Annual Report 2012

Punjab Oil Mills Limited

www.punjaboilmills.com

Punjab Oil Mills Limited

An ISO 9001 : 2008 & HACCP CERTIFIED COMPANY

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.

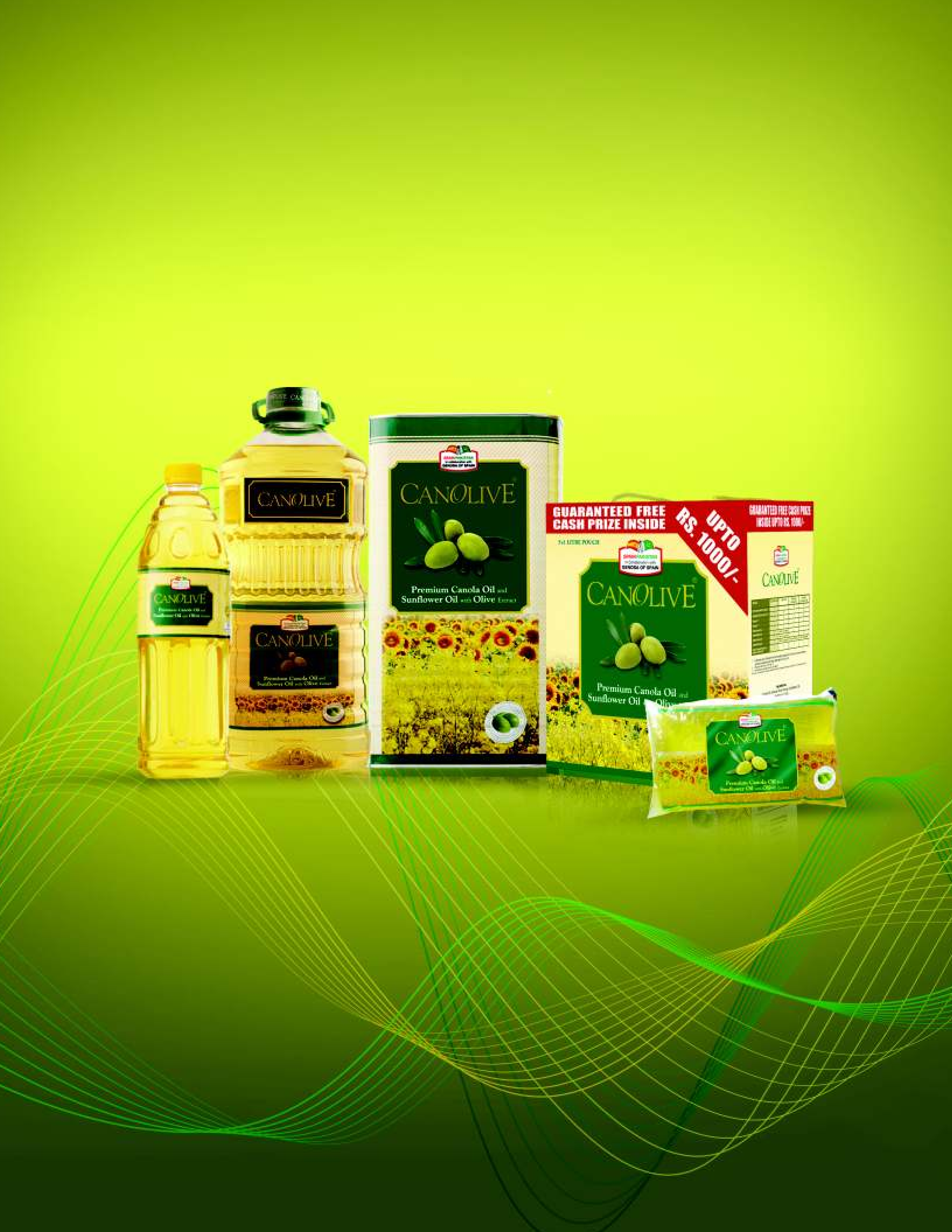
POML has no wish to influence people in their personnel beliefs but specifically disassociates itself from any activity that challenges our commitment to cultural diversity and equal opportunity.

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	


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

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 2012-2013 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 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 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 desires. 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, 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 in English and one in 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 uploaded Annual and Quarterly Accounts on Company's website.

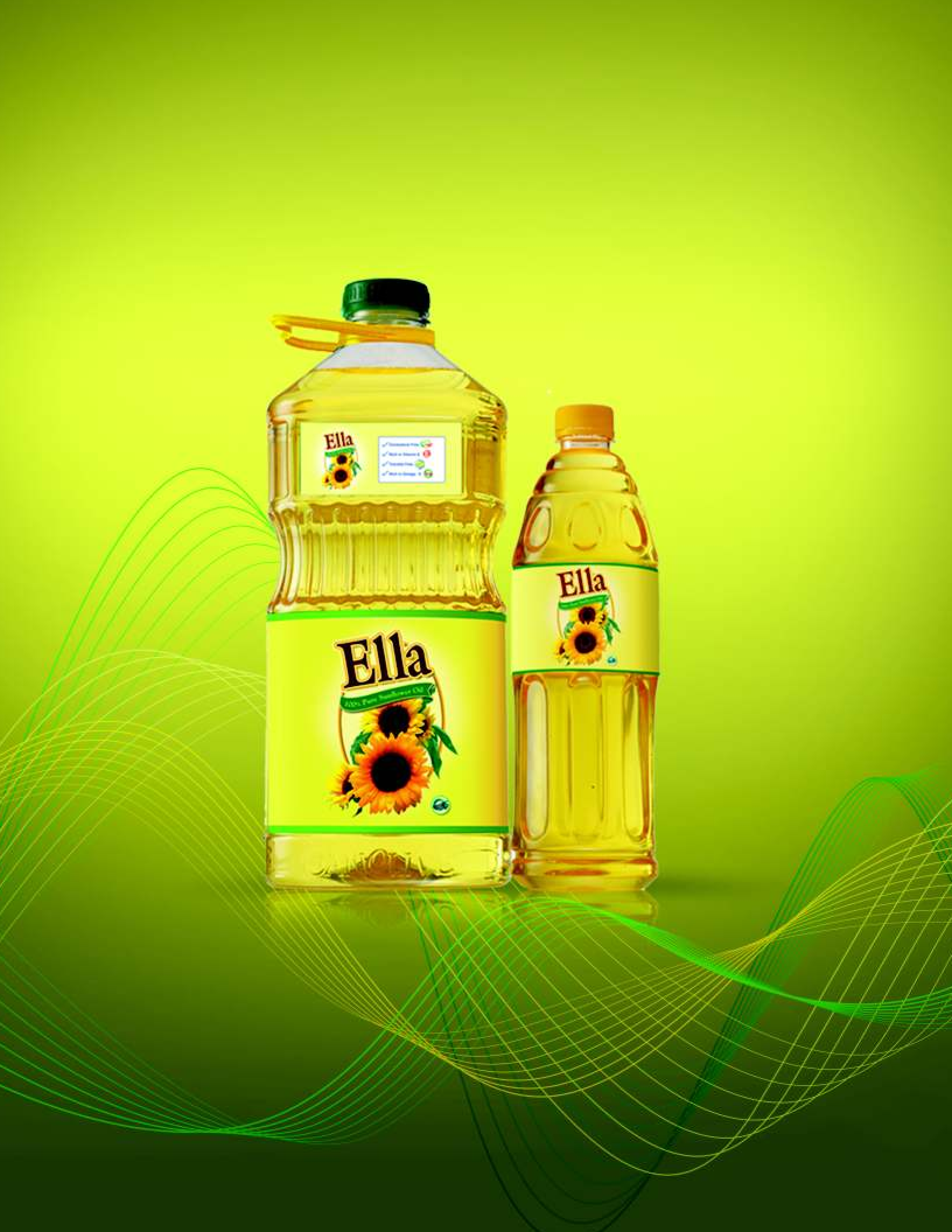
Company's Website

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	2011	42.00	38.00	40.00	508,849
August	2011	41.99	39.00	41.00	15,517
September	2011	40.20	38.00	39.00	812
October	2011	40.94	37.05	39.00	10,259
November	2011	40.00	38.00	40.00	2,359
December	2011	42.00	38.00	40.00	18
January	2012	40.50	39.00	39.00	3,614
February	2012	39.00	39.00	39.00	413
March	2012	43.00	37.05	40.00	51,310
April	2012	43.50	39.00	43.50	1,868
May	2012	49.35	40.00	43.70	14,264
June	2012	50.36	44.00	53.01	10,002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NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the 31st Annual General Meeting of the shareholders of **PUNJAB OIL MILLS LIMITED** will be held on Tuesday, October 30, 2012 at 10:30 A.M. at Plot No. 26-28 Industrial Triangle, Kahuta Road, Islamabad to transact the following business:

1. To confirm the minutes of the 30th Annual General Meeting held on October 29, 2011.
2. To receive, consider and adopt the audited financial statements of the company for the year ended June 30, 2012 together with the Directors' and Auditors' Reports thereon.
3. To appoint Auditors of the Company and to fix their remuneration.
4. To transact any other business with the permission of the Chair.

By order of the Board

Lahore:
October 08, 2012

(Rana Shakeel Shaukat)
Company Secretary

Notes:

1. The Share Transfer Books of the Company will remain closed from October 23, 2012 to October 30, 2012 (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. Members are requested to notify changes immediately, if any, in their registered addresses to our Share Registrar.
4. Members are requested to send attested copy of CNIC **ON MOST URGENT BASIS** (if not provided earlier) to Share Registrar of the Company, for compliance of the directions of SECP vide their SRO-831(1)/2012 dated 05 July 2012 for mentioning of CNIC Number on the Dividend Warrant, failing which your future dividend warrant(s), if any, will be withheld till the compliance of the above referred notification.
5. CDC Account Holders will have to follow the below mentioned guidelines as laid down in Circular 1 dated January, 26, 2000 issued by the Securities and Exchange Commission of Pakistan.

