



WAZIR ALI INDUSTRIES LIMITED

QUARTERLY ACCOUNTS
(UN-AUDITED)

Septemeber 2005

Our Mission

We are one of the established traditional Producers and Marketers of high quality Edible Oils in the health conscious categories, catering to the ever changing consumer demand, their convenience and satisfaction.

Our Vision

We envision becoming leaders in the edible oil and food category in 5 years.

Company Information

Board of Directors

Chairman/Chief Executive Officer Syed Yawar Ali

Directors
Syed Tariq Ali
Syeda Ferial R.Ali
Syed Naseem Ahmad
Mr. Nasim Beg
Mr. H.Aftab Ahmad
Syeda Nighat Ali
Syed Maratib Ali

Board Audit Committee

Chairman Mr. Nasim Beg

Members
Syed Tariq Ali
Syeda Ferial R.Ali

CHIEF FINANCIAL OFFICER/ COMPANY SECRETARY Mr.Amjad Waheed

EXTERNAL AUDITORS Taseer Hadi Khalid &
Company Chartered Accountants

LEGAL ADVISORS Hussain & Haider
Advocates & Solicitors

BANKERS
Prime Commercial Bank Limited
Habib Bank Limited
ABN AMRO Bank
Union Bank Limited
Bank Alfalah Limited

REGISTRARS & SHARE TRANSFER OFFICE THK Associates (Pvt.) Limited
Ground Floor
Modern Motors House,
Beaumont Road, Karachi-75530, Pakistan.

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

FACTORY Hali Road, Hyderabad

DIRCTORS' REVIEW

The Directors of the Company would like to present the un-audited financial statements of the company for the quarter ended 30 September 2005

Overview

The management's decision of focusing more on the popular segment of oil and ghee and making adjustments in the prices to make the products affordable for the common man has given some positive results. Sales Volume has increased by 34% as compared to the same period last year. In money terms the Sales Turnover at Rs. 242.619(M) as against Rs. 202.168(M) last year shows an increase of 20.33%.

The cost of production and gross profit ratio under review is consistent with that of the same quarter last year, which would further improve with the stability in prices of raw materials in the international market.

The Administrative Expenses have increased by 15.3%, however, Selling and Distribution expenses have decreased by 12.7% despite various promotional schemes, trade-offers and advertising campaigns on all mediums. The financial expenses for the quarter under review have increased by 22.8% as compared to the same period of last year due to the increase in interest rate.

Earnings per share for the period under review is Rs 0.42 negative as compared to Rs 0.36 negative during the same period last year.

Future Outlook

We will continue our efforts to improve the business as a result of the restructuring operations of the company commenced in the previous financial year. The formation of the subsidiary company has since been completed and financial arrangements of its development projects have been finalised. The availability of additional working capital for the parent company will assist in the much required support.

Acknowledgements

We are grateful to our customers for adhering to 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 Quality Image and our bankers, development financial institutions for their corporate support.

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

For and on behalf of the Board

Syed Yawar Ali
Chief Executive Officer

Karachi: 26th October 2005

Wazir Ali Industries Limited

Balance Sheet (un audited)

As at 30 September 2005

Note	30 September 2005	30 June 2005 (Audited)
	(Rupees in '000)	
Operating fixed assets - at cost / revaluation less accumulated depreciation	103,339	104,608
Capital Work in Progress	1,570	46
Investment in Subsidiary	50,000	50,000
Long term loans to employees - secured, considered good	249	230
Long term advance and security deposits - secured, considered good	461	154
CURRENT ASSETS		
Stock-in-trade	52,387	57,299
Goods in transit	19,134	22,292
Stores and spares	6,437	5,300
Trade debts - unsecured, considered good	75,575	44,603
Loans and advances - considered good	27,836	21,170
Deposits, prepayments and other receivables	50,486	51,373
Cash and bank balances	4,506	7,304
	236,361	209,341
CURRENT LIABILITIES		
Current maturity of liabilities against assets subject to finance lease and term finance	23,333	22,917
Short term borrowings - secured	129,213	153,365
Mark-up Payable on Borrowing	8,376	11,182
Creditors, accrued expenses and other liabilities	101,905	41,708
Provision for taxation	14,472	11,701
	277,299	240,873
NET CURRENT ASSETS / (LIABILITIES)	(40,938)	(31,532)
NET ASSETS	114,681	123,506
AUTHORIZED CAPITAL (8 million ordinary shares of Rs. 10 each)	80,000	80,000
REPRESENTED BY:		
Share capital	76,057	76,057
Share premium	14,449	14,449
Revenue reserves	66,067	66,067
Accumulated loss	(186,524)	(183,944)
Shareholders' equity	(29,951)	(27,371)
Surplus on revaluation of fixed assets	94,489	95,121
Liabilities against assets subject to finance lease	-	-
Long term deposits	760	760
Long term finance	47,597	52,925
Deferred liability	1,786	2,071
	114,681	123,506
CONTINGENCIES		

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These accounts should be read in conjunction with the attached notes 1 to 10.

