



Half Yearly Report

Punjab Oil Mills Limited

For The Half Year Ended December 31, 2017

Punjab Oil Mills Limited

An ISO 9001 & FSSC 22000 CERTIFIED COMPANY

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Premium Cooking Oil



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Plot No. 26-28, Industrial Triangle, Kahuta Road, Islamabad.
Tel: 051-4490017-20 Fax: 051-4490016 & 4492803
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Website: www.punjaboilmills.com



Punjab Oil Mills Limited

An ISO 9001 & FSSC 22000 CERTIFIED COMPANY

**“SAY NO TO
CORRUPTION”**



PUNJAB OIL MILLS LIMITED

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PUNJAB OIL MILLS LIMITED

COMPANY INFORMATION

BOARD OF DIRECTORS

Mr. Tahir Jahangir	Chairman/Director
Mr. Izaz Ilahi Malik	Managing Director/Chief Executive Officer
Mr. Usman Ilahi Malik	Executive Director
Mr. Jillani Jahangir	Non-Executive Director (Certified)
Mr. Furqan Anwar Batla	Non-Executive Director (Certified)
Syed Tahir Hussain Naqvi	Non-Executive Director (Independent)
Mr. Firasat Ali	Non-Executive Director (NIT Nominee)

AUDIT COMMITTEE

Syed Tahir Hussain Naqvi	Chairman
Mr. Furqan Anwar Batla	Member
Mr. Firasat Ali	Member
Mr. Jillani Jahangir	Member

HUMAN RESOURCE & REMUNERATION COMMITTEE

Mr. Jillani Jahangir	Chairman
Mr. Furqan Anwar Batla	Member
Syed Tahir Hussain Naqvi	Member
Mr. Izaz Ilahi Malik	Member
Mr. Firasat Ali	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

AUDITORS' REPORT TO THE MEMBERS ON REVIEW OF CONDENSED INTERIM FINANCIAL INFORMATION

Introduction

We have reviewed the accompanying condensed interim balance sheet of "Punjab Oil Mills Limited" ("the Company") as at 31 December 2017 and the related condensed interim profit and loss account, condensed interim statement of comprehensive income, condensed interim cash flow statement, condensed interim statement of changes in equity and notes to the financial information for the six months period then ended (here-in-after referred to as the "condensed interim financial information"). Management of the Company is responsible for the preparation and presentation of this condensed interim financial information in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on this condensed interim financial information based on our review. The figures of the condensed interim profit and loss account and condensed interim statement of comprehensive income for the quarters ended 31 December 2017 and 31 December 2016 have not been reviewed, as we are required to review only the cumulative figures for the six months period ended 31 December 2017.

Scope of Review

We conducted our review in accordance with the International Standard on Review Engagements 2410, "Review of Interim Financial Information performed by the Independent Auditor of the Entity". A review of condensed interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed interim financial information as at and for the six months period ended 31 December 2017 is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting.

Lahore:
Date: 27 February 2018

Maqbool Haroon Shahid Safdar & Co
Chartered Accountants
Muhammad Safdar



PUNJAB OIL MILLS LIMITED

DIRECTORS' REPORT

Operating Performance

Sales revenue for the six months under review showed a healthy increase of 15% compared to the same period last year. This can be considered a continuation of the increasing trend seen in the first quarter, albeit at a slower rate as revenue increased by 9% in the 2nd quarter. The bulk of this increase can be attributed to higher volumes for the period, and to a lesser extent to higher average prices. Cooking oil and specialty fats products were mainly responsible for this improved performance.

Gross margins for the quarter and the half year were unchanged from the previous half-year at around 16%. However, this was a recovery from the 1st quarter of this fiscal year, for which period our gross margin was 15.3%. As such, compared to same period last year, consistent margins and top-line growth led to a 15% increase in gross profit for the period under review.

Operating expenses increased by 30% for the half-year. The main reason for this increase was higher expense on salaries and wages, driven by both annual increments as well as new hiring to manage the increasing complexity of our processes and also to build up the sales force to introduce new products in the market and grow sales of existing product lines. The second largest contributor to the increase in selling costs was advertisement. However, most advertisement expense is controlled and planned, and we aim to stay within the budgeted amounts for the year.

Due to higher operating expenses, our operating profit for the year remained at about the same level as same period last year, despite growth in gross profits.

