Wazir Ali Industries Limited

Half Yearly Report December 2011

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 SECRETARY	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

DIRECTORS' REVIEW

The Directors of the Company would like to present the unconsolidated financial statements of the Company reviewed by the auditors for the half year ended December 31, 2011.

Overview-Continued operation

The revenue of the Company was Rs. 809.31 M during the period under review. The Gross Profit was recorded as Rs. 91.26M. Administrative and Selling & Distribution expenses were 1.36% and 5.82%.respectively. The Financial Charges increased by 2.57% owing to increase in the mark-up rates.

Loss per share for the period under review is Rs. 0.65 as compared to Rs. 7.54 during the same period of last year.

Future Outlook

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

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 the bankers and the staff of the Company.

For and on behalf of the Board

Abdus Samad
Chief Executive Officer

Date : 24 February 2012
Karachi

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Chartered Accountants
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Sheikh Sultan Trust Building No. 2
Beaumount Road
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Auditors' Report to the Members on review of Condensed Unconsolidated Interim Financial Information

Introduction

We have reviewed the accompanying condensed unconsolidated interim balance sheet of **Wazir Ali Industries Limited** ("the Company") as at 31 December 2011 and the related condensed unconsolidated interim income statement, condensed unconsolidated interim statement of comprehensive income, condensed unconsolidated interim cash flow statement, condensed unconsolidated interim statement of changes in equity and notes to the condensed unconsolidated interim information for the six months period ended 31 December 2011 (here-in-after referred to as the "condensed unconsolidated interim financial information"). Management of the Company is responsible for the preparation and presentation of this condensed unconsolidated 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 condensed unconsolidated 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 the 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 condensed unconsolidated interim financial information as at and for the six months period ended 31 December 2011 is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting.

Emphasis of matter

We draw attention to note 1.3 in the condensed interim unconsolidated financial information, which indicates that the Company incurred a net loss of Rs.5.183 million during the period ended 31 December 2011 and, as of that date, its accumulated loss exceeded the shareholders' equity by Rs. 337.465 million. These conditions, along with other matters as set forth in note 1.2 and 1.3 indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern. Further, the Company has also applied for the delisting from stock exchanges as disclosed in note 1.2. Our conclusion is not qualified in respect of these matters.

Other matters

The figures for the quarter ended 31 December 2010 and 31 December 2011, in the condensed interim unconsolidated profit and loss account have not been reviewed and we do not express a conclusion on them.

KPMG Taseer Hadi & Co.
Chartered Accountants
Muhammad Taufiq

Date :

Karachi : 24 February 2012

Condensed Unconsolidated Interim Balance Sheet (Unaudited)

As at 31 December 2011

	Note	(Un-audited) 31 December 2011	(Audited) 30 June 2011
		(Rupees in '000)	
Assets			
Non-current assets			
Property, plant and equipment	5	**1,548**	147,947
Investment in subsidiary - at cost		**23,878**	25,281
Long term security deposits		**869**	869
Total non-current assets		**26,295**	174,097
Current Assets			
Stores and spares		**5,751**	5,760
Stock-in-trade	6	**231,692**	573,689
Trade debts	7	**39,785**	20,152
Loans and advances		**10**	5
Advances, deposits, prepayments and other receivables	8	**40,376**	39,568
Taxation - net		**22,826**	20,088
Cash and bank balances		**83,212**	27,885
Non-current assets classified as held for sale	9	**146,827**	-
Total current assets		**570,479**	687,147
Total Assets		**596,774**	861,244
Equity and Liabilities			
Share capital and reserves			
Authorised capital			
8,000,000 (30 June 2011: 8,000,000) ordinary shares of Rs. 10 each		**80,000**	80,000
Issued, subscribed and paid-up capital			
7,985,958 (30 June 2011: 7,985,958) ordinary shares of Rs. 10 each		**79,860**	79,860
Capital reserve		**10,646**	10,646
General reserve		**66,067**	66,067
Accumulated losses		**(494,038)**	(489,499)
		(337,465)	(332,926)
Surplus on revaluation of property, plant and equipment	9.2	**141,922**	132,014
Sub-ordinated loans from holding company (unsecured)	10	**320,000**	335,000
Non-current liabilities			
Deferred tax liability		**-**	10,899
Provision for compensated absences		**749**	870
Total non-current liabilities		**749**	11,769
Current liabilities			
Current maturity of sub-ordinated loans from holding company	10	**30,000**	15,000
Trade and other payables	11	**252,583**	421,679
Mark-up payable on borrowings	12	**155,447**	131,351
Short term borrowings	13	**33,538**	147,357
Total current liabilities		**471,568**	715,387
Contingencies and commitments	14		
Total Equity and Liabilities		**596,774**	861,244

The annexed notes 1 to 16 form an integral part of these condensed interim unconsolidated financial statements.

