



1st Quarter Report '09

COMPANY INFORMATION

BOARD OF DIRECTORS

CHAIRMAN Syed Yawar Ali

CHIEF EXECUTIVE OFFICER Mr. Abdus Samad

DIRECTORS Mr. Mohammed Bashir Janmohammed
Mr. Abdul Rasheed Janmohammed
Mr. Perwaiz Hasan Khan
Mr. Mohammad Rabbani
Mr. Perwaiz Masud Ansari
Mr. Ahmed Sattar

BOARD AUDIT COMMITTEE

CHAIRMAN Mr. Mohammed Bashir Janmohammed

MEMBERS Mr. Abdul Rasheed Janmohammed
Mr. Perwaiz Hasan Khan
Mr. Mohammad Rabbani

CHIEF FINANCIAL OFFICER/ COMPANY SECRETARY

Mr. Amjad Waheed

AUDITORS

KPMG Taseer Hadi & Co.
Chartered Accountants

LEGAL ADVISORS

Hussain & Haider
Advocates & Solicitors

BANKERS

The Royal Bank of Scotland Limited
National Bank of Pakistan
Standard Chartered Bank (Pakistan) Limited
Habib Bank Limited
MCB Bank Limited

REGISTRARS & SHARE TRANSFER OFFICE

THK Associates (Pvt.) Limited
Ground Floor, State Life Building-3
Dr. Ziauddin Ahmed Road, Karachi.
Telephone: +92.21.111-000-322
Fax: +92.21.5655595

REGISTERED OFFICE

F-33, Hub River Road, SITE, Karachi.
Telephone: +92.21.2579683-7
Fax: +92.21.2578654

FACTORY

Hali Road, Hyderabad (Sindh)
Telephone: +92.22.3881477-9
Fax: +92.22.3880670

WEBSITE

www.wazirali.com.pk



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DIRECTORS' REVIEW

The Directors of the Company would like to present the Unconsolidated Un-Audited Financial Statements of the Company for the Quarter ended 30 September 2009.

Overview

The Sales Turnover was Rs. 299.744(M) as compared to Rs. 228.847(M) last year showing an increase of 31% as against an increase of 3.7% for the same period of the previous year.

The Gross Profit ratio reduced to 8.3% from 14.7%, of the corresponding quarter last year, as the Company was unable to pass on the additional costs to the customers. The decrease in Company's total production, as against the same quarter of last year, was the result of lower toll manufacturing in the period.

The Administrative and General Expenses have decreased by 22.3% and Selling & Distribution Expenses were lower by 23.5% owing to due to cost-effective controls of expenses. The Financial Charges were higher by 34.3% due to an increase in the amount of the additional subordinated loan taken by the Company after the figures reported for the comparative quarter.

Earnings per share for the period are (Rs 0.72) negative as compared to Rs 0.47 positive, during the same period of last year.

Future Outlook

Company is continuing with its strategy to increase both the geographic spread and the depth of its brand availability in the market. The strategy is now beginning to gain traction and is expected to yield positive results in near term.

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

Abdus Samad
Chief Executive Officer

Karachi : 28 October 2009



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Condensed Unconsolidated Interim Balance Sheet (Unaudited)

As at 30 September 2009

	Note	30 September 2009 Unaudited	30 June 2009 Audited
(Rupees in '000)			
Assets			
Non-current assets			
Property, plant and equipment	7	131,289	132,298
Investment in subsidiary - at cost		50,000	50,000
Long term loans to employees - secured, considered good		370	370
Total non-current assets		181,659	182,668
Current Assets			
Stores and spares		7,144	6,912
Stock-in-trade		186,762	131,463
Trade debts - unsecured, considered good		93,680	11,167
Loans and advances - considered good		475	396
Advances, deposits, pre-payments and other receivables		38,374	21,199
Taxation - net		17,889	19,172
Cash and bank balances		22,328	65,832
Total current assets		366,652	256,141
Total Assets		548,311	438,809
Equity			
Share capital and reserves			
Authorised capital			
8,000,000 (30 June 2009: 8,000,000)			
ordinary shares of Rs. 10 each		80,000	80,000
Issued, subscribed and paid up capital			
7,986,000 (30 June 2009: 7,986,000)			
ordinary shares of Rs. 10 each		79,860	79,860
Accumulated losses		(298,783)	(293,579)
		(218,923)	(213,719)
Surplus on revaluation of property, plant and equipment	8	117,728	118,247
Non - current liabilities			
Sub-ordinated loans - unsecured	9	335,000	335,000
Deferred taxation		7,326	7,326
Deferred liabilities - employee benefits		1,701	1,701
Total non-current liabilities		344,027	344,027
Current liabilities			
Current maturity of long term borrowings	10	15,000	15,000
Short term borrowings - secured		69,969	101,382
Mark-up payable on borrowings		48,623	37,498
Trade and other payables		171,887	36,374
Total current liabilities		305,479	190,254
Total equity and liabilities		548,311	438,809
Contingencies	11		

The annexed notes 1 to 14 form an integral part of these condensed unconsolidated interim financial statements.

