



## 2nd Quarter Report '08

### COMPANY INFORMATION

#### BOARD OF DIRECTORS

**CHAIRMAN** Syed Yawar Ali  
**CHIEF EXECUTIVE OFFICER** Mr. Abdus Samad

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

#### BOARD AUDIT COMMITTEE

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

#### CHIEF FINANCIAL OFFICER/ COMPANY SECRETARY

Mr. Amjad Waheed

#### AUDITORS

*KPMG* Taseer Hadi & Co.  
Chartered Accountants

#### LEGAL ADVISORS

Hussain & Haider  
Advocates & Solicitors

#### BANKERS

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

#### REGISTRARS & SHARE TRANSFER OFFICE

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

#### REGISTERED OFFICE

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

#### FACTORY

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

#### WEBSITE

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



## 2nd Quarter Report '08

### DIRECTORS' REVIEW

The Directors of the Company would like to present the financial statements of the Company reviewed by the auditors for the half-year ended 31 December 2008.

#### Overview

The Sales Turnover of the Company was Rs. 387.362 M as against Rs. 443.880 M during the same period of last year indicating a decline of 12.7%. The Gross Profit Percentage on Sales is lower at 3.9% from 10.3% as owing to sharp decline in the prices of palm oil in the international market, selling prices had to be reduced to off-load stocks-in-hand.

The Administrative Expenses have reduced by 12.4% as a result of the management's policy to rationalize costs. The Selling & Distribution Expenses have gone up by 33.8% owing to increased advertising. This was necessary to optimize longer term benefits from building the brand equity. The Financial Charges have more than doubled to Rs. 23.174 M owing to increase in the mark-up rates and the subordinated loan, as compared to the same period of last year.

Earning per share for the period under review is Rs. (2.89) negative as compared to Rs (2.42) negative during the same period of last year.

#### Future Outlook

A comprehensive re-launch campaign has been executed for Tullo and Pride brands. The Company is confident about the success of its strategy and its implementation which is expected to yield positive results.

#### Going Concern

The directors are committed for continued financial support to keep the company as a going concern.

#### Acknowledgements

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

We wish to thank our distributors for promoting the Tullo Brand and for efficient distribution to our customers. We also acknowledge the support from our bankers 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.

For and on behalf of the Board

Abdus Samad  
Chief Executive Officer

25-Feb-2009



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

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

**Independent Auditors' Report on review of  
Unconsolidated Condensed Interim Financial Information to the Members**

*Introduction*

We have reviewed the accompanying unconsolidated condensed interim balance sheet of Wazir Ali Industries Limited ("the Company") as at 31 December 2008 and the related unconsolidated condensed interim profit and loss account, unconsolidated condensed interim cash flow statement and unconsolidated condensed interim statement of changes in equity for the six months period then ended (here-in-after referred to as the "interim financial information"). Management is responsible for the preparation and presentation of interim financial information in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on this interim financial information based on our review.

*Scope of Review*

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

*Conclusion*

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial information is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting.

*Emphasis of matter*

Without modifying our conclusion, we draw attention to note 1.3 in the interim financial information which describes that the Company incurred a net loss of Rs. 23.081 million during the six months period ended 31 December 2008 and, as of that date, its accumulated loss exceeded the shareholders equity by Rs. 181.917 million, while the current liabilities exceeded current assets by Rs. 89.065 million. These conditions indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern. This interim financial information has however been prepared on a going concern basis on the assumptions stated in the said note.

The figures for the quarter ended 31 December 2007 and 31 December 2008 in interim financial information have not been reviewed and we do not express a conclusion thereon.

**Date:**

**Karachi**

---

**KPMG Taseer Hadi & Co.  
Chartered Accountants  
Mohammad Nadeem**

KPMG Taseer Hadi & Co., a partnership firm registered in Pakistan and a member firm of the KPMG network of independent member firms affiliated with KPMG International, a Swiss cooperative



## 2nd Quarter Report '08

### Condensed Unconsolidated Interim Balance Sheet (Unaudited) As at 31 December 2008

Note	(Unaudited) 31 December 2008	(Audited) 30 June 2008	
------(Rupees in '000)-----			
<b>ASSETS</b>			
Non-current assets			
Property, plant and equipment	6	134,502	136,324
Investment in subsidiary - at cost		50,000	50,000
Long term loans to employees - secured, considered good		546	681
Long term advances and security deposits - unsecured, considered good		86	183
<b>Total non-current assets</b>		<b>185,134</b>	187,188
<b>Current Assets</b>			
Stores and spares		7,066	5,269
Stock-in-trade	7	114,798	176,295
Trade debts - unsecured, considered good	8	37,443	33,093
Due from related parties	9	5,262	6,154
Loans and advances - considered good		742	881
Advances, deposits, pre-payments and other receivables	10	7,976	6,931
Taxation - net		12,548	9,960
Cash and bank balances	11	43,071	10,451
<b>Total current assets</b>		<b>228,906</b>	249,034
<b>Total Assets</b>		<b>414,040</b>	436,222
<b>EQUITY AND LIABILITIES</b>			
Share capital and reserves			
Authorised capital			
8,000,000 (30 June 2008: 8,000,000) ordinary shares of Rs. 10 each		80,000	80,000
Issued, subscribed and paid up capital			
7,986,000 (30 June 2008: 7,986,000) ordinary shares of Rs. 10 each		79,860	79,860
Capital reserve		10,646	10,646
Revenue reserves		(272,423)	(250,396)
<b>Total equity</b>		<b>(181,917)</b>	(159,890)
<b>Surplus on revaluation of property, plant and equipment</b>		<b>119,268</b>	120,322
<b>Sub-ordinated loan from holding company</b>		<b>150,000</b>	150,000
<b>LIABILITIES</b>			
<b>Non - current liabilities</b>			
Deferred taxation		7,874	8,443
Deferred liabilities - employee benefits		844	844
<b>Total non-current liabilities</b>		<b>8,718</b>	9,287
<b>Current liabilities</b>			
Trade and other payables	13	174,720	181,421
Mark-up payable on borrowings	14	26,633	12,767
Current maturity of long term borrowings		6,117	17,816
Short term borrowings - secured	15	110,501	104,375
Liabilities against assets subject to finance lease		-	124
<b>Total current liabilities</b>		<b>317,971</b>	316,503
<b>Total equity and liabilities</b>		<b>414,040</b>	436,222
Contingencies	16		

The annexed notes 1 to 20 form an integral part of this unconsolidated condensed interim financial information.