These financial statements were approved in the Board of Directors meeting held on **October 26, 2005**.

Chief Executive

Director

Wazir Ali Industries Limited
Profit and Loss Account (un-audited)
For the three months period ended 30 September 2005

	Note	Quarter ended 30 September 2005 (Rupees in '000)	Quarter ended 30 September 2004
Sales - net	7	243,274	202,168
Cost of goods sold	8	(206,750)	(165,766)
Gross profit		<u>36,524</u>	<u>36,402</u>
Administrative expenses		7,742	6,712
Selling and distribution expenses		24,639	28,221
Financial expenses		4,684	3,814
Workers' profit participation fund		-	-
		<u>37,065</u>	<u>38,747</u>
		(541)	(2,345)
Other income		100	583
(Loss) / profit before taxation		<u>(441)</u>	<u>(1,762)</u>
Provision for taxation - current year		(2,771)	(1,011)
(Loss) / Profit after taxation		<u>(3,212)</u>	<u>(2,773)</u>
(Loss) / Earnings per share - basic and diluted		<u>(0.42)</u>	<u>(0.36)</u>

These accounts should be read in conjunction with the attached notes 1 to 10.

These financial statements were approved in the Board of Directors meeting held on October 26, 2005.

Chief Executive

Director

Wazir Ali Industries Limited

Cash Flow Statement (un-audited)

For the three months period ended 30 September 2005

	30 September 2005	30 September 2004 (Un-Audited)
	(Rupees in '000)	
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before taxation	(440)	(1,762)
Adjustments for:		
Depreciation	1,327	1,304
Gain on disposal of fixed assets	-	(357)
Financial charges	4,684	3,814
Provision for deferred liabilities	86	27
	6,097	4,788
Operating profit before working capital changes	5,657	3,026
Changes in operating assets / liabilities		
Stores and spares	(1,137)	(1,929)
Stock in trade	4,913	(17,808)
Goods in transit	3,158	(27,144)
Trade debts	(30,972)	(3,717)
Advances, deposits, prepayments and other receivables	(3,442)	(9,325)
Creditors, accrued expenses and other liabilities	60,032	47,656
	32,552	(12,267)
Staff retirement benefits paid	(371)	-
Financial charges paid	(7,240)	(3,313)
Income tax paid	(1,895)	(936)
	(9,506)	(4,249)
Net cash flows from operating activities	28,703	(13,490)
CASH FLOWS FROM INVESTING ACTIVITIES		
Fixed capital expenditure	(913)	(604)
Increase in Capital Work in Progress	(1,524)	-
Proceeds from disposal of fixed assets	-	357
Net cash flows from investing activities	(2,437)	(247)
CASH FLOWS FROM FINANCING ACTIVITIES		
Long Term Finance	(4,778)	-
Lease payments	(134)	(339)
Increase/(decrease) in short term borrowings	(22,611)	(2,068)
Net cash flows from financing activities	(27,523)	(2,407)
Net decrease in cash and cash equivalents	(1,257)	(16,144)
Cash and cash equivalents at beginning of the period	(106,088)	(68,682)
Cash and cash equivalents at end of the period	(107,345)	(84,826)
CASH AND CASH EQUIVALENTS		
Cash and bank balances	4,506	14,057
Finance under mark-up arrangements	(111,851)	(98,883)
	(107,345)	(84,826)

These accounts should be read in conjunction with the attached notes 1 to 10.

These financial statements were approved in the Board of Directors meeting held on October 26, 2005.

Chief Executive

Director

Wazir Ali Industries Limited

Statement of Changes in Equity

For the three months period ended 30 September 2005

(Rupees in '000)

	Issued subscribed and paid-up capital	Capital reserve (Share premium)	Revenue reserve		Total
			Revenue reserve	Accumulated loss	
Balance as at 30 June 2004	76,057	14,449	66,067	(239,252)	(82,679)
Loss for the Quarter July - Sep. 2004	-	-	-	(2,773)	(2,773)
Transferred from surplus on revaluation of fixed assets	-	-	-	632	632
Balance as at 30 September 2004	76,057	14,449	66,067	(241,393)	(84,820)
Balance as at 30 June 2005	76,057	14,449	66,067	(183,944)	(27,371)
Loss for the Quarter July - Sep. 2005	-	-	-	(3,212)	(3,212)
Transferred from surplus on revaluation of fixed assets	-	-	-	632	632
Balance as at 30 September 2005	76,057	14,449	66,067	(186,524)	(29,951)

These accounts should be read in conjunction with the attached notes 1 to 10.

