PUNJAB OIL MILLS LIMITED

An ISO 9001, 14001, OHSAS 18001, FSSC 22000 & Halal Certified Company

MANUFACTURERS OF

ZAIQA Banaspati | ZAIQA Cooking Oil | CANOLIVE® Premium Cooking Oil | Naturelle® | Oliva Olive Pomace Oil | zathune® Extra Virgin Olive Oil | THE TRUE TASTE OF COFFEE TRU BRU

Contact Information

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PUNJAB OIL MILLS LIMITED

An ISO 9001, 14001, OHSAS 18001, FSSC 22000 & Halal Certified Company

Half year Ended

31 December, 2019

BUILDING A BETTER TOMORROW

"SAY NO TO CORRUPTION"

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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
	Mr. Furqan Anwar Batla	Non-Executive Director
	Mrs. Munizae Jahangir	Non-Executive Director
	Mr. Firasat Ali	Non-Executive Director (Independent)
AUDIT COMMITTEE	Mr. Firasat Ali	Chairman
	Mr. Jillani Jahangir	Member
	Mr. Furqan Anwar Batla	Member
HUMAN RESOURCE & REMUNERATION COMMITTEE	Mr. Jillani Jahangir	Chairman
	Mr. Usman Ilahi Malik	Member
	Mr. Furqan Anwar Batla	Member
	Mrs. Munizae Jahangir	Member
	Mr. Firasat Ali	Member
CHIEF FINANCIAL OFFICER	Mr. Muhammad Saeed Malik	
COMPANY SECRETARY	Mr. Adeel Baig	
HEAD OF INTERNAL AUDIT	Mr. Zaka Ullah Malik	
AUDITORS	M/s Malik 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	

INDEPENDENT AUDITOR'S REVIEW REPORT
REPORT ON REVIEW OF INTERIM FINANCIAL STATEMENTS

Introduction

We have reviewed the accompanying condensed interim statement of financial position of **Punjab Oil Mills Limited ("the company")** as at December 31, 2019 and the related condensed interim statement of profit or loss and othercomprehensive income,condensed interim statement of cash flows, and condensed interim statement of changes in equity,and notes to the financial statements for the six-month period then ended (here-in-after referred to as the "interim financial statements"). Management is responsible for the preparation and presentation of these interim financial statementsin accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on these interim financial statement based on our review.

The figures of the condensed interim statement of profit or loss and other comprehensive income for the quarters ended 31 December 2019 and 31 December 2018 have not been reviewed, as we are required to review only the cumulative figures for the six-months period ended 31 December 2019.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, *"Review of Interim Financial Information Performed by the Independent Auditor of the Entity"*. A review of interim financial statements 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 interim financial statements are not prepared, in all material respects, in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting.

The engagement partner on the review resulting in this independent auditor's review report is Shahid Mehmood.

Dated: 29 Feb, 2020
Lahore

Malik Haroon Shahid Safder & Co.
(Formerly: Maqbool Haroon Shahid Safdar & Co.)
Chartered Accountants

PUNJAB OIL MILLS LIMITED

Directors' Report

Operating Performance

Sales revenue for the 6 months under review decreased by 4.6% compared to the same period last year. This was a combination of both lower prices and lower volumes for the period, mostly owing to the first quarter where revenues were down by 12% due to a severe market disruptions as outlined in our last report. However, we experienced a recovery in sales for the 2nd quarter as both volumes and revenue improved by 1.6% and 1.1% respectively as market conditions stabilized.

Our gross margins were stable quarter on quarter, and came in at 17% for the 6 months. As a result of better margins at the gross level, gross profits for the 6 months increased by 16.5% despite lower revenue compared to same period last year.

Operating margins were also stable at the 6% mark compared to both previous quarter (6%) and same period last year (5.7%). However, it is pertinent to note 2 cost items that have shown an unusual increase this period. First, we paid PKR 4.5mn to the CDA for renewal of our property lease which caused the rent, rates and taxes head to increase by 62.5% for the year. This and a 13.8% increase in payroll cost were major contributors to the 20% rise in administration expenses. Second, we made higher provisioning for advertisement expenses for the period keeping in view the total estimated cost for the year and apportioning it across the year instead of only provisioning it in the months where advertisement actually takes place. Consequently, despite higher gross profits, the operating profit was about unchanged from same period last year.

The change in financial charges was also significant for the period under review, with a 35.5% increase from the previous period, mainly on account of higher interest rates and increased bank borrowing to finance working capital. Together with higher other income and lower other charges, this had a net impact on profit before tax of a 1.1 % decrease for the six months.

