



16th ANNUAL REPORT 2006

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CORPORATE INFORMATION

BOARD OF DIRECTORS	Muhammad Iqbal Usman Shunaid Qureshi Munawar A. Siddiqui Munaf Ibrahim Shahid Anwar Duraid Qureshi Asim Ghani	Chairman Chief Executive
COMPANY SECRETARY	Muhammad Suleman Kanjiani	
CHIEF FINANCIAL OFFICER	Mirza Adal Baig	
AUDIT COMMITTEE	Muhammad Iqbal Usman Duraid Qureshi Asim Ghani	Chairman Member Member
AUDITORS	Hyder Bhimji & Co.	Chartered Accountants
LEGAL ADVISOR	Usmani & Iqbal	Advocate & Solicitors
BANKERS	Al-Baraka Islamic Bank Allied Bank Limited Bank Al-Falah Limited Habib Bank Limited MCB Bank Limited Saudi Pak Commercial Bank Limited United Bank Limited	
REGISTERED OFFICE	2nd Floor, Pardesi House, Survey No. 2/1, R. Y. 16, Old Queens Road, Karachi. Tel : 92-21-111-111-224 Fax : 92-21-2470090 Website : www.aasml.com	
FACTROY	Mirwah Gorchani, Distt. Mirpurkhas, Sindh	

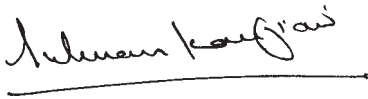
NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the 16th Annual General Meeting of Al-Abbas Sugar Mills Limited will be held at **Beach Luxury Hotel, Karachi** on **Saturday, January 27 2007 at 5:00 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 26, 2006.
2. To receive, consider and adopt Annual Audited Financial Statements for the year ended September 30, 2006, together with the reports of the Auditors and Directors thereon.
3. To appoint auditors for the ensuing year, and to fix their remuneration. Messrs Hyder Bhimji & Co., Chartered Accountants, retire and being eligible have offered them for re-appointment.
4. To elect Seven (7) directors as fixed by the Board of Directors in their meeting held on December 21, 2006, in accordance with the Companies Ordinance, 1984 for a term of three years commencing from January 28, 2007. The present directors are Mr. Muhammad Iqbal Usman, Mr. Shunaid Qureshi, Mr. Muanwar A. Siddiqui, Mr. Munaf Ibrahim, Mr. Shahid Anwar, Mr. Duraid Qureshi and Mr. Asim Ghani.
5. To transact any other business with the permission of the chair.

By Order of the Board



Muhammad Suleman Kanjiani
Company Secretary

Karachi : **December 26, 2006**

Notes:

1. Share Transfer Books will be closed from January 18, 2007 to January 27, 2007 (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 Computerized 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.

DIRECTORS' REPORT

Your Board is pleased to submit the Annual Report along with the Audited Financial Statements for the year ended September 30, 2006.

FINANCIAL RESULTS

	2006	2005
	(Rupees in thousand)	
Profit before taxation	31,655	70,492
Taxation	<u>(26,791)</u>	<u>(7,061)</u>
Profit after taxation	4,864	63,431
Un-appropriated profit b/f	<u>68,007</u>	<u>65,344</u>
Profit available for appropriation	<u><u>72,871</u></u>	<u><u>128,775</u></u>

APPROPRIATION OF PROFIT

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

	2006	2005
	(Rupees in thousand)	
Profit available for appropriation	72,871	128,775
Dividend on ordinary shares	<u>(52,087)</u>	<u>(60,768)</u>
Un-appropriated profit c/f to Balance Sheet	<u><u>20,784</u></u>	<u><u>68,007</u></u>
Basic earnings per share (Rupees)	<u><u>0.28</u></u>	<u><u>3.65</u></u>

OPERATING RESULTS

During the year under review, your company earned a pre tax profit of Rs. 31.655 million as compared to last year of Rs. 70.492 million. The main reason for reduction in profitability is loss incurred in Distillery unit. Detail of operations in respect of Sugar and Distillery units are given as under:

SUGAR UNIT

The operating performance of sugar unit has significantly improved as compared to last year, whereas financial results of sugar unit have shown marked increased as compared to previous year.

OPERATING DATA:

Season	2005-2006	2004-2005
Crushing (M. Tons)	431,259	343,742
Recovery (%)	10.30	10.10
Sugar production (M. Tons)	46,755	37,384
Molasses production (M. Tons)	23,360	17,890
Number of days worked	120	118

FINANCIAL DATA:

	2006	2005
	(Rupees in thousand)	
Sales	1,529,918	950,385
Cost of sales	1,394,734	877,920
Gross profit	135,184	72,465
Operating profit	100,729	41,821
Financial charges	49,113	14,171
Profit before tax but after financial charges	51,616	27,650

Raw Material: Availability of raw material is most serious challenge in the year under review, however, your management has succeeded in crushing almost 100,000 M. Tons more than last year. Further, the quality of sugarcane is also showing some improvement resulting an increase of recovery percentage by 0.20.

DISTILLERY UNIT:

Distillery unit has operated reasonably well, however, prices of raw material make whole operation unprofitable, therefore, despite of all efforts your distillery unit end up with the pre tax loss of Rs. 20.436 million.

	2005-2006		
	UNIT 1	UNIT 2	TOTAL
Production (M. Tons)	13,688	15,436	29,124
Percentage of capacity attained	93	88	90
	2004-2005		
	UNIT 1	UNIT 2	TOTAL
Production (M. Tons)	15,235	11,515	26,750
Percentage of capacity attained	90	91	90

FINANCIAL DATA:

	2006	2005
	(Rupees in thousand)	
Sales	808,752	773,137
Cost of sales	745,768	651,636
Gross profit	62,984	121,501
Operating profit	1,728	58,355
Financial charges	23,197	22,393
(Loss)/profit before tax but after financial charges	(21,469)	35,962

Raw Material: For the distillery unit, one of the main bottleneck this year and in recent past was the limited supply of molasses. Since number of distilleries have increased manifold and also there is no restriction on export of molasses which is still continued.

INFORMATION TECHNOLOGY

IT has now played an important role all over the world. Company's performance can only rise if IT can fine and upgrade regularly. During the year under review, the company planned to install the Oracle Financials in place of its existing system. The new system not only improves the quality of information but also provides reliable output in an effective and efficient manner.

FUTURE OUTLOOK

The future profitability of your company is mainly dependent on the availability of raw material for both of its units i.e. Sugar and Distillery. Despite of substantial increase in support price of sugarcane, growers are not willing to supply at support price. As a result, the production of sugar was stopped from 01 December, 2006 to 16 December 2006. Due to low crushing of sugarcane, availability of molasses also affected which will ultimately affect the production of Distillery unit. Further, your management is of the view that due to excess carry over stock and good production, India shall have to export surplus stock to Pakistan which may have effect on the prices of sugar in Pakistan.

