

POML
ANNUAL REPORT
2015

EXPANDING
HORIZONS



Punjab Oil Mills Limited

An ISO 9001 & FSSC 22000 CERTIFIED COMPANY

**“SAY NO TO
CORRUPTION”**

CANOLIVE[®]
Premium Cooking Oil

 **SEHAT PAR AB
NO SAMJHOTA**

Be Smart!





CONTENTS

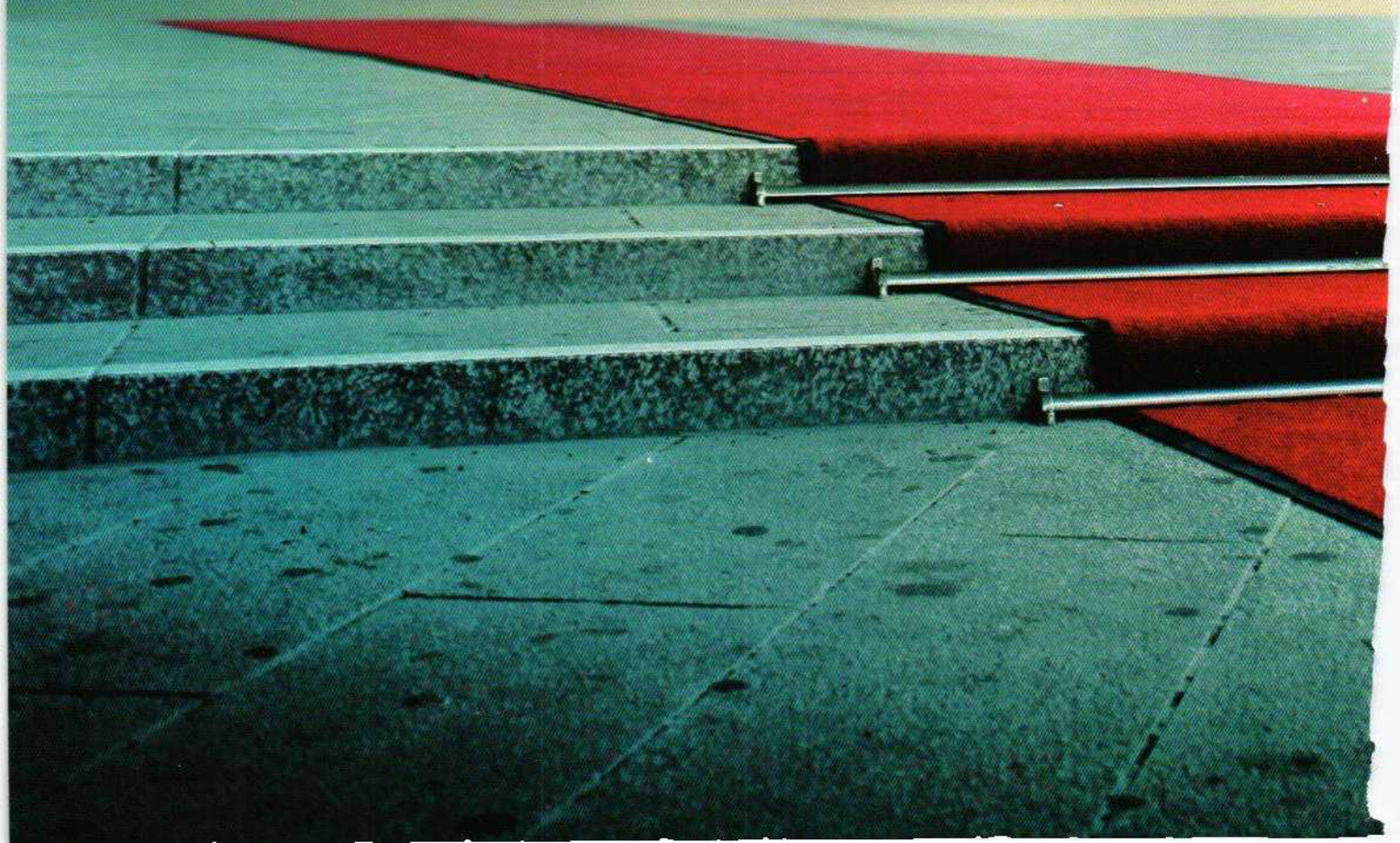
Our Vision	02
Our Mission	03
Company Information	04
Information for Shareholders	05-06
Notice of Annual General Meeting	07-08
Directors' Report	09-16
Statement of Compliance with the Code of Corporate Governance	17-18
Key Financial Data Last Six Years	19
Auditors' Review Report to the Members on Statement of Compliance with Best Practices of Code of Corporate Governance	20
Auditors' Report to the Members	21
Balance Sheet	22
Profit and Loss Account	23
Statement of Comprehensive Income	24
Cash Flow Statement	25
Statement of Changes in Equity	26
Notes to the Financial Statements	27-50
Pattern of Shareholding	51-52
Information Under Section 218	53
Form of Proxy	54

OUR VISION

To establish POML as a growing and diversified food and consumer goods company that consistently exceeds customer expectations by delivering the highest standards in product development, production, distribution and marketing, while maximizing shareholder value by efficient allocation of the Company's resources.

POML seeks to combine innovation and creativity with diligent resource and risk management to consistently create value for all its stakeholders and play a meaningful and sustainable role in the economic and social development of the Country.

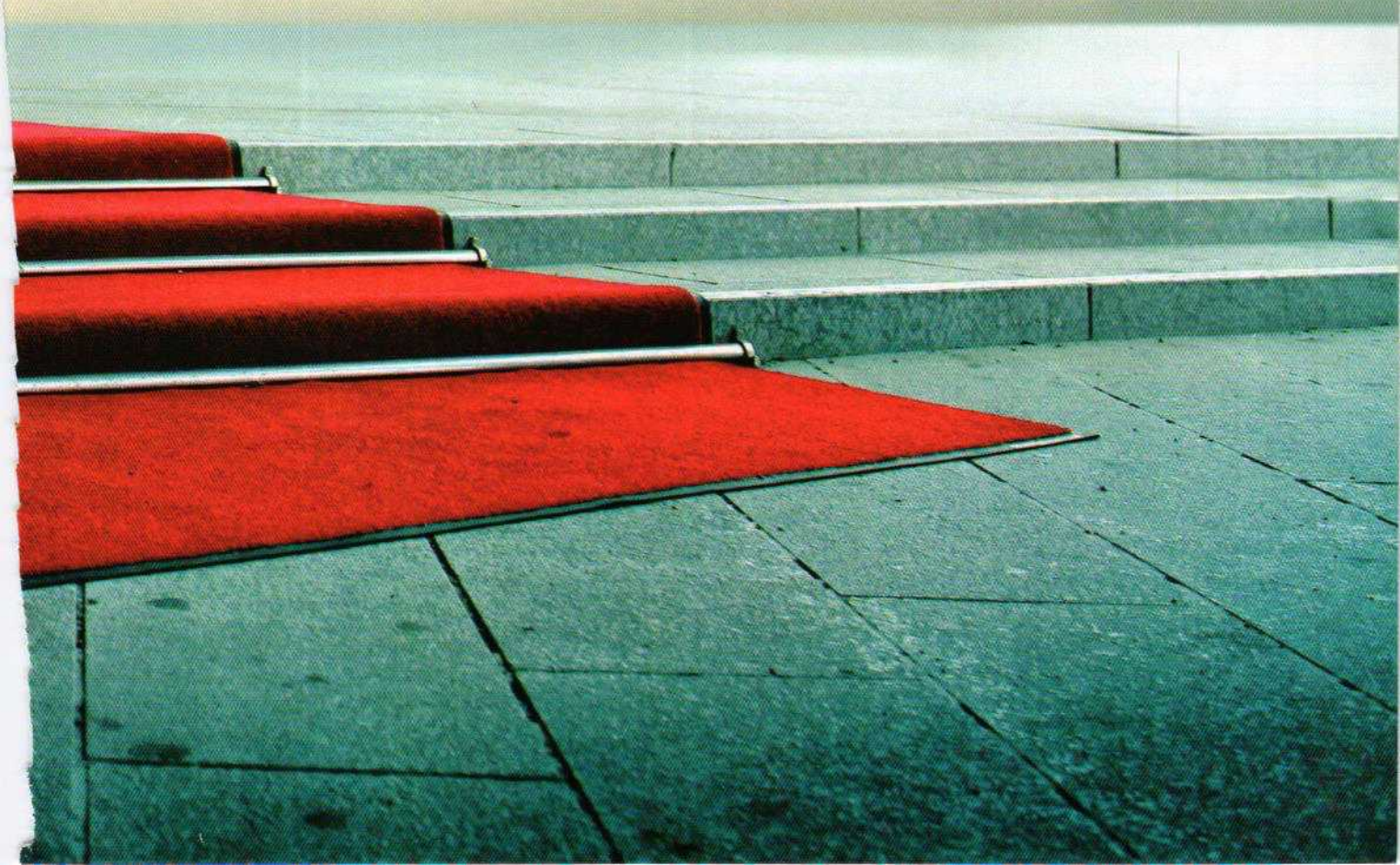
POML has no wish to influence people in their personal beliefs but specifically disassociates itself from any activity that challenges our commitment to cultural diversity and equal opportunity.





OUR MISSION

To achieve excellence in the development, production, and marketing of edible oils & fats and soap products in order to maximize customer satisfaction, achieve high levels of growth, minimize costs and maximize profits; resulting in a secure and rewarding investment to our shareholders and investors.



**COMPANY INFORMATION**

BOARD OF DIRECTORS	Mr. Tahir Jahangir Mr. Izaz Ilahi Malik Mr. Usman Ilahi Malik Mr. Jillani Jahangir Mr. Furqan Anwar Batla Syed Zubair Ahmad Shah Syed Tahir Hussain Shah	Chairman/Director Managing Director/Chief Executive Officer Director Certified Director Certified Director Director (NIT Nominee) Independent Director
AUDIT COMMITTEE	Syed Tahir Hussain Shah Syed Zubair Ahmad Shah Mr. Usman Ilahi Malik Mr. Furqan Anwar Batla	Chairman Member Member Member
HUMAN RESOURCE & REMUNERATION COMMITTEE	Mr. Jillani Jahangir Syed Tahir Hussain Shah Mr. Izaz Ilahi Malik Mr. Furqan Anwar Batla	Chairman Member Member Member
CHIEF FINANCIAL OFFICER	Mr. Muhammad Saeed Malik	
COMPANY SECRETARY	Mr. Usman Saleem	
HEAD OF INTERNAL AUDIT	Mr. Zaka ullah Malik	
AUDITORS	M/s Maqbool Haroon Shahid Safdar & Co. Chartered Accountants	
LEGAL ADVISORS	A.G.H.S Law Associates	
BANKERS	JS. Bank Limited MCB Bank Limited Habib Metropolitan Bank Limited Faysal Bank Limited	
REGISTERED OFFICE/WORKS	Plot No. 26-28, Industrial Triangle, Kahuta Road, Islamabad Tel: 051 -4490017-20, Fax: 051-4490016 & 4492803 Email. corporate@punjaboilmills.com Website: www.punjaboilmills.com	
SHARE REGISTRAR OFFICE	M/s Corplink (Private) Limited Wings Arcade, 1 -K, Commercial Model Town, Lahore Tel: 042 -35916714, 35916719 Fax: 042 -35869037 Email. corplink786@yahoo.com	

ZAIQA®

خائقا® سے تيار
هر كهانا مزيار





Information for Shareholders

Company's Registered Office/Works

Plot No. 26-28, Industrial Triangle,
Kahuta Road, Islamabad
Tel: 051-4490017-20
Fax: 051-4490016, 051-4492803

Share Registrar

M/s Corplink (Private) Limited
Wings Arcade, 1-K, Commercial Model
Town, Lahore
Tel: 042-35916714, 042-35916719
Fax: 042-35869037

Listing on Stock Exchanges

Punjab Oil Mills Limited is listed on:
Karachi Stock Exchange Limited
Lahore Stock Exchange Limited
Islamabad Stock Exchange Limited

Stock Symbol

The stock symbol for dealing in equity shares of Punjab Oil Mills Limited is 'POML'

Listing Fees

The Annual listing fee for the Financial Year 2015-2016 has been paid within the prescribed time limit.

Statutory Compliance

During the year, the Company has complied with all applicable provisions, filed all returns/forms and furnished all the relevant particulars as required under the Companies Ordinance, 1984 and allied rules, the Securities and Exchange Commission of Pakistan (SECP) Regulations and the Listing requirements.

Share Transfer System

Share transfers received by the Company's Share Registrar are registered within the prescribed period.

Notification of SECP for the purpose of CNIC of Shareholders

The shareholders are informed that SECP through SRO 779(1)2011 dated August 18, 2011 has made it mandatory that dividend warrants issued by the issuer should bear Computerized National Identity Card (CNIC) numbers of the registered shareholders, except in the case of minor(s) and corporate shareholders. The shareholders are, therefore, requested to provide by mail or fax, photocopy of their CNIC and in case of foreigner copy of passport, unless it has already been provided.

Dividend Mandate (Optional)

Transferee of shares may exercise option for dividend mandate by using the revised "Form of Transfer Deed". The revised form of transfer deed will enable the transferees to receive cash dividend directly in their bank accounts, if such transferee provides particulars of his/her/its bank account which he/she/it desires to be used for credit of cash dividend. The existing shareholders have the option to seek the dividend mandate by using the standardized "Dividend Mandate Form" if they so desire. Shareholders maintaining shareholding under Central Depository System (CDS) are advised to submit their bank mandate information directly to the relevant participant/CDC Investor Account Service.

Annual General Meetings

Pursuant to Section 158 of the Companies Ordinance, 1984, The Company holds a General Meeting of shareholders at least once a year. Every shareholder has a right to attend the General Meeting. The notice of such meeting is sent to all the shareholders at least 21 days before the meeting and also advertised in at least one English and one Urdu newspaper having circulation in Karachi, Lahore & Islamabad.

**Proxies**

Pursuant to Section 161 of the Companies Ordinance, 1984 and according to the Memorandum and Articles of Association of the Company, every shareholder of the Company who is entitled to attend and vote at a general meeting of the Company can appoint another person as his/her proxy to attend and vote on his/her behalf. Every notice calling a general meeting of the Company contains a statement that a shareholder entitled to attend and vote is entitled to appoint a proxy who ought to be a member of the Company.

The instrument appointing a proxy (duly signed by the shareholder appointing that proxy) should be deposited at the registered office of the Company not less than forty eight hours before the meeting.

Financial Information

The Company has uploaded the Annual and Quarterly Accounts on the Company's website.

Company's Website

Updated information regarding the Company can be accessed at www.punjaboilmills.com. The website contains the latest financial results of the Company together with Company's profile and product range.

Share Price and Volume

The following table shows the monthly high, low and closing share prices of the Company and the volume of shares traded on the Karachi Stock Exchange during the Financial Year Ended June 30, 2015.

Months	Highest Rate (Rs.)	Lowest Rate (Rs.)	Closing Rate (Rs.)	No. of Shares Traded
July 2014	104.79	80.00	104.79	-
August 2014	102.90	102.90	102.90	4,500
September 2014	101.70	86.50	90.00	47,000
October 2014	99.19	82.70	99.19	51,000
November 2014	126.56	100.60	106.64	94,500
December 2014	104.60	81.50	91.64	199,000
January 2015	98.50	84.11	95.00	119,300
February 2015	116.38	91.00	116.38	133,500
March 2015	198.33	126.40	139.70	191,800
April 2015	194.50	139.02	182.73	100,700
May 2015	191.86	157.26	157.70	121,400
June 2015	183.01	147.99	183.01	83,000



NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the 34th Annual General Meeting of the shareholders of PUNJAB OIL MILLS LIMITED will be held on Monday 26th October 2015 at 10:30 A.M. at Plot No. 26, 27, 28 Industrial Triangle, Kahuta Road, Islamabad to transact the following business:

ORDINARY BUSINESS

1. To confirm the minutes of the 33rd Annual General Meeting of the company held on October 30, 2014.
2. To receive, consider and adopt the audited financial statements of the company for the year ended June 30, 2015 together with the Directors' and Auditors' Reports thereon.
3. To approve Final Cash Dividend @ 70% i.e. Rs. 7.00 per Share. This is in addition to interim dividend already paid @ 50% [i.e. Rs. 5.0 per share] announced by the Board of Directors of the Company for the financial year 2014-2015.
4. To appoint External Auditors of the Company for the year ending June 30, 2016 as recommended by the Board of Directors and to fix their remuneration.

SPECIAL BUSINESS

5. To consider and approve the remuneration of Director of the Company.
6. To transact any other business with the permission of the Chair.

By order of the Board

(USMAN SALEEM)
Company Secretary

Lahore:
October 05, 2015

Notes:

7. The share transfer books of the Company will remain closed from 20th October 2015 to 26th October 2015 (both days inclusive).
8. A member entitled to attend and vote at this meeting may appoint another member as his/her proxy to attend and vote for him/her. Proxies in order to be effective, must be received at the Registered Office of the Company 48 hours before the time of holding the meeting and must be duly stamped, signed and witnessed. A proxy must be member of the Company. Form of Proxy is enclosed herewith.
9. CDC shareholders desiring to attend the meeting are requested to bring their computerized original National Identity Card, Account and participant's ID numbers, for identification purpose and in case of proxy, to enclose an attested copy of his/her



National Identity Card as per guide lines laid down in Circular No. 1 dated January 26, 2000 issued by SECP.

The corporate shareholders having CDC accounts are required to have their National Tax Number (NTN) updated with their respective participants, whereas corporate physical shareholders should send a copy of their NTN certificate to the Company or its Share Registrar. The shareholders while sending NTN or NTN certificates, as the case may be, must quote Company name and their respective folio numbers.

10. The prescribed rates of withholding of income tax from the amount of dividend paid by the Company are as under:

For filers of income tax returns	-	12.5%
For non-filers of income tax returns	-	17.5%

To enable the Company to make tax deduction on the amount of cash dividend @ 12.5% instead of 17.5%, all the shareholders whose names are not entered into the Active Taxpayers' List (ATL) provided on the website of the FBR, despite the fact that they are filers, are advised to make sure that their names are entered into ATL before the date of payment of the cash dividend otherwise tax on their cash dividend will be deducted @ 17.5% instead of 12.5%.

