CONTENTS

Vision Statement

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.

Mission Statemnent

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	Executive Director
	Mr. Jillani Jahangir	Non-Executive Director (Certified Director)
	Sh. Anwar A. Batla	Non-Executive Director
	Syed Zubair Ahmad Shah	Non-Executive Director
	Mr. Furqan A. Batla	Non-Executive Director
AUDIT COMMITTEE	Sh. Anwar A. Batla	Chairman
	Syed Zubair Ahmad Shah	Member
	Mr. Usman Ilahi Malik	Member
HUMAN RESOURCE & REMUNERATION COMMITTEE	Mr. Jillani Jahangir	Chairman
	Mr. Izaz Ilahi Malik	Member
	Mr. Usman Ilahi Malik	Member
	Mr. Furqan Anwar Batla	Member
CHIEF FINANCIAL OFFICER	Mr. Muhammad Saeed Malik	
COMPANY SECRETARY	Rana Shakeel Shaukat	
HEAD OF INTERNAL AUDIT	Mr. Shehzad Nazir	
AUDITORS	M/s Maqbool Haroon Shahid Safdar & Co. Chartered Accountants	
LEGAL ADVISORS	A.G.H.S Law Associates	
BANKERS	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	

Information for Shareholders

Company's Registered Office/Works

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

Share Registrar

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

Listing on Stock Exchanges

Punjab Oil Mills Limited is listed on:
Karachi Stock Exchange (G) Limited
Lahore Stock Exchange (G) Limited
Islamabad Stock Exchange (G) 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 2013-2014 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 Karachi Stock Exchange during the Financial Year Ended June 30, 2012.

Months		Highest Rate (Rs.)	Lowest Rate (Rs.)	Closing Rate (Rs.)	No. of Shares Traded
July	2012	55.66	50.40	55.00	6,994
August	2012	52.40	47.50	48.00	2,000
September	2012	45.60	45.60	45.60	500
October	2012	50.27	44.55	47.76	2,000
November	2012	47.76	47.76	47.76	-
December	2012	59.00	47.50	47.75	78,500
January	2013	45.37	42.10	42.10	22,000
February	2013	48.03	40.30	43.42	7,500
March	2013	45.20	42.75	45.05	10,000
April	2013	62.00	47.15	60.00	8,000
May	2013	68.25	62.59	66.75	7,500
June	2013	63.55	60.50	63.50	8,000

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the 32nd Annual General Meeting of the shareholders of **PUNJAB OIL MILLS LIMITED** will be held on Thursday, October 31, 2013 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 31st Annual General Meeting of the company held on October 30, 2012.
2. To receive, consider and adopt the audited financial statements of the company for the year ended June 30, 2013 together with the Directors' and Auditors' Reports thereon.
3. To approve Final Cash Dividend @ 10% i.e. Rs. 1.00 per Share. This is in addition to interim dividend already paid @ 15% [i.e. Rs. 1.50 per share] announced by the Board of Directors of the Company for the financial year 2012-2013.
4. To appoint External Auditors of the Company for the year ending June 30, 2014 as recommended by the Board of Directors and to fix their remuneration.

SPECIAL BUSINESS

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

By order of the Board

Lahore:
October 07, 2013

(Rana Shakeel Shaukat)
Company Secretary

Notes:

1. The Share Transfer Books of the Company will remain closed from October 24, 2013 to October 31, 2013 (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 not later than 48 hours before the time of holding the meeting and must be duly stamped, signed and witnessed.
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.
4. Members are requested to notify the Company of any change in their addresses, if any.

Disclosure to the Shareholders under Section 218 of the Companies Ordinance 1984 is being sent to the members alongwith Annual Report 2013.

Directors' Report

The Directors of the Company take pleasure in presenting their 32nd Annual Report together with the Company's Audited Annual Financial Statements for the year ended June 30, 2013. The Director's Report, prepared under Section 236 of the Companies Ordinance, 1984 and revised CCG 2012 will be put forward to the members at the Thirty Second Annual General Meeting of the Company to be held on October 31, 2013.

Operating Results

Sales revenue for the year under review increased by 8.6% compared to the same period last year. As there was no significant change in average prices on the whole, this was primarily due to overall volume growth of 9.8%, led chiefly by growth in cooking oil products. This was a result of increased marketing efforts on branding activities as well better leveraging of our sales network to build new customers and expand coverage. Banaspati sale volume grew by 4.4% while cooking oil volume increased by 35.6%. Gross margins improved to 9% from 5.8% compared to same period last year. This appreciable improvement was a result of increase share of higher margin cooking oil products as well as better margins in banaspati products due to branding activities and favorable raw material prices. This can be observed from the fact that while average price of raw material per MT fell by 5% for this year, mostly due to slightly lower oil prices, our banaspati selling price only declined by 4.8% while cooking oil prices actually increased marginally by 0.1% At the same time, energy costs were better managed this year by switching to bio-mass consumption in boilers as opposed to more expensive furnace oil consumed last year. Better margins translated into 67% growth in gross profits for the 12 months under review.

The improved profitability at the gross level led to operating margins rising to 3.9% from 2.2% achieved last year. This translated into 90% growth in operating profits. It should be noted that even though operating margins improved for the period, operating expenses as a ratio of sales increased to 5.1 % from 3.6%, mainly on account of 80% increase in selling and distribution costs. This increase can primarily be attributed to higher advertisement expense incurred in launching the CanOlive brand, which caused this expense to increase by 127% for the year.

Lower financial charges, higher contribution to WWF and WPPF, and higher other income combined with better operating margins increased profit before tax by 96% for the twelve months under review compared to the same period last year. As a result the company posted a profit after tax of PKR 63.0 million for the year, a 589% growth from after-tax profit of PKR 9.1million recorded last year.

PKR 16.06 million on account of bank guarantee to excise department as infrastructure development cess was transferred from long term deposit and charged to raw material during this period.

Provision of PKR 19.6 million has been made in taxation on account of Notice U/S 162/205 given by Inland Revenue officer LTU as additional tax charged of 2% on imported oil in view of increase in income tax at import stage of oil to 5% from 3%. However, as company has been charging the full 5% since its effective date and the notice pertains to imports prior to the date since start of fiscal year, the company has appealed this notice. Provision has been made as a prudent measure.

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

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

Financial Results

Financial and Operating Results

	2013 RUPEES	2012 RUPEES
Operating Profit	175,188,618	92,261,564
Finance cost & other charges	(17,269,571)	(11,950,451)
Other operating income	5,296,673	3,027,620
Profit before taxation	163,215,720	83,338,733
Taxation	(100,177,604)	(74,195,902)
Profit after tax	63,038,116	9,142,831
Un-appropriated profit brought forward	131,099,891	119,140,682
Available for appropriation	194,138,007	128,283,513

Appropriations:-

15% Interim dividend paid during the Year 2013	(8,085,978)	-
Transferred from surplus on revaluation of property, plant and equipment	10,853,871	2,816,378
Balance as at June 30, 2013/ 2012	196, 905,900	131,099,891

Diselosure of Dividend & Bonus Shares

During the year under review the Board of Directors approved 15% 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 10% for the year ended 30 June 2013 to all the shareholders of the company.

Contribution to the National Exchequer

During the year the company contributed Rs. 360.726 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 06, 2010. The Board is going to retired in December 2013.

Board Meetings

During the year under review, five meetings of the Board of Directors were held from July 2012 to June 2013. 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	5
3.	Sh. Anwar A.Batla	5
4.	Mr. Usman Ilahi Malik	5
5.	Syed Zubair Ahmad Shah	5
6.	Mr. Jillani Jahangir	4
7.	Mr.Furqan Anwar Batla	5

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, 2013.

Audit Committee

The Board of Directors of the Company has set up an Audit Committee comprising of three members in accordance with the Code of Corporate Governance; two of whom are Non-Executive Directors including the Chairman of the Committee. During the year June 30, 2013, four (4) meetings of the committee were held. Attendance by each member was as under:

Sr. No.	Name of Members	Meetings Attended
1.	Sh. Anwar A.Batla (Chairman)	4
2.	Syed Zubair Ahmad Shah (Member)	4
3.	Mr. Usman Ilahi Malik (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	Meeting Attended
1.	Mr. Jillani Jahangir (Chairman)	1
2.	Mr. Izaz Ilahi Malik (Member)	1
3.	Mr. Usman Ilahi Malik (Member)	1
4.	Mr. Furqan Anwar Batla (Member)	1

Terms of Reference

The Committee shall be responsible for:

i) recommending human resource management policies to the board;

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

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

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

Internal Audit and Control

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

Corporate Governance

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

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

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

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

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

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

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

Corporate and Financial Reporting Framework

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

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

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

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

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

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

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

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

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

(x) The value of investments in employee retirement funds based on the latest audited Accounts as of 30 June, 2013 are as follows:

Gratuity Fund Rs. 33.704 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, 2013 of certain classes of shareholders whose disclosure is required under the revised CCG and the statement of purchase and sale of shares by Directors, executives and their minor children during the year is shown in the Annual Report.

Code of Conduct

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

Priority Standards of Conduct

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

Safety, Health and Environment

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

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

Compliance with the Code of Corporate Governance.

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

Corporate Social Responsibility

Punjab Oil Mills is cognizant of its legal and ethical responsibilities towards the local communities where it operates. As such the board has authorized the management to exercise its corporate social responsibilities by serving the local communities in the areas of health and education. The management is currently working on setting up a free water filtration plant outside the boundary wall of the Factory to facilitate the neighboring community and is also collaborating with the Pakistan National Heart Association in providing free medicines and medical camps and raising awareness of Heart Diseases in the public.

ISO 9001: 2008 and Dutch HACCP Certifications

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

Director Training Program

In compliance with the Code of Corporate Governance 2012, during the year under review one Director attended the Corporate Governance Leadership Skills (CGLS) Program of the Pakistan Institute of Corporate Governance (PICG) and obtained the required Certificate. Two 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, 2013, 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 Auditors 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 2013-2014. The Audit Committee of the Board has recommended their re-appointment as Auditors of the Company for the year ending June 30, 2014 on the same remuneration.

