



Quarterly Report
September 2011



COMPANY INFORMATION

BOARD OF DIRECTORS

CHAIRMAN	Syed Yawar Ali
CHIEF EXECUTIVE OFFICER	Mr. Abdus Samad
DIRECTORS	Mr. Mohammad 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

Faysal Bank Limited
National Bank of Pakistan
Bank Islami Pakistan Limited
Habib Bank Limited
MCB Bank Limited
United 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 . 3565595

REGISTERD OFFICE

F-33, Hub River Road, SITE, Karachi.
Telephone: +92. 21 . 32579383-7
Fax: +92.21 . 32578654

FACTORY

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

WEBSITE:

www.wazirali.com.pk



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 2011.

Overview

The revenue of the Company was Rs. 458.17 M as against Rs. 406.00 M during the same period of last year indicating an increase of 12.85%. The Gross Profit percentage on sales is higher at 11.54% from 9.58% owing to reduction in major structural fixed production costs and production through more cost effective toll manufacturing arrangements.

Costs saving measures have resulted in the reduction of Administrative and Selling & Distribution expenses by 11.84% and 9.67%. respectively. The Financial Charges have increased by 5.71% owing to increase in the mark-up rates.

Earning per share for the period under review is Rs. 0.54 as compared to Rs (1.36) negative during the same period of last year.

Future Outlook

The company continues its efforts to increase the coverage and penetration of the Company's brands in the premium as well as mass market segments and the efforts to find cheaper financing options along with other cost effective measures will be continued.

Acknowledgements

We are grateful to our customers for supporting 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 Brand and for efficient distribution to our customers. We also acknowledge the support from the bankers and the staff of the Company.

For and on behalf of the Board

Abdus Samad
Chief Executive Officer

28 October 2011



Wazir Ali Industries Limited

Condensed Unconsolidated Interim Balance Sheet (Unaudited)

As at 30 September 2011

	Note	30 September 2011 Unaudited	30 June 2011 Audited
(Rupees in '000)			
Assets			
Non-current assets			
Property, plant and equipment	7	147,016	147,947
Investment in subsidiary - at cost		24,511	25,281
Long term security deposits		869	869
Total non-current assets		172,396	174,097
Current Assets			
Stores and spares		5,751	5,760
Stock-in-trade		348,999	573,689
Trade debts - unsecured, considered good		23,762	20,152
Loans and advances - considered good		2	5
Deposits, prepayments and other receivables		42,286	39,568
Taxation - net		21,369	20,088
Cash and bank balances		82,091	27,885
Total current assets		524,260	687,147
Total Assets		696,656	861,244
Equity			
Share capital and reserves			
Authorised capital 8,000,000 (30 June 2011: 8,000,000) ordinary shares of Rs. 10 each		80,000	80,000
Issued, subscribed and paid up capital 7,986,000 (30 June 2011: 7,986,000) ordinary shares of Rs. 10 each		79,860	79,860
Capital reserve		10,646	10,646
Accumulated losses		(419,128)	(423,432)
		(328,622)	(332,926)
Surplus on revaluation of property, plant and equipment	8	132,014	132,014
Subordinated loans from the Holding Company-unsecured	9	327,500	335,000
Non - current liabilities			
Deferred taxation		10,899	10,899
Deferred liabilities - employee benefits		870	870
Total non-current liabilities		11,769	11,769
Current liabilities			
Trade and other payables		193,809	421,679
Mark-up payable on borrowings		143,783	131,351
Short term borrowings - secured		193,903	147,357
Current maturity of subordinated loans from Holding Company		22,500	15,000
Total current liabilities		553,995	715,387
Total equity and liabilities		696,656	861,244

Contingencies

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The annexed notes 1 to 13 form an integral part of these condensed unconsolidated interim financial statements.

