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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 Pakistan.

POML has no wish to influence people's beliefs instead 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 and sustain 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 Tahir Hussain Naqvi Mr. Firasat Ali	Chairman/Director Managing Director/Chief Executive Officer Executive Director Non-Executive Director (Certified) Non-Executive Director (Certified) Non-Executive Director (Independent) Non-Executive Director (NIT Nominee)
AUDIT COMMITTEE	Syed Tahir Hussain Naqvi Mr. Furqan Anwar Batla Mr. Firasat Ali Mr. Jillani Jahangir	Chairman Member Member Member
HUMAN RESOURCE & REMUNERATION COMMITTEE	Mr. Jillani Jahangir Mr. Furqan Anwar Batla Syed Tahir Hussain Naqvi Mr. Izaz Ilahi Malik Mr. Firasat Ali	Chairman Member 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, I-K, Commercial Model Town, Lahore Tel: 042 -35916714, 35916719 Fax: 042 -35869037 Email. corplink786@yahoo.com	

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 Exchange

Pakistan 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 2018-2019 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 Act, 2017 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 received 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 132 of the Companies Act, 2017, 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 137 of the Companies Act, 2017 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 Pakistan Stock Exchange Limited.

Months	Highest Rate (Rs.)	Lowest Rate (Rs.)	Closing Rate (Rs.)	No. of Shares Traded
July- 2017	300.00	298.50	298.50	6,500.00
August	291.04	285.95	288.11	16,000.00
September	269.36	201.19	264.88	12,800.00
October	237.94	235.07	234.18	4,500.00
November	214.64	213.64	217.70	9,100.00
December	209.50	207.00	209.50	4,500.00
January	235.41	212.56	233.77	50,500.00
February	248.73	246.71	247.73	2,300.00
March	264.86	260.94	262.44	32,600.00
April	263.74	257.99	260.40	36,900.00
May	277.36	206.66	276.77	7,300.00
June- 2018	284.25	250.06	280.80	6,100.00



CHAIRMANS' REVIEW

This has been an eventful year as we embarked upon an effort to diversify the product and brands that we are marketing. On the one hand there was an intense effort to improve the share of the market for our brand Canolive.

On the other hand we tried to enter the industrial fats and oils business. Our new brand Naturelle is now being marketed nationwide through a separate sales force, in order to avoid any cannibalisation of our existing customer base. Similarly there were efforts to sell our new coffee brand "Tru Bru."

The production and sales of mushrooms was also extended but we met with some unforeseen hurdles in the importation of spawn and had to suspend production for two months. All this has led to an increase in the selling expenses without the commensurate increase in sales and profitability.

Hopefully we will produce better results in sales and profitability for the next year. The Board of Directors met regularly. We had an opportunity to welcome our old friend and director Mr. Firasat Ali on our board in place of the retiring Syed Zubair Ahmad Shah. Shah Sahib was part of the team which produced exemplary results in the company's history.

We have worked very well Mr. Firasat Ali in the past and hope to do so as well in the future. The requirements of Law re the Board have been met with and all meetings are well attended.

Tahir Jahangir,
CHAIRMAN OF THE BOARD



NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the 37th Annual General Meeting of PUNJAB OIL MILLS LIMITED will be held on Monday 12th November, 2018 at 10:30 a.m. at Plot No. 26-28 Industrial Triangle Kahuta Road, Islamabad to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the audited financial statements of the Company for the year ended June 30, 2018 together with the Directors' and Auditors' reports thereon.
2. To declare final dividend in cash @ 12% i.e. Rs.1.20 per share. This is in addition to interim dividend already paid @ 55% [i.e. Rs. 5.5 per share] announced by the Board of Directors of the Company for the financial year 2017-2018.
3. To appoint External Auditors of the Company for the year ending June 30, 2019 as recommended by the Board of Directors and to fix their remuneration.

SPECIAL BUSINESS

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

To consider and pass the following resolutions as special resolution:

“RESOLVED that the transactions carried out in normal course of business with associated companies during the year ended June 30, 2018 be and are hereby ratified and approved.”

“RESOLVED that the Chief Executive of the Company be and is hereby authorized to approve all the transactions carried out and to be carried out in normal course of business with associated companies during the ensuing year ending June 30, 2019 and in this connection the Chief Executive be and is hereby also authorized to take any and all necessary actions and sign/execute any and all such documents/indentures as may be required in this regard on behalf of the Company.”

Statement under Section 134 of the Companies Act, 2017 in the above matters mentioned in item No. 5 is annexed.

October 16, 2018

by the Order of the Board
Company Secretary

NOTES:

The share transfer books of the Company will remain closed from November 5, 2018 to November 12, 2018 (both days inclusive). Transfers received in order by the Shares Registrar of the Company, M/s. Corplink Private Limited, Wings Arcade, 1-K commercial Model Town, Lahore up to the close of business on November 4, 2018 will be treated in time for entitlement of the dividend and bonus shares.



A member, who has deposited his/her shares into Central Depository Company of Pakistan Limited, must bring his/her participant's ID number and CDC account/sub-account number along with original Computerized National Identity Card (CNIC) or original Passport at the time of attending the meeting.

A member entitled to attend and vote at the Annual General Meeting may appoint another member as his/her proxy to attend, speak and vote instead of him/her.

Form of proxy, in order to be valid must be properly filled-in/executed and received at the registered office of the Company situated at Plot No 26-28, Industrial Triangle Kahuta Road, Islamabad not later than 48 hours before the time of the meeting.

Members holding shares in physical form are requested to promptly notify Share Registrar of the Company of any change in their addresses. Shareholders maintaining their shares in electronic form should have their address updated with their participant or CDC Investor Accounts Service.

Shareholders who have not yet submitted their International Bank Account Number (IBAN) are requested to fill in Electronic Credit Mandate Form available on Company's website and send it duly signed along with a copy of CNIC to the Registrar of the Company M/s. Corplink (Private) Limited, Wings Arcade, 1-K, Commercial Model Town, Lahore, in case of physical shares. In case shares are held in CDC then Electronic Credit Mandate Form must be submitted directly to shareholder's broker/participant/CDC account services.

Pursuant to Notification vide SRO.787(1)/2014 of September 08, 2014, SECP has directed to facilitate the members of the company receiving Annual Financial Statements and Notices through electronic mail system (e-mail). We are pleased to offer this facility to our members who desire to receive Annual Financial Statements and Notices of the Company through e-mail in future. In this respect members are hereby requested to convey their consent via e-mail on a standard request form which is available at the Company website i.e. www.punjaboilmills.com Please ensure that your e-mail has sufficient rights and space available to receive such e-mail which may be larger than 1 MB file in size. Further, it is the responsibility of the member to timely update the Share Registrar of any change in the registered e-mail address.

The rates of deduction of income tax from dividend payments under the Income Tax Ordinance, 2001 are as follows:

For filer of income tax return 15%

For non-filers of income tax return 20%

To enable the Company to make tax deduction on the amount of cash dividend @ 15% instead of 20%, shareholders whose names are not entered into the Active Taxpayers List (ATL) provided on the website of FBR, despite the fact that they are filers, are advised to make sure that their names are entered in ATL before the first day of book closure, otherwise tax on their cash dividend will be deducted @ 20% instead of 15%.

Withholding Tax exemption from the dividend income, shall only be allowed if copy of valid tax exemption certificate or stay order from a competent court of law is made available to Corplink (Private) Limited, by the first day of Book Closure.



In this regard all shareholders who hold shares jointly are requested to provide shareholding proportions of Principal shareholder and Joint-holder(s) in respect of shares held by them (only if not already provided) to our Shares Registrar, in writing as follow.

The required information must reach our Shares Registrar within 10 days of this notice, otherwise it will be assumed that the shares are equally held by Principal shareholder and Joint Holder(s).

For any query/problem/information, the investors may contact the Company Secretary at phone: 051-4490017-20 and email address info@punjaboilmills.com and/or M/s. Corplink (Private) Limited at phone: 042-35916714-19 and email address: corplink786@gmail.com.

Members can also avail video conference facility, in this regard, please fill the following and submit to registered address of the Company 10 days before holding of the Annual General Meeting. If the Company receives consent from members holding in aggregate 10% or more shareholding residing at a geographical location, to participate in the meeting through video conference at least 10 days prior to date of the meeting, the Company will arrange video conference facility in the city subject to availability of such facility in that city.

“I/We, _____ of _____, being a member of Punjab Oil Mills Limited, holder of _____ ordinary share(s) as per Registered Folio No. _____ hereby opt for video conference facility at _____.”

The Company will intimate members regarding venue of video conference facility at least 5 days before the date of the Annual General Meeting along with complete information necessary to enable them to access the facility.

Members can exercise their right to demand a poll subject to meeting requirements of Section 143 to Section 145 of the Companies Act, 2017 and applicable clauses of the Companies (Postal Ballot) Regulations, 2018.

Form of Proxy is enclosed.

STATEMENT OF MATERIAL FACTS CONCERNING SPECIAL BUSINESS PURSUANT TO SECTION 134 OF THE COMPANIES ACT, 2017

This statement sets out the material facts concerning the Special Business, given in agenda item No. 5 of the Notice will be considered to be passed by the members. The purpose of the Statement is to set forth the material facts concerning such Special Business.

“RESOLVED THAT:

Agenda Item No. 5(a) of the Notice – Transactions carried out with associated companies during the year ended June 30, 2018 to be passed as a Special Resolution. The transactions carried out in normal course of business with associated companies (Related parties) were being approved by the Board as recommended by the Audit Committee on quarterly basis pursuant to clause 15 of Listed Companies (Code of Corporate Governance) Regulations, 2017.

During the Board meeting it was pointed out by the Directors that as the majority of Company Directors



were interested in these transactions due to their common directorship and holding of shares in the associated companies, the required quorum of directors seemingly could not be formed for approval these transactions which have to be approved by the shareholders in the General Meeting.

In view of the above, the transactions conducted during the financial year ended June 30, 2018 with associated companies as under is being placed before the shareholders for their consideration and approval/ratification:

NAME	DESCRIPTION OF TRANSACTION	Amount in Rupees		
		PURCHASE	SALE	OTHERS
Hala Enterprises Limited	Sharing of office expenses	-	-	2,794,350/-

Agenda Item No. 5(b) of the Notice – Authorization to the Chief Executive for the transactions carried out and to be carried out with associated companies during the ensuing year ending June 30, 2019 to be passed as a Special Resolution. The Company would be conducting transactions with associated companies in the normal course of business.

The majority of Directors are interested in these transactions due to their common directorship and shareholding in the associated companies. Therefore, such transactions with associated companies have to be approved by the shareholders.

In order to comply with the provisions of clause 15 of Listed Companies (Code of Corporate Governance) Regulations, 2017, the shareholders may authorize the Chief Executive to approve transactions carried out and to be carried out in normal course of business with associated companies during the ensuing year ending June 30, 2019. The Directors are interested in the resolutions to the extent of their common directorships and shareholding in the associated companies and the privileges attached thereon.

STATEMENTS OF MATERIAL FACTS UNDER SECTION 134(3) OF THE COMPANIES ACT, 2017 RELATING TO THE SPECIAL BUSINESS SENT TO THE SHAREHOLDERS ALONG WITH ANNUAL REPORT.



سالانہ اجلاس عام

بذریعہ ہذا مطلع کیا جاتا ہے کہ پنجاب آئل ملز لمیٹڈ کا 37 واں سالانہ اجلاس عام بروز سوموار 12 نومبر 2018ء کو صبح 10:30 بجے بمقام پلاٹ نمبر 26-28 انڈسٹریل ٹرائی اینگل کھوٹ روڈ، اسلام آباد درج ذیل امور کی انجام دہی کیلئے ہوگا۔

عام امور

1- 30 جون 2018ء کو ختم ہونے والے سال کے لئے کمپنی کے نظر ثانی شدہ مالیاتی حسابات مع ان پر ڈائریکٹرز اور آڈیٹرز کی رپورٹس کی وصول، غور و خوض اور منظوری دینا۔

2- حتمی نقد منافع منقسمہ بشرح %12 یعنی 1.20 روپے فی شیئر کا اعلان کرنا۔ یہ مال سال 2017-18ء کیلئے کمپنی کے بورڈ آف ڈائریکٹرز کی طرف سے اعلان کردہ عبوری منافع منقسمہ پہلے ہی ادا شدہ بشرح %55 (یعنی 5.5 روپے فی شیئر) کے علاوہ ہے۔

3- 30 جون 2019ء کو ختم ہونے والے سال کیلئے بورڈ آف ڈائریکٹرز کی سفارشات کے مطابق کمپنی کے ایکسٹرنل آڈیٹرز کا تقرر اور ان کے مشاہرہ کا تعین کرنا۔

خصوصی امور

4- کمپنی کے ڈائریکٹرز کے مشاہرہ پر غور و خوض اور منظوری دینا۔

5- صاحب صدر کی اجازت سے کسی دیگر امر پر کارروائی کرنا۔ درج ذیل ذیل قرارداد کو بطور خصوصی قرارداد پر غور و خوض اور منظور کرنا:-

قرارداد پایا کہ 30 جون 2018ء کو ختم ہونے والے سال کے دوران شریک کمپنیوں کے ساتھ معمول کے کاروبار میں کی گئی ٹرانزیکشنز کی بذریعہ ہذا توثیق اور منظوری دی گئی ہے۔

”قرارداد پایا کہ کمپنی کے چیف ایگزیکٹو بذریعہ ہذا 30 جون 2019ء کو ختم ہونے والے سال کے دوران شریک کمپنیوں کے ساتھ معمول کے کاروبار میں کی گئی اور کی جانے والی تمام ٹرانزیکشنز کو منظور کرنے کے باختیار ہیں اور سلسلہ میں چیف ایگزیکٹو بذریعہ ہذا کوئی اور تمام ضروری عوامل کرنے اور کمپنی کی جانب سے اس سلسلہ میں جو بھی ضروری ہوں کوئی اور تمام ایسے دستاویزات پر رسمی معاہدات دستخط/کامل کرنے کے بھی باختیار ہیں۔

آئٹم نمبر 5 میں مذکورہ بالا معاملات میں کمپنیز ایکٹ 2017ء کی دفعہ 134 کے تحت بیان منسلک ہے۔

بحکم بورڈ

کمپنی سیکرٹری

16 اکتوبر 2018

نوٹ:-

کمپنی کے حصص منتقل کتابیں 5 نومبر 2018ء تا 12 نومبر 2018ء (بشمول ہر دو ایام) بند رہیں گی۔ کمپنی رجسٹرار، میسرز کارپ لنک پرائیویٹ لمیٹڈ، ونگز آرکیڈ، 1-K کمرشل ماڈل ٹاؤن لاہور میں 4 نومبر 2018ء کو کاروبار کے اختتام تک موصول ہونے والی منتقلیاں ڈیویڈنڈ اور بونس شیئرز کے استحقاق کیلئے بروقت تصور ہوگی۔

ایک رکن، جو اپنے شیئرز سنٹرل ڈیپازٹری کمپنی پاکستان لمیٹڈ میں جمع کرا چکے ہوں، اپنے پارٹیشنس آئی ڈی نمبر اور سی ڈی سی اکاؤنٹ/سب اکاؤنٹ نمبر معہ اصل کمپیوٹرائزڈ قومی شناختی کارڈ (CNIC) یا اصل پاسپورٹ اجلاس میں شرکت کے وقت لازماً اپنے ہمراہ لائیں۔

