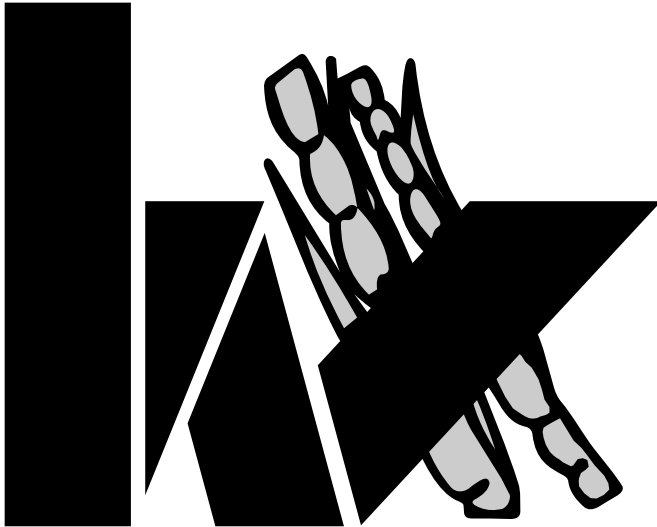


1st QUARTER REPORT
December 31, 2014 (Un-audited)



HASEEB WAQAS
SUGAR MILLS LTD.





HASEEB WAQAS SUGAR MILLS LIMITED



HASEEB WAQAS SUGAR MILLS LIMITED

COMPANY PROFILE

BOARD OF DIRECTORS

- | | |
|--------------------------------|-----------------|
| 1. Mr. Raza Mustafa | Chairman |
| 2. Brig (R) Muhammad Akram | Chief Executive |
| 3. Mian Haseeb Ilyas | Director |
| 4. Mian Waqas Riaz | Director |
| 5. Mrs. Zainab Waqas | Director |
| 6. Mrs. Shahzadi Ilyas | Director |
| 7. Hafiz M. Irfan Hussain Butt | Director |
| 8. Miss. Zakia Ilyas | Director |

AUDIT COMMITTEE

1. Hafiz M. Irfan Hussain Butt (Chairman)
2. Ms. Zakia Ilyas (Member)
3. Mr. Raza Mustafa (Member)

HUMAN RESOURCE & REMUNERATION COMMITTEE

1. Mian Waqas Riaz (Member)
2. Mrs. Zainab Waqas (Member)
3. Ms. Zakia Ilyas (Member)

COMPANY SECRETARY

Mr. Ansar Ahmed FCA
Tel: 042-35917313
Email: cs@hwgc.com.pk

CHIEF FINANCIAL OFFICER

Syed Mubashar Hussain Bukhari
Tel: 042-35917321-3
Email: mubashir_qadari@hwgc.com.pk

AUDITORS

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

REGISTRAR

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

MILLS

Mehrajabad, Tehsil & District
Nankana Sahib.
Tel: 056-2724010-4
Fax: 056-2874367

REGISTERED OFFICE

06-F, Model Town, Lahore.
Tel: 042-35917321-23
Fax: 042-35917317
Website: www.hwgc.com.pk

BANKERS

National Bank of Pakistan
Sindh Bank Limited
The Bank of Punjab

LEGAL ADVISOR

Mian Aslam Shahzad
(Advocate)



HASEEB WAQAS SUGAR MILLS LIMITED

DIRECTOR'S REVIEW FOR THE 1st QUARTER ENDED DECEMBER 31, 2014

Dear Members

The directors of your Company take pleasure in presenting the un-audited accounts for the period ended December 31, 2014.

FINANCIAL RESULTS

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

	For the period ended December 31,	
	2014	2013
	(Rupees in thousands)	
Net Sales	902,434	561,894
Gross (Loss)	(243,146)	(192,953)
Net (Loss) before tax	(286,438)	(240,556)
Net (Loss) after tax	(304,656)	(234,899)
Basic Earning per share	(9.40)	(7.25)

The depressed picture of sugar sector continues due to high cane cost and low sale price of sugar as a result of which losses are being incurred. However, persistent operational losses are expected to start reversing from next year as area under cane development in the country is expected to decrease next year. Operational measures taken for energy savings will also come into effect by that time to compensate for negative generation.