Chief Executive

Director

Condensed Unconsolidated Interim Profit and Loss Account (Unaudited)
For the three months period ended 30 September 2011

	<i>Note</i>	Quarter ended 30 September 2011	Quarter ended 30 September 2010
----- (Rupees in '000) -----			
Revenue - net		458,167	406,003
Cost of goods sold / services rendered		(405,312)	(367,110)
Gross profit	<i>11</i>	52,855	38,893
Administration expenses		(5,910)	(6,704)
Selling and distribution expenses		(22,677)	(25,106)
		(28,587)	(31,810)
Other (charges) / income		(263)	425
Operating Profit		24,005	7,508
Financial charges		(15,097)	(14,281)
Profit / (loss) before taxation		8,908	(6,773)
Taxation - current and deferred		(4,604)	(4,070)
Profit / (loss) for the period		4,304	(10,843)
		(Rupees)	
Profit / (loss) per share - basic and diluted		0.54	(1.36)

The annexed notes 1 to 13 form an integral part of these condensed unconsolidated interim financial statements.


Chief Executive

Director

Condensed Unconsolidated Interim Cash Flow Statement (Unaudited)
For the three months period ended 30 September 2011

	Quarter ended 30 September 2011	Quarter ended 30 September 2010
(Rupees in '000)		
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit / (loss) before taxation	8,908	(6,773)
Adjustments for:		
- Depreciation	931	1,014
- Provision against investment in a Subsidiary Company	771	-
- Financial charges	15,097	14,281
Operating profit before working capital changes	<u>25,706</u>	<u>8,522</u>
Decrease in stores and spares	9	332
Decrease in stock in trade	224,690	6,505
(Increase) / Decrease in trade debts	(3,610)	28,470
Decrease in loans and advances	3	84
(Increase) in advances, deposits, prepayments and other receivables	(2,718)	(12,742)
(Decrease) in trade and other payables	(227,870)	(36,880)
Cash generated from / (used in) operations	<u>16,210</u>	<u>(5,709)</u>
Financial charges paid	(2,665)	(3,023)
Income tax paid	(5,885)	(2,213)
Net cash from / (used in) operating activities	<u>7,660</u>	<u>(10,945)</u>
Net increase / (decrease) in cash and cash equivalents	7,660	(10,945)
Cash and cash equivalents at beginning of the period	(119,472)	19,407
Cash and cash equivalents at end of the period	<u>(111,812)</u>	<u>8,462</u>
Cash and cash equivalents		
Cash and bank balances	82,091	58,404
Short term borrowings	(193,903)	(49,942)
	<u>(111,812)</u>	<u>8,462</u>

The annexed notes 1 to 13 form an integral part of these condensed unconsolidated interim financial statements.



Chief Executive



Director

Condensed Unconsolidated Interim Statement of Changes in Equity (Unaudited)
For the three months period ended 30 September 2011

	Issued, subscribed & paid-up capital	Capital reserve Share premium	Revenue reserves		Total
			General reserves	Accumulated loss	
----- (Rupees in '000) -----					
Balance as at 1 July 2010	79,860	10,646	66,067	(443,526)	(286,953)
Changes in equity for the three months period ended 30 September 2010					
Loss for the three months period	-	-	-	(10,843)	(10,843)
Transferred from surplus on revaluation of property, plant and equipment	-	-	-	-	-
Total recognised income and expenses:					
Loss for the three months period	-	-	-	(10,843)	(10,843)
Balance as at 30 September 2010	<u>79,860</u>	<u>10,646</u>	<u>66,067</u>	<u>(454,369)</u>	<u>(297,796)</u>
Balance as at 1 July 2011	79,860	10,646	66,067	(489,499)	(332,926)
Changes in equity for the three months period ended 30 September 2011					
Profit for the three months period	-	-	-	4,304	4,304
Transferred from surplus on revaluation of property, plant and equipment	-	-	-	-	-
Total recognised income and expenses:					
Profit for the three months period	-	-	-	4,304	4,304
Balance as at 30 September 2011	<u>79,860</u>	<u>10,646</u>	<u>66,067</u>	<u>(485,195)</u>	<u>(328,622)</u>

The annexed notes 1 to 13 form an integral part of these condensed unconsolidated interim financial statements.



