

ANSARI SUGAR MILLS LIMITED

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COMPANY PROFILE

RECEIVER	Mr. Afaq Jamal Hussain
BOARD OF DIRECTORS (Suspended for the time being)	Mr. Dinshaw Hoshang Anklesaria Chief Executive Mr. Ahmed Khan Ansari Director Mr. Abdul Hafeez Ansari Director Mrs. Nasreen Ghani Ansari Director Mr. Irnran Rasheed Ansari Director Syed Anwar Raza Naqvi Director Mr. S.M.Ahsan Raza Director {Nominee of N.I.T.) Mr. M.Manzurul Haq Director (Nominee of N.D.F.C.)
COMPANY SECRETARY	Mr. Muhammad Tahseen
BANKERS	Habib Bank Limited Muslim Commercial Bank Limited National Bank of Pakistan National Development Finance Corporation Allied Bank of Pakistan
AUDITORS	M/s. Khalid Majid Rahman Sarfaraz Rahim Iqbal Rafiq Chartered Accountants
LEGAL ADVISOR	Dr. Raees Mushtaq
REGISTRAR	Uni Corporate & Financial Services Westland Trade Centre, Opp. Flyover, Shaheed-e-Millat Road, Karachi
REGISTERED OFFICE	41-K, Block 6, P.E.C.H.S. Karachi
FACTORY	Deh Jagsiyani, Taluka Tando Mohammad Khan District Hyderabad, Sindh

STATEMENT UNDER SEC. 138 (2) OF THE COMPANIES ORDINANCE, 1984

MR. AFAQ JAMAL HUSSAIN HAS BEEN APPOINTED AS RECEIVER BY THE EHTESAB BENCH LAHORE HIGH COURT VIDE ITS ORDER DATED MAY 27, 1998 AND MAY 29, 1998 IN E.R. NO. 26/98, 27/98 & 28/98.

NOTICE OF ANNUAL GENERAL MEETING

The Honourable Ehtesab Bench of Lahore High Court vide its order dated October 08, 1999 has directed the Receiver to fix the date for holding of Annual General Meeting for the purpose of authentication of accounts in compliance with sections 158, 236 and 241 of the Companies Ordinance, 1984

Notice is hereby given that the 14th Annual General Meeting of the Shareholders of ANSARI SUGAR MILLS LIMITED, will be held on Thursday, January 29, 2004 at 8 a.m. at the registered office of the Company situated at 41-K, Block 6, P.E.C.H.S., Karachi for transacting the following business.

ORDINARY BUSINESS:

1. To confirm the minutes of the Annual General Meeting held on 27th March 2003.
2. To receive, consider and adopt the audited accounts of the Company for the year ended September 30, 2003 together with the Receiver's and Auditors' Report thereon.
3. To appoint Auditors and to fix their remuneration.
4. To consider any other Business with the permission of the Receiver.

for ANSARI SUGAR MILLS LIMITED

Karachi (AFAQ JAMAL HUSSAIN)

Dated: December 27. 2003 Receiver

NOTES :

1. The Share Transfer Books of the Company will remain closed from 19th January, 2004 to 29th January, 2004 .
2. A member entitled to attend and vote at this meeting may appoint another member as his/her proxy to attend the meeting and vote on his/her behalf. Proxies, in order to be effective, must be received by the Company not less than 48 hours before the meeting.
3. The share holders are requested to notify any change in their address immediately.
4. Kindly quote your folio number in all correspondence with the Company.

VISION & MISSION STATEMENT

VISION

To make a product of International Standard acceptable as a brand in the world market. To explore business opportunities available under the World Trade Organization regime.

MISSION

- To sustain contribution to the National Economy by producing cost effective product.
- To ensure professionalism and healthy working environment.
- To create a reliable product through adoption of latest technology/ advancement.
- To promote research & development and provide technical know how to the growers for improvement of sugarcane yield/recovery.

RECEIVER'S REPORT

The Honourable Ehtesab Bench of Lahore High Court vide its order dated October 08/1999 has directed the Receiver to fix the date for holding of Annual General Meeting for the purpose of authentication of the accounts in compliance with sections 158, 236 and 241 of the Companies Ordinance., 1984.

On behalf of the Company, it is my pleasure to welcome you to the 14th Annual General Meeting of the Company. It is my privilege to present to you the financial and operating results of your Company along with the audited accounts for the year ended September 30, 2003.

FINANCIAL RESULTS

The financial results are as follows:

	RUPEES 2003	RUPEES 2002
Loss for the year before taxation	61,327,218	117,243,468
Provision for taxation for the year	4,903,114	3,142,499
Loss after tax	66,230,332	120,385,967
Accumulated loss brought forward	190,819,445	70,433,478
Accumulated loss carried forward	257,049,777	190,819,445

It is evident from above that the company has achieved note worthy results in respect of reducing its traditional losses. In last year our loss before tax was Rs. 117.243 million which has now reduced to Rs. 61.327 million . This represents 48% improveuc in the current year.

OPERATING RESULTS

In 2002-2003 season, the mi" commenced crushing on December 10, 2002 and continued upto April 6, 2003. Though the industry has not yet been released from the crisis yet the operating results, like wise financial results, are tending towards improvement. There is an increase in production and capacity utilization by 58% and 27% respectively beside increase in recovery rate of sugar and molasses. These indicators reflect satisfactory performance of mill for which management and staff deserve appreciation.

A six years analysis of our financial and operating results is annexed to this report.

SALES

Average sale price of sugar during the year 2003 was 10% lower than year 2002 that effected revenue to the Company.

FUTURE OUTLOOK

The crushing season of 2003-2004 started on November 30, 2003. On the basis of the following production data till this report date our progress may be analyzed.

PARTICULARS	SEASON 2003-04	SEASON 2002-03
* No of crushing days till todate	28	13
* Sugar cane crushed- tonnes	148,367	76,189
* Sugar produced- tonnes	12,785	5,818
* Sugar recovery rate	9.411	9.311

STATEMENT ON CORPORATE AND FINANCIAL REPORTING FRAMEWORK

1 The financial statements , prepared by the Company , present fairly its state of affairs, results of its operation, cash flow and statement of equity.

2 Proper books of account of the company have been maintained

3 Appropriate Accounting policies have been consistently applied in prepraration of the financial statements, changes, if any have been adequately disclosed and accounting estimates are based on reasonable and prudent judgement.

4 International Accounting Standard, as applicable in Pakistan, have been followed in preparation of financial statements, and departure thereform,if any, has been adequately disclosed.

