



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