Annual Report 2015

NOON PAKISTAN LIMITED


Dostea
جو رنگ لائے!
Tear here
Dostea
چائے مکس
A FAUJI
GROUP
COMPANY

Dostea

چائے مِکس

Core Values

- We are agile
- We care
- We spread happiness
- We Innovate
- We synergize

Vision:

Transforming lives through Nourishment

Strategic Objectives:

- To Revive NPL and become one of the Top Dairy Companies of Pakistan.
- Leverage the strength of Nurpur Brand.
- Lead the dairy industry with healthy and innovative products, supported by strong brands.
- Focus on Awareness, Trial Generation and Image Building activities.

CONTENTS

Corporate Information

BOARD OF DIRECTORS	Lt Gen Khalid Nawaz Khan HI (M), Sitara-i-Esar, (Retd.)	Chairman
	Lt Gen Muhammad Haroon Aslam HI (M), SBt, (Retd.)	CE & MD
	Lt Gen Shafqaat Ahmed HI (M), (Retd.)	
	Malik Adnan Hayat Noon Mr. Qaiser Javed Dr. Nadeem Inayat Dr. Rashid Bajwa Mr. Salman Hayat Noon Brg Raja Jahanzeb (Retd.) Lt Col Abdul Khaliq Khan (Retd.) Mr. Iltifat Rasul Khan Mr. Par Soderlund	
CHIEF FINANCIAL OFFICER	Syed Aamir Ahsan	
COMPANY SECRETARY	Lt Col Muhammad Ashfaq (Retd.)	
AUDITORS	KPMG Taseer Hadi & Co. Chartered Accountants	

LEGAL ADVISERS	Hamid Law Associates
AUDIT COMMITTEE	Mr. Iltifat Rasul Khan Mr. Qaiser Javed Dr. Nadeem Inayat Brig Raja Jahanzeb (Retd.) Lt Col Abdul Khaliq Khan (Retd.)
HR & R COMMITTEE	Dr. Nadeem Inayat Dr. Rashid Bajwa Brig Raja Jahanzeb (Retd.) Lt Col Abdul Khaliq Khan (Retd.)
BUSINESS REVIEW COMMITTEE	Dr. Rashid Bajwa Mr. Salman Hayat Noon Mr. Par Soderlund Brig Raja Jahanzeb (Retd.)
BANKERS	Habib Bank Limited United Bank Limited National Bank of Pakistan Bank Alfalah Limited Faysal Bank Limited The Bank of Punjab NIB Bank Limited MCB Bank Limited Askari Bank Limited Allied Bank Limited Bank Islami Pakistan Bank AL Habib Limited
REGISTERED OFFICE	FFBL Complex, 103 A/B, Shahrah-e-Quaid-e-Azam, Lahore. Tel: +92-42-99205933-34
SHARES REGISTRAR	M/s Corplink (Pvt) Limited Wings Arcade, 1-K-Block, Model Town, Lahore Tel: (042) 35839182, 35916714 Fax: (042) 35869037 Email : shares@corplink.com.pk
WEBSITE	www.nurpurfoods.com
PLANT	Bhalwal, District Sargodha.

PROFILE OF THE BOARD

Lt Gen Khalid Nawaz Khan HI(M) (Retd.) Chairman

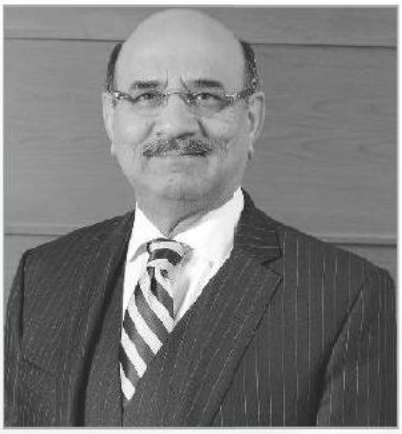
Lt Gen Khalid Nawaz Khan HI(M) (Retd) was commissioned in the Pakistan Army on 20 April 1975 with the coveted Sword of Honour. The General Officer has a vast and varied experience in various capacities on Command, Staff and Instructional assignments which include command of an Infantry Division and a Corps deployed along the Line of Control. The General has also remained as Commandant of the prestigious Command and Staff College Quetta, in addition to having served on the faculties of School of Infantry, Command and Staff College; and National Defence University. He is a graduate of Armed Forces War College (National Defence University) and Command and General Staff College, Fort Leavenworth, USA. The General Officer holds Masters Degrees in War Studies, Art and Science of Warfare and General Studies.

In recognition of his meritorious services, he has been awarded Hilal-e-Imtiaz (Military). The General Officer was also conferred upon the award of Sitara-i-Esar for his leadership role in the aftermath of the devastating 2005 Earthquake in Azad Kashmir.

He is an avid golfer.

Besides being he Managing Director of Fauji Foundation, the General Officer is the Chairman of the Boards of Directors of Fauji Fertilizar Bin Qasim Limited, Fauji Fertilizer Company Limited, , Mari Petroleum Company Limited, Fauji Cement Company Limited, Askari Cement Limited, Askari Bank Limited, Fauji Kabirwala Power Company Limited, Dharki Power Holdings Limited, Foundation Power Company(Daharki) Limited, FFC Energy Limited, Foundation Wind Energy-I & II, Fauji Oil Terminal and Distribution Company Limited, Fauji Akbar Portia Marine Terminals, Fauji Meat Limited, Fauji Foods Limited, Noon Pakistan Limited and Fauji Fresh n Freeze Limited

(Address: Fauji Foundation, 68 Tipu Road, Rawalpindi)



Lt Gen Muhammad Haroon Aslam HI(M), S.Bt, (Retd.) CE & MD

Lt Gen Muhammad Haroon Aslam, HI(M), S.Bt, (Retired), is the Chief Executive and Managing Director of Fauji Fertilizer Bin Qasim Limited, Fauji Foods Limited, Fauji Meat Limited, FFBL Power Company Limited and Noon Pakistan Limited. The General Officer has 40 years meritorious military career to his credit. A highly decorated officer with rich and varied experience of command, staff and instructional assignments. He is a graduate of Command and Staff College Quetta, Defence Services Command and Staff College Bangladesh and National Defence College (War Wing), now National Defence University, Islamabad.

Holds master degrees in Defence Studies and Political Science. The officer has vast international exposure including foreign training, assignments and appointment in United Nations Mission. Commanded a Corps and served as Chief of Logistics of Pakistan Army. Is held in high esteem for his operational planning and combat achievements. Has been on the faculty of National Defence University.As CEO and Deputy Chairman of Earthquake Reconstruction and Rehabilitation Authority (ERRA), he was engaged in planning and management of high profile construction and rehabilitation projects. In recognition of his outstanding services, was awarded Hilal-e-Imtiaz (Miitary) and Sitara-i-Basalat. Besides being Director and Chairman of Management Committee of Pakistan Maroc Phosphore (PMP), Morocco, he is also on the Board of following entities:-

- Foundation Wind Energy-I
- Foundation Wind Energy-II
- Askari Bank Limited

A 'Certified Director' who remains engaged in networking with leading professional Seminar organizers, most importantly, International Fertilizer Association (IFA), American Management Association (AMA), Dairy Business Association and FMB Fertilizers.

(Address: Fauji Fertilizer Bin Qasim Limited, 73-Harley Street, Rawalpind)

Lt Gen Shafqaat Ahmed HI(M), (Retd.) Director

Lt Gen Shafqaat Ahmed, HI(M), (Retd) is Chief Executive & Managing Director of Fauji Fertilizer Company Limited, FFC Energy Limited and Fauji Fresh n Freeze Limited and also holds directorship on the Boards of following:-

- Fauji Fertilizer Bin Qasim Limited
- Askari Bank Limited
- Fauji Foods Limited
- Fauji Meat Limited
- FFBL Power Company Limited
- Pakistan Maroc Phosphore S.A.

He is Chairman of Sona Welfare Foundation (SWF) and a member of the Board of Governors of Foundation University, Islamabad as well.

The General was commissioned in Pakistan Army in October 1975. During his service in the Army, he had been employed on various prestigious command, staff and instructional assignments. Climax of his nearly four decades of military career was command of a strike corps.

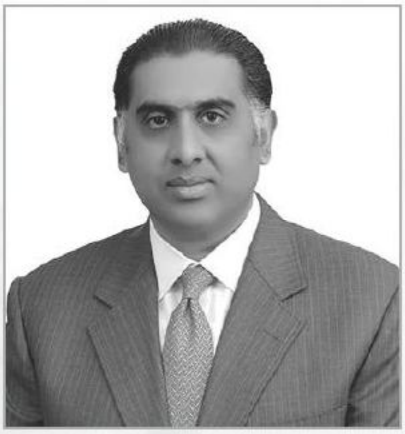
He is a graduate of Command and Staff College Quetta, National Defence University Islamabad, Ecole d'Etat Major Compiegne, France and Ecole Militaire Paris, France. He also holds Master Degree in War Studies and Class A Interpretership in French language from the National University of Modern Languages Islamabad and speaks French language fluently.

He had the honour of serving as Pakistan's Defence and Military Attaché to USA from 2002 to 2005 with concurrent accreditation to Canada and Argentina. He also served as Military Secretary to the President of Pakistan from 2005 to 2008. During this period he participated in number of international forums notably, UN General Assembly Inaugural Session of 2006, NAM Summit in Cuba, OIC Summit in Saudi Arabia, World Economic Forum Davos Switzerland, ECO Summit at Shanghai China. The General has participated in bilateral meetings alongwith the President of Pakistan with a number of Heads of State.

Served on the faculty of Command and Staff College Quetta and National Defence University Islamabad. Since his retirement, he is on the honorary faculty of National Defence University as a senior mentor. He also participated in the US-Pakistan Senior Military Leadership Seminar.

He has been awarded Hilal-e-Imtiaz (Military) and also conferred upon the award of 'Legion of Merit' by the US Government in promoting bilateral US Pakistan military relations

(Address: Fauji Fertilizer Co. Ltd, 156-The Mall, Rawalpindi.)



Malik Adnan Hayat Noon
Director

Malik Adnan Hayat Noon is an elected member of the Company Board since 2004. Malik Adnan Hayat Noon studied at Aitchison College, Lahore, Pakistan from where he went on to finish his schooling at Millfield School, England. His later education took place at Buckingham University in England. In 1997, Malik Adnan Hayat Noon became one of the youngest members of the National Assembly of Pakistan. He also served on the Industries Committee of the National Assembly. Malik Adnan Hayat Noon was appointed as Chairman / CEO of Noon Sugar Mills Limited by the board of directors after the sad demise of his father during May, 2011. He is also member of the board of directors of six other companies.

(Address: 4 - Sarwar Road, Lahore Cantt)

Mr. Qaiser Javed
Director

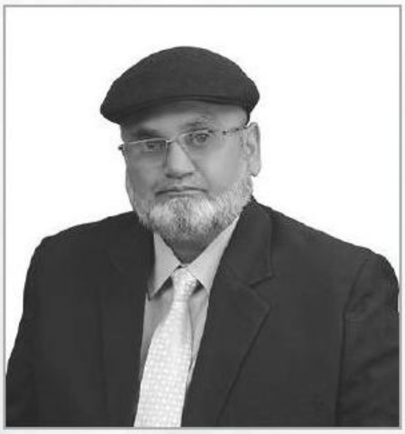
Mr. Qaiser Javed is a Fellow Member of Institute of Chartered Accountants of Pakistan and Institute of Taxation Management of Pakistan. He joined Fauji Foundation in 1976. Presently he is holding the position of Director Finance. He is also a member of Board of Directors of all subsidiary and associated companies of Fauji Foundation, the Hub Power Company Ltd. and Pakistan Maroc Phosphore S.A (PMP). In addition to being a Director on the FFBL Board, he is also the Chairman of Audit Committee.

(Address: Fauji Foundation, 68 Tipu Road, Rawalpindi)

Dr. Nadeem Inayat
Director

Dr. Nadeem Inayat is an outstanding professional, having rich experience in managing, operating and advising investment portfolio to top tier Banks and organizations of the Country at senior level. Presently he is holding the position of Corporate Advisor and Head of Investment Division in Fauji Foundation. He is member of FFBL Board of Directors since Jul 2006. He is also a member of Board of Directors of all subsidiaries and associated companies of Fauji Foundation and Pakistan Maroc Phosphore S.A.

(Address: Fauji Foundation, 68 Tipu Road, Rawalpindi)



Lt COL (R) Abdul Khaliq Khan
Director

Lt COL (R) Abdul Khaliq Khan joined the company in 2009 and working as executive director and became member of the Board on 30 May, 2011. He also worked for 9 years in Pioneer Cement, an associated company as GM administration.

Abdul Khaliq graduated from Pakistan Military Academy Kakul and holds Masters Degree in International Relations. He was commissioned in Pakistan Army in 1975 and after serving for 25 years in Pakistan Army at various Command and Staff appointments got retired from Army in 2000. During military service, he had a vast and diversified experience in operational, administration, human resource management, assessment and evaluation system.

Abdul Khaliq has attended several courses, seminars, training programs and workshops on various subjects.
(Address: 4 - Sarwar Road, Lahore Cantt)

Mr Iltifat Rasul Khan
Director

Mr Iltifat Rasul Khan (IRK) is a UK qualified Chartered Accountant wih over 48 years of work experience. He earned his Bachelor of Commerce with Honors from University of Punjab, Lahore (1962), and did his Chartered Accountancy from the Institute of Chartered Accountants in England and Wales (ICAEW) in 1968. He is a Fellow Member of both the ICAEW and the Institute of Chartered Accountants of Pakistan (1972). His professional experience includes nine (9) years in UK working with the firms of Chartered Accountants (B Holey & Co; and Peat, Marwich Mitchell & Co. presently KPMG); twenty-nine (29) years with Fauji Foundation Pakistan holding senior positions, including eight (8) years as Director Finance of the Group; and ten (10) years with Pakistan Poverty Alleviation Fund (PPAF) as Chief Financial Officer / Corporate Secretary. IRK has extensive experience of dealing with local and international banks; multilateral financing institutions, and export credit agencies. He has successfully negotiated numerous project financing arrangements. IRK is former member of Board of Directors of the following companies:

- Fauji Fertilizer Company Limited
- Mari Gas Company Limited
- Fauji Fertilizer Bin Qasim Limited
- Fauji Cement Company Limited
- Life Line Limited
- Fauji Oil Terminal and Distribution Company Limited
- Fauji kabirwala Power Company Limited
- Fauji Software Company Limited

He is also a former Government Nominee Director on the Islamabad Stock Exchange Board. The first four companies are listed on the Stock Exchanges in Pakistan.

(Address: House No: 26 A; Street No: 3;Sector: F-8/3; Islamabad).

Mr Par Soderlund
Director

Mr Par Soderlund is the Founder and CEO of Peritus Farm DMCC, based in Dubai, UAE. He leads a team of farming specialists as an investor-centric consultancy for dairy farming, meat fattening, and forage production.

Mr. Söderlund has spent 28 years along the value chain of milk – Sales, processing & packaging, raw milk production and fodder production. He worked 20 years with Tetra Pak as a Managing Director in countries like Iran, Estonia/Latvia/Lithuania, Switzerland and Pakistan. During his years 2004-2007 as Managing Director for Tetra Pak Pakistan, the business increased three times and Tetra Pak Pakistan was awarded Market Company of the year 2006. During this period, he was also responsible for Commercial Operations for the 27 Tetra Pak market companies in Middle East.

Before moving to Dubai in 2004, Mr. Söderlund was Vice President Commercial Operations, Tetra Pak Europe & Africa, 1999-2004 reporting to Group COO, overlooking USD 4 billion in sales and 52 market companies responsible for sales, global commercial compliance and revenue management. In 2008 he joined Al Faisalieh Group, Riyadh and became Managing Director for Al Safi, the world's largest integrated dairy farm, as well as board member for Al Safi Danone for GCC. In 2011, he started Peritus Farm DMCC with main activities in Turkey and Pakistan. Peritus Farm DMCC has a company for forage production based in Lahore and Peritus advisory team is working with a number of the large dairy farms in Pakistan.

(Address: Dubai, UAE, Novelia, P.O Box 53457)

Chairman's Review

I am delighted to present the annual report for the period ended December 31, 2015, on behalf of the board of directors of Noon Pakistan Limited (NPL). We are pleased to announce the acquisition of NPL by Fauji Fertilizer Bin Qasim Limited (FFBL), another milestone achieved. At Noon Pakistan Limited, we believe in the satisfaction of all our stakeholders. From consumer to employees, and from the board of directors to the suppliers, we believe in building positive working relationships that not only help us build a legacy, but also an enriched heritage.

Though we have been bottlenecked by hurdles that come with acquisition, we are strengthening our network of distribution. We are also working on strengthening our Milk collection system and increasing both productivity and efficiency.

I would like to thank our employees, as without their dedication, it is impossible to excel as a company. I also thank our customer, GOP, shareholders and other stakeholders for their continuous faith in us to provide them the very best. We hope that the future brings further accomplishments for us.

Lt Gen Khalid Nawaz Khan
HI(M), Sitara-I-Esar, (Retd.)
Chairman

A WORD FROM THE CHIEF EXECUTIVE

The period has come to an end with another feather in our caps. The acquisition of Noon Pakistan Limited by FFBL is already showing positive results. As a company, core philosophy is to serve this nation and all our stakeholders in the best possible manner. While working to do this, we also wish to build a legacy for the future generations of this hardworking nation.

We have continued breaking barriers and making a positive progress, especially in the newly acquired dairy business. We are constantly improving the range of existing products offered by Noon Pakistan Limited, along with adding an array of products as defined by the needs of our customers.

As we embrace a new year, I am confident about the company's growth prospects in the future and have the utmost faith in our team and all the people who have worked very hard to make Noon Pakistan Limited the unique entity that it is today.

Lt Gen Muhammad Haroon Aslam
HI(M), SBt, (Retd.)
CE & MD

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the 49th Annual General Meeting of shareholders of Noon Pakistan Limited will be held at Pearl Continental Hotel, Lahore on Thursday, 10 March, 2016 at 11:00 a.m. to transact the following business:-

ORDINARY BUSINESS

1. To confirm the minutes of the Annual General Meeting held on 26 November, 2015.

2. To receive, consider and adopt the audited accounts for the special year ended 31December, 2015 and the reports of the Directors and Auditors thereon.

