

Annual Report

2006



steps to creativity



Dawood Lawrencepur Limited

As a Company, we are constantly revamping and reworking our systems, modes and methods to better ourselves. Often, this requires a great deal of introspection and self-analysis, which in turn, fosters an environment that fuels a great deal of brainstorming, with flickering idea light bulbs that turn on and off in the office like a metropolis in the night. Each single one of us acts as a stimulus in the creative pool of the work environment.

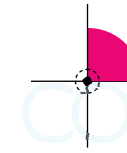
In this report, we present the step by step alchemy of our daily working, thinking and connecting... its about how we step up to the challenges, what steps we take to improve and keep step with technology and the world around us... therefore we call it our *STEPS TO CREATIVITY*.

Steps



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COMPANY INFORMATION

COMPANY INFORMATION

Board of Directors

Hussain Dawood (Chairman)
Syed Amir (Chief Executive)
A. Samad Dawood
Aleem A. Dani
Haroon Mahenti
Isar Ahmad
Shahzada Dawood

Board Audit Committee

Aleem A. Dani
Haroon Mahenti
Isar Ahmad

CFO / Company Secretary

Muhammad Hanif Kasbati

Auditors

Gangat & Company
(Chartered Accountants)

Bankers

Bank Al-Habib Limited
Habib Bank Limited
Metropolitan Bank Limited
Meezan Bank Limited
M C B Bank Limited

Registered Office

35-A, Shahr-e-Abdul
Hameed Bin Baadees
(Empress Road), Lahore.

Karachi Office /

Shares Department

Dawood Centre,
M. T. Khan Road, Karachi.

Mills

Landhi
Landhi Industrial Area,
Karachi.

Ph: 021-5018476, 5018751

Fax: 021- 5018463, 5024520

Landhi (Synthetic)

Landhi Industrial Area,
Karachi.

Ph: 021-5018668, 5019350

Fax: 021-5019349

Dawoodabad

District Vehari.

Ph: 067- 3353347, 3353145, 3353246

Fax: 067- 3354679

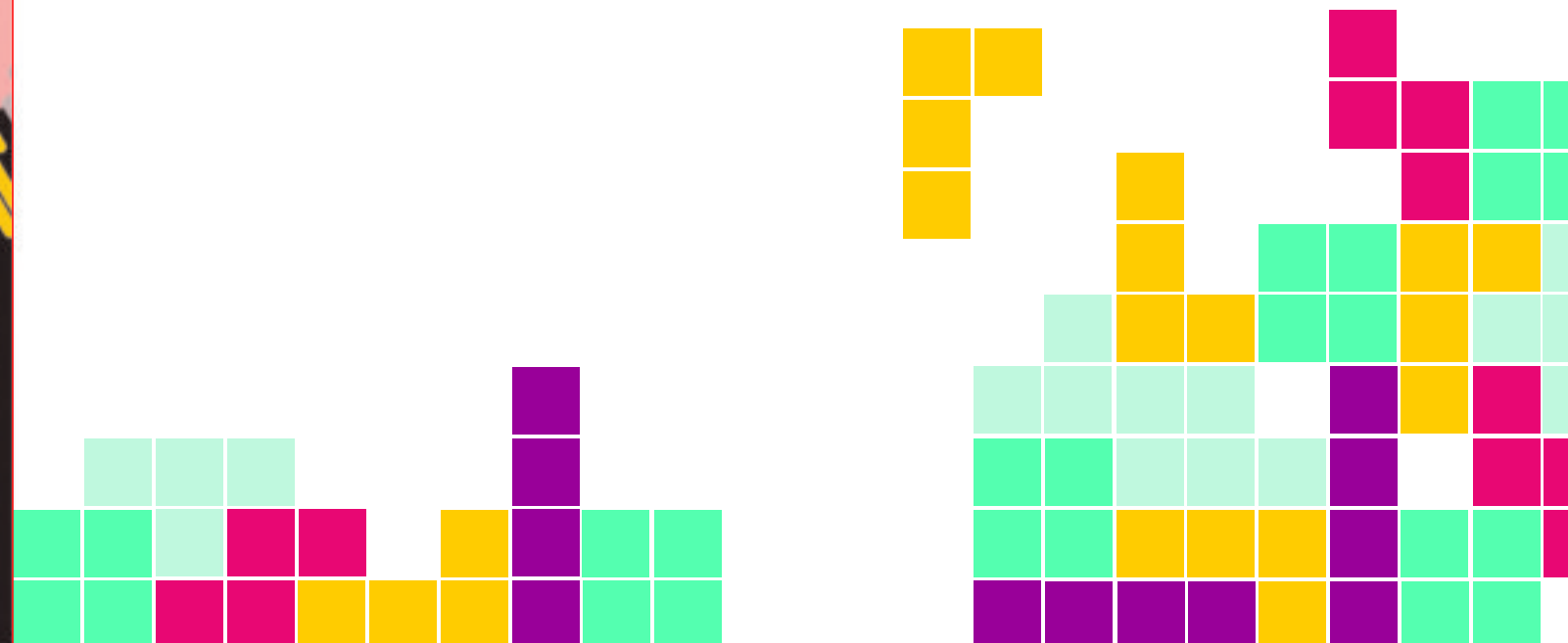
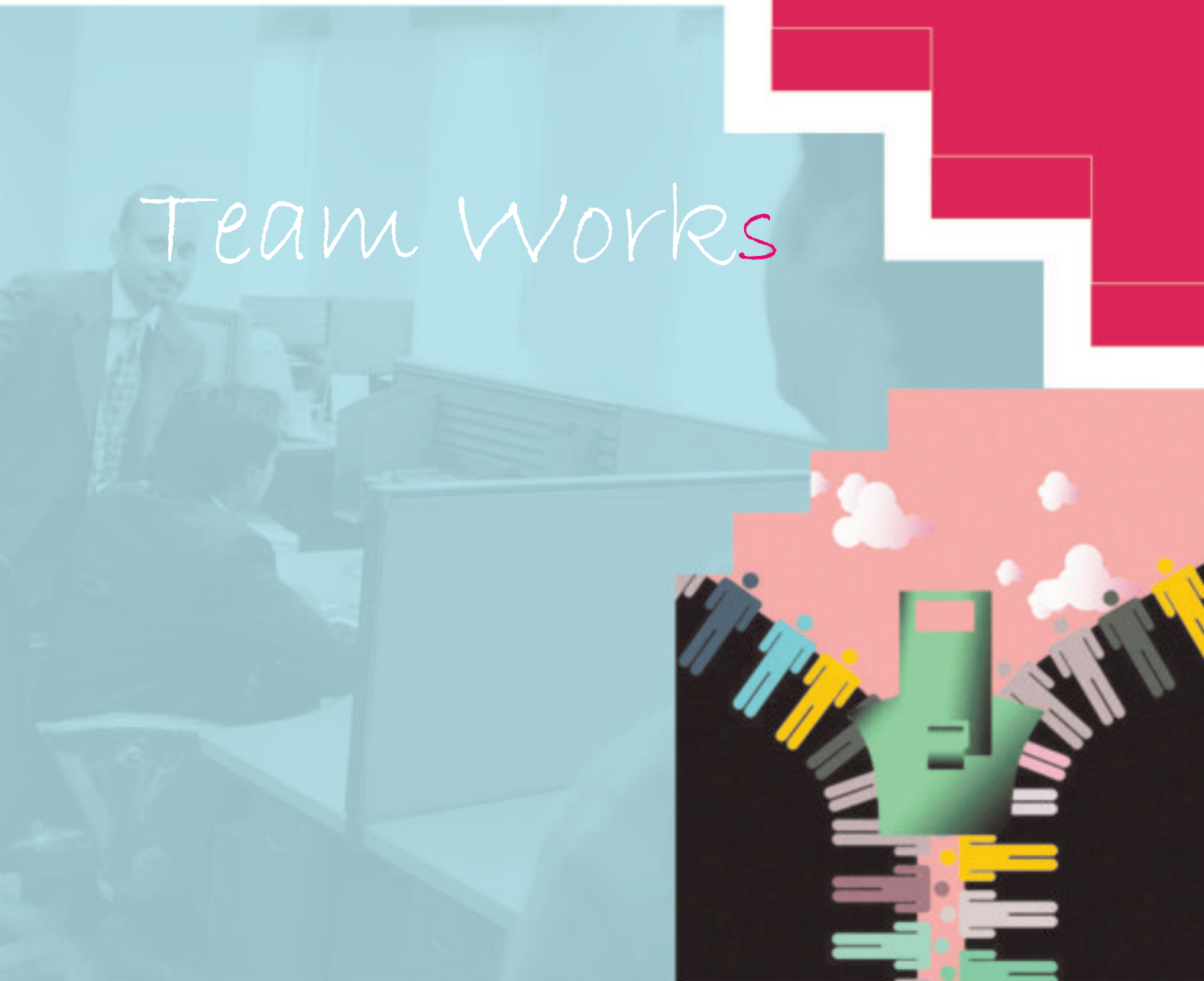
Dawoodpur

District Attock.