Chief Executive



Director



Notes to the Condensed Unconsolidated Interim Financial Statements (Unaudited)

For the three months period ended 30 September 2011

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 2011.

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 2011.

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 2011.

7. Property, plant and equipment

at cost / revaluation less accumulated depreciation

	30 September 2011 Unaudited (Rupees in '000)	30 June 2011 Audited
Operating fixed assets		
Opening book value	147,947	152,388
Addition / (Decrease) due to revaluation	-	(445)
Disposals	-	(24)
Depreciation	(931)	(3,972)
	<u>147,016</u>	<u>147,947</u>

8. Surplus on revaluation of property, plant and equipment

Opening balance	142,913	146,298
(Deletion)/Addition as a result of revaluation of assets made	-	(445)
Surplus transferred to accumulated loss in respect of incremental depreciation charged on related assets during the period / year	-	(2,940)
	<u>142,913</u>	<u>142,913</u>
Less: related deferred tax liability	(10,899)	(10,899)
	<u>132,014</u>	<u>132,014</u>

This represents surplus arising on revaluation of freehold land, building on free hold land 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, M/s Imran Associates on 31 January 2005, M/s Iqbal A Nanjee & Co. on 18 September 2006 and M/s Akbani and Javed Associates on 26 June 2010 and on 20 August 2011.

9. Sub-ordinated loan - unsecured

Loan I	9.1	150,000	150,000
Loan II	9.2	200,000	200,000
		<u>350,000</u>	<u>350,000</u>
Current maturity		(22,500)	(15,000)
		<u>327,500</u>	<u>335,000</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 four years' grace period.

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 four years' grace period.

10. Contingencies

10.1 Claims against the Company not acknowledged as debts	32,531	32,531
Bank Guarantees	6,072	6,072

	Three months period ended 30 September 2011			Total	Three months period ended 30 September 2010		
	Toll Manufacturing by Holding Company	Own Manufacturing	Toll Manufacturing		Own Manufacturing	Toll Manufacturing	Total
------(Rupees in '000)-----							
11. Information about segments							
Revenue - net	458,167	-	-	458,167	405,582	421	406,003
Cost of goods sold / services rendered							
Opening balance of finished goods	154,513	-	-	154,513	96,917	-	96,917
Cost of goods manufactured / services provided	378,655	-	-	378,655	333,987	10,607	344,594
Less: Reimbursable manufacturing expense & processing loss	-	-	-	-	-	(10,499)	(10,499)
Available for sale	533,168	-	-	533,168	430,904	108	431,012
Closing balance of finished goods	(127,856)	-	-	(127,856)	(63,902)	-	(63,902)
	405,312	-	-	405,312	367,002	108	367,110
Gross profit	52,855	-	-	52,855	38,580	313	38,893
Cost of goods manufactured / services provided:							
Opening stock of work in process	6,712	-	-	6,712	30,960	-	30,960
Raw materials consumed	335,615	-	-	335,615	300,405	1,947	302,352
Packing materials consumed	24,564	-	-	24,564	16,100	-	16,100
Stores and spares consumed	-	-	-	-	2,127	-	2,127
Manufacturing charges paid to 3rd party	11,348	-	-	11,348	-	-	-
Salaries, wages and other benefits	1,293	-	-	1,293	8,892	988	9,880
Travelling ,conveyance and others	56	-	-	56	110	98	208
Fuel and power	582	-	-	582	7,605	6,733	14,338
Repair and maintenance	83	-	-	83	354	314	668
Rent, rates and taxes	130	-	-	130	137	-	137
Insurance	158	-	-	158	84	74	158
Depreciation	929	-	-	929	511	453	964
PSI Marking fee	180	-	-	180	308	-	308
	381,649	-	-	381,649	367,285	10,607	378,200
Closing stock of work in process	(2,994)	-	-	(2,994)	(33,606)	-	(33,606)
	378,655	-	-	378,655	333,679	10,607	344,594

11.1 Variable and fixed costs incurred during the period have been allocated based on tonnages produced under toll manufacturing agreement, except those specifically incurred on own production.

