

*Accounts For the
1st Quarter Ended
30 Sep 2006*



WAZIR ALI INDUSTRIES LIMITED



Quarter ended 30 Sep '06

COMPANY INFORMATION

BOARD OF DIRECTORS

**Chairman /
Chief Executive Officer
Directors**

Syed Yawar Ali
Syed Tariq Ali
Syeda Feriel R. Ali
Syed Naseem Ahmad
Mr. H. Aftab Ahmad
Syeda Nighat Ali
Syed Maratib Ali
Syed Hasnain Ali

BOARD AUDIT COMMITTEE

**Chairman
Members**

Syed Tariq Ali
Syeda Feriel R. Ali
Mr. H. Aftab Ahmed
Syed Hasnain Ali

CHIEF FINANCIAL OFFICER/ COMPANY SECRETARY

Mr. Amjad Waheed

EXTERNAL AUDITORS

KPMG Taseer Hadi & Company
Chartered Accountants

LEGAL ADVISORS

Hussain & Haider
Advocates & Solicitors

BANKERS

Prime Commercial Bank Limited
National Bank of Pakistan
Union Bank Limited
ABN AMRO Bank
Habib Bank Limited

REGISTRARS & SHARE TRANSFER OFFICE

THK Associates (Pvt.) Limited
Ground Floor
Statelife Building-3,
Dr.Ziauddin Ahmed Road,
Karachi, Pakistan.

REGISTERED OFFICE

3rd Floor, Kandawala Building
M. A. Jinnah Road, Karachi.

FACTORY

Hali Road, Hyderabad (Sindh)



Quarter ended 30 Sep '06

DIRECTORS' REVIEW

The Directors of the Company would like to present the un-audited financial statements of the company for the quarter ended 30 September 2006

Overview

The management's decision of focusing more on the fastly growing mega segment of cooking oil and increase in its prices, has given some positive results. In money terms the Sales Turnover was Rs. 250.293(M) as against Rs. 243.274(M) last year showing a slight increase of 2.9% as compared to the same period last year. We would have achieved our budgeted targets for the quarter had our production and dispatches not been adversely effected by the inclement weather causing unprecedented heavy rain at the factory in Hyderabad.

The Gross Profit ratio has increased to 21.15% from 15.01% compared with that of the same quarter of last year due to the increase in the selling price and the favourable impact of the Federal Excise Duty.

The Administrative Expenses have decreased by 19.04% showing effective management in keeping expenses under control. Selling and Distribution Expenses increased by 71.39% owing to the increase of various promotional schemes, trade-offers and advertising campaigns on all mediums, and transportation costs. The Financial Charges were higher by 27.60% owing to an increase KIBOR rates.

Earnings per share for the period under review is Rs 0.26 negative as compared to Rs 0.42 negative during the same period last year.

Future Outlook

The company is committed to adopt proactive approach to improve the results by the end of the current financial year. This vision shall be achieved by developing strategies to increase brand identity and awareness and especially by availing the opportunities present in the market place with improved infrastructure and distribution network.

Acknowledgements

We are grateful to our customers for adhering to the quality brands of Tullo and would continue to provide them with our best quality products.

We wish to thank our distributors for promoting the Tullo Quality Image and our bankers, development financial institutions for their corporate support.

We also wish to place on record our appreciation for the hard work put in by the company's staff to achieve excellence.

For and on behalf of the Board

Syed Yawar Ali
Chief Executive Officer

Lahore: 21 October 2006



Quarter ended 30 Sep '06

BALANCE SHEET (Un-Audited)

