

ANNUAL REPORT' 2000

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Shakarganj Mills Limited



Corporate Mission

Preamble

We, the management of Shaharganj Mills Limited, have set forth our belief as to the purpose for which the Company is established and the principles under which it should operate. We pledge our efforts to the accomplishment of the purpose within the agreed principles.

Basic Purpose

The basic purpose of Shaharganj Mills Limited is to perpetuate as a Public Limited Company engaged in manufacturing and marketing white refined cane sugar, food products, sugar by-products and other products wherein management or sponsors have expertise. In addition we preserve to assume a leadership position in related industry regarding: quality of the product, cost effectiveness, turnover and technology.

What We Do

Our main business area is the production of refined cane sugar and sugar by-products.

We recognise the value of technological improvement keep in step with the latest innovations and developments in our field. We believe in modern management practice and use latest techniques. We constantly train our people and keep them highly motivated as they are our most important assets. We strongly believe in integrity in business and integrity of Shaharganj depends on integrity of each one of its employees.

We consider Research and Development as back bone of our business and conduct extensive Agricultural Research through Shaharganj Sugar Research Institute.

We consider our farmers who are our raw material suppliers as the most important part of our business. We transfer the technology and results of our research to our farmers with the objective of matching their sugar cane output to world standard. We believe in diversification through new manufacturing facilities and through equity participation.

Five Years Financial Summary

(Rupees in Thousand, except amounts per share)

	2000	1999	1998	1997	1996
Operating Results:					
Net Sales	1,180,681	1,864,677	1,816,421	1,398,384	1,187,626
Cost of Sales	1,041,975	1,627,251	1,657,492	1,233,714	1,040,912
Selling, General and Admin Expenses	46,490	79,351	47,160	43,735	36,978
Interest Expenses	161,479	179,395	179,744	189,290	168,803
Other Income, Net	80,141	32,682	46,815	66,131	26,066
Pre-Tax Profit/(Loss)	10,217	10,505	(21,830)	(3,037)	(33,319)
Income Tax	5,903	9,210	8,441	6,155	(17,196)
Net-Income	4,314	1,295	(30,271)	(9,192)	(16,123)

Per Share Results and Return:

Earning Per Share	0.15	0.04	(1.03)	(0.35)	(0.67)
Stock Dividend Per Share	-	-	-	1:10	1:10
Net Income Sales Percent	0.37	0.07	(1.67)	(0.66)	(1.36)
Return on Average Assets Percent	0.27	0.07	(1.69)	(0.55)	(1.02)
Return on Average Equity Percent	0.97	0.29	(6.65)	(1.94)	(3.34)

Financial Position:

Current Assets	567,276	863,642	826,450	821,965	565,000
Current Liabilities	736,766	962,678	950,180	1,023,355	674,023
Operating Fixed Assets	701,690	745,879	727,120	768,703	801,017
Total Assets	1,433,551	1,757,592	1,785,026	1,790,570	1,561,415
Long-Term Debt	329,110	407,537	429,361	462,621	538,059
Shareholders' Equity	445,602	441,288	439,993	470,264	479,456
Break-up Value per share	15.22	15.07	15.02	17.66	19.81

Financial Ratios:

Current Liabilities to Current Assets	1:30	1:11	1:15	1:25	1:15
Long-Term Debt to Capitalization Percent	42.48	48.01	49.39	49.59	52.88
Total Debt to Total Assets Percent	68.92	74.89	75.35	73.74	69.29
Interest Coverage (Times)	1.07	1.06	0.88	0.98	0.80
Average Collection Period (Days)	6.61	5.65	1.39	6.90	1.09
Inventory Turnover (Times)	23.31	4.96	3.90	3.67	10.43
Fixed Assets Turnover (Times)	1.46	2.20	2.22	1.71	1.39
Total Assets Turnover (Times)	0.82	1.06	1.02	0.78	0.76

Other Data:

Depreciation & Amortization	67,861	72,547	90,478	91,100	94,457
Capital Expenditure	19,130	81,599	39,332	54,086	83,215

PRODUCTION DATA 1974-2000

Season	Duration of Season (Days)	SUGAR			Process Losses (Percent)	MOLASSES	INDUSTRIAL ALCOHOL	PARTICLE BOARD
		Cane Crushed (M.Tons)	Sugar Produced (M.Tons)	Recovery (Percent)		Molasses (M.Tons)	Industrial Alcohol (Litres)	Particle Board (Cubic Meters)
1999-2000	144	524,376.688	39,965,000	7.63	2.20	24,243	4,967,000	497.480
1998-99	157	1,350,118.540	101,479,000	7.51	2.23	61,756	5,324,756	1,921.688
1997-98	163	1,434,389.418	112,430,000	7.85	2.38	73,477	6,350,000	2,784.438
1996-97	176	1,036,955.123	79,740,000	7.69	2.50	54,711	6,015,000	Nil
1995-96	151	763,316.236	60,285,000	7.92	2.65	39,397	2,573,700	2,117.539
1994-95	157	1,057,035.578	86,075,000	8.11	2.77	53,172	5,460,000	5,299.260
1993-94	196	1,203,371.201	88,116,500	7.34	2.65	60,150	5,250,076	4,334.770
1992-93	161	691,838.635	54,055,000	7.85	2.68	35,980	4,887,020	1,662.757
1991-92	174	746,506.346	63,985,500	8.57	2.53	37,710	4,525,900	3,360.000
1990-91	204	866,552.129	65,536,800	7.56	2.59	47,135	3,422,204	642.940
1989-90	187	708,632.495	57,912,000	8.17	2.31	33,180	3,030,217	
1988-89	170	446,324.860	36,366,800	7.70	2.44	22,410		
1987-88	193	698,604.856	55,726,000	7.98	2.61	38,740	308,494	
1986-87	149	333,601.075	27,898,600	8.36	2.24	15,060	1,855,809	
1985-86	113	237,601.670	20,625,000	8.66	2.29	11,470	20,239	
1984-85	168	441,717.765	39,522,600	8.96	2.38	22,580		
1983-84	173	427,169.490	35,501,200	8.31	2.40	21,860		
1982-83	173	361,291.485	29,440,000	8.16	2.44	16,255		
1981-82	207	466,040.000	39,474,000	8.47	2.48	21,255		
1980-81	187	287,723.000	25,562,000	8.89	2.42	13,373		
1979-80	112	61,206.625	5,619,300	8.95	2.25	2,358		
1978-79	114	107,106.070	9,267,300	8.80	2.27	4,147		
1977-78	177	319,960.400	27,620,000	8.61	2.44	14,103		
1976-77	166	308,987.443	26,085,600	8.45	2.67	15,228		
1975-76	157	246,393.593	18,864,880	7.61	2.68	11,424		
1974-75	107	104,069.161	8,252,618	8.30	2.75	4,182		
1973-74	101	87,824.720	5,476,830	6.28	3.57	4,726		

ABOUT SHAKARGANJ:

Shakarganj Mills Limited is a public limited company incorporated on September 20, 1967 and is listed on all the Stock Exchanges of Pakistan. The manufacturing facilities consisting of Sugar, Industrial Alcohol and Particle Board are located in the famous town of Jhang in the Central Punjab. High quality Sugar conforming to international standard is manufactured and used by Pharmaceutical Industry and other food manufacturers in addition to quality conscious housewives.

At Shakarganj three co-products of sugar are produced. Molasses is converted into Industrial Alcohol and Sugarcane bagasse is converted to high quality Particle Board. Surplus power is supplied to a neighbouring textile company.

Research and Development is very important aspect of business at Shakarganj and for this purpose Shakarganj Sugar Research Institute has been established since 1983 along side the other facilities. Shakarganj serves 24,500 farming families in addition to several other suppliers.

Crescent Business Management (Private) Limited is a wholly owned subsidiary of Shakarganj. This company manages First Crescent Modaraba which is listed on Karachi, Lahore and Islamabad Stock Exchanges. First Crescent Modaraba is dedicated to reform the financial and business conduct and bring it in accordance with the principles enshrined in the Sharia.

Directors Report to Shareholders

Dear Shakarganj Shareholders/ Investor:

Your Directors are pleased to present the 33rd Annual Report along with audited accounts of the company for the year ended September 30, 2000.

Financial Results

We started our season on 1st November 1999, well ahead of the adjoining Mills to get some advantage of cane procurement. In spite of higher prices than last season the growers were reluctant to deliver cane in the early days and we could run only one Mill. The Mills started an unreasonable price war and cane price remained very irregular. We could crush only 524,376.688 M. Tons compared to 1,350,118.540 M. Tons in the year before.

The area under sugarcane crop within Shakarganj Supply zone this year was less than normal. The reasons were non-availability of quality seed due to wide spread disease last year. The weather was also not very favourable for sugarcane crop. The crop yield was also affected and the total cane available for crushing in the area was significantly decreased.

This resulted in very low production of 39,965 M. Tons of sugar.

Sugar Division

The Sugar Division produced 39,965 M. Tons of sugar against 101,479 M. Tons last year.

The main cause of decrease was non-availability of sugarcane. In spite of best efforts sugarcane could not be procured at any reasonable price. Had we entered into the price war, the losses could have been higher as there was no cane in the field. The sugar recovered percent cane was 7.63 percent as compared to 7.51 percent last year. The gross profit was Rs. 138.71 million, the operating profit was Rs. 92.22 million as the net profit was Rs. 4.31 million. Earning per share increased to Rs. 0.15 as compared to Rs. 0.04 last year.

Industrial Alcohol Division

The Alcohol Division had a satisfactory production at 4.967 million liters against 5.324 million liters last year. Due to short crushing, we had only 24,423 M. Tons of Molasses as compared to 61,756 M. Tons last year. The gross profit of Distillery was Rs. 9.72 million.

Kanewood Industries

Due to low sugarcane production very small quantity of bagasse could be saved for manufactures of particle-board. We were able to manufacture only 497.48 Cubic Meters of board. The gross loss of this operation was Rs. 0.6 million against Rs. 3.8 million last year. This was achieved by drastic decrease in administration and other expenses on this plant.

Export

In the year under review there was no export of sugar as the domestic production was much lower than the country's consumption. In fact the country had to import sugar to meet the domestic demand. Only Ethanol was exported and the total export amounted to Rs. 47.9 million.

Co-Generation

Due to very low crushing of sugarcane extra electricity could not be generated, as such there was no sale of electricity.

Contribution to Economy

During the year under review your company's contribution to Federal, Provincial and Local Taxes were to the tune of Rs. 142.55 million. We spent Rs. 161.148 million, as cost of financing and share of workers was Rs. 62.52 million. During the last ten years, your company had made a consolidated contribution of Rs. 1.84 billion in shape of Federal, Provincial and Local taxes.

Human Resource Development

A strong emphasis on Human Resource Development continued at Shakarganj. Training of Shakarganj personnel was kept up and given top priority. A well equipped Library with latest books on all aspects of our business is maintained for the benefit of the team members. The Library subscribes to some 130 periodicals and collection of books exceeds 4600.

Environmental Awareness

Our efforts towards reducing the waste water and maximum water recycling in the plant were appreciably improved. Our environmental policy, revolves around three basic principles:

- Shakarganj assumes responsibility for the environment.
- All decisions at Shakarganj shall favour environment.
- Information is open and free.

Shakarganj takes active part in tree planted with the community. To set an example 10,000 trees have been planted this year around the sugar factory. The tree plantation continued as before and about 5,000 trees were further added in the premises. The filter cake and distillery waste are mixed and the required nutrients are added to make a good Biocompost, which was supplied, to the farmers for use as fertilizer at Rs. 200/- per trolley load. This has become very popular among the growers and this year the demand was again higher than what could be produced.

About 2000/2001

The prospects for 2000-2001 crop is very bright. We have already crushed nine million tones of sugarcane and hope to reach a respectable total before the end of the season by last week of March 2001. Special efforts were made to get healthy cane planted. Growers were supplied inputs at reasonable price enabling them to sow a good crop in the year 2001-2002.

Future Outlook

As indicated in the last year's report to the shareholders, the year 2001-2002 seems to be a good year. It is very difficult to forecast for the 2001-2002 as the irrigation water supply has been drastically reduced. We have been able to get planted a large acreage under sugarcane during the September 2000 and Spring 2001. The fate of the crop will depend on the rainfall. The canal water has been drastically curtailed and hopes for improvement are dim. Your company, however, expects better results than the surrounding companies keeping in view the sugarcane we have been able to get planted in our zone.

Riaz Ahmad & Company, Chartered Accountant retire and offer themselves for re-appointment.

Auditors Qualification

As regards auditor's qualification in their report to the members, the Directors would like to inform the shareholders that the provision for fall in the market value of short term investments as on September 30, 2000 is not made as the directors are of the view of decline in the market value as on September 30, 2000 was temporary and would reverse once the stock market improves.

Pattern of Shareholding

A statement showing the pattern of shareholding in the company as on September 30, 2000 appears on page.....

Directors, Employees and Suppliers

The Directors are always a source of guidance and support for the management and we appreciate their commitment to your company's progress and prosperity.

Your company's progress has mainly been possible through the dedication of the employees and they deserve a very warm vote of thanks. They have always shown the willingness to take advantage of opportunity and face challenges of changing economic picture. Our sugarcane farmers are the backbone of our industry and we thank them for their continued support.

AHSAN M. SALEEM

Chief Executive

Statement of Value Added

	(Rs. in Million)			
	2000		1999	
SALES REVENUE	1,180.68		1,864.68	
OTHER RECEIPTS	80.14		32.68	
	1,260.82		1,897.36	
LESS: MATERIALS & SERVICES	821.98		1,293.75	
VALUE ADDED	438.84		603.61	
APPLIED THE FOLLOWING WAY TO EMPLOYEES:	%AGE		%AGE	
WAGES, SALARIES AND RELATED COSTS	62.52		71.06	
			11.77	
TO GOVERNMENT:				
INCOME TAX, EXCISE DUTY, SALES TAX AND OTHER TAXES	142.55	32.48	279.01	46.22
TO PROVIDERS OF CAPITAL				
FINANCE CHARGES ON LOANS AND ADVANCES	161.48	36.80	179.40	29.72
TO CHARITABLE INSTITUTIONS	0.12	0.03	0.30	0.05
TO PROVIDE FOR MAINTENANCE & EXPANSION OF ASSETS:				
DEPRECIATION / AMORTIZATION	67.86	15.46	72.55	12.02
PROFIT / (LOSS) RETAINED	4.31	0.98	1.30	0.21
	72.17	16.45	73.85	12.23
	438.84	85.75	603.61	100.00

Flow of Funds Analysis

Development of net current position in million of Rupees

	Sep. 30 1998	Change	Sep. 30 1999	Change	Sep. 30 2000
Liquid Assets	+ 608.24	- 98.82	+ 509.42	- 294.24	+ 215.18
Short term receivable	+ 6.92	+ 21.92	+ 28.84	- 7.46	+ 21.38
Short term liabilities and provision	- 823.55	+ 15.95	- 807.60	+ 242.48	- 565.12
	- 208.39	- 60.95	- 269.34	- 59.22	- 328.56
Factors affecting the change In net current position					
Source of Funds					
Net Income/(loss) for the year			+ 1.29		+ 4.31
Depreciation			+ 61.59		+ 58.17
Amortization of assets subject to Finance Lease			+ 10.95		+ 9.69
Internal Financing			+ 73.83		+ 72.17
Fixed Assets disposed			+ 1.25		+ 5.15
Redeemable Capital			+185.94		+123.42
Liability against assets subject to Finance Lease			+ 30.94		+ 19.49
Sales of Investments			+ 0.00		+ 0.00
Source of Funds - Total			+291.96		+220.23
Application of Funds:					
Addition to Fixed assets			- 70.64		- 16.48
Assets subject to Finance Lease			- 30.94		- 19.49
Addition to Investments			- 20.00		- 5.35
Redeemable Capital			- 178.61		- 200.19
Long Term deposits			- 1.67		- 9.36
Liability against assets subject to Finance lease			- 21.90		- 26.92
Loans Repaid			- 29.15		- 1.66
Application of Funds - Total			- 352.91		- 279.45
Changes in the net position			- 60.95		- 59.22

Board of Governors.

Mr. M. Asghar Qureshi
Chairman

Mr. Altaf M. Saleem
Member

Mr. M. Awais Qureshi
Member

Mr. Malik Manzoor Hussain
Member

Dr. Shahid Afghan
Member

Shakarganj Sugar Research Institute.

Principal Functions

- Sugarcane breeding to evolve fertilizer responsive, disease resistant and stress tolerance varieties with high sucrose content.
- To investigate the agronomic problem of sugarcane production.
- Research and development on biocompost prepared from Sugar industry effluents and its use for sustainable agriculture.
- To study soils in sugarcane producing areas and to relate these to crop management.
- To study the fertigation requirements of sugarcane.
- To study and monitor the pests and disease of sugarcane and so develop appropriate control measures.
- To conduct basic research on germination of sugarcane setts, sucrose production, translocation and storage and on the environmental influences on these processes.
- To provide advice on the use of fertilizers and other agricultural chemicals, irrigation, drainage, diseases and pests control, the use of machines and equipment, land and water management, and other aspects of crop production planting and management.
- To publish and disseminate information on all aspects of sugarcane production.
- To provide educational courses in various aspects of sugarcane growing for growers.
- To collaborate and exchange information and material with Research Organizations in Pakistan and other countries.
- To improve technology of sugarcane production inside the sugar factories by improving process and milling efficiency.

Shakarganj Sugar Research Institute's Review 2000

This report summarizes research and development work being conducted at Shakarganj Sugar Research Institute (SSRI) with emphasis on main goals that were reached during the year 1999-2000.

Activities of SSRI revolved around evolution and development of new sugarcane varieties acceptable to both cane growers and sugar industry. Main objective is development of cane varieties capable of producing sugar and other products of economic importance at lower cost than could be attained with existing varieties. Standard procedures were developed from growing of original seedling to final selection. The clones in final trails & pipeline had shown good promise for cane and sugar yield with resistance to major disease.

Hybrid seed was obtained from different international research institutes like Bureau of Sugar Experiment Station (BSES), Commonwealth Scientific Industrial Research Organization (CSIRO, Davis Laboratories) Australia, South African Sugar Association Experiment Station (SASAEX), South Africa and Louisiana Agricultural Experiment Station (LAES), USA.

Enough material was available for further testing and selection. The detail on status of promising clones under different selection stages is given in table-1.

Table -1 Status of Different Selection Stages

Stage / Seedling Year	Description	Year		Acreage
		1999	2000	
Stage-5/95	Final Variety Trials S95NSG-Series	6	4	10
Stage-4/96	Semi-Final Variety Trials S96NSG-Series	32	16	2
Stage-3/97-98	Ratoon seedlings RS97NSG-Series	7	3	1
	RS98NSG-Series	13	13	1
Stage-3/98	Advanced clones S98CSSG-Series	2205	127	3
Stage-2/99	Progeny clones a. SASAEX, South Africa (S99NSG-Series)	1202	95	-
	b. BSES, Australia (S99QSG-Series)	689	67	-
	c. Houma, USA (S99 HoSG-Series)	33516	1847	-
	Total:	35407	2040	4
Stage-1/99	Original seedlings Ho-USA		30859	9
	CP-USA		11057	3
	Total:		41916	12
	National trials National Uniform Varietal Yield Trial (7 locations)	1	1	1
	Coordinated Trials (4 locations)	8	8	2
	Agronomic studies on: Fertigation, Seed rate, Weed control, Disease screening, Seed treatment and Post harvest losses.	4	4	2
	Introduction of germplasm from other Institutions SRI-Faisalabad clones	8	20	2 acres
	Habib Sugar Mills, clones	4	4	1 kanal
	SCRI-clones, Mardan	78	47	1 acre
	NARC-clones, Islamabad	2	2	1 marla
	SRI-clones, Sri Lanka		7	1 marla
	ROC-clones, China		1	1 kanal

Research Activities and Achievements

Research activities conducted on various aspects of cane production are given below.

1. Sugarcane variety development
2. Biological control of borer complex
3. Studies on disease tolerance
4. Studies on insect resistance
5. Bio-technology project
6. Soil and water advisory service
7. Vegetable program
8. Workshop on R & D activities
9. Publication of research journals

1. Sugarcane variety development

Studies on quantitative and qualitative characteristics of seedling clones for selection of promising strains under different selection stages was in progress. Status of the germplasm in hand at SSRI is briefly discussed below.

a. Original seedling

At stage-I from 155 bi-parental crosses, 41916 original seedlings obtained were transplanted in the field on 12 acres at Ghazi Shah Farm of SSRI in single stools during autumn 2000.

b. Progeny clones

At stage-II from 35407 original seedlings of BSES-Australia, SASAEX-South Africa and Houma-USA, a total of 2040 progeny clones were selected and advanced on an area of 4 acres during autumn 2000. In the same year 16 clones from ratoon seedling 1997/98 of SASEX fuzz has shown a good promise.

c. Advanced clones

At stage-III from single plots of 2205 progeny clones, 127 clones were selected and advanced in a plot size 400 sq. ft. during autumn-2000 parent wise performance and data on bio-metric traits of each clone was recorded.

d. Promising clones for semi final trials

At stage-IV amongst 32 clones for semi-final varietal trials 16 were selected. Most of selected clones had shown better germination capacity, tillering potential, striped can yield, early maturity, high sucrose content and resistance against major diseases like red rot, rust, smut and pokkah boeng.

e. Promising clone for final trials

At stage-V, Four clones S95NSG-6, S95NSG-15, S95NSG-39 & S95NSG-60 have shown better performance. These were included in coordinated trials, extensive testing and seed multiplication program. About forty acres of these clones were planted at different cane seed banks. Demonstration plot of S95NSG-6, S95NSG-15 & S95NSG-60 on 344 acres was planted at 688 grower's field of SML during autumn 2000.

Agronomic traits of these promising clones are elaborated in Table-2a. Quality trend compared with standard check SP5G-26 is given in Table-2b.

Research Activities and Achievements

Table-2 a Agro-economic traits of clones in final trials

Clones	Parentage	(3 years pooled means)			
		Ger. (%) Average	Tiller/ plant average	Millable cane (acres)	Yield/acre (mds.)
S95NSG-6	77F790 x 87F2007	68.6 a	3.13 d	51818 d	1070 ab
S95NSG-15	N23 x 77F790	59.6 c	3.83 c	50910 c	916 c
S95NSG-39	84F2753 x MO	58.8 c	4.70 b	61709 b	1107 a
S95NSG-60	71W510 x 82F542	53.5 d	6.36 a	64523 a	1036 b
SPSG-26	SP77/5368 x CP70/1143	64.0 b	2.73 d	49095 e	942 c
LSD value		1.867	0.5912	0.5671	37.22

Table-2 b Sugar recovery % cane of promising clones at final stage 1998-2000

Clones	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.
S95NSG-6	8.77	8.88	8.95	9.73	10.24	10.79
S95NSG-15	7.87	8.47	8.71	9.10	9.78	10.03
S95NSG-39	8.77	9.36	9.68	10.15	10.43	10.66
S95NSG-60	8.34	8.73	9.39	10.1	11.46	11.51
SPSG	8.22	8.8	9.26	10.1	10.22	10.59

Studies were in progress on the germplasm collected from various research stations. These were 47 clones from SCRI Mardan, 20 clones from AARI, Faisalabad, 4 clones from Habib Sugar Mills and 2 clones from NARC Islamabad, 7 clones from Sri Lanka and one 1 clone from China.