Outlook for the year 2014

Although the year under review was a challenging one with continued stiff competition from other players, general economic weakness of the country and ever increasing input costs, the management's focus on maintaining margins by investing in brands enabled it to both improve volumes and margins. Event though this strategy entailed continual increases in selling and distribution costs, it is beginning to payoff in the form of improved profitability.

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. While our current strategy of growing our higher margins products via increased marketing is yielding dividends and we should continue on this strategy, there is also an opportunity to improve profitability by upgrading our banaspati production facilities to the modern, physical refining system, replacing the more costly (running cost) and out dated chemical refining system. For this management is studying the feasibility and exploring financing options. The cost is approximately 60 million.

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.

Although our profitability in the first quarter is expected to be on target, the crushing increase in utility costs and more than anticipated gas shortages is beginning to cut into to our margins now and may have an impact in the 2nd quarter. However, the management is focused in controlling costs and maintaining prices to be on course for full year profit targets.

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.

At 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 & on behalf of the Board

(Izaz Ilahi Malik)
Chief Executive Officer

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

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

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

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

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

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, during the year under review one Director attended the Corporate Governance Leadership Skills (CGLS) Program of the Pakistan Institute of Corporate Governance (PICG) and obtained the required Certificate. Two 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 three members, of whom two are non-executive directors including 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.

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

KEY FINANCIAL DATA LAST SIX YEARS

PARTICULARS	2008	2009	2010	2011	2012	2013
Issued, Subscribed and paid up capital	20,419,130	30,628,700	38,285,875	53,906,520	53,906,520	53,906,520
Capital Reserves	1,880,875	1,880,875	1,880,875	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	24,743,752	22,093,067	25,916,180	33,489,785	55,462,259	52,511,566
Current Liabilities	482,780,089	403,849,997	394,031,587	490,643,083	595,454,035	622,938,678
Operating Fixed Assets	184,333,874	185,055,146	191,596,543	195,668,025	386,991,777	393,416,290
Current Assets	495,534,275	454,214,298	482,108,544	630,261,741	720,718,980	814,982,248
Sales	2,501,790,859	2,809,909,510	3,018,441,736	3,710,266,602	4,168,048,880	4,525,960,699
Gross Profit	123,219,862	184,599,614	181,294,285	236,431,839	243,071,754	405,375,055
Operating Profit	59,581,676	99,660,849	78,200,534	108,474,330	92,261,564	175,188,618
Profit before taxation	54,342,576	103,477,686	77,119,391	102,501,197	83,338,733	163,215,720
Profit after taxation	38,443,014	40,271,487	50,319,792	37,063,933	9,142,831	63,038,116

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

We have reviewed the statement of compliance with the best practices contained in the Code of Corporate Governance as applicable to the company for the year ended 30 June 2013 prepared by the Board of Directors of **PUNJAB OIL MILLS LIMITED** ("the Company") to comply with the Listing Regulations of the respective Stock Exchanges, where the Company is listed.

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

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

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

Based on our review, nothing has come to our attention which causes us to believe that the statement of compliance does not appropriately reflect the Company's compliance, in all material respects, with the best practices contained in the Code of Corporate Governance as applicable to the company for the year ended 30 June 2013.

Maqbool Haroon Shahid Safdar & Co

Lahore
Date: 07 October 2013

MAQBOOL HAROON SHAHID SAFDAR AND COMPANY
CHARTERED ACCOUNTANTS
SHAHID MEHMOOD

AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed Balance Sheet of **PUNJAB OIL MILLS LIMITED** ('the company') as at 30 June 2013 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 account 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 2013 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 & Ushr Ordinance, 1980, was deducted by the Company and deposited in the Central Zakat Fund established under section 7 of that Ordinance.

Maqbool Haroon Shahid Safdar

Lahore
Date: 07 October 2013

MAQBOOL HAROON SHAHID SAFDAR AND COMPANY
CHARTERED ACCOUNTANTS
SHAHID MEHMOOD

BALANCE SHEET
AS AT 30 JUNE 2013

	NOTE	2013 RUPEES	2012 RUPEES
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized share capital			
10,000,000 (2012: 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	205,505,900	139,699,891
		282,549,579	216,743,570
Surplus on revaluation of property, plant and equipment- net of tax	10	261,492,051	271,076,508
NON CURRENT LIABILITIES			
Deferred liabilities	11	52,511,566	55,462,259
CURRENT LIABILITIES			
Trade & other payables	12	485,981,730	446,205,845
Short term borrowings	13	452,790	42,270,954
Accrued mark up	14	106,709	40,066
Unclaimed dividend		1,358,641	1,038,344
Provision for taxation	15	135,038,808	105,898,826
		622,938,678	595,454,035
Contingencies & Commitments	16	-	-
		1,219,491,874	**1,138,736,372**
ASSETS			
NON CURRENT ASSETS			
Tangible fixed assets			
Property, plant and equipment	17	390,192,404	386,399,878
Capital work in progress	18	3,223,886	591,899
		393,416,290	386,991,777
Intangible assets	19	6,145,836	13,520,833
Investment in associates	20	-	-
Long term deposits	21	4,947,500	17,504,782
CURRENT ASSETS			
Stores, spare parts and loose tools	22	51,368,863	50,962,838
Stock in trade	23	165,914,877	230,480,406
Trade debts	24	427,435,619	288,180,298
Loans and advances	25	16,894,607	9,562,815
Trade deposits and short term prepayments	26	14,434,542	21,558,500
Other receivables	27	843,054	5,221,326
Advance income tax	28	96,798,490	93,018,975
Cash and bank balances	29	41,292,196	21,733,822
		814,982,248	720,718,980
		1,219,491,874	**1,138,736,372**

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

CHAIRMAN / DIRECTOR **CHIEF EXECUTIVE OFFICER**

PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 30 JUNE 2013

	NOTE	2013 RUPEES	2012 RUPEES
Sales - net	30	4,525,960,699	4,168,048,880
Cost of sales	31	4,120,585,644	3,924,977,126
Gross profit		405,375,055	243,071,754
Operating expenses			
Selling and distribution cost	32	152,426,296	84,749,722
Administrative expenses	33	77,760,141	66,060,468
		230,186,437	150,810,190
Operating profit		175,188,618	92,261,564
Finance cost	34	4,321,063	5,010,773
Other operating charges	35	12,948,508	6,939,678
		17,269,571	11,950,451
		157,919,047	80,311,113
Other income	36	5,296,673	3,027,620
Profit before taxation		163,215,720	83,338,733
Taxation	37	100,177,604	74,195,902
Profit for the year		63,038,116	9,142,831
Earnings per share - Basic and diluted	39	11.69	1.70

Appropriations have been reflected in the statement of changes in equity.
The annexed notes from 01 to 49 form an integral part of these financial statements.

CHAIRMAN / DIRECTOR

CHIEF EXECUTIVE OFFICER

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2013

	NOTE	2013 RUPEES	2012 RUPEES
Profit for the year		63,038,116	9,142,831
Other comprehensive income:			
Transfer from surplus on revaluation of property, plant and equipment on account of			
- Incremental depreciation - net of deferred tax	**10**	10,853,871	2,816,378
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**73,891,987**	**11,959,209**

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

CHAIRMAN / DIRECTOR

CHIEF EXECUTIVE OFFICER

CASH FLOW STATEMENT
FOR THE YEAR ENDED 30 JUNE 2013

	NOTE	2013 RUPEES	2012 RUPEES
CASH FLOW FROM OPERATING ACTIVITIES			
Profit for the year before taxation		163,215,720	83,338,733
Adjustments for following items:			
Workers' profit participation fund		8,783,323	4,492,210
Workers' welfare fund		3,510,185	1,792,468
Gain on disposal of property, plant and equipment		(1,664,258)	-
Provision for gratuity		6,465,484	7,283,459
Depreciation		25,734,990	13,635,683
Amortization		7,374,997	1,229,167
Finance cost		4,321,063	5,010,773
		54,525,784	33,443,760
Operating Profit before Working Capital Changes		217,741,504	116,782,493
(Increase)/Decrease in Current Assets:			
Stores, spare parts and loose tools		(406,025)	(6,480,684)
Stock in trade		64,565,529	(26,224,057)
Trade debts		(139,255,321)	(35,942,881)
Loan and advances		(7,331,792)	(4,694,222)
Trade deposits and short term prepayments		7,123,958	894,823
Other receivables		4,378,272	(4,366,843)
		(70,925,379)	(76,813,864)
Increase / (Decrease) in Current Liabilities:			
Trade & other payable		32,463,272	86,200,780
Cash generated from operations		179,279,397	126,169,409
Workers' profit participation fund paid		(3,345,654)	(5,878,052)
Workers' welfare fund paid		(1,792,468)	(2,204,507)
Staff retirement benefits paid		(3,416,400)	(6,242,500)
Finance cost paid		(4,097,193)	(4,991,606)
Income tax paid		(79,547,501)	(69,748,060)
Dividend paid		(7,765,681)	(343,943)
		(99,964,897)	(89,408,668)
Net cash generated from operating activities		**79,314,500**	**36,760,741**
CASH FLOW FROM INVESTING ACTIVITIES			
Fixed capital expenditure		(25,040,473)	(21,926,553)
Intangible assets acquired		-	(14,750,000)
Proceeds from disposal of property, plant and equipment		2,124,000	-
Capital work in progress		(7,578,771)	(10,980,988)
Long term deposits		12,557,282	6,103,958
Net cash flow used in investing activities		**(17,937,962)**	**(41,553,583)**
CASH FLOW FROM FINANCING ACTIVITIES			
Decrease in finance lease liability		-	(209,829)
Short term borrowings		(41,818,164)	15,725,262
Net cash flow from financing activities		**(41,818,164)**	**15,515,433**
Net increase in Cash and Cash Equivalents		19,558,374	10,722,591
Cash and Cash Equivalents at the beginning of the year		21,733,822	11,011,231
Cash and Cash Equivalents at the end of the year	29	**41,292,196**	**21,733,822**

CHAIRMAN / DIRECTOR

CHIEF EXECUTIVE OFFICER

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2013

(RUPEES)

