



HASEEB WAQAS SUGAR MILLS LIMITED

DIRECTORS' REVIEW

The directors of your Company take pleasure in presenting the Half-Yearly Accounts together with the Auditors' Review Report thereon for the half year ended March 31st, 2004.

FINANCIAL RESULTS:

The financial results of your Company for the period under review are summarized as follows:

	For the Half Year ended	
	March 31,	
	2004	2003
	(Rupees in thousand)	
Sales	591,148	686,215
Gross Profit	32,158	112,534
Operating Profit	16,586	100,503
Net Profit / (loss) after tax	(21,967)	32,732
Basic Earning / (loss) per share	Rs. (0.68)	Rs. 1.01

The decrease in profit is primarily due to low sale rate. The market remained depressed throughout the period because of higher availability of stocks of sugar in the country than the requirement. The export of sugar by Trading Corporation of Pakistan (TCP) was not adequate to boost up the selling prices in the country so the desired results could not be obtained.

OPERATIONAL ANALYSIS:

The operational results of the season 2003-2004 are as under:-

		<u>2004</u>	<u>2003</u>
Crushing Days	No.	135	146
Average Recovery	%	8.74	8.52
Cane Crushed	M. Tons	965,573	956,591
Sugar Produced	M. Tons	84,395	81,533

The mill started crushing on November 30, 2003 and continued till April 12, 2004. Although the crushing season consisted of 135 days as compared to 146 days of the previous season, the Company produced better results by increasing the quantity of cane crushed and obtained good recovery which helped the Company to produce the 84,395 M. Tons of sugar as compared to 81,533 M. Tons of the previous season.

FUTURE OUTLOOK:

Now the government has taken some steps to export sugar through TCP by which the selling price of refined sugar is improving. Significant improvement can only be expected if up to 400,000 M. Tons of sugar is exported immediately. We expect that such timely action taken by the government will give better financial results during the next two quarters.

ACKNOWLEDGMENT:

The Directors wish to keep on record their appreciation for the patronage of our valued customers and dedicated efforts made by employees of the Company.

On behalf of the Board

Lahore:
May 27, 2004

(Mian Waqas Riaz)
Chief Executive

**HASEEB WAQAS SUGAR MILLS LIMITED****BALANCE SHEET AS AT MARCH 31, 2004**

	Reviewed March 31, 2004	Audited September 30, 2003
	(Rupees in thousand)	
TANGIBLE FIXED ASSETS		
Operating fixed assets-Net	1,059,193	974,698
Operating assets subject to finance lease-Net	1,292	116,967
	1,060,485	1,091,665
LONG TERM DEPOSITS	159	2,249
CURRENT ASSETS		
Store, spares and loose tools	72,869	68,172
Stock in trade	1,008,300	460,758
Advances, deposits & prepayments	165,523	154,252
Cash and bank balances	27,085	11,052
	1,273,777	694,234
CURRENT LIABILITIES		
Current portion of long term liabilities	55,301	124,698
Short term loans - secured	762,047	541,210
Creditors, accrued and other liabilities	493,700	101,434
Provision for taxation	16,116	34,503
	1,327,164	801,845
WORKING CAPITAL	(53,387)	(107,611)
TOTAL CAPITAL EMPLOYED	1,007,257	986,303
 Surplus on revaluation of fixed assets	282,555	291,900
Long term loans - secured	281,574	218,134
Liabilities against assets subject to finance lease	1,054	26,048
Deferred liabilities	196,667	197,223
	761,850	733,305
NET CAPITAL EMPLOYED	245,407	252,998
REPRESENTED BY:		
Share capital and reserves		
Authorized capital	350,000	350,000
Issued, subscribed and paid-up capital	324,000	324,000
Accumulated Loss	(78,593)	(71,002)
	245,407	252,998
CONTINGENCIES AND COMMITMENTS	-	-
	245,407	252,998

The annexed notes form an integral part of these accounts.