5 The system of internal control is sound in design and has been effectively implemented and monitored.

- 6 There are no significant doubts upon the Company's ability to continue as a going concern.
- 7 Key operating and financial data for last six years in summarized form is annexed.
- 8 There have been no material departure from the best practices of Corporate Governance except those mentioned in the Statement of Compliance with Code of Corporate Governance.
- 9 In view of the loss during the year, the Company has not declared any dividend.
- 10 No trades in share of the Company were carried out by the directors and their spouses and minor children.

LABOUR MANAGEMENT RELATIONS

The management labour relations remained cordial. I take this opportunity to thank and appreciate the spirit of understanding, goodwill and co-operation shown by the workers and hope that the same will continue in future.

I am also thankful to the executives, officers and all the staff members of the Company and wish to place on records my appreciation for their devotions, Sense of responsibility and loyalty.

AUDITORS

M/s. Khalid Majid Rahman Sarfaraz Rahim Iqbal Rafiq, Chartered Accountants retire and offer their services for the year 2003-20U4

CODE OF CORPORATE GOVERNANCE

Statement of compliance with the Code of Corporate Governance is annexed.

PATTERN OF SHARE HOLDING

The pattern of share holding as on 30th September 2003 is annexed.

CONCLUSION

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

Thank you all,

for ANSARI SUGAR MILLS LIMITED

(AFAQ JAMAL HUSSAIN)
Receiver

Karachi, December 27, 2003

STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE

This statement is being presented to comply with the Code of Corporate Governance contained in the Listing Regulations of Karachi, Lahore and Islamabad Stock Exchanges for the purposes of establishing a framework of good governance, whereby a listed Company is managed in compliance with the best practices of corporate governance.

As the Board of Directors' is suspended and Company's affairs are being managed by the Receiver appointed by Ehtesab Bench of Lahore High Court, certain clauses of the Code which are related to the function of/by directors and Board of Directors' are not relevant to the Company. The SECP has however relaxed the requirements contained in the said clauses vide its letter no. SECP/ICAP/EM/36/2000/49 dated January 28, 2003 as numerated below.

Clause i) to clause (vii)
Clause viii), sub-clauses (e) and (f)
Clause ix) to clause (xii)
Clause fxiv)

Clause (xv)
Clause (xviii)
Clause (xxx) to clause (xxxiv)

As regard to remaining provisions of the Code, the Company applied principles in the following manner:

1. Statement of Ethics and Business Practices has been prepared and accordingly signed by all the concerned person.
2. Vision/Mission Statement, Overall Corporate Strategy and Significant Policies of the Company have been developed and complete record of particulars of significant policies along with the dates on which they were approved/amended, is maintained by the departments.
3. All the powers of the Board and decision-making have been duly exercised by the Receiver.
4. The Receiver's report for this year has been prepared in compliance with the requirement of the Code and fully describes the salient matters required to be disclosed.
5. The company has complied with all the corporate and financial reporting requirements of the Code.
6. 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.
7. An effective internal audit function for the company has been established.
8. 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 spouse and minor children do not hold shares of the company and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by Institute of Chartered Accountants of Pakistan.
10. It is confirmed that all material principles contained in the Code have been fully complied with.

(AFAQ JAMAL HUSSAIN)

RECEIVER.

Karachi

Dated: December 27, 2003

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

We have reviewed the Statement of Compliance with the best practices contained in the Code of Corporate Governance as applicable to the Company for the year ended September 30, 2003 prepared by the Receiver of Ansari Sugar Mills Limited, to comply with the Listing Regulation No.37 and Chapter XIII of the Karachi and Lahore Stock Exchanges where the Company is listed.

The responsibility for compliance with the Code of Corporate Governance is that of the Receiver 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 the 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 Receiver's statement on internal control covers all controls and the effectiveness of such internal controls.

We report that:

during the year under review, relaxation from compliance with certain provisions of the Code of Corporate Governance as pointed out in Company's Statement of Compliance has been given by the Securities and Exchange Commission of Pakistan vide its letter

No SECP/ICAP/EM/36/2000/49 dated January 28, 2003.

Based on our review, except for matters noted in the previous paragraph, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects with the best practices contained in the Code of Corporate Governance as applicable to the Company for the year ended September 30, 2003.

Khalid Majid Rahman Sarfaraz
Rahim Iqbal Rafiq

Chartered Accountants

Karachi

Dated: December 27, 2003

PATTERN OF SHAREHOLDING

OF THE SHARES HELD BY THE SHAREHOLDERS

AS ON SEPTEMBER 30, 2003

NUMBER OF SHAREHOLDERS	SHARE HOLDING FROM	TO	TOTAL SHARES HELD
546	1	100	34,836
364	101	500	91,157
266	501	1000	183,397
485	1001	5000	1,038,524
106	5001	10000	728,274
54	10001	15000	660,153
10	15001	20000	167,221
10	20001	25000	221,257
6	25001	30000	162,379
12	30001	35000	404,757
6	35001	40000	224,784
7	40001	45000	297,439
7	45001	50000	335,800
5	50001	55000	254,840
8	55001	60000	461,711
4	60001	65000	243,555
3	65001	70000	206,862
3	75001	80000	232,659
3	80001	85000	249,550
1	95001	100000	96,800
31	100001	105000	3,101,550
2	105001	110000	217,258
1	110001	115000	114,770
1	120001	125000	121,500
1	125001	130000	126,754
1	135001	140000	138,000
1	145001	150000	148,120
4	155001	160000	625,600
1	170001	175000	173,362
1	180001	185000	182,544
1	185001	190000	186,300
1	195001	200000	196,765
1	205001	210000	206,310
1	210001	215000	212,106
2	220001	225000	441,600
1	230001	235000	230,862
1	235001	240000	238,941
1	245001	250000	245,962
2	250001	255000	504,857
10	260001	265000	260,945
1	265001	270000	266,570
1	270001	275000	272,090
1	275001	280000	276,747

1	290001	295000	293089
2	310001	315000	624,105
1	315001	320000	315,915
1	345001	350000	349,715
2	410001	415000	827,808
1	605001	610000	609,109
1	790001	795000	790,248
1	1020001	1025000	1,022,263
1	1345001	1350000	1,345,500
1	3440001	3445000	3,443,978
1977			24,407,198

S.No.	Category	No. of Shareholders	Total Shares Held	Percentage %
1	Individuals	1,948	16,591,352	67.98
2	Joint Stock Companies	9	1,185,654	4.86
3	Financial Institutions	6	5,099,958	20.9
4	Insurance Companies	6 5	817,954	3.35
5	Investment Companies		701,090	2.87
6	Modaraba	3	11,190	0.05
		1,977	24,407,198	100

