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CONTACT INFORMATION

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Half Year Report

For The Period Ended 31 December, 2021



PUNJAB OIL MILLS LIMITED

AN ISO 9001, 14001, 45001, HALAL PS 3733 & FOOD SAFETY SYSTEMS CERTIFIED COMPANY



PUNJAB OIL MILLS LIMITED

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PUNJAB OIL MILLS LIMITED

COMPANY INFORMATION

BOARD OF DIRECTORS	Mr. Tahir Jahangir Mr. Usman Ilahi Malik Mr. Jilani Jahangir Mr. Furqan Anwar Batla Mrs. Munizae Jahangir Miss Mehrunisa Malik Mr. Firasat Ali	Chairman Chief Executive Officer Executive Director Non-Executive Director Non-Executive Director Non-Executive Director Independent Director
AUDIT COMMITTEE	Mr. Firasat Ali Mr. Furqan Anwar Batla Miss Mehrunisa Malik	Chairman Member Member
HUMAN RESOURCE & REMUNERATION COMMITTEE	Mr. Firasat Ali Mr. Usman Ilahi Malik Mr. Jilani Jahangir Mr. Furqan Anwar Batla Mrs. Munizae Jahangir	Chairman Member Member Member Member
CHIEF FINANCIAL OFFICER	Mr. Muhammad Saeed Malik	
COMPANY SECRETARY	Rana Shakeel Shaukat	
HEAD OF INTERNAL AUDIT	Mr. Zaka Ullah Malik	
AUDITORS	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 Bank Al-Habib 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	
HEAD OFFICE	19-A/1, Block E-II, Gulberg-III, Lahore-Punjab 54660. Tel: 042-35761585-6 Email: corporate@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

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 2021 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 2021 and 31 December 2020 have not been reviewed, as we are required to review only the cumulative figures for the six-months period ended 31 December 2021.

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: 18 February 2022
Lahore

Malik Haroon Shahid Safder & Co.
Chartered Accountants

UDIN: RR202110055yzWVBGJeY



PUNJAB OIL MILLS LIMITED

Directors' Report

Operating Performance

In the HY under review (HY FY2022), the company's revenue for the 6 months increased by 55% 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. To a lesser extent, volume growth in the main product lines also contributed to top line growth.

We achieved a gross margin of 8% for the period under review, a decline from the 14% margin achieved same period last year. Most of this tightness in margin came in the 2nd 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 competition as the management focused on preserving market share. As a result, despite higher revenue, the gross profit declined by 15% for the HY.

Over-all operating expenses decreased by 19% for the period. Main reason for this decrease was lesser provisioning for advertisement as the management decided to curtail ATL spent in light of lower profitability. The bulk of the reduced ATL is now targeted for the latter half of the fiscal year. Due to reduced expenditure at the operating level, despite a fall in gross profits, the operating profit increased by 13% compared to same period last year.

Finance costs increased due to higher interest rates as well as higher bank borrowings (short term) to finance the increased working capital needs stemming from the big jump in sales revenue; while other charge increased by 5% due to higher provisioning for WPPF and WWF for the period.

Due to the higher profitability at the operating level this period, the profit before tax increased by 5%. However, the taxation figure went up by 28%, due to minimum turn over tax which was applied, effectively imposing an 83% tax rate on the company.

As a result, the company posted a profit after tax of PKR 11.14 million for the 6 months.

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 1st quarter have come into play, and we have already seen our margins tighten considerably in the 2nd quarter due to sharp rise in input costs. At the same time the inflationary pressure on costs,



PUNJAB OIL MILLS LIMITED

stemming from increased energy pricing as well as rise in most commodity prices, will continue to impact our profitability.

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.

Acknowledgements

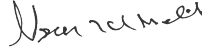
We would like to take this opportunity to thank our customers, suppliers and bankers for their continued support and cooperation towards the progress of the company. We hope that this support would continue in the future as well.

