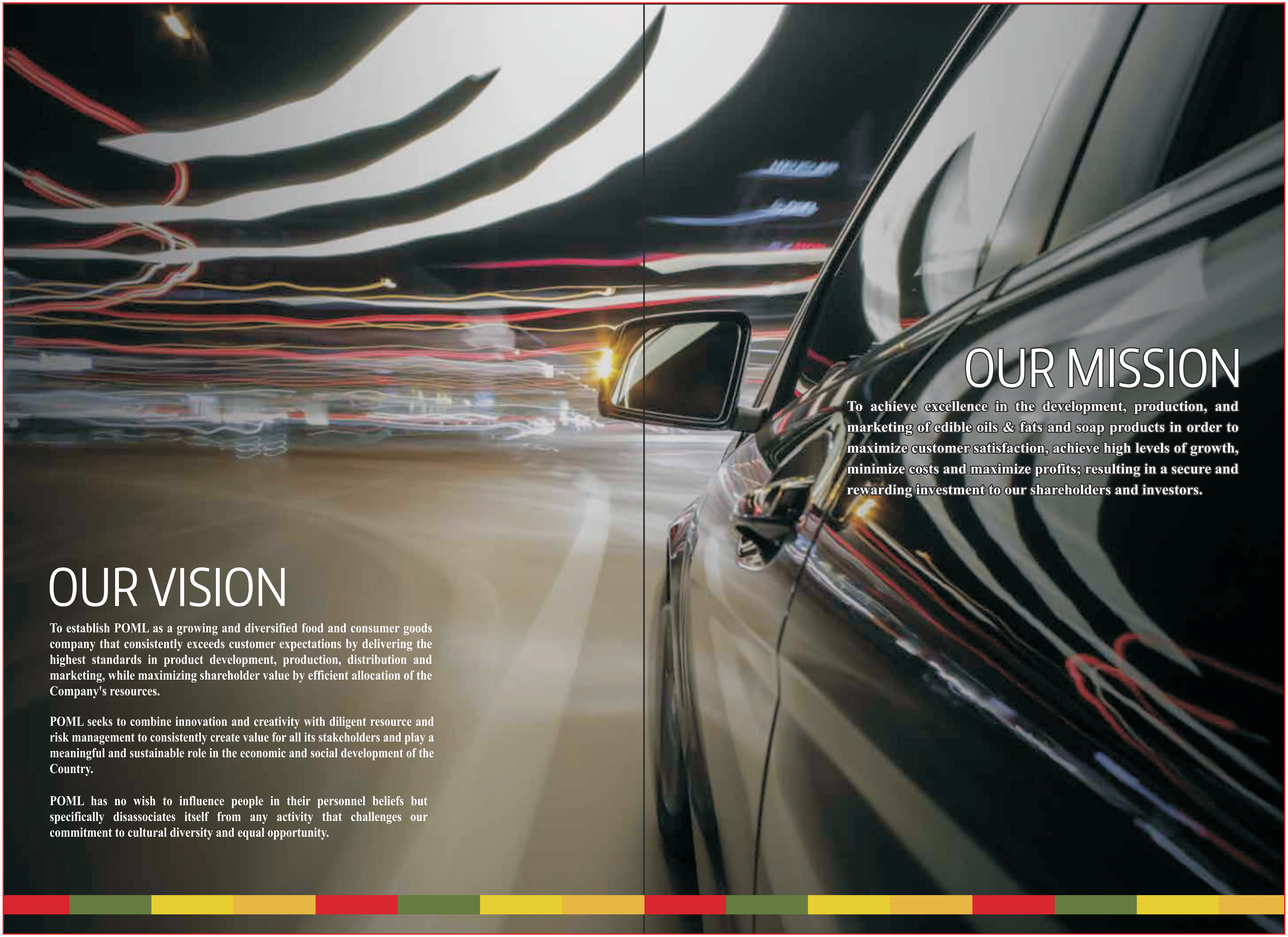
CONTENTS



OUR VISION

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

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

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

OUR MISSION

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

COMPANY INFORMATION

BOARD OF DIRECTORS	Mr. Tahir Jahangir	-	Chairman/Director
	Mr. Izaz Ilahi Malik	-	Chief Executive Officer
	Mr. Usman Ilahi Malik	-	Director
	Syed Zubair Ahmad Shah	-	Director (NIT)
	Mr. Jillani Jahangir	-	Director
	Mr. Furqan Anwar Batla	-	Director
	Syed Tahir Hussain Shah	-	Director (Independent)
AUDIT COMMITTEE	Syed Tahir Hussain Shah	-	Chairman
	Syed Zubair Ahmad Shah	-	Member
	Mr. Furqan Anwar Batla	-	Member
HUMAN RESOURCE & REMUNERATION COMMITTEE	Mr. Jillani Jahangir	-	Chairman
	Syed Tahir Hussain Shah	-	Member
	Mr. Izaz Ilahi Malik	-	Member
	Mr. Furqan Anwar Batla	-	Member

CHIEF FINANCIAL OFFICER
Mr. Muhammad Saeed Malik

COMPANY SECRETARY
Mr. Usman Saleem

HEAD OF INTERNAL AUDIT
Mr. Zaka ullah Malik

AUDITORS
M/s Maqbool Haroon Shahid Safdar & Co.
Chartered Accountants

LEGAL ADVISORS
A.G.H.S Law Associates

BANKERS
JS. Bank Limited
MCB Bank Limited
Habib Metropolitan Bank Limited
Faysal Bank Limited

REGISTERED OFFICE/WORKS
Plot No. 26-28, Industrial Triangle, Kahuta Road,
Islamabad
Tel: 051 -4490017-20, Fax: 051-4490016 & 4492803
Email. corporate@punjaboilmills.com
Website: www.punjaboilmills.com

SHARE REGISTRAR OFFICE
M/s Corplink (Private) Limited
Wings Arcade, 1 -K, Commercial Model Town,
Lahore
Tel: 042 -35916714, 35916719 Fax: 042 -35869037
Email. corplink786@yahoo.com

پاکستان کا #1
ٹرانس فیٹ فری
بناسپتی
ذائقہ®
جیو ہزاروں سال
Punjab Oil Mills Limited
An ISO 9001 & FSSC 22000 CERTIFIED COMPANY
Pakistan Standards
ذائقہ
بناسپتی
ZAIQA
COOKING OIL
ZAIQA
Banaspati
TRANSFAT FREE

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
(Formerly known as Karachi 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 2016-2017 has been paid within the prescribed time limit.

Statutory Compliance

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

Share Transfer System

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

Notification of SECP for the purpose of CNIC of Shareholders

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

Dividend Mandate (Optional)

Transferee of shares may exercise option for dividend mandate by using the revised "Form of Transfer Deed". The revised form of transfer deed will enable the transferees to 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 158 of the Companies Ordinance, 1984, The Company holds a General Meeting of shareholders at least once a year. Every shareholder has a right to attend the General Meeting. The notice of such meeting is sent to all the shareholders at least 21 days before the meeting and also advertised in at least one English and one Urdu newspaper having circulation in Karachi, Lahore & Islamabad.

Proxies

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

The instrument appointing a proxy (duly signed by the shareholder appointing that proxy) should be deposited at the registered office of the Company not less then 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 (Formerly known as Karachi stock exchange limited)

Months	Highest Rate (Rs.)	Lowest Rate (Rs.)	Closing Rate (Rs.)	No. of Shares Traded
July	282.75	185.02	223.36	234,100
August	281	225	262.97	183,900
September	283.16	220	233.6	175,100
October	274.35	227	257	177,700
November	275	246.05	262.55	111,100
December	258	240	241.6	82,100
January	248.5	210	240.07	90,300
February	235	214	220.5	60,100
March	264.99	194	264.99	173,500
April	278.25	246	269.99	86,300
May	305.9	257	270.00	110,800
June	274.35	247.01	267.00	55,800

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the 35th Annual General Meeting of the shareholders of **PUNJAB OIL MILLS LIMITED** will be held on Monday 31st October 2016 at 10:30 A.M. at Plot No. 26, 27, 28 Industrial Triangle, Kahuta Road, Islamabad to transact the following business:

ORDINARY BUSINESS

1. To confirm the minutes of the 34th Annual General Meeting of the company held on October 26, 2015.

2. To receive, consider and adopt the audited financial statements of the company for the year ended June 30, 2016 together with the Directors' and Auditors' Reports thereon.

3. To approve Final Cash Dividend @ 70 % i.e. Rs. 7.0 per Share. This is in addition to interim dividend already paid @ 60% [i.e. Rs. 6.0 per share] announced by the Board of Directors of the Company for the financial year 2015-2016.

4. To appoint External Auditors of the Company for the year ending June 30, 2017 as recommended by the Board of Directors and to fix their remuneration.

SPECIAL BUSINESS

5. To obtain consent of the shareholders in terms of the S.R.O 470(l)/2016 dated 31 May 2016 issued by the Securities and Exchange Commission of Pakistan (SECP), for the transmission of the annual reports including annual audited accounts, notices of the annual general meetings and other information contained therein of the Company either through CD or DVD or USB and to pass the following resolution as an Ordinary Resolution, with or without modification:

   "**Resolved** that consent & approval of the members of Punjab Oil Mills Limited the "Company" be and is hereby accorded for transmission of annual reports including annual audited accounts, notices of annual general meetings and other information contained therein of the Company to the members for future years commencing from the year ending on 30 June 2017 through CD or DVD or USB instead of transmitting the same in hard copies.

6. "**Resolved** that the Article of Association of the Company be amended by adding a new sub Clause 44(a) after the Clause 44 of the Articles of Association of the Company as under:

   Clause 44(a) E-Voting: The provision and requirement for E-voting as prescribed by the Securities and Exchange Commission of Pakistan (SECP) for the time being and from time to time and members may be allowed to appoint members as well as non-member as proxy for the purpose of E-voting, pursuant to this Article"

   Further Resolved that the Chief Executive Officer or the Company Secretary be and is hereby authorized to do all acts, deed and things, take all steps and action necessary, ancillary and incidental for altering the Article of Association of the Company including filling of all requisite documents/ statutory forms as may be required to be filled with the Registrar of the Companies and complying with all other regulatory requirements so as to effectuate the alterations in the Articles of Association and implementing the aforesaid resolution.

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

By order of the Board

Lahore: **(USMAN SALEEM)**
October 10, 2016 **Company Secretary**

Notes:

1. The share transfer books of the Company will remain closed from 25th October 2016 to 31st October 2016 (both days inclusive).

2. A member entitled to attend and vote at this meeting may appoint another member as his/her proxy to attend and vote for him/her. Proxies in order to be effective, must be received at the Registered Office of the Company 48 hours before the time of holding the meeting and must be duly stamped signed and witnessed. A proxy must be member of the Company. Form of Proxy is enclosed herewith.

3. CDC shareholders desiring to attend the meeting are requested to bring their computerized original National Identity Card, Account and participant's ID numbers, for identification purpose and in case of proxy, to enclose an attested copy of his/her National Identity Card as per guide lines laid down in Circular No. 1 dated January 26, 2000 issued by SECP.

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

4. Pursuant to the provision of the Finance Act 2016 effective from 1st of July 2016; the rates of deduction of income tax from dividend payment under the income tax Ordinance, 2001 have been revised as follows:

For filers of income tax returns	-	12.5%
For non-filers of income tax returns	-	20.0%

   To enable the Company to make tax deduction on the amount of cash dividend @ 12.5% instead of 20.0%, all the shareholders whose names are not entered into the Active Taxpayers' List (ATL) provided on the website of the FBR, despite the fact that they are filers, are advised to make sure that their names are entered into ATL before the date of payment of the cash dividend otherwise tax on their cash dividend will be deducted @ 20.0% instead of 12.5%.

5. The FBR has clarified that the shareholders' account jointly held by Filers and Non-filers shall be dealt with separately and in such particular situation, each account holder is to be treated individually as either a filer or a non-filer and tax will be deducted according to his shareholding. If the shares are not ascertainable then each account holder will be assumed to hold equal proportion of shares and the deduction will be made accordingly. Therefore, in order to avoid deduction of tax at a higher rate, the joint account holders are requested to provide the below details of their shareholding to the Share Registrar of the Company latest by the close of business on October 24, 2016.

Folio/ CDS Account No.	Name of Shareholder	CNIC	Shareholding	Total Shares	Principal/joint Shareholder

6. Members are requested to promptly notify Share Registrar of the Company of any change in their addresses.
7. Pursuant to Notification vide S.R.O.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 email 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 members to timely update the Share Registrar of any change in registered e-mail address.

STATEMENT OF MATERIAL FACTS CENCERNING SPECIAL BUSINESS PURSUANT TO SECTION 160(1)(B) OF THE COMPANIES ORDINANCE, 1984.

This Statement sets out the material facts concerning the Special Business, given in agenda item No. 5 & 6 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.

1. Agenda item No. 5 of the Notice – Circulation of Annual Reports through CD/DVD/USB.

Securities and Exchange Commission of Pakistan has vide S.R.O 470(l)/2016 dated 31 May 2016 allowed the Companies to circulate the annual reports including annual audited accounts, notices of annual general meetings and other information contained therein of the Company to its members through CD/DVD/USB subject to consent of the shareholders in the general meeting. This will save time and expenses incurred on printing of the annual report.