As At September 30, 2006

	Note	September-06 2006 (Un-audited) (Rupees in '000)	30 June 2006 (Audited)
Operating Fixed Assets - at cost / revaluation less accumulated depreciation	4	144,902	102,454
Capital Work in Progress		1,099	936
Investment in Subsidiary		50,000	50,000
Long Term Loans to employees - Secured, Considered good		265	256
Long Term Advance and Security Deposits-Secured, Considered good		431	404
		196,698	154,050
CURRENT ASSETS			
Stock-in-Trade		49,615	43,287
Goods in Transit		-	5,634
Stores and Spares		7,727	7,177
Trade Debts - Unsecured, Considered good		55,727	41,367
Loans and Advances - Considered good		22,055	18,278
Deposits, Prepayments and Other Receivables		35,351	32,185
Cash and Bank Balances		8,386	14,238
		178,861	162,166
CURRENT LIABILITIES			
Current Maturity of Liabilities Against Assets Subject to Finance Lease and Long Term Finance		25,166	19,292
Short Term Borrowings - Secured		135,074	131,159
Mark-up Payable on Borrowing		9,904	7,929
Creditors, Accrued Expenses and Other Liabilities		76,446	61,126
Provision for Taxation		11,272	10,396
		257,860	229,902
NET CURRENT ASSETS / (LIABILITIES)		(79,000)	(67,735)
NET ASSETS		117,698	86,315
AUTHORIZED CAPITAL			
(8 million ordinary shares of Rs. 10 each)		80,000	80,000
REPRESENTED BY:			
Share Capital		76,057	76,057
Share Premium		14,449	14,449
Revenue Reserves		66,067	66,067
Accumulated Loss		(205,191)	(204,133)
Shareholders' Equity		(48,618)	(47,560)
Surplus on Revaluation of Fixed Assets	5	134,416	91,523
Long Term Finance - Secured		28,842	39,229
Liabilities Against Asset Subject to Finance Lease		398	448
Long Term Deposits		760	760
Deferred Liability		1,900	1,914
		117,698	86,315
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 21, 2006.

Chief Executive

Director



Quarter ended 30 Sep '06

PROFIT AND LOSS ACCOUNT (Un-Audited)

For the Three Months Period Ended 30 September 2006

	Note	Quarter ended 30 September 2006 (Rupees in '000)	Quarter ended 30 September 2005
Sales - Net	7	250,293	243,274
Cost of Goods Sold	8	(197,363)	(206,750)
Gross Profit		52,930	36,524
Administrative Expenses		6,504	7,742
Selling and Distribution Expenses		42,229	24,639
Financial Expenses		5,976	4,684
		54,709	37,065
		(1,779)	(541)
Other Income		696	100
(Loss) / Profit before Taxation		(1,083)	(441)
Provision for Taxation - Current Year		(875)	(2,771)
(Loss) / Profit after Taxation		(1,958)	(3,212)
(Loss) / Earnings Per Share - Basic and Diluted		(0.26)	(0.42)

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 21, 2006.

Chief Executive

Director



Quarter ended 30 Sep '06

CASH FLOW STATEMENT (Un-Audited)
For the Three Months Period Ended 30 September 2006

	30 September 2006 (Rupees in thousands)	30 September 2005
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit/(loss) before taxation	(1,083)	(441)
Adjustments for:		
Depreciation	1,345	1,327
Gain on Disposal of Fixed Assets	(633)	-
Financial Charges	5,821	4,684
Provision for Staff Retirement Benefit /Gratuity	-	-
Provision for Staff Retirement Benefit /Deferred Liability	-	86
	<u>6,532</u>	<u>6,097</u>
Operating profit before working capital changes	5,450	5,656
Decrease/(increase) and increase/(decrease) in operating assets and liabilities:		
Stores and Spares	(551)	(1,137)
Stock in Trade	(692)	8,071
Trade Debts	(14,361)	(30,972)
Long Term Loans and Advances	(2,510)	(2,390)
Long term Advances and Security Deposits	(28)	(178)
Deposits, Prepayments and Other Receivables	(3,364)	(874)
Trade and Other Payables	15,320	60,032
	<u>(6,186)</u>	<u>32,552</u>
Staff Retirement Benefit /Gratuity Paid	(78)	-
Staff Retirement Benefit /Deferred Liability Paid	(15)	(371)
Financial Charges Paid	(3,825)	(7,240)
Income Tax Paid	(1,276)	(1,895)
	<u>(5,193)</u>	<u>(9,506)</u>
Net cash flows from operating activities	(5,930)	28,702
CASH FLOWS FROM INVESTING ACTIVITIES		
Fixed Capital Expenditure	-	(913)
Increase in Work in Progress	(163)	(1,524)
Proceeds from Disposal of Fixed Assets	910	-
Net cash flows from investing activities	747	(2,437)
CASH FLOWS FROM FINANCING ACTIVITIES		
Lease Payments	(88)	(4,778)
Long Term Finance	(9,301)	(134)
Short Term Borrowings (FATR)	(4,497)	(22,611)
Net Cash Flows from Financing Activities	(13,886)	(27,523)
Net Decrease in Cash and Cash Equivalents	(19,069)	(1,258)
Cash and Cash Equivalents at Beginning of the Period	(76,948)	(106,088)
Cash and Cash Equivalents at End of the Period	(96,016)	(107,345)
Cash and Cash Equivalents		
Cash and Bank Balances	8,386	4,506
Finance under Mark-up Arrangements	(104,402)	(111,851)
	<u>(96,016)</u>	<u>(107,345)</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 21, 2006.

