



ANNUAL REPORT 2012

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VISION AND MISSION STATEMENT

VISION STATEMENT

To be the leader in Sugar Industry by building the Company's image through quality improvement, customers' satisfaction and by maintaining a high level of Ethical and Professional Standards through the Optimum use of Resources.

MISSION STATEMENT

- Endeavoring to be the market leader by enhancing market share and to conduct business in the best possible manner by using high level of Ethical and Professional Standards.
- Seeking long term and good trading relations with customers and suppliers with fair, honest and mutually profitable dealings.
- Building an excellent reputation of our organization and to maintain high professional and ethical standards with eyes on the future.
- Offering high quality products according to the highest international standards.
- Continuous enhancement in shareholders' value through teamwork and constant improvement in performance in all operating areas in a competitive business environment.
- Providing congenial work environment, where employees are treated with respect and dignity and work as a team for common goals.
- Contributing to the national economy by uplifting and skills diversification of the people through fulfillment of our social responsibilities.



HASEEB WAQAS SUGAR MILLS LIMITED

Company Information

Board of Directors

Mian M. Ilyas Mehraj	Chairman
Mian Waqas Riaz	Chief Executive
Mian Haseeb Ilyas	Director
Mrs. Zainab Waqas	Director
Mrs. Shahzadi Ilyas	Director
Hafiz M. Irfan Hussain Butt	Director
Ms. Zakia Ilyas	Director
Mr. Raza Mustafa	Director

Audit Committee

Hafiz M. Irfan Hussain Butt	Chairman
Ms. Zakia Ilyas	Member
Mr. Raza Mustafa	Member

Company Secretary & Chief Financial Officer

Mr. Ansar Ahmed

Registered Office

6-F, Model Town, Lahore.

Mills

Mehrajabad,
Teh. Nankana Sahib,
Distt. Sheikhpura.

Auditors

M/s Qadeer & Company,
Chartered Accountants
89-F, Jail Road, Lahore

Legal Advisor

Mian Aslam Shahzad

Registrar

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

Bankers

National Bank of Pakistan
Sindh Bank Limited
Summit Bank Limited
The Bank of Punjab

Website

www.hwgc.com.pk



HASEEB WAQAS SUGAR MILLS LIMITED

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the 21st Annual General Meeting of Haseeb Waqas Sugar Mills Limited will be held at its Registered Office, 06-F, Model Town, Lahore on Friday 25th January, 2013 at 09:00 a.m. to transact the following business:-

ORDINARY BUSINESS:

1. To confirm the minutes of the Last Annual General Meeting held on January 25, 2012.
2. To receive, consider and adopt the Annual Audited Accounts of the Company for the year ended September 30, 2012 together with Directors' and Auditors' Report thereon.
3. To appoint Auditors of the Company for the year ending September 30, 2013 and to fix their remuneration. The retiring auditors M/S Qadeer & Company, Chartered Accountants, being eligible, have offered themselves for re appointment.
4. To elect 08 (eight) directors of the Company as fixed by the Board of Directors in accordance with the provisions of Section 178 of the Companies Ordinance, 1984, for a term of next three years. The names of the retiring Directors are given hereunder:-

- | | |
|--------------------------------|------------------------|
| 1. Mian Muhammad Ilyas Mehraj | 2. Mian Waqas Riaz |
| 3. Mian Haseeb Ilyas | 4. Mrs. Shahzadi Ilyas |
| 5. Mrs. Zainab Waqas | 6. Ms. Zakia Ilyas |
| 7. Hafiz M. Irfan Hussain Butt | 8. Mr. Raza Mustafa |

(The retiring Directors are eligible for re-election.)

5. To transact any other business with the permission of the Chair.

By Order of the Board

Place: Lahore
Dated: January 01, 2013

(ANSAR AHMED)
Company Secretary

Notes:-

1. The Share Transfer Books of the Company will remain closed from January 18, 2013 to January 25, 2013 (both days inclusive).
2. Any member who seeks to contest election to the office of Directors shall, whether he/she is a retiring Director or otherwise, file with the Company, not later than 14 days before the date of the meeting at which elections are to be held, a notice of his/her intention to offer himself for election as a Director. Declaration in accordance with the Listing Regulations along with consent to act as Director under Section 184 of the Companies Ordinance, 1984 is also to be filed.
3. A member entitled to attend and vote at this meeting may appoint another member as a proxy to attend and vote on his/her behalf. Proxies in order to be effective must be received at the Registered Office of the Company, along with the attested copies of National Identity Card (NIC) or Passport, not less than 48 hours before the meeting and must be duly stamped, signed and witnessed by two persons.
4. The members are requested to promptly notify change in their address, if, any, Hameed Majeed Associates (Pvt.) Limited, H.M. House 7-Bank Square, Lahore.
CDC Account Holders will further have to follow the under mentioned guidelines as laid down in Circular No. 1 dated January 26, 2000 issued by the SECP.



HASEEB WAQAS SUGAR MILLS LIMITED

A. For Attending the Meeting:

- i. In case of individuals, the account holder or sub-account holder and/or the person whose securities are in group account and their registration details are uploaded as per the Regulations, shall authenticate his identity by showing his original NIC or Passport at the time of attending the meeting.
- ii. In case of corporate entity, the Board of Directors' resolution / power of attorney with specimen signature of the nominee shall be produced (unless it has been provided earlier) at the time of the meeting.

B. For Appointing Proxies:

- i. In case of individuals, the Account holder or sub-account holder's registration details are uploaded as per the CDC regulations, shall submit the proxy form as per the above requirements.
- ii. The proxy form shall be witnessed by two persons whose names, addresses and NIC numbers shall be mentioned on the form.
- iii. Attested copies of NIC or the passport of the beneficial owners and the proxy shall be furnished with the proxy form.
- iv. The proxy shall produce his original NIC or original passport at the time of the meeting.
- v. In case of corporate entity, the Board of Director's resolution/power of attorney with specimen signature shall be submitted (unless it has been provided earlier) along with proxy form to the company.



HASEEB WAQAS SUGAR MILLS LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED SEPTEMBER 30, 2012

The Directors of your Company take pleasure in presenting the Company's 21st Annual Report and Audited Financial Statements for the year ended September 30, 2012 together with the Auditors' Report thereon.

OPERATIONAL PERFORMANCE

The crushing season of the company for the current period commenced on November 19, 2011. Operating results for the year under review are as under:

		November 19, 2011 To March 14, 2012	December 01, 2010 To March 22, 2011
Crushing days	Days	117	109
Cane crushed	M. Tonnes	648,976.122	513,707
Avg. Crushing per day	M. Tonnes	5,547	4,713
Average recovery	%age	9%	8.47%
Sugar produced	M. Tonnes	58,340	43,516

There is significant increase in crushing and recovery of sugar compared to last year due to company's contribution towards cane development by advancing money to growers & climatic condition and increase in under cultivation area of sugarcane.

FINANCIAL INDICATORS

The financial results of your company for the year ended September 30, 2012 are summarized as follows:

	For the year ended September 30,	
	2012	2011
Net Sales	1,917,276,929	3,087,852,644
Gross Profit	68,849,004	187,453,616
(Loss)/Net Profit before tax	(205,773,694)	30,707,355
Net Loss /Profit after tax	(201,066,482)	18,324,407
Loss per share – Basic and Diluted	(6.21)	0.57

Though crushing & recovery increased compared to last year. However, due to low sale rates, inertia in the market & drastic reduction in prices of sugar in international market and high financial expenses due to low pace of sale, we could not achieve better sale prices which resulted into losses.

FUTURE OUTLOOK

Sugar prices are expected to remain on the lower side due to bumper crop this season. However, correction may occur if further exports are allowed in coming months.

DIVIDEND:

As the Company is in the phase of recovering from losses & consolidating its financial position, therefore, no dividend is being declared.



HASEEB WAQAS SUGAR MILLS LIMITED

AUDITORS:

The present auditors M/s Qadeer & Co., Chartered Accountants, are retiring and being eligible, have offered themselves for re-appointment for the ensuing year. The Audit Committee has recommended the re-appointment of M/s Qadeer & Co., Chartered Accountants, as auditors of the Company for year ending 30 September 2013.

CODE OF CORPORATE GOVERNANCE:

The Board of Directors and the Company remain committed to the principles of good corporate governance practices with emphasis on transparency and disclosures. The Board and management are fully cognizant with their responsibilities and monitoring Company's operation and performance to enhance the accuracy, comprehensiveness and transparency of financial and non-financial information. Your Company has adopted the Code of Corporate Governance as promulgated by the Securities & Exchange Commission of Pakistan in 2002 and is completely compliant of the provisions of Code of Corporate Governance as stipulated therein.

STATEMENT ON CORPORATE AND FINANCIAL REPORTING FRAMEWORK:

The following statements are a manifestation of its commitment towards compliance with best practices of Code of Corporate Governance:-

- i. The financial statements, prepared by the management of the Company, present fairly its state of affairs, the results of its operations, cash flows and changes in equity.
- ii. Proper books of accounts have been maintained as required by the Companies Ordinance, 1984.
- iii. Appropriate accounting policies have been consistently applied in preparation of financial statements. Accounting estimates are based on reasonable and prudent judgment.
- iv. International Accounting Standards, as applicable in Pakistan, have been followed in preparation of financial statements and departure there from, if any, has been adequately disclosed.
- v. The system of internal control is sound in design and has been effectively implemented by the management and monitored by internal and external Auditors as well as Audit Committee. The Board reviews the effectiveness of established internal control through Audit Committee and further improvement in the internal control systems, wherever required.
- vi. There are no doubts upon the Company's ability to continue as a going concern. The Company has adequate resources to continue in operation for the foreseeable future.
- vii. There has been no material departure from the best practices of the Corporate Governance as detailed in the Listing Regulations.
- viii. Key operating and financial data of last six years, in summarized form, is annexed.
- ix. Information about outstanding taxes and other government levies are given in related note(s) to the accounts.
- x. The company strictly complies with the standard of safety rules & regulations. It also follows environmental friendly policies.
- xi. During the year under review, Four (04) meetings of the Board of Directors were held. The attendance by each Director is as follows:



HASEEB WAQAS SUGAR MILLS LIMITED

<i>Sr. No.</i>	<i>Name of Directors</i>	<i>Attendance</i>
1.	Mian Muhammad Ilyas Mehraj	3
2.	Mian Waqas Riaz (CEO)	4
3.	Mian Haseeb Ilyas	4
4.	Mrs. Zainab Waqas	3
5.	Hafiz M. Irfan Hussain Butt	4
6.	Mr. Raza Mustafa	4
7.	Mrs. Shahzadi Ilyas	3
8.	Miss Zakia Ilyas	4

Leave of absence was granted to the directors by the Board who could not attend the Meeting.