3. To appoint auditors for ensuing period till next AGM and to fix their remuneration.

4. To transact any other business as may be placed before the meeting with the permission of the Chairman.

CLOSURE OF SHARE TRANSFER BOOKS

The share transfer books of the Company will remain closed from 3rd March, 2016 to 10th March, 2016 (both days inclusive) for the purpose of holding the AGM.

By Order of the Board

LT COL MUHAMMAD ASHFAQ (Retd.)
Company Secretary

Date: 15 February, 2016

NOTES:

1. A member entitled to attend and vote at this meeting may appoint another member as his/her proxy to attend, speak and vote on his/her behalf. Proxies in order to be effective must be received by the Company at the registered office not less than 48 hours before the meeting. The shareholders through CDC are requested to bring original CNIC/Passport for the purpose of identification to attend the meeting. Representatives of corporate members should bring the usual documents required for such purpose. The members are requested to follow the guidelines contained in Circular No.1 of 2000 dated 26 January, 2000 issued by SECP reproduced on reverse of the Proxy Form.

2. Members, having physical shares, are advised to intimate any change in their registered address and the shareholders who have not yet submitted photocopies of their Computerized National Identity Cards (CNIC) are requested to send the same at the earliest.

3. Vide SRO No. 787(1)2014 dated 08 September, 2014, SECP has allowed companies to circulate audited financial statements and notice of AGM to shareholders through their email addresses subject to the written consent of the shareholders. Shareholders who wish to receive annual reports and notice of AGM through e-mail are requested to provide, through a letter duly signed by them, their particulars, i.e. Name, Folio/ CDC A/C No., E-mail Address, Contact Number, CNIC Number (attach copy). Shareholders are also requested to notify immediately any change in their e-mail address to the Share Registrar of the Company, i.e. M/s Corplink (Pvt.) Limited, 1-K, Commercial, Model Town, Lahore.

DIRECTORS' REPORT T0 THE SHARE HOLDERS

The Directors of your company are pleased to submit the Annual Report along with the audited financial statements for the special period ended December 31, 2015.

On acquisition of controlling interest in the Company by Fauji Fertilizer Bin Qasim Limited (FFBL) together with Fauji Foundation (FF) financial reporting year was changed from June 30th to December 31st; hence, these financial statements have been prepared on six months basis period ended 31st December 2015 with comparative data of full year ended 30th June, 2015.

Operations during the year
The turnover of the Company was Rs. 689 million in this reported special year as compared to Rs. 1,866 million in the comparative year. Loss after taxation in this reported special year is Rs. 106 million as compared to Rs.350 million in the comparative year. The Earning per Share thereby is negative Rs. 3.38 per share (Comparative Year: Negative Rs. 11.75 per share).

After acquisition of controlling interest in the Company by Fauji Fertilizer Bin Qasim Limited (FFBL) together with Fauji Foundation (FF) on 4th September 2015, new management has taken radical remedial steps towards transformation of the Company that include curtailment of higher input costs, increasing production scales to optimum levels, strengthening of milk collection and sales and distribution structure, ensuring quality at every stage from milk collection to production to distribution.

Future Outlook
Under the umbrella of Fauji Group, one of the most diversified industries portfolio; Noon Pakistan Limited is now progressing to raise its' current production capacity to multiple times, in order to take advantages of volume scale productions. By the end of next year, our total fixed assets would have grown to about Rs. 6 billion. Secondly, the Company has boarded many experienced & competent personnel in all fields, particularly in sales & marketing to take edge of best human capital in competitive local dairy industry. The coming few years are going to be challenging for the Company until we achieve full capacity. However, the management is fully committed and confident to increase the production and revenue by several times to reach the ultimate capacity of the Company.

Right Issue
The board of directors in its meeting held on December 21, 2015 has approved for shares right issue of 321.20% (1606 shares for each 500 shares) at a price of Rs. 29.78 per share.

Transaction with Related Parties

The Company carries out transactions with various related parties and amounts due from and to related parties as shown under respective heads are carried out at arms length. Except as disclosed in financial statements, no other transactions were executed with related parties.

Corporate and Financial Reporting Framework

- The financial statements, prepared by the management of the Company, present fairly its state of affairs, the result of its operations, cash flow and changes in equity.
- Proper books of account of the Company have been maintained.
- Appropriate accounting policies have been consistently applied in preparation of the financial statements and accounting estimates are based on reasonable and prudent judgment.
- International Accounting Standards, as applicable in Pakistan, have been followed in preparation of the financial statements.
- The system of internal controls is sound in design and has been effectively implemented and monitored.
- There are no doubts upon the Company's ability to continue as a 'going concern'.
- There has been no material departure from the best practices of corporate governance.
- There are no statutory payments on account of taxes, duties, levies and charges which are outstanding as on 31st December 2015 except for those disclosed in the financial statements.
- The value of investments of staff provident fund, based on un-audited accounts, was Rs.246.088 million as at 31st December, 2015.
- The pattern of shareholding and additional information regarding pattern of shareholding is included in this annual report.
- Detail of trade in the shares of the Company carried-out by the Directors, CEO, CFO, Company Secretary and their spouse and minor children during the year ended 31st December 2015;

	Voting	Non-voting
Malik Adnan Hayat Noon	2,999,106	2,475,535
Mr. Salman Hayat Noon	2,999,106	2,475,535

Board of Directors / Committees

During the year, five meetings of the Board of Directors were held. Attendance by each director was as follow:

Names of Directors	No. of Meetings Attended
Lt Gen Khalid Nawaz Khan (Retd) - elected on 11th Sep, 2015	4
Lt Gen Muhammad Haroon Aslam (Retd) - elected on 11th Sep, 2015	4
Lt Gen Shafqaat Ahmed (Retd) - elected on 11th Sep, 2015	3
Mr. Qaiser Javed - elected on 11th Sep, 2015	2
Dr. Nadeem Inayat - elected on 11th Sep, 2015	3
Mr. Adnan Hayat Noon - re-elected on 26th Nov, 2015	2
Mr. Salman Hayat Noon	3
Dr Rashid Bajwa – elected on 26th Nov, 2015	1
Brig Raja Jahanzeb (Retd) – elected on 26th Nov, 2015	1
Lt Col Abdul Khaliq Khan (Retd)	5
Mr. Iltifat Rasul Khan – elected on 26th Nov, 2015	1
Mr. Pär Söderlund – elected on 26th Nov, 2015	1
Mr. K. Iqbal Talib – retired on 11th Sep, 2015	-
Mr. Asif H. Bukhari – retired on 11th Sep, 2015	1
Mr. Zaheer Ahmad Khan – retired on 11th Sep, 2015	1
Mirza Shoaib Baig – retired on 11th Sep, 2015	-

During the year, two meetings of the Audit Committee were held. Attendance by each director was as follow:

Names of Directors	No. of Meetings Attended
Mr. Qaiser Javed - elected on 11th Sep, 2015	-
Dr. Nadeem Inayat - elected on 11th Sep, 2015	-
Mr. Iltifat Rasul Khan – elected on 26th Nov, 2015	1
Brig Raja Jahanzeb (Retd) – elected on 26th Nov, 2015	1
Mr. Adnan Hayat Noon – reelected on 26th Nov, 2015	1
Mr. K. Iqbal Talib – retired on 11th Sep, 2015	-
Mr. Asif H. Bukhari – retired on 11th Sep, 2015	1

Auditors

The present auditors M/s KPMG Taseer Hadi & Co., Chartered Accountants will stand retire and being eligible offer themselves for re-appointment. The board has received recommendations from its Audit Committee for re-appointment of M/s KPMG Taseer Hadi & Co., Chartered Accountants as auditors of the company for the ensuing year.

Compliance with the Code of Corporate Governance

The requirements of the Code of Corporate Governance set out by the Karachi and Lahore Stock Exchanges in their listing rules, relevant for the year ended 31st December 2015, have been duly complied with. A statement to this effect is annexed with the report.

Dividend

The Board has not recommended any dividend due to no profit of the Company during the six months period.

Annual General Meeting

In order to synchronize the financial results of the Company with holding companies, reporting year end have been changed from 30th June to 31st December. Consequently, for the approval of financial statements for the special year ended 31st December, 2015; 49th Annual General Meeting will be held on 10 March 2016.

Acknowledgement

The board is thankful to the valuable members and bankers for their trust and continued support to the Company. The Board would also like to place on record its appreciation to all employees of the Company for their dedication, diligence and hard work.

For and on behalf of the Board

Dated : January 25, 2016

Lt Gen Khalid Nawaz Khan
HI(M), Sitara-I-Esar, (Retd.)
Chairman

Statement of Compliance with the Best Practices of the Code of Corporate Governance

Name of the Company : Noon Pakistan Limited
Six months period ending : 31 December, 2015

This statement is being presented to comply with the Code of Corporate Governance contained in listing regulations of Pakistan Stock Exchange (formerly Karachi and Lahore Stock Exchange) 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:

Names	Category
Lt Gen Khalid Nawaz Khan (Retd.)	Non-Executive Director / Chairman
Lt Gen Muhammad Haroon Aslam (Retd.)	Executive Director/ CEO
Lt Gen Shafqaat Ahmed (Retd.)	Non-Executive Director
Malik Adnan Hayat Noon	Non-Executive Director
Mr. QaiserJaved	Non-Executive Director
Dr. Nadeem Inayat	Non-Executive Director
Mr. Salman Hayat Noon	Non-Executive Director
Brig Raja Jahanzeb (Retd.)	Non-Executive Director
Lt Col Abdul Khaliq Khan (Retd.)	Non-Executive Director
Dr. Rashid Bajwa	Non-Executive Director
Mr. Iltifat Rasul Khan	Non-Executive Independent Director
Mr. Par Soderlund	Non-Executive Independent Director

2. The directors have confirmed that none of them is serving as a director in more than seven listed companies, including this company.

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 or, being a member of a stock exchange, has been declared as a defaulter by that stock exchange.

4. Fresh election of directors were held on 26 November, 2015 under section of 178-A of the Companies Ordinance, 1984.

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/shareholders.

8. The meetings of the Board were presided over by the Chairman and, in his absence, by a director elected by the Board for this purpose and the Board met at least once in every quarter. Written notices of the Board meetings, along with agenda and working papers, were circulated at least seven days before the meetings. The minutes of the Board meetings were appropriately recorded and circulated.

9. All the directors on the Board are fully conversant with their duties and responsibilities as directors. During the period under review six directors had acquired the compulsory training under directors training program.

10. Syed Aamir Ahsan was appointed as CFO of the Company on 11 September, 2015 in place of Mr. Rizwan Ahmad who resigned on 15 June, 2015. Lt Col Muhammad Ashfaq (Retd) was appointed on 11 September, 2015 as Company Secretary in place of Syed Anwar Ali who resigned on 10 September, 2015. Mr. Hyder e Karar was appointed as Head Internal Audit on 17 December, 2015 in place of Mr. Nouman Khan who resigned on 19 April, 2015.

11. The Directors' Report for the period ended 31 December, 2015 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, CEO 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 five members and all of them are non-executive directors.

16. The meetings of the audit committee were held at least once every quarter prior to 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 an HR and Remuneration Committee ("Committee"). It comprises four members and all of them are non-executive directors. Last meeting of the Committee was held on 17 December, 2014. During the six months period ended 31 December, 2015 no meeting of the Committee was held.

18. The Board has set up an effective internal audit function.

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 International Federation of Accountants (IFAC) guidelines on 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 directors, employees and stock exchanges.

22. All related parties transactions have been placed before the Audit Committee and Board of Directors and have been duly approved by the Board of Directors to comply with the requirements of listing regulations of Pakistan Stock Exchange (formerly Karachi and Lahore Stock Exchanges)..

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

It is hereby declared that the annual financial statements, duly adopted by members of the Company, reports and other information relating to the Company shall remain available for at least next three years on the Company's website, i.e.www.nurpurfoods.com

On behalf of the Board

Lahore : 25 January, 2016.

Lt Gen Muhammad Haroon Aslam
HI(M), SBt, (Retd.)
CE & MD

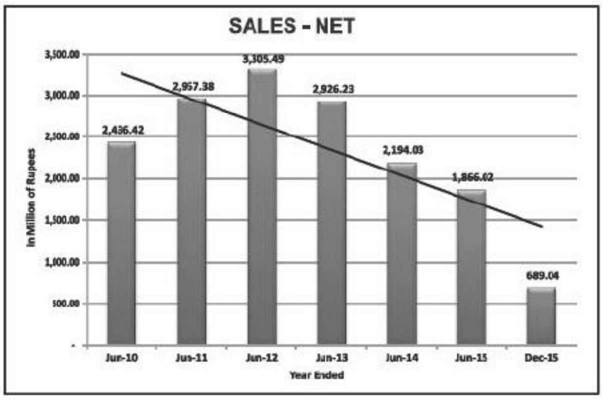
SIX YEARS' REVIEW AT A GLANCE

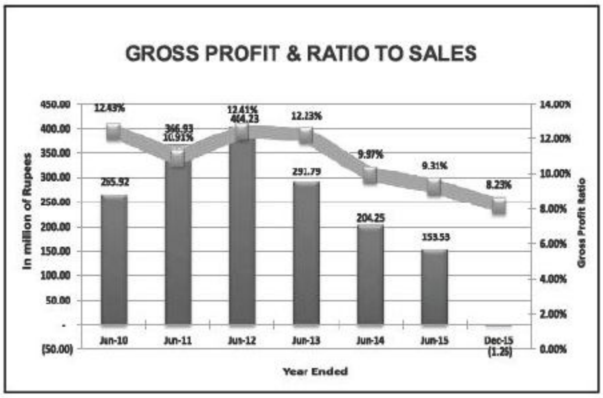
		December 2015 Six Month	June 2015 Annual	June 2014 Annual	June 2013 Annual	June 2012 Annual	June 2011 Annual	June 2010 Annual
				All Rupees Figures are in Thousands				
Fresh Milk Processed	Kgs./Ltrs.	4,331,328	17,978,400	21,143,711	27,584,126	38,371,430	43,443,343	43,098,600
Production								
UHT Milk/ Tea Whitener	Ltrs.	5,327,865	11,293,246	12,949,985	20,195,083	30,572,685	30,940,079	20,385,290
UHT Flavor Milk	Ltrs.	1,657,834	4,968,327	5,373,860	5,872,918	5,285,880	4,668,071	4,075,407
UHT Cream	Ltrs.	-	79,491	206,227	134,048	30,146	71,381	461,722
Butter	Kgs.	162,174	526,585	625,447	915,249	940,030	986,335	1,011,925
Milk Powder	Kgs.	3,975	238,444	350,556	631,653	638,125	927,943	1,160,508
Cheese	Kgs.	64,231	178,569	216,452	314,001	262,090	203,146	206,508
Ghee	Kgs.	2,379	27,152	125,388	102,852	106,044	34,371	52,190
Pasteurized Milk	Ltrs.	923,060	1,861,635	2,429,235	4,803,524	6,102,611	4,911,778	2,663,294
Loose Cream	Ltrs.	-	-	-	-	-	-	3,490
Jams & honey	Kgs.	12,809	21,627	21,528	33,878	42,245	34,032	42,812
Juices	Ltrs.	828,662	2,256,046	2,688,777	2,082,450	4,343,677	4,421,399	10,341,160
Financial Performance - Profitability								
Gross profit margin	%	(0.18)	8.23	9.31	9.97	12.23	12.41	10.91
EBITDA margin to sales	%	(14.04)	(14.67)	(0.10)	(0.95)	5.28	6.21	5.15
Pre tax margin	%	(25.68)	(22.54)	(5.51)	(4.94)	1.50	2.28	2.03
Net profit margin	%	(15.39)	(18.74)	(6.47)	(4.37)	1.09	1.41	1.12
Return on equity	%	(47.26)	(273.32)	(338.18)	(72.86)	11.86	15.61	11.49
Return on capital employed	%	(64.43)	(279.42)	(34.68)	(33.01)	8.97	8.15	9.03
Operating Performance / Liquidity								
Total assets turnover	Times	0.36	1.18	1.55	2.13	2.49	2.17	2.66
Fixed assets turnover	Times	0.54	17.98	3.77	4.52	5.18	5.23	4.84
Trade Debtors	Rs.	37,730	38,626	221,612	176,824	109,019	73,624	92,008
Debtors turnover	Times	23	15	11	20	36	36	32
Debtors turnover	Days	10	24	33	18	10	10	12
Inventory	Rs.	174,626	158,126	62,365	73,860	198,185	177,393	84,595
Inventory turnover	Times	4	16	29	19	15	20	25
Inventory turnover	Days	44	23	12	19	24	18	15
Purchases	Rs.	546,844	1,403,509	1,804,615	2,261,248	2,598,377	2,429,902	1,955,075
Accounts Payables	Rs.	310,130	293,433	437,996	505,659	464,682	358,353	220,927
Creditors turnover	Times	2	4	4	5	6	8	11
Creditors turnover	Days	102	95	95	78	58	44	34
Operating cycle	Days	(49)	(48)	(50)	(42)	(24)	(15)	(8)
Return on assets	%	(5.56)	(22.09)	(10.01)	(9.30)	2.72	3.05	2.98
Current ratio		0.34	0.44	0.87	0.78	0.80	1.04	0.73
Quick / Acid test ratio		0.24	0.38	0.81	0.70	0.57	0.81	0.58
Capital Market / Capital Structure Analysis								
Market value per share								
- Year end	Rs.	242.21	79.99	35.58	52.87	37.00	20.27	23.82
- High during the year	Rs.	366.62	87.99	35.69	63.55	57.64	33.06	53.99
- Low during the year	Rs.	71.84	27.19	34.91	35.61	12.65	17.51	21.90
Breakup value - (Net assets / share)	Rs.	(7.16)	(4.08)	3.01	12.60	21.77	21.01	18.74
- excluding revaluation surplus	Rs.	(224,450)	(127,970)	42,006	175,582	303,518	266,263	237,463
- including revaluation surplus	Rs.	233,165	335,309	89,610	230,398	359,306	323,305	259,135
Earning per share (pre tax)	Rs.	(5.64)	(14.13)	(8.67)	(10.38)	3.55	5.33	3.91