Ph: 0597-2641074-6

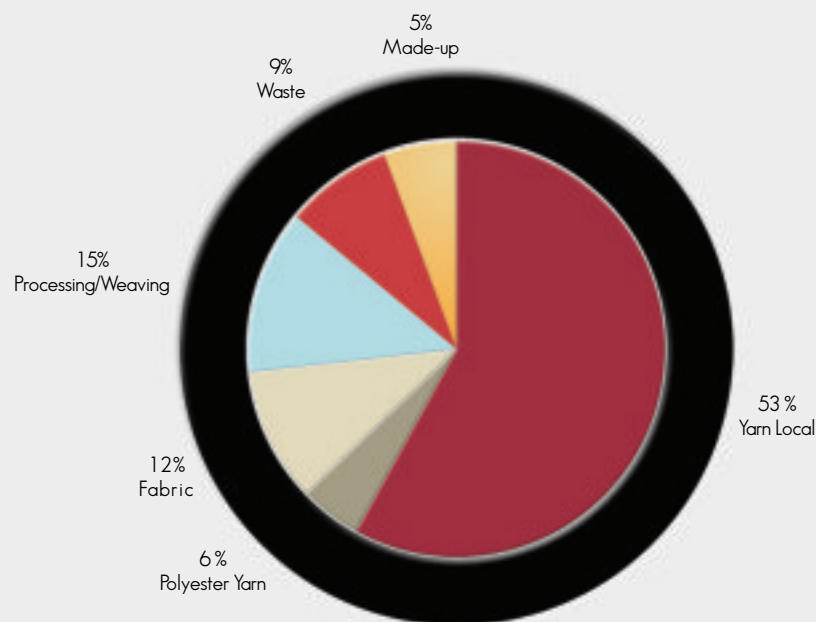
Fax: 0597-2641073

Team Works

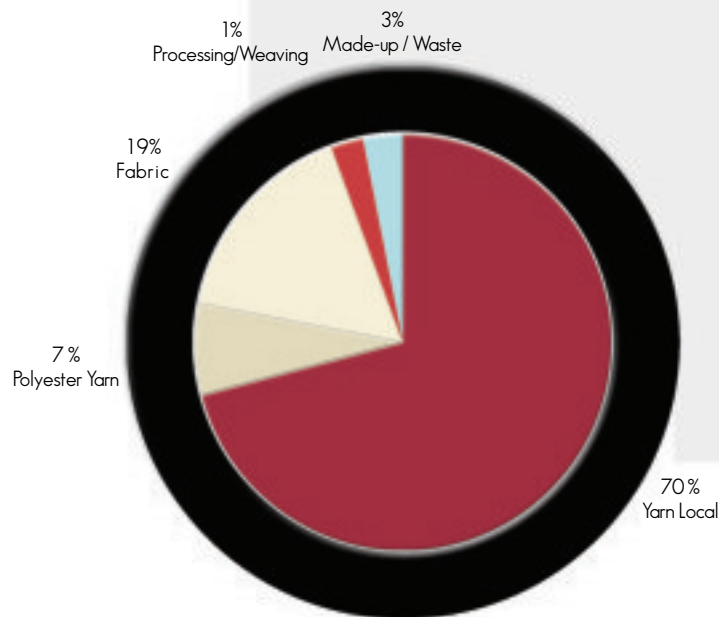


OPERATING HIGHLIGHTS

Sales Quantity 2006



Sales Value 2006

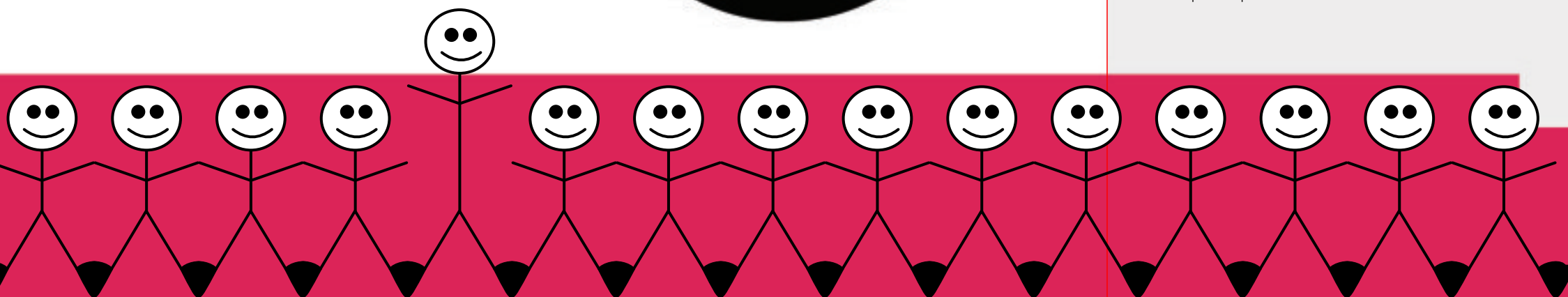


Six Year at a Glance

PARTICULARS	UNIT	Six Year at a Glance					
		2006	2005	2004	2003	2002	2001
(9 Months)							
A) INCOME STATEMENT							
1 Sales Value	Rs. in (000)	1,861,352	1,220,919	1,610,683	647,465	485,892	308,341
2 Gross Profit / (Loss)	Rs. in (000)	100,210	127,366	145,752	41,183	22,676	(5,222)
3 Operating Profit / (Loss)	Rs. in (000)	(36,019)	24,240	20,483	16,577	4,057	(21,604)
4 Profit / (Loss) Before Taxation	Rs. in (000)	(3,233)	499,801	162,816	82,909	84,811	49,408
5 Profit / (Loss) After Taxation	Rs. in (000)	(17,496)	486,766	156,187	76,459	79,811	42,908
B) DIVIDEND							
1 Cash Dividend	%	-	-	25	25	-	35
2 Bonus Shares	%	10	10	-	50	100	-
3 Total Dividend	%	10	10	25	75	100	35
C) BALANCE SHEET							
1 Total Assets Employed	Rs. in (000)	6,928,978	4,823,081	4,454,000	1,647,916	993,047	580,908
2 Current Assets	Rs. in (000)	1,366,993	1,541,179	1,643,684	364,609	248,865	186,564
3 Current Liabilities	Rs. in (000)	711,335	874,696	804,590	175,076	90,198	103,491
4 Paid-up Capital	Rs. in (000)	385,835	350,759	350,759	222,708	74,236	74,236
5 Shareholders Equity	Rs. in (000)	6,049,430	3,740,376	3,407,256	1,426,200	849,441	424,013
6 No. of Ordinary Shares	In (000)	38,584	35,076	35,076	22,271	7,424	7,424
D) BALANCE SHEET							
1 Gross Profit / (Loss)	%	5.38	10.43	9.05	6.36	4.67	(1.69)
2 Earning Per Share	Rs.	(0.45)	13.88	4.45	3.43	10.75	5.78
3 Dividend Yield	%	-	1.41	2.91	11.72	27.70	10.61
4 Return on Equity	%	(0.29)	13.01	4.58	5.36	9.40	10.12
5 Break-up Value of Shares	Rs.	156.79	106.63	97.14	64.04	114.42	57.12
6 Market Value of Shares	Rs.	76.90	71.00	86.00	64.00	36.10	33.00
7 Price Earning Ratio	Rs.	-	5.12	19.33	18.66	3.36	5.71
8 Dividend Payout	%	-	7.20	56.18	218.66	93.02	60.55
E) PRODUCTION							
1 Capacity							
Polyester Yarn	Kgs. in (000)	1,400	1,050	1,400	-	-	-
Yarn	Kgs. in (000)	25,619	17,135	22,847	12,355	6,988	6,988
Cloth	Mtrs. in (000)	5,060	6,396	17,179	8,698	8,698	8,698
2 Actual Production							
Polyester Yarn	Kgs. in (000)	1,351	1,067	1,525	-	-	-
Yarn	Kgs. in (000)	14,082	11,276	15,789	8,580	6,440	4,365
Cloth	Mtrs. in (000)	2,035	1,173	3,881	2,668	2,137	77
3 Capacity Utilization - Yarn							
- Cloth	%	57.11	67.88	71.40	69.45	92.16	62.46
	%	40.21	16.77	19.53	30.67	24.57	0.89
F) OTHERS							
1 Employees	Nos.	3,399	3,668	3,814	1,105	763	737
2 Capital Expenditure	Rs. in (000)	414,266	33,557	204,619	1,318	49,639	74,659

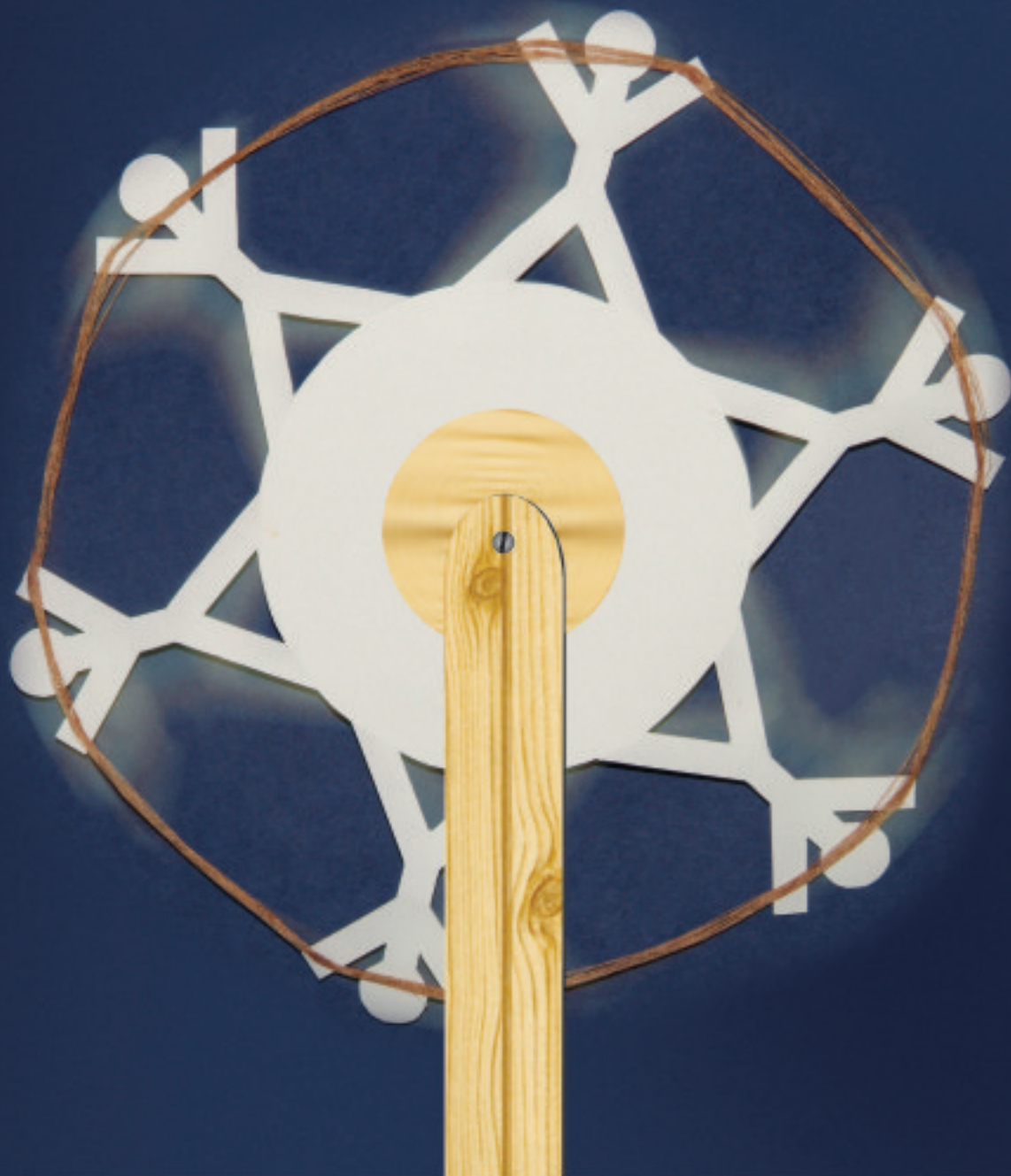
NOTE: 1. The figures for the year 2005 are of nine months due to the change in accounting year.

2. The figures of the years 2001 to 2003 are of the years when the Merger had not taken place with the other three Companies.



STANDARDs

Spinning IDEAS



NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the fifty-sixth Annual General Meeting of the members of the Company will Insha Allah be held on Friday, October 27, 2006 at 11:00 a.m. at the Company's Registered Office at 35-A, Shakra-e-Abdul Hameed Bin Baadees (Empress Road), Lahore to transact the following business after recitation from the Holy Quran:

ORDINARY BUSINESS:

1. To confirm the minutes of the Annual General Meeting held on October 29, 2005;
2. To receive, consider and adopt the Audited Accounts of the Company for the year ended June 30, 2006 together with the Directors' and Auditors' Reports thereon;
3. To appoint Auditors for the year ending June 30, 2007 and to fix their remuneration. The present auditors M/s. Gangat & Company (Chartered Accountants) retire and being eligible, offer themselves for re-appointment;
4. To approve the issue of Bonus Shares as recommended by the Directors in the ratio of one share for every ten ordinary shares held by the shareholders. To give effect to the above, the Directors have recommended to consider and if thought fit to pass with or without modification

the following Resolution as Ordinary Resolution:

RESOLVED that a sum of Rs. 38,583,520/- out of the free reserves of the Company be capitalized and applied towards the issue of 3,858,352 ordinary shares of Rs. 10/- each, to be allotted as bonus shares in proportion of one new share for every ten existing ordinary shares held by the members of the Company who are registered in the books of the Company on October 18, 2006, and that such new shares shall rank pari passu in all respect with the existing ordinary shares of the Company.

Members entitled to fractions of shares as a result of their holding either being less than 10 Ordinary Shares or in excess of an exact multiple of 10 Ordinary Shares be given the sale proceeds of their fractional entitlements for which purpose the fractions be consolidated and sold in the Stock Exchange.

For the purpose of giving effect to the foregoing, Mr. Hussain Dawood, Chairman of the Company be and is hereby authorized to take all necessary actions under the law and to settle any questions or difficulties that may arise in the distribution of the said Bonus Shares or in the disposal of fractions and payment of proceeds thereof.

