

Al-Noor Sugar Mills Limited

Annual Report 1999

CONTENTS

COMPANY INFORMATION
NOTICE OF MEETING
DIRECTORS' REPORT
AUDITORS' REPORT TO THE MEMBERS
BALANCE SHEET
PROFIT AND LOSS ACCOUNT
CASH FLOW STATEMENT
NOTES ON ACCOUNTS
SHAREHOLDERS' STATISTICS

COMPANY INFORMATION

BOARD OF DIRECTORS

MR. ISMAIL H. ZAKARIA	Chairman & Managing Director
MR. SULEMAN AYOOB	Resident Director
MR. YUSUF AYOOB	
MR. A. AZIZ AYOOB	Marketing Director
MR. ABDUL KARIM LODHI	(NIT Nominee)
MR. TARIQ KIRMANI	(NIT Nominee)
MR. ZIA. I. ZAKARIA	
MR. SALIM AYOOB	
MR. ZOHAIR ZAKARIA	
MR. SAIFULLAH KHAN	(PICIC Nominee)
MR. RANA AHMED KHAN	(ICP Nominee)

COMPANY SECRETARY

MR. M. YAKOOB ADMANEY
FCIS, FCMA.

AUDITORS

DAUDALLY LALANI & COMPANY
Chartered Accountants

LEGAL ADVISOR

MOHAMMAD JAMEEL CHOUDRY
Bar at Law

REGISTERED OFFICE

96-A SINDHI MUSLIM SOCIETY,
KARACHI-74400

FACTORY

SHAHPUR JAHANIA, P.O. NOOR JAHANIA,
TALUKA MORO, DISTT. NAWABSHAH.

NOTICE OF MEETING

Notice is hereby given that the 30th Annual General Meeting of AL-NOOR SUGAR MILLS LIMITED will be held at the Registered Office of the Company at 96-A, Sindhi Muslim Society, Karachi on Thursday, March 30, 2000 at 12:00 noon to transact the following business:

1. To read and confirm the Minutes of the 29th Annual General Meeting of the Company held on March 31, 1999.
2. To read and consider the Accounts for the year ended September 30, 1999 and reports of Directors and Auditors thereon.
3. To approve payment of cash dividend @ 7.50% i.e. Re. 0.75 per ordinary share of Rs. 10/= each for the year ended September 30, 1999 as recommended by the Board of Directors of the Company.
4. To appoint Auditors and to fix their remuneration.
5. To transact any other business with permission of the chair.

The Share Transfer Book of the Company will remain closed from March 21,2000 to March 31 2000 (both days inclusive)

By Order of the Board

(M. YAKOOB ADMANEY)
COMPANY SECRETARY

Karachi' March 01, 2000

NOTE:

1. A member of the Company entitled to attend and vote may appoint any member as his/her proxy to attend and vote on his/her behalf. PROXIES MUST BE RECEIVED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE MEETING.
2. CDC Account Holders will further have to follow the undermentioned guidelines as laid down in Circular 1 dated January 26, 2000 issued by the Securities and Exchange Commission of Pakistan.

A. For Attending the Meeting:

- i) In case of individuals, the account holder or sub-account holder and/or person whose securities are in group account and their registration details are uploaded as per the Regulations, shall

authenticate his identity by showing his Original National Identity Card (NIC) or original passport at the time of attending the meeting.

ii) In case of corporate entity, the Board of Directors' resolution/power of attorney with specimen signature of the nominee shall be produced (unless it has been provided earlier) at the time of the meeting.

B. For appointing Proxies:

i) In case of individuals, the account holder or sub-account holder and/or the person whose securities are in group account and their registration details are uploaded as per the Regulations, shall submit the proxy form as per the above requirements.

ii) The proxy form shall be witnessed by two persons whose names, addresses and NIC number shall be mentioned on the form.

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

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

In case of corporate entity, the Board of Directors' resolution/power of attorney with specimen signature of the nominee shall be submitted (unless it has been provided earlier) alongwith proxy form to the Company.

3. Shareholders are requested to inform the Company of any change in their address immediately.

DIRECTORS' REPORT

To:
The Shareholders,

We submit before you the 30th Annual Report together with the Audited Accounts for the year ended 30th September, 1999. Your Company, A1-Hamdo Lillah, has earned a profit of Rs.17.486 million. After adjusting last year's un-appropriated loss of Rs.10.940 million, a sum of Rs. 6.546 million is available for appropriation, which we propose to appropriate as follows:-

i) Profit available for appropriation	Rs. 6.546 million
ii) Amount transferred from General Reserve	Rs. 8.000 million
iii) Proposed dividend @ 7 1/2-%	Rs. (13.928) million
iv) Un-appropriated profit carried over to Balance Sheet	Rs. 0.618 million

Your Directors propose to pay cash dividend @ 7 1/2 % to the shareholders of the Company. After tax earning per share of the Company is Rs. 0.94 per share during the year.

SUGAR MILLS:

During the year under report your mill started crushing on November 13, 1998 and crushed 803.632 metric tons

(1998 - 763,190 M. tons) of sugarcane. Sugar produced was 60,435 M.tons (1998 - 63,820 M. tons) with an average recovery of 7.52 % (1998 - 8.35%).

Molasses produced was 45,485 M.Tons (1998 - 42,361 M.Tons).

Government of Pakistan allowed export of sugar from day one and accordingly your Company exported 16,735 M.Tons of sugar and earned U.S.\$ 4.037 million in foreign exchange for the country. This export of Sugar from day one allowed your Company to reduce the financial expenses, otherwise this could have been higher. As the country was surplus in Sugar, timely decision of the Government has helped the Industry.

As reported earlier a new Tandem was put into operation; results are very encouraging. The new boiler of Ittefaq Foundries was run by the Mill at increased pressure and increased capacity as compared to last year but still short of capacity.

In the previous Annual General Meeting election of directors were held. Mr. Ismail H.Zakaria, Mr. Yusuf Ayoob, Mr. Suleman Ayoob, Mr.A.Aziz Ayoob, Mr. Zia I. Zakaria, Mr. Salim Ayoob, Mr. Zohair I.Zakaria, Mr.A.Karim Lodhi, Mr. Tariq Kirmani and Ltd. Cmdr.(Rtd) Mohammad Azam were elected as Directors of the Company for a period of three years. The Board appointed Mr. Ismail H. Zakaria as Chairman and Managing Director, Mr. Suleman Ayoob as Resident Director and Mr.A.Aziz Ayoob as Marketing Director. Mr. Saifullah Khan, PICIC nominee Director appointed under section 182 of the Companies Ordinance, 1984 being a loanee Director continue on Board.

CHANGE OF DIRECTORSHIP

Investment Corporation of Pakistan withdrew the name of their nominee Director, Ltd. Cmdr.(Rd) Mohammad Azam and has nominated Mr. Rana Ahmed Khan in his place, which was approved by the Board of Directors.