CHIEF EXECUTIVE

DIRECTOR

**HASEEB WAQAS SUGAR MILLS LIMITED**

PROFIT AND LOSS ACCOUNT
FOR THE QUARTER & SIX MONTHS ENDED MARCH 31, 2004

		Reviewed	Reviewed	
		Quarter Ended March 31, 2004	Six Months Ended March 31, 2004	Quarter Ended March 31, 2003
	Quarter Ended March 31, 2003	Six Months Ended March 31, 2003		
	Quarter Ended March 31, 2003	Six Months Ended March 31, 2003		
	Quarter Ended March 31, 2003	Six Months Ended March 31, 2003		
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	Quarter Ended March 31, 2003	Six Months Ended March 31, 2003		
	Quarter Ended March 31, 2003	Six Months Ended March 31, 2003		
	Quarter Ended March 31, 2003	Six Months Ended March 31, 2003		

The annexed notes form an integral part of these accounts.

CHIEF EXECUTIVE

DIRECTOR

**HASEEB WAQAS SUGAR MILLS LIMITED****CASH FLOW STATEMENT
FOR THE PERIOD ENDED MARCH 31, 2004**

Reviewed	Reviewed
For the Quarter Ended	For the Quarter Ended
March 31,	March 31,
2004	2003

(Rupees in thousand)

CASH FLOW FROM OPERATING ACTIVITIES

Net Profit/(Loss) before taxation	(16,301)	36,163
Items not involving movement of funds	67,515	93,982
Operating profit/(Loss) before changes in working capital	51,214	130,145
Changes in working capital	42,199	(14,939)
Cash generated from operations	93,413	115,206
Financial charges paid	(40,971)	(66,344)
Taxes paid	(6,199)	-
Gratuity paid	(9)	-
Dividend paid	(10)	-
	(47,189)	(66,344)
Net cash (used in) / from operating activities	46,224	48,862

CASH FLOW FROM INVESTING ACTIVITIES

Capital Expenditure	(618)	(459)
Sales of fixed assets	-	87
Long term deposits	2,089	3,096
Net cash from investing activities	1,471	2,724

CASH FLOW FROM FINANCING ACTIVITIES

Long term loan obtained	5,148	15,862
Payment to leasing companies	(36,810)	(28,018)
Deferred liabilities	-	(3,904)
Net cash from/(used in) financing activities	(31,662)	(16,060)

Net increase in cash and cash equivalents	16,033	35,526
Cash and cash equivalents at the beginning of period	11,052	23,536
Cash and cash equivalents at the end of the period	27,085	59,062

CHIEF EXECUTIVE**DIRECTOR**



HASEEB WAQAS SUGAR MILLS LIMITED

STATEMENT OF CHANGES IN EQUITY FOR SIX MONTHS ENDED MARCH 31, 2004

	Share Capital	Accumulated Profit/(Loss)	Total	Surplus on Revaluation
	(Rupees in thousand)			
Balance as at September 30, 2002-Restated	324,000	(127,844)	196,156	501,571
Profit for the period	-	32,732	32,732	-
Dividend	-	(32,400)	(32,400)	-
Balance as at March 31, 2003	324,000	(127,512)	196,488	501,571
(Loss) for the period	-	(5,616)	(5,616)	-
Fixed assets revaluation during the period	-	-	-	43,083
Depreciation on incremental value arising on revaluation of fixed assets	-	-	-	-
Prior year	-	45,874	45,874	(45,874)
Current year	-	16,252	16,252	(16,252)
Deferred tax on revaluation surplus	-	-	-	(190,629)
Balance as at September 30, 2003	324,000	(71,002)	252,998	291,900
(Loss) for the period	-	(21,967)	(21,967)	-
Depreciation on incremental value arising on revaluation of fixed assets	-	14,376	14,376	(14,376)
Deferred tax on revaluation surplus	-	-	-	5,032
Balance as at March 31, 2004	324,000	(78,593)	245,407	282,555

CHIEF EXECUTIVE

DIRECTOR

NOTES TO THE ACCOUNTS

FOR THE HALF YEAR ENDED MARCH 31, 2004

1. STATUS AND ACTIVITIES

Haseeb Waqas Sugar Mills Limited is public limited company quoted on Karachi and Lahore Stock Exchanges. The principal activity of the company is production and sale of refined sugar and its by products.