	SHARE CAPITAL	CAPITAL RESERVES	REVENUE RESERVES		TOTAL
			GENERAL RESERVES	UN-APPROPRIATED PROFIT	
Balance as at 01 July 2011	53,906,520	23,137,159	8,600,000	119,140,682	204,784,361
Total Comprehensive Income for the year					
Profit for the year ended 30 June 2012	-	-	-	9,142,831	9,142,831
Transfer from surplus on revaluation of property, plant and equipment on account of - Incremental depreciation - net of deferred tax	-	-	-	2,816,378	2,816,378
	-	-	-	11,959,209	11,959,209
Transaction with owners recorded directly in Equity - Distributions	-	-	-	-	-
Balance as at 30 June 2012	**53,906,520**	**23,137,159**	**8,600,000**	**131,099,891**	**216,743,570**
Total Comprehensive Income for the year					
Profit for the year ended 30 June 2013	-	-	-	63,038,116	63,038,116
Transfer from surplus on revaluation of property, plant and equipment on account of - Incremental depreciation - net of deferred tax	-	-	-	10,853,871	10,853,871
	-	-	-	73,891,987	73,891,987
Transaction with owners recorded directly in Equity - Distributions					
15 % interim dividend paid during the year	-	-	-	(8,085,978)	(8,085,978)
				(8,085,978)	(8,085,978)
Balance as at 30 June 2013	**53,906,520**	**23,137,159**	**8,600,000**	**196,905,900**	**282,549,579**

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

CHAIRMAN / DIRECTOR

CHIEF EXECUTIVE OFFICER

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2013

1 LEGAL STATUS AND NATURE OF BUSINESS

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

2 BASIS OF PREPARATION

2.01 Statement of compliance

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

2.02 Standards, interpretations and amendments to published approved accounting standards

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

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

Following are the amendments that are applicable for accounting periods beginning on or after 01 July 2012:

- IAS 1 (amendment), 'Financial statement presentation' regarding other comprehensive income is effective for periods starting from or on July 01 2012. It requires entities to company's items presented in 'other comprehensive income' (OCl) on the basis of whether they are potentially reclassifiable to profit or loss subsequently (reclassification adjustments). The amendments do not address which items are presented in OCI. The adoption of the amendments have no impact on financial statements of the company.

- IAS 12, `Income taxes' (amendment), is effective for periods starting from or on January 01 2012. The standard currently requires an entity to measure the deferred tax relating to an asset depending on whether the entity expects to recover the carrying amount of the asset through use or sale. It can be difficult and subjective to assess whether recovery will be through use or through sale when the asset is measured using the fair value model in IAS 40, 'Investment property'. This amendment therefore introduces an exception to the existing principle for the measurement of deferred tax assets or liabilities arising on investment property measured at fair value. As a result of the amendments, SIC 21, 'Income taxes - recovery of revalued non-depreciable assets', will no longer apply to investment properties carried at fair value. The amendments also incorporate into IAS 12 the remaining guidance previously contained in SIC 21, which is withdrawn. The adoption of the amendments have no impact on financial statements of the company.

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

The other new standards, amendments and interpretations that are mandatory for accounting periods beginning on or after July 01, 2012 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 applicable to the company but are not yet effective

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

- IAS 19 (Amendment), 'Employee benefits', is effective for the accounting periods on or after 01 January 2013. It eliminates the corridor approach and recognises all actuarial gains and losses in other comprehensive income as they occur, immediately recognises all past service costs and replaces interest cost and expected return on plan assets with a net interest amount that is calculated by applying the discount rate to the net defined liability/assets. The financial statement for the next year will incorporate the unrecognized actuarial gains and losses in other comprehensive income. The change will be recognised in accordance with IAS 8 - "Accounting policies, changes in accounting estimates and errors" as change in accounting policy.

- IFRS 7 (Amendments), 'Offsetting Financial Assets and Financial Liabilities', is effective for annual periods beginning on or after 01 January 2013. This contain new disclosure requirements for financial assets and financial liabilities that are offset in the statement of financial position or subject to master netting agreement or similar arrangement. The amendments are expected to have no impact on the financial statements of the company.

- IAS 1 (Amendments), 'Presentation of Financial Statements', is effective for annual periods beginning on or after 01 January 2013. It clarifies that only one comparative period - which is the preceding period - is required for a complete set of financial statements. If an entity presents additional comparative information, then that additional information need not be in the form of a complete set of financial statements. However such information should be accompanied by related notes and should be in accordance with IFRS. Furthermore, it clarifies that the 'third statement of financial position' , when required, is only required if the effect of restatement is material to statement of financial position.

- IAS 16 (Amendments), 'Property Plant and Equipment', is effective for the accounting periods on or after 01 January 2013. It clarifies the accounting of spare parts, stand-by equipment and servicing equipment. The definition of 'property plant and equipment' in IAS 16 is now considered in determining whether these items should be accounted for under that standard. If these items do not meet the definition, then they are accounted for using IAS 2 Inventories. The amendment is not likely to have material impact on the financial statements of the company.

- IAS 32 Financial Instruments: Presentation - is amended to clarify that IAS 12 Income Taxes applies to the accounting for income taxes relating to distributions to holders of an equity instrument and transaction costs of an equity transaction. The amendment removes a perceived inconsistency between IAS 32 and IAS 12.

- IAS 34 Interim Financial Reporting is amended to align the disclosure requirements for segment assets and segment liabilities in interim financial reports with those in IFRS 8 Operating segments. IAS 34 now requires the disclosure of a measure of total assets and liabilities for a particular reporting segment. In addition, such disclosure is only required when the amount is regularly provided to the chief operating decision maker and there has been a material change from the amount disclosed in the last annual financial statements for the reporting segment.

- IAS 32 (Amendments), 'Financial Instruments: Presentation', on offsetting financial assets and financial liabilities, is effective for annual periods beginning on or after 01 January 2014. The amendments address inconsistencies in current practice when applying the offsetting criteria in IAS 32 Financial Instruments: Presentation. The amendments clarify the meaning of 'currency has a legal enforceable right of set off'; and that some gross settlement systems may be considered equivalent to net settlement. This amendment may impact the financial statements of the company.

The Company expects that the adoption of the above revisions, amendments and interpretations of the standards except IAS 19- Employee Benefits - (Amendment) will not affect the Company's financial statements in the period of initial application. However, due to amendment in IAS 19, corridor approach has been eliminated and now all actuarial gain / losses are to be recognized in other comprehensive income as they incur. Due to this change in policy which will be applied retrospectively, unappropriated profit would be lower and employee benefits would be higher by Rs. 1,823,040.

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

Standard or Interpretation		**Effective Date (Annual periods beginning on or after)**
IFRS 09 -	Financial Instruments: Classification and Measurement	January 01, 2015
IFRS 10 -	Consolidated Financial Statements	January 01, 2013
IFRS 11 -	Joint Arrangements	January 01, 2013
IFRS 12 -	Disclosure of Interests in Other Entities	January 01, 2013
IFRS 13 -	Fair Value Measurement	January 01, 2013

3 BASIS OF MEASUREMENT

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

4 JUDGMENT, ESTIMATES AND ASSUMPTIONS

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

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

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

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

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

4.02 Fair value of financial instruments having no active market

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

4.03 Taxation

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

4.04 Provisions

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

4.05 Revaluation of property, plant and equipment

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

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

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

4.07 Staff retirement benefit obligations

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

5 FUNCTIONAL AND PRESENTATION CURRENCY

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

6 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

6.01 Tangible fixed assets and depreciation

a) Owned

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

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

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

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

b) Assets subject to finance lease

These are stated at the lower of present value of minimum lease payments under the lease agreement and the fair value of assets acquired on lease. Aggregate amount of obligation relating to assets subject to finance lease is accounted for at net present value of liabilities. Assets so acquired are depreciated over their respective useful lives of the assets on reducing balance method using the same rate as of owned assets. Depreciation of leased assets is charged to current year's income.

c) 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.

d) 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/inappropriate profits.

e) 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/other comprehensive income.

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).

Actuarial gains and losses arising from experience adjustment and changes in actuarial assumptions in excess of the greater of 10% of the opening defined benefit obligation are charged or credited to income over the employees expected average remaining working lives.

As per actuarial valuation carried out as at 15 July 2013, the following significant assumptions were used:

	2013	**2012**
Discount factor used	10.50%	14.00%
Expected rate of eligible salary increase in future years	9.50%	13.00%
Average expected remaining working lifetime of employees	7 years	7 years
Actuarial valuation method	Project Unit Credit Method	

6.03 Trade and other payables

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

6.04 Dividend and appropriation to reserves

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

6.05 Taxation

Current and prior years:

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

Deferred:

The Company accounts for deferred taxation using the liability method on temporary differences arising between the tax base of assets and liabilities and their carrying amounts in the financial statements. Deferred tax liability is recognized for taxable temporary differences and deferred tax asset is recognized to the extent that is probable that taxable profits will be available against which the deductable temporary differences, un-used tax losses and tax credits can be utilized. Deferred tax is charged or credited to the profit and loss account except for deferred tax arising on surplus of revaluation of fixed assets which is charged to the surplus on revaluation. Deferred taxation is provided to the extent of income of the company chargeable under normal tax regime.

6.06 Capital work in progress

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

6.07 Intangible assets

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

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

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

6.08 Investment in related parties

Investment 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 reduce the carrying amount of the investment. Adjustments to the carrying amounts are also made for changes in the associate's equity that have not been recognized in the associate's profit or loss. The Company's share of those changes is recognized directly in equity of the Company.

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

6.09 Stores, spare parts and loose tools

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

6.10 Stock in trade

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

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

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

6.11 Impairment

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

6.12 Trade debts and other receivables

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

6.13 Cash and cash equivalents

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

6.14 Foreign currency transactions

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

6.15 Revenue recognition

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

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

6.16 Borrowing costs

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

6.17 Financial instruments

All the financial assets and financial liabilities are recognized when the Company becomes a party to the contractual provisions of the instrument. Financial assets are de-recognized when the company 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).

6.18 Offsetting of financial assets and financial liabilities

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

6.19 Contingencies and commitments

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

6.20 Provisions

A 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.

