

Al-Asif Sugar Mills Limited

Annual Report 1999

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COMPANY PROFILE

BOARD OF DIRECTORS: KAZI AMJAD ABID ABBASI (Chief Executive)
M. ARSHAD MIRZA
MRS. HUSNA AMJAD KAZI
ALI AKBAR JUNEJO
SYED VAQAR HASSAN
SHAIKH AFTAB AHMED (Rep: I.D.B.P.)
SAMIR AHMED (Rep: N.I.T.)
M. SHAIKH M. ASLAM (Rep: N.I.T.)

COMPANY SECRETARY MUHAMMAD BAQIR JAFFERI

BANKERS NATIONAL BANK OF PAKISTAN
HABIB BANK LIMITED
MUSLIM COMMERCIAL BANK LTD.
UNITED BANK LTD.

AUDITORS M/S. RAHIM IQBAL RAFIQ & CO.
CHARTERED ACCOUNTANTS - KARACHI.

REGISTERED OFFICE 4TH FLOOR, BANK HOUSE NO. 2,
HABIB SQUARE, M.A. JINNAH ROAD,
KARACHI.

FACTORY ASIFABAD P.O. GARHO,
DISTRICT THATTA.

NOTICE OF MEETING

Notice is hereby given that the 16th Annual General Meeting of the Company will be held at 4th floor, Bank House No. 2, Habib Square, M. A. Jinnah Road, Karachi on Friday 31st March 2000 at 19:30.

1. To confirm the minutes of the 15th Annual General Meeting held on 31-05-99.
2. To receive, consider and adopt the Audited Accounts for the year ended 30-09-99 together with the directors and auditors report thereon.
3. To elect the directors of the Company for a period of (03) Three years commencing from 23rd June 2000 in accordance with the provision of the Companies Ordinance, 1984 in place of retiring directors namely Messrs. Kazi Amjad Abid Abbasi, M. Arshad Mirza, Ali Akber Junejo, Syed Vaqar Hassan, Husna Amjad Kazi, Shaikh Aftab Ahmed (Rep: I.D.B.P.), Samir Ahmed (Rep: N.I.T.) and M. Shaikh M. Aslam (Rep: N.I.T). All retiring directors shall be eligible to offer themselves for re-election.
4. To appoint auditors for the years 1999-2000 and to fixed their remuneration, the retiring auditors M/s. Rahim Iqbal Rafiq & Co. Chartered Accountants have offered themselves for reappointment.
5. To transact any other business of the company that may be brought forward with permission of the chairman.

BY ORDER OF THE B

(MOHAMMAD BAQIR J
Company Secreta

Karachi the dated 2nd March, 2000

NOTES:

1. The Share transfer books of the Company will remain closed from 30-03-2000 to 05-04-2000 (both days inclusive).
2. A member entitled to attend and vote at the Annual General Meeting is entitled to appoint a proxy to attend and vote on his behalf. Form of proxies in order to be valid must be received at registered office of the company 48 hours before the time of the meeting. A proxy must be a member of the company.
3. Shareholders are requested to notify any change in address immediately.

DIRECTOR'S REPORT

DEAR SHAREHOLDERS

In the name of Allah The Most Gracious and Merciful your directors feel privilege to present the 16th Annual Report and the audited accounts together with the auditors report thereon for the year ended September 30, 1999. The financial results of the company of the year under report are as under:

Sales	Rs. 285,646,323
Operating Loss	Rs. 33,951,851
Loss before Taxation	Rs. 58,493,397

Loss after taxation	Rs 59,850,730
Accumulated loss	Rs. 665,002,267

CANE CRUSHING & PRODUCTION

As your mill restarted after a gap of four years on 24th November, 1998 it had to face consequences of its long closure i.e. shortage of sugarcane in the vicinity and other infrastructures. Despite all hurdles your mill crushed 208870.630 M.Tons sugarcane by producing 19042 M. Tons refined sugar with an average recovery of 9.033 %.

a) Cost of production

There was no cane in the mill vicinity due to its continuous four years closure as a result of which we could not crush our anticipated figure. As the cane was short in our area, we had to augment our supplies from adjoining areas in a "Price War" with the competitive mills. Our average purchase price per 40 kg was higher as compared to the government support price of Rs.36 per 40 kg. This excessive element of Transportation substantially increased our cost of production and ultimately added to our losses.

