Wazir Ali Industries Limited

Annual Report 2010

Annual Report 2010

WAZIR ALI INDUSTRIES LIMITED

TABLE OF CONTENTS

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 Bank Islami Pakistan Limited Habib Bank Limited MCB Bank Limited United Bank Limited
REGISTRARS & SHARE TRANSFER OFFICE	THK Associates (Pvt.) Limited Ground Floor, State Life Building-3 Dr. Ziauddin Ahmed Road, Karachi. Telephone: +92.21.111-000-322 Fax: +92.21.35655595
REGISTERED OFFICE	F-33, Hub River Road, SITE, Karachi. Telephone: +92.21.32579683-7 Fax: +92.21.32578654
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 58th Annual General Meeting of the shareholders of Wazir Ali Industries Limited will be held on Wednesday, October 27, 2010 at 8:00 hours at Pakistan Society for Training and Development, Plot No. TC-3, Off Khayaban-e-Sehar, 34th Street, Phase – V (Extension) DHA, Karachi, Pakistan to transact the following business:

ORDINARY BUSINESS:

1. To confirm the minutes of the last Annual General Meeting held on October 28, 2009.

2. To Receive, Consider and adopt the Audited Financial Statements of the Company for the year ended June 30, 2010 together with the Directors and Auditors' Report thereon.

3. To appoint Auditors for the ensuing year, and to fix their remuneration. (Messrs KPMG Taseer Hadi & Co., Chartered Accountants, retire and being eligible have offered themselves for re-appointment)

By order of the Board of Directors

AMJAD WAHEED
Company Secretary

Karachi: September 22, 2010.

NOTES:

1. The Share Transfer Books of the Company will remain closed from October 21, 2010 to October 27, 2010 (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

5. 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 2010.

1. Overview

During the year 2009-10 the economy, after over coming initial challenges, gradually started picking pace. While the fallout from the global recession showed signs of receding, the serious security threats and energy crisis remained major concerns.

The relaunch of Tullo brand aided by a focussed marketing campaign resulted in a healthy volume and top line growth.

The bottom line however did not match this growth as the loss after tax, despite higher turn over, increased during the year. This is mainly attributable to higher financing and other fixed costs which could not be passed on due to competitive reasons. The re-introduction of Turnover Tax further increased the loss after tax. Other avenues are being considered to overcome the higher fixed costs and financing to improve the bottom line.

The land development project of the wholly owned subsidiary, Wazir Ali Ventures (Private) Limited, continues to remain on hold in anticipation of an upturn in the housing market.

2. Financial Review

The Sales Turnover for the year under review increased by 105.8% from Rs. 897.774M to Rs.1,848.347M.

Gross profit for the year increased by 129.8% from Rs. 56.525M to Rs. 129.882M as compared to last year.

Pre-tax loss increased from Rs. 57.02M to Rs. 67.17M while loss after tax increased to Rs. 75.309M.

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

The company manufactured 17,384 tons which was 18.7% lower than last year.

3 Loss per Share

The loss per share for the year increased to Rs. 9.43 from loss per share of Rs. 7.00 in the preceding year.

4. Operating Results

Profit and loss for the year under review is as follows:

	(Rs '000)	
	2010	**2009**
Operating Profit/(Loss)	(11,972)	(53,462)
Add: Other income	4,140	41,109
Loss before taxation	(67,166)	(57,021)
Provision for taxation	(8,143)	1,117
Loss after taxation	(75,309)	(55,904)

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. Gratuity Fund

The company is operating Gratuity Fund. The fund has been appropriately invested in the Government securities. The value of investments of the Gratuity Fund according to the un-audited accounts for the year ended 30 June 2010 is Rs. 20.996 million.

9. Meetings of the Board of Directors

Four meetings of the Board of Directors of the Company were held on 30 September and 28 October 2009, 22 February and 29 April 2010. Following was the attendance of the Directors:

Names of Directors	No. of Meetings Attended.	Leave of Absence Granted
1. Syed Yawar Ali	4	-
2. Mr. M. Bashir Janmohammed	3	1
3. Mr. Perwaiz Hasan Khan	4	-
4. Mr. A. Rasheed Janmohammed	2	2
5. Mr. Abdus Samad	4	-
6. Mr. Mohammed Rabbaani	4	-
7. Mr. Perwaiz Masud Ansari	3	1
8. Mr. Ahmed Sattar	2	2

10. Capital Expenditure and Commitments

There are no plans for any major capital expenditure hence no future commitments have been made.

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.

To further strengthen the brand equity more media activities and on ground activations are required however these have to be balanced with the available resources.

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

The brand repositioning effort has helped the company by improving sales volume during the year. This has been made possible through infrastructural changes to enhance the brand availability and performance. However more stringent cost cutting measures would be required to bring the Company out of the red. Cheaper finance options have to be explored and found.

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.

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 assets have exceeded the current liabilities by Rs. 23.606M and the shareholders equity is in the negative by Rs. 286.953. However the company is considered as going concern. Refer note 1.3 to the unconsolidated financial statements.

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 frame work 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. No casual vacancies occurred in the Board during the year. During the year, all Directors were retired on completion of their tenure. However, the same were appointed in Annual Gerneral Meeting held on 28 October 2009.

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 and Company Secretary 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 he 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 related party transactions with details of pricing methods have been placed before the Audit Committee and approved by the Board of Directors

19. 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.

20. 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.

21. 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.

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

18. Audit Committee

The Board of Directors in compliance with the Code of Corporate Governance has established an Audit Committee and the following 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 2010-11.

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's 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: 22 September, 2010

Key Operating and Financial Results for the last-10 years

		JUNE 2010	JUNE 2009	JUNE 2008	JUNE 2007	JUNE 2006	JUNE 2005	JUNE 2004	JUNE 2003	JUNE 2002	JUNE 2001
Sale-net		1,848,347	897,774	919,345	826,356	1,035,555	889,828	626,297	890,150	958,600	758,292
Cost of goods sold		1,718,465	841,249	815,552	737,383	861,135	760,384	530,057	715,792	756,021	611,841
Gross profit		**129,882**	**56,525**	**103,793**	**88,973**	**174,420**	**129,444**	**96,240**	**174,358**	**202,579**	**146,451**
Administrative		20,792	26,029	27,722	27,867	28,621	29,390	29,717	36,490	31,183	37,093
Selling and distribution		106,186	68,629	56,389	92,016	147,937	110,155	100,889	134,802	132,884	117,380
Financial charges		59,334	44,668	56,397	24,733	24,699	18,694	22,079	30,809	31,872	31,888
Amortization of deferred cost/other operating expenses		14,876	15,329	3,815	18,931	-	-	-	-	-	-
Workers profit participation fund		-	-	-	-	-	-	-	-	558	-
Operating Expenses		**201,188**	**154,655**	**144,323**	**163,547**	**201,257**	**158,239**	**152,685**	**202,101**	**196,497**	**186,361**
		(71,306)	**(98,130)**	**(40,530)**	**(74,574)**	**(26,837)**	**(28,795)**	**(56,445)**	**(27,743)**	**6,082**	**(39,910)**
Other income		4,140	41,109	2,920	2,418	1,810	2,905	1,220	2,068	4,516	19,085
Profit (Loss) before taxation		**(67,166)**	**(57,021)**	**(37,610)**	**(72,156)**	**(25,027)**	**(25,890)**	**(55,225)**	**(25,675)**	**10,598**	**(20,825)**
Provision for Taxation	Current Year	9,260	-	(3,493)	(4,504)	(10,396)	(11,701)	(5,422)	(10,861)	(8,288)	(9,141)
	Prior Year	(1,117)	(1,117)	-	-	-	-	-	-	-	-
		8,143	(1,117)	(3,493)	(4,504)	(10,396)	(11,701)	(5,422)	(10,861)	(8,288)	(9,141)
Profit/(Loss) after taxation		(75,309)	(55,904)	(41,103)	(76,660)	(35,423)	(37,591)	(60,647)	(36,536)	2,310	(29,966)
Paid Up Capital		***79,860***	***79,860***	***79,860***	***79,860***	***76,057***	***76,057***	***76,057***	***76,057***	***76,057***	***76,057***
Current Assets		***359,349***	***256,141***	***249,034***	***181,720***	***162,166***	***220,977***	***126,065***	***238,357***	***244,099***	***206,464***
Current Liabilities		***335,743***	***190,314***	***316,503***	***336,266***	***229,902***	***240,873***	***145,860***	***273,670***	***249,660***	***218,011***

KPMG Taseer Hadi & Co.
Chartered Accountants
First Floor
Sheikh Sultan Trust Building No. 2
Beaumont Road
Karachi 75530 Pakistan

Telephone +92 (21) 568 5847
Fax +92 (21) 568 5095
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 2010 and the related unconsolidated profit and loss account, unconsolidated statement of comprehensive income, unconsolidated statement of cash flows 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 unconsolidated financial statements in conformity with 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 test basis, evidence supporting the amount 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 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 except for the changes as described in note 2.5 with which we concur;

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

iii) the business conducted, investments made the and 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 explanations given to us, the unconsolidated balance sheet, unconsolidated profit and loss account, unconsolidated statement of comprehensive income, unconsolidated statement of cash flows 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 give a true and fair view of the state of the Company's affair as at 30 June 2010 and respectively 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. 75.309 million during the year ended on 30 June 2010 and, as of that date its accumulated losses exceeded the shareholders equity by Rs. 286.953 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 th e Company's activities and availability of financial support from its directors and Dalda Foods (Private) Limited – the Holding Company.

Date: 22 September, 2010
Karachi

KPMG Taseer Hadi & Co.
Chartered Accountants
Mohammad Nadeem

KPMG

KPMG Taseer Hadi & Co.
Chartered Accountants
First Floor
Sheikh Sultan Trust Building No. 2
Beaumont Road
Karachi 75530 Pakistan

Telephone + 92 (21) 568 5847
Tax + 92 (21) 568 5095
Internet www.kpmg.com.pk

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 systems sufficient to plan the audit and develop an effective audit approach. We are not required to consider whether the Board's statement on internal control covers all risks and controls, or to form an opinion on the effectiveness of such internal controls, the Company's corporate governance procedures and risks.

Further, Listing Regulations of Karachi and Lahore Stock Exchanges require the Company to place before the Board of Directors for their consideration and approval related party transactions distinguishing between transactions carried out on terms equivalent to those that prevail in arm's length transactions and transactions which are not executed at arm's length price recording proper justification for using such alternate pricing mechanism. Further, all such transactions are also required to be separately placed before the audit committee. We are only required and have ensured compliance of requirement to the extent of approval of related party transactions by the Board of Directors and placement of such transactions before the audit committee. We have not carried out any procedures to determine whether the related party transactions were under taken at arm's length price or not.

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 2010.

Date: 22 September, 2010
Karachi

KPMG Taseer Hadi & Co.
Chartered Accountants
Mohammad Nadeem

Unconsolidated Balance Sheet

As at 30 June 2010

	Note	2010 (Rupees in '000)	2009 (Rupees in '000)
EQUITY AND LIABILITIES			
Share capital and reserves			
Authorised capital			
8,000,000 ordinary shares of Rs. 10 each (2009: 8,000,000 shares of Rs. 10 each)		**80,000**	80,000
Issued, subscribed and paid-up capital	4	**79,860**	79,860
Capital reserve		**10,646**	10,646
Accumulated losses		**(377,459)**	(304,225)
Total equity		**(286,953)**	(213,719)
Surplus on revaluation of property, plant and equipment	5	**134,214**	118,247
Subordinated loans from the Holding Company - unsecured	6	**350,000**	335,000
Non-current liabilities			
Deferred tax liability on surplus on revaluation of property, plant and equipment	5	**12,084**	7,326
Provision for compensated absences	7	**1,877**	1,701
Total non-current liabilities		**13,961**	9,027
Current liabilities			
Trade and other payables	8	**182,829**	36,374
Mark-up payable on borrowings		**82,972**	37,498
Short term borrowings – secured	9	**69,942**	101,382
Current maturity of subordinated loans from the Holding Company	6	**-**	15,000
Total current liabilities		**335,743**	190,254
Contingencies	10		
Total Equity and Liabilities		**546,965**	438,809

	Note	2010 (Rupees in '000)	2009 (Rupees in '000)
ASSETS			
Non-current assets			
Property, plant and equipment	11	**152,388**	132,298
Investment in a subsidiary	12	**33,886**	50,000
Long term loans to employees - secured and considered good	13	**580**	370
Long term security deposits		**762**	-
Total non-current assets		**187,616**	182,668
Current assets			
Stores and spares	14	**4,942**	6,912
Stock-in-trade	15	**144,642**	131,463
Trade debts - secured and considered good	16	**83,754**	11,167
Loans and advances - considered good	17	**447**	396
Deposits, prepayments and other receivables	18	**19,390**	21,199
Taxation - net	19	**16,825**	19,172
Cash and bank balances	20	**89,349**	65,832
Total current assets		**359,349**	256,141
Total Assets		**546,965**	438,809

The annexed notes 1 to 39 form an integral part of these unconsolidated financial statements.

Chief Executive | **Director**

Unconsolidated Profit and Loss Account

For the year ended 30 June 2010

	Note	2010	2009
		(Rupees in '000)	
Revenue - net	21	**1,848,347**	897,774
Cost of goods sold / services rendered	22	**(1,718,465)**	(841,249)
Gross profit		**129,882**	56,525
Administrative expenses	23	**(20,792)**	(26,029)
Selling and distribution expenses	24	**(106,186)**	(68,629)
Other operating expenses	25	**(14,876)**	(15,329)
		(141,854)	(109,987)
Other operating income	26	**4,140**	41,109
Operating loss		**(7,832)**	(12,353)
Finance costs	27	**(59,334)**	(44,668)
Loss before taxation		**(67,166)**	(57,021)
Taxation - net	28	**(8,143)**	1,117
Loss for the year		**(75,309)**	(55,904)
		(Rupees)	
Loss per share - basic and diluted	29	**(9.43)**	(7.00)

The annexed notes 1 to 39 form an integral part of these unconsolidated financial statements.

Chief Executive

Director

Unconsolidated Statement of Comprehensive Income

For the year ended 30 June 2010

	2010	2009
	(Rupees in '000)	
Loss for the year	**(75,309)**	(55,904)
Other comprehensive income	-	-
Total comprehensive loss	**(75,309)**	(55,904)

The annexed notes 1 to 39 form an integral part of these consolidated financial statements.

Chief Executive **Director**

Unconsolidated Statement of Cash Flows

For the year ended 30 June 2010

	Note	2010	2009
		(Rupees in '000)	
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss before taxation		**(67,166)**	(57,021)
Adjustments for:			
Depreciation		**3,967**	4,254
Gain on disposal of property, plant and equipment		**(310)**	(972)
Finance cost		**59,334**	44,668
Liabilities no more payable, written back		**(55)**	(1,869)
Provision against deposits, prepayments and other receivables		**841**	535
Provision against advances to suppliers		**-**	500
Provision for compensated absences		**183**	947
Provision for impaired debts		**2,000**	5,905
Provision against investment in a Subsidiary Company		**16,114**	-
		14,908	(3,053)
Movement in:			
Long term loans to employees		**(210)**	311
Long term security deposits		**(762)**	183
Stores and spares		**1,970**	(1,643)
Stock in trade		**(13,179)**	44,832
Trade debts		**(74,587)**	16,021
Loans and advances		**(51)**	(15)
Deposits, prepayments and other receivables		**968**	(8,649)
Compensated absences		**(7)**	(90)
Trade and other payables		**146,510**	(143,178)
		75,560	(95,281)
Finance costs paid		**(13,860)**	(19,937)
Income tax paid		**(6,913)**	(9,212)
Net cash from / (used in) operating activities		**54,787**	(124,430)
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditure incurred		**(159)**	(321)
Proceeds from sale of property, plant and equipment		**329**	1,065
Net cash from investing activities		**170**	744
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of liabilities against assets subject to finance lease		**-**	(124)
Proceeds from long term borrowings		**-**	200,000
Repayment of long term finance		**-**	(17,816)
Net cash from financing activities		**-**	182,060
Net increase in cash and cash equivalents		**54,957**	58,374
Cash and cash equivalents at beginning of the year		**(35,550)**	(93,924)
Cash and cash equivalents at end of the year	*30*	**19,407**	(35,550)

The annexed notes 1 to 39 form an integral part of these unconsolidated financial statements.

Chief Executive | **Director**

Unconsolidated Statement of Changes in Equity

For the year ended 30 June 2010

	Issued subscribed and paid-up capital	Capital reserve Share premium reserves	Revenue reserves General reserve	Revenue reserves Accumulated losses	Total
	----------	----------	(Rupees in '000)	----------	----------
Balance as at 1 July 2008	79,860	10,646	66,067	(316,463)	(159,890)
Total comprehensive loss for the year	-	-	-	(55,904)	(55,904)
Transferred from surplus on revaluation of property, plant and equipment - net of deferred tax	-	-	-	2,075	2,075
Balance as at 30 June 2009	79,860	10,646	66,067	(370,292)	(213,719)
Total comprehensive loss for the year	-	-	-	(75,309)	(75,309)
Transferred from surplus on revaluation of property, plant and equipment - net of deferred tax	-	-	-	2,075	2,075
Balance as at 30 June 2010	**79,860**	**10,646**	**66,067**	**(443,526)**	**(286,953)**

The annexed notes 1 to 39 form an integral part of these unconsolidated financial statements.

Chief Executive **Director**

Notes to the Unconsolidated Financial Statements

For the year ended 30 June 2010

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. Area Karachi, Pakistan. The Company is the subsidiary company of Dalda Foods (Private) Limited (the Holding Company), (Refer note 4.1).