The Company shall supply the hard copies of the aforesaid document to the shareholders on demand, free of cost, within one week of such demand. After approval of shareholders, the company has also placed a standard request form on its website to communicate their need of hard copies of the documents along with postal and email address of the Company Secretary/ Share Registrar to whom such request shall be made.

2. Agenda item No. 6 of the Notice – Amendment/change in the Article of Association of the Company.

To give effect to the Companies (E-Voting) Regulation 2016, shareholder's approval is being sought to amend the Articles of Association of the Company to enable e-voting. The Board of Directors have recommended to the members to approve and adopt amendment /change in Articles of Association of the Company by inserting a new sub-clause 44 (a) after the clause 44 of the Articles of Association of the Company.

Subject to the approval of members the purposed resolution will be considered to be passed by the members as a special resolution.

Disclosure to the Shareholders under Section 218 of the Companies Ordinance 1984 is being sent to the members along with Annual Report 2016.

Directors' Report

The Directors of your company take pleasure in presenting the 35th Annual Report on the operations of the company along with the audited financial statements for the year ended June 30th, 2016. The Directors' report under section 236 of the Companies Ordinance, 1984 and revised CCG 2012 will be put forward to the members at the thirty fifth Annual General Meeting of the Company to be held on October 31, 2016

Operating Performance

Sales revenue for the year under review decreased by 1% compared to the same period last year. This was primarily due to a 3.5% decrease in average selling price as sales volume increased by 2.3% for the year. As has been the trend in preceding years, bulk of the volume growth came from the cooking oil segment, which is our current area of focus.

Gross margins improved to 19.0% from 15.8% compared to same period last year. This significant improvement was mainly the result of increased share of higher margin products, as well favorable oil prices which enabled us to maintain margins despite price control issues in Punjab. As a result, gross profit increase by 18.8% for the year under review.

The improved profitability at the gross level enabled us to improve our operating margins to 8.0% from 7.2% last year, despite a 25.5% increase in operating expenses. The main contributors to the increase in operating expenses were higher promotional costs for the year, and the primary reason why selling and distribution charges went up by 38%. However, despite increase in these costs, the operating profit increased by 10.7% for the year due to improved margins.

Financial charges and contributions to WWF and WPPF increased for the year by 27.1% and 11.01 % respectively, while other income went up by 46%.

Profit before tax increased by 11.4% for the twelve months under review compared to the same period last year. However, due to 16.3% y-o-y increase in taxation, the company posted a profit after tax of PKR 205.8 million for the year, an 8.8% growth from after-tax profit of PKR 189.2 million recorded last year.

Future Outlook

Although the year under review was a challenging one with stiff competition from other players and continuing market uncertainties owing to provincial government's price control activities in Punjab, 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 constrained our ability to increase and/or hold prices in case of higher input costs. As raw material oil prices have been on an increasing trend during much of the current year and predicted to be higher for the near future, we foresee our margins coming under pressure going forward. However, the management will strive to minimize any negative impact on company profits.

This scenario of reduced profitability presents a challenge to continue our current strategy of growing our higher margins products via increased marketing efforts and introduction of new products and product variants as these are likely to push up operating costs.

The management is monitoring the situation very closely and paying close attention to paring costs where possible. However, we feel we should not compromise our investment in company brands and new developments, and wisely use our available earnings and cash to build platforms for future growth.

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.

For and on behalf of the Board

Izaz Ilahi Malik
Chief Executive Officer

ڈائریکٹرز کی رپورٹ

آپ کی کمپنی کے ڈائریکٹرز کو خوشی محسوس ہو رہی ہے کہ وہ کمپنی کے کاموں (مجموعی کارد گی) کی پینتیسویں سالانہ رپورٹ بمعہ آڈٹ شدہ فنانشل سٹیمنٹ جو کہ مالی سال 30 جون 2016 میں اختتام پذیر ہوا پیش کر رہے ہیں۔ یہ ڈائریکٹرز کی رپورٹ کمپنی کی پینتیسویں سالانہ جنرل میٹنگ جو 29 اکتوبر 2016 کو منعقد ہو گی میں تمام میٹنگ کے ارکان کو بروئے سیکشن 236 آف کمپنیز آرڈیننس 1984 و تصیح CCG برائے سال 2012 پیش کی جائے گی۔

عملی کارکردگی

اس سال بکری (سیلز) کی رقم (اگرائی) پچھلے سال (یکساں دورانیہ) کی بہ نسبت ایک فیصد کم ہوئی جس کی بنیادی وجہ اس سال ایوریج ریٹس میں 3.5 فیصد کمی ہے جس کے نتیجے میں پچھلے سال کی بہ نسبت اس سال بکری میں 2.3 فیصد اضافہ ہوا۔ جو کہ پورے سال ہماری یہ کوشش رہی کہ ہم اس سال خوردنی (پکوانی) تیل کی مارکیٹ میں زیادہ سے زیادہ اپنا حصہ حاصل کر سکیں جس میں ہم نے خاصی کامیابی حاصل کی۔

پچھلے سال کی بہ نسبت اس سال فی لیٹر / کلو منافع میں 15.8% فیصد سے بڑھ کر 19.0% فیصد کا واضح اضافہ سامنے آیا ہے۔ مذکورہ مارجن میں بڑھوتری زیادہ منافع والی مصنوعات کی بکری میں اضافہ کی صورت میں ممکن ہوئی ہے۔ اس کے علاوہ صوبہ پنجاب میں سرکاری سطح پر قیمتوں کے تعین میں مسائل نہ ہونے اور مناسب قیمت کی اجازت ملنے سے بھی مارجن میں بڑھوتری کا پیش خیمہ بنی۔ جس کے نتیجہ میں حالیہ زیر بحث سال میں کل ملا کر مجموعی سطح پر تمام مصنوعات کے مارجن میں 18.8 فیصد اضافہ ممکن ہوا۔

مجموعی سطح پر منافع کی شرح میں اتنے اضافے نے ہمیں اپنی کارکردگی / پروڈکشن / کام کو 7.2 فیصد سے بڑھا کر 8.0 فیصد تک لے جانے میں مدد دی جس کے نتیجہ میں 25.5 فیصد آپریٹنگ اخراجات میں اضافہ سامنے آیا۔ اخراجات میں اضافہ میں بڑا حصہ اعلیٰ سطح پر تمام (تشہیری ذرائع) میڈیا میں تشہیر بازی ہے اور بنیادی وجہ یہ تھی کہ سیلنگ اور ڈسٹری بیوشن کے اخراجات 38 فیصد تک پہنچ گئے۔ لہذا ان اخراجات کی شرح میں بڑھوتری کے باوجود اچھے مارجن کی وجہ سے مجموعی کارکردگی کے منافع میں اس سال 10.7 فیصد اضافہ ہوا۔

پچھلے سال کی بہ نسبت اس سال WWF اور WPPF میں زیادہ اخراجات اور مارکیٹ میں زیادہ حصہ حاصل کرنے اور دیگر منافعہ جات میں بڑھوتری کی وجہ سے مجموعی پرافٹ میں بڑھوتری حاصل ہوئی جو کہ ٹیکس لگنے سے پہلے کی ہے جو کہ ٹیکس 11.4 فیصد ہے۔ جبکہ y-o-y ٹیکس میں 16.3 فیصد اضافہ کی بنا پر کمپنی نے ٹیکس کٹنے کے بعد اس سال 205.8 ملین منافع ظاہر کیا جو کہ ٹیکس میں 8.8 فیصد کا اضافہ ریکارڈ ہوا ہے۔ اس کے برعکس پچھلے سال 189.2 ملین روپے منافع ریکارڈ کیا گیا تھا۔

مستقبل کی تصویر کشی

بہر کیف زیر بحث سال ایک چیلنجنگ سال تھا جس میں دیگر کھلاڑیوں (فریقین) نے زبردست مقابلہ کیا اور اب تک صوبہ پنجاب کی سطح پر سرکاری مقرر کردہ قیمتوں میں غیر یقینی صورتحال کا سامنا ہے۔ جس کی بنا پر انتظامیہ مصنوعات کی کوالٹی / کارکردگی کو بڑھانے اور منافع کے مارجن کو مناسب سطح پر ترتیب دینے میں مصروف عمل ہے تاکہ ہماری اہم مصنوعات کی پیداوار اور بکری میں مزید اضافہ ہو سکے۔

مزید یہ کہ فی الحال حکومت پنجاب کی پرائس کنٹرول کمیٹی نے مارکیٹ کے قیمتوں کے تعین کے بیلنس کو اپ سیٹ (غیر متوازی) کر دیا ہے جس کی بنا پر انہوں نے ہمیں اخراجات میں اضافہ کی وجہ سے قیمتوں کو بڑھانے یا قائم رکھنے سے روکا ہوا ہے۔ کیونکہ خام مال (تیل) کی قیمتوں میں اس سال (ماضی قریب) میں اضافہ کی پیشنگوئی ہے۔ ہمارے منافع کے مارجن پر زبردست پریشر (دباؤ) ہے۔ ہم دیکھ رہے ہیں کہ سال کے آخر یا آمدہ سال میں منافعہ کی شرح میں کافی کمی آسکتی ہے۔

منافعہ کی شرح میں کمی کے اس مستقبل کے منظر نامے کو دیکھتے ہوئے ہمارے لیے حالیہ طریقہ کار (حکمت عملی) جس کے مطابق مارکٹنگ صلاحیتوں کو بروئے کار لاتے ہوئے اپنی مصنوعات کے منافعہ کے مارجن کو بڑھانا، نئی مصنوعات کو متعارف کروانا اور مصنوعات میں تغیر و تبدل کارکردگی کے اخراجات کو بڑھانا ہے اس طریقہ کار (حکمت عملی) کو مستقبل قریب میں چلانا دشوار ہو سکتا ہے۔

انتظامیہ ان حالات کو بڑی باریک بینی سے دیکھ رہی ہے اور جہاں ہو سکے اخراجات کو کنٹرول کرنے کی کوشش کر رہی ہے۔ جبکہ ہمارے خیال میں ہمیں اپنی کمپنی کی مصنوعات کے معیار اور نئے منصوبوں پر کسی قسم کا سمجھوتہ نہیں کرنا چاہیے اور سمجھداری سے موجودہ آمدہ منافعہ اور رقوم کو استعمال کرتے ہوئے مستقبل کے منصوبوں کو حقیقت کی شکل دینی چاہیے۔ جیسا کہ ہم کو اپنے منافع (کمائی) کو برقرار (سنبھال کر محفوظ کر کے رکھنا) رکھتے ہوئے انہی فنڈز کو مستقبل کے اضافی اخراجات کو پورا کرنے کیلئے استعمال میں لانا چاہیئے۔

اعترافات

ہم چاہیں گے کہ اپنے کسٹمرز، سپلائرز، اور بینکرز کا شکریہ ادا کریں جو کہ انہوں نے کمپنی کی ترقی اور نشوونما کیلئے مسلسل حمایت اور تعاون کیا اور ہم امید کرتے ہیں کہ اسی جذبے سے یہی تعاون اور حمایت جاری رہے گی۔

ہم اپنی جذبے سے سرشار ٹیم اور ایگزیکٹوز، دیگر عملے اور کارکنوں کا بھی شکریہ ادا کرتے ہیں جنہوں نے اس تمام عرصہ میں سخت محنت اور لگن سے کام کیا اور ہم آمدہ سال میں بھی اسی لگن اور محنت کی امید رکھتے ہیں تاکہ ہماری کمپنی پہلے سے بھی زیادہ بہتر نتائج حاصل کرے۔

آخر میں (لیکن بالکل آخری نہیں) انتظامیہ اپنے بورڈ کی ہر دفعہ کی طرح اس دفعہ بھی بھرپور تعاون اور رہنمائی کا شکریہ ادا کرتے ہیں جو ہماری کمپنی کے لیے مستقبل کی زبردست منصوبہ بندی، بہتر رہنمائی اور objectives کا تعین کرتے ہیں۔

بورڈ کی طرف اور جانب سے

اعزاز الٰہی ملک، چیف ایگزیکٹو آفیسر

Financial Results

Financial and Operating Results

	2016 RUPEES	2015 RUPEES
Operating Profit	339,468,572	303,795,824
Finance cost & other charges	(27,694,240)	(24,635,748)
Other operating income	9,635,456	9,460,384
Profit before taxation	321,409,788	288,620,460
Taxation	(115,589,619)	(99,406,599)
Profit after tax	205,820,169	189,213,861
Un-appropriated profit brought forward	426,984,684	259,020,418
Available for appropriation	632,804,853	448,234,279

Appropriations:-	2016 RUPEES	2016 RUPEES
70% Final dividend for the year 2014	(37,734,564)	(5,390,652)
60% Interim dividend during the year 2015	(32,343,912)	(26,953,260)
Effect of changes In accounting policy in respect of staff Retirment benefit obligation net of tax	(1,945,595)	1,968,712
on revaluation of property, plant and equipment	8,175,044	9,125,605
Balance as at June 30, 2016/2015	568,955,826	426,984,684

Disclosure of Dividend & Bonus Shares

During the year under review the Board of Directors approved 60% Interim Cash Dividend and paid to the Shareholders within stipulated time period in accordance with the applicable law. The Board has also proposed final cash dividend at the rate of 70% for the year ended 30 June 2016 to all the shareholders of the company.