- i. The Statement of Code of Ethics and Business Practices has been developed and duly signed by the directors and employees of the Company in acknowledgment thereof.
- ii. The Board has constituted an Audit Committee in compliance with the Code of Corporate Governance. It comprises of the following three (3) members who are Non-Executive directors;

<i>Sr. No.</i>	<i>Name</i>	<i>Designation</i>
1.	Hafiz M. Irfan Hussain Butt	Chairman
2.	Mr. Raza Mustafa	Member
3.	Ms. Zakia Ilyas	Member

- i. A statement of the pattern of shareholdings as required under Clause d of Sub-section 2 of Section 236 of the Companies Ordinance, 1984, is annexed.
- ii. No trading of shares by the Directors, Chief Executive, and Chief Financial Officer, Company Secretary and their spouses & minor children has been carried out during the year.
- iii. All the major decisions relating to investment or disinvestment of funds, changes in significant policies and overall corporate strategies, appointment, remuneration and terms & conditions of appointment of Chief Executive Officer and Executive Directors are taken over by the Board of Directors.

ACKNOWLEDGEMENT:

The Board expresses sincere appreciation to sugarcane growers, valuable customers, regulatory departments of the Government, financial institution and acknowledges the continued interest and support of esteemed shareholders and extremely grateful for their trust and confidence.

The directors deeply appreciate devotion, loyalty hardwork and the laudable services rendered by the executives, all the employees and workers of the Company at its various divisions which enable us to pursue our corporate objectives with the renewed vigor.

On behalf of the Board

Lahore
January, 01, 2013.

(MIAN WAQAS RIAZ)
Chief Executive



HASEEB WAQAS SUGAR MILLS LIMITED

SIX YEARS AT A GLANCE

	2012	2011	2010	2009	2008	2007
	Rupees in thousand					
OPERATING RESULTS						
Sales - net	1,917,277	3,087,853	1,853,587	1,054,857	1,023,186	876,449
Gross profit	68,849	187,454	125,907	198,110	18,252	2,252
Operating profit/ (loss)	48,792	198,639	97,857	167,413	25,917	(30,673)
Profit/ (loss) before tax	(205,774)	30,707	(27,930)	37,349	(115,476)	(135,787)
Profit/ (loss) after tax	(201,066)	18,324	45,553	59,555	(50,730)	(110,794)
FINANCIAL POSITION						
Fixed assets - net	2,577,209	2,625,330	979,474	1,006,147	1,006,147	972,410
Paid-up capital	324,000	324,000	324,000	324,000	324,000	324,000
Shareholder's equity	200,310	333,779	334,984	247,793	179,610	217,820
Long term liabilities	1,059,370	1,053,304	302,011	438,387	436,488	46,243
Current assets	1,836,170	863,426	575,070	351,985	560,502	596,568
Current liabilities	1,902,601	771,677	680,115	392,148	721,264	927,818
Brakeup value per share (Rs)	6.18	10.30	10.33	7.60	5.54	6.72
STATISTICS						
No of employees	267	264	252	312	363	483
Sugar produced (M.Tons)	58,340	43,516	27,590	12,270	38,529	40,766
Crushing period (Days)	117	109	91	98	134	142



HASEEB WAQAS SUGAR MILLS LIMITED

PATTERN OF SHAREHOLDING AS AT SEPTEMBER 30 2012

Number of ShareHolders	Shareholdings From	To	Total Number of Share Held	Percentage of Total Capital
151	1 -	100	8,242	0.03
330	101 -	500	154,868	0.48
119	501 -	1000	116,662	0.36
94	1001 -	5000	241,287	0.74
15	5001 -	10000	117,500	0.36
4	10001 -	15000	51,905	0.16
4	15001 -	20000	70,296	0.22
2	20001 -	25000	47,800	0.15
1	30001 -	35000	32,338	0.10
1	40001 -	45000	45,000	0.14
2	55001 -	60000	117,746	0.36
1	65001 -	70000	67,500	0.21
1	70001 -	75000	71,263	0.22
1	85001 -	90000	90,000	0.28
1	90001 -	95000	90,834	0.28
4	95001 -	100000	397,214	1.23
1	120001 -	125000	125,000	0.39
1	140001 -	145000	142,000	0.44
1	150001 -	155000	151,398	0.47
1	155001 -	160000	159,599	0.49
1	215001 -	220000	217,000	0.67
1	330001 -	335000	333,500	1.03
1	525001 -	530000	529,000	1.63
1	600001 -	605000	601,545	1.86
1	615001 -	620000	617,600	1.91
1	640001 -	645000	640,500	1.98
1	705001 -	710000	706,750	2.18
1	765001 -	770000	768,250	2.37
1	810001 -	815000	814,691	2.51
1	905001 -	910000	908,619	2.80
1	1020001 -	1025000	1,022,750	3.16
1	1260001 -	1265000	1,264,384	3.90
1	1275001 -	1280000	1,277,916	3.94
1	1390001 -	1395000	1,392,168	4.30
1	1495001 -	1500000	1,500,000	4.63
1	2210001 -	2215000	2,213,500	6.83
1	2400001 -	2405000	2,404,100	7.42
1	2660001 -	2665000	2,662,025	8.22
1	2760001 -	2765000	2,760,250	8.52
1	2900001 -	2905000	2,900,500	8.95
1	4565001 -	4570000	4,566,500	14.09
756			32,400,000	100.00

CATAGORIES OF SHAREHOLDERS

Catagories of Shareholders	No. of Shares Holders	Sharesheld	Percentage
Individuals	724	21,760,937	67.163
Joint Stock Companies	16	6,200,419	19.137
Fiancial Institutions	6	2,680,025	8.270
Insurance Companies	4	1,531,419	4.727
Modaraba Companies	4	8,200	0.025
Foreign /Non Resident Investors	2	219,000	0.676
TOTAL	756	32,400,000	100.00



HASEEB WAQAS SUGAR MILLS LIMITED

CATAGORIES OF SHAREHOLDERS AS AT SEPTEMBER 30 2012

	Shares held	%
Directors, CEO and their spouse and Minor Children		
1 Mian M. Ilyas Mehraj	4,566,500	14.094
2 Mian Waqas Riaz	768,250	2.371
3 Mian Haseeb Ilyas	2,213,500	6.832
4 Mrs. Zainab Waqas	333,500	1.029
5 Hafiz M. Irfan Hussain Butt	1,000	0.003
6 Mr. Raza Mustafa	500	0.002
7 Mrs. Shahzadi Ilyas	2,404,100	7.420
8 Ms. Zakia Ilyas	10,882	0.034
	<u>10,298,232</u>	<u>31.785</u>
Public Sector Companies and Corporation		
Joint Stock Companies		
1 Abdullah Sugar Mills Limited	2,900,500	8.952
2 First Capital Equities Limited	1,392,168	4.297
3 First Capital Equities Limited	1,264,384	3.902
4 First Capital Equities Limited	529,000	1.633
5 Mohammad Munir Mohammad Ahmed Khanani Securities	59,746	0.184
6 James Capel & Company	22,800	0.070
7 Morgan Stanly Trust Company	15,900	0.049
8 Milleage (Pvt.) Limited	7,500	0.023
9 Tele Sys Tech (Pvt.) Limited	3,621	0.011
10 ZHV Securities (Pvt.) Limited	2,000	0.006
11 Y.S Securities & Services (Pvt.) Limited	1,000	0.003
12 M.R. Securities (SMC-PVT) Limited	500	0.002
13 Sarfaraz Mahmood (Pvt.) Limited	500	0.002
14 S.H. Bukhari Securities (Pvt.) Limited	400	0.001
15 Ismail Abdul Shakoore Securities (Pvt) Limited	300	0.001
16 Stock Master Securities (Pvt.) Limited	100	0.000
	<u>6,200,419</u>	<u>19.137</u>
Banks, Developments Finance Instiutions, Non Banking Finance Instiutions		
Askari Bank Limited	2,662,025	8.216
The Bank of Punjab	6,700	0.021
Bank Alfalah Limited	800	0.002
Deutsche Bank Securities Corp.	600	0.001
Hong Kong Bank International	200	0.0006
Trust Leasing Corporation	9,700	0.030
	<u>2,680,025</u>	<u>8.270</u>
Insurance Companies		
Shaheen Insurance Company Limited	908,619	2.804
State Life Insurance Corporation	617,600	1.906
State Life Insurance Corporation	200	0.001
Asia Insurance Company Limited	5,000	0.015
	<u>1,531,419</u>	<u>4.727</u>
Modaraba Companies		
Trust Modaraba	5,600	0.017
Trust Modaraba	100	0.000
First Punjab Modaraba	1,400	0.004
First Punjab Modaraba	1,100	0.003
	<u>8,200</u>	<u>0.025</u>
Foreign / Non Resident Investors	219,000	0.676
	<u>219,000</u>	<u>0.676</u>
Shares held by General Public	11,462,705	35.379
	<u>11,462,705</u>	<u>35.379</u>
	<u>32,400,000</u>	<u>100.000</u>
Shareholders holding 05% or more voting interest in the Company		
MIAN MUHAMMAD ILYAS MIRAJ	4,566,500	14.09
ABDULLAH SUGAR MILLS LIMITED	2,900,500	8.95
AYESHA IJAZ	2,760,250	8.52
ASKARI BANK LIMITED	2,662,025	8.22
SHAHZADI ILYAS	2,404,100	7.42
HASEEB ILYAS	2,213,500	6.83
	<u>17,506,875</u>	<u>54.03</u>



HASEEB WAQAS SUGAR MILLS LIMITED

STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE FOR THE YEAR ENDED SEPTEMBER 30, 2012

Name of company HASEEBWAQAS SUGAR MILLS LIMITED Year ending SEPTEMBER 30, 2012.

This statement is being presented to comply with the Code of Corporate Governance contained in Regulation No. 37 of listing regulations of Karachi and Chapter XIII of listing regulation of Lahore Stock Exchange for the purpose of establishing a framework of good governance, whereby a listed company is managed in compliance with the best practices of corporate governance.

The company has applied the principles contained in the CCG in the following manner:

1. The company encourages representation of independent non-executive directors and directors representing minority interests on its board of directors. At present the board includes:

Category	Names
Independent Directors	Hafiz Muhammad Irfan Hussain Butt
Executive Directors	Mian Ilyas Mehraj Mian Haseeb Ilyas Mian Waqas Riaz
Non Executive Directors	Mrs. Shahzadi Ilyas Mrs. Zainab Waqas Ms. Zakia Ilyas Mr. Raza Mustafa

The independent directors meet the criteria of independence under clause i (b) of the CCG.