5. To transact any other business with the permission of the Chair.

By Order of the Board

Karachi
Sept. 26, 2006

Muhammad Hanif Kasbati
Company Secretary

Notes:

1. The share transfer books of the Company will remain closed from October 19, 2006 to October 27, 2006 (both days inclusive). Transfer documents received in order at the Registered Office or at Dawood Centre, MT Khan Road, Karachi of the Company, up to 15:00 hours on October 18, 2005 will be in time for entitlement to Bonus Shares to

the transferees and the right to attend the AGM.

2. A member entitled to attend and vote at the Meeting may appoint another member as his / her proxy to attend and vote. Votes may be given personally or by an attorney or in case of Corporation by a duly authorized representative. The instrument of proxy duly executed should be lodged at the Registered Office of the Company or at Dawood Centre, MT Khan Road, Karachi not later than forty-eight hours before the Meeting.

3. A Beneficial Owner of the Company through Central Depository Company (CDC) or his / her proxy, entitled to attend and vote at this meeting, must bring

original NIC or passport to prove his / her identity. Proxy Form of a shareholder through CDC must be accompanied with attested copies of NIC or passport of such shareholder and his / her proxy. Representatives of corporate members should bring the usual documents required for such purpose.

4. Members are requested to submit declaration for zakat on the required format and to advise change in address, if any.

When it comes to life, we spin our own yarn and where we end up is really, in fact, where we always intended to be.

Julia Glass



INSPIRATIONAL



Dear Members

Assalam-o-Alaikum

The Directors are pleased to present their Annual Report together with the Audited Financial Statements for the year ended June 30, 2006 before the fifty-sixth Annual General Meeting of the Company.

Operating Results

The Company achieved sales of Rs. 1.861 billion for the year under review against Rs. 1.221 billion for 2004-05 (nine months).

The Company's profitability during the year was significantly impacted by the inflationary pressures, power tariff hike and by the need to rationalize old inventories. As a result, the Company made a net loss after taxation of Rs. 17,496 million for the year against profit after taxation of Rs. 486.766 million for the previous year (nine months).

The key financial results are as under:

	(Rupees '000) Year Ended June 30, 2006	(Rupees '000) 9 Months Ended June 30, 2005
Sales	1,861,352	1,220,919
Gross profit	100,210	127,366
Operating (loss)/profit	(36,019)	24,240
Other income	<u>121,112</u>	<u>506,082</u>
(Loss) / profit before taxation	<u>(3,233)</u>	<u>499,801</u>
(Loss) / profit after taxation	(17,496)	486,766
Un-appropriated profit brought forward	<u>906,355</u>	<u>454,664</u>
Total amount available for Appropriation	<u>888,859</u>	<u>941,431</u>
Your Directors proposed following:		
Appropriations of profit:		
Profit available for appropriation	888,859	941,431
Appropriations:		
Transfer to reserve for issue of Bonus Shares (10%), or 3,858,352 shares of Rs. 10/- each. (2005: 10% or 3,507,592 shares of Rs. 10/- each)	<u>(38,584)</u>	<u>(35,076)</u>
Un-appropriated profit carried forward	<u>850,275</u>	<u>906,355</u>
Earnings per share-basic and diluted	(0.45)	13.88

Corporate and Financial Reporting

- a) The financial statements together with notes thereon have been drawn up by the management in conformity with the Companies Ordinance, 1984. These statements present fairly the Company's state of affairs, the result of its operations, cash flows and changes in equity;
- b) Proper books of accounts have been maintained by the Company;
- c) International Accounting Standards, as applicable in Pakistan, have been followed in preparation of financial statements and any departure therefrom has been adequately disclosed;
- d) The system of internal control is sound in design and has been effectively implemented and monitored;
- e) The annual audited financial statements are circulated within four months of the close of the financial year;

- f) There are no significant doubts about the company's ability to continue as a going concern;
- g) There has been no material departure from the best practices of corporate governance as detailed in the listing regulations.

Pattern of Shareholding

A statement reflecting the pattern of shareholding is annexed to the Annual Report.

Key Operating and Financial Data

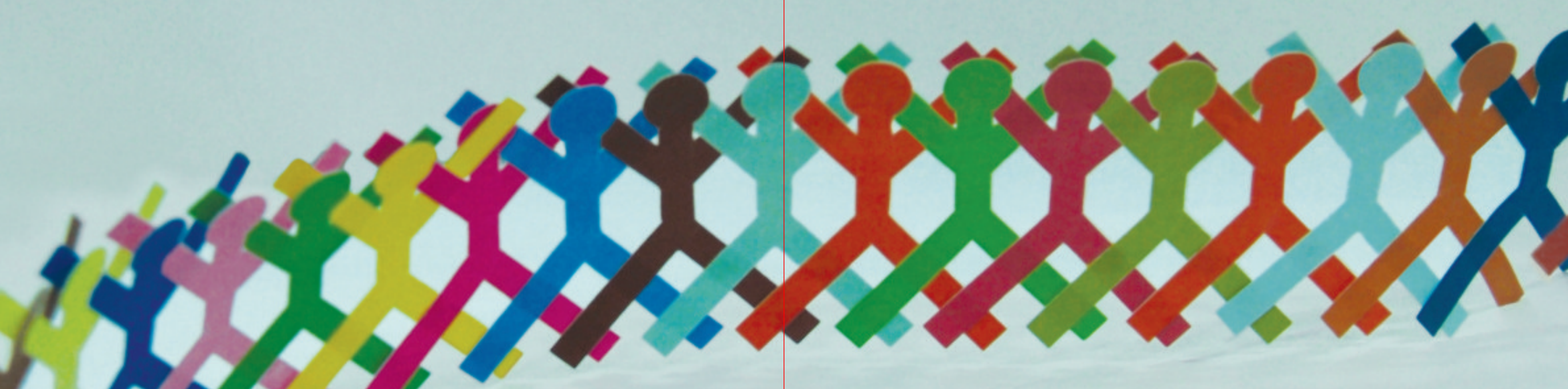
The statement summarizing the key operating and financial data for the past six years including the current year is attached to the Annual Report. However, the figures for the past three years (2001-2003) represent the period when the Merger had not taken place and those of previous year 2005 are of nine months because of the change in accounting year from September to June.

Vision and Mission

The statement reflecting the vision and mission of the Company is annexed to the Annual Report.

A vibrant new work environment, dyed in bright hues to stimulate innovation and creativity.





weaving
diversity

Ethics and Business Practices

The statement outlining the Ethics and Business Practices of the Company is also annexed to the Annual Report.

Board Audit Committee

The Board has constituted an audit committee which oversees the internal control matters and majority of its members are non-executive directors. Committee has been working efficiently since its inception.

Statutory Payments

As on the closing date, no government taxes, duties, levies and charges were outstanding or overdue except the routine payments of various levies and the amounts in dispute pending in various appellate forums.

Value of Investments of Gratuity Funds / Provident Fund

The face value of the investments made out of the Gratuity and Provident Fund of the management cadre staff was Nil on the closing date.

Trading in the Company's Shares

Directors, CEO, CFO and Company Secretary have not traded in Company's shares during the period under review.

Board Meetings

During the year under review,

four (4) meetings were held and the attendance by each Director was as follows:

Directors	No. of Meetings	
	Held	Attended
Mr. Hussain Dawood	4	4
Mr. M. S. Farooqui	4	4
Mr. A. Samad Dawood	4	4
Mr. Aleem A. Dani	4	3
Mr. Haroon Mahenti	4	4
Mr. Shahzada Dawood	4	4
Mr. S. M. Asghar *	3	3
Mr. Isar Ahmad**	1	1

* Resigned as Director. Three meetings were held during the holding of office.

**Was nominated to the Board to fill in the casual vacancy. One meeting was held after his nomination.

Leave of absence was granted to the directors who could not attend the meeting being out of station or due to their pre-occupation.



Philanthropy

During the horrific October 2005 earthquake, Dawood Lawrencepur Limited like many others, responded by procuring and sending much needed tents for shelter fabric and blankets as relief to the earthquake victims in the North of the Country through various welfare organizations. The employees of the Company also donated a portion of their salaries to the Cause.

Future Prospects

With a very difficult year behind us, the management has recently taken the necessary steps to bring about material improvement in the company's operations. The increased focus on line efficiencies improvement and product rationalization, should lead to improved results in future.

Auditors

The Auditors, Messrs Gangat & Co. Chartered Accountants, retire at the conclusion of the Annual General Meeting and being eligible, offer themselves for re-appointment. The Audit Committee and the Board has recommended the re-appointment of M/s Gangat & Co. Chartered Accountants.

Staff Relations

The Company continues to benefit from the efforts and dedication of all its employees. The Directors are pleased to record their appreciation for the hard work and devotion to duty by all cadres of employees.

On behalf of the Board

Karachi
September 26th, 2006

Hussain Dawood
Chairman



opportUNITY



etc. and defines which bales of cotton are to be mixed to ensure yarn uniformity by making it more dye-able with lesser count variation. HVI requires substantially less time in comparison to the previously used method and thus has made possible the testing of each and every cotton bale to ensure higher quality production.

Other new machinery installed includes the state of the art worsted and woven fabrics finishing mechanism by Decofast and an electronic selvedge jacquard machine.

REINFORCING QUALITY

Dawood Lawrencepur is the first Company in Pakistan to install the Uster Tester 5 (UT-5), which the latest technological system for yarn quality inspection. This system tests yarn for certain parameters such as evenness, hairiness, count and imperfections. It not only operates at a very high speed but also provides remedial action to control, eliminate and prevent poor quality production.

Dawood Lawrencepur has also installed the latest model of the Uster HVI tester (High Volume Instrumentation), a cotton testing equipment. It tests cotton bales for moisture, strength, uniformity, fibre length,

*Nothing we can do can change the past,
but everything we do changes the future.*
Ashleigh Brilliant





New Launches 2005/06

Super 120s:

Super 120s is a premium fine quality worsted fabric which is produced by using an extremely fine wool fibre. The manufacturing of Super 120s requires highly sophisticated technology and artisanship to ensure refinement at every stage of production including dyeing, weaving and finishing.

Dawood Lawrencepur Limited is the first Company to produce Super 120s in Pakistan. The fabric was launched through the Lawrencepur brand for our discerning customers, who are fond of well-made suits, that are tailored using fine, light-weight worsted fabric.

Lawrencepur Cotton Trousers:

Lawrencepur, the premium brand of the Company, for the first time introduced its cotton trousers range in May 2006. These casual cotton trousers have been tailored with the intrinsic quality



standards of Lawrencepur. The cotton trousers were manufactured by the Company to meet the modern needs of casual and comfort wear.

Creating Ambiance

Dawood Lawrencepur opened its first company operated outlet; the Lawrencepur Showroom in Karachi. The Showroom has been established with a view to introduce new products and serve as guide for our distribution network.

The Company has also refurbished three of its retailers' outlets in Lahore to provide customers with a better shopping environment.



INDIVIDUAL

*Creativity does not reproduce what we see;
rather, it makes us see.*

VISION AND MISSION STATEMENT

Dawood Lawrencepur Limited has been at the forefront in manufacturing high quality textile products for more than half a century. Although the textile products in Pakistan are facing tough competition, nevertheless we intend to strive for our corporate objectives.

Vision Statement:

To remain the pioneers in textile industry by producing quality products at competitive prices to the entire satisfaction of our customers without compromising on our principles of ethics, integrity and professional standards.

Mission Statement:

1. Maintain the reputation of a reliable manufacturer and supplier of high quality textile products through technology and effective resource management while maintaining high ethical and professional standards.
2. Have sustainable growth in this era of competition in quality of products and its prices.
3. Achieve high returns on investment through a continuous process of improvement for the benefit of the stakeholders.
4. Strive for excellence through commitment, integrity, honesty and teamwork.
5. Provide excellent working atmosphere and growth potential to talented professionals and develop long term relationships with its employees.
6. Be a good corporate citizen.



