



**WAZIR ALI INDUSTRIES LIMITED**

**FINANCIAL STATEMENTS**  
**3RD QUARTER**

**(UN-AUDITED)**

**NINE MONTHS PERIOD ENDED**

**31-Mar-07**

## COMPANY INFORMATION

### BOARD OF DIRECTORS

#### CHAIRMAN/CHIEF EXECUTIVE OFFICER

Syed Yawar Ali

#### DIRECTORS

Syeda Feriel R.Ali  
Syed Naseem Ahmad  
Mr. Mohammed Bashir Janmohammed  
Mr. Abdul Rasheed Janmohammed  
Mr. Perwaiz Hasan Khan  
Mr. Abdus Samad  
Syed Hasnain Ali

### BOARD AUDIT COMMITTEE

#### CHAIRMAN

Syeda Feriel R.Ali

#### MEMBERS

Mr. Abdul Rasheed Janmohammed  
Mr. Abdus Samad  
Syed Hasnain Ali

#### 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  
Standard Chartered Bank (Pakistan) Limited  
ABN AMRO Bank  
Habib 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

3rd Floor, Kandawala Building  
M. A. Jinnah Road, Karachi.  
Telephone: +92.21.2259941  
Fax: +92.21.2220874

#### LAHORE OFFICE

406-A, Office Block,  
Siddiq Trade Center,  
72-Main Boulevard, Gulberg, Lahore.  
Telephone: +92.42.5787546-9  
Fax: +92.42.5787582

#### FACTORY

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

#### WEBSITE

[www.wazirali.com.pk](http://www.wazirali.com.pk)

# 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 2007.

## Overview

The Sales of the company for the quarter were Rs 210.397M as against Rs 229.307M during the same period last year showing a decline of 8.2%. The lower sales volume has been mainly due to the increase in the selling prices of edible oil, necessitated as a result of the increase in the prices of raw material, which takes time to settle down before the volumes get back to normal.

The gross profit ratio reduced from 15.4% to 10.7% indicating that we were unable to fully recover the increase in the cost of goods sold owing to fast rising raw material prices.

The Administrative expenses increased by 6.5%, being less than the annual inflation rate, the Selling and Distribution expenses reduced by 16.2% owing to lower advertising costs and the Financial charges increased by 9.9% owing to the increase in KIBOR rates during this period.

There has been a pre tax loss of Rs. 13.918M as against Rs. 8.956M during the same period of last year. Also, the loss after taxation was Rs 14.716M as against Rs 11.863M, 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 quarter under review is Rs (1.93) negative as compared to Rs (1.56) negative during the same quarter of last year.

The Directors have recommended to utilise the amount available in the share premium account in accordance with the provisions of the companies ordinance 1984 and to issue interim bonus shares in the proportion of 1 share for every 20 shares held i.e. 5%.

## Future Outlook

After finalizing the marketing arrangements with Dalda Foods (Pvt.) Ltd, The management team's priority is on restoring its distribution strength along with finding more white spaces in the market place to fill in. Simultaneously, a broad based research study is also initiated to help the team fine tune the way forward for bringing back TULLO in the minds of its consumers to make it one of the leading brands in its category yet again.

