



HASEEB WAQAS SUGAR MILLS LIMITED



COMPANY INFORMATION

BOARD OF DIRECTORS

- | | |
|------------------------|--------------------------|
| 1. Mr. Raza Mustafa | Chairman |
| 2. Mian Haseeb Ilyas | Chief Executive/Director |
| 3. Mian Waqas Riaz | Director |
| 4. Mian Abdullah Ilyas | Director |
| 5. Mrs. Zainab Waqas | Director |
| 6. Mrs. Shahzadi Ilyas | Director |
| 7. Miss. Zakia Ilyas | Director |
| 8. Mr. Yousaf Ilyas | Director |

AUDIT COMMITTEE

1. Mr. Raza Mustafa (Chairman)
2. Ms. Zakia Ilyas (Member)
3. Mr. Yousaf Ilyas (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

REGISTERED OFFICE

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

CHIEF FINANCIAL OFFICER

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

AUDITORS

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

REGISTRAR

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

LEGAL ADVISOR

Muhammad Ahsan Khan
(Advocate)

MILLS

Mauza Jagmal, Tehsil Jattoi
District. Muzaffargarh

BANKERS

National Bank of Pakistan
Sindh Bank Limited
The Bank of Punjab



DIRECTORS' REVIEW FOR THE HALF YEAR ENDED 31 MARCH 2018

Dear Members

On behalf of the Board of Directors, it is my privilege to present you the Half Yearly condensed financial statements duly reviewed by the statutory auditors and their report is attached to the financial statements.

FINANCIAL RESULTS

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

	For the half year ended 31 March	
	2018	2017
	(Rupees in thousand)	
Net Sales	176,684	884,515
Gross Profit / (Loss)	(127,643)	(127,588)
Net Profit / (Loss) before tax	(225,760)	(219,805)
Net Profit / (Loss) after tax	(190,108)	(142,073)
Basic Earning	(5.87)	(4.38)

During the period under review, company posted gross loss of Rs.127,643,754 as compared to last year Rs.127,588,114. Further, the Company's gross loss and net loss ratio is 72% and 108% respectively which is much higher than corresponding period gross profit and net profit ratios which were negative 39% and 49% respectively. The reason of losses is high cane cost compare to low sugar prices and technical issues which led to low recovery.

OPERATIONAL DATA

		26 February 2018 To 01 April 2018	02 December 2016 To 11 February 2017
Crushing days	Days	35	72
Average recovery	%age	8.50	8.75
Cane crushed	M.T.	76,819.660	177,118.515
Sugar produced	M.T.	5,808	14,847.50

The mills were operated for 35 days with total crushing 76,819.660 M. Tons as against 72 days with total crushing of 177,118.515 M. Tons.



AUDITOR'S REPORT

In reply to Auditors' observations, your directors would like to submit that to mitigate the above issues your company has taken following steps:

- Shifting of mill to Alipur Jatoi, Muzaffargarh done where sugar cane availability and sugar recovery are better.
- BMR done and we will impact of this BMR in the financials of coming season.
- The management foresees positive cash flow from future operations in expectation of better availability of sugar cane and sugar prices in coming season, since sugar dynamics are good and rising.
- We have filed an appeal with August Supreme Court of Pakistan against the orders of Lahore High Court, Lahore for dismantling of mills from Muzaffargarh back to Nankana. The August Supreme Court of Pakistan granted bail and stay order against the order of Lahore High Court, Lahore. During pendency of appeal Supreme Court of Pakistan took notice of grievances faced by the local growers of mills area and allowed to operate the mills in the last week of February 2018 for this crushing season only. However, all above depends upon the fate of civil appeals pending adjudication at August Supreme Court of Pakistan.

CHANGE OF DIRECTOR AND RE-APPOINTMENT OF CHIEF EXECUTIVE

Mr. Yousaf Ilyas has been appointed as Director in place of Hafiz M. Irfan Hussain Butt and Mian Haseeb Ilyas has been re-appointed as Chief Executive on 10 April 2018.

Mr. Yousaf Ilyas was also appointed as a member in audit committee in place of Hafiz Irfan Hussain Butt.

FUTURE OUTLOOK

The company have moved CPLA in August Supreme Court of Pakistan against the above judgment of Lahore High Court, Lahore seeking stay order. The petition of mills accepted by August Supreme Court of Pakistan and stay granted against the Lahore High Court, Lahore judgment for dismantling and removing the said mills from the present location. The fate of mills depends upon decision of August Supreme Court of Pakistan. .