OPERATIONAL DATA

The crushing season started on November 21, 2014. Operating results for the period under review are as under:

		November 21, 2014 To January 26, 2015	November 18, 2013 To January 28, 2014
Crushing days	Days	71	72
Average recovery	%age	8.39	8.92
Cane crushed	M. Tones	154,541	282,006
Sugar produced	M. Tones	12,120	25,155

The mills were operated for 71 days with total crushing of 154,541 M.Tones as against 72 days with total crushing of 282,006 M.Tones. Average recovery has decreased from 8.92% to 8.39%. Cane crushed & sugar produced is 154,541 M.T & 12,155 M.T as compared with 282,006 M.T & 25,155 M.T respectively of same period of last year.

FUTURE OUTLOOK

In the current year, we are expecting that prices of sugar will stabilize in the coming month.

ACKNOWLEDGEMENT:

The Board of directors deeply express their appreciation and pay their gratitude to sugarcane growers, valuable customers, shareholders, banks and Government departments for their continued support, trust, persistent co-operation and patronage which gives strength to pursue our corporate objectives with renewed vigor. The Board also acknowledges the valuable teamwork, devotion and dedication by the executives, employees and workers of the Company.

On behalf of the Board

**Lahore
January 30, 2015.**

(Brig. (R) Muhammad Akram Khan)
Chief Executive



HASEEB WAQAS SUGAR MILLS LIMITED

CONDENSED INTERIM BALANCE SHEET AS AT DECEMBER 31, 2014

	Note	<u>Dec 31, 2014</u>	<u>Sep 30, 2014</u>
		Rupees	
CAPITAL AND LIABILITIES			
Share Capital and Reserves			
Authorized capital			
35,000,000 (2014: 35,000,000) ordinary shares of Rs. 10 each		<u>350,000,000</u>	<u>350,000,000</u>
Issued, subscribed and paid up capital		324,000,000	324,000,000
Accumulated loss		<u>(1,298,043,059)</u>	<u>(1,083,736,505)</u>
		(974,043,059)	(759,736,505)
Surplus on Revaluation of Property, Plant and Equipment		1,768,804,207	1,859,153,693
Non Current Liabilities			
Long term financing - secured		665,625,000	-
Loan from directors - secured	5	233,712,341	207,371,944
Liabilities against assets subject to finance lease		12,499,999	12,499,999
Deferred gain		-	-
Deferred liabilities		23,580,285	22,792,246
Deferred taxation		894,669,392	876,451,750
		1,830,087,017	1,119,115,939
Current Liabilities			
Trade and other payables		315,553,438	681,685,228
Markup/ interest payables		62,198,376	72,077,785
Short term borrowings		1,304,978,004	1,610,578,931
Current portion of non current liabilities		150,363,011	135,988,011
Provision for taxation		-	-
		1,833,092,830	2,500,329,955
Contingencies and Commitments	6	-	-
		<u>4,457,940,994</u>	<u>4,718,863,082</u>
ASSETS			
Non Current Assets			
Property, plant and equipment	7	3,550,241,051	3,570,545,215
Long term deposits		<u>14,247,120</u>	<u>14,247,120</u>
		3,564,488,171	3,584,792,335
Current Assets			
Stores, spares and loose tools		35,772,372	59,862,296
Stock in trade		85,161,666	574,075,966
Loans and advance		5,914,758	5,914,758
Trade deposits and short term prepayments		760,107,695	483,611,516
Cash and bank balances		<u>6,496,332</u>	<u>10,606,211</u>
		893,452,824	1,134,070,747
		<u>4,457,940,994</u>	<u>4,718,863,082</u>

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

CHIEF EXECUTIVE

DIRECTOR



HASEEB WAQAS SUGAR MILLS LIMITED

CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED) FOR THE 1ST QUARTER ENDED DECEMBER 31, 2014

