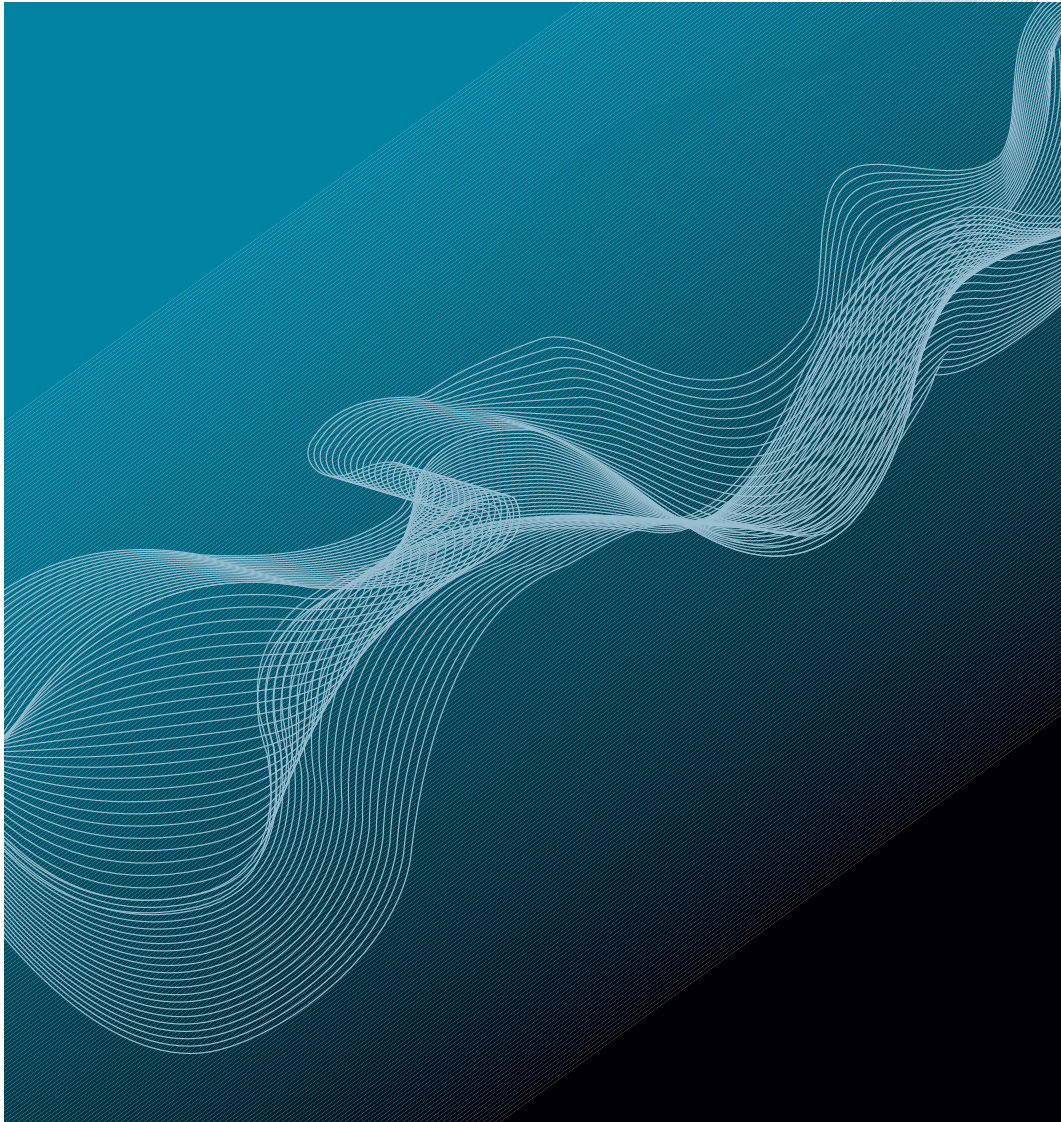


Quarterly Report
September **2010**



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
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: +92.21.5655595

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

DIRECTORS' 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 2010.

