

DIRECTOR'S REVIEW



DIRECTORS' REVIEW

The directors of your Company are pleased to present the un-audited Accounts of the Company for the third quarter/nine months period ended June 30, 2006.

FINANCIAL RESULTS:

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

	For the Period ended June 30,	
	2006	2005
	<i>(Rupees in thousand)</i>	
Sales.	662,776	954,152
Operating Profit / (loss).	(14,925)	92,419
Net Profit / (loss) after tax	(70,286)	53,041
Basic Earning / (Loss) per share	Rs. (1.97)	Rs. 1.44

Due to shortage of irrigation water and inadequate timely rains, the growers have experienced low yield per acre of sugarcane which caused lower availability of sugarcane. The exorbitant high prices of sugarcane in this period i.e. Rs. 88.92 per 40 Kg. as compared to Rs. 50.76 per 40 kg. is ultimately cause of higher cost of production which have adversely affect the profitability of the Company. Although the sales turned over at a better prices than the previous period but all the earnings have been eroded by the extraordinary high cost.

OPERATIONAL ANALYSIS:

The current crushing season started on November 22, 2005. Operating results for the period under review is as under:-

		Nov. 22, 2005 To March 25, 2006	Nov. 19, 2004 To March 29, 2005
Crushing Days	No.	123	130
Average Recovery	%	8.52	8.74
Cane Crushed	M. Tons	424,017.130	564,054.280
Sugar Produced	M. Tons	36,116.50	49,285
Average Cane Price per 40Kg	Rupees	88.92	50.76

Decline in cultivation of sugarcane in the country resulted in shortage of sugarcane which has hampered the crushing. Due to non availability of sugarcane mill remained closed for 26 days in the crushing season and hence crushing quantity and production of sugar have reduced over the previous period.

FUTURE OUTLOOK:

As reported in our previous reports future prospects of Sugar Industry depends on the availability of sugarcane and prices. Management is hopeful that Almighty Allah will bless our country with adequate rains, which will facilitate agriculture sector to great extent and due to higher prices growers will increase cultivation of sugarcane in country. Due to increasing pattern of domestic sugar consumption, your management is foreseeing the better sugar prices. In view of present condition the management is striving to cater the situation and we expect that Company's annual financial result would be relatively better.

ACKNOWLEDGMENT:

The Board take pleasure in thanking for the devotion, commitment, loyalty and laudable efforts rendered by the executives, staff members and workers of the Company. The Board also pays its gratitude to its valued shareholders, customers, growers and bankers for their support and trust to achieve the desired results and pray to GOD to keep showering of his blessings.

On behalf of the Board

Lahore :
July 31, 2006

(MIAN WAQAS RIAZ)
Chief Executive

Haseeb Waqas Sugar Mills Ltd.