Ayed Mawaz Ali

Chief Executive

S. Hussain

Director



Quarter ended 30 Sep '06

STATEMENT OF CHANGES IN EQUITY (Un-Audited)

For the Three Months Period Ended 30 September 2006

	Issued subscribed and paid-up capital	Capital Reserve (Share premium)	Revenue reserve		Total
			Revenue reserve	Accumulated loss	
Balance as at 30 June 2005 (Restated)	76,057	14,449	66,067	(172,308)	(15,735)
Loss for the Quarter July - Sep. 2005	-	-	-	(3,212)	(3,212)
Transferred from Surplus on Revaluation of Fixed Assets	-	-	-	632	632
Balance as at 30 September 2005	76,057	14,449	66,067	(174,888)	(18,315)
Balance as at 30 June 2006	76,057	14,449	66,067	(204,133)	(47,560)
Loss for the Quarter July - Sep. 2006	-	-	-	(1,958)	(1,958)
Transferred from Surplus on Revaluation of Fixed Assets	-	-	-	900	900
Balance as at 30 September 2006	76,057	14,449	66,067	(205,191)	(48,618)

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 21, 2006.

Chief Executive

Director



Quarter ended 30 Sep '06

NOTES TO THE FINANCIAL STATEMENTS (Un-Audited)

For the Three Months Period Ended 30 September 2006

1. These financial statements are un-audited 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 2006.

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 2006 are as follows:

	30 September 2006 (Rupees in '000)	30 September 2005
Additions/(Deletions)		
Office / residential equipments	-	58
Vehicle	(1,002)	-
	(1,002)	58
Revaluation		
Land	37,306	-
Building on Land	3,862	-
Plant & Machinery	2,624	-
	43,793	-
	42,790	58
5. SURPLUS ON REVALUATION OF FIXED ASSETS	30 September 2006 (Rupees in '000)	30 June 2006
Opening balance	91,523	95,121
Revaluation during the period	43,793	-
	135,316	95,121
Transferred to retained earnings (accumulated loss)	(900)	(3,598)
	134,416	91,523

Freehold land, building and plant & machinery of the company were revalued on 30 September 2006 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 above.