A. FOR ATTENDING THE MEETING:

i). In case of individuals, the account holder or sub-account holder shall authenticate his/her identity by showing his/her original Computerized National Identity Card (CNIC) or original passport along with Participants ID number and their account number at the time of attending the meeting.

I) In case of corporate entity, the Board of Directors resolution/power of attorney with specimen signature of nominee shall be produced (unless it has been provided earlier) at the time of the meeting.

B. FOR APPOINTING PROXIES:

i) In case of individuals, the account holder or sub-account holder shall submit the proxy form as per the above requirement

ii) The proxy form shall be witnessed by two persons whose names, addresses and CNIC number shall be mentioned on the form.

iii) Attested copies of CNIC or the passport of the beneficial owners and of the proxy shall be furnished with the proxy form.

iv) The Proxy shall produce his/her original CNIC or original passport at the time of the meeting.

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

Directors' Report

The Directors of the Company take pleasure in presenting their 31st Annual Report together with the Company's Audited Annual Financial Statements for the year ended June 30, 2012. 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 First Annual General Meeting of the Company to be held on October 30, 2012.

Operating Results

The highly challenging times facing the company continued for the year under review in the form of rising input costs, an unprecedented energy shortage, worsening law and order situation in Karachi and declining purchasing power of the consumers. In a fiercely competitive landscape, this scenario made it difficult to increase profitability and sales volumes at the same time.

Overall sales revenue for the year increased by 12.3%; mainly on the back of increase in average prices as well as volume growth in the specialty fats segment. The gross profit, however, only registered a growth of 2.8% due to a reduction in profitability with the gross margin falling to 5.8% compared to 6.4% recorded for the previous year.

There are three main reasons that contributed to this fall in profitability at the gross level. Firstly there was the energy crisis that afflicted the industry in the 2nd and 3rd quarters due to which our power and fuel costs shot up by 41% for the year, compared to an average increase of about 16% for the previous two years. The major factor underlying this was the severe shortage of gas in winter which forced us to resort to more expensive fuels in the short run. In fact if we consider a scenario where all else remains the same and the fuel and power costs increase at the historic average of 16%, our profitability margins increase to 6.3%, about the same as previous year.

Secondly, a one-time amount of Rs. 8.2 million was charged to raw material cost on account of "Infrastructure Development Cess." Lastly, the company had posted a loss during the first quarter because the gross margins had dipped sharply to only 4.3% on account of a rapid fall in international oil prices. However, subsequently the margins recovered substantially to achieve 5.8% for the full year which was still less than 6.4% for the previous year due to the aforementioned reasons. It can be said that barring the energy crisis and the one-time charge of Rs. 8.2 million, the company could have achieved a reasonable growth in gross profits.

At the operating level the overall operating expenses increased by 18%, mainly on account of a 28% increase in selling and distribution costs. This increase stemmed from a 79% jump in advertisement expenses related to the launch campaign for our cooking oils. As a result operating expenses as a ratio of sales increased to 3.6% from 3.4%, reducing the operating margin to 2.2% from 2.9% and causing the operating profit to decrease by 15% for the year under review.

Financial Results

Financial expenses increased significantly for the year under review due to higher bank borrowing to finance working capital needs while provisions for WWF and WPPF decreased accordingly due to lower operating profits earned. Profit before tax consequently fell by 19% due to reduced margins at the gross level and higher marketing costs. However, significantly higher provisioning for taxation caused the Profit after tax to fall by 75% to Rs. 9.14 million for the year under review.

Financial and Operating Results

	2012 RUPEES	**2011 RUPEES**
Operating Profit	92,261,564	108,474,330
Finance cost & other charges	(11,950,451)	(10,271,200)
Other operating income	3,027,620	4,298,067
Profit before taxation	83,338,733	102,501,197
Taxation	(74,195,902)	(65,437,264)
Profit after tax	9,142,831	37,063,933
Un-appropriated profit brought forward	119,140,682	95,457,597
Available for appropriation	128,283,513	132,521,530

Appropriations:-

15% final dividend for the year ended June 30, 2011 (2009: 15%)	-	(5,742,882)
10% interim dividend for the year 2011	-	(4,900,593)
10% interim bonus shares for the year 2011	-	(4,900,595)
Transferred from surplus on revaluation of property, plant and equipment	2,816,378	2,163,222
Balance as at June 30, 2012/ 2011	131,099,891	119,140,682

Contribution to the National Exchequer

During the year the company contributed Rs. 364.669 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.

Board Meetings

During the year under review, five meetings of the Board of Directors were held from July 01, 2011 to June 30, 2012. 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 Directors	Meetings Attended
1.	Mr. Tahir Jahangir	4
2.	Mr. Izaz Ilahi Malik	5
3.	Sh. Anwar A.Batla	5
4.	Mr. Usman Ilahi Malik	4
5.	Syed Zubair Ahmad Shah	5
6.	Mr. Jillani Jahangir	3
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, 2012.

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, 2012, 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)	3

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)	-
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, 2012 are as follows:

Gratuity Fund Rs. 30.655 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, 2012 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 for Directors and Employees"** and approved by the Board of Directors in their meeting held on October 08, 2012.

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, 2012, 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 2012-2013. The Audit Committee of the Board has recommended their re-appointment as Auditors of the Company for the year ending June 30, 2013 on the same remuneration.

Outlook for the year 2013

At present we are looking at challenging times ahead. Although the company has made arrangements for alternate fuels (cheaper than furnace oil) in anticipation of another gas shortage this winter, other external issues such as depressed purchasing power of consumers and severe law and order issues in Karachi will continue to hamper our progress. Barring CanOlive Cooking Oil, sales volumes for the first quarter are expected to fall short of same period last year due to heavy subsidies given by USC on some competing brands which leaked to the general market and squeezed out most branded manufacturers at the retail inventory level. At the same time the international prices of edible oils have also fallen sharply in end September. All these factors, together with the launch campaign expense will severely compromise profitability in the first four months of the current year.

However, from November onwards, barring any unforeseen event, we expect margins to improve and sales to recover as oil markets stabilize and our volumes increase. We are also confident that with our investment in our alternate fuel boiler, we should be able to ride out the energy crisis much better compared to last year.

As the company is undergoing a critical phase of investing in our brands for the future, over-all profitability will be depressed for the year compared to previous years owing to higher selling and distribution costs. However, the management is aware of the need to reward its shareholders in the short run as well, and is also mindful to balance its expenses, revenues and cash-flow in a manner that the ongoing viability of the company as a going concern is not threatened in any manner and the investments of its stakeholders are secured.

The company is also working on a project to implement an ERP system as per the approval and directives of the BOD. At present the first phase of system analysis and documentation is near completion and the project is on schedule and is targeted to be closed out before the end of this fiscal year.

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 towards the company's performance for the year. We expect continued efforts from our employees to achieve better results next year. And last but not the least, the management is grateful to the board for its persistent support, cooperation and guidance in setting a course for the company that will InshaAllah prove to be highly rewarding to all its stakeholders.

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 are 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. The directors, Chief Executive Officer and executives do not hold any interest in the shares of the Company other than that disclosed in the pattern of shareholding.

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.

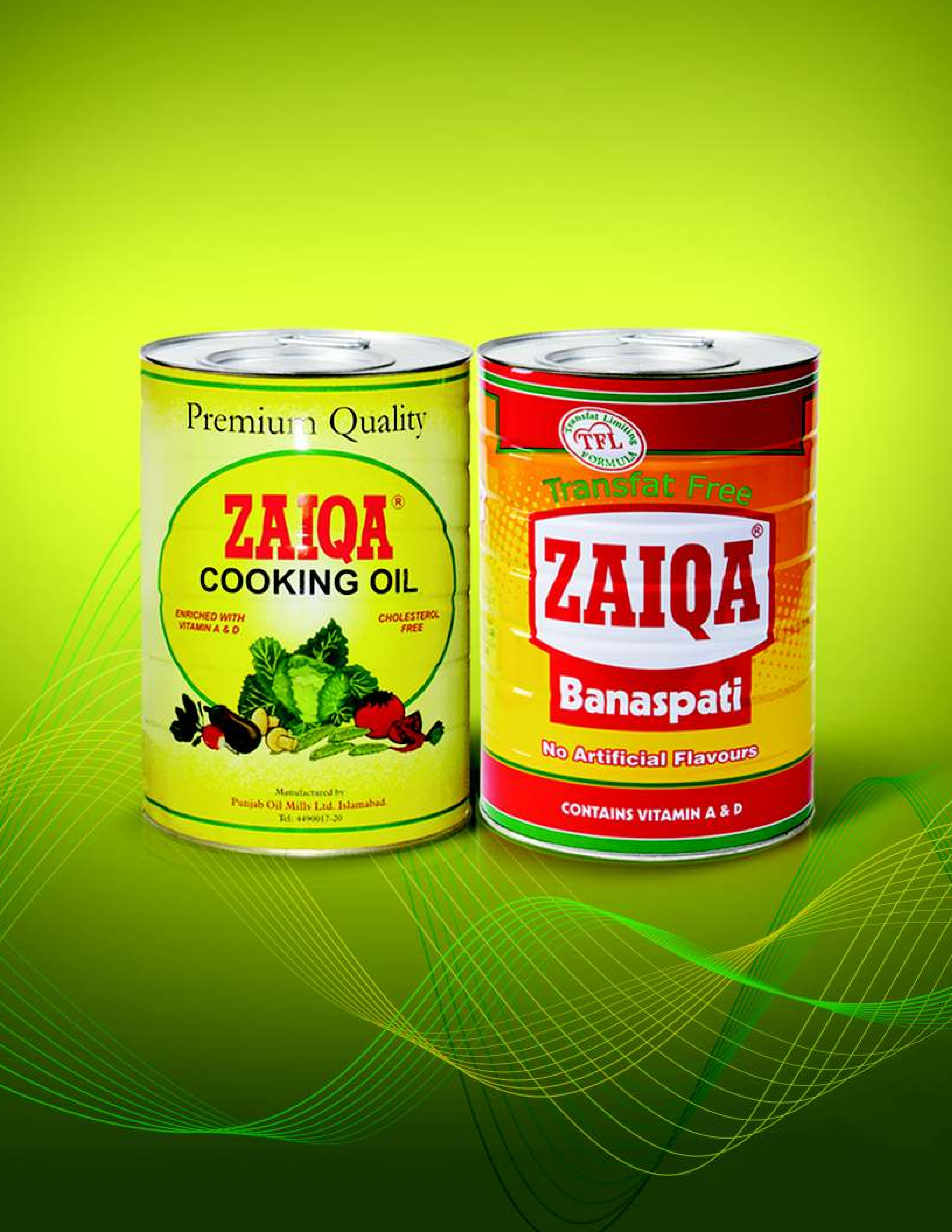
21. The 'closed period', prior to the announcement of interim / final results, and business decisions, which may materially affect the market price of Company's securities, was determined and intimated to the directors, employees and Stock Exchanges.

