



HASEEB WAQAS SUGAR MILLS LIMITED

COMPANY INFORMATION

BOARD OF DIRECTORS

Mian Muhammad Ilyas Mehraj	Chairman
Mian Waqas Riaz	Chief Executive
Mrs. Shehzadi Ilyas	
Mst. Bano Mehraj	
Miss Zainab Ilyas	
Miss Maiza Riaz	
Hafiz M. Irfan Hussain Butt	

AUDIT COMMITTEE

Hafiz M. Irfan Hussain Butt	Chairman
Mian Waqas Riaz	Member
Miss Maiza Riaz	Member

COMPANY SECRETARY

Mr. Muhammad Imran

REGISTERED OFFICE

103-B/I, M.M. Alam Road,
Gulberg-III, Lahore.

MILLS

Mehrajabad,
Teh. Nankana Sahib,
Distt. Sheikhpura.

AUDITORS

M/S M. Yousuf Adil Saleem & Company
Chartered Accountants
Apt. # 4, Block B, 90-Canal Park, Gulberg-II, Lahore.

LEGAL ADVISOR

Abdul Waheed Khan Chiddha
Aziz Law Associates
Aziz Chamber, 1-Turner Road, Lahore.

REGISTRAR

Hameed Majeed Associates (Pvt.) Ltd.
H.M. House, 7-Bank Square, Lahore.

BANKERS

National Bank of Pakistan
PICIC Commercial Bank Limited.
Muslim Commercial Bank Limited.
United Bank Limited
The Bank of Punjab

WEBSITE

www.hwgc.com.pk



HASEEB WAQAS SUGAR MILLS LIMITED

DIRECTORS' REVIEW

The directors of your Company take pleasure in presenting the Accounts of Third Quarter ended June 30, 2004.

FINANCIAL RESULTS:

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

For the Quarter ended		
June 30,		
	2004	2003
(Rupees in thousand)		
Sales	445,515	262,945
Gross Profit	88,465	7,177
Operating Profit / (Loss)	58,584	(29,639)
Net Profit / (loss) after tax	57,651	(30,954)
Basic Earning / (loss) per share	Rs. 1.78	Rs. (0.96)

The performance of the company has significantly improved as compared to the corresponding period of previous year. However the cost of production continued to remain high in relation to the prevailing price of sugar cane and fuel in spite of cautious, controlled and judicious policy for sugar cane procurement and other cost control measures adopted by your Company. The steps taken by the management towards selling of sugar stock at appropriate prices, efficient cane procurement policy, reduction of markup rates and controlled administrative and selling expenses resulted in net profit of Rs. 57.651 million during the third quarter under review as compared to the loss of Rs. 30.954 million during the corresponding period of previous year. After the adjustment of incremental depreciation the accumulated losses on the face of the balance sheet have reduced to Rs. 7.616 million.

OPERATIONAL ANALYSIS:

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

		2004	2003
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 supply situation of sugar cane forced all the mills to make delay in starting of crushing by 2 to 3 weeks. Your Company also started crushing from November 30, 2003, and worked for 135 days as compared with 146 days of last season. The loss of crushing days was compensated by higher per day crushing and better recovery rate resulted in better operating results.

FUTURE OUTLOOK:

The government has purchased 472,000 metric tons of sugar through Trading Corporation of Pakistan. The positive steps taken by the government has improved the market sentiments which, Insha-Allah, would be a favorable impact on the profitability of the sugar industry. Further, in the light of current price structure of the sugar market, it is expected that your Company will show better profitability for the upcoming period.

ACKNOWLEDGMENT:

The Directors wish to sincerely thanks to the sugar cane grower, officers, staff and workers of the Company for their co-operation and hard work throughout the period.

On behalf of the Board

Lahore:
July 24, 2004

(Mian Waqas Riaz)
Chief Executive

**HASEEB WAQAS SUGAR MILLS LIMITED****BALANCE SHEET AS AT JUNE 30, 2004**

	Un-Audited June 30, 2004	Audited September 30, 2003
	(Rupees in thousand)	
TANGIBLE FIXED ASSETS		
Operating fixed assets-Net	1,045,127	974,698
Operating assets subject to finance lease-Net	1,082	116,967
	1,046,209	1,091,665
LONG TERM DEPOSITS	159	2,249
CURRENT ASSETS		
Store, spares and loose tools	75,235	68,172
Stock in trade	761,618	460,758
Advances, deposits & prepayments	131,755	154,252
Cash and bank balances	109,524	11,052
	1,078,132	694,234
CURRENT LIABILITIES		
Current portion of long term liabilities	55,521	124,698
Short term loans	742,355	541,210
Creditors, accrued and other liabilities	277,830	100,700
Provision for taxation	19,759	34,503
Unclaimed dividend	716	734
	1,096,181	801,845
WORKING CAPITAL	(18,049)	(107,611)
TOTAL CAPITAL EMPLOYED	1,028,319	986,303
Surplus on revaluation of fixed assets	264,198	291,900
Long term loans	163,567	132,664
Liabilities against assets subject to finance lease	725	26,048
Deferred liabilities	197,975	197,223
Other long term liabilities	85,470	85,470
	711,935	733,305
NET CAPITAL EMPLOYED	316,384	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	(7,616)	(71,002)
	316,384	252,998
CONTINGENCIES AND COMMITMENTS	-	-
	316,384	252,998

The annexed notes form an integral part of these accounts.

