

**DADABHOY SACK LIMITED**

**COMPANY INFORMATION**

**BOARD OF DIRECTORS**

|                               |                 |
|-------------------------------|-----------------|
| Mr. Muhammad Hussain Dadabhoy | Chairman        |
| Mrs. Razia Hussain Dadabhoy   |                 |
| Mr. Muhammad Amin Dadabhoy    |                 |
| Mr. Fazal Karim Dadabhoy      | Chief Executive |
| Mrs. Humaira Dadabhoy         |                 |
| Mrs. Yasmeen Dadabhoy         |                 |
| Mr. Naseemuddin               |                 |

**COMPANY SECRETARY**

Mr. Ejaz Ahmed

**AUDITORS**

Rahim Iqbal Rafiq & Company  
Chartered Accountants

**LEGAL ADVISOR**

Mr. Saleem Thepdawala & Company

**BANKERS**

Allied Bank of Pakistan Limited  
United Bank Limited  
National Bank of Pakistan Limited  
PICIC Commercial Bank Limited  
Saudi Pak Commercial Bank Limited

**REGISTERED OFFICE**

5th Floor, Maqbool Commercial Complex  
Jinnah Cooperative Housing Society  
Block 7 & 8, Shahrah e Faisal, Karachi.

**FACTORY**

Nooriabad Deh Kalu Kohar,  
Distt. Dadu (Sindh)

**AUDIT COMMITTEE**

|                               |          |
|-------------------------------|----------|
| Mr. Muhammad Hussain Dadabhoy | Chairman |
| Mr. Muhammad Amin Dadabhoy    | Member   |
| Mr. Naseemuddin               | Member   |

**DADABHOY SACK LIMITED**

**DIRECTORS' REVIEW  
QUARTER ENDED REPORT TO THE SHAREHOLDERS**

On behalf of Board of Directors, I am pleased to present Unaudited Accounts for the period ended 31st March, 2005:-

| <b>FINANCIAL RESULTS</b>    | <b>Rupees (000)</b> |                   |
|-----------------------------|---------------------|-------------------|
|                             | <b>March 2005</b>   | <b>March 2004</b> |
| Sales Revenue               | 62,315              | 61,385            |
| Gross Profit for the Period | 9,898               | 12,491            |
| G. P %                      | 16%                 | 21%               |
| Profit after Tax            | 1,691               | 8,479             |
| Earning Per Share           | 0.41                | 2.12              |

Your company is striving hard to utilize maximum capacity and to produce quality sacks. During the period under review the company's sales stood at Rs. 62.135 million marginally increased by 0.750 million over the corresponding period resulting in a gross profit Rs. 9.897 million down by Rs. 2.594 million when compared with the same period of last year. The company posted a profit before taxation Rs. 3.463 million decreased from Rs. 10.878 million of last period mainly owing to other income written back in last period Earning per share stood at Rs. 0.41 per share.

The prices of Kraft paper both imported and local is continuously surging thereby shrinking the margin. In order to mitigate this impact your company is reducing its production cost to have better pay out for its shareholders.

The company is thankful to all customers and shareholders for their continued support and confidence reposed in the company and also place on record my thanks to the staff for their hard work and continuing commitment.

For and on behalf of the Board of Directors

Karachi  
April 25, 2005

**FAZAL KARIM DADABHOY**  
Chief Executive

**DADABHOY SACK LIMITED**  
**BALANCE SHEET AS AT MARCH 31, 2005**

|   | <b>Unaudited<br/>March<br/>2005<br/>Rs.</b> | <b>Audited<br/>June<br/>2004<br/>Rs.</b> |
|---|---|--|
| <b>ASSETS</b>   |   |  |
| Operating Fixed Assets at cost less depreciation            | 19,169,256                                  | 20,767,654                               |
| Long Term Deposits  | 1,700,000                                   | 1,700,000                                |
| <b>CURRENT ASSETS</b>                                       |   |  |
| Stores, Spares & Loose Tools                                | 16,166,993                                  | 16,120,030                               |
| Stock in Trade  | 4,839,733                                   | 907,593                                  |
| Trade Debts   | 17,938,295                                  | 18,337,327                               |
| Loans & Advances  | 566,722                                     | 462,611                                  |
| Deposits, Prepayments & other receivables                   | 1,856,128                                   | 844,342                                  |
| Income Tax  | 1,323,393                                   | 1,284,725                                |
| Cash & Bank   | 749,716                                     | 121,137                                  |
|   | 43,440,980                                  | 38,077,765                               |
| <b>TOTAL ASSETS</b>   | <b>64,310,236</b>                           | <b>60,545,419</b>                        |
| <b>EQUITIES &amp; LIABILITIES</b>                           |   |  |
| <b>Authorised Share Capital</b>                             |   |  |
| 5,000,000 (2004: 5,000,000) Ordinary Share of Rs. 10/- each | 50,000,000                                  | 50,000,000                               |
| Issued, subscribed & paid up capital                        | 40,000,000                                  | 40,000,000                               |
| Unappropriated Profit / Accumulated (Loss)                  | 1,464,078                                   | (187,675)                                |
| Share Holders' Equity                                       | 41,464,078                                  | 39,812,325                               |
| <b>NON-CURRENT LIABILITIES</b>                              |   |  |
| Deferred Liabilities  | 4,228,343                                   | 3,611,528                                |
| Long Term Loans   | 4,467,912                                   | 4,467,912                                |
| Obligation Under Finance Lease                              | 3,809,709                                   | 4,393,836                                |
|   | 12,505,964                                  | 12,473,276                               |
| <b>CURRENT LIABILITIES</b>                                  |   |  |
| Short Term Loan-unsecured                                   | 1,850,000                                   | 2,250,000                                |
| Current Maturity of Lease Liability                         | 762,158                                     | 695,689                                  |
| Accrued & Other Liabilities                                 | 5,943,234                                   | 4,741,399                                |
| Provision for Taxation                                      | 1,784,802                                   | 572,730                                  |
|   | 10,340,194                                  | 8,259,818                                |
| <b>TOTAL EQUITY &amp; LIABILITIES</b>                       | <b>64,310,236</b>                           | <b>60,545,419</b>                        |