سالانہ اجلاس عام میں شرکت اور ووٹ دینے کا اہل رکن اپنی بجائے شرکت اور ووٹ کیلئے کسی دیگر رکن کو اپنا/اپنی پر کسی مقرر کر سکتا ہے۔

پراسی فارم، کارآمد ہونے کے لئے لازماً مناسب پُر/کامل شدہ اور کمپنی کے رجسٹرڈ دفتر بواقع پلاٹ نمبر 26-28، انڈسٹریل ٹرائی اینگل کھوٹ روڈ، اسلام



آباد میں اجلاس کے وقت سے کم از کم 48 گھنٹے قبل لازماً وصول ہو جانا چاہئے۔

مادی صورت میں حصص کے حامل ارکان سے التماس ہے کہ اپنے پتوں میں کسی تبدیلی کی اطلاع کمپنی کے سینئر رجسٹرار کو فی الفور مطلع فرمائیں۔ الیکٹرونک فارم میں اپنے حصص برقرار رکھنے والے حصص داران کو اپنے ایڈریس اپنے پارٹنیشنٹ یا سی ڈی سی انویسٹر اکاؤنٹ سروسز کے ہاں اپ ڈیٹ رکھنے چاہئیں۔

حصص داران جنہوں نے اپنے انٹرنیشنل بینک اکاؤنٹ نمبر (IBAN) ابھی جمع نہیں کرائے سے درخواست ہے کہ کمپنی کی ویب سائٹ پر دستیاب الیکٹرونک کریڈٹ مینڈیٹ فارم پر اور دستخط کر کے CNIC کی کاپی کے ہمراہ کمپنی رجسٹرار میسرز کارپ لنک (پرائیویٹ) لمیٹڈ، ونگز آرکیڈ، K-1، کمرشل ماڈل ٹاؤن، لاہور کو ارسال کریں، بصورت مادی حصص۔

سی ڈی سی میں حصص رکھنے کی صورت میں الیکٹرونک کریڈٹ مینڈیٹ فارم لازماً شیئر ہولڈرز کے بروکر / پارٹنیشنٹ / سی ڈی سی اکاؤنٹ سروسز کو براہ راست جمع کرائے جانے چاہئیں۔ SRO.787 (1)/2014 مورخہ 08 ستمبر 2014ء کی رو سے نوٹیفیکیشن کی پیروی میں SECP نے کمپنی کے ارکان کو سالانہ مالی حسابات اور نوٹسز بذریعہ الیکٹرونک میل سسٹم (ای میل) وصول کرنے کی سہولت دینے کی ہدایت کی ہے۔ ہم اپنے ارکان کو اس سہولت کی پیشکش کرتے ہوئے خوش ہیں کہ جو ارکان کمپنی کی سالانہ مالی حسابات اور نوٹسز مستقبل میں بذریعہ ای میل وصول کرنے کے خواہشمند ہیں اس سلسلہ میں ارکان سے التماس ہے کہ کمپنی کی ویب سائٹ یعنی www.punjaboilmills.com میں دستیاب درخواست فارم پر بذریعہ ای میل اپنی رضامندی پہنچائیں۔ براہ مہربانی یقینی بنائیں کہ آپ کی ای میل، ایسی ای میل جو سائز میں 1 ایم بی فائل سے بڑی ہو سکتی ہے وصول کرنے کیلئے کافی حقوق اور دستیاب جگہ رکھتی ہے۔ اس کے علاوہ یہ رکن کی ذمہ داری ہے کہ اپنی رجسٹرڈ ای میل میں کوئی تبدیلی شیئر رجسٹرار کو بروقت اپ ڈیٹ کریں۔

انکم ٹیکس آرڈیننس 2001 کے تحت ڈیویڈنڈ ادا کیگیوں سے انکم ٹیکس کی ڈیڈکشن کے ریٹس درج ذیل کے مطابق ہیں:

انکم ٹیکس ریٹن کے فائلر کیلئے 15%

انکم ٹیکس ریٹن کے نان فائلر کیلئے 20%

کمپنی کو نقد ڈیویڈنڈ کی رقم پر 20% کی بجائے 15% کی شرح سے ٹیکس ڈیڈکشن کا اہل بنانے کیلئے حصص داران جن کے نام ایف بی آر کی ویب سائٹ پر مہیا شدہ ایکٹو ٹیکس پیئرز فہرست (ATL) میں درج نہیں، باوجود حقیقت کہ وہ فائلرز ہیں، سے التماس ہے کہ کتابوں کی بندش کے پہلے روز سے قبل یقینی بنائیں کہ ان کے نام ATL میں درج ہیں، بصورت دیگر ان کے نقد ڈیویڈنڈ پر ٹیکس 15% کی بجائے 20% کی شرح سے منہا کیا جائے گا۔

ڈیویڈنڈ انکم سے ود ہولڈنگ ٹیکس ایگزیمیشن صرف اس صورت میں ہوگی اگر کارآمد ٹیکس ایگزیمیشن سرٹیفکیٹ یا قانونی مجاز عدالت سے سٹے آرڈر کتابوں کی بندش کے پہلے روز تک کارپ لنک (پرائیویٹ) لمیٹڈ کو فراہم کیا گیا۔ اس سلسلہ میں تمام حصص داران جو مشترکہ حصص رکھتے ہوں سے التماس ہے کہ اپنے ملکیتی حصص کی بابت اصل شیئر ہولڈر اور مشترکہ ہولڈر کا شیڈ ہولڈنگ تناسب درج ذیل کے مطابق تحریری صورت میں ہمارے شیئر رجسٹرار کو مہیا کریں (اگر پہلے مہیا نہیں کئے گئے)۔

مطلوبہ معلومات نوٹس ہذا کے 10 یوم کے اندر ہمارے شیئر رجسٹرار کو لازماً پہنچ جانی چاہئیں، بصورت دیگر یہ فرض کر لیا جائے گا کہ اصل شیئر ہولڈر اور مشترکہ ہولڈر کے ملکیتی حصص مساوی ہیں۔ کسی سوال / مسئلہ / معلومات کیلئے سرمایہ کاران، کمپنی سیکرٹری سے فون: 051-4490017 اور ای میل ایڈریس info@punjaboilmills.com پر اور / یا میسرز کارپ لنک (پرائیویٹ) لمیٹڈ سے فون: 042-35916714 اور ای میل ایڈریس corplink786@gmail.com پر رابطہ کر سکتے ہیں۔

ارکان و ڈیویڈنڈ سہولت سے بھی مستفید ہو سکتے ہیں۔ اس سلسلہ میں براہ مہربانی درج ذیل فارم کو پر اور کمپنی کے رجسٹرڈ دفتر میں سالانہ اجلاس عام کے



انعقاد سے 10 یوم قبل جمع کرائیں۔ اگر کمپنی جغرافیائی محل وقوع میں سکونتی مجموعی %10 یا زیادہ شیئر ہولڈنگ کے مالک ارکان سے ووٹوں کا نفرنس کے ذریعے اجلاس میں شرکت کیلئے اجلاس کی تاریخ سے کم از کم 10 یوم قبل رضامندی وصول ہوتی ہے تو، کمپنی اس شہر میں ایسی سہولت کی دستیابی کے حوالے سے شہر میں ووٹوں کا نفرنس سہولت کا انتظام کرے گی۔

”میں/ہم..... ساکن..... بحیثیت رکن، پنجاب آئل ملز لمیٹڈ، مالک..... عام حصص، بمطابق رجسٹرڈ فولیو نمبر..... بذریعہ ہذا..... میں ووٹوں کا نفرنس سہولت کا خواہشمند ہوں۔“

کمپنی ارکان کو ووٹوں کا نفرنس سہولت کے مقام بارے اطلاع معہ سہولت تک رسائی کے قابل بنانے کے لئے ضروری مکمل معلومات سالانہ اجلاس عام کی تاریخ سے کم از کم 5 یوم قبل پہنچائے گی۔

ارکان کمپنیز ایکٹ 2017ء کی دفعہ 134 تا دفعہ 145 اور کمپنیز (پوسٹل بیلت) ریگولیشنز 2018ء کی قابل اطلاق کلاز کی ضروریات کو پورا کرنے کی بابت پول طلب کرنے کا اپنا حق استعمال کر سکتے ہیں۔ پراسی فارمنسک ہے۔

کمپنیز ایکٹ 2017ء کی دفعہ 134 کی پیروی میں خصوصی امور سے متعلقہ مادی حقائق کا بیان نوٹس ہذا کے ایجنڈا آئٹم نمبر 5 میں دیئے گئے خصوصی امور سے متعلقہ مادی حقائق کی وضاحت کرتا ہے جو ارکان کی طرف سے منظور شدہ تصور کیا جائے گا۔ بیان کا مقصد ایسی خصوصی قرارداد سے متعلقہ مادی حقائق کی وضاحت کرنا ہے۔

”قرار پایا کہ:

نوٹس کا ایجنڈا آئٹم نمبر 5- 30 جون 2018 کو ختم ہونے والے سال کے دوران شریک کمپنیوں کے ساتھ کی گئی ٹرانزیکشنز خصوصی قرارداد کے طور پر منظور کی گئی ہیں۔ شریک کمپنیوں (متعلقہ پریٹوں) کے ساتھ معمول کے کاروبار میں کی گئی ٹرانزیکشنز فہرستی کمپنی (کوڈ آف کارپوریٹ گورننس) ریگولیشنز 2017ء کی کلاز 15 کی پیروی میں سہ ماہی بنیاد پر آڈٹ کمپنی کی سفارشات کے مطابق بورڈ کی طرف سے منظور کی گئی تھیں۔ بورڈ کے اجلاس کے دوران ڈائریکٹرز کی طرف سے یہ واضح کیا گیا تھا کہ اکثر کمپنی ڈائریکٹرز شریک کمپنیوں میں اپنی مشترکہ ڈائریکٹر شپ اور شیئرز رکھنے کی وجہ سے ان ٹرانزیکشنز میں دلچسپی رکھتے تھے، ان ٹرانزیکشنز کی منظوری کے لئے ڈائریکٹرز کا مطلوبہ توہم پورا نہیں ہو سکا تھا جو اجلاس عام میں حصص داران کی طرف سے منظور کیا جانا ہے۔ مذکورہ بالا کے مد نظر، شریک کمپنیوں کے ساتھ 30 جون 2018 کو ختم ہونے والے مالی سال کے دوران ہونے والی ٹرانزیکشنز درج ذیل کے مطابق غور و خوض اور منظوری/تصدیق کیلئے حصص داران کے روبرو رکھی جا رہی ہیں۔

نام	لین دین کی تفصیل	رقم روپوں میں خرید..... فروخت..... دیگرز
ہالڈ انٹرنیشنل لمیٹڈ	آفس کے اخراجات کا اشتراک	2,794,350/-

نوٹس کا ایجنڈا آئٹم نمبر 5- (b) 30 جون 2019 کو ختم ہونے والے سال کے دوران شریک کمپنیوں کے ساتھ کی گئی اور کی جانے والی ٹرانزیکشنز کیلئے چیف ایگزیکٹو کو اجازت بطور خصوصی قرارداد منظور کی گئی۔



اکثر ڈائریکٹرز، شریک کمپنیوں میں اپنی مشترکہ ڈائریکٹر شپ اور شیئر ہولڈنگ کی وجہ سے ان ٹرانزیکشنز میں دلچسپی رکھتے ہیں۔ اس لئے شریک کمپنیوں کے ساتھ ایسی ٹرانزیکشنز حصص داران کی طرف سے منظور کی جانی ہیں۔

فہرستی کمپنیز (کوڈ آف کارپوریٹ گورننس) ریگولیشنز 2017 کی کلاز 15 کی دفعات کی تعمیل میں، حصص داران 30 جون 2019 کو ختم ہونے والے سال کے دوران شریک کمپنیوں کے ساتھ معمول کے کاروبار میں کی گئی اور کی جانے والی ٹرانزیکشنز کی منظوری دینے کیلئے چیف ایگزیکٹو کو بااختیار بنا سکتے ہیں۔ ڈائریکٹرز شریک کمپنیوں میں اپنی مشترکہ ڈائریکٹر شپ اور شیئر ہولڈنگ اور منسلکہ اسحقاق کی حد تک قراردادوں میں دلچسپی رکھتے ہیں۔

خصوصی امور سے متعلقہ کمپنیز ایکٹ 2017 کی دفعہ (3) 134 کے تحت مادی حقائق کا بیان سالانہ رپورٹ کے ہمراہ حصص داران کو ارسال کیا گیا ہے۔



Directors' Report for the year ended 30th June 2018

The Directors of your company take pleasure in presenting the 37th Annual Report on the operations of the company along with the audited financial statements for the year ended June 30th, 2018.

Operating Performance

Sales revenue for the year under review increased by 11.5% compared to the same period last year. This was a continuation of the trend seen in the first 3 quarters. The bulk of this increase is attributable to higher volumes, and to a lesser degree, slightly higher average selling prices; especially in the cooking oil segment. Our specialty fats products also showed significant volume growth, albeit at lower prices, thereby also contributing to the topline.

Gross margins for the year declined to 14.9% from 15.7% achieved last year. This was mainly because of higher raw material cost for the period under review which was not fully reflected in increase of our product prices. To a much lesser extent, a higher proportion of lower margin products in the over-all mix also played a part in pushing down the margins while pushing up the revenue.

Although raw material prices rose for the period, our ability to pass on the entire quantum of this increase was constrained by our effort to maintain market share as over-all market prices did not increase as much. This effect was compounded by the rapid devaluation and fluctuation in the value of PKR during the last quarter. However, despite a fall in the gross margin, higher revenue enabled us to record a 6.4% increase in gross profit for the year under review.

Operating expenses increased by 16% compared to same period last year; a combination of 18.5% increase in selling and distribution expense and 10.6% increase in administrative cost. The highest contributor to the increase in selling and distribution cost was advertising expense, which increased by 12.7% for the year. This was followed by a sharp increase in salaries and wages as well as redistribution expenses. Apart from general inflationary trends, the bulk of the increase in selling and distribution cost was due to expansion of sales force as well as increased marketing expenditure on new brands and growing brands. We expect this increase in cost to pay dividends with healthy new sales volumes generated in due course of time.

The increase in operating costs outweighed the increase in gross profit, depressing the operating margins to 3.8% from 5.0% achieved last year and leading to a 14.4% fall in operating profits for the year under review.

Higher financial charges, lower contribution to WWF and WPPF, and lower other income combined with reduced operating profits to decrease profit before tax by 16.3% for the twelve months under review. The most notable change here was the sharp increase in interest expense, mainly mark-up on short term borrowings, as the company resorted to this mode of financing for its increased working capital needs.

Although the profit before tax was lower by 16.3%, a much higher tax provision for the year (up by 63%) accentuated this to a 52% fall in Profit after tax. Consequently the company posted a profit after tax of PKR 69.2 mn for the 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 what so ever 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.



Future Outlook

The year under review was a challenging one with stiff competition from other players and consequences arising from a weak external account of the economy. With a weakening PKR, there will always be pressure on our margins as we rely heavily on imported raw materials. As such we are not expecting a significant improvement in margins in the near term.

At the same time however, we are striving to continually grow our sales, which should help to us to maintain profitability at the gross level despite stagnating margins.

