



NOTE TO THE ACCOUNTS

FOR THE QUARTER ENDED DECEMBER 31, 2007 (UN-AUDITED)

1 REPORTING ENTITY

Haseeb Waqas Sugar Mills Limited ("the Company") was incorporated on 13 January 1992 as a Public Limited Company under the Companies Ordinance, 1984. The Company's registered office is situated at 103 B-1 M.M. Alam Road, Gulberg III, Lahore. The mills is situated at Merajabad, Nankana Sahib, District Sheikhupura. The Company is listed on Lahore and Karachi Stock Exchanges. The principal activity of the Company is manufacture and sale of refined sugar and its by-products.

2 STATEMENT OF COMPLIANCE

The condensed interim financial statements are un-audited and have been prepared in accordance with the requirements of International Accounting Standard 34 "Interim Financial Reporting" as applicable in Pakistan. These condensed interim financial statements do not include all of the information required for full financial statements and should be read in conjunction with financial statements for the year ended September 30, 2007. Further, these accounts are being circulated to the shareholders in accordance with the requirements of Section 245 of the Companies Ordinance, 1984.

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, 2007.

4 CONTINGENCIES AND COMMITMENTS

There are no material changes in contingencies and commitments from the preceding annual published financial statements of the Company for the year ended September 30, 2007.

	Un-audited December, 31 2007 (Rupees in thousand)	Audited September, 30 2007
5 PROPERTY, PLANT AND EQUIPMENT		
Net book value as at the beginning of the period	972,410	958,870
Add: Additions during the period	5,908	72,525
	<u>978,318</u>	<u>1,031,395</u>
Less: Disposals during the period at book value	(6,050)	(74)
Depreciation charged during the period	(14,101)	(58,911)
	<u>(20,151)</u>	<u>(58,985)</u>
	<u>958,167</u>	<u>972,410</u>

CHIEF EXECUTIVE

DIRECTOR



NOTES TO THE ACCOUNTS

FOR THE QUARTER ENDED DECEMBER 31, 2007 (UN-AUDITED)

		For the Quarter ended December 31,	
		2007	2006
		(Rupees in thousand)	
6	COST OF GOODS SOLD		
	Raw materials consumed	205,869	357,016
	Stores and spares consumed	12,697	10,989
	Salaries, wages and benefits	8,198	6,534
	Repair and maintenance	12,411	5,278
	Insurance	1,931	2,023
	Depreciation	12,903	13,501
	Others	649	100
		<u>254,658</u>	<u>395,441</u>
	Finished Goods:		
	Opening Stock	417,183	277,941
	Closing Stock	(556,800)	(277,028)
		<u>(139,617)</u>	<u>913</u>
		<u>115,041</u>	<u>396,354</u>

7 LOSS PER SHARE- BASIC AND DILUTED

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

Loss after tax for the period	(Rupees)	(84,699,490)	(35,597,363)
Weighted average number of ordinary shares		<u>32,400,000</u>	<u>32,400,000</u>
Loss per share - basic and diluted	(Rupees)	<u>(2.61)</u>	<u>(1.10)</u>

8 TRANSACTIONS WITH RELATED PARTIES

The Company carries out transactions with various related parties in the normal course of business. Transactions with related parties other than remuneration and benefits to Key management personnel are as follows:

		For the Quarter ended December 31,	
		2007	2006
		(Rupees in thousand)	
	Purchases (Component and parts)	16,102	64,163
	Other transactions	6,252	6,363
		<u>22,354</u>	<u>70,526</u>

Other transactions include payments by the Company on behalf of related parties and vice versa including shared expenses. The Company charged markup at rate of 14 % per annum on balances with related parties resulting from such transactions.



HASEEB WAQAS SUGAR MILLS LIMITED

For the Quarter ended
December 31,

2007

2006

(Rupees in thousand)

9 NET CASH (GENERATED FROM)/ USED IN OPERATIONS

Loss before tax	(85,310)	(33,122)
Adjustments for non-cash items		
Finance cost	25,771	17,824
Gain on sale of property, plant and equipment	(249)	-
Depreciation	14,101	14,776
Provision for employees retirement benefits	378	770
	40,001	33,370
Operating (loss) / profit before changes in working capital	(45,309)	248
(Increase) / Decrease in Current Assets		
Stores and spares	487	(2,056)
Stock in trade	(139,618)	913
Advances, prepayments and other receivables	27,717	84,999
	(111,414)	83,856
Increase / (Decrease) in Current Liabilities		
Trade and other payables	69,762	(11,361)
Net cash (generated from)/ used in operations	(86,961)	72,743

10 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 leads to higher figures in respect of stocks and short term borrowings being reflected during these periods.

There are no other significant activities since September 30, 2007 affecting the financial statements other than disclosed in the financial statements.

11 DATE OF AUTHORIZATION

These interim financial statements were authorized for issue on January 31, 2008 by the Board of Directors of the 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