The annexed notes form an integral part of these financial statements.

**FAZAL KARIM DADABHOY**  
Chief Executive

**MUHAMMAD AMIN DADABHOY**  
Director

**DADABHOY SACK LIMITED**  
**PROFIT & LOSS ACCOUNT**  
**FOR THE PERIOD ENDED MARCH 31, 2005**

|                                 | Nine Month<br>March ended<br>2005<br>Rupees | Quarter<br>March ended<br>2005<br>Rupees | Nine Month<br>March ended<br>2004<br>Rupees | Quarter<br>March ended<br>2004<br>Rupees |
|---------------------------------|---|--|---|--|
| Net Sales                       | 62,135,000                                  | 24,991,500                               | 62,385,181                                  | 17,844,420                               |
| Cost of sales                   | <u>52,237,322</u>                           | <u>22,010,142</u>                        | <u>48,893,847</u>                           | <u>13,084,979</u>                        |
| Gross profit                    | 9,897,678                                   | 2,981,358                                | 12,491,334                                  | 4,759,441                                |
| Other income                    | <u>59,190</u>                               | <u>1,400</u>                             | <u>4,184,057</u>                            | <u>14,179</u>                            |
|                                 | 9,956,868                                   | 2,982,758                                | 16,675,391                                  | 4,773,620                                |
| Admin & gen expenses            | <u>6,221,570</u>                            | <u>2,114,283</u>                         | <u>5,007,813</u>                            | <u>1,365,621</u>                         |
|                                 | 3,735,299                                   | 868,476                                  | 11,667,578                                  | 3,407,999                                |
| Other charges                   | -   | -  | 524,004                                     | -  |
| Operating Profit                | <u>3,735,299</u>                            | <u>868,476</u>                           | <u>11,143,574</u>                           | <u>3,407,999</u>                         |
| Financial charges               | <u>272,237</u>                              | <u>86,818</u>                            | <u>265,959</u>                              | <u>97,973</u>                            |
| Profit before taxation          | 3,463,062                                   | 781,658                                  | 10,877,615                                  | 3,310,026                                |
| Taxation-Current Year           | (1,212,072)                                 | (268,331)                                | 2,398,204                                   | 640,785                                  |
| Deferred                        | (599,237)                                   | -  | -   | -  |
| Profit after taxation           | <u>1,651,753</u>                            | <u>513,327</u>                           | <u>8,479,411</u>                            | <u>2,669,241</u>                         |
| Accumulated profit / (loss) b/f | (187,675)                                   | 950,751                                  | (14,806,186)                                | (8,996,016)                              |
| Accumulated profit / (loss) c/f | <u>1,464,078</u>                            | <u>(1,464,078)</u>                       | <u>(6,326,775)</u>                          | <u>(6,326,775)</u>                       |
| Earning per share               | 0.41  | 0.13                                     | 2.12  | 0.67                                     |

The annexed notes form an integral part of these financial statements.

