



NOTES TO THE ACCOUNTS
FOR THE HALF YEAR ENDED MARCH 31, 2005

1. STATUS AND ACTIVITIES

Haseeb Waqas Sugar Mills Limited ("the Company") was incorporated in Pakistan on January 13, 1992 as public limited company under the Companies Ordinance, 1984. Shares of the Company are quoted on Karachi and Lahore Stock Exchanges. The principal activity of the company is manufacturing and sale of refined sugar and its by-products. The Mill is located at Merajabad, Tehsil Nankana Sahib, District Sheikhupura.

2. BASIS OF PREPARATION

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. These financial statements have been prepared under "Historical Cost Convention" except for certain fixed assets which are stated at revalued amounts, staff retirement benefits accounted for in accordance with actuarial valuation and monetary assets and liabilities in foreign currencies which have stated at the closing rate.

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 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, 2004.

4. ADDITION AND DISPOSALS - AT COST

	<div>March 31, 2005</div>		<div>March 31, 2004</div>	
	(Rupees in thousand)			
	Acquisition	Disposal	Acquisition	Disposal
Freehold Land	-	1,266	-	-
Plant & Machinery	19,201	-	30,700	-
Furniture, Fixtures & Equipments	62	-	231	-
Vehicles	283	923	6,629	553
Total	19,546	2,189	37,560	553

5. SHORT TERM BORROWINGS - SECURED

Out of the facilities sanctioned as at September 30, 2004 the Company has availed facilities aggregating Rs. 619.5 million from banking companies. Markup is chargeable at the rate of 6 months KIBOR plus 1% to 2.5% and 3 months KIBOR plus 2%. These are secured against pledge of sugar stocks and charge over current assets of the Company and personal guarantees of the directors of the Company.

6. CONTINGENCIES AND COMMITMENTS

There are no material changes in contingencies and commitments as disclosed in the notes to the financial statements for the year ended September 30, 2004.

7. COST OF GOODS SOLD

	QUARTER ENDED		HALF YEAR ENDED	
	March 31, 2005	March 31, 2004	March 31, 2005	March 31, 2004
	(Rupees in thousand)			
Raw materials consumed	409,049	737,493	737,167	972,772
Salaries wages and benefits	13,664	13,005	21,962	21,202
Chemical consumed	4,068	2,727	5,056	3,372
Packing Material consumed	5,981	9,846	9,239	13,028
Freight & Octroi	130	91	261	174
Oil and Lubricants	1,190	921	1,601	1,285
Fuel & Power	142	949	892	1,827
Repair & Maintenance	4,034	9,176	45,242	12,734
Insurance	3,916	5,288	6,075	6,822
Depreciation	14,303	15,922	28,808	31,012
Entertainment	158	211	324	330
Stationary	54	196	556	316
Cost of Goods Manufactured	456,689	795,825	857,183	1,064,874
Cost of Mollases purchased	54,087	1,807	54,087	41,658
Finished Goods:				
Opening Stock	338,842	324,537	290,183	460,758
Closing Stock	(579,985)	(1,008,300)	(579,985)	(1,008,300)
Cost of Goods Sold	(241,143)	(683,763)	(289,802)	(547,542)
	269,633	113,869	621,468	558,990

8. EARNINGS PER SHARE

There is no dilutive effect on basic earnings per share of the Company which is based on:

Profit / (Loss) after tax for the period	(28,155)	(1,721)	24,898	(21,967)
Weighted average number of ordinary shares	32,400	32,400	32,400	32,400
Earning per share - basic	(0.87)	(0.05)	0.77	(0.68)

9. TRANSACTIONS WITH RELATED PARTIES

The Company enters into transactions with related parties in normal course of business at arm's length determined in accordance with "Comparable Uncontrolled Price Method". Transactions with related parties other than remuneration and benefits to key management personnel under the term of employment are as follows

	March 31, 2005	March 31, 2004
	(Rupees in thousand)	
Purchases (mollases, component, parts & chemicals)	53,031	41,659
Sale of land	3,543	-
	56,574	41,659

10. OTHERS

Production activities in the sugar industry are dependant on the availability of sugar cane crop. As such all activities including sugar cane purchases and production take place during the five months from November to April. This leads to higher figures in respect of stocks and short term borrowings being reflected during these periods.

There are no other significant activities since September 30, 2004 affecting the financial statements other than disclosed in the financial statements.

11. DATE OF AUTHORIZATION FOR ISSUE

These interim financial statements were authorized for issue on May 25, 2005 by the Board of Directors of the company.

12. FIGURES

The figures have been rounded off to the nearest thousand and corresponding figures have been rearranged wherever necessary for the purpose of comparison.