



3rd Quarter Report '10

COMPANY INFORMATION

BOARD OF DIRECTORS

CHAIRMAN Syed Yawar Ali
CHIEF EXECUTIVE OFFICER Mr. Abdus Samad

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

BOARD AUDIT COMMITTEE

CHAIRMAN Mr. Mohammed Bashir Janmohammed
MEMBERS Mr. Abdul Rasheed Janmohammed
Mr. Perwaiz Hasan Khan
Mr. Mohammad Rabbani

CHIEF FINANCIAL OFFICER/ COMPANY SECRETARY

Mr. Amjad Waheed

AUDITORS

KPMG Taseer Hadi & Co.
Chartered Accountants

LEGAL ADVISORS

Hussain & Haider
Advocates & Solicitors

BANKERS

The Royal Bank of Scotland Limited
National Bank of Pakistan
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: +92.21.35655595

REGISTERED OFFICE

F-33, Hub River Road, SITE, Karachi.
Telephone: +92.21.32579683-7
Fax: +92.21.32578654

FACTORY

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

WEBSITE

www.wazirali.com.pk



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Directors' Review

The Directors of the Company present the un-audited financial statements for the period and quarter ended 31 March 2010.

Overview

The increase in the Sales of the Company witnessed in the first six months of the current financial year continued for the period under review of Rs.1,375.848M as against Rs 673.033M during the corresponding period of last year showing an increase of 104.4%. The Gross Profit to Sales ratio also increased from 4 % to 8.4 % indicating that these improvements were the result of the market oriented pricing mechanism and increased bulk sales recently introduced.

The volume related Selling and Distribution Expenses increased by 43.6%. The Administration Expenses reduced by 12.5% as a result of cost savings and non-recurring expenses. Financial Charges increased from Rs.34.436M to Rs.44.597M owing to the high level of the mark-up rates and the additional subordinated loan in the current period.

The Company achieved an Operating Profit of Rs.25.118M as against a loss of Rs.8.025M in the same period of last year, however, after the impact of the cost of finance the Pre Tax Loss was Rs.19.479M as against Rs.42.461M. Also, the Loss after Taxation was reduced to Rs.25.977M as against Rs. 42.760M.

Earning per share for the period under review is Rs (3.25) negative as compared to Rs (5.35) negative during the same period of last year.

Future Outlook

The brand repositioning effort has started yielding results as the improvement can be seen in the rising volume trend. The company is determined to improve the results by the end of the current financial year through developing strategies to further increase the brand availability and performance.

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.

For and on behalf of the Board

Abdus Samad
Chief Executive Officer

Karachi : 29 April 2010



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Condensed Unconsolidated Interim Balance Sheet (Unaudited)

As at 31 March 2010

Note	(Unaudited) 31 March 2010	(Audited) 30 June 2009	
	(Rupees in '000)		
Assets			
Non-current assets			
Property, plant and equipment	6	129,407	132,298
Investment in subsidiary - at cost		50,000	50,000
Long term loans to employees - secured, considered good		350	370
Long term advances and security deposits - unsecured, considered good		1,000	-
Total non-current assets		180,757	182,668
Current Assets			
Stores and spares		7,271	6,912
Stock-in-trade	7	259,631	131,463
Trade debts - unsecured, considered good	8	111,124	11,167
Loans and advances - considered good		446	396
Advances, deposits, pre-payments and other receivables	9	18,838	21,199
Taxation - net		16,403	19,172
Cash and bank balances	10	64,300	65,832
Total current assets		478,012	256,141
Total Assets		658,770	438,809
Equity and Liabilities			
Share capital and reserves			
Authorised capital			
8,000,000 (30 June 2009: 8,000,000)			
ordinary shares of Rs. 10 each		80,000	80,000
Issued, subscribed and paid up capital			
7,986,000 (30 June 2009: 7,986,000)			
ordinary shares of Rs. 10 each		79,860	79,860
Capital reserve		10,646	10,646
Revenue reserves		(329,164)	(304,225)
		(238,658)	(213,719)
Surplus on revaluation of property, plant and equipment		117,209	118,247
Sub-ordinated loan from holding company	11	320,000	335,000
Non - current liabilities			
Deferred taxation		6,767	7,326
Deferred liabilities - employee benefits		1,457	1,701
Total non-current liabilities		8,224	9,027
Current liabilities			
Current maturity of long term borrowings		30,000	15,000
Short term borrowings - secured	12	69,930	101,382
Mark-up payable on borrowings	13	71,792	37,498
Trade and other payables	14.	280,273	36,374
Total current liabilities		451,995	190,254
Contingencies	15.		
Total equity and liabilities		658,770	438,809

The annexed notes 1 to 18 form an integral part of these unconsolidated condensed interim financial statements.

Chief Executive Officer

Director



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Condensed Unconsolidated Interim Profit and Loss Account (Unaudited)
For the nine months period ended 31 March 2010

Note	Nine months period ended 31 March 2010	Nine months period ended 31 March 2009	Quarter ended 31 March 2010	Quarter ended 31 March 2009
----- (Rupees in '000) -----				
Revenue - net	1,375,848	673,033	592,653	285,671
Cost of goods sold / services	(1,260,583)	(646,447)	(552,518)	(274,164)
Gross profit	115,265	26,586	40,135	11,507
Administration expenses	(16,261)	(18,580)	(4,723)	(5,791)
Selling and Distribution expenses	(77,522)	(53,967)	(33,381)	(15,063)
	(93,783)	(72,547)	(38,104)	(20,854)
Other income	3,636	37,936	4,720	1,111
Operating (loss) / Profit	25,118	(8,025)	6,751	(8,236)
Financial charges	(44,597)	(34,436)	(15,213)	(11,262)
Loss before taxation	(19,479)	(42,461)	(8,462)	(19,498)
Taxation - current and deferred	(6,498)	(299)	(2,966)	(181)
Loss for the period	(25,977)	(42,760)	(11,428)	(19,679)
	(Rupees)		(Rupees)	
Loss per share - basic and diluted	(3.25)	(5.35)	(1.43)	(2.46)

The annexed notes 1 to 18 form an integral part of these unconsolidated condensed interim financial statements.