Chief Executive Officer

Director



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Condensed Unconsolidated Interim Profit and Loss Account (Unaudited)

For the Three months period ended 30 September 2009

Note	Quarter ended 30 September 2009	Quarter ended 30 September 2008
	----- (Rupees in '000) -----	
	299,744	228,847
	(274,945)	(195,109)
	<u>24,799</u>	<u>33,738</u>
		-
	(10,445)	(13,647)
	(4,072)	(5,239)
	<u>(14,517)</u>	<u>(18,885)</u>
	395	319
	<u>10,677</u>	<u>15,171</u>
	(15,013)	(11,182)
	<u>(4,336)</u>	<u>3,989</u>
		-
	(1,387)	(256)
	<u>(5,723)</u>	<u>3,733</u>
		(Rupees)
	<u>(0.72)</u>	<u>0.47</u>

The annexed notes 1 to 14 form an integral part of these condensed unconsolidated interim financial statements.

Chief Executive Officer

Director



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Condensed Unconsolidated Interim Cash Flow Statement (Unaudited) For the Three months period ended 30 September 2009

	Quarter ended 30 September 2009	Quarter ended 30 September 2008
(Rupees in '000)		
CASH FLOWS FROM OPERATING ACTIVITIES		
(Loss) / Profit before taxation	(4,336)	3,989
Adjustments for:		
- Depreciation	1,009	1,070
- Profit on sale of property, plant and equipment	-	-
- Financial charges	15,013	11,182
Operating profit / (loss) before working capital changes	11,686	16,242
(Increase) in stores and spares	(232)	(663)
(Increase) / decrease in stock in trade	(55,299)	5,752
(Increase) in trade debts	(82,513)	(19,289)
(Increase) in loans and advances	(79)	(239)
(Increase) in advances, deposits, pre-payments and other receivables	(17,175)	(1,521)
Increase / (decrease) in trade and other payables	135,513	(1,043)
Cash generated from / (used in) operations	(8,099)	(761)
Long term loans to employees - secured, considered good	-	432
Financial charges paid	(3,888)	(2,502)
Income tax paid	(104)	(1,724)
Net cash from / (used in) operating activities	(12,091)	(4,555)
CASH FLOWS FROM INVESTING ACTIVITIES		
Fixed capital expenditure	-	(321)
Net cash from investing activities	-	(321)
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment long term finance	-	(5,763)
Net cash from / (used in) financing activities	-	(5,763)
Net increase / (decrease) in cash and cash equivalents	(12,091)	(10,639)
Cash and cash equivalents at beginning of the period	(35,550)	(93,924)
Cash and cash equivalents at end of the period	(47,641)	(104,563)
Cash and cash equivalents		
Cash and bank balances	22,328	24,401
Short term borrowings	(69,969)	(128,964)
	(47,641)	(104,563)

The annexed notes 1 to 14 form an integral part of these condensed unconsolidated interim financial statements.

Chief Executive Officer

Director



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Condensed Unconsolidated Interim Statement of Changes in Equity (Unaudited) For the Three months period ended 30 September 2009

	Issued, subscribed & paid-up capital	Capital reserve Share premium	Revenue reserves		Total
			General reserves	Accumulated loss	
(Rupees in '000)					
Balance as at 1 July 2008	79,860	10,646	66,067	(397,895)	(241,322)
Changes in equity for the three months period ended 30 September 2008					
Profit for the three months period	-	-	-	1,432	1,432
Transferred from surplus on revaluation of property, plant and equipment	-	-	-	798	798
Total recognised income and expenses: Profit for the three months period	-	-	-	2,230	2,230
Balance as at 30 September 2008	<u>79,860</u>	<u>10,646</u>	<u>66,067</u>	<u>(395,665)</u>	<u>(239,092)</u>
Balance as at 1 July 2009	79,860	10,646	66,067	(370,292)	(213,719)
Changes in equity for the three months period ended 30 September 2009					
Loss for the three months period	-	-	-	(5,723)	(5,723)
Transferred from surplus on revaluation of property, plant and equipment	-	-	-	519	519
Total recognised income and expenses: Loss for the three months period	-	-	-	(5,204)	(5,204)
Balance as at 30 September 2009	<u>79,860</u>	<u>10,646</u>	<u>66,067</u>	<u>(375,496)</u>	<u>(218,923)</u>

The annexed notes 1 to 14 form an integral part of these condensed unconsolidated interim financial statements.