1.2 The Company has an agreement dated 1 January 2007 with the Holding Company where by the holding company was 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. 75.309 million during the year ended 30 June 2010 (2009: net loss Rs. 55.904 million) and, as of that date, and its accumulated losses exceeded the shareholders' equity by Rs. 286.953 million (2009: Rs. 213.719 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:

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

- Availability of financial support from the Holding Company. As part of this, during the year, the holding company has rescheduled / restructured repayment of subordinated loans of Rs. 350 million. Refer note 6 to the 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 for the land, building and plant and machinery, which are stated at revalued amounts. Refer note 11 to these unconsolidated financial statements.

2.3 Functional and presentation currency

These unconsolidated financial statements are presented in Pakistani Rupees, which is also the Company's functional currency. All figures have been rounded off to the nearest thousand of rupees, unless otherwise stated.

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 judgements, estimates and assumptions that affect the application of policies and the reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experienceand various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about the 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 on going basis. Revisions to accounting estimates are recognised in the period in which the estimates are 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.

Judgements made by the management in the application of approved accounting standards, as applicable in Pakistan, that have significant effect on the unconsolidated financial statements and estimates with a significant risk of material adjustment in the next year are discussed in note 37 to these unconsolidated financial statements.

2.5 Changes in accounting policies

Starting 01 July 2009 the Company has changed its accounting policies in the following areas:

-IAS 1 (Revised) - Presentation of financial statements (effective for annual periods beginning on or after 1 January 2009). The revised standard prohibits the presentation of items of income and expenses (that is, 'non-owner changes in equity') in the statement of changes in equity, requiring'non-owner changes in equity' to be presented separately from owner changes in equity. All non-owner changes in equity are required to be shown in a performance statement, but entitiescan choose whether to present one performance statement (the statement of comprehensive income) or two statements (the income statement and the statement of comprehensive income).Where entities restate or reclassify comparative information, they are required to present a restated balance sheet as at the beginning of comparative period in addition to the current requirement to present balance sheets at the end of the current period and comparative period.

The Company has opted to present two statements; an unconsolidated profit and loss account(income statement) and an unconsolidated statement of other comprehensive income. Comparative information has also been represented so that it is in conformity with the revised standard. As this change only impacts presentation aspects, there is no impact on the earnings per share.

-IAS 23 (Amendment) 'Borrowing costs' (effective for annual periods beginning on or after 1 January 2009). It requires an entity to capitalize borrowing costs directly attributable to the acquisition, or production of a qualifying asset (one that takes a substantial period of time to get ready for use or sale) as part of the cost of that asset. The option of immediately expensing those borrowing costs has been removed. The Company's current accounting policy for borrowing costs is in compliance with this amendment and therefore there is no effect on the unconsolidated financial statements.

-IFRS 8 – Operating Segments (effective for annual periods beginning on or after 1 January 2009). This IFRS replaces IAS 14, 'Segment Reporting'. The new standard requires a 'management approach', under which segment information is presented on the same basis as that used for internal reporting purposes, and introduced detailed disclosures regarding the reportable segmentsand products. However, the change in this standard only result in additional disclosures.

2.6 New approved accounting standards applied

Disclosures pertaining to fair values and liquidity risk for financial instruments

The Company has applied the amendments to IFRS 7 - Improving Disclosures about Financial Instruments, issued in March 2009. The ammendment requires enhanced disclosure about fair value measurement and liquidity risk for financial instruments. The amendments require that fair value measurement disclosures use a three-level fair value hierarchy that reflects the significance of the inputs used in measuring fair values of financial instruments. Specific disclosures are required when fair value measurements are categorised as Level 3 (significant unobservable inputs) in the fair value hierarchy. The amendments require that any significant transfers between Level 1 and Level 2 of the fair value hierarchy be disclosed separately, distinguishing between transfers into and out of each level. Furthermore, changes in valuation techniques from one period to another, including thereasons therefore, are required to be disclosed for each class of financial instruments.

Apart from above, other applications of this standard did not have any effect on the Company's financial statements.

Apart from above certain other standards, amendments to published standards and interpretations of accounting standards became effective during the year, however, they do not affect the Company's financial statements.

2.7 New accounting standards and IFRIC interpretations that are not yet effective

The following standards, amendments and interpretations of approved accounting standards are effective for accounting periods beginning on or after 1 July 2010:

- In April 2009, the IASB issued improvements to IFRSs 2009, which comprises 15 amendments to 12 standards. Effective dates, early application and transitional requirements are addressed on a standard by standard basis. The majority of the amendments will be effective for annual periods beginning on or after 1 January 2010 and are not relevant to the Company's operations. Other amendments are unlikely to have significant impact on the Company'sfinancial statements.

-Amendment to IFRS 2 – Share-based Payment – Group Cash-settled Share-based Payment Transactions (effective for annual periods beginning on or after 1 January 2010). Currently effective IFRS requires attribution of group share-based payment transactions only if they are equity-settled. The amendments resolve diversity in practice regarding attribution of cash-settled share-based payment transactions and require an entity receiving goods or services in either an equity-settled or a cash-settled payment transaction to account for the transaction in its separate or individual financial statements.

-Amendments to IAS 32 Financial Instruments: Presentation – Classification of Rights Issues(effective for annual periods beginning on or after 1 January 2010). The IASB amended IAS32 to allow rights, options or warrants to acquire a fixed number of the entity's own equity instruments for a fixed amount of any currency to be classified as equity instruments provided the entity offers the rights, options or warrants pro rata to all of its existing owners of the same class of its own non-derivative equity instruments. These amendments are unlikely to have an impact on the Company's financial statements.

-IFRIC 19 Extinguishing Financial Liabilities with Equity Instruments (effective for accounting periods beginning on or after 1 July 2010). This interpretation provides guidance on the accounting for debt for equity swaps. The amendment is not relevant to the Company's operations.

-IFRIC 15 - Agreement for the Construction of Real Estate (effective for annual periods 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's operations.

-Improvements to IFRSs 2010 – In May 2010, the IASB issued improvements to IFRSs 2010, which comprise of 11 amendments to 7 standards. Effective dates, early application and transitional requirements are addressed on a standard by standard basis. The majority of amendments are effective for annual periods beginning on or after 1 January 2011. Certain of these amendments will result in increased disclosures in the financial statements.

-IAS 24 Related Party Disclosures (revised 2009) (effective for accounting periods beginning on or after 1 January 2011). The revision amends the definition of a related party and modifiescertain related party disclosure requirements for government-related entities. These amendments are unlikely to have any impact on the Company's financial statements other than increase in disclosures.

- Amendments to IFRIC 14 IAS 19 – The Limit on a Defined Benefit Assets, Minimum Funding Requirements and their Interaction (effective for annual periods beginning on or after 1 January 2011). These amendments remove unintended consequences arising from the treatment ofprepayments where there is a minimum funding requirement. These amendments result in prepayments of contributions in certain circumstances being recognized as an asset rather than an expense. These amendments are unlikely to have an impact on the Company's financial statements.

3. SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies as set below have been applied consistently to all periods presented in these unconsolidated financial statements, except for the changes as stated in note 2.5 to the unconsolidated financial statements.

3.1 Mark-up bearing borrowings and borrowing cost

Mark-up bearing borrowings are recognised initially at fair value, less attributable transaction cost. Subsequent to initial recognition, mark-up bearing borrowings are stated at amortised cost.

Borrowing costs incurred on long term finances directly attributable for the construction /acquisition of qualifying assets are capitalized up to the date, the respective assets are available for the intended use. All other mark-up, interest and other related charges are taken to the unconsolidated profit and loss account currently.

3.2 **Trade and other payables**

Liabilities for trade and other payables, except for provision for gratuity, are initially recognized 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 and subsequently carried at amortised cost, if any.

3.3 **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.

3.4 **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 operated a recognised provident fund scheme for its permanent employees. Equal contributions were made by the Company and the employees. This scheme was 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 unconsolidated profit and loss account in the year in which they arise.

Amounts recognized in the unconsolidated 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.

3.5 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 unconsolidated profit and loss account when the underlying products are sold. The provision ismade on the basis of claims lodged with the Company and historical data.

3.6 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.

Revaluation

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, plan and equipment 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.

Subsequent costs

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the entity and its cost can be reliably measured. Cost incurred to replace a component of an item of property, plant and equipment is capitalised and the asset so replaced is retired from use. Normal repairs and maintenance are charged to the unconsolidated profit and loss account during the period in which they are incurred.

Depreciation

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 11.

Gains and losses on disposal

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

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.

3.7 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 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.

3.8 Investment in a Subsidiary

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

3.9 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.

3.10 Goods in transit

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

3.11 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.

3.12 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 provided / written off.

3.13 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.

3.14 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 asset 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 unconsolidated 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 unconsolidated profit and loss account. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

3.15 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 unconsolidated profit and loss account.

3.16 Offsetting of financial assets and financial liabilities

Financial assets and financial liabilities are set off and only the net amount is reported in the unconsolidated 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.

3.17 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 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.

3.18 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 unconsolidated profit and loss account.

3.19 Operating segments

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group’s other components. All operating segments’ operating results are reviewed regularly by the Group’s CEO to make decisions about resources to be allocated to the segment and to assess its performance, and for which discrete financial information is available.

Segment results that are reported to the CEO include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly corporate assets, adminstrative 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 other than goodwill.

3.20 Dividend and appropriation of reserves

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

4. ISSUED, SUBSCRIBED AND PAID-UP CAPITAL

	2010	2009
	(Rupees in '000)	
6,808,175 (2009: 6,808,175) ordinary shares of Rs. 10 each fully paid in cash	**68,082**	68,082
1,177,784 (2009: 1,177,784) ordinary shares of Rs. 10 each fully paid bonus shares	**11,778**	11,778
	79,860	79,860

4.1 As at 30 June 2010, Dalda Foods (Private) Limited, the Holding Company held 73.64% (2009:73.64%) shares of the Company.

5. SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT(Rupees in '000)

	2010	2009
Balance as on 1 July	**125,573**	128,765
Addition as a result of revaluation of assets made	**23,917**	-
Surplus transferred to accumulated losses in respect of incremental depreciation charged on related assets during the year	**(3,192)**	(3,192)
	146,298	125,573
Related deferred tax liability as on 1 July	**(7,326)**	(8,443)
Tax effect on incremental depreciation transferred to retained earning	**1,117**	1,117
Related deferred tax liability on additions as a result of revaluation of assets made	**(5,875)**	-
Related deferred tax liability as on 30 June	**(12,084)**	(7,326)
	134,214	118,247

This represents surplus arising on revaluation of freehold land, building on free hold land and plant and machinery of the Company. The revaluations were carried out under market value basis by independent valuers; M/s Iqbal A Nanjee & Co. on 30 September 2003, M/s Imran Associates on 31 January 2005, M/s Iqbal A Nanjee & Co.on 18 September 2006 and M/s Akbani and Javed Associates on 26 June 2010.

6. SUBORDINATED LOANS FROM HOLDING COMPANY - unsecured

		2010	2009
		(Rupees in '000)	
Loan I	*6.1*	**150,000**	150,000
Loan II	*6.2*	**200,000**	200,000
		350,000	350,000
Current maturity		**-**	(15,000)
		350,000	335,000

6.1 Loan I was obtained on 31 December 2007 from the Holding Company to meet the operational requirements of the Company. This carry mark-up at the rate of 6 months' KIBOR plus 1.5 percent per annum and is repayable in 20 equal quarterly instalments after expiry of four years' grace period. Initially the grace period was of two years which has been extended to four years by the Holding Company during the year.

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

7. PROVISION FOR COMPENSATED ABSENCES

	2010	2009
Balance as at 1 July	**1,701**	844
Provision made during the year	**183**	947
	1,884	1,791
Payments made during the year	**(7)**	(90)
Balance as at 30 June	**1,877**	1,701

7.1 The Company accounts for compensated absences on the basis of unavailed leave balances of eachemployee at the end of the year. Payments are made on the sum of basic salary, house rent andutility allowances

8. TRADE AND OTHER PAYABLES

		2010	2009
Trade payables against:			
- Goods	*8.1*	**146,334**	8,614
- Expenses		**3,098**	2,944
		149,432	11,558
Accrued expenses		**11,550**	5,618
Advances from customers		**11,516**	13,890
Other liabilities		**1,281**	1,108
Payable to Holding Company		**6,696**	-
Payable to gratuity fund		**1,521**	3,640
Unclaimed dividends		**557**	560
Sales tax payable on toll manufacturing		**276**	-
		182,829	36,374

8.1 Trade payable against goods include amount due to:

		2010	2009
		(Rupees in '000)	
-Associated companies		**122,605**	6,410
-Others		**23,729**	2,204
		146,334	8,614

9. SHORT TERM BORROWINGS - secured

Running finance against mark-up arrangement	*9.1*	**69,942**	84,865
Finance against trust receipt (FATR)		**-**	16,517
		69,942	101,382

9.1 The Company has running finance facility under mark-up arrangement of Rs. 95 million (2009: Rs.95 million) from a commercial bank. It carries mark-up rate of 3 months KIBOR (ask side) plus 2% p.a (2009: 3 months KIBOR plus 2 % p.a) to be recovered on quaterly basis. This facility expires on 30 June 2010 and is secured against hypothecation of all present and current assets and freehold land of the Company.

10. CONTINGENCIES

10.1 Contingencies

Claims against Company not acknowledged as debt	*10.1.1 & 10.1.2*	**30,741**	28,055
Bank guarantees		**6,072**	6,072

10.1.1 The decision of First Senior Civil Judge for claim of US$ 35,867 of 500 metric tons of oil filed by a transporter company has been made which directs the Company to pay the sum of US$ 35,867 with interest at 12% per annum from the date of filing of the suit till date of payment alongwith other restrictions. The Company filed an appeal before District Court, Karachi South against the order of First Senior Civil Judge. The District Court South, Karachi suspended the order of First Senior Civil Judge and fixed the date of hearing. The hearing is pending to date. No provision has been made in these unconsolidated financial statements as the management based on consultation with legal advisor is confident of a favourable outcome.

10.1.2 The Company filed a suit before the Honorable High Court claiming recovery of palm oil brought to Karachi on board vessel on the ground that the same was imported by it. Oil was purchased through Swiss Bank Corporation (the Bank) which impeaded as defendant in the case subsequently. The High Court provided interim measure and allowed delivery of palm oil to the Company against bank guarantee of US$ 206,110. The Bank filed a suit before High Court claiming right to said palm oil. Subsequently, the Company withdrew its case and bank guarantee was released. Thereafter, the Honorable Supreme Court on an application by the bank has restored the earlier order and required the bank guarantee of US$ 206,108 from the Company, which had been furnished accordingly. This guarantee was replaced by fixed deposits receipts on its expiry. (Refer note 20.1) However, based on consultation with legal advisor, the Company is confident that the ultimate outcome of the case would be in favour of the Company. Hence, no provision has been made in these unconsolidated financial statements.

11. PROPERTY, PLANT AND EQUIPMENT

11.1 Operating assets

2010

	Cost					Depreciation					Written down value as at 30 June 2010	Rate %
	As at 01 July 2009	Additions (Disposals)	Revaluation Adjustment	Revaluation Surplus	As at 30 June 2010	As at 01 July 2009	For the year	(Disposals)	Revaluation adjustment	As at 30 June 2010		
	(Rupees in '000)											
Owned												
Freehold land	**106,470**	**-**	**-**	**7,130**	**113,600**	**-**	**-**	**-**	**-**	**-**	**113,600**	-
Building on freehold land	**11,948**	**-**	**(4,072)**	**7,638**	**15,514**	**2,986**	**1,086**	**-**	**(4,072)**	**-**	**15,514**	*5-10*
Plant and machinery	**21,596**	**20**	**(8,045)**	**9,149**	**22,720**	**5,885**	**2,160**	**-**	**(8,045)**	**-**	**22,720**	*10*
Factory equipment	**3,148**	**108**			**3,256**	**3,000**	**29**	**-**	**-**	**3,.029**	**227**	*10*
Furniture	**828**	**-**			**828**	**769**	**46**	**-**	**-**	**815**	**13**	*10*
Fittings	**2,231**	**-**			**2,231**	**2,231**	**-**	**-**	**-**	**2,231**	**-**	*10*
Office / residential equipment	**12,891**	**-**			**12,891**	**12,498**	**223**	**-**	**-**	**12,721**	**170**	*10 & 33.33*
Vehicles	**6,171**	**31** **(850)**			**5,352**	**5,616**	**423**	**-** **(831)**		**5,208**	**144**	*20*
Intangible assets	**776**	**-**			**776**	**776**	**-**	**-**	**-**	**776**	-	-
	166,059	**159** **(850)**	**(12,117)**	**23,917**	**177,168**	**33,761**	**3,967**	**(831)**	**(12,117)**	**24,780**	**152,388**	

2009

	Cost				Depreciation					Written down value as at 30 June 2009	Rate %
	As at 01 July 2008	Transfer	Additions (Disposals)	As at 30 June 2009	As at 01 July 2008	For the year	Transfer	(Disposals)	As at 30 June 2009		
	(Rupees in '000)										
Owned											
Freehold land	106,470	-	-	106,470	-	-	-	-	-	106,470	-
Building on freehold land	11,948	-	-	11,948	1,900	1,086	-	-	2,986	8,962	*5-10*
Plant and machinery	21,596	-	-	21,596	3,725	2,160	-	-	5,885	15,711	*10*
Factory equipment	3,148	-	-	3,148	2,924	76	-	-	3,000	148	*10*
Furniture	828	-	-	828	723	46	-	-	769	59	*10*
Fittings	2,231	-	-	2,231	2,231	-	-	-	2,231	-	*10*
Office / residential 321 equipment	12,593	-	321 (23)	12,891	12,228	292	-	(22)	12,498	393	*10 & 33.33*
Vehicles	7,595	969	(2,393)	6,171	6,855	594	468	(2,301)	5,616	555	*20*
Intangible assets	776	-	-	776	776	-	-	-	776	-	-
Leased											
Vehicles	969	(969)	-	-	468	-	(468)	-	-	-	*20*
	168,154	-	321 (2,416)	166,059	31,830	4,254	-	(2,323)	33,761	132,298	

11.2 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 freehold land	**9,427**	**9,427**	**-**
Plant and machinery	**51,893**	**48,183**	**3,710**
Plant and machinery	**63,146**	**57,610**	**5,536**
2009	**63,249**	**57,679**	**5,570**

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

		2010	2009
		(Rupees in '000)	
Cost of goods manufactured		**3,700**	3,217
Administration expenses		**267**	833
Selling and distribution expenses		**-**	204
		3,967	4,254

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

Description	Cost	Accumulated depreciation	Carrying value	Sale proceeds	Gain	Mode of disposal	Purchaser
	---------------------- (Rupees in '000) ----------------------						
Motor vehicles							
Book value less than Rs.50,000 each	850	**(831)**	19	329	310	Negotiation	Employee & individual
2010	**850**	**(831)**	**19**	**329**	**310**		
2009	2,416	(2,323)	93	1,065	972		

11.5 Details of charges created on certain items of property, plant and equipment are given in note 9.1 to these unconsolidated financial statements.