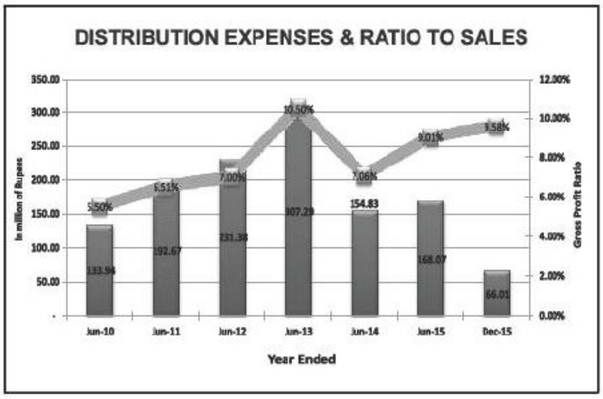
SIX YEARS' REVIEW AT A GLANCE

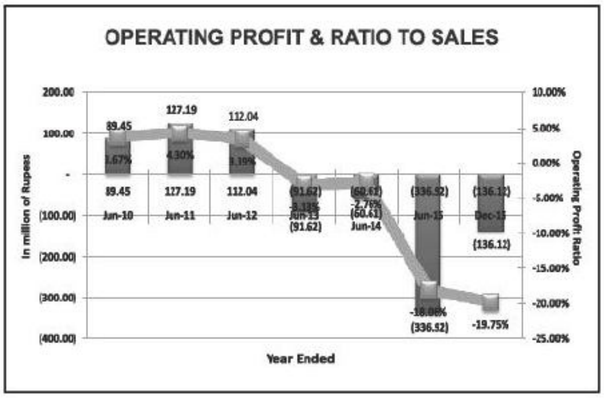
		December 2015 Six Month	June 2015 Annual	June 2014 Annual	June 2013 Annual	June 2012 Annual	June 2011 Annual	June 2010 Annual
				All Rupees Figures are in Thousands				
Earning per share (after tax)	Rs.	(3.38)	(11.75)	(10.19)	(9.18)	2.58	3.28	2.15
Earnings growth	%	71.21	(15.26)	11.01	(455.81)	(13.42)	52.56	(74.91)
Price earning ratio		(71.62)	(6.81)	(3.49)	(5.76)	14.34	6.18	11.08
Market price to breakup value Ratio		(33.84)	(19.60)	11.81	4.20	1.70	0.96	1.27
Debt : Equity Ratio		(5.34)	(6.26)	18.15	2.95	1.12	1.97	1.21
Interest cover Ratio		(3.34)	(4.03)	(1.01)	(1.73)	1.79	2.13	2.24
Statement of affairs								
Share capital	Rs.	313,632	313,632	139,392	139,392	139,392	126,720	126,720
Reserves	Rs.	(538,082)	(441,602)	(97,386)	36,190	164,126	139,543	110,743
Share holder's fund / Equity	Rs.	(224,450)	(127,970)	42,006	175,582	303,518	266,263	237,463
Revaluation surplus	Rs.	457,615	463,279	47,604	54,816	55,788	57,042	21,672
Long term borrowings	Rs.	59,828	2,796	367,648	211,967	97,786	243,724	64,822
Capital employed	Rs.	(164,622)	(125,174)	409,654	387,549	401,304	509,987	302,285
Deferred liabilities/(assets)	Rs.	(76,385)	(1,598)	-	-	9,752	28,335	28,096
Property, plant & equipment	Rs.	1,277,998	1,037,778	576,928	645,047	636,753	565,924	503,510
Long term assets	Rs.	1,356,031	1,041,410	581,217	647,767	638,088	567,366	504,825
Net current assets / Working capital	Rs.	(1,052,409)	(703,304)	(123,958)	(204,217)	(170,981)	28,567	(150,188)
Liquid funds - net	Rs.	52,960	141,057	218,123	80,390	36,564	211,182	23,351
Financial Performance								
Sales - net	Rs.	689,044	1,866,019	2,194,025	2,926,229	3,305,489	2,957,377	2,436,416
Gross profit	Rs.	(1,259)	153,529	204,246	291,788	404,225	366,933	265,918
Operating Loss	Rs.	(136,121)	(336,916)	(60,605)	(91,624)	112,042	127,192	89,452
Loss before tax	Rs.	(176,931)	(420,600)	(120,857)	(144,684)	49,519	67,485	49,568
Loss after tax	Rs.	(106,073)	(349,763)	(142,055)	(127,936)	36,001	41,551	27,286
EBITDA	Rs.	(96,723)	(273,733)	(2,168)	(27,918)	174,607	183,609	125,558
Summary of Cash Flows								
Net cash flow from operating activities	Rs.	(173,017)	(201,730)	(56,340)	(14,753)	180,767	88,208	170,106
Net cash flow from investing activities	Rs.	(281,007)	(9,486)	15,750	(71,655)	(87,561)	(8,512)	(101,628)
Net cash flow from financing activities	Rs.	365,927	134,148	178,322	130,234	(267,824)	108,135	(55,970)
Changes in cash & cash equivalents	Rs.	(88,096)	(77,067)	137,733	43,827	(174,618)	187,831	12,508
Cash & cash equivalents - Year end	Rs.	52,960	141,057	218,124	80,391	36,564	211,182	23,351

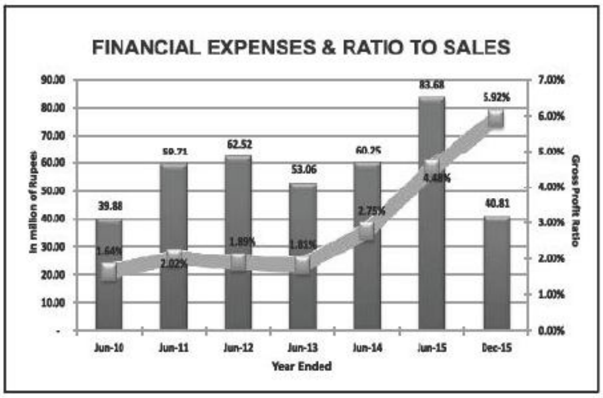
PERFORMANCE OVERVIEW

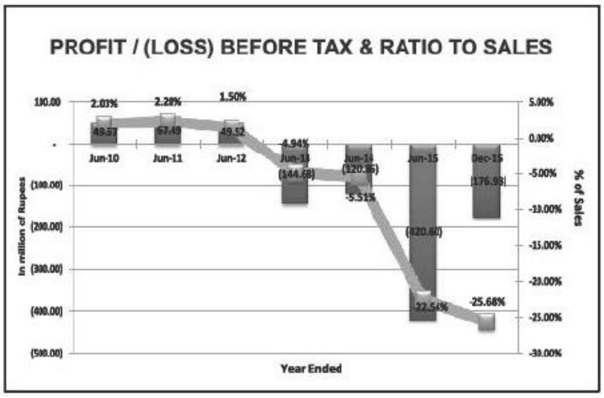




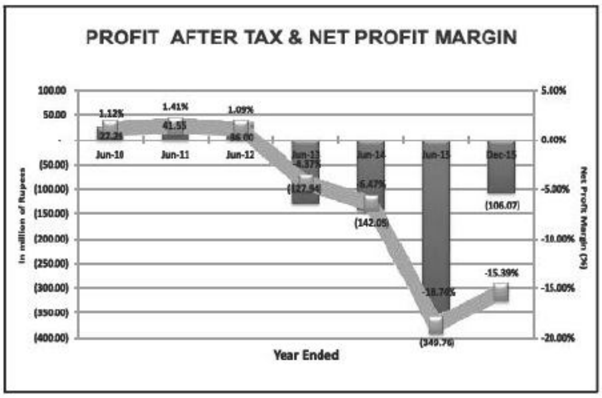


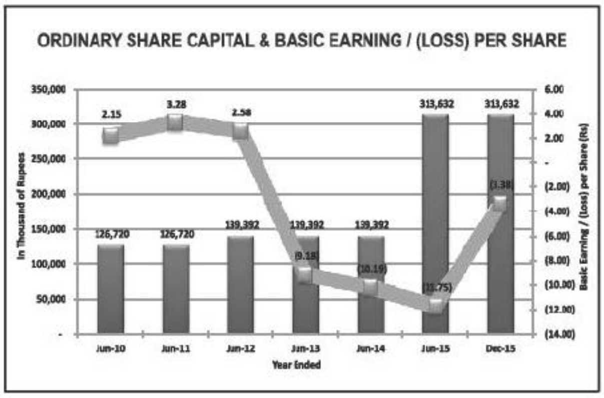


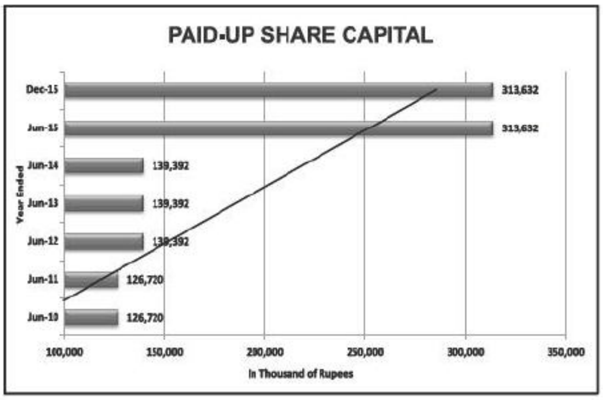


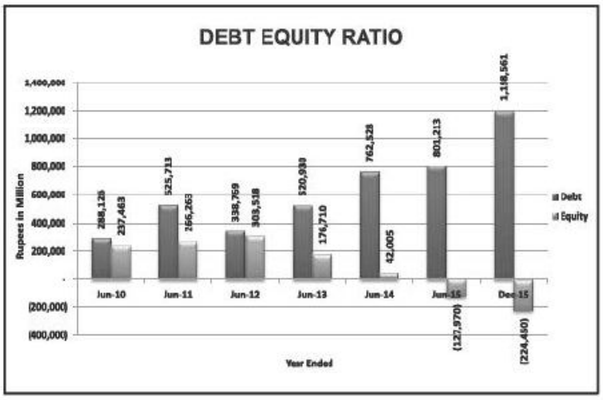


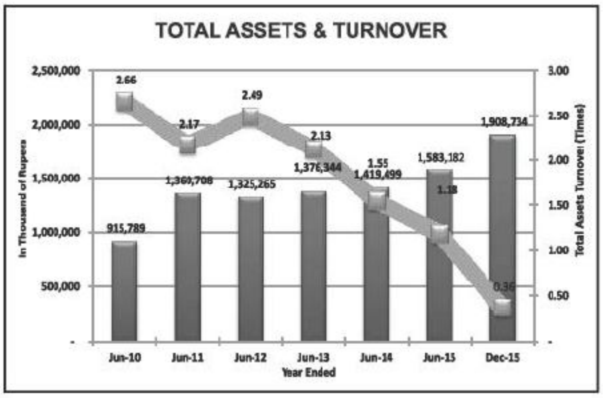
PERFORMANCE OVERVIEW

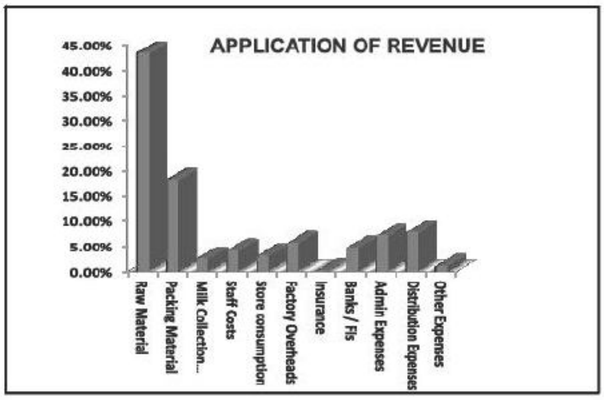












FORM 34

THE COMPANIES ORDINANCE, 1984 (Section 236(1) and 464)

PATTERN OF SHAREHOLDING - ORDINARY SHARES

1. **Incorporation No.** : **0002355**
2. **Name of the Company** : **NOON PAKISTAN LIMITED**
3. **Pattern of holding of the shares held by the shareholders as at** : **31-12-2015**

4.

Number of Shareholders	Shareholding From	Shareholding To	Total Shares
638	1	100	36,246
257	101	500	93,696
122	501	1,000	105,920
154	1,001	5,000	375,390
18	5,001	10,000	135,385
9	10,001	15,000	117,992
4	15,001	20,000	66,215
2	20,001	25,000	48,002
2	25,001	30,000	56,136
2	30,001	35,000	65,610
2	35,001	40,000	74,346
3	45,001	50,000	145,998
1	70,001	75,000	70,500
1	175,001	180,000	180,000
1	215,001	220,000	217,800
1	245,001	250,000	248,212
1	305,001	310,000	307,929
1	365,001	370,000	370,000
1	1,495,001	1,500,000	1,499,553
1	3,045,001	3,050,000	3,047,611
1	4,495,001	4,500,000	4,498,659
1222			11,761,200

5.

	CATEGORIES OF SHAREHOLDERS	SHARES HELD	PERCENTAGE
5.1	Directors, Chief Executive, Officers and their spouse and minor children	3,355,552	28.5307%
5.2	Associated Companies, undertakings and related parties. (Parent Company)	5,998,212	51.0000%
5.3	NIT and ICP	10,249	0.0871%
5.4	Banks, Development Financial Inst. Non Banking Financial Institutions.	0	0.0000%
5.5	Insurance Companies	72	0.0006%
5.6	Modarabas and Mutual Funds		-
5.7	**Shareholders holding 10% or more**	9,045,823	76.9124%
5.8	**General Public**		
	a. Local	2,073,549	17.6304%
	b. Foreign	0	0.0000%
5.9	**OTHERS** (to be specified)		
	1. Joint Stock Companies	105,529	0.8973%
	2. Foreign Companies	217,800	1.8519%
	3. Other Companies	237	0.0020%

6. **Signature of Secretary**
7. **Name of Signatory** — **Lt Col Muhammad Ashfaq (Retd)**
8. **Designation** — **Company Secretary**
9. **CNIC Number** — **61101-7910660-7**
10. **Date** — **31 December, 2015**

THE COMPANIES ORDINANCE 1984 (Section 236(1) and 464) **FORM 34**

PATTERN OF SHAREHOLDING - NON-VOTING ORDINARY SHARES

1. **Incorporation No. :** **0002355**
2. **Name of the Company :** **NOON PAKISTAN LIMITED**
3. **Pattern of holding of the shares held by the shareholders as at :** **31-12-2015**

4.

Number of Shareholders	Shareholding From	Shareholding To	Total Shares
39	1	100	1,345
103	101	500	46,170
83	501	1,000	75,567
97	1,001	5,000	247,836
22	5,001	10,000	182,385
11	10,001	15,000	130,205
7	15,001	20,000	132,295
2	20,001	25,000	47,705
4	25,001	30,000	114,225
2	30,001	35,000	61,644
2	40,001	45,000	86,560
3	45,001	50,000	149,000
1	60,001	65,000	63,500
1	80,001	85,000	83,127
2	85,001	90,000	176,500
1	140,001	145,000	141,000
1	155,001	160,000	156,449
1	165,001	170,000	165,500
1	190,001	195,000	190,125
1	220,001	225,000	222,084
1	270,001	275,000	274,000
1	295,001	300,000	300,000
1	305,001	310,000	307,929
1	380,001	385,000	384,000
1	1,205,001	1,210,000	1,210,000
1	1,695,001	1,700,000	1,699,636
1	2,495,001	2,500,000	2,499,255
1	2,955,001	2,960,000	2,956,193
1	7,495,001	7,500,000	7,497,765
393			**19,602,000**

5.

	CATEGORIES OF SHAREHOLDERS	SHARES HELD	PERCENTAGE
5.1	Directors, Chief Executive, Officers and their spouse and minor children	4,963,758	25.3227%
5.2	Associated Companies, undertakings and related parties (Parent Company)	9,997,020	51.0000%
5.3	NIT and ICP	0	0.0000%
5.4	Banks, Development Financial Inst.	0	0.0000%
	Non Banking Financial Institutions.	0	0.0000%
5.5	Insurance Companies	0	0.0000%
5.6	Modarabas and Mutual Funds	0	0.0000%
5.7	**Shareholders holding 10% or more**	13,261,142	67.6520%
5.8	**General Public**		
	a. Local	2,926,137	14.9277%
	b. Foreign	0	0.0000%
5.9	**OTHERS** (to be specified)		
	1-Joint Stock Companies	301,584	1.5385%
	2-Foreign Companies	190,125	0.9699%
	3-Other Companies	1,223,376	6.2411%

6. **Signature of Secretary**
7. **Name of Signatory** — **Lt Col Muhammad Ashfaq (Retd)**
8. **Designation** — **Company Secretary**
9. **CNIC Number** — **61101-7910660-7**
10. **Date** — **31 December, 2015**

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

We have reviewed the enclosed Statement of Compliance with the best practices contained in the Code of Corporate Governance (the Code) prepared by the Board of Directors of **Noon Pakistan Limited ("the Company")** for the six months period ended 31 December 2015 to comply with the Listing Regulation No. 35 of Pakistan Stock Exchange (formerly Lahore and Karachi Stock Exchanges),where the Company is listed.

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

As part of our audit of the financial statements we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We are not required to consider whether the Board of Directors' statement on internal control covers all risks and controls or to form an opinion on the effectiveness of such internal controls, the Company's corporate governance procedures and risks.

The Code requires the Company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board 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.

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the best practices contained in the Code as applicable to the Company for the six months period ended 31 December 2015.

KPMG Taseer Hadi & Co.

LAHORE:

Date : 25 January, 2016

KPMG Taseer Hadi & Co.
CHARTERED ACCOUNTANTS
(Bilal Ali)

AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed balance sheet of **Noon Pakistan Limited ("the Company")** as at 31 December 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 six months period 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 except for the one change in accounting policy as referred to in note 3 with which we concur;

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

   (iii) the business conducted, investments made and the expenditure incurred during the period 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 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 31 December 2015 and of the loss, its comprehensive loss, its cash flows and changes in equity for the six months period then ended; and

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

The financial statements of the Company for the year ended 30 June 2015 were audited by Hameed Chaudhri & Co, Chartered Accountants whose report dated 05 September 2015 expressed an unqualified opinion with emphasis of matter paragraphs thereon.

KPMG Taseer Hadi & Co.

