



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. Muhammad Adeel Baig	
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, I-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 9 months under review showed a healthy increase of 12% compared to the same period last year. This can be considered a continuation and improvement of the trend seen at the half-year mark, with the quartet on quarter (for the Q3) coming in at 13 %. This was a combination of both higher volumes and higher average prices for the period.

Gross margins for period under review came out at 14.3%, a slight improvement from the half-year mark due to better margins of 14.8% achieved for Q3. Although Q3 margin was largely unchanged compared to same quarter last year, the gross margin for the full 9 months declined from last year, a carry-over from the half-yearly results. Consequently, compared to same period last year, top-line growth, off-set by lower margins, led to a 2% increase in gross profit.

If we compare to the first 2 quarters, the above scenario suggests that the profitability of the company is now in recovery after being severely impacted by the rapid devaluation of the rupee starting from last quarter of last year. Operating expenses for the period under review were virtually unchanged from the same period last year. With slightly better gross profit, this led to a 4% improvement in operating profit for the 9 months compared to same period last year.

Other operating charges increased by 4% from last year, mostly because heads based on operating profits increased by the same amount. However, finance charges continued their upwards trend and increased by 70% 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 meet the company's increased cash flow needs and higher interest rates. Combined with a 61% increase in other income, mainly due to higher profit on bank deposits and scrap sale, this led to a 4% increase in profit before tax.

At the net level though, due to 8% higher provisioning of tax, profit after tax only increased by 1% for the period under review compared to same period last year,

The tax bill was up this year due to increased consumption of oil to support higher volumes as well as higher price of oil and the fact that pervious year we had reversed a tax provision of PKR 3.85 million.

As a result the company posted a profit after tax of PKR 126.00 million for the 9 months.



PUNJAB OIL MILLS LIMITED

Outlook for the Year

We expect the sales growth experienced in the first 3 quarters to continue for the rest of the year, and we aim to close the year with net growth in both sales volume and sales revenue. Although the margins have improved over the course of the year, with further anticipated devaluation of the rupee and higher interest rates, our margins will again be under pressure. Increasing competition has constrained our ability to increase prices at the same rate as cost inflation and we are also aiming to push sales by running Ramzan promotions.

The bulk of our advertisement expense for the full year is also planned for the remaining quarter in conjunction with Ramzan promotions; so our operating costs are going to be significantly higher and it is likely the last quarter may not break-even at the operating level.

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 3 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: 25 April, 2019


CHIEF EXECUTIVE OFFICER



PUNJAB OIL MILLS LIMITED

CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION (UN-AUDITED)
AS AT 31 MARCH, 2019

EQUITY AND LIABILITIES	31-Mar-19 Rupees	30-Jun-18 Rupees
SHARE CAPITAL AND RESERVES		
Authorized share capital		
10,000,000 (2018: 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
Surplus on revaluation of property, plant and equipment- net of tax	389,528,507	398,801,925
Revenue reserves	812,588,657	683,800,680
	<u>1,279,160,843</u>	<u>1,159,646,284</u>
NON CURRENT LIABILITIES		
Deferred liabilities	93,154,743	93,038,292
CURRENT LIABILITIES		
Trade and other payables	467,591,931	470,685,311
Short term borrowings	141,938,389	86,314,308
Accrued mark up	708,627	326,325
Unclaimed dividend	7,756,749	7,799,300
Provision for taxation	208,640,152	228,518,660
	826,635,848	793,643,904
Contingencies and commitments	-	-
	<u>2,198,951,434</u>	<u>2,046,328,480</u>
ASSETS		
NON CURRENT ASSETS		
Tangible fixed assets		
Property, plant and equipment	616,440,190	641,196,364
Capital work in progress	24,974,968	3,254,724
	641,415,158	644,451,088
Intangible Assets	13,145,822	-
Long term deposits	30,387,500	26,387,500
CURRENT ASSETS		
Stores, spare parts and loose tools	126,126,655	117,742,127
Stock in trade	408,009,007	332,410,002
Trade debts	659,852,227	639,667,499
Loans and advances	86,757,553	35,766,093
Trade deposits and short term prepayments	16,544,804	15,939,002
Other receivables	2,887,224	1,903,524
Advance income tax	179,990,299	198,041,652
Cash and bank balances	33,835,185	34,019,993
	1,514,002,954	1,375,489,892
	<u>2,198,951,434</u>	<u>2,046,328,480</u>

The annexed notes from an integral part of this condensed interim financial information.