The main challenge to us would be at the operating level due to the cost and investment required to launch and grow new product lines that we have introduced in the market. Although this will continue to depress the operating profits in the near term, it will eventually start contributing to the bottom line as volumes mature. For this to happen we will be keeping a close eye on the profit potential of our product lines and planning allocation of resources in light of the same.

Combining growth plans, together with the required investment in new technology, with a reduced profitability scenario is going to be a challenging task. Now is the time to wisely use our available earnings and cash to build platforms for future growth. As such we need to maximally retain our earnings to finance the same or look for alternate and possibly more expensive, sources of funding.

Acknowledgements

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.

Islamabad
Date: 16th October, 2018

For and on behalf of the Board


Usman Ilahi Malik
Executive Director



30 جون 2018ء کو ختم ہونے والے سال کے لئے ڈائریکٹرز کی رپورٹ

آپ کی کمپنی کے ڈائریکٹرز 30 جون 2018 کو ختم ہونے والے سال کے لئے نظر ثانی شدہ مالیاتی گوشواروں کے ساتھ کمپنی کے امور پر مبنی 37 ویں سالانہ رپورٹ پیش کرتے ہوئے خوشی محسوس کر رہے ہیں۔

کمپنی کے امور کی کارکردگی

زیر جائزہ سال کی فروخت آمدنی گزشتہ سال کی اسی مدت کے مقابلے 11.5 فیصد زیادہ ہوئی۔ یہ اضافہ پہلی تین ماہوں میں پائے گئے رجحان کا تسلسل تھا۔ اس اضافہ کا بڑا حصہ خاص طور پر کھانا پکانے کے تیل کے شعبہ میں، اعلیٰ حجم، اور کم ڈگری، اوسط فروخت کی قیمتوں میں معمولی اضافہ سے منسوب ہے۔ ہماری خصوصی قدرتی مصنوعات نے بھی البتہ کم قیمتوں پر نمایاں حجمی نمو ظاہر کی، اس لئے بھی ٹاپ لائن سے منسوب کی جا رہی ہے۔

سال کا مجموعی مارجن گزشتہ سال حاصل شدہ 15.7 فیصد سے کم ہو کر 14.9 فیصد ہو گیا۔ اس کی بنیادی وجہ زیر جائزہ مدت میں خام مال کی قیمتوں میں اضافہ ہے، جس کا مکمل عکس ہماری مصنوعات کی قیمتوں کے اضافہ کی صورت میں نظر نہیں آیا۔ بہت زیادہ کم حد تک، مجموعی تمام کمس میں کم مارجن مصنوعات کے اعلیٰ تناسب نے بھی مارجن کو کم کرنے جبکہ آمدنی کو بڑھانے میں کردار ادا کیا ہے۔ اگرچہ اس دوران خام مال کی قیمتوں میں اضافہ ہوا، تاہم، ہم نے اپنی بھرپور صلاحیتوں کے ساتھ اس اضافے کے اثرات کو اپنے مارکیٹ شیئرز پر اثر انداز نہیں ہونے دیا، کیونکہ بحیثیت مجموعی مارکیٹ کی قیمتوں میں وہ اضافہ دیکھنے میں نہیں آیا جس کی توقع کی جا رہی تھی۔ یہ اثر گزشتہ ماہی کے دوران پاکستانی روپیہ کی قدر میں تیزی سے کمی اور اتار چڑھاؤ سے مرکب تھا۔ تاہم، مجموعی مارجن میں کمی کے باوجود، زیادہ آمدنی نے ہمیں زیر جائزہ سال کے مجموعی منافع میں 6.4 فیصد کا اضافہ درج کرنے کے قابل بنایا۔

گزشتہ سال کی اسی مدت کے مقابلے میں آپریٹنگ اخراجات 16 فیصد زیادہ ہوئے، جبکہ مجموعی طور پر فروخت اور ڈسٹری بیوٹن اخراجات میں 18.5 فیصد اضافہ اور انتظامی اخراجات میں 10.6 فیصد اضافہ ہوا۔ فروخت اور ڈسٹری بیوٹن اخراجات میں اضافہ کا بڑا حصہ اشتہارات کے اخراجات کا تھا، جو گزشتہ سال سے 12.7 فیصد زیادہ تھے۔ اس کے علاوہ یہ اضافہ تنخواہوں اور اجرتوں کے ساتھ ساتھ ڈسٹری بیوٹن کے اخراجات میں تیزی سے اضافہ کی وجہ سے تھا۔ عام افراط زر کے رجحانات کے علاوہ، فروخت اور ڈسٹری بیوٹن اخراجات میں کافی اضافہ پمپنگ اور سٹوریج اور نئے برانڈز اور بڑھتے ہوئے برانڈز پر زیادہ مارکیٹنگ اخراجات کے باعث ہوا ہے۔ ہم امید رکھتے ہیں کہ اخراجات میں یہ اضافہ مقررہ مدت میں پیدا ہونے والے صحت مند نئے فروخت حجم کے ساتھ منافع دے گا۔

آپریٹنگ اخراجات میں اضافہ مجموعی منافع میں اضافہ سے اوسطاً زیادہ ہوا، آپریٹنگ منافع گزشتہ سال حاصل شدہ 5.0 فیصد سے کم ہو کر 3.8 فیصد ہو گیا جو زیر جائزہ سال کے آپریٹنگ منافع میں 14.4 فیصد کمی کی وجہ سے تھا۔

زیادہ مالیاتی اخراجات، WWF اور WPPF میں کم شرکت، اور آپریٹنگ منافع میں کمی کے ساتھ دیگر کم آمدنی نے زیر غور سال کے بارہ 12 ماہ میں قبل از ٹیکس منافع کو 16.3 فی صد کم کر دیا ہے۔ یہاں سب سے زیادہ قابل ذکر تبدیلی شرح سود کے اخراجات میں تیزی سے اضافہ ہوا، جو بنیادی طور پر مختصر مدتی قرضوں پر مارک اپ تھا، کیونکہ کمپنی نے اپنی برہتی ہوئی ورکنگ کپٹیل ضروریات کی فنائنگ کے لئے یہ موڈ اختیار کیا تھا۔

اگرچہ ٹیکس سے پہلے منافع 16.3 فی صد کم تھا، سال کے لئے بہت زیادہ ٹیکس پرویشن (63 فی صد تک زیادہ) نے ٹیکس کے بعد منافع میں 52 فی صد کمی کر دی۔ نتیجتاً کمپنی نے سال کے لئے بعد از ٹیکس منافع 69.2 ملین روپے درج کیا ہے۔

ڈائریکٹرز نے نوٹ کیا ہے کہ خوردنی تیل کی صنعت ایک کم منافع بخش صنعت ہے اور اس وجہ سے کمپنی آپریٹنگ سطح پر؛ خاص طور پر معیشت کی عام حالت اور سخت مسابقتی ماحول کے پیش نظر نسبتاً اطمینان بخش کارکردگی کا مظاہرہ کر رہی ہے۔ ڈائریکٹرز کو کمپنی کے گولنگ کنسرن ہونے صلاحیت پر کوئی قابل ذکر شکوک و شبہات نہیں ہیں۔

ہم اس بات کی تصدیق کرتے ہیں کہ مندرجہ کمپنی کی انتظامیہ کی طرف سے تیار کردہ مالی حسابات، اس کے امور اور کارروائیوں کو منصفانہ طور پر ظاہر کرتے ہیں اور اکاؤنٹ کے مناسب کھاتہ جات قابل اطلاق اور مناسب اکاؤنٹنگ پالیسیوں اور معیارات کے مطابق برقرار رکھے گئے ہیں۔ داخلی کنٹرول کا نظام بھی مؤثر طریقے سے عملدرآمد تمام متعلقہ پالیسیوں اور SECP کی طرف سے جاری کردہ کارپوریٹ گورننس کے ضابطہ کے مطابق ہدایات کی تعمیل کو یقینی بنانے کیلئے کمپنی کے کاموں کی نگرانی کی جاتی ہے۔



مستقبل کے امکانات

زیر جائزہ سال دیگر برانڈز کے ساتھ سخت مقابلہ اور معیشت کے کمزور بیرونی اکاؤنٹ سے پیدا ہونے والے نتائج کی وجہ سے ایک مشکل ترین سال تھا۔ پاکستانی روپیہ کی قدر میں کمی کے ساتھ، ہمارے منافع پر ہمیشہ دباؤ رہے گا، کیونکہ ہمارا انحصار درآمد شدہ خام مال پر ہے۔ اس طرح ہمیں مستقبل قریب میں مارجن میں نمایاں بہتری کی توقعات نہیں ہیں۔ اسی اثناء میں، ہم اپنی فروخت کو مسلسل بڑھانے کی کوشش کر رہے ہیں، جو غیر متحرک مارجن کے باوجود مجموعی سطح پر منافع کو برقرار رکھنے میں ہماری مدد کرے گی۔ ہمارے لئے اہم چیلنج ہماری مارکیٹ میں متعارف کرائی جانے والی، نئی مصنوعات کی لائسنز کو شروع کرنے اور پیدا کرنے کے لئے اخراجات اور سرمایہ کاری کی بدولت آپریٹنگ سطح پر ہوگا۔ اگرچہ آپریٹنگ منافع میں کمی کی صورت حال رواں مدت میں بھی جاری رہے گی، بالآخر یہ حجم کی پختگی کے طور پر ٹیلی لائن میں حصہ شامل کرنا شروع کر دے گی۔ ایسا کرنے کے لئے ہم اپنی مصنوعات کے ممکنہ منافع اور اس کے روشنی میں وسائل کی تخصیص کی منصوبہ بندی پر گہری نظر رکھیں گے۔

ترقیاتی منصوبوں کی کمانڈنگ، نئی ٹیکنالوجی میں مطلوبہ سرمایہ کاری کے ساتھ ساتھ، کم منافع بخش حالت کے ساتھ ایک مشکل کام ہونے جا رہا ہے۔ اب مستقبل کی ترقی کے لئے ہماری دستیاب آمدنی اور نقدی کو ایک پلیٹ فارم تعمیر کرنے پر دانشمندانہ طریقے سے استعمال کرنے کا وقت ہے۔ اس طرح ہمیں ان کی فنانس کے لئے اپنی آمدنی کو زیادہ سے زیادہ محفوظ رکھنے یا متبادل اور ممکنہ طور پر زیادہ قیمتی، فنڈز کے ذرائع تلاش کرنے کی ضرورت ہے۔

اظہار تشکر

ہم اپنے تمام صارفین، سپلائرز اور بینکرز کے مسلسل تعاون اور کمپنی کی ترقی میں ان کی مدد کا شکر یہ ادا کرتے ہیں۔ ہم پر امید ہیں کہ یہ تعاون اور معاونت مستقبل میں بھی ہمیں حاصل رہے گی۔ ہم اپنے چیف ایگزیکٹو آفیسر کی پر عزم، محنت اور متحرک ٹیم، کمپنی کے تمام عملے اور کارکنوں کے بھی شکر گزار ہیں جنہوں نے زیر جائزہ سال کے دوران انتہائی محنت اور لگن کے ساتھ اپنی ذمہ داریاں سرانجام دیں۔ ہم توقع کرتے ہیں کہ سال رواں میں بھی بہتر نتائج کے لئے ہمارے اسٹاف ممبرز کی کوششیں جاری رہیں گی۔

آخر میں، کمپنی کی انتظامیہ اپنے بورڈ کا شکر یہ ادا کرتی ہے جنہوں نے مقاصد کے حصول کے لئے ہمیں اپنے بھرپور تعاون سے نوازا اور ہمیں حسب معمول ہر مرحلے پر اُن کی راہنمائی اور معاونت حاصل رہی۔

منجانب بورڈ

Osman
عثمان الہی ملک
ایگزیکٹو ڈائریکٹر

اسلام آباد:

بتاریخ: 16 اکتوبر 2018ء



Financial Results

Financial and Operating Results

	2018 RUPEES	2017 RUPEES
Operating Profit	189,507,206	221,320,317
Finance cost & other Charges	(22,142,363)	(20,805,943)
Other operating income	6,923,421	7,680,995
Profit before taxation	174,288,264	208,195,369
Taxation	(105,132,622)	(64,418,299)
Profit after tax	69,155,642	143,777,070
Un-appropriated profit brought forward	647,652,720	568,955,826
Available for appropriation	716,808,362	712,732,896

Appropriations:-

	2017 RUPEES	2016 RUPEES
40% Final dividend for the year 2017	(21,562,608)	(37,734,564)
55% Interim dividend during the year 2018	(29,648,586)	(32,343,912)

Effect of changes in Equity

In accounting policy in respect of staff Retirement benefit obligation net of tax on revaluation of property, plant and equipment	(2,503,545)	(2,776,428)
Balance as at June 30, 2018/2017	675,200,680	647,652,720

Disclosure of Dividend & Bonus Shares

During the year under review the Board of Directors approved 55% 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 12% for the year ended 30 June 2018 to all the shareholders of the company.

Contribution to the National Exchequer

During the year the company contributed Rs. 386.129 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, 2016. The Board is going to retire in December 2019.

Board Meetings

During the year under review, six meetings of the Board of Directors were held from July 2017 to June 2018. 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. No.</u>	<u>Name of Director</u>	<u>Meetings Attended</u>
1.	Mr. Tahir Jahangir	6
2.	Mr. Izaz Ilahi Malik	6
3.	Mr. Usman Ilahi Malik	6
4.	Mr. Firasat Ali	2
5.	Mr. Jillani Jahangir	6
6.	Syed Tahir Hussain Naqvi	6
7.	Mr. Furqan Anwar Batla	6

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, 2018.

Audit Committee

The Board of Directors of the Company has set up an Audit Committee comprising of four members in accordance with the Code of Corporate Governance; During the year June 30, 2018, four (4) meetings of the committee were held. Attendance by each member was as under:

<u>Sr. No.</u>	<u>Name of Members</u>	<u>Meetings Attended</u>
1.	Syed Tahir Hussain Naqvi (Chairman)	4
2.	Mr. Firasat Ali (Member)	2
3.	Mr. Jillani Jahangir (Member)	4
4.	Mr. Furqan Anwar Batla (Member)	4

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.

Human Resource and Remuneration Committee

The Board has established a Human Resource and Remuneration Committee comprising of five 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. Syed Tahir Hussain Naqvi (Member)	1
4.	Mr. Furqan Anwar Batla (Member)	1
5.	Mr. Firasat Ali (Member)	1

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, 2017 (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, 2018 are as follows:

Gratuity Fund Rs. 85.348 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, 2018 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.

While contributing to the society POML is giving special discount of 50% on all purchases of SOS villages/Orphan homes. POML is also collaborating with the Pakistan National Heart Association in providing fee medicines and medical camps and raising awareness of Heart Diseases in the public.

ISO 9001: AND FSSC 22000 CERTIFICATIONS

The company has fully documented and independently certified quality management and

food safety management systems as per the rules of ISO 9001 and FSSC 22000. 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 2017, 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, 2018, as required under Section 227 of the Companies Act, 2017 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 2018-2019. The Audit Committee of the Board has recommended their re-appointment as Auditors of the Company for the year ending June 30, 2019.

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.