Chief Executive Officer

Director



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Wazir Ali Industries Limited

Notes to the Condensed Unconsolidated Interim Financial Statements (Unaudited)

For the Three months period ended 30 September 2009

1. Status and nature of business

Wazir Ali Industries Limited ("the Company") was incorporated as a public limited company under the Companies Act, 1913 (now the Companies Ordinance, 1984) and its shares are listed on the Karachi and Lahore Stock Exchanges. Principal activity of the Company is to manufacture and sale of vanaspati ghee and cooking oils.

2. Statement of Compliance

These condensed unconsolidated interim financial statements for the three months period have been prepared in accordance with the requirements of the International Financial Reporting Standard (IFRS) IAS 34 "Interim Financial Reporting"

3. Basis of presentation

These condensed interim financial statements have been presented in accordance with the requirements of the "International Accounting Standard 34- Interim Financial Reporting", these accounts are being circulated to the shareholders in accordance with the requirements of section 245 of the Companies Ordinance, 1984.

4. Significant accounting policies

The accounting policies adopted for the preparation of these condensed unconsolidated interim financial statements are the same as those applied in preparation of the annual audited unconsolidated financial statements of the Company as at and for the year ended 30 June 2009.

4.1 Segment reporting

A segment is a distinguishable component of the Company that is engaged in providing related products or services (business segment), or in providing products or services within a particular economic environment. Segment information is presented in respect of the Company's business and geographical segments.

5. Use of estimates and judgments

The significant judgments made by the management in applying the Company's accounting policies and the key sources of estimation for uncertainty were the same as those applied to the unconsolidated financial statements as at and for the year ended 30 June 2009.

6. Financial risk management

The Company's financial risk management objectives and policies are consistent with those disclosed in the unconsolidated financial statements as at and for the year ended 30 June 2009.



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7. Property, plant and equipment - at cost / revaluation less accumulated depreciation

	30 September 2009 Unaudited (Rupees in '000)	30 June 2009 Audited
Operating fixed assets		
Opening book value	132,298	136,324
Increase due to revaluation / Addition	-	321
Disposals	-	(93)
Depreciation	(1,009)	(4,254)
	<u>131,289</u>	<u>132,298</u>

8. Surplus on revaluation of property, plant and equipment

Opening balance	125,573	128,765
Surplus transferred to accumulated loss in respect of incremental depreciation charged on related assets during the period / year	(519)	(3,192)
	<u>125,054</u>	<u>125,573</u>
Less: related deferred tax liability	(7,326)	(7,326)
	<u>117,728</u>	<u>118,247</u>

This represents surplus arising on revaluation of freehold land, building and plant and machinery of the Company. The revaluations were carried out under market value basis by independent valuers M/s Iqbal A Nanjee & Co. on 30 September 2003 and M/s Imran Associates on 31 January 2005, and M/s Iqbal A Nanjee & Co. on 18 September 2006.

9. Sub-ordinated loan - unsecured

Loan I	9.1	150,000	150,000
Loan II	9.2	200,000	-
		<u>350,000</u>	<u>150,000</u>
Current maturity		(15,000)	-
		<u>335,000</u>	<u>150,000</u>

9.1 Loan I was obtained on 31 December 2007 from the Holding Company to meet the operational requirements of the Company. This carry mark-up at the rate of 6 months' KIBOR plus 1.5 per cent per annum and is repayable in 20 equal quarterly instalments after expiry of two years' grace period. The first instalment falls due on 1 January 2010.

9.2 Loan II was obtained on 25 June 2009 from the Holding Company to meet the operational requirements of the Company. This carry mark-up at the rate of 1 month's KIBOR and is repayable in 20 equal quarterly instalments after expiry of two years' grace period. The first instalment falls due on 26 June 2011.