12. INVESTMENT IN A SUBSIDIARY

	2010	2009
Cost of investment	**50,000**	50,000
Less: Impairment	**(16,114)**	-
	33,886	50,000

Wazir Ali Ventures (Private) Limited is a wholly owned Subsidiary Company, incorporated in Pakistan on 9 May 2005. Mr. Inam Bari (Director Human Resource of the Holding Company) is the Chief Executive Officer of the Subsidiary Company.

13. LONG TERM LOANS TO EMPLOYEES - secured and considered good

	Note	2010	2009
Loans and advances due from employees		**956**	715
Less: doubtful loans and advances		**(19)**	(71)
	13.1	**937**	644
Receivable within one year		**(357)**	(274)
		580	370

13.1 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.

14. STORES AND SPARES		2010	2009
		(Rupees in '000)	
Stores and spares		**9,319**	11,289
Provision against slow moving stores and spares		**(4,377)**	(4,377)
		4,942	6,912

15. STOCK-IN-TRADE			
Raw materials		**1,537**	4,079
Packing materials		**18,266**	15,577
Write down of packing material to net realisable value	*25*	**(2,273)**	-
		15,993	15,577
Work-in-process		**30,960**	6,670
		48,490	26,326
Finished goods - Ghee and cooking oil	*15.1*	**90,784**	104,625
Write down of finished goods to net realisable value	*15.2*	**(765)**	(7,117)
		90,019	97,508
Acid oil (by-product)		**6,133**	7,629
		144,642	131,463

15.1 This includes stock of oil of Rs. Nil (net realisable value of Rs. Nil) held by Holding Company as at 30 June 2010 (2009: Rs. 21.331 million having net realisable value of Rs. 18.084 million).

15.2 Movement in provision for write down of finished goods to net realisable value

Balance as at 1 July	**7,117**	-
Provision made during the year	**765**	7,117
Reversal made during the year	**(7,117)**	-
Balance as at 30 June	**765**	7,117

16. TRADE DEBTS - secured and considered good			
Considered good		**83,754**	11,167
Considered doubtful		**27,968**	28,642
		111,722	39,809
Provision for doubtful debts	*16.1*	**(27,968)**	(28,642)
		83,754	11,167

16.1 Movement in provision for doubtful debts

	2010	2009
	(Rupees in '000)	
Balance as at 1 July	**28,642**	22,737
Provision made during the year	**2,000**	5,905
Written off during the year	**(2,674)**	-
Balance as at 30 June	**27,968**	28,642

17. LOANS AND ADVANCES - considered good2010

	Note	2010	2009
Current maturity of long term loans and advances to employees - secured and considered good	*13*	**357**	274
Short term advances to staff - secured		**291**	323
Provision there against		**(201)**	(201)
	17.1	**90**	122
Advance payments to contractors and suppliers - unsecured		**500**	500
Provision there against		**(500)**	(500)
		-	-
		447	396

17.1 These are mark-up free advances against salary and are secured in the same manner as given in note 13.1 to these unconsolidated financial statements.

18. DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

	2010	2009
Deposits and prepayments	**1,238**	379
Provision there against	**(379)**	(299)
	859	80
Margin against bank guarantees	**6,072**	6,072
Accured profit on foreign currency fixed deposit	**359**	95
Accrued markup on due from Subsidiary Company	**1,025**	1,025

	Note	2010	2009
		(Rupees in '000)	
Other receivables - unsecured - considered good:			
Due from ZIL Limited	*18.1*	**1,152**	1,215
Due from the Subsidiary Company	*18.2*	**9,924**	9,924
Due from the Holding company		**-**	2,788
Others		**996**	236
		12,072	14,163
Provision against other receivables		**(997)**	(236)
		19,390	21,199

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

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

19. TAXATION - net

	2010	2009
Advance tax	**45,595**	38,682
Provision for tax	**(28,770)**	(19,510)
	16,825	19,172

20. CASH AND BANK BALANCES

	Note	2010	2009
Cash in hand		**218**	304
With banks - current accounts		**31,997**	48,761
- saving account	*20.1*	**39,533**	-
Deposit with bank - foreign currency FDR	*20.1*	**17,601**	16,767
		89,349	65,832

20.1 The saving and foreign currency deposit account carry mark-up at the rates ranging from 1.50% to2% (2009: 2.25%) per annum. The deposit is furnished to the Supreme Court of Pakistan. Refer note 10.1.2.

21. REVENUE - net

	2010	2009
Own manufacturing	**1,850,842**	814,119
Toll manufacturing	**1,724**	84,263
Leakages and damages	**(4,219)**	(608)
	1,848,347	897,774

	Note	2010	2009
		(Rupees in '000)	

22. COST OF GOODS SOLD / SERVICES RENDERED

	Note	2010	2009
Finished goods as on 1 July		**112,254**	92,215
Cost of goods manufactured / services rendered	*22.1*	**1,703,128**	861,288
Available for sale		**1,815,382**	953,503
Finished goods as on 30 June		**(96,917)**	(112,254)
		1,718,465	841,249

22.1 Cost of goods manufactured / services rendered

	Note	2010	2009
Work in process as on 1 July		**6,670**	53,507
Raw materials consumed	*22.2*	**1,523,160**	658,978
Packing materials consumed	*22.3*	**114,626**	58,623
Stores and spares consumed		**13,821**	14,413
Salaries, wages and other benefits		**35,099**	40,669
Travelling and conveyance and others		**314**	-
Fuel and power		**39,392**	35,647
Repair and maintenance		**2,345**	1,581
Rent, rates and taxes		**335**	1
PSI Marking fee		**1,573**	-
Insurance		**461**	1,322
Depreciation	*11.3*	**3,700**	3,217
		1,741,496	867,958
Reimbursable processing loss and manufacturing expenses under toll manufactuing agreement with the Holding Company		**(7,408)**	-
Work in process as on 30 June		**(30,960)**	(6,670)
		1,703,128	861,288

22.2 Raw materials consumed

	2010	2009
Balance as on 1 July	**4,079**	17,021
Purchases	**1,520,618**	646,036
	1,524,697	663,057
Balance as on 30 June	**(1,537)**	(4,079)
	1,523,160	658,978

		2010	2009
		(Rupees in '000)	
22.3 Packing materials consumed			
Balance as on 1 July		**15,577**	13,552
Purchases		**117,315**	60,648
		132,892	74,200
Balance as on 30 June		**(18,266)**	(15,577)
		114,626	58,623

23. ADMINISTRATIVE EXPENSES

		2010	2009
Salaries, wages and other benefits		**9,427**	9,360
Electricity and gas charges	*23.1*	**79**	1,659
Repair and maintenance		**242**	656
Travelling and conveyance		**217**	450
Legal and professional charges		**2,110**	4,144
Depreciation	*11.3*	**267**	833
Rent, rates and taxes		**45**	296
Postage, telegrams and telephone		**206**	396
Printing and stationery		**823**	744
Insurance		**570**	708
Subscription		**281**	206
Entertainment		**-**	37
Auditors' remuneration	*23.2*	**505**	460
Advertisement		**20**	40
Meeting and conferences		**-**	14
Other expenses		**-**	26
Fee under service level agreement with the Holding Company (note 1.2)		**6,000**	6,000
		20,792	26,029

23.1 Common expenses of Rs. 2.03 million (2009: Rs. 1.9 million) relating to ZIL Limited has been adjusted in respective expense amount.

		2010	2009
		(Rupees in '000)	

23.2 Auditors' remuneration

		2010	2009
Statutory audit fee		**325**	225
Half yearly review		**75**	75
Certification for code of corporate governance		**40**	35
Other certifications		**15**	85
Out of pocket expenses		**50**	40
		505	460

24. SELLING AND DISTRIBUTION EXPENSES

		2010	2009
Salaries and other benefits		**-**	364
Sales promotion		**38,200**	10,763
Advertisement		**1,337**	24,144
Freight		**32,399**	12,710
Rebate		**-**	3,634
Depreciation	*11.3*	**-**	204
Insurance		**470**	829
Research and development		**-**	8
		72,406	52,656
Expenses under the agreement with the Holding Company (note 1.2)		**33,780**	15,973
		106,186	68,629

25. OTHER OPERATING EXPENSES

		2010	2009
Provision for doubtful debts	*16.1*	**2,000**	5,905
(Reversal of) / write down of finished goods to net realisable value		**(6,352)**	7,117
Exchange loss on revaluation of foreign currency fixed deposit		**-**	1,061
Security deposits written off		**-**	87
Provision against deposits, prepayments and other receivables		**841**	535
Provision against advances to suppliers		**-**	500
Write down of packing material to net realisable value	*15*	**2,273**	124
Provision against investment in a Subsidiary Company	*12*	**16,114**	-
		14,876	15,329

	Note	2010	2009
		(Rupees in '000)	
26. OTHER OPERATING INCOME			
Income from financial assets			
Profit on foreign currency fixed deposit		**1,099**	95
Profit on local currency deposit		**734**	-
Mark-up on balance of Subsidiary Company		**-**	1,025
Income from non-financial assets			
Gain on sale of property, plant and equipment	*11.4*	**310**	972
Scrap sales		**1,797**	1,179
Provision against advances to employees written back		**-**	21
Liabilities written back		**55**	1,869
Gain on settlement of oil borrowed from Holding Company		**-**	35,948
Reversal of provision against loans to employees		**52**	-
Others		**93**	-
		2,307	39,989
		4,140	41,109
27. FINANCE COSTS			
Mark-up on:			
- Short term borrowings		**10,177**	13,577
- Long term finance		**-**	926
- Subordinated loan from the Holding Company		**46,515**	24,419
- Finance against trust receipts		**191**	4,572
Bank charges		**2,213**	1,173
Finance cost on liabilities against asset subject to finance lease		**-**	1
Amortization of long term security deposits		**238**	-
		59,334	44,668
28. TAXATION			
Current		**9,260**	-
Deferred		**(1,117)**	(1,117)
		8,143	(1,117)

	2010	2009
	(Rupees in '000)	

28.1 Reconciliation of accounting profit and tax expense

	2010	2009
Loss before taxation	**(67,166)**	(57,021)
Tax at the enacted tax rate of 35% (2009: 35%)	**(23,508)**	(19,957)
Tax effect of taxable loss not recognised	**18,728**	18,840
Minimum turnover tax	**9,260**	-
Tax effect on revaluation of fixed assets	**4,758**	-
Other	**(1,095)**	-
	8,143	(1,117)

As the Company has incurred net tax losses during the year, therefore minimum tax has been levied on the turnover of the Company. The net deferred tax assets of Rs. 107.956 million (2009:Rs. 84.448 million) arising on unused tax losses and temporary differences have not been accounted for due to uncertainty of the future profitability of the Company.

Income tax returns for the years 2007 to 2009 have been filed by the Company and is deemed to be assessment order under section 120 of the Income Tax Ordinance, 2001, unless selected for tax audit purpose.

29. LOSS PER SHARE - BASIC AND DILUTED

	2010	2009
Loss for the year	**(75,309)**	(55,904)
	(Numbers)	
Weighted average number of ordinary shares	**7,985,959**	7,985,959
	(Rupees)	
Loss per share	**(9.43)**	(7.00)

30. CASH AND CASH EQUIVALENTS

	2010	2009
	(Rupees in '000)	
Cash and bank balances	**89,349**	65,832
Short term borrowings	**(69,942)**	(101,382)
	19,407	(35,550)

31. STAFF RETIREMENT BENEFITS

Gratuity Fund

Principal actuarial assumptions used in the actuarial valuation of the scheme carried out as at 30 June 2010 are as follows:

- Discount rate at 14 % per annum (2009: 13% per annum).
- Expected rate of return on plan assets at 14% per annum (2009: 13% per annum).
- Expected rate of increase in salary level at 14% per annum for management employees (2009: 13% per annum) and at 13% for non-management employees (2009: 12% per annum).

The amount recognised in unconsolidated balance sheet is as follows:

	2010	2009
	(Rupees in '000)	
Present value of defined benefit obligation	22,518	20,657
Fair value of plan assets	20,997	17,017
Liability as at	1,521	3,640
Changes in present value of defined benefit obligation		
Obligation as at 1 July	20,657	18,373
Current service cost	833	713
Interest cost	2,735	2,205
Actuarial (gain) / loss	(809)	1,025
Benefits paid	(898)	(1,659)
Obligation as at 30 June	22,518	20,657
Changes in fair value of plan assets		
Fair value as at 1 July	17,017	18,723
Expected return on plan assets	2,044	2,247
Contributions	1,000	-
Actuarial gain / (loss)	1,834	(2,294)
Benefits paid	(898)	(1,659)
Fair value as at 30 June	20,997	17,017
Recognised liability		
Balance as at 1 July	3,640	(350)
(Income) / expense recognized	(1,119)	3,990
Contributions	(1,000)	-
Company's liability as at 30 June	1,521	3,640

The amount recognised in the unconsolidated profit and loss account is as follows:	**2010**	2009
	(Rupees in '000)	
Current service cost	**833**	713
Interest cost	**2,735**	2,205
Expected return on plan assets	**(2,044)**	(2,247)
Actuarial (gains) / losses	**(2,643)**	3,319
Net (income) / expense for the year	**(1,119)**	3,990

Actual return on plan assets is as follows:		
Expected return on plan assets	**2,044**	2,247
Actuarial gain / (loss) on plan assets	**1,834**	(1,025)
Actual return on plan assets	**3,878**	1,222

Composition / fair value of plan assets used by the fund	**(Percent)**	
Equity instruments	**96.55**	93.76
Others	**3.45**	6.24

Historical information	**2010**	2009	2008	2007	2006
	---- (Rupees in '000) ----				
Present value of defined benefit obligation	**22,518**	20,657	18,373	17,140	19,682
Fair value of planned assets	**(20,997)**	(17,017)	(18,723)	(19,125)	(42,992)
(Asset) / liability in balance sheet	**1,521**	3,640	(350)	(1,985)	(23,310)
Experience adjustment arising on plan liabilities (gains) / losses	**(809)**	1,025	784	(656)	408
Experience adjustment arising on plan assets gains / (losses)	**1,834**	(2,294)	(306)	(104)	(147)

32. 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 associated companies with whom such transactions have taken place includes Dalda Foods (Private) Limited (Holding Company), Wazir Ali Ventures (Private) Limited (Subsidiary Company), Mapak Edible Oils (Private) Limited, Shakoo (Private) Limited and IGI Insurance Limited. These associated companies are associated companies either based on holding in equity or they are either under the same management and / or with common directors.

All transactions with related entered on commercial basis / agreement. However, contributions to and accruals in respect of staff retirement and other benefit plans are made in accordance with the actuarial valuation / terms of the contribution plan and remuneration to key management personnel are determined in accordance with the terms of employment (Note 33). The aggregate value of transactions and outstanding balances as at 30 June 2010 with related parties other than those which have been disclosed else where are as follows:

	2010					
	Balance as at 1 July 2009 receivable / (payable)	**(Purchases) / sales / service income**	**Common expenses allocated receivable / (payable)**	**Payment made by**	**Payment received**	**Balance as at 30 June 2010 receivable / (payable)**
	(Rupees in '000)					
Holding Company	**2,788**	**(31,522) 1,724**	**3,121 (635)**	**17,828**	**-**	**(6,696)**
Subsidiary Company						
Wazir Ali Ventures (Private) Limite d	**9,923**	**-**	**-**	**-**	**-**	**9,923**
Associated Companies						
Mapak Edible Oils (Private) Limited	**(6,388)**	**(765,555)**	**-**	**661,753**	**-**	**(110,190)**
Shakoo (Private) Limited	**-**	**(153,035)**	**-**	**145,679**	**-**	**(7,356)**
IGI Insurance Limited - insurance Premium	**(417)**	**(908)**	**-**	**908**	**-**	**(417)**

	2009					
	Balance as at 1 July 2008 receivable / (payable)	(Purchases) / sales / service income	Common expenses allocated receivable / (payable)	Payment made by	Payment received	Balance as at 30 June 2009 receivable / (payable)
	(Rupees in '000)					
Holding Company	(26,498)	45,757 84,263	11,664 (24,570)	-	(87,828)	2,788
Subsidiary Company						
Wazir Ali Ventures (Private) Limite d	4,692	-	-	*5,231	-	9,923
Associated Companies						
Mapak Edible Oils (Private) Limited	(80,774)	(539,167)	-	613,553	-	(6,388)
Shakoo (Private) Limited	(17,633)	(36,866)	-	54,499	-	-
IGI Insurance Limited - insurance Premium	(591)	(1,150)	-	1,324	-	(417)
Treet Corporation Limited	271	129	34 (162)	150	(373)	49
Packages Limited	(128)	(4,642)	-	4,195	-	(575)

* This represents payment of interest made on behalf of the Subsidiary Company to the bank.