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

Usman Ilahi Malik
Executive Director



STATEMENT OF COMPLIANCE WITH LISTED COMPANIES (CODE OF CORPORATE GOVERNANCE) REGULATIONS, 2017 AS AT, JUNE 30, 2018

The Company has complied with the requirements of the Regulations in the following manner:

1. The total number of directors are Seven (7) as per the following:
2. The composition of board is as follows:

Category	Names
Non-Executive Directors	i) Mr. Tahir Jahangir ii) Mr. Jillani Jahangir iii) Mr. Furqan Anwar Batla
Executive Directors	i) Mr. Izaz Ilahi Malik ii) Mr. Usman Ilahi Malik
Independent Director	i) Syed Tahir Hussain Naqvi
Nominee Director	i) Mr. Firasat Ali

Further, as per the proviso to regulation 6 of the 2017 code, grace period has been prescribed in respect of transition phase for the composition of the Board with respect to minimum number of independent directors as specified in the 2017 code. Accordingly, requirements of minimum number of directors will be complied in next elections of directors.

3. The directors have confirmed that none of them is serving as a director on more than seven listed companies, including this Company. Further under the 2017 code, the maximum number of directorship in listed companies a person can hold has been reduced to 5. As per the proviso to regulation 3 of the 2017 code, grace period of one year has been prescribed to comply with this requirement.
4. The Company has prepared a Code of Conduct and has ensured that appropriate steps have been taken to disseminate it throughout the Company along with its supporting policies and procedures.
5. 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.
6. All the powers of the board have been duly exercised and decisions on relevant matters have been taken by board/ as empowered by the relevant provisions of the Act and these Regulations.
7. The meetings of the board were presided over by the Chairman and, in his absence, by a director elected by the board for this purpose. The board has complied with the requirements of Act and the Regulations with respect to frequency, recording and circulating minutes of meeting of board.
8. The board of directors have a formal policy and transparent procedures for remuneration of directors in accordance with the Act and these Regulations.
9. In compliance with the Code of Corporate Governance 2017, 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 appointment of CFO, Company Secretary and Head of Internal Audit, including their remuneration and terms and conditions of employment and complied with relevant requirements of the Regulations.
11. CFO and CEO duly endorsed the financial statements before approval of the board.
12. The board has formed committees comprising of members given below:

a) Audit Committee

Names	Designation
i. Syed Tahir Hussain Naqvi	Chairman
ii. Mr. Jillani Jahangir	Member
iii. Mr. Furqan Anwar Batla	Member
iv. Mr. Firasat Ali	Member

b) HR and Remuneration Committee

The Board of Directors formed a Human Resource and Remuneration (HR & R) Committee as required under the revised Code of Corporate Governance.

13.

Names	Designation
i. Mr. Jillani Jahangir	Chairman
ii. Mr. Izaz Ilahi Malik	Member
iii. Mr. Syed Tahir Hussain Naqvi	Member
iv. Mr. Furqan Anwar Batla	Member
v. Mr. Firasat Ali	Member

14. The frequency of meetings (quarterly/half yearly/ yearly) of the committee were as per following:

Meeting	Frequency
Audit Committee	Four meetings of Audit Committee were held during the financial year ended June 30, 2018.

15. The board has set up an effective internal audit function which is considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the Company.
16. 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 and registered with Audit Oversight Board of Pakistan, that they or any of the partners of the firm, their spouses and minor children do not hold certificates of the Company and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the ICAP.
17. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Act, these regulations or any other regulatory requirement and the auditors have confirmed that they have observed IFAC guidelines in this regard.
18. We confirm that all other requirements of the Regulations have been complied with.

Tahir Jahangir
Chairman of the Board

**KEY FINANCIAL DATA LAST SIX YEARS**

PARTICULARS	2013	2014	2015	2016	2017	2018
Issued, Subscribed and paid up capital	53,906,520	53,906,520	53,906,520	53,906,520	53,906,520	53,906,520
Capital Reserves	23,137,159	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	54,013,247	61,370,223	63,496,427	70,318,023	86,700,393	93,038,292
Current Liabilities	622,938,678	698,221,198	733,263,525	764,520,505	822,222,804	793,643,904
Operating Fixed Assets	393,416,290	380,269,303	387,008,216	417,943,280	654,904,327	644,451,088
Current Assets	814,982,248	969,707,270	1,157,568,762	1,292,418,851	1,375,741,612	1,375,489,892
Sales	4,525,960,699	4,772,826,452	4,254,101,191	4,210,607,625	4,441,220,968	4,950,808,026
Gross Profit	405,375,055	502,724,939	6,474,347,335	800,993,530	695,054,052	739,662,775
Operating Profit	175,188,618	190,084,326	306,655,680	339,468,572	221,320,317	189,507,206
Profit before taxation	163,215,720	180,315,462	288,620,460	321,409,788	208,195,369	174,288,264
Profit after taxation	63,038,116	83,533,865	189,213,861	205,820,169	143,777,070	69,155,642



**Independent Auditors' Review Report of Punjab Oil Mills Limited
Review Report on Statement of Compliance contained in
Listed Companies (Code of corporate governance)
Regulations, 2017**

We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2017 (the Regulations) prepared by the Board of Directors of **Punjab Oil Mills Limited** (the Company) for the year ended 30 June 2018 in accordance with the requirements of regulation 40 of the Regulations.

The responsibility for compliance with the Regulations is that of the Board of Directors of the Company. Our responsibility is to review whether the Statement of Compliance reflects the status of the Company's compliance with the provisions of the Regulations and report if it does not and to highlight any non-compliance with the requirements of the Regulations. 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 Regulations.

As a part of our audit of the financial statements we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We are not required to consider whether the Board of Directors' statement on internal control covers all risks and controls or to form an opinion on the effectiveness of such internal controls, the Company's corporate governance procedures and risks.

The Regulations require the Company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for their review and approval, its related party transactions and also ensure compliance with the requirements of section 208 of the Companies Act, 2017. We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the Board of Directors upon recommendation of the Audit Committee. We have not carried out procedures to assess and determine the Company's process for identification of related parties and that 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 requirements contained in the Regulations as applicable to the Company for the year ended 30 June 2018.

Date: 16 October, 2018
Lahore

Maqbool Haroon Shahid Safdar and Company
Chartered Accountants



**Independent Auditors' Report
To the members of Punjab Oil Mills Limited**

Report on the Audit of the Financial Statements

Opinion

We have audited the annexed financial statements of **Punjab Oil Mills Limited** (the Company), which comprise the statement of financial position as at 30 June 2018, and the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity, the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, 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 the audit.

In our opinion and to the best of our information and according to the explanations given to us, the statement of financial position, the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), 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 2018 and of the profit, the comprehensive income, the changes in equity and its cash flows for the year then ended.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants as adopted by the Institute of Chartered Accountants of Pakistan (the Code) and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.



Following are the Key Audit Matters:

S. No. Key Audit Matters

(i) First time application of third and fourth schedules to the Companies Act, 2017

As referred to in note 3.01 to the annexed financial statements, the third and fourth schedules to the Companies Act, 2017 became applicable for the first time for the preparation of the Company's annual financial statements for the year ended 30 June 2018.

The Companies Act, 2017 (including third and fourth schedules) forms an integral part of the statutory financial reporting framework as applicable to the Company and amongst others, prescribes the nature and content of disclosures in relation to various elements of the financial statements.

As part of this transition to the requirements of the said third and fourth schedules, the management performed a gap analysis to identify differences between the previous reporting framework and the current reporting framework and as a result assessed the amendments (as specified in the said note 3.02) relating to disclosures required in the Company's financial statements.

Further, the company has also changed its accounting policy relating to presentation and measurement of surplus on revaluation of fixed assets as a consequence of the application of the Act with retrospective effect. The impact of this said changes in accounting policy has been disclosed in note 46 to the accompanying financial statements.

We consider it as a key audit matter in view of the extensive impacts in the financial statements due to the Companies Act, 2017.

How the matter was addressed in our audit

Our audit procedures included the following:

Considering the management's process to identify the necessary amendments required in the Company's financial statements.

Evaluating the results of management's analysis and key decisions taken in respect of the transition, using our knowledge of the relevant requirements of the third and fourth schedules to the Companies Act, 2017 and our understanding of the Company's operations and business.

Assessing the adequacy and appropriateness of the additional disclosures and changes to the previous disclosures made in the annexed financial statements based on the new requirements.

In respect of change for the accounting policy and presentation of revaluation surplus as referred to note 46 to the accompanying financial statements, we assessed the accounting implications in accordance with applicable financial reporting standards and evaluated its application in the context of the Company.



Information Other than the Financial Statements and Auditor's Report Thereon

Management is responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Board of Directors for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the accounting and reporting standards as applicable in Pakistan and the requirements of Companies Act, 2017 (XIX of 2017) and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Board of directors are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs as applicable in Pakistan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs as applicable in Pakistan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.



- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the board of directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the board of directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the board of directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

Based on our audit, we further report that in our opinion:

- (a) proper books of account have been kept by the Company as required by the Companies Act, 2017 (XIX of 2017);
- (b) the statement of financial position, the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes thereon have been drawn up in conformity with the Companies Act, 2017 (XIX of 2017) and are in agreement with the books of account and returns;



- (c) investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Company's business; and
- (d) zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980), was deducted by the company and deposited in the Central Zakat Fund established under section 7 of that Ordinance.

The engagement partner on the audit resulting in this independent auditors' report is Shahid Mehmood.

Dated: 16 October, 2018
Lahore

Maqbool Haroon Shahid Safdar and Company
Chartered Accountants



STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2018

EQUITY AND LIABILITIES	Note	2018 Rupees	2017 Rupees (Re-stated)	2016 Rupees (Re-stated)
SHARE CAPITAL AND RESERVES				
Authorized share capital				
10,000,000 (2017: 10,000,000) ordinary shares of Rs. 10/- each		100,000,000	100,000,000	100,000,000
Issued, subscribed and paid-up capital	8	53,906,520	53,906,520	53,906,520
Capital reserves	9	23,137,159	23,137,159	23,137,159
Surplus on revaluation of property, plant and equipment- net of tax	10	398,801,925	408,813,843	236,811,598
Revenue reserves	11	683,800,680	656,252,720	577,555,826
		1,159,646,284	1,142,110,242	891,411,103
NON-CURRENT LIABILITIES				
Deferred liabilities	12	93,038,292	86,700,393	70,318,023
CURRENT LIABILITIES				
Trade and other payables	13	470,685,311	506,591,996	509,329,431
Short term borrowings	14	86,314,308	94,451,275	23,466,586
Accrued mark up	15	326,325	182,741	5,761
Unclaimed dividend		7,799,300	6,226,888	4,785,029
Provision for taxation	16	228,518,660	214,769,904	226,933,698
		793,643,904	822,222,804	764,520,505
Contingencies and commitments	17	-	-	-
		2,046,328,480	2,051,033,439	1,726,249,631
ASSETS				
NON CURRENT ASSETS				
Tangible fixed assets				
Property, plant and equipment	18	641,196,364	607,482,749	416,109,376
Capital work in progress	19	3,254,724	47,421,578	1,833,904
		644,451,088	654,904,327	417,943,280
Investment in associate	20	-	-	-
Long term deposits	21	26,387,500	20,387,500	15,887,500
CURRENT ASSETS				
Stores, spare parts and loose tools	22	117,742,127	122,374,844	84,111,350
Stock in trade	23	332,410,002	301,118,698	274,620,950
Trade debts	24	639,667,499	674,446,289	556,211,362
Loans and advances	25	35,766,093	28,619,513	27,433,298
Trade deposits and short term prepayments	26	15,939,002	14,664,168	13,706,283
Other receivables	27	1,903,524	1,382,642	1,533,506
Advance income tax	28	198,041,652	183,177,827	168,098,044
Cash and bank balances	29	34,019,993	49,957,631	166,704,058
		1,375,489,892	1,375,741,612	1,292,418,851
		2,046,328,480	2,051,033,439	1,726,249,631

The annexed notes from 01 to 51 form an integral part of these financial statements.

CHAIRMAN / DIRECTOR

EXECUTIVE DIRECTOR

**STATEMENT OF PROFIT OR LOSS ACCOUNT
FOR THE YEAR ENDED 30 JUNE 2018**

	Note	2018 Rupees	2017 Rupees
Sales - net	30	4,950,808,026	4,441,220,968
Cost of sales	31	4,211,145,251	3,746,166,916
Gross profit		739,662,775	695,054,052
Operating expenses:			
Selling and distribution cost	32	392,321,752	331,048,257
Administrative expenses	33	157,833,817	142,685,478
		550,155,569	473,733,735
Operating profit		189,507,206	221,320,317
Finance cost	34	8,178,223	2,896,870
Other operating charges	35	13,964,140	17,909,073
		22,142,363	20,805,943
		167,364,843	200,514,374
Other income	36	6,923,421	7,680,995
Profit before taxation		174,288,264	208,195,369
Taxation	37	105,132,622	64,418,299
Profit for the year		69,155,642	143,777,070
Earnings per share - basic and diluted	38	12.83	26.67

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

The annexed notes from 01 to 51 form an integral part of these financial statements.

CHAIRMAN / DIRECTOR**EXECUTIVE DIRECTOR**

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2018**

	Note	2018 Rupees	2017 Rupees
Profit for the year		69,155,642	143,777,070
Other comprehensive income:			
Items that will not be reclassified to profit or loss account:			
Revaluation surplus - addition during the year		-	187,156,628
Related deferred taxation		-	(7,835,071)
Deferred tax adjustment attributable to changes in proportion of income taxable under final tax regime		1,481,432	-
Deferred tax adjustment attributable to changes in tax rates		613,707	455,416
		2,095,139	179,776,973
Remeasurement losses on defined benefit plans		(2,841,386)	(3,176,691)
Deferred tax thereon		337,841	400,263
		(2,503,545)	(2,776,428)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		68,747,236	320,777,615

The annexed notes from 01 to 51 form an integral part of these financial statements.

CHAIRMAN / DIRECTOR

EXECUTIVE DIRECTOR



**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2018**

CASH FLOW FROM OPERATING ACTIVITIES	Note	2018 Rupees	2017 Rupees
Profit for the year before taxation		174,288,264	208,195,369
Adjustments for following items:			
Workers' profit participation fund	35	9,385,202	11,285,328
Workers' welfare fund	35	3,748,438	4,505,479
Gain on disposal of property, plant and equipment	36	(723,751)	(1,549,972)
Provision for staff retirement benefits	12.01	6,293,927	8,298,604
Depreciation	18.01	41,816,047	32,746,078
Impairment loss on fixed assets	35	-	1,287,766
Finance cost	34	8,178,223	2,896,870
		<u>68,698,086</u>	<u>59,470,153</u>
Operating Profit before Working Capital Changes		242,986,350	267,665,522
(Increase)/Decrease in Current Assets:			
Stores, spare parts and loose tools		4,632,717	(38,263,494)
Stock in trade		(31,291,304)	(26,497,748)
Trade debts		34,778,790	(118,234,927)
Loan and advances		(7,146,580)	(1,186,215)
Trade deposits and short term prepayments		(1,274,834)	(957,885)
Other receivables		(520,882)	150,864
		<u>(822,093)</u>	<u>(184,989,405)</u>
Increase / (Decrease) in Current Liabilities:			
Trade and other payables		(33,112,968)	516,907
Cash generated from operations		<u>209,051,289</u>	<u>83,193,024</u>
Workers' profit participation fund paid		(11,704,012)	(12,565,225)
Workers' welfare fund paid		(4,505,479)	(6,912,540)
Staff retirement benefits paid		(1,352,992)	(455,000)
Finance cost paid		(7,752,506)	(2,287,274)
Income tax paid		(105,259,133)	(93,279,193)
Dividend paid		(49,638,782)	(68,636,617)
		<u>(180,212,904)</u>	<u>(184,135,849)</u>
Net cash used in operating activities		28,838,385	(100,942,825)
CASH FLOW FROM INVESTING ACTIVITIES			
Fixed capital expenditure		(19,657,179)	(30,353,018)
Proceeds from disposal of property, plant and equipment		1,235,000	3,692,959
Capital work in progress		(12,216,877)	(55,628,232)
Long term deposits		(6,000,000)	(4,500,000)
Net cash used in investing activities		(36,639,056)	(86,788,291)
CASH FLOW FROM FINANCING ACTIVITIES			
Short term borrowings		(8,136,967)	70,984,689
Net cash flow from financing activities		(8,136,967)	70,984,689
Net increase in cash and cash equivalents		(15,937,638)	(116,746,427)
Cash and cash equivalents at the beginning of the year		49,957,631	166,704,058
Cash and cash equivalents at the end of the year	29	<u>34,019,993</u>	<u>49,957,631</u>

The annexed notes from 01 to 51 form an integral part of these financial statements.