## 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

# WAZIR ALI INDUSTRIES LIMITED

## Balance Sheet

As at 31 March 2007

		<b>31 March 2007 (Un-audited)</b>	<b>30 June 2006 (Audited)</b>
(Rupees in thousands)			
Operating fixed assets - at cost/revaluation			
less accumulated depreciation	5	142,225	102,454
Capital work in progress		1,099	936
Investment in subsidiary		50,000	50,000
Long term loans to employees - secured, considered good		249	256
Long term advances and security deposits - secured, considered good		431	404
		<b>194,005</b>	<b>154,050</b>
<b>Current assets</b>			
Stock-in-trade		81,435	43,287
Goods in transit		-	5,634
Stores and spares		7,616	7,177
Trade debts - unsecured, considered good		37,844	41,367
Loans and advances - considered good		15,572	18,278
Deposits, prepayments and other receivables		35,836	32,185
Cash and bank balances		12,932	14,238
		<b>191,236</b>	<b>162,166</b>
<b>Current liabilities</b>			
Current maturity of long term finance and liabilities against assets subject to finance lease		21,097	19,292
Short term borrowings - secured		117,222	131,159
Mark-up payable on borrowings		7,955	7,929
Trade and other payables		154,203	61,126
Provision for taxation		2,457	10,396
		<b>302,935</b>	<b>229,902</b>
<b>Net current liabilities</b>		<b>(111,698)</b>	<b>(67,736)</b>
<b>Net assets</b>		<b>82,307</b>	<b>86,314</b>
<b>Authorised capital</b> (8 million ordinary shares of Rs 10 each)		<b>80,000</b>	<b>80,000</b>
<b>Represented by:</b>			
Share capital		76,057	76,057
Share premium		14,449	14,449
Revenue reserves		66,067	66,067
Accumulated loss		(238,856)	(204,133)
<b>Shareholders' equity</b>		<b>(82,282)</b>	<b>(47,560)</b>
Surplus on revaluation of fixed assets	6	132,304	91,523
<b>Non-current Liabilities</b>			
Long term finance - secured	7	23,412	39,229
Long term finance - unsecured	8	6,000	-
Liabilities against asset subject to finance lease		211	448
Long term deposits		760	760
Deferred liability		1,903	1,914
		<b>32,286</b>	<b>42,351</b>
<b>Contingencies and commitments</b>	9	<b>82,307</b>	<b>86,314</b>

These accounts should be read in conjunction with the attached notes 1 to 13

# WAZIR ALI INDUSTRIES LIMITED

## Profit and Loss Account (unaudited)

For the Nine months period ended 31 March 2007

	Note	Quarter ended 31 March 2007 (Rupees in thousands)	Nine Months ended 31 March 2007 (Rupees in thousands)	Quarter ended 31 March 2006 (Rupees in thousands)	Nine Months ended 31 March 2006 (Rupees in thousands)
Sales - net	10	210,397	652,737	229,307	727,516
Less Cost of goods sold	11	187,838	555,763	194,090	608,910
<b>Gross profit</b>		<b>22,558</b>	<b>96,975</b>	<b>35,217</b>	<b>118,606</b>
Distribution expenses		27,450	98,652	32,742	93,012
Administrative and general expenses		6,651	19,596	6,247	21,990
		34,101	118,248	38,988	115,002
<b>Operating profit</b>		<b>(11,543)</b>	<b>(21,274)</b>	<b>(3,771)</b>	<b>3,604</b>
Other operating expenses		-	(7)	-	-
Other operating income		3,709	5,353	353	2,414
Profit from operation		(7,835)	(15,927)	(3,419)	6,018
Finance cost		6,084	19,352	5,537	15,417
<b>Profit/(loss) before taxation</b>		<b>(13,918)</b>	<b>(35,279)</b>	<b>(8,956)</b>	<b>(9,399)</b>
<b>Provision for taxation - current year</b>		<b>(798)</b>	<b>(2,457)</b>	<b>(2,907)</b>	<b>(9,067)</b>
<b>Loss after taxation</b>		<b>(14,716)</b>	<b>(37,736)</b>	<b>(11,863)</b>	<b>(18,466)</b>
<b>Loss per share - basic and diluted</b>		<b>(1.93)</b>	<b>(4.96)</b>	<b>(1.56)</b>	<b>(2.43)</b>

