



WAZIR ALI INDUSTRIES LIMITED
FINANCIAL STATEMENTS
3RD QUARTER

(UN-AUDITED)

NINE MONTHS PERIOD ENDED

31-Mar-06

COMPANY INFORMATION

BOARD OF DIRECTORS

CHAIRMAN/CHIEF EXECUTIVE OFFICER

Syed Yawar Ali

DIRECTORS

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

BOARD AUDIT COMMITTEE CHAIRMAN

Syed Tariq Ali

MEMBERS

Syeda Ferial R.Ali
Mr. H.Aftab Ahmad

CHIEF FINANCIAL OFFICER/ COMPANY SECRETARY

Mr.Amjad Waheed

AUDITORS

KPMG Taseer Hadi & Co.
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
Modern Motors House,
Beaumont Road,
Karachi-75530, Pakistan.

REGISTERED OFFICE

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

FACTORY

Hali Road, Hyderabad (Sindh)

DIRECTORS' REVIEW

The Directors of the Company would like to present the un-audited financial statements of the Company for the period and quarter ended 31 March 2006.

Overview

The company has achieved sales of Rs 727.516M as against Rs 700.578M during the same period of last year registering a growth of 3.85%. There has also been a significant improvement of 12.3% in sale volume during this period.

Despite a growth in sales, the gross profit ratio registered a marginal increase only from 16.1% to 16.3% indicating the stiff competition in the edible oil industry.

The Administrative expenses increased by 3.8% and the Selling and Distribution expenses by 17.7% owing to increased advertising activities and fuel costs. The Financial costs increased by 16.2% due to higher mark-up rates charged by the banks during this period.

There has been a pre tax loss of Rs 9.399M as against a pre tax profit of Rs 0.323M during the same period last year. Also, there has been a post tax loss of Rs 18.466M as compared to a post tax loss of Rs 8.965M, which means that the impact of the presumptive tax regime on the industry continues to adversely affect the profitability of the company.

Earning per share for the period under review is Rs (2.43) negative as compared to Rs (1.18) negative during the same period of last year.

Future Outlook

It is reiterated that the impact of taxation and anomalies in the duty and tax structures are playing a major role in disturbing the profitability of the company. The Pakistan Vanaspati Manufacturers' Association (PVMA) has presented proposals in consultation with its members for the removal of these anomalies to the Central Board of Revenue for adjustment of levies on raw materials, tin plates, income tax and elimination of warehousing charges to save the indigenous industries from disintegration.

Further, the increase in the discount rate last year by the State Bank of Pakistan has increased the cost of borrowing that is having an adverse impact on the profitability of the company.

However, the management is confident that trend of the current exceptionally attractive consumer promotion scheme which had already increased the sales of the company towards the end of the quarter, is expected to continue throughout the last quarter of the financial year thereby improving the profitability of the company.

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 efficient distribution to our customers. We also acknowledge the support of our bankers and development financial institutions for their corporate support.

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

For and on behalf of the Board

Syed Yawar Ali
Chief Executive Officer

Lahore, 22nd April 2006

WAZIR ALI INDUSTRIES LIMITED

BALANCE SHEET

As at 31 March 2006

	Note	31 March 2006 (Un-audited) (Rupees in thousands)	30 June 2005 (Audited) (Rupees in thousands)
Operating fixed assets - at cost/revaluation less accumulated depreciation	4	103,543	104,608
Capital work in progress		1,003	46
Investment in subsidiary		50,000	50,000
Long term loans to employees - secured, considered good		249	230
Long term advances and security deposits - secured, considered good		404	154
		155,199	155,038
CURRENT ASSETS			
Stock-in-trade		39,926	57,299
Goods in transit		14,947	22,292
Stores and spares		6,744	5,300
Trade debts - unsecured, considered good		82,998	44,603
Loans and advances - considered good		17,019	21,170
Deposits, prepayments and other receivables		17,584	51,373
Cash and bank balances		13,106	7,304
		192,324	209,341
CURRENT LIABILITIES			
Current maturity of long term finance and Liabilities against assets subject to finance lease		23,297	22,917
Short term borrowings - secured		149,594	153,365
Mark-up payable on borrowings		15,843	11,182
Creditors, accrued expenses and other liabilities		57,878	41,708
Provision for taxation		9,067	11,701
		255,679	240,873
NET CURRENT LIABILITIES		(63,354)	(31,532)
NET ASSETS		91,845	123,506
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		66,068	66,067
Accumulated loss		(200,514)	(183,944)
Shareholders' equity		(43,941)	(27,371)
Surplus on revaluation of fixed assets	5	93,225	95,121
Long term finance - secured	6	39,230	52,925
Liabilities Against Asset Subject to Finance Lease		496	-
Long term deposits		760	760
Deferred liability		2,075	2,071
		91,845	123,506
CONTINGENCIES AND COMMITMENTS	7		