CULTure

Dawood Lawrencepur Limited exists on sound principles of development and growth. It makes no compromises in any aspect of good business practices. The Company takes pride in adherence to its principles and continues to serve its customers, stakeholders and society on the following guidelines:

1. The Company strongly believes in free and fair business practices and open competitive markets. Developing any association within the segment, industry or with competitors to distort the pricing and availability is contradictory to our business code of conduct.

2. The Company's financial policies for conducting business are transparency, integrity and following the principles of accounting and finance as approved by regulations and contemporary accounting codes.

3. The Company believes in uprightness of performance and expects it to be a fundamental responsibility of our employees to act in Company's best interest while holding confidential information. We expect our employees

neither to solicit internal information from others nor to disclose Company's figures, data or any material information to any unauthorized person/body.

4. The Company believes in encouraging the individuals respect and growth. Our employment and HR policies develop individuals without any discrimination on the basis of race, religion, gender or any other factor.

5. The Company as a responsible corporate citizen strongly adheres to the principles of corporate governance and complies with regulatory obligations enforced by regulatory bodies for improving corporate performance.

6. The Company anticipates integrity and honesty of employees in doing business for the Company. Any unfair or corrupt practices either to solicit business for the Company or for personal gains of the employee is fundamentally inconsistent with business codes of the Company.

7. The Company believes in community development without political affiliations with any person or group of persons working for gains. We contribute our resources for a better environment with an unprejudiced approach. Within our mills our policies gear towards unbiased and impartial employees betterment.



The statement is being presented to comply with the Code of Corporate Governance contained in the listing regulations of Karachi and Lahore Stock Exchanges 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 Board comprises of seven Directors including the Chief Executive Officer. The Company encourages representation of independent non-executive Directors. At present, the majority of the Directors on the Board are non-executive.
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 Directors of the Company are registered as taxpayers and none of them has defaulted in payment of any loan to a banking company, a DFI or an NBFIs or being a member of a Stock Exchange, has been declared as a defaulter by that Stock Exchange.
4. A casual vacancy occurred in the Board during the year which was promptly filled.
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, which is annexed with the report. Significant policies of the Company are revised and updated as and when deemed appropriate.
7. All the powers of the Board have been duly exercised and



Tailoring
Responsibilities



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 and the Board met at least once every quarter. Written notices of the Board meetings, along with agenda and working papers, were normally circulated at least seven days before the meetings. The minutes of the meetings

were appropriately recorded and circulated.

9. The Board arranged an orientation course for its Directors to apprise them of their duties and responsibilities.
10. The Board has approved appointment of CFO and Company Secretary.
11. The Directors' report for the 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 the 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, who are non-executive Directors.
16. The meetings of the Audit Committee were held at least once every quarter as required by the Code, 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 setup an 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 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 shares of the Company and that the firm and all its partners are in compliance with the International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by Institute of Chartered Accountants of Pakistan.

19. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the listing regulations and the auditors have confirmed that they have observed IFAC guidelines in this regard.
20. We confirm that all other material principles contained in the Code have been complied with.

Karachi:
September 26th, 2006

Syed Aamir
Chief Executive



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 DAWOOD LAWRENCEPUR LIMITED, to comply with the Listing Regulation No. 37 (Chapter XI) of the Karachi Stock Exchange and clause 49 (Chapter XIII) of Lahore Stock Exchange where the Company is listed.

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

As part of our audit of financial statements we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit

approach. We have not carried out any special review of the internal control system to enable us to express an opinion as to whether the Board's statement on internal control covers all controls and the effectiveness of such internal controls.

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

Karachi
September 26th, 2006

GANGAT & CO.
Chartered Accountants

We have audited the annexed Balance Sheet of DAWOOD LAWRENCEPUR LIMITED as at June 30, 2006 and the related Profit and Loss Account, Cash Flow Statements, and Statement of Changes in Equity together with the notes forming part thereof, for the year then ended and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

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

We conducted our audit in accordance with the Auditing Standards as applicable in Pakistan. These standards require that we plan and perform the audit to obtain reasonable assurance about whether

the above said statements are free of any material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the above said statements. An audit also includes assessing the accounting policies and significant estimates made by management, as well as, evaluating the overall presentation of the above said statements. We believe that our audit provides a reasonable basis for our opinion and, after due verification, we report that:-

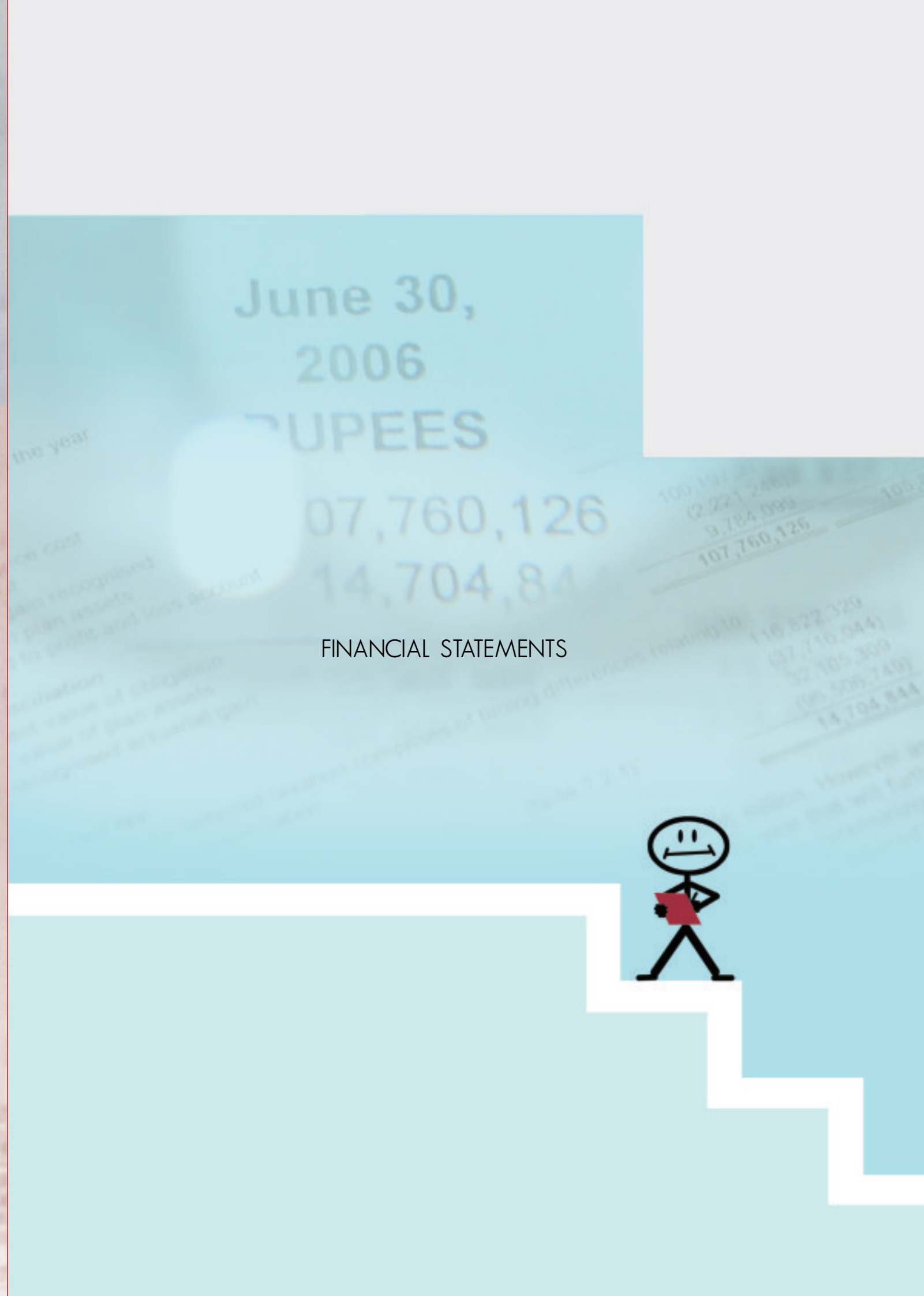
- a) in our opinion, proper books of accounts have been kept by the Company as required by the Companies Ordinance, 1984,
- b) in our opinion :
 - i) the balance sheet and profit and loss account together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984, and are in agreement with the books of account and are further in accordance with accounting policies consistently applied;
 - 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 June 30, 2006 and of the loss, 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, was deducted by the Company and deposited in the Central Zakat Fund established under Section 7 of that Ordinance.

Karachi
September 26th, 2006

GANGAT & CO.
Chartered Accountants



June 30,
2006

RUPEES

07,760,126

14,704,844

FINANCIAL STATEMENTS



BALANCE SHEET AS AT JUNE 30, 2006

	Note	June 30, 2006 Rupees	June 30, 2005 Rupees
CAPITAL AND LIABILITIES			
Share Capital			
Authorised: 55,000,000 (2005: 55,000,000) Ordinary shares of Rs.10/- each		550,000,000	550,000,000
Issued, subscribed & paid up	4	385,835,160	350,759,240
Reserves	5	602,011,976	602,011,976
Unappropriated Profit		888,859,129	941,430,650
Capital & Reserves		1,876,706,265	1,894,201,866
Fair Value Reserve On Investments		4,172,724,111	1,846,174,814
Liabilities Against Assets			
Subject to Finance Lease	6	45,747,722	87,419,968
Deferred Liabilities	7	122,464,970	120,588,827
Current Liabilities			
Creditors, accrued and other liabilities	8	170,700,937	141,882,356
Dividend payable	9	20,823,266	21,074,510
Short term bank finances-secured	10	466,819,984	652,174,581
Current portion of lease liabilities	6	38,728,065	46,529,590
Provision for taxation		14,262,786	13,034,915
		711,335,038	874,695,952
Contingencies And Commitments	11	6,928,978,106	4,823,081,427

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

SYED AAMIR
Chief Executive

BALANCE SHEET AS AT JUNE 30, 2006

	Note	June 30, 2006 Rupees	June 30, 2005 Rupees
PROPERTY AND ASSETS			
Fixed Assets			
Operating Assets	12	793,422,516	470,698,601
Capital work-in-progress	13	8,185,876	275,221,360
		801,608,392	745,919,961
Long Term Investments	14	4,732,985,866	2,505,496,520
Long Term Loans and Advances	15	-	472,115
Long Term Deposits	16	27,391,294	30,013,771
Current Assets:			
Stores and spares	17	103,880,512	92,170,582
Stock-in-trade	18	723,624,248	921,172,584
Short term investments	19	5,292,540	5,573,205
Trade debtors	20	327,523,203	285,444,427
Loans, advances, deposits, prepayments and other receivables	21	172,230,612	179,131,767
Cash and bank balances	22	34,441,439	57,686,495
		1,366,992,554	1,541,179,060
		6,928,978,106	4,823,081,427

ALEEM A. DANI
Director

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED JUNE 30, 2006

	Note	June 30,2006 Rupees	9 months ended June 30,2005 Rupees
Sales	23	1,861,352,483	1,220,919,297
Cost of goods sold	24	(1,761,142,755)	(1,093,553,205)
Gross Profit		100,209,728	127,366,092
Operating Expenses			
Administrative and general	25	74,073,903	50,595,892
Selling and distribution	26	62,155,076	52,530,293
		(136,228,979)	(103,126,185)
Operating (Loss) / Profit		(36,019,251)	24,239,907
Other income	27	121,112,385	506,081,960
Financial charges	28	(75,843,080)	(30,520,726)
Other Charges	29	(50,000)	-
Donation to earthquake relief fund	25.3	(12,432,869)	-
(Loss) / Profit Before Taxation		(3,232,815)	499,801,141
Taxation -Current		(14,262,786)	(13,034,915)
(Loss) / Profit After Taxation		(17,495,601)	486,766,226
Earnings per share - basic and diluted	31	(0.45)	13.88

Appropriations have been reflected in statement of changes in equity.

