



**Wazir Ali Industries Limited**

*Quarterly Report* **2012**  
*March*



**COMPANY INFORMATION**

**BOARD OF DIRECTORS**

**CHAIRMAN**

Syed Yawar Ali

**CHIEF EXECUTIVE OFFICER**

Mr. Abdus Samad

**DIRECTORS**

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

**BOARD AUDIT COMMITTEE**

**CHAIRMAN**

Mr. Mohammed Bashir Janmohammed

**MEMBERS**

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

**CHIEF FINANCIAL OFFICER/  
COMPANY SECRETARY**

Mr. Amjad Waheed

**AUDITORS**

KPMG Taseer Hadi & Co.  
Chartered Accountants

**LEGAL ADVISORS**

Hussain & Haider  
Advocates & Solicitors

**BANKERS**

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

**REGISTRARS & SHARE  
TRANSFER OFFICE**

THK Associates (Pvt.) Limited  
Ground Floor, State Life Building-3  
Dr. Ziauddin Ahmed Road, Karachi.  
Telephone: +92. 21 . 111 – 000 – 322  
Fax: +92.21 . 3565595

**REGISTERD OFFICE**

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

**FACTORY**

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

**WEBSITE:**

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



## **DIRECTORS' REVIEW**

The Directors of the Company would like to present the unconsolidated financial statements of the Company for the period and quarter ended March 31, 2012.

### **Overview-Continued operation**

During the quarter ended March 31, 2012 the revenue of the company was Rs.291.81M as against Rs. 613.70M in the corresponding quarter of the last year. The revenue during the nine months period was Rs. 1,101.12M. The Gross Profit was recorded as Rs. 122.62M. Administrative and Selling & Distribution expenses were 1.42% and 6.38% respectively. The Financial Charges reduced by 12.57% owing to effective use of available funds.

Loss per share for the period under review is Rs. 1.72 as compared to Rs. 5.27 during the same period of last year.

### **Future Outlook**

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

### **Acknowledgements**

We are grateful to our customers for supporting the quality brands of Tullo and would continue to provide them with our best quality products.

We wish to thank our distributors for promoting the Tullo Brand and for efficient distribution to our customers. We also acknowledge the support from the bankers and the staff of the Company.

For and on behalf of the Board

**Abdus Samad**  
Chief Executive Officer

Date : 24 April 2012  
Karachi

**Condensed Unconsolidated Interim Balance Sheet (Unaudited)**
*As at 31 March 2012*

|  | Note | (Un-audited)<br>31 March<br>2012 | (Audited)<br>30 June<br>2011 |
|--|------|----------------------------------|------------------------------|
| (Rupees in '000)   |      |                                  |                              |
| <b>Assets</b>  |      |                                  |                              |
| <b>Non-current assets</b>  |      |                                  |                              |
| Property, plant and equipment                                      | 5    | 1,470                            | 147,947                      |
| Investment in subsidiary - at cost                                 |      | 23,708                           | 25,281                       |
| Long term security deposits  |      | 869                              | 869                          |
| <b>Total non-current assets</b>                                    |      | <b>26,047</b>                    | <b>174,097</b>               |
| <b>Current Assets</b>  |      |                                  |                              |
| Stores and spares  |      | 5,751                            | 5,760                        |
| Stock-in-trade   | 6    | 206,892                          | 573,689                      |
| Trade debts  | 7    | 7,934                            | 20,152                       |
| Loans and advances   |      | 10                               | 5                            |
| Advances, deposits, prepayments and other receivables              | 8    | 40,209                           | 39,568                       |
| Taxation - net   |      | 22,297                           | 20,088                       |
| Cash and bank balances   |      | 92,752                           | 27,885                       |
| Non-current assets classified as held for sale                     | 9    | 146,827                          | -                            |
| <b>Total current assets</b>  |      | <b>522,672</b>                   | <b>687,147</b>               |
| <b>Total Assets</b>  |      | <b>548,719</b>                   | <b>861,244</b>               |
| <b>Equity and Liabilities</b>                                      |      |                                  |                              |
| <b>Share capital and reserves</b>                                  |      |                                  |                              |
| Authorised capital   |      |                                  |                              |
| 8,000,000 (30 June 2011: 8,000,000) ordinary shares of Rs. 10 each |      | 80,000                           | 80,000                       |
| Issued, subscribed and paid-up capital                             |      |                                  |                              |
| 7,985,958 (30 June 2011: 7,985,958) ordinary shares of Rs. 10 each |      | 79,860                           | 79,860                       |
| Capital reserve  |      | 10,646                           | 10,646                       |
| General reserve  |      | 66,067                           | 66,067                       |
| Accumulated losses   |      | (502,629)                        | (489,499)                    |
|  |      | (346,056)                        | (332,926)                    |
| <b>Surplus on revaluation of property, plant and equipment</b>     | 9.2  | <b>141,922</b>                   | <b>132,014</b>               |
| <b>Sub-ordinated loans from holding company (unsecured)</b>        | 10   | <b>250,000</b>                   | <b>335,000</b>               |
| <b>Non-current liabilities</b>                                     |      |                                  |                              |
| Deferred tax liability   |      | -                                | 10,899                       |
| Provision for compensated absences                                 |      | 627                              | 870                          |
| <b>Total non-current liabilities</b>                               |      | <b>627</b>                       | <b>11,769</b>                |
| <b>Current liabilities</b>   |      |                                  |                              |
| Current maturity of sub-ordinated loans from holding company       | 10   | -                                | 15,000                       |
| Trade and other payables   | 11   | 338,443                          | 421,679                      |
| Mark-up payable on borrowings                                      | 12   | 163,783                          | 131,351                      |
| Short term borrowings  | 13   | -                                | 147,357                      |
| <b>Total current liabilities</b>                                   |      | <b>502,226</b>                   | <b>715,387</b>               |
| <b>Contingencies and commitments</b>                               |      |                                  |                              |
| <b>Total Equity and Liabilities</b>                                | 14   | <b>548,719</b>                   | <b>861,244</b>               |

The annexed notes 1 to 16 form an integral part of these condensed interim unconsolidated financial statements.



Chief Executive



Director

**Condensed Unconsolidated Interim Profit and Loss Account (Unaudited)**
*For the nine months period ended 31 March 2012*

|  | Note                         |                  | Note             |                  |
|--|------------------------------|------------------|------------------|------------------|
|  | Nine months period ended     |                  | Quarter ended    |                  |
|  | 31 March<br>2012             | 31 March<br>2011 | 31 March<br>2012 | 31 March<br>2011 |
|  | ----- (Rupees in '000) ----- |                  |                  |                  |
| Revenue - net  | 1,101,121                    | 613,696          | 291,813          | 613,696          |
| Cost of goods sold / services rendered                             | (978,502)                    | (527,739)        | (260,459)        | (527,739)        |
| <b>Gross profit</b>  | <b>122,619</b>               | <b>85,957</b>    | <b>31,354</b>    | <b>85,957</b>    |
| Administration expenses  | (15,651)                     | (6,663)          | (4,644)          | (6,663)          |
| Selling and distribution expenses                                  | (70,296)                     | (35,024)         | (23,171)         | (35,024)         |
|  | (85,947)                     | (41,687)         | (27,815)         | (41,687)         |
| Other operating income / (expenses)                                | 444                          | (2,951)          | 1,267            | (2,951)          |
| <b>Operating income</b>  | <b>37,116</b>                | <b>41,319</b>    | <b>4,806</b>     | <b>41,319</b>    |
| Financial charges  | (40,180)                     | (45,962)         | (10,464)         | (16,991)         |
| <b>(Loss) / income before taxation</b>                             | <b>(3,064)</b>               | <b>(4,643)</b>   | <b>(5,658)</b>   | <b>24,329</b>    |
| Taxation - net   | (10,710)                     | (6,151)          | (2,933)          | (6,151)          |
|  | (13,774)                     | (10,794)         | (8,591)          | 18,178           |
| <b>Discontinued operation</b>                                      |                              |                  |                  |                  |
| (Loss) for the period from discontinued operation - net of tax 9.3 | -                            | (31,281)         | -                | -                |
| <b>(Loss) / profit for the period</b>                              | <b>(13,774)</b>              | <b>(42,075)</b>  | <b>(8,591)</b>   | <b>18,178</b>    |
|  | ----- (Rupees) -----         |                  |                  |                  |
| <b>(Loss) / profit per share - basic and diluted</b>               | <b>(1.72)</b>                | <b>(5.27)</b>    | <b>(1.08)</b>    | <b>2.28</b>      |

The annexed notes 1 to 16 form an integral part of these condensed interim unconsolidated financial statements.