MEDIUM DENSITY FIBRE BOARD (MDFB PLANT)

During the year 16291 M.Tons of Lasani Wood (1998 - 14,608 M.Tons) in various thickness was produced. The production was 12.35% higher than last year but still short of capacity by 27.60%

On the representation to the concerned agencies regarding dumping of MDF Board by Far Eastern countries, necessary steps were taken by the Government in time resulted in better utilization of company's capacity. However, subsequently duty on imports has again been reduced and your company is again threatened by arrival of fresh imports. The matter has been taken up with the National Tariff Commission so that the local industry can survive. Efforts are also being made to reduce the power consumption to make the unit more viable. Further, in this respect efforts are being made to run the Boiler on Sander Dust, which is a waste product of Lasani Wood to reduce the fuel cost. Your management is pleased to inform that success in this regard has been achieved which will be evident from the fuel consumption of next year. By the grace of Almighty Allah, ISO 9002 Certification has also been achieved which proves commitment to product quality.

COMPUTER Y2K PROBLEM

Necessary corrective measures were taken by your management for Y2K problem and accordingly no unforeseen event happened at the end of the century.

LABOUR MANAGEMENT RELATIONS

We are happy to report that labour-management relations were good during the year under report. Your Directors

appreciate the spirit of co-operation shown by the workers and hope it will continue.

STAFF

Your Directors also placed on record the deep appreciation and hard work and devotion to the duties shown by the Officers and staff of the Company.

AUDITORS

M/s. Daudally Lalani & Company, Auditors of the Company retired and offered their services for the ensuing year.

FUTURE OUTLOOK

For the year 1999-2000 ,the Government has not changed the Sugarcane support price.

The current season started on October 26th,1999 and crushing upto 29th February,2000 was 720,990 M.Tons of sugarcane. The average recovery is 8.14 %. Sugar produced upto 29th February,.2000 was 57,882 M.Tons. The overall sugarcane available in the country is less as compared to last year due to less rain in the country and the effect of cyclone in the coastal area of Sindh. This has resulted in the shortage of sugar cane as compared to last year and most lower Sindh Sugar factories are buying cane from upper Sindh at higher prices. However, with the efficient working of the new Tandem, Alhamdo Lillah, we are trying to crush maximum cane in soonest possible time to avoid high prices at the end of the season.

The Directors are also pleased to inform that with modifications and investment made in the Ittefaq Boiler has shown improved result and during the current crushing season, Boiler has achieved better capacity as compared to last year. The availability of the steam from the new Boiler has helped us in achieving the targeted results.

The production of Lasani Wood upto 29th February, 2000 is to the extent of 6,291 M.Tons. All out efforts are being made to achieve capacity utilization.

FOR AND ON BEHALF OF THE BOARD OF DIRECTORS

(ISMAIL H. ZAKARIA)
MANAGING DIRECTOR

Karachi: 1st March, 2000.

AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed Balance Sheet of AI-Noor Sugar Mills Limited as at September 30, 1999 and the related Profit and Loss Account and Cash Flow Statement, 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 and, after due verification thereof, we report that:

(a) in our opinion, proper books of account 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 and the Cash Flow Statement, 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 profit and loss and the cash flows for the year then ended; and

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

DAUDALLY LALANI & CO.
Chartered Accountants

Karachi: March 1, 2000.

BALANCE SHEET AS AT 30TH SEPTEMBER, 1999

	<i>Note</i>	<i>1999</i>	<i>1998</i>
		<i>(Rupees in thousand)</i>	
SHARE CAPITAL AND RESERVES			
Authorised Capital 20,000,000 ordinary shares of Rs. 10.00 each		200,000	200,000
Issued, subscribed and paid-up capital	2	===== 185,703	===== 185,703
Reserves:			
General reserve		162,000	170,000
Unappropriated profit/(loss)		618	(10,940)
		-----	-----
		162,618	159,060
		-----	-----
		348,321	344,763
REDEEMABLE CAPITAL	3	64,429	79,205
OBLIGATIONS UNDER FINANCE LEASE	4	100,652	103,915
DEFERRED LIABILITIES	5	106,264	109,463
CURRENT LIABILITIES AND PROVISIONS			
Short term running finance and borrowings	6	396,144	566,159
Current maturity of redeemable capital, long term loans and finance lease	7	77,668	84,315

Creditors, accrued and other liabilities	8	141,621	112,623
Taxation		1,283	2,363
Proposed dividend		13,928	--
		-----	-----
		630,644	765,460
CONTINGENCIES AND COMMITMENTS	9	--	--
		-----	-----
		1,250,310	1,402,806
		=====	=====
FIXED ASSETS			
Operating assets	10	72,414	524,466
Capital work-in-progress	11	106,474	286,880
		-----	-----
		808,888	811,346
LONG TERM INVESTMENT	12	26,631	26,631
LONG TERM LOANS AND ADVANCES	13	371	206
LONG TERM DEPOSITS	14	10,888	10,033
CURRENT ASSETS			
Stores and spares	15	109,298	110,129
Stock-in-trade	16	165,528	212,406
Trade debts	17	1,931	87,004
Loans, advances, prepayments and other receivables	18	70,285	51,188
Duty draw back		--	78,804
Bank and cash balances	19	56,490	15,059
		-----	-----
		403,532	554,590
		-----	-----
		1,250,310	1,402,806
		=====	=====

The annexed notes form an integral part of these accounts.

Karachi: March 1, 2000.

ISMAIL H. ZAKARIA
Chief Executive

AZIZ AYOOB
Director

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

	<i>Note</i>	<i>1999</i>	<i>1998</i>
		<i>(Rupees in thousand)</i>	
Sales	20	1,347,975	1,332,797
Cost of sales	21	1,094,909	1,100,463

Gross profit		-----	-----
		253,066	232,334
Administration and selling expenses	22	-----	-----
		96,460	106,587
Operating profit		-----	-----
Other income	23	156,606	125,747
		32,887	4,740
		-----	-----
		189,493	130,487
Financial charges	24	-----	-----
Other charges	25	154,045	145,593
		2,850	739
		-----	-----
		156,895	146,332
Profit/(loss) before taxation		-----	-----
		32,598	(15,845)
Taxation	26	-----	-----
		15,112	209
Profit/(loss) after taxation		-----	-----
Unappropriated (loss)/profit brought forward		17,486	(16,054)
		(10,940)	5,114
		-----	-----
		6,546	(10,940)
Appropriations:			
Transfer from general reserve		8,000	--
Proposed cash dividend @ 7.50%		(13,928)	--
		-----	-----
Unappropriated profit(loss) carried forward		618	(10,940)
Earning per share - Basic and diluted	32	=====	=====
The annexed notes form an integral part of these accounts.		0.94	(0.86)
		=====	=====

ISMAIL H. ZAKARIA
Chief Executive

AZIZ AYOOB
Director

SULEMAN AYOOB
Director

CASH FLOW STATEMENT FOR THE YEAR ENDED 30TH SEPTEMBER, 1999

<i>Note</i>	<i>1999</i>	<i>1998</i>
	<i>(Rupees in thousand)</i>	
CASH FLOW FROM OPERATING ACTIVITIES		
Profit(loss) before taxation	32,598	(15,845)
Adjustment for non cash charges and other items:		
Depreciation	39,583	32,386
Profit on sale of operating assets	(405)	(255)
Provision for staff retirement benefits	2,338	3,684