Other charges the marginally declined from last year, mostly because provisions based on operating profits did not change much from previous period. However, finance charges continued their upwards trend and increased by 165% for the period. This was mainly on account of mark-up on short term borrowings, that increased steeply this period due to higher use of bank financing to build inventories of raw material oil at better available rates. Combined with a 47% fall in other income, mainly due to lower profit on bank deposits, this led to a 3% decline in profit before tax.

At the net level, though profit before tax declined by 3%, a higher provision for taxation accentuated the fall in profit after tax to 11% for the 6 months under review.



PUNJAB OIL MILLS LIMITED

The tax bill was up this year due to increased buying of oil to support higher production as well as higher price of oil and the fact that the tax liability is calculated from raw material oil purchases.

As a result the company posted a profit after tax of PKR 94.1 million for the 6 months.

Outlook for the Year

We expect the sales growth experienced in the first two 2 quarters to continue for the rest of the year, and we aim to close the year with net growth in sales volume and sales revenue. However, at the same time our margins at the gross level will likely come under pressure due to raw material costs increasing faster as compared to our average selling prices. Increasing competition has constrained our ability to increase prices at the same rate as cost inflation.

The bulk of our advertisement expense for the full year is also planned for the remaining two quarters in conjunction with Ramzan promotions; so our operating costs are going to be significantly higher.

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 six months.

Last, but not the least, the management is grateful to the board for their continued support and invaluable guidance during these challenging times.

For & on behalf of the board

Islamabad:
Date: 27 February 2018


CHIEF EXECUTIVE OFFICER



PUNJAB OIL MILLS LIMITED

CONDENSED INTERIM BALANCE SHEET AS AT 31 DECEMBER 2017

	Note	31-Dec. 17 Rupees Un-audited	30-Jun. 17 Rupees Audited
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized share capital			
10,000,000 (30 June 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
5,390,652 (30 June 2017: 5,390,652) ordinary shares of Rs. 10/- each			
Capital reserves		23,137,159	23,137,159
Revenue reserves		735,672,029	656,252,720
		812,715,708	733,296,399
Surplus on revaluation of property, plant and equipment		401,943,422	408,813,843
NON CURRENT LIABILITIES			
Deferred liabilities		90,849,695	86,700,393
CURRENT LIABILITIES			
Trade and other payables		545,410,693	506,591,996
Short term borrowings		101,536,908	94,451,275
Accrued mark up		619,535	182,741
Unclaimed dividend		7,519,773	6,226,888
Provision for taxation		170,549,031	214,769,904
		825,635,940	822,222,804
Contingencies and commitments	5	-	-
		2,131,144,765	2,051,033,439
ASSETS			
NON CURRENT ASSETS			
Tangible fixed assets:			
Property, plant and equipment	6	646,644,842	607,482,749
Capital work in progress		8,666,016	47,421,578
		655,310,858	654,904,327
Long term deposits		23,387,500	20,387,500
CURRENT ASSETS			
Stores, spare parts and loose tools		132,150,515	122,374,844
Stock in trade		472,096,509	301,118,698
Trade debts		615,186,205	674,446,289
Loans and advances- secured and considered good		39,337,987	28,619,513
Trade deposits and short term prepayments		15,671,850	14,664,168
Other receivables		1,761,951	1,382,642
Tax refund due from government		142,667,804	183,177,827
Cash and bank balances		33,573,586	49,957,631
		1,452,446,407	1,375,741,612
		2,131,144,765	2,051,033,439

The annexed notes from 01 to 11 form an integral part of this condensed interim financial information.