2. The directors have confirmed that none of them is serving as a director on more than seven listed companies, including this company (excluding the listed subsidiaries of listed holding companies where applicable).
3. All the resident directors of the company are registered as taxpayers and none of them has defaulted in payment of any loan to a banking company, a DFI or an NBFIs or, being a member of a stock exchange, has been declared as a defaulter by that stock exchange.
4. Since the last report, there is no change in directorship has taken place.
5. The company has prepared a "Code of Conduct" and has ensured that appropriate steps have been taken to disseminate it throughout the company along with its supporting policies and procedures.
6. The board has developed a vision/mission statement, overall corporate strategy and significant policies of the company. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.
7. All the powers of the board have been duly exercised and decisions on material transactions, including appointment and determination of remuneration and terms and conditions of employment of the CEO, other executive and non-executive directors, have been taken by the board/shareholders.
8. The meetings of the board were presided over by the Chairman and, in his absence, by a director elected by the board for this purpose and the board met at least once in every quarter. Written notices of the board meetings,



HASEEB WAQAS SUGAR MILLS LIMITED

along with agenda and working papers, were circulated at least seven days before the meetings. The minutes of the meetings were appropriately recorded and circulated.

9. The board has approved appointment of CFO, Company Secretary and Head of Internal Audit, including their remuneration and terms and conditions of employment.
10. The directors' report for this year has been prepared in compliance with the requirements of the CCG and fully describes the salient matters required to be disclosed.
11. The financial statements of the company were duly endorsed by CEO and CFO before approval of the board.
12. The directors, CEO and executives do not hold any interest in the shares of the company other than that disclosed in the pattern of shareholding.
13. The company has complied with all the corporate and financial reporting requirements of the CCG.
14. The board has formed an Audit Committee. It comprises 03. members, of whom 03 are non-executive directors and the chairman of the committee is an independent director.
15. The meetings of the audit committee were held at least once every quarter prior to approval of interim and final results of the company and as required by the CCG. The terms of reference of the committee have been formed and advised to the committee for compliance.
16. The board has set up an effective internal audit function/ or has outsourced the internal audit function managed by suitably qualified and experienced personnel who are conversant with the policies and procedures of the company.
17. The statutory auditors of the company have confirmed that they have been given a satisfactory rating under the quality control review program of the ICAP, that they or any of the partners of the firm, their spouses and minor children do not hold shares of the company and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the ICAP.
18. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the listing regulations and the auditors have confirmed that they have observed IFAC guidelines in this regard.
19. The 'closed period', prior to the announcement of interim/final results, and business decisions, which may materially affect the market price of company's securities, was determined and intimated to directors, employees and stock exchange(s).
20. Material/price sensitive information has been disseminated among all market participants at once through stock exchange(s).
21. We confirm that all other material principles enshrined in the CCG have been complied with.

On behalf of the Board

Lahore
January, 01, 2013.

(MIAN WAQAS RIAZ)
Chief Executive



HASEEB WAQAS SUGAR MILLS LIMITED

AUDITORS' REVIEW REPORT TO THE MEMBERS ON STATEMENT OF COMPLIANCE WITH BEST PRACTICES OF THE CODE OF CORPORATE GOVERNANCE

We have reviewed the statement of compliance with the best practices contained in the Code of Corporate Governance as applicable to the company for the year ended September 30, 2012 prepared by the Board of Directors of HASEEB WAQAS SUGAR MILLS LIMITED ('the Company') to comply with the Listing Regulations of the respective Stock Exchanges, where the Company is listed.

The responsibility for the compliance with the Code of Corporate Governance is that of the Board of Directors of the company. Our responsibility is to review, to the extent where such compliance can be objectively verified, whether the statement of compliance reflects the status of the company's compliance with the provisions of the Code of Corporate Governance and report if it does not. A review is limited primarily to inquiries of the company personnel and review of various documents prepared by the company to comply with the Code.

As part of our audit of financial statements we are required to obtain an understanding of the accounting and internal control system sufficient to plan the audit and develop an effective audit approach. We have not carried out any special review of the internal control system to enable us to express an opinion as to whether the Board's statement on internal control covers all controls and the effectiveness of such internal controls, the company's corporate governance procedures and risks.

Further, Sub-Regulation (xiii a) of listing regulations 35 notified by the Karachi Stock Exchange (Guarantee) Limited vide circular KSE/N-269 dated January 19, 2009 requires the company to place before the board of directors for their consideration and approval of related party transactions distinguishing between transactions carried out on terms equivalent to those that prevail in arm's length transactions and transactions which are not executed at arm's length price, recording proper justification for using such alternate pricing mechanism. Further all such transactions are also required to be separately placed before the audit committee. We are only required and have ensured compliance of requirement to the extent of approval of related party transactions by the Board of Directors and placement of such transactions before the audit committee.

We have not carried out any procedures to determine whether the related party transactions were undertaken at arm's length price or not.

Based on our review, nothing has come to our attention, which causes us to believe that the statement of compliance does not appropriately reflect the Company's compliance, in all material respect, with the best practices contained in the Code of Corporate Governance as applicable to the company for the year ended September 30, 2012.

Lahore
Dated: January 01, 2013

QADEER AND COMPANY
CHARTERED ACCOUNTANTS
NAWAZ KHAN, FCA



HASEEB WAQAS SUGAR MILLS LIMITED

AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed balance sheet of HASEEB WAQAS SUGAR MILLS LIMITED (the 'Company') as at September 30, 2012 and the related profit and loss account, statement of comprehensive income, 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 purposes 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.

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 account 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 changes as described in note 3.21 to the financial statements, 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) 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, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof, conform with the 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, 2012 and of the loss, its cash flows and changes in equity for the year then ended; and
- (d) In our opinion, no Zakat was deducted at source under the Zakat and Ushr Ordinance, 1980 (XIII of 1980).

Lahore
Dated: January 01, 2013

QADEER AND COMPANY
CHARTERED ACCOUNTANTS
NAWAZ KHAN, FCA



HASEEB WAQAS SUGAR MILLS LIMITED

BALANCE SHEET AS AT SEPTEMBER 30, 2012

		2012	2011
	Note	Rupees	
CAPITAL AND LIABILITIES			
Share Capital and Reserves			
Authorized capital			
35,000,000 (2011: 35,000,000) ordinary shares of Rs. 10 each		350,000,000	350,000,000
Issued, subscribed and paid up capital	4	324,000,000	324,000,000
Accumulated (loss) / unappropriated profit		(123,690,168)	9,779,482
		200,309,832	333,779,482
Surplus on Revaluation of Property, Plant and Equipment	5	1,271,117,724	1,338,714,556
Non Current Liabilities			
Loan from director	6	204,614,594	236,355,234
Liabilities against assets subject to finance lease	7	88,802,637	74,187,746
Long term financing	8	156,250,000	118,746,305
Deferred liabilities	9	18,424,221	33,065,146
Deferred taxation	10	591,279,061	590,949,608
		1,059,370,513	1,053,304,039
Current Liabilities			
Trade and other payables	11	413,956,644	214,286,616
Markup/ interest payables	12	107,731,123	89,892,334
Short term bank borrowings	13	1,210,614,433	292,303,490
Current portion of non current liabilities	14	162,301,244	157,429,601
Provision for taxation		6,554,202	16,320,498
Unclaimed dividend		1,443,972	1,444,872
		1,902,601,617	771,677,410
Contingencies and Commitments	15	-	-
		4,433,399,687	3,497,475,488

CHIEF EXECUTIVE



HASEEB WAQAS SUGAR MILLS LIMITED

ASSETS		2012	2011
Non Current Assets	Note	Rupees	
Property, plant and equipment	16	2,577,208,943	2,625,329,991
Long term deposits		20,020,502	8,719,000
Current Assets			
Stores, spares and loose tools	17	49,420,980	42,034,476
Stock in trade	18	1,277,176,874	257,071,500
Trade receivables	19	-	4,299,096
Advances, deposits, prepayments and other receivables	20	502,973,890	548,396,171
Cash and bank balances	21	6,598,499	11,625,254
		1,836,170,242	863,426,497

The annexed notes form an integral part of these financial statements.

4,433,399,687

3,497,475,488

DIRECTOR



HASEEB WAQAS SUGAR MILLS LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED SEPTEMBER 30, 2012

	Note	2012	2011
		Rupees	
Sales - Net	22	1,917,276,929	3,087,852,644
Cost of goods sold	23	1,848,427,925	2,900,399,028
Gross Profit		68,849,004	187,453,616
Operating expenses:			
- Administrative and general expenses	24	36,495,107	30,425,613
- Other operating charges	25	625,000	2,241,177
		37,120,107	32,666,789
		31,728,897	154,786,827
Other operating income	26	17,063,235	43,851,733
Profit from operation		48,792,132	198,638,560
Finance cost	27	254,565,826	167,931,206
(Loss)/ Profit before taxation		(205,773,694)	30,707,355
Taxation	28	4,707,212	(12,382,947)
(Loss)/ Profit after taxation		(201,066,482)	18,324,407
Earning per share - basic	29	(6.21)	0.57

The annexed notes form an integral part of these financial statements.

CHIEF EXECUTIVE

DIRECTOR



HASEEB WAQAS SUGAR MILLS LIMITED

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED SEPTEMBER 30, 2012

	Note	2012	2011
		Rupees	
(Loss)/Profit after taxation		(201,066,482)	18,324,407
Other comprehensive income		-	-
Total comprehensive income for the year		<u>(201,066,482)</u>	<u>18,324,407</u>

The annexed notes form an integral part of these financial statements.