2. Biological control of borers complex

Biological control of sugarcane borers with *Trichogramma chilonis* was found most economical, effective and environment friendly. It was very successful during the year under report. Infestation in *Trichogramma* released area was found below economic threshold level. Parasitized *Trichogramma* was found beneficial for sugarcane crop against top borer, stem borer, gurdaspur borer and root borer. One lac twenty five thousand tricho cards were prepared, and installed in grower's fields covering an area of 36,916 acres from March to September 2000. The tricho cards were sold to the farmers at a heavily subsidized price of Rs. 3/- per card.

3. Studies on disease tolerance

Nine different sources of sugarcane varieties were selected for screening against diseases like red rot, rust, pokkah boeng and smut. Amongst 2424 clones tested against major diseases 288 had shown combine resistance. The clone in final stage and in semi final had shown combined resistance. Series wise detail of clones, tested in disease nursery during the year under report is given in table-3.

Table-3 Series under combined screening of various diseases

Sr. No	Origin	No.of clones	Resistance to				
			Red rot	Rust	P. Boeng	Smut	Combined
SSRI, Jhang							
1	Promising varieties South Africa (S95NSG series)	18	4	13	5	4	4
2	Semi final clones South Africa (S96N series)	32	14	16	18	17	14
3	Advance lines (Nursery-II) South Africa (Rs97 & RS98NSG series)	67	10	21	21	19	10
4	Progeny clone (Nursery-I CSIRO Astralia (S98CSSG series)	2205	127	321	240	227	222
SCRI, Mardan							
5	Mardan varieties	79	25	61	48	67	25
SRI, Faisalabad							
6	Faisalabad varieties	8	4	8	8	8	4
Habib Sugar Mill, Nawabshah							
7	HS varieties	6	1	6	6	5	1
8	USA clone (S97US series)	3	2	3	3	2	2
9	Sri Lanka clones (SL series)	6	-	6	6	6	6
Total		2424	187	455	355	355	288

4. Studies on insect resistance

Twenty-six promising clones of different series were included in the trial. The infestation of the pests like top, stem, root and gurdaspur borers was estimated counting infested internodes of millable stalks. The results have shown that most of promising clones had combined resistance against borer complex.

5. Biotechnology project

The project was in progress during year under report. Sudzucker send us an experiment protocol for the isolation and screening of microorganisms. Samples were collected from different locations for screening of microorganism. Five installments of different slants was dispatched to Sudzucker, Germany. Detail of installments sent is given below.

Date	Install-Ment	No. of slants	Sampling location	Date of collection	Dilution	Temperature
7.09.1999	1.	06	4	15-20 Aug. 1999	1:100	37C
4.12.1999	2.	23	3	16 Oct.-20 Nov. 1999	1:10 & 1:100	30, 37 & 45C
24.3.2000	3.	16	3	12 Feb.- 8Mar. 2000	1:10 & 1:100	30, 37 & 45C
15.6.2000	4.	10	3	8 June - 3 July 2000	1:10 & 1:100	30, 37 & 45C
1.10.2000	5.	08	4	1Aug.- 11 Sept. 2000	1:10 & 1:100	30C

6. Soil and water advisory service

Analysis of composite soil samples from 1850 acres for 52 growers around SMI were completed. Water samples for quality analysis were collected from 95 tube wells and 1396 samples were analyzed. The data is utilized for formulating recommendation in soil reclamation and increasing productivity.

7. Vegetable Program

The program of growing off-seasoned vegetable with imported seed was started in April 1999. Five tunnels were constructed at Ghazishah farm of SSRI. Services of Mr. Langar Khan were acquired as advisor of this program. Nursery of Chinese cabbage, Iceberg, Broccoli, Leek, Celery and Brussels sprouts were transplanted in the field during July 2000. Seven varieties of Indeterminate Cucumbers were directly sown in three tunnels during autumn 2000. Nursery of Indeterminate type Tomato and Chillies would be grown in December 2000. The detail of vegetables grown in the field and under the tunnels is given in table-4.

Table-4 Different vegetables grown under open and controlled condition

Sr. No	Vegetables	Sowing time	Area
	Field plantation		
1	Chinese cabbage	July to September 2000	3 kanal
2	Ice Berg	July-September 2000	2 kanal
3	Broccoli	July to August 2000	1/2 kanal
4	Brussels sprout	July 2000	1/2 kanal
5	Celery	September 2000	1/2 kanal
6	Leek	September 2000	1/2 kanal
	Tunnel plantation		72 plants/tunnel
7	Multiple crop		
	a. Cucumber (Parthenocarpic)	November 2000	3 tunnels
	b. Chillies	+ December 2000	
8	Sole crop		
	Tomato (Indeterminate)	December 2000	2 tunnels

8. Workshop on R & D activities on sugarcane crop

A two days workshop on "R&D activities on sugarcane crop in Pakistan" was held on September 15-16, 2000 at Shakarganj Sugar Research Institute (SSRI), Jhang. The aim was to get the scientists, working on various disciplines of sugarcane crop under one roof, to have a through discussion on various aspects of research and development. Thirty one scientists participated in the workshop from all over the country. Fourteen research manuscripts were presented and discussed. The views of all the concerned scientists working on this crop gave very valuable inputs to formulate recommendations for improvement of sugarcane.

9. Publication of research journal

Pakistan Sugar Journal (PSJ) was published regularly on bio-monthly. Some papers received from other countries were included.

Auditor's Report to the Members

We have audited the annexed balance sheet of SHAKARGANJ MILLS LIMITED as at 30 September 2000 and the related profit and loss account, cash flow statement and statements of changes in equity, together with the notes forming part thereof, for the year then ended and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

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

We conducted our audit in accordance with the auditing standards as applicable in Pakistan. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the above said statements are free of any material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the above said statements. An audit also includes assessing the accounting policies and significant estimates made by management, as well as, evaluating the overall presentation of the above said statements. We believe that our audit provides a reasonable basis for our opinion and, after due verification, we report that provision for diminution in market/break-up value of short term investments as on 30 September 2000 amounting to Rupees 147.218 million (Note 21.1) has not been made. Had it been provided, the profit for the year and value of short term investments as on 30 September 2000 would have been lower accordingly. Except for this failure, 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 the change as stated in note 2.12 with which we concur;
- ii) the expenditure incurred during the year was for the purpose of the company's business; and
- iii) the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the company;

c) in our opinion and to the best of our information and according to the explanations given to us, the balance sheet, profit and loss account, cash flow statement and statement of changes in equity, together with the notes forming part thereof, conform with approved accounting standards as applicable in Pakistan, and, give the information required by the Companies Ordinance, 1984, in the manner so required and respectively give a true and fair view of the state of the company's affairs as at 30 September 2000 and of the profit, 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.

Riaz Ahmad and Company
Chartered Accountants

Faisalabad, March 2001

Balance Sheet as at

(RUPEES IN THOUSAND)

	NOTE	2000	1999
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorised share capital			
50 000 000 ordinary shares of Rupees 10 each		<u>500,000</u>	<u>500,000</u>
Issued, subscribed and paid up share capital	3	292,860	292,860
Reserves		146,543	146,543
Unappropriated profit		6,199	1,885
		<u>445,602</u>	<u>441,288</u>
SURPLUS ON REVALUATION OF OPERATING FIXED ASSETS		10,745	10,745
NON-CURRENT LIABILITIES			
REDEEMABLE CAPITAL	4	163,546	251,206
LONG TERM LOANS	5	23,968	27,678
LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE	6	52,924	63,997
		<u>240,438</u>	<u>342,881</u>
CURRENT LIABILITIES			
Current portion of long term liabilities	7	170,954	154,370
Short term finances	8	300,597	468,209
Creditors, accrued and other liabilities	9	206,739	287,513
Workers' participation fund	10	540	553
Provision for taxation		57,241	51,338
Unclaimed dividend		695	695
		<u>736,766</u>	<u>962,678</u>
CERTAIN LIABILITIES AND COMMITMENTS	11		
		<u>1,433,551</u>	<u>1,757,592</u>

The annexed notes form an integral part of these accounts.

Chief Executive

30 September 2000

		(RUPEES IN THOUSAND)	
	NOTE	2000	1999
ASSETS			
NON-CURRENT ASSETS			
Tangible fixed assets			
Operating fixed assets	12	701,690	745,879
Assets subject to finance lease	13	97,277	100,242
Capital work-in-progress	14	10,119	
		<u>809,086</u>	<u>846,121</u>
Equity investments	15	37,750	37,750
Long term deposits and deferred cost	16	19,439	10,079
		<u>866,275</u>	<u>893,950</u>
CURRENT ASSETS			
Stores, spare parts and loose tools	17	33,625	37,136
Stock-in-trade	18	17,034	339,174
Trade debts	19	21,379	28,841
Advances, deposits, prepayments and other receivables	20	142,979	109,324
Short term investments	21	330,726	325,379
Cash and bank balances	22	21,533	23,788
		<u>567,276</u>	<u>863,642</u>
		<u>1,433,551</u>	<u>1,757,592</u>

Chairman

Profit and Loss Account for the year ended 30 September 2000

	NOTE	(RUPEES IN THOUSAND)	
		2000	1999
SALES	23	1,180,681	1,864,677
COST OF GOODS SOLD	24	1,041,975	1,627,251
GROSS PROFIT		138,706	237,426
OPERATING EXPENSES			
Administrative and general	25	37,741	41,548
Selling and distribution	26	8,749	37,803
		46,490	79,351
OPERATING PROFIT	27	92,216	158,075
OTHER INCOME	28	80,141	32,682
		172,357	190,757
FINANCIAL AND OTHER CHARGES	29	161,600	179,699
WORKERS' PARTICIPATION FUND		540	553
		162,140	180,252
PROFIT BEFORE TAXATION		10,217	10,505
TAXATION	30	(5,903)	(9,210)
PROFIT AFTER TAXATION		4,314	1,295
UNAPPROPRIATED PROFIT BROUGHT FORWARD		1,885	590
UNAPPROPRIATED PROFIT CARRIED TO BALANCE SHEET		6,199	1,885
EARNING PER SHARE (RUPEES)	33	0.15	0.04

The annexed notes form an integral part of these accounts.

Cash Flow Statement for the year ended 30 September 2000

(RUPEES IN THOUSAND)

2000

1999

CASH FLOWS FROM OPERATING ACTIVITIES

Profit before taxation	10,217	10,505
------------------------	--------	--------

Adjustments to reconcile profit to net
cash provided by operating activities

Depreciation and amortization	67,861	72,547
Contribution to employees retirement benefits	4,876	9,275
Gain on disposal of operating fixed assets	(16,876)	(375)
Credit balances added back	-	(2,524)
Financial charges	161,479	179,395

Cash flows from operating activities before working
capital changes

227,557	268,823
---------	---------

Cash Flows From Working Capital Changes

(Increase)/decrease in current assets

Stores, spare parts and loose tools	3,511	(1,051)
Stock-in-trade	322,140	90,766
Trade debts	7,462	(21,917)
Advances, deposits, prepayments and other receivables	(21,717)	(748)

Increase/(decrease) in current liabilities

Short term finances	(167,612)	(76,494)
Creditors accrued and other liabilities	(73,715)	56,506
Workers' participation fund	(13)	553

NET CASH FLOWS FROM WORKING CAPITAL CHANGES

70,056	47,615
--------	--------

CASH FLOWS FROM OPERATING ACTIVITIES

297,613	316,438
---------	---------

Financial charges paid	(166,947)	(182,792)
Income tax paid	(11,187)	(18,112)
Employees retirement benefits paid	(7,218)	(7,390)

NET CASH FLOWS FROM OPERATING ACTIVITIES

112,261	108,144
---------	---------

(RUPEES IN THOUSAND)
2000
1999
CASH FLOWS FROM INVESTING ACTIVITIES

Proceeds from sale of operating fixed assets
 Fixed assets acquired
 Long term deposits
 Investments made

22,021
 (16,481)
 (9,360)
 (5,347)

1,622
 (70,638)
 (1,677)
 (20,000)

NET CASH FLOWS FROM INVESTING ACTIVITIES
(9,167)
(90,693)
CASH FLOWS FROM FINANCING ACTIVITIES

Redeemable capital
 Redemption of redeemable capital
 Repayment of long term loans
 Repayment of finance lease liabilities

123,419
 (200,189)
 (1,657)
 (26,922)

185,944
 (178,615)
 (29,153)
 (21,907)

NET CASH FLOWS FROM FINANCING ACTIVITIES
(105,349)
(43,731)
NET DECREASE IN CASH AND CASH EQUIVALENT
(2,255)
(26,280)
**CASH AND CASH EQUIVALENT AT THE
BEGINNING OF THE YEAR**
23,788
50,068
**CASH AND CASH EQUIVALENT AT THE END
OF THE YEAR**
21,533
23,788

Notes to the Accounts for the year ended 30 September 2000

1. STATUS AND NATURE OF BUSINESS

Shakarganj Mills Limited was incorporated on 20 September 1967 under the Companies Act, 1913 (Now Companies Ordinance, 1984). Shares of the company are quoted on the stock exchanges in Pakistan. The principal activity of the company is to manufacture, purchase and sale of sugar, distillate and kanewood.

1.1 Compliance with International Accounting Standards (IAS)

These accounts comply with International Accounting Standards, as applicable in Pakistan, in all material respects.

2. SIGNIFICANT ACCOUNTING POLICIES

2.1 Accounting convention

These accounts have been prepared under the historical cost convention as modified by capitalization of exchange differences and revaluation of certain operating fixed assets as referred to in note 2.4 and 2.5.

2.2 Staff retirement benefits

The company operates pension and gratuity fund schemes for all permanent employees who are in management cadre and salaried director. Premium is payable to the funds monthly on the basis of actuarial computation subject to a maximum 20 % and 8.33 % of basic salary of the employees respectively.

The company also operates a funded contributory provident fund scheme for all permanent employees. Equal monthly contributions are made both by the company and employees at the rate of 7 and 8 Percent of basic pay for officers and workers respectively.

2.3 Taxation

Charge for current taxation is based on taxable income at current tax rate after taking into account the tax credits and tax rebates available, if any.

Deferred taxation is accounted for by using the liability method on all major timing differences.

2.4 Foreign currencies

Liabilities in foreign currencies are translated into Pak Rupees at the rate of exchange ruling at balance sheet date. Exchange gain or loss on foreign currency loans is adjusted against cost of operating fixed assets acquired from the proceeds of loans. Exchange gain or loss on translation of other liabilities in Foreign currencies is charged to the current year's income.

2.5 Tangible fixed assets and depreciation

Operating fixed assets are stated at cost and appreciated value less accumulated depreciation. Freehold land is stated at cost/appreciated value and capital work-in-progress at cost.

Cost of tangible fixed assets consists of historical cost, applicable exchange differences, appreciated value and direct attributable cost of bringing the assets to working condition. Borrowing cost pertaining to the construction/erection period upto the date of completion is also capitalized as part of historical cost.

- 12.1 The company has given 10.39 acres land valuing Rupees 0.260 million for 20 years lease to Crescent Ujala Limited on annual rent of Rupees 3,968 per acre. Lease rent will be increased by 15 percent after every three years and lease is extendible for an other term of 20 years with mutual consent of both parties.
- 12.2 Land, buildings and plant and machinery were revalued by an independent valuer as at 30 September 1979 and stated in note 12 at appreciated value. Had there been no revaluation on that date, the value of these operating fixed assets would have been lower by Rupees 38.637 million (1999: Rupees 38.637 million).
- 12.3 Borrowing cost capitalized during the year was Rupees NIL (1999: Rupees 7.740 million) under the head of plant and machinery.

(RUPEES IN THOUSAND)

2000 1999

- 12.4 Depreciation charge for the year has been allocated as follows:

Cost of goods sold

Sugar (Note 24.2)	52,074	55,179
Distillate (Note 24.3)	1,097	1,163
Kanewood (Note 24.4)	952	1,029

Administrative and general expenses - Sugar (Note 25.1)

4,051	4,222
<u>58,174</u>	<u>61,593</u>

12.5 DISPOSAL OF OPERATING FIXED ASSETS

DISPOSAL OF OPERATING FIXED ASSETS

(RUPEES IN THOUSAND)

PARTICULARS OF PURCHASERS

DESCRIPTION

COST

ACCUMULATED DEPRECIATION

BOOK VALUE

SALE PROCEEDS

MODE OF DISPOSAL

Land

Land at Chak No.75 RB, Tehsil, Jaranwala, Distt. Faisalabad

M.S.C. Textile Mills (Pvt) Limited, Jaranwala.

Agreement

19,504

3,503

—

Plant and machinery

Turbine 2mm works pool
Hydraulic accumulator with bladder

Negotiation
Negotiation

250
125

140
26

1,960
366

1 No
1 No

S.S. Electric Company, Lahore.
Kamalia Sugar Mills Limited

Furniture and fixtures

Ceiling fan, almirah and sofa set
Table and sofa set
Sofa set, centre table and chairs
Room water cooler and sofa set
Air conditioners PEL

Negotiation
Negotiation
Negotiation
Negotiation
Sale and lease back

14
4
7
2
201

6
1
5
3
160

14
6
5
8
40

5 Nos
2 Nos
6 Nos
2 Nos
10 Nos

Rana Aziz Ahmad (Company's Ex-employee)
Akhtar Ali Akhtar (Company's employee)
Sajid Salahuddin (Company's Ex-employee)
Abdul Jabbar (Company's Ex-employee)
ORIX Leasing Pakistan LS-112

Vehicles

Suzuki Mehran 800 CC JGB 404
Suzuki Margala 1300 CC JGB 1661
Suzuki Margala 1300 CC JGB 525
Suzuki Margala 1300 CC JGB 4050
Suzuki Margala 800 CC FDR 6494
Mitsubishi exceed car CA 8672

As per company policy
As per company policy
As per company policy
As per company policy
As per company policy
Negotiation

99
130
162
136
141
300

96
16
171
100
114
7

54
21
96
96
65
48

150
37
267
196
179
55

M. Bashir (Company's employee)
M. Pervaz Akhtar (Company's employee)
Dr. Shahid Afghan (Company's employee)
Malik Manzoor Hussain (Company's employee)
Hilal Ahmad (Company's employee)
Muhammad Asif Butt, 2-V, Defence Housing Society, Lahore Cantt.

Suzuki Mehran 800 CC JGB 832
Suzuki Margala 1300 CC FDR 7779
Suzuki Khayber 1000 CC JGB 1991
Suzuki Margala 1300 CC JGB 1800
Suzuki Margala 800 CC JGB 3100
Suzuki Margala 1300 CC FDS 5382

As per company policy
As per company policy
As per company policy
As per company policy
As per company policy
As per company policy
As per company policy
As per company policy
As per company policy

100
140
102
141
141
134
38
15
19
60
1

109
123
84
105
131
157
15
19
—

—
69
47
99
74
88
8
15
1
1

109
192
131
204
205
245
23
34
1

M. Saifullah (Company's employee)
Abbas Ali Gill (Company's employee)
Zahid Mahmood (Company's employee)
Bashir Ahmad (Company's employee)
M. Riaz (Company's employee)
Nasir Mahmood Nasir (Company's employee)
Company's ex-employee
Company's employees
Company's employees

Office equipments

Office computer and printer

Sale and lease back

89

54

35

89

2 Nos

ORIX Leasing Pakistan Limited

13. ASSETS SUBJECT TO FINANCE LEASE
(RUPEES IN THOUSAND)

DESCRIPTION	C O S T			AMORTIZATION				BOOK VALUE	DEPRECIATION
	As at 01 October 1999	Additions/ (Deletions)	As at 30 September 2000	As at 01 October 1999	Adjustments	Charge for the year	As at 30 September 2000	As At 30 September 2000	Rate %
Building	255	-	255	255	-	-	255	-	7.5
Plant and machinery	110,365	17,981 (14,175)	114,171	20,025	(5,867)	7,351	23,509	90,662	7.5
Vehicles	11,702	1,509 (4,875)	8,336	4,526	(2,415)	1,245	3,356	4,980	20
Equipments	4,544	-	4,544	1,818	-	1,091	2,909	1,635	40
2000	126,866	19,490 (19,050)	127,306	26,624	(6,282)	9,687	30,029	97,277	
1999	99,766	30,945 (3,845)	126,866	17,547	(1,877)	10,954	26,624	100,242	

13.1 Deletions represent the leased assets purchased at the expiry of lease term and transferred to operating fixed assets.

13.2 Amortization charge of leasehold assets for the year has been allocated as follows:

(RUPEES IN THOUSAND)

	2000	1999
Cost of goods sold- Sugar (Note 24.2)	7,351	7,325
Administrative and general Expenses-Sugar (Note 25.1)	2,336	3,629
	<u>9,687</u>	<u>10,954</u>

14. CAPITAL WORK-IN-PROGRESS

Buildings	2,886	-
Plant and machinery	7,233	-
	<u>10,119</u>	<u>-</u>

(RUPEES IN THOUSAND)
2000 1999

15. EQUITY INVESTMENTS

QUOTED

Associated undertakings:

Crescent Investment Bank Limited

475,000 (1999: 475,000) ordinary shares of Rupees 10 each fully paid

4,750 4,750

Crescent Steel and Allied Products Limited

300,000 (1999: 300,000) ordinary shares of Rupees 10 each fully paid

3,000 3,000

Pakistan Industrial Leasing Corporation Limited

625,000 (1999: 625,000) ordinary shares of Rupees 10 each fully paid

20,000 20,000
27,750 27,750

UNQUOTED

Subsidiary Company:

Crescent Business Management (Private) Limited -

1,000,000 ordinary shares of Rupees 10 each fully paid
Equity held: 88.79%

Break up value as per last audited accounts as on 30 June 2000 was Rupees 11.28 per share

10,000 10,000

37,750 37,750

15.1 Aggregate market value of quoted investments as at 30 September 2000 was Rupees 18,106 million (1999: Rupees 26,963 million).

15.2 Following investments having face value of Rupees 3,000 million (1999: Rupees 6,500 million) are deposited as security with banking companies and investment banks:

Against short term finances obtained from Banking Companies (Note 8.4)

- 3,500

Against bank guarantee issued by Crescent Investment Bank Limited (An associated undertaking)

3,000 3,000

3,000 6,500

5.2 Loan No. IBRD-3019 and loan No. ADB-966 are payable in 09 and 12 semi annual installments commenced from 01 January 1993 and 01 July 1994. Loans carry interest at the rate of 15 and 15.65 percent per annum respectively. According to revised schedule last installment will be due on 01 January 2006 and 01 July 2004 respectively.

