



## 1st Quarter Report '08

### COMPANY INFORMATION

#### BOARD OF DIRECTORS

**CHAIRMAN** Syed Yawar Ali

**CHIEF EXECUTIVE OFFICER** Mr. Abdus Samad

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

#### BOARD AUDIT COMMITTEE

**CHAIRMAN** Mr. Mohammed Bashir Janmohammed

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

#### CHIEF FINANCIAL OFFICER/ COMPANY SECRETARY

Mr. Amjad Waheed

#### AUDITORS

*KPMG* Taseer Hadi & Co.  
Chartered Accountants

#### LEGAL ADVISORS

Hussain & Haider  
Advocates & Solicitors

#### BANKERS

The Royal Bank of Scotland Limited  
National Bank of Pakistan  
Standard Chartered Bank (Pakistan) Limited  
Habib Bank Limited  
MCB Bank Limited

#### REGISTRARS & SHARE TRANSFER OFFICE

THK Associates (Pvt.) Limited  
Ground Floor, State Life Building-3  
Dr. Ziauddin Ahmed Road, Karachi.  
Telephone: +92.21.111-000-322  
Fax: +92.21.5655595

#### REGISTERED OFFICE

F-33, Hub River Road, SITE, Karachi.  
Telephone: +92.21.2579683-7  
Fax: +92.21.2578654

#### FACTORY

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

#### WEBSITE

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



## 1st Quarter Report '08

### DIRECTOR'S REVIEW

The Directors of the Company would like to present the Unconsolidated Un-Audited Financial Statements of the Company for the Quarter ended 30 September 2008.

#### Overview

The Sales Turn over was Rs.228,847(M) as compared to Rs.220,693(M) last year showing an increase of 3.7 % as against a decline of 17.5% for the same period of the previous year.

The Gross Profit ratio at 14.7% is almost the same as that of the Corresponding quarter (14.9%). The Company's production increased by 48% over in the same quarter of last year as a result of the Toll Manufacturing Agreement.

The Administrative and General Expenses have decreased by 7.5% reflecting the management's policy of rationalising expenses. Selling and Distribution Expenses were lower by 22% owing to joint marketing arrangements with Dalda Foods (Pvt) Ltd. The Financial Charges, however, nearly doubled to Rs. 11.1(M) due to increase in mark up rates and additional subordinated loan.

Earnings per share for the period are Rs 0.47 positive as compared to Rs 0.38 during the same period of last year.

#### Future Outlook

A comprehensive re-launch campaign covering media activities and on ground activations was developed to support the Tullo and Pride brands to achieve sustainable and profitable growth of sales volumes. The company is confident about the success of its strategy and its implementation which is expected to yield positive results in the coming years.

#### 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

Abdus Samad  
Chief Executive Officer

Karachi : 30 October 2008



## 1st Quarter Report '08

### Condensed Unconsolidated Interim Balance Sheet (Unaudited)

As at 30 September 2008

	Note	Unaudited 30 September 2008	Audited 30 June 2008
<b>Assets</b>			
<b>(Rupees in '000)</b>			
<b>Non-current assets</b>			
Property, plant and equipment	7	135,574	136,324
Investment in subsidiary - at cost		50,000	50,000
Long term loans to employees - secured, considered good		249	681
Long term advances and security deposits - unsecured, considered good		183	183
<b>Total non-current assets</b>		<b>186,007</b>	<b>187,188</b>
<b>Current Assets</b>			
Stores and spares		5,932	5,269
Stock-in-trade		170,543	176,295
Trade debts - unsecured, considered good		52,382	33,093
Due from related parties		5,172	6,154
Loans and advances - considered good		1,120	881
Advances, deposits, pre-payments and other receivables		9,433	6,931
Taxation - net		11,430	9,960
Cash and bank balances		24,401	10,451
<b>Total current assets</b>		<b>280,414</b>	<b>249,034</b>
<b>Total Assets</b>		<b>466,420</b>	<b>436,222</b>
<b>Equity</b>			
<b>Share capital and reserves</b>			
Authorised capital			
8,000,000 (30 June 2008: 8,000,000)			
ordinary shares of Rs. 10 each		80,000	80,000
Issued, subscribed and paid up capital			
7,986,000 (30 June 2008: 7,986,000)			
ordinary shares of Rs. 10 each		79,860	79,860
Accumulated losses		(235,219)	(239,750)
		(155,359)	(159,890)
<b>Surplus on revaluation of property, plant and equipment</b>	8	<b>119,524</b>	<b>120,322</b>
<b>Non - current liabilities</b>			
Liabilities against asset subject to finance lease		-	-
Long term borrowings - secured		-	-
Long term deposits		-	-
Sub-ordinated loan - unsecured	9	150,000	150,000
Deferred taxation		8,445	8,443
Deferred liabilities - employee benefits		844	844
<b>Total non-current liabilities</b>		<b>159,289</b>	<b>159,287</b>
<b>Current liabilities</b>			
Current maturity of long term borrowings	10.1.1	12,177	17,940
Short term borrowings - secured		128,964	104,375
Mark-up payable on borrowings		21,447	12,767
Trade and other payables		180,378	181,421
<b>Total current liabilities</b>		<b>342,966</b>	<b>316,503</b>
<b>Total equity and liabilities</b>		<b>466,420</b>	<b>436,222</b>
<b>Contingencies</b>			
	11		

The annexed notes 1 to 14 form an integral part of these condensed unconsolidated interim financial statements.