Overview

The Sales Turnover was Rs. 406.003 (M) as compared to Rs. 303.390 (M) last year showing an increase of 34% as against an increase of 31% for the same period of the previous year. The Gross Profit ratio marginally increased to 9.6% from 9.4% of the corresponding quarter.

The Administrative and General Expenses have increased by 65% owing to additional legal expenses while Selling & Distribution Expenses have gone by 78% owing to volume related transportation costs and increased sales promotional activities than that of the comparative quarter of last year. The Financial Charges were lower by 5% due to lower borrowing.

Loss per share for the period increased to Rs. 1.36 per share from Rs. 0.72 per share.

Future Outlook

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

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 for their continuous 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 : 27 October 2010

Condensed Unconsolidated Interim Balance Sheet (Unaudited)

As at 30 September 2010

	Note	30 September 2010 Unaudited	30 June 2010 Audited
(Rupees in '000)			
Assets			
Non-current assets			
Property, plant and equipment	7	151,374	152,388
Investment in subsidiary - at cost		33,886	33,886
Long term loans to employees - secured, considered good		580	580
Long term security deposits		762	762
Total non-current assets		186,602	187,616
Current Assets			
Stores and spares		4,610	4,942
Stock-in-trade		138,137	144,642
Trade debts - unsecured, considered good		55,284	83,754
Loans and advances - considered good		363	447
Deposits, prepayments and other receivables		32,132	19,390
Taxation - net		14,968	16,825
Cash and bank balances		58,404	89,349
Total current assets		303,898	359,349
Total Assets		490,500	546,965
Equity			
Share capital and reserves			
Authorised capital			
8,000,000 (30 June 2010: 8,000,000)			
ordinary shares of Rs. 10 each		80,000	80,000
Issued, subscribed and paid up capital			
7,986,000 (30 June 2010: 7,986,000)			
ordinary shares of Rs. 10 each		79,860	79,860
Capital reserve		10,646	10,646
Accumulated losses		(388,302)	(377,459)
		(297,796)	(286,953)
Surplus on revaluation of property, plant and equipment	8	134,214	134,214
Subordinated loans from the Holding Company-unsecured	9	350,000	350,000
Non - current liabilities			
Deferred taxation		12,084	12,084
Deferred liabilities - employee benefits		1,877	1,877
Total non-current liabilities		13,961	13,961
Current liabilities			
Trade and other payables		145,949	182,829
Mark-up payable on borrowings		94,230	82,972
Short term borrowings - secured		49,942	69,942
Total current liabilities		290,121	335,743
Total equity and liabilities		490,500	546,965

Contingencies

10

The annexed notes 1 to 13 form an integral part of these condensed unconsolidated interim financial statements.



 Chief Executive Officer



 Director

Condensed Unconsolidated Interim Profit and Loss Account (Unaudited)
For the three months period ended 30 September 2010

	Note	Quarter ended 30 September 2010	Quarter ended 30 September 2009
----- (Rupees in '000) -----			
Revenue - net		406,003	303,390
Cost of goods sold / services rendered		(367,110)	(274,945)
Gross profit	12	<u>38,893</u>	<u>28,445</u>
Administration expenses		(6,704)	(4,072)
Selling and distribution expenses		(25,106)	(14,091)
		(31,810)	(18,163)
Other (charges) / income		425	395
Operating Profit		<u>7,508</u>	<u>10,677</u>
Financial charges		(14,281)	(15,013)
Loss before taxation		<u>(6,773)</u>	<u>(4,336)</u>
Taxation - current and deferred		(4,070)	(1,387)
Loss for the period		<u>(10,843)</u>	<u>(5,723)</u>
(Rupees)			
Loss per share - basic and diluted		<u>(1.36)</u>	<u>(0.72)</u>

The annexed notes 1 to 13 form an integral part of these condensed unconsolidated interim financial statements.



