



**PUNJAB OIL MILLS LIMITED**  
An ISO 9001, 14001, OHSAS 18001, FSSC 22000 & Halal Certified Company



## Contact Information

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# Half Year Ended

31 December, 2020



# BUILDING A BETTER TOMORROW



**CONTENTS**

Company Information .....	1
Auditors Review Report to the Members .....	2
Directors' Report .....	3-4
Condensed Interim Financial Position .....	5
Condensed Interim Profit or Loss Account .....	6
Condensed Interim Statement of Comprehensive Income .....	7
Condensed Interim Statement of Cash Flows .....	8
Condensed Interim Statement of Changes in Equity .....	9
Notes to the Condensed Interim Financial Information .....	10-13

**“SAY NO TO  
CORRUPTION”**



## PUNJAB OIL MILLS LIMITED

### COMPANY INFORMATION

#### BOARD OF DIRECTORS

Mr. Tahir Jahangir	Chairman/Non-Executive Director
Mr. Izzat Ishaq Malik	Managing Director/Chief Executive Officer
Mr. Usman Ishaq Malik	Executive Director
Mr. Jilani Jahangir	Non-Executive Director
Mrs. Munirza Jahangir	Non-Executive Director
Mr. Furgan Anwar Batla	Non-Executive Director
Mr. Firasat Ali	Non-Executive Director

#### AUDIT COMMITTEE

Mr. Firasat Ali	Chairman
Mr. Jilani Jahangir	Member
Mr. Furgan Anwar Batla	Member

#### HUMAN RESOURCE & REMUNERATION COMMITTEE

Mr. Firasat Ali	Chairman
Mr. Jilani Jahangir	Member
Mrs. Munirza Jahangir	Member
Mr. Furgan Anwar Batla	Member
Mr. Usman Ishaq Malik	Member

#### CHIEF FINANCIAL OFFICER

Mr. Muhammad Saeed Malik

#### COMPANY SECRETARY

Mr. Muhammad Aqeel Baig

#### HEAD OF INTERNAL AUDIT

Mr. Zaka Ullah Malik

#### AUDITORS

M/s Malik Haroon Shahid Saffar & 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

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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@gmail.com





## PUNJAB OIL MILLS LIMITED



## PUNJAB OIL MILLS LIMITED

### Independent Auditor's Review Report To the members of Punjab Oil Mills Limited 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 31 December 2020 and the related condensed interim statement of profit or loss and other comprehensive 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 statements in 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 2020 and 31 December 2019 have not been reviewed, as we are required to review only the cumulative figures for the six-months period ended 31 December 2020.

#### 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.

*Magbool Haroon Saifdar*

Dated: 23 February, 2021

Malik Haroon Shahid Saifdar & Co.

Lahore

(Formerly: Magbool Haroon Shahid Saifdar & Co.)

Chartered Accountants

#### Operating Performance

In the HY under review (HY FY2021), the company's revenue for the 6 months increased by 12% compared to the same period last year, largely supported by higher selling prices for the period. Prices were increased during the period due to the sharp increase in international and local edible prices.

We achieved a gross margin of 14% for the period under review, a decline from the 17% margin achieved same period last year. Most of this tightness in margin came in the 2<sup>nd</sup> quarter as the raw material prices surged, sharply increasing our cost of production. Though the selling prices were also increased, the quantum of the same could not be matched to the cost increase due to market forces. As a result, despite higher revenue, the gross profit declined by 7% for the HY.

Over-all operating expenses increased by 21% for the period, with both selling costs and administrative costs showing jumps of 20% and 23% respectively. The main reason contributing to the increase in selling costs was the advertisement cost that went up by 37%. This increase was mostly the result of higher provisioning of ATL advertisement and to a lesser extent higher BTL costs associated with our Naturelle and Zaiga brands. Regarding the increase in administrative expenses, the top contributor was the Director's remuneration. Over-all the increase in operating expenses, together with squeezed gross margin, pushed down our operating margin to 2% for the quarter under review, leading to an 61% decline in operating profit compared to same quarter last year.

Finance costs decreased for the quarter due to lower interest rates while other charge declined due to lower provisioning for WPPF and WWF for the period. Main reason for higher other income was inclusion of tolling revenue for the first time as well as booking of scrap sale this period.