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 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


(TAHIR JAHANGIR)
CHAIRMAN


(USMAN ILAHI MALIK)
CHIEF EXECUTIVE OFFICER

Islamabad:
Date: February 28, 2022



PUNJAB OIL MILLS LIMITED

CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER, 2021 (UN-AUDITED)

EQUITY AND LIABILITIES	Note	31-Dec. 21 Rupees	30-Jun. 21 Rupees
SHARE CAPITAL AND RESERVES			
Authorized share capital			
10,000,000 (30 June 2021: 10,000,000) ordinary shares of Rs. 10/- each		100,000,000	100,000,000
Issued, subscribed and paid-up capital			
5,390,652 (30 June 2021: 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		352,225,697	355,504,971
Revenue reserves		844,580,357	835,556,503
		1,273,849,733	1,268,105,153
NON CURRENT LIABILITIES			
Deferred liabilities		138,727,104	131,203,390
Long term borrowings		-	9,056,678
Lease Liability		3,637,741	-
		142,364,845	140,260,068
CURRENT LIABILITIES			
Trade and other payables		763,919,879	624,814,399
Short term borrowings		435,822,355	218,499,258
Current portion of long term borrowings		20,186,722	21,154,291
Current portion of lease liability		762,527	-
Accrued mark up		6,145,474	2,159,235
Unclaimed dividend		9,102,088	8,789,596
Provision for taxation		169,928,756	206,532,450
		1,405,867,801	1,081,949,229
Contingencies and commitments	5	-	-
		2,822,082,379	2,490,314,450
ASSETS			
NON CURRENT ASSETS			
Property, plant and equipment - tangible assets	6	626,455,690	636,426,057
Right of Use Asset		4,274,650	-
Capital work in progress - tangible assets		27,623,301	27,318,665
Intangible assets		8,629,296	12,336,696
		666,982,937	676,081,418
Long term deposits		57,210,488	48,807,950
CURRENT ASSETS			
Stores, spare parts and loose tools		145,481,150	133,127,179
Stock in trade		455,160,867	505,054,831
Trade debts		1,189,656,451	786,637,417
Loans and advances- secured and considered good		54,984,500	69,786,897
Trade deposits and short term prepayments		32,997,899	22,149,113
Other receivables		29,540,449	43,230,014
Tax refund due from government		146,502,039	178,765,577
Cash and bank balances		43,565,599	26,674,054
		2,097,888,954	1,765,425,082
		2,822,082,379	2,490,314,450

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


CHAIRMAN


CHIEF FINANCIAL OFFICER


CHIEF EXECUTIVE OFFICER



PUNJAB OIL MILLS LIMITED

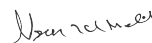
CONDENSED INTERIM PROFIT OR LOSS ACCOUNT FOR THE HALF YEAR & QUARTER ENDED 31 DECEMBER, 2021 (UN-AUDITED)

		Six months period ended		Three months period ended	
		31-Dec. 21	31-Dec. 20	31-Dec. 21	31-Dec. 20
Note		Rupees	Rupees	Rupees	Rupees
Sales - net		4,207,691,762	2,721,911,754	2,378,930,418	1,485,058,837
Cost of sales		3,879,558,080	2,338,026,224	2,254,109,179	1,312,587,717
Gross profit		328,133,682	383,885,530	124,821,239	172,471,120
Operating expenses:					
Selling and distribution cost		156,882,561	207,078,300	62,000,098	106,693,201
Administrative expenses		106,864,184	119,907,028	55,922,168	59,746,631
		263,746,745	326,985,328	117,922,266	166,439,832
Operating profit		64,386,937	56,900,202	6,898,973	6,031,288
Finance cost		16,473,277	8,685,373	9,743,675	4,433,675
Other charges		5,278,462	5,039,522	1,278,271	558,102
		21,751,739	13,724,895	11,021,946	4,991,777
		42,635,198	43,175,307	(4,122,973)	1,039,511
Other income		21,127,972	17,483,139	17,939,828	3,287,514
Profit before taxation		63,763,170	60,658,446	13,816,855	4,327,025
Taxation		52,627,938	41,014,901	29,761,116	21,015,567
Profit/(loss) after taxation		11,135,232	19,643,545	(15,944,261)	(16,688,542)
Earnings/(loss) per share - basic and diluted	7	2.07	3.64	(2.96)	(3.10)

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


CHAIRMAN


CHIEF FINANCIAL OFFICER


CHIEF EXECUTIVE OFFICER



PUNJAB OIL MILLS LIMITED

CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME FOR THE HALF YEAR & QUARTER ENDED 31 DECEMBER, 2021 (UN-AUDITED)