	Transaction value		**Balance receivable / (payable)**	
Others	**2010**	2009	**2010**	2009
Contribution to staff retirement funds - Employee Gratuity Fund	**1,000**	-	**-**	-

33. EXECUTIVES' REMUNERATION

The aggregate amount charged in the unconsolidated financial statements for the year for remuneration and benefits to the chief executive and other executives of the Company are as follows:

	2010		2009	
	Chief Executive	**Other Executive**	Chief Executives	Other Executives
	(Rupees in '000)			
Remuneration	1,200	2,389	1,200	1,734
Rent and utilities	-	1,314	-	954
Medical expenses	-	240	-	188
Other perquisites	-	1,618	-	1,142
	1,200	5,561	1,200	4,018
Number of persons	1	4	1	3

The Factory Manager was also provided with free use of the Company maintained vehicle.

34. FINANCIAL INSTRUMENTS

The objective of the Company's overall financial risk management is to minimize earnings volatility and provide maximum return to shareholders. The Board of Directors of the Company has over all responsibility for the establishment and oversight of the Company's risk management framework and policies.

The Company has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

Risk Management Framework

The Company's risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and to monitor risks and adherence to limits. The Company, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Audit Committee oversees how management monitors compliance with the Company's risk management controls and procedures and reviews their adequacy. The Company's Audit Committee is assisted in its role by Internal Audit function, for which a professional firm of Chartered Accountants has been contacted by the Company. Internal Audit undertakes regular reviews of the risk management controls and procedures, the results of which are reported to the Audit Committee.

34.1 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. Concentration of credit arises 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 the changes in economics, political or other conditions. Concentration of credit risk indicate the relative sensitivity of the Company's performance for developments affecting a particular industry.

34.1.1 Exposure to credit risk

Credit risk arises when changes in economic or industry factors similarly affect the Company's counter parties whose aggregate credit exposure is significant in relation to the Company's total credit exposure. The Company's credit risk principally arising from loans to employees, trade debts, loans and advances, deposits and other receivables and bank balances.

To reduce the exposure toward the credit risk, consumer category wise credit limits and terms have been established, which are continuously monitored by the Company. Loans and advances given to employees are secured against retirement benefits of the employees as disclosed in note 13.1 to these unconsolidated financial statements. Bank balances are maintained with sound credit rating banks. Deposits and other receivables include margin against guarantees held with banks and balances with related parties. The Company attempts to control credit risk in respect of other receivables by monitoring credit exposures of counter parties.

The maximum credit exposure as at the reporting dates consists of following financial assets:

	2010	2009
	(Rupees in '000)	
Long term loans to employees	**580**	370
Trade debts	**83,754**	11,167
Loans and advances	**447**	396
Deposits and other receivables	**18,532**	19,999
Bank balances	**89,131**	65,528
	192,444	97,460

34.1.2 *Credit Quality*

The Company monitors the credit quality of its financial assets with reference to historical performance of such assets and where available external credit ratings. The carrying values of trade debts which are neither past due nor impaired are given in the note 34.1.3 below:

The credit quality of the Company's major banks is assessed with reference to external credit ratings which are as follows:

Bank	**Rating Agency**	**Rating** Short term	Long term
National Bank of Pakistan Limited	JCR-VIS	A2	BBB+
United Bank Limited	JCR-VIS	A-1+	AA+
Habib Bank Limited	JCR-VIS	A-1+	AA+
The Royal Bank of Scotland Limited	PACRA	A1+	AA
MCB Bank Limited	PACRA	A1+	AA+

34.1.3 Past due and impaired financial assets

Trade Debts

Trade debtors majorly comprise of wholesellers / distributors, except for Utility Stores Corporation and Canteen Stores Department, of edible oils spread through out the country. The Company has not made export sales during the year ended 30 June 2010. The aging of trade debtors as at reporting date was:

	2010		2009	
	Gross	**Impairment**	Gross	Impairment
	(Rupees in '000)			
Past due but not impaired				
Past due 1-90 days	**80,348**	-	1,316	-
Past due 91 days -1 year	**99**	-	2,587	-
	80,447	-	3,903	-
Past due and impaired				
More than one year	**31,275**	**27,968**	35,906	28,642
Total	**111,722**	**27,968**	39,809	28,642

Utility Stores Corporation (USC) and Canteen Stores Department (CSD) were the major customers of the Company during the year. The Company creates a provision for doubtful trade debts based on past experience, consideration of financial position and past track record of recoveries.

Other financial assets

The Company creates provision based on past experience, consideration of financial position and past record of recoveries.

34.2 Liquidity risk

Liquidity risk the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. Liquidity risk arises because of the possibility that the Company could be required to pay its liabilities earlier than expected or difficulty in raising funds to meet commitments associated with financial liabilities as they fall due.

Exposure to liquidity risk

The Company is exposed to liquidity risk in respect of its financial liabilities. The table below analyses the Company's financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date.

	2010					
	Carrying amount	**Contractual cashflows**	**Six months or less**	**Six to twelve months**	**one to five years**	**More than five years**
	(Rupees in '000)					
Non-derivative financial liabilities						
Subordinated loans from the Holding Company	**350,000**	**(635,078)**	**-**	**(123,935)**	**(339,858)**	**(171,285)**
Short term borrowings	**69,942**	**(72,437)**	**(2,495)**	**(69,942)**	**-**	**-**
Trade and other payables	**169,516**	**(169,516)**	**(169,516)**	**-**	**-**	**-**
	589,458	**(877,031)**	**(172,011)**	**(193,877)**	**(339,858)**	**(171,285)**

	2009					
	Carrying amount	Contractual cashflows	Six months or less	Six to twelve months	one to five years	More than five years
	(Rupees in '000)					
Non-derivative financial liabilities						
Subordinated loans from the Holding Company	350,000	(574,788)	-	(64,270)	(430,242)	(80,276)
Short term borrowings	101,382	(104,869)	(3,536)	(101,333)	-	-
Trade and other payables	18,284	(18,284)	(18,284)	-	-	-
	469,666	(697,941)	(21,820)	(165,603)	(430,242)	(80,276)

The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. The Company meets these requirements by having credit line available as at 30 June 2010 as specified in note 9 to these unconsolidated financial statements and financial assistance available from the Holding Company as and when the need arises.

34.2.1

The contractual cash flows relating to the above financial liabilities have been determined on the basis of mark-up rates effective as at 30 June 2010 as disclosed in note 6 and 9 to these unconsolidated financial statements.

34.3 Market risk

Market risk is the risk that changes in market price, such as foreign exchange rates, interest rates and equity prices will affect the Company's income or the value of its holding of financial instruments. The objective of market risk management is to manage and control market risk exposure within acceptable parameters, while optimising the return. The Company does not hold equity instrument other than shares in Subsidiary Company, therefore, it is not subject to the other price risk. However, it is exposed to interest rate risk and currency risk.

34.3.1 Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

Exposure to interest rate risk

Majority of the interest rate risk exposure arises from fixed deposit receipts with bank, amount due from Subsidiary Company, subordinated loans the from the Holding Company and short term borrowings from banks. As at the reporting date, following is the interest rate profile of the Company's interest bearing financial instruments:

	2010	2009
	(Rupees in '000)	
Fixed rate instruments		
Financial assets		
Fixed deposit receipt with bank	**17,601**	16,767
Due from Subsidiary Company	**9,924**	9,924
Financial liabilities - short term borrowings from a commercial bank	**-**	(14,924)
Variable rate instruments		
Financial assets		
Bank balance - saving account	**39,533**	-
Financial liabilities		
Subordinated loans from the Holding Company	**(350,000)**	(350,000)
Short term borrowings - Running finance against mark-up arrangement	**(69,942)**	(84,865)

Fair value sensitivity analysis for fixed rate instruments

The Company does not account for any fixed rate financial assets and liabilities at fair value through profit or loss. Therefore, a change in interest rates at the reporting date would not affect unconsolidated profitand loss account and the equity of the Company.

Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points in interest rates at the reporting date would have net increased / decreased the loss of the Company as at 30 June 2010 by Rs. 1.093 million (2009: Rs. 2.473 million) . This analysis assumes that all other variables, in particular foreign currency rates, remain constant. The analysis is performed on the same basis for 2009.

34.3.2 Currency Risk

Foreign currency risk is the risk that the value of a financial asset or liability will fluctuate due to a change in foreign exchange rates. It arises mainly where receivables and payables exist due to transactions entered into foreign currencies.

Exposure to currency risk

The Company is exposed to currency risk only on foreign currency fixed deposit receipt with bank and accrued profit thereon that is denominated in a currency other than the respective functional currency of the Company.

	2010		2009	
	Rupees	**US Dollars**	Rupees	US Dollars
	In '000		In '000	
Financial assets				
Deposit with bank	**17,601**	**206**	16,767	206
Accrued profit on foreign currency fixed deposit	**359**	**4**	95	1
Gross and net balance sheet exposure	**17,960**	**210**	16,862	207

The following significant exchange rates applied during the year:

	Average rates		**Balance sheet date rate**	
	2010	2009	**2010**	2009
US Dollars	**84.15**	80.00	**85.40 / 85.60**	81.35 / 81.90

SENSITIVITY ANALYSIS

A ten percent strengthening / (weakening) of the Rupee against US Dollar at 30 June 2010 would have increased / (decreased) fixed deposits receipts and accrued profit thereon by Rs. 1.799 million(2009: Rs. 0.169 million). Accordingly, the equity and loss of the Company would also have increased / (decreased) by the same amount. This analysis assumes that all other variables, in particular interest rates, remain constant. The analysis is performed on the same basis for 2009.

34.4 Fair value of financial assets and liabilities

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction. The carrying values of the financial assets and financial liabilities approximate their fair values.

The Company categorises its investment in a subsidiary in level 3 i.e; inputs for the asset or liability that are not based on observable market data (unobservable inputs).

35. CAPITAL RISK MANAGEMENT

The objective of the Company when managing capital i.e., its shareholders' equity and surplus on revaluation on property, plant and equipment, is to safeguard its ability to continue as a going concern so that it can continue to provide return to the shareholders and benefits for others take holders and to maintain a strong capital base to support the sustained development of its business.

The Company is not externally exposed to regulatory capital requirements.

36. PLANT CAPACITY, PRODUCTION AND SALES

	2010	2009
Vanaspati - Ghee and Cooking Oil	**(M. Tonnes)**	
Assessed capacity	**30,000**	30,000
Capacity utilized:		
Production	**16,067**	7,577
Toll Manufacturing	**1,317**	13,815
Total Capacity utilized	**17,384**	21,392
Sales	**15,712**	7,430

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

37. 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 laws 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, 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, deferred tax liability 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 and other receivables

Impairment loss against doubtful trade and other debts is made on a judgmental basis, which provision may differ in the future years based on the actual experience. The difference in provision if any, is recognised in the future period.

Staff retirement benefits

Certain actuarial assumptions have been adopted as disclosed in these unconsolidated financial statements for valuation of present value of define benefit obligations and fair value of plan assets. Any changes in these assumptions in future years would have an impact on next and subsequent years financial statements.

Impairment of investment in a subsidiary

The Company reviews and determines that investment in subsidiary is impaired when there is objective evidence for such impairment.

38. INFORMATION ABOUT BUSINESS SEGMENTS

38.1 The Company's reportable segments are as follows:

Own manufacturing - It comprises manufacturing of vanaspati ghee and cooking oil for sale to its customers.

Toll manufacturing - It comprises manufacturing of vanaspati ghee and cooking oil for its Holding Company.

Information regarding the Company's reportable segments is presented below.

38.2 Segment revenue and results

Following is an analysis of the Company's revenue and results by reportable segment:

	2010				2009			
	Own Manufacturing	Toll Manufacturing	Unallocated	Total	Own Manufacturing	Toll Manufacturing	Unallocated	Total
	------(Rupees in '000)------							
Revenue - net	1,846,623	1,724	-	1,848,347	813,511	84,263	-	897,774
Cost of goods sold / services								
Opening balance of finished goods	112,254	-	-	112,254	92,215	-	-	92,215
Cost of goods manufactured / services rendered	1,701,985	8,551	-	1,710,536	779,033	82,255	-	861,288
Less: reimbursable manufacturing expense and processing loss	-	(7,408)	-	(7,408)	-	-	-	-
Available for sale	1,814,239	1,143	-	1,815,382	871,248	82,255	-	953,503
Closing balance of finished goods	(96,917)	-	-	(96,917)	(112,254)	-	-	(112,254)
	1,717,322	1,143	-	1,718,465	758,994	82,255	-	841,249
Gross profit	129,301	581	-	129,882	54,517	2,008	-	56,525
Administration expenses	-	-	(20,792)	(20,792)	(6,040)	-	(19,989)	(26,029)
Selling and distribution expenses	(106,186)	-	-	(106,186)	(68,629)	-	-	(68,629)
Other operating expenses	1,238	-	(16,114)	(14,876)	(15,329)	-	-	(15,329)
	(104,948)	-	(36,906)	(141,854)	(89,998)	-	(19,989)	(109,987)
Other operating income	2,200	-	1,940	4,140	41,109	-	-	41,109
Operating loss	26,553	581	(34,966)	(7,832)	5,628	2,008	(19,989)	(12,353)
Finance costs	-	-	(59,334)	(59,334)	-	-	(44,668)	(44,668)
Loss before taxation	26,553	581	(94,300)	(67,166)	5,628	2,008	(64,657)	(57,021)
Taxation	(9,233)	-	1,090	(8,143)	-	-	1,117	1,117
Loss after taxation for the year	17,320	581	(93,210)	(75,309)	5,628	2,008	(63,540)	(55,904)

38.2.1 Cost of goods manufactured / services rendered:

	2010 Own Manufacturing	2010 Toll Manufacturing	2010 Unallocated	2010 Total	2009 Own Manufacturing	2009 Toll Manufacturing	2009 Unallocated	2009 Total
Opening stock of work in process	6,670	-	-	6,670	53,507	-	-	53,507
Raw materials consumed	1,521,375	1,785	-	1,523,160 *	639,272	19,706	-	658,978
Packing materials consumed	114,626	-	-	114,626	58,623	-	-	58,623
Stores and spares consumed	12,774	1,047	-	13,821	5,105	9,308	-	14,413
Salaries, wages and other benefits	32,881	2,218	-	35,099	14,404	26,265	-	40,669
Travelling and conveyance and others	290	24	-	314	-	-	-	-
Fuel and power	36,408	2,984	-	39,392	12,625	23,022	-	35,647
Repair and maintenance	2,167	178	-	2,345	560	1,021	-	1,581
Rent, rates and taxes	335	-	-	335	-	1	-	1
Insurance	426	35	-	461	468	854	-	1,322
Depreciation	3,420	280	-	3,700	1,139	2,078	-	3,217
PSI Marking fee	1,573	-	-	1,573				
	1,732,945	8,551	-	1,741,496	785,703	82,255	-	867,958
Closing stock of work in process	(30,960)	-	-	(30,960)	(6,670)	-	-	(6,670)
	1,701,985	8,551	-	1,710,536	779,033	82,255	-	861,288

38.2.2 Revenue reported above represents revenue generated from external customers. There were no inter-segment sales during the year (2009: Nil).

38.2.3 The accounting policies of the reportable segments are the same as the Company's accounting policies described in note 3 to these unconsolidated financial statements. There are no inter segmetal allocation of costs during the year.

38.2.4 During the year, the terms and conditions of toll manufacturing agreement have been revised and manufacturing expenses and processing loss have been linked with the actual expenses incurred. However, the same are subject to maximum limits.

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

* This includes raw material of Nil (2009: Rs. 137.116 million) borrowed from the Holding company.

38.3 Revenue from major products and services

The major products of the own manufacturing segments are Tullo Banaspati 1 Kg x 16 Pouch and Tullo Cooking Oil 1x16 ltr Pouch.

38.4 Information about major customers

Revenue from major customers i.e., Utility Stores Corporation, Makro Habib Pakistan and Maheer Traders in own manufacturing segment represent approximately Rs. 569.331 million (2009: Rs. 108.580 million) of total own manufacturing segment revenue of Rs. 1,846.623 million (2009: Rs.813.511 million). Revenue from toll manufacturing segment represent toll manufacturing fee charged to the Holding Company of the Company.

38.5 Geographical information

The Company operates in Pakistan only.

38.6 Segment assets and liabilities

	2010				2009			
	Own Manufacturing	**Toll Manufacturing**	**Unallocated**	**Total**	Own Manufacturing	Toll Manufacturing	Unallocated	Total
	(Rupees in '000)							
Segment assets	**385,726**	**-**	**161,239**	**546,965**	149,542	2,788	286,479	438,809
Segment liabilities	**178,010**	**6,696**	**514,998**	**699,704**	36,374	-	497,907	534,281

38.6.1 For the purpose of monitoring segment performance and allocating resources between segments:

- all assets are allocated to reportable segments other than long term security deposits, loans and advances to employees.

- all liabilities are allocated to repotable segments other than Subordinated loan from Holding Company, short term borrowings, mark up payable and deferred tax liabilities.

Cash and bank balances, borrowings and related interest receivable there from and mark up payable there on are not allocated to reportable segmetns as these are managed by the Company's central treasury function.