Chief Executive **Director**

Wazir Ali Industries Limited

Condensed Unconsolidated Interim Profit and Loss Account (Unaudited)

For the six months period ended 31 December 2011

	Note	Six months period ended		Quarter ended	
		31 December 2011	31 December 2010	**31 December 2011**	31 December 2010
		(Rupees in '000)			
Revenue - net		**809,308**	-	**351,141**	-
Cost of goods sold / services rendered		**(718,043)**	-	**(312,731)**	-
Gross profit		**91,265**	-	**38,410**	-
Administration expenses		**(11,007)**	-	**(5,097)**	-
Selling and distribution expenses		**(47,125)**	-	**(24,448)**	-
		(58,132)	-	**(29,545)**	-
Other operating (expenses) / income		**(823)**	-	**(560)**	-
Operating income		**32,310**	-	**8,305**	-
Financial charges		**(29,716)**	(28,972)	**(14,619)**	(14,691)
Income / (loss) before taxation		**2,594**	(28,972)	**(6,314)**	(14,691)
Taxation - net		**(7,777)**	-	**(3,173)**	-
		(5,183)	(28,972)	**(9,487)**	(14,691)
Discontinued operation					
(Loss) / profit for the period from discontinued operation - net of tax	*9.3*	-	(31,281)	-	(34,719)
(Loss) for the period		**(5,183)**	(60,253)	**(9,487)**	(49,410)
		(Rupees)			
Loss per share - basic and diluted		**(0.65)**	(7.54)	**(1.19)**	(6.19)

The annexed notes 1 to 16 form an integral part of these condensed interim unconsolidated financial statements.

Chief Executive **Director**

Wazir Ali Industries Limited

Condensed Interim Unconsolidated Statement of Comprehensive Income (Un-audited)
For the six months period ended 31 December 2011

	Six months period ended		Quarter ended	
	31 December 2011	31 December 2010	**31 December 2011**	31 December 2010
	---------------------------- (Rupees in '000)	----------------------------		
Loss for the period	**(5,183)**	(60,253)	**(9,487)**	(49,410)
Other comprehensive income	-	-	-	-
Total comprehensive loss for the period	**(5,183)**	(60,253)	**(9,487)**	(49,410)

The annexed notes 1 to 16 form an integral part of these condensed interim unconsolidated financial statements.

Chief Executive **Director**

Wazir Ali Industries Limited

Condensed Unconsolidated Interim Cash Flow Statement (Unaudited)

For the six months period ended 31 December 2011

	(Un-audited) 31 December 2011	(Un-audited) 31 December 2010
	(Rupees in '000)	
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit / (loss) before taxation	**2,594**	(51,279)
Adjustments for:		
- Depreciation	**1,160**	2,028
- Provision for impairment in investment in subsidiary company	**1,404**	2,280
- Provision for impaired debts	**326**	1,799
- Provision against mark-up receivable from subsidiary company	**-**	1,025
- Financial charges	**29,716**	28,972
Operating profit before working capital changes	**35,200**	(15,175)
Movement in:		
- Stores and spares	**9**	464
- Stock-in-trade	**341,997**	(200,141)
- Trade debts	**(19,959)**	(49,234)
- Loans and advances	**(5)**	1,027
- Deposits, prepayments and other receivables	**(808)**	(17,834)
- Long term security deposits	**-**	(52)
- Compensated absences paid	**(121)**	(635)
- Trade and other payables	**(169,097)**	145,435
Cash generated from / (used in) operations	**187,216**	(136,145)
Financial charges paid	**(5,620)**	(5,591)
Income tax paid	**(10,862)**	(6,267)
Net cash generated from / (used in) operating activities	**170,734**	(148,003)
CASH FLOWS FROM INVESTING ACTIVITIES		
Payment for capital expenditure	**(1,588)**	-
CASH FLOWS FROM FINANCING ACTIVITIES		
Net cash generated from short term borrowing obtained	**-**	138,973
Net increase / (decrease) in cash and cash equivalents	**169,146**	(9,030)
Cash and cash equivalents at beginning of the period	**(119,472)**	19,407
Cash and cash equivalents at end of the period	**49,674**	10,377
Cash and cash equivalents		
Cash and bank balances	**83,212**	60,320
Running finance utilised under mark-up arrangement	**(33,538)**	(49,943)
	49,674	10,377

The annexed notes 1 to 16 form an integral part of these condensed interim unconsolidated financial statements.

Chief Executive | **Director**

Condensed Unconsolidated Interim Statement of Changes in Equity (Unaudited)

For the six months period ended 31 December 2011

	Issued, subscribed & paid-up capital	Capital reserve Share premium	Revenue reserves General reserves	Revenue reserves Accumulated losses	Total
	----------	----------	(Rupees in '000)	----------	----------
Balance as at 1 July 2010	79,860	10,646	66,067	(443,526)	(286,953)
Changes in equity for the six months period ended 31 December 2010					
Total comprehensive loss for the period	-	-	-	(60,253)	(60,253)
Transferred from surplus on revaluation of property, plant and equipment - net of deferred tax	-	-	-	955	955
Balance as at 31 December 2010	79,860	10,646	66,067	(502,824)	(346,251)
Balance as at 1 July 2011	79,860	10,646	66,067	(489,499)	(332,926)
Changes in equity for the six months period ended 31 December 2011					
Total comprehensive loss for the period	-	-	-	(5,183)	(5,183)
Transferred from surplus on revaluation of property, plant and equipment - net of deferred tax	-	-	-	644	644
Balance as at 31 December 2011	**79,860**	**10,646**	**66,067**	**(494,038)**	**(337,465)**

The annexed notes 1 to 16 form an integral part of these condensed interim unconsolidated financial statements.