12. Transactions with related parties

Related parties comprise of group companies; directors and their close family members; staff retirement funds; key management personnel and major shareholders of the Company. 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 (Subsidiary Company), Mapak Edible Oils (Private) Limited, Mapak Qasim Bulkens (Private) Limited, ZIL Limited Shakoo (Private) Limited and IGI Insurance Limited. These associated companies are associated companies either based on holding in equity or they are either under the same management and / or with common directors. All transactions with related parties entered on commercial basis / agreement. However, contributions to and accruals in respect of staff retirement and other benefit plans are made in accordance with the actuarial valuation / terms of the contribution plan and remuneration to key management personnel are determined in accordance with the terms of employment.

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

	Three months period ended	
	30 September 2011	30 September 2011
	(Rupees in '000)	
Executive's remuneration	<u>300</u>	<u>300</u>
Sales / services rendered	<u>88</u>	<u>32</u>
Purchases / services availed	<u>64,938</u>	<u>203,719</u>
Common expenses allocated to related party	<u>211</u>	<u>611</u>
Common expenses allocated by related party	<u>1,800</u>	<u>1,832</u>
Receipts from associated company	<u>10,000</u>	<u>851</u>
Freight charges paid on behalf of associated company	<u>-</u>	<u>1,603</u>
Toll manufacturing fee	<u>-</u>	<u>421</u>
Fee charged under distribution and marketing agreement	<u>9,800</u>	<u>6,617</u>
Insurance premium paid	<u>1,313</u>	<u>1,365</u>

13. General

These condensed unconsolidated interim financial information has been prepared in Pak Rupees rounded off to the nearest thousand.

These condensed unconsolidated interim financial statements were approved in the Board of Directors meeting held on 28 October 2011.



Chief Executive



Director



Wazir Ali Industries Limited

and its Subsidiary

Consolidated Financial Statement

(Un - Audited)

*Three months period ended
September 30, 2011*

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 2011.

Overview

The revenue of the Company was Rs. 458.17 M as against Rs. 406.00 M during the same period of last year indicating an increase of 12.85%. The Gross Profit percentage on sales is higher at 11.54% from 9.58% owing to reduction in major structural fixed production costs and production through more cost effective toll manufacturing arrangements.

Costs saving measures have resulted in the reduction of Administrative and Selling & Distribution expenses by 11.84% and 9.67% respectively. The Financial Charges have increased by 2.25% owing to increase in the mark-up rates.

Earning per share for the period under review is Rs. 0.54 as compared to Rs (1.51) negative during the same period of last year.

Future Outlook

The company continues its efforts to increase the coverage and penetration of the Company's brands in the premium as well as mass market segments and the efforts to find cheaper financing options along with other cost effective measures will be continued.

Acknowledgements

We are grateful to our customers for supporting 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 Brand and for efficient distribution to our customers. We also acknowledge the support from the bankers and the staff of the Company.

