2004
		(Rupees in thousand)	
Operating fixed assets	4.1	**874,953**	910,754
Capital work-in-progress	4.2	**12,347**	20,236
		887,300	930,990

4.1 Operating fixed assets

		COST				ACCUMULATED DEPRECIATION			
		As at Oct 1, 2004	Additions / (disposals)	As at Sept 30, 2005	Rate of depreciation %	As at Oct 1,2004	Charge for the year / (disposals)	As at Sept 30,2005	Written down value As at Sept 30, 2005
		(Rs. in thousand)							
Free-hold land		10,668	4,866	15,534	-	-	-	-	15,534
Main factory building on free-hold land	- Sugar	69,949	-	69,949	10	43,921	2,507	46,428	23,521
	- Distillery	89,609	638	90,247	10	16,620	7,065	23,685	66,562
Non-factory building on free-hold land		87,139	16,618	103,757	10	38,042	5,237	43,279	60,478
Plant & machinery	- Sugar	582,019	-	582,019	5	211,935	18,160	230,095	351,924
	- Distillery	451,544	2,894	454,438	10	92,939	34,610	127,549	326,889
Furniture & fittings		4,837	248	5,085	10	1,748	315	2,063	3,022
Motor Vehicles		21,548	7,811	29,359	20	11,599	2,773	14,372	14,987
Office Equipment		15,359	2,797	18,156	10	6,331	963	7,294	10,862
Tools & Tackles		3,098	203	3,301	20	1,881	246	2,127	1,174
2005		1,335,770	36,075 -	1,371,845		425,016	71,876 -	496,892	874,953
2004		1,069,760	267,708 (1,698)	1,335,770		356,745	69,413 (1,142)	425,016	910,754

4.1.1 Depreciation charge for the year has been allocated as follows :

	2005			2004		
	Manufacturing	Administrative	Total	Manufacturing	Administrative	Total
	(Rupees in thousand)					
Sugar	26,150	3,537	29,687	27,192	2,707	29,899
Distillery	41,675	514	42,189	39,400	114	39,514
	67,825	4,051	71,876	66,592	2,821	69,413

	2005	2004
	(Rupees in thousand)	

4.2 Capital work-in-progress

Civil works

	2005	2004
Under construction	**11,887**	15,042
Borrowing cost capitilized	**460**	-
	12,347	15,042

Plant and machinery

	2005	2004
Advance payment	**-**	3,340
Letter of credit for import of machinery	**-**	1,854
	-	5,194
	12,347	20,236

5 INTANGIBLE ASSET

	COST				ACCUMULATED AMORTISATION			
	As at Oct 1, 2004	Additions / (disposals)	As at Sept 30, 2005	Rate of amortisation %	As at Oct 1,2004	Charge for the year / (disposals)	As at Sept 30,2005	Written down value As at Sept 30, 2005
	(Rs. in thousand)							
Computer Software	1,230	-	1,230	$\frac{1}{3}$ rd	300	430	730	500
2004	-	1,230	1,230		-	300	300	930

5.1 Amortization of intangible assets has been charged to administrative expenses.

6 LONG TERM LOANS AND ADVANCES

		2005	2004
		(Rupees in thousand)	
Secured - Considered good			
Employees other than directors, chief executive and executives	6.1	**1,397**	2,448
Recoverable within one year shown under current assets		**(384)**	(1,277)
Recoverable within five years		**1,013**	1,171

	2005	2004
6.1 Balance at beginning	**2,448**	1,956
Add: Loan disbursed during the year	**511**	1,563
	2,959	3,519
Less: Recovery during the year	**(1,562)**	(1,071)
	1,397	2,448

The above loans and advances are interest free and are given for purchase of vehicles and personal use. These loans and advances are secured against the retirement benefits and vehicles (in case of vehicle loan) of the respective employees and are within the limits of such securities.

	Note	2005	2004
		(Rupees in thousand)	
7 STORES, SPARE PARTS AND LOOSE TOOLS			
Stores		**30,656**	27,665
Spare parts		**47,351**	45,333
Loose tools		**371**	284
		78,378	73,282
Provision for slow moving items and obsolesence		**(2,000)**	-
		76,378	73,282
8 STOCK-IN-TRADE			
Raw material			
Raw Sugar		**42,511**	-
Molasses		**86,515**	20,246
		129,026	20,246
Work-in-process			
Sugar		**1,136**	1,112
Finished goods			
Sugar	8.1	**374,761**	471,356
Rectified spirit		**50,990**	41,618
		425,751	512,974
		555,913	534,332

8.1 The Company has entered into agreement in 2002-2003 with TCP whereby the Company is to supply sugar at certain rates specified in the agreement. The stocks in hand represents the value of stocks at net realizable value as the cost of sugar for the year is higher.

