



Punjab Oil Mills Limited

An ISO 9001 & FSSC 22000 CERTIFIED COMPANY

CANOLIVE®
Premium Cooking Oil



Oliva
Olive Pomace Oil

TRU BRU
PREMIUM ARABICA BLEND & CLARIFIED

FIRST PRESS
NATURELLE
ORGANICALLY REFINED
COOKING OIL

First Quarterly Report

Punjab Oil Mills Limited

For The Period Ended September 30, 2017



Punjab Oil Mills Limited

An ISO 9001 & FSSC 22000 CERTIFIED COMPANY

**“SAY NO TO
CORRUPTION”**

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CORRUPTION”**



PUNJAB OIL MILLS LIMITED

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PUNJAB OIL MILLS LIMITED

COMPANY INFORMATION

BOARD OF DIRECTORS	Mr. Tahir Jahangir Mr. Izaz Ilahi Malik Mr. Usman Ilahi Malik Mr. Jillani Jahangir Mr. Furqan Anwar Batla Syed Tahir Hussain Naqvi Syed Zubair Ahmad Shah	Chairman/Director Managing Director/Chief Executive Officer Executive Director Non-Executive Director (Certified) Non-Executive Director (Certified) Non-Executive Director (Independent) Non-Executive Director (NIT Nominee)
AUDIT COMMITTEE	Syed Tahir Hussain Naqvi Mr. Furqan Anwar Batla Syed Zubair Ahmad Shah Mr. Jillani Jahangir	Chairman Member Member Member
HUMAN RESOURCE & REMUNERATION COMMITTEE	Mr. Jillani Jahangir Mr. Furqan Anwar Batla Syed Tahir Hussain Naqvi Mr. Izaz Ilahi Malik Syed Zubair Ahmad Shah	Chairman Member Member Member Member
CHIEF FINANCIAL OFFICER	Mr. Muhammad Saeed Malik	
COMPANY SECRETARY	Mr. Usman Saleem	
HEAD OF INTERNAL AUDIT	Mr. Zaka Ullah Malik	
AUDITORS	M/s Maqbool Haroon Shahid Safdar & Co. Chartered Accountants	
LEGAL ADVISORS	A.G.H.S Law Associates	
BANKERS	JS. Bank Limited MCB Bank Limited Habib Metropolitan Bank Limited Faysal Bank Limited	
REGISTERED OFFICE/WORKS	Plot No. 26-28, Industrial Triangle, Kahuta Road, Islamabad Tel: 051 -4490017-20, Fax: 051-4490016 & 4492803 Email. corporate@punjaboilmills.com Website: www.punjaboilmills.com	
SHARE REGISTRAR OFFICE	M/s Corplink (Private) Limited Wings Arcade, 1-K, Commercial Model Town, Lahore Tel: 042 -35916714, 35916719 Fax: 042 -35869037 Email. corplink786@yahoo.com	



PUNJAB OIL MILLS LIMITED

Directors' Report

Operating Performance

Sales revenue for the 3 months under review increased by 24.6% compared to the same period last year. This was a combination of both higher prices and higher volumes for period, with higher volumes accounting for bulk of the revenue increase. The volume growth was led by our cooking oil and specialty fats products.

Although we experienced appreciable volume growth, there was a contraction in our gross margins to 15.3% from 16.1% achieved same period last year. This was due to two main factors. Firstly, while the average selling price for our higher margin product lines grew by about 5%, the production cost per unit increased by 6% (led by higher raw material and packing costs). Secondly, the over-all product mix also shifted more towards lower margin products as highest growth in percentage terms came from this segment. Both these effect combined to depress our gross margin by 90 basis points or 0.9 percentage points. The combined effect of higher revenue and lower margin was an 18% growth in gross profits for the first quarter of FY 2018 compared to same period last year.

Operating expenses increased by 24.5% for the period under review. The main contributor to this increase was the salaries and wages head that went up by 34% (excluding Director's remuneration). This increase was a result of annual increments of existing employees as well as hiring of new personnel in the sales function. Sales team has been expanded to introduce new product lines and to a lesser extent further support the older products. This is an investment to further enhance our existing infrastructure to cater for future growth plans and is expected to yield dividends later on. After salary and wages, the other main contributor was advertising expense, which increased by 27.5% for the period.