Karachi: 25-Feb-09

Chief Executive Officer

Director



## 2nd Quarter Report '08

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

For the Six months period ended 31 December 2008

Note	Six months period ended		Quarter ended	
	31 December 2008	31 December 2007	31 December 2008	31 December 2007
----- (Rupees in '000) -----				
Revenue - net	387,362	443,880	158,515	223,187
Cost of goods sold / services	(372,283)	(398,029)	(177,174)	(210,219)
<b>Gross profit</b>	<b>15,079</b>	45,851	<b>(18,659)</b>	12,968
Distribution and marketing expenses	(38,904)	(29,068)	(25,257)	(11,566)
Administration expenses	(12,789)	(14,599)	(7,550)	(8,934)
	<b>(51,693)</b>	(43,667)	<b>(32,807)</b>	(20,500)
Other income / (charges)	36,825	(8,972)	36,506	(9,435)
<b>Operating profit / (loss)</b>	<b>211</b>	(6,788)	<b>(14,960)</b>	(16,967)
Financial charges	(23,174)	(10,658)	(11,992)	(4,744)
<b>Loss before taxation</b>	<b>(22,963)</b>	(17,446)	<b>(26,952)</b>	(21,711)
Taxation - current and deferred	(118)	(1,848)	138	(616)
<b>Loss for the period</b>	<b>(23,081)</b>	(19,294)	<b>(26,814)</b>	(22,327)
	(Rupees)		(Rupees)	
<b>Loss per share - basic and diluted</b>	<b>(2.89)</b>	(2.42)	<b>(3.36)</b>	(2.80)

The annexed notes 1 to 20 form an integral part of this unconsolidated condensed interim financial information.

Karachi: 25-Feb-09

Chief Executive Officer

Director



## 2nd Quarter Report '08

### Condensed Unconsolidated Interim Cash Flow Statement (Unaudited) For the Six months period ended 31 December 2008

	31 December 2008	31 December 2007
	-----Rupees in '000-----	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
<b>Loss before taxation</b>	<b>(22,963)</b>	(17,446)
Adjustments for:		
- Depreciation	2,143	2,210
- Profit on disposal of property, plant and equipment	-	(330)
- Financial charges	23,174	10,658
- Other (income) / charges	(43,282)	7,986
- Write down of finished goods to net realisable value	7,237	-
- Provision for deferred liabilities	-	416
Operating (loss) / profit before working capital changes	<b>(33,691)</b>	3,494
(Increase) / decrease in stores and spares	(1,797)	283
Decrease in stock in trade	54,260	24,854
(Increase) in trade debts	(4,350)	(21,767)
Decrease / (increase) in due from related parties	892	(1,925)
Decrease in loans and advances	139	981
(Increase) / decrease in advances, deposits, pre-payments and other receivables	(1,045)	330
Decrease in trade and other payables	36,581	83,096
<b>Cash generated from operations</b>	<b>50,989</b>	89,346
Compensated absences paid	-	(1,492)
Long term loans, advances and security deposits	232	168
Financial charges paid	(9,308)	(17,310)
Income tax paid	(3,275)	(3,131)
Net cash from operating activities	<b>38,638</b>	67,581
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Capital expenditure incurred	(321)	-
Proceeds from disposal of items of property, plant and equipment	-	330
Net cash (used in) / from investing activities	<b>(321)</b>	330
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Repayment long term finance	(11,699)	(10,387)
Lease rentals paid	(124)	(157)
Sub-ordinated loan obtained	-	150,000
Net cash (used in) / from financing activities	<b>(11,823)</b>	139,456
Net increase in cash and cash equivalents	<b>26,494</b>	207,367
Cash and cash equivalents at beginning of the period	<b>(93,924)</b>	(140,557)
Cash and cash equivalents at end of the period	<b>(67,430)</b>	66,810
<b>Cash and cash equivalents</b>		
Cash and bank balances	43,071	101,198
Short term borrowings	(110,501)	(34,388)
	<b>(67,430)</b>	66,810

The annexed notes 1 to 20 form an integral part of this unconsolidated condensed interim financial information.

Karachi: 25-Feb-09

Chief Executive Officer

Director



## 2nd Quarter Report '08

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

For the Six months period ended 31 December 2008

	Issued, subscribed & paid-up capital	Capital reserve Share premium	Revenue reserves		Total
			General reserves	Accumulated loss	
(Rupees in '000)					
<b>Balance as at 1 July 2007</b>	79,860	10,646	66,067	(277,435)	(120,862)
<b>Changes in equity for the six months period ended 31 December 2007</b>					
Loss for the six months period	-	-	-	(19,294)	(19,294)
Transferred from surplus on revaluation of property, plant and equipment - net of tax	-	-	-	1,036	1,036
Total recognised expense for the six months period	-	-	-	(18,258)	(18,258)
<b>Balance as at 31 December 2007</b>	<u>79,860</u>	<u>10,646</u>	<u>66,067</u>	<u>(295,693)</u>	<u>(139,120)</u>
<b>Balance as at 1 July 2008</b>	79,860	10,646	66,067	(316,463)	(159,890)
<b>Changes in equity for the six months period ended 31 December 2008</b>					
Loss for the six months period	-	-	-	(23,081)	(23,081)
Transferred from surplus on revaluation of property, plant and equipment - net of tax	-	-	-	1,054	1,054
Total recognised expense for the six months period	-	-	-	(22,027)	(22,027)
<b>Balance as at 31 December 2008</b>	<u>79,860</u>	<u>10,646</u>	<u>66,067</u>	<u>(338,490)</u>	<u>(181,917)</u>

The annexed notes 1 to 20 form an integral part of this unconsolidated condensed interim financial information.

Karachi: 25-Feb-09

Chief Executive Officer

Director



## 2nd Quarter Report '08

### Condensed Unconsolidated Interim Financial Statements (Unaudited)

For the Six months period ended 31 December 2008

#### 1. Status and nature of business

- 1.1 Wazir Ali Industries Limited ("the Company") was incorporated as a public limited company under the Companies Act, 1913 (now the Companies Ordinance, 1984) and its shares are listed on the Karachi and Lahore Stock Exchanges. Principal activity of the Company is to manufacture and sale of vanaspati ghee and cooking oils. The registered office of the Company is located at F-33, Hub River Road, Karachi, Pakistan. The Company is a subsidiary of Dalda Foods (Private) Limited (the holding Company).
- 1.2 As per the agreement with the Holding Company dated 1 January 2007, the Holding Company has agreed to provide various services such as accounting, procurement and human resource services to the Company at fees specified in the agreement. The agreement also specifies sales and marketing services to the Company by Holding Company; which include selling of the Company's products through Holding Company's sales and distribution network and marketing management support by Holding Company. Under the "Toll Manufacturing Service" agreement effective from February 2007, the holding Company guarantees that it will place orders at minimum of 10,000 tons annually. The Company is entitled to charge toll manufacturing fee at the rates covered in the agreement. This agreement may be terminated on providing 6 months notice by either party.
- 1.3 These unconsolidated condensed interim financial statements have been prepared on the assumption that the Company would continue as a going concern although the Company has incurred a net loss of Rs. 23.081 million during the six months period ended 31 December 2008 and, as of that date, its accumulated loss exceeded the shareholders equity by Rs. 181.917 million (June 2008: Rs. 159.890 million), while the current liabilities exceeded current assets by Rs.89.065 million (June 2008: Rs. 67.469 million). The assumptions that the Company would continue as a going concern are as follows:

- The undertaking of financial support from the directors, if required. Further restructuring efforts are being made and as part of restructuring efforts, the Company entered into certain agreements with the Holding Company for the utilisation of its idle capacity and obtaining various operational services from Holding Company as stated in note 1.2 above.
- Financial and operational support from the Holding Company.
- Subordinated loan of Rs. 150 million provided by Holding Company as disclosed in note 12 to these unconsolidated condensed interim financial statements (here-in-after referred to as interim financial information).