CHIEF EXECUTIVE

DIRECTOR



HASEEB WAQAS SUGAR MILLS LIMITED

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED SEPTEMBER 30, 2012

	2012	2011
	Rupees	
CASH FLOW FROM OPERATING ACTIVITIES		
(Loss)/ Profit before taxation	(205,773,694)	30,707,355
Adjustments for:		
- Depreciation	136,755,632	53,517,764
- Gain/(loss) on disposal of property, plant and equipment	-	-
- Provision for employees retirement benefits	2,321,377	2,295,882
- Amortization of deferred income	(16,883,968)	(6,472,738)
- Long term payable written back	-	(36,366,344)
- Finance cost	254,565,826	167,931,206
	<u>376,758,867</u>	<u>180,905,769</u>
Operating profit before working capital changes	170,985,173	211,613,124
(Increase) / decrease in current assets:		
- Stores, spares and loose tools	(7,386,501)	1,394,120
- Stock in trade	(1,020,105,374)	(21,597,379)
- Trade receivables	4,299,096	15,855,688
- Advances, deposits, prepayments and other receivables	45,422,281	(296,400,519)
Increase / (decrease) in current liabilities:		
- Trade and other payables	199,670,027	107,840,048
	<u>(778,100,471)</u>	<u>(192,908,042)</u>
Cash generated from operations	(607,115,298)	18,705,082
Income tax paid / deducted	(4,729,631)	(10,833,433)
Gratuity paid	(78,334)	(569,869)
Finance cost paid	(236,727,037)	(164,559,941)
	<u>(848,650,299)</u>	<u>(157,258,161)</u>
Net cash generated from/used in operating activities	(848,650,299)	(157,258,161)
CASH FLOW FROM INVESTING ACTIVITIES		
Property, plant and equipment purchased	(88,634,585)	(1,160,000)
Long term deposits	(11,301,502)	(5,000,000)
Proceeds from disposal of fixed assets	-	-
	<u>(99,936,087)</u>	<u>(6,160,000)</u>
Net cash used in investing activities	(99,936,087)	(6,160,000)
CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds / (Repayment) from long term loans - Net	37,500,000	249,996,305
Proceeds / (Repayment) from Lease Finance - Net	19,490,229	36,502,464
Proceeds / (Repayment) from directors' loan - Net	(31,740,640)	84,702,734
Short term borrowings	918,310,943	(184,794,894)
Dividend paid	(900)	(31,655,736)
	<u>943,559,632</u>	<u>154,750,873</u>
Net cash used in financing activities	943,559,632	154,750,873
Net decrease in cash and cash equivalents	(5,026,754)	(8,667,288)
Cash and cash equivalents at the beginning of the year	11,625,254	20,292,542
Cash and cash equivalents at the end of the year	<u>6,598,499</u>	<u>11,625,254</u>

The annexed notes form an integral part of these financial statements.

CHIEF EXECUTIVE

DIRECTOR



HASEEB WAQAS SUGAR MILLS LIMITED

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED SEPTEMBER 30, 2012

	Issued, subscribed and paid-up	Accumulated loss / Unappropriated profit	Total
		R u p e e s	
Balance as at September 30, 2010	324,000,000	10,983,762	334,983,762
Profit for the period	-	18,324,407	18,324,407
Other comprehensive income	-	-	-
Total comprehensive income for the year	-	18,324,407	18,324,407
Transferred from Surplus on revaluation of fixed assets in respect of incremental depreciation - net of deferred tax	-	12,871,313	12,871,313
Transaction with owners Final dividend @ Rs. 1 per share for year 2010	-	(32,400,000)	(32,400,000)
Balance as at September 30, 2011	324,000,000	9,779,482	333,779,482
Profit for the period	-	(201,066,482)	(201,066,482)
Other comprehensive income	-	-	-
Total comprehensive income for the year	-	(201,066,482)	(201,066,482)
Transferred from Surplus on revaluation of fixed assets in respect of incremental depreciation - net of deferred tax	-	67,596,832	67,596,832
Balance as at September 30, 2012	324,000,000	(123,690,168)	200,309,832

The annexed notes form an integral part of these financial statements.

CHIEF EXECUTIVE

DIRECTOR



NOTES TO THE FINANCIAL STATEMENTS. FOR THE YEAR ENDED SEPTEMBER 30, 2012.

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 6F Model Town, Lahore. The mill is situated at Merajabad, Nankana Sahib, District Nankana Sahib. The Company is listed on Lahore and Karachi Stock Exchanges. The principal activity of the Company is manufacture and sale of refined sugar and its by-products.

2 BASIS OF PREPARATION

2.1 Statement of compliance

These financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan and the requirements of the Companies Ordinance, 1984. Approved accounting standards comprise of such International Accounting Standards as notified under the provisions of the Companies Ordinance, 1984. Wherever the requirements of the Companies Ordinance, 1984 or directives issued by the Securities and Exchange Commission of Pakistan differ with the requirements of these standards, the requirements of the Companies Ordinance, 1984 or the requirements of the said directives take precedence.

2.2 Basis of preparation

These accounts have been prepared under the historical cost convention except for certain financial instruments at fair value and certain items of property, plant and equipment that are stated at revalued amounts. In these financial statements, except for the amounts reflected in the cash flow statement, all transactions have been accounted for on accrual basis.

The crushing season 2011-2012 of the Company commenced on 19 November 2011 and ended on 14, March 2012.

2.3 Judgment, estimates and assumptions

The preparation of financial statements in conformity with IASs requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and related assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances. The estimates and related assumptions are reviewed on an ongoing basis. Accounting estimates are revised in the period in which such revisions are made and in any future periods affected.

Significant management estimates in these financial statements relate to the useful life of property, plant and equipment, provisions for doubtful receivables, slow moving inventory and taxation. However, the management believes that the change in outcome of estimates would not have a material effect on the amounts disclosed in the financial statements.

Judgment made by management in the application of approved standards that have significant effect on the financial statements and estimates with a risk of material adjustment in subsequent year are as follows:



2.3.1 Depreciation method, rates and useful lives of property, plant and equipment

The management of the Company reassesses useful lives, depreciation method and rates for each item of property, plant and equipment annually by considering expected pattern of economic benefits that the Company expects to derive from that item.

2.3.2 Recoverable amount of assets/ cash generating units

The management of the Company reviews carrying amounts of its assets and cash generating units for possible impairment and makes formal estimates of recoverable amount if there is any such indication.

2.3.3 Fair value of financial instruments having no active market

Fair value of financial instruments having no active market is determined using discount cash flow analysis after incorporating all factors that market participants would consider in setting a price and using inputs that reasonably represent market expectations and measures of the risk-return factors inherent in the financial instrument.

2.3.4 Taxation

The Company takes into account income tax law and decisions taken by appellate authorities. Instances where the Company's view differs from the view taken by tax department at the assessment stage and where the Company considers that its view of items of material nature is in accordance with law, the amounts are shown as contingent liabilities.

2.3.5 Provisions

Provisions are based on best estimate of the expenditure required to settle the present obligation at the reporting date, that is, the amount that the Company would rationally pay to settle the obligation at the reporting date or to transfer it to a third party.

2.3.6 Revaluation of property, plant and equipment

Revaluation of property, plant and equipment is carried out by independent professional valuers. Revalued amounts of non-depreciable items are determined by reference to local market values and that of depreciable items are determined by reference to present depreciated replacement values.

2.4 Functional currency

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

3 SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented in the financial statements.



3.1 Ordinary share capital

Ordinary share capital is recognized as equity. Incremental costs directly attributable to the issue of ordinary shares are recognized as deduction from equity.

3.2 Surplus/ deficit arising on revaluation of property, plant and equipment

Surplus arising on revaluation of items of property, plant and equipment is credited directly to the equity after reversing deficit relating to the same item previously recognized in profit and loss, if any. Deficit arising on revaluation is recognized in profit and loss after reversing the surplus relating to the same item previously recognized in equity, if any. An amount equal to incremental depreciation, being the difference between the depreciation based on revalued amounts and that based on the original cost, net of deferred tax, if any, is transferred from surplus on revaluation of property, plant and equipment to accumulated

3.3 Employee benefits

Short-term employee benefits

The Company recognizes the undiscounted amount of short term employee benefits to be paid in exchange for services rendered by employees as a liability after deducting amount already paid and as an expense in profit or loss unless it is included in the cost of inventories or property, plant and equipment as permitted or required by the approved accounting standards. If the amount paid exceeds the discounted amount of benefits, the excess is recognized as an asset to the extent that the prepayment would lead to a reduction in future payments or cash refund.

The Company provides for compensated absences of its employees on unavailed balance of leaves in the period in which the leaves are earned.

Defined benefit plan

The Company operates an unfunded gratuity scheme covering its permanent employees. Employees are eligible for benefits under this scheme after the completion of a prescribed qualifying period of service. The latest actuarial valuation was carried out as at September 30, 2011. Charge for the current year is based on estimates provided by the actuary as at September 30, 2011. The following significant assumptions were used in the latest actuarial valuation:

	<u>2012</u>	<u>2011</u>
Discount rate	12%	12.5%
Expected rate of salary increase in future years	11%	11.5%
Average expected remaining working life time of employees	11 years	11 years
Actuarial valuation method	Projected unit credit method	

3.4 Borrowings

These are recognized initially at fair value less attributable transaction cost. Subsequent to initial recognition, these are stated at amortized cost with any difference between cost and redemption value being recognized in the profit and loss over the period of the borrowings on an effective interest basis.



3.5 Provisions

A provision is recognized in the balance sheet when the Company has a legal or constructive obligation as a result of a past event and it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate of the amount can be made.

3.6 Taxation

Income tax expense comprises current tax and deferred tax. Income tax expense is recognized in profit or loss except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity.

Current

Current tax is the amount of tax payable on taxable income for the year, using tax rates enacted or substantively enacted by the reporting date, and any adjustment to the tax payable in respect of previous years. Provision for current tax is based on the taxable income at current rates of taxation in Pakistan after taking into account tax credits, rebates and exemptions available. However, for income covered under final tax regime, taxation is based on applicable tax rates under such regime. The amount of unpaid income tax in respect of the current or prior periods is recognized as a liability. Any excess paid over what is due in respect of the current or prior periods is recognized as an asset.

Deferred

Deferred tax is accounted for using the balance sheet liability method providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for tax purposes. In this regard, the effects on deferred taxation of the portion of income that is subject to final tax regime is also considered in accordance with the requirement of "Technical Release - 27" of the Institute of Chartered Accountants of Pakistan. Deferred tax is measured at rates that are expected to be applied to the temporary differences when they reverse, based on laws that have been enacted or substantively enacted by the reporting date. A deferred tax liability is recognized for all taxable temporary differences. A deferred tax asset is recognized for deductible temporary differences to the extent that future taxable profits will be available against which temporary differences can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

Deferred tax is not recognized for timing differences that are not expected to reverse and for the temporary differences arising from the initial recognition of goodwill and initial recognition of assets and liabilities in a transaction that is not a business combination and that at the time of transaction affects neither the accounting nor the taxable profit.

3.7 Trade and other payables

Liabilities for trade and other amounts payable are carried at cost which is the fair value of the consideration to be paid in future for goods and services received, whether or not billed to the Company.



3.8 Trade and other receivables

Trade and other receivables are recognized initially at fair value and subsequently measured at amortized cost less impairment loss, if any.

3.9 Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation except freehold land that is stated at revalued amount. Buildings, plant and machinery and grid station and generators are stated at revalued amounts less accumulated depreciation. Cost of property, plant and equipment consists of historical cost, revalued amount, borrowing costs pertaining to the erection / construction period and other directly attributable costs incurred to bring the assets to their working condition.