PATTERN OF SHAREHOLDING AS AT SEPTEMBER 30, 2003

AS PER REQUIREMENTS OF THE CODE OF CORPORATE GOVERNANCE

Category	Number of shares held	Category wise No. of shareholders	Category wise shares held	Percentage %
JOINT STOCK COMPANIES		9	1,185,654	4.86
INVESTMENT COMPANIES		5	701,090	2.87
DIRECTORS, CHIEF EXECUTIVE AND THEIR SPOUSE AND MINOR CHILDREN		6	1,043,805	4.28
Mr. Alirrtph Khan Ansari	269,013			
Mr. Abdul Hafeez Ansari	48,990			
Mrs. Nasreen Ghani Ansari	33,350			
Mr. Tmran Rasheed Ansari	413,108			
Mr. Dinshaw Hoshang Anklesaria	96,800			
S. Anwar Raza Naqvi	182,544			
S. M. Ahsan Raza (Nominee of NIT)	-			
Mr. Manzurul Haq (Nominee of NBP - formerly NDFC)	-			
NIT/ICP		2	3,858,678	15.81
National Bank of Pakistan - Trustee Department	3,443,978			
Investment Corporation of Pakistan	414,700			
BANKS, DFTs, NBFIs, INSURANCE COMPANIES, MODARABAS AND MUTUAT FUNDS		13	2,070,424	8.48
INDIVIDUALS		1,942	15,547,547	63.7
		1,977	24,407,198	100

Shareholders holding ten percent or more voting interest in the Company

Name of Shareholders	No. of Shares held	Percentage
National Bank of Pakistan - Trustee Department	3,443,978	14.11

SIX YEARS' REVIEW AT A GLANCE

	2003	2002	2001	2000	1999	1998
 (Rs. in 000)					
FINANCIAL RESULTS						
Sales	980,623	628,500	855,343	827,589	918,065	782,308
Gross profit/ (loss)	38,247	-29,767	122,518	64,915	133,619	37,338
Operating prof it/ (loss)	712	-66,978	75,261	11,397	76,068	3,840
Prof it/ (loss) before taxation	-61,327	-117,243	23,180	-33,188	-46,898	-107,782
Prof it/ (loss) after taxation	-66,230	-120,386	18,903	-37,326	-52,561	-111,694
Accumulated (loss)/profit for the year	-257,050	-190,819	-70,433	-89,337	-52,011	551
OPERATING RESULTS						

Season Started	10-12-2002	09-11-2001	07-11-2000	25-10-1999	11-11-1998	25-10-1997
Season Closed	06-04-2003	22-03-2002	15-03-2001	02-03-2000	16-03-1999	27-03-1998
Days Worked	117	134	129	130	126	152
Sugarcane crushe (tonnes)	633,045	403,469	442,853	491,757	651,224	554,718
Sugar recovery (%)	11	10	10	10	10	10
Sugar produced (tonnes)	64,065	40,632	43,355	47,270	62,426	58,055
Molasses recovery / o / \ (/ o)	5.568	5.251	5.394	5.025	5.002	5.218
Molasses produce (tonnes)	35,252	21,194	23,881	24,704	32,577	28,944
Operating period (days)	117	134	129	130	126	152
Capacity utilized (%)	74	47	50	55	72	67

ASSETS EMPLOYED

Fixed capiidl expenditure	865.590	908,788	956,245	1,003,730	1,014,840	1,044,214
Long term loans and deposits	559	680	876	937	992	943
Current assets	243,095	268.126	236,154	169,875	217,475	190,028
T otal Assets Employed	1,109,244	1,177,594	1,193,275	1,174,542	1,233,307	1,235,185

FINANCED BY

Shareholders' equity	20,022	80,253	200,638	181,735	219,061	271,623
Long term liabilities	624,310	639,006	623,446	700,124	270,599	382,654
Deferred liabilities	7,627	9,095	16,677	14,381	327,978	196,855
Current liabilities	463,471	449,240	352,514	278,302	415,669	384,053
Total Funds Invested	1,109,430	1,177,594	1,193,275	1,174,542	1,233,307	1,235,185
Break-up Value per Share	0.82	3.29	8.22	7.45	8.98	11.13
Earnings per Share	-2.71	-4.93	0.77	-1.53	-2.15	-4.58

AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed balance sheet of Ansari Sugar Mills Limited as at September 30, 2003, and the

related profit and loss account, cash flow statement and statement of changes in equity together with the notes forming part thereof, for the year then ended and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the 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 requiements 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 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 except for calssification as referred to in note 4 (b) (iii);

(ii) the expenditure incurred during the year was for the purpose of the Company's business; and

(iii) the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the Company;

(c) except for the effect of matters referred to in note 4 (b) (ii), in our opinion and to the best of our information and according to the explanations given to us, the balance sheet, profit and loss account, cash flow statement and statement of changes in equity together with the notes forming part thereof, conform with approved accounting standards as applicable in Pakistan, and, give the information required by the Companies Ordinance, 1984, in the manner so required and respectively give a true and fair view of the state of the

Company's affairs as at September 30, 2003, and of the loss, its cash flows and changes in equity for the year then ended; and

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

KHALID MAJID RAHMAN SARFARAZ
RAHIM IQBAL RAFIQ

Chartered Accountants

Karachi

Dated: December 27, 2003

BALANCE SHEET

	Note	2003 Rupees	2002 Rupees
SHARE CAPITAL AND RESERVES			
Authorised Capital			
30,000,000 Ordinary Shares of Rs. 10/- each		300,000,000	300,000,000
Issued, subscribed and paid up capital	3	244,071,980	244,071,980
General reserve		27,000,000	27,000,000
Unappropriated loss		257,049,777	-190,819,445
		14,022,204	80,252,535
LONG TERM LOANS - SECURED			
Interest bearing	4(a)	169,269,314	197,309,007
Non-interest bearing	4(b)	455,041,153	441,697,130
		624,310,467	639,006,137
DEFERRED LIABILITIES	5	7,627,289	9,094,916
CURRENT LIABILITIES			
Current portion of long term loans	6	194,612,769	191,905,886
Creditors, accrued and other liabilities	7	244,839,318	234,739,946
Taxation		24,019,095	22,594,551
		463,471,182	449,240,383
CONTINGENCIES AND COMMITMENTS	8		
		1,109,431,141	1,177,593,971

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

Persuant to order of the Ehtesab Bench of Lahore High Court on CM26/99, the Balance Sheet and Profit & Loss Account has been authenticated by the Receiver to comply with the requirements of section 241 of the Companies Ordinance, 1984.