#### 2. Statement of Compliance

- 2.1 This interim financial information for the six months period ended is unaudited and has been prepared in accordance with the requirements of approved accounting standards as applicable in Pakistan for interim financial reporting. This interim financial information does not include all of the information and disclosures required for annual financial statements and should be read in conjunction with the Company's annual unconsolidated financial statements as at and for the year ended 30 June 2008.

This interim financial information is being submitted to the shareholders as required by the Listing regulations of Karachi and Lahore Stock Exchanges and section 245 of the Companies Ordinance, 1984.

#### 3. SIGNIFICANT ACCOUNTING POLICIES

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

#### 4. ACCOUNTING ESTIMATES AND JUDGEMENT

The preparation of this interim financial information is in conformity with the approved accounting standards as applicable in Pakistan that requires management to make estimates, assumptions and judgments that affect the application of accounting policies and reported amounts of assets, liabilities, income and expenses. Estimates, assumptions and judgements are continually evaluated and are based on historical experience and other factors, including reasonable expectations of future events. Revisions to accounting estimates are recognised prospectively commencing from the period of revision.

In preparing the interim financial information, significant judgements made by management in applying the Company's accounting policies and the key sources of estimation and uncertainty were the same as those applied to the annual unconsolidated financial statements as at and for the year ended 30 June 2008.

#### 5. FINANCIAL RISK MANAGEMENT

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





## 2nd Quarter Report '08

### 6. PROPERTY, PLANT AND EQUIPMENT - at cost / revaluation less accumulated depreciation

	(Unaudited) 31 December 2008	(Audited) 30 June 2008
----- (Rupees in '000) -----		
<i>Cost</i>		
Opening balance	168,154	169,512
Additions / (disposals) - net	321	(1,358)
	<b>168,475</b>	168,154
<i>Accumulated depreciation</i>		
Opening balance	(31,830)	(28,710)
For the period / disposal	(2,143)	(3,120)
	<b>(33,973)</b>	(31,830)
Written down value	<b>134,502</b>	136,324

### 7. STOCK-IN-TRADE

Raw materials	1,845	17,021
Packing materials	15,852	13,552
Work-in-process	9,851	53,507
	<b>27,548</b>	84,080
Finished goods - Ghee and cooking oil	89,934	88,654
Write down of finished goods to net realisable value	(7,237)	-
	<b>82,697</b>	88,654
Acid oil (by-product)	4,553	3,561
	<b>114,798</b>	176,295

### 8. TRADE DEBTS - UNSECURED, CONSIDERED GOOD

	(Unaudited) 31 December 2008	(Audited) 30 June 2008
----- (Rupees in '000) -----		
Trade debts - considered good	37,443	33,093
Doubtful debts	22,737	22,737
	<b>60,180</b>	55,830
Provision for impaired debts	(22,737)	(22,737)
	<b>37,443</b>	33,093

### 9. DUE FROM RELATED PARTIES

Due from an associated company	9.1	187	1,462
Due from a subsidiary company	9.2	5,075	4,692
		<b>5,262</b>	6,154

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

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

### 10. ADVANCES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

Deposits and prepayments	1,554	509
Margin against bank guarantees	6,072	6,072
Receivable from gratuity fund	350	350
	<b>7,976</b>	6,931



## 2nd Quarter Report '08

### 11. CASH AND BANK BALANCES

Cash in hand		539	395
Cash at banks in current accounts		24,704	10,056
Deposit with bank	11.1	17,828	-
		43,071	10,451

11.1 This represents Foreign Depository Receipt (FDR) placed with a commercial bank against guarantee issued by it.

### 12. SUB-ORDINATED LOAN - UNSECURED

This loan was borrowed on 31 December 2007 from Holding Company. The loan is unsecured and is payable in 20 equal quarterly installments after the expiry of two years grace period. It carries mark-up at the rate of 6 months KIBOR plus 1.5% per annum.

### 13. TRADE AND OTHER PAYABLES

		(Unaudited) 31 December 2008	(Audited) 30 June 2008
------(Rupees in '000)-----			
Trade payables for:			
- Goods		4,289	2,133
- Expenses		14,668	6,882
- Inland letters of credits		11,976	29,947
		30,933	38,962
Due to related parties	13.1	119,141	123,030
Accrued expenses		5,947	7,098
Advances from customers		16,796	10,360
Unclaimed dividends		560	560
Other liabilities		1,343	1,411
		174,720	181,421

13.1 This includes unsecured balance payable to the Holding Company amounting to Rs.62.729 million (30 June 2008: 26.497 million).

### 14. MARK-UP PAYABLE ON BORROWINGS

This includes an amount of Rs. 21.905 million (30 June 2008: Rs.9.543 million) payable to the Holding Company on account of Sub-ordinated loan.

### 15. SHORT TERM BORROWINGS - SECURED

Running finance against mark-up arrangement		80,611	89,757
Finance against trust receipt (FATR)		29,890	14,618
		110,501	104,375

15.1 There have been no change in terms and conditions of above borrowings as stated in annual financial statements of Company as at and for the year ended 30 June 2008.

### 16. CONTINGENCIES

16.1 Claims against the Company not acknowledged as debts	16.1.1	16,262	14,180
16.1.1 Management is confident that these claims will not be ultimately payable.			
16.2 Bank guarantee		23,900	6,072

The decision of First Senior Civil Judge for claim of US \$ 35,867 on account of import of 500 metric tons of oil filed by a transporter company has been made which directs the Company to pay the sum of US\$ 35,857.39 with interest at 12% per annum from the date of filing of the suit till the date of payment along with other restrictions. The Company filed an appeal for interim relaxation from such restrictions which has been granted. Further, 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 this interim financial information as the management based on consultation with legal advisor is confident for favourable outcome.



