



AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed balance sheet of HASEEB WAQAS SUGAR MILLS LIMITED ("the Company") as at 30 September 2008 and the related profit and loss account, cash flow statement and statement of changes in equity together with the notes forming part thereof, for the year then ended and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purpose of our audit.

It is the responsibility of the Company's management to establish and maintain a system of internal control, and prepare and present the above said statements in conformity with the approved accounting standards and the requirements of the Companies Ordinance, 1984. Our responsibility is to express an opinion on these statements based on our audit.

We conducted our audit in accordance with the auditing standards as applicable in Pakistan. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the above said statements are free of any material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the above said statements. An audit also includes assessing the accounting policies and significant estimates made by management, as well as, evaluating the overall presentation of the above said statements. We believe that our audit provides a reasonable basis for our opinion and, after due verification, we report that--

- a) in our opinion, proper books of account have been kept by the Company as required by the Companies Ordinance, 1984;
- b) in our opinion--
 - i. the balance sheet and profit and loss account together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984, and are in agreement with the books of account and are further in accordance with accounting policies consistently applied;
 - ii. the expenditure incurred during the year was for the purpose of the Company's business; and
 - iii. the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the Company;
- c) in our opinion and to the best of our information and according to the explanations given to us, the balance sheet, profit and loss account, cash flow statement and statement of changes in equity together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan, and, give the information required by the Companies Ordinance, 1984, in the manner so required and these respectively give a true and fair view of the state of the Company's affairs as at 30 September 2008 and of the loss, its cash flows and changes in equity for the year then ended;
- d) in our opinion, no Zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980.);
- e) Without qualifying our opinion, we draw attention to:
 - i. note 34.1 to the financial statements regarding transactions with related parties;
 - ii. note 2.3 to the financial statements pertaining to the appropriateness of the going concern assumption. In accordance with the general trends in the sugar industry, the Company is also facing difficulties which had an adverse impact on the continued operations of the Company and as such the Company as at 30 September 2008, has accumulated losses of Rs. 127 million and the current liabilities of the Company exceeds its current assets by Rs. 143 million. The management of the Company, however, believes that it has sufficient assets and resources to meet its current liabilities including the expectation of continued financial support of its directors and associates through interest free loans. Management's expectations including future trends and profitability in regard to this matter are also discussed in the said note to the financial statements. In view of the above, these financial statements have been prepared on going concern basis.

LAHORE.

Date: 09 February 2009

RAHMAN SARFARAZ RAHIM IQBAL RAFIQ
Chartered Accountants