LAHORE:

Date: 25 January, 2016

KPMG Taseer Hadi & Co.
CHARTERED ACCOUNTANTS
(Bilal Ali)

BALANCE SHEET

EQUITY AND LIABILITIES	Note	31 December 2015 Rupees	30 June 2015 Rupees
Share capital and reserves			
Authorized capital			
700,000,000 (30 June 2015: 39,500,000)			
ordinary shares of Rs 10 each		**7,000,000,000**	395,000,000
Issued, subscribed and paid up capital			
31,363,200 (30 June 2015: 31,363,200)			
ordinary shares of Rs 10 each	*5*	**313,632,000**	313,632,000
Accumulated loss		**(538,082,120)**	(441,601,603)
		(224,450,120)	(127,969,603)
Surplus on revaluation of property,			
plant and equipment - net	*6*	**457,615,326**	463,279,159
Non-current liabilities			
Long term finances	*7*	**-**	-
Liabilities against assets subject to finance lease	*8*	**59,827,955**	2,795,925
Employee benefits	*9*	**10,629,419**	10,044,872
		70,457,374	12,840,797
Current liabilities			
Short term borrowings	*10*	**1,125,089,693**	751,314,039
Current portion of long term liabilities	*11*	**13,643,700**	47,093,193
Trade and other payables	*12*	**437,405,875**	416,948,084
Accrued finance cost	*13*	**28,971,814**	19,590,707
		1,605,111,082	1,234,946,023
Contingencies and commitments	*14*		
		1,908,733,662	1,583,096,376

The annexed notes 1 to 43 form an integral part of these financial statements.

Lahore **Chairman** **Chief Executive** **Director**

AS AT 31 DECEMBER, 2015

ASSETS	Note	31 December 2015 Rupees	30 June 2015 Rupees
Non-current assets			
Property, plant and equipment	15	**1,277,997,628**	1,037,778,370
Intangible assets	16	**616,216**	946,793
Security deposits		**1,032,686**	1,086,686
Deferred taxation - net	17	**76,384,766**	1,598,003
		1,356,031,296	1,041,409,852
Current assets			
Stores, spares and loose tools	18	**38,716,297**	32,643,114
Stock-in-trade	19	**174,625,644**	158,126,285
Trade debts	20	**37,729,967**	38,625,863
Loans and advances	21	**21,528,308**	7,238,785
Deposits, prepayments and other receivables	22	**10,460,090**	16,046,345
Due from Associated Companies	23	**2,025,419**	1,718,485
Sales tax refundable - net	24	**155,860,557**	105,611,011
Income tax - net		**58,795,819**	40,620,030
Cash and bank balances	25	**52,960,265**	141,056,606
		552,702,366	541,686,524
		1,908,733,662	1,583,096,376

Lahore **Chairman** **Chief Executive** **Director**

PROFIT AND LOSS ACCOUNT
FOR THE SIX MONTHS PERIOD 01 JULY TO 31 DECEMBER 2015

		Note	01 July 2015 to 31 December 2015 Rupees	01 July 2014 to 30 June 2015 Rupees
Sales - net		26	**689,044,680**	1,866,018,730
Cost of sales		27	**(690,303,830)**	(1,712,492,339)
Gross (loss) / profit			**(1,259,150)**	153,526,391
Distribution cost		28	**(66,009,876)**	(168,065,453)
Administrative expenses		29	**(60,571,439)**	(105,029,418)
Other income		30	**2,790,857**	8,668,373
Other expenses		31	**(11,070,949)**	(226,015,556)
Loss from operations			**(136,120,557)**	(336,915,663)
Finance cost		32	**(40,810,558)**	(83,684,102)
Loss before taxation			**(176,931,115)**	(420,599,765)
Taxation		33	**70,857,685**	70,837,098
Loss for the period / year			**(106,073,430)**	(349,762,667)
Loss per share - basic	Rupees	34.1	**(3.38)**	(11.75)
Loss per share - diluted	Rupees	34.2	**(3.38)**	(11.75)

The annexed notes 1 to 43 form an integral part of these financial statements.

Lahore | **Chairman** | **Chief Executive** | **Director**

STATEMENT OF OTHER COMPREHENSIVE INCOME
FOR THE SIX MONTHS PERIOD 01 JULY TO 31 DECEMBER 2015

	01 July 2015 to 31 December 2015 Rupees	01 July 2014 to 30 June 2015 Rupees
Loss for the period / year	**(106,073,430)**	(349,762,667)
Other comprehensive income for the period / year		
Items that will not be reclassified to profit and loss account:		
Surplus on revaluation of property, plant and equipment - net of tax *(i)*	-	-
Total comprehensive loss for the period / year	**(106,073,430)**	(349,762,667)

(i) Surplus on revaluation of property, plant and equipment - net of tax is presented under separate head below equity in accordance with the requirements of section 235 of the Companies Ordinance, 1984.

The annexed notes 1 to 43 form an integral part of these financial statements.

Lahore	Chairman	Chief Executive	Director

CASH FLOW STATEMENT
FOR THE SIX MONTHS PERIOD 01 JULY TO 31 DECEMBER 2015

	Note	01 July 2015 to 31 December 2015 Rupees	01 July 2014 to 30 June 2015 Rupees
Cash flows from operating activities			
Loss before taxation		**(176,931,115)**	(420,599,765)
Adjustments for non-cash items:			
Depreciation on property, plant and equipment	15.1.5	**39,066,522**	62,521,692
Amortization of intangible assets	29	**330,577**	661,220
Loss / (gain) on disposal of property, plant and equipment	31	**2,125,468**	(312,321)
Prior years' sales tax	31	**-**	973,179
Provision for doubtful debts	31	**-**	198,468,616
Provision for obsolete stock	31	**-**	24,278,837
Profit on bank deposits	30	**(404,683)**	(4,038,334)
Provision for old stuck-up refunds of sales tax	31	**-**	15,353,660
Liabilities no longer payable written back	30	**(2,104,698)**	-
Exchange loss	31	**4,728,523**	-
Provision for doubtful loans and advances	31	**2,939,659**	-
Employee benefits - accumulated compensated absences	9.3	**1,448,996**	13,020,830
Finance cost	32	**40,810,558**	83,684,102
Loss before working capital changes		**(87,990,193)**	(25,988,284)
Effect on cash flow due to working capital changes			
(Increase) / decrease in current assets:			
Stores, spares and loose tools		**(6,073,183)**	75,836,632
Stock-in-trade		**(16,499,359)**	(98,770,247)
Trade debts		**895,896**	(15,481,542)
Loans and advances		**(17,229,182)**	7,896,877
Deposits, prepayments and other receivables		**5,586,255**	(9,149)
Due from Associated Companies		**(306,934)**	(1,163,844)
Sales tax refundable		**(50,249,546)**	7,044,441
Increase/(decrease) in trade and other payables		**17,835,465**	(114,670,958)
		(66,040,588)	(139,317,790)
Cash used in operations		**(154,030,781)**	(165,306,074)
Income tax paid		**(18,175,787)**	(33,437,859)
Employee benefits paid		**(864,449)**	(2,975,958)
Security deposits - net		**54,000**	(3,000)
Net cash used in operating activities		**(173,017,017)**	(201,722,891)
Cash flow from investing activities			
Fixed capital expenditure		**(280,503,588)**	(16,839,854)
Sale proceeds from disposal of property, plant and equipment		**(907,660)**	2,925,000
Income on bank deposits received		**404,683**	4,432,003
Net cash used in investing activities		**(281,006,565)**	(9,482,851)

	Note	01 July 2015 to 31 December 2015 Rupees	01 July 2014 to 30 June 2015 Rupees
Cash flow from financing activities			
Share capital issued		-	27,901,740
Term finances - net		(44,285,685)	(99,248,086)
Islamic finance - net		-	(207,269,750)
Loans from chief executive and a director - net		-	6,338,260
Liabilities against assets subject to finance lease - net		67,868,222	(14,661,747)
Short term borrowings - net		373,775,654	499,854,464
Finance cost paid		(31,429,451)	(78,776,337)
Dividends paid		(1,499)	-
Net cash generated from financing activities		365,927,241	134,138,544
Net decrease in cash and cash equivalents		(88,096,341)	(77,067,198)
Cash and cash equivalents - at beginning of the period / year		141,056,606	218,123,804
Cash and cash equivalents - at end of the period / year	25	52,960,265	141,056,606

The annexed notes 1 to 43 form an integral part of these financial statements.

Lahore **Chairman** **Chief Executive** **Director**

STATEMENT OF CHANGES IN EQUITY
FOR THE SIX MONTHS PERIOD 01 JULY TO 31 DECEMBER 2015

	Share capital	Accumulated loss	Total
	---------- Rupees ----------		
Balance as at 30 June 2014	139,392,000	(97,386,012)	42,005,988
Total comprehensive loss for the year	-	(349,762,667)	(349,762,667)
Surplus on revaluation of property, plant and equipment transferred to accumulated losses on account of incremental depreciation - net of deferred tax	-	5,547,076	5,547,076
Total transaction with owners, contributions			
Issue of ordinary and non-voting ordinary shares	174,240,000	-	174,240,000
Balance as at 30 June 2015	313,632,000	(441,601,603)	(127,969,603)
Total comprehensive loss for the period	-	(106,073,430)	(106,073,430)
Surplus on revaluation of property, plant and equipment transferred to accumulated losses on account of incremental depreciation - net of deferred tax	-	9,592,913	9,592,913
Balance as at 31 December 2015	**313,632,000**	**(538,082,120)**	**(224,450,120)**

The annexed notes 1 to 43 form an integral part of these financial statements.

Lahore	**Chairman**	**Chief Executive**	**Director**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE SIX MONTHS PERIOD 01 JULY TO 31 DECEMBER, 2015

1. The Company and its operations

1.1 Noon Pakistan Limited ("the Company") was incorporated in Pakistan on 26 September 1966 as a Public Company and its shares are quoted on Pakistan Stock Exchange (formerly Karachi and Lahore Stock Exchanges). It is principally engaged in processing and sale of toned milk, milk powder, fruit juices, allied dairy and food products. The registered office of the Company is situated at FFBL Complex, 103 A/B, Shahrah-e-Quaid-e-Azam, Lahore and the manufacturing facility is located at Bhalwal, District Sargodha.

In the year 2015, Fauji Fertilizers Bin Qasim Limited along with Fauji Foundation (the "Acquirers") initiated acquisition of 51% shares of Noon Pakistan Limited within the framework of Takeover Laws. The transaction was completed on transfer of shares on 04 September 2015 and now Fauji Fertilizers Bin Qasim Limited and Fauji Foundation respectively holds 38% and 13% of the share capital of the Company.

During the six months period ended 31 December 2015, the Company has incurred a net loss of Rs 106.07 million. The new management has taken various operational measures towards transformation of the Company that includes curtailment of higher input costs, increasing production scales to optimum levels by BMR - balancing, modernization and replacement of production facility (letters of credit amounting to Rs 2,355.42 million have already been established as of 31 December 2015), strengthening of milk collection and sales and distribution structures, ensuring quality at every stage from milk collection to production to distribution. Further, the new management has undertaken the following financial initiatives:

- Injection of equity through proposed right issue during the next year as referred to in note 5.3; and
- availed new working capital lines amounting to Rs 800 million and enhancement of working capital lines from existing lenders to the tune of Rs 2,475 million.

The management anticipates that above steps will not only bring the Company out of the existing financial crunch but also contribute significantly towards the profitability of the Company in the foreseeable future. Accordingly these financial statements have been prepared on a going concern basis.

1.2 During the period ended 31 December 2015 the Company has changed its financial year end from 30 June to 31 December, as approved by the Board of Directors and shareholders in the meetings dated 11 September 2015 and 26 November 2015 respectively. All legal formalities in respect of this change have been complied with. This change has been made to bring the financial year of the Company in line with financial year followed by Fauji Fertilizers Bin Qasim Limited.

In view of the above, these financial statements are prepared for six months period from 01 July 2015 to 31 December 2015. The corresponding figures shown in these financial statements pertain to the financial statements for the year ended 30 June 2015 and therefore, are not entirely comparable in respect of proft and loss account, statement of other comprehensive income, cash flow statement and statement of changes in equity.

2. Basis of preparation

These financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan and the requirements of Companies Ordinance, 1984. Approved accounting standards comprise of such International Financial Reporting Standards (IFRSs) issued by the International Accounting Stardard Board as are 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 Companies Ordinance, 1984 or the requirements of the said directives shall prevail.

3. Summary of significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements, except for the change explained below:

During the period the Company has adopted IFRS 13 'Fair Value Measurement' which became effective for the financial periods beginning on or after 01 January 2015. IFRS 13 Fair Value Measurement establishes a single frame work for measuring fair value and making disclosures about fair value measurements when such measurements are required or permitted by other IFRSs. It unifies the definition of fair values as the prices that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. It replaces and expands the disclosure requirements about fair value measurements in other IFRSs, including IFRS 7 Financial Instruments Disclosures. As a result, the Company has included the additional disclosure in this regard in note 39.2 to the financial statements. In accordance with the transitional provisions of IFRS 13, the Company has applied the new fair value measurement guidance prospectively and has not provided any comparative information for new disclosures. The application of IFRS 13 does not have any significant impact on the financial statements of the Company except for certain additional disclosures.

3.1 Accounting convention

These financial statements have been prepared under the historical cost convention except for the measurement of certain items of property, plant and equipment as referred to in note 15.1 at revalued amounts and recognition of other long term benefits as referred to in note 3.4.2 at present value.

3.2 Taxation

Current

Provision of current tax is based on the taxable income for the year determined in accordance with the prevailing law for taxation of income. The charge for current tax is calculated using prevailing tax rates or tax rates expected to apply to the profit for the year if enacted. The charge for current tax also includes adjustments, where considered necessary, to provision for tax made in previous years arising from assessments framed during the year for such years.

Deferred

Deferred tax is accounted for using the balance sheet liability method in respect of all temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of the taxable profit. However, deferred tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of transaction neither affects accounting nor taxable profit or loss. Deferred tax liabilities are generally recognized for all taxable temporary differences and deferred tax assets are recognized to the extent that it is probable that taxable profits will be available against which the deductible temporary differences, unused tax losses and tax credits can be utilized.

Deferred tax is calculated at the rates that are expected to apply to the period when the differences reverse based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date. In this regard, the effects on deferred taxation of the proportion of income that is subject to final tax regime are also considered in accordance with the treatment prescribed by the Institute of Chartered Accountants of Pakistan. Deferred tax is charged or credited in the profit and loss account, except in the case of items credited or charged to other comprehensive income or equity in which case it is included in other comprehensive income or equity.

The carrying amount of all deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the deferred tax assets to be utilized.

3.3 Leases

The company is the lessee:

Finance leases

Leases where the Company has substantially all the risks and rewards of ownership are classified as finance leases. Assets subject to finance lease are initially recognized at lower of present value of minimum lease payments under the lease arrangements and the fair value of assets. Subsequently these assets are stated at cost less accumulated depreciation and any identified impairment loss.

Each minimum lease payment is allocated between the liability and finance cost so as to achieve a constant rate on the balance outstanding. The interest element of the rental is charged to profit over the lease term.

The related rental obligations, net of finance cost, are included in liabilities against assets subject to finance lease as referred to in note 8. The liabilities are classified as current and non-current depending upon the timing of the payment.

Operating leases

Leases where a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to profit on a straight-line basis over the lease term, unless another systematic basis is representative of the time pattern of the Company's benefits.

3.4 Employees' retirement benefits

3.4.1 Defined contribution plan

Provident fund

The Company is operating an approved provident fund scheme for all its employees since 01 May 1986. Equal monthly contributions are made by the employer and the employee to the fund in accordance with the fund rules at the rate of 10% of the basic salary. During the year Rs 2.71 million (30 June 2015: Rs 7.19 million) were charged to expense.

3.4.2 ***Other long term benefits - Accumulated compensated absences***

The Company also provides for compensated absences for all eligible employees in accordance with the rules of the company. The company accounts for these benefits in the period in which the absences are earned. Employees are entitled to earned leaves of 30 days per annum. The unutilized leaves are accumulated subject to a maximum of 60 days. The unutilized accumulated leaves can be encashed at the time the employee leaves company service. The accumulated leave balance in excess of 60 days of an employee is ignored while determining benefit obligations.

The Company uses the actuarial valuations carried out using the projected unit credit method for valuation of its accumulated compensating absences. Provisions are made annually to cover the obligation for accumulating compensated absences based on actuarial valuation and are charged to profit and loss account. The amount recognised in the balance sheet represents the present value of the defined benefit obligations. Actuarial gains and losses are charged to the profit and loss account immediately in the period when these occur. The following significant assumptions have been used:

Discount rate	9.25%	per annum
Expected rate of salary increase in future years	9.25%	per annum

3.5 Trade and other payables

Trade and other payables are obligations to pay for goods and services that have been acquired in the ordinary course of business from suppliers. Account payables are classified as current liabilities if amount is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Trade and other payables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method. Exchange gains and losses arising on translation in respect of liabilities in foreign currency are added to the carrying amount of the respective liabilities.

3.6 Provisions

Provisions are recognized when the Company has a present legal or constructive obligation as a result of past events, it is probable, will result in an outflow of resources embodying economic benefits, to settle the obligation and a reliable estimate of the amount can be made. Provisions are reviewed at year end and adjusted to reflect the current best estimate.

3.7 Contingent liabilities

A contingent liability is disclosed when:

- there is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the company; or

- there is present obligation that arises from past events but it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation or the amount of the obligation cannot be measured with sufficient reliability.

3.8 Borrowings

Borrowings are recognized initially at fair value, net of transaction costs incurred and are subsequently measured at amortized cost using the effective interest rate method. Borrowings are classified as current liabilities unless the Company has an unconditional / contractual right to defer settlement of the liability for at least twelve months after the balance sheet date.

Finance cost are accounted for on an accrual basis and are included in accrued finance cost to the extent of the remaining amount unpaid.

3.9 Borrowing costs

Mark-up, interest and other charges on borrowings are capitalized up to the date of commissioning of the respective property, plant and equipment, acquired out of the proceeds of such borrowings. All other mark-up, interest and other charges are charged to profit and loss account.

3.10 Property, plant and equipment

Property, plant and equipment except for freehold land, buildings on freehold land, plant and machinery, electric and gas installations, milk churns and other work equipment are stated at cost less accumulated depreciation and identified impairment loss. Freehold land is stated at revalued amount carried out with sufficient regularity by independent valuers by reference to its current market price less any identified impairment loss. Buildings on freehold land, plant and machinery, electric and gas installations, milk churns and other work equipment are stated at revalued amount carried out with sufficient regularity by independent valuers by reference to current market price less accumulated depreciation and any identified impairment loss.