## 2nd Quarter Report '08

### 17. INFORMATION ABOUT BUSINESS SEGMENTS

17.1 Segment Result & Other Information	For six months period ended 31 December 2008				For six months period ended 31 December 2007			
	Own	Toll	Unallocated	Total	Own	Toll	Unallocated	Total
	Manufacturing				Manufacturing			
	------(Rupees in '000)-----							
Revenue - net	337,352	50,010	-	387,362	406,818	37,062	-	443,880
Cost of goods sold / services								
Opening balance of finished goods	92,215	-	-	92,215	81,825	-	-	81,825
Cost of goods manufactured / services provided	335,163	39,392	-	374,555	320,677	46,056	-	366,733
Available for sale	427,378	39,392	-	466,770	402,502	46,056	-	448,558
Closing balance of finished goods	(94,487)	-	-	(94,487)	(50,529)	-	-	(50,529)
	<u>332,891</u>	<u>39,392</u>	<u>-</u>	<u>372,283</u>	<u>351,973</u>	<u>46,056</u>	<u>-</u>	<u>398,029</u>
Gross profit / (loss)	4,461	10,618	-	15,079	54,845	(8,994)	-	45,851
Administration expenses	(3,020)	-	(9,769)	(12,789)	(3,040)	-	(11,559)	(14,599)
Distribution and marketing expenses	(38,904)	-	-	(38,904)	(29,068)	-	-	(29,068)
Other income / (charges)	36,825	-	-	36,825	(8,972)	-	-	(8,972)
	<u>(5,099)</u>	<u>-</u>	<u>(9,769)</u>	<u>(14,868)</u>	<u>(41,080)</u>	<u>-</u>	<u>(11,559)</u>	<u>(52,639)</u>
Operating result	<u>(638)</u>	<u>10,618</u>	<u>(9,769)</u>	<u>211</u>	<u>13,765</u>	<u>(8,994)</u>	<u>(11,559)</u>	<u>(6,788)</u>
Non-cash items (excluding depreciation & amortisation)	36,825	-	-	36,825	86	-	-	86
Depreciation & amortisation	1,334	809	-	2,143	788	793	629	2,210
Capital expenditure	(321)	-	-	(321)	321	-	-	321
Cost of goods manufactured / services provided:								
Opening stock of work in process	53,507	-	-	53,507	10,615	-	-	10,615
Raw materials consumed	249,256	12,601	-	261,857	290,899	12,350	-	303,249
Packing materials consumed	23,129	-	-	23,129	18,442	-	-	18,442
Stores and spares consumed	1,996	5,557	-	7,553	2,152	2,269	-	4,421
Salaries, wages and other benefits	11,717	6,172	-	17,889	3,982	11,939	-	15,921
Contribution to provident fund	-	-	-	-	360	-	-	360
Fuel and power	4,740	13,197	-	17,937	6,441	14,027	-	20,468
Repair and maintenance	144	402	-	546	568	-	-	568
Rent, rates and taxes	-	1	-	1	18	-	-	18
Insurance	100	278	-	378	422	-	-	422
Depreciation	425	1,184	-	1,609	788	793	-	1,581
Others	-	-	-	-	-	4,678	-	4,678
	<u>345,014</u>	<u>39,392</u>	<u>-</u>	<u>384,406</u>	<u>334,687</u>	<u>46,056</u>	<u>-</u>	<u>380,743</u>
Closing stock of work in process	(9,851)	-	-	(9,851)	(14,010)	-	-	(14,010)
	<u>335,163</u>	<u>39,392</u>	<u>-</u>	<u>374,555</u>	<u>320,677</u>	<u>46,056</u>	<u>-</u>	<u>366,733</u>
	For Quarter ended 31 December 2008				For Quarter ended 31 December 2007			
	Own	Toll	Unallocated	Total	Own	Toll	Unallocated	Total
	Manufacturing				Manufacturing			
	------(Rupees in '000)-----							
Revenue - net	147,506	11,009	-	158,515	200,198	22,989	-	223,187
Cost of goods sold / services								
Opening balance of finished goods	134,186	-	-	134,186	57,045	-	-	57,045
Cost of goods manufactured / services provided	127,841	9,634	-	137,475	188,525	15,178	-	203,703
Available for sale	262,027	9,634	-	271,661	245,570	15,178	-	260,748
Closing balance of finished goods	(94,487)	-	-	(94,487)	(50,529)	-	-	(50,529)
	<u>167,540</u>	<u>9,634</u>	<u>-</u>	<u>177,174</u>	<u>195,041</u>	<u>15,178</u>	<u>-</u>	<u>210,219</u>
Gross profit / (loss)	(20,034)	1,375	-	(18,659)	5,157	7,811	-	12,968
Administration expenses	(1,500)	-	(6,050)	(7,550)	(1,521)	-	(7,413)	(8,934)
Selling and distribution expenses	(25,257)	-	-	(25,257)	(11,566)	-	-	(11,566)
Other income / (charges)	36,506	-	-	36,506	(9,435)	-	-	(9,435)
	<u>9,749</u>	<u>-</u>	<u>(6,050)</u>	<u>3,699</u>	<u>(22,522)</u>	<u>-</u>	<u>(7,413)</u>	<u>(29,935)</u>
Operating result	<u>(10,285)</u>	<u>1,375</u>	<u>(6,050)</u>	<u>(14,960)</u>	<u>(17,365)</u>	<u>7,811</u>	<u>(7,413)</u>	<u>(16,967)</u>



## 2nd Quarter Report '08

Non-cash items (excluding depreciation & amortisation)	-	-	-	-	86	-	-	86
Depreciation & amortisation	666	404	-	1,070	220	528	629	1,377
Capital expenditure	-	-	-	-	321	-	-	321
Cost of goods manufactured / services provided:								
Opening stock of work in process	7,819	-	-	7,819	4,654	-	-	4,654
Raw materials consumed	108,345	1,755	-	110,100	180,011	-	-	180,011
Packing materials consumed	12,888	-	-	12,888	7,721	-	-	7,721
Stores and spares consumed	776	797	-	1,573	591	1,416	-	2,007
Salaries, wages and other benefits	5,202	2,740	-	7,942	2,023	4,840	-	6,863
Contribution to provident fund	-	-	-	-	167	-	-	167
Fuel and power	2,261	3,525	-	5,786	3,054	7,308	-	10,362
Repair and maintenance	79	148	-	227	369	-	-	369
Rent, rates and taxes	-	-	-	-	1	-	-	1
Insurance	61	125	-	186	211	-	-	211
Depreciation	261	544	-	805	748	-	-	748
Others / Expenses charged to service income	-	-	-	-	2,985	1,614	-	4,599
	137,692	9,634	-	147,326	202,535	15,178	-	217,713
Closing stock of work in process	(9,851)	-	-	(9,851)	(14,010)	-	-	(14,010)
	127,841	9,634	-	137,475	188,525	15,178	-	203,703

### 17.2 Assets and liabilities

	For six months period ended 31 December 2008				30 June 2008			
	Own	Toll	Unallocated	Total	Own	Toll	Unallocated	Total
	Manufacturing	Manufacturing			Manufacturing	Manufacturing		
	(Rupees in '000)				(Rupees in '000)			
Segment assets	152,241	-	-	152,241	209,388	-	226,834	436,222
Segment liabilities	155,110	-	-	155,110	155,110	-	320,680	475,790

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

### 18. OTHER INCOME / (CHARGES)

This include gain of Rs. 43.282 million (six months period ended 31 December 2007; loss of Rs. 7.986 million) on account of remeasurement of liability against inventory borrowed from the Holding Company and Rs. 7.237 million on account of write down of finished goods to net realisable value.