(RUPEES IN THOUSAND)

6. LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE

2000 1999

Future rentals and periods during which they fall due are as under:

30 September 2000	-	38,631
30 September 2001	39,745	33,360
30 September 2002	30,506	24,119
30 September 2003	22,802	16,592
30 September 2004	6,112	2,957
30 September 2005	2,126	-
Balance rentals as at 30 September	101,291	115,659
Less: financial charges	19,009	25,945
Present value of minimum lease payments	82,282	89,714
Less: Current portion (Note 7)	29,358	25,717
	<u>52,924</u>	<u>63,997</u>

6.1 The value of minimum lease rental payments has been discounted at an implicit interest rate ranging from 17 to 22 percent. The balance rentals are payable in monthly/quarterly installments and in case of default in any payment, an additional charge at the rate of 2 percent shall be paid. Taxes, repairs and insurance costs are to be born by lessee. Lessee shall have no right to terminate lease agreements and if lease agreements are terminated, the lessee shall pay entire amount of rentals for unexpired period of lease agreements. Lease agreements are renewable at the option of lessor on such terms as may be agreed upon. Liabilities are secured against deposit of Rupees 9.091 million (1999: Rupees 9.813 million) included in long term deposits and deferred cost (Note 16) and Rupees 2.121 million (1999: Rupees 0.905 million) included in advances, deposits, prepayments and other Receivables (Note 20).

7. CURRENT PORTION OF LONG TERM LIABILITIES

Redeemable capital	137,886	126,996
Long term loans	3,710	1,657
Liabilities against assets subject to finance lease	29,358	25,717
	<u>170,954</u>	<u>154,370</u>

(RUPEES IN THOUSAND)

2000 1999

8. SHORT TERM FINANCES

Secured:

From investment banks (Note 8.1)	104,767	156,500
From investment company (Note 8.2)	7,500	7,500
From finance corporation (Note 8.3)	32,000	33,699
	<u>144,267</u>	<u>197,699</u>

From banking and modaraba companies:

Secured (Note 8.4)	155,374	270,014
Unsecured-Unpresented cheques	956	496
	<u>156,330</u>	<u>270,510</u>
	<u>300,597</u>	<u>468,209</u>

- 8.1 Short term finances obtained from Investment Banks include Rupees NIL (1999: Rupees 9.500 million) from Crescent Investment Bank Limited (An associated undertaking). Finances are secured by way of hypothecation of stores, spares, stocks, book debts and pledge of shares of listed companies having face value of Rupees 24.525 million (1999: Rupees 8.289 million) as referred to in Note 21.2 and personal guarantee of directors. Mark-up is payable at the rate of 14.50 to 23 percent per annum. The finances are repayable on different dates before 30 September 2001.
- 8.2 This forms part of total sanctioned limit of Rupees 7.500 million (1999: Rupees 7.500 million) obtained from Saudi Pak Industrial and Agricultural Investment Company (Private) Limited and carries mark-up at the rate of 15 to 18.25 percent per annum. The finance is secured by way of pledge of shares of listed companies having face value of Rupees 27.118 million (1999: Rupees 48.144 million) as referred to Note 21.2. The finance is repayable in January 2001.
- 8.3 This forms part of total sanctioned limit of Rupees 35 million (1999: Rupees 80 million) obtained from National Development Finance Corporation and carries mark-up at the rate of 14.60 to 20.07 percent per annum. The finance is secured against bank guarantee of Trust Investment Bank Limited. The finance is repayable in March 2001.
- 8.4 These are secured against pledge and hypothecation of stores, spare parts, stocks, book debts, current assets demand promising note, pledge of shares of listed companies having face value of Rupees NIL (1999: Rupees 3.610 million) as referred to in Note 15.2 & 21.2 second charge on fixed assets of the company and personal guarantee of directors. Mark-up is chargeable at the rate of paisas 42 to 50 per Rupees 1,000 per day. These form part of aggregate credit facility of Rupees 402.224 million (1999: Rupees 307.000 million).

(RUPEES IN THOUSAND)

	2000	1999
9. CREDITORS, ACCRUED AND OTHER LIABILITIES		
Creditors	27,834	39,133
Advance from customers	44,659	44,483
Securities from contractors - Interest free, repayable on completion of contracts	810	1,076
Income tax deducted at source	198	380
Mark-up accrued on redeemable capital - Secured	13,588	14,513
Interest accrued on long term loans - Secured	1,105	1,160
Mark-up accrued on short term finances - Secured	17,992	22,480
Excise duty and sales tax payable	4,016	24,514
Due to Gratuity fund	535	873
Due to associated undertakings	52,641	32,053
Payable to pension fund		1,112
Due to Employees Provident Fund Trust		141
Other accrued liabilities	43,361	105,595
	<u>206,739</u>	<u>287,513</u>

10. WORKERS' PARTICIPATION FUND

Balance as at 01 October	553	-
Allocation for the year	540	553
Interest accrued	52	-
	<u>1,145</u>	<u>553</u>
Less: Payments made during the year	605	-
	<u>540</u>	<u>553</u>

10.1 Interest is paid at the prescribed rate under the Act on the funds utilized by the company till the date of allocation to workers.

11. CONTINGENCIES AND COMMITMENTS

Contingencies

The company is contingently liable in respect of employees, claims amounting to Rupees 0.100 million (1999: Rupees 0.100 million), Central Excise duty claims amounting to Rupees 18.435 million (1999: Rupees 19.833 million) and other claims amounting to Rupees 7.192 million (1999: Rupees 3.421 million). These claims have not been acknowledged by the company and cases are pending with various courts.

Commitments

The capital commitments are Rupees NIL (1999: Rupees 1.665 million). Letters of credit other than for capital expenditure are amounting to Rupees NIL (1999: Rupees 0.383 million).

12. OPERATING FIXED ASSETS

DESCRIPTION	COST/RE-ASSESSED VALUE			DEPRECIATION				Book Value	Depreciation Rate %
	As at 01 October 1999	Additions/ (Deletions)	As at 30 September 2000	As at 01 October 1999	Adjustments	Charge for the year	As at 30 September 2000	As at 30 September 2000	
Land free hold (Note 12.1)	25,924	-	22,421	-	-	-	-	22,421	-
		(3,503)							
Building and roads on Freehold land	104,550	338	104,868	63,098	-	3,134	66,232	38,636	7.5
Plant and machinery	1,308,736	13,573 (2,492)	1,319,817	644,858	(2326)	50,796	693,328	626,489	7.5
Laboratory equipments	952	-	952	926	-	10	936	16	40
Tubewell and water pumps	3,069	273	3,342	2,135	-	241	2,376	966	20
Electric installations	3,871	109	3,980	1,429	-	510	1,939	2,041	20
Weighbridges and scales	4,284	-	4,284	3,437	-	169	3,606	678	20
Furniture and fixtures	10,537	298 (248)	10,587	7,806	(73)	570	8,303	2,284	20
Office equipments	6,804	274 (89)	6,989	5,995	(35)	412	6,372	617	40
Vehicles	11,689	3,175 (2,028)	12,836	6,745	(781)	1,375	7,339	5,497	20
Arms and ammunition	86	-	86	57	-	3	60	26	10
Library books	5,429	744	6,173	3,823	-	705	4,528	1,645	30
Tools and equipments	3,873	346	4,219	3,639	-	232	3,871	348	40
Telephone equipments	357	-	357	314	-	17	331	26	40
2000	1,490,141	19,130 (8,360)	1,500,911	744,262	(3,215)	58,174	799,221	701,690	
1999	1,410,443	81,599 (1,990)	1,490,141	683,323	(654)	61,593	744,262	745,679	

- 12.1 The company has given 10.39 acres land valuing Rupees 0.260 million for 20 years lease to Crescent Ujala Limited on annual rent of Rupees 3,968 per acre. Lease rent will be increased by 15 percent after every three years and lease is extendible for an other term of 20 years with mutual consent of both parties.
- 12.2 Land, buildings and plant and machinery were revalued by an independent valuer as at 30 September 1979 and stated in note 12 at appreciated value. Had there been no revaluation on that date, the value of these operating fixed assets would have been lower by Rupees 38,637 million (1999: Rupees 38.637 million).
- 12.3 Borrowing cost capitalized during the year was Rupees NIL (1999: Rupees 7.740 million) under the head of plant and machinery.

(RUPEES IN THOUSAND)

2000 1999

- 12.4 Depreciation charge for the year has been allocated as follows:

Cost of goods sold

Sugar (Note 24.2)	52,074	55,179
Distillate (Note 24.3)	1,097	1,163
Kanewood (Note 24.4)	952	1,029
Administrative and general expenses - Sugar (Note 25.1)	4,051	4,222
	<u>58,174</u>	<u>61,593</u>

12.5 DISPOSAL OF OPERATING FIXED ASSETS

DESCRIPTION	COST	ACCUMULATED DEPRECIATION	BOOK VALUE	SALE PROCEEDS	MODE OF DISPOSAL	PARTICULARS OF PURCHASERS	(RUPEES IN THOUSAND)
Land							
Land at Chak No 75 RB, Tehsil, Jaranwala, Distt. Faisalabad.	3,503	—	3,503	19,504	Agreement	M.S.C. Textile Mills (Pvt) Limited, Jaranwala.	
Plant and machinery							
Turbine 2mm works pool	1 No	2,100	1,960	250	Negotiation	S.S. Electric Company, Lahore.	
Hydraulic accumulator with bladder	1 No	392	366	125	Negotiation	Kamalia Sugar Mills Limited	
Furniture and fixtures							
Ceiling fan, almirah and sofa set	5 Nos.	20	14	14	Negotiation	Rana Ataz Ahmad (Company's Ex-employee)	
Table and sofa set	2 Nos.	7	6	1	4	Akhtar Ali Akhtar (Company's employee)	
Sofa set, centre table and chairs	6 Nos.	10	5	5	7	Salid Salahuddin (Company's Ex-employee)	
Room water cooler and sofa set	2 Nos.	11	8	3	2	Abdul Jabbar (Company's Ex-employee)	
Air conditioners PEL	10 Nos.	200	40	160	201	ORIX Leasing Pakistan LS-112	
Vehicles							
Suzuki Mehran 800 CC JGB 404	150	54	96	99	As per company policy	M. Bashir (Company's employee)	
Suzuki Margala 1300 CC JGB 1661	37	21	16	130	As per company policy	M. Pervaiz Akhtar (Company's employee)	
Suzuki Margala 1300 CC JGB 525	267	96	171	162	As per company policy	Dr. Shahid Afghan (Company's employee)	
Suzuki Margala 1300 CC JGB 4050	196	96	100	136	As per company policy	Malik Manzoor Hussain (Company's employee)	
Suzuki Margala 800 CC FDR 6494	179	65	114	141	As per company policy	Hilal Ahmad (Company's employee)	
Mitsubishi exceed car CA 8672	55	48	7	300	Negotiation	Muhammad Asif Butt, 2-V, Defence Housing Society, Lahore Cantt.	
Suzuki Mehran 800 CC JGB 832	109	—	109	100	As per company policy	M. Saifullah (Company's employee)	
Suzuki Margala 1300 CC FDR 7779	192	69	123	140	As per company policy	Abbas Ali Gil (Company's employee)	
Suzuki Khyber 1000 CC JGB 1991	131	47	84	102	As per company policy	Zahid Mahmood (Company's employee)	
Suzuki Margala 1300 CC JGB 1800	204	99	105	141	As per company policy	Bashir Ahmad (Company's employee)	
Suzuki Margala 800 CC JGB 3100	205	74	131	141	As per company policy	M. Riaz (Company's employee)	
Suzuki Margala 1300 CC FDS 5382	245	88	157	134	As per company policy	Nasir Mahmood Nasir (Company's employee)	
Motor Cycle	1 No	23	8	38	As per company policy	Company's ex-employee	
Motor Cycles	4 Nos.	34	19	60	As per company policy	Company's employees	
Cycles	2 Nos.	1	—	1	As per company policy	Company's employees	
Office equipments							
Personal computer and printer	2 Nos.	89	35	54	89	ORIX Leasing Pakistan Limited	

13. ASSETS SUBJECT TO FINANCE LEASE
(RUPEES IN THOUSAND)

DESCRIPTION	C O S T			AMORTIZATION				BOOK VALUE	DEPRECIATION
	As at 01 October 1999	Additions/ (Deletions)	As at 30 September 2000	As at 01 October 1999	Adjustments	Charge for the year	As at 30 September 2000	As At 30 September 2000	Rate %
Building	255	-	255	255	-	-	255	-	7.5
Plant and machinery	110,365	17,981 (14,175)	114,171	20,025	(3,867)	7,351	23,509	90,662	7.5
Vehicles	11,702	1,509 (4,875)	8,336	4,526	(2,415)	1,245	3,356	4,980	20
Equipments	4,544	-	4,544	1,818	-	1,091	2,909	1,635	40
2000	126,866	19,490 (19,050)	127,306	26,624	(6,282)	9,687	30,029	97,277	
1999	99,766	30,945 (3,845)	126,866	17,547	(1,877)	10,954	26,624	100,242	

13.1 Deletions represent the leased assets purchased at the expiry of lease term and transferred to operating fixed assets.

13.2 Amortization charge of leasehold assets for the year has been allocated as follows:

(RUPEES IN THOUSAND)

	2000	1999
Cost of goods sold- Sugar (Note 24.2)	7,351	7,325
Administrative and general Expenses-Sugar (Note 25.1)	2,336	3,629
	<u>9,687</u>	<u>10,954</u>

14. CAPITAL WORK-IN-PROGRESS

Buildings	2,886	-
Plant and machinery	7,233	-
	<u>10,119</u>	<u>-</u>

(RUPEES IN THOUSAND)

2000 1999

15. EQUITY INVESTMENTS

QUOTED

Associated undertakings:

Crescent Investment Bank Limited

475,000 (1999: 475,000) ordinary shares of Rupees 10 each fully paid

4,750 4,750

Crescent Steel and Allied Products Limited

300,000 (1999: 300,000) ordinary shares of Rupees 10 each fully paid

3,000 3,000

Pakistan Industrial Leasing Corporation Limited

625,000 (1999: 625,000) ordinary shares of Rupees 10 each fully paid

20,000 20,000
27,750 27,750

UNQUOTED

Subsidiary Company:

Crescent Business Management (Private) Limited -

1,000,000 ordinary shares of Rupees 10 each fully paid

10,000 10,000

Equity held: 88.79%

Break up value as per last audited accounts as on 30 June 2000 was Rupees 11.28 per share

37,750 37,750

15.1 Aggregate market value of quoted investments as at 30 September 2000 was Rupees 18.10 million (1999: Rupees 26.963 million).

15.2 Following investments having face value of Rupees 3,000 million (1999: Rupees 6,500 million) are deposited as security with banking companies and investment banks:

Against short term finances obtained from Banking Companies (Note 8.4)

- 3,500

Against bank guarantee issued by Crescent Investment Bank Limited (An associated undertaking)

3,000 3,000

3,000 6,500

(RUPEES IN THOUSAND)

2000 1999

16. LONG TERM DEPOSITS AND DEFERRED COST

Deposits:

Securities

266 266

Security deposit against leasehold assets (Note 6.1)

9,091 9,813

9,357 10,079

Deferred expenses:

TFC issue expenses (Rating fee)

210 -

New Cane Varieties Development

9,872 -

10,082 -

19,439 10,079

16.1 These expenses were incurred on development of new varieties of cane and will be amortized over a period of five years commencing from start of commercial production.

17. STORES, SPARES PARTS AND LOOSE TOOLS

Stores

18,859 23,720

Spare parts

15,470 14,188

Loose tools

796 728

35,125 38,636

Less: Provision for obsolescence

1,500 1,500

33,625 37,136

18. STOCK-IN-TRADE

Work-in-process

1,945 1,406

Finished goods:

Sugar

9,668 294,629

Molasses

- 7,878

Distillate

3,150 22,593

Kanewood

2,271 12,668

15,089 337,768

17,034 339,174

19. TRADE DEBTS

Considered good:

Secured (against letters of credit)

- 19,471

Unsecured

21,379 9,370

21,379 28,841

(RUPEES IN THOUSAND)

2000 1999

**20. ADVANCES, DEPOSITS, PREPAYMENTS
AND OTHER RECEIVABLES**

Loans and advances - Considered good:

Employees-Interest free	96	126
Suppliers and contractors	6,503	8,846
Income tax	58,128	46,941
Pension fund	751	-
Sugarcane growers (Note 20.1)	18,525	4,681
	<u>84,003</u>	<u>60,594</u>

Considered doubtful:

Sugarcane growers	2,001	2,001
Less: Provision for doubtful	<u>2,001</u>	<u>2,001</u>
	<u>84,003</u>	<u>60,594</u>

Deposits:

Margin against bank guarantees	1,159	1,352
Security deposit against leasehold assets (Note 6.1)	<u>2,121</u>	<u>905</u>
	<u>3,280</u>	<u>2,257</u>
Letters of credit	-	688
Short term prepayments	28,379	33,694
Due from Crescent Group Services (Private) Limited (associated undertaking)	-	160
Accrued interest	96	530
Sundry receivables	27,221	11,401
	<u>142,979</u>	<u>109,324</u>

20.1 Loans to sugarcane growers are partly interest free and partly interest bearing at the rate of 16.79 to 18.27 percent per annum.

21. SHORT TERM INVESTMENTS

QUOTED

Associated Undertakings:

Crescent Sugar Mills and Distillery Limited

487,132 (1999: 487,132) ordinary shares of Rupees 10 each fully paid	10,080	10,080
150,276 (1999: 150,276) bonus shares of Rupees 10 each	-	-

(RUPEES IN THOUSAND)

2000 1999

Crescent Boards Limited

84,700 (1999: 84,700) ordinary shares of Rupees 10 each fully paid

978 978

7,260 (1999: 7,260) bonus shares of Rupees 10 each

- -

Crescent Jute Products Limited

434,982 (1999: 434,982) ordinary shares of Rupees 10 each fully paid

10,249 10,249

101,835 (1999: 101,835) bonus shares of Rupees 10 each

- -

Jubilee Spinning and Weaving Mills Limited

4,000 (1999: 4,000) ordinary shares of Rupees 10 each fully paid

66 66

11,584 (1999: 11,584) bonus shares of Rupees 10 each

- -

The Crescent Textile Mills Limited

143,943 (1999: 143,943) ordinary shares of Rupees 10 each fully paid

2,234 2,234

41,268 (1999: 41,268) bonus shares of Rupees 10 each

- -

Crescent Steel and Allied Products Limited

180,000 (1999: 180,000) ordinary shares of Rupees 10 each fully paid

2,784 2,784

323,415 (1999: 323,415) bonus shares of Rupees 10 each

- -

Pakistan Industrial Leasing Corporation Limited

2,323,430 (1999: 2,323,430) ordinary shares of Rupees 10 each fully paid

65,158 65,158

784,636 (1999: 784,636) bonus shares of Rupees 10 each

- -

Equity held: 17.13%

Crescent Investment Bank Limited

1,241,595 (1999: 1,241,595) ordinary shares of Rupees 10 each fully paid

20,508 20,508

454,565 (1999: 454,565) bonus shares of Rupees 10 each

- -

Others:

The Premier Insurance Company of Pakistan Limited

3,600 (1999: 3,600) ordinary shares of Rupees 5 each fully paid

60 60

51,529 (1999: 51,529) bonus shares of Rupees 5 each

- -

Crescent Leasing Corporation Limited

2,291,000 (1999: 2,291,000) ordinary shares of Rupees 10 each fully paid

30,440 30,440

343,650 (1999: 343,650) bonus shares of Rupees 10 each

- -

Equity held: 15.27%

	(RUPEES IN THOUSAND)	
	2000	1999
First Crescent Modaraba		
110,000 (1999: 110,000) certificates of Rupees 10 each fully paid	965	965
1,786 (1999:1,786) bonus certificates of Rupees 10 each	-	-
Pakistan Industrial Credit and Investment Corporation Limited		
2,697,196 (1999: 2,697,196) ordinary shares of Rupees 10 each fully paid	149,601	149,601
1,153,462 (1999: 1,153,462) bonus shares of Rupees 10 each	-	-
Crescent Spinning Mills Limited		
341,300(1999: 341,300) ordinary shares of Rupees 10 each fully paid	3,413	3,413
Crescent Knitwear Limited		
700,000 (1999: 700,000) ordinary shares of Rupees 10 each fully paid	7,122	7,122
Husein Sugar Mills Limited		
631(1999: 631)bonus shares of Rupees 10 each	-	-
AR Pak. International Investment Limited		
10,000(1999:10,000) ordinary shares of Rupees 10 each	93	93
Pakistan International Airlines Corporation		
51 (1999:51) bonus shares of Rupees 10 each	-	-
Pakistan Oil Fields Limited		
500 (1999:500) ordinary shares of Rupees 10 each fully paid	34	34
250 (1999:250) bonus shares of Rupees 10 each	-	-
Prudential Discount and Guarantee House Limited		
131,000 (1999:131,000) ordinary shares of Rupees 10 each fully paid	1,033	1,033
Pakistan Telecommunication Corporation Limited		
10,000(1999:NIL) ordinary shares of Rupees 10 each fully paid	295	-
Fauji Fertilizer Company Limited		
25,000 (1999:NIL) ordinary shares of Rupees 10 each fully paid	1,620	-
Atlas Bot Lease Company Limited		
13,203 (1999:NIL) ordinary shares of Rupees 10 each	132	-
30,366 (1999:26,406) bonus shares of Rupees 10 each fully paid	-	-

(RUPEES IN THOUSAND)

2000 1999

Muslim Commercial Bank Limited

3,565 (1999:3,565) bonus shares of Rupees 10 each

Shaheen Cotton Mills Limited

1,050,000 (1999:1,050,000) ordinary shares of Rupees 10 each fully paid

13,650 13,650

Nazir Cotton Mills Limited

471,113 (1999:471,113) ordinary shares of Rupees 10 each fully paid

4,711 4,711

Sui Nothern Gas Pipelines Limited

70,454 (1999: 61,242) bonus share of Rs. 10,000

UNQUOTED

Associated Undertaking:

Crescent Group Services (Private) Limited

1999: 220,000 Ordinary shares of Rupees 10 each fully paid
Equity held 18.96 percent. Break-up value as per last audited accounts was Rupees zero per shares

2,200 2,200

Other

Crescent Ujala Limited

330,000 ordinary shares of Rupees 10 each fully paid

3,300

330,726

325,379

21.1 Market/break-up value of short term investments as on 30 September 2000 was Rupees 183.508 (1999: Rupees 102.143 million) which was lower than the cost by Rupees 147.218 million.

21.2 Following investments having face value of Rupees 61,489 million (1999: Rupees 66.389 million) are deposited as security with banks, financial institutions and investment companies.