6.21 Related parties

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

6.22 Related party transactions and transfer pricing

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

6.23 Leases

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

6.24 Earnings per share (EPS)

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

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

7 ISSUED, SUBSCRIBED AND PAID UP CAPITAL	**NOTE**	**2013 RUPEES**	**2012 RUPEES**
2,854,543 (2012: 2,854,543) ordinary shares of Rs. 10/- each fully paid in cash		28,545,430	28,545,430
2,536,109 (2012: 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 (2012: 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.

	NOTE	2013 RUPEES	2012 RUPEES
8 CAPITAL RESERVES			
Capital			
Share premium		23,137,159	23,137,159
		23,137,159	**23,137,159**

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

9 REVENUE RESERVES

General reserves	8,600,000	8,600,000
Accumulated profit	196,905,900	131,099,891
	205,505,900	**139,699,891**

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

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

	2013	2012
Land-Lease hold		
Opening balance	165,026,476	99,576,476
Addition during the year	-	65,450,000
Closing balance	165,026,476	165,026,476
Building-on Lease hold land		
Opening balance	76,415,800	17,682,618
Addition during the year	-	61,009,860
Closing balance	76,415,800	78,692,478
Plant, machinery & equipments		
Opening balance	50,464,506	7,593,192
Addition during the year	-	43,997,277
Closing balance	50,464,506	51,590,469
Laboratory equipment		
Opening balance	881,160	-
Addition during the year	-	899,908
Closing balance	881,160	899,908
Scales & weigh bridge		
Opening balance	687,901	-
Addition during the year	-	694,849
Closing balance	687,901	694,849
	293,475,843	296,904,180
Related deferred taxation	(21,129,921)	(23,011,294)
	272,345,922	273,892,886
Incremental depreciation on revalued assets	(12,990,869)	(3,428,337)
Related deferred taxation	2,136,998	611,959
Transferred to other comprehensive income during the year	(10,853,871)	(2,816,378)
	261,492,051	**271,076,508**

10.01 The revaluation of land, building, plant and machinery, laboratory equipment, scales and weigh bridge was carried out by an independent valuers "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	2013 RUPEES	2012 RUPEES
Staff retirement benefits	**11.01**	33,704,164	30,655,080
Deferred taxation	**11.02**	18,807,402	24,807,179
		52,511,566	**55,462,259**

11.01 Staff retirement benefits

Balance sheet liability

	2013 RUPEES	2012 RUPEES
Opening balance	30,655,080	29,614,121
Amount recognized during the year	6,465,484	7,283,459
	37,120,564	36,897,580
Benefits paid during the year	(3,416,400)	(6,242,500)
Closing balance	**33,704,164**	**30,655,080**

The amounts recognized in the balance sheet are as follows

	2013 RUPEES	2012 RUPEES
Present value of defined benefit obligation	35,027,204	31,688,620
Unrecognized actuarial loss	(1,823,040)	(1,533,540)
Benefits due but not paid	500,000	500,000
	33,704,164	30,655,080

Charge for the defined benefit plan

	2013 RUPEES	2012 RUPEES
Service cost	2,029,077	2,992,786
Interest cost	4,436,407	4,290,673
Charged to profit and loss account	6,465,484	7,283,459

The history of experience adjustments is as follows:

	2013	2012	2011	2010	2009
	RUPEES				
Present value of defined benefit obligation	35,027,000	31,688,620	30,647,661	25,995,239	20,903,091
Experience adjustment arising on plan liabilities	289,000	-	954,481	(579,059)	-

11.02 Deferred taxation

	NOTE	2013 RUPEES	2012 RUPEES
Deferred taxation comprises of the following:			
Deferred tax liability on taxable temporary differences in respect of the following:			
- Accelerated tax depreciation allowance		5,806,254	7,224,461
- Surplus on revaluation of assets		18,992,923	23,540,170
		24,799,177	30,764,631
Deferred tax asset on deductible temporary differences in respect of the following:			
- Staff retirement benefits		(5,544,335)	(5,471,932)
- Investment accounted for under IAS- 28		(447,440)	(485,520)
		(5,991,775)	(5,957,452)
		18,807,402	**24,807,179**

12 TRADE & OTHER PAYABLES

	NOTE	2013 RUPEES	2012 RUPEES
Creditors		91,333,550	173,840,009
Accrued expenses		37,745,662	43,504,671
Workers' profit participation fund	12.01	10,364,698	4,769,802
Security deposits		365,000	385,000
Workers' welfare fund		3,510,185	1,792,468
Tax deducted at source		306,577	256,935
Advances from customers		340,873,777	220,559,323
Sales tax payable		1,251,399	629,162
Related parties	12.02	230,882	468,475
		485,981,730	**446,205,845**

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

	2013 RUPEES	2012 RUPEES
Opening balance	4,769,802	5,934,858
Provision for the year	8,783,323	4,492,210
Mark up on W.P.P.F.	157,227	220,786
	13,710,352	10,647,854
Payment during the year	(3,345,654)	(5,878,052)
	10,364,698	4,769,802

12.02 Related parties - unsecured

Hala Enterprises Limited

Nature of transaction:

	2013 RUPEES	2012 RUPEES
Sharing of office expenses	230,882	468,475
	230,882	**468,475**

Balances payable to related party (associated undertaking) are subject to mark up @ 12 % (2012: 14 %) p. a.

13 SHORT TERM BORROWINGS

	Limit Sanctioned Rupees in million	NOTE	2013 RUPEES	2012 RUPEES
From Banking Companies -Secured:				
Habib Metropolitan Bank Limited				
- Running finance	10.00	13.01	452,790	171,009
- Finance against trust receipt	(50.00)	13.02	-	42,099,945
- Letter of guarantee	15.00	13.03	-	-
- Letter of credit (sight)	200.00	13.04	-	-
Faysal Bank Limited				
- Letter of credit (sight)	45.00	13.05	-	-
			452,790	**42,270,954**

13.01 This facility has been obtained to meet working capital requirements. It carries mark up @ 3 months KIBOR + 2.5 % to be paid on quarterly basis. It is secured against parri passu charge for Rs. 80 million over current assets of the company with 25 % margin, duly registered with SECP. Out of total limit, an amount of Rs. 9.55 million (2012: Rs. 24.83 million) remained un-utilized as at year end. This facility will expire on 31 March 2014.

13.02 This facility has been obtained for retirement of LC documents. It carries mark up @ 3 months KIBOR + 2.5 % to be paid on quarterly basis. Out of total limit, an amount of Rs. 50 million is remained un-utilized (2012: Rs. 7.9 million) as at year end. This facility will expire on 31 March 2014.

13.03 This facility has been obtained for guarantee to Sui Northern Gas Pipe Lines Limited & the Director Excise and Taxation, Karachi. It carries commission as per schedule of charges of the bank. Out of total limit, an amount of Rs. 4.93 million (2012: Rs. 4.6 million) remained un-utilized as at year end. This facility will expire on 31 March 2014.

13.04 This facility has been obtained to import edible oil, tin plates and chemicals. It carries commission @ 0.2 % per quarter. It is secured against lien over import documents. Out of total limit, an amount of Rs. 115.18 million (2012: Rs. 40.21) remained un-utilized as at year end. This facility will expire on 31 March 2014.

The above mentioned facilities are collaterally secured against the following:

- 1st Parri Passu Charge for Rs. 170 million over fixed assets situated at 26, 27, 28 industrial triangle, Kahuta road, Islamabad owned by the company having market value of Rs. 170.565 million and FSV Rs. 141.624 million.
- Personal guarantees of all the directors except one NIT-nominee director.

13.05 This facility has been obtained to import edible oil and chemicals. It carries commission as per schedule of charges of the bank. It is secured against lien on L/C documents, 1st parri passu charge for Rs. 75 million over current assets of the company, ranking charge over all present and future fixed assets of the company for PKR 75 million . Out of total limit, an amount of Rs. 45 million (2012: Rs. 45 million) remained un-utilized as at year end. This facility will expire on 31 January 2014.

	NOTE	2013 RUPEES	2012 RUPEES
14 ACCRUED MARKUP			
Accrued mark up on short term borrowings		106,709	40,066
		106,709	**40,066**
15 PROVISION FOR TAX			
Opening balance		105,898,826	100,681,430
Add: Taxation - current		87,084,182	77,560,454
		192,983,008	178,241,884
Less: Tax payments /adjustments during the year		57,944,200	72,343,058
		135,038,808	**105,898,826**

16 CONTINGENCIES AND COMMITMENTS

16.01 CONTINGENCIES

a) - The company challenged "Infrastructure Development Cess" levied under Sindh Finance Act, 1994 (as amended by Sind (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. 15.78 million (2012: 12.85 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 guarantee amounting to Rs. 4.447 (2012: Rs. 4.447) million in favour of Sui Northern Gas Pipelines Limited for industrial use of gas.

b) The Taxation Officer of Inland Revenue had issued assessment orders for the tax years 2005 to 2007 incorporating the liability of Income Tax and WWF and raising demand for payment of Income Tax and WWF amounting to Rs. 16,110,132/- and Rs. 761,966/- 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). 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. The company filed writ petition to High Court, Islamabad against the proceedings initiated by the department of Inland Revenue. The Honourable Court gave stay order against the proceedings initiated by the department of Inland Revenue. The company as a matter of prudence has not reversed the provision for tax years 2006 and 2007 for an amount of Rs. 13,560,823/- as aggregate liability which was created during the prior years.

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

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

16.02 COMMITMENTS

- Letters of credit for capital expenditure as at the balance sheet date amounted to Rs. Nil (2012: Nil).