Chief Executive Officer

Director



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Condensed Unconsolidated Interim Cash Flow Statement (Unaudited) For the nine months period ended 31 March 2010

	Quarter ended 31 March 2010	Quarter ended 31 March 2009
(Rupees in '000)		
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before taxation	(19,479)	(42,461)
Adjustments for:		
- Depreciation	2,988	3,205
- Profit on disposal of property, plant and equipment	(310)	(765)
- Financial charges	44,597	34,436
- Other (income) / charges	-	(43,283)
- Write down of finished goods to net realisable value	-	7,237
Operating (loss) / profit before working capital changes	<u>27,796</u>	<u>(41,631)</u>
(Increase) / decrease in stores and spares	(359)	(1,466)
(Increase) / decrease in stock in trade	(128,169)	2,167
(Increase) / decrease in trade debts	(99,957)	6,806
Decrease / (increase) in due from related parties	-	(3,770)
(Increase) / decrease in loans and advances	(50)	278
Decrease / (increase) in advances, deposits, pre-payments and other receivables	2,361	(1,591)
Increase in trade and other payables	243,899	116,861
Cash generated from operations	<u>45,521</u>	<u>77,654</u>
Compensated absences paid	(244)	(90)
Long term loans, advances and security deposits	(980)	232
Financial charges paid	(10,303)	(15,631)
Income tax paid	(4,288)	(3,702)
Net cash from operating activities	<u>29,706</u>	<u>58,464</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Capital expenditure incurred	(115)	(321)
Proceeds from disposal of items of property, plant and equipment	329	765
Net cash (used in) / from investing activities	<u>214</u>	<u>444</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment long term finance	-	(17,816)
Lease rentals paid	-	(124)
Net cash (used in) / from financing activities	-	(17,940)
Net increase in cash and cash equivalents	<u>29,920</u>	<u>40,968</u>
Cash and cash equivalents at beginning of the period	<u>(35,550)</u>	<u>(93,924)</u>
Cash and cash equivalents at end of the period	<u>(5,630)</u>	<u>(52,956)</u>
Cash and cash equivalents		
Cash and bank balances	<u>64,300</u>	41,899
Short term borrowings	<u>(69,930)</u>	(94,855)
	<u>(5,630)</u>	<u>(52,956)</u>

The annexed notes 1 to 18 form an integral part of these unconsolidated condensed interim financial statements.

Chief Executive Officer

Director



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Condensed Unconsolidated Interim Statement of Changes in Equity (Unaudited)
For the nine months period ended 31 March 2010

	Issued, subscribed & paid-up capital	Capital reserve Share premium	Revenue reserves		Total
			General reserves	Accumulated loss	
----- (Rupees in '000) -----					
Balance as at 1 July 2008	79,860	10,646	66,067	(316,463)	(159,890)
Changes in equity for the nine months period ended 31 March 2009					
Loss for the nine months period	-	-	-	(42,760)	(42,760)
Transferred from surplus on revaluation of property, plant and equipment	-	-	-	1,054	1,054
Total recognised (expense) for the nine months period	-	-	-	(41,706)	(41,706)
Balance as at 31 March 2009	<u>79,860</u>	<u>10,646</u>	<u>66,067</u>	<u>(358,169)</u>	<u>(201,596)</u>
Balance as at 1 July 2009	79,860	10,646	66,067	(370,292)	(213,719)
Changes in equity for the nine months period ended 31 March 2010					
Loss for the nine months period	-	-	-	(25,977)	(25,977)
Transferred from surplus on revaluation of property, plant and equipment	-	-	-	1,038	1,038
Total recognised (expense) for the nine months period	-	-	-	(24,939)	(24,939)
Balance as at 31 March 2010	<u>79,860</u>	<u>10,646</u>	<u>66,067</u>	<u>(395,231)</u>	<u>(238,658)</u>

The annexed notes 1 to 18 form an integral part of these unconsolidated condensed interim financial statements.

Chief Executive Officer

Director



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Wazir Ali Industries Limited

Notes to the Condensed Unconsolidated Interim Financial Statements (Unaudited)
For the nine months period ended 31 March 2010

1. STATUS AND NATURE OF BUSINESS

- 1.1 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. The registered office of the Company is located at F-33, Hub River Road, S.I.T.E. Karachi, Pakistan. The Company is subsidiary of Dalda Foods (Private) Limited (Holding Company).
- 1.2 The Company had an agreement dated 1 January 2007 with the Holding Company whereby the holding company has agreed to provide various services such as accounting, procurement and human resource services to the Company at fees specified in the agreement. The agreement also specifies sales and marketing services to the Company by the Holding Company; which include selling of the Company's products through the Holding Company's sales and distribution network and marketing management support by the Holding Company to the Company. Another agreement, "Toll Manufacturing Service", is between the Holding Company and the Company with effect from February 2007. Under this agreement, the Holding Company guarantees that it will place orders at minimum of 10,000 tons annually. The Company is entitled to charge toll manufacturing fee at the rates specified in the agreement. This agreement may be terminated on providing 6 months notice by either party.
- 1.3 The Company has incurred a net loss of Rs. 25.977 million during the nine months period ended 31 March 2010 (March 2009: 42.760) and, as of that date, its accumulated loss exceeded the shareholders' equity by Rs. 238.658 million (June 2009: Rs. 213.719 million). However, these unconsolidated condensed interim financial statements have been prepared on the assumption that the Company would continue as a going concern. The assumptions that the Company would continue as a going concern are as follows:
 - Restructuring of Company's activities. As part of restructuring efforts, the Company entered into certain agreements with the Holding Company for the utilisation of its idle capacity and obtaining various operational services from Holding Company. Further, the Company is using marketing techniques for sale of its brands.
 - Availability of financial support from the Holding Company. As part of this subordinated loans of Rs. 350 million has been provided by Holding Company upto 31 March 2010.

