



NOTES TO THE ACCOUNTS

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 been stated at the closing rate.

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, 2005

4. OPERATING FIXED ASSETS

	MARCH 31, 2006	MARCH 31, 2005
	(Rupees in Thousand)	
Opening balance	997,744	1,031,350
Additions during the period (at cost) 4.1	2,022	29,541
	<u>999,766</u>	<u>1,060,891</u>
Less:		
W.D.V of assets disposed off	631	1,434
Depreciation charged during the period	28,752	61,712
	<u>970,383</u>	<u>997,745</u>

4.1 ADDITION AND DISPOSALS-AT COST

	MARCH 31, 2006	MARCH 31, 2005
	(Rupees in Thousand)	
	Acquisition	Disposal
Freehold Land	-	-
Plant & Machinery	-	-
Furniture, Fixtures & Equipments	421	76
Vehicles	1,601	(1,232)
Total	2,022	(1,232)

	Acquisition	Disposal
Freehold Land	-	(1,266)
Plant & Machinery	23,476	-
Furniture, Fixtures & Equipments	76	-
Vehicles	5,989	(1,118)
Total	29,541	(2,384)

5. SHORT TERM BORROWING - SECURED

During the period company has obtained facilities aggregating Rs. 1,096 Million from banking companies. Mark up is chargeable at the rate of 6 months Kibor + 1.25% to 2.5% (with floor of 6% to 10.5% P.A and 3 months Kibor + 3.5% (with floor of 13%). These are secured against pledge of sugar stocks and charge on fixed and current assets of the Company and personal guarantees of the Directors of the Company.

6. CONTINGENCIES AND COMMITMENTS

6.1 CONTINGENCIES

There has been no material changes in the contingencies since September 30, 2005.

6.2 COMMITMENTS

There are no commitments during the period.

7. SALES-NET

	QUARTER ENDED	HALF YEAR ENDED
	MARCH 31, 2006 Rupees	MARCH 31, 2005 Rupees
Refined Sugar	157,593	222,243
Less : Sales Tax	20,556	28,988
	<u>137,037</u>	<u>193,255</u>
By-Product	77,889	60
Molasses	-	65,752
	<u>214,926</u>	<u>259,067</u>

	MARCH 31, 2006 Rupees	MARCH 31, 2006 Rupees
Refined Sugar	247,455	663,928
Less : Sales Tax	50,228	101,812
	<u>197,227</u>	<u>562,116</u>
By-Product	135,874	41,596
Molasses	-	87,196
	<u>333,101</u>	<u>690,908</u>