Wazir Ali Industries Limited

Annual Report 2011

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Our Mission

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

Our Vision

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

COMPANY INFORMATION

BOARD OF DIRECTORS	
CHAIRMAN	Syed Yawar Ali
CHIEF EXECUTIVE OFFICER	Mr. Abdus Samad
DIRECTORS	Mr. Mohammad 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 SECRETSRY	Mr. Amjad Waheed
AUDITORS	KPMG Taseer Hadi & Co. Chartered Accountants
LEGAL ADVISORS	Hussain & Haider Advocates & Solicitors
BANKERS	Faysal Bank 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 . 3565595
REGISTERD OFFICE	F-33, Hub River Road, SITE, Karachi. Telephone: +92. 21 . 32579383-7 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 MEETING

NOTICE IS HEREBY GIVEN that the 59th Annual General Meeting of Wazir Ali Industries Limited will be held on Friday, 28th October 2011 at 0900 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 27 October 2010.

2. To Receive, Consider and Approve the Audited Financial Statements of the Company for the year ended 30 June 2011 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

AMJAD WAHEED

Karachi: 29 September 2011.

Company Secretary

NOTES:

1. The Share Transfer Books of the Company will remain closed from 22 October 2011 to 28 October 2011 (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 2011.

1. Overview

The fallout from the global recession continues to be uncertain and remains cause of major concern. Locally serious security threats, energy crisis and devastating floods proved major challenges for your business which distributes and sells its products nationally.

To ensure sustainable growth of the company and to reduce its major fixed production costs, production facility has been shut down/closed with effect from December 31, 2010. Full details of discontinued operations are disclosed in notes 1.2 & 30 to the annual financial statements. Since its closure, products have been produced through toll manufacturing arrangements. This has yielded positive results as gross profits on continued operations have improved to 17.4%.

However the combined effect of higher finance cost, impact of re-introduction of turnover tax and one time exceptional costs related to restructuring of production arrangements has resulted in aggregate bottom line being a loss of Rs.47.884 M compared to loss of Rs 75.309M last year. The actions undertaken during the year are expected to positively impact the results in the coming period.

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-Continued Operation

Revenue from continued operation was Rs. 797.15M Gross profit and operating profit was 17.40% at Rs. 138.69M & 10.17% at Rs. 81.075M respectively.

Profit before and after tax was Rs. 14.99M and Rs. 6.99M respectively

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

The production for the period through toll manufacturing was 5,609 tons.

The earnings per share was Rs. 0.88.

3. Financial review –Discontinued Operations

Results from discontinued operation (refer note 30 to the financial accounts) are as follow:

(Rs '000)

	2011	2010
Operating (Loss)/Profit	(45,655)	14,284
Add: Other income	1,113	2,307
(Loss)/Profit before taxation	(44,542)	16,591
Provision for taxation	(10,334)	(8,143)
(Loss)/Profit after taxation	(54,876)	8,448

Production for the period was 7,018 tons.

Loss per share was Rs. 6.87 as compared to profit per share of Rs. 1.06 in the preceding period.

4. 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.

5. 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-organized 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.

6. 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.

7. Gratuity Fund

The company is operating a Gratuity Fund. The fund has been appropriately invested by the Trustees. The value of investments of the Gratuity Fund according to the un-audited accounts for the year ended 30 June 2011 is Rs.6.424 million . The size of gratuity funds have been significantly reduced due to payment to factory workers at the time of Golden Handshake Scheme (refer note 1.2).

8. Meetings of the Board of Directors

Four meetings of the Board of Directors of the Company were held on 22 September and 27 October 2010, 23 February and 26 April 2011. 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	4	-
5. Mr. Abdus Samad	4	-
6. Mr. Mohammed Rabbaani	3	1
7. Mr. Perwaiz Masud Ansari	4	-
8. Mr. Ahmed Sattar	3	1

9. Capital Expenditure and Commitments

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

10. 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.

11. 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.

12. 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.

13. Future Outlook

The decision to reduce its major structural fixed production costs and to produce its products through more cost effective toll manufacturing arrangements, has resulted in improved Gross Profit ratio. The Company continues its efforts to increase the coverage and penetration of its brands in various market segments. Efforts to find cheaper financing options along with other cost effective measures will be continued.

14. 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.

15. Directors' Statement

The directors state that:

a. The financial statements prepared by the management present a true and fair state of affairs of the company.
b. Proper books of accounts have been maintained.
c. Appropriate accounting policies have been consistently applied in preparation of the financial statements and accounting estimates are based on reasonable and prudent judgment
d. International Accounting Standards, as applicable in Pakistan, have been followed in the preparation of financial statements and any departure there from has been adequately disclosed.
e. The system of internal control is sound in design and has been effectively implemented and monitored.
f. The current liabilities have exceeded the current assets by Rs 28.240M and the shareholders equity is in the negative by Rs 332.926. 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.

16. 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 Regulation no. 35 (chapter XI) of the Karachi and Lahore Stock Exchanges of Pakistan for the purpose of establishing a framework of good governance, whereby a listed company is managed in compliance with the best practices of corporate governance.

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

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

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

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, or being a member of a stock exchange, has been declared as a defaulter by that stock exchange.

4. No casual vacancy in Board of directors has occurred during the year.

5. The Company has prepared a "Statement of Ethics and Business Practices", which has been signed by majority of the directors and some of the employees of the Company. However, the process of obtaining signatures from remaining 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, 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 during the year. 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. Orientation course of all the directors has not been conducted during the year. However, in order to appraise the directors of their duties and responsibilities and the requirement of the code, they have been kept updated with the changes in relevant laws applicable to the Company. Directors are conversant of the relevant laws applicable to the Company, its policies and procedures and provisions of memorandum and articles of association and are aware of their duties and responsibilities.

10. The Board has approved the appointment of CFO, Company Secretary and a firm of Chartered Accountants as internal auditors, including their remuneration and terms and conditions as determined by CEO.

11. 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.

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

13. 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.

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

15. 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.

16. 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 framed and advised to the committee for compliance.

17. The related party transactions were placed before the audit committee and approved by the Board of directors.

18. The Board has outsourced an internal audit function to a firm of Chartered Accountants who are considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the Company.

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

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

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

17. 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

18. Outstanding Statutory Payments

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

19. Auditors

The present auditors, KPMG Taseer Hadi & Co., Chartered Accountants are due to retire and being eligible, offer themselves for reappointment for the year 2011-12.

20. Pattern of Shareholding

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

Acknowledgements

We are grateful to our customers for adhering to the quality brands of Tullo and Pride and would continue to provide them with our best quality products.

We wish to thank our distributors for promoting the Tullo quality image and our bankers and development financial institutions for their corporate support.

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

Abdus Samad
Chief Executive Officer

Karachi: 29 September 2011

Key Operating and Financial Results for the last-10 years

		JUNE 2011	JUNE 2010	JUNE 2009	JUNE 2008	JUNE 2007	JUNE 2006	JUNE 2005	JUNE 2004	JUNE 2003	JUNE 2002
Sale-net		1,930,438	1,848,347	897,774	919,345	826,356	1,035,555	889,828	626,297	890,150	958,600
Cost of goods sold		1,705,865	1,718,465	841,249	815,552	737,383	861,135	760,384	530,057	715,792	756,021
Gross profit		**224,573**	**129,882**	**56,525**	**103,793**	**88,973**	**174,420**	**129,444**	**96,240**	**174,358**	**202,579**
Administrative		76,055	20,792	26,029	27,722	27,867	28,621	29,390	29,717	36,490	31,183
Selling and distribution		95,116	106,186	68,629	56,389	92,016	147,937	110,155	100,889	134,802	132,884
Financial charges		66,089	59,334	44,668	56,397	24,733	24,699	18,694	22,079	30,809	31,872
Amortization of deferred cost/other operating expenses		22,808	14,876	15,329	3,815	18,931	-	-	-	-	-
Workers profit participation fund		-	-	-	-	-	-	-	-	-	558
Operating Expenses		**260,068**	**201,188**	**154,655**	**144,323**	**163,547**	**201,257**	**158,239**	**152,685**	**202,101**	**196,497**
		(35,495)	**(71,306)**	**(98,130)**	**(40,530)**	**(74,574)**	**(26,837)**	**(28,795)**	**(56,445)**	**(27,743)**	**6,082**
Other income		5,939	4,140	41,109	2,920	2,418	1,810	2,905	1,220	2,068	4,516
Profit (Loss) before taxation		**(29,556)**	**(67,166)**	**(57,021)**	**(37,610)**	**(72,156)**	**(25,027)**	**(25,890)**	**(55,225)**	**(25,675)**	**10,598**
Provision for Taxation	Current Year	19,356	9,260	-	(3,493)	(4,504)	(10,396)	(11,701)	(5,422)	(10,861)	(8,288)
	Prior Year	(1,028)	(1,117)	(1,117)	-	-	-	-	-	-	-
		18,328	8,143	(1,117)	(3,493)	(4,504)	(10,396)	(11,701)	(5,422)	(10,861)	(8,288)
Profit/(Loss) after taxation		(47,884)	(75,309)	(55,904)	(41,103)	(76,660)	(35,423)	(37,591)	(60,647)	(36,536)	2,310
Paid Up Capital		*79,860*	*79,860*	*79,860*	*79,860*	*79,860*	*76,057*	*76,057*	*76,057*	*76,057*	*76,057*
Current Assets		*687,147*	*359,349*	*256,141*	*249,034*	*181,720*	*162,166*	*220,977*	*126,065*	*238,357*	*244,099*
Current Liabilities		*715,387*	*335,743*	*190,314*	*316,503*	*336,266*	*229,902*	*240,873*	*145,860*	*273,670*	*249,660*

KPMG

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Auditors' report to the members

We have audited the annexed unconsolidated balance sheet of Wazir Ali Industries Limited ("the Company") as at 30 June 2011 and the related 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 established and maintain a system of internal control, and prepare and present the above said unconsolidated financial statement in conformity with the approved accounting standards and the requirements of the companies Ordinance, 1984. Our responsibility is to express an opinion on these statements based on our audit.

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

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

b) In our opinion:

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

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

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

c) In our opinion and to the best of our information and according to the explanations given to us, the unconsolidated balance sheet, unconsolidated profit and loss account, unconsolidated 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 affairs as at 30 June 2011 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 Usher Ordinance, 1980.

We draw attention to note 1.3 to the unconsolidated financial statement which indicates that the Company incurred a net loss Rs. 47.884 million during the year ended on 30June 2011 and, as of that date and its accumulated losses exceeded the shareholders equity by Rs. 332.926 million, production facility has been closed/shut down with effect from 31 December 2010. 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 statement have however been prepared on a going concern basis on the expectation of future profitability due to the restructuring of the Company's activities and availability of financial support of Dalda Foods (Private) Limited – the Holding Company. Our opinion is not qualified in respect of this matter.

Date: 29 September, 2011

Karachi.

KPMG Taseer Hadi & Co.
Chartered Accountants
Mohammad Nadeem

KPMG

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

We have reviewed the Statement of compliance with the best 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 enquiries of the Company personnel and review of various documents prepared by the Company to comply with the code.

As part of our audit of financial statements we are required to obtain an understanding of the accounting and internal control system sufficient to plain the audit and develop an effective audit approach. We are not required to consider whether the Board's Statement on internal controls, 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 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 2011.

Date: 29 September, 2011

Karachi.

KPMG Taseer Hadi & Co.
Chartered Accountants
Mohammad Nadeem

Unconsolidated Balance Sheet
As at 30 June 2011

	Note	2011	2010
		(Rupees in '000)	
EQUITY AND LIABILITIES			
Share capital and reserves			
Authorised capital			
8,000,000 ordinary shares of Rs. 10 each			
(2010: 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		**(423,432)**	(377,459)
Total equity		**(332,926)**	(286,953)
Surplus on revaluation of property, plant and equipment	5	**132,014**	134,214
Subordinated loans from the Holding Company - unsecured	6	**335,000**	350,000
Non-current liabilities			
Deferred tax liability on surplus on revaluation of property, plant and equipment	5	**10,899**	12,084
Provision for compensated absences	7	**870**	1,877
Total non-current liabilities		**11,769**	13,961
Current liabilities			
Trade and other payables	8	**421,679**	182,829
Mark-up payable on borrowings		**131,351**	82,972
Short term borrowings – secured	9	**147,357**	69,942
Current maturity of subordinated loans from the Holding Company	6	**15,000**	-
Total current liabilities		**715,387**	335,743
Contingencies and committements	10		
Total equity and liabilities		**861,244**	546,965

	Note	2011	2010
		(Rupees in '000)	
ASSETS			
Non-current assets			
Property, plant and equipment	11	**147,947**	152,388
Investment in a subsidiary	12	**25,281**	33,886
Long term loans to employees - secured and considered good	13	**-**	580
Long term security deposits		**869**	762
Total non-current assets		**174,097**	187,616
Current assets			
Stores and spares	14	**5,760**	4,942
Stock-in-trade	15	**573,689**	144,642
Trade debts - secured and considered good	16	**20,152**	83,754
Loans and advances - considered good	17	**5**	447
Deposits, prepayments and other receivables	18	**39,568**	19,390
Taxation - net	19	**20,088**	16,825
Cash and bank balances	20	**27,885**	89,349
Total current assets		**687,147**	359,349
Total Assets		**861,244**	546,965

The annexed notes 1 to 40 form an integral part of these unconsolidated financial statements.

Chief Executive

Director

Unconsolidated Profit and Loss Account

For the year ended 30 June 2011

	Note	2011	2010
		(Rupees in '000)	
Revenue - net	21	797,148	-
Cost of goods sold / services rendered	22	(658,456)	-
Gross profit		138,692	-
Administrative expenses	23	(14,800)	(10,142)
Selling and distribution expenses	24	(36,214)	-
Other operating expenses	25	(11,429)	(16,114)
		(62,443)	(26,256)
Other operating income	26	4,826	1,833
Operating profit / (loss)		81,075	(24,423)
Finance costs	27	(66,089)	(59,334)
Profit / (loss) before taxation		14,986	(83,757)
Taxation - net	28	(7,994)	-
Profit / (loss) for the year from continuing operations		6,992	(83,757)
Discontinued operation			
(Loss) / profit for the year from discontinued Operation - net of tax	30	(54,876)	8,448
(Loss) for the year		(47,884)	(75,309)
		(Rupees)	
Loss per share - basic and diluted	31	(5.99)	(9.43)
Continuing operations			
Earnings / (loss) per share - basic and diluted	31	0.88	(10.49)

The annexed notes 1 to 40 form an integral part of these unconsolidated financial statements.

Chief Executive **Director**

Unconsolidated Statement of Comprehensive Income

For the year ended 30 June 2011

	2011	2010
	(Rupees in '000)	
Loss for the year	**(47,884)**	(75,309)
Other comprehensive income	-	-
Total comprehensive loss	**(47,884)**	(75,309)

The annexed notes 1 to 40 form an integral part of these unconsolidated financial statements.

Chief Executive **Director**

Unconsolidated Statement of Cash Flows

For the year ended 30 June 2011

	Note	2011	2010
		(Rupees in '000)	
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss before taxation from continuing and discontinued operation		**(29,556)**	(67,166)
Adjustments for:			
Depreciation		**3,972**	3,967
Loss / (gain) on disposal of property, plant and equipment		**24**	(310)
Finance cost		**66,089**	59,334
Liabilities no more payable, written back		**(508)**	(55)
Provision against deposits, prepayments and other receivables		**-**	841
Provision against stores and spares		**(1,095)**	-
Reversal/Provision for compensated absences		**(353)**	183
Provision for impaired debts		**1,799**	2,000
Provision against investment in a Subsidiary Company		**8,605**	16,114
		48,977	14,908
Movement in:			
Long term loans to employees		**580**	(210)
Long term security deposits		**(107)**	(762)
Stores and spares		**277**	1,970
Stock in trade		**(429,048)**	(13,179)
Trade debts		**61,803**	(74,587)
Loans and advances		**442**	(51)
Deposits, prepayments and other receivables		**(20,178)**	968
Compensated absences		**(654)**	(7)
Trade and other payables		**239,358**	146,510
		(98,550)	75,560
Finance costs paid		**(17,710)**	(13,860)
Income taxes paid		**(22,619)**	(6,913)
Net cash (used in) / from operating activities		**(138,879)**	54,787
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditure incurred		**-**	(159)
Proceeds from sale of property, plant and equipment		**-**	329
Net cash from investing activities		**-**	170
Net (decrease) / increase in cash and cash equivalents		**(138,879)**	54,957
Cash and cash equivalents at beginning of the year		**19,407**	(35,550)
Cash and cash equivalents at end of the year	29	**(119,472)**	19,407

The annexed notes 1 to 40 form an integral part of these unconsolidated financial statements.