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

SYED AAMIR
Chief Executive

ALEEM A. DANI
Director

CASH FLOW STATEMENT FOR THE YEAR ENDED JUNE 30, 2006

	June 30,2006 Rupees	9 months ended June 30,2005 Rupees
Cash Flow from Operating Activities:		
(Loss) / Profit before taxation	(3,232,815)	499,801,141
Adjustment for:		
Depreciation	77,094,236	38,704,085
Profit on sale of fixed assets	(13,122,602)	(20,106,563)
Provision for gratuity	15,966,460	13,678,218
Gain on sale of investments	(7,363,522)	(350,596,184)
Income from investments	(99,760,816)	(132,988,055)
Sundry sales & receipts	(824,757)	(2,274,136)
Financial charges	75,843,080	30,520,726
Operating profit before working capital changes	44,599,264	76,739,232
Net Decrease in Working Capital	148,794,981	19,544,186
Cash generated from operations	193,394,245	96,283,418
Payments for:		
Gratuity	(14,090,317)	(13,110,490)
Tax	(15,035,538)	(21,327,215)
Financial charges	(67,774,624)	(27,560,438)
Net cash inflow from Operating Activities (A)	96,493,766	34,285,275
Cash Flow from Investing Activities		
Sales of fixed assets	27,570,402	28,880,082
Purchase of shares	-	(582,534,315)
Sale of shares	106,704,138	577,897,074
Income from investments	127,471,960	134,013,640
Sundry sales & receipts	824,757	2,274,136
Fixed capital expenditure	(147,230,467)	(308,778,202)
Net cash inflow / (outflow) from Investing Activities (B)	115,340,790	(148,247,585)
Cash Flow from Financing Activities		
Dividend paid	(251,244)	(86,450,801)
Finance Lease	(49,473,771)	(34,141,690)
Net cash outflow from Financing Activities (C)	(49,725,015)	(120,592,491)
Net increase / (decrease) in cash and cash equivalents (A+B+C)	162,109,541	(234,554,801)
Cash and cash equivalents at the beginning of the year / period	(594,488,086)	(359,933,285)
Cash and cash equivalents at the end of the year / period	(432,378,545)	(594,488,086)
Movement in Working Capital		
(Increase) / Decrease in Current Assets		
Long term deposits	2,622,477	99,352
Stores and spares	(11,709,930)	(9,499,075)
Stock-in-trade	197,548,336	40,170,109
Trade debts	(42,078,776)	7,430,100
Loans, advances, deposits, prepayments and other receivables	(18,337,251)	17,308,442
	128,044,856	55,508,928
Increase / (Decrease) in Current Liabilities		
Creditors, accrued and other liabilities	20,750,125	(35,964,742)
Net Decrease in Working Capital	148,794,981	19,544,186
Cash and Cash Equivalents		
Cash in hand and balance with banks	34,441,439	57,686,495
Short term bank finances	(466,819,984)	(652,174,581)
Cash and Cash Equivalents at the end of the year / period	(432,378,545)	(594,488,086)

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

SYED AAMIR
Chief Executive

ALEEM A. DANI
Director

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED JUNE 30, 2006**

	CAPITAL RESERVE				REVENUE RESERVE		Fair Value Reserve on Investments	Total
	Share Capital	Merger Reserve	Share Premium	Capital Reserve	Capital Redemption Reserve	Revenue Reserve		
Balance as at October 01, 2004	350,759,240	10,520,929	136,865,545	33,310,918	25,960,000	395,354,584	454,664,424	3,407,256,076
Profit for the period							486,766,226	486,766,226
Transfer to profit and loss account on sale of investments								
Increase in carrying value of investments carried at market value								(192,064,482)
Balance as at June 30, 2005 as restated	350,759,240	10,520,929	136,865,545	33,310,918	25,960,000	395,354,584	941,430,650	3,740,376,680
Appropriations								
Issuance of Bonus shares for the period ended June 30, 2005 in the ratio of 1:10	35,075,920						(35,075,920)	-
Loss for the year							(17,495,601)	(17,495,601)
Transfer to profit and loss account on sale of investments								3,982,336
Increase in carrying value of investments carried at market value								2,322,566,961
Balance as at June 30, 2006	385,835,160	10,520,929	136,865,545	33,310,918	25,960,000	395,354,584	888,859,129	6,049,430,376

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

SYED AAMIR
Chief Executive

ALEEM A. DANI
Director

**NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED JUNE 30, 2006**

1. STATUS AND BUSINESS ACTIVITIES OF THE COMPANY

1.1 The Company and its Operations

Dawood Lawrencepur Limited is a public limited Company and is quoted on Karachi and Lahore Stock Exchanges. It is principally engaged in the manufacture and sale of yarns and fabrics made from natural and man-made fibres and blends thereof.

2. BASIS OF PRESENTATION

2.1 These financial statements have been prepared in accordance with the requirements of the Companies Ordinance, 1984, and Approved Accounting Standards as applicable in Pakistan, unless otherwise disclosed. 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 SECP differ with the requirements of these standards, the requirements of Companies Ordinance, 1984 or the requirements of the said directives take precedence.

2.2 During the year, the Institute of Chartered Accountants of Pakistan issued Circular No. 06/2006 with respect to treatment of proposed dividend, bonus issue and other appropriations. The aforesaid circular requires that the declarations of dividends to holders of equity instrument including declaration of bonus issues and other appropriations except appropriations which are required by law after the balance sheet date, should be recognized in the period in which such dividend and appropriations are approved. Previously, the same were considered as adjusting events and were recorded at the balance sheet date. This change in the accounting policy has been accounted for retrospectively and comparative information has been restated in accordance with the treatment specified in International Accounting Standard - 8 "Change in Accounting Policies, Change in Accounting Estimates and Errors". The effect of this change has been incorporated in these financial statement.

2.3 These financial statements have been prepared under the historical cost 'convention', unless otherwise disclosed.

3. SIGNIFICANT ACCOUNTING POLICIES

3.1 Fixed Assets

Owned

Operating fixed assets, except for freehold land, are stated at cost less accumulated depreciation. Capital work-in-progress, if any, is stated at cost.

Except for leasehold land which is amortized on straight line method at 1 percent, depreciation on operating assets is provided on the diminishing balance method at the rates mentioned in the relevant note.

Cost in relation to certain fixed assets, including capital work in progress, signifies historical cost and financial charges on borrowings for financing the qualifying asset until the same is put to use.

Depreciation is charged from the date of acquisition and upto the date of disposal.

Minor renewals or replacement and repairs and maintenance are expensed. Major renewals or betterments are capitalized. Gains and losses on disposal of assets are reflected in income currently.

Leased

Assets held under finance lease are stated at the lower of present value of minimum lease payment under the lease agreement and the fair value of asset acquired on lease.

The aggregate amount of obligations relating to assets subject to finance lease is accounted for at the net present value of liabilities. Value of leased assets is depreciated over the useful lives of assets using the same rates applicable to the own assets. Depreciation of leased assets is charged to income. The related obligations of leased assets are accounted for as liabilities.

The finance charge is calculated at interest rate implicit in the lease and is charged to the profit and loss account, unless capitalised as stated above.

3.2 Investments

All investments are initially recognised at cost, being the fair value of the consideration given and include transaction costs. These are recognised and classified as follows:

Available for Sale

Investments which are intended to be held for an indefinite period of time but may be sold in response to the need for liquidity or significant change in rate are classified as available for sale.

a) Quoted

The Company is carrying its investment at market value in accordance with the requirement of IAS-39.

Any resulting increase/decrease in the carrying value of investments are transferred to reserves.

b) Unquoted

Except for the investment in Karnaphuli Paper Mills Limited which is stated at nominal value, all other investments are stated at cost, less provision for impairment, if any.

3.3 Stores and Spares

These are valued at lower of average cost and realisable value basis. Provision is made for items considered obsolete and slowmoving. Items in transit are valued at cost comprising invoice price and other charges paid thereon.

3.4 Stock in Trade

Stock-in-trade is valued at the lower of cost and net realisable value except for goods in transit/bond which are stated at cost. Cost of raw material is arrived at on average cost basis while that of work-in-process and finished goods at average production cost. Cost of work-in-process and finished products includes direct materials, direct wages and direct expenses.

Net realisable value signifies the selling prices prevailing in the market less cost necessary to be incurred to make the sale.

3.5 Trade in Debts

Known bad debts are written off, while provisions are made against debts considered doubtful based on review of outstanding amount at the end of the year.

3.6 Impairment

The carrying amounts of the Company's assets are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the assets recoverable amount is estimated and impairment losses are recognized in the profit and loss account.

3.7 Taxation

Taxation is provided at current rates on the basis of profits reflected in the Profit and Loss Account adjusted for fiscal purposes, or turnover tax which ever is higher.

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 the amount used for taxation purposes. 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 or substantially enacted at the balance sheet date. Deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which these can be utilized.

3.8 Staff Retirement Benefits

Gratuity

The company operates a funded gratuity scheme covering its management employees of one unit and an unfunded gratuity scheme for all other eligible employees.

Actuarial valuations are carried out on regular intervals to determine and adjust the liability on the balance sheet date, the following significant assumptions were used for determining the gratuity liability:

Discount rate	8%
Expected rate of salary increase	7%
Expected rate of return on plan assets	7%
Average expected remaining life of employees	5-11 Years

Actuarial gain and losses are recognised as per the recommendation in actuarial valuation report.

Provident Fund

The Company also operates a contributory provident fund scheme covering its management employees of one unit. These benefits are payable to employees on completion of prescribed qualifying period of service under the scheme. Equal contributions are made both by the Company and the employees.

Compensated Absences

The Company accounts for these benefits in the period in which the absences are earned.

3.9 Provisions

Provisions are recognized when the company has a legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate of the amount can be made.

3.10 Foreign Currency Translations

Assets and liabilities in foreign currencies are translated into Pak Rupees at the rates of exchange ruling at the balance sheet date, except those covered against exchange risk which are stated at cover rate. Foreign currency transactions are converted into rupees at the rate of exchange ruling at date of transaction, except those covered under forward contract which are translated at contracted rate.

3.11 Revenue Recognition

Sales are recorded on dispatch of goods to customers.
Income from investments/deposits is recognised on accrual basis.
Dividend income is recognised when right to receive dividend is established.

3.12 Related Party Transactions

The Company enters into transactions with related parties on an arms length basis. Prices

for transactions with related parties are determined using admissible valuation methods.

3.13 Cash and Cash Equivalents

Cash and cash equivalents are carried in the balance sheet at cost. For the purpose of cash flow statement, cash and cash equivalent include cash in hand and with banks and short term bank finances. The fair value of cash and cash equivalents approximates their carrying amount.

3.14 Financial Assets and Liabilities

All financial assets and liabilities are recognised at the time when the Company becomes a party to the contractual provisions of the instrument. Any gain or loss on the recognition and de-recognition of the financial assets and financial liabilities is taken to the profit and loss account currently. Financial assets and liabilities, other than specifically mentioned in these policies, are carried at amortized cost. The fair value of these approximate their carrying amount.

3.15 Off-setting of Financial Assets and Financial Liabilities

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet when there is a legally enforceable right to set-off the recognized amounts and the company intends to either settle on a net basis, or to realize the asset and settle the liability simultaneously and the same is required or permitted by IASs or interpretations thereof.

4. ISSUED, SUBSCRIBED AND PAID UP CAPITAL

2,204,002 (2005 : 2,204,002) Ordinary shares of Rs.10/- each fully paid in cash

12,805,118 (2005 : 12,805,118) Ordinary shares of Rs.10/- each issued with the share-swap ratio to the shareholders of the merging companies.

