

Wazir Ali Industries Limited

Balance Sheet

As at December 31, 2003

FIRST DRAFT

	Un-audited Jul-Dec. 2003	Audited June 30, 2003		Un-audited Jul-Dec. 2003	Audited June 30, 2003
		(Rupees in '000)			
SHARE CAPITAL AND RESERVES					
Share capital					
Authorised					
8,000,000 ordinary shares of Rs.10 each	<u>80,000</u>	<u>80,000</u>			
Issued, subscribed and paid-up capital	76,057	76,057			
Reserves					
Share premium	14,449	14,449			
Revenue reserve	66,067	66,067			
Accumulated loss	(208,773)	(181,082)			
	(128,257)	(100,566)			
	<u>(52,200)</u>	<u>(24,509)</u>			
SURPLUS ON REVALUATION OF OPERATING FIXED ASSETS	5	100,426	46,806		
LONG TERM FINANCE	6	80,000			
LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE		1,120	1,524		
LONG TERM DEPOSITS		760	760		
DEFERRED LIABILITY		2,679	3,024		
CURRENT LIABILITIES					
Current maturities of liabilities against assets subject to finance lease		1,348	1,838		
Short term borrowings – secured	7	186,489	213,858		
Creditors, accrued expenses and other liabilities		43,298	47,113		
Provision for taxation	8	5,422	10,861		
		236,557	273,670		
CONTINGENT LIABILITY	9				
		<u>369,342</u>	<u>301,275</u>		
FIXED CAPITAL EXPENDITURE					
Operating fixed assets - at cost / valuation less accumulated depreciation				111,771	61,537
LONG TERM LOANS TO EMPLOYEES					
- secured, considered good				254	467
LONG TERM SECURITY DEPOSITS					
				870	914
CURRENT ASSETS					
Stock in trade				102,599	71,259
Goods in transit				-	15,525
Stores and spares				5,260	5,098
Trade debts - unsecured, considered good				104,149	110,649
Loans and advances - considered good				18,633	23,762
Deposits, prepayments and other receivables				18,238	7,077
Cash and bank balances				7,568	4,987
				256,447	238,357
		<u>369,342</u>	<u>301,275</u>	<u>369,342</u>	<u>301,275</u>

The annexed notes form an integral part of these accounts.

These Financial Statements were authorised for issue in the Board of Directors meeting held on 23 February 2004.

Chief Executive

Director

Wazir Ali Industries Limited
Profit and Loss Account (unaudited)
For the period ended December 31, 2003

	<i>Note</i>	Quarter ended		Half year ended	
		31 December 2003	31 December 2002	31 December 2003	31 December 2002
		(Rupees in '000)		(Rupees in '000)	
Sales - net	10	180,584	259,753	326,956	553,267
Cost of goods sold	11	(147,927)	(209,190)	(268,772)	(444,014)
Gross profit		32,657	50,563	58,184	109,253
Administrative expenses		6,250	8,610	14,144	16,313
Selling and distribution expenses		32,537	27,731	55,273	68,755
Financial expenses		6,228	10,310	12,383	17,486
Workers' profit participation fund		-	210	-	362
		45,015	46,861	81,800	102,916
		(12,358)	3,702	(23,616)	6,337
Other income		657	293	773	541
Profit before taxation		(11,701)	3,995	(22,843)	6,878
Provision for taxation - current year		(3,424)	(3,547)	(5,422)	(5,152)
Profit after taxation		(15,125)	448	(28,265)	1,726
Earnings / (loss) per share - basic and diluted	<i>Rupees</i>	(1.99)	0.06	(3.72)	0.23

These accounts should be read in conjunction with the attached notes 1 to 12.

These Financial Statements were authorised for issue in the Board of Directors meeting held on 23 February 2004.