Contribution to the National Exchequer

During the year the company contributed Rs. 420.789 Million to the national exchequer in the forms of various duties and taxes.

Corporate Affairs

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

Board Meetings

During the year under review, four meetings of the Board of Directors were held from July 2015 to June 2016. 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:

Sr. No.	Name of Director	Meetings Attended
1.	Mr. Tahir Jahangir	4
2.	Mr. Izaz Ilahi Malik	4
3.	Mr. Usman Ilahi Malik	4
4.	Syed Zubair Ahmad Shah	4
5.	Mr. Jillani Jahangir	3
6.	Syed Tahir Hussain Shah	4
7.	Mr. Furqan Anwar Batla	4

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, 2016.

Audit Committee

The Board of Directors of the Company has set up an Audit Committee comprising of the members in accordance with the Code of Corporate Governance; The Committee comprises of two non executive directors and one is independent director who is the chairman of the Committee. During the year June 30, 2016, four (4) meetings of the committee were held. Attendance by each member was as under:

Sr. No.	Name of Members	Meetings Attended
1.	Syed Tahir Hussain Shah (Chairman)	4
2.	Syed Zubair Ahmad Shah (Member)	4
3.	Mr. Usman Ilahi Malik (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.

Terms of reference of Audit Committee

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

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

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

(i) Review of the interim and annual financial statements of the Company prior to approval by the Board of Directors.

(ii) Discussions with the external auditors of major observations arising from interim and final audits; review of management letter issued by the external auditors and management's response thereto.

(iii) Review of scope and extent of internal audit ensuring that the internal audit function has adequate resources and is appropriately placed within the Company.

(iv) Ascertain adequacy and effectiveness of the internal control system including financial and operational controls, accounting system and reporting structure.

(v) Determination of compliance with relevant statutory requirements and monitoring compliance with the best practices of corporate governance.

(vi) Institute special projects, value for money studies or other investigations on any matters specified by the Board of Directors or the CEO from time to time.

Human Resource and Remuneration Committee

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

Sr. No.	Name of Members	Meetings Attended
1.	Mr. Jillani Jahangir (Chairman)	1
2.	Mr. Izaz Ilahi Malik (Member)	-
3.	Mr. Syed Tahir Hussain Shah (Member)	-
4.	Mr. Furqan Anwar Batla (Member)	1

Terms of Reference

The Committee shall be responsible for:

i) recommending human resource management policies to the board;

ii) recommending to the board the selection, evaluation, compensation (including retirement benefits) and succession planning of the CEO;

iii) recommending to the Board the selection, evaluation, compensation (including retirement benefits) of COO, CFO, Company Secretary and Head of Internal Audit; and

iv) Considering and approving recommendations to CEO on key management positions who report directly to CEO or COO.

Internal Audit and Control

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

Corporate Governance

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

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

The status of each Director on Company's Board whether non-executive, executive or independent has been disclosed in this report in accordance with the revised Code of Corporate Governance, 2012 (CCG) issued by the Securities and Exchange Commission of Pakistan.

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

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

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

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

Corporate and Financial Reporting Framework

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

(ii) Proper books of account of the Company have been maintained.

(iii) Appropriate accounting policies have been applied in preparation of financial statements and any changes in accounting policies have been disclosed in the financial statements. The accounting estimates are based on reasonable and prudent judgment.

(iv) International Financial Reporting Standards as applicable in Pakistan have been followed in preparation of financial statements and any departure therefrom has been adequately disclosed and explained.

(v) The system of internal control is sound in design and has been effectively implemented and monitored.

(vi) There are no significant doubts upon the Company's ability to continue as a going concern.

(vii) Key operating and financial data of last six years has been given in the Annual Report.

(viii) Information about outstanding taxes, duties, levies and charges is given in Notes to the Accounts.

(ix) Significant plans and decisions regarding corporate restructuring, business expansion and discontinuance of operations along with future prospects, risks and uncertainties have been disclosed in relevant sections of Directors Report.

(x) The value of investments in employee retirement funds based on the latest audited Accounts as of 30 June, 2016 are as follows:

Gratuity Fund Rs. 66.546 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, 2016 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 free medicines and medical camps and raising awareness of Heart Diseases in the public.

ISO 9001: 2008 and Dutch HACCP Certifications

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

Director Training Program

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

Staff Retirement Benefits

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

Transaction with Related Parties

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

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

The statement of pattern of shareholding along with categories of shareholders of the company as at June 30, 2016, as required under Section 236 of the Companies Ordinance,1984 and Code of Corporate Governance is annexed with this report.

Statutory Auditors of the Company

The present Auditor of the Company, M/s Maqbool Haroon Shahid Safdar and Company, Chartered Accountants, Lahore, shall retire and being eligible, offer themselves for re-appointment for the year 2016-2017. The Audit Committee of the Board has recommended their re-appointment as Auditors of the Company for the year ending June 30, 2017 on the same remuneration.

Future Outlook

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

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

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

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

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

Acknowledgments

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

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

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

For and on behalf of the Board

Izaz Ilahi Malik
Chief Executive Officer

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

This statement is being presented to comply with the Code of Corporate Governance (CCG) contained in Listing Regulations of Pakistan Stock Exchange Limited (Formerly known as Karachi stock exchange limited) for the purpose of establishing a framework of good governance, whereby a listed company is managed in compliance with the best practices of corporate governance.

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

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

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

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

2. The directors have confirmed that none of them is serving as a director on more than seven listed companies, including this Company (excluding the listed subsidiaries of listed holding companies where applicable).

3. All the resident directors of the Company are registered as taxpayers and none of them has defaulted in payment of any loan to a banking Company, a DFI or an NBFI. None of the directors is a member of any of the Stock Exchanges.

4. No. casual vacancy occurred on the Board during the year.

5. The Company has prepared a "Code of Conduct" and has ensured that appropriate steps have been taken to disseminate it throughout the Company along with its supporting policies and procedures.

6. The Board has developed a vision / mission statement, overall corporate strategy and significant policies of the Company. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.

7. All the powers of the Board have been duly exercised and decisions on material transactions, including appointment and determination of remuneration and terms and conditions of employment of the CEO, other executive and non-executive directors, have been taken by the Board.

8. The meetings of the Board were presided over by the Chairman. The Board met at least once in every quarter. Written notices of the Board meetings, along with the agenda and working papers, were circulated at least seven days before the meetings.

The minutes of the meetings were appropriately recorded and circulated.

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

10. The Board has approved appointments of the Company Secretary and Head of Internal Audit, including their remuneration and terms and conditions of employment in compliance of the Code of Corporate Governance, 2012.

11. The Directors' Report for this year has been prepared in compliance with the requirements of the CCG and fully describes the salient matters required to be disclosed.

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

13. During the year Directors purchased shares from the Market and properly disclosed to SECP and Joint Registrar of the Company.

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

15. The Board has formed an Audit Committee. It comprises of four members, of whom three are non-executive directors including the chairman of the committee.

16. The meetings of the Audit Committee were held at least once every quarter prior to the approval of interim and final results of the Company and as required by the CCG. The Terms of Reference of the Committee have been formed and advised to the Committee for compliance.

17. The Board has formed a Human Resource and Remuneration Committee. It comprises of four (4) members, of whom two (2) are non-executive directors including Chairman of the Committee one (1) is Chief Executive Officer and one (1)is independent Director.

18. The Board has set up an effective Internal Audit-function headed by an internal auditor who is considered suitably qualified and experienced for the purpose and is conversant with the policies and procedures of the Company.

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

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

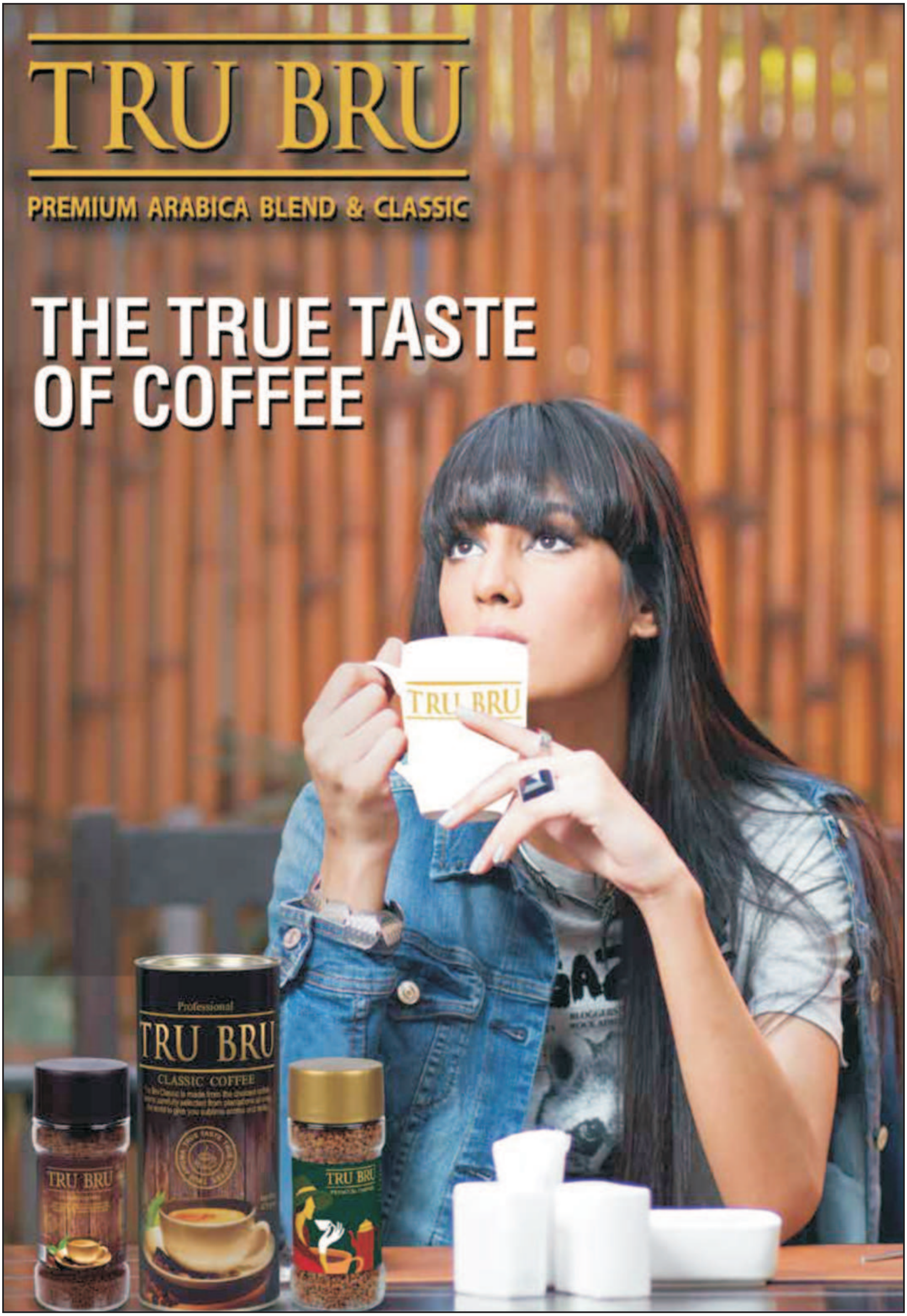
21. The 'closed period', prior to the announcement of interim / final results, and business decisions, which may materially affect the market price of Company's securities, was determined and intimated to the directors, employees and Stock Exchanges.

22. Material / price sensitive information has been disseminated among all market participants at once through Stock Exchanges.

23. We confirm that all other material principles enshrined in the CCG have been complied with.

For and on behalf of the Board

Izaz Ilahi Malik
Chief Executive Officer



TRU BRU
PREMIUM ARABICA BLEND & CLASSIC
THE TRUE TASTE
OF COFFEE
TRU BRU
Professional
TRU BRU
CLASSIC COFFEE
TRU BRU
TRU BRU

KEY FINANCIAL DATA LAST SIX YEARS

PARTICULARS	2011	2012	2013	2014	2015	2016
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	33,489,785	56,722,063	54,013,247	61,370,223	63,496,427	70,318,023
Current Liabilities	490,643,083	595,454,035	622,938,678	698,221,198	733,263,525	764,520,505
Operating Fixed Assets	195,668,025	386,991,777	393,416,290	380,269,303	387,008,216	417,943,280
Current Assets	630,261,741	720,718,980	814,982,248	969,707,270	1,157,568,762	1,292,418,851
Sales	3,710,266,602	4,168,048,880	4,525,960,699	4,772,826,452	4,254,101,191	4,210,607,625
Gross Profit	236,431,839	243,071,754	405,375,055	502,724,939	674,347,335	800,993,530
Operating Profit	108,474,330	92,261,564	175,188,618	190,084,326	306,655,680	339,468,572
Profit before taxation	102,501,197	83,338,733	163,215,720	180,315,462	288,620,460	321,409,788
Profit after taxation	37,063,933	9,142,831	63,038,116	83,533,865	189,213,861	205,820,169

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

We have reviewed the enclosed Statement of Compliance with the best practices contained in the Code of Corporate Governance (the Code) prepared by the Board of Directors (the Board) of **Punjab Oil Mills Limited** ("the Company") for the year ended 30 June 2016 to comply with the requirements of Rule 5.19 of the Rule Book of the Pakistan Stock Exchange where the Company is listed.