b) Repairs & maintenance

We have to incur a huge expense on the repairs and maintenance while restarting the mills which was closed since February, 1995. Major replacements and modifications were carried out which impacted the profitability for the year under report.

c) Sales

In the year under review there was surplus stock of sugar available in the market, therefore sugar prices were very low. Your Directors made their utmost efforts to sell sugar regularly at the higher available market prices to meet day to day needs of the mills.

d) Financial Charges

Although most of the long term loans had been rescheduled and restructured under the S.B.P incentive scheme with a moratorium period of 18 months in 1997 yet we could not get the required advantage as the moratorium period was expired soon after taking over the management. Consequently, we have to account for a huge amount against interest/markup expense which added to the losses for the year under report as well as impaired the cash flow position.

FUTURE PROSPECTUS

In the 1999-2000 season, Pakistan sugar industry is again in a crisis of raw material shortage. Unfortunately, we have to face a heavy cyclone on May 20, 1999 which badly damaged sugarcane crop in mills suburbs. Fortunately, we have ascertained remarkable production figure up to 29.02.2000.

Sugarcane crushed	253,677.507	M. Tons
Sugar Produced	24,032	M.Tons
Average Recovery	9.63	Per cent

We are continuing with our proven strategy of promoting sugarcane cultivation. Farmers in our area are again set to increase sugarcane cultivation even more due to our great deal of motivation and incentives. We have got developed about 13000 acres sugarcane in our area which is a very happy sign for the surviving crushing and mills profitability.

ELECTION OF DIRECTORS

The present term of directors has expired on 23-06-2000. The new directors are to be elected for the next term of

three years in accordance with the provisions of companies ordinance 1984. During the year Kazi Afzal Abid Abbasi and Mr. S.M. Baqir has resigned from the board and Kazi Amjad Abid Abbasi and Mrs. Husna Amjad Abid had joined the board to fill the casual vacancies. Kazi Amjad Abid Abbasi has also taken over the charge of Chief Executive of the company. The board appreciated the valuable services of 2 of above retiring directors. All the retiring directors are eligible to offer themselves for reelection for the next term of three years.

AUDITORS OBSERVATIONS

Your directors would like to give the following explanations about the auditor's observations.

a) Although the mills had been suffering huge losses in the past yet the management is fully confident to overcome these loses in the coming future. Our current performance is a concrete evidence of our gradual prosperity. We had not only restore our company prestige to the extent of people directly or indirectly involved with this agro based industry but also caused satisfaction for the DFI's. We are paying our utmost efforts to resolve our key issue of sugarcane development in the mills vicinity to reduce the sugarcane cost. In this respect we have adopted drastic measures and Insha-Allah we would soon resolve our this hurdle which was the key obstacle in the way of mills profitability.

b) The amount of Rs.37.176 (M) consisted of advance to growers and transporters. The whole amount was advanced against cane and transportation supply. The management is in a close touch with the concerned and has accorded a concession for three early crushing seasons. Thus the amount would be recovered after the end of this period.

c) Negotiation with M/S Capricorn (Pvt.) limited is on its final touch and the balance confirmation would be available after reconciliation.

SHARE HOLDING

Pattern of share holding by shareholders of the company as at 30th September 1999 is annexed.

AUDITORS

The present Auditors M/S Rahim Iqbal Rafiq & Company Chartered Accountant retire and being eligible offer themselves for re-appointment.

Your Directors place on record their appreciation of the diligence and devotion of duty of the executives, officers and staff members of the company.

AL-ASIF SUGAR MILLS LIMITED

Chairman / Chief Executive

AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed balance sheet of AL-ASIF SUGAR MILLS LIMITED as at September 30, 1999 and the related profit and loss account and Statement of Changes in Financial Position together with the notes forming part thereof, for the year then ended and we state that:

We have obtained all the information and explanation which to the best of our knowledge and belief were necessary for the purposes of our audit and, after due verification thereof, we report that:

a. The company incurred continued operating losses and upto September 30, 1999 its accumulated loss

amounts to Rs. 665.002 million which has resulted in net capital deficiency of Rs. 518.335 million. The current liabilities have exceeded current assets by Rs. 80.694 million. In view of huge accumulated loss and liquidity constraints, there is an uncertainty about the continuation of the company as a going concern. The financial statements do not include any adjustments relating of the recoverability and classification of recorded assets and liabilities that are necessary to reflect these on realisable basis.