**Chief Executive**

**Director**



## Wazir Ali Industries Limited

Condensed Interim Unconsolidated Statement of Comprehensive Income (Un-audited)  
For the nine months period ended 31 March 2012

|   | Nine months period ended     |                  | Quarter ended    |                  |
|---|------------------------------|------------------|------------------|------------------|
|   | 31 March<br>2012             | 31 March<br>2011 | 31 March<br>2012 | 31 March<br>2011 |
|   | ----- (Rupees in '000) ----- |                  |                  |                  |
| (Loss) / profit for the period                        | (13,774)                     | (42,075)         | (8,591)          | 18,178           |
| Other comprehensive income                            | -                            | -                | -                | -                |
| Total comprehensive (loss)<br>/ profit for the period | <u>(13,774)</u>              | <u>(42,075)</u>  | <u>(8,591)</u>   | <u>18,178</u>    |

The annexed notes 1 to 16 form an integral part of these condensed interim unconsolidated financial statements.

Chief Executive

Director

Condensed Unconsolidated Interim Cash Flow Statement (Unaudited)  
For the nine months period ended 31 March 2012

|   | (Un-audited)<br>31 March<br>2012 | (Un-audited)<br>31 March<br>2011 |
|---|----------------------------------|----------------------------------|
|   | (Rupees in '000)                 |                                  |
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>                     |                                  |                                  |
| <b>(Loss) / profit before taxation</b>                          | <b>(3,064)</b>                   | (26,950)                         |
| Adjustments for:  |                                  |                                  |
| - Depreciation  | 1,239                            | 3,009                            |
| - Profit on disposal of property, plant and equipment           | (758)                            |                                  |
| - Provision for impairment in investment in subsidiary company  | 1,574                            | 3,168                            |
| - Liabilities no more payable, written back                     | (4,460)                          |                                  |
| - Provision for impaired debts                                  | 326                              | 1,799                            |
| - Provision against Finished goods stock                        | 1,927                            |                                  |
| - Provision against mark-up receivable from subsidiary company  | -                                | 1,025                            |
| - Stock written off   | 3,557                            | -                                |
| - Financial charges   | 40,180                           | 45,963                           |
| <b>Operating profit before working capital changes</b>          | <b>40,521</b>                    | 28,014                           |
| <i>Movement in:</i>   |                                  |                                  |
| - Stores and spares   | 9                                | 4,301                            |
| - Stock-in-trade  | 366,797                          | (138,410)                        |
| - Trade debts   | 12,218                           | (7,404)                          |
| - Loans and advances  | (5)                              | 1,027                            |
| - Deposits, prepayments and other receivables                   | (641)                            | (34,730)                         |
| - Long term security deposits                                   | -                                | (52)                             |
| - Compensated absences paid                                     | (243)                            | (647)                            |
| - Trade and other payables                                      | (83,236)                         | 52,477                           |
| <b>Cash generated from / (used in) operations</b>               | <b>335,420</b>                   | (95,424)                         |
| Financial charges paid  | (7,748)                          | (10,387)                         |
| Income tax paid   | (14,260)                         | (14,501)                         |
| <b>Net cash generated from / (used in) operating activities</b> | <b>313,412</b>                   | (120,312)                        |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>                     |                                  |                                  |
| Payment for capital expenditure                                 | (1,588)                          | -                                |
| Proceeds from sale of property, plant and equipment             | 400                              | -                                |
|   | (1,188)                          |                                  |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>                     |                                  |                                  |
| Cash generated from short term borrowing obtained               | -                                | 96,683                           |
| Repayment of Sub-ordinated loan                                 | (100,000)                        | -                                |
| <b>Net cash generated from financing activities</b>             | <b>(100,000)</b>                 | 96,683                           |
| Net increase / (decrease) in cash and cash equivalents          | 212,224                          | (23,629)                         |
| Cash and cash equivalents at beginning of the period            | (119,472)                        | 19,407                           |
| <b>Cash and cash equivalents at end of the period</b>           | <b>92,752</b>                    | (4,222)                          |
| <b>Cash and cash equivalents</b>                                |                                  |                                  |
| Cash and bank balances  | 92,752                           | 45,721                           |
| Running finance utilised under mark-up arrangement              | -                                | (49,943)                         |
|   | <b>92,752</b>                    | (4,222)                          |

The annexed notes 1 to 16 form an integral part of these condensed interim unconsolidated financial statements.



Chief Executive



Director

Condensed Unconsolidated Interim Statement of Changes in Equity (Unaudited)  
For the nine months period ended 31 March 2012

|  | Issued,<br>subscribed<br>& paid-up<br>capital | Capital<br>reserve<br>Share<br>premium | Revenue reserves     |                         | Total                   |
|--|---|--|----------------------|-------------------------|-------------------------|
|  |   |  | General<br>reserves  | Accumulated<br>losses   |                         |
| (Rupees in '000)   |   |  |                      |                         |                         |
| Balance as at 1 July 2010  | 79,860  | 10,646                                 | 66,067               | (443,526)               | (286,953)               |
| <i>Changes in equity for the nine months<br/>period ended 31 March 2011</i>                          |   |  |                      |                         |                         |
| Total comprehensive loss for the period  | -   | -                                      | -                    | (42,075)                | (42,075)                |
| Transferred from surplus on revaluation of<br>property, plant and equipment - net of<br>deferred tax | -   | -                                      | -                    | 955                     | 955                     |
| Balance as at 31 March 2011  | <u>79,860</u>                                 | <u>10,646</u>                          | <u>66,067</u>        | <u>(484,646)</u>        | <u>(328,073)</u>        |
| Balance as at 1 July 2011  | 79,860  | 10,646                                 | 66,067               | (489,499)               | (332,926)               |
| <i>Changes in equity for the nine months<br/>period ended 31 March 2012</i>                          |   |  |                      |                         |                         |
| Total comprehensive loss for the period  | -   | -                                      | -                    | (13,774)                | (13,774)                |
| Transferred from surplus on revaluation of<br>property, plant and equipment - net of<br>deferred tax | -   | -                                      | -                    | 644                     | 644                     |
| <b>Balance as at 31 March 2012</b>   | <u><b>79,860</b></u>                          | <u><b>10,646</b></u>                   | <u><b>66,067</b></u> | <u><b>(502,629)</b></u> | <u><b>(346,056)</b></u> |

The annexed notes 1 to 16 form an integral part of these condensed interim unconsolidated financial statements.



