PAKISTAN INDUSTRIAL DEVELOPEMENT CORPORATION (PRIVATE) LTD

PIDC

ANNUAL REPORT 2015

MORAFCO

MORAFCO
INDUSTRIES LIMITED

CONTENTS

COMPANY INFORMATION

Chairman & Chief Executive :	Mr. Khalid Mahmood Chadda
Directors :	Mr. Naseem ul Haq Satti Mr. Javed Iqbal Syed Shahnwaz Burney Mr. Zahid ur Rehman Mughal Mr. Ashfaq Ahmad Mr. Muhammad Azam Zaman
Chief Accountant & Company Secretary :	Mr. Muhammad Nadeem Athar
Auditors :	M/s. Hameed Khan & Co. Chartered Accountants, 16-A, Farid Kot Road, Lahore.
Bankers :	MCB Bank Limited. Faisalabad Soneri Bank Limited. Lahore.
Registered. Office :	C/o Republic Motors (Pvt) Ltd, 87-Shahrah-e-Quaid-e-Azam, Lahore.
Factory :	At Rakh Canal East Road, Behind Government College of Commerce, Faisalabad.
Tel : (Office)	042 - 36363805, 36360530
Fax :	042-36306179
Tel : (Factory)	041-8540179

NOTICE OF 50TH ANNUAL GENERAL MEETING OF SHAREHOLDERS OF MORAFCO INDUSTRIES LIMITED

Notice is hereby given that 50th Annual General Meeting of shareholders of Morafco Industries Ltd, Faisalabad will be held on 30-10-2015 at 10.00 AM at Registered office of the company at c/o Republic Motors (Pvt) Ltd, 87-Shahrah-e- Quaid-e-Azam Lahore to transact the following: -

1. To confirm the minutes of last Annual General Meeting held on 30-10-2014.
2. To receive, consider and adopt the audited accounts of the company for the year ended June 30, 2015 together with directors' report and auditors' report thereon.
3. To appoint auditor for the year 2015-16 and fix their remuneration.
4. To elect directors of the company for the next term.The Board of Directors of the company has fixed the number of Directors as 7 (Seven) under section 178 of the Companies Ordinance 1984. The retiring directors of the company are eligible for reappointment. For this purpose notice of intention under section 184 of the Companies Ordinance, 1984 on Form 28 for contesting election must reach the office of the undersigned before 15th October 2015 enabling us to take further necessary action in this regard.
5. To transact any other business with the permission of the Chairman.

By the Order of Board of Directors

Muhammad Nadeem Athar

Company Secretary

Dated : 08 October 2015 **Phone : 042-36363805**

Notes:

1. The share transfer books of the company will remain closed from 21st October 2015 to 30th October 2015 (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 by the company not less than 48 hours before the meeting.

3. Only those members shall be entitled to vote in the meeting whose names will be registered on the record of the company as on 30-10-2015.

4. All the shareholders are requested to bring their CNICs for identification. All the shareholders are once again requested to provide an attested copy of their Computerized National Identity Cards (CNIC) if not submitted earlier within 10 days from the date of this notice at the registered office of the company for the reference and record of the company. Shareholders are also requested to intimate change in their address (if any).

DIRECTOR'S REPORT TO THE SHAREHOLDER

The directors take the opportunity of placing before the shareholders 50th Annual Report of the company together with the audited accounts of the company and auditors' report thereon for the year ended as on June 30, 2015.

As the members are already aware that the operations of the unit were closed w.e.f. May 16, 1997 under government instructions and all the employees were relieved under Golden Hand Shake (GHS / Voluntary Separation Scheme (VSS).

Pursuant to the decision of the Federal Government as conveyed vide MOI&P letter No.16 (2) / 2006-I&P / GCP (Pt-I) dated 11.09.2008, all the shares held by the GCP were transferred to PIDC w.e.f. 15.11.2008. The Pakistan Industrial Development Corporation (PIDC) being the major shareholder continuously provided financial assistance for meeting the necessary expenditure for security up-keeping of the factory's properties, insurance and taxes etc. and did not charged any mark-up on outstanding balance from the Morafco Industries Limited. A brief of financial results are given below: -

1.FINANCIAL RESULTS:

	2015	2014
	Rs. In Thousands	
Fixed Revenue expenditure	(215)	(271)
Administrative & General expenses	(1,757)	(2,133)
Financial charges	-	-
	(1,972)	**(2,404)**
Miscellaneous income / (Exp)	-	5
Mark up income / (Exp)	10	8
Net loss for the year	(1,962)	(2,391)
Earning / (Loss) per share (Rs.)	**(3.45)**	**(4.21)**

2. SUMMARY OF KEY INFORMATION AND FINANCIAL DATA OF LAST SIX YEARS:

A summary of key operating and financial results for the last six years is included in the annual report under review.

3. DIVIDEND:

Since the company's operations are closed since May 1997, the financial position does not allow declaring any dividend for the year under review.

4. OUTSTANDING STATUTORY PAYMENTS:

There is no outstanding statutory payment on account of taxes, duties, levies and charges.

5. MEETINGS OF BOARD OF DIRECTORS:

During the year under review, four meetings of Board of Directors were held. The attendance of directors was as under: -

Sr. No.	Name Of Directors	Designation	Total No. of BOD Meetings	No. Of Meetings. attended
1.	Mr. Khalid Mahmood Chadda	Chairman / Chief Executive	4	4
2.	Mr. Naseem ul Haq Satti	Director	4	1
3.	Mr. Javed Iqbal	Director	4	4
4.	Mr. Syed Shahnwaz Burney	Director	4	1
5.	Mr. Zahid ur Rehman Mughal	Director	4	4
6.	Mr. Ashfaq Ahmad	Director	4	4
7.	Mr. Muhammad Azam Zaman	Director	4	3

6. CHANGE IN COMPOSITION OF BOARD OF DIRECTORS:

After the administrative merger of GCP with Pakistan Industrial Development Corporation (PIDC) pursuant to the decision of the Federal Government as conveyed vide Ministry of Industries & Production's Letter No.16 (2) / 2006 -I&P / GCP (Pt-I) dated 11.09.2008, all the shares held by the Ghee Corporation of Pakistan were transferred to PIDC w.e.f. 15.11.2008. There is no change in the composition of Directors during the period under review. The composition of Board was lastly changed by the Board of Directors in the meetings held on 04-10-2013 and pursuant to the decision of the Board of Directors in Board of Directors Meeting replaced Mr. S. Rehan ul Hasnat with Mr. Muhammad Azam Zaman as Director in Board of Directors of Morafco Industries Limited. Now the appointment / replacement of directors will be considered in the Annual General Meeting of the members.