Karachi: 30-Oct-08

Chief Executive Officer

Director



## 1st Quarter Report '08

### Condensed Unconsolidated Interim Profit and Loss Account (Unaudited)

For the Three months period ended 30 September 2008

	Note	Quarter ended 30 September 2008 ----- (Rupees in '000) -----	Quarter ended 30 September 2007
Revenue - net		228,847	220,693
Cost of goods sold / services		(195,109)	(187,811)
<b>Gross profit</b>	12	<b>33,738</b>	32,882
Distribution and marketing expenses		(13,647)	(17,502)
Administration expenses		(5,239)	(5,665)
		(18,885)	(23,167)
Other income		319	463
<b>Operating Profit</b>		<b>15,171</b>	10,178
Financial charges		(11,182)	(5,914)
<b>Profit before taxation</b>		<b>3,989</b>	4,264
Taxation - current and deferred		(256)	(1,232)
<b>Profit for the period</b>		<b>3,733</b>	3,032
			(Rupees)
<b>Profit per share - basic and diluted</b>		<b>0.47</b>	0.38

The annexed notes 1 to 14 form an integral part of these condensed unconsolidated interim financial statements.

Karachi: 30-Oct-08

Chief Executive Officer

Director



## 1st Quarter Report '08

### Condensed Unconsolidated Interim Cash Flow Statement (Unaudited)

For the Three months period ended 30 September 2008

	Quarter ended 30 September 2008	Quarter ended 30 September 2007
(Rupees in '000)		
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
<b>Profit before taxation</b>	<b>3,989</b>	4,264
Adjustments for:		
- Depreciation	1,070	833
- Profit on sale of property, plant and equipment	-	-
- Financial charges	11,182	5,914
Operating profit before working capital changes	16,242	11,011
Decrease / (increase) in stores and spares	(663)	964
Decrease in stock in trade	5,752	11,923
Decrease in goods in transit	-	-
(Increase) in trade debts	(19,289)	(49,681)
Decrease / (increase) in loans and advances	(239)	11
Decrease in due from affiliated companies	982	-
(Increase) in advances, deposits, pre-payments and other receivables	(2,502)	(2,812)
(Decrease) / increase in trade and other payables	(1,043)	44,156
<b>Cash generated from / (used in) operations</b>	<b>(761)</b>	15,572
Compensated absences paid	-	(1,397)
Long term loans to employees - secured, considered good	432	-
Financial charges paid	(2,502)	(2,507)
Income tax paid	(1,724)	(1,569)
Net cash from / (used in) operating activities	(4,555)	10,099
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Fixed capital expenditure	(321)	(163)
Proceeds from sale of items of property, plant and equipment	-	1,630
Net cash from investing activities	(321)	1,467
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Repayment long term finance	(5,763)	(5,117)
Lease rentals paid	-	(99)
Short term borrowings (paid) / obtained	-	2,129
Net cash from / (used in) financing activities	(5,763)	(3,087)
Net increase / (decrease) in cash and cash equivalents	(10,639)	8,479
Cash and cash equivalents at beginning of the period	(93,924)	(140,557)
<b>Cash and cash equivalents at end of the period</b>	<b>(104,563)</b>	<b>(132,077)</b>
<b>Cash and cash equivalents</b>		
Cash and bank balances	24,401	15,841
Short term borrowings	(128,964)	(147,918)
	<b>(104,563)</b>	<b>(132,076)</b>

The annexed notes 1 to 14 form an integral part of these condensed unconsolidated interim financial statements.