	Note	2005	2004
9 LOANS AND ADVANCES			
Current portion of long term loans and advances to employees other than directors, chief executive and executives	6	**384**	1,277
Loans to growers - Unsecured			
Considered good		**2,755**	3,054
Considered doubtful		**10,428**	10,228
		13,183	13,282
Provision for loans considered doubtful		**(10,428)**	(10,228)
		2,755	3,054
Advances - Unsecured considered good			
To employees against salary - interest free		**320**	205
To employees against expense		**216**	463
To suppliers and contractors		**73,362**	160,749
Against capital expenditure	9.1	**21,900**	20,900
Income tax paid less provision		**12,357**	12,100
		111,294	198,748

9.1 It includes an amount of Rs. 1.0 million (2004: Rs. NIL) paid as earnest money for purchase of land and another amount of Rs. 20.9 million (2004: Rs. 20.9 million) paid as more fully explained in note 19.1 (a).

10 DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

	2005	2004
	(Rupees in thousand)	
Deposits		
Earnest money	**21,535**	24,759
Others	**2,500**	-
	24,035	24,759
Prepayments	**2,259**	4,108
Mark-up on growers loan	**8**	52
Other receivables	**69**	944
	26,371	29,863

11 CASH AND BANK BALANCES

	2005	2004
Cash in hand	**527**	649
Cash at banks		
- Current accounts	**2,989**	6,117
- Saving accounts	**3,149**	8,959
	6,138	15,076
	6,665	15,725

12 ISSUED, SUBSCRIBED AND PAID-UP CAPITAL

	2005	2004
17,362,300 (2004: 17,362,300) ordinary shares of Rs. 10 each fully paid up in cash	**173,623**	173,623

13 RESERVE

	2005	2004
Revenue reserves - General	**458,000**	458,000

It represents accumulation made out of profits in past years and is kept in order to meet future exigencies.

14 LONG TERM FINANCING

	2005	2004
Term finance certificates - Secured		
- Related Party	**31,579**	8,421
- Others	**189,474**	286,316
	221,053	294,737
Current maturity	**(221,053)**	(73,684)
	-	221,053

14.1 Term finance certificates

The Company has issued 70,000 term finance certificates of Rs. 5,000 each through private placement to related party, commercial banks,financial institutions and others. By virtue of Trust Deed dated June 24, 2003, M/s Jahangir Siddiqui Investment Bank Limited, a related party, besides holding TFC is also acting as a trustee on behalf of term finance certificate holders.

The facility carries a floating mark-up rate linked to the cut off yield of three months treasury bills of State Bank of Pakistan as base rate plus 3.25% per annum. The mark-up rate is subject to a minimum of 6% per annum and a maximum of 13% per annum. The mark-up rate averaged 8.35% (2004: 6%) during the year to the company.

Repayment

The TFCs are redeemable in 19 equal quarterly installments commencing from October 3, 2003. The Company shall be entitled to exercise a call option by redeeming all or any part of the outstanding TFCs before the maturity date at least after two years of the issue date and call option may only be excercised at a premium of one percent of the outstanding face value of the TFCs. The company has already exercised call option by giving 3 month notice to TFC holders as required by the TFC agreement according to which entire outstanding TFCs are to be redeemed on or before January 04, 2006.

Security

The above financing facility is secured by first charge ranking pari passu with the other secured creditors on all fixed assets of the company including plant and machinery.

15 DEFERRED LIABILITIES

		2005	2004
		(Rupees in thousand)	
Deferred taxation	15.1	**48,109**	48,752
Market Committee fee	15.2	**30,739**	29,020
		78,848	77,772

15.1 Deferred taxation is composed of :

	2005	2004
Debit balance arising on provision for doubtful grower loan	**(3,650)**	(3,500)
Debit balance arising on provision for slow moving items and obsolescence	**(700)**	-
Credit balance arising on accelerated depreciation allowances	**62,871**	65,202
Debit balance due to unabsorbed tax losses	**(10,412)**	(12,950)
	48,109	48,752

15.2 The Company has challenged the levy of market committee fee in the Honourable High Court of Sindh and filed a constitutional petition and has obtained a stay order from the Honourable Court. Pending the outcome of the petition, the Company has provided for the levy as a matter of prudence.