- Letters of credit other than for capital expenditure as at the balance sheet date amounted to Rs. 84.82 million (2012: Rs. 159.79 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 & equipment	Laboratory equipment	Scales & weigh bridge	Guest house furniture & machinery	Office machinery & equipment	Furniture & fixture	Owned Vehicles	Leased Vehicles	Total
						RUPEES					
At 30 June 2011											
Cost/Revalued amount	100,000,000	74,664,009	105,414,656	181,335	1,127,655	318,812	6,040,152	1,135,014	34,497,055	861,480	324,240,168
Accumulated depreciation	-	(47,244,401)	(66,812,169)	(181,260)	(1,077,969)	(292,898)	(2,504,655)	(614,912)	(15,334,326)	(373,201)	(134,435,791)
Net book value in Rupees	100,000,000	27,419,608	38,602,487	75	49,686	25,914	3,535,497	520,102	19,162,729	488,279	189,804,377
Year ended 30 June 2012											
Additions	-	-	21,007,970	-	-	-	790,808	127,775	-	-	21,926,553
Transfers from capital work in progress during the year (Note 18)	-	8,170,502	8,082,235	-	-	-	-	-	-	-	16,252,737
Revaluation surplus	65,450,000	61,009,860	43,997,277	899,908	694,849						172,051,894
Adjustment	-	(49,818,633)	(71,990,405)	(181,277)	(1,083,434)	-	-	-	-	-	(123,073,749)
Transfers with in fixed assets											
Cost	-	-	-	-	-	-	-	-	861,480	(861,480)	-
Depreciation	-	-	-	-	-	-	-	-	(373,201)	373,201	-
Net book value	-	-	-	-	-	-	-	-	488,279	(488,279)	-
Depreciation charge for the year (note 17.01)	-	(3,332,596)	(5,909,719)	(18,767)	(12,965)	(2,591)	(373,466)	(55,377)	(3,930,202)	-	(13,635,683)
Elimination of accumulated depreciation on revaluation		49,818,633	71,990,405	181,277	1,083,434	-	-	-	-	-	123,073,749
Net book value as at 30 June 2012	**165,450,000**	**93,267,374**	**105,780,250**	**881,216**	**731,570**	**23,323**	**3,952,839**	**592,500**	**15,720,806**	**-**	**386,399,878**
Year ended 30 June 2013											
Additions	-	-	10,959,502	-	-	-	1,040,221	116,750	12,924,000	-	25,040,473
Transfers from capital work in progress during the year (Note 18)	-	4,680,529	266,255	-	-	-	-	-	-	-	4,946,784
Disposals (note 17.03)											
Cost	-	-	-	-	-	-	-	-	(2,593,000)	-	(2,593,000)
Depreciation	-	-	-	-	-	-	-	-	2,133,259	-	2,133,259
Net book value	-	-	-	-	-	-	-	-	(459,741)	-	(459,741)
Depreciation charge for the year (note17.01)	-	(9,443,750)	(11,751,694)	(220,304)	(87,788)	(2,332)	(443,483)	(69,824)	(3,715,815)	-	(25,734,990)
Net book value as at 30 June 2013	**165,450,000**	**88,504,153**	**105,254,313**	**660,912**	**643,782**	**20,991**	**4,549,577**	**639,426**	**24,469,250**	**-**	**390,192,404**

	Land-lease hold	Building on lease hold land	Plant, machinery & equipment	Laboratory equipment	Scales & weigh bridge	Guest house furniture & machinery	Office machinery & equipment	Furniture & fixture	Owned Vehicles	Leased Vehicles	Total
At 30 June 2012											
Cost/Revalued amount	165,450,000	94,025,738	106,511,733	899,966	739,070	318,812	6,830,960	1,262,789	35,358,535	-	411,397,603
Accumulated depreciation	-	(758,364)	(731,483)	(18,750)	(7,500)	(295,489)	(2,878,121)	(670,289)	(19,637,729)	-	(24,997,725)
Net book value in Rupees	165,450,000	93,267,374	105,780,250	881,216	731,570	23,323	3,952,839	592,500	15,720,806	-	386,399,878
Annual rates of depreciation (%) 2012	-	10	10-15	25	12	10	10	10	20	20	
At 30 June 2013											
Cost/Revalued amount	165,450,000	98,706,267	117,737,490	899,966	739,070	318,812	7,871,181	1,379,539	45,689,535	-	438,791,860
Accumulated depreciation	-	(10,202,114)	(12,483,177)	(239,054)	(95,288)	(297,821)	(3,321,604)	(740,113)	(21,220,285)	-	(48,599,456)
Net book value in Rupees	165,450,000	88,504,153	105,254,313	660,912	643,782	20,991	4,549,577	639,426	24,469,250	-	390,192,404
Annual rates of depreciation (%) 2013	-	10	10-15	25	12	10	10	10	20	20	

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

	2013 Rupees	2012 Rupees
Cost of Sale	23,161,491	12,272,115
Administrative Expenses	2,573,499	1,363,568
	25,734,990	**13,635,683**

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

PARTICULARS	AS ON 30 JUNE 2013		
	Cost	Accumulated Depreciation	Written Down Value
Land lease-hold	423,524	-	423,524
Building	40,877,300	20,596,383	20,280,917
Plant, Machinery & Equipment	118,618,943	57,838,011	60,780,932
Laboratory equipment	181,335	181,293	42
Scales & weigh bridge	1,127,655	1,089,178	38,477
Rupees 2013	**161,228,757**	**79,704,865**	**81,523,892**
Rupees 2012	145,322,471	71,515,926	73,806,545

17.03 DISPOSAL OF PROPERTY, PLANT & EQUIPMENT

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

PARTICULARS	COST	ACCUMULATED DEPRECIATION	NET BOOK VALUE	SALE PROCEEDS	PROFIT	MODE OF DISPOSAL	BUYER'S NAME
Car (HZ-278)	1,285,500	1,060,843	224,657	1,040,000	815,343	Negotiation	Mr. Amjad Pervaiz
Car (JE-192)	1,145,500	945,309	200,191	990,000	789,809	Negotiation	Mr. Gohar Aziz
Bike (JR-346)	54,000	42,368	11,632	31,333	19,701	Negotiation	Mr. Hassan Nazir
Bike (JR-347)	54,000	42,369	11,631	31,333	19,702	Negotiation	Mr. Hassan Nazir
Bike (JR-349)	54,000	42,369	11,631	31,334	19,703	Negotiation	Mr. Hassan Nazir
Rupees 2013	**2,593,000**	**2,133,258**	**459,742**	**2,124,000**	**1,664,258**		
Rupees 2012	-	-	-	-	-		

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. 245 million (2012: Rs. 245.00 million) over fixed assets (including land and, plant and machinery) of the company.

18 CAPITAL WORK IN PROGRESS	NOTE	2013 RUPEES	2012 RUPEES
Opening balance		591,899	5,863,648
Additions during the year		7,578,771	10,980,988
		8,170,670	16,844,636
Less: Transferred to property, plant and equipment	18.01	4,946,784	16,252,737
		3,223,886	591,899

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

Building	4,680,529	8,170,502
Plant and machinery	266,255	8,082,235
	4,946,784	16,252,737

19 INTANGIBLE ASSETS

Net carrying value		
Motion picture film-Opening net book value	13,520,833	-
Motion picture film- Addition	-	14,750,000
Less: Amortization charge	7,374,997	1,229,167
Net book value (NBV) as at 30 June	6,145,836	13,520,833
Gross carrying value		
Cost	14,750,000	14,750,000
Less: Accumulated amortization	8,604,164	1,229,167
Net book value	6,145,836	13,520,833
Amortization rate per annum	50%	50%

20 INVESTMENT IN ASSOCIATES

At Cost:			
Premier Garments Limited - unlisted	20.01	-	-

20.01 27,200 (2012: 27,200) ordinary shares of Rs. 100/- each, represent 38.86% (2012: 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).

20.02 The summarized financial information of the associates over which the Company exercises significant influence, based on the latest audited financial statements for the year ended 30 June 2012, is as follows:

Premier Garments Limited	2012 RUPEES	2011 RUPEES
Total assets	13,621,609	14,703,837
Total liabilities	29,560,934	32,507,085
Net Assets	(15,939,325)	(17,803,248)
Company's share of net assets of associate	(6,194,022)	(6,918,342)
Total revenue	4,800,000	4,800,000
Total profit for the year	1,863,923	2,057,470
Company's share of profit for the current year	724,320	799,533
Share of unrecognised accumulated losses	9,368,070	10,328,739

21 LONG TERM DEPOSITS	NOTE	2013 RUPEES	2012 RUPEES
Lease key money		-	1,161,240
Net transfers		-	(1,161,240)
		-	-
Deposits against bank guarantees		4,947,500	17,504,782
		4,947,500	17,504,782

22 STORES, SPARE PARTS AND LOOSE TOOLS

Stores	49,150,133	49,096,293
Spare parts	1,774,984	1,493,236
Loose tools	443,746	373,309
	51,368,863	50,962,838

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

	NOTE	2013 RUPEES	2012 RUPEES
23 STOCK IN TRADE			
Raw materials			
- In hand		25,855,156	39,143,488
- In transit		36,742,040	86,934,392
Work in process		50,591,382	27,429,536
Finished goods		52,726,299	76,972,990
		165,914,877	230,480,406

23.01 No stock in trade has been pledged with any institution / party.

	NOTE	2013 RUPEES	2012 RUPEES
24 TRADE DEBTS			
Trade debts - unsecured but considered good		427,435,619	288,180,298
25 LOANS AND ADVANCES			
Considered good:			
Suppliers		14,558,724	7,616,198
Employees			
- Executives		1,691,280	1,336,760
- Other employees		644,603	609,857
		16,894,607	9,562,815
26 TRADE DEPOSITS AND SHORT TERM PREPAYMENTS			
Security deposits		3,458,553	3,337,553
Letter of credit - margin		8,460,000	15,876,400
Prepayments		2,515,989	2,344,547
		14,434,542	21,558,500
27 OTHERS RECEIVABLES			
Zakat on dividend, receivable from government		76,962	76,962
Sales tax receivable		402,225	4,797,125
Other receivables			
- from fair price shop		363,867	347,239
		843,054	5,221,326
28 ADVANCE INCOME TAX			
Advance income tax		96,798,490	93,018,975
29 CASH AND BANK BALANCES			
Cash in hand		913,338	528,235
Cash with banks			
- In current accounts		11,394,629	20,539,827
- In deposit accounts	29.01	28,951,031	634,377
- Foreign currency accounts		33,198	31,383
		41,292,196	21,733,822