These accounts should be read in conjunction with the attached notes 1 to 11.

Lahore: 22-April-2006

Chief Executive

Director

WAZIR ALI INDUSTRIES LIMITED
PROFIT AND LOSS ACCOUNT (unaudited)
For the Nine months period ended 31 March 2006

	Note	Quarter ended 31 March 2006 (Rupees in thousands)	Nine Months ended 31 March 2006 (Rupees in thousands)	Quarter ended 31 March 2005 (Rupees in thousands)	Nine Months ended 31 March 2005 (Rupees in thousands)
Sales - net	8	229,307	727,516	255,508	700,578
Cost of goods sold	9	(194,090)	(608,910)	(220,404)	(587,907)
Gross profit		35,217	118,606	35,104	112,671
Distribution expenses		32,742	93,012	24,850	79,029
Administrative and general expenses		6,247	21,990	7,020	21,181
Operating profit		(3,771)	3,604	3,234	12,461
Workers' Profit Participation Fund		-	-	(52)	17
Other operating income		353	2,414	82	1,143
Profit from operation		(3,419)	6,018	3,368	13,587
Finance cost		5,537	15,417	4,357	13,264
Profit/(loss) before taxation		(8,956)	(9,399)	(989)	323
Provision for taxation - current year		(2,907)	(9,067)	(3,500)	(9,288)
Loss after taxation		(11,863)	(18,466)	(4,489)	(8,965)
Loss per share - basic and diluted		(1.56)	(2.43)	(0.59)	(1.18)

These accounts should be read in conjunction with the attached notes 1 to 11.

Lahore: 22-April-2006

Chief Executive

Director

WAZIR ALI INDUSTRIES LIMITED
Cash Flow Statement (unaudited)
For the Nine months period ended 31 March 2006

	31 March 2006 (Rupees in thousands)	31 March 2005
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit/(loss) before taxation	(9,399)	323
Adjustments for:		
Depreciation	4,082	3,948
Gain on disposal of fixed assets	-	(778)
Finance cost	19,830	13,264
Provision for deferred liabilities	2,164	261
Workers' profit participation fund	-	17
	26,076	16,712
Operating profit before working capital changes	16,677	17,035
Decrease/(increase) and increase/(decrease) in operating assets and liabilities:		
Stores and spares	(1,444)	(104)
Stock in trade	24,717	(21,033)
Trade debts	(38,395)	(22,595)
Long term loans and Advances	(449)	131
Long term advances and security deposits	(250)	15
Deposits, prepayments and other receivables	32,099	(8,605)
Trade and other payables	16,170	9,493
	32,450	(42,698)
Deferred liabilities paid	(471)	(921)
Finance cost paid	(15,103)	(8,047)
Income tax paid	(7,120)	(5,791)
	(22,694)	(14,759)
Net cash flows from operating activities	26,432	(40,422)
CASH FLOWS FROM INVESTING ACTIVITIES		
Fixed capital expenditure	(3,169)	(1,773)
Proceeds from sale of fixed assets	-	778
Net cash flows from investing activities	(3,169)	(995)
CASH FLOWS FROM FINANCING ACTIVITIES		
Long term finance	(13,151)	-
Lease payments	(539)	(850)
Short term borrowings (FATR)	281	22,685
Net cash flows from financing activities	(13,410)	21,835
Net decrease in cash and cash equivalents	9,853	(19,582)
Cash and cash equivalents at beginning of the period	(106,088)	(68,682)
Cash and cash equivalents at end of the period	(96,235)	(88,264)
Cash and cash equivalents		
Cash and bank balances	13,106	9,099
Finance under mark-up arrangements	(109,341)	(97,363)
	(96,235)	(88,264)

These accounts should be read in conjunction with the attached notes 1 to 11.