Property, plant and equipment acquired under finance lease are capitalized at the lease commencement at the lower of the present value of minimum lease payment under the lease arrangement and the fair value of the leased asset. Cost in relation to certain property, plant and equipment includes borrowing cost referred to in note 3.9.

Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset, and the net amount is restated to the revalued amount of the asset. Cost includes expenditure that is directly attributable to the acquisition of items. Cost of some items of plant and machinery consists of historical cost and exchange fluctuation effects on foreign currency loans capitalized during the prior year.

Increase in the carrying amount arising on revaluation of property, plant and equipment are credited to surplus on revaluation of property, plant and equipment. Decreases that offset previous increases of the same assets are charged against this surplus, all other decreases are charged to income. Each year the difference between depreciation based on the revalued carrying amount of the asset charged to the profit and loss, and depreciation based on the asset's original cost is transferred from 'surplus on revaluation of property, plant and equipment' to 'equity'. All transfers to / from surplus on revaluation of property, plant and equipment are net of applicable deferred tax.

Depreciation on all property, plant and equipment, except freehold land, is charged to profit on the reducing balance method so as to write-off the depreciable amount of an asset over its remaining estimated useful life at the rates stated in note 15.1 after taking into account the impact of their residual value, if considered significant. The assets' residual values and useful lives are reviewed at each financial year-end and adjusted if impact on depreciation is significant.

Useful lives are determined by the management based on expected usage of assets, expected physical wear and tear, technical and commercial obsolescence, legal and similar limits on the use of the assets and other similar factors.

Depreciation on additions to property, plant and equipment is charged from the month in which an asset is acquired or capitalized while no depreciation is charged for the month in which the asset is disposed-off.

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 Company and the cost of the item can be measured reliably. All other repairs and maintenance are charged to income during the financial year in which these are incurred.

The gain or loss on disposal or retirement of an asset represented by the difference between the sale proceeds and the carrying amount of the asset is recognized as an income or expense.

The Company assesses at each balance sheet date whether there is any indication that property, plant and equipment 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 depreciation charge is adjusted in the future periods to allocate the asset's revised carrying amount over its estimated useful life.

Capital work-in-progress is stated at cost less identified impairment loss, if any. It consists of all expenditures and advances connected with specific assets incurred and made during installations and construction period. These are transferred to relevant property, plant and equipment as and when assets are available for use.

3.11 Intangible assets

Intangible assets represents the cost of computer software and is stated at cost less accumulated amortization and any identified impairment loss. Software cost is only capitalized when it is probable that future economic benefits attributable to the software will flow to the Company and the same is amortized applyingthe straight-line method at the rate stated in note 16. 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.

Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditures are recognised in the profit and loss account as incurred.

3.12 Stores, spares and loose tools

Usable stores, spares and loose tools are valued principally at moving average cost, while items considered obsolete are impaired. Items in transit are stated at cost comprising invoice value plus other charges paid thereon up to the 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 there is any change in usage pattern and physical form of related stores.

3.13 Stock-in-trade

Stock of raw and packing materials, work-in-process and finished goods, except for those in transit, are valued principally at the lower of average cost and net realizable value. Cost in relation to raw and packing materials is measured at moving average cost. Cost of work-in-process and finished goods comprises direct materials, labour and appropriate manufacturing overheads.

Stock in transit is stated at invoice value plus other charges paid thereon up to the balance sheet date.

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

3.14 Trade debts

Trade receivables are amount due from customers for merchandise sold in the normal course of business.

Trade debts and other receivables are initially recognized atoriginal invoice amount, which is the fair value of consideration to be received in future and subsequently measured at cost less provision for doubtful debts, if any. Carrying amounts of trade debts and other receivables are assessed at each reporting date and a provision is made for doubtful debts when collection of the amount is no longer probable. The provision for doubtful cebt is recognized in the profit and loss account. Debts considered irrecoverable are written-off as and when identified. Subsequent recoveries of amount previously written off are credited to profit and loss account.

3.15 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 of cash in hand and balances at banks.

3.16 Impairment

The Company assesses at each balance sheet date whether there is any indication that the assets may be impaired. If such indication exists, the carrying amounts of such assets are reviewed to determine whether they are recorded in excess of their recoverable amounts. Where carrying values exceed the respective recoverable amount, assets are written down to their recoverable amounts and the resulting impairment loss is charged to profit and loss account currently except for impairment loss on revalued assets, which is recognized directly against any revaluation surplus for the related asset to the extent that the impairment loss does not exceed the amount held in the revaluation surplus for the same asset.

3.17 Foreign currency transactions and translation

Functional and presentation currency

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the Company operates (the functional currency). The financial statements are presented in Pak Rupees, which is the Company's functional and presentation currency.

Transactions and balances

All monetary assets and liabilities in foreign currencies are translated into Pak Rupees using the exchange rate at the balance sheet date. 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 taken to income currently. Non-monetary assets and liabilities denominated in foreign currency that are measured in terms of historical cost are translated using the exchange rates as at the dates of the initial transactions. Non-monetary assets and liabilities denominated in foreign currency that are measured at fair value are translated using the exchange rates at the date when the fair value was determined.

Figures are rounded to nearest rupee.

3.18 Financial assets and liabilities

Financial assets and financial liabilities are recognized at the time when the Company becomes a party to the contractual provisions of the instrument and derecognized when the Company loses control of contractual rights that comprise the financial assets and in the case of financial liability when the obligation specified in the contract is discharged, cancelled or expired. Any gain or loss on derecognition of financial assets and financial liabilities is included in the profit and loss account for the year. All financial assets and liabilities are initially measured at cost, which is the fair value of consideration given and received respectively. These financial assets and liabilities are subsequently measured at fair value or cost as the case may be. The particular measurement methods adopted are disclosed in the individual policy statements associated with each item.

Financial assets include trade debts, loans and advances, deposits and other receivables and cash and bank balances.

Financial liabilities include long term finances, short term finances, accrued finance cost and trade and other payables.

3.19 Offsetting of financial assets and liabilities

Financial assets and liabilities are offset and the net amount is reported in the financial statements only when there is a legally enforceable right to set off the recognized amount and the company intends either to settle on a net basis or to realize the assets and to settle the liabilities simultaneously.

3.20 Revenue recognition

Revenue represents the fair value of consideration received or receivable for goods sold, net of discount and sales tax. Revenue is recognized to the extent that it is probable that the economic benefits associated with the transaction will flow to the Company and the amount of revenue can be measured reliably.

- Revenue from sale of goods is recognized when significant risk and rewards of ownership of goods are transferred to the buyer.

- return on deposits / saving accounts is accounted for on `accrual basis'.

3.21 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors of the Company that makes strategic decisions. On the basis of its internal reporting structure, the Company considers itself to be a single reportable segment; however, certain information as required by the approved accounting standards, is presented in note 40 to these financial statements.

3.22 Dividends and appropriations to reserves

Dividends and appropriations to reserves are recognized in the financial statements in the period in which these are approved.

3.23 Standards, interpretations and amendments to published approved International Financial Reporting Standards 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 January 2016:

- Amendments to IAS 38 Intangible Assets and IAS 16 Property, Plant and Equipment (effective for annual periods beginning on or after 01 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.

- Investment Entities: Applying the Consolidation Exception (Amendments to IFRS 10 – Consolidated Financial Statements and IAS 28 – Investments in Associates and Joint Ventures) (effective for annual periods beginning on or after 01 January 2016) clarifies (a) which subsidiaries of an investment entity are consolidated; (b) exemption to present consolidated financial statements is available to a parent entity that is a subsidiary of an investment entity; and (c) how an entity that is not an investment entity should apply the equity method of accounting for its investment in an associate or joint venture that is an investment entity. The amendments are not likely to have an impact on Company's financial statements.

- Accounting for Acquisitions of Interests in Joint Operations – Amendments to IFRS 11 'Joint Arrangements' (effective for annual periods beginning on or after 01 January 2016) clarify the accounting for the acquisition of an interest in a joint operation where the activities of the operation constitute a business. They require an investor to apply the principles of business combination accounting when it acquires an interest in a joint operation that constitutes a business. The amendments are not likely to have an impact on Company's financial statements.

- Amendment to IAS 27 'Separate Financial Statement' (effective for annual periods beginning on or after 01 January 2016) allows entities to use the equity method to account for investments in subsidiaries, joint ventures and associates in their separate financial statements. The amendment is not likely to have an impact on Company's financial statements.

- Agriculture: Bearer Plants [Amendment to IAS 16 and IAS 41] (effective for annual periods beginning on or after 01 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; and has a remote likelihood of being sold as agricultural produce. Before maturity, bearer plants are accounted for in the same way as self-constructed items of property, plant and equipment during construction. The amendments are not likely to have an impact on Company's financial statements.

Annual Improvements 2012-2014 cycles (amendments are effective for annual periods beginning on or after 01 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 an 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 on continuing involvement in transferred financial assets in cases when they are derecognized in their entirety are in the scope of its disclosure requirements. IFRS 7 is also amended to clarify that additional disclosures required by 'Disclosures: Offsetting Financial Assets and Financial Liabilities (Amendments to IFRS7)' 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 cross referred.

The above amendments are not likely to have an impact on Company's financial statements.

4. Critical accounting estimates and judgments

The preparation of financial statements in conformity with approved accounting standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are as follows:

	Note
Residual values and useful lives of depreciable assets	*3.10*
Write down of stock in trade to their net realizable value	*3.13*
Provision for doubtful debts	*3.14*
Provision for taxation	*3.2*
Provision for deferred taxation	*3.2*
Provisions	*3.6*

Estimates and judgments 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. The results of which form the basis of making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

5. SHARE CAPITAL

5.1 Authorized Share Capital

31 December 2015	30 June 2015		31 December 2015	30 June 2015
----Number of Shares----			---- Rupees ----	
700,000,000	39,500,000		**7,000,000,000**	395,000,000

5.2 Issued, subscribed and paid-up capital

31 December 2015	30 June 2015		31 December 2015	30 June 2015
----Number of Shares----		**Ordinary share capital**	---- Rupees ----	
5,150,997	5,150,997	ordinary shares of Rs.10 each fully paid in cash	**51,509,970**	51,509,970
1,127,200	1,127,200	ordinary shares of Rs.10 each issued as fully paid bonus shares	**11,272,000**	11,272,000
5,483,003	5,483,003	ordinary shares of Rs.10 each issued as fully paid on conversion of loans	**54,830,030**	54,830,030
7,200,000	7,200,000	non-voting ordinary shares of Rs.10 each issued on conversion of 12% cumulative convertible preference shares	**72,000,000**	72,000,000
1,739,177	1,739,177	non-voting ordinary shares of Rs.10 each fully paid in cash	**17,391,770**	17,391,770
1,512,000	1,512,000	non-voting ordinary shares of Rs.10 each issued as fully paid bonus shares	**15,120,000**	15,120,000
9,150,823	9,150,823	non-voting ordinary shares of Rs.10 each issued as fully paid on conversion of loan	**91,508,230**	91,508,230
31,363,200	31,363,200		**313,632,000**	313,632,000

5.2.1 Ordinary shares of the Company held by associated undertakings as at year end are as follows:

	31 December 2015	30 June 2015
	--- (Number of shares) ---	
Fauji Fertilizers Bin Qasim Limited		
- voting ordinary shares	**4,498,659**	-
- non-voting ordinary shares	**7,497,765**	-
Fauji Foundation		
- voting ordinary shares	**1,499,553**	-
- non-voting ordinary shares	**2,499,255**	-
Noon Sugar Mills Limited		
- non-voting ordinary shares	**-**	2,397,000
	15,995,232	2,397,000

5.3 The Board of Directors of the Company in their meeting held on 21 December 2015 have resolved to offer right shares to the shareholders in the proportion of 321.20 voting ordinary shares for every 100 voting ordinary shares held and 321.20 voting ordinary shares for every 100 non-voting ordinary shares held.

	31 December 2015 Rupees	30 June 2015 Rupees
6 Surplus on revaluation of property, plant and equipment - net		
Revaluation surplus as at 01 July	**553,109,468**	52,243,525
Surplus arising during the period / year		
- Freehold land	-	234,202,802
- Buildings on freehold land	-	120,804,892
- Plant and machinery	-	150,019,140
- Electric & gas installations	-	3,090,630
- Other works equipment	-	1,027,696
	-	509,145,160
Surplus transferred to accumulated losses on account of:		
- incremental depreciation charged during the year		
- net of deferred tax	**(9,592,913)**	(5,547,076)
- related deferred tax liability	**(4,514,312)**	(2,732,141)
	(14,107,225)	(8,279,217)
Revaluation surplus as at 31 December / 30 June	**539,002,243**	553,109,468
Less: Related deferred tax liability on revaluation surplus as at 01 July	**89,830,309**	4,638,669
Deferred tax on surplus during the period / year		
- Buildings on freehold land	-	39,865,615
- Plant and Machinery	-	49,506,316
- Electric & gas installations	-	1,019,942
- Other works equipment	-	339,105
	-	90,730,978
Deferred tax on incremental depreciation	**(4,514,312)**	(2,732,141)
Adjustment resulting from reduction in tax rate	**(3,929,080)**	(2,807,197)
	81,386,917	89,830,309
Revaluation surplus as at 31 December / 30 June - net	**457,615,326**	463,279,159

6.1 The Company had revalued its freehold land, buildings on freehold land, plant and machinery, electric and gas installations and other work equipment during the financial years 1999 and 2011. These fixed assets were revalued by independent valuers on the basis of market value / depreciated market values.

6.2 The Company as at 31 March 2015, revalued its freehold land, buildings on freehold land, plant and machinery, milk churns, electric and gas installations and other work equipment. This revaluation was carried out by Joseph Lobo (Private) Limited (Independent valuers and consultants). Freehold land was revalued on the basis of current market value whereas other assets were revalued on the basis of depreciated market values. The most significant input into this valuation approach is price per acre for land, price per square foot for buildings and present operational condition and age of plant and machinery and other assets. The surplus arisen on this revaluation aggregating Rs 509.15 million was credited to this account to comply with the requirements of section 235 of the Companies Ordinance, 1984.

6.3 Except and to the extent actually realized on disposal of the assets which are revalued, the surplus on revaluation of fixed assets shall not be applied to set off or reduce any deficit or loss, whether past, current or future, or in any manner applied, adjusted or treated so as to add to the income, profit or surplus of the Company, or utilized directly or indirectly by way of dividend or bonus, provided that the surplus on revaluation of fixed assets may be applied by the Company in setting off or in diminution of any deficit arising from the revaluation of any other fixed asset of the Company.

7 Long term finances	31 December 2015 Rupees	30 June 2015 Rupees
Term finance - secured		
- NIB Bank Limited (NIB)	-	44,285,685
Less: Current portion shown under current liabilities		
NIB Rs Nil (30 June 2015: Rs 44.29 million including overdue instalments of Rs 17.64 million)	-	(44,285,685)
	-	-

7.1 The Company, during September 2012, availed a term finance facility of Rs 150 million from NIB. Originally this finance facility was repayable in 36 equal monthly instalments of Rs 4.17 million each payable from September, 2012; however, NIB revised the repayment terms and the loan became repayable in 36 monthly instalments of different amounts beginning from October, 2012. This finance facility carried mark-up at the rate of 3-months KIBOR+2%; effective mark-up rates charged, during the current financial period, ranged from 8.54% to 8.97% (30 June 2015: 9.99% to 12.18%). This finance facility was secured against first pari passu charge for Rs 200 million on present and future fixed assets of the Company. This facility has been fully repaid during the period.

8. Liabilities against assets subject to finance lease - secured

The Company has entered into lease agreements with different commercial banks. The rentals under these agreements are repayable in 60 monthly instalments. The minimum lease payments have been discounted at an implicit interest rate of 7.42% to 10.38% (30 June 2015: 9.95% to 13.46%) to arrive at their present value. At the end of the respective lease term, the assets shall be transferred in the name of the Company. Taxes, repairs and insurance costs are to be borne by the Company. In case of early termination of lease, the lessee shall pay entire amount of rentals for unexpired period of lease agreement.

	31 December 2015		
Particulars	**Upto one year**	**From one to five**	**Total**
	-----Rupees-----		
Minimum lease payments	**18,297,435**	**78,902,266**	**97,199,701**
Less: finance costs allocated to future periods	**4,653,735**	**9,887,711**	**14,541,446**
	13,643,700	**69,014,555**	**82,658,255**
Less: security deposits adjustable on expiry of lease terms	-	**9,186,600**	**9,186,600**
Present value of minimum lease payments	**13,643,700**	**59,827,955**	**73,471,655**

	30 June 2015		
	Upto one year	From one to five years	Total
	-----Rupees-----		
Minimum lease payments	14,971,346	4,562,848	19,534,194
Less: finance costs allocated to future periods	406,932	360,723	767,655
	14,564,414	4,202,125	18,766,539
Less: security deposits adjustable on expiry of lease terms	11,756,906	1,406,200	13,163,106
Present value of minimum lease payments	2,807,508	2,795,925	5,603,433

		Note	31 December 2015 Rupees	30 June 2015 Rupees
9	**Employee benefits**			
	Other long term benefits			
	Accumulated compensated absences	*9.1*	**10,629,419**	10,044,872

9.1 *Movement in accumulated compensated absences*

Balance as at 01 July	**10,044,872**	-
Provision during the period / year	**1,448,996**	13,020,830
Payments made during the period / year	**(864,449)**	(2,975,958)
Balance as at 31 December / 30 June	**10,629,419**	10,044,872

9.2 Reconciliation of present value of liability

Present value of liability as at 01 July	**10,044,872**	-
Service cost	**863,376**	12,859,962
Interest on defined benefit liability	**442,810**	(137,638)
Benefits paid	**(864,449)**	(2,975,958)
Remeasurement loss	**142,810**	298,506
	10,629,419	10,044,872

9.3 Charge for the year

Service cost	**863,376**	12,859,962
Interest on defined benefit liability	**442,810**	(137,638)
Remeasurement loss	**142,810**	298,506
	1,448,996	13,020,830

10 Short term borrowings

Short term financing - secured	*10.1*	**550,000,000**	250,000,000
Short term running finances - secured	*10.2*	**575,089,693**	501,314,039
		1,125,089,693	751,314,039

10.1 Short term financing - Secured

This represents utilized amount of short term financing (Istisna) under markup arrangement available from Bank Islami aggregating to Rs 2,000 million (30 June 2015: Rs 250 million). These facilities are secured against first pari passu charge on all present and future current assets, registered charge (ranking) on fixed assets and carries markup ranging between 6.65% to 8.01% (30 June 2015: 8.99% to 19%) per annum. The facility expires latest by December 2016.