	Note	2003 Rupees	2002 Rupees
FIXED CAPITAL EXPENDITURE			
Operating fixed assets - Tangible	9	865,590,017	908,788,039
Capital work in progress		187,500	-
LONG TERM LOANS	10	111,450	232,195
LONG TERM DEPOSITS		447,526	447,526
CURRENT ASSETS			
Stores, spares and loose tools	11	18,239,847	17,679,462
Stock in trade	12	142,285,056	155,157,437
Trade debts - unsecured considered good	13	5,922,366	5,922,366
Loans and advances - unsecured	14	34,668,505	34,126,577
Prepayments and other receivables	15	15,177,408	21,587,070
Cash and bank balances	16	26,801,466	33,653,299
		243,094,648	268,126,211
		1,109,431,141	1,177,593,971

AFAQ JAMAL HUSSAIN

RECEIVER

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED SEPTEMBER 30, 2003

	Note	2003 Rupees	2002 Rupees
SALES - Net	17	980,622,883	628,499,811
Cost of goods sold	18	-942,375,432	-658,266,367
Gross profit		38,247,451	-29,766,556
OPERATING EXPENSES			
Administration and general	19	35,915,158	36,312,311
Selling and distribution	20	1,619,995	899,281
		37,535,153	37,211,592
OPERATING PROFIT/ (LOSS) FOR THE YEAR		712,298	-66,978,148
Financial charges	21	61,698,077	58,703,007
Other charges	22	362,800	220,013
Other (income)/ loss	23	-21,361	-319,297
		62,039,516	58,603,723
NET LOSS FOR THE YEAR		-61,327,218	-125,581,871
Unusai items	24	-	8,338,403
NET LOSS BEFORE TAXATION		-61,327,218	-117,243,468
Provision for taxation - current		4,903,114	3,142,499
NET LOSS AFTER TAXATION		-66,230,332	-120,385,967
Unappropriated loss brought forward		-190,819,445	-70,433,478
Unappropriated loss carried forward		-257,049,777	-190,819,445
Earnings per share - Basic	28	-2.71	-4.93

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

AFAQ JAMAL HUSSAIN

RECEIVER

CASH FLOW STATEMENT

FOR THE YEAR ENDED SEPTEMBER 30, 2003

		2003 Rupees	2002 Rupees
CASH FLOW FROM OPERATING ACTIVITIES			
Profit/ (Loss) before tax		-61,327,218	-117,243,468
Adjustments for:			
Depreciation	9.1	47,710,406	49,861,220
Deferred Mark-up Capitalised	4(b) (ii)	27,187,922	-
Financial charges	21	61,698,077	58,703,007
Gain on sale of fixed assets	9.2	-21,361	-319,297
		136,575,044	108,244,930
Operating Profit/(Loss) before changes in Working Capital		75,247,826	-8,998,538
Changes in Working Capital			
(Increase)/Decrease in Current Assets			
Stores, spares and loose tools	11	-560,385	1,635,582
Stock in trade	12	12,872,381	-74,197,156
Trade debts	13	-	16,620,427
Loans and advances	14	533,632	-4,184,544
Prepayment and other receivables	15	6,928,566	-2,554,024
		19,774,194	-62,679,715
		95,022,020	-71,678,253
Increase/ (Decrease) in Current Liabilities			
Creditors, accrued and other liabilities	7	11,034,713	114,998,972
Cash generated from operating activities		106,056,733	43,320,719
Taxes paid		-5,086,926	-4,886,952
Financial charges paid		-62,595,273	-76,118,005
Net cash generated from operating activities		38,374,534	(37,684,238)
		2003 Rupees	2002 Rupees
CASH FLOWS FROM INVESTING ACTIVITIES			
Fixed capital expenditure		-4,851,867	-3,232,527
		9.2	

Proceeds from disposal of fixed assets	173,344	1,147,293
Long term loans	10	-110,124
Long term deposits	96,492	299,539
Net cash used in investing activities	-	-1,895,819
CASH FLOWS FROM FINANCING ACTIVITIES		
Long term loans obtained / adjusted	-	44,945,667
Repayment of long term loans	4 (a) & 4(b)	-29,692,303
	(39,176,709)	
Increase /(decrease) in deferred liabilities	5	-7,581,890
	(1,467,627)	
Net cash (used in) /generated from financing activities	-40,644,336	7,671,474
Net increase/ (decrease) in cash and cash equivalents	-6,851,833	-31,908,583
Cash and cash equivalent at the beginning of the year	33,653,299	65,561,882
Cash and cash equivalent at the end of the year	26,801,466	33,653,299
CASH AND CASH EQUIVALENTS COMPRISE OF:		
Cash and Bank Balances	16	33,653,299
	26,801,466	

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

AFAQ JAMAL HUSSAIN

RECEIVER

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED SEPTEMBER 30, 2003**

	Share Capital Rupees	General Reserve Rupees	Accumulated Loss Rupees	Total Rupees
Balance as at September 30, 2001	244,071,980	27,000,000	-70,433,478	200,638,502
Loss for the year	-	-	-120,385,967	-120,385,967
Balance as at September 30, 2002	244,071,980	27,000,000	-190,819,445	80,252,535
Loss for the year	-	-	-66,230,332	-66,230,332
Balance as at September 30, 2003	244,071,980	27,000,000	-257,049,777	14,022,203

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2003**

1. STATUS AND NATURE OF BUSINESS

1.1 The Company was incorporated in Pakistan on July 09,1989 as a Public Limited Company and its shares are quoted in Karachi and Lahore Stock Exchanges. The principal business of the Company is to manufacture and sale of sugar.

1.2 Pursuant to the order of the Honourable Lahore High Court, since July 02,1998 the Receiver continue to manage and control the Mill as well as discharge all financial responsibilities. In 1999 the Ehtesab Bench of the Honourable Lahore High Court allowed the Receiver to comply with the requirements of sections 158, 236 and 241 of the Companies Ordinance, 1984 in place of the Directors. The Receiver has accordingly authenticated the financial statements for the year.

2. SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

These financial statements have been prepared under the "historical cost convention".

2.2 Statement of compliance

These financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan and the requirements of the Companies Ordinance, 1984. Approved accounting standards comprise of such International Accounting Standards as

notified under the provisions of the Companies Ordinance, 1984. Wherever, the requirements of the Companies Ordinance, 1984 or directives issued by the Securities and Exchange Commission of Pakistan differ with the requirements of these standards, the requirements of Companies Ordinance, 1984 or the requirements of the said directives take precedence.