Chief Executive



Director





**Notes to the Condensed Unconsolidated Interim Financial Statements (Unaudited)**

*For the nine months period ended 31 March 2012*

**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 manufacturing and sale of banaspati ghee and cooking oils. The registered office of the Company is located at F-33, Hub River Road, S.I.T.E. Area Karachi, Pakistan. The Company is the subsidiary of Dalda Foods (Private) Limited (the holding company).

**1.2** On 27 October 2010, the Board of Directors decided to close the production facility from 31 December 2010. From 1 January 2011, the demand for the Company's product was met through a toll manufacturing agreement executed with the holding company. As per the agreement, the holding company agreed to provide toll manufacturing services for the production of a product "TULLO", at a specified toll manufacturing fees. The agreement may be terminated by either party through a notice of one month.

Previously on 1 January 2007, an agreement was entered with the holding company, whereby the holding company agreed to provide various services such as sales and marketing (include selling of the Company's products through the holding company's sales and distribution network), accounting, procurement and human resource to the Company at an agreed fees.

On 28 October 2011, the Board of Directors decided to voluntarily delist the Company and disposed off all the Property, Plant and Equipment of the Company. In this respect, the Chief Executive Officer and / or any other Directors were authorised to take the necessary steps. The said decision was also approved by shareholders in an Extra Ordinary General Meeting held on 20 January 2012.

**1.3** In the current period, the Company has incurred a net loss of Rs. 13.774 million (March 2011: Rs. 42.075 million) and as of that date, its accumulated losses exceeded the shareholders' equity by Rs. 346.056 million (June 2011: Rs. 332.926 million). However, these financial statements have been prepared on a going concern basis, based on the following assumptions:

- It is expected that the Company will be able to sell Property, Plant and Equipment at or above the carrying amount which would absorb some of the accumulated losses. Further, the Company would also be able to reduce its fixed costs as a result of discontinuation of production facilities, as detailed in note 1.2 to these condensed interim unconsolidated financial statements.
- Availability of continuous financial support from the holding company, as and when required. The holding Company has already given sub-ordinated loans as disclose in note 9 to these condensed interim unconsolidated financial statements..

**2. Basis of Presentation**

**2.1 STATEMENT OF COMPLIANCE**

These condensed interim unconsolidated financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting and do not include the information required for full annual financial statements. Therefore, these should be read in conjunction with the unconsolidated financial statements as at and for the year ended 30 June 2011.

These condensed unconsolidated interim financial statements are 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

Except for the following, the accounting policies applied in the preparation of this condensed interim unconsolidated financial statements are the same as those applied in the annual unconsolidated financial statements for the preceding year ended as at and for the year ended 30 June 2011 :

#### Asset Held For Sale

Non current assets that are expected to be recovered primarily through sale rather than through continuing use are classified as held for sale. Immediately before classification as held for sale the assets are measured in accordance with the Company's accounting policies. Thereafter, the assets are measured at the lower of their carrying amount and fair value less cost of sell. Impairment losses on initial classification as held for sale and subsequent gains and losses on remeasurements are recognized in profit or loss.

### 4. Accounting Estimates, Judgement and Risk Management

In preparing the condensed interim unconsolidated financial statements, significant judgments made by the 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 2011.

- 4.1 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 2011.

### 5. Property, Plant and Equipment

|  | (Un-audited)<br>31 March<br>2012<br>(Rupees in '000) | (Audited)<br>30 June<br>2011 |
|--|--|------------------------------|
| <b>Cost / revaluation</b>                  |  |                              |
| Opening balance                            | 175,843  | 177,168                      |
| Additions / (disposals) - net              | 1,589  | (880)                        |
| Revaluation / (deficit)                    | -  | (445)                        |
| Transfer to Assets held for sale           | (175,843)  | -                            |
|  | 1,589  | 175,843                      |
| <b>Accumulated depreciation</b>            |  |                              |
| Opening balance                            | (27,896)   | (24,780)                     |
| Depreciation expense for the period / year | (1,239)  | (3,972)                      |
| Depreciation on assets disposed off        | -  | 856                          |
| Transfer to Assets held for sale           | 29,016   | -                            |
|  | (119)  | (27,896)                     |
| <b>Written down value</b>                  | 1,470  | 147,947                      |



|   | (Un-audited)<br>31 March<br>2012<br>(Rupees | (Audited)<br>30 June<br>2011<br>in '000) |
|---|---|--|
| <b>6. STOCK-IN-TRADE</b>  |   |  |
| Raw materials   | 51,622                                      | 413,492                                  |
| Provision against obsolete raw material                         | (2,720)                                     | (2,720)                                  |
|   | <u>48,902</u>                               | <u>410,772</u>                           |
| Packing materials   | 13,799                                      | 12,363                                   |
| Provision against obsolete packing material                     | (3,958)                                     | (3,958)                                  |
|   | <u>9,841</u>                                | <u>8,405</u>                             |
| Work-in-process   | 25,818                                      | 6,712                                    |
|   | <u>84,561</u>                               | <u>425,889</u>                           |
| Finished goods - Ghee and cooking oil                           | 121,211                                     | 148,587                                  |
| Write down of finished goods to net realizable value            | (1,000)                                     | (765)                                    |
| Provision against obsolete finished goods                       | -   | (3,948)                                  |
|   | <u>120,211</u>                              | <u>143,874</u>                           |
| Acid oil (by-product)   | 4,547                                       | 5,926                                    |
| Provision against obsolete stock                                | (2,427)                                     | (2,000)                                  |
|   | <u>2,120</u>                                | <u>3,926</u>                             |
|   | <u><u>206,892</u></u>                       | <u><u>573,689</u></u>                    |
| <b>7. TRADE DEBTS (un-secured and considered good)</b>          |   |  |
| Trade debts - considered good                                   | 7,934                                       | 20,152                                   |
| Doubtful debts  | 1,895                                       | 9,666                                    |
|   | <u>9,829</u>                                | <u>29,818</u>                            |
| Provision for impaired debts                                    | (1,895)                                     | (9,666)                                  |
|   | <u>7,934</u>                                | <u>20,152</u>                            |
| <b>8. ADVANCES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES</b> |   |  |
| Deposits and prepayments  | 19,893                                      | 18,099                                   |
| Provision there against   | (379)                                       | (379)                                    |
|   | <u>19,514</u>                               | <u>17,720</u>                            |
| Margin against bank guarantees                                  | 6,072                                       | 6,072                                    |
| Accrued profit on foreign currency fixed deposit                | -   | 609                                      |
| Sales tax refundable  | 2,165                                       | 2,118                                    |
| Accrued markup on due from Subsidiary Company                   | 1,025                                       | 1,025                                    |
| Less: Provision there against                                   | (1,025)                                     | (1,025)                                  |
|   | <u>-</u>                                    | <u>-</u>                                 |
| Other receivables - unsecured - considered good:                |   |  |
| Receivable from Gratuity fund                                   | 2,398                                       | 2,398                                    |
| Due from ZIL Limited  | 137   | 728                                      |
| Due from the Subsidiary Company                                 | 9,924                                       | 9,924                                    |
| Others  | 996   | 996                                      |
| Less: Provision there against                                   | (997)                                       | (997)                                    |
|   | <u>12,458</u>                               | <u>13,049</u>                            |
|   | <u><u>40,209</u></u>                        | <u><u>39,568</u></u>                     |

8.1

**8.1** This amount represents advance given to Wazir Ali Ventures (Private) Limited, wholly owned subsidiary of the Company. During the period, the Board of Directors of Wazir Ali Ventures decided to liquidate the company and the Company is expecting to recover the advance from the proceeds of liquidation.