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.

Lahore
29 May 2018

On behalf of the Board
(MIAN HASEEB ILYAS)
Chief Executive



INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Haseeb Waqas Sugar Mills Limited Report on review of interim financial statements

Introduction

We have reviewed the accompanying condensed interim balance sheet of **Haseeb Waqas Sugar Mills Limited** as at March 31, 2018 and the related condensed interim profit and loss account, condensed interim statement of comprehensive income, condensed interim cash flow statement, condensed interim statement of changes in equity and notes to the interim financial information for the six months period then ended (here-in after referred to as "interim financial statements"). Management is responsible for the preparation and presentation of this interim financial statements in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on this interim financial information based on our review. The figures of the condensed interim profit and loss account and condensed interim statement of comprehensive income for quarters ended March 31, 2018 and 2017 have not been reviewed, as we are required to review only the cumulative figures for the half year ended March 31, 2018.

Scope of review

We conducted our review in accordance with the International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial statements as of and for the half year ended March 31, 2018 are not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting.

Emphasis of matter

Without qualifying our conclusion, we draw attention to:

1. Note # 5 in the condensed interim financial statement which indicates that the Company incurred gross loss amounting to Rs. 127,643,754/- and loss after taxation amounting to Rs. 190,108,003/- during the half year ended March 31, 2018 leading to negative equity of Rs. 1,925,599,814/-. Moreover, the current liabilities exceed current assets by Rs 2,319,580,285/-. These conditions indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern.
2. Note # 11.02 to the interim financial statements which indicate that the Company is in the process of negotiating with its banks for restructuring of long term loans because the Company has been unable to pay the overdue installments during the period.
3. Note # 11.01 to the interim financial statements which states that the Company has moved CPLA 4336/2017 before Supreme Court of Pakistan against the judgement of Lahore High Court seeking stay order.

LAHORE
Dated: May 29, 2018

QADEER & COMPANY
CHARTERED ACCOUNTANTS
NAWAZ KHAN, FCA



HASEEB WAQAS SUGAR MILLS LIMITED

CONDENSED INTERIM BALANCE SHEET AS AT MARCH 31, 2018

	Note	Un-audited March 31, 2018	Audited Sep 30, 2017
Rupees			
CAPITAL AND LIABILITIES			
Share Capital and Reserves			
Authorized capital			
35,000,000 (Sep. 2017: 35,000,000) ordinary shares of Rs. 10 each		350,000,000	350,000,000
Issued, subscribed and paid up capital	6	324,000,000	324,000,000
Loan from Directors	7	768,118,247	804,314,867
Accumulated loss		(3,017,718,061)	(2,865,617,599)
		(1,925,599,814)	(1,737,302,732)
Surplus on Revaluation of Property, Plant and Equipment		1,565,031,914	1,603,039,450
Non Current Liabilities			
Long term financing	8	857,890,224	1,050,739,048
Deferred liabilities		38,865,687	39,158,944
Deferred taxation		737,428,782	773,081,208
		1,634,184,693	1,862,979,200
Current Liabilities			
Trade and other payables		1,138,149,249	963,030,654
Markup/ interest payables		354,310,437	283,670,346
Short term borrowings	9	711,460,415	574,535,180
Current portion of non current liabilities	10	805,797,418	612,948,594
		3,009,717,518	2,434,184,774
Contingencies and Commitments	11	-	-
		4,283,334,312	4,162,900,693
ASSETS			
Non Current Assets			
Property, plant and equipment	12	3,581,207,079	3,674,162,329
Long term deposits		11,990,000	11,990,000
		3,593,197,079	3,686,152,329
Current Assets			
Stores, spares and loose tools		52,879,935	44,319,828
Stock in trade	13	196,088,311	-
Advances ,deposits, prepayments and other receivables		438,416,665	429,770,666
Cash and bank balances		2,752,322	2,657,869
		690,137,233	476,748,364
		4,283,334,312	4,162,900,693

