



## CONDENSED NOTES TO THE INTERIM FINANCIAL STATEMENTS (UNAUDITED) FOR THE HALF YEAR ENDED 31 MARCH 2008

### 1 REPORTING ENTITY

Haseeb Waqas Sugar Mills Limited ("the Company") was incorporated on 13 January 1992 as a Public Limited Company under the Companies Ordinance, 1984. The Company's registered office is situated at 103 B-1 M.M. Alam Road, Gulberg III, Lahore. The mill is situated at Merajabad, Nankana Sahib, District Sheikhpura. The Company is listed on Lahore and Karachi Stock Exchanges. The principal activity of the Company is manufacture and sale of refined sugar and related by-products.

### 2 BASIS OF PREPARATION

These condensed 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 (xxi) of the Code of Corporate Governance and they have issued their report thereon.

The comparative balance sheet as at 30 September 2007 and the related notes to the condensed interim financial statements are based on audited financial statements. The comparative profit and loss account, cash flow statements and statement of changes in equity for six months period ended 31 March 2007 and the related notes are based on unaudited, reviewed interim financial statements. The profit and loss account for the quarters ended 31 March 2007 and 31 March 2008 are neither audited nor reviewed.

The crushing season 2007-2008 of the Company commenced on 23 October 2007 and ended on 05 April 2008.

The business operations of the Company are of cyclic nature and are subject to seasonal fluctuations and as such the amounts are not entirely comparable.

#### 2.1 Statement of compliance

These financial statements have been prepared in accordance with the directives issued by the Securities and Exchange Commission of Pakistan and are in compliance with the International Accounting Standard (IAS) 34 "Interim Financial Reporting" and being submitted to shareholders as required by Section 245 of the Companies Ordinance, 1984.

#### 2.2 Basis of measurement

These financial statements have been prepared under the historical cost convention except for certain items of property, plant and equipment at revalued amount and employees retirement benefits at present value. In these financial statements, except for the cash flow statement, all transactions have been accounted for on accrual basis.

#### 2.3 Appropriateness of going concern assumption

The Company has accumulated losses of Rs. 201,626,421 as on 31 March 2008. This is in accordance with general trends in the sugar sector. The management expects the situation to improve viz a viz the new Government and its policies with the resultant profitable trends in the future. In view of the above these financial statements have been prepared on going concern basis.

#### 2.4 Judgements, estimates and assumptions

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions and judgements are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the result of which forms the basis of making judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised and in any future periods affected.



## CONDENSED NOTES TO THE INTERIM FINANCIAL STATEMENTS (UNAUDITED) FOR THE HALF YEAR ENDED 31 MARCH 2008

### 2.5 Functional currency

These financial statements are prepared in Pak Rupees which is the Company's functional currency.

### 3 SIGNIFICANT 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 30 September 2007.

	Note	31 March 2008 Rupees	30 September 2007 Rupees
<b>4 ISSUED, SUBSCRIBED AND PAID UP CAPITAL</b>			
Authorized capital			
35,000,000 (30 September 2007: 35,000,000) ordinary shares of Rs.10 each		<u>350,000,000</u>	<u>350,000,000</u>
Issued, subscribed and paid up capital			
Ordinary shares of Rs. 10 each:			
27,000,000 (30 September 2007: 27,000,000) shares fully paid in cash		270,000,000	270,000,000
5,400,000 (30 September 2007: 5,400,000) issued as bonus shares		<u>54,000,000</u>	<u>54,000,000</u>
		<u>324,000,000</u>	<u>324,000,000</u>

### 5 LONG TERM FINANCES

From Directors - Unsecured	5.1	54,308,500	4,553,000
From Banking Companies - Secured			
Demand finance	5.2	53,684,714	16,290,000
Term Finance	5.3	5,625,000	16,712,615
		<u>113,618,214</u>	<u>37,555,615</u>
Less Current portion shown under current liabilities		(30,450,000)	(33,002,615)
		<u>83,168,214</u>	<u>4,553,000</u>

5.1 The loan is interest free and there is no fixed tenor or schedule for repayment. However, the Directors have no intention to demand repayment of this loan before 30 September 2008.

5.2 These have been obtained from National Bank of Pakistan and are secured by first charge on all present and future fixed assets (comprising land, building, plant and machinery) of the Company, pledge of refined sugar and personal guarantees of Directors of the Company. Markup is payable at three months KIBOR plus 2% per annum with a floor of 7%. The finance is repayable in twelve equal quarterly installments commencing from March 2008.

5.3 These have been obtained from National Bank of Pakistan and are secured by first charge of Rs. 150 million over fixed assets (comprising land, building, plant and machinery) of the Company and personal guarantees of the Directors of the Company. Markup is payable at six months KIBOR plus 2% with a floor of 7% per annum. The finance is repayable in sixteen equal quarterly installments commenced since June 2004.

### 6 CONTINGENCIES AND COMMITMENTS

#### Contingencies

There is no change in contingencies since 30 September 2007.

#### Commitments

There is no material change in Commitments as disclosed in the note to the financial statements for the year ended 30 September 2007.