Other deferred liabilities (excluding interest)	(10,459)	(11,831)
Financial charges	154,045	145,593
	-----	-----
Cash generated before working capital changes	217,700	153,732
Decrease/(Increase) in current assets		
Stores and spares	831	7,476
Stock-in-trade	46,878	57,170
Trade debts	85,073	(79,997)
Duty draw back	78,804	(78,804)
Loans, advances, prepayments and other receivables (excluding income tax)	(21,470)	6,443
	-----	-----
	190,116	(87,712)
Increase/(decrease) in current liabilities		
Creditors accrued and other liabilities (excluding financial charges & unclaimed dividend)	32,214	(1,417)
	-----	-----
Cash generated from operation	440,030	64,603
Taxes paid	(13,819)	(9,287)
Payment for staff retirement benefits	(637)	(909)
Financial charges paid	(151,701)	(137,224)
Long term loans and advances	(165)	198
	-----	-----
Net cash inflow/(outflow) from operating activities	273,708	(82,619)
CASH FLOW FROM INVESTING ACTIVITIES		
Fixed capital expenditure	(37,411)	(48,084)
Sale proceed of operating assets - net	691	626
	-----	-----
Net cash outflow from investing activities	(36,720)	(47,458)
CASH FLOW FROM FINANCING ACTIVITIES		
Redeemable capital	20,000	75,000
Obligation under finance lease	38,082	12,460
Long term deposits	(855)	1,732
Repayment of redeemable capital, long term loans and finance lease	(82,769)	(100,895)
Short term running finance and borrowings	(170,015)	115,706
Dividend	--	(1)
	-----	-----
Net cash (outflow)/inflow from financing activities	(195,557)	104,002
	-----	-----
Net increase/(decrease) in cash and cash equivalents	41,431	(26,075)
Cash and bank balance at the beginning of the year	15,059	41,134
	-----	-----
Cash and bank balance at the end of the year	56,490	15,059

ISMAIL H. ZAKARIA
Chief Executive

AZIZ AYOOB
Director

SULEMAN AYOOB
Director

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED SEPTEMBER 30, 1999

LEGAL STATUS AND OPERATIONS

The Company is a public company incorporated in Pakistan under the Companies Act, 1913 (now Companies Ordinance, 1984). Its shares are quoted on Karachi and Lahore Stock Exchange in Pakistan and is principally engaged in the production and sale of sugar and medium density fiber board.

Summary of Significant accounting policies:

1.1 Basis for preparation of the accounts

These financial statements have been prepared in compliance with the requirement of International Accounting Standards as adopted by the Institute of Chartered Accountants of Pakistan which are applicable to the Company.

1.2 Accounting convention:

These accounts have been prepared under the historical cost convention except that certain exchange differences have been included in fixed assets referred to in Note 1.9.

1.3 Taxation:

Provision for current taxation for the year is based on taxable income at the current rate of taxation after taking into account tax credits available, if any.

The company accounts for deferred taxation on all material timing differences using the liability method. However, deferred tax to certain extent is not provided if it can be established with reasonable probability that these timing differences will not reverse in the foreseeable future.

1.4 Fixed assets:

(a) OWN

Operating assets except freehold land are stated at cost less accumulated depreciation. Freehold land and capital work in progress are stated at cost. Cost in relation to certain fixed assets including capital work in progress signifies historical cost and exchange differences referred to in Note 1.9.

Depreciation is charged to income at normal tax rates on the written down value of the assets as affected on account of exchange differences referred to in Note 1.9. Full year's depreciation is charged on all assets in the year of acquisition, except for sugar unit plant and machinery on which depreciation is charged on the basis of actual operating days of factory. No depreciation is charged on assets in the year of disposal.

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

Gain and loss on disposal of assets are taken to profit and loss account.

(b) LEASED

Assets held under finance leases are included in operating assets at present value of minimum lease payments.

The financial charge is calculated at the interest/mark up rate implicit in the lease and is charged to profit and loss account.

Depreciation is charged at the same rates as company owned assets. However, if there is no reasonable certainty that the company will obtain ownership by the end of the lease term, the assets are depreciated over shorter of the lease term or its useful life.

1.5 Capitalisation of borrowing costs:

Borrowing costs on assets which call for substantial period of time to get ready for their intended use are taken to fixed capital expenditure.

1.6 Long term investments:

The company's investments in associated undertaking are stated at cost. The provision is made there against for permanent diminution, if any, in the value of investment. Dividends received are reflected in the company's profit and loss account.

1.7 Stores, spares and fertilizer:

Stores, spares and fertilizer are valued at cost, using FIFO cost flow method. Items in transit are valued at cost comprising invoice value and other charges paid thereon.

1.8 Stock-in-trade:

Raw material, work in process and finished goods are valued at lower of average cost and net realizable value. By- products are valued at net realizable value. Stock of fertilizer is valued at lower of cost and net realizable value. Cost is determined on the basis of invoice value and other charges paid thereon.

Cost in respect of manufactured goods signifies prime cost and appropriate portion of the manufacturing overheads.

1.9 Foreign currencies:

Assets and liabilities in foreign currencies are translated into rupees at the rate of exchange approximately ruling at the balance sheet date. Exchange differences in respect of foreign currency loans obtained for acquisition of fixed assets are incorporated in the cost of relevant assets. All other exchange differences are taken to income currently.

1.10 Staff retirement benefits:

The Company operates an approved provident fund scheme for all its employees eligible for benefits and contributions thereto are made in accordance with the terms of the scheme.

Effective October 1, 1990 company had introduced an unfunded gratuity scheme for those permanent employees who have completed qualifying period and are members of the aforesaid provident fund scheme.

1.11 Revenue recognition:

Sales are recorded on despatch of goods to customer.

	1999 (Rupees in thousand)	1998
2. ISSUED, SUBSCRIBED AND PAID UP CAPITAL		
3,617,635 Ordinary shares of Rs.10.00 each fully paid up in cash.	36,177	36,177
814,637 Ordinary shares of Rs. 10.00 each fully paid up issued to P.I.C.I.C in terms of loan agreement	8,146	8,146
40,000 Ordinary shares of Rs. 10.00 each fully paid up issued to I.C.P in terms of debenture trust deed	400	400
20,000 Ordinary shares of Rs. 10.00 each fully paid up issued to State Life Insurance Corporation of Pakistan in terms of debenture trust deed	200	200
10,000 Ordinary shares of Rs. 10.00 each fully paid up issued to N.I.T in terms of debenture trust deed	100	100
14,067,980 Ordinary shares of Rs. 10.00 each fully paid up issued as bonus shares.	140,680	140,680
	-----	-----
	149,526	149,526
	-----	-----
	185,703	185,703
	=====	=====

3. REDEEMABLE CAPITAL (NON PARTICIPATORY-SECURED)

	PICIC	SCB	SCB	I SAUDI	
Balance		6,748	12,500	7,000	27,208
Less:					
Current maturity shown under current liabilities Note No. 7		2,999	12,500	7,000	4,457
		-----	-----	-----	-----
		3,749	--	--	22,751
		=====	=====	=====	=====
Purpose	LMM	TL	TF	LCF	
Sanctioned/Sale price/					