Again, your management anticipated a very challenging future and try its best to take all necessary measures to increase production and profitability of the Company.

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, 2006, four meetings of Board of Directors were held and were attended as follows:

Name of Directors	Number of meetings attended
▪ Mr. Mohammad Iqbal Usman	3
▪ Mr. Shunaid Qureshi	4
▪ Mr. Munawar A. Siddiqui	4
▪ Mr. Munaf Ibrahim	4
▪ Mr. Shahid Anwar	0
▪ Mr. Duraid Qureshi	2
▪ Mr. Asim Ghani	2

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 2006-2007.

AUDIT COMMITTEE

The Board of Directors has established an 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 and 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, 2006 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.

PATTERN OF SHAREHOLDING

AS ON SEPTEMBER 30, 2006

Number of Shareholders	Shareholding		Total Number of Shares Held
	From	To	
102	1	100	9,930
678	101	500	323,570
61	501	1,000	59,200
52	1,001	5,000	129,500
9	5,001	10,000	72,000
3	10,001	15,000	41,200
2	15,001	20,000	36,000
3	20,001	25,000	69,000
4	35,001	40,000	146,900
1	40,001	45,000	42,400
1	55,001	60,000	56,200
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	210,001	215,000	213,500
1	565,001	570,000	565,800
1	785,001	790,000	786,182
1	1,245,001	1,250,000	1,247,000
1	1,360,001	1,365,000	1,363,500
1	1,365,001	1,370,000	1,369,000
1	1,395,001	1,400,000	1,399,668
1	1,770,001	1,775,000	1,773,250
1	1,845,001	1,850,000	1,847,168
1	2,445,001	2,450,000	2,448,732
1	2,895,001	2,900,000	2,897,300
<hr/>			
931			17,362,300

CATEGORIES OF SHAREHOLDERS

AS ON SEPTEMBER 30, 2006

Categories of Shareholders	Number of Shareholders	Number of Shares Held	Percentage
Individuals	909	12,151,300	69.99
Joint Stock Companies	14	1,716,600	9.89
Financial Institutions	4	2,898,600	16.69
Mutual Fund	2	581,800	3.35
Others	2	14,000	0.08
Total	931	17,362,300	100.00

Information on shareholding required under reporting formwork is as follows:

Associated Companies, Undertakings and related parties

JEHANGIR SIDDIQUI & CO. LTD.	1,363,500
BSJS BALANCE FUND LTD.	565,800
HAJI ABDUL GHANI	3,817,732
MUHAMMAD AYOUB YOUNUS ADHI	1,773,250
ALI JAHANGIR SIDDIQUI	1,847,168
NOOR JAHAN HAJIANI	1,247,000
JEHANGIR SIDDIQUI	786,182

NIT and ICP

INVESTMENT CORPORATION OF PAKISTAN	500
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Directors, CEO, their spouses and minor children

MUHAMMAD IQBAL USMAN	500
SHUNAIQ QURESHI	1,399,668
MUNAWAR A. SIDDIQUI	1,000
MUNAF IBRAHIM	500
DURAIQ QURESHI	1,000
ASIM GHANI	62,500

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

NATIONAL BANK OF PAKISTAN, TRUSTEE DEPARTMENT	2,897,300
BANK OF KHYBER	200
PRUDENTIAL STOCK FUND	600

Public Sector Companies & Corporations

FIRST CAPITAL EQUITIES LIMITED	100
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.	10,000
BULK MANAGEMENT PAKISTAN (PVT) LTD.	171,500
TRUSTEES AL-ABBAS SUGAR MILLS LTD. EMPLOYEES GRATUITY FUND	4,000
VALIKA ART FABRICS LTD.	8,000
HASEEB WAQAS ENGINEERING LTD.	500
ZILLION CAPITAL SECURITIES (PVT) LTD.	5,500
MARS SECURITIES (PVT) LTD.	2,000
TIME SECURITIES (PVT) LTD.	500
JEHANGIR SIDDIQUI SECURITIES SERVICES LTD.	132,500
CDC - TRUSTEE ABAMCO COMPOSITE FUND	16,000
CLIKTRADE LIMITED	1,000
AL-HAQ SECURITIES (PVT) LTD.	3,500

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

HAJI ABDUL GHANI	3,817,732	21.99 %
MUHAMMAD AYOUB YOUNUS ADHI	1,773,250	10.21 %
NATIONAL BANK OF PAKISTAN, TRUSTEE DEPTT.	2,897,300	16.69 %
ALI JEHANGIR SIDDIQUI	1,847,168	10.64 %
CENTRAL DEPOSITORY COMPANY OF PAKISTAN (AS DEPOSITORY)*	16,915,900	97.43 %

*(Shares of Haji Abdul Ghani, Muhammad Ayoub Adhi, NBP-Trustee Deptt. & Mr.Ali Jehangir Siddqui Included)

KEY FINANCIAL DATA

		2006	2005	2004	2003	2002	2001
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	478,784	526,007	462,576	289,826	251,263	250,640
Ordinary Shareholders' Equity [Ordinary share capital + Reserves + Unappropriated profit]	Rs/ mn	652,407	699,630	636,199	463,449	424,886	424,263
Dividend on Ordinary Shares	Rs/ mn	-	52,087	60,768	31,252	-	34,725
Dividend per Ordinary Share [Total dividend on ordinary shares/ Number of ordinary shares issued]	Rs	-	3.00	3.50	1.80	-	2.00
Profit / (Loss) Before Taxation	Rs/ mn	31,655	70,492	211,390	86,074	(10,857)	118,293
Profit After Taxation	Rs/ mn	4,864	63,431	233,518	69,815	623	81,132
Earnings per share of Rs. 10 [Profit after taxation attributable to ordinary shareholders/ Number of ordinary shares issued]	Rs.	0.28	3.65	13.45	4.02	0.04	4.67
Measure of Financial Status							
Current Assets to Current Liabilities [Current assets/ (Current liabilities - Current maturity of long term loans)]	x : 1	1.1	1.2	1.1	1.0	1.0	1.0
Debt Equity Ratio [(Current maturity of long term financing + Long term financing) / Total shareholders' equity] [Total shareholders' equity = Issued, subscribed and paid-up capital + Reserves + Unappropriated profit]	x : 1	0.3	0.3	0.5	0.8	0.5	0.4
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	0.4	0.2	0.2	0.4	0.5	0.5
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]	in days	100	130	175	145	131	58
Measure of Performance							
Profit After Taxation as % of Average Capital Employed [Capital employed = Total assets - Current liabilities] [Average capital employed = (Opening capital employed + Closing capital employed) / 2]	%	0.6	7.2	26.0	9.1	0.1	12.0
Sales	Rs/ mn	2,338,670	1,723,522	1,308,263	1,205,394	1,270,682	1,770,531
Cost of Goods Sold as % of Sales	%	91.5	88.7	74.5	83.9	94.7	85.3
Profit Before Taxation as % of Sales	%	1.4	4.1	16.2	7.1	(0.9)	6.7
Profit After Taxation as % of Sales	%	0.2	3.7	17.8	5.8	0.0	4.6
Asset Turnover [Sales / Total assets]	in times	1.4	1.0	0.7	0.8	0.9	1.2