10.2 Short term running finances - Secured

This represents utilized amount of short term running finance facilities ("facilities") under markup arrangements available from commercial banks aggregating to Rs 1,275 million (30 June 2015: Rs 753.47 million). These facilities are secured against charge over all current assets and certain fixed assets of the Company and carry markup ranging between 6.82% to 9.47% (30 June 2015: 8.99% to 19%) per annum, payable quarterly. The facilities are expiring on various dates by October 2016.

10.3 Unavailed credit facilities

The facilities for opening of letters of credits and guarantees as at 31 December 2015 amounted to Rs 2,572.30 million (30 June 2015: Rs 115 million) of which the remaining unutilized amount as of that date was Rs 11.05 million (30 June 2015: Rs 98.95 million).

As per the financing agreements, the Company is required to comply with certain financial covenants. Further, the Company is required to comply with certain conditionsimposed by the providers of finance to make dividend payments.

		Note	31 December 2015 Rupees	30 June 2015 Rupees
11	**Current portion of long term liabilities**			
	Long term finances	7	-	44,285,685
	Liabilities against assets subject to finance lease	8	13,643,700	2,807,508
			13,643,700	47,093,193

		Note	31 December 2015 Rupees	30 June 2015 Rupees
12	**Trade and other payables**			
	Trade creditors		126,865,678	291,459,146
	Bills payable - secured	12.1	183,264,000	1,984,175
	Accrued expenses		29,495,020	37,380,404
	Provision for claims	12.2	35,214,719	17,000,000
	Advances from customers		42,689,515	47,227,807
	Due to employees		223,629	230,572
	Withholding tax payable		17,062,665	14,866,200
	Employees' provident fund	12.3	899,456	1,135,516
	Workers' profit participation fund	12.4	347,385	4,627,526
	Unclaimed dividend:			
	- ordinary shares		857,614	859,113
	- preference shares		115,490	115,490
	Others		370,704	62,135
			437,405,875	416,948,084

12.1 These are secured against import documents.

12.2 This represents provision for claims which may be fied by distributors.

		(Un-audited) 31 December 2015 Rupees	(Audited) 30 June 2015 Rupees
12.3	**Employees' provident fund**		
	Size of the fund	268,302,326	98,580,260
	Cost of investments made	42,905,000	42,905,000
	Fair value of investments	246,088,200	84,045,000
	Percentage of investments made	92%	85%

12.3.1 The breakup value of investment is as follows:

	31 December 2015 %	30 June 2015 %	31 December 2015 Rupees	30 June 2015 Rupees
Defence saving certificate	48	48	20,805,000	20,805,000
Special saving certificate	23	23	10,000,000	10,000,000
Equity securities	28	28	12,100,000	12,100,000
			42,905,000	42,905,000

12.3.2 Investments made during the period out of provident fund have been made in accordance with requirements of section 227 of the Companies Ordinance, 1984 and the rules formulated for this purpose.

12.4	Workers' profit participation fund	Note	31 December 2015 Rupees	30 June 2015 Rupees
	Balance as at 01 July		4,627,526	4,065,724
	Interest on funds utilized in the Company's business	32	82,603	561,802
			4,710,129	4,627,526
	Less: Amount paid to workers during the period / year on behalf of the Fund		4,362,744	-
	Balance as at 31 December / 30 June		347,385	4,627,526

13 Accrued finance cost

	31 December 2015 Rupees	30 June 2015 Rupees
Accrued mark-up on:		
- Term finances	-	1,276,797
- Islamic finances	-	1,827,504
- Short term borrowings	28,833,660	16,479,968
- Liabilities against assets subject to finance leases	138,154	6,438
	28,971,814	19,590,707

14 Contingencies and commitments

14.1 Contingencies

(i) The Company has issued following guarantees:

Guarantees aggregating Rs 15.47 million (30 June 2015: Rs 11.97 million) have been issued by banks on behalf of the Company to Sui Northern Gas Pipeline Limited, Unilever Pakistan Limited and Controller Naval Account.

(ii) In the year 2013, the Company entered into two contracts for supply of skimmed milk powder which were not fully executed by the Company. Litigation may arise on these contracts.

(iii) The Company, during the previous financial period, received notices from Punjab Food Authority with regards to it different products. Outcome of these notices is not known at reporting date.

(iv) The Taxation Officer, after conducting audit under section 177 of the Ordinance for Tax Year 2005, had passed an amended assessment order under section 122 of the Ordinance raising tax demands of Rs 34.99 million alleging that the Company suppressed its sales. The Commissioner Inland Revenue-Appeals (CIR-A) annulled this assessment order whereas the Appellate Tribunal Inland Revenue (the Tribunal) had set aside the order of CIR-A and remanded the case back to CIR-A for denovo proceedings. The CIR-A, vide his order dated 03 September 2012, has allowed partial relief to the Company and reduced the amount of tax demand from Rs 34.99 million to Rs 18.28 million. Both the Company and the Department have filed appeals before the Tribunal against the order of CIR-A, which are pending adjudications.

The Company has also filed a rectification application under section 221 of the Ordinance against the order of CIR-A, which is also pending adjudication.

(v) The Company, during the financial year ended 30 June 2011, received a notice under section 177 of the Ordinance for Tax Year 2009 for selection of its case for detailed scrutiny. The Company filed a writ petition before the Honourable Lahore High Court which has been dismissed vide order dated 27 May 2015.

The Company during the period has filed an appeal before the Honourable Supreme Court of Pakistan which directed that the Company should seek remedy in this respect before the intra court appeal of the Honourable Lahore High Court. The matter has been taken up in intra court appeal and interim stay against proceedings has been granted to the Company.

(vi) During the period, the Additional Commissioner Inland Revenue has raised income tax demand under section 122(5A) of the Ordinance for the tax year 2011 amounting Rs 23.12 million. The Company, through its external legal counsel, is in the process of filing appeal against the order.

(vii) The Company, during the preceding financial year, received a notice under section 177 of the Ordinance for the Tax Year 2012 for selection of its case for tax audit by the Commissioner Inland Revenue, Regional Tax Office, Sargodha (CIR). The Company has filed a writ petition before the Honourable Lahore High Court against the selection of case by CIR under the aforementioned section, which is pending adjudication.

(viii) The Additional Commissioner Inland Revenue has raised income tax demand under section 122(5A) of the Ordinance for the tax year 2010 amounting Rs 5.63 million. The Company has filed an appeal before Commissioner Inland Revenue (Appeals), which is pending adjudication.

Based on the opinion of the legal counsel handling the above litigations, the management believes that it has strong legal grounds against each case and that no financial liability is expected to accrue. Accordingly, no provision has been made in these financial statements.

14.2 Commitments

The Company has the following commitments in respect of:

(i) Commitments, for capital expenditure, against irrevocable letters of credit outstanding at the year end were for Rs 2,355.42 million (30 June 2015: Rs Nil).

(ii) Commitments, other than capital expenditure, outstanding at the year end were for Rs 205.83 million (30 June 2015: Rs 16.05 million).

	Note	**31 December 2015 Rupees**	30 June 2015 Rupees
15 Property, plant and equipment			
Operating assets	*15.1*	**1,008,477,814**	1,037,778,370
Capital work-in-progress	*15.2*	**269,519,814**	-
		1,277,997,628	1,037,778,370

15.1 Operating assets

	31 December 2015											
	Cost/ revalued amount 01 July 2015	Transfers In/(Out)	Additions/ (deletions)/ (adjustments)	Effect of revaluation	Cost/ revalued amount 31 December 2015	Accumulated depreciation as at 01 July 2015	Transfers In/(Out)	Depreciation charge/ (deletions)/ (Adjustment) for the year	Elimination of accumulated depreciation against cost on revaluation	Accumulated depreciation as at 31 December 2015	Book value as at 31 December 2015	Rate of depreciation %
	(Rupees)											
Owned assets												
Freehold land	272,805,000	-	-	-	272,805,000	-	-	-	-	-	272,805,000	-
Buildings on freehold land	155,396,126	-	-	-	155,396,126	3,885,213	-	7,575,546	-	11,460,759	143,935,367	10
Plant and machinery	792,202,618	53,996,591	8,970,227	-	848,200,466	259,647,193	24,588,629	27,484,470	-	306,833,482	541,366,984	10
			(6,968,970)					(4,886,810)				
Milk Churns	143,740	-	-	-	143,740	143,381	-	27	-	143,408	332	15
Electric and Gas Installation	18,254,255	-	2,046,707	-	20,300,962	7,316,698	-	563,934	-	7,880,632	12,420,330	10
Other Works Equipment	7,516,618	-	1,125,000	-	8,641,618	3,793,698	-	195,521	-	3,989,219	4,652,399	10
Office equipment	28,957,474	-	223,000	-	29,106,694	12,132,322	-	841,968	-	12,958,291	16,148,403	10
		-	(73,780)				-	(15,999)				
Furniture and Fixture	12,721,412	-	701,000	-	13,422,412	9,052,326	-	190,387	-	9,242,713	4,179,699	10
Vehicles	42,704,444	-	-	-	39,398,471	32,499,593	-	922,109	-	31,275,756	8,122,715	20
		-	(3,305,973)				-	(2,145,946)				
	1,330,701,687	53,996,591	13,065,934	-	1,387,415,489	328,470,424	24,588,629	37,773,962	-	383,784,260	1,003,631,229	
		-	(3,379,753)				-	(2,161,945)				
			(6,968,970)					(4,886,810)				
Leased assets												
Plant and machinery	53,996,591	-	-	-	-	23,834,579	-	754,050	-	-	-	10
		(53,996,591)	-				(24,588,629)	-				
Vehicles	8,857,615	-	-	-	8,857,615	3,472,520	-	538,510	-	4,011,030	4,846,585	20
	62,854,206	(53,996,591)	-	-	8,857,615	27,307,099	(24,588,629)	1,292,560	-	4,011,030	4,846,585	
31 December 2015	1,393,555,893	-	13,065,934	-	1,396,273,104	355,777,523	-	39,066,522	-	387,795,290	1,008,477,814	
		-	(3,379,753)				-	(2,161,945)				
			(6,968,970)					(4,886,810)				

	30 June 2015											
	Cost/ revalued amount 01 July 2014	Transfers In/(Out)	Additions/ (deletions)/ (adjustments)	Effect of revaluation as at 31 March 2015	Cost/ revalued amount 30 June 2015	Accumulated depreciation as at 01 July 2014	Transfers In/(Out)	Depreciation charge/ (deletions) for the year	Elimination of accumulated depreciation against cost on revaluation	Accumulated depreciation as at 30 June 2015	Book value as at 30 June 2015	Rate of depreciation %
Owned assets												
Freehold land	38,602,198	-	-	234,202,802	272,805,000	-	-	-	-	-	272,805,000	-
		-	-				-	-				
Buildings on freehold land	74,411,058	-	12,414	80,972,654	155,396,126	37,027,543	-	6,689,908	(39,832,238)	3,885,213	151,510,913	10
		-	-				-	-				
Plant and machinery	775,819,692	-	16,382,926	-	792,202,618	364,488,498	-	45,152,950	(149,994,255)	259,647,193	532,555,425	10
		-	-				-	-				
Milk Churns	143,740	-	-	-	143,740	143,436	-	48	(103)	143,381	359	15
		-	-				-	-				
Electric and Gas Installation	18,254,255	-	-	-	18,254,255	9,467,902	-	939,426	(3,090,630)	7,316,698	10,937,557	10
		-	-				-	-				
Other Works Equipment	7,447,118	-	69,500	-	7,516,618	4,525,780	-	320,396	(1,052,478)	3,793,698	3,722,920	10
		-	-				-	-				
Office equipment	28,644,260	-	313,214	-	28,957,474	10,313,120	-	1,819,202	-	12,132,322	16,825,152	10
		-	-				-	-				
Furniture and Fixture	12,711,612	-	9,800	-	12,721,412	8,652,900	-	399,426	-	9,052,326	3,669,086	10
		-	-				-	-				
Vehicles	43,801,516	5,567,113	52,000	-	42,704,444	31,301,955	2,924,050	2,377,094	-	32,499,593	10,204,851	20
		-	(6,716,185)				-	(4,103,506)				
	999,835,449	5,567,113	16,839,854	315,175,456	1,330,701,687	465,921,134	2,924,050	57,698,450	(193,969,704)	328,470,424	1,002,231,263	
		-	(6,716,185)					(4,103,506)				
Leased assets												
Plant and machinery	53,996,591	-	-	-	53,996,591	20,552,919	-	3,281,660	-	23,834,579	30,162,012	10
		-	-				-	-				
Vehicles	14,424,728	-	-	-	8,857,615	4,854,988	-	1,541,582	-	3,472,520	5,385,095	20
		(5,567,113)	-				(2,924,050)	-				
	68,421,319	(5,567,113)	-	-	62,854,206	25,407,907	(2,924,050)	4,823,242	-	27,307,099	35,547,107	
30 June 2015	1,068,256,768	-	16,839,854	315,175,456	1,393,555,893	491,329,041	-	62,521,692	(193,969,704)	355,777,523	1,037,778,370	
			(6,716,185)					(4,103,506)				

15.1.1 Leased assets having net book value of Rs 26.64 million acquired from Bank Alfalah Limited are in process of being transferred in the name of Company.

15.1.2 Disposal of property, plant and equipment

Particulars of Assets	Sold to	Cost/Revalued Amount	Accumulated depreciation	Book value	Sale proceeds	Mode of disposal
		----- Rupees -----				
Vehicles	**Outside party**					
	Malik Amir	1,519,250	1,045,454	473,796	480,000	Negotiation
	Malik Ashraf	1,721,280	1,039,549	681,731	690,000	Negotiation
Other assets having book value below Rs. 50,000		139,223	76,942	62,281	4,500	Negotiation
		3,379,753	**2,161,945**	**1,217,808**	**1,174,500**	

15.1.3 The Company bases its valuation of operating assets suspect to impairment upon valuation performed by an independent valuation expert.

15.1.4 Had these revaluations not been carried out, the carrying amount of freehold land, buildings on freehold land, plant and machinery, electric & gas installations and other work equipment would have been as follows:

	31 December 2015 Rupees	30 June 2015 Rupees
Freehold land	**415,246**	415,246
Buildings on freehold land	**28,182,198**	29,665,472
Plant and machinery and Milk churns	**394,594,042**	378,125,991
Electric and Gas Installations	**9,369,973**	7,726,655
Other Works Equipment	**3,616,710**	2,632,721
	436,178,169	418,566,085

15.1.5 The depreciation charge has been allocated as follows:	*Note*	01 July 2015 to 31 December 2015 Rupees	01 July 2014 to 30 June 2015 Rupees
Milk collection centres	*27*	**3,128,921**	5,843,946
Cost of sales	*27*	**33,759,337**	51,333,455
Distribution cost	*28*	**276,633**	713,128
Administrative expenses	*29*	**1,901,631**	4,631,163
		39,066,522	62,521,692

15.2 Capital work-in-progress		31 December 2015 Rupees	30 June 2015 Rupees
Plant and machinery - in-transit		**191,715,814**	-
Leased vehicles	*15.2.1*	**77,804,000**	-
		269,519,814	-

15.2.1 In December 2015, the Company entered into finance lease agreement with Bank Al-Habib Limited for vehicles. The said vehicles will be supplied to the Company after the period end.

16 Intangible assets

	31 December 2015							
	Cost as at 01 July 2015	Additions/ (transfers/ deletions)	Cost as at 31 December 2015	Accumulated amortization 01 July 2015	Amortization charge for the period	Accumulated amortization 31 December 2015	Book value as at 31 December 2015	Rate of amortization %
	(Rupees)							
Secondary Sale System	1,983,860	-	1,983,860	1,037,067	330,577	1,367,644	616,216	33.33
Anti-virus	432,032	-	432,032	432,032	-	432,032	-	33.33
	2,415,892	-	2,415,892	1,469,099	330,577	1,799,676	616,216	

	June 30, 2015							
	Cost as at 01 July 2014	Additions/ (transfers/ deletions)	Cost as at 30 June 2015	Accumulated amortization 01 July 2014	Amortization charge for the year	Accumulated amortization 30 June 2015	Book value as at 30 June 2015	Rate of amortization %
	(Rupees)							
Secondary Sale System	1,983,860	-	1,983,860	375,847	661,220	1,037,067	946,793	33.33
Anti-virus	432,032	-	432,032	432,032	-	432,032	-	33.33
	2,415,892	-	2,415,892	807,879	661,220	1,469,099	946,793	

16.1 The amortization charge for the year has been allocated to administrative expenses as referred to in note 29.

17 Deferred taxation - net

	Note	31 December 2015 Rupees	30 June 2015 Rupees
The deferred tax asset comprises of temporary differences relating to:			
Deductible temporary differences:			
- unused tax losses and tax credits	*17.1*	166,287,160	116,698,352
- provisions		82,886,051	71,279,185
- lease finances		2,256	-
		249,175,467	187,977,537
Less: Taxable temporary differences:			
- accelerated tax depreciation allowances		91,403,784	91,425,096
- surplus on revaluation of property, plant and equipment		81,386,917	89,830,309
- lease finances		-	5,124,129
		172,790,701	186,379,534
Deferred taxation - net		76,384,766	1,598,003

17.1 Deferred tax asset on unused tax losses and other deductible temporary differences are recognized to the extent that the realization of related tax benefits through future taxable profits is probable.

18 Stores, spares and loose tools	31 December 2015 Rupees	30 June 2015 Rupees
Stores	**19,116,517**	15,862,837
Spares	**20,528,188**	17,716,645
Loose tools	**91,289**	83,329
	39,735,994	33,662,811
Provision for obsolete stores	**(1,019,697)**	(1,019,697)
	38,716,297	32,643,114

	Note	31 December 2015 Rupees	30 June 2015 Rupees
19 Stock-in-trade			
Raw and packing material			
- In hand		**106,422,243**	93,829,242
- In transit		**24,851,129**	24,851,129
Work-in-process		**37,241,000**	33,844,656
Finished goods		**33,971,363**	33,461,349
		202,485,735	185,986,376
Provision for obsolete stock	*19.2*	**(27,860,091)**	(27,860,091)
		174,625,644	158,126,285

19.1 The amount charged to profit and loss account on account of write down of finished goods to net realizable value amounts to Rs 1.51 million (30 June 2015: Rs Nil).

