

# Quarterly Accounts

## June 30, 2010



**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,  
Tehsil & District Nankana Sahib.

## **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  
Mybank Ltd.  
The Bank of Punjab

## **Website**

[www.hwgc.com.pk](http://www.hwgc.com.pk)



# HASEEB WAQAS SUGAR MILLS LIMITED

## DIRECTOR'S REVIEW FOR THE QUARTER ENDED JUNE 30, 2010

The directors of your Company take this opportunity to present the interim accounts for the period of nine months ended on June 30, 2010.

### FINANCIAL RESULTS

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

	For Nine Months ended	
	June 30	
	2010	2009
	( Rupees )	
Net Sales	1,318,185,822	432,330,806
Gross Profit / (Loss)	3,583,815	31,662,511
Net Profit / (Loss) before tax	(103,170,950)	(53,067,860)
Net Profit / (Loss) after tax	(79,116,541)	(45,564,943)
(Loss) per share - basic & diluted	(2.44)	(1.41)

During the period under review, although the sales increased by three times as compared to previous period but the price of sugar could not commensurate with the price of sugarcane which touched its peak of Rs. 250/40Kg against Government support price of Rs. 100/40Kg.

Furthermore, International price of Sugar remain depressed during the quarter under review and therefore we could not fetch better price in local market.

### OPERATIONAL DATA

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

		December 03, 2009 To March 04, 2010	November 27, 2008 To March 05, 2009
Crushing days	Days	91	98
Average recovery	% age	8.387	7.60
Cane crushed	M.T.	329,879	162,503
Sugar produced	M.T.	27,590	12,270

The mills were operated for 91 days as against the working of 98 days during the previous year. Crushing increased by 103%. Recovery of Sugar also increased. Both have contributed in the increase of production.

### FUTURE OUTLOOK

Price in the international market has been started to improve now-a-days. Sugar stock in the country is being depleted to the large extent and TCP has failed to import sugar timely, therefore, we see price hike of sugar in the local market which will ultimately increase our profitability.

We suggest that present sugar cane support price is fair & there should be no increase for the next year 2010-11. Almost 15% increase in crop cultivation has been reported for the season 2010-11. Heavy monsoon will have good impact on coming crop.

### 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 give strength to pursue our corporate objectives with renewed vigor. The Board also place on record their appreciation of the devoted services and hard work put in by the officers and workers of the Company.

On behalf of the Board

Lahore  
July 31, 2010.

(MIAN WAQAS RIAZ)  
Chief Executive



# HASEEB WAQAS SUGAR MILLS LIMITED

## CONDENSED INTERIM BALANCE SHEET - (UN-AUDITED) AS AT JUNE 30, 2010

	Notes	----- (Un-audited) -----	
		June 30, 2010	Sep. 30, 2009
		----- (Rupees) -----	
<b>EQUITY AND LIABILITIES</b>			
<b>Share capital and reserves</b>			
Authorized share capital 35,000,000 (2008: 35,000,000) ordinary share of Rs. 10/- each.		350,000,000	350,000,000
Issued, subscribed and paid-up capital		324,000,000	324,000,000
Un-appropriated losses		(149,260,840)	(76,207,312)
		174,739,160	247,792,688
<b>Surplus on revaluation of fixed assets - Net of deferred tax</b>		276,728,032	282,791,045
<b>Directors' loan</b>		171,652,500	267,000,000
<b>Employees retirement benefits</b>		12,085,721	9,782,830
<b>Deferred taxation</b>		94,298,537	125,238,485
<b>Long term payables</b>		36,366,344	36,366,344
<b>Liabilities against assets subject to Finance Lease</b>		66,000,000	-
<b>Current liabilities</b>			
Trade and other payables		95,492,347	94,480,450
Mark up accrued on loans		89,990,776	65,713,030
Short term borrowings - Secured		949,050,034	210,913,798
Current portion of non-current liabilities		7,739,714	20,339,714
Unclaimed Dividend		700,608	700,608
		1,142,973,479	392,147,600
<b>Contingencies and commitments</b>	4	-	-
		1,974,843,772	1,361,118,992
<b>Property, plant and equipment - Owned</b>	5	907,182,330	1,006,347,667
<b>Leased Assets</b>		65,175,000	-
<b>Capital work in progress</b>		192,127	192,127
<b>Long term deposits</b>		3,715,721	2,794,000
<b>Current assets</b>			
Stores and spares		43,748,502	29,361,640
Stock in trade		568,147,440	35,240,411
Loans and advances		344,916,131	125,341,073
Trade deposits and short term prepayments		8,716,000	8,712,721
Advance Tax		4,455,013	7,408,980
Cash and bank balances		28,595,508	146,120,373
		998,578,594	351,985,198
		1,974,843,772	1,361,118,992