Chief Executive

Director

Wazir Ali Industries Limited

Cash Flow Statement

For the period ended December 31, 2003

Un-audited Audited
Jul-Dec. 2003 June 30,
(Rupees in '000)

CASH FLOWS FROM OPERATING ACTIVITIES

(Loss) / profit before taxation	(11,142)	(25,675)
Adjustments for:		
Depreciation	1,588	6,485
Gain on disposal of fixed assets	-	(1,019)
Financial charges	6,156	30,810
Provision for staff retirement benefits	-	3,402
Provision for deferred liabilities	439	3,024
Provision against doubtful debts	-	400
Provision for voluntary retirement scheme	-	4,512
Provision for workers' profit participation fund	-	-
	<u>(2,959)</u>	<u>21,939</u>

Changes in operating assets / liabilities

Decrease in stores and spares	9	55
(Increase) / Decrease in stock in trade	(5,750)	3,507
(Increase) / Decrease in goods in transit	(43,988)	16,876
(Increase) / Decrease in trade debts	2,116	(22,365)
(Increase) / Decrease in long term security deposits	-	(155)
(Increase) / Decrease in advances, deposits, prepayments and other receivables	(4,348)	6,685
increase / (Decrease) in creditors, accrued expenses and other liabilities	15,214	(38,644)
	<u>(36,747)</u>	<u>(34,041)</u>
Payments to workers profit participation fund	-	(558)
Staff retirement benefit paid	-	(2,929)
Financial charges paid	(6,767)	(28,338)
Income tax paid	(2,061)	(11,716)
Net cash flows from operating activities	<u>(48,534)</u>	<u>(55,643)</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Fixed capital expenditure	(19)	(547)
Proceeds from disposal of fixed assets	-	1,641
Net cash flows from investing activities	<u>(19)</u>	<u>1,094</u>

CASH FLOWS FROM FINANCING ACTIVITIES

Lease rentals payments	(462)	(2,999)
(Decrease) / increase in short term borrowings	31,436	(9,838)
(Decrease) in long term demand finance	-	(2,800)
Net cash flows from financing activities	<u>30,974</u>	<u>(15,637)</u>
Net (decrease) / increase in cash and cash equivalents	<u>(17,579)</u>	<u>(70,186)</u>
Cash and cash equivalents at beginning of the period	<u>(192,238)</u>	<u>(122,052)</u>
Cash and cash equivalents at end of the period	<u><u>(209,817)</u></u>	<u><u>(192,238)</u></u>

The annexed notes form an integral part of these accounts

Chief Executive

Director

Wazir Ali Industries Limited
Statement of Changes in Equity
For the period ended December 31, 2003

(Rupees in '000)

	Ordinary shares paid in cash	Shares issued as bonus shares	Share premium	Revenue reserve	Accumulated loss	Total
Balance as on 1 July 2001	68,082	7,975	14,449	66,067	(166,773)	(10,200)
Shares issued during the year	-	-	-	-	-	-
Profit for the year	-	-	-	-	2,310	2,310
Balance as at 30 June 2002	<u>68,082</u>	<u>7,975</u>	<u>14,449</u>	<u>66,067</u>	<u>(164,463)</u>	<u>(7,890)</u>
Loss for the year	-	-	-	-	(36,536)	(36,536)
Transferred from surplus on revaluation of fixed assets:						
- Prior years					17,648	17,648
- Current year	-	-	-	-	2,269	2,269
Balance as at 30 June 2003	<u>68,082</u>	<u>7,975</u>	<u>14,449</u>	<u>66,067</u>	<u>(181,082)</u>	<u>(24,509)</u>
Loss for the quarter Jul - Sep. 2003	-	-	-	-	(13,140)	(13,140)
Transferred from surplus on revaluation of fixed assets:						
- Quarter Jul - Sep. 2003	-	-	-	-	567	567
Balance as at 30 September 2003	<u>68,082</u>	<u>7,975</u>	<u>14,449</u>	<u>66,067</u>	<u>(193,655)</u>	<u>(37,082)</u>
Loss for the quarter Oct - Dec. 2003	-	-	-	-	(15,118)	(15,118)
Transferred from surplus on revaluation of fixed assets:						
- Quarter Oct - Dec. 2003	-	-	-	-	-	-
Balance as at 31 December 2003	<u>68,082</u>	<u>7,975</u>	<u>14,449</u>	<u>66,067</u>	<u>(208,773)</u>	<u>(52,200)</u>

The annexed notes form an integral part of these accounts.