**9. Non-Current Assets Classified as Held For Sale**

On 28th October 2011, the Board of Directors decided to disposed off all the fixed assets of the Company. In this respect Chief Executive Officer and / or any other Director of the Company were jointly authorised by the Board to take all necessary steps. This was also approved by the shareholders in an Extra Ordinary General Meeting held on 20 January 2012. The details of assets classified as assets held for sale is as follows:

| Non-Current Assets                   | Note | 31 March<br>2012<br>(Rupees in '000) |
|--------------------------------------|------|--------------------------------------|
| <b>Property, plant and equipment</b> |      |                                      |
| Free hold land                       | 9.1  | 113,600                              |
| Building on free hold land           | 9.1  | 14,294                               |
| Plant and machinery                  | 9.1  | 18,722                               |
| Furniture and fixtures               |      | 10                                   |
| Computer equipment                   |      | -                                    |
| Factory equipment                    |      | 183                                  |
| Office equipment                     |      | 18                                   |
| <b>Total</b>                         |      | <u><u>146,827</u></u>                |

Efforts to sell the assets have commenced it is expected to complete within the next twelve months.

**9.1** Based on the valuation of freehold land, building on freehold land and plant and machinery carried out on 30 June 2011, the fair value less cost to sell of the freehold land, building on freehold land and Plant and Machinery amounted to Rs. 147 million (2010:Rs 152 million).

**9.2** The related deferred tax liability of Rs 9.908 million in respect of surplus on revaluation of Property, Plant and Equipment held for sale has been reversed in the current year on the basis that these assets will not be depreciated in future.

**9.3 Discontinued operation**

As fully stated in note 1.2 , the Production facilities were closed on 31 December 2010. All the revenue generated and expenses incurred pertaining to the discontinued operation up to 31 December 2010 have been included as discontinued operation. There is no effect in the profit and loss account and cash flow statement of the current period.

**10. Sub-Ordinated Loans From Holding Company - (Unsecured)**

|                                 | Note | (Un-audited)<br>31 March<br>2012 | (Audited)<br>30 June<br>2011 |
|---------------------------------|------|----------------------------------|------------------------------|
| Loan I                          | 10.1 | 150,000                          | 150,000                      |
| Loan II                         | 10.2 | 200,000                          | 200,000                      |
|                                 |      | <u>350,000</u>                   | 350,000                      |
| Less: Repayment during the year |      | (100,000)                        | -                            |
| Current maturity                |      | -                                | (15,000)                     |
|                                 |      | <u><u>250,000</u></u>            | <u><u>335,000</u></u>        |



**10.1** This loan was obtained on 31 December 2007 from the holding company to meet the operational requirements of the Company. This carry a mark-up at the rate of 6 months' KIBOR plus 1.5 percent per annum. The principal and markup is repayable in 20 equal quarterly installments along with markup after grace period of four years. Initially the grace period was two years, which was extended to four years on 30 June 2010.

**10.2** This loan was obtained on 25 June 2009 from the holding company to meet the operational cash flow requirements. This carry a mark-up at the rate of 1 month's KIBOR. The principal and markup is repayable in 20 equal quarterly installments along with markup after grace period of four years. Initially the grace period was of two years which has been extended to four years on 30 June 2010.

**11. Trade and Other Payables**

|                            | <i>Note</i> | <b>(Un-audited)<br/>31 March<br/>2012</b> | <b>(Audited)<br/>30 June<br/>2011</b> |
|----------------------------|-------------|---|---------------------------------------|
| <b>(Rupees in '000)</b>    |             |   |                                       |
| Trade payables for:        |             |   |                                       |
| - Goods                    | <i>11.1</i> | <b>71,484</b>                             | 339,035                               |
| - Expenses                 |             | <b>1,412</b>                              | 1,254                                 |
|                            |             | <b>72,896</b>                             | 340,289                               |
| Accrued expenses           |             | <b>8,816</b>                              | 11,030                                |
| Due to the holding company | <i>11.2</i> | <b>119,685</b>                            | 56,687                                |
| Advances from customers    |             | <b>136,454</b>                            | 13,082                                |
| Other liabilities          |             | <b>35</b>                                 | 34                                    |
| Unclaimed dividends        |             | <b>557</b>                                | 557                                   |
|                            |             | <b>338,443</b>                            | 421,679                               |

**11.1** This includes amounts payable to associated companies amounting to Rs. 63.889 million (30 June 2011: Rs. 49.048 million).

**11.2** This amount represents service fee of toll manufacturing payable to holding company.

**12. Mark-Up Payable on Borrowings**

This includes an amount of Rs. 163.783 million (30 June 2011: Rs. 129.036 million) payable to the holding company on account of Sub-ordinate loans.

**13. Short Term Borrowings-Secured**

|  | <i>Note</i> |   |         |
|--|-------------|---|---------|
| Running finance utilised mark-up arrangement | <i>13.1</i> | - | 34,040  |
| Running finance under FE-25 Import Scheme    |             | - | 113,317 |
|  |             | - | 147,357 |

**13.1** This has been obtained from a commercial bank at a mark-up rate of 3 months' KIBOR plus 2% per annum (2011: 3 months KIBOR plus 2 % p.a). The mark-up is recovered on quarterly basis. This facility is secured against corporate guarantee by the Holding Company, hypothecation of stocks and receivables, first pari passu charge on all present and future stocks in trade / receivables and other current assets. This has total limit of Rs. 95 million.

The Company has also obtained facility from the same commercial bank for import letters of credit having a limit of Rs. 30 million which is unavailed as at 31 March 2012.

|             |   | (Un-audited)<br>31 March<br>2012 | (Audited)<br>30 June<br>2011 |
|-------------|---|----------------------------------|------------------------------|
|             |   | (Rupees in '000)                 |                              |
| <b>14.</b>  | <b>Contingencies and Commitments</b>  |                                  |                              |
|             | Contingencies <i>14.1</i>   | <u>38,603</u>                    | <u>38,603</u>                |
|             | Commitment <i>14.2</i>  | <u>119,607</u>                   | <u>119,607</u>               |
| <b>14.1</b> | <b>Contingencies and Commitments</b>  |                                  |                              |
|             | Claims against Company<br>not acknowledged as debt  | <u>32,531</u>                    | <u>32,531</u>                |
|             | Bank guarantees   | <u>6,072</u>                     | <u>6,072</u>                 |
| <b>14.2</b> | There is no change in the status of legal cases and other contingencies and commitments as disclosed in the financial statements for the year ended 30 June 2011. |                                  |                              |

**15. Related Party Transactions**

The transactions and balances with related parties other than those disclosed elsewhere are as follows:

|                             |  | Nine months period ended |                  |
|-----------------------------|--|--------------------------|------------------|
|                             |  | 31 March<br>2012         | 31 March<br>2011 |
|                             |  | (Rupees in '000)         |                  |
| <b>Holding Company</b>      |  |                          |                  |
|                             | Toll manufacturing fee for services                                  | <u>45,039</u>            | <u>22,700</u>    |
|                             | Common expenses allocated by related party                           | <u>5,400</u>             | <u>4,800</u>     |
|                             | Mark-up on borrowing from Holding company                            | <u>34,747</u>            | <u>36,005</u>    |
|                             | Fee charged under distribution and marketing agreement               | <u>23,627</u>            | <u>27,810</u>    |
|                             | Freight charges and other payments made on behalf of holding company | <u>-</u>                 | <u>4,917</u>     |
|                             | Cash received from holding company                                   | <u>-</u>                 | <u>9,408</u>     |
| <b>Associated Companies</b> |  |                          |                  |
|                             | Purchases / services availed   | <u>200,368</u>           | <u>584,861</u>   |
|                             | Common expenses allocated to related party                           | <u>377</u>               | <u>1,581</u>     |
|                             | Cash receipts from associated company                                | <u>765</u>               | <u>2,130</u>     |
|                             | Insurance premium paid   | <u>1,485</u>             | <u>1,754</u>     |
|                             | <b>Key management personnel's</b>                                    | <u>2,267</u>             | <u>900</u>       |



**16. General**

- 16.1** These condensed interim unconsolidated financial information has been prepared in Pak Rupee rounded off to nearest thousand.
- 16.2** These condensed interim unconsolidated financial information was approved in the Board of Directors meeting held on 24 April 2012.

