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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	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

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the 56^{th} Annual General Meeting of the shareholders of Wazir Ali Industries Limited will be held on Thursday, 30th October 2008 at 12:30 hours at Pakistan Society for Training and Development, Plot No. TC-3, Off Khayaban-e-Sehar, 34th Street, Phase – V (Extension) DHA, Karachi.to transact the following business:

A. Ordinary Business

1. To confirm the minutes of the last Annual General Meeting held on 25^{th} October 2007.
2. To receive, consider and adopt the Audited Financial Statements of the Company for the year ended 30^{th} June 2008 together with Directors' and Auditors' reports thereon.
3. The present auditors, KPMG Taseer Hadi & Co., Chartered Accountants, to appoint as auditors of the company for the year ending June 30, 2009 as well as to review the Half Yearly Accounts for the period ending December 31, 2008 and to review the compliance of Code of Corporate Governance and to fix their remuneration for the same.

By order of the Board

AMJAD WAHEED

Karachi: September 29, 2008.

Company Secretary

NOTES:

1. The Share Transfer Books of the Company will remain closed from October 24, 2008 to October 30, 2008 (both days inclusive)

2. A member entitled to attend and vote at the General Meeting is entitled to appoint another member as his proxy to attend and vote in his place except that a corporation being a member may appoint as proxy a person who is not a member.

3. The instrument appointing a proxy must be received at the registered office of the Company not less than forty-eight hours before the time of the meeting.

4. Members are requested to notify the change in their addresses, if any, immediately to the Share Registrars of the company, M/s THK Associates (Pvt) Ltd. Ground Floor, State Life Building-3, Dr. Ziauddin Ahmed Road , Karachi
   CDC Account Holders will further have to follow the guidelines as laid down by the Securities & Exchange Commission of Pakistan

DIRECTORS' REPORT

The Directors of the Company would like to present the audited financial statements of the Company for the year ended 30 June 2008.

1. Overview

The previous year's two-fold increase in the prices of edible oils continued during the year. Although the profitability of the company was affected it was marginally improved over the preceding year. On the production front the company manufactured over 22,000 tons which was an increase of 40% over last year. According to current trends in the international markets a drop in the raw material prices is in the offing with a possibility of improving the future results of the company.

Over and above the steep rise in edible oil prices in the international markets the business also faced the adverse brunt of Rupees downward slide against foreign currencies, increase in interest rates, substantial rise in fuel prices, increase in the cost of utilities, tin plate and other packaging materials which all contributed to very substantial increase in production costs and put the margins under pressure. As all such costs cannot be immediately passed on to consumers, your company is taking cost effectiveness measures to offset the adverse cost impact.

The Marketing and Service Agreement made with Dalda Foods (Pvt) Ltd is having the desired result showing a considerable drop in the Administrative and Distribution and Marketing Expenses over the preceding year. Also, the Toll Manufacturing agreement has enabled the company to utilise the spare capacity available.

The proposed land development project of the wholly owned subsidiary, Wazir Ali Ventures (Private) Limited, has been temporarily delayed owing to a drop in the real estate prices coupled with the uncertainty in the economic outlook in the immediate future.

2. Financial Review

The Sales Turnover for the year under review increased by 9.23% from Rs. 841.682M to Rs. 919.345M.

Gross profit for the year increased by 16.66% from Rs. 88.973M to Rs 103.793M as compared to last year and the percentage increase against sales showed a marginal improvement from 10.57% to 11.29%.

Pre-tax and post-tax losses have reduced from Rs 72.156M to Rs. 37.610M and from Rs 76.660M to Rs. 41.103 respectively, as compared to last year.

Provision for the current year Tax represents minimum tax under section 113 of the income tax Ordinance.

3. Loss per Share

The loss per share for the year has decreased to Rs 5.15 from loss per share of Rs 9.60 in the preceding year.

4. Operating Results

Profit and loss for the year under review is as follows:
(Rs '000)

	2008	2007
Operating Profit/(Loss)	15,867	(49,841)
Add: Other income	2,920	2,418
Loss before taxation	(37,610)	(72,156)
Provision for taxation	(3,493)	(4,504)
Loss after taxation	(41,103)	(76,660)

5. Risks

The indigenous oil and ghee industry in the organized sector would be at risk if the Government does not take appropriate measures to reduce high import duty and sales tax on this basic food item. It is also stipulated in the World Trade Order (WTO) that there must be sufficient cushion in the rate of custom duty between raw materials and finished products so that the local industry must survive.

6. Uncertainties

The business of the company would be subject to the following uncertainties:

1. The removal of edible oil and ghee from the negative list of Afghan Transit Trade due to which the indigenous industry would lose its market share to unrestricted inflow of edible oil and ghee from Afghanistan into Pakistan.

2. Prices of raw materials in the international market.

3. Duty and sales tax evasion by un-organised local manufacturers.

If the Government does not redress the grievances being faced by the organized local manufacturers, the existence of local industries would be at stake and their survival difficult.

7. Summary of key Operating and Financial data of last ten years

A summary of key operating and financial results for the last ten years is included in the financial results for the year under review.

8. Provident and Gratuity Funds

The company is operating funded Provident and Gratuity Funds. The funds have been appropriately invested in the Government securities and are audited annually by independent auditors. The value of investments of the Provident Fund and Gratuity Fund according to the un-audited accounts for the year ended 30 June 2008 are Rs.90.043M and Rs. 17.000M respectively.

It has been decided that while continuing the Gratuity Fund to close the Provident Fund and pay out its members accordingly

9. Meetings of the Board of Directors

Five meetings of the Board of Directors of the Company were held on 24 September and 24 October 2007, 19 February, 10 March and 24 April 2008. Following was the attendance of the Directors:

Names of Directors		*No. of Meetings Attended.*	*Leave of Absence Granted*
1.	Syed Yawar Ali	5	-
2.	Syeda Feriel R. Ali	2	-
3.	Syed Naseem Ahmad	1	1
4.	Syed Hasnain Ali	1	1
5.	Mr. M. Bashir Janmohammed	5	-
6.	Mr. Perwaiz Hasan Khan	5	-
7.	Mr. A. Rasheed Janmohammed	4	1
8.	Mr. Abdus Samad	5	-
9.	Mr. Mohammed Rabbaani	3	-
10.	Mr. Perwaiz Masud Ansari	3	-
11.	Mr. Ahmed Sattar	2	1

During the year Syeda Feriel R. Ali, Syed Naseem Ahmad and Syed Hasnain Ali resigned as Directors of the company and Mr. Mohammed Rabbaani, Mr. Perwaiz Masud Ansari and Mr. Ahmed Sattar were co-opted on the Board on 19 February 2008.

10. Capital Expenditure and Commitments

There are no plans for any major capital expenditure and future commitments.

11. Corporate Review

The company has provided refresher courses and trainings in-house and externally to its employees on regular basis to further their education and achieve professional excellence in their chosen fields.

The Company continues to have very cordial relations with the Collective Bargaining Agents and all its employees.

12. Marketing Review

Focused efforts were made to increase the coverage and penetration of company’s brands in the premium as well as mass market segments. Different exploratory consumer researches were conducted to get the consumer insights and the changing market dynamics. A comprehensive re-launch campaign covering media activities and on ground activations was developed to support the re-launch of the Tullo and Pride brands.

13. Safety, Health and Environment

The company has provided safe, healthy and congenial environment to its employees. There were no casualties in the company during the period under review.

14. Future Outlook

After signing the services agreement with Dalda Foods (Pvt.) Ltd. the management has developed the strategy of filling gaps in the market place with our products.

Re-launch of Tullo and Pride brands has been undertaken and a focused compaign is being rolled out in the market 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.

15. Going Concern

The Directors are fully committed for continued financial support to keep the company as a going concern as evidenced by the fact that every effort is being made to improve the financials of the company mentioned above.

16. Directors' Statement

The directors state that:

a. The financial statements prepared by the management present a true and fair state of affairs of the company.

b. Proper books of accounts have been maintained.

c. Appropriate accounting policies have been consistently applied in preparation of the financial statements and accounting estimates are based on reasonable and prudent judgment

d. International Accounting Standards, as applicable in Pakistan, have been followed in the preparation of financial statements and any departure there from has been adequately disclosed.

e. The system of internal control is sound in design and has been effectively implemented and monitored.

f. The current liabilities have exceeded the current assets by Rs 67.469M and the shareholders equity is in the negative by Rs 159.890.

g. There has been no material departure from the best practices of corporate governance, as detailed in the listing regulations.

17. Statement of compliance with the Code of Corporate Governance

This statement is being presented to comply with the Code of Corporate Governance contained in the Listing Regulations of Stock Exchanges of Pakistan for the purpose of establishing a framework of good governance, whereby a listed company is managed in compliance with the best practices of corporate governance.

The Company has applied the principles contained in the Code in the following manner:

1. The Company encourages representation of independent non-executive directors on its Board of Directors including those representing minority interests. At present the board includes four (4) non-executive directors.

2. The directors have confirmed that none of them is serving as a director in ten or more listed companies.

3. All the resident directors of the Company are registered as taxpayers and none of them has defaulted in payment of any loan to a banking company, a Development Financial Institution or a Non-Banking Financial Institution and they is not a member of any stock exchange.

4. Four casual vacancies occurred in the Board during the year and were filled up by the directors within 30 days thereof.

5. The Company has prepared a "Statement of Ethics and Business Practices", which has been signed by all the directors and some of the employees of the Company. However, the process of obtaining signatures from remaining employees is in process.

6. The board has developed a vision / mission statement. Overall corporate strategy and significant policies of the Company are in the process of development and maintaining a complete record of particulars of significant policies.

7. All the powers of the Board have been duly exercised and decisions on material transactions, including appointment and determination of remuneration and terms and conditions of employment of the CEO and other executive directors, have been taken by the Board.

8. The meetings of the Board were presided over by the Chairman and the Board met at least once in every quarter. Written notices of the Board meetings, along with agenda and working papers, were circulated at least seven (7) days before the meetings. The minutes of the meetings were appropriately recorded and circulated.

9. The Board has established a system of sound internal control, which is effectively implemented at all levels within the company. The company includes all the necessary aspects of internal control given in the Code.

10. Most of the Directors have attended the orientation course. Appropriate materials/guides have been

provided to the new directors to apprise them of their duties and responsibilities. Therefore directors are fully aware of their duties and responsibilities.

11. There was no new appointment of CFO, Company Secretary and Head of Internal Audit during the year.

12. The directors' report for this year has been prepared in compliance with the requirements of the Code and fully describes the salient matters required to be disclosed.

13. The financial statements of the Company were duly endorsed by CEO and CFO before approval of the Board.

14. The directors, CEO and executives do not hold any interest in the shares of the Company other than that disclosed in the pattern of shareholding.

15. The Company has complied with all the corporate and financial reporting requirements of the Code.

16. The Board has formed an audit committee. It comprises of four members, all of whom are non-executive directors including the chairman of the committee.

17. The meetings of the audit committee were held at least once every quarter prior to approval of interim and final results of the Company as required by the Code. The terms of reference of the committee have been formed and advised to the committee for compliance.

18. The Board has set-up an effective internal audit function. This function has been outsourced to M. Yousuf Adil Saleem & Co., Chartered Accountants who are considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the Company.

19. The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the Quality Control Review Program of the Institute of Chartered Accountants of Pakistan, that they or any of the partners of the firm, their spouses and minor children do not hold shares of the company and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by Institute of Chartered Accountants of Pakistan.

20. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the listing regulations and the auditors have confirmed that they have observed IFAC guidelines in this regard.

21. We confirm that all other material principles contained in the Code have been complied.

18. Audit Committee

The Board of Directors in compliance of the Code of Corporate Governance has established an Audit Committee and the following non-executive directors are its members:

Mr. M. Bashir Janmohammed	Chairman
Mr. Perwaiz Hasan Khan	Member
Mr. A. Rasheed Janmohammed	Member
Mr. Mohammad Rabbani	Member

19. Outstanding Statutory Payments

There are no outstanding statutory payments on account of taxes, duties, levies and charges except of normal and routine nature.

20. Auditors

The present auditors, KPMG Taseer Hadi & Co., Chartered Accountants are due to retire and being eligible, offer themselves for reappointment for the year 2008-09.

21. Pattern of Shareholding

The statement of pattern of shareholding in the company is attached.

Acknowledgements

We are grateful to our customers for adhering to the quality brands of Tullo and Pride 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 and development financial institutions for their corporate support.

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

Abdus Samad
Chief Executive Officer

Karachi: 29 September 2008

Key Opera Key Operating and Financial Results for the last-10 years

		JUNE 2008	JUNE 2007	JUNE 2006	JUNE 2005	JUNE 2004	JUNE 2003	JUNE 2002	JUNE 2001	JUNE 2000	JUNE 1999
Sale-net		919,345	826,356	1,035,555	889,828	626,297	890,150	958,600	758,292	1,017,833	1,028,102
Cost of goods sold		815,552	737,383	861,135	760,384	530,057	715,792	756,021	611,841	850,620	926,487
Gross profit		103,793	88,973	174,420	129,444	96,240	174,358	202,579	146,451	167,213	101,615
Administrative		27,722	27,867	28,621	29,390	29,717	36,490	31,183	37,093	30,251	28,713
Selling and distribution		56,389	92,016	147,937	110,155	100,889	134,802	132,884	117,380	98,290	65,008
Financial charges		56,397	24,733	24,699	18,694	22,079	30,809	31,872	31,888	28,628	27,136
Amortization of deferred cost/other operating expenses		3,815	18,931	-	-	-	-	-	-	-	-
Workers profit participation fund		-	-	-	-	-	-	558	-	823	-
Operating Expenses		144,323	163,547	201,257	158,239	152,685	202,101	196,497	186,361	157,992	120,857
		(40,530)	(74,574)	(26,837)	(28,795)	(56,445)	(27,743)	6,082	(39,910)	9,221	(19,242)
Other income		2,920	2,418	1,810	2,905	1,220	2,068	4,516	19,085	6,407	2,376
Profit (Loss) before taxation		(37,610)	(72,156)	(25,027)	(25,890)	(55,225)	(25,675)	10,598	(20,825)	15,628	(16,866)
Provision for Taxation	Current Year	(3,493)	(4,504)	(10,396)	(11,701)	(5,422)	(10,861)	(8,288)	(9,141)	(9,449)	(5,142)
	Prior Year	-	-	-	-	-	-	-	-	1,183	-
		(3,493)	(4,504)	(10,396)	(11,701)	(5,422)	(10,861)	(8,288)	(9,141)	(8,266)	(5,142)
Profit/(Loss) after taxation		(41,103)	(76,660)	(35,423)	(37,591)	(60,647)	(36,536)	2,310	(29,966)	7,362	(22,008)
Paid Up Capital		*79,860*	*79,860*	*76,057*	*76,057*	*76,057*	*76,057*	*76,057*	*76,057*	*51,975*	*51,975*
Current Assets		*249,034*	*181,720*	*162,166*	*220,977*	*126,065*	*238,357*	*244,099*	*206,464*	*240,497*	*224,325*
Current Liabilities		*316,503*	*336,266*	*229,902*	*240,873*	*145,860*	*273,670*	*249,660*	*218,011*	*253,730*	*256,362*

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Internet www.kpmg.com.pk

Auditors' report to the members

We have audited the annexed unconsolidated balance sheet of **Wazir Ali Industries Limited** ("the Company") as at 30 June 2008 and the related unconsolidated profit and loss account, unconsolidated cash flow statement and unconsolidated statement of changes in equity together with the notes forming part thereof, for the year then ended and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

It is the responsibility of the Company's management to establish and maintain a system of internal control, and prepare and present the above said statements in conformity with the approved accounting standards and the requirements of the Companies Ordinance, 1984. Our responsibility is to express an opinion on these statements based on our audit.

We conducted our audit in accordance with the auditing standards as applicable in Pakistan. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the above said statements are free of any material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the above said statements. An audit also includes assessing the accounting policies and significant estimates made by management, as well as, evaluating the overall presentation of the above said statements. We believe that our audit provides a reasonable basis for our opinion and, after due verification, we report that:

a) in our opinion, proper books of account have been kept by the Company as required by the Companies Ordinance, 1984;

b) in our opinion:

   i) the unconsolidated balance sheet and unconsolidated profit and loss account together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984, and are in agreement with the books of account and are further in accordance with accounting policies consistently applied;

   ii) the expenditure incurred during the year was for the purpose of the Company's business; and

   iii) the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the Company;

c) in our opinion and to the best of our information and according to the explanations given to us, the unconsolidated balance sheet, unconsolidated profit and loss account, unconsolidated cash flow statement and unconsolidated statement of changes in equity together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan, and, give the information required by the Companies Ordinance, 1984, in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at 30 June 2008 and of the loss, its cash flows and changes in equity for the year then ended; and

d) in our opinion, no zakat was deductible at source under the Zakat and Ushr Ordinance, 1980.

Without qualifying our opinion, we draw attention to note 1.3 in the unconsolidated financial statements which indicates that the Company incurred a net loss Rs. 41.103 million during the year ended on 30 June 2008 and, as of that date, its accumulated losses exceeded the shareholders equity by Rs. 159.890 million, while the current liabilities exceeded current assets by Rs. 67.469 million. These conditions indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern. These unconsolidated financial statements have however been prepared on a going concern basis on the expectation of future profitability, restructuring of the Company's activities and availability of financial support from Dalda Foods (Private) Limited – holding company.

Date: 29 SEP 2008

Karachi

KPMG Taseer Hadi & Co.
Chartered Accountants

KPMG

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Review Report to the Members on Statement of Compliance with Best Practices of Code of Corporate Governance

We have reviewed the Statement of Compliance with the best practices contained in the Code of Corporate Governance prepared by the Board of Directors of **Wazir Ali Industries Limited ("the Company")** to comply with the Listing Regulations of the respective Stock Exchanges, where the Company is listed.

The responsibility for compliance with the Code of Corporate Governance is that of the Board of Directors of the Company. Our responsibility is to review, to the extent where such compliance can be objectively verified, whether the statement of compliance reflects the status of the Company's compliance with the provisions of the Code of Corporate Governance and report if it does not. A review is limited primarily to inquiries of the Company personnel and review of various documents prepared by the Company to comply with the Code.

As part of our audit of financial statements we are required to obtain an understanding of the accounting and internal control system sufficient to plan the audit and develop an effective audit approach. We have not carried out any special review of the internal control system to enable us to express an opinion as to whether the Board's statement on internal control covers all controls and the effectiveness of such internal controls.

Based on our review, nothing has come to our attention, which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the best practices contained in the Code of Corporate Governance as applicable to the Company for the year ended 30 June 2008.