CHIEF EXECUTIVE

DIRECTOR

**HASEEB WAQAS SUGAR MILLS LIMITED****PROFIT AND LOSS ACCOUNT (UN-AUDITED)**

FOR THE THIRD QUARTER AND NINE MONTHS ENDED JUNE 30, 2004

	<u>Quarter Ended</u>		<u>Nine Month Ended</u>	
	<u>June 30, 2004</u>	<u>June 30, 2003</u>	<u>June 30, 2004</u>	<u>June 30, 2003</u>
	(Rupees in thousand)			
Sales - Net	445,515	262,945	1,036,663	949,160
Cost of sales	<u>357,050</u>	<u>255,768</u>	<u>916,040</u>	<u>829,449</u>
GROSS PROFIT	88,465	7,177	120,623	119,711
Operating expenses:				
Administrative	<u>5,671</u>	<u>5,054</u>	<u>16,621</u>	<u>13,640</u>
Selling	<u>5,326</u>	<u>2,668</u>	<u>9,948</u>	<u>6,113</u>
	<u>10,997</u>	<u>7,722</u>	<u>26,569</u>	<u>19,753</u>
OPERATING PROFIT / (LOSS)	77,468	(545)	94,054	99,958
Other income	<u>138</u>	<u>541</u>	<u>483</u>	<u>1,096</u>
	<u>77,606</u>	<u>(4)</u>	<u>94,537</u>	<u>101,054</u>
Financial charges	<u>16,797</u>	<u>31,195</u>	<u>50,029</u>	<u>94,187</u>
Workers' profit participation fund	<u>2,225</u>	<u>(1,560)</u>	<u>2,225</u>	<u>343</u>
	<u>19,022</u>	<u>29,635</u>	<u>52,254</u>	<u>94,530</u>
NET PROFIT/(LOSS) BEFORE TAXATION	58,584	(29,639)	42,283	6,524
Provision for taxation-Current	<u>2,228</u>	<u>1,315</u>	<u>5,183</u>	<u>4,746</u>
Provision for taxation-Deferred	<u>(1,295)</u>	<u>-</u>	<u>1,416</u>	<u>-</u>
	<u>933</u>	<u>1,315</u>	<u>6,599</u>	<u>4,746</u>
NET PROFIT/(LOSS) AFTER TAXATION	57,651	(30,954)	35,684	1,778
ACCUMULATED LOSS BROUGHT FORWARD	(78,593)	(75,319)	(71,002)	(75,651)
	<u>(20,942)</u>	<u>(106,273)</u>	<u>(35,318)</u>	<u>(73,873)</u>
INTERIM DIVIDEND @ 10%				32,400
TRANSFERRED FROM SURPLUS ON REVALUATION OF FIXED ASSETS	<u>13,326</u>	<u>-</u>	<u>27,702</u>	<u>-</u>
ACCUMULATED LOSS CARRIED FORWARD	(7,616)	(106,273)	(7,616)	(106,273)
BASIC EARNING/(LOSS) PER SHARE	1.78	(0.96)	1.10	0.05

The annexed notes form an integral part of financial statements.

CHIEF EXECUTIVE**DIRECTOR**

**HASEEB WAQAS SUGAR MILLS LIMITED****CASH FLOW STATEMENT (UN-AUDITED)****FOR THE PERIOD ENDED JUNE 30, 2004**

	June 30, 2004	June 30, 2003
	(Rupees in thousand)	
CASH FROM OPERATING ACTIVITIES		
Net Profit before taxation	42,283	6,524
Add:		
Items not involving movement of funds		
Depreciation	47,611	47,337
Financial charges	50,029	94,187
Gain on sale of fixed assets	-	(68)
	<u>97,640</u>	<u>141,456</u>
OPERATING PROFIT / (LOSS) BEFORE WORKING CAPITAL CHANGES	139,923	147,980
CHANGES IN WORKING CAPITAL		
(Increase)/Decrease in current assets:		
Stores and spares	(7,063)	3,954
Stocks in trade	(300,860)	(410,450)
Advances, deposits & prepayments	22,497	(68,176)
	<u>(285,426)</u>	<u>(474,672)</u>
Increase/(Decrease) in current liabilities:		
Short terms borrowings	201,145	272,199
Creditors and accrued liabilities	185,917	241,933
	<u>387,062</u>	<u>514,132</u>
Increase in working capital	<u>101,636</u>	<u>39,460</u>
CASH FROM OPERATING ACTIVITIES	241,559	187,440
Financial charges paid	58,815	100,452
Income tax paid	19,927	-
	<u>78,742</u>	<u>100,452</u>
NET CASH FROM OPERATING ACTIVITIES	162,817	86,988
CASH FLOW FROM INVESTING ACTIVITIES		
Fixed capital expenditure	(618)	(5,536)
Sales of fixed assets	-	87
Long term deposits	2,090	3,096
NET CASH (USED IN) /GENERATED FROM INVESTING ACTIVITIES	1,472	(2,353)
CASH FLOW FROM FINANCING ACTIVITIES		
Long term loans repayments	(29,875)	(34,100)
Payment to leasing companies	(36,587)	(28,539)
Dividend paid	(18)	(31,760)
Deferred liabilities	663	(11,056)
	<u>(65,817)</u>	<u>(105,455)</u>
Net Increase/(Decrease) in cash and bank balances	98,472	(20,820)
Opening cash and bank balances	11,052	23,536
Closing cash and bank balances	<u><u>109,524</u></u>	<u><u>2,716</u></u>