7. STATEMENT IN COMPLIANCE OF CODE OF CORPORATE GOVERNANCE:

The Board of directors of Morafco Industries Limited is pleased to state that the management has adopted the code of corporate governance and all necessary actions have been taken for all applicable and relevant clauses and board agrees to take care of the remaining clauses as and when applicable. As required by the code, it is stated that: -

7.1 The financial statements of the company represent a true and fair view of the company's operations, cash flow and changes in equity.

7.2 Proper books of accounts of the company have been maintained.

7.3 Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgment.

7.4 International Accounting Standards, as applicable in Pakistan have been followed in preparation of financial statements and non applicability, if any has been adequately disclosed.

7.5 The Company sustained a net loss of Rs 1.962 million during the year under review as compared to a net loss of Rs 2.391 million during the preceding year and accumulated loss is to the tune of Rs.855,835 million (2014: Rs. 853.873 million). The company's current liabilities exceed its current assets by Rs. 845,406 million (2014: Rs. Rs.843.546 million) and the Company has ceased its operation since 1997. The loss was mainly on account of unavoidable fixed expenditure of Security and up keeping of the company's properties, Property Tax, Insurance, Utility bills, Depreciation etc. These events demonstrate that the company is no more a going concern. The major shareholder M/s. PIDC holding 43% shares in the company is presently financing the company to meet its current financial requirements. However, no markup is being charged by PIDC on its outstanding balance.

7.6 There has been no material departure from the best practices of corporate governance, as detailed in the listing regulations. It has been confirmed by the auditors that their case is pending in Lahore High Court regarding the QCR program of ICAP.

7.7 **Going Concern / True & Fair View**

The company has prepared statements on going concern basis; whereas, the company has closed its operations since 1997.

8. AUDITORS:

The previous auditors M/s. Hameed Khan & Co Chartered Accountants, Lahore retired and are eligible for reappointment. On the recommendation of Board of directors in the Meeting the name of M/s. Hameed Khan & Co Chartered Accountants, Lahore through Mr. Inam ul Haq Chartered Accountant (engagement Partner) recommended as auditors for the year ended on June 30, 2016.

9. AUDIT COMMITTEE

As there are no operational activities of the company, the Board of Directors has not recommended the establishment of Audit Committee.

10. PATTERN OF SHAREHOLDING:

The statement of pattern of shareholdings of the company as at June 30, 2015 is given with the annexed annual report in accordance with the code of corporate governance.

11. FUTURE OUTLOOK:

Status of Privatization

The operations of the company were closed in May 1997 for privatization through Ministry of Privatization & Investment, Government of Pakistan Islamabad and all the permanent employees were relieved under VSS / GHS. The company is under privatization with the Privatization Commission (PC) since 1990 but could not be privatized due to various reasons. Earlier the PC made several attempts from 1991 to 1998; GCP & MOI&P also made attempt in the past to dispose of plant & machinery and building but could not succeed due to very low offers as compared to the reserve price fixed by the PC and also mainly issues relating to the transfer of the title of land of the company from the Government of Punjab, it could not be privatized / disinvested. However, the PC has formally prepared a list of 71 Public Sector Entities (PSEs) for divestment on fast-track basis subject to re-affirmation by the Council of Common Interests (CCI) of its approved privatization programme.

The government has decided to dispose off only plant and machinery of the unit, this decision was subsequently approved by ECC in its meeting held in July 2013. The list includes plant and machinery of Morafco Industries Limited The plant and machinery of Morafco which is approximately more than 50 years old. The unit was closed in the year 1997 by observing proper shut down procedure. However, we are not in a position to identify that as to what extent weather and time factor had deteriorated the plant / machinery as well as the factory building of the unit and weather it could be put into operation again or not.

The Board of Revenue, Punjab has agreed for the disposal of the land by the Privatization Commission (PC) under a sharing formula of the sale proceeds i.e. 20% to the Punjab Government and 80% to be retained by the Federal Government i.e. PC. PIDC the holding corporation is pressing hard for early privatization of the unit.

For and on Behalf of Board of Directors

Lahore :
Dated : October 08, 2015

Khalid Mahmood Chadda
Chief Executive

SIX YEARS AT A GLANCE 2008-09 TO 2014-15

Rupees In Thousands

	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15
Sales	-	-	-	-	-	-
Cost of Sales	-	-	-	-	-	-
Gross Loss	-	-	-	-	-	-
Administrative and General Expenses	1,620	2,479	3,088	2,552	2,404	1,972
Financial Expenses	-	-	-	-	-	-
Operating Profit / (Loss)	(1,620)	(2,479)	(3,088)	(2,552)	(2,404)	(1,972)
Other Income / (Exp)	3	4	5	6	13	10
Taxation	-	-	-	-	-	-
Prior Years Adjustments	-	-	-	-	-	-
Net Loss	(1,617)	(2,475)	(3,083)	(2,546)	(2,391)	(1,962)
Paid up Capital	5,683	5,683	5,683	5,683	5,683	5,683
Fixed Assets (WDV)	1,525	1,372	1,236	1,113	1,002	900
Current Assets	784	815	830	867	941	896
Current Liabilities	834,357	836,711	839,673	842,133	844,487	846,302

STATEMENT IN COMPLIANCE OF CODE OF CORPORATE GOVERNANCE

The Karachi & Lahore Stock Exchanges by incorporating in its Listing Regulations circulating the Code of Corporate Governance for implementation by listed companies.