CHAIRMAN / DIRECTOR

CHIEF EXECUTIVE OFFICER



PUNJAB OIL MILLS LIMITED

CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED)
FOR THE HALF YEAR AND QUARTER ENDED 31 DECEMBER 2017

	Six months period ended		Three months period ended		
	31-Dec. 17	31-Dec. 16	31-Dec. 17	31-Dec. 16	
Note	Rupees	Rupees	Rupees	Rupees	
Sales - net	2,302,472,054	1,994,115,687	1,275,532,437	1,169,679,562	
Cost of sales	1,931,007,856	1,671,587,129	1,060,712,236	979,975,944	
Gross profit	371,464,198	322,528,558	214,820,201	189,703,618	
Operating expenses					
Selling and distribution cost	143,989,734	105,090,684	84,221,372	58,661,138	
Administrative expenses	70,103,549	59,820,981	37,306,965	31,895,672	
	214,093,283	164,911,665	121,528,337	90,556,810	
Operating profit	157,370,915	157,616,893	93,291,864	99,146,808	
Finance cost	3,731,225	1,407,108	2,674,764	981,342	
Other operating charges	11,328,696	11,652,289	6,588,040	7,314,152	
	15,059,921	13,059,397	9,262,804	8,295,494	
	142,310,994	144,557,496	84,029,060	90,851,314	
Other income	2,480,416	4,676,351	537,796	3,254,956	
Profit before taxation	144,791,410	149,233,847	84,566,856	94,106,270	
Taxation	50,679,914	43,159,515	26,933,907	22,457,374	
Profit after taxation	94,111,496	106,074,332	57,632,949	71,648,896	
Earnings per share - Basic and diluted	7	17.46	19.68	10.69	13.29

The annexed notes from 01 to 11 form an integral part of this condensed interim financial information.


CHAIRMAN / DIRECTOR


CHIEF EXECUTIVE OFFICER



PUNJAB OIL MILLS LIMITED

CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED) FOR THE HALF YEAR AND QUARTER ENDED 31 DECEMBER 2017

	Note	Six months period ended 31-Dec. 17 Rupees	31-Dec. 16 Rupees	Three months period ended 31-Dec. 17 Rupees	31-Dec. 16 Rupees
Profit after taxation		94,111,496	106,074,332	57,632,949	71,648,896
Other comprehensive income for the period		-	-	-	-
Total comprehensive income for the period		<u>94,111,496</u>	<u>106,074,332</u>	<u>57,632,949</u>	<u>71,648,896</u>

The annexed notes from 01 to 11 form an integral part of this condensed interim financial information.

CHAIRMAN / DIRECTOR

CHIEF EXECUTIVE OFFICER



PUNJAB OIL MILLS LIMITED

CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED) FOR THE HALF YEAR ENDED 31 DECEMBER 2017

	Note	31-Dec. 17 Rupees	31-Dec. 16 Rupees
CASH FLOW FROM OPERATING ACTIVITIES			
Profit for the period before taxation		144,791,410	149,233,847
Adjustments for following non-cash items:			
Workers' profit participation fund		7,799,349	8,046,119
Workers' welfare fund		3,114,097	3,209,795
Gain on disposal of property, plant and equipment		(365,970)	(765,656)
Provision for staff retirement benefits		4,149,302	4,304,244
Depreciation		17,580,421	15,243,217
Finance cost		3,731,225	1,407,108
		<u>36,008,424</u>	<u>31,444,827</u>
Operating profit before working capital changes		180,799,834	180,678,674
(Increase)/decrease in current assets:			
Stores, spare parts and loose tools		(9,775,671)	(4,199,260)
Stock in trade		(170,977,811)	(172,984,633)
Trade debts		59,260,084	69,381,572
Loan and advances		(10,718,474)	2,343,422
Trade deposits and short term prepayments		(1,007,682)	2,614,387
Other receivables		(379,309)	(363,348)
		<u>(133,598,863)</u>	<u>(103,207,860)</u>
Increase/(decrease) in current liabilities:			
Trade and other payables		39,301,763	(72,335,162)
Cash generated from operations		<u>86,502,734</u>	<u>5,135,652</u>
Workers' profit participation fund paid		(11,678,645)	(12,253,655)
Staff retirement benefits paid		-	(455,000)
Finance cost paid		(3,012,298)	(960,923)
Income tax paid		(54,390,764)	(46,022,245)
Dividend paid		(20,269,723)	(36,912,591)
		<u>(89,351,430)</u>	<u>(96,604,414)</u>
Net cash used in operating activities		(2,848,696)	(91,468,762)
CASH FLOW FROM INVESTING ACTIVITIES			
Fixed capital expenditure		(6,740,193)	(16,729,256)
Capital work in progress		(11,455,789)	(13,010,393)
Proceeds from disposal of property, plant and equipment		575,000	2,158,058
Long term deposits		(3,000,000)	(1,500,000)
Net cash used in investing activities		(20,620,982)	(29,081,591)
CASH FLOW FROM FINANCING ACTIVITIES			
Short term borrowings		7,085,633	(14,148,746)
Net cash flow from/(used in) financing activities		7,085,633	(14,148,746)
Net decrease in cash and cash equivalents		(16,384,045)	(134,699,099)
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		33,573,586	32,004,959

The annexed notes from 01 to 11 form an integral part of this condensed interim financial information.