CHAIRMAN / DIRECTOR


CHIEF EXECUTIVE OFFICER



PUNJAB OIL MILLS LIMITED

CONDENSED INTERIM PROFIT OR LOSS ACCOUNT (UN-AUDITED) FOR THE NINE MONTHS PERIOD ENDED 31 MARCH, 2019

	Nine months period ended		Quarter Ended	
	31-Mar-19	31-Mar-18	31-Mar-19	31-Mar-18
	Rupees	Rupees	Rupees	Rupees
Sales - net	3,989,619,427	3,571,380,675	1,438,206,870	1,268,908,621
Cost of sales	3,421,032,573	3,013,119,906	1,225,832,930	1,082,112,050
Gross profit	568,586,854	558,260,769	212,373,940	186,796,571
Operating Expenses				
Selling and distribution cost	210,492,499	229,869,351	81,135,413	85,879,617
Administrative expenses	124,436,378	104,390,141	42,924,739	34,286,592
	334,928,877	334,259,492	124,060,152	120,166,209
Operating profit	233,657,977	224,001,277	88,313,788	66,630,362
Finance cost	11,286,912	6,655,800	3,941,361	2,924,575
Other operating charges	16,742,114	16,153,668	6,328,160	4,824,972
	28,029,026	22,809,468	10,269,521	7,749,547
	205,628,951	201,191,809	78,044,267	58,880,815
Other income	7,945,286	4,944,341	2,995,535	2,463,925
Profit before taxation	213,574,237	206,136,150	81,039,802	61,344,740
Taxation	87,590,895	80,949,535	30,142,543	30,269,621
Profit after taxation	125,983,342	125,186,615	50,897,259	31,075,119
Earnings per share - Basic and diluted	23.37	23.22	9.44	5.76

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, 2019

	Nine months period ended		Three months period ended	
	31-Mar. 19 Rupees	31-Mar. 18 Rupees	31-Mar. 19 Rupees	31-Mar. 18 Rupees
Profit after taxation	125,983,342	125,186,615	50,897,259	31,075,119
Other comprehensive income for the period	-	-	-	-
Total comprehensive income for the period	<u>125,983,342</u>	<u>125,186,615</u>	<u>50,897,259</u>	<u>31,075,119</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, 2019