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

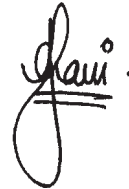
This statement is being presented to comply with the Code of Corporate Governance contained in listing regulations of Karachi Stock Exchange (Guarantee) Limited for the purpose of establishing a framework of good governance, whereby a listed company is managed in compliance with the best practices of 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 NBFIs 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. All the directors on the Board are fully conversant with their duties and responsibilities as directors of corporate bodies. The board had previously arranged an orientation course of the Code of Corporate Governance for its directors to apprise them of their role 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, 2006.
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 Junaidy 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.



SHUNAID QURESHI
Chief Executive

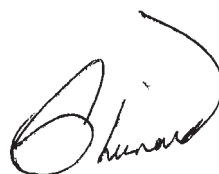


ASIM GHANI
Director

Karachi : **December 21, 2006**

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, 2006.



SHUNAID QURESHI
Chief Executive



ASIM GHANI
Director

Karachi : **December 21, 2006**

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 Al-Abbas Sugar Mills Limited to comply with the Listing Regulation No. 37, (Chapter XI) of the Karachi Stock Exchange (Guarantee) Limited 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, 2006.



HYDER BHIMJI & CO.
CHARTERED ACCOUNTANTS
Karachi : **December 21, 2006**

AUDITORS REPORT TO THE MEMBERS

We have audited the annexed balance sheet of AL-ABBAS SUGAR MILLS LIMITED as at September 30, 2006 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 purpose 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;
 - 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, 2006 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.



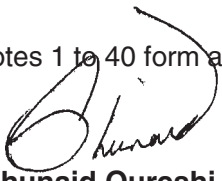
Hyder Bhmiji & Co.
Chartered Accountants
Karachi : **December 21, 2006**

BALANCE SHEET

AS AT SEPTEMBER 30, 2006

	Note	2006 (Rupees in thousand)	2005
NON-CURRENT ASSETS			
Property, plant and equipment	4	843,113	887,300
Intangible assets	5	100	500
		843,213	887,800
LONG TERM LOAN AND ADVANCES	6	656	1,013
LONG TERM DEPOSITS		1,541	1,527
CURRENT ASSETS			
Stores, spare parts and loose tools	7	73,879	76,378
Stock-in-trade	8	612,481	555,913
Trade debts unsecured - considered good		43,686	8,014
Loans and advances	9	79,907	111,294
Trade deposits and short term prepayments	10	12,190	26,294
Accrued mark-up	11	85	8
Other receivables	12	-	69
Tax refund due from Government		-	6,810
Cash and bank balances	13	10,907	6,665
		833,135	791,445
		1,678,545	1,681,785
SHARE CAPITAL AND RESERVES			
Share capital			
Authorized			
17,500,000 (2005: 17,500,000) ordinary shares of Rs. 10 each		175,000	175,000
Issued, subscribed and paid-up capital	14	173,623	173,623
Reserves	15	458,000	458,000
		631,623	631,623
Unappropriated profit		20,784	68,007
Shareholders' equity		652,407	699,630
NON CURRENT LIABILITIES			
Long term financing	16	93,182	-
Deferred liabilities	17	95,467	78,848
		188,649	78,848
CURRENT LIABILITIES			
Trade and other payables	18	270,444	596,190
Accrued mark-up	19	23,204	5,796
Short term borrowings	20	461,129	80,268
Current maturity of long term financing	16	74,545	221,053
Provision for taxation less paid		8,167	-
		837,489	903,307
CONTINGENCIES AND COMMITMENTS	21	-	-
		1,678,545	1,681,785

The annexed notes 1 to 40 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, 2006

	Note	2006 (Rupees in thousand)	2005
Turnover - net	22	2,338,670	1,723,522
Cost of sales	23	(2,140,502)	(1,529,556)
Gross profit		198,168	193,966
Distribution cost	24	(50,462)	(49,868)
Administrative expenses	25	(45,249)	(43,922)
Other operating expenses	26	(3,364)	(5,910)
		(99,075)	(99,700)
		99,093	94,266
Finance cost	27	(72,310)	(36,564)
Other operating income	28	4,872	12,790
Profit before taxation		31,655	70,492
Taxation	30	(26,791)	(7,061)
Profit after taxation		4,864	63,431
Earning per share - Rupees	35	0.28	3.65

The annexed notes 1 to 40 form an integral part of these financial statements.



Shunaid Qureshi
Chief Executive



Asim Ghani
Director

CASH FLOW STATEMENT

FOR THE YEAR ENDED SEPTEMBER 30, 2006

	Note	2006 (Rupees in thousand)	2005
Cash flow from operating activities			
Cash (used)/ generated from operations	36	(208,301)	112,369
Financial charges paid		(54,902)	(35,470)
Taxes paid		(11,139)	(3,761)
Taxes refund		26,145	-
		(39,896)	(39,231)
Net cash (used)/ generated from operating activities		(248,197)	73,138
Cash flow from investing activities			
Capital expenditure on property, plant and equipment		(24,289)	(27,726)
Proceeds from disposal of fixed assets		901	-
Net increase in long term loans and advances		393	1,051
Net (decrease) in long term deposits		(14)	(152)
Net cash (used) in investing activities		(23,009)	(26,827)
Cash flow from financing activities			
Redemption of long term financing		(221,053)	(73,684)
Long term financing obtained		205,000	-
Repayment of long term financing		(37,273)	-
Dividend paid		(52,087)	(60,768)
Net cash (used) in financing activities		(105,413)	(134,452)
Net (decrease) in cash and cash equivalents		(376,619)	(88,141)
Cash and cash equivalents at beginning of the year		(73,603)	14,538
Cash and cash equivalents at the end of the year	37	(450,222)	(73,603)

The annexed notes 1 to 40 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, 2006

	Share capital	General reserve	Unappropriated profit	Total
..... (Rupees in thousand)				
Balance as at September 30, 2004	173,623	458,000	65,344	696,967
Dividend declared for the year ended September 30, 2004 @ Rs. 3.50 per share	-	-	(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
Dividend declared for the year ended September 30, 2005 @ Rs. 3 per share	-	-	(52,087)	(52,087)
Net profit for the year ended September 30, 2006	-	-	4,864	4,864
Balance as at September 30, 2006	173,623	458,000	20,784	652,407

The annexed notes 1 to 40 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, 2006

1 NATURE AND STATUS OF BUSINESS

The company was incorporated in Pakistan on May 2, 1991 as a public limited company. The company's shares are quoted on the Karachi Stock Exchange. The registered office of the company is situated at Pardesi House, Survey No. 2/1, R.Y. 16, Old Queens Road, Karachi. The Company carry out the business of following divisions.