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


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

KEY FINANCIAL DATA LAST SIX YEARS

PARTICULARS	2007	2008	2009	2010	2011	2012
Issued, Subscribed and paid up capital	20,419,130	20,419,130	30,628,700	38,285,875	53,906,520	53,906,520
Capital Reserves	1,880,875	1,880,875	1,880,875	1,880,875	23,137,159	23,137,150
General Reserves	8,600,000	8,600,000	8,600,000	8,600,000	8,600,000	8,600,000
Long Term Loan	-	-	-	-	-	-
Deferred Liabilities	22,696,372	24,743,752	22,093,067	25,916,180	33,489,785	55,462,259
Current Liabilities	208,848,708	482,780,089	403,849,997	394,031,587	490,643,083	595,454,035
Operating Fixed Assets	184,256,430	184,333,874	185,055,146	191,596,543	195,668,025	386,991,777
Current Assets	188,394,617	495,534,275	454,214,298	482,108,544	630,261,741	720,718,980
Sales	1,736,133,111	2,501,790,859	2,809,909,510	3,018,441,736	3,710,266,602	4,168,048,880
Gross Profit	75,218,700	123,219,862	184,599,614	181,294,285	236,431,839	243,071,754
Operating Profit / (Loss)	31,587,550	59,581,676	99,660,849	78,200,534	108,474,330	92,261,564
Profit / (Loss) before taxation	27,354,673	54,342,576	103,477,686	77,119,391	102,501,197	83,338,733
Profit / (Loss) after taxation	15,278,255	38,443,014	40,271,487	50,319,792	37,063,933	9,142,831

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 2012 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 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 requires 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.

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 respect, with the best practices contained in the Code of Corporate Governance as applicable to the company for the year ended 30 June 2012.

Maqbool Haroon Shahid Safdar & Co

Lahore
Date: 08 October 2012

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 2012 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;

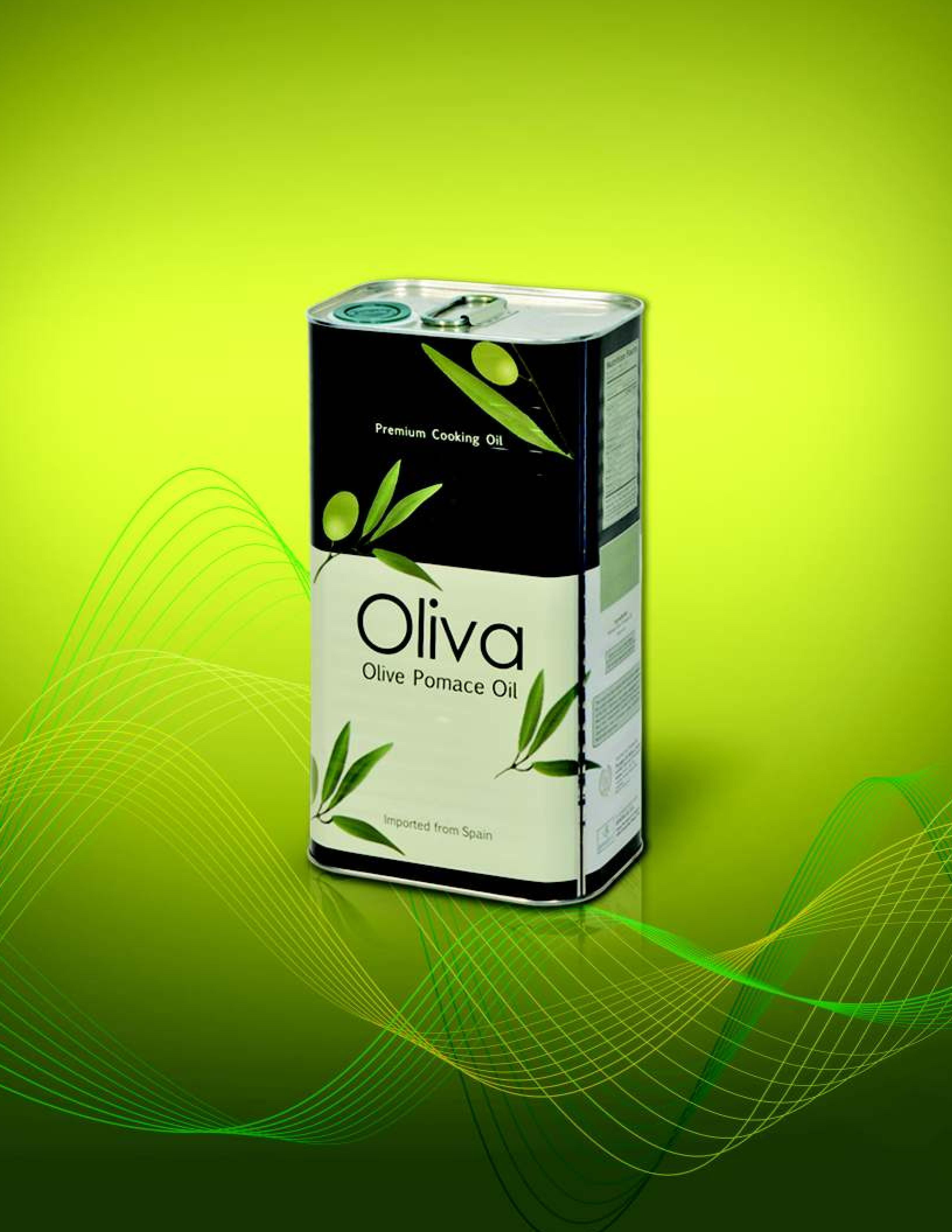
(c) in our opinion and to the best of our information and according to the explanations given to us, the Balance Sheet, Profit and Loss Account, Statement of Comprehensive Income, Cash Flow Statement and Statement of Changes in Equity together with the notes forming part thereof, conform with the approved 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 2012 and of the profit, total comprehensive income, its cash flows and changes in equity for the year then ended; and

(d) in our opinion, no Zakat was deductible at source under the Zakat & Ushr Ordinance, 1980 (X VIII of 1980).

Maqbool Haroon Shahid Safdar & Co

Lahore
Date: 08 October 2012

MAQBOOL HAROON SHAHID SAFDAR AND COMPANY
CHARTERED ACCOUNTANTS
SHAHID MEHMOOD


Premium Cooking Oil
Oliva
Olive Pomace Oil
Imported from Spain

BALANCE SHEET AS AT 30 JUNE 2012

EQUITY AND LIABILITIES	NOTE	2012 RUPEES	2011 RUPEES
SHARE CAPITAL AND RESERVES			
Authorized share capital			
10,000,000 (2011: 10,000,000) ordinary shares of Rs. 10/- each	7	100,000,000	100,000,000
Issued, subscribed and paid-up capital	8	53,906,520	53,906,520
Capital Reserves	9	23,137,159	23,137,159
Revenue Reserves	10	139,699,891	127,740,682
		216,743,570	204,784,361
Surplus on revaluation of property, plant and equipment	11	271,076,508	120,621,277
NON CURRENT LIABILITIES			
Liabilities against assets subject to finance lease	12	-	-
Deferred liabilities	13	55,462,259	33,489,785
CURRENT LIABILITIES			
Trade & other payables	14	446,205,845	361,582,160
Current portion of long term liabilities	12	-	209,829
Short term borrowings	15	42,270,954	26,545,692
Accrued mark up	16	40,066	241,685
Unclaimed dividend		1,038,344	1,382,287
Provision for taxation	17	105,898,826	100,681,430
		595,454,035	490,643,083
Contingencies & Commitments	18	-	-
		1,138,736,372	**849,538,506**
ASSETS			
NON CURRENT ASSETS			
Tangible fixed assets			
Property, plant and equipment	19	386,399,878	189,804,377
Capital work in progress	20	591,899	5,863,648
		386,991,777	195,668,025
Intangible assets	21	13,520,833	-
Investment in associates	22	-	-
Long term deposits	23	17,504,782	23,608,740
CURRENT ASSETS			
Stores, spare parts and loose tools	24	50,962,838	44,482,154
Stock in trade	25	230,480,406	204,256,349
Trade debts	26	288,180,298	252,237,417
Loans and advances	27	9,562,815	4,868,593
Trade deposits and short term prepayments	28	21,558,500	22,453,323
Other receivables	29	5,221,326	854,483
Advance income tax	30	93,018,975	90,098,191
Cash and bank balances	31	21,733,822	11,011,231
		720,718,980	630,261,741
		1,138,736,372	**849,538,506**

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

CHAIRMAN/DIRECTOR **CHIEF EXECUTIVE OFFICER**

PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 30 JUNE 2012

	NOTE	2012 RUPEES	2011 RUPEES
Sales - net	32	4,168,048,880	3,710,266,602
Cost of sales	33	3,924,977,126	3,473,834,763
Gross profit		243,071,754	236,431,839
Operating Expenses			
Selling and distribution cost	34	84,749,722	66,336,186
Administrative expenses	35	66,060,468	61,621,323
		150,810,190	127,957,509
Operating profit		92,261,564	108,474,330
Finance cost	36	5,010,773	1,892,040
Other operating charges	37	6,939,678	8,379,160
		11,950,451	10,271,200
		80,311,113	98,203,130
Other operating income	38	3,027,620	4,298,067
Profit before taxation		83,338,733	102,501,197
Taxation	39	74,195,902	65,437,264
Profit for the year		9,142,831	37,063,933
Earnings per share - Basic and diluted	41	1.70	7.51