These financial statements were approved in the Board of Directors meeting held on October 26, 2005.

Chief Executive

Director

Wazir Ali Industries Limited

Notes to the Financial Statements (un-audited)

For the three months period ended 30 September 2005

1. These financial statements are un-audited and are being submitted to shareholders as required by Section 245 of the Companies Ordinance, 1984.
2. These financial statements have been prepared in accordance with the requirements of International Accounting Standard 34 - Interim Financial Reporting.

3. ACCOUNTING POLICIES

The accounting policies adopted for the preparation of these financial statements are consistent with those applied for the preparation of the annual audited financial statements of the company for the year ended 30 June 2005.

4. OPERATING FIXED ASSETS - *at cost / revaluation less accumulated depreciation*

Details of revaluation / additions to operating fixed assets during the three months period ended 30 September 2005 are as follows:

	30 September 2005 (Rupees in '000)	30 September 2004
Office / residential equipments	58.00	-
Vehicle		604
	58.00	604

5. SURPLUS ON REVALUATION OF FIXED ASSETS	30 September 2005 (Rupees in '000)	30 June 2005
Opening balance	95,121	98,516
Revaluation during the period	-	84,515
Transferred to retained earnings (accumulated loss)	(632)	(2,528)
Surplus realized on disposal of land to accumulated losses	-	(85,382)
	94,489	95,121
6 CONTINGENCIES	30 September 2005 (Rupees in '000)	30 June 2005
6.1 Claims against the company not acknowledged as debts.	13,673	13,673
6.2 Bank guarantee	4,836	4,836
6.3 Messrs Parcel Tankers has filed a suit against the company in 1987 before Sindh High Court, since then they have not followed up the case. During the year ended 30 June 2002 the case was discharged by the High Court, as the amount involved was less than the jurisdiction of High Court and was referred to the lower courts. The Company considers that chances of any adverse outcome are remote.		
7. SALES - net	Quarter ended 30 September 2005 (Rupees in '000)	Quarter ended 30 September 2004
Sales	279,230	232,486
Sales tax	(35,273)	(28,644)
Leakages and damages	(683)	(1,673)
	243,274	202,169
8. COST OF GOODS SOLD		
Finished goods at the beginning	24,378	26,027
Cost of goods manufactured	197,068	171,646
Available for sale	221,446	197,673
Balance of finished goods as on 30 September	(14,696)	(31,907)
	206,750	165,766
8.1 Cost of goods manufactured		
Work in process at the beginning	7,268	10,976
Raw materials consumed	162,856	144,575
Packing materials consumed	20,301	17,236
Stores and spares consumed	1,317	961
Salaries, wages and other benefits	7,006	6,315
Contribution to provident fund	192	186
Fuel and power	4,644	4,448
Repair and maintenance	200	172
Rent, rates and taxes	15	-
Marking Fee	-	302
Insurance	154	123
Depreciation	959	959
	204,912	186,253
Work in process as on 30 September	(7,844)	(14,607)
	197,068	171,646

9. TRANSACTIONS WITH ASSOCIATED UNDERTAKINGS

The related parties comprise related group companies, directors and close family members, staff retirement funds, executives and major shareholder's of the company. Associated companies with whom such transactions have taken place includes Zulfiqar Industries Limited, IGI Insurance Company Limited, Treet Corporation Limited and Wazir Ali Ventures (Pvt) Limited. These are associated companies as they are either under the same management and / or with common directors. The company has a policy whereby all transactions with related parties are entered into arm's length prices using the comparable uncontrolled price method for purchases and sales and cost plus method for other transactions. Transaction with related parties during the nine months are as follows:

	Quarter ended 30 September 2005 (Rupees in '000)	Quarter ended 30 September 2004
Contribution to staff retirement funds	321	353
Chief executive's remuneration	335	187
Sales / services rendered	759	1,180
Purchases / services availed	835	1,540
Allocation of common selling and distribution expenses	1,148	2,608
Insurance premium	1,282	448
Rent expense	38	38

10. GENERAL

Figures have been rounded off to the nearest thousand rupees.

These financial statements were approved in the Board of Directors meeting held on October 26, 2005.