29.01 These carry profit @ 5 % (2012: 6.50 %) per annum approximately.

	NOTE	2013 RUPEES	2012 RUPEES
30 SALES			
Ghee		2,289,538,645	2,307,466,828
Cooking oil		2,161,563,859	1,596,223,546
Specialty fats		73,154,102	263,684,887
		4,524,256,606	4,167,375,261
Soap		58,460,562	61,474,644
Gases		179,760	40,182
		58,640,322	61,514,826
Less: Sales tax		8,149,426	8,484,805
		50,490,896	53,030,021
		4,574,747,502	4,220,405,282
Less: Trade discount		45,889,175	42,797,080
Commission		2,897,628	9,559,322
		48,786,803	52,356,402
		4,525,960,699	4,168,048,880

	NOTE	2013 RUPEES	2012 RUPEES
31 COST OF SALE			
Raw material consumed	**31.01**	3,642,232,639	3,491,857,285
Stores and spare parts consumed		6,540,920	4,659,463
Chemicals consumed		40,298,495	33,332,968
Packing materials consumed		261,939,876	223,475,354
Salaries, wages and benefits	**31.02**	27,614,957	23,512,580
Power, fuel and lubricants		101,841,432	112,188,701
Repair and maintenance		4,237,151	4,724,082
Filling and Loading		8,999,857	4,740,713
Insurance		2,633,981	2,399,481
Depreciation	**17.01**	23,161,491	12,272,115
		4,119,500,799	3,913,162,742
Work in process:			
Opening		27,429,536	35,719,286
Closing		(50,591,382)	(27,429,536)
		(23,161,846)	8,289,750
Cost of goods manufactured		4,096,338,953	3,921,452,492
Finished goods:			
Opening		76,972,990	80,497,624
Closing		(52,726,299)	(76,972,990)
		24,246,691	3,524,634
		4,120,585,644	**3,924,977,126**
31.01 Raw material consumed			
Opening		39,143,488	48,336,028
Purchases		3,628,944,307	3,482,664,745
		3,668,087,795	3,531,000,773
Closing		(25,855,156)	(39,143,488)
		3,642,232,639	**3,491,857,285**

31.02 Salaries wages and other benefits include provision for staff retirement benefits for the year Rs. 3,556 thousand (2012: Rs. 4,006 thousand).

32 SELLING AND DISTRIBUTION COST

	NOTE	2013 RUPEES	2012 RUPEES
Salaries, wages and benefits	**32.01**	32,455,177	32,991,276
Travelling and conveyance		2,091,464	1,928,188
Advertisement		84,948,001	37,409,873
Amortization		7,374,997	1,229,167
Carriage outward		25,556,657	11,191,218
		152,426,296	**84,749,722**

32.01 Salaries wages and other benefits include provision for staff retirement benefits for the year Rs. 646 thousand (2012: Rs. 728 thousand).

33 ADMINISTRATIVE EXPENSES

	NOTE	2013 RUPEES	2012 RUPEES
Directors' meeting fee		180,000	180,000
Directors' remuneration		9,915,473	9,073,227
Salaries, wages and benefits	**33.01**	27,417,297	23,034,292
Travelling and conveyance		3,718,157	3,427,890
Entertainment		796,686	719,184
Printing and stationary		1,262,383	1,136,141
Postage, telephone and telex		2,543,027	2,065,134
Rent, rates and taxes		7,624,063	5,720,473
Fees and subscription		1,106,911	1,207,538
Legal and professional charges		2,478,790	2,492,991
Vehicle running and maintenance		8,893,829	7,544,077
Repair and maintenance		1,412,383	1,574,694
Power, fuel and lubricant		1,550,885	1,708,457
Office expenses		2,747,258	3,254,057
Advertisement		3,539,500	1,558,745
Depreciation	**17.01**	2,573,499	1,363,568
		77,760,141	**66,060,468**

33.01 Salaries wages and other benefits include provision for staff retirement benefits for the year Rs. 2,263 thousand (2012: Rs. 2,549 thousand).

34 FINANCE COST	NOTE	2013 RUPEES	2012 RUPEES
Financial charges on finance lease		-	6,582
Mark up on short term borrowings		3,498,604	3,963,113
Mark up charged by related parties		34,833	40,678
Mark up charged on W.P.P.F.		157,227	220,786
Bank charges		630,399	779,614
		4,321,063	**5,010,773**
35 OTHER OPERATING CHARGES			
Auditors' remuneration	**35.01**	655,000	655,000
Workers' profit participation fund		8,783,323	4,492,210
Workers' welfare fund		3,510,185	1,792,468
		12,948,508	**6,939,678**
35.01 AUDITORS' REMUNERATION			
Audit fee		500,000	500,000
Half yearly review		75,000	75,000
Other attestation services		50,000	50,000
Out of pocket expenses		30,000	30,000
		655,000	**655,000**
36 OTHER INCOME			
Income from financial assets			
Profit on bank deposits		2,348,925	2,000,965
Income from non financial assets			
Scrap sale		180,000	240,000
Mushroom sale		1,102,650	779,380
Gain on disposal of property, plant and equipment		1,664,258	-
Exchange gain		840	7,275
		5,296,673	**3,027,620**
37 TAXATION			
Taxation			
-Current year	**37.01**	87,084,182	77,560,454
-Prior years		17,823,786	(5,515,782)
		104,907,968	72,044,672
Deferred	**37.02**	(4,730,364)	2,151,230
		100,177,604	**74,195,902**

37.01 - Income tax return has been filed to the income tax authorities up to and including tax year 2012 under the provisions of the Income Tax Ordinance, 2001.

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

37.02 - Deferred taxation has been provided using current rate of taxation under the provisions of Income Tax Ordinance, 2001 to the extent of income of the company chargeable under normal tax regime.

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	2013 RUPEES	2012 RUPEES
Reimbursement of expenses			
Sharing of office expenses			
Hala Enterprises Limited	Associated company	2,676,563	3,055,665
		2,676,563	**3,055,665**

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

39 EARNINGS PER SHARE

Basic Earnings per share:

		2013	2012
Profit after Taxation	Rupees	63,038,116	9,142,831
Weighted average number of ordinary shares	Number	5,390,652	5,390,652
Earnings per share - basic and diluted	Rupees	**11.69**	**1.70**

Diluted Earnings per share:

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

40 FINANCIAL INSTRUMENTS BY CATEGORY

	NOTE	2013 RUPEES	2012 RUPEES
Financial assets as per balance sheet			
Long term deposits		4,947,500	17,504,782
Trade debts		427,435,619	288,180,298
Loans and advances		2,335,883	1,946,617
Trade deposits		3,458,553	3,337,553
Other receivables		363,867	347,239
Bank balances		40,378,858	21,205,587
		478,920,280	**332,522,076**
Financial liabilities as per balance sheet			
Trade and other payables		129,675,094	218,198,155
Short term borrowings		452,790	42,270,954
Accrued mark-up		106,709	40,066
Unclaimed dividend		1,358,641	1,038,344
		131,593,234	**261,547,519**

40.01 Fair values of financial assets and liabilities

- Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable willing parties in an arm's length transaction.

- The carrying values of all financial assets and liabilities reflected in the financial statements approximate their fair values.

41 FINANCIAL INSTRUMENTS

41.01 Financial risk factors

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

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

(a) Market risk

(i) Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company imports edible palm oil and some items of chemicals 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 2013/2012, if the Pakistani Rupee had weakened/strengthened by 5% against the US Dollar with all other variables held constant, post-tax profit/loss for the year would have been lower/higher by Rs. 1,660 (2012: Rs. 1,602), mainly as a result of foreign exchange losses/gains on translation of US Dollar-denominated trade payables.

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

	2013	2012
Cash at bank -USD	336	336
Net exposure-USD	336	336

The following significant exchange rates were applied during the year:

Rupees per US Dollar		
Reporting date rate	98.80	95.40

(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:

Floating rate instrument	**NOTE**	**2013 RUPEES**	**2012 RUPEES**
Financial liabilities			
Short term borrowings		452,790	42,270,954
Financial assets			
Bank balances- saving accounts		28,951,031	634,377

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. 284,982 higher/lower (2012: 416,366 lower/higher), mainly as a result of higher/lower interest income/expense on floating rate borrowings and bank balances. This analysis is prepared assuming the amounts of liabilities outstanding at balance sheet dates were outstanding for the whole year.

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

(iii) Other price risk

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

(b) Credit risk

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

Credit risk arises from deposits with banks, trade debts, loans and advances, deposits and other receivables. The company seeks to minimize the credit risk exposure through having exposures only to customers considered credit worthy and obtaining securities where applicable. Where considered necessary, advance payments are obtained from certain parties. Out of the total financial assets of Rs. 478,920,280 (2012: Rs. 332,522,076), the maximum exposure to credit risk amounts to Rs. 478,920,280 (2012: Rs. 332,522,076).

Geographically, there is no concentration of credit risk.

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

	NOTE	2013 RUPEES	2012 RUPEES
Government institution and utility store		46,892,734	50,748,826
Private sector's companies		31,072,779	20,364,165
Distributors		256,461,371	174,076,149
Others		95,344,618	44,937,775
		429,771,502	**290,126,915**

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

	2013	2012
Past due 0-6 months	354,434,384	281,423,108
Past due 6-12 months	68,258,414	7,833,427
More than one year	7,078,704	870,381
	429,771,502	**290,126,915**

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:

	2013	2012
Long term deposits	4,947,500	17,504,782
Trade debts	427,435,619	288,180,298
Loans and advances	2,335,883	1,946,617
Trade deposits	3,458,553	3,337,553
Other receivables	363,867	347,239
Bank balances	40,378,858	21,205,587
	478,920,280	**332,522,076**

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

(c) Liquidity risk

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

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

30 June 2013	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	129,675,094	129,675,094	129,675,094	-	-	-	-
Short term borrowings	452,790	505,223	479,007	26,217	-	-	-
Accrued interest/mark-up	106,709	106,709	106,709	-	-	-	-
Unclaimed dividends	1,358,641	1,358,641	1,358,641				
	131,593,234	131,645,667	131,619,451	26,217	-	-	-

30 June 2012	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	218,198,155	218,198,155	218,198,155	-	-	-	-
Short term borrowings	42,270,954	48,396,015	45,333,485	3,062,531	-	-	-
Accrued interest/mark-up	40,066	40,066	40,066	-	-	-	-
Unclaimed dividends	1,038,344	1,038,344	1,038,344	-	-	-	-
	261,547,519	267,672,580	264,610,050	3,062,531	-	-	-

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 2013/2012. The rates of interest/mark-up have been disclosed in note 13 to these financial statements.