Date: 29 SEP 2008

Karachi

KPMG Taseer Hadi & Co.
Chartered Accountants

Unconsolidated Balance Sheet

As at 30 June 2008

	Note	2008	2007
		(Rupees in '000)	
EQUITY AND LIABILITIES			
Share capital and reserves			
Authorised capital			
8,000,000 ordinary shares of Rs10 each			
(2007: 8,000,000 shares of Rs. 10 each)		80,000	80,000
Issued, subscribed and paid-up capital	*5*	79,860	79,860
Capital reserve		10,646	10,646
Revenue reserves		(250,396)	(211,368)
Total shareholders' equity		(159,890)	(120,862)
Surplus on revaluation of property, plant and equipment	*6*	120,322	122,397
Subordinated loan from holding company	*7*	150,000	-
Non-current liabilities			
Long term finances	*8*	-	23,816
Liabilities against asset subject to finance lease	*9*	-	124
Long term deposits		-	760
Deferred tax liability on surplus on revaluation of property, plant and equipment		8,443	9,560
Provision for compensated absences	*10*	844	2,240
Total non-current liabilities		9,287	36,500
Current liabilities			
Trade and other payables	*11*	181,421	156,093
Mark-up payable on borrowings		12,767	5,012
Short term borrowings – secured	*12*	104,375	153,424
Current maturity of long term liabilities	*13*	17,940	21,737
Total current liabilities		316,503	336,266
Total Equity and Liabilities		436,222	374,301
Contingencies and Commitments	*14*		

	Note	2008	2007
		(Rupees in '000)	
ASSETS			
Non-current assets			
Property, plant and equipment	*15*	136,324	141,901
Investment in subsidiary	*16*	50,000	50,000
Long term loans to employees - secured and considered good	*17*	681	249
Long term security deposits		183	431
Total non-current assets		187,188	192,581
Current assets			
Stores and spares	*18*	5,269	4,251
Stock-in-trade	*19*	176,295	104,905
Trade debts - secured and considered good	*20*	33,093	37,236
Loans and advances - considered good	*21*	881	2,205
Deposits, prepayments and other receivables	*22*	13,085	14,487
Taxation - net	*23*	9,960	5,769
Cash and bank balances	*24*	10,451	12,867
Total current assets		249,034	181,720
Total Assets		436,222	374,301

The annexed notes 1 to 42 form an integral part of these unconsolidated financial statements.

Chief Executive

Director

Unconsolidated Profit and Loss Account

For the year ended 30 June 2008

	Note	2008	2007
		(Rupees in '000)	
Revenue - net	*25*	**919,345**	841,682
Cost of goods sold / services	*26*	**(815,552)**	(752,709)
Gross profit		**103,793**	88,973
Administrative expenses	*27*	**(27,722)**	(27,867)
Selling and distribution expenses	*28*	**(56,389)**	(92,016)
Other operating expenses	*29*	**(3,815)**	(18,931)
		(87,926)	(138,814)
Other operating income	*30*	**2,920**	2,418
Operating profit / (loss)		**18,787**	(47,423)
Finance cost	*31*	**56,397**	24,733
Loss before taxation		**(37,610)**	(72,156)
Taxation - net	*32*	**3,493**	4,504
Loss for the year		**(41,103)**	(76,660)
Loss per share - basic and diluted	*33*	**(5.15)**	(9.60)

The annexed notes 1 to 42 form an integral part of these unconsolidated financial statements.

Chief Executive

Director

Unconsolidated Cash Flow Statement

For the year ended 30 June 2008

	Note	2008	2007
		(Rupees in '000)	
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss before taxation		**(37,610)**	(72,156)
Adjustments for:			
Depreciation		**4,498**	5,039
Loss / (gain) on disposal of property, plant and equipment		**17**	(1,225)
Finance cost		**56,397**	24,733
Liabilities written back		**(760)**	-
Provision for impairment in capital work-in-progress		**1,099**	-
Provision for staff retirement benefits		**-**	(1,849)
Provision for compensated absences		**96**	871
Provision for impaired debts		**2,121**	15,616
Provision against slow moving stores and spares		**-**	3,315
		25,858	(25,656)
Changes in operating assets/liabilities			
(Increase) in stores and spares		**(1,018)**	(389)
(Increase) in stock in trade		**(71,390)**	(61,618)
Decrease in goods in transit		**-**	5,634
Decrease / (increase) in trade debts		**2,022**	(11,485)
Decrease / (increase) in long term loans to employees		**(432)**	7
Decrease / (Increase) in long term security deposits		**248**	(27)
Decrease / (Increase) in deposits, prepayments and other receivables		**1,402**	(3,627)
Payment of compensated absences		**(1,492)**	(545)
Receipts from staff retirement benefits		**-**	23,174
Decrease / (increase) in loans and advances		**1,324**	(328)
Increase in trade and other payables		**25,328**	94,967
		(18,150)	20,107
Finance cost paid		**(48,613)**	(27,578)
Income tax paid		**(8,801)**	(4,268)
Net cash (used in) operating activities		**(75,564)**	(11,739)
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditure incurred		**(755)**	(163)
Proceeds from sale of property, plant and equipment		**718**	1,630
Net cash (used in) / from investing activities		**(37)**	1,467
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of liabilities against assets subject to finance lease		**(353)**	(354)
Proceeds from long term borrowings		**150,000**	-
Repayment of long term finance		**(27,413)**	(13,010)
Net cash from / (used in) financing activities		**122,234**	(13,364)
Net increase / (decrease) in cash and cash equivalents		**46,633**	(23,636)
Cash and cash equivalents at beginning of the year		**(140,557)**	(116,921)
Cash and cash equivalents at end of the year	34	**(93,924)**	(140,557)

The annexed notes 1 to 42 form an integral part of these unconsolidated financial statements.

Chief Executive

Director

Unconsolidated Statement of Changes in Equity

For the year ended 30 June 2008

	Issued subscribed and paid-up capital	Capital reserve Share premium reserves	Revenue reserves General reserve	Revenue reserves Accumulated loss	Total
	----------------	----------------	(Rupees in '000)	----------------	----------------
Balance as at 1 July 2006	76,057	14,449	66,067	(204,133)	(47,560)
Changes in equity for the year ended 30 June 2007					
Total recognised expense for the year	-	-		(73,302)	(73,302)
Issuance of bonus shares at 5% - interim	3,803	(3,803)	-	-	-
Balance as at 30 June 2007	**79,860**	**10,646**	**66,067**	**(277,435)**	**(120,862)**
Changes in equity for the year ended 30 June 2008					
Total recognised expense for the year	-	-		(39,028)	(39,028)
Balance as at 30 June 2008	**79,860**	**10,646**	**66,067**	**(316,463)**	**(159,890)**

Statement of recognised income and expense	**2008**	2007
	(Rupees in '000)	
Loss for the year	**(41,103)**	(76,660)
Transferred from surplus on revaluation of property, plant and equipment - net of deferred tax	**2,075**	3,358
	(39,028)	(73,302)

The annexed notes 1 to 42 form an integral part of these unconsolidated financial statements.

Chief Executive

Director

Notes to the Unconsolidated Financial Statements
For the year ended 30 June 2008

1 STATUS AND NATURE OF BUSINESS

1.1 Wazir Ali Industries Limited ("the Company") was incorporated as a public limited company under the Companies Act, 1913 (now the Companies Ordinance, 1984) and its shares are listed on the Karachi and Lahore Stock Exchanges. Principal activity of the Company is to manufacture and sale of vanaspati ghee and cooking oils. The registered office of the Company is located at F-33, Hub River Road, S.I.T.E., Karachi, Pakistan. The Company is the subsidiary company of Dalda Foods (Private) Limited (the holding company).

1.2 The Company had an agreement with holding company on 1 January 2007, whereby holding company has agreed to provide various services such as accounting, procurement and human resource services to the Company at fees specified in the agreement. The agreement also specifies sales and marketing services to the Company by the holding company; which include selling of the Company's products through the holding company's sales and distribution network and marketing management support by the holding company to the Company. Another agreement: "Toll Manufacturing Service", is between the holding company and the Company with effect from February 2007. Under this agreement, the holding company guarantees that it will place orders at minimum of 10,000 tons annually. The Company is entitled to charge toll manufacturing fee at the rates specified in the agreement. This agreement may be terminated on providing 6 months notice` by either party.

1.3 The Company has incurred a net loss of Rs 41.103 million during the year ended 30 June 2008 (2007: Net loss Rs. 76.660 million) and, as of that date, its accumulated losses exceeded the shareholders' equity by Rs. 159.890 million (2007: Rs. 120.862 million), while the current liabilities exceeded current assets by Rs. 67.469 million (2007: Rs. 154.546 million). However, these unconsolidated financial statements have been prepared on the assumption that the Company would continue as a going concern. The assumption that the Company would continue as a going concern are as follows:

- Future profitability, restructuring of Company's activities and the financial support of the directors, if required. As part of restructuring efforts, the Company has entered into certain agreements with Holding Company for the utilisation of its idle capacity and obtaining various operational services from holding company as stated in note 1.2 above.

Dalda Foods (Private) Limited acquired 3,979,109 shares, increasing its holding to 73.64 % (30 June 2007 : 23.81%). As a result, the Company has become subsidiary of Dalda Foods (Private) Limited and accordingly new management has taken over the control of the Company.

Availability of continuous financial support from holding company. As part of this subordinated loan of Rs. 150 million has been provided by holding company. Refer note 7 to these unconsolidated financial statements.

2. BASIS OF PREPARATION

2.1 Statement of compliance

These unconsolidated financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board as are notified under the Companies Ordinance, 1984, provisions of and directives issued under the Companies Ordinance, 1984. In case requirements differ, the provisions of, or directives issued under the Companies Ordinance, 1984 shall prevail.

2.2 Basis of measurement

These unconsolidated financial statements have been prepared under the historical cost convention except that the land and buildings are stated at revalued amounts. Refer note 15 to these unconsolidated financial statements.

2.3 Functional and presentation currency

These unconsolidated financial statements are presented in Pakistan Rupees, which is the Company's functional currency. All financial information presented in Pakistan Rupees has been rounded to the nearest thousand.

2.4 Use of estimates and judgements

The preparation of unconsolidated financial statements in conformity with approved accounting standards, as applicable in Pakistan, requires management to make judgments, estimates and assumptions that affect the application of policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the result of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to an accounting estimate is recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Judgments made by management in the application of approved accounting standards that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in note 40 to these unconsolidated financial statements.

3. NEW ACCOUNTING STANDARDS AND IFRIC INTERPRETATIONS THAT ARE NOT YET EFFECTIVE

The following standards, amendments and interpretations of approved accounting standards will be effective for accounting periods beginning on or after 01 January 2008:

Revised IAS 1 - Presentation of financial statements (effective for annual periods beginning on or after 1 January 2009) introduces the term total comprehensive income, which represents changes in equity during a period other than those changes resulting from transactions with owners in their capacity as owners. Total comprehensive income may be presented in either a single statement of comprehensive income (effectively combining both the income statement and all non-owner changes in equity in a single statement), or in an income statement and a separate statement of comprehensive income.

Revised IAS 23 - Borrowing costs (effective from 01 January 2009). Revised IAS 23 removes the option to expense borrowing costs and requires that an entity capitalize borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset as part of the cost of that asset. The application of the standard is not likely to have an effect on Company's financial statements.

Amended IAS 27 Consolidated and Separate Financial Statements (effective for annual periods beginning on or after 1 July 2009) requires accounting for changes in ownership interest by the group in a subsidiary, while maintaining control, to be recognized as an equity transaction. When the group looses control of subsidiary, any interest retained in the former subsidiary will be measured at fair value with the gain or loss recognized in the profit or loss. The application of the standard is not likely to have an effect on the Company’s financial statements.

IAS 29 – Financial Reporting in Hyperinflationary Economies (effective for annual periods beginning on or after 28 April 2008). The application of the standard is not likely to have an effect on the Company's financial statements.

Amendments to IAS 32 Financial instruments: Presentation and IAS 1 Presentation of Financial Statements – Puttable Financial Instruments and Obligations Arising on Liquidation requires puttable instruments, and instruments that impose on the entity an obligation to deliver to another party a pro rata share of the net assets of the entity only on liquidation, to be classified as equity if certain conditions are met. The amendments, which become mandatory for the Company's financial statements, with retrospective application required, are not expected to have any impact on the financial statements.

Amendment to IFRS 2 Share-based Payment – Vesting Conditions and Cancellations (effective for periods beginning on or after 1 January 2009) clarifies the definition of vesting conditions, introduces the concept of non-vesting conditions, requires non-vesting conditions to be reflected in grant-date fair value and provides the accounting treatment for non-vesting conditions and cancellations. The application of this standard is not likely to have any effect on Company's financial statements.

Revised IFRS 3 Business Combinations (applicable for annual periods beginning on or after 1 July 2009) broadens among other things the definition of business resulting in more acquisitions being treated as business combinations, contingent consideration to be measured at fair value and transaction costs other than share and debt issue costs to be expensed. The application of this standard is not likely to have an effect on company's financial statements. IFRS 7 – Financial Instruments: Disclosures (effective for annual periods beginning on or after 28 April 2008). The application of the standard is not expected to have significant impact on the Company's financial statements other than increase in disclosures.

IFRS 8 – Operating Segments (effective for annual periods beginning on or after 28 April 2008). The application of the standard is not likely to have an effect on the Company's financial statements.

IFRIC 12 – Service Concession Arrangements (effective for annual periods beginning on or after 1 January 2008) IFRIC 12 provides guidance on certain recognition and measurement issues that arise in accounting for public-to-private concession arrangements. IFRIC 12 is not relevant to the Company's operations.

IFRIC 13 - Customer Loyalty Programmes (effective for annual periods beginning on or after 01 July 2008). IFRIC 13 addresses the accounting by entities that operate, or otherwise participate in, customer loyalty programmes for their customers. The application of IFRIC 13 is not likely to have an effect on the Company's financial statements.

IFRIC 14 - The Limit on Defined Benefit Asset, Minimum Funding Requirements and their interaction (effective for annual periods beginning on or after 01 January 2008). IFRIC 14 clarifies when refunds or reductions in future contributions in relation to defined benefit assets should be regarded as available and provides guidance on minimum funding requirements (MFR) for such asset. IFRIC 14 is not expected to have any material impact on the Company's financial statements.

IFRIC 15- Agreement for the Construction of Real Estate. (effective for annual period beginning on or after 1 October 2009). The amendment clarifies the recognition of revenue by real estate developers for sale of units, such as apartments or houses, 'off-plan', that is, before construction is complete. The amendment is not relevant to the Company.

IFRIC 16- Hedge of Net Investment in a Foreign Operation. (effective for annual period beginning on or after 1 October 2008).IFRIC clarifies what risk in foreign operation can be hedged and which entity in the group can hold hedge instrument. The amendment is not relevant to the Company.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

4.1 Mark-up bearing borrowings and borrowing cost

Mark-up bearing borrowings are recognised initially at cost, less attributable transaction costs. Subsequent to initial recognition, mark-up bearing borrowings are stated at original cost less subsequent repayments, while the difference between the cost (reduced for periodic payments) and redemption value is recognised in the profit and loss account over the period of the borrowings on an effective mark-up basis.

4.2 Trade and other payables

Liabilities for trade and other amounts payable are recognized and carried at cost, which is the fair value of the consideration to be paid in the future for goods and services received, whether or not billed to the Company.

4.3 Taxation

Current Provision for current taxation is based on taxability of certain income streams of the Company under presumptive / final tax regime at the applicable tax rates and remaining income streams chargeable at current rate of taxation under the normal tax regime after taking into account tax credits and tax rebates available, if any.

Deferred

Deferred taxation is provided, using the balance sheet liability method, in respect of temporary differences between the carrying amounts of assets and liabilities in the unconsolidated financial statements and their tax base. The amount of deferred tax recognised is based on expected manner of realization or settlement of the carrying amount of assets and liabilities using the tax rates enacted or substantively enacted at the balance sheet date.

Deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, carry forward of unused tax assets and unused tax losses can be utilized.

Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

4.4 Employee benefits

Accumulating compensated absences

The Company accounts for all accumulated compensated absences when employees render services that increase their entitlement to future compensated absences.

Post retirement benefits

Defined contribution plan

The Company operates a recognised provident fund scheme for its permanent employees. Equal contributions are made by the Company and the employees. This scheme has been discontinued on 31 December 2007.

Defined benefit plan

The Company is also operating an approved funded gratuity scheme for its permanent employees.

Contributions are paid to the gratuity fund on the basis of actuarial recommendations. The cost of providing benefits is determined using the Projected Unit Credit Method, with actuarial valuations being carried out at each balance sheet date. Actuarial gains and losses are recognised immediately in the profit and loss account in the year in which they arise.

Amounts recognized in the balance sheet represent the present value of the defined benefit obligation as adjusted for unrecognized past service cost, if any, and as reduced by the fair value of plan assets. Any asset resulting from this calculation is limited to the unrecognized past service cost, if any, plus the present value of available refunds and reduction in future contributions to the plan.

4.5 Provisions

A provision is recognised if, as a result of past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation.

Provision for leakages and damages and claims against trade offers is recognised in the profit and loss account when the underlying products are sold. The provision is made on the basis of claims lodged with the Company and historical data.

4.6 Property, plant and equipment

Tangible

Owned

Items of property, plant and equipment except free hold land, building on freehold land and plant and machinery are measured at cost less accumulated depreciation and impairment losses. Cost includes expenditures that are directly attributable to the acquisition of the assets. Freehold land is stated at revalued amount.

Free hold land, building on freehold land and plant and machinery of the Company are revalued by professionally qualified valuers to ensure that the net carrying amount does not differ materially from their fair value. Surplus arising on revaluation is credited to surplus on revaluation of fixed assets account. Deficit arising on subsequent revaluation of property, plant and equipment is adjusted against the balance in the surplus account as allowed under the provisions of the Companies Ordinance, 1984. The surplus on revaluation of property, plant and equipment to the extent of incremental depreciation charged on the related assets is transferred by the Company to retained earnings (net of deferred taxation). Surplus on revaluation is transferred to retained earnings on their disposal.

Depreciation is calculated on straight line basis over the estimated useful life of the assets. Depreciation on additions is charged from the month in which they are put to use and on deletions up to the month of deletion at the rate specified in note 15.1.

Normal repairs and maintenance are charged to income as and when incurred. Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the item of property plant and equipment.

Gain and losses on disposal of assets, if any, are included in the profit and loss account except that the related surplus on the revaluation of property, plant and equipment is transferred directly to retained earnings / accumulated losses.

Leased

Leases in terms of which the Company assumes substantially all the risks and rewards of ownership are classified as finance leases. Asset acquired by way of finance lease is stated at an amount equal to the lower of its fair value and the present value of minimum lease payments at the inception of the lease less accumulated depreciation and impairment losses, if any.

Depreciation is charged on the same basis as used for owned assets.

Capital work-in-progress

Capital work-in-progress is stated at cost less impairment if any. Assets are transferred to operating fixed assets when they are available for intended use.

4.7 Intangible assets

An intangible asset is recognised as an asset if it is probable that future economic benefits attributable to the asset will flow to the entity and the cost of such asset can be measured reliably.

Indefinite intangibles

These are stated at cost less impairment, if any. Cost includes the purchase cost of indefinite intangible asset and other directly attributable costs, if any.

Definite intangibles

These are stated at cost less accumulated amortisation and accumulated impairment losses, if any. Cost includes the purchase costs of definite intangible asset and other directly attributable costs of preparing the asset for its intended use.

4.8 Investment in Subsidiary

Investment in subsidiary company is carried at cost less impairment losses, if any.