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

CHIEF EXECUTIVE

DIRECTOR

CHIEF FINANCIAL OFFICER



HASEEB WAQAS SUGAR MILLS LIMITED

CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED) FOR THE HALF YEAR AND 2ND QUARTER ENDED MARCH 31, 2018

	Note	Half year ended		Quarter ended	
		March 31, 2018	March 31, 2017	March 31, 2018	March 31, 2017
		Rupees		Rupees	
Sales - Net	14	176,684,002	884,515,492	176,485,800	593,678,932
Cost of goods sold	15	(304,327,756)	(1,012,103,606)	(232,387,932)	(670,821,925)
Gross (loss)		(127,643,754)	(127,588,114)	(55,902,132)	(77,142,993)
Operating expenses:					
- Administrative and general		(28,520,144)	(33,105,072)	(16,395,156)	(23,621,385)
		(156,163,898)	(160,693,186)	(72,297,288)	(100,764,378)
Other operating income		1,080,002	38,000	189,242	38,000
(Loss) from operation		(155,083,896)	(160,655,186)	(72,108,046)	(100,726,378)
Finance cost		(70,676,532)	(59,150,128)	(35,003,779)	(19,376,914)
(Loss) before taxation		(225,760,428)	(219,805,314)	(107,111,825)	(120,103,292)
Taxation					
Current		-	-	-	-
Deferred		35,652,425	77,731,630	25,331,470	81,403,889
		35,652,425	77,731,630	25,331,470	81,403,889
(Loss) after taxation		(190,108,003)	(142,073,684)	(81,780,355)	(38,699,403)
Loss per share - basic and diluted		(5.87)	(4.38)	(2.52)	(1.19)

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

CHIEF EXECUTIVE

DIRECTOR

CHIEF FINANCIAL OFFICER



HASEEB WAQAS SUGAR MILLS LIMITED

CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED) FOR THE HALF YEAR AND 2ND QUARTER ENDED MARCH 31, 2018

	Half year ended		Quarter ended	
	March 31, 2018	March 31, 2017	March 31, 2018	March 31, 2017
	Rupees		Rupees	
(Loss) after taxation	(190,108,003)	(142,073,684)	(81,780,355)	(38,699,403)
Other comprehensive income for the period	-	-	-	-
Total comprehensive (loss) for the period	<u>(190,108,003)</u>	<u>(142,073,684)</u>	<u>(81,780,355)</u>	<u>(38,699,403)</u>

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

CHIEF EXECUTIVE

DIRECTOR

CHIEF FINANCIAL OFFICER



HASEEB WAQAS SUGAR MILLS LIMITED

CONDENSED INTERIM STATEMENT OF CASH FLOWS (UN-AUDITED) FOR THE HALF YEAR ENDED MARCH 31, 2018

	March 31, 2018	March 31, 2017
	Rupees	
CASH FLOW FROM OPERATING ACTIVITIES		
(Loss)/profit before taxation	(225,760,428)	(219,805,314)
Adjustments for:		
- Depreciation	92,771,300	95,483,090
- Finance cost	70,676,532	59,150,128
	163,447,832	154,633,218
Operating profit before working capital changes	(62,312,596)	(65,172,096)
(Increase) / decrease in current assets:		
- Stores, spares and loose tools	(8,560,106)	(6,654,358)
- Stock in trade	(196,088,311)	(24,276,750)
- Advances ,deposits, prepayments and other receivables	(8,645,999)	306,936,934
Increase / (decrease) in current liabilities:		
- Trade and other payables	175,118,595	(148,329,151)
	(38,175,821)	127,676,675
Cash generated /(used in) from operations	(100,488,418)	62,504,578
Income tax paid / deducted	-	-
Gratuity paid	(293,257)	-
Finance cost paid	(36,437)	(72,312,553)
Net cash generated from/(used in) operating activities	(100,818,111)	(9,807,975)
CASH FLOW FROM INVESTING ACTIVITIES		
Property, plant and equipment purchased	183,950	(13,787,920)
Capital work in process	-	-
Proceeds from sale of property, plant and equipment	-	-
Net cash (used in) investing activities	183,950	(13,787,920)
CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds / (Repayment) from long term loans - Net	-	(223,850,003)
Proceeds / (Repayment) from Directors/Sponsors- Net	(36,196,620)	85,439,456
Proceeds / (Repayment) from short term borrowings - Net	136,925,235	156,806,887
Net cash generated from financing activities	100,728,615	18,396,340
Net increase/(decrease) in cash and cash equivalents	94,453	(5,199,555)
Cash and cash equivalents at the beginning of the period	2,657,869	7,917,418
Cash and cash equivalents at the end of the period	2,752,322	2,717,863