Disbursed Amount (Rs. in Million)	23.993	50,000	70.000	30.000
Purchase price (Rs. in Million)	38.195	72.687	101.762	52.321
Maximum prompt payment rebate (Rs. in Million)	6.366	--	--	--
Effective rate of mark-up (per annum)	8%	16.50% (Minimum)	16.50%	21% (Minimum)
Number of instalments	32	8	10	20
Instalments payable	Quarterly	Half-yearly	Half-yearly	Quarterly
Date of payment of Instalments	01.01.1994	09.01.1997	27.03.1995	13.03.1999
Date of payment of last instalments	01.10.2001	09.07.2000	31.03.2000	13.12.2003

SECURITIES:

PICIC (LMM)	Legal mortgage on the company's present and future immovable properties and a first charge by way of hypothecation in respect of present and future machinery and first floating charge on all other assets. Pending the completion, execution and registration of the mortgage deed as aforesaid, the company has created in favour of PICIC a first pad passu charge by way of equitable mortgage on the company's immovable properties, both present and future.
SCB (TL)	Second hypothecation charge over the company's fixed assets. Pledged of Shahmurad sugar mills limited shares.
SCB (TF)	Equitable mortgage on the company's fixed assets. The charge ranks pari passu with mortgage and charge already created in favour of other creditors.
SAUDI PAK I	First pari passu charge by way of equitable mortgage on the company's fixed assets.
SAUDI PAK II	The facility is secured against bank guarantee issued by Habib Bank Ltd to the extent of Rs.49.388 million valid upto 16th September, 2001. The bank guarantee is secured against first pari passu charge on the fixed assets of the company with senior creditors.
OIBPL	Hypothecation of Stock of Sugar.

OTHER PARTICULARS:

SCB-TL	Liquidated damages are applicable @ 20% of the amount defaulted.
SCB -TF's	Term finance is extended to the company under the State Bank of Pakistan's Fixed Industrial Investment Scheme.
SAUDI PAK	Liquidated damages are applicable @ 71 paisas and @ 67 paisas per day per annum of the amount defaulted respectively.
OIBPL-TF	Liquidated damages are applicable @ 22% of the amount defaulted.

Abbreviation denotes:

PICIC	Pakistan Industrial Credit & Investment Corporation.
SCB	Standard Chartered Bank
SAUDI PAK	Saudi Pak Industrial and Agricultural Investment (Pvt) Ltd
TF	Term Finance
TL	Term loan
LCF	Local Currency Finance
OIBPL	Orix Investment Bank Pakistan Ltd

4. OBLIGATIONS UNDER FINANCE LEASE

(i) The amount of future payments and the period in which they will become due are:

	NDLC	FUDLM	SPLCL	OLPL	FGM
Year to Sept. 30, 1999	--	--	--	--	--
Year to Sept. 30, 2000	12,082	12,276	13,177	9,822	12,577
Year to Sept. 30, 2001	11,126	12,276	13,640	9,613	17,150
Year to Sept. 30, 2002	9,061	10,448	15,543	7,478	10,699
Year to Sept. 30, 2003	--	--	786	274	7,262
Year to Sept. 30, 2004	--	--	--	--	646
	-----	-----	-----	-----	-----
	32,269	35,000	43,146	27,187	48,334
Less:					
Financial charges allocated to future period	7,563	8,513	12,372	6,592	14,352
	-----	-----	-----	-----	-----
	24,706	26,487	30,774	20,595	33,982
Less:					
Current maturity:- Shown under current liabilities (Note 7)	7,681	7,587	7,310	6,155	7,159
	-----	-----	-----	-----	-----
	17,025	18,900	23,464	14,440	26,823
	=====	=====	=====	=====	=====
			LMM,IM	LMM,IM	LMM

(ii) Purpose	LMM	LMM & IM	VEHICLE	& VEHICLE	& VEHICLE
(iii) Terms and conditions of lease facilities.					
1) Number of leases availed	2	2	6	4	6
2) Annual financing rate (monthly/quarterly/half yearly compounding basis) used as discounting factor ranging between	20.97% & 24.22%	21.00% & 21.25%	19.18% to 22.00%	19.50% to 22.95%	21D.45% to 22.00%
3) No. of instalments ranging between	12 & 36	12 & 20	10 & 14	12 to 24	10 & 20
4) Instalments intervals ranging between	Monthly & Quarterly	Quarterly	Half yearly	Quarterly	Quarterly & Half yearly
5) Lease rental payable in each instalments except last one ranging between rupees	30,000 to 1,974,146	208,570 & 2,860,545	96,740 to 2,725,000	123,810 to 1, t 48,985	183,443 to 1,196,315
Last instalments ranging between rupees	398,553 & 4,474,146	341,820 & 4,176,334	127,690 to 4,339,730	273,810 to 2,573,985	257,436 to 3,124,050
6) Fine payable per month on over due rentals if any.	2%	3%	2.50%	3%	2%

iv) Other PartiThe company enjoys purchase option at the end of lease period.

Abbreviations denote:

NDLC	National Development Leasing Corporation Limited
FUDLM	First UDL Modraba
SPLCL	Saudi Pak Leasing Company Limited
OLPL	Orix Leasing Pakistan Limited
FGM	First Grindlays Modaraba
LMM	Locally manufactured machinery
IM	Imported machinery

5. DEFERRED LIABILITIES:

		<i>1999</i>	<i>1998</i>
		<i>(Rupees in thousand)</i>	
Deferred Taxation	5.1	37,342	37,342
Excise duty including interest thereon	9.4	41,547	49,539
Cane development cess and surcharge	5.2	10,250	8,743
Provision for gratuity		15,540	13,839
Sales Tax	9.8	1,585	--
		-----	-----
		106,264	109,463
		=====	=====

5.1 Deferred taxation.

Deferred taxation arising due to timing differences computed under the liability method is estimated at Rs. 97.894 million (1998:Rs.69.773 million) of which Rs. 28.121 millions is in respect of the current year (1998: debit Rs. 0.885 million). The deferred tax liability to the extent of Rs. 60.552 million (1998: Rs. 32.431 million) has not been provided as it is unlikely to crystallize within foreseeable future. Further, unabsorbed tax depreciation losses are also available which will be used to offset tax effects due to reversal of timing differences.

5.2 Surcharge on cess.

The surcharge on cess levied through Finance (amendment) Act, 1991, at the rate of 15 paisas per 40 kilograms of cane crushed is to be shared equally by the mill and growers. The levy has been challenged in the Court of law. However, the liability has fully been provided for to the extent of 50% of company's share. Since the matter is pending in the Court, therefore, management feels that the matter is not likely to be finalized within one year.

6. SHORT TERM RUNNING FINANCE AND BORROWINGS:

		<i>1999</i>	<i>1998</i>
		<i>(Rupees in thousand)</i>	
Secured:			
Commercial Banks	6.10	284,344	225,509
Other financial institutions	6.20	75,000	223,500
Export refinance under SBP refinance facility		--	70,000
Unsecured:			
Due to associated company	6.30	36,800	47,150
		-----	-----
		396,144	566,159
		=====	=====

6.1 Running finance facilities available are upto Rs. 355.00 million (1998: Rs. 299.00 million). Markup applicable is ranging between Re. 0.4931 to Re. 0.54 per thousand per diem. The next renewals are due in August and September, 2000.

