

Quarterly Accounts
December 31, 2009



HASEEB WAQAS SUGAR MILLS LTD.



Board of Directors

Mian Muhammad Ilyas Mehraj
Mian Waqas Riaz
Mian Haseeb Ilyas
Mrs. Zainab Waqas
Hafiz M. Irfan Hussain Butt
Mr. Sohail Ahmed Butt
Mr. Raza Mustafa
Mr. Salmaan Taseer

Chairman
Chief Executive

Audit Committee

Hafiz M. Irfan Hussain Butt
Mr. Sohail Ahmed Butt
Mr. Raza Mustafa

Chairman
Member
Member

Company Secretary & CFO

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
NIB Bank Limited
MCB Bank Limited
Mybank Ltd.
The Bank of Punjab

Website

www.hwgc.com.pk

DIRECTOR'S REVIEW
FOR THE QUARTER ENDED DECEMBER 31, 2009

The directors of your Company take pleasure in presenting the un-audited accounts for the First Quarter ended December 31, 2009.

FINANCIAL RESULTS

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

	For the period ended December 31,	
	2009	2008
	(Rupees in thousands)	
Net Sales	72,398	207,834
Gross Profit / (Loss)	16,834	26,468
Net Profit / (Loss) before tax	2,018	(1,367)
Net Profit / (Loss) after tax	31,261	1,086
Basic Earning / (Loss) per share (Rs.)	0.96	0.03

During the period under review, though the sales have been decreased as compared with the previous years' sales, yet we have registered slightly better financial results over the corresponding period of the last year by selling the sugar at better market price this year.

OPERATIONAL DATA

The crushing season started on December 03, 2009. Operating results for the period under review are as under:

		December 03, 2009 To January 26, 2010	November 26, 2008 To January 29, 2009
Crushing days	Days	55	65
Average recovery	%age	8.27	7.51
Cane crushed	M. Tones	137,433	125,418
Sugar produced	M. Tones	10,558	7,982

Our current season has started late by 08 days due to lesser availability of sugar cane crop to our mills. During this season, we have focused on acquiring only quality sugarcane. Due to the said reason, cane crushed & sugar produced have been increased by 9.58% and 32.27% respectively over the corresponding period of the last year. Further, Average Sucrose recovery has also been increased to 8.27% as compared with 7.51% of the last year. The average purchase price is around Rs. 200 per 40 kg as compared with Rs. 100 per 40 kg fixed by the Government due to which our cost of production has been increased but on the other hand, we get better market rate for our sales.

FUTURE OUTLOOK

Future prospects of the sugar industry still remain under the clouds of uncertainty due to non-existence of any medium or long-term sugar policy by the Government which is adversely hurting both the millers & the sugarcane growers. There is a need to frame a sugar policy taking into confidence both of the stakeholders.

We are focusing to purchase only good quality sugar cane enriched with high recovery rate due to which we will be able to register good results in the quarters to come.

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

(MIAN WAQAS RIAZ)
Chief Executive

January 30, 2010.

CONDENSED INTERIM BALANCE SHEET - (UN-AUDITED) AS AT DECEMBER 31, 2009

	Notes	(Un-audited)	
		Dec. 31, 2009	Sep. 30, 2009
		(Rupees)	
EQUITY AND LIABILITIES			
Share capital and reserves			
Authorized share capital 35,000,000 (2008: 35,000,000) ordinary share of Rs. 10/- each.		<u>350,000,000</u>	<u>350,000,000</u>
Issued, subscribed and paid-up capital		<u>324,000,000</u>	<u>324,000,000</u>
Un-appropriated losses		<u>(43,311,484)</u>	<u>(76,207,312)</u>
		<u>280,688,516</u>	<u>247,792,688</u>
Surplus on revaluation of fixed assets - Net of deferred tax		280,770,041	282,791,045
Directors' loan		200,511,500	267,000,000
Employees retirement benefits		10,504,449	9,782,830
Deferred taxation		95,995,853	125,238,485
Long term payables		36,366,344	36,366,344
Current liabilities			
Trade and other payables		<u>79,621,044</u>	<u>94,480,450</u>
Mark up accrued on loans		<u>57,630,044</u>	<u>65,713,030</u>
Short term borrowings - Secured		<u>663,185,266</u>	<u>210,913,798</u>
Current portion of non-current liabilities		<u>16,139,714</u>	<u>20,339,714</u>
Unclaimed Dividend		<u>700,608</u>	<u>700,608</u>
		<u>817,276,676</u>	<u>392,147,600</u>
Contingencies and commitments	4	-	-
		<u>1,722,113,379</u>	<u>1,361,118,992</u>
Property, plant and equipment	5	992,310,222	1,006,147,667
Capital work in progress		192,127	192,127
Long term deposits		2,794,000	2,794,000
Current assets			
Stores and spares		<u>31,378,894</u>	<u>29,361,640</u>
Stock in trade		<u>418,010,260</u>	<u>35,240,411</u>
Trade receivables		<u>183,683,283</u>	<u>8,712,721</u>
Trade deposits and short term prepayments		<u>8,712,721</u>	<u>125,141,073</u>
Tax refunds due from Government		<u>9,106,363</u>	<u>7,408,980</u>
Cash and bank balances		<u>75,925,509</u>	<u>146,120,373</u>
		<u>726,817,030</u>	<u>351,985,198</u>
		<u>1,722,113,379</u>	<u>1,361,118,992</u>