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

CHIEF EXECUTIVE

DIRECTOR

CHIEF FINANCIAL OFFICER



HASEEB WAQAS SUGAR MILLS LIMITED

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED) FOR THE HALF YEAR ENDED MARCH 31, 2018

	Issued, subscribed and paid-up	Loan from Directors	Accumulated loss / Unappropriated profit	Total
R u p e e s				
Balance as at September 30, 2016	324,000,000	615,211,264	(2,373,421,473)	(1,434,210,209)
Total comprehensive loss for the period			-	
Net (loss) for the period	-	-	(142,073,684)	(142,073,684)
Other comprehensive income	-	-	-	-
Total comprehensive income / (loss) for the period	-	-	(142,073,684)	(142,073,684)
Increase in Director's Loan during the Period		109,797,406		109,797,406
Surplus on revaluation of fixed assets transferred to retained earnings in respect of incremental depreciation	-	-	40,248,420	40,248,420
Balance as at March 31, 2017	324,000,000	725,008,670	(2,475,246,737)	(1,426,238,067)
Total comprehensive loss for the period			-	
Net (loss) for the period	-	-	(430,634,209)	(430,634,209)
Other comprehensive income	-	-	14,929	14,929
Total comprehensive income / (loss) for the period	-	-	(430,619,280)	(430,619,280)
Increase in director's loan during the year	-	79,306,197	-	79,306,197
Surplus on revaluation of fixed assets transferred to retained earnings in respect of incremental depreciation	-	-	40,248,418	40,248,418
Balance as at September 30, 2017	324,000,000	804,314,867	(2,865,617,599)	(1,737,302,732)
Total comprehensive loss for the period			-	
Net loss for the period	-	-	(190,108,003)	(190,108,003)
Other comprehensive income	-	-	-	-
Total comprehensive income / (loss) for the period	-	-	(190,108,003)	(190,108,003)
Decrease in director's loan during the year	-	(36,196,620)	-	(36,196,620)
Surplus on revaluation of fixed assets transferred to retained earnings in respect of incremental depreciation	-	-	38,007,541	38,007,541
Balance as at March 31, 2018	324,000,000	768,118,247	(3,017,718,061)	(1,925,599,814)

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

CHIEF EXECUTIVE

DIRECTOR

CHIEF FINANCIAL OFFICER



HASEEB WAQAS SUGAR MILLS LIMITED

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION FOR THE HALF YEAR ENDED MARCH 31, 2018

1 STATUS AND ACTIVITIES

Haseeb Waqas Sugar Mills Limited ("the Company") was incorporated on 13 January 1992 as a Public Limited Company under the Companies Ordinance, 1984(now the Companies Act 2017). The Company's registered office is situated at 6F Model Town, Lahore. The mill is situated at Tehsil Jattoi Distt. Muzaffargarh. The Company is listed on Pakistan Stock Exchange. The principal activity of the Company is manufacture and sale of refined sugar and its by-products.

2 STATEMENT OF COMPLIANCE

- 2.01 This condensed interim financial report of the company for the six months period ended March 31, 2018 has been prepared in accordance with the requirements of the International Accounting Standard 34-Interim Financial Reporting and Provisions of and directives issued under the Companies Act, 2017 (the Companies Act 2017). In case where requirements differ, the provisions of or directives issued under the Companies Act 2017 have been followed.
- 2.02 This condensed interim financial report comprises of the condensed interim balance sheet as at March 31, 2018 and the condensed interim profit and loss account, condensed interim statement of changes in equity and the condensed interim cash flow statement for the six months period then ended which have been subjected to a review but not audited. This condensed interim financial report also includes the condensed interim profit and loss account for the quarter ended March 31, 2017 which is not subject to a review.
- 2.03 The comparative condensed balance sheet, presented in this condensed interim financial report, as at March 31, 2018 has been extracted from the annual audited financial statements of the Company for the year ended September 30, 2017 whereas the comparative condensed interim profit and loss account, condensed interim statement of changes in equity and condensed interim cash flow statement for the six months period ended March 31, 2018 were subjected to review but not audited. The comparative condensed profit and loss account for the quarter ended March 31, 2017 included in this condensed interim financial report was not subject to a review.

3 BASIS OF MEASUREMENT

This condensed interim financial information has been prepared under the historical cost convention modified by adjustment of revaluation of certain assets. In this condensed interim financial information, except for the cash flow statement, all the transactions have been accounted for on accrual basis.