Chief Executive **Director**

Notes to the Condensed Unconsolidated Interim Financial Statements (Unaudited)
For the six months period ended 31 December 2011

1. Status and Nature of Business

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

1.2 On 27 October 2010, the Board of Directors decided to close the production facility from 31 December 2010. From 1 January 2011, the demand for the Company`s product was met through a toll manufacturing agreementexecuted with the holding company. As per the agreement, the holding company agreed toprovide toll manufacturing services for the production of a product "TULLO", at a specified toll manufacturingfees. The agreement may be terminated by either party through a notice of one month.

Previously on 1 January 2007, an agreement was entered with the holding company, whereby the holdingcompany agreed to provide various services such as sales and marketing (include selling of the Company's products through the holding company's sales and distribution network), accounting, procurement and human resource to the Company at an agreed fees.

On 28 October 2011, the Board of Directors decided to voluntarily delist the Company and disposed off all the Property, Plant and Equipment of the Company. In this respect, the Chief Executive Officer and / or any other Directors were authorised to take the necessary steps. The said decision was also approved by shareholdersin an Extra Ordinary General Meeting held on 20 January 2012.

1.3 In the current period, the Company has incurred a net loss of Rs. 5.183 million (December 2010: Rs. 60.253million) and as of that date, its accumulated losses exceeded the shareholders' equity by Rs. 337.465 million (June 2011: Rs. 332.926 million). However, these financial statements have been prepared on a going concern basis, based on the following assumptions:

- It is expected that the Company will be able to sell Property, Plant and Equipment at or above the carrying amount which would absorbed some of the accumulated losses. Further, the Company would also be ableto reduce its fixed costs as a result of discontinuation of production facilities, as detailed in note 1.2 to these condensed interim unconsolidated financial statements.

- Availability of continuous financial support from the holding company, as an when required. The holding Company has already given sub-ordinated loans as disclose in note 9 to these condensed interim unconsolidated financial statements..

2. Basis of Presentation

2.1 STATEMENT OF COMPLIANCE

These condensed interim unconsolidated financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting and do not include the information required for full annual financial statements. Therefore, these should be read in conjunction with the unconsolidated financial statements as at and for the year ended 30 June 2011.

These condensed unconsolidated interim financial statements are 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

Except for the following, the accounting policies applied in the preparation of this condensed interim unconsolidated financial statements are the same as those applied in the annual unconsolidated financial statements for the preceding year ended as at and for the year ended 30 June 2011 :

Asset Held For Sale

Non current assets that are expected to be recovered primarily through sale rather than through continuing useare classified as held for sale. Immediately before classification as held for sale the assets are measured in accordance with the Company`s accounting policies. Thereafter, the assets are measured at the lower of their carrying amount and fair value less cost of sell. Impairment losses on initial classification as held for sale andsubsequent gains and losses on remeasurements are recognized in profit or loss.

4. Accounting Estimates, Judgement and Risk Management

In preparing the condensed interim unconsolidated financial statements, significant judgments made by the 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 2011.

4.1 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 2011.

5. Property, Plant and Equipment

	(Un-audited) 31 December 2011	(Audited) 30 June 2011
	(Rupees in '000)	
Cost / revaluation		
Opening balance	**175,843**	177,168
Additions / (disposals) - net	**1,588**	(880)
Revaluation / (deficit)	**-**	(445)
Transfer to Assets held for sale	**(175,843)**	-
	1,588	175,843
Accumulated depreciation		
Opening balance	**(27,896)**	(24,780)
Depreciation expense for the period / year	**(1,160)**	(3,972)
Depreciation on assets disposed off	**-**	856
Transfer to Assets held for sale	**29,016**	-
	(40)	(27,896)
Written down value	**1,548**	147,947

	Note	(Un-audited) 31 December 2011	(Audited) 30 June 2011
		(Rupees in '000)	
6. Stock - in - Trade			
Raw materials		121,964	413,492
Provision against obsolete raw material		(2,720)	(2,720)
		119,244	410,772
Packing materials		15,917	12,363
Provision against obsolete packing material		(3,958)	(3,958)
		11,959	8,405
Work-in-process		8,850	6,712
		140,053	425,889
Finished goods - Ghee and cooking oil		92,304	148,587
Write down of finished goods to net realizable value		(3,712)	(765)
Provision against obsolete finished goods			(3,948)
		88,592	143,874
Acid oil (by-product)		4,547	5,926
Provision against obsolete stock		(1,500)	(2,000)
		3,047	3,926
		231,692	573,689
7. Trade Debts (Un-secured and considered good)			
Trade debts - considered good		39,785	20,152
Doubtful debts		9,992	9,666
		49,777	29,818
Provision for impaired debts		(9,992)	(9,666)
		39,785	20,152
8. Advance, Deposits, Prepayments and other receivables	*Note*		
Deposits and prepayments		19,926	18,099
Provision there against		(379)	(379)
		19,547	17,720
Margin against bank guarantees		6,072	6,072
Accrued profit on foreign currency fixed deposit		-	609
Sales tax refundable		2,112	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	2,398
Due from ZIL Limited		324	728
Due from the Subsidiary Company	*8.1*	9,924	9,924
Others		996	996
Less: Provision there against		(997)	(997)
		12,645	13,049
		40,376	39,568

8.1 This amount represents advance given to Wazir Ali Ventures (Private) Limited, wholly owned subsidiary of the Company. During the period, the Board of Directors of Wazir Ali Ventures decided to liquidate the company and the Company is expecting to recover the advance from the proceeds of liquidation.