	Note	31 December 2015 Rupees	30 June 2015 Rupees
19.2 Provision for obsolete stock			
Balance as at 01 July		**27,860,091**	3,581,254
Provision for the period / year	*31*	**-**	24,278,837
Balance as at 31 December / 30 June		**27,860,091**	27,860,091
20 Trade debts			
Unsecured			
- Considered good		**37,729,967**	38,625,863
- Considered doubtful		**181,468,616**	181,468,616
		219,198,583	220,094,479
Less: Provision for doubtful debts	*20.1*	**(181,468,616)**	(181,468,616)
		37,729,967	38,625,863
20.1 Provision for doubtful debts			
Balance as at 01 July		**181,468,616**	-
Provision for the period / year	*31*	**-**	181,468,616
Balance as at 31 December / 30 June		**181,468,616**	181,468,616

	Note	31 December 2015 Rupees	30 June 2015 Rupees
21 Loan and advances - Unsecured			
Due from employees			
- Considered good		**875,331**	779,860
- Considered doubtful		**166,184**	-
Advance payments			
- Considered good		**20,652,977**	6,458,925
- Considered doubtful		**6,574,450**	3,800,975
		28,268,942	11,039,760
Less: provision for doubtful loans and advances	*21.1*	**(6,740,634)**	(3,800,975)
		21,528,308	7,238,785

21.1 Provision for doubtful loans and advances

	Note	31 December 2015 Rupees	30 June 2015 Rupees
Balance as at 01 July		**3,800,975**	-
Provision for the period / year	*31*	**2,939,659**	3,800,975
Balance as at 31 December / 30 June		**6,740,634**	3,800,975

22 Deposits, prepayments and other receivables

		31 December 2015 Rupees	30 June 2015 Rupees
Security deposits		**9,791,984**	13,017,810
Prepayments		**659,181**	150,000
Margin deposits against letters of credit		**-**	1,601,236
Accrued income		**-**	1,277,299
Other receivables		**8,925**	-
		10,460,090	16,046,345

23 Due from associated undertakings ***- on account of normal trading transactions***

		31 December 2015 Rupees	30 June 2015 Rupees
Noon International (Private) Limited		**39,247**	39,247
Textile Services (Private) Limited		**38,904**	-
Noon Sugar Mills Limited		**1,947,268**	1,679,238
		2,025,419	1,718,485

23.1 As at 31 December 2015, receivables from Noon International (Private) Limited against milk supply was over due between 6 to 12 months while the remaining receivables were not yet due.

23.2 Maximum aggregate amount due from Associated Companies at the end of any month during the current financial period was Rs 2.51 million (30 June 2015: Rs 3.64 million).

	Note	31 December 2015 Rupees	30 June 2015 Rupees
24 Sales tax refundable - net			
Sales tax refundable		171,214,217	120,964,671
Less: provision made for old stuck-up refunds of input tax		(15,353,660)	(15,353,660)
		155,860,557	105,611,011
25 Cash and bank balances			
Cash-in-hand		120,945	78,238
Cash at banks on:			
- Current accounts	25.1	52,278,897	134,737,741
- Saving accounts	25.2	338,897	219,101
- Term deposit receipts (TDR)	25.3	-	5,800,000
- Dividend accounts		221,526	221,526
		52,839,320	140,978,368
		52,960,265	141,056,606

25.1 This includes cash margin ranging from 10% to 100% on amount of Rs 12.32 million (30 June 2015: Rs 8.82 million) held by commercial banks against issuance of letter of guarantees in favour of the Company.

25.2 This carries profit at the rates ranging from 3.5% to 4.5% (30 June 2015: 4.5% to 5.5%) per annum.

25.3 Term deposit receipts amounting Rs 5.80 million were under lien of NIB against guarantee issued by it in favour of Sui Northern Gas Pipelines Limited and carry profit at the rate of Nil (30June 2015: 7%) per annum.

	01 July 2015 to 31 December 2015 Rupees	01 July 2014 to 30 June 2015 Rupees
26 Sales - Net		
Gross Sales	727,068,317	1,917,133,763
Less: Sales tax	(34,931,701)	(7,938,722)
Shortages / leakages allowed	(3,000,759)	(15,857,925)
Discounts	(91,177)	(27,318,386)
	(38,023,637)	(51,115,033)
	689,044,680	1,866,018,730

		Note	01 July 2015 to 31 December 2015 Rupees	01 July 2014 to 30 June 2015 Rupees
27	**Cost of Sales**			
	Raw materials consumed	*27.1*	**365,232,656**	997,676,334
	Milk collection expenses	*27.2*	**22,803,472**	51,249,859
	Salaries, wages and other benefits	*27.3*	**36,282,910**	68,688,244
	Power and fuel		**41,723,461**	126,994,939
	Packing materials consumed		**154,305,292**	373,917,621
	Stores and spares consumed		**27,306,494**	31,914,876
	Repair and maintenance		**4,265,932**	1,960,228
	Rent, rates and taxes		**2,603,981**	5,102,109
	Depreciation on property, plant and equipment			
	- Milk collection centres	*15.1.5*	**3,128,921**	5,843,946
	- Production facility	*15.1.5*	**33,759,337**	51,333,455
	Insurance		**2,797,732**	2,751,733
			694,210,188	1,717,433,344
	Adjustment of work-in-process			
	Opening stock		**33,844,656**	25,751,000
	Closing stock	*19*	**(37,241,000)**	(33,844,656)
			(3,396,344)	(8,093,656)
	Cost of goods manufactured		**690,813,844**	1,709,339,688
	Adjustment of finished goods			
	Opening stock		**33,461,349**	36,614,000
	Closing stock	*19*	**(33,971,363)**	(33,461,349)
			(510,014)	3,152,651
			690,303,830	1,712,492,339

27.1 Raw materials consumed:

Fresh milk	**196,216,501**	779,483,214
Milk powder	**59,952,331**	22,736,558
Jams	**2,281,365**	2,850,337
Juice concentrates	**1,598,360**	4,476,847
Fats (Biscuit shortening fats)	**35,875,780**	66,710,230
Additives	**33,287,169**	74,491,269
Butter & cream	**36,021,150**	46,927,879
	365,232,656	997,676,334

27.2 Milk collection expenses:

Salaries, wages and other benefits	**12,813,116**	23,177,419
Provident fund	**337,857**	849,765
Store consumed	**2,961,233**	12,733,071
Chilling expenses	**1,754,821**	5,342,300
Fuel and oil expenses	**3,569,406**	5,147,155
Others	**1,367,039**	4,000,149
	22,803,472	51,249,859

27.3 Salaries, wages and other benefits include following in respect of retirement benefits:

	Note	01 July 2015 to 31 December 2015 Rupees	01 July 2014 to 30 June 2015 Rupees
Provident fund		**1,265,996**	3,193,672
Long term accumulated compensated absences		**584,547**	7,714,321
		1,850,543	10,907,993

28 Distribution cost

	Note	01 July 2015 to 31 December 2015 Rupees	01 July 2014 to 30 June 2015 Rupees
Freight and forwarding - net-off recoveries	*28.1*	**9,328,172**	26,869,620
Salaries, wages and other benefits	*28.2*	**23,143,511**	30,517,462
Rent		**616,800**	964,791
Entertainment		**33,564**	348,779
Communication		**34,492**	115,105
Travelling and conveyance		**104,137**	386,119
Vehicles' running and maintenance		**213,155**	693,150
Advertisement and sales promotion		**32,000,126**	106,512,795
Insurance		**167,858**	546,916
Depreciation on property, plant and equipment	*15.1.5*	**276,633**	713,128
Samples		**90,478**	277,348
Others		**950**	120,240
		66,009,876	168,065,453

28.1 These include recoveries from distributors aggregating Rs14.37 million (30 June 2015: Rs 34.96 million)

28.2 Salaries, wages and other benefits include following in respect of retirement benefits:

	01 July 2015 to 31 December 2015 Rupees	01 July 2014 to 30 June 2015 Rupees
Provident fund	**660,368**	1,109,288
Long term accumulated compensated absences	**63,600**	2,689,704
	723,968	3,798,992

	Note	01 July 2015 to 31 December 2015 Rupees	01 July 2014 to 30 June 2015 Rupees
29 Administrative expenses			
Salaries, wages and other benefits	*29.1*	**24,696,317**	58,828,389
Travelling and conveyance:			
- directors		**650,148**	1,787,213
- others		**444,936**	2,230,171
Directors' meeting fee	*35.4*	**213,600**	-
Rent, rates and taxes		**1,240,233**	3,043,421
Entertainment		**1,155,052**	3,264,993
Communication		**1,193,877**	2,336,501
Printing and stationery		**947,875**	1,770,754
Electricity, gas and water		**969,978**	3,717,545
Insurance		**403,974**	959,852
Repair and maintenance		**590,336**	1,247,295
Advertisement		**182,780**	91,800
Vehicles' running and maintenance		**1,787,986**	6,269,762
Subscription		**2,341,561**	3,969,882
Legal and professional charges	*29.2*	**20,330,160**	7,642,044
Cash security charges		**571,001**	252,632
Others		**619,417**	2,324,781
Depreciation on property, plant and equipment	*15.1.5*	**1,901,631**	4,631,163
Amortization of intangible assets	*16*	**330,577**	661,220
		60,571,439	105,029,418

29.1 Salaries, wages and other benefits include following in respect of retirement benefits:

Provident fund	**443,620**	2,033,629
Long term accumulated compensated absences	**800,849**	2,616,805
	1,244,469	4,650,434

29.2 Legal and professional charges

The charges for professional services include the following in respect of auditors' services for:

- Statutory audit fee	**660,000**	600,000
- Half yearly review	**-**	115,000
- Consultancy charges	**-**	110,000
- Certification charges	**100,000**	76,000
- Out-of-pocket expenses	**45,000**	45,000
	805,000	946,000

		Note	01 July 2015 to 31 December 2015 Rupees	01 July 2014 to 30 June 2015 Rupees
30	**Other income**			
	Income from financial assets			
	Profit on saving account and term deposit receipts		**404,683**	4,038,334
	Income from non-financial assets			
	Sale of scrap		**245,476**	2,663,520
	Gain on disposal of property, plant and equipment		**-**	312,321
	Packing charges of milk and juices		**-**	1,654,198
	Liabilities no longer payable written back		**2,104,698**	-
	Other		**36,000**	-
			2,790,857	8,668,373
31	**Other expenses**			
	Donations	31.1	**-**	2,500
	Provision for old stuck-up refunds of sales tax	24	**-**	15,353,660
	Prior years' sales tax		**-**	973,179
	Provision for doubtful debts	20.1	**-**	181,468,616
	Provision for obsolete stock	19.2	**-**	24,278,837
	Provision for doubtful advance payments	21.1	**2,939,659**	3,800,975
	Loss on disposal of property, plant and equipment		**2,125,468**	-
	Receivable balance written-off		**1,277,299**	137,789
	Exchange loss		**4,728,523**	-
			11,070,949	226,015,556

31.1 None of the directors and their spouses had any interest in any of the donees.

		Note	01 July 2015 to 31 December 2015 Rupees	01 July 2014 to 30 June 2015 Rupees
32	**Finance cost**			
	Interest and markup on:			
	- Loans from chief executive and a director		**-**	3,368,463
	- Long term finance		**1,042,450**	12,565,605
	- Short term borrowings		**37,592,754**	58,160,878
	- Finance lease		**1,300,928**	2,807,508
	- Tetra Pak Funds utilised		**189,316**	3,581,144
	- Workers' profit participation fund	12.4	**82,603**	561,802
	Bank charges and commission		**602,507**	2,638,702
			40,810,558	83,684,102

33 Taxation	01 July 2015 to 31 December 2015 Rupees	01 July 2014 to 30 June 2015 Rupees
Current:		
- For the year	-	17,055,057
- Prior years	-	31,626
	-	17,086,683
Deferred:		
Origination and reversal of temporary differences	(72,119,861)	(90,730,978)
Impact of change in tax rate	1,262,176	2,807,197
	(70,857,685)	(87,923,781)
	(70,857,685)	(70,837,098)

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

33.2 In view of gross loss during the year, no provision for current taxation has been made.

For the purposes of current taxation, the tax losses available for carry forward as at 31 December 2015 are estimated approximately at Rs 569.34 million (30 June 2015: Rs 429.34 million).

33.3 Tax charge reconciliation	01 July 2015 to 31 December 2015 Rupees	01 July 2014 to 30 June 2015 Rupees
Reconciliation between the average effective tax charge and the applicable tax		
Loss before tax	(176,931,115)	(420,599,765)
Applicable tax @ 32% / 33%	56,617,957	138,797,922
Impact of prior year's tax	-	(31,626)
Effect of tax credit	-	1,648,307
Effect of change in tax rate	(1,262,176)	(2,807,197)
Effect of unrecognized tax losses and tax credits	15,501,904	(66,770,308)
	14,239,728	(67,960,824)
Effective tax charge for the period / year	70,857,685	70,837,098

34 Loss per share

		01 July 2015 to 31 December 2015 Rupees	01 July 2014 to 30 June 2015 Rupees
34.1 Loss per share - basic			
Loss for the period / year	***Rupees***	**(106,073,430)**	(349,762,667)
Weighted average number of ordinary shares in issue during the year	***Number***	**31,363,200**	29,776,698
Loss per share - basic	***Rupees***	**(3.38)**	(11.75)

34.2 Loss per share - diluted

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume issuance of all dilutive potential ordinary shares. As explained in note 5.3, the Board of Directors in their meeting held on 21 December 2015, have resolved to offer right shares to the shareholders in proportion of 321.20 ordinary shares for every 100 voting and non-voting ordinary shares held. For the purpose of computing the diluted EPS, the right shares are assumed to have been issued with no impact on earnings.

		31 December 2015	30 June 2015
Loss for the year		**(106,073,430)**	(349,762,667)
Loss used to determine diluted earnings per share	***Rupees***	**(106,073,430)**	(349,762,667)
Weighted average number of ordinary shares in issue during the year	***Number***	**31,363,200**	29,776,698
Proposed right issue of ordinary shares	***Number***	**100,738,598**	-
Weighted average number of ordinary shares for diluted earnings per share	***Number***	**132,101,798**	29,776,698
Loss per share - diluted	***Rupees***	**(0.80)**	(11.75)

The effect of issue of right shares is anti-dilutive, accordingly the diluted EPS is restricted to the basic EPS.

35 **Remuneration of Chief Executive, Directors and Executives**

35.1 The aggregate amount charged in the financial statements for the period for remuneration, including certain benefits, to Chief Executive, directors and executives of the Company is as follows:

	Chief Executive			Executive Directors		Non Executive Directors		Total	Total	Executives	
	01 July 2015 to 11 September 2015	12 September 2015 to 31 December 2015	01 July 2014 to 30 June 2015	01 July 2015 to 11 September 2015	12 September 2015 to 31 December 2015	01 July 2015 to 11 September 2015	12 September 2015 to 31 December 2015	01 July 2015 to 31 December 2015	01 July 2014 to 30 June 2015	01 July 2015 to 31 December 2015	01 July 2014 to 30 June 2015
	---Rupees---										
Managerial remuneration	1,000,000	-	6,000,000	591,667	-	-	2,500,000	3,091,667	9,968,140	12,616,454	25,887,727
Provident fund	-	-	-	-	-	-	-	-	-	688,678	1,781,879
House rent	-	-	-	-	-	-	-	-	-	8,391,825	-
Utilities	-	-	-	-	-	-	-	-	-	919,091	-
Medical Allowance	100,000	-	400,000	59,167	-	-	-	59,167	763,296	505,554	1,025,798
Others	343,127	-	237,941	-	-	-	213,600	213,600	77,097	-	-
	1,443,127	-	6,637,941	650,834	-	-	2,713,600	3,364,434	10,808,533	23,121,602	28,695,404
Number of persons	1	1	1	1	-	5	11	11	6	56	19

35.2 Rent free accommodation has not been provided to any executives during the period (30 June 2015: three).

35.3 The Company also provides Chief Executive, Directors and some of its executives with company maintained cars, travel facilities and club membership.

35.4 Aggregate amount charged in these financial statements for meeting fee to 1 director (30 June 2015: Nil) was Rs 213,600 (30 June 2015: Rs Nil).

36 **Number of employees**

	01 July 2015 to 31 December 2015	01 July 2014 to 30 June 2015
	(Number of persons)	
		(Represented)
The Company has employed following number of persons:		
- As at 31 December / 30 June	589	544
- Average number of employees	567	572

37 Related party disclosures

Related parties comprise of associated undertakings, directors, post employment plans, other related companies and key management personnel. The Company in the normal course of business carries out transactions with various related parties and amounts due from and to related parties are shown under respective heads and remuneration of key management personnel as disclosed in note 35. Significant transactions with related parties are as follows:

Relationship with the company	Nature of transactions	31 December 2015 Rupees	30 June 2015 Rupees
i. Associated Undertakings			
Noon Sugar Mills Limited	Purchase of goods	**6,162,620**	29,448,990
	Sale of goods	**77,316**	614,506
	Payments to others on behalf of the related party	**433,623**	-
	Payment by related party to others	**266,909**	-
Textile Services (Private) Limited	Purchase of store items	**2,599,701**	2,114,670
	Payment made to related party	**2,638,605**	-
Noon International (Private) Limited	Sale of an asset	-	325,000
Askari Bank Limited	Running finance facility	**300,000,000**	-
	Finance payable at year end	**100,795,715**	-
	Markup expense	**144,300**	-
ii. Associated persons			
Mr. Salman Hayat Noon (Non-Executive Director)	Loan obtained from Chief Executive	-	27,150,000
	Ordinary shares issued against loan	-	69,858,520
Mr. Malik Adnan Hayat Noon (Non-Executive Director)	Loan obtained from Director	-	30,230,000
	Ordinary shares issued against loan	-	76,479,740

37.1 All transactions with related parties have been carried out on bilaterally agreed terms.

37.2 Transactions with Provident fund have been disclosed in note 27.3, 28.2 and 29.1 respectively.

38 Capacity and production

		31 December 2015 Rupees	30 June 2015 Rupees
		6 months	12 months
Milk Powder and Butter Plant			
Rated capacity of milk processing based on three shifts	Kgs.	**22,208,000**	44,416,000
Fresh milk processed during the period / year	Kgs.	**622,180**	890,277
Cheese Plant			
Rated capacity of milk processing based on 24 hours per day	Kgs.	**1,637,500**	3,275,000
Fresh milk processed during the period / year	Kgs.	**694,178**	1,926,075
Pasteurised Milk Plant			
Rated capacity of milk pasteurisation based on three shifts	Litre	**2,920,000**	5,840,000
Milk pasteurised during the period / year	Litre	**865,910**	1,576,558
Yogurt Plant			
Rated capacity of milk processing based on three shifts	Kgs.	**1,460,000**	2,920,000
Fresh milk processed during the period / year	Kgs.	**-**	-
UHT Milk Plant			
Rated capacity of milk processing based on three shifts	Litre	**43,744,000**	87,488,000
Fresh milk processed during the period / year			
UHT milk	Litre	**507,174**	1,487,292
Dairy rozana	Litre	**727,987**	3,099,268
UHT cream	Litre	**-**	228,637
Flavoured milk	Litre	**1,000,771**	4,907,287
Chai mix	Litre	**-**	1,462,021
Juice Plant			
Rated capacity of juices based on three shifts	Litre	**21,900,000**	43,800,000
Juices processed during the period / year	Litre	**793,300**	2,082,536

- Processing and pasteurization were restricted to the availability of raw milk available to the Company.