### 19. 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), Zulfeqar Industries Limited, IGI Insurance Company Limited, Treet Corporation Limited, Wazir Ali Ventures (Private) Limited Shakoo Private Limited and Mapak Edible Oils (Private) Limited. These associated companies are associated companies either based on holding in equity or they are either under the same management and / or with common directors. All transactions with related parties have been entered on commercial basis / agreement. However, contributions to and accruals in respect of staff retirement and other benefit plans are made in accordance with the actuarial valuation / terms of the contribution plan and remuneration to key management personnel are determined in accordance with the terms of employment. Transactions with related parties other than those disclosed elsewhere in this interim financial information during period are as follows:



## 2nd Quarter Report '08

	Six months period ended	
	31 December 2008	31 December 2007
----- (Rupees in '000) -----		
<b>Holding Company</b>		
Toll manufacturing fee	50,010	37,062
Common expenses allocated by related party	3,000	136
Financial Income/(charges) on oil liability revaluation	43,282	(7,986)
Fee charged under distribution and marketing agreement - refer note 1.2	5,586	11,164
Freight charges paid on behalf of holding company	5,236	3,532
Expenses payable to Holding Company	1,970	-
Cash receipts from holding company	34,000	26,335
<b>Subsidiary Company</b>		
Markup Income	382	-
Common expenses allocated to subsidiary company	-	886
<b>Associated Companies</b>		
----- (Rupees in '000) -----		
Sales / services rendered	875	712
Purchases / services availed	143,862	239,729
Common expenses allocated to related party	968	797
Cash receipts from associated company	3,637	980
Rent expense	88	63
<b>Contribution to staff retirement funds</b>	-	486
<b>Executive's remuneration</b>	600	608

### 20. GENERAL

20.1 This interim financial information was approved in the Board of Directors meeting held on 25 February 2009.

20.2 These condensed unconsolidated interim financial statements have been prepared in Pak Rupee rounded off to nearest thousand.

Karachi: 25-Feb-09

Chief Executive Officer

Director



**Wazir Ali Industries Limited**

**and its Subsidiary**

**Consolidated FINANCIAL STATEMENTS**

**(UN-AUDITED)**

**SIX MONTHS PERIOD ENDED**

**December 31, 2008**



## 2nd Quarter Report '08

### DIRECTOR'S REVIEW

The Directors of the Company would like to present the financial statements of the Company for the half year and quarter ended 31 December 2008.

#### Overview

The Sales Turnover of the Company was Rs. 387.362 M as against Rs. 443.880 M during the same period of last year indicating a decline of 12.7%. The Gross Profit Percentage on Sales is lower at 3.9% from 10.3% as owing to sharp decline in the prices of palm oil in the international market, selling prices had to be reduced to off-load stocks-in-hand.

The Administrative Expenses have reduced by 17.5% as a result of the management's policy to rationalize costs. The Selling & Distribution Expenses have gone up by 33.8% owing to increased advertising. This was necessary to optimize longer term benefits from building the brand equity. The Financial Charges have almost doubled to Rs. 28.6 M owing to increase in the mark-up rates and the subordinated loan, as compared to the same period of last year.

Earning per share for the period under review is Rs. (3.57) negative as compared to Rs (2.95) negative during the same period of last year.

#### Future Outlook

A comprehensive re-launch campaign has been executed for Tullo and Pride brands. The Company is confident about the success of its strategy and its implementation which is expected to yield positive results.

#### Going Concern

The directors are committed for continued financial support to keep the company as a going concern.

#### Acknowledgements

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

We wish to thank our distributors for promoting the Tullo Brand and for efficient distribution to our customers. We also acknowledge the support from our bankers 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.

For and on behalf of the Board

Abdus Samad  
Chief Executive Officer

Karachi : 25-Feb-2009



## 2nd Quarter Report '08

### Condensed Consolidated Interim Balance Sheet (Unaudited)

As at 31 December 2008

	Note	(Unaudited) 31 December 2008	(Audited) 30 June 2008
(Rupees in '000)			
<b>Assets</b>			
<b>Non-current assets</b>			
Property, plant and equipment	6	134,502	136,324
Investment in Property		135,000	135,000
Long term loans to employees - secured, considered good		546	681
Long term advances and security deposits - unsecured, considered good		86	183
<b>Total non-current assets</b>		<b>270,134</b>	<b>272,188</b>
<b>Current Assets</b>			
Stores and spares		7,066	5,269
Stock-in-trade	7	114,798	176,295
Trade debts - unsecured, considered good	8	37,443	33,093
Due from related parties	9	187	1,462
Loans and advances - considered good		742	881
Advances, deposits, pre-payments and other receivables	10	7,976	6,931
Taxation - net		12,548	9,960
Cash and bank balances	11	43,431	10,723
<b>Total current assets</b>		<b>224,191</b>	<b>244,614</b>
<b>Total Assets</b>		<b>494,325</b>	<b>516,802</b>
<b>Equity</b>			
<b>Share capital and reserves</b>			
Authorised capital 8,000,000 (30 June 2008: 8,000,000) ordinary shares of Rs. 10 each		80,000	80,000
Issued, subscribed and paid up capital 7,986,000 (30 June 2008: 7,986,000) ordinary shares of Rs. 10 each		79,860	79,860
Capital reserve		10,646	10,646
Revenue reserves		(359,299)	(331,828)
		(268,793)	(241,322)
<b>Surplus on revaluation of property, plant and equipment</b>		<b>204,650</b>	<b>205,704</b>
Sub-ordinated loan from holding company	12	150,000	150,000
<b>Non-current liabilities</b>			
Long Term Loan		41,328	43,791
Deferred taxation		24,412	24,981
Deferred liabilities - employee benefits		844	844
<b>Total non-current liabilities</b>		<b>66,584</b>	<b>69,616</b>
<b>Current liabilities</b>			
Current maturity of long term borrowings		16,857	28,941
Short term borrowings - secured	14	120,399	108,945
Mark-up payable on borrowings	13	29,910	13,421
Trade and other payables	15	174,718	181,497
<b>Total current liabilities</b>		<b>341,884</b>	<b>332,804</b>
<b>Total equity and liabilities</b>		<b>494,325</b>	<b>516,802</b>
<b>Contingencies</b>			
	16		

The annexed notes 1 to 20 form an integral part of these consolidated condensed interim financial statements.

Karachi: 25-Feb-09

  
Chief Executive Officer

  
Director





## 2nd Quarter Report '08

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

For the six months period ended 31 December 2008

Note	Six months period ended 31 December 2008	Six months period ended 31 December 2007	Quarter ended 31 December 2008	Quarter ended 31 December 2007
	----- (Rupees in '000) -----			
Revenue - net	387,362	443,880	158,515	223,187
Cost of goods sold / services	(372,283)	(398,029)	(177,174)	(210,219)
<b>Gross profit</b>	<b>15,079</b>	45,851	<b>(18,659)</b>	12,968
Distribution and marketing expenses	(38,904)	(29,068)	(25,257)	(11,566)
Administration expenses	(12,789)	(15,497)	(7,550)	(9,352)
	(51,693)	(44,565)	(32,807)	(20,918)
Other income / (charges)	36,825	(8,098)	36,506	(8,893)
<b>Operating (loss)/profit</b>	<b>211</b>	(6,812)	<b>(14,960)</b>	(16,843)
Financial charges	(28,618)	(14,937)	(17,436)	(6,918)
<b>Loss before taxation</b>	<b>(28,407)</b>	(21,749)	<b>(32,396)</b>	(23,761)
Taxation - current and deferred	(118)	(1,848)	138	(616)
<b>Loss for the period</b>	<b>(28,525)</b>	(23,597)	<b>(32,258)</b>	(24,377)
	(Rupees)		(Rupees)	
<b>Loss per share</b> - basic and diluted	<b>(3.57)</b>	(2.95)	<b>(4.04)</b>	(3.05)

The annexed notes 1 to 20 form an integral part of these consolidated condensed interim financial statements.