Lahore: 22-April-2006

Chief Executive

Director

WAZIR ALI INDUSTRIES LIMITED
Statement of Changes in Equity (unaudited)
For the Nine months period ended 31 March 2006

(Rupees in thousands)

	Ordinary shares paid in cash	Ordinary shares as bonus shares	Share premium	Revenue reserves	Accumulated loss	Total
Balance as at 30 June 2004	68,082	7,975	14,449	66,067	(239,252)	(82,679)
(Loss) for the Nine month period ended 31 March 2005	-	-	-	-	(8,965)	(8,965)
Transferred from surplus on revaluation of fixed assets	-	-	-	-	1,896	1,896
Balance as at 31 March 2005	68,082	7,975	14,449	66,067	(246,321)	(89,748)
Balance as at 30 June 2005	68,082	7,975	14,449	66,067	(183,944)	(27,371)
(Loss) for the Nine month period ended 31 March 2006	-	-	-	-	(18,466)	(18,466)
Transferred from surplus on revaluation of fixed assets	-	-	-	-	1,896	1,896
Balance as at 31 March 2006	68,082	7,975	14,449	66,067	(200,514)	(43,941)

These accounts should be read in conjunction with the attached notes 1 to 11.

Lahore: 22-April-2006

Chief Executive

Director

WAZIR ALI INDUSTRIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (unaudited)

For the Nine months period ended 31 March 2006

1 STATUS AND NATURE OF BUSINESS

Wazir Ali Industries Limited 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 the manufacture and sale of vanaspati ghee and cooking oils. The Company remained under the administrative control of Ghee Corporation of Pakistan (Private) Limited upto 19 December 1992, the date of its privatization under the policy of the government, through the Privatization Commission (Ministry of Finance), Government of Pakistan. The new management has acquired the control of Wazir Ali Industries Limited under a sale agreement with "Privatization Commission" dated 28 October 1992.

2 BASIS OF PRESENTATION

These financial statements have been prepared 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.

3 SUMMARY OF SIGNIFICANT 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 2005.

4 PROPERTY, PLANT AND EQUIPMENT - at cost/revaluation less accumulated depreciation

Details of additions/disposals of operating fixed assets during the nine months period are as follows:

	31 March 2006 (Rupees in thousands)	30 June 2005
Opening book value	104,608	110,221
Increase due to revaluation	-	84,515
Additions		
Office/residential equipment	94	130
Furniture	946	-
Plant and machinery	1,009	-
Vehicle	969	3,688
	107,626	198,554
Disposals		
Land	-	(87,697)
Vehicles	-	(903)
Depreciation charge for the period	(4,083)	(5,346)
	103,543	104,608

	31 March 2006 (Rupees in thousands)	30 June 2005
5 SURPLUS ON REVALUATION OF FIXED ASSETS		
Opening balance	95,121	98,516
Revaluation during the period	-	84,515
Surplus transferred to accumulated loss in respect of	(1,896)	(2,528)
Surplus realized on disposal of land taken to accumulated losses	-	(85,382)
	93,225	95,121

This represents surplus arising on revaluation of freehold land, building and plant and machinery of the Company. The revaluation was carried out by an independent valuer, M/s Iqbal Nanjee & Co. and M/s Imran Associates on 04 March 2005 and 31 January 2005 respectively.

6 LONG TERM FINANCE

This represents long term finance obtained from Prime Commercial Bank, Karachi. The loan is repayable in 16 equal quarterly installments commencing from 31 March 2005 along with markup over a term of 5 years, including one year grace period for repayment of principal. The loan facility is secured against first pari passu charge on present and future assets of the Company including freehold land, building, machinery, stock in trade items and trade debts, etc.