	Division	Principal activity	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 is valued at net realizable value, if it is less than the cost.

3.2 Standards, interpretations and amendments to published standards that are not yet effective

Following amendments to existing standards have been published that are mandatory for the Company's accounting periods beginning on or after January 01, 2006 or later periods:

- | | | | |
|-----|--------|-------------------------------------------------------------|---------------------------------|
| i. | IAS 1 | Presentation of Financial Statements
Capital Disclosures | Effective from January 01, 2007 |
| ii. | IAS 19 | (Amendments) - Employees Benefits | Effective from January 01, 2006 |

Adoption of the above IAS would not result in any significant financial impact, however, disclosures in future financial statements of the Company may change.

3.3 Property, plant and equipment

(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 additions is charged from the quarter in which the asset is put to use and on disposals up to 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. Intangible 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 transferred 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, 2006, using the Projected Unit Credit Method for valuation of the scheme. Actuarial gains/ losses exceeding 10 percent of the higher of projected benefit obligation and fair value of plan assets, at the beginning of the year, are amortized over average future service of the 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 derecognising 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 up to 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 maintenance relating to the head office, shared with associated companies, which are based on the advices received. 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.

3.17 Inter segment pricing

Transfer between business segment 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.

Mark-up 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. Recognition on loans considered doubtful is deferred.

4 PROPERTY PLANT AND EQUIPMENT

	Note	2006 (Rupees in thousand)	2005
Operating fixed assets	4.1	824,564	874,953
Capital work-in-progress	4.2	18,549	12,347
		843,113	887,300

4.1 Operating fixed assets

		C O S T			Rate of depreciation %	ACCUMULATED DEPRECIATION			
		As at Oct 1, 2005	Additions / (disposals)	As at Sept 30, 2006		As at Oct 1, 2005	Charge for the year / (disposals)	As at Sept 30, 2006	Written down value As at Sept 30, 2006
(Rupees in thousand)									
Free-hold land	4.1.2	15,534	11,595	27,129	-	-	-	-	27,129
Main factory building on free-hold land									
- Sugar		69,949	-	69,949	10	46,428	2,265	48,693	21,256
- Distillery		90,247	-	90,247	10	23,685	6,411	30,096	60,151
Non-factory building on free-hold land		103,757	-	103,757	10	43,279	5,824	49,103	54,654
Plant & machinery									
- Sugar		582,019	-	582,019	5	230,095	17,269	247,364	334,655
- Distillery		454,438	-	454,438	10	127,549	31,484	159,033	295,405
Furniture & fittings		5,085	351	5,436	10	2,063	312	2,375	3,061
Motor Vehicles		29,359	5,715	33,739	20	14,372	3,370	16,671	17,068
			(1,335)				(1,071)		
Office Equipment		18,156	426	18,582	10	7,294	1,060	8,354	10,228
Tools & Tackles		3,301	-	3,301	20	2,127	217	2,344	957
		2006	1,371,845	18,087	1,388,597	496,892	68,212	564,033	824,564
			(1,335)				(1,071)		
		2005	1,335,770	36,075	1,371,845	425,016	71,876	496,892	874,953

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

	2006			2005		
	Manufacturing	Administrative	Total	Manufacturing	Administrative	Total
(Rupees in thousand)						
Sugar	25,576	4,215	29,791	26,150	3,537	29,687
Distillery	37,894	527	38,421	41,675	514	42,189
	63,470	4,742	68,212	67,825	4,051	71,876

4.1.2 Addition in land represent acquisition of land adjacent to the Company's undertaking situated at Mirwah Gorchani.

	2006	2005
	(Rupees in thousand)	
4.2 Capital work-in-progress		
Civil works		
Under construction	16,173	11,887
Borrowing cost capitalised	1,600	460
	<u>17,773</u>	<u>12,347</u>
Plant and machinery		
Process house	764	-
Borrowing cost capitalised	12	-
	<u>776</u>	<u>-</u>
	<u>18,549</u>	<u>12,347</u>

4.3 The following operating fixed assets were disposed off during the year

Particulars	Mode of disposal	Cost	Accumulated depreciation	Written down value	Sale proceeds	Gain	Particulars of purchasers
Tractor DA-0835	Negotiation	31	27	4	205	201	Mr. M.Ashfaque, House # 185, Pak colony, Mirpurkhas
Suzuki Khyber AAM-140	Insurance claim	367	277	90	174	84	EFU Insurance Company Ltd.
Honda Civic ABP-516	Insurance claim	875	745	130	500	370	EFU Insurance Company Ltd.
		1,273	1,049	224	879	655	
Bike KAR-2519	Negotiation	62	22	40	22	(18)	Mr.Rafique Kamran Employee
		62	22	40	22	(18)	
2006		<u>1,335</u>	<u>1,071</u>	<u>264</u>	<u>901</u>	<u>637</u>	
2005		-	-	-	-	-	

5 INTANGIBLE ASSETS

		C O S T			Rate of amortization %	ACCUMULATED AMORTIZATION			
		As at Oct 1, 2005	Additions / (deletion)	As at Sept 30, 2006		As at Oct 1, 2005	Charge for the year / (deletion)	As at Sept 30, 2006	Written down value As at Sept 30, 2006
(Rupees in thousand)									
Computer Software	2006	1,230	-	1,200	1/3rd	730	400	1,100	100
		<u>1,230</u>	<u>(30)</u>	<u>1,200</u>		<u>730</u>	<u>(30)</u>	<u>1,100</u>	<u>100</u>
	2005	1,230	-	1,230		300	430	730	500
		<u>1,230</u>	<u>-</u>	<u>1,230</u>		<u>300</u>	<u>430</u>	<u>730</u>	<u>500</u>

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

	Note	2006 (Rupees in thousand)	2005
6 LONG TERM LOANS AND ADVANCES			
Secured - Considered good			
Employees other than directors, chief executive and executives	6.1	1,004	1,397
Recoverable within one year shown under current assets	9	(348)	(384)
Recoverable within five years		656	1,013
6.1 Balance at beginning		1,397	2,448
Add: Loan disbursed during the year		66	511
		1,463	2,959
Less: Recovery during the year		(459)	(1,562)
		1,004	1,397

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.

