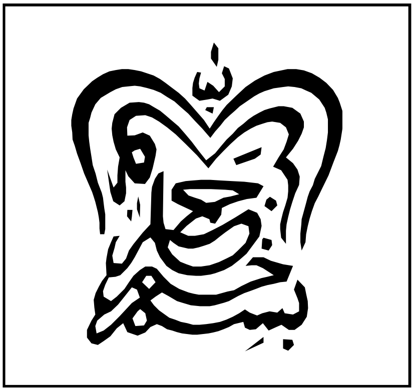

MIRZA SUGAR MILLS LTD.

18TH ANNUAL REPORT
2007

COMPANY PROFILE

BOARD OF DIRECTORS:

DR. (MRS). FEHMIDA MIRZA	Chairperson & Chief Executive
MIR GHULAMULLAH TALPUR	
MR. ARSHAD ABID ABBASI	
MS. FAREHA ABID KAZI	
MIR FURQAN ALI TALPUR	
MIRZA SAULAT RAZA	
MR. IRSHAD HUSSAIN MIRZA	

AUDIT COMMITTEE:

MR. MIRZA SAULAT RAZA	-	Chairman
MIR GHULAMULLAH TALPUR	-	Member
MR. IRSHAD HUSSAIN MIRZA	-	Member

COMPANY SECRETARY:
MR. TARIQ MEHMOOD

CHIEF FINANCIAL OFFICER:
SYED BAQAR HASNAIN KAZMI

AUDITORS:
M/S. KHALID MAJID RAHMAN SARFARAZ
RAHIM IQBAL RAFIQ & CO.
(CHARTERED ACCOUNTANTS)

FINANCIAL & TAXATION CONSULTANT:
DAWOODI MORKAS & CO.

BANKERS TO THE COMPANY:
HABIB BANK LIMITED
MCB BANK LTD.
ALLIED BANK LTD.
NATIONAL BANK OF PAKISTAN
PICIC COMMERCIAL BANK LTD.

LEGAL ADVISOR:
MR. GHULAM QADIR ZARGAR

REGISTERED OFFICE:
10TH FLOOR, PORTION 'B'
LAKSON SQUARE, BUILDING NO. 1,
SARWAR SHAHEED ROAD, KARACHI.

MILLS:
DEH CHHARO TAPPO, LOWARI SHARIFF
DISTRICT BADIN
SINDH.

E-MAIL ADDRESS:
pmsml@cyber.net.pk

WEBSITE:
www.mirzasugar.com

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the **18th Annual General Meeting** of the Company will be held on **Monday, December 31, 2007 at 11:00 a.m.** at the Auditorium of The Pakistan Institute of International Affairs (PIIA), near Sidco Avenue Centre, opposite Shell Petrol Pump, Maulana Deen Mohammad Wafai Road, Karachi to transact the following business:

1. To confirm the Minutes of the 17th Annual General Meeting of the Company held on January 27, 2007.

2. To receive, consider and adopt the Annual Audited Accounts of the Company alongwith the Directors' and Auditors' Reports thereon for the year ended September 30, 2007.

3. To appoint Auditors of the Company for the year ending September 30, 2008 and fix their remuneration. The retiring Auditors, **M/s. KHALID MAJID RAHMAN SARFARAZ RAHIM IQBAL RAFIQ & CO.,** Chartered Accountants, being eligible, have offered themselves for re-appointment.

4. To transact any other ordinary business with the permission of the Chair.

By Order of the Board,

TARIQ MEHMOOD
Company Secretary

Karachi, December 10, 2007

NOTES:

1. The Shares Transfer Books of the Company will remain closed and no transfer of shares will be accepted for registration from **December 22, 2007 to December 31, 2007** (both days inclusive).

2. A member entitled to attend and vote at the Annual General Meeting is entitled to appoint a proxy to attend and vote on his/her behalf.

   Form of Proxies, in order to be valid, must be received at the Registered Office of the Company 48 hours before the scheduled time of Meeting. A Proxy must be a member of the Company.

3. Account holders and sub-account holders of CDC are requested to bring their original National Identity Cards/Passports for the purpose of identification to attend the meeting.

4. Shareholders are requested to notify any change in address immediately.

DIRECTORS' REPORT

Dear Shareholders:

Your directors are pleased to present the Company's Annual Audited Financial Statements with Auditors' Report thereon for the year ended September 30, 2007.

GENERAL

The Crushing Season 2006-07 started after mid of November 2006 and lasted beyond March 31, 2007. The crop availability was substantially better than last year (approx. increase of 25%). Our mill performed satisfactorily and its performance was better than provincial average increase.

Quality of cane was, however, poor, reflected in lower sucrose recovery achieved. Despite this, sugarcane price remained high during entire season i.e. well over Rs.80/- per 40 kg. Our company did well by not entering into the price war of cane.

Sugar prices in the market remained depressed during the entire season. The situation further aggravated after the price of molasses, too, crashed due to external factors.

On overall basis company's operational performance was satisfactory during the season under review.

OPERATING RESULTS

The mills crushed a total quantity of 210,622 tons of cane compared to 147,279 tons of cane crushed during previous season showing an increase of 43%. A total quantity of 20,131 tons of sugar was produced during the season compared to 14,612 tons produced during last season, showing an increase of 37.77%. Overall sucrose recovery achieved was 9.56% during the season under review compared to 9.87% achieved during previous season. Molasses production of 10,335 tons at a recovery rate of 4.66% recorded an increase of 42.47% compared to 7,254 tons produced during previous season.

The operating results of your Company for the season are as under :-

		2006-2007	2005-2006
Season started		20-11-2006	05-12-2005
Season closed		05-04-2007	06-03-2006
Days worked		137	92
Sugarcane crushing	(Tons)	210,622	147,279
" "	(Maunds)/40 kg	5,265,559	3,681,973
Sugar recovery	(%)	9.563	9.869
Sugar production	(Tons)	20,131	14,612
Molasses recovery	(%)	4.999	4.912
Molasses production	(Tons)	10,335	7,254

FINANCIAL RESULTS

The Company's financial results are appended below :-

	2006-07	2005-2006
Loss for the year	(44,745,165)	(17,827,897)
Provision for taxation	(2,500,000)	(2,800,000)
Loss after taxation	(47,245,165)	(20,627,897)
Accumulated loss brought forward	(923,722,777)	(903,094,880)
Accumulated loss carried forward	(970,967,942)	(923,722,777)
Loss per share – basic	(3.35)	(1.46)

Although company operationally performed satisfactorily yet for the factors beyond our control i.e. declining market prices of sugar & molasses and high cost of sugarcane, company's financial results appear negative. The Company posted a gross loss of Rs.3.850 million at the close of September 2007 compared to a gross profit of Rs.36.190 million during the corresponding period last year. Company's net loss was Rs.47.245 as of September 30, 2007 against a net loss of Rs.20.628 million during last year.

SEASON 2007-2008

Report about crop position is better. But economics of sugar production may not be in the industry's favour. Sugarcane cost is expected to remain high because of high support price of Rs.67/- per 40 kg. exclusive of quality premium which averages around Rs.5/- per 40 kg of cane supplied. Therefore, official support price will become Rs.72/- per 40 kg. to which, if TPT difference etc. are added, price of sugarcane will exceed Rs.75/- per 40 kg. Expected market price of sugar is Rs.25/- per kg. which may come down further with the start of crushing season. In no way, the market price of sugar can afford such high cost of sugarcane. The coming season of 2007-08, therefore, may be a very tough season for the industry. The industry is contesting the issue of quality premium with Sindh Government.

HEALTH, SAFETY AND ENVIRONMENT

Appropriate facilities existed for safeguarding the health of employees in accordance with the Factories Act 1948 and National Environment Quality Standard (N.E.Q.S.) for Sugar Industry. We are collaborating with Environmental Protection Agency, Government of Sindh and facilities are being developed at site to minimize the emissions to the desired standard level. The plant has also been registered with the Agency as per "SMART", Self Monitoring and Reporting Tool.

INFORMATION TECHNOLOGY

Improvement and up-gradation of the existing instruments are being continuously made to cope with the requirements of technological advancement in this field.

AUDIT REPORTS

The audit report of M/s. Khalid Majid Rahman Sarfaraz Rahim Rafiq Iqbal has placed a qualification regarding the ability of the company to continue as a "Going Concern".

The management has arranged for injection of funds amounting to Rs. 25.00 million to overcome the liquidyty constraints of the company and to meet its working capital requirement.

The management intends to obtain advances from customers against sale of sugar and molasses to feed its production requirement during the coming season.

The management is trying its best for settlement of long-term liabilities as per the approval of SBP Committee for resolution of cases based on FSV of Rs. 218.00 million as referred to in Note No. 4.3.

In view of the above, the Going Concern assumption used in the preparation of the financial statements is based on valid grounds.