Quarter ended 30 Sep '06

6	CONTINGENCIES	30 September 2006 (Rupees in '000)	30 June 2006
6.1	Claims against the company not acknowledged as debts.	13,673	13,673
6.2	Bank guarantee	4,836	4,836
6.3	Messrs Parcel Tankers has filed a suit against the company in 1987 before Sindh High Court, Since then they have not followed up the case. During the year ended 30 June 2002 the case was discharged by the Honourable High Court, as the amount involved was less than the jurisdiction of the Honourable High Court and was referred to the lower courts. The Company considers that the chances of any adverse outcome are remote.		
7.	SALES - net	Quarter ended 30 September 2006 (Rupees in '000)	Quarter ended 30 September 2005
	Sales	272,373	279,230
	Sales tax	(20,406)	(35,273)
	Leakages and damages	(1,674)	(683)
		<u>250,293</u>	<u>243,274</u>
8.	COST OF GOODS SOLD		
	Finished goods at the beginning	11,404	24,378
	Cost of goods manufactured	199,933	197,068
	Available for sale	211,336	221,446
	Balance of finished goods as on 30 September	(13,973)	(14,696)
		<u>197,363</u>	<u>206,750</u>
8.1	Cost of Goods Manufactured		
	Work in process at the beginning	10,080	7,268
	Raw materials consumed	165,061	162,856
	Packing materials consumed	21,844	20,301
	Stores and spares consumed	988	1,317
	Salaries, wages and other benefits	7,403	7,006
	Contribution to provident fund	193	192
	Fuel and power	6,022	4,644
	Repair and maintenance	247	200
	Rent, rates and taxes	0	15
	Insurance	136	154
	Depreciation	919	959
		<u>212,892</u>	<u>204,912</u>
	Work in process as on 30 September	(12,960)	(7,844)
		<u>199,933</u>	<u>197,068</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 Zulfiqar Industries Limited, IGI Insurance Company Limited, Treet Corporation Limited and Wazir Ali Ventures (Pvt) Limited being a subsidiary Company. These are associated companies except Wazir Ali Ventures (Pvt) Limited which is a subsidiary company to Wazir Ali Industries Limited 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 at 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 2006	Quarter ended 30 September 2005
	(Rupees in '000)	
Contribution to staff retirement funds	353	321
Chief executive's remuneration	359	335
Sales / services rendered	655	759
Purchases / services availed	70	835
Allocation of common expenses to Related Parties	1,062	625
Allocation of common expenses by Related Parties	44	523
Insurance premium Paid	-	1,282
Settlement of Liability on Behalf of Related Party	44	-
Rent expense	38	38

10. GENERAL

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 21, 2006. Prior year's figures have been restates where ever necessary for the purposes of comprifon.

Chief Executive

Director



WAZIR ALI INDUSTRIES LIMITED

And its Subsidiary

1st Quarter Accounts

CONSOLIDATED

(UN-AUDITED)

PERIOD ENDED

30-Sep-06



Quarter ended 30 Sep '06

CONSOLIDATED BALANCE SHEET (Un-Audited)

As At September 30, 2006

Note	September-06 2006 (Un-audited) (Rupees in '000)	30 June 2006 (Audited)
	144,902	102,454
Operating Fixed Assets - at Cost / Revaluation Less Accumulated Depreciation	1,099	936
Capital Work in Progress	134,947	87,697
Investment Property	265	256
Long Term Loans to Employees - Secured, Considered good	431	404
Long Term Advance and Security Deposits - Secured, Considered good	281,645	191,747
CURRENT ASSETS		
Stock-in-Trade	49,615	43,287
Goods in Transit	-	5,634
Stores and Spares	7,727	7,177
Trade Debts - Unsecured, Considered good	55,727	41,367
Loans and Advances - Considered good	22,055	18,293
Deposits, Prepayments and Other Receivables	33,642	31,504
Cash and Bank Balances	23,518	29,370
	192,283	176,632
CURRENT LIABILITIES		
Current maturity of Liabilities Against Assets Subject to finance Lease and Long Term Finance	25,166	19,292
Short term Borrowings - Secured	135,938	132,023
Mark-up Payable on Borrowing	9,904	9,693
Creditors, Accrued Expenses and Other Liabilities	80,053	61,126
Provision for Taxation	11,272	10,396
	262,331	232,530
NET CURRENT ASSETS / (LIABILITIES)	(70,048)	(55,898)
NET ASSETS	211,597	135,850
AUTHORIZED CAPITAL (8 million ordinary shares of Rs. 10 each)	80,000	80,000
REPRESENTED BY:		
Share Capital	76,057	76,057
Share Premium	14,449	14,449
Revenue Reserves	66,067	66,067
Accumulated Loss	(301,424)	(297,480)
Shareholders' Equity	(144,851)	(140,907)
Surplus on Revaluation of Fixed Assets	5 267,048	176,905
Long Term Finance - Secured	86,342	96,729
Liabilities Against Asset Subject to Finance Lease	398	448
Long Term Deposits	760	760
Deferred Liability	1,900	1,914
	211,597	135,850
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 21, 2006.