7 STORES, SPARE PARTS AND LOOSE TOOLS

Stores		29,197	30,656
Spare parts		47,328	47,351
Loose tools		354	371
		76,879	78,378
Provision for slow moving items and obsolescence		(3,000)	(2,000)
		73,879	76,378

8 STOCK-IN-TRADE

Raw material

Raw Sugar		-	42,511
Molasses		167,716	86,515
		167,716	129,026

Work-in-process

Sugar		499	1,136
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Finished goods

Sugar - local	8.1	251,093	374,761
Rectified spirit		192,383	50,990
		443,476	425,751

Others

Bagasse		790	-
		612,481	555,913

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. Included in finished goods sugar stock is a quantity of 1,692 M.Tons valued at net realisable value amounting to Rs. 27.901 million for which agreement has been exercised with TCP where as the other stocks have been valued at cost.

	Note	2006 (Rupees in thousand)	2005
9 LOANS AND ADVANCES			
Current portion of long term loans and advances to employees other than directors, chief executive and executives	6	348	384
Loans to growers - Unsecured			
Considered good	9.1	4,474	2,755
Considered doubtful		9,965	10,428
Provision for loans considered doubtful		(9,965)	(10,428)
		-	-
		<u>4,474</u>	<u>2,755</u>
Advances - Unsecured considered good			
To employees against salary - interest free		389	320
To employees against expense		952	216
To suppliers and contractors		52,844	73,362
Against capital expenditure	9.2	20,900	21,900
Income tax paid less provision		-	12,357
		<u>79,907</u>	<u>111,294</u>
9.1 The rate of mark-up on such loans ranges up to 15% subject to final settlement with the respective grower.			
9.2 It includes an amount of Rs. 20.9 million (2005: Rs. 20.9 million) paid as more fully explained in note 21.1 (a).			
10 TRADE DEPOSITS AND SHORT TERM PREPAYMENTS			
Deposits			
Earnest money		6,596	21,535
Others		2,510	2,500
		<u>9,106</u>	<u>24,035</u>
Prepayments			
		<u>3,084</u>	<u>2,259</u>
		<u>12,190</u>	<u>26,294</u>
11 ACCRUED MARK-UP			
Mark-up on growers loan		85	8
12 OTHER RECEIVABLES			
Other receivables		-	69

	2006 (Rupees in thousand)	2005
13 CASH AND BANK BALANCES		
Cash in hand	478	527
Cash at banks		
Current accounts	6,556	2,989
Saving accounts	3,873	3,149
	10,429	6,138
	10,907	6,665
14 ISSUED, SUBSCRIBED AND PAID-UP CAPITAL		
17,362,300 (2005: 17,362,300) ordinary shares of Rs. 10 each allotted for consideration paid in cash	173,623	173,623
15 RESERVE		
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.		
16 LONG TERM FINANCING		
Term finance certificates - Secured	16.1	
Related Party	-	31,579
Others	-	189,474
Long term financing	16.2	-
	167,727	-
Current maturity	167,727 (74,545)	221,053 (221,053)
	93,182	-

16.1 Term finance certificates

The Company 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 had also acted as a trustee on behalf of term finance certificate holders.

The facility carried 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 was 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 were redeemable in 19 equal quarterly instalments commencing from October 3, 2003. The Company was 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 exercised at a premium of one percent of the outstanding face value of the TFCs. The company had exercised call option by giving 3 month notice to TFC holders as required by the TFC agreement according to which entire outstanding TFCs were to be redeemed on or before January 04, 2006 and the same have been redeemed in 2006.

Security

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

16.2 Long term finance

The facility is secured by a pari passu charge ranking with others over all present and future fixed assets of the company. The financing carry's mark-up pari passu at the rate of three month's KIBOR plus 1.1% per annum chargeable and payable quarterly. The facility is repayable in eleven equal quarterly instalments commencing from April, 2006.

2006 **2005**
(Rupees in thousand)

17 DEFERRED LIABILITIES

Deferred taxation	17.1	62,572	48,109
Market Committee fee	17.2	32,895	30,739
		<u>95,467</u>	<u>78,848</u>

17.1 Deferred taxation comprises:

Deferred tax liabilities arising in respect of Accelerated tax depreciation		72,695	62,871
Deferred tax assets arising in respect of Provision for doubtful grower loan		(3,488)	(3,650)
Provision for slow moving items and obsolescence		(1,050)	(700)
Unabsorbed tax losses		(5,585)	(10,412)
		<u>(10,123)</u>	<u>(14,762)</u>
		<u>62,572</u>	<u>48,109</u>

17.2 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.

18 TRADE AND OTHER PAYABLES

Creditors		180,462	148,089
Accrued liabilities		5,716	4,322
Advances from customers		31,434	424,785
Employees Gratuity Fund	18.1	5,362	6,474
Workers' profit participation fund	18.2	1,700	3,710
Workers' welfare fund		646	-
Unclaimed dividend		1,527	1,435
Sales tax payable		41,620	4,823
Retention money		1,064	969
Security deposit		294	408
Others		619	1,175
		<u>270,444</u>	<u>596,190</u>

	2006	2005
	(Rupees in thousand)	
18.1 Employees benefit - staff gratuity		
Disclosure of defined benefit scheme (funded) is as follows:		
(a) Movement in the (assets)/liabilities recognized in the balance sheet		
Balance at the beginning of year	6,474	-
Charge for the year	5,351	7,224
Contributions made by the company during the year	(6,463)	(750)
Balance at the end of year	<u>5,362</u>	<u>6,474</u>
(b) The following amounts have been charged to profit and loss account during the year in respect of the scheme		
Current service cost	4,633	3,929
Interest cost	3,376	2,277
Expected return on plan assets	(2,658)	(2,108)
Net actuarial losses recognised during the year	-	3,126
	<u>5,351</u>	<u>7,224</u>
(c) The amount recognised in the balance sheet is as follows:		
Present value of defined benefit obligation	47,995	37,506
Fair value of plan assets	(43,095)	(29,529)
Unrecognised actuarial gain/ (losses)	462	(1,503)
	<u>5,362</u>	<u>6,474</u>
(d) Actuarial valuation of these plans was carried out as of September 30, 2006 using the Projected Unit Credit method. Principal actuarial assumptions used were as follows:		
Expected rate of salary increase in future years	<u>9%</u>	<u>9%</u>
Discount rate	<u>9%</u>	<u>9%</u>
Expected rate of return on plan assets during the year	<u>9%</u>	<u>9%</u>
Average expected remaining working life of employee	<u>7 years</u>	<u>7 years</u>
(e) Charge for the year has been allocated as under:		
Sugar		
Cost of sales	4,439	4,879
Administrative expense	474	788
	4,913	5,667
Distillery		
Cost of sales	254	1,121
Administrative expense	184	436
	438	1,557
	<u>5,351</u>	<u>7,224</u>

	Note	2006 (Rupees in thousand)	2005
18.2 Workers' profit participation fund			
Opening balance		3,710	11,126
Interest for the year		184	666
Contribution made during the year		1,700	3,710
		1,884	4,376
		5,594	15,502
Paid during the year		(3,894)	(11,792)
		1,700	3,710
19 ACCRUED MARK-UP			
Mark-up on			
Long term financing		4,196	5,706
Short term borrowing		19,008	90
		23,204	5,796
20 SHORT TERM BORROWINGS			
Secured:			
Finances utilized under the mark-up arrangements:			
From banking companies			
Cash/Running finances	20.1	243,137	58,604
Export finance	20.2	212,436	20,878
		455,573	79,482
Unsecured:			
Book overdraft	20.3	5,556	786
		461,129	80,268

20.1 (a) The aggregate cash/running finance facilities of Rs. 870 million (2005: Rs. 745 million) have been arranged from commercial banks.