The unit has been closed since May 1997 under the directions of Ministry of Industries and Production, all the employees were relieved under VSS / GHS. The Board of Directors of Morafco Industries Limited is pleased to state that we have adopted the code of Corporate Governance set out by the Securities & Exchange Commission of Pakistan and all necessary actions have been taken for all applicable and relevant clauses and Board agrees to take care of remaining clauses as and when applicable.

PATTERN OF SHAREHOLDING AS ON JUNE 30, 2015

No. of Share Holders	Share Holding From	To	Face Value Per Share	Shares Held
256	1	100	10	4,253
524	101	500	10	68,507
8	501	1,000	10	4,915
10	1,001	5,000	10	30,893
2	5,001	10,000	10	13,000
1	10,001	15,000	10	11,435
1	15,001	25,000	10	21,915
2	25,001	30,000	10	51,891
1	110,001	115,000	10	116,546
1	240,001	245,000	10	244,957
806		**Total**		**568,312**

CATEGORIES OF SHAREHOLDERS

Particulars	No. of Share Holders	Face Value Per Share	No. of Shares Held	%
Join Stock Companies :				
Pakistan Industrial Developmen Corporation (Pvt) Limited.	1	10	244,957	43.10
Investment Companies :				
Investment Corporation of Pakistan.	1	10	26,566	4.67
Insurance Companies :				
State Life Insurance Corporation	1	10	25,325	4.46
Financial Institution :				
NBP Trustee Department.	1	10	116,546	20.51
N.I.C.F Corporation.	1	10	21,915	3.85
Others :				
Irafan Corporation (Pvt) Ltd.	1	10	570	0.10
Corporate Law Authority of Pakistan.	1	10	1	-
The Administrator Abandoned Properties of Pakistan.	1	10	152	0.03
Individuals.	798	10	132,280	23.28
Total	**806**	**10**	**568,312**	**100.00**

AUDITOR'S REPORT TO THE MEMBERS

We have audited the annexed balance sheet of **M/s Morafco Industries Limited** as at June 30, 2015 and the related profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof, for the year then ended and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

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

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

The Company is no more a going concern (see note 3.3 to the financial statements). The revival of its status is not possible due to Government of Pakistan's policy of privatization of state owned units. Consequently, it may not be able to realize its assets and discharge its liabilities in the normal course of business. The financial statements do not disclose this fact as the assets and liabilities are stated at historical cost instead of net realizable / settlement value;

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

(b) in our opinion

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

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

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

(c) Because of the significance of the matter described in para above, in our opinion and to the best of our information and according to the explanations given to us, the balance sheet, profit & loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof do not conform with the approved accounting standards as applicable in Pakistan, and do not give the information required by the Companies Ordinance, in the manner so required and respectively do not give a true and fair view of the Company's affairs as at June 30, 2015, and of the loss, its cash flows and changes in equity for the year then ended;

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

HAMEED KHAN & CO.
CHARTERED ACCOUNTANTS

Lahore :
Dated : October, 2015

Audit Engagement Partner
Abdul Hameed Khan

REVIEW REPORT TO THE MEMBERS ON STATEMENT OF COMPLIANCE WITH BEST PRACTICES OF CODE OF CORPORATE GOVERNANCE

We have reviewed the Statement of Compliance with the best practices contained in the Code of Corporate Governance prepared by the Board of Directors of **M/s Morafco Industries Limited** to comply with the Listing Regulations 35 of Karachi and Lahore Stock Exchanges where the Company is listed.

The responsibility for 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 systems 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.

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

The company has not complied with code of corporate governance in respect of following.

- The Company has not appointed independent and non executive directors representing minority interest in board of directors.
- The board had no internal audit head in line with code of corporate governance.
- The board has not formed a human resource and remuneration committee
- The board has not formed an executive committee to meet and take decisions on behalf of board in the absence of full board in line with articles of association of the company.

Based on our review and significance of the matters stated above, the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the best practices contained in the Code of Corporate Governance as applicable to the company for the year ended June 30, 2015.

HAMEED KHAN & CO.
CHARTERED ACCOUNTANTS

Lahore :
Dated : October, 2015

Audit Engagement Partner
Abdul Hameed Khan

BALANCE SHEET AS AT JUNE 30, 2015

	Note	2015	2014
		Rs. In Thousands	
EQUITY AND LIABILITIES			
Share Capital and Reserves			
Authorized Capital			
1,000,000 [2013 : 1,000,000] ordinary shares of Rs. 10 each		**10,000**	10,000
Issued, subscribed and paid up capital	**5**	5,683	5,683
Reserves	**6**	5,646	5,646
Accumulated Loss		(855,835)	(853,873)
		(844,506)	**(842,544)**
CURRENT LIABILITIES			
Trade and Other Payables	**7**	846,147	844,332
Provision for Taxation		155	155
		846,302	844,487
CONTINGENCIES AND COMMITMENTS	**8**	**-**	-
		1,796	**1,943**
ASSETS			
NON CURRENT ASSETS			
Properly, Plant and Equipment	**9**	900	1,002
CURRENT ASSETS			
Stores, Spares and Loose Tools	**10**	572	573
Advance Deposits & short term Prepayments	**11**	117	197
Cash and Bank Balances	**12**	207	171
		896	941
		1,796	**1,943**

The annexed notes form 1 to 25 from an integral part of these financial statements.

Chief Executive　　　　　　　　　　　　　　　　　　　　Director

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

	Note	2015	2014
		Rs. In Thousands	
Operating Expenses			
Fixed Revenue Expenses	**13**	(215)	(271)
Administrative Expenses	**14**	(1,757)	(2,133)
Loss from Operations		(1,972)	(2,404)
Other Income	**15**	10	13
Loss before Taxation		(1,962)	(2,391)
Provision for Taxation	**16**	-	-
Loss after Taxation		(1,962)	(2,391)
Loss per share - Basic and Diluted	**17**	**(3.45)**	**(4.21)**

The annexed notes form 1 to 25 from an integral part of these financial statements.