There is another qualification regarding non-receipt of balance confirmation from some of the banks/DFIs for their respective loans. We are in litigation with these banks/DFIs in the court of law and this may be the reason for their not confirming the loan balances.

BOARD OF DIRECTORS

There has been no change so far in the Board of Directors since after its constitution through Election of Directors on January 30, 2006 for a term of 3 (three) years commencing February 27, 2006.

AUDITORS

The present auditors – M/s. Khalid Majid Rahman Sarfaraz Rahim Iqbal Rafiq & Co., Chartered Accountants, retire and offer their services for the year ending September 30, 2008.

CODE OF CORPORATE GOVERNANCE

The Company has adopted the Code of Corporate Governance promulgated by the/ Securities & Exchange Commission of Pakistan. We have implemented the major mandatory provisions and welcome the government step to more fully disclose and monitor the corporate sector. We hope it will go a long way in confidence building of small investors and will boost corporate investment.

STATEMENT OF CORPORATE AND FINANCIAL REPORTING FRAME WORK

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

b. Proper books of accounts of the company have been maintained.

c. Appropriate accounting policies have been consistently applied in 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 and any departure there from has been adequately disclosed.

e. The system of internal control, which was in place, is sound in design and has been effectively implemented and monitored. However, it is being continuously reviewed by internal audit and other officers handling such procedures. The process of review will continue and any weaknesses in controls will be removed. The function of Internal Audit has been implemented and operating successfully.

f. The Company's ability to continue as a going concern is being watched carefully, all events affecting the going concern basis are under constant review.

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

h. Although operational results during the year under review show market improvement over last year, yet financially company's performance reflects negative features as net loss during the year increased to Rs.47.245 million compared to a net loss of Rs.20.628 million last year. As already mentioned earlier in the report, the attributable factors to increase in loss were beyond company's control.

i. Key operating and financial data for last six (6) years in summarized form is annexed.

j. Because of the loss sustained by the Company during the year under review, the Company has not declared any dividend or issued bonus shares for the year.

k. Outstanding taxes and levies are being accrued and paid as per law.

l. Value of investments based on audited accounts of Provident Fund is Rs. 12.050 million.

m. During the year, 6 (six) meetings of the Board of Directors were held. Attendance by each Director is as follows:

Name of Director	**No. of Meetings Attended**
Dr. (Mrs) Fehmida Mirza	4
Mir Ghulamullah Talpur	6
Mr. Arshad Abid Abbasi	-
Ms. Fareha Abid Kazi	-
Mir Furqan Ali Talpur	6
Mirza Saulat Raza	6
Mr. Irshad Hussain Mirza	6

Leave of absence is granted in all cases to the directors.

n. The pattern of shareholding is annexed.

o. There was no trading in shares of MSML held by its directors, CEO, CFO, Company Secretary and their spouses and minor children.

FUTURE PROSPECTS

Future prospects of sugar industry is very bleak. The industry is expected to suffer further losses in coming seasons due to wide disparity in price of sugarcane (being 75% to 80% of production cost) and expected market price of sugar due to huge carry over stock and external factors. Management of the Company will remain very watchful in the coming season.

VARIATION IN REMUNERATION OF CHIEF EXECUTIVE & WHOLE TIME DIRECTORS

Abstract of variation in the remuneration of the Chief Executive and whole time directors is annexed.

ACKNOWLEDGEMENT

We would like to take this opportunity to convey our deep appreciation to the shareholders, the workers, staff and officers of the Company for their patience, tolerance and forbearance, as well as the assistance and cooperation to the management during these hard days.

We would also like to thank our valued dealers, suppliers, financiers and shareholders for their cooperation and the trust reposed in our Company.

In the end, let us pray to Almighty Allah to guide us in all our pursuits of national development and for the betterment of your organization, Ameen.

On behalf of the Board

DR.(MRS.) FEHMIDA MIRZA
Chairperson & Chief Executive

Karachi: December 06, 2007

ABSTRACT OF VARIATION IN THE REMUNERATION / TERM OF THE CHIEF EXECUTIVE AND WHOLE-TIME DIRECTORS

(Section 218 of the Companies Ordinance, 1984)

Following are the approved limit of remunerations at a maximum for the Chief Executive and the below mentioned Executive (whole time) Directors (including all allowances, benefits / perquisites, utilities etc.) along with transport and its maintenance for their official and personal use :

	Entitlement as on March 10, 2003 Rs. (per annum)	Entitlement as on May 29, 2007 Rs. (Per annum)
Dr. (Mrs) Fehmida Mirza Chairman & Chief Executive	1,800,000	2,000,000
Mir Ghulamullah Talpur Director	600,000	780,000

Monthly remunerations paid to Chief Executive and Executive Directors :

	Previous	With effect from March 2006	With effect from March 2007
Dr. (Mrs.) Fehmida Mirza Chairperson & Chief Executive	75,000	90,000	120,900
Mir Ghulamullah Talpur Director	20,250	20,250	20,250

PATTERN OF SHAREHOLDINGS
AS AT 30TH SEPTEMBER 2007

Number of Share Holders	Shareholding From	To	Total Shares Held	Percentage
395	1	100	38,821	0.28
686	101	500	339,746	2.41
138	501	1,000	136,721	0.97
247	1,001	5,000	809,470	5.74
85	5,001	10,000	715,895	5.08
29	10,001	15,000	380,100	2.70
34	15,001	20,000	642,000	4.55
18	20,001	25,000	424,000	3.01
1	25,001	30,000	30,000	0.21
1	30,001	35,000	35,000	0.25
4	35,001	40,000	151,200	1.07
2	40,001	45,000	86,500	0.61
14	45,001	50,000	692,100	4.91
3	50,001	55,000	160,000	1.13
6	55,001	60,000	358,000	2.54
1	60,001	65,000	64,000	0.45
3	65,001	70,000	210,000	1.49
2	70,001	75,000	141,000	1.00
3	75,001	80,000	238,000	1.69
1	80,001	85,000	82,500	0.59
1	85,001	90,000	89,500	0.63
1	90,001	95,000	90,900	0.64
14	95,001	100,000	1,400,000	9.93
2	135,001	140,000	275,600	1.95
1	140,001	145,000	142,000	1.01
3	145,001	150,000	450,000	3.19
1	175,001	180,000	175,277	1.24
1	195,001	200,000	200,000	1.42
1	245,001	250,000	250,000	1.77
1	260,001	265,000	262,090	1.86
3	375,001	380,000	1,140,000	8.09
1	495,001	500,000	499,220	3.54
1	745,001	750,000	748,800	5.31
1	1,260,001	1,265,000	1,261,060	8.94
1	1,375,001	1,380,000	1,380,000	9.79
1,706			14,100,000	100.00

CATEGORIES OF SHAREHOLDINGS (30-09-2007)
ADDITIONAL INFORMATION

Categories of Shareholders	Shares Held	Percentage
Associated Companies, Undertakings and Related Parties	–	–
NIT and ICP		
National Bank of Pakistan (Trustee Deptt.)	100	0.00
Investment Corporation of Pakistan (ICP)	700	0.00
Directors, CEO and their Spouses and minor Children		
Dr. (Mrs). Fehmida Mirza (Chief Executive)	1,380,000	9.79
Mir Ghulamullah Talpur (Director)	200,000	1.42
Mr. Arshad Abid Abbasi (Director)	100,000	0.71
Ms. Fareha Abid Kazi (Director)	100,000	0.71
Mir Furqan Ali Talpur (Director)	9,000	0.06
Mirza Saulat Raza (Director)	8,500	0.06
Mr. Irshad Hussain Mirza	1,000	0.01
Dr. Zulfiqar Ali Mirza (Husband of Dr. (Mrs.) Fehmida Mirza)	380,000	2.70
Executives	–	–
Public sector companies and corporations	–	–
Banks, Development Finance Institutions, Non-Banking Finance Institutions, Insurance Companies, Modarabas and mutual funds:		
MCB Bank Ltd.	9,000	0.06
Standard Chartered Bank Pak Ltd.	4,360	0.03
Industrial Development Bank of Pakistan	4,396	0.03
The Bank of Punjab	17,500	0.12
State Life Insurance Corp. of Pakistan	175,277	1.24
National Insurance Company Ltd.	100,000	0.71
EFU General Insurance Limited	7,500	0.05
The Premier Insurance Company Limited	241	0.00
Pakistan Reinsurance Company Limited	5,495	0.04
Shareholders holding ten percent or more voting interest in the listed company	–	–
Joint Stock Companies		
Asonix Ind. (Pvt) Ltd.	700	0.00
Sarfaraz Mahmood (Pvt.) Ltd.	500	0.00
Millennium Securities Investment (Pvt) Ltd.	1,000	0.01
Y.S. Securities & Services (Pvt) Ltd.	1,500	0.01
Time Securities (Pvt) Ltd.	38,500	0.27
Harvest Smartrend Securities (Pvt) Ltd.	500	0.00
Pasha Securities (Pvt) Ltd.	6,000	0.04
Invest Capital Securities (Pvt) Ltd.	405	0.00
Eastern Capital Limited	1,000	0.01
Moneyline Securities (Pvt) Ltd.	8,000	0.06
Hum Securities Limited	36,000	0.26
Micro Innovations and Techlonogies (Pvt) Ltd.	54,000	0.38
Ismail Abdul Shakoor Securities (Pvt) Ltd.	2,000	0.01
Cooper and Company (Pvt) Ltd.	6,500	0.05
Individual	11,440,326	81.14
TOTAL	**14,100,000**	**100.00**

CORPORATE VISION / MISSION STATEMENT

VISION

The Company, one of the leading sugar mills in Sindh, aims at producing international quality white refined sugar for local consumption and export purpose. Our vision is to transform MSML into a modern and dynamic industry, highly indulgent in the well being of the investors, workforce and the agriculture community of the area. We want to fully equip the company to play a meaningful role on sustainable basis in the economic and social development of the country and protect the environment.