2. STATEMENT OF COMPLIANCE

- 2.1 This interim financial information for the nine months period ended is unaudited and has been prepared in accordance with the requirements of approved accounting standards as applicable in Pakistan. This interim financial information does not include all of the information and disclosures required for annual financial statements and should be read in conjunction with the Company's annual unconsolidated financial statements as at and for the year ended 30 June 2009.

This interim financial information is being submitted to the shareholders as required by the Listing regulations of Karachi and Lahore Stock Exchanges and section 245 of the Companies Ordinance, 1984.



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3. SIGNIFICANT ACCOUNTING POLICIES

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

4. ACCOUNTING ESTIMATES AND JUDGEMENT

The preparation of this interim financial information is in conformity with the approved accounting standards as applicable in Pakistan that requires management to make estimates, assumptions and judgments that affect the application of accounting policies and reported amounts of assets, liabilities, income and expenses. Estimates, assumptions and judgments are continually evaluated and are based on historical experience and other factors, including reasonable expectations of future events. Revisions to accounting estimates are recognised prospectively commencing from the period of revision.

In preparing the interim financial information, significant judgements made by management in applying the Company's accounting policies and the key sources of estimation and uncertainty were the same as those applied to the annual unconsolidated financial statements as at and for the year ended 30 June 2009.

5. FINANCIAL RISK MANAGEMENT

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

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

	(Unaudited) 31 March 2010	(Audited) 30 June 2009
	(Rupees in '000)	
<i>Cost</i>		
Opening balance	166,059	168,154
Additions / (disposals) - net	(734)	(2,095)
	165,325	166,059
<i>Accumulated depreciation</i>		
Opening balance	(33,761)	(31,830)
Depreciation expense for the period / year	(2,988)	(4,254)
Depreciation on assets disposed off	831	2,323
	(35,918)	(33,761)
Written down value	129,407	132,298



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	(Unaudited) 31 March 2010	(Audited) 30 June 2009
7. STOCK-IN-TRADE		
Raw materials	10,937	4,079
Packing materials	23,465	15,577
Work-in-process	43,411	6,670
	<u>77,813</u>	<u>26,326</u>
Finished goods - Ghee and cooking oil	184,179	104,625
Write down of finished goods to net realisable value	(7,117)	(7,117)
	177,061	97,508
Acid oil (by-product)	4,756	7,629
	<u>259,631</u>	<u>131,463</u>
8. TRADE DEBTS - UNSECURED, CONSIDERED GOOD		
Trade debts - considered good	111,124	11,167
Doubtful debts	25,968	28,642
	<u>137,092</u>	<u>39,809</u>
Provision for impaired debts	(25,968)	(28,642)
	<u>111,124</u>	<u>11,167</u>
9. ADVANCES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES		
This includes Rs. 9.924 million receivable from Wazir Ali Ventures (Private) Limited (subsidiary) on account of common expenses shared with it (recoveries) and advances made by the Company on behalf of its subsidiary. These carry mark-up equal to borrowing cost of the Company.		
10. CASH AND BANK BALANCES		
Cash in hand	610	304
Cash at banks in current accounts	46,315	48,761
Deposit with bank	10.1 17,375	16,767
	<u>64,300</u>	<u>65,832</u>

10.1 This represents Foreign Depository Receipt (FDR) placed with a commercial bank against guarantee issued by it.



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	(Unaudited) 31 March 2010	(Audited) 30 June 2009
11. SUB-ORDINATED LOAN - Unsecured		
Loan I 11.1	150,000	150,000
Loan II 11.2	200,000	200,000
	<u>350,000</u>	<u>350,000</u>
Current maturity	<u>(30,000)</u>	<u>(15,000)</u>
	<u><u>320,000</u></u>	<u><u>335,000</u></u>
11.1 Loan I was obtained on 31 December 2007 from the Holding Company to meet the operational requirements of the Company. This carry mark-up at the rate of 6 months' KIBOR plus 1.5 per cent per annum and is repayable in 20 equal quarterly instalments after expiry of two years' grace period. The first instalment falls due on 1 January 2010.		
11.2 Loan II was obtained on 25 June 2009 from the Holding Company to meet the operational requirements of the Company. This carry mark-up at the rate of 1 month's KIBOR and is repayable in 20 equal quarterly instalments after expiry of two years' grace period. The first instalment falls due on 26 June 2011.		
12. SHORT TERM BORROWINGS - SECURED		
Running finance against mark-up arrangement	69,930	84,865
Finance against trust receipt (FATR)	-	16,517
	<u>69,930</u>	<u>101,382</u>
13. MARK-UP PAYABLE ON BORROWINGS		
This includes an amount of Rs. 69.266 million (30 June 2009: Rs.33.962 million) payable to the Holding Company on account of Sub-ordinated loan.		
14. TRADE AND OTHER PAYABLES		
Trade payables for:		
- Goods	88,607	2,204
- Expenses	1,663	2,944
	<u>90,270</u>	<u>5,148</u>
Due to related parties	160,895	6,410
Accrued expenses	9,147	5,618
Advances from customers	15,527	13,890
Unclaimed dividends	557	560
Payable to gratuity fund	3,640	3,640
Other liabilities	237	1,108
	<u>280,273</u>	<u>36,374</u>



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15. CONTINGENCIES

There have been no change in the status of the contingencies as disclosed in note 11 to the annual financial statements for the year ended 30 June 2009.