Chief Executive

Director

WAZIR ALI INDUSTRIES LIMITED
(and its subsidiary)

QUATERLY ACCOUNTS (CONSOLIDATED)
(UN-AUDITED)

Septemeber 2005

Wazir Ali Industries Limited and its Subsidiary
Consolidated Balance Sheet (un audited)
As at 30 September 2005

Note	30 September 2005	30 June 2005 (Audited)
	(Rupees in '000)	
Operating fixed assets - at cost / revaluation less accumulated depreciation	103,339	104,608
Capital Work in Progress	1,570	46
Investment Property	87,697	87,697
Long term loans to employees - secured, considered good	249	230
Long term advance and security deposits - secured, considered good	461	154
CURRENT ASSETS		
Stock-in-trade	52,387	57,299
Goods in transit	19,134	22,292
Stores and spares	6,437	5,300
Trade debts - unsecured, considered good	75,575	44,603
Loans and advances - considered good	27,836	21,170
Deposits, prepayments and other receivables	12,407	13,321
Cash and bank balances	4,511	7,309
	198,287	171,294
CURRENT LIABILITIES		
Current maturity of liabilities against assets subject to finance lease and term finance	23,333	22,917
Short term borrowings - secured	129,213	153,365
Mark-up Payable on Borrowing	8,376	11,182
Creditors, accrued expenses and other liabilities	101,913	41,733
Provision for taxation	14,472	11,701
	277,307	240,898
NET CURRENT ASSETS / (LIABILITIES)	(79,020)	(69,604)
NET ASSETS	114,296	123,131
AUTHORIZED CAPITAL (8 million ordinary shares of Rs. 10 each)	80,000	80,000
REPRESENTED BY:		
Share capital	76,057	76,057
Share premium	14,449	14,449
Revenue reserves	66,067	66,067
Accumulated loss	(272,291)	(269,701)
Shareholders' equity	(115,718)	(113,128)
Surplus on revaluation of fixed assets	179,871	180,503
Liabilities against assets subject to finance lease	-	-
Long term deposits	760	760
Long term finance	47,597	52,925
Deferred liability	1,786	2,071
	114,296	123,131
CONTINGENCIES		

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These accounts should be read in conjunction with the attached notes **1 to 10**.

These financial statements were approved in the Board of Directors meeting held on **October 26, 2005**.

Chief Executive

Director

Wazir Ali Industries Limited *and its Subsidiary*
Consolidated Profit and Loss Account (un-audited)
For the three months period ended 30 September 2005

	Note	Quarter ended 30 September 2005	Quarter ended 30 September 2004
		(Rupees in '000)	
Sales - net	7	243,274	202,168
Cost of goods sold	8	(206,750)	(165,766)
Gross profit		<u>36,524</u>	<u>36,402</u>
Administrative expenses		7,752	6,712
Selling and distribution expenses		24,639	28,221
Financial expenses		4,684	3,814
Workers' profit participation fund		-	-
		<u>37,075</u>	<u>38,747</u>
		(551)	(2,345)
Other income		100	583
(Loss) / profit before taxation		<u>(451)</u>	<u>(1,762)</u>
Provision for taxation - current year		(2,771)	(1,011)
(Loss) / Profit after taxation		<u>(3,222)</u>	<u>(2,773)</u>
(Loss) / Earnings per share - basic and diluted		<u>(0.42)</u>	<u>(0.36)</u>

These accounts should be read in conjunction with the attached notes 1 to 10.

These financial statements were approved in the Board of Directors meeting held on October 26, 2005.

Chief Executive

Director

Wazir Ali Industries Limited and its Subsidiary
Consolidated Cash Flow Statement (un-audited)

For the three months period ended 30 September 2005

	30 September 2005	30 September 2004 (Un-Audited)
	(Rupees in '000)	
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before taxation	(451)	(1,762)
Adjustments for:		
Depreciation	1,327	1,304
Gain on disposal of fixed assets	-	(357)
Financial charges	4,684	3,814
Provision for deferred liabilities	86	27
	6,097	4,788
Operating profit before working capital changes	5,646	3,026
Changes in operating assets / liabilities		
Stores and spares	(1,137)	(1,929)
Stock in trade	4,913	(17,808)
Goods in transit	3,158	(27,144)
Trade debts	(30,972)	(3,717)
Advances, deposits, prepayments and other receivables	(3,442)	(9,325)
Creditors, accrued expenses and other liabilities	60,043	47,656
	32,563	(12,267)
Staff retirement benefits paid	(371)	-
Financial charges paid	(7,240)	(3,313)
Income tax paid	(1,895)	(936)
	(9,506)	(4,249)
Net cash flows from operating activities	28,703	(13,490)
CASH FLOWS FROM INVESTING ACTIVITIES		
Fixed capital expenditure	(913)	(604)
Increase in Capital Work in Progress	(1,524)	-
Proceeds from disposal of fixed assets	-	357
Net cash flows from investing activities	(2,437)	(247)
CASH FLOWS FROM FINANCING ACTIVITIES		
Long Term Finance	(4,778)	-
Lease payments	(134)	(339)
Increase/(decrease) in short term borrowings	(22,611)	(2,068)
Net cash flows from financing activities	(27,523)	(2,407)
Net decrease in cash and cash equivalents	(1,257)	(16,144)
Cash and cash equivalents at beginning of the period	(106,088)	(68,682)
Cash and cash equivalents at end of the period	(107,345)	(84,826)
CASH AND CASH EQUIVALENTS		
Cash and bank balances	4,506	14,057
Finance under mark-up arrangements	(111,851)	(98,883)
	(107,345)	(84,826)