9. Non-Current Assets Classified as Held For Sale

On 28th October 2011, the Board of Directors decided to disposed of all the fixed assets of the Company. In this respect Chief Executive Officer and / or any other Director of the Company were jointly authorised by the Board to take all necessary steps. This was also approved by the shareholders in an Extra Ordinary General Meeting held on 20 January 2012. The details of assets classified as assets held for sale is as follows:

Non-Current Assets	*Note*	**31 December 2011**
Property, plant and equipment		**(Rupees in '000)**
Free hold land	*9.1*	113,600
Building on free hold land	*9.1*	14,294
Plant and machinery	*9.1*	18,722
Furniture and fixtures		10
Computer equipment		-
Factory equipment		183
Office equipment		18
Total		146,827

Efforts to sell the assets have commenced it is expected to complete with the next twelve months.

9.1 Based on the valuation of freehold land, building on freehold land and plant and machinery carried out on 30 June 2011, the fair value less cost to sell of the freehold land, building on freehold land and Plant and Machinery amounted to Rs. 147 million (2010:Rs 152 million).

9.2 The related deferred tax liability of Rs 9.908 million in respect of surplus on revaluation of Property, Plant and Equipment held for sale has been reversed in the current year on the basis that these assets will not be depreciated in future.

9.3 **Discontinued operation**

As fully stated in note 1.2 , the Production facilities were closed on 31 December 2010. All the revenue generated and expenses incurred pertaining to the discontinued operation up to 31 December 2010 have been included as discontinued operation. There is no effect in the profit and loss account and cash flow statement of the current year. The details are disclosed in the financial statements as at and for the year ended 30 June 2011.

10. Sub-Ordinated Loans From Holding Company - (Unsecured)

	Note	**(Un-audited) 31 December 2011**	(Audited) 30 June 2011
Loan I	*10.1*	**150,000**	150,000
Loan II	*10.2*	**200,000**	200,000
		350,000	350,000
Less: Current maturity		**(30,000)**	(15,000)
		320,000	335,000

10.1 This loan was obtained on 31 December 2007 from the holding company to meet the operational requirements of the Company. This carry a mark-up at the rate of 6 months' KIBOR plus 1.5 percent per annum. The principal and markup is repayable in 20 equal quarterly installments along with markup after grace period of four years. Initially the grace period was two years, which was extended to four years on 30 June 2010.

10.2 This loan was obtained on 25 June 2009 from the holding company to meet the operational cashflow requirements. This carry a mark-up at the rate of 1 month's KIBOR. The principal and markup is repayable in 20 equal quarterly installments along with markup after grace period of four years.Initially the grace period was of two years which has been extended to four years on 30 June 2010.

11. Trade and Other Payables

	Note	(Un-audited) 31 December 2011	(Audited) 30 June 2011
		(Rupees in '000)	
Trade payables for:			
- Goods	*11.1*	**116,309**	339,035
- Expenses		**1,619**	1,254
		117,928	340,289
Accrued expenses		**8,028**	11,030
Due to the holding company	*11.2*	**115,479**	56,687
Advances from customers		**10,556**	13,082
Other liabilities		**35**	34
Unclaimed dividends		**557**	557
		252,583	421,679

11.1 This includes amounts payable to associated companies amounting to Rs. 45.775 million (30 June 2011: Rs. 49.048 million).

11.2 This amount represents service fee of toll manufacturing payable to holding company.

12. Mark-Up Payable on Borrowings

This includes an amount of Rs. 154.442 million (30 June 2011: Rs. 129.036 million) payable to the holding company on account of Sub-ordinate loans.

13. Short Term Borrowings-Secured

	Note		
Running finance utilised mark-up arrangement	*13.1*	**33,538**	34,040
Running finance under FE-25 Import Scheme		**-**	113,317
		33,538	147,357

13.1 This has been obtained from from a commercial bank at a mark-up rate of 3 months' KIBOR plus 2% per annum (2011: 3 months KIBOR plus 2 % p.a). The mark-up is 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. This has total limit of Rs. 95 million.

The Company has also obtained facility from the same commercial bank for import letters of credit having a limit of Rs. 30 million which is unavailed as at 31 December 2011.

14. Contingencies and Commitments

	Note	(Un-audited) 31 December 2011	(Audited) 30 June 2011
		(Rupees in '000)	
Contingencies	14.1	**38,603**	36,813
Commitment	14.2	**119,607**	-

14.1 Contingencies and Commitments

	Note	(Un-audited) 31 December 2011	(Audited) 30 June 2011
Claims against Company not acknowledged as debt	14.2	**32,531**	30,741
Bank guarantees		**6,072**	6,072

14.2 There is no change in the status of legal cases and other contingencies and commitments as disclosed in the financial statements for the year ended 30 June 2011.