Chief Executive **Director**

Unconsolidated Statement of Changes in Equity

For the year ended 30 June 2011

	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 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)
Total comprehensive - loss for the year	-	-	-	(47,884)	(47,884)
Transferred from surplus on revaluation of property, plant and equipment - net of deferred tax	-	-	-	1,911	1,911
Balance as at 30 June 2011	**79,860**	**10,646**	**66,067**	**(489,499)**	**(332,926)**

The annexed notes 1 to 40 form an integral part of these unconsolidated financial statements.

Chief Executive **Director**

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 During the year ended 30 June 2011, the Board of Directors of the Company decided to explore various options in relation to its current Production Facility in order to reduce production costs and for enhancement of value. However, the Board of Directors of the Company decided as an immediate step, the production facility should be closed while complying with legal formalities and product demands should be met through toll manufacturing arrangement. As result of above decision, following steps have been taken:

- Production facility has been shut down / closed with effect from 31 December 2010.

- After discussions and dialogue with Collective Bargaining Agent (CBA) Golden handshake scheme was offered to workers which has been accepted by and paid to all factory workers. Accordingly, costs of Rs. 51.854 million has been incurred and paid.

- Toll Manufacturing Service Agreement effective from February 2007 under which the Holding Company guaranteed to place order at minimum of 10,000 tons annually has been terminated. However, the Holding Company has agreed to give waiver in respect of six months notice period requirement.

- A new Toll Manufacturing Agreement between Holding Company and the Company has been executed on 1 January 2011 whereby the Holding Company has agreed to provide toll manufacturing services to the Company for manufacturing of its product “TULLO”. The Holding Company is entitled to charge toll manufacturing fee at the rates specified in the agreement. This agreement may be terminated by either party by giving one month written notice.

The agreement dated 1 January 2007 between the Holding Company and the Company is still effective whereby the Holding Company 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.

The Company explored options as decided by the Board of Directors and concluded that in order to reduce production costs and for enhancement of value it is not feasible to recommence the production facility and manufacturing of products should be continued under toll manufacturing agreement with its Holding company. As a result, the Production facility which comprise of land, building, plant and machinery along with store and spares (retired from active use due to shut down / closed of the production facility) have been marked for sale in future.

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1.3 The Company has incurred a net loss of Rs. 47.88 million during the year ended 30 June 2011 (June 2010: 75.309 million) and, as of that date, its accumulated loss exceeded the shareholders' equity by Rs. 332.93 million (June 2010: Rs. 286.953 million), whereas current liabilities exceeded current assets by Rs 28.24 million (2010: Rs. Nil). However, these unconsolidated financial statements have been prepared on the assumption that the Company would continue as a going concern. The assumptions that the Company would continue as a going concern are as follows:

- Based on restructuring of Company's activities as stated in note 1.2 above, the management considers that the Company would be able to reduce its fixed costs and expects profitability in future.

- Availability of financial support from the Holding Company. As part of this, during the year ended 30 June 2010, 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 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 ongoing 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 38 to these unconsolidated financial statements.

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

The following standards, interpretations and amendments of approved accounting standards are effective for accounting periods beginning from the dates specified below:

- IAS 24 Related Party Disclosures (revised 2009) – (effective for annual periods beginning on or after January 1, 2011). The revision amends the definition of a related party and modifies certain related party disclosure requirements for government-related entities. The amendment may result in certain changes in disclosures.

- Amendments to IAS 12 – deferred tax on investment property (effective for annual periods beginning on or after January 1, 2012). The 2010 amendment provides an exception to the measurement principle in respect of investment property measured using the fair value model in accordance with IAS 40 Investment Property. The measurement of deferred tax assets and liabilities, in this limited circumstance, is based on a rebuttable presumption that the carrying amount of the investment property will be recovered entirely through sale. The presumption can be rebutted only if the investment property is depreciable and held within a business model whose objective is to consume substantially all of the asset's economic benefits over the life of the asset. The amendment has no impact on financial statements of the Company.

- 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 January 1, 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 recognised as an asset rather than an expense. This amendment has no impact on Company's financial statements.

- Disclosures – Transfers of Financial Assets (Amendments to IFRS 7) - (effective for annual periods beginning on or after 1 July 2011). The amendments introduce new disclosure requirements about transfers of financial assets, including disclosures for financial assets that are not derecognised in their entirety; and financial assets that are derecognised in their entirety but for which the entity retains continuing involvement. The amendments have no impact on financial statements of the Company.

- 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. The amendments include list of events or transactions that require disclosure in the interim financial statements, add an explicit statement that qualitative disclosure should be made in the context of the quantitative disclosures to better enable users to evaluate an entity's exposure to risks arising from financial instruments and fair value of award credits under the customer loyalty programmes to take into account the amount of discounts or incentives that otherwise would be offered to customers that have not earned the award credits. Certain of these amendments will result in increased disclosures in the financial statements.

- IAS 27 Separate Financial Statements (2011) - (effective for annual periods beginning on or after 1 January 2013). IAS 27 (2011) supersedes IAS 27 (2008). IAS 27 (2011) carries forward the existing accounting and disclosure requirements for separate financial statements, with some minor clarifications. The amendments have no impact on financial statements of the Company.

- IAS 28 Investments in Associates and Joint Ventures (2011) - (effective for annual periods beginning on or after 1 January 2013). IAS 28 (2011) supersedes IAS 28 (2008). IAS 28 (2011) makes the amendments to apply IFRS 5 to an investment, or a portion of an investment, in an associate or a joint venture that meets the criteria to be classified as held for sale; and on cessation of significant influence or joint control, even if an investment in an associate becomes an investment in a joint venture. The amendments have no impact on financial statements of the Company.

- IAS 19 Employee Benefits (amended 2011) - (effective for annual periods beginning on or after 1 January 2013). The amended IAS 19 includes the amendments that require actuarial gains and losses to be recognised immediately in other comprehensive income; this change will remove the corridor method and eliminate the ability for entities to recognise all changes in the defined benefit obligation and in plan assets in profit or loss, which currently is allowed under IAS 19; and that the expected return on plan assets recognised in profit or loss is calculated based on the rate used to discount the defined benefit obligation. The amendments have no impact on financial statements of the Company.

- Presentation of Items of Other Comprehensive Income (Amendments to IAS 1) - (effective for annual periods beginning on or after 1 July 2012). The amendments require that an entity present separately the items of other comprehensive income that would be reclassified to profit or loss in the future if certain conditions are met from those that would never be reclassified to profit or loss. The amendments do not address which items are presented in other comprehensive income or which items need to be reclassified. The requirements of other IFRSs continue to apply in this regard. The amendments have no impact on financial statements of the Company.

3. SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies as set below have been applied consistently to all periods presented in these unconsolidated financial statements. The comparative profit and loss account has been re-presented as if an operation discontinued during the year had been discontinued from the start of comparative year (Refer note 1.2 and 30).

3.1 Financial Liabilities

Financial Liabilities includes markup being borrowing and trade and other payables, except for provision for gratuity. Financial liabilities are initially recognised on trade date i.e the date on which the company becomes party to the respective contractual provisions.

3.1.1 Mark-up bearing borrowings and borrowing cost

Mark-up bearing borrowings are recognised initially at fair value, plus any directly attributable transaction cost. Subsequent to initial recognition, mark-up bearing borrowings are stated at amortised cost, using the effective interest method.

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 borrowing cost are taken to the profit and loss account currently. unconsolidated profit and loss account currently.

3.1.2 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.

3.2 Taxation

Taxation expense comprise current and deferred tax. Current and deferred tax is recognized in profit and loss account except to the extent that it relates to items recognized in equity or other comprehensive income

Current

Provision for current taxation is the expected tax payable on taxable income for the year and 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 considering the effects of minimum taxation, available tax credits and rebates.

Deferred

Deferred taxation is recognized, 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 reporting 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 future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

3.3 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 by a qualified actuary. Actuarial gains and losses are recognised immediately in the 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.

The size of gratuity funds have been significantly reduced due to payment to factory workers at the time of Golden Handshake Scheme (Refer note 1.2). Presently, only three employees are the members of the Fund.

3.4 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 is made on the basis of claims lodged with the Company and historical data.

3.5 Property, plant and equipment

Tangible

Owned

Items of property, plant and equipment are measured at cost 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, plant and equipment. 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 based on cost/revalued amount less its residual value of the asset. 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.

3.6 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.

3.7 Investment in a Subsidiary

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

3.8 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.

3.9 Goods in transit

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

3.10 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.

3.11 Financial Assets

Financial assets comprise loans and receivable. All financial assets are initially recognized on trade date i.e. date on which the company becomes party to the respective contractual provisions. Loans and receivable are financial assets with fixed or determinable payments that are not quoted in active markets and comprise cash and cash equivalents, trade debts and other receivable.

3.11.1 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.

3.11.2 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.

3.12 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.

3.13 Foreign currency transactions

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

3.14 Offsetting of financial assets and financial liabilities

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

3.15 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 in proportion to the stage of completion of transaction at reporting date.

- Interest income is recognized using effective interest method.

3.16 Allocation of common expenses

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

3.17 Operating segments

An operating segment is a component of the Company 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 Company’s Chief Executive Officer 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.

3.18 Discontinued operation

A discontinued operation is a component of the Company's business that represents a separate major line of business or geographical area of operations that has been disposed of / discontinued or is held for sale, or is a subsidiary acquired exclusively with a view to resale. Classification as a discontinued operation occurs upon disposal or when the operation meets the criteria to be classified as held for sale, if earlier. When an operation is classified as a discontinued operation, the comparative profit and loss account or statement of comprehensive income, as the case may be, is re-presented as if the operation had been discontinued from the start of the comparative period.

3.19 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	**2011**	2010
	(Rupees in '000)	
6,808,175 (2010: 6,808,175) ordinary shares of Rs. 10 each fully paid in cash	**68,082**	68,082
1,177,784 (2010: 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 2011, Dalda Foods (Private) Limited, the Holding Company held 73.64% (2010: 73.64%) shares of the Company.

5.	SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT		2011	2010
			(Rupees in '000)	
	Balance as on 1 July		**146,298**	125,573
	(Deletion)/Addition as a result of revaluation of assets made		**(445)**	23,917
	Surplus transferred to accumulated losses in respect of incremental depreciation charged on related assets during the year		**(2,940)**	(3,192)
			142,913	146,298
	Related deferred tax liability as on 1 July		**(12,084)**	(7,326)
	Tax effect on incremental depreciation transferred to retained earning		**1,029**	1,117
	Related deferred tax liability on Deletion/(additions) as a result of revaluation of assets made		**156**	(5,875)
	Related deferred tax liability as on 30 June		**(10,899)**	(12,084)
			132,014	134,214

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, M/s Akbani and Javed Associates on 26 June 2010 and on 20 August 2011.

6.	SUBORDINATED LOANS FROM HOLDING COMPANY - unsecured			
	Loan I	*6.1*	**150,000**	150,000
	Loan II	*6.2*	**200,000**	200,000
			350,000	350,000
	Current maturity		**(15,000)**	-
			335,000	350,000

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% 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 ended 30 June 2010.

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 ended 30 June 2010.

7.	PROVISION FOR COMPENSATED ABSENCES	2011	2010
	Balance as at 1 July	**1,877**	1,701
	(Reversal) / provision made during the year	**(353)**	183
		1,524	1,884
	Payments made during the year	**(654)**	(7)
	Balance as at 30 June	**870**	1,877

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

8. TRADE AND OTHER PAYABLES		2011	2010
		(Rupees in '000)	
Trade payables against:			
- Goods	8.1	**339,035**	146,334
- Expenses		**1,254**	3,098
		340,289	149,432
Accrued expenses		**11,030**	11,550
Advances from customers		**13,082**	11,516
Other liabilities		**34**	1,281
Payable to Holding Company		**56,687**	6,696
Payable to gratuity fund		**-**	1,521
Unclaimed dividends		**557**	557
Sales tax payable on toll manufacturing		**-**	276
		421,679	182,829

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

- Associated companies	**49,048**	122,605
- Others	**289,987**	23,729
	339,035	146,334

9. SHORT TERM BORROWINGS - secured

Running finance against mark-up arrangement	9.1	**34,040**	69,942
Running finance under FE-25 Import Scheme	9.2	**113,317**	-
		147,357	69,942

9.1 The Company has running finance facility under mark-up arrangement of Rs. 95 million (2010: Rs. 95 million) from a commercial bank. It carries mark-up rate of 3 months' KIBOR (ask side) plus 2% per annum (2010: 3 months KIBOR plus 2 % p.a) to be recovered on quaterly basis. This facility is secured against corporate guarantee by the Holding Company, hypothecation of stockes and receivables, first pari passu charge on all present and future stocks in trade/ receivables and other current assets to the extent of Rs. 126.667 million (including 25% margin) over all present current assets and first pari passu charge over all present and furture fixed assets to the extent of Rs. 158.334 million (including 40% margin). The Company has also obtained facility from the same commercial bank for import / inland letters of credit having a limit of Rs. 30 million which is unavailed as at 30 June 2011. This faciltiy for letter of credit carries markup at the rate of 0.4% per quarter and is secured against import goods, first pari passu charge on all present and future frixed assets to the extent of Rs. 8.334 million (including 40%) and first pari passu charge on all present and future current assets to the extent of Rs. 30 million. This facility expired on 30 June 2011, which has been renewed subsequently.

9.2 The facility for short term running finance under Foreign Exchange Circular No. 25 dated 20 June 1998 having limit of Rs. 200 million is available from an Islamic bank is for the purpose of meeting import requirements. It carries mark-up rate of 3 months LIBOR plus 1.75% per annum. These facilities are secured against corporate guarantee of the Holding Company and ranking charge over stocks and receivables amounting to Rs 223 million. This facility expired on 30 June 2011, which has been renewed subsequently.

9.3 The unavailed facility for local / import letters of credit (Usance) having a limit of Rs. 200 million is available from an Islamic bank. It carries markup at the rate of 0.1% per quarter and is secured against corporate guarantee of the Holding Company and import documents / goods. This facility is renewable upon its expiry.

9.4 The unavailed facility for Murabaha (local/import) having a limit of Rs. 200 million is available from an Islamic bank. It carries markup at the rate of KIBOR plus 0.5 per cent per annum and is secured against corporate guarantee of the Holding Company and ranking charge over stocks and receivables amounting to Rs. 223 million. This facility expires on 30 June 2011 and is renewable.

10. CONTINGENCIES AND COMMITMENTS

		2011	2010
		(Rupees in '000)	
Contingencies	*10.1*	**38,603**	36,813
Commitment	*10.2*	**119,607**	-

10.1 Contingencies

		2011	2010
Claims against Company not acknowledged as debt	*10.1.1 & 10.1.2*	**32,531**	30,741
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 along with 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 high 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. A pay order of US$ 206,110 (equivalent to Pak Rupees 17.715 million) was prepared during the year which has been furnished to the High Court (refer note 18.1) 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.