CHAIRMAN / DIRECTOR

CHIEF EXECUTIVE OFFICER



PUNJAB OIL MILLS LIMITED

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED) FOR THE HALF YEAR ENDED 31 DECEMBER 2017

	Share Capital	Capital reserves	Revenue Reserves		(Rupees)
			General reserves	Accumulated profit	Total
Balance as at 01 July 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 half year ended 31 December 2016	-	-	-	106,074,332	106,074,332
Remeasurements of defined benefit plans	-	-	-	-	-
	-	-	-	106,074,332	106,074,332
Transfer from surplus on revaluation of property, plant and equipment on account of - Incremental depreciation - net of deferred tax	-	-	-	4,221,911	4,221,911
Transaction with owners recorded directly in equity - Distributions					
70% final dividend paid during the period	-	-	-	(37,734,564)	(37,734,564)
Balance as at 31 December 2016	53,906,520	23,137,159	8,600,000	641,517,505	727,161,184
Total comprehensive income for the period:					
Profit for the half year ended 30 June 2017	-	-	-	37,702,738	37,702,738
Remeasurements of defined benefit plans	-	-	-	(2,776,428)	(2,776,428)
	-	-	-	34,926,310	34,926,310
Transfer from surplus on revaluation of property, plant and equipment on account of - Incremental depreciation - net of deferred tax	-	-	-	3,552,817	3,552,817
Transaction with owners recorded directly in equity - Distributions					
60 % interim dividend paid during the period	-	-	-	(32,343,912)	(32,343,912)
Balance as at 01 July 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 half year ended 31 December 2017	-	-	-	94,111,496	94,111,496
Remeasurements of defined benefit plans	-	-	-	-	-
	-	-	-	94,111,496	94,111,496
Transfer from surplus on revaluation of property, plant and equipment on account of - Incremental depreciation - net of deferred tax	-	-	-	6,870,421	6,870,421
Transaction with owners recorded directly in equity - Distributions					
40 % final dividend paid during the period	-	-	-	(21,562,608)	(21,562,608)
Balance as at 31 December 2017	53,906,520	23,137,159	8,600,000	727,072,029	812,715,708

The annexed notes from 01 to 11 form an integral part of this condensed interim financial information.


CHAIRMAN / DIRECTOR


CHIEF EXECUTIVE OFFICER



PUNJAB OIL MILLS LIMITED

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION FOR THE HALF YEAR ENDED 31 DECEMBER 2017

1 LEGAL STATUS AND OPERATIONS

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

2 BASIS OF PREPARATION

During the year, the Companies Act 2017 (the Act) has been promulgated, however, Securities and Exchange Commission of Pakistan vide its circular no. 23 of 2017 dated 04 October 2017 in continuation of circular no. 17 of 2017 dated 20 July 2017 communicated that the Commission has decided that companies whose financial year closes on or before 31 December 2017 shall prepare their financial statements in accordance with the provisions of the Companies Ordinance, 1984. Accordingly, this condensed interim financial information is un-audited and has been prepared in accordance with the requirements of International Accounting Standard IAS 34 - 'Interim Financial Reporting' and provisions of and directives issued under the Companies Ordinance, 1984. In case where requirements differ, the provisions of or directives issued under the Companies Ordinance, 1984 have been followed. These condensed interim financial statements do not include all the information required for full annual financial statements and should be read in conjunction with the annual financial statements of the Company for the year ended 30 June 2017. Comparative condensed interim balance sheet is extracted from annual audited financial statements for the year ended 30 June 2017 and comparative condensed profit and loss account, condensed interim statement of comprehensive income, condensed interim statement of changes in equity and condensed interim cash flow statement are stated from un-audited condensed interim financial statements for the six months ended 31 December 2016.

This condensed interim financial information is being submitted to the shareholders as required by the listing regulation of Pakistan Stock Exchange and section 245 of the Companies Ordinance, 1984.

3 SIGNIFICANT ACCOUNTING POLICIES

The accounting policies and method/basis 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 30 June 2017.