Due to the lower profitability this period, the profit before tax declined by 54%. However, the taxation figure only decreased by 31%, due to minimum turn over tax which was applied in the 2<sup>nd</sup> quarter, effectively imposing a 68% tax rate on the company.

As a result, the company posted a profit after tax of PKR 19.6 million for the 6 months, a 73% decrease compared to same quarter last year.

#### Outlook for the Year

Going forward we are anticipating a difficult business environment for the company. The concerning factors we had highlighted in our review for the 1<sup>st</sup> quarter have come

#### Directors' Report



CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION (UN-AUDITED)  
AS AT 31 DECEMBER, 2020

into play, and we have already seen our margins tighten considerably in the 2<sup>nd</sup> quarter due to sharp rise in input costs.

The international oil markets also continue to be volatile and over-all have persisted with the bullish trend. As such we don't foresee a significant respite in the raw material cost increases in the near future. At the same time there is a drive, based more on political rather than economic grounds, from the government regarding prices of edible oil and banaspati. Together with lackluster demand from the market at such high price levels, and a competitive market place, we will find it difficult to pass on all the cost increase in our selling prices, and foresee reduced profitability going forward. However, in the longer term, as long as we keep up our marketing efforts, stability in the international markets and strength of company brands should enable recovery in margins from current levels.

Hence the current scenario has to be weighed against the need for the company to invest in its profitable brands in the face of tough competition. The management will need to carefully balance the need to trim costs, while remaining competitive in the marketplace by rationalizing its marketing spend. Any investments into capex expenditures will also have to be considered and chosen carefully to maintain our improvement plans without effecting ongoing operations.

At the same time the company has also applied for the TERF facility to finance some BMR, as well as other projects. This is likely to increase the balance sheet leverage and increase interest costs in the future. However, the attractive interest rate will keep this under control and enable us to improve our efficiency and profitability in the medium to long term.

**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.

Islamabad:  
Date: February 23, 2021

For & on behalf of the board

*Ijaz Ulahi*

(IJAZ ULAHI MALIK)  
CHIEF EXECUTIVE OFFICER

**EQUITY AND LIABILITIES**

**SHARE CAPITAL AND RESERVES**

	31-Dec-20 Rupees Un-audited	30-Jun-20 Rupees Audited
Authorized share capital	100,000,000	100,000,000
Issued, subscribed and paid-up capital		
5,390,652 (30 June 2020: 5,390,652) ordinary shares of Rs. 10/- each	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	359,149,218	362,793,467
Revenue reserves	872,596,528	849,308,734
	1,308,789,425	1,289,145,880

**NON CURRENT LIABILITIES**

Deferred liabilities	131,126,652	122,394,681
Long term borrowings	30,280,082	20,322,143
	161,406,734	142,716,824

**CURRENT LIABILITIES**

Trade and other payables	450,776,226	542,222,384
Short term borrowings	180,093,557	174,098,569
Current portion of long term borrowings	10,093,361	6,774,048
Accrued mark up	1,177,377	2,502,408
Unclaimed dividend	8,789,596	8,879,070
Provision for taxation	162,732,636	250,835,217
	813,662,753	985,311,696

**Contingencies and commitments**

	2,283,858,912	2,417,174,400
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**ASSETS**

**NON CURRENT ASSETS**

Property, plant and equipment - tangible assets	643,040,758	655,462,751
Capital work in progress - tangible assets	28,616,933	2,294,709
Intangible assets	1,643,177	4,929,647
	673,300,868	662,687,107
Long term deposits	43,887,500	39,387,500

**CURRENT ASSETS**

Stores, spare parts and loose tools	128,046,969	113,790,475
Stock in trade	304,224,836	404,004,070
Trade debts	832,413,430	815,614,848
Loans and advances- secured and considered good	69,312,871	88,513,415
Trade deposits and short term prepayments	18,273,384	19,673,041
Other receivables	5,161,483	17,391,417
Tax refund due from government	138,901,173	223,152,466
Cash and bank balances	70,336,398	32,960,061
	1,566,670,544	1,715,099,793
	2,283,858,912	2,417,174,400