4.9 Stock-in-trade

Stock in trade is stated at the lower of cost and net realizable value. Cost is determined using weighted average basis and includes expenditure incurred in acquiring / bringing the inventories to their present location and condition. In the case of finished goods and work-in-process (hard oil), cost consists of raw materials and appropriate share of overheads. However, work-in-process items which have not gone through the production phase (soft oil) include raw material costs only. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated cost of completion and selling expenses.

4.10 Goods in transit

These are stated at cost, which includes invoice value and other charges incurred thereon, less impairment losses, if any.

4.11 Stores and spares

Stores and spares are valued at lower of cost and net realisable value less impairment losses, if any. Cost is determined using first-in-first-out basis.

4.12 Trade debts and other receivables

Trade debts and other receivables are recognised initially at fair value and subsequently measured at amortised cost using effective interest rate method, if applicable, less provision for impairment losses, if any. A provision for impairment is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of receivables. Trade debts and other receivables considered irrecoverable are written off.

4.13 Cash and cash equivalents

Cash and cash equivalents comprise cash balances and short term borrowings that are repayable on demand and form an integral part of the Company's cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

4.14 Impairment

Financial assets

A financial asset is assessed at each balance sheet date to determine whether there is any objective evidence that it is impaired. A financial assets is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of the asset.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of estimated cash flows discounted at the original effective interest rate.

Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics. All impairment losses are recognised in profit and loss account.

Non-financial assets

The carrying amount of the Company's assets are reviewed at each balance sheet date to determine whether there is any indication of impairment. If such indication exists, the asset's recoverable amount is estimated in order to determine the extent of impairment loss, if any. Impairment losses are recognised as expense in profit and loss account. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

4.15 Foreign currency transactions

Foreign currency transactions are translated into Pak Rupees at exchange rates prevailing on the date of transaction. Monetary assets and liabilities in foreign currencies are translated into Pak Rupees at the rates of exchange prevailing at the balance sheet date. Exchange differences, if any, are taken to profit and loss account.

4.16 Offsetting of financial assets and financial liabilities

Financial assets and financial liabilities are set off and only the net amount is reported in the balance sheet when there is a legally enforceable right to set off the recognized amount and the Company intends to either settle on a net basis, or to realize the asset and settle the liability simultaneously.

4.17 Revenue recognition

Revenue from sale of goods is measured at the fair value of the consideration received or receivable, net of returns and allowances, trade discounts and volume rebates. Revenue is recognised when the significant risks and rewards of ownership have been transferred i.e despatch of the goods to the customers.

- Service income (toll manufacturing) is recorded when the services are performed.

Interest income is recognized on the basis of constant periodic rate of return.

4.18 Allocation of common expenses

The Company, under an agreement, is allocating certain common selling, distribution and administrative expenses to certain related parties. The Company charges it's share of these expenses to the profit and loss account.

4.19 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 (geographical segment), which is subject to risks and returns that are different from those of other segments. Segment information is presented in respect of the Company's business and geographical segments. The Company's primary format for segment reporting is based on business segments. The business segments are determined based on the Company's management and internal reporting structure.

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly investments (other than investment property) and related revenue, loans and borrowings and related expenses, corporate assets and head office expenses, and income tax assets and liabilities.

Segment capital expenditure is the total cost incurred during the year to acquire property, plant and equipment, and intangible assets, if any other than goodwill.

4.20 Dividend and appropriation to reserves

Dividend distribution to the Company's shareholders and appropriation to reserves is recognized in the period in which these are approved.

5. ISSUED, SUBSCRIBED AND PAID-UP CAPITAL

	2008	2007
	(Rupees in '000)	
6,808,175 (2007: 6,808,175) ordinary shares of Rs 10 each fully paid in cash	68,082	68,082
1,177,784 (2007: 1,177,784) ordinary shares of Rs 10 each fully paid bonus shares	11,778	11,778
	79,860	79,860

5.1 As at 30 June 2008, Dalda Foods (Private) Limited, holding company held 73.64% (2007: 23.8%) shares of the Company.

6. SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT

	2008	2007
Balance as on 1 July	131,957	91,523
Revaluation during the year	-	43,792
Surplus transferred to accumulated losses in respect of incremental depreciation charged on related assets during the year	(3,192)	(3,358)
	128,765	131,957
Less: related deferred tax liability	(8,443)	(9,560)
	120,322	122,397

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

7. SUBORDINATED LOAN FROM PARENT COMPANY

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

	Note	2008	2007
		(Rupees in '000)	
Loan from a banking company - secured	*8.1*	-	17,816
Loan from a related party - unsecured		-	6,000
		-	23,816

8.1 Loan from a banking company - secured

	2008	2007
Balance as on 01 July	**39,229**	58,239
Repayments made during the year	**(21,413)**	(19,010)
	17,816	39,229
Current maturity	**(17,816)**	(21,413)
	-	17,816

8.1.1 This represents facility obtained from The Royal Bank of Scotland (formerly ABN Amro Bank)Karachi amounting to Rs. 17.816 million (2007: Rs. 39.230 million). The loan is repayable in 16quarterly instalments along with mark-up over a term of 5 years, including one year grace period ofrepayment of principal. The loan carries mark-up at the rate of 3 months KIBOR plus 200 bps witha floor of 12% p.a. The loan facility is secured against first parri passu charge of Rs. 135 million onpresent and future assets of the Company including freehold land, building, machinery, stock in trade and trade debts.

9. LIABILITIES AGAINST ASSET SUBJECT TO FINANCE LEASE

	2008			2007		
	Minimum lease payments	**Finance cost**	**Principal outstanding**	Minimum lease payments	Finance cost	Principal outstanding
	---------------------------------- **(Rupees in '000)**			--------------------------------		
Upto 1 year	**125**	**1**	**124**	353	29	324
Over one year to five years	-	-	-	125	1	124
	125	**1**	**124**	478	30	448

9.1 Present value of minimum lease payments has been discounted by using financing rates ranging from 6 months KIBOR plus 3.5% with a floor of 11%. (2007: 6 months KIBOR plus 3.5% with afloor of 11%). Title to the assets acquired under the leasing arrangements are transferable to the Company at the end of lease term. Repair and insurance costs are to be borne by the Company.

10. PROVISION FOR COMPENSATED ABSENCES

	2008	2007
	(Rupees in '000)	
Balance as at 01 July	**2,240**	1,914
Provision made during the year	**96**	871
	2,336	2,785
Payments made during the year	**(1,492)**	(545)
Balance as at 30 June	**844**	2,240

10.1 The Company accounts for compensated absences on the basis of unavailed leave balances of each employee at the end of the year. Payments are made on the sum of basic salary, house rent and utilities.

11. TRADE AND OTHER PAYABLES

	Note	2008	2007
Trade payables against:			
-Goods	11.1	**125,163**	98,161
-Expenses		**6,882**	5,445
-Inland letters of credit		**29,947**	19,750
		161,992	123,356
Accrued expenses		**7,098**	17,995
Advances from customers		**10,360**	12,198
Unclaimed dividends		**560**	533
Excise duty and sales tax payable		**-**	214
Other liabilities		**1,411**	1,797
		181,421	156,093

11.1 Trade payable against goods include amount due to:

	2008	2007
-Holding company	**26,497**	16,504
-Associated companies	**96,533**	67,990
-Others	**2,133**	13,667
	125,163	98,161

12. SHORT TERM BORROWINGS - secured

	Note	2008	2007
		(Rupees in '000)	
Running finance against mark-up arrangement	12.1	**89,757**	119,839
Finance against trust receipt (FATR)	12.2	**14,618**	33,585
		104,375	153,424

12.1 The Company has running finance facilities under mark-up arrangements in aggregate of Rs. 90 million (2007: Rs. 120 million) from certain banks. The facility of Rs. 25 million carries mark-up rate of 3 months KIBOR plus 200 bps with a floor of 11% p.a (2007: 3 months KIBOR plus 200 bps with a floor of 11% p.a) and the facility of Rs. 95 million carries mark-up rate of 6 months average KIBOR (ask side) plus 2% p.a (2007: 6 months KIBOR plus 2 %). These arrangements are valid upto varying periods between June 2007 to May 2008. The facility of Rs. 25 million is secured against first parri passu charge over Company's fixed assets comprising land, building, plant and machinery for Rs. 135 million and facility of Rs. 95 million is secured against hypothecation of stock in trade and receivables with 25 % margin and pari passu charge on all present and future fixed assets (to the extent of Rs. 158 million) and current assets (to extent of Rs. 127 million) of the Company. This facility is renewable.

12.2 Facilities for finance against trust receipt from certain banks at 30 June 2008 amounted to Rs. 40 million (2007: Rs. 40 million). These facilities carry mark-up rate of 3 months KIBOR plus 200 bps with a floor of 11% p.a (2007: 3 months KIBOR plus 200 bps with a floor of 11 % p.a) and are secured against securities specified in 8.1.1 and import documents. This facility is renewable.

12.3 Facilities for opening letters of credit from certain banks at 30 June 2008 amounted to Rs. 75 million (2007: Rs. 75 million). The facility of Rs. 45 million is secured against securities specified in 12.1 and import documents and facility of Rs. 30 million is secured against 10% cash margin, import documents, present and future charge over fixed and current assets of Rs. 8.334 million and Rs. 30 million respectively. Facilities utilised as at 30 June 2008 amounted to Rs. 29 million (2007: Rs. 19.158 million). This facility is renewable.

		2008	2007
13. CURRENT MATURITIES OF LONG TERM LIABILITIES		**(Rupees in '000)**	
Liabilities against asset subject to finance lease	9	**124**	324
Long term finance	8	**17,816**	21,413
		17,940	21,737
14. CONTINGENCIES AND COMMITMENTS			
14.1 Contingencies			
Claims against Company not acknowledged as debt	14.1.1	**16,648**	14,857
Bank guarantees		**6,072**	6,072

14.1.1 Management is confident that these claims will not be ultimately payable.

14.2 Commitments
Commitments under letters of credit for raw materials as at 30 June 2008 amounted to Rs. 29 million (2007: Rs. 19.158 million).

15. PROPERTY, PLANT AND EQUIPMENT

Operating assets	*15.1*	**136,324**	140,802
Capital work-in-progress	*15.6*	**-**	1,099
		136,324	141,901

15.1 Operating assets

2008

	Cost					Depreciation					Written down	Rate
	As at 01 July 2007	Revaluation Adjustment	Surplus	Additions (Disposals)	As at 30 June 2008	As at 01 July 2007	For the year	Additions (Disposals)	Revaluation adjustment	As at 30 June 2008	value as at 30 June 2008	%
	(Rupees in '000)											
Owned												
Freehold land	106,470	-	-	-	106,470	-	-	-	-	-	106,470	-
Building on freehold land	11,948	-	-	-	11,948	815	1,085	-	-	1,900	10,048	*5-10*
Plant and machinery	21,021	-	-	575	21,596	1,618	2,107	-	-	3,725	17,871	*10*
Factory equipment	2,995	-	-	153	3,148	2,862	62		-	2,924	224	*10*
Furniture	1,905	-	-	(1,077)	828	963	132	(372)	-	723	105	*10*
Fittings	2,231	-	-	-	2,231	2,231	-	-	-	2,231	-	*10*
Office/residential equipment	12,879	-	-	(286)	12,593	11,960	524	(256)	-	12,228	365	*10 & 33.33*
Vehicles	8,318	-	-	27 (750)	7,595	7,210	395	(750)	-	6,855	740	*20*
Intangible assets	776	-	-	-	776	776	-	-	-	776	-	-
Leased												
Vehicles	969	-	-	-	969	275	193	-	-	468	501	*20*
	169,512	-	-	755 (2,113)	168,154	28,710	4,498	(1,378)	-	31,830	136,324	

2007

	Cost					Depreciation					Written down	Rate
	As at 01 July 2006	Revaluation Adjustment	Surplus	(Disposals)	As at 30 June 2007	As at 01 July 2006	For the year	(Disposals)	Revaluation adjustment	As at 30 June 2007	value as at 30 June 2007	%
	(Rupees in '000)											
Owned												
Freehold land	69,164	-	37,306	-	106,470	-	-	-	-	-	106,470	-
Building on freehold land	12,048	(3,962)	3,862	-	11,948	3,687	1,090	-	(3,962)	815	11,133	*5-10*
Plant and machinery	26,005	(7,608)	2,624	-	21,021	6,958	2,268	-	(7,608)	1,618	19,403	*10*
Factory equipment	2,995	-	-	-	2,995	2,802	60	-	-	2,862	133	*10*
Furniture	1,905	-	-	-	1,905	811	152	-	-	963	942	*10*
Fittings	2,231	-	-	-	2,231	2,226	5	-	-	2,231	-	*10*
Office/residential equipment	12,879	-	-	-	12,879	11,407	553	-	-	11,960	919	*10 & 33.33*
Vehicles	11,192	-	-	(2,874)	8,318	8,962	717	(2,469)	-	7,210	1,108	*20*
Intangible assets	776	-	-	-	776	776	-	-	-	776	-	-
Leased												
Vehicles	969	-	-	-	969	81	194	-	-	275	694	*20*
	140,164	(11,570)	43,792	(2,874)	169,512	37,710	5,039	(2,469)	(11,570)	28,710	140,802	

15.2 Freehold land, building and plant and machinery are carried at revalued amounts. Had there been no revaluation, related figures of revalued assets would have been as follows:

	Cost	Accumulated depreciation	Written down value
	---------(Rupees in '000)---------		
Freehold land	**1,826**	**-**	**1,826**
Building on free hold land	**9,427**	**9,427**	**-**
Plant and machinery	**49,513**	**48,195**	**1,318**
2008	**60,766**	**57,622**	**3,144**
2007	60,191	57,516	2,675

15.3 The depreciation charge for the year has been allocated as follows:

	2008	2007
	(Rupees in '000)	
Cost of goods manufactured	**3,167**	3,333
Administration expenses	**1,104**	1,316
Selling and distribution expenses	**227**	390
	4,498	5,039

15.4 Details of property, plant and equipment disposed off during the year are as follows:

Description	Cost	Accumulated depreciation	Carrying value	Sale proceeds	Gain / (loss)	Mode of disposal	Purchaser
	---- (Rupees in '000) ----						
Furniture and fittings							
Book value more than Rs.50,000	923	238	685	251	(434)	Negotiation	M/S Formulatrix
Book value upto Rs.50,000 each	1,190	1,140	50	467	417	Negotiation	Various
2008	**2,113**	**1,378**	**735**	**718**	**(17)**		
2007	2,874	2,469	405	1,630	1,225		

15.5 Details of charges created on certain items of property, plant and equipment are given in note 8 and 12 to these unconsolidated financial statements.

15.6 Capital work-in-progress

	2008	2007
	(Rupees in '000)	
Balance as on 1 July	**1,099**	936
Additions made during the year	**-**	163
	1,099	1,099
Less: provision for impairment	**(1,099)**	-
Balance as on 30 June	**-**	1,099

16. INVESTMENT IN SUBSIDIARY

This represents investment in 5 million ordinary shares of Rs. 10 each of Wazir Ali Ventures(Private) Limited, a wholly owned subsidiary, incorporated in Pakistan on 9 May 2005. Mr. Inam Bari(Director Human Resource of holding company) is the Chief Executive Officer of the subsidiarycompany.

17. LONG TERN LOANS TO EMPLOYEES - secured considered good

	Note	2008	2007
Loans and advances due from employees	*17.1*	**955**	611
Receivable within one year		**(274)**	(362)
		681	249

17.1 These represent mark-up free motorcycle, bicycle and laptop loans to employees under a Collective Bargaining Agreement and personal loans given to employees which are secured against theretirement benefits of respective employees. These are recoverable within 50 monthly instalments.

17.2 This includes an amount of Rs. Nil (2007: Rs.0.044 million) recoverable from holding company onaccount of employees transferred during the year.

18. STORES AND SPARES

	Note	2008	2007
		(Rupees in '000)	
Stores		**4,770**	4,380
Spares		**4,876**	4,248
		9,646	8,628
Provision against slow moving stores and spares	*18.1*	**(4,377)**	(4,377)
		5,269	4,251

18.1 Movement in provision against slow moving stores and spares

	2008	2007
Opening balance	**4,377**	1,062
Provision made during the year	**-**	3,315
Closing balance	**4,377**	4,377

19. STOCK-IN-TRADE

	2008	2007
Raw materials	**17,021**	1,526
Packing materials	**13,552**	10,938
Work-in-process	**53,507**	10,616
	84,080	23,080
Finished goods - Ghee and cooking oil	**88,654**	80,506
Acid oil (by-product)	**3,561**	1,319
	176,295	104,905

20. TRADE DEBTS - secured and considered good

	Note	2008	2007
Trade debts - considered good	*20.1*	**33,093**	37,236
Doubtful debts		**22,737**	20,616
		55,830	57,852
Provision for impaired debts	*20.2*	**(22,737)**	(20,616)
		33,093	37,236

20.1 This includes balance due from an associated company amounting to Rs. 1.01 million (2007: Rs. 0.241). These are in the normal course of business and are mark-up / interest free.

20.2 Movement in provision for impaired debts

		2008	2007
		(Rupees in '000)	
Opening balance		**20,616**	5,000
Provision made during the year		**2,121**	15,616
Closing balance		**22,737**	20,616

21. LOANS AND ADVANCES - considered good

Current maturity of long term loans to employees - secured	*17*	**274**	362
Short term advances to staff - secured	*21.1 & 21.2*	**400**	1,013
Less: provision there against		**(293)**	-
		107	1,013
Advance payments to contractors and suppliers - unsecured		**500**	830
		881	2,205

21.1 These are mark-up free advances (against salary) and are secured in the same manner as given innote 17.1 to these unconsolidated financial statements.

21.2 This includes an amount of Rs. Nil (2007: 0.363 million) recoverable from holding company onaccount of employees transferred from the Company to holding company.

22. DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

Deposits and prepayments		**509**	369
Margin against bank guarantees		**6,072**	6,072
		6,581	6,441
Other receivables - unsecured - considered good:			
Due from an associated company	*22.1*	**1,462**	1,369
Due from a subsidiary company	*22.2*	**4,692**	4,692
Receivable from the gratuity fund		**350**	1,985
		6,504	8,046
		13,085	14,487

22.1 This represents balance receivable from Zulfeqar Industries Limited on account of common expenses shared with them. No mark-up / interest is charged on the outstanding balances.

22.2 This balance is receivable from Wazir Ali Ventures (Private) Limited on account of commonexpenses shared with them (recoveries) and advances made by the Company on behalf of its subsidiary.

23. TAXATION - net

	2008	2007
	(Rupees in '000)	
Advance tax	**29,470**	20,669
Provision for tax	**(19,510)**	(14,900)
	9,960	5,769

24. CASH AND BANK BALANCES

	2008	2007
	(Rupees in '000)	
Cash in hand	**395**	190
With bank on current accounts	**10,056**	12,677
	10,451	12,867

25. Revenue - net

	2008	2007
Own manufacturing	**833,513**	885,114
Toll manufacturing	**88,497**	15,326
Sales tax	**-**	(51,265)
Leakages and damages	**(2,665)**	(7,493)
	919,345	841,682

25.1 The Fee from toll manufacturing of DFL products has been considered as revenue. Accordingly comparative has reclassified form other income.