	31 March 2006 (Rupees in thousands)	30 June 2005
7 CONTINGENCIES AND COMMITMENTS		
7.1 Claims against the company not acknowledged as debts	13,673	13,673
7.2 Bank guarantee	4,836	4,836

	Quarter ended 31 March 2006 (Rupees in thousands)	Nine Months ended 31 March 2006 (Rupees in thousands)	Quarter ended 31 March 2005 (Rupees in thousands)	Nine Months ended 31 March 2005 (Rupees in thousands)
8 SALES - NET				
Sales	264,052	838,614	291,951	802,875
Sales tax	(33,291)	(106,814)	(36,498)	(99,698)
Leakages and damages	(1,454)	(4,284)	55	(2,599)
	229,307	727,516	255,508	700,578
9 COST OF GOODS SOLD				
Opening balance of Finished goods	22,088	25,656	28,252	26,027
Cost of goods manufactured	198,863	610,115	216,062	585,790
Available for sale	220,951	635,771	244,314	611,817
Closing balance of Finished goods	(26,861)	(26,861)	(23,910)	(23,910)
	194,090	608,910	220,404	587,907

	Quarter ended 31 March 2006 (Rupees in thousands)	Nine Months ended 31 March 2006 (Rupees in thousands)	Quarter ended 31 March 2005 (Rupees in thousands)	Nine Months ended 31 March 2005 (Rupees in thousands)
9.1 Cost of goods manufactured				
Opening balance of Work in process	8,352	7,268	14,940	10,976
Raw materials consumed	160,739	495,938	167,313	476,580
Packing materials consumed	20,560	65,639	24,656	61,557
Stores and spares consumed	632	3,536	1,426	3,722
Salaries, wages and other benefits	7,021	21,166	6,985	19,859
Contribution to provident fund	195	571	191	564
Fuel and power	4,966	15,953	4,847	13,568
Repair and maintenance	220	574	172	567
Rent, rates and taxes	5	115	5	6
Insurance	200	907	116	416
Depreciation	959	2,855	959	2,878
Marking fee (PSI)	273	851	405	1,050
	204,121	615,373	222,015	591,743
Closing balance of Work in process	(5,258)	(5,258)	(5,954)	(5,954)
	198,863	610,115	216,062	585,790

10 RELATED PARTY TRANSACTIONS

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial or operational decisions and include shareholders, associated companies with or without common directors, retirement benefit fund, directors and key management personnel.

Associated companies with whom such transactions have taken place includes Zulfiqar Industries Limited, IGI Insurance Company Limited, Wazir Ali Ventures (Pvt) 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 at arm's length prices using the comparable uncontrolled price method for purchases and sales and cost plus method for other transactions. Transactions with related parties during the nine months are as follows:

	Nine months period ended	
	31 March 2006 (Rupees in thousands)	31 March 2005
Contribution to staff retirement funds	1,043	1,048
Chief executive's remuneration	926	878
Sales/services rendered	4,542	6,963
Purchases/services availed	1,518	4,268
Allocation of common selling and distribution expenses	2,238	2,742
Insurance premium paid	1,091	1,318
Rent expense	153	100

11 General

Figures have been rounded off to the nearest thousand rupees.

These financial statements were approved in the Board of Directors meeting held on April 22, 2006.

Lahore: 22-April-2006

Chief Executive

Director



WAZIR ALI INDUSTRIES LIMITED

And its Subsidiary

CONSOLIDATED FINANCIAL STATEMENTS

(UN-AUDITED)

NINE MONTHS PERIOD ENDED

31-Mar-06

WAZIR ALI INDUSTRIES LIMITED *And its subsidiary*
CONSOLIDATED BALANCE SHEET
As at 31 March 2006