These accounts should be read in conjunction with the attached notes 1 to 13

Karachi: 24-April-2007

Chief Executive

Director

# WAZIR ALI INDUSTRIES LIMITED

## Cash Flow Statement (unaudited)

For the Nine months period ended 31 March 2007

	31 March 2007 (Rupees in thousands)	31 March 2006
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit/(loss) before taxation	(35,279)	(9,399)
<b>Adjustments for:</b>		
Depreciation	3,832	4,082
Gain on disposal of fixed assets	1,229	-
Finance cost	19,295	19,830
Provision for deferred liabilities	293	2,164
Workers' profit participation fund	7	-
	<b>24,656</b>	<b>26,076</b>
<b>Operating profit before working capital changes</b>	<b>(10,623)</b>	<b>16,677</b>
<b>Decrease/(increase) and increase/(decrease) in operating assets and liabilities:</b>		
Stores and spares	(440)	(1,444)
Stock in trade	(32,513)	24,717
Trade debts	3,523	(38,395)
Long term loans and Advances	(3,592)	(449)
Long term advances and security deposits	(28)	(250)
Deposits, prepayments and other receivables	(2,276)	32,099
Trade and other payables	93,070	16,170
	<b>57,745</b>	<b>32,450</b>
Deferred liabilities paid	(1,348)	(471)
Finance cost paid	(19,211)	(15,103)
Income tax paid	(4,092)	(7,120)
	<b>(24,651)</b>	<b>(22,694)</b>
<b>Net cash flows from operating activities</b>	<b>22,471</b>	<b>26,432</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Fixed capital expenditure	(163)	(3,169)
Proceeds from sale of fixed assets	(1,370)	-
<b>Net cash flows from investing activities</b>	<b>(1,533)</b>	<b>(3,169)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Long term finance	(8,013)	(13,151)
Lease payments	(294)	(539)
Short term borrowings (FATR)	(19,261)	281
<b>Net cash flows from financing activities</b>	<b>(27,568)</b>	<b>(13,410)</b>
<b>Net decrease in cash and cash equivalents</b>	<b>(6,631)</b>	<b>9,853</b>
<b>Cash and cash equivalents at beginning of the period</b>	<b>(80,473)</b>	<b>(106,088)</b>
<b>Cash and cash equivalents at end of the period</b>	<b>(87,103)</b>	<b>(96,235)</b>
<b>Cash and cash equivalents</b>		
Cash and bank balances	12,932	13,106
Finance under mark-up arrangements	(100,036)	(109,341)
	<b>(87,103)</b>	<b>(96,235)</b>

These accounts should be read in conjunction with the attached notes 1 to 13

Karachi: 24-April-2007

Chief Executive

Director

# WAZIR ALI INDUSTRIES LIMITED

## Statement of Changes in Equity (unaudited)

For the Nine months period ended 31 March 2007

	Ordinary shares paid in cash	Capital reserves share premium	Revenue reserves		Total
			Revenue reserves	Accumulated loss	
	(----- Rupees in thousands -----)				
<b>Balance as at 01 July 2005</b>	76,057	14,449	66,067	(172,308)	<b>(15,735)</b>
Loss for the Nine months period ended 31 March 2006	-	-	-	(18,466)	<b>(18,466)</b>
Transferred from surplus on revaluation of fixed assets	-	-	-	1,896	<b>1,896</b>
<b>Balance as at 31 March 2006</b>	<b>76,057</b>	<b>14,449</b>	<b>66,067</b>	<b>(188,878)</b>	<b>(32,305)</b>
<b>Balance as at 01 July 2006</b>	76,057	14,449	66,067	(204,133)	<b>(47,560)</b>
Loss for the Nine months period ended 31 March 2007	-	-	-	(37,736)	<b>(37,736)</b>
Transferred from surplus on revaluation of fixed assets	-	-	-	3,013	<b>3,013</b>
<b>Balance as at 31 March 2007</b>	<b>76,057</b>	<b>14,449</b>	<b>66,067</b>	<b>(238,856)</b>	<b>(82,282)</b>

These accounts should be read in conjunction with the attached notes 1 to 13

Karachi: 24-Apr-07

Chief Executive

Director

# **WAZIR ALI INDUSTRIES LIMITED**

## **Notes to the Financial Statements (unaudited)**

*For the Nine months period ended 31 March 2007*

### **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 present management acquired the control of Wazir Ali Industries Limited under a sale agreement with "Privatization Commission" dated 28 October 1992.

### **2 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.

### **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 2006.

### **4 Estimates**

The preparation of condensed interim financial statements requires management to make judgments, estimates and assumption that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates. The significant judgments made by management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the financial statements for the year ended 30 June 2006.



