

**Zulfeqar Industries Limited**  
**Balance Sheet - Un-audited**  
*As at 30 September 2003*

		<b>30 September 2003</b>	30 June 2003 (Audited)
	<i>Note</i>	<b>(Rs. in '000)</b>	
OPERATING ASSETS - at cost / revaluation			
less accumulated depreciation	4	<b>65,987</b>	67,220
CAPITAL WORK IN PROGRESS - at cost		<b>986</b>	1,044
TRADE MARKS - at cost		<b>471</b>	471
LONG TERM DEPOSITS		<b>2,173</b>	2,174
DEFERRED TAXATION	5	<b>2,754</b>	3,037
LOANS AND ADVANCES TO EMPLOYEES		<b>227</b>	331
<b>CURRENT ASSETS</b>			
Stores and spares		<b>2,495</b>	2,298
Stock-in-trade		<b>78,903</b>	91,106
Short term investment		<b>35,000</b>	-
Trade debtors - unsecured, considered good		<b>11,419</b>	14,316
Current maturity of loans and advances to employees		<b>179</b>	165
Advances, deposits, prepayments and other receivables		<b>43,160</b>	39,057
Cash and bank balances		<b>44,786</b>	55,085
		<b>215,942</b>	202,027
<b>CURRENT LIABILITIES</b>			
Current maturity of liabilities against assets subject to finance lease		<b>4,340</b>	4,392
Creditors, accrued expenses and other liabilities		<b>90,738</b>	89,205
Provision for taxation		<b>34,388</b>	30,011
Dividend		<b>4,000</b>	4,000
		<b>133,466</b>	127,608
<b>NET CURRENT ASSETS</b>		<b>82,476</b>	74,419
<b>TOTAL ASSETS</b>		<b>155,074</b>	148,696
<b>FINANCED BY :</b>			
<b>SHARE CAPITAL AND RESERVES</b>			
Authorised capital		<b>50,000</b>	50,000
Issued, subscribed and paid up capital		<b>40,000</b>	40,000
Revenue reserves		<b>6,000</b>	6,000
Unappropriated profit		<b>40,526</b>	31,664
Shareholders' equity		<b>86,526</b>	77,664
SURPLUS ON REVALUATION OF FIXED ASSETS	6	<b>24,519</b>	24,953
LONG TERM DEPOSITS		<b>475</b>	475
DEFERRED LIABILITIES		<b>40,666</b>	41,719
LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE		<b>2,888</b>	3,885
CONTINGENCIES AND COMMITMENTS	7	<b>155,074</b>	148,696

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

These accounts were approved in the Board of Directors' meeting held on 22 October 2003.

\_\_\_\_\_  
Chief Executive

\_\_\_\_\_  
Director

Zulfeqar Industries Limited  
Profit and Loss Account - Un-audited  
For the quarter ended 30 September 2003

		<b>July to Sept 2003</b>	July to Sept 2002
	<i>Note</i>	<b>(Rs. in '000)</b>	
Sales - net		<b>171,205</b>	160,862
Cost of goods sold	8	<b>131,337</b>	124,760
Gross profit		<b>39,868</b>	36,102
Administrative expenses		<b>3,733</b>	3,256
Selling & distribution expenses		<b>22,729</b>	18,584
Financial expenses		<b>489</b>	1,184
WPPF & WWF		<b>957</b>	980
		<b>27,908</b>	24,004
		<b>11,960</b>	12,098
Other income		<b>1,128</b>	649
Profit before taxation		<b>13,088</b>	12,747
Taxation:			
Current		<b>4,376</b>	5,029
Deferred		<b>284</b>	(242)
		<b>4,660</b>	4,787
Profit after taxation		<b>8,428</b>	7,960
Earning per share	<i>Rupees</i>	<b>2.11</b>	1.99

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

\_\_\_\_\_  
Chief Executive

\_\_\_\_\_  
Director

Zulfeqar Industries Limited  
Cash Flow Statement - Un-audited  
For the quarter ended 30 September 2003

July to Sept 2003      July to Sept 2002

(Rupees in '000)