Karachi: 30-Oct-08

Chief Executive Officer

Director



## 1st Quarter Report '08

### Condensed Unconsolidated Interim Statement of Changes in Equity (Unaudited) For the Three months period ended 30 September 2008

	Issued, subscribed & paid-up capital	Capital reserve Share premium	Revenue reserves		Total
			General reserves	Accumulated loss	
----- (Rupees in '000) -----					
<b>Balance as at 1 July 2007</b>	79,860	10,646	66,067	(277,435)	<b>(120,862)</b>
<b>Changes in equity for the three months period ended 30 September 2007</b>					
Profit for the three months period	-	-	-	3,032	<b>3,032</b>
Transferred from surplus on revaluation of property, plant and equipment	-	-	-	840	<b>840</b>
Total recognised income for the three months period	-	-	-	3,872	<b>3,872</b>
<b>Balance as at 30 September 2007</b>	<u>79,860</u>	<u>10,646</u>	<u>66,067</u>	<u>(273,563)</u>	<u><b>(116,990)</b></u>
<b>Balance as at 1 July 2008</b>	79,860	10,646	66,067	(316,463)	<b>(159,890)</b>
<b>Changes in equity for the three months period ended 30 September 2008</b>					
Profit for the three months period	-	-	-	3,733	<b>3,733</b>
Transferred from surplus on revaluation of property, plant and equipment	-	-	-	798	<b>798</b>
Total recognised income for the three months period	-	-	-	4,531	<b>4,531</b>
<b>Balance as at 30 September 2008</b>	<u>79,860</u>	<u>10,646</u>	<u>66,067</u>	<u>(311,932)</u>	<u><b>(155,359)</b></u>

The annexed notes 1 to 14 form an integral part of these condensed unconsolidated interim financial statements.

Karachi: 30-Oct-08

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

  
\_\_\_\_\_  
Director



## 1st Quarter Report '08

### Wazir Ali Industries Limited

Notes to the Condensed Unconsolidated Interim Financial Statements (Unaudited)

For the Three months period ended 30 September 2008

#### 1. Status and nature of business

Wazir Ali Industries Limited ("the Company") was incorporated as a public limited company under the Companies Act, 1913 (now the Companies Ordinance, 1984) and its shares are listed on the Karachi and Lahore Stock Exchanges. Principal activity of the Company is to manufacture and sale of vanaspati ghee and cooking oils.

#### 2. Statement of Compliance

These condensed unconsolidated interim financial statements for the three months period have been prepared in accordance with the requirements of the International Financial Reporting Standard (IFRS) IAS 34 "Interim Financial Reporting"

#### 3. Basis of presentation

These condensed interim financial statements have been presented in accordance with the requirements of the "International Accounting Standard 34- Interim Financial Reporting", these accounts are being circulated to the shareholders in accordance with the requirements of section 245 of the Companies Ordinance, 1984.

#### 4. Significant accounting policies

The accounting policies adopted for the preparation of these condensed unconsolidated interim financial statements are the same as those applied in preparation of the annual audited unconsolidated financial statements of the Company as at and for the year ended 30 June 2008.

#### 4.1 Segment reporting

A segment is a distinguishable component of the Company that is engaged in providing related products or services (business segment), or in providing products or services within a particular economic environment. Segment information is presented in respect of the Company's business and geographical segments.

#### 5. Use of estimates and judgments

The significant judgments made by the management in applying the Company's accounting policies and the key sources of estimation for uncertainty were the same as those applied to the unconsolidated financial statements as at and for the year ended 30 June 2008.

#### 6. Financial risk management

The Company's financial risk management objectives and policies are consistent with those disclosed in the unconsolidated financial statements as at and for the year ended 30 June 2008.

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

		30 September 2008 Unaudited (Rupees in '000)	30 June 2008 Audited
Operating fixed assets	7.1	135,574	136,324
Capital work-in-progress	7.2	-	-
		<u>135,574</u>	<u>136,324</u>



## 1st Quarter Report '08

<b>7.1 Operating fixed assets</b>		
Opening book value	136,324	140,802
Increase due to revaluation / Addition	321	755
Disposals	-	(735)
Depreciation	(1,070)	(4,498)
	<b>135,574</b>	<b>136,324</b>
<b>7.2 Capital work-in-progress</b>		
Opening value	-	1,099
Less: Provision for impairment	-	(1,099)
	<b>-</b>	<b>-</b>
<b>8. Surplus on revaluation of property, plant and equipment</b>		
Opening balance	120,322	131,957
Revaluation during the period / year	-	-
Surplus transferred to accumulated loss in respect of incremental depreciation charged on related assets during the period / year	(798)	(3,192)
	<b>119,524</b>	<b>128,765</b>
Less: related deferred tax liability	-	(8,443)
	<b>119,524</b>	<b>120,322</b>

This represents surplus arising on revaluation of freehold land, building and plant and machinery of the Company. The revaluations were carried out under market value basis by independent valuers M/s Iqbal A Nanjee & Co. and M/s Imran Associates on 31 January 2005, M/s Iqbal A Nanjee & Co. on 30 September 2003 and M/s Iqbal A Nanjee & Co. on 18 September 2006.

### 9. Sub-ordinated loan - unsecured

This loan has been borrowed from Dalda Foods (Private) Limited. The loan is unsecured and is repayable in 20 equal quarterly instalments after the expiry of 2 years grace period. It carries mark-up at the rate of 6 months KIBOR plus 1.5 per annum.

