



Punjab Oil Mills Limited

An ISO 9001 & FSSC 22000 CERTIFIED COMPANY

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Premium Cooking Oil



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COOKING OIL

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Website: www.punjaboilmills.com

Quarterly Report

Punjab Oil Mills Limited

March 31, 2017 (Un-Audited)

Delivering Performance



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)
Syed Zubair Ahmad Shah	Non-Executive Director (NIT Nominee)

AUDIT COMMITTEE

Syed Tahir Hussain Naqvi	Chairman
Mr. Furqan Anwar Batla	Member
Syed Zubair Ahmad Shah	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
Syed Zubair Ahmad Shah	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 nine months under review showed an increase of 3 % compared to the same period last year. This was a continuation of our recovery from the sales drop in first quarter (due to reasons outlined in our first quarter review) that was initiated by a 12 % increase in revenue for the 2nd quarter due to higher volumes and better prices, and 8 % increase in revenue for the 3rd quarter due to higher prices compared to same periods last year.

Gross margins for the nine months were unchanged from the half-year at 16%. This was, however, a decline from the same period last year. This was mainly because of higher raw material cost for the nine months which was not fully reflected in increase of our product prices. Although raw material prices rose for the period, our ability to pass on the entire quantum of this increase was constrained by our effort to maintain market share as over-all market prices did not increase as anticipated. This was partly due to the price regulations in Punjab and partly due to more aggressive pricing by our key competitors. Consequently the gross profit decline by 13 % for the 9 months under review.

Operating expenses increased by 5 % for the period under review. Due to the decrease at the gross level, this translated to a 29 % reduction in operating profits.

Other charges declined by 28 %, mainly owing to lower provisions for WPPF and WWF due to lower operating profits, while other income went down by 21 % due to a lower figure booked for gain on asset disposal for the period.

At the net level, though profit before tax declined by 29 %, a lower provision for taxation limited the fall in profit after tax to 23 % for the 9 months under review.

Last year company had provided for prior year tax amount of PKR 26.6 million in addition to current taxes. This was on account of tax demand aggregating to PKR 26,570,407 raised by Deputy Commissioner Inland Revenue in respect of Tax years 2010 to 2012. Although the said provision is not being reversed, with no similar provision this year, total taxation came out lower.

As a result the company posted a profit after tax of PKR 147.3 million for the 9 months.



PUNJAB OIL MILLS LIMITED

Outlook for the Year

We expect the sales recovery experienced after the 1st quarter to improve over the last quarter, and we are hopeful of hitting our revenue and volume growth targets by year end.

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

However, as we do expect better volumes, we aim to maintain or improve our gross margins from current levels and meet our year end profit targets.

The industry association, under the leader ship of your company's CEO, is also actively engaging with the Punjab Government to resolve the issue of quality and prices. Although significant progress has been made in controlling quality, the issue of prices still needs more time to resolve, especially with the onset of Ramzan.

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.

Last, but not the least, the management is grateful to the board for its continuing support and invaluable guidance during this period.

For & on behalf of the board

Islamabad:
Date: 29 April, 2017


CHIEF EXECUTIVE OFFICER



PUNJAB OIL MILLS LIMITED

CONDENSED INTERIM BALANCE SHEET (UN-AUDITED) AS AT 31 MARCH, 2017

	31-Mar. 17 Rupees Un-audited	30-Jun. 16 Rupees Audited
EQUITY AND LIABILITIES		
SHARE CAPITAL AND RESERVES		
Authorized share capital		
10,000,000 (30 June 2016: 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 2016: 5,390,652) ordinary shares of Rs. 10/- each		
Capital reserves	23,137,159	23,137,159
Revenue reserves	661,384,722	577,555,826
	738,428,401	654,599,505
Surplus on revaluation of property, plant and equipment	230,236,168	236,811,598
NON CURRENT LIABILITIES		
Deferred liabilities	76,319,388	70,318,023
CURRENT LIABILITIES		
Trade and other payables	420,961,831	509,329,431
Short term borrowings	-	23,466,586
Accrued mark up	14,321	5,761
Unclaimed dividend	25,537,391	4,785,029
Provision for taxation	203,575,998	226,933,698
	650,089,541	764,520,505
Contingencies and commitments	-	-
	1,695,073,498	1,726,249,631
ASSETS		
NON CURRENT ASSETS		
Tangible fixed assets:		
Property, plant and equipment	419,181,584	416,109,376
Capital work in progress	49,528,558	1,833,904
	468,710,142	417,943,280
Investment in associates	-	-
Long term deposits	18,887,500	15,887,500
CURRENT ASSETS		
Stores, spare parts and loose tools	110,566,469	84,111,350
Stock in trade	207,834,897	274,620,950
Trade debts	475,519,983	556,211,362
Loans and advances	61,455,526	27,433,298
Trade deposits and short term prepayments	22,093,925	13,706,283
Other receivables	1,896,697	1,533,506
Advance Income tax	149,939,636	168,098,044
Cash and bank balances	178,168,723	166,704,058
	1,207,475,856	1,292,418,851
	1,695,073,498	1,726,249,631