2.3 Employees' retirement benefits

The Company operates a defined Contributory Provident Fund for all its employees eligible under the scheme. The scheme is approved under the Income Tax Ordinance, 1979. Monthly contributions are made both by the Company and by the employee to the fund at a rate of 8.33% of basic pay.

2.4 Provisions

Provisions are recognized when the Company has a present legal or constructive obligation as a result of past events and it is probable that outflow of resources embodying economic benefits will be required to settle the obligations and a reliable estimate of the obligation can be made.

2.5 Taxation

Current

The provision for current taxation is based on taxable income at the current tax rates, after considering admissible tax credits, if any, or one half percent of turnover, whichever is higher.

Deferred

Deferred tax liability/ asset, if any, is accounted for using the liability method of all major taxable/ deductible temporary differences. Deferred tax assets is recognized only to the extent that it is probable that future taxable profits will be available against which these can be utilized.

2.6 Operating fixed assets

These are stated at cost less accumulated depreciation except freehold land which is stated at cost.

Depreciation is charged to income using the reducing balance method whereby the cost of an asset is written off over its estimated useful life.

Full year's depreciation is charged on all assets, including additions during the year. 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.

Gains and losses on disposal of assets are included in current income.

2.7 Financial assets

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

2.8 Inventories

The basis of valuation has been specified against each:

Stores, spares and loose tools

In hand -- At moving average cost.

In transit — Actually incurred cost upto the balance sheet date.

Stock in trade

In process -- At average raw material cost

Finished — At a lower of average manufacturing cost and net realizable value.

Molasses

These are valued at net realizable value.

Provision is made for slow moving and obsolete items.

2.9 Trade debts & other receivables

Trade and other receivables, considered irrecoverable are written off and provision is made for debts and receivables considered doubtful.

2.10 Financial liabilities

Financial liabilities are classified according to the substance of the contractual agreements entered into. Significant financial liabilities are long-term loans, creditors, accrued and other liabilities (excluding Sale tax payable and withholding tax deducted).

All financial liabilities are initially recognized at cost, which represents fair value of the consideration received at initial recognition. After initial recognition financial liabilities are carried at fair value except long term loans which are measured at amortized cost.

* Financial instruments (financial assets and financial liabilities) are offset when the Company has a legally enforceable right to offset and intends to settle either on a net basis or to realize the asset and settle the liability simultaneously.

2.12 Impairment of assets

In accordance with IAS-36 'Impairment of Assets', assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of these assets may not be recoverable. Whenever the carrying amount of these assets exceed their recoverable amount, an impairment loss is recognized in the profit and loss account.

2.13 Revenue Recognition

* Sales are recorded on dispatch of goods.

* Interest, profit and income from investment is recorded on accrual basis.

3. ISSUED, SUBSCRIBED AND PAID UP CAPITAL

Number of Shares

2003 Rupees	2002 Rupees		2003 Rupees	2002 Rupees
18,296,250	18,296,250	Fully paid ordinary shares of Rs. 10/- each issued for cash.	182,962,500	182,962,500
6,110,948	6,110,948	Fully paid ordinary shares of Rs. 10/- each issued as bonus shares	61,109,480	61,109,480
24,407,198	24,407,198		244,071,980	244,071,980

4(a) LONG TERM LOANS - INTEREST BEARING

PARTICULARS	RESCHEDULED							
	GENERAL TERM FINANCE			DEMAND FINANCE		LOAN L.C.Y.	2003	2002
	P.I.C.I.C. RUPEES	N.B.P. I RUPEES	N.B.P. II RUPEES	MCB RUPEES	ABL RUPEES	N.B.P. (Formerly NDFC) RUPEES	RUPEES	RUPEES
As at 1st October 2002	31,171,546	34,305,138	116,457,257	24,737,633	9,291,824	168,466,435	384,429,833	412,811,686
Repaid/ Adjusted during the year	-4,985,000	-	-	-6,766,477	-9,291,824	-15,315,130	-36,358,431	-28,381,853
	26,186,546	34,305,138	116,457,257	17,971,156	-	153,151,305	348,071,402	384,429,833
Current portion	-4,985,000	-34,305,138	-116,457,257	-7,739,563	-	-15,315,130	-178,802,088	-187,120,826
	21,201,546	-	-	10,231,593	-	137,836,175	169,269,314	197,309,007

Significant terms and conditions:	Quarterly	Semi Annually	Semi Annually	Semi Annually	Quarterly	Semi Annually
Instalment payment						
No. of instalment	39	14	12	8	8	23
Date of first instalment	01-10-99	30-12-92	31-03-97	31-03-2002	1999-2000	30-04-2002
Rate of interest per annum	14%	44 paisas per Rs. thousand per day	51 paisas per Rs. thousand per day	14%	14%	15%
Sub note number	4(a) (ii)	4(a)(iii)(a)	4(a) (iii)(b)	4(a) (v)	4(a) (iv)	4(a) (i)

4(b) LONG TERM LOANS INTEREST FREE

PARTICULARS	L.C.Y. N.B.P.(Formerly NDFC) RUPEES	DEMAND FINANCE RUPEES	G.T.F P.I.C.I.C. RUPEES	UNSECURED RUPEES	LOAN FROM SPONSORS RUPEES	2003 RUPEES	2002 RUPEES
As at 1st October 2002	209,472,967	15,992,466	18,432,197	200,384,559	2,200,000	446,482,189	402,846,972
Adjustments during the year	-	-	-	-	-	-	-124,062
	209,472,967	15,992,466	18,432,197	200,384,559	2,200,000	446,482,189	402,722,910
Markup capitalised/ Addition during the year		-		27,187,922	-	27,187,922	44,945,667
	209,472,967	15,992,466	18,432,197	227,572,481	2,200,000	473,670,111	447,668,577
Repaid during the year	-1,905,342	-	-912,935	-	-	-2,818,277	-1,186,388
	207,567,625	15,992,466	17,519,262	227,572,481	2,200,000	470,851,834	446,482,189
Current position	-4,202,611	-10,000,000	-1,608,070	-	-	-15,810,681	-4,785,059
	203,365,014	5,992,466	15,911,192	227,572,481	2,200,000	455,041,153	441,697,130

Significant terms and conditions:

Installment payment	Half Yearly	Quarterly	Quarterly	
No. of installment	24	8	39	
Date of first installment	31.10.2001	2003-2004	01-10-99	
Sub note number	4(b) (i)	4(a) (iv)	4(a)(ii)	4(b) (ii)

4 (a) (i) National Bank of Pakistan (formerly NDFC)

This represents the balance of long-term loan rescheduled as per agreement date February 15, 2001 subject to the following conditions:

1) Without the prior written approval of National Development Finance Corporation, the Company shall not:

- declare and/or pay any dividend or issue bonus shares till any amount is due.
- transfer controlling shares to any other group/party without written approval of National Development Finance Corporation.
- repay loans/advances to any director.