**5 Property, plant and equipment - at cost/revaluation less accumulated depreciation**

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

	<b>31 March 2007 (Rupees in thousands)</b>	<b>30 June 2006 (Rupees in thousands)</b>
Opening book value	102,454	104,608
Increase due to revaluation	43,793	-
Additions		
Office/residential equipment	-	776
Furniture	-	946
Plant and machinery	-	1,009
Vehicle	-	969
	-	<b>3,700</b>
	<b>146,247</b>	<b>108,308</b>
Disposals		
Vehicles	(190)	(276)
Depreciation charge for the period	(3,832)	(5,578)
	<b>(4,022)</b>	<b>(5,854)</b>
	<b>142,225</b>	<b>102,454</b>
<b>6 Surplus on revaluation of fixed assets</b>		
Opening balance	91,523	95,121
Revaluation during the period	43,793	-
Surplus transferred to accumulated loss in respect of incremental depreciation charged on related assets during the year	(3,013)	(3,598)
	<b>132,304</b>	<b>91,523</b>

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 Imran Associates on 31 January 2005 and M/s Iqbal Nanjee & Co. on 04 March 2005 and 30 September 2006.

**7 Long term finance-Secured**

This represents facility obtained from Prime Commercial Bank Limited Karachi. The loan is repayable in 16 equal quarterly installments alongwith markup over a term of 5 years, including one year grace period of repayment of principal. The loan carries markup at the rate of 3 months KIBOR plus 2 % with a floor of 12 % per annum. 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 and trade debts.

**8 Long term finance-un Secured**

This represents a loan obtained from Syeda Ferial R. Ali (Director) and is repayable in full alongwith mark-up at 10% p.a over 3 years. The loan may be paid earlier depending on the liquidity position of the company.

	<b>31 March 2007 (Rupees in thousands)</b>	<b>30 June 2006 (Rupees in thousands)</b>
<b>9 Contingencies and commitments</b>		
9.1 Claims against the company not acknowledged as debts	13,673	13,673
9.2 Bank guarantee	6,071	4,836

	Quarter ended 31 March 2007 (Rupees in thousands)	Nine Months ended 31 March 2007 (Rupees in thousands)	Quarter ended 31 March 2006 (Rupees in thousands)	Nine Months ended 31 March 2006 (Rupees in thousands)
<b>10 SALES - NET</b>				
Sales	228,748	699,939	264,052	838,614
Sales tax	(16,930)	(41,762)	(33,291)	(106,814)
Leakages and damages	(1,422)	(5,439)	(1,454)	(4,284)
	<b>210,397</b>	<b>652,737</b>	<b>229,307</b>	<b>727,516</b>
<b>11 COST OF GOODS SOLD</b>				
Opening balance of Finished goods	46,295	11,404	22,088	25,656
Cost of goods manufactured 11.1	190,928	593,744	198,863	610,115
<b>Available for sale</b>	<b>237,223</b>	<b>605,147</b>	<b>220,951</b>	<b>635,771</b>
Closing balance of Finished goods	(49,385)	(49,385)	(26,861)	(26,861)
	<b>187,838</b>	<b>555,763</b>	<b>194,090</b>	<b>608,910</b>

	Quarter ended 31 March 2007 (Rupees in thousands)	Nine Months ended 31 March 2007 (Rupees in thousands)	Quarter ended 31 March 2006 (Rupees in thousands)	Nine Months ended 31 March 2006 (Rupees in thousands)
<b>11.1 Cost of goods manufactured</b>				
Opening balance of Work in process	15,850	10,080	8,352	7,268
Raw materials consumed	155,825	489,422	160,739	495,938
Packing materials consumed	15,555	57,666	20,560	65,639
Stores and spares consumed	1,269	3,576	632	3,536
Salaries, wages and other benefits	7,902	22,550	7,021	21,166
Contribution to provident fund	187	566	195	571
Fuel and power	6,652	19,206	4,966	15,953
Repair and maintenance	153	684	220	574
Rent, rates and taxes	-	1	5	115
Insurance	211	558	200	907
Depreciation	791	2,500	959	2,855
Marking fee (PSI)	193	595	273	851
	<b>204,587</b>	<b>607,403</b>	<b>204,121</b>	<b>615,373</b>
Closing balance of Work in process	(13,659)	(13,659)	(5,258)	(5,258)
	<b>190,928</b>	<b>593,744</b>	<b>198,863</b>	<b>610,115</b>