11. The FBR has clarified that the shareholders' account jointly held by Filers and Non-filers shall be dealt with separately and in such particular situation, each account holder is to be treated individually as either a filer or a non-filer and tax will be deducted according to his shareholding. If the shares are not ascertainable then each account holder will be assumed to hold equal proportion of shares and the deduction will be made accordingly. Therefore, in order to avoid deduction of tax at a higher rate, the joint account holders are requested to provide the below details of their shareholding to the Share Registrar of the Company latest by the close of business on October 19, 2015.

Folio/ CDC Account No.	Name of Shareholder	CNIC	Shareholder	Total Shares	Principal/Joint Shareholder
------------------------	---------------------	------	-------------	--------------	-----------------------------

12. Members are requested to notify the Company of any change in their addresses, if any.

Disclosure to the Shareholders under Section 218 of the Companies Ordinance 1984 is being sent to the members along with Annual Report 2015.



Directors' Report

The Directors of your company take pleasure in presenting the 34th Annual Report together with the Company's Audited Annual Financial Statements for the year ended June 30, 2015. The Director's Report under section 236 of the Companies Ordinance, 1984 and revised CCG 2012 will be put forward to the members at the thirty fourth Annual General Meeting of the Company to be held on October 26, 2015.

Operating Performance

Sales revenue for the year under review decreased by 11% compared to the same period last year. This was a combination of lower average prices (-6%) and lower volumes (-5%). Of the two, lower volumes merit more attention as decrease in selling price was basically a function of lower edible oil prices. The largest contributor to the volume decrease was sharply reduced sale of our lowest margin products which are purely price based. Sale of these products was not pushed aggressively this year because we were not getting the required prices to meet our profitability targets. This was a continuing pattern from the first 3 quarters and was highlighted in the 9 monthly reviews as well.

It should be noted though, that our premium products (Zaiqa and CanOlive) showed over-all growth in volumes, despite suffering a temporary setback in the 3rd quarter. This setback, also highlighted in our previous review, was mainly due to the Punjab Government's action under the Price Control Act to reduce and fix the prices of edible oils and banaspati. As this was done without giving due consideration to the quantum of price reduction that had already taken place at the time, and the complex dynamics of the industry with many brands differentiated along price and quality, there was confusion in the market on which brands are to be sold at what price; with at times contradictory information being circulated.

Unfortunately, the initial confusion together with the administration's efforts to enforce the issue on traders and shopkeepers brought the selling activities to a standstill for a large number of days. While the general trade refused to stock inventory on fear of being proceeded against, the modern trade pulled product off the shelves until a clear price policy was announced.

As a result of this negative development in the 3rd quarter, our growth in premium products was restrained for the year, and over-all growth was mainly achieved on the back of higher cooking sales, especially CanOlive. This growth was on account of our continued marketing and branding activities and excellent response to the promotional schemes during Ramzan.

Gross margins improved to 15.8% from 10.5% compared to same period last year. This significant improvement was mainly the result of increased share of higher margin products. As a result, gross profit increase by 33.6% for the year under review.

The improved profitability at the gross level enabled us to improve our operating margins to 7.15% from 3.98% last year, despite a 17.6% increase in operating expenses. The main contributors to the increase in operating expenses were provision for doubtful debts, marketing expenses and wages (including Director's remuneration). However, despite increase in these costs, the operating profit increased by 59.8% for the year due to improved margins.



Lower financial charges, higher contribution to WWF and PPF, and higher other income combined with better operating profits to increase profit before tax by 60% for the twelve months under review compared to the same period last year. With only a 2.71% y-o-y increase in taxation, the company posted a profit after tax of PKR 189.2 million for the year, a 126.5% growth from after-tax profit of PKR 83.5 recorded last year.

The directors have noted that the edible oils industry is a low margin industry and hence comparatively speaking the company is showing satisfactory performance at the operating level; especially keeping in view the general state of the economy and an intensely competitive environment. The directors have no doubt whatsoever that the company is a going concern.

We would like to confirm that the financial statements, prepared by the management of the listed company, fairly present its state of affairs and operations and proper books of account have been maintained according to the applicable and appropriate accounting policies and standards. A system of internal control has also been put in place to effectively implement and monitor the workings of the company to ensure compliance with all relevant policies and guidelines as per the Code of Corporate Governance issued by the SECP.



Financial Results

Financial and Operating Results

	2015 RUPEES	2014 RUPEES
Operating Profit	303,795,824	190,084,326
Finance cost & other charges	(24,635,748)	(17,494,637)
Other operating income	9,460,384	7,725,773
Profit before taxation	288,620,460	180,315,462
Taxation	(99,406,599)	(96,781,597)
Profit after tax	189,213,861	83,533,865
Un-appropriated profit brought forward	259,020,418	195,404,219
Available for appropriation	448,234,279	278,938,084

Appropriations:-

	2014 RUPEES	2013 RUPEES
10% Final dividend for the year 2014	(5,390,652)	(5,390,652)
50% Interim dividend during the year 2015	(26,953,260)	(13,476,930)

Effect of changes

In accounting policy in respect of staff Retirement benefit obligation net of tax on revaluation of property, plant and equipment	1,968,712	(11,130,268)
Balance as at June 30, 2015/2014	426,984,684	259,020,418

Disellosure of Dividend & Bonus Shares

During the year under review the Board of Directors approved 50% Interim Cash Dividend and paid to the Shareholders within stipulated time period in accordance with the applicable law. The Board has also proposed final cash dividend at the rate of 70% for the year ended 30 June 2015 to all the shareholders of the company.

Contribution to the National Exchequer

During the year the company contributed Rs. 312.210 Million to the national exchequer in the forms of various duties and taxes.

Corporate Affairs

The shareholders elected seven Directors of the Board for the tenure of three years in their Extraordinary General Meeting held on December 29, 2013. The Board is going to retire in December 2016.

Board Meetings

During the year under review, five meetings of the Board of Directors were held from July 2014 to June 2015. All written notices of the Board Meetings, along with agenda and working papers, were circulated at least seven days before the meetings.

Attendance by each Director was as under:

<u>Sr.</u>	<u>No.</u>	<u>Name of Director</u>	<u>Meetings Attended</u>
1.		Mr. Tahir Jahangir	4
2.		Mr. Izaz Ilahi Malik	5
3.		Mr. Usman Ilahi Malik	4
4.		Syed Zubair Ahmad Shah	5
5.		Mr. Jillani Jahangir	3
6.		Syed Tahir Hussain Shah	5
7.		Mr. Furqan Anwar Batla	3
8.		Sh. Anwar Ahmad Batla (Late)	1

Leave of absence was granted to the members not attending the Board Meeting. The Minutes of the meetings were appropriately recorded and circulated within the stipulated time.

In accordance with CCG the Chief Financial Officer and Company Secretary were attended all meetings during the year June 30, 2015.

Audit Committee

The Board of Directors of the Company has set up an Audit Committee comprising of three members in accordance with the Code of Corporate Governance; three of whom are Non-Executive Directors including the Chairman of the Committee. During the year June 30, 2015, four (4) meetings of the committee were held. Attendance by each member was as under:

<u>Sr.</u>	<u>No.</u>	<u>Name of Members</u>	<u>Meetings Attended</u>
1.		Syed Tahir Hussain Shah (Chairman)	4
2.		Syed Zubair Ahmad Shah (Member)	4
3.		Mr. Usman Ilahi Malik (Member)	3
4.		Mr. Furqan Anwar Batla (Member)	1
5.		Sh. Anwar Ahmad Batla (Late)	1

In compliance with the Code of Corporate Governance, Audit Committee also met with the External Auditors without the Chief Financial



Officer and Head of Internal Audit once in a year.

Terms of reference of Audit Committee

The Committee reviews the periodic financial statements and examines the adequacy of financial policies and practices to ensure that an efficient and strong system of internal control is in place. The Committee also reviews the audit reports issued by the Internal Audit Department and compliance status of audit observations.

The Audit Committee is also responsible for recommending to the Board of Directors the appointment of external auditors by the Company's shareholders and considers any question of resignation or removal of external auditors, audit fees and provision of any service to the Company by its external auditors in addition to the audit of its financial statements.

The Terms of Reference of the Audit Committee are consistent with those stated in the Code of Corporate Governance and broadly include the following:

- (i) Review of the interim and annual financial statements of the Company prior to approval by the Board of Directors.
- (ii) Discussions with the external auditors of major observations arising from interim and final audits; review of management letter issued by the external auditors and management's response thereto.
- (iii) Review of scope and extent of internal audit ensuring that the internal audit function has adequate resources and is appropriately placed within the Company.
- (iv) Ascertain adequacy and effectiveness of the internal control system including financial and operational controls, accounting system and reporting structure.

- (v) Determination of compliance with relevant statutory requirements and monitoring compliance with the best practices of corporate governance.
- (vi) Institute special projects, value for money studies or other investigations on any matters specified by the Board of Directors or the CEO from time to time.

Human Resource and Remuneration Committee

The Board has established a Human Resource and Remuneration Committee comprising of four members mentioned below. During the year under review one meeting was held attended as follows:

<u>Sr. No.</u>	<u>Name of Members</u>	<u>Meetings Attended</u>
1.	Mr. Jillani Jahangir (Chairman)	1
2.	Mr. Izaz Ilahi Malik (Member)	1
3.	Mr. Usman Ilahi Malik (Member)	1
4.	Mr. Furqan Anwar Batla (Member)	1

Terms of Reference

The Committee shall be responsible for:

- i) recommending human resource management policies to the board;
- ii) recommending to the board the selection, evaluation, compensation (including retirement benefits) and succession planning of the CEO;
- iii) recommending to the Board the selection, evaluation, compensation (including retirement benefits) of COO, CFO, Company Secretary and Head of Internal Audit; and
- iv) Considering and approving recommendations to CEO on key management positions who report directly to CEO or COO.

Internal Audit and Control

The Board has set up an independent audit function headed by a qualified and a full time



employee of the Company reporting to the Chairman Audit Committee and administratively to the Chief Executive Officer. The scope of internal audit within the Company is clearly defined which broadly involves review and evaluation of its' internal control system in accordance with business risk assessments. This includes independent assessment and evaluation of the effectiveness and efficiency of operations, the reliability of financial reporting, deterring and investigating fraud, safeguarding assets of the Company and compliance with laws and regulations. The Internal Audit also undertakes special studies, value for money studies and such other special projects as and when required by the Board Audit Committee and the CEO.

Corporate Governance

The Board gives prime importance to conducting the company's business in accordance with the best international and local corporate governance practices and is committed to inculcating healthy corporate culture, ethical business practices, reliable and transparent financial reporting, open communication channels with the stakeholders, and compliance with applicable laws and regulations. As a result, good corporate governance principles have been deeply ingrained in Company's decision making and operating set-up as well as monitoring processes.

The Company recognizes and respects the rights of each and every stakeholder including shareholders, employees, financiers, creditors, business partners, local communities and others. The Company encourages active participation of shareholders in all general meetings of the Company and values their views towards better governance and operational management. The Company is also cognizant of its legal and ethical obligations towards its business partners, local communities and other stakeholders; and takes appropriate actions to timely respond to their expectations after taking into account a pragmatic view of their interests associated with the Company.

The status of each Director on Company's Board whether non-executive, executive or independent has been disclosed in this report in accordance with the revised Code of Corporate Governance,

2012 (CCG) issued by the Securities and Exchange Commission of Pakistan.

The Code of Conduct for directors and employees of the Company has been approved by the Board and changes were made in line with the new requirements stated in the revised CCG. The said Code of Conduct strengthens the standard for professional business-like behavior expected of directors and employees and binds them to demonstrate ethical, honest and responsible attitude. The Code has been disseminated across the Company to all directors and employees for their information compliance.

Before each meeting of the board of directors a closed period is declared by the Company during which directors, CEO, executives of the Company and their spouses are not allowed to trade in shares of the Company in any manner, whether directly or indirectly. The Board has reviewed the status of executives in terms of clause (xvi) of CCG and has set a threshold defining categories of management employees as executives consequent to which they are subject to additional regulatory requirements for trading and disclosing their transactions in Company shares.

The Directors of the Company are fully aware of their duties and responsibilities and strive to discharge their fiduciary responsibilities in the best possible manner in compliance with all applicable corporate laws and regulations.

During the year, the Board was actively involved in performing their duties including those required to be performed under various laws and the Memorandum and Articles of Association of the Company with the ultimate objective of safeguarding the interests of the shareholders, enhancing the profitability of the Company, increasing shareholders' wealth and promoting market confidence.

Corporate and Financial Reporting Framework

- (i) The financial statements, prepared by the Management of the Company, present its state of affairs fairly, the result of its operations, cash flows and



- changes in equity.
- (ii) Proper books of account of the Company have been maintained.
 - (iii) Appropriate accounting policies have been applied in preparation of financial statements and any changes in accounting policies have been disclosed in the financial statements. The accounting estimates are based on reasonable and prudent judgment.
 - (iv) International Financial Reporting Standards as applicable in Pakistan have been followed in preparation of financial statements and any departure therefrom has been adequately disclosed and explained.
 - (v) The system of internal control is sound in design and has been effectively implemented and monitored.
 - (vi) There are no significant doubts upon the Company's ability to continue as a going concern.
 - (vii) Key operating and financial data of last six years has been given in the Annual Report.
 - (viii) Information about outstanding taxes, duties, levies and charges is given in Notes to the Accounts.
 - (ix) Significant plans and decisions regarding corporate restructuring, business expansion and discontinuance of operations along with future prospects, risks and uncertainties have been disclosed in relevant sections of Directors Report.
 - (x) The value of investments in employee retirement funds based on the latest audited Accounts as of 30 June, 2015 are as follows:

Gratuity Fund Rs. 56.600 Million

- (xi) Details of number of Board and Committees' meetings held during the year and attendance by each Director have been disclosed in the Annual Report. Leave of absence was granted to Directors who could not attend some of the board and committee meetings.
- (xii) A statement of the pattern of shareholding in the Company as at 30 June, 2015 of certain classes of shareholders whose disclosure is required under the revised CCG and the statement of purchase and sale of shares by Directors, executives and their minor children during the year is shown in the Annual Report.

Code of Conduct

The Company has prepared a “**Code of Conduct Directors and Employee**” and approved by the Board.

Priority Standards of Conduct

- i) **Safety:** There can be no production without safety.
- ii) **Quality:** To achieve total customer satisfaction by manufacturing and marketing products that achieve the highest quality levels for any given price and provide the customer with the best value for their money. We stand to maximize customer utility for all users of our products by strictly conforming to all relevant food laws and standards, adapting, enhancing and innovating product attributes to better serve customer needs, continually improving our quality management systems, and controlling our costs and prices.
- iii) **Productivity:** With safety and quality each of us will strive to excel the performance in all fields of our activities i.e. Production, Sales & Marketing, Planning & Development, Finance, Import, Supply Chain Management, Human Resources & Administration etc.

Safety, Health and Environment

Punjab Oil Mills Limited conducts its business responsibly and in a way to make sure health, safety and protection from environmental aspects of its associates and the society. We implement and maintain the programs that



provide reasonable assurance that the business will do the following:

- 1) To comply with all applicable government and internal health, safety and environmental requirements.
- 2) Design facilities and conduct operations in a way that avoids risk to human health, safety and the environment.

Compliance with the Code of Corporate Governance

The Statement of Compliance with the Code of Corporate Governance is annexed with the Annual Report.

Corporate Social Responsibility

Punjab Oil Mills is cognizant of its legal and ethical responsibilities towards the local communities where it operates. As such the board has authorized the management to exercise its corporate social responsibilities by serving the local communities in the areas of health and education.

The management installed a free water filtration plant outside the boundary wall of the Factory to facilitate the neighboring community and is also collaborating with the Pakistan National Heart Association in providing free medicines and medical camps and raising awareness of Heart Diseases in the public.

ISO 9001: 2008 and Dutch HACCP Certifications

The company has fully documented and independently certified quality management and food safety management systems as per the rules of ISO 9001:2008 and Dutch HACCP. This ensures that the products made by us conform to the highest quality standards and are free from all types of food safety hazards to safe guard the health of our consumers. We are the only Pakistani company that regularly tests its premium cooking oils for pesticides and other harmful chemicals as per international standards from an accredited laboratory in Germany.

Director Training Program

In compliance with the Code of Corporate Governance 2012, three Directors meet the criteria of exemption under the clause (xi) of the Code and are accordingly exempted from the Directors' Training Program. Arrangements are being made for the remaining Directors to acquire the required certification under the Directors Training Program.

Staff Retirement Benefits

The company operates an un-funded gratuity scheme covering all employees whose period of services with the company is more than one year. Provision is made annually to cover the liability under the scheme. The company pays a lump-sum gratuity to members on leaving the company after completion of one year of continuous service.

Transaction with Related Parties

The Board of Directors has approved the policy for transaction / contract between the Company and its related parties on an arm's length basis and relevant rates are to be determined as per the "comparable un-controlled price method". The company has fully complied with the best practices on transfer pricing as contained in the listing regulations of Stock Exchanges in Pakistan.

Pattern of Shareholding and information under clause XIX(i) and (j) of the Code of Corporate Governance

The statement of pattern of shareholding along with categories of shareholders of the company as at June 30, 2015, as required under Section 236 of the Companies Ordinance, 1984 and Code of Corporate Governance is annexed with this report.



Statutory Auditors of the Company

The present Auditor of the Company, M/s Maqbool Haroon Shahid Safdar and Company, Chartered Accountants, Lahore, shall retire and being eligible, offer themselves for re-appointment for the year 2015-2016. The Audit Committee of the Board has recommended their re-appointment as Auditors of the Company for the year ending June 30, 2016 on the same remuneration.

Future Outlook

Although the year under review was a challenging one with continued stiff competition from other players, unforeseen market uncertainties and ever increasing input costs, the management's focus on maintaining margins by investing in brands enabled it to both improve volume of our key products and enhance overall profitability. However, the price control actions by the Government of Punjab has upset the market balance, and at least for now constrained our ability to increase and/or hold prices in case of higher input costs. As we usually have to pass on oil cost decreases to the consumers due to market competition, any significant increase in oil prices could lead to depressed margins.

The management strongly feels that the improved financial performance of the company is an ideal opportunity to explore and execute growth strategies in terms of revenue and profits. As such we plan to continue our current strategy of growing our higher margins products via increased marketing efforts and introduction of new products and product variants. While this is likely to push up operating costs in the medium term, it would pay dividends in the longer run.