Chief Executive Officer



Director

Condensed Unconsolidated Interim Cash Flow Statement (Unaudited)
For the three months period ended 30 September 2010

	Quarter ended 30 September 2010	Quarter ended 30 September 2009
	(Rupees in '000)	
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before taxation	(6,773)	(4,336)
Adjustments for:		
- Depreciation	1,014	1,009
- Financial charges	14,281	15,013
Operating profit / (loss) before working capital changes	8,522	11,686
Decrease / (increase) in stores and spares	332	(232)
Decrease / (increase) in stock in trade	6,505	(55,299)
Decrease / (increase) in trade debts	28,470	(82,513)
Decrease / (increase) in loans and advances	84	(79)
(Increase) in advances, deposits, prepayments and other receivables	(12,742)	(17,175)
(Decrease) / increase in trade and other payables	(36,880)	135,513
Cash used in operations	(5,709)	(8,099)
Financial charges paid	(3,023)	(3,888)
Income tax paid	(2,213)	(104)
Net cash used in operating activities	(10,945)	(12,091)
Net decrease in cash and cash equivalents	(10,945)	(12,091)
Cash and cash equivalents at beginning of the period	19,407	(35,550)
Cash and cash equivalents at end of the period	8,462	(47,641)
Cash and cash equivalents		
Cash and bank balances	58,404	22,328
Short term borrowings	(49,942)	(69,969)
	8,462	(47,641)

The annexed notes 1 to 13 form an integral part of these condensed unconsolidated interim financial statements.



Chief Executive Officer



Director

Condensed Unconsolidated Interim Statement of Changes in Equity (Unaudited)
For the three months period ended 30 September 2010

	Issued, subscribed & paid-up capital	Capital reserve Share premium	Revenue reserves		Total
			General reserves	Accumulated loss	
----- (Rupees in '000) -----					
Balance as at 1 July 2009	79,860	10,646	66,067	(370,292)	(213,719)
Changes in equity for the three months period ended 30 September 2009					
Loss for the three months period	-	-	-	(5,723)	(5,723)
Transferred from surplus on revaluation of property, plant and equipment	-	-	-	519	519
Total recognised income and expenses:					
Loss for the three months period	-	-	-	(5,204)	(5,204)
Balance as at 30 September 2009	<u>79,860</u>	<u>10,646</u>	<u>66,067</u>	<u>(375,496)</u>	<u>(218,923)</u>
Balance as at 1 July 2010	79,860	10,646	66,067	(443,526)	(286,953)
Changes in equity for the three months period ended 30 September 2010					
Loss for the three months period	-	-	-	(10,843)	(10,843)
Transferred from surplus on revaluation of property, plant and equipment	-	-	-	-	-
Total recognised income and expenses:					
Loss for the three months period	-	-	-	(10,843)	(10,843)
Balance as at 30 September 2010	<u>79,860</u>	<u>10,646</u>	<u>66,067</u>	<u>(454,369)</u>	<u>(297,796)</u>

The annexed notes 1 to 13 form an integral part of these condensed unconsolidated interim financial statements.



Chief Executive Officer



Director

Wazir Ali Industries Limited

Notes to the Condensed Unconsolidated Interim Financial Statements (Unaudited)
For the three months period ended 30 September 2010

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 2010.

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 2010.

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 2010.

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

	30 September 2010 Unaudited (Rupees in '000)	30 June 2010 Audited
Operating fixed assets		
Opening book value	152,388	132,298
Increase due to revaluation / Addition	-	24,076
Disposals	-	(19)
Depreciation	(1,014)	(3,967)
	<u>151,374</u>	<u>152,388</u>

8. SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT

Opening balance	146,298	125,573
Addition as a result of revaluation of assets made	-	23,917
Surplus transferred to accumulated loss in respect of incremental depreciation charged on related assets during the period / year	-	(3,192)
	<u>146,298</u>	<u>146,298</u>
Less: related deferred tax liability	(12,084)	(12,084)
	<u>134,214</u>	<u>134,214</u>

This represents surplus arising on revaluation of freehold land, building on free hold land 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. on 30 September 2003, M/s Imran Associates on 31 January 2005, M/s Iqbal A Nanjee & Co. on 18 September 2006 and M/s Akbani and Javed Associates on 26 June 2010

9. SUB-ORDINATED LOAN - UNSECURED

Loan I	9.1	150,000	150,000
Loan II	9.2	200,000	200,000
		<u>350,000</u>	<u>350,000</u>

9.1 Loan I was obtained on 31 December 2007 from the Holding Company to meet the operational requirements of the Company. This carry mark-up at the rate of 6 months' KIBOR plus 1.5 per cent per annum and is repayable in 20 equal quarterly instalments after expiry of four years' grace period.