With taxation marginally higher for the period, the company posted a profit after tax of PKR 71.7 million for the 6 months, a 4.5% reduction from after-tax profit of PKR 75.1 million recorded same period last year.

Outlook for the Year

Going forward we foresee a very challenging environment for the industry and the company. This is stemming from both international and domestic factors that are likely to put our margins and growth plans under severe pressure.

Domestically there has been intense pressure from the government to reduce prices of our products. Prices had risen significantly due to both devaluation of the rupee as well

as a sudden jump in international prices of edible oil due to supply/demand factors. With other food commodities also increasing in prices, the government acted on political compulsions to initiate various regulatory measures to stem this increase. Unfortunately, some of these measures affecting our industry were not in line with market realities and were done in haste, resulting in great uncertainty for the trade who are now reluctant to hold inventories, bringing sales growth to a stand-still. In addition, the industry has gone into litigation against price-fixation orders passed by the Punjab Government and though a temporary relief has been granted to the industry the matter is still unresolved. At the same time with both inflation and interest rates at their highest levels, we believe we will face lower margins for the latter half of the year.

Internationally, we are experiencing above average volatility in oil markets. Whereas in the early part of QTR 3 oil prices climbed to unexpected heights over demand growth coupled with reduced supply, the latter part saw the markets suddenly crashing on fears of corona-virus negatively impacting demand for edible oil from China as well as the global economy. This has left us with high costing inventory that will have to be disposed off at a time when market conditions necessitate aggressive pricing to maintain sales and market share; especially with the onset of Ramzan and government scrutiny of product prices.

Given the above scenario we are taking a prudent approach, and assuming a scenario of reduced profitability for the latter half of the year. As such we need to prioritize our cash out-flows towards maintaining our sales and carrying out necessary upgrades to our plant and machinery; especially any activity that reduces our costs.

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.

And last, but not the least, the management is thankful to the board for its strong support and guidance in executing the vision and objectives set for the company.

For & on behalf of the board

Date: 29 Feb, 2020
Islamabad

(IZAZ ILAHI MALIK)
CHIEF EXECUTIVE

PUNJAB OIL MILLS LIMITED

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

	Note	31-Dec. 19 Rupees Un-audited	30-Jun. 19 Rupees Audited
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized share capital			
10,000,000 (30 June 2019: 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 2019: 5,390,652) ordinary shares of Rs. 10/- each			
Capital reserves		23,137,159	23,137,159
Surplus on revaluation of property, plant and equipment - net of tax		385,477,013	390,508,899
Revenue reserves		830,131,157	774,940,341
		1,292,651,849	1,242,492,919
NON CURRENT LIABILITIES			
Deferred liabilities		106,170,441	99,819,739
CURRENT LIABILITIES			
Trade and other payables		426,797,657	483,392,506
Short term borrowings		144,923,500	123,944,702
Accrued mark up		1,825,344	1,285,902
Unclaimed dividend		8,945,805	9,229,882
Provision for taxation		173,287,719	238,453,608
		755,780,025	856,306,600
Contingencies and commitments	5	-	-
		2,154,602,315	**2,198,619,258**
ASSETS			
NON CURRENT ASSETS			
Property, plant and equipment - tangible assets	6	668,382,109	607,267,326
Capital work in progress - tangible assets		1,871,947	66,828,324
Intangible assets		8,216,117	11,502,587
		678,470,173	685,598,237
Long term deposits		34,387,500	31,887,500
CURRENT ASSETS			
Stores, spare parts and loose tools		117,432,099	129,813,682
Stock in trade		204,038,012	329,388,854
Trade debts		810,395,868	702,282,920
Loans and advances- secured and considered good		72,226,946	69,571,739
Trade deposits and short term prepayments		17,141,976	16,963,220
Other receivables		2,642,776	1,701,781
Tax refund due from government		145,846,301	210,370,932
Cash and bank balances		72,020,664	21,040,393
		1,441,744,642	1,481,133,521
		2,154,602,315	**2,198,619,258**