Note	Six months period ended		Three months period ended	
	31-Dec. 21 Rupees	31-Dec. 20 Rupees	31-Dec. 21 Rupees	31-Dec. 20 Rupees
Profit/(loss) after taxation	11,135,232	19,643,545	(15,944,261)	(16,688,542)
Other comprehensive income for the period	-	-	-	-
Total comprehensive income for the period	11,135,232	19,643,545	(15,944,261)	(16,688,542)

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


CHAIRMAN


CHIEF FINANCIAL OFFICER


CHIEF EXECUTIVE OFFICER




PUNJAB OIL MILLS LIMITED

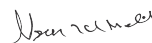
CONDENSED INTERIM CASH FLOWS STATEMENT FOR THE HALF YEAR ENDED 31 DECEMBER, 2021 (UN-AUDITED)

	Note	31-Dec. 21 Rupees	31-Dec. 20 Rupees
CASH FLOW FROM OPERATING ACTIVITIES			
Profit for the period before taxation		63,763,170	60,658,446
Adjustments for following non-cash items:			
Workers' profit participation fund		3,432,966	3,275,679
Workers' welfare fund		1,371,350	1,304,778
Provision for staff retirement benefits		7,815,298	9,744,719
Depreciation		19,048,130	19,990,912
Amortization		3,707,400	3,286,470
Finance cost		16,473,277	8,685,373
		51,848,421	46,287,931
Operating profit before working capital changes		115,611,591	106,946,377
(Increase)/decrease in current assets:			
Stores, spare parts and loose tools		(12,353,971)	(14,256,494)
Stock in trade		49,893,964	99,779,235
Trade debts		(403,019,034)	(16,798,582)
Loan and advances		14,802,397	19,200,544
Trade deposits and short term prepayments		(10,848,786)	1,399,657
Other receivables		13,689,565	12,229,934
		(347,835,865)	101,554,294
Increase/(decrease) in current liabilities:			
Trade and other payables		134,209,330	(81,098,449)
Cash generated from operations		(98,014,944)	127,402,221
Workers' profit participation fund paid/adjusted		-	(10,815,655)
Workers' welfare fund paid/adjusted		-	(4,387,196)
Staff retirement benefits paid		(222,472)	(1,012,748)
Finance cost paid		(12,395,201)	(9,735,719)
Income tax paid		(56,968,094)	(44,866,189)
Dividend paid		(5,078,160)	(89,474)
		(74,663,927)	(70,906,981)
Net cash used in operating activities		(172,678,871)	56,495,240
CASH FLOW FROM INVESTING ACTIVITIES			
Fixed capital expenditure		(3,114,813)	(1,118,884)
Capital work in progress		(5,862,136)	(32,772,259)
Long term deposits		(8,402,538)	(4,500,000)
Net cash used in investing activities		(17,379,487)	(38,391,143)
CASH FLOW FROM FINANCING ACTIVITIES			
Long term borrowings		(10,093,362)	13,277,252
Short term borrowings		217,323,097	5,994,988
Lease rentals paid		(279,832)	-
Net cash flow from financing activities		206,949,903	19,272,240
Net Increases/(decrease) in cash and cash equivalents		16,891,545	37,376,337
Cash and cash equivalents at the beginning of the period		26,674,054	32,960,061
Cash and cash equivalents at the end of the period		43,565,599	70,336,398

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


CHAIRMAN


CHIEF FINANCIAL OFFICER


CHIEF EXECUTIVE OFFICER



PUNJAB OIL MILLS LIMITED

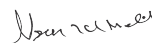
CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY FOR THE HALF YEAR ENDED 31 DECEMBER, 2021 (UN-AUDITED)