4 ACCOUNTING ESTIMATES, JUDGMENTS AND FINANCIAL RISK MANAGEMENT

The preparation of this condensed interim financial information in conformity with approved accounting standards requires management to make estimates, assumptions and used judgments that affect the application of policies and the reported amounts of assets and liabilities and income and expenses. Estimates, assumptions and judgments are continually evaluated and are based on historical experience and other factors, including reasonable expectations of future events. Revisions to accounting estimates are recognized prospectively commencing from the period of revision.

In preparing this condensed interim financial information, the significant judgments made by management in applying the company's accounting policies and the key sources of estimation and uncertainty were the same as those applied to the financial statements as at and for the year ended 30 June 2017.

The Company's financial risk management objectives and policies are consistent with those disclosed in the financial statements as at and for the year ended 30 June 2017.

5 CONTINGENCIES AND COMMITMENTS

5.01 CONTINGENCIES

- a) - The Company challenged "Infrastructure Development Cess" levied under Sindh Finance Act, 1994 (as amended by Sindh (Amendment) Ordinance, 2001) in the Sindh High Court vide Suit No. 463/2003. Initially, Hon'ble Sindh High Court decided the levy of "Infrastructure Development Cess" on the carriage of goods against the Company. The Company has filed an appeal before Supreme Court of Pakistan against the decision of Hon'ble Sindh High Court. Pursuant to direction of Hon'ble court the Company paid 50% of the total amount and for the remaining 50%, the Company has provided bank guarantees amounting to Rs. 32.17 million (30 June 2017: 32.17 million) in favour of Excise and Taxation Authorities. The Company may be contingently liable for payment of the said amount equal to 50% in case of unfavourable decision. However, the management is confident that the ultimate decision shall be in favour of the Company. Therefore, no provision has been made in these financial statements for an amount of Rs. 7.89 million.



PUNJAB OIL MILLS LIMITED

- b) The Taxation Officer of Inland Revenue had issued assessment orders for the tax years 2006 and 2007 incorporating aggregate liability of Income Tax and WWF amounting to Rs. 13,560,823/-. The Company filed an appeal before the Commissioner Income Tax (Appeals) {CIT(A)} against the order of Taxation Officer and the case was decided in favour of the Company. However, tax department filed an appeal in ITAT against the decision of the CIT(A). The matter was again decided in favour of the Company. For tax years 2006 and 2007, department of inland revenue issued notices U/S 122(5A) of the Income Tax Ordinance, 2001. Subsequently, after the initial proceedings and vacation of stay order by Hon'ble court, the department of inland revenue issued assessment order u/s 122(5A) of the Income Tax Ordinance, 2001 creating liability amounting to Rs. 13,560,823/-. The Company filed appeal to CIT(A) against the order and the CIT(A) had decided the case in favour of the Company. The tax department has gone into appeal before the ITAT against this order. The Company as a matter of prudence has not reversed the provision for tax years 2006 and 2007 for an amount of Rs. 13,560,823/- as aggregate liability which was created during the prior years. The management is hopeful that the ultimate decision shall be in favour of the Company.
- c) The Taxation Officer of Inland Revenue had issued assessment order for the tax year 2009 incorporating the liability of Income Tax and WWF and raising demand for payment of Income Tax and WWF amounting to Rs. 448.22 million and Rs. 58.66 million respectively. The Company filed an appeal before the Commissioner Income Tax (Appeals) {CIT(A)} against the order of Taxation Officer and the case was decided in favour of the Company. However, tax department filed an appeal in ITAT against the decision of the CIT(A). However, the management is confident that the ultimate decision shall be in favor of the Company. Therefore, no provision has been made in these financial statements for the said amounts.
- d) The taxation officer of Inland Revenue issued assessment order for the tax year 2009 u/s 122(4) of the Income Tax Ordinance, 2001 creating demand of Rs. 5.35 million. The Company filed appeal before the Commissioner Income Tax (Appeals) {CIT(A)} against the said order of Taxation Officer and the case was decided in favour of the Company. However, tax department filed an appeal before ITAT against the decision of the CIT(A). The Company as a matter of prudence has not reversed the provision for tax year 2009 amounting to Rs. 5.35 million. The management is hopeful that the said demand shall be waived off.
- e) The Taxation officer of Inland Revenue issued order u/s 161/205 of the Income Tax Ordinance, 2001 for the tax year 2009 creating demand of Rs. 1.27 million. The Company filed appeal before the Commissioner Income Tax (Appeals) {CIT(A)} against the said order. CIT(A) maintained the demand of Rs. 614,016 under section 161 which has been paid by the Company whereas the default surcharge of Rs. 633,137 imposed under section 205 was waived off. However, Tax department filed an appeal in ITAT against the decision of the CIT(A). The management is hopeful that the ultimate decision shall be in favour of the Company. However, as a matter of prudence, the management has not reversed provision for Rs. 633,137 in these financial statements.
- f) The Taxation officer of Inland Revenue issued order u/s 122(1) and u/s 122(4) of the Income Tax Ordinance, 2001 for the tax year 2010, 2011 and 2012 creating demand for Rs. 26.57 million. The Company filed appeal against the Commissioner Income Tax (Appeals) {CIT(A)} against the said order and the case was decided in favour of the Company. However, Tax department filed an appeal in ITAT against the decision of the CIT(A). However, as a matter of prudence, the company has not reversed the provision created in previous years. The management is hopeful that the said demand shall be waived off.
- g) The Company has provided bank guarantees amounting to Rs. 4.5 million (30 June 2017: Rs. 4.5 million) and 36.35 million (30 June 2017: Rs. 36.35 million) in favour of Sui Northern Gas Pipelines Limited for industrial use of gas and Excise and Taxation Department respectively.

