



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

DIRECTORS' REPORT

Operating Performance

Sales revenue for the 9 months under review showed a healthy increase of 14% compared to the same period last year. This can be considered a continuation of the trend seen at the half-year mark, with the quarter on quarter increase (for Q3) coming in at 12%. 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 the improved performance in volume.

Gross margins for period under review were unchanged from the same period last year at around 16%. As a result, compared to same period last year, consistent margins and top-line growth led to a 12% increase in gross profit.

Operating expenses increased by 20% for the 9 months under review. The largest contributor to this increase in value terms was advertisement expense. However, most advertisement costs, especially of older product lines, are controlled and predictable, and we aim to stay within the budgeted amounts for the year. The 2nd largest contributor was higher expense on salaries and wages, driven by both annual increments as well as new hiring done primarily to build up the sales force to introduce new products in the market and also to manage the increasing complexity of our processes.

Due to higher operating expenses, our operating profit for the year only increased by 2%, despite healthier growth at the gross level.

Other operating charges 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 224% 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 25% fall in other income, mainly due to lower profit on bank deposits, this led to a 1% decline in profit before tax.

At the net level, though profit before tax declined by 1%, a higher provision for taxation accentuated the fall in profit after tax to 15% for the 9 months under review.

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 (minimum and final depending on source of oil) is calculated from raw material oil purchases.



PUNJAB OIL MILLS LIMITED

As a result the company posted a profit after tax of PKR 125.00 million for the 9 months.

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. However, at the same time our margins at the gross level are 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 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.

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: 26 April, 2018


CHIEF EXECUTIVE OFFICER



PUNJAB OIL MILLS LIMITED

CONDENSED INTERIM BALANCE SHEET (UN-AUDITED) AS AT 31 MARCH, 2018

EQUITY AND LIABILITIES	31-Mar. 18	30-Jun. 17
	Rupees	Rupees
	Un-audited	Audited
SHARE CAPITAL AND RESERVES		
Authorized share capital		
10,000,000 (30 June 2017: 10,000,000) ordinary shares of Rs. 10/- each	<u>100,000,000</u>	<u>100,000,000</u>
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	<u>770,010,324</u>	<u>656,252,720</u>
	847,054,003	733,296,399
Surplus on revaluation of property, plant and equipment	398,680,246	408,813,843
NON CURRENT LIABILITIES		
Deferred liabilities	92,924,346	86,700,393
CURRENT LIABILITIES		
Trade and other payables	482,044,159	506,591,996
Short term borrowings	135,796,895	94,451,275
Accrued mark up	1,025,139	182,741
Unclaimed dividend	6,640,472	6,226,888
Provision for taxation	<u>200,818,652</u>	<u>214,769,904</u>
	826,325,317	822,222,804
Contingencies and commitments	-	-
	<u>2,164,983,912</u>	<u>2,051,033,439</u>
ASSETS		
NON CURRENT ASSETS		
Tangible fixed assets:		
Property, plant and equipment	638,935,313	607,482,749
Capital work in progress	<u>9,427,105</u>	<u>47,421,578</u>
	648,362,418	654,904,327
Investment in associates	-	-
Long term deposits	24,887,500	20,387,500
CURRENT ASSETS		
Stores, spare parts and loose tools	141,053,020	122,374,844
Stock in trade	459,090,968	301,118,698
Trade debts	627,040,742	674,446,289
Loans and advances	38,267,676	28,619,513
Trade deposits and short term prepayments	10,340,656	14,664,168
Other receivables	1,900,528	1,382,642
Tax Refund due from Government	171,516,307	183,177,827
Cash and bank balances	<u>42,524,097</u>	<u>49,957,631</u>
	1,491,733,994	1,375,741,612
	<u>2,164,983,912</u>	<u>2,051,033,439</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 PROFIT AND LOSS ACCOUNT (UN-AUDITED) FOR THE NINE MONTHS PERIOD ENDED 31 MARCH, 2018