16 TRADE AND OTHER PAYABLES

		2005	2004
Creditors		**148,089**	146,205
Accrued liabilities		**4,322**	6,695
Advances from customers		**424,785**	552,829
Employees Gratuity Fund	16.1	**6,474**	-
Workers' profit participation fund	16.2	**3,710**	11,126
Unclaimed dividend		**1,435**	1,188
Sales tax payable		**4,823**	3,352
Retention money		**969**	6,089
Security deposit		**408**	334
Others		**1,175**	2,524
		596,190	730,342

	2005	2004
	(Rupees in thousand)	

16.1 Employees benefit - staff gratuity

Disclosure of defined benefit scheme (funded) is as follows:

(a) Movement in the (assets)/liabilities recognized in the balance sheet

	2005	2004
Balance at the beginning of year	**-**	(247)
Charge for the year	**7,224**	5,510
Contributions made by the company during the year	**(750)**	(5,263)
Balance at the end of year	**6,474**	-

(b) The following amounts have been charged to profit and loss account during the year in respect of the scheme

	2005	2004
Current service cost	**3,929**	2,952
Interest cost	**2,277**	1,702
Expected return on plan assets	**(2,108)**	(1,855)
Net actuarial loss recognised during the year	**3,126**	2,711
	7,224	5,510

(c) The amount recognised in the balance sheet is as follows:

	2005	2004
Present value of defined benefit obligation	**37,506**	28,462
Fair value of plan assets	**(29,529)**	(26,356)
Unrecognised actuarial losses	**(1,503)**	(2,106)
	6,474	-

(d) Actuarial valuation of these plans was carried out as of September 30, 2005 using the Projected Unit Credit method. Principal actuarial assumptions used were as follows:

	2005	2004
Expected rate of salary increase in future years	**9%**	8%
Discount rate	**9%**	8%
Expected rate of return on plan assets during the year	**9%**	8%
Average expected remaining working life of employee	**7 years**	7 years

(e) Charge for the year has been allocated as under:

	2005	2004
Sugar		
Cost of sales	**4,879**	2,273
Administrative expense	**788**	953
	5,667	3,226
Distillery		
Cost of sales	**1,121**	1,356
Administrative expense	**436**	528
	1,557	1,884
	7,224	5,110

	Note	2005	2004
		(Rupees in thousand)	
16.2 Workers' profit participation fund			
Opening balance		**11,126**	4,530
Interest for the year		**666**	103
Contribution made during the year		**3,710**	11,126
		4,376	11,229
		15,502	15,759
Paid during the year		**(11,792)**	(4,633)
		3,710	11,126

17 ACCRUED MARK-UP

		2005	2004
Mark-up on			
- Long term financing		**5,706**	4,243
- Short term borrowing		**90**	-
		5,796	4,243

18 SHORT TERM BORROWINGS

	Note	2005	2004
Secured:			
Finances utilized under the mark-up arrangements:			
From banking companies			
Cash/Running finances	18.1	**58,604**	1,187
Export refinance	18.2	**20,878**	-
		79,482	1,187
Unsecured:			
Finances utilized under the mark-up arrangements:			
From banking companies			
Book overdraft		**786**	-
		80,268	1,187

18.1 (a) The aggregate cash/running finance facilities of Rs. 745 million (2004: Rs. 765 million) have been arranged from commercial banks.

(b) These are secured against hypothecation of current assets, pledge of stock of sugar (stock pledge on the balance sheet date: Nil; 2004 : Nil) and fixed assets of the company.

(c) These carry mark-up ranging from KIBOR plus 0.5% to KIBOR plus 0.75% per annum (2004: 4% per annum) payable and chargeable quarterly in arrears.

(d) At the year end Rs. 686 million (2004: Rs 763.80 million) remained unutilised.

18.2 (a) The company has arranged foreign currency finance facility amounting to US$ 1.66 million (2004: US$ 1.5 million).