6.2 The sanctioned/disbursed amount against various financial arrangements aggregated Rs. 75 million (1998: Rs. 225 million). The effective rates of profit/mark-up, per thousand per diem, are ranging between Re. 0.5479 to Re. 0.6027 (1998: Re. 0.493 to Re.0.6164). The four (1998: seven) settlement/repayment

dates are falling between October 5, 1999 to September 7, 2000 (1998: October 1, 1998 to September 3, 1999).

6.3 Interest @ 20% per annum is payable on amount due on daily product basis.

Securities: (Note 6.1 & 6.2)

Hypothecation on stock of sugar, board and raw material, stores & spares, receivables, other current assets and second charge on fixed assets.

7. CURRENT MATURITY

Redeemable capital	3	41,776	44,542
Finance lease	4	35,892	29,418
Long term loans		--	10,355
		-----	-----
		77,668	84,315
		=====	=====

1999 **1998**
(Rupees in thousand)

8. CREDITORS, ACCRUED AND OTHER LIABILITIES

Creditors		80,248	40,300
Accrued expenses		23,589	24,439
Payable to financial Institution		1,634	7,844
Mark up/Interest accrued on secured loan			
Short term finance		14,859	18,853
Long Term Loan		--	346
Redeemable Capital:			
Long term running finance (under mark-up arrangement)		1,190	2,098
Export refinance		2,860	587
Financial charges on leased assets		1,827	2,067
		-----	-----
		20,736	23,951

Custom duty	9.5	199	199
Sales Tax		8,500	7,010
Worker's profit participation fund	8.1	1,944	148
Associated undertakings		1,943	2,860
Deposits and retentions		628	2,193
Advance against sales		--	1,570
Brokerage and commission on sugar		232	184
Unclaimed dividends		428	429
Provident fund		79	99
Apprenticeship money	8.2	29	27
Others		1,432	1,370
		-----	-----
		141,621	112,623

=====

8.1 WORKER'S PROFIT PARTICIPATION FUND

Balance October 1,	148	125
Add:		
Provision for the current year	1,769	--
Interest due on fund utilized in the company's business shown under financial charges Note 24	27	23
	-----	-----
	1,796	23
	-----	-----
	1,944	148
	=====	=====

(a) The amount utilized by the company during the year was Rs. 0.148 million (1998:Rs. 0.125 million).

8.2 The apprenticeship money has been deposited in a separate bank account (Note - 19) as required by section 227 of the Companies Ordinance, 1984.

9. CONTINGENCIES AND COMMITMENTS

9.1 The Company's commitments on September 30, 1999 for capital expenditure amounted to Rs. 1.250 million (1998 Rs. 2.210 million).

9.2 The Company has issued continuing guarantee to bank aggregating Rs. 70 million (1998: R% 30 million) in consideration of the banks making loans to cane growers for the purchase of seeds and fertilizers.

9.3 The issue in respect of payment of 100% central excise duty aggregating Rs. 19.462 million against clearance of sugar stocks of 9,052 Metric tons due to retrospective withdrawal of rebate has finally been disposed off by The High Court of Sindh in favour of the company. The disputed liability was fully provided for in the prior period accounts alongwith interest @ 14% per annum thereon upto September 30, 1991. The Collector, Central Excise and Land Customs, Hyderabad has encashed the bank guarantee given in this respect in the year 1997-98. The company has accordingly moved an application for release of bank guarantee from Collector, Central Excise and Land Customs, Hyderabad which has finally been received duly discharged on 7th February, 2000. Since the matter stands resolved, the entire disputed amount alongwith interest has been recognized as income.

9.4 The Company is contingently liable to a sum aggregating Rs. 19.045 million against counter guarantee given to bank for issue of guarantees on behalf of the Company in favour of Collector, Central Excise and Land Customs, Hyderabad. The guarantee has been issued in respect of payment of 50% central excise duty against clearance of sugar stocks of 17,799.50 metric tons due to denial of excise duty exemption by declaring full crushing season at minimum of 180 days vide notification of December 23, 1992. The Company has disputed against the denial of exemption and has filed a constitutional petition before the Honourable High Court of Sindh. However, the excise duty liability has been fully provided for including compounding interest @ 14% per annum thereon.

9.5 The Company had applied to the Government of Pakistan for declaring Medium Density Fibre Board Industry as "Key Industry" under SRO 458(1)/88 dated June 26, 1988 as the project is using 100% local raw material. Pending the declaration as Key Industry, the Central Board of Revenue has allowed the Company to get the consignments of plant and machinery cleared against bank guarantees. The Collector of Customs has presented

Bank guarantees for encashment and the company accordingly filed a writ in the High Court of Sindh there against. The High Court in its order has allowed the Collector of Customs to get the bank guarantees encashed with the conditions that in case bank guarantees are encashed and the decision goes in favour of the Company, amount of bank guarantees encashed will be refunded alongwith 14% markup. Total amount of duties involved is Rs. 8.893 million which had been fully provided for in the accounts in the relevant prior year, out of which Rs. 8.694 million has been paid upto September 30, 1999.

9.6 The Company had obtained the banking facility of Rs. 25 million from Mehran Bank Limited in March, 1992 which was subsequently parked by Mehran Bank from National Investment Trust against their bank guarantee. The facility was repaid by the Company to Mehran Bank Limited and the charge created there against in favour of Mehran Bank Limited was satisfied immediately on repayment. In December, 1996 National Investment Trust wrote a letter to the Company that parking facility of Rs. 25 million is still outstanding in their books. The liability has been denied by the Company since it has already repaid the above amount to Mehran Bank Limited. The Company has filed a suit in the High Court of Sindh against National Investment Trust and Mehran Bank Limited (now merged with National Bank of Pakistan) which is pending.

Since the Company has already repaid the entire liability, as such, management has been advised that no liability will accrue to the Company.

9.7 A demand of Rs. 6.216 million in respect of sales tax on in house use of baggasse as fuel was raised by the Collectorate of Sales Tax, Hyderabad. The Company has disputed the liability and has filed an appeal before the Sales Tax Appellate Tribunal, Karachi, the outcome of which is pending. The liability has not been provided by the company in these accounts. However, to avail a relief from levy of additional tax, as provided through SRO 1349(1)/99 dated 17th December, 1999, the company has paid total amount of Rs. 10.629 million, including an additional tax of Rs. 4.413 million, on 30th December, 1999.

9.8 The Company has filed petition before Honorable High Court of Sindh challenging the levy of further tax @ 1% and 3% against taxable supplies made to persons other than registered person under section 3(1A) of the Sales Tax Act, 1990 and has obtained a stay order from payment of same after August, 1999. However, the provision for such further tax, payable after August, 1999 has been made in these accounts.