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

CHAIRMAN / DIRECTOR

*Ijaz Ulahi*

CHIEF FINANCIAL OFFICER

*Ijaz Ulahi*

(IJAZ ULAHI)  
CHIEF EXECUTIVE OFFICER



# PUNJAB OIL MILLS LIMITED

## CONDENSED INTERIM PROFIT OR LOSS ACCOUNT (UN-AUDITED) FOR THE HALF YEAR AND QUARTER ENDED 31 DECEMBER, 2020

	Six months period ended		Three months period ended	
	31-Dec-20	31-Dec-19	31-Dec-20	31-Dec-19
Note	Rupees	Rupees	Rupees	Rupees
Sales - net	2,721,911,754	2,435,177,110	1,485,058,837	1,466,862,131
Cost of sales	2,338,026,224	2,020,198,290	1,312,587,717	1,210,925,825
Gross profit	383,885,530	414,978,820	172,471,120	255,936,306
Operating expenses:				
Selling and distribution cost	207,078,300	172,269,671	106,693,201	111,834,922
Administrative expenses	119,907,028	97,553,242	59,746,631	56,182,552
Operating profit	326,985,328	269,822,913	166,439,832	168,017,474
Finance cost	56,900,202	145,155,908	6,051,288	87,918,832
Other charges	8,685,373	9,953,565	4,433,675	5,059,971
	5,039,522	10,321,576	558,102	6,185,535
	13,724,895	20,275,141	4,991,777	11,245,506
Other income	43,175,307	124,880,767	1,039,511	76,673,326
Profit before taxation	17,483,139	6,178,825	3,287,514	2,905,950
Taxation	60,658,446	131,059,592	4,327,025	79,579,276
Profit after taxation	41,014,901	59,338,053	21,015,567	32,553,965
	<b>19,643,545</b>	<b>71,721,539</b>	<b>(16,688,542)</b>	<b>47,025,311</b>
Earnings per share - basic and diluted	7	3.64	13.30	(3.10)
				8.72

Appropriations have been reflected in the condensed statement of changes in equity.  
The annexed notes from 01 to 11 form an integral part of this condensed interim financial information.



# PUNJAB OIL MILLS LIMITED

## CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED) FOR THE HALF YEAR AND QUARTER ENDED 31 DECEMBER, 2020

	Six months period ended		Three months period ended	
	31-Dec-20	31-Dec-19	31-Dec-20	31-Dec-19
Note	Rupees	Rupees	Rupees	Rupees
Profit after taxation	19,643,545	71,721,539	(16,688,542)	47,025,311
Other comprehensive income for the period				
<b>Total comprehensive income for the period</b>	<b>19,643,545</b>	<b>71,721,539</b>	<b>(16,688,542)</b>	<b>47,025,311</b>

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

CHAIRMAN / DIRECTOR

CHIEF FINANCIAL OFFICER

CHIEF EXECUTIVE OFFICER



**CONDENSED INTERIM CASH FLOWS STATEMENT (UN-AUDITED)  
FOR THE HALF YEAR ENDED 31 DECEMBER, 2020**

**CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)  
FOR THE HALF YEAR ENDED 31 DECEMBER, 2020**

CASH FLOW FROM OPERATING ACTIVITIES	Note	
	31-Dec-20	31-Dec-19
Profit for the period before taxation	60,658,446	131,059,592
Adjustments for following non-cash items:		
Workers' profit participation fund	3,275,679	7,066,660
Workers' welfare fund	1,304,778	2,818,903
Gain on disposal of property, plant and equipment	9,744,719	6,330,702
Provision for staff retirement benefits	19,990,912	18,596,177
Depreciation	3,286,470	3,286,470
Amortization	8,685,373	9,953,565
Finance cost	46,287,931	48,072,477
<b>Operating profit before working capital changes</b>	<b>106,946,377</b>	<b>179,132,069</b>

(Increase)/decrease in current assets:		
	31-Dec-20	31-Dec-19
Stores, spare parts and loose tools	(14,256,494)	12,381,583
Stock in trade	99,779,235	125,350,842
Trade debts	(16,798,582)	(108,112,948)
Loan and advances	19,200,544	(2,655,207)
Trade deposits and short term prepayments	1,399,657	(178,756)
Other receivables	12,229,934	(940,995)
	101,554,294	25,844,519