The management reviews the market value of revalued assets at each balance sheet date to ascertain whether the fair value of revalued assets have differed materially from the carrying value of such assets, thus necessitating further revaluation.

Depreciation on property, plant and equipment has been provided for using the reducing balance method at the rates specified in respective note. Depreciation on additions is charged from the month in which the asset was available for use upto the month in which the asset was disposed off.

Maintenance and normal repairs are charged to income as and when incurred. Major renewals and improvements are capitalized. Gain or loss on disposal of property, plant and equipment, if any, is shown in the profit and loss account.

3.10 Impairment

Carrying amounts of the Company's assets are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated and impairment loss is recognized in the profit and loss account.

3.11 Cash and cash equivalents

Cash and cash equivalents are carried in the balance sheet at cost. For the purpose of cash flow statement, cash and cash equivalents comprise cash in hand and cash with banks in current and saving accounts.

3.12 Stores, spares and loose tools

These are generally held for internal use and are valued at lower of cost and net realizable value. Cost is determined on the basis of moving average except for items in transit, which are valued at invoice price plus related expenses incurred up to the reporting date. For items identified as slow moving, a provision is made for excess of carrying amount over estimated net realizable value which signifies the estimated selling price in the ordinary course of business less estimated costs of completion and estimated cost necessary to make the sale.

3.13 Stock in trade

These are valued at lower of cost and net realizable value. Cost is determined using the following basis:

Work in process	Average manufacturing cost
Finished goods	Average manufacturing cost
By-products	Net realizable value, where costs are not ascertainable.

Average manufacturing cost in relation to work in process and finished goods consists of direct material, labour and a proportion of appropriate manufacturing overheads.

Net realizable value signifies the estimated selling price in the ordinary course of business less estimated costs of completion and estimated costs necessary to make the sale.



3.14 Financial instruments

Financial instruments are recognized when the Company becomes a party to the contractual provisions of the instrument. It ceases to recognize financial assets when it loses control of contractual rights and in case of financial liability when the liability is extinguished. Any gain or loss on subsequent remeasurement / derecognition is charged to income.

A financial asset and financial liability is offset and the net amount is reported in the balance sheet if the Company has a legally enforceable right to set-off the recognized amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

3.15 Related party transactions

Related party transactions are carried out on an arm's length basis. Pricing for these transactions, with the exception of purchase of components, is determined on the basis of comparable uncontrolled price method, which sets the price by reference to comparable goods and services sold in an economically comparable market to a buyer unrelated to the seller.

Components purchased by the Company from related party are priced at cost plus margin.

3.16 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable, net of returns allowances, trade discounts and rebates, and represents amounts received or receivable for goods and services provided and other operating income earned in the normal course of business. Revenue is recognized when it is probable that the economic benefits associated with the transaction will flow to the Company, and the amount of revenue and the associated costs incurred or to be incurred can be measured reliably.

Revenue from different sources is recognized as follows:

Revenue from sale of goods is recognized when risk and rewards incidental to the ownership of goods are transferred.

Interest on saving accounts is recognized as and when accrued on time proportion basis.

3.17 Borrowing costs

Borrowing costs are charged to income as and when incurred except to the extent of costs directly attributable to the acquisition, construction or production of qualifying assets that are capitalized as part of the cost of asset.

3.18 Dividends

Dividend is recognized as a liability in the period in which it is declared.

3.19 Finance Leases

Leases where the company has substantially all the risks and rewards of ownership are classified as finance leases. Asset subject to finance lease are initially recognised at the lower of present value of minimum lease payments under the lease agreements and the fair value of the assets. Subsequently these assets are stated at cost less accumulated depreciation and any identified impairment loss.

The related rental obligations, net of finance charges, are included in liabilities against assets subject to finance lease. The liabilities are classified as current and long term depending upon the timing of the payment.



HASEEB WAQAS SUGAR MILLS LIMITED

Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate on the balance outstanding. The interest element of the rental is charged to profit over the lease term.

Assets acquired under a finance lease are depreciated over the useful life of the asset on a reducing balance method at the rates given respective note. Depreciation of leased assets is charged to income statement.

When a sale and lease transaction results in a finance lease, any excess of sales proceeds over the carrying amount are not be immediately recognised as income in the profit and loss account, instead it is recognised as deferred income and amortised over the lease term.

3.20 Earning per share (EPS)

Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period.

Diluted EPS is calculated by adjusting basic EPS by the weighted average number of ordinary shares that would be issued on conversion of all dilutive potential ordinary shares into ordinary shares and post-tax effect of changes in profit or loss attributable to ordinary shareholders of the Company that would result from conversion of all dilutive potential ordinary shares into ordinary shares.

3.21 Changes in accounting policies and disclosures

3.211 Standards, interpretations and amendments to published approved accounting standards that are not yet effective

The following revised standards, amendments and interpretations with respect to approved accounting standards as applicable in Pakistan would be effective from the dates mentioned below against the respective standards or interpretations:

Standards or Interpretation	Effective date Accounting period beginning on or after
Amendments enhancing disclosures about offsetting of financial assets and financial liabilities	January 01, 2013
IAS-19 -Employees Benefits- Amended Standard resulting from the Post-Employment Benefits and Termination Benefits projects	January 01, 2013
IAS-32 -Offsetting Financial Assets and Financial Liabilities - (Amendment)	January 01, 2014
IFRIC 20 -Stripping Costs in the Production Phase of a Surface Mine	January 01, 2013

The Company expects that the adoption of the above revisions, amendments and interpretations of the standards will not materially affect the Company's financial statements in the period of initial application.

In addition to the above, the following new standards have been issued by IASB which are yet to be notified by the SECP for the purpose of applicability in Pakistan.



HASEEB WAQAS SUGAR MILLS LIMITED

Standards or Interpretation	IASB Effective date Annual periods beginning on or after
IFRS 9 - Financial Instruments	January 01, 2013
IFRS 10 - Consolidated Financial Statements	January 01, 2013
IFRS 11 - Joint Arrangements	January 01, 2013
IFRS 12 - Disclosure of Interests in Other Entities	January 01, 2013
IFRS 13 - Fair Value Measurement	January 01, 2013

3.212 Standards, interpretations and amendments to published approved accounting standards effective in 2011-2012

New and amended standards and interpretations

The company has adopted the following new and amended IFRS and IFRIC interpretations which became effective during the year:

IFRS 7 -Financial Instruments: Disclosures (Amendment)

IAS 24 -Related Party Disclosures (Revised)

IFRIC 14 -Prepayments of a Minimum Funding Requirement

In May 2010, International Accounting Standards Board (IASB) issued amendments to various standards primarily with a view to removing inconsistencies and clarifying wording. These improvements are listed below:

IFRS 7 -Financial Instruments: Disclosures - Clarification of disclosures

IAS 1 -Presentation of Financial Statements - Clarification of statement of changes in equity

IAS 34 -Interim Financial Reporting - Significant events and transactions

IFRIC 13 -Customer Loyalty Programmes - Fair value of award credits

The adoption of the above standards, amendments / improvements and interpretations didn't have any significant effect on the financial statements.

	2012	2011
	Rupees	
4 ISSUED, SUBSCRIBED AND PAID UP CAPITAL		
Ordinary shares of Rs. 10 each:		
27,000,000 (2011: 27,000,000) shares issued for cash.	270,000,000	270,000,000
5,400,000 (2011: 5,400,000) shares issued as fully paid bonus shares.	54,000,000	54,000,000
	<u>324,000,000</u>	<u>324,000,000</u>
There is no movement in ordinary share capital of the Company during year.		
5 SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT		
As at beginning of the year	1,338,714,556	241,153,229
Surplus arised during the year	-	1,677,390,985
Deferred tax on surplus arised during the year	-	(566,958,345)
	-	1,110,432,640
	<u>1,338,714,556</u>	<u>1,351,585,869</u>
Incremental depreciation on revalued property, plant and equipment during the year - transferred to retained earnings	(67,596,832)	(12,871,313)
	<u>1,271,117,724</u>	<u>1,338,714,556</u>

5.1 'The revaluation was carried out as at September 30, 2011 by M/s Empire Enterprises on the basis of local market value, replacement and current values.



HASEEB WAQAS SUGAR MILLS LIMITED

		2012	2011
6	LOAN FROM DIRECTORS		
	Loan from directors - unsecured - interest free	<u>204,614,594</u>	<u>236,355,234</u>
	This loan has been obtained from Directors of the Company, and is interest free. There is no fixed tenor or schedule for repayment of this loan. According to the loan agreement, the lenders shall not demand repayment and the same is entirely at the Company's option.		
7	LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE		
	Opening balance	100,367,347	63,864,883
	Add: Leased during the year	<u>73,500,000</u>	<u>50,000,000</u>
		173,867,347	113,864,883
	Less: Payment made during the year	<u>(54,009,771)</u>	<u>(13,497,536)</u>
		119,857,576	100,367,347
	Current portion shown under current liabilities	<u>(31,054,939)</u>	<u>(26,179,601)</u>
		<u>88,802,637</u>	<u>74,187,746</u>
	The Company has entered into sale and lease back agreement with First Punjab Modaraba and First National Bank Modaraba for plant and machinery. 36 months equal lease rentals are payable on quarterly and monthly basis. It carries markup at the rate of six months average KIBOR + 4.5% and 4% respectively.		
	Taxes, repairs and insurance are borne by Company.		
	Gross minimum lease payments		
	Not later than one year	49,932,402	45,818,545
	Later than one year but not later than five years	<u>85,261,269</u>	<u>81,084,644</u>
		135,193,671	126,903,189
	Add: security deposits	<u>12,500,000</u>	<u>6,000,000</u>
		147,693,671	132,903,189
	Less: financial charges allocated to future period	<u>(27,836,095)</u>	<u>(32,535,842)</u>
		119,857,576	100,367,347
	Less: current maturity shown under current liabilities	<u>(31,054,939)</u>	<u>(26,179,601)</u>
		<u>88,802,637</u>	<u>74,187,746</u>
	Present value of minimum lease payments		
	Not later than one year	31,054,939	26,179,601
	Later than one year but not later than five years	<u>76,302,637</u>	<u>68,187,746</u>
		<u>107,357,576</u>	<u>94,367,347</u>
8	LONG TERM FINANCING - secured		
	National Bank of Pakistan		
	- Demand Finance	8.1	112,500,000
	PAIR		
	- Demand Finance	8.2	150,000,000
	The Bank of Punjab		
	- Term Finance	8.3	24,996,305
		<u>287,496,305</u>	<u>249,996,305</u>
	Less: current portion shown under current liabilities		
	- Demand Finance - NBP	<u>(50,000,000)</u>	<u>(50,000,000)</u>
	- Demand Finance - PAIR	<u>(56,250,000)</u>	<u>-</u>
	- Term Finance	<u>(24,996,305)</u>	<u>(81,250,000)</u>
		<u>(131,246,305)</u>	<u>(131,250,000)</u>
		<u>156,250,000</u>	<u>118,746,305</u>



HASEEB WAQAS SUGAR MILLS LIMITED

	2012	2011
	Rupees	
8.1 Demand Finance - NBP		
Opening balance	150,000,000	-
Add: Loan obtained during the year	-	150,000,000
	<u>150,000,000</u>	<u>150,000,000</u>
Less: payment made during the year	(37,500,000)	
	<u>112,500,000</u>	<u>150,000,000</u>

This finance has been obtained from National Bank of Pakistan. The finance is secured by first charge of Rs. 250 million on fixed assets of the Company and personal guarantees of directors of the Company. It carries markup 3 months KIBOR +2.5% per annum. This loan is payable in twelve equal quarterly installments.