**FAZAL KARIM DADABHOY**  
Chief Executive

**MUHAMMAD AMIN DADABHOY**  
Director

**DADABHOY SACK LIMITED**  
**CASH FLOW STATEMENT**  
**FOR THE PERIOD ENDED 31 MARCH, 2005**

|   | <b>MARCH 2005</b>  | <b>MARCH 2004</b>   |
|---|--------------------|---------------------|
|   | ----- Rupees ----- |                     |
| <b>CASH FLOW FROM OPERATING ACTIVITIES</b>                    |                    |                     |
| Profit before taxation  | 3,463,062          | 10,877,615          |
| <b>Adjustments for items not involving movement of funds:</b> |                    |                     |
| Depreciation  | 1,861,839          | 2,219,926           |
| Provision for gratuity  | 116,044            | 113,560             |
| Financial charges   | 272,237            | 265,959             |
| Other Income  | -                  | (4,176,464)         |
| Profit on bank deposit  | (1,981)            | -                   |
|   | <u>2,248,139</u>   | <u>(1,577,019)</u>  |
| <b>Profit before working capital changes</b>                  | <b>5,711,201</b>   | <b>9,300,596</b>    |
| <b>Working capital changes</b>                                |                    |                     |
| <b>(Increase) / decrease in current assets</b>                |                    |                     |
| Store, spares & loose tools                                   | (46,963)           | (66,578)            |
| Stock in trade  | (3,932,140)        | (712,331)           |
| Trade debts   | 399,032            | (6,352,315)         |
| Loan & advances   | (104,111)          | 3,260               |
| Deposits, prepayments & other receivables                     | (1,011,786)        | (593,130)           |
|   | <u>(4,695,968)</u> | <u>(7,721,094)</u>  |
| <b>Increase / (Decrease) in current liabilities</b>           |                    |                     |
| Creditors, accrued & other liabilities                        | 1,201,835          | 779,172             |
| Short term loan   | (400,000)          | 1,700,000           |
|   | <u>801,835</u>     | <u>2,479,172</u>    |
| <b>Cash generated from Operations</b>                         | <b>1,817,068</b>   | <b>4,058,674</b>    |
| Taxes paid  | (38,667)           | (118,337)           |
| Financial charges paid  | (272,237)          | (100,582)           |
| Lease Rentals   | (517,658)          | (136,734)           |
| Gratuity paid   | (98,467)           | (448,134)           |
| Profit received on bank deposits                              | 1,981              | -                   |
| <b>Net cash flows from operating activities</b>               | <b>892,020</b>     | <b>3,254,887</b>    |
| <b>CASH FLOW FROM INVESTING ACTIVITIES</b>                    |                    |                     |
| Purchase of fixed assets                                      | (263,441)          | (5,810,530)         |
| <b>Net cash (outflows) from investing activities</b>          | <b>(263,441)</b>   | <b>(5,810,530)</b>  |
| <b>CASH FLOW FROM FINANCING ACTIVITIES</b>                    |                    |                     |
| Payment from Associated                                       | -                  | (1,550,000)         |
| Lease Liability   | -                  | 4,000,000           |
| <b>Net cash flows from financing activities</b>               | <b>-</b>           | <b>2,450,000.00</b> |
| <b>Net increase in cash and cash equivalents</b>              | <b>628,579</b>     | <b>(105,643)</b>    |
| <b>Cash and cash equivalents at beginning of year</b>         | <b>121,137</b>     | <b>194,905</b>      |
| <b>Cash and cash equivalents at the end of the period</b>     | <b>749,716</b>     | <b>89,262</b>       |

The annexed notes form an integral part of these financial statements.

**FAZAL KARIM DADABHOY**  
Chief Executive

**MUHAMMAD AMIN DADABHOY**  
Director

**DADABHOY SACK LIMITED**  
**STATEMENT OF CHANGES IN EQUITY**  
**FOR THE PERIOD ENDED MARCH 31, 2005**

|  | Issued<br>subscribed,<br>and paid up<br>capital | Accumulated<br>(losses) /<br>unappropriated<br>Profit | Shareholders<br>net equity |
|--|---|---|----------------------------|
|  | ..... Rupees .....                              |   |                            |
| <b>Balance as at June 30, 2003</b>                                 | 40,000,000                                      | (14,806,186)  | 25,193,814                 |
| Net profit for the half year                                       | _____   | <u>5,810,170</u>                                      | <u>5,810,170</u>           |
| <b>Balance as at December 31, 2003</b>                             | 40,000,000                                      | (8,996,016)   | 31,003,984                 |
| Net profit for the half year                                       | _____   | <u>8,808,341</u>                                      | <u>8,808,341</u>           |
| <b>Balance as at June 30, 2004</b>                                 | 40,000,000                                      | (187,675)   | 39,812,325                 |
| Net profit for the half year                                       | _____   | <u>1,138,426</u>                                      | <u>1,138,426</u>           |
| <b>Balance as at December 31, 2004</b>                             | 40,000,000                                      | 950,751   | 40,950,751                 |
| Net Profit after Tax for the third quarter<br>ended March 31, 2005 |   | <u>513,327</u>  | <u>513,327</u>             |
|  | <u>40,000,000</u>                               | <u>1,464,078</u>                                      | <u>41,464,078</u>          |

**FAZAL KARIM DADABHOY**  
Chief Executive

**MUHAMMAD AMIN DADABHOY**  
Director

**DADABHOY SACK LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED MARCH 31, 2005**

1. The Accounting policies adopted in these Quarterly accounts are the same as those applied in the preparation of the preceeding annual published accounts for the year ended June 30,2004.
2. The accounts are unaudited and are being submitted to the shareholders in compliance with the requirements of Section 245of the Companies Ordinance 1984 and International Accounting Standard IAS 34.
3. Aggregate Transaction with related parties:

|               | March<br>2005<br>Rupees | March<br>2004<br>Rupees |
|---------------|-------------------------|-------------------------|
| Sale of Goods | 62,135,000              | 61,385,181              |

4. These financial statements were authorized for issue in the Board of Directors meeting held on April 25, 2005.

**FAZAL KARIM DADABHOY**  
Chief Executive

**MUHAMMAD AMIN DADABHOY**  
Director