CHAIRMAN / DIRECTOR

EXECUTIVE DIRECTOR

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2018

	(Rupees)					
	Share Capital	Capital Reserves	Revaluation Surplus	Revenue Reserves		Total
				General Reserves	Un-appropriated Profit	
Balance as at 01 July 2016	53,906,520	23,137,159	-	8,600,000	568,955,826	654,599,505
Adjustment due to change in accounting policy - note 46	-	-	236,811,598	-	-	236,811,598
Balance as at 01 July 2016 - restated	53,906,520	23,137,159	236,811,598	8,600,000	568,955,826	891,411,103
Profit for the year ended 30 June 2017	-	-	-	-	143,777,070	143,777,070
Other comprehensive income for the year	-	-	179,776,973	-	(2,776,428)	177,000,545
Total comprehensive income for the year	-	-	179,776,973	-	141,000,642	320,777,615
Transfer from surplus on revaluation of property, plant and equipment on account of - Incremental depreciation - net of deferred tax	-	-	(7,774,728)	-	7,774,728	-
<i>Transaction with owners recorded directly in Equity - Distributions</i>						
70 % final dividend for the year 2016	-	-	-	-	(37,734,564)	(37,734,564)
60 % interim dividend for the year 2017	-	-	-	-	(32,343,912)	(32,343,912)
	-	-	-	-	(70,078,476)	(70,078,476)
Balance as at 01 July 2017 - as restated	53,906,520	23,137,159	408,813,843	8,600,000	647,652,720	1,142,110,242
Profit for the year ended 30 June 2018	-	-	-	-	69,155,642	69,155,642
Other comprehensive income for the year	-	-	2,095,139	-	(2,503,545)	(408,406)
Total comprehensive income for the year	-	-	2,095,139	-	66,652,097	68,747,236
Transfer from surplus on revaluation of property, plant and equipment on account of - Incremental depreciation - net of deferred tax	-	-	(12,107,057)	-	12,107,057	-
<i>Transaction with owners recorded directly in Equity - Distributions</i>						
40 % final dividend for the year 2017	-	-	-	-	(21,562,608)	(21,562,608)
55 % interim dividend for the year 2018	-	-	-	-	(29,648,586)	(29,648,586)
	-	-	-	-	(51,211,194)	(51,211,194)
Balance as at 30 June 2018	53,906,520	23,137,159	398,801,925	8,600,000	675,200,680	1,159,646,284

Appropriations of dividend are disclosed in note 48 to these financial statements.
The annexed notes from 01 to 51 form an integral part of these financial statements.

CHAIRMAN / DIRECTOR

EXECUTIVE DIRECTOR



**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018**

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. The Company is listed on Pakistan Stock Exchange Limited. The registered office and Plant of the company are located at Plot No. 26, 27 and 28, Industrial Triangle, Kahuta Road, Islamabad, Pakistan. The head office of the company is located at 120-A, E/1 Halli Road Gulberg III, Lahore, Pakistan.

The Company is principally engaged in the manufacturing and sale of Ghee, Cooking Oil, Speciality Fats, Laundry Soap, Mushroom and Coffee.

2 SIGNIFICANT TRANSACTIONS AND EVENTS AFFECTING THE COMPANY'S FINANCIAL POSITION AND PERFORMANCE

Due to first time application of financial reporting requirements under the Companies Act, 2017, including disclosure and presentation requirements of the fourth schedule of the Companies Act, 2017, some of the amounts reported for the previous period have been reclassified.

The accounting policy for surplus on revaluation of property, plant and equipment changed during the year. Consequently, the amount of surplus on revaluation of property, plant and equipment reported outside the equity in the prior years has been reclassified to equity.

All significant transactions and events that have affected the Company's statement of financial position and performance during the year have been adequately disclosed in the notes to these financial statements. For a detailed discussion about these significant transactions and events please refer to the Directors' report.

3 BASIS OF PREPARATION

3.01 Statement of compliance

These financial statements have been prepared in accordance with the accounting and reporting requirements as applicable in Pakistan. The accounting and reporting standards applicable in Pakistan comprise of:

- International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017 ; and
- Provisions of and directives issued under the Companies Act, 2017.

Where provisions of and directives issued under the Companies Act, 2017 differ from the IFRS, the provisions of and directives issued under the Companies Act, 2017 have been followed.

3.02 Implementation of Companies Act, 2017

The third and fourth schedule to the Companies Act, 2017 became applicable to the Company for the first time for the preparation of these financial statements. The Companies Act, 2017 (including its third and fourth schedule) forms an integral part of the statutory financial reporting framework applicable to the Company and amongst others, prescribes the nature and content of disclosures in relation to various elements of the financial statements.

Additional disclosures include but are not limited to, particulars of immovable assets of the Company (refer note 18.07), management assessment of sufficiency of tax provision in the financial statements (refer note 37.02), change in threshold for identification of executives (refer note 43), additional disclosure requirements for related parties (refer note 39) etc.

3.03 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

The Company has adopted the following revised standards and amendments of IFRSs which became effective for the current year:

IAS 7 Statement of Cash Flows - Disclosure Initiative - (Amendments)

IAS 12 Income Taxes - Recognition of Deferred Tax Assets for Unrealized losses (Amendments)

The adoption of the above improvements to accounting standards and interpretations are not likely to have an impact on the Company's financial statements.

The other amendments to published standards and interpretations that were mandatory for the Company's financial year ended June 30, 2018 are considered not to be relevant or to have any significant effect on the Company's financial reporting and therefore not disclosed in these financial statements.

- 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.



Standard or Interpretation	Effective Date (Annual periods beginning on or after)
IFRS 2 - Classification and Measurement of Share-based Payments Transactions (Amendments)	01 January 2018
IFRS 4 - Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts (Amendments)	01 January 2018
IFRS 9 - Financial Instruments	01 July 2018
IFRS 9 - Prepayment Features with Negative Compensation - (Amendments)	01 January 2019
IFRS 15 - Revenue from Contracts with Customers	01 January 2018
IFRS 16 - Leases	01 January 2019
IAS 19 - Plan Amendment, Curtailment or Settlement (Amendments)	01 January 2019
IAS 28 - Long term Interests in Associates and Joint Ventures (Amendments)	01 January 2019
IAS 40 - Transfer of Investment Property (Amendments)	01 January 2018
IFRIC 22 - Foreign Currency Transactions and Advance Consideration	01 January 2018
IFRIC 23 - Uncertainty over Income Tax Treatments	01 January 2019

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 standards and amendments, improvements to various accounting standards have also been issued by the IASB in December 2016 and December 2017. Such improvements are generally effective for accounting periods beginning on or after 01 January 2018 and 01 January 2019 respectively. The Company expects that such improvements to the standards will not have any impact on the Company's financial statements in the period of initial application.

The IASB has also issued the revised Conceptual Framework for the Financial Reporting (the Conceptual Framework) in March 2018 which is effective for annual periods beginning on or after 01 January 2020 for preparers of financial statements who develop accounting policies based on the Conceptual Framework. The revised Conceptual Framework is not a standard, and none of the concepts override those in any standard or any requirements in a standard. The purpose of the Conceptual Framework is to assist IASB in developing standards, to help preparers develop consistent accounting policies if there is no applicable standard in place and to assist all parties to understand and interpret the standards.

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 14 - Regulatory Deferral Accounts	01 January 2018
IFRS 17 - Insurance contracts	01 January 2018

The Company expects that above new standards will not have any material impact on the Company's financial statements in the period of initial application.

4 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 benefits 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.

5 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, 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:



5.01 Depreciation 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 annually by considering expected pattern of economic benefits that the Company expects to derive from those items.

5.02 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.

5.03 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.

5.04 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.

5.05 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.

5.06 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.

5.07 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 7.02 and 12.01 respectively.

6 FUNCTIONAL AND PRESENTATION CURRENCY

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

7 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

7.01 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 costs 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 18 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.

7.02 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 'Remeasurement', 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 2018, the following significant assumptions were used:

	2018	2017
Discount factor used	9.00%	7.75%
Expected rate of eligible salary Increase in future	8.00%	6.75%
Actuarial valuation method	Projected Unit Credit Method	

7.03 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.

7.04 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.



7.05 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 statement of financial position 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 enacted 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.

7.06 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.

7.07 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.

7.08 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 the statement of financial position 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.

7.09 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 statement of financial position 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.



7.10 Impairment

The carrying amounts of the Company's assets are reviewed at each the statement of financial position 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.

7.11 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.

7.12 Cash and cash equivalents

Cash and cash equivalents are carried in the statement of financial position 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.

7.13 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 the statement of financial position date. Exchange gains and losses are included in income currently.

7.14 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.

7.15 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.

7.16 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).

7.17 Offsetting of financial assets and financial liabilities

A financial asset and a financial liability is offset and the net amount is reported in the statement of financial position 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.

7.18 Contingencies and commitments

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

7.19 Provisions

Provisions are recognized in the statement of financial position 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 benefit 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 statement of financial position date and adjusted to reflect best estimate.



7.20 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

7.21 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.

7.22 Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares are shown in equity as deduction, net of tax, from the proceeds.

7.23 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.

8 ISSUED, SUBSCRIBED AND PAID UP CAPITAL	Note	2018 Rupees	2017 Rupees
2,854,543 (2017: 2,854,543) ordinary shares of Rs. 10/- each fully paid in cash		28,545,430	28,545,430
2,536,109 (2017: 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 (2017: 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.

9 CAPITAL RESERVES	Note	2018 Rupees	2017 Rupees
Share premium	9.01	23,137,159	23,137,159
		23,137,159	23,137,159

9.01 This reserve can be utilized by the company only for the purposes specified in Section 81 of the Companies Act, 2017.



	Note	2018 Rupees	2017 Rupees
10 SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT- NET OF TAX			
Land-Lease hold		290,000,000	290,000,000
Building-on Lease hold land		79,670,900	84,974,861
Plant, machinery and equipments		56,637,166	60,173,675
Scales and weigh bridge		916,973	972,072
		427,225,039	436,120,608
Related deferred taxation	10.01	(16,316,057)	(19,532,037)
		410,908,982	416,588,571
Incremental depreciation on revalued assets		(13,740,844)	(8,895,569)
Related deferred taxation		1,633,787	1,120,841
Transferred to retained earnings during the year		(12,107,057)	(7,774,728)
		398,801,925	408,813,843

10.01 This includes Rs. 1,481,432 (2017: Rs. Nil) relating to deferred tax adjustment attributable to changes in proportion of income taxable under normal tax regime and an amount of Rs. 613,707 (2017: Rs. 392,013) relating to deferred tax adjustment attributable to changes in tax rates.

10.02 The revaluation of land, building, plant and machinery, laboratory equipment, and scales and weigh bridge was carried out by an independent valuer "M/s Tracom (Private) Limited" as at 23 June 2017 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, laboratory equipment, and scales and weigh bridge was carried out as at 28 June 2012.

11 REVENUE RESERVES

General reserves	11.01	8,600,000	8,600,000
Accumulated profit		675,200,680	647,652,720
		683,800,680	656,252,720

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

12 DEFERRED LIABILITIES

Staff retirement benefits	12.01	85,348,258	77,565,937
Deferred taxation	12.02	7,690,034	9,134,456
		93,038,292	86,700,393

12.01 Staff retirement benefits

Balance sheet liability

Opening balance	77,565,937	66,545,642
Amount recognized during the year	6,293,927	8,298,604
	83,859,864	74,844,246
Remeasurement chargeable in other comprehensive income	2,841,386	3,176,691
Benefits paid during the year	(1,352,992)	(455,000)
Closing balance	85,348,258	77,565,937

The amounts recognized in the balance sheet are as follows

Present value of defined benefit obligation	77,065,937	66,045,642
Benefits due but not paid	500,000	500,000
	77,565,937	66,545,642

Charge for the defined benefit plan

Service cost	5,011,749	3,526,789
Gains and losses arising on plan Curtailment / settlements	(4,638,004)	-
Interest cost	5,920,182	4,771,815
Charged to profit and loss account	6,293,927	8,298,604



Sensitivity analysis for actuarial assumptions

The calculation of defined benefit obligation is sensitive to assumptions set-out in note 7.02. 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%	82,967,321	86,973,361
Increase in future salaries	1%	87,015,050	82,896,219
		2018	2017
Expected mortality rate		SLIC 2001 - 2005 Setback 1 Year	SLIC 2001 - 2005 Setback 1 Year
Retirement assumptions		60 years	60 years

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 calculated 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 calculated by reference to future salaries of plan participants. An increase in salary of plan participants will increase the defined benefit obligation.

The average duration of the defined benefit obligation is 2 years.

12.02 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
- Provision for damaged stock
- Investment accounted for under IAS- 28
- Provision for doubtful debts

20

2018 Rupees	2017 Rupees
6,630,160	5,908,411
16,316,057	18,411,196
22,946,217	24,319,607
(10,147,908)	(9,773,308)
(1,385)	-
-	-
(5,106,890)	(5,411,843)
(15,256,183)	(15,185,151)
7,690,034	9,134,456

12.03 Deferred taxation has been provided using tax rate of taxation applicable to tax year 2019 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. 0.26 Millions (2017: Rs. 0.30 Millions).



13 TRADE AND OTHER PAYABLES		Note	2018 Rupees	2017 Rupees
Creditors			117,193,138	64,441,032
Accrued expenses			96,017,805	149,006,761
Workers' profit participation fund		13.01	19,311,091	21,347,768
Security deposits		13.02	380,000	380,000
Workers' welfare fund			3,748,438	4,505,479
Tax deducted at source			1,050,454	620,682
Advances from customers			224,513,218	264,539,814
Sales tax payable			8,471,167	1,750,460
			470,685,311	506,591,996
13.01 Workers' Profit Participation Fund (W.P.P.F.)				
Opening balance			21,347,768	22,195,049
Provision for the year			9,385,202	11,285,328
Mark up on W.P.P.F.			282,133	432,616
			31,015,103	33,912,993
Payment during the year			(11,704,012)	(12,565,225)
			19,311,091	21,347,768

13.02 These security deposits are non utilizable. Further, the Company has not utilized any such deposit for the purpose of its business during the year. These security deposits are kept in a separate bank account.