Against short term running finances obtained from:

Investment banks (Note 8.1)	24,525	8,289
Investment companies (Note 8.2)	27,118	48,144
Banking companies (Note 8.4)	-	110

Against bank guarantees issued by:

Crescent Investment Bank Limited

9,309 9,309

Against central excise duty on loan:

Pakistan Industrial Credit and Investment Corporation Limited

537

537

61,489

66,389

(RUPEES IN THOUSAND)

2000 1999

22. CASH AND BANK BALANCES

Cash in hand	193	154
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Cash with banks on:

Current accounts	15,968	16,856
Short term deposit accounts	5,126	6,353
Dividend account	14	14
Dollar deposit account	232	411
	<u>21,340</u>	<u>23,634</u>
	<u>21,533</u>	<u>23,788</u>

22.1 Term deposit receipts amounting to Rupees 4.759 million (1999: Rupees 6.353 million) are lying with Muslim Commercial Bank Limited under lien against loans to sugarcane growers.

23. SALES

Sugar:

Local	1,188,495	1,669,292
Export	-	150,035
Rebate on export of sugar	-	52,686
	-	202,721
	<u>1,188,495</u>	<u>1,872,013</u>

Distillate:

Local	27,273	44,581
Export	47,903	84,106
	75,176	128,687
Sale of baggase	331	-
Kanewood	15,108	8,295
	<u>25,650</u>	<u>38,860</u>
	<u>1,304,760</u>	<u>2,047,855</u>

Less: Commission to selling agents
Sales tax on sugar

2,446	4,689
121,633	178,489
124,079	183,178
<u>1,180,681</u>	<u>1,864,677</u>

24. COST OF GOODS SOLD

Sugar (Note 24.1)	960,805	1,528,010
Distillate (Note 24.3)	65,458	87,342
Kanewood (Note 24.4)	15,712	11,899
	<u>1,041,975</u>	<u>1,627,251</u>

		(RUPEES IN THOUSAND)	
		2000	1999
24.1	COST OF GOODS SOLD - SUGAR		
	Raw material	497,590	1,236,902
	Salaries, wages and other benefits	39,236	44,028
	Stores, spare parts and loose tools	3,388	3,588
	Dyes and chemicals	4,885	13,885
	Packing material	8,997	20,535
	Fuel and power	16,002	27,356
	Repair and maintenance	18,156	17,929
	Insurance	2,921	3,153
	Vehicles' running	852	640
	Travelling and conveyance	208	237
	Printing and stationery	252	379
	Rent, rates and taxes	170	114
	Excise duty	-	22,586
	Other factory overheads	4,087	6,445
	Sugarcane research and development	11,541	9,779
	Staff training and development	795	2,171
	Depreciation/amortization (Note 24.2)	59,425	62,504
		<u>668,505</u>	<u>1,472,231</u>
	Work-in-process inventory:		
	As at 01 October	1,406	3,319
	As at 30 September	<u>1,945</u>	<u>1,406</u>
		(539)	1,913
	Cost of goods produced	<u>667,966</u>	<u>1,474,144</u>
	Finished goods inventory:		
	As at 01 October	302,507	356,373
	As at 30 September	<u>9,668</u>	<u>302,507</u>
		<u>292,839</u>	<u>53,866</u>
		<u>960,805</u>	<u>1,528,010</u>
24.2	DEPRECIATION/AMORTIZATION		
	Depreciation (Note 12.4)	52,074	55,179
	Amortization (Note 13.2)	<u>7,351</u>	<u>7,325</u>
		<u>59,425</u>	<u>62,504</u>
24.3	COST OF GOODS SOLD - DISTILLATE		
	Molasses	21,305	25,756
	Stores, spare parts and loose tools	706	1,197
	Salaries, wages and other benefits	1,476	2,102
	Chemicals	4,693	5,263
	Fuel and power	15,285	14,454
	Insurance	165	95
	Other factory overheads	1,288	1,584
	Depreciation (Note 12.4)	1,097	1,163
	Cost of goods produced	<u>46,015</u>	<u>51,614</u>
	Finished goods inventory:		
	As at 01 October	22,593	58,321
	As at 30 September	<u>3,150</u>	<u>22,593</u>
		<u>19,443</u>	<u>35,728</u>
		<u>65,458</u>	<u>87,342</u>

(RUPEES IN THOUSAND)

2000 1999

24.4 COST OF GOODS SOLD - KANEWOOD

Raw material	396	2,287
Stores, spare parts and loose tools	1,139	4,339
Salaries, wages and other benefits	1,581	1,549
Insurance	98	101
Fuel and power	1,055	3,031
Other factory overheads	94	304
Depreciation (Note 12.4)	952	1,029
Cost of goods produced	5,315	12,640
Finished goods inventory:		
As at 01 October	12,668	11,927
As at 30 September	2,271	12,668
	10,397	(741)
	15,712	11,899

25. ADMINISTRATIVE AND GENERAL EXPENSES

Salaries, wages and other benefits	19,418	21,175
Directors' meeting fee	12	35
Travelling and conveyance	1,067	1,089
Printing and stationery	480	656
Telephone, postage and telegrams	1,375	1,258
Vehicles' running	2,313	2,212
Legal and professional	975	1,122
Auditors' remuneration:		
Audit fee	225	205
Out of pocket expenses	15	15
	240	220
Repair and maintenance	961	1,108
Entertainment	83	209
Subscription	1,641	1,694
Rent, rates and taxes	713	616
Publicity	182	230
Registered office expenses	634	751
Miscellaneous	1,260	1,322
Depreciation/amortization (Note 25.1)	6,387	7,851
	37,741	41,548

(RUPEES IN THOUSAND)

2000 1999

25.1 DEPRECIATION/AMORTIZATION

Depreciation (Note 12.4)	4,051	4,222
Amortization (Note 13.2)	2,336	3,629
	<u>6,387</u>	<u>7,851</u>

26. SELLING AND DISTRIBUTION EXPENSES

Freight and forwarding:		
Sugar	-	23,001
Distillate	5,707	10,282
Handling and distribution	882	1,910
Loading and unloading	808	1,067
Insurance	1,352	1,543
	<u>8,749</u>	<u>37,803</u>

27. OPERATING PROFIT /(LOSS)

Sugar (Note 27.1)	91,928	134,484
Distillate (Note 27.2)	1,414	27,646
Kanewood (Note 27.3)	(1,126)	(4,055)
	<u>92,216</u>	<u>158,075</u>

27.1 OPERATING PROFIT - SUGAR

Sales - Net	1,090,397	1,727,897
Cost of goods sold	960,805	1,528,010
Gross profit	<u>129,592</u>	<u>199,887</u>

Operating expenses

Administrative and general	34,855	38,500
Selling and distribution	2,809	26,903
	<u>37,664</u>	<u>65,403</u>
	<u>91,928</u>	<u>134,484</u>

27.2 OPERATING PROFIT - DISTILLATE

Sales - Net	75,176	128,687
Cost of goods sold	65,458	87,342
Gross profit	<u>9,718</u>	<u>41,345</u>

(RUPEES IN THOUSAND)

2000 1999

Operating expenses

Administrative and general
Selling and distribution

2,403	2,867
5,901	10,832
8,304	13,699
1,414	27,646

27.3 OPERATING LOSS - KANEWOOD

Sales - Net
Cost of goods sold
Gross loss

15,108	8,093
15,712	11,899
(604)	(3,806)

Operating expenses

Administrative and general
Selling and distribution

483	181
39	68
522	249
(1,126)	(4,055)

28. OTHER INCOME

Commission on fertilizer
Gain on disposal of operating fixed assets
Dividend income (Note 28.1)
Return on bank deposits
Mark-up on advances to associated undertakings
Agricultural farm income
Rental income
Electricity income
Gain on sale of imported sugar
Credit balances added back
Miscellaneous

153	45
16,876	375
33,137	2,708
463	1,254
6,841	6,756
13,584	10,697
126	107
-	7,919
7,564	-
-	2,524
1,397	297
80,141	32,682

28.1 DIVIDEND INCOME

Associated undertakings:

Crescent Investment Bank Limited
Crescent Steel and Allied Products Limited
Pakistan Industrial Leasing Corporation Limited
The Crescent Textile Mills Limited

15,928	-
1,870	2,281
7,063	-
679	327

(RUPEES IN THOUSAND)

2000 1999

Others:

Pakistan Industrial Credit and Investment Corporation Limited	4,705	-
The Premier Insurance Company of Pakistan Limited	69	46
Crescent Leasing Corporation Limited	2,635	-
AR Pak International Investment Limited	5	5
Thal Jute Limited	15	-
Pakistan Oil Field Limited	5	1
Atlas Bot Lease Company Limited	-	40
Muslim Commercial Bank Limited	13	8
Fauji Fertilizer Company Limited	150	-
	<u>33,137</u>	<u>2,708</u>

29. FINANCIAL AND OTHER CHARGES

Financial

Mark-up/interest on:

Redeemable capital	49,912	40,283
Short term finances	84,700	107,979
Advances from associated undertakings	1,932	4,014
Long term loans	4,505	5,685
Worker's Participation fund	52	-
Finance charges on lease liabilities	14,314	16,326
Lease agreements fee	256	728
Bank charges, commission and Excise duty	5,808	4,380
	<u>161,479</u>	<u>1,79,395</u>

Others:

Donations	121	304
	<u>161,600</u>	<u>179,699</u>

30. TAXATION

This represents provision for the year against minimum tax under Section 80 (D) of the Income Tax Ordinance, 1979. After considering the available tax losses, no provision for taxation except minimum tax is required. Tax losses available to be carried forward are Rupees 472.899 as on 30 September 2000 (1999: 548.726 million).

31. CHIEF EXECUTIVE AND EXECUTIVES' REMUNERATION

The aggregate amount charged in the accounts for the year for remuneration, allowances including all benefits to chief executive and executives of the company are as follows:
(RUPEES IN THOUSAND)

Description	2000		1999	
	Chief Executive	Executives	Chief Executive	Executives
Managerial remuneration	1,680	14,004	2,040	11,817
Housing	756	3,528	918	2,830
Contribution to:				
Provident fund	118	897	143	776
Pension fund	336	2,039	408	1,880
Gratuity fund	140	881	170	822
Hospitalisation	-	159	-	592
Other benefits:				
Utility allowance	168	1,400	204	1,181
Reimbursable expenses	2	727	85	636
	3,200	23,635	3,968	20,534
Number of persons	1	59	1	55

31.1 Five executives have been provided free maintained vehicles by the company.

31.2 Aggregate amount charged in the accounts for fee to six directors in respect of two meetings was Rupees 12,500 (1999: Rupees 35,000 for six directors of two meetings).

32. TRANSACTIONS WITH ASSOCIATED UNDERTAKINGS

Maximum aggregate amount due from associated undertakings at the end of any month during the year was Rupees 39.889 million (1999: Rupees 46.235 million).

The company purchased from and sold to associated undertakings, materials, goods and services in the aggregate sum of Rupees 0.019 million and Rupees NIL respectively (1999: Rupees 1.229 million and Rupees 1.044 million) respectively. Purchases/sales of materials, goods and services are made at prevailing market prices.

Mark-up on advances to associated undertakings is received/paid at the rate of 16 to 21 percent per annum (Note 28 and Note 29).

33. EARNING/(LOSS) PER SHARE - BASIC

There is no dilutive effect on the basic earning per share, which is based on:

Profit attributable to ordinary Shareholders	(Rupees in thousand)	4,314	1,295
Number of shares		29,286,029	29,286,029
Earning per share	(Rupees)	0.15	0.04

(RUPEES IN THOUSAND)

	INTEREST/MARK-UP BEARING				NON INTEREST BEARING			
	Interest rates range%	Maturity within one year	Maturity more than one year but less than five years	Maturity more than five years	Maturity within one year	Maturity more than one year but less than five years	Sub-Total	TOTAL
Financial Assets								
Long term deposits	-	-	-	-	-	9,357	9,357	9,357
Trade debts	-	-	-	-	21,379	-	21,379	21,379
Advances, deposits and other receivables and other receivables	-	-	-	-	55,721	-	55,721	55,721
Short term in vestments	15	5,358	-	-	216,469	-	216,469	216,469
Cash and bank balances	-	5,358	-	-	16,175	-	16,175	21,533
		5,358	-	-	309,744	9,357	319,101	324,459
Financial Liabilities								
Redeemable capital	07 to 22	137,886	163,546	-	-	-	-	301,432
Long term loans	15 to 15.65	3,710	20,794	5,174	301,432	-	301,432	27,678
Liabilities against assets subject to finance lease	17 to 22	29,358	52,924	-	82,282	-	-	82,282
Short term finances	14.5 to 23	300,597	-	-	300,597	-	-	300,597
Creditors, accrued and other liabilities	-	-	-	-	161,545	-	161,545	161,545
Contingencies	-	-	-	-	25,727	-	25,727	25,727
		471,551	237,264	5,174	711,989	187,272	899,261	899,261

(RUPEES IN THOUSAND)

	INTEREST/MARK-UP BEARING				NON INTEREST BEARING			
	Interest rate range%	Maturity within one year	Maturity more than one year but less than five years	Maturity more than five years	Maturity within one year	Maturity more than one year but less than five years	Sub-Total	TOTAL
Financial Assets								
Long term deposits	-	-	-	-	-	10,079	10,079	10,079
Trade debts	-	-	-	-	28,841	-	28,841	28,841
Advances, deposits, prepayments and other receivables	-	-	-	-	28,689	-	28,689	28,689
Short term in vestments	15	6,764	-	-	211,122	-	211,122	211,122
Cash and bank balances	-	6,764	-	-	17,024	-	17,024	23,788
		6,764	-	-	285,676	10,079	295,755	302,519
Financial Liabilities								
Redeemable capital	06 to 22	126,996	251,206	-	-	-	-	378,202
Long term loans	15 to 16.65	1,657	18,829	8,849	378,202	-	378,202	29,335
Liabilities against assets subject to finance lease	19 to 25	25,717	63,997	-	89,714	-	-	89,714
Short term finances	18.5 to 22	468,209	-	-	468,209	-	-	468,209
Creditors, accrued and other liabilities	-	-	-	-	240,904	-	240,904	240,904
Contingencies	-	-	-	-	23,354	-	23,354	23,354
Commitments	-	-	-	-	2,048	-	2,048	2,048
		622,579	334,032	8,849	965,460	266,306	1,231,766	1,231,766

34.2 Financial instruments and risk management policies

The company issues financial instruments mainly to finance its operations. In addition financial instruments such as trade receivables and trade payables arise directly from the company's operation.

The company finances its operations primarily by a mixture of issued share capital, retained profits, long term and short term loans and liabilities. Company borrows funds in local currency usually at fixed rate of interest.

Overall risks arising from the company's financial instruments are limited.

(a) Interest rate risk

Since the company borrows funds usually at fixed interest rates, therefore the risk occurrence is minimal.

(b) Foreign exchange risk management

Foreign currency risk on financial instruments, receivables or payable in foreign currency is also not material.

(c) Credit risk

The company deals mostly with regular and permanent customers who pay the instrument on due dates. Company considers the credit risk as minimal.

(d) Fair value of financial assets and liabilities

The carrying value of all financial assets and liabilities reflected in the financial statements approximate their fair values except for equity investments which are stated at cost less provision for diminution in break-up/market value of investment. Market value is also disclosed in note 15.1 and 21.1.

35. EMPLOYEES RETIREMENTS BENEFITS	(RUPEES IN THOUSAND)	
	2000	1999
Contribution to :		
Employees provident fund trust	1,648	1,388
Pension fund	2,068	6,330
Gratuity fund	1,160	1,557
Employees oldage benefits	1,330	976
	<u>6,206</u>	<u>10,251</u>
Number of employees at the year end	<u>548</u>	<u>614</u>

36. PLANT CAPACITY AND ACTUAL PRODUCTION

Sugar:		
Capacity	108,800	M. Tons in 160 days i.e.
	680	M. Tons per day
Actual production:		
Current year	39,965	M. Tons in 144 days i.e.
	277.535	M. Tons per day
Previous year	101,479	M. Tons in 157 days i.e.
	646.363	M. Tons per day
Distillery:		
Capacity	40,000	Liters per day
Actual production:		
Current year	4,967,000	Litres in 169 days i.e.
	29,390	Litres per day
Previous year	5,324,756	Litres in 210 days i.e.
	25,356	Litres per day
Kanewood:		
Capacity	30	Cubic meters per day
Actual production:		
Current year	497,480	Cubic meters in 20 days i.e.
	24.874	Cubic meters per day
Previous year	1,921,679	Cubic meters in 72 days i.e.
	26.689	Cubic meters per day

36.1 REASONS FOR LOW PRODUCTION

Sugar

Sugar plant operated below capacity due to lessor availability of sugarcane.

Distillery

Operated below capacity due to lessor molasses available because of reduce quantum of sugarcane.

Kanewood

Low demand for particle board due to recession in building industry.

(RUPEES IN THOUSAND)

2000 1999

37. SEGMENT ASSETS AND OTHER INFORMATION

Sugar	1,400,435	1,716,991
Distillery	16,200	19,862
Kanewood	16,916	20,739
	<u>1,433,551</u>	<u>1,757,592</u>

37.1 Molasses and baggase (By - Products of Sugar) are issued to distillery and particle board plant at market prices.

38. CORRESPONDING FIGURES

Previous years' figures have been re-arranged, wherever necessary, for the purpose of comparison.

Statement and Report under Sub Section (I) (e), (f) and (g) of Section 237 of the Companies Ordinance, 1984

Crescent Business Management (Pvt) Limited

Statement under sub-section (1) (e)

a) Extent of the interest of Crescent Business Management (Pvt) Limited (the holding company) in the equity of its subsidiary at the end of the year September 30, 2000. 100%

b) The net aggregate amount of profit, less (losses) of the subsidiary company, so far as these concern members of the holding company and have not been dealt with in the accounts of the holding company for the year ended June 30, 2000 are:

(i) for the last financial year of the subsidiary.	Rs.	15,858,839
(ii) for the previous periods.		(14,884,268)
(iii) accumulated to last audited balance sheet as at June 30, 2000.		<u>(1,440,233)</u>

(c) The net aggregate amount of losses of the subsidiary company so far as these have been dealt with or provision made for losses in the accounts of the holding company for the year ended September 30, 2000 are:

(i) for the financial year ended September 30, 2000	Nil
(ii) for the previous periods.	Nil

Statement under sub-section (1) (f) and (g)

N/A

Chief Executive

Chairman



**Crescent
Business Management
(Private) Limited**

Financial Statements
June 30, 2000



Directors' Report

The Directors have pleasure in presenting the audited accounts of the Company together with Auditors' Report thereon for the year ended 30 June 2000:

Financial Results:	Outstanding As on 30/6/2000	Outstanding As on 30/6/1999
Long Term Investments	60.39	46.14
Advances, prepayments etc.	7.88	2.66
Other Assets	8.61	0.09
Total Assets	76.88	48.89
Financed By:		
Due to Holding Company	20.01	30.56
Other Liabilities	44.17	21.95
Equity	12.70	(3.62)
Total Resources	76.88	48.89

Merger:

During the year, the Honorable Lahore High Court approved the merger of Confidence Modaraba Management (Private) Limited with Crescent Business Management (Private) Limited and First Confidence Modaraba with First Crescent Modaraba effective July 01, 1999. Accordingly, the results of Confidence Modaraba Management (Private) Limited have been merged with CBM.

Review of Operation:

During the year under review the Company incurred a net profit of Rs. 16.67 million as compared to a net loss of Rs. 4.72 million during the corresponding period last year. The main portion of the profit may be attributed to the capital market activities. The management will continue its efforts for increasing the profitability of the company and to improve the

capital and external debt structure of the company. During the year under review, the company incurred management administration expenses of Rs. 1.69 million against Rs. 0.54 million during the corresponding period last year.

Future Prospects:

The directors perceive that consistent with the benefits of the earlier merger, the position of First Crescent Modaraba (FCM) will be further strengthened due to merger of First Confidence Modaraba with FCM, henceforth more benefits will flow to the management company.

The Directors hope that the financial position of the company will improve in the coming financial year due to stock market operation and reduction in financial costs.

Auditors:

The Auditors M/s Fazal Mahmood & Company Chartered Accountants, retire and being eligible offer themselves for re-appointment.

For and on Behalf of the Board

MAHMOOD AHMED
Chief Executive

Dated: January 29, 2001



Auditor's Report to the Members

We have audited the annexed balance sheet of CRESCENT BUSINESS MANAGEMENT (PRIVATE) LIMITED as at June 30, 2000 and the related profit and loss account, together with the notes forming part thereof, for the year then ended and we state that we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.

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

We conducted our audit in accordance with the auditing standards as applicable in Pakistan. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the above said statements are free of any material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the above said statements. An audit also includes assessing the accounting policies and significant estimates made by management, as well as, evaluating the overall presentation of the above said statements. We believe that our audit provides a reasonable basis for our opinion and, after due verification, we report that:

- a) in our opinion, proper books of 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 confor-

mity 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 together with the notes forming part thereof, give the information required by the Companies Ordinance, 1984, in the manner required and respectively give a true and fair view of the state of the company's affairs as at June 30, 2000 and of the loss for the year then ended; and
- d) in our opinion, no Zakat was deductible at source under the Zakat and Ushr Ordinance, 1980.