b. Provision against doubtful advances of Rs. 37,176,287 has not been made in these financial statements. Had the provision been made, the loss for the year would have increased by this amount.

c. Balance confirmation in respect of loan from Capricorn International (refer note 4.8) was not made available to us and therefore this could not be verified by us.

d. In our opinion, proper books of account have been kept by the company as required by the companies Ordinance, 1984;

e. 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, investment made and the expenditure incurred during the year were in accordance with the objects of the company;

f. Except for the matters stated in para a, b & c above and note 4.8 & 6.1 and to the extent to which these may effect the result of the company, in our opinion and to the best of our information and according to the explanations given to us, the balance sheet and profit and loss account and Statement of Changes in Financial Position, together with the notes forming part thereof, 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, 1999 and of the loss and the changes in financial position for the year then ended, and

g. In our opinion, no Zakat was deductible at source under the Zakat and Ushr Ordinance, 1980

Karachi. Dated: March 01, 2000

**RAHIM IQBAL RAFIQ &
Chartered Accountants**

BALANCE SHEET AS AT SEPTEMBER 30, 1999

SHARE CAPITAL

Authorised

50,000,000 ordinary shares of Rs. 10/- each

Note

**1999
RUPEES**

Issued, subscribed and paid-up capital 14,666,666
ordinary shares of Rs. 10 each fully paid in cash

Unappropriated loss

REDEEMABLE CAPITAL	3
LONG TERM LOANS	4
DEFERRED LIABILITIES	5
CURRENT LIABILITIES	
Short term borrowing	6
Current maturity of redeemable capital and long term loans	7
Creditors, accrued and other liabilities	8
Taxation	
CONTINGENCIES	9
OPERATING FIXED ASSETS	10
LONG TERM SECURITY DEPOSITS	
DEFERRED COST	11
CURRENT ASSETS	
Stores and spares	12
Stock-in-trade	13
Trade debts	14
Advances, deposits and prepayments	15
Cash and bank balances	16

The annexed notes form an integral part of these financial statements
Chief Executive

Director

**PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED SEPTEMBER 30, 1999**

	<i>Note</i>	<i>1999</i> <i>RUPEES</i>
Sales	17	
Cost of good sold	18	(

Gross Loss		
OPERATING EXPENSES		
Factory Cost	19	
Administrative	20	
Selling and distribution	21	---

Operating Loss		
Financial charges	22	
Other charges	23	---

Other income	24	
Provision for doubtful advances		
Write off of spares		---

LOSS BEFORE TAXATION		
Reversal of liability	25	---

PROVISION FOR TAXATION- MINIMUM TAX		
LOSS AFTER TAXATION		
Accumulated loss brought forward		(

Accumulated loss carried forward		(
		=

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

Chief Executive

Director

STATEMENT OF CHANGES IN FINANCIAL POSITION

CASH FLOW FROM INVESTING ACTIVITIES

Fixed Capital Expenditure
Proceeds from disposal of fixed assets
Long term security deposit
Deferred Cost

**NET CASH FROM/(USED IN) INVESTING
ACTIVITIES****CASH FLOWS FROM FINANCING ACTIVITIES**

Long term loans obtained/adjusted
Repayment of Redeemable capital
Repayment of long term loans
Decrease in short term finance

**NET CASH (USED IN) / FINANCING
ACTIVITIES****(DECREASE) IN CASH****CASH AND BANK BALANCE AT THE
BEGINNING OF THE YEAR****CASH & BANK BALANCE AT THE END OF YEAR**

Chief Executive

Director

**NOTES TO THE ACCOUNTS
FOR THE PERIOD ENDED SEPTEMBER 30, 1999****1. STATUS AND OPERATION**

1.1 The company was incorporated in Pakistan on February 25, 1984 as a Private limited Company and was subsequently converted into a Public Limited Company on February 11, 1990. The Company is Listed in Karachi and Lahore Stock Exchanges. The principal business of the company is manufacturing and selling of refined sugar. The mill is located at Garho, Sindh.

1.2 In the year 1998, the management of the company underwent a major change as a result of enbloc resignation by all its directors including the Chief Executive. Casual vacancies of Directors were filled on the same day under sub-section 180 of the Companies Ordinance, 1984. The incoming directors purchased 7,480,095 ordinary shares under an agreement with the following companies:

- M/s. Bawany Sugar Mills Ltd.
- M/s. Faran Sugar Mills Ltd.