### 10. Long term borrowings

From:		
-Banking company - secured	10.1	-
-Related party - unsecured	10.2	-
		<b>-</b>
<b>10.1 Banking company - secured</b>		
Balance as on 1 July	17,816	39,229
Repayments made during the period / year	(5,763)	(21,413)
	<b>12,053</b>	<b>17,816</b>
Current maturity	(12,053)	(17,816)
	<b>-</b>	<b>-</b>
<b>10.1.1 Current Maturities of Long term borrowings</b>		
Liabilities against asset subject to finance lease	124	124
Long term finance	12,053	17,816
	<b>12,177</b>	<b>17,940</b>

**10.1.2** This represents term finance facility obtained from Royal Bank of Scotland Limited (formerly ABN AMRO Bank Limited) Karachi amounting to Rs. 80 million (June 2008: Rs. 80 million) repayable in 16 quarterly instalments alongwith mark-up over a term of 5 years, including one year grace period of repayment of principal. The loan carries mark-up at rate of 3 months KIBOR plus 200 bps with a floor of 12% per annum. The facility is secured against first pari passu charge of Rs. 135 million on present and future assets of the Company including freehold land, building, machinery, stock in trade and trade debts.





## 1st Quarter Report '08

### 11. Contingencies

- 11.1 Claims against the Company not acknowledged as debts  
Bank Guarantees

	(Unaudited) 30 September 2008	(Unaudited) 30 September 2007
	16,648	14,857
	<u>6,072</u>	<u>6,072</u>

	Three months period ended 30 September 2008		Three months period ended 30 September 2007	
	Own Manufacturing	Toll Manufacturing	Own Manufacturing	Total

### 12. Information about segments

	Three months period ended 30 September 2008		Three months period ended 30 September 2007	
	Own Manufacturing	Toll Manufacturing	Own Manufacturing	Total
Revenue - net	189,846	39,001	228,847	14,073
Cost of goods sold / services	92,215	-	92,215	81,825
Opening balance of finished goods	207,322	29,758	237,080	18,038
Cost of goods manufactured / services provided	299,537	29,758	329,295	226,818
Available for sale	(134,186)	-	(134,186)	18,038
Closing balance of finished goods	165,351	29,758	195,109	(57,045)
Gross profit / (loss)	24,495	9,243	33,738	18,038
Cost of goods manufactured / services provided:				
Opening stock of work in process	53,507	-	53,507	10,616
Raw materials consumed	*140,911	10,846	151,757	117,845
Packing materials consumed	10,241	-	10,241	5,393
Stores and spares consumed	1,220	4,760	5,980	10,721
Salaries, wages and other benefits	6,515	3,432	9,947	767
Contribution to provident fund	-	-	-	1,647
Fuel and power	2,479	9,672	12,151	3,125
Repair and maintenance	65	254	319	67
Rent, rates and taxes	0	1	1	193
Insurance	39	153	192	3,212
Depreciation	164	640	804	6,894
Others / Expenses charged to Service Income	-	-	-	10,106
Closing stock of work in process	215,141	29,758	244,899	149,645
	(7,819)	-	(7,819)	18,038
	<u>207,322</u>	<u>29,758</u>	<u>237,080</u>	<u>(4,652)</u>
				<u>144,993</u>
				<u>18,038</u>
				<u>163,031</u>

\* This includes raw material of Rs. 29,670 million borrowed from Dabur Foods (Private) Limited.

- 12.1 Variable and fixed costs incurred during the period have been allocated based on tonnages produced under toll manufacturing agreement. Reasonable basis for allocation of fixed costs to toll manufacturing segment are being developed.



## 1st Quarter Report '08

### 13. Transactions with related parties

The related parties and associated undertakings comprise local associated companies, staff retirement funds, directors and key management personnel.

Associated companies with whom such transactions have taken place include Zulfeqar Industries Limited, IGI Insurance Company Limited, Wazir Ali Ventures (Private) Limited, Mapak Edible Oils (Private) Ltd, Shakoo (Private) Limited and Treet Corporation Limited. These are associated companies as they are either under the same management and / or with common directors. The Company continues to have a policy whereby all transactions with related parties and associated undertakings are entered into at arm's length prices using the comparable uncontrolled price method for purchases and sales and cost plus method for other transactions. Contributions to the defined contribution plan (provident fund) are made as per the terms of employment. Further, remuneration to key management personnel are as per the terms of their employment.

Transactions with related parties during the three months are as follows:

	Three months period ended	
	30 September 2008	30 September 2007
	(Rupees in '000)	
Contribution to staff retirement funds	-	245
Executive's remuneration	-	316
Sales / services rendered	590	14,634
Purchases / services availed	189,351	66,003
Common expenses allocated to subsidiary company	-	-
Common expenses allocated to related party	420	368
Common expenses allocated by related party	38	38
Cash receipts from associated company	22,000	26,335
Freight charges paid on behalf of associated company	3,237	1,402
Toll manufacturing fee	30,905	21,012
Fee charged under distribution and marketing agreement	4,129	-
Insurance premium paid	361	-

### 14. General

Figures have been rounded off to the nearest thousand rupees and corresponding figures have been rearranged, wherever necessary for the purposes of comparison..