MISSION

Our mission is to promote agriculture and to achieve operating & financial stability for our company. This would help us to have meaningful role for a sound and dynamic industrial system to achieve sustainable and equitable economic growth of the Country. We would like to transform the agriculture community of the area into an exemplary force to become a role model for others. We would endeavor to enhance the value of our shareholders, to provide a secure place of work to our employees and to be an ethical partner to all our business associates.

SIX YEARS DATA AT A GLANCE

Rupees in Thousand

	PARTICULARS		2007	2006	2005	2004	2003	2002
	FINANCIAL DATA							
1	**Financial Position**							
	Paid up Capital	Rs.	141,000	141,000	141,000	141,000	141,000	141,000
	Accumulated(Loss)/Profit	Rs.	(970,968)	(923,723)	(903,094)	(790,277)	(663,413)	(579,389)
	Long term Loan	Rs.	319,294	357,867	424,659	573,060	653,733	663,888
	Deferred Inbcome	Rs.	–	153,301	153,301			
	Liabilities Against Assets subject to Finance Lease	Rs.	–	–	–	–	120	252
	Fixed Assets (At Cost)	Rs.	689,506	688,212	688,058	689,395	689,013	725,219
	Accumulated Depreciation	Rs.	450,157	425,373	398,067	369,047	336,439	313,955
	Long term Advance/Deposits	Rs.	1,427	1,427	1,427	1,427	1,622	1,478
	Current Assets	Rs.	51,145	43,474	164,549	85,514	58,273	44,976
	Current Liabilities	Rs.	649,293	579,295	640,102	483,506	281,208	232,142
2	**Income**							
	Sales	Rs.	484,426	557,272	197,756	331,961	426,298	333,546
	Gross Profit/(Loss)	Rs.	(3,850)	36,189	(49,985)	(45,484)	(5,923)	(36,494)
	Other Income	Rs.	7,653	62	68	481	–	18,443
	Pre-Tax (Loss)/Profit	Rs.	(44,745)	(17,828)	(111,835)	(125,170)	(84,257)	(102,122)
	Taxation	Rs.	(2,500)	(2,800)	(982)	(1,693)	231	(1,677)
3	**Statistics and Ratios**							
	Gross Profit/(Loss) to Sales	%	(0.79)	6.49	(25.28)	(13.70)	(1.39)	(10.94)
	Pre-tax Profit/(Loss) to Sales	%	(9.24)	(3.20)	(56.55)	(37.71)	(19.76)	(30.62)
	Pre-Tax Profit/(Loss) to Capital	%	(31.73)	(12.64)	(79.32)	(88.77)	(59.76)	(72.43)
	Current Ratio		1:12.69	1:13.32	1:3.89	1:5.65	1:4.83	1:5.16
	Paid-up Value per Share	Rs.	10	10	10	10	10	10
	Earnings per Share	Rs.	(3.35)	(1.46)	(8.00)	(8.65)	(5.96)	(7.36)
	Cash Dividend	Rs.	–	–	–	–	–	–
	Market Value per Share	Rs.	3.15	2.85	2.95	4.50	2.50	1.70
	OPERATING DATA							
	Season Started		20-11-2006	05-12-2005	20.11.2004	30.11.2003	20-12-2002	12.11.2001
	Season Closed		05-04-2007	06-03-2006	21.02.2005	09.03.2004	08-04-2003	24.03.2002
	Days Worked		137	92	94	101	110	133
	Sugarcane Crushed	M.T	210,622	147,279	145,189	269,560	288,080	208,628
	Sugarcane Crushed	Mds	5,265,559	3,681,973	3,889,940	7,222,118	7,718,295	5,589,605
	Sugar Recovery	%	9.563	9.869	9.300	9.985	9.841	10.010
	Sugar Production	M.T	20,131	14,612	13,426	26,928	28,350	20,885
	Molasses Recovery	%	4,909	4.912	5.002	5.092	5.458	5.314
	Molasses Production	M.T	10,335	7,254	7,237	13,728	15,726	11,089

STATEMENT OF COMPLIANCE WITH THE BEST PRACTICES OF CORPORATE GOVERNANCE (See Clause XIV)

Name of Company : **MIRZA SUGAR MILLS LIMITED**
Year Ended : **30th September, 2007**

This statement is being presented to comply with the Code of Corporate Governance contained in Regulation No. 37 and Chapter XIII of listing regulations of Karachi Stock Exchange (Guarantee) Limited and Lahore Stock Exchange (Guarantee) Limited respectively 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.

The Company has applied the principles contained in the Code in the following manner:

1. The Company encourages representation of independent non-executive directors and directors representing minority interests on its Board of Directors. At present the Board includes 5 (five) non-executive directors and 2 executive directors including the CEO.

2. The directors have confirmed that none of them is serving as a director in more than 10 (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, a Development Financial Institution or a Non-banking Financial Institution. None of the directors of the company are members of any Stock Exchange.

4. No casual vacancy occurred in the Board of Directors during the period under review.

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 Chairperson and, in her absence, by a director elected by the Board for this purpose and the Board met at least once in every quarter. The Board held six meetings during the year. Written notices of the Board meetings, along with agenda and working papers, were circulated at least seven days before the meetings. The minutes of the meeting were appropriately recorded and circulated.

9. The Board arranged an orientation course for its directors to apprise them of their duties and responsibilities. The directors of the company have given declaration that they are aware of their duties, powers and responsibilities under the Companies Ordinance, 1984 and the listing regulations of Stock Exchange.

10. The Board has approved appointment of CFO, Company Secretary and Head of Internal Audit, including their remuneration and terms and conditions of employment, as determined by the CEO.

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 CEO and CFO have duly endorsed the financial statements of the Company 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 3 (three) members including the Chairman of whom 2 (two) are non-executive directors. Names of Committee Members are :

Mirza Saulat Raza	Chairman
Mir Ghulamullah Talpur	Member
Mr. Irshad Hussain Mirza	Member

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 and as required by the Code. The terms of reference of the committee have been determined and approved by the Board of Directors and advised to the committee for compliance.

17. The Board has set-up effective internal audit function.

18. The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the quality control review programme 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 shares 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. As there is no related party transaction, the statement regarding Transfer Pricing, in pursuance of SECP directive as communicated by Karachi Stock Exchange (Guarantee) Ltd. vide its Notice No. KSE/N-5260 dated November 5, 2003, is not applicable to our Company.

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

DR. (MRS.) FEHMIDA MIRZA
Chairperson & Chief Executive

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

We have reviewed the Statement of Compliance with the best practices contained in the Code of Corporate Governance prepared by the Board of Directors of **Mirza Sugar Mills Limited** to comply with the Listing Regulations No. 37 and Chapter XIII of the Karachi and Lahore Stock Exchanges 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 as applicable for the year ended on **September 30, 2007.**

Karachi:
December 06 , 2007

KHALID MAJID REHMAN SARFARAZ
RAHIM IQBAL RAFIQ
Chartered Accountants

AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed balance sheet of **MIRZA SUGAR MILLS LIMITED as at September 30, 2007,** and the related profit & 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 mnagement to establish and maintain a system of iternal 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.