16. INFORMATION ABOUT BUSINESS SEGMENTS

16.1 Segment Result & Other Information	For nine months period ended 31 March 2010			For nine months period ended 31 March 2009		
	Own	Toll	Total	Own	Toll	Total
	Manufacturing	Manufacturing		Manufacturing	Manufacturing	
------(Rupees in '000)-----						
Revenue - net	1,369,391	6,457	1,375,848	599,586	73,447	673,033
Cost of goods sold / services						
Opening balance of finished goods	112,254	-	112,254	92,215	-	92,215
Cost of goods manufactured / services provided	1,331,308	5,955	1,337,263	632,717	55,508	688,225
Available for sale	1,443,562	5,955	1,449,517	724,932	55,508	780,440
Closing balance of finished goods	(188,934)	-	(188,934)	(133,993)	-	(133,993)
	<u>1,254,628</u>	<u>5,955</u>	<u>1,260,583</u>	<u>590,939</u>	<u>55,508</u>	<u>646,447</u>
Gross profit / (loss)	<u>114,763</u>	<u>502</u>	<u>115,265</u>	<u>8,647</u>	<u>17,939</u>	<u>26,586</u>
Cost of goods manufactured / services provided:						
Opening stock of work in process	6,670	-	6,670	53,507	-	53,507
Raw materials consumed	* 1,215,222	1,329	1,216,551	* 521,683	17,165	538,848
Packing materials consumed	88,026	-	88,026	46,388	-	46,388
Stores and spares consumed	6,801	-	6,801	3,864	7,530	11,394
Salaries, wages and other benefits	26,896	2,144	29,041	16,925	10,200	27,125
Fuel and power	24,441	1,950	26,391	8,915	18,020	26,935
Repair and maintenance	914	73	987	383	649	1,032
Rent, rates and taxes	275	22	297	-	1	1
Insurance	1,036	83	1,119	162	344	506
Depreciation	2,574	205	2,779	814	1,599	2,413
Others	1,864	149	2,013	-	-	-
	<u>1,374,719</u>	<u>5,955</u>	<u>1,380,674</u>	<u>652,641</u>	<u>55,508</u>	<u>708,149</u>
Closing stock of work in process	(43,411)	-	(43,411)	(19,924)	-	(19,924)
	<u>1,331,308</u>	<u>5,955</u>	<u>1,337,263</u>	<u>632,717</u>	<u>55,508</u>	<u>688,225</u>
------(Rupees in '000)-----						
	For quarter ended 31 March 2010			For quarter ended 31 March 2009		
	Own	Toll	Total	Own	Toll	Total
	Manufacturing	Manufacturing		Manufacturing	Manufacturing	
Revenue - net	592,653	-	592,653	262,234	23,437	285,671
Cost of goods sold / services						
Opening balance of finished goods	126,262	-	126,262	94,487	-	94,487
Cost of goods manufactured / services provided	615,190	-	615,190	297,554	16,116	313,670
Available for sale	741,452	-	741,452	392,041	16,116	408,157
Closing balance of finished goods	(188,934)	-	(188,934)	(133,993)	-	(133,993)
	<u>552,518</u>	<u>-</u>	<u>552,518</u>	<u>258,048</u>	<u>16,116</u>	<u>274,164</u>
Gross profit / (loss)	<u>40,135</u>	<u>-</u>	<u>40,135</u>	<u>4,186</u>	<u>7,321</u>	<u>11,507</u>



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	For quarter ended 31 March 2010			For quarter ended 31 March 2009		
	Own	Toll	Total	Own	Toll	Total
	Manufacturing	Manufacturing		Manufacturing	Manufacturing	
------(Rupees in '000)-----						
Cost of goods manufactured / services provided:						
Opening stock of work in process	14,057	-	14,057	9,851	-	9,851
Raw materials consumed	* 575,319	-	575,319	* 272,427	4,564	276,991
Packing materials consumed	38,569	-	38,569	23,259	-	23,259
Stores and spares consumed	3,011	-	3,011	1,868	1,973	3,841
Salaries, wages and other benefits	10,510	-	10,510	5,208	4,028	9,236
Fuel and power	13,239	-	13,239	4,175	4,823	8,998
Repair and maintenance	524	-	524	239	247	486
Rent, rates and taxes	52	-	52	-	-	-
Insurance	380	-	380	62	66	128
Depreciation	927	-	927	388	416	804
Others	2,013	-	2,013	-	-	-
	<u>658,601</u>	<u>-</u>	<u>658,601</u>	<u>317,478</u>	<u>16,116</u>	<u>333,594</u>
Closing stock of work in process	(43,411)	-	(43,411)	(19,924)	-	(19,924)
	<u>615,190</u>	<u>-</u>	<u>615,190</u>	<u>297,554</u>	<u>16,116</u>	<u>313,670</u>

16.2 Variable cost incurred during the period have been allocated based on tonnage produced under toll manufacturing agreement.

17. RELATED PARTY TRANSACTIONS

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), IGI Insurance Company Limited, Wazir Ali Ventures (Private) Limited, Shakoo (Private) Limited and Mapak Edible Oils (Private) Limited. These companies are associated companies either based on holding in equity or they are under the same management and / or with common directors. All transactions with related parties have been entered on commercial basis / agreement. However, contributions 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 other than those disclosed elsewhere in this interim financial information during period are as follows:



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	Nine months period ended	
	31 March 2010	31 March 2009
	(Rupees in '000)	
Holding Company		
Toll manufacturing fee	6,457	73,447
Common expenses allocated by related party	4,500	4,500
Financial Income/(charges) on oil liability revaluation	-	43,282
Markup on borrowing from Holding company	35,304	18,480
Fee charged under distribution and marketing agreement - refer note 1.2	26,734	10,835
Freight charges paid on behalf of holding company	667	6,434
Cash receipts from holding company	-	34,000
Subsidiary Company		
Markup Income	685	381
Associated Companies		
Sales / services rendered	-	875
Purchases / services availed	744,377	387,451
Common expenses allocated to related party	-	1,719
Cash receipts from associated company	-	3,637
Rent expense	-	88
Executive's remuneration	900	900

18. GENERAL

18.1 These condensed unconsolidated interim financial statements have been prepared in Pak Rupee rounded off to nearest thousand.