10. OPERATING ASSETS

The following is a statement of the operating assets;

PARTICULARS	Cost		Accumulated Depreciation 01-10-1998	Depreciation Charge for the year/ (on disposal)
	Cost at 01-10-1998	Addition/ (Sales)/ Transfer*		
OWN:				
Freehold land	3,786	--	3,786	--
Factory building: on free hold land	22,334	--	22,334	15,886
Non factory building: on free hold land	41,297	661	41,958	18,467
on leasehold land	9,675		9,675	4,608
Plant and machinery	785,124	128,055	937,466	354,088
		24,287 *		4,743 *

Building	--	886
Advance for capital expenditure	1,250	1,360
	-----	-----
	105,873	286,880
M.D.F.B. UNIT:		
Building	601	--
	-----	-----
	106,474	286,880
	=====	=====

12. LONG TERM INVESTMENT

In associated company:

3,299,784 (1998:3,299,784) ordinary shares of Rs. 10.00 each of Shahmurad Sugar Mills Limited-listed company	21,631	21,631
Equity held 15.625% (1998:15.625%)		
Market value Rs. 58.571 million (1998: Rs. 58.571 million)		
500,000 (1998: 500,000) ordinary shares of Rs. 10.00 each of A1-Noor Modaraba Management (Pvt) Limited	5,000	5,000
Equity held 14.285% (1998:14.285%)		
Break-up value Re.0.65 (1998:Re.0.98) per share (Chief Executive: Mr. S.M. Aminullah)		
	-----	-----
	26,631	26,631
	=====	=====

13. LONG TERM LOANS AND ADVANCES (Considered good)

Due from executives	355	310
Less: Receivable within one year Note 18	175	280
	-----	-----
	180	30
Due from other employees	2,065	1,782
Less: Receiva [1,874	1,606
	-----	-----
	191	176
	-----	-----
	371	206
	=====	=====
Outstanding for period exceeding three years	45	--
Others	326	206
	-----	-----
	371	206
	=====	=====

Loans to executives have been granted for purchase of house, car and for domestic needs and are repayable over a period of 10 years. All the loans are granted to the employees of the company in accordance with the terms of employment. The maximum aggregate amount due from executives at the end of any month during the year was Rs. 0.378 million (1998:Rs. 0.84 million).

	<i>1999</i>	<i>1998</i>
	<i>(Rupees in thousand)</i>	
14. LONG TERM DEPOSITS		
Deposits		
Leasing companies	8,334	7,808
Others	2,554	2,225
	-----	-----
	10,888	10,033
	=====	=====
15. STORES AND SPARES		
Stores	21,902	17,376
Spares	86,659	91,573
Stores and spares in transit	737	1,180
	-----	-----
	109,298	110,129
	=====	=====
16. STOCK IN TRADE		
Work-in-process		
Sugar	794	828
Finished goods		
Sugar	90,917	161,418
MDF Sheets	45,901	48,773
Fertilizer	27,912	--
Molasses	4	1,387
	-----	-----
	164,734	211,578
	-----	-----
	165,528	212,406
	=====	=====
17. TRADE DEBTS		
Local (unsecured and considered good)	1,931	11,928
Export	--	75,076
	-----	-----
	1,931	87,004
	=====	=====
18. LOANS, ADVANCES, PREPAYMENTS AND OTHER RECEIVABLES		

Loan (considered good)

Due from - Executives Note 13	175	280
- Other employees Note 13	1,874	1,606
	-----	-----
	2,049	1,886

Advances (considered good)

Employees	161	156
Financial institutions	750	--
For purchase and services	2,864	773
Growers	9,809	25,036
Sales tax on bagasse	4,144	1,036
Others	2,153	956
	-----	-----
	19,881	27,957
Short term prepayments	323	918

Other Receivables

Associated undertakings Note 18.1	1,070	2,179
Guarantee margin	4,469	4,469
Transportation contractors	10,965	8,560
Refundable Income Tax	1,609	3,982
Financial institutions	3,522	8
Letter of credit margin	13,230	553
Asset: Collector Central Excise and Land Custom	11,989	128
Others	1,178	548
	-----	-----
	48,032	20,427
	-----	-----
	70,285	51,188
	=====	=====

18.1 The amount receivable on account of supplies of store items, rent and insurance claims amounting to Rs. 0.575 million (1998:Rs. 1.324 million).

The maximum aggregate amount due from associated undertakings at the end of any month during the year was Rs. 1.282 million (1998:Rs. 2.178 million).

19. BANK AND CASH BALANCES**With banks:**

In call deposits	28,338	245
In PLS account (Apprenticeship)	29	27
In current accounts	26,830	14,135
	-----	-----
	55,197	14,407
Cash in hand	1,293	652
	-----	-----
	56,490	15,059

20. OPERATING RESULTS

Figures of sales, cost of goods sold, gross profit, administration and selling expenses and operating profit for business segments are as follows:

	<i>SUGAR</i>		<i>BOARD</i>	
	<i>1999</i>	<i>1998</i>	<i>1999</i>	<i>1998</i>
	<i>(Rupees in thousand)</i>		<i>(Rupees in thousand)</i>	
Sales				
Local	839,449	637,889	399,944	253,606
Export	202,517	400,645	--	--
Duty draw back	75,307	96,054	--	--
	-----	-----	-----	-----
	1,117,273	1,134,588	399,944	253,606
Returns	--	--	1,617	2,686
	-----	-----	-----	-----
	1,117,273	1,134,588	398,327	250,920
Sales tax	103,074	24,284	54,571	27,880
Brokerage and commission	232	184	--	--
Trade discount	--	--	9,748	363
	-----	-----	-----	-----
	103,306	24,468	64,319	28,243
Net Sales	20	1,013,967	334,008	222,677
Cost of goods sold	21	872,032	222,877	158,612
		-----	-----	-----
Gross profit		141,935	111,131	64,065
Administration and selling expenses	22	76,285	20,175	12,374
		-----	-----	-----
Operating profit		65,650	90,956	51,691
		=====	=====	=====

20.1 Inter-segment pricing

Transfers between business segments are recorded at realizable value plus applicable processing cost thereon.

	<i>SUGAR</i>		<i>BOARD</i>	
	<i>1999</i>	<i>1998</i>	<i>1999</i>	<i>1998</i>
20.2 Segment assets employed (%)	72%	66%	28%	34%

	<i>SUGAR</i>		<i>BOARD</i>	
	<i>1999</i>	<i>1998</i>	<i>1999</i>	<i>1998</i>
	<i>(Rupees in thousand)</i>		<i>(Rupees in thousand)</i>	

21. COST OF GOODS SOLD

Opening stock of finished goods	162,805	232,598	48,773	34,666
COST OF MANUFACTURE				
Opening stock of work in process	828	2,312	--	--
Raw material consumed	650,965	705,250	121.24	75,016
Stores and spares consumed	34,599	31,206	9,285	7,884
Packing materials	11,213	14,421	-	-
Fuel and oil	8,517	13,534	18,080	23,282
Power and water	5,313	7,713	36,163	34,319
Salaries, wages and benefits	71,191	73,730	12,748	10,763
Repairs and maintenance	7,228	6,808	2,081	1,965
Insurance	4,070	4,325	2,093	2,690
Other manufacturing expenses	7,510	6,539	5,922	3,432
Cane development cess and surcharge	6,529	6,201	--	--
Education cess	77	92	7	14
Depreciation	21,384	12,953	13,514	14,624
	-----	-----	-----	-----
	829,424	885,084	221,137	173,989
Less:				
Closing stock of:				
Work in process	794	828	--	--
	-----	-----	-----	-----
	828,630	884,256	221,137	173,989
Molasses sale	24,494	29,845	--	--
Electricity charged to MDFB	11,501 [7,254	--	--
Bagasse sale	21.1 264	786	--	--
Sander dust	--	--	965	967
Other	--	--	167	303
	-----	-----	-----	-----
	36,259	37,885	1,132	1,270
	-----	-----	-----	-----
	792,371	846,371	220,005	172,719
Excise duty	7,777	25,687	--	--
	-----	-----	-----	-----
Cost of manufacture	800,148	872,058	220,005	172,719
	-----	-----	-----	-----
	962,953	1,104,656	268,778	207,385
Less:				
Closing stock of finished goods	90,921	162,805	45,901	48,773
	-----	-----	-----	-----
	872,032	941,851	222,877	158,612
	=====	=====	=====	=====