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

CHAIRMAN / DIRECTOR | CHIEF FINANCIAL OFFICER | CHIEF EXECUTIVE OFFICER

CONDENSED INTERIM PROFIT OR LOSS ACCOUNT (UN-AUDITED)
FOR THE HALF YEAR ENDED 31 DECEMBER, 2019

	NOTE	31 Dec. 2019 RUPEES	30 June 2019 RUPEES
Sales - net	21	2,435,177,110	5,504,226,272
Cost of sales	22	2,020,198,290	4,696,000,066
Gross profit		414,978,820	808,226,206
Operating expenses:			
Selling and distribution cost	23	172,269,671	365,752,660
Administrative expenses	24	97,553,242	192,337,992
		269,822,913	558,090,652
Operating profit		145,155,908	250,135,554
Finance cost	25	9,953,565	15,956,014
Other operating charges	26	10,321,576	15,759,812
		20,275,141	31,715,826
		124,880,767	218,419,728
Other income	27	6,178,825	3,682,745
Profit before taxation		131,059,592	222,102,473
Taxation	28	59,338,053	121,103,566
Profit for the year		71,721,539	100,998,907
Earnings per share - Basic and diluted	29	13.30	19.92

Appropriations have been reflected in the statement of changes in equity.

The annexed notes from 01 to 29 form an integral part of these financial statements.

CHAIRMAN / DIRECTOR | CHIEF FINANCIAL OFFICER | CHIEF EXECUTIVE OFFICER

PUNJAB OIL MILLS LIMITED

CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME(UN-AUDITED)
FOR THE HALF YEAR ENDED 31 DECEMBER, 2019

	NOTE	31 Dec. 2019 RUPEES	30 June 2019 RUPEES
Profit for the year		71,721,539	100,998,907
Other comprehensive income:			
Items that will not be reclassified to profit and loss account:			
Revaluation surplus - addition during the year		-	-
Related deferred taxation		-	-
Deferred tax adjustment attributable to changes in proportion of income taxable under final tax regime		-	1,481,432
Deferred tax adjustment attributable to changes in tax rates		-	613,707
		-	2,095,139
Remeasurement gains/(losses) on defined benefit plans		-	(2,841,386)
Deferred tax thereon		-	337,841
		-	(2,503,545)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**71,721,539**	**100,590,501**

The annexed notes from 01 to 29 form an integral part of these financial statements.

CHAIRMAN / DIRECTOR | CHIEF FINANCIAL OFFICER | CHIEF EXECUTIVE OFFICER

CONDENSED INTERIM STATEMENT OF CASH FLOWS (UN-AUDITED)
FOR THE HALF YEAR ENDED 31 DECEMBER, 2019

CASH FLOW FROM OPERATING ACTIVITIES	Note	31-Dec. 19 Rupees	31-Dec. 18 Rupees
Profit for the period before taxation		131,059,591	132,534,435
Adjustments for following non-cash items:			
Workers' profit participation fund		7,066,660	7,137,870
Workers' welfare fund		2,818,903	2,850,455
Gain on disposal of property, plant and equipment		-	(281,643)
Provision for staff retirement benefits		6,350,702	3,146,964
Depreciation		18,596,177	20,240,150
Amortization		3,286,470	-
Finance cost		9,953,565	7,345,551
		48,072,477	40,439,347
Operating profit before working capital changes		**179,132,068**	**172,973,782**
(Increase)/decrease in current assets:			
Stores, spare parts and loose tools		12,381,583	(7,682,330)
Stock in trade		125,350,842	(24,007,223)
Trade debts		(108,112,948)	(48,595,390)
Loan and advances		(2,655,207)	(16,694,762)
Trade deposits and short term prepayments		(178,756)	979,613
Other receivables		(940,995)	(79,768)
		25,844,519	(96,079,860)
Increase/(decrease) in current liabilities:			
Trade and other payables		(49,441,485)	(6,694,562)
Cash generated from operations		155,535,102	70,199,360
Workers' profit participation fund paid		(12,562,060)	(9,619,784)
Workers' welfare fund paid		(4,864,914)	(3,748,438)
Staff retirement benefits paid		-	(882,912)
Finance cost paid		(9,026,076)	(5,914,481)
Income tax paid		(59,979,311)	(57,360,932)
Dividend paid		(21,846,685)	(6,420,887)
		(108,279,046)	(83,947,434)
Net cash used in operating activities		**47,256,056**	**(13,748,074)**
CASH FLOW FROM INVESTING ACTIVITIES			
Fixed capital expenditure		(3,765,350)	(5,712,409)
Capital work in progress		(10,989,233)	(1,495,638)
Proceeds from disposal of property, plant and equipment		-	395,000
Long term deposits		(2,500,000)	(1,500,000)
Net cash used in investing activities		**(17,254,583)**	**(8,313,047)**
CASH FLOW FROM FINANCING ACTIVITIES			
Short term borrowings		20,978,798	22,818,273
Net cash flow from financing activities		**20,978,798**	**22,818,273**
Net Increases/(decrease) in cash and cash equivalents		50,980,271	757,152
Cash and cash equivalents at the beginning of the period		21,040,393	34,019,993
Cash and cash equivalents at the end of the period		**72,020,664**	**34,777,145**