(b) These are secured against hypothecation of current assets, pledge of stock of sugar and molasses (stock pledge on the balance sheet date: 20,306 MT; 2005: Nil) and present and future fixed assets of the company.

(c) These carry mark-up ranging from KIBOR plus 0.5% to 1.0% per annum (2005: from KIBOR plus 0.5% to KIBOR plus 0.75% per annum) payable and chargeable quarterly in arrears.

(d) At the year end Rs. 627 million (2005: Rs 686 million) remained unutilised.

20.2 (a) The company has arranged foreign currency finance facility amounting to US\$ 3.83 million (2005: US\$ 1.66 million).

(b) The facility is secured against first registered pari passu charge on fixed assets of the company, hypothecation of current assets and pledge of stock amounting to Rs. 284.252 million.

(c) The above facility has been obtained at the rate of six months LIBOR plus 1.00% (2005: six months LIBOR plus 1.00%) chargeable and payable quarterly.

(d) At the year end, facility of US\$ 0.300 million (2005: US\$ 1.318 million) remained unutilized.

20.3 This is due to issuance of cheque in excess of balance at bank.

21 CONTINGENCIES AND COMMITMENTS

21.1 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 Honourable 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 Honourable 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 Honourable High Court for adjudication. Pending the outcome of the decision, the Company as a matter of prudence and uncertainty involved has not recorded interest income.

(b) The Income Tax department has filed appeal before the Honourable 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 (9A) of Income Tax Ordinance 1979 of Rs. 12.8 million. From above appeals, Honourable Income Tax Tribunal has set aside the order of Commissioner Income Tax (Appeal) for the year 2001 and dispute of tax payment made u/s 12 (9A). However, both of these matters are pending with the department for finalization. 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.

21.2 Commitments

Commitments in respect of capital expenditure amounts Rs. 20 million (2005: 14.7 million) which includes letter of credit of Rs. 14.74 million (2005: Rs. 2.3 million).

	Note	Sugar		Distillery		Total	
		2006	2005	2006	2005	2006	2005
----- (Rupees in thousand) -----							
22	TURNOVER - NET						
Gross sales							
		1,646,141	1,064,874	56,603	52,080	1,702,744	1,116,954
		51,201	-	760,435	728,748	811,636	728,748
		1,697,342	1,064,874	817,038	780,828	2,514,380	1,845,702
	Less:						
	Sales tax	(167,424)	(114,489)	(8,286)	(7,691)	(175,710)	(122,180)
		<u>1,529,918</u>	<u>950,385</u>	<u>808,752</u>	<u>773,137</u>	<u>2,338,670</u>	<u>1,723,522</u>
23	COST OF SALES						
	Cost of raw material consumed	996,103	628,395	797,321	562,366	1,793,424	1,190,761
	Stores and spare parts consumed	31,218	37,644	25,801	23,401	57,019	61,045
	Salaries, wages and other benefits	55,301	49,875	9,458	6,244	64,759	56,119
	Water, fuel and power	28,822	9,889	10,894	21,348	39,716	31,237
	Packing materials	11,914	8,914	-	-	11,914	8,914
	Other manufacturing expenses	15,604	12,767	5,385	4,131	20,989	16,898
	Repairs and maintenance	3,941	3,240	408	1,843	4,349	5,083
	Depreciation	25,576	26,150	37,894	41,675	63,470	67,825
		1,168,479	776,874	887,161	661,008	2,055,640	1,437,882
	Work-in-process						
	Opening	1,136	1,112	-	-	1,136	1,112
	Closing	(499)	(1,136)	-	-	(499)	(1,136)
		637	(24)	-	-	637	(24)
		1,169,116	776,850	887,161	661,008	2,056,277	1,437,858
	Less:						
	Transfer price of molasses	(90,060)	(53,670)	-	-	(90,060)	(53,670)
	Transfer price of bagasse	(25,597)	(19,855)	-	-	(25,597)	(19,855)
	Sale of bagasse	(300)	-	-	-	(300)	-
		(115,957)	(73,525)	-	-	(115,957)	(73,525)
	Cost of goods manufactured	1,053,159	703,325	887,161	661,008	1,940,320	1,364,333
	Purchases	217,907	78,000	-	-	217,907	78,000
		1,271,066	781,325	887,161	661,008	2,158,227	1,442,333
	Finished goods						
	Opening	374,761	471,356	50,990	41,618	425,751	512,974
	Closing	(251,093)	(374,761)	(192,383)	(50,990)	(443,476)	(425,751)
		123,668	96,595	(141,393)	(9,372)	(17,725)	87,223
		<u>1,394,734</u>	<u>877,920</u>	<u>745,768</u>	<u>651,636</u>	<u>2,140,502</u>	<u>1,529,556</u>
	23.1 Other manufacturing expenses						
	Security services	2,875	2,598	1,296	893	4,171	3,491
	Printing and stationery	430	319	333	176	763	495
	Vehicle running expenses	2,814	2,177	63	45	2,877	2,222
	Insurance expenses	3,698	2,727	1,655	1,570	5,353	4,297
	Wastage removal expenses	1,467	1,411	770	472	2,237	1,883
	Travelling and conveyance	1,703	1,224	71	32	1,774	1,256
	Telephone, telex and fax charges	728	676	8	6	736	682
	Fees and subscription	255	89	530	431	785	520
	Newspaper and periodicals	33	30	-	-	33	30
	Entertainment	1,236	849	578	492	1,814	1,341
	Legal and professional charges	171	53	-	-	171	53
	Miscellaneous expenses	194	614	81	14	275	628
		15,604	12,767	5,385	4,131	20,989	16,898