21.1 This excludes sales tax on bagasse aggregating Rs. 0.222 million.

SUGAR

BOARD

	<i>1999</i>	<i>1998</i>	<i>1999</i>	<i>1998</i>
	<i>(Rupees in thousand)</i>		<i>(Rupees in thousand)</i>	
22. ADMINISTRATION AND				
SELLING EXPENSES				
Salaries, wages and benefits	18,986	20,878	6,264	5,505
Staff welfare	6,391	4,920	874	263
Rent, rates and taxes	792	1,065	157	261
Electricity and gas charges	379	428	436	387
Repairs and maintenance	3,156	3,044	415	372
Chief Executive and Director's remuneration and perquis, 31	2,418	2,418	--	--
Legal and professional	1,442	653	40	--
Vehicle running	4,559	4,225	400	424
Insurance	1,091	958	614	91
Communication	1,616	2,253	548	484
Sales Promotion & Advertisement	157	92	6,898	2,488
Export sale expenses	21,339	39,788	--	--
Despatch and stacking	1,754	1,599	373	--
Entertainment expenses	789	720	205	94
Printing and stationary	844	835	179	124
Fees and subscription	432	547	34	26
Depreciation	3,883	4,001	802	808
Others	6,257	5,789	1,936	1,047
	-----	-----	-----	-----
	76,285	94,213	20,175	12,374
	=====	=====	=====	=====

	<i>1999</i>	<i>1998</i>
	<i>(Rupees in thousand)</i>	
23. OTHER INCOME		
Excise duty	9.3	20,622
Profit on trading of fertilizer		8,441
Insurance claim		2,498
Rent		306
Profit on disposal of fixed assets-net	29.0	405
Sale of scrap	23.1	615
Dividend Income		--

		32,887

		4,740
		=====

23.1 This excludes sales tax on scrap aggregating Rs. 0.114 million.

24. FINANCIAL CHARGES

Mark up on:

Redeemable capital:

Long term running finance under mark-up arrangements	20,475	8,302
Term finance certificates	--	2,250
	-----	-----
	20,475	10,552
Short term running finance	104,312	105,458
	-----	-----
	124,787	116,010
Interest on:		
Long term loans	379	2,847
Excise duty - note 9.4	5,559	5,127
Workers' profit participation fund - note 8.1	27	23
	-----	-----
	5,965	7,997
Finance charges on leased assets	18,825	15,271
Front end and project examination fee	150	1,988
Commitment charges	--	1,828
Bank guarantee and commission	1,836	823
Bank charges	1,486	1,210
Others	1,101	551
	-----	-----
	23,398	21,671
	-----	-----
	154,150	145,678
	=====	=====
Less: Interest/profit earned on:		
Staff members' loans	1	1
Commercial bank deposits	104	84
	-----	-----
	105	85
	-----	-----
	154,045	145,593
	=====	=====
25. OTHER CHARGES		
Workers' profit participation fund	1,769	--
Auditors' remuneration - note 27	95	110
Director's meeting fee	6	4
Charity and donation	980	625
	-----	-----
	2,850	739
	=====	=====

CHARITY AND DONATION

None of the directors or their spouses had interest in any of the donees.

26. TAXATION

Turnover Tax		
Current	6,885	6,700
Prior	--	(6,4911)
	6,885	209

Presumptive tax on fertilizer trading	8,227	--
---------------------------------------	-------	----

Deferred Taxation - note 5.1

Current	--	(885)
Prior	--	885
	-----	-----
	15,112	209
	=====	=====

27. AUDITORS' REMUNERATION.

Audit fee		
Statutory	80	80
Provident fund	4	4
Out of pocket expenses	11	26
	-----	-----
	95	110
	=====	=====

28. TRANSACTIONS WITH ASSOCIATED UNDERTAKINGS

Purchases:

Materials	--	230
Services	8,703	9,040

Sales:

Materials	--	967
Services	66	66

Insurance claims	2,997	2,958
-------------------------	-------	-------

29. PROFIT ON DISPOSAL OF OPERATING ASSETS

(Mode of sale (Rupees in thousand))

Description	<i>Original Cost</i>	<i>Accumulated Depreciation</i>	<i>Written down value</i>	<i>Sale proceeds</i>	<i>Sales tax plus additional tax</i>
Motorcycle Honda CD 70 Registration No. KCI-1049	30	23	7	29	5

Motorcycle Honda CD 70 Registration No. KAK-9466	40	27	13	40	8
Motorcycle Honda CD 70 Registration No, KAK-9467	40	27	13	40	8
Motorcycle Honda CD 70 Registration No. KAK-9469	40	27	13	40	8
Motorcycle Honda CD 70 Registration No. KAK-9470	41	28	13	41	8
Motorcycle Honda CD 70 Registration No. KCI-1246	40	27	13	40	8
Bicycle	1	1	--	1	--
Motorcycle Honda CD 70 Registration No. KCK-9322	46	31	15	39	8
Motorcycle Honda CD 70 Registration No. KCV-2855	51	30	21	40	--
Suzuki Potohar Jeep Registration No. BC-3628	434	256	178	434	--
	-----	-----	-----	-----	-----
	763	477	286	744	53
	=====	=====	=====	=====	=====

30. CAPACITY AND PRODUCTION IN METRIC TONS

		<i>CAPACITY</i>	<i>DAYS</i>	<i>PRODUCTION</i>	<i>DAYS</i>
SUGAR UNIT	1999	23,167	160	60,435	148
	1998	23,167	160	63,820	144
BOARD UNIT	1999	22,500	300	16,292	300
	1998	22,500	300	14,608	300

Reasons for under utilisation of Board Unit capacity:

- Due to dumping of imported medium density fiber board sheets in the market.

31. CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES REMUNERATION

The aggregate amount charged in the accounts of the year for remuneration including all benefits to Chief Executive, Directors and Executives of the company were as follows:

	Chief Executive		Directors		(Rupees in thousand)
	1999	1998	1999	1998	Executives
Remuneration	600	600	960	960	
Provident fund	--	--	--	--	
Perquisite (including house rent and Bonus)	330	330	528	528	
Reimbursable expenses including					
travelling expenses	1,180	27	1,261	245	
	-----	-----	-----	-----	
	2,110	957	2,749	1,733	
	=====	=====	=====	=====	
Number of persons	1	1	2	2	
	=====	=====	=====	=====	

i) The Chief Executive, certain Directors and Executives are provided with free use of company's cars.

ii) Meeting fee paid to 7 Directors was Rs. 6,500 (1998:5 Directors Rs. 4,500)

iii) Reimbursable expenses paid to non-salaried directors amounting to Rs. 1.016 million (1998:Rs 0.812 million) has not been taken in aforesaid schedule.