2. BASIS OF PREPARATION

These financial statements have been prepared under "Historical Cost Convention" modified by capitalisation of certain exchange differences as cost of the relevant assets and staff retirement benefit accounted for at actuarial valuation and are in compliance with the international accounting standard (IAS) 34 Interim Financial Reporting. These interim financial statements are unaudited. However, a limited scope review of these interim financial statements has been performed by the auditors of the company in accordance with the clause (xii) of the Code of Corporate Governance and they have issued their review report thereon.

3. ACCOUNTING POLICIES

The accounting policies adopted for the preparation of these interim financial statements are consistent with those applied in the preparation of the preceding annual published financial statements of the company for the year ended September 30, 2003.

4. LONG TERM LOANS - SECURED

During the period Company has entered into an agreement of Term Finance facility for Rs. 90 Million. Markup is charged at the rate of 7% p.a. It is secured against 1st charge on fixed assets of the Company and personal guarantees of the directors of the Company.

5. SHORT TERM FINANCES - SECURED

During the period Company has obtained facilities aggregating Rs. 683 Million from banking companies at the markup rate ranging from 5% to 13%. These are secured against pledge of stocks and charge on fixed and current assets of the Company and personal guarantees of the directors of the Company.

6. CREDITORS, ACCRUED AND OTHER LIABILITIES

During the period there has been an increase of Rs. 77.394 Million in trade creditors relating to sugar cane purchases and an increase of Rs. 356.653 Million due to advances from customers for sale of sugar.



HASEEB WAQAS SUGAR MILLS LIMITED

7. CONTINGENCIES AND COMMITMENTS

7.1 There has been no change in the contingencies since September 30, 2003.

7.2 Capital commitments as on 31 March 2004 were Rs. Nil (2003: Rs. 6.368 Million)

8. OPERATING FIXED ASSETS

ADDITION AND DISPOSALS - AT COST

(Rupees in thousand)

	March 31, 2004		September 30, 2003	
	Acquisition	Disposal	Acquisition	Disposal
Plant & Machinery	-	-	30,700	-
Furniture, Fixtures & Equipments	-	-	231	-
Vehicles	1,329	-	6,629	553
Total	1,329	-	37,560	553

9. COST OF SALES

	Quarter Ended March 31, 2004	Half Year Ended March 31, 2004	Quarter Ended March 31, 2003	Half Year Ended March 31, 2003
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(Rupees in thousand)

Raw materials	739,301	1,014,431	645,920	955,367
Salaries and wages	13,095	21,202	11,022	18,791
Fuel Consumed	949	1,827	855	1,777
Chemical Consumed	2,727	3,372	2,950	3,905
Oil and Lubricants	921	1,285	1,173	1,539
Repair & Maintenance	9,176	12,734	9,293	27,803
Packing Material	9,846	13,028	8,420	11,501
Stationary	196	316	160	298
Insurance	5,288	6,822	596	5,591
Entertainment	211	330	189	251
Freight & Octroi	91	174	56	174
Depreciation	15,922	31,012	14,887	30,104
	797,633	1,106,532	695,521	1,057,101
Finished Goods:				
Opening	324,537	(460,758)	382,339	398,101
Closing	(1,008,300)	(1,008,300)	(881,521)	(881,521)
	(683,763)	(547,542)	(499,182)	(483,420)
Cost of Goods Sold	113,869	558,990	196,339	573,681

10. BALANCES AND TRANSACTIONS WITH ASSOCIATED UNDERTAKINGS

There are no associated undertakings of the Company.

11. OTHERS

There are no other significant activities since September 30, 2003 affecting the financial statements other than disclosed in the financial statements.

12. DATE OF AUTHORIZATION FOR ISSUE

These interim financial statements were authorized for issue on May 27, 2004 by the Board of Directors of the company.

13. FIGURES

Have been rounded off to the nearest thousand.

CHIEF EXECUTIVE

DIRECTOR