As a result of growth at the gross level, our operating profits for the period increased by 9.6% from same period last year. At the same time both finance cost and other charges went up by 148% and 9% respectively. While other charges rose due to higher provisioning for WWF and WPPF on higher operating profits, the significant jump in finance cost was due to higher use of Running Finance / FATR for release of import documents in this period as compared to same period last year. Other income also showed an increase of 37%, mainly due to scrap sale and gain on disposal of assets. As a result of the above, our profit before tax increased by 9.2%.

The provisioning for tax was 14.7% higher for the year, despite a negative prior year adjustment to the tune of PKR 3.9mn related to order u/s 124(4)/122(5) for the



PUNJAB OIL MILLS LIMITED

tax year 2009. This increase was a result of higher volume and cost-price of raw material oil purchased in the period; on which both the minimum and final tax liabilities are based.

As a result the company posted a profit after tax of PKR 36.5 million for the 3 months, a 6% increase from the same quarter last year.

Outlook for the Year

Going forward we do not expect a major recovery in margins as raw material and packaging costs will remain on the higher side in the near future, while the market scenario is becoming increasingly competitive. At the same time the percentage growth in lower margins products will lead other products, bringing the over-all margins downwards. However, the increase in volumes is expected to make up for the lower margins to have a net positive impact at the gross level. This impact though will be constrained at the operating level due to expansion of our sales network and further marketing efforts to grow new and existing product lines.

The bulk of our advertisement expense for the full year is also planned for the remaining three quarters, so our operating costs are going to be significantly higher. However, with improved volumes, we are confident that our core products will have a net positive impact on company profits this year.


Acknowledgements

We would like to take this opportunity to thank our customers, suppliers and bankers for their continued support and cooperation towards the progress of the company. We hope that this support would continue in the future as well.

We would also like to thank our dedicated and talented team of executives, staff and workers for the hard work put in during the period. We expect continued efforts from our employees to achieve even better results in the next three months.

Islamabad:
Date: October 26, 2017

For & on behalf of the board


(IZZAT ILAHI MALIK)
CHIEF EXECUTIVE



PUNJAB OIL MILLS LIMITED

CONDENSED INTERIM BALANCE SHEET AS AT SEPTEMBER 30, 2017 (UN-AUDITED)

	IST QUARTER ENDED 30.09.2017 RUPEES	YEAR ENDED 30.06.2017 RUPEES
	Un-audited	Audited
EQUITY AND LIABILITIES		
SHARE CAPITAL AND RESERVES		
Authorized share capital		
10,000,000 (2017: 10,000,000) ordinary shares of Rs. 10/- each	100,000,000	100,000,000
Issued, subscribed and paid-up capital	53,906,520	53,906,520
Capital reserves	23,137,159	23,137,159
Revenue reserves	695,307,557	656,252,720
	772,351,236	733,296,399
Surplus on revaluation of property, plant and equipment	406,237,553	408,813,843
NON CURRENT LIABILITIES		
Deferred liabilities	88,775,044	86,700,393
CURRENT LIABILITIES		
Trade & other payables	507,423,409	506,591,996
Short term borrowings	49,907,066	94,451,275
Accrued mark up	176,192	182,741
Unclaimed dividend	6,155,045	6,226,888
Provision for taxation	238,515,911	214,769,904
	802,177,623	822,222,804
Contingencies & Commitments	-	-
	2,069,541,456	2,051,033,439
ASSETS		
NON CURRENT ASSETS		
Tangible Fixed Assets		
Property, plant and equipment	643,975,400	607,482,749
Capital work in progress	14,550,781	47,421,578
	658,526,181	654,904,327
Investment in Associates	-	-
Long term deposits	21,887,500	20,387,500
CURRENT ASSETS		
Stores, spare parts and loose tools	137,949,883	122,374,844
Stock in trade	401,907,754	301,118,698
Trade debts	569,154,225	674,446,289
Loans and advances	31,905,802	28,619,513
Trade deposits and short term prepayments	11,996,390	14,664,168
Other receivables	1,665,143	1,382,642
Advance income tax	212,138,013	183,177,827
Cash and bank balances	22,410,565	49,957,631
	1,389,127,775	1,375,741,612
	2,069,541,456	2,051,033,439

The annexed notes form an integral part of these interim condensed financial information.