The annexed notes 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 NINE MONTHS PERIOD ENDED 31 MARCH, 2017

	Nine months period ended		Quarter Ended	
	31-Mar-17	31-Mar-16	31-Mar-17	31-Mar-16
	Rupees	Rupees	Rupees	Rupees
Sales - net	3,129,580,207	3,037,123,510	1,135,464,520	1,053,548,805
Cost of sales	<u>2,631,416,157</u>	<u>2,461,847,057</u>	<u>959,829,028</u>	<u>831,416,266</u>
Gross profit	498,164,050	575,276,453	175,635,492	222,132,539
Operating Expenses				
Selling and distribution cost	183,105,881	180,802,458	78,015,197	81,116,716
Administrative expenses	95,153,486	84,606,056	35,332,505	28,427,333
	<u>278,259,367</u>	<u>265,408,514</u>	<u>113,347,702</u>	<u>109,544,049</u>
Operating profit	219,904,683	309,867,939	62,287,790	112,588,490
Finance cost	2,055,783	2,172,392	648,675	750,822
Other operating charges	16,309,920	22,673,264	4,657,631	8,098,208
	<u>18,365,703</u>	<u>24,845,656</u>	<u>5,306,306</u>	<u>8,849,030</u>
	201,538,980	285,022,283	56,981,484	103,739,460
Other income	6,615,430	8,352,342	1,939,079	1,343,338
Profit before taxation	208,154,410	293,374,625	58,920,563	105,082,798
Taxation	60,822,468	101,658,104	17,662,953	24,251,921
Profit after taxation	<u>147,331,942</u>	<u>191,716,521</u>	<u>41,257,610</u>	<u>80,830,877</u>
Earnings per share - Basic and diluted	<u>27.33</u>	<u>35.56</u>	<u>7.65</u>	<u>14.99</u>

The annexed notes 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 NINE MONTHS & QUARTER ENDED 31 MARCH, 2017

	Nine months period ended		Three months period ended	
	31-Mar. 17	31-Mar-16	31-Mar. 17	31-Mar-16
	Rupees	Rupees	Rupees	Rupees
Profit after taxation	147,331,942	191,716,521	41,257,610	80,830,877
Other comprehensive income for the period	-	-	-	-
Total comprehensive income for the period	<u>147,331,942</u>	<u>191,716,521</u>	<u>41,257,610</u>	<u>80,830,877</u>

The annexed notes 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 NINE MONTHS PERIOD ENDED 31 MARCH, 2017