9.2 Loan II was obtained on 25 June 2009 from the Holding Company to meet the operational requirements of the Company. This carry mark-up at the rate of 1 month's KIBOR and is repayable in 20 equal quarterly instalments after expiry of four years' grace period.

10. CONTINGENCIES

10.1 Claims against the Company not acknowledged as debts	28,055	30,741
Bank Guarantees	<u>6,072</u>	<u>6,072</u>

Three months period ended 30 September 2010 Three months period ended 30 September 2009

	Own	Toll	Total	Own	Toll	Total
	Manufacturing	Manufacturing		Manufacturing	Manufacturing	

----- (Rupees in '000) -----

11. INFORMATION ABOUT SEGMENTS

Revenue - net	405,582	421	406,003	299,661	3,729	303,390
Cost of goods sold / services rendered						
Opening balance of finished goods	96,917	-	96,917	112,254	-	112,254
Cost of goods manufactured / services provided	333,987	10,607	344,594	295,200	3,318	297,228
Less: Reimbursable manufacturing expense & processing loss	-	(10,499)	(10,499)	-	-	-
Available for sale	430,904	108	431,012	407,454	3,318	409,482
Closing balance of finished goods	(63,902)	-	(63,902)	(134,537)	-	(134,537)
	<u>367,002</u>	<u>108</u>	<u>367,110</u>	<u>272,917</u>	<u>3,318</u>	<u>274,945</u>
Gross profit / (loss)	<u>38,580</u>	<u>313</u>	<u>38,893</u>	<u>26,744</u>	<u>411</u>	<u>28,445</u>
Cost of goods manufactured / services provided:						
Opening stock of work in process	30,960	-	30,960	6,670	-	6,670
Raw materials consumed	300,405	1,947	302,352	275,945	838	276,783
Packing materials consumed	16,100	-	16,100	21,112	-	21,112
Stores and spares consumed	2,127	-	2,127	1,800	386	2,186
Salaries, wages and other benefits	8,892	988	9,880	9,259	843	9,301
Travelling, conveyance and others	110	98	208	-	-	-
Fuel and power	7,605	6,733	14,338	7,498	921	7,929
Repair and maintenance	354	314	668	325	70	395
Rent, rates and taxes	137	-	137	155	33	188
Insurance	84	74	158	296	63	359
Depreciation	511	453	964	762	163	925
PSI Marking fee	308	-	308	-	-	-
	<u>367,593</u>	<u>10,607</u>	<u>378,200</u>	<u>323,820</u>	<u>3,318</u>	<u>325,848</u>
Closing stock of work in process	(33,606)	-	(33,606)	(28,620)	-	(28,620)
	<u>333,987</u>	<u>10,607</u>	<u>344,594</u>	<u>295,200</u>	<u>3,318</u>	<u>297,228</u>

11.1 Variable and fixed costs incurred during the period have been allocated based on tonnages produced under toll manufacturing agreement, except those specifically incurred on own production.

12. TRANSACTIONS WITH RELATED PARTIES

Related parties comprise of group companies; directors and their close family members; staff retirement funds; key management personnel and major shareholders of the Company. Holding company, Subsidiary Company and associated companies with whom such transactions have taken place includes Dalda Foods (Private) Limited (Holding Company), Wazir Ali Ventures (Private) Limited (Subsidiary Company), Mapak Edible Oils (Private) Limited, Shakoo (Private) Limited, ZIL Limited and IGI Insurance Limited. These associated companies are associated companies either based on holding in equity or they are either under the same management and / or with common directors. All transactions with related entered on commercial basis / agreement. However, contributions to and accruals in respect of staff retirement and other benefit plans are made in accordance with the actuarial valuation / terms of the contribution plan and remuneration to key management personnel are determined in accordance with the terms of employment.