CHAIRMAN / DIRECTOR

CHIEF EXECUTIVE OFFICER



PUNJAB OIL MILLS LIMITED

CONDENSED INTERIM PROFIT & LOSS ACCOUNT (UN-AUDITED) FOR THE FIRST QUARTER ENDED SEPTEMBER 30, 2017

	IST QUARTER ENDED 30.09.2017 RUPEES	IST QUARTER ENDED 30.09.2016 RUPEES
Sales - net	1,026,939,617	824,436,125
Cost of sales	870,295,620	691,611,185
Gross profit	156,643,997	132,824,940
Operating Expenses		
Selling and distribution cost	59,768,362	46,429,546
Administrative expenses	32,796,584	27,925,309
	92,564,946	74,354,855
Operating profit	64,079,051	58,470,085
Finance cost	1,056,461	425,766
Other operating charges	4,740,656	4,338,137
	5,797,117	4,763,903
	58,281,934	53,706,182
Other operating income	1,942,620	1,421,395
Profit before taxation	60,224,554	55,127,577
Taxation	23,746,007	20,702,141
Profit after Taxation	36,478,547	34,425,436
Earnings per share - Basic and diluted	6.77	6.38

The annexed notes form an integral part of these interim condensed financial information.

CHAIRMAN / DIRECTOR

CHIEF EXECUTIVE OFFICER



PUNJAB OIL MILLS LIMITED

CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME(UN-AUDITED) FOR THE FIRST QUARTER ENDED SEPTEMBER 30, 2017

	IST QUARTER ENDED 30.09.2017 RUPEES	IST QUARTER ENDED 30.09.2016 RUPEES
Profit after Taxation	36,478,547	34,425,436
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	36,478,547	34,425,436

The annexed notes form an integral part of these interim condensed financial information.

CHAIRMAN / DIRECTOR

CHIEF EXECUTIVE OFFICER



PUNJAB OIL MILLS LIMITED

CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED) FOR THE FIRST QUARTER ENDED SEPTEMBER 30, 2017

	IST QUARTER ENDED 30.09.2017 RUPEES	IST QUARTER ENDED 30.09.2016 RUPEES
CASH FLOW FROM OPERATING ACTIVITIES		
Profit for the period before taxation	60,224,554	55,127,577
Adjustments for following items:		
Workers' profit participation fund	3,237,879	2,963,848
Workers' welfare fund	1,295,152	1,185,539
Gain on disposal of property, plant & equipment	(365,970)	(5,582)
Provision for gratuity	2,074,651	2,152,122
Depreciation	8,216,403	7,466,316
Finance cost	1,056,461	425,766
	<u>15,514,576</u>	<u>14,188,009</u>
Operating Profit before Working Capital Changes	75,739,130	69,315,586
(Increase)/Decrease in Current Assets:		
Stores, spare parts and loose tools	(15,575,039)	2,805,076
Stock in trade	(100,789,056)	(96,869,402)
Trade debts	105,292,064	177,340,857
Loan and advances	(3,286,289)	(4,808,172)
Trade deposits and short term prepayments	2,667,778	3,765,143
Other receivables	(282,501)	291,836
	<u>(11,973,043)</u>	<u>82,525,338</u>
Increase / (Decrease) in Current Liabilities:		
Trade & other payable	(3,701,618)	(101,392,007)
Cash Generated from Operations	<u>60,064,469</u>	<u>50,448,917</u>
Workers' Profit Participation fund paid	-	-
Workers' Welfare Fund Paid	-	-
Staff retirement benefits Paid	-	-
Finance Cost Paid	(1,063,010)	(376,096)
Income Tax Paid	(28,960,186)	(24,380,371)
Dividend Paid	(71,843)	(169,307)
	<u>(30,095,039)</u>	<u>(24,925,774)</u>
Net Cash Generated from operating activities	29,969,430	25,523,143
CASH FLOW FROM INVESTING ACTIVITIES		
Fixed capital expenditure	(5,551,525)	(5,784,899)
Proceeds from disposal of property, plant & equipment	575,000	11,000
Capital work in progress	(6,495,762)	(2,897,037)
Long term deposits	(1,500,000)	-
Net Cash Flow used in investing activities	(12,972,287)	(8,670,936)
CASH FLOW FROM FINANCING ACTIVITIES		
Short term borrowings	(44,544,209)	(23,466,586)
Net Cash Flow from Financing Activities	<u>(44,544,209)</u>	<u>(23,466,586)</u>
Net Increase/(decrease) in Cash and Cash Equivalents	(27,547,066)	(6,614,379)
Cash and Cash Equivalents at the beginning of the period	49,957,631	166,704,058
Cash and Cash Equivalents at the end of the period	<u>22,410,565</u>	<u>160,089,679</u>

