



## NOTE TO THE ACCOUNTS

FOR THE THIRD QUARTER ENDED JUNE 30, 2006

### 1. STATUS AND ACTIVITIES

Haseeb Waqas Sugar Mills Limited ("the Company") was incorporated in Pakistan on January 13, 1992 as a 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 and District Nankana Sahib.

### 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 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 closing.

### 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

#### ADDITIONS / (DELETIONS) IN OPERATING FIXED ASSETS

	June 30, 2006	June 30, 2005
	(Rupees in thousand)	
Freehold land	-	(1,266)
Plant and Machinery	-	19,201
Furniture, Fixture and Equipments	421	76
Vehicles	369	3,844
Total	<u>790</u>	<u>21,855</u>

### 5. SHORT TERM FINANCE-SECURED

During the period Company has obtained facilities aggregating Rs. 805 Million from Banking Companies. Markup is chargeable at the rate of 6 months Kibor + 1.25 % to 3.00 % (with floor of 6% to 10.50%) P.A. and 3 months Kibor +3.50% (with floor of 13.50%) P.A. These are secured against pledge of sugar stock and charge over current assets of the Company and personal guarantees of the directors of the Company.

### 6. CONTINGENCIES AND COMMITMENTS

- 6.1 There has been no material change in the contingencies since September 30, 2005.  
6.2 There are no commitments during the period.

### 7. COST OF SALES

	QUARTER ENDED		NINE MONTH ENDED	
	June 30, 2006	June 30, 2005	June 30, 2006	June 30, 2005
	( Rupees In thousand )			
Raw materials	1,210	1,782	947,011	738,949

CHIEF EXECUTIVE

DIRECTOR

Haseeb Waqas Sugar Mills Ltd.

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## NOTES TO THE ACCOUNTS

FOR THE THIRD QUARTER ENDED JUNE 30, 2006



Salaries and wages	7,566	8,906	30,359	30,868
Fuel Consumed	972	100	2,632	992
Chemicals consumed	813	396	4,129	5,548
Oil and Lubricants	219	162	2,472	1,763
Repair & Maintenance	4,308	3,470	17,585	49,016
Packing material	431	52	7,311	9,291
Stationery	79	201	442	355
Insurance	0	1,308	6,159	7,383
Entertainment	299	247	738	572
Freight & Octri	444	62	710	324
Depreciation	13,548	14,523	40,642	43,331
Molasses Purchased	35,527	-	35,527	54,087
	<u>65,415</u>	<u>31,209</u>	<u>1,095,717</u>	<u>942,479</u>
Finished Goods:				
Opening	795,350	579,985	124,569	290,183
Closing	(562,544)	(390,648)	(562,544)	(390,648)
	<u>232,806</u>	<u>189,337</u>	<u>(437,975)</u>	<u>(100,465)</u>
	<u>298,221</u>	<u>220,546</u>	<u>657,742</u>	<u>842,014</u>

### 8 EARNING PER SHARE

Profit/(Loss) after Tax for the Period	1,478	20,480	(63,790)	46,607
weighted average number of Ordinary Shares	32,400	32,400	32,400	32,400
Earning / Losses Per Share	<u>(0.05)</u>	<u>0.63</u>	<u>(1.97)</u>	<u>1.44</u>

### 9 BALANCES AND 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 "Comarable Uncontrolled Price Method". Transactions with related parties other than remuneration and benefits to key management personnel under the term of employment are as follows:

Components, Parts and Chemicals	8,781	53,301
Sale	132,301	3,543
	<u>141,082</u>	<u>56,844</u>

### 10 OTHERS

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 July 31, 2006 by the Board of Directors of the company.

### 12 FIGURES

- Have been rounded off to the nearest thousand rupees.
- Corresponding figures have been rearranged wherever necessary for the purpose of comparison.

CHIEF EXECUTIVE

DIRECTOR

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Haseeb Waqas Sugar Mills Ltd.