**CASH FLOWS FROM OPERATING ACTIVITIES**

<b>Profit before taxation</b>	<b>13,088</b>	12,747
Adjustments for:		
Financial charges	421	1,129
Depreciation	1,684	1,817
Provision for gratuity	592	663
Provision for retirement benefits	1,541	2,136
Gain (loss) on disposal of fixed assets	-	-
	<b>4,238</b>	5,745
Operating profit before working capital changes	<b>17,326</b>	18,492
<b>Decrease / (Increase) in operating assets:</b>		
Stores and spares	(197)	(8)
Stock in trade	12,204	(9,219)
Trade debtors	2,897	(7,506)
Advances, deposits, prepayments and other receivables	(2,620)	(2,354)
Long term deposits	-	50
	<b>12,284</b>	(19,037)
<b>Increase (Decrease) in operating liabilities</b>		
Creditors, accrued expenses and other liabilities	1,530	5,119
Cash generated from operations	<b>31,140</b>	4,574
Income tax paid	(1,393)	(2,776)
Gratuity paid	(1,164)	(777)
Retirement benefits paid	(2,022)	(1,222)
Mark-up paid	(418)	(1,414)
	<b>(4,997)</b>	(6,189)
<b>Net cash (used) / flows from operating activities</b>	<b>26,143</b>	(1,615)

**CASH FLOWS FROM INVESTING ACTIVITIES**

Fixed capital expenditure	(517)	(1,451)
Short term investments	(35,000)	-
Sale proceeds of fixed assets	123	153
<b>Net cash (used) / flows from investing activities</b>	<b>(35,394)</b>	(1,298)

**CASH FLOWS FROM FINANCING ACTIVITIES**

Repayment/addition of lease liability-net	(1,048)	275
Long term demand finance	-	(5,200)
<b>Net cash (used) / flows from financing activities</b>	<b>(1,048)</b>	(4,925)

**Net (decrease)/increase in cash and cash equivalents**      (10,299)      (7,838)

**Cash and cash equivalents as at beginning of the period**      55,085      16,323

**Cash and cash equivalents as at end of the period**      44,786      8,485

**CASH AND CASH EQUIVALENTS**

Cash and bank balances      44,786      8,485

These accounts should be read in conjunction with the attached notes

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Chief Executive

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Director

Zulfeqar Industries Limited  
Statement of Changes in Equity - Un-audited

For the quarter ended 30 September 2003

(Rupees. in '000)

	Share Capital	Revenue Reserves	Unappropriated Profit / (Accumulated Loss)	Total
Balance as at 30 June,2002	40,000	6,000	(4,630)	41,370
Profit for quarter ended 30 September 2002	-	-	7,960	7,960
Balance as at 30 September 2002	<u>40,000</u>	<u>6,000</u>	<u>3,330</u>	<u>49,330</u>

	Share Capital	Revenue Reserves	Unappropriated Profit / (Accumulated Loss)	Total
Balance as at 30 June 2002	40,000	6,000	(4,630)	41,370
Tranferred from surplus on revaluation of fixed assets -				
- prior years	-	-	20,817	20,817
- current period	-	-	1,929	1,929
Profit for the year	-	-	21,548	21,548
Interim dividend ( 10%)	-	-	(4,000)	(4,000)
Proposed final dividend ( 10%)	-	-	(4,000)	(4,000)
Balance as at 30 June 2003	<u>40,000</u>	<u>6,000</u>	<u>31,664</u>	<u>77,664</u>
Profit for the quarter July to September 2003	-	-	8,428	8,428
Tranferred from surplus on revaluation of fixed assets -				
- current period	-	-	434	434
Balance as at 30 September 2003	<u>40,000</u>	<u>6,000</u>	<u>40,526</u>	<u>86,526</u>