(b) The facility is secured against first pari passu charge on fixed assets of the company, hypothecation of current assets excluding stock-in-trade.

(c) The above facility has been obtained at the rate of 6 months LIBOR plus 1.00% (2004: 6 months LIBOR plus 1.00%).

(d) At the year end, facility of US$ 1.318 million (2004: US$ 1.5 million) remained unutilized.

19 CONTINGENCIES AND COMMITMENTS

19.1 Contingencies

(a) The Company has entered into an agreement dated June 19, 2003 with M/s. Karachi Tanks Terminal (Pvt) Limited (KTTL) for purchase of a plot along with construction, tanks and installation for a consideration of Rs. 50 million. As per the agreement the Company has deposited in the Honorable High Court of Sindh an amount of Rs. 20.9 million and KTTL besides other acts was required to obtain release of all attachment of the Honorable High Court and satisfaction of the Decree in Execution Application. In case the Court not vacating the attachment or permitting sale, the amount paid will be refunded along with 10% per annum as financial charges due to blockage of fund and the agreement shall stand cancelled. In response to public notice, Company received objection from two parties. The matter is pending before the Honorable High Court for adjudication. Pending the outcome of the decision, the Company as a matter of prudence and uncertainity involved has not recorded interest income.

(b) The Income Tax department has filed appeal before the Honorable Income Tax Tribunal against orders of Commissioner Income Tax (Appeal) for the accounting year 1999 to 2001 involving reduction in unabsorbed losses amounting to Rs. 41.9 million and payment of tax u/s 12 (9) (A) of Income Tax Ordinance 1979 of Rs. 12.8 million. However, as a matter of prudence, the company has accounted for all liabilities arising from such assessments involving tax impact of Rs. 27.47 million.

19.2 Commitments

19.2.1 Commitments in respect of capital expenditure Rs. 12.4 million (2004: Rs. 6.0 million).

19.2.2 Outstanding letters of credit amount to Rs. 2.3 million (2004: Rs. 1.9 million).

	Note	Sugar 2005	Sugar 2004	Distillery 2005	Distillery 2004	Total 2005	Total 2004
		(Rs. in thousand)					
20 NET SALES							
Gross sales							
Local		1,064,874	714,257	52,080	70,963	1,116,954	785,220
Export		-	-	728,748	638,231	728,748	638,231
		1,064,874	714,257	780,828	709,194	1,845,702	1,423,451
Less:							
Sales tax		(114,489)	(103,443)	(7,691)	(11,745)	(122,180)	(115,188)
		950,385	610,814	773,137	697,449	1,723,522	1,308,263

21 COST OF SALES

	Note	Sugar 2005	Sugar 2004	Distillery 2005	Distillery 2004	Total 2005	Total 2004
Cost of raw material consumed		628,395	650,313	562,366	305,344	1,190,761	955,657
Stores and spare parts consumed		37,644	28,925	23,401	28,423	61,045	57,348
Salaries, wages and other benefits	16.1 (e)	49,875	44,624	6,244	10,798	56,119	55,422
Water, fuel and power		9,889	3,926	21,348	39,463	31,237	43,389
Packing materials		8,914	10,701	-	-	8,914	10,701
Other manufacturing expenses	21.1	12,767	11,944	4,131	3,325	16,898	15,269
Repairs and maintenance		3,240	5,415	1,843	2,225	5,083	7,640
Depreciation	4.1.1	26,150	27,192	41,675	39,400	67,825	66,592
		776,874	783,040	661,008	428,978	1,437,882	1,212,018
Work-in-process							
- Opening		1,112	1,218	-	-	1,112	1,218
- Closing		(1,136)	(1,112)	-	-	(1,136)	(1,112)
		(24)	106	-	-	(24)	106
		776,850	783,146	661,008	428,978	1,437,858	1,212,124
Less:							
Transfer price of molasses		(53,670)	(44,550)	-	-	(53,670)	(44,550)
Transfer price of bagasse		(19,855)	(35,700)	-	-	(19,855)	(35,700)
Cost of goods manufactured		703,325	702,896	661,008	428,978	1,364,333	1,131,874
Purchases		78,000	-	-	-	78,000	-
		781,325	702,896	661,008	428,978	1,442,333	1,131,874
Finished goods							
- Opening		471,356	317,456	41,618	38,454	512,974	355,910
- Closing		(374,761)	(471,356)	(50,990)	(41,618)	(425,751)	(512,974)
		96,595	(153,900)	(9,372)	(3,164)	87,223	(157,064)
		877,920	548,996	651,636	425,814	1,529,556	974,810