2) In the event of non-payment of two consecutive installments or any failure to comply with or owing to any violation/deviation of any of the terms and conditions of the package, it may stand as withdrawn and reverted to original position/recalling of outstanding loans liabilities.

Security:

The loans are secured by way of creating a mortgage on the immovable properties; pledge and hypothecation of movable properties of the Company both present and future including book debts, receivables and hypothecation of machinery purchase under the agreement and personal guarantees as per Personal Networth Survey (PNW) of the sponsoring Directors and pledge of sponsors' shares. A floating charge on all other properties and assets of the Company.

The securities shall rank pari-passu with other creditors.

4 (a)(ii) Pakistan Industrial Credit and Investment Corporation
Security:

The finances are secured through first charge by way of an equitable mortgage c immovables properties, hypothecation of plant and machinery, and a floating charge o all other assets.

The securities shall rank pari-passu with other creditors.

4 (a)(iv) Allied Bank of Pakistan Limited
Security:

The loan is secured by way of floating charge on the current assets of the Company, personal guarantees of all the sponsoring directors and the guarantee of the Company.

4 (a)(v) Muslim Commercial Bank Limited

The Finance has been restructured/rescheduled by transferring short term finance to long term during the year 2000. In the event of the failure to comply with any of the term of rescheduling package and non payment of two installments, the package will be withdrawn and liabilities will be reinstated with retrospective effect and will become payable immediately.

Security:

The negotiations are being made to create second charge with other creditors on all assets of the Company and fresh personal guarantees of sponsors/ directors.

4 (b)(i) National Bank of Pakistan (formerly NDFC)

This represents the markup on loans rescheduled /restructured amounting to Rs. 140.470 million and on other outstanding loan of as referred in 4(a) i) amounting to Rs. 102.206

4 (b)(ii) National Bank of Pakistan

This represents the accumulated outstanding markup on long term loan from National Bank of Pakistan Limited upto 30th September 2003. The restructuring package of National Bank of Pakistan Limited loans is under process.

4 (b)(iii)The company's request for restructuring its current and overdue markup liability is pending since the year 1999 with the bank for approval. The company has transferred the same to non interestbearing freezed markup, repayable on long term basis on the strength of similar conversion approved by other financial institutions.

I had the change in classification from short term to long term not been made, the total current liabilities would have been higher by and long term loan lower by Rs. 227.573 million.

	2003 Rupees	2002 Rupees
5. DEFERRED LIABILITIES		
Surcharge on cess	7,627,289	17,433,319
Reversal of liabilities	-	-8,338,403
	7,627,289	9,094,916
It represents surcharge on road cess payable to growers.		
6. CURRENT PORTION OF LONG TERM LOAN		
Interest bearing	178,802,088	187,120,826
Non-interest bearing	15,810,681	4,785,059
	194,612,769	191,905,885
	2003 Rupees	2002 Rupees
7. CREDITORS, ACCRUED AND OTHER LIABILITIES		
Creditors	181,249,232	134,561,503
Accrued liabilities		
Accrued expenses	9,286,217	6,399,063
Accrued interest / mark-up on		

secured loans / finances	9,881,957	10,779,153
	19,168,174	17,178,216
Other liabilities		
Sales tax payable	15,699,366	9,348,061
Employees providend fund	319,783	-
Withholding income tax deducted	18,401	56,546
Retention money	2,141,909	2,105,533
Worker's Profit Participation Fund	1,111	1,421,312
Advance from customers	23,859,137	68,083,011
Others	2,382,205	1,985,764
	44,421,912	83,000,227
	244,839,318	234,739,946

8. CONTINGENCIES

i) Excise duty rebate on excess production during the crushing season 1993-94 over the previous three years average production amounting to Rs.22.40 million refunded by the Central Board of Revenue has been claimed back by the Collector of Customs and Central Excise on the ground that the amount was erroneously refunded. The matter is pending with the relevant authorities. The demand has since been stayed, the Company expects a favorable decision as such no provision has hence been made against the said claim.

ii) Excise duty claimed by the Collector of Customs and Central Excise in respect of crushing season 1992-93 amounting to Rs.11.969 million on excess production over previous three years. A stay has been granted by the Customs, Excise and Sales Tax Appellate Tribunal Karachi, against the same. No provision has been made as in view of legal advisor the Company expects a favorable outcome.

Sales Tax on baggase used in production during crushing season 1996-97 vide letter No. C. No. 19-ST/misc/Sugar/C&E/98/8743. The above claim has been challenged by the Company before Customs, Sales tax and Central Excise Tribunal Karachi vide appeal No. 623 of 1998 dated 26th February, 2000. No provision has been made as the Company expects a favorable outcome.

iv) Additional Collector of Sales Tax (Adjudication) has passed an order relevant to the years ended 1999 and 2000 based on audit carried out by the Special Auditors under section 32 A of the Sales Tax Act, 1990 raising a demand of Rs. 13.5 million (approx) on account of principal amount of sales tax. The company is filing an appeal in the Sales Tax Appellate Tribunal against the said order and is confident that the allegations made in the order will not be materialise due to concrete explanation and documents available, it does not expect any liability in this account hence not made any provision in this respect.

9. OPERATING FIXED ASSETS - TANGIBLE

PARTICULARS	COST				DEPRECIATION			W.D.V.
	AS ON 01-10-2002	ADDITION/ (DISPOSALS)	AS ON 30-09-2003	RATE %	AS ON 01-10-2002	FOR THE YEAR	AS ON 30-09-2003	AS ON 30-09-2003
Freehold land	9,252,730	-	9,252,730	-	-	-	-	9,252,730
Factory building	127,878,620	61,022	127,939,642	5	38,745,397	4,459,712	43,205,109	84,734,533
Non-factory building	26,750,769	270,000	27,020,769	10	13,169,368	1,385,140	14,554,508	12,466,261
Plant and machinery	1,092,867,993	1,800,000	1,094,667,993	5	310,786,905	39,194,054	349,980,959	744,687,034
Electric installation	7,162,769	16,863	7,179,632	10	3,249,913	392,972	3,642,885	3,536,747
Weighbridge	878,917	-	878,917	10	593,349	28,557	621,906	257,011
Office equipment and others	4,292,932	141,400	4,225,192	10	2,049,849	229,446	2,160,182	2,065,010
		-209,140				-119,112		
Electrical appliances	3,532,692	101,400	3,634,092	10	1,626,287	200,781	1,827,068	1,807,024
Furniture and fixture	2,356,706	30,850	2,387,556	10	1,409,270	97,829	1,507,099	880,457
Vehicles	13,184,423	1,160,850	14,049,850	20	8,172,731	1,222,117	9,161,380	4,888,470
		-295,423				-233,468		
Tents and tarpaulins	1,481,187	1,003,750	2,484,937	33	1,214,938	419,100	1,634,038	850,899
Tools and tackles	1,521,711	78,232	1,609,943	33	1,365,402	80,699	1,446,101	163,842
TOTAL 2003	1,291,171,448	4,664,367	1,295,331,252		382,383,409	47,710,406	429,741,235	865,590,017