These condensed unconsolidated interim financial statements were approved in the Board of Director's meeting held on 30 October 2008.

Chief Executive Officer

Director

Karachi: 30-Oct-08



**Wazir Ali Industries Limited**

**and its Subsidiary**

**Consolidated FINANCIAL STATEMENTS**

**(UN-AUDITED)**

**Three MONTHS PERIOD ENDED**

**September 30, 2008**



## 1st Quarter Report '08

### DIRECTOR'S REVIEW

The Directors of the Company would like to present the Consolidated Un-Audited Financial Statements of the Company for the Quarter ended 30 September 2008.

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The Gross Profit ratio at 14.7% is almost the same as that of the Corresponding quarter (14.9%). The Company's production increased by 48% over in the same quarter of last year as a result of the Toll Manufacturing Agreement.

The Administrative and General Expenses have decreased by 14.6% reflecting the management's policy of rationalising expenses. Selling and Distribution Expenses were lower by 22% owing to joint marketing arrangements with Dalda Foods (Pvt) Ltd. The Financial Charges, however, increased by 68% due to increase in mark up rates and additional subordinated loan.

Earnings per share for the period are Rs 0.18 positive as compared to Rs 0.10 during the same period of last year.

#### Future Outlook

A comprehensive re-launch campaign covering media activities and on ground activations was developed to support the Tullo and Pride brands to achieve sustainable and profitable growth of sales volumes. The company is confident about the success of its strategy and its implementation which is expected to yield positive results in the coming years.

#### 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

Abdus Samad  
Chief Executive Officer

Karachi : 30 October 2008



## 1st Quarter Report '08

### Condensed Consolidated Interim Balance Sheet (Unaudited)

As at 30 September 2008

	Note	(Un-audited) 30 September 2008	(Audited) 30 June 2008
<b>Assets</b>			
<b>(Rupees in '000)</b>			
<b>Non-current assets</b>			
Property, plant and equipment	7	135,574	136,324
Investment in property		135,000	135,000
Long term loans to employees - secured, considered good		249	681
Long term advances and security deposits - unsecured, considered good		183	183
<b>Total non-current assets</b>		<b>271,006</b>	<b>272,188</b>
<b>Current Assets</b>			
Stores and spares		5,932	5,269
Stock-in-trade		170,543	176,295
Trade debts - unsecured, considered good		52,382	33,093
Due from related parties		480	-
Loans and advances - considered good		1,120	881
Advances, deposits, pre-payments and other receivables		9,433	8,393
Taxation - net		11,430	9,960
Cash and bank balances		24,673	10,723
<b>Total current assets</b>		<b>275,994</b>	<b>244,614</b>
<b>Total Assets</b>		<b>547,000</b>	<b>516,802</b>
<b>Equity</b>			
<b>Share capital and reserves</b>			
Authorised capital			
8,000,000 (30 June 2008: 8,000,000)			
ordinary shares of Rs. 10 each		80,000	80,000
Issued, subscribed and paid up capital			
7,986,000 (30 June 2008: 7,986,000)			
ordinary shares of Rs. 10 each		79,860	79,860
Accumulated losses		(318,952)	(321,182)
		(239,092)	(241,322)
<b>Surplus on revaluation of property, plant and equipment</b>	8	<b>204,906</b>	<b>205,704</b>
<b>Non-current liabilities</b>			
Liabilities against asset subject to finance lease		-	-
Long term borrowings - secured		40,997	43,791
Long term deposits		-	-
Sub-ordinated loan - unsecured	9	150,000	150,000
Deferred taxation		24,983	24,981
Deferred liabilities - employee benefits		844	844
<b>Total non-current liabilities</b>		<b>216,824</b>	<b>219,616</b>
<b>Current liabilities</b>			
Current maturity of long term borrowings	10.1.1	23,247	28,942
Short term borrowings - secured		138,521	108,945
Mark-up payable on borrowings		22,215	13,421
Trade and other payables		180,378	181,497
<b>Total current liabilities</b>		<b>364,361</b>	<b>332,805</b>
<b>Total equity and liabilities</b>		<b>547,000</b>	<b>516,802</b>
<b>Contingencies</b>			
	11		

The annexed notes 1 to 14 form an integral part of these condensed consolidated interim financial statements.