	Nine months period ended		Quarter Ended	
	31-Mar-18 Rupees	31-Mar-17 Rupees	31-Mar-18 Rupees	31-Mar-17 Rupees
Sales - net	3,571,380,675	3,129,580,207	1,268,908,621	1,135,464,520
Cost of sales	3,013,119,906	2,631,416,157	1,082,112,050	959,829,028
Gross profit	558,260,769	498,164,050	186,796,571	175,635,492
Operating Expenses				
Selling and distribution cost	229,869,351	183,105,881	85,879,617	78,015,197
Administrative expenses	104,390,141	95,153,486	34,286,592	35,332,505
	334,259,492	278,259,367	120,166,209	113,347,702
Operating profit	224,001,277	219,904,683	66,630,362	62,287,790
Finance cost	6,655,800	2,055,783	2,924,575	648,675
Other operating charges	16,153,668	16,309,920	4,824,972	4,657,631
	22,809,468	18,365,703	7,749,547	5,306,306
	201,191,809	201,538,980	58,880,815	56,981,484
Other income	4,944,341	6,615,430	2,463,925	1,939,079
Profit before taxation	206,136,150	208,154,410	61,344,740	58,920,563
Taxation	80,949,535	60,822,468	30,269,621	17,662,953
Profit after taxation	125,186,615	147,331,942	31,075,119	41,257,610
Earnings per share - Basic and diluted	23.22	27.33	5.76	7.65

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, 2018

	Nine months period ended		Three months period ended	
	31-Mar. 18 Rupees	31-Mar. 17 Rupees	31-Mar. 18 Rupees	31-Mar. 17 Rupees
Profit after taxation	125,186,615	147,331,942	31,075,119	41,257,610
Other comprehensive income for the period	-	-	-	-
Total comprehensive income for the period	<u>125,186,615</u>	<u>147,331,942</u>	<u>31,075,119</u>	<u>41,257,610</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, 2018

	31-Mar. 18 Rupees	31-Mar. 17 Rupees
CASH FLOW FROM OPERATING ACTIVITIES		
Profit for the period before taxation	206,136,150	208,154,410
Adjustments for:		
Workers' profit participation fund	11,097,454	11,213,891
Workers' welfare fund	4,433,339	4,476,904
Gain on disposal of property, plant and equipment	(603,203)	(1,440,854)
Provision for staff retirement benefits	6,223,953	6,456,365
Depreciation	28,317,198	23,182,896
Finance cost	6,655,800	2,055,783
	56,124,541	45,944,985
Operating profit before working capital changes	262,260,691	254,099,395
(Increase)/decrease in current assets:		
Stores, spare parts and loose tools	(18,678,176)	(26,455,119)
Stock in trade	(157,972,270)	66,786,053
Trade debts	47,405,547	80,691,379
Loan and advances	(9,648,163)	(34,022,228)
Trade deposits and short term prepayments	4,323,512	(8,387,642)
Other receivables	(517,886)	(363,191)
	(135,087,436)	78,249,252
Increase/(decrease) in current liabilities:		
Trade and other payable	(28,682,118)	(91,925,785)
Cash generated from operations	98,491,137	240,422,862
Workers' profit participation fund paid	(11,678,645)	(12,565,225)
Workers' welfare fund paid	-	-
Staff retirement benefits paid	-	(455,000)
Finance cost paid	(5,531,269)	(1,614,607)
Income tax paid	(83,239,267)	(66,021,760)
Dividend paid	(21,149,024)	(49,326,114)
	(121,598,205)	(129,982,706)
Net cash used in operating activities	(23,107,068)	110,440,156
CASH FLOW FROM INVESTING ACTIVITIES		
Fixed capital expenditure	(9,790,208)	(28,232,309)
Capital work in progress	(12,216,878)	(47,694,654)
Proceeds from disposal of property, plant and equipment	835,000	3,418,058
Long term deposits	(4,500,000)	(3,000,000)
Net cash used in investing activities	(25,672,086)	(75,508,905)
CASH FLOW FROM FINANCING ACTIVITIES		
Short term borrowings	41,345,620	(23,466,586)
Net cash flow from financing activities	41,345,620	(23,466,586)
Increase/ (decrease) in cash and cash equivalents	(7,433,534)	11,464,665
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	42,524,097	178,168,723

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, 2018

	(Rupees)				
	Share capital	Capital reserves	Revenue Reserves		Total
			General reserves	Accumulated profit	
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
Transaction with owners recorded directly in equity - Distributions					
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
Balance as at 01 July 2017	53,906,520	23,137,159	8,600,000	647,652,720	733,296,399
Profit for the nine months period ended 31 March 2018	-	-	-	125,186,615	125,186,615
Transfer from surplus on revaluation of property, plant and equipment on account of - Incremental depreciation - net of deferred tax	-	-	-	10,133,597	10,133,597
	-	-	-	135,320,212	135,320,212
Transaction with owners recorded directly in equity - Distributions					
40% final dividend paid 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	8,600,000	761,410,324	847,054,003

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, 2018 (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 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, 2017.

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

3 SIGNIFICANT ACCOUNTING POLICIES

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

4 DATE OF AUTHORIZATION FOR ISSUE

This condensed interim financial information was authorized for issue on April 26, 2018 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