

# QUARTERLY ACCOUNTS

**UN-AUDITED**

**MARCH 31, 2016**



**PIDC**



**MORAFCO**  
**INDUSTRIES LIMITED**

**MORAFCO INDUSTRIES LIMITED**  
**COMPANY INFORMATION**

**Chairman &  
Chief Executive :** Mr. Shafqut-ur-Rehman Ranjha

**Directors :** Mr. Javed Iqbal  
Mr. Ashfaq Ahmad  
Mr. Zahid ur Rehman Mughal  
Mrs. Surriya Jabeen Abid  
Mr. Muhammad Azam Zaman  
Mr. Waheed Shahzad Butt

**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

# **MORAFCO INDUSTRIES LIMITED**

## **DIRECTOR'S REPORT TO THE MEMBERS**

*Dear Shareholders,*

I on behalf of the directors of Morafco Industries Limited do hereby present the un-audited 3rd Quarterly accounts of the company for the period ended on 31st March, 2016 as required under sub section (1) of section 245 of the Companies Ordinance 1984 read with SRO 764 (1) / 2001 dated November 2001, issued by Securities and Exchange Commission of Pakistan..

As you are aware that, 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 earlier held by the GCP were transferred to PIDC w.e.f. 15.11.2008. Presently, PIDC the major shareholder is looking after the affairs of the company and also financing the unit for meeting its unavoidable expenses for security and up-keeping the assets of the company..

The company sustained a net loss of Rs. 0.977 million during the 3rd quarter under review as compared to a net loss of Rs. 0.493 million during the same period last year. The accumulated position of losses sustained in nine months period indicated a net loss of Rs. 2.240 million as on March 31, 2016 as compared to a net loss of Rs. 1.456 million during the same period of last year. The loss is mainly due to unavoidable expenditure on account of Security, Property Tax, Insurance, Utility bills, Depreciation etc.

The operations of the company were closed in the year 1997 for privatization through Privatization Commission (P.C.) and all the employees were relieved under VSS / GHS. The company is under privatization with the P.C, since 1990 but could not be privatized due to various reasons. The PC made several attempts GCP & MOI&P also made attempt to dispose off Plant & Machinery and building but could not succeed due to low offers as compared to the reserve price fixed by the PC / management and also due to some issues related to the transfer of the title of land of the unit from the Government of Punjab. The Board of Revenue, Punjab has, already agreed for the disposal of the land by the P.C 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. PC has made several attempts to privatize the unit but could not succeed due to one or the other reasons. The Defunct GCP and Ministry of Industries & Production have also made attempts to dispose of the unit but no avail.

The management of PIDC continues to follow up with the PC to expedite the early privatization / sale of the unit. The PC has formally prepared a list of 71 Public Sector Entities (PSEs) for disinvestment on fast-track basis subject to reaffirmation by the Council of Common Interests (CCI) of its approved privatization programme. The list includes plant and machinery of Morafco Industries Limited. During the period under review no progress has been intimated by the PC in respect of the privatization / sale of the assets of the Morafco Industries Limited.