- M/s. Aebros (Pvt) Ltd.
- M/s. Winder Fabrication Co.

1.3 The company's production remained stopped since February 22, 1995 till the new management resumed the operations with effect from November 24, 1998.

2. SIGNIFICANT ACCOUNTING POLICIES

2.1 (1) Basis for Preparation

These accounts have been prepared in accordance with International Accounting Standards, as applicable in Pakistan.

(ii) Accounting Convention

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

2.2 Staff Retirement Benefits

The company operates an unfunded gratuity scheme covering all of its permanent employees.

2.3 Taxation

Current

The company accounts for current taxation on the basis of taxable income if any. at current rate of taxation after taking into account the tax credits and rebates available, if any, or 0.5 percent of turnover whichever is higher.

Deferred

The Company accounts for deferred taxation arising on major timing differences using the liability method excluding tax effects on those timing differences which are not likely to reverse in the foreseeable future. However, deferred tax is not provided on these differences if the same are not likely to materialise in the foreseeable future.

2.4 Operating fixed assets

Operating fixed assets are stated at cost less accumulated depreciation except free hold land which is stated at cost. Depreciation on operating fixed assets is charged to current year's profit and loss account by applying reducing balance over its estimated useful life. Depreciation on plant and machinery is charged on the basis of operating days.

The full annual rate of depreciation is applied on the additions, except in case of Plant and Machinery on which the depreciation is based on operating days, while no depreciation is charged on assets deleted during the year.

Minor renewals, replacements, maintenance, repairs and profit and loss on disposal of fixed assets are included in current year's profit and loss account.

Major renewal and improvements are capitalized.

2.5 Deferred Cost and Amortization

Deferred cost are amortized systematically over the period of five years commencing from the

year of incurrence.

2.6 Stores, spares and fertilizers

These are valued at moving average cost.

2.7 Stock in trade

These are valued at the lower of cost and net realizable value except molasses which are valued at net realizable value.

Cost in relation to work-in-process and finished goods consist of annual average material cost direct labour and applicable manufacturing overheads.

2.8 Revenue recognition

Sales are recorded on despatch of goods to customers, mark-up on loan to growers is recorded on receipt basis.

Note **1999**
RUPEES

3. RESCHEDULED REDEEMABLE CAPITAL

Non participatory Term Finance Certificate Secured
Opening balance

Repaid during the year

Current maturity
Overdue Installments

3.1 This represent overdue installments of principal amounting to Rs. 30 million and accrued mark-up amounting to Rs. 23.440 million rescheduled by the United Bank Limited vide their letter No. ICD/MAJ/97 dated October 29, 1997.

3.2 The significant terms and conditions of the agreement are as follows:

<i>Credit Line</i>	<i>Principal Amount Rupees in Million</i>	<i>Effective Mark-up Rate P.A. (%)</i>	<i>No. / Mode</i>	<i>Repayable in Installments</i>	
				<i>From</i>	<i>Period To</i>
LT-TFC	53-440	16	20 Semiannual	01-04-1999	01-10-2009

The above credit is secured by equitable mortgage of immovable properties and machinery of the company and a floating charge on all other assets of the company ranking pari passu with the charge created in favor of other creditors.

4. Long Term Loans

<i>Particulars</i>	SECURED				RESCHEDULED
	<i>B.E.L. I.M.L. Rupees</i>	<i>I.C.P. I.M.L. Rupees</i>	<i>Pak. Rs. Loan IDBP Rupees</i>	<i>Demand Finance NBP Rupees</i>	
Opening balance	32,099,304	13,310,000	130,557,000	27,000,000	
Adjustment/Tra during the year	--	--	--	--	
Transfer from short term finance	--	--	--	--	
Mark-up/charge Obtained during	--	--	--	--	
	-----	-----	-----	-----	
	32,099,304	13,310,000	130,557,000	27,000,000	
Rapaid during th	(1,000,000)	--	(2,000,000)	--	
	-----	-----	-----	-----	
	31,099,304	13,310,000	128,557,000	27,000,000	
Current portion shown under Current liabilities					
Current maturity	3,209,930	1,331,000	13,055,700	9,000,000	
Over due install	2,209,930	665,500	4,527,850	13,500,000	
Down payment	--	--	--	--	
	-----	-----	-----	-----	
	5,419,860	1,996,500	17,583,550	22,500,000	
	-----	-----	-----	-----	
1999 Rupees	27,679,444	11,313,500	114,973,450	4,500,000	
	=====	=====	=====	=====	
1998 Rupees	30,494,339	12,644,500	124,029,150	13,500,000	
	=====	=====	=====	=====	