23,574,396 (2005 : 20,066,804) Ordinary shares of Rs.10/- each fully paid as bonus shares

5. RESERVES

Revenue reserve

Capital reserve

Capital redemption reserve (Note 8.4)
Share premium (Note 5.1)
Merger Reserve
Others

5.1 This reserve can be utilized by the company only for the purposes specified in Section 83(2) of the Companies Ordinance, 1984.

6. LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE

Opening balance
Less : Repayments during the period

Less: Current maturity

	June 30, 2006 Rupees	June 30, 2005 Rupees
2,204,002 (2005 : 2,204,002) Ordinary shares of Rs.10/- each fully paid in cash	22,040,020	22,040,020
12,805,118 (2005 : 12,805,118) Ordinary shares of Rs.10/- each issued with the share-swap ratio to the shareholders of the merging companies.	128,051,180	128,051,180
23,574,396 (2005 : 20,066,804) Ordinary shares of Rs.10/- each fully paid as bonus shares	235,743,960	200,668,040
	<u>385,835,160</u>	<u>350,759,240</u>
Revenue reserve	395,354,584	395,354,584
Capital reserve		
Capital redemption reserve (Note 8.4)	25,960,000	25,960,000
Share premium (Note 5.1)	136,865,545	136,865,545
Merger Reserve	10,520,929	10,520,929
Others	33,310,918	33,310,918
	<u>206,657,392</u>	<u>206,657,392</u>
	<u>602,011,976</u>	<u>602,011,976</u>

	June 30, 2006 Rupees	June 30, 2005 Rupees
Opening balance	133,949,558	168,091,248
Less : Repayments during the period	49,473,771	34,141,690
	<u>84,475,787</u>	<u>133,949,558</u>
Less: Current maturity	38,728,065	46,529,590
	<u>45,747,722</u>	<u>87,419,968</u>

The minimum lease payments have been discounted @ 7% to 16.25% (2005 : 7% to 19.73 %) per annum to arrive at the present value of minimum lease payments. These liabilities are secured against relevant assets and security deposits of Rs.17.86 million (2005: Rs. 21.3 million). The amount of future payments and the period in which they will become due are :

	Minimum lease payments	Financial Charges	Present value of minimum lease payment
	----- Rupees -----		
2006-2007	43,355,286	4,627,221	38,728,065
2007-2008	25,246,140	2,703,088	22,543,052
2008-2009	23,936,353	731,683	23,204,670
	<u>92,537,779</u>	<u>8,061,992</u>	<u>84,475,787</u>

7. DEFERRED LIABILITIES

Gratuity
Deferred Taxation

(Note 7.1)
(Note 7.2)

	June 30, 2006 Rupees	June 30, 2005 Rupees
Gratuity	107,760,126	105,883,983
Deferred Taxation	14,704,844	14,704,844
	<u>122,464,970</u>	<u>120,588,827</u>
7.1 Gratuity dues		
Opening balance	105,883,983	105,316,255
Expense	15,966,460	13,678,218
	<u>121,850,443</u>	<u>118,994,473</u>
Payments during the year	14,090,317	13,110,490
	<u>107,760,126</u>	<u>105,883,983</u>
Expense		
Current service cost	8,427,342	7,803,094
Interest cost	7,986,541	6,404,578
Actuarial gain recognised	(282,886)	(399,673)
Return on plan assets	(164,537)	(129,781)
Charged to profit and loss account	<u>15,966,460</u>	<u>13,678,218</u>
Reconciliation		
Present value of obligation	100,197,275	98,433,031
Fair value of plan assets	(2,221,248)	(2,056,711)
Unrecognised actuarial gain	9,784,099	9,507,663
	<u>107,760,126</u>	<u>105,883,983</u>
7.2 Deferred tax		
The liability for deferred taxation comprises of timing differences relating to :		
Accelerated tax depreciation	116,822,329	51,044,631
Provision for gratuity	(37,716,044)	(37,059,394)
Finance lease	32,105,309	20,730,707
Tax losses	(96,506,749)	(20,011,100)
	<u>14,704,844</u>	<u>14,704,844</u>

7.2.1. The cumulative unabsorbed tax losses amounts to Rs. 403.26 million. However as a matter of prudence and considering significant capital expenditure in the following year that will further increase unabsorbed losses, the management have only considered Rs. 275.73 million in determining the deferred tax balance. Has the entire unabsorbed tax loss been considered in computing the deferred tax balance, there would be no deferred tax liability.

8. CREDITORS, ACCRUED AND OTHER LIABILITIES

		June 30, 2006 Rupees	June 30, 2005 Rupees
Deposits	(Note 8.1)	1,004,368	1,053,371
Creditors	(Note 8.2)	36,551,683	27,359,189
Accrued expenses	(Note 8.2)	85,802,866	73,590,172
Accrued markup on bank finances - secured		13,719,528	5,651,072
Provision for Workers' Profit Participation Fund (Note 8.3)		-	-
Advance from customers and others		1,267,265	1,687,051
Withholding tax		307,687	383,744
Due to Islamic Development Bank	(Note 8.4)	25,960,000	25,960,000
Others	(Note 8.2)	6,087,540	6,197,757
		170,700,937	141,882,356

8.1 All deposits are re-payable on demand and no interest is payable thereon.

8.2 These includes amount due to following related parties.

	June 30, 2006 Rupees	June 30, 2005 Rupees
Dawood Foundation	17,200	133,999
Dawood Corporation (Pvt) Limited	4,873,074	-
Dawood Hercules Chemicals Limited	-	833,776
Sach International (Pvt.) Limited	2,789,228	-
Central Insurance Company Limited	207,419	-

8.3 Workers' Profit Participation Fund

	June 30, 2006 Rupees	June 30, 2005 Rupees
Opening balance	-	279,105
Provision of interest on WPPF for the year	-	25,432
	-	304,537
Less: Paid during the year	-	(304,537)
Closing balance	-	-

8.4 This represents preference share capital of one of the merging company namely Lawrencepur Woollen and Textile Mills Limited issued to Islamic Development Bank with right to redeem. The merging company had served notice to the Bank for redemption before the scheme of amalgamation was approved and as such the same has been classified as liability and redemption reserve has been created.

9. DIVIDEND PAYABLE

Unclaimed dividend	20,823,266	21,074,510
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10. SHORT TERM BANK FINANCES-SECURED

This represents running finance facilities of Rs. 1,290 million (2005 : Rs. 1,290 million) obtained from commercial banks and are secured against pledge of 3,985,000 shares (2005: 5,170,000 shares) of Sui Northern Gas Pipelines Limited and hypothecation of stock in trade. The rate of markup ranges from 0.25% to 1.00% above monthly / quarterly KIBOR rate (2005: 0.5% to 1.00%) per annum.

11. CONTINGENCIES AND COMMITMENTS**11.1 Contingencies**

The Company is contingently liable against the guarantees and the counter guarantees amounting to Rs 36.73 million (2005: Rs 37.39 million) and indemnity bonds amounting to Rs Nil (2005: Nil). These are secured against guarantee margin, investment in NIT and lien over current account.

The Company is in litigation on different issues, the outcome of which cannot be reliably measured as the cases are pending adjudication before various appellate forums.

11.2 Commitments

The Company has letter of credit commitments for capital expenditures amounting to Rs 97.78 million (2005 : Rs. 107.64 million).

The Company has letter of credit commitments for purchases amounting to Rs 6.08 million (2005: Rs 34.21 million).

12. OPERATING ASSETS

PARTICULARS	C O S T			D E P R E C I A T I O N						
	As at July 1, 2005	Additions During the year	Deleted/Sold during year	As at June 30, 2006	As at July 1, 2005	Provided during the year	On Sale / (deletion)	Accumulated Depreciation upto June 30, 2006	Book value As at June 30, 2006	Dep Rate %
PROPERTY PLANT AND EQUIPMENT										
Owned Assets										
Land -Free hold	3,156,616	-	-	3,156,616	-	-	-	-	3,156,616	-
-Lease hold	1,080,702	-	-	1,080,702	443,812	10,808	-	454,620	626,082	-
Building - on free hold land	66,539,276	3,204,730	-	69,744,006	54,737,357	1,483,920	-	56,221,277	13,522,729	5-10%
- on lease hold land	38,445,858	4,620,027	-	43,065,885	31,326,149	1,050,636	-	32,376,785	10,689,100	10%
Plant & Machinery	1,013,099,063	392,676,766	(58,730,191)	1,347,045,638	782,687,758	53,430,243	(49,392,448)	786,725,553	560,320,085	10-20%
Furniture & fixtures and office equipment	20,123,329	8,046,208	(4,145)	28,165,392	13,005,973	1,281,297	(551)	14,286,719	13,878,673	10-15%
Electric installations	50,967,234	-	(14,254,766)	36,712,468	39,412,435	1,034,412	(9,760,942)	30,685,905	6,026,563	10%
Tools and equipment	2,808,041	-	-	2,808,041	2,310,928	55,281	-	2,366,209	441,832	10%
Vehicles	18,733,385	5,718,220	(2,773,150)	21,678,455	13,517,539	1,772,732	(2,160,511)	13,129,760	8,548,695	20-25%
Leased Assets										
Vehicles	828,190	-	-	828,190	554,264	-	-	554,264	273,926	20%
Plant and Machinery	220,962,301	-	-	220,962,301	28,056,079	16,974,907	-	45,030,986	175,931,315	10%
	1,436,743,995	414,265,951	(75,762,252)	1,775,247,694	966,052,294	77,094,236	(61,314,452)	981,832,078	793,415,616	
INTANGIBLE										
Trade marks	24,190	-	-	24,190	17,290	-	-	17,290	6,900	
Total 2006 Rupees	1,436,768,185	414,265,951	(75,762,252)	1,775,271,884	966,069,584	77,094,236	(61,314,452)	981,849,368	793,422,516	
Total 2005 Rupees	1,460,180,719	33,556,842	(56,969,376)	1,436,768,185	975,561,356	38,704,085	(48,195,857)	966,069,584	470,698,601	

12.1 The Company is in the processes of transferring Land and other assets in the name of Dawood Lawrencepur Limited

12.2 Depreciation/Amortization has been charged to:
Cost of goods sold
Administrative and general expenses
Selling and distribution expenses

	June 30, 2006 Rupees	June 30, 2005 Rupees
Cost of goods sold	75,301,189	37,893,500
Administrative and general expenses	1,253,015	637,384
Selling and distribution expenses	540,032	173,201
	77,094,236	38,704,085

12.3 Details of Fixed Assets Sold During the Year

Particulars	Original Cost	Accumulated Depreciation	Written Down Value	Sales Proceeds	Profit	Mode of disposal	Sold to
Plant & Machinery	41,072,826	33,237,745	7,835,081	13,604,906	5,769,825	Negotiation	M/s. Fomo Tex
Plant & Machinery	2,032,870	1,776,504	256,366	673,365	416,999	Negotiation	M/s. Fomo Tex
Plant & Machinery	15,624,495	14,378,199	1,246,296	7,500,000	6,253,704	Negotiation	M/s. SAF & Company
Furniture & fixtures and office equipment	4,145	551	3,594	3,594	-	As per Company Policy	Employee
Electric installations	14,254,766	9,760,942	4,493,824	4,721,729	227,905	Negotiation	M/s. Fomo Tex
Vehicle	184,500	183,000	1,500	298,000	296,500	Negotiation	Mr. Muhammad Jehangir
Vehicle	256,000	215,296	40,704	50,000	9,296	As per Company Policy	Employee
Vehicle	363,000	246,939	116,061	116,061	-	As per Company Policy	Employee
Vehicle	69,000	39,913	29,087	29,087	-	As per Company Policy	Employee
Vehicle	454,000	311,639	142,361	156,597	14,236	As per Company Policy	Employee
Vehicle	95,000	88,045	6,955	16,455	9,500	As per Company Policy	Employee
Vehicle	478,000	370,477	107,523	155,323	47,800	As per Company Policy	Employee
Vehicle	873,650	705,202	168,448	245,285	76,837	As per Company Policy	Employee
Total 2006 Rupees	75,762,252	61,314,452	14,447,800	27,570,402	13,122,602		
Total 2005 Rupees	56,969,376	48,195,857	8,773,519	28,880,082	20,106,563		