Karachi: 25-Feb-09

Chief Executive Officer

Director



## 2nd Quarter Report '08

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

For the Six months period ended 31 December 2008

	Six months period ended 31 December 2008	Six months period ended 31 December 2007
	(Rupees in '000)	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
<b>Loss before taxation</b>	(28,407)	(21,749)
Adjustments for:		
- Depreciation	2,143	2,210
- Profit on disposal of property, plant and equipment	-	(330)
- Financial charges	28,618	14,937
- Other income / (charges)	(43,282)	7,986
- Write down of finished goods to net realisable value	7,237	-
- Provision for deferred liabilities	-	416
Operating (loss) / profit before working capital changes	(33,691)	3,470
(Increase) / decrease in stores and spares	(1,797)	283
Decrease in stock in trade	54,260	24,854
(Increase) in trade debts	(4,350)	(21,767)
Decrease / (increase) in due from related parties	892	(869)
(Increase) in loans and advances	139	981
(Increase) / decrease in advances, deposits, pre-payments and other receivables	(1,045)	160
Increase in trade and other payables	36,565	87,164
<b>Cash generated from operations</b>	50,973	94,276
Compensated absences paid	-	(1,492)
Long term loans, advances and security deposits	232	168
Financial charges paid	(11,684)	(17,530)
Income tax paid	(3,275)	(3,396)
Net cash from operating activities	36,246	72,026
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Fixed capital expenditure	(321)	-
Proceeds from disposal of items of property, plant and equipment	-	330
Net cash (used in) / from investing activities	(321)	330
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Repayment long term finance	(14,547)	(10,387)
Lease rentals paid	(124)	(157)
Sub-ordinated loan obtained	-	150,000
Net cash (used in) / from financing activities	(14,671)	139,456
Net increase in cash and cash equivalents	21,254	211,812
Cash and cash equivalents at beginning of the period	(98,222)	(138,953)
Cash and cash equivalents at end of the period	(76,968)	72,859
<b>Cash and cash equivalents</b>		
Cash and bank balances	43,431	116,680
Short term borrowings	(120,399)	(43,821)
	(76,968)	72,859

The annexed notes 1 to 20 form an integral part of these consolidated condensed interim financial statements.

Karachi: 25-Feb-09

Chief Executive Officer

Director



## 2nd Quarter Report '08

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

For the Six months period ended 31 December 2008

	Issued, subscribed & paid-up capital	Capital reserve	Revenue reserves		Total
		Share premium	General reserves	Accumulated loss	
----- (Rupees in '000) -----					
<b>Balance as at 1 July 2007</b>	79,860	10,646	66,067	(277,435)	<b>(120,862)</b>
<b>Changes in equity for the six months period ended 31 December 2007</b>					
Loss for the six months period	-	-	-	(23,597)	<b>(23,597)</b>
Transferred from surplus on revaluation of property, plant and equipment	-	-	-	1,036	<b>1,036</b>
Total recognised (expense) for the six months period	-	-	-	(22,561)	<b>(22,561)</b>
<b>Balance as at 31 December 2007</b>	<b>79,860</b>	<b>10,646</b>	<b>66,067</b>	<b>(299,996)</b>	<b>(143,423)</b>
<b>Balance as at 1 July 2008</b>	79,860	10,646	66,067	(397,895)	<b>(241,322)</b>
<b>Changes in equity for the six months period ended 31 December 2008</b>					
Loss for the six months period	-	-	-	(28,525)	<b>(28,525)</b>
Transferred from surplus on revaluation of property, plant and equipment	-	-	-	1,054	<b>1,054</b>
Total recognised (expense) for the six months period	-	-	-	(27,471)	<b>(27,471)</b>
<b>Balance as at 31 December 2008</b>	<b>79,860</b>	<b>10,646</b>	<b>66,067</b>	<b>(425,366)</b>	<b>(268,793)</b>

The annexed notes 1 to 20 form an integral part of these consolidated condensed interim financial statements.

Karachi: 25-Feb-09

Chief Executive Officer

Director



## 2nd Quarter Report '08

### Wazir Ali Industries Limited

Notes to the Condensed Consolidated Interim Financial Statements (Unaudited)  
For the Six months period ended 31 December 2008

#### 1. Status and nature of business

- 1.1 Wazir Ali Industries Limited ("the Company") was incorporated as a public limited company under the Companies Act, 1913 (now the Companies Ordinance, 1984) and its shares are listed on the Karachi and Lahore Stock Exchanges. Principal activity of the Company is to manufacture and sale of vanaspati ghee and cooking oils. The registered office of the Company is located at F-33, Hub River Road, Karachi, Pakistan. The Company is subsidiary of Dalda Foods (Private) Limited (Holding Company).
- 1.2 As per the agreement with the Holding Company dated 1 January 2007, the Holding Company has agreed to provide various services such as accounting, procurement and human resource services to the Company at fees specified in the agreement. The agreement also specifies sales and marketing services to the Company by Holding Company; which include selling of the Company's products through Holding Company sales and distribution network and marketing management support by Holding Company to the Company. Under the "Toll Manufacturing Service" agreement with effect from February 2007, Holding Company guarantees that it will place orders at minimum of 10,000 tons annually. The Company is entitled to charge toll manufacturing fee at the rates covered in the agreement. This agreement may be terminated on providing 6 months notice by either party.
- 1.3 These consolidated condensed interim financial statements have been prepared on the assumption that the Company would continue as a going concern although the Company has incurred a net loss of Rs.28.012 million during the six months period ended 31 December 2008 and, as of that date, its accumulated loss exceeded the shareholders equity by Rs. 268.280 million (June 2008: Rs. 241.322 million), while the current liabilities exceeded current assets by Rs.106.44 million (June 2008: Rs.88.19 million). The assumptions that the Company would continue as a going concern are as follows:

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

- Financial and operational support from the Holding Company.

- Subordinated loan of Rs. 150 million provided by Holding Company as disclosed in note 12 to these consolidated condensed interim financial statements (here-in-after referred to as interim financial information).

#### 2. Statement of Compliance

- 2.1 This interim financial information for the six months period ended is unaudited and has been prepared in accordance with the requirements of approved accounting standards as applicable in Pakistan. This interim financial information does not include all of the information and disclosures required for annual financial statements and should be read in conjunction with the Company's annual consolidated financial statements as at and for the year ended 30 June 2008.