18.2 This interim financial information was approved in the Board of Directors meeting held on 29 April 2010.

Chief Executive Officer

Director



Wazir Ali Industries Limited

and its Subsidiary

CONSOLIDATED FINANCIAL STATEMENTS

(UN-AUDITED)

NINE MONTHS PERIOD ENDED

March 31, 2010



3rd Quarter Report '10

Directors' Review

The Directors of the Company present the un-audited financial statements for the period and quarter ended 31 March 2010.

Overview

The increase in the Sales of the Company witnessed in the first six months of the current financial year continued for the period under review of Rs.1,375.848M as against Rs 673.033M during the corresponding period of last year showing an increase of 104.4%. The Gross Profit to Sales ratio also increased from 4 % to 8.4 % indicating that these improvements were the result of the market oriented pricing mechanism and increased bulk sales recently introduced.

The volume related Selling and Distribution Expenses increased by 43.6%. The Administration Expenses reduced by 13.3% as a result of cost savings and non-recurring expenses. Financial Charges increased from Rs.42.647M to Rs.51.156M owing to the high level of the mark-up rates and the additional subordinated loan in the current period.

The Company achieved an Operating Profit of Rs.25.118M as against a loss of Rs.8.195M in the same period of last year, however, after the impact of the cost of finance the Pre Tax Loss was Rs.26.038M as against Rs. 50.842M. Also, the Loss after Taxation was reduced to Rs.32.536M as against Rs. 51.141M.

Earning per share for the period under review is Rs (4.07) negative as compared to Rs (6.40) negative during the same period of last year.

Future Outlook

The brand repositioning effort has started yielding results as the improvement can be seen in the rising volume trend. The company is determined to improve the results by the end of the current financial year through developing strategies to further increase the brand availability and performance.

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.

For and on behalf of the Board

Abdus Samad
Chief Executive Officer

Karachi : 29 April 2010



3rd Quarter Report '10

Condensed Consolidated Interim Balance Sheet (Unaudited)

As at 31 March 2010

	Note	(Unaudited)	(Audited)
		31 March 2010	30 June 2009
(Rupees in '000)			
Assets			
Non-current assets			
Property, plant and equipment	6	129,407	132,298
Long term loans to employees - secured, considered good		350	370
Investment in property		135,399	135,399
Long term advances and security deposits - unsecured, considered good		1,000	-
Total non-current assets		266,156	268,067
Current Assets			
Stores and spares		7,271	6,912
Stock-in-trade	7	259,630	131,463
Trade debts - unsecured, considered good	8	111,124	11,167
Loans and advances - considered good		446	396
Advances, deposits, pre-payments and other receivables	9	8,229	10,250
Taxation - net		16,403	19,172
Cash and bank balances	10	64,552	66,084
Total current assets		467,655	245,444
Total Assets		733,811	513,511
Equity and Liabilities			
Share capital and reserves			
Authorised capital			
8,000,000 (30 June 2009: 8,000,000)			
ordinary shares of Rs. 10 each			
		80,000	80,000
Issued, subscribed and paid up capital			
7,986,000 (30 June 2009: 7,986,000)			
ordinary shares of Rs. 10 each			
		79,860	79,860
Capital reserve		10,646	10,646
Revenue reserves		(428,316)	(396,818)
		(337,810)	(306,312)
Surplus on revaluation of property, plant and equipment		202,591	203,629
Sub-ordinated loan from holding company	11	320,000	335,000
Non-current liabilities			
Long Term Loan		23,865	32,511
Deferred taxation		24,084	24,003
Deferred liabilities - employee benefits		1,457	1,701
Total non-current liabilities		49,406	58,215
Current liabilities			
Current maturity of long term borrowings		41,493	26,280
Payable to Ultimate Holding Company		25,098	10,763
Short term borrowings - secured	12	79,901	111,268
Mark-up payable on borrowings	13	72,789	38,224
Trade and other payables	14	280,343	36,444
Total current liabilities		499,624	222,979
Contingencies	15		
Total equity and liabilities		733,811	513,511

The annexed notes 1 to 18 form an integral part of these consolidated condensed interim financial statements.

Chief Executive Officer

Director



3rd Quarter Report '10

Condensed Consolidated Interim Profit and Loss Account (Unaudited)
For the nine months period ended 31 March 2010

Note	Nine months period ended 31 March 2010	Nine months period ended 31 March 2009	Quarter ended 31 March 2010	Quarter ended 31 March 2009
(Rupees in '000)				
Revenue - net	1,375,848	673,033	592,653	285,671
Cost of goods sold / services	(1,260,583)	(646,447)	(552,518)	(274,164)
Gross profit	115,265	26,586	40,135	11,507
Administration expenses	(16,261)	(18,750)	(4,723)	(5,791)
Selling and distribution expenses	(77,522)	(53,967)	(33,381)	(15,063)
	(93,783)	(72,717)	(38,104)	(20,854)
Other income	3,636	37,936	4,720	1,111
Operating (loss) / Profit	25,118	(8,195)	6,751	(8,236)
Financial charges	(51,156)	(42,647)	(16,954)	(14,029)
Loss before taxation	(26,038)	(50,842)	(10,203)	(22,265)
Taxation - current and deferred	(6,498)	(299)	(2,966)	(181)
Loss for the period	(32,536)	(51,141)	(13,169)	(22,446)
	(Rupees)		(Rupees)	
Loss per share - basic and diluted	(4.07)	(6.40)	(1.65)	(2.81)

The annexed notes 1 to 18 form an integral part of these consolidated condensed interim financial statements.