	June 30, 2006 Rupees	June 30, 2005 Rupees
13. CAPITAL WORK-IN-PROGRESS		
Plant and Machinery (Note 13.1)	-	267,510,775
Building (Note 13.1)	7,585,876	5,733,085
Advance against purchase of vehicles	600,000	1,977,500
	<u>8,185,876</u>	<u>275,221,360</u>

13.1 The above includes borrowing cost capitalised amounting to Rs. Nil (2005 : Rs.4.17 million).

14. LONG TERM INVESTMENTS

Available for Sale

Quoted

Related Parties

Dawood Hercules Chemicals Ltd.
13,418,027 (2005 : 11,667,850) Ordinary shares of Rs.10/- each
Equity held 16.19 % (2005 : 16.19 %)
Market-value Rs.3,965,026,979 (2005: Rs.1,936,863,100)

Sui Northern Gas Pipelines Ltd.
7,566,700 (2005 : 9,122,300) Ordinary shares of Rs.10/- each
Equity held 1.52 % (2005 : 1.8%)
Market value Rs. 756,670,000 (2005:Rs. 559,196,990)

Others

Sui Southern Gas Company Ltd.
55,310 (2005 : 55,310) Ordinary shares of Rs.10/-each
Market value Rs. 1,602,884 (2005:Rs. 1,280,427)

National Investment Trust
Units 200,000 (2005 : 200,000) of Rs. 10/- each
Market value Rs. 9,670,000 (2005 : Rs.8,140,000)

Increase in carrying value of Investments carried at market value

Opening balance

During the year

Closing balance

	65,294,230	65,294,230
	483,193,699	582,534,315
	548,487,929	647,828,545
	698,313	698,313
	2,440,000	2,440,000
	3,138,313	3,138,313
	551,626,242	650,966,858
	1,854,513,659	2,002,935,140
	2,326,829,962	(148,421,481)
	4,181,343,621	1,854,513,659
	4,732,969,863	2,505,480,517
	3	3
	1,000	1,000
	15,000	15,000
	<u>4,732,985,866</u>	<u>2,505,496,520</u>

Unquoted

Karnaphuli Paper Mills Ltd.
795,000 (2005:795,000) Ordinary shares of Rs.10/-each

Mianwali Central Co-operative Bank Ltd.
100 (2005 : 100) Ordinary shares of Rs.10/- each

Asian Co-operative Society Ltd.
1,500 (2005:1,500) Ordinary shares of Rs.10/- each

	June 30, 2006 Rupees	June 30, 2005 Rupees
15. LONG TERM LOANS AND ADVANCES-CONSIDERED GOOD		
Due from employees (Note 15.1)		
Opening balance	790,031	1,011,492
Received during the year / period	(623,493)	(221,461)
	166,538	790,031
Receivable within one year	(166,538)	(317,916)
Considered good	-	472,115

15.1 The above loan are given to employees for house furnishing, purchase of household appliances and marriage loan in accordance with company policy and are repayable in 5 years. These advances are secured against gratuity dues and carries interest at the rate of 0.39 paisas per rupees thousand per day.

15.2 The maximum amount due from executives at the end of any month during the year was Rs. Nil (2005 : Nil)

16. LONG TERM DEPOSITS

This includes lease security deposits of Rs.17,862,238 (2005 : 21,297,587).

17. STORES AND SPARES

Stores	52,730,330	45,264,391
Stores in transit	-	2,045,967
Spares	51,150,182	44,860,224
	<u>103,880,512</u>	<u>92,170,582</u>

18. STOCK IN TRADE

Raw materials	264,062,538	330,904,991
Raw materials in transit	339,580	556,291
Work in process	93,957,445	107,400,527
Finished goods	361,163,774	482,310,775
Trading goods	4,100,911	-
	<u>723,624,248</u>	<u>921,172,584</u>

19. SHORT TERM INVESTMENTS - AVAILABLE FOR SALE

Southern Electric Co. Ltd 801,900 (2005 : 801,900) Ordinary shares of Rs.10/- each Market value Rs. 5,292,540 (2005 : Rs. 5,573,205)	13,912,050	13,912,250
	13,912,050	13,912,050
Decrease in carrying value of Investments carried at market value	(8,619,510)	(8,338,845)
	<u>5,292,540</u>	<u>5,573,205</u>

20. TRADE DEBTORS

Trade debtors (unsecured)	329,447,168	287,368,392
Less: Provision for doubtful debts	(1,923,965)	(1,923,965)
Considered good	<u>327,523,203</u>	<u>285,444,427</u>

The amount due and maximum aggregate amount due from related parties at the end of any month during the year are as follows:

	Amount Outstanding	Maximum month end balance
2006		
Sach International (Pvt) Limited	13,176,914	22,037,339
Dawood Hercules Chemicals Limited	875,605	7,755,420
2005		
Sach International (Pvt) Limited	1,21,810	21,734,910
Dawood Hercules Chemicals Limited	8,671,287	8,671,287
21. LOANS, ADVANCES, DEPOSITS PREPAYMENTS AND OTHER RECEIVABLES	June 30, 2006 Rupees	June 30, 2005 Rupees
Unsecured- Considered good		
Loans and advances due from employees (Including current maturity)	1,901,226	3,134,542
Advances to suppliers and others (Note 21.1)	6,738,933	2,105,550
Letters of credit	2,343,313	265,547
Income tax	124,953,634	122,953,011
Sales tax	18,710,696	3,599,492
Excise duty	90,920	90,920
Security deposits	2,385,001	3,603,878
Prepayments	591,430	5,290,312
Employees Provident Fund	-	8,043,592
Insurance claim (Note 21.1)	-	1,958,147
Dividend receivable (Note 21.1)	-	27,711,144
Others	14,515,459	375,632
	<u>172,230,612</u>	<u>179,131,767</u>
21.1 The amount due and maximum aggregate amount due from related parties at the end of any month during the year are as follows	June 30, 2006 Rupees	9 months ended June 30, 2005 Rupees
2006		
Central Insurance Company Limited	222,310	3,943,869
Dawood Hercules Chemicals Limited	318,088	1,358,088
2005		
Central Insurance Company Limited	1,263,657	1,959,771
Dawood Hercules Chemicals Limited	27,711,144	38,956,614
Dawood Corporation (Pvt) Limited	39,497	154,787
Dawood Foundation	-	4,604
22. CASH AND BANK BALANCES		
In Hand	1,764,748	1,847,280
At Banks in current accounts	23,095,876	37,792,721
At Banks in deposit accounts	9,580,815	18,046,494
	<u>34,441,439</u>	<u>57,686,495</u>
23. SALES		
Local	1,845,895,743	1,238,844,014
Export	20,065,548	137,873,313
Trading goods	4,484,748	-
Sales Tax	219,784	148,967,145
Brokerage, commission and discount	8,873,772	6,830,885
	<u>(9,093,556)</u>	<u>(155,798,030)</u>
	<u>1,861,352,483</u>	<u>1,220,919,297</u>

24. COST OF GOODS SOLD

RAW MATERIALS:

	June 30, 2006 Rupees	9 months ended June 30, 2005 Rupees
Opening inventory	330,904,991	443,156,577
Purchases	909,880,384	609,135,173
	<u>1,240,785,375</u>	<u>1,052,291,750</u>
Less: Closing inventory	(264,062,538)	(330,904,991)
Raw materials consumed	976,722,837	721,386,759

OTHER COSTS:

Cloth and yarn purchased	230,638	1,867,980
Salaries, wages and allowances (Note 24.1)	214,285,897	150,952,713
Stores and spares consumed	82,696,334	64,865,345
Electricity, gas and water consumed	253,857,915	173,953,812
Yarn conversion cost	4,808,974	887,276
Depreciation	75,301,189	37,893,500
Insurance	10,958,508	7,616,030
Repair and maintenance	5,682,773	4,265,139
Rent, rates and taxes	2,537,733	2,624,975
Workers' welfare	3,405,725	2,095,335
Other expenses	5,203,038	4,069,926
	<u>1,635,691,561</u>	<u>1,172,478,790</u>

Add: Opening work in process	107,400,527	83,760,291
Less: Closing work in process	(93,957,445)	(107,400,527)
COST OF PRODUCTION	<u>1,649,134,643</u>	<u>1,148,838,554</u>

Less: Transfer for donation to earthquake relief fund	(12,432,869)	-
	<u>1,636,701,774</u>	<u>1,148,838,454</u>

Add: Opening inventory of finished goods	482,310,775	427,025,426
Less: Closing inventory of finished goods	(361,163,774)	(482,310,775)
	<u>1,757,848,775</u>	<u>1,093,553,205</u>

Cost of sales - Trading goods (Note 24.2)	3,293,980	-
	<u>1,761,142,755</u>	<u>1,093,553,205</u>

24.1 This includes staff retirement benefits of Rs. 12,932,833 (2005 : Rs.11,426,867)

24.2 Cost of sales - Trading goods		
Opening inventory	-	-
Purchase	7,394,891	-
	<u>7,394,891</u>	<u>-</u>
Less: Closing inventory	(4,100,911)	-
	<u>3,293,980</u>	<u>-</u>

25. ADMINISTRATIVE AND GENERAL EXPENSES

Salaries and allowances (Note 25.1)	42,936,969	30,584,783
Printing and stationery	2,802,600	1,629,012
Rent, rates and taxes	6,703,326	2,700,313
Electricity and gas	2,344,903	2,102,615
Conveyance and travelling	6,989,203	5,180,370
Postage, fax and telephone	4,340,884	2,428,612
Insurance	993,155	700,376
Repair and maintenance	1,037,529	1,175,533
Legal and professional charges (Note 25.2)	2,223,290	1,273,950
Fees and subscription	610,132	982,900
Advertisement	66,000	3,669
Entertainment	794,662	445,920
Depreciation	1,253,015	637,384
Charity & Donation (Note 25.3)	45,000	-
Other miscellaneous expenses	933,235	750,455
	<u>74,073,903</u>	<u>50,595,892</u>

	June 30,2006 Rupees	9 months ended June 30,2005 Rupees
25.1 This includes staff retirement benefits of Rs. 2,985,728 (2005 : Rs.2,641,717)		
25.2 This includes:		
Audit Fee	300,000	300,000
Review and other certification fee	60,000	60,000
	<u>360,000</u>	<u>360,000</u>
25.3 None of the Directors of the Company or any of their spouses have any interest in or are otherwise associated with any of the recipients of donations made by the Company during the year.		
26. SELLING AND DISTRIBUTION EXPENSES		
Storage and forwarding charges	5,945,785	8,939,237
Salaries and allowances (Note 26.1)	10,771,214	6,612,725
Printing and stationery	1,055,914	1,547,482
Rent, rates and taxes	8,526,233	2,950,741
Electricity and gas	847,636	399,960
Conveyance and travelling	1,163,501	1,175,365
Postage, fax and telephone	706,017	729,131
Freight and Insurance	2,194,443	3,233,060
Repair and maintenance	311,504	126,535
Loading and unloading charges	70,631	48,177
Depreciation	540,032	173,201
Entertainment	226,489	138,208
Terminal tax and transportation charges	2,622,671	1,878,189
Advertisement charges	24,370,286	22,285,146
Packing charges	381,934	939,071
Other miscellaneous expenses	2,420,786	1,354,065
	<u>62,155,076</u>	<u>52,530,293</u>
26.1 This includes staff retirement benefits of Rs. 47,889 (2005 : Rs.56,434)		
27. OTHER INCOME		
(i) Dividend Income		
Dawood Hercules Chemicals Ltd.	70,007,320	122,512,425
Engro Chemicals Pakistan Ltd.	-	9,117,310
Sui Northern Gas Co. Ltd.	27,366,900	-
Sui Southern Gas Co. Ltd.	82,965	82,965
NIT Units	660,000	-
	<u>98,117,185</u>	<u>131,712,700</u>
(ii) Profit / Interest Income		
Profit / Interest on Call/Time/Security Deposits	1,166,452	931,274
Interest on Deposits with KESC/SSGC	477,179	344,081
	<u>1,643,631</u>	<u>1,275,355</u>
Profit on sale of fixed assets	13,122,602	20,106,563
Capital gain on sale of shares	7,363,522	350,596,184
Exchange gain	40,688	117,022
Sundry sales and receipts	824,757	2,274,136
	<u>121,112,385</u>	<u>506,081,960</u>
28. FINANCIAL CHARGES		
Markup on bank finances	60,763,870	19,354,239
Lease financial charges	8,403,529	8,981,649
Bank charges	2,007,042	2,159,406
Interest on WPPF	-	25,432
Local L/C bill discount charges	4,668,639	-
	<u>75,843,080</u>	<u>30,520,726</u>

29. OTHER CHARGES

Zakat

June 30,2006
Rupees9 months ended
June 30,2005
Rupees

50,000

-

29.1 The provision for Workers' profit participation fund is based on profits caused by business and excludes non operating income as advised by the legal advisors.