Lahore:

FAZAL MAHMOOD & COMPANY
Chartered Accountants

Dated: January 29, 2001

**Balance Sheet**

	NOTE	2000 Rupees	1999 Rupees
CAPITAL AND LIABILITIES			
SHARE CAPITAL			
Authorized :			
5,000,000 Ordinance shares of Rs.10/- each		<u>50,000,000</u>	<u>50,000,000</u>
Issued, subscribed and paid up:	3	11,262,500	11,262,500
Accumulated profit/(loss)		1,440,233	(14,884,268)
		<u>12,702,733</u>	<u>(3,621,768)</u>
CURRENT LIABILITIES			
Due to Associated and Holding Companies	4	20,011,668	30,559,764
Creditors and Accruals	5	43,779,131	21,636,259
Provision for Taxation		392,988	319,913
		<u>64,183,787</u>	<u>52,515,936</u>
		<u>76,886,520</u>	<u>48,894,168</u>

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

Chief Executive

Director



as at June 30, 2000

	NOTE	2000 Rupees	1999 Rupees
PROPERTY AND ASSETS			
FIXED ASSETS-at written down value	6	6,290,446	66,464
LONG TERM INVESTMENT	7	60,394,065	46,136,565
CURRENT ASSETS			
Due from associated companies		3,779,775	1,306,814
Advances, Deposits, Prepayments and Other receivables	8	4,101,659	1,360,072
Cash and Bank Balances	9	2,320,575	24,253
		10,202,009	2,691,139
		<u>76,886,520</u>	<u>48,894,168</u>

Chief Executive

Director



Profit and Loss Account for the year ended June 30, 2000

	2000 Rupees	1999 Rupees
Profit received from bank	130,329	6,986
Management fee	2,518,395	924,934
Dividend income	3,291,205	-
Capital gain	15,501,000	-
Commission	2,018,144	-
Balance written off	276,646	-
Rent	180,000	-
Other	1,963	-
	23,917,682	931,920
Less:		
Staff Salary and Benefits	586,000	18,000
Travelling and conveyances	600	850
Printing and Stationery	6,653	9,261
Postage, telegram and telephone	126	-
Legal and Professional	106,805	22,500
Audit Fee	15,000	15,000
Out of Pocket Expenses	2,500	2,500
Entertainment	-	13,325
Registration, Fee and Subscription	10,000	14,167
Rent, rate and taxes	432,385	375,000
Bank Charges and Commission	1,076	182
Meeting Fee	7,500	7,000
Mark-up to Holding Company	5,553,843	5,120,200
General Expenses	503	93
Professional Tax	34,855	-
Repair and Maintenance	57,368	46,375
Vehicle running and maintenance	7,950	-
Insurance	14,401	-
Fee and subscription	14,000	-
Advertisement	21,640	-
Loss on disposal of vehicle	35,660	-
Depreciation	337,422	10,923
	7,246,287	5,655,376
Profit / (Loss) before taxation	16,671,395	(4,723,456)
Taxation:		
Current	119,588	-
Prior	692,968	-
	812,556	-
Profit / (Loss) after taxation	15,858,839	(4,723,456)
Previous year balance brought forward	(14,418,606)	(9,707,368)
Net loss of Al-Atta Management Services (Private) Limited as on February 01, 1999	-	(453,444)
BALANCE CARRIED TO BALANCE SHEET	1,440,233	(14,884,268)

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



Notes to the accounts for the year ended June 30, 2000

1. STATUS AND NATURE OF BUSINESS

Crescent Business Management (Private) Limited is incorporated in Pakistan as private limited company by shares under the companies ordinance, 1984. The company is a wholly owned subsidiary of Shakarganj Mills Limited. The primary aim of the company is floatation and management of modarabas and for this purpose it has been registered as modaraba company with the Registrar of Modaraba Companies and Modarabas, Islamabad.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Accounting convention

These account have been prepared under the historical cost convention.

2.2 Fixed Assets

These are stated at cost less accumulated depreciation. Depreciation is calculated on reducing balance method at the rates specified in Note 6. Full year depreciation is charged on addition made during the year, while no depreciation is charged in the year of assets' disposal.

Maintenance and normal repairs are charged to income as and when incurred. Major renewals and improvements are capitalized. Gain or loss, if any, on disposal of tangible fixed assets is included in current years income.

2.3 Long Term Investments

These are stated at cost.

2.4 Revenue Recognition

Management fees from modaraba (s) floated by the company is recognized on the basis of annual audited accounts of the modaraba (s).

Return on deposits with banks is recognized on a time proportionate basis after considering the principal outstanding and applicable rates of profit thereon.

2.5 Taxation

Provision for taxation is made on the basis of taxable income, as per provision of the Income Tax Ordinance, 1979. Provision for current taxation is based on taxable income at the current rates of taxation after taking into account brought forward losses and tax credits available, if any.

The company does not account for deferred taxation.

3. ISSUED, SUBSCRIBED AND PAID UP

1,126,250 ordinary shares of Rs. 10/- each
fully paid in cash 1,000,000 ordinary shares
of Rs. 10/- each are held by holding company
and its nominees.

2000
Rupees

1999
Rupees

11,262,500

11,262,500



2000
Rupees

1999
Rupees

4. DUE TO ASSOCIATED AND HOLDING COMPANY

Crescent Investment Bank Ltd.		-	276,646
Shakarganj Mills Ltd.-Secured	4.1	20,011,668	28,573,587
Crescent Foundation		-	1,056,250
Due to Modaraba		-	653,281
		<u>20,011,668</u>	<u>30,559,764</u>

4.1 i) This represents the loan payable to holding company and mark-up thereon.

ii) Mark-up is charged @ 21% p.a. (1999 21% p.a.) On daily product basis.

iii) The loan is secured against 315,000 shares of Crescent Leasing Corporation Limited and 300,000 shares of Nazir Cotton Mills Limited. The above shares will remain in the custody of Shakarganj Mills Limited till repayment of loan.

iv) Repayment to be made as per availability of funds with the company.

5. CREDITORS AND ACCRUALS

Creditors	43,564,000	21,514,000
Accrued expenses	215,131	122,259
	<u>43,779,131</u>	<u>21,636,259</u>

6. SCHEDULE OF TANGIBLE FIXED ASSETS

PARTICULARS	C O S T			R A T E	D E P R E C I A T I O N			Written Down Value As at 30/06/20
	As on 01/07/1999	Additions/ (Deletions)	As on 30/06/2000		Up to 01/07/1999	Charged for the year	Accumulated as at 30/06/2000	
	Rupees	Rupees	Rupees	%	Rupees	Rupees	Rupees	Rupees
Office Equipment	15,500	-	15,500	15	8,233	1,090	9,323	6,177
Electric Installation	64,920	-	64,920	15	32,141	4,917	37,058	27,862
Telephone Equipment	31,700	-	31,700	15	17,634	2,110	19,744	11,956
Furniture & Fixture	15,250	-	15,250	10	2,898	1,235	4,133	11,117
Office Premises	7,177,650	-	7,177,650	5	616,246	328,070	944,316	6,233,334
Vehicle	363,300	(363,300)	-	20	290,640 (290,640)	-	-	-
Total Rs. 2000	7,668,320	- (363,300)	7,305,020		967,792 (290,640)	337,422	1,014,574	6,290,446
Total Rs. 1999	127,370	-	127,370		49,983	10,923	60,906	66,464



7. LONG TERM INVESTMENT

Investment in subsidiary

Crescent Capital Management (Pvt.) Ltd.
1,750,000 ordinary shares of Rs. 10/-
each. Break up value per share as per
audited accounts is 5.44 (1999: Rs. 6.50)

2000
Rupees

1999
Rupees

17,776,500

17,776,500

Investment in Associated Undertaking

First Crescent Modaraba
1,000,000 certificates of
Rs. 10/- each
592,467 bonus certificates of
Rs. 10/- each
54,300 certificates @ Rs. 20.14
557,980 certificates of
Rs. 10/- each
15,000 certificates @ Rs 6.70/- each
1,125,300 certificates
@ Rs. 12.58/- each
(Aggregate Market value
Rs. 13,045,683/- 1999 Rs. 4,960,681)

7.1.

10,000,000

10,000,000

1,093,595

1,093,595

7.2

5,000,000
100,500

5,000,000
-

7.3

14,157,000

-

Investment in Listed Companies other than mentioned above:

Crescent Leasing Corporation Limited
403,000 ordinary shares of
Rs. 10/- each
241,800 right shares @ Rs. 17.50
96,720 bonus shares of Rs. 10/- each
(Aggregate Market value
Rs. 7,415,200/- 1999 Rs. 4,078,360/-)

7.4

4,030,000
4,231,500

4,030,000
4,231,500

Pioneer Cement Limited
1,297 ordinary shares
of Rs. 10/- each
2,000 shares @ Rs. 56
(Aggregate Market value
Rs. 11,210/- 1999 Rs. 8,407/-)

7.5

12,970
112,000

12,970
112,000

Nazir Cotton Mills Limited
300,000, ordinary shares of
Rs. 10/- each
(Aggregate Market value
Rs. 1,200,000/- 1999 Rs. 1,425,000/-)

7.5

3,000,000

3,000,000



	2000 Rupees	1999 Rupees
9. CASH AND BANK BALANCE		
Cash In Hand	1,231	-
Cash at Banks:		
On Current accounts	71,818	21,751
On Deposit accounts	2,247,526	2,502
	<u>2,319,344</u>	<u>24,253</u>
	<u>2,320,575</u>	<u>24,253</u>

10. FINANCIAL STATEMENTS OF MODARABA AND SUBSIDIARY COMPANY

The Modaraba company floated a Modaraba under the name of First Crescent Modaraba. The company has acquired a subsidiary company namely Crescent Capital Modaraba (Private) Limited during the year. Therefore, financial statements of the company include the audited financial statements along with auditor's and director's report of the modaraba and the subsidiary company, as required by the provisions of the Company Ordinance, 1984.

11. GENERAL

- 11.1 The company is entitled to receive a management fee to the extent of 10% of the net annual profits of each modaraba to be floated by it on the basis of annual audited accounts of the modaraba.
- 11.2
- i) Figures have been rounded off to the nearest rupee.
 - ii) Previous year's figures have been re-arranged wherever necessary for the purpose of comparison.
 - iii) Previous year's figures of Confidence Modaraba Management (Private) Limited have not been added to comparative figures.



Statement and Report under Sub Section (1), (e), (f) and (g) of Section 237 of the Companies Ordinance, 1984

Subsidiary
Crescent Capital Management Pvt Ltd.

Statement under sub-section (1) (e)

a)	Extent of the interest of Crescent Business Management (Pvt) Limited (the holding company) in the equity of subsidiary as at the end of the last of the financial years of the subsidiary	85.36%
b)	The net aggregate amount so far as it concerns members of the holding company and is not dealt with in the company's accounts, of the subsidiary's profits after deducting its losses or vice versa--	
(i)	for the financial year or years of the subsidiary aforesaid; and	Rs. (1,862,565)
(ii)	for the previous financial years of the subsidiary since it became the holding company's subsidiary; so far as those Profits are dealt with, or provision is made for those losses, in The company's accounts.	Rs. (792,597)
(c)	The net aggregate amount of the profits of the subsidiary after deducting its losses or vice versa--	
(i)	for the financial year or years of the subsidiary aforesaid; and	Nil
(ii)	for the previous financial years of the subsidiary since its became the holding company's subsidiary; So far as those profits are dealt with, or provision is made for those losses, in the company's account	Nil

Statement under sub-section (1) (f)
Statement under Sub-Section (1) clause (g)

N/A

**Crescent
Capital Management
(Private) Limited**

Financial Statements
June 30, 2000

Directors' Report

The Directors take pleasure in presenting the audited financial statements of the Company to the Shareholders for the period July 1, 1999 to June 30, 2000.

Overview

The continued dismal performance of the economy, negative industrial growth rate, lack of consistent economic policies and political instability have contributed towards the sluggish performance of financial sector in general and money and capital markets in particular. The operating risk of the company continued unabated because of limited source of small sphere of permissible activities.

Despite the hindrances posed by financial and economic environment of the country, your company managed to not only increase its revenue but also retain its market share in this highly competitive market. The major operating division of the company went through a lot of restructuring, change in policies and high employee turnover during the period under review. The steps taken are likely to lead to reduction in operating leverage of the company, better control over administrative expenses and increase in revenue generating capability.

The brokerage revenue and other fee based revenue have shown a considerable improvement of 12% amounting to Rs. 8.4 million as compared to Rs. 7.5 million in the previous year. However, the results are not in line with the earlier expectations of the management and an overall accounting loss Rs. 2.1 million has been booked. This was mainly due to the increase in the administrative and general expenses, and bad debts. These expenses collectively amounted to Rs. 10.5 million as compared to Rs. 9.9 million in the previous year. However, on cash basis, the loss amounts to only Rs. 0.32 million. Since amortization has been completed, bad debts written off, the next year is expected to turn out to be a profitable one.

Money Markets

Revenue in this department has been relatively

low, in lieu of the earlier expected targets, but has increased by 23% to Rs. 6.2 million as compared to Rs. 5.1 million in the previous year. Since the business in this area revolves around the activity within the Interbank Market, inconsistency of the economic conditions along with the continuation of "direct dealing" practice by some institutions, had an adverse effect on the revenues.

Forex Desk

The Department's revenues decreased by 8% from Rs. 1.1 million last year to Rs. 1.0 million. Again the prevalent economic scenario and numerous periodic restrictions imposed by the State Bank of Pakistan confined this area of business within difficult parameters to trade. These constraints, as you all know, surfaced after May-98 and compelled the entire market to sustain heavily reduced revenue in this area.

Corporate Finance

As may be recalled from the last year's report, the Corporate Finance Department was established with the objective of building another source of revenue, greater market presence, and diversification of operating activities. Since inception, the department has been focusing mainly on marketing of its services. The Company has managed to secure the mandate of a TFC issue expected to be completed in January 2001. This transaction will significantly increase the revenue of the department as well as the profitability of the company.

Conclusion

The future prospects are visibly bright as the past year was not only trying but also full of new experiences for the management. Now, with the company having a niche in the market, it would be able to perform against previously well-entrenched competition. Now that the trading teams have settled down and some new inclusions are lined up along with significant reduction in non-cash expenses, we believe that the future profitability of our company is assured. The Directors would also like to appreciate the efforts and hard work of the staff in achieving the present status for the company during the year.

Auditor's Report to the Members

We have audited the annexed balance sheet of CRESCENT CAPITAL MANAGEMENT (PRIVATE) LIMITED as at June 30, 2000 and the related profit and loss account and statement of changes in financial position (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 requirements of the Companies Ordinance, 1984. Our responsibility is to express an opinion on these statements based on our audit.

We conducted our audit in accordance with the auditing standards as applicable in Pakistan. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the above said statements are free of any material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the above said statements. An audit also includes assessing the accounting policies and significant estimates made by management, as well as, evaluating the overall presentation of the above said statements. We believe that our audit provides a reasonable basis for our opinion and, after due verification, we report that:

a) in our opinion, proper books of 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 the 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, statement of changes in financial position (cash flow statement) and statement of changes in equity, together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan, and give the information required by the Companies Ordinance, 1984, in the manner so required and respectively give a true and fair view of the state of the company's affairs as at June 30, 2000 and of the loss and of the loss and its cash flows 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).

Karachi:

KHALID MAJID HUSAIN RAHMAN
Chartered Accountants

Dated: January 12, 2001

as at June 30, 2000

	NOTE	2000 Rupees	1999 Rupees
Fixed Assets			
	5	4,493,401	5,290,484
Foreign exchange license		651,282	651,282
Long term investments	6	96,032	96,032
Long term receivable	7	326,701	323,701
Long term deposits		267,243	253,350
Deferred costs	8	-	584,861
Current Assets			
Short term musharika finance	9	5,756,946	5,912,152
Trade debtors	10	683,950	1,063,086
Advances, deposits, prepayments and other receivables	11	265,377	301,254
Advance taxation		1,146,504	2,049,977
Cash and bank balances	12	634,844	404,395
		8,487,621	9,730,864
		<u>14,322,280</u>	<u>16,930,574</u>

Chief Executive

Director

Cash Flow Statement for the year ended 30 September 2000

	2000 Rupees	1999 Rupees
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before taxation	(2,139,511)	(2,206,407)
Adjustments for:		
Amortization of deferred cost	584,861	584,858
Depreciation	985,689	938,986
Loss/(Gain) on disposal of assets	50,621	(173,102)
Finance charges on leased assets	452,297	495,591
Provision for diminution in value of Investments	-	50,000
	<u>2,073,468</u>	<u>1,896,333</u>
Operating loss before working capital changes	(66,043)	(310,137)
Decrease/(Increase) in current assets		
Short term musharika finance	155,206	2,578,696
Trade debtors	379,136	(71,215)
Advances, deposits, prepayments and other receivables	35,877	(46,298)
	<u>570,219</u>	<u>2,461,183</u>
Increase in long term receivable	(3,000)	(3,000)
Increase in long term deposits	(13,893)	(59,800)
Increase in creditors and accrued expenses	64,372	816,151
	<u>5,51,655</u>	<u>2,904,397</u>
Net cash generated from operating activities before income tax	(654,381)	(568,148)
Income tax paid	1,515,354	-
Income tax refunded	860,973	(568,148)
	<u>1,412,628</u>	<u>2,336,249</u>
Net cash generated from operating activities		
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of fixed assets	(76,100)	(1,613,068)
Sale proceeds of fixed assets	35,000	1,088,150
	<u>(41,100)</u>	<u>(524,918)</u>
Net cash (used in) from investing activities		
CASH FLOWS FROM FINANCING ACTIVITIES		
Payment of finance lease liabilities	(1,141,079)	(1,649,137)
	<u>(1,141,079)</u>	<u>(1,649,137)</u>
Net cash (used in) financing activities		
Increase in cash and bank balances during the year	230,449	162,194
Cash and bank balances at beginning of the year	404,395	242,201
Cash and balances at end of the year	<u>634,844</u>	<u>404,395</u>

Notes to the accounts for the year ended June 30, 2000

1. STATUS AND NATURE OF BUSINESS

Shoalb capital (Private) Limited was incorporated in Pakistan under the Companies Ordinance, 1984 on January 24, 1995 as a private limited company. The name of the Company had been changed to Crescent Capital Management (Private) Limited with effect from June 6, 1998. The Company is registered as an investment and advisor under Investment Companies and Investment Advisor's Rules, 1971. The principal activities of the Company include money market brokerage, investment advisory, portfolio management, equity research and corporate finance.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Accounting convention

These financial statement have been prepared under the historical cost convention.

2.2 Fixed assets

Owned

Fixed assets are stated at cost less accumulated depreciation. Depreciation charge is based on 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 the assets acquired during the year, whereas on depreciation is charged in the year of disposal. Normal repairs and maintenance are charged to income as and when incurred.

Leased

Assets subject to finance lease are stated at lower of percent value of minimum lease payments under the lease agreement and the fair value of the leased assets. The related obligation under the lease are accounted for as liabilities. Depreciation charge is based on the reducing balance method whereby the cost of an asset is written off over its estimated useful life.

2.3 Foreign exchange license

This has been stated at acquisition cost.

2.4 Long term investments

These are stated at cost less any provision for other than temporary diminution in market value determined on the basis of respective individual security.

2.5 Deferred cost

Expenses incurred on incorporation of the Company and cost incurred during the initial period are deferred and are amortised over a period of five years in equal installments, commencing from the year in which these have been incurred.

2.6 Foreign currencies

Foreign currencies are translated into Pak Rupees at the rate of exchange prevailing on the date of the transaction. Assets and liabilities in foreign currencies are translated into Pak Rupees at the rate of exchange ruling on the balance sheet date. Exchange differences are included in income currently.

5. FIXED ASSETS

	Cost			Depreciation			Written down	Depreciation rate%
	As on July 1, 1999	Additions / (deletions) inter-transfers	As on June 30, 2000	As on July 1, 1999	Charge for the year	As at June 30, 2000	Value as at June 30, 2000	per annum
Owned								
Furniture and fixture	613,219	38,100	651,319	134,823	51,650	186,473	464,846	10
Office equipment	1,246,674	43,000* (130,500)	1,159,174	386,866 (44,879) 11,653*	128,731	482,371	676,803	10-33 1 3
Computer software	245,000	—	245,000	84,256	53,575	137,831	107,169	33 1 3
Vehicles	1,189,000	337,000*	1,526,000	257,710 164,456*	220,767	642,933	883,067	20
	3,293,893	38,100 (130,500) 380,000*	3,581,493	863,655 (44,879) 176,109*	454,723	1,449,608	2,131,885	
Leased								
Office equipment	1,455,500	236,127 (43,000)*	1,648,627	192,278 (11,653)*	246,070	426,695	1,221,932	10-33 1 3
Vehicles	2,302,500	(337,000)*	1,965,500	705,476 (164,456)*	284,896	825,916	1,139,584	20
	3,758,000	236,127 (380,000)*	3,614,127	897,754 (176,109)*	530,966	1,252,611	2,361,516	
2000	7,051,893	274,227 (130,500)	7,195,620	1,761,409 (44,879)	985,689	2,702,219	4,493,401	
1999	4,573,646	3,629,068 (1,150,821)	7,051,893	1,058,196 (235,773)	938,986	1,761,409	5,290,484	

9. SHORT TERM MUSHARIKA FINANCE - unsecured, considered good

These represent funds placed under Musharika Agreements with First Crescent Modaraba. Expected rate of profit ranging between 18% to 18.75%

	2000 Rupees	1999 Rupees
10. TRADE DEBTORS - Unsecured, considered good		
Inter bank brokerage	683,950	820,792
Advisory fee	-	54,100
Others	-	188,194
	<u>683,950</u>	<u>1,063,086</u>
11. ADVANCES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES		
Advances to staff	75,063	63,258
Security deposits	9,750	38,000
Prepayments	121,516	117,492
Other receivables	59,048	82,504
	<u>265,377</u>	<u>301,254</u>
12. CASH AND BANK BALANCES		
Cash in hand	11,964	9,080
At banks - on current accounts	616,870	389,005
- on deposit accounts	6,010	6,310
	<u>634,844</u>	<u>404,395</u>
13. REVENUE		
Brokerage income	7,290,808	6,212,050
Advisory fee	128,800	100,000
Return on musharika finance	1,042,960	1,249,264
	<u>8,462,568</u>	<u>7,561,314</u>
14. ADMINISTRATIVE EXPENSES		
Salaries and other benefits	4,647,505	3,714,645
Rent, rates and taxes	680,000	953,393
Vehicle running	498,030	516,585
Insurance	188,300	238,672
Repair and maintenance	107,920	146,112
Computer expenses	22,275	28,125
Power and utilities	167,538	152,637
Fees and subscription	74,863	109,240

19. INTEREST RATE RISK EXPOSURE

The information about the Company's exposure to interest rate risk based on contractual refinancing or maturity date, whichever is earlier is as follows:

	Rupees					
	2	0	0	1	9	9
	Less than one year	Interest bearing One year and above	Non-Interest bearing	Less than one year	Interest bearing One year and above	Non-Interest bearing
Financial Assets						
Long term investments	-	-	96,032	-	-	96,032
Long term receivable	-	-	326,301	-	-	326,301
Long term deposits	-	-	267,243	-	-	267,243
Short term in muzharka finance	5,756,946	-	-	5,912,152	-	5,912,152
Trade debts	-	-	683,950	-	-	683,950
Advances, deposits and other receivables	-	59,048	9,750	-	82,504	58,000
Cash and bank balances	6,010	-	628,834	6,310	-	398,085
	5,762,956	59,048	2,012,110	5,918,462	82,504	2,172,254
Financial Liabilities						
Liabilities against assets subject to finance lease	806,944	1,334,399	-	658,530	1,973,468	-
Creditors and accrued expenses	-	-	1,029,834	-	-	965,462
	806,944	1,334,399	1,029,834	658,530	1,973,468	965,462
On-balance sheet gap (a)	4,956,012	(1,275,351)	982,276	5,259,932	(11,890,964)	1,206,792
Total mark-up rate sensitivity gap	4,956,012	(1,275,351)	-	5,259,932	(11,890,964)	-

- a) The on balance sheet gap represents the net amounts of on-balance sheet items.
 b) The effective interest rates for financial assets and liabilities are as follows:

	2000 %	1999 %
Financial assets		
Short term musharika finance	18 - 18.75	18 - 18.75
Cash and bank balances	11.00	11.00
Financial liabilities		
Liabilities against assets subject to finance lease	20.13 - 22.33	20.83 - 22.33

20. FAIR VALUE OF FINANCIAL INSTRUMENTS

The fair value of all financial assets and financial liabilities is estimated to approximate their carrying value as at June 30, 2000.