21.1 Other manufacturing expenses

	Sugar 2005	Sugar 2004	Distillery 2005	Distillery 2004	Total 2005	Total 2004
Security services	2,598	2,214	893	659	3,491	2,873
Printing and stationery	319	363	176	135	495	498
Vehicle running expenses	2,177	1,946	45	119	2,222	2,065
Insurance expenses	2,727	2,205	1,570	1,211	4,297	3,416
Wastage removal expenses	1,411	1,943	472	71	1,883	2,014
Travelling and conveyance	1,224	1,141	32	35	1,256	1,176
Telephone, telex and fax charges	676	885	6	6	682	891
Fees and subscription	89	49	431	315	520	364
Newspaper and periodicals	30	28	-	3	30	31
Entertainment	849	836	492	580	1,341	1,416
Legal and professional charges	53	30	-	12	53	42
Miscellaneous expenses	614	304	14	179	628	483
	12,767	11,944	4,131	3,325	16,898	15,269

		Note	Sugar 2005	Sugar 2004	Distillery 2005	Distillery 2004	Total 2005	Total 2004
			(Rs. in thousand)					
22	**DISTRIBUTION COST**							
	Sugar bags handling expenses		2,552	1,563	-	-	2,552	1,563
	Export expenses		-	7	46,826	42,228	46,826	42,235
	Commission		490	249	-	-	490	249
			3,042	1,819	46,826	42,228	49,868	44,047
23	**ADMINISTRATIVE EXPENSES**							
	Salaries, allowances and other benefits	16.1 (e)	15,398	14,001	6,649	2,628	22,047	16,629
	Rent, rates and taxes		596	548	596	553	1,192	1,101
	Postage, telegram and telephone		895	1,015	882	309	1,777	1,324
	Travelling and conveyance		1,554	365	947	914	2,501	1,279
	Printing and stationery		245	254	233	158	478	412
	Entertainment		317	331	182	185	499	516
	Consultancy charges		300	4,326	793	2,419	1,093	6,745
	Vehicle running expenses		1,454	1,930	1,433	523	2,887	2,453
	Repairs and maintenance		567	1,775	321	1,964	888	3,739
	Insurance		200	220	2	-	202	220
	Fees and subscription		364	590	621	453	985	1,043
	Legal and professional charges		898	532	1,758	308	2,656	840
	Auditors' remuneration	23.1	170	168	109	62	279	230
	Charity and donations		35	16	35	15	70	31
	Corporate expenses		208	167	101	36	309	203
	Newspaper and periodicals		16	13	15	10	31	23
	Utilities		418	293	438	137	856	430
	Depreciation	4.1.1	3,537	2,707	514	114	4,051	2,821
	Amortization of intangible asset	5.1	215	150	215	150	430	300
	Miscellaneous expenses		215	282	476	374	691	656
			27,602	29,683	16,320	11,312	43,922	40,995
23.1	**Auditors' remuneration**							
	Statutory Auditors							
	Hyder Bhimji and Co.							
	Annual audit fee		75	83	75	42	150	125
	Half yearly review fee		20	20	20	20	40	40
	Out of pocket expenses		20	-	14	-	34	-
			115	103	109	62	224	165
	Cost Auditors							
	Haroon, Zakaria and Co.							
	Audit fee		55	50	-	-	55	50
	Out of pocket expenses		-	15	-	-	-	15
			55	65	-	-	55	65
			170	168	109	62	279	230
24	**OTHER OPERATING INCOME**							
	Gain on disposal of fixed assets		-	202	-	12	-	214
	Scrap sales		1,950	4,611	-	-	1,950	4,611
	Sale of fusel oil		-	-	359	454	359	454
	Interest income		293	361	-	-	293	361
	Net insurance claim		-	-	3,983	-	3,983	-
	Sales tax refund		6,172	54	-	-	6,172	54
	Others		33	-	-	-	33	-
			8,448	5,228	4,342	466	12,790	5,694