	2012	2011
	Rupees	
8.2 Demand Finance - PAIR		
Opening balance	-	-
Add: Loan obtained during the year	150,000,000	-
	<u>150,000,000</u>	<u>-</u>
Less: payment made during the year	-	
	<u>150,000,000</u>	<u>-</u>

This finance has been obtained from PAIR Investment Company Limited. The finance is secured by parri passu charges over the present and future fixed assets of the Company, with a margin of 33% above the financing amount. Parri passu charge by way of creation of mortgage over the land and building of the Company and personal guarantees of directors of the Company. It carries markup 3 months KIBOR +350 bps per annum. This loan is payable in eight equal quarterly installments.

	2012	2011
	Rupees	
8.3 Term Finance		
Opening balance	99,996,305	-
Add: Loan obtained/swapped during the year	-	149,996,305
	<u>99,996,305</u>	<u>149,996,305</u>
Less: payment made during the year	(75,000,000)	50,000,000
	<u>24,996,305</u>	<u>99,996,305</u>

This finance has been obtained from The Bank of Punjab under a swap arrangement whereby the balance outstanding against a short term credit facility has been converted into a long term finance. The finance is secured by token registered mortgage of Rs 100,000/- and rest equitable mortgage over property and ranking charge over current assets of Company of Rs 200 million registered with SECP and personal guarantee of directors of the Company. It carries markup 3 months average KIBOR rate+300 bps. This facility is payable in twenty four equal

		2012	2011
9 DEFERRED LIABILITIES		Rupees	
Employee retirement benefits	9.1	15,889,978	13,646,935
Deferred Income	9.2	2,534,243	19,418,211
		<u>18,424,221</u>	<u>33,065,146</u>



HASEEB WAQAS SUGAR MILLS LIMITED

9.1 EMPLOYEES RETIREMENT BENEFITS	2012	2011
	Rupees	
<i>The amounts recognized in the balance sheet are as follows</i>		
Present value of defined benefit obligation	15,030,032	10,854,535
Unrecognized actuarial gain / (loss)	859,946	2,792,400
Benefits due but not paid	-	-
	<u>15,889,978</u>	<u>13,646,935</u>
<i>Balance sheet liability</i>		
Opening balance	13,646,935	11,920,922
Amount recognized during the year	<u>2,321,377</u>	<u>2,295,882</u>
	15,968,312	14,216,804
Benefits paid during the year	<u>(78,334)</u>	<u>(569,869)</u>
Closing balance	<u>15,889,978</u>	<u>13,646,935</u>
<i>Charge for the defined benefit plan</i>		
Service cost	1,391,297	1,193,313
Interest cost	1,356,817	1,214,605
Actuarial gains recognized	<u>(426,737)</u>	<u>(112,036)</u>
	<u>2,321,377</u>	<u>2,295,882</u>

DEFINED BENEFIT PLAN

(a) General description

The scheme provides for terminal benefits for all its permanent employees who attain the minimum qualifying period at varying percentages of last drawn basic salary. The percentage depends on the number of service years with the Company. Annual charge is based on actuarial valuation carried out as at September 30, 2012, using Project Unit Credit Method.

(b) Comparison for five years

YEAR	Present value	Actuarial gain / (loss)
2008	6,528,135	384,818
2009	9,705,240	-
2010	9,716,841	(2,126,491)
2011	10,854,535	(700,355)
2012	15,030,032	1,505,717

9.2 This relate to gain arised on Sale and Lease back transaction of fixed asset and is being amortized over the lease term.



HASEEB WAQAS SUGAR MILLS LIMITED

	2012	2011
	Rupees	
10 DEFERRED TAXATION		
Deferred tax liability on taxable temporary differences		
Accelerated tax depreciation	158,502,046	138,524,304
Surplus on revaluation of property, plant and equipment	646,579,957	682,978,250
	805,082,003	821,502,554
Deferred tax asset on deductible temporary differences		
Employees retirement benefits	(5,561,492)	(4,776,427)
Finance lease	(41,950,152)	(35,128,571)
Unused tax losses	(166,291,298)	(190,647,948)
	(213,802,942)	(230,552,946)
	<u>591,279,061</u>	<u>590,949,608</u>
11 TRADE AND OTHER PAYABLES		
Trade creditors	270,585,962	91,304,059
Accrued liabilities	9,768,709	11,345,634
Sales tax payable	106,240,823	78,645,486
Workers profit participation fund	-	1,616,177
Other payables	27,361,150	31,375,261
	<u>413,956,644</u>	<u>214,286,616</u>
11.1 Workers' profit participation fund		
Opening balance	1,616,177	925,960
Markup/interest for the year	64,157	31,660
Provision made during the year	-	1,616,177
	64,157	1,647,837
	1,680,334	2,573,797
Payment made during the year	(1,680,334)	(957,620)
	<u>-</u>	<u>1,616,177</u>
12 ACCRUED INTEREST/ MARKUP		
Long term financing	5,992,638	10,535,100
Finance lease	1,871,000	2,556,064
Short term borrowings	99,867,485	76,801,170
	<u>107,731,123</u>	<u>89,892,334</u>



HASEEB WAQAS SUGAR MILLS LIMITED

13	SHORT TERM BORROWINGS		2012	2011
			Rupees	
	Loan obtained from:	Limit Rs (Million)	Note	
	Banking companies - Secured	1,400	13.1	
			1,210,614,433	292,303,490
			<u>1,210,614,433</u>	<u>292,303,490</u>

13.1 These facilities have been obtained from various commercial banks for working capital requirements and are secured by pledge of stock of sugar, ranking hypothecation charge over fixed assets, comprising land, building, plant and machinery of the Company and personal guarantees of the directors of the Company. These facilities carry various mark up at rates three months KIBOR plus 2.5% to 4% (2011: three months KIBOR plus 3 % per annum.)

14	CURRENT PORTION OF NON CURRENT LIABILITIES		2012	2011
			Rupees	
	Long term financing		131,246,305	131,250,000
	Finance lease		31,054,939	26,179,601
			<u>162,301,244</u>	<u>157,429,601</u>

15 CONTINGENCIES AND COMMITMENTS

Contingencies

Company is defending a claim of Rs. 25.153 million on account of supply of plant and machinery by M/s Ittefaq Foundries (Private) Limited. However, the Company had made a counter claim of Rs. 76.148 million for the losses suffered by the Company due to inferior quality / short supply of machinery supplied by Ittefaq Foundries (Private) Limited.

The Collector of Sales Tax and Central Excise (Adjudication) Lahore has issued a show cause notice to the Company for the further tax amounting to Rs. 47 million upto tax period September 2002 on the grounds that it charged sales tax at the rate of 15 % on its sales to persons liable to be registered.

Guarantee given to Sui Northern Gas Pipelines Ltd by a commercial bank on behalf of the Company outstanding as at 30 September 2012 amounts to Rs. 10.8 million (2011: Rs. 10.8 million)

Commitments

No commitments were outstanding as at 30 September 2012



HASEEB WAQAS SUGAR MILLS LIMITED

Particulars	Cost / Revalued Amount				Depreciation			Book Value as at September 30, 2012			
	As at October 01, 2011	Additions/Deletions	Transfers	Revaluations	As at September 30, 2012	Rate %	As at October 01, 2011		Adjustment	For the Year	As at September 30, 2012
Owned											
Land - freehold	87,375,000	-	-	-	87,375,000	-	-	-	-	-	87,375,000
Buildings on freehold land											
- Factory	166,039,340	-	-	-	166,039,340	10%	-	-	16,603,934	16,603,934	149,435,406
- Non-factory	48,169,325	-	-	-	48,169,325	5%	-	-	2,408,466	2,408,466	45,760,859
Plant and machinery	2,200,000,000	138,106,580	(73,500,000)	-	2,264,606,580	5%	-	3,278,646	111,117,406	114,396,052	2,150,210,528
Furniture and fixtures	46,083,563	-	-	-	46,083,563	10	34,980,618	-	1,110,295	36,090,913	9,992,650
Vehicles	28,781,106	528,005	-	-	29,309,111	20	25,395,226	-	749,010	26,144,236	3,164,875
	<u>2,576,448,334</u>	<u>138,634,585</u>	<u>(73,500,000)</u>	<u>-</u>	<u>2,641,582,919</u>		<u>60,375,844</u>	<u>3,278,646</u>	<u>131,989,111</u>	<u>195,643,601</u>	<u>2,445,939,318</u>
Leased											
Plant and machinery	116,000,000	73,500,000	(50,000,000)	-	139,500,000	10	6,742,500	(3,278,646)	4,766,521	8,230,375	131,269,625
	<u>116,000,000</u>	<u>73,500,000</u>	<u>(50,000,000)</u>	<u>-</u>	<u>139,500,000</u>		<u>6,742,500</u>	<u>(3,278,646)</u>	<u>4,766,521</u>	<u>8,230,375</u>	<u>131,269,625</u>
Rupees 2012	<u>2,692,448,334</u>	<u>212,134,585</u>	<u>(123,500,000)</u>	<u>-</u>	<u>2,781,082,919</u>		<u>67,118,344</u>	<u>-</u>	<u>136,755,632</u>	<u>203,873,976</u>	<u>2,577,208,943</u>
Rupees 2011	<u>1,155,710,707</u>	<u>(22,900,400)</u>	<u>1,559,638,027</u>	<u>1,559,638,027</u>	<u>2,692,448,334</u>		<u>176,236,397</u>	<u>(162,635,818)</u>	<u>53,517,764</u>	<u>67,118,343</u>	<u>2,625,329,991</u>

16.01 Revaluation of land, buildings, plant and machinery was carried out by M/s Empire Enterprises as on September 30, 2011. Had there been no revaluation, the cost, accumulated depreciation and book values of the revalued assets would have been as follows:

R U P E E S

As at September 30, 2012		
Cost	Accumulated Depreciation	
	Book value	
Land - freehold	17,048,648	17,048,648
Buildings on freehold land	187,559,880	158,764,594
Plant and machinery	874,430,467	362,595,983
Rupees 2012	<u>1,079,038,995</u>	<u>521,360,577</u>
Rupees 2011	<u>1,014,432,415</u>	<u>491,222,444</u>
	<u>523,209,971</u>	

16.02 The depreciation charged for the year has been allocated as under:

	2012	2011	Note
	Rupees		
Cost of sales	132,487,861	49,361,045	23
Administrative expenses	4,267,771	4,156,719	24
	<u>136,755,632</u>	<u>53,517,764</u>	



HASEEB WAQAS SUGAR MILLS LIMITED

		2012	2011
		Rupees	
17	STORES, SPARES AND LOOSE TOOLS		
	Stores	49,013,115	41,582,189
	Spares	407,864	452,287
		<u>49,420,979</u>	<u>42,034,476</u>
	17.1 No identifiable store and spare are held for specific capitalization.		
18	STOCK IN TRADE		
	Work in process		
	Sugar	3,680,913	6,228,800
	Molasses	257,444	586,700
		3,938,357	6,815,500
	Finished goods		
	Sugar	1,077,914,817	230,256,000
	Molasses	195,323,700	20,000,000
		1,273,238,517	250,256,000
		<u>1,277,176,874</u>	<u>257,071,500</u>
	18.1 The entire stock of sugar is pledged as security with banks.		
	18.2 The entire stock of molasses as at 30 September 2012 is stated at net realizable value.		
19	TRADE RECEIVABLES - considered good		
	Others	-	4,299,096
		<u>-</u>	<u>4,299,096</u>
20	ADVANCES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES - considered good		
	Advances to employees:		
	- against purchases	2,185,238	536,955
	- against salaries - secured	1,457,345	793,838
	Advances to growers - unsecured	467,924,989	531,771,259
	Advances to suppliers - unsecured	22,272,256	6,476,824
	Deposits	8,712,721	8,712,721
	Prepayments	421,341	104,574
		<u>502,973,890</u>	<u>548,396,171</u>
	20.1 These are interest free amounts advanced to staff against future salaries and retirement benefits and are in accordance with the Company policy.		
	20.2 These represent interest free unsecured advances given to sugarcane growers against future procurement of sugarcane and are in consonance with other sugar manufacturers securing future supplies of sugarcane.		
21	CASH AND BANK BALANCES		
	Cash in hand	539,889	251,654
	Cash with banks - in current accounts	6,058,610	11,373,600
		<u>6,598,499</u>	<u>11,625,254</u>



HASEEB WAQAS SUGAR MILLS LIMITED

		2012	2011
		Rupees	
22	SALES - NET		
	- Sugar	1,951,211,552	2,994,432,788
	- Molasses	100,920,000	276,318,081
	- Bagasse	25,230,000	-
	- Mud	2,145,500	2,081,000
		<u>2,079,507,052</u>	<u>3,272,831,869</u>
	Less: Sales tax and federal excise duty	<u>(162,230,123)</u>	<u>(184,979,225)</u>
		<u><u>1,917,276,929</u></u>	<u><u>3,087,852,644</u></u>
23	COST OF GOODS SOLD		
	Raw materials consumed	2,537,000,752	2,719,776,559
	Stores and spares consumed	62,379,147	44,409,663
	Salaries, wages and other benefits	72,741,542	60,314,507
	Insurance	9,149,072	6,974,417
	Repair and maintenance	51,636,415	39,402,128
	Depreciation	132,487,861	49,361,045
	Others	3,138,510	1,758,088
		<u>2,868,533,299</u>	<u>2,921,996,407</u>
	Opening work in process	<u>6,815,500</u>	<u>6,366,121</u>
	Closing work in process	<u>(3,938,357)</u>	<u>(6,815,500)</u>
		<u>2,877,143</u>	<u>(449,379)</u>
	Cost of goods manufactured	<u>2,871,410,442</u>	<u>2,921,547,028</u>
	Opening finished goods	<u>250,256,000</u>	<u>229,108,000</u>
	Closing finished goods	<u>(1,273,238,517)</u>	<u>(250,256,000)</u>
		<u>(1,022,982,517)</u>	<u>(21,148,000)</u>
		<u><u>1,848,427,925</u></u>	<u><u>2,900,399,028</u></u>
23.1	Raw material consumed		
	Opening stock	-	-
	Purchases	<u>2,537,000,752</u>	<u>2,719,776,559</u>
		<u>2,537,000,752</u>	<u>2,719,776,559</u>
	Closing stock	-	-
		<u><u>2,537,000,752</u></u>	<u><u>2,719,776,559</u></u>

23.2 Salaries and benefits include Rs. 1.857 million (2011: Rs.1.836 million) on account of employee retirement benefits.



HASEEB WAQAS SUGAR MILLS LIMITED

		2012	2011
		Rupees	
24	ADMINISTRATIVE AND GENERAL EXPENSES		
	Director's remuneration	2,400,000	2,400,000
	Salaries, wages and other benefits	8,120,902	6,917,444
	Utilities	5,855,841	1,518,205
	Traveling and conveyance	1,025,961	939,226
	Rent, rates and taxes	2,400,000	2,400,000
	Repairs and maintenance	807,821	1,679,952
	Fees and subscription	476,315	399,191
	Insurance	954,615	1,105,528
	Vehicle running and maintenance	5,435,791	3,778,426
	Printing and stationery	363,799	292,765
	Telephone	1,499,757	1,362,909
	Postage and telegram	182,909	129,537
	Advertisement	51,740	130,190
	Entertainment	343,920	499,523
	News paper books and periodicals	16,787	13,304
	Legal and professional charges	2,153,042	2,552,750
	Depreciation	4,267,771	4,156,719
	Miscellaneous	138,136	149,944
		<u>36,495,107</u>	<u>30,425,613</u>
	24.1 Salaries and benefits include Rs. 0.464 million (2011: Rs. 0.459 million) on account of employees retirement benefits.		
25	OTHER OPERATING CHARGES	2012	2011
		Rupees	
	Auditors' remuneration		
	- Statutory audit	500,000	500,000
	- Half year review	60,000	60,000
	- Review and certifications	40,000	40,000
	- Out of pocket	25,000	25,000
		<u>625,000</u>	<u>625,000</u>
	Worker's profit participation fund	-	1,616,177
		<u>625,000</u>	<u>2,241,177</u>
26	OTHER OPERATING INCOME		
	Income from financial assets		
	Return on bank deposit	177,967	205,451
	Income from non-financial assets		
	Scrap sales	1,300	807,200
	Long term payable written back	-	36,366,344
	Deferred Income		
	Gain on sale and lease back of plant and machinery	16,883,968	6,472,738
		<u>17,063,235</u>	<u>43,851,733</u>



HASEEB WAQAS SUGAR MILLS LIMITED

27 FINANCE COST	2012	2011
	Rupees	
Interest / mark up on:		
- Long term financing	49,742,242	35,087,314
- Finance lease	13,142,215	13,608,590
- Worker's profit participation fund	64,157	31,660
- Short term borrowings	168,771,467	116,826,705
	231,720,081	165,554,269
Bank charges and commission	22,845,745	2,376,937
	<u>254,565,826</u>	<u>167,931,206</u>

28 TAXATION		
Taxation:		
- Current year	10,397,535	30,878,526
- Prior year adjustment	(15,434,200)	-
- Deferred	329,453	(18,495,579)
	<u>(4,707,212)</u>	<u>12,382,947</u>

28.1 Provision for current tax for the year ended 30 September 2012 was made in accordance with section 113 "Minimum tax on income of certain persons" of the Income Tax Ordinance 2001 ("the Ordinance").

28.2 Assessments for and upto the tax year 2012, are deemed assessments in terms of Section 120 (1) of the Ordinance, as per returns filed by the Company.

28.3 The department of Income Tax has raised a demand u/s 122(1) and 122(5) of Rs. 57,658,865 for the tax year 2006 vide its order dated 16 May 2008. The Company has filed an appeal against the said order which is pending.

29 EARNING PER SHARE - Basic		2012	2011
Profit after taxation for the year	Rupees	(201,066,482)	18,324,407
Outstanding weighted average ordinary shares	No. of shares	32,400,000	32,400,000
Earnings per share - Basic	Rupees	<u>(6.21)</u>	<u>0.57</u>

29.1 Diluted earnings per share

There is no dilution effect on the basic earnings per share of the Company as the Company has no such commitments.



HASEEB WAQAS SUGAR MILLS LIMITED

30 PLANT CAPACITY AND PRODUCTION	2012	2011
Processed cane		
Installed capacity (tones)	936,000	872,000
Installed capacity (days)	117	109
Actual crushing (tones)	648,976	513,707
Actual crushing (days)	117	109
Actual production (percentage of actual capacity in tones)	69.34%	58.91%
Sugar		
Installed capacity (tones)	84,240	73,866
Installed capacity (days)	117	109
Actual production (tones)	58,340	43,516
Actual production (days)	117	109
Actual production (percentage of actual capacity in tones)	69.25%	58.91%
Cane sugar recovery	9.00%	8.47%
31 FINANCIAL INSTRUMENTS BY CATEGORY	2012	2011
Financial assets as per balance sheet	Rupees	
Long term deposits	20,020,502	8,719,000
Trade receivables	-	4,299,096
Advances, deposits and other receivables	502,973,890	548,396,171
Cash and bank balances	6,598,499	11,625,254
	<u>529,592,890</u>	<u>573,039,521</u>
Financial liabilities as per balance sheet		
Trade and other payables	413,956,644	214,286,616
Accrued interest/mark-up	107,731,123	89,892,334
Short term borrowings	1,210,614,433	292,303,490
	<u>1,732,302,199</u>	<u>596,482,440</u>

31.1 Fair values of financial assets and liabilities

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable willing parties in an arms length transaction.

The carrying values of all financial assets and liabilities reflected in the financial statements approximate their fair values.

32 FINANCIAL INSTRUMENTS

32.1 Financial risk factors

The Company's activities expose it to a variety of financial risks: market risk (including currency risk, interest rate risk and other price risk), credit risk and liquidity risk. The Company's overall risk management programme focuses on having cost effective funding as well as to manage financial risk to minimize earnings volatility and provide maximum return to shareholders.

Risk management is carried out by the Company's finance department under policies approved by the Board of Directors.



(a) Market risk

(i) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. As the Company has no significant interest-bearing assets, the Company's income and operating cash flows are substantially independent of changes in market interest rates.