38.7 Other segment information

	2010				2009			
	Own Manufacturing	**Toll Manufacturing**	**Unallocated**	**Total**	Own Manufacturing	Toll Manufacturing	Unallocated	Total
	(Rupees in '000)							
Capital expenditure	**159**	**-**	**-**	**159**	-	-	321	321
Depreciation and amortisation	**3,420**	**280**	**267**	**3,967**	1,139	2,078	1,037	4,254
Non-cash items (excluding depreciation and amortisation)	**(1,238)**	**-**	**-**	**(1,238)**	15,329	-	-	15,329

39. DATE OF AUTHORISATION

These unconsolidated financial statements were authorised for issue in the Board of Directors meeting held on September 22, 2010.

Chief Executive **Director**

PATTERN OF HOLDING OF THE SHARES

Number of Shareholders	Shareholding From	Shareholding To	Total Shares held	%
2,269	1	100	34,652	0.4339%
391	101	500	101,007	1.2648%
127	501	1,000	100,027	1.2525%
109	1,001	5,000	233,559	2.9246%
16	5,001	10,000	105,178	1.3170%
4	10,001	15,000	42,677	0.5344%
4	15,001	20,000	62,782	0.7862%
1	20,001	25,000	21,000	0.2630%
1	40,001	45,000	41,023	0.5137%
1	100,001	105,000	101,024	1.2650%
1	145,001	150,000	150,000	1.8783%
1	150,001	155,000	154,950	1.9403%
1	230,001	235,000	233,251	2.9208%
1	705,001	710,000	724,163	9.0680%
1	5,880,001	5,885,000	5,880,665	73.6376%
2,928			**7,985,958**	**100.0000%**

CATEGORIES OF SHAREHOLDERS	NUMBER	SHARE HELD	%
DIRECTORS & FAMILY			
Syed Yawar Ali	2	732,870	9.17698%
Mr. Mohammad Bashir Janmohammed	1	4,200	0.05259%
Mr. Abdul Rasheed Janmohammed	1	3,675	0.04602%
Mr. Perwaiz Hasan Khan	1	3,150	0.03944%
Mr. Abdus Samad	1	2,625	0.03287%
Mr. Mohammed Rabbani	1	100	0.00125%
Mr Perwaiz Masud Ansari	1	1	0.00001%
Mr. Ahmed Sattar	1	1	0.00001%
ASSOCIATED COMPANIES AND OTHERS			
Dalda Foods Pvt Limited	2	5,880,710	73.63813%
Insurance Companies	1	105	0.00131%
Joint Stock Companies	20	19,434	0.24335%
Financial Institutions	8	1,868	0.02339%
Securities & Exchange Commission of Pakistan	1	1	0.00001%
Investment Corporation of Pakistan	2	838	0.01049%
Others	5	2,904	0.03636%
Individuals	2,880	1,333,476	16.69776%
TOTAL	2,928	7,985,958	100.0000%

Wazir Ali Industries Limited

and its Subsidiary

Consolidated Financial Statement

(Audited)

30 June 2010

DIRECTORS' REPORT

The Directors would like to present the audited consolidated financial statements for the year ended 30 June 2010.

Group Financial Review

The Sales Turnover for the year under review increased by 105.9% from Rs. 897.774M to Rs. 1,848.347M.

Gross profit for the year increased by 129.8% from Rs. 56.525M to Rs. 129.882M as compared to last year.

Pre-tax loss decreased from Rs. 68.043M to Rs. 58.586M while loss after tax at Rs. 66.729 is almost at the last year's level.

Group Operating Results

Profit and loss for the year under review is as follows:

(Rs '000)

	2010	2009
Operating Profit/ (Loss)	4,089	(53,603)
Add: Other income	4,140	40,483
Loss before taxation	(58,586)	(68,043)
Provision for taxation	(8,143)	978
Loss after taxation	(66,729)	(67,065)

Wazir Ali Ventures (Pvt.) Ltd

The land development project of the wholly owned subsidiary, Wazir Ali Ventures (Private) Limited, continues to remain on hold in anticipation of an upturn in the housing market.

Pattern of Shareholding

The pattern of shareholding is included in the parent company's information annexed to their directors' report.

Abdus Samad
Chief Executive Officer

Karachi: 22 September, 2010

KPMG Taseer Hadi & Co.
Chartered Accountants
First Floor
Sheikh Sultan Trust Building No. 2
Beaumont Road
Karachi 75530 Pakistan

Telephone +92 (21) 568 5847
Fax +92 (21) 568 5095
Internet www.kpmg.com.pk

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 2010 and the related consolidated profit and loss account, consolidated statement of comprehensive income, consolidated cash flows 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 test basis, evidence supporting the amount 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 2010, and the consolidated results of its operations, its consolidated cash flows and consolidated changes in equity for the year then ended in accordance with the approved accounting standards as applicable in Pakistan.

Without qualifying our opinion, we draw attention to note 1.3 to the consolidated financial statements which indicates that the Group incurred a net loss Rs. 66.729 million during the year ended on 30 June 2010 and as of that date its accumulated losses exceeded the shareholders equity by Rs. 370.966 million and its current liabilities exceeded the current assets by Rs. 59.861 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 its directors and Dalda Foods (Private) Limited – the Ultimate Holding Company.

Date: 22 September, 2010
Karachi

KPMG Taseer Hadi & Co.
Chartered Accountants
Mohammad Nadeem

Consolidated Balance Sheet

As at 30 June 2010

	Note	2010	2009
		(Rupees in '000)	
EQUITY AND LIABILITIES			
Share capital and reserves			
Authorised capital			
8,000,000 ordinary shares of Rs. 10 each			
(2009: 8,000,000 shares of Rs. 10 each)		**80,000**	80,000
Issued, subscribed and paid-up capital	4	**79,860**	79,860
Capital reserve		**10,646**	10,646
Accumulated losses		**(461,472)**	(396,818)
Total equity		**(370,966)**	(306,312)
Surplus on revaluation of property, plant and equipment	5	**219,596**	203,629
Subordinated loans from the Holding Company - unsecured	6	**350,000**	335,000
Non-current liabilities			
Long term loan	7	**-**	32,511
Deferred taxation	8	**28,761**	24,003
Provision for compensated absences	9	**1,877**	1,701
Total non-current liabilities		**30,638**	58,215
Current liabilities			
Trade and other payables	10	**182,951**	36,444
Mark-up payable on borrowings		**84,620**	38,224
Payable to the Ultimate Holding Company	11	**26,618**	10,763
Short term borrowings	12	**79,913**	111,268
Current maturity of long term liabilities	13	**34,411**	26,280
Total current liabilities		**408,513**	222,979
Contingencies	14		
Total Equity and Liabilities		**637,781**	513,511

	Note	2010	2009
		(Rupees in '000)	
ASSETS			
Non-current assets			
Property, plant and equipment	15	**152,388**	132,298
Investment property	16	**135,399**	135,399
Long term loans to employees - secured and considered good	17	**580**	370
Long term security deposits		**762**	-
Total non-current assets		**289,129**	268,067
Current assets			
Stores and spares	18	**4,942**	6,912
Stock-in-trade	19	**144,642**	131,463
Trade debts - secured and considered good	20	**83,754**	11,167
Loans and advances - considered good	21	**447**	396
Deposits, prepayments and other receivables	22	**8,441**	10,250
Taxation - net	23	**16,825**	19,172
Cash and bank balances	24	**89,601**	66,084
Total current assets		**348,652**	245,444
Total Assets		**637,781**	513,511

The annexed notes 1 to 43 form an integral part of these consolidated financial statements.

Chief Executive

Director

Consolidated Profit and Loss Account

For the year ended 30 June 2010

	Note	2010	2009
		(Rupees in '000)	
Revenue - net	25	**1,848,347**	897,774
Cost of goods sold / services rendered	26	**(1,718,465)**	(841,249)
Gross profit		**129,882**	56,525
Administrative expenses	27	**(20,845)**	(26,170)
Selling and distribution expenses	28	**(106,186)**	(68,629)
Other operating expenses - net	29	**1,238**	(15,329)
		(125,793)	(110,128)
Other operating income	30	**4,140**	40,483
Operating profit / (loss)		**8,229**	(13,120)
Finance costs	31	**(66,815)**	(54,923)
Loss before taxation		**(58,586)**	(68,043)
Taxation - net	32	**(8,143)**	978
Loss for the year		**(66,729)**	(67,065)
		(Rupees)	
Loss per share - basic and diluted	33	**(8.36)**	(8.40)

The annexed notes 1 to 43 form an integral part of these consolidated financial statements.

Chief Executive

Director

Consolidated Statement of Comprehensive Income

For the year ended 30 June 2010

	2010	2009
	(Rupees in '000)	
Loss for the year	**(66,729)**	(67,065)
Other comprehensive income	-	-
Total comprehensive loss	**(66,729)**	(67,065)

The annexed notes 1 to 43 form an integral part of these consolidated financial statements.

Chief Executive **Director**

Consolidated Statement of Cash Flows

For the year ended 30 June 2010

	Note	2010	2009
		(Rupees in '000)	
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss before taxation		**(58,586)**	(68,043)
Adjustments for:			
Depreciation		**3,967**	4,254
Gain on disposal of property, plant and equipment		**(310)**	(972)
Finance cost		**66,815**	54,923
Liabilities no more payable, written back		**(55)**	(1,869)
Provision against deposits, prepayments and other receivables		**841**	535
Provision against advances to suppliers		**-**	500
Provision for compensated absences		**183**	947
Fair value gain on investment property		**-**	(399)
Provision for impaired debts		**2,000**	5,905
		14,855	(4,219)
Movement in:			
Long term loans to employees		**(210)**	311
Long term security deposits		**(762)**	183
Stores and spares		**1,970**	(1,643)
Stock in trade		**(13,179)**	44,832
Trade debts		**(74,587)**	16,021
Loans and advances		**(51)**	(15)
Deposits, prepayments and other receivables		**968**	(2,392)
Compensated absences		**(7)**	(90)
Trade and other payables		**146,562**	(143,184)
		75,559	(90,196)
Finance cost paid		**(20,419)**	(30,120)
Income tax paid		**(6,913)**	(9,212)
Net cash from / (used in) operating activities		**48,227**	(129,528)
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditure incurred		**(159)**	(321)
Proceeds from sale of property, plant and equipment		**329**	1,065
Net cash from investing activities		**170**	744
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of liabilities against assets subject to finance lease		**-**	(124)
Payable to the Ultimate Holding Company		**15,855**	10,763
Proceeds from long term borrowings		**-**	200,000
Repayment of long term finance		**(9,380)**	(28,817)
Net cash from financing activities		**6,475**	181,822
Net increase in cash and cash equivalents		**54,872**	53,038
Cash and cash equivalents at beginning of the year		**(45,184)**	(98,222)
Cash and cash equivalents at end of the year	*34*	**9,688**	(45,184)

The annexed notes 1 to 43 form an integral part of these consolidated financial statements.

Chief Executive **Director**

Consolidated Statement of Changes in Equity

For the year ended 30 June 2010

	Issued subscribed and paid-up capital	Capital reserve	Revenue reserves		Total
		Share premium reserves	General reserve	Accumulated losses	
	---------------------------------- (Rupees in '000) ----------------------------------				
Balance as at 1 July 2008	79,860	10,646	66,067	(397,895)	(241,322)
Total comprehensive loss for the year	-	-	-	(67,065)	(67,065)
Transferred from surplus on revaluation of property, plant and equipment - net of deferred tax	-	-	-	2,075	2,075
Balance as at 30 June 2009	79,860	10,646	66,067	(462,885)	(306,312)
Total comprehensive loss for the year	-	-	-	(66,729)	(66,729)
Transferred from surplus on revaluation of property, plant and equipment - net of deferred tax	-	-	-	2,075	2,075
Balance as at 30 June 2010	**79,860**	**10,646**	**66,067**	**(527,539)**	**(370,966)**

The annexed notes 1 to 43 form an integral part of these consolidated financial statements.

Chief Executive

Director

Notes to the Consolidated Financial Statements
For the year ended 30 June 2010

1 STATUS AND NATURE OF BUSINESS

1.1 Wazir Ali Industries Limited ("the Holding Company") was incorporated as a public limited company under the Companies Act, 1913 (now the Companies Ordinance, 1984) and its sh ares are listed on the Karachi and Lahore Stock Exchanges. Principal activity of the Holding Company is to manufacture and sale of vanaspati ghee and cooking oils. The Holding Company is the subsidiaryof Dalda Foods (Private) Limited (the Ultimate Holding Company), (Refer note 4.1).

Wazir Ali Ventures (Private) Limited , the wholly owned subsidiary ("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 commercial activities of the Subsidiary have not yet commenced.

The registered office of the Holding Company and Subsidiary is located at F-33, Hub River Road, S.I.T.E. Area Karachi, Pakistan.

These financial statements represent the consolidated financial statements of the Holding Company and its subsidiary (together referred as "Group"). The financial statements of the Holding Company are prepared and presented separately.

1.2 The Holding Company has an agreement dated 1 January 2007 with the Ultimate Holding Company whereby the Holding Company 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 the Ultimate Holding Company; which include selling of the Holding Company's products through the Ultimate Holding Company's sales and distribution network and marketing management support by the Ultimate Holding Company to the Holding Company. Another agreement, "Toll Manufacturing Service", is between the Ultimate Holding Company and the Holding Company with effect from February 2007. Under this agreement, the Ultimate Holding Company 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. 66.729 million during the year ended 30 June 2010 (2009:net loss Rs. 67.065 million) and, as of that date, and its accumulated losses exceeded the shareholders' equity by Rs. 370.966 million (2009: Rs. 306.312 million) and its current liabilities exceeded the current assets by Rs. 59.861 million. However, these consolidated financial statements have been prepared on the assumption that the Group would continue as a going concern. The assumption that the Group would continue as a going concern are as follows:

- 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 the Ultimate Holding Company for the utilisation of its idle capacity and obtaining various operational services from the Ultimate Holding Company as stated in note 1.2 above.

-Availability of financial support from the Holding Company. As part of this, during the year, the Ultimate Holding Company has provided and rescheduled / restructured repayment of subordinated loans of Rs. 350 million and Rs. 26.618 million respectively. Refer note 6 & 11 to the 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 for the land, building, plant and machinery and investment property which are stated at revalued amounts. Refer note 15 and 16 to these consolidated financial statements.

2.3 Basis of consolidation

Subsidiaries are those entities in which the 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 2010 comprise the financial statements of Wazir Ali Industries Limited - the Holding Company and its SubsidiaryCompany, Wazir Ali Ventures (Private) Limited (together referred as "Group").

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 Pakistan Rupees, which is the Group's functional currency. All figures have been rounded off to the nearest thousand of rupees, unless otherwise stated.

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 judgements, estimates and assumptions that affect the application of policies and the reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about the 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 on going basis. Revisions to accounting estimates are recognised in the period in which the estimates are 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.

Judgements made by the management in the application of approved accounting standards, as applicable in Pakistan, that have significant effect on the consolidated financial statements and estimates with a significant risk of material adjustment in the next year are discussed in note 41 to these consolidated financial statements.

2.6 Changes in accounting policies

Starting 01 July 2009 the Group has changed its accounting policies in the following areas:

-IAS 1 (Revised) - Presentation of financial statements (effective for annual periods beginning on or after 1 January 2009). The revised standard prohibits the presentation of items of income and expenses (that is, 'non-owner changes in equity') in the statement of changes in equity, requiring'non-owner changes in equity' to be presented separately from owner changes in equity. All non-owner changes in equity are required to be shown in a performance statement, but entities can choose whether to present one performance statement (the statement of comprehensive income) or two statements (the income statement and the statement of comprehensive income).Where entities restate or reclassify comparative information, they are required to present a restated balance sheet as at the beginning of comparative period in addition to the current requirement to present balance sheets at the end of the current period and comparative period.

The Group has opted to present two statements; an consolidated profit and loss account (income statement) and an consolidated statement of other comprehensive income. Comparative information has also been represented so that it is in conformity with the revised standard. As thischange only impacts presentation aspects, there is no impact on the loss per share.

-IAS 23 (Amendment) 'Borrowing costs' (effective for annual periods beginning on or after 1 January 2009). It requires an entity to capitalize borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset (one that takes a substantial period of time to get ready for use or sale) as part of the cost of that asset. The option of immediately expensing those borrowing costs has been removed. The Group's current accounting policy for borrowing costs is in compliance with this amendment and therefore there is no effect on the consolidated financial statements.

-IFRS 8 – Operating Segments (effective for annual periods beginning on or after 1 January 2009). This IFRS replaces IAS 14, 'Segment Reporting'. The new standard requires a 'management approach', under which segment information is presented on the same basis as that used for internal reporting purposes, and introduced detailed disclosures regarding the reportable segments and products. However, the change in this standard only result in additional disclosures.

2.7 New approved accounting standards applied

Disclosures pertaining to fair values and liquidity risk for financial instruments

The Group has applied the amendments to IFRS 7 - Improving Disclosures about Financial Instruments, issued in March 2009. The ammendment requires enhanced disclosure about fair value measurement and liquidity risk for financial instruments. The amendments require that fair value measurement disclosures use a three-level fair value hierarchy that reflects the significance of the inputs used in measuring fair values of financial instruments. Specific disclosures are required when fair value measurements are categorised as Level 3 (significant unobservable inputs) in the fair value hierarchy. The amendments require that any significant transfers between Level 1 and Level2 of the fair value hierarchy be disclosed separately, distinguishing between transfers into and out of each level. Furthermore, changes in valuation techniques from one period to another, including the reasons therefore, are required to be disclosed for each class of financial instruments.