Handwritten signature of the Chief Executive in black ink.

**Chief Executive**

Handwritten signature of the Director in black ink.

**Director**



**Wazir Ali Industries Limited**

*and its Subsidiary*

*Consolidated Financial Statement*

*( Un - Audited )*

*Nine months period ended  
March 31, 2012*





## **DIRECTORS' REVIEW**

The Directors of the Company would like to present the consolidated financial statements of the Company for the period and quarter ended March 31, 2012.

### **Overview-Continued operation**

During the quarter ended March 31, 2012 the revenue of the company was Rs.291.81M as against Rs. 613.70M in the corresponding quarter of the last year. The revenue during the nine months period was Rs. 1,101.12M. The Gross Profit was recorded as Rs. 122.62M. Administrative and Selling & Distribution expenses were 1.42% and 6.38% respectively. The Financial Charges reduced by 15.02% owing to effective use of available funds.

Loss per share for the period under review is Rs. 1.72 as compared to Rs. 5.27 during the same period of last year.

### **Future Outlook**

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

### **Acknowledgements**

We are grateful to our customers for supporting the quality brands of Tullo and would continue to provide them with our best quality products.

We wish to thank our distributors for promoting the Tullo Brand and for efficient distribution to our customers. We also acknowledge the support from the bankers and the staff of the Company.

For and on behalf of the Board

**Abdus Samad**  
Chief Executive Officer

Date : 24 April 2012  
Karachi

**Condensed Consolidated Interim Balance Sheet (Unaudited)**
*As at 31 March 2012*

|  | Note | (Un-audited)<br>31 March<br>2012<br>(Rupees in '000) | (Audited)<br>30 June<br>2011 |
|--|------|--|------------------------------|
| <b>Assets</b>  |      |  |                              |
| <b>Non-current assets</b>  |      |  |                              |
| Property, plant and equipment                                      | 5    | 1,470  | 147,947                      |
| Investment property  |      | 130,500  | 130,500                      |
| Long term security deposits  |      | 869  | 869                          |
| <b>Total non-current assets</b>                                    |      | <b>132,839</b>                                       | <b>279,316</b>               |
| <b>Current Assets</b>  |      |  |                              |
| Stores and spares  |      | 5,751  | 5,760                        |
| Stock-in-trade   | 6    | 206,892  | 573,689                      |
| Trade debts  | 7    | 7,934  | 20,152                       |
| Loans and advances   |      | 10   | 5                            |
| Advances, deposits, prepayments and other receivables              | 8    | 30,285   | 29,644                       |
| Taxation - net   |      | 22,297   | 20,088                       |
| Cash and bank balances   |      | 93,588   | 28,149                       |
| Non-current assets classified as held for sale                     | 9    | 146,827  | -                            |
| <b>Total current assets</b>  |      | <b>513,584</b>                                       | <b>677,487</b>               |
| <b>Total Assets</b>  |      | <b>646,423</b>                                       | <b>956,803</b>               |
| <b>Equity and Liabilities</b>                                      |      |  |                              |
| <b>Share capital and reserves</b>                                  |      |  |                              |
| Authorised capital   |      |  |                              |
| 8,000,000 (30 June 2011: 8,000,000) ordinary shares of Rs. 10 each |      | <b>80,000</b>  | 80,000                       |
| Issued, subscribed and paid-up capital                             |      |  |                              |
| 7,985,958 (30 June 2011: 7,985,958) ordinary shares of Rs. 10 each |      | 79,860   | 79,860                       |
| Capital reserve  |      | 10,646   | 10,646                       |
| General reserve  |      | 66,067   | 66,067                       |
| Accumulated losses   |      | (584,230)  | (571,100)                    |
|  |      | (427,657)  | (414,527)                    |
| <b>Surplus on revaluation of property, plant and equipment</b>     | 9.2  | <b>227,304</b>                                       | 217,396                      |
| <b>Sub-ordinated loans from holding company (unsecured)</b>        | 10   | <b>250,000</b>                                       | 335,000                      |
| <b>Non-current liabilities</b>                                     |      |  |                              |
| Deferred tax liability   |      | 14,963   | 25,862                       |
| Provision for compensated absences                                 |      | 627  | 870                          |
| <b>Total non-current liabilities</b>                               |      | <b>15,590</b>  | 26,732                       |
| <b>Current liabilities</b>   |      |  |                              |
| Current maturity of long term liabilities                          | 10   | -  | 35,947                       |
| Trade and other payables   | 11   | 338,579  | 421,817                      |
| Mark-up payable on borrowings                                      | 12   | 163,794  | 131,609                      |
| Payable to Ultimate Holding Company                                |      | 78,813   | 55,472                       |
| Short term borrowings  | 13   | -  | 147,357                      |
| <b>Total current liabilities</b>                                   |      | <b>581,186</b>                                       | 792,202                      |
| <b>Contingencies and commitments</b>                               | 14   |  |                              |
| <b>Total Equity and Liabilities</b>                                |      | <b>646,423</b>                                       | <b>956,803</b>               |

The annexed notes 1 to 16 form an integral part of these condensed interim consolidated financial statements.



Chief Executive



Director

Condensed Consolidated Interim Profit and Loss Account (Unaudited)  
For the nine months period ended 31 March 2012

| Note   | Nine months period ended     |                  | Quarter ended    |                  |
|--|------------------------------|------------------|------------------|------------------|
|  | 31 March<br>2012             | 31 March<br>2011 | 31 March<br>2012 | 31 March<br>2011 |
|  | ----- (Rupees in '000) ----- |                  |                  |                  |
| Revenue - net  | 1,101,121                    | 613,696          | 291,813          | 613,696          |
| Cost of goods sold / services rendered                             | (978,502)                    | (527,739)        | (260,459)        | (527,739)        |
| <b>Gross profit</b>  | <b>122,619</b>               | <b>85,957</b>    | <b>31,354</b>    | <b>85,957</b>    |
| Administration expenses  | (15,655)                     | (6,663)          | (4,644)          | (6,663)          |
| Selling and distribution expenses                                  | (70,296)                     | (35,024)         | (23,171)         | (35,024)         |
|  | (85,951)                     | (41,687)         | (27,815)         | (41,687)         |
| Other operating income / (expenses)                                | 2,018                        | (2,063)          | 1,437            | (2,063)          |
| <b>Operating income</b>  | <b>38,686</b>                | <b>42,207</b>    | <b>4,976</b>     | <b>42,207</b>    |
| Financial charges  | (41,750)                     | (49,131)         | (10,634)         | (17,879)         |
| <b>(Loss) / income before taxation</b>                             | <b>(3,064)</b>               | <b>(6,924)</b>   | <b>(5,658)</b>   | <b>24,329</b>    |
| Taxation - net   | (10,710)                     | (6,151)          | (2,933)          | (6,151)          |
|  | (13,774)                     | (13,075)         | (8,591)          | 18,178           |
| <b>Discontinued operation</b>                                      |                              |                  |                  |                  |
| (Loss) for the period from discontinued operation - net of tax 9.3 | -                            | (29,000)         | -                | -                |
| <b>(Loss) / profit for the period</b>                              | <b>(13,774)</b>              | <b>(42,075)</b>  | <b>(8,591)</b>   | <b>18,178</b>    |
|  | ----- (Rupees) -----         |                  |                  |                  |
| <b>(Loss) / profit per share - basic and diluted</b>               | <b>(1.72)</b>                | <b>(5.27)</b>    | <b>(1.08)</b>    | <b>2.28</b>      |

The annexed notes 1 to 16 form an integral part of these condensed interim consolidated financial statements.