This interim financial information is being submitted to the shareholders as required by the Listing regulations of Karachi and Lahore Stock Exchanges and section 245 of the Companies Ordinance, 1984.

#### 3. SIGNIFICANT ACCOUNTING POLICIES

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

#### 4. ACCOUNTING ESTIMATES AND JUDGEMENT

The preparation of this interim financial information is in conformity with the approved accounting standards as applicable in Pakistan that requires management to make estimates, assumptions and judgments that affect the application of accounting policies and reported amounts of assets, liabilities, income and expenses. Estimates, assumptions and judgments are continually evaluated and are based on historical experience and other factors, including reasonable expectations of future events. Revisions to accounting estimates are recognised prospectively commencing from the period of revision.

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



## 2nd Quarter Report '08

### 5. FINANCIAL RISK MANAGEMENT

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

### 6. PROPERTY, PLANT AND EQUIPMENT - at cost / revaluation less accumulated depreciation

	(Unaudited) 31 December 2008	(Audited) 30 June 2008
	(Rupees in '000)	
<i>Cost</i>		
Opening balance	168,154	169,512
Additions / (disposals) - net	321	(1,358)
	<u>168,475</u>	<u>168,154</u>
<i>Accumulated depreciation</i>		
Opening balance	(31,830)	(28,710)
For the period / disposal	(2,143)	(3,120)
	<u>(33,973)</u>	<u>(31,830)</u>
Written down value	<u>134,502</u>	<u>136,324</u>

### 7. STOCK-IN-TRADE

Raw materials	1,845	17,021
Packing materials	15,852	13,552
Work-in-process	9,851	53,507
	<u>27,548</u>	<u>84,080</u>
Finished goods - Ghee and cooking oil	89,934	88,654
Write down of finished goods to net realisable value	(7,237)	-
	<u>82,697</u>	<u>88,654</u>
Acid oil (by-product)	4,553	3,561
	<u>114,798</u>	<u>176,295</u>

### 8. TRADE DEBTS - UNSECURED, CONSIDERED GOOD

Trade debts - considered good	37,443	33,093
Doubtful debts	22,737	22,737
	<u>60,180</u>	<u>55,830</u>
Provision for impaired debts	(22,737)	(22,737)
	<u>37,443</u>	<u>33,093</u>

### 9. DUE FROM RELATED PARTIES

Due from an associated company	9.1	187	1,462
		<u>187</u>	<u>1,462</u>

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

### 10. ADVANCES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

Deposits and prepayments	1,554	509
Margin against bank guarantees	6,072	6,072
Receivable from gratuity fund	350	350
	<u>7,976</u>	<u>6,931</u>



## 2nd Quarter Report '08

	(Unaudited) 31 December 2008	(Audited) 30 June 2008
(Rupees in '000)		
<b>11. CASH AND BANK BALANCES</b>		
Cash in hand	539	395
Cash at banks in current accounts	25,064	10,056
Deposit with the bank	17,828	272
	43,431	10,723
<b>12. SUB-ORDINATED LOAN - UNSECURED</b>		
This loan has been borrowed from Holding Company. The loan is unsecured and is payable in 20 equal quarterly installments after the expiry of two years grace period. It carries mark-up at the rate of 6 months KIBOR plus 1.5% per annum.		
<b>13. MARK-UP PAYABLE ON BORROWINGS</b>		
This includes an amount of Rs. 21.905 million (30 June 2008: Rs.9.543 million) payable to the Holding Company on account of Sub-ordinated loan.		
<b>14. SHORT TERM BORROWINGS - SECURED</b>		
Running finance against mark-up arrangement	90,509	94,327
Finance against trust receipt (FATR)	29,890	14,618
	120,399	108,945
<b>15. TRADE AND OTHER PAYABLES</b>		
Trade payables for:		
- Goods	4,367	2,133
- Expenses	14,590	6,882
- Inland letters of credits	11,976	29,947
	30,933	38,962
Due to related parties	119,140	123,030
Accrued expenses	5,946	7,174
Advances from customers	16,796	10,360
Unclaimed dividends	560	560
Other liabilities	1,343	1,411
	174,718	181,497
<b>15.1</b>		
This includes unsecured balance payable to the Holding Company amounting to Rs.62.729 million (30 June 2008: 26.497 million).		
<b>16. CONTINGENCIES</b>		
<b>16.1</b>		
Claims against the Company not acknowledged as debts	16,262	14,180
<b>16.2</b>		
Bank guarantee	23,900	6,072



## 2nd Quarter Report '08

### 17. INFORMATION ABOUT BUSINESS SEGMENTS

#### 17.1 Segment Result & Other Information

	For six months period ended 31 December 2008				For six months period ended 31 December 2007			
	Own	Toll	Unallocated	Total	Own	Toll	Unallocated	Total
	Manufacturing	Manufacturing			Manufacturing	Manufacturing		
	(Rupees in '000)				(Rupees in '000)			
Revenue - net	337,352	50,010	-	387,362	406,818	37,062	-	443,880
Cost of goods sold / services								
Opening balance of finished goods	92,215	-	-	92,215	81,825	-	-	81,825
Cost of goods manufactured / services provided	335,163	39,392	-	374,555	320,677	46,056	-	366,733
Available for sale	427,378	39,392	-	466,770	402,502	46,056	-	448,558
Closing balance of finished goods	(94,487)	-	-	(94,487)	(50,529)	-	-	(50,529)
	332,891	39,392	-	372,283	351,973	46,056	-	398,029
Gross profit / (loss)	4,461	10,618	-	15,079	54,845	(8,994)	-	45,851
Administration expenses	(3,020)	-	(9,769)	(12,789)	(3,040)	-	(11,559)	(14,599)
Distribution and marketing expenses	(38,904)	-	-	(38,904)	(29,068)	-	-	(29,068)
Other income / (charges)	36,825	-	-	36,825	(8,972)	-	-	(8,972)
	(5,099)	-	(9,769)	(14,868)	(41,080)	-	(11,559)	(52,639)
Operating result	(638)	10,618	(9,769)	211	13,765	(8,994)	(11,559)	(6,788)
Non-cash items (excluding depreciation & amortisation)	36,825	-	-	36,825	86	-	-	86
Depreciation & amortisation	1,334	809	-	2,143	788	793	629	2,210
Capital expenditure	(321)	-	-	(321)	321	-	-	321
Cost of goods manufactured / services provided:								
Opening stock of work in process	53,507	-	-	53,507	10,615	-	-	10,615
Raw materials consumed	*249,256	12,601	-	261,857	290,899	12,350	-	303,249
Packing materials consumed	23,129	-	-	23,129	18,442	-	-	18,442
Stores and spares consumed	1,996	5,557	-	7,553	2,152	2,269	-	4,421
Salaries, wages and other benefits	11,717	6,172	-	17,889	3,982	11,939	-	15,921
Contribution to provident fund	-	-	-	-	360	-	-	360
Fuel and power	4,740	13,197	-	17,937	6,441	14,027	-	20,468
Repair and maintenance	144	402	-	546	568	-	-	568
Rent, rates and taxes	-	1	-	1	18	-	-	18
Insurance	100	278	-	378	422	-	-	422
Depreciation	425	1,184	-	1,609	788	793	-	1,581
Others	-	-	-	-	-	4,678	-	4,678
	345,014	39,392	-	384,406	334,687	46,056	-	376,065
Closing stock of work in process	(9,851)	-	-	(9,851)	(14,010)	-	-	(14,010)
	335,163	39,392	-	374,555	320,677	46,056	-	366,055
	For Quarter ended 31 December 2008				For Quarter ended 31 December 2007			
	Own	Toll	Unallocated	Total	Own	Toll	Unallocated	Total
	Manufacturing	Manufacturing			Manufacturing	Manufacturing		
	(Rupees in '000)				(Rupees in '000)			
Revenue - net	147,506	11,009	-	158,515	200,198	22,989	-	223,187
Cost of goods sold / services								
Opening balance of finished goods	134,186	-	-	134,186	57,045	-	-	57,045
Cost of goods manufactured / services provided	127,841	9,634	-	137,475	181,415	22,288	-	203,703
Available for sale	262,027	-	-	271,661	238,460	22,288	-	260,748
Closing balance of finished goods	(94,487)	-	-	(94,487)	(50,529)	-	-	(50,529)
	167,540	-	-	177,174	187,931	22,288	-	210,219
Gross profit / (loss)	(20,034)	11,009	-	(18,659)	12,267	701	-	12,968
Administration expenses	(1,500)	-	(6,050)	(7,550)	(1,521)	-	(7,413)	(8,934)
Selling and distribution expenses	(25,257)	-	-	(25,257)	(11,566)	-	-	(11,566)
Other income / (charges)	36,506	-	-	36,506	(9,435)	-	-	(9,435)
	9,749	-	(6,050)	3,699	(22,522)	-	(7,413)	(29,935)
Operating result	(10,285)	11,009	(6,050)	(14,960)	(10,255)	701	(7,413)	(16,967)
Non-cash items (excluding depreciation & amortisation)	-	-	-	-	86	-	-	86
Depreciation & amortisation	666	404	-	1,070	220	528	629	1,377
Capital expenditure	-	-	-	-	321	-	-	321