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

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

CHAIRMAN/DIRECTOR

CHIEF EXECUTIVE OFFICER

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2012

	NOTE	2012 RUPEES	2011 RUPEES
Profit for the year		9,142,831	37,063,933
Other comprehensive income:			
Transfer from surplus on revaluation of property, plant and equipment on account of			
- Incremental depreciation - net of deferred tax	**11**	2,816,378	2,163,222
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**11,959,209**	**39,227,155**

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

CHAIRMAN/DIRECTOR **CHIEF EXECUTIVE OFFICER**

CASH FLOW STATEMENT
FOR THE YEAR ENDED 30 JUNE 2012

	NOTE	2012 RUPEES	2011 RUPEES
CASH FLOW FROM OPERATING ACTIVITIES			
Profit for the year before taxation		83,338,733	102,501,197
Adjustments for following items:			
Workers' profit participation fund		4,492,210	5,519,653
Workers' welfare fund		1,792,468	2,204,507
Loss/(gain) on disposal of property, plant and equipment		-	(378,054)
Provision for gratuity		7,283,459	5,860,781
Depreciation		13,635,683	11,493,484
Amortization		1,229,167	-
Finance cost		5,010,773	1,892,040
		33,443,760	26,592,411
Operating Profit before Working Capital Changes		116,782,493	129,093,608
(Increase)/Decrease in Current Assets:			
Stores, spare parts and loose tools		(6,480,684)	(15,479,379)
Stock in trade		(26,224,057)	(11,673,244)
Trade debts		(35,942,881)	(106,355,246)
Loan and advances		(4,694,222)	(844,761)
Trade deposits and short term prepayments		894,823	(6,961,501)
Other receivables		(4,366,843)	(553,922)
		(76,813,864)	(141,868,053)
Increase / (Decrease) in Current Liabilities:			
Trade & other payable		86,200,780	27,955,045
Cash Generated from Operations		126,169,409	15,180,600
Workers' Profit Participation fund paid		(5,878,052)	(4,360,255)
Workers' Welfare Fund Paid		(2,204,507)	(1,587,223)
Staff retirement benefits Paid		(6,242,500)	(2,162,840)
Finance Cost Paid		(4,991,606)	(1,482,653)
Income Tax Paid		(69,748,060)	(52,721,204)
Dividend Paid		(343,943)	(10,297,429)
		(89,408,668)	(72,611,604)
Net cash generated from/(used in) operating activities		**36,760,741**	**(57,431,004)**
CASH FLOW FROM INVESTING ACTIVITIES			
Fixed capital expenditure		(21,926,553)	(9,551,929)
Intangible assets acquired		(14,750,000)	-
Proceeds from disposal of property, plant and equipment		-	504,000
Capital work in progress		(10,980,988)	(6,138,983)
Long term deposits		6,103,958	(5,233,018)
Net cash flow from/ (used in) investing activities		**(41,553,583)**	**(20,419,930)**
CASH FLOW FROM FINANCING ACTIVITIES			
Increase/(decrease) in finance lease liability		(209,829)	(423,787)
Short term borrowings		15,725,262	26,545,692
Proceeds from issuance of shares		-	31,976,334
Net cash flow from financing activities		**15,515,433**	**58,098,239**
Net increase/(decrease) in Cash and Cash Equivalents		10,722,591	(19,752,695)
Cash and Cash Equivalents at the beginning of the year		11,011,231	30,763,926
Cash and Cash Equivalents at the end of the year	31	**21,733,822**	**11,011,231**

CHAIRMAN/DIRECTOR **CHIEF EXECUTIVE OFFICER**

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2012

(RUPEES)

	SHARE CAPITAL	CAPITAL RESERVES	REVENUE RESERVES		TOTAL
			GENERAL RESERVES	UN-APPROPRIATED PROFIT	
Balance as at 01 July 2010	38,285,875	1,880,875	8,600,000	95,457,597	144,224,347
Total Comprehensive Income for the year					
Profit for the year ended 30 June 2011	-	-	-	37,063,933	37,063,933
Transfer from surplus on revaluation of property, plant and equipment on account of - Incremental depreciation - net of deferred tax	-	-	-	2,163,222	2,163,222
	-	-	-	39,227,155	39,227,155
Transaction with owners recorded directly in Equity - Distributions	.				
	-				
15 % final dividend for the year ended 30 June 2010	-	-	-	(5,742,882)	(5,742,882)
Issuance of 28 % right shares during the year	10,720,050	21,256,284	-	-	31,976,334
10 % interim dividend during the year	-	-	-	(4,900,593)	(4,900,593)
Issuance of 10 % bonus shares during the year	4,900,595	-	-	(4,900,595)	-
Total transactions with owners-distribution	15,620,645	21,256,284	-	(15,544,070)	21,332,859
Balance as at 30 June 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**

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

CHAIRMAN/DIRECTOR

CHIEF EXECUTIVE OFFICER

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

1 LEGAL STATUS AND NATURE OF BUSINESS

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

2 BASIS OF PREPARATION

2.01 Statement of compliance

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

2.02 Standards, interpretations and amendments to published approved accounting standards

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

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

Following are the amendments that are applicable for accounting periods beginning on or after 01 July 2011:

- IAS 1 (amendment), ‘Presentation of financial statements’, is effective for annual periods beginning on or after 01 January 2011. The amendment clarifies that an entity may choose to present the required analysis of items of other comprehensive income either in the statement of changes in equity or in the notes to the financial statements. The amendment is not expected to have a material impact on the company’s financial statements.

- IFRS 7 (amendment), ‘Financial instruments: Disclosures’, is effective for annual periods beginning on or after 01 July 2011. The amendment requires additional quantitative and qualitative disclosures relating to transfers of financial assets, where financial assets are derecognised in their entirety, but where the entity has a continuing involvement in them (e.g., options or guarantees on the transferred assets) or where financial assets are not derecognised in their entirety. This amendment is not expected to have any impact on the company’s financial statements.

- IAS 24 (Revised), ‘Related Party Disclosures’, is effective for annual periods beginning on or after 01 January 2011. The definition of a related party has been clarified to simplify the identification of related party relationships, particularly in relation to significant influence and joint control. This is not expected to have a material impact on the company’s financial statements.

- IAS 34 (amendment), ‘Interim financial reporting’, is effective for annual periods beginning on or after 01 January 2011. The amendment provides guidance to illustrate how to apply disclosure principles in IAS 34 and add disclosure requirements around the circumstances likely to affect fair values of financial instruments and their classification, transfers of financial instruments between different levels of the fair value hierarchy, changes in classification of financial assets and changes in contingent liabilities and assets. This amendment is not expected to have a material impact on the company’s financial statements.

- IFRS 7 (amendment), 'Financial instruments: Disclosures', is effective for annual periods beginning on or after 01 January 2011. The amendment emphasises the interaction between quantitative and qualitative disclosures and the nature and extent of risks associated with financial instruments. The amendment is not expected to have a material impact on the company's financial statements.

- IFRIC 14 (amendment), 'Prepayments of a minimumfunding requirement' has been amended to remedy an unintended consequence of IFRIC – Into 14 where entities in some circumstances are not permitted to recognize prepayments of minimumfunding contributions, as an asset. The limit on a defined benefit asset, minimum funding requirements and their interaction'. without the amendments, entities are not permitted to recognize as an asset some voluntary prepayments for minimum funding contributions. The amendments are effective for annual periods beginning January 01, 2011. The amendments should be applied retrospectively to the earliest comparative period presented. the amendment is expected to have no significant effect on the 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, 2011 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 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.

- 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.

- IAS 19, 'Employee benefits' was amended in June 2011. The impact will be as follows: to eliminate the corridor approach and recognise all actuarial gains and losses in OCI as they occur; to immediately recognise all past service costs; and to replace 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 benefit liability (asset). This is not expected to have a material impact on company's financial statements.

- IAS 28 (Revised) Associates and joint ventures' (effective for periods beginning on or after January 1, 2013).The revised standard includes the requirements for joint ventures, as well as associates, to be equity accounted following the issue of IFRS 11.

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

Standards or Interpretation	Effective date (accounting periods beginning on or after)
- IFRS 7, Financial Instruments: Disclosure	January 01, 2013
- IFRS 9, Financial Instruments	January 01, 2015
- IFRS 12, Disclosures of interest in other entities	January 01, 2013
- IFRS 13, Fair value measurements	January 01, 2013
- IAS 32, Financial instruments; Presentation	January 01, 2013
- IAS 27, Separate financial statements	January 01, 2013
- IAS 28; Investment in associates and joint ventures	January 01, 2013
- IAS 32, Financial instruments; Presentation, on offsetting financial assets and financial liabilities	January 01, 2014
- Annual improvements 2011; IFRS 1, 'First time adoption'. IAS 1, 'Financial statement presentation'. IAS 16, 'Property plant and equipment'. IAS 32, `Financial instruments; Presentation'. IAS 34, Interim financial reporting'	January 01, 2013

- **Standards, interpretations and amendments to existing standards that are not yet effective and not applicable to the company**

Standards or Interpretation	Effective date (accounting periods beginning on or after)
- IFRS 10, Consolidated financial information	January 01, 2013
- IFRS 11, Joint arrangements	January 01, 2013
- IFRS 1, First time adoption on government loans	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 on going 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 13.01.

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 19 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 30 June 2011, the following significant assumptions were used:

	2012	**2011**
Discount factor used	14%	14%
Expected rate of eligible salary increase in future years	13%	13%
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 willbe available against which the deductable temporary differences, un-used tax losses and tax credits can be utilised. 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 chargable 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 the cost of 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 21.

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 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.

6.10 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.

6.11 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.