Significant terms and conditions

Installments payment rest	Semi annually	Semi annually	Semi annually	Semi annually
No. of installments	20	20	20	6
Installment amount (Rupees in Million)	1.605	0.666	6.528	4.500
Date of first installments	01-03-99	30-06-99	01-04-99	25-07-98
Rate of interest per annum	16%	16%	16%	15%
Sub note #	4.1 &	4.2 &	4.3	4.4

4.3 (b)

4.3 (b)

4.1 This represents overdue installments of principal and accrued mark-up of BEL'S LMM loan rescheduled by BEL vide their letter no. BE/PD/ASML/FA/92/2222/1930 dated December 09, 1997

4.2 This represents overdue installments of principal, accrued mark-up and other charges of ICP's LMM loan re-scheduled by the ICP vide their letter No. MON/1488 dated October 16, 1997.

4.3 a. In 1995-96 Industrial Development Bank of Pakistan (IDBP) rescheduled / restructured its long term loans amounting to Rs. 50.521 million, short term finance amounting to Rs. 18.608 million into Rescheduled Pak. Rupee loan vide its letter No. ROK/PRD/2783 dated June 09, 1996. Subsequently, it was again rescheduled under SBP Circular No. 19 dated June 05, 1997 vide IDBP's letter No. I & MD/906 dated September 08, 1997 on the following terms and conditions.

i. A further moratorium of 18 months form October 01, 1997 to March 31, 1999, was extended to the company with the condition that it will invest in the development of sugarcane in the vicinity of the mill.

b. Securities

The loans are secured by way of:

- Equitable mortgage of immovable properties both present and future.
- First equitable mortgage by way of hypothecation of machinery both present and future.
- First floating charge on other assets of the company both present and future.
- Demand promissory notes in favour of financial institutions.

The securities rank pari passu in favour of other secured creditors.

4.4 This represent overdue principal amounting to Rs. 20 million and accrued mark-up of Rs. 7 million rescheduled by NBP vide their letter No. MPS:CF: Al-Asif:96 dated July 25, 1996.

4.5 a. This represent overdue principal of short term finance amounting to Rs. 35 million and accrued mark up of Rs. 16.819 million rescheduled by HBL vide their letter no. SRD/MRB/98/0779 dated May 25, 1998.

b. Securities

- Enhancement of existing Equitable Mortgage Charge on present and future assets of the company.
- Personal guarantees of all the directors.
- Marketable securities.

4.6 a. This represents overdue principal of short term finance amounting to Rs. 8.620 million rescheduled by UBL vide their letter No. GAK:SAK:K488/98 dated April 01, 1998.

b. Security

- Continuing guarantee of directors.

4.7 a. This represent overdue principal of short term finance amounting to Rs. 1.102 million rescheduled by UBL vide their letter No. GAK:SAKK:488.98 dated April 01, 1998.

b. Security

- Continuing guarantee of directors.

4.8 Others:

- Capricorn International
- Aebroz (Pvt.) Ltd.
- Delite Industries
- Bawany Sugar Mills Limited
- B.F. Mudaraba
- Faran Sugar Mills Limited
- Ebramin (Pvt.) Ltd.
- Others

a) The matter of settlement of these liabilities is pending subject to the final outcome of the discussions with the previous management. Till a final conclusion is reached, the new management has decided to disclose the entire outstanding amount as its long term liability.

b) Mark-up equal to Rs. 28.70 million charged during 1998 by M/s. Ebramin (Pvt) Ltd. has been reversed by the new management for the reason given in note (a) above..

5. Deferred Liabilities:

Staff Gratuity

6. Short Term Borrowing

Running Finance - NBP

6.1 National Bank of Pakistan filed a suit in 1998 against the company and the outgoing directors for recovery of the balance of running finance of Rs. 13.618 million together with mark-up of Rs. 10.373 million accrued during March 30, 1995 to June 30, 1998 and liquidated damages of Rs. 4.798 million. (Refer 9.3).

6.2 Securities:

The above finances are secured by:

- Pledge and hypothecation of stock-in-trade and other chemicals
- Demand promissory notes in favour of the creditors.
- Continuing guarantee by the directors.

