

NOTES TO THE ACCOUNTS

FOR THE QUARTER ENDED DECEMBER 31, 2005



8. EARNINGS PER SHAR

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

Profit/(Loss) after tax for the period	(39,839)	51,613
Weighted average number of ordinary shares	<u>32,400</u>	<u>32,400</u>
Earning per share-basic	<u>(1.23)</u>	<u>1.59</u>

9. TRANSACTION 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.

	December, 31 2005	December, 31 2004
	(Rupees in thousand)	
Purchases (Component, Parts and Chemicals)	30,693	31,986
Sale of Molasses	<u>46,041</u>	<u>-</u>
	<u>76,734</u>	<u>31,986</u>

10. OTHERS

Productions activities in the sugar industry are dependant of 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 borrowing being reflected during these periods.

There are no other significant activities since September 30, 2005 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 January 31, 2006 by the Board of Directors of 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.

CHIEF EXECUTIVE

DIRECTOR

Haseeb Waqas Sugar Mills Ltd.