The responsibility for compliance with the Code is that of the Board of Directors of the Company. Our responsibility is to review, to the extent where such compliance can be objectively verified, whether the Statement of Compliance reflects the status of the Company's compliance with the provisions of the Code and report if it does not and to highlight any non-compliance with the requirements of the Code. A review is limited primarily to inquiries of the Company's personnel and review of various documents prepared by the Company to comply with the Code.

As 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's 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 Code requires the Company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board for their review and approval, its related party transactions distinguishing between transactions carried out on terms equivalent to those that prevail in arm's length transactions and transactions which are not executed at arm's length price and recording proper justification for using such alternate pricing mechanism. 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 upon recommendation of the Audit Committee. We have not carried out any procedures to determine whether the related party transactions were undertaken at arm's length price or not.

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the best practices contained in the Code as applicable to the Company for the year ended 30 June 2016.

Maqbool Haroon Shahid Safdar & Co

Lahore
Date: 06 October 2016.

Maqbool Haroon Shahid Safdar and Company
Chartered Accountants
Muhammad Safdar

AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed Balance Sheet of **Punjab Oil Mills Limited** ("the company") as at 30 June 2016 and the related Profit and Loss Account, Statement of Comprehensive Income, Cash Flow Statement and Statement of Changes in Equity together with the notes forming part thereof, for the year then ended and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

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

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

(a) in our opinion, proper books of accounts have been kept by the company as required by the Companies Ordinance, 1984;

(b) in our opinion:

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

(ii) the expenditure incurred during the year was for the purpose of the company's business; and

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

(c) in our opinion and to the best of our information and according to the explanations given to us, the balance sheet, profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof conform with the approved accounting standards as applicable in Pakistan, and, give the information required by the Companies Ordinance, 1984, in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at 30 June 2016 and of the profit, total comprehensive income, its cash flows and changes in equity for the year then ended; and

(d) in our opinion, Zakat deductible at source under the Zakat and Usher Ordinance, 1980, was deducted by the Company and deposited in the Central Zakat Fund established under section 7 of that Ordinance.

Maqbool Haroon Shahid Safdar Co

Lahore
Date: 06 October 2016.

Maqbool Haroon Shahid Safdar and Company
Chartered Accountants
Muhammad Safdar

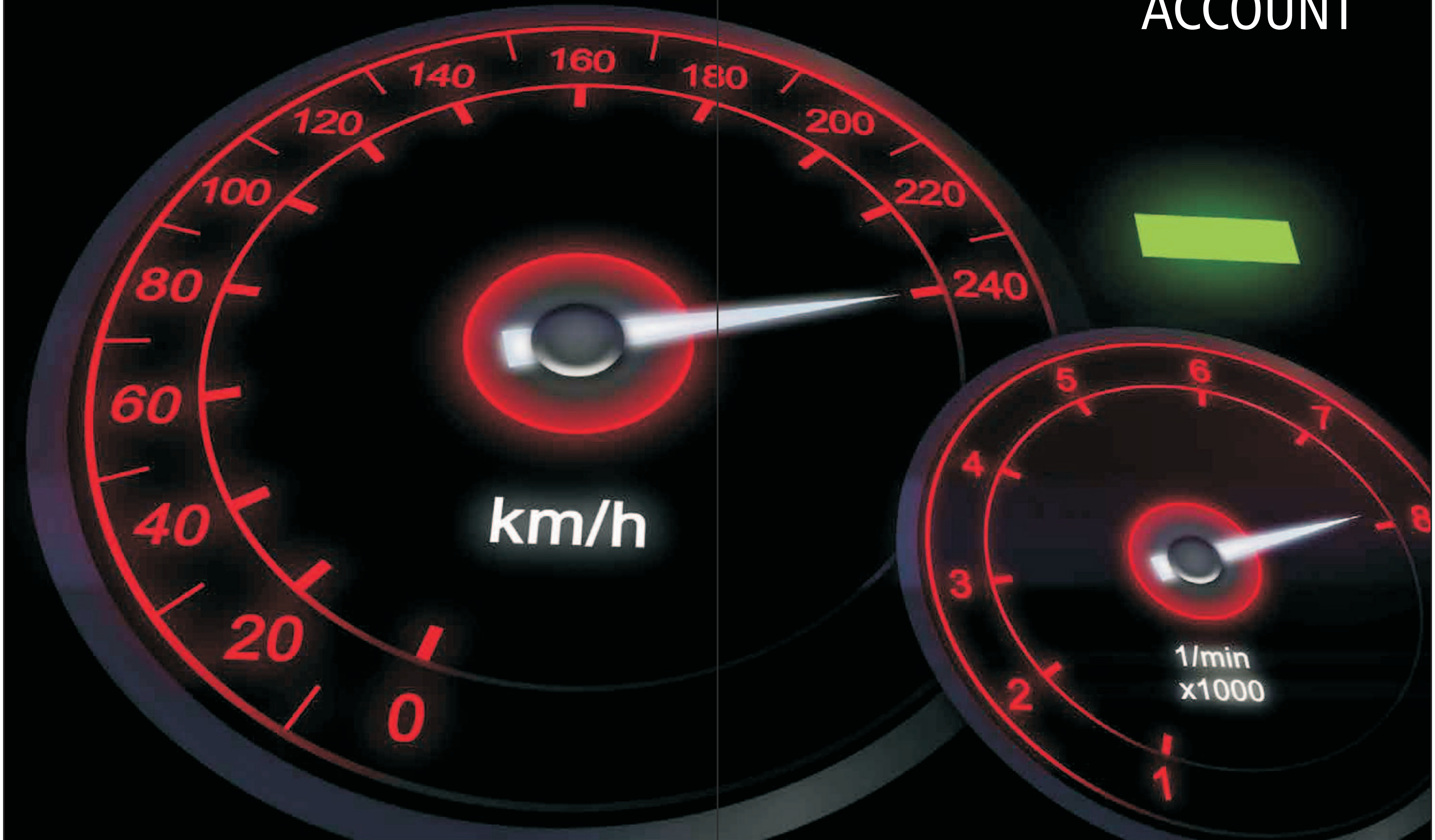
BALANCE SHEET AS AT 30 JUNE 2016

EQUITY AND LIABILITIES	Note	2016 Rupees	2015 Rupees
SHARE CAPITAL AND RESERVES			
Authorized share capital			
10,000,000 (2015: 10,000,000) ordinary shares of Rs. 10/- each		100,000,000	100,000,000
Issued, subscribed and paid-up capital	7	53,906,520	53,906,520
Capital reserves	8	23,137,159	23,137,159
Revenue reserves	9	577,555,826	435,584,684
		654,599,505	512,628,363
Surplus on revaluation of property, plant and equipment- net of tax	10	236,811,598	245,076,163
NON-CURRENT LIABILITIES			
Deferred liabilities	11	70,318,023	63,496,427
CURRENT LIABILITIES			
Trade and other payables	12	509,329,431	528,116,107
Short term borrowings	13	23,466,586	15,305,938
Accrued mark up	14	5,761	5,178
Unclaimed dividend		4,785,029	2,672,776
Provision for taxation	15	226,933,698	187,163,526
		764,520,505	733,263,525
Contingencies and commitments	16	-	-
		1,726,249,631	**1,554,464,478**
ASSETS			
NON CURRENT ASSETS			
Tangible fixed assets			
Property, plant and equipment	17	416,109,376	383,981,170
Capital work in progress	18	1,833,904	3,027,046
		417,943,280	387,008,216
Investment in associates	19	-	-
Long term deposits	20	15,887,500	9,887,500
CURRENT ASSETS			
Stores, spare parts and loose tools	21	84,111,350	77,166,230
Stock in trade	22	274,620,950	268,726,889
Trade debts	23	556,211,362	492,287,692
Loans and advances	24	27,433,298	22,750,447
Trade deposits and short term prepayments	25	13,706,283	14,747,934
Other receivables	26	1,533,506	1,047,557
Advance income tax	27	168,098,044	141,933,557
Cash and bank balances	28	166,704,058	138,908,456
		1,292,418,851	1,157,568,762
		1,726,249,631	**1,554,464,478**

The annexed notes from 01 to 48 form an integral part of these financial statements.

CHAIRMAN / DIRECTOR **CHIEF EXECUTIVE OFFICER**

PROFIT AND LOSS ACCOUNT



PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 30 JUNE 2016

	Note	2016 Rupees	2015 Rupees
Sales - net	29	4,210,607,625	4,254,101,911
Cost of sales	30	3,409,614,095	3,579,754,576
Gross profit		800,993,530	674,347,335
Operating expenses:			
Selling and distribution cost	31	316,054,823	228,481,089
Administrative expenses	32	145,470,135	139,210,566
		461,524,958	367,691,655
Operating profit		339,468,572	306,655,680
Finance cost	33	2,722,052	2,140,969
Other operating charges	34	24,972,188	22,494,779
		27,694,240	24,635,748
		311,774,332	282,019,932
Other income	35	9,635,456	6,600,528
Profit before taxation		321,409,788	288,620,460
Taxation	36	115,589,619	99,406,599
Profit for the year		205,820,169	189,213,861
Earnings per share - Basic and diluted	37	38.18	35.10

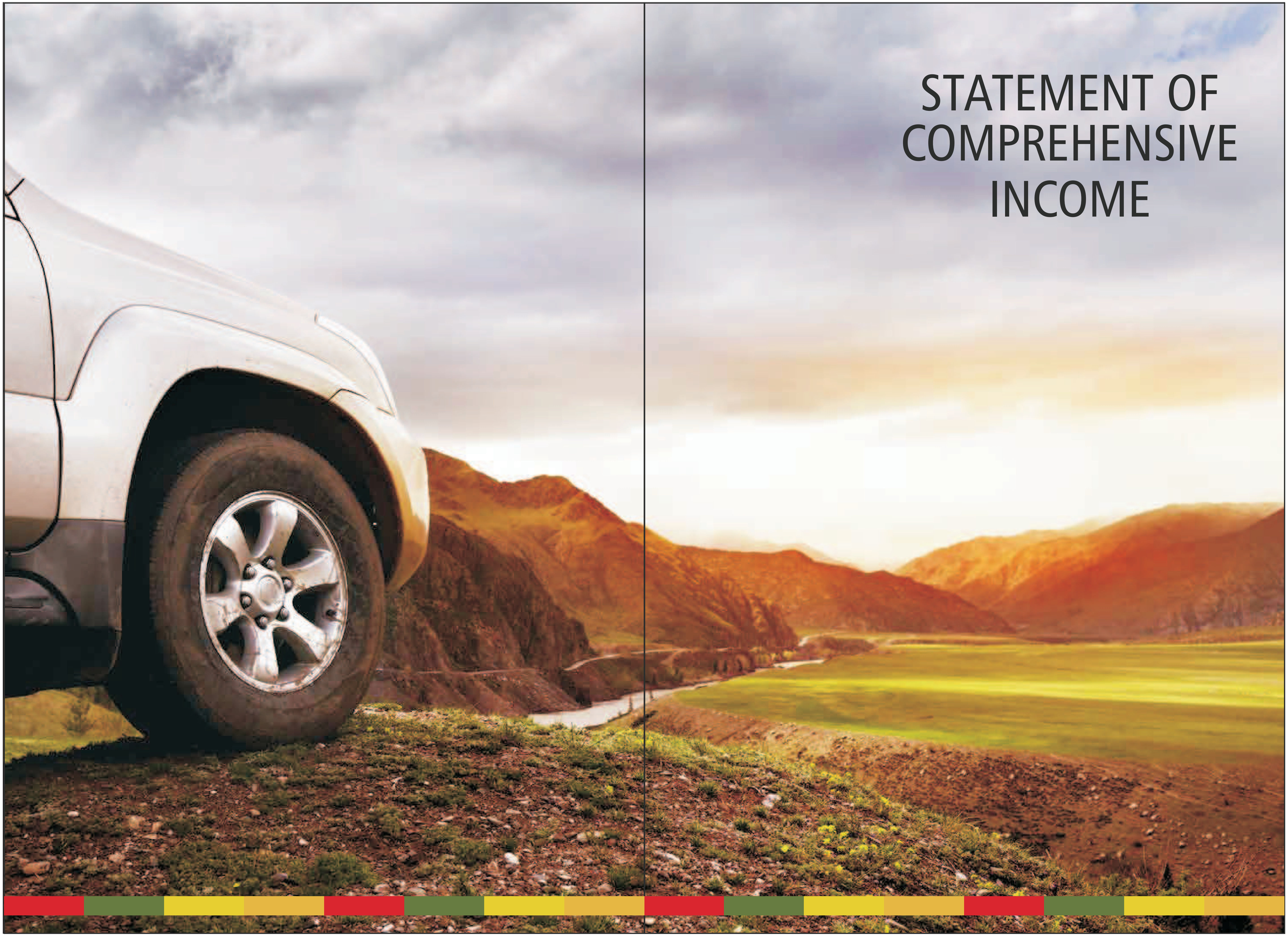
Appropriations have been reflected in the statement of changes in equity.

The annexed notes from 01 to 48 form an integral part of these financial statements.