	Note	Un-audited	
		Dec 31, 2014	Dec 31, 2013
		Rupees	
Sales - Net	8	902,434,021	561,894,452
Cost of goods sold	9	<u>1,145,580,110</u>	<u>754,848,236</u>
Gross (loss)		(243,146,089)	(192,953,784)
Operating expenses:			
- Administrative and general expenses		<u>8,411,306</u>	<u>7,068,264</u>
		(251,557,396)	(200,022,048)
Other operating income		<u>-</u>	<u>316,833</u>
(Loss) from operation		(251,557,396)	(199,705,215)
Finance cost		34,881,003	40,850,988
(Loss) before taxation		<u>(286,438,398)</u>	<u>(240,556,203)</u>
Taxation			
Current		<u>-</u>	<u>-</u>
Deferred		<u>(18,217,642)</u>	<u>5,656,351</u>
		(18,217,642)	5,656,351
(Loss)/ profit after taxation		<u><u>(304,656,040)</u></u>	<u><u>(234,899,852)</u></u>
Earning per share - basic		<u><u>(9.40)</u></u>	<u><u>(7.25)</u></u>

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

CHIEF EXECUTIVE

DIRECTOR



HASEEB WAQAS SUGAR MILLS LIMITED

CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED) FOR THE 1st QUARTER ENDED DECEMBER 31, 2014

	Un-audited	
	Dec 31, 2014	Dec 31, 2013
	Rupees	
(Loss) after taxation	(304,656,040)	(234,899,852)
Other comprehensive income	-	-
Total comprehensive (loss) for the period	<u>(304,656,040)</u>	<u>(234,899,852)</u>

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

CHIEF EXECUTIVE

DIRECTOR



HASEEB WAQAS SUGAR MILLS LIMITED

CONDENSED INTERIM STATEMENT OF CASH FLOWS (UN-AUDITED) FOR THE 1st QUARTER ENDED DECEMBER 31, 2014

	Un-audited	
	Dec 31, 2014	Dec 31, 2013
	Rupees	
CASH FLOW FROM OPERATING ACTIVITIES		
(Loss) before taxation	(286,438,398)	(240,556,203)
Adjustments for:		
- Depreciation	45,028,739	32,183,588
- Provision for employees retirement benefits	816,667	580,344
- Amortization of deferred income	-	(316,781)
- Finance cost	34,881,003	40,850,988
	<u>80,726,409</u>	<u>73,298,139</u>
Operating (loss)/ profit before working capital changes	(205,711,990)	(167,258,064)
(Increase) / decrease in current assets:		
- Stores, spares and loose tools	24,089,925	3,856,510
- Stock in trade	488,914,300	45,967,310
- Trade deposits and short term prepayments	(273,455,348)	(73,504,329)
Increase / (decrease) in current liabilities:		
- Trade and other payables	(366,131,790)	163,794,440
	<u>(126,582,913)</u>	<u>140,113,931</u>
Cash used in operations	(332,294,903)	(27,144,133)
Income tax paid / deducted	(3,040,832)	(2,924,482)
Gratuity paid	(28,628)	(21,450)
Finance cost paid	(44,760,411)	(78,608,260)
Net cash generated/ used in operating activities	(380,124,774)	(108,698,325)
CASH FLOW FROM INVESTING ACTIVITIES		
Property, plant and equipment purchased	(24,724,575)	-
Net cash used in investing activities	(24,724,575)	-
CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds / (Repayment) from long term loans - Net	680,000,000	(31,575,570)
Proceeds / (Repayment) from Lease Finance - Net	-	(8,577,618)
Proceeds / (Repayment) from directors' loan - Net	26,340,397	-
Proceeds / (Repayment) from short term borrowings - Net	(305,600,927)	170,401,635
Net cash generated from/ used in financing activities	400,739,470	130,248,447
Net increase in cash and cash equivalents	(4,109,879)	21,550,122
Cash and cash equivalents at the beginning of the period	10,606,211	19,320,307
Cash and cash equivalents at the end of the period	<u>6,496,332</u>	<u>40,870,429</u>

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

CHIEF EXECUTIVE

DIRECTOR



HASEEB WAQAS SUGAR MILLS LIMITED

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED) FOR THE 1st QUARTER ENDED DECEMBER 31, 2014