10.2 The unavailed facility for local / import letters of credit (Sight) having a limit of Rs. 200 million is available from an Islamic bank. It carries markup at the rate of 0.1% per quarter and is secured against corporate guarantee of the Holding Company and import documents / goods. This facility expires on 30 June 2011 which has been renewed subsequently.

11. PROPERTY, PLANT AND EQUIPMENT

11.1 Assets

2011

	Cost					Depreciation					Written down	Rate
	As at 01 July 2010	Additions (Disposals)	Revaluation Adjustment	Revaluation Surplus / (deficit)	As at 30 June 2011	As at 01 July 2010	For the year	(Disposals)	Revaluation adjustment	As at 30 June 2011	value as at 30 June 2011	%
	(Rupees in '000)											
Owned												
Freehold land	**113,600**	-	-	-	**113,600**	-	-	-	-	-	**113,600**	-
Building on freehold land	**15,514**	-	-	**635**	**16,149**	-	**1,410**	-	-	**1,410**	**14,739**	*5-10*
Plant and machinery	**22,720**	-	-	**(1,080)**	**21,640**	-	**2,272**	-	-	**2,272**	**19,368**	*10*
Factory equipment	**3,256**	-	-	-	**3,256**	**3,029**	**32**	-	-	**3,061**	**195**	*10*
Furniture	**828**	-	-	-	**828**	**815**	**2**	-	-	**817**	**11**	*10*
Fittings	**2,231**	-	-	-	**2,231**	**2,231**	-	-	-	**2,231**	-	*10*
Office / residential equipment	**12,891**	-	-	-	**12,891**	**12,721**	**137**	-	-	**12,858**	**33**	*10 & 33.33*
Vehicles	**5,352**	- **(880)**	-	-	**4,472**	**5,208**	**119**	**(856)** -	-	**4,471**	**1**	*20*
Intangible assets	**776**	-	-	-	**776**	**776**	-	-	-	**776**	-	-
	177,168	- **(880)**	-	**(445)**	**175,843**	**24,780**	**3,972**	**(856)**	-	**27,896**	**147,947**	

2010

	Cost					Depreciation					Written down	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	value 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	

As per Board of directors' decision as stated in note 1.2 to the unconsolidated financial statements, the Production facility of the Company has been shut down/closed on 31 December 2010 and has accordingly been retired from their active use. Due to this retirement from active use, an independent valuation of freehold land, building thereon and plant and machinery , i.e., Production facility, was carried out by independent valuer as at 30 June 2011 to assess its realisability. The financial effects of the revaluation has been duly recorded in these unconsolidated financial statements.

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**	**48,925**	**2,968**
	63,146	**58,352**	**4,794**
2010	63,146	57,610	5,536

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

		2011	2010
		(Rupees in '000)	
Discontinued Operations			
- Cost of goods manufactured		**3,853**	3,217
- Administration expenses		**119**	833
- Selling and distribution expenses		**-**	204
		3,972	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	(Loss) / gain	Mode of disposal	Purchaser
	(Rupees in '000)						
Motor vehicles							
Book value less than Rs.50,000 each	880	(856)	24	-	(24)	Company Policy	Mr. Ashfaq Warraich
2011	**880**	**(856)**	**24**	**-**	**(24)**		
2010	850	(831)	19	329	310		

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

	2011	2010
	(Rupees in '000)	
Cost of investment	**50,000**	50,000
Less: Impairment	**(24,719)**	(16,114)
	25,281	33,886

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	2011	2010
Loans and advances due from employees		**316**	956
Less: doubtful loans and advances		**(19)**	(19)
	13.1	**297**	937
Provision made during the year		**(297)**	-
Recoverable within one year		**-**	(357)
		-	580

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 were secured against the retirement benefits of respective employees. These were recoverable within 50 monthly installments.

14. STORES AND SPARES

	Note	2011	2010
		(Rupees in '000)	
Stores and spares		**9,042**	9,319
Provision against slow moving stores and spares	*14.1*	**(3,282)**	(4,377)
		5,760	4,942

14.1 Movement for provision against slow moving stores and spares

	2011	2010
Balance as at 1 July	**4,377**	4,377
Reversal during the year	**(1,095)**	-
Balance as at 30 June	**3,282**	4,377

As at 30 June 2011, an independent valuation was carried out by an independent valuer. Based on valuation, the forced sale value of stores and spares was Rs. 5.760 million as at 30 June 2011. Accordingly, provision has been adjusted.

15. STOCK-IN-TRADE

	Note	2011	2010
Raw materials	*15.2*	**99,437**	1,537
Raw materials in transit		**314,055**	-
		413,492	1,537
Provision against obsolete raw material		**(2,720)**	-
		410,772	1,537
Packing materials	*15.2*	**12,363**	18,266
Provision against obsolete packing material	*15.1*	**(3,958)**	(2,273)
		8,405	15,993
Work-in-process	*15.2*	**6,712**	30,960
		425,889	48,490
Finished goods - Ghee and cooking oil		**148,587**	90,784
Write down of finished goods to net realisable value		**(765)**	(765)
Provision against obsolete finished goods		**(3,948)**	-
		143,874	90,019
Acid oil (by-product)		**5,926**	6,133
Provision for obsolete stock		**(2,000)**	-
		3,926	6,133
		573,689	144,642

15.1 Movement for provision of packing material

		2011	2010
		(Rupees in '000)	
Balance as at 1 July		**2,273**	-
Provision made during the year		**3,499**	2,273
Reversal made during the year		**(1,814)**	-
Balance as at 30 June		**3,958**	2,273

15.2 Stock held by the Holding Company

Raw material		**97,256**	-
Packing material		**4,606**	-
Work in progress		**6,712**	-
		108,574	-

These stocks were held by the Holding Company on account of toll manufacturing of the Holding Company's products as more fully explained in note 1.2 to these consolidated financial statements.

16. TRADE DEBTS - secured and considered good

Considered good		**20,152**	83,754
Considered doubtful		**9,666**	27,968
		29,818	111,722
Provision for doubtful debts	*16.1*	**(9,666)**	(27,968)
		20,152	83,754

16.1 Movement in provision for doubtful debts

Balance as at 1 July		**27,968**	28,642
Provision made during the year		**1,799**	2,000
Written off during the year	*16.1.1*	**(20,101)**	(2,674)
Balance as at 30 June		**9,666**	27,968

16.1.1 During the year detailed exercise was carried out evaluating the prospects of recovery of balances outstanding for more than 2 years based on available supports with the Company, and accordingly these balances were written off.

17. LOANS AND ADVANCES - considered good

Current maturity of long term loans and advances to employees - secured and considered good	*13*	**-**	357
Short term advances to staff - secured		**5**	291
Provision there against		**-**	(201)
	17.1	**5**	90
Advance payments to contractors and suppliers - unsecured		**500**	500
Provision thereagainst		**(500)**	(500)
		-	-
		5	447

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		**2011**	2010
		(Rupees in '000)	
Deposits and prepayments	*18.1*	**18,099**	1,238
Provision there against		**(379)**	(379)
		17,720	859
Margin against bank guarantees		**6,072**	6,072
Accured profit on foreign currency fixed deposit		**609**	359
Sales tax refundable		**2,118**	
Accrued markup on due from Subsidiary Company		**1,025**	1,025
Less: Provision there against		**(1,025)**	
		-	**1,025**
Other receivables - unsecured - considered good:			
Receivable From Gratuity Fund		**2,398**	-
Due from ZIL Limited - a related party	*18.2*	**728**	1,152
Due from the Subsidiary Company	*18.3*	**9,924**	9,924
Due from the Holding company		**-**	-
Others		**996**	996
		14,046	12,072
Provision against other receivables		**(997)**	(997)
		39,568	19,390

18.1 This includes deposit of US$ 206,110 (equivalent to Pak rupees 17.715 million) furnished to the High Court of Sindh in the form of a payorder during the year (refer note 10.1.2).

18.2 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.

18.3 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. No interest has been recorded on these balances due to the deteriorating financial position of the Subsidiary.

19. TAXATION - net

	2011	2010
Advance tax	**68,214**	45,595
Provision for tax	**(48,126)**	(28,770)
	20,088	16,825

20. CASH AND BANK BALANCES

	Note	2011	2010
		(Rupees in '000)	
Cash in hand		**-**	218
With banks - current accounts		**5,583**	31,997
- saving account	*20.1*	**22,302**	39,533
Deposit with bank - foreign currency FDR	*20.2*	**-**	17,601
		27,885	89,349

20.1 The saving account carry mark-up at the rate of 8% (2010: 1.5% to 2%) per annum.

20.2 The foreign currency deposit account carry mark-up at the rate of 1.5% (2010: 1.5 %) per annum. This balance was utilised to furnish pay order to High Court of Sindh during the year.

21. REVENUE - net

	2011	2010
Revenue - production through toll manufacturing agreement (Refer note 1.2)	**799,390**	-
Leakages and damages	**(2,242)**	-
	797,148	-

22. COST OF GOODS SOLD / SERVICES RENDERED

	Note	2011	2010
Finished goods as on 1 January		**-**	-
Cost of goods manufactured / services rendered	*22.1*	**812,969**	-
Available for sale		**812,969**	-
Finished goods as on 30 June		**(154,513)**	-
		658,456	-

22.1 Cost of goods manufactured / services rendered

	Note	2011	2010
Work in process as on 1 January		**-**	-
Raw materials consumed	*22.2*	**742,881**	-
Packing materials consumed	*22.3*	**50,478**	-
Manufacturing charges paid to third Party		**25,917**	-
PSI Marking fee		**405**	-
		819,681	-
Work in process as on 30 June		**(6,712)**	-
		812,969	-

		Note	2011	2010
22.2	**Raw materials consumed**			
			(Rupees in '000)	
	Balance as on 1 January		**1,798**	-
	Purchases		**840,520**	-
			842,318	-
	Balance as on 30 June		**(99,437)**	-
			742,881	-
22.3	**Packing materials consumed**			
	Balance as on 1 January		**13,466**	-
	Purchases		**49,375**	-
			62,841	-
	Balance as on 30 June		**(12,363)**	-
			50,478	-
23.	**ADMINISTRATIVE EXPENSES**			
	Salaries, wages and other benefits		**1,455**	-
	Travelling and conveyance		**251**	217
	Legal and professional charges		**3,711**	2,110
	Rent, rates and taxes		**133**	-
	Postage, telegrams and telephone		**248**	206
	Printing and stationery		**879**	823
	Insurance		**584**	-
	Subscription		**240**	281
	Auditors' remuneration	*23.1*	**699**	505
	Fee under service level agreement with the			-
	Holding Company (note 1.2)		**6,600**	6,000
			14,800	10,142
23.1	**Auditors' remuneration**			
	Statutory audit fee		**500**	325
	Half yearly review		**80**	75
	Certification for code of corporate governance		**40**	40
	Other certifications		**15**	15
	Out of pocket expenses		**64**	50
			699	505

			2011	2010
			(Rupees in '000)	
24.	**SELLING AND DISTRIBUTION EXPENSES**			
	Sales promotion		**12,200**	-
	Advertisement		**142**	-
	Freight		**8,853**	-
	Insurance		**282**	-
			21,477	-
	Expenses under the agreement with the Holding Company (note 1.2)		**14,737**	-
			36,214	-
25.	**OTHER OPERATING EXPENSES**			
	Provision for doubtful debts	*16.1*	**1,799**	-
	Provision against markup receivable from Subsidiary Company		**1,025**	-
	Provision against investment in a Subsidiary Company	*12*	**8,605**	16,114
			11,429	16,114
26.	**OTHER OPERATING INCOME**			
	Income from financial assets			
	Profit on foreign currency fixed deposit		**314**	1,099
	Profit on local currency deposit		**2,580**	734
			2,894	1,833
	Income from non-financial assets			
	Scrap sales		**1,424**	-
	Liabilities written back		**508**	-
			1,932	-
			4,826	1,833
27.	**FINANCE COSTS**			
	Mark-up on:			
	- Short term borrowings		**11,956**	10,177
	- Subordinated loan from the Holding Company		**48,558**	46,515
	- Finance against trust receipts		**-**	191
	Bank charges		**1,463**	2,213
	Exchange loss on FE-25 Loan		**1,894**	-
	Finance cost on oil borrowed from parent company		**2,325**	-
	Amortization of long term security deposits		**(107)**	238
			66,089	59,334

28 TAXATION

	Note	2011	2010
		(Rupees in '000)	
From continuing operations			
Current		**7,994**	-
From discontinued operations			
Current	*30*	**11,362**	9,260
Deferred	*30*	**(1,028)**	(1,117)
		10,334	8,143
		18,328	8,143

28.1 Reconciliation of accounting profit and tax expense

	2011	2010
Loss before taxation	**(29,556)**	(67,166)
Tax at the enacted tax rate of 35% (2010: 35%)	**(10,345)**	(23,508)
Tax effect of taxable loss and other deductible temporary differences not recognised	**10,340**	18,728
Minimum turnover tax	**19,356**	9,260
Tax effect on revaluation of fixed assets	**-**	4,758
Other	**(1,023)**	(1,095)
	18,328	9,238

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. 118.296 million (2010: Rs. 107.956 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 2010 have been filed by the Company and is deemed to be assessment order under section 120 of the Income Tax Ordinance, 2001, unless selected fortax audit purpose.

29. CASH AND CASH EQUIVALENTS

	2011	2010
Cash and bank balances	**27,885**	89,349
Short term borrowings	**(147,357)**	(69,942)
	(119,472)	19,407

30. PROFIT FROM DISCONTINUED OPERATION

As fully stated in note 1.2 , according to the Board of directors' decision the Production facility has been shut down / closed on 31 December 2010. All the revenue generated and expenses incurredpertaining to the discontinued operation up to 31 December 2010 and subsequent period have beenincluded in discontinued operation. The comparative profit and loss represented to disclose thediscontinued operation separately from continuing operation.

Results from discontinued operation		2011	2010
		(Rupees in '000')	
Revenue		1,133,290	1,848,347
Cost of Sales		(1,047,409)	(1,718,465)
		85,881	129,882
Administrative expenses		(7,511)	(10,650)
Selling and distribution expenses		(58,902)	(106,186)
Other operating expenses		(11,379)	1,238
		(77,792)	(115,598)
Expense under Golden Handshake Scheme	1.2	(51,854)	-
Legal and professional charges in respect of discontinuation of Production facility		(1,890)	-
Other operating income		1,113	2,307
(Loss) / profit before taxation		(44,542)	16,591
Taxation			
Current		(11,362)	(9,260)
Deferred		1,028	1,117
		(10,334)	(8,143)
(Loss) / profit for the year		(54,876)	8,448

30.1 Cash flows from (used in) / from discontinued operation

	2011	2010
Cash flows from operating activities	(124,618)	40,927
Net cash used from investing activities	-	170
	(124,618)	41,097

31. EARNINGS / (LOSS) PER SHARE - basic and diluted

	2011	2010
Profit / (loss) for the year from continuing operation	6,992	(83,757)
(Loss) / profit for the year from discontinued operation	(54,876)	8,448
(Loss) for the year attributable to ordinary shareholders	(47,884)	(75,309)
	(Number of shares)	
Weighted average number of ordinary shares	7,985,959	7,985,959
	(Rupees)	
Earnings / (loss) per share - basic and diluted for continuing operation	0.88	(10.49)
(Loss) / earning per share - basic and diluted for discontinued operation	(6.87)	1.06
(Loss) per share - basic and diluted	(5.99)	(9.43)

32. STAFF RETIREMENT BENEFITS

Gratuity Fund

Principal actuarial assumptions used in the actuarial valuation of the scheme carried out as at 30 June 2011 are as follows:

- Discount rate at 14 % per annum (2010: 14% per annum).

- Expected rate of return on plan assets at 14% per annum (2010: 14% per annum).

- Expected rate of increase in salary level at 14% per annum for management employees (2010: 14% per annum) and at 13% for non-management employees (2010: 13% per annum).