Increase/(decrease) in current liabilities:		
	31-Dec-20	31-Dec-19
Trade and other payables	(81,098,449)	(49,441,485)
Cash generated from operations	127,402,221	155,535,103
Workers' profit participation fund paid/adjusted	(10,815,655)	(12,562,660)
Workers' welfare fund paid/adjusted	(4,387,196)	(4,864,914)
Staff retirement benefits paid	(1,012,748)	(1,026,076)
Finance cost paid	(9,735,719)	(59,979,311)
Income tax paid	(44,866,189)	(59,979,311)
Dividend paid	(89,474)	(21,846,685)
	(70,906,981)	(108,279,046)
<b>Net cash used in operating activities</b>	<b>56,495,240</b>	<b>47,256,057</b>

CASH FLOW FROM INVESTING ACTIVITIES		
	31-Dec-20	31-Dec-19
Fixed capital expenditure	(1,118,884)	(3,765,350)
Capital work in progress	(32,772,259)	(10,989,233)
Proceeds from disposal of property, plant and equipment	(4,500,000)	(2,500,000)
Long term deposits	(38,591,143)	(17,254,583)
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>	<b>13,277,252</b>	<b>20,978,798</b>

Long term borrowings	5,994,988	20,978,798
Short term borrowings	19,272,240	50,980,272
Net cash flow from financing activities	37,576,337	21,040,393
Net Increases/(decrease) in cash and cash equivalents	32,960,061	72,020,664
Cash and cash equivalents at the beginning of the period	70,336,398	72,020,664
<b>Cash and cash equivalents at the end of the period</b>	<b>103,306,459</b>	<b>144,041,328</b>

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

Ordinary share capital	Capital reserves	Revaluation surplus	Revenue Reserves		Total
			General reserves	Accumulated profit	
53,906,520	23,137,159	390,508,899	8,600,000	766,340,341	1,242,497,919
-	-	-	-	71,721,538	71,721,538
-	-	-	-	71,721,538	71,721,538
-	-	(5,031,886)	-	5,031,886	-
-	-	-	-	(21,562,608)	(21,562,608)
-	-	-	-	821,531,157	1,292,651,849

Total comprehensive income for the period		
	31-Dec-20	31-Dec-19
Profit for the half year ended 31 December 2019	60,658,446	131,059,592
Other comprehensive income	3,275,679	7,066,660
<b>Total comprehensive income for the period</b>	<b>63,934,125</b>	<b>138,126,252</b>

Transfer from surplus on revaluation of plant and equipment on account of - Incremental depreciation - net of deferred tax		
	31-Dec-20	31-Dec-19
Transfer from surplus on revaluation of plant and equipment on account of - Incremental depreciation - net of deferred tax	(3,067,829)	3,067,829
<b>Transfer from surplus on revaluation of plant and equipment on account of - Incremental depreciation - net of deferred tax</b>	<b>(3,067,829)</b>	<b>3,067,829</b>

Transaction with owners recorded directly in equity - Distributions		
	31-Dec-20	31-Dec-19
Final dividend for the year 2020	359,149,218	8,600,000
Balance as at 31 December 2020	23,137,159	359,149,218
<b>Balance as at 31 December 2020</b>	<b>359,149,218</b>	<b>8,600,000</b>

Total comprehensive income for the period		
	31-Dec-20	31-Dec-19
Profit for the half year ended 31 December 2020	60,658,446	131,059,592
Other comprehensive income	3,275,679	7,066,660
<b>Total comprehensive income for the period</b>	<b>63,934,125</b>	<b>138,126,252</b>

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 THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED)  
FOR THE HALF YEAR ENDED 31 DECEMBER, 2020

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 Hahli 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, 2020 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, 2020. Comparative condensed interim statement of financial position is stated from annual financial statements as of June 30, 2020, 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, 2019.

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 2020.

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 2020.

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 2020.