4 SIGNIFICANT ACCOUNTING POLICIES

The accounting policies and the methods for computation adopted for the preparation of this condensed interim financial information is the same as those applied in preparation of the financial statements for the year ended September 30, 2017.

5 GOING CONCERN ASSUMPTION

During the period under review, the Company posted gross loss of Rs. 127,643,754 as compared to last year's Rs. 127,588,114. Further, the Company's gross Loss ratio and net Loss ratio is negative 72% and 108% respectively which is much higher than corresponding period's gross profit and net profit ratios which were negative 39% and 49% respectively.

OPERATIONAL MEASURES

In view of above issues Company has taken following mitigating steps:

Shifting of mill to Alipur Jatoi, Muzaffargarh done where sugar cane availability and sugar recovery are better.

BMR done and we will see impact of this BMR in the financials of coming season.

The management foresees positive cash flow from future operations in expectation of better availability of sugar cane and sugar prices in coming season, since sugar dynamics are good and rising.

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

	2019	2020	2021
Sugar Cane Crushing M.T	700,000	715,000	730,000
Sugar cane rate	180	185	190
Sugar price per Kg	60	62	64

We have filed an appeal with August Supreme Court of Pakistan against the orders of Lahore High Court Lahore for dismantling of mills from Muzaffargarh back to Nankana. The August Supreme Court of Pakistan granted bail & stay order against the order of Lahore High Court Lahore. During pendency of appeal Supreme Court of Pakistan took notice of grievances faced by the local growers of mills area & allowed to operate the mills in the last week of February 2018 for this crushing season only.

However all above depends upon the fate of civil appeals pending adjudication at August Supreme Court of Pakistan.



HASEEB WAQAS SUGAR MILLS LIMITED

	Note	Mar. 31, 2018	Sept. 30, 2017
Rupees			
6 ISSUED, SUBSCRIBED AND PAID UP CAPITAL			
27,000,000 (Sept. 2016: 27,000,000) shares issued for cash.		270,000,000	270,000,000
5,400,000 (Sept. 2016: 5,400,000) shares issued as fully paid bonus shares.		54,000,000	54,000,000
		324,000,000	324,000,000

There is no movement in ordinary share capital of the Company during period.

7 LOAN FROM DIRECTORS		768,118,247	804,314,867
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This loan has been obtained from Sponsors 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. Further, this loan is subordinated to National Bank of Pakistan, The Bank of Punjab, Sindh Bank Limited and Silk Bank Ltd.

These loans are accounted for under Technical Release - 32 "Accounting Directors' Loan" issued by the Institute of Chartered Accountants of Pakistan effective for the financial statements for the period beginning on or after January 01, 2016 with earlier application permitted.

8 LONG TERM FINANCING			
Loan from banking companies and other financial institutions-secured	8.1	857,890,224	1,050,739,048
Loan from Sponsors - unsecured	8.2	-	-
		857,890,224	1,050,739,048
National Bank of Pakistan			
- Demand Finance I	8.1.1	220,000,000	220,000,000
- Demand Finance II	8.1.2	160,000,000	160,000,000
The Bank of Punjab			
- Demand Finance	8.1.3	285,000,000	285,000,000
Sindh Bank Ltd			
- Demand Finance	8.1.4	500,000,000	500,000,000
Silk Bank Ltd			
- Demand Finance	8.1.5	390,000,000	390,000,000
PAIR Investment Company Limited			
- Demand Finance	8.1.6	70,000,000	70,000,000
		1,625,000,000	1,625,000,000
Less: current portion shown under current liabilities			
- NBP - Demand Finance - I		(140,000,000)	(110,000,000)
- NBP - Demand Finance - II		(160,000,000)	(160,000,000)
- BOP - Demand Finance		(142,500,000)	(114,000,000)
- Sindh Bank - Demand Finance		(176,609,776)	(120,260,952)
- Silk Bank Ltd		(78,000,000)	-
- Demand Finance - PAIR		(70,000,000)	(70,000,000)
		(767,109,776)	(574,260,952)
		857,890,224	1,050,739,048



HASEEB WAQAS SUGAR MILLS LIMITED

Note	Mar. 31, 2018	Sept. 30, 2017
	Rupees	
8.1.1 Demand Finance I - NBP		
Opening balance	220,000,000	220,000,000
Loan obtained during the period / year	-	-
	<u>220,000,000</u>	<u>220,000,000</u>
Less: payment made during the period / year	-	-
	<u>220,000,000</u>	<u>220,000,000</u>

This finance has been obtained from National Bank of Pakistan The finance is secured by 1st PP charge of Rs. 293.334 million on fixed assets of the Company and personal guarantees of sponsoring directors of the Company. It carries markup 3 months KIBOR +2.5% per annum. This loan is payable in ten bi-annual instalments.