Except as discussed in the following paragraphs 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 the 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:

1. The financial statements of the Company for the year reflects net loss after taxation of Rs. 47.25 million (2006: Rs. 20.63 million), accumulated loss of Rs. 970.97 million (2006: Rs. 923.72 million) and negative equity amounting to Rs. 829.97 million (2006: Rs. 782.72 million). Company's current liabilities exceeds current assets by Rs.598.15 million (2006: Rs. 535.82 million) and total liabilities exceeded total assets by Rs.829.97 million (2006: Rs. 782.72 million). The Company is defendant in suits filed by financial institutions as referred to in detail in notes 4.1 to 4.7. There are contingencies disclosed in note 9 in detail, the ultimate outcome of which cannot presently be determined. These conditions indicate existence of material uncertainties, which may cast significant doubt on the Company's ability to continue as a going concern which is defendent on the ultimate outcome of the matters referred to in note 1.2. No adjustment has been made in the financial statements that may be required should the Company be unable to continue as a going concern.

2. We did not receive direct confirmations in respect of long-term loans from banks and financial institutions namely Investment Corporation of Pakistan, Habib Bank Limited, and Saudi Pak Commercial Bank Limited.

   (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 accounts and are further in accordance with accounting policies consistently applied;

      (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) except for the effect of the matters referred to in paragraphs 1 to 2 above and in note 9 on the financial statements of the company, in our opinion and to the best of our information and according to the explanations given to us, the balance sheet, profit & 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, 2007** and of the loss, its cash flows and changes in equity for the year then ended; and

   (d) in our opinion, no Zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).

Khalid Majid Rahman Sarfaraz
Rahim Iqbal Rafiq
Chartered Accountants

Karachi:
Dated: December 06, 2007

BALANCE SHEET AS AT

	Note	2007 Rupees	2006 Rupees
SHARE CAPITAL			
Authorised Capital			
15,000,000 (2005: 15,000,000) Ordinary shares of Rs. 10/= each		150,000,000	150,000,000
Issued, subscribed and paid up capital			
14,100,000 (2005: 14,100,000) Ordinary shares of Rs. 10/- each fully paid in cash		141,000,000	141,000,000
Accumulated loss		(970,967,942)	(923,722,777)
		(829,967,942)	(782,722,777)
NON-CURRENT LIABILITIES			
LONG TERM LOANS	**4**	319,294,075	357,866,929
DEFERRED INCOME	**5**	153,301,062	153,301,062
CURRENT LIABILITIES			
Short term loan	6	–	12,200,000
Current portion of long term liabilities	7	449,629,877	373,727,618
Trade and other payables	8	170,487,926	166,692,595
Accrued Mark up on loans		18,991,927	18,991,927
Taxation		10,183,279	7,683,279
		649,293,009	579,295,419
CONTINGENCIES & COMMITMENTS	9	–	–
		291,920,204	307,740,633

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

CHIEF EXECUTIVE

DIRECTOR

	Note	2007 Rupees	2006 Rupees
PROPERTY, PLANT & EQUIPMENT	10	239,348,527	262,839,530
LONG TERM DEPOSITS	11	1,426,886	1,426,886
CURRENT ASSETS			
Stores, spares and loose tools	12	9,551,228	10,230,150
Stock in trade	13	7,207,713	1,620,567
Trade debtors - unsecured	14	8,199,044	149,816
Loans and advances	15	24,240,956	29,685,065
Deposits, prepayments and other receivable	16	274,653	500,000
Cash and bank balances	17	1,671,196	1,288,620
		51,144,790	43,474,217
		291,920,204	307,740,633

CHIEF EXECUTIVE

DIRECTOR

PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED SEPTEMBER 30, 2007

	Note	2007 Rupees	2006 Rupees
Sales - net	18	484,425,941	557,271,703
Cost of goods sold	19	488,275,987	521,081,914
Gross profit / (loss)		(3,850,046)	36,189,789
Operating expenses			
Administrative and general	20	26,862,949	24,953,833
Selling and distribution	21	439,020	366,352
		(27,301,969)	(25,320,185)
Operating profit / (loss)		(31,152,016)	10,869,604
Financial charges	22	(21,246,137)	(28,760,462)
Other Income	23	7,652,987	62,961
		(13,593,150)	(28,697,501)
Loss before taxation		(44,745,165)	(17,827,897)
Provision for taxation:			
Current	25	(2,500,000)	(2,800,000)
Loss after taxation		(47,245,165)	(20,627,897)
Accumulated loss brought forward		(923,722,777)	(903,094,880)
Accumulated loss carried forward		(970,967,942)	(923,722,777)
Loss per share - basic	24	(3.35)	(1.46)

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

CHIEF EXECUTIVE

DIRECTOR

CASH FLOW STATEMENT
FOR THE YEAR ENDED SEPTEMBER 30, 2007

	2007 Rupees	2006 Rupees
CASH FLOW FROM OPERATING ACTIVITIES		
Loss before taxation	(44,745,165)	(17,827,897)
Adjustment for :		
Depreciation	24,784,951	27,366,449
Financial charges	21,246,137	28,760,462
Gain on sale of fixed assets	–	(60,052)
	46,031,088	56,066,859
Operating cash inflows / (outflows) before working capital changes	1,285,922	38,238,962
Changes in working capital		
(Increase) / Decrease in current assets		
Stores, spares and loose tools	678,922	(715,987)
Stock in trade	(5,587,146)	121,168,477
Loans and advances	7,968,575	1,386,340
Prepayments and other receivables	225,347	910,000
Trade debtors - unsecured	(8,049,228)	–
Increase / (Decrease) in current liabilities		
Trade and other payables	3,795,331	(167,318,475)
	(968,199)	(44,569,645)
Cash (used) / generated in operations	317,723	(6,330,683)
Taxes paid	(2,524,466)	(3,254,950)
Financial charges paid	(941,489)	(534,658)
	(3,465,955)	(3,789,608)
Net cash (used) / generated from operating activities - carried forward	(3,148,232)	(10,120,291)

	2007 Rupees	2006 Rupees
Net cash (used) / generated from operating activities - brought forward	(3,148,232)	(10,120,291)
CASH FLOW FROM INVESTING ACTIVITIES		
Fixed capital expenditure	(1,293,950)	(154,200)
Net cash generated / (used) in investing activities	(1,293,950)	(154,200)
CASH FLOW FROM FINANCING ACTIVITIES		
Long term loan received	25,000,000	–
Repayment of long term loans	(7,975,243)	(3,507,000)
Repayment of short term loan	(12,200,000)	12,200,000
Net cash generated / (used) in financing activities	4,824,758	8,693,000
Increase in cash and bank balances	382,576	(1,581,491)
Cash and bank balances at beginning of the year	1,288,620	2,870,111
Cash and bank balances at end of the year	1,671,196	1,288,620

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

CHIEF EXECUTIVE

DIRECTOR

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED SEPTEMBER 30, 2007

	Share Capital Rupees	Accumulated Loss Rupees	Total Rupees
Balance as at September 30, 2005	141,000,000	(903,094,880)	(762,094,880)
Loss for the year	–	(20,627,897)	(20,627,897)
Balance as at September 30, 2006	141,000,000	(923,722,777)	(782,722,777)
Loss for the year	–	(47,245,165)	(47,245,165)
Balance as at September 30, 2007	141,000,000	(970,967,942)	(829,967,942)

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

CHIEF EXECUTIVE

DIRECTOR

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED SEPTEMBER 30, 2007

1. STATUS AND NATURE OF BUSINESS

1.1 The Company was incorporated in Pakistan as a Public Limited Company on January 16, 1990 and its shares are quoted at Karachi and Lahore Stock Exchanges. The principal business of the Company is manufacture and sale of white sugar. The registered office of the company is situated at 10th Floor, Portion- B, Lakson Square Building No.1, Sarwer Shaheed Road, Karachi and its factory is located at Deh Chharo, Tappo Lowari Sharif, District Badin, Sindh.

1.2 These financial statements disclosed as on the balance sheet date an accumulated loss of Rs. 970.97 million (2006: 923.72 million), negative equity of Rs. 829.97 million (2006: 782.72 million). Current liabilities exceeding current assets by Rs. 598.15 million (2006: Rs. 535.82 million) and total liabilities exceeded total assets by Rs. 829.97 million (2006: 782.72 million).

In the year 2004, the Company availed the opportunity provided by SBP Circular No. 29 for restructuring of loan liabilities based on forced sale value (FSV) of its fixed assets to be repaid over 3 years in equal quarterly installment. In March, 2004 the SBP Committee decided to restructure the liabilities of PICIC, HBL and MCB to be shared on the basis of outstanding principal liabilities excluding capitalized liability in forced sale value of Rs. 348.367 million. The company contested that FSV of it's fixed assets is much below their value. At company's request one of banks i.e. (for details refer note 4). MCB got the revaluation done and agreed to settle its liabilities based on revised revaluation of Rs. 218.278 million. The liabilities due to SAPICO, ZTBL, ABL AND HBL were subsequently decided by the Committee at an amount of Rs. 20.07 million in aggregate in the year 2005.