CHAIRMAN / DIRECTOR

CHIEF EXECUTIVE OFFICER

STATEMENT OF COMPREHENSIVE INCOME



STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2016

	Note	2016 Rupees	2015 Rupees
Profit for the year		205,820,169	189,213,861
Other comprehensive income:			
Items that will not be reclassified to profit and loss account:			
Remeasurement (losses)/gains on defined benefit plans		(2,236,831)	2,257,697
Deferred tax thereon		291,236	(288,985)
		(1,945,595)	1,968,712
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**203,874,574**	**191,182,573**

The annexed notes from 01 to 48 form an integral part of these financial statements.

CHAIRMAN / DIRECTOR

CHIEF EXECUTIVE OFFICER

CASH FLOW STATEMENT

CASH FLOW STATEMENT
FOR THE YEAR ENDED 30 JUNE 2016

CASH FLOW FROM OPERATING ACTIVITIES	Note	2016 Rupees	2015 Rupees
Profit for the year before taxation		321,409,788	288,620,460
Adjustments for following items:			
Workers' profit participation fund		17,304,648	15,532,574
Workers' welfare fund		6,912,540	6,207,205
Gain on disposal of property, plant and equipment		(2,665,559)	(1,640,245)
Provision for staff retirement benefits		8,608,487	9,500,887
Provision for doubtful debts		16,844,473	20,088,504
Depreciation		31,316,670	25,400,633
Finance cost		2,722,052	2,140,969
		81,043,311	77,230,527
Operating Profit before Working Capital Changes		402,453,099	365,850,987
(Increase)/Decrease in Current Assets:			
Stores, spare parts and loose tools		(6,945,120)	(30,635,890)
Stock in trade		(5,894,061)	(141,410,674)
Trade debts		(80,768,143)	76,430,490
Loan and advances		(4,682,851)	(433,842)
Trade deposits and short term prepayments		1,041,651	1,460,474
Other receivables		(485,949)	253,930
		(97,734,473)	(94,335,512)
Increase / (Decrease) in Current Liabilities:			
Trade and other payables		(24,242,348)	(11,049,185)
Cash generated from operations		280,476,278	260,466,290
Workers' profit participation fund paid		(13,020,288)	(9,215,240)
Workers' welfare fund paid		(6,207,205)	(3,878,035)
Staff retirement benefits paid		(900,585)	(1,462,635)
Finance cost paid		(2,255,492)	(1,844,543)
Income tax paid		(104,905,356)	(94,364,059)
Dividend paid		(67,966,223)	(31,560,731)
		(195,255,149)	(142,325,243)
Net cash generated from operating activities		**85,221,129**	**118,141,047**
CASH FLOW FROM INVESTING ACTIVITIES			
Fixed capital expenditure		(60,346,497)	(22,162,913)
Proceeds from disposal of property, plant and equipment		7,150,000	2,723,000
Capital work in progress		(6,389,678)	(11,059,388)
Long term deposits		(6,000,000)	(825,000)
Net cash used in investing activities		**(65,586,175)**	**(31,324,301)**
CASH FLOW FROM FINANCING ACTIVITIES			
Short term borrowings		8,160,648	15,305,938
Net cash flow from financing activities		**8,160,648**	**15,305,938**
Net increase in cash and cash equivalents		27,795,602	102,122,684
Cash and cash equivalents at the beginning of the year		138,908,456	36,785,772
Cash and cash equivalents at the end of the year	28	**166,704,058**	**138,908,456**

The annexed notes from 01 to 48 form an integral part of these financial statements.

CHAIRMAN / DIRECTOR

CHIEF EXECUTIVE OFFICER

STATEMENT OF CHANGES IN EQUITY

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2016

(Rupees)

	Share Capital	Capital Reserves	Revenue Reserves		Total
			General Reserves	Un-appropriated Profit	
Balance as at 01 July 2014	53,906,520	23,137,159	8,600,000	259,020,418	344,664,097
Profit for the year ended 30 June 2015	-	-	-	189,213,861	189,213,861
Remeasurement of defined benefit plans	-	-	-	1,968,712	1,968,712
	-	-	-	191,182,573	191,182,573
Total comprehensive income for the year:					
Transfer from surplus on revaluation of property, plant and equipment on account of					
- Incremental depreciation - net of deferred tax	-	-	-	9,125,605	9,125,605
Transaction with owners recorded directly in Equity - Distributions					
10% final dividend for the year 2014	-	-	-	(5,390,652)	(5,390,652)
50 % interim dividend for the year 2015	-	-	-	(26,953,260)	(26,953,260)
Balance as at 01 July 2015	53,906,520	23,137,159	8,600,000	426,984,684	512,628,363
Profit for the year ended 30 June 2016	-	-	-	205,820,169	205,820,169
Remeasurement of defined benefit plans	-	-	-	(1,945,595)	(1,945,595)
	-	-	-	203,874,574	203,874,574
Total comprehensive income for the year:					
Transfer from surplus on revaluation of property, plant and equipment on account of					
- Incremental depreciation - net of deferred tax	-	-	-	8,175,044	8,175,044
Transactions with owners recorded directly in Equity - Distributions					
70 % final dividend for the year 2015	-	-	-	(37,734,564)	(37,734,564)
60 % interim dividend for the year 2016	-	-	-	(32,343,912)	(32,343,912)
	-	-	-	(70,078,476)	(70,078,476)
Balance as at 30 June 2016	53,906,520	23,137,159	8,600,000	568,955,826	654,599,505

The annexed notes from 01 to 48 form an integral part of these financial statements.

CHAIRMAN / DIRECTOR

CHIEF EXECUTIVE OFFICER

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016

1 LEGAL STATUS AND NATURE OF BUSINESS

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

2 BASIS OF PREPARATION

2.01 Statement of compliance

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

2.02 Standards, interpretations and amendments to published approved accounting standards

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

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

Following are the amendments that are applicable for accounting periods beginning on or after 01 July 2015:

New/Revised Standards, Interpretations and Amendments

IFRS 13- Fair Value Measurement. The standard aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across IFRSs. The requirements do not extend the use of fair value accounting but provide guidance on how it should be applied where its use is already required or permitted by other standards within IFRSs. The standard only affects the disclosures in the Company's financial statements.

Improvement to Accounting Standards Issued by the IASB

IFRS 5	Non-current Assets Held for Sale and Discontinued Operations- (changes in methods of disposal)
IFRS 7	Financial Instruments: Disclosures- (servicing contracts and applicability of the amendments to IFRS 7 to condensed interim financial statements)
IAS 19	Employee Benefits- (discount rate: regional market issue)
IAS 34	Interim Financial Reporting- (disclosure of information 'elsewhere in the interim financial report')

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

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

The other new standards, amendments and interpretations that are mandatory for accounting periods beginning on or after 01 July 2015 are considered not to be relevant or to have any significant impact on the company's financial reporting and operations.

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

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

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

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

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

Standard or Interpretation		**Effective Date (Annual periods beginning on or after)**
IFRS 09 -	Financial Instruments: Classification and Measurement	01 January 2018
IFRS 14 -	Regulatory Deferral Accounts	01 January 2016
IFRS 15 -	Revenue from Contracts with Customers	01 January 2018
IFRS 16 -	Leases	01 January 2019

3 BASIS OF MEASUREMENT

These financial statements have been prepared under the historical cost convention except for certain items of property, plant and equipment that are stated at revalued amounts, employee 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.

4 JUDGMENT, ESTIMATES AND ASSUMPTIONS

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

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

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

4.01 Depreciation 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.

4.02 Fair value of financial instruments having no active market

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

4.03 Taxation

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

4.04 Provisions

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

4.05 Revaluation of property, plant and equipment

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

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

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

4.07 Staff retirement benefit obligations

The present values of these obligations depend on a number of factors that are determined on actuarial basis, using a number of assumptions. Any change in these assumptions will impact the carrying amounts of these obligations. The underlying assumptions and the present value of these obligations are disclosed in notes 6.02 and 11.01 respectively.

5 FUNCTIONAL AND PRESENTATION CURRENCY

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

6 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

6.01 Tangible fixed assets and depreciation

a) Owned

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

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

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

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the entity and cost of the item can be measured reliably. All other repair and maintenance 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 17 to the financial statements. Depreciation on additions is charged from the month in which the asset was available for use up to the month prior to disposal. The residual values, depreciation method and useful lives of property, plant and equipment are reviewed by the management, at each financial year-end and adjusted if appropriate.

c) De-recognition

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

d) Surplus on revaluation

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

6.02 Staff Retirement Benefits

Defined Benefit Plan

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

Last drawn gross salary x Number of completed years of services

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

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

Amounts arising as a result of '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 2016, the following significant assumptions were used:

	2016	**2015**
Discount factor used	7.25%	9.75%
Expected rate of eligible salary increase in future years	6.25%	8.75%
Actuarial valuation method	Project Unit Credit Method	

6.03 Trade and other payables

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

6.04 Dividend and appropriation to reserves

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

6.05 Taxation

Current and prior years:

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

Deferred:

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

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

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

6.06 Capital work in progress

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

6.07 Investment in related parties

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

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

6.08 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 balance sheet date. The Company reviews the carrying amount of stores, spares and loose tools on a regular basis and provision is made for obsolescence, if any. Impairment is also made for slow moving items identified as surplus to the requirements of the Company.

6.09 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 balance sheet date.

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

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

6.10 Impairment

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

6.11 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.

6.12 Cash and cash equivalents

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

6.13 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 balance sheet date. Exchange gains and losses are included in income currently.

6.14 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.

6.15 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.

6.16 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 losses control of the contractual rights that comprise the financial asset. Financial liabilities are de-recognized when they are extinguished (when the obligation is discharged, cancelled, or expired).

6.17 Offsetting of financial assets and financial liabilities

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

6.18 Contingencies and commitments

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

6.19 Provisions

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

6.20 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

6.21 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.

6.22 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

6.23 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.

7 ISSUED, SUBSCRIBED AND PAID UP CAPITAL	Note	2016 Rupees	2015 Rupees
2,854,543 (2015: 2,854,543) ordinary shares of Rs. 10/- each fully paid in cash		28,545,430	28,545,430
2,536,109 (2015: 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 (2015: 415,793).

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

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

8 CAPITAL RESERVES

	2016 Rupees	2015 Rupees
Share premium	23,137,159	23,137,159
	23,137,159	**23,137,159**

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

9 REVENUE RESERVES

	2016 Rupees	2015 Rupees
General reserves	8,600,000	8,600,000
Accumulated profit	568,955,826	426,984,684
	577,555,826	**435,584,684**

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

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

	2016 Rupees	2015 Rupees
Land-Lease hold	165,026,476	165,026,476
Building-on Lease hold land	55,707,118	61,896,798
Plant, machinery and equipments	36,788,624	40,876,249
Laboratory equipment	371,739	495,652
Scales and weigh bridge	468,786	532,711
	258,362,743	268,827,886
Related deferred taxation	(13,376,101)	(14,626,118)
	244,986,642	254,201,768
Incremental depreciation on revalued assets	(9,398,763)	(10,465,143)
Related deferred taxation	1,223,719	1,339,538
Transferred to retained earnings during the year	(8,175,044)	(9,125,605)
	236,811,598	**245,076,163**

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

11 DEFERRED LIABILITIES	**Note**	**2016 Rupees**	**2015 Rupees**
Staff retirement benefits	**11.01**	66,545,642	56,600,909
Deferred taxation	**11.04**	3,772,381	6,895,518
		70,318,023	**63,496,427**

11.01 Staff retirement benefits

Balance sheet liability

Opening balance	56,600,909	50,820,354
Amount recognized during the year	8,608,487	9,500,887
	65,209,396	60,321,241
Remeasurement chargeable in other comprehensive income	2,236,831	(2,257,697)
Benefits paid during the year	(900,585)	(1,462,635)
Closing balance	**66,545,642**	**56,600,909**

The amounts recognized in the balance sheet are as follows

Present value of defined benefit obligation	66,045,642	56,100,909
Benefits due but not paid	500,000	500,000
	66,545,642	56,600,909

Charge for the defined benefit plan

Service cost	3,182,552	2,930,340
Interest cost	5,425,935	6,570,547
Charged to profit and loss account	8,608,487	9,500,887

11.02 Sensitivity analysis for actuarial assumptions

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

	Change in assumptions	**Increase Rupees**	**Decrease Rupees**
Discount rate	1%	64,179,313	68,170,513
Increase in future salaries	1%	68,212,799	64,107,689

	2016	**2015**
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.