**ON BEHALF OF THE BOARD OF DIRECTORS**

**April 26th, 2016**

**CHIEF EXECUTIVE**

**MORAFCO INDUSTRIES LIMITED**  
**BALANCE SHEET FOR THE PERIOD ENDED AS ON**  
**MARCH 31, 2016**

	UN-AUDITED	AUDITED
	July 2015 To March 2016	July 2014 To June 2015
<b>CAPITAL AND LIABILITIES:</b>	<b>Rs In Thousands</b>	
<b>Authorized Capital</b>	<b>10,000</b>	<b>10,000</b>
Share Capital	5,683	5,683
General Reserves	3,479	3,479
Capital Reserves	304	304
Dividend Equalization Reserve	1,863	1,863
Accumulated Loss	(858,075)	(855,835)
	(846,746)	(844,506)
<b>CURRENT LIABILITIES :</b>		
Creditors and Other Payable	91	97
Income Tax Payable	155	155
Due to Federal Govt. / PIDC	705,350	705,350
Due to PIDC	141,668	139,482
Unclaimed Dividend	1,218	1,218
	848,482	846,302
Contingencies & Commitments	-	-
	1,736	1,796
<b>PROPERTIES AND ASSETS :</b>		
Operating Fixed Assets	832	900
<b>CURRENT ASSETS :</b>		
Stores, Spares & Loose Tools	571	572
Advances, Deposits, Prepayments and Other Receivables	121	117
Cash and Bank Balances	212	207
	904	896
	1,736	1,796

**CHIEF EXECUTIVE**

**DIRECTOR**

**MORAFCO INDUSTRIES LIMITED**  
**PROFIT & LOSS ACCOUNTS FOR THE PERIOD ENDED AS ON**  
**MARCH 31, 2015**

**Rs. In Thousands**

	3 Months 01-01-16 To 31-03-16	9 Months 01-07-15 To 31-03-16	3 Months 01-01-15 To 31-03-15	9 Months 01-07-14 To 31-03-15
Sales	-	-	-	-
Cost of Goods Sold	-	-	-	-
Gross Profit / (Loss)	-	-	-	-
<b>Operating Expenses:-</b>				
Fixed Revenue Expenses	67	232	25	191
Administrative & General Exp.	909	2,012	467	1,269
Financial Charges	-	1	1	2
Loss before Income	(976)	(2,245)	(493)	(1,462)
Miscellaneous Income	-	-	-	-
Markup / (Bank Charges)	(1)	5	-	6
Net Loss for the period before taxation	(977)	(2,240)	(493)	(1,456)
Taxation	-	-	-	-
Net Loss after taxation	(977)	(2,240)	(493)	(1,456)
Accumulated Loss B/F	(857,098)**	(855,835)*	(854,837)	(853,874)
Balance Carried to Balance Sheet	<b>(858,075)</b>	<b>(858,075)</b>	<b>(855,330)</b>	<b>(855,330)</b>
Loss per share	<b>(1.72)</b>	<b>(3.94)</b>	<b>(0.87)</b>	<b>(2.56)</b>

**These accounts should be read in conjunction with the annexed notes.**

\* Represents the figure of Accumulated Losses as on 30-06-2015

\*\* Represents the figure of Accumulated Losses as on 31-12-2015

**CHIEF EXECUTIVE**

**DIRECTOR**

**MORAFCO INDUSTRIES LIMITED**  
**CASH FLOW STATEMENT FOR THE PERIOD ENDED AS ON**  
**MARCH 31, 2016**

	Rs. In Thousands	
	March 31, 2016	March 31, 2015
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit / (Loss) before taxation	(2,240)	(1,456)
<b>Adjustment for items not involving Movement of Cash:</b>		
Depreciation	68	76
Profit on deposit	(5)	(6)
Misc Income	-	-
	(2,177)	(1,386)
<b>Working Capital Adjustment</b>		
<b>(Increase) / Decrease in current Assets:</b>		
Stores, Spares and Loose Tools	-	-
Advance, Deposits, prepayments & Receivables	(4)	81
<b>Increase / (Decrease) in current Liabilities:</b>		
Creditor, Accruals & Other Liabilities	(6)	(24)
Due to PIDC	2,186	1,352
	2,176	1,409
<b>Cash Inflows after Working Capital Adjustments</b>		
<b>Cash Flows before interest and tax</b>		
Taxes paid	-	-
Bank charges	1	2
	2,177	1,411
<b>Net Cash Flow From Operating Activities</b>		
<b>NET CASH USED IN OPERATING ACTIVITIES</b>	-	-
Insurance claim received	-	-
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	-	26
Sale proceed of store items	-	-
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>	-	-
Markup on bank account	5	6
	5	32
<b>Net Increase / (Decrease) In Cash &amp; Cash Equivalents</b>		
<b>Cash &amp; Cash Equivalents at the Beginning of the Period</b>	207	171
<b>Cash &amp; Cash Equivalents at the end of the Period</b>	212	203