42 Capital risk management

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

The Company manages its capital structure and makes adjustment to it in the light of changes in economic conditions. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders or issue new shares.

However, the Company can finance its operations through equity, loans and management of working capital with a view to maintaining an appropriate mix between various sources of finance to minimize risk. Net debt is calculated as total borrowings as referred to in note 13 of the notes to the financial statements less cash and bank balances. Total capital employed includes 'total equity' as shown in the balance sheet and 'net debt'. The gearing ratio as at 30 June 2013 and as at 30 June 2012 is as follows:

	NOTE	2013 RUPEES	2012 RUPEES
Debt		452,790	42,270,954
Cash and bank balances		41,292,196	21,733,822
Net debt		(40,839,406)	20,537,132
Total equity		282,549,579	216,743,570
Total capital employed		241,710,173	237,280,702
Gearing ratio (%)		Nil	8.66%

As at June 30, 2013, the company had a net positive cash balance.

43 REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

	CHIEF EXECUTIVE		DIRECTORS		EXECUTIVES	
	2013	2012	2013	2012	2013	2012
	RUPEES	RUPEES	RUPEES	RUPEES	RUPEES	RUPEES
Managerial remuneration	1,248,000	828,000	3,374,712	2,324,904	6,580,351	6,492,628
House rent and utilities	552,000	372,000	1,509,024	1,041,408	2,080,713	2,142,268
Bonus	312,000	138,000	531,678	283,484	1,645,086	1,123,454
Medical Expenses	102,622	266,433	189,599	733,963	705,916	618,652
Travelling Expenses	110,621	240,269	1,985,217	2,844,766	659,584	1,318,188
	2,325,243	**1,844,702**	**7,590,230**	**7,228,525**	**11,671,650**	**11,695,190**
Number of persons	1	1	2	2	4	5

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

43.02 Aggregate amount charged in the financial statements for the year for meeting fee to 4 directors was Rs. 180,000 (2012: Rs. 180,000)

44 CAPACITY AND PRODUCTION

		2013	2012
Ghee / specialty fats	M.TON	18,000	20,000
Cooking oil	M.TON	10,000	5,000
		28,000	25,000
Actual Production			
Ghee / specialty fats	M.TON	14,842	15,544
Cooking oil	M.TON	11,872	8,701
		26,714	**24,245**

44.01 RATED CAPACITY

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

44.02 REASONS FOR SHORTFALL

Ghee/Specialty fats

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

45 OPERATING SEGMENT

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

45.01 Revenue from sale of ghee, cooking oil, speciality fats, soap and gases represents 99.88 % (2012: 99.93 %) of the total income of the company.

45.02 100 % (2012: 100 %) of the gross sales of the Company are made to customers located in Pakistan.

45.03 All non current assets of the Company as at 30 June 2013 are located in Pakistan.

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

46 EMPLOYEES

	2013 Number	2012 Number
Average number of employees during the year.	**215**	**215**
Number of employees at the end of the year.	**217**	**215**

47 NON ADJUSTING EVENTS AFTER THE BALANCE SHEET DATE

The Board of Directors in its meeting held on 07 October 2013 proposed final cash dividend at the rate of Rs. 01 per share (2012: Nil) for the year ended 30 June 2013 subject to the approval of the members at the forthcoming Annual General Meeting to be held on 31 October 2013.

48 AUTHORIZATION OF FINANCIAL STATEMENTS

These financial statements have been approved and authorized for issue by the Board of Directors of the Company on 07 October 2013.

49 GENERAL

- Figures have been rounded off to the nearest rupee, unless otherwise stated.

- Corresponding figures have been rearranged/ reclassified, wherever necessary, to facilitate comparison.

CHAIRMAN / DIRECTOR **CHIEF EXECUTIVE OFFICER**

PATTERN OF SHAREHOLDING AS AT JUNE 30, 2013

No. of Shareholders	Shareholding From	To	Total Shares Held
462	1	100	13,832
438	101	500	110,161
58	501	1,000	39,681
59	1,001	5,000	110,489
10	5,001	10,000	73,868
3	10,001	15,000	36,406
1	15,001	20,000	18,061
1	20,001	25,000	22,438
3	25,001	30,000	78,516
2	30,001	35,000	60,722
3	35,001	40,000	111,474
1	40,001	45,000	44,000
2	50,001	55,000	106,967
1	60,001	65,000	64,708
1	95,001	100,000	99,000
1	105,001	110,000	109,789
1	160,001	165,000	160,589
1	175,001	180,000	179,015
1	215,001	220,000	218,630
1	220,001	225,000	224,732
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	355,001	360,000	357,418
1	360,001	365,000	363,822
1	405,001	410,000	405,026
1	425,001	430,000	428,500
1	525,001	530,000	527,151
1,060			**5,390,652**

Categories of Shareholders	Shares held	Percentage
Directors, CEO and their spouses	1,246,750	23.13
Associated Companies/Undertaking and Related Parties	415,793	7.71
NIT and ICP	575,547	10.68
Banks Development Financial Institutions and Non-Banking Financial Institutions	-	-
Insurance Companies	-	-
Modarabas and Mutual Funds	527,500	9.79
General Public	2,588,034	48.01
Joint Stock Companies	37,028	0.69
	5,390,652	**100.00**

PATTERN OF SHAREHOLDING AS ON JUNE 30, 2013

NAME & CATEGORY WISE DETAILS IN ACCORDANCE WITH CCG 2012

Sr. No.	Name & Category of Shareholders	No. of Shares Held	Percentage
Associated Companies, Undertakings and Related Parties:			
1	M/s Teejay Corporation (Private) Limited	363,822	6.75
2	M/s Hala Enterprises Limited	51,971	0.96
Mutual Funds			
1	MCBFSL - Trustee Namco Balanced Fund Limited CDC	428,500	7.95
2	Golden Arrow Selected Stocks Fund Limited CDC	99,000	1.84
Directors and their Spouse:			
1	Mr. Tahir Jahangir	39,836	0.74
2	Mr. Izaz Ilahi Malik	27,870	0.52
3	Sh. Anwar Ahmad Batla	109,789	2.04
4	Mr. Usman Ilahi Malik	357,418	6.63
5	Mr. Jillani Jahangir	340,893	6.32
6	Mr. Furqan Anwar Batla	291,306	5.40
7	Syed Zubair Ahmad Shah (NIT Nominee)	-	-
8	Mrs. Nageen Malik W/O Mr. Izaz Ilahi Malik	44,000	0.82
9	Mrs. Jui Anwar W/o Sh. Anwar Ahmad Batla	35,638	0.66
Executives:		-	-
Public Sector Companies & Corporations:		-	-
Banks, Development Finance Institutions, Non Banking Finance Companies, Insurance Companies, Takaful, Modarabas and Pension Funds:		-	-

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

S. No.	Name of Shareholder	Holding	Percentage
1	Mr. Mansoor Ilahi Malik	405,026	7.51
2	Mr. Usman Ilahi Malik	357,418	6.63
3	Mr. Jillani Jahangir	340,893	6.32
4	Mr. Furqan Anwar Batla	291,306	5.40
5	M/s Teejay Corporation (Private) Limited	363,822	6.75
6	National Bank of Pakistan- Trustee Department CDC	527,151	9.78
7	MCBFSL - Trustee Namco Balanced Fund Limited CDC	428,500	7.95

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:

During the Year Under Review Directors Purchased Shares and properly disclosed to SECP in accordance with the provision of Companies Ordinance 1984

ANNEXURE "A"

October 07, 2013

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. 150,000/-	Rs. 250,000/-	Rs. 400,000/-	Rs 4,800,000/-
Mr. Izaz Ilahi Malik Chief Executive Officer	Rs. 150,000/-	Rs. 250,000/-	Rs. 400,000/-	Rs 4,800,000/-
Mr. Usman Ilahi Malik Director	Rs. 275,000/-	Rs. 75,000/-	Rs. 350,000/-	Rs 4,200,000/-

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.

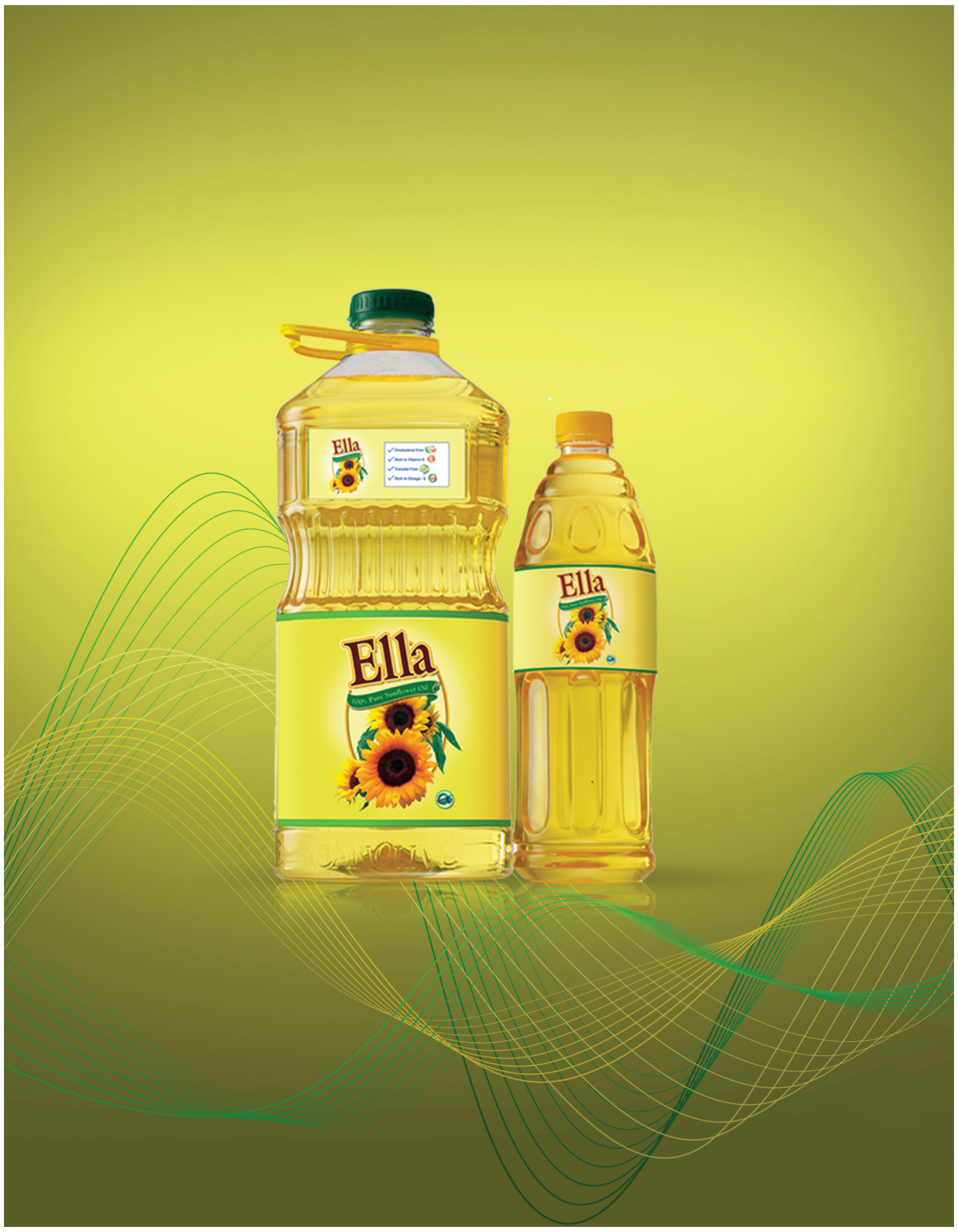
Yours sincerely,
For **PUNJAB OIL MILLS LIMITED**