14 SHORT TERM BORROWINGS		Limit Sanctioned Rupees in million	Note	2018 Rupees	2017 Rupees
From Banking Companies -Secured:					
Habib Metropolitan Bank Limited					
- Finance against trust receipt	(25.00)	14.01		-	25,000,000
- Letter of guarantee	12.67	14.02		-	-
- Letter of credit (sight)	100.00	14.03		-	-
JS Bank Limited					
- Running finance	40.00	14.04		16,759,344	8,083,111
- Cash finance	25.00	14.05		-	-
- Finance against trust receipt	(85.00)	14.06		69,554,964	61,368,164
- Bank guarantee	25.00	14.07		-	-
- Letter of credit (sight)	250.00	14.08		-	-
				86,314,308	94,451,275

14.01 This facility has been obtained for retirement of LC documents carrying mark up @ 3 months KIBOR + 2% to be paid on quarterly basis. It is secured against lien over import documents.

14.02 This facility has been obtained for guarantee to the Department Excise and Taxation, Karachi. It carries commission as per schedule of charges of the bank.

14.03 This facility has been obtained to import edible oil, tin plates and chemicals. It carries commission @ 0.2% per quarter. It is secured against 5% cash margin on LC.

The above mentioned facilities from 14.01 to 14.03 were expired on 31 March 2018 and not renewed. The management of the Company has requested the bank to waive off all facilities and vacate / satisfy all mortgages / Charges on assets of the Company.

14.04 This facility has been obtained to meet working capital requirements. It carries mark up @ 1 month KIBOR + 500 bps to be paid on quarterly basis. It is secured against pari passu charge of Rs. 300 million over all future and current assets of the company with 25% margin, duly registered with SECP. Out of total limit, an amount of Rs. 23.24 million (2017: Rs. 16.92 million) was not availed as at year end.



- 14.05** This facility has been obtained to finance already purchased stock of edible oil / palm oil / seed oil. It carries mark up @ 1 month KIBOR + 400 bps to be paid on quarterly basis. It is secured against pari passu charge of Rs. 300 million over current assets of the company with 20% margin and pledge of oil stock with 20% margin. Oil stock shall be stored in exclusively assigned in oil tanks for JS Bank pledge at factory premises, duly registered with SECP. Total limit was not availed as at year end.
- 14.06** This facility has been obtained for retirement of LC documents. It carries mark up @ 1 month KIBOR + 400 bps to be paid on quarterly basis. Out of total limit, an amount of Rs. 15.44 million (2017: 8.63 million) was not availed as at year end.
- 14.07** This facility has been obtained for guarantee to Sui Northern Gas Pipe Lines Limited and Excise & Taxation and any other Government & semi Government organisation. It carries commission as per schedule of charges of the bank. Total limit was not availed as at year end.
- 14.08** This facility has been obtained to import oil, coffee beans, agglomerated coffee, instant coffee, mushroom spawn, tin plates, chemicals/packaging material/vitamins, and spare parts . It carries commission @ 0.2% per quarter. It is secured against 5% cash margin and lien over import documents. Total limit was not availed as at year end.

The above mentioned facilities from 14.04 to 14.08 will expire on 30 April 2019 and are collaterally secured against the following:

1st charge of Rs. 380 million over fixed assets situated at 26, 27 and 28 Industrial Triangle, Kahuta Road, Islamabad owned by the company having market value of Rs. 494.55 million.

15 ACCRUED MARKUP

Note

Accrued mark up on short term borrowings

	2018	2017
	Rupees	Rupees
	326,325	182,741
	326,325	182,741
	214,769,904	226,933,698
	104,144,064	66,035,616
	318,913,968	292,969,314
	90,395,308	78,199,410
	228,518,660	214,769,904

16 PROVISION FOR TAXATION

Opening balance

Add: Taxation - current

Less: Tax payments /adjustments during the year

17 CONTINGENCIES AND COMMITMENTS

17.01 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. 37.6 million (2017: 32.17 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.
- b)** The Taxation Officer of Inland Revenue had issued assessment orders vide DCR No. 37/53 and 38/53 on 17 June 2015 for the tax years 2006 and 2007 respectively incorporating liability of Income Tax and WWF amounting to Rs. 5,403,105 and Rs. 8,157,718 respectively. The company filed an appeal before the Commissioner Income Tax (Appeals) {CIT(A)} against the order of Taxation Officer on 26 June 2015 and the case was decided in favour of the company on 29 October 2015 vide Order No. 160/2015 and 161/2015. However, tax department filed an appeal in ITAT against the decision of the CIT(A) on 07 January 2016. 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 filed appeal to CIT(A) against the order and the CIT(A) had decided the case in favour of the company. The Tax department has gone into appeal before the ITAT against this order. 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. The management is hopeful that the ultimate decision shall be in favour of the company.



- e) The Taxation Officer of Inland Revenue had issued assessment order vide DCR No. 02/53 on 31 October 2011 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. 448.22 million and Rs. 58.66 million respectively. The company filed an appeal on 02 December 2012 before the Commissioner Income Tax (Appeals) {CIT(A)} against the order of Taxation Officer and the case was decided in favour of the company vide Order No. 623/2011 on 20 January 2012. However, tax department filed 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 order u/s 161/205 of the Income Tax Ordinance, 2001 on 30 June 2015 for the tax year 2009 creating demand of Rs. 1.27 million. The company filed appeal before the Commissioner Income Tax (Appeals) {CIT(A)} against the said order on 30 July 2015. On 10 February 2016 CIT(A) maintained the demand of Rs. 614,016 under section 161 which has been paid by the Company whereas the default surcharge of Rs. 633,137 imposed under section 205 was waived off. However, Tax department filed an appeal in ITAT against the decision of the CIT(A). The management is hopeful that the ultimate decision shall be in favour of the company. However, as a matter of prudence, the management has not reversed provision for Rs. 633,137 in these financial statements.
- e) The Taxation officer of Inland Revenue issued order u/s 122(1) and u/s 122(4) of the Income Tax Ordinance, 2001 for the tax year 2010, 2011 and 2012 on 31 August 2015 creating demand for Rs. 26.57 million. The company filed appeal against the Commissioner Income Tax (Appeals) {CIT(A)} against the said order on 09 October 2015 and the case was decided in favour of the company on 10 February 2016. However, Tax department filled an appeal in ITAT against the decision of the CIT(A). However, as a matter of prudence, the company has not reversed the provision created in previous years. The management is hopeful that the said demand shall be waived off.
- f) The company has provided bank guarantees amounting to Rs. 4.5 million (2017: Rs. 4.5 million) and 42.35 million in favour of Sui Northern Gas Pipelines Limited for industrial use of gas and Excise and Taxation Department respectively.

17.02 COMMITMENTS

- Letters of credit for capital expenditure as at the balance sheet date amounted to Rs. Nil (2017: Nil).
- Letters of credit other than for capital expenditure as at the balance sheet date amounted to Rs. 167.05 million (2017: Rs. 106.36 million).



18 PROPERTY, PLANT AND EQUIPMENT

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

	Land-lease hold	Building on lease hold land	Plant and machinery	Laboratory equipment	Scales and weigh bridge	Guest house furniture and machinery	Office equipment	Furniture and fittings	Owned Vehicles	Total
Rupees										
At 30 June 2016										
Cost/Revalued amount	165,450,000	119,236,013	164,928,132	899,966	739,070	318,812	11,834,720	3,671,049	68,931,315	536,009,077
Accumulated depreciation	-	(36,576,381)	(45,886,935)	(621,144)	(300,351)	(303,509)	(5,011,164)	(1,205,658)	(29,994,559)	(119,899,701)
Net book value	165,450,000	82,659,632	119,041,197	278,822	438,719	15,303	6,823,556	2,465,391	38,936,756	416,109,376
Year ended 30 June 2017										
Additions	-	-	7,833,774	4,346,772	-	-	2,203,742	781,730	15,187,000	30,353,018
Transfers from capital work in progress during the year (Note 19.01)	-	1,771,881	8,268,677	-	-	-	-	-	-	10,040,558
Revaluation surplus/(impairment loss)	124,973,524	34,838,455	27,063,913	(1,566,570)	559,540	-	-	-	-	185,868,862
Adjustment	-	(44,186,179)	(57,381,996)	(1,030,168)	(348,610)	-	-	-	-	(102,946,953)
Disposals (note 18.03)										
Cost	-	-	(810,500)	-	-	-	-	-	(4,880,600)	(5,691,100)
Depreciation	-	-	305,319	-	-	-	-	-	3,242,794	3,548,113
Net book value	-	-	(505,181)	-	-	-	-	-	(1,637,806)	(2,142,987)
Depreciation charge for the year (note 18.01)	-	(8,540,299)	(13,074,313)	(464,232)	(57,759)	(1,530)	(773,015)	(274,652)	(9,560,278)	(32,746,078)
Elimination of accumulated depreciation on revaluation	-	44,186,179	57,381,996	1,030,168	348,610	-	-	-	-	102,946,953
Net book value as at 30 June 2017	290,423,524	110,729,669	148,628,067	2,594,792	940,500	13,773	8,254,283	2,972,469	42,925,672	607,482,749
Year ended 30 June 2018										
Additions	-	-	5,232,284	-	-	-	2,232,082	112,543	12,080,270	19,657,179
Transfers from capital work in progress during the year (Note 19.01)	-	6,182,456	50,201,275	-	-	-	-	-	-	56,383,731
Disposals (note 18.03)										
Cost	-	-	(314,875)	-	-	-	-	-	(1,254,000)	(1,568,875)
Depreciation	-	-	35,423	-	-	-	-	-	1,022,204	1,057,627
Net book value	-	-	(279,452)	-	-	-	-	-	(231,796)	(511,248)
Depreciation charge for the year (note 18.01)	-	(11,394,118)	(19,016,526)	(648,698)	(112,860)	(1,377)	(949,372)	(305,004)	(9,388,092)	(41,816,047)
Net book value as at 30 June 2018	290,423,524	105,518,007	184,765,648	1,946,094	827,640	12,396	9,536,993	2,780,008	45,386,054	641,196,364



	Land-lease hold	Building on lease hold land	Plant and machinery	Laboratory equipment	Scales and weigh bridge	Guest house furniture and machinery	Office equipment	Furniture and fittings	Owned Vehicles	Total
At 30 June 2017										
Cost/Revalued amount	290,423,524	111,660,170	149,902,000	2,650,000	950,000	318,812	14,038,462	4,452,779	79,237,715	653,633,462
Accumulated depreciation	-	(930,501)	(1,273,933)	(55,208)	(9,500)	(305,039)	(5,784,179)	(1,480,310)	(36,312,043)	(46,150,713)
Net book value in Rupees	290,423,524	110,729,669	148,628,067	2,594,792	940,500	13,773	8,254,283	2,972,469	42,925,672	607,482,749
Annual rates (%) of depreciation 2017		10	10-15	25	12	10	10	10	20	
At 30 June 2018										
Cost/Revalued amount	290,423,524	117,842,626	205,020,684	2,650,000	950,000	318,812	16,270,544	4,565,322	90,063,985	728,105,497
Accumulated depreciation	-	(12,324,619)	(20,255,036)	(703,906)	(122,360)	(306,416)	(6,733,551)	(1,785,314)	(44,677,931)	(86,909,133)
Net book value in Rupees	290,423,524	105,518,007	184,765,648	1,946,094	827,640	12,396	9,536,993	2,780,008	45,386,054	641,196,364
Annual rates (%) of depreciation 2018		10	10-15	25	12	10	10	10	20	

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

	2018 Rupees	2017 Rupees
Cost of Sale	37,634,442	29,471,470
Administrative Expenses	4,181,605	3,274,608
	41,816,047	32,746,078

18.02 The revaluation of land, building, plant machinery and equipment, laboratory equipment, and scales and weigh bridge was carried out by an independent valuer. 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 2018	
	Cost	Accumulated Depreciation
Land-lease hold	423,524	-
Building on lease hold land	69,361,383	35,269,111
Plant, machinery and equipment	237,030,719	100,845,687
Laboratory equipment	4,528,107	1,526,864
Scales and weigh bridge	1,127,655	1,107,349
Rupees 2018	312,471,388	138,749,011
Rupees 2017	251,170,249	121,198,191
		129,972,058



18.03 DISPOSAL OF PROPERTY, PLANT AND EQUIPMENT

The following operating fixed assets with net book value exceeding in aggregate Rs. 500,000 (2017: Rs. 50,000) were disposed off during the year:

Particulars	Cost	Accumulated Depreciation	Net Book Value	Sale Proceeds	Profit / (Loss)	Relationship of purchaser with the Company	Mode Of Disposal	Buyer's Name
Cultus SS 683	901,000	691,970	209,030	575,000	365,970	Third Party	Negotiation	Yasir Qureshi
Sale of transformer	314,875	35,423	279,452	400,000	120,548	Third Party	Negotiation	Khan Group Oil & Scrap Dealers
Aggregate of items of operating fixed assets with individual book values not exceeding Rs. 500,000	353,000	330,233	22,767	260,000	237,233	Third Party	Negotiation	Azam Khan
Rupees 2018	1,568,875	1,057,626	511,249	1,235,000	723,751			
Honda 125 RIL 1114	102,300	49,722	52,578	102,500	49,922	Third Party	Negotiation	Syed Iftikhar Jillani
Honda 125 RIL 512	102,300	49,722	52,578	102,500	49,922	Third Party	Negotiation	Fazal Abbas
Suzuki Mehran ATV 532	529,000	410,819	118,181	400,000	281,819	Third Party	Negotiation	Sagheer Husrain
Suzuki Swift QD 378	1,059,500	826,197	233,303	860,000	626,697	Third Party	Negotiation	Mumtaz Ali Mardan
Honda Civic YU 211	2,445,000	1,373,982	1,071,018	1,650,000	578,982	Third Party	Negotiation	Furqan Anwar Bafla
Alto APK 190	518,800	449,893	68,907	250,000	181,093	Third Party	Negotiation	Muhammad Amir Khan
Oil Filing Machine	810,500	305,319	505,181	247,059	(258,122)	Third Party	Negotiation	Bashir & Sons
Aggregate of items of operating fixed assets with individual book values not exceeding Rs. 50,000	123,700	82,459	41,241	80,900	39,659	Third Party	Negotiation	
Rupees 2017	5,691,100	3,548,113	2,142,987	3,692,959	1,549,972			

18.04 Impairment amounting to Rs. Nil (2017: Rs. 1,566,570) relating to laboratory equipment has been recognised in the current year.

18.05 Included in fixed assets are assets which are secured with a bank against 1st pari passu charge for Rs. 380 million (2017: Rs. 380 million) over fixed assets (including land, building and, plant and machinery) of the company.