15. Related Party Transactions

The transactions and balances with related parties other than those disclosed alsewhere are as follows:

	Six months period ended	
	31 December 2011	31 December 2010
	(Rupees in '000)	
Holding Company		
Toll manufacturing fee for services	**31,263**	-
Common expenses allocated by related party	**3,600**	3,000
Mark-up on borrowing from Holding company	**25,406**	23,412
Fee charged under distribution and marketing agreement	**17,381**	14,191
Freight charges and other payments made on behalf of holding company	-	4,917
Cash received from holding company	-	9,408
Associated Companies		
Purchases / services availed	**136,529**	477,096
Common expenses allocated to related party	**361**	1,136
Cash receipts from associated company	**765**	1,604
Insurance premium paid	**1,485**	1,484
Key management personnel's	**1,492**	600

16. General

16.1 These condensed interim unconsolidated financial information has been prepared in Pak Rupee rounded off to nearest thousand.

16.2 These condensed interim unconsolidated financial information was approved in the Board of Directors meeting held on 24 February 2012.

Chief Executive **Director**

Wazir Ali Industries Limited

and its Subsidiary

Consolidated Financial Statement

(Un - Audited)

Six months period ended December 31, 2011

DIRECTORS' REVIEW

The Directors of the Company would like to present the consolidated financial statements of the Company for the half year ended December 31, 2011.

Overview-Continued operation

The revenue of the Company was Rs. 809.31 M during the period under review. The Gross Profit was recorded as Rs. 91.26M. Administrative and Selling & Distribution expenses were 1.36% and 5.82%.respectively. The Financial Charges decreased by 0.44%.

Loss per share for the period under review is Rs. 0.65 as compared to Rs. 7.54 during the same period of last year.

Future Outlook

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

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 the bankers and the staff of the Company.

For and on behalf of the Board

Abdus Samad
Chief Executive Officer

Date : 24 February 2012
Karachi

Condensed Consolidated Interim Balance Sheet (Unaudited)

As at 31 December 2011

	Note	(Un-audited) 31 December 2011	(Audited) 30 June 2011
		(Rupees in '000)	
Assets			
Non-current assets			
Property, plant and equipment	5	**1,548**	147,947
Investment property		**130,500**	130,500
Long term security deposits		**869**	869
Total non-current assets		**132,917**	279,316
Current Assets			
Stores and spares		**5,751**	5,760
Stock-in-trade	6	**231,692**	573,689
Trade debts	7	**39,785**	20,152
Loans and advances		**10**	5
Advances, deposits, prepayments and other receivables	8	**30,452**	29,644
Taxation - net		**22,826**	20,088
Cash and bank balances		**83,229**	28,149
Non-current assets classified as held for sale	9	**146,827**	-
Total current assets		**560,571**	677,487
Total Assets		**693,488**	956,803
Equity and Liabilities			
Share capital and reserves			
Authorised capital			
8,000,000 (30 June 2011: 8,000,000) ordinary shares of Rs. 10 each		**80,000**	80,000
Issued, subscribed and paid-up capital			
7,985,958 (30 June 2011: 7,985,958) ordinary shares of Rs. 10 each		**79,860**	79,860
Capital reserve		**10,646**	10,646
General reserve		**66,067**	66,067
Accumulated losses		**(575,639)**	(571,100)
		(419,066)	(414,527)
Surplus on revaluation of property, plant and equipment	9.2	**227,304**	217,396
Sub-ordinated loans from holding company (unsecured)	10	**320,000**	335,000
Non-current liabilities			
Deferred tax liability		**14,963**	25,862
Provision for compensated absences		**749**	870
Total non-current liabilities		**15,712**	26,732
Current liabilities			
Current maturity of sub-ordinated loans from holding company	10	**45,055**	35,947
Trade and other payables	11	**252,719**	421,817
Mark-up payable on borrowings	12	**155,657**	131,609
Payable to Ultimate Holding Company		**62,569**	55,472
Short term borrowings	13	**33,538**	147,357
Total current liabilities		**549,538**	792,202
Contingencies and commitments	14		
Total Equity and Liabilities		**693,488**	956,803

The annexed notes 1 to 16 form an integral part of these condensed interim consolidated financial statements.

Chief Executive | **Director**

Wazir Ali Industries Limited

Condensed Consolidated Interim Profit and Loss Account (Unaudited)

For the six months period ended 31 December 2011

	Note	**Six months period ended**		**Quarter ended**	
		31 December 2011	31 December 2010	**31 December 2011**	31 December 2010
		(Rupees in '000)			
Revenue - net		**809,308**	-	**351,141**	-
Cost of goods sold / services rendered		**(718,043)**	-	**(312,731)**	-
Gross profit		**91,265**	-	**38,410**	-
Administration expenses		**(11,011)**	-	**(5,101)**	-
Selling and distribution expenses		**(47,125)**	-	**(24,448)**	-
		(58,136)	-	**(29,549)**	-
Other operating (expenses) / income		**581**	-	**844**	-
Operating income		**33,710**	-	**9,705**	-
Financial charges		**(31,116)**	(31,252)	**(16,019)**	(15,733)
Income / (loss) before taxation		**2,594**	(31,252)	**(6,314)**	(15,733)
Taxation - net		**(7,777)**	-	**(3,173)**	-
		(5,183)	(31,252)	**(9,487)**	(15,733)
Discontinued operation					
(Loss) / profit for the period from discontinued operation - net of tax	*9.3*	**-**	-	**-**	(32,439)
(Loss) for the period		**(5,183)**	(60,253)	**(9,487)**	(48,172)
		(Rupees)			
Loss per share - basic and diluted		**(0.65)**	(7.54)	**(1.19)**	(6.03)

The annexed notes 1 to 16 form an integral part of these condensed interim consolidated financial statements.