5.02 COMMITMENTS

Letters of credit other than for capital expenditure as at the balance sheet date amounted to Rs. 141.28 million (30 June 2017: Rs. 106.36 million).

6 PROPERTY, PLANT AND EQUIPMENT	Note	31-Dec. 17	30-Jun. 17
		Rupees Un-audited	Rupees Audited
Opening balance (WDV)		607,482,749	416,109,376
Add: Additions during the period / year	6.01	6,740,193	30,353,018
Add: Surplus on revaluation during the period / year		-	185,868,862
Less: Book value of deletions during the period / year		209,030	2,142,987
Add: Transfer from capital work in progress		50,211,351	10,040,558
		664,225,263	640,228,827
Less: Depreciation charged for the period / year		17,580,421	32,746,078
Closing balance (WDV)		646,644,842	607,482,749



PUNJAB OIL MILLS LIMITED

6.01 Detail of additions during the period / year	Note	31-Dec. 17	30-Jun. 17
		Rupees Un-audited	Rupees Audited
- Plant, machinery and equipment		2,571,774	7,833,774
- Laboratory equipment		-	4,346,772
- Office equipment		-	2,203,742
- Furniture and fixture		1,318,419	781,730
- Owned vehicles		2,850,000	15,187,000
		<u>6,740,193</u>	<u>30,353,018</u>

7 EARNINGS PER SHARE - BASIC AND DILUTED

		Six months period ended		Three months period ended	
		31-Dec. 17	31-Dec. 16	31-Dec. 17	31-Dec. 16
Basic Earnings per share:					
Profit after taxation	Rupees	94,111,496	106,074,332	57,632,949	71,648,896
Weighted average number of ordinary shares	Number	5,390,652	5,390,652	5,390,652	5,390,652
Earnings per share - basic and diluted	Rupees	<u>17.46</u>	<u>19.68</u>	<u>10.69</u>	<u>13.29</u>

8 TRANSACTIONS WITH RELATED PARTY

Disclosure of transactions between the company and its related parties:-

Related parties comprise of associated companies, directors and key management personnel. The Company in the normal course of business carries out transactions with various related parties. Details of the transactions with related parties, other than those which have been specifically disclosed elsewhere in these condensed interim financial statements are as follows:

Nature of transaction	Relationship with the company	31-Dec. 17 Rupees	31-Dec. 16 Rupees
Reimbursement of expenses			
Sharing of office expenses			
Hala Enterprises Limited	Associated company	<u>1,341,398</u>	<u>933,844</u>

9 NON-ADJUSTING EVENTS AFTER THE BALANCE SHEET DATE

The Board of Directors in its meeting held on 27 February 2018 declared the issuance of bonus shares @ NIL and interim cash dividend @ 55% i.e. Rs. 5.5 Per Share

10 DATE OF AUTHORIZATION FOR ISSUE

This condensed interim financial information was authorized for issue on 27 February 2018 by the board of directors of the Company.

11 GENERAL

- Corresponding figures have been re-arranged, wherever necessary to the facilitation of comparison.
- Figures have been rounded off to the nearest rupee.


CHAIRMAN / DIRECTOR


CHIEF EXECUTIVE OFFICER