21. NUMBER OF EMPLOYEES

The total number of employees of the Company as at June 30, 2000 is 24 (1999: 24)

22. CORRESPONDING FIGURES

Corresponding figures have been re-arranged and reclassified wherever necessary for the purpose of comparison.



Consolidated Accounts
of Shakarganj and
Subsidiaries

Auditor's Report to the Members

We have examined the annexed consolidated financial statements comprising consolidated balance sheet of **SHAKARGANJ MILLS LIMITED AND ITS SUBSIDIARY COMPANIES** as at 30 September 2000 and the related consolidated profit and loss account, consolidated cash flow statement and consolidated statement of changes in equity, together with the notes forming part thereof, for the year ended 30 September 2000. We have also expressed separate opinion on the financial statements of Shakarganj Mills Limited while its subsidiary companies Crescent Business Management (Private) Limited and Crescent Capital Management (Private) Limited were audited by other firms of Chartered Accountants, whose reports have been furnished to us and our opinion in so far as it relates to the amounts included for such companies, is based solely on the reports of such other auditors. These financial statements are the responsibility of the Holding Company's management. Our responsibility is to express an opinion on these financial statements based on our examination.

Our examination was made in accordance with the International Standards on Auditing and accordingly included such tests of accounting records and such other auditing procedures as we considered necessary in the circumstances.

The provision for diminution in market/break-up value of short term investments as on 30 September 2000 amounting to Rupees 147.403 million (Note 21.1) has not been made. Had it been provided, the profit for the year and value of short term investments as on 30 September

2000 would have been lower accordingly. Except for this failure, in our opinion, the consolidated financial statements examined by us present fairly the financial position of Shakarganj Mills Limited and its subsidiary companies as at 30 September 2000 and the results of their operations for the year then ended.

(RIAZ AHMAD & COMPANY)

Chartered Accountants

FAISALABAD:- March, 2001

Balance Sheet as at

(RUPEES IN THOUSAND)

	NOTE	2000	1999
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorised share capital			
50 000 000 ordinary shares of Rupees 10 each		500 000	500 000
Issued, subscribed and paid up share capital	3	292,860	292 860
Reserves		140,851	140,851
Unappropriated profit		23,195	6,974
		456,906	440,685
Surplus on revaluation of operating fixed assets		10 745	10 745
Minority interest		4,344	2,993
NON-CURRENT LIABILITIES			
Redeemable Capital	4	163,546	251,206
Long term loans	5	23,968	27,678
Liabilities against assets subject to finance Lease	6	54,258	65,970
		241,772	344,854
CURRENT LIABILITIES			
Current portion of long term liabilities	7	171,761	155,029
Short term finances	8	300,597	468,209
Creditors, accrued and other liabilities	9	271,560	340,674
Workers' participation fund	10	540	553
Provision for taxation		57,634	51,658
Unclaimed dividend		695	695
		802,787	1,016,818
CONTINGENCIES AND COMMITMENTS			
	11		
		1,516,554	1,816,095

The annexed notes form an integral part of these accounts.

Chief Executive

30 September 2000

30 September 2000

ASSETS	NOTE	(RUPEES IN THOUSAND)	
		2000	1999
NON-CURRENT ASSETS			
Tangible fixed assets			
Operating fixed assets	12	710,112	748,376
Assets subject to finance lease	13	99,639	103,103
Capital work-in-progress	14	10,119	—
		819,870	851,479
Equity investments	15	89,849	76,476
Foreign exchange license		651	651
Long term deposits, receivable & deferred cost	16	20,033	11,241
		930,403	939,847
CURRENT ASSETS			
Stores, spare parts and loose tools	17	33,625	37,136
Stock-in-trade	18	17,034	339,174
Trade debts	19	22,063	29,904
Advances, deposits, prepayments and other receivables	20	152,272	114,342
Short term investments	21	336,668	331,476
Cash and bank balances	22	24,489	24,216
		586,151	876,248
		1,516,554	1,816,095

Chairman

Profit and Loss Account for the year ended 30 September 2000

		(RUPEES IN THOUSAND)	
	NOTE	2000	1999
SALES AND REVENUE	23	1,209,181	1,869,692
COST OF GOODS SOLD	24	1,041,975	1,627,251
GROSS PROFIT		167,206	242,441
OPERATING EXPENSES			
Administrative and general	25	48,933	46,511
Selling and distribution	26	8,749	37,803
		57,682	84,314
OPERATING PROFIT	27	109,524	158,127
OTHER INCOME	28	74,021	27,719
		183,545	185,846
FINANCIAL AND OTHER CHARGES	29	162,640	180,315
WORKER'S PARTICIPATION FUND		540	553
		163,180	180,868
		20,365	4,978
SHARE OF PROFIT/(LOSS) OF ASSOCIATED COMPANIES		3,404	(1,084)
PROFIT/(LOSS) BEFORE TAXATION		23,769	3,894
TAXATION	30	(6,662)	(7,906)
PROFIT (LOSS) AFTER TAXATION		17,107	(4,012)
MINORITY INTEREST		(1,351)	341
		15,756	(3,671)
UNAPPROPRIATED PROFIT BROUGHT FORWARD		6,974	11,098
UNAPPROPRIATED PROFIT OF CONFIDENCE MODARABA MANAGEMENT (PRIVATE) LIMITED		465	-
NET LOSS OF AL-ATTAA MANAGEMENT SERVICES (PRIVATE) LIMITED		-	(453)
		7,439	10,645
UNAPPROPRIATED PROFIT CARRIED TO BALANCE SHEET		23,195	6,974
EARNING/(LOSS) PER SHARE (RUPEES)	33	0.55	(0.15)

The annexed notes form an integral part of these accounts.

Cash Flow Statement for the year ended 30 September 2000

(RUPEES IN THOUSAND)

	2000	1999
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	23,769	3,894
Adjustments to reconcile profit to net cash provided by operating activities		
Depreciation and amortization	69,183	72,981
Amortization of deferred cost	585	293
Contribution to employees retirement benefits	5,002	9,397
Gain on disposal of operating fixed assets	(16,790)	(513)
Credit balances added back	(276)	(2,524)
Financial charges	161,934	179,668
Cash flows from operating activities before working capital changes	243,407	263,196
Cash flows from working capital changes		
(Increase)/decrease in current assets		
Stores, spare parts and loose tools	3,511	(1,051)
Stock-in-trade	322,140	90,766
Trade debts	7,841	(22,275)
Advances, deposits, prepayments and other receivables	(27,438)	(558)
INCREASE/(DECREASE) IN CURRENT LIABILITIES		
Short term finances	(167,612)	(76,494)
Creditors accrued and other liabilities	(61,779)	84,304
Workers' participation fund	(13)	553
NET CASH FLOWS FROM WORKING CAPITAL CHANGES	76,650	75,245
CASH FLOWS FROM OPERATING ACTIVITIES	320,057	338,441

	(RUPEES IN THOUSAND)	
	2000	1999
Financial charges paid	(167,402)	(183,065)
Income tax paid	(10,427)	(18,703)
Employees retirement benefits paid	(7,344)	(7,512)
NET CASH FLOWS FROM OPERATING ACTIVITIES	134,884	129,161
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of operating fixed assets	22,095	2,029
Fixed assets acquired	(23,154)	(71,113)
Long term deposits, receivables and deferred	(9,377)	(1,691)
Investments made	(19,451)	(42,969)
NET CASH FLOWS FROM INVESTING ACTIVITIES	(29,887)	(113,744)
CASH FLOWS FROM FINANCING ACTIVITIES		
Minority interest	1,351	2,993
Redeemable capital	123,419	185,944
Redemption of redeemable capital	(200,189)	(178,615)
Repayment of long term loans	(1,657)	(29,153)
Repayment of finance lease liabilities	(27,648)	(22,802)
NET CASH FLOWS FROM FINANCING ACTIVITIES	(104,724)	(41,633)
Net increase/(decrease) in cash and cash equivalent	273	(26,216)
Cash and cash equivalent at the beginning of the year	24,216	50,141
Cash in hand on acquisition	-	291
	24,216	50,432
Cash and cash equivalent at the end of the year	24,489	24,216

Notes to the accounts for the year ended 30 September 2000

1. THE GROUP AND ITS ACTIVITIES

Holding Company

Shakarganj Mills Limited was incorporated on 20 September 1967 under the Companies Act, 1913 (Now Companies Ordinance, 1984). Shares of the company are quoted on the stock exchanges in Pakistan. The principal activity of the company is to manufacture, purchase and sale of sugar, distillate and kanewood.

Subsidiary companies

Crescent Business Management (Private) Limited, subsidiary company, was incorporated in Pakistan as Private Limited Company. The primary aim of the company is flotation and management of modarabs and for this purpose it has been registered as modaraba company with the registrar of modarabas companies and modarabas, Islamabad.

Shoalb Capital (Private) Limited was incorporated in Pakistan under the Companies Ordinance, 1984 on 24 January 1995 as a private limited company. The name of the company was changed to Crescent Capital Management (Private) Limited with effect from 06 June 1998. The company is registered as an investment advisor under Investment Companies and Investment Advisor's Rules, 1971. The principal activities of the company include money market brokerage, investment advisory, portfolio management, equity research and corporate finance.

1.1 Compliance with International Accounting Standards (IAS)

These accounts comply with International Accounting Standards, as applicable in Pakistan, in all material respects.

2. SIGNIFICANT ACCOUNTING POLICIES

2.1 Accounting convention

These accounts have been prepared under the historical cost convention as modified by capitalization of exchange differences and revaluation of certain operating fixed assets as referred to in Note 2.5 and 2.6.

2.2 Basis of consolidation

Consolidated financial statements include Shakarganj Mills Limited and following Subsidiary companies incorporated in Pakistan.

- | | | |
|----|--|---------------------------|
| 1. | Crescent Business Management (Private) Limited | Financial year ending on: |
| 2. | Crescent Capital Management (Private) Limited | 30 June 2000 |
| | | 30 June 2000 |

Financial year ending on:

30 June 2000

30 June 2000

The subsidiaries are consolidated using purchase method from the effective date of acquisition.

2.3 Staff retirement benefits

Shakarganj Mills Limited operates pension and gratuity fund schemes for all permanent employees who are in management cadre and salaried director. Premium is payable to the funds monthly on the basis of actuarial computation subject to a maximum 20 % and 8.33% of basic salary of the employees respectively.

The company also operates a funded contributory provident fund scheme for all permanent employees. Equal monthly contributions are made both by the company and employees at the rate of 7 and 8 Percent of basic pay of officers and workers respectively.

2.4 Taxation

Charge for current taxation is based on taxable income at current tax rate after taking into account the tax credits and tax rebates available, if any. Deferred taxation is accounted for by using the liability method on all major timing differences.

2.5 Foreign currencies

Liabilities in foreign currencies are translated into Pak Rupees at the rate of exchange ruling at balance sheet date. Exchange gain or loss on foreign currency loans is adjusted against cost of operating fixed assets acquired from the proceeds of loans. Exchange gain or loss on translation of other liabilities in Foreign currencies is charged to the current year's income.

2.6 Tangible fixed assets and depreciation

Operating fixed assets are stated at cost and appreciated value less accumulated depreciation. Freehold land is stated at cost/appreciated value and capital work-in-progress at cost.

Cost of tangible fixed assets consists of historical cost, applicable exchange differences, appreciated value and direct attributable cost of bringing the assets to working condition. Borrowing cost pertaining to the construction/ erection period upto the date of completion is also capitalized as part of historical cost.

Depreciation on operating fixed assets is charged to income on reducing balance method to write off the cost or appreciated value including related exchange differences over their expected useful life. Full years depreciation is charged on additions, while no depreciation is charged on assets deleted during the year.

Maintenance and normal repairs are charged to income as and when incurred. Major renewals and improvements are capitalized. Gain or loss on disposal of operating fixed assets is charged to current year's income.

2.7 Assets subject to finance lease

These are stated at the lower of present value of minimum lease payments under the lease agreements and the fair value of assets acquired on lease. Aggregate amount of obligations relating to assets subject to finance lease are accounted for at net present value of liabilities. Assets so acquired are amortized over their expected useful life. Amortization of lease assets is charged to current year's income.

2.8 Equity investments

Long term investment in associated companies is accounted for by equity method. Other long term investments are stated at cost. Provision for diminution in value is made, if considered permanent. Short term investments are stated at lower of cost and market value determined on aggregate portfolio basis.

2.9 Borrowing cost

Interest, mark-up and other charges on long term liabilities are capitalized upto the date of commissioning of respective fixed assets acquired out of the proceeds of such long term liabilities. All other interest, mark-up and other charges are charged to income.

2.10 Foreign exchange licence

This has been stated at acquisition cost.

2.11 Deferred cost

Expenses incurred on incorporation of the company and cost incurred during the initial period are deferred and are amortised over a period of five years in equal installment, commencing from the year in which these have been incurred.

2.12 Stores, spare parts and loose tools

Stores, spare parts and loose tools are valued at cost calculated on moving average basis less provision for obsolescence except for items in transit which are stated at invoice values plus other charges paid thereon to the balance sheet date.

2.13 Stock-in-trade

Stock-in-trade is valued at the lower of cost and net realizable value except molasses (By-product) which is valued at net realizable value. Cost in relation to work-in-process and finished goods consists of average material cost, direct labor and factory overheads. Net realizable value signifies the prevailing market prices in the ordinary course of business less selling expenses incidental to sales.

2.14 Trade debts

Known bad debts are written off and provision is made against debts considered doubtful.

2.15 Revenue recognition

Shakarganj Mills Limited

Revenue from sales is recognized on delivery of goods to customers. Dividend income and is recognised when right to receive the dividend is established. Gain on sale of investments is accounted for on receipt basis. Previously dividend income was accounted for on receipt basis. This change has been made for compliance with International Accounting Standards. The financial impact for the year due to this change comes to Rupees 9.661 million.

Crescent Business Management (Private) Limited

Management fees from modarabas floated by the company is recognised on the basis of annual audited accounts of the modarabas. Return on deposits with the banks is recognised on a time proportionate basis after considering the principal outstanding and applicable rates of profit thereon.

Crescent Capital Management (Private) Limited

Brokerage, advisory fee and commission incomes are recognised as and when services are provided. Return on Musharika investments and short term placements is recognised on accrual basis. Dividend income is recognised when right to receive dividend is established.

3. ISSUED, SUBSCRIBED AND PAID UP SHARE CAPITAL	(RUPEES IN THOUSAND)	
	2000	1999
13,198,995 ordinary shares of Rupees 10 each fully paid up in cash	131,990	131,990
750,000 (1999: 750,000) ordinary shares of Rupees 10 each issued to Pakistan Industrial Credit and Investment Corporation Limited against their right of option to convert 20 percent of their loan into fully paid up shares	7,500	7,500
15,337,034 (1997:15,337,034) Ordinary shares of Rupees 10 each issued as fully paid bonus shares	153,370	153,370
	<u>292,860</u>	<u>292,860</u>

3.1 12,193,602 (1999: 12,193,602) shares of company are held by associated undertaking.

Statement of Changes in Equity

(RUPEES IN THOUSAND)

	SHARE CAPITAL	RESERVES						UN-APPROPRIATED PROFIT/(LOSS)	TOTAL			
		Capital		Revenue								
		Balancing modernization	Research and development	Premium on issue of right shares	Sub-Total	For issue of bonus shares	General			Dividend equalization	Sub-Total	Total
Balance as on 01 October 1998	292,860	15,000	5,000	21,464	45,464	—	78,079	25,000	903,079	146,548	11,098	450,501
Goodwill written off	—	—	—	—	—	—	(5,692)	—	(5,692)	15,692)	—	(5,692)
Net loss for the year	—	—	—	—	—	—	—	—	—	—	(4,424)	(4,424)
Balance as on 30 September 1999	292,860	15,000	5,000	21,464	45,464	—	72,387	25,000	97,387	140,851	6,974	440,605
Net profit for the year	—	—	—	—	—	—	—	—	—	—	16,221	16,221
Balance as on 30 September 2000	292,860	15,000	5,000	21,464	45,464	—	72,387	25,000	97,387	140,851	25,195	450,906

Long term finances utilized under mark-up arrangements are made as under:

	(RUPEES IN THOUSAND)						
	Loan I to IV (Note 4.1)	Banking Companies (Note 4.2)	First International Investment Bank Limited (Note 4.3)	First Leasing Corporation Limited	Jesco (Private) Limited (Note 4.4)		
	PLS-50				TOTAL		
					2000	1999	
Balance as at 01 October	101,686	18,419	150,000	15,000	40,000	378,202	370,873
Received during the year	—	18,419	—	15,000	—	123,419	185,944
	101,686	36,838	150,000	30,000	40,000	501,621	556,817
Less: Repaid	34,743	9,207	18,750	15,000	40,000	200,189	178,615
Current portion (Note 7)	29,465	18,421	75,000	15,000	—	137,886	126,996
	64,208	27,628	93,750	30,000	40,000	338,075	305,611
Balance as at 30 September	57,478	9,210	56,250	—	—	163,546	251,206
Sanctioned Limited	247,102	36,842	312,200	30,000	—	686,752	728,520
Unavalled credit Facility	12,554	18	—	—	—	12,572	31,976
No of installments	21 to 36 Quarterly	06 Quarterly	08 Quarterly	08 Quarterly	—	01 Lumsam	
Repayment date of 1st installment	April 1995 to April 1996	April 2000	September 2000	February and July 2001	—	September 2002	

- 4.1 As per purchase and sale agreements, Pakistan Industrial Credit and Investment Corporation Limited has purchased machinery valuing Rupees 323.331 million (1999: Rupees 286.489 million) from the company which was deemed to have been resold to the company at marked-up price of Rupees 507.871 million (1999: Rupees 464.490 million) which includes rebate of Rupees 86.091 million (1999: Rupees 77.415 million) on timely payments of marked-up price. These are secured against security mentioned in note No.5.1.
- 4.2 Finances from Banking Companies are secured against first charge on fixed assets of the company ranking pari passu with other creditors, & personal guarantees of directors.
- 4.3 The finance from First International Investment Bank Limited is secured against first charge on fixed assets of the company both movable and immovable, ranking pari passu, upto the extent of Rupees 20 million and personal guarantee of the directors.
- 4.4 The finances obtained from Jhang Electric Supply Corporation (Private) Limited is secured against hypothecation of stores, spares and book debts of the company.

	(RUPEES IN THOUSAND)	
5. LONG TERM LOANS	2000	1999
Pakistan Industrial Credit and Investment Corporation Limited		
Loan No:		
IBRD-3019 (Note 5.1 and 5.2)	3,016	3,284
ADB-966 (Note 5.1 and 5.2)	24,662	26,051
	27,678	29,335
Less: Current portion (Note 7)	3,710	1,657
	23,968	27,678

- 5.1 Long term loans from Pakistan Industrial Credit and Investment Corporation Limited are secured against:
- first legal mortgage on company's present and future immovable properties wherever situated including all buildings, plant and machinery and fixtures;
 - first charge ranking pari passu with the existing charges by way of hypothecation in respect of all the machinery of the company, present and future;
 - first floating charge ranking pari passu with the existing charge on all other assets of the company, both present and future, subject to the hypothecation or charge in favour of company's bankers as referred to in Note No.8.4; and (d) demand promissory note.
- 5.2 Loan No. IBRD-3019 and loan No. ADB-966 are payable in 9 and 12 semi annual installments commenced from 01 January 1993 and 01 July 1994. Loans carry interest at the rate of 15 and 15.65 percent per annum respectively. According to revised schedule last installment will be due on 01 January 2006 and 01 July 2004 respectively.

5. LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE

Future rentals and periods during which they fall due are as under:

30 September 2000	-	39,763
30 September 2001	40,874	34,396

(RUPEES IN THOUSAND)

	2000	1999
30 September 2002	31,608	25,128
30 September 2003	23,186	16,905
30 September 2004	6,112	2,957
30 September 2005	2,126	-
Balance rentals as at 30 September	103,906	119,149
Less: financial charges	19,483	26,803
Present value of minimum lease payments	84,423	92,346
Less: current portion (Note 7)	30,165	26,376
	<u>54,258</u>	<u>65,970</u>

6.1 The value of minimum lease rental payments has been discounted at an implicit interest rate ranging from 17 to 22 percent. The balance rentals are payable in monthly/quarterly installments and in case of default of any payment, an additional charge at the rate of 2 percent shall be paid. Taxes, repairs and insurance costs are to be born by lessee. Lessee shall have no right to terminate lease agreements and if lease agreements are terminated, the lessee shall pay entire amount of rentals for unexpired period of lease agreements. Lease agreements are renewable at the option of lessor on such terms as may be agreed upon. Liabilities are secured against deposit of Rupees 9.358 million (1999: Rupees 10.066 million) included in long term deposits, receivable and deferred cost (Note 16) and Rupees 2.121 million (1999: Rupees 0.905 million) included in advances, deposits, prepayments and other Receivables (Note 20).

7. CURRENT PORTION OF LONG TERM LIABILITIES

Redeemable capital	137,886	126,996
Long term loans	3,710	1,657
Liabilities against assets subject to finance lease	30,165	26,376
	<u>171,761</u>	<u>155,029</u>

8. SHORT TERM FINANCES

Secured:

From investment banks (Note 8.1)	104,767	156,500
From investment company (Note 8.2)	7,500	7,500
From finance corporation (Note 8.3)	32,000	33,699
	<u>144,267</u>	<u>197,699</u>

From banking and modaraba companies:

Secured (Note 8.4)	155,374	270,014
Unsecured-Unpresented cheques	956	496
	<u>156,330</u>	<u>270,510</u>
	<u>300,597</u>	<u>468,209</u>

8.1 Short term finances obtained from Investment Banks include Rupees NIL (1999: Rupees 9.500 million) from Crescent Investment Bank Limited (An associated undertaking). Finances are secured by way of hypothecation of stores, spares, stocks, book debts, pledge of shares of listed companies having face value of Rupees 24,525 million (1999: Rupees 8.289 million) as referred to in Note 21.3 and personal guarantee of directors. Mark-up is payable at the rate of 14.50 to 23 percent per annum. The finances are repayable on different dates before 30 September 2001.

Notes to the accounts for the year ended 30 September 2000

THE GROUP AND ITS ACTIVITIES

Holding Company

Shakarganj Mills Limited was incorporated on 20 September 1967 under the Companies Act, 1913 (Now Companies Ordinance, 1984). Shares of the company are quoted on the stock exchanges in Pakistan. The principal activity of the company is to manufacture, purchase and sale of sugar, distillate and kanewood.

Subsidiary companies

Crescent Business Management (Private) Limited, subsidiary company, was incorporated in Pakistan as Private Limited Company. The primary aim of the company is flotation and management of modarabs and for this purpose it has been registered as modaraba company with the registrar of modarabas companies and modarabas, Islamabad.