For and on behalf of the Board

Abdus Samad
Chief Executive Officer

28 October 2011

Condensed Consolidated Interim Balance Sheet (Unaudited)
As at 30 September 2011

	Note	(Un-audited) 30 September 2011	(Audited) 30 June 2011
(Rupees in '000)			
Assets			
Non-current assets			
Property, plant and equipment	7	147,016	147,947
Investment in property		130,500	130,500
Long term security deposits		869	869
Total non-current assets		278,385	279,316
Current Assets			
Stores and spares		5,751	5,760
Stock-in-trade		348,999	573,689
Trade debts - unsecured, considered good		23,762	20,152
Loans and advances - considered good		2	5
Deposits, prepayments and other receivables		32,362	29,644
Taxation - net		21,369	20,088
Cash and bank balances		82,108	28,149
Total current assets		514,353	677,487
Total Assets		792,738	956,803
Equity			
Share capital and reserves			
Authorised capital			
8,000,000 (30 June 2011: 8,000,000)			
ordinary shares of Rs. 10 each		80,000	80,000
Issued, subscribed and paid up capital			
7,986,000 (30 June 2011: 7,986,000)			
ordinary shares of Rs. 10 each		79,860	79,860
Capital reserve		10,646	10,646
Accumulated losses		(500,729)	(505,033)
		(410,223)	(414,527)
Surplus on revaluation of property, plant and equipment	8	217,396	217,396
Subordinated loans from the Holding Company-unsecured	9	327,500	335,000
Non - current liabilities			
Deferred taxation		25,862	25,862
Provision for compensated absences		870	870
Total non-current liabilities		26,732	26,732
Current liabilities			
Trade and other payables		193,945	421,817
Mark-up payable on borrowings		144,036	131,609
Payable to Ultimate Holding Company		58,940	55,472
Short term borrowings - secured		193,903	147,357
Current maturity of long term borrowings	10	40,510	35,947
Total current liabilities		631,334	792,202
Total equity and liabilities		792,738	956,803
Contingencies			
	11		

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



Chief Executive



Director

Condensed Consolidated Interim Profit and Loss Account (Unaudited)
For the Three months period ended 30 September 2011

	Note	Quarter ended 30 September 2011	Quarter ended 30 September 2010
----- (Rupees in '000) -----			
Revenue - net		458,167	406,003
Cost of goods sold / services rendered		(405,312)	(367,110)
Gross Profit	12	<u>52,855</u>	<u>38,893</u>
Administration expenses		(5,910)	(6,704)
Selling and distribution expenses		(22,677)	(25,106)
		<u>(28,587)</u>	<u>(31,810)</u>
Other income		508	425
Operating Profit		<u>24,776</u>	<u>7,508</u>
Financial charges		(15,868)	(15,519)
Profit / (loss) before taxation		<u>8,908</u>	<u>(8,011)</u>
Taxation - current and deferred		(4,604)	(4,070)
Profit / (loss) for the period		<u><u>4,304</u></u>	<u><u>(12,081)</u></u>
(Rupees)			
Profit / (loss) per share - basic and diluted		<u><u>0.54</u></u>	<u><u>(1.51)</u></u>

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


Chief Executive

Director

Condensed Consolidated Interim Cash Flow Statement (Unaudited)
For the Three months period ended 30 September 2011

	Quarter ended 30 September 2011	Quarter ended 30 September 2010
	(Rupees in '000)	
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit/(loss) before taxation	8,908	(8,011)
Adjustments for:		
- Depreciation	931	1,014
- Financial charges	15,868	15,519
Operating profit before working capital changes	25,707	8,522
Decrease in stores and spares	9	332
Decrease in stock in trade	224,688	6,505
(Increase) / Decrease in trade debts	(3,610)	28,470
Decrease in loans and advances	3	84
(Increase) in deposits, prepayments and other receivables	(2,718)	(12,742)
(Decrease) in trade and other payables	(227,872)	(36,895)
Cash generated from / (used in) operations	16,206	(5,724)
Financial charges paid	(3,439)	(5,532)
Income tax paid	(5,885)	(2,213)
Net cash from / (used in) operating activities	6,882	(13,469)
CASH FLOWS FROM FINANCING ACTIVITIES		
Payable to Ultimate Holding Company	3,468	17,288
Repayment long term finance	(2,937)	(4,764)
Net cash from / (used in) financing activities	531	12,524
Net increase / (decrease) in cash and cash equivalents	7,413	(945)
Cash and cash equivalents at beginning of the period	(119,208)	9,688
Cash and cash equivalents at end of the period	(111,795)	8,744
Cash and cash equivalents		
Cash and bank balances	82,108	58,685
Short term borrowings	(193,903)	(49,942)
	(111,795)	8,744

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



Chief Executive



Director

Condensed Consolidated Interim Statement of Changes in Equity (Unaudited)
For the Three months period ended 30 September 2011