CHIEF EXECUTIVE**DIRECTOR**

**HASEEB WAQAS SUGAR MILLS LIMITED****STATEMENT OF CHANGES IN EQUITY
FOR NINE MONTHS PERIOD ENDED JUNE 30, 2004**

	Share Capital	Accumulated Profit/(Loss)	Total	Surplus on Revaluation
	(R u p e e s i n t h o u s a n d)			
Balance as at September 30, 2002-Restated	324,000	(127,844)	196,156	501,571
Net profit for the period	-	1,778	1,778	-
Dividend	-	(32,400)	(32,400)	-
Balance as at June 30, 2003	324,000	(158,466)	165,534	501,571
Profit for the period	-	25,339	25,339	-
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
Profit for the period	-	35,684	35,684	-
Balance as at June 30, 2004	324,000	(35,318)	288,682	291,900
Depreciation on incremental value arising on revaluation of Fixed Assets	-	27,702	-	(27,702)
Balance as at June 30, 2004	324,000	(7,616)	288,682	264,198

CHIEF EXECUTIVE**DIRECTOR****NOTES TO THE ACCOUNTS
FOR THE THIRD QUARTER ENDED JUNE 30, 2004****1. STATUS AND ACTIVITIES**

Haseeb Waqas Sugar Mills Limited was incorporated in Pakistan on January 13, 1992 as public limited company and 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. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

- i. These accounts are un-audited and are submitted to the shareholders, as required under notification No. SRO 764(1)/2001 dated November 05, 2001 of the Securities and Exchange Commission of Pakistan.
- ii. These accounts have been prepared in accordance with the requirements of International Accounting Standard (IAS) 34 "Interim Financial Reporting".
- iii. The present accounting policies and methods of computation followed for the preparation of these accounts are the same as those applied in the preparation of preceding annual accounts for the year ended September 30, 2003.



HASEEB WAQAS SUGAR MILLS LIMITED

3. CONTINGENCIES AND COMMITMENTS

- There has been no change in the contingencies and commitments since September 30, 2003.

4. ADDITIONS / (DELETIONS) IN OPERATING FIXED ASSETS

	Un-Audited June 30, 2004	Audited September 30, 2003
	(Rupees in thousand)	
Plant & Machinery	148,162	848
Equipments	-	216
Vehicles	618	(1,437)
Total	<u>148,780</u>	<u>(373)</u>

5. COST OF SALES

	Quarter Ended		Nine Month Ended	
	June 30, 2004	June 30, 2003	June 30, 2004	June 30, 2003
	(Rupees in thousand)			
Raw materials	84,539	155,229	1,098,970	1,110,596
Salaries and wages	6,835	6,755	28,037	25,546
Fuel Consumed	737	737	2,564	2,514
Chemical Consumed	101	3,210	3,473	7,115
Oil and Lubricants	595	392	1,880	1,931
Repair & Maintenance	2,042	264	14,776	28,067
Packing Material	-	982	13,028	12,483
Stationary	59	70	375	368
Insurance	683	(78)	7,505	5,513
Entertainment	261	169	591	420
Freight & Octroi	34	16	208	190
Depreciation	14,482	15,052	45,493	45,156
	<u>110,368</u>	<u>182,798</u>	<u>1,216,900</u>	<u>1,239,899</u>
Finished Goods:				
Opening	1,008,300	881,521	460,758	398,101
Closing	<u>(761,618)</u>	<u>(808,551)</u>	<u>(761,618)</u>	<u>(808,551)</u>
	<u>246,682</u>	<u>72,970</u>	<u>(300,860)</u>	<u>(410,450)</u>
	<u>357,050</u>	<u>255,768</u>	<u>916,040</u>	<u>829,449</u>

6. BALANCES AND TRANSACTIONS WITH ASSOCIATED UNDERTAKINGS

There are no associated undertakings of the Company.

7. OTHERS

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

8. DATE OF AUTHORIZATION FOR ISSUE

These interim financial statements were authorized for issue on July 24, 2004 by the Board of Directors of the company.

- 9. • Figures have been rounded off to the nearest thousand.
- Corresponding figures have been rearrange and reclassified, wherever necessary, for the purpose of comparison.

CHIEF EXECUTIVE

DIRECTOR