6.12 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 AUTHORIZED SHARE CAPITAL

	NOTE	2012 RUPEES	2011 RUPEES
Authorized share capital	7.01	**100,000,000**	**100,000,000**

Movement in and reconciliation of authorized share capital during the year:

	2012 RUPEES	2011 RUPEES
Balance at beginning of the year	100,000,000	50,000,000
Authorized capital increased during the year	-	50,000,000
Balance at end of the year	100,000,000	100,000,000

7.01 The company vide its extraordinary meeting held on 02 April 2011 increased its authorized share capital from Rs. 50 million to Rs. 100 million.

8 ISSUED, SUBSCRIBED AND PAID UP CAPITAL

	NOTE	2012 RUPEES	2011 RUPEES
2,854,543 (2011: 2,854,543) ordinary shares of Rs. 10/- each fully paid in cash	8.01	28,545,430	28,545,430
2,536,109 (2011: 2,536,109) ordinary shares of Rs. 10/- each issued as fully paid bonus shares	8.02	25,361,090	25,361,090
		53,906,520	**53,906,520**

8.01 Movement in and reconciliation of share capital during the year:

	2012	2011
Balance at beginning of the year		
Ordinary shares of Rs. 10/- each fully paid in cash	28,545,430	17,825,380
Issuance of right shares	-	10,720,050
Balance at end of the year		
Ordinary shares of Rs. 10/- each fully paid in cash	28,545,430	28,545,430

8.02 Movement in and reconciliation of fully paid bonus shares during the year:

	Number of shares	
Balance at beginning of the year		
Bonus shares of Rs. 10/- each fully paid	2,536,109	2,046,050
Issuance of bonus shares during the year	-	490,059
Balance at end of the year:		
Bonus shares of Rs. 10/- each fully paid	2,536,109	2,536,109

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

- Ordinary shares of the company held by associated undertakings as at the year end are 415,793(2011: 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	2012 RUPEES	2011 RUPEES
9 CAPITAL RESERVES			
Movement in and reconciliation of reserves is as follows:			
Capital			
Share premium			
Balance at beginning of the year		23,137,159	1,880,875
Addition during the year		-	21,440,100
Less: Issuance cost		-	(183,816)
Balance at end of the year	9.01	**23,137,159**	**23,137,159**

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

	NOTE	2012 RUPEES	2011 RUPEES
10 REVENUE RESERVES			
General reserves	10.01	8,600,000	8,600,000
Accumulated profit		131,099,891	119,140,682
		139,699,891	**127,740,682**

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

	NOTE	2012 RUPEES	2011 RUPEES
11 SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT			
Land-Lease hold			
Opening balance		99,576,476	99,576,476
Addition during the year		65,450,000	-
Closing balance		165,026,476	99,576,476
Building-on Lease hold land			
Opening balance		17,682,618	19,565,974
Addition during the year		61,009,860	-
Closing balance		78,692,478	19,565,974
Plant, machinery & equipments			
Opening balance		7,593,192	8,401,934
Addition during the year		43,997,277	-
Closing balance		51,590,469	8,401,934
Laboratory equipment			
Opening balance		-	-
Addition during the year		899,908	-
Closing balance		899,908	-
Scales & weigh bridge			
Opening balance		-	-
Addition during the year		694,849	-
Closing balance		694,849	-
		296,904,180	127,544,384
Related deferred taxation		(23,011,294)	(4,759,885)
		273,892,886	122,784,499
Incremental depreciation on revalued assets		(3,428,337)	(2,692,098)
Related deferred taxation		611,959	528,876
Transferred to other comprehensive income during the year		(2,816,378)	(2,163,222)
		271,076,508	**120,621,277**

11.01 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.

12 LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE

The amount of future payments and the years in which these will become due are:

	NOTE	2012 RUPEES	2011 RUPEES
Not later than one year		-	145,552
Later than one year and not later than five years		-	-
Later than five years		-	-
		-	145,552
Add: Lease key money		-	161,240
		-	306,792
Less: Financial charges allocated to future periods		-	96,963
Present value of minimum lease payments	**12.01**	-	209,829
Less: Current portion		-	209,829
		-	-

12.01 Present value of minimum lease payments

	2012 RUPEES	2011 RUPEES
Due not later than one year	-	209,829
Due later than one year but not later than five years	-	-
	-	**209,829**

12.02 This represents finance lease obtained from leasing companies. The liabilities under these agreements are payable under monthly instalments and are subject to financial charges at the rates ranging from 9.69% to 17.99% (2011: 9.69% to 17.99%) per annum. The cost of operating and maintaining the leased assets is borne by the company. The company intends to exercise its option to purchase leased assets upon completion of the respective lease terms.

13 DEFERRED LIABILITIES

	NOTE	2012 RUPEES	2011 RUPEES
Staff retirement benefits	**13.01**	30,655,080	29,614,121
Deferred Taxation	**13.02**	24,807,179	3,875,664
		55,462,259	**33,489,785**

13.01 Staff retirement benefits

	2012 RUPEES	2011 RUPEES
Balance sheet liability		
Opening balance	29,614,121	25,916,180
Amount recognized during the year	7,283,459	5,860,781
	36,897,580	31,776,961
Benefits paid during the year	(6,242,500)	(2,162,840)
Closing balance	**30,655,080**	**29,614,121**
The amounts recognized in the balance sheet are as follows		
Present value of defined benefit obligation	31,688,620	30,647,661
Unrecognized actuarial gain / (loss)	(1,533,540)	(1,533,540)
Benefits due but not paid	500,000	500,000
	30,655,080	29,614,121
Charge for the defined benefit plan		
Service cost	2,992,786	2,741,352
Interest cost	4,290,673	3,119,429
Charged to profit and loss account	**7,283,459**	**5,860,781**

The history of experience adjustments is as follows:

	2012	2011	2010	2009	2008
	RUPEES				
Present value of defined benefit obligation	31,688,620	30,647,661	25,995,239	20,903,091	17,823,153
Experience adjustment arising on plan liabilities	-	954,481	(579,059)	-	689,976

13.02 Deferred taxation	NOTE	2012 RUPEES	2011 RUPEES
Deferred taxation comprises of the following:			
Deferred tax liability on taxable temporary differences in respect of the following:			
- Accelerated tax depreciation allowance		7,224,461	5,509,203
- Surplus on revaluation of assets		23,540,170	4,759,885
		30,764,631	10,269,088
Deferred tax asset on taxable temporary differences in respect of the following:			
- Staff retirement benefits		(5,471,932)	(5,817,842)
- Lease liability		-	(41,224)
- Investment accounted for under IAS-28		(485,520)	(534,358)
		(5,957,452)	(6,393,424)
		24,807,179	**3,875,664**

14 TRADE & OTHER PAYABLES	NOTE	2012 RUPEES	2011 RUPEES
Creditors		173,840,009	14,960,427
Accrued expenses		43,504,671	36,854,914
Worker's profit participation fund	**14.01**	4,769,802	5,934,858
Security deposits		385,000	475,000
Worker's welfare fund		1,792,468	2,204,507
Tax deducted at source		256,935	4,760
Advances from customers		220,559,323	299,396,741
Sales tax payable		629,162	933,765
Related parties	**14.02**	468,475	817,188
		446,205,845	**361,582,160**

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

Opening balance	5,934,858	4,607,758
Provision for the year	4,492,210	5,519,653
Mark up on W.P.P.F.	220,786	167,702
	10,647,854	10,295,113
Payment during the Year	(5,878,052)	(4,360,255)
	4,769,802	5,934,858

14.02 Related parties - unsecured

Hala Enterprises Limited

Nature of transaction:		
Sharing of office expenses	468,475	817,188
	468,475	817,188

Balances payable to related party (associated undertaking) are subject to mark up @ 14 % (2011: 16 %) p. a.

15 SHORT TERM BORROWINGS

	Limit Sanctioned Rupees in million	NOTE	2012 RUPEES	2011 RUPEES
From Banking Companies -Secured:				
Habib Metropolitan Bank Limited				
- Running Finance	25.00	**15.01**	171,009	3,389,617
- Finance against trust receipt	(50.00)	**15.02**	42,099,945	23,156,075
- Letter of guarantee	10.00	**15.03**	-	-
- Letter of credit (sight)	200.00	**15.04**	-	-
Faysal Bank Limited				
- Letter of credit (sight)	45.00	**15.05**	-	-
			42,270,954	**26,545,692**

15.01 This facility has been obtained to meet working capital requirements. It carries markup @ 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. 24.83 million (2011: Rs. 21.61 million) remained un-utilized as at year end. This facility will expire on 31 March 2013.

15.02 This facility has been obtained for retirement of LC documents. It carries markup @ 3 months KIBOR + 2.5 % to be paid on quarterly basis. Out of total limit, an amount of Rs. 7.9 million (2011: Rs. 26.83 million) remained un-utilized as at year end. This facility will expire on 31 March 2013.

15.03 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. 4.6 million (2011: Rs. 4.6 million) remained un-utilized as at year end.

15.04 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. 40.21 million (2011: Rs. Nil) remained un-utilized as at year end. This facility will expire on 31 March 2013.

The above mentioned facilities are collaterally secured against the following:

- Ist Parri Passu Charge for Rs. 170 million over fixed assets situated at 26, 27, 28 industrial triangle, kahota 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.

15.05 This facility has been obtained to import edible oil and chemicals. It carries commission as per schedule of charges of 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 M and Equitable mortgage of one House situtated in Islamabad. Out of total limit, an amount of Rs. 45 million (2011: Rs. 31.53 million) remained un-utilized as at year end. This facility will expire on 31 January 2013.

16 ACCRUED MARKUP

	NOTE	2012 RUPEES	2011 RUPEES
Accrued mark up on short term borrowings		40,066	241,685
		40,066	**241,685**

	NOTE	2012 RUPEES	2011 RUPEES
17 PROVISION FOR TAX			
Opening balance		100,681,430	61,043,310
Add: Taxation - current		77,560,454	67,908,705
		178,241,884	128,952,015
Less: Tax payments /adjustments during the year		72,343,058	28,270,585
		105,898,826	**100,681,430**

18 CONTINGENCIES AND COMMITMENTS

18.01 CONTINGENCIES

a) The company has 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 has 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 has provided bank guarantees amounting to Rs. 12.85 million (2011: 16.95 million) in favour of Excise and Taxation Authorities. The company may be contingently liable for payment of the said amount 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.