Apart from above, other applications of this standard did not have any effect on the Group's financial statements.

Apart from above certain other standards, amendments to published standards and interpretations of accounting standards became effective during the year, however, they do not affect the Group's financial statements.

2.8 New accounting standards and IFRIC interpretations that are not yet effective

The following standards, amendments and interpretations of approved accounting standards are effective for accounting periods beginning on or after 1 July 2010:

-In April 2009, the IASB issued improvements to IFRSs 2009, which comprises 15 amendments to 12 standards. Effective dates, early application and transitional requirements are addressed on a standard by standard basis. The majority of the amendments will be effective for annual periods beginning on or after 1 January 2010 and are not relevant to the Group's operations. Other amendments are unlikely to have significant impact on the Group's financial statements.

-Amendment to IFRS 2 – Share-based Payment – Company Cash-settled Share-based Payment Transactions (effective for annual periods beginning on or after 1 January 2010). Currently effective IFRS requires attribution of group share-based payment transactions only if they are equity-settled. The amendments resolve diversity in practice regarding attribution of cash-settled share-based payment transactions and require an entity receiving goods or services in either an equity-settled or a cash-settled payment transaction to account for the transaction in its separate or individual financial statements.

-Amendments to IAS 32 Financial Instruments: Presentation – Classification of Rights Issues(effective for annual periods beginning on or after 1 January 2010). The IASB amended IAS 32 to allow rights, options or warrants to acquire a fixed number of the entity's own equity instruments for a fixed amount of any currency to be classified as equity instruments provided the entity offers the rights, options or warrants pro rata to all of its existing owners of the same class of its own non-derivative equity instruments. These amendments are unlikely to have an impact on the Group's financial statements.

-IFRIC 19 Extinguishing Financial Liabilities with Equity Instruments (effective for accounting periods beginning on or after 1 July 2010). This interpretation provides guidance on the accounting for debt for equity swaps. The amendment is not relevant to the Group's operations.

-IFRIC 15 - Agreement for the Construction of Real Estate (effective for annual periods 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's operations.

-IFRIC – 17 Distributions of Non-cash Assets to Owners (effective for annual periods beginning on or after 1 July 2009) states that when a company distributes non cash assets to its shareholders as dividend, the liability for the dividend is measured at fair value. If there are subsequent changes in the fair value before the liability is discharged, this is recognised in equity. When the non cash asset is distributed, the difference between the carrying amount and fair value is recognised in the income statement. As the Modaraba does not distribute non-cash assets to its shareholders, this interpretation has no impact on the Modaraba's financial statements.

-Improvements to IFRSs 2010 – In May 2010, the IASB issued improvements to IFRSs 2010, which comprise of 11 amendments to 7 standards. Effective dates, early application and transitional requirements are addressed on a standard by standard basis. The majority of amendments are effective for annual periods beginning on or after 1 January 2011. Certain of these amendments will result in increased disclosures in the Group's financial statements.

-IAS 24 Related Party Disclosures (revised 2009) (effective for accounting periods beginning on or after 1 January 2011). The revision amends the definition of a related party and modifies certain related party disclosure requirements for government-related entities. These amendments are unlikely to have any impact on the Group’s financial statements other than increase in disclosures.

-Amendments to IFRIC 14 IAS 19 – The Limit on a Defined Benefit Assets, Minimum Funding Requirements and their Interaction (effective for annual periods beginning on or after 1 January 2011). These amendments remove unintended consequences arising from the treatment of prepayments where there is a minimum funding requirement. These amendments result in prepayments of contributions in certain circumstances being recognized as an asset rather than an expense. These amendments are unlikely to have an impact on the Group’s financial statements.

3. SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies as set below have been applied consistently to all periods presented in these consolidated financial statements, except for the changes as stated in note 2.6 to the consolidated financial statements.

3.1 Mark-up bearing borrowings and borrowing cost

Mark-up bearing borrowings are recognised initially at fair value, less attributable transaction cost. Subsequent to initial recognition, mark-up bearing borrowings are stated at amortised cost with any difference between cost and redemption value being recognised in the consolidated profit and loss account over the period of the borrowings on an effective interest basis.

3.2 Trade and other payables

Liabilities for trade and other payable, except for provision for gratuity, are initially recognized 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 and subsequently carried at amortised cost, if any.

3.3 **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. Deferred tax asset amounting to Rs. 121.56 million has not been accounted for in view of the uncertainty of future profitability of the Group.

3.4 **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 operated a recognised provident fund scheme for its permanent employees. Equal contributions were made by the Group and the employees. This scheme was discontinued on 31December 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 consolidated 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.

3.5 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.

3.6 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.

Revaluation

Free hold land, building on freehold land and plant and machinery of the Group 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 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 Group to retained earnings (net of deferred taxation). Surplus on revaluation is transferred to retained earnings on their disposal.

Subsequent costs

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the entity and its cost can be reliably measured. Cost incurred to replace a component of an item of property, plant and equipment is capitalised and the asset so replaced is retired from use. Normal repairs and maintenance are charged to the consolidated profit and loss account during the period in which they are incurred.

Depreciation

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.

Gains and losses on disposal

Gain and loss on disposal of assets, if any, is included in the consolidated 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.

3.7 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 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.

3.8 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 consolidated profit and loss account .

3.9 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.

3.10 Goods in transit

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

3.11 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.

3.12 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.

3.13 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 Group's cash management are included as a component of cash and cash equivalents for the purpose of the consolidated statement of cash flows.

3.14 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 consolidated 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 consolidated profit and loss account . The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

3.15 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 consolidated profit and loss account .

3.16 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.

3.17 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 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.

3.18 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 consolidated profit and loss account .

3.19 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 (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.

3.20 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.

4. ISSUED, SUBSCRIBED AND PAID-UP CAPITAL

	2010	2009
	(Rupees in '000)	
6,808,175 (2009: 6,808,175) ordinary shares of Rs. 10 each fully paid in cash	**68,082**	68,082
1,177,784 (2009: 1,177,784) ordinary shares of Rs. 10 each fully paid bonus shares	**11,778**	11,778
	79,860	79,860

4.1 As at 30 June 2010, Dalda Foods (Private) Limited, the Ultimate Holding Company held 73.64% (2009: 73.64%) shares of the Holding Company.

5. SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT

	2010	2009
Balance as on 1 July	**210,955**	214,147
Addition as a result of revaluation of assets made	**23,917**	
Surplus transferred to accumulated losses in respect of incremental depreciation charged on related assets during the year	**(3,192)**	(3,192)
	231,680	210,955
Related deferred tax liability as on 1 July	**(7,326)**	(8,443)
Tax effect on incremental depreciation transferred to retained earnings	**1,117**	1,117
Related deferred tax liability on additions as a result of revaluation of assets made	**(5,875)**	-
	(12,084)	(7,326)
	219,596	203,629

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

6. SUBORDINATED LOANS FROM THE ULTIMATE HOLDING COMPANY - unsecured

		2010	2009
Loan I	*6.1*	**150,000**	150,000
Loan II	*6.2*	**200,000**	200,000
		350,000	350,000
Current maturity		**-**	(15,000)
		350,000	335,000

6.1 Loan I was obtained on 31 December 2007 from the Ultimate Holding Company to meet the operational requirements of the Company. This carry mark-up at the rate of 6 months' KIBOR plus1.5 per cent per annum and is repayable in 20 equal quarterly instalments after expiry of four years'grace period. Initially the grace period was of two years which has been extended to four years by the Ultimate Holding Company during the year.

6.2 Loan II was obtained on 25 June 2009 from the Ultimate Holding Company to meet the operational requirements of the Company. This carry mark-up at the rate of 1 month's KIBOR and is repayablein 20 equal quarterly instalments after expiry of four years' grace period. Initially the grace period was of two years which has been extended to four years by the Ultimate Holding Company during the year.

7. LONG TERM LOAN

	2010	2009
	(Rupees in '000)	
Balance as on 01 July	**43,791**	72,608
Repayments made during the year	**(9,380)**	(28,817)
	34,411	43,791
Current maturity	**(34,411)**	(11,280)
	-	32,511

7.1 This represents facility obtained from The Royal Bank of Scotland Limited Karachi by the subsidiary. The loan is repayable in 60 equal monthly instalments beginning after a grace period of two years. The loan carries markup at rate of 3 months KIBOR plus 2% (2009: 3 months KIBOR plus 2% with a floor of 10%). The loan facility is secured against first mortgage charge over subsidiary's land for Rs. 87.5 million. However, due to non payment of instalments in time the loan is payable on demand and is being rolled over from time to time. Accordingly the whole amount is shown as current maturity.

8. DEFERRED TAXATION

Deferred tax credits arising on:

	2010	2009
- Surplus on revaluation of property, plant and equipment	**12,084**	7,326
- Investment property	**16,677**	16,677
	28,761	24,003

9. PROVISION FOR COMPENSATED ABSENCES

	2010	2009
Balance as at 01 July	**1,701**	844
Provision made during the year	**183**	947
	1,884	1,791
Payments made during the year	**(7)**	(90)
Balance as at 30 June	**1,877**	1,701

9.1 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 utility allowances.

10. TRADE AND OTHER PAYABLES		2010	2009
		(Rupees in '000)	
Trade payables against:			
- Goods / services	*10.1*	**146,334**	8,614
- Expenses		**3,098**	2,944
		149,432	11,558
Accrued expenses		**11,657**	5,688
Advances from customers		**11,516**	13,890
Other liabilities		**1,296**	1,108
Payable to Holding Company		**6,696**	-
Payable to gratuity fund		**1,521**	3,640
Unclaimed dividends		**557**	560
Sales tax payable on toll manufacturing		**276**	-
		182,951	36,444

10.1 Trade payable against goods and services include amount due to:

- Associated companies	**122,605**	6,410
- Others	**23,729**	2,204
	146,334	8,614

11. PAYABLE TO THE ULTIMATE HOLDING COMPANY

This represents repayment of loan of the Subsidiary Company made by the Ultimate Holding Company on its behalf. This amount is repayable in twelve months' time.

12. SHORT TERM BORROWINGS

Running finance against mark-up arrangement	*12.1*	**79,913**	94,751
Finance against trust receipt (FATR)		**-**	16,517
		79,913	111,268

12.1 The Holding Company has running finance facility under mark-up arrangement of Rs. 95 million (2009: Rs. 95 million) from a commercial bank. It carries mark-up rate of 3 months KIBOR (askside) plus 2% p.a (2009: 3 months KIBOR plus 2 % p.a) to be recovered on quarterly basis. This facility expires on 30 June 2010 and is secured against hypothecation of all present and current assets and freehold land of the Holding Company.

The Subsidiary has running finance facility under mark-up arrangement of Rs. 9.971 million (2009:Rs. 9.886 million) from The Royal Bank of Scotland Limited at the base rate plus 350 basis points subject to a floor at all times of 18% per annum (2009: base rate plus 350 basis points subject to a floor at all times of 18% per annum), whereas the base rate shall mean the KIBOR for three months tenor. The loan facility is secured against securities as specified in note 7 to these consolidated financial statements. This facility is renewable.

13. CURRENT MATURITY OF LONG TERM LIABILITIES		**2010**	2009
		(Rupees in '000)	
Long term Loan		**34,411**	11,280
Subordinated loan from the Ultimate Holding Company	*6*	**-**	15,000
		34,411	26,280
14. CONTINGENCIES			
14.1 Contingencies			
Claims against Company not acknowledged as debt	*14.1.1 & 14.1.2*	**30,741**	28,055
Bank guarantees		**6,072**	6,072

14.1.1 The decision of First Senior Civil Judge for claim of US$ 35,867 of 500 metric tons of oil filed by a transporter company has been made which directs the Holding Company to pay the sum of US$35,867 with interest at 12% per annum from the date of filing of the suit till date of payment alongwith other restrictions. The Holding Company filed an appeal before District Court, Karachi South against the order of First Senior Civil Judge. The District Court South, Karachi suspended the order of First Senior Civil Judge and fixed the date of hearing. The hearing is pending to date. No provision has been made in these consolidated financial statements as the management based on consultation with legal advisor is confident of a favourable outcome.

14.1.2 The Holding Company filed a suit before the Honorable High Court claiming recovery of palm oil brought to Karachi on board vessel on the ground that the same was imported by it. Oil was purchased through Swiss Bank Corporation (the Bank) which impeaded as defendant in the case subsequently. The High Court provided interim measure and allowed delivery of palm oil to the Holding Company against bank guarantee of US$ 206,110. The Bank filed a suit before High Court claiming right to said palm oil. Subsequently, Holding Company withdrew its case and bank guarantee was released. Thereafter, the Honorable Supreme Court on an application by the bank has restored the earlier order and required the bank guarantee of US$ 206,108 from the Holding Company, which had been furnished accordingly. This guarantee was replaced by fixed deposits receipts on its expiry. (Refer note 24.1) However, based on consultation with legal advisor, the Holding Company is confident that the ultimate outcome of the case would be in favour of the Holding Company. Hence, no provision has been made in these consolidated financial statements.

15. PROPERTY, PLANT AND EQUIPMENT

Operating assets

2010

	Cost					Depreciation					Written down value as at 30 June 2010	Rate %
	As at 01 July 2009	Additions (Disposals)	Revaluation Adjustment	Revaluation Surplus	As at 30 June 2010	As at 01 July 2009	For the year	(Disposals)	Revaluation adjustment	As at 30 June 2010		
	(Rupees in '000)											
Owned												
Freehold land	106,470	-	-	7,130	113,600	-	-	-	-	-	113,600	-
Building on freehold land	11,948	-	(4,072)	7,638	15,514	2,986	1,086	-	(4,072)	-	15,514	*5-10*
Plant and machinery	21,596	20	(8,045)	9,149	22,720	5,885	2,160	-	(8,045)	-	22,720	*10*
Factory equipment	3,148	108			3,256	3,000	29	-	-	3,029	227	*10*
Furniture	828	-			828	769	46	-	-	815	13	*10*
Fittings	2,231	-			2,231	2,231	-	-	-	2,231	-	*10*
Office / residential equipment	12,891	-			12,891	12,498	223	-	-	12,721	170	*10 & 33.33*
Vehicles	6,171	31 (850)			5,352	5,616	423	- (831)		5,208	144	*20*
Intangible assets	776	-			776	776	-	-	-	776	-	-
	166,059	159 (850)	(12,117)	23,917	177,168	33,761	3,967	(831)	(12,117)	24,780	152,388	

2009

	Cost				Depreciation					Written down value as at 30 June 2009	Rate %
	As at 01 July 2008	Transfer	Additions (Disposals)	As at 30 June 2009	As at 01 July 2008	For the year	Transfer	(Disposals)	As at 30 June 2009		
	(Rupees in '000)										
Owned											
Freehold land	106,470	-	-	106,470	-	-	-	-	-	106,470	-
Building on freehold land	11,948	-	-	11,948	1,900	1,086	-	-	- 2,986	8,962	*5-10*
Plant and machinery	21,596	-	-	21,596	3,725	2,160	-	-	5,885	15,711	*10*
Factory equipment	3,148	-	-	3,148	2,924	76	-	-	3,000	148	*10*
Furniture	828	-	-	828	723	46	-	-	769	59	*10*
Fittings	2,231	-	-	2,231	2,231	-	-	-	2,231	-	*10*
Office / residential equipment	12,593	-	321 (23)	12,891	12,228	292	-	(22)	12,498	393	*10 & 33.33*
Vehicles	7,595	969	(2,393)	6,171	6,855	594	468	(2,301)	5,616	555	*20*
Intangible assets	776	-	-	776	776	-	-	-	776	-	-
Leased											
Vehicles	969	(969)	-	-	468	-	(468)	-	-	-	*20*
	168,154	-	321 (2,416)	166,059	31,830	4,254	-	(2,323)	33,761	132,298	

15.1 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 freehold land	**9,427**	**9,427**	**-**
Plant and machinery	**51,893**	**48,183**	**3,710**
	63,146	**57,610**	**5,536**
2009	63,249	57,679	5,570

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

	2010	2009
	(Rupees in '000)	
Cost of goods manufactured	**3,700**	3,217
Administration expenses	**267**	833
Selling and distribution expenses	**-**	204
	3,967	4,254

15.3 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) -----						
Motor vehicles -							
Book value less than Rs.50,000 each	850	(831)	19	329	310	Negotiation	Employee & individual
2010	**850**	**(831)**	**19**	**329**	**310**		
2009	2,416	(2,323)	93	1,065	972		

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

16. INVESTMENT PROPERTY

The fair value of the land (industrial land) is Rs. 135.399 million (2009: Rs. 135.399 million) that is determined by independent valuer M/s. Akbani & Javed Associates as at 30 June 2010. The fair value has been determined by valuer based on factors of location, need of buyers, the overall prevailing market situation and other considerations linked with it. Accordingly, the land has been stated at revalued amount and resultant gain of Rs. Nil (2009: Rs. 0.399 million) has been credited to profit and loss account. Details of charges on this investment property are given in notes 7 and 12 to these consolidated financial statements.

17. LONG TERM LOANS TO EMPLOYEES - secured and considered good

		2010	2009
		(Rupees in '000)	
Loans and advances due from employees		**956**	715
Less: doubtful loans and advances		**(19)**	(71)
	17.1	**937**	644
Receivable within one year		**(357)**	(274)
		580	370

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 the retirement benefits of respective employees. These are recoverable within 50 monthly instalments.

