



HASEEB WAQAS SUGAR MILLS LIMITED

AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed balance sheet of HASEEB WAQAS SUGAR MILLS LIMITED as at September 30, 2003 and the related profit and loss account, cash flow statement and statement of changes in equity together with the notes forming part thereof, for the year then ended and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purpose 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. The financial statements of the Company as of September 30, 2002 were audited by another auditor whose report dated January 29, 2003, expressed qualified opinion on those statements.

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

- a) in our opinion, proper books of accounts have been kept by the Company as required by the Companies Ordinance, 1984;
- b) in our opinion:
 - i. the balance sheet and profit and loss account together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984, and are in agreement with the books of account and are further in accordance with accounting policies consistently applied except for the change in accounting policy on deferred taxation and treatment of revaluation surplus as referred to in note 2.16 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) during the year the Board of directors have, declared interim dividend on January 29, 2003 at the rate of 10% amounting Rs. 32,400,000 on the basis of interim result for the period December 31, 2002. This dividend was subsequently paid to shareholders. The Company has accumulated loss amounting to Rs. 71,002,126. This dividend has been paid in contravention of Section 249 of the Companies Ordinance, 1984.
- d) except for the matter referred above, in our opinion and to the best of our information and according to the explanations given to us, the balance sheet, profit and loss account, cash flow statement and statement of changes in equity together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan, and, give the information required by the Companies Ordinance, 1984, in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at September 30, 2003 and of the **Profit**, its cash flows and changes in equity for the year then ended; and
- e) in our opinion Zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980), was deducted by the Company and deposited in the Central Zakat Fund established under Section 7 of that Ordinance.
- f) we further draw attention to the note 8 in the financial statements regarding classification of certain liabilities.

Place: Lahore
Date: January 08, 2004

Sd/-
M. YOUSUF ADIL SALEEM & Co.,
CHARTERED ACCOUNTANTS