26. COST OF GOODS SOLD / SERVICES

		2008	2007
		(Rupees in '000)	
Finished goods as on 1 July		**81,825**	11,404
Cost of goods manufactured	*26.1*	**825,942**	823,130
Available for sale		**907,767**	834,534
Finished goods as on 30 June		**(92,215)**	(81,825)
		815,552	752,709

26.1 Cost of goods manufactured

		2008	2007
Work in process as on 1 July		**10,616**	10,080
Raw materials consumed	*26.2*	**724,588**	672,516
Packing materials consumed	*26.3*	**45,990**	81,514
Stores and spares consumed		**11,660**	5,758
Salaries, wages and other benefits		**34,402**	28,327

Contribution to provident fund		**360**	745
Fuel and power		**44,856**	29,801
Repair and maintenance		**2,936**	897
Rent, rates and taxes		**23**	6
Insurance		**851**	769
Depreciation	*15.3*	**3,167**	3,333
		879,449	833,746
Work in process as on 30 June		**(53,507)**	(10,616)
		825,942	823,130

26.2 Raw materials consumed

Balance as on 1 July	**1,526**	2,351
Purchases	**740,083**	671,691
	741,609	674,042
Balance as on 30 June	**(17,021)**	(1,526)
	724,588	672,516

26.3 Packing materials consumed

	2008	2007
	(Rupees in '000)	
Balance as on 1 July	**10,938**	19,452
Purchases	**48,604**	73,000
	59,542	92,452
Balance as on 30 June	**(13,552)**	(10,938)
	45,990	81,514

27. ADMINISTRATIVE EXPENSES

Salaries, wages and other benefits		**11,202**	15,982
Contribution to provident fund		**145**	392
Electricity and gas charges		**1,051**	1,057
Repair and maintenance		**2,016**	2,147
Travelling and conveyance		**886**	1,715
Legal and professional charges		**2,553**	3,512
Depreciation	*15.3*	**1,104**	1,316
Rent, rates and taxes		**792**	1,360
Postage, telegrams and telephone		**598**	1,215
Printing and stationery		**505**	700
Insurance		**198**	275
Subscription		**231**	261
Entertainment		**106**	356
Auditors' remuneration	*27.1*	**265**	255
Advertisement		**65**	225
Meeting and conferences		**9**	27
Other expenses		**17**	12
Fee under service level agreement with Dalda Foods			

(Private) Limited - an Holding company (note 1.2)		**6,000**	1,500
Common expenses allocated by Zulfeqar Industries Limited - an associated company		**-**	184
		27,743	32,491
Less: Common expenses allocated to:			
Zulfeqar Industries Limited - an associated company (note 22.1)		**(21)**	(244)
Wazir Ali Ventures (Private) Limited - a subsidiary company		**-**	(4,380)
		27,722	27,867

27.1 Auditors' remuneration

Statutory audit fee	**150**	150
Half yearly review	**50**	50
Certification for code of corporate governance	**35**	35
Out of pocket expenses	**30**	20
	265	255

28. SELLING AND DISTRIBUTION EXPENSES

		2008	2007
		(Rupees in '000)	
Salaries and other benefits		**-**	10,978
Contribution to provident fund		**-**	233
Sales promotion		**13,958**	35,610
Advertisement		**14,808**	12,979
Freight		**11,263**	23,937
Travelling and conveyance		**-**	2,613
Postage, telegram and telephone		**-**	565
Depreciation	*15.3*	**227**	390
Repair and maintenance		**2**	1,436
Insurance		**755**	1,522
Rent, rate and taxes		**-**	519
Printing and stationery		**-**	113
Gas and electricity charges		**-**	72
Research and development		**140**	1,050
Entertainment		**-**	53
Meeting and conferences		**-**	51
Legal and professional charges		**-**	10
Common expenses allocated by Zulfeqar Industries Limited - an associated company		**-**	21
		41,153	92,152
Expenses under the agreement to Dalda Foods (Private) Limited (DFL) - holding company (note 1.2)	*28.1*	**15,236**	(136)
		56,389	92,016

28.1 This is adjusted against expenses of Rs. Nil (2007: Rs.4.553 million) incurred by the Company and reimbursed by holding company to the Company under the agreement (Note 1.2).

29. OTHER OPERATING EXPENSES		**2008**	2007
		(Rupees in '000)	
Provision against slow moving stores and spares	*18.1*	-	3,315
Provision for impaired debts	*20.2*	2,121	15,616
Provision for doubtful advances to employees	*21*	293	-
Provision for impairment in capital work-in-progress	*15.6*	1,099	-
Others		302	-
		3,815	18,931

30. OTHER OPERATING INCOME		
Income from non-financial assets		
(Loss) / gain on sale of property, plant and equipment	**(17)**	1,225
Others		
Scrap sales	**1,279**	743
	1,658	450
	2,920	2,418

31. FINANCE COST		**2008**	2007
		(Rupees in '000)	
Mark-up on:			
- Short term borrowings		**9,956**	13,461
- Long term finance	*31.1*	**4,468**	6,691
- Subordinated loan from parent company		**9,543**	
- Finance Against Trust Receipt (FATR)		**3,067**	3,884
Bank charges		**796**	625
Finance cost on liabilities against asset subject to finance lease		**29**	72
Finance cost on oil borrowed from parent company		**28,538**	
		56,397	24,733

31.1 This includes interest / mark-up on borrowing from a director amounting to Rs. 0.357 million (2007: Rs. 0.240 million).

32. TAXATION		
Current	**4,610**	4,504
Deferred	**(1,117)**	-
	3,493	4,504

Provision for current year tax represents minimum tax under section 113 of the Income TaxOrdinance, 2001. The net deferred tax assets of Rs. 62.626 million (2007: Rs.50.630 million) arising on unused tax losses and temporary differences have not been accounted for due to uncertainty of future profitability of the Company.

		2008	2007
33.	**LOSS PER SHARE - BASIC AND DILUTED**	**(Rupees in '000)**	
	Net loss for the year	(40,888)	(76,660)
		(Numbers)	
	Weighted average number of ordinary shares	7,985,959	7,985,959
		(Rupees)	
	Loss per share	(5.12)	(9.60)
34.	**CASH AND CASH EQUIVALENTS**	**(Rupees in '000)**	
	Cash and bank balances	**10,451**	12,867
	Short term borrowings	**(104,375)**	(153,424)
		(93,924)	(140,557)

35. STAFF RETIREMENT BENEFITS

Provident Fund

Salaries, wages and benefits include Rs. 0.505 million (2007: Rs. 1.370 million) in respect of provident fund contribution.

Gratuity Fund

Principal actuarial assumptions used in the actuarial valuation of the scheme carried out as at 30 June 2008 are as follows:

- Discount rate at 12 % per annum (2007: 10% per annum).
- Expected rate of return on plan assets at 12% per annum (2007: 10% per annum).
- Expected rate of increase in salary level at 12% per annum for management employees (2007: 10% per annum) and at 11% for non-management employees (2007: 9% per annum).

The amount recognised in balance sheet is as follows:

	2008	2007
	(Rupees in '000)	
Present value of defined benefit obligation	**18,373**	17,140
Fair value of plan assets	**(18,723)**	(19,125)
Asset in balances	**(350)**	(1,985)
Changes in present value of defined benefit obligation		
Obligation as at 1 July	**17,140**	19,682
Current service cost	**744**	1,034
Interest cost	**1,714**	1,968
Actuarial loss / (gain)	**784**	(656)
Benefits paid	**(2,009)**	(4,888)
Obligation as at 30 June	**18,373**	17,140

	2008	2007
	(Rupees in '000)	
Changes in fair value of plan assets		
Fair value as at 1 July	**19,125**	42,992
Expected return on plan assets	**1,913**	4,299
Actuarial loss	**(306)**	(104)
Benefits paid	**(2,009)**	(3,627)
Contribution (from) / to the fund	**-**	(24,435)
Fair value as at 30 June	**18,723**	19,125
Recognised (asset) / liability		
Balance as at 1 July	**(1,985)**	(23,310)
Expenses / (Income) recognized	**1,635**	(1,849)
Contributions	**-**	24,435
Benefits paid by the Company	**-**	(1,261)
Company's (asset) as at 30 June	**(350)**	(1,985)
The amount recognised in the profit and loss account is as follows:		
Current service cost	**744**	1,034
Interest cost	**(1,913)**	1,968
Expected return on plan assets	**1,714**	(4,299)
Actuarial losses / (gains)	**1,090**	(552)
Net expense / (income) for the year	**1,635**	(1,849)
Composition/ fair value of plan assets used by the fund		
Debt instruments	**-**	88.89%
Equity instruments	**99.33%**	-
Others	**0.67%**	11.11%
Actual return on plan assets is as follows:		
Expected return on plan assets	**1,913**	4,299
Actuarial (loss) / gain on plan assets	**(784)**	(104)
Actual return on plan assets	**1,129**	4,195

Historical information	**2008**	2007	2006	2005	2004
	------------------------ (Rupees in '000) ------------------------				
Present value of defined benefit obligation	**18,373**	17,140	19,682	18,201	18,109
Fair value of planned assets	**(18,723)**	(19,125)	(42,992)	(39,217)	(37,797)
(Asset) / liability in balance sheet	**(350)**	(1,985)	(23,310)	(21,016)	(19,688)
Experience adjustment arising on plan liabilities (gains) / losses	**784**	(656)	408	(221)	(2,415)
Experience adjustment arising on plan assets gains / (losses)	**(306)**	(104)	(147)	(1,733)	14,001

36. RELATED PARTY TRANSACTIONS

Related parties comprise of group companies; directors and their close family members; staff retirement funds; key management personnel and major shareholders of the Company. Holding company, subsidiary company and associatedcompanies with whom such transactions have taken place includes Dalda Foods (Private) Limited (holding company),Zulfeqar Industries Limited, IGI Insurance Company Limited, Treet Corporation Limited, Wazir Ali Ventures (Private)Limited and Mapak Edible Oils (Private) 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 parties have been 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 (Note 37). The aggregate value of transactions and outstanding balances as at 30 June 2008 with related parties other than those which have been disclosed else where are as follows:

2008

	Balance as at 30-Jun-2007 receivable / (payable)	(Purchases) / sales	Common expenses allocated receivable / (payable)	Payment made	Payment received	Balance as at 30-Jun-2008 receivable / (payable)
	----------	----------	----------	(Rupees in thousand)	----------	----------
Holding Company						
Dalda Foods (Private) Limited	(16,504)	(52,330) 88,497	15,236 (27)	-	(61,370)	(26,498)
Subsidiary Company						
Wazir Ali Ventures (Private) Limited	4,692	-	-	-	-	4,692
Associated Companies						
Mapak Edible Oils (Private) Limited	(51,992)	(386,328)	-	357,546	-	(80,774)
Shakoo (Private) Limited	(15,832)	(92,786)	-	90,985	-	(17,633)
Treet Corporation Limited	181	202	34 (138)	188	(196)	271
Zulfeqar Industries Limited	1,610	(341) 1,617	1,476	593	(2,482)	2,473
Packages Limited	(166)	(437)	-	475	-	(128)
IGI Insurance Limited - insurance Premium	(278)	(891)	-	578	-	(591)

2007

	Balance as at 30-Jun-2006 receivable / (payable)	(Purchases) / Sales	Common expenses allocated receivable / (payable)	Payment made	Payment received	Balance as at 30-Jun-2007 receivable / (payable)
	----------	----------	----------	(Rupees in thousand)	----------	----------
Holding Company						
Dalda Foods (Private) Limited	-	(16,583) 15,498	6,590	-	(22,000)	**(16,495)**
Subsidiary Company						
Wazir Ali Ventures (Private) Limited	681	-	6,144	833	(2,966)	**4,692**

	2007					
	Balance as at 30-Jun-2006 receivable / (payable)	(Purchases) / Sales	Common expenses allocated receivable / (payable)	Payment made	Payment Received	Balance as at 30-Jun-2007 receivable / (payable)
	---------- (Rupees in thousand) ----------					
Associated Companies						
Mapak Edible Oils (Private) Limited	-	(253,183) -	-	201,191	-	**(51,992)**
Shakoo (Private) Limited	-	(48,603) -	-	32,771	-	**(15,832)**
Treet Corporation Limited	182	37	34 (150)	125	(47)	**181**
Zulfeqar Industries Limited	1,072	(231) 1,308	2,932 (426)	-	(3,045)	**1,610**
IGI Insurance Limited - Insurance Premium	(1,003)	(1,393) -	-	**2,118**	-	**(278)**

	Transaction value		Balance receivable / (payable)	
	2008	2007	**2008**	2007
Others				
Contribution to staff retirement funds - Employee Provident Fund	**505**	1,370	**-**	(757)
Receipts from staff retirement fund - Employee Gratuity Fund	**-**	23,174	**350**	1,985

37. EXECUTIVES' REMUNERATION

The aggregate amount charged in the unconsolidated financial statements for the year for remuneration and benefits to theexecutives and directors of the Company are as follows:

	2008		2007	
	Chief Executive	**Other Executives**	Chief Executive	Other Executives
	(Rupees in '000)			
Remuneration	**-**	**910**	-	1,391
Rent and utilities	**926**	**501**	999	885
Medical expenses	**18**	**76**	38	126
Entertainment	**12**	**-**	17	-
Company's contribution to provident fund	**-**	**42**	-	80
Other perquisites	**205**	**612**	144	540
	1,161	**2,141**	1,198	3,022
Number of persons	**1**	**1**	1	2

The Ex-Chief Executive was also provided with free use of Company maintained vehicle.

38. FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

38.1 Interest rate risk exposure

Interest / mark-up rate risk arises from the possibility that changes in interest / mark-up rates will affect the value of financial instruments. Detail of interest / mark-up rate risk exposure to the company based on contractual repricing and maturity dates, are as follows:

	2008							
	Effective rate % per annum	Interest / mark-up bearing			Non interest / mark-up bearing			Total
		Maturity upto one year	Maturity after one year	Sub-total	Maturity upto one year	Maturity after one year	Sub-total	
	---------------- (Rupees in thousand) ----------------							
Financial assets								
Long term security deposits		-	-	-	-	183	183	**183**
Trade debts – secured and considered good		-	-	-	33,093	-	33,093	**33,093**
Deposits and other receivables		-	-	-	12,226	-	12,226	**12,226**
Cash and bank balances		-	-	-	10,451	-	10,451	**10,451**
		-	**-**	**-**	**55,770**	**183**	**55,953**	**55,953**
Financial liabilities								
Subordinated loan from ultimate holding company	**15.38**		150,000	150,000				**150,000**
Long term finances	**12.14**	17,816		17,816	-	-	-	**17,816**
Liabilities against asset subject to finance lease	**12.5**	124	-	124	-	-	-	**124**
Short term borrowings	**12.14 to 12.27**	104,375	-	104,375	-	-	-	**104,375**
Mark-up payable on borrowings		-	-	-	12,767	-	12,767	**12,767**
Trade and other payables		-	-	-	171,061	-	171,061	**171,061**
		122,315	**-**	**272,315**	**183,828**	**-**	**183,828**	**456,143**
On balance sheet gap - 2008		**(122,315)**	**-**	**(272,315)**	**(128,058)**	**(183)**	**(127,875)**	**(400,190)**

	2007							
	Effective rate % per annum	Interest / Mark-up bearing			Non interest / Mark-up bearing			Total
		Maturity upto one year	Maturity after one year	Sub-total	Maturity upto one year	Maturity after one year	Sub-total	
	---------- (Rupees in thousand) ----------							
Financial assets								
Long term security deposits		-	-	-	-	431	431	431
Trade debts – unsecured, considered goods		-	-	-	37,236	-	37,236	37,236
Deposits and other receivables		-	-	-	12,133	-	12,133	12,133
Cash and bank balances		-	-	-	12,867	-	12,867	12,867
		-	-	-	62,236	431	62,667	62,667
Financial liabilities								
Long term deposits		-	-	-	-	760	760	760
Long term demand finance	12 to 12.4	21,413	23,816	45,229	-	-	-	45,229
Liabilities against assets subject to finance lease	12.5	324	124	448	-	-	-	448
Short term borrowings	11.2 to 12.65	153,424	-	153,424	-	-	-	153,424
Mark-up payable on borrowings		-	-	-	5,012	-	5,012	5,012
Trade and other payables		-	-	-	143,681	-	143,681	143,681
		175,161	23,940	199,101	148,693	760	149,453	348,554
		(175,161)	(23,940)	(199,101)	(86,457)	329	(86,786)	(285,887)

38.2 Fair value of financial instruments

Fair value of all the financial assets and financial liabilities are estimated to approximate their respective carrying values except investment in subsidiary which is stated at cost.

38.3 Foreign exchange risk / Currency risk

Foreign currency risk arises mainly due to conversion of foreign currency assets and liabilities into local currency. Payable exposed to foreign currency is covered through forward foreign exchange contracts whenever the Company expects there would be significant fluctuations in exchange rates. The Company is not exposed to foreign currency risk.

38.4 Credit risk and concentration of credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss without taking into account the fair value of any collateral. The Company attempts to control credit risk by monitoring credit exposures, limiting transactions with specific counterparties and continuously assessing the credit worthiness of counterparties.

Concentration of credit risk arise when a number of counter parties are engaged in similar business activities or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economics, political or other conditions. Concentrations of credit risk indicate the relative sensitivity of the Company's performance to developments affecting a particular industry.

All financial assets of the Company, except cash in hand, are exposed to credit risk. The Company attempts to control credit risks by monitoring credit exposures, collection of cheques at the time of delivery of goods, limiting transactions with specific customers and continuing assessment of credit worthiness of the customers.

38.5 Market Risk

Cooking oil and ghee market is a highly competitive and segmented market with over 130 companies operating, with no company having more than 10% market share. Barriers to entry and exit are low Company's main competitive advantage is its high and consistent product quality, its distribution reach and its efficient and productive operations. All these factors help in mitigating any market risk.

38.6 Liquidity Risk

Prudent liquidity risk management implies maintianing sufficient cash and the availability of funding through and adequate amount of committed credit facilities. The Company is expose to liquidity risk as disclosed in note 1.3 to these unconsolidated financial statements.

39. PLANT CAPACITY, PRODUCTION AND SALES

	2008	2007
Vanaspati - Ghee and Cooking Oil	(M. tonnes)	
Assessed capacity	30,000	30,000
Capacity utilized:		
Production	7,188	12,202
Toll Manufacturing	14,833	3,551
Total Capacity utilized	22,021	15,753
Sales	7,786	11,269

Under-utilisation of capacity is attributable to lack of orders / demand for the Company's products.

40. ACCOUNTING ESTIMATES AND JUDGEMENTS

Income taxes

In making the estimates for income taxes currently payable by the Company, the management looks at the current income tax law and the decisions of appellate authorities on certain issues in the past.

Property, plant and equipment

The Company reviews the rate of depreciation, useful life, residual value and value of assets for possible impairment on an annual basis. The valuation of freehold land, buliding and plant and machinery is carried out after every three years. Any change in the estimates in future years might affect the carrying amounts of the respective items of property, plant and equipment with a corresponding affect on the depreciation charge and impairment.