	Note	31 March 2006 (Un-audited) (Rupees in thousands)	30 June 2005 (Audited) (Rupees in thousands)
Operating fixed assets - at cost/valuation less accumulated depreciation	4	103,543	104,608
Capital work in progress		1,003	46
Investment Property		87,697	87,697
Long term loans to employees - secured, considered good		249	230
Long term advances and security deposits - secured, considered good		404	154
		192,896	192,735
CURRENT ASSETS			
Stock-in-trade		39,926	57,299
Goods in transit		14,947	22,292
Stores and spares		6,744	5,300
Trade debts - unsecured, considered good		82,998	44,603
Loans and advances - considered good		17,019	21,170
Deposits, prepayments and other receivables		17,584	13,321
Cash and bank balances		27,743	7,309
		206,961	171,294
CURRENT LIABILITIES			
Current maturity of long term finance and Liabilities against assets subject to finance lease		34,797	22,917
Short term borrowings - secured		149,594	153,365
Mark-up payable on borrowings		15,843	11,182
Creditors, accrued expenses and other liabilities		57,901	41,733
Provision for taxation		9,067	11,701
		267,201	240,898
NET CURRENT LIABILITIES		(60,240)	(69,604)
NET ASSETS		132,657	123,131
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		66,068	66,067
Accumulated loss		(291,085)	(269,701)
Shareholders' equity		(134,511)	(113,128)
Surplus on revaluation of fixed assets	5	178,607	180,503
Long term finance - secured	6	85,230	52,925
Liabilities Against Asset Subject to Finance Lease		496	-
Long term deposits		760	760
Deferred liability		2,075	2,071
		132,657	123,131
CONTINGENCIES AND COMMITMENTS	7		

These accounts should be read in conjunction with the attached notes 1 to 11.

Lahore: 22-April-2006

Chief Executive

Director

WAZIR ALI INDUSTRIES LIMITED *And its subsidiary*
CONSOLIDATED PROFIT AND LOSS ACCOUNT *(unaudited)*
For the Nine months period ended 31 March 2006

	Note	Quarter ended 31 March 2006 (Rupees in thousands)	Nine Months ended 31 March 2006 (Rupees in thousands)	Quarter ended 31 March 2005 (Rupees in thousands)	Nine Months ended 31 March 2005 (Rupees in thousands)
Sales - net	8	229,308	727,516	255,508	700,578
Cost of goods sold	9	(194,090)	(608,910)	(220,404)	(587,907)
Gross profit		35,218	118,606	35,104	112,671
		-			
Distribution expenses		32,742	93,012	24,850	79,029
Administrative and general expenses		9,303	26,260	7,020	21,181
Operating profit		(6,827)	(666)	3,234	12,461
Workers' Profit Participation Fund		-	-	(52)	17
Other operating income		353	2,414	82	1,143
Profit from operation		(6,475)	1,747	3,368	13,587
Finance cost		6,080	15,960	4,357	13,264
Profit/(loss) before taxation		(12,555)	(14,213)	(989)	323
Provision for taxation - current year		(2,907)	(9,067)	(3,500)	(9,288)
Loss after taxation		(15,461)	(23,279)	(4,489)	(8,965)
Loss per share - basic and diluted		(2.03)	(3.06)	(0.59)	(1.18)

These accounts should be read in conjunction with the attached notes 1 to 11.

Lahore: 22-April-2006

Chief Executive

Director

WAZIR ALI INDUSTRIES LIMITED *And its subsidiary*
CONSOLIDATED CASH FLOW STATEMENT (unaudited)
For the Nine months period ended 31 March 2006

	31 March 2006 (Rupees in thousands)	31 March 2005
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit/(loss) before taxation	(14,213)	323
Adjustments for:		
Depreciation	4,082	3,948
Gain on disposal of fixed assets	-	(778)
Finance cost	19,830	13,264
Provision for deferred liabilities	2,164	261
Workers' profit participation fund	-	17
	26,076	16,712
Operating profit before working capital changes	11,863	17,035
Decrease/(increase) and increase/(decrease) in operating assets and liabilities:		
Stores and spares	(1,444)	(104)
Stock in trade	24,717	(21,033)
Trade debts	(38,395)	(22,595)
Long term loans and Advances	(449)	131
Long term advances and security deposits	(250)	15
Deposits, prepayments and other receivables	(5,953)	(8,605)
Trade and other payables	16,168	9,493
	(5,605)	(42,698)
Deferred liabilities paid	(471)	(921)
Finance cost paid	(15,103)	(8,047)
Income tax paid	(7,120)	(5,791)
	(22,694)	(14,759)
Net cash flows from operating activities	(16,435)	(40,422)
CASH FLOWS FROM INVESTING ACTIVITIES		
Fixed capital expenditure	(3,169)	(1,773)
Proceeds from sale of fixed assets	-	778
Net cash flows from investing activities	(3,169)	(995)
CASH FLOWS FROM FINANCING ACTIVITIES		
Long term finance	44,349	-
Lease payments	(539)	(850)
Short term borrowings (FATR)	281	22,685
Net cash flows from financing activities	44,090	21,835
Net decrease in cash and cash equivalents	24,486	(19,582)
Cash and cash equivalents at beginning of the period	(106,083)	(68,682)
Cash and cash equivalents at end of the period	(81,597)	(88,264)
Cash and cash equivalents		
Cash and bank balances	27,743	9,099
Finance under mark-up arrangements	(109,341)	(97,363)
	(81,597)	(88,264)