18.06 Forced sales value as per last revaluation report as at June 30, 2017 - note 18.06.01

Asset Class	Forced sale value
Land-lease hold	232,000,000
Building on lease hold land	89,328,680
Plant and machinery	122,041,600
Scales and weigh bridge	760,000
Total	444,130,280

18.06.01 The above amounts do not contain assets which are capitalized from 01 July 2017 to 30 June 2018.

18.07 Particulars of immovable assets of the Company are as follows:

Location	Addresses	Usage of immovable property	Total Area (Sq. ft.)	Covered Area (Sq. ft.)
Islamabad	Plot No. 26, 27 & 28, Industrial Triangle, Main Kahuta Road, Islamabad.	Production Plant	360,000	135,544



	Note	2018 Rupees	2017 Rupees
19 CAPITAL WORK IN PROGRESS			
Opening balance		47,421,578	1,833,904
Additions during the year		12,216,877	55,628,232
		<u>59,638,455</u>	<u>57,462,136</u>
Less: Transferred to property, plant and equipment	19.01	<u>56,383,731</u>	<u>10,040,558</u>
		3,254,724	47,421,578
19.01 Transfers to property, plant and equipment are represented by:-			
Building		6,182,456	1,771,881
Plant and machinery		50,201,275	8,268,677
		<u>56,383,731</u>	<u>10,040,558</u>
20 INVESTMENT IN ASSOCIATES			
Premier Garments Limited - unlisted		2,720,000	2,720,000
Accumulated provision for the diminution in the value of investment	20.01	<u>(2,720,000)</u>	<u>(2,720,000)</u>
		<u>-</u>	<u>-</u>
20.01	27,200 (2016: 27,200) ordinary shares of Rs. 100/- each, represent 38.86% (2016: 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 2017, is as follows:		
		2017 Rupees	2016 Rupees
Premier Garments Limited			
Total assets		9,730,371	11,533,683
Total liabilities		22,288,217	24,559,243
Net Assets		<u>(12,557,846)</u>	<u>(13,025,560)</u>
Company's share of net assets of associate		<u>(4,879,979)</u>	<u>(5,061,733)</u>
Total revenue		1,800,000	2,400,000
Total profit for the year		347,614	98,951
Company's share of profit for the current year		135,083	38,452
Share of unrecognised accumulated losses		6,410,883	6,910,386
20.03	Investment in Associate is made in accordance with the requirements of Act.		
21 LONG TERM DEPOSITS	Note	2018 Rupees	2017 Rupees
Deposits against bank guarantees		26,387,500	20,387,500
		<u>26,387,500</u>	<u>20,387,500</u>
22 STORES, SPARE PARTS AND LOOSE TOOLS			
Stores		109,581,754	113,525,284
Spare parts		6,528,298	7,079,649
Loose tools		1,632,075	1,769,911
		<u>117,742,127</u>	<u>122,374,844</u>
22.01	No identifiable stores and spares are held for specific capitalization.		
23 STOCK IN TRADE			
Raw materials			
- In hand		83,398,211	62,270,143
- In transit		99,803,666	103,397,667
Work in process		68,042,124	57,652,690
		<u>251,244,001</u>	<u>223,320,500</u>
Finished goods		84,217,671	80,838,217
Less: Provision for damaged stock		<u>3,051,670</u>	<u>3,040,019</u>
		<u>81,166,001</u>	<u>77,798,198</u>
		332,410,002	301,118,698



	Note	2018 Rupees	2017 Rupees
24 TRADE DEBTS			
Foreign debts - secured	24.01	7,250,574	9,751,724
Trade debts- unsecured but considered good		632,416,925	664,694,565
Considered doubtful- unsecured		42,951,135	42,951,135
		682,618,634	717,397,424
Less : Provision for doubtful debts	24.02	42,951,135	42,951,135
Less : Trade debts written off		-	-
		42,951,135	42,951,135
		639,667,499	674,446,289

24.01 This represents receivable against export sales to U.A.E under payment against documents.

24.02 Provision for doubtful debts

Opening balance	42,951,135	42,951,135
Provision made during the year	-	-
	42,951,135	42,951,135
Less: Provision written off during the year	-	-
Closing balance	42,951,135	42,951,135

25 LOANS AND ADVANCES

Considered good:

Suppliers		21,647,973	20,417,810
Receivable from related party	25.01	490,618	100,622
Advances to Employees:			
- Executives	25.02 & 25.04	8,050,884	7,734,238
- Other employees	25.03 & 25.04	5,576,618	366,843
		35,766,093	28,619,513

25.01 Related parties - unsecured
Hala Enterprises Limited

Nature of transaction:

Sharing of office expenses	490,618	100,622
	490,618	100,622

The amount is receivable within one month. Further, balances receivable from related party (associated undertaking) are subject to mark up @ 10 % (2017: 10 %) p. a. The maximum aggregate amount outstanding at any time during the year was :

	490,618	307,296
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These are settleable in the ordinary course of business.

25.02 These include loans exceeding Rs. 1 million to Mr. Saeed Malik.

25.03 These include loans exceeding Rs. 1 million to Mr. Tanveer Zaidi and Mr. Shoukat Ali.

25.04 Loans given to executives and other employees of the company are for purchase of house, vehicles or for personal use in accordance with their terms of the employment. Any outstanding loan due from an employee at the time of leaving the Company is adjustable against final settlement of staff provident retirement benefits.

26 TRADE DEPOSITS AND SHORT TERM PREPAYMENTS

Security deposits	5,784,553	5,269,553
Letter of credit - margin	6,908,200	6,363,000
Prepayments	3,246,249	3,031,615
	15,939,002	14,664,168

27 OTHER RECEIVABLES

Zakat on dividend, receivable from government	76,962	76,962
Sales tax receivable	402,270	433,975
Other receivables:		
- from fair price shop	1,424,292	871,705
	1,903,524	1,382,642

28 ADVANCE INCOME TAX

Advance income tax	198,041,652	183,177,827
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29 CASH AND BANK BALANCES	Note	2018 Rupees	2017 Rupees
Cash in hand		5,196,279	4,499,202
Cash with banks:			
- In current accounts		16,111,689	21,164,179
- In deposit accounts	29.01	12,712,025	24,294,250
		34,019,993	49,957,631

29.01 These carry profit ranging from 3% to 4% (2017: 3.5% to 4.5%) per annum approximately.

30 SALES

- Export sales

Cooking oil	35,589,122	30,502,109
Speciality fats	-	639,146
	35,589,122	31,141,255

- Local sales

Ghee	1,717,118,798	1,829,739,198
Cooking oil	3,152,221,207	2,630,136,653
Speciality fats	136,791,306	44,217,162
	5,006,131,311	4,504,093,013

Soap	38,637,947	32,164,308
Gases	96,050	176,893
Coffee	1,300,174	5,895,403
Mushroom	4,244,760	4,792,123

Less: Sales tax	44,278,931	43,028,727
	6,815,651	6,962,348
	37,463,280	36,066,379
	5,079,183,713	4,571,300,647

Less: Trade discount	124,802,588	126,510,080
Commission	3,573,099	3,569,599
	128,375,687	130,079,679
	4,950,808,026	4,441,220,968

31 COST OF SALE

Raw material consumed	31.01	3,509,151,348	3,142,424,647
Stores and spare parts consumed		19,085,427	15,302,260
Chemicals consumed		68,055,612	54,036,674
Packing materials consumed		302,162,569	256,996,721
Salaries, wages and benefits		52,679,210	50,207,291
Power, fuel and lubricants		160,362,040	125,935,145
Repair and maintenance		12,478,679	11,657,867
Filling and loading		53,368,395	40,744,572
Insurance		4,517,250	4,071,558
Provision for damaged stock		11,651	-
Depreciation	18.01	37,634,442	29,471,470
		4,219,506,623	3,730,848,205

Work in process:

Opening	57,652,690	44,065,660
Closing	(68,042,124)	(57,652,690)
	(10,389,434)	(13,587,030)

Cost of goods manufactured	4,209,117,189	3,717,261,175
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Finished goods:

Opening	72,689,745	97,156,597
Closing	(71,932,299)	(72,689,745)
	757,446	24,466,852

Carried Forward		4,209,874,635	3,741,728,027
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	Note	2018 Rupees	2017 Rupees
Brought Forward		4 209 874 635	3 741 728 027
Finished goods purchased for resale:			
Opening		8,148,472	11,395,152
Purchases		5,407,516	1,192,209
		13,555,988	12,587,361
Closing stock		(12,285,372)	(8,148,472)
Cost of purchased goods sold		1,270,616	4,438,889
		4,211,145,251	3,746,166,916
31.01 Raw material consumed			
Opening		62,270,143	61,563,783
Purchases		3,530,279,416	3,143,131,007
		3,592,549,559	3,204,694,790
Closing		(83,398,211)	(62,270,143)
		3,509,151,348	3,142,424,647

31.02 Salaries wages and other benefits include provision for staff retirement benefits for the year Rs. 3,462 thousand (2016: Rs. 4,564 thousand).

32 SELLING AND DISTRIBUTION COST

Salaries, wages and benefits		43,301,291	27,786,839
Travelling and conveyance		6,278,971	4,063,873
Advertisement		224,791,704	199,415,072
Export charges		4,839,452	5,961,797
Carriage outward		48,129,270	39,775,653
Redistribution expenses		46,425,445	35,729,316
Promotional expenses		4,854,852	6,129,574
Other selling expenses		13,700,767	12,186,133
		392,321,752	331,048,257

32.01 Salaries wages and other benefits include provision for staff retirement benefits for the year Rs. 629 thousand (2017: Rs. 830 thousand).

32.02 Advertisement include below the line (BTL) expenses for the year Rs. 83.54 million (2017: Rs. 48.47 million).

33 ADMINISTRATIVE EXPENSES

Directors' meeting fee		2,248,000	2,080,000
Directors' remuneration		24,135,697	28,349,558
Salaries, wages and benefits		58,090,038	50,014,122
Travelling and conveyance		11,162,616	7,224,662
Entertainment		1,796,014	1,196,916
Printing and stationary		1,733,002	1,530,746
Postage, telephone and telex		4,521,903	3,561,457
Rent, rates and taxes		11,545,955	10,676,599
Donations	33.01	500,000	480,000
Fees and subscription		1,413,930	2,392,274
Legal and professional charges		5,242,363	3,528,496
Vehicle running and maintenance		12,339,076	11,856,910
Repair and maintenance		4,159,559	3,885,955
Power, fuel and lubricant		2,442,062	1,917,794
Advertisement		9,366,321	8,308,961
Depreciation	18.01	4,181,605	3,274,608
Office expenses		2,955,676	2,406,420
		157,833,817	142,685,478



		2018 Rupees	2017 Rupees
33.01	Donation to the following organisation is equal to or exceeds Rs. 0.5 million: - Pakistan National Heart Association (PANAHA)	500,000	-
33.02	None of the directors or their spouses had any interest in the donee's fund.		
33.03	Salaries wages and other benefits include provision for staff retirement benefits for the year Rs. 2,203 thousand (2017: Rs. 2,905 thousand).		
33.04	Advertisement include below the line (BTL) expenses for the year Rs. 3.48 million (2017: Rs. 2.01 million).		
34 FINANCE COST	Note	2018 Rupees	2017 Rupees
Mark up on short term borrowings		5,896,931	892,073
Mark up charged on W.P.P.F.		282,133	432,616
Bank charges		1,999,159	1,572,181
		8,178,223	2,896,870
35 OTHER OPERATING CHARGES			
Auditors' remuneration	35.01	830,500	830,500
Workers' profit participation fund		9,385,202	11,285,328
Workers' welfare fund		3,748,438	4,505,479
Impairment loss on fixed assets		-	1,287,766
		13,964,140	17,909,073
35.01 AUDITORS' REMUNERATION			
Audit fee		660,000	660,000
Half yearly review fee		82,500	82,500
Other attestation services		55,000	55,000
Out of pocket expenses		33,000	33,000
		830,500	830,500
36 OTHER INCOME			
Income from financial assets			
Profit on bank deposits		3,105,656	6,045,618
Interest income from related party		26,785	16,859
Exchange gain / (loss)		1,223,029	(183,559)
Income from non financial assets			
Scrap sale		1,844,200	252,105
Gain on disposal of property, plant and equipment		723,751	1,549,972
		6,923,421	7,680,995
37 TAXATION			
Taxation			
-Current year		111,217,841	91,632,628
-Prior years		(7,073,777)	(25,597,012)
		104,144,064	66,035,616
Deferred taxation			
For current year		988,558	(1,617,317)
		105,132,622	64,418,299

37.01 - Income tax return has been filed to the income tax authorities up to and including tax year 2017 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 section 148A and section 148(8) of the Income Tax Ordinance, 2001 respectively. The numeric tax reconciliation has not been presented being impracticable.



37.02 As per the management's assessment, sufficient tax provision has been made in the Company's financial statements. The comparison of tax provision as per the financial statements viz-a-viz tax assessment for last three years is as follows:

	2017	2016	2015
Provision as per financial statements	91,632,628	98,147,839	97,305,346
Tax assessment	92,914,902	98,147,839	97,160,642

38 EARNINGS PER SHARE

Basic Earnings per share:

	Note	2018 Rupees	2017 Rupees
Profit after taxation	Rupees	69,155,642	143,777,070
Weighted average number of ordinary shares	Number	5,390,652	5,390,652
Earnings per share - basic and diluted	Rupees	12.83	26.67

39 TRANSACTIONS WITH RELATED PARTY

39.01 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	2018 Rupees	2017 Rupees
Sharing of office expenses	Associated company	2,794,350	2,003,889
Markup earned	Associated company	26,785	16,859

39.02 The related party status of outstanding balances as at June 30, 2018 are included in loans and advances (note 25). These are to be settled in the ordinary course of business.

39.03 Following are the related parties with whom the company had entered into transactions or have arrangements / agreements in place.

Company Name	Basis of relationship	Aggregate % of Shareholding in the Company
M/s Hala Enterprises Limited	Associate	0.96%

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.

40 FINANCIAL INSTRUMENTS BY CATEGORY

Financial assets as per balance sheet	Note	2018 Rupees	2017 Rupees
Long term deposits		26,387,500	20,387,500
Trade debts		639,667,499	674,446,289
Loans and advances		13,627,502	8,101,081
Trade deposits		5,784,553	5,269,553
Other receivables		1,424,292	871,705
Bank balances		28,823,714	45,458,429
		715,715,060	754,534,557



Financial liabilities as per balance sheet	Note	2018 Rupees	2017 Rupees
Trade and other payables		232,522,034	234,795,561
Short term borrowings		86,314,308	94,451,275
Accrued interest/mark-up		326,325	182,741
Unclaimed dividend		7,799,300	6,226,888
		326,961,967	335,656,465

Fair values of financial assets and liabilities

- Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Underlying the definition of fair value is the presumption that the Company is going concern and there is no intention or requirements to curtail materially the scale of its operation or to undertake a transaction on adverse terms.
- The carrying values of all financial assets and liabilities reflected in the financial statements approximate their fair values.

Fair value hierarchy

Following are three levels in fair value hierarchy that reflects the significance of the inputs used in measurement of fair values of financial instruments.

Level 1: Quoted prices (unadjusted) in active market for identical assets or liabilities.

Level 2: Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: Inputs for asset or liability that are not based on observable market data (unobservable inputs).

40.01 Financial Instruments measured at fair value**40.01.01 Recurring fair value measurements**

There are no recurring fair value measurements as at the reporting date.

40.01.02 Non-recurring fair value measurements

There are no non-recurring fair value measurements as at the reporting date.

40.02 Financial Instruments not measured at fair value

The management considers the carrying amount of all financial instruments not measured at fair value at the end of each reporting period to approximate their fair values as at the reporting date.