Chief Executive | **Director**

Condensed Interim Consolidated Statement of Comprehensive Income (Un-audited)

For the six months period ended 31 December 2011

	Six months period ended		Quarter ended	
	31 December 2011	31 December 2010	**31 December 2011**	31 December 2010
	(Rupees in '000)			
Loss for the period	**(5,183)**	(60,253)	**(9,487)**	(48,172)
Other comprehensive income	-	-	-	-
Total comprehensive loss for the period	**(5,183)**	(60,253)	**(9,487)**	(48,172)

The annexed notes 1 to 16 form an integral part of these condensed interim consolidated financial statements.

Chief Executive **Director**

Wazir Ali Industries Limited

Condensed Consolidated Interim Cash Flow Statement (Unaudited)

For the six months period ended 31 December 2011

	(Un-audited) 31 December 2011	(Un-audited) 31 December 2010
	(Rupees in '000)	
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit / (loss) before taxation	**2,594**	(51,279)
Adjustments for:		
- Depreciation	**1,160**	2,028
- Provision for impaired debts	**326**	1,799
- Financial charges	**31,116**	31,252
Operating profit before working capital changes	**35,196**	(16,200)
Movement in:		
- Stores and spares	**9**	464
- Stock-in-trade	**341,997**	(200,141)
- Trade debts	**(19,959)**	(49,234)
- Loans and advances	**(5)**	1,027
- Deposits, prepayments and other receivables	**(808)**	(17,834)
- Long term security deposits	**-**	(52)
- Payable to related party	**7,097**	21,234
- Compensated absences paid	**(121)**	(635)
- Trade and other payables	**(169,098)**	145,420
Cash generated from / (used in) operations	**194,308**	(115,951)
Financial charges paid	**(7,068)**	(8,158)
Income tax paid	**(10,862)**	(6,267)
Net cash generated from / (used in) operating activities	**176,379**	(130,376)
CASH FLOWS FROM INVESTING ACTIVITIES		
Payment for capital expenditure	**(1,588)**	-
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment long term finance	**(5,892)**	(7,644)
Net increase / (decrease) in cash and cash equivalents	**168,899**	(138,020)
Cash and cash equivalents at beginning of the period	**(119,208)**	9,688
Cash and cash equivalents at end of the period	**49,691**	(128,332)
Cash and cash equivalents		
Cash and bank balances	**83,229**	60,584
Running finance utilised under mark-up arrangement	**(33,538)**	(188,916)
	49,691	(128,332)

The annexed notes 1 to 16 form an integral part of these condensed interim unconsolidated financial statements.

Chief Executive **Director**

Wazir Ali Industries Limited

Condensed Consolidated Interim Statement of Changes in Equity (Unaudited)

For the six months period ended 31 December 2011

	Issued, subscribed & paid-up capital	Capital reserve	Revenue reserves		Total
		Share premium	General reserves	Accumulated losses	
	(Rupees in '000)				
Balance as at 1 July 2010	79,860	10,646	66,067	(443,526)	(286,953)
Changes in equity for the six months period ended 31 December 2010					
Total comprehensive loss for the period	-	-	-	(60,253)	(60,253)
Transferred from surplus on revaluation of property, plant and equipment - net of deferred tax	-	-	-	955	955
Balance as at 31 December 2010	79,860	10,646	66,067	(502,824)	(346,251)
Balance as at 1 July 2011	79,860	10,646	66,067	(571,100)	(414,527)
Changes in equity for the six months period ended 31 December 2011					
Total comprehensive loss for the period	-	-	-	(5,183)	(5,183)
Transferred from surplus on revaluation of property, plant and equipment - net of deferred tax	-	-	-	644	644
Balance as at 31 December 2011	**79,860**	**10,646**	**66,067**	**(575,639)**	**(419,066)**

The annexed notes 1 to 16 form an integral part of these condensed interim consolidated financial statements.

Chief Executive

Director

Notes to the Condensed Consolidated Interim Financial Statements (Unaudited)

For the six months period ended 31 December 2011

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 manufacturing and sale of banaspati 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 of Dalda Foods (Private) Limited (the holding company).

Wazir Ali Ventures (Private) Limited ("the Subsidiary") was incorporated as private limited company under the Companies Ordinance, 1984. The Subsidiary was incorporated on 9 May 2005. The principal activity of the Subsidiary is to develop / construct and sale of buildings and related infrastructure.

1.2 Basis of Consolidated

Subsidiaries are those entities in which the parent company directly or indirectly controls, beneficially owns or holds more than 50% of the voting securities or otherwise has the power to elect and appoint more than 50% of its directors. The financial statements of the Subsidiary are included in the consolidated financial statements from the date control commences until the date control ceases.

The assets and liabilities of the Subsidiary have been consolidated on a line-by-line basis. All intra group balances and transactions have been eliminated.

1.3 On 27 October 2010, the Board of Directors decided to close the production facility from 31 December 2010.From 1 January 2011, the demand for the Company`s product was met through a toll manufacturing agreement executed with the holding company. As per the agreement, the holding company agreed to provide toll manufacturing services for the production of a product "TULLO", at a specified toll manufacturing fees. The agreement may be terminated by either party through a notice of one month.