	31-Mar. 17 Rupees	31-Mar. 16 Rupees
CASH FLOW FROM OPERATING ACTIVITIES		
Profit for the period before taxation	208,154,410	293,374,625
Adjustments for:		
Workers' profit participation fund	11,213,891	15,797,381
Workers' welfare fund	4,476,904	6,309,633
Gain on disposal of property, plant and equipment	(1,440,854)	(2,665,559)
Provision for staff retirement benefits	6,456,365	7,125,665
Provision for bad & doubtful debts	-	-
Depreciation	23,182,896	24,068,764
Finance cost	2,055,783	2,172,392
	<u>45,944,985</u>	<u>52,808,276</u>
Operating profit before working capital changes	254,099,395	346,182,901
(Increase)/decrease in current assets:		
Stores, spare parts and loose tools	(26,455,119)	1,690,932
Stock in trade	66,786,053	(132,912,458)
Trade debts	80,691,379	39,438,313
Loan and advances	(34,022,228)	922,659
Trade deposits and short term prepayments	(8,387,642)	1,926,597
Other receivables	(363,191)	(820,052)
	<u>78,249,252</u>	<u>(89,754,009)</u>
Increase/(decrease) in current liabilities:		
Trade and other payable	(91,925,785)	(69,594,911)
Cash generated from operations	<u>240,422,862</u>	<u>186,833,981</u>
Workers' profit participation fund paid	(12,565,225)	(13,020,288)
Workers' welfare fund paid	-	-
Staff retirement benefits paid	(455,000)	-
Finance cost paid	(1,614,607)	(1,711,593)
Income tax paid	(66,021,760)	(60,374,038)
Dividend paid	(49,326,114)	(67,305,493)
	<u>(129,982,706)</u>	<u>(142,411,412)</u>
Net cash used in operating activities	110,440,156	44,422,569
CASH FLOW FROM INVESTING ACTIVITIES		
Fixed capital expenditure	(28,232,309)	(57,896,436)
Capital work in progress	(47,694,654)	(3,829,348)
Proceeds from disposal of property, plant and equipment	3,418,058	7,150,000
Long term deposits	(3,000,000)	(4,500,000)
Net cash used in investing activities	(75,508,905)	(59,075,784)
CASH FLOW FROM FINANCING ACTIVITIES		
Short term borrowings	(23,466,586)	(15,305,938)
Net cash flow from financing activities	(23,466,586)	(15,305,938)
Increase/ (decrease) in cash and cash equivalents	11,464,665	(29,959,153)
Cash and cash equivalents at the beginning of the period	166,704,058	138,908,456
Cash and cash equivalents at the end of the period	178,168,723	108,949,303

The annexed notes 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 NINE MONTHS PERIOD ENDED 31 MARCH, 2017

	Share capital	Capital reserves	Revenue Reserves		(Rupees)
			General reserves	Accumulated profit	Total
Balance as at 01 July 2015	53,906,520	23,137,159	8,600,000	426,984,684	512,628,363
Profit for the nine months period ended 31 March 2016	-	-	-	191,716,521	191,716,521
Transfer from surplus on revaluation of property, plant and equipment on account of - Incremental depreciation - net of deferred tax	-	-	-	7,049,072	7,049,072
	-	-	-	198,765,593	198,765,593
<i>Transaction with owners recorded directly in equity - Distributions</i>					
70 % final dividend paid for the year 2015	-	-	-	(37,734,564)	(37,734,564)
60 % interim dividend paid for the year 2016	-	-	-	(32,343,912)	(32,343,912)
	-	-	-	(70,078,476)	(70,078,476)
Balance as at 31 March 2016	53,906,520	23,137,159	8,600,000	555,671,801	641,315,480
Balance as at 01 July 2016	53,906,520	23,137,159	8,600,000	568,955,826	654,599,505
Profit for the nine months period ended 31 March 2017	-	-	-	147,331,942	147,331,942
Transfer from surplus on revaluation of property, plant and equipment on account of - Incremental depreciation - net of deferred tax	-	-	-	6,575,430	6,575,430
	-	-	-	153,907,372	153,907,372
<i>Transaction with owners recorded directly in equity - Distributions</i>					
70% final dividend paid for the year 2016	-	-	-	(37,734,564)	(37,734,564)
60% interim dividend paid for the year 2017	-	-	-	(32,343,912)	(32,343,912)
	-	-	-	(70,078,476)	(70,078,476)
Balance as at 31 March 2017	53,906,520	23,137,159	8,600,000	652,784,722	738,428,401

The annexed notes 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 NINE MONTHS PERIOD ENDED 31 MARCH, 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 Stock Exchange Ltd. It is mainly engaged in the manufacturing and sale of Ghee, Cooking Oil, Speciality 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 - 'Interim Financial Reporting' and provisions of and directives issued under the Companies Ordinance, 1984. This condensed interim financial information does not include all of the 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, 2016.

This condensed interim financial information is being submitted to the shareholders as required by the listing regulation of Pakistan Stock Exchange Ltd. 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, 2016.

4 DATE OF AUTHORIZATION FOR ISSUE

This condensed interim financial information was authorized for issue on April 29, 2017 by the board of directors of the Company.

5 GENERAL

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

CHAIRMAN / DIRECTOR

CHIEF EXECUTIVE OFFICER