**These accounts should be read in conjunction with the annexed notes.**

**CHIEF EXECUTIVE**

**DIRECTOR**

**MORAFCO INDUSTRIES LIMITED**  
**STATEMENT OF CHANGES IN EQUITY**  
**FOR THE PERIOD ENDED AS ON**  
**MARCH 31, 2016**

	RESERVE					Accumulated Profit/Loss	Net Equity
	Issued Subscribed and Paid up Capital	General Reserve	Dividend Equalization	Capital Reserve	Total Reserve		
Rs. In "Thousands"							
Balance as at July 01, 2014	5,683	3,479	1,863	304	5,646	(853,873)	(842,544)
Loss for the period	-	-	-	-	-	(1,456)	(1,456)
<b>Balance as at Mar 31, 2015</b>	<b>5,683</b>	<b>3,479</b>	<b>1,863</b>	<b>304</b>	<b>5,646</b>	<b>(855,329)</b>	<b>(844,000)</b>
Balance as at July 01, 2015	5,683	3,479	1,863	304	5,646	(855,835)	(844,506)
Loss for the period	-	-	-	-	-	(2,240)	(2,240)
<b>Balance as at Mar 31, 2016</b>	<b>5,683</b>	<b>3,479</b>	<b>1,836</b>	<b>304</b>	<b>5,646</b>	<b>(858,075)</b>	<b>(844,746)</b>

**NOTES TO THE ACCOUNTS:**

1. The company was incorporated as Private Limited company in December 1960 and was converted into a Public Limited Company in July 1965. Its shares are listed in Lahore and Karachi Stock Exchanges. The principal activity of the company is to manufacture Ghee Cooking Oil and its By-products. On nationalization of the ghee industry, the management of company was taken over by the Ghee Corporation of Pakistan (Pvt) Limited (GCP), under Government instructions the company closed its operation in 1997 for privatization purposes and all the employees were relieved under VSS / GHS. Under the instructions from the Federal Government the management and ownership of the company has been transferred from GCP to M/s. Pakistan Industrial Development Corporation (Pvt) Limited (PIDC). Presently few employees have been engaged on temporary basis to ensure the security and maintenance of properties and assets of the company.
2. The company has incurred a loss of Rs. 2.240 million during nine months period (2015 Rs. 1.456 million and accumulated loss Rs. 858.075 million (June 2015: Rs. 855.835 million) which exceeds its capital and reserves by Rs. 846.746 million (June 2015 Rs. 844.506 million) the company's current liabilities exceeded its current assets by Rs. 847.578 million (June 2015 Rs. .845.406 million). The company has ceased its operation since 1997; these events clearly demonstrate that the company is no more a going concern but the financial statements have been prepared on a going concern assumption. The Privatization Commission (PC) offered the company's Assets for sale in the past but the reserve price set by PC was not received. The major shareholding company PIDC with 43% shareholding is presently financing the company to meet its current and unavoidable financial requirements for its security and upkeep of the properties and assets of the company.
3. These accounts are un-audited as required by the Securities and Exchange Commission of Pakistan (SECP) and listing regulations of the Stock Exchanges.
4. The accounts have been prepared in accordance with the requirements of ISA 34 " Interim Financial Reporting " and are being submitted to shareholders in accordance with the requirements of section 245 of the Companies Ordinance 1984.
5. The accounting policies adopted for the preparation of these Accounts and financial statements are the same as were applied in preparation of the last published financial statements of the company.
6. The status and extent of contingencies and commitments are almost the same as that of June 30, 2015.
7. Previous year's figures have been re-arranged wherever necessary for the purpose of comparison.

**CHIEF EXECUTIVE**

**Director**

*Under Postal Certificate*  
**Printed Matter**

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