The amount recognised in unconsolidated balance sheet is as follows:

	2011	2010
	(Rupees in '000)	
Present value of defined benefit obligation	**4,026**	22,518
Fair value of plan assets	**6,424**	20,997
Liability as at	**(2,398)**	1,521
Changes in present value of defined benefit obligation		
Obligation as at 1 July	**22,518**	20,657
Current service cost	**897**	833
Interest cost	**1,711**	2,735
Benefits paid	**(20,600)**	(809)
Actuarial (gain)	**(500)**	(898)
Obligation as at 30 June	**4,026**	22,518
Changes in fair value of plan assets		
Fair value as at 1 July	**20,997**	17,017
Expected return on plan assets	**2,940**	2,044
Contributions	**2,090**	1,000
Benefits paid	**(20,600)**	1,834
Actuarial gain / (loss)	**998**	(898)
Fair value as at 30 June	**6,425**	20,997
Recognised (Asset) / liability		
Balance as at 1 July	**1,521**	3,640
(Income) / expense recognized	**(1,830)**	(1,119)
Contributions	**(2,090)**	(1,000)
Company's liability as at 30 June	**(2,399)**	1,521

The amount recognised in the unconsolidated profit and loss account is as follows:	**2011**	2010
	(Rupees in '000)	
Current service cost	**897**	833
Interest cost	**1,711**	2,735
Expected return on plan assets	**(2,940)**	(2,044)
Actuarial (gains)	**(1,498)**	(2,643)
Net (income) for the year	**(1,830)**	(1,119)

Actual return on plan assets is as follows:

	2011	2010
Expected return on plan assets	**2,940**	2,044
Actuarial gain on plan assets	**500**	1,834
Actual return on plan assets	**3,440**	3,878

Composition / fair value of plan assets used by the fund	**(Percent)**	
Equity instruments	**94.95**	96.55
Others	**5.05**	3.45

Historical information	**2011**	2010	2009	2008	2007
	(Rupees in '000)				
Present value of defined benefit obligation	**4,026**	22,518	20,657	18,373	17,140
Fair value of planned assets	**(6,424)**	(20,997)	(17,017)	(18,723)	(19,125)
(Asset) / liability in balance sheet	**(2,398)**	1,521	3,640	(350)	(1,985)
Experience adjustment arising on plan liabilities (gains) / losses	**(500)**	(809)	1,025	784	656
Experience adjustment arising on plan assets gains / (losses)	**998**	1,834	(2,294)	(306)	(104)

33. 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, Mapak Qasim Bulkers (Private) Limited, ZIL 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 parties 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 34). The aggregate value of transactions and outstanding balances as at 30 June 2011 with related parties other than those which have been disclosed else where are as follows:

	2011					
	Balance as at 1 July 2010 receivable / (payable)	(Purchases) / sales / service income	Common expenses allocated receivable / (payable)	Payment made by	Payment received	Balance as at 30 June 2011 receivable / (payable)
	(Rupees in '000)					
Holding Company	**(6,696)**	**(82,710)** **855**	**25,595** **(6,147)**	**38,720**	**(26,304)**	**(56,687)**
Subsidiary Company						
Wazir Ali Ventures (Private) Limited	**9,923**	**-**	**-**	**-**	**-**	**9,923**
Associated Companies						
Mapak Edible Oils (Private) Limited	**(110,190)**	**(553,702)**	**-**	**614,844**	**-**	**(49,048)**
Shakoo (Private) Limited	**(7,356)**	**(86,771)**	**-**	**94,127**	**-**	**-**
Mapak Qasim Bulkers (Private) Limited		**(296)**	**-**	**296**	**-**	**-**
IGI Insurance Limited - insurance Premium	**(417)**	**(1,651)**	**-**	**1,902**	**-**	**(166)**
ZIL Limited	**1,152**	**(152)**	**1,858**	**-**	**(2,130)**	**728**

	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) Limited	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)

	Transaction value		Balance receivable / (payable)	
Others	**2011**	2010	**2011**	2010
- Payments made to retiring employees on behalf of the Gratuity Fund	**17,694**	-	**2,398**	-
- Contribtuion to Gratuity Fund	**-**	1,000	**-**	(1,521)
- Payments received from Gratuity Fund	**15,604**	-	**-**	-

34. 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:

	2011		2010	
	Chief Executive	**Other Executives**	Chief Executive	Other Executives
	(Rupees in '000)			
Remuneration	**1,200**	**2,118**	1,200	2,389
Rent and utilities	**-**	**1,141**	-	1,314
Medical expenses	**-**	**248**	-	240
Other perquisites	**-**	**1,488**	-	1,618
	1,200	**4,995**	1,200	5,561
Number of persons	**1**	**3**	1	4

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

35. **FINANCIAL RISK MANAGEMENT**

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 overall 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 controls and to monitor risks and exposures thereto. 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.

35.1 **Credit risk**

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial asset fails to meet its contractual obligations. 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.

35.1.1 **Exposure to credit risk**

The Company's credit risk principally arising from loans to employees, trade debts, loans and advances, deposits,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:

	2011	2010
	(Rupees in '000)	
Long term loans to employees	**-**	580
Trade debts	**20,152**	83,754
Loans and advances	**5**	447
Deposits and other receivables	**17,332**	18,532
Bank balances	**27,885**	89,131
	65,374	192,444

35.1.2 ***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	AAA
United Bank Limited	JCR-VIS	A-1+	AA+
Habib Bank Limited	JCR-VIS	A-1+	AA+
Faysal Bank Limited	PACRA	A1+	AA
MCB Bank Limited	PACRA	A1+	AA+

35.1.3 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 2011. The aging of trade debtors as at reporting date was:

	2011		2010	
	Gross	**Impairment**	Gross	Impairment
	---------------------------- **(Rupees in '000)**	---------------------------		
Past due but not impaired				
Past due 1-90 days	**16,490**	**-**	80,348	-
Past due 91 days -1 year	**1,173**	**-**	99	-
	17,663	**-**	80,447	-
Past due and impaired				
More than one year	**12,155**	**9,666**	31,275	27,968
Total	**29,818**	**9,666**	111,722	27,968

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.

35.2 Liquidity risk

Liquidity risk is the risk that the company 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.

	2011					
	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**	**(667,364)**	**(156,705)**	**(39,223)**	**(471,436)**	
Short term borrowings	**147,357**	**(149,673)**	**(2,316)**	**(147,357)**	**-**	**-**
Trade and other payables	**408,597**	**(408,597)**	**(408,597)**	**-**	**-**	**-**
	905,954	**(1,225,634)**	**(567,618)**	**(186,580)**	**(471,436)**	**-**

	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)

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 holding liquid asset comprising cash and cash equivalents as disclosed in note 9 to these unconsolidated financial statements and financial assistance available from the Holding Company as and when the need arises.

35.2.1 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 2011 as disclosed in note 6 and 9 to these unconsolidated financial statements.

35.3 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.

35.3.1 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 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
Due from Subsidiary Company	**9,924**	9,924
	9,924	27,525
Variable rate instruments		
Financial assets - Bank balance on saving account	**22,302**	39,533
Financial liabilities		
Subordinated loans from the Holding Company	**(350,000)**	(350,000)
Short term borrowings - Running finance against mark-up arrangement	**(34,040)**	(69,942)
	(384,040)	(419,942)
	(361,738)	(380,409)

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 profit and 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 2011 by Rs. 4.291 million (2010: Rs. 1.093 million) . This analysis assumes that all other variables, in particular foreign currency rates, remain constant.

35.3.2 Currency Risk

Foreign currency risk is the risk that the fair value or future cashflows of a financial assets 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 in foreign currencies.

Exposure to currency risk

The Company is exposed to currency risk only on foreign currency fixed deposit receipt with bank and FE-25 borrowing thereon that is denominated in a currency other than the respective functional currency of the Company.

	2011		2010	
	Rupees	**US Dollars**	Rupees	US Dollars
	In '000		In '000	
Financial assets				
Deposit with bank	**-**	**206**	17,601	206
Accrued profit on foreign currency fixed deposit	**609**	**7**	359	4
Financial Assets	**609**	**213**	17,960	210
Financial Liabilities - Running Finance on FE-25 import	**113,317**	**205**	-	-
Gross and net balance sheet exposure	**(112,708)**	**8**	17,960	210

The following significant exchange rates applied during the year:

	Average rates		**Balance sheet date rate**	
	2011	2010	**2011**	2010
US Dollars	**84.86**	84.15	**86.03 / 86.23**	85.40 / 85.60

SENSITIVITY ANALYSIS

A ten percent strengthening / (weakening) of the Rupee against US Dollar at 30 June 2011 would have increased / (decreased) fixed deposits receipts and accrued profit thereon by Rs. 1.787 million (2010: Rs. 1.799 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 2010.

35.4 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.

36. 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 other stakeholders and to maintain a strong capital base to support the sustained development of its business. Total amount of equity as at 30 June 2011 was Rs. 339.289 million in deficit.

The Company is not externally exposed to regulatory capital requirements.

37. PLANT CAPACITY, PRODUCTION AND SALES

	2011	2010
Vanaspati - Ghee and Cooking Oil	**(M. Tonnes)**	
Assessed capacity	**30,000**	30,000
Capacity utilized:		
Production	**12,626**	16,067
Toll Manufacturing	**3,713**	1,317
Total Capacity utilized	**16,339**	17,384
Sales	**12,327**	15,712

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

38. 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.

39. INFORMATION ABOUT BUSINESS SEGMENTS

39.1 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.
Toll Manufacturing By Holding Company - It comprises manufacturing of vanaspati ghee and cooking oil by the Holding Company for sale to its customers.
Information regarding the Company's reportable segments is presented below.

39.2 Segment revenue and results

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

	2011					2010			
	Own Manufacturing (Discontinued Operation (refer note 1.2))	Toll Manufacturing (Discontinued Operation (refer note 1.2))	Toll Manufacturing by Holding Company	Unallocated	Total	Own Manufacturing	Toll Manufacturing	Unallocated	Total
	-----(Rupees in '000)-----								
Revenue - net	1,132,435	855	797,148	-	1,930,438	1,846,623	1,724	-	1,848,347
Cost of goods sold / services									
Opening balance of finished goods	96,917	-	-	-	96,917	112,254	-	-	112,254
Cost of goods manufactured / services rendered	950,316	22,700	812,969	-	1,785,985	1,701,985	8,551	-	1,710,536
Less: reimbursable manufacturing expense and processing loss	-	(22,524)	-	-	(22,524)	-	(7,408)	-	(7,408)
Available for sale	1,047,233	176	812,969	-	1,860,378	1,814,239	1,143	-	1,815,382
Closing balance of finished goods	-	-	(154,513)	-	(154,513)	(96,917)	-	-	(96,917)
	1,047,233	176	658,456	-	1,705,865	1,717,322	1,143	-	1,718,465
Gross profit	85,202	679	138,692	-	224,573	129,301	581	-	129,882
Administration expenses	(7,511)	-	(14,800)	-	(22,310)	(10,650)	-	(10,142)	(20,792)
Selling and distribution expenses	(58,902)	-	(36,214)	-	(95,116)	(106,186)	-	-	(106,186)
Other operating expenses	(11,379)	-	(1,799)	(9,631)	(22,809)	1,238	-	(16,114)	(14,876)
	(77,792)	-	(52,813)	(9,631)	(140,235)	(115,598)	-	(26,256)	(141,854)
Expense under Golden Handshake Scheme	(51,854)	-	-	-	(51,854)	-	-	-	-
Legal and professional charges in respect of discontinuation of Production facility	(1,890)	-	-	-	(1,890)	-	-	-	-
Other operating income	1,113	-	4,826	-	5,939	2,307	-	1,833	4,140
Operating (loss) / profit	(45,221)	679	90,705	(9,631)	36,533	16,010	581	(24,423)	(7,832)
Finance costs	-	-	-	(66,089)	(66,089)	-	-	(59,334)	(59,334)
Loss before taxation	(45,221)	679	90,705	(75,720)	(29,556)	16,010	581	(83,757)	(67,166)
Taxation	(10,334)	-	(7,994)	-	(18,328)	(8,143)	-	-	(8,143)
(Loss) / profit after taxation for the year	(55,555)	679	82,711	(75,720)	(47,884)	7,867	581	(83,757)	(75,309)

39.2.1 Cost of goods manufactured / services rendered:

Opening stock of work in process	30,960	-	-	-	30,960	6,670	-	-	6,670
Raw materials consumed	816,185 *	6,640	742,881 **	-	1,565,706	1,521,375	1,785	-	1,523,160
Packing materials consumed	56,462	-	50,478	-	106,940	114,626	-	-	114,626
Stores and spares consumed	1,371	964	-	-	2,335	12,774	1,047	-	13,821
Manufacturing charges paid to 3rd Party	-		25,917	-	25,917				
Salaries, wages and other benefits	19,189	3,888	-	-	23,077	32,881	2,218	-	35,099
Travelling and conveyance and others	202	133	-	-	335	290	24	-	314
Fuel and power	19,689	9,876	-	-	29,565	36,408	2,984	-	39,392
Repair and maintenance	1,614	423	-	-	2,037	2,167	178	-	2,345
Rent, rates and taxes	359		-	-	359	335	-	-	335
Insurance	522	109	-	-	631	426	35	-	461
Depreciation	3,186	667	-	-	3,853	3,420	280	-	3,700
PSI Marking fee	577		405	-	982	1,573	-	-	1,573
	950,316	22,700	819,681	-	1,792,697	1,732,945	8,551	-	1,741,496
Closing stock of work in process	-	-	(6,712)	-	(6,712)	(30,960)	-	-	(30,960)
	950,316	22,700	812,969	-	1,785,985	1,701,985	8,551	-	1,710,536

39.2.2 Revenue reported above represents revenue generated from external customers. There were no inter-segment sales during the year (2010: Nil).

39.2.3 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.

39.2.4 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.

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

* This includes raw material of Rs. 10.993 million (2010: Rs. Nil) borrowed from the Holding company.

** This includes raw material of Rs. 42.658 (2010: Rs. Nil) borrowed from the Holding company.

39.2.6 Revenue from major products and services

The major products of the own manufacturing segments are Tullo BP Pouch 1 Kg and Tullo Cooking Oil 1 ltr Pouch.

39.2.7. Information about major customers

Revenue from major customers i.e., Utility Stores Corporation, Maheer Traders and Asif Traders in own manufacturing segment represent approximately Rs.551.490 million (2010: Rs. 569.331 million) of total own manufacturing segment revenue of Rs. 1,132.435 million (2010: Rs. 1,846.623 million). Revenue from toll manufacturing segment represent toll manufacturing fee charged to the Holding Company of the Company.

39.2.8 Geographical information

The Company operates in Pakistan only.

39.2.9 Segment assets and liabilities

	2011					2010			
	Own Manufacturing	**Toll Manufacturing**	**Toll Manufacturing by Holding Company**	**Unallocated**	**Total**	Own Manufacturing	Toll Manufacturing	Unallocated	Total
	----(Rupees in '000)----								
Segment assets	**184,476**	**-**	**651,482**	**25,286**	**861,244**	405,672	-	158,892	564,564
Segment liabilities	**870**	**-**	**582,250**	**479,036**	**1,062,156**	178,186	6,696	514,998	699,880

39.2.10 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 therefrom and mark up payable thereon are not allocated to reportable segmetns as these are managed by the Company's central treasury function.

39.2.11 Other segment information

	2011					2010			
	Own Manufacturing	**Toll Manufacturing**	**Toll Manufacturing by Holding Company**	**Unallocated**	**Total**	Own Manufacturing	Toll Manufacturing	Unallocated	Total
	----(Rupees in '000)----								
Capital expenditure	**-**	**-**	**-**	**-**	**-**	159	-	-	159
Depreciation and amortisation	**3,186**	**667**	**-**	**-**	**3,853**	3,420	280	267	3,967
Non-cash items (excluding depreciation and amortisation)	**11,379**	**-**	**1,799**	**9,631**	**22,809**	(1,238)	-	-	(1,238)

40 DATE OF AUTHORISATION

These unconsolidated financial statements were authorised for issue in the Board of Directors meeting held on September 29, 2011.