Stock in trade and stores and spares

The Company reviews the net realizable value of stock in trade and stores and spares to assess any diminution in the respective carrying values. Any change in the estimates in future years might affect the carrying amounts of stock in trade and stores and spares with a corresponding affect on the amortization charge and impairment. Net realizable value is determined with respect to estimated selling price less estimated expenditures to make the sales.

Trade Debts

The Company reviews its receivable against provision required there on an ongoing basis, and appropriate provision is made against outstanding receivable based on systematic basis as approved by the Board of Directors.

Actuarial assumptions

The liability for employee benefits is estimated based on certain assumptions. Any change in these assumptions would have an impact on next and subsequent years financial statements.

41. INFORMATION ABOUT BUSINESS SEGMENTS

	2008				2007			
	Own Manufacturing	Toll Manufacturing	Unallocated	Total	Own Manufacturing	Toll Manufacturing	Unallocated	Total
	-------------------(Rupees in '000)				-------------------			
Revenue - net	830,848	88,497	-	919,345	826,356	15,326	-	841,682
Cost of goods sold / services								
Opening balance of finished goods	81,825	-	-	81,825	11,404	-	-	11,404
Cost of goods manufactured / services provided	746,061	79,881	-	825,942	802,670	20,460	-	823,130
Available for sale	827,886	79,881	-	907,767	814,074	20,460	-	834,534
Closing balance of finished goods	(92,215)	-	-	(92,215)	(81,825)	-		(81,825)
	735,671	79,881	-	815,552	732,249	20,460	-	752,709
Gross profit / (loss)	95,177	8,616	-	103,793	94,107	(5,134)		88,973
Administration expenses	(6,065)	-	(21,657)	(27,507)	(1,725)	-	(26,142)	(27,867)
Selling and distribution expenses	(56,389)	-	-	(56,389)	(92,016)	-	-	(92,016)
Other operating expenses	(3,815)	-	-	(3,815)	(18,931)	-	-	(18,931)
	(66,269)	-	(21,657)	(87,711)	(112,672)	-	(26,142)	(138,814)
Other operating income	1,279	-	1,641	2,920	743	-	1,675	2,418
Operating result	30,187	8,616	(20,016)	19,002	(17,822)	(5,134)	(24,467)	(47,423)
41.1 Segment assets	209,388	-	226,834	436,222	142,141	-	232,160	374,301
41.2 Segment liabilities	155,110	-	320,465	475,575	118,671	-	254,095	372,766
41.3 Non-cash items (excluding depreciation & amortisation)	3,815	-	-	3,815	18,931	-		18,931
41.4 Depreciation & amortisation	1,034	2,133	1,331	4,498	3,333	-	1,706	5,039
41.5 Capital expenditure	-	-	755	755	-	-	163	163

42. Cost of goods manufactured / services provided:

Opening stock of work in process	10,616	-		10,616	10,080	-	-	10,080
Raw materials consumed	* 699,467	25,121	-	724,588	670,007	2,509	-	672,516
Packing materials consumed	45,990	-		45,990	81,514	-	-	81,514
Stores and spares consumed	3,806	7,854	-	11,660	4,434	1,324	-	5,758
Salaries, wages and other benefits	22,533	11,869	-	34,402	18,554	9,773	-	28,327
Contribution to provident fund	236	124	-	360	745	-	-	745
Fuel and power	14,642	30,214	-	44,856	22,947	6,854	-	29,801
Repair and maintenance	958	1,978	-	2,936	897	-	-	897
Rent, rates and taxes	8	15	-	23	6	-	-	6
Insurance	278	573	-	851	769	-	-	769
Depreciation	1,034	2,133	-	3,167	3,333	-	-	3,333
Others / Expenses charged to Service Income	-		-	-	-	-	-	-
	799,568	79,881	-	879,449	813,286	20,460	-	833,746
Closing stock of work in process	(53,507)	-	-	(53,507)	(10,616)	-	-	(10,616)
	746,061	79,881	-	825,942	802,670	20,460	-	823,130

* This includes raw material of Rs.184.474 million borrowed from Holding company.

42.1 Variable costs incurred during the period have been allocated based on tonnages produced under toll manufacturing agreement.

43. GENERAL

These unconsolidated financial statements were authorised for issue in the Board of Directors meeting held on *September 29, 2008*

Chief Executive

Director

PATTERN OF HOLDING OF THE SHARES

Number of Shareholders	Shareholding From	Shareholding To	Total Shares held	%
2263	1	100	34839	0.4363%
397	101	500	103697	1.2985%
126	501	1000	98141	1.2289%
108	1001	5000	236617	2.9629%
18	5001	10000	125525	1.5718%
2	15001	20000	33850	0.4239%
1	25001	30000	26500	0.3318%
1	35001	40000	38656	0.4840%
1	40001	45000	40930	0.5125%
1	100001	105000	101024	1.2650%
1	145001	150000	150000	1.8783%
1	150001	155000	154950	1.9403%
1	235001	240000	236751	2.9646%
1	720001	725000	723813	9.0636%
1	5880001	5885000	5880665	73.6376%
2,923			7,985,958	100.0000%

CATEGORIES OF SHAREHOLDERS %	NUMBER	SHARE HELD	
DIRECTORS & FAMILY			
Syed Yawar Ali	3	750,370	9.396%
Mr. Mohammed Bashir Janmohammed	1	4,200	0.053%
Mr. Abdul Rasheed Janmohammed	1	3,675	0.046%
Mr. Perwaiz Hasan Khan	1	3,150	0.039%
Mr. Abdus Samad	1	2,625	0.033%
Mr. Mohammed Rabbani	1	100	0.001%
Mr. Perwaiz Masud Ansari	1	1	0.000%
Mr. Ahmed Sattar	1	1	0.000%
Mrs. Nighat Ali	1	41	0.001%
ASSOCIATED COMPANIES AND OTHERS			
Dalda Foods Pvt Limited	2	5,880,710	73.638%
Insurance Companies	1	105	0.001%
Joint Stock Companies	12	6,608	0.083%
Financial Institutions	10	1,990	0.025%
Securities & Exchange Commission of Pakistan	1	1	0.000%
Investment Corporation Of Pakistan	2	838	0.010%
National Bank Of Pakistan,Trustee Deptt.	2	209	0.003%
Others	4	12,487	0.156%
Individuals	2,878	1,318,847	16.515%
TOTAL	2,923	7,985,958	100.000%

Wazir Ali Industries Limited

and its Subsidiary

CONSOLIDATED FINANCIAL STATEMENTS

(AUDITED)

30 June 2008

KPMG

KPMG Taseer Hadi & Co.
Chartered Accountants
First Floor
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Auditors' Report to the Members

We have audited the annexed consolidated financial statements of Wazir Ali Industries Limited and its subsidiary (the "Group") comprising consolidated balance sheet as at 30 June 2008 and the related consolidated profit and loss account, consolidated cash flow statement and consolidated statement of changes in equity together with the notes forming part thereof, for the year then ended.

These consolidated financial statements are the responsibility of the Holding Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.

We conducted our audit in accordance with the auditing standards as applicable in Pakistan. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the above said statements are free of any material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the above said statements. An audit also includes assessing the accounting policies and significant estimates made by management, as well as, evaluating the overall presentation of the above said statements. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the consolidated financial statements present fairly the consolidated financial position of the Group as at 30 June 2008, and the consolidated results of its operations, its consolidated cash flows and consolidated changes in equity for the year then ended in accordance with approved accounting standards as applicable in Pakistan.

Without qualifying our opinion, we draw attention to note 1.3 in the consolidated financial statements which indicates that the Group incurred a net loss Rs. 31.486 million during the year ended on 30 June 2008 and, as of that date, its accumulated losses exceeded the shareholders equity by Rs. 241.315 million, while the current liabilities exceeded current assets by Rs. 88.183 million. These conditions indicate the existence of a material uncertainty that may cast significant doubt about the Group's ability to continue as a going concern. These consolidated financial statements have however been prepared on a going concern basis on the expectation of future profitability, restructuring of the Group's activities and availability of financial support from Dalda Foods (Private) Limited – ultimate holding company.

Date: 29 SEP 2008

Karachi

KPMG Taseer Hadi & Co.
Chartered Accountants

Consolidated Balance Sheet

As at 30 June 2008

	Note	2008	2007
		(Rupees in '000)	
EQUITY AND LIABILITIES			
Share capital and reserves			
Authorised capital			
8,000,000 ordinary shares of Rs. 10 each			
(2007: 8,000,000 shares of Rs. 10 each)		**80,000**	80,000
Issued, subscribed and paid-up capital	5	**79,860**	79,860
Capital reserve		**10,646**	10,646
Revenue reserves		**(331,828)**	(302,410)
Total shareholders' equity		(241,322)	(211,904)
Surplus on revaluation of property, plant and equipment	6	**205,704**	207,779
Subordinated loan from ultimate holding company	7	**150,000**	-
Non-current liabilities			
Long term finances	8	**43,791**	78,608
Liabilities against asset subject to finance lease	9	**-**	124
Long term deposits		**-**	760
Deferred taxation	10	**24,981**	16,647
Provision for compensated absences	11	**844**	2,240
Total non-current liabilities		**69,616**	98,379
Current liabilities			
Trade and other payables	12	**181,497**	156,137
Mark-up payable on borrowings		**13,421**	7,135
Short term borrowings – secured	13	**108,945**	161,215
Current maturities of long term liabilities	14	**28,941**	24,445
Total current liabilities		**332,804**	348,932
Total Equity and Liabilities		**516,802**	443,186
Contingencies and Commitments	15		

	Note	2008	2007
		(Rupees in '000)	
ASSETS			
Non-current assets			
Property, plant and equipment	16	**136,324**	141,901
Investment property	17	**135,000**	108,000
Long term loans to employees - secured and considered good	18	**681**	249
Long term security deposits		**183**	431
Total non-current assets		**272,188**	250,581
Current assets			
Stores and spares	19	**5,269**	4,251
Stock-in-trade	20	**176,295**	104,905
Trade debts - secured and considered good	21	**33,093**	37,236
Loans and advances - considered good	22	**881**	2,205
Deposits, prepayments and other receivables	23	**8,393**	9,795
Taxation - net	24	**9,960**	5,951
Cash and bank balances	25	**10,723**	28,262
Total current assets		**244,614**	192,605
Total Assets		**516,802**	443,186

The annexed notes 1 to 45 form an integral part of these consolidated financial statements.

Chief Executive

Director

Consolidated Profit and Loss Account

For the year ended 30 June 2008

	Note	2008	2007
		(Rupees in '000)	
Revenue - net	26	**919,345**	841,682
Cost of goods sold / services	27	**(815,552)**	(752,709)
Gross profit		**103,793**	88,973
Administrative expenses	28	**(27,754)**	(32,430)
Selling and distribution expenses	29	**(56,389)**	(92,016)
Other operating expenses	30	**(3,815)**	(18,931)
		(87,958)	(143,377)
Other operating income	31	**30,856**	24,393
Operating profit / (loss)		**46,691**	(30,011)
Finance cost	32	**(64,971)**	(32,753)
Loss before taxation		**(18,280)**	(62,764)
Taxation - net	33	**(13,213)**	(11,591)
Loss for the year		**(31,493)**	(74,355)
Loss per share - basic and diluted	34	(3.94)	(9.31)

The annexed notes 1 to 45 form an integral part of these consolidated financial statements.

Chief Executive

Director

Consolidated Cash Flow Statement

For the year ended 30 June 2008

	Note	2008	2007
		(Rupees in '000)	
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss before taxation		**(18,280)**	(62,764)
Adjustments for:			
Depreciation		**4,498**	5,039
Loss / (gain) on disposal of property, plant and equipment		17	(1,225)
Finance cost		**(64,971)**	(32,753)
Liabilities written back		**(760)**	-
Provision for impairment in capital work-in-progress		**1,099**	-
Provision for staff retirement benefits		**-**	(1,849)
Provision for compensated absences		96	871
Fair value gain on investment property		**(27,000)**	(20,303)
Provision for impaired debts		**2,121**	15,616
Provision against slow moving stores and spares		**-**	3,315
		(103,180)	(94,053)
Changes in operating assets / liabilities			
(Increase) in stores and spares		**(1,018)**	(389)
(Increase) in stock in trade		**(71,390)**	(61,618)
Decrease in goods in transit		**-**	5,634
Decrease / (increase) in trade debts		**2,022**	(11,485)
(Increase) / Decrease in long term loans to employees		**(432)**	7
Decrease / (increase) in long term security deposits		**248**	(27)
Decrease in deposits, prepayments and other receivables		**1,402**	384
Payment of compensated absences		**(1,492)**	(545)
Receipts from staff retirement benefits		**-**	23,174
Decrease / (increase) in loans and advances		**1,324**	(328)
Increase in trade and other payables		**25,360**	95,011
		(147,156)	(44,235)
Finance cost paid		**(58,655)**	(35,239)
Income tax paid		**(8,889)**	(4,435)
Net cash (used in) operating activities		**(214,700)**	(83,909)
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditure incurred		**(755)**	(163)
Proceeds from sale of property, plant and equipment		**718**	1,630
Net cash (used in) / from investing activities		**(37)**	1,467
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of liability against asset subject to finance lease		**(353)**	(354)
Proceeds from long term borrowings		**150,000**	-
Repayment of long term finance		**(30,121)**	(13,010)
Net cash from / (used in) financing activities		**119,526**	(13,364)
Net increase / (decrease) in cash and cash equivalents		**(95,211)**	(95,806)
Cash and cash equivalents at beginning of the year		**(198,459)**	(102,653)
Cash and cash equivalents at end of the year	*35*	**(293,670)**	(198,459)

The annexed notes 1 to 45 form an integral part of these consolidated financial statements.

Chief Executive

Director

Consolidated Statement of Changes in Equity

For the year ended 30 June 2008

	Issued subscribed and paid-up capital	Capital reserve: Share premium reserves	Revenue reserves: General reserve	Revenue reserves: Accumulated loss	Total
	---------- (Rupees in '000) ----------				
Balance as at 1 July 2006	76,057	14,449	66,067	(297,480)	(140,907)
Changes in equity for the year ended 30 June 2007					
Total recognised expense for the year	-	-	-	(70,997)	(70,997)
Issuance of bonus shares at 5% - interim	3,803	(3,803)	-	-	-
Balance as at 30 June 2007	79,860	10,646	66,067	(368,477)	(211,904)
Changes in equity for the year ended 30 June 2008					
Total recognised expense for the year	-	-	-	(29,418)	(29,418)
Balance as at 30 June 2008	**79,860**	**10,646**	**66,067**	**(397,895)**	**(241,322)**

Statement of recognised income and expense	**2008**	2007
	(Rupees in '000)	
Loss for the year	**(31,493)**	(74,355)
Transferred from surplus on revaluation of property, plant and equipment - net of deferred tax	**2,075**	3,358
	(29,418)	(70,997)

The annexed notes 1 to 45 form an integral part of these consolidated financial statements.

Chief Executive

Director

Notes to the Consolidated Financial Statements

For the year ended 30 June 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 Holding Company is the manufacture and sale of vanaspati ghee and cooking oils. The registered office of the Holding Company is located at F-33, Hub-River Road, S.I.T.E Karachi, Pakistan. The Holding Company remained under the administrative control of Ghee Corporation of Pakistan upto 19 December 1992, the date of its privatization under the policy of the Government, through the Privatization Commission (Ministry of Finance), Government of Pakistan. The management acquired the control of Wazir Ali Industries Limited under a sale agreement with “Privatization Commission” dated 28 October 1992.

Wazir Ali Ventures (Private) Limited ("the Subsidiary") was incorporated as a 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. The registered office of the Subsidiary is located at Kandawala Building Karachi, Pakistan.

These financial statements represent the consolidated financial statements of Wazir Ali Industries Limited - Holding Company and its subsidiary company, Wazir Ali Ventures (Private) Limited (together referred as "Group"). The financial statements of the holding company are prepared separately.

1.2 The Holding Company had an agreement dated 1 January 2007 with Dalda Foods (Private) Limited (DFL) - ultimate holding company of the Group, where by DFL has agreed to provide various services such as accounting, procurement and human resource services to the Holding Company at fees specified in the agreement. The agreement also specifies sales and marketing services to the Holding Company by DFL; which include selling of the Holding Company's products through the DFL's sales and distribution network and marketing management support by the DFL to the Holding Company. Another agreement: "Toll Manufacturing Service", is between the DFL and the Holding Company with effect from February 2007. Under this agreement, DFL guarantees that it will place orders at minimum of 10,000 tons annually. The Holding Company is entitled to charge toll manufacturing fee at the rates specified in the agreement. This agreement may be terminated on providing 6 months notice by either party.

1.3 The Group has incurred a net loss of Rs. 31.493 million during the year ended 30 June 2008 (2007: net loss Rs. 74.355 million) and, as of that date, its accumulated losses exceeded the shareholders’ equity by Rs. 241.322 million (2007: Rs. 211.904 million), while the current liabilities exceeded current assets by Rs. 88.19 million (2007: Rs. 156.327 million). However, these consolidated financial statements have been prepared on the assumption that the Group would continue as a going concern. The assumptions that the Group would continue as a going concern are as follows:

- Future profitability, restructuring of Group's activities and the financial support of the directors, if required. As part of restructuring efforts, the Holding Company entered into certain agreements with DFL for the utilisation of its idle capacity and obtaining various operational services from DFL as stated in note 1.2 above.

- DFL has acquired additional 3,979,109 shares, increasing its holding to 73.64 % (30 June 2007 : 23.81%). As a result, the Holding Company has become a subsidiary of DFL and accordingly new management has taken over the control of the Group during the year.

- Availability of financial support from DFL - ultimate holding company as disclosed in note 7 to these consolidated financial statements.

2. BASIS OF PREPARATION

2.1 Statement of compliance

These consolidated financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board as are notified under the Companies Ordinance, 1984, provisions of and directives issued under the Companies Ordinance, 1984. In case requirements differ, the provisions of, or directives issued under the Companies Ordinance, 1984 shall prevail.

2.2 Basis of measurement

These consolidated financial statements have been prepared under the historical cost convention, except that certain items of property, plant and equipment and investment property as given in notes 16 and 17 respectively have been stated at revalued amounts.

2.3 Basis of consolidation

Subsidiaries are those entities in which the ultimate holding 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 consolidated financial statements as at and for the year ended 30 June 2008 comprise the financial statements of Wazir Ali Industries Limited and its subsidiary company Wazir Ali Ventures (Private) Limited.

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.

2.4 Functional and presentation currency

These consolidated financial statements are presented in Pak Rupees which is the Group's functional currency. All the information presented in Pak Rupees has been rounded off to nearest thousand of Rupee.

2.5 Use of estimates and judgements

The preparation of consolidated financial statements in conformity with approved accounting standards, as applicable in Pakistan, requires management to make judgments, estimates and assumptions that affect the application of policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the result of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to an accounting estimate is recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Judgments made by management in the application of approved accounting standards that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in note 42 to these consolidated financial statements.