Ajed Mawani M.

Chief Executive

S. Prasad

Director



Quarter ended 30 Sep '06

CONSOLIDATED PROFIT AND LOSS ACCOUNT (Un-Audited)

For the Three Months Period Ended 30 September 2006

	Note	Quarter ended 30 September 2006 (Rupees in '000)	Quarter ended 30 September 2005
Sales - Net	7	250,293	243,274
Cost of Goods Sold	8	(197,363)	(206,750)
Gross Profit		52,930	36,524
Administrative Expenses		7,528	7,752
Selling and Distribution Expenses		42,229	24,639
Financial Expenses		7,838	4,684
		57,594	37,075
		(4,665)	(551)
Other Income		696	100
(Loss) / Profit before Taxation		(3,968)	(451)
Provision for Taxation - Current year		(875)	(2,771)
(Loss) / Profit after Taxation		(4,844)	(3,222)
(Loss) / Earnings per Share - Basic and Diluted		(0.64)	(0.42)

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 21, 2006.

Chief Executive

Director



Quarter ended 30 Sep '06

CONSOLIDATED CASH FLOW STATEMENT (Un-Audited)
For the Three Months Period Ended 30 September 2006

	30 September 2006 (Rupees in thousands)	30 September 2005 (Rupees in thousands)
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit/(loss) before taxation	(3,968)	(451)
Adjustments for:		
Depreciation	1,345	1,327
Gain on Disposal of Fixed Assets	(633)	-
Financial Charges	7,682	4,684
Provision for Staff Retirement Benefit /Gratuity	-	-
Provision for Staff Retirement Benefit /Deferred Liability	-	86
	8,394	6,097
Operating profit before working capital changes	4,425	5,646
Decrease/(increase) and increase/(decrease) in operating assets and liabilities:		
Stores and Spares	(551)	(1,137)
Stock in Trade	(692)	8,071
Trade Debts	(14,361)	(30,972)
Long Term Loans and Advances	(2,510)	(2,390)
Long Term Advances and Security Deposits	(28)	(178)
Deposits, Prepayments and Other Receivables	(2,322)	(874)
Trade and Other Payables	17,163	60,043
	(3,300)	32,563
Staff Retirement Benefit /Gratuity Paid	(78)	-
Staff Retirement Benefit /Deferred Liability Paid	(15)	(371)
Financial Charges paid	(5,686)	(7,240)
Income Tax Paid	(1,276)	(1,895)
	(7,055)	(9,506)
Net cash flows from operating activities	(5,930)	28,703
CASH FLOWS FROM INVESTING ACTIVITIES		
Fixed Capital Expenditure	-	(913)
Increase in Work in Progress	(163)	(1,524)
Proceeds from Disposal of Fixed Assets	910	-
Net Cash Flows from Investing Activities	747	(2,437)
CASH FLOWS FROM FINANCING ACTIVITIES		
Lease Payments	(88)	(4,778)
Long Term Finance	(9,301)	(134)
Short Term Borrowings (FATR)	(4,497)	(22,611)
Net Cash Flows from Financing Activities	(13,886)	(27,523)
Net Decrease in Cash and Cash Equivalents	(19,069)	(1,257)
Cash and Cash Equivalents at Beginning of the Period	(62,680)	(106,088)
Cash and Cash Equivalents at End of the Period	(81,748)	(107,345)
Cash and Cash Equivalents		
Cash and Bank Balances	23,518	4,506
Finance under Mark-up Arrangements	(105,266)	(111,851)
	(81,748)	(107,345)

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 21, 2006.