Chief Executive | **Director**

PATTERN OF HOLDING OF THE SHARES

Number of Shareholders	Shareholding From	Shareholding To	Total Shares held	%
2,266	1	100	34,631	0.4336%
380	101	500	95,977	1.2018%
120	501	1,000	93,857	1.1753%
102	1,001	5,000	216,031	2.7051%
16	5,001	10,000	105,906	1.3262%
6	10,001	15,000	66,361	0.8310%
3	15,001	20,000	46,119	0.5775%
2	20,001	25,000	42,000	0.5259%
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%
2,902			**7,985,958**	**100.0000%**

CATAEGORIES OF SHAREHOLDERS	NUMBER	SHARE HELD	%
DIRECTORS & FAMILY			
Syed Yawar Ali	2	738,052	9.24187%
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	15	17,217	0.21559%
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	2,134	0.02672%
Individuals	2,859	1,331,281	16.67027%
TOTAL	2,902	7,985,958	100.0000%

Wazir Ali Industries Limited

and its Subsidiary
Consolidated Financial Statement
(Audited)

30 June 2011

DIRECTORS' REPORT

The Directors of the Company would like to present the audited consolidated financial statements for the year ended 30 June 2011.

1. Group financial review - Continued Operations

Revenue from continued operation was 797.15M Gross profit and operating profit was 17.40% at138.69M & 10.75% at 85.73M respectively.

Profit before and after tax was 15.68M and 9.40M respectively

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

2. Group financial review –Discontinued Operations

Results from discontinued operation (refer note 34 to the Consolidated financial accounts) is as follows:

(Rs '000)

	2011	2010
Operating (Loss)/Profit	(45,655)	14,284
Add: Other income	1,113	2,307
(Loss)/Profit before taxation	(44,542)	16,591
Provision for taxation	(10,334)	(8,143)
(Loss)/Profit after taxation	(54,876)	8,448

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

Abdus Samad
Chief Executive Officer

Karachi: 29 September 2011

KPMG

KPMG Taseer Hadi & Co.
Chartered Accountants
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Karachi 75530 Pakistan

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Auditors' report to the members

We have audited the annexed consolidated financial Statement of Wazir Ali Industries Limited ('the Company') comprising consolidated balance sheet as at 30 June 2011 and the related consolidated profit and loss account, consolidated statement of comprehensive income, consolidated statement of cash flows and consolidated statement of changes equity together with the notes forming part thereof, for the year then ended.

These financial statements are the responsibility of the 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 plain and perform the audit to obtain reasonable assurance about whether the above said statements are free of any material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosure 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 Wazir Ali Industries Limited as at 30 June 2011, and the results of its operations, its cash flows and changes in equity for the year then ended in accordance with approved accounting standards as applicable in Pakistan.

We draw attention to note 1.3 to the consolidated financial statements which indicates that Wazir Ali Industries Limited incurred a net loss Rs. 45.472 million during the year ended on 30 June 2011 and, as of that date and its accumulated losses exceeded the shareholders equity by Rs. 414.527 million, while the current liabilities exceeded current assets by Rs. 114.715 million. Further, the production facility has been closed/shut down with effect from 31 December 2010. 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 consolidated financial statements have however been prepared on a going concern basis on the expectation of future profitability due to the restricting of the Company's activities and availability of financial support of Dalda Foods (Private) Limited – the Holding Company. Our repot is not qualified in respect of this matter.

Date: 29 September, 2011

Karachi.

KPMG Taseer Hadi & Co.
Chartered Accountants
Mohammad Nadeem

Consolidated Balance Sheet
As at 30 June 2011

	Note	2011 (Rupees in '000)	2010 (Rupees in '000)
EQUITY AND LIABILITIES			
Share capital and reserves			
Authorised capital			
8,000,000 ordinary shares of Rs. 10 each (2010: 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		**(505,033)**	(461,472)
Total equity		**(414,527)**	(370,966)
Surplus on revaluation of property, plant and equipment	5	**217,396**	219,596
Subordinated loans from the Holding Company - unsecured	6	**335,000**	350,000
Non-current liabilities			
Long term loan - secured	7	**-**	-
Deferred taxation	8	**25,862**	28,761
Provision for compensated absences	9	**870**	1,877
Total non-current liabilities		**26,732**	30,638
Current liabilities			
Trade and other payables	10	**421,817**	182,951
Mark-up payable on borrowings		**131,609**	84,620
Payable to Ultimate Holding Company	11	**55,472**	26,618
Short term borrowings – secured	12	**147,357**	79,913
Current maturity of long term liabilities	13	**35,947**	34,411
Total current liabilities		**792,202**	408,513
Contingencies and committements	14		
Total equity and liabilities		**956,803**	637,781

	Note	2011 (Rupees in '000)	2010 (Rupees in '000)
ASSETS			
Non-current assets			
Property, plant and equipment	15	**147,947**	152,388
Investment property	16	**130,500**	135,399
Long term loans to employees - secured and considered good	17	**-**	580
Long term security deposits		**869**	762
Total non-current assets		**279,316**	289,129
Current assets			
Stores and spares	18	**5,760**	4,942
Stock-in-trade	19	**573,689**	144,642
Trade debts - secured and considered good	20	**20,152**	83,754
Loans and advances - considered good	21	**5**	447
Deposits, prepayments and other receivables	22	**29,644**	8,441
Taxation - net	23	**20,088**	16,825
Cash and bank balances	24	**28,149**	89,601
Total current assets		**677,487**	348,652
Total assets		**956,803**	637,781

The annexed notes 1 to 44 form an integral part of these consolidated financial statements.

Chief Executive **Director**

Consolidated Profit and Loss Account

For the year ended 30 June 2011

	Note	2011	2010
		(Rupees in '000)	
Revenue - net	25	797,148	-
Cost of goods sold / services rendered	26	(658,456)	-
Gross profit		138,692	-
Administrative expenses	27	(14,877)	(10,195)
Selling and distribution expenses	28	(36,214)	-
Other operating expenses	29	(1,799)	-
		(52,890)	(10,195)
Changes in fair value of investment property		(4,899)	
Other operating income	30	4,826	1,833
Operating profit / (loss)		85,729	(8,362)
Finance costs	31	(70,045)	(66,815)
Profit / (loss) before taxation		15,684	(75,177)
Taxation - net	32	(6,280)	-
Profit / (loss) for the year from continuing operations		9,404	(75,177)
Discontinued operation			
(Loss) / Profit for the year from discontinued Operation - net of tax	34	(54,876)	8,448
(Loss) for the year		(45,472)	(66,729)
		(Rupees)	
Loss per share - basic and diluted	31	(5.69)	(8.36)
Continuing operations			
Earnings / (loss) per share - basic and diluted	31	1.18	(9.41)

The annexed notes 1 to 44 form an integral part of these consolidated financial statements.

Chief Executive

Director

Consolidated Statement of Comprehensive Income

For the year ended 30 June 2011

	2011	2010
	(Rupees in '000)	
Loss for the year	**(45,472)**	(66,729)
Other comprehensive income	-	-
Total comprehensive loss	**(45,472)**	(66,729)

The annexed notes 1 to 44 form an integral part of these consolidated financial statements.

Chief Executive

Director

Consolidated Statement of Cash Flows

For the year ended 30 June 2011

	Note	2011	2010
		(Rupees in '000)	
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss before taxation from continuing and discontinued operation		**(28,858)**	(58,586)
Adjustments for:			
Depreciation		**3,972**	3,967
Loss / (gain) on disposal of property, plant and equipment		**24**	(310)
Finance cost		**70,045**	66,815
Liabilities no more payable, written back		**(508)**	(55)
Provision against deposits, prepayments and other receivables		**-**	841
Provision against stores and spares		**1,095**	-
Provision for obsolete stock		**2,000**	-
Provision against obsolete raw material		**2,720**	-
Provision against obsolete packing material		**3,958**	-
Provision against obsolete finished goods		**4,713**	
(Reversal) / provision for compensated absences		**(353)**	183
Provision for impaired debts		**1,799**	2,000
Changes in fair value of investment property		**4,899**	-
		65,506	14,855
Movement in:			
Long term loans to employees		**580**	(210)
Long term security deposits		**(107)**	(762)
Stores and spares		**(1,913)**	1,970
Stock in trade		**(442,438)**	(13,179)
Trade debts		**61,803**	(74,587)
Loans and advances		**442**	(51)
Deposits, prepayments and other receivables		**(21,203)**	968
Compensated absences		**(654)**	(7)
Trade and other payables		**239,374**	146,562
		(98,610)	75,559
Finance costs paid		**(23,057)**	(20,419)
Income taxes paid		**(22,619)**	(6,913)
Net cash (used in) / from operating activities		**(144,286)**	48,227
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditure incurred		**-**	(159)
Proceeds from sale of property, plant and equipment		**-**	329
Net cash from investing activities		**-**	170
CASH FLOWS FROM FINANCING ACTIVITIES			
Payable to Ultimate Holding Company		**28,854**	15,855
Repayment of long term finance		**(13,464)**	(9,380)
Net cash from financing activities		**15,390**	6,475
Net (decrease) / increase in cash and cash equivalents		**(128,896)**	54,872
Cash and cash equivalents at beginning of the year		**9,688**	(45,184)
Cash and cash equivalents at end of the year	*33*	**(119,208)**	9,688

The annexed notes 1 to 44 form an integral part of these consolidated financial statements.

Chief Executive | **Director**

Consolidated Statement of Changes in Equity
For the year ended 30 June 2011

	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 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)
Total comprehensive loss for the year	-	-	-	(45,472)	(45,472)
Transferred from surplus on revaluation of property, plant and equipment - net of deferred tax	-	-	-	1,911	1,911
Balance as at 30 June 2011	**79,860**	**10,646**	**66,067**	**(571,100)**	**(414,527)**

The annexed notes 1 to 44 form an integral part of these consolidated financial statements.

Chief Executive **Director**

Notes to the Consolidated Financial Statements
For the year ended 30 June 2011

1. STATUS AND NATURE OF BUSINESS

1.1 Wazir Ali Industries Limited ("the Holding Company") was incorporated as a public limited Company under the Companies Act, 1913 (now the Companies Ordinance, 1984) and its shares are listed on the Karachi and Lahore Stock Exchanges. Principal activity of the Company is to manufacture and sale vanaspati ghee and cooking oils. The registered office of the Holding Company is located at F-33, Hub River Road, S.I.T.E. Area Karachi, Pakistan. The Holding Company is the subsidiary company of Dalda Foods (Private) Limited (the Ultimate Holding Company), (Refer note 4).

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 buildings and related infrastructure. The commercial activities of the Subsidiary have not yet commenced.

The registered office of the Holding Company and its 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 During the year ended 30 June 2011, the Board of Directors of the Holding Company decided to explore various options in relation to its current Production Facility in order to reduce production costs and for enhancement of value. However, the Board of Directors of the Holding Company decided as an immediate step, the production facility should be closed while complying with legal formalities and product demand should be met through toll manufacturing arrangement. As a result of above decision, following steps have been taken:

- Production facility has been shut down / closed with effect from 31 December 2010.

- After discussions and dialogue with Collective Bargaining Agent (CBA) Golden handshake scheme was offered to workers which has been accepted by and paid to all factory workers. Accordingly, costs of Rs. 51.854 million has been incurred and paid.

- Toll Manufacturing Service Agreement effective from February 2007 under which the Ultimate Holding Company guaranteed to place order at minimum of 10,000 tons annually has been terminated. However, the Ultimate Holding Company has agreed to give waiver in respect of six months notice period requirement.

- A new Toll Manufacturing Agreement between the Ultimate Holding Company and the Holding Company has been executed on 1 January 2011 whereby the Ultimate Holding Company has agreed to provide toll manufacturing services to the Holding Company for manufacturing of its product "TULLO". The Ultimate Holding Company is entitled to charge toll manufacturing fee at the rates specified in the agreement. This agreement may be terminated by either party by giving one month written notice.

The agreement dated 1 January 2007 between the Ultimate Holding Company and the Holding Company is still effective whereby the Ultimate Holding Company 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.

The Holding Company explored options as decided by the Board of Directors and concluded that in order to reduce production costs and for enhancement of value it is not feasible to recommence the production facility and manufacturing of products should be continued under toll manufacturing agreement with the Ultimate Holding Company. As a result, the Production facility which comprise of land, building, plant and machinery along with store and spares (retired from active use due to shut down / closed of the production facility) have been marked for sale in future.

1.3 The Group has incurred a net loss of Rs. 45.472 million during the year ended 30 June 2011 (June 2010: 66.729 million) and, as of that date, its accumulated loss exceeded the shareholders' equity by Rs. 414.527 million (June 2010: Rs. 370.966 million), whereas current liabilities exceeded current assets by Rs 114.715 million (2010: 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 assumptions that the Company would continue as a going concern are as follows:

- Based on restructuring of Holding Company's activities as stated in note 1.2 above, the management considers that the Holding Company would be able to reduce its fixed costs and expects profitability in future.

- Availability of financial support from the Ultimate Holding Company. As part of this, during the year ended 30 June 2010, the Ultimate Holding Company has rescheduled / restructured repayment of subordinated loans of Rs. 350 million. Refer note 6 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 notes 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 2011 comprise the financial statements of Wazir Ali Industries Limited - the Company and its Subsidiary Company, Wazir Ali Ventures (Private) Limited (together referred as "Group"). The financial statements of the Company are prepared and presented separately

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 Pakistani Rupees, which is also 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 ongoing 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 42 to these consolidated financial statements.

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

The following standards, interpretations and amendments of approved accounting standards are effective for accounting periods beginning from the dates specified below:

- IAS 24 Related Party Disclosures (revised 2009) – (effective for annual periods beginning on or after January 1, 2011). The revision amends the definition of a related party and modifies certain related party disclosure requirements for government-related entities. The amendment may result in certain changes in disclosures.

- Amendments to IAS 12 – deferred tax on investment property (effective for annual periods beginning on or after January 1, 2012). The 2010 amendment provides an exception to the measurement principle in respect of investment property measured using the fair value model in accordance with IAS 40 Investment Property. The measurement of deferred tax assets and liabilities, in this limited circumstance, is based on a rebuttable presumption that the carrying amount of the investment property will be recovered entirely through sale. The presumption can be rebutted only if the investment property is depreciable and held within a business model whose objective is to consume substantially all of the asset's economic benefits over the life of the asset. The amendment has no impact on financial statements of the Company.

- 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 January 1, 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 recognised as an asset rather than an expense. This amendment has no impact on Company's financial statements.

- Disclosures – Transfers of Financial Assets (Amendments to IFRS 7) - (effective for annual periods beginning on or after 1 July 2011). The amendments introduce new disclosure requirements about transfers of financial assets, including disclosures for financial assets that are not derecognised in their entirety; and financial assets that are derecognised in their entirety but for which the entity retains continuing involvement. The amendments have no impact on financial statements of the Company.

- 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. The amendments include list of events or transactions that require disclosure in the interim financial statements, add an explicit statement that qualitative disclosure should be made in the context of the quantitative disclosures to better enable users to evaluate an entity's exposure to risks arising from financial instruments and fair value of award credits under the customer loyalty programmes to take into account the amount of discounts or incentives that otherwise would be offered to customers that have not earned the award credits. Certain of these amendments will result in increased disclosures in the financial statements.

- IAS 27 Separate Financial Statements (2011) - (effective for annual periods beginning on or after 1 January 2013). IAS 27 (2011) supersedes IAS 27 (2008). IAS 27 (2011) carries forward the existing accounting and disclosure requirements for separate financial statements, with some minor clarifications. The amendments have no impact on financial statements of the Company.