30. RECONCILIATION OF TAX CHARGE FOR THE YEAR

Tax on accounting profit	35.00%	35.00%
Tax effect of expenses that are not deductible in determining taxable income	-834.66%	2.71%
Tax effect of payments allowed as expenses in determining taxable income	3312.18%	-4.79%
Tax effect of income exempt from tax	79.72%	-24.55%
Tax effect of applicability of lower rate of tax	910.51%	-7.90%
Tax effect of minimum tax liability	-3943.94%	2.14%
	<u>-441.19%</u>	<u>2.61%</u>

31. EARNINGS PER SHARE

Net (loss) / profit after tax	(17,495,601)	486,766,226
Average ordinary shares in issue	38,583,516	35,075,924
Earnings per share - basic and diluted	(0.45)	13.88

32. EMOLUMENTS OF CHIEF EXECUTIVE AND EXECUTIVES

The aggregate amount charged in the accounts for the year for emoluments including all benefits were as under:

	Chief Executive	Executives	Total
Remuneration	2,035,008	6,802,924	8,837,932
House rent allowance	270,000	2,598,555	2,868,555
Utilities	203,496	679,962	883,458
Other allowances	203,496	782,512	986,008
2006 - Rupees (12 months)	<u>2,712,000</u>	<u>10,863,953</u>	<u>13,575,953</u>
2005 - Rupees (9 months)	<u>3,058,194</u>	<u>6,147,398</u>	<u>9,205,592</u>
No. of persons			
2006	1	11	12
2005	1	6	7

32.1 Chief Executive, Directors and some senior executives are provided with free use of cars owned and maintained by the company and some other benefits in accordance with the company policy.

33. TRANSACTIONS WITH RELATED PARTIES**INSURANCE PREMIUM**

Central Insurance Company Limited

June 30,2006
Rupees9 months ended
June 30,2005
Rupees

11,887,335

12,102,088

RENTAL CHARGES

Dawood Foundation

10,791,960

3,797,019

STORAGE CHARGES

Dawood Corporation (Pvt) Limited

2,745,537

593,469

SALE

Sach International (Pvt) Limited

3,988,750

24,913,393

Dawood Hercules Chemicals Limited

-

10,271,062

PURCHASE

Sach International (Pvt) Limited

7,302,461

284,974

DIVIDEND

Dawood Hercules Chemicals Limited

70,007,319

122,512,425

34. PRODUCTION AND INSTALLED CAPACITY

The exact capacity of the plant is indeterminable. The achievable capacity depends on the type of materials used, the present working condition of the machinery, specification of various products manufactured from time to time and power break downs etc.

		2006		2005	
		Capacity (12 months) (in thousands)	Actual	Capacity (9 months) (in thousands)	Actual
Polyester yarn	Kg.	1,400	1,351	1,050	1,067
Yarn	Kg.	25,619	14,082	17,135	11,276
Cloth	Mtr.	5,060	2,035	6,396	1,173

Reason for underutilisation: Due to low demand of cotton yarn and other economic factors.

35. FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

35.1 Financial Assets and Liabilities

	Interest/Markup Bearing			Non Interest/Markup Bearing			Total 2006	Total 2005	Effective Rate %
	Less than one year	Over one year	Sub-Total	Less than one year	Over one year	Sub-Total			
	Long term Investments	-	-	-	-	4,732,985,866	4,732,985,866	4,732,985,866	2,505,496,520
Long term loans and advances	166,538	-	166,538	-	-	-	166,538	790,031	14%
Long term deposits	-	6,421,591	6,421,591	-	20,969,703	20,969,703	27,391,294	30,013,771	5%
Short term Investments	-	-	-	5,292,540	-	5,292,540	5,292,540	5,573,205	
Trade debtors	-	-	-	327,523,203	-	327,523,203	327,523,203	285,444,427	
Loan, advances, deposits, prepayments & other receivables	-	-	-	27,717,394	-	27,717,394	27,717,394	46,880,116	
Cash and bank balances	9,580,815	-	9,580,815	24,860,624	-	24,860,624	34,441,439	57,686,495	0.75-8%
	9,747,353	6,421,591	16,168,944	385,393,761	4,753,955,569	5,139,349,330	5,155,518,274	2,931,884,565	
Financial Liabilities									
Lease liabilities	38,728,065	45,747,722	84,475,787	-	-	-	84,475,787	133,949,558	7-16.3%
Short term bank finance	466,819,984	-	466,819,984	-	-	-	466,819,984	652,174,581	6.2-9.7%
Creditors, accrued & other liabilities	-	-	-	170,700,937	-	170,700,937	170,700,937	141,882,356	
Dividend	-	-	-	20,823,266	-	20,823,266	20,823,266	21,074,510	
	505,548,049	45,747,722	551,295,771	191,524,203	-	191,524,203	742,819,974	949,081,005	

35.2 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. Other than cash and bank balance, all other financial assets are subject to credit risk. The Company applied credit limits to its customers and does not have significant exposure to any individual customer.

35.3 Interest rate risk

Interest rate risk arises from the possibility that changes in interest rates will effect the value of financial instruments. The Company is not exposed to any interest rate risk due to the fact that funds are borrowed at fixed market based rates.

35.4 Fair Values of financial instruments

The carrying value of all the financial instruments reported in the financial statements approximate their fair value. This assessment is based on settlement / realisable value.

35.5 Liquidity risk

Liquidity risk is the risk that an enterprise will encounter difficulty in raising funds to meet its commitments. Due to effective working capital management policy, the Company aims at maintaining flexibility in funding by keeping committed credit lines available.

36. AUTHORISATION OF FINANCIAL STATEMENTS AND APPROPRIATIONS

These financial statements were authorised for issue on September 26, 2006 by the Board of Directors. The Board of Directors have proposed the issue of bonus shares in the ratio of 1:10 (one share for each ten held) .

37. NUMBER OF EMPLOYEES

Number of employees as at year end 3,399 (2005 : 3,668).

38. GENERAL

38.1 Previous year figures have been rearranged and reclassified, wherever necessary, for the purpose of comparison statements.

38.2 Figures have been rounded off to the nearest rupee.

SYED AAMIR
Chief Executive

ALEEM A. DANI
Director

**PATTERN OF SHAREHOLDING
AS AT JUNE 30, 2006**

Shareholding Range		Number of Shareholders	Total Shares Held
From	To		
1	100	3199	120,232
101	500	1804	431,969
501	1,000	578	404,535
1,001	5,000	640	1,419,705
5,001	10,000	87	568,342
10,001	15,000	22	263,293
15,001	20,000	22	383,176
20,001	25,000	5	111,020
25,001	30,000	2	55,569
30,001	35,000	5	163,667
35,001	40,000	3	109,404
40,001	45,000	1	41,709
65,001	70,000	2	133,967
70,001	75,000	1	72,708
90,001	95,000	1	91,200
105,001	110,000	1	105,600
130,001	135,000	1	133,277
210,001	215,000	1	214,892
215,001	220,000	1	215,074
230,001	235,000	1	232,280
245,001	250,000	1	245,726
285,001	290,000	1	289,481
325,001	330,000	1	326,994
345,001	350,000	1	349,640
415,001	420,000	1	418,000
470,001	475,000	1	470,264
525,001	530,000	1	528,237
665,001	670,000	1	666,496
695,001	700,000	1	698,454
705,001	710,000	1	706,471
765,001	770,000	2	1,537,580
820,001	825,000	1	825,000
865,001	870,000	1	868,796
870,001	875,000	1	870,538
880,001	885,000	3	2,647,542
890,001	895,000	1	892,281
1,165,001	1,170,000	1	1,169,873
1,630,001	1,635,000	1	1,633,139
1,650,001	1,655,000	1	1,652,055
6,100,001	6,105,000	1	6,100,260
10,415,001	10,420,000	1	10,415,070
TOTAL		6401	38,583,516

Categories of Shareholders as at June 30, 2006	Number of Shareholders	Total Shares Held	Percentage
Individuals	5,857	16,058,440	41.62
Investment Companies	6	8,432	0.02
Insurance Companies	8	2,934,307	7.61
Joint Stock Companies	37	16,029,959	41.55
Financial Institutions	15	1,183,966	3.07
Modaraba Company	1	35,323	0.09
Mutual Fund	1	1,513	0.00
Others			
Trusts (Charitable Organisation)	8	2,173,475	5.63
Co-Operative Societies	465	66,894	0.18
Administrator, Abandoned Properties Organisation	1	90,142	0.23
Administrator General of Sindh	1	1,046	0.00
Kukab Agencies (Pakistan)	1	19	0.00
Total	6,401	38,583,516	100.00

PATTERN OF SHAREHOLDING AS AT JUNE 30, 2006
Disclosure Required under Code of Corporate Governance

	<u>Shares held</u>
1) Directors and CEO	
Hussain Dawood (Chairman)	6,100,260
Muhammad Saleem Farooqui (Chief Executive)	1,100
Isar Ahmad (Director)	1,000
Aleem Ahmad Dani (Director)	1,100
A.Samad Dawood (Director)	868,796
Shahzada Dawood (Director)	870,538
Haroon Mehanti (Director)	10,002
2) Related Parties	
Central Insurance Co. Ltd.	2,144,089
Dawood Corporation (Pvt) Ltd.	13,825,265
Sach International (Pvt) Ltd.	5,151
Dawood Industries (Pvt) Ltd.	421,950
Patek (Pvt) Ltd.	816,257
Dawood (Pvt) Ltd.	825,000
3) N I T and I C P	
National Bank of Pakistan Trustee Deptt.	703,919
Investment Corporation of Pakistan	19,968
4) Banks, DFI, NBF, Insurance Companies, Modaraba and Mutual Funds	1,287,133
5) Investment Companies	8,432
6) Joint Stock Companies	136,336
7) Others	
Charitable Institutions / Trusts	2,173,475
Co-operative Societies	66,894
Administrator General of Sindh	1,046
Kaukab Agencies (Pakistan)	19
Administrator, Abandoned Properties Organisations	90,142
8) Shareholders holding ten percent or more shares	
Dawood Corporation (Pvt) Ltd.	13,825,265
Hussain Dawood	6,100,260



For Comments and Feedback
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