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

CHAIRMAN / DIRECTOR | CHIEF FINANCIAL OFFICER | CHIEF EXECUTIVE OFFICER

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY(UN-AUDITED)
FOR THE HALF YEAR ENDED 31 DECEMBER, 2019

(Rupees)

	Ordinary share capital	Capital reserves	Revaluation surplus	Revenue Reserves		Total
				General reserves	Accumulated profit	
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**
Total comprehensive income for the period						
Profit for the half year ended 31 December 2018	-	-	-	-	75,086,083	75,086,083
Other comprehensice income	-	-	-	-	-	-
	-	-	-	-	75,086,083	75,086,083
Transfer from surplus on revaluation of plant and equipment on account of - Incremental depreciation - net of deferred tax	-	-	(6,182,279)	-	6,182,279	-
Transaction with owners recorded directly in equity - Distributions						
12% final dividend paid during the period	-	-	-	-	(6,468,783)	(6,468,783)
Balance as at 31 December 2018	**53,906,520**	**23,137,159**	**392,619,646**	**8,600,000**	**750,000,259**	**1,228,263,584**
Total comprehensive income for the period:						
Profit for the half year ended 30 June 2019	-	-	-	-	32,291,737	32,291,737
Other comprehensive income	-	-	2,890,897	-	(2,086,017)	804,880
	-	-	2,890,897	-	30,205,720	33,096,617
Transfer from surplus on revaluation of plant and equipment on account of - Incremental depreciation - net of deferred tax	-	-	(5,001,644)	-	5,001,644	-
Transaction with owners recorded directly in equity - Distributions						
35% interim dividend paid during the period	-	-	-	-	(18,867,282)	(18,867,282)
Balance as at 30 June 2019	**53,906,520**	**23,137,159**	**390,508,899**	**8,600,000**	**766,340,341**	**1,242,492,919**
Total comprehensive income for the period:						
Profit for the half year ended 31 December 2019	-	-	-	-	71,721,538	71,721,538
Other comprehensive income	-	-	-	-	-	-
	-	-	-	-	71,721,538	71,721,538
Transfer from surplus on revaluation of plant and equipment on account of - Incremental depreciation - net of deferred tax	-	-	(5,031,886)	-	5,031,886	-
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 2019	**53,906,520**	**23,137,159**	**385,477,013**	**8,600,000**	**821,531,157**	**1,292,651,849**

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

CHAIRMAN / DIRECTOR | CHIEF FINANCIAL OFFICER | CHIEF EXECUTIVE OFFICER

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED)
FOR THE HALF YEAR ENDED 31 DECEMBER, 2019

1 LEGAL STATUS AND OPERATIONS

Punjab Oil Mills Limited ('the Company') was incorporated in Pakistan as a Public Limited Company on 05 February 1981. The Company is listed on Pakistan Stock Exchange Limited. The registered office and Plant of the company are located at Plot No. 26, 27 and 28, Industrial Triangle, Kahuta Road, Islamabad, Pakistan. The head office of the company is located at 120-A, E/1 Halli Road Gulberg III, Lahore, Pakistan.

The Company is principally engaged in the manufacturing and sale of Ghee, Cooking Oil, Specialty Fats, Laundry Soap, Mushroom and Coffee.

2 BASIS OF PREPARATION

2.01 Statement of Compliance

These condensed interim financial statements comprise the condensed interim statement of financial position of the company as at December 31, 2019 and the related condensed interim statement of profit or loss, condensed interim statement of comprehensive income, condensed interim statement of changes in equity and condensed interim statement of cash flows together with notes forming part thereof.

These condensed interim statements are un-audited but subject to limited scope review by the external auditors and being submitted to the shareholders as required by the Listing Regulation of Pakistan Stock Exchange Limited and Section 237 of the Company Act, 2017.

These condensed interim financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting. The accounting and reporting standards applicable in Pakistan for interim financial reporting comprise of:

- International Accounting Standard (IAS) 34, "Interim Financial Reporting", issued by the International Accounting Standard Board (IASB) as notified under Companies Act, 2017; and
- Provisions of and directives issued under Companies Act, 2017

Where the provisions of and directives issued under the Companies Act, 2017 differ with the requirements of IAS 34, the provisions of and directives issued under the companies Act, 2017 have been followed.