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

	<u>Three months period ended</u>	
	<u>30 September</u> 2010	<u>30 September</u> 2009
	(Rupees in '000)	
Executive's remuneration	<u>300</u>	<u>300</u>
Sales / services rendered	<u>32</u>	<u>-</u>
Purchases / services availed	<u>203,719</u>	<u>186,959</u>
Common expenses allocated to related party	<u>611</u>	<u>-</u>
Common expenses allocated by related party	<u>1,832</u>	<u>1,500</u>
Receipts from associated company	<u>851</u>	<u>-</u>
Freight charges paid on behalf of associated company	<u>1,603</u>	<u>298</u>
Toll manufacturing fee	<u>421</u>	<u>3,729</u>
Fee charged under distribution and marketing agreement	<u>6,617</u>	<u>5,564</u>
Insurance premium paid	<u>1,365</u>	<u>-</u>

13. GENERAL

Corresponding figures have been rearranged and reclassified, wherever necessary, for the purposes of appropriate presentation. Figures have been rounded off to the nearest thousand rupees.

These condensed unconsolidated interim financial statements were approved in the Board of Directors meeting held on 27 October 2010



Chief Executive Officer



Director



Wazir Ali Industries Limited

and its Subsidiary

Consolidated Financial Statements

(Un-Audited)

**Three months period ended
September 30, 2010**

DIRECTORS' 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 2010.

Overview

The Sales Turnover was Rs. 406.003 (M) as compared to Rs. 303.390 (M) last year showing an increase of 34% as against an increase of 31% for the same period of the previous year. The Gross Profit ratio marginally increased to 9.6% from 9.4% of the corresponding quarter.

The Administrative and General Expenses have increased by 65% owing to additional legal expenses while Selling & Distribution Expenses have gone by 78% owing to volume related transportation costs and increased sales promotional activities than that of the comparative quarter of last year. The Financial Charges were lower by 10% due to lower borrowing.

Loss per share for the period increased to Rs. 1.51 per share from Rs. 0.99 per share.

Future Outlook

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

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 for their continuous 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 : 27 October 2010

Condensed Consolidated Interim Balance Sheet (Unaudited)

As at 30 September 2010

	Note	(Un-audited) 30 September 2010	(Audited) 30 June 2010
(Rupees in '000)			
Assets			
Non-current assets			
Property, plant and equipment	7	151,374	152,388
Investment in property		135,399	135,399
Long term loans to employees - secured, considered good		580	580
Long term security deposits		762	762
Total non-current assets		288,115	289,129
Current Assets			
Stores and spares		4,610	4,942
Stock-in-trade		138,137	144,642
Trade debts - unsecured, considered good		55,284	83,754
Loans and advances - considered good		363	447
Deposits, prepayments and other receivables		21,183	8,441
Taxation - net		14,968	16,825
Cash and bank balances		58,685	89,601
Total current assets		293,230	348,652
Total Assets		581,345	637,781
Equity			
Share capital and reserves			
Authorised capital			
8,000,000 (30 June 2010: 8,000,000)			
ordinary shares of Rs. 10 each		80,000	80,000
Issued, subscribed and paid up capital			
7,986,000 (30 June 2010: 7,986,000)			
ordinary shares of Rs. 10 each		79,860	79,860
Capital reserve		10,646	10,646
Accumulated losses		(473,553)	(461,472)
		(383,047)	(370,966)
Surplus on revaluation of property, plant and equipment	8	219,596	219,596
Subordinated loans from the Holding Company-unsecured	9	350,000	350,000
Non-current liabilities			
Deferred taxation		28,761	28,761
Provision for compensated absences		1,877	1,877
Total non-current liabilities		30,638	30,638
Current liabilities			
Trade and other payables		146,056	182,951
Mark-up payable on borrowings		94,607	84,620
Payable to Ultimate Holding Company		43,906	26,618
Short term borrowings - secured		49,942	79,913
Current maturity of long term borrowings	10	29,647	34,411
Total current liabilities		364,158	408,513
Total equity and liabilities		581,345	637,781
Contingencies	11		