At the reporting date, the interest rate profile of the company's significant interest bearing financial instruments was as follows:

(ii) Financial liabilities

	2012	2011	2012	2011
	Percentage		Rupees	
Long term financing	16.67 to 13.70	15.57 to 16.54	175,000,000	118,746,305
Short term borrowings	17.17 to 14.22	16.07 to 16.54	1,210,614,433	292,303,490
			<u>1,385,614,433</u>	<u>411,049,795</u>
Total yield / markup rate risk sensitivity gap			<u>(1,385,614,433)</u>	<u>(411,049,795)</u>

(iii) Fair value sensitivity analysis for fixed rate instruments:

The company does not account for any fixed rate financial assets and liabilities at fair value through profit and loss. Therefore, a change in interest rates at the reporting date would not affect profit and loss account.

(iv) Cash flow sensitivity analysis for variable rate instruments:

A change of 1% in interest rates at the reporting date would have decreased / (increased) loss for the year by the amount shown below. This analysis assumes that all other variables, in particular foreign currency rates, remains constants. This analysis is performed on the same basis for 2011.

	Effect on Profit and Loss 1% rate	
	Increase	Decrease
As at September 30, 2012		
Cash flow sensitivity - variable rate financial liabilities	<u>13,856,144</u>	<u>(13,856,144)</u>
As at September 30, 2011		
Cash flow sensitivity - variable rate financial liabilities	<u>4,110,498</u>	<u>(4,110,498)</u>

(v) Other price risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from currency risk or interest rate risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. The Company is not exposed to equity securities price risk as there is no investment in listed securities.



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(b) Credit risk

Credit risk represents the risk of financial loss being caused if counter parties fail to discharge an obligation.

Credit risk arises from deposits with banks, trade debts, loans and advances, deposits and other receivables.

The company seeks to minimize the credit risk exposure through having exposures only to customers considered credit worthy and obtaining securities where applicable. Where considered necessary, advance payments are obtained from certain parties. The maximum exposure to credit risk is equal to the carrying amount of financial assets. Out of the total financial assets of Rs. 529,592,890 (2011: Rs. 573,039,521), the financial assets exposed to credit risk amount to Rs. 522,994,392 (2011: Rs.572,787,867).

The maximum exposure to credit risk for trade receivable at the balance sheet date is as follows:

	2012	2011
	Rupees	
Trade receivables	-	4,299,096
	<u>-</u>	<u>4,299,096</u>

The aging of loans and receivables at the reporting date was:

Past due 0-6 months	-	-
Past due 6-12 months	-	-
More than one year	-	4,299,096
	<u>-</u>	<u>4,299,096</u>

The Company monitors the credit quality of its financial assets with reference to historical performance of such assets and available external credit ratings. The carrying values of financial assets which have not impaired are as under:

	2012	2011
	Rupees	
Long term deposits	20,020,502	8,719,000
Trade receivables	-	4,299,096
Advances, deposits, prepayments and other receivables	502,973,890	548,396,171
Cash and bank balances	6,598,499	11,625,254
	<u>529,592,890</u>	<u>573,039,521</u>

The credit quality of receivables can be assessed with reference to their historical performance with no or some defaults in recent history, however, no losses. The credit quality of Company's bank balances can be assessed with reference to external credit

Bank	Rating agency	Short Term Borrowings	Long Term Loans
United Bank Limited	JCR-VIS	A-1+	AA+
The Bank of Punjab	PACRA	A1+	AA-
MCB Bank Limited	PACRA	A1+	AA+
NIB Bank Limited	PACRA	A1+	AA-
National Bank of Pakistan	JCR-VIS	A-1+	AAA



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(c) Liquidity risk

Liquidity risk represents the risk that the Company will encounter difficulties in meeting obligations associated with financial liabilities. Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities. Due to growing nature of the businesses the Company maintains flexibility in funding by maintaining committed credit lines available.

The table shows analyses how management monitors net liquidity based on details of the remaining contractual maturities of financial assets and liabilities. The amounts disclosed in the table are the contractual undiscounted cash flows.

	2012				
	Carrying Amount	Contractual cash flows	Six months or less	Six to twelve months	Two to five years
Non-Derivative					
Financial Liabilities					
Long term financing	287,496,305	(287,496,305)	(43,750,000)	(62,500,000)	(181,246,305)
Trade and other payables	413,956,644	(413,956,644)	(413,956,644)	-	-
Short term borrowings	1,210,614,433	(1,210,614,433)	(1,210,614,433)	-	-
	<u>1,912,067,381</u>	<u>(1,912,067,381)</u>	<u>(1,668,321,076)</u>	<u>(62,500,000)</u>	<u>(181,246,305)</u>
	2011				
	Carrying Amount	Contractual cash flows	Six months or less	Six to twelve months	Two to five years
Non-Derivative					
Financial Liabilities					
Long term financing	249,996,305	(249,996,305)	(62,500,000)	(62,500,000)	(124,996,305)
Trade and other payables	214,286,616	(214,286,616)	(214,286,616)	-	-
Short term borrowings	292,303,490	(292,303,490)	(292,303,490)	-	-
	<u>756,586,411</u>	<u>(756,586,411)</u>	<u>(569,090,106)</u>	<u>(62,500,000)</u>	<u>(124,996,305)</u>

The contractual cash flows relating to the above financial liabilities have been determined on the basis of markup rates effective as at 30 September. The rates of mark-up have been disclosed in respective notes to these financial statements.

33 RELATED PARTY TRANSACTIONS

Related parties comprise holding company, subsidiaries and associated undertakings, 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 related party transactions and balances are as follows:

The Company during the year entered into transactions with the following related parties:

Name of Related Party	Nature of relationship
Abdullah Sugar Mills Limited	Associate (common management)
Haseeb Waqas Trading (Private) Limited	Associate (common management)
Key Management Personnel	Employer - Employee



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33.1 Details of related party transactions other than those with key management personnel

The Company during the year entered into following transactions with related parties other than key management personnel:

	2012	2011
	Rupees	
33.1.1 Transactions with Associates		
Sale of molasses	100,920,000	276,318,081
Sale of stores and spares	955,545	859,924

33.1.2 Payments against balances due to related parties were made partially in cash and partially by paying for expenses on behalf of related parties and vice versa.

33.1.3 As per common practice in the sugar industry in Pakistan, the Company also purchased sugar cane from persons associated, directly and indirectly, with management personnel of the Company. These purchases were made in accordance with the cane procurement practice in the sugar industry. It is not practicable to determine the related amounts.

33.2 Compensation of key management personnel

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any Director. The Company's key management personnel comprise the Chief Executive, Directors and Executives. Total compensation for key management personnel was as follows:

	Year ended 30 September 2012		
	Chief Executive	Directors	Executives
<i>Short-term employee benefits</i>			
Remuneration	2,400,000		4,446,576
Meeting fee	-	-	-
	2,400,000	-	4,446,576
<i>Post employment benefits</i>			
Retirement benefits	-	-	-
	2,400,000	-	4,446,576
No. of persons	1	-	5



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	Year ended 30 September 2011		
	Chief Executive	Directors	Executives
<i>Short-term employee benefits</i>			
Remuneration	2,400,000	-	3,397,440
Meeting fee	-	-	-
	2,400,000	-	3,397,440
<i>Post employment benefits</i>			
Retirement benefits	-	-	-
	2,400,000	-	3,397,440
No. of persons	1		4

The Chief Executive and the Directors of the Company have waived their right to receive meeting fee. Additionally, Chief Executive and one Director are provided with free use of cellular phones and Company maintained cars.

33.3 Details of related party balances are as follows:

	2012	2011
	Rupees	
33.3.1 Balances with Associates		
Payable to:		
Haseeb Waqas Trading (Private) Limited	2,204,064	2,204,064
Abdullah Sugar Mills Limited	191,168,426	10,907,962
Long term loan from directors	204,614,594	236,355,234

The maximum aggregate amount due from associates at the end of any month during the year amounts to Rs. 23,820,976 (2011: Rs.13,089,502)

34 AUTHORIZATION OF FINANCIAL STATEMENTS

These financial statements have been authorized for issue by the Board of Directors of the Company on January 01, 2013.

35 GENERAL

- Figures have been rounded off to the nearest of rupees;
- Comparative figures have been rearranged / reclassified, wherever necessary, to facilitate comparison.

CHIEF EXECUTIVE.

DIRECTOR.



HASEEB WAQAS SUGAR MILLS LIMITED

FORM OF PROXY

The Company Secretary
Haseeb Waqas Sugar Mills Limited
06-F, Model Town,
Lahore.

I / We _____
of _____ being member(s) of Haseeb Waqas Sugar Mills Limited
holding _____ ordinary Shares as per Share Register Folio No./CDC Participant I.D. No. _____
hereby appoints Mr/Mrs/Miss _____ of _____ who is also a member of the
Company, Folio No./CDC Participant I.D. No. _____ or failing him/her _____ of
Folio No./ CDC Participant I.D. No. _____ another member of the Company as my / our Proxy in
my / our absence to attend and vote for me/us and on my/our behalf at the 21st Annual General Meeting of the
Company to be held on Friday 25th day of January, 2013 at 09:00 a.m. at the Registered Office of the Company.

Signed this _____ day of _____ 2013

Please affix Five
Rupees Revenue
Stamp

Signature of Member

(The Signature should agree with the specimen
registered with the Company.)

Witness:

Signature: _____

Name: _____

Address: _____

NIC No: _____

Witness:

Signature: _____

Name: _____

Address _____

NIC No: _____

Notes

1. This proxy form, duly completed and signed, must be received at the Registered Office of the Company, 6-F, Model Town, Lahore, not less than 48 hours before the time of holding the meeting.
2. If a member appoints more than one proxy and more than one instruments of proxies are deposited by a member with the company, all such instruments of proxy shall be rendered invalid.
3. No person can act as proxy unless he / she is member of the Company, except that a corporation may appoint a person who is not a member.

For CDC Account Holders / Corporate Entities.

In addition to the above, the following requirements have to be met.

- i. The proxy form shall be witnessed by two persons whose names, addresses and CNIC number shall be mentioned on the form.
- ii. Attested copies of CNIC or Passport of the beneficial owners and the proxy shall be provided with the proxy form.
- iii. The proxy shall produce his **original CNIC or Passport** at the time of attending the meeting.
- iv. In case of corporate entity, the Board of Directors' Resolution / Power of Attorney with specimen signature shall be submitted (unless it has been provided earlier) alongwith proxy form to the Company.



HASEEB WAQAS SUGAR MILLS LIMITED

AFFIX
CORRECT
POSTAGE

The Company Secretary,
Haseeb Waqas Sugar Mills Limited
06-F Model Town, Lahore.