TOTAL 2002	1,289,689.10	-504,563 3,232,527 -1,750,180	1,291,171,448	333,444,373	-352,580 49,861,220 -922,184	382,383,409	908,788,039
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	2003 Rupees	2002 Rupees
9.1 Depreciation for the year has been allocated as under :		
Cost of goods sold	43,763,022	45,967,028
Administration and general expenses	3,947,384	3,894,192
	47,710,406	49,861,220

9.2 Disposal of operating fixed assets (Amount in Rupees)

PARTICULARS	Cost as on (11-10-2002)	Accumulated depreciation	W.D.V. 30-09-2003	Sales proceed	Gain/floss)	Mode of on sale disposal	Sold to
Motor Vehicle Suzuki Khyber	295,423	233,468	61,955	118,344	56,389	Negotiation	Muhammmad Azeem Ex-Employee
Office Equipment Photo Copier	209,140	119,112	90,028	55,000	-35,028	Negotiation	Chemical Bussiness System (Pvt.) Ltd.
TOTAL 2003	504,563	352,580	151,983	173,344	21,361		
TOTAL 2002	1,750,180	922,184	827,896	1,147,293	319,297		

	2003 Rupees	2002 Rupees
10. LONG TERM LOANS - Considered good		
Vehicle loans to employees	-9.1	222,642
Less: Current portion of long term loans shown under current assets		-111,192
		111,450
		232,195

10.1 The above loans are interest free and are given to employees other than directors and executives of the Company and are recoverable in 60 to 84 equal monthly installments.

11. STORES, SPARES AND LOOSE TOOLS

Stores	8,831,654	7,831,816
Spares		
- in hand	8,773,040	9,254,667
- in transit	533,794	485,937
Loose tools	101,359	107,042
	18,239,847	17,679,462
12. STOCK IN TRADF		
Sugar in process	384,673	656,930
Finished goods	141,900,383	154,500,507
	142,285,056	155,157,437

13. TRADE. DEBTS - Unsecured considered good

Trade debts	7,972,431	7,972,431
Less: Provision for doubtful debts	-2,050,065	-2,050,065
	5,922,366	5,922,366

14. LOANS AND ADVANCES - Unsecured

- Considered good		
Current portion of vehicle loans	111,192	86,939
Advance against salaries	1,600,601	1,646,578
Advance to cane growers	21,240,497	22,234,762
Less: Provision for doubtful advances	-14.1	-20,642,848
	597,649	1,591,914
Advance to suppliers and contractors	4,098,773	2,730,009
Advance against expenses	822,452	2,203,510
Advance income tax	22,437,838	20,867,627
Advance others	-14.2	5,000,000
	34,668,505	34,126,577

14.1 This represents the advances outstanding since 1995. As a matter of prudence, the Company has made necessary provision there against though it expects positive results from its recovery efforts.

14.2 The company disbursed loan of Rs. 30 million to Sakrand Sugar Mills Limited carrying

mark-up @ 16% per annum. The balance represent amount of mark-up as at September 30, 2003.

		2003 Rupees	2002 Rupees
15 PREPAYMENTS AND OTHER RECEIVABLES			
Prepayments		273,892	135,292
Other receivables		14,903,516	21,451,778
		15,177,408	21,587,070
16. CASH AND BANK BALANCES			
In hand		39,379	14,056
With banks in:			
current/saving accounts		24,768,313	31,645,469
term deposit accounts		1,993,774	1,993,774
		26,762,087	33,639,243
		26,801,466	33,653,299
17. SALES			
Sugar		1,103,510,249	701,443,700
Less: Brokerage and commission		962,540	22,710
		1,102,547,709	701,420,990
Molasses		41,409,120	33,770,642
Baggase		969,756	-
		1,144,926,585	735,191,632
Sales tax		164,303,702	106,691,821
		980,622,883	628,499,811
		2003 Rupees	2002 Rupees
18 COST OF GOODS SOLD			
Sugar consumed		808,216,384	621,534,592
Manufacturing expenses	-18.1	121,286,666	110,928,931
		929,503,050	732,463,523
Sugar in process			
opening		656,930	1,511,838
closing		-384,672	-656,930
		272,258	854,908
		929,775,308	733,318,431
Finished goods			
opening		154,500,507	79,448,443
closing		-141,900,383	-154,500,507
		12,600,124	-75,052,064
		942,375,432	658,266,367
18.1 Manufacturing expenses			
Stores and spares		21,392,991	13,422,993
Salaries and wages including bonus and staff amenities	(18.1.1)	31,846,360	33,960,715
Fuel and power		4,739,342	4,177,728
Insurance		4,501,946	3,696,863
Repairs and maintenance		13,022,888	7,478,254
Vehicles maintenance		681,851	876,490
Depreciation	-8.1	43,763,022	45,967,028
Others		1,338,266	1,348,860
		121,286,666	110,928,931
(18.1.1) It includes Rs.713,839 (2002:Rs.756,925) in respect of contributory Provident Fund.			
19. ADMINISTRATION AND GENERAL			
Salaries including bonus and staff amenities	-19.1	17,216,063	17,196,716
Directors'/ Receiver's remuneration		2,297,806	2,366,390
Rent, rates and taxes		386,893	462,392
Insurance		689,986	663,267
Water, gas and electricity		1,699,146	1,578,171
Printing and stationery		625,970	526,937
Postage^ telephone, telegrams and telex		1,025,555	1,413,051
Vehicle maintenance		1,918,157	1,627,173
Repairs and maintenance		797,445	882,351
Travelling and conveyance		1,424,745	1,099,258

Subscription, books and periodicals		149,070	576,904
Legal and professional charges		2,962,718	3,507,210
Entertainment		591,617	346,956
Advertisement		68,860	34,850
Depreciation	-9.1	3,947,384	3,894,192
Others		113,743	136,493
		35,915,158	36,312,311

(19.1) It includes Rs 315,433 (2002:Rs.333,624) in respect of contributory Provident Fund.