Management is also continuing to upgrade its processing machineries to improve quality and lower costs. In this regard we will be bringing our new physical refining plant for bansapati online before the end of first quarter. This should serve to lower or production costs in the second half.

It should be noted that to continue our strategy of investing in brands and technology to drive sales, profitability and profits, we need to retain our earnings to finance the same or look for alternate and possibly more expensive, sources of funding.

The Company has also commenced introducing TRU BRU COFFEE in the market place starting with the cooler Northern regions.

Acknowledgments

We would like to take this opportunity to thank our customers, suppliers and bankers for their continued support and cooperation towards the progress of the company. We hope that this support would continue in the future as well.

We would also like to thank our dedicated and talented team of executives, staff and workers for the hard work put in during the period. We expect continued efforts from our employees to achieve even better results in the next year.

And last, but not the least, the management is thankful to the board for its usual support and guidance in executing the vision and objectives set for the company.

For and on behalf of the Board

Izaz Ilahi Malik
Chief Executive Officer



Statement of Compliance with the best practices of the Code of Corporate Governance

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

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

1. The Company encourages representation of independent non-executive directors and directors representing minority interests on its board of directors. At present, the board includes:

Category	Names
Non-Executive Directors	i) Syed Zubair Ahmed Shah ii) Mr. Jillani Jahangir iii) Mr. Furqan Anwar Batla
Executive Directors	i) Mr. Tahir Jahangir ii) Mr. Izaz Ilahi Malik iii) Mr. Usman Ilahi Malik
Independent Director	i) Syed Tahir Hussain Shah

The independent directors meet the criteria of independent under clause i(b) of the CCG.

Company along with its supporting policies and procedures.

2. The directors have confirmed that none of them is serving as a director on more than seven listed companies, including this Company (excluding the listed subsidiaries of listed holding companies where applicable).
3. All the resident directors of the Company are registered as taxpayers and none of them has defaulted in payment of any loan to a banking Company, a DFI or an NBFIs. None of the directors is a member of any of the Stock Exchanges.
4. No. casual vacancy occurred on the Board during the year.
5. The Company has prepared a "Code of Conduct" and has ensured that appropriate steps have been taken to disseminate it throughout the
6. The Board has developed a vision / mission statement, overall corporate strategy and significant policies of the Company. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.
7. All the powers of the Board have been duly exercised and decisions on material transactions, including appointment and determination of remuneration and terms and conditions of employment of the CEO, other executive and non-executive directors, have been taken by the Board.
8. The meetings of the Board were presided over by the Chairman. The Board met at least once in every quarter. Written notices of the Board meetings, along with the agenda and working papers, were circulated at least seven days before the meetings.



The minutes of the meetings were appropriately recorded and circulated.

9. In compliance with the Code of Corporate Governance 2012, three Directors meet the criteria of exemption under the clause (xi) of the Code and are accordingly exempted from the Directors' Training Program. Arrangements are being made for the remaining Directors to acquire the required certification under the Directors Training Program.
10. The Board has approved appointments of the Company Secretary and Head of Internal Audit, including their remuneration and terms and conditions of employment in compliance of the Code of Corporate Governance, 2012.
11. The Directors' Report for this year has been prepared in compliance with the requirements of the CCG and fully describes the salient matters required to be disclosed.
12. The financial statements of the Company were duly endorsed by CEO and CFO before approval of the Board.
13. During the year Directors purchased shares from the Market and properly disclosed to SECP and Joint Registrar of the Company.
14. The Company has complied with all the corporate and financial reporting requirements of the CCG.
15. The Board has formed an Audit Committee. It comprises of four members, of whom three are non-executive directors including the chairman of the committee.
16. The meetings of the Audit Committee were held at least once every quarter prior to the approval of interim and final results of the Company and as required by the CCG. The Terms of Reference of the Committee have been formed and advised to the Committee for compliance.
17. The Board has formed a Human Resource and Remuneration Committee. It comprises of four (4) members, of whom three (3) are non-executive directors including Chairman of the Committee.
18. The Board has set up an effective Internal Audit-function headed by an internal auditor who is considered suitably qualified and experienced for the purpose and is conversant with the policies and procedures of the Company.
19. The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the quality control review program of the ICAP, that they or any of the partners of the firm, their spouses and minor children do not hold shares of the Company and that the firm and all its partners are in compliance with the International Federation of Accountants (IFAC) guidelines on the Code of Ethics as adopted by the ICAP.
20. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Listing Regulations and the auditors have confirmed that they have observed IFAC guidelines in this regard.
21. The 'closed period', prior to the announcement of interim / final results, and business decisions, which may materially affect the market price of Company's securities, was determined and intimated to the directors, employees and Stock Exchanges.
22. Material / price sensitive information has been disseminated among all market participants at once through Stock Exchanges.
23. We confirm that all other material principles enshrined in the CCG have been complied with.

For and on behalf of the Board

Izaz Ilahi Malik
Chief Executive Officer

TRU BRU

PREMIUM ARABICA BLEND & CLASSIC



**KEY FINANCIAL DATA LAST SIX YEARS**

PARTICULARS	2010	2011	2012	2013	2014	2015
Issued, Subscribed and paid up capital	38,285,875	53,906,520	53,906,520	53,906,520	53,906,520	53,906,520
Capital Reserves	1,880,875	23,137,159	23,137,159	23,137,159	23,137,159	23,137,159
General Reserves	8,600,000	8,600,000	8,600,000	8,600,000	8,600,000	8,600,000
Deferred Liabilities	25,916,180	33,489,785	56,722,063	54,013,247	61,370,223	63,496,427
Current Liabilities	394,031,587	490,643,083	595,454,035	622,938,678	698,221,198	733,263,525
Operating Fixed Assets	191,596,543	195,668,025	386,991,777	393,416,290	380,269,303	387,008,216
Current Assets	482,108,544	630,261,741	720,718,980	814,982,248	969,707,270	1,157,568,762
Sales	3,018,441,736	3,710,266,602	4,168,048,880	4,525,960,699	4,772,826,452	4,251,242,055
Gross Profit	181,294,285	236,431,839	243,071,754	405,375,055	502,724,939	671,487,479
Operating Profit	78,200,534	108,474,330	92,261,564	175,188,618	190,084,326	303,795,824
Profit before taxation	77,119,391	102,501,197	83,338,733	163,215,720	180,315,462	288,620,460
Profit after taxation	50,319,792	37,063,933	9,142,831	63,038,116	83,533,865	189,213,861



AUDITORS' REVIEW REPORT TO THE MEMBERS
On Statement of Compliance with Best Practices of the Code of
Corporate Governance

We have reviewed the statement of compliance with the best practices contained in the Code of Corporate Governance as applicable to the company for the year ended 30 June 2015 prepared by the Board of Directors of Punjab Oil Mills Limited ("the Company") to comply with the Listing Regulations of the respective Stock Exchanges, where the Company is listed.

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

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

Further, the Listing Regulations notified by the Karachi, Lahore and Islamabad Stock Exchanges require the company to place before the Board of Directors for their consideration and approval related party transactions distinguishing between transactions carried out on terms equivalent to those that prevail in arm's length transactions and transactions which are not executed at arm's length price recording proper justification for using such alternate pricing mechanism. Further, all such compliance of requirement to the extent of approval of related party transactions by the Board of Directors and placement of such transactions before the Audit Committee. We have not carried out any procedures to determine whether the related party transactions were undertaken at arm's length price or not.

Based on our review, nothing has come to our attention which causes us to believe that the statement of compliance does not appropriately reflect the Company's compliance, in all material respects, with the best practices contained in the Code of Corporate Governance as applicable to the company for the year ended 30 June 2015.

Lahore
Date: 21 September 2015.

Maqbool Haroon Shahid Safdar and Company
Chartered Accountants
Shahid Mehmood



AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed Balance Sheet of Punjab Oil Mills Limited ('the company') as at 30 June 2015 and the related Profit and Loss Account, Statement of Comprehensive Income, Cash Flow Statement and Statement of Changes In Equity together with the notes forming part thereof, for the year then ended and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

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

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

- (a) in our opinion, proper books of accounts have been kept by the company as required by the Companies Ordinance, 1984;
- (b) in our opinion:
 - (i) the balance sheet and profit and loss account together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984 and are in agreement with the books of account and are further in accordance with accounting policies consistently applied;
 - (ii) the expenditure incurred during the year was for the purpose of the company's business; and
 - (iii) the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the company;
- (c) in our opinion and to the best of our information and according to the explanations given to us, the Balance Sheet, Profit and Loss Account, Statement of Comprehensive Income, Cash Flow Statement and Statement of Changes in Equity together with the notes forming part thereof conform with the approved accounting standards as applicable in Pakistan, and, give the information required by the Companies Ordinance, 1984, in the manner so required and respectively give a true and fair view of the state of the company's affairs as at 30 June 2015 and of the profit, total comprehensive income, its cash flow and changes in equity for the year then ended; and
- (d) in our opinion, Zakat deductible at source under the Zakat & Ushr Ordinance, 1980, was deducted by the Company and deposited in the Central Zakat Fund established under section 7 of that Ordinance.

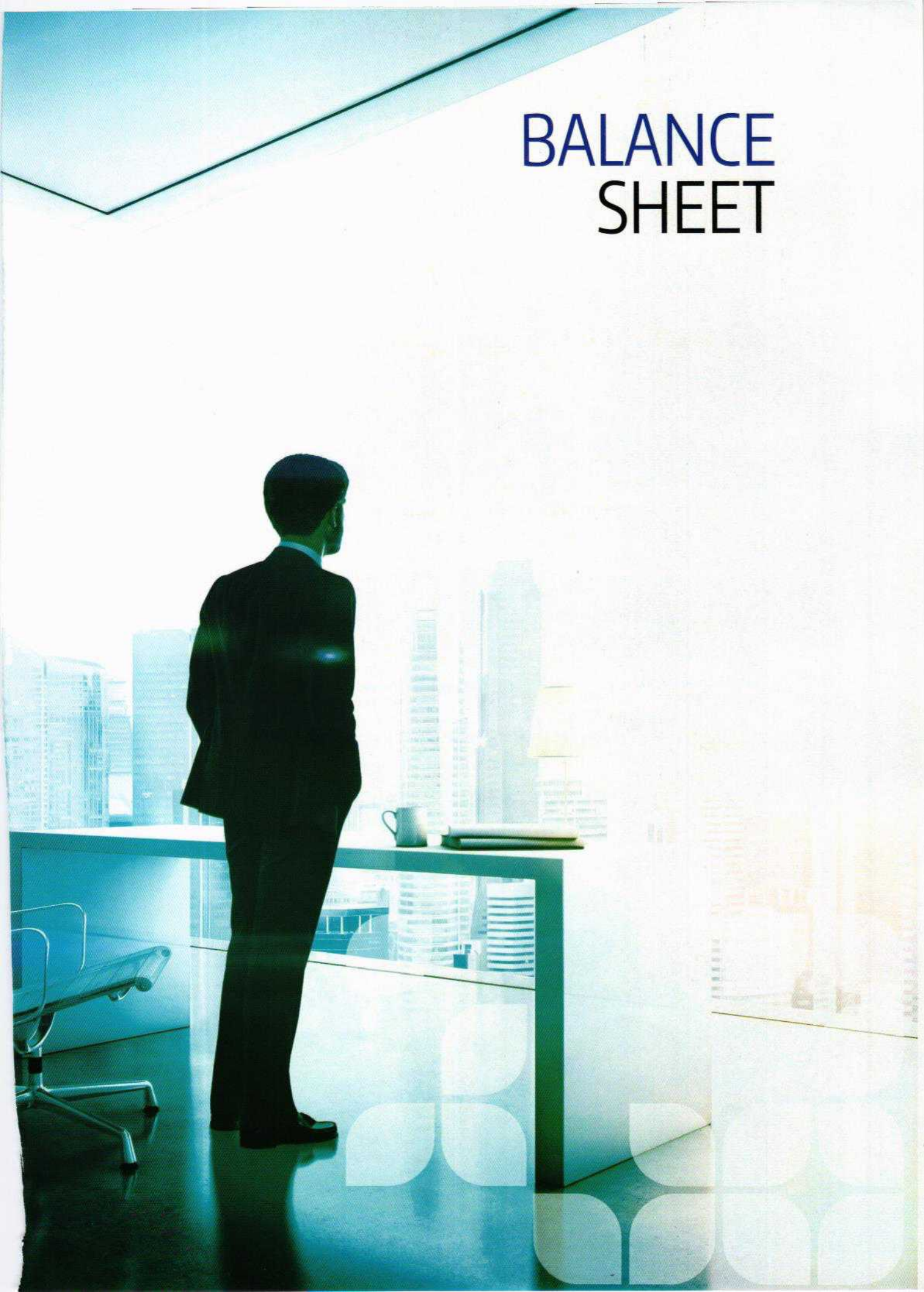
Maqbool Haroon Shahid Safdar

Lahore
Date: 21 September 2015.

Maqbool Haroon Shahid Safdar and Company
Chartered Accountants
Shahid Mehmood



BALANCE SHEET





BALANCE SHEET AS AT 30 JUNE 2015

EQUITY AND LIABILITIES	NOTE	2015 RUPEES	2014 RUPEES
SHARE CAPITAL AND RESERVES			
Authorized share capital			
10,000,000 (2014: 10,000,000) ordinary shares of Rs. 10/- each		100,000,000	100,000,000
Issued, subscribed and paid-up capital	7	53,906,520	53,906,520
Capital reserves	8	23,137,159	23,137,159
Revenue reserves	9	435,584,684	267,620,418
		512,628,363	344,664,097
Surplus on revaluation of property, plant and equipment- net of tax	10	245,076,163	254,783,555
NON CURRENT LIABILITIES			
Deferred liabilities	11	63,496,427	61,370,223
CURRENT LIABILITIES			
Trade & other payables	12	528,116,107	530,227,540
Short term borrowings	13	15,305,938	-
Accrued mark up	14	5,178	-
Unclaimed dividend		2,672,776	1,889,595
Provision for taxation	15	187,163,526	166,104,063
		733,263,525	698,221,198
Contingencies & Commitments	16	-	-
		1,554,464,478	1,359,039,073
ASSETS			
NON CURRENT ASSETS			
Tangible fixed assets			
Property, plant and equipment	17	383,981,170	376,504,811
Capital work in progress	18	3,027,046	3,764,492
		387,008,216	380,269,303
Intangible assets	19	-	-
Investment in associates	20	-	-
Long term deposits	21	9,887,500	9,062,500
CURRENT ASSETS			
Stores, spare parts and loose tools	22	77,166,230	46,530,340
Stock in trade	23	268,726,889	127,316,215
Trade debts	24	492,287,692	588,806,686
Loans and advances	25	22,750,447	22,316,605
Trade deposits and short term prepayments	26	14,747,934	16,208,408
Other receivables	27	1,047,557	1,301,487
Advance income tax	28	141,933,557	130,441,757
Cash and bank balances	29	138,908,456	36,785,772
		1,157,568,762	969,707,270
		1,554,464,478	1,359,039,073

The annexed notes from 01 to 49 form an integral part of these financial statements.

CHAIRMAN / DIRECTOR

CHIEF EXECUTIVE OFFICER



PROFIT AND LOSS ACCOUNT



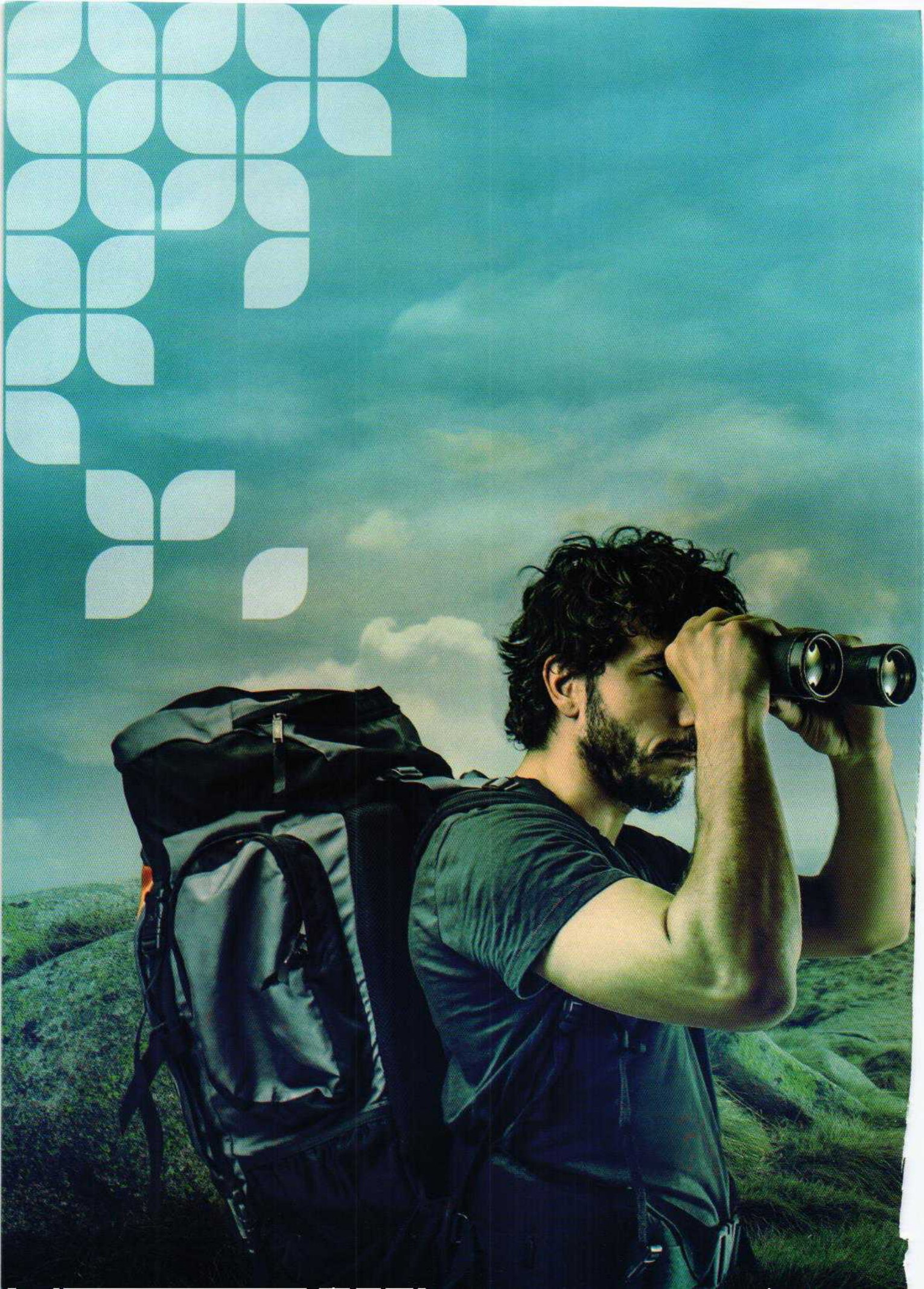
**PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 30 JUNE 2015**