Chief Executive

Director

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2015

	2015	2014
	Rs. In Thousands	
Operating Expenses		
Loss after Taxation	(1,962)	(2,391)
Other Comprehensive Income for the Year	-	-
Total Comprehensive Loss for the Year	**(1,962)**	**(2,391)**

The annexed notes form 1 to 25 from an integral part of these financial statements.

Chief Executive

Director

CASH FLOW STATEMENT
FOR THE YEAR ENDED JUNE 30, 2015

	2015	2014
	Rs. In Thousands	
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss for the Year	(1,962)	(2,391)
Adjustments for :		
Depreciation on property, plant & equipment	102	111
Profit on bank deposits	(10)	(13)
	92	98
Operating loss before working capital changes	**(1,870)**	**(2,293)**
Working capital changes :		
(Increase) / Decrease in current assets		
Advances	80	(36)
Trade deposits and short term prepayments	-	-
(Decrease) / increase in current liabilities		
Trade and others payables	1,815	2,354
	1,896	2,318
Net cash generated from operations	**26**	**25**
Profit on Bank Deposits	10	13
Net Cash from Operations	**36**	**38**
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	**36**	**38**
CASH AND CASH EQUIVALENT AT BEGINNING OF THE YEAR	171	133
CASH AND CASH EQUIVALENT AT END OF THE YEAR	**207**	**171**

The annexed notes form 1 to 25 from an integral part of these financial statements.

Chief Executive | Director

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

	Share Capital	Reserves: General Reserve	Reserves: Dividend Equalization	Reserves: Capital Reserve	Reserves: Total Reserves	Accumulated Profit / (Loss)	Net Equity
	Rupees In Thousands.						
Balance as at June 30,2013	5,683	3,479	1,863	304	5,646	(851,482)	(840,153)
Net Loss for the Year	-	-	-	-	-	(2,391)	(2,391)
Balance as at June 30,2014	5,683	3,479	1,863	304	5,646	(853,873)	(842,544)
Net Loss for the Year	-	-	-	-	-	(1,962)	(1,962)
Balance as at June 30,2015	5,683	3,479	1,863	304	5,646	(855,835)	(844,506)

The annexed notes form 1 to 25 from an integral part of these financial statements.

Chief Executive

Director

NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED JUNE 30, 2015

1. COMPANY AND ITS OPERATIONS

1.1 Morafco Industries Limited (the "Company") was incorporated as a Private limited company in December 1960 and was converted into Public company in July 1965. The registered office of the Company is situated at, C/o Republic Motors (Pvt.) Limited 87 Shahrah-e-Quaid-e-Azam, Lahore. The company is listed on Karachi and Lahore Stock Exchanges. The principal activity of the Company is to manufacture and sale of Banaspati Ghee, Cooking oil and its by-products. At the time of nationalization of the industrial units in 1973 the Company was given under the administrative control of Ghee Corporation of Pakistan ("GCP"). Ministry of Industries & Production, Government of Pakistan vide notification No. 16 (2) /2008-I&P/GCP (PT-I) dated 11 September 2008 has decided to merge GCP administratively with Pakistan Industrial Development Corporation (Pvt.) Limited (PIDC) on the following lines: -

a) GCP to be converted into a wholly owned subsidiary of PIDC.

b) The entire government shareholding in GCP to be transferred to PIDC and PIDC will issue its own shares of equivalent value in the name of the Federal Government.

c) The existing board of directors of GCP will continue, except its chairman. The chief executive officer, PIDC will be the chairman of GCP.

d) After settlement of the pending issues such as assumption of legal cases of GCP by PIDC, disposal of assets of GCP, settlement of employees issues etc. GCP to be eventually liquidated in due course of time.

The Company closed its operations in 1997 for privatization purposes. All the permanent employees have been relieved including last employee who was also relieved on 06 February 2004. However, few employees have also been engaged on temporary basis for security upkeeps at the factory and to assist in the compilation of books of accounts and other corporate record.

2. STATEMENT OF COMPLIANCE

2.1 These financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board as are notified under the Companies Ordinance, 1984, and directives issued under the Companies Ordinance, 1984. In case requirements differ, the provisions or directives of Companies Ordinance, 1984 shall prevail.

2.2 **Initial application of standards, amendments or an interpretation to existing standards**

a) **Standards, amendments or interpretations which became effective during the year**
During the year certain amendments to Standards or new interpretations became effective,

however, the amendments or interpretation were either not relevant to the Company's operations or were not expected to have any significant impact on the Company's financial statements.

b) **New / revised accounting standards, amendments to published accounting standards, and interpretations that are not yet effective.**
The following standards, amendments and interpretations of approved accounting standards will be effective for accounting periods beginning on or after 01 July 2015:

- Amendments to IAS 38 Intangible Assets and IAS 16 Property, Plant and Equipment (effective for annual periods beginning on or after 1 January 2016) introduce severe restrictions on the use of revenue-based amortization for intangible assets and explicitly state that revenue-based methods of depreciation cannot be used for property, plant and equipment. The rebuttable presumption that the use of revenue-based amortization methods for intangible assets is inappropriate can be overcome only when revenue and the consumption of the economic benefits of the intangible asset are 'highly correlated', or when the intangible asset is expressed as a measure of revenue. The amendments are not likely to have an impact on Company's financial statements.

- Certain further amendments have been made to IFRS 10, IFRS 12 and IAS 28 clarifying the requirements relating to accounting for investment entities and would be effective for annual periods beginning on or after 1 January 2016. Management is currently considering the effect of new standard.