The annexed notes form an integral part of these interim condensed financial information.

CHAIRMAN / DIRECTOR

CHIEF EXECUTIVE OFFICER



PUNJAB OIL MILLS LIMITED

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY(UN-AUDITED) FOR THE FIRST QUARTER ENDED SEPTEMBER 30, 2017

	(RUPEES)				
	SHARE CAPITAL	CAPITAL RESERVES	REVENUE RESERVES	ACCUMULATE D PROFIT	TOTAL
Balance as at July 01,2016	53,906,520	23,137,159	8,600,000	568,955,826	654,599,505
Total Comprehensive Income for the period					
Profit for the period ended September 30,2016	-	-	-	34,425,436	34,425,436
Transfer from surplus on revaluation of property, plant and equipment	-	-	-	2,043,761	2,043,761
Balance as at September 30,2016	53,906,520	23,137,159	8,600,000	605,425,023	691,068,702
Balance as at July 01,2017	53,906,520	23,137,159	8,600,000	647,652,720	733,296,399
Total Comprehensive Income for the period					
Profit for the period ended September 30,2017	-	-	-	36,478,547	36,478,547
Transfer from surplus on revaluation of property, plant and equipment	-	-	-	2,576,290	2,576,290
Balance as at September 30,2017	53,906,520	23,137,159	8,600,000	686,707,557	772,351,236

The annexed notes form an integral part of these interim condensed financial information.


CHAIRMAN / DIRECTOR


CHIEF EXECUTIVE OFFICER



PUNJAB OIL MILLS LIMITED

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION FOR THE FIRST QUARTER ENDED SEPTEMBER 30, 2017 (UN-AUDITED)

1. LEGAL STATUS AND OPERATIONS

Punjab Oil Mills ('the company') was incorporated in Pakistan as a Public Limited Company. Its shares are quoted on Pakistan Exchange Limited. Its is mainly engaged in the manufacturing and sale of Ghee, Cooking Oil, Specialty Fats and laundry Soap.

2. BASIS OF PREPARATION

This condensed interim financial information is un-audited and has been prepared in accordance with the requirements of International Financial Reporting Standard (IFRS) IAS 34 as applicable in Pakistan. This Condensed interim financial information and disclosures required for full annual financial statements, and should be read in conjunction with the financial statements of the Company for the year ended June 30, 2017.

This condensed interim financial information is being submitted to the shareholders as required by the listing regulations of Pakistan Stock Exchange limited and Section 245 of the Companies ordinance, 1984.

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies and method of computation which have been used in the preparation of this condensed interim financial information are the same as those applied in the preparation of the financial statements for the preceding year ended June 30, 2017.

4. DATE OF AUTHORIZATION FOR ISSUE

This condensed interim financial information was authorized for issue on October 26, 2017 by the board of directors of the Company.

5. GENERAL

- Figures have been rounded off to the nearest rupee, unless otherwise stated.
- Comparative figures have been rearranged and reclassified, where necessary, for the purpose of better presentation and comparisons.

CHAIRMAN / DIRECTOR

CHIEF EXECUTIVE OFFICER



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