	(Rupees)					
	Ordinary share capital	Capital reserves	Revaluation surplus	Revenue Reserves		Total
				General reserves	Accumulated profit	
Balance as at 01 July 2020	53,906,520	23,137,159	362,793,467	8,600,000	840,708,734	1,289,145,880
Total comprehensive income for the period:						
Profit for the half year ended 31 December 2020	-	-	-	-	19,643,545	19,643,545
Other comprehensive income	-	-	-	-	-	-
	-	-	-	-	19,643,545	19,643,545
Transfer from surplus on revaluation of plant and equipment on account of - Incremental depreciation - net of deferred tax	-	-	(3,644,249)	-	3,644,249	-
Transaction with owners recorded directly in equity - Distributions	-	-	-	-	-	-
	-	-	-	-	-	-
Balance as at 31 December 2020	53,906,520	23,137,159	359,149,218	8,600,000	863,996,528	1,308,789,425
Total comprehensive income for the period:						
Loss for the half year ended 30 June 2021	-	-	-	-	(36,605,157)	(36,605,157)
Other comprehensive income	-	-	-	-	(4,079,115)	(4,079,115)
	-	-	-	-	(40,684,272)	(40,684,272)
Transfer from surplus on revaluation of plant and equipment on account of - Incremental depreciation - net of deferred tax	-	-	(3,644,247)	-	3,644,247	-
Transaction with owners recorded directly in equity - Distributions	-	-	-	-	-	-
	-	-	-	-	-	-
Balance as at 30 June 2021	53,906,520	23,137,159	355,504,971	8,600,000	826,956,503	1,268,105,153
Total comprehensive income for the period:						
Profit for the half year ended 31 December 2021	-	-	-	-	11,135,232	11,135,232
Other comprehensive income	-	-	-	-	-	-
	-	-	-	-	11,135,232	11,135,232
Transfer from surplus on revaluation of plant and equipment on account of - Incremental depreciation - net of deferred tax	-	-	(3,279,274)	-	3,279,274	-
Transaction with owners recorded directly in equity - Distributions	-	-	-	-	-	-
	-	-	-	-	-	-
10% Final dividend for the year 2020	-	-	-	-	(5,390,652)	(5,390,652)
Balance as at 31 December 2021	53,906,520	23,137,159	352,225,697	8,600,000	835,980,357	1,273,849,733

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


CHAIRMAN


CHIEF FINANCIAL OFFICER


CHIEF EXECUTIVE OFFICER



PUNJAB OIL MILLS LIMITED

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION FOR THE FIRST QUARTER ENDED 31 DECEMBER, 2021 (UN-AUDITED)

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, 2021 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 Companies 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, 2021. Comparative condensed interim statement of financial position is stated from annual financial statements as of June 30, 2021, 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, 2020.

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 2021.

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 2021.

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 2021.



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, 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. 67.27 million (30 June 2021: Rs. 67.27 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 2021: Rs.4.50 million) and Rs. 67.27 million (30 June 2021: Rs. 67.27 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(5A) 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(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 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.



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- f) 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. 411.97 million (2021: Rs. 270.89 million).

6 PROPERTY, PLANT AND EQUIPMENT	Note	31-Dec. 21 Rupees	30-Jun. 21 Rupees
Opening balance (WDV)		636,426,057	655,462,751
Add: Additions during the period / year	6.01	3,114,813	4,250,136
Add: Transfer from capital work in progress		5,557,500	17,114,026
		645,098,370	676,826,913
Less: Depreciation charged for the period / year		18,642,680	40,400,856
Closing balance (WDV)		<u>626,455,690</u>	<u>636,426,057</u>
6.01 Detail of additions during the period / year			
- Plant and machinery		2,297,125	1,181,444
- Office equipment		651,188	2,725,018
- Furniture and fixtures		114,500	264,175
- Owned vehicles		52,000	79,499
		<u>3,114,813</u>	<u>4,250,136</u>

7 EARNINGS PER SHARE - BASIC AND DILLUTED

		Six months period ended		Three months period ended	
		31-Dec. 21	31-Dec. 20	31-Dec. 21	31-Dec. 20
Basic earnings per share:					
Profit/(loss) after taxation	Rupees	11,135,232	19,643,545	(15,944,261)	(16,688,542)
Weighted average number of ordinary shares	Number	5,390,652	5,390,652	5,390,652	5,390,652
Earnings/(loss) per share - basic and diluted	Rupees	<u>2.07</u>	<u>3.64</u>	<u>(2.96)</u>	<u>(3.10)</u>

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:



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Nature of transaction	Relationship with the company	31-Dec. 21 Rupees	31-Dec. 20 Rupees
<u>Reimbursement of expenses</u>			
Sharing of office expenses			
Hala Enterprises Limited	Associated company	<u>2,986,955</u>	<u>2,181,623</u>

9 NON-ADJUSTING EVENTS AFTER THE BALANCE SHEET DATE

The Board of Directors in its meeting held on 28 February 2022 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 28 February 2022 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
CHIEF FINANCIAL OFFICER
CHIEF EXECUTIVE OFFICER