- IFRS 11 'Joint Arrangements' (effective for annual periods beginning on or after 1 January 2015) replaces IAS 31 'Interest in Joint Ventures'. Firstly, it carves out, from IAS 31 jointly controlled entities, those cases in which although there is a separate vehicle, that separation is ineffective in certain ways. These arrangements are treated similarly to jointly controlled assets/operations under IAS 31 and are now called joint operations. Secondly, the remainder of IAS 31 jointly controlled entitles, now called joint ventures, are stripped of the free choice of using the equity method or proportionate consolidation; they must now always use the equity method. IFRS 11 has also made consequential changes in IAS 28 which has now been named 'Investment in Associates and Joint Ventures'. The amendments requiring business combination accounting to be applied to acquisitions of interests in a joint operation that constitutes a business are effective for annual periods beginning on or after 1 January 2016. The adoption of this standard is not like to have an impact on Company's financial statements.

- IFRS 12 'Disclosure of Interest in Other Entities' (effective for annual periods beginning on or after 1 January 2015) combines the disclosures requirements for entities that have interests in subsidiaries, joint arrangements (i.e. joint operations or joint ventures), associates and / or unconsolidated structured entities, into one place. The adoption of this standard is not like to have material impact on Company's financial statements.

- IFRS 13 'Fair Value Measurement' (effective for annual periods beginning on or after 1 January 2015) defines fair value, establishes a framework for measuring fair value and sets out disclosure requirements for fair value measurements. IFRS 13 explains how to measure fair value when it is required by other IFRSs. It does not introduce new fair value measurements, nor does it eliminate the practicability exceptions to fair value measurements that currently exist in certain standards. Management is currently considering the effective of new standard.

- Amendment to IAS 27 'Separate Financial Statement' (effective for annual periods beginning on or after 1 January 2016). The amendments to IAS 27 will allow entities to use the equity method to account for investments in subsidiaries, joint ventures and associates in their separate financial statements.

- Agriculture: Bearer Plants [Amendment to IAS 16 and IAS 41] (effective for annual periods beginning on or after 1 January 2016). Bearer plants are now in the scope of IAS 16 Property, Plant and Equipment for measurement and disclosure purposes. Therefore, a company can elect to measure bearer plants at cost. However, the produce growing on bearer plants will continue to be measured at fair value less costs to sell under IAS 41 Agriculture. A bearer plant is a plant that: is used in the supply of agricultural produce; is expected to bear produce for more than one period; are accounted for in the same way as self-constructed items of property, plant and equipment during construction.

- Sales or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28) [effective for annual periods beginning on or after 1 January 2016]. The main consequence of the amendments is that a full gain or loss is recognized when a transaction involves a business (whether it is housed in a subsidiary or not). A partial gain or loss is recognized when a transaction involves assets that do not constitute a business, even if these assets are housed in a subsidiary.

- Annual Improvements 2012-2014 cycles (amendments are effective for annual periods beginning on or after 1 January 2016). The new cycle of improvements contain amendments to the following standards:

- IFRS 5 Non-current Assets Held for Sale and Discontinued Operations. IFRS 5 is amended to clarify that if any entity changes the method of disposal of an asset (or disposal group) i.e. reclassifies an asset from held for distribution to owners to held for sale or vice versa without any time lag, then such change in classification is considered as continuation of the original plan of disposal and if an entity determines that an asset (or disposal group) no longer meets the criteria to be classified as held for distribution, then it ceases held for distribution accounting in the same way as it would cease held for sale accounting.

- IFRS 7 'Financial Instruments- Disclosures'. IFRS 7 is amended to clarify when servicing arrangements are in the scope of its disclosure requirements on continuing involvement in transferred financial assets in cases when they are derecognized in their entirety. IFRS 7 is also amended to clarify that additional disclosures required by 'Disclosures: Offsetting Financial Assets and Financial Liabilities (Amendments to IFRS 7)' are not specifically required for inclusion in condensed interim financial statements for all interim periods.

- IAS 19 'Employee Benefits'. IAS 19 is amended to clarify that high quality corporate bonds or government bonds used in determining the discount rate should be issued in the same currency in which the benefits are to be paid.

- IAS 34 'Interim Financial Reporting'. IAS 34 is amended to clarify that certain disclosures, if 'they are not included in the notes to interim financial statements and disclosed elsewhere 'should be crossed referred.

3. **BASIS OF PREPARATION**

3.1 **Measurements :**
These financial statements have been prepared under historical cost convention.

3.2 **Critical Accounting Estimates & Judgements**
The preparation of financial statements in conformity with approved accounts standards requires the use of certain critical accounting estimates. It also requires judgement in the process of applying accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are as follows:

a) Assumptions and estimates used in determining the recoverable amount, residual values and useful lives of property, plant and equipment (note 9);

b) Assumptions and estimates used in disclosure and assessment of provision for contingencies (note 8)

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectation of future events that are believed to be reasonable under the circumstances.

3.3 **Going Concern**
The company has incurred a net loss of Rs. 1,962 in thousands during the year (2014: Rs. 2,391 in thousands) and accumulated loss is to the tune of Rs.855,835 in thousands (2014 Rs. 853,873 in thousands). The company's current liabilities exceed its current assets by Rs. 845,406 in thousands (2014:Rs. 843,546 in thousands) and the Company has ceased its operation since 1997. These events clearly demonstrate that the Company is no more a going concern. Privatization Commission (P.C.) offered the Company's assets for sale but the reserved price set by PC was not received. The major share holding company (PIDC) having 43% shareholding is presently financing the Company to meet its current expenses.

4. **SIGNIFICANT ACCOUNTING POLICIES**

The principal accounting policies adopted in the preparation of these financial statements are set out below: -

4.1 Property Plant and Equipment
Property, plant and equipment are stated at cost less accumulated depreciation. Depreciation on property, plant and equipment is charged to profit and loss account on reducing balance method so as to write off the carrying amount of an asset over its estimated remaining useful life at the rates given in note 9 attached to these financial statements. Depreciation is applied on cost of additions from the month of acquisition, while no depreciation from the month in which the assets disposed off. Major repairs, renewals, maintenance and improvements are capitalized. Other repairs and maintenance are charged to income as and when incurred. Gains and losses on deletions of assets are taken to profit and loss account.