		Note	Sugar 2005	Sugar 2004	Distillery 2005	Distillery 2004	Total 2005	Total 2004
			(Rs. in thousand)					
25	**FINANCE COST**							
	Mark-up on long term financing							
	Term finance certificates		5,611	4,689	14,362	14,669	19,973	19,358
	Mark-up on short term borrowings							
	Cash/Running finance		7,085	3,659	4,850	39	11,935	3,698
	Export refinance		-	-	2,284	2,365	2,284	2,365
			7,085	3,659	7,134	2,404	14,219	6,063
	Interest on							
	Workers' Profit Participation Fund		666	103	-	-	666	103
	Bank charges and guarantee commission		809	1,260	897	4,805	1,706	6,065
			14,171	9,711	22,393	21,878	36,564	31,589
26	**OTHER OPERATING EXPENSES**							
	Provision for loans considered doubtful		200	-	-	-	200	-
	Provision for slow moving items and obsolesence		2,000	-	-	-	2,000	-
	Workers' profit participation fund		1,695	1,292	2,015	9,834	3,710	11,126
			3,895	1,292	2,015	9,834	5,910	11,126
27	**SEGMENT REPORTING**							
	Net sales	20	950,385	610,814	773,137	697,449	1,723,522	1,308,263
	Cost of sales	21	(877,920)	(548,996)	(651,636)	(425,814)	(1,529,556)	(974,810)
	Distribution cost	22	(3,042)	(1,819)	(46,826)	(42,228)	(49,868)	(44,047)
	Administrative expenses	23	(27,602)	(29,683)	(16,320)	(11,312)	(43,922)	(40,995)
			(908,564)	(580,498)	(714,782)	(479,354)	(1,623,346)	(1,059,852)
	Other operating income	24	8,448	5,228	4,342	466	12,790	5,694
	Finance cost	25	(14,171)	(9,711)	(22,393)	(21,878)	(36,564)	(31,589)
	Other operating expense	26	(3,895)	(1,292)	(2,015)	(9,834)	(5,910)	(11,126)
	Profit before taxation		32,203	24,541	38,289	186,849	70,492	211,390
27.1	Segment assets		831,982	931,546	560,445	662,991	1,392,427	1,594,537
	Unallocated segment assets						289,358	210,711
							1,681,785	1,805,248
27.2	Segment liabilities		748,701	772,385	199,911	299,918	948,612	1,072,303
	Unallocated segment liabilities						33,543	35,978
							982,155	1,108,281
27.3	Capital expenditure		1,000	974	20,900	87,209	21,900	88,183
	Unallocated capital expenditure						-	19,129
							21,900	107,312

28 TAXATION

	2005	2004
	(Rupees in thousand)	
Current		
- for the year	**8,680**	6,720
- for prior year	**(976)**	-
	7,704	6,720
Deferred	**(643)**	(28,848)
	7,061	(22,128)

28.1 Relationship between tax expense and accounting profit

	2005	2004
Accounting profit for the current year	**70,492**	211,390
Tax on income @ 35%	**24,672**	73,986
Adjustment due to:		
- Applicability of lower tax rates on export sales	**(5,990)**	(58,677)
- Recognition of tax losses	**(11,923)**	(37,437)
- Applicability of minimum taxation	**1,278**	-
- Effect of prior year taxation	**(976)**	-
	7,061	(22,128)

29 PLANT CAPACITY AND ACTUAL PRODUCTION

	2005		2004	
	Quantity (M. Tons)	**No. of days**	**Quantity (M. Tons)**	**No. of days**
Sugar Unit				
Capacity - Sugar from sugarcane based on working days	65,549	118	67,568	130
Actual Production	37,384	118	53,134	130
%age of capacity attained	57		79	
Distillery Unit				
Unit - I				
Capacity based on working days	16,940	242	21,000	300
Actual production	15,235	242	22,453	300
%age of capacity attained	90		107	
Unit - II				
Capacity based on working days	12,670	181	14,070	201
Actual production	11,515	181	11,386	141
%age of capacity attained	91		81	

29.1 Reasons for shortfall in sugar

Non availability of sugarcane is the main reason of shortfall in production of sugar.

29.2 Reasons for shortfall in distillery

Availability of molasses at higher cost and withdrawal of GSP status of Pakistan by European Union are the main reasons of under utilisation of plant capacity.