40.03 Assets and liabilities other than financial instruments**40.03.01 Recurring fair value measurements**

For recurring fair value measurements, the fair value hierarchy and information about how their fair values are determined is as follows:

Assets	Level 1	Level 2	Level 3	30-Jun-18 Rupees
Buildings	-	105,518,007	-	105,518,007
Plant and machinery	-	184,765,648	-	184,765,648

Assets	Level 1	Level 2	Level 3	30-Jun-17 Rupees
Buildings	-	110,729,669	-	110,729,669
Plant and machinery	-	148,628,067	-	148,628,067



The Company does not hold any instrument which could be included in Level 1 and Level 3. For fair value measurements categorised into Level 2 the following information is relevant:

	Valuation technique	Significant inputs	Sensitivity
Buildings	Cost approach that reflects the cost to the market participants to construct assets of comparable utility and age, adjusted for obsolescence and depreciation. There was no change in valuation technique during the year.	Estimated construction costs and other ancillary expenditure.	A 5% increase in estimated construction and other ancillary expenditure would result in a significant increase in fair value of buildings by Rs. 5.28 million (2017: Rs. 5.54 million).
Plant and machinery	Cost approach that reflects the cost to the market participants to acquire assets of comparable utility and age, adjusted for obsolescence and depreciation. There was no change in valuation technique during the year.	Estimated purchase price, including import duties and non-refundable purchase taxes and other costs directly attributable to the acquisition or construction, erection and installation.	A 5% increase in estimated purchase price, including import duties and non-refundable purchase taxes and other directly attributable costs would result in a significant increase in fair value of plant and machinery by Rs. 9.24 million (2017: Rs. 7.43 million).

There were no transfers between fair value hierarchies during the year.

40.03.02 Non-recurring fair value measurements

There are no non-recurring fair value measurements as at the reporting date.

The Company has investment in associate which is stated at cost (refer note20).

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 reporting date, 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. 362,529 (2017: 487,586) 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:

	2018		2017	
	Rupees	US Dollars	Rupees	US Dollars
Trade debts	7,250,574	59,626	9,751,724	92,989
Cash at Bank	-	-	-	-

The following significant exchange rates were applied during the year:

Rupees per US Dollar

	2018 Rupees	2017 Rupees
Reporting date rate	121.60	104.87
Average rate	110.07	104.71

(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	2018 Rupees	2017 Rupees
Floating rate instrument			
Financial liabilities			
Short term borrowings		86,314,308	94,451,275
Financial assets			
Bank balances- saving accounts		12,712,025	24,294,250

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. 736,023 lower/higher (2017: 701,570 higher/lower), mainly as a result of higher/lower interest income/expense 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. 715,715,060 (2017: Rs. 754,534,557), the maximum exposure to credit risk amounts to Rs. 708,464,486 (2017: Rs. 744,782,833).

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	2018 Rupees	2017 Rupees
Government institution and utility store	113,285,162	76,612,642
Private sector's companies	52,176,393	80,675,434
Distributors	517,157,078	558,198,550
Others	13,627,502	10,011,879
	696,246,136	725,498,505

The aging of loans and receivables at the reporting date was:

Past due 0-6 months	584,725,133	722,613,272
Past due 6-12 months	59,520,582	1,065,746
More than one year	52,000,421	1,819,487
	696,246,136	725,498,505

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	26,387,500	20,387,500
Trade debts	639,667,499	674,446,289
Loans and advances	13,627,502	8,101,081
Trade deposits	5,784,553	5,269,553
Other receivables	1,424,292	871,705
Bank balances	28,823,714	45,458,429
	715,715,060	754,534,557

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:

	Rating agency	30-Jun-18 Rating	
		Short term	Long term
National Bank of Pakistan	PACRA	A1+	AAA
United Bank Limited	JCR-VIS	A1+	AAA
Habib Metropolitan Bank Limited	PACRA	A1+	AA+
Bank Al-Falah Limited	JCR-VIS	A1+	AA+
Allied Bank Limited	PACRA	A1+	AAA
Faysal Bank Limited	JCR-VIS	A1+	AA
MCB Bank Limited	PACRA	A1+	AAA
JS Bank Limited	PACRA	A1+	AA-

(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 2018	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	232,522,034	232,522,034	232,522,034	-	-	-	-
Short term borrowings	86,314,308	93,340,293	89,827,300	3,512,992	-	-	-
Accrued interest/mark-up	326,325	326,325	326,325	-	-	-	-
Unclaimed dividends	7,799,300	7,799,300	7,799,300	-	-	-	-
	<u>326,961,967</u>	<u>333,987,952</u>	<u>330,474,959</u>	<u>3,512,992</u>	<u>-</u>	<u>-</u>	<u>-</u>

30 June 2017	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	234,795,561	234,795,561	234,795,561	-	-	-	-
Short term borrowings	94,451,275	102,139,609	98,295,442	3,844,167	-	-	-
Accrued interest/mark-up	182,741	182,741	182,741	-	-	-	-
Unclaimed dividends	6,226,888	6,226,888	6,226,888	-	-	-	-
	<u>335,656,465</u>	<u>343,344,799</u>	<u>339,500,632</u>	<u>3,844,167</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 2018/2017. The rates of interest/mark-up have been disclosed in note 14 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 "the notes to the financial statements" less cash and bank balances. Total capital employed includes 'total equity' as shown in the statement of financial position and 'net debt'. The gearing ratio as at 30 June 2018 and as at 30 June 2017 is as follows:

	Note	2018 Rupees	2017 Rupees
Debt		86,314,308	94,451,275
Cash and bank balances		34,019,993	49,957,631
Net debt		<u>52,294,315</u>	<u>44,493,644</u>
Total equity		1,159,646,284	1,142,110,242
Total capital employed		<u>1,211,940,599</u>	<u>1,186,603,886</u>
Gearing ratio (%)		4.31%	3.75%

**43 REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES**

	CHIEF EXECUTIVE		DIRECTORS		EXECUTIVES	
	2018 Rupees	2017 Rupees	2018 Rupees	2017 Rupees	2018 Rupees	2017* Rupees
Managerial remuneration	4,841,880	4,401,720	7,172,324	8,638,860	16,547,850	13,120,457
House rent and utilities	2,140,920	1,946,280	3,171,348	3,819,780	6,333,266	6,152,203
Bonus	941,477	1,100,430	453,143	1,059,285	2,060,315	2,717,035
Medical expenses	418,005	949,304	378,069	934,587	433,454	185,474
Travelling expenses	800,772	1,817,778	3,817,759	3,681,534	4,122,473	604,938
	9,143,054	10,215,512	14,992,643	18,134,046	29,497,358	22,780,107
Number of persons	1	1	6	6	10	8

* Comparatives have been amended to reflect changes in the definition of executive as per Companies Act, 2017.

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. 2,248,000 (2017: Rs. 2,080,000)

43.03 Entitlement of bonus is only for the Executive directors.

44 CAPACITY AND PRODUCTION**Rated Capacity/Production**

		2018	2017
Ghee / speciality fats	M.TON	14,000	14,000
Cooking oil	M.TON	16,000	14,000
		30,000	28,000

Actual Production

Ghee / speciality fats	M.TON	12,563	12,437
Cooking oil	M.TON	16,974	14,214
		29,537	26,651

44.01 RATED CAPACITY

On the basis of blending hard oil with soft oil, rated capacity comes to 30,000 M. Ton annually. The rated capacity is interchangeable between Ghee and Cooking Oil depending on demand.

44.02 REASONS FOR SHORTFALL

Due to shut down in supply of Sui gas and electricity during the year, the actual production of Ghee/Speciality fats short falls the budgeted production.

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 99.86% (2017: 99.83%) of the total income of the company.

45.02 99.28% (2017: 99.31%) of the gross sales of the Company are made to customers located in Pakistan. Remaining 0.72% (2017: 0.69%) are the exports made to U.A.E.

45.03 All non current assets of the Company as at 30 June 2018 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 CHANGE IN ACCOUNTING POLICY

46.01 Accounting and reporting of surplus on revaluation of fixed assets

The specific provision / section in the repealed Companies Ordinance, 1984 relating to the surplus on revaluation of fixed assets has not been carried forward in the Companies Act, 2017. Previously, section 235 of the repealed Companies Ordinance, 1984 specified the accounting treatment and presentation of the surplus on revaluation of fixed assets, which was not in accordance with the IFRS requirements. Accordingly, in accordance with the requirements of International Accounting Standard (IAS) 16, Property, Plant and Equipment, surplus on revaluation of fixed assets would now be presented under equity. Following the application of IAS 16, the Company's accounting policy for surplus on revaluation of property and equipment stands amended.

Therefore, this change in accounting policy has been applied retrospectively in accordance with the provisions of the IAS 8 "Change in Accounting policies, errors and estimates" and comparative figures of equity has been rearranged/reclassified. As there is no change in comparative figures therefore prior year financial statements have not been restated. The effect of reclassification has been re-summarized below:

Reclassification from the caption component	Reclassification to the caption component	Amount (Rs.)
AFTER SHARE CAPITAL AND RESERVES	SHARE CAPITAL AND RESERVES	
Surplus on revaluation of property, plant and equipment - net of deferred tax	Surplus on revaluation of property, plant and equipment - net of deferred tax	398,801,925

47 EMPLOYEES

Average number of employees during the year - factory
- others

Number of employees at the end of the year - factory
- others

2018 Number	2017 Number
229	209
29	26
258	235
240	213
29	26
269	239

48 SHARIAH SCREENING DISCLOSURE

	-----2018-----		-----2017-----	
	Conventional	Shariah Compliant	Conventional	Shariah Compliant
	-----Rupees-----			
Loans and advances	490,618	35,275,475	100,622	28,518,891
Bank Balances	12,712,025	16,111,689	24,294,250	21,164,179
Short term borrowings	86,314,308	-	94,451,275	-
Revenue	-	4,950,808,026	-	4,441,220,968
Mark-up for the year	6,179,064	-	1,324,689	-
Profit on bank deposits	3,105,656	-	6,045,618	-
Exchange Gain / (Loss) on actual currency	-	-	-	-
	-	1,223,029	-	(183,559)
Interest income from related party	26,785	-	16,859	-

49 NON ADJUSTING EVENTS AFTER THE DATE OF STATEMENT OF FINANCIAL POSITION

The Board of Directors in its meeting held on 16 October 2018 proposed final cash dividend at the rate of Rs. 1.20 per share (2017: Rs. 4 per share) for the year ended 30 June 2018 subject to the approval of the members at the forthcoming Annual General Meeting to be held on 12 November 2018. These financial statements do not reflect the proposed dividend payable.



50 AUTHORIZATION OF FINANCIAL STATEMENTS

These financial statements have been approved and authorized for issue by the Board of Directors of the Company on 16 October 2018.

51 GENERAL

- Figures have been rounded off to the nearest rupee, unless otherwise stated.
- Comparative figures have been rearranged and reclassified, where necessary, for the purpose of better presentation and comparison.

CHAIRMAN / DIRECTOR

EXECUTIVE DIRECTOR



PATTERN OF SHAREHOLDING AS ON JUNE 30, 2018

No. of Shareholders	Shareholding		Total Shares Held
	From	To	
509	1	100	15,776
419	101	500	107,752
67	501	1,000	49,026
61	1,001	5,000	134,702
19	5,001	10,000	139,617
4	10,001	15,000	47,700
2	15,001	20,000	34,300
1	20,001	25,000	22,600
2	25,001	30,000	54,992
1	30,001	35,000	30,218
1	35,001	40,000	39,836
2	40,001	45,000	86,300
1	50,001	55,000	51,971
1	70,001	75,000	72,570
1	90,001	95,000	93,047
1	200,001	205,000	203,900
1	215,001	220,000	217,112
1	220,001	225,000	224,732
2	225,001	230,000	456,602
1	230,001	235,000	234,000
2	260,001	265,000	528,152
1	340,001	345,000	340,893
1	360,001	365,000	363,822
1	425,001	430,000	429,934
1	435,001	440,000	437,124
1	455,001	460,000	456,323
1	515,001	520,000	517,651
1,105			5,390,652

Categories of Shareholders	Shares held	Percentage
Directors, CEO and their spouses	1,393,954	25.86
Associated Companies/Undertaking and Related Parties	415,793	7.71
NIT and ICP	43,746	0.81
Banks Development Financial Institutions and Non-Banking		
Financial Institutions	-	-
Insurance Companies	-	-
Modarabas and Mutual Funds	955,651	17.68
Share holders holding 10% or more	-	-
General Public	-	-
a. Local	2,543,988	47.1926%
b. Foreign		
Joint Stock Companies	37,520	0.6960%
	5,390,652	100.00



**Catagories of Shareholding required under Code of Corporate Governance (CCG)
As on June 30, 2018**

Sr. No.	Name & Category of Shareholders	No. of Shares Held	Percentage
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Associated Companies, Undertakings and Related Parties:

1	M/s Teejay Corporation (Private) Limited	363,822	6.7491%
2	M/s Hala Enterprises Limited	51,971	0.9641%

Mutual Funds (Name Wise Detail)

1	CDC - Trustee And Index Tracker Fund (CDC)	203,900	3.7825%
2	CDC - Trustee And Opportunity Fund (CDC)	517,651	9.6028%
3	CDC - Trustee National Investment (unit) Trust (CDC)	234,000	4.3408%
4	Golden Arrow Selected Stock Fund Limited (CDC)	100	0.0019%

Directors and their Spouse and Minor Children (Name Wise Detail)

1	Mr. Tahir Jahangir	39,836	0.7390%
2	Mr. Izaz Ilahi Malik	72,570	1.3462%
3	Mr. Usman Ilahi Malik	456,323	8.1108%
4	Mr. Furqan Anwar Batla	437,224	8.4651%
5	Mr. Jillani Jahangir	340,893	6.3238%
6	Syed Tahir Hussain Shah	3,108	0.0577%
7	Mr. Firasat Ali (NIT Nominee)	-	-
8	Mrs. Nageen Malik W/O Mr. Izaz Ilahi Malik	44,000	0.8162%

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	CDC - Trsutee National Investment (Unit) Trust (CDC)	517,651	9.6028%
2	Mr. Usman Ilahi Malik	456,323	8.4651%
3	Mr. Mansoor Ilahi Malik	429,934	7.9755%
4	M/S Teejay Corporation (Pvt) Ltd	363,822	6.7491%
5	Mian Jilani Jahangir	340,893	6.3238%
6	Mr. Furqan Anwar Batla	437,224	8.1108%

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:

S.No.	Name	— NIL —	Transmitted	Purchase
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ANNEXURE “A”

October 16, 2018

Dear Shareholder(s),

**INFORMATION UNDER SECTION 213
OF THE COMPANY ACT, 2017.**

In pursuance of Section 213 of the Companies Act, 2017, 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. 581,900/-	Rs. 58,190/-	Rs. 640,090/-	Rs. 7,681,080/-
Mr. Izaz Illahi Malik Chief Executive Officer	Rs. 581,900/-	Rs. 58,190/-	Rs. 640,090/-	Rs. 7,681,080/-
Mr. Usman Ilahi Malik Director	Rs. 280,073/-	-	Rs. 280,073/-	Rs. 3,360,876/-

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**

By the Order of the Board
Company Secretary