10. Current Maturities of Long term borrowings			
Subordinated loan from Holding Company	9	<u>15,000</u>	<u>15,000</u>



(Unaudited)	(Unaudited)
30 September 2009	30 September 2008
(Rupees in '000)	(Rupees in '000)
28,055	16,648
6,072	6,072

11. Contingencies

11.1 Claims against the Company not acknowledged as debts Bank Guarantees

	Three months period ended 30 September 2009		Three months period ended 30 September 2008	
	Own Manufacturing	Toll Manufacturing	Own Manufacturing	Toll Manufacturing
Revenue - net	296,015	3,729	299,744	189,846
Cost of goods sold / services	112,254	-	112,254	92,215
Opening balance of finished goods	295,200	3,318	297,228	207,322
Cost of goods manufactured / services provided	407,454	3,318	409,482	299,537
Available for sale	(134,537)	-	(134,537)	(134,186)
Closing balance of finished goods	272,918	3,318	274,945	165,351
Gross profit / (loss)	23,097	411	24,799	24,495
Cost of goods manufactured / services provided:	6,670	-	6,670	53,507
Opening stock of work in process	275,945	838	276,783	140,911
Raw materials consumed	21,112	-	21,112	10,241
Packing materials consumed	1,800	386	2,186	1,220
Stores and spares consumed	9,259	843	9,301	6,515
Salaries, wages and other benefits	7,498	921	7,929	2,479
Fuel and power	325	70	395	65
Repair and maintenance	155	33	188	0
Rent, rates and taxes	296	63	359	39
Insurance	762	163	925	164
Depreciation	323,820	3,318	325,848	215,141
Closing stock of work in process	(28,620)	-	(28,620)	(7,819)
	295,200	3,318	297,228	207,322
				29,758
				244,899
				(7,819)
				237,080

12. Information about segments

	Three months period ended 30 September 2009		Three months period ended 30 September 2008	
	Own Manufacturing	Toll Manufacturing	Own Manufacturing	Toll Manufacturing
Revenue - net	296,015	3,729	299,744	189,846
Cost of goods sold / services	112,254	-	112,254	92,215
Opening balance of finished goods	295,200	3,318	297,228	207,322
Cost of goods manufactured / services provided	407,454	3,318	409,482	299,537
Available for sale	(134,537)	-	(134,537)	(134,186)
Closing balance of finished goods	272,918	3,318	274,945	165,351
Gross profit / (loss)	23,097	411	24,799	24,495
Cost of goods manufactured / services provided:	6,670	-	6,670	53,507
Opening stock of work in process	275,945	838	276,783	140,911
Raw materials consumed	21,112	-	21,112	10,241
Packing materials consumed	1,800	386	2,186	1,220
Stores and spares consumed	9,259	843	9,301	6,515
Salaries, wages and other benefits	7,498	921	7,929	2,479
Fuel and power	325	70	395	65
Repair and maintenance	155	33	188	0
Rent, rates and taxes	296	63	359	39
Insurance	762	163	925	164
Depreciation	323,820	3,318	325,848	215,141
Closing stock of work in process	(28,620)	-	(28,620)	(7,819)
	295,200	3,318	297,228	207,322
				29,758
				244,899
				(7,819)
				237,080

12.1 Variable and fixed costs incurred during the period have been allocated based on tonnages produced under toll manufacturing agreement. Reasonable basis for allocation of fixed costs to toll manufacturing segment are being developed.



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13. Transactions with related parties

The related parties and associated undertakings comprise local associated companies, staff retirement funds, directors and key management personnel.

Holding Company, Subsidiary Company and Associated companies with whom such transactions have taken place includes Dalda Foods (Private) Limited (Holding Company), Wazir Ali Ventures (Private) Limited, Mapak Edible Oils (Private) Ltd, Shakoo (Private) Limited, IGI Insurance Company Limited and ZIL Limited (formerly Zulfeqar Industries Limited). These are associated companies as they are either under the same management and / or with common directors. During the year, common directorship with ZIL Limited (formely Zulfeqar Industries Limited) ceased to exist. Therefore, it is no longer associated company of the Company. The Company continues to have a policy whereby all transactions with related parties and associated undertakings 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. Contributions to the defined contribution plan (provident fund) are made as per the terms of employment. Further, remuneration to key management personnel are as per the terms of their employment.

Transactions with related parties during the three months are as follows:

	Three months period ended	
	30 September 2009	30 September 2008
	(Rupees in '000)	
Executive's remuneration	300	300
Sales / services rendered	-	590
Purchases / services availed	186,959	189,351
Common expenses allocated to related party	-	420
Cash receipts from associated company	-	22,000
Freight charges paid on behalf of associated company	298	3,237
Toll manufacturing fee	3,729	30,905
Fee charged under distribution and marketing agreement	7,064	4,129
Insurance premium paid	-	361

14. General

Figures have been rounded off to the nearest thousand rupees.