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



 Chief Executive Officer



 Director

Condensed Consolidated Interim Profit and Loss Account (Unaudited)
For the three months period ended 30 September 2010

	Note	Quarter ended 30 September 2010	Quarter ended 30 September 2009
----- (Rupees in '000) -----			
Revenue - net		406,003	303,390
Cost of goods sold / rendered		(367,110)	(274,945)
Gross profit	12	38,893	28,445
Administration expenses		(6,704)	(4,072)
Selling and distribution expenses		(25,106)	(14,091)
		(31,810)	(18,163)
Other income		425	395
Operating Profit		7,508	10,677
Financial charges		(15,519)	(17,198)
Loss before taxation		(8,011)	(6,521)
Taxation - current and deferred		(4,070)	(1,387)
Loss for the period		(12,081)	(7,908)
(Rupees)			
Loss per share - basic and diluted		(1.51)	(0.99)

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



Chief Executive Officer



Director

Condensed Consolidated Interim Cash Flow Statement (Unaudited)
For the three months period ended 30 September 2010

	Quarter ended 30 September 2010	Quarter ended 30 September 2009
(Rupees in '000)		
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before taxation	(8,011)	(6,521)
Adjustments for:		
- Depreciation	1,014	1,009
- Financial charges	15,519	17,198
Operating profit / (loss) before working capital changes	<u>8,522</u>	<u>11,686</u>
Decrease / (increase) in stores and spares	332	(232)
Decrease / (increase) in stock in trade	6,505	(55,299)
Decrease / (increase) in trade debts	28,470	(82,513)
Decrease / (increase) in loans and advances	84	(79)
(Increase) in deposits, prepayments and other receivables	(12,742)	(17,175)
(Decrease) / increase in trade and other payables	<u>(36,895)</u>	<u>135,513</u>
Cash generated used in operations	<u>(5,724)</u>	<u>(8,099)</u>
Financial charges paid	(5,532)	(3,864)
Income tax paid	<u>(2,213)</u>	<u>(104)</u>
Net cash used in operating activities	<u>(13,469)</u>	<u>(12,067)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Payable to Ultimate Holding Company	17,288	4,972
Repayment long term finance	<u>(4,764)</u>	<u>-</u>
Net cash from financing activities	<u>12,524</u>	<u>4,972</u>
Net decrease in cash and cash equivalents	(945)	(7,095)
Cash and cash equivalents at beginning of the period	9,688	(45,184)
Cash and cash equivalents at end of the period	<u><u>8,743</u></u>	<u><u>(52,278)</u></u>
Cash and cash equivalents		
Cash and bank balances	58,685	22,580
Short term borrowings	<u>(49,942)</u>	<u>(74,859)</u>
	<u><u>8,743</u></u>	<u><u>(52,278)</u></u>

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



Chief Executive Officer



Director

Condensed Consolidated Interim Statement of Changes in Equity (Unaudited)
For the three months period ended 30 September 2010

	Issued, subscribed & paid-up capital	Capital reserve Share premium	Revenue reserves		Total
			General reserves	Accumulated loss	
(Rupees in '000)					
Balance as at 1 July 2009	79,860	10,646	66,067	(462,885)	(306,312)
Changes in equity for the three months period ended 30 September 2009					
Loss for the three months period	-	-	-	(7,908)	(7,908)
Transferred from surplus on revaluation of property, plant and equipment	-	-	-	519	519
Total recognised income and expenses:					
Loss for the three months period	-	-	-	(7,389)	(7,389)
Balance as at 30 September 2009	<u>79,860</u>	<u>10,646</u>	<u>66,067</u>	<u>(470,275)</u>	<u>(313,701)</u>
Balance as at 1 July 2010	79,860	10,646	66,067	(527,539)	(370,966)
Changes in equity for the three months period ended 30 September 2010					
Loss for the three months period	-	-	-	(12,081)	(12,081)
Transferred from surplus on revaluation of property, plant and equipment	-	-	-	-	-
Total recognised income and expenses:					
Loss for the three months period	-	-	-	(12,081)	(12,081)
Balance as at 30 September 2010	<u>79,860</u>	<u>10,646</u>	<u>66,067</u>	<u>(539,620)</u>	<u>(383,047)</u>