## 12 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, Treet Corporation Limited and Dalda Foods (Pvt) 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:

	<b>Nine months period ended</b>	
	<b>31 March 2007</b>	<b>31 March 2006</b>
	<b>(Rupees in thousands)</b>	
Contribution to staff retirement funds	1,561	1,043
Chief executive's remuneration	855	926
Sales/services rendered	5,083	4,542
Purchases/services availed	185	1,518
Allocation of common expenses	3,786	2,238
Settlement of liability	858	-
Loans & Advances	28,000	-
Insurance premium paid	922	1,091
Rent expense	113	153

## 13 General

Figures have been rounded off to the nearest thousand rupees.

These financial statements were approved in the Board of Directors meeting held on 24-April-2007

Karachi: 24-Apr-07

\_\_\_\_\_  
Chief Executive

\_\_\_\_\_  
Director



**WAZIR ALI INDUSTRIES LIMITED**

**And its Subsidiary**

**FINANCIAL STATEMENTS**

**3RD QUARTER**

**CONSOLIDATED**

**(UN-AUDITED)**

**NINE MONTHS PERIOD ENDED**

**31-Mar-07**

# WAZIR ALI INDUSTRIES LIMITED and its Subsidiary Consolidated Balance Sheet

As at 31 March 2007

		31 March 2007 (Un-audited)	30 June 2006 (Audited)
(Rupees in thousands)			
Operating fixed assets - at cost/revaluation			
less accumulated depreciation	5	142,225	102,454
Capital work in progress		1,099	936
Investment Property		134,947	87,697
Long term loans to employees - secured, considered good		249	256
Long term advances and security deposits - secured, considered good		431	404
		<b>278,952</b>	<b>191,747</b>
<b>Current assets</b>			
Stock-in-trade		81,435	43,287
Goods in transit		-	5,634
Stores and spares		7,616	7,177
Trade debts - unsecured, considered good		37,844	41,367
Loans and advances - considered good		15,711	18,293
Deposits, prepayments and other receivables		33,879	31,504
Cash and bank balances		27,932	29,370
		<b>204,417</b>	<b>176,632</b>
<b>Current liabilities</b>			
Current maturity of long term finance and liabilities against assets subject to finance lease		21,097	19,292
Short term borrowings - secured		126,642	132,023
Mark-up payable on borrowings		7,955	9,693
Trade and other payables		154,305	61,126
Provision for taxation		2,457	10,396
		<b>312,456</b>	<b>232,530</b>
<b>Net current liabilities</b>		<b>(108,039)</b>	<b>(55,898)</b>
<b>Net assets</b>		<b>170,913</b>	<b>135,849</b>
<b>Authorised capital</b> (8 million ordinary shares of Rs 10 each)		<b>80,000</b>	<b>80,000</b>
<b>Represented by:</b>			
Share capital		76,057	76,057
Share premium		14,449	14,449
Revenue reserves		66,067	66,067
Accumulated loss		(340,381)	(297,480)
<b>Shareholders' equity</b>		<b>(183,808)</b>	<b>(140,907)</b>
Surplus on revaluation of fixed assets	6	264,936	176,905
<b>Non-current Liabilities</b>			
Long term finance - secured	7	80,912	96,729
Long term finance - unsecured	8	6,000	-
Liabilities against asset subject to finance lease		211	448
Long term deposits		760	760
Deferred liability		1,903	1,914
		<b>89,786</b>	<b>99,851</b>
<b>Contingencies and commitments</b>	9	<b>170,913</b>	<b>135,849</b>

These accounts should be read in conjunction with the attached notes 1 to 14

Karachi:

24-Apr-07

Chief Executive

Director

**WAZIR ALI INDUSTRIES LIMITED** and its Subsidiary  
**Consolidated Profit and Loss Account** (unaudited)  
For the Nine months period ended 31 March 2007

