

NOTE TO THE CONDENSED INTERIM FINANCIAL STATEMENT (UNAUDITED) FOR THE HALF YEAR ENDED MARCH 31, 2007

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 condensed interim 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 condensed interim 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 condensed interim financial statements are unaudited. However a limited scope review of these financial statements has been performed by the statutory auditors of the Company in accordance with the clause (xxi) of the Code of Corporate Governance and they have issued their review report thereon.

3 ACCOUNTING POLICIES

The accounting policies adopted for the preparation of these condensed 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, 2006.

4 OPERATING FIXED ASSETS	Note	March 31, 2007 Rupees	September 30, 2006 Rupees
Opening balance (W.D.V.)		958,869,870	997,744,266
Additions during the period	4.1	61,814,065	20,729,130
Less:		1,020,683,935	1,018,473,396
W.D.V of assets disposed off		69,491	849,645
Depreciation charged during the period		29,483,517	58,753,881
		991,130,927	958,869,870

4.1 ACQUISITIONS AND DISPOSALS - AT COST

	March 31, 2007 Rupees		September 30, 2006 Rupees	
	Acquisition	Disposal	Acquisition	Disposal
Plant & machinery	61,020,000	-	3,150,000	-
Furniture, fixtures and equipments	794,065	-	7,802,245	-
Vehicles	-	(1,610,000)	10,580,885	3,281,586
	<u>61,814,065</u>	<u>(1,610,000)</u>	<u>21,533,130</u>	<u>3,281,586</u>

5 SHORT TERM LOANS

During the period company has availed facilities aggregating Rs. 650 million (September 30, 2006: 700 million) from banking companies. Mark up is chargeable at the rate of 3 months kibar +3 % to 4.25 % with floor of 12 % to 13 % p.a. and 6 months Kibar + 2% to 3% with floor of 7% to 12% p.a. (September 30, 2006: 1 to 3 months kibar + 2.75% to 4.25% with floor of 6% to 13% p.a. and 6 months kibar + 2% to 2.5% with floor of 6% to 7% p.a.). 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 LONG TERM LOANS -SECURED	March 31, 2007 Rupees	September 30, 2006 Rupees
Opening balance	88,245,000	143,045,508
Add: during the period	10,000,000	-
Less: Loan paid during the period	(37,540,000)	(54,800,508)
	60,705,000	88,245,000
Less: Current portion	(55,080,000)	(55,080,000)
	5,625,000	33,165,000

7 CONTINGENCIES AND COMMITMENTS

here are no material
September 30, 2006.

8 SHARE CAPITAL

Issued, subscribed and paid-up:

Number of Shares

March 2007	September 2006
27,000,000	27,000,000
5,400,000	5,400,000
32,400,000	32,400,000

Ordinary shares of Rs. 10 each fully paid in cash
Ordinary shares of Rs. 10 each issued as fully paid bonus shares

270,000,000	270,000,000
54,000,000	54,000,000
324,000,000	324,000,000

	Quarter ended March 31, 2007Rupees.....	March 31, 2006Rupees.....	Half year ended March 31, 2007Rupees.....	March 31, 2006Rupees.....
9 SALES - Net				
Refined Sugar	126,271,889	157,593,800	575,790,489	247,455,480
Less: Sales Tax	16,774,485	20,555,582	81,654,097	50,228,365
	109,497,404	137,038,218	494,136,392	197,227,115
By-Product	5,200	77,889,067	3,983,150	135,873,672
Molasses	-	-	-	-
	109,502,604	214,927,285	498,119,542	333,100,787
10 COST OF GOODS SOLD				
Raw material consumed	500,740,843	806,906,066	857,756,843	945,801,066
Salaries wages & benefits	14,729,906	13,522,055	25,718,906	22,793,055
Chemicals consumed	2,278,345	2,496,127	3,720,345	3,316,127
Packing material consumed	4,960,789	5,695,758	8,522,789	6,879,758
Freight & octroi	380,732	134,330	474,732	266,330
Oil & lubricants	681,777	2,013,682	1,614,777	2,252,682
Fuel & power	2,779,760	826,087	3,377,760	1,660,087
Repair & maintenance	8,260,485	5,012,576	13,538,485	13,276,576
Insurance	2,091,611	4,767,458	4,114,611	6,159,458
Depreciation	13,446,453	13,555,548	26,947,453	27,094,548
Entertainment	354,447	220,810	359,447	438,810
Stationery	410,103	360,536	410,103	363,536
Cost of goods manufactured	551,115,251	855,511,033	946,556,251	1,030,302,033
Finished goods:				
Opening stock	277,028,000	152,537,693	277,941,347	124,569,016
Closing stock	(759,668,210)	(795,350,009)	(759,668,556)	(795,350,009)
	(482,640,210)	(642,812,316)	(481,727,209)	(670,780,993)
	68,475,041	212,698,717	464,829,042	359,521,040

11 OTHER INCOME

It includes Rs. 1.2 million of profit on sale of fixed assets and Rs. 1.8 million of profit on PLS accounts.

	Quarter ended March 31, 2007Rupees.....	March 31, 2006Rupees.....	Half year ended March 31, 2007Rupees.....	March 31, 2006Rupees.....
12 EARNING PER SHARE - BASIC				
profit / (Loss) after tax for the period	7,092,264	(25,528,264)	(28,505,799)	(65,267,843)
Weighted average number of ordinary shares	32,400,000	32,400,000	32,400,000	32,400,000
	0.22	(0.79)	(0.88)	(2.01)

13 BALANCES AND TRANSACTIONS WITH ASSOCIATED UNDERTAKINGS

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:

Name of group company	Nature of transaction		
Haseeb Waqas Engineering Limited	Purchase of machinery etc.	61,020,000	7,889,031
Abdullah Sugar Mills Limited	Sale of molasses	-	58,475,057
Haseeb Waqas Trading (Pvt) Ltd.	Purchase of chemicals	-	839,644

14 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 seasonal impact is reflected in stock in trade, trade creditors (including advances against stock of sugar) and short term borrowings.

There are no other significant activities affecting the condensed interim financial statements other than disclosed in the financial statements for the year ended September 30, 2006.

15 DATE OF AUTHORIZATION FOR ISSUE

These condensed interim financial statements were authorized for issue on May --, 2007 by the Board of Directors of the Company.

16 FIGURES

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