3. NEW ACCOUNTING STANDARDS AND IFRIC INTERPRETATIONS THAT ARE NOT YET EFFECTIVE

The following standards, amendments and interpretations of approved accounting standards will be effective for accounting periods beginning on or after 01 January 2008:

Revised IAS 1 - Presentation of financial statements (effective for annual periods beginning on or after 1 January 2009) introduces the term total comprehensive income, which represents changes in equity during a period other than those changes resulting from transactions with owners in their capacity as owners. Total comprehensive income may be presented in either a single statement of comprehensive income (effectively combining both the income statement and all non-owner changes in equity in a single statement), or in an income statement and a separate statement of comprehensive income.

Revised IAS 23 - Borrowing costs (effective from 01 January 2009). Revised IAS 23 removes the option to expense borrowing costs and requires that an entity capitalize borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset as part of the cost of that asset. The application of the standard is not likely to have an effect on Company's financial statements.

Amended IAS 27 Consolidated and Separate Financial Statements (effective for annual periods beginning on or after 1 July 2009) requires accounting for changes in ownership interest by the group in a subsidiary, while maintaining control, to be recognized as an equity transaction. When the group looses control of subsidiary, any interest retained in the former subsidiary will be measured at fair value with the gain or loss recognized in the profit or loss. The application of the standard is not likely to have an effect on the Company’s financial statements.

IAS 29 – Financial Reporting in Hyperinflationary Economies (effective for annual periods beginning on or after 28 April 2008). The application of the standard is not likely to have an effect on the Group's financial statements.

Amendments to IAS 32 Financial instruments: Presentation and IAS 1 Presentation of Financial Statements – Puttable Financial Instruments and Obligations Arising on Liquidation requires puttable instruments, and instruments that impose on the entity an obligation to deliver to another party a pro rata share of the net assets of the entity only on liquidation, to be classified as equity if certain conditions are met. The amendments, which become mandatory for the Group’s financial statements, with retrospective application required, are not expected to have any impact on the financial statements.

Amendment to IFRS 2 Share-based Payment – Vesting Conditions and Cancellations (effective for periods beginning on or after 1 January 2009) clarifies the definition of vesting conditions, introduces the concept of non-vesting conditions, requires non-vesting conditions to be reflected in grant-date fair value and provides the accounting treatment for non-vesting conditions and cancellations. The application of this standard is not likely to have any effect on Group’s financial statements.

Revised IFRS 3 Business Combinations (applicable for annual periods beginning on or after 1 July 2009) broadens among other things the definition of business resulting in more acquisitions being treated as business combinations, contingent consideration to be measured at fair value and transaction costs other than share and debt issue costs to be expensed. The application of this standard is not likely to have an effect on company’s financial statements. IFRS 7 – Financial Instruments: Disclosures (effective for annual periods beginning on or after 28 April 2008). The application of the standard is not expected to have significant impact on the Group's financial statements other than increase in disclosures.

IFRS 8 – Operating Segments (effective for annual periods beginning on or after 28 April 2008). The application of the standard is not likely to have an effect on the Group's financial statements.

IFRIC 12 – Service Concession Arrangements (effective for annual periods beginning on or after 1 January 2008) IFRIC 12 provides guidance on certain recognition and measurement issues that arise in accounting for public-to-private concession arrangements. IFRIC 12 is not relevant to the Group’s operations.

IFRIC 13 - Customer Loyalty Programmes (effective for annual periods beginning on or after 01 July 2008). IFRIC 13 addresses the accounting by entities that operate, or otherwise participate in, customer loyalty programmes for their customers. The application of IFRIC 13 is not likely to have an effect on the Group's financial statements.

IFRIC 14 - The Limit on Defined Benefit Asset, Minimum Funding Requirements and their interaction (effective for annual periods beginning on or after 01 January 2008). IFRIC 14 clarifies when refunds or reductions in future contributions in relation to defined benefit assets should be regarded as available and provides guidance on minimum funding requirements (MFR) for such asset. IFRIC 14 is not expected to have any material impact on the Group's financial statements.

IFRIC 15- Agreement for the Construction of Real Estate. (effective for annual period beginning on or after 1 October 2009). The amendment clarifies the recognition of revenue by real estate developers for sale of units, such as apartments or houses, 'off-plan', that is, before construction is complete. The amendment is not relevant to the Group.

IFRIC 16- Hedge of Net Investment in a Foreign Operation. (effective for annual period beginning on or after 1 October 2008).IFRIC clarifies what risk in foreign operation can be hedged and which entity in the group can hold hedge instrument. The amendment is not relevant to the Group.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

4.1 Mark-up bearing borrowings and borrowing cost

Mark-up bearing borrowings are recognised initially at cost, less attributable transaction costs. Subsequent to initial recognition, mark-up bearing borrowings are stated at original cost less subsequent repayments, while the difference between the cost (reduced for periodic payments) and redemption value is recognised in the profit and loss account over the period of the borrowings on an effective mark-up basis.

4.2 Trade and other payables

Liabilities for trade and other amounts payable are recognized and carried at cost, which is the fair value of the consideration to be paid in the future for goods and services received, whether or not billed to the Group.

4.3 Taxation

Current

Provision for current taxation is based on taxability of certain income streams of the Group under presumptive/final tax regime at the applicable tax rates and remaining income streams chargeable at current rate of taxation under the normal tax regime after taking into account tax credits and tax rebates available, if any.

Deferred

Deferred taxation is provided, using the balance sheet liability method, in respect of temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and their tax base. The amount of deferred tax recognised is based on expected manner of realization or settlement of the carrying amount of assets and liabilities using the tax rates enacted or substantively enacted at the balance sheet date.

Deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, carry forward of unused tax assets and unused tax losses can be utilized.

Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

4.4 Employee benefits

Accumulating compensated absences

The Group accounts for all accumulated compensated absences when employees render services that increase their entitlement to future compensated absences.

Post retirement benefits

Defined contribution plan

The Group operates a recognised provident fund scheme for its permanent employees. Equal contributions are made by the Group and the employees. This scheme has been discontinued on 31 December 2007.

Defined benefit plan

The Group is also operating an approved funded gratuity scheme for its permanent employees.

Contributions are paid to the gratuity fund on the basis of actuarial recommendations. The cost of providing benefits is determined using the Projected Unit Credit Method, with actuarial valuations being carried out at each balance sheet date. Actuarial gains and losses are recognised immediately in the profit and loss account in the year in which they arise.

Amounts recognized in the balance sheet represent the present value of the defined benefit obligation as adjusted for unrecognized past service cost, if any, and as reduced by the fair value of plan assets. Any asset resulting from this calculation is limited to the unrecognized past service cost, if any, plus the present value of available refunds and reduction in future contributions to the plan.

4.5 Provisions

A provision is recognised if, as a result of past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation.

Provision for leakages and damages and claims against trade offers is recognised in the profit and loss account when the underlying products are sold. The provision is made on the basis of claims lodged with the Holding Company and historical data.

4.6 Property, plant and equipment

Tangible

Owned

Items of property, plant and equipment except free hold land are measured at cost / revalued amount less accumulated depreciation and impairment losses, if any. Cost includes expenditures that are directly attributable to the acquisition of the assets. Freehold land is stated at revalued amount.

Free hold land, building on freehold land and plant and machinery of the Company are revalued by professionally qualified valuers to ensure that the net carrying amount does not differ materially from their fair value. Surplus arising on revaluation is credited to surplus on revaluation of property, plant and equipment account. Deficit arising on subsequent revaluation of property, plant and equipment is adjusted against the balance in the surplus account as allowed under the provisions of the Companies Ordinance, 1984. The surplus on revaluation of property, plant and equipment to the extent of incremental depreciation charged on the related assets is transferred by the Group to retained earnings (net of deferred taxation). Surplus on revaluation is transferred to retained earnings on their disposal.

Depreciation is calculated on straight line basis over the estimated useful life of the assets. Depreciation on additions is charged from the month in which they are put to use and on deletions up to the month of deletion.

Normal repairs and maintenance are charged to income as and when incurred. Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the item of property, plant and equipment.

Gain and losses on disposal of assets, if any, are included in the profit and loss account.

Leased

Leases in terms of which the Group assumes substantially all the risks and rewards of ownership are classified as finance leases. Asset acquired by way of finance lease is stated at an amount equal to the lower of its fair value and the present value of minimum lease payments at the inception of the lease less accumulated depreciation and impairment losses, if any.

Depreciation is charged on the same basis as used for owned assets.

Capital work-in-progress

Capital work-in-progress is stated at cost less impairment, if any. Assets are transferred to operating fixed assets when they are available for intended use.

4.7 Intangible assets

An intangible asset is recognised as an asset if it is probable that future economic benefits attributable to the asset will flow to the entity and the cost of such asset can be measured reliably.

Indefinite intangibles

These are stated at cost less impairment, if any. Cost includes the purchase cost of indefinite intangible asset and other directly attributable costs, if any.

Definite intangibles

These are stated at cost less accumulated amortisation and accumulated impairment losses, if any. Cost includes the purchase costs of definite intangible asset and other directly attributable costs of preparing the asset for its intended use.

4.8 Investment Property

Property not held for own use or for sale in the ordinary course of business is classified as investment property. The Group uses “Fair value Model” for measurement of its investment property. Under the fair value method, the investment property is measured at fair value and any changes in fair value are dealt through profit and loss account.

4.9 Stock-in-trade

Stock in trade is stated at the lower of cost and net realizable value. Cost is determined using weighted average basis and includes expenditure incurred in acquiring / bringing the inventories to their present location and condition. In the case of finished goods and work-in-process (hard oil), cost consists of raw materials and appropriate share of overheads. Work-in-process items, which have not gone through the production phase (soft oil), includes raw material costs only. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated cost of completion and selling expenses.

4.10 Goods in transit

These are stated at cost, which includes invoice value and other charges incurred thereon, less impairment losses, if any.

4.11 Stores and spares

Stores and spares are valued at lower of first-in first-out (FIFO) and net realisable value less impairment losses, if any.

4.12 Trade debts and other receivables

Trade debts and other receivables are recognised initially at fair value and subsequently measured at amortised cost using effective interest rate method, if applicable, less provision for impairment losses, if any. A provision for impairment is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of receivables. Trade debts and other receivables considered irrecoverable are written off.

4.13 Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits. Short term borrowings that are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

4.14 Impairment

Financial assets

A financial asset is assessed at each balance sheet date to determine whether there is any objective evidence that it is impaired. A financial assets is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of the asset.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of estimated cash flows discounted at the original effective interest rate.

Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics. All impairment losses are recognised in profit and loss account.

Non-financial assets

The carrying amount of the Group's assets are reviewed at each balance sheet date to determine whether there is any indication of impairment. If such indication exists, the asset's recoverable amount is estimated in order to determine the extent of impairment loss, if any. Impairment losses are recognised as expense in profit and loss account. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

4.15 Foreign currency transactions

Foreign currency transactions are translated into Pak Rupees at exchange rates prevailing on the date of transaction. Monetary assets and liabilities in foreign currencies are translated into Pak Rupees at the rates of exchange prevailing at the balance sheet date. Exchange differences, if any, are taken to profit and loss account.

4.16 Offsetting of financial assets and financial liabilities

Financial assets and financial liabilities are set off and only the net amount is reported in the balance sheet when there is a legally enforceable right to set off the recognized amount and the Group intends to either settle on a net basis, or to realize the asset and settle the liability simultaneously.

4.17 Revenue recognition

Revenue from sale of goods is measured at the fair value of the consideration received or receivable, net of returns and allowances, trade discounts and volume rebates. Revenue is recognised when the significant risks and rewards of ownership have been transferred i.e despatch of the goods to the customers.

Service income (toll manufacturing) is recorded when the services are performed.

Interest income is recognized on the basis of constant periodic rate of return.

4.18 Allocation of common expenses

The Group, under an agreement, is allocating certain common selling, distribution and administrative expenses to certain related parties. The Group charges it's share of these expenses to the profit and loss account

4.19 Segment reporting

A segment is a distinguishable component of the Group that is engaged in providing related products or services (business segment), or in providing products or services within a particular economic environment (geographical segment), which is subject to risks and returns that are different from those of other segments. Segment information is presented in respect of the Group's business and geographical segments. The Group's primary format for segment reporting is based on business segments. The business segments are determined based on the Group's management and internal reporting structure.

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly investments and related revenue, loans and borrowings and related expenses, corporate assets and head office expenses, and income tax assets and liabilities.

Segment capital expenditure is the total cost incurred during the year to acquire property, plant and equipment, and intangible assets, if any other than goodwill.

4.20 Dividend and appropriation to reserves

Dividend distribution to the Group's shareholders and appropriation to reserves is recognized in the period in which these are approved.

5. ISSUED, SUBSCRIBED AND PAID-UP CAPITAL

	2008	2007
	(Rupees in '000)	
6,808,175 (2007: 6,808,175) ordinary shares of Rs 10 each fully paid in cash	**68,082**	68,082
1,177,784 (2007: 1,177,784) ordinary shares of Rs 10 each fully paid bonus shares	**11,778**	11,778
	79,860	79,860

5.1 As at 30 June 2008, Dalda Foods (Private) Limited, ultimate holding company held 73.64% (2007: 23.8%)shares of the Holding Company.

6. SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT

	2008	2007
Balance as on 1 July	**217,339**	176,905
Revaluation during the year	-	43,792
Surplus transferred to accumulated losses in respect of incremental depreciation charged on related assets during the year	**(3,192)**	(3,358)
	214,147	217,339
Less: Related deferred tax liability	**(8,443)**	(9,560)
	205,704	207,779

This represents surplus arising on revaluation of freehold land, building and plant and machinery of the Group.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 and M/s Iqbal A Nanjee & Co. on 18 September 2006.

7. Subordinated loan from ultimate holding company. This loan has been borrowed from DFL. The loan is unsecured and is payable in 20 equal quarterly installments after the expiry of two years grace period. It carries mark-up at the rate of 6 months KIBOR plus 1.5% perannum.

8. LONG TERM FINANCES

	Note	2008	2007
Loan from a banking company - secured	*8.1*	**43,791**	72,608
Loan from a related party - unsecured		-	6,000
		43,791	78,608

8.1 Loan from a banking company - secured

	2008	2007
	(Rupees in '000)	
Balance as on 01 July	**96,729**	115,739
Repayments made during the year	**(24,121)**	(19,010)
	72,608	96,729
Current maturity	**(28,817)**	(24,121)
	43,791	72,608

8.1.1 This represents facility obtained from The Royal Bank of Scotland Ltd. (formerly ABN Amro Bank) Karachi amounting to Rs. 17.816 million (2007: Rs. 39.230 million). The loan is repayable in 16 quarterly installments along with 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% p.a. The loan facility is secured against first parri passu charge of Rs. 135 million on present and future assets of the Holding Company including freehold land, building, machinery, stock in trade and trade debts.

9. LIABILITIES AGAINST ASSET SUBJECT TO FINANCE LEASE

	2008			2007		
	Minimum lease payments	**Finance cost**	**Principal outstanding**	Minimum lease payments	Finance cost	Principal outstanding
	(Rupees in '000)					
Upto 1 year	**125**	**1**	**124**	353	29	324
Over one year to five years	-	-	-	125	1	124
	125	**1**	**124**	478	30	448

9.1 Present value of minimum lease payments has been discounted by using financing rates ranging from 6 months KIBOR plus 3.5% with a floor of 11%. (2007: 6 months KIBOR plus 3.5% with a floor of 11%). Title to the assets acquired under the leasing arrangements are transferable to the Holding Company at the end of lease term. Repair and insurance costs are to be borne by the Holding Company.

10. DEFERRED TAXATION

	2008	2007
	(Rupees in '000)	
Deferred tax credits arising on:		
- Surplus on revaluation of property, plant and equipment	**8,443**	9,560
- Revaluation of investment property	**16,538**	7,087
	24,981	16,647

11. PROVISION FOR COMPENSATED ABSENCES

	2008	2007
Balance as at 01 July	**2,240**	1,914
Provision made during the year	**96**	871
	2,336	2,785
Payments made during the year	**(1,492)**	(545)
Balance as at 30 June	**844**	2,240

11.1 The Holding Company accounts for compensated absences on the basis of unavailed leave balances of each employee at the end of the year. Payments are made on the sum of basic salary, house rent and utilities.

12. TRADE AND OTHER PAYABLES

		2008	2007
		(Rupees in '000)	
Trade payables against:			
Goods	*12.1*	**125,163**	98,161
Expenses		**6,882**	5,445
Inland letters of credits		**29,947**	19,750
		161,992	123,356
Accrued expenses		**7,174**	18,039
Advances from customers		**10,360**	12,198
Unclaimed dividends		**560**	533
Excise duty and sales tax payable		**-**	214
Other liabilities		**1,411**	1,797
		181,497	156,137

	2008	2007
	(Rupees in '000)	
12.1 Trade payable against goods include amount due to:		
DFL - ultimate holding company	**26,497**	16,504
Associated companies	**96,533**	44
Others	**2,133**	81,613
	125,163	98,161

13. SHORT TERM BORROWINGS - secured

		2008	2007
		(Rupees in '000)	
Running finance against mark-up arrangement	*13.1*	**94,327**	127,630
Finance against trust receipt (FATR)	*13.2*	**14,618**	33,585
		108,945	161,215

13.1 The Holding Company has running finance facilities under mark-up arrangements in aggregate of Rs. 90 million (2007: Rs. 120 million) from certain banks. The facility of Rs. 25 million carries mark-up rate of 3 months KIBOR plus 200 bps with a floor of 11% p.a (2007: 3 months KIBOR plus 200 bps with a floor of 11% p.a) and the facility of Rs. 95 million carries mark-up rate of 6months average KIBOR (ask side) plus 2% p.a (2007: 6 months KIBOR plus 2%). These arrangements are valid upto varying periods between June 2007 to May 2008. The facility of Rs. 25 million is secured against first parri passu charge over Holding Company's fixed assets comprising land, building, plant and machinery for Rs. 135 million and facility of Rs. 95 million is secured against hypothecation of stock in trade and receivables with 25% margin and pari passu charge on all present and future fixed assets (to the extent of Rs. 158 million) and current assets(to extent of Rs. 127 million) of the Holding Company. This facility is renewable.

The Subsidiary Company has running finance facilities under mark-up arrangement of Rs. 10 million (2007: Rs. 10 million) from The Royal Bank of Scotland Ltd. (formerly ABN Amro Bank) at mark-up rate of 3 months KIBOR plus 2% with a floor of 10% p.a. The loan facility is securedagainst mortgage charge registered over Company's present and future fixed assets for Rs. 87.5million, hypothecation charge over Company's current assets and director's personal guarantee.This facility is renewable.

13.2 Facilities for finance against trust receipt from certain banks at 30 June 2008 amounted to Rs.40 million (2007: Rs. 40 million). These facilities carry mark-up rate of 3 months KIBOR plus 200 bps with a floor of 11% p.a (2007: 3 months KIBOR plus 200 bps with a floor of 11 % p.a)and are secured against securities specified in 8.1.1 and import documents. This facility isrenewable.