	Note	Quarter ended 31 March 2007 (Rupees in thousands)	Nine Months ended 31 March 2007 (Rupees in thousands)	Quarter ended 31 March 2006 (Rupees in thousands)	Nine Months ended 31 March 2006 (Rupees in thousands)
Sales - net	10	210,397	652,737	229,307	727,516
Less Cost of goods sold	11	187,838	555,763	194,090	608,910
<b>Gross profit</b>		<b>22,558</b>	<b>96,975</b>	<b>35,217</b>	<b>118,606</b>
Distribution expenses		27,450	98,652	32,742	93,012
Administrative and general expenses		10,178	23,123	9,303	26,260
		37,628	121,775	42,045	119,272
<b>Operating profit</b>		<b>(15,070)</b>	<b>(24,800)</b>	<b>(6,827)</b>	<b>(666)</b>
Other operating expenses		-	(7)	-	-
Other operating income		4,942	6,587	353	2,414
Profit from operation		(10,128)	(18,220)	(6,475)	1,747
Finance cost		11,969	25,237	6,080	15,960
<b>Profit/(loss) before taxation</b>		<b>(22,097)</b>	<b>(43,457)</b>	<b>(12,555)</b>	<b>(14,213)</b>
<b>Provision for taxation - current year</b>		<b>(798)</b>	<b>(2,457)</b>	<b>(2,907)</b>	<b>(9,067)</b>
<b>Loss after taxation</b>		<b>(22,894)</b>	<b>(45,914)</b>	<b>(15,461)</b>	<b>(23,279)</b>
<b>Loss per share - basic and diluted</b>		<b>(3.01)</b>	<b>(6.04)</b>	<b>(2.03)</b>	<b>(3.06)</b>

*These accounts should be read in conjunction with the attached notes 1 to 14*

Karachi: 24-April-2007

Chief Executive

Director

# WAZIR ALI INDUSTRIES LIMITED and its Subsidiary

## Consolidated Cash Flow Statement (unaudited)

For the Nine months period ended 31 March 2007

	31 March 2007 (Rupees in thousands)	31 March 2006
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit/(loss) before taxation	(43,457)	(14,213)
Adjustments for:		
Depreciation	3,832	4,082
Gain on disposal of fixed assets	1,229	-
Finance cost	24,816	19,830
Provision for deferred liabilities	293	2,164
Workers' profit participation fund	7	-
	<b>30,177</b>	<b>26,076</b>
Operating profit before working capital changes	<b>(13,280)</b>	<b>11,863</b>
<b>Decrease/(increase) and increase/(decrease) in operating assets and liabilities:</b>		
Stores and spares	(440)	(1,444)
Stock in trade	(32,513)	24,717
Trade debts	3,523	(38,395)
Long term loans and Advances	(3,592)	(449)
Long term advances and security deposits	(28)	(250)
Deposits, prepayments and other receivables	(1,000)	(5,953)
Trade and other payables	91,408	16,168
	<b>57,359</b>	<b>(5,605)</b>
Deferred liabilities paid	(1,348)	(471)
Finance cost paid	(24,732)	(15,103)
Income tax paid	(4,215)	(7,120)
	<b>(30,295)</b>	<b>(22,694)</b>
<b>Net cash flows from operating activities</b>	<b>13,784</b>	<b>(16,435)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Fixed capital expenditure	(163)	(3,169)
Proceeds from sale of fixed assets	(1,370)	-
<b>Net cash flows from investing activities</b>	<b>(1,533)</b>	<b>(3,169)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Long term finance	(8,013)	44,349
Lease payments	(294)	(539)
Short term borrowings (FATR)	(19,261)	281
<b>Net cash flows from financing activities</b>	<b>(27,568)</b>	<b>44,090</b>
<b>Net decrease in cash and cash equivalents</b>	<b>(15,318)</b>	<b>24,486</b>
<b>Cash and cash equivalents at beginning of the period</b>	<b>(66,205)</b>	<b>(106,083)</b>
<b>Cash and cash equivalents at end of the period</b>	<b>(81,523)</b>	<b>(81,597)</b>
<b>Cash and cash equivalents</b>		
Cash and bank balances	27,932	27,743
Finance under mark-up arrangements	(109,455)	(109,340)
	<b>(81,523)</b>	<b>(81,597)</b>

