

Wazir Ali Industries Limited

Balance Sheet (unaudited)

As at 30 September 2004

	Note	30 September 2004	30 June 2004 (Audited)
		(Rupees in '000)	
Operating fixed assets - at cost / revaluation			
less accumulated depreciation		109,481	110,221
Long term loans to employees - secured, considered good		254	472
Long term advance and security deposits - secured, considered good		497	497

CURRENT ASSETS

Stock-in-trade	74,241	56,433
Goods in transit	27,144	-
Stores and spares	7,189	5,260
Trade debts - unsecured, considered good	31,503	27,786
Loans and advances - considered good	25,396	18,624
Deposits, prepayments and other receivables	11,233	7,497
Cash and bank balances	14,057	10,465
	190,763	126,065

CURRENT LIABILITIES

Current maturity of liabilities against assets subject to finance lease and term finance	13,857	9,693
Short term borrowings - secured	103,527	85,859
Creditors, accrued expenses and other liabilities	93,044	44,886
Provision for taxation	6,433	5,422
	216,861	145,860

NET CURRENT ASSETS / (LIABILITIES)

	(26,098)	(19,795)
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NET ASSETS

	84,134	91,395
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AUTHORISED CAPITAL (8 million ordinary shares of Rs. 10 each)

	80,000	80,000
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REPRESENTED BY:

Share capital	76,057	76,057
Share premium	14,449	14,449
Revenue reserves	66,067	66,067
Accumulated loss	(241,393)	(239,252)
Shareholders' equity	(84,820)	(82,679)
Surplus on revaluation of fixed assets	97,884	98,516
Long term finance	66,985	71,330
Liabilities against assets subject to finance lease	385	501
Long term deposits	760	760
Deferred liability	2,940	2,967
	84,134	91,395

CONTINGENCIES

6

These accounts should be read in conjunction with the attached notes 1 to 10.

These financial statements were approved in the Board of Directors meeting held on October 26, 2004.

Chief Executive

Director

Wazir Ali Industries Limited
Profit and Loss Account (unaudited)

For the three months period ended 30 September 2004

		Quarter ended 30 September 2004	Quarter ended 30 September 2003
	<i>Note</i>	(Rupees in '000)	
Sales - net	7	202,168	146,372
Cost of goods sold	8	(165,766)	(120,845)
Gross profit		36,402	25,527
Administrative expenses		6,712	7,893
Selling and distribution expenses		28,221	22,735
Financial expenses		3,814	6,156
Workers' profit participation fund		-	-
		38,747	36,784
		(2,345)	(11,257)
Other income		583	116
(Loss) / profit before taxation		(1,762)	(11,141)
Provision for taxation - current year		(1,011)	(1,999)
(Loss) / Profit after taxation		(2,773)	(13,140)
(Loss) / Earnings per share - basic and diluted		(0.36)	(1.73)

These accounts should be read in conjunction with the attached notes 1 to 10.

These financial statements were approved in the Board of Directors meeting held on October 26, 2004.

Chief Executive

Director

Wazir Ali Industries Limited

Cash Flow Statement (unaudited)

