



NOTES TO THE ACCOUNTS

FOR THE QUARTER ENDED DECEMBER 31, 2005

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. Share 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 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 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 and monetary assets and liabilities in foreign currencies which have stated at the closing rate.

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. ADDITION AND DISPOSALS-AT COST

	December 31, 2005		December 31, 2004	
	(Rupees in Thousand)			
	Acquisition	Disposal	Acquisition	Disposal
Plant & Machinery	-	-	19,200	-
Furniture, Fixtures & Equipments	207	-	63	-
Vehicles	182	-	-	893
Total	389	-	19,263	893

5. SHORT TERM BORROWING - SECURED

Out of the facilities sanctioned as at September 30, 2005 the Company has availed facilities aggregation Rs. 195 million from banking companies. Markup is chargeable at the rate of 6 months KIBOR plus 2.5% & 3 months KIBOR plus 2%. These are secured against pledge of sugar stocks and charge over current assets of the Company and personal guarantees of the directors of the Company.

6. CONTINGENCIES AND COMMITMENTS

There are no material changes in contingencies and commitments as disclosed in the notes to the financial statements for the year ended September 30, 2005.

7. COST OF GOODS SOLD

	Quarter Ended December 31, 2005	Quarter Ended December 31, 2004
	(Rupees in thousand)	
Raw materials consumed	138,895	328,118
Salaries and wages	9,271	8,297
Fuel Consumed	834	750
Chemical Consumed	820	988
Oil and Lubricants	239	411
Repairs and Maintenance	8,264	41,208
Packing material	1,184	3,257
Stationery	3	503
Insurance	1,392	2,159
Entertainment	218	166
Freight & Octroi	132	132
Depreciation	13,539	14,505
	174,891	400,494
Finished Goods:		
Opening Stock	124,569	290,183
Closing Stock	(152,538)	(338,842)
	(27,969)	(48,659)
Cost of Goods Sold	146,922	351,835