Chief Executive

Director



Quarter ended 30 Sep '06

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (Un-Audited)
For the Three Months Period Ended 30 September 2006

	Issued subscribed and paid-up capital	Capital Reserve (Share premium)	Revenue reserve Revenue reserve	Accumulated loss	Total
Balance as at 30 June 2005 (Restated)	76,057	14,449	66,067	(258,065)	(101,492)
Loss for the Quarter July - Sep. 2005	-	-	-	(3,222)	(3,222)
Transferred from Surplus on Revaluation of Fixed assets	-	-	-	632	632
Balance as at 30 September 2005	76,057	14,449	66,067	(260,655)	(104,082)
Balance as at 30 June 2006	76,057	14,449	66,067	(297,480)	(140,907)
Loss for the Quarter July - Sep. 2006	-	-	-	(4,844)	(4,844)
Transferred from Surplus on Revaluation of Fixed Assets	-	-	-	900	900
Balance as at 30 September 2006	76,057	14,449	66,067	(301,424)	(144,851)

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 21, 2006.

Chief Executive

Director



Quarter ended 30 Sep '06

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Un-Audited)
For the Three Months Period Ended 30 September 2006

1. These financial statements are un-audited 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 Consolidated financial statements of the company for the year ended 30 June 2006.

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 2006 are as follows:

	30 September 2006 (Rupees in '000)	30 September 2005
Additions/(Deletions)		
Office / residential equipments	-	58
Vehicle	(1,002)	-
	(1,002)	58
Revaluation		
Land	37,306	-
Building on Land	3,862	-
Plant & Machinery	2,624	-
Investment Property	47,250	-
	91,043	-
	90,040	58

5. SURPLUS ON REVALUATION OF FIXED ASSETS

	30 September 2006 (Rupees in '000)	30 June 2006
Opening balance	176,905	180,503
Revaluation during the period	91,043	-
	267,948	180,503
Transferred to retained earnings (accumulated loss)	(900)	(3,598)
	267,048	176,905

Freehold land, building and plant & machinery of the company were revalued on 30 September 2006 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 above.



Quarter ended 30 Sep '06

6 CONTINGENCIES		30 September 2006 (Rupees in '000)	30 June 2006
6.1	Claims against the company not acknowledged as debts.	13,673	13,673
6.2	Bank guarantee	4,836	4,836
6.3	Messrs Parcel Tankers has filed a suit against the company in 1987 before Sindh High Court, since then they have not followed up the case. During the year ended 30 June 2002 the case was discharged by the High Court, as the amount involved was less than the jurisdiction of High Court and was referred to the lower courts. The Company considers that chances of any adverse outcome are remote.		
7. SALES - net		Quarter ended 30 September 2006 (Rupees in '000)	Quarter ended 30 September 2005
	Sales	272,373	279,230
	Sales tax	(20,406)	(35,273)
	Leakages and damages	(1,674)	(683)
		250,293	243,274
8. COST OF GOODS SOLD			
	Finished goods at the beginning	11,404	24,378
	Cost of goods manufactured	199,933	197,068
	Available for sale	211,336	221,446
	Balance of finished goods as on 30 September	(13,973)	(14,696)
		197,363	206,750
8.1 Cost of Goods Manufactured			
	Work in process at the beginning	10,080	7,268
	Raw materials consumed	165,061	162,856
	Packing materials consumed	21,844	20,301
	Stores and spares consumed	988	1,317
	Salaries, wages and other benefits	7,403	7,006
	Contribution to provident fund	193	192
	Fuel and power	6,022	4,644
	Repair and maintenance	247	200
	Rent, rates and taxes	0	15
	Insurance	136	154
	Depreciation	919	959
		212,892	204,912
	Work in process as on 30 September	(12,960)	(7,844)
		199,933	197,068



Quarter ended 30 Sep '06

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 Zulfiqar 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 2006	Quarter ended 30 September 2005
	(Rupees in '000)	
Contribution to staff retirement funds	353	321
Chief executive's remuneration	359	335
Sales / services rendered	655	759
Purchases / services availed	70	835
Allocation of common expenses to Related Parties	63	625
Allocation of common expenses by Related Parties	44	523
Insurance premium Paid	-	1,282
Rent expense	38	38

10. GENERAL

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 21, 2006. Prior year's figures have been restates where ever necessary for the purposes of comprifon.

Chief Executive

Director