4.2 Stores Spares and Stock in Trade
Basis of valuations are as follows:

Particulars	***Mode of Valuation***
Store, spares and loose tools	at lower of cost or net realizable value
Packing material	at lower of cost or net realizable value
Work-in-process	at estimated cost including appropriate overheads
Finished goods	at lower of cost or net realizable value

Cost in relation to above is calculated using first-in-first-out (FIFO) method.

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

4.3 Trade Debts

Trade and other receivables are recognized initially at fair value and subsequently measured at amortized cost less impairment loss, if any.

4.4 Financial Instruments

Financial instruments carried on the balance sheet include trade debts, advances, deposits and prepayments, cash and bank balances, long term loans, liabilities against assets subject to finance lease, other liabilities, short term bank borrowings, creditors, advances, accrued and other liabilities. Financial assets and liabilities are recognized at cost, which is the fair value of the consideration given or received at the time company becomes a party to the contractual provisions of the instruments. Financial assets and liabilities are derecognized on the cessation of effective control. Any gain or loss on subsequent de-recognition is charged to profit and loss account.

4.5 Cash & Cash Equivalents

Cash and cash equivalents comprise cash in hand, cheques in hand and balance at banks.

4.6 Trade and other Payables

Liabilities for trade and other amounts payable are carried at cost which is the fair value of the consideration to be paid in future for goods and services.

4.7 Offsetting

A financial asset and financial liability is off-set and the net amount is reported in the balance sheet when there is a legal enforceable right to set-off the transactions is available and also there is an intention to settle on a net basis or to realize the asset and settle the liability simultaneously.

4.8 Impairment

At each balance sheet date, the carrying amount of assets is reviewed to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any. Impairment losses are recognized as expense in the profit and loss account.

4.9 Provisions

Provisions are recognized when company has a legal or constructive obligation as a result of past events and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount can be made.

4.10 Foreign Currency translation

Foreign currency Transactions are translated in Pakistani Rupee using the exchange rates ruling at the date of the transactions. Monetary assets and liabilities in foreign currencies are translated into Pakistani Rupee using the exchange rate ruling at the balance sheet date. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translations at the year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the profit and loss account.

4.11 Provision for Taxation

In view of loss for the year, provision for current tax liability is not required. The company accounts for Deferred Taxation, if any, by using liability method on all major temporary differences. However Deferred Taxation provision has not been made as the company had closed its operation and as a result no timing differences are expected to occur.

4.12 Functional and Presentation Currency

These financial statements are presented in Pak Rupees, which is the company's functional as well as presentation currency.

5. SHARE CAPITAL

	2015	2014
	Rs. In Thousands	
5.1 Authorized		
1,000,000 Ordinary shares of Rs. 10/-each	10,000	10,000
5.2 Issued, Subscribed and paid Up		
449,258 Ordinary shares of Rs. 10/- each (fully Paid in Cash)	4,493	4,493
119,054 Ordinary shares of Rs. 10/- each (Fully Paid Bonus Shares)	1,190	1,190
	5,683	5683

6. RESERVES

General	6.1	3,479	3,479
Dividend Equalization	6.2	1,863	1,863
Capital	6.3	304	304
		5,646	5,646

6.1 There has been no movement in this account since 1984.
6.2 This amount has been static since 1987.
6.3 There has been no movement in this account since 1982.

7. TRADE AND OTHER PAYABLES

		2015	2014
		Rs. In Thousands	
Due to Federal Government / PIDC	7.1	705,350	705,350
Due to PIDC	7.2	139,482	137,679
Creditor accruals & other liabilities		85	73
Unclaimed dividend		1,218	1,218
Other payables		12	12
		846,147	**844,332**

7.1 DUE TO FEDERAL GOVERNMENT / PIDC

The amount of Rs. 705.350 million was transferred in the year 1999 from GCP's represents the current account of GCP now PIDC included in the share of liability of Rs.6,555.531 million picked up by the Federal Government through issuance of Bonds. No interest has been provided for the above said amount.

7.2 DUE TO PIDC

The amount represents the current account balance of PIDC (Head Office) which is a major shareholder of the company. Earlier the GCP was providing financial assistance to the company by way of supply of oil and chemicals for the smooth running of the unit upto the year 1997, later on to enable the company to cater for its unavoidable expenses for security and upkeeping the assets of the company and other necessary administrative expenses. Presently, PIDC is providing financial assistance. During the year no markup has been charged by PIDC.

8. CONTINGENCIES AND COMMITMENTS

8.1 The cost of land has not been provided for in the accounts as its assessed value has not been determined by the Revenue Authorities. Likewise liability against company of the cost of land has also not been reflected in these accounts. The Board of Revenue, Punjab have however, agreed for the disposal of the land by the Privatization Commission under a sharing formula of the sale proceeds i.e. 20% to the Punjab Government and 80% to be retained by the Federal Government (Privatization Commission). This unit is under Privatization through P.C.

8.2 Claim of third party not accepted as liabilities amounted to Rs. 4.626 million (2014 Rs. 4.626 million).

8.3 There were no capital commitments during the year.

9. PROPERTY, PLANT AND EQUIPMENT

DESCRIPTION	COST As on July 01, 2014	COST As at June 30, 2015	Rate %	DEPRECIATION As on July 01, 14	DEPRECIATION For The Year	DEPRECIATION As at June 30, 15	Written Down Value
	...............Rs. In Thousands..............			....................Rs. In Thousands..............			
Building	3,672	3,672	10%	3,582	10	3,592	80
Plant and Machinery	16,913	16,913	10%	16,055	87	16,142	771
Factory Equipments	621	621	10%	607	1	608	13
Laboratory Equipments	97	97	10%	92	-	92	5
Electric Equipments	102	102	10%	94	1	95	7
Furniture and Fixture	160	160	10%	152	1	153	7
Office Equipments	365	365	10%	348	2	350	15
Vehicles / Bicycle	4	4	20%	2	0	2	2
Tarpaulins	42	42	25%	42	0	42	-
Total Rupees 2015 :	21,976	21,976		20,974	102	21,076	900
Total Rupees 2014 :	21,976	21,976		20,863	111	20,974	1,002