	Share Capital	Accumulated loss / Unappropriated profit	Total
	Rupees		
Balance as at September 30, 2013	324,000,000	(517,158,014)	(193,158,014)
Loss for the period	-	(234,899,852)	(234,899,852)
Other comprehensive income	-	-	-
Total comprehensive income/ (loss) for the period	-	(234,899,852)	(234,899,852)
Transfer from surplus on revaluation of fixed assets in respect of incremental depreciation - net of deferred tax	-	15,058,330	15,058,330
Balance as at December 31, 2013	324,000,000	(736,999,536)	(412,999,536)
Loss for the period	-	(391,857,097)	(391,857,097)
Other comprehensive income	-	-	-
Total comprehensive income/ (loss) for the period	-	(391,857,097)	(391,857,097)
Transfer from surplus on revaluation of fixed assets in respect of incremental depreciation - net of deferred tax	-	45,120,128	45,120,128
	-	-	-
Balance as at September 30, 2014	324,000,000	(1,083,736,505)	(759,736,505)
Loss for the period	-	(304,656,040)	(304,656,040)
Other comprehensive income	-	-	-
Total comprehensive income/ (loss) for the period	-	(304,656,040)	(304,656,040)
Transfer from surplus on revaluation of fixed assets in respect of incremental depreciation - net of deferred tax	-	90,349,486	90,349,486
Balance as at December 31, 2014	324,000,000	(1,298,043,059)	(974,043,059)

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

CHIEF EXECUTIVE

DIRECTOR



HASEEB WAQAS SUGAR MILLS LIMITED

SELECTED NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION. FOR THE 1st QUARTER ENDED DECEMBER 31, 2014

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 6-F 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

These financial statements are unaudited and are being submitted to share holders as required u/s 245 of Companies Ordinance, 1984. These have been prepared in accordance with the International Accounting Standard No. 34 "Interim Financial Reporting" as applicable in Pakistan and notified by Securities and Exchanges Commission of Pakistan (SECP) and shall be read in conjunction with the published audited financial statements for the year ended September 30, 2014

The crushing season 2014-2015 of the Company commenced on November 21, 2014

3 ACCOUNTING POLICIES AND COMPUTATION METHODS

The accounting policies and methods of computations adopted for the preparation of these financial statements are the same as applied in the preparation of the preceding annual published financial statements of the Company for the year ended September 30, 2014.

4 GOING CONCERN ASSUMPTION

The financial statements of the Company indicate that the Company incurred gross loss amounting to Rs. 243,146,089 (Dec 2013 : 192,953,784) and net loss from operations amounting to Rs. 251,557,396 (Dec 2013: 199,705,215) and accumulated losses Rs 1,298,043,059 (Sep 2014: 1,083,736,505) which leads to negative equity of Rs. 974,043,059 (Sep 2014: 759,736,505). Moreover the current liabilities exceed current assets by Rs. 939,640,007 (Sep 2014: 1,366,259,208).

In view of the historic fall in sugar prices and upward revision of cane prices by the government, the industry suffered devastatingly. As the sugar prices are at lowest ever level for the last three years in national and international markets resulting in heavy losses. Resultantly, mills have moved to courts asking for intervention to settle the issue, and force the government to pay heed to their demands in order to remove the threat of business closure.

Operational measures

In view of above issues Company has taken following steps:

- Restructuring of current liabilities out of which liabilities of amounting to Rs 750 Million have already been restructured and remaining 500 Million will hopefully be completed before March 2015.
- BMR for energy saving for Rs 174,993,606 done for compensation of losses in sugar production each year.

The management foresees positive cash flow from future operations in expectation of better availability of sugar cane in the following seasons and better sugar prices to arrange and meet its working capital finance for the next season through advances against sugar and other sources according to the requirements of production.

The projected financial statement prepared by the management to support its going concern assessment is based on following assumptions.

	Projected				
	2015	2016	2017	2018	
Sugar cane crushing M.T	609,000	630,000	651,000	672,000	
Sugar cane rate	182	200	215	230	
Sugar price per Kg	52	56	60	63	
		Unaudited		Audited	
		Dec 31, 2014		Sep 30, 2014	
		Rupees			
		<u>233,712,341</u>		<u>207,371,944</u>	

5 LOAN FROM DIRECTORS - secured

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.