11.03 The average duration of the defined benefit obligation is 3 years.

	Note	2016 Rupees	2015 Rupees
11.04 Deferred taxation			
Deferred taxation comprises of the following:			
Deferred tax liability on taxable temporary differences in respect of the following:			
- Accelerated tax depreciation allowance		5,876,480	4,543,667
- Surplus on revaluation of assets		12,152,382	13,286,580
		18,028,862	17,830,247
Deferred tax asset on deductible temporary differences in respect of the following:			
- Staff retirement benefits		(8,664,243)	(7,244,916)
- Investment accounted for under IAS- 28		-	(348,160)
- Provision for doubtful debts		(5,592,238)	(3,341,653)
		(14,256,481)	(10,934,729)
		3,772,381	**6,895,518**

12 TRADE AND OTHER PAYABLES

	Note	2016 Rupees	2015 Rupees
Creditors		37,671,206	34,832,497
Accrued expenses		145,774,666	144,405,134
Worker's profit participation fund	12.01	22,195,049	17,444,712
Security deposits		400,000	400,000
Worker's welfare fund		6,912,540	6,207,205
Tax deducted at source		497,557	775,063
Advances from customers		293,802,813	322,832,468
Sales tax payable		2,075,600	1,219,028
		509,329,431	**528,116,107**

12.01 WORKERS' PROFIT PARTICIPATION FUND (W.P.P.F.)

	2016 Rupees	2015 Rupees
Opening balance	17,444,712	10,836,130
Provision for the year	17,304,648	15,532,574
Mark up on W.P.P.F.	465,977	291,248
	35,215,337	26,659,952
Payment during the year	(13,020,288)	(9,215,240)
	22,195,049	17,444,712

13 SHORT TERM BORROWINGS	Limit Sanctioned Rupees in million	Note	2016 Rupees	2015 Rupees
From Banking Companies -Secured:				
Habib Metropolitan Bank Limited				
- Finance against trust receipt	(25.00)	**13.01**	-	-
- Letter of guarantee	12.666	**13.02**	-	-
- Letter of credit (sight)	100.00	**13.03**	-	-
JS Bank Limited			-	
- Running finance	25.00	**13.04**	-	-
- Cash finance	25.00	**13.05**	-	-
- Finance against trust receipt	(70.00)	**13.06**	23,466,586	15,305,938
- Bank guarantee	20.00	**13.07**	-	-
- Letter of credit (sight)	250.00	**13.08**	-	-
			23,466,586	**15,305,938**

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

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

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

The above mentioned facilities from 13.01 to 13.03 have expired on 31 March 2016. The company has not got these facilities renewed (except letter of guarantee) due to non-utilization.

13.04 This facility has been obtained to meet working capital requirements. It carries mark up @ 3 months KIBOR + 225 bps to be paid on quarterly basis. It is secured against pari passu charge of Rs. 300 million over current assets of the company with 25% margin, duly registered with SECP. Total limit remained un-utilized as at year end.

13.05 This facility has been obtained to finance already purchased stock of edible oil / palm oil / seed oil. It carries mark up @ 3 months KIBOR + 225 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 25% margin and pledge of oil stock with 30% margin over PSMA quoted rates, duly registered with SECP. Total limit remained un-utilized as at year end.

13.06 This facility has been obtained for retirement of LC documents. It carries mark up @ 3 months KIBOR + 225 bps to be paid on quarterly basis. Out of total limit, an amount of Rs. 46.53 (2015: 54.69) million remained un-utilized as at year end.

13.07 This facility has been obtained for guarantee to Sui Northern Gas Pipe Lines Limited and the Director Excise and Taxation. It carries commission as per schedule of charges of the bank. Out of total limit, an amount of Rs. 5 (2015: 6.5) million remained un-utilized as at year end.

13.08 This facility has been obtained to import edible oil, tin plates and chemicals. It carries commission @ 0.2 % per quarter. It is secured against 5% cash margin and lien over import documents. Out of total limit, an amount of Rs. 170.09 (2015: 145.33) million remained un-utilized as at year end.

The above mentioned facilities from 13.05 to 13.09 will expire on 30 April 2017 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.

	Note	2016 Rupees	2015 Rupees
14 ACCRUED MARKUP			
Accrued mark up on short term borrowings		5,761	5,178
		5,761	**5,178**
15 PROVISION FOR TAXATION			
Opening balance		187,163,526	166,104,063
Add: Taxation - current		118,511,041	103,931,722
		305,674,567	270,035,785
Less: Tax payments /adjustments during the year		78,740,869	82,872,259
		226,933,698	**187,163,526**

16 CONTINGENCIES AND COMMITMENTS

16.01 CONTINGENCIES

a) - The company challenged "Infrastructure Development Cess" levied under Sindh Finance Act, 1994 (as amended by Sindh (Amendment) Ordinance, 2001) in the Sindh High Court vide Suit No. 463/2003. Initially, Hon'ble Sindh High Court decided the levy of "Infrastructure Development Cess" on the carriage of goods against the company. The company has filed an appeal before Supreme Court of Pakistan against the decision of Hon'ble Sindh High Court. Pursuant to direction of Hon'ble court the company paid 50% of the total amount and for the remaining 50%, the company has provided bank guarantees amounting to Rs. 27.27 million (2015: 27.27 million) in favour of Excise and Taxation Authorities. The company may be contingently liable for payment of the said amount equal to 50 % in case of unfavourable decision. However, the management is confident that the ultimate decision shall be in favour of the Company. Therefore, no provision has been made in these financial statements for an amount of Rs. 7.89 million.

- The company has provided bank guarantees amounting to Rs. 4.5 million (2015: Rs. 4.5 million) and 20.35 million in favour of Sui Northern Gas Pipelines Limited for industrial use of gas and Excise and Taxation Department respectively.

b) The Taxation Officer of Inland Revenue had issued assessment orders for the tax years 2006 and 2007 incorporating aggregate liability of Income Tax and WWF amounting to Rs. 13,560,823/-. The company filed an appeal before the Commissioner Income Tax (Appeals) {CIT(A)} against the order of Taxation Officer and the case was decided in favour of the company. However, tax department filed an appeal in ITAT against the decision of the CIT(A). The matter was again decided in favour of the company. For tax years 2006 and 2007, department of inland revenue issued notices U/S 122(5A) of the Income Tax Ordinance, 2001. Subsequently, after the initial proceedings and vacation of stay order by Honourable Court, the department of inland revenue issued assessment order u/s 122(5A) of the Income Tax Ordinance, 2001 creating liability amounting to Rs. 13,560,823. The company 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.

c) The Taxation Officer of Inland Revenue had issued assessment order for the tax year 2009 incorporating the liability of Income Tax and WWF and raising demand for payment of Income Tax and WWF amounting to Rs. 448.223/- million and Rs. 58.664/- million respectively. The company filed an appeal before the Commissioner Income Tax (Appeals) {CIT(A)} against the order of Taxation Officer and the case was decided in favour of the company. However, tax department filled an appeal in ITAT against the decision of the CIT(A). However, the management is confident that the ultimate decision shall be in favour of the Company. Therefore, no provision has been made in these financial statements for the said amounts.

d) The taxation officer of Inland Revenue issued notice u/s 162/205 for the tax years 2012 and 2013 of the Income Tax Ordinance, 2001 creating demand of Rs. 19.62 million. The company has replied to the said notice and is hopeful that the said demand shall be waived off. However, as a matter of prudence, the company has provided for the said amount in these financial statements.

e) The taxation officer of Inland Revenue issued assessment order for the tax year 2009 u/s 122(4) of the Income Tax Ordinance, 2001 creating demand of Rs. 5.35 million. The company filed appeal before the Commissioner Income Tax (Appeals) {CIT(A)} against the said order of Taxation Officer and the case was decided in favour of the company. However, tax department filled an appeal before ITAT against the decision of the CIT(A). The company as a matter of prudence has not reversed the provision for tax year 2009. The management is hopeful that the said demand shall be waived off.

f) The taxation officer of Inland Revenue issued order u/s 161/205 of the Income Tax Ordinance, 2001 for the tax year 2009 creating demand of Rs. 1.27 million. The company filed appeal before the Commissioner Income Tax (Appeals) {CIT(A)} against the said order and the case was decided in favour of the company. However, tax department filled an appeal in ITAT against the decision of the CIT(A). However, as a matter of prudence, the company has not reversed the provision which was created during the previous years. The management is hopeful that the said demand shall be waived off.

g) 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 creating demand for Rs. 26.57 million. The company filed appeal against the Commissioner Income Tax (Appeals) {CIT(A)} against the said order and the case was decided in favour of the company. However, tax department filled an appeal in ITAT against the decision of the CIT(A). However, 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.

16.02 COMMITMENTS

- Letters of credit for capital expenditure as at the balance sheet date amounted to Rs. Nil (2015: Nil).

- Letters of credit other than for capital expenditure as at the balance sheet date amounted to Rs. 79.91 million (2015: Rs. 104.67 million).

17 PROPERTY, PLANT AND EQUIPMENT

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

	Land-lease hold	Building on lease hold land	Plant, machinery and equipment	Laboratory equipment	Scales and weigh bridge	Guest house furniture and machinery	Office machinery and equipment	Furniture and fixture	Owned Vehicles	Total
	Rupees									
At 30 June 2014										
Cost/Revalued amount	165,450,000	102,621,916	120,399,878	899,966	739,070	318,812	8,611,017	1,620,439	48,047,195	448,708,293
Accumulated depreciation	-	(19,085,159)	(23,433,279)	(404,282)	(172,542)	(299,920)	(3,802,973)	(817,708)	(24,187,619)	(72,203,482)
Net book value	165,450,000	83,536,757	96,966,599	495,684	566,528	18,892	4,808,044	802,731	23,859,576	376,504,811
Year ended 30 June 2015										
Additions	-	-	1,811,339	-	-	-	1,072,657	1,815,517	17,463,400	22,162,913
Transfers from capital work in progress during the year (Note 18.01)	-	11,796,834	-	-	-	-	-	-	-	11,796,834
Disposals (note 17.03)										
Cost	-	-	-	-	-	-	-	-	(3,195,615)	(3,195,615)
Depreciation	-	-	-	-	-	-	-	-	2,112,860	2,112,860
Net book value	-	-	-	-	-	-	-	-	(1,082,755)	(1,082,755)
Depreciation charge for the year (note 17.01)	-	(8,657,327)	(10,061,248)	(123,921)	(67,984)	(1,889)	(551,502)	(121,436)	(5,815,326)	(25,400,633)
Net book value as at 30 June 2015	**165,450,000**	**86,676,264**	**88,716,690**	**371,763**	**498,544**	**17,003**	**5,329,199**	**2,496,812**	**34,424,895**	**383,981,170**
Year ended 30 June 2016										
Additions	-	-	39,951,358	-	-	-	2,151,046	235,093	18,009,000	60,346,497
Transfers from capital work in progress during the year (Note 18.01)	-	4,817,263	2,765,557	-	-	-	-	-	-	7,582,820
Disposals (note 17.03)										
Cost	-	-	-	-	-	-	-	-	(11,392,665)	(11,392,665)
Depreciation	-	-	-	-	-	-	-	-	6,908,224	6,908,224
Net book value	-	-	-	-	-	-	-	-	(4,484,441)	(4,484,441)
Depreciation charge for the year (note17.01)	-	(8,833,895)	(12,392,408)	(92,941)	(59,825)	(1,700)	(656,689)	(266,514)	(9,012,698)	(31,316,670)
Net book value as at 30 June 2016	**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**

	Land-lease hold	Building on lease hold land	Plant, machinery and equipment	Laboratory equipment	Scales and weigh bridge	Guest house furniture and machinery	Office machinery and equipment	Furniture and fixture	Owned Vehicles	Total
At 30 June 2015										
Cost/Revalued amount	165,450,000	114,418,750	122,211,217	899,966	739,070	318,812	9,683,674	3,435,956	62,314,980	479,472,425
Accumulated depreciation	-	(27,742,486)	(33,494,527)	(528,203)	(240,526)	(301,809)	(4,354,475)	(939,144)	(27,890,085)	(95,491,255)
Net book value in Rupees	165,450,000	86,676,264	88,716,690	371,763	498,544	17,003	5,329,199	2,496,812	34,424,895	383,981,170
Annual rates (%) of depreciation 2015	-	10	10-15	25	12	10	10	10	20	
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 in Rupees	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
Annual rates (%) of depreciation 2016	-	10	10-15	25	12	10	10	10	20	

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

	2016 Rupees	2015 Rupees
Cost of Sale	28,185,003	22,860,570
Administrative Expenses	3,131,667	2,540,063
	31,316,670	25,400,633

17.02 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 2016		
	Cost	Accumulated Depreciation	Written Down Value
Land lease-hold	423,524	-	423,524
Building	61,407,046	28,482,153	32,924,893
Plant, machinery and equipment	165,809,585	78,327,823	87,481,762
Laboratory equipment	181,335	181,318	17
Scales and weigh bridge	1,127,655	1,101,434	26,221
Rupees 2016	**228,949,145**	**108,092,727**	**120,856,417**
Rupees 2015	181,414,967	96,196,603	85,218,364

17.03 DISPOSAL OF PROPERTY, PLANT AND EQUIPMENT

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

Particulars	Cost	Accumulated Depreciation	Net Book Value	Sale Proceeds	Profit / (Loss)	Mode Of Disposal	Buyer's Name
Honda Civic NK 647	1,754,425	1,391,531	362,894	1,150,000	787,106	Negotiation	Shahzad Gohar Khan
Suzuki Cultus QG 332	857,000	594,666	262,334	695,000	432,666	Negotiation	Yasir Qureshi
Toyota Hilux RIS 2422	1,519,000	967,677	551,323	1,085,000	533,677	Negotiation	Muhammad Imran Shoukat
Suzuki Mehran MW 844	430,740	374,012	56,728	310,000	253,272	Negotiation	Zafar Ullah Khan
Honda Civic QD 375	1,627,500	1,171,233	456,267	1,210,000	753,733	Negotiation	Anis ud din Sheikh
Toyota Fortunier ZB 176	5,204,000	2,409,105	2,794,895	2,700,000	(94,895)	Negotiation	Ali Riaz Malik
Rupees 2016	**11,392,665**	**6,908,224**	**4,484,441**	**7,150,000**	**2,665,559**		
Rupees 2015	3,195,615	2,112,860	1,082,755	2,773,000	1,640,245		

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

17.05 Included in fixed assets are assets which are secured with a bank against 1st parri passu charge for Rs. 380 million (2015: Rs. 455 million) over fixed assets (including land, building and, plant and machinery) of the company.