	NOTE	2015 RUPEES	2014 RUPEES
Sales - net	30	4,251,242,055	4,772,826,452
Cost of sales	31	3,579,754,576	4,270,101,513
Gross profit		671,487,479	502,724,939
Operating expenses:			
Selling and distribution cost	32	228,481,089	208,613,698
Administrative expenses	33	139,210,566	104,026,915
		367,691,655	312,640,613
Operating profit		303,795,824	190,084,326
Finance cost	34	2,140,969	3,153,339
Other operating charges	35	22,494,779	14,341,298
		24,635,748	17,494,637
		279,160,076	172,589,689
Other income	36	9,460,384	7,725,773
Profit before taxation		288,620,460	180,315,462
Taxation	37	99,406,599	96,781,597
Profit for the year		189,213,861	83,533,865
Earnings per share - Basic and diluted	39	35.10	15.50

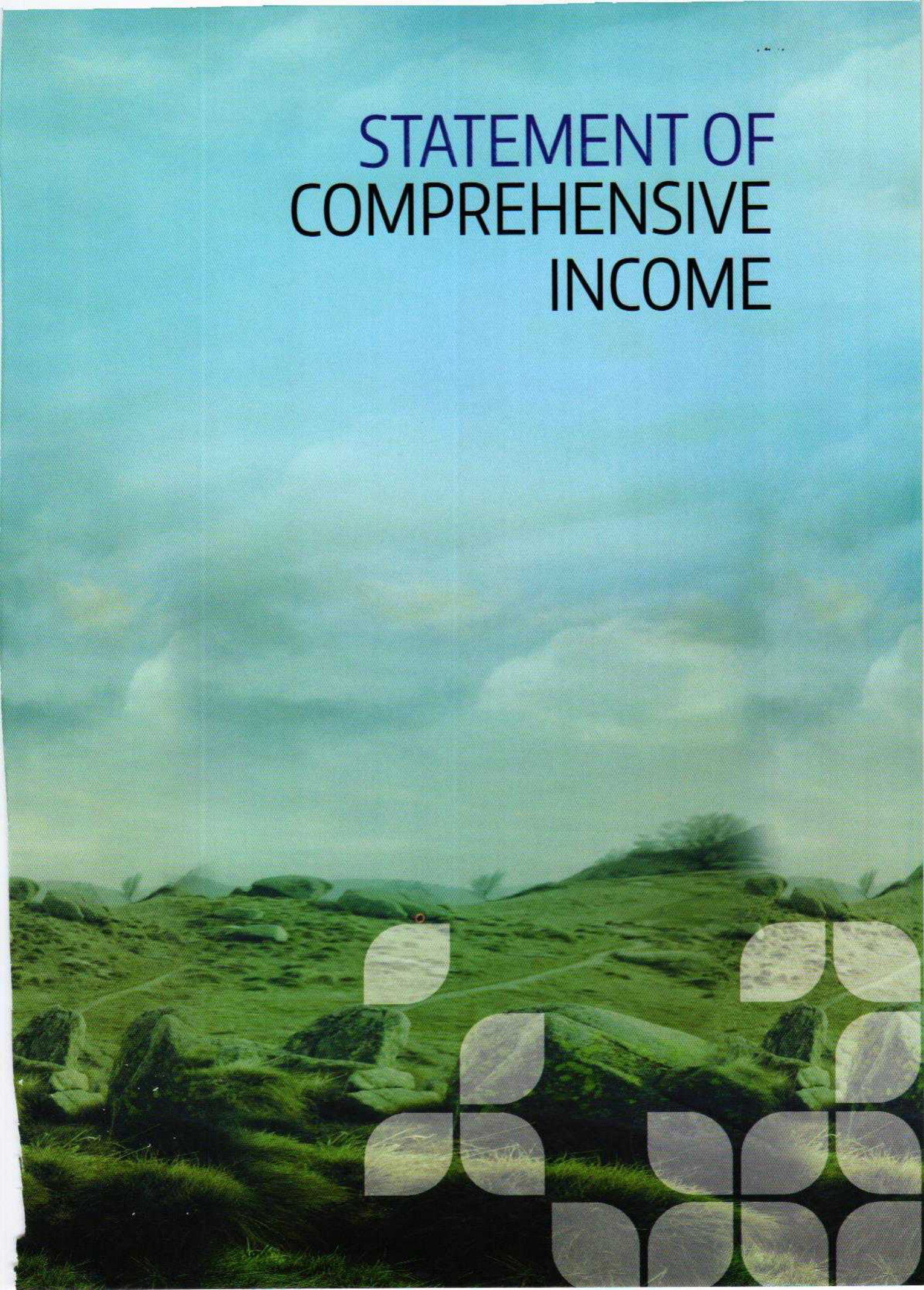
Appropriations have been reflected in the statement of changes in equity.

The annexed notes from 01 to 49 form an integral part of these financial statements.

CHAIRMAN / DIRECTOR**CHIEF EXECUTIVE OFFICER**



STATEMENT OF COMPREHENSIVE INCOME





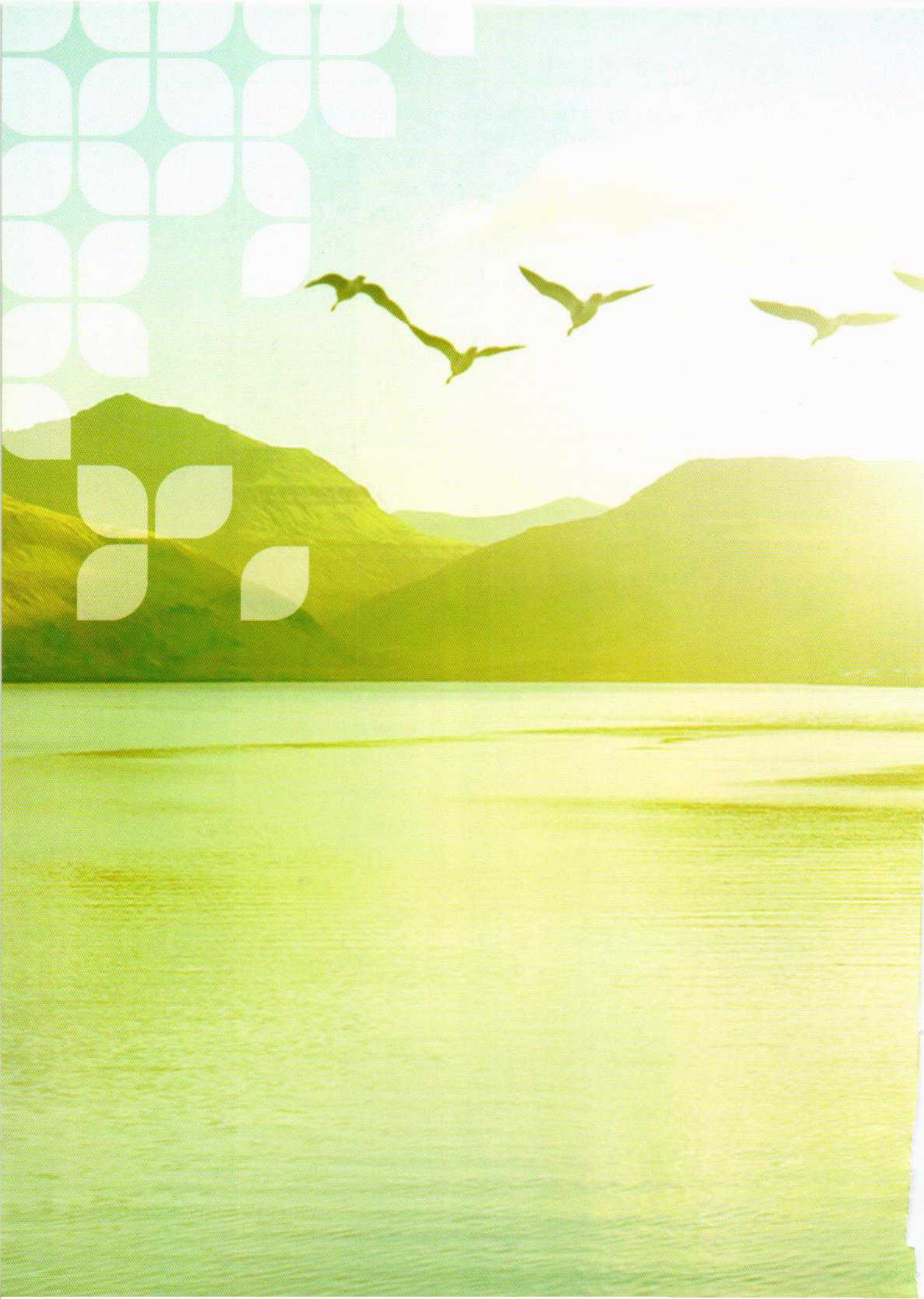
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2015

	NOTE	2015 RUPEES	2014 RUPEES
Profit for the year		189,213,861	83,533,865
Other comprehensive income:			
Items that will not be reclassified to profit and loss account:			
Remeasurement gains/(losses) on defined benefit plans		2,257,697	(12,871,826)
Deferred tax thereon		(288,985)	1,741,558
		1,968,712	(11,130,268)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		191,182,573	72,403,597

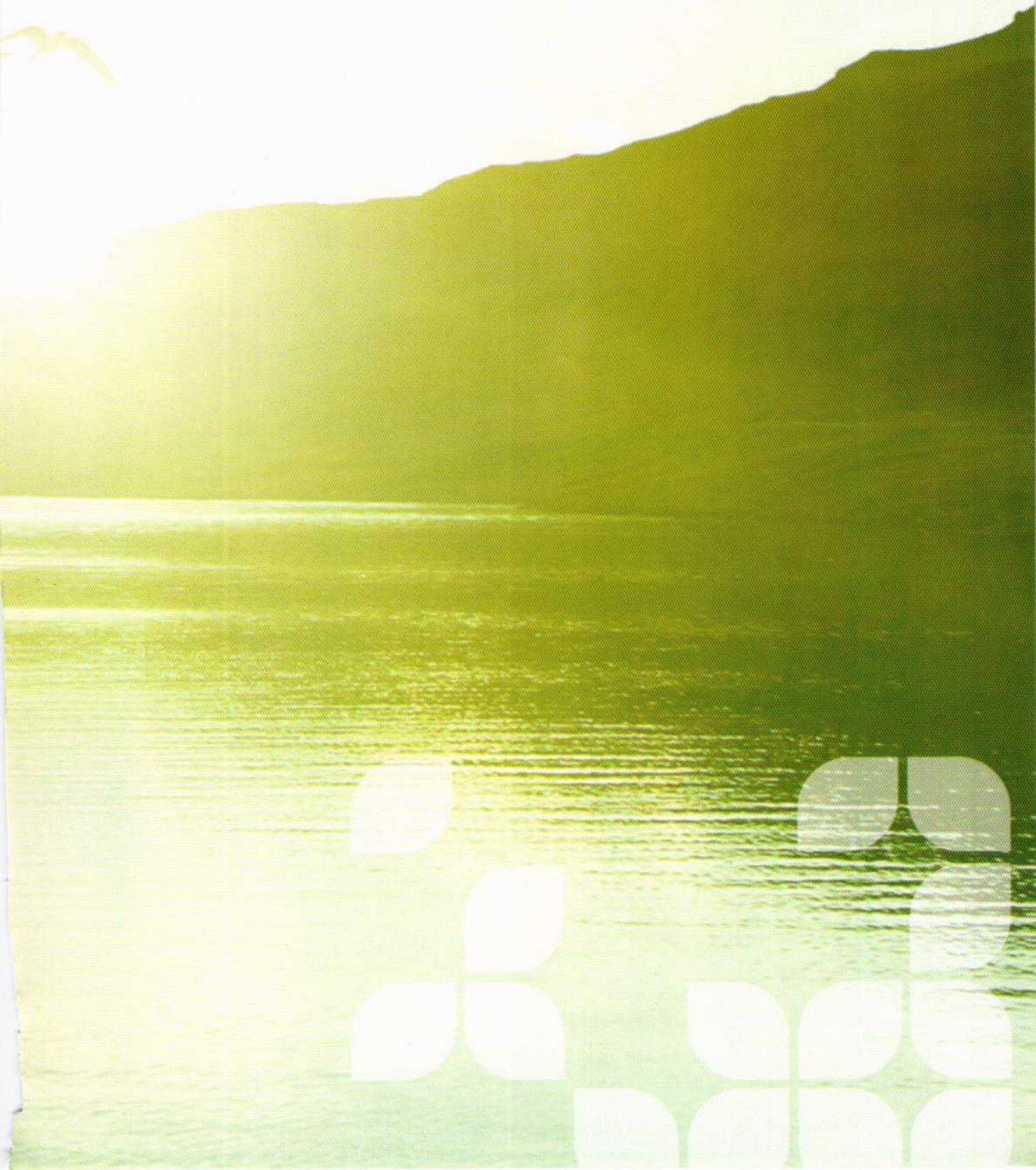
The annexed notes from 01 to 49 form an integral part of these financial statements.

CHAIRMAN / DIRECTOR

CHIEF EXECUTIVE OFFICER



CASH FLOW STATEMENT





**CASH FLOW STATEMENT
FOR THE YEAR ENDED 30 JUNE 2015**

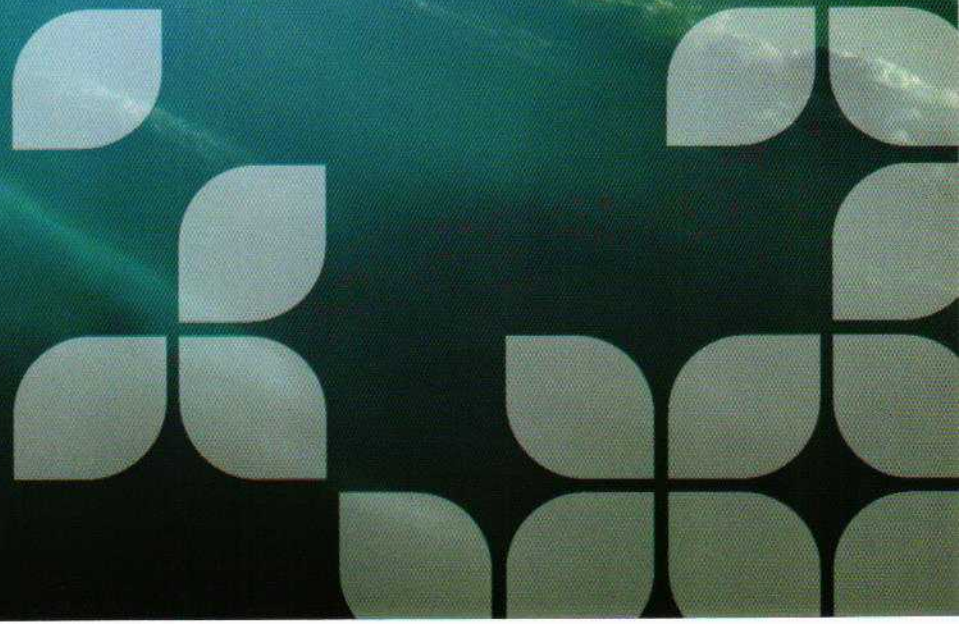
CASH FLOW FROM OPERATING ACTIVITIES	NOTE	2015 RUPEES	2014 RUPEES
Profit for the year before taxation		288,620,460	180,315,462
Adjustments for following items:			
Workers' profit participation fund		15,532,574	9,708,263
Workers' welfare fund		6,207,205	3,878,035
Gain on disposal of property, plant and equipment		(1,640,245)	(1,502,576)
Provision for gratuity		9,500,887	5,876,704
Provision for doubtful debts		20,088,504	6,440,152
Depreciation		25,400,633	26,212,601
Amortization		-	6,145,836
Finance cost		2,140,969	3,153,339
		<u>77,230,527</u>	<u>59,912,354</u>
Operating Profit before Working Capital Changes		365,850,987	240,227,816
(Increase)/Decrease in Current Assets:			
Stores, spare parts and loose tools		(30,635,890)	4,838,523
Stock in trade		(141,410,674)	38,598,662
Trade debts		76,430,490	(167,811,219)
Loan and advances		(433,842)	(5,421,998)
Trade deposits and short term prepayments		1,460,474	(1,773,866)
Other receivables		253,930	(458,433)
		<u>(94,335,512)</u>	<u>(132,028,331)</u>
Increase / (Decrease) in Current Liabilities:			
Trade & other payables		(11,049,185)	43,406,529
Cash generated from operations		<u>260,466,290</u>	<u>151,606,014</u>
Workers' profit participation fund paid		(9,215,240)	(9,500,331)
Workers' welfare fund paid		(3,878,035)	(3,510,185)
Staff retirement benefits paid		(1,462,635)	(3,455,380)
Finance cost paid		(1,844,543)	(2,996,548)
Income tax paid		(94,364,059)	(102,182,837)
Dividend paid		(31,560,731)	(18,336,328)
		<u>(142,325,243)</u>	<u>(139,981,609)</u>
Net cash generated from operating activities		118,141,047	11,624,405
CASH FLOW FROM INVESTING ACTIVITIES			
Fixed capital expenditure		(22,162,913)	(8,907,136)
Proceeds from disposal of property, plant and equipment		2,723,000	2,103,000
Capital work in progress		(11,059,388)	(4,758,903)
Long term deposits		(825,000)	(4,115,000)
Net cash flow used in investing activities		(31,324,301)	(15,678,039)
CASH FLOW FROM FINANCING ACTIVITIES			
Short term borrowings		15,305,938	(452,790)
Net cash flow from/(used in) financing activities		15,305,938	(452,790)
Net increase/(decrease) in Cash and Cash Equivalents		102,122,684	(4,506,424)
Cash and Cash Equivalents at the beginning of the year		36,785,772	41,292,196
Cash and Cash Equivalents at the end of the year	29	<u>138,908,456</u>	<u>36,785,772</u>

CHAIRMAN / DIRECTOR

CHIEF EXECUTIVE OFFICER



STATEMENT OF CHANGES IN EQUITY



STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2015

	(RUPEES)				
	SHARE CAPITAL	CAPITAL RESERVES	REVENUE RESERVES		TOTAL
			GENERAL RESERVES	UN- APPROPRIA TED PROFIT	
Balance as at 01 July 2013	53,906,520	23,137,159	8,600,000	195,404,219	281,047,898
Profit for the year ended 30 June 2014	-	-	-	83,533,865	83,533,865
Remeasurements of defined benefit plans	-	-	-	(11,130,268)	(11,130,268)
	-	-	-	72,403,597	72,403,597
Transfer from surplus on revaluation of property, plant and equipment on account of - Incremental depreciation - net of deferred tax	-	-	-	10,079,884	10,079,884
Transaction with owners recorded directly in Equity - Distributions					
10% final dividend for the year 2013	-	-	-	(5,390,652)	(5,390,652)
25 % interim dividend for the year 2014	-	-	-	(13,476,630)	(13,476,630)
Balance as at 01 July 2014	53,906,520	23,137,159	8,600,000	259,020,418	344,664,097
Profit for the year ended 30 June 2015	-	-	-	189,213,861	189,213,861
Remeasurements of defined benefit plans	-	-	-	1,968,712	1,968,712
	-	-	-	191,182,573	191,182,573
Transfer from surplus on revaluation of property, plant and equipment on account of - Incremental depreciation - net of deferred tax	-	-	-	9,125,605	9,125,605
Transactions with owners recorded directly in Equity - Distributions					
10 % final dividend for the year 2014	-	-	-	(5,390,652)	(5,390,652)
50 % interim dividend for the year 2015	-	-	-	(26,953,260)	(26,953,260)
	-	-	-	(32,343,912)	(32,343,912)
Balance as at 30 June 2015	53,906,520	23,137,159	8,600,000	426,984,684	512,628,363

The annexed notes from 01 to 49 form an integral part of these financial statements.