	31-Mar. 19 Rupees	31-Mar. 18 Rupees
CASH FLOW FROM OPERATING ACTIVITIES		
Profit for the period before taxation	213,574,237	206,136,150
Adjustments for:		
Workers' profit participation fund	11,494,848	11,097,454
Workers' welfare fund	4,593,247	4,433,339
Gain on disposal of property, plant and equipment	(312,014)	(603,203)
Provision for staff retirement benefits	4,720,445	6,223,953
Depreciation	30,657,140	28,317,198
Finance cost	11,286,912	6,655,800
	62,440,578	56,124,541
Operating profit before working capital changes	276,014,815	262,260,691
(Increase)/decrease in current assets:		
Stores, spare parts and loose tools	(8,384,528)	(18,678,176)
Stock in trade	(75,599,005)	(157,972,270)
Trade debts	(20,184,728)	47,405,547
Loan and advances	(50,991,460)	(9,648,163)
Trade deposits and short term prepayments	(605,802)	4,323,512
Other receivables	(983,700)	(517,886)
	(156,749,223)	(135,087,436)
Increase/(decrease) in current liabilities:		
Trade and other payable	(6,047,883)	(28,682,118)
Cash generated from operations	113,217,709	98,491,137
Workers' profit participation fund paid	(9,619,784)	(11,678,645)
Workers' welfare fund paid	(3,748,438)	-
Staff retirement benefits paid	(4,603,994)	-
Finance cost paid	(10,669,980)	(5,531,269)
Income tax paid	(89,418,050)	(83,239,267)
Dividend paid	(6,511,334)	(21,149,024)
	(124,571,580)	(121,598,205)
Net cash used in operating activities	(11,353,871)	(23,107,068)
CASH FLOW FROM INVESTING ACTIVITIES		
Fixed capital expenditure	(6,483,952)	(9,790,208)
Intangible Assets	(13,145,822)	-
Capital work in progress	(21,720,244)	(12,216,878)
Proceeds from disposal of property, plant and equipment	895,000	835,000
Long term deposits	(4,000,000)	(4,500,000)
Net cash used in investing activities	(44,455,018)	(25,672,086)
CASH FLOW FROM FINANCING ACTIVITIES		
Short term borrowings	55,624,081	41,345,620
Net cash flow from financing activities	55,624,081	41,345,620
Increase/ (decrease) in cash and cash equivalents	(184,808)	(7,433,534)
Cash and cash equivalents at the beginning of the period	34,019,993	49,957,631
Cash and cash equivalents at the end of the period	33,835,185	42,524,097

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, 2019

	(Rupees)					
	Ordinary Share capital	Capital reserves	Revaluation Surplus	Revenue Reserves		Total
				General reserves	Accumulated profit	
Balance as at 01 July 2017	53,906,520	23,137,159	408,813,843	8,600,000	647,652,720	1,142,110,242
Total Comprehensive Income for the period.						
Profit for the nine months period ended 31 March 2018	-	-	-	-	125,186,615	125,186,615
Transfer from surplus on revaluation of plant and equipment on account of - Incremental depreciation - net of tax	-	-	(10,133,597)	-	10,133,597	-
<i>Transaction with owners recorded directly in equity - Distributions</i>						
40 % Final Dividend for the year 2017	-	-	-	-	(21,562,608)	(21,562,608)
	-	-	-	-	(21,562,608)	(21,562,608)
Balance as at 31 March 2018	53,906,520	23,137,159	398,680,246	8,600,000	761,410,324	1,245,734,249
Balance as at 01 July 2018	53,906,520	23,137,159	398,801,925	8,600,000	675,200,680	1,159,646,284
Profit for the nine months period ended 31 March 2019	-	-	-	-	125,983,342	125,983,342
Transfer from surplus on revaluation of plant and equipment on account of - Incremental depreciation - net of tax	-	-	(9,273,418)	-	9,273,418	-
<i>Transaction with owners recorded directly in equity - Distributions</i>						
12 % final dividend paid for the year 2018	-	-	-	-	(6,468,783)	(6,468,783)
	-	-	-	-	(6,468,783)	(6,468,783)
Balance as at 31 March 2019	53,906,520	23,137,159	389,528,507	8,600,000	803,988,657	1,279,160,843

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, 2019 (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, Specialty Fats, laundry Soap, Mushroom and Coffee.

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 Act, 2017.

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, 2018.

This condensed interim financial information is being submitted to the shareholders as required by the listing regulation of Pakistan Stock Exchanges and Section 237 of the Companies Act, 2017.

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, 2018.

4- NON-ADJUSTING EVENTS AFTER THE BALANCE SHEET DATE

The Board of Directors in its meeting held on 25 April 2019, declared the issuance of bonus shares @ NIL and interim cash dividend @ 35% i.e. Rs. 3.50 per Share.

5- DATE OF AUTHORIZATION FOR ISSUE

This condensed interim financial information was authorized for issue on April 25, 2019 by the board of directors of the Company.

6- GENERAL

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

CHAIRMAN / DIRECTOR

CHIEF EXECUTIVE OFFICER