Note	Sugar		Distillery		Total	
	2006	2005	2006	2005	2006	2005
(Rupees in thousand)						
24 DISTRIBUTION COST						
Sugar bags handling expenses	2,299	2,552	-	-	2,299	2,552
Export expenses	532	-	47,355	46,826	47,887	46,826
Commission	276	490	-	-	276	490
	3,107	3,042	47,355	46,826	50,462	49,868
25 ADMINISTRATIVE EXPENSES						
Salaries, allowances and other benefits	18.1 (e) 16,878	15,398	6,808	6,649	23,686	22,047
Rent, rates and taxes	667	596	609	596	1,276	1,192
Postage, telegram and telephone	800	895	584	882	1,384	1,777
Travelling and conveyance	354	1,554	216	947	570	2,501
Printing and stationery	386	245	396	233	782	478
Entertainment	338	317	230	182	568	499
Consultancy charges	133	300	614	793	747	1,093
Vehicle running expenses	1,675	1,454	1,146	1,433	2,821	2,887
Repairs and maintenance	3,068	567	330	321	3,398	888
Insurance	177	200	-	2	177	202
Fees and subscription	347	364	216	621	563	985
Legal and professional charges	659	898	458	1,758	1,117	2,656
Auditors' remuneration	25.1 226	170	155	109	381	279
Charity and donations	25.2 723	35	689	35	1,412	70
Corporate expenses	115	208	110	101	225	309
Newspaper and periodicals	11	16	7	15	18	31
Utilities	251	418	230	438	481	856
Depreciation	4.1.1 4,215	3,537	527	514	4,742	4,051
Amortization of intangible asset	5.1 200	215	200	215	400	430
Miscellaneous expenses	125	215	376	476	501	691
	31,348	27,602	13,901	16,320	45,249	43,922
25.1 Auditors' remuneration						
Statutory Auditors Hyder Bhimji and Co.						
Annual audit fee	88	75	87	75	175	150
Half yearly review fee	20	20	20	20	40	40
Audit fee W.P.P.F. & gratuity fund	23	-	23	-	46	-
Out of pocket expenses	25	20	25	14	50	34
	156	115	155	109	311	224
Cost Auditors Haroon, Zakaria and Co.						
Audit fee	60	55	-	-	60	55
Out of pocket expenses	10	-	-	-	10	-
	70	55	-	-	70	55
	226	170	155	109	381	279
25.2 None of the Directors or their spouses have any interest in the donee funds.						
26 OTHER OPERATING EXPENSES						
Provision for loans considered doubtful	-	200	-	-	-	200
Provision for slow moving items and obsolescence	1,000	2,000	-	-	1,000	2,000
Workers' profit participation fund	1,700	1,695	-	2,015	1,700	3,710
Workers' welfare fund	646	-	-	-	646	-
Loss on disposal of fixed assets	18	-	-	-	18	-
	3,364	3,895	-	2,015	3,364	5,910

Note	Sugar		Distillery		Total	
	2006	2005	2006	2005	2006	2005
----- (Rupees in thousand) -----						
27 FINANCE COST						
Mark-up on long term financing	6,899	-	6,334	-	13,233	-
Utilised under mark-up arrangement	2,497	5,611	4,947	14,362	7,444	19,973
Term finance certificates						
	9,396	5,611	11,281	14,362	20,677	19,973
Mark-up on short term borrowings						
Cash/Running finance	38,325	7,085	3,736	4,850	42,061	11,935
Murabaha finance	201	-	-	-	201	-
Export finance	-	-	7,270	2,284	7,270	2,284
	38,526	7,085	11,006	7,134	49,532	14,219
Interest on						
Workers' Profit Participation Fund	184	666	-	-	184	666
Bank charges and guarantee commission	1,007	809	910	897	1,917	1,706
	49,113	14,171	23,197	22,393	72,310	36,564
28 OTHER OPERATING INCOME						
Income from financial assets						
Interest income on loan to growers	218	-	-	-	218	-
Interest income	709	293	446	-	1,155	293
Recovery of doubtful debts	463	-	-	-	463	-
	1,390	293	446	-	1,836	293
Income from other than financial assets						
Gain on disposal of fixed assets	655	-	-	-	655	-
Scrap sales	1,438	1,950	-	-	1,438	1,950
Sale of fusel oil	-	-	545	359	545	359
Net insurance claim	-	-	-	3,983	-	3,983
Sales tax refund	-	6,172	-	-	-	6,172
Others	356	33	42	-	398	33
	2,449	8,155	587	4,342	3,036	12,497
	3,839	8,448	1,033	4,342	4,872	12,790
29 SEGMENT REPORTING						
Net sales	22 1,529,918	950,385	808,752	773,137	2,338,670	1,723,522
Cost of sales	23 (1,394,734)	(877,920)	(745,768)	(651,636)	(2,140,502)	(1,529,556)
Gross profit	135,184	72,465	62,984	121,501	198,168	193,966
Distribution cost	24 (3,107)	(3,042)	(47,355)	(46,826)	(50,462)	(49,868)
Administrative expenses	25 (31,348)	(27,602)	(13,901)	(16,320)	(45,249)	(43,922)
	(34,455)	(30,644)	(61,256)	(63,146)	(95,711)	(93,790)
	100,729	41,821	1,728	58,355	102,457	100,176
Other operating income	28 3,839	8,448	1,033	4,342	4,872	12,790
	104,568	50,269	2,761	62,697	107,329	112,966
Finance cost	27 (49,113)	(14,171)	(23,197)	(22,393)	(72,310)	(36,564)
Other operating expense	26 (3,364)	(3,895)	-	(2,015)	(3,364)	(5,910)
	(52,477)	(18,066)	(23,197)	(24,408)	(75,674)	(42,474)
Profit before taxation	52,091	32,203	(20,436)	38,289	31,655	70,492
29.1 Segment assets	669,171	831,982	771,046	560,445	1,440,217	1,392,427
Unallocated segment assets					238,328	289,358
					1,678,545	1,681,785
29.2 Segment liabilities	301,502	748,701	184,127	199,911	485,629	948,612
Unallocated segment liabilities					540,509	33,543
					1,026,138	982,155
29.3 Capital expenditure	2,807	1,371	2,421	14,726	5,228	16,097
Unallocated capital expenditure					19,061	11,629
					24,289	27,726

30 TAXATION	2006 (Rupees in thousand)	2005
Current		
For the year	11,705	8,680
For prior year	623	(976)
	12,328	7,704
Deferred	14,463	(643)
	26,791	7,061
30.1 Relationship between tax expense and accounting profit		
Accounting profit for the current year	31,655	70,492
Tax on income @ 35%	11,079	24,672
Adjustment due to:		
- Effect of final tax regime of export sales	11,802	(5,990)
- Recognition of tax losses	-	(11,923)
- Applicability of minimum taxation	3,287	1,278
- Effect of prior year taxation	623	(976)
	26,791	7,061

31 PLANT CAPACITY AND ACTUAL PRODUCTION

	2006		2005	
	Quantity (M. Tons)	No. of days	Quantity (M. Tons)	No. of days
Sugar Unit				
Capacity - Sugar from sugarcane based on working days	67,980	120	65,549	118
Actual Production	46,755	120	37,384	118
%age of capacity attained	69		57	
Distillery Unit				
Unit - I				
Capacity based on working days	14,770	211	16,940	242
Actual production	13,688	211	15,235	242
%age of capacity attained	93		90	
Unit - II				
Capacity based on working days	17,500	250	12,670	181
Actual production	15,436	250	11,515	181
%age of capacity attained	88		91	

31.1 Reasons for shortfall in sugar

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

31.2 Reasons for shortfall in distillery

Due to increase in prices of molasses as a consequence of shortage of molasses consequently cost of alcohol increased in comparison to alcohol selling price.