These accounts should be read in conjunction with the attached notes 1 to 11.

Lahore: 22-April-2006

Chief Executive

Director

WAZIR ALI INDUSTRIES LIMITED *And its subsidiary*
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (unaudited)
For the Nine months period ended 31 March 2006

(Rupees in thousands)

	Ordinary shares paid in cash	Ordinary shares as bonus shares	Share premium	Revenue reserves	Accumulated loss	Total
Balance as at 30 June 2004	68,082	7,975	14,449	66,067	(239,252)	(82,679)
(Loss) for the Nine month period ended 31 March 2005	-	-	-	-	(8,965)	(8,965)
Transferred from surplus on revaluation of fixed assets	-	-	-	-	1,896	1,896
Balance as at 31 March 2005	68,082	7,975	14,449	66,067	(246,321)	(89,748)
Balance as at 30 June 2005	68,082	7,975	14,449	66,067	(269,701)	(113,128)
(Loss) for the Nine month period ended 31 March 2006	-	-	-	-	(23,279)	(23,279)
Transferred from surplus on revaluation of fixed assets	-	-	-	-	1,896	1,896
Balance as at 31 March 2006	68,082	7,975	14,449	66,067	(291,085)	(134,511)

These accounts should be read in conjunction with the attached notes 1 to 11.

Lahore: 22-April-2006

Chief Executive

Director

WAZIR ALI INDUSTRIES LIMITED *And its subsidiary*
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(unaudited)*
For the Nine months period ended 31 March 2006

1 STATUS AND NATURE OF BUSINESS

Wazir Ali Industries Limited (Holding company and 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 the manufacture and sale of vanaspati ghee and cooking oils. The Company remained under the administrative control of Ghee Corporation of Pakistan (Private) Limited upto 19 December 1992, the date of its privatization under the policy of the government, through the Privatization Commission (Ministry of Finance), Government of Pakistan. The new management has acquired the control of Wazir Ali Industries Limited under a sale agreement with "Privatization Commission" dated 28 October 1992. The holding company has a wholly owned Subsidiary namely Wazir Ali Ventures (Pvt) Limited. The company was incorporated on May 09, 2005. The principal activity of the company is to develop and construct building and related infrastructure.

2 BASIS OF PRESENTATION

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 2005.

3 SUMMARY OF SIGNIFICANT 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 2005.

4 PROPERTY, PLANT AND EQUIPMENT - at cost/revaluation less accumulated depreciation

Details of additions/disposals of operating fixed assets during the nine months period are as follows:

	31 March 2006 (Rupees in thousands)	30 June 2005
Opening book value	104,608	110,221
Increase due to revaluation	-	84,515
Additions		
Office/residential equipment	94	130
Furniture	946	-
Plant and machinery	1,009	-
Vehicle	969	3,688
	107,626	198,554
Disposals		
Land	-	(87,697)
Vehicles	-	(903)
Depreciation charge for the period	(4,083)	(5,346)
	103,543	104,608

	31 March 2006 (Rupees in thousands)	30 June 2005
5 SURPLUS ON REVALUATION OF FIXED ASSETS		
Opening balance	180,503	98,516
Revaluation during the period	-	84,515
Surplus transferred to accumulated loss in respect of	(1,896)	(2,528)
Surplus realized on disposal of land taken to accumulated losses	-	(85,382)
	178,607	95,121

This represents surplus arising on revaluation of freehold land, building and plant and machinery of the Company. The revaluation was carried out by an independent valuer, M/s Iqbal Nanjee & Co. and M/s Imran Associates on 04 March 2005 and 31 January 2005 respectively.