These condensed unconsolidated interim financial statements were approved in the Board of Directors meeting held on 28 October 2009

Chief Executive Officer

Director



Wazir Ali Industries Limited

and its Subsidiary

Consolidated FINANCIAL STATEMENTS

(UN-AUDITED)

**Three MONTHS PERIOD ENDED
September 30, 2009**



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DIRECTORS' REVIEW

The Directors of the Company would like to present the Consolidated Un-Audited Financial Statements of the Company for the Quarter ended 30 September 2009.

Overview

The Sales Turnover was Rs. 299.744(M) as compared to Rs. 228.847(M) last year showing an increase of 31% as against an increase of 3.7% for the same period of the previous year.

The Gross Profit ratio reduced to 8.3% from 14.7%, of the corresponding quarter last year, as the Company was unable to pass on the additional costs to the customers. The decrease in Company's total production, as against the same quarter of last year, was the result of lower toll manufacturing in the period.

The Administrative and General Expenses have decreased by 22.4% and Selling & Distribution Expenses were lower by 23.5% owing to due to cost-effective controls of expenses. The Financial Charges were higher by 27.6% due to an increase in the amount of the additional subordinated loan taken by the Company after the figures reported for the comparative quarter.

Earnings per share for the period are (Rs 0.99) negative as compared to Rs 0.18 positive, during the same period of last year.

Future Outlook

Company is continuing with its strategy to increase both the geographic spread and the depth of its brand availability in the market. The strategy is now beginning to gain traction and is expected to yield positive results in near term.

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

Abdus Samad
Chief Executive Officer

Karachi : 28 October 2009



1st Quarter Report '09

Condensed Consolidated Interim Balance Sheet (Unaudited)

As at 30 September 2009

	Note	(Un-audited) 30 September 2009	(Audited) 30 June 2009
(Rupees in '000)			
Assets			
Non-current assets			
Property, plant and equipment	7	131,289	132,298
Investment in property		135,399	135,399
Long term loans to employees - secured, considered good		370	370
Total non-current assets		267,058	268,067
Current Assets			
Stores and spares		7,144	6,912
Stock-in-trade		186,762	131,463
Trade debts - unsecured, considered good		93,680	11,167
Loans and advances - considered good		475	396
Advances, deposits, pre-payments and other receivables		27,425	10,250
Taxation - net		17,889	19,172
Cash and bank balances		22,580	66,084
Total current assets		355,955	245,444
Total Assets		623,013	513,511
Equity			
Share capital and reserves			
Authorised capital			
8,000,000 (30 June 2009: 8,000,000)			
ordinary shares of Rs. 10 each		80,000	80,000
Issued, subscribed and paid up capital			
7,986,000 (30 June 2009: 7,986,000)			
ordinary shares of Rs. 10 each		79,860	79,860
Accumulated losses		(393,561)	(386,172)
		(313,701)	(306,312)
Surplus on revaluation of property, plant and equipment	8	203,110	203,629
Non - current liabilities			
Long term borrowings - secured		32,511	32,511
Sub-ordinated loan - unsecured	9	335,000	335,000
Deferred taxation		24,003	24,003
Deferred liabilities - employee benefits		1,701	1,701
Total non-current liabilities		393,215	393,215
Current liabilities			
Current maturity of long term borrowings	10	26,280	26,280
Payable to Ultimate Holding Company		15,735	10,763
Mark-up payable on borrowings		51,558	38,224
Short term borrowings - secured		74,859	111,268
Trade and other payables		171,957	36,444
Total current liabilities		340,389	222,979
Total equity and liabilities		623,013	513,511
Contingencies	11		

The annexed notes 1 to 14 form an integral part of these condensed consolidated interim financial statements.

Chief Executive Officer

Director



1st Quarter Report '09

Condensed Consolidated Interim Profit and Loss Account (Unaudited) For the Three months period ended 30 September 2009

Note	Quarter ended 30 September 2009	Quarter ended 30 September 2008
	----- (Rupees in '000) -----	
Revenue - net	299,744	228,847
Cost of goods sold / services	(274,945)	(195,109)
Gross profit	24,799	33,738
		-
Distribution and marketing expenses	(10,445)	(13,647)
Administration expenses	(4,072)	(5,247)
	(14,517)	(18,893)
		-
Other income	395	319
Operating Profit	10,677	15,163
		-
Financial charges	(17,198)	(13,475)
(Loss) / Profit before taxation	(6,521)	1,688
		-
Taxation - current and deferred	(1,387)	(256)
(Loss) / Profit for the period	(7,908)	1,432
	(Rupees)	
(Loss) / Profit per share - basic and diluted	(0.99)	0.18

The annexed notes 1 to 14 form an integral part of these condensed consolidated interim financial statements.