7. CURRENT/OVERDUE PORTION OF REDEEMABLE

CAPITAL AND LONG TERM LOANS

1999
RUPEES

Redeemable Capital:

Current portion
Overdue

Long term loans:

Current portion
Overdue

8. CREDITORS, ACCRUED AND OTHER LIABILITIES

Creditors

- Cane suppliers
- Stores and others

Advances from customers

Accrued expenses

Corporate assets tax

Deposits

Sales tax payable

Excise duty payable

- Long term loans

- Short term borrowing

Due to Ex-Employees

Other liabilities

(8.1)

8.1 This includes provision against additional Income Tax of Rs. 198,241 U/s. 87 of the Income Tax Ordinance, 1979 on non payment of Advance Income Tax

9. CONTINGENCIES

9.1 The company has filed a suit in the High Court of Sind against the Government of Pakistan and Collector of Custom and Central Excise, Hyderabad in respect of excise duty rebate on excess production in preceding years i.e 19,650 Metric Tons of Sugar @ Rs. 1.70 per Kg. not allowed by the Authorities.

The said claim comes to Rs. 20.828 million plus mark-up thereon @ 14% per annum amounting of Rs. 11.644 million approximately has not been accounted for. The company has deposited Rs. 20.103 M

(1998: 19.4 M) with the Excise Authorities (refer to note 14.2) under protest.

The Excise Duty payable on the quantity of 8,568.65 Metric Tons of Sugar cleared by the company in previous year will be adjusted after the decision of Sind High Court.

9.2 There is a contingent liability of Rs. 24.843 million in respect of amount reversed by HBL and UBL as result of rescheduling of liabilities which may become due to them in the event of default by the company in meeting its commitments as per the terms and conditions laid down in the approval letter issued by the respective lender (refer to note 4).

9.3 The company is defendant in a suit filed in 1998 by National Bank of Pakistan (formerly Mehran Bank Limited) in respect of balance of running finance (also refer to note 6.1) and may be liable for mark-up and liquidated damages equal to Rs. 15.171 million. claimed by the bank but not provided in the accounts.

9.4 There is a contingent liability of Rs. 28.7 million in respect of markup claimed by M/s Ebramin & Co. (refer Note 4.8 (b)). which has not been acknowledged as debt by the company.

10. Operating Fixed Assets

<i>Particulars</i>	<i>Cost</i>			<i>Rate %</i>
	<i>As on October 01, 1998</i>	<i>Additions/ (Deletion)</i>	<i>As at Sept. 30, 1999</i>	
Land free hold	2,414,253	--	2,414,253	--
Experimental land	779,436	--	779,436	--
Building on free hold land				
- Factory	61,402,009	--	61,402,009	10
- Non-Factory	32,488,463	--	32,488,463	10
Plant and machinery	381,384,336	--	381,384,336	10
Electric installation	12,084,825	--	12,084,825	10
Tools and equipments	1,614,914	--	1,614,914	10
Telephone installation	843,576	--	843,576	10
Electric equipments	3,516,635	--	3,516,635	10
Furniture and fixture	4,985,674	38,976	5,024,650	10
Office equipment	700,617	154,931	855,548	10
Arms and ammunition	269,847	--	269,847	10
Computer	--	617,000	617,000	10
Vehicles	2,571,477	1,179,200 (534,600)	3,216,077	20
	-----	-----	-----	
Rupees - 1999	505,056,062	1,990,107 (534,600)	506,511,569	
	=====	=====	=====	
Rupees - 1999	506,849,982	(1,793,920)	505,056,062	
	=====	=====	=====	

10.1. Depreciation charge for the year has been allocated as follows:

- Cost of goods manufactured
- Administrative expense

**1999
Rupees**

10.2 Disposal of fixed Assets

The following assets were sold during the year by negotiation

<i>Particulars</i>	<i>Original Cost</i>	<i>Accumulated Depreciation</i>	<i>Book Value</i>	<i>Sale Proceeds</i>	<i>Profit/(Loss)</i>
Suzuki Pick-up KB 0500/879-321	81,100	75,527	5,573	30,000	
Mazda Track JX 0230	256,000	238,406	17,594	45,000	
Suzuki Potohar J BC 0865	23,750	15,968	7,782	27,635	
Suzuki Potohar J BC 0864	23,750	17,524	6,226	30,000	
Suzuki Hi-Roof CD 1019	150,000	129,867	20,133	125,000	
1999 Rupees	534,600	477,292	27,308	257,635	
1998 Rupees	1,793,920	1,475,411	318,509	1,115,000	

Note

**1999
RUPEES**

11. DEFERRED COST

Road Development Expenses-SITE
Less: Amortized
Opening balance
During the year

12. STORES AND SPARES

Stores & Spares

13. STOCK IN TRADE

Work in process - sugar

14. TRADE DEBTS - Unsecured

Considered good

14.1

14.1 This represents old outstanding balances which are considered as fully recoverable and are to be settled along with the other matters mentioned in note 4.8(a).