8.1.2 Demand Finance II - NBP		
Opening balance	160,000,000	160,000,000
Loan obtained during the period / year	-	-
	<u>160,000,000</u>	<u>160,000,000</u>
Less: payment made during the period / year	-	-
	<u>160,000,000</u>	<u>160,000,000</u>

This finance has been obtained from National Bank of Pakistan The finance is secured by 1st PP charge of Rs. 213.334 million on fixed assets of the Company and personal guarantees of sponsoring directors of the Company. It carries markup 3 months KIBOR +2.5% per annum. This loan is payable in twelve equal quarterly instalments.

8.1.3 Demand Finance - BOP		
Opening balance	285,000,000	285,000,000
Loan obtained during the period / year	-	-
	<u>285,000,000</u>	<u>285,000,000</u>
Less: payment made during the period / year	-	-
	<u>285,000,000</u>	<u>285,000,000</u>

This finance has been obtained from The Bank of Punjab through restructuring of existing cash finance facility. The finance is secured by ranking charge over all present and future fixed assets of the Company and personal guarantees of directors of the Company. It carries markup 3 months KIBOR +1.25% per annum. This loan is payable in twenty eight quarterly instalments.

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8.1.4 Demand Finance - Sindh Bank		
Opening balance	500,000,000	500,000,000
Loan obtained during the period / year	-	-
	<u>500,000,000</u>	<u>500,000,000</u>
Less: payment made during the period / year	-	-
	<u>500,000,000</u>	<u>50,000,000</u>

This finance has been obtained from Sindh Bank Limited under demand finance arrangement. The finance is secured by ranking charge over all present and future fixed assets of the Company and personal guarantees of directors of the Company. It carries markup 3 months KIBOR +5% per annum. This loan is payable in twelve quarterly instalments.

8.1.5 Demand Finance - Silk Bank Ltd		
Opening balance	390,000,000	390,000,000
Loan obtained during the period / year	-	-
	<u>390,000,000</u>	<u>390,000,000</u>
Less: payment made during the period / year	-	-
	<u>390,000,000</u>	<u>390,000,000</u>

This finance has been obtained from Silk Bank Limited under demand finance arrangement. The finance is secured by Pari passu charge over all present and future fixed assets of the Company and corporate guarantee of Abdullah Sugar Mills Ltd. and personal guarantees of directors of the Company. It carries markup 6 months KIBOR + 2% per annum. This loan is payable in twelve quarterly instalments.



HASEEB WAQAS SUGAR MILLS LIMITED

	Note	Mar. 31, 2018	Sept. 30, 2017
Rupees			
8.1.6 Demand Finance - PAIR			
Opening balance		70,000,000	70,000,000
Less: payment made during the period / year		-	-
		70,000,000	70,000,000
<p>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 eighteen equal monthly installments.</p>			
8.2 LOAN FROM SPONSORS			
Loan from sponsors - unsecured		-	-
<p>This loan has been obtained from Sponsor of the Company, Mr. Mian Muhammad Ilyas Mehraj; and is interest free. There is no fixed tenor or schedule for repayment of this loan. According to the loan agreement, the lender shall not demand repayment and the same is entirely at the Company's option. Further, this loan is subordinated to National Bank of Pakistan, The Bank of Punjab, Sindh Bank Ltd and Silk Bank Ltd</p>			
9 SHORT TERM BORROWINGS			
Loan from related parties		711,460,415	574,535,180
		711,460,415	574,535,180
10 CURRENT PORTION OF NON CURRENT LIABILITIES			
Long term finances		767,109,776	574,260,952
Liabilities against assets subject to finance lease		38,687,642	38,687,642
		805,797,418	612,948,594
11 CONTINGENCIES AND COMMITMENTS			
11.01	<p>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 the 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 and the case is pending Adjudication at ATIR Lahore.</p>		
11.02	<p>Company has made defaults in repayment of installments of long term loans from financial institutions and banks. As a result, Company's name has been included in CIB report of State Bank of Pakistan. However, the Company is in process of restructuring the overdue loans with these financial institutions and banks.</p>		
11.03	<p>The Division Bench of Honorable Lahore High Court Lahore announced judgment on September 11, 2017 & declared shifting of Haseeb Waqas Sugar Mills Limited from Nankana to Muzaffargarh illegal & without lawful authority & in violation of Ordinance as well as the Ban Notification. Furthermore, Lahore High Court directed the mills to restore and restitute the position by dismantling & removing the said mills from the present location. However, the company has moved CPLA 4336/2017 in August before Supreme Court of Pakistan against the above judgment of Lahore High Court Lahore seeking stay order. Supreme Court granted leave and issued stay order against Lahore High Court Judgment. Now the matter is pending at Supreme Court of Pakistan.</p>		
11.04	<p>There is no material change in the status of the remaining contingencies and commitments reported in the annual financial statements for the year ended September 30, 2017.</p>		
12 PROPERTY, PLANT AND EQUIPMENT			
Opening written down value		3,674,162,329	3,738,964,682
Addition / Deletion during the period		(183,950)	137,418,613
		3,673,978,379	3,876,383,295
Depreciation for the period / year		(92,771,300)	(202,220,966)
		3,581,207,079	3,674,162,329
13 STOCK IN TRADE			
Work in process			
Sugar		169,862,853	-
By products stock		26,225,458	-
		196,088,311	-