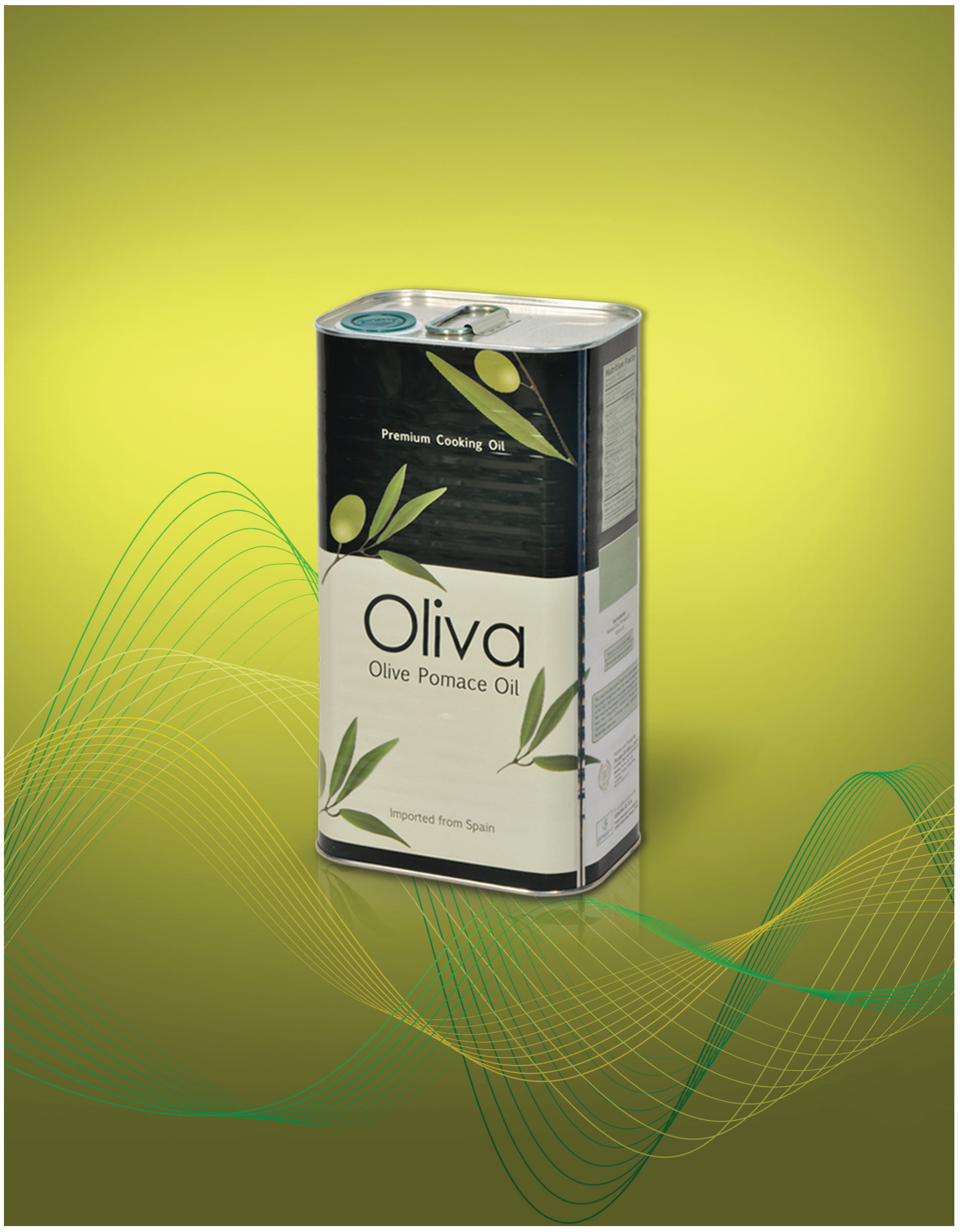
(Rana Shakeel Shaukat)
Company Secretary

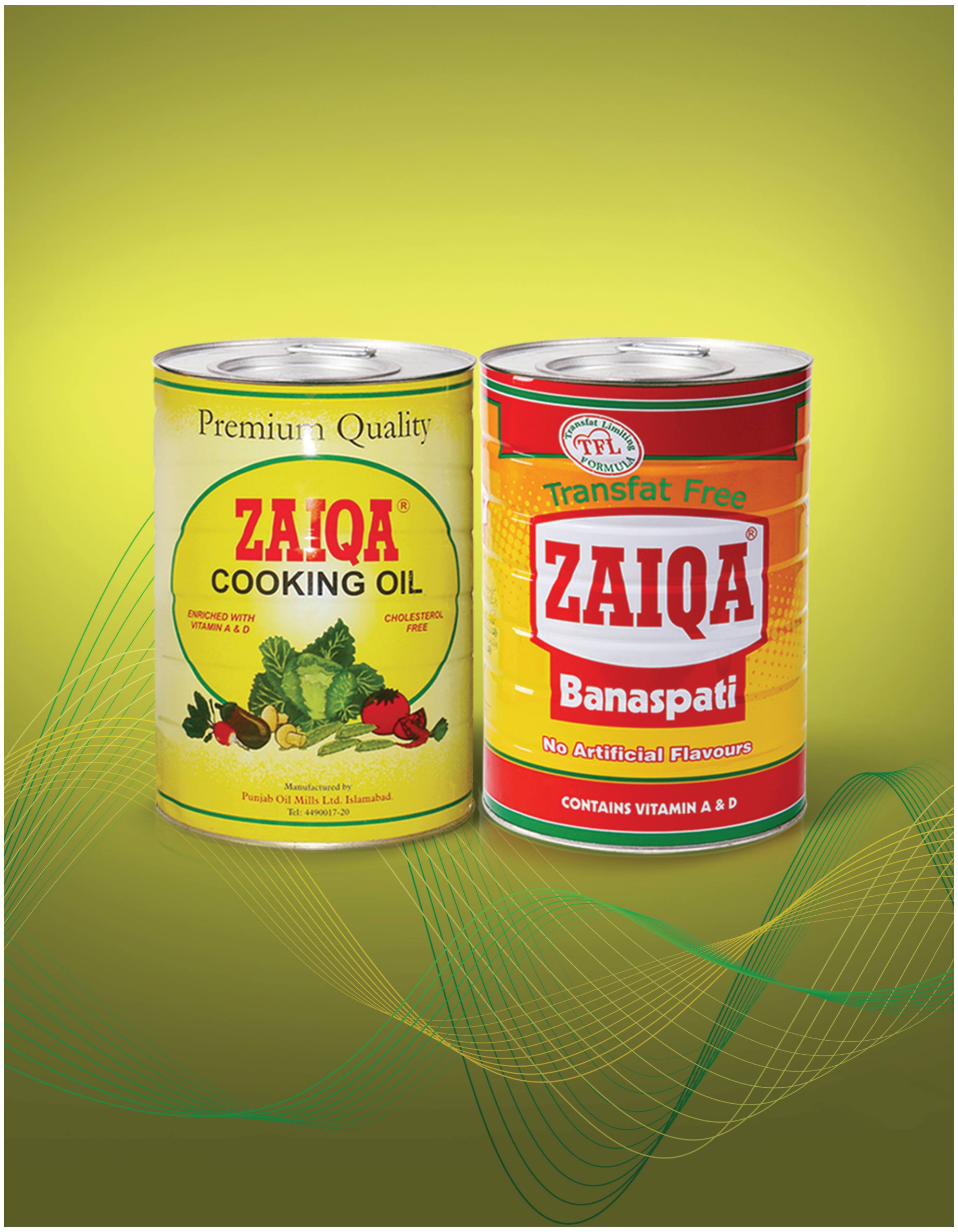
AFFIX
CORRECT
POSTAGE

To:

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


Ella
Ella


Premium Cooking Oil
Oliva
Olive Pomace Oil
Imported from Spain


Premium Quality
ZAIQA®
COOKING OIL
ENRICHED WITH VITAMIN A & D
CHOLESTEROL FREE
Manufactured by
Punjab Oil Mills Ltd. Islamabad.
Tel: 4490017-20
Transfat Limiting Formula
TFL
Transfat Free
ZAIQA®
Banaspati
No Artificial Flavours
CONTAINS VITAMIN A & D


CANOLIVE
Premium Canola Oil and Sunflower Oil with Olive Extract
GUARANTEED FREE CASH PRIZE INSIDE
UPTO RS. 1000/-