- IAS 28 Investments in Associates and Joint Ventures (2011) - (effective for annual periods beginning on or after 1 January 2013). IAS 28 (2011) supersedes IAS 28 (2008). IAS 28 (2011) makes the amendments to apply IFRS 5 to an investment, or a portion of an investment, in an associate or a joint venture that meets the criteria to be classified as held for sale; and on cessation of significant influence or joint control, even if an investment in an associate becomes an investment in a joint venture. The amendments have no impact on financial statements of the Company.

- IAS 19 Employee Benefits (amended 2011) - (effective for annual periods beginning on or after 1 January 2013). The amended IAS 19 includes the amendments that require actuarial gains and losses to be recognised immediately in other comprehensive income; this change will remove the corridor method and eliminate the ability for entities to recognise all changes in the defined benefit obligation and in plan assets in profit or loss, which currently is allowed under IAS 19; and that the expected return on plan assets recognised in profit or loss is calculated based on the rate used to discount the defined benefit obligation. The amendments have no impact on financial statements of the Company.

- Presentation of Items of Other Comprehensive Income (Amendments to IAS 1) - (effective for annual periods beginning on or after 1 July 2012). The amendments require that an entity present separately the items of other comprehensive income that would be reclassified to profit or loss in the future if certain conditions are met from those that would never be reclassified to profit or loss. The amendments do not address which items are presented in other comprehensive income or which items need to be reclassified. The requirements of other IFRSs continue to apply in this regard. The amendments have no impact on financial statements of the Company.

3. SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies as set below have been applied consistently to all periods presented in these consolidated financial statements. The comparative profit and loss account has been re-presented as if an operation discontinued during the year had been discontinued from the start of comparative year (Refer note 1.2 and 34).

3.1 Financial Liabilities

Financial Liabilities includes markup being borrowing and trade and other payables, except for provision for gratuity and payable to Holding Company. Financial liabilities are initially recognised on trade date i.e the date on which the company becomes party to the respective contractual provisions.

3.1.1 Mark-up bearing borrowings and borrowing cost

Mark-up bearing borrowings are recognised initially at fair value, plus any directly attributable transaction cost. Subsequent to initial recognition, mark-up bearing borrowings are stated at amortised cost, using the effective interest method.

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 borrowing cost are taken to the profit and loss account currently.

3.1.2 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 Group and subsequently carried at amortised cost, if any.

3.2 Taxation

Taxation expense comprise current and deferred tax. Current and deferred tax is recognized in profit and loss account except to the extent that it relates to items recognized in equity or other comprehensive income

Current

Provision for current taxation is the expected tax payable on taxable income for the year and 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 considering the effects of minimum taxation, available tax credits and rebates.

Deferred

Deferred taxation is recognized, 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 reporting 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 future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

3.3 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 31 December 2007.

Defined benefit plan

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

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

Amounts recognized in the consolidated 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. The size of gratuity fund have been significantly reduced due to payment to factory workers at the time of Golden Handshake Scheme (Refer note 1.2). Presently, only three employees are the members of the Fund.

3.4 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 consolidated profit and loss account when the underlying products are sold. The provision is made on the basis of claims lodged with the Company and historical data.

3.5 Property, plant and equipment

Tangible

Owned

Items of property, plant and equipment are measured at cost 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. 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 consolidated profit and loss account during the period in which they are incurred.

Depreciation

Depreciation is based on cost/revalued amount less its residual value of the asset. 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.

3.6 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.

3.7 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.

3.8 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.

3.9 Goods in transit

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

3.10 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.

3.11 Financial Assets

Financial assets comprise loans and receivable. All financial assets are initially recognized on trade date i.e. date on which the company becomes party to the respective contractual provisions. Loans and receivable are financial assets with fixed or determinable payments that are not quoted in active markets and comprise cash and cash equivalents, trade debts and other receivable.

3.11.1 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 provided / written off.

3.11.2 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 statement of cash flows.

3.12 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 consolidated profit and loss account.

Non-financial assets

The carrying amount of the Gorup'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.

3.13 Foreign currency transactions

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

3.14 Offsetting of financial assets and financial liabilities

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

3.15 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 in proportion to the stage of completion of transaction at reporting date.

- Interest income is recognized using effective interest method.

3.16 Allocation of common expenses

The Group, under an agreement, is allocating certain common administrative expenses to ZIL Limited. The Group charges its share of these expenses to the profit and loss account.

3.17 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 Chief Executive Officer 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.

3.18 Discontinued operation

A discontinued operation is a component of the Company's business that represents a separate major line of business or geographical area of operations that has been disposed of / discontinued or is held for sale, or is a subsidiary acquired exclusively with a view to resale. Classification as a discontinued operation occurs upon disposal or when the operation meets the criteria to be classified as held for sale, if earlier. When an operation is classified as a discontinued operation, the comparative profit and loss account or statement of comprehensive income, as the case may be, is re-presented as if the operation had been discontinued from the start of the comparative period.

3.19 Dividend and appropriation of reserves

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

4. ISSUED, SUBSCRIBED AND PAID-UP CAPITAL

	2011	2010
	(Rupees in '000)	
6,808,175 (2010: 6,808,175) ordinary shares of Rs. 10 each fully paid in cash	**68,082**	68,082
1,177,784 (2010: 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 2011, Dalda Foods (Private) Limited, the Ultimate Holding Company held 73.64% (2010: 73.64%) shares of the Holding Company.

5. SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT	2011	2010
	(Rupees in '000)	
Balance as on 1 July	231,680	210,955
(Deletion) /addition as a result of revaluation of assets made	(445)	23,917
Surplus transferred to accumulated losses in respect of incremental depreciation charged on related assets during the year	(2,940)	(3,192)
	228,295	231,680
Related deferred tax liability as on 1 July	(12,084)	(7,326)
Tax effect on incremental depreciation transferred to retained earning	1,029	1,117
Related deferred tax liability on Deletion/(additions) as a result of revaluation of assets made	156	(5,875)
Related deferred tax liability as on 30 June	(10,899)	(12,084)
	217,396	219,596

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, M/s Akbani and Javed Associates on 26 June 2010 and on 20 August 2011.

6. SUBORDINATED LOANS FROM ULTAMATE HOLDING COMPANY - unsecured

		2011	2010
Loan I	*6.1*	150,000	150,000
Loan II	*6.2*	200,000	200,000
		350,000	350,000
Current maturity		(15,000)	-
		335,000	350,000

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 plus 1.5% 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 ended 30 June 2010.

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 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 ended 30 June 2010.

7. LONG TERM LOAN

	2011	2010
Balance as on 1 July	34,411	43,791
Repayments made during the year	(13,464)	(9,380)
	20,947	34,411
Current maturity	(20,947)	(34,411)
	-	-

7.1 This represents facility obtained from Faysal Bank Limited by the Subsidiary Company. The loan is repayable in 60 equal monthly instalments beginning after a grace period of two years and will be repaid fully in March 2013. The loan carries markup at rate of 3 months KIBOR plus 2% with a floor of 10% (2010: 3 months KIBOR plus 2% with a floor of 10%). The loan facility is secured against first mortgage charge over land of the Subsidiary Company amounting to Rs. 87.5 million. However, due to non-payment of instalments in time the loan is payable on demand and no waiver from the bank has yet been obtained. Accordingly, the whole amount is shown as current maturity.

		2011	2010
8. DEFERRED TAXATION		**(Rupees in '000)**	
Deferred tax credits arising on:			
-Surplus on revaluation on property, plant and equipment		**10,899**	12,084
-Investment property	*8.1*	**14,963**	16,677
		25,862	28,761
8.1 Trade payable against goods and services include amount due to:			
Balance as at 1 July		**16,677**	16,677
Reversal for the year		**(1,714)**	-
Balance as at 30 June		**14,963**	16,677
9. PROVISION FOR COMPENSATED ABSENCES			
Balance as at 1 July		**1,877**	1,701
(Reversal) / provision made during the year		**(353)**	183
		1,524	1,884
Payments made during the year		**(654)**	(7)
Balance as at 30 June		**870**	1,877

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

10. TRADE AND OTHER PAYABLES

Trade payables against:			
- Goods	*10.1*	**339,035**	146,334
- Expenses		**1,254**	3,098
		340,289	149,432
Accrued expenses		**11,168**	11,672
Advances from customers		**13,082**	11,516
Other liabilities		**34**	1,281
Payable to Holding Company		**56,687**	6,696
Payable to gratuity fund		**-**	1,521
Unclaimed dividends		**557**	557
Sales tax payable on toll manufacturing		**-**	276
		421,817	182,951

		2011	2010
10.1 Trade payable against goods and services include amount due to:		**(Rupees in '000)**	
- Associated companies		**49,048**	122,605
- Others		**289,987**	23,729
		339,035	146,334

11. PAYABLE TO ULTIMATE HOLDING COMPANY

This represents repayment of loan and settlement of short term borrowing with mark up of the Subsidiary paid by the Ultimate Holding Company on its behalf. The amount is payable in twelve months time.

12. SHORT TERM BORROWINGS - secured

		2011	2010
Running finance against mark-up arrangement	*12.1*	**34,040**	79,913
Running finance under FE-25 Import Scheme	*12.2*	**113,317**	-
		147,357	79,913

12.1 The Company has running finance facility under mark-up arrangement of Rs. 95 million (2010: Rs. 95million) from a commercial bank. It carries mark-up rate of 3 months' KIBOR (ask side) plus 2% perannum (2010: 3 months KIBOR plus 2 % p.a) to be recovered on quaterly basis. This facility issecured against corporate guarantee by the Holding Company, hypothecation of stockes andreceivables, first pari passu charge on all present and future stocks in trade/ receivables and othercurrent assets to the extent of Rs. 126.667 million (including 25% margin) over all present currentassets and first pari passu charge over all present and furture fixed assets to the extent of Rs.158.334 million (including 40% margin). The Company has also obtained facility from the same commercial bank for import / inland letters of credit having a limit of Rs. 30 million which is unavailedas at 30 June 2011. This facility for letter of credit carries markup at the rate of 0.4% per quarter andis secured against import goods, first pari passu charge on all present and future fixed assets to theextent of Rs. 8.334 million (including 40%) and first pari passu charge on all present and futurecurrent assets to the extent of Rs. 30 million. This facility expired on 30 June 2011, which has been renewed subsequently.

12.2 The facility for short term running finance under Foreign Exchange Circular No. 25 dated 20 June1998 having limit of Rs. 200 million is available from an Islamic bank is for the purpose of meeting import requirements. It carries mark-up rate of 3 months LIBOR plus 1.75% per annum. These facilities are secured against corporate guarantee of the Holding Company and ranking charge over stocks and receivables amounting to Rs. 223 million. This facility expired on 30 June 2011, which hasbeen renewed subsequently.

12.3 The unavailed facility for local / import letters of credit (Usance) having a limit of Rs. 200 million is available from an Islamic bank. It carries markup at the rate of 0.1% per quarter and is securedagainst corporate guarantee of the Holding Company and import documents / goods. This facility is renewable upon its expiry, which has been renewed subsequently.

12.4 The unavailed facility for Murabaha (local/import) having a limit of Rs. 200 million is available from an Islamic bank. It carries markup at the rate of KIBOR plus 0.1 per cent per annum and is secured issecured against corporate guarantee of the Ultimate Holding Company and ranking charge over stocks and receivables amounting to Rs 223 million. This facility expires on 30 June 2011, and is renewed subsequently.

13. CURRENT MATURITY OF LONG TERM LIABILITIES		**2011**	2010
		(Rupees in '000)	
Long term loan		**20,947**	34,411
Subordinated loan from the Holding Company	*6*	**15,000**	-
		35,947	34,411
14. CONTINGENCIES AND COMMITMENTS			
Contingencies	*14.1*	**38,603**	36,813
Commitment (Open letter of credits)	*14.2*	**119,607**	-
14.1 Contingencies			
Claims against Company not acknowledged as debt	*14.1.1 & 14.1.2*	**32,531**	30,741
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 atransporter company has been made which directs the Company to pay the sum of US$ 35,867 withinterest at 12% per annum from the date of filing of the suit till date of payment along with otherrestrictions. The Company filed an appeal before District Court, Karachi South against the order ofFirst 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 out come.

14.1.2 The Company filed a suit before the Honorable High Court claiming recovery of palm oilbrought 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 casesubsequently. 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 claimingright to said palm oil. Subsequently, the Company withdrew its case and bank guarantee wasreleased. Thereafter, the Honorable Supreme Court on an application by the bank has restored theearlier order and required the bank guarantee of US$ 206,108 from the Company, whichhad been furnished accordingly. This guarantee was replaced by fixed deposits receipts on itsexpiry. (Refer note 20.2) However, based on consultation with legal advisor, the Company isconfident that the ultimate outcome of the case would be in favour of the Company. Hence,no provision has been made in these consolidated financial statements.

14.2 The unavailed facility for local / import letters of credit (Sight) having a limit of Rs. 200 million isavailable from an Islamic bank. It carries markup at the rate of 0.1% per quarter and is securedagainst corporate guarantee of the Holding Company and import documents / goods. This facilityexpires on 30 June 2011 which has been renewed subsequently.

15. PROPERTY, PLANT AND EQUIPMENT

15.1 Assets

	2011											
	Cost					Depreciation					Written down value as at 30 June 2011	Rate %
	As at 01 July 2010	Additions/ (disposals)	Revaluation Adjustment	Revaluation Surplus/ (loss)	As at 30 June 2011	As at 01 July 2010	For the year	(Disposals)	Revaluation adjustment	As at 30 June 2011		
	(Rupees in '000)											
Owned												
Freehold land	113,600	-	-	-	113,600	-	-	-	-	-	113,600	-
Building on freehold land	15,514	-	-	635	16,149	-	1,410	-	-	1,410	14,739	*5-10*
Plant and machinery	22,720	-	-	(1,080)	21,640	-	2,272	-	-	2,272	19,368	*10*
Factory equipment	3,256	-	-	-	3,256	3,029	32	-	-	3,061	195	*10*
Furniture	828	-	-	-	828	815	2	-	-	817	11	*10*
Fittings	2,231	-	-	-	2,231	2,231	-	-	-	2,231	-	*10*
Office / residential equipment	12,891	-	-	-	12,891	12,721	137	-	-	12,858	33	*10 & 33.33*
Vehicles	5,352	- (880)	-	-	4,472	5,208	119	(856) -	-	4,471	1	*20*
Intangible assets	776	-	-	-	776	776	-	-	-	776	-	-
	177,168	- (880)	-	(445)	175,843	24,780	3,972	(856)	-	27,896	147,947	

	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	

As per Board of directors' decision as stated in note 1.2 to the consolidated financial statements, the Production facility of the Company has been shut down / close on 31December 2010 and has accordingly been retired from their active use. Due to this retirement from active use, an independent valuation of freehold land, building thereon plant and machinery , i.e., Production facility, was carried out by independent valuer as at 30 June 2011 to assess its realisability. The financial effects of the revaluation has been duly recorded in these consolidated financial statements.

15.2 Freehold land, building and plant and machinery are carried at revalued amounts. Had there been no revaluation, related figures of revalued assets would havebeen 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**	**48,925**	**2,968**
	63,146	**58,352**	**4,794**
2010	63,146	57,610	5,536

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

	2011	2010
	(Rupees in '000)	
Discontinued Operations		
- Cost of goods manufactured	**3,853**	3,217
- Administration expenses	**119**	833
- Selling and distribution expenses	**-**	204
	3,972	4,254

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

Description	Cost	Accumulated depreciation	Carrying value	Sale proceeds	(Loss) / gain	Mode of disposal	Purchaser
	(Rupees in '000)						
Motor vehicles							
Book value less than Rs.50,000 each	880	(856)	24	-	(24)	Company Policy	Mr. Ashfaq Warraich
2011	**880**	**(856)**	**24**	**-**	**(24)**		
2010	850	(831)	19	329	310		

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

16 INVESTMENT PROPERTY

The fair value of the land (industrial land) is Rs. 130.500 million (2010: Rs. 135.399 million) that isdetermined by independent valuer M/s. Akbani & Javed Associates as at 30 June 2011. The fair value hasbeen determined by valuer based on factors of location, need of buyers, the overall prevailing marketsituation and other considerations linked with it. Accordingly, the land has been stated at revalued amountand resultant gain of Rs. 4.899 miliion (2010: Rs. Nil) has been credited to profit and loss account. Detailsof charges on this investment property are given in notes 7 and 12 to these consolidated financialstatements.