Chief Executive Officer

Director



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Condensed Consolidated Interim Cash Flow Statement (Unaudited) For the nine months period ended 31 March 2010

	Quarter ended 31 March 2010	Quarter ended 31 March 2009
(Rupees in '000)		
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before taxation	(26,038)	(50,842)
Adjustments for:		
- Depreciation	2,988	3,205
- Profit on disposal of property, plant and equipment	(310)	(765)
- Financial charges	51,156	42,647
- Other (income) / charges	-	(43,282)
- Write down of finished goods to net realisable value	-	7,237
Operating (loss) / profit before working capital changes	<u>27,796</u>	<u>(41,800)</u>
(Increase) / decrease in stores and spares	(359)	(1,466)
(Increase) / decrease in stock in trade	(128,167)	2,167
(Increase) / decrease in trade debts	(99,957)	6,806
Decrease / (increase) in due from related parties	-	1,462
(Increase) / decrease in loans and advances	(50)	278
Decrease / (Increase) in advances, deposits, pre-payments and other receivables	2,021	(1,591)
Increase in trade and other payables	<u>258,234</u>	<u>116,808</u>
Cash generated from operations	59,518	82,664
Compensated absences paid	(244)	(90)
Long term loans, advances and security deposits	(980)	232
Financial charges paid	(16,591)	(20,510)
Income tax paid	(3,648)	(3,703)
Net cash from operating activities	<u>38,055</u>	<u>58,594</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Capital expenditure incurred	(115)	(321)
Proceeds from disposal of items of property, plant and equipment	329	765
Net cash (used in) / from investing activities	214	444
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment long term finance	(8,434)	(23,283)
Lease rentals paid	-	(124)
Net cash (used in) / from financing activities	(8,434)	(23,407)
Net increase in cash and cash equivalents	<u>29,835</u>	<u>35,631</u>
Cash and cash equivalents at beginning of the period	<u>(45,184)</u>	<u>(98,222)</u>
Cash and cash equivalents at end of the period	<u><u>(15,349)</u></u>	<u><u>(62,591)</u></u>
Cash and cash equivalents		
Cash and bank balances	64,552	42,151
Short term borrowings	(79,901)	(104,742)
	<u><u>(15,349)</u></u>	<u><u>(62,591)</u></u>

The annexed notes 1 to 18 form an integral part of these consolidated condensed interim financial statements.

Chief Executive Officer

Director



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Condensed Consolidated Interim Statement of Changes in Equity (Unaudited)
For the nine months period ended 31 March 2010

	Issued, subscribed & paid-up capital	Capital reserve Share premium	Revenue reserves		Total
			General reserves	Accumulated loss	
(Rupees in '000)					
Balance as at 1 July 2008	79,860	10,646	66,067	(397,895)	(241,322)
Changes in equity for the nine months period ended 31 March 2009					
Loss for the nine months period	-	-	-	(51,141)	(51,141)
Transferred from surplus on revaluation of property, plant and equipment	-	-	-	1,054	1,054
Total recognised (expense) for the nine months period	-	-	-	(50,087)	(50,087)
Balance as at 31 March 2009	79,860	10,646	66,067	(447,982)	(291,409)
Balance as at 1 July 2009	79,860	10,646	66,067	(462,885)	(306,312)
Changes in equity for the nine months period ended 31 March 2010					
Loss for the nine months period	-	-	-	(32,536)	(32,536)
Transferred from surplus on revaluation of property, plant and equipment	-	-	-	1,038	1,038
Total recognised (expense) for the nine months period	-	-	-	(31,498)	(31,498)
Balance as at 31 March 2010	79,860	10,646	66,067	(494,383)	(337,810)

The annexed notes 1 to 18 form an integral part of these consolidated condensed interim financial statements.

Chief Executive Officer

Director



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Wazir Ali Industries Limited

Notes to the Condensed Consolidated Interim Financial Statements (Unaudited)
For the nine months period ended 31 March 2010

1. STATUS AND NATURE OF BUSINESS

- 1.1 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. The registered office of the Company is located at F-33, Hub River Road, S.I.T.E. Karachi, Pakistan. The Company is subsidiary of Dalda Foods (Private) Limited (Holding Company).
- 1.2 The Company had an agreement dated 1 January 2007 with the Holding Company whereby the holding company has agreed to provide various services such as accounting, procurement and human resource services to the Company at fees specified in the agreement. The agreement also specifies sales and marketing services to the Company by the Holding Company; which include selling of the Company's products through the Holding Company's sales and distribution network and marketing management support by the Holding Company to the Company. Another agreement, "Toll Manufacturing Service", is between the Holding Company and the Company with effect from February 2007. Under this agreement, the Holding Company guarantees that it will place orders at minimum of 10,000 tons annually. The Company is entitled to charge toll manufacturing fee at the rates specified in the agreement. This agreement may be terminated on providing 6 months notice by either party.
- 1.3 The Company has incurred a net loss of Rs. 32.536 million during the nine months period ended 31 March 2010 (March 2009: 51.141) and, as of that date, its accumulated loss exceeded the shareholders' equity by Rs. 337.810 million (June 2009: Rs. 306.312 million). However, these consolidated condensed interim financial statements have been prepared on the assumption that the Company would continue as a going concern. The assumptions that the Company would continue as a going concern are as follows:
- Restructuring of Company's activities. As part of restructuring efforts, the Company entered into certain agreements with the Holding Company for the utilisation of its idle capacity and obtaining various operational services from Holding Company. Further, the Company is using marketing techniques for sale of its brands.
 - Availability of financial support from the Holding Company. As part of this subordinated loans of Rs. 350 million has been provided by Holding Company upto 31 March 2010.