The Company expects that its efforts for settlement with other banks will also succeed in due course and the remaining outstanding liabilities would possibility be reduced and agreed to be settled at balance FSV amount of Rs. 198.208 million, which it shall settle as per circular 29 as and when an agreement is reached with banks. It is accordingly on this basis defending cases filed by the banks against it. Meanwhile it arranged funds of Rs. 25 million to meet it's working capital requirement (refer to note 4.8) and except to carry out production during the current season by securing advance payments from customers.

In view of the above, these financial statements have been prepared using going concern assumption.

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 (IAS) 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 Companies Ordinance, 1984 or the requirements of the said directives take precedence.

New Accounting Standards and IFRIC Interpretations that are not yet effective.

The following standards, interpretations and amendments in approved accounting standards are only effective for accounting periods beginning on or after October 01, 2007 and are either not relevant to the Company's operations or are not expected to have significant impact on the Company's financial statements other than certain increased disclosures in the certain cases:

IAS 1 - Preparation of Financial statement- Amendments Relating to Capital Disclosures;

IAS 23 - Borrowing Costs (as revised);

IAS - 41 Agriculture;

IFRS 2 - Share-based Payments;

IFRS 3 - Business Combination;

IFRS 5 - Non - current Assets Held for Sale and Discontinued Operation;

IFRS 6 - Exploration for and Evaluation of Mineral Resources;

IFRIC 10 - Interim Financial Reporting and Impairment;

IFRIC 11 - Group and Treasury Share Transactions;

IFRIC 12 - Services Concession Arrangements;

IFRIC 13 - Customer Loyalty Programmes;

IFRIC 14 - The Limit on a Defined Benefit Asset Minimum Funding Requirements and their intersection.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

3.1 Accounting convention

The financial statements have been prepared under the `historical cost convention'.

3.2 Employees' benefits

i) The Company operates a Contributory Provident Fund Scheme for all its employees eligible for the scheme. The scheme has been approved under the Income Tax Ordinance, 1979. Contributions are made equally by the Company and the employees as per the rules of the fund.

ii) The liability in respect of accumulated compensated absences of employees is accounted for in the period in which these absences are earned.

3.3 Taxation

Current

Provision for current taxation is based on higher of liability on taxable income at the current tax rates of taxation after considering admissible tax credits, if any or minimum tax @ 0.5 percent of turnover, whichever is higher.

Deferred

Deferred tax is provided using the balance sheet liability method providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and amount used for taxation purpose. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities using tax rates enacted at the balance sheet date. Deferred tax liabilities are recognized for all taxable temporary differences. Deferred tax asset is recognized for deductible temporary differences only to the extent it is probable that future taxable profits will be available and credits can be utilized.

3.4 Property, Plant & Equipment

i) Property, Plant & Equipment, except freehold land are stated at cost less accumulated depreciation and impairment loss, if any. Freehold land is stated at cost.

ii) Depreciation is charged to income applying the reducing balance method at the rates specified in note 10. Depreciation on additions during the year is charged from the quarter in which the assets are put to use while no depreciation is charged in the quarter in which the assets are disposed off.

iii) Maintenance and normal repairs are charged to income as and when incurred. Major renewals and improvements are capitalized and the assets so replaced, if any, are retired.

iv) Gains and loss on disposal of assets are taken to profit and loss account.

3.5 Stores, spares and loose tools

These are valued at moving average cost. Items in transit are valued at cost comprising of invoice value plus other charges paid thereon.

3.6 Stock in trade

These are valued at lower of average manufacturing cost and net realizable value applying the following basis:

- Finished sugar at average manufacturing cost.

- Sugar in process at average manufacturing cost.

- Molasses at contracted price or net realizable value.

Average cost signifies in relation to work in process and finished goods cost (sugar) including a portion of related direct overheads. Net realizable value signifies the selling price prevailing in the market less selling expenses incidental to sales.

3.7 Trade debtors

These are stated net of provision for impaired debts. Full provision is made against the debts considered doubtful.

3.8 Trade and other payables

Liabilities for trade and other amounts payable are carried at cost which is the fair value of the consideration to be paid in future for goods and services received, whether or not billed to the company.

3.9 Provisions

Provisions are recognized when the company has a present obligation (legal or constructive) as a result of a past event and 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 the obligation.

3.10 Financial Instruments

Financial assets

Financial assets are loans, advances, deposits, trade debts, other receivables and cash and bank balances. These are initially recognized at its cost which represent fair value of consideration given for it and subsequent to initial recognition, these financial assets are carried at cost, if fair value is not materially different at the balance sheet date.

Financial liabilities

Financial liabilities are classified according to the substance of the contractual agreements entered into. All financial liabilities are initially recognized at cost, which represents fair value of the consideration received. After initial recognition financial liabilities held for trading are carried at fair value and all other financial liabilities are measured at amortized cost.

3.11 Impairment of assets

The carrying amount of the Company's assets except for inventories and deferred tax assets are reviewed at each balance sheet date to determine whether there is any indication of impairment loss. If such indication exists, the assets' recoverable amount is estimated in order to determine the extent of the impairment loss if any. Impairment losses are recognized as expense in profit and loss account.

3.12 Cash and cash equivalents

Cash and cash equivalents are carried in the balance sheet at cost. For the purpose of cashflow statement, cash and cash equivalents comprise cash in hand, in transit and balances with banks.

3.13 Borrowing costs

Mark up, interest and other charges on borrowings are charged to profit & loss.

3.14 Related party transactions

The Company accounts for all related party transactions at arm’s length prices determined by using the Comparable Uncontrolled Price Method.

3.15 Offsetting

Financial assets and liabilities are offset when the company has a legally enforceable right to offset and intends to settle either on a net basis or to realize the asset and settle liability simultaneously.

3.16 Revenue recognition

Sales are recorded on dispatch of goods.

4. LONG TERM LOANS

PARTICULARS	SECURED												LOANS FROM FRIENDS & SPONSORS	2007	2006
	Locally Manufacturd Machinery		P.I.C.I.C. OVER DUE 1	P.I.C.I.C. OVER DUE 2	P.I.C.I.C. INT. A/C	I.C.P.-TFC	M.C.B	A.B.L	S.P.C.B	S.P.C.B.	Z.T.B.L	H.B.L			
	P.I.C.I.C-LMM1	P.I.C.I.C-LMM2													
								Rupees							
Opening Balance	25,570,579	26,033,368	115,137,776	113,737,227	27,124,224	9,525,395	9,753,750	3,375,000	20,794,510	12,464,923	965,250	350,324,063	16,788,482	731,594,547	708,172,511
Mark-up capitalized	–	–	4,432,711	4,512,937	–	–	–	–	–	–	–	11,359,000	–	20,304,648	26,929,036
Received	–	–	–	–	–	–	–	–	–	–	–	–	25,000,000	25,000,000	–
	25,570,579	26,033,368	119,570,487	118,250,164	27,124,224	9,525,395	9,753,750	3,375,000	20,794,510	12,464,923	965,250	361,683,063	41,788,482	776,899,195	735,101,547
Paid during the year	–	–	–	–	–	2,634,493	3,251,250	1,875,000	–	–	214,500	–	–	7,975,243	3,507,000
	25,570,579	26,033,368	119,570,487	118,250,164	27,124,224	6,890,902	6,502,500	1,500,000	20,794,510	12,464,923	750,750	361,683,063	41,788,482	768,923,952	731,594,547
Current / overdue portion shown under current liabilities															
Current maturity	–	–	14,251,986	14,114,435	3,079,578	1,185,651	3,251,250	1,500,000	1,037,356	–	321,750	42,501,000	–	81,243,006	82,596,877
Over due portion	25,570,579	26,033,368	55,698,789	55,037,922	13,220,671	3,497,156	3,251,250	–	6,224,136	–	429,000	179,424,000	–	368,386,871	291,130,741
	(25,570,579)	(26,033,368)	(69,950,775)	(69,152,357)	(16,300,249)	(4,682,807)	(6,502,500)	(1,500,000)	(7,261,492)	–	(750,750)	(221,925,000)	–	(449,629,877)	(373,727,618)
Closing balance	–	–	49,619,712	49,097,807	10,823,975	2,208,095	–	–	13,533,018	12,464,923	–	139,758,063	41,788,482	319,294,075	357,866,929
Significant terms and conditions															
No. of installments	19	19	46	46	46	46	12	12	46	–	12	47	-		
Installment payment rest	Quarterly	Quarterly	Quarterly	Quarterly	Quarterly	Quarterly	Quarterly	Quarterly	Quaterly	–	Quaterly	Quaterly	-		
Amount of installment in million	Various	Various	Various	Various	Various	Various	1.08	0.38	Various	-	0.107	various	-		
Date of first installment	1/4/2001	1/4/2001	1/4/2001	1/4/2001	1/4/2001	1/4/2001	25/8/2005	15/10/2005	1/4/2001	-	20/9/2005	1/4/2001	-		
Rate of Interest / Mark up	6% p.a.	6% p.a.	14% p.a.	14% p.a.	Mark up Free	14% p.a.	Mark up Free	Mark up Free	14% p.a.	14% p.a.	Mark up Free	14% p.a.	Mark up Free		
Sub Note no.	4.1	4.1	4.1	4.1	4.1	4.2	4.3	4.4	4.5	4.5	4.6	4.7	4.8		

4.1 Pakistan Industrial Credit and Investment Corporation (PICIC)

The loan is secured by:

i) First charge by way of an equitable mortgage on all the immovable properties, hypothecation of stock and a floating charge on all other assets.

ii) A demand promissory note duly signed by the directors for the purchase price.