32. EARNING PER SHARE - BASIC AND DILUTED

	1999	1998
	(Rupees in thousand)	
Profit/(loss) after taxation	17,486	(16,054)
Weighted average number of shares	18570252	18570252
Earning per share	0.94	(0.86)

33. STATEMENT OF CHANGES IN EQUITY

	Issued, subscribed & paid up capital	General Reserve	Unappropriated Profit/(loss)	(Rupees in thousand) Total
Balance as at October 1, 1997	185,703	170,000	5,114	360,817
Transferred from profit and loss account	--	--	(16,054)	(16,054)
Balance as at September 30, 1998	185,703	170,000	(10,940)	344,763
Net profit for the year	--	--	17,486	17,486
Transferred during the year	--	(8,000)	8,000	--
Dividend	--	--	(13,928)	(13,928)
	-----	-----	-----	-----
	--	(8,000)	11,558	3,558
	-----	-----	-----	-----
Balance September 30, 1999	185,703	162,000	618	348,321
	=====	=====	=====	=====

34. FINANCIAL INSTRUMENTS

Interest rate risk

The Company's exposure to interest rate risk and the effective rates on its financial assets and liabilities as of September 30, 1999 are as follows:

(rupees in thousand)

	<i>Total</i>	<i>Less than one year</i>	<i>Interest Bearing More than one year</i>	<i>Total</i>
FINANCIAL ASSETS				
Long term investment	26,631	--	--	--
Long term loans and advances	371	--	--	--
Long term deposit	2,554	--	1,908	1,908
Stores and spares	109,298	--	--	--
Stock-in-trade	165,528	--	--	--
Trade debts	1,931	--	--	--
Loans, advances, prepayments and other receivables	70,285	--	--	--
Bank and cash balance	56,490	28,367	--	28,367
	-----	-----	-----	-----
1999-Rupees	433,088	28,367	1,908	30,275
	=====	=====	=====	=====
1998-Rupees	583,653	272	1,908	2,180
	=====	=====	=====	=====
FINANCIAL LIABILITIES				
Redeemable Capital	106,205	41,776	64,429	106,205
Obligation under finance lease	136,544	35,892	100,652	136,544
Short term running finance				

and borrowing	396,144	396,144	--	396,144
Creditors accrued and other liabilities	141,621	--	--	--
Taxation	1,283	--	--	--
	-----	-----	-----	-----
1999-Rupees	781,779	473,812	165,081	638,893
	=====	=====	=====	=====
1998-Rupees	948,581	650,475	183,120	833,595
	=====	=====	=====	=====

Effective interest rates for the monetary financial liabilities are mentioned in the respective notes to the accounts.

Concentration of credit risk

Credit risk represents the accounting loss that would be recognized at the reporting date if counter parties failed completely to perform as contracted.

Fair Value of financial instruments

The carrying value of all financial assets and liabilities reflected in the financial statements approximate their fair values.

35. GENERAL

Previous year's figures have been rearranged, wherever necessary, for the purpose of comparison.

ISMAIL H. ZAKARIA
Chief Executive

AZIZ AYOOB
Director

SULEMAN AYOOB
Director

PATTERN OF HOLDING OF THE SHARES HELD BY THE SHAREHOLDERS AS ON 30TH SEPTEMBER, 1999

NOS OF SHAREHOLDERS		HOLDINGS			TOTAL SHARES H	
310	FROM	1	TO	100	SHARES	10,920
438	FROM	101	TO	500	SHARES	120,394
111	FROM	501	TO	1000	SHARES	78,605
241	FROM	1001	TO	5000	SHARES	598,171
90	FROM	5001	TO	10000	SHARES	551,118
2	FROM	10001	TO	15000	SHARES	24,216
6	FROM	15001	TO	20000	SHARES	99,591
4	FROM	20001	TO	25000	SHARES	92,312
1	FROM	25,001	TO	30000	SHARES	26,385
1	FROM	40001	TO	45000	SHARES	42,350
1	FROM	45001	TO	50000	SHARES	48,187
1	FROM	50001	TO	55000	SHARES	54,486
1	FROM	60001	TO	65000	SHARES	60,871
1	FROM	75001	TO	80000	SHARES	76,606
2	FROM	80001	TO	85000	SHARES	168,082
2	FROM	90001	TO	95000	SHARES	189,023
1	FROM	95001	TO	100000	SHARES	95,726
2	FROM	105001	TO	110000	SHARES	219,787
1	FROM	115001	TO	120000	SHARES	116,947

2	FROM	150001	TO	155000	SHARES	306,239
3	FROM	165001	TO	170000	SHARES	504,186
2	FROM	170001	TO	175000	SHARES	345,536
1	FROM	175001	TO	180000	SHARES	175,772
2	FROM	185001	TO	190000	SHARES	374,563
2	FROM	210001	TO	215000	SHARES	424,380
1	FROM	240001	TO	245000	SHARES	244,081
1	FROM	245001	TO	250000	SHARES	245,264
3	FROM	250001	TO	255000	SHARES	762,291
1	FROM	260001	TO	265000	SHARES	261,573
1	FROM	265001	TO	270000	SHARES	269,518
1	FROM	275001	TO	280000	SHARES	275,844
1	FROM	295001	TO	300000	SHARES	299,696
2	FROM	320001	TO	325000	SHARES	645,669
2	FROM	335001	TO	340000	SHARES	675,534
1	FROM	375001	TO	380000	SHARES	378,976
1	FROM	385001	TO	390000	SHARES	385,423
1	FROM	390001	TO	395000	SHARES	393,329
1	FROM	395001	TO	400000	SHARES	398,079
1	FROM	415001	TO	420000	SHARES	415,438
1	FROM	425001	TO	430000	SHARES	425,976
1	FROM	510001	TO	515000	SHARES	513,757
1	FROM	680001	TO	685000	SHARES	680,398
1	FROM	700001	TO	705000	SHARES	703,629
1	FROM	725001	TO	730000	SHARES	729,821
1	FROM	5060001	TO	5065000	SHARES	5,061,503
-----		-----		-----		-----
1252						18,570,252
=====		=====		=====		=====

CATEGORIES OF SHAREHOLDERS

	NUMBER	SHARE HELD	PERCENTAGE
INDIVIDUALS	1235	11,471,935	61.78%
INSURANCE COMPANIES	4	702,526	3.78%
JOINT STOCK COMPANIES	5	388,220	2.09%
FINANCIAL INSTITUTIONS	5	5,778,318	31.12%
MODARABA COMPANIES	1	110,000	0.59%
INVESTMENT COMPANIES	1	94,707	0.51%
OTHERS	1	24,546	0.13%
	-----	-----	-----
TOTAL	1252	18,570,252	100.00%
	=====	=====	=====