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



# HASEEB WAQAS SUGAR MILLS LIMITED

## CONDENSED INTERIM PROFIT AND LOSS ACCOUNT - (UN-AUDITED) FOR THE QUARTER ENDED JUNE 30, 2010

Notes	For the 9 months ended		For the 3rd quarter ended		
	June 30, 2010	June 30, 2009	June 30, 2010	June 30, 2009	
	----- Rupees -----		----- Rupees -----		
Sales - Net	6	1,351,185,822	432,330,806	330,916,342	181,334,183
Cost of goods sold	7	1,347,602,007	400,668,295	333,589,156	150,772,678
<b>Gross profit / (loss)</b>		<u>3,583,815</u>	<u>31,662,511</u>	<u>(2,672,814)</u>	<u>30,561,505</u>
Administrative expenses		24,393,148	20,972,519	7,766,188	6,246,800
Operating profit / (loss)		<u>(20,809,333)</u>	<u>10,689,992</u>	<u>(10,439,002)</u>	<u>24,314,704</u>
Other operating income		5,845,149	55,983	5,631,088	5,664
		<u>(14,964,184)</u>	<u>10,745,975</u>	<u>(4,807,914)</u>	<u>24,320,368</u>
Finance cost		88,206,766	63,813,835	40,369,991	18,958,505
<b>Profit / (Loss) before tax</b>		<u>(103,170,950)</u>	<u>(53,067,860)</u>	<u>(48,167,905)</u>	<u>5,361,863</u>
Taxation:					
Current		6,885,539		1,520,975	
Deferred		(30,939,948)	(7,502,917)	(1,978,853)	(2,514,338)
		<u>(24,054,409)</u>	<u>(7,502,917)</u>	<u>(487,878)</u>	<u>(2,514,338)</u>
<b>Profit / (loss) after tax</b>		<u>(79,116,541)</u>	<u>(45,564,943)</u>	<u>(44,709,427)</u>	<u>7,876,201</u>
<b>(Loss) per share - basic and diluted</b>		<u>(2.44)</u>	<u>(1.41)</u>	<u>(1.38)</u>	<u>0.24</u>

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



# HASEEB WAQAS SUGAR MILLS LIMITED

## CONDENSED INTERIM CASH FLOW STATEMENT - (UN-AUDITED) FOR THE QUARTER ENDED JUNE 30, 2010

	————(Un-audited)————	
	June. 30, 2010	June. 30, 2010
Notes	———— (Rupees) ————	
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Net profit / (loss) before taxation	(103,170,950)	(53,067,860)
Adjustment for:		
Depreciation	40,015,989	44,298,758
Provision for employees retirement benefits	2,535,367	837,919
(Gain) / loss on sale of property, plant and equipment	(5,624,619)	-
Finance cost	88,206,766	63,813,835
	<u>125,133,504</u>	<u>108,950,512</u>
<b>Operating profit / (loss) before working capital changes</b>	<b>21,962,553</b>	<b>55,882,652</b>
<b>Changes in working capital:</b>		
(Increase) / decrease in stores and spares	(14,386,862)	2,696,626
(Increase) / decrease in stock in trade	(532,907,029)	(81,431,605)
(Increase) / decrease in loans and advances	(219,775,058)	38,313,674
(Increase) / decrease in trade deposits and short term prepayments	(921,721)	-
	(3,279)	-
Increase / (decrease) in trade and other payables	1,011,897	28,512,829
Changes in working capital	(766,982,052)	(11,908,476)
	<u>(745,019,499)</u>	<u>43,974,176</u>
Cash (used in) / generated from operations		
<b>Payment for:</b>		
Gratuity	(232,476)	1,327,265
Financial cost	(63,929,021)	(72,570,712)
Income tax	(3,931,571)	(6,531,810)
	<u>(68,093,068)</u>	<u>(77,775,257)</u>
<b>Net cash (used in) / generated from operations</b>	<b>(813,112,566)</b>	<b>(33,801,081)</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Fixed capital expenditure	(601,034)	-
Sale proceed of fixed assets	-	-
<b>Net cash (used in) / generated from investing activities</b>	<b>(601,034)</b>	<b>-</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Proceeds / (Repayment) from long term loans - Net	(12,600,000)	(12,600,000)
Proceeds / (Repayment) from Lease Finance - Net	66,000,000	-
Proceeds / (Repayment) from directors' loan - Net	(95,347,500)	-
Short term borrowings - Net	738,136,236	46,375,950
<b>Net cash (used in) / generated from financing activities</b>	<b>696,188,736</b>	<b>33,775,950</b>
<b>Net increase / (decrease) in cash and cash equivalents</b>	<b>(117,524,864)</b>	<b>(25,131)</b>
<b>Cash and cash equivalents at the beginning of period</b>	<b>146,120,373</b>	<b>5,044,247</b>
<b>Cash and cash equivalents at the end of period</b>	<b>28,595,508</b>	<b>5,019,116</b>

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



# HASEEB WAQAS SUGAR MILLS LIMITED

## CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY - (UN-AUDITED) FOR THE QUARTER ENDED JUNE 30, 2010

	Share capital	Accumulated losses	Total	Revaluation surplus
	----- (Rupees) -----			
<b>Balance as at September 30, 2008</b>	324,000,000	(144,390,179)	179,609,821	291,419,203
Net profit 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)
<b>Balance as at September 30, 2009</b>	-	(76,207,312)	247,792,688	282,791,045
Net loss for the period	-	(79,116,541)	(79,116,541)	
Transferred from surplus on revaluation of fixed assets on account of incremental depreciation	-	6,063,013	6,063,013	(6,063,013)
<b>Balance as at June 30, 2010</b>	-	(149,260,840)	174,739,160	276,728,032

*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 JUNE 30, 2010

### 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 F-6 Model Town, Lahore. The mill is situated at Merajabad, 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

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 nine months period ended June 30, 2010 and the related notes are based on unaudited interim financial statements.