	Issued, subscribed & paid-up capital	Capital reserve Share premium	Revenue reserves		Total
			General reserves	Accumulated loss	
----- (Rupees in '000) -----					
Balance as at 1 July 2010	79,860	10,646	66,067	(527,539)	(370,966)
Changes in equity for the three months period ended 30 September 2010					
Loss for the three months period	-	-	-	(12,081)	(12,081)
Transferred from surplus on revaluation of property, plant and equipment	-	-	-	-	-
Total recognised income	-	-	-	(12,081)	(12,081)
Profit for the three months period	-	-	-	(12,081)	(12,081)
Balance as at 30 September 2010	<u>79,860</u>	<u>10,646</u>	<u>66,067</u>	<u>(539,621)</u>	<u>(383,047)</u>
Balance as at 1 July 2011	79,860	10,646	66,067	(571,100)	(414,527)
Changes in equity for the three months period ended 30 September 2011					
Profit for the three months period	-	-	-	4,304	4,304
Transferred from surplus on revaluation of property, plant and equipment	-	-	-	-	-
Total recognised income and expenses:	-	-	-	4,304	4,304
Loss for the three months period	-	-	-	4,304	4,304
Balance as at 30 September 2011	<u>79,860</u>	<u>10,646</u>	<u>66,067</u>	<u>(566,796)</u>	<u>(410,223)</u>

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



Chief Executive



Director



Notes to the Condensed Consolidated Interim Financial Statements (Unaudited)

For the Three months period ended 30 September 2010

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 three 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 2011.

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 consolidated financial statements as at and for the year ended 30 June 2011.

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 2011.

7. Property, plant and equipment

at cost / revaluation less accumulated depreciation

	(Unaudited) 30 September 2011	(Audited) 30 June 2011
	(Rupees in '000)	
Operating fixed assets		
Opening book value	147,947	152,388
Decrease due to revaluation	-	(445)
Disposals	-	(24)
Depreciation	(931)	(3,972)
	<u>147,016</u>	<u>147,947</u>
8. Surplus on revaluation of property, plant and equipment		
Opening balance	228,295	231,680
Addition / (deletion) as a result of revaluation of assets made	-	(445)
Surplus transferred to accumulated loss in respect of incremental depreciation charged on related assets during the period / year	-	(2,940)
	<u>228,295</u>	<u>228,295</u>
Less: related deferred tax liability	(10,899)	(10,899)
	<u>217,396</u>	<u>217,396</u>

This represents surplus arising on revaluation of freehold land, building on free hold land 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, M/s Imran Associates on 31 January 2005, M/s Iqbal A Nanjee & Co. on 18 September 2006 and M/s Akbani and Javed Associates on 26 June 2010 and on 20 August 2011.

9. Sub-ordinated loan - unsecured

Loan I	9.1	150,000	150,000
Loan II	9.2	200,000	200,000
		<u>350,000</u>	350,000
Current Maturity		(22,500)	(15,000)
		<u>327,500</u>	<u>335,000</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 four years' grace period.

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 four years' grace period.

	(Unaudited) 30 September 2011	(Audited) 30 June 2011
	(Rupees in '000)	
10 Banking company - secured		
Balance as on 1 July	20,947	34,411
Repayments made during the period / year	(2,937)	(13,464)
	<u>18,010</u>	<u>20,947</u>
Current maturity	(18,010)	(20,947)
	<u>-</u>	<u>-</u>
10.1 Current Maturities of Long term borrowings		
Long term finance	18,010	20,947
Subordinated loan from the Ultimate Holding Company	22,500	15,000
	<u>40,510</u>	<u>35,947</u>
10.1	This represents facility obtained from Faysal Bank 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% (2011: 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.	
11. Contingencies		
11.1	Claims against the Company not acknowledged as debts	
Bank Guarantees	28,055	30,741
	<u>6,072</u>	<u>6,072</u>