Shoalb Capital (Private) Limited was incorporated in Pakistan under the Companies Ordinance, 1984 on 24 January 1995 as a private limited company. The name of the company was changed to Crescent Capital Management (Private) Limited with effect from 06 June 1998. The company is registered as an investment advisor under Investment Companies and Investment Advisor's Rules, 1971. The principal activities of the company include money market brokerage, investment advisory, portfolio management, equity research and corporate finance.

1.1 Compliance with International Accounting Standards (IAS)

These accounts comply with International Accounting Standards, as applicable in Pakistan, in all material respects.

SIGNIFICANT ACCOUNTING POLICIES

2.1 Accounting convention

These accounts have been prepared under the historical cost convention as modified by capitalization of exchange differences and revaluation of certain operating fixed assets as referred to in Note 2.5 and 2.6.

2.2 Basis of consolidation

Consolidated financial statements include Shakarganj Mills Limited and following Subsidiary companies incorporated in Pakistan.

	Financial year ending on:
1. Crescent Business Management (Private) Limited	30 June 2000
2. Crescent Capital Management (Private) Limited	30 June 2000

The subsidiaries are consolidated using purchase method from the effective date of acquisition.

2.3 Staff retirement benefits

Shakarganj Mills Limited operates pension and gratuity fund schemes for all permanent employees who are in management cadre and salaried director. Premium is payable to the funds monthly on the basis of actuarial computation subject to a maximum 20 % and 8.33% of basic salary of the employees respectively.

The company also operates a funded contributory provident fund scheme for all permanent employees. Equal monthly contributions are made both by the company and employees at the rate of 7 and 8 Percent of basic pay of officers and workers respectively.

2.4 Taxation

Charge for current taxation is based on taxable income at current tax rate after taking into account the tax credits and tax rebates available, if any. Deferred taxation is accounted for by using the liability method on all major timing differences.

2.5 Foreign currencies

Liabilities in foreign currencies are translated into Pak Rupees at the rate of exchange ruling at balance sheet date. Exchange gain or loss on foreign currency loans is adjusted against cost of operating fixed assets acquired from the proceeds of loans. Exchange gain or loss on translation of other liabilities in Foreign currencies is charged to the current year's income.

2.6 Tangible fixed assets and depreciation

Operating fixed assets are stated at cost and appreciated value less accumulated depreciation. Freehold land is stated at cost/appreciated value and capital work-in-progress at cost.

Cost of tangible fixed assets consists of historical cost, applicable exchange differences, appreciated value and direct attributable cost of bringing the assets to working condition. Borrowing cost pertaining to the construction/ erection period upto the date of completion is also capitalized as part of historical cost.

Depreciation on operating fixed assets is charged to income on reducing balance method to write off the cost or appreciated value including related exchange differences over their expected useful life. Full years depreciation is charged on additions, while no depreciation is charged on assets deleted during the year.

Maintenance and normal repairs are charged to income as and when incurred. Major renewals and improvements are capitalized. Gain or loss on disposal of operating fixed assets is charged to current year's income.

2.7 Assets subject to finance lease

These are stated at the lower of present value of minimum lease payments under the lease agreements and the fair value of assets acquired on lease. Aggregate amount of obligations relating to assets subject to finance lease are accounted for at net present value of liabilities. Assets so acquired are amortized over their expected useful life. Amortization of lease assets is charged to current year's income.

2.8 Equity investments

Long term investment in associated companies is accounted for by equity method. Other long term investments are stated at cost. Provision for diminution in value is made, if considered permanent. Short term investments are stated at lower of cost and market value determined on aggregate portfolio basis.

2.9 Borrowing cost

Interest, mark-up and other charges on long term liabilities are capitalized upto the date of commissioning of respective fixed assets acquired out of the proceeds of such long term liabilities. All other interest, mark-up and other charges are charged to income.

2.10 Foreign exchange licence

This has been stated at acquisition cost.

2.11 Deferred cost

Expenses incurred on incorporation of the company and cost incurred during the initial period are deferred and are amortised over a period of five years in equal installment, commencing from the year in which these have been incurred.

2.12 Stores, spare parts and loose tools

Stores, spare parts and loose tools are valued at cost calculated on moving average basis less provision for obsolescence except for items in transit which are stated at invoice values plus other charges paid thereon to the balance sheet date.

2.13 Stock-in-trade

Stock-in-trade is valued at the lower of cost and net realizable value except molasses (By-product) which is valued at net realizable value. Cost in relation to work-in-process and finished goods consists of average material cost, direct labor and factory overheads. Net realizable value signifies the prevailing market prices in the ordinary course of business less selling expenses incidental to sales.

2.14 Trade debts

Known bad debts are written off and provision is made against debts considered doubtful.

2.15 Revenue recognition**Shakarganj Mills Limited**

Revenue from sales is recognized on delivery of goods to customers. Dividend income and is recognised when right to receive the dividend is established. Gain on sale of investments is accounted for on receipt basis. Previously dividend income was accounted for on receipt basis. This change has been made for compliance with International Accounting Standards. The financial impact for the year due to this change comes to Rupees 9.661 million.

Crescent Business Management (Private) Limited

Management fees from modarabas floated by the company is recognised on the basis of annual audited accounts of the modarabas. Return on deposits with the banks is recognised on a time proportionate basis after considering the principal outstanding and applicable rates of profit thereon.

Crescent Capital Management (Private) Limited

Brokerage, advisory fee and commission incomes are recognised as and when services are provided. Return on Musharika investments and short term placements is recognised on accrual basis. Dividend income is recognised when right to receive dividend is established.

3. ISSUED, SUBSCRIBED AND PAID UP SHARE CAPITAL	(RUPEES IN THOUSAND)	
	2000	1999
13,198,995 ordinary shares of Rupees 10 each fully paid up in cash	131,990	131,990
750,000 (1999: 750,000) ordinary shares of Rupees 10 each Issued to Pakistan Industrial Credit and Investment Corporation Limited against their right of option to convert 20 percent of their loan into fully paid up shares	7,500	7,500
15,337,034 (1997: 15,337,034) Ordinary shares of Rupees 10 each Issued as fully paid bonus shares	153,370	153,370
	<u>292,860</u>	<u>292,860</u>

3.1 12,193,602 (1999: 12,193,602) shares of company are held by associated undertaking.

15.EQUITY INVESTMENTS

				(RUPEES IN THOUSAND)		
	COST	2000 SHARE OF POST ACQUISITION PROFIT	NET	COST	1999 SHARE OF POST ACQUISITION PROFIT	NET
QUOTED						
Associated undertakings:						
Crescent Investment Bank Limited 475,000 (1999: 475,000) ordinary shares of Rupees 10 each fully paid	4,750	5,301	8,051	4,750	4,595	9,345
Crescent Steel and Allied Products Limited 300,000 (1999: 300,000) ordinary shares of Rupees 10 each fully paid	3,000	7,548	10,548	3,000	6,818	9,818
Pakistan Industrial Leasing Corporation Limited 625,000 (1999: 625,000) ordinary shares of Rupees 10 each fully paid	20,000	8,536	28,536	20,000	8,857	28,857
Others:						
First Crescent Modaraba 2,752,580 (1999: 1,612,280) certificates of Rupees 10 each fully paid	50,351	—	30,351	16,093	—	16,093
592,467 (1999: 592,467) bonus certificates of Rupees 10 each	—	—	—	—	—	—
Crescent Leasing Corporation Limited 644,800 (1999: 644,800) ordinary shares of Rupees 10 each fully paid	8,262	—	8,262	8,262	—	8,262
96,720 (1999: 96,720) bonus shares of Rupees 10 each	—	—	—	—	—	—
Pioneer Cement Limited 3,297 (1999: 3,297) ordinary shares of Rupees 10 each fully paid	125	—	125	125	—	125
Nazir Cotton Mills Limited 300,000 (1999: 300,000) ordinary shares of Rupees 10 each fully paid	5,000	—	5,000	5,000	—	5,000
Cherat Cement Company Limited 1,875 (1999: 1,875) ordinary shares of Rupees 10 each fully paid	79	—	79	79	—	79
Ist Punjab Modaraba 1,000 (1999: 1,000) certificates of Rupees 10 each fully paid	8	—	8	8	—	8
Ibrahim Modaraba 1,000 (1999: 1,000) certificates of Rupees 10 each fully paid	8	—	8	8	—	8
Modaraba Al-Mali 2,000 (1999: 2,000) ordinary shares of Rupees 10 each fully paid	16	—	16	16	—	16
	69,599	19,385	88,984	55,341	20,270	75,611

(RUPEES IN THOUSAND)					
	2000			1999	
COST	SHARE OF POST ACQUISITION PROFIT	NET	COST	SHARE OF POST ACQUISITION PROFIT	NET
UN-QUOTED					
Others:					
International Assets Management Company Ltd.					
88,000 (1999: 88,000) ordinary shares of					
Rupees 10 each fully paid					
880	—	880	880	—	880
Break-up value as per last audited accounts was					
Rupees 52.65 (1999: Rupees 49.26) per share					
SCL-Alpha Funds Limited					
3,500 (1999: 3,500) shares of					
Rupees 10 each fully paid (Note 15.3)					
35	—	35	35	—	35
70,514	19,385	89,899	56,256	20,270	76,526
Less: Provision for diminution in market					
value of investment					
50	—	50	50	—	50
70,464	19,385	89,849	56,206	20,270	76,476

15.1 Aggregate market value of quoted investments as at 30 September 2000 was Rupees 39.837 million (1999: Rupees 37.507 million).

15.2 Following investments having face value of Rupees 3.000 million (1999: Rupees 6.500 million) are deposited as security with banking companies and investment banks:

(RUPEES IN THOUSAND)

2000 1999

Against short term finances obtained from
Banking Companies (Note 8.4)

— 3,500

Against bank guarantee issued by Crescent Investment
Bank Limited (An associated undertaking)

3,000 3,000

3,000 6,500

15.3 Shares certificates are in the names of five directors of the company, one employee of the company and one employee of an associated undertaking, each holding 500 shares. The shares with verified transfer deeds are in possession of company.

(RUPEES IN THOUSAND)

2000 1999

16. LONG TERM DEPOSITS, RECEIVABLES AND DEFERRED COST

Deposits:

Securities

Security deposit against leasehold assets (Note 6.1)

Receivable

(Note 16.1)

Deferred expenses:

TFC Issue expenses (Rating fee)

New cane varieties development expenses (Note 16.2)

Preliminary expenses

Share issue expenses

Pre-operating expenses

266 266

9,358 10,066

9,624 10,332

327 324

210 -

9,872 -

228 228

122 122

2,574 2,574

13,006 2,924

(2,924) (2,339)

10,082 585

20,033 11,241

16.1 Expenses incurred on the incorporation of SCL Alpha Fund Limited have been disbursed by the company. These expenses are recoverable from the fund over a period of five years in equal annual installments from the date of commencement of business of the fund.

16.2 These expenses were incurred on development of new varieties of cane and will be amortized over a period of five years commencing from start of commercial production.

17. STORES, SPARES PARTS AND LOOSE TOOLS

Stores

Spare parts

Loose tools

18,859 23,720

15,470 14,188

796 728

35,125 38,636

1,500 1,500

33,625 37,136

Less: Provision for obsolescence

(RUPEES IN THOUSAND)

8. STOCK-IN-TRADE

Work-in-process

Finished goods:

Sugar
Molasses
Distillate
Kanewood

2000	1999
1,945	1,406

9,668	294,629
-	7,878
3,150	22,593
2,271	12,668
15,089	337,768
17,034	339,174

19. TRADE DEBTS

Considered good:

Secured (against letters of credit)

Unsecured

-	19,471
22,063	10,433
22,063	29,904

20. ADVANCES, DEPOSITS, PREPAYMENTS
AND OTHER RECEIVABLES

Loans and advances -Considered good:

Employees-Interest free
Suppliers and contractors
Income tax
Sugarcane growers (Note 20.1)

171	189
6,503	8,846
59,787	50,046
18,525	4,681
84,986	63,762

Considered doubtful:

Sugarcane growers
Less: Provision for doubtful

2,001	2,001
2,001	2,001
-	-
84,986	63,762

Deposits:

Security deposits
Margin against bank guarantees
Security deposit against leasehold assets (Note 6.1)

10	
1,159	1,352
2,121	905
3,290	2,257

Letters of credit
Short term prepayments
Due from Crescent Group Services (Private)
Limited (associated undertaking)
Due from Pension fund
Accrued Interest
Sundry receivables

-	688
28,567	33,811
-	167
751	-
96	530
34,582	13,127
152,272	114,342

20.1 Loan to sugarcane growers are partly interest free and partly interest bearing at the rate of 16.79 to 18.25 percent per annum.



	(RUPEES IN THOUSAND)	
	2000	1999
21. SHORT TERM INVESTMENTS		
QUOTED		
Associated undertakings:		
Crescent Sugar Mills and Distillery Limited		
487,132 (1999:487,132) ordinary shares of Rupees 10 each fully paid	10,080	10,080
150,276 (1999:150,276) bonus shares of Rupees 10 each	-	-
Crescent Boards Limited		
84,700 (1999:84,700) ordinary shares of Rupees 10 each fully paid	978	978
7,260 (1999:7,260) bonus shares of Rupees 10 each	-	-
Crescent Jute Products Limited		
434,982 (1999:434,982) ordinary shares of Rupees 10 each fully paid	10,249	10,249
101,835 (1999:101,835) bonus shares of Rupees 10 each	-	-
Jubilee Spinning and Weaving Mills Limited		
4,000 (1999:4,000) ordinary shares of Rupees 10 each fully paid	66	66
11,584 (1999:11,584) bonus shares of Rupees 10 each	-	-
The Crescent Textile Mills Limited		
143,943 (1999:143,943) ordinary shares of Rupees 10 each fully paid	2,234	2,234
41,268 (1999:41,268) bonus shares of Rupees 10 each	-	-
Crescent Steel and Allied Products Limited		
180,000 (1999:180,000) ordinary shares of Rupees 10 each fully paid	2,784	2,784
323,415 (1999: 323,415) bonus of Rupees 10 each	-	-
Pakistan Industrial Leasing Corporation Ltd.		
2,323,430 (1999:2,323,430) ordinary shares of Rupees 10 each fully paid	65,158	65,158
784,636 (1999: 784,636) bonus of Rupees 10 each	-	-
Equity held: 17.13%		
Crescent Investment Bank Limited		
1,241,595 (1999:1,241,595) ordinary shares of Rupees 10 each fully paid	20,508	20,508
454,565 (1999: 454,565) bonus of Rupees 10 each	-	-

(RUPEES IN THOUSAND)

2000 1999

Others:
The Premier Insurance Company of Pakistan Limited

3,600 (1999:3,600) ordinary shares of

Rupees 5 each fully paid

60

60

51,529 (1999: 51,529) bonus of

Rupees 5 each

-

-

Crescent Leasing Corporation Limited

2,291,000 (1999: 2,291,000)ordinary shares of

Rupees 10 each fully paid

30,440

30,440

343,650 (1999: 343,650) bonus shares of

Rupees 10 each

-

-

Equity held: 15.27%

First Crescent Modaraba

110,000 (1999:110,000)certificates of

Rupees 10 each fully paid

965

965

1,786 (1999: 1,786) bonus certificates of

Rupees 10 each

-

-

Pakistan Industrial Credit and Investment Corporation Limited

2,697,196 (1999:2,697,196) ordinary shares of

Rupees 10 each fully paid

149,786

149,786

1,153,462 (1999:1,153,462) bonus shares of

Rupees 10 each

-

-

Crescent Spinning Mills Limited

341,300 (1999:341,300)ordinary shares of

Rupees 10 each fully paid

3,413

3,413

Crescent Knitwear Limited

700,000 (1999:700,000)ordinary shares of

Rupees 10 each fully paid

7,122

7,122

Husein Sugar Mills Limited

631 (1999: 631)bonus shares of Rupees 10 each

-

-

AR Pak. International Investment Limited

10,000 (1999:10,000)ordinary shares of Rupees 10 each

93

93

Pakistan International Airlines Corporation

51 (1999:51)bonus shares of Rupees 10 each

-

-

Pakistan Oil Fields Limited

500 (1999: 500)ordinary shares of

Rupees 10 each fully paid

34

34

250 (1999: 125) bonus shares of

Rupees 10 each

-

-

Prudential Discount and Guarantee House Limited

131,000 (1999:131,000)ordinary shares of

Rupees 10 each fully paid

1,033

1,033

Sui Northern Gas Pipeline Limited

70,454 (1999:61,242) bonus share of

Rupees 10 each

-

-

(RUPEES IN THOUSAND)

Pakistan Telecommunication Corporation Limited

10,000 (1999:Nil) ordinary shares of
Rupees 5 each fully paid

295

-

Fauji Fertilizer Company Limited

25,000 (1999: Nil) ordinary shares of
Rupees 10 each fully paid

1,620

-

Atlas Bot Lease Company Limited

13,203 (1999: Nil) ordinary shares of Rupees 10 each
30,366 (1999: 26,406) bonus shares of
Rupees 10 each fully paid

132

-

Muslim Commercial Bank Limited

3,565 (1999: 3,565) bonus shares of Rupees 10 each

-

-

Shaheen Cotton Mills Limited

1,050,000 (1999: 1,050,000) ordinary shares of
Rupees 10 each fully paid

13,650

13,650

Nazir Cotton Mills Limited

471,113 (1999: 471,113) ordinary shares of
Rupees 10 each fully paid

4,711

4,711

UNQUOTED

Associated undertakings:

Crescent Group Services (Private) Limited

220,000 (1999:220,000) ordinary shares of
Rupees 10 each fully paid
Equity held 18.96 percent. Break-up value as per last
audited accounts was Rupees zero per share.

2,200

2,200

Others:

Musharika Investment (Note 21.2)

5,757

5,912

Crescent Ujala Limited

330,000 ordinary shares of Rupees 10 each fully paid

3,300

-

336,668

331,476

21.1 Market/break-up value of short term investments as on 30 September 2000 was Rupees 189.265 million (1999: Rupees 102.143 million) which was lower than the cost by Rupees 147.403 million.

21.2 These represent funds placed under Musharika agreement with Al-Zamin Leasing Modaraba and First Crescent Modaraba. Expected rate of profit range between 18 percent to 18.75 percent (1999: 18 percent to 18.75 percent) per annum.

21.3 Following investments having face value of Rupees 61.489 million (1999: Rupees 66.389 million) are deposited as security with bank, financial institutions and investment companies.

108

Consolidated Accounts
(RUPEES IN THOUSAND)
Against short term running finances obtained from:

	2000	1999
Investment banks (Note 8.1)	24,525	8,289
Investment company (Note 8.2)	27,118	48,144
Banking companies (Note 8.4)	—	110

Against bank guarantees issued by:

Crescent Investment Bank Limited	9,309	9,309
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Against central excise duty on loan:

Pakistan Industrial Credit and Investment Corporation Limited	537	537
	<u>61,489</u>	<u>66,389</u>

22. CASH AND BANK BALANCES

Cash in hand	206	163
Cash with banks on:		
Current accounts	16,658	17,267
Short term deposit accounts	7,379	6,361
Dividend account	14	14
Dollar deposit account	232	411
	<u>24,283</u>	<u>24,053</u>
	<u>24,489</u>	<u>24,216</u>

22.1 Term deposit receipts amounting to Rupees 4.834 million (1999: Rupees 6.353 million) are lying with Muslim Commercial Bank Limited under lien against loans to sugarcane growers.