2. STATEMENT OF COMPLIANCE

- 2.1 This interim financial information for the nine months period ended is unaudited and has been prepared in accordance with the requirements of approved accounting standards as applicable in Pakistan. This interim financial information does not include all of the information and disclosures required for annual financial statements and should be read in conjunction with the Company's annual consolidated financial statements as at and for the year ended 30 June 2009.



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This interim financial information is being submitted to the shareholders as required by the Listing regulations of Karachi and Lahore Stock Exchanges and section 245 of the Companies Ordinance, 1984.

3. SIGNIFICANT ACCOUNTING POLICIES

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

4. ACCOUNTING ESTIMATES AND JUDGEMENT

The preparation of this interim financial information is in conformity with the approved accounting standards as applicable in Pakistan that requires management to make estimates, assumptions and judgments that affect the application of accounting policies and reported amounts of assets, liabilities, income and expenses. Estimates, assumptions and judgments are continually evaluated and are based on historical experience and other factors, including reasonable expectations of future events. Revisions to accounting estimates are recognised prospectively commencing from the period of revision.

In preparing the interim financial information, significant judgements made by management in applying the Company's accounting policies and the key sources of estimation and uncertainty were the same as those applied to the annual consolidated financial statements as at and for the year ended 30 June 2009.

5. FINANCIAL RISK MANAGEMENT

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

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

	(Unaudited) 31 March 2010 (Rupees in '000)	(Audited) 30 June 2009
<i>Cost</i>		
Opening balance	166,059	168,154
Additions / (disposals) - net	(734)	(2,095)
	165,325	166,059
<i>Accumulated depreciation</i>		
Opening balance	(33,761)	(31,830)
Depreciation expense for the period / year	(2,988)	(4,254)
Depreciation on assets disposed off	831	2,323
	(35,918)	(33,761)
Written down value	129,407	132,298



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	(Unaudited) 31 March 2010 (Rupees in '000)	(Audited) 30 June 2009
7. STOCK-IN-TRADE		
Raw materials	10,937	4,079
Packing materials	23,465	15,577
Work-in-process	43,411	6,670
	<u>77,813</u>	<u>26,326</u>
Finished goods - Ghee and cooking oil	184,178	104,625
Write down of finished goods to net realisable value	(7,117)	(7,117)
	<u>177,061</u>	<u>97,508</u>
Acid oil (by-product)	4,756	7,629
	<u>259,630</u>	<u>131,463</u>
8. TRADE DEBTS - UNSECURED, CONSIDERED GOOD		
Trade debts - considered good	111,124	11,167
Doubtful debts	25,968	28,642
	<u>137,092</u>	<u>39,809</u>
Provision for impaired debts	(25,968)	(28,642)
	<u>111,124</u>	<u>11,167</u>
9. ADVANCES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES		
This includes Rs. 9.924 million receivable from Wazir Ali Ventures (Private) Limited (subsidiary) on account of common expenses shared with it (recoveries) and advances made by the Company on behalf of its subsidiary. These carry mark-up equal to borrowing cost of the Company		
10. CASH AND BANK BALANCES		
Cash in hand	610	304
Cash at banks in current accounts	46,567	49,013
Deposit with bank	17,375	16,767
	<u>64,552</u>	<u>66,084</u>
10.1	This represents Foreign Depository Receipt (FDR) placed with a commercial bank against guarantee issued by it.	



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		(Unaudited) 31 March 2010	(Audited) 30 June 2009
	Note	(Rupees in '000)	
11. SUB-ORDINATED LOAN - Unsecured			
Loan I	11.1	150,000	150,000
Loan II	11.2	200,000	200,000
		<u>350,000</u>	<u>350,000</u>
Current maturity		<u>(30,000)</u>	<u>(15,000)</u>
		<u>320,000</u>	<u>335,000</u>
11.1 Loan I was obtained on 31 December 2007 from the Holding Company to meet the operational requirements of the Company. This carry mark-up at the rate of 6 months' KIBOR plus 1.5 per cent per annum and is repayable in 20 equal quarterly instalments after expiry of two years' grace period. The first instalment falls due on 1 January 2010.			
11.2 Loan II was obtained on 25 June 2009 from the Holding Company to meet the operational requirements of the Company. This carry mark-up at the rate of 1 month's KIBOR and is repayable in 20 equal quarterly instalments after expiry of two years' grace period. The first instalment falls due on 26 June 2011.			
12. SHORT TERM BORROWINGS - SECURED			
Running finance against mark-up arrangement		79,901	94,751
Finance against trust receipt (FATR)		-	16,517
		<u>79,901</u>	<u>111,268</u>
13. MARK-UP PAYABLE ON BORROWINGS			
This includes an amount of Rs. 69.266 million (30 June 2009: Rs.33.962 million) payable to the Holding Company on account of Sub-ordinated loan.			
14. TRADE AND OTHER PAYABLES			
Trade payables for:			
- Goods		88,607	2,204
- Expenses		1,663	2,944
		<u>90,270</u>	<u>5,148</u>
Due to related parties		160,895	6,410
Accrued expenses		9,217	5,688
Advances from customers		15,527	13,890
Unclaimed dividends		557	560
Payable to gratuity fund		3,640	3,640
Other liabilities		237	1,108
		<u>280,343</u>	<u>36,444</u>



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15. CONTINGENCIES

There have been no change in the status of the contingencies as disclosed in note 14 to the annual financial statements for the year ended 30 June 2009.