Chief Executive



Director

Condensed Interim Consolidated Statement of Comprehensive Income (Un-audited)  
For the nine months period ended 31 March 2012

|   | Nine months period ended     |                  | Quarter ended    |                  |
|---|------------------------------|------------------|------------------|------------------|
|   | 31 March<br>2012             | 31 March<br>2011 | 31 March<br>2012 | 31 March<br>2011 |
|   | ----- (Rupees in '000) ----- |                  |                  |                  |
| (Loss) / profit for the period                        | (13,774)                     | (42,075)         | (8,591)          | 18,178           |
| Other comprehensive income                            | -                            | -                | -                | -                |
| Total comprehensive (loss)<br>/ profit for the period | <u>(13,774)</u>              | <u>(42,075)</u>  | <u>(8,591)</u>   | <u>18,178</u>    |

The annexed notes 1 to 16 form an integral part of these condensed interim consolidated financial statements.



Chief Executive



Director

**Condensed Consolidated Interim Cash Flow Statement (Unaudited)**
*For the nine months period ended 31 March 2012*

|   | (Un-audited)<br>31 March<br>2012 | (Un-audited)<br>31 March<br>2011 |
|---|----------------------------------|----------------------------------|
|   | (Rupees in '000)                 |                                  |
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>                     |                                  |                                  |
| (Loss) / profit before taxation                                 | (3,064)                          | (26,950)                         |
| Adjustments for:  |                                  |                                  |
| - Depreciation  | 1,239                            | 3,009                            |
| - Profit on disposal of property, plant and equipment           | (758)                            | -                                |
| - Liabilities no more payable, written back                     | (4,460)                          | -                                |
| - Provision for impaired debts                                  | 326                              | 1,799                            |
| - Provision against Finished goods stock                        | 1,927                            | -                                |
| - Stock written off   | 3,557                            | -                                |
| - Financial charges   | 41,750                           | 49,131                           |
| <b>Operating profit before working capital changes</b>          | <b>40,517</b>                    | <b>26,988</b>                    |
| <i>Movement in:</i>   |                                  |                                  |
| - Stores and spares   | 9                                | 4,301                            |
| - Stock-in-trade  | 366,797                          | (138,409)                        |
| - Trade debts   | 12,218                           | (7,404)                          |
| - Loans and advances  | (5)                              | 1,027                            |
| - Deposits, prepayments and other receivables                   | (641)                            | (34,731)                         |
| - Long term security deposits                                   | -                                | (52)                             |
| - Payable to related party                                      | 23,341                           | 25,057                           |
| - Compensated absences paid                                     | (243)                            | (647)                            |
| - Trade and other payables                                      | (83,238)                         | 52,462                           |
| <b>Cash generated from / (used in) operations</b>               | <b>358,756</b>                   | <b>(71,408)</b>                  |
| Financial charges paid  | (9,565)                          | (13,874)                         |
| Income tax paid   | (14,260)                         | (14,501)                         |
| <b>Net cash generated from / (used in) operating activities</b> | <b>334,931</b>                   | <b>(99,783)</b>                  |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>                     |                                  |                                  |
| Payment for capital expenditure                                 | (1,588)                          | -                                |
| Proceeds from sale of property, plant and equipment             | 400                              | -                                |
|   | (1,188)                          | -                                |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>                     |                                  |                                  |
| Cash generated from short term borrowing obtained               | -                                | 96,683                           |
| Repayment of long term liabilities                              | (120,947)                        | (10,546)                         |
| <b>Net cash generated from financing activities</b>             | <b>(120,947)</b>                 | <b>86,137</b>                    |
| Net increase / (decrease) in cash and cash equivalents          | 212,796                          | (13,646)                         |
| Cash and cash equivalents at beginning of the period            | (119,208)                        | 9,688                            |
| <b>Cash and cash equivalents at end of the period</b>           | <b>93,588</b>                    | <b>(3,958)</b>                   |
| <b>Cash and cash equivalents</b>                                |                                  |                                  |
| Cash and bank balances  | 93,588                           | 45,985                           |
| Running finance utilised under mark-up arrangement              | -                                | (49,943)                         |
|   | <b>93,588</b>                    | <b>(3,958)</b>                   |

The annexed notes 1 to 16 form an integral part of these condensed interim consolidated financial statements.



Chief Executive



Director

Condensed Consolidated Interim Statement of Changes in Equity (Unaudited)  
For the nine months period ended 31 March 2012

|  | Issued,<br>subscribed<br>& paid-up<br>capital | Capital<br>reserve<br>Share<br>premium | Revenue reserves     |                         | Total                   |
|--|---|--|----------------------|-------------------------|-------------------------|
|  |   |  | General<br>reserves  | Accumulated<br>losses   |                         |
| (Rupees in '000)   |   |  |                      |                         |                         |
| Balance as at 1 July 2010  | 79,860  | 10,646                                 | 66,067               | (443,526)               | (286,953)               |
| <i>Changes in equity for the nine months period ended 31 March 2011</i>                        |   |  |                      |                         |                         |
| Total comprehensive loss for the period  | -   | -                                      | -                    | (60,253)                | (60,253)                |
| Transferred from surplus on revaluation of property, plant and equipment - net of deferred tax | -   | -                                      | -                    | 955                     | 955                     |
| Balance as at 31 March 2011  | <u>79,860</u>                                 | <u>10,646</u>                          | <u>66,067</u>        | <u>(502,824)</u>        | <u>(346,251)</u>        |
| Balance as at 1 July 2011  | 79,860  | 10,646                                 | 66,067               | (571,100)               | (414,527)               |
| <i>Changes in equity for the nine months period ended 31 March 2012</i>                        |   |  |                      |                         |                         |
| Total comprehensive loss for the period  | -   | -                                      | -                    | (13,774)                | (13,774)                |
| Transferred from surplus on revaluation of property, plant and equipment - net of deferred tax | -   | -                                      | -                    | 644                     | 644                     |
| <b>Balance as at 31 March 2012</b>   | <u><b>79,860</b></u>                          | <u><b>10,646</b></u>                   | <u><b>66,067</b></u> | <u><b>(584,230)</b></u> | <u><b>(427,657)</b></u> |

The annexed notes 1 to 16 form an integral part of these condensed interim consolidated financial statements.



Chief Executive



Director

Notes to the Condensed Consolidated Interim Financial Statements (Unaudited)  
For the nine months period ended 31 March 2012

**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 manufacturing and sale of banaspati ghee and cooking oils. The registered office of the Company is located at F-33, Hub River Road, S.I.T.E. Area Karachi, Pakistan. The Company is the subsidiary of Dalda Foods (Private) Limited (the holding company).

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

**1.2 Basis of Consolidated**

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

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

**1.3** On 27 October 2010, the Board of Directors decided to close the production facility from 31 December 2010. From 1 January 2011, the demand for the Company's product was met through a toll manufacturing agreement executed with the holding company. As per the agreement, the holding company agreed to provide toll manufacturing services for the production of a product "TULLO", at a specified toll manufacturing fees. The agreement may be terminated by either party through a notice of one month.