32 REMUNERATION OF CHIEF EXECUTIVE, DIRECTOR AND EXECUTIVES

	Chief Executive		Director		Executives		Total	
	2006	2005	2006	2005	2006	2005	2006	2005
	(Rupees in thousand)							
Managerial remuneration	3,964	3,964	1,190	1,190	6,448	6,485	11,602	11,639
House rent allowance	1,666	1,666	499	499	2,676	2,659	4,841	4,824
Utilities	370	370	111	111	594	590	1,075	1,071
Telephone	123	182	17	86	-	-	140	268
Retirement benefits	500	500	150	150	804	702	1,454	1,352
Total	6,623	6,682	1,967	2,036	10,522	10,436	19,112	19,154
Number of persons	1	1	1	1	4	4	6	6

32.1 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.

32.2 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.

33 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	2006	2005
	(Rupees in thousand)							
Financial assets								
Trade debts	-	-	-	43,686	-	43,686	43,686	8,014
Loan and advances	4,474	-	4,474	737	656	1,393	5,867	4,472
Trade deposits	-	-	-	9,106	1,541	10,647	10,647	25,562
Accrued mark-up	-	-	-	85	-	85	85	8
Other receivables	-	-	-	-	-	-	-	69
Cash and bank balances	3,873	-	3,873	7,034	-	7,034	10,907	6,665
	8,347	-	8,347	60,648	2,197	62,845	71,192	44,790
Financial liabilities								
Long term financing	74,545	93,182	167,727	-	-	-	167,727	221,053
Trade and other payables	1,700	-	1,700	263,382	-	263,382	265,082	589,716
Accrued mark-up	-	-	-	23,204	-	23,204	23,204	5,796
Short term borrowings	455,573	-	455,573	5,556	-	5,556	461,129	80,268
	531,818	93,182	625,000	292,142	-	292,142	917,142	896,833
Net financial assets/ (liabilities)	(523,471)	(93,182)	(616,653)	(231,494)	2,197	(229,297)	(845,950)	(852,043)

33.1 Interest/mark-up rate risk management

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 16 and 20 which it plans to minimise by proper monitoring.

33.2 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. 71.192 million (2005: Rs. 44.790 million), financial assets which are subject to credit risk amount to Rs. 43.686 million (2005: Rs. 8.014 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.

33.3 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.

33.4 Foreign exchange risk management

The Company manages the risk by monitoring it regularly. The measures taken in this context include borrowing against goods to be exported in foreign currency.

33.5 Liquidity risk

Liquidity risk reflects an enterprises 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.

33.6 Price risk

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

2006 **2005**
(Rupees in thousand)

34 RELATED PARTY TRANSACTION

Purchases		
Thatta Cement Company	93	1,277
Al-Abbas Cement Industries Ltd.	874	705
	967	1,982
Financial expenses		
Jahangir Siddiqui Investment Bank Ltd.	1,103	2,912

There were no transactions with the key management personnel other than under their terms of employment.

	Note	2006 (Rupees in thousand)	2005
35 EARNING PER SHARE			
Net profit after taxation		<u>4,864</u>	<u>63,431</u>
Number of ordinary shares		<u>17,362,300</u>	<u>17,362,300</u>
Basic earning per share - Rupees		<u>0.28</u>	<u>3.65</u>

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.

36 CASH GENERATED FROM OPERATIONS

Profit before taxation		31,655	70,492
Adjustment for:			
Depreciation	4.1	68,212	71,876
Amortization of intangible assets	5	400	430
Loan considered doubtful written back	28	(463)	200
Provision for slow moving items and obsolescence	26	1,000	2,000
Finance cost	27	72,310	36,564
Gain on disposal of fixed assets - net of loss	28 & 26	(637)	-
Deferred liabilities - Market Committee Fee	17	2,156	1,719
		142,978	112,789
Operating profit before working capital changes		174,633	183,281
Changes in working capital :			
(Increase)/ decrease in current assets			
Stores, spare parts and loose tools	7	1,499	(5,096)
Stock-in-trade	8	(56,568)	(21,581)
Trade debts	BS	(35,672)	(193)
Loans and advances	9	19,457	86,618
Trade deposits and short term prepayments	10	14,104	2,573
Accrued mark-up	11	(77)	44
Other receivables	12	69	875
		(57,188)	63,240
Increase/ (decrease) in current liabilities			
Trade and other payables	18	(325,746)	(134,152)
Cash generated from operations		<u>(208,301)</u>	<u>112,369</u>

	Note	2006 (Rupees in thousand)	2005
37 CASH AND CASH EQUIVALENTS			
Cash and bank balances	13	10,907	6,665
Short term borrowings	20	(461,129)	(80,268)
		<u>(450,222)</u>	<u>(73,603)</u>

38 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of financial statements in conformity with approved accounting standards requires the use of certain critical accounting estimates. It also requires the management to exercise its judgment in the process of applying the company's accounting policies. Estimates and judgments are continually evaluated and are based on historical experience, including expectations of future events that are believed to be reasonable under the circumstances. The areas where various assumptions and estimates are significant to the company's financial statements or where judgment was exercised in application of accounting policies are as follows:

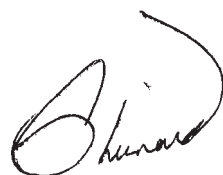
- i Property, plant and equipment (note 4)
- ii Staff retirement benefit ((note 18.1(e))
- iii Income taxes (note 30)

39 DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorised for issue on December 21, 2006 by the Board of Directors of the Company.

40 CORRESPONDING FIGURES

Corresponding figures have been rearranged and reclassified in accrued mark-up and other receivables previously included under the head loans, advances and other receivables and in note 36. It has now been separately disclosed as line item in the current year.



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 16th Annual General Meeting of the Company to be held on
Saturday 27th January 2007 at 1700 hours and at any adjournment thereof.

As witness given under my/our hand(s)day of2007

Signed by the said.....

In the presence of 1
 2
 2
 3

(Witness's Signature)

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

(Signature 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 than 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.