NOTES TO THE ACCOUNTS
FOR THE HALF YEAR ENDED MARCH 31, 2004

1. STATUS AND ACTIVITIES

Haseeb Waqas Sugar Mills Limited is public limited company quoted on Karachi and Lahore Stock Exchanges. The principal activity of the company is production and sale of refined sugar and its by products.

2. BASIS OF PREPARATION

These financial statements have been prepared under "Historical Cost Convention" modified by capitalisation of certain exchange differences as cost of the relevant assets and staff retirement benefit accounted for at acturial valuation and are in compliance with the international accounting standard (IAS) 34 Interim Financial Reporting.

These interim financial statements are unaudited. However, a limited scope review of these interim financial statements has been performed by the auditors of the company in accordance with the clause (xxi) of the Code of Corporate Governance and they have issued their review report thereon.

3. 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 published financial statements of the company for the year ended September 30, 2003.

4. LONG TERM LOANS - SECURED

During the period Company has entered into an agreement of Term Finance facility for Rs. 90 Million. Markup is charged at the rate of 7% p.a. It is secured against 1st charge on fixed assets of the Company and personal guarantees of the directors of the Company.

5. SHORT TERM FINANCES - SECURED

During the period Company has obtained facilities aggregating Rs. 683 Million from banking companies at the markup rate ranging from 5% to 13%. These are secured against pledge of stocks and charge on fixed and current assets of the Company and personal guarantees of the directors of the Company.

6. CREDITORS, ACCRUED AND OTHER LIABILITIES

During the period there has been an increase of Rs. 77.394 Million in trade creditors relating to sugar cane purchases and an increase of Rs. 356.653 Million due to advances from customers for sale of sugar.

7. CONTINGENCIES AND COMMITMENTS

7.1 There has been no change in the contingencies since September 30, 2003.

7.2 Capital commitments as on 31 March 2004 were Rs. Nil (2003: Rs. 6.368 Million)

8. OPERATING FIXED ASSETS

ADDITION AND DISPOSALS - AT COST

	March 31, 2004		September 30, 2003	
	(Rupees in thousand)			
	Acquisition	Disposal	Acquisition	Disposal
Plant & Machinery	-	-	30,700	-
Furniture, Fixtures & Equipments	-	-	231	-
Vehicles	1,329	-	6,629	553
Total	1,329	-	37,560	553

9. COST OF SALES

	Quarter Ended March 31, 2004	Half Year Ended March 31, 2004	Quarter Ended March 31, 2003	Half Year Ended March 31, 2003
	(Rupees in thousand)			
Raw materials	739,301	1,014,431	645,920	955,367
Salaries and wages	13,005	21,202	11,022	18,791
Fuel Consumed	949	1,827	855	1,777
Chemical Consumed	2,727	3,372	2,950	3,905
Oil and Lubricants	921	1,285	1,173	1,539
Repair & Maintenance	9,176	12,734	9,293	27,803
Packing Material	9,846	13,028	8,420	11,501
Stationary	196	316	160	298
Insurance	5,288	6,822	596	5,591
Entertainment	211	330	189	251
Freight & Octroi	91	174	56	174
Depreciation	15,922	31,012	14,887	30,104
	797,633	1,106,532	695,521	1,057,101
Finished Goods:				
Opening	324,537	(460,758)	382,339	398,101
Closing	(1,008,300)	(1,008,300)	(881,521)	(881,521)
	(683,763)	(547,542)	(499,182)	(483,420)
Cost of Goods Sold	113,869	558,990	196,339	573,681

10. BALANCES AND TRANSACTIONS WITH ASSOCIATED UNDERTAKINGS

There are no associated undertakings of the Company.

11. OTHERS

There are no other significant activities since September 30, 2003 affecting the financial statements other than disclosed in the financial statements.

12. DATE OF AUTHORIZATION FOR ISSUE

These interim financial statements were authorized for issue on May 27, 2004 by the Board of Directors of the company.

13. FIGURES

Have been rounded off to the nearest thousand.

CHIEF EXECUTIVE

DIRECTOR