This represent liability as rescheduled in the year 2001 based on package approved by CRSIU. The settlement of loan was later on approved in the year 2004 by SBP. Committee for resolution of cases under circular 29 at 58.82% of the total liability determined at Rs. 348 million as per forced sale value of company's fixed assets. The company contested that the FSV of it's plant was Rs. 218 million and PICIC should agree to settlement at this amount as was accepted by MCB also. Company request was turned down by PICIC in November 2004. Presently, the suit filed earlier by PICIC in High Court of Sindh in the year 2003 for recovery of Rs. 355,388,460/- is pending for evidence (Also refer note 9.4).

4.2 Investment Corporation of Pakistan (ICP)

The loan is secured by:

i) First charge by way of mortgage / hypothecation on all movable and immovable properties of the Company ranking pari passu with the charge created in favor of other lenders.

ii) Floating charge on all other assets and properties of the Company ranking pari passu with the charge created in favor of other secured creditors.

iii) A demand promissory note for the purchase price.

iv) Personal guarantees of all directors.

In 2002, ICP filed a suit against the company, its directors and other three financial institution in the Banking Court No.1, Karachi for recovery of Rs.16.274 million along with markup thereon w.e.f July 01, 2002 until repayment of dues. The suit was decreed on January 10, 2004 jointly and severally in the favor of plaintiff for Rs.10.990 million with a cost of fund at 8% per annum payable from the date of default i.e. July 1, 2002 in twenty four monthly installments of Rs.457,908/-. The company made a total payment of Rs. 8.235 million as subsequently ordered by the Court and now awaits disposal of the case in terms of order of the Court dated 18-01-2007.

4.3 MCB Bank Limited (Formerly Muslim Commercial Bank Limited) (MCB)

The loan is secured by:

i) First charge on the present and future fixed and current assets of the company ranking pari passu with the charge created in favor of other secured creditors.

ii) Personal guarantees of all directors.

Subsequently to decision of SBP committee under circular 29 for settlement at FSV of Rs. 348 million, at company's request the bank carried out fresh revaluation of the project and accepted settlement of it's liabilities based on FSV of Rs. 218.278 million at Rs. 14.45 million vide letter No. SAMG/PO/JP/CUS/387 dated 25th August, 2005 payable in 12 quarterly equal instalments. The consequential difference of Rs. 76.271 million between the book balance and the rescheduled amount of liability has been transferred to deferred income to be recognized as income after the liability is repaid in full (refer note 5). The company has so far paid Rs. 7.945 million including a down payment of Rs. 1.445 million. The agreement states that in case of any default whole revised agreement would be cancelled and original term of loan, as applicable before rescheduling.

4.4 Allied Bank Limited (formerly Allied Bank of Pakistan Limited) (ABL)

The loan is secured by way of mortgage / hypothecation of property and assets of the Company ranking pari passu with the charge created in favor of other secured creditors.

On October 10, 2005,The ABL restructured / rescheduled the lone vide its letter no. RSBH / LA / 05 / 3021 dated. 08th October , 2005 at Rs. 5 million payable in 12 quarterly installment including 10 % down payment under the recommendation made by the State Bank of Pakistan Committee of Resolution of cases. As a result of above restructuring the difference of Rs. 62.487 million between the book balance and the rescheduled amount of liability has been transferred to deferred income and shall be recognized as income after the liability is repaid in full (refer note 5).The company made down payment of Rs.0.50 million during the year 2005 andeight installments amounting to Rs,0.375 million each are paid to date. The agreement states that in case of any default whole revised arrangement would be cancelled and original terms of loan, as applicable before rescheduling, will prevail.

4.5 Saudi Pak Commercial Bank Limited (SPCB)

This represent the unsecured portion of liability rescheduled in the year 2001 based on package approved by CRSIU. The settlement of loan at an amount of Rs. 1.941 million was later on approved in the year 2004 by SBP. Committee for Resolution of Cases under Circular 29.

* Saudi Pak Commercial Bank Ltd. (SPCBL) filed a suit No. 110 of 2006 in the banking court for recovery of Rs. 19.106 million, contesting the approval of SBP Committee. Suit is pending adjudication.

* The finance is secured by way of hypothecation charge on stock and machinery of the company and equitable mortgage over property No. SF - 3, Building No. 13 See View Township, DHA, Karachi.

4.6 Zarai Tarqiyati Bank Limited (ZTBL)

The finance is secured by a guarantee of the Company and hypothecation of sugarcane crop of the growers as the loans have actually been given to them.

ZTBL restructured / rescheduled the loan vide letter no. BDN / MSML / 2005 / 622 dated. 17th June, 2005 at Rs. 1.43 million payable in 12 quarterly installment including10 % down payment under the recommendation made by the State Bank Of Pakistan Committee of Resolution of cases. As a result of restructuring, an amount of Rs. 14.543 million has been transferred to deferred Mark up (refer Note. 5).The company has paid down payment of Rs.0.143 million on due date and 5 installments to Rs. 0.107 million each are paid to date. The agreement states that in case of any default whole arrangement would be cancelled and original terms of loan, as applicable before rescheduling, will prevail.

4.7 Habib Bank Limited (HBL)

The loan is secured by:

i) Legal / equitable mortgage on assets of the company ranking pari passu with the charge created in favor of other secured creditors.

ii) Personal guarantees of the directors.

iii) Deposit of sponsors' shares at the face value of Rs. 22 million.

iv) Deposit of title deeds in respect of machinery imported from M / s. Nisho Iwai Corporation.

This represent the liability as rescheduled in the year 2001 based on package approved by CRSIU. The settlement of loan was later on approved in the year 2004 by SBP. Committee for resolution of cases under circular 29 at 33.5% of the total liability determined at Rs. 348 million as per forced sale value of company's fixed assets. The company contested that the FSV of it's plant was Rs. 218 million and HBL should agree to settlement at this amount as was accepted by MCB also, company's request was turned down and withdraw by HBL in November 2005.

The Suit filed by HBL No. 101 of 1999 and 176 of 2000 for recovery of Rs. 58.287 million and 144.508 million respectively of agricultural loans and bank guarantee was decreed by the court. The Company filed an appeal against suit no. 101 of 1999 which is pending adjudication. The H.B.L further filed suit No. 16 of 2004 for the execution of decree passed in suit no. 176 of 2000 which is still not decreed.

4.8 Loans from Friends and Sponsors

These represents unsecured and interest free loans with no fixed term for repayment. During the year the company received un-secured and interest free loan of Rs. 25 million from sponsor associates.

5. DEFERRED INCOME

	MCB	ABL	ZTBL	TOTAL
Opening Balance	76,271,000	62,487,062	14,543,000	153,301,062
Transfer during the year	–	–	–	–
Closing Balance	76,271,000	62,487,062	14,543,000	153,301,062

5.1 This represents amount of liability reversed and transferred to this head in respect of settlement reached with by MCB Bank Limited (formerly Muslim Commercial Bank), Allied Bank Limited (formerly Allied Bank of Pakistan), Zari Tariquati Bank Limited which shall be recognized as income subject to fulfillment of all of the condition referred in notes 4.3, 4.4, 4.6. of these accounts.

	Note	2007 Rupees	2006 Rupees
6. SHORT TERM LOAN	6.1	–	12,200,000

6.1 This represents short term unsecured loan, with out any fixed terms for its repayment, obtained from Dawoodi Morkas at a markup of 3% per annum.