23. SALES AND REVENUE
Sales:

Sugar:		
Local	1,188,495	1,669,292
Export	—	150,035
Rebate on export of sugar	—	52,686
	<u>—</u>	<u>202,721</u>
	1,188,495	1,872,013

Distillate:

Local	27,273	44,581
Export	47,903	84,106
	<u>75,176</u>	<u>128,687</u>
Sales of baggase	331	—
Kanewood	15,108	8,295
Molasses (By-product)	25,650	38,860
	<u>1,304,760</u>	<u>2,047,855</u>

Less: Commission to selling agents

Sales tax on sugar	2,446	4,689
	<u>121,633</u>	<u>178,489</u>
	<u>124,079</u>	<u>183,178</u>
	1,180,681	1,864,677

(RUPEES IN THOUSAND)

Revenue:

Advisory fee
Management fee
Capital gain
Brokerage income
Return on Musharika finance
Commission

2000	1999
129	-
2,518	925
15,501	-
7,291	3,577
1,043	513
2,018	-
28,500	5,015
1,209,181	1,869,692

24. COST OF GOODS SOLD

Sugar	(Note 24.1)
Distillate	(Note 24.3)
Kanewood	(Note 24.4)

960,805	1,528,010
65,458	87,342
15,712	11,899
1,041,975	1,627,251

24.1 Cost of goods sold - sugar

Raw material
Salaries, wages and other benefits
Stores, spare parts and loose tools
Dyes and chemicals
Packing material
Fuel and power
Repair and maintenance
Insurance
Vehicles' running
Travelling and conveyance
Printing and stationery
Rent, rates and taxes
Excise duty
Other factory overheads
Sugarcane research and development
Staff training and development
Depreciation/amortization (Note 24.2)

497,590	1,236,902
39,236	44,028
3,388	3,588
4,885	13,885
8,997	20,535
16,002	27,356
18,156	17,929
2,921	3,153
852	640
208	237
252	379
170	114
-	22,586
4,087	6,445
11,541	9,779
795	2,171
59,425	62,504
668,505	1,472,231

Work-in-process inventory:

As at 01 October
As at 30 September

1,406	3,319
1,945	1,406
(539)	1,913

Cost of goods produced

667,966	1,474,144
---------	-----------

Finished goods inventory:

As at 01 October
As at 30 September

302,507	356,373
9,668	302,507
292,839	53,866
960,805	1,528,010

24.2 Depreciation/Amortization

Depreciation (Note 12.4)	52,074	55,179
Amortization (Note 13.2)	7,351	7,325
	<u>59,425</u>	<u>62,504</u>

24.3 Cost of goods sold-distillate

Molasses	21,305	25,756
Stores, spare parts and loose tools	706	1,197
Salaries, wages and other benefits	1,476	2,102
Chemicals	4,693	5,263
Fuel and power	15,285	14,454
Insurance	165	95
Other factory overheads	1,288	1,584
Depreciation (Note 12.4)	1,097	1,163
Cost of goods produced	<u>46,015</u>	<u>51,614</u>

Finished goods inventory:

As at 01 October	22,593	58,321
As at 30 September	<u>3,150</u>	<u>22,593</u>
	<u>19,443</u>	<u>35,728</u>
	<u>65,458</u>	<u>87,342</u>

24.4 Cost of goods sold - kanewood

Raw material	396	2,287
Stores, spare parts and loose tools	1,139	4,339
Salaries, wages and other benefits	1,581	1,549
Insurance	98	101
Fuel and power	1,055	3,031
Other factory overheads	94	304
Depreciation (Note 12.4)	952	1,029
Cost of goods produced	<u>5,315</u>	<u>12,640</u>

Finished goods inventory:

As at 01 October	12,668	11,927
As at 30 September	<u>2,271</u>	<u>12,668</u>
	<u>10,397</u>	<u>(741)</u>
	<u>15,712</u>	<u>11,899</u>

25. ADMINISTRATIVE AND GENERAL EXPENSES

Salaries, wages and other benefits	24,653	23,250
Director's meeting fee	20	42
Travelling and conveyance	1,119	1,132
Printing and stationery	684	739
Telephone, postage and telegrams	2,557	1,787
Vehicles' running	2,819	2,504
Legal and professional	1,082	1,215
Auditors' remuneration: (Note 25.1)		
Audit fee	311	250
Out of pocket expenses	<u>18</u>	<u>18</u>
	<u>329</u>	<u>268</u>

		(RUPEES IN THOUSAND)	
		2000	1999
Bad debts		284	-
Repair and maintenance		1,126	1,224
Entertainment		396	370
Subscription		1,740	1,763
Rent, rates and taxes		1,860	1,327
Publicity		203	265
Registered office expenses		634	751
Miscellaneous		1,718	1,589
Depreciation/amortization (Note 25.2)		7,709	8,285
		<u>48,933</u>	<u>46,511</u>
25.1 Auditor's remuneration			
		2000	1999
		Fee	Out of pocket
Riaz Ahmad and Company	225	15	205
Fazal Mahmood and Company	15	3	15
Khalid, Majid, Husain, Rehman	71	-	30
	<u>311</u>	<u>18</u>	<u>250</u>
25.2 Depreciation/Amortization			
Depreciation (Note 12.4)		4,842	4,435
Amortization (Note 13.2)		2,867	3,850
		<u>7,709</u>	<u>8,285</u>
26. SELLING AND DISTRIBUTION EXPENSES			
Freight and forwarding:			
Sugar		-	23,001
Distillate		5,707	10,282
Handling and distribution		882	1,910
Loading and unloading		808	1,067
Insurance		1,352	1,543
		<u>8,749</u>	<u>37,803</u>
27. OPERATING PROFIT /(LOSS)			
Sugar (Note 27.1)		91,928	134,484
Distillate (Note 27.2)		1,414	27,646
Kanewood (Note 27.3)		(1,126)	(4,055)
Modaraba/Investment (Note 27.4)		17,308	52
		<u>109,524</u>	<u>158,127</u>
27.1 Operating profit - sugar			
Sales - Net		1,090,397	1,727,897
Cost of goods sold		960,805	1,528,010
Gross profit		129,592	199,887
Operating expenses			
Administrative and general		34,855	38,500
Selling and distribution		2,809	26,903
		<u>37,664</u>	<u>65,403</u>
		<u>91,928</u>	<u>134,484</u>

(RUPEES IN THOUSAND)

	2000	1999
Operating profit - distillate	75,176	128,687
Sales - Net	65,458	87,342
Cost of goods sold	<u>9,718</u>	<u>41,345</u>
Gross profit		
Operating expenses	2,403	2,867
Administrative and general	5,901	10,832
Selling and distribution	<u>8,304</u>	<u>13,699</u>
	<u>1,414</u>	<u>27,646</u>
Operating loss - kanewood	15,108	8,093
Sales - Net	15,712	11,899
Cost of goods sold	<u>(604)</u>	<u>(3,806)</u>
Gross Loss		
Operating expenses	483	181
Administrative and general	39	68
Selling and distribution	<u>(522)</u>	<u>(249)</u>
	<u>(1,126)</u>	<u>(4,055)</u>
Operating profit-Modaraaba/Investment	28,500	5,015
Revenue	(11,192)	(4,963)
Administrative and general expenses	<u>17,308</u>	<u>52</u>
OTHER INCOME	153	45
Commission on fertilizer	16,790	513
Gain on disposal of operating fixed assets	32,052	2,708
Dividend income (Note 28.1)	609	1,274
Return on bank deposits	1,287	1,635
Mark-up on advances to associated undertakings	13,584	10,697
Agricultural farm income	307	107
Rental income	-	7,919
Electricity income	7,564	-
Gain on sale of imported sugar	276	2,524
Credit balances added back	1,399	297
Miscellaneous	<u>74,021</u>	<u>27,719</u>
Dividend Income		
Associated undertakings:	13,095	-
Crescent Investment Bank Limited	1,255	2,281
Crescent Steel and Allied Products Limited	679	327
The Crescent Textile Mills Limited	6,126	-
Pakistan Industrial Leasing Corporation Limited		
Others:		
Pakistan Industrial Credit and Investment Corporation Limited	4,705	-
The Crescent Leasing Corporation	3,377	-
AR Pak International Investment Limited	5	5

(RUPEES IN THOUSAND)

	2000	1999
Atlas Bot Lease Company Limited	-	40
Pakistan Oil fields Limited	5	1
The Premier Insurance Company of Pakistan Limited	69	46
Muslim Commercial Bank Limited	13	8
Thal Jute Limited	15	-
First Punjab Modaraba	1	-
Cherat Cement	4	-
Ibrahim Modaraba	1	-
Modaraba Al-Mali	2	-
Fauji Fertilizer Company Limited	150	-
First Crescent Modaraba	1,703	-
First Confidence Modaraba	847	-
	<u>32,052</u>	<u>2,708</u>

29. FINANCIAL AND OTHER CHARGES

Financial:

Mark-up on:

Redeemable capital	49,912	40,283
Short Term finances	84,700	107,979
Advances from associated undertakings	1,932	4,014
Interest on long term loans	4,505	5,685
Interest on Worker's Participation Fund	52	-
Finance charges on lease liabilities	14,766	16,598
Lease agreements fee	256	728
Bank charges and commission	5,811	4,381
	<u>161,934</u>	<u>179,668</u>

Others:

Donations	121	304
Diminution in value of investments	-	50
Amortization of deferred cost	585	293
	<u>162,640</u>	<u>180,315</u>

30. TAXATION

Holding and subsidiary company:

Current - for the year	6,065	9,230
-prior years	693	-
Associates	(96)	(1,324)
	<u>6,662</u>	<u>7,906</u>

Current taxation for the year represents minimum tax under Section 80 (D) of the Income Tax Ordinance, 1979. After considering the available tax losses, no provision for taxation except minimum tax is required. Tax losses available to be carried forward are Rupees 472.899 million as on 30 September 2000 (1999: Rupees 548.726 million).

31. CHIEF EXECUTIVE AND EXECUTIVES'S REMUNERATION

The aggregate amount charged in the accounts for the year for remuneration, allowances including all benefits to chief executive and executives of the company are as follows:

(RUPEES IN THOUSAND)

Description	2000		1999	
	Chief Executive	Executives	Chief Executive	Executives
Managerial remuneration	1,680	16,290	2,040	13,406
Housing	756	4,539	918	3,475
Contribution to:				
Provident fund	118	997	143	871
Pension fund	336	2,039	408	1,880
Employees's oldage benefits	-	21	-	19
Gratuity fund	140	881	170	822
Hospitalisation	-	215	-	754
Other benefits:				
Utility allowance	168	1,629	204	1,324
Leave encashment/leave fare allowance	-	86	-	54
Conveyance allowance	-	30	-	-
Incentive commission/bonus	-	112	-	-
Reimbursable expenses	2	874	85	666
	<u>3,200</u>	<u>27,713</u>	<u>3,968</u>	<u>23,271</u>
	<u>1</u>	<u>72</u>	<u>1</u>	<u>67</u>

Number of persons

31.1 Eleven executives have been provided free maintained vehicles by the company.

31.2 Aggregate amount charged in the accounts for fee to six directors in respect of two meetings was Rupees 12,500 (1999: Rupees 35,500) for six directors of two meetings).

32. TRANSACTIONS WITH ASSOCIATED UNDERTAKINGS

Maximum aggregate amount due from associated undertakings at the end of any month during the year was Rupees 39.889 million (1999: Rupees 46.235 million).

The company purchased from and sold to associated undertakings, materials, goods and services in the aggregate sum of Rupees 0.019 million and Rupees Nil respectively (1999: Rupees 1.229 million and Rupees 1.044 million respectively). Purchases/sales of material, goods and services are made at prevailing market prices.

Mark-up on advances to associated undertakings is received/paid at the rate of 16 to 21 percent per annum (Note 28 and Note 29).

33. EARNING/(LOSS) PER SHARE-BASIC

There is no dilutive effect on the basic earning/(loss) per share, which is based on:

(RUPEES IN THOUSAND)

Profit/(loss) attributable to ordinary shareholders		16,221	(4,124)
Number of shares		29,286,029	29,286,029
Earning/(loss) per share	(Rupees)	0.55	(0.15)

34. FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

Consolidated Accounts

34.1 Interest/Mark-up rate

The company's exposure to interest/mark-up rate risk and effective rates on its financial assets and financial liabilities are summarised as follows:

(RUPEES IN THOUSAND)

Interest rates ranges	INTEREST/MARK-UP BEARING			NON INTEREST BEARING			TOTAL
	Maturity within one year	Maturity more than one year but less than five years	Maturity more than five years	Maturity within one year	Maturity more than one year but less than five years	Sub-Total	
15	7,611	-	-	-	42,714	42,714	42,714
	7,611	-	-	-	651	651	651
	-	-	-	-	9,951	9,951	9,951
	-	-	-	22,063	-	22,063	22,063
	-	-	-	63,167	-	63,167	63,167
	-	-	-	222,411	-	222,411	222,411
	-	-	-	16,878	-	16,878	16,878
	-	-	-	324,519	-	324,519	324,519
	-	-	-	7,611	-	7,611	7,611
	-	-	-	-	53,516	53,516	53,516
	-	-	-	-	377,835	377,835	377,835
	-	-	-	-	385,446	385,446	385,446

Financial Assets

Long term investments
foreign exchange licence
Long term deposits and receivable
Trade debts
Advances, deposits, prepayments
and other receivables
Short term investments
Cash and bank balances

Financial Liabilities

Redeemable capital
Long term loans
Liabilities against assets subject
to finance lease
Short term finances
Creditors, accrued and other liabilities
Contingencies

(RUPEES IN THOUSAND)

Interest rates ranges	INTEREST/MARK-UP BEARING			NON INTEREST BEARING			TOTAL
	Maturity within one year	Maturity more than one year but less than five years	Maturity more than five years	Maturity within one year	Maturity more than one year but less than five years	Sub-Total	
15	6,772	-	-	-	28,456	28,456	28,456
	6,772	-	-	-	10,656	10,656	10,656
	-	-	-	-	29,904	29,904	29,904
	-	-	-	-	29,797	29,797	29,797
	-	-	-	-	217,219	217,219	217,219
	-	-	-	-	17,444	17,444	17,444
	-	-	-	-	39,112	39,112	39,112
	-	-	-	-	294,364	294,364	294,364
	-	-	-	-	6,772	6,772	6,772
	-	-	-	-	378,202	378,202	378,202
	-	-	-	-	29,335	29,335	29,335
	-	-	-	-	92,346	92,346	92,346
	-	-	-	-	468,209	468,209	468,209
	-	-	-	-	294,046	294,046	294,046
	-	-	-	-	25,354	25,354	25,354
	-	-	-	-	2,048	2,048	2,048

Financial Assets

Long term investments
Long term deposits and receivables
Trade debts
Advances, deposits, prepayments
and other receivables
Short term investments
Cash and bank balances

Financial Liabilities

Redeemable capital
Long term loans
Liabilities against assets subject
to finance lease
Short term finances
Creditors, accrued and other liabilities
Contingencies

34.2 Financial instruments and risk management policies

The companies issue financial instruments mainly to finance its operations. In addition financial instruments such as trade receivables and trade payables arise directly from the company's operation.

The companies finance operations primarily by a mixture of issued share capital, retained profits, long term and short term loans and liabilities. The companies borrow funds in local currency usually at fixed rate of interest.

Overall risks arising from the company's financial instruments are limited.

(a) **Interest rate risk**

Since the companies borrow funds usually at fixed interest rates, therefore the risk occurrence is minimal.

(b) **Foreign exchange risk management**

Foreign currency risk on financial instruments, receivables or payable in foreign currency is also not material.

(c) **Credit risk**

The companies deal mostly with regular and permanent customers who pay the instrument on due dates. The companies consider the credit risk as minimal.

(d) **Fair value of financial assets and liability**

The carrying value of all financial assets and liabilities reflected in the financial statements approximate their fair values except for equity investments which are stated at cost less provision for diminution in break-up/market value of investment. Market value is also disclosed in Note 15.1 and 21.1.

(RUPEES IN THOUSAND)

2000 1999

35. EMPLOYEES RETIREMENT BENEFITS

Contribution to:

Employees provident fund trust

1,774 1,510

Pension fund

2,068 6,330

Gratuity fund

1,160 1,557

Employees's oldage benefits

1,374 1,013

6,376 10,410

Number of employees at the year end

572 666

36. PLANT CAPACITY AND ACTUAL PRODUCTION

Sugar:

Capacity 108 800 M. Tons in 160 days i.e.
680 M. Tons per day

Actual production:

Current year 39 965 M. Tons in 144 days i.e.
277.535 M. Tons per day

Previous year 101 479 M. Tons in 157 days i.e.

Distillery: 644.363 M. Tons per day

Capacity 40 000 Liters per day

Actual production:

Current year 4 967 000 Liters in 169 days i.e.
29 390 Liters per day

Previous year 5 324 756 Liters in 210 days i.e.
25 356 Liters per day

Kanewood:

Capacity 30 Cubic meters per day

Actual production:

Current year 497.480 Cubic meters in 20 days i.e.
24.874 Cubic meters per day

Previous year 1 921.679 Cubic meters in 72 days i.e.
26.689 Cubic meters per day

36.1 Reasons for low production

Sugar

Decrease in season days and recovery percent (due to lessor availability of Sugarcane) were attributable to decrease in production.

Distillery

Operated below capacity due to lessor Molasses available because of reduce quantum of Sugarcane.

Kenwood

Low demand for particle board due to recession in building industry.

37. SEGMENT ASSETS AND OTHER INFORMATION

(RUPEES IN THOUSAND)

	2000	1999
Sugar	1,400,435	1,716,991
Distillery	16,200	19,862
Kanewood	16,916	20,739
Modaraba /Investment	83,003	58,503
	<u>1,516,554</u>	<u>1,816,095</u>

37.1 Molasses and baggase (By-Products of Sugar) are issued to distillery and particle board plant at market prices.

38. GENERAL

- Corresponding figures have been re-arranged, wherever necessary, for the purpose of comparison.
- The subsidiary company Messers Crescent Business Management (Private) Limited is entitled to receive a management fee to the extent of ten percent of the net annual profit of each modaraba to be floated by it on the basis on annual audited accounts of the modarabas.

Statement and Report under Sub Section (1)(e), (f) and (g) of Section 237 of the Companies Ordinance, 1984

Crescent Business
Management (Pvt) Limited

Statement under sub-section (1) (e)

a) Extent of the Interest of Crescent Business Management (Pvt) Limited (the holding company) in the equity of its subsidiary at the end of the year September 30, 1999. 100%

b) The net aggregate amount of profit, less (losses) of the subsidiary company, so far as these concern members of the holding company and have not been dealt with in the accounts of the holding company for the year ended June 30, 1999 are:

(i) for the last financial year of the subsidiary.	Rs. (5,176,900)
(ii) for the previous periods.	(9,707,368)
(iii) accumulated to last audited balance sheet as at June 30, 1999.	<u>(14,884,268)</u>

(c) The net aggregate amount of losses of the subsidiary company so far as these have been dealt with or provision made for losses in the accounts of the holding company for the year ended September 30, 1999 are:

(i) for the financial year ended September 30, 1999	Nil
(ii) for the previous periods.	Nil

Statement under sub-section (1) (f) and (g)

N/A

Chief Executive

Chairman

Annual General Meeting

NOTICE IS HEREBY GIVEN THAT the 33rd Annual General Meeting of the shareholders of SHAKARGANJ MILLS LIMITED will be held on Saturday the May 26, 2001 at 11:00 a.m. at Holiday Inn, Lahore to transact the following business:

1. To receive, consider and adopt the Audited Accounts of the company for the year ended September 30, 2000 together with the Directors' and Auditors' Reports thereon.
2. TO appoint Auditors and fix their remuneration.

PARTICIPATION IN THE ANNUAL GENERAL MEETING:

1. A member eligible to attend and vote at this Meeting may appoint another members his/her proxy to attend and vote instead of him/her. Proxies in order to be effective must be received by the Company at the Registered Office not later than 48 hours before the time for holding the Meeting.

BOOK CLOSURE:

The Members Register will remain closed from May 20, 2001 to May 26, 2001 (both days inclusive).

ON BEHALF OF THE BOARD

HILAL AHMED

Corporate Secretary

REGISTERED OFFICE:

2nd Floor, 131 A-E/1,
Main Boulevard, Gulberg III,
Lahore, Pakistan

Tel: 92-042-5712036 & 5877087

Fax: 92-042-5877325

Dated: May 3rd, 2001.

Pattern of holding of shares

Held by the Shareholders as at September 30, 2000

Form 34

No. of Shareholders	SHAREHOLDING		Total Shares Held
	From	To	
153	1	100	5339
209	101	500	58499
244	501	1000	171739
206	1001	5000	460994
53	5001	10000	393152
18	10001	15000	219787
11	15001	20000	186519
12	20001	25000	269828
7	25001	30000	197040
10	30001	35000	312398
7	35001	40000	263222
8	40001	45000	346436
4	45001	50000	186836
6	50001	55000	313874
1	55001	60000	57898
3	60001	65000	187335
3	70001	75000	216313
3	75001	80000	234228
1	80001	85000	83692
1	95001	100000	95727
1	105001	110000	106933
1	140001	145000	141420
1	155001	160000	157906
1	165001	170000	169970
1	180001	185000	180924
1	185001	190000	186432
1	190001	195000	191572
1	200001	205000	204105
1	220001	225000	221444
1	225001	230000	229480
1	255001	260000	256920
1	305001	310000	306365
1	315001	320000	315444
1	470001	475000	472204
1	625001	630000	625416
1	775001	780000	779286
1	830001	835000	833327
1	875001	880000	875854
1	895001	900000	898551
1	1435001	1440000	1439762
1	1915001	1920000	1915496
1	2665001	2670000	2666984
1	3230001	3235000	3230648
1	8615001	8620000	8618728
984			29286027

CATEGORIES OF SHAREHOLDERS	NUMBER	SHARES HELD	PERCENTAGE
Financial Institutions	6	10601562	36.20
Individuals	944	5208809	17.79
Investment Companies	5	1121447	3.83
Insurance Companies	2	257041	0.88
Joint Stock Companies	19	11138901	38.03
Others	8	958267	3.27
Total	984	29286027	100.00
OTHERS			
Modarabas	5	811224	2.77
Non-Resident	1	1157	0.00
Trust	2	145886	0.50
TOTAL	8	958267	3.27

DIRECTORS

Gul Nawaz
Nominee NIT
1999

Khalid Bashir
Chief Executive
Shams Textile Mills Limited
1969

Mazhar Karim
Chief Executive
Crescent Jute Products Limited
Chairman
Shakarganj Mills Limited
1971

Muhammad Anwar
Chief Executive
The Crescent Textile Mills Limited
1984

Muhammad Arshad
Chief Executive
The Crescent Sugar Mills &
Distillery Limited
1996

Muhammad Asif
Nominee NIT
1999

Muhammad Bilal Sheikh
Nominee PICIC
1998

* Year elected to Board

General Counsel
Sh. Maqsood Ahmad, Advocate

Independent Auditors
Riaz Ahmad & Company
Chartered Accountants

Corporate Secretary
Rashid Sadiq

OFFICERS

Altaf M. Saleem 49
President (on leave)
*1973

Muhammad Asghar Qureshi 72
Chief Advisor
Shakarganj Mills Limited
Chairman
Shakarganj Sugar Research
Institute
1999

Muhammad Awais Qureshi 59
Executive Vice President and
Chief Operating Officer
1980

Abdul Haq Saeed 59
Vice President
1985

Hilal Ahmad 58
Vice President and
Chief Financial Officer
1978

Muhammad Zahid 57
Vice President
1981

Pervalz Akhtar 46
General Manager Production
1981

Nusrat Ali 48
General Manager Engineering
1977

Dr. Shahid Afghan 37
Director Research
1998

*Year Joined Company

Investor Information

Operating Division

Shakarganj Mills Limited

Sugar Division
Management House, Toba Road
Jhang, Pakistan.
Tel: 92-0471-614971-614973
Tlx: 43471 CJP PK
Fax: 92-0471-620272
E-Mail: ssugar@jng.pknet.come.pk

Shakarganj Distillery

Industrial Alcohol Division
Toba Road, Jhang, Pakistan.
Tel: 92-0471-614971-614973
Fax: 92-0471-620272
E-Mail: ssugar@jng.pknet.come.pke

Kanewood Industries

Particle Board Division
Toba Road, Jhang, Pakistan.
Tel: 92-0471-614971-614973
Tlx: 43471 CJP PK
Fax: 92-0471-620272

Crescent Business Management (Private) Limited

Financial Services Division
2nd Floor, 131 A-E/I, Main Boulevard,
Gulberg III, Lahore. Pakistan
Tel: 92-042-5712036 & 5877087
Fax: 92-042- 5877325

Stock Exchange Listing

Shakarganj Mills Limited is listed on
the Karachi, Lahore and Islamabad
Stock Exchanges

Daily quotes on the company's stock
can be obtained from leading
newspapers. Shakarganj is listed
under 'Sugar and Allied'

Public Information

Financial analysts, Stock brokers
interested investors and financial
media desiring information about
'Shakarganj' should contact the
following individuals in Corporate
Investor Relation:

Muhammad Yar Rahi
Asif Ali
Sadaqat Hussain
Tel: 92-0471-614971-614973
Fax: 92-9-0471-620272
E-Mail: ssugar@jng.paknet.com.pk

Shareholder Information

Inquiries concerning lost stock
certificate, dividend payment change
of address, verification of transfer
deeds and share transfer should be
directed to:

Shakarganj Mills Limited

Shareholders Services
2nd Floor, 131 A-E/I, Main Boulevard,
Gulberg III, Lahore. Pakistan
Tel: 92-042- 5712036 & 5877087
Fax: 92-042- 5877325

Annual Meeting
33rd Annual General Meeting of
Shakarganj Mills Limited will be held
on 26-5-2001 at Holiday Inn, Lahore
At 11:00 a.m.

Proxy material is enclosed with this
Annual Report.



If undelivered please return to:
Shakarganj Mills Limited
2nd Floor, 131 A-E/1
Main Boulevard, Gulberg III, Lahore-Pakistan
Tel: 5712036 & 5877087 Fax: 5877325