30 REMUNERATION OF CHIEF EXECUTIVE, DIRECTOR AND EXECUTIVES

	Chief Executive		Director		Executives		Total	
	2005	2004	2005	2004	2005	2004	2005	2004
	(Rupees in thousand)							
Managerial remuneration	3,964	2,585	1,190	532	6,485	3,797	11,639	6,914
House rent allowance	1,666	1,163	499	239	2,659	1,708	4,824	3,110
Telephone	182	108	86	114	-	-	268	222
Utilities	370	259	111	53	590	380	1,071	692
Retirement benefits	500	500	150	50	702	300	1,352	850
Total	6,682	4,615	2,036	988	10,436	6,185	19,154	11,788
No. of persons	1	1	1	1	4	4	6	6

30.1 Chief Executive and a director are provided with company maintained cars for the business and personal use and are also provided with mobile phone facility for the business and personal use.

30.2 Three executives of the company are also provided company maintained cars for the business and personal use where as one of the executive is being provided company car which is maintained by him.

31 FINANCIAL ASSETS AND LIABILITIES

Following is the statement of financial assets and liabilities of the company.

	Interest Bearing			Non Interest Bearing			Total	
	Less than one year	Over one year	Total	Less than one year	Over one year	Total	2005	2004
	(Rupees in thousand)							
Financial assets								
Trade debts	-	-	-	8,014	-	8,014	8,014	7,821
Loan and advances	2,755	-	2,755	704	1,013	1,717	4,472	5,707
Deposits and other receivables	-	-	-	24,112	1,527	25,639	25,639	27,130
Cash and bank balances	3,149	-	3,149	3,516	-	3,516	6,665	15,725
	5,904	-	5,904	36,346	2,540	38,886	44,790	56,383
Financial liabilities								
Long term financing	221,053	-	221,053	-	-	-	221,053	294,737
Trade and other payables	3,710	-	3,710	586,006	-	586,006	589,716	730,342
Accrued mark-up	-	-	-	5,796	-	5,796	5,796	4,243
Short term borrowings	80,268	-	80,268	-	-	-	80,268	1,187
	305,031	-	305,031	591,802	-	591,802	896,833	1,030,509
Net financial assets/ (liabilities)	**(299,127)**	**-**	**(299,127)**	**(555,456)**	**2,540**	**(552,916)**	**(852,043)**	**(974,126)**

31.1 Interest rate disclosure

Interest rate risk is the risk that the value of a financial instruments will fluctuate due to changes in market interest rates. The company borrows funds at fixed and market based rates. The interest rates have been specified in the related notes. The Company is exposed to interest rate risk as mentioned in note 14 and 18 which it plans to minimise by proper monitoring.

31.2 Interest/mark-up rate risk management

Interest / mark-up rate risk arises from the possibility that changes in interest / mark-up rates will affect the value of financial instruments.

31.3 Credit risk and concentration on credit risk

Credit risk represents the accounting loss that would be recognized at the reporting date if counter parties failed completely to perform as contracted. The company's credit risk is primarily attributable to its trade debts. The company is exposed to concentration on credit risk, as credit is only given to selected customers. Out of the total financial assets of Rs. 44.790 million (2004: Rs. 56.383 million), financial assets which are subject to credit risk amount to Rs. 8.014 million (2004: Rs. 7.821 million). The company attempts to control credit risks by monitoring credit exposures, including transactions with specific customers and continuing assessment of credit worthiness of customers.

31.4 Fair value of financial assets and liabilities

The carrying values of all financial assets and liabilities reflected in financial statements approximate their fair value. Fair value is determined on the basis of objective evidence at each reporting date.

31.5 Foreign exchange risk management

Foreign currency risk arises where financial instrument include receivable and payable in foreign currency. The Company exports its goods and risk associated with it is monitored regularly.

31.6 Liquidity risk

Liquidity risk reflects an entreprises inability in raising funds to meet commitments. The Company follows an effective cash management and planning policy and maintains flexibility in funding by keeping committed credit lines available.

31.7 Price risk

The Company is exposed to price risk as far as purchases of raw material concerned, which is being closely monitored by management on daily basis and production being carried out accordingly.

32 RELATED PARTY TRANSACTIONS

The related parties comprise of entities over which the directors are able to exercise significant influence, entities with common directors, major shareholders, directors and key management employees. The company has a policy whereby all transactions with related parties, are entered into at arm's length prices using the comparable uncontrolled price method.