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, Honourable 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 Honourable Supreme Court of Pakistan against the decision of Honourable Sindh High Court. Pursuant to direction of Honourable Supreme Court, the Company paid 50% of the total amount and for the remaining 50%, the Company has provided bank guarantees amounting to Rs. 48.17 million (30 June 2020: Rs. 48.17 million) in favour of Excise and Taxation Authorities. The Company may be contingently liable for the 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 Company has provided bank guarantees amounting to 4.50 million (30 June 2020: Rs.4.50 million) and Rs. 48.17 million (30 June 2020: Rs. 48.17 million) in favour of Sui Northern Gas Pipelines Limited for industrial use of gas and Excise and Taxation Department respectively.

The Company filed a writ petition No. 226294/2018 to Honourable High Court against the order dated 29 June 2018 passed by Punjab Food Authority (PFA) alleging the Company that the label of Naturelle (a product of the Company) is misleading in terms of Punjab Pure Food Regulations, 2017. The Honourable Lahore High Court passed a stay order dated 20 July 2018 restraining the PFA from taking any coercive measures against the Company. According to the legal adviser of the Company, favorable outcome is expected. No adverse financial impact is also expected regarding this matter.

c) The Company filed a writ petition No. 218471/2018 to Honourable High Court against the order dated 31 May 2018 passed by Punjab Food Authority (PFA) alleging that the label of CanOlive (a product of the Company) is misleading in terms of Punjab Pure Food Regulations, 2017. The Honourable Lahore High Court passed a stay order dated 08 June 2018 restraining the PFA from taking any coercive measures against the Company. According to the legal adviser of the Company, favorable outcome is expected. No adverse financial impact is also expected regarding this matter.

d) 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 favor 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 favor of the Company. For tax years 2006 and 2007, department of inland revenue issued notices u/s 122(A) of the Income Tax Ordinance, 2001. Subsequently, after the initial proceedings and vacation of stay order by Honourable Court, the department of inland revenue issued assessment order u/s 122(A) 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 favor 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 favor of the Company.

e) 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 favor of the Company vide Order No. 623/2011 on 20 January 2012. The tax department had 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.





9 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 favor 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 favor 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.

**5.02 COMMITMENTS**

Letters of credit other than for capital expenditure as at the statement of financial position date amounted to Rs. 157.60 million (30 June 2020: Rs.176.35 million).

**6 PROPERTY, PLANT AND EQUIPMENT**

	Note	31-Dec-20		30-Jun-20	
		Rupees	Un-audited	Rupees	Audited
Operating balance (WDV)			655,462,751		607,267,326
Add: Additions during the period / year	6.01		1,118,884		13,271,971
Less: Book value of deletions during the period / year			-		642,935
Add: Transfer from capital work in progress			6,450,035		76,216,063
Less: Depreciation charged for the period / year			663,031,670		696,112,425
Closing balance (WDV)			19,990,912		40,649,674
			<b>643,040,758</b>		<b>655,462,751</b>

**6.01 Detail of additions during the period / year**

- Plant and machinery	735,943	2,321,565
- Office equipment	-	8,879,506
- Furniture and fixtures	382,941	115,900
- Owned vehicles	-	1,955,000
	<b>1,118,884</b>	<b>13,271,971</b>

**7 EARNINGS PER SHARE - BASIC AND DILUTED**

Basic earnings per share:	Six months period ended		Three months period ended	
	31-Dec-20	31-Dec-19	31-Dec-20	31-Dec-19
Profit after taxation	Rupees 19,643,545	71,721,539	(16,688,542)	47,025,311
Weighted average number of ordinary shares	5,390,652	5,390,652	5,390,652	5,390,652
Earnings per share - basic and diluted	Rupees <b>3.64</b>	<b>13.30</b>	<b>(3.10)</b>	<b>8.72</b>

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-20		31-Dec-19	
		Rupees	2,181,621	Rupees	2,241,339
<b>Reimbursement of expenses</b>					
Sharing of office expenses	Associated company				
Hala Enterprises Limited					

**9 NON-ADJUSTING EVENTS AFTER THE BALANCE SHEET DATE**

The Board of Directors in its meeting held on 23 Feb, 2021 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 23 Feb, 2021 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”**