	Note	2015	2014
9.1 Depreciation is allocated as under:		Rs. In Thousands	
Fixed Revenue Expenses	13	98	107
Administrative Expenses	14	4	4
		102	111

10. STORE, SPARES AND LOOSE TOOLS

General	198	198
Spares	360	361
Loose tools	14	14
	572	573

11. ADVANCES, DEPOSITS AND PREPAYMENTS

Prepayments	11.1	-	63
Advance Income Tax	11.2	117	107
Advance to Staf		-	27
		117	197

11.1 It represents Insurance paid in advance for the next six months upto December 2014.

11.2 This represents withholding tax deducted by banks on markup payments refundable from the income Tax Department.

12. CASH AND BANK BALANCES

	2015	2014
	Rs. In Thousands	
- Sonari Bank Ltd. Lahore. (saving account)	171	135
- MCB Bank Ltd. Faisalabad. (current account)	36	36
	207	171

13. FIXED REVENUE EXPENDITURE

		2015	2014
Property Tax		55	38
Insurance		63	126
Depreciation		97	107
	9 & 13.1	215	271

13.1 The company has charged depreciation on property, plant & equipment although there were no operations.

14. ADMINISTRATIVE AND EXPENSES

	Note	2015	2014
		Rs. In Thousands	
Salaries, Wages & Other benefits		54	54
Security Services		923	782
Utilities		132	153
Traveling and Conveyance		8	79
Printing and Stationery		70	70
Telephone, Postage and Telegrams		18	28
Repair and Maintenance (General)		12	343
Legal and Professional Charges		30	70
Auditors' Remuneration	14.1	47	37
Staff Welfare & Entertainment Exp.		51	65
Advertisement & Publicity		53	44
Depreciation	9	5	4
Bank Charges		4	6
News Papers		5	5
Miscellaneous Expenses		21	6
Listing fee Stock Exchange		80	80
BOD expenses		240	300
SECP Fee		4	7
		1,757	2,133

14.1 Auditors Remuneration

	2015	2014
Audit Fee	40	20
Out of Pocket Expenses	7	-
	47	20

15. OTHER INCOME

		2015	2014
		Rs. In Thousands	
Return on deposits with banks		10	6
Misc Income		-	-
		10	6

16. TAXATION

Current year	16.1	-	-
Prior year	16.2	-	-
		-	-

16.1 Turnover tax is not provided as operations of the plant were closed (since 1997).

16.2 The income tax assessments have been completed upto the assessment year 2002-03. Later on the assessments upto tax year 2014 may be deemed assessed under section 120 of the Income Tax Ordinance 2001.

17. LOSS PER SHARE (BASIC AND DILUTED)

The calculation of basic loss per share is based on the following data:

	2015	2014
Loss		
Net Loss for the year (Rs. In Thousands)	(1,962)	(2,391)
Weighted average number of shares	568,312	568,312
Loss per Share (Rupees)	(3.45)	(4.21)

Diluted

There has been no dilutive effect during the year (2014: Nil)

17.1 Basic loss per share has been computed by dividing loss as stated above with weighted average number of ordinary shares.

17.2 No figure of diluted loss per share has been presented as the company has not issued any instrument which would have an impact on loss per share when exercised.

18. FINANCIAL RISK MANAGEMENT

18.1 The Company has exposures to the following risks from its use of financial instruments:

(a) Market Risk (b) Credit Risk (c) Liquidity Risk

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Board is also responsible for developing and monitoring the Company's risk management policies.

(a) Market Risk

i) Currency Risk

Currency risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Currency risk arises mainly from future commercial transactions or receivables and payables that exist due to transactions in foreign currencies.

Sensitivity analysis

If the functional currency, at reporting date, had weakened / strengthened by 5% against the USD with all other variables held constant, the impact on profit after taxation for the year would have been Rs. Nil (2014: Rs. Nil) respectively higher / lower, mainly as a result of exchange gains / (losses) on translation of foreign exchange denominated financial instruments. In management's opinion, the sensitivity analysis is unrepresentative of inherent currency risk as the year end exposure does not reflect the exposure during the year.

ii) Other Price Risk

Other price risk represents 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 interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instrument traded in the market. The Company is not exposed to equity and commodity price risk.

iii) Interest Rate Risk

This represents the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Company has no significant long--term interest-bearing assets. The Company's interest rate risk arises from long term financing, lease liabilities and short term borrowings. As the borrowings are obtained at variable rates, these expose 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:

	2015	2014
Floating rate instruments	Rs. In Thousands	
Financial Liabilities		
Long term financing--		
Short term borrowings	-	-
Financial Assets		
Bank Balances - Saving Accounts	**171**	**135**

Cash flow sensitivity analysis for variable rate instruments

If interest rates at the balance sheet date, fluctuate by 1% higher / lower with all other variables held constant, profit after taxation for the year would have been Rs. Nil (2011: Rs. Nil) lower / higher, mainly as a result of higher / lower interest expense on floating rate borrowings. The analysis is prepared assuming the amounting of liabilities outstanding at balance sheet dates were outstanding for the whole year.

(b) **Credit Risk**

Credit risk represents the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. Carrying amounts of financial assets represent the maximum credit exposure. The maximum exposure to credit risk at the reporting date was as follows:-

	2015	2014
	Rs. In Thousands	
Advances, trade deposits and other receivables	117	197
Cash and bank balances	207	171

18.1.1 **Counterparties**

The Company conducts the following major types of transactions with the counterparties:

(a) **Trade Debts**

Trade debts are essentially due from local customers and the Company does not expect these counter parties to fail to meet their obligations. The majority of sales to the Company's customers are made on specific terms. Customer credit risk is managed by business unit subject to the Company's established policy, procedures and controls relating to customer credit risk management. Credit limits are established for all customers based on internal rating criteria. Credit quality of the customer is assessed based on an extensive credit rating. Outstanding customer receivables are regularly monitored and any shipments to major customers are generally covered by letter of credit or other form of credit insurance.