Chief Executive Officer

Director



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Condensed Consolidated Interim Cash Flow Statement (Unaudited) For the Three months period ended 30 September 2009

	Quarter ended 30 September 2009	Quarter ended 30 September 2008
	(Rupees in '000)	
CASH FLOWS FROM OPERATING ACTIVITIES		
(Loss) / Profit before taxation	(6,521)	1,688
Adjustments for:		
- Depreciation	1,009	1,070
- Profit on sale of property, plant and equipment	-	-
- Financial charges	17,198	13,475
Operating profit / (loss) before working capital changes	11,686	16,233
(Increase) in stores and spares	(232)	(663)
(Increase) / Decrease in stock in trade	(55,299)	5,752
(Increase) in trade debts	(82,513)	(19,288)
(Increase) in loans and advances	(79)	(239)
(Increase) in advances, deposits, pre-payments and other receivables	(17,175)	(1,520)
Increase / (Decrease) in trade and other payables	140,485	(1,119)
Cash generated from / (used in) operations	(3,127)	(844)
Long term loans to employees - secured, considered good	-	432
Financial charges paid	(3,864)	(4,680)
Income tax paid	(104)	(1,724)
Net cash from / (used in) operating activities	(7,095)	(6,816)
CASH FLOWS FROM INVESTING ACTIVITIES		
Fixed capital expenditure	-	(321)
Net cash from investing activities	-	(321)
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment long term finance	-	(8,489)
Net cash from / (used in) financing activities	-	(8,489)
Net increase / (decrease) in cash and cash equivalents	(7,095)	(15,626)
Cash and cash equivalents at beginning of the period	(45,184)	(98,222)
Cash and cash equivalents at end of the period	(52,279)	(113,847)
Cash and cash equivalents		
Cash and bank balances	22,580	24,673
Short term borrowings	(74,859)	(138,521)
	(52,279)	(113,847)

The annexed notes 1 to 14 form an integral part of these condensed consolidated interim financial statements.

Chief Executive Officer

Director



1st Quarter Report '09

Condensed Consolidated Interim Statement of Changes in Equity (Unaudited) For the Three months period ended 30 September 2009

	Issued, subscribed & paid-up capital	Capital reserve Share premium	Revenue reserves		Total
			General reserves	Accumulated loss	
(Rupees in '000)					
Balance as at 1 July 2008	79,860	10,646	66,067	(397,895)	(241,322)
Changes in equity for the three months period ended 30 September 2008					
Profit for the three months period	-	-	-	1,432	1,432
Transferred from surplus on revaluation of property, plant and equipment	-	-	-	798	798
Total recognised income	-	-	-	2,230	2,230
Profit for the three months period	-	-	-	2,230	2,230
Balance as at 30 September 2008	<u>79,860</u>	<u>10,646</u>	<u>66,067</u>	<u>(395,666)</u>	<u>(239,092)</u>
Balance as at 1 July 2009	79,860	10,646	66,067	(462,885)	(306,312)
Changes in equity for the three months period ended 30 September 2009					
Loss for the three months period	-	-	-	(7,908)	(7,908)
Transferred from surplus on revaluation of property, plant and equipment	-	-	-	519	519
Total recognised income and expenses: Loss for the three months period	-	-	-	(7,389)	(7,389)
Balance as at 30 September 2009	<u>79,860</u>	<u>10,646</u>	<u>66,067</u>	<u>(470,274)</u>	<u>(313,701)</u>

The annexed notes 1 to 14 form an integral part of these condensed consolidated interim financial statements.

Chief Executive Officer

Director



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Wazir Ali Industries Limited

Notes to the Condensed Consolidated Interim Financial Statements (Unaudited)
For the Three months period ended 30 September 2009

1. Status and nature of business

1.1 Wazir Ali Industries Limited ("the Holding Company") was incorporated as a public limited company under the Companies Act, 1913 (now the Companies Ordinance, 1984) and its shares are listed on the Karachi and Lahore Stock Exchanges. Principal activity of the Company is to manufacture and sale of vanaspati ghee and cooking oils.