These accounts should be read in conjunction with the attached notes 1 to 14

Karachi: 24-April-2007

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 2007

	Ordinary shares paid in cash	Capital reserves share premium	Revenue reserves		Total
			Revenue reserves	Accumulated loss	
(----- Rupees in thousands -----)					
<b>Balance as at 01 July 2005</b>	76,057	14,449	66,067	(258,065)	<b>(101,492)</b>
Loss for the Nine months period ended 31 March 2006	-	-	-	(23,279)	<b>(23,279)</b>
Transferred from surplus on revaluation of fixed assets	-	-	-	1,896	<b>1,896</b>
<b>Balance as at 31 March 2006</b>	<b>76,057</b>	<b>14,449</b>	<b>66,067</b>	<b>(279,449)</b>	<b>(122,875)</b>
<b>Balance as at 01 July 2006</b>	76,057	14,449	66,067	(297,480)	<b>(140,907)</b>
Loss for the Nine months period ended 31 March 2007	-	-	-	(45,914)	<b>(45,914)</b>
Transferred from surplus on revaluation of fixed assets	-	-	-	3,013	<b>3,013</b>
<b>Balance as at 31 March 2007</b>	<b>76,057</b>	<b>14,449</b>	<b>66,067</b>	<b>(340,382)</b>	<b>(183,808)</b>

These accounts should be read in conjunction with the attached notes 1 to 14

Karachi: 24-Apr-07

Chief Executive

Director



# **WAZIR ALI INDUSTRIES LIMITED** and its Subsidiary **Consolidated Notes to the Financial Statements (unaudited)**

*For the Nine months period ended 31 March 2007*

## **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 present management acquired the control of Wazir Ali Industries Limited under a sale agreement with "Privatization Commission" dated 28 October 1992.

## **2 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.

## **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 2006.

## **4 Basis of Consolidation**

Subsidiaries are those companies in which the company directly or indirectly controls, beneficially owns or hold more than 50 percent of the voting securities or otherwise has the power to elect and appoint more than 50 percent of its directors. The company has following subsidiary:

	<b>Percentage of shareholding</b>
Wazir Ali Ventures (Private) Limited	100 percent

The financial statements of the subsidiary is included in the consolidated financial statements from the date the control commences until the date that control ceases. In preparing consolidated financial statements, financial statements of the company and its subsidiary are combined on a line by line basis by adding together like of assets, liabilities, equity, income and expenses. Significant inter company transactions are eliminated.

## 5 Estimates

The preparation of condensed interim financial statements requires management to make judgments, estimates and assumption that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates. The significant judgments made by management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the financial statements for the year ended 30 June 2006.

## 6 Property, plant and equipment - at cost/revaluation less accumulated depreciation

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

	<b>31 March 2007 (Rupees in thousands)</b>	<b>30 June 2006 (Rupees in thousands)</b>
Opening book value	102,454	104,608
Increase due to revaluation	43,793	-
Additions		
Office/residential equipment	-	776
Furniture	-	946
Plant and machinery	-	1,009
Vehicle	-	969
	-	<b>3,700</b>
	<b>146,247</b>	<b>108,308</b>
Disposals		
Vehicles	(190)	(276)
Depreciation charge for the period	(3,832)	(5,578)
	<b>(4,022)</b>	<b>(5,854)</b>
	<b>142,225</b>	<b>102,454</b>
<b>7 Surplus on revaluation of fixed assets</b>		
Opening balance	176,905	180,503
Revaluation during the period	91,043	-
Surplus transferred to accumulated loss in respect of incremental depreciation charged on related assets during the year	(3,013)	(3,598)
	<b>264,936</b>	<b>176,905</b>

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 Imran Associates on 31 January 2005 and M/s Iqbal Nanjee & Co. on 04 March 2005 and 30 September 2006.