For the three months period ended 30 September 2004

	30 September 2004	30 June 2004 (Audited)
CASH FLOWS FROM OPERATING ACTIVITIES		
(Rupees in '000)		
Loss before taxation	(1,762)	(55,225)
Adjustments for:		
Depreciation	1,304	5,645
Gain on disposal of fixed assets	(357)	(235)
Financial charges	3,814	22,078
Provision for staff retirement benefits	-	4,846
Provision for deferred liabilities	27	622
	<u>4,788</u>	<u>32,956</u>
Operating profit before working capital changes	3,026	(22,269)
Changes in operating assets / liabilities		
Stores and spares	(1,929)	(162)
Stock in trade	(17,808)	14,826
Goods in transit	(27,144)	15,525
Trade debts	(3,717)	82,863
Long term advance and security deposits	-	417
Advances, deposits, prepayments and other receivables	(9,325)	2,129
Creditors, accrued expenses and other liabilities	47,656	(1,407)
	<u>(12,267)</u>	<u>114,191</u>
Staff retirement benefits paid	-	(8,522)
Financial charges paid	(3,313)	(22,204)
Income tax paid	(936)	(5,677)
	<u>(4,249)</u>	<u>(36,403)</u>
Net cash flows from operating activities	(13,490)	55,519
CASH FLOWS FROM INVESTING ACTIVITIES		
Fixed capital expenditure	(604)	(143)
Proceeds from disposal of fixed assets	357	235
Net cash flows from investing activities	(247)	92
CASH FLOWS FROM FINANCING ACTIVITIES		
Long Term Finance	-	80,000
Lease payments	(339)	(2,136)
Increase/(decrease) in short term borrowings	(2,068)	(9,919)
	<u>-</u>	<u>-</u>
Net cash flows from financing activities	(2,407)	67,945
Net decrease in cash and cash equivalents	(16,144)	123,556
Cash and cash equivalents at beginning of the period	(68,682)	(192,238)
Cash and cash equivalents at end of the period	(84,826)	(68,682)
CASH AND CASH EQUIVALENTS		
Cash and bank balances	14,057	10,465
Finance under mark-up arrangements	(98,883)	(79,147)
	<u>(84,826)</u>	<u>(68,682)</u>

These accounts should be read in conjunction with the attached notes 1 to 10

These financial statements were approved in the Board of Directors meeting held on October 26, 2004

Chief Executive

Director

Wazir Ali Industries Limited
Statement of Changes in Equity
For the three months period ended 30 September 2004

(Rupees in '000)

	Issued subscribed and paid-up capital	Capital reserve (Share premium)	Revenue reserve		Total
			Revenue reserve	Accumulated loss	
Balance as at 30 June 2003	76,057	14,449	66,067	(181,082)	(24,509)
Loss for the Quarter July - Sep. 2003	-	-	-	(13,140)	(13,140)
Transferred from surplus on revaluation of fixed assets	-	-	-	567	567
Balance as at 30 September 2003	<u>76,057</u>	<u>14,449</u>	<u>66,067</u>	<u>(193,655)</u>	<u>(37,082)</u>
Balance as at 30 June 2004	76,057	14,449	66,067	(239,252)	(82,679)
Loss for the Quarter July - Sep. 2004	-	-	-	(2,773)	(2,773)
Transferred from surplus on revaluation of fixed assets	-	-	-	632	632
Balance as at 30 September 2004	<u>76,057</u>	<u>14,449</u>	<u>66,067</u>	<u>(241,393)</u>	<u>(84,820)</u>

These financial statements were approved in the Board of Directors meeting held on October 26, 2004.

Chief Executive

Director

Wazir Ali Industries Limited

Notes to the Financial Statements (unaudited)

For the three months period ended 30 September 2004

1. These financial statements are unaudited and are being submitted to 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. ACCOUNTING POLICIES

The accounting policies adopted for the preparation of these financial statements are consistent with those applied for the preparation of the annual audited financial statements of the company for the year ended 30 June 2004 except capitalization & amortization of fixed assets.

Upto June 30, 2004 the company had the policy to charge a full year's depreciation on all fixed assets capitalized during the year, while no depreciation was charged in the year fixed assets were disposed off or scrapped.

With effect from July 1, 2004 the company has decided to change its depreciation policy by deciding to charge the depreciation on monthly pro-rata basis on all assets capitalized and disposed off or scrapped during the year.

4. **OPERATING FIXED ASSETS** - at cost / revaluation
less accumulated depreciation

Details of revaluation / additions to operating fixed assets during the three months period ended 30 September 2004 are as follows:

	30 September 2004	30 September 2003
	(Rupees in '000)	
Increase due to revaluation	-	54,187
Additions		
Owned:		
Furniture	-	13
Office / residential equipments	-	5
	<u>-</u>	<u>54,205</u>
Leased		
Vehicles	604	-
	<u>604</u>	<u>54,205</u>
Disposals		
Vehicles	-	-

*The Cost of vehicles disposed off for the three months period ended september 2004, were 914,000 while WDV is Nil