CHAIRMAN / DIRECTOR

CHIEF EXECUTIVE OFFICER



**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2015**

1 LEGAL STATUS AND NATURE OF BUSINESS

Punjab Oil Mills Limited ('the company') was incorporated in Pakistan as a Public Limited Company on 05 February 1981 under the Companies Act, 1913, now Companies Ordinance 1984. Currently the shares of the Company are quoted on Lahore, Karachi and Islamabad Stock Exchanges in Pakistan. The registered office of the company is located at Plot No. 26, 27 & 28, Industrial Triangle, Kahuta Road, Islamabad. The Company is principally engaged in the manufacturing and sale of Ghee, Cooking Oil, Speciality Fats and Laundry Soap.

2 BASIS OF PREPARATION

2.01 Statement of compliance

These financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan and the requirements of the Companies Ordinance, 1984. Approved accounting standards comprise of such International Financial Reporting Standards (IFRS) issued by the International Accounting Standard Board (IASB) as notified under the provisions of the Companies Ordinance, 1984. Wherever the requirements of the Companies Ordinance, 1984 or directives issued by the Securities and Exchange Commission of Pakistan differ with the requirements of these standards, the requirements of the Companies Ordinance, 1984 or the requirements of the said directives shall take precedence.

2.02 Standards, interpretations and amendments to published approved accounting standards

The following amendments to existing standards have been published that are applicable to the company's financial statements covering annual periods, beginning on or after the following dates:

- Standards, amendments to published standards and interpretations effective in current year

Following are the amendments that are applicable for accounting periods beginning on or after 01 July 2014:

New/Revised Standards, Interpretations and Amendments

IFRIC 21	Levies
IAS 19	Employee Contributions
IAS 32	Offsetting Financial Assets and Financial Liabilities
IAS 36	Recoverable Amount for Non-Financial Assets
IAS 39	Novation of Derivatives and Continuation of Hedge Accounting- (Amendment)

Improvement to Accounting Standards Issued by the IASB

IFRS 2	Share-based Payment- Definitions of vesting conditions
IFRS 3	Business Combinations- Accounting for contingent consideration in a business combination
IFRS 3	Business Combinations- Scope exceptions for joint ventures
IFRS 8	Operating Segments- Aggregation of operating segments
IFRS 8	Operating Segments- Reconciliation of the total of the reportable segments' assets to the entity's assets
IFRS 13	Fair Value Measurement- Scope of paragraph 52 (portfolio exception)
IFRS 16	Property, Plant and Equipment and IAS 38 Intangible Assets- Revaluation method-proportionate restatement of accumulated depreciation/amortization
IFRS 24	Related Party Disclosures- Key management personnel
IFRS 40	Investment Property- Interrelationship between IFRS 3 and IAS 40 (ancillary services)

The adoption of the above improvements to accounting standards and interpretations did not have any material effect on the financial statements.

**- Standards, interpretations and amendments to published standards that are effective but not relevant to the company**

The other new standards, amendments and interpretations that are mandatory for accounting periods beginning on or after July 01, 2014 are considered not to be relevant or to have any significant impact on the company's financial reporting and operations.

- Standards, interpretations and amendments to existing standards that are not yet effective

The following amendments and interpretations to existing standards have been published and are mandatory for accounting periods beginning on or after their respective effective dates.

IFRS 10 - Consolidated Financial Statements	01 January 2015
IFRS 11 - Joint Arrangements	01 January 2015
IFRS 12 - Disclosure of Interests in Other Entities	01 January 2015
IFRS 13 - Fair Value Measurement	01 January 2015
IAS 16 & 38 - Clarification of Acceptable Method of Depreciation and Amortization	01 January 2016
IAS 16 and 41 - Agriculture: Bearer Plants	01 January 2016

The above standards, amendments and interpretations are either not relevant to the Company's operations or are not expected to have significant impact on the Company's financial statements except for the increased disclosures in certain cases.

In addition to the above, the following new standards have been issued by IASB which are yet to be notified by the SECP for the purpose of applicability in Pakistan.

Standard or Interpretation	Effective Date (Annual periods beginning on or after)
IFRS 09 - Financial Instruments: Classification and Measurement	January 01, 2018
IFRS 14 - Regulatory Deferral Accounts	January 01, 2016
IFRS 15 - Revenue from Contracts with Customers	January 01, 2017

3 BASIS OF MEASUREMENT

These financial statements have been prepared under the historical cost convention except for certain items of property, plant and equipment that are stated at revalued amounts, employee retirements benefit at present value and investment in associates on equity basis. In these financial statements, except for the amounts reflected in the cash flow statement, all transactions have been accounted for on accrual basis.

4 JUDGMENT, ESTIMATES AND ASSUMPTIONS

The preparation of financial statements in conformity with approved accounting standards which requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and related assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances. The estimates and related assumptions are reviewed on an ongoing basis. Accounting estimates are revised in the period in which such revisions are made and in any future periods affected.

Significant management estimates in these financial statements relate to the useful life of property, plant and equipment, intangible assets, provisions for staff retirement benefits, doubtful receivables, slow moving inventory and taxation. However, the management believes that the change in outcome of estimates would not have a material effect on the amounts disclosed in the financial statements.



Judgment made by management in the application of approved standards that have significant effect on the financial statements and estimates with a risk of material adjustment in subsequent year are as follows:

4.01 Depreciation/Amortization method, rates and useful lives of property, plant and equipment

The management of the Company reassesses useful lives, depreciation method, and rates for each item of property, plant and equipment/intangible assets annually by considering expected pattern of economic benefits that the Company expects to derive from those items.

4.02 Fair value of financial instruments having no active market

Fair value of financial instruments having no active market is determined using discounted cash flow analysis after incorporating all factors that market participants would consider in setting a price and using inputs that reasonably represent market expectations and measures of the risk-return factors inherent in the financial instrument.

4.03 Taxation

The Company takes into account income tax law and decisions taken by appellate authorities. Instances where the Company's view differs from the view taken by tax department at the assessment stage and where the Company considers that its view of items of material nature is in accordance with law, the amounts are shown as contingent liabilities.

4.04 Provisions

Provisions are based on best estimate of the expenditure required to settle the present obligation at the reporting date, that is, the amount that the Company would rationally pay to settle the obligation at the reporting date or to transfer it to a third party.

4.05 Revaluation of property, plant and equipment

Revaluation of property, plant and equipment is carried out by independent professional valuers. Revalued amounts of non-depreciable items are determined by reference to local market values and that of depreciable items are determined by reference to present market and depreciated replacement values.

4.06 Stores, spares and loose tools and stock-in-trade

The Company estimates the net realizable values of its stores, spares and loose tools and stock-in-trade to assess any diminution in the respective carrying values.

4.07 Staff retirement benefit obligations

The present values of these obligations depend on a number of factors that are determined on actuarial basis, using a number of assumptions. Any change in these assumptions will impact the carrying amounts of these obligations. The underlying assumptions and the present value of these obligations are disclosed in notes 6.02 and 11.02 respectively.

5 FUNCTIONAL AND PRESENTATION CURRENCY

These financial statements are prepared in Pak Rupees which is the Company's functional currency.

6 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**6.01 Tangible fixed assets and depreciation****a) Owned**

Property, plant and equipment (except leasehold land, building on leasehold land, plant, machinery and equipment, laboratory equipments and, scales and weigh bridge) are stated at cost less accumulated depreciation and any accumulated impairment losses. Leasehold land are stated at revalued amounts and building on leasehold land, plant, machinery and equipment, laboratory equipments and, scales and weigh bridge are stated at revalued amount, being its fair value at the date of the revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses, if any. Cost includes expenditure that is directly attributable to the acquisition of the asset.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.



Residual value and the useful life of assets are reviewed annually at each financial year end and adjusted if impact on depreciation is significant.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the entity and cost of the item can be measured reliably. All other repair and maintenance cost are charged to profit and loss account during the year in which these are incurred.

b) Depreciation

Depreciation on property, plant and equipment (except leasehold land) is charged to profit and loss account by applying the reducing balance method so as to write off the cost/depreciable amount of the assets over their estimated useful lives at the rates specified in note 17 to the financial statements. Depreciation on additions is charged from the month in which the asset was available for use up to the month prior to disposal. The residual values, depreciation method and useful lives of property, plant and equipment are reviewed by the management, at each financial year-end and adjusted if appropriate.

c) De-recognition

An item of property, plant and equipment is de-recognized upon disposal or when no future economic benefits are expected from its use. Disposal of an asset is recognized when significant risk and rewards, incidental to the ownership of an asset, have been transferred to the buyer. Gains and losses on disposal of assets are taken to the profit and loss account, and the related surplus on revaluation of property, plant and equipment, if any, is transferred directly to retained earnings/unappropriated profits.

d) Surplus on revaluation

Surplus on revaluation of revalued assets is credited to the surplus on revaluation account. Revaluation is carried out with sufficient regularity to ensure that the carrying amount of assets does not differ materially from the fair value. To the extent of the incremental depreciation charged on the revalued assets, the related surplus on revaluation of property, plant and equipment (net of deferred taxation, if any) is transferred directly to retained earnings/unappropriated profits.

6.02 Staff Retirement Benefits**Defined Benefit Plan**

The company operates an un-funded gratuity scheme covering all employees whose period of services with the company is more than one year. Provision is made annually to cover the liability under the scheme. The company pays a lump-sum gratuity to members on leaving the company after completion of one year of continuous service. The benefit is calculated as follows:

Last drawn gross salary x Number of completed years of services

Six or more months of service in excess of completed years of services is counted as one complete year. However, less than six month of services is ignored.

During the year, the company assessed its liabilities under the gratuity scheme through actuarial valuation under IAS-19 (Employee Benefits).

Amounts arising as a result of 'Remeasurements', representing the actuarial gains and losses are recognised in the Balance Sheet immediately, with a charge or credit to 'Other Comprehensive Income' in the periods in which they occur.

As per actuarial valuation carried out as at 30 June 2015, the following significant assumptions were used:

	2015	2014
Discount factor used	9.75%	13.25%
Expected rate of eligible salary increase in future years	8.75%	12.25%
Average expected remaining working lifetime of employees	7 years	7 years
Actuarial valuation method	Project Unit Credit Method	

**6.03 Trade and other payables**

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

6.04 Dividend and appropriation to reserves

Dividend and appropriation to reserve are recognized in the financial statements in the period in which they are approved by the shareholders and therefore, they are accounted for as non-adjusting post balance sheet event.

6.05 Taxation**Current and prior years:**

Provision for current taxation is based on applicable current rates of taxation after taking into account tax credits and rebates available, if any, under the provisions of Income Tax Ordinance, 2001. The tax charge also includes adjustments, where necessary, relating to prior years which arise from assessments finalized during the year.

Deferred:

Deferred tax is accounted for using the balance sheet liability method in respect of all temporary differences arising from differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax base used in the computation of the taxable profit.

Deferred tax liabilities are generally recognized for all taxable temporary differences and deferred tax assets are recognized to the extent that it is probable that taxable profit shall be available against which the deductible temporary differences, unused tax losses and tax credits can be utilized. Income subject to final tax regime is also considered in accordance with the requirements of Technical Release- 27 of Institute of Chartered Accountants of Pakistan.

Deferred tax is calculated at the rates that are expected to apply to the period when the differences reverse based on tax rates that have been exacted or substantively enacted by the reporting date. Deferred tax is charged or credited in the profit and loss account, except in the case of items credited or charged to equity in which case it is included in equity.

6.06 Capital work in progress

Capital work in progress is stated at cost less identified impairment loss, if any, and includes the expenditures on material, labour and appropriate overheads directly relating to the construction, erection or installation of an item of property, plant and equipment. These costs are transferred to property, plant and equipment as and when related items become available for intended use.

6.07 Intangible assets

Intangible assets represent motion picture film acquired for use in advertisement and are stated at cost less accumulated amortization and any identified impairment loss.

Amortization is charged to income on the straight line basis so as to write off the cost of an asset over its estimated useful life. Amortization on additions is charged from the month in which an asset is acquired or capitalized while no amortization is charged for the month in which the asset is disposed off. Amortization is being charged as specified in note 19.

The company assesses at each balance sheet date whether there is any indication that intangible assets may be impaired. If such indication exists, the carrying amount of such assets are reviewed to assess whether they are recorded in excess of their recoverable amount. Where carrying values exceed the respective recoverable amount, assets are written down to their recoverable amounts and the resulting impairment is recognized in income currently. The recoverable amount is the higher of an asset's fair value less cost to sell and value in use. Where an impairment loss is recognized, the amortization charge is adjusted in the future periods to allocate the asset's revised carrying amount over its estimated useful life.

6.08 Investment in related parties

Investment in associated companies where the company has significant influence but not control over the financial and operating policies is accounted for using equity basis of accounting under which the investment in associate is initially recognized at cost and the carrying amounts are increased or decreased to recognize the company's share of profit or loss for the associate after the date of acquisition, less impairment losses, if any. The Company's share of profit or loss of the associate is recognized in the Company's profit or loss. Distributions received from associated companies reduce the carrying amount of the investment. Adjustments to the carrying amounts are also made for changes in the associate's equity that have not been recognized in the associate's profit or loss. The Company's share of those changes is recognized directly in equity of the Company.



Gain/(loss) on sale of above investments, if any, are recognized in the period of sale. The carrying amount of the investment is tested for impairment, by comparing its recoverable amount (higher of value in use and fair value less cost to sell) with its carrying amount and loss, if any, is recognized in profit and loss account.

6.09 Stores, spare parts and loose tools

Stores, spares and loose tools are stated at lower of cost and net realizable value. The cost of inventory is based on weighted average cost. Items-in-transit are stated at cost accumulated up to balance sheet date. The Company reviews the carrying amount of stores, spares and loose tools on a regular basis and provision is made for obsolescence if any. Impairment is also made for slow moving items identified as surplus to the requirements of the Company.

6.10 Stock in trade

These are valued at lower of cost and net realizable value. Cost of raw materials and components represents invoice value plus other charges paid thereon. Cost of inventory is based on weighted average cost. Cost in relation to work-in-process and finished goods represents direct cost of raw materials, wages and appropriate manufacturing overheads. Goods-in-transit are stated at cost accumulated up to the balance sheet date.

Net realizable value signifies the estimated selling price in the ordinary course of business less the estimated cost of completion and the estimated costs necessary to make the sale.

The Company reviews the carrying amount of stock-in-trade on a regular basis and as appropriate, inventory is written down to its net realizable value or provision is made for obsolete items, if any.

6.11 Impairment

The carrying amounts of the Company's assets are reviewed at each balance sheet date to identify circumstances indicating occurrence of impairment loss or reversal of previous impairment losses. If any such indication exists, the recoverable amount of such assets are estimated and impairment losses or reversal of impairment losses are recognized in the profit and loss account. Reversal of impairment loss is restricted to the original cost of asset.

6.12 Trade debts and other receivables

Trade debts and other receivables are recognized initially at original invoice amount which is the fair value of trade debts and other receivables and subsequently measured at amortized cost less provision for impairment, if any. A provision for impairment is established when there is objective evidence that the company will not be able to collect all amounts due according to the original terms of receivables. Trade debts and other receivables considered irrecoverable are written off.

6.13 Cash and cash equivalents

Cash and cash equivalents are carried in the balance sheet at cost. For the purpose of cash flow statement, cash and cash equivalents comprise cash in hand and cash with banks in current and saving accounts.

6.14 Foreign currency transactions

Foreign currency transactions are translated into Pak Rupees at exchange rates prevailing on the date of transaction. Assets and liabilities in foreign currencies are translated at the rates of exchange prevailing at the balance sheet date. Exchange gains and losses are included in income currently.

6.15 Revenue recognition

Revenue is recognized to the extent that it is probable that economic benefits will flow to the Company and the amount of the revenue can be measured reliably. Revenue is measured at the fair value of the consideration received or receivable and is reduced for allowances such as taxes, duties, commissions, sales returns and discounts. Revenue from different sources is recognized on the following basis:

- Revenue from sales of goods is recognized when goods are dispatched and invoiced to customers.
- Interest income on deposits with banks and other financial assets is recognized on accrual basis.
- Dividend income is recognized when the Company's right to receive dividend has been established.