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

CONDENSED INTERIM PROFIT AND LOSS ACCOUNT - (UN-AUDITED) FOR THE QUARTER ENDED DECEMBER 31, 2009

	Notes	(Un-audited)	
		Dec. 31, 2009	Dec. 31, 2008
		Rupees	
Sales - Net	6	72,397,956	207,833,963
Cost of goods sold	7	55,563,527	181,365,758
Gross profit / (loss)		<u>16,834,429</u>	<u>26,468,205</u>
Administrative expenses		5,609,000	7,085,986
Operating profit / (loss)		<u>11,225,429</u>	<u>19,382,219</u>
Other operating income		201,338	12,161
		<u>11,426,767</u>	<u>19,394,380</u>
Finance cost		9,408,479	20,761,788
Profit / (Loss) before tax		<u>2,018,288</u>	<u>(1,367,408)</u>
Taxation:			
Current		386,096	-
Deferred		(29,242,632)	(2,453,340)
		<u>(28,856,536)</u>	<u>(2,453,340)</u>
Profit / (loss) after tax		<u>30,874,824</u>	<u>1,085,932</u>
(Loss) per share - basic and diluted		<u>0.95</u>	<u>0.03</u>

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

CONDENSED INTERIM CASH FLOW STATEMENT - (UN-AUDITED) FOR THE QUARTER ENDED DECEMBER 31, 2009

Notes	(Un-audited)	
	Dec. 31, 2009	Dec. 31, 2008
	(Rupees)	
CASH FLOW FROM OPERATING ACTIVITIES		
Net profit / (loss) before taxation	2,018,288	(1,367,408)
Adjustment for:		
Depreciation	13,830,405	14,786,299
Provision for employees retirement benefits	837,919	837,919
Provision for taxation	(386,096)	
(Gain) / loss on sale of property, plant and equipment	(159,963)	-
Finance cost	9,408,479	20,761,788
	<u>23,530,744</u>	<u>36,386,006</u>
Operating profit / (loss) before working capital changes	25,549,032	35,018,598
Changes in working capital:		
(Increase) / decrease in stores and spares	(2,017,254)	(3,338,447)
(Increase) / decrease in stock in trade	(382,769,849)	(111,154,547)
(Increase) / decrease in loans and advances	(58,542,210)	(26,495,835)
(Increase) / decrease in trade deposits and short term prepayments	-	(5,253,397)
Increase / (decrease) in trade and other payables	(14,859,406)	52,690,812
Changes in working capital	<u>(458,188,719)</u>	<u>(93,551,414)</u>
Cash (used in) / generated from operations	<u>(432,639,687)</u>	<u>(58,532,816)</u>
Payment for:		
Gratuity	(116,300)	(272,330)
Financial cost	(17,491,465)	(18,474,399)
Income tax	(1,697,383)	(5,413,663)
	<u>(19,305,148)</u>	<u>(24,160,392)</u>
Net cash (used in) / generated from operations	(451,944,835)	(82,693,208)
CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds / (Repayment) from long term loans - Net	(4,032,997)	(4,200,000)
Proceeds / (Repayment) from directors' loan - Net	(66,488,500)	95,234,553
Short term borrowings - Net	452,271,468	12,712,322
Net cash (used in) / generated from financing activities	381,749,971	103,746,875
Net increase / (decrease) in cash and cash equivalents	(70,194,864)	21,053,667
Cash and cash equivalents at the beginning of period	146,120,373	5,044,247
Cash and cash equivalents at the end of period	<u>75,925,509</u>	<u>26,097,914</u>