Previously on 1 January 2007, an agreement was entered with the holding company, whereby the holding company agreed to provide various services such as sales and marketing (include selling of the Company's products through the holding company's sales and distribution network), accounting, procurement and human resource to the Company at an agreed fees.

On 28 October 2011, the Board of Directors decided to voluntarily delist the Company and disposed off all the Property, Plant and Equipment of the Company. In this respect, the Chief Executive Officer and / or any other Directors were authorised to take the necessary steps. The said decision was also approved by shareholders in an Extra Ordinary General Meeting held on 20 January 2012.

**1.4** In the current period, the Company has incurred a net loss of Rs. 13.774 million (March 2011: Rs. 42.075 million) and as of that date, its accumulated losses exceeded the shareholders' equity by Rs. 427.657 million (June 2011: Rs.414.527 million). However, these financial statements have been prepared on a going concern basis, based on the following assumptions:

- It is expected that the Company will be able to sell Property, Plant and Equipment at or above the carrying amount which would absorbed some of the accumulated losses. Further, the Company would also be able to reduce its fixed costs as a result of discontinuation of production facilities, as detailed in note 1.2 to these condensed interim consolidated financial statements.
- Availability of continuous financial support from the holding company, as and when required. The holding Company has already given sub-ordinated loans as disclose in note 9 to these condensed interim consolidated financial statements..

## 2. Basis of Presentation

### 2.1 STATEMENT OF COMPLIANCE

These condensed interim consolidated financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting and do not include the information required for full annual financial statements. Therefore, these should be read in conjunction with the consolidated financial statements as at and for the year ended 30 June 2011.

These condensed consolidated interim financial statements are 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

Except for the following, the accounting policies applied in the preparation of this condensed interim consolidated financial statements are the same as those applied in the annual consolidated financial statements for the preceding year ended as at and for the year ended 30 June 2011 :

#### Asset Held For Sale

Non current assets that are expected to be recovered primarily through sale rather than through continuing use are classified as held for sale. Immediately before classification as held for sale the assets are measured in accordance with the Company's accounting policies. Thereafter, the assets are measured at the lower of their carrying amount and fair value less cost of sell. Impairment losses on initial classification as held for sale and subsequent gains and losses on remeasurements are recognized in profit or loss.

### 4. Accounting Estimates, Judgement and Risk Management

In preparing the condensed interim consolidated financial statements, significant judgments made by the 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 2011.

- 4.1 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 2011.

### 5. Property, Plant and Equipment

|  | (Un-audited)<br>31 March<br>2012 | (Audited)<br>30 June<br>2011 |
|--|----------------------------------|------------------------------|
|  | (Rupees in '000)                 |                              |
| <i>Cost / revaluation</i>                  |                                  |                              |
| Opening balance                            | 175,843                          | 177,168                      |
| Additions / (disposals) - net              | 1,588                            | (880)                        |
| Revaluation / (deficit)                    | -                                | (445)                        |
| Transfer to Assets held for sale           | (175,843)                        | -                            |
|  | 1,588                            | 175,843                      |
| <i>Accumulated depreciation</i>            |                                  |                              |
| Opening balance                            | (27,896)                         | (24,780)                     |
| Depreciation expense for the period / year | (1,239)                          | (3,972)                      |
| Depreciation on assets disposed off        | -                                | 856                          |
| Transfer to Assets held for sale           | 29,016                           | -                            |
|  | (119)                            | (27,896)                     |
| <b>Written down value</b>                  | 1,470                            | 147,947                      |



|   | (Un-audited)<br>31 March<br>2012<br>(Rupees | (Audited)<br>30 June<br>2011<br>in '000) |
|---|---|--|
| <b>6. STOCK-IN-TRADE</b>  |   |  |
| Raw materials   | 51,622                                      | 413,492                                  |
| Provision against obsolete raw material                         | (2,720)                                     | (2,720)                                  |
|   | <u>48,902</u>                               | <u>410,772</u>                           |
| Packing materials   | 13,799                                      | 12,363                                   |
| Provision against obsolete packing material                     | (3,958)                                     | (3,958)                                  |
|   | <u>9,841</u>                                | <u>8,405</u>                             |
| Work-in-process   | 25,818                                      | 6,712                                    |
|   | <u>84,561</u>                               | <u>425,889</u>                           |
| Finished goods - Ghee and cooking oil                           | 121,211                                     | 148,587                                  |
| Write down of finished goods to net realizable value            | (1,000)                                     | (765)                                    |
| Provision against obsolete finished goods                       | -   | (3,948)                                  |
|   | <u>120,211</u>                              | <u>143,874</u>                           |
| Acid oil (by-product)   | 4,547                                       | 5,926                                    |
| Provision against obsolete stock                                | (2,427)                                     | (2,000)                                  |
|   | <u>2,120</u>                                | <u>3,926</u>                             |
|   | <u><u>206,892</u></u>                       | <u><u>573,689</u></u>                    |
| <b>7. TRADE DEBTS (un-secured and considered good)</b>          |   |  |
| Trade debts - considered good                                   | 7,934                                       | 20,152                                   |
| Doubtful debts  | 1,895                                       | 9,666                                    |
|   | <u>9,829</u>                                | <u>29,818</u>                            |
| Provision for impaired debts                                    | (1,895)                                     | (9,666)                                  |
|   | <u>7,934</u>                                | <u>20,152</u>                            |
| <b>8. ADVANCES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES</b> |   |  |
| Deposits and prepayments  | 19,893                                      | 18,099                                   |
| Provision there against   | (379)                                       | (379)                                    |
|   | <u>19,514</u>                               | <u>17,720</u>                            |
| Margin against bank guarantees                                  | 6,072                                       | 6,072                                    |
| Accrued profit on foreign currency fixed deposit                | -   | 609                                      |
| Sales tax refundable  | 2,165                                       | 2,118                                    |
| Accrued markup on due from Subsidiary Company                   | 1,025                                       | 1,025                                    |
| Less: Provision there against                                   | (1,025)                                     | (1,025)                                  |
|   | <u>-</u>                                    | <u>-</u>                                 |
| Other receivables - unsecured - considered good:                |   |  |
| Receivable from Gratuity fund                                   | 2,398                                       | 2,398                                    |
| Due from ZIL Limited  | 137   | 728                                      |
| Due from the Subsidiary Company                                 | 996   | 996                                      |
| Others  | 996   | 996                                      |
| Less: Provision there against                                   | (997)                                       | (997)                                    |
|   | <u>2,534</u>                                | <u>3,125</u>                             |
|   | <u><u>30,285</u></u>                        | <u><u>29,644</u></u>                     |

## 9. Non-Current Assets Classified as Held For Sale

On 28th October 2011, the Board of Directors decided to disposed off all the fixed assets of the Company. In this respect Chief Executive Officer and / or any other Director of the Company were jointly authorised by the Board to take all necessary steps. This was also approved by the shareholders in an Extra Ordinary General Meeting held on 20 January 2012. The details of assets classified as assets held for sale is as follows:

| Non-Current Assets                   | Note | 31 March<br>2012<br>(Rupees in '000) |
|--------------------------------------|------|--------------------------------------|
| <b>Property, plant and equipment</b> |      |                                      |
| Free hold land                       | 9.1  | 113,600                              |
| Building on free hold land           | 9.1  | 14,294                               |
| Plant and machinery                  | 9.1  | 18,722                               |
| Furniture and fixtures               |      | 10                                   |
| Computer equipment                   |      | -                                    |
| Factory equipment                    |      | 183                                  |
| Office equipment                     |      | 18                                   |
| <b>Total</b>                         |      | <b>146,827</b>                       |

Efforts to sell the assets have commenced it is expected to complete with the next twelve months.