**6.16 Borrowing costs**

Borrowing costs are charged to income as and when incurred except to the extent of costs directly attributable to the acquisition, construction or production of qualifying assets that are capitalized as part of the cost of relevant asset.

6.17 Financial instruments

All the financial assets and financial liabilities are recognized when the Company becomes a party to the contractual provisions of the instrument. Financial assets are de-recognized when the company loses control of the contractual rights that comprise the financial asset. Financial liabilities are de-recognized when they are extinguished (when the obligation is discharged, cancelled, or expired).

6.18 Offsetting of financial assets and financial liabilities

A financial asset and a financial liability is offset and the net amount is reported in the balance sheet if the Company has a legally enforceable right to set-off the recognized amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

6.19 Contingencies and commitments

Capital commitments and contingencies, unless those are actual liabilities are not incorporated in the financial statements.

6.20 Provisions

A provision is recognized in the balance sheet when the Company has a present legal or constructive obligation as a result of past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the obligation can be made. Provisions are measured at the present value of expected expenditure, discounted at a pre-tax rate that reflects current market assessment of the time value of money and the risk specific to the obligation. However, provisions are reviewed at each balance sheet date and adjusted to reflect best estimate.

6.21 Related parties

- a) Hala Enterprises Limited, an associated company
- b) Premier Garments Limited, an associated company
- c) Teejay Corporation (Private) Limited, an associated company
- d) Directors and key management personnel

6.22 Related party transactions and transfer pricing

Transactions with related parties are based on the transfer pricing policy that all transactions between the Company and the related party of the Company are at arm's length prices using the comparable uncontrolled price method except in circumstances where it is in the interest of the Company not to do so.

6.23 Leases

Assets acquired under a finance lease are capitalized and depreciated over their useful lives. A finance lease liability is raised at the inception of the lease, which is then reduced by the capital portion of each payment. The interest portion of the repayments is calculated using the interest rate implicit in the lease and is expensed in the profit and loss account.

6.24 Earnings per share (EPS)

Basic EPS is calculated by dividing the profit and loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period.

Diluted EPS is calculated by adjusting basic EPS by the weighted average number of ordinary shares that would be issued on conversion of all dilutive potential ordinary shares into ordinary shares and post-tax effect of changes in profit and loss attributable to ordinary shareholders of the Company that would result from conversion of all dilutive potential ordinary shares into ordinary shares.



7 ISSUED, SUBSCRIBED AND PAID UP CAPITAL	NOTE	2015 RUPEES	2014 RUPEES
2,854,543 (2014: 2,854,543) ordinary shares of Rs. 10/- each fully paid in cash		28,545,430	28,545,430
2,536,109 (2014: 2,536,109) ordinary shares of Rs. 10/- each issued as fully paid bonus shares		25,361,090	25,361,090
		53,906,520	53,906,520

- Fully paid ordinary shares, which have a par value Rs. 10/-, carry one vote per share and carry right to dividends.

- Ordinary shares of the company held by associated undertakings as at the year end are 415,793 (2014: 415,793).

- There are no rights, preferences and restrictions attached to any class of shares including restrictions on the distribution of the dividends and the repayment of capital.

- There are no shares reserved for issue under options and contracts for the sale of shares.

8 CAPITAL RESERVES

Share premium	23,137,159	23,137,159
	23,137,159	23,137,159

8.01 This reserve can be utilized by the company only for the purposes specified in Section 83(2) of the Companies Ordinance, 1984.

9 REVENUE RESERVES

General reserves	8,600,000	8,600,000
Accumulated profit	426,984,684	259,020,418
	435,584,684	267,620,418

9.01 The general reserves are used from time to time to transfer profits from retained earnings. There is no policy of regular transfer.

10 SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT- NET OF TAX

Land-Lease hold	165,026,476	165,026,476
Building-on Lease hold land	61,896,798	68,774,220
Plant, machinery & equipments	40,876,249	45,418,055
Laboratory equipment	495,652	660,870
Scales & weigh bridge	532,711	605,353
	268,827,886	280,484,974
Related deferred taxation	(14,626,118)	(15,621,535)
	254,201,768	264,863,439
Incremental depreciation on revalued assets	(10,465,143)	(11,657,088)
Related deferred taxation	1,339,538	1,577,204
Transferred to retained earnings during the year	(9,125,605)	(10,079,884)
	245,076,163	254,783,555

10.01 The revaluation of land, building, plant and machinery, laboratory equipment, and scales & weigh bridge was carried out by an independent valuer "M/s Anjum Adil & Associates" as at 28 June 2012 on the basis of market and depreciated replacement values and was duly certified by the statutory auditors. Previously, revaluation of land, building, plant and machinery was carried out as on 30 June 2007.

11 DEFERRED LIABILITIES

Staff retirement benefits	11.01	56,600,909	50,820,354
Deferred taxation	11.03	6,895,518	10,549,869
		63,496,427	61,370,223



11.01 Staff retirement benefits	NOTE	2015 RUPEES	2014 RUPEES
<i>Balance sheet liability</i>			
Opening balance		50,820,354	35,527,204
Amount recognized during the year		9,500,887	5,876,704
		60,321,241	41,403,908
Remeasurement chargeable in other comprehensive income		(2,257,697)	12,871,826
Benefits paid during the year		(1,462,635)	(3,455,380)
Closing balance		56,600,909	50,820,354
<i>The amounts recognized in the balance sheet are as follows</i>			
Present value of defined benefit obligation		56,100,909	50,320,354
Benefits due but not paid		500,000	500,000
		56,600,909	50,820,354
<i>Charge for the defined benefit plan</i>			
Service cost		2,930,340	2,380,255
Interest cost		6,570,547	3,496,449
Charged to profit and loss account		9,500,887	5,876,704

11.02 Sensitivity analysis for actuarial assumptions

The calculation of defined benefit obligation is sensitive to assumptions set-out in note 6.02. The following table summarizes how the net defined benefit obligation at the end of the reporting period would have increased/ (decreased) as a result of change in respective assumptions.

	Change in assumptions	Increase Rupees	Decrease Rupees
Discount rate	1%	54,457,552	57,969,523
Increase in future salaries	1%	580,009,688	54,392,437

A change in expected remaining working lives of employees is not expected to have a material impact on the present value of defined benefit obligation. Accordingly, the sensitivity analysis for the same has not been carried out.

The sensitivity analysis presented above may not be representative of the actual change in the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated. Furthermore, in presenting the above sensitivity analysis, the present value of defined benefit obligation as at the reporting date has been calculated using projected unit credit method, which is the same as that applied in calculating the defined benefit obligation to be recognized in these financial statements.

Risk factors

The defined benefit plan exposes the Company to the following actuarial risks:

Interest risk: The discount rate used in determination of present value of defined benefit obligation has been determined by reference to market yield at the reporting date on Pakistan Investment Bonds since there is no deep market in long term corporate bonds in Pakistan. An increase in market yield resulting in a higher discount rate will decrease in the defined benefit liability.

Longevity risk: The present value of defined benefit obligation is calculation by reference to the best estimate of the expected remaining working lives of the employees. An increase in the expected remaining working lives will increase the defined benefit obligation. However, the increase is not expected to be material.

Salary risk: The present value of defined benefit obligation is calculation by reference to future salaries of employees. An increase in salary of employees will increase the defined benefit obligation.



The history of experience adjustments is as follows:

	2015	2014	2013	2012	2011
	RUPEES				
Present value of defined benefit obligation	56,100,909	50,320,354	35,027,204	31,688,620	30,647,661
Experience adjustment arising on plan liabilities	(2,257,697)	12,871,826	289,500	-	954,481

11.03 Deferred taxation

NOTE

Deferred taxation comprises of the following:

Deferred tax liability on taxable temporary differences in respect of the following:

- Accelerated tax depreciation allowance
- Surplus on revaluation of assets

Deferred tax asset on deductible temporary differences in respect of the following:

- Staff retirement benefits
- Investment accounted for under IAS- 28
- Provision for doubtful debts

	2015 RUPEES	2014 RUPEES
	4,543,667	4,620,901
	13,286,580	14,044,331
	17,830,247	18,665,232
	(7,244,916)	(6,875,994)
	(348,160)	(368,016)
	(3,341,653)	(871,353)
	(10,934,729)	(8,115,363)
	6,895,518	10,549,869
Creditors	34,832,497	89,031,081
Accrued expenses	144,405,134	78,568,465
Worker's profit participation fund	17,444,712	10,836,130
Security deposits	400,000	380,000
Worker's welfare fund	6,207,205	3,878,035
Tax deducted at source	775,063	364,536
Advances from customers	322,832,468	345,251,820
Sales tax payable	1,219,028	1,804,380
Related parties	-	113,093
	528,116,107	530,227,540
12.01 WORKERS' PROFIT PARTICIPATION FUND (W.P.P.F.)		
Opening balance	10,836,130	10,364,698
Provision for the year	15,532,574	9,708,263
Mark up on W.P.P.F.	291,248	263,500
	26,659,952	20,336,461
Payment during the year	(9,215,240)	(9,500,331)
	17,444,712	10,836,130
12.02 Related parties - unsecured		
Hala Enterprises Limited		
Nature of transaction:		
Sharing of office expenses	-	113,093
	-	113,093

Balances payable/receivable to/from related party (associated undertaking) are subject to mark up is 12 % (2014: 12 %) p. a.



13 SHORT TERM BORROWINGS	NOTE	2015 RUPEES	2014 RUPEES
	Limit Sanctioned Rupees in million		
From Banking Companies -Secured:			
Habib Metropolitan Bank Limited			
- Finance against trust receipt	(25.00)	13.01	-
- Letter of guarantee	12.666	13.02	-
- Letter of credit (sight)	100.00	13.03	-
Faysal Bank Limited			
- Letter of credit (sight)	45.00	13.04	-
JS Bank Limited			
- Running finance	25.00	13.05	-
- Finance against trust receipt	(70.00)	13.06	-
- Bank guarantee	10.00	13.07	-
- Letter of credit (sight)	250.00	13.08	-
		15,305,938	-

13.01 This facility has been obtained for retirement of LC documents carrying mark up @ 3 months KIBOR + 3% to be paid on quarterly basis. It is secured against lien over import documents.

13.02 This facility has been obtained for guarantee to the Director Excise and Taxation, Karachi. It carries commission as per schedule of charges of the bank. Total limit has been utilized as at year end.

13.03 This facility has been obtained to import edible oil, tin plates and chemicals. It carries commission @ 0.2 % per quarter. It is secured against lien over import documents with 10% cash margin.

The above mentioned facilities from 13.01 to 13.03 will expire on 31 March 2016.

13.04 This facility has been obtained to import edible oil and chemicals. It carries commission as per schedule of charges of the bank. It is secured against lien on L/C documents, 1st parri passu charge for Rs. 75 million over current assets of the company, ranking charge over all present and future fixed assets of the company for PKR 75 million. Out of total limit, an amount of Rs. 45 million (2014: Rs. 45 million) remained un-utilized as at year end. This facility will expire on 31 January 2016.

13.05 This facility has been obtained to meet working capital requirements. It carries mark up @ 3 months KIBOR + 225 bps to be paid on quarterly basis. It is secured against pari passu charge of Rs. 140 million over current assets of the company with 25% margin. duly registered with SECP. Total limit remained un-utilized as at year end.

13.06 This facility has been obtained for retirement of LC documents. It carries mark up @ 3 months KIBOR + 225 bps to be paid on quarterly basis. Out of total limit, an amount of Rs. 54.69 (2014: 70) million remained un-utilized as at year end.

13.07 This facility has been obtained for guarantee to Sui Northern Gas Pipe Lines Limited & the Director Excise and Taxation. It carries commission as per schedule of charges of the bank. Out of total limit, an amount of Rs. 6.5 (2014: 7.5) million remained un-utilized as at year end.

13.08 This facility has been obtained to import edible oil, tin plates and chemicals. It carries commission @ 0.2 % per quarter. It is secured against lien over import documents. Out of total limit, an amount of Rs. 250 (2014: 141.63) million remained un-utilized as at year end.

The above mentioned facilities from 13.05 to 13.08 will expire on 30 April 2016 and are collaterally secured against the following:

1st charge of Rs. 380 million over fixed assets situated at 26, 27 & 28 Industrial Triangle, Kahuta Road, Islamabad owned by the company having market value of Rs. 494.551 million.

14 ACCRUED MARKUP

Accrued mark up on short term borrowings

5,178	-
5,178	-

15 PROVISION FOR TAX

Opening balance

Add: Taxation - current

Less: Tax payments /adjustments during the year

166,104,063	135,038,808
103,931,722	103,115,010
270,035,785	238,153,818
82,872,259	72,049,755
187,163,526	166,104,063

**16 CONTINGENCIES AND COMMITMENTS****16.01 CONTINGENCIES**

- a) - The company challenged "Infrastructure Development Cess" levied under Sindh Finance Act, 1994 (as amended by Sindh (Amendment) Ordinance, 2001) in the Sindh High Court vide Suit No. 463/2003. Initially, Hon'ble Sindh High Court decided the levy of "Infrastructure Development Cess" on the carriage of goods against the company. The company has filed an appeal before Supreme Court of Pakistan against the decision of Hon'ble Sindh High Court. Pursuant to direction of Hon'ble court the company paid 50% of the total amount and for the remaining 50%, the company has provided bank guarantees amounting to Rs. 27.27 million (2014: 27.27 million) in favour of Excise and Taxation Authorities. The company may be contingently liable for payment of the said amount equal to 50 % in case of unfavourable decision. However, the management is confident that the ultimate decision shall be in favour of the Company. Therefore, no provision has been made in these financial statements for an amount of Rs. 7.89 million.
- The company has provided bank guarantees amounting to Rs. 4.5 million (2014: Rs. 2.562 million) and 20.35 million in favour of Sui Northern Gas Pipelines Limited for industrial use of gas and Excise and Taxation Department respectively.
- b) The Taxation Officer of Inland Revenue had issued assessment orders for the tax years 2006 and 2007 incorporating aggregate liability of Income Tax and WWF amounting to Rs. 13,560,823/-. The company filed an appeal before the Commissioner Income Tax (Appeals) {CIT(A)} against the order of Taxation Officer and the case was decided in favour of the company. However, tax department filled an appeal in ITAT against the decision of the CIT(A). The matter was again decided in favour of the company. For tax years 2006 and 2007, department of inland revenue issued notices U/S 122(5A) of the Income Tax Ordinance, 2001. Subsequently, after the initial proceedings and vacation of stay order by Honourable Court, the department of inland revenue issued assessment order U/S 122(5A) of the Income Tax Ordinance, 2001 creating liability amounting to Rs. 13,560,823. The company has filed appeal to Commissioner Income Tax (Appeals) {CIT(A)} against the order and is hopeful that the ultimate decision shall be in favour of the company. The company as a matter of prudence has not reversed the provision for tax years 2006 and 2007 for an amount of Rs. 13,560,823/- as aggregate liability which was created during the prior years.
- c) The Taxation Officer of Inland Revenue had issued assessment order for the tax year 2009 incorporating the liability of Income Tax and WWF and raising demand for payment of Income Tax and WWF amounting to Rs. 448.223/- million and Rs. 58.664/- million respectively. The company filed an appeal before the Commissioner Income Tax (Appeals) {CIT(A)} against the order of Taxation Officer and the case was decided in favour of the company. However, tax department filled an appeal in ITAT against the decision of the CIT(A). However, the management is confident that the ultimate decision shall be in favour of the Company. Therefore, no provision has been made in these financial statements for the said amounts.
- d) The taxation officer of Inland Revenue issued notice u/s 162/205 of the Income Tax Ordinance, 2001 creating demand of Rs. 19.62 million. The company has replied to the said notice and is hopeful that the said demand shall be waived off. However, as a matter of prudence, the company has provided for the said amount in these financial statements.
- e) The taxation officer of Inland Revenue issued assessment order for the tax year 2009 U/S 122(4) of the Income Tax Ordinance, 2001 creating demand of Rs. 5.35 million. The company has filed appeal before the Commissioner Income Tax (Appeals) {CIT(A)} against the said order and is hopeful that the said demand shall be waived off. However, as a matter of prudence, the company has provided for the said amount in these financial statements.
- f) The taxation officer of Inland Revenue issued order u/s 161/205 of the Income Tax Ordinance, 2001 for the tax year 2009 creating demand of Rs. 1.27 million. The company has filed appeal before the Commissioner Income Tax (Appeals) {CIT(A)} against the said order and is hopeful that the said demand shall be waived off. However, as a matter of prudence, the company has provided for the said amount in these financial statements.

16.02 COMMITMENTS

- Letters of credit for capital expenditure as at the balance sheet date amounted to Rs. Nil (2014: Nil).
- Letters of credit other than for capital expenditure as at the balance sheet date amounted to Rs. 104.67 million (2014: Rs. 162.73 million).