Wazir Ali Ventures (Private) Limited ("the Subsidiary") was incorporated as private limited company under the Companies Ordinance, 1984. The Subsidiary was incorporated on 9 May 2005. The principal activity of the Subsidiary is to develop / construct and sale of buildings and related infrastructure.

1.2 Basis of consolidation

Subsidiaries are those entities in which the parent company directly or indirectly controls, beneficially owns or holds more than 50% of the voting securities or otherwise has the power to elect and appoint more than 50% of its directors. The financial statements of the Subsidiary are included in the consolidated financial statements from the date control commences until the date control ceases.

The assets and liabilities of the Subsidiary have been consolidated on a line-by-line basis. All intra group balances and transactions have been eliminated.

2. Statement of Compliance

These condensed consolidated interim financial statements for the nine months period have been prepared in accordance with the requirements of the International Financial Reporting Standards (IFRS) and IAS 34 "Interim Financial Reporting".

3. Basis of Presentation

These condensed consolidated interim financial statements have been presented in accordance with the requirements of the "International Accounting Standard -34 Interim Financial Reporting". These accounts are being circulated to the shareholders in accordance with requirements of section 245 of the Companies Ordinance, 1984.

4. Significant accounting policies

The accounting policies adopted for the preparation of these condensed consolidated interim financial statements are the same as those applied in preparation of the annual audited consolidated financial statements of the Company as at and for the year ended 30 June 2009.

4.1 Segment reporting

A segment is a distinguishable component of the Company that is engaged in providing related products or services (business segment), or in providing products or services within a particular economic environment. Segment information is presented in respect of the Company's business and geographical segments.



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5. Use of estimates and judgments

The significant judgments made by the management in applying the Company's accounting policies and the key sources of estimation for uncertainty were the same as those applied to the consolidated financial statements as at and for the year ended 30 June 2009.

6. Financial risk management

The Company's financial risk management objectives and policies are consistent with those disclosed in the consolidated financial statements as at and for the year ended 30 June 2009.

7. Property, plant and equipment - at cost / revaluation less accumulated depreciation

	(Unaudited) 30 September 2009	(Audited) 30 June 2009
	(Rupees in '000)	
Operating fixed assets		
Opening book value	132,298	136,324
Increase due to revaluation / Addition	-	321
Disposals	-	(93)
Depreciation	(1,009)	(4,254)
	<u>131,289</u>	<u>132,298</u>

8. Surplus on revaluation of property, plant and equipment

Opening balance	210,955	214,147
Revaluation during the period / year	-	-
Surplus transferred to accumulated loss in respect of incremental depreciation charged on related assets during the period / year	519	(3,192)
	<u>211,474</u>	<u>210,955</u>
Less: related deferred tax liability	(7,326)	(7,326)
	<u>204,148</u>	<u>203,629</u>

This represents surplus arising on revaluation of freehold land, building and plant and machinery of the Company. The revaluations were carried out under market value basis by independent valuers M/s Iqbal A Nanjee & Co. on 30 September 2003 and M/s Imran Associates on 31 January 2005, and M/s Iqbal A Nanjee & Co. on 18 September 2006.

9. Sub-ordinated loan - unsecured

Loan I	9.1	150,000	150,000
Loan II	9.2	200,000	-
		<u>350,000</u>	<u>150,000</u>
Current maturity		(15,000)	-
		<u>335,000</u>	<u>150,000</u>



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- 9.1 Loan I was obtained on 31 December 2007 from the Holding Company to meet the operational requirements of the Company. This carry mark-up at the rate of 6 months' KIBOR plus 1.5 per cent per annum and is repayable in 20 equal quarterly instalments after expiry of two years' grace period. The first instalment falls due on 1 January 2010.
- 9.2 Loan II was obtained on 25 June 2009 from the Holding Company to meet the operational requirements of the Company. This carry mark-up at the rate of 1 month's KIBOR and is repayable in 20 equal quarterly instalments after expiry of two years' grace period. The first instalment falls due on 26 June 2011.