The company has provided bank guarantee amounting to Rs. 4.47 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 Hon'ble 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.

18.02 COMMITMENTS

- Letters of credit for capital expenditure as at the balance sheet date amounted to Rs. Nil (2011: Rs. 13.47 million)

- Letters of credit other than for capital expenditure as at the balance sheet date amounted to Rs. 159.79 million (2011: Rs. 220.35 million)

19 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 2010											
Cost/Revalued amount	100,000,000	72,346,387	102,926,788	181,335	1,127,655	318,812	5,579,207	1,028,889	26,528,680	1,623,855	311,661,608
Accumulated depreciation	-	(44,412,372)	(62,573,981)	(181,235)	(1,071,194)	(290,019)	(2,132,409)	(558,311)	(11,260,259)	(664,081)	(123,143,861)
Net book value in Rupees	100,000,000	27,934,015	40,352,807	100	56,461	28,793	3,446,798	470,578	15,268,421	959,774	188,517,747
Year ended 30 June 2011											
Additions	-	-	1,451,359	-	-	-	460,945	106,125	7,533,500	-	9,551,929
Transfers from capital work in progress during the year (Note 20)	-	2,317,622	1,036,509	-	-	-	-	-	-	-	3,354,131
Transfers with in fixed assets											
Cost	-	-	-	-	-	-	-	-	762,375	(762,375)	-
Depreciation	-	-	-	-	-	-	-	-	(473,146)	473,146	-
Net book value	-	-	-	-	-	-	-	-	289,229	(289,229)	-
Disposals (note 19.03)											
Cost	-	-	-	-	-	-	-	-	(327,500)	-	(327,500)
Depreciation	-	-	-	-	-	-	-	-	201,554	-	201,554
Net book value	-	-	-	-	-	-	-	-	(125,946)	-	(125,946)
Depreciation charge for the year (note 19.01)	-	(2,832,029)	(4,238,188)	(25)	(6,775)	(2,879)	(372,246)	(56,601)	(3,802,475)	(182,266)	(11,493,484)
Net book value as at 30 June 2011	**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 20)	-	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	-	-	-	-	-	-	-	-	488,279	(488,279)	-
Depreciation	-	-	-	-	-	-	-	-	(97,656)	97,656	-
Net book value	-	-	-	-	-	-	-	-	390,623	(390,623)	-
Depreciation charge for the year (note19.01)	-	(3,332,596)	(5,909,719)	(18,767)	(12,965)	(2,591)	(373,466)	(55,377)	(3,832,546)	(97,656)	(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**

	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 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
Annual rates of depreciation (%) 2011	-	10	10-15	25	12	10	10	10	20	20	
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	34,985,334	373,201	411,397,603
Accumulated depreciation	-	(758,364)	(731,483)	(18,750)	(7,500)	(295,489)	(2,878,121)	(670,289)	(19,264,528)	(373,201)	(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	

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

	2012 Rupees	2011 Rupees
Cost of Sale	12,272,115	10,344,136
Administrative Expenses	1,363,568	1,149,348
	13,635,683	**11,493,484**

19.02 The revaluation of land, building, plant machinery & equipment, laboratory equipment and scales and weigh bridge was carried out by 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 2012		
	Cost	Accumulated Depreciation	Written Down Value
Land lease-hold	423,524	-	423,524
Building	36,196,771	18,732,659	17,464,112
Plant, Machinery & Equipment	107,393,186	51,518,057	55,875,129
Laboratory equipment	181,335	181,279	56
Scales & weigh bridge	1,127,655	1,083,931	43,724
Rupees 2012	**145,322,471**	**71,515,926**	**73,806,545**

19.03 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 / (LOSS)	MODE OF DISPOSAL	BUYER'S NAME
	-	-	-	-	-	-	-
Rupees 2012	-	-	-	-	-		
Rupees 2011	327,500	201,554	125,946	50,400	378,054		

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

19.05 Included in fixed assets are assets which are secured with a bank against Ist pari passu charge for Rs. 245.00 million over fixed assets (including land and, plant and machinery) of the company.

19.06 The Company's obligation under finance lease are secured by lessors' title to the leased assets, which have a carrying amount of Rs. Nil (2011: Rs. 488,279).

20 CAPITAL WORK IN PROGRESS

	NOTE	2012 RUPEES	2011 RUPEES
Opening Balance		5,863,648	3,078,796
Additions during the year		10,980,988	6,138,983
		16,844,636	9,217,779
Less: Transferred to property, plant and equipment	20.01	16,252,737	3,354,131
		591,899	**5,863,648**

20.01 Transferred to property, plant and equipment is represented by:-

	2012 RUPEES	2011 RUPEES
Building	8,170,502	2,317,622
Plant and machinery	8,082,235	1,036,509
	16,252,737	**3,354,131**

21 INTANGIBLE ASSETS

	2012 RUPEES	2011 RUPEES
Motion picture film-cost	14,750,000	-
Less: Amortization for the year	1,229,167	-
Net book value (NBV) as at 30 June	**13,520,833**	-
Amortization rate per annum	50%	-

22 INVESTMENT IN ASSOCIATES

	NOTE	2012 RUPEES	2011 RUPEES
At Cost:			
Premier Garments Limited - unlisted	22.01	-	-

22.01 27,200 (2011: 27,200) ordinary shares of Rs. 100/- each, represent 38.86% (2011: 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).

22.02 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 2011, is as follows:

Premier Garments Limited	2011 RUPEES	2010 RUPEES
Total assets	14,703,837	15,792,121
Total liabilities	32,507,085	35,652,839
Net Assets	**(17,803,248)**	**(19,860,718)**
Company's share of net assets of associate	**(6,918,342)**	**(7,717,875)**
Total revenue	4,800,000	4,800,000
Total profit for the year	2,057,470	1,623,953
Company's share of profit of associate	799,533	631,068
Share of unrecognised accumulated losses	10,328,739	11,390,882

23 LONG TERM DEPOSITS

	NOTE	2012 RUPEES	2011 RUPEES
Lease key money		1,161,240	1,315,722
Net transfers		(1,161,240)	(154,482)
		-	1,161,240
Deposits against bank guarantees		17,504,782	22,447,500
		17,504,782	**23,608,740**

24 STORES, SPARE PARTS AND LOOSE TOOLS

	NOTE	2012 RUPEES	2011 RUPEES
Stores		49,096,293	42,878,673
Spare parts		1,493,236	1,282,785
Loose tools		373,309	320,696
		50,962,838	**44,482,154**

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

25 STOCK IN TRADE

	NOTE	2012 RUPEES	2011 RUPEES
Raw materials			
- In hand		39,143,488	48,336,028
- In transit		86,934,392	39,703,411
Work in process		27,429,536	35,719,286
Finished goods		76,972,990	80,497,624
		230,480,406	**204,256,349**

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

26 TRADE DEBTS

Trade debts - unsecured but considered good		**288,180,298**	**252,237,417**

27 LOANS AND ADVANCES

Considered good:			
Suppliers		7,616,198	3,459,212
Employees		1,946,617	1,409,381
		9,562,815	**4,868,593**

28 TRADE DEPOSITS AND SHORT TERM PREPAYMENTS

Security deposits		3,337,553	2,158,353
Letter of credit - margin		15,876,400	18,302,000
Prepayments		2,344,547	1,992,970
		21,558,500	**22,453,323**

29 OTHERS RECEIVABLES

Zakat on dividend, receivable from government		76,962	76,962
Sales tax receivable		4,797,125	402,844
Other receivables			
- from fair price shop		347,239	374,677
		5,221,326	**854,483**

30 ADVANCE INCOME TAX

Advance income tax		**93,018,975**	**90,098,191**

31 CASH AND BANK BALANCES

Cash in hand		528,235	805,616
Cash with banks			
- In current accounts		20,539,827	2,986,628
- In deposit accounts	**31.01**	634,377	6,899,623
- Foreign currency accounts		31,383	319,364
		21,733,822	**11,011,231**

31.01 These carry profit @ 6.50 % (2011: 7.50 %) per annum approximately.

32 SALES

	NOTE	2012 RUPEES	2011 RUPEES
Ghee		2,307,466,828	2,151,847,937
Cooking Oil		1,596,223,546	1,471,875,123
Speciality Fats		263,684,887	70,173,245
		4,167,375,261	3,693,896,305
Soap		61,474,644	60,851,101
Gases		40,182	4,839,841
		61,514,826	65,690,942
Less: Sales Tax		8,484,805	10,238,531
		53,030,021	55,452,411
		4,220,405,282	3,749,348,716
Less: Trade discount		42,797,080	30,306,583
Commission		9,559,322	8,775,531
		52,356,402	39,082,114
		4,168,048,880	**3,710,266,602**

33 COST OF SALE

	NOTE	2012 RUPEES	2011 RUPEES
Raw material consumed	**33.01**	3,491,857,285	3,090,461,402
Stores and spare parts consumed		4,659,463	4,056,579
Chemicals consumed		33,332,968	32,676,677
Packing materials consumed		223,475,354	217,384,152
Salaries, wages and benefits	**33.02**	23,512,580	19,573,643
Power, fuel and lubricants		112,188,701	79,220,767
Repair and maintenance		4,724,082	4,263,043
Filling and Loading		4,740,713	5,120,713
Insurance		2,399,481	1,746,610
Depreciation	**19.01**	12,272,115	10,344,136
		3,913,162,742	3,464,847,722
Work in process:			
Opening		35,719,286	32,893,295
Closing		(27,429,536)	(35,719,286)
		8,289,750	(2,825,991)
Cost of goods manufactured		3,921,452,492	3,462,021,731
Finished goods:			
Opening		80,497,624	92,310,656
Closing		(76,972,990)	(80,497,624)
		3,524,634	11,813,032
		3,924,977,126	**3,473,834,763**

33.01 Raw material consumed

	2012	2011
Opening	48,336,028	35,459,542
Purchases	3,482,664,745	3,103,337,888
	3,531,000,773	3,138,797,430
Closing	(39,143,488)	(48,336,028)
	3,491,857,285	**3,090,461,402**

33.02 Salaries wages and other benefits include provision for staff retirement benefits for the year Rs. 4,006 thousand (2011: Rs. 3,223 thousand).