(b) **Impairment Losses**

Based on age analysis, relationship with customers and past experience the management does not expect any party to fail to meet their obligations. The management believes that trade debts are considered goods and hence no impairment allowance is required in this regard.

(c) **Liquidity Risk**

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Company manages liquidity risk by maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities. As at the balance sheet date, the Company had Rs.Nil worth short term borrowing limits available from financial institutions and Rs. 207 in thousand (2014: Rs.133 in thousand) cash and bank balances. Following are the contractual maturities of financial liabilities, including interest payments.

Contractual maturities of financial liabilities as at June 30, 2015:

	Carrying Amount	Contractual Cash Flows	Less Then 1 Year	Between 1 to 5 Years	5 Years and above
	Rs. In Thousand	Rs. In Thousand	Rs. In Thousand	Rs. In Thousand	Rs. In Thousand
Due to Fedrel Govt./PIDC	705,350	705,350	-	-	705,350
Due to / PIDC	139,482	139,482	-	139,482	-
Creditor accruals & other Liabilities	85	85	85	-	-
Unclaimed dividend	1,218	1,218	-	-	1,218
Others payables	12	12	-	12	-
	846,147	846,147	85	139,494	706,568

Contractual maturities of financial liabilities as at June 30, 2014:

	Carrying Amount	Contractual Cash Flows	Less Then 1 Year	Between 1 to 5 Years	5 Years and above
	Rs. In Thousand	Rs. In Thousand	Rs. In Thousand	Rs. In Thousand	Rs. In Thousand
Due to Fedrel Govt./PIDC	705,350	705,350	-	-	705,350
Due to / PIDC	137,679	137,679	-	137,679	-
Creditor accruals & other Liabilities	73	73	73	-	-
Unclaimed dividend	1,218	1,218	-	-	1,218
Others payables	12	12	-	12	-
	844,332	844,332	73	137,691	706,568

The contractual cash flows relating to the above financial liabilities have been determined on the basis of interest rates / mark up rates effective as at 30 June. The rates of interest mark up have been disclosed in Note 7 to these financial statements.

18.2 **Fair values of financial assets and liabilities**

The carrying values of all financial assets and liabilities reflected in financial statements approximate their fair values. Fair value is determined on the basis of objective evidence at each reporting date.

19. CAPITAL MANAGEMENT

The primary objective of the company's management is to ensure a strong credit rating and healthy capital ratios in order to support its business and maximize shareholder value. The company manages its capital structure and makes adjustment to it, in light of changes in economic conditions. To maintain or adjust the dividend payment to shareholders, return to shareholder or issue new shares. Further, the company has continued financial support of its associates to meet any temporary shortfall in liquidity. No changes were made in the objectives, policies or process during the year ended 30 June 2014 and 30 June 2013. As of the balance sheet date, the management considers that the capital of the company is sufficient to meet the requirement of the business. There are no externally imposed capital requirements.

20. PLANT CAPACITY AND PRODUCTION

	Note	2015	2014
		Rs. In Thousands	
Capacity (M. Tons)		20,000	20,000
Actual Production (M. Tons)	20.1	-	-

20.1 The operations of the plant was discontinued in 1997.

21. DELISTING OF THE COMPANY

The Company Secretary has informed The Karachi Stock Exchange (Guarantee) Ltd as per their letter No. Morafco (KSE) 2014 /7623 dated January 27, 2014 that they are now taking into consideration for delisting of the company from stock exchanges and compulsory/ mandatory buy back of shares as per procedure laid down in listing regulations of the Stock Exchanges as well as under the Companies Ordinance, 1984. The company will take necessary steps for delisting of the company after the consent of Board of Directors and Privatization Commission.

22. NUMBER OF EMPLOYEES

All the employees have already been relieved under the Government policy of VSS / GHS. Presently, few adhoc employees have been engaged to look after the security, general upkeeps of the factory premises and compilation of accounts, corporate and tax matters.

23. TRANSACTIONS WITH ASSOCIATED UNDERTAKING (PIDC) / RELATED PARTIES

The related parties comprise, holding company, subsidiaries and associated undertakings, other related group companies, directors of the company, key management personnel and post employment benefit plans. The company in normal course of business carries out various related parties at arm's length. Transactions with related party during the year along with monetary value are as follows:-

Name of related party	**Nature**		
Pakistan Industrial Development Corporation (Pvt.) Ltd. / (PIDC)	Operating expenses / (repayment)	1,803	2,315

24. DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorized for issue on October 08, 2015 by the Board of Directors of the Company.

25. GENERAL

Figures have been rounded off to the nearest rupee.

Chief Executive　　　　　　　　　　Director

MORAFCO INDUSTRIES LIMITED

FORM OF PROXY

Please Quote	
Folio No.	No. of Share Held

I / we ____________________

of ____________________

being a member of MORFCO INDUSTRIES LIMITED hereby appoint

Mr. ____________________

____

or failing him Mr. ____________________

of ____________________

who is also a member of Morafco Industries Limited as proxy in my / our absence to attend and vote for me / us and on my / our behalf the 50th Annual General Meeting of the Company to be held on October 30,2015 at MORFCO INDUSTRIES LIMITED,C/o Republic Motors (Pvt) Ltd, 87- Shahrah-e-Quaid-e-Azam, Lahore. and every adjournment there of.

Signed this __________ day of __________

Revenue Stamp

(Signature must tally with the specimen signature registered with the company)

signature

NOTE :

The Instrument of Proxy should be deposited at the Registered Office of the Company at least 48 hours before the time for holding the meeting.

Registered. Office : C/o Republic Motors (Pvt) Ltd,
87-Shahrah-e-Quaid-e-Azam,
Lahore.

Factory : At Rakh Canal East Road,
Behind Government College
of Commerce, Faisalabad.

Tel : (Office) 042 - 36363805, 36360530

Fax : 042-36306179

Tel : (Factory) 041-8540179