18. STORES AND SPARES

	2010	2009
Stores & spares	**9,319**	11,289
Provision against slow moving stores and spares	**(4,377)**	(4,377)
	4,942	6,912

		2010	2009
		(Rupees in '000)	
19. STOCK-IN-TRADE			
Raw materials		**1,537**	4,079
Packing materials		**18,266**	15,577
Write down of packing material to net realisable value		**(2,273)**	-
		15,993	15,577
Work-in-process		**30,960**	6,670
		48,490	26,326
Finished goods - Ghee and cooking oil	*19.1*	**90,784**	104,625
Write down of finished goods to net realisable value	*19.2*	**(765)**	(7,117)
		90,019	97,508
Acid oil (by-product)		**6,133**	7,629
		144,642	131,463

19.1 This includes stock of oil of Rs. Nil (net realisable value of Rs. Nil) held by Ultimate Holding Company as at 30 June 2010 (2009: Rs. 21.331 million having net realisable value of Rs. 18.084 million).

19.2 Movement in provision for write down of finished goods to net realisable value

	2010	2009
Balance as at 1 July	**7,117**	-
Provision made during the year	**765**	7,117
Reversal made during the year	**(7,117)**	-
Balance as at 30 June	**765**	7,117

20. TRADE DEBTS - secured and considered good

		2010	2009
Considered good		**83,754**	11,167
Considered doubtful		**27,968**	28,642
		111,722	39,809
Provision for doubtful debts	*20.1*	**(27,968)**	(28,642)
		83,754	11,167

			2010	2009
			(Rupees in '000)	
20.1	**Movement in provision for doubtful debts**			
	Balance as at 1 July		**28,642**	22,737
	Provision made during the year		**2,000**	5,905
	Written off during the year		**(2,674)**	-
	Balance as at 30 June		**27,968**	28,642
21.	**LOANS AND ADVANCES - considered good**			
	Current maturity of long term loans to employees - secured and considered good	17	**357**	274
	Short term advances to staff - secured		**291**	323
	Less: provision there against		**(201)**	(201)
		21.1	**90**	122
	Advance payments to contractors and suppliers - unsecured		**500**	500
	Less: provision there against		**(500)**	(500)
			-	-
			447	396

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

22. DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

		2010	2009
Deposits and prepayments		**1,238**	379
Provision there against		**(379)**	(299)
		859	80
Margin against bank guarantees		**6,072**	6,072
Accrued profit on foreign currency fixed deposit		**359**	95
Other receivables - unsecured - considered good:			
Due from ZIL Limited (formerly Zulfeqar Industries Limited)	22.1	**1,152**	1,215
Due from the Ultimate Holding Company			2,788
Others		**996**	236
		2,148	4,239
Provision against other receivables		**(997)**	(236)
		8,441	10,250

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

		2010	2009
		(Rupees in '000)	
23. TAXATION - net			
Advance tax		**45,595**	38,682
Provision for tax		**(28,770)**	(19,510)
		16,825	19,172
24. CASH AND BANK BALANCES			
Cash in hand		**218**	304
With bank in			
- current accounts		**32,249**	49,013
- saving account		**39,533**	-
Deposit with bank - foreign currency FDR	*24.1*	**17,601**	16,767
		89,601	66,084

24.1 The saving and foreign currency deposit account carry mark-up at the rates ranging from 1.50% to 2% (2009: 2.25%) per annum. The deposit is furnished to the Supreme Court of Pakistan. Refer note 14.1.2.

25. REVENUE - net

		2010	2009
Own manufacturing		**1,850,842**	814,119
Toll manufacturing		**1,724**	84,263
Leakages and damages		**(4,219)**	(608)
		1,848,347	897,774

26. COST OF GOODS SOLD / SERVICES RENDERED

		2010	2009
Finished goods as on 1 July		**112,254**	92,215
Cost of goods manufactured / services rendered	*26.1*	**1,703,128**	861,288
Available for sale		**1,815,382**	953,503
Finished goods as on 30 June		**(96,917)**	(112,254)
		1,718,465	841,249

		2010	2009
		(Rupees in '000)	

26.1 Cost of goods manufactured / services rendered

	Note	2010	2009
Work in process as on 1 July		**6,670**	53,507
Raw materials consumed	*26.2*	**1,523,160**	658,978
Packing materials consumed	*26.3*	**114,626**	58,623
Stores and spares consumed		**13,821**	14,413
Salaries, wages and other benefits		**35,099**	40,669
Travelling and conveyance and others		**314**	-
Fuel and power		**39,392**	35,647
Repair and maintenance		**2,345**	1,581
Rent, rates and taxes		**335**	1
PSI Marking fee		**1,573**	-
Insurance		**461**	1,322
Depreciation	*15.2*	**3,700**	3,217
		1,741,496	867,958
Reimbursable processing loss and manufacturing expenses under toll manufacturing agreement with the Ultimate Holding Company		**(7,408)**	-
Work in process as on 30 June		**(30,960)**	(6,670)
		1,703,128	861,288

26.2 Raw materials consumed

	2010	2009
Balance as on 1 July	**4,079**	17,021
Purchases	**1,520,618**	646,036
	1,524,697	663,057
Balance as on 30 June	**(1,537)**	(4,079)
	1,523,160	658,978

26.3 Packing materials consumed

	2010	2009
Balance as on 1 July	**15,577**	13,552
Purchases	**117,315**	60,648
	132,892	74,200
Balance as on 30 June	**(18,266)**	(15,577)
	114,626	58,623

		Note	2010	2009
27.	**ADMINISTRATIVE EXPENSES**		**(Rupees in '000)**	
	Salaries, wages and other benefits		**9,427**	9,360
	Electricity and gas charges	*27.1*	**79**	1,659
	Repair and maintenance		**242**	656
	Travelling and conveyance		**217**	450
	Legal and professional charges		**2,125**	4,253
	Depreciation	*15.2*	**267**	833
	Rent, rates and taxes		**45**	296
	Postage, telegrams and telephone		**206**	396
	Printing and stationery		**823**	744
	Insurance		**570**	708
	Subscription		**281**	206
	Entertainment		**-**	37
	Auditors' remuneration	*27.2*	**543**	492
	Advertisement		**20**	40
	Meeting and conferences		**-**	14
	Other expenses		**-**	26
	Fee under service level agreement with the Ultimate Holding Company (note 1.2)		**6,000**	6,000
			20,845	26,170

27.1 Common expenses of Rs. 2.031 million (2009: Rs. 1.979 million) relating to ZIL Limited has been adjusted in respective expense amount.

27.2 Auditors' remuneration

	2010	2009
Statutory audit fee	**363**	250
Half yearly review	**75**	75
Certification for code of corporate governance	**40**	35
Other certifications	**15**	85
Out of pocket expenses	**50**	47
	543	492

28.	SELLING AND DISTRIBUTION EXPENSES		2010	2009
			(Rupees in '000)	
	Salaries and other benefits		**-**	364
	Sales promotion		**38,200**	10,763
	Advertisement		**1,337**	24,144
	Freight		**32,399**	12,710
	Rebate		**-**	3,634
	Depreciation	*15.2*	-	204
	Insurance		**470**	829
	Research and development		**-**	8
			72,406	52,656
	Expenses under the agreement to the Ultimate Holding Company (note 1.2)		**33,780**	15,973
			106,186	68,629

29.	OTHER OPERATING EXPENSES - net			
	Provision for doubtful debts	*20.1*	**2,000**	5,905
	(Reversal of) / write down of finished goods to net realisable value		**(6,352)**	7,117
	Exchange loss on revaluation of foreign currency fixed deposit		**-**	1,061
	Security deposits written off		**-**	87
	Provision against deposits, prepayments and other receivables		**841**	535
	Provision against advances to suppliers		**-**	500
	Write down of packing material to net realisable value		**2,273**	124
			(1,238)	15,329

30.	OTHER OPERATING INCOME		
	Income from financial assets		
	Profit on foreign currency fixed deposit	**1,099**	95
	Profit on local currency deposit	**734**	-
	Income from non-financial assets		
	Gain on sale of property, plant and equipment	**310**	972
	Scrap sales	**1,797**	1,179
	Provision against advances to employees written back	**-**	21
	Liabilities written back	**55**	1,869
	Gain on settlement of oil borrowed from Holding Company	**-**	35,948
	Fair value gain on investment property	**-**	399
	Reversal of provision against loans to employees	**52**	
	Others	**93**	-
		2,307	40,388
		4,140	40,483

31. FINANCE COSTS

	2010	2009
	(Rupees in '000)	
Mark-up on:		
- Short term borrowings	**11,909**	15,262
- Long term finance	**5,746**	9,495
- Subordinated loan from the Ultimate Holding Company	**46,515**	24,419
- Finance against trust receipts	**191**	4,572
Bank charges	**2,216**	1,174
Finance cost on liabilities against asset subject to finance lease	**-**	1
Amortization of long term security deposits	**238**	-
	66,815	54,923

32. TAXATION - net

	2010	2009
Current	**(9,260)**	-
Deferred	**1,117**	978
	(8,143)	978

32.1 Reconciliation of tax charge for the year

	2010	2009
Loss before taxation	**(58,586)**	(68,043)
Tax at the enacted tax rate of 35% (2009: 35%)	**(20,505)**	(23,815)
Tax effect of unused losses on which deferred tax has not been recorded due to uncertainty of future taxability	**15,725**	19,464
Minimum turnover tax	**9,260**	-
Tax effect of temporary differences on which deferred tax asset has not been recorded due to uncertainty of future tax ability	**3,641**	3,373
Tax effect on revaluation of fixed assets		
Other	**22**	-
	8,143	(978)

Income tax returns for the years 2007 to 2009 have been filed by the Company and is deemed to beassessment order under section 120 of the Income Tax Ordinance, 2001, unless selected for tax audit purpose.

	2010	2009
	(Rupees in '000)	

33. LOSS PER SHARE - BASIC AND DILUTED

	2010	2009
Loss for the year	**(66,729)**	(67,065)
	(Numbers)	
Weighted average number of ordinary shares	**7,985,959**	7,985,959
	(Rupees)	
Loss per share	**(8.36)**	(8.40)

34. CASH AND CASH EQUIVALENTS

	2010	2009
Cash and bank balances	**89,601**	66,084
Running finance against mark-up arrangement from banks	**(79,913)**	(94,751)
Finance against trust receipt (FATR) from bank	**-**	(16,517)
	9,688	(45,184)

35. STAFF RETIREMENT BENEFITS

Gratuity Fund

Principal actuarial assumptions used in the actuarial valuation of the scheme carried out as at 30 June 2010 are as follows:

- Discount rate at 14 % per annum (2009: 13% per annum).
- Expected rate of return on plan assets at 14% per annum (2009: 13% per annum).
- Expected rate of increase in salary level at 14% per annum for management employees (2009: 13% per annum) and at 13% for non-management employees (2009: 12% per annum).

The amount recognised in consolidated balance sheet is as follows:

	2010	2009
Present value of defined benefit obligation	**22,518**	20,657
Fair value of plan assets	**(20,997)**	(17,017)
Liability as at	**1,521**	3,640

	2010	2009
	(Rupees in '000)	
Changes in present value of defined benefit obligation		
Obligation as at 1 July	**20,657**	18,373
Current service cost	**833**	713
Interest cost	**2,735**	2,205
Actuarial (gain) / loss	**(809)**	1,025
Benefits paid	**(898)**	(1,659)
Obligation as at 30 June	**22,518**	20,657
Changes in fair value of plan assets		
Fair value as at 1 July	**17,017**	18,723
Expected return on plan assets	**2,044**	2,247
Contributions	**1,000**	-
Actuarial gain / (loss)	**1,834**	(2,294)
Benefits paid	**(898)**	(1,659)
Fair value as at 30 June	**20,997**	17,017
Recognised liability		
Balance as at 1 July	**3,640**	(350)
Expenses recognized	**(1,119)**	3,990
Contributions	**(1,000)**	-
Company's liability as at 30 June	**1,521**	3,640
The amount recognised in the consolidated profit and loss account is as follows:		
Current service cost	**833**	713
Interest cost	**2,735**	2,205
Expected return on plan assets	**(2,044)**	(2,247)
Actuarial (gains) / losses	**(2,643)**	3,319
Net (reversal) / expense for the year	**(1,119)**	3,990

	2010	2009
	(Rupees in '000)	
Actual return on plan assets is as follows:		
Expected return on plan assets	**2,044**	2,247
Actuarial gain / (loss) on plan assets	**1,834**	(1,025)
Actual return on plan assets	**3,878**	1,222

Composition / fair value of plan assets used by the fund

	2010	2009
	(Percent)	
Equity instruments	**96.55**	93.76
Others	**3.45**	6.24

Historical information	**2010**	2009	2008	2007	2006
	(Rupees in '000)				
Present value of defined benefit obligation	**22,518**	20657	18,373	17,140	19,682
Fair value of planned assets	**(20,997)**	(17,017)	(18,723)	(19,125)	(42,992)
(Asset) / liability in balance sheet	**1,521**	3,640	(350)	(1,985)	(23,310)
Experience adjustment arising on plan liabilities (gains) / losses	**(809)**	1,025	784	(656)	408
Experience adjustment arising on plan assets gains / (losses)	**1,834**	(2,294)	(306)	(104)	(147)

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 Group. Holding company, Subsidiary Company and associated companies with whom such transactions have taken place includes Dalda Foods (Private) Limited (Ultimate Holding Company), Mapak Edible Oils (Private) Limited, Shakoo (Private) Limited and IGI Insurance Limited. These associated companies are associated companies either based on holding in equity or they are either under the same management and /or with common directors. All transactions with related entered on commercial basis / agreement. However, contributions to and accruals in respect of staff retirement and other benefit plans are made in accordance with the actuarial valuation / terms of the contribution plan and remuneration to key management personnel are determined in accordance with the terms of employment (Note 37). The aggregate value of transactions and outstanding balances as at 30 June 2010 with related parties other than those which have been disclosed else where are as follows:

	2010					
	Balance as at 1 July 2009 receivable / (payable)	(Purchases) / sales / service income	Common expenses allocated receivable / (payable)	Payment made by	Payment received	Balance as at 30 June 2010 receivable / (payable)
	---------- (Rupees in '000) ----------					
Ultimate Holding Company	2,788	(31,522) 1,724	3,121 (635)	17,828	-	(6,696)
Associated Companies						
Mapak Edible Oils (Private) Limited	(6,388)	(765,555)	-	661,753	-	(110,190)
Shakoo (Private) Limited	-	(153,035)	-	145,679	-	(7,356)
IGI Insurance Limited - insurance premium	(417)	(908)	-	908	-	(417)

	2009					
	Balance as at 1 July 2008 receivable / (payable)	(Purchases) / sales / service income	Common expenses allocated receivable / (payable)	Payment made by	Payment received	Balance as at 30 June 2009 receivable / (payable)
	(Rupees in '000)					
Ultimate Holding Company	(26,498)	45,757 1,724	11,664 (24,570)	-	(87,828)	(79,751)
Associated Companies						
Mapak Edible Oils (Private) Limited	(80,774)	(539,167)	-	613,553	-	(6,388)
Shakoo (Private) Limited	(17,633)	(36,866)	-	54,499	-	-
Treet Corporation Limited	271	129	34 (162)	150	(373)	15
Zulfeqar Industries Limited	2,473	(260) 1,045	1,979	-	(3,420)	2,077
Packages Limited	(128)	(4,642)	-	4,195	-	(575)
IGI Insurance Limited - insurance premium	(591)	(1,150)	-	1,324	-	(417)

* This represents repayment of loan made on behalf of the Subsidiary to the bank by the Ultimate Holding Company.

	Transaction value		Balance receivable / (payable)	
Others	**2010**	2009	**2010**	2009
Contribution to staff retirement funds - Employee Gratuity Fund	**1,000**	-	-	-

37. 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:

	2010		2009	
	Chief Executive	**Other Executives**	Chief Executive	Other Executives
	(Rupees in '000)			
Remuneration	**1,200**	**2,389**	**1,200**	**1,734**
Rent and utilities	**-**	**1,314**	**-**	**954**
Medical expenses	**-**	**240**	**-**	**188**
Other perquisites	**-**	**1,618**	**-**	**1,142**
	1,200	**5,561**	**1,200**	**4,018**
Number of persons	**1**	**4**	1	3

The Factory Manager of the Holding Company was also provided with free use of the Company maintained vehicle.

38. FINANCIAL INSTRUMENTS

The objective of the Group's overall financial risk management is to minimize earnings volatility and provide maximum return to shareholders. The Board of Directors of the Holding Company has overall responsibility for the establishment and oversight of the Group's risk management framework and policies.

The Group has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

Risk Management Framework

The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and to monitor risks and adherence to limits. The Group, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Audit Committee oversees how management monitors compliance with the Group's risk management controls and procedures and reviews their adequacy. The Holding Company's Audit Committee is assisted in its role by Internal Audit function, for which a professional firm of Chartered Accountants has been contacted by the Holding Company. Internal Audit undertakes regular reviews of the risk management controls and procedures, the results of which are reported to the Audit Committee.

38.1 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. Concentration of credit arises when a number of counterparties 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 the changes in economics, political or other conditions. Concentration of credit risk indicate the relative sensitivity of the Group's performance for developments affecting a particular industry.

38.1.1 Exposure to credit risk

Credit risk arises when changes in economic or industry factors similarly affect the Group's counter parties whose aggregate credit exposure is significant in relation to the Group's total credit exposure. The Group's credit risk principally arising from trade debts, balances with related parties, loans and advances to staff, deposits and other receivables.

To reduce the exposure toward the credit risk, consumer category wise credit limits and terms have been established, which are continuously monitored by the Group. Loans and advances given to employees are secured against retirement benefits of the employees as disclosed in note 17 to these consolidated financial statements. Bank balances are maintained with sound credit rating banks. Deposits and other receivables include margin against guarantees held with banks and balances with related parties. The Group attempts to control credit risk in respect of other receivables by monitoring credit exposures of counter parties.