# HASEEB WAQAS SUGAR MILLS LIMITED

## CONDENSED NOTES TO THE INTERIM FINANCIAL STATEMENTS (UNAUDITED) FOR THE HALF YEAR ENDED 31 MARCH 2008

	Note	31 March 2008 Rupees	30 September 2007 Rupees
<b>7 PROPERTY, PLANT AND EQUIPMENT</b>			
Net book value	7.1	<u>944,620,013</u>	<u>972,410,383</u>
7.1 As at beginning of the period		972,410,383	958,869,870
Additions during the period	7.2	5,638,029	72,525,142
Disposal during the period		(7,606,872)	(1,610,000)
Depreciation charged during the period		(25,821,527)	(57,374,629)
As at the end of the period		<u>944,620,013</u>	<u>972,410,383</u>

31 March 2007 Rupees	30 September 2007 Rupees
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### 7.2 Additions and disposals at cost

	Addition	Disposal	Addition	Disposal
Land	-	-	-	-
Building	-	-	6,426,506	-
Plant and machinery	5,638,029	-	61,814,065	-
Furniture and fixture	-	-	2,493,571	-
Vehicles	-	7,606,872	1,791,000	1,610,000
	<u>5,638,029</u>	<u>7,606,872</u>	<u>72,525,142</u>	<u>1,610,000</u>

	Note	31 March 2008 Rupees	30 September 2007 Rupees
<b>8 STOCK IN TRADE</b>			
Stock in trade	8.1	<u>647,808,570</u>	<u>417,182,782</u>

8.1 The entire stock of sugar is carried at net realisable value with differential of Rs. 4,874,273

Note	Half year ended		Quarter ended	
	31 March 2008	31 March 2007	31 March 2008	31 March 2007
	.....Rupees.....		.....Rupees.....	

### 9 SALES

Sugar	418,759,046	575,790,489	178,055,170	126,271,889
Molasses	71,904,990	3,892,350	67,771,780	-
Mud	177,200	90,800	75,600	5,200
	<u>490,841,236</u>	<u>579,773,639</u>	<u>245,902,550</u>	<u>126,277,089</u>
Less: Sales tax	67,668,824	81,654,097	58,892,316	16,774,485
	<u>423,172,412</u>	<u>498,119,542</u>	<u>187,010,234</u>	<u>109,502,604</u>
Sales to TCP	9.1	174,254,420	174,254,420	-
	<u>597,426,832</u>	<u>498,119,542</u>	<u>361,264,654</u>	<u>109,502,604</u>

9.1 This represents sugar sold to Trading Corporation of Pakistan ("TCP"), but held by the Company on its behalf. The related sales tax is payable by TCP on lifting of sugar stock.



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Half year ended		Quarter ended	
31 March 2008	31 March 2007	31 March 2008	31 March 2007
.....Rupees.....		.....Rupees.....	

### 10 COST OF GOODS SOLD

Raw material consumed	758,592,613	857,756,843	552,723,622	500,740,843
Salaries, wages and benefits	31,831,182	26,121,597	23,632,811	14,729,906
Factory overheads	75,231,973	62,677,811	34,641,801	35,644,502
Manufacturing cost	865,655,768	946,556,251	610,998,234	551,115,251
Stock in trade				
Opening stock	417,182,782	277,941,347	556,800,497	277,028,000
Closing stock	(647,808,570)	(759,668,556)	(647,808,570)	(759,668,210)
	(230,625,788)	(481,727,209)	(91,008,073)	(482,640,210)
	635,029,980	464,829,042	519,990,161	68,475,041

### 11 TRANSACTIONS WITH RELATED PARTIES

Related parties comprise associated undertakings and other related group companies, key management personnel including Chief executive, Directors and Executives and Post employment benefit plans. The Company in the normal course of business carries out transactions with various related parties.

Details of transactions with related parties are as follows:

Note	Half year ended	
	31 March 2008	31 March 2007
	.....Rupees.....	

#### 11.1 Transactions with related parties other than key management personnel

Sale of molasses		67,771,781	3,318,248
Purchase of machinery and components		19,938,311	61,020,000
Purchase of chemical		314,737	-
Sale of stores		836,447	-
Markup charged to related parties	11.1.2	6,897,617	-
Other transactions	11.1.3	-	49,724,647

**11.1.1** The Securities and Exchange Commission of Pakistan has imposed penalty of Rs. 500,000 on account of the violation of section 208 of the Companies Ordinance 1984, on one of the directors of the Company and have reprimanded the other Directors.

**11.1.2** Markup charged to related parties represent markup on balances with related parties resulting from other transactions for the year ended 30 September 2006. Markup for the year ended 30 September 2007 was provided in the annual accounts for the year ended 30 September 2007.

**11.1.3** Other transactions include payments by the Company on behalf of related parties and vice versa. The Company charged / incurred markup at rates ranging from 13 % to 15 % per annum, on balances with related parties resulting from such transactions. In addition to other transactions there were joint expenses which were reimbursed in actual.



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11.2 Balances with related parties	31 March 2008 Rupees	30 September 2007 Rupees
Due from:		
Yusaf Sugar Mills Limited	-	1,383,843
Due to:		
Abdullah Sugar Mills Limited	37,705,862	752,023
Haseeb Waqas Engineering (Private) Limited	2,130,590	1,381,032

Due from/due to related parties represents balances resulting from related party transactions entered into in ordinary course of business and includes markup as provided in these financial statements on other transactions.

### 12 DATE OF AUTHORIZATION FOR ISSUE

These condensed interim financial statements were authorized for issue on May 31, 2008 by the Board of Directors of the Company.

### 13 GENERAL

There are no significant activities since 30 September 2007 that may affect these financial statements.

Figures have been rounded off to the nearest of rupee.