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

**CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY - (UN-AUDITED)
FOR THE QUARTER ENDED DECEMBER 31, 2009**

	Share capital	Accumulated losses	Total	Revaluation surplus
	----- (Rupees) -----			
Balance as at September 30, 2007	324,000,000	(106,180,041)	217,819,959	207,660,213
Net loss for the period	-	(50,730,197)	(50,730,197)	-
Revaluation surplus arising during the period				96,279,049
Transferred from surplus on revaluation of fixed assets on account of incremental depreciation	-	12,520,059	12,520,059	(12,520,059)
Balance as at December 31, 2008	324,000,000	(144,390,179)	179,609,821	291,419,203
Net loss for the period	-	59,554,709	59,554,709	-
Transferred from surplus on revaluation of fixed assets on account of incremental depreciation	-	8,628,158	8,628,158	(8,628,158)
Balance as at September 30, 2009	324,000,000	(76,207,312)	247,792,688	282,791,045
Net loss for the period	-	30,874,824	30,874,824	-
Transferred from surplus on revaluation of fixed assets on account of incremental depreciation	-	2,021,004	2,021,004	(2,021,004)
Balance as at December 31, 2009	324,000,000	(43,311,484)	280,688,516	280,770,041

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

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS - (UN-AUDITED) FOR THE QUARTER ENDED DECEMBER 31, 2009

1 REPORTING ENTITY

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

2 BASIS OF PREPARATION

The comparative balance sheet as at 30 September 2009 and the related notes to the condensed interim financial statements are based on unaudited financial statements. The comparative profit and loss account, cash flow statements and statement of changes in equity for three months period ended December 31, 2008 and the related notes are based on unaudited interim financial statements.

The crushing season 2009-2010 of the Company commenced on 3 December 2009.

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

2.1 Statement of compliance

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

2.2 Basis of measurement

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

2.3 Judgements, estimates and assumptions

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

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

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 adopted for the preparation of these interim financial statements are consistent with those applied in the preparation of the preceding annual financial statements of the Company for the year ended September 30, 2009.

4 CONTINGENCIES AND COMMITMENTS

Contingencies

There is no change in contingencies since September 30, 2009.

Commitments

There is no material change in commitments since September 30, 2009.

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS - (UN-AUDITED) FOR THE QUARTER ENDED DECEMBER 31, 2009

		----- (Un-audited) -----	
		Dec. 31, 2009	Sep. 30, 2009
		----- (Rupees) -----	
5	PROPERTY, PLANT AND EQUIPMENT		
	Net book value	992,310,222	1,006,147,667
5.1	As at beginning of the period - (Book value)	1,135,591,382	1,135,791,384
	Additions during the period	-	-
	Disposal during the period - (Book value)	-	-
	Depreciation charged during the period	(143,281,160)	(129,643,717)
	As at the end of the period - (Book value)	992,310,222	1,006,147,667
		----- (Un-audited) -----	----- (Un-audited) -----
		December 31, 2008	September 30, 2009
		----- Rupees -----	----- Rupees -----
5.2	Additions and disposals		
		Addition	Disposal
	Plant and machinery	-	-
	Vehicles	-	192,963
		-----	-----
		-	192,963
6	SALES		
	Sugar	76,947,200	239,405,000
	Molasses	-	-
	Mud	272,000	363,000
		77,219,200	239,768,000
	Less: Sales tax	4,821,244	31,934,037
		72,397,956	207,833,963
7	COST OF GOODS SOLD		
	Raw material consumed	391,324,141	234,341,074
	Salaries, wages and benefits	13,575,580	14,045,100
	Stores, spares and loose tools consumed	3,818,424	6,797,278
	Repair and maintenance	15,032,404	21,796,013
	Insurance	1,004,332	1,288,887
	Depreciation	12,597,418	13,400,517
	Others	981,077	651,430
		438,333,376	292,320,299
	Work in process		
	Opening stock	2,996,223	5,224,904
	Closing stock	(36,093,808)	(35,233,031)
		(33,097,585)	(30,008,127)
	Cost of goods manufactured	405,235,791	262,312,172
	Finished goods		
	Opening stock	32,244,188	233,474,814
	Closing stock	(381,916,452)	(295,313,150)
		(349,672,264)	(61,838,336)
		55,563,527	200,473,836