Previously on 1 January 2007, an agreement was entered with the holding company, whereby the holding company agreed to provide various services such as sales and marketing (include selling of the Company's products through the holding company's sales and distribution network), accounting, procurement and human resource to the Company at an agreed fees.

On 28 October 2011, the Board of Directors decided to voluntarily delist the Company and disposed off all the Property, Plant and Equipment of the Company. In this respect, the Chief Executive Officer and / or any other Directors were authorised to take the necessary steps. The said decision was also approved by shareholders in an Extra Ordinary General Meeting held on 20 January 2012.

1.4 In the current period, the Company has incurred a net loss of Rs. 5.183 million (December 2010: Rs. 60.253 million) and as of that date, its accumulated losses exceeded the shareholders' equity by Rs. 419.066 million (June 2011: Rs.414.527 million). However, these financial statements have been prepared on a going concern basis, based on the following assumptions:

- It is expected that the Company will be able to sell Property, Plant and Equipment at or above the carrying amount which would absorbed some of the accumulated losses. Further, the Company would also be able to reduce its fixed costs as a result of discontinuation of production facilities, as detailed in note 1.2 to these condensed interim consolidated financial statements.

- Availability of continuous financial support from the holding company, as an when required. The holding Company has already given sub-ordinated loans as disclose in note 9 to these condensed interim consolidated financial statements..

2. Basis of Presentation

2.1 STATEMENT OF COMPLIANCE

These condensed interim consolidated financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting and do not include the information required for full annual financial statements. Therefore, these should be read in conjunction with the consolidated financial statements as at and for the year ended 30 June 2011.

These condensed consolidated interim financial statements are 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

Except for the following, the accounting policies applied in the preparation of this condensed interim consolidated financial statements are the same as those applied in the annual consolidated financial statements for the preceding year ended as at and for the year ended 30 June 2011 :

Asset Held For Sale

Non current assets that are expected to be recovered primarily through sale rather than through continuing useare classified as held for sale. Immediately before classification as held for sale the assets are measured in accordance with the Company`s accounting policies. Thereafter, the assets are measured at the lower of their carrying amount and fair value less cost of sell. Impairment losses on initial classification as held for sale and subsequent gains and losses on remeasurements are recognized in profit or loss.

4. Accounting Estimates, Judgement and Risk Management

In preparing the condensed interim consolidated financial statements, significant judgments made by the 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 2011.

4.1 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 2011.

5. Property, Plant and Equipment

	(Un-audited) 31 December 2011	(Audited) 30 June 2011
	(Rupees in '000)	
Cost / revaluation		
Opening balance	**175,843**	177,168
Additions / (disposals) - net	**1,588**	(880)
Revaluation / (deficit)	**-**	(445)
Transfer to Assets held for sale	**(175,843)**	-
	1,588	175,843
Accumulated depreciation		
Opening balance	**(27,896)**	(24,780)
Depreciation expense for the period / year	**(1,160)**	(3,972)
Depreciation on assets disposed off	**-**	856
Transfer to Assets held for sale	**29,016**	-
	(40)	(27,896)
Written down value	**1,548**	147,947

		(Un-audited) 31 December 2011	(Audited) 30 June 2011
		(Rupees in '000)	
6.	**Stock - in - Trade**		
	Raw materials	**121,964**	413,492
	Provision against obsolete raw material	**(2,720)**	(2,720)
		119,244	410,772
	Packing materials	**15,917**	12,363
	Provision against obsolete packing material	**(3,958)**	(3,958)
		11,959	8,405
	Work-in-process	**8,850**	6,712
		140,053	425,889
	Finished goods - Ghee and cooking oil	**92,304**	148,587
	Write down of finished goods to net realizable value	**(3,712)**	(765)
	Provision against obsolete finished goods		(3,948)
		88,592	143,874
	Acid oil (by-product)	**4,547**	5,926
	Provision against obsolete stock	**(1,500)**	(2,000)
		3,047	3,926
		231,692	573,689
7.	**Trade Debts (Un-secured and considered good)**		
	Trade debts - considered good	**39,785**	20,152
	Doubtful debts	**9,992**	9,666
		49,777	29,818
	Provision for impaired debts	**(9,992)**	(9,666)
		39,785	20,152
8.	**Advance, Deposits, Prepayments and other receivables** *Note*		
	Deposits and prepayments	**19,926**	18,099
	Provision there against	**(379)**	(379)
		19,547	17,720
	Margin against bank guarantees	**6,072**	6,072
	Accrued profit on foreign currency fixed deposit	**-**	609
	Sales tax refundable	**2,112**	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**	2,398
	Due from ZIL Limited	**324**	728
	Others	**996**	996
	Less: Provision there against	**(997)**	(997)
		2,721	3,125
		30,452	29,644

9. Non-Current Assets Classified as Held For Sale

On 28th October 2011, the Board of Directors decided to disposed of all the fixed assets of the Company. In this respect Chief Executive Officer and / or any other Director of the Company were jointly authorised by the Board to take all necessary steps. This was also approved by the shareholders in an Extra Ordinary General Meeting held on 20 January 2012. The details of assets classified as assets held for sale is as follows:

Non-Current Assets	*Note*	**31 December 2011**
Property, plant and equipment		**(Rupees in '000)**
Free hold land	*9.1*	113,600
Building on free hold land	*9.1*	14,294
Plant and machinery	*9.1*	18,722
Furniture and fixtures		10
Computer equipment		-
Factory equipment		183
Office equipment		18
Total		146,827

Efforts to sell the assets have commenced it is expected to complete with the next twelve months.