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Chief Executive

Director

Wazir Ali Industries Limited *and its Subsidiary*
Consolidated Statement of Changes in Equity
For the three months period ended 30 September 2005

(Rupees in '000)

	Issued subscribed and paid-up capital	Capital reserve (Share premium)	Revenue reserve		Total
			Revenue reserve	Accumulated loss	
Balance as at 30 June 2004	76,057	14,449	66,067	(239,252)	(82,679)
Loss for the Quarter July - Sep. 2004	-	-	-	(2,773)	(2,773)
Transferred from surplus on revaluation of fixed assets	-	-	-	632	632
Balance as at 30 September 2004	76,057	14,449	66,067	(241,393)	(84,820)
Balance as at 30 June 2005	76,057	14,449	66,067	(269,701)	(113,128)
Loss for the Quarter July - Sep. 2005	-	-	-	(3,222)	(3,222)
Transferred from surplus on revaluation of fixed assets	-	-	-	632	632
Balance as at 30 September 2005	76,057	14,449	66,067	(272,291)	(115,718)

These accounts should be read in conjunction with the attached notes 1 to 10.

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Chief Executive

Director

Wazir Ali Industries Limited *and its Subsidiary*

Notes to the Consolidated Financial Statements (un-audited)

For the three months period ended 30 September 2005

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4. OPERATING FIXED ASSETS - *at cost / revaluation less accumulated depreciation*

Details of revaluation / additions to operating fixed assets during the three months period ended 30 September 2005 are as follows:

	30 September 2005 (Rupees in '000)	30 September 2004
Office / residential equipments	58.00	-
Vehicle		604
	58.00	604

5. SURPLUS ON REVALUATION OF FIXED ASSETS	30 September 2005	30 June 2005
	(Rupees in '000)	
Opening balance	95,121	98,516
Revaluation during the period	-	84,515
Transferred to retained earnings (accumulated loss)	(632)	(2,528)
Surplus realized on disposal of land to accumulated losses	-	(85,382)
	(632)	(87,910)
	94,489	95,121
6 CONTINGENCIES	30 September 2005	30 June 2005
	(Rupees in '000)	
6.1 Claims against the company not acknowledged as debts.	13,673	13,673
6.2 Bank guarantee	4,836	4,836
6.3 Messrs Parcel Tankers has filed a suit against the company in 1987 before Sindh High Court, since then they have not followed up the case. During the year ended 30 June 2002 the case was discharged by the High Court, as the amount involved was less than the jurisdiction of High Court and was referred to the lower courts. The Company considers that chances of any adverse outcome are remote.		
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Sales tax	(35,273)	(28,644)
Leakages and damages	(683)	(1,673)
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8. COST OF GOODS SOLD		
Finished goods at the beginning	24,378	26,027
Cost of goods manufactured	197,068	171,646
Available for sale	221,446	197,673
Balance of finished goods as on 30 September	(14,696)	(31,907)
	206,750	165,766
8.1 Cost of goods manufactured		
Work in process at the beginning	7,268	10,976
Raw materials consumed	162,856	144,575
Packing materials consumed	20,301	17,236
Stores and spares consumed	1,317	961
Salaries, wages and other benefits	7,006	6,315
Contribution to provident fund	192	186
Fuel and power	4,644	4,448
Repair and maintenance	200	172
Rent, rates and taxes	15	-
Marking Fee	-	302
Insurance	154	123
Depreciation	959	959
	204,912	186,253
Work in process as on 30 September	(7,844)	(14,607)
	197,068	171,646

9. TRANSACTIONS WITH ASSOCIATED UNDERTAKINGS

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Sales / services rendered	759	1,180
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Insurance premium	1,282	448
Rent expense	38	38

10. GENERAL

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Chief Executive

Director