## 8 Long term finance-Secured

This represents facility obtained from Prime Commercial Bank Limited Karachi. The loan is repayable in 16 equal quarterly installments alongwith markup over a term of 5 years, including one year grace period of repayment of principal. The loan carries markup at the rate of 3 months KIBOR plus 2 % with a floor of 12 % per annum. 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 and trade debts.

## 9 Long term finance-un Secured

This represents a loan obtained from Syeda Ferial R. Ali (Director) and is repayable in full alongwith mark-up at 10% p.a over 3 years. The loan may be paid earlier depending on the liquidity position of the company.

	<b>31 March 2007 (Rupees in thousands)</b>	<b>30 June 2006 (Rupees in thousands)</b>
<b>10 Contingencies and commitments</b>		
10.1 Claims against the company not acknowledged as debts	13,673	13,673
10.2 Bank guarantee	6,071	4,836

	Quarter ended 31 March 2007 (Rupees in thousands)	Nine Months ended 31 March 2007 (Rupees in thousands)	Quarter ended 31 March 2006 (Rupees in thousands)	Nine Months ended 31 March 2006 (Rupees in thousands)
<b>11 SALES - NET</b>				
Sales	228,748	699,939	264,052	838,614
Sales tax	(16,930)	(41,762)	(33,291)	(106,814)
Leakages and damages	(1,422)	(5,439)	(1,454)	(4,284)
	<b>210,397</b>	<b>652,737</b>	<b>229,307</b>	<b>727,516</b>
<b>12 COST OF GOODS SOLD</b>				
Opening balance of Finished goods	46,295	11,404	22,088	25,656
Cost of goods manufactured 12.1	190,928	593,744	198,863	610,115
<b>Available for sale</b>	<b>237,223</b>	<b>605,147</b>	<b>220,951</b>	<b>635,771</b>
Closing balance of Finished goods	(49,385)	(49,385)	(26,861)	(26,861)
	<b>187,838</b>	<b>555,763</b>	<b>194,090</b>	<b>608,910</b>

	Quarter ended 31 March 2007 (Rupees in thousands)	Nine Months ended 31 March 2007 (Rupees in thousands)	Quarter ended 31 March 2006 (Rupees in thousands)	Nine Months ended 31 March 2006 (Rupees in thousands)
<b>12.1 Cost of goods manufactured</b>				
Opening balance of Work in process	15,850	10,080	8,352	7,268
Raw materials consumed	155,825	489,422	160,739	495,938
Packing materials consumed	15,555	57,666	20,560	65,639
Stores and spares consumed	1,269	3,576	632	3,536
Salaries, wages and other benefits	7,902	22,550	7,021	21,166
Contribution to provident fund	187	566	195	571
Fuel and power	6,652	19,206	4,966	15,953
Repair and maintenance	153	684	220	574
Rent, rates and taxes	-	1	5	115
Insurance	211	558	200	907
Depreciation	791	2,500	959	2,855
Marking fee (PSI)	193	595	273	851
	<b>204,587</b>	<b>607,403</b>	<b>204,121</b>	<b>615,373</b>
Closing balance of Work in process	(13,659)	(13,659)	(5,258)	(5,258)
	<b>190,928</b>	<b>593,744</b>	<b>198,863</b>	<b>610,115</b>

### 13 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, Treet Corporation Limited and Dalda Foods (Pvt) 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:

	<b>Nine months period ended</b>	
	<b>31 March 2007</b>	<b>31 March 2006</b>
	<b>(Rupees in thousands)</b>	
Contribution to staff retirement funds	1,561	1,043
Chief executive's remuneration	855	926
Sales/services rendered	5,083	4,542
Purchases/services availed	185	1,518
Allocation of common expenses	410	2,238
Loans & Advances	28,000	-
Insurance premium paid	922	1,091
Rent expense	113	153

### 14 General

Figures have been rounded off to the nearest thousand rupees.

These financial statements were approved in the Board of Directors meeting held on 24-April-2007

Karachi: 24-Apr-07

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Chief Executive

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Director