As stated in note number 3, the depreciation policy has been changed, had there been no such change in depreciation policy , the profit before tax for the period and the written down value of the operating assets would have been lower by .02 million

5. SURPLUS ON REVALUATION OF FIXED ASSETS	30 September	30 June
	2004	2004
	(Rupees in '000)	
Opening balance	98,516	46,806
Revaluation during the period	-	54,187
Transferred to retained earnings (accumulated loss)		
- Prior years'	-	-
- Current period	(632)	(2,477)
	<u>(632)</u>	<u>(2,477)</u>
	<u>97,884</u>	<u>98,516</u>

This represents surplus arising on revaluation of freehold land, building and plant and machinery of the company as at 30 September 2003. The revaluation was carried out by an independent valuer, M/s. Iqbal A. Nanjee & Co.

6 CONTINGENCIES	30 September	30 June
	2004	2004
	(Rupees in '000)	

6.1 Claims against the company not acknowledged as debt	<u>13,673</u>	<u>13,673</u>
6.2 Bank guarantee	<u>4,836</u>	<u>4,836</u>
6.3 Messrs Parcel Tankers has filed a suit against the company in 1987 before Sindh High Court, as they have not followed up the case. During the year ended 30 June 2002 the case was discharged by High Court, as the amount involved was less than the jurisdiction of High Court and was referred to lower courts. The Company considers that chances of any adverse outcome are remote.		

7. SALES - net	Quarter ended	Quarter ended
	30 September	30 September
	2004	2003
(Rupees in '000)		
Sales	232,486	169,368
Sales tax	(28,644)	(21,760)
Leakages and damages	(1,673)	(1,236)
	<u>202,169</u>	<u>146,372</u>

8. COST OF GOODS SOLD		
	30 September	30 September
	2004	2003
(Rupees in '000)		
Finished goods at the beginning	26,027	24,751
Cost of goods manufactured	8.1 <u>171,646</u>	<u>121,274</u>
Available for sale	<u>197,673</u>	<u>146,025</u>
Balance of finished goods as on 30 September	<u>(31,907)</u>	<u>(25,180)</u>
	<u>165,766</u>	<u>120,845</u>

8.1 Cost of goods manufactured		
	30 September	30 September
	2004	2003
(Rupees in '000)		
Work in process at the beginning	10,976	13,733
Raw materials consumed	144,575	100,198
Packing materials consumed	17,236	11,760
Stores and spares consumed	961	1,226
Salaries, wages and other benefits	6,315	7,205
Contribution to provident fund	186	197
Fuel and power	4,448	4,353
Repair and maintenance	172	127
Rent, rates and taxes	-	-
Marking Fee	302	268
Insurance	123	122
Depreciation	959	905
	<u>186,253</u>	<u>140,094</u>
Work in process as on 30 September	<u>(14,607)</u>	<u>(18,820)</u>
	<u>171,646</u>	<u>121,274</u>

9. TRANSACTIONS WITH ASSOCIATED UNDERTAKINGS

The related parties comprise related group companies, directors and close family members, staff retirement funds, executives and major shareholder's of the company. Associated companies with whom such transactions have taken place includes Zulfeqar Industries Limited, IGI Insurance Company Limited and Treet Corporation Limited. These are associated companies as they are either under the same management and / or with common directors. The company has a policy whereby all transactions with related parties are entered into arm's length prices using the comparable uncontrolled price method for purchases and sales and cost plus method for other transactions. Transaction with related parties during the nine months are as follows:

	Quarter ended 30 September 2004	Quarter ended 30 September 2003
	(Rupees in '000)	
Contribution to staff retirement funds	<u>353</u>	<u>798</u>
Chief executive's remuneration	<u>187</u>	<u>96</u>
Sales / services rendered	<u>1,180</u>	<u>1,114</u>
Purchases / services availed	<u>1,540</u>	<u>561</u>
Allocation of common selling and distribution expenses	<u>2,608</u>	<u>5,483</u>
Insurance premium paid	<u>448</u>	<u>1,069</u>
Rent expense	<u>38</u>	<u>38</u>

10. GENERAL

Figures have been rounded off to the nearest thousand rupees.

Chief Executive

Director