6 LONG TERM FINANCE

This represents long term finance obtained from Prime Commercial Bank, Karachi. The loan is repayable in 16 equal quarterly installments commencing from 31 March 2005 along with markup over a term of 5 years, including one year grace period for repayment of principal. The loan facility is secured against first pari passu charge on present and future assets of the Company including freehold land, building, machinery, stock in trade items and trade debts, etc.

	31 March 2006 (Rupees in thousands)	30 June 2005
7 CONTINGENCIES AND COMMITMENTS		
7.1 Claims against the company not acknowledged as debts	13,673	13,673
7.2 Bank guarantee	4,836	4,836

	Quarter ended 31 March 2006 (Rupees in thousands)	Nine Months ended 31 March 2006 (Rupees in thousands)	Quarter ended 31 March 2005 (Rupees in thousands)	Nine Months ended 31 March 2005 (Rupees in thousands)
8 SALES - NET				
Sales	264,052	838,614	291,951	802,875
Sales tax	(33,291)	(106,814)	(36,498)	(99,698)
Leakages and damages	(1,454)	(4,284)	55	(2,599)
	229,307	727,516	255,508	700,578
9 COST OF GOODS SOLD				
Opening balance of Finished goods	22,088	25,656	28,252	26,027
Cost of goods manufactured	198,863	610,115	216,062	585,790
Available for sale	220,951	635,771	244,314	611,817
Closing balance of Finished goods	(26,861)	(26,861)	(23,910)	(23,910)
	194,090	608,910	220,404	587,907

	Quarter ended 31 March 2006 (Rupees in thousands)	Nine Months ended 31 March 2006 (Rupees in thousands)	Quarter ended 31 March 2005 (Rupees in thousands)	Nine Months ended 31 March 2005 (Rupees in thousands)
9.1 Cost of goods manufactured				
Opening balance of Work in process	8,352	7,268	14,940	10,976
Raw materials consumed	160,739	495,938	167,313	476,580
Packing materials consumed	20,560	65,639	24,656	61,557
Stores and spares consumed	632	3,536	1,426	3,722
Salaries, wages and other benefits	7,021	21,166	6,985	19,859
Contribution to provident fund	195	571	191	564
Fuel and power	4,966	15,953	4,847	13,568
Repair and maintenance	220	574	172	567
Rent, rates and taxes	5	115	5	6
Insurance	200	907	116	416
Depreciation	959	2,855	959	2,878
Marking fee (PSI)	273	851	405	1,050
	204,121	615,373	222,015	591,743
Closing balance of Work in process	(5,258)	(5,258)	(5,954)	(5,954)
	198,863	610,115	216,062	585,790

10 RELATED PARTY TRANSACTIONS

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial or operational decisions and include shareholders, associated companies with or without common directors, retirement benefit fund, directors and key management personnel.

Associated companies with whom such transactions have taken place includes Zulfiqar Industries Limited, IGI Insurance Company Limited, Wazir Ali Ventures (Pvt) 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 at arm's length prices using the comparable uncontrolled price method for purchases and sales and cost plus method for other transactions. Transactions with related parties during the nine months are as follows:

	Nine months period ended	
	31 March 2006 (Rupees in thousands)	31 March 2005
Contribution to staff retirement funds	1,043	1,048
Chief executive's remuneration	926	878
Sales/services rendered	4,542	6,963
Purchases/services availed	1,518	4,268
Allocation of common selling and distribution expenses	2,238	2,742
Insurance premium paid	1,091	1,318
Rent expense	153	100

11 General

Figures have been rounded off to the nearest thousand rupees.

These financial statements were approved in the Board of Directors meeting held on April 22, 2006.

Lahore: 22-April-2006

Chief Executive

Director