The maximum credit exposure as at the reporting date consists of following financial assets :

	2010	2009
	(Rupees in '000)	
Long term loans to employees	**580**	370
Trade debts	**83,754**	11,167
Loans and advances	**447**	396
Deposits and other receivables	**8,441**	10,250
Bank balances	**89,383**	65,780
	182,605	87,963

38.1.2 *Credit Quality*

The Group monitors the credit quality of its financial assets with reference to historical performance of such assets and where available external credit ratings. The carrying values of trade debts which are neither past due nor impaired are given in the note 38.1.3 below:

The credit quality of the Group's major banks is assessed with reference to external credit ratings which are as follows:

Bank	Rating Agency	Rating	
		Short term	Long term
National Bank of Pakistan Limited	JCR-VIS	A2	BBB+
United Bank Limited	JCR-VIS	A-1+	AA+
Habib Bank Limited	JCR-VIS	A-1+	AA+
The Royal Bank Of Scotland Limited	PACRA	A1+	AA
MCB Bank Limited	PACRA	A1+	AA+

38.1.3 Past due and impaired financial assets

Trade Debts

Trade debtors majorly comprise of wholesellers / distributors, except for Utility Stores Corporation and Canteen Stores Department, of edible oils spread through out the country. The Holding Company has not made export sales during the year ended 30 June 2010. The aging of trade debtors as at reporting date was:

	2010		2009	
	Gross	**Impairment**	Gross	Impairment
	---------------------------------- **(Rupees in '000)**	----------------------------------		
Past due but not impaired				
Past due 1-90 days	**80,348**	**-**	1,316	-
Past due 91 days -1 year	**99**	**-**	2,587	-
	80,447	**-**	3,903	-
Past due and impaired				
More than one year	**31,275**	**27,968**	35,906	28,642
Total	**111,722**	**27,968**	39,809	28,642

Utility Stores Corporation (USC) and Canteen Stores Department (CSD) were the major customers of the Holding Company during the year. The Holding Company creates a provision for doubtful trade debts based on past experience, consideration of financial position and past track record of recoveries.

Other financial assets

-The Group creates provision based on past experience, consideration of financial position and past record of recoveries.

38.2 Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting its financial obligations asthey fall due. Liquidity risk arises because of the possibility that the Group could be required to pay its liabilities earlier than expected or difficulty in raising funds to meet commitments associated with financial liabilities as they fall due.

Exposure to liquidity risk

The Group is exposed to liquidity risk in respect of its financial liabilities. The table below analyses the Group's financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date.

	2010					
	Carrying amount	Contractual cashflows	Six months or less	Six to twelve months	one to five years	More than five years
	----------	----------	---------- (Rupees in '000)	----------	----------	----------
Non-derivative financial liabilities						
Long term loan	35,502	(41,792)	(41,792)	-	-	-
Subordinated loans from Ultimate Holding Company	350,000	(635,078)	-	(123,935)	(339,858)	(171,285)
Payable to the Ultimate Holding Company	26,618	(26,618)	-	(26,618)	-	-
Short term borrowings	79,913	(82,964)	(2,495)	(80,469)	-	-
Trade and other payables	169,638	(169,638)	(169,638)	-	-	-
	661,671	(956,090)	(213,925)	(231,022)	(339,858)	(171,285)

	2009					
	Carrying amount	Contractual cashflows	Six months or less	Six to twelve months	one to five years	More than five years
	---------- (Rupees in '000) ----------					
Non-derivative financial liabilities						
Long term loan	43,791	(53,574)	(11,153)	(10,525)	(31,896)	
Subordinated loans from Ultimate Holding Company	350,000	(574,788)	-	(64,270)	(430,242)	(80,276)
Payable to the Ultimate Holding Company	10,763	(10,763)	-	(10,763)	-	-
Short term borrowings	111,268	(114,755)	(3,536)	(111,219)	-	-
Trade and other payables	18,354	(18,354)	(18,354)	-	-	-
	534,176	(772,234)	(33,043)	(196,777)	(462,138)	(80,276)

The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation. The Group meets these requirements by having credit lines available as at 30 June 2010 as specified in note 12 to these consolidated financial statements and financial assistance available from the Ultimate Holding Company as and when the need arises.

38.2.1 The contractual cash flows relating to the above financial liabilities have been determined on the basis of mark-up rates effective as at 30 June 2010 as disclosed in note 6, 7 and 12 to these consolidated financial statements.

38.3 Market risk

Market risk is the risk that changes in market price, such as foreign exchange rates, interest rates and equity prices will effect the Group's income or the value of its holding of financial instruments. The objective of market risk management is to manage and control market risk exposure within acceptable parameters, while optimising the return. The Group does not hold equity instrument , therefore, it is not subject to the other price risk. However, it is exposed to interest rate risk and currency risk.

38.3.1 Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

Exposure to interest rate risk

Majority of the interest rate risk exposure arises from subordinated loans from the Ultimate Holding Company, long term finance and short term borrowings from banks. As at the reporting date, following is the interest rate profile of the Group's interest bearing variable rate financial instruments:

	2010	2009
	(Rupees in '000)	
Fixed rate instruments		
Financial assets		
Fixed deposit receipt with bank	**17,601**	16,767
Financial liabilities - short term borrowings from a commercial bank	-	(16,517)
Variable rate instruments		
Financial assets		
Bank balance - saving account	**39,533**	-
Financial liabilities		
Subordinated loans from the Ultimate Holding Company	**(350,000)**	(350,000)
Long term loan	**(34,411)**	(43,791)
Short term borrowings - Running finance under markup arrangement	**(79,913)**	(94,751)

Fair value sensitivity analysis for fixed rate instruments

The Group does not account for any fixed rate financial assets and liabilities at fair value through profit and loss.Therefore, a change in interest rates at the reporting date would not affect consolidated profit and loss account and the consolidated equity of the Group.

Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points in interest rates at the reporting date would have net increased / decreased the loss of the Group as at 30 June 2010 by Rs. 1.13 million (2009: Rs. 2.51 million). This analysis assumes that all other variables, in particular foreign currency rates, remain constant. The analysis is performed on the same basis for 2009.

38.3.2 Currency Risk

Foreign currency risk is the risk that the value of a financial asset or liability will fluctuate due to a change in foreign exchange rates. It arises mainly where receivables and payables exist due to transactions entered into foreign currencies.

Exposure to currency risk

The Group is exposed to currency risk only on foreign currency fixed deposit receipt with bank and accrued profit thereon that is denominated in a currency other than the respective functional currency of the Group. There are no estimated forecast sales or purchases in foreign currency.

	2010		2009	
	Rupees	US Dollars	Rupees	US Dollars
	In '000		In '000	
Financial assets				
Deposit with bank	17,601	209	16,767	206
Accrued profit on foreign currency fixed deposit	359	4	95	1
Gross and net balance sheet exposure	17,960	213	16,862	207

The following significant exchange rates applied during the year:

	Average rates		Balance sheet date rate	
	2010	2009	2010	2009
US Dollars	84.15	80	85.40 / 85.60	81.35 / 81.90

SENSITIVITY ANALYSIS

A ten percent strengthening / (weakening) of the Rupee against US Dollar at 30 June 2010 would have increased / (decreased) fixed deposits receipts and accrued profit thereon by Rs. 1.799 million (2009: Rs.0.169). Accordingly, the equity and loss account of the Group would also have increased /(decreased) by the same amount. This analysis assumes that all other variables, in particular interest rates, remain constant. The analysis is performed on the same basis for 2009.

38.4 Fair value of financial assets and liabilities

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction. The carrying values of the financial assets and financial liabilities approximate their fair values.

39. CAPITAL RISK MANAGEMENT

The objective of the Group when managing capital is to safeguard its ability to continue as a going concern so that it can continue to provide return to the shareholders and benefits for other stakeholders and to maintain a strong capital base to support the sustained development of its business. The Group is not externally exposed to regulatory capital requirements.

40. PLANT CAPACITY, PRODUCTION AND SALES

	2010	2009
Vanaspati - Ghee and Cooking Oil	**(M. Tonnes)**	
Assessed capacity	**30,000**	30,000
Capacity utilized:		
Production	**16,067**	7,577
Toll Manufacturing	**1,317**	13,815
Total Capacity utilized	**17,384**	21,392
Sales	**15,712**	7,430

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

41. ACCOUNTING ESTIMATES AND JUDGEMENTS

Income taxes

In making the estimates for income taxes currently payable by the Group, the management looks at the current income tax laws 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 affecton the depreciation charge, deferred tax liability and impairment.

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 and other receivables

Impairment loss against doubtful trade and other debts is made on a judgmental basis, which provision may differ in the future years based on the actual experience. The difference in provision if any, is recognised in the future period.

Staff retirement benefits

Certain actuarial assumptions have been adopted as disclosed in these consolidated financial statements for valuation of present value of define benefit obligations and fair value of plan assets.Any changes in these assumptions in future years would have an impact on next and subsequent years financial statements.

42. INFORMATION ABOUT BUSINESS SEGMENTS

42.1 The Group's reportable segments are as follows:

Own manufacturing - It comprises manufacturing of vanaspati ghee and cooking oil for sale to its customers.

Toll manufacturing - It comprises manufacturing of vanaspati ghee and cooking oil for its Ultimate Holding Company.

Information regarding the Group's reportable segments is presented below.

	2010				2009			
	Own Manufacturing	**Toll Manufacturing**	**Unallocated**	**Total**	Own Manufacturing	Toll Manufacturing	Unallocated	Total
	--------------------	----------	----------	---(Rupees in '000)---	----------	----------	----------	--------------------
Revenue - net	**1,846,623**	**1,724**	**-**	**1,848,347**	813,511	84,263	-	897,774
Cost of goods sold / services								
Opening balance of finished goods	**112,254**	**-**	**-**	**112,254**	92,215	-	-	92,215
Cost of goods manufactured / services rendered	**1,701,985**	**8,551**		**1,710,536**	779,033	82,255	-	861,288
Reimbursable expenses under toll manufacturing agreement with the Ultimate Holding Company	**-**	**(7,408)**	**-**	**(7,408)**	-	-	-	-
Available for sale	**1,814,239**	**1,143**	**-**	**1,815,382**	871,248	79,881	-	953,503
Closing balance of finished goods	**(96,917)**		**-**	**(96,917)**	(112,254)	-	-	(112,254)
	1,717,322	**1,143**	**-**	**1,718,465**	758,994	79,881	-	841,249
Gross profit	**129,301**	**581**	**-**	**129,882**	54,517	8,616	-	56,525
Administration expenses	**-**		**(20,845)**	**(20,845)**	-	(6,040)	(20,130)	(26,170)
Selling and distribution expenses	**(106,186)**		**-**	**(106,186)**	(68,629)	-	-	(68,629)
Other operating expenses - net	**1,238**		**-**	**1,238**	(15,329)	-	-	(15,329)
	(104,948)		**(20,845)**	**(125,793)**	(83,958)	(6,040)	(20,130)	(110,128)
Other operating income	**4,140**		**-**	**4,140**	40,483	-	-	40,483
Operating result	**28,493**	**581**	**(20,845)**	**8,229**	11,042	2,576	(20,130)	(13,120)

42.2.1 Cost of goods manufactured / services rendered:

Opening stock of work in process	**6,670**	**-**	**-**	**6,670**	53,507	-	-	53,507
Raw materials consumed	* **1,521,485**	**1,675**	**-**	**1,523,160**	* 639,272	19,706	-	658,978
Packing materials consumed	**114,626**	**-**	**-**	**114,626**	58,623	-	-	58,623
Stores and spares consumed	**12,774**	**1,047**	**-**	**13,821**	5,105	9,308	-	14,413
Salaries, wages and other benefits	**32,771**	**2,328**	**-**	**35,099**	14,404	26,265	-	40,669
Travelling and conveyance and others	**290**	**24**	**-**	**314**	-	-	-	-
Fuel and power	**36,408**	**2,984**	**-**	**39,392**	12,625	23,022	-	35,647
Repair and maintenance	**2,167**	**178**	**-**	**2,345**	560	1,021	-	1,581
Rent, rates and taxes	**335**	**-**	**-**	**335**	-	1	-	1
PSI Marking fee	**1,573**	**-**	**-**	**1,573**	-	-	-	-
Insurance	**426**	**35**	**-**	**461**	468	854	-	1,322
Depreciation	**3,420**	**280**	**-**	**3,700**	1,139	2,078	-	3,217
	1,732,945	**8,551**	**-**	**1,741,496**	785,703	82,255	-	867,958
Closing stock of work in process	**(30,960)**	**-**	**-**	**(30,960)**	(6,670)	-	-	(6,670)
	1,701,985	**8,551**	**-**	**1,710,536**	779,033	82,255	-	861,288

42.2.2 Revenue reported above represents revenue generated from external customers. There were no inter-segment sales during the year (2009: Nil).

42.2.3 The accounting policies of the reportable segments are the same as the Group's accounting policies described in note 3 to these consolidated financial statements. There are no inter segmental allocation of costs during the year.

42.2.4 During the year, the terms and conditions of toll manufacturing agreement have been revised and manufacturing expenses and processing loss have been linked with the actual expenses incurred. However, the same are subject to maximum limits.

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

* This includes raw material of Nil (2009: Rs.137.116 million) borrowed from the Ultimate Holding Company.

42.3 **Revenue from major products and services**

The major products of the own manufacturing segments are Tullo Banaspati 1 Kg x 16 Pouch and Tullo Cooking Oil 1x16 ltr Pouch.

42.4 Information about major customers

Revenue from major customers i.e., Utility Stores Corporation, Makro Habib Pakistan and Maheer Traders in own manufacturing segment represent approximately Rs. 569.331 million (2009: Rs. 108.580 million) of total own manufacturing segment revenue of Rs. 1,846.623 million (2009: Rs.813.511million). Revenue from toll manufacturing segment represent toll manufacturing fee charged to the Ultimate Holding Company of the Company.

42.5 Geographical information

The Company operates in Pakistan only.

42.6 Segment assets and liabilities

	2010				2009			
	Own Manufacturing	Toll Manufacturing	Unallocated	Total	Own Manufacturing	Toll Manufacturing	Unallocated	Total
	(Rupees in '000)							
Segment assets	233,338	-	404,443	637,781	149,542	2,788	361,181	513,511
Segment liabilities	182,951	6,696	599,504	789,151	36,444	-	579,750	616,194

42.6.1 For the purpose of monitoring segment performance and allocating resources between segments:

- all assets are allocated to reportable segments other than long term security deposits, loans and advances to employees.

- all liabilities are allocated to reportable segments other than Subordinated loan from Ultimate Holding Company, short term borrowings, mark up payable and deferred tax liabilities.

Cash and bank balances, borrowings and related interest receivable there from and mark up payable thereon are not allocated to reportable segments as these are managed by the Group's central treasury function.

42.7 Other segment information

	2010				2009			
	Own Manufacturing	Toll Manufacturing	Unallocated	Total	Own Manufacturing	Toll Manufacturing	Unallocated	Total
	(Rupees in '000)							
Capital expenditure	159	-	-	159	-	-	321	321
Depreciation and amortisation	3,420	280	267	3,967	1,139	2,078	1,037	4,254
Non-cash items (excluding depreciation and amortisation)	(1,238)	-	-	(1,238)	15,329	-	-	15,329

43. GENERAL

These consolidated financial statements were authorised for issue in the Board of Directors meeting held on September 22, 2010.

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 laws prevalent in the country, Wazir Ali Industries Limited will also carry out its business activites in the utmost ethical and behavioural standards that go beyond the legal realm.

- Employees: Wazir Ali Industries Limited shall provide job opportunities to the most deserving candidates depending 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 employees 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 to achieve professional excellence a sincere sense of belonging in the employees would reciprocate in the same manner and hold the interests of the company supreme by devoting 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 vested interests. It is a member of different trade bodies, associations and organizations through which it participates at different forums and also submits proposals on invitation for the enactment of legislations.*

• Quality Assurance, Safety and Environmental 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 intended 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 environmental impact that may be against the normal business ethics.

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

Business Ethics & Practices

• 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 statements present a true and fair view of the underlying transactions.

• *Code of Conduct: Wazir Ali Industries Limited strictly adheres to the professional and business ethics and condemns any unfair community and the Government agencies.*

• *Applications and Implementation : The newly introduced Code of Corporate Governace is being adopted in its true spirit by Wazir Ali Industries Limited and its business partners locally and abroad.*
The internal audit has been outsourced by the company to independently ensure strict compliance of the Code of Corporate Governance. The Directors, Managers and other Heads of the Departments of the company would ensure that the Code of Business Ethics and Practices is fully understood by all concerned for its implementation in the true spirit .

FORM OF PROXY

I/We...

of....................being a member **WAZIR ALI INDUSTRIES LIMITIED** of 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 behalf at the Annual General Meeting of the company to be held on Wednesday, October 27, 2010 at 8:00 hours at Pakistan Society for Training and Development, Plot No. TC-3, Off Khayaban-e-Sehar, 34th Street, Phase – V (Extension) DHA, Karachi, at any adjurnment thereof.

Signed this .... day of 2010

Witnesses:

1. Signature: ____________________

Name: ____________________

Address: ____________________

____

NICor

PassportNo. ____________________

2. Signature: ____________________

Name: ____________________

Address: ____________________

____

NICor

PassportNo. ____________________

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 acorporation being a member may appoint as proxy a person who is not a member.

CDC share holders 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.

Wazir Ali Industries Limited

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

Factory:
P.O. Box # 26, Hali Road,
Hyderabad, Pakistan.
Phones: 0092-3221-881477-79
Fax: 0092-3221-880670

Printed by: DIGITAL PRESS