	Note	2005	2004
		(Rupees in thousand)	
Purchases		**1,982**	1,189
Trusteeship fees		**3**	147
Interest expense		**2,912**	2,271

33 EARNING PER SHARE

Net profit after taxation		**63,431**	233,518
Number of ordinary shares		**17,362,300**	17,362,300
Basic earning per share - Rupees		**3.65**	13.45

There is no dilution effect on the basic earning per share of the Company as the Company has no such commitments in respect of share capital.

34 CASH GENERATED FROM OPERATIONS

	Note	2005	2004
Profit before taxation		**70,492**	211,390
Adjustment for:			
Depreciation	4.1	**71,876**	69,413
Amortization of intangible assets	5	**430**	300
Provision for loan considered doubtful	26	**200**	6,228
Provision for slow moving items and obsolesence	26	**2,000**	-
Finance cost	25	**36,564**	31,589
Gain on disposal of fixed assets		**-**	(214)
Deferred liabilities - Market Committee Fee		**1,719**	3,069
		112,789	110,385
Operating profit before working capital changes		**183,281**	321,775

	Note	2005	2004
		(Rupees in thousand)	
Changes in working capital :			
(Increase)/ decrease in current assets			
Stores, spare parts and loose tools		**(5,096)**	12,448
Stock-in-trade		**(21,581)**	(134,249)
Trade debts		**(193)**	(3,235)
Loans and advances		**86,618**	(106,872)
Deposits, prepayments and other receivables		**3,492**	(19,483)
Tax refund due from Government		**4,201**	-
		67,441	(251,391)
Increase/ (decrease) in current liabilities			
Trade and other payables	16	**(134,152)**	504,208
Cash generated from operations		**116,570**	574,592

35 CASH AND CASH EQUIVALENTS

	Note	2005	2004
Cash and bank balances	11	**6,665**	15,725
Short term borrowings	18	**(80,268)**	(1,187)
		(73,603)	14,538

36 NUMBER OF EMPLOYEES

	2005	2004
Number of employees at year end	**323**	418

37 DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorised for issue on December 22, 2005 by the Board of Directors of the Company.

38 CORRESPONDING FIGURES

a) Due to change in accounting policy as stated in note 3.2, corresponding figures of dividend payable and unappropriated profit have been restated.

b) The income tax refundable has been shown on the face of the balance sheet in the financial statements as a result of this the corresponding figures given in the Balance Sheet and note 9 has been rearranged. Further classification of advances have been improved as a result of which corresponding figures in note 9 has also been changed.

Shunaid Qureshi
Chief Executive

Asim Ghani
Director

FORM OF PROXY

I/We...of
....in the district of...being a member of AL-ABBAS SUGAR MILLS LIMITED, holding.. shares, hereby appoint Mr./Mrs./Miss...of
....who is also a member of the Company, as my proxy to vote for me, and on my behalf at the 15th Annual General Meeting of the Company to be held on Thursday 26th January 2006 at 1600 hours and at any adjournment thereof.

As witness given under my/our hand(s) ....day of 2005

Signed by the said...

In the presence of 1 ....

2 ....

2 ....

3 ....

(Witness's Signature)

(Member's Signature on Rs. 5.00 Revenue Stamp)

(Singature should agree with the specimen Signature negotiated with the company)

Share held ....

Shareholders folio No..............................

CDC A/c No...

CNIC No..

Note:-

1) The Proxy Form should be deposited in the Registered Office of the Company as soon as possible but not less than 48 hours before the time of holding the meeting and, on default, Proxy form will not be treated as valid.
2) No person can act as proxy unless he/she is member of the Company, except that a corporation may appoint a person who is not a member.
3) If a member appoints more then one proxy and more than one instrument of proxy is deposited by a member with a Company, all such instruments of proxy shall be rendered invalid.

For CDC Account Holders/Corporate Entities:

In addition to the above the following requirements have to be met:

i) The proxy form shall be witnessed by two persons whose name, address and CNIC number shall be mentioned on the form.
ii) Attested copies of CNIC or the passport of the beneficial owners and the proxy shall be furnished with the proxy form.
iii) The proxy shall produce his original CNIC or original passport at the time of the meeting.
iv) In case of corporate entity, the Board of Director resolution / power of attorney with specimen signature shall be submitted (unless it has been provided earlier) alongwith proxy form to the company.