18 CAPITAL WORK IN PROGRESS

	Note	2016 Rupees	2015 Rupees
Opening balance		3,027,046	3,764,492
Additions during the year		6,389,678	11,059,388
		9,416,724	14,823,880
Less: Transferred to property, plant and equipment	18.01	7,582,820	11,796,834
		1,833,904	**3,027,046**

18.01 Transfers to property, plant and equipment are represented by:-

	2016 Rupees	2015 Rupees
Building	4,817,263	11,796,834
Plant and machinery	2,765,557	-
	7,582,820	**11,796,834**

19 INVESTMENT IN ASSOCIATES

	Note	2016 Rupees	2015 Rupees
At Cost:			
Premier Garments Limited - unlisted		2,720,000	2,720,000
Accumulated provision for the diminution in the value of investment	19.01	(2,720,000)	(2,720,000)
		-	-

19.01 27,200 (2015: 27,200) ordinary shares of Rs. 100/- each, represent 38.86% (2015: 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.

19.02 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 2015, is as follows:

Premier Garments Limited	2015 Rupees	2014 Rupees
Total assets	10,251,258	13,727,113
Total liabilities	23,375,769	26,936,730
Net Assets	**(13,124,511)**	**(13,209,617)**
Company's share of net assets of associate	**(5,100,185)**	**(5,133,257)**
Total revenue	3,000,000	3,600,000
Total profit for the year	85,106	113,482
Company's share of profit for the current year	33,072	44,099
Share of unrecognised accumulated losses	7,118,560	7,875,270

20 LONG TERM DEPOSITS

	Note	2016 Rupees	2015 Rupees
Deposits against bank guarantees		15,887,500	9,887,500
		15,887,500	**9,887,500**

21 STORES, SPARE PARTS AND LOOSE TOOLS

	2016 Rupees	2015 Rupees
Stores	76,632,069	73,127,556
Spare parts	5,983,425	3,230,939
Loose tools	1,495,856	807,735
	84,111,350	**77,166,230**

21.01 No identifiable stores and spares are held for specific capitalization.

22 STOCK IN TRADE

	2016 Rupees	2015 Rupees
Raw materials		
- In hand	61,563,783	77,100,992
- In transit	63,479,777	63,993,435
Work in process	44,065,660	40,610,459
	169,109,220	181,704,886
Finished goods	108,551,749	87,022,003
Less: Provision for damaged stock	3,040,019	-
	105,511,730	87,022,003
	274,620,950	**268,726,889**

	Note	2016 Rupees	2015 Rupees
23 TRADE DEBTS			
Foreign debts - secured		14,620,831	9,189,167
Trade debts- unsecured but considered good		541,590,531	483,098,525
Considered doubtful- unsecured		42,951,135	26,106,662
		599,162,497	518,394,354
Less : Provision for doubtful debts	23.01	42,951,135	26,106,662
Less : Trade debts written off		-	-
		42,951,135	26,106,662
		556,211,362	**492,287,692**
23.01 Provision for doubtful debts			
Opening balance		26,106,662	6,440,152
Provision made during the year		16,844,473	20,088,504
		42,951,135	26,528,656
Less: Provision written off during the year		-	421,994
Closing balance		**42,951,135**	**26,106,662**
24 LOANS AND ADVANCES			
Considered good:			
Suppliers		20,974,221	19,413,992
Receivable from related party	24.01	215,538	226,317
Employees:			
- Executives		5,232,222	2,387,604
- Other employees		1,011,317	722,534
		27,433,298	**22,750,447**
24.01 Related parties - unsecured			
Hala Enterprises Limited			
Nature of transaction:			
Sharing of office expenses		215,538	226,317
		215,538	**226,317**

The amount is receivable within one month. Further, balances receivable from related party (associated undertaking) are subject to mark up @ 10 % (2015: 12 %) p. a.

	Note	2016 Rupees	2015 Rupees
25 TRADE DEPOSITS AND SHORT TERM PREPAYMENTS			
Security deposits		4,384,553	4,804,553
Letter of credit - margin		6,405,000	6,993,600
Prepayments		2,916,730	2,949,781
		13,706,283	**14,747,934**
26 OTHER RECEIVABLES			
Zakat on dividend, receivable from government		76,962	76,962
Sales tax receivable		1,138,166	512,314
Other receivables:			
- from fair price shop		318,378	458,281
		1,533,506	**1,047,557**
27 ADVANCE INCOME TAX			
Advance income tax		**168,098,044**	**141,933,557**
28 CASH AND BANK BALANCES			
Cash in hand		4,061,199	3,398,605
Cash with banks:			
- In current accounts		15,376,525	26,789,234
- In deposit accounts	28.01	147,232,162	108,686,445
- Foreign currency accounts		34,172	34,172
		166,704,058	**138,908,456**

28.01 These carry profit @ 4% to 5 % (2015: 5 %) per annum approximately.

	Note	2016 Rupees	2015 Rupees
29 SALES			
- Export sales			
Cooking oil		29,191,605	16,449,165
- Local sales			
Ghee		1,803,462,375	2,001,268,300
Cooking oil		2,472,300,520	2,307,178,252
Speciality fats		14,951,053	23,512,658
		4,290,713,948	4,331,959,210
Soap		40,674,645	42,960,310
Gases		144,261	106,607
Coffee		9,558,179	1,325,185
Mushroom		2,435,490	1,736,365
		52,812,575	46,128,467
Less: Sales tax		8,017,432	6,760,703
		44,795,143	39,367,764
		4,364,700,696	4,387,776,139
Less: Trade discount		149,846,194	129,012,242
Commission		4,246,877	4,661,986
		154,093,071	133,674,228
		4,210,607,625	**4,254,101,911**
30 COST OF SALE			
Raw material consumed	**30.01**	2,842,793,102	3,029,436,962
Stores and spare parts consumed		14,888,484	9,764,134
Chemicals consumed		48,913,368	46,390,892
Packing materials consumed		265,548,407	292,295,607
Salaries, wages and benefits		47,259,865	43,085,731
Power, fuel and lubricants		128,544,357	137,607,767
Repair and maintenance		10,015,875	5,184,845
Filling and loading		32,160,851	27,008,360
Insurance		3,986,495	3,187,405
Provision for damaged stock		3,040,019	-
Depreciation	**17.01**	28,185,003	22,860,570
		3,425,335,826	3,616,822,273
Work in process:			
Opening		40,610,459	18,663,365
Closing		(44,065,660)	(40,610,459)
		(3,455,201)	(21,947,094)
Cost of goods manufactured		3,421,880,625	3,594,875,179
Finished goods:			
Opening		79,828,899	64,079,568
Closing		(97,156,597)	(79,828,899)
		(17,327,698)	(15,749,331)
		3,404,552,927	3,579,125,848
Finished goods purchased for resale:			
Opening		7,193,104	-
Purchases		9,263,216	7,821,832
		16,456,320	7,821,832
Closing stock		(11,395,152)	(7,193,104)
Cost of purchased goods sold		5,061,168	628,728
		3,409,614,095	**3,579,754,576**
30.01 Raw material consumed			
Opening		77,100,992	14,452,412
Purchases		2,827,255,893	3,092,085,542
		2,904,356,885	3,106,537,954
Closing		(61,563,783)	(77,100,992)
		2,842,793,102	**3,029,436,962**

30.02 Salaries wages and other benefits include provision for staff retirement benefits for the year Rs. 4,735 thousand (2015: Rs. 5,225 thousand).

31 SELLING AND DISTRIBUTION COST

	Note	2016 Rupees	2015 Rupees
Salaries, wages and benefits		23,305,535	24,015,643
Travelling and conveyance		3,412,910	3,330,775
Advertisement		206,463,624	139,888,246
Export charges		3,687,498	1,320,246
Carriage outward		37,616,341	33,696,103
Redistribution expenses		28,470,375	20,935,840
Promotional expenses		3,096,474	1,075,159
Other selling expenses		10,002,066	4,219,077
		316,054,823	228,481,089

31.01 Salaries wages and other benefits include provision for staff retirement benefits for the year Rs. 861 thousand (2015: Rs. 950 thousand).

31.02 Advertisement include below the line (BTL) expenses for the year Rs. 40.55 million (2015: Rs. 27.06 million).

32 ADMINISTRATIVE EXPENSES

	Note	2016 Rupees	2015 Rupees
Directors' meeting fee		860,000	680,000
Directors' remuneration		27,246,150	26,673,940
Salaries, wages and benefits		44,797,027	39,799,594
Travelling and conveyance		6,067,395	5,921,379
Entertainment		906,274	816,708
Printing and stationary		1,523,562	1,680,577
Postage, telephone and telex		3,223,392	2,796,940
Rent, rates and taxes		8,353,045	12,086,556
Fees and subscription		2,606,477	2,457,550
Legal and professional charges		4,228,683	3,176,175
Vehicle running and maintenance		9,393,591	9,296,791
Repair and maintenance		3,338,625	1,728,281
Power, fuel and lubricant		1,957,528	2,095,550
Advertisement		8,602,651	5,873,475
Provision for doubtful debts		16,844,473	20,088,504
Depreciation	17.01	3,131,667	2,540,063
Office expenses		2,389,595	1,498,483
		145,470,135	139,210,566

32.01 Salaries wages and other benefits include provision for staff retirement benefits for the year Rs. 3,013 thousand (2015: Rs. 3,325 thousand).

32.02 Advertisement include below the line (BTL) expenses for the year Rs. 1.69 million (2015: Rs. 1.13 million).

33 FINANCE COST

	Note	2016 Rupees	2015 Rupees
Mark up on short term borrowings		696,128	673,775
Mark up charged on W.P.P.F.		465,977	291,248
Bank charges		1,559,947	1,175,946
		2,722,052	2,140,969

34 OTHER OPERATING CHARGES

	Note	2016 Rupees	2015 Rupees
Auditors' remuneration	34.01	755,000	755,000
Workers' profit participation fund		17,304,648	15,532,574
Workers' welfare fund		6,912,540	6,207,205
		24,972,188	22,494,779

34.01 AUDITORS' REMUNERATION

	2016 Rupees	2015 Rupees
Audit fee	600,000	600,000
Half yearly review	75,000	75,000
Other attestation services	50,000	50,000
Out of pocket expenses	30,000	30,000
	755,000	755,000

35 OTHER INCOME

	Note	2016 Rupees	2015 Rupees
Income from financial assets			
Profit on bank deposits		6,581,825	4,525,752
Interest income from related party		35,092	16,053
Exchange loss		-	(61,522)
Income from non financial assets			
Scrap sale		352,980	480,000
Gain on disposal of property, plant and equipment		2,665,559	1,640,245
		9,635,456	**6,600,528**

36 TAXATION

		2016 Rupees	2015 Rupees
Taxation			
-Current year		98,147,839	97,305,346
-Prior years		20,363,202	6,626,376
		118,511,041	103,931,722
Deferred taxation			
For current year		(2,921,422)	(4,525,123)
		115,589,619	**99,406,599**

36.01 - Income tax return has been filed to the income tax authorities up to and including tax year 2015 under the provisions of the Income Tax Ordinance, 2001.

- Provision for current year income tax represents final tax on locally produced oil and minimum tax on imported oil under clause 13 (C), Part II, Second Schedule and section 148 (8) of the Income Tax Ordinance, 2001.

36.02 Deferred taxation has been provided using tax rate of taxation applicable to tax year 2017 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. 215,485 (2015: Rs. 319,693).

37 EARNINGS PER SHARE

Basic Earnings per share:

		2016	2015
Profit after taxation	Rupees	205,820,169	189,213,861
Weighted average number of ordinary shares	Number	5,390,652	5,390,652
Earnings per share - basic and diluted	Rupees	**38.18**	**35.10**

38 TRANSACTIONS WITH RELATED PARTY

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

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

Nature of transaction	Relationship with the company	2016	2015
Reimbursement of expenses			
Sharing of office expenses			
Hala Enterprises Limited	Associated company	2,001,567	2,450,440
		2,001,567	**2,450,440**

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 42 of the notes to the financial statements.

39 FINANCIAL INSTRUMENTS BY CATEGORY	Note	2016 Rupees	2015 Rupees
Financial assets as per balance sheet			
Long term deposits		15,887,500	9,887,500
Trade debts		556,211,362	492,287,692
Loans and advances		6,243,539	3,110,138
Trade deposits		4,384,553	4,804,553
Other receivables		318,378	458,281
Bank balances		162,642,859	135,509,851
		745,688,191	**646,058,015**
Financial liabilities as per balance sheet			
Trade and other payables		205,640,921	179,637,631
Short term borrowings		23,466,586	15,305,938
Accrued interest/mark-up		5,761	5,178
Unclaimed dividend		4,785,029	2,672,776
		233,898,297	**197,621,523**

39.01 Fair values of financial assets and liabilities

- Fair value is the price that would be received so 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.