15. ADVANCES, DEPOSITS & PREPAYMENTS

Unsecured - considered good

Advances

- Growers
- Contractors
- Suppliers
- Employees
- For expenses
- Income Tax

Considered doubtful

- Growers
- Contractors
- Suppliers
- Employees

Less: Provision against doubtful advances to grower: (15.1)

	<i>Note</i>	<i>RUPEES</i>
Deposits		
Sales tax		
Excise duty	(15.2)	
Industrial Development Bank of Pakistan		
Other Deposit		

Prepayments

15.1 This represents long outstanding balances. The new management is confident of securing maximum recovery and as a matter of prudence has made provision to the extent of Rs. 11.931 millions only.

15.2 This represents an amount deposited with Collector of Custom and Central Excise Hyderabad in respect of excise duty rebate under dispute with the government of Pakistan and collector of custom and excise (refer to note No.9.1)

16. Cash and bank balances

In hand

With banks on current account

17. Sales

- Sugar

- Molasses

Less: Sales Tax

18. Cost of goods Sold:

Opening Work in process - Sugar

Raw material consumed

Manufacturing expenses

- Salaries, wages and benefits

Note

1999
RUPEES

- Stores & spares consumed
- Packing material consumed
- Water, fuel and power
- Freight handling and octroi
- Insurance
- Vehicle running and maintenance
- Excise duty
- Depreciation
- Others

Closing Work in process - Sugar

19. Factory Cost

- Salaries, Wages and benefits
- Stores & Spares consumed
- Water, Fuel and Power
- Repairs and maintenance
- Insurance
- Vehicle running and maintenance
- Depreciation
- Others

Opening Work in process - Sugar

Closing Work in process - Sugar

20. ADMINISTRATIVE EXPENSES

- Directors remuneration
- Salaries, bonus and allowances
- Traveling, conveyance and entertainment
- Insurance
- Postage and telegrams
- Telephone and telex
- Electricity

Note

(20.1)

**1999
RUPEES**

Printing and stationery	
Repair and maintenance	
Computer maintenance	
Audit fees	
Vehicle running and maintenance	
Rent, rates and taxes	
Legal and professional	
Fees subscription and renewals	
Newspapers and periodicals	
Depreciation	(10.1)
Others	

20.2 This includes an amount of Rs. 295,000 in respect of salary of consultant appointed by the directors to manage the affairs of the company.

21. SELLING AND DISTRIBUTION EXPENSES

Advertisement
Sugar handling

22. FINANCIAL CHARGES

Mark-up / interest on
- Long term loans
- Others

Project monitoring fee
Rescheduling process charges
Bank charges and commission
Central excise duty

Note

**1999
RUPEES**

23. OTHER CHARGES

- Additional sales tax
- Additional Income Tax
- Penalty on Export Quta

24. OTHER INCOME

Profit on sale of fixed assets
Miscellaneous

25. REVERSAL OF LIABILITY

- Accrued interest/mark-up on Short term finance
- Adjustment in respect of purchase of 1994-95
- Excess provision of tax in previous years
- Excess recorded lease rentals in previous years
- Other liabilities

26. REMUNERATION OF DIRECTORS

Managerial remuneration
Utilities and allowances

No. of person

27. TAXATION

Current:

Income tax assessment of the company has been finalized upto the assessment year 1995-96 (Accounting year September 30, 1994). Assessed tax loss available to be carried forward amounts to Rs. 322.696 million (1998: 322.696 million).

Deferred:

Deferred taxation arising due to timing differences computed under the liability method is estimated at Rs .48,179,040/- (1998: NIL) based on the current year rates. The liability for deferred taxation is not likely to reverse in foreseeable future, therefore no provision has been made in these accounts.