16. INFORMATION ABOUT BUSINESS SEGMENTS

16.1 Segment Result & Other Information	For nine months period ended 31 March 2010			For nine months period ended 31 March 2009		
	Own	Toll	Total	Own	Toll	Total
	Manufacturing	Manufacturing		Manufacturing	Manufacturing	
-----:(Rupees in '000)-----						
Revenue - net	1,369,391	6,457	1,375,848	599,586	73,447	673,033
Cost of goods sold / services						
Opening balance of finished goods	112,254	-	112,254	92,215	-	92,215
Cost of goods manufactured / services provided	1,331,308	5,955	1,337,263	632,717	55,508	688,225
Available for sale	1,443,562	5,955	1,449,517	724,932	55,508	780,440
Closing balance of finished goods	(188,934)	-	(188,934)	(133,993)	-	(133,993)
	1,254,628	5,955	1,260,583	590,939	55,508	646,447
Gross profit / (loss)	114,763	502	115,265	8,647	17,939	26,586
Cost of goods manufactured / services provided:						
Opening stock of work in process	6,670	-	6,670	53,507	-	53,507
Raw materials consumed	* 1,215,222	1,329	1,216,551	* 521,683	17,165	538,848
Packing materials consumed	88,026	-	88,026	46,388	-	46,388
Stores and spares consumed	6,801	-	6,801	3,864	7,530	11,394
Salaries, wages and other benefits	26,896	2,144	29,041	16,925	10,200	27,125
Fuel and power	24,441	1,950	26,391	8,915	18,020	26,935
Repair and maintenance	914	73	987	383	649	1,032
Rent, rates and taxes	275	22	297	-	1	1
Insurance	1,036	83	1,119	162	344	506
Depreciation	2,574	205	2,779	814	1,599	2,413
Others	1,864	149	2,013	-	-	-
	1,374,719	5,955	1,380,674	652,641	55,508	708,149
Closing stock of work in process	(43,411)	-	(43,411)	(19,924)	-	(19,924)
	1,331,308	5,955	1,337,263	632,717	55,508	688,225
-----:(Rupees in '000)-----						
	For quarter ended 31 March 2010			For quarter ended 31 March 2009		
	Own	Toll	Total	Own	Toll	Total
	Manufacturing	Manufacturing		Manufacturing	Manufacturing	
-----:(Rupees in '000)-----						
Revenue - net	592,653	-	592,653	262,234	23,437	285,671
Cost of goods sold / services						
Opening balance of finished goods	126,262	-	126,262	94,487	-	94,487
Cost of goods manufactured / services provided	615,190	-	615,190	297,554	16,116	313,670
Available for sale	741,452	-	741,452	392,041	16,116	408,157
Closing balance of finished goods	(188,934)	-	(188,934)	(133,993)	-	(133,993)
	552,518	-	552,518	258,048	16,116	274,164
Gross profit / (loss)	40,135	-	40,135	4,186	7,321	11,507



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	For quarter ended 31 March 2010			For quarter ended 31 March 2009		
	Own	Toll	Total	Own	Toll	Total
	Manufacturing Manufacturing			Manufacturing Manufacturing		
------(Rupees in '000)-----						
Cost of goods manufactured / services provided:						
Opening stock of work in process	14,057	-	14,057	9,851	-	9,851
Raw materials consumed	* 575,319	-	575,319	* 272,427	4,564	276,991
Packing materials consumed	38,569	-	38,569	23,259	-	23,259
Stores and spares consumed	3,011	-	3,011	1,868	1,973	3,841
Salaries, wages and other benefits	10,510	-	10,510	5,208	4,028	9,236
Fuel and power	13,239	-	13,239	4,175	4,823	8,998
Repair and maintenance	524	-	524	239	247	486
Rent, rates and taxes	52	-	52	-	-	-
Insurance	380	-	380	62	66	128
Depreciation	927	-	927	388	416	804
Others	2,013	-	2,013	-	-	-
	<u>658,601</u>	<u>-</u>	<u>658,601</u>	<u>317,478</u>	<u>16,116</u>	<u>333,594</u>
Closing stock of work in process	(43,411)	-	(43,411)	(19,924)	-	(19,924)
	<u>615,190</u>	<u>-</u>	<u>615,190</u>	<u>297,554</u>	<u>16,116</u>	<u>313,670</u>

16.2 Variable cost incurred during the period have been allocated based on tonnage produced under toll manufacturing agreement.

17. RELATED PARTY TRANSACTIONS

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), IGI Insurance Company Limited, Wazir Ali Ventures (Private) Limited, Shakoo (Private) Limited and Mapak Edible Oils (Private) Limited. These companies are associated companies either based on holding in equity or they are under the same management and / or with common directors. All transactions with related parties have been entered on commercial basis / agreement. However, contributions 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 other than those disclosed elsewhere in this interim financial information during period are as follows:



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	Nine months period ended	
	31 March 2010	31 March 2009
	(Rupees in '000)	
Holding Company		
Toll manufacturing fee	6,457	73,447
Common expenses allocated by related party	4,500	4,500
Financial Income/(charges) on oil liability revaluation	-	43,282
Markup on borrowing from Holding company	35,304	18,480
Fee charged under distribution and marketing agreement - refer note 1.2	26,734	10,835
Freight charges paid on behalf of holding company	667	6,434
Cash receipts from holding company	-	34,000
Associated Companies		
Sales / services rendered	-	875
Purchases / services availed	744,377	387,451
Common expenses allocated to related party	-	1,719
Cash receipts from associated company	-	3,637
Rent expense	-	88
Executive's remuneration	900	900

18. GENERAL

- 18.1 These condensed consolidated interim financial statements have been prepared in Pak Rupee rounded off to nearest thousand.
- 18.2 This interim financial information was approved in the Board of Directors meeting held on 29 April 2010.

Chief Executive Officer

Director