	Note	2007 Rupees	2006 Rupees
7. CURRENT PORTION OF LONG TERM LIABILITES			
Current maturity			
Long term loans	4	81,243,006	82,596,877
Overdue			
Long term loans	4	368,386,871	291,130,741
		449,629,877	373,727,618
8. TRADE AND OTHER PAYABLES			
Creditors			
For sugarcane	8.1	148,539,682	146,585,483
For stores and spares		10,184,769	6,937,135
		158,724,451	153,522,618
Accrued liabilities			
Accrued expenses		6,030,750	6,877,278
Road cess		1,201,677	1,201,670
		7,232,427	8,078,948
Other liabilities			
Advance against sales		841,390	1,346,344
Employees provident fund		717,969	45,256
Compensated leave absences		235,825	235,825
Sales tax on advance and on sales		841,869	2,016,252
Income tax		369,695	379,726
Zakat payable		98,016	85,545
Retention money		61,663	74,745
Others		1,364,623	907,336
		4,531,049	5,091,029
		170,487,926	166,692,595

	Note	2007 Rupees	2006 Rupees
8.1 Creditors for sugar cane			
- Against sugar cane		47,662,544	45,689,207
- Quality Premium	8.2	100,877,138	100,896,276
		148,539,682	146,585,483

8.2 This represents provision of Rs.100.877 million made in respect of quality premium to growers for the period from 1998-99 to 2002-2003. The matter of payment of quality premium is subjudiced and appeals filed in this respect against the orders of High Court of Sindh upholding quality premium is pending before the Supreme Court of Pakistan. In this regards the High Court of Lahore has in parallel case given its judgment against payment of quality premium to growers in Punjab.

	2007 Rupees	2006 Rupees
9. CONTINGENCIES AND COMMITMENT		
Commitment for sale of sugar against delivery orders	–	–

9.1 The company is contesting a suit filed by M / s. Indian Sugar & General Industry for recovery of Rs. 14.227 million (US$ 240,692) which represents the balance amount due and interest thereon against the import of 1,645 M. Tons of sugar made by the Company. The suit is pending for evidence. No provision has been made against this as the management do not acknowledge this as its debt.

9.2 The company is contesting a suit filed by Petro Commodities in 1999 in the High Court of Sindh for recovery of Rs. 98.493 million in respect of settlement regarding refined sugar jointly imported by the two Companies. The Company has filed written statement and counter claim of Rs. 10.347 million. The suit is pending for evidence. No provision has been made in this respect in the accounts as in the opinion of its legal counsel the Company has a strong case on merit and no financial implication are expected to arise as its outcome.

9.3 In the matter of further tax disputed for ambiguity in Section 2(25) and constitutional petition filed by Sugar Mills challenging the vires of Section 3(1A), the Supreme Court allowed in March, 2006 the appeals filed by the Collector of Customs & Sales Tax and set aside the impugned judgment of the High Court while allowing the Sales Tax Department to proceed against the respondents in accordance with the law. Consequently, the order in original passed in the year 2003 by the Additional Collector holding in abeyance actions in view of judgment of High Court stands revived to the extent of demand for Rs. 4.88 million. The Company has not made any provision thereagainst as in the opinion of its legal counsel no tax liability is likely to arise.

9.4 The company has not recorded the difference of Rs. 27 million between the amount of loan liabilities reflected in the books as Rs. 328 million and that claimed by PICIC in recovery suit of Rs. 355 million. The Company filed counter suit 30 of 2003 claiming Rs. 39 million on various grounds as the amount paid over and above the amount of loan liabilities. In view of the above, the company has not incorporated any adjustment in it's books of accounts for the above difference.

10. PROPERTY, PLANT & EQUIPMENT

PARTICULARS	COST			Rate %	DEPRECIATION			W.D.V. As on 30-09-2007
	As on 01-10-2006	Additions/ (Deletions)	As on 30-09-2007		As on 01-10-2006	For the Year	As on 30-09-2007	
OWNED:								
Land-Freehold	8,612,324	–	8,612,324	–	–	–	–	8,612,324
Factory building on freehold land	87,520,209	–	87,520,209	10	61,813,043	2,475,911	64,288,954	23,231,255
Non-factory building	1,523,712	–	1,523,712	10	900,666	60,007	960,673	563,039
Plant and machinery	577,666,359	1,050,000	578,716,359	10	354,998,489	21,522,410	376,520,899	202,195,460
Office equipment	4,032,492	36,500	4,068,992	10	2,053,395	194,126	2,247,521	1,821,470
Furniture and fixtures	2,071,384	137,450	2,208,834	10	1,298,181	82,607	1,380,788	828,047
Arms and ammunition	228,700	70,000	298,700	10	82,415	14,089	96,504	202,196
Vehicles	6,556,848	–	6,556,848	20	4,226,311	435,800	4,662,111	1,894,737
RUPEES 2007	688,212,028	1,293,950 –	689,505,978		425,372,500 –	24,784,951	450,157,451	239,348,527
RUPEES 2006	688,058,830	219,200 (66,000)	688,212,028		398,067,102 (61,051)	27,366,449	425,372,500	262,839,530

	2007 Rupees	2006 Rupees
10.1 Depreciation for the year has been allocated as under:		
Cost of goods sold	23,998,321	26,471,002
Administration and general expenses	786,629	895,447
	24,784,951	27,366,449

10.2 Detail of disposal of operating assets

Description of assets	Cost	Accumulated Depreciation	Written Down Value	Sale Proceeds	Gain	Particulars of Buyer's	Mode of Disposal
	–	–	–	–	–		
Rupees-2007	–	–	–	–	–		
Rupees-2006	66,000	61,051	4,949	65,000	60,051		

		2007 Rupees	2006 Rupees
11. LONG TERM DEPOSITS			
Long Term Security Deposits		1,426,886	1,426,886
12. STORES, SPARES AND LOOSE TOOLS			
Stores		5,553,237	6,151,794
Spares		3,802,573	3,972,187
Loose tools		195,418	106,169
		9,551,228	10,230,150
13. STOCK IN TRADE			
Sugar in process		1,245,931	1,203,328
Molasses stock		5,961,782	–
Finished sugar		–	417,239
		7,207,713	1,620,567
14. TRADE DEBTORS-Unsecured			
Considered good		8,199,044	149,816
Considered doubtful	15.1	34,749,355	39,080,492
Provision for doubtful debts		(34,749,355)	(38,930,676)
		–	149,816
		8,199,044	149,816

	2007 Rupees	2006 Rupees
15. LOANS AND ADVANCES		
Unsecured and Considered good		
Advances		
- To suppliers	5,203,513	5,424,750
- To contractors	3,161,982	3,676,567
- To growers	2,860,628	10,122,667
- Income tax	11,581,475	9,057,009
	22,807,598	28,280,993
Advances for expenses		
- Staff	1,433,358	1,404,072
Considered Doubtful		
Advances		
- To contractors	35,398,419	35,398,419
- For expenses	220,077	220,077
- To growers	8,296,038	8,296,038
	43,914,534	43,914,534
	68,155,490	73,599,599
Provision for doubtful advances	(43,914,534)	(43,914,534)
	24,240,956	29,685,065
16. DEPOSIT, PREPAYMENTS AND OTHER RECEIVABLES		
Other receivables	274,653	500,000

			2007 Rupees	2006 Rupees
17.	**CASH AND BANK BALANCES**			
	Cash in hand		32,911	36,966
	Cash with banks in current accounts		1,638,285	1,251,654
			1,671,196	1,288,620
18.	**SALES - NET**			
	Sugar - Local		538,354,425	612,010,515
	Molassess - Local		20,545,918	29,270,847
			558,900,343	641,281,362
	Brokerage		(200,820)	(141,110)
	Sales tax		(74,273,583)	(83,868,549)
			(74,474,403)	(84,009,659)
			484,425,941	557,271,703
19.	**COST OF GOODS SOLD**			
	Raw material consumed (including procurement and development expenses)		414,113,041	327,726,238
	Manufacturing expenses	19.1	79,750,092	72,187,200
			493,863,133	399,913,438
	Opening stock			
	Finished stock		417,239	120,401,108
	Sugar-in-process		1,203,329	2,387,936
			1,620,568	122,789,044
			495,483,701	522,702,482
	Closing stock			
	Finished stock - sugar		–	417,239
	Finished stock - molasses		5,961,782	–
	Sugar-in-process		1,245,931	1,203,329
			(7,207,713)	(1,620,568)
			488,275,987	521,081,914

19.1 Manufacturing expenses

		2007 Rupees	2006 Rupees
Stores and spares consumed		4,733,400	3,037,017
Packing material consumed		5,181,862	3,318,741
Salaries and allowances	19.1.1	21,913,792	17,487,189
Repair and maintenance		12,470,670	9,894,588
Fuel and power		5,352,899	6,607,474
Insurance		3,626,008	3,617,939
Freight and handling		592,642	626,142
Depreciation	10.1	23,998,321	26,471,002
Others		1,880,497	1,127,108
		79,750,092	72,187,200

19.1.1 This includes Rs. 522,839 (2006: Rs. 427,318) in respect of defined contributory provident fund.

		2007 Rupees	2006 Rupees

20. ADMINISTRATION AND GENERAL

		2007 Rupees	2006 Rupees
Salaries, bonus and staff amenities	20.1	14,607,511	12,566,757
Directors' remuneration		1,539,300	1,248,000
Traveling and conveyance		684,990	679,924
Printing and stationery		518,497	536,529
Legal and professional		957,750	639,500
Sales Tax Penalty		–	406,634
Auditors' remuneration	20.2	317,650	317,650
Telephone and postage		824,198	814,051
Electricity, water and gas		344,382	465,066
Vehicle maintenance		2,729,071	2,851,610
News papers, books and periodicals		11,025	17,350
Repair and maintenance		726,402	1,108,880
Rent, rates and taxes		152,000	141,111
Insurance		114,253	109,677
Charity and donations	20.3	117,000	40,000
Fees and subscription		1,143,667	919,219
Depreciation	10.1	786,629	895,447
Entertainment		200,407	167,369
Sanitation charges		162,780	134,331
Shares department expenses		10,275	7,500
Miscellaneous		915,163	887,228
		26,862,949	24,953,833

20.1 This includes Rs. 279,713 (2006: Rs. 254,601 / -) in respect of defined contributory provident fund.

20.2 Auditors' remuneration

	2007 Rupees	2006 Rupees
Audit fee	150,000	150,000
Fee for half yearly review	90,000	90,000
Fee for review of compliance with code of corporate governance	37,500	37,500
Out of pocket expenses	40,150	40,150
	317,650	317,650

20.3 Charity and donations

None of the directors or their spouse had any interest in these charity and donations.