Karachi: 30-Oct-08

Chief Executive Officer

Director



## 1st Quarter Report '08

### Condensed Consolidated Interim Profit and Loss Account (Unaudited)

For the Three months period ended 30 September 2008

	Note	Quarter ended 30 September 2008	Quarter ended 30 September 2007
		----- (Rupees in '000) -----	
Revenue - net		228,847	220,693
Cost of goods sold / services		(195,109)	(187,811)
<b>Gross profit</b>	12	<b>33,738</b>	32,882
Distribution and marketing expenses		(13,647)	(17,502)
Administration expenses		(5,247)	(6,144)
		(18,893)	(23,646)
Other income		319	795
<b>Operating Profit</b>		<b>15,163</b>	10,031
Financial charges		(13,475)	(8,019)
<b>Profit before taxation</b>		<b>1,688</b>	2,012
Taxation - current and deferred		(256)	(1,232)
<b>Profit for the period</b>		<b>1,432</b>	780
		(Rupees)	
<b>Profit per share - basic and diluted</b>		<b>0.18</b>	0.10

The annexed notes 1 to 14 form an integral part of these condensed consolidated interim financial statements.

Karachi: 30-Oct-08

Chief Executive Officer

Director



## 1st Quarter Report '08

### Condensed Consolidated Interim Cash Flow Statement (Unaudited)

For the Three months period ended 30 September 2008

	Quarter ended 30 September 2008	Quarter ended 30 September 2007
	(Rupees in '000)	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
<b>Profit before taxation</b>	<b>1,688</b>	4,264
Adjustments for:		
- Depreciation	1,070	833
- Profit on sale of property, plant and equipment	-	-
- Financial charges	13,475	5,914
Operating profit before working capital changes	16,234	11,011
(Increase) decrease in stores and spares	(663)	964
Decrease in stock in trade	5,752	11,923
Decrease in goods in transit	-	-
(Increase) in trade debts	(19,289)	(49,681)
Decrease / (increase) in loans and advances	(239)	11
(Increase) in due from affiliated companies	(480)	-
(Increase) in advances, deposits, pre-payments and other receivables	(1,040)	(2,812)
(Decrease) / increase in trade and other payables	(1,119)	44,156
<b>Cash generated from / (used in) operations</b>	<b>(845)</b>	15,572
Compensated absences paid	-	(1,397)
Long term loans to employees - secured, considered good	432	-
Financial charges paid	(4,680)	(2,507)
Income tax paid	(1,724)	(1,569)
Net cash from / (used in) operating activities	(6,817)	10,099
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Fixed capital expenditure	(320)	(163)
Proceeds from sale of items of property, plant and equipment	-	1,630
Net cash from investing activities	(320)	1,467
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Repayment long term finance	(8,489)	(5,117)
Lease rentals paid	-	(99)
Short term borrowings (paid) / obtained	-	2,129
Net cash from / (used in) financing activities	(8,489)	(3,087)
Net increase / (decrease) in cash and cash equivalents	(15,626)	8,479
Cash and cash equivalents at beginning of the period	(98,222)	(140,557)
<b>Cash and cash equivalents at end of the period</b>	<b>(113,848)</b>	(132,077)
<b>Cash and cash equivalents</b>		
Cash and bank balances	24,673	15,841
Short term borrowings	(138,521)	(147,918)
	(113,848)	(132,076)

The annexed notes 1 to 14 form an integral part of these condensed consolidated interim financial statements.

Karachi: 30-Oct-08

Chief Executive Officer

Director



## 1st Quarter Report '08

### Condensed Consolidated Interim Statement of Changes in Equity (Unaudited)

For the Three months period ended 30 September 2008

	Issued, subscribed & paid-up capital	Capital reserve Share premium	Revenue reserves		Total
			General reserves	Accumulated loss	
----- (Rupees in '000) -----					
<b>Balance as at 1 July 2007</b>	79,860	10,646	66,067	(368,477)	<b>(211,904)</b>
<b>Changes in equity for the three months period ended 30 September 2007</b>					
Profit for the three months period	-	-	-	780	<b>780</b>
Transferred from surplus on revaluation of property, plant and equipment	-	-	-	840	<b>840</b>
Total recognised income for the three months period	-	-	-	1,620	<b>1,620</b>
<b>Balance as at 30 September 2007</b>	<u>79,860</u>	<u>10,646</u>	<u>66,067</u>	<u>(366,858)</u>	<u><b>(210,284)</b></u>
<b>Balance as at 1 July 2008</b>	79,860	10,646	66,067	(397,895)	<b>(241,322)</b>
<b>Changes in equity for the three months period ended 30 September 2008</b>					
Profit for the three months period	-	-	-	1,432	<b>1,432</b>
Transferred from surplus on revaluation of property, plant and equipment	-	-	-	798	<b>798</b>
Total recognised income for the three months period	-	-	-	2,230	<b>2,230</b>
<b>Balance as at 30 September 2008</b>	<u>79,860</u>	<u>10,646</u>	<u>66,067</u>	<u>(395,665)</u>	<u><b>(239,092)</b></u>

The annexed notes 1 to 14 form an integral part of these condensed consolidated interim financial statements.