These condensed interim financial statements do not include all of the information required for annual financial statements and should be read in conjunction with the annual audited financial statements as at and for the year ended June 30, 2019. Comparative condensed interim statement of financial position is stated from annual financial statements as of June 30, 2019, whereas comparatives for condensed interim statement of profit or loss and condensed interim statement of comprehensive income, condensed interim statement of changes in equity and condensed interim statement of cash flows and related notes are extracted from condensed interim financial statement of the Company for the six months period December 31, 2018.

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 2019.

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 polices 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 2019.

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 2019.

PUNJAB OIL MILLS LIMITED

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 Supreme court the company paid 50% of the total amount and for the remaining 50%, the company has provided bank guarantees amounting to Rs. 45.31 million (30 June 2019: 45.31 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.

b) The Taxation Officer of Inland Revenue had issued assessment orders vide DCR No. 37/53 and 38/53 on 17 June 2015 for the tax years 2006 and 2007 respectively incorporating liability of Income Tax and WWF amounting to Rs. 5,403,105 and Rs. 8,157,718 respectively. The company filed an appeal before the Commissioner Income Tax (Appeals) {CIT(A)} against the order of Taxation Officer on 26 June 2015 and the case was decided in favour of the company on 29 October 2015 vide Order No. 160/2015 and 161/2015. However, tax department filed an appeal in ITAT against the decision of the CIT(A) on 07 January 2016. 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 Honorable 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 vide DCR No. 02/53 on 31 October 2011 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 on 02 December 2012 before the Commissioner Income Tax (Appeals) {CIT(A)} against the order of Taxation Officer and the case was decided in favour of the company vide Order No. 623/2011 on 20 January 2012. 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 favour 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 order u/s 161/205 of the Income Tax Ordinance, 2001 on 30 June 2015 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 on 30 July 2015. On 10 February 2016 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.

e) 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 on 31 August 2015 creating demand for Rs. 26.57 million. The company filed appeal against the Commissioner Income Tax (Appeals) {CIT(A)} against the said order on 09 October 2015 and the case was decided in favour of the company on 10 February 2016. 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.

f) The company has provided bank guarantees amounting to Rs. 4.5 million (30 June 2019: Rs. 4.5 million) and Rs. 50.35 million (30 June 2019 Rs. 47.85 million) in favor of Sui Northern Gas Pipelines Limited for industrial use of gas and Excise and Taxation Department respectively.

5.02 COMMITMENTS

- Letters of credit for capital expenditure as at the condensed interim statement of financial position date amounted to Rs. Nil (30 June 2019: Nil).

- Letters of credit other than for capital expenditure as at the condensed interim statement of financial position date amounted to Rs. 125.51 million (30 June 2019: Rs. 111.81 million).

6 PROPERTY, PLANT AND EQUIPMENT	Note	31-Dec. 19 Rupees Un-audited	30-Jun. 19 Rupees Audited
Opening balance (WDV)		607,267,326	641,196,364
Add: Additions during the period / year	6.01	3,765,350	7,215,353
Less: Book value of deletions during the period / year		-	582,986
Add: Transfer from capital work in progress		75,945,610	-
		686,978,286	647,828,731
Less: Depreciation charged for the period / year		18,596,177	40,561,405
Closing balance (WDV)		**668,382,109**	**607,267,326**

6.01 Detail of additions during the period / year

- Plant and machinery	1,579,766	5,492,470
- Office equipment	170,084	1,620,283
- Furniture and fixtures	60,500	102,600
- Owned vehicles	1,955,000	-
	3,765,350	7,215,353

7 EARNINGS PER SHARE - BASIC AND DILLUTED

		Six months period ended		Three months period ended	
		31-Dec. 19	31-Dec. 18	31-Dec. 19	31-Dec. 18
Basic earnings per share:					
Profit after taxation	Rupees	71,721,538	75,086,083	47,025,311	57,558,384
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	**13.30**	**13.93**	**8.72**	**10.68**

7.01 There is no dilution effect on the basic earning per share.

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. 19 Rupees	31-Dec. 18 Rupees
Reimbursement of expenses			
Sharing of office expenses			
Hala Enterprises Limited	Associated company	**2,241,339**	**1,410,515**

9 NON-ADJUSTING EVENTS AFTER THE BALANCE SHEET DATE

The Board of Directors in its meeting held on 29 Feb, 2020 declared the issuance of bonus shares @ NIL and interim cash dividend @ NIL .

10 DATE OF AUTHORIZATION FOR ISSUE

This condensed interim financial information was authorized for issue on 29 Feb, 2020 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 FINANCIAL OFFICER | CHIEF EXECUTIVE OFFICER

"SAY NO TO CORRUPTION"