34 SELLING AND DISTRIBUTION COST

	NOTE	2012 RUPEES	2011 RUPEES
Salaries, wages and benefits	**34.01**	32,991,276	31,844,062
Travelling and conveyance		1,928,188	2,014,256
Advertisement		37,409,873	20,932,470
Amortization		1,229,167	-
Outward carriage		11,191,218	11,545,398
		84,749,722	**66,336,186**

34.01 Salaries wages and other benefits include provision for staff retirement benefits for the year Rs. 728 thousand (2011: Rs. 586 thousand).

35 ADMINISTRATIVE EXPENSES

	NOTE	2012 RUPEES	2011 RUPEES
Directors' meeting fee		180,000	128,000
Directors' remuneration		9,073,227	9,809,176
Salaries, wages and benefits	**35.01**	23,034,292	23,049,175
Travelling and conveyance		3,427,890	3,580,900
Entertainment		719,184	837,395
Printing and stationary		1,136,141	1,246,638
Postage, telephone and telex		2,065,134	2,182,290
Rent, rates and taxes		5,720,473	5,912,479
Fees and subscription		1,207,538	1,075,915
Legal and professional charges		2,492,991	931,035
Vehicle running and maintenance		7,544,077	5,788,885
Repair and maintenance		1,574,694	1,421,014
Power, fuel and lubricant		1,708,457	1,206,408
Office expenses		3,254,057	2,430,479
Advertisement		1,558,745	872,186
Depreciation	**19.01**	1,363,568	1,149,348
		66,060,468	**61,621,323**

35.01 Salaries wages and other benefits include provision for staff retirement benefits for the year Rs. 2,549 thousand (2011: Rs. 2,051 thousand).

36 FINANCE COST

	NOTE	2012 RUPEES	2011 RUPEES
Financial charges on finance lease		6,582	40,190
Mark up on short term borrowings		3,963,113	849,621
Mark up charged by related parties		40,678	50,961
Mark up charged on W.P.P.F.		220,786	167,702
Bank charges		779,614	783,566
		5,010,773	**1,892,040**

37 OTHER OPERATING CHARGES

	NOTE	2012 RUPEES	2011 RUPEES
Auditors' remuneration	**37.01**	655,000	655,000
Workers' profit participation fund		4,492,210	5,519,653
Workers' welfare fund		1,792,468	2,204,507
		6,939,678	**8,379,160**

37.01 AUDITORS' REMUNERATION

	2012 RUPEES	2011 RUPEES
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**

38 OTHER OPERATING INCOME

	NOTE	2012 RUPEES	2011 RUPEES
Income from financial assets			
Profit on bank deposits		2,000,965	3,729,931
Income from non-financial assets			
Scrap Sale		240,000	150,000
Mushroom sale		779,380	38,540
Profit/(loss) on disposal of property, plant and equipment		-	378,054
Exchange gain/(loss)		7,275	1,542
		3,027,620	**4,298,067**

39 TAXATION

	NOTE	2012 RUPEES	2011 RUPEES
Taxation			
-Current Year	**39.01**	77,560,454	67,908,705
-Prior Years		(5,515,782)	(1,587,223)
		72,044,672	66,321,482
Deferred	**39.02**	2,151,230	(884,218)
		74,195,902	**65,437,264**

39.01 - Income tax return has been filed to the income tax authorities up to and including tax year 2011 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.

39.02 Deferred taxation has been provided to the extent of income of the company chargeable under normal tax regime.

40 TRANSACTION WITH RELATED PARTY

Disclosure of transaction between the company and 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	NOTE	2012 RUPEES	2011 RUPEES
Reimbursement of expenses				
Sharing of office expenses				
Hala Enterprises Limited	Associated Company		3,055,665	1,798,553
			3,055,665	1,798,553

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 45 of the notes to the financial statements.

41 EARNINGS PER SHARE

	NOTE	2012 RUPEES	2011 RUPEES
Basic Earnings per share:			
Profit after Taxation	Rupees	9,142,831	37,063,933
Weighted average number of ordinary shares	Number	5,390,652	4,938,431
Earnings per share - basic	Rupees	**1.70**	**7.51**

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.

42 FINANCIAL INSTRUMENTS BY CATEGORY

	NOTE	2012 RUPEES	2011 RUPEES
Financial assets as per balance sheet			
Long term deposits		17,504,782	23,608,740
Trade debts		288,180,298	252,237,417
Loans and advances		1,946,617	1,409,381
Trade deposits		3,337,553	2,158,353
Other receivables		347,239	374,677
Bank balances		21,205,587	10,205,615
		332,522,076	**289,994,183**
Financial liabilities as per balance sheet			
Liability against assets subject to finance lease		-	145,552
Trade and other payables		218,198,155	53,107,529
Short term borrowings		42,270,954	26,545,692
Accrued mark-up		40,066	241,685
Unclaimed dividend		1,038,344	1,382,287
		261,547,519	**81,422,745**

42.01 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.

43 FINANCIAL INSTRUMENTS

43.01 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 2012/2011,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. 1,602 (2011: Rs. 15,952), 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:

	2012	2011
Cash at bank -USD	336	3,709
Net exposure-USD	336	3,709

The following significant exchange rates were applied during the year:

Rupees per US Dollar		
Average rate	91.14	85.95
Reporting date rate	95.4	86.02

(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. As the Company has no significant interest-bearing assets, the company's interest rate risk arises from short term borrowings and liabilities against assets subject to finance lease . 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:

		2012	2011
Floating rate instrument	**NOTE**	**RUPEES**	**RUPEES**
Financial liabilities			
Short term borrowings		42,270,954	26,545,692
Liabilities against assets subject to finance lease		-	48,589
Financial assets			
Bank balances- saving accounts		634,377	6,899,623

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. 416,366(2011: 196,946)lower/higher, mainly as a result of higher/lower interest expense/income on floating rate borrowings and bank balances. This analysis is prepared assuming the amounts of liabilities outstanding at balance sheet dates were outstanding for the whole year.

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

(iii) Other price risk

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

(b) Credit risk

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

Credit risk arises from deposits with banks, trade debts, loans and advances, deposits and other receivables. The company seeks to minimize the credit risk exposure through having exposures only to customers considered credit worthy and obtaining securities where applicable. Where considered necessary, advance payments are obtained from certain parties. Out of the total financial assets of Rs. 333,050,311(2011: Rs. 290,799,799), the maximum exposure to credit risk amounts to Rs. 332,522,076 (2011: Rs. 289,994,183).

Geographically, there is no concentration of credit risk.

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

	NOTE	2012 RUPEES	2011 RUPEES
Government institution and utility store		50,748,826	45,214,563
Private sector's companies		20,364,165	55,245,326
Distributors		174,076,149	145,258,852
Others		44,937,775	7,928,069
		290,126,915	**253,646,810**

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

	2012 RUPEES	2011 RUPEES
Past due 0-6 months	281,423,108	252,591,056
Past due 6-12 months	7,833,427	158,849
More than one year	870,381	896,905
	290,126,915	**253,646,810**

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:

	2012 RUPEES	2011 RUPEES
Long term deposits	17,504,782	23,608,740
Trade debts	288,180,298	252,237,417
Loans and advances	1,946,617	1,409,381
Trade deposits	3,337,553	2,158,353
Other receivables	347,239	374,677
Bank balances	21,205,587	10,205,615
	332,522,076	**289,994,183**

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	Rating 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	A-1+	AA+
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 businesses, 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 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							
Lease Liability	-	-	-	-	-	-	-
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	-	-	-

30 June 2011	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							
Lease Liability	48,589	145,552	109,164	36,388	-	-	-
Trade and other payables	53,107,529	53,107,529	53,107,529	-	-	-	-
Short term borrowings	26,545,692	30,800,966	28,673,329	2,127,637	-	-	-
Accrued interest/mark-up	241,685	241,685	241,685	-	-	-	-
Unclaimed dividends	1,382,287	1,382,287	1,382,287	-	-	-	-
	81,325,782	85,678,019	83,513,994	2,164,025	-	-	-

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 2012/2011. The rates of interest/mark-up have been disclosed in note 12 and note 15 to these financial

44 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. The borrowings represents liabilities against assets subject to finance lease and short term loan obtained by the company as referred to in note 11 and 14 of the notes to the financial statements respectively. Total capital employed includes 'total equity' as shown in the balance sheet and 'borrowings'. The gearing ratio as at 30 June 2012 and as at 30 June 2011 is as follows:

	NOTE	2012 RUPEES	2011 RUPEES
Debt		42,270,954	26,545,692
Cash and bank balances		21,733,822	11,011,231
Net debt		20,537,132	15,534,461
Total equity		216,743,570	204,784,361
Total capital employed		237,280,702	220,318,822
Gearing ratio (%)		8.66%	7.05%

45 REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

	CHIEF EXECUTIVE		DIRECTORS		EXECUTIVES	
	2012 RUPEES	2011 RUPEES	2012 RUPEES	2011 RUPEES	2012 RUPEES	2011 RUPEES
Managerial remuneration	828,000	828,000	2,324,904	2,710,842	6,492,628	4,192,683
House rent and utilities	372,000	372,000	1,041,408	1,215,084	2,142,268	1,857,858
Bonus	138,000	241,500	283,484	450,937	1,123,454	1,627,164
Medical Expenses	266,433	171,402	733,963	191,452	618,652	807,569
Travelling Expenses	240,269	328,524	2,844,766	3,299,435	1,318,188	362,383
	1,844,702	**1,941,426**	**7,228,525**	**7,867,750**	**11,695,190**	**8,847,657**
Number of persons	1	1	2	3	5	4

45.01 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 free use of company maintained cars.