Karachi: 30-Oct-08

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

  
\_\_\_\_\_  
Director





## 1st Quarter Report '08

### Wazir Ali Industries Limited

Notes to the Condensed Consolidated Interim Financial Statements (Unaudited)  
For the Three months period ended 30 September 2008

#### 1. Status and nature of business

- 1.1 Wazir Ali Industries Limited ("the Holding Company") was incorporated as a public limited company under the Companies Act, 1913 (now the Companies Ordinance, 1984) and its shares are listed on the Karachi and Lahore Stock Exchanges. Principal activity of the Company is to manufacture and sale of vanaspati ghee and cooking oils.

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 consolidation

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.

#### 2. Statement of Compliance

These condensed consolidated interim financial statements for the three months period have been prepared in accordance with the requirements of the International Financial Reporting Standards (IFRS) and IAS 34 "Interim Financial Reporting".

#### 3. Basis of Presentation

These condensed consolidated interim financial statements have been presented in accordance with the requirements of the "International Accounting Standard-34 Interim Financial Reporting". These accounts are being circulated to the shareholders in accordance with requirements of section 245 of the Companies Ordinance, 1984.

#### 4. Significant accounting policies

The accounting policies adopted for the preparation of these condensed consolidated interim financial statements are the same as those applied in preparation of the annual audited consolidated financial statements of the Company as at and for the year ended 30 June 2008.

#### 4.1 Segment reporting

A segment is a distinguishable component of the Company that is engaged in providing related products or services (business segment), or in providing products or services within a particular economic environment. Segment information is presented in respect of the Company's business and geographical segments.

#### 5. Use of estimates and judgments

The significant judgments made by the management in applying the Company's accounting policies and the key sources of estimation for uncertainty were the same as those applied to the consolidated financial statements as at and for the year ended 30 June 2008.



## 1st Quarter Report '08

### 6. Financial risk management

The Company's financial risk management objectives and policies are consistent with those disclosed in the consolidated financial statements as at and for the year ended 30 June 2008.

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

		(Unaudited) 30 September 2008	(Audited) 30 June 2008
(Rupees in '000)			
Operating fixed assets	7.1	135,574	136,324
Capital work-in-progress	7.2	-	-
		<b>135,574</b>	<b>136,324</b>
<b>7.1 Operating fixed assets</b>			
Opening book value		136,324	140,802
Increase due to revaluation / Addition		321	755
Disposals		-	(735)
Depreciation		(1,070)	(4,498)
		<b>135,574</b>	<b>136,324</b>
<b>7.2 Capital work-in-progress</b>			
Opening value		-	-
Additions during the period		-	-
		<b>-</b>	<b>-</b>
<b>8. Surplus on revaluation of property, plant and equipment</b>			
Opening balance		205,704	217,339
Revaluation during the period / year		-	-
Surplus transferred to accumulated loss in respect of incremental depreciation charged on related assets during the period / year		(798)	(3,192)
		<b>204,906</b>	<b>214,147</b>
Less: related deferred tax liability		-	(8,443)
		<b>204,906</b>	<b>205,704</b>

This represents surplus arising on revaluation of freehold land, building and plant and machinery of the Company. The revaluations were carried out under market value basis by independent valuers M/s Iqbal A Nanjee & Co. and M/s Imran Associates on 31 January 2005, M/s Iqbal A Nanjee & Co. on 30 September 2003 and M/s Iqbal A Nanjee & Co. on 18 September 2006.

### 9. Sub-ordinated loan - unsecured

This loan has been borrowed from Dalda Foods (Private) Limited. The loan is unsecured and is repayable in 20 equal quarterly instalments after the expiry of 2 years grace period. It carries mark-up at the rate of 6 months KIBOR plus 1.5 per annum.

		(Unaudited) 30 September 2008	(Audited) 30 June 2008
(Rupees in '000)			
<b>10. Long term borrowings</b>			
From:			
-Banking company - secured	10.1	40,997	43,791
-Related party - unsecured	10.2	-	-
		<b>40,997</b>	<b>43,791</b>



## 1st Quarter Report '08

	(Unaudited) 30 September 2008	(Audited) 30 June 2008
	(Rupees in '000)	
<b>10.1 Banking company - secured</b>		
Balance as on 1 July	72,608	96,729
Repayments made during the period / year	(8,488)	(24,121)
	<u>64,120</u>	<u>72,608</u>
Current maturity	(23,123)	(28,817)
	<u>40,997</u>	<u>43,791</u>
<b>10.1.1 Current Maturities of Long term borrowings</b>		
Liabilities against asset subject to finance lease	124	124
Long term finance	23,123	28,817
	<u>23,247</u>	<u>28,941</u>

**10.1.2** This represents term finance facility obtained from Royal Bank of Scotland Limited (formerly ABN AMRO Bank Limited) Karachi amounting to Rs. 80 million (June 2008: Rs. 80 million) repayable in 16 quarterly instalments alongwith mark-up over a term of 5 years, including one year grace period of repayment of principal. The loan carries mark-up at rate of 3 months KIBOR plus 200 bps with a floor of 12% per annum. The facility is secured against first parri passu charge of Rs. 135 million on present and future assets of the Company including freehold land, building, machinery, stock in trade and trade debts.