13.3 Facilities for opening letters of credit from certain banks at 30 June 2008 amounted to Rs. 75 million (2007: Rs. 75 million). The facility of Rs. 45 million is secured against securities specified in 12.1 and import documents and facility of Rs. 30 million is secured against 10% cash margin, import documents, present and future charge over fixed and current assets of Rs. 8.334 million and Rs. 30 million respectively. Facilities utilised as at 30 June 2008 amounted to Rs. 29 million (2007: Rs. 19.158 million). This facility is renewable.

14. CURRENT MATURITIES OF LONG TERM LIABILITIES

Liabilities against asset subject to finance lease	*9*	**124**	324
Long term finance	*8*	**28,817**	24,121
		28,941	24,445

15. CONTINGENCIES AND COMMITMENTS

		2008	2007
		(Rupees in '000)	
15.1 Contingencies	*15.1.1*		
Claims against the Holding Company not acknowledged as debt		**16,648**	14,857
Bank guarantees		**6,072**	6,072

			2008	2007
			(Rupees in '000)	
15.1.1	Management is confident that these claims will not be ultimately payable.			
15.2	**Commitments**			
	Commitments under letters of credit for raw materials as at 30 June 2008 amounted to Rs. 29 million (2007: Rs. 19.158 million).			
16.	**PROPERTY, PLANT AND EQUIPMENT**			
	Operating assets	*16.1*	**136,324**	140,802
	Capital work-in-progress	*16.6*	**-**	1,099
			136,324	141,901

16.1 Operating assets

2008

	Cost					Depreciation					Written down	Rate
	As at 01 July 2007	Revaluation Adjustment	Revaluation Surplus	Additions (Disposals)	As at 30 June 2008	As at 01 July 2007	For the year	Additions (Disposals)	Revaluation adjustment	As at 30 June 2008	value as at 30 June 2008	%
	(Rupees in '000)											
Owned												
Freehold land	106,470	-	-	-	106,470	-	-	-	-	-	106,470	-
Building on freehold										-		
land	11,948	-	-	-	11,948	815	1,085	-	-	1,900	10,048	*5-10*
Plant and machinery	21,021	-	-	575	21,596	1,618	2,107	-	-	3,725	17,871	*10*
Factory equipment	2,995	-	-	153	3,148	2,862	62	-	-	2,924	224	*10*
Furniture	1,905	-	-	(1,077)	828	963	132	(372)	-	723	105	*10*
Fittings	2,231	-	-	-	2,231	2,231	-	-	-	2,231	-	*10*
Office/residential equipment	12,879	-	-	(286)	12,593	11,960	524	(256)	-	12,228	365	*10 & 33.33*
Vehicles	8,318	-	-	27 (750)	7,595	7,210	395	(750)	-	6,855	740	*20*
Intangible assets	776	-	-	-	776	776	-	-	-	776	-	-
Leased												
Vehicles	969	-	-	-	969	275	193	-	-	468	501	*20*
	169,512	-	-	755 (2,113)	168,154	28,710	4,498	(1,378)	-	31,830	136,324	

2007

	Cost					Depreciation					Written down	Rate
	As at 01 Julyt 2006	Revaluation Adjustmen	Revaluation Surplus	(Disposals)	As at 30 June 2007	As at 01 July 2006	For the year	(Disposals)	Revaluation adjustment	As at 30 June 2007	value as at 30 June 2007	%
	(Rupees in '000)											
Owned												
Freehold land	69,164	-	37,306	-	106,470	-	-	-	-	-	106,470	-
Building on freehold land	12,048	(3,962)	3,862	-	11,948	3,687	1,090	-	(3,962)	815	11,133	*5-10*
Plant and machinery	26,005	(7,608)	2,624	-	21,021	6,958	2,268	-	(7,608)	1,618	19,403	*10*
Factory equipment	2,995	-	-	-	2,995	2,802	60	-	-	2,862	133	*10*
Furniture	1,905	-	-	-	1,905	811	152	-	-	963	942	*10*
Fittings	2,231	-	-	-	2,231	2,226	5		-	2,231	-	*10*
Office/residential equipment	12,879	-	-	-	12,879	11,407	553	-	-	11,960	919	*10 & 33.33*
Vehicles	11,192	-	-	(2,874)	8,318	8,962	717	(2,469)	-	7,210	1,108	*20*
Intangible assets	776	-	-	-	776	776	-	-	-	776	-	-
Leased												
Vehicles	969	-	-	-	969	81	194	-	-	275	694	*20*
	140,164	(11,570)	43,792	(2,874)	169,512	37,710	5,039	(2,469)	(11,570)	28,710	140,802	

16.2 Freehold land, building and plant and machinery are carried at revalued amounts. Had there been no revaluation, related figures of revalued assets would have been as follows:

	Cost	Accumulated depreciation	Written down value
	---------(Rupees in '000)---------		
Freehold land	**1,826**	**-**	**1,826**
Building	**9,427**	**9,427**	**-**
Plant and machinery	**49,513**	**48,195**	**1,318**
2008	**60,766**	**57,622**	**3,144**
2007	60,191	57,516	1,826

16.3 The depreciation charge for the year has been allocated as follows:

	2008	2007
	(Rupees in '000)	
Cost of goods manufactured	**3,167**	3,333
Administrative expenses	**1,104**	1,316
Selling and distribution expenses	**227**	390
	4,498	5,039

16.4 Details of property, plant and equipment disposed off during the year are as follows:

Description	Cost	Accumulated depreciation	Carrying value	Sale proceeds	Gain / (loss)	Mode of disposal	Purchaser
	(Rupees in '000)						
Furniture and fittings							
Book value more than Rs.50,000	922	238	684	250	(434)	Negotiation	M/S Formulatrix
Book value upto Rs.50,000 each	1,190	1,140	50	467	417	Negotiation	Various
2008	2,112	1,378	734	717	(17)		
2007	2,874	2,469	405	1,630	1,225		

16.5 Details of charges created on certain items of property, plant and equipment are given in note 8 and 12 to these consolidated financial statements.

16.6 Capital work-in-progress

	2008	2007
	(Rupees in '000)	
Balance as on 1 July	**1,099**	936
Additions made during the year	**-**	163
	1,099	1,099
Provision for impairment	**(1,099)**	-
Balance as on 30 June	**-**	1,099

17. INVESTMENT PROPERTY

The fair value of land (industrial land) is Rs. 135 million (2007: Rs. 108 million) is determined by independent valuer M/s. IqbalA. Nanjee & Co. The fair value has been determined by valuer based on inquiry of market rates from local estate agents and brokers in near vicinity. The rates have been adjusted with certain percentage for wastage and conversion of existing title into residential title as almost all the nearby area is residential. Accordingly, the land has been stated at revalued amount and resultant gain of Rs. 27 million (2007: Rs. 20.303 million) has been credited to profit and loss account.

18. LONG TERN LOANS TO EMPLOYEES - secured
and considered good

	Note	2008	2007
		(Rupees in '000)	
Loans and advances due from employees	*18.2*	**955**	611
Receivable within one year		**(274)**	(362)
		681	249

18.1 These represent mark-up free motorcycle, bicycle and laptop loans to employees under a Collective Bargaining Agreement and personal loans given to employees which are secured against the retirement benefits of respective employees. These are recoverable within 50 monthly installments.

18.2 This includes an amount of Rs. Nil (2007: Rs.0.044 million) recoverable from DFL on account of employees transferred during the year.

19. STORES AND SPARES		**2008**	2007
		(Rupees in '000)	
Stores		**4,770**	4,380
Spares		**4,876**	4,248
		9,646	8,628
Provision against slow moving stores and spares	*19.1*	**(4,377)**	(4,377)
		5,269	4,251
19.1 Movement in provision against slow moving stores and spares			
Opening balance		**4,377**	1,062
Provision made during the year		**-**	3,315
Closing balance		**4,377**	4,377
20. STOCK-IN-TRADE			
Raw materials		**17,021**	1,526
Packing materials		**13,552**	10,938
Work-in-process		**53,507**	10,616
		84,080	23,080
Finished goods - Ghee and cooking oil		**88,654**	80,506
Acid oil (by-product)		**3,561**	1,319
		176,295	104,905
21. TRADE DEBTS - secured and considered good			
Trade debts - considered good	*21.1*	**33,093**	37,236
Doubtful debts		**22,737**	20,616
		55,830	57,852
Provision for impaired debts	*21.2*	**(22,737)**	(20,616)
		33,093	37,236

21.1 This includes balance due from an associated company amounting to Rs. 1.01 million (2007: Rs. 0.241).

21.2 Movement in provision for impaired debts

		2008	2007
		(Rupees in '000)	
Opening balance		**20,616**	5,000
Provision made during the year		**2,121**	15,616
Closing balance		**22,737**	20,616

22. LOANS AND ADVANCES - considered good

		2008	2007
Current maturity of long term loans to employees - secured	*18*	**274**	362
Short term advances to staff - secured	*22.1 & 22.2*	**400**	1,013
Provision there against		**(293)**	-
		107	1,013
Advance payments to contractors and suppliers - unsecured		**500**	830
		881	2,205

22.1 These are mark-up free advances (against salary) and are secured in the same manner as given in note 18.1to these consolidated financial statements.

22.2 This includes an amount of Rs. Nil (2007: 0.363 million) recoverable from DFL on account of employeestransferred from the Holding Company to DFL - ultimate holding company.

23. DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

		2008	2007
Deposits and prepayments		**509**	369
Margin against bank guarantees		**6,072**	6,072
		6,581	6,441
Other receivables - unsecured - considered good:			
Due from an associated company	*23.1*	**1,462**	1,369
Receivable from the gratuity fund		**350**	1,985
		1,812	3,354
		8,393	9,795

23.1 This represents balance receivable from Zulfeqar Industries Limited on account of common expenses shared with them. No mark-up / interest is charged on the outstanding balances.

24. TAXATION - net

	2008	2007
Advance tax	**29,470**	20,851
Provision for tax	**(19,510)**	(14,900)
	9,960	5,951

			2008	2007
			(Rupees in '000)	
25.	**CASH AND BANK BALANCES**			
	Cash in hand		**395**	190
	With bank on current accounts		**10,056**	12,677
	Term deposit		**272**	15,395
			10,723	28,262
26.	**REVENUE - NET**			
	Own manufacturing		**833,513**	885,114
	Toll manufacturing		**88,497**	15,326
	Sales tax		**-**	(51,265)
	Leakages and damages		**(2,665)**	(7,493)
			919,345	841,682

26.1 The Fee from toll manufacturing of DFL Products has been considered as revenue. Accordingly comparative has been reclassified form other income.

			2008	2007
27.	**COST OF GOODS SOLD / SERVICES**			
	Finished goods as on 1 July		**81,825**	11,404
	Cost of goods manufactured	*27.1*	**825,942**	823,130
	Available for sale		**907,767**	834,534
	Finished goods as on 30 June		**(92,215)**	(81,825)
			815,552	752,709
27.1	**Cost of goods manufactured**			
	Work in process as on 1 July		**10,616**	10,080
	Raw materials consumed	*27.2*	**724,588**	672,516
	Packing materials consumed	*27.3*	**45,990**	81,514
	Stores and spares consumed		**11,660**	5,758
	Salaries, wages and other benefits		**34,402**	28,327
	Contribution to provident fund		**360**	745
	Fuel and power		**44,856**	29,801
	Repair and maintenance		**2,936**	897
	Rent, rates and taxes		**23**	6
	Insurance		**851**	769
	Depreciation	*16.3*	**3,167**	3,333
	Less: Expense charged to service income		**-**	-
			879,449	833,746
	Work in process as on 30 June		**(53,507)**	(10,616)
			825,942	823,130
27.2	**Raw materials consumed**			
	Balance as on 1 July		**1,526**	2,351
	Purchases		**740,083**	671,691
			741,609	674,042
	Balance as on 30 June		**(17,021)**	(1,526)
			724,588	672,516

		2008	2007
27.3 Packing materials consumed		**(Rupees in '000)**	
Balance as on 1 July		**10,938**	19,452
Purchases		**48,604**	73,000
		59,542	92,452
Balance as on 30 June		**(13,552)**	(10,938)
		45,990	81,514

28. ADMINISTRATIVE EXPENSES

Salaries, wages and other benefits		**11,202**	15,982
Contribution to provident fund		**145**	392
Electricity and gas charges		**1,051**	1,057
Repair and maintenance		**2,016**	2,166
Traveling and conveyance		**886**	1,715
Legal and professional charges		**2,338**	3,512
Depreciation	*16.3*	**1,104**	1,316
Rent, rates and taxes		**792**	1,499
Postage, telegrams and telephone		**598**	1,215
Printing and stationery		**505**	700
Insurance		**198**	275
Subscription		**231**	261
Entertainment		**106**	356
Auditors' remuneration	*28.1*	**512**	280
Advertisement		**65**	225
Meeting and conferences		**9**	27
Other expenses		**17**	12
Fee under service level agreement with DFL - ultimate holding company (note 1.2)		**6,000**	1,500
Common expenses allocated by Zulfeqar Industries Limited - an associated company		**-**	184
		27,775	32,674
Less: Common expenses allocated to: Zulfeqar Industries Limited - an associated company (note 23.1)		**(21)**	(244)
		27,754	32,430

28.1 Auditors' remuneration

Statutory audit fee		**382**	175
Half yearly review		**50**	50
Certification for code of corporate governance		**50**	35
Out of pocket expenses		**30**	20
		512	280

		2008	2007
29. SELLING AND DISTRIBUTION EXPENSES		**(Rupees in '000)**	
Salaries and other benefits		**-**	10,978
Contribution to provident fund		**-**	233
Sales promotion		**13,958**	35,610
Advertisement		**14,808**	12,979

Freight		**11,263**	23,937
Traveling and conveyance		**-**	2,613
Postage, telegram and telephone		**-**	565
Depreciation	*16.3*	**227**	390
Repair and maintenance		**2**	1,436
Insurance		**755**	1,522
Rent, rate and taxes		**-**	519
Printing and stationery		**-**	113
Gas and electricity charges		**-**	72
Research and development		**140**	1,050
Entertainment		**-**	53
Meeting and conferences		**-**	51
Legal and professional charges		**-**	10
Common expenses allocated by Zulfeqar Industries Limited - an associated company		**-**	21
		41,153	92,152
Expenses under the agreement with ultimate holding company (note 1.2)	*29.1*	**15,236**	(136)
		56,389	92,016

29.1 This is adjusted against expenses of Rs. Nil (2007: Rs.4.553 million) incurred by the Holding Company and reimbursed by DFL - ultimate holding company to the Holding Company under the agreement (note 1.2).

30. OTHER OPERATING EXPENSES

Provision against slow moving stores and spares	*19.1*	**-**	3,315
Provision for impaired debts	*20.2*	**2,121**	15,616
Provision for doubtful advances to employees		**293**	-
Provision for impairment in capital work-in-progress		**1,099**	-
Others		**302**	-
		3,815	18,931

31. OTHER OPERATING INCOME

Income from financial assets		
Profit on term deposits	**936**	1,672
Income from non-financial assets		
(Loss) / gain on sale of property, plant and equipment	**(17)**	1,225
Others		
Scrap sales	**1,279**	743
Fair value gain on investment property	**27,000**	20,303
Others	**1,658**	450
	30,856	24,393

32. FINANCE COST

	Note	2008	2007
		(Rupees in '000)	
Mark-up on:			
- Short term bank borrowings		**11,095**	13,461
- Long term finance	*32.1*	**11,875**	14,711
- Subordinated loan from ultimate holding company		**9,543**	-
- Finance against trust receipts (Import)		**3,067**	3,884
Bank charges		**824**	625
Finance cost on liabilities against asset subject to finance lease		**29**	72
Finance cost on oil borrowed from DFL - ultimate holding company		**28,538**	-
		64,971	32,753

32.1 This includes interest / mark-up on borrowing from a director of an associated company amountingto Rs. 0.357 million (2007: Rs. 0.240 million).

33. TAXATION

	2008	2007
Current tax	**4,698**	4,504
Prior year's tax	**182**	-
Deferred tax	**8,333**	7,087
	13,213	11,591

33.1 Reconciliation of tax charge for the year

	2008	2007
Loss before taxation	**(18,280)**	(62,764)
Tax @ 35%	**(6,398)**	(21,967)
Tax effect of income taxed under final tax regime	**88**	759
Tax effect of unused losses and temporary differences on which deferred tax asset has not been recorded due to uncertainity of future taxability	**14,678**	27,719
Prior years' tax	**182**	-
Minimum tax liability under section 113 of Income Tax Ordinance, 2001	**4,610**	4,504
Others	**53**	576
	13,213	11,591

34. LOSS PER SHARE - BASIC AND DILUTED

	2008	2007
	(Rupees in '000)	
Net loss for the year	**(31,493)**	(74,355)
	(Numbers)	
Weighted average number of ordinary shares	**7,985,959**	7,985,959
	(Rupees)	
Loss per share	**(3.94)**	(9.31)

35. CASH AND CASH EQUIVALENTS

	2008	2007
	(Rupees in '000)	
Cash and bank balances	**10,723**	28,262
Short term borrowings	**(108,945)**	(161,215)
	(98,222)	(132,953)

36. STAFF RETIREMENT BENEFITS

Provident Fund

Salaries, wages and benefits include Rs. 0.505 million (2007: Rs. 1.370 million) in respect of provident fund contribution.

Gratuity Fund

Principal actuarial assumptions used in the actuarial valuation of the scheme carried out as at 30 June 2008 are as follows:

- Discount rate at 12 % per annum (2007: 10% per annum).
- Expected rate of return on plan assets at 12% per annum (2007: 10% per annum).
- Expected rate of increase in salary level at 12% per annum for management employees (2007: 10%per annum) and at 11% for non-management employees (2007: 9% per annum).