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

	Note	2011	2010
Loans and advances due from employees		**316**	956
Less: doubtful loans and advances		**(19)**	(19)
	17.1	**297**	937
Provision made during the year		**(297)**	-
Recoverable within one year		**-**	(357)
		-	580

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 were secured against the retirement benefits of respective employees. These were recoverable within 50 monthly instalments.

18. STORES AND SPARES

	Note	2011	2010
		(Rupees in '000)	
Stores and spares		**9,042**	9,319
Provision against slow moving stores and spares	*18.1*	**(3,282)**	(4,377)
		5,760	4,942

18.1 Movement for provision against slow moving stores and spares

	2011	2010
Balance as at 1 July	**4,377**	4,377
Reversal during the year	**(1,095)**	-
Balance as at 30 June	**3,282**	4,377

As at 30 June 2011, an independent valuation was carried out by an independent valuer. Based onvaluation, the forced sale value of stores and spares was Rs. 5.760 million as at 30 June 2011. Acordingly, provision has been adjusted.

19. STOCK-IN-TRADE

	Note	2011	2010
Raw materials	*19.2*	**99,437**	1,537
Raw materials in transit		**314,055**	-
		413,492	1,537
Provision against obsolete raw materials		**(2,720)**	-
Packing materials	*19.2*	**12,363**	18,266
Provision against obsolete packing materials	*19.1*	**(3,958)**	(2,273)
		8,405	15,993
Work-in-process	*19.2*	**6,712**	30,960
		425,889	48,490
Finished goods - Ghee and cooking oil		**148,587**	90,784
Write down of finished goods to net realisable value		**(765)**	(765)
Provision against obsolete finished goods		**(3,948)**	-
		143,874	90,019
Acid oil (by-product)		**5,926**	6,133
Provision for obsolete stock		**(2,000)**	-
		3,926	6,133
		573,689	144,642

		2011	2010
		(Rupees in '000)	

19.1 Movement for provision of packing materials

		2011	2010
Balance as at 1 July		**2,273**	-
Provision made during the year		**3,499**	2,273
Reversal made during the year		**(1,814)**	-
Balance as at 30 June		**3,958**	2,273

19.2 Stock held by the Ultimate Holding Company

		2011	2010
Raw material		**97,256**	-
Packing material		**4,606**	-
Work in progess		**6,712**	-
		108,574	-

These stocks were held by the Ultimate Holding Company on account of manufacturing of the Company's products as more fully explained in note 1.2 to these consolidated financial statements.

20. TRADE DEBTS - secured and considered good

		2011	2010
Considered good		**20,152**	83,754
Considered doubtful		**9,666**	27,968
		29,818	111,722
Provision for doubtful debts	*20.1*	**(9,666)**	(27,968)
		20,152	83,754

20.1 Movement in provision for doubtful debts

		2011	2010
Balance as at 1 July		**27,968**	28,642
Provision made during the year		**1,799**	2,000
Written off during the year	*20.1.1*	**(20,101)**	(2,674)
Balance as at 30 June		**9,666**	27,968

20.1.1 During the year detailed exercise was carried out evaluating the prospects of recovery of balances outstanding for more than 2 years based on available supports with the Company, and accordinglythese balances were written off.

21. LOANS AND ADVANCES - considered good

	Note	2011	2010
Current maturity of long term loans and advances to employees - secured and considered good	17	-	357
Short term advances to staff - secured		5	291
Provision there against		-	(201)
	21.1	5	90
Advance payments to contractors and suppliers - unsecured		500	500
Provision there against		(500)	(500)
		-	-
		5	447

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

22. DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

	Note	2011	2010
		(Rupees in '000)	
Deposits and prepayments	22.1	18,099	1,238
Provision there against		(379)	(379)
		17,720	859
Margin against bank guarantees		6,072	6,072
Accured profit on foreign currency fixed deposit		609	359
Sales tax refundable		2,118	
Accrued markup on due from Subsidiary Company		1,025	-
Less: Provision there against		(1,025)	
		-	-
Other receivables - unsecured - considered good:			
Receivable From Gratuity Fund		2,398	-
Due from ZIL Limited	22.2	728	1,152
Others		996	996
		4,122	2,148
Provision against other receivables		(997)	(997)
		29,644	8,441

22.1 This includes deposit of US$ 206,110 (equivalent to Pak rupees 17.715 million) furnished to the HighCourt of Sindh in the form of a pay order during the year (refer note 14.1.2).

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

		2011	2010
		(Rupees in '000)	

23. TAXATION - net

	2011	2010
Advance tax	**68,214**	45,595
Provision for tax	**(48,126)**	(28,770)
	20,088	16,825

24. CASH AND BANK BALANCES

	Note	2011	2010
Cash in hand		**-**	218
With banks - current accounts		**5,583**	32,249
- saving account	*24.1*	**22,566**	39,533
Deposit with bank - foreign currency FDR	*24.2*	**-**	17,601
		28,149	89,601

24.1 The saving account carry mark-up at the rate of 8% (2010: 1.5% to 2%) per annum.

24.2 The foreign currency deposit account carry mark-up at the rateof Nil (2010: 1.5 %) per annum.This balance was utilised to furnish pay order to High Court of Sindh during the year.

25. REVENUE - net

	2011	2010
Revenue - production through toll manufacturing agreement (Refer note 1.2)	**799,390**	-
Leakages and damages	**(2,242)**	-
	797,148	-

26. COST OF GOODS SOLD / SERVICES RENDERED

	Note	2011	2010
Finished goods as on 1 January		**-**	-
Cost of goods manufactured / services rendered	*26.1*	**812,969**	-
Available for sale		**812,969**	-
Finished goods as on 30 June		**(154,513)**	-
		658,456	-

26.1 Cost of goods manufactured / services rendered

	Note	2011	2010
Work in process as on 1 January		**-**	-
Raw materials consumed	*26.2*	**742,881**	-
Packing materials consumed	*26.3*	**50,478**	-
Manufacturing charges paid to third Party		**25,917**	-
PSI Marking fee		**405**	-
		819,681	-
Work in process as on 30 June		**(6,712)**	-
		812,969	-

		2011	2010
		(Rupees in '000)	

26.2 Raw materials consumed

Balance as on 1 January		**1,798**	-
Purchases		**840,520**	-
		842,318	-
Balance as on 30 June		**(99,437)**	-
		742,881	-

26.3 Packing materials consumed

Balance as on 1 January		**13,466**	-
Purchases		**49,375**	-
		62,841	-
Balance as on 30 June		**(12,363)**	-
		50,478	-

27. ADMINISTRATIVE EXPENSES

Salaries, wages and other benefits		**1,455**	-
Travelling and conveyance		**251**	217
Legal and professional charges		**3,711**	2,125
Rent, rates and taxes		**133**	-
Postage, telegrams and telephone		**248**	206
Printing and stationery		**880**	823
Insurance		**584**	-
Subscription		**241**	281
Auditors' remuneration	*27.1*	**774**	543
Fee under service level agreement with the Holding Company (note 1.2)		**6,600**	6,000
		14,877	10,195

27.1 Auditors'remuneration

Statutory audit fee	**575**	363
Half yearly review	**80**	75
Certification for code of corporate governance	**40**	40
Other certifications	**15**	15
Out of pocket expenses	**64**	50
	774	543

		Note	2011	2010
			(Rupees in '000)	
28.	**SELLING AND DISTRIBUTION EXPENSES**			
	Sales promotion		**12,200**	-
	Advertisement		**142**	-
	Freight		**8,853**	-
	Insurance		**282**	-
			21,477	-
	Expenses under the agreement with the Holding Company (note 1.2)		**14,737**	-
			36,214	-
29.	**OTHER OPERATING EXPENSES**			
	Provision for doubtful debts	*20.1*	**1,799**	-
30.	**OTHER OPERATING INCOME**			
	Income from financial assets			
	Profit on foreign currency fixed deposit		**314**	1,099
	Profit on local currency deposit		**2,580**	734
			2,894	1,833
	Income from non-financial assets			
	Scrap sales		**1,424**	-
	Liabilities written back		**508**	-
			1,932	
			4,826	1,833
31.	**FINANCE COSTS**			
	Mark-up on:			
	- Short term borrowings		**12,070**	10,177
	- Long Term Finance		**3,842**	5,746
	- Subordinated loan from the Holding Company		**48,558**	48,247
	- Finance against trust receipts		**-**	191
	Bank charges		**1,463**	2,216
	Exchange loss on FE-25 Loan		**1,894**	-
	Finance cost on oil borrowed from parent company		**2,325**	-
	Amortization of long term security deposits		**(107)**	238
			70,045	66,815

32. TAXATION

	Note	2011	2010
		(Rupees in '000)	
From continuing operations			
Current		7,994	-
Deferred		(1,714)	-
		6,280	-
From discontinued operations			
Current		11,362	9,260
Deferred		(1,028)	(1,117)
	34	10,334	8,143
		16,614	8,143

32.1 Reconciliation of accounting profit and tax expense

	2011	2010
Loss before taxation for continuing and discontinued operations	(28,858)	(58,586)
Tax at the enacted tax rate of 35% (2010: 35%)	(10,100)	(20,505)
Tax effect of unused tax losses on which deferred tax has not been recorded due to uncertainty of future taxability	8,739	15,725
Minimum turnover tax	19,356	9,260
Tax effect of temporary differences on which deferred tax has not been recorded due to uncertainty of future taxability	-	3,641
Other	(1,381)	22
	16,614	8,143

As the Group has incurred net tax losses during the year, therefore minimum tax has been levied on the turnover of the Group. The net deferred tax assets of Rs. 130.299 million (2010: Rs. 121.560 million) arisingon 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 2010 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.

33. CASH AND CASH EQUIVALENTS

	2011	2010
Cash and bank balances	28,149	89,601
Short term borrowings	(147,357)	(79,913)
	(119,208)	9,688

34. PROFIT FROM DISCONTINUED OPERATION

As fully stated in note 1.2 , according to the Board of directors' decision the Production facility has been shutdown / closed on 31 December 2010. All the revenue generated and expenses incurred pertaining to the discontinued operation up to 31 December 2010 and subsequent period have been included in discontinued operation. The comparative profit and lose represented to disclose the discontinued operation separately from continuing operation.

Results from discontinued operation		**2011**	2010
		(Rupees in '000')	
Revenue		**1,133,290**	1,848,347
Cost of Sales		**(1,047,409)**	(1,718,465)
		85,881	129,882
Administrative expenses		**(7,511)**	(10,650)
Selling and distribution expenses		**(58,902)**	(106,186)
Other operating expenses		**(11,379)**	1,238
		(77,792)	(115,598)
Expense under Golden Handshake Scheme	*1.2*	**(51,854)**	-
Legal and professional charges in respect of discontinuation of Production facility		**(1,890)**	-
Other operating income		**1,113**	2,307
Profit before taxation		**(44,542)**	16,591
Taxation			
- Current		**(11,362)**	(9,260)
- Deferred		**1,028**	1,117
		(10,334)	(8,143)
(Loss) / profit for the year		**(54,876)**	8,448

34.1 Cash flows from (used in) / from discontinued operation

	2011	2010
Cash flows from operating activities	**(124,618)**	40,927
Net cash used from investing activities	**-**	170
	(124,618)	41,097

	2011	2010
	(Rupees in '000')	
35. EARNINGS / (LOSS) PER SHARE		
Profit / (loss) for the year from continuing operation	**9,404**	(75,177)
(Loss) / profit for the year from discontinued operation	**(54,876)**	8,448
(Loss) for the year attributable to ordinary shareholders	**(45,472)**	(66,729)
	(Number of shares)	
Weighted average number of ordinary shares	**7,985,959**	7,985,959
	(Rupees)	
Earnings / (loss) per share - basic and diluted for continuing operation	**1.18**	(9.41)
(Loss) / earnings per share - basic and diluted for discontinued operation	**(6.87)**	1.06
(Loss) per share - basic and diluted	**(5.69)**	(8.35)

36. STAFF RETIREMENT BENEFITS

Gratuity Fund

Principal actuarial assumptions used in the actuarial valuation of the scheme carried out as at 30 June 2011 are as follows:

- Discount rate at 14 % per annum (2010: 14% per annum).
- Expected rate of return on plan assets at 14% per annum (2010: 14% per annum).
- Expected rate of increase in salary level at 14% per annum for management employees (2010: 14% per annum) and at 13% for non-management employees (2010: 13% per annum).

The amount recognised in consolidated balance sheet is as follows:

	2011	2010
Present value of defined benefit obligation	**4,026**	22,518
Fair value of plan assets	**6,424**	20,997
Liability as at	**(2,398)**	1,521

Changes in present value of defined benefit obligation

	2011	2010
Obligation as at 1 July	**22,518**	20,657
Current service cost	**897**	833
Interest cost	**1,711**	2,735
Benefits paid	**(20,600)**	(809)
Actuarial (gain)	**(500)**	(898)
Obligation as at 30 June	**4,026**	22,518

Changes in fair value of plan assets	2011	2010
	(Rupees in '000')	
Fair value as at 1 July	**20,997**	17,017
Expected return on plan assets	**2,940**	2,044
Contributions	**2,090**	1,000
Benefits paid	**(20,600)**	1,834
Actuarial gain / (loss)	**998**	(898)
Fair value as at 30 June	**6,425**	20,997

Recognised (Asset) / liability

Balance as at 1 July	**1,521**	3,640
(Income) / expense recognized	**(1,830)**	(1,119)
Contributions	**(2,090)**	(1,000)
Company's liability as at 30 June	**(2,399)**	1,521

The amount recognised in the unconsolidated profit and loss account is as follows:

Current service cost	**897**	833
Interest cost	**1,711**	2,735
Expected return on plan assets	**(2,940)**	(2,044)
Actuarial (gains) / losses	**(1,498)**	(2,643)
Net (income) for the year	**(1,830)**	(1,119)

Actual return on plan assets is as follows:

Expected return on plan assets	**2,940**	2,044
Actuarial gain / (loss) on plan assets	**500**	1,834
Actual return on plan assets	**3,440**	3,878

Composition / fair value of plan assets used by the fund	(Percent)	
Equity instruments	**94.95**	96.55
Others	**5.05**	3.45

Historical information	**2011**	2010	2009	2008	2007
	----------------------- (Rupees in '000) -----------------------				
Present value of defined benefit obligation	**4,026**	22,518	20,657	18,373	17,140
Fair value of planned assets	**(6,424)**	(20,997)	(17,017)	(18,723)	(19,125)
(Asset) / liability in balance sheet	**(2,398)**	1,521	3,640	(350)	(1,985)
Experience adjustment arising on plan liabilities (gains) / losses	**(500)**	(809)	1,025	784	656
Experience adjustment arising on plan assets gains / (losses)	**998**	1,834	(2,294)	(306)	(104)