The crushing season 2009-2010 of the Company commenced on 03 December 2009, and ended on 04 March 2010

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, 2008/9

#### Commitments

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



# HASEEB WAQAS SUGAR MILLS LIMITED

## NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS - (UN-AUDITED) FOR THE QUARTER ENDED JUNE 30, 2010

	(Un-audited) June 30, 2010	(Audited) Sep. 30, 2009
	Rupees	
	Own Assets	
Net book value - Own Assets	907,182,331	1,006,147,667
<b>5.005</b> As at beginning of the period - (Book value)	1,006,147,667	1,065,292,858
Additions during the period	-	-
Revaluation surplus arising during the period	-	-
Disposal and depreciation during the period - (Book value)	(32,965,334)	(59,145,191)
Transfer to Leased Assets	(66,000,000)	-
As at the end of the period - (Book value)	907,182,331	1,006,147,667
Net book value - Leased Assets		
<b>5.02</b> As at beginning of the period - (Book value)	-	-
Transfer from own Assets	66,000,000	-
Revaluation surplus arising during the period	-	-
Disposal during the period - (Book value)	-	-
Depreciation charged during the period	(825,000)	-
As at the end of the period - (Book value)	65,175,000	-

	(Unaudited)		(Unaudited)	
	For the 9 months ended		For the 3rd quarter ended	
	June 30, 2010	June 30, 2009	June 30, 2010	June 30, 2009
	Rupees		Rupees	
<b>6 SALES</b>				
Sugar	1,305,077,370	459,535,673	254,960,490	205,915,605
Molasses	122,034,960	36,068,175	99,534,960	-
Mud	434,000	396,200	138,000	20,000
	1,427,546,330	496,000,048	354,633,450	205,935,605
Less: Sales tax	76,360,508	63,669,242	23,717,108	24,601,422
	1,351,185,822	432,330,806	330,916,342	181,334,183
<b>7 COST OF GOODS SOLD</b>				
Raw material consumed	1,751,282,182	342,336,559	1,341,214	6,408,227
Salaries, wages and benefits	41,807,768	33,686,385	7,690,899	3,355,706
Stores, spares and loose tools consumed	18,504,977	18,048,733	450,354	5,956,837
Repair and maintenance	26,121,241	42,920,869	2,209,189	17,682,319
Insurance	4,186,704	3,039,101	1,444,518	824,108
Depreciation	36,375,977	40,030,007	11,181,142	13,228,972
Others	2,230,187	2,038,246	346,105	847,289
	1,880,509,036	482,099,900	24,663,421	48,303,458
<b>Work in process</b>				
Opening stock	2,996,223	4,289,437	8,507,075	2,699,535
Closing stock	(5,109,480)	(2,876,875)	(5,109,480)	(3,048,930)
	(2,113,257)	1,412,562	3,397,595	(349,395)
Cost of goods manufactured	1,878,395,779	483,512,462	28,061,016	48,126,118
<b>Finished goods</b>				
Opening stock	32,244,188	228,926,388	868,566,100	414,417,115
Closing stock	(563,037,960)	(311,598,500)	(563,037,960)	(311,598,500)
	(530,793,772)	(82,672,112)	305,528,140	102,818,615
	1,347,602,007	400,840,350	333,589,156	150,944,733



# HASEEB WAQAS SUGAR MILLS LIMITED

## NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS - (UN-AUDITED) FOR THE QUARTER ENDED JUNE 30, 2010

### 8 TRANSACTIONS WITH RELATED PARTIES

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

Details of transactions with related parties are as follows:

Notes	(Un-audited)	
	June 30, 2010	June 30, 2009
	Rupees	
<b>8.1 Transactions with related parties other than key management personnel</b>		
Sale of molasses	122,034,960	36,068,175
Purchase of machinery and components	7,590,138	25,127,722
Purchase of chemical	1,476,475	1,170,994
Sale of stores	799,189	615,341
Markup Charged to Related Parties	-	-
	(Un-audited)	(Audited)
	June 30, 2010	Sep. 30, 2009
	Rupees	
<b>8.2 Balances with related parties</b>		
Due from:		
Abdullah Sugar Mills Limited	74,648,750	-
Due to:		
Haseeb Waqas Trading (Pvt) Limited	2,204,064	2,204,064
Abdullah Sugar Mills Limited		114,995

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

### 9 DATE OF AUTHORIZATION

These condensed interim financial statements were authorized for issue on July 31, 2010 by the Board of Directors of the company.

### 10 GENERAL

There are no significant activities since 30 September 2009 that may affect these financial statements.

Figures have been rounded off to the nearest of rupee.