These are subordinated to National Bank of Pakistan, The Bank of Punjab and Sindh Bank Limited.

This includes loan of Rs. 70,779,274/- from Mr. Muhammad Ilyas Mehraj, a shareholder and former director of the company.



HASEEB WAQAS SUGAR MILLS LIMITED

6 CONTINGENCIES AND COMMITMENTS

6.1 There is no material change in the status of the contingencies and commitments reported in the annual financial statements for the year ended September 30, 2014

	Unaudited Dec 31, 2014	Audited Sep 30, 2014
7 PROPERTY, PLANT AND EQUIPMENT	Rupees	
Opening written down value	3,570,545,215	2,509,729,821
Addition during the period/year		
- Plant and machinery	24,724,575	174,993,606
Revaluation surplus arised during the year	-	1,017,550,204
	<u>3,595,269,790</u>	<u>3,702,273,631</u>
Book value of assets disposed off during period	-	(27,006)
	<u>3,595,269,790</u>	<u>3,702,246,625</u>
Depreciation for the period / year	<u>(45,028,739)</u>	<u>(131,701,411)</u>
	<u><u>3,550,241,051</u></u>	<u><u>3,570,545,215</u></u>

	Unaudited	
	Dec 31, 2014	Dec 31, 2013
8 SALES - NET	Rupees	
- Sugar	973,863,591	606,186,078
- Mud	836,000	1,135,000
	<u>974,699,591</u>	<u>607,321,078</u>
Less: Sales tax and federal excise duty	<u>(72,265,570)</u>	<u>(45,426,626)</u>
	<u><u>902,434,021</u></u>	<u><u>561,894,452</u></u>

	Unaudited	
	Dec 31, 2014	Dec 31, 2013
9 COST OF GOODS SOLD	Rupees	
Raw materials consumed	548,982,220	598,575,956
Stores and spares consumed	19,047,451	25,798,340
Salaries, wages and other benefits	24,993,569	21,484,870
Insurance	941,166	1,447,295
Repair and maintenance	18,266,672	29,636,445
Depreciation	43,947,845	31,267,894
Others	486,887	670,126
	<u>656,665,810</u>	<u>708,880,926</u>
Opening work in process	<u>3,772,420</u>	<u>2,312,037</u>
Closing work in process	<u>(38,786,333)</u>	<u>(31,010,591)</u>
	<u>(35,013,913)</u>	<u>(28,698,554)</u>
Cost of goods manufactured	<u>621,651,897</u>	<u>680,182,372</u>
Opening finished goods	<u>570,303,546</u>	<u>879,017,464</u>
Closing finished goods	<u>(46,375,333)</u>	<u>(804,351,600)</u>
	<u>523,928,213</u>	<u>74,665,864</u>
	<u><u>1,145,580,110</u></u>	<u><u>754,848,236</u></u>

10 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:



HASEEB WAQAS SUGAR MILLS LIMITED

10.1 Balances with related parties	Unaudited	Audited
	Dec 31, 2014	Sep 30, 2014
	Rupees	
Due to:		
Abdullah Sugar Mills Limited	633,186,000	707,550,367
Haseeb Waqas Trading (Private) Limited	2,204,064	2,204,064
Oriental Fruits (Private) Limited	893,500	893,500
Long term loan from directors	233,712,341	207,371,944
Due by:		
Haseeb Waqas Dairy (Private) Limited	5,914,758	5,914,758

Due to related parties represents balances resulting from related party transactions entered into in ordinary course of business.

11 AUTHORIZATION FOR ISSUE

These condensed interim financial statements have authorized for issue by the Board of Directors of the Company on January 30, 2015.

12 GENERAL

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

CHIEF EXECUTIVE

DIRECTOR



HASEEB WAQAS

SUGAR MILLS LTD.

06-F Model Town,

Lahore-Pakistan.

Tel: (92-42)35917321-3

Fax: (92-42)35917317

Web: www.hwgc.com.pk