**10.1.3** This includes facility obtained from Royal Bank of Scotland Limited (formerly ABN AMRO Bank Limited) Karachi by the Subsidiary amounting to Rs. 57.500 million (30 June 2008: Rs. 57.500 million). The loan is repayable in 60 equal monthly installments alongwith mark-up over a term of 5 years, including two years grace period of repayment of principal. The loan carries mark-up at rate of 3 months KIBOR plus 2% with a floor of 10%p.a. The loan facility is secured against first mortgage charge of Rs. 87.5 million on present and future assets(land / building) of the subsidiary company and first hypothecation charge over current assets.



## 1st Quarter Report '08

### 11. Contingencies

11.1 Claims against the Company not acknowledged as debts  
Bank Guarantees

	(Unaudited) 30 September 2008	(Unaudited) 30 September 2007
	16,648	14,857
	6,072	6,072

### 12. Information about segments

	Three months period ended 30 September 2008		Three months period ended 30 September 2007	
	Own Manufacturing	Toll Manufacturing	Own Manufacturing	Toll Manufacturing
Revenue - net	189,846	39,001	206,620	14,073
Cost of goods sold / services				
Opening balance of finished goods	92,215	-	81,825	-
Cost of goods manufactured / services provided	207,322	29,758	144,993	18,038
Available for sale	299,537	29,758	226,818	18,038
Closing balance of finished goods	(134,186)	-	(57,045)	-
Gross profit / (loss)	165,351	29,758	169,773	18,038
Cost of goods manufactured / services provided:	24,495	9,243	36,847	(3,965)
Opening stock of work in process	* 53,507	-	10,616	-
Raw materials consumed	140,911	10,846	117,845	5,393
Packing materials consumed	10,241	-	10,721	-
Stores and spares consumed	1,220	4,760	767	1,647
Salaries, wages and other benefits	6,515	3,432	5,933	3,125
Contribution to provident fund	-	-	126	67
Fuel and power	2,479	9,672	3,212	6,894
Repair and maintenance	65	254	88	188
Rent, rates and taxes	0	1	5	12
Insurance	39	153	67	144
Depreciation	164	640	265	568
Others / Expenses charged to Service Income	-	-	-	-
Closing stock of work in process	215,141	29,758	149,645	18,038
	(7,819)	-	(4,652)	-
	207,322	29,758	144,993	18,038

\* This includes raw material of Rs. 29,670 million borrowed from Dalda Foods (Private) Limited.  
Variable and fixed costs incurred during the period have been allocated based on tonnages produced under toll manufacturing agreement. Reasonable basis for allocation of fixed costs to toll manufacturing segment are being developed.

### 12.1



## 1st Quarter Report '08

### 13. Transactions with related parties

The related parties and associated undertakings comprise local associated companies, staff retirement funds, directors and key management personnel.

Associated companies with whom such transactions have taken place include Zulfeqar Industries Limited, IGI Insurance Company Limited, Wazir Ali Ventures (Private) Limited, Mapak Edible Oils (Private) Ltd, Shakoo (Private) Limited and Treet Corporation Limited. These are associated companies as they are either under the same management and / or with common directors. The Company continues to have a policy whereby all transactions with related parties and associated undertakings are entered into at arm's length prices using the comparable uncontrolled price method for purchases and sales and cost plus method for other transactions. Contributions to the defined contribution plan (provident fund) are made as per the terms of employment. Further, remuneration to key management personnel are as per the terms of their employment.

Transactions with related parties during the three months are as follows:

	Three months period ended	
	30 September 2008	30 September 2007
	(Rupees in '000)	
Contribution to staff retirement funds	-	245
Executive's remuneration	-	316
Sales / services rendered	590	14,634
Purchases / services availed	189,351	66,003
Common expenses allocated to subsidiary company	-	-
Common expenses allocated to related party	420	368
Common expenses allocated by related party	38	38
Cash receipts from associated company	22,000	26,335
Freight charges paid on behalf of associated company	3,237	1,402
Toll manufacturing fee	30,905	21,012
Fee charged under distribution and marketing agreement	4,129	-
Insurance premium paid	361	-

### 14. General

Figures have been rounded off to the nearest thousand rupees and corresponding figures have been rearranged, wherever necessary for the purposes of comparison..

These condensed consolidated interim financial statements were approved in the Board of Director's meeting held on 30 October 2008.

Karachi: 30-Oct-08

Chief Executive Officer

Director