28. Capacity and Production

	1999		1998	
	<i>Metric Tons</i>	<i>Days</i>	<i>Metric Tons</i>	<i>Days</i>
Capacity	28,800	160	28,800	
Actual Production	19,042	133	--	

	1999 RUPEES	1998 RUPEES
29. EARNING PER SHARE		
Net Loss after tax	(58,223,668)	
Weighted average number of ordinary shares	14,666,666	

Earning per Share	(3.97)	
	=====	

30. INTEREST RATE RISK EXPOSURE

	INTEREST BEARING		Non-interest bearing
	One month to one year	One year and onward	
	Rupees	Rupees	Rupees
Financial Assets			
Long Term Deposit	--	--	
Trade Debts	--	--	
Advances and Deposits	--	--	
Cash and Bank	--	--	
	-----	-----	
	--	--	
	=====	=====	
Financial Liabilities			
Redeemable Capital	8,016,000	45,424,000	
Long Term Loans	54,556,976	684,452,389	
Short Term Borrowing	13,618,476	--	
Creditors, Accrued & Other Liabilities	--	--	
	-----	-----	
	76,191,452	729,876,389	
	-----	-----	
On balance Sheet Gap (a)	(76,191,452)	(729,876,389)	
	=====	=====	
Cumulative interest Sensitivity gap	(76,191,452)	(806,067,841)	
	=====	=====	

(a) The on Balance Sheet Gap represents the net amounts of on balance sheet items.

(b) Effective rates of markup for financial assets and liabilities are as follows.

	Rate of interest
Long Term Loans	Refer to note #
Short Term Borrowing	Refer to note #

31. STATEMENT OF CHANGES IN EQUITY

	<i>Share Capital Rupees</i>	<i>Accumulated Profit/(loss) Rupees</i>	<i>Total Rupees</i>
Balance as at September 30, 1997	146,666,660	(613,326,942)	(466,660,282)
Loss for the year	--	8,175,405	(8,175,405)
	-----	-----	-----
Balance as at September 30, 1998	146,666,660	(605,151,537)	(458,484,877)
Loss for the year	--	(81,574,242)	(81,574,242)
	-----	-----	-----
Balance as at September 30, 1999	146,666,660	(523,577,295)	(376,910,635)
	=====	=====	=====

32. NUMBER OF EMPLOYEES

The number of employees as at September 30, 1999 are 366 (1998-216).

*1999
RUPEES*

Note

33. CREDIT RISK

The following financial assets of the company are exposed to credit risk:

Trade Debts
Advances and Deposits

34. Figures

- Have been rounded off to the nearest rupee.
- of previous year have been rearranged/regrouped wherever necessary, for the purpose of comparison

CHIEF EXECUTIVE

DIRECTOR

PATTERN OF HOLDING OF THE ORDINARY SHARES BY THE SHARE HOLDERS AS ON 30th SEPTEMBER 1999

<i>NO. OF SHARE HOLDERS</i>		<i>SHARE HOLDING</i>				
544	From	1	TO	100		Shares
2,025	From	101	TO	500		Shares
89	From	501	TO	1,000		Shares
126	From	1,001	TO	5,000		Shares

11	From	5,001	TO	10,000	Shares
7	From	10,001	TO	15,000	Shares
3	From	15,001	TO	20,000	Shares
296	From	20,001	TO	30,000	Shares
1	From	30,001	TO	35,000	Shares
1	From	50,001	TO	55,000	Shares
1	From	230,001	TO	235,000	Shares
1	From	245,001	TO	250,000	Shares
1	From	290,001	TO	295,000	Shares
1	From	345,001	TO	350,000	Shares
1	From	1,475,001	TO	1,675,000	Shares
1	From	3,070,001	TO	3,075,000	Shares

		3,109			
=====					

ORDINARY SHARES
PATTERN OF SHARE HOLDING AS ON 30/09/99

<i>S. No.</i>	<i>CATEGORIES OF SHARES HOLDERS</i>	<i>NO. OF CERTIFICATE HOLDERS</i>	<i>CERTIFICATE HOLDING</i>	<i>PERCENTAGE OF HOLDING</i>
01.	GENERAL PUBLIC	3,098	8,961,566	
02.	LIMITED COMPANIES	4	1,728,700	
03.	FINANCIAL INSTITUTIONS	2	3,074,100	
04.	INSURANCE COMPANIES	1	31,700	
05.	INVESTMENT COMPANIES	4	870,600	
	GRAND TOTAL:--	3,109	14,666,666	
		-----	-----	-----
		=====	=====	=====