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



Chief Executive Officer



Director

Wazir Ali Industries Limited

Notes to the Condensed Consolidated Interim Financial Statements (Unaudited)
For the three months period ended 30 September 2010

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 2010.

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 2010.

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 2010.

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

	(Unaudited) 30 September 2010 (Rupees in '000)	(Audited) 30 June 2010
Operating fixed assets		
Opening book value	152,388	132,298
Increase due to revaluation / Addition	-	24,076
Disposals	-	(19)
Depreciation	(1,014)	(3,967)
	<u>151,374</u>	<u>152,388</u>

8. Surplus on revaluation of property, plant and equipment

Opening balance	231,680	210,955
Addition as a result of revaluation of assets made	-	23,917
Surplus transferred to accumulated loss in respect of incremental depreciation charged on related assets during the period / year	-	(3,192)
	<u>231,680</u>	<u>231,680</u>
Less: related deferred tax liability	(12,084)	(12,084)
	<u>219,596</u>	<u>219,596</u>

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. on 30 September 2003, M/s Imran Associates on 31 January 2005, M/s Iqbal A Nanjee & Co. on 18 September 2006 and M/s Akbani and Javed Associates on 26 June 2010

9. SUB-ORDINATED LOAN - UNSECURED

Loan I	9.1	150,000	150,000
Loan II	9.2	200,000	200,000
		<u>350,000</u>	<u>350,000</u>

9.1 Loan I was obtained on 31 December 2007 from the Holding Company to meet the operational requirements of the Company. This carry mark-up at the rate of 6 months' KIBOR plus 1.5 percent per annum and is repayable in 20 equal quarterly installments after expiry of four years' grace period.

9.2 Loan II was obtained on 25 June 2009 from the Holding Company to meet the operational requirements of the Company. This carry mark-up at the rate of 1 month's KIBOR and is repayable in 20 equal quarterly installments after expiry of four years' grace period.

10 BANKING COMPANY - SECURED

Balance as on 1 July	34,411	43,791
Repayments made during the period / year	(4,764)	(9,380)
	<u>29,647</u>	<u>34,411</u>
Current maturity	(29,647)	(34,411)
	<u>-</u>	<u>-</u>

10.1 Current Maturities of Long term borrowings

Long term finance	29,647	34,411
	<u>29,647</u>	<u>34,411</u>

10.2 This represents facility obtained from The Royal Bank of Scotland Limited Karachi by the Subsidiary. The loan is repayable in 60 equal monthly installments beginning after a grace period of two years. The loan carries markup at rate of 3 months KIBOR plus 2% (2010: 3 months KIBOR plus 2% with a floor of 10%). The loan facility is secured against mortgage charge registered over Subsidiary's land for Rs. 87.5 million.

11. Contingencies

11.1 Claims against the Company not acknowledged as debts	<u>28,055</u>	<u>30,741</u>
Bank Guarantees	<u>6,072</u>	<u>6,072</u>

Three months period ended 30 September 2010			Three months period ended 30 September 2009		
Own	Toll	Total	Own	Toll	Total
Manufacturing	Manufacturing		Manufacturing	Manufacturing	
------(Rupees in '000)-----					