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

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Chief Executive

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Director

Zulfeqar Industries Limited  
Notes to the Accounts - Un-audited

For the quarter ended 30 September 2003

1. These accounts are unaudited, prepared in compliance with IAS-34 'Interim Financial Reporting', and are circulated to the shareholders as required by section 245 of the Companies Ordinance 1984.
2. The comparative figures have been re-arranged and re-grouped wherever necessary to facilitate comparisons.
3. The accounting policies adopted for the preparation of these accounts are the same as those applied in the preparation of the annual audited accounts of the company for the year ended 30 June 2003.
4. Following is the cost of operating assets that have been added / disposed off during the three months period ended 30 September 2003:

<b>Owned:</b>	<b>Additions</b>	<b>Disposals</b>
	<b>(Rupees in '000)</b>	
Plant, Machinery and Equipments	439	-
Furniture and Fixture	13	-
Vehicles	117	375
Computers	5	-
	<u>574</u>	<u>375</u>

5. Deferred Tax is composed of the following:

	<b>30 Sept</b>	<b>30 June</b>
	<b>2003</b>	
	<b>(Rupees in '000)</b>	
Debit Balances arising in respect of		
-Provision for gratuity and retirement benefits	14,233	14,601
-Provision for slow moving stock & doubtful debts	2,725	2,725
Credit Balances arising in respect of		
-Revaluation Surplus	(9,116)	(9,350)
-Depreciation	(3,126)	(3,182)
-Lease rentals	(1,962)	(1,757)
	<u>2,754</u>	<u>3,037</u>

<b>30 September</b>	<b>30 June</b>
<b>2003</b>	

**(Rupees in '000)**

6. **Surplus on Revaluation of Fixed Assets**

Opening Balance	34,303	58,088
Transferred to retained earnings due to incremental depreciation		
- Prior years	-	(20,817)
- Current year - net-off deferred tax	(434)	(1,929)
	<u>(434)</u>	<u>(22,746)</u>
	<b>33,869</b>	<b>35,342</b>

Related deferred tax liability	(234)	(1,039)
Adjustment for assets disposed	-	-
	<u>33,635</u>	<u>34,303</u>
Less: Related deferred tax liability on:		
- Revaluation at the beginning of the year	9,350	10,389
- incremental depreciation changed during the period transferred to profit and loss account	(234)	(1,039)
	<u>9,116</u>	<u>9,350</u>
Balance at the end of the period	<u>24,519</u>	<u>24,953</u>

**7. Contingencies and Commitments**

Letters of credit	<u>21,678</u>	<u>14,230</u>
Bank guarantee	<u>2,490</u>	<u>2,490</u>

**8. Cost of Goods Sold**

**July to**                      **July to**  
**September**                      **September**  
**2003**                                      **2002**

**(Rupees in '000)**

Raw & packing material consumed	74,603	90,984
Stores & spares consumed	1,358	1,314
Salaries, wages & other benefits	13,874	14,604
Contribution to provident fund	270	261
Repairs & maintenance	365	473
Fuel & power	6,334	6,607
Rent, rates & taxes	22	47
Insurance	383	308
Product research & development	11	31
Excise duty	18,342	18,268
Traveling & conveyance	285	297
Printing & stationery	112	87
Postage, telegrams & telephones	203	142
Professional	13	11
Entertainment	1	2
Subscription	14	7
Depreciation	1,465	1,581
Common expenses expenses charged by associated company	393	216
Other expenses	463	759
	118,511	135,999
Opening stock of work-in-process	11,209	8,030
Closing stock of work-in-process	<u>(11,077)</u>	<u>(10,321)</u>
	118,643	133,708
Opening stock of finished goods	37,610	17,405
Closing stock of finished goods	<u>(24,916)</u>	<u>(26,353)</u>
	<u>131,337</u>	<u>124,760</u>

9. TRANSACTIONS WITH RELATED PARTIES

July to  
September  
2003

July to  
September  
2002

(Rupees in '000)

Purchases and services received	<u>6,679</u>	<u>7,653</u>
Sales and services rendered	<u>817</u>	<u>1,050</u>
Common expenses charged by the associated company	<u>4,634</u>	<u>4,510</u>
Contribution to employee' provident fund	<u>350</u>	<u>322</u>

\_\_\_\_\_  
Chief Executive

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Director