Chief Executive

Director

Wazir Ali Industries Limited

Notes to the Accounts (unaudited)

For the six months period ended December 2003

1. These accounts are unaudited and are being submitted to the shareholders as required by section 245 of the Companies Ordinance, 1984.
2. These financial statements have been prepared in accordance with the requirements of International Accounting Standard 34 - Interim Financial Reporting.
3. The accounting policies adopted for the preparation of these accounts are consistent with those applied for the preparation of the annual audited accounts of the company for the year ended 30 June 2003.
4. **OPERATING FIXED ASSETS** - at cost / revaluation
less accumulated depreciation

Details of additions to operating fixed assets during the three months period ended 30 September 2003 are as follows:

	30 December 2003
Owned	(Rupees in '000)
Furniture & Fixtures	13
Office & Residence equipments	5
	<u>18</u>

During the six months period ended 31 December 2003, no assets were sold by the company. The detail of assets revalued on september 30, 2003 are as follows.

- Land	44,947
- Building	1,804
- Plant & Machinery	7,436
	<u>54,187</u>

5. SURPLUS ON REVELUATION OF FIXED ASSETS

Freehold land, building and plant & machinery of the company were revalued on 30 September 2003 by an independent valuer, Iqbal Nanjee & Co. Surplus arising out of the revaluation of these assets has been credited to surplus on revaluation of fixed assets account and has been arrived at as follows:

31 December 2003	30 June 2003
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(Rupees in '000)

Opening balance	46,806	66,723
Transferred to retained earnings (accumulated loss)		
- Prior years'	-	(17,648)
- Current period	(567)	(2,269)
	(567)	(19,917)
	<u>46,239</u>	<u>46,806</u>
Add: Revaluation of Assets		
- Land	44,947	-
- Building	1,804	-
- Plant & Machinery	7,436	-
	<u>54,187</u>	<u>-</u>
	<u>100,426</u>	<u>46,806</u>

6. LONG TERM BORROWING

80,000 ----

As explain in note no. 7.

7. SHORT TERM BORROWING

Restructuring of the financial statements of the company had become inevitable, therefore, arrangements have been made with banks for obtaining a long-term loan. This long-term finance has been utilised to reduce the short-term bank financing of the company by the same amount thus improving the current ratio and bringing it in line with the requirements of Prudential Regulations.

This will enable the company to remain within the parameters of Prudential Regulations and to continue as a going concern.

8. PROVISION FOR TAXATION

The company's taxable income is assessed under the presumptive tax regime of the Income Tax Ordinance, 2001. Under this regime, payments of tax at the import stage is considered as full and final settlement of its tax liability, except where tax payable under the normal tax regime is higher then the tax liability under the presumptive tax regime. The company is of the view that in the foreseeable future it would continue to be assessed under the presumptive tax regime and as such would not be liable to tax under the normal tax regime. As such deferred tax liability on the above surplus has not been recognised by the company (since the reversal of temporary difference is not likely in the foreseeable future).

9. CONTINGENCIES

9.1 Claims against the company not acknowledged as debts 12,521 12,521

9.2 Bank guarantee 4,836 4,836

9.3 The income tax assessments of the company have been finalised upto and including assessment year 2001-2002. The returns for the assessment year 2002-2003 and 2003-2004 has been filed by the Company for which tax assessment has not yet been finalised.

10. SALES - net

Half year ended
31 December 31 December
2003 2002
(Rupees in '000)

Sales	378,306	639,737
Sales tax	(48,946)	(83,625)
Leakages and damages	(2,404)	(2,845)
	<u>326,956</u>	<u>553,267</u>

11. COST OF GOODS SOLD

Half year ended
30 December 31 December
2003 2002
(Rupees in '000)

Balance of finished goods as on 1 July	24,751	26,594
Cost of goods manufactured	<u>265,343</u>	<u>446,486</u>
Available for sale	290,094	473,080
Balance of finished goods as on September 30	(21,322)	(29,066)
	<u>268,772</u>	<u>444,014</u>

Chief Executive

Director