

Synthetic Products Enterprises Limited
Condensed Interim Financial Statements
For the period ended 31 March 2020

Company Information

The Board of Directors

Mr. Almas Hyder	Chairman
Mr. Zia Hyder Naqi	CEO
Dr. S. M. Naqi	Director
Mr. Haroon Sharif	Director
Mr. Muhammad Tabassum Munir	Director
Mr. Khawar Anwar Khawaja	Director
Mr. Raza Haider Naqi	Director
Mr. Sheikh Naseer Hyder	Director
Mr. Abid Saleem Khan	Director
Dr. Nighat Arshad	Director

Audit Committee

Mr. Haroon Sharif	Committee Chairman
Mr. Almas Hyder	Member
Dr. S. M. Naqi	Member
Mr. Muhammad Tabassum Munir	Member
Mr. Raza Haider Naqi	Member

HR & R Committee

Mr. Khawar Anwar Khawaja	Committee Chairman
Mr. Almas Hyder	