		(Unaudited) 30 September 2009 (Rupees in '000)	(Audited) 30 June 2009
10. Long term borrowings			
From:			
-Banking company - secured	10.1	32,511	32,511
		<u>32,511</u>	<u>32,511</u>
10.1 Banking company - secured			
Balance as on 1 July		43,791	72,608
Repayments made during the period / year		-	(28,817)
		<u>43,791</u>	<u>43,791</u>
Current maturity		(11,280)	(11,280)
		<u>32,511</u>	<u>32,511</u>
10.1.1 Current Maturities of Long term borrowings			
Long term finance		11,280	11,280
Subordinated loan from Holding Company		15,000	15,000
		<u>26,280</u>	<u>26,280</u>

- 10.1.2 This represents facility obtained from The Royal Bank of Scotland Limited Karachi by the Subsidiary. The loan is repayable in 60 equal monthly installments beginning after a grace period of two years. The loan carries markup at rate of 3 months KIBOR plus 2% (2008: 3 months KIBOR plus 2% with a floor of 10%). The loan facility is secured against mortgage charge registered over Subsidiary's land for Rs. 87.5 million and personal guarantee of the Chairman of the Board of Directors of the Holding Company. This facility is renewable.



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11. Contingencies

(Unaudited) 30 September 2009	(Unaudited) 30 September 2008
28,055	16,648
6,072	6,072

11.1 Claims against the Company not acknowledged as debts
Bank Guarantees

Three months period ended 30 September 2009

Three months period ended 30 September 2008

	Own Manufacturing	Toll Manufacturing	Total	Own Manufacturing	Toll Manufacturing	Total
Revenue - net	296,015	3,729	299,744	189,846	39,001	228,847
Cost of goods sold / services						
Opening balance of finished goods	112,254	-	112,254	92,215	-	92,215
Cost of goods manufactured / services provided	295,200	3,318	297,228	207,322	29,758	237,080
Available for sale	407,454	3,318	409,482	299,537	29,758	329,295
Closing balance of finished goods	(134,537)	-	(134,537)	(134,186)	-	(134,186)
Gross profit / (loss)	272,918	3,318	274,945	165,351	29,758	195,109
Cost of goods manufactured / services provided:	23,097	411	24,799	24,495	9,243	33,738

12. Information about segments

Revenue - net	6,670	838	6,670	53,507	-	53,507
Opening stock of work in process	275,945	-	276,783	140,911	10,846	151,757
Raw materials consumed	21,112	-	21,112	10,241	-	10,241
Packing materials consumed	1,800	386	2,186	1,220	4,760	5,980
Stores and spares consumed	9,259	843	9,301	6,515	3,432	9,947
Salaries, wages and other benefits	7,498	921	7,929	2,479	9,672	12,151
Fuel and power	325	70	395	65	254	319
Repair and maintenance	155	33	188	-	1	1
Rent, rates and taxes	296	63	359	39	153	192
Insurance	762	163	925	164	640	804
Depreciation	323,820	3,318	325,848	215,141	29,758	244,899
Closing stock of work in process	(28,620)	-	(28,620)	(7,819)	-	(7,819)
	295,200	3,318	297,228	207,322	29,758	237,080

12.1 Variable and fixed costs incurred during the period have been allocated based on tonnages produced under toll manufacturing agreement. Reasonable basis for allocation of fixed costs to toll manufacturing segment are being developed.



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13. Transactions with related parties

The related parties and associated undertakings comprise local associated companies, staff retirement funds, directors and key management personnel.

Holding Company, Subsidiary Company and Associated companies with whom such transactions have taken place includes Dalda Foods (Private) Limited (Holding Company), Wazir Ali Ventures (Private)Limited, Mapak Edible Oils (Private) Ltd, Shakoo (Private) Limited, IGI Insurance Company Limited and ZIL Limited (formerly Zulfeqar Industries Limited).

These are associated companies as they are either under the same management and / or with common directors. During the year, common directorship with ZIL Limited (formely Zulfeqar Industries Limited) ceased to exist. Therefore, it is no longer associated company of the Company. The Company continues to have a policy whereby all transactions with related parties and associated undertakings 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. Contributions to the defined contribution plan (provident fund) are made as per the terms of employment. Further, remuneration to key management personnel are as per the terms of their employment.

Transactions with related parties during the three months are as follows:

	Three months period ended	
	30 September 2009	30 September 2008
Executive's remuneration	300	300
Sales / services rendered	-	590
Purchases / services availed	186,959	189,351
Common expenses allocated to related party	-	420
Cash receipts from associated company	-	22,000
Freight charges paid on behalf of associated company	298	3,237
Toll manufacturing fee	3,729	30,905
Fee charged under distribution and marketing agreement	7,064	4,129
Insurance premium paid	-	361

14. General

Figures have been rounded off to the nearest thousand rupees.

These condensed interim financial statements were approved in the Board of Directors meeting held on 28 October 2009

Chief Executive Officer

Director