## 2nd Quarter Report '08

Cost of goods manufactured / services provided:

Opening stock of work in process	7,819	-	-	7,819	4,654	-	-	4,654
Raw materials consumed	*108,345	1,755	-	110,100	*180,011	-	-	180,011
Packing materials consumed	12,888	-	-	12,888	7,721	-	-	7,721
Stores and spares consumed	776	797	-	1,573	591	1,416	-	2,007
Salaries, wages and other benefits	5,202	2,740	-	7,942	2,023	4,840	-	6,863
Contribution to provident fund	-	-	-	-	167	-	-	167
Fuel and power	2,261	3,525	-	5,786	3,054	7,308	-	10,362
Repair and maintenance	79	148	-	227	369	-	-	369
Rent, rates and taxes	0	(0)	-	-	18	-	-	18
Insurance	61	125	-	186	211	-	-	211
Depreciation	261	544	-	805	220	528	-	748
Others / Expenses charged to service income	-	-	-	-	4,582	-	-	-
	<u>137,692</u>	<u>9,634</u>	<u>-</u>	<u>147,326</u>	<u>203,621</u>	<u>14,092</u>	<u>-</u>	<u>213,131</u>
Closing stock of work in process	(9,851)	-	-	(9,851)	(14,010)	-	-	(14,010)
	<u>127,841</u>	<u>9,634</u>	<u>-</u>	<u>137,475</u>	<u>189,611</u>	<u>14,092</u>	<u>-</u>	<u>199,121</u>

17.2 Assets and liabilities	For six months period ended 31 December 2008				30 June 2008			
	Own	Toll	Unallocated	Total	Own	Toll	Unallocated	Total
	Manufacturing	Manufacturing			Manufacturing	Manufacturing		
	(Rupees in '000)				(Rupees in '000)			
Segment assets	<u>152,241</u>	<u>-</u>	<u>-</u>	<u>152,241</u>	<u>209,388</u>	<u>-</u>	<u>226,834</u>	<u>436,222</u>
Segment liabilities	<u>155,110</u>	<u>-</u>	<u>-</u>	<u>155,110</u>	<u>155,110</u>	<u>-</u>	<u>320,680</u>	<u>475,790</u>

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

### 18. OTHER INCOME / (CHARGES)

This include gain of Rs. 43.282 million (six months period ended 31 December 2007: loss of Rs.7.986 million) on account of remeasurement of liability against inventory borrowed from the HoldingCompany and Rs. 7.237 million on account of write down of finished goods to net realisable value.

### 19. 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), Zulfeqar Industries Limited, IGI Insurance Company Limited, Treet Corporation Limited, Wazir Ali Ventures (Private) Limited, Shakoo (Private) Limited and Mapak Edible Oils (Private) Limited. These associated companies are associated companies either based on holding in equity or they are either under the same management and / or with common directors. All transactions with related parties have been entered on commercial basis /agreement. However, contributions to and accruals in respect of staff retirement and other benefitplans are made in accordance with the actuarial valuation / terms of the contribution plan and remuneration to key management personnel are determined in accordance with the terms of employment. Transactions with related parties other than those disclosed elsewhere in this interim financial information during period are as follows:

	Six months period ended	
	31 December 2008	31 December 2007
	(Rupees in '000)	
<b>Holding Company</b>		
Toll manufacturing fee	<u>50,010</u>	<u>37,062</u>
Common expenses allocated by related party	<u>3,000</u>	<u>136</u>
Financial Income/(charges) on oil liability revaluation	<u>43,282</u>	<u>(7,986)</u>
Fee charged under distribution and marketing agreement - refer note 1.2	<u>5,586</u>	<u>11,164</u>
Freight charges paid on behalf of holding company	<u>5,236</u>	<u>3,532</u>
Cash receipts from holding company	<u>34,000</u>	<u>26,335</u>





## 2nd Quarter Report '08

	Six months period ended	
	31 December 2008	31 December 2007
	(Rupees in '000)	
<b>Associated Companies</b>		
Sales / services rendered	<u>875</u>	<u>712</u>
Purchases / services availed	<u>143,862</u>	<u>239,729</u>
Common expenses allocated to related party	<u>968</u>	<u>797</u>
Cash receipts from associated company	<u>3,637</u>	<u>980</u>
Rent expense	<u>87</u>	<u>63</u>
<b>Contribution to staff retirement funds</b>	<u>-</u>	<u>486</u>
<b>Executive's remuneration</b>	<u>600</u>	<u>608</u>

### 20. GENERAL

These condensed consolidated interim financial statements have been prepared in Pak Rupee rounded off to nearest thousand.

Comparative figure of Rs. 43.821 million has been reclassified from short term borrowings to cash and cash equivalents in the condensed consolidated interim cash flow statement.

This interim financial information was approved in the Board of Directors meeting held on 25 February 2009.

Karachi: 25-Feb-09

Chief Executive Officer

Director