		2003 Rupees	2002 Rupees
20. SELLING AND DISTRIBUTION			
Advertisement		121,060	60,900
Loading and stacking		1,497,155	838,381
Others		1,780	-
		1,619,995	899,281
21. FINANCIAL CHARGES			
Interest / mark-up on long term loans		59,978,920	58,076,240
Interest on Workers' profit participation fund		26,823	201,302
Bank and other charges		1,692,334	425,465
		61,698,077	58,703,007
22 OTHER CHARGES			
Auditors' remuneration	-22.1	238,200	154,700
Charity and donation	-22.2	124,600	65,313
		362,800	220,013

22.1 Auditors' remuneration comprises of:

	2003 Rupees	2002 Rupees
Audit fee	160,000	120,000
Cost audit fee	40,000	
Out of pocket expenses	38,00	34,700
Total	238,200	154,700

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

	2003 Rupees	2002 Rupees
23. OTHER INCOME		
Gain on sale of fixed assets	21,361	319,297
24. UNUSUAL ITEMS		
Surcharge on road cess	-	8,338,403

25. REMUNERATION OF CHIEF EXECUTIVE, RECEIVER, DIRECTORS AND EXECUTIVES

PARTICULARS	2003					2002				
	Chief Executive	Receiver	Directors	Executives	Total	Chief Executive	Receiver	Directors	Executives	Total
Remuneration	360,000	1,200,000	432,000	2,700,672	4,692,672	360,000	1,200,000	432,000	2,871,524	4,863,524
Company's contribution to provident fund	-	-		129,178	129,178				143,941	143,841
Perousites, benefits and utilities	125,735	-	62,308	76,120	264,163	110,842		167,128	1,206,101	1,484,071
Others	89,025	-	28,738	80,769	198,532	76,495		19,925	122,238	218,658
TOTAL	574,760	1,200,000	523,046	2,986,739	5,284,545	547,337	1,200,000	619,053	4,343,804	6,710,094
NO. OF PERSONS	1	1	2	8		1	1	2	10	

25.1 In addition, the Chief Executive, Directors and few Executives have been provided with Company's maintained cars and telephone at residence.

26. TAXATION

26.1 Turnover

Income tax assessment of the Company has been finalized upto assessment year 2002-03. The Company has brought forward accumulated losses of Rs. 546.753 million upto Tax

Year 2003. Due to assessed tax losses, provision for tax under section 113 of the Income Tax Ordinance 2001, has been made in the accounts.

26.2 Deferred

There is no deferred tax liability of the company as at September 30, 2003 (2002 Nil) as company's unused tax losses are higher than deferred credit against accelerated tax depreciation adjusted by deferred debits in respect of other assets and liabilities. The remaining loss is not recognized as their utilization against future taxable profit is not presently ascertainable.

27. CAPACITY AND PRODUCTION

Years,	CAPACITY		PRODUCTION		%of Capacity Attained
	Metric Tons	Days	Metric Tons	Days	
2003	86,400	160	64,065	117	74.15%
2002	86,400	160	40,633	134	47.03%

The main reason for under utilization of production capacity is the short production cycle resulting from factors affecting the timely availability of cane .

	2003 Rupees	2002 Rupees
28. EARNING PER SHARE - Basic		
Net Loss attributable to shareholders	-66,230,332	-120,385,967
Weighted average number of ordinary shares	24,407,198	24,407,198
Earnings per share	-2.71	-4.93

29. FAIR VALUE OF FINANCIAL INSTRUMENTS

The estimated fair value of financial instruments are not significantly different from their book value.

30. CREDIT RISK EXPOSURE

Due to the nature of financial assets, the company believes it is not exposed to any major concentration of credit risk.

31. FINANCIAL INSTRUMENTS

	(Amount in Rupees)				
	2003 Interest bearing		Non-interest bearing		Total
	One month to one year	One year to onwards	One month to one year	One year to onwards	
Financial Assets					
Long term loans	-	-	-	222,642	222,642
Long term deposits	-	-	-	447,526	447,526
Trade debts	-	-	-	5,922,366	5,922,366
Loans and advances	-	-	-	12,119,475	12,119,475
Other receivables	-	-	-	14,903,516	14,903,516
Cash and bank balances	-	-	-	26,801,466	26,801,466
	-	-	-	60,416,991	60,416,991
Financial Liabilities					
Long term loans	178,802,088	169,269,314	15,810,681	455,041,153	818,923,236
Deferred Liabilities				7,627,289	7,627,289
Creditors, accrued and other liabilities	1,111	-	-	229,120,440	229,121,551
	178,803,199	169,269,314	15,810,681	691,788,882	1,055,672,076
	2002		(Amount in Rupees)		
	Interest bearing		Non-interest bearing		
	One month to one year	One year to onwards	One month to one year	One year to onwards	Total
Financial Assets					
Long term loans	-	-	-	232,195	232,195
Long term deposits	-	-	-	447,526	447,526

Trade debts	-	-	-	5,922,366	5,922,366
Loans and advances	-	-	-	13,258,950	13,258,950
Other receivables	-	-	-	21,451,778	21,451,778
Cash and bank balances	-	-	-	33,653,299	33,653,299
	-	-	-	74,966,114	74,966,114
Financial Liabilities					
Long term loans	187,120,826	197,309,007	4,785,059	441,697,130	830,912,022
Deferred Liabilities	-	-	-	9,094,916	9,094,916
Creditors, accrued and other liabilities	1,421,312	-	-	222,492,716	223,914,028
	188,542,138	197,309,007	4,785,059	673,284,762	1,063,920,966

Effective rates of mark-up for financial liabilities are given in the respective notes.

31.1 Interest/mark up rate risk management

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

31.2 Liquidity Risk

The company is exposed to liquidity risk in respect of its long term loans in one year span and in respect of creditors as well in later period. The company intends to manage the risk through internal cash generation and rescheduling of bank finances. In this respect, rescheduling of loan from National Bank of Pakistan (refer note 4 b (ii)) is under process. The company expects favourable outcome of restructuring efforts to enable it to counter liquidity risk.

32. DATE OF AUTHORIZATION

These financial statements were authorized for issue on December 27, 2003 by the Receiver.

33. GENERAL

Total number of employees are 338 as at September 30, 2003 (2002: 374)

* Figures have been rounded off to the nearest rupee.

* Figures of previous year have been re-arranged/re-grouped wherever necessary, for the purposes of comparison.