45.02 Aggregate amount charged in the financial statements for the year for meeting fee to 4 directors was Rs. 180,000 (2011: Rs. 128,000)

46 CAPACITY AND PRODUCTION

		2012	2011
Ghee / specialty fats	M.TON	20,000	20,000
Cooking Oil	M.TON	5,000	5,000
		25,000	25,000
Actual Production			
Ghee / specialty fats	M.TON	15,544	14,934
Cooking Oil	M.TON	8,701	9,190
		24,245	**24,124**

46.01 RATED CAPACITY

On the basis of blending hard oil with soft oil rated capacity comes to 25,000 M.Ton annually.

46.02 REASONS FOR SHORTFALL

Ghee/Speciality fats

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

47 OPERATING SEGMENT

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

47.01 Revenue from sale of ghee, cooking oil, specialty fats, soap and gases represents 99.93% (2011:99.88%) of the total income of the company.

47.02 100% (2011: 100%) of the gross sales of the Company are made to customers located in Pakistan.

47.03 All non current assets of the Company as at 30 June 2012 are located in Pakistan.

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

48 EMPLOYEES	2012 Number	2011 Number
Average number of employees during the year.	215	218

49 NON ADJUSTING EVENTS AFTER THE BALANCE SHEET DATE

There were no non adjusting events after the balance sheet date.

50 AUTHORIZATION OF FINANCIAL STATEMENTS

These financial statements have been authorized for issue by the Board of Director of the Company on 08 October 2012.

51 GENERAL

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

CHAIRMAN/DIRECTOR

CHIEF EXECUTIVE OFFICER

PATTERN OF SHAREHOLDING AS AT JUNE 30, 2012

No. of Shareholders	Shareholding From	To	Total Shares Held
452	1	100	13,927
448	101	500	113,378
56	501	1,000	38,603
63	1,001	5,000	121,417
10	5,001	10,000	76,295
5	10,001	15,000	61,084
1	15,001	20,000	18,061
2	20,001	25,000	46,981
4	25,001	30,000	108,516
2	30,001	35,000	62,076
1	40,001	45,000	44,000
1	50,001	55,000	51,971
1	60,001	65,000	64,708
1	95,001	100,000	100,000
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	265,106
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	495,001	500,000	498,006
1	525,001	530,000	527,151
1,062			**5,390,652**

Classification of Ordinary Shares by Categories as at June 30, 2012

Categories of Shareholders	Shares held	Percentage
Directors, CEO and their spouses	1,213,943	22.52
Associated Companies/Undertaking and Related Parties	415,793	7.71
NIT and ICP	589,030	10.93
Banks Development Financial Institutions and Non-Banking Financial Institutions	-	-
Insurance Companies	-	-
Modarabas and Mutual Funds	598,006	11.09
General Public	2,571,871	47.71
Joint Stock Companies	2,009	0.04
	5,390,652	**100.00**

PATTERN OF SHAREHOLDING AS ON JUNE 30, 2012

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	498,006	9.24
2	Golden Arrow Selected Stocks Fund Limited CDC	100,000	1.86
Directors and their Spouse:			
1	Mr. Tahir Jahangir	31,572	0.59
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	11,095	0.21
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 interest 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	498,006	9.24

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: **NIL**

October 08, 2012

To: All Shareholders of the Company

Copy of Computerized National Identity Card (CNIC) duly Attested

As per direction to all listed companies by the Securities and Exchange Commission of Pakistan vide SRO. 779(1)/2011 dated August 18, 2011, the "**DIVIDEND WARRANT(S)"** should bear the Computerized National Identity Card number of the registered member(s), except in the case of minor(s) and corporate members, and dividend warrant cannot be issued without inserting the CNIC number of the member(s) or its authorized person(s).

For this purpose, please provide us an attested copy of your CNIC (if not provided earlier) **ON MOST URGENT BASIS** for compliance with the directions of SECP, failing which your future dividend warrant(s), if any, will be withheld till the compliance of the above referred notification.

You must mention your Folio Number and Name of Company on the face of your CNIC copy for identification.

Copy of your CNIC may please be sent to our Share Registrar Office at the following address.

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

Furthermore, Shareholders are requested to immediately notify the change of address, if any.

Yours faithfully,
For PUNJAB OIL MILLS LIMITED

Rana Shakeel Shaukat
Company Secretary

Notification issued by SECP dated August 18, 2011.

S.R.O. 779(1)/2011.In exercise of the powers conferred by Section 506B of the Companies Ordinance, 1984 (XLVII of 1984), the Securities and Exchange Commission of Pakistan is pleased to direct all the listed companies to issue dividend warrant(s) only crossed as **"A/C payee only"** in the name of registered member or in the mane of authorized person where a registered member authorizes the company to pay dividend on his behalf to any person. The dividend warrant(s) should also bear the Computerized National Identity Card Number of the registered member or the authorized person, except in the case of minor(s) and corporate members.

October 08, 2012

To: All Shareholders of the Company

DIVIDEND MANDATE FORM

Please be informed that under Section 250 of the Companies Ordinance, 1984 a Shareholder may, if so desired, direct the Company to pay dividend through his/her/its bank account.

In pursuance of the directions given by the Securities and Exchange Commission of Pakistan vide Circular No. 18, of 2012 dated June 05, 2012 we request all the registered shareholders of M/s Punjab Oil Mills Limited to authorize the Company, if so desired, to directly credit in their bank account cash dividend, if any, declared by the Company in the future.

[PLEASE NOTE THAT THIS DIVIDEND MANDATE IS OPTIONAL AND NOT COMPULSORY. IN CASE YOU DO NOT WISH YOUR DIVIDEND TO BE DIRECTLY CREDITED INTO YOUR BANK ACCOUNT, THEN THE SAME SHALL BE PAID TO YOU THROUGH THE DIVIDEND WARRANTS]

Do you wish the cash dividend declared by the company, if any, to be directly credited in your bank account, instead of receiving the same via dividend warrants?

Please tick " " any of the following boxes.

YES **NO**

If "YES", please provide the following information:

Transferee Detail	
Name of Shareholder	
Folio No./CDC ID	
Title of Bank Account	
Bank Account No.	
Bank's Name	
Branch Name and Address	
Cell Phone Number of Transferee	
Landline Number of Transferee, if any	

It is stated that the above mentioned information is correct, and that I will intimate the changes in the above mentioned information to the company and the concerned Share Registrar as soon as these occur.

____
Signature of the Member/Shareholder

Note: Please send this form (duly completed) to our Share Registrar Office M/s Corplink (Private) Limited Wings Arcade, 1-K, Commercial Model Town, Lahore

FORM OF PROXY

I/We ____

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

____________________Ordinary Shares as per Share Register Folio No. __________________________

For beneficial owners as per CDC List

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

CNIC No. ☐☐☐☐☐■☐☐☐☐☐☐☐■☐ Passport No. _____________________

hereby appoint Mr./Mrs./Miss.______________________________________of______________ an other member of the Company or failing him /her Miss/Mrs/ Mr. ____ of _________________ another member of the Company as my / our proxy to attend and vote for me / us and my /our behalf at Annual General Meeting of the Company to be held on Tuesday, October 30, 2012, at 10:30 A.M. and at every adjournment thereof, if any.

Please affix

Rupees Five

Revenue Stamp

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

Signed this _________ day of October 2012

Signature of Shareholder ______________________

Signature of Proxy ______________________

1. WITNESS Signature: ______________________________ Name: ______________________________ Address: ______________________________ ______________________________________ CNIC No. ☐☐☐☐☐■☐☐☐☐☐☐☐■☐ or Passport No.________________________	**2. WITNESS** Signature: ______________________________ Name: ______________________________ Address: ______________________________ ______________________________________ CNIC No. ☐☐☐☐☐■☐☐☐☐☐☐☐■☐ or Passport No.________________________

Important:

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

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

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

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

AFFIX

CORRECT

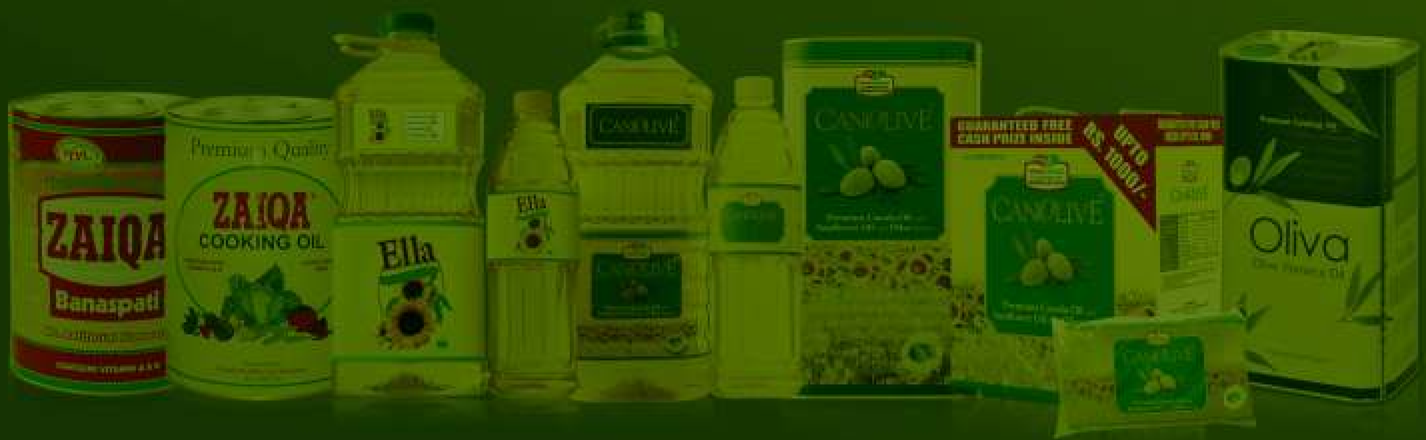
POSTAGE

To:

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

Annual Report
Punjab Oil Mills Limited

2012



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If undelivered, please return to
Plot No. 26, 27,28 Industrial Triangle Kahuta Road, Islamabad.

Punjab Oil Mills Limited
An ISO 9001 : 2008 & HACCP CERTIFIED COMPANY