12. INFORMATION ABOUT SEGMENTS

Revenue - net	405,582	421	406,003	299,661	3,729	303,390
Cost of goods sold / services						
Opening balance of finished goods	96,917	-	96,917	112,254	-	112,254
Cost of goods manufactured / services provided	333,987	10,607	344,594	295,200	3,318	297,228
Less: Reimbursable manufacturing expense & processing loss	-	(10,499)	(10,499)	-	-	-
Available for sale	430,904	108	431,012	407,454	3,318	409,482
Closing balance of finished goods	(63,902)	-	(63,902)	(134,537)	-	(134,537)
	<u>367,002</u>	<u>108</u>	<u>367,110</u>	<u>272,917</u>	<u>3,318</u>	<u>274,945</u>
Gross profit / (loss)	<u>38,580</u>	<u>313</u>	<u>38,893</u>	<u>26,744</u>	<u>411</u>	<u>28,445</u>
Cost of goods manufactured / services provided:						
Opening stock of work in process	30,960	-	30,960	6,670	-	6,670
Raw materials consumed	300,405	1,947	302,352	275,945	838	276,783
Packing materials consumed	16,100	-	16,100	21,112	-	21,112
Stores and spares consumed	2,127	-	2,127	1,800	386	2,186
Salaries, wages and other benefits	8,892	988	9,880	9,259	843	9,301
Travelling, conveyance and others	110	98	208	-	-	-
Fuel and power	7,605	6,733	14,338	7,498	921	7,929
Repair and maintenance	354	314	668	325	70	395
Rent, rates and taxes	137	-	137	155	33	188
Insurance	84	74	158	296	63	359
Depreciation	511	453	964	762	163	925
PSI Marking fee	308	-	308	-	-	-
	<u>367,593</u>	<u>10,607</u>	<u>378,200</u>	<u>323,820</u>	<u>3,318</u>	<u>325,848</u>
Closing stock of work in process	(33,606)	-	(33,606)	(28,620)	-	(28,620)
	<u>333,987</u>	<u>10,607</u>	<u>344,594</u>	<u>295,200</u>	<u>3,318</u>	<u>297,228</u>

12.1 Variable and fixed costs incurred during the period have been allocated based on tonnages produced under toll manufacturing agreement, except those specifically incurred on own production.

12. TRANSACTIONS WITH RELATED PARTIES

Related parties comprise of group companies; directors and their close family members; staff retirement funds; key management personnel and major shareholders of the Company. Holding company, Subsidiary Company and associated companies with whom such transactions have taken place includes Dalda Foods (Private) Limited (Holding Company), Wazir Ali Ventures (Private) Limited (Subsidiary Company), Mapak Edible Oils (Private) Limited, Shakoo (Private) Limited, ZIL Limited and IGI Insurance Limited. These associated companies are associated companies either based on holding in equity or they are either under the same management and / or with common directors. All transactions with related entered on commercial basis / agreement. However, contributions to and accruals in respect of staff retirement and other benefit plans are made in accordance with the actuarial valuation / terms of the contribution plan and remuneration to key management personnel are determined in accordance with the terms of employment.

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

	<u>Three months period ended</u>	
	<u>30 September 2010</u>	<u>30 September 2009</u>
	(Rupees in '000)	
Executive's remuneration	<u>300</u>	<u>300</u>
Sales / services rendered	<u>32</u>	<u>-</u>
Purchases / services availed	<u>203,719</u>	<u>186,959</u>
Common expenses allocated to related party	<u>611</u>	<u>-</u>
Common expenses allocated by related party	<u>1,832</u>	<u>1,500</u>
Receipts from associated company	<u>851</u>	<u>-</u>
Freight charges paid on behalf of associated company	<u>1,603</u>	<u>298</u>
Toll manufacturing fee	<u>421</u>	<u>3,729</u>
Fee charged under distribution and marketing agreement	<u>6,617</u>	<u>5,564</u>
Insurance premium paid	<u>1,365</u>	<u>-</u>

13. GENERAL

Corresponding figures have been rearranged and reclassified, wherever necessary, for the purposes of appropriate presentation. Figures have been rounded off to the nearest thousand rupees.

These condensed unconsolidated interim financial statements were approved in the Board of Directors meeting held on 27 October 2010



Chief Executive Officer



Director



Wazir Ali Industries Limited

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