- Processing of UHT and Juice plants were restricted to the extent of filling capacity of the Company.

39. Financial risk management

39.1 Financial risk factors

The Company's activities expose it to a variety of financial risks: market risk (including interest rate risk, price risk and currency risk), credit risk and liquidity risk. The Company's overall risk management focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Company's financial performance.

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.

The Company's risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Audit Committee oversees how management monitors compliance with the Company's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Company. The Audit Committee is assisted in its oversight role by Internal Audit. Internal Audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the Audit Committee.

The Company's exposure to financial risk, the way these risks affects the financial position and performance and the manner in which such risks are managed is as follows:

(a) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Company's income or value of its holding of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing return.

(i) Foreign exchange risk

Foreign exchange risk is the risk that value of a financial instrument will fluctuate due to changes in foreign exchange rates. Foreign exchange risk arises mainly where receivables and payables exist due to transactions with foreign buyers and suppliers. The Company, where considered necessary, uses money market borrowing contracts against receivables exposed to foreign exchange risks.

The Company is exposed to exchange risk arising from currency exposures mainly with respect to the Euro. Currently, the Company's foreign exchange risk exposure is restricted to the amounts payable to the foreign entities. The Company's exposure to foreign exchange risk is as follows:

	Note	**31 December 2015 Rupees**	30 June 2015 Rupees
Bills payable - Euro	*12*	**1,600,000**	-
Net exposure - Euro		**1,600,000**	-
Bills payable - USD	*12*	**-**	20,083
Net Exposure - USD		**-**	20,083

The following significant exchange rates were applied during the year:

	31 December 2015	30 June 2015
Rupees per Euro		
- Average rate	**113.59**	-
- Reporting date rate	**114.54**	-
Rupees per USD		
- Average rate	**-**	102.92
- Reporting date rate	**-**	101.70

Foreign currency sensitivity analysis

At 31 December 2015, if the Rupee had weakened/strengthened by 10% against the Euro with all other variables held constant, loss before tax for the period would have been higher / lower as under, mainly as a result of foreign exchange gains/losses on translation of foreign exchange denominated financial instrument. The following table demonstrates the sensitivity to a reasonably possible change in the Euro exchange rate:

	Change in Exchange rate	Effect on loss before tax	Effect on equity
	%	Rupees	Rupees
31 December 2015 - Euro	10%	**(18,326,400)**	**(18,326,400)**
	-10%	**18,326,400**	**18,326,400**
30 June 2015 - US Dollar	10%	(198,418)	(198,418)
	-10%	198,418	198,418

(ii) Price risk

Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result 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 instruments or its issuer or factors affecting all similar financial instruments traded in the market. The Company is not exposed to any significant price risk.

(iii) Interest rate risk

Interest rate risk represents the risk that the fair value or future cash flows of a financial instrument will fluctuate because of change in market interest rates. Sensitivity to interest rate risk arises from mismatch of financial assets and liabilities that mature on reprice in a given period.

The Company's interest rate risk arises from long term finances and short term finances. Borrowings obtained at variable rates expose the Company to cash flow interest rate risk.

At the reporting date, the interest rate profile of the Company's interest bearing financial instruments is as follows:

	31 December 2015	30 June 2015	**31 December 2015**	30 June 2015
	Effective rate		**Rupees**	Rupees
Financial assets				
Fixed rate instruments				
		4.5% to 5.5%		
Saving accounts	**3.5% to 4.5%**	3.5% to 7%	**338,897**	219,101
Term deposit receipts	**-**		**-**	5,800,000
Total exposure			**338,897**	6,019,101
Financial liabilities				
Variable rate instruments		9.49% to 12.18%		
Term finances	**8.54% to 8.97%**	9.95% to 13.46%	-	44,285,685
Liabilities against assets		8.99% to 19%		
subject to finance lease	**7.42% to 10.38%**		**73,471,655**	5,603,433
Short term borrowings	**6.65% to 9.47%**		**1,125,089,693**	751,314,039
Total exposure			**1,198,561,348**	801,203,157

Fair value sensitivity analysis for fixed rate instruments

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.

Cash flow sensitivity analysis for variable rate instruments

At 31 December 2015, if interest rate on variable rate financial liabilities has been 1% higher / lower with all other variables held constant, loss before tax for the period would have been Rs 11.99 million (30 June 2015: Rs 8.01 million) higher / lower, mainly as a result of higher / lower interest expense on variable rate financial liabilities.

(b) Credit risk

Credit risk represents the risk of a financial loss if a customer or counter party to a financial instrument fails to discharge its contractual obligation. The Company attempts to control credit risk by monitoring credit exposures, limiting transactions with specific counterparties and continually assessing the creditworthiness of counterparties.

Credit risk primarily arises from credit exposure to customers and deposit with banks and financial institutions. To manage exposure to credit risk in respect of trade debts, management performs credit reviews taking into account the customer's financial position, past experience and other relevant factors. Individual risk limits are set based on internal or external ratings in accordance with criteria developed for managing risk by board. The utilization of credit limits is regularly monitored and major sales to customers are on advance terms, thus limiting credit exposure. For banks and financial institutions credit quality is determined with respect to external credit ratings performed by independent parties.

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The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the balance sheet date was:

Loans and receivables	**31 December 2015 Rupees**	30 June 2015 Rupees
Security deposits	**10,824,670**	14,104,496
Trade debts	**37,729,967**	38,625,863
Due from Associated Companies	**2,025,419**	1,718,485
Other receivables	**8,925**	1,277,299
Bank balances	**52,839,320**	140,978,368
	103,428,301	196,704,511

The credit risk on liquid funds is limited because the counter parties are banks with reasonable high credit ratings. The Company believes that it is not exposed to major concentration of credit risk as it's exposure is spread over a large number of counter parties.

All the trade debts at the balance sheet date represent domestic parties. The ageing of trade debts at the year-end was as follows:

	31 December 2015 Rupees	30 June 2015 Rupees
Not past due	**5,249,784**	-
1 to 45 days	**2,488,849**	12,154,652
46 to 90 days	**527,016**	219,215
91 to 180 days	**471,763**	1,371,938
181 to 365 days	**2,223,780**	6,447,874
Above 365 days	**26,768,775**	18,432,184
	37,729,967	38,625,863

The management estimates the recoverability of trade debts on basis of financial position and past history of its customers. Based on the objective evidence that it will not receive the amount due from the particular customers, provision is made in the financial statements.

The credit quality of Company's bank balances can be assessed with reference to external credit ratings as follows:

Bank	Rating Short term	Rating Long term	Rating Agency	31 December 2015 Rupees	30 June 2015 Rupees
National Bank Of Pakistan	A1+	AAA	PACRA	**1,373,847**	152,621
United Bank Limited	A-1+	AA+	JCR-VIS	**4,162,956**	4,362,499
Askari Bank Limited	A-1+	AA	JCR-VIS	**42,206**	42,206
Bank Alfalah Limited	A1+	AA	PACRA	**6,188,326**	1,663,862
MCB Bank Limited	A1+	AAA	PACRA	**2,704,748**	1,364,790
The Bank of Punjab	A1+	AA-	PACRA	**7,775**	8,180
Habib Bank Limited	A-1+	AAA	JCR-VIS	**8,714,350**	15,047,891
Allied Bank Limited	A1+	AA+	PACRA	**1,107,732**	1,234,437
Faysal Bank Limited	A1+	AA	PACRA & JCR	**16,052,232**	18,380,889
Bank Islami Pakistan	A1	A+	PACRA	**5,168,360**	91,410,993
Bank Al-Habib Limited	A1+	AA+	PACRA	**6,788**	-
NIB Bank Limited	A1+	AA-	PACRA	**7,310,000**	7,310,000
				52,839,320	140,978,368

Due to the Company's long standing business relationships with these counterparties and after giving due consideration to their strong financial standing, management does not expect non-performance by these counter parties on their obligations to the Company. Accordingly, the credit risk is minimal.

(c) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities, that are settled by delivering cash or other financial asset as they fall due. The Company's approach is to ensure, as far as possible, to always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions. Prudent liquidity risk management implies maintaining sufficient cash and marketable securities and ensuring the availability of adequate credit facilities. The Company finances its operations through equity, borrowings and working capital with a view to maintain an appropriate mix between various sources of finance to minimize risk. The Company's finance department aims at maintaining flexibility in funding by keeping regular committed credit lines available.

The table below analyses the company's financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

	Carrying amount	Contractual cash flows	Less than 1 year	Between 1 to 5 years
	---Rupees---			
At 31 December 2015				
Non derivative financial liabilities				
Liabilities against assets subject to finance lease	**73,471,655**	**88,013,101**	**18,297,435**	**69,715,666**
Trade and other payables	**342,091,591**	**342,091,591**	**342,091,591**	**-**
Accrued finance cost	**28,971,814**	**28,971,814**	**28,971,814**	**-**
Short term borrowings	**1,125,089,693**	**1,125,089,693**	**1,125,089,693**	**-**
	1,569,624,753	**1,584,166,199**	**1,514,450,533**	**69,715,666**

	Carrying amount	Contractual cash flows	Less than 1 year	Between 1 to 5 years
	----------	Rupees	----------	
At 30 June 2015				
Non derivative financial liabilities				
Long term finances	44,285,685	45,084,455	45,084,455	-
Liabilities against assets subject to finance lease	5,603,433	6,371,088	3,214,440	3,156,648
Trade and other payables	333,226,551	333,226,551	333,226,551	-
Accrued finance cost	19,590,707	19,590,707	19,590,707	-
Short term borrowings	751,314,039	801,644,183	801,644,183	-
	1,154,020,415	1,205,916,984	1,202,760,336	3,156,648

The contractual cash flows relating to the above financial liabilities have been determined on the basis of interest / mark-up rates effective at the respective year-ends. The rates of interest / mark-up have been disclosed in the respective notes to these financial statements.

39.2 Fair value of financial instruments

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Underlying the definition of fair value is the presumption that the company is a going concern and there is no intention or requirement to curtail materially the scale of its operations or to undertake a transaction on adverse terms.

A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis.

IFRS 13 'Fair Value Measurement' requires the company to classify fair value measurements and fair value hierarchy that reflects the significance of the inputs used in making the measurements of fair value hierarchy has the following levels:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1)
- Inputs other than quoted prices included within level 1 that are observable for the asset either directly (that is, derived from prices) (Level 2)- Inputs for the asset or liability that are not based on observable market data (that is, unadjusted) inputs (Level 3)

Transfer between levels of the fair value hierarchy are recognised at the end of the reporting period during which the changes have occurred.

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

31 December 2015	Note	Carrying amount				Fair value			
		Trade and other receivables	Cash and cash equivalents	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
		Rupees							
Financial assets - measured at fair value		-	-	-	-	-	-	-	-
Financial assets - not measured at fair value									
Security deposits		1,032,686	-	-	1,032,686	-	-	-	-
Trade debts	20	37,729,967	-	-	37,729,967	-	-	-	-
Deposits and other receivables	22	9,800,909	-	-	9,800,909	-	-	-	-
Due from Associated Companies	23	2,025,419	-	-	2,025,419	-	-	-	-
Cash and bank balances	25	-	52,960,265	-	52,960,265	-	-	-	-
		50,588,981	52,960,265	-	103,549,246	-	-	-	-
Financial liabilities - measured at fair value		-	-	-	-	-	-	-	-
Financial liabilities - not measured at fair value									
Liabilities against assets subject to finance lease	8	-	-	73,471,655	73,471,655	-	73,471,655	-	73,471,655
Short term borrowings	10	-	-	1,125,089,693	1,125,089,693	-	1,125,089,693	-	1,125,089,693
Trade and other payables	12	-	-	342,091,591	342,091,591	-	-	-	-
Accrued finance cost	13	-	-	28,971,814	28,971,814	-	-	-	-
		-	-	1,569,624,753	1,569,624,753	-	1,198,561,348	-	1,198,561,348

39.3 Capital risk management

The Company's prime objective when managing capital is to safeguard its ability to continue as a going concern so that it can continue to provide returns for shareholders, benefits for other stakeholders and to maintain a strong capital base to support the sustained development of its business.

The Company manages its capital structure by monitoring return on net assets and makes adjustments to it in the light of changes in economic conditions. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividend paid to shareholders and / or issue new shares.

There was no change to the Company's approach to capital management during the period. The Company is not subject to externally imposed capital requirements except for the maintenance of debt to equity ratio and financial ratios under the financing agreements.

40. Information about operating segments

For management purposes, the activities of the Company have been organised in one operating segment consisting of toned milk, milk powder, fruit juices, allied dairy and food products. The Company operates in the said reportable operating segment based on nature of products, risks and return, organizational and management structure and internal financial reporting systems. Accordingly, the figures reported in these financial statements relate to the Company's only reportable segment.

The operating interests of the Company are confined to Pakistan in terms of production areas and customers. Accordingly, the figures reported in these financial statements relate to the Company's only reportable segment relating to Pakistan.

The Company does not have any customer having sales of 10% or more during the period ended 31 December 2015 and year ended 30 June 2015.

41. Date of authorization of issue

These financial statements were authorized for issue on 25 January, 2016 by the board of directors of the Company.

42. Events after the balance sheet date

There are no subsequent events occurring after balance sheet date.

43. Corresponding figures

Corresponding figures have been re-arranged and re-classified, wherever necessary, for the purposes of comparison and better presentation as per reporting framework. However, following significant re-arrangements have been made.

(i) Reclassification of raw and packing material amounting to Rs 90.82 million previously included in 'Stores' - Stores, spares and loose tools.

(ii) Provision for claims amounting to Rs 17 million in Trade debts as at 30 June 2015 has been reclassified to Trade and other payables. Further, the related expense has also been reclassified from Other expenses to Distribution cost.

(iii) Provision for accumulated compensated absences amounting to Rs 10.05 million previously included in Accrued expenses has been reclassified as Employee benefits.

Lahore	Chairman	Chief Executive	Director

FORM OF PROXY

Registered Folio No./
CDC Account No. ____________

I/We ____
(NAME)

of ____

being a member of NOON PAKISTAN LIMITED, hereby appoint

____
(NAME)

of ____
(Address)

or failing him ____
(NAME)

of ____
(Address)

(also being a member of the Company) as my/our proxy to attend, act and vote for me / us and on my/our behalf at the 49th Annual General Meeting of the Company to be held at Pearl Continental Hotel, Lahore on Thursday, 10 March, 2016 at 11:00 a.m. and at any adjournment thereof.

As witness my hand this. ____________ Day of ____________ 2016.

____
Signature of Shareholder

Revenue Stamp

Witness 1	**Witness 2**
Signature ____________	Signature ____________
Name ____________	Name ____________
Address ____________	Address ____________
____________	____________
CNIC	CNIC

Note: Proxies, in order to be effective must reach the Company's Registered office not less than 48 hours before the time for holding the meeting and must be duly stamped, signed and witnessed. Proxies of the Members through CDC shall be accompanied with attested copies of their CNIC.

SECP's Circular No. 1 dated January 26th, 2000 is on the reverse side of the form.

SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN
State Life Building 7, Blue Area, Islamabad

January 26, 2000

Circular No. 1 of 2000

Sub: <u>GUIDELINES FOR ATTENDING GENERAL MEETINGS AND APPOINTMENT OF PROXIES</u>

The shares of a number of listed companies are now being maintained as "book entry Security" on the Central Depository System (CDS) of the Central Depository Company of Pakistan Limited (CDC). It has come to the notice of the Commission that there is some confusion about the authenticity of relevant documents in the matter of beneficial owners of the shares registered in the name of CDC for purposes of attending the general meetings and for verification of instruments of proxies. The issue has been examined and pending the further instruction to be issued in this regard, the following guideline for the convenience of the listed companies and the beneficial owners are laid down:

A. <u>Attending of meeting in person by account holders and / or sub-account holders and persons whose securities are in group account and their registration details are uploaded to CDS:</u>

(1) The Company shall obtain list of beneficial owners from the CDC as per Regulation # 12.3.5 of the CDC Regulations.

(2) In case of individuals, the account holder or sub-account holder and / or the person whose securities are in group account and their registration details are up-loaded as per the Regulations, shall authenticate his identity by showing his original Computerized National Identity Card (CNIC) or original passport at the time of attending the meeting.

(3) In case of corporate entity, the Board of Directors' resolution / power of attorney with specimen signature of the nominee shall be produced at the time of the meeting.

B. <u>Appointment of Proxies</u>

(1) In case of individual, the account holder or sub-account holder and / or the person whose securities are in group account and their registration details are uploaded as per the Regulations, shall submit the proxy form as per requirement notified by the Company.

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

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

(4) The proxy shall produce his original CNIC or original passport at the time of the meeting.

(5) In case of corporate entity, the Board of Directors' resolution / power of attorney with specimen signature shall be submitted alongwith proxy form to the Company.

Noon Pakistan Limited
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103 A/B, Shahrah-e-Quaid-e-Azam,
Lahore.

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