21. SELLING AND DISTRIBUTION

	2007 Rupees	2006 Rupees
Advertisement	28,460	36,700
Loading and stacking	408,985	293,452
Others	1,575	36,200
	439,020	366,352

		2007 Rupees	2006 Rupees
22. FINANCIAL CHARGES			
Interest on long term loans		20,304,648	25,841,266
Interest on short term loan		–	2,457,980
CED, bank charges and other charges		941,489	461,216
		21,246,137	28,760,462
23. OTHER INCOME			
Refund of sales tax		3,175,120	–
Gain / (loss) on sale of fixed assets		–	60,051
Recovery of bad debts		4,181,321	–
Scrap sales		296,546	2,910
		7,652,987	62,961
24. EARNINGS PER SHARE - BASIC AND DILUTED			
Loss after taxation	Rs.	(47,245,165)	(20,627,897)
Weighted average number of ordinary shares		14,100,000	14,100,000
Loss per share	Rs.	(3.35)	(1.46)
25. TAXATION			
For the year			
Current		2,500,000	2,800,000

25.1 The relationship between tax expense and accounting profit has not been presented in these financial statements as the total income of the company attracts minimum tax under section 113 of the Income Tax Ordinance, 2001.

Current

The provision for current taxation has been computed on One of Half Percent of turnover which represents the minimum tax payable under section 113 of the Income Tax Ordinance,2001. Tax assessment of the company have been finalized up to the tax year 2003 (income year September 30,2002).

Deferred

Deferred tax liability of Rs. 16.63 million on taxable temporary differences was offset against un-used tax losses of Rs. 535.96 million at the balance sheet date (2006: Rs. 533.46 million). The difference has not been recognized as deferred tax assets as it is not probable that future tax profit will be available.

26. REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

PARTICULARS	2007			2006		
	Chief Executive	Directors	Total	Executive	Chief Directors	Total
Remuneration	1,296,300	243,000	1,539,300	1,005,000	243,000	1,248,000
Perquisites, benefits and utilities	615,916	–	615,916	590,814	–	590,814
TOTAL	1,912,216	243,000	2,155,216	1,595,814	243,000	1,838,814
NO. OF PERSONS	1	1	–	1	1	–

26.1 The chief executive and Directors are entitled to free use of Company maintained cars. Chief executive is also provided telephone and utility facilities.

27. RELATED PARTY TRANSACTIONS

The company has related party relationship with its directors, Executives and Provident Fund. Remuneration given to Chief Executives, Directors and Executives are in accordance with there terms of employment as disclosed in Note 26. During the year company has made contribution to the Provident Fund of amounting Rs.802,552/- (2006 : 681,919).

Loan of Rs. 12.2 million has been obtained from Dawoodi Morkas (working as tax consultant for the company) was paid during the current year. The loan carries markup at 3% without any specific terms for the repayment.

28. FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

28.1 FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair value is the amount for which an asset could be exchanged, or a liability settled between knowledgeable willing parties in an arms length transaction. Fair values of all financial instruments approximate their carrying values.

28.2 FINANCIAL ASSETS AND LIABILITIES

The analysis of yield / markup risk is as under:

	Interest / Markup bearing		Sub total	Non-Interest / Markup bearing		Sub total	Total 2007	Total 2006
	Maturity Upto one year	Maturity After One year		Maturity Upto one year	Maturity After One year			
Financial Assets								
Long term deposits	–	–	–	–	1,426,886	1,426,886	1,426,886	1,426,886
Trade debts	–	–	–	8,199,044	–	8,199,044	8,199,044	149,816
Loans and advances	–	–	–	12,659,481	–	12,659,481	12,659,481	20,628,055
Other receivables	–	–	–	274,653	–	274,653	274,653	500,000
Cash and bank balances	–	–	–	1,671,196	–	1,671,196	1,671,196	1,288,620
	–	–	–	22,804,374	1,426,886	24,231,260	24,231,260	23,993,377
Financial Liabilities								
Long term loans	319,294,075	449,629,877	768,923,952	–	–	–	768,923,952	731,594,547
Deferred liabilities	153,301,062	–	153,301,062	–	–	–	153,301,062	153,301,062
Short term loan	–	–	–	–	–	–	–	12,200,000
Trade and other payables	–	–	–	170,487,926	–	170,487,926	170,487,926	162,950,273
Accrued Mark up on loans	–	–	–	18,991,927	–	18,991,927	18,991,927	18,991,927
	472,595,137	449,629,877	922,225,014	189,479,853	–	189,479,853	1,111,704,867	1,079,037,809

28.3 Interest rate risk

Interest rate risk arises from the possibility that changes in interest rates with effect the value of financial instruments. The company is not exposed to any significant interest rate risk. The rate of financing and their maturity period has been disclosed in the relevant notes.

28.4 Interest / Markup Rate Risk Management

Interest / mark up rate risk arises from the possibility that changes in interest / mark up rate will effect the value of financial instrument. Since the company borrows funds usually at fixed rate of interest / mark up the risk arising is minimal.

28.5 Concentration of 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 credit risk exposure is not significantly different from that reflected in the financial statements. The management monitors and limits company exposure of credit risk through monitoring of clients credit exposure review and conservative estimates of provision for doubtful receivables. The management is of the view that it is not exposed to significant concentration of credit risk.

28.6 Foreign Exchange Risk Management

Foreign exchange risk arises mainly due to conversion of foreign currency assets and liabilities into local currency. The company is not exposed to foreign currency risk on assets and liabilities.

28.7 Liquidity risk management

Liquidity risk reflects an enterprise's inability in raising funds to meet commitments. The company's management closely monitors the company's liquidity and cash flow position.

29. CAPACITY AND PRODUCTION

Years	CAPACITY		PRODUCTION		% of Capacity Attained
	Metric Tons	Days	Metic Tons	Days	
2007	62,640	180	20,132	137	32.14
2006	62,640	180	14,612	92	23.33

The reason for under utilization of installed capacity is due to limited availability of sugarcane.

30. DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorized for issue on December 06, 2007 by the Board of Directors of the Company.

31. FIGURES

– Figures have been rounded off to the nearest rupee.

CHIEF EXECUTIVE

DIRECTOR

FORM OF PROXY

The Secretary,
MIRZA SUGAR MILLS LIMITED
10th Floor, Portion “B”, Building No. 1,
Lakson Square, Sarwar Shaheed Road,
Karachi-74200.

I / We ____

of ____

being a member of **MIRZA SUGAR MILLS LIMITED** and a holder of ____________________

Ordinary Shares, as per Register Folio No. / CDC A / C No. ____________________

hereby appoint ____

of ____

____

who is also a member of the Company as my / our Proxy to vote for me / us and on my / our behalf at the **18th Annual General Meeting** of the Company to be held on **December 31, 2007** and at any adjournment thereof.

Signed: ____________________ day of ____________________ 2007.

Witness

1) Name ____________________
N.I.C. No. ____________________
Address ____________________
Signature ____________________

2) Name ____________________
N.I.C. No. ____________________
Address ____________________
Signature ____________________

Five
Rupees
Revenue
Stamp

(Signature should agree with the specimen signature registered with the company)

NOTE:

1. This form of proxy duly completed and signed, must be deposited at the company’s Registered Office not later than 48 hours before the meeting.
2. This form should be signed by the Member or by his / her attorney duly authorised in writing. If the member is a corporation, its common seal should be affixed to the instrument.
3. A Member entitled to attend and vote at the meeting may appoint any other Member as his / her proxy to attend and vote on his / her behalf except that a corporation may appoint a person who is not a member.