**9.1** Based on the valuation of freehold land, building on freehold land and plant and machinery carried out on 30 June 2011, the fair value less cost to sell of the freehold land, building on freehold land and Plant and Machinery amounted to Rs. 147 million (2010:Rs 152 million).

**9.2** The related deferred tax liability of Rs 9.908 million in respect of surplus on revaluation of Property, Plant and Equipment held for sale has been reversed in the current year on the basis that these assets will not be depreciated in future.

### 9.3 Discontinued operation

As fully stated in note 1.2 , the Production facilities were closed on 31 December 2010. All the revenue generated and expenses incurred pertaining to the discontinued operation up to 31 December 2010 have been included as discontinued operation. There is no effect in the profit and loss account and cash flow statement of the current period.

## 10. Sub-Ordinated Loans From Holding Company - (Unsecured)

|                                 | Note | (Un-audited)<br>31 March<br>2012 | (Audited)<br>30 June<br>2011 |
|---------------------------------|------|----------------------------------|------------------------------|
| Loan I                          | 10.1 | 150,000                          | 150,000                      |
| Loan II                         | 10.2 | 200,000                          | 200,000                      |
|                                 |      | <b>350,000</b>                   | 350,000                      |
| Less: Repayment during the year |      | (100,000)                        | -                            |
| Current maturity                |      | -                                | (15,000)                     |
|                                 |      | <b>250,000</b>                   | <b>335,000</b>               |



**10.1** This loan was obtained on 31 December 2007 from the holding company to meet the operational requirements of the Company. This carry a mark-up at the rate of 6 months' KIBOR plus 1.5 percent per annum. The principal and markup is repayable in 20 equal quarterly installments along with markup after grace period of four years. Initially the grace period was two years, which was extended to four years on 30 June 2010.

**10.2** This loan was obtained on 25 June 2009 from the holding company to meet the operational cashflow requirements. This carry a mark-up at the rate of 1 month's KIBOR. The principal and markup is repayable in 20 equal quarterly installments along with markup after grace period of four years. Initially the grace period was of two years which has been extended to four years on 30 June 2010.

**11. Trade and Other Payables**

|                            | <i>Note</i> | <b>(Un-audited)<br/>31 March<br/>2012</b> | (Audited)<br>30 June<br>2011 |
|----------------------------|-------------|---|------------------------------|
| <b>(Rupees in '000)</b>    |             |   |                              |
| Trade payables for:        |             |   |                              |
| - Goods                    | <i>11.1</i> | <b>71,484</b>                             | 339,035                      |
| - Expenses                 |             | <b>1,412</b>                              | 1,254                        |
|                            |             | <b>72,896</b>                             | 340,289                      |
| Accrued expenses           |             | <b>8,952</b>                              | 11,168                       |
| Due to the holding company | <i>11.2</i> | <b>119,685</b>                            | 56,687                       |
| Advances from customers    |             | <b>136,454</b>                            | 13,082                       |
| Other liabilities          |             | <b>35</b>                                 | 34                           |
| Unclaimed dividends        |             | <b>557</b>                                | 557                          |
|                            |             | <b>338,579</b>                            | 421,817                      |

**11.1** This includes amounts payable to associated companies amounting to Rs. 63.889 million (30 June 2011: Rs. 49.048 million).

**11.2** This amount represents service fee of toll manufacturing payable to holding company.

**12. Mark-Up Payable on Borrowings**

This includes an amount of Rs. 163.783 million (30 June 2011: Rs. 129.036 million) payable to the holding company on account of Sub-ordinate loans.

**13. Short Term Borrowings-Secured**

|  | <i>Note</i> |   |         |
|--|-------------|---|---------|
| Running finance utilised mark-up arrangement | <i>13.1</i> | - | 34,040  |
| Running finance under FE-25 Import Scheme    |             | - | 113,317 |
|  |             | - | 147,357 |

**13.1** This has been obtained from a commercial bank at a mark-up rate of 3 months' KIBOR plus 2% per annum (2011: 3 months KIBOR plus 2 % p.a). The mark-up is recovered on quarterly basis. This facility is secured against corporate guarantee by the Holding Company, hypothecation of stocks and receivables, first pari passu charge on all present and future stocks in trade / receivables and other current assets. This has total limit of Rs. 95 million.

The Company has also obtained facility from the same commercial bank for import letters of credit having a limit of Rs. 30 million which is unavailed as at 31 March 2012.



## Wazir Ali Industries Limited

|  |   | (Un-audited)<br>31 March<br>2012 | (Audited)<br>30 June<br>2011 |
|--|---|----------------------------------|------------------------------|
|  |   | (Rupees in '000)                 |                              |
| <b>14. Contingencies and Commitments</b>           |   |                                  |                              |
| Contingencies                                      | 14.1  | <u>38,603</u>                    | <u>38,603</u>                |
| Commitment   | 14.2  | <u>119,607</u>                   | <u>119,607</u>               |
| <b>14.1 Contingencies and Commitments</b>          |   |                                  |                              |
| Claims against Company<br>not acknowledged as debt |   | <u>32,531</u>                    | <u>32,531</u>                |
| Bank guarantees                                    |   | <u>6,072</u>                     | <u>6,072</u>                 |
| <b>14.2</b>  | There is no change in the status of legal cases and other contingencies and commitments as disclosed in the financial statements for the year ended 30 June 2011. |                                  |                              |

### 15. Related Party Transactions

The transactions and balances with related parties other than those disclosed elsewhere are as follows:

|  |  | Nine months period ended |                  |
|--|--|--------------------------|------------------|
|  |  | 31 March<br>2012         | 31 March<br>2011 |
|  |  | (Rupees in '000)         |                  |
| <b>Holding Company</b>   |  |                          |                  |
| Toll manufacturing fee for services                                  |  | <u>45,039</u>            | <u>22,700</u>    |
| Common expenses allocated by related party                           |  | <u>5,400</u>             | <u>4,800</u>     |
| Mark-up on borrowing from Holding company                            |  | <u>34,747</u>            | <u>36,005</u>    |
| Fee charged under distribution and marketing agreement               |  | <u>23,627</u>            | <u>27,810</u>    |
| Freight charges and other payments made on behalf of holding company |  | <u>-</u>                 | <u>4,917</u>     |
| Cash received from holding company                                   |  | <u>-</u>                 | <u>9,408</u>     |
| <b>Associated Companies</b>  |  |                          |                  |
| Purchases / services availed   |  | <u>200,368</u>           | <u>584,861</u>   |
| Common expenses allocated to related party                           |  | <u>377</u>               | <u>1,581</u>     |
| Cash receipts from associated company                                |  | <u>765</u>               | <u>2,130</u>     |
| Insurance premium paid   |  | <u>1,485</u>             | <u>1,754</u>     |
| <b>Key management personnel's</b>                                    |  | <u>2,267</u>             | <u>900</u>       |

**16. General**

- 16.1** These condensed interim consolidated financial information has been prepared in Pak Rupee rounded off to nearest thousand.
- 16.2** These condensed interim consolidated financial information was approved in the Board of Directors meeting held on 24 April 2012.



**Chief Executive**



**Director**



**Wazir Ali Industries Limited**

**Head Office:**

F-33, Hub River Road, S.I.T.E.,  
Karachi-75700, Pakistan.  
Phones: (92-21) 32579683-87  
Fax: (92-21) 32563734, 32578654

**Factory:**

P.O. Box # 26, Hali Road,  
Hyderabad, Pakistan.  
Phones: 0092-022-3881477-79  
Fax: 0092-022-3880670