	Three months period ended 30 September 2011			Three months period ended 30 September 2010			
	Toll Manufacturing by Holding Company	Own Manufacturing	Toll Manufacturing	Total	Own Manufacturing	Toll Manufacturing	Total
	(Rupees in '000)						
12 Information about segments							
Revenue - net	458,167	-	-	458,167	405,582	421	406,003
Cost of goods sold / services rendered							
Opening balance of finished goods	154,513	-	-	154,513	96,917	-	96,917
Cost of goods manufactured / services provided	378,655	-	-	378,655	333,987	10,607	344,594
Less: Reimbursable manufacturing expense & processing loss	-	-	-	-	-	(10,499)	(10,499)
Available for sale	533,168	-	-	533,168	430,904	108	431,012
Closing balance of finished goods	(127,856)	-	-	(127,856)	(63,902)	-	(63,902)
	<u>405,312</u>	<u>-</u>	<u>-</u>	<u>405,312</u>	<u>367,002</u>	<u>108</u>	<u>367,110</u>
Gross profit	52,855	-	-	52,855	38,580	313	38,893
Cost of goods manufactured / services provided:							
Opening stock of work in process	6,712	-	-	6,712	30,960	-	30,960
Raw materials consumed	335,615	-	-	335,615	300,405	1,947	302,352
Packing materials consumed	24,564	-	-	24,564	16,100	-	16,100
Stores and spares consumed	-	-	-	-	2,127	-	2,127
Manufacturing charges paid to 3rd party	11,348	-	-	11,348	-	-	-
Salaries, wages and other benefits	1,293	-	-	1,293	8,892	988	9,880
Travelling, conveyance and others	56	-	-	56	110	98	208
Fuel and power	582	-	-	582	7,605	6,733	14,338
Repair and maintenance	83	-	-	83	354	314	668
Rent, rates and taxes	130	-	-	130	137	-	137
Insurance	158	-	-	158	84	74	158
Depreciation	929	-	-	929	511	453	964
PSI Marking fee	180	-	-	180	308	-	308
	<u>381,649</u>	<u>-</u>	<u>-</u>	<u>381,649</u>	<u>367,285</u>	<u>10,607</u>	<u>378,200</u>
Closing stock of work in process	(2,994)	-	-	(2,994)	(33,606)	-	(33,606)
	<u>378,655</u>	<u>-</u>	<u>-</u>	<u>378,655</u>	<u>333,679</u>	<u>10,607</u>	<u>344,594</u>

12.1 Variable and fixed costs incurred during the period have been allocated based on tonnages produced under toll manufacturing agreement, except those specifically incurred on own production.

13. Transactions with related parties

Related parties comprise of group companies; directors and their close family members; staff retirement funds; key management personnel and major shareholders of the Company. 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 (Subsidiary Company), Mapak Edible Oils (Private) Limited, Shakoo (Private) Limited, ZIL Limited and IGI Insurance Limited. These associated companies are associated companies either based on holding in equity or they are either under the same management and / or with common directors. All transactions with related parties entered on commercial basis / agreement However, contributions to and accruals in respect of staff retirement and other benefit plans are made in accordance with the actuarial valuation / terms of the contribution plan and remuneration to key management personnel are determined in accordance with the terms of employment.

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

	Three months period ended	
	30 September 2011	30 September 2011
	(Rupees in '000)	
Executive's remuneration	<u>300</u>	<u>300</u>
Sales / services rendered	<u>88</u>	<u>32</u>
Purchases / services availed	<u>64,938</u>	<u>203,719</u>
Common expenses allocated to related party	<u>211</u>	<u>611</u>
Common expenses allocated by related party	<u>1,800</u>	<u>1,832</u>
Receipts from associated company	<u>10,000</u>	<u>851</u>
Freight charges paid on behalf of associated company	<u>-</u>	<u>1,603</u>
Toll manufacturing fee	<u>-</u>	<u>421</u>
Fee charged under distribution and marketing agreement	<u>9,800</u>	<u>6,617</u>
Insurance premium paid	<u>1,313</u>	<u>1,365</u>

14. General

These condensed consolidated interim financial information has been prepared in Pak Rupees rounded off to the nearest thousand.

These condensed consolidated interim financial statements were approved in the Board of Directors meeting held on 28 October 2011.



Chief Executive



Director



Wazir Ali Industries Limited

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