39.01.1 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).

The Company does not hold any instrument which could be included in Level 1, Level 2 and Level 3.

The Company has investment in associate which is stated at cost (refer note19).

40 FINANCIAL INSTRUMENTS

40.01 Financial risk factors

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

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

(a) Market risk

(i) Currency risk

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

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

At 30 June 2015, if the Pakistani Rupee had weakened by 5% against the US Dollar with all other variables held constant, post-tax profit for the year would have been lower by Rs. 732,750 (2015: 461,167) 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:

	2016		2015	
	Rupees	US Dollars	Rupees	US Dollars
Trade debts	14,620,831	139,645	9,189,167	90,354
Cash at Bank	34,172	326.38	34,172	336

The following significant exchange rates were applied during the year:

Rupees per US Dollar	**2016**	**2015**
Reporting date rate	104.70	101.70
Average rate	104.49	101.69

(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:

	2016 **Rupees**	**2015** **Rupees**
Floating rate instrument		
Financial liabilities		
Short term borrowings	23,466,586	15,305,938
Financial assets		
Bank balances- saving accounts	147,232,162	108,686,445

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. 1,237,656 higher/lower (2015: 933,805 higher/lower), mainly as a result of higher/lower interest income on floating rate borrowings and bank balances. This analysis is prepared assuming the amounts of liabilities outstanding at balance sheet dates were outstanding for the whole year.

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

(iii) Other price risk

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

(b) Credit risk

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

Credit risk arises from deposits with banks, trade debts, loans and advances, deposits and other receivables. The company seeks to minimize the credit risk exposure through having exposures only to customers considered credit worthy and obtaining securities where applicable. Where considered necessary, advance payments are obtained from certain parties. Out of the total financial assets of Rs. 745,688,191 (2015: Rs. 646,058,015), the maximum exposure to credit risk amounts to Rs. 745,688,191 (2015: Rs. 646,058,015).

Geographically, there is no concentration of credit risk.

	Note	2016 Rupees	2015 Rupees
The maximum exposure to credit risk for trade debts, loans and receivables at the reporting date by type of parties was:			
Government institution and utility store		68,198,365	57,352,147
Private sector's companies		70,055,990	39,053,281
Distributors		460,890,181	298,996,325
Others		6,261,500	126,102,739
		605,406,036	**521,504,492**
The aging of loans and receivables at the reporting date was:			
Past due 0-6 months		557,229,557	374,648,827
Past due 6-12 months		7,091,900	109,505,513
More than one year		41,084,579	37,350,152
		605,406,036	**521,504,492**

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:

	2016 Rupees	2015 Rupees
Long term deposits	15,887,500	9,887,500
Trade debts	556,211,362	492,287,692
Loans and advances	6,243,539	3,110,138
Trade deposits	4,384,553	4,804,553
Other receivables	318,378	458,281
Bank balances	162,642,859	135,509,851
	745,688,191	**646,058,015**

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

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

(c) Liquidity risk

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

The table below analysis 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 2016	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	205,640,921	205,640,921	205,640,921	-	-	-	-
Short term borrowings	23,466,586	24,886,314	24,176,450	709,864	-	-	-
Accrued interest/mark-up	5,761	5,761	5,761	-	-	-	-
Unclaimed dividends	4,785,029	4,785,029	4,785,029	-	-	-	-
	233,898,297	235,318,025	234,608,161	709,864	-	-	-

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

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 2016/2015. The rates of interest/mark-up have been disclosed in note 13 to these financial statements.

41 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 of the notes to the financial statements less cash and bank balances. Total capital employed includes 'total equity' as shown in the balance sheet and 'net debt'. The gearing ratio as at 30 June 2016 and as at 30 June 2015 is as follows:

	2016 Rupees	2015 Rupees
Debt	23,466,586	15,305,938
Cash and bank balances	166,704,058	138,908,456
Net debt	(143,237,472)	(123,602,518)
Total equity	654,599,505	512,628,363
Total capital employed	511,362,033	389,025,845
Gearing ratio (%)	Nil	Nil

42 REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

	CHIEF EXECUTIVE		DIRECTORS		EXECUTIVES	
	2016 Rupees	2015 Rupees	2016 Rupees	2015 Rupees	2016 Rupees	2015 Rupees
Managerial remuneration	3,827,568	3,328,320	7,512,036	6,531,840	16,226,294	11,928,599
House rent and utilities	1,692,432	1,471,680	3,321,564	2,888,160	6,194,551	5,432,356
Bonus	1,275,856	1,109,440	1,228,156	1,067,840	4,809,160	3,868,124
Medical expenses	139,588	116,399	3,166,420	5,582,873	442,916	679,741
Travelling expenses	1,479,318	64,358	3,603,212	4,513,030	1,170,479	2,536,198
	8,414,762	**6,090,197**	**18,831,388**	**20,583,743**	**28,843,400**	**24,445,018**
Number of persons	1	1	2	2	13	8

42.01 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.

42.02 Aggregate amount charged in the financial statements for the year for meeting fee to 4 directors was Rs. 860,000 (2015: Rs. 680,000)

43 CAPACITY AND PRODUCTION

		2016	2015
Rated Capacity/Production			
Ghee / speciality fats	M.TON	14,000	14,000
Cooking oil	M.TON	14,000	14,000
		28,000	**28,000**
Actual Production			
Ghee / speciality fats	M.TON	13,322	13,490
Cooking oil	M.TON	13,827	12,908
		27,149	**26,398**

43.01 RATED CAPACITY

On the basis of blending hard oil with soft oil, rated capacity comes to 28,000 M. Ton annually. The rated capacity is interchangeable between Ghee and Cooking Oil depending on demand.

43.02 REASONS FOR SHORTFALL

Ghee/Speciality fats

- Sui gas shut down.
- Electricity shut down.

44 OPERATING SEGMENT

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

44.01 Revenue from sale of ghee, cooking oil, speciality fats, soap, and gases represents 99.77% (2015: 99.85%) of the total income of the company.

44.02 99.31% (2015: 99.61%) of the gross sales of the Company are made to customers located in Pakistan. Remaining 0.69% (2015: 0.39%) are the exports made to U.A.E.

44.03 All non current assets of the Company as at 30 June 2016 are located in Pakistan.

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

45 EMPLOYEES

	Number	Number
Average number of employees during the year.	229	225
Number of employees at the end of the year.	230	215

46 NON ADJUSTING EVENTS AFTER THE BALANCE SHEET DATE

The Board of Directors in its meeting held on 06 October, 2016 proposed final cash dividend at the rate of Rs. 7.0 per share (2015: Rs.7.0 per share) for the year ended 30 June 2016 subject to the approval of the members at the forthcoming Annual General Meeting to be held on 31 October, 2016 .

47 AUTHORIZATION OF FINANCIAL STATEMENTS

These financial statements have been approved and authorized for issue by the Board of Directors of the Company on 06 October 2016 .

48 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. Material changes made during the year are as follows:

CHAIRMAN / DIRECTOR **CHIEF EXECUTIVE OFFICER**

PATTERN OF SHAREHOLDING AS ON JUNE 30, 2016

No. of Shareholders	Shareholding From	To	Total Shares Held
496	1	100	15,353
449	101	500	115,676
72	501	1,000	53,296
74	1,001	5,000	163,456
16	5,001	10,000	117,217
8	10,001	15,000	93,681
2	15,001	20,000	34,600
1	20,001	25,000	22,438
1	25,001	30,000	25,492
1	30,001	35,000	30,218
2	35,001	40,000	75,474
1	40,001	45,000	44,000
1	50,001	55,000	51,971
2	60,001	65,000	127,008
1	70,001	76,000	75,570
1	105,001	110,000	109,789
1	115,001	120,000	194,400
1	195,001	200,000	224,732
2	220,001	225,000	456,602
1	225,001	230,000	234,000
2	260,001	265,000	528,152
1	265,001	270,000	265,306
1	290,001	295,000	291,306
1	340,001	345,000	340,893
1	360,001	365,000	363,822
1	365,001	370,000	365,226
1	455,001	460,000	456,323
1	525,001	530,000	517,651
1,142			**5,390,652**

Categories of Shareholders	Shares held	Percentage
Directors, CEO and their spouses	1,252,036	23.23
Associated Companies/Undertaking and Related Parties	415,793	7.71
NIT and ICP	43,946	0.82
Banks Development Financial Institutions and Non-Banking Financial Institutions	-	-
Insurance Companies	-	-
Modarabas and Mutual Funds	946,351	17.56
General Public	2,679,002	49.70
Joint Stock Companies	53,524	0.99
	5,390,652	**100.00**

PATTERN OF SHAREHOLDING AS ON JUNE 30, 2016
NAME & CATEGORY WISE DETAILS IN ACCORDANCE WITH CCG 2012

Sr. No.	Name & Category of Shareholders	No. of Shares Held	Percentage
Associated Companies, Undertakings and Related Parties:			
1	M/s Teejay Corporation (Private) Limited	363,822	6.75
2	M/s Hala Enterprises Limited	51,971	0.96
Mutual Funds (Name Wise Detail)			
1	CDC - Trustee And Index Tracker Fund (CDC)	300	0.0056%
2	CDC - Trustee And Opportunity Fund (CDC)	194,400	3.6062%
3	CDC - Trustee National Investment (unit) Trust (CDC)	517,651	9.6028%
4	Golden Arrow Selected Stock Fund Limited (CDC)	234,000	4.3408%
Directors and their Spouse and Minor Children (Name Wise Detail)			
1	Mr. Tahir Jahangir	39,836	0.74
2	Mr. Izaz Ilahi Malik	72,570	1.35
3	Mr. Usman Ilahi Malik	456,323	8.47
4	Mr. Furqan Anwar Batla	295,306	5.48
5	Mr. Jillani Jahangir	340,893	6.32
6	Syed Tahir Hussain Shah	3,108	0.06
7	Syed Zubair Ahmad Shah (NIT Nominee)	-	-
8	Mrs. Nageen Malik W/O Mr. Izaz Ilahi Malik	44,000	0.82
Executives:		-	-
Public Sector Companies & Corporations:		-	-
Banks, Development Finance Institutions, Non Banking Finance Companies, Insurance Companies, Takaful, Modarabas and Pension Funds:		-	-

Shareholders holding five percent or more voting intrest in the listed company

S. No.	Name of Shareholder	Holding	Percentage
1	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	365,226	6.7752%
4	M/S Teejay Corporation (Pvt) Ltd	363,822	6.7491%
5	Mian Jilani Jahangir	340,893	6.3238%
6	Mr. Furqan Anwar Batla	295,306	5.4781%

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

Sale	NIL
Purchase	NIL

ANNEXURE "A"

October 06, 2016

Dear Shareholder(s),

INFORMATION UNDER SECTION 218
OF THE COMPANIES ORDINANCE, 1984.

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

Name & Designation	Last Drawing	Increase	After Increase	Yearly
Mr. Tahir Jahangir Chairman/Director	Rs. 460,000/-	Rs. 69,000/-	Rs. 529,000/-	Rs. 6,348,000/-
Mr. Izaz Illahi Malik Chief Executive Officer	Rs. 460,000/-	Rs. 69,000/-	Rs. 529,000/-	Rs. 6,348,000/-
Mr. Usman Ilahi Malik Director	Rs. 442,800/-	Rs. 66,420/-	Rs. 509,220/-	Rs. 6,110,640/-

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

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

(Usman Saleem)
Company Secretary

FORM OF PROXY

I/We ____

of________________________ being a Member of **Punjab Oil Mills Limited** and holder(s) of

____________________ Ordinary Shares as per Share Register Folio No. ______________________

For beneficial owners as per CDC List

CDC Participant I.D. No. Sub Account No. ________________

CNIC No. Passport No. ________________

hereby appoint Mr./Mrs./Miss.______________________________of______________an other member of the Company or failing him /her Miss/Mrs/Mr. ______________________________ of _______________another member of the Company as my / our proxy to attend and vote for me / us and my /our behalf at Annual General Meeting of the Company to be held on Monday, October 31, 2016, at 10:30 A.M. and at every adjournment thereof, if any.

Please affix
Rupees Five
Revenue Stamp

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

Signed this _________ day of October 2016

Signature of Shareholder ______________________

Signature of Proxy ______________________

1. WITNESS	2. WITNESS
Signature: ______________________	Signature: ______________________
Name: ______________________	Name: ______________________
Address: ______________________	Address: ______________________
______________________	______________________
CNIC No.	CNIC No.
or Passport No.______________________	or Passport No.______________________

Important:

1. This Proxy Form. duly completed and signed, must be received at above mentioned address the Registered Office of the Company, not less than 48 hours before the time of holding the meeting.
2. If a member appoints more than one proxy and more than one instruments of proxy are deposited by a member with the Company, all such instruments of proxy shall be rendered invalid.
3. For CDC Account Holders / Corporate Entities In addition to the above the following requirements have to be met

i. Attested copies of CNIC or the passport of the beneficial owners and the proxy shall be provided with the proxy forms.

ii. The proxy shall produce his original CNIC or original passport at the time of the meeting.

iii. In case of a corporate entity, the Board of Directors resolution /power of attorney with specimen signature shall be submitted (unless it has been provided earlier) alongwith proxy form to the Company.

AFFIX

CORRECT

POSTAGE

To:

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