The amount recognised in balance sheet is as follows:

	2008	2007
	(Rupees in '000)	
Present value of defined benefit obligation	**18,373**	17,140
Fair value of plan assets	**(18,723)**	(19,125)
Asset in balances	**(350)**	(1,985)

Changes in present value of defined benefit obligation		
Obligation as at 1 July	**17,140**	19,682
Current service cost	**744**	1,034
Interest cost	**1,714**	1,968
Actuarial (gain) / loss	**784**	(656)
Benefits paid	**(2,009)**	(4,888)
Obligation as at 30 June	**18,373**	17,140
Changes in fair value of plan assets		
Fair value as at 1 July	**19,125**	42,992
Expected return on plan assets	**1,913**	4,299
Actuarial loss	**(306)**	(104)
Benefits paid	**(2,009)**	(3,627)
Contribution (from) / to the fund	**-**	(24,435)
Fair value as at 30 June	**18,723**	19,125
Recognised (asset) / liability		
Balance as at 1 July	**(1,985)**	(23,310)
Expenses / (Income) recognized	**1,635**	(1,849)
Contributions	**-**	24,435
Benefits paid by the Company	**-**	(1,261)
Company's (asset) as at 30 June	**(350)**	(1,985)
The amount recognised in the profit and loss account is as follows:		
Current service cost	**744**	1,034
Interest cost	**(1,913)**	1,968
Expected return on plan assets	**1,714**	(4,299)
Actuarial losses / (gains)	**1,090**	(552)
Net expense / (income) for the year	**1,635**	(1,849)
Composition/ fair value of plan assets used by the fund		
Debt instruments	**-**	88.89%
Equity instruments	**99.33%**	-
Others	**0.67%**	11.11%
Actual return on plan assets is as follows:		
Expected return on plan assets	**1,913**	4,299
Actuarial (loss) / gain on plan assets	**(784)**	(104)
Actual return on plan assets	**1,129**	4,195

37. Historical information

	2008	2007	2006	2005	2004
	(Rupees in '000)				
Present value of defined benefit obligation	18,373	17,140	19,682	18,201	18,109
Fair value of planned assets	(18,723)	(19,125)	(42,992)	(39,217)	(37,797)
(Asset) / liability in balance sheet	(350)	(1,985)	(23,310)	(21,016)	(19,688)
Experience adjustment arising on plan liabilities (gains) / losses	784	(656)	408	(221)	(2,415)
Experience adjustment arising on plan assets gains / (losses)	(306)	(104)	(147)	(1,733)	14,001

38. RELATED PARTY TRANSACTIONS

Related parties comprise ultimate holding company, Dalda Foods (Private) Limited and affiliated companies of the Group; directors and theirclose family members; staff retirement funds; key management personnel and major shareholders of the Group. Associated companies with whom such transactions have taken place includes Zulfeqar Industries Limited, IGI Insurance Company Limited, Treet Corporation Limited and Mapak Edible Oils. These associated companies are associated companies either based on holding in equity or they are either underthe same management and / or with common directors. All transactions with related parties have been 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 (note 39). The aggregate value of transactions and outstanding balances as at 30 June 2008 with related parties other than those

	2008					
	Balance as at 30 June 2007 Receivable / (Payable)	(Purchases) / Sales	Common Expenses allocated Receivable / (Payable)	Payment made	Payment received	Balance as at 30 June 2008 Receivable / (Payable)
	(Rupees in '000)					
Ultimate holding Company						
Dalda Foods (Private) Limited	(16,495)	(50,024) 88,503	12,915 (27)	-	(61,370)	(26,498)
Associated Companies						
Mapak Edible Oils (Private) Limited	(51,992)	(386,328)	-	357,546	-	(80,774)
Shakoo (Private) Limited	(15,832)	(92,786)	-	90,985	-	(17,633)
Treet Corporation Limited	181	202	34 (138)	188	(196)	271
Zulfeqar Industries Limited	1,610	(341) 1,617	1,476	593	(2,482)	2,473
Packages Limited	(166)	(437)	-	475	-	(128)
IGI Insurance Limited - insurance Premium	(278)	(891)	-	578	-	(591)

Others	Transaction value 2008	Transaction value 2007	Balance receivable / (payable) 2008	Balance receivable / (payable) 2007
	(Rupees in '000)		(Rupees in '000)	
Contribution to staff retirement funds - Employee Provident Fund	505	1,370	-	(757)
Receipts from staff retirement fund - Employee Gratuity Fund	-	23,174	-	1,985

	2007					
	Balance as at 30-Jun-06 Receivable / (Payable)	(Purchases) / Sales	Common Expenses allocated Receivable / (Payable)	Payment made	Payment received	Balance as at 30-Jun-07 Receivable / (Payable)
	---------- (Rupees in '000) ----------					
Associated Companies						
Dalda Foods (Private) Limited	-	(16,583) 15,498	6,590	-	(22,000)	(16,495)
Mapak Edible Oils (Private) Limited	-	(253,183) -	-	201,191	-	(51,992)
Shakoo (Private) Limited	-	(48,603) -	-	32,771	-	(15,832)
Treet Corporation Limited	182	37	34 (150)	125	(47)	181
Zulfeqar Industries Limited	1,072	(231) 1,308	2,932 (426)	-	(3,045)	1,610
IGI Insurance Limited - Insurance Premium	(1,003)	(1,393) -	-	2,118	-	(278)

39. CHIEF EXECUTIVE AND EXECUTIVES' REMUNERATION

The aggregate amount charged in the consolidated financial statements for the year for remuneration and benefits to the executives and directors of the Holding Company are as follows:

	2008		2007	
	Chief Executive	Executives	Chief Executive	Executives
	---------- (Rupees in '000) ----------			
Remuneration	-	910	-	1,391
Rent and utilities	926	501	999	885
Medical expenses	18	76	38	126
Entertainment	12	-	17	-
Company's contribution to provident fund	-	42	-	80
Other perquisites	205	612	144	540
	1,161	2,141	1,198	3,022
	---------- (Number) ----------			
Number of persons	1	1	1	2

The new Chief Executive was appointed when DFL - ultimate holding company has taken over the control of the Holding Company. The Ex-Chief Executive was also provided with free use of Group maintained vehicle.

40. FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

40.1 Interest rate risk exposure

Interest / mark-up rate risk arises from the possibility that changes in interest / mark-up rates will affect the value of financial instruments. Details of interest / mark-up rate risk exposure to the Group based on contractual repricing and maturity dates are as follows:

	2008							
	Effective rate % per annum	Interest / Mark-up bearing			Non interest / Mark-up bearing			Total
Financial assets		Maturity upto one year	Maturity after one year	Sub-total	Maturity upto one year	Maturity after one year	Sub-total	
Long term security deposits		-	-	-	-	183	183	183
Trade debts – secured and considered good		-	-	-	33,093	-	33,093	33,093
Deposits and other receivables		-	-	-	7,534	-	7,534	7,534
Cash and bank balances	9	272	-	272	10,451	-	10,451	10,723
		272	-	**272**	**51,078**	**183**	**51,261**	**51,533**
Financial liabilities								
Subordinated loan from ultimate holding company	15.38		150,000	150,000			-	150,000
Long term finance - current maturity	12.14	72,608	-		-	-	-	72,608
Liabilities against asset subject to finance lease	12.5	124	-	124	-	-	-	124
Short term borrowings	12.14 to 12.27	108,945	-		-	-	-	108,945
Mark-up payable on borrowings		-	-	-	13,421	-	13,421	13,421
Trade and other payables		-	-	-	171,137	-	171,137	171,137
		181,677	150,000	331,677	184,558	-	184,558	516,235
On balance sheet gap - 2008		(181,405)	(150,000)	(331,405)	(133,480)	183	(133,297)	(464,702)

	2007							
	Effective rate % Maturity per annum	Interest / Mark-up bearing			Non interest / Mark-up bearing			Total
Financial assets		upto one year	Maturity after one year	Sub-total	Maturity upto one year	Maturity after one year	Sub-total	
Long term security deposits		-	-	-	-	431	431	431
Trade debts – unsecured, considered goods		-	-	-	37,236	-	37,236	37,236
Deposits and other receivables		-	-	-	12,133	-	12,133	12,133
Cash and bank balances		-	-	-	12,867	-	12,867	12,867
		-	-	-	62,236	431	62,667	62,667
Financial liabilities								
Long term deposits		-	-	-	-	760	760	760
Long term finance - current maturity	12 to 12.4	21,413	23,816	45,229	-	-	-	45,229
Liabilities against asset subject to finance lease	12.5	324	124	448	-	-	-	448
Short term borrowings	11.2 to 12.65	153,424	-	153,424	-	-	-	153,424
Mark-up payable on borrowings		-	-	-	5,012	-	5,012	5,012
Trade and other payables		-	-	-	143,681	-	143,681	143,681
		175,161	23,940	199,101	148,693	760	149,453	348,554
On balance sheet gap - 2007(175,161)		(175,161)	(23,940)	(199,101)	(86,457)	(329)	(86,786)	(285,887)

40.2 Fair value of financial instruments

Fair value of all the financial assets and financial liabilities are estimated to approximate their respective carrying values except investment in subsidiary which is stated at cost.

40.3 Foreign exchange risk / Currency risk

Foreign currency risk arises mainly due to conversion of foreign currency assets and liabilities into local currency. Payable exposed to foreign currency is covered through forward foreign exchange contracts whenever the Group expects there would be significant fluctuations in exchange rates. The Group is not exposed to foreign currency risk in US dollars.

40.4 Credit risk and concentration of credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss without taking into account the fair value of any collateral. The Group attempts to control credit risk by monitoring credit exposures, limiting transactions with specific counterparties and continuously assessing the credit worthiness of counterparties.

Concentration of credit risk arise when a number of counter parties are engaged in similar business activities or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economics, political or other conditions. Concentrations of credit risk indicate the relative sensitivity of the Group's performance to developments affecting a particular industry.

All financial assets of the Group, except cash in hand, are exposed to credit risk. The Group attempts to control credit risks by monitoring credit exposures, collection of cheques at the time of delivery of goods, limiting transactions with specific customers and continuing assessment of credit worthiness of the customers.

40.5 Market Risk

Cooking oil and ghee market is a highly competitive and segmented market with over 130 companies operating, with no company having more than 10% market share. Barriers to entry and exit are low. Group's main competitive advantage is its high and consistent product quality, its distribution reach and its efficient and productive operations. All these factors help in mitigating any market risk.

40.6 Liquidity Risk

Prudent liquidity risk management implies maintaining sufficient cash and the availability of funding through and adequate amount of committed credit facilities. The Group is exposed to liquidity risk as disclosed in note 1.3 to these consolidated financial statements.

41. PLANT CAPACITY, PRODUCTION AND SALES

	2008	2007
Vanaspati - Ghee and Cooking Oil	**(M. Tonnes)**	
Assessed capacity	**30,000**	30,000
Capacity utilized:		
Production	**7,188**	12,202
Toll Manufacturing	**14,833**	3,551
Total Capacity utilized	**22,021**	15,753
Sales	**7,786**	11,269

Under-utilisation of capacity is attributable to lack of orders / demand for the Group's products.

42. ACCOUNTING ESTIMATES AND JUDGEMENTS

Income taxes

income tax law and the decisions of appellate authorities on certain issues in the past.

Property, plant and equipment

The Group reviews the rate of depreciation, useful life, residual value and value of assets for possible impairment on an annual basis. The valuation of freehold land, building and plant and machinery is carried out after every three years. Any change in the estimates in future years might affect the carrying amounts of the respective items of property, plant and equipment with a corresponding affect on the depreciation charge and impairment.

Investment property

The Group reviews the fair value of investment property at each balance sheet date based on the valuation carried out by independent valuer. Any changes in fair value are dealt through profit and loss account.

Stock in trade and stores and spares

The Group reviews the net realizable value of stock in trade and stores and spares to assess any diminution in the respective carrying values. Any change in the estimates in future years might affect the carrying amounts of stock in trade and stores and spares with a corresponding affect on the amortization charge and impairment. Net realizable value is determined with respect to estimated selling price less estimated expenditures to make the sales.

Trade Debts

The Group reviews its receivable against provision required there on an ongoing basis, and appropriate provision is made against outstanding receivable based on systematic basis as approved by the Board of Directors.

Actuarial assumptions

The liability for employee benefits is estimated based on certain assumptions. Any change in these assumptions would have an impact on next and subsequent years financial statements.

43. INFORMATION ABOUT BUSINESS SEGMENTS

	2008					2007				
	Own Manufacturing	**Toll Manufacturing**	**Wazir Ali Ventures**	**Unallocated**	**Total**	Own Manufacturing	Toll Manufacturing	Wazir Ali Ventures	Unallocated	Total
	----------------(Rupees in '000)----------------									
Revenue - net	830,848	88,497	-	-	919,345	826,356	15,326	-	-	841,682
Cost of goods sold / services										
Opening balance of finished goods	81,825	-	-	-	81,825	11,404	-		-	11,404
Cost of goods manufactured / services provided	746,061	79,881	-	-	825,942	802,670	20,460	-	-	823,130
Available for sale	827,886	79,881	-	-	907,767	814,074	20,460	-	-	834,534
Closing balance of finished goods	(92,215)	-	-	-	(92,215)	(81,825)	-	-		(81,825)
	735,671	79,881	-	-	815,552	732,249	20,460	-	-	752,709
Gross profit / (loss)	95,177	8,616	-	-	103,793	94,107	(5,134)	-		88,973
Administrative expenses	(6,065)	-	(32)	(21,657)	(27,754)	(1,725)	-	(4,563)	(26,142)	(32,430)
Selling and distribution expenses	(56,389)	-	-	-	(56,389)	(92,016)	-	-	-	(92,016)
Other operating expenses	(3,815)	-	-	-	(3,815)	(18,931)	-	-	-	(18,931)
	(66,269)	-	(32)	(21,657)	(87,958)	(112,672)	-	(4,563)	(26,142)	(143,377)
Other operating income	1,279	-	27,936	1,641	30,856	743	-	21,922	1,728	24,393
Operating result	30,187	8,616	27,904	(20,016)	46,691	(17,822)	(5,134)	17,359	(24,414)	(30,011)
43.1 Segment assets	209,388	-	135,272	172,142	516,802	142,141	-	123,577	177,468	443,186
43.2 Segment liabilities	155,110	-	76,630	320,680	552,420	118,671	-	74,545	254,095	447,311
43.3 Non-cash items (excluding depreciation & amortisation)	3,815	-	-	-	3,815	18,931	-	-	-	18,931
43.4 Depreciation & amortisation	1,034	2,133	-	1,331	4,498	3,333	-	-	1,706	5,039
43.5 Capital expenditure	-	-	-	755	755	-	-	-	163	163

44. Cost of goods manufactured / services provided:

	2008 Own Manufacturing	2008 Toll Manufacturing	2008 Wazir Ali Ventures	2008 Unallocated	2008 Total	2007 Own Manufacturing	2007 Toll Manufacturing	2007 Wazir Ali Ventures	2007 Unallocated	2007 Total
Opening stock of work in process	10,616	-	-	-	10,616	10,080	-	-	-	10,080
Raw materials consumed	*699,467	25,121	-	-	724,588	670,007	2,509	-	-	672,516
Packing materials consumed	45,990	-	-	-	45,990	81,514	-	-	-	81,514
Stores and spares consumed	3,806	7,854	-	-	11,660	4,434	1,324	-	-	5,758
Salaries, wages and other benefits	22,533	11,869	-	-	34,402	18,554	9,773	-	-	28,327
Contribution to provident fund	236	124	-	-	360	745	-	-	-	745
Fuel and power	14,642	30,214	-	-	44,856	22,947	6,854	-	-	29,801
Repair and maintenance	958	1,978	-	-	2,936	897	-	-	-	897
Rent, rates and taxes	8	15	-	-	23	6		-	-	6
Insurance	278	573	-	-	851	769	-	-	-	769
Depreciation	1,034	2,133	-	-	3,167	3,333	-	-	-	3,333
Others / Expenses charged to Service Income	-	-	-	-	-	-	-	-	-	-
	799,568	79,881	-	-	879,449	813,286	20,460	-	-	833,746
Closing stock of work in process	(53,507)	-	-	-	(53,507)	(10,616)	-	-	-	(10,616)
	746,061	79,881	-	-	825,942	802,670	20,460	-	-	823,130

* This includes raw material of Rs.184.474 million borrowed from DFL - ultimate holding company.

44.1 Variable costs incurred during the period have been allocated based on tonnages produced under toll manufacturing agreement.

45. GENERAL

These consolidated financial statements were authorised for issue in the Board of Directors meeting held on ____________________.

Chief Executive

Director

Business Ethics & Practices

Introduction: Wazir Ali Industries Limited is committed to the highest standards of quality in the entire sphere of its business activity. Wazir Ali Industries Limited shall abide by all the lawas prevalent in the country. Wazir Ali Industries Limited will also carry out its business activites in the utmost ethical and behavioural standards that go beyong the legal realms

- Employees: Wazir Ali Industries Limited shall provide job opportunities to the most deserving candidates depanding on their professional achievements and capabilities in their chosen fields. The company is also committed to provide safe, healthy and congenial environment to its employees that would nurture and encourage growth to the company. All employess will be treated equally without any prejudice of discrimination irrespective of their cast and creed. It shall be the endeavour of the company to provide refresher courses and trainings to its employees on regular basis to further their education and achieve professional excellence a sincere sense of belonging in would inculcate a incere sense of belonging in the employees would reciprocate in the same manner and hold the interests of the company supreme by devothing their time to work in the best interest of the company by deterring their personal interests that may be in conflict with the interests of the company.

- *Public Relations: Wazir Ali Industries limited is an independent organization free from any infiltrations and verted interests. It is a member of diferent trade bodies, associations and organizations through which it participates at different froums and also sumbmits proposalas on Jinvitation for the enactment of legisttions.*

Business Ethics & Practices

- Quality Assurance, Safety and Environmenttal Issues: Wazir Ali Industries Limited is committed to provide quality products to its customers that consistently offer value in terms of competitive prices and quality, and are safe for their intendend use. Wazir Ali Industries Limited is committed to provide a friendly environment and aims to ensure that its products and processes do not have any adverse environemntal impact that may be against the normal business ethics.

- Competition: Wazir Ali Industries Limited welcomes healthy competition in accordace with the business norms and condemns - any malpractice that are detrimental to the business community as a whole.

- Reliability and Reporting: The dealings of Wazir Ali Industries Limited are fair and just with the entire business community and the Government agencies. All contracts and transactions are fully documented and are available for review of the concerned. Wazir Ali Industries Limited complies with the International Accouting Standards whereby its financial statement present a true and fair view of the underlying transations.

- *Code of Conduct: Wazir Ali Industries Limited strictly adberes to the professional and business ethics and condemns any unfair community and the Governement agencies.*

- Applications and Implementation: Teh newly introduced Code of Corporate Governace is being adapted in its true spirit by Wazir Ali Industries Limited and its business partners locally and abroad. Industries Limited to impress upon its business partners the compliance of the Code of Corporate Governance in their dealings with the company.An internal audit department has been set up in the company to independently ensure strict compliance of the Code of Corporate Governace. The Directors, General Managers, Managers and other Heads of the Departments of th company would ensure that this Code of Business Ethics and practices is fully understood by all conerned for its implementation in the true spirtie.

FORM OF PROXY

I/We...

of ....being a member of **WAZIR ALI INDUSTRIES LIMITIED** and holding.............................

ordinary shares as per share Register Folio No ....and / or CDC Participant I.D. No.........................

and Sub-Account No.........................hereby appoint..

of ....or failing him ....of ....as my/our proxy in my/our absence to attend and vote for me/us and on my/our behalsf at the Annual General Meeting of the company to be held oin Thursday 30 Oct 2008 at 12:30 hours at Pakistan Socity for Training and development Plot # TC-3, off Khayaban-e-sehar, 34 street, Phase 5 , (exten) DHA, Karachi.and at any adjournment thereof.

Signed this ....day of 2008

Witnesses:

1. Signature: ____________________

Name: ____________________

Address: ____________________

____

NIC or

Passport No. ____________________

2. Signature: ____________________

Name: ____________________

Address: ____________________

____

NIC or

Passport No. ____________________

Signature on Rupees Five Revenue Stamp

The Signature should agree with the specimen registered with the company.

Note:

Proxies in order to be effective, must be received at the company's Registered office not less than 48 hours before the meeting. No person shall be appointed a proxy who is not a member of the company qualified to vote except that a corporation being a member may appoint as proxy a person who is not a member.

CDC shareholders and their proxies are each required to attach an attested photocopy of their National Identity Card or Passport with this proxy form before submission to the company.