Punjab Oil Mills Limited

17 PROPERTY, PLANT AND EQUIPMENT

The following is a statement of operating fixed assets (tangible):

	Land-lease hold	Building on lease hold land	Plant, machinery & equipment	Laboratory equipment	Scales & weigh bridge	Guest house furniture & machinery	Office machinery & equipment	Furniture & fixture	Owned Vehicles	Total
RUPEES										
At 30 June 2013										
Cost/Revalued amount	165,450,000	98,706,267	117,737,490	899,966	739,070	318,812	7,871,181	1,379,539	45,689,535	438,791,860
Accumulated depreciation	-	(10,202,114)	(12,483,177)	(239,054)	(95,288)	(297,821)	(3,321,604)	(740,113)	(21,220,285)	(48,599,456)
Net book value	165,450,000	88,504,153	105,254,313	660,912	643,782	20,991	4,549,577	639,426	24,469,250	390,192,404
Year ended 30 June 2014										
Additions	-	-	2,359,740	-	-	-	739,836	240,900	5,566,660	8,907,136
Transfers from capital work in progress during the year (Note 18.01)	-	3,915,649	302,648	-	-	-	-	-	-	4,218,297
Disposals (note 17.03)										
Cost	-	-	-	-	-	-	-	-	(3,209,000)	(3,209,000)
Depreciation	-	-	-	-	-	-	-	-	2,608,575	2,608,575
Net book value	-	-	-	-	-	-	-	-	(600,425)	(600,425)
Depreciation charge for the year (note 17.01)	-	(8,883,045)	(10,950,102)	(165,228)	(77,254)	(2,099)	(481,369)	(77,595)	(5,575,909)	(26,212,601)
Net book value as at 30 June 2014	165,450,000	83,536,757	96,966,599	495,684	566,528	18,892	4,808,044	802,731	23,859,576	376,504,811
Year ended 30 June 2015										
Additions	-	-	1,811,339	-	-	-	1,072,657	1,815,517	17,463,400	22,162,913
Transfers from capital work in progress during the year (Note 18.01)	-	11,796,834	-	-	-	-	-	-	-	11,796,834
Disposals (note 17.03)										
Cost	-	-	-	-	-	-	-	-	(3,195,615)	(3,195,615)
Depreciation	-	-	-	-	-	-	-	-	2,112,860	2,112,860
Net book value	-	-	-	-	-	-	-	-	(1,082,755)	(1,082,755)
Depreciation charge for the year (note 17.01)	-	(8,657,327)	(10,061,248)	(123,921)	(67,984)	(1,889)	(551,502)	(121,436)	(5,815,326)	(25,400,633)
Net book value as at 30 June 2015	165,450,000	86,676,264	88,716,690	371,763	498,544	17,003	5,329,199	2,496,812	34,424,895	383,981,170



	Land-lease hold	Building on lease hold land	Plant, machinery & equipment	Laboratory equipment	Scales & weigh bridge	Guest house furniture & machinery	Office machinery & equipment	Furniture & fixture	Owned Vehicles	Total
At 30 June 2014										
Cost/Revalued amount	165,450,000	102,621,916	120,399,878	899,966	739,070	318,812	8,611,017	1,620,439	48,047,195	448,708,293
Accumulated depreciation	-	(19,085,159)	(23,433,279)	(404,282)	(172,542)	(299,920)	(3,802,973)	(817,708)	(24,187,619)	(72,203,482)
Net book value in Rupees	165,450,000	83,536,757	96,966,599	495,684	566,528	18,892	4,808,044	802,731	23,859,576	376,504,811
Annual rates (%) of depreciation 2014		10	10-15	25	12	10	10	10	20	
At 30 June 2015										
Cost/Revalued amount	165,450,000	114,418,750	122,211,217	899,966	739,070	318,812	9,683,674	3,435,956	62,314,980	479,472,425
Accumulated depreciation	-	(27,742,486)	(33,494,527)	(528,203)	(240,526)	(301,809)	(4,354,475)	(939,144)	(27,890,085)	(95,491,235)
Net book value in Rupees	165,450,000	86,676,264	88,716,690	371,763	498,544	17,003	5,329,199	2,496,812	34,424,895	383,981,170
Annual rates (%) of depreciation 2015		10	10-15	25	12	10	10	10	20	

17.01 Depreciation charge for the year has been allocated as follows:

Cost of Sale
Administrative Expenses

	2015 Rupees	2014 Rupees
	22,860,570	23,591,341
	2,540,063	2,621,260
	25,400,633	26,212,601

17.02 The revaluation of land, building, plant machinery & equipment, laboratory equipment, and scales & weigh bridge was carried out by an independent valuers. Had there been no revaluation, the cost, accumulated depreciation and written down value of the revalued assets would have been as follows:

PARTICULARS	AS ON 30 JUNE 2015	
	Cost	Written Down Value
Land lease-hold	423,524	423,524
Building	56,589,783	31,415,443
Plant, machinery & equipment	123,092,670	53,349,577
Laboratory equipment	181,335	23
Scales & weigh bridge	1,127,655	29,797
Rupees 2015	181,414,967	85,218,364
Rupees 2014	167,806,794	79,908,858

17.03 DISPOSAL OF PROPERTY, PLANT & EQUIPMENT

The following operating fixed assets with a net book value exceeding Rs. 50,000 were disposed off during the year:

PARTICULARS	COST	ACCUMULATED DEPRECIATION	NET BOOK VALUE	SALE PROCEEDS	PROFIT	MODE OF DISPOSAL	BUYER'S NAME
Santro NT 289	720,000	532,829	187,171	550,000	362,829	Negotiation	Yasir Qureshi
Mehran MW 843	430,740	363,497	67,243	425,000	357,757	Negotiation	Tariq Mehmood
Mehran LK 475	434,875	359,635	75,240	370,000	294,760	Negotiation	Muhammad Shahzad Javed
Mehran KY 837	400,500	334,987	65,513	240,000	174,487	Negotiation	Ch. Mudassar Azeem
Mehran MC 578	509,500	409,328	100,172	423,000	322,828	Negotiation	Shahid Baig
Corolla LWA 7282	700,000	112,584	587,416	715,000	127,584	Negotiation	Ghulam Mustafa Khuram Paracha
Rupees 2015	3,195,615	2,112,860	1,082,755	2,723,000	1,640,245		
Rupees 2014	3,209,000	2,608,575	600,425	2,103,000	1,502,575		

17.04 No impairment relating to operating fixed assets has been recognised in the current year.

17.05 Included in fixed assets are assets which are secured with a bank against 1st parri passu charge for Rs. 455 million (2014: Rs. 455 million) over fixed assets (including land, building and, plant and machinery) of the company.



		2015 RUPEES	2014 RUPEES
18 CAPITAL WORK IN PROGRESS	NOTE		
Opening balance		3,764,492	3,223,886
Additions during the year		11,059,388	4,758,903
		14,823,880	7,982,789
Less: Transferred to property, plant and equipment	18.01	11,796,834	4,218,297
		3,027,046	3,764,492
18.01 Transfers to property, plant and equipment are represented by:-			
Building		11,796,834	3,915,649
Plant and machinery		-	302,648
		11,796,834	4,218,297
19 INTANGIBLE ASSETS			
Net carrying value			
Motion picture film-Opening net book value		-	6,145,836
Motion picture film- Addition		-	-
Less: Amortization charge		-	6,145,836
Net book value (NBV) as at 30 June		-	-
Gross carrying value			
Cost		-	14,750,000
Less: Accumulated amortization		-	14,750,000
Net book value		-	-
Amortization rate per annum		50%	50%
20 INVESTMENT IN ASSOCIATES			
At Cost:			
Premier Garments Limited - unlisted		2,720,000	2,720,000
Accumulated provision for the diminution in the value of investment	20.01	(2,720,000)	(2,720,000)
		-	-
20.01 27,200 (2014: 27,200) ordinary shares of Rs. 100/- each, represent 38.86% (2014: 38.86%) equity in Premier Garments Limited. The breakup value of shares of the investee company is nil. The investment has been accounted for under IAS-28 (Investment in associates and joint ventures). Due to impairment, provision for diminution in the value of investment was made in 2006.			
20.02 The summarized financial information of the associates over which the Company exercises significant influence, based on the latest audited financial statements for the year ended 30 June 2014, is as follows:			
Premier Garments Limited		2014 RUPEES	2013 RUPEES
Total assets		13,727,113	13,912,663
Total liabilities		26,936,730	27,235,762
Net Assets		(13,209,617)	(13,323,099)
Company's share of net assets of associate		(5,133,257)	(5,177,356)
Total revenue		3,600,000	4,800,000
Total profit for the year		113,482	2,616,226
Company's share of profit for the current year		44,099	1,016,665
Share of unrecognised accumulated losses		7,875,270	8,107,713
21 LONG TERM DEPOSITS	NOTE	2015 RUPEES	2014 RUPEES
Deposits against bank guarantees		9,887,500	9,062,500
		9,887,500	9,062,500
22 STORES, SPARE PARTS AND LOOSE TOOLS			
Stores		73,127,556	43,998,508
Spare parts		3,230,939	2,025,466
Loose tools		807,735	506,366
		77,166,230	46,530,340
22.01 No identifiable stores and spares are held for specific capitalization.			



23 STOCK IN TRADE	NOTE	2015 RUPEES	2014 RUPEES
Raw materials			
- In hand		77,100,992	14,452,412
- In transit		63,993,435	30,120,870
Work in process		40,610,459	18,663,365
Finished goods		87,022,003	64,079,568
		268,726,889	127,316,215
23.01 No stock in trade has been pledged with any institution / party.			
24 TRADE DEBTS			
Trade debts- unsecured but considered good		492,287,692	588,806,686
Considered doubtful- unsecured		26,106,662	7,510,594
		518,394,354	596,317,280
Less : Provision for doubtful debts	24.01	26,106,662	6,440,152
Less : Trade debts written off		-	1,070,442
		26,106,662	7,510,594
		492,287,692	588,806,686
24.01 Provision for doubtful debts			
Opening balance		6,440,152	-
Provision made during the year		20,088,504	6,440,152
		26,528,656	6,440,152
Less: Provision written off during the year		421,994	-
Closing balance		26,106,662	6,440,152
25 LOANS AND ADVANCES			
Considered good:			
Suppliers		19,413,992	19,688,621
Receivable from related party	25.01	226,317	-
Employees			
- Executives		2,387,604	1,871,832
- Other employees		722,534	756,152
		22,750,447	22,316,605
25.01 Balances receivable/payable from/to related party (associated undertaking) are subject to mark up is 12 % (2014: 12 %) p. a.			
26 TRADE DEPOSITS AND SHORT TERM PREPAYMENTS			
Security deposits		4,804,553	3,252,580
Letter of credit - margin		6,993,600	10,661,138
Prepayments		2,949,781	2,294,690
		14,747,934	16,208,408
27 OTHER RECEIVABLES			
Zakat on dividend, receivable from government		76,962	76,962
Sales tax receivable		512,314	607,451
Other receivables			
- from fair price shop		458,281	617,074
		1,047,557	1,301,487
28 ADVANCE INCOME TAX			
Advance income tax		141,933,557	130,441,757



29 CASH AND BANK BALANCES	NOTE	2015 RUPEES	2014 RUPEES
Cash in hand		3,398,605	2,813,718
Cash with banks			
- In current accounts		26,789,234	32,070,278
- In deposit accounts	29.01	108,686,445	1,868,578
- Foreign currency accounts		34,172	33,198
		138,908,456	36,785,772
29.01 These carry profit @ 5 % (2014: 5 %) per annum approximately.			
30 SALES			
- Export sales			
Cooking oil		16,449,165	-
- Local sales			
Ghee		2,001,268,300	2,281,183,093
Cooking oil		2,307,178,252	2,509,430,497
Speciality fats		23,512,658	18,827,244
		4,331,959,210	4,809,440,834
Soap		42,960,310	53,114,522
Gases		106,607	284,278
		43,066,917	53,398,800
Less: Sales tax		6,559,009	8,130,273
		36,507,908	45,268,527
		4,384,916,283	4,854,709,361
Less: Trade discount		129,012,242	76,873,919
Commission		4,661,986	5,008,990
		133,674,228	81,882,909
		4,251,242,055	4,772,826,452
31 COST OF SALE			
Raw material consumed	31.01	3,029,436,962	3,665,710,893
Stores and spare parts consumed		9,764,134	7,712,137
Chemicals consumed		46,390,892	45,791,247
Packing materials consumed		292,295,607	300,521,974
Salaries, wages and benefits	31.02	43,085,731	33,350,647
Power, fuel and lubricants		137,607,767	144,119,463
Repair and maintenance		5,184,845	6,231,944
Filling and Loading		27,008,360	19,288,963
Insurance		3,187,405	3,208,156
Depreciation	17.01	22,860,570	23,591,341
		3,616,822,273	4,249,526,765
Work in process:			
Opening		18,663,365	50,591,382
Closing		(40,610,459)	(18,663,365)
		(21,947,094)	31,928,017
Cost of goods manufactured		3,594,875,179	4,281,454,782
Finished goods:			
Opening		64,079,568	52,726,299
Closing		(79,828,899)	(64,079,568)
		(15,749,331)	(11,353,269)
		3,579,125,848	4,270,101,513
Finished goods purchased for resale			
Purchases		7,821,832	-
Closing stock		(7,193,104)	-
Cost of purchased goods sold		628,728	-
		3,579,754,576	4,270,101,513



	NOTE	2015 RUPEES	2014 RUPEES
31.01 Raw material consumed			
Opening		14,452,412	25,855,156
Purchases		3,092,085,542	3,654,308,149
		3,106,537,954	3,680,163,305
Closing		(77,100,992)	(14,452,412)
		3,029,436,962	3,665,710,893

31.02 Salaries wages and other benefits include provision for staff retirement benefits for the year Rs. 5,225 thousand (2014: Rs. 3,232 thousand).

32 SELLING AND DISTRIBUTION COST

Salaries, wages and benefits	32.01	49,170,560	36,836,119
Travelling and conveyance		3,330,775	2,943,876
Advertisement		140,963,405	128,019,239
Amortization		-	6,145,836
Export charges		1,320,246	-
Carriage outward		33,696,103	34,668,628
		228,481,089	208,613,698

32.01 Salaries wages and other benefits include provision for staff retirement benefits for the year Rs. 950 thousand (2014: Rs. 588 thousand).

33 ADMINISTRATIVE EXPENSES

Directors' meeting fee		680,000	480,000
Directors' remuneration		26,673,940	18,567,525
Salaries, wages and benefits	33.01	39,799,594	31,656,154
Travelling and conveyance		5,921,379	5,233,557
Entertainment		816,708	807,090
Printing and stationary		1,680,577	1,333,061
Postage, telephone and telex		2,796,940	2,362,648
Rent, rates and taxes		12,086,556	7,712,023
Fees and subscription		2,457,550	1,923,348
Legal and professional charges		3,176,175	1,895,563
Vehicle running and maintenance		9,296,791	9,891,124
Repair and maintenance		1,728,281	2,077,315
Power, fuel and lubricant		2,095,550	2,194,713
Advertisement		5,873,475	5,334,135
Provision for doubtful debts		20,088,504	6,440,152
Bad debts written off		-	1,070,442
Depreciation	17.01	2,540,063	2,621,260
Office expenses		1,498,483	2,426,805
		139,210,566	104,026,915

33.01 Salaries wages and other benefits include provision for staff retirement benefits for the year Rs. 3,325 thousand (2014: Rs. 2,057 thousand).

34 FINANCE COST

Mark up on short term borrowings		673,775	1,787,910
Mark up charged by related parties		-	24,736
Mark up charged on W.P.P.F.		291,248	263,500
Bank charges		1,175,946	1,077,193
		2,140,969	3,153,339

35 OTHER OPERATING CHARGES

Auditors' remuneration	35.01	755,000	755,000
Workers' profit participation fund		15,532,574	9,708,263
Workers' welfare fund		6,207,205	3,878,035
		22,494,779	14,341,298



	NOTE	2015 RUPEES	2014 RUPEES
35.01 AUDITORS' REMUNERATION			
Audit fee		600,000	600,000
Half yearly review		75,000	75,000
Other attestation services		50,000	50,000
Out of pocket expenses		30,000	30,000
		755,000	755,000
36 OTHER INCOME			
Income from financial assets			
Profit on bank deposits		4,525,752	4,694,867
Interest income from related party		16,053	-
Exchange loss		(61,522)	-
Income from non financial assets			
Coffee		1,123,491	-
Scrap sale		480,000	132,000
Mushroom sale		1,736,365	1,396,330
Gain on disposal of property, plant and equipment		1,640,245	1,502,576
		9,460,384	7,725,773
37 TAXATION			
Taxation			
-Current year	37.01	97,305,346	103,115,010
-Prior years		6,626,376	(3,510,185)
		103,931,722	99,604,825
Deferred taxation			
For current year	37.02	(4,525,123)	(2,823,228)
		99,406,599	96,781,597

37.01 - Income tax return has been filed to the income tax authorities up to and including tax year 2014 under the provisions of the Income Tax Ordinance, 2001.

- Provision for current year income tax represents final tax on locally produced oil and minimum tax on imported oil under clause 13 (C), Part II, Second Schedule and section 148 (8) of the Income Tax Ordinance, 2001 respectively. The numeric tax reconciliation has not been presented being impracticable.

37.02 - Deferred taxation has been provided using tax rate of taxation applicable to tax year 2016 under the provisions of Income Tax Ordinance, 2001 to the extent of income of the company chargeable under normal tax regime. Tax effect of reduction in tax rate is income amounting to Rs. 319,693 (2014: Rs. 533,707).

38 TRANSACTIONS WITH RELATED PARTY

Disclosure of transactions between the company and its related parties:-

Related parties comprise associated companies, directors and key management personnel. The Company in the normal course of business carries out transactions with various related parties. Details of the transactions with related parties, other than those which have been specifically disclosed elsewhere in these financial statements are as follows:

Nature of transaction	Relationship with the company	2015 RUPEES	2014 RUPEES
Reimbursement of expenses			
Sharing of office expenses			
Hala Enterprises Limited	Associated company	2,450,440	2,171,254
		2,450,440	2,171,254

There were no transactions with directors and key management personnel other than those undertaken as per terms of their employment that have been disclosed in note 43 of the notes to the financial statements.



39 EARNINGS PER SHARE	NOTE	2015 RUPEES	2014 RUPEES
Basic Earnings per share:			
Profit after taxation	Rupees	189,213,861	83,533,865
Weighted average number of ordinary shares	Number	5,390,652	5,390,652
Earnings per share - basic and diluted	Rupees	<u>35.10</u>	<u>15.50</u>

Diluted Earnings per share:

There is no dilutive effect on the basic earnings per share of the company because the company has no such commitments.

40 FINANCIAL INSTRUMENTS BY CATEGORY

Financial assets as per balance sheet

Long term deposits	9,887,500	9,062,500
Trade debts	518,394,354	595,246,838
Loans and advances	3,110,138	2,627,984
Trade deposits	4,804,553	3,252,580
Other receivables	458,281	617,074
Bank balances	135,509,851	33,972,054
	<u>672,164,677</u>	<u>644,779,030</u>

Financial liabilities as per balance sheet

Trade and other payables	179,637,631	168,092,639
Short term borrowings	15,305,938	-
Unclaimed dividend	2,672,776	1,889,595
	<u>197,616,345</u>	<u>169,982,234</u>

40.01 Fair values of financial assets and liabilities

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

41 FINANCIAL INSTRUMENTS

41.01 Financial risk factors

The Company's activities expose it to a variety of financial risks: market risk (including currency risk, interest rate risk and other price risk), credit risk and liquidity risk. The Company's overall risk management programme focuses on having cost effective funding as well as to manage financial risk to minimize earnings volatility and provide maximum return to shareholders.