9.1 Based on the valuation of freehold land, building on freehold land and plant and machinery carried out on 30 June 2011, the fair value less cost to sell of the freehold land, building on freehold land and Plant and Machinery amounted to Rs. 147 million (2010:Rs 152 million).

9.2 The related deferred tax liability of Rs 9.908 million in respect of surplus on revaluation of Property, Plant and Equipment held for sale has been reversed in the current year on the basis that these assets will not be depreciated in future.

9.3 Discontinued operation

As fully stated in note 1.2 , the Production facilities were closed on 31 December 2010. All the revenue generated and expenses incurred pertaining to the discontinued operation up to 31 December 2010 have been included as discontinued operation. There is no effect in the profit and loss account and cash flow statement of the current year. The details are disclosed in the financial statements as at and for the year ended 30 June 2011.

10. Sub-Ordinated Loans From Holding Company - (Unsecured)

	Note	**(Un-audited) 31 December 2011**	(Audited) 30 June 2011
Loan I	*10.1*	**150,000**	150,000
Loan II	*10.2*	**200,000**	200,000
		350,000	350,000
Less: Current maturity		**(30,000)**	(15,000)
		320,000	335,000

10.1 This loan was obtained on 31 December 2007 from the holding company to meet the operational requirements of the Company. This carry a mark-up at the rate of 6 months' KIBOR plus 1.5 percent per annum. The principal and markup is repayable in 20 equal quarterly installments along with markup after grace period of four years. Initially the grace period was two years, which was extended to four years on 30 June 2010.

10.2 This loan was obtained on 25 June 2009 from the holding company to meet the operational cashflow requirements. This carry a mark-up at the rate of 1 month's KIBOR. The principal and markup is repayable in 20 equal quarterly installments along with markup after grace period of four years.Initially the grace period was of two years which has been extended to four years on 30 June 2010.

11. Trade and Other Payables

	Note	**(Un-audited) 31 December 2011**	(Audited) 30 June 2011
		(Rupees in '000)	
Trade payables for:			
- Goods	*11.1*	**116,309**	339,035
- Expenses		**1,619**	1,254
		117,928	340,289
Accrued expenses		**8,164**	11,168
Payable to holding company	*11.2*	**115,479**	56,687
Advances from customers		**10,556**	13,082
Other liabilities		**35**	34
Unclaimed dividends		**557**	557
		252,719	421,817

11.1 This includes amounts payable to associated companies amounting to Rs. 45.775 million (30 June 2011: Rs. 49.048 million).

11.2 This amount represents service fee of toll manufacturing payable to holding company.

12. Mark-Up Payable on Borrowings

This includes an amount of Rs. 154.442 million (30 June 2011: Rs. 129.036 million) payable to the holding company on account of Sub-ordinate loans.

13. Short Term Borrowings-Secured

	Note		
Running finance utilised mark-up arrangement	*13.1*	**33,538**	34,040
Running finance under FE-25 Import Scheme		**-**	113,317
		33,538	147,357

13.1 This has been obtained from from a commercial bank at a mark-up rate of 3 months' KIBOR plus 2% per annum (2011: 3 months KIBOR plus 2 % p.a). The mark-up is 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. This has total limit of Rs. 95 million.

The Company has also obtained facility from the same commercial bank for import letters of credit having a limit of Rs. 30 million which is unavailed as at 31 December 2011.

14. Contingencies and Commitments

	Note	(Un-audited) 31 December 2011	(Audited) 30 June 2011
		(Rupees in '000)	
Contingencies	*14.1*	**38,603**	36,813
Commitment	*14.2*	**119,607**	-

14.1 Contingencies and Commitments

	Note	(Un-audited) 31 December 2011	(Audited) 30 June 2011
Claims against Company not acknowledged as debt	*14.2*	**32,531**	30,741
Bank guarantees		**6,072**	6,072

14.2 There is no change in the status of legal cases and other contingencies and commitments as disclosed in the financial statements for the year ended 30 June 2011.

15. Related Party Transactions

The transactions and balances with related parties other than those disclosed alsewhere are as follows:

	Six months period ended	
	31 December 2011	31 December 2010
	(Rupees in '000)	
Holding Company		
Toll manufacturing fee for services	**31,263**	-
Common expenses allocated by related party	**3,600**	3,000
Mark-up on borrowing from Holding company	**25,406**	23,412
Fee charged under distribution and marketing agreement	**17,381**	14,191
Freight charges and other payments made on behalf of holding company	-	4,917
Cash received from holding company	-	9,408
Associated Companies		
Purchases / services availed	**136,529**	477,096
Common expenses allocated to related party	**361**	1,136
Cash receipts from associated company	**765**	1,604
Insurance premium paid	**1,485**	1,484
Key management personnel's	**1,492**	600

16. General

16.1 These condensed interim consolidated financial information has been prepared in Pak Rupee rounded off to nearest thousand.

16.2 These condensed interim consolidated financial information was approved in the Board of Directors meeting held on 24 February 2012.

Chief Executive **Director**

Wazir Ali Industries Limited

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