HASEEB WAQAS SUGAR MILLS LIMITED

	Half year ended		Quarter ended	
	March 31, 2018	March 31, 2017	March 31, 2018	March 31, 2017
	Rupees		Rupees	
14 SALES - NET				
- Sugar	203,269,800	875,158,015	203,269,800	630,847,615
- Molasses	-	102,187,677	-	81,509,517
- Mud	235,860	-	235,860	-
	203,505,660	977,345,692	203,269,800	712,357,132
Less: Sales tax and excise duty	(26,821,658)	(92,830,200)	(26,784,000)	(118,678,200)
	<u>176,684,002</u>	<u>884,515,492</u>	<u>176,485,800</u>	<u>593,678,932</u>
15 COST OF GOODS SOLD				
Raw materials consumed	346,093,028	833,759,652	346,093,028	500,085,004
Stores and spares consumed	9,383,374	2,233,194	8,838,698	324,071
Salaries, wages and other benefits	38,976,557	65,483,159	23,586,675	38,169,719
Insurance	-	1,176,549	-	1,176,549
Repair and maintenance	15,067,885	40,320,597	6,199,532	39,176,894
Depreciation	89,647,790	92,215,290	43,621,046	44,771,147
Others	1,247,433	1,191,915	137,264	1,191,915
	500,416,067	1,036,380,356	428,476,243	624,895,299
Opening work in process	-	5,506,175	-	75,709,551
Closing work in process	(61,658,762)	(29,782,925)	(61,658,762)	(29,782,925)
	(61,658,762)	(24,276,750)	(61,658,762)	45,926,626
Cost of goods manufactured	438,757,305	1,012,103,606	366,817,481	670,821,925
Opening finished goods	-	-	-	-
Closing finished goods	(134,429,549)	-	(134,429,549)	-
	(134,429,549)	-	(134,429,549)	-
	<u>304,327,756</u>	<u>1,012,103,606</u>	<u>232,387,932</u>	<u>670,821,925</u>

16 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:

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

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

	March 31, 2018	Sep 30, 2017
	Rupees	
16.1.1 Transactions with Associates		
Sale of molasses	-	-
Repayment / Obtain of Loan to/from		
Abdullah Sugar Mills Ltd	136,925,235	262,272,748
Oriental Fruits (Pvt) Ltd	(153,856,469)	-
Sponsors and Directors	(36,196,620)	164,745,653
16.1.2		
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.		
16.1.3		
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.		



HASEEB WAQAS SUGAR MILLS LIMITED

March 31, 2018 Sep 30, 2017

Rupees

16.2 Details of related party balances are as follows:

Due to:

Abdullah Sugar Mills Limited	709,256,351	572,331,116
Haseeb Waqas Trading (Pvt.) Limited	2,204,064	2,204,064
Loan from Directors and Sponsors	768,118,247	804,314,867

17 AUTHORIZATION FOR ISSUE

This condensed interim financial information has been authorized for issue by the Board of Directors of the Company on May 29, 2018.

18 GENERAL

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

CHIEF EXECUTIVE

DIRECTOR

CHIEF FINANCIAL OFFICER