Risk management is carried out by the Company's finance department under policies approved by the Board of Directors.

(a) Market risk

(i) Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company imports edible palm oil, tin plates and some items of chemicals and exports cooking oil and is exposed to currency risk, primarily with respect to liabilities denominated in US Dollars.

The Company manages its currency risk by close monitoring of currency markets. However, the Company does not hedge its currency risk exposure.

At 30 June 2015, if the Pakistani Rupee had weakened by 5% against the US Dollar with all other variables held constant, post-tax profit for the year would have been lower by Rs. 1,709 (2014: 1,660) mainly as a result of foreign exchange losses on translation of US Dollar-denominated trade payables.



The company's exposure to currency risk is as follows:

	2015	2014
Cash at bank -USD	336	336
Net exposure-USD	336	336

The following significant exchange rates were applied during the year:

	2015	2014
Rupees per US Dollar		
Reporting date rate	101.70	98.75
Average rate	101.69	98.28

(ii) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The company's interest rate risk arises from short term borrowings and interest bearing assets. Borrowings obtained at variable rates exposes the company to cash flow interest rate risk.

At the balance sheet date the interest rate profile of the Company's interest bearing financial instruments was:

	NOTE	2015 RUPEES	2014 RUPEES
Floating rate instrument			
Financial liabilities			
Short term borrowings		15,305,938	-
Financial assets			
Bank balances- saving accounts		108,686,445	1,868,578

Cash flow sensitivity analysis for floating rate

If interest rate at the year end date, fluctuates by 1% higher/lower with all other variables held constant, profit after taxation for the year would have been Rs. 933,805 higher/lower (2014: 186,858 higher/lower), mainly as a result of higher/lower interest income on floating rate borrowings and bank balances. This analysis is prepared assuming the amounts of liabilities outstanding at balance sheet dates were outstanding for the whole year.

The company does not account for any fixed rate financial assets and liabilities at fair value through profit or loss. Therefore, a change in interest rate at the balance sheet date would not affect profit or loss of the company.

(iii) Other price risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from currency risk or interest rate risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. The Company is not exposed to equity securities price risk as its investment is in non-listed securities.

(b) Credit risk

Credit risk represents the risk of financial loss being caused if counter parties fail to discharge an obligation.

Credit risk arises from deposits with banks, trade debts, loans and advances, deposits and other receivables. The company seeks to minimize the credit risk exposure through having exposures only to customers considered credit worthy and obtaining securities where applicable. Where considered necessary, advance payments are obtained from certain parties. Out of the total financial assets of Rs. 672,164,677 (2014: Rs. 644,779,030), the maximum exposure to credit risk amounts to Rs. 672,164,677 (2014: Rs. 644,779,030).

Geographically, there is no concentration of credit risk.

The maximum exposure to credit risk for trade debts, loans and receivables at the reporting date by type of parties was:



NOTE	2015 RUPEES	2014 RUPEES
Government institution and utility store	57,352,147	63,351,427
Private sector's companies	39,053,281	45,304,159
Distributors	298,996,325	347,413,936
Others	126,102,739	141,805,300
	521,504,492	597,874,822
The aging of loans and receivables at the reporting date was:		
Past due 0-6 months	374,648,827	493,952,704
Past due 6-12 months	109,505,513	94,056,977
More than one year	37,350,152	9,865,141
	521,504,492	597,874,822

The Company monitors the credit quality of its financial assets with reference to historical performance of such assets and available external credit ratings. The carrying values of financial assets which have not impaired are as under:

Long term deposits	9,887,500	9,062,500
Trade debts	518,394,354	595,246,838
Loans and advances	3,110,138	2,627,984
Trade deposits	4,804,553	3,252,580
Other receivables	458,281	617,074
Bank balances	135,509,851	33,972,054
	672,164,677	644,779,030

The credit quality of receivables can be assessed with reference to their historical performance with no or some defaults in recent history, however, no losses. The credit quality of Company's bank balances can be assessed with reference to external credit ratings as follows:

Bank	Rating agency	Rating	
		Short term	Long term
National Bank of Pakistan	PACRA	A1+	AAA
Standard Chartered Bank (Pakistan) Limited	PACRA	A1+	AAA
United Bank Limited	JCR-VIS	A-1+	AA+
Bank Al-Habib Limited	PACRA	A1+	AA+
Habib Metropolitan Bank Limited	PACRA	A1+	AA+
Bank Al-Falah Limited	PACRA	A1+	AA
Allied Bank Limited	PACRA	A1+	AA+
Faysal Bank Limited	PACRA	A1+	AA
MCB Bank Limited	PACRA	A1+	AAA
The Bank of Punjab	PACRA	A1+	AA-
JS Bank Limited	PACRA	A1+	A+

(c) Liquidity risk

Liquidity risk represents the risk that the company will encounter difficulties in meeting obligations associated with financial liabilities. Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities. Due to growing nature of the business, the company maintains flexibility in funding by maintaining committed credit lines available.

The table below analyses how management monitors net liquidity based on details of the remaining contractual maturities of financial liabilities. The amounts disclosed in the table are the contractual undiscounted cash flows.



30 June 2015	Carrying Amount	Contractual cash flows	6 months or less	6 - 12 month	1 - 2 years	2 - 5 years	More than 5 years
RUPEES							
Non-derivative							
Financial Liabilities							
Trade and other payables	179,637,631	179,637,631	179,637,631	-	-	-	-
Short term borrowings	15,305,938	16,723,268	16,014,603	708,665	-	-	-
Accrued interest/mark-up	5,178	5,178	5,178	-	-	-	-
Unclaimed dividends	2,672,776	2,672,776	2,672,776	-	-	-	-
	<u>197,621,523</u>	<u>199,038,853</u>	<u>198,330,188</u>	<u>708,665</u>	<u>-</u>	<u>-</u>	<u>-</u>
30 June 2014	Carrying Amount	Contractual cash flows	6 months or less	6 - 12 month	1 - 2 years	2 - 5 years	More than 5 years
RUPEES							
Non-derivative							
Financial Liabilities							
Trade and other payables	168,092,639	168,092,639	168,092,639	-	-	-	-
Short term borrowings	-	-	-	-	-	-	-
Accrued interest/mark-up	-	-	-	-	-	-	-
Unclaimed dividends	1,889,595	1,889,595	1,889,595	-	-	-	-
	<u>169,982,234</u>	<u>169,982,234</u>	<u>169,982,234</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

The contractual cash flows relating to above financial liabilities have been determined on the basis of interest rates/mark-up rates effective as at 30 June 2015/2014. The rates of interest/mark-up have been disclosed in note 13 to these financial statements.

42 Capital risk management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders, benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. The Company is not subject to any externally imposed capital requirements.

The Company manages its capital structure and makes adjustment to it in the light of changes in economic conditions. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders or issue new shares. However, the Company can finance its operations through equity, loans and management of working capital with a view to maintaining an appropriate mix between various sources of finance to minimize risk. Net debt is calculated as total borrowings as referred to in note 13 of the notes to the financial statements less cash and bank balances. Total capital employed includes 'total equity' as shown in the balance sheet and 'net debt'. The gearing ratio as at 30 June 2015 and as at 30 June 2014 is as follows:

	NOTE	2015 RUPEES	2014 RUPEES
Debt		15,305,938	-
Cash and bank balances		138,908,456	36,785,772
Net debt		(123,602,518)	(36,785,772)
Total equity		512,628,363	344,664,097
Total capital employed		389,025,845	307,878,325
Gearing ratio (%)		Nil	Nil

As at 30 June 2015, the company had a net positive cash balance.

43 REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

	CHIEF EXECUTIVE		DIRECTORS		EXECUTIVES	
	2015 RUPEES	2014 RUPEES	2015 RUPEES	2014 RUPEES	2015 RUPEES	2014 RUPEES
Managerial remuneration	3,328,320	3,328,320	6,531,840	6,240,360	11,928,599	10,070,872
House rent and utilities	1,471,680	1,471,680	2,888,160	2,759,640	5,432,356	4,420,380
Bonus	1,109,440	832,080	1,067,840	728,010	3,868,124	2,517,718
Medical expenses	116,399	97,247	5,582,873	622,535	679,741	363,936
Travelling expenses	64,358	165,044	4,513,030	2,322,609	2,536,198	648,912
	<u>6,090,197</u>	<u>5,894,371</u>	<u>20,583,743</u>	<u>12,673,154</u>	<u>24,445,018</u>	<u>18,021,818</u>
Number of persons	1	1	2	2	8	7

43.01 The Chief Executive is provided with free use of company maintained car and reimbursement of residential telephone expenses. Certain directors and executives are also provided with free use of company maintained cars.

43.02 Aggregate amount charged in the financial statements for the year for meeting fee to 4 directors was Rs. 680,000 (2014: Rs. 480,000)



44 CAPACITY AND PRODUCTION

2015

2014

Rated Capacity/Production

Ghee / speciality fats	M.TON	18,000	18,000
Cooking oil	M.TON	10,000	10,000
		28,000	28,000

Actual Production

Ghee / speciality fats	M.TON	13,490	14,420
Cooking oil	M.TON	12,908	13,252
		26,398	27,672

44.01 RATED CAPACITY

On the basis of blending hard oil with soft oil, rated capacity comes to 28,000 M.Ton annually.

44.02 REASONS FOR SHORT FALL

Ghee/Speciality fats

- Sui gas shut down.
- Electricity shut down.
- Change of trend of people from ghee to cooking oil.

45 OPERATING SEGMENT

These financial statements have been prepared on the basis of a single reportable segment.

45.01 Revenue from sale of ghee, cooking oil, speciality fats, soap, and gases represents 99.78% (2014: 99.84%) of the total income of the company.

45.02 99.613% (2014: 100%) of the gross sales of the Company are made to customers located in Pakistan. Remaining 0.387% (2014: nil) are the exports made to U.A.E.

45.03 All non current assets of the Company as at 30 June 2015 are located in Pakistan.

45.04 None of the customers of the Company accounts for more than 10% of the gross sales of the Company for the year.

46 EMPLOYEES

Average number of employees during the year.

Number of employees at the end of the year.

2015 Number	2014 Number
225	223
215	218

47 NON ADJUSTING EVENTS AFTER THE BALANCE SHEET DATE

The Board of Directors in its meeting held on 21 September, 2015 proposed final cash dividend at the rate of Rs. 7 per share (2014: Rs. 1 per share) for the year ended 30 June 2015 subject to the approval of the members at the forthcoming Annual General Meeting to be held on 26 October, 2015.

48 AUTHORIZATION OF FINANCIAL STATEMENTS

These financial statements have been approved and authorized for issue by the Board of Directors of the Company on 21 September, 2015.

49 GENERAL

- Figures have been rounded off to the nearest rupee, unless otherwise stated.
- Corresponding figures have been rearranged/reclassified, wherever necessary, to facilitate comparison.

CHAIRMAN / DIRECTOR

CHIEF EXECUTIVE OFFICER

**PATTERN OF SHAREHOLDING AS ON JUNE 30, 2015**

No. of Shareholders	Shareholding		Total Shares Held
	From	To	
491	1	100	16,260
483	101	500	130,317
84	501	1,000	65,220
82	1,001	5,000	192,536
21	5,001	10,000	154,621
3	10,001	15,000	32,906
3	15,001	20,000	54,261
1	20,001	25,000	22,438
3	25,001	30,000	76,046
3	30,001	35,000	93,022
2	35,001	40,000	75,474
1	40,001	45,000	44,000
1	50,001	55,000	51,971
1	60,001	65,000	64,708
1	70,001	76,000	72,570
1	105,001	110,000	109,789
1	115,001	120,000	116,000
1	195,001	200,000	199,000
1	220,001	225,000	224,732
2	225,001	230,000	456,602
2	260,001	265,000	528,152
1	265,001	270,000	265,306
1	290,001	295,000	291,306
1	340,001	345,000	340,893
1	360,001	365,000	363,822
1	365,001	370,000	365,226
1	455,001	460,000	456,323
1	525,001	530,000	527,151
1,102			5,390,652

Categories of Shareholders	Shares held	Percentage
Directors, CEO and their spouses	1,102,157	20.45
Associated Companies/Undertaking and Related Parties	415,793	7.71
NIT and ICP	48,396	0.90
Banks Development Financial Institutions and Non-Banking Financial Institutions	-	-
Insurance Companies	-	-
Modarabas and Mutual Funds	842,151	15.62
General Public	2,952,434	54.77
Joint Stock Companies	29,721	0.55
	5,390,652	100.00

**PATTERN OF SHAREHOLDING AS ON JUNE 30, 2015****NAME & CATEGORY WISE DETAILS IN ACCORDANCE WITH CCG 2012**

Sr. No.	Name & Category of Shareholders	No. of Shares Held	Percentage
Associated Companies, Undertakings and Related Parties:			
1	M/s Teejay Corporation (Private) Limited	363,822	6.75
2	M/s Hala Enterprises Limited	51,971	0.96
Mutual Funds			
1	MCBFSL - Trustee Namco Balanced Fund Limited CDC	116,000	2.15
2	Golden Arrow Selected Stocks Fund Limited CDC	99,000	1.84
3	CDC-Trustee National Inrestrnat (Unit) Trust (CDC)	527,151	9.78
Directors and their Spouse:			
1	Mr. Tahir Jahangir	39,836	0.74
2	Mr. Izaz Ilahi Malik	72,570	1.35
3	Mr. Usman Ilahi Malik	456,323	8.47
4	Mr. Furqan Anwar Batla	295,306	5.48
5	Mr. Jillani Jahangir	340,893	6.32
6	Syed Tahir Hussain Shah	3,108	0.06
7	Syed Zubair Ahmad Shah (NIT Nominee)	-	-
8	Mrs. Nageen Malik W/O Mr. Izaz Ilahi Malik	44,000	0.82
Executives:			
		-	-
Public Sector Companies & Corporations:			
		-	-
Banks, Development Finance Institutions, Non Banking Finance Companies, Insurance Companies, Takaful, Modarabas and Pension Funds:			
		-	-
Shareholders holding five percent or more voting intrest in the listed company			

S. No.	Name of Shareholder	Holding	Percentage
1	Mr. Mansoor Ilahi Malik	365,226	6.78
2	Mr. Usman Ilahi Malik	456,323	8.47
3	Mr. Jillani Jahangir	340,893	6.32
4	Mr. Furqan Anwar Batla	295,306	5.48
5	M/s Teejay Corporation (Private) Limited	363,822	6.75
6	CDC-Trustee National Inrestrnat (Unit) Trust (CDC)	527,151	9.78

All trades in the shares of the listed company, carried out by its directors, Executives and their spouses and minor children shall also be disclosed:

Sale	NIL
Purchase	NIL



ANNEXURE "A"

October 05, 2015

Dear Shareholder(s),

**INFORMATION UNDER SECTION 218
OF THE COMPANIES ORDINANCE, 1984.**

In pursuance of Section 218 of the Companies Ordinance, 1984, you are hereby informed that the Board of Directors of **Punjab Oil Mills Limited** has recommended for the approval of the shareholders, an increase of the following:-

Name & Designation	Last Drawing	Increase	After Increase	Yearly
Mr. Tahir Jahangir Chairman/Director	Rs. 400,000/-	Rs. 60,000/-	Rs. 460,000/-	Rs. 5,520,000/-
Mr. Izaz Illahi Malik Chief Executive Officer	Rs. 400,000/-	Rs. 60,000/-	Rs. 460,000/-	Rs. 5,520,000/-
Mr. Usman Ilahi Malik Director	Rs. 385,000/-	Rs. 57,800/-	Rs. 442,800/-	Rs. 5,313,600/-

The above remuneration shall be subject to such adjustments, bonuses and other entitlements as may be granted at any time and from time to time by the Board of Directors of the Company and/or in accordance with the policies and the service rules of the Company for the time being in force.

Yours sincerely,
For **PUNJAB OIL MILLS LIMITED**

(Usman Saleem)
Company Secretary



FORM OF PROXY

I/We _____ of _____ being a Member of Punjab Oil Mills Limited and holder(s) of _____ Ordinary Shares as per Share Register Folio No. _____

For beneficial owners as per CDC List

CDC Participant I.D. No. _____ Sub Account No. _____
CNIC No. [grid] Passport No. _____

hereby appoint Mr./Mrs./Miss. _____ of _____ an other member of the Company or failing him /her Miss/Mrs/Mr. _____ of _____ another member of the Company as my / our proxy to attend and vote for me / us and my /our behalf at Annual General Meeting of the Company to be held on Monday, October 26, 2015, at 10:30 A.M. and at every adjournment thereof, if any.

Please affix Rupees Five Revenue Stamp

(Signature should agree with the specimen signature registered with the Company)

Signed this _____ day of October 2015 Signature of Shareholder _____
Signature of Proxy _____

1. WITNESS Signature: _____ Name: _____ Address: _____ CNIC No. [grid] or Passport No. _____
2. WITNESS Signature: _____ Name: _____ Address: _____ CNIC No. [grid] or Passport No. _____

Important:

- 1. This Proxy Form, duly completed and signed, must be received at above mentioned address the Registered Office of the Company, not less than 48 hours before the time of holding the meeting.
2. If a member appoints more than one proxy and more than one instruments of proxy are deposited by a member with the Company, all such instruments of proxy shall be rendered invalid.
3. For CDC Account Holders / Corporate Entities In addition to the above the following requirements have to be met
i. Attested copies of CNIC or the passport of the beneficial owners and the proxy shall be provided with the proxy forms.
ii. The proxy shall produce his original CNIC or original passport at the time of the meeting.
iii. In case of a corporate entity, the Board of Directors resolution /power of attorney with specimen signature shall be submitted (unless it has been provided earlier) alongwith proxy form to the Company.

**AFFIX
CORRECT
POSTAGE**

To:

**The Company Secretary
Punjab Oil Mills Limited
Plot No. 26-28, Industrial Triangle,
Kahuta Road,
Islamabad**

**“SAY NO TO
CORRUPTION”**



Punjab Oil Mills Limited

An ISO 9001 & FSSC 22000 CERTIFIED COMPANY

CANOLIVE[®]
Premium Cooking Oil



Oliva
Olive Pomace Oil

TRU BRU
PREMIUM ARABICA BLEND & CLASSIC

FIRST PRESS
NATURELLE
ORGANICALLY REFINED
COOKING OIL