37. RELATED PARTY TRANSACTIONS

Related parties comprise of group companies; directors and their close family members; staff retirementfunds; key management personnel and major shareholders of the Company. The Holding Company andassociated companies with whom such transactions have taken place includes Dalda Foods (Private)Limited (Holding Company), Mapak Edible Oils (Private) Limited, Mapak Qasim Bulkers (Private)Limited, Shakoo (Private) Limited and IGI Insurance Limited. These associated companies areassociated companies either based on holding in equity or they are either under the same managementand / or with common directors. All transactions with related parties entered on commercial basis /agreement. However, contributions to and accruals in respect of staff retirement and other benefit plansare made in accordance with the actuarial valuation / terms of the contribution plan and remuneration tokey management personnel are determined in accordance with the terms of employment (Note 38). Theaggregate value of transactions and outstanding balances for the year ended and as at 30 June 2011with related parties other than those which have been disclosed else where are as follows:

	2011					
	Balance as at 1 July 2010 receivable / (payable)	**(Purchases) / sales / service income**	**Common expenses allocated receivable / (payable)**	**Payment made by**	**Payment received**	**Balance as at 30 June 2011 receivable / (payable)**
	----------	----------	**(Rupees in '000)**	----------	----------	----------
The Holding Company	**(33,313)**	**(81,855)**	**19,448**	**38,720**	**(55,158)**	**(112,158)**
Associated Companies						
Mapak Edible Oils (Private) Limited	**(110,190)**	**(553,702)**	**-**	**614,844**	**-**	**(49,048)**
Shakoo (Private) Limited	**(7,356)**	**(86,771)**	**-**	**94,127**	**-**	**-**
Mapak Qasim Bulkers (Private) Limited		**(296)**	**-**	**296**	**-**	**-**
IGI Insurance Limited - insurance Premium	**(417)**	**(1,651)**	**-**	**1,902**	**-**	**(166)**
ZIL Limited	**1,152**	**(152)**	**1,858**	**-**	**(2,130)**	**728**

	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)

Others	**Transaction value 2011**	Transaction value 2010	**Balance receivable / (payable) 2011**	Balance receivable / (payable) 2010
- Payments made to retiring employees on behalf of the Gratuity Fund	**17,694**	-	**2,398**	-
- Contribtuion to Gratuity Fund	**-**	1,000	**-**	(1,521)
- Payments received from Gratuity Fund	**15,604**	-	**-**	-

38. EXECUTIVES' REMUNERATION

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

	2011 Chief Executive	**2011 Other Executives**	2010 Chief Executive	2010 Other Executives
	----------	**(Rupees in '000)**	----------	----------
Remuneration	**1,200**	**2,118**	1,200	2,389
Rent and utilities	**-**	**1,141**	-	1,314
Medical expenses	**-**	**248**	-	240
Other perquisites	**-**	**1,488**	-	1,618
	1,200	**4,995**	1,200	5,561
Number of persons	**1**	**3**	1	4

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

39. FINANCIAL RISK MANAGEMENT

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 controls and to monitor risks and exposures thereto. 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 Ultimate Holding Company. Internal Audit undertakes regular reviews of the risk management controls and procedures, the results of which are reported to the Audit Committee.

39.1 Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial asset fails to meet its contractual obligations. 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.

39.1.1 Exposure to credit risk

The Group's credit risk principally arising from loans to employees, trade debts, loans and advances, deposits, 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 Group. Loans and advances given to employees are secured against retirement benefits of the employees as disclosed in note 17.1 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 dates consists of following financial assets:

	2011	2010
	(Rupees in '000)	
Long term loans to employees	**-**	580
Trade debts	**20,152**	83,754
Loans and advances	**5**	447
Deposits and other receivables	**7,409**	8,441
Bank balances	**28,149**	89,383
	55,715	182,605

39.1.2 *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 39.1.3 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	AAA
United Bank Limited	JCR-VIS	A-1+	AA+
Habib Bank Limited	JCR-VIS	A-1+	AA+
Faysal Bank Limited	PACRA	A1+	AA
MCB Bank Limited	PACRA	A1+	AA+

39.1.3 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 2011. The aging of trade debtors as at reporting date was:

	2011		2010	
	Gross	**Impairment**	Gross	Impairment
	(Rupees in '000)			
Past due but not impaired				
Past due 1-90 days	**16,490**	**-**	80,348	-
Past due 91 days -1 year	**1,173**	**-**	99	-
	17,663	**-**	80,447	-
Past due and impaired				
More than one year	**12,155**	**9,666**	31,275	27,968
Total	**29,818**	**9,666**	111,722	27,968

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

39.2 Liquidity risk

Liquidity risk is the risk that the company 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 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.

	2011					
	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	**20,947**	**(21,424)**	**(10,712)**	**(10,712)**	**-**	-
Subordinated loans from the Ultimate Holding Company	**350,000**	**(667,364)**	**(156,705)**	**(39,223)**	**(471,436)**	
Payable to the Ultimate Holding Company	**55,472**	**(55,472)**	**-**	**(55,472)**		
Short term borrowings	**147,357**	**(149,673)**	**(2,316)**	**(147,357)**	**-**	**-**
Trade and other payables	**408,735**	**(408,735)**	**(408,735)**	**-**	**-**	**-**
	982,511	**(1,302,668)**	**(578,468)**	**(252,764)**	**(471,436)**	**-**

	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 the 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)

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 holding liquid asset comprising cash and cash equivalents as disclosed in note 33 to these consolidated financial statements and financial assistance available from the Ultimate Holding Company as and when the need arises.

39.2.1 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 2011 as disclosed in note 6 and 9 to these consolidated financial statements.

39.3 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 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.

39.3.1 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, 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 Group's interest bearing financial instruments:

	2011	2010
Fixed rate instruments	**(Rupees in '000)**	
Financial assets		
Fixed deposit receipt with bank	-	17,601
	-	17,601
Variable rate instruments		
Financial assets - Bank balance on saving account	**22,566**	39,533
Financial liabilities		
Long term loan	**(20,947)**	(34,411)
Subordinated loans from the Holding Company	**(350,000)**	(350,000)
Short term borrowings - Running finance against mark-up arrangement	**(34,040)**	(79,913)
	(404,987)	(476,324)
	(382,421)	(424,491)

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 or loss. Therefore, a change in interest rates at the reporting date would not affect consolidated profit and loss account and the 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 2011 by Rs. 4.560 million (2010: Rs. 1.093 million). This analysis assumes that all other variables, in particular foreign currency rates, remain constant.

39.3.2 Currency Risk

Foreign currency risk is the risk that the fair value or future cashflows of a financial assets 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 FE-25 borrowing thereon that is denominated in a currency other than the respective functional currency of the Company.

	2011		2010	
	Rupees	**US Dollars**	Rupees	US Dollars
	In '000		In '000	
Financial assets				
Deposit with bank	**-**	**-**	17,601	206
Accrued profit on foreign currency fixed deposit	**609**	**7**	359	4
Financial Assets	**609**	**7**	17,960	210
Financial Liabilities - Running Finance on FE-25 import	**113,317**	**1,314**	-	-
Gross and net balance sheet exposure	**(112,708)**	**1,321**	17,960	210

The following significant exchange rates applied during the year:

	Average rates		**Balance sheet date rate**	
	2011	2010	**2011**	2010
US Dollars	**84.86**	84.15	**86.03 / 86.23**	85.40 / 85.60

SENSITIVITY ANALYSIS

A ten percent strengthening / (weakening) of the Rupee against US Dollar at 30 June 2011 would have increased / (decreased) fixed deposits receipts and accrued profit thereon by Rs. 1.787 million (2010: Rs. 1.799 million). Accordingly, the equity and loss 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 2010.

39.4 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.

40. CAPITAL RISK MANAGEMENT

The objective of the Group 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 other stakeholders and to maintain a strong capital base to support the sustained development of its business. Total amount of equity as at 30 June 2011 was Rs 414.527 million in deficit.

The Group is not externally exposed to regulatory capital requirements.

41. PLANT CAPACITY, PRODUCTION AND SALES

	2011	2010
Vanaspati - Ghee and Cooking Oil	**(M. Tonnes)**	
Assessed capacity	**30,000**	30,000
Capacity utilized:		
Production	**12,626**	16,067
Toll Manufacturing	**3,713**	1,317
Total Capacity utilized	**16,339**	17,384
Sales	**12,327**	15,712

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

42. 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 affect on 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 consolidated financial statements.

43. INFORMATION ABOUT BUSINESS SEGMENTS

43.1 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.

Toll Manufacturing By Holding Company - It comprises manufacturing of vanaspati ghee and cooking oil by the Holding Company for sale to its customers.

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

43.2 Segment revenue and results

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

	2011					2010			
	Own Manufacturing (Discontinued Operation (refer note 1.2))	Toll Manufacturing	Toll Manufacturing by Holding Company	Unallocated	Total	Own Manufacturing	Toll Manufacturing	Unallocated	Total
	(Rupees in '000)								
Revenue - net	**1,132,435**	**855**	**797,148**	**-**	**1,930,438**	1,846,623	1,724	-	1,848,347
Cost of goods sold / services									
Opening balance of finished goods	**96,917**	**-**	**-**	**-**	**96,917**	112,254	-	-	112,254
Cost of goods manufactured / services rendered	**950,316**	**22,700**	**812,969**	**-**	**1,785,985**	1,701,985	8,551	-	1,710,536
Less: reimbursable manufacturing expense and processing loss	**-**	**(22,524)**	**-**	**-**	**(22,524)**	-	(7,408)	-	(7,408)
Available for sale	**1,047,233**	**176**	**812,969**	**-**	**1,860,378**	1,814,239	1,143	-	1,815,382
Closing balance of finished goods	**-**	**-**	**(154,513)**	**-**	**(154,513)**	(96,917)	-	-	(96,917)
	1,047,233	**176**	**658,456**	**-**	**1,705,865**	1,717,322	1,143	-	1,718,465
Gross profit	**85,202**	**679**	**138,692**	**-**	**224,573**	129,301	581	-	129,882
Administration expenses	**(7,511)**	**-**	**(14,800)**	**(78)**	**(22,388)**	(10,650)	-	(10,195)	(20,845)
Selling and distribution expenses	**(58,902)**	**-**	**(36,214)**	**-**	**(95,116)**	(106,186)	-	-	(106,186)
Other operating expenses	**(11,379)**	**-**	**(1,799)**	**-**	**(13,178)**	1,238	-	-	1,238
	(77,792)	**-**	**(52,813)**	**(78)**	**(130,682)**	(115,598)	-	(10,195)	(125,793)
Expense under Golden Handshake Scheme	**(51,854)**	**-**	**-**	**-**	**(51,854)**	**-**	-	-	-
Legal and professional charges in respect of discontinuation of Production facility	**(1,890)**	**-**	**-**	**-**	**(1,890)**	**-**	-	-	-
Changes in fair value of investment property	**-**	**-**	**-**	**(4,899)**	**(4,899)**				
Other operating income	**1,113**	**-**	**4,826**	**-**	**5,939**	2,307	-	1,833	4,140
Operating loss	**(45,221)**	**679**	**90,705**	**(4,977)**	**41,187**	16,010	581	(8,362)	8,229
Finance costs	**-**	**-**	**-**	**(70,045)**	**(70,045)**	-	-	(66,815)	(66,815)
Loss before taxation	**(45,221)**	**679**	**90,705**	**(75,022)**	**(28,858)**	16,010	581	(75,177)	(58,586)
Taxation	**(10,334)**	**-**	**(6,280)**	**-**	**(16,614)**	(8,143)	-	-	(8,143)
Loss after taxation for the year	**(55,555)**	**679**	**84,425**	**(75,022)**	**(45,472)**	7,867	581	(75,177)	(66,729)

43.2.1 Cost of goods manufactured / services rendered:

	2011					2010			
	Own Manufacturing (Discontinued Operation (refer note 1.2))	Toll Manufacturing	Toll Manufacturing by Holding Company	Unallocated	Total	Own Manufacturing	Toll Manufacturing	Unallocated	Total
Opening stock of work in process	**30,960**	**-**	**-**	**-**	**30,960**	6,670	-	-	6,670
Raw materials consumed	**816,185** *	**6,640**	**742,881** *	**-**	**1,565,706**	1,521,375	1,785	-	1,523,160
Packing materials consumed	**56,462**	**-**	**50,478**	**-**	**106,940**	114,626	-	-	114,626
Stores and spares consumed	**1,371**	**964**	**-**	**-**	**2,335**	12,774	1,047	-	13,821
Manufacturing charges paid to 3rd Party	**-**		**25,917**	**-**	**25,917**				
Salaries, wages and other benefits	**19,189**	**3,888**	**-**	**-**	**23,077**	32,881	2,218	-	35,099
Travelling and conveyance and others	**202**	**133**	**-**	**-**	**335**	290	24	-	314
Fuel and power	**19,689**	**9,876**	**-**	**-**	**29,565**	36,408	2,984	-	39,392
Repair and maintenance	**1,614**	**423**	**-**	**-**	**2,037**	2,167	178	-	2,345
Rent, rates and taxes	**359**		**-**	**-**	**359**	335	-	-	335
Insurance	**522**	**109**	**-**	**-**	**631**	426	35	-	461
Depreciation	**3,186**	**667**	**-**	**-**	**3,853**	3,420	280	-	3,700
PSI Marking fee	**577**		**405**	**-**	**982**	1,573	-	-	1,573
	950,316	**22,700**	**819,681**	**-**	**1,792,697**	1,732,945	8,551	-	1,741,496
Closing stock of work in process	**-**	**-**	**(6,712)**	**-**	**(6,712)**	(30,960)	-	-	(30,960)
	950,316	**22,700**	**812,969**	**-**	**1,785,985**	1,701,985	8,551	-	1,710,536

43.2.2 Revenue reported above represents revenue generated from external customers. There were no inter-segment sales during the year (2010: Nil).

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

43.2.4 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.

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

* This includes raw material of Rs. 10.993 million (2010: Rs. Nil) borrowed from the Holding company.
** This includes raw material of Rs. 42.658 (2010: Rs. Nil) borrowed from the Holding company.

43.2.6 Revenue from major products and services

The major products of the own manufacturing segments are Tullo BP Pouch 1 Kg and Tullo Cooking Oil 1 ltr Pouch.

43.2.7. Information about major customers

Revenue from major customers i.e., Utility Stores Corporation, Maheer Traders and Asif Traders in own manufacturing segment represent approximately Rs.551.490 million (2010: Rs. 569.331 million) of total own manufacturing segment revenue of Rs. 1,132.435 million (2010: Rs. 1,846.623 million). Revenue from toll manufacturing segment represent toll manufacturing fee charged to the Holding Company of the Company.

43.2.8 Geographical information

The Group operates in Pakistan only.

43.2.9 Segment assets and liabilities

	2011					2010			
	Own Manufacturing	**Toll Manufacturing**	**Toll Manufacturing by Holding Company**	**Unallocated**	**Total**	Own Manufacturing	Toll Manufacturing	Unallocated	Total
	(Rupees in '000)								
Segment assets	**174,552**	**-**	**651,746**	**130,505**	**956,803**	405,672	-	158,892	564,564
Segment liabilities	**870**	**-**	**571,747**	**499,983**	**1,072,600**	178,186	6,696	514,998	699,880

43.2.10 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 the Holding Company, short term borrowings, mark up payable and deferred tax liabilities.

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

43.2.11 Other segment information

	2011					2010			
	Own Manufacturing	**Toll Manufacturing**	**Toll Manufacturing by Holding Company**	**Unallocated**	**Total**	Own Manufacturing	Toll Manufacturing	Unallocated	Total
	(Rupees in '000)								
Capital expenditure	**-**	**-**	**-**	**-**	**-**	159	-	-	159
Depreciation and amortisation	**3,186**	**667**	**-**	**-**	**3,853**	3,420	280	267	3,967
Non-cash items (excluding depreciation and amortisation)	**11,379**	**-**	**1,799**	**-**	**13,178**	(1,238)	-	-	(1,238)

44 DATE OF AUTHORISATION

These consolidated financial statements were authorised for issue in the Board of Directors meeting held on 29 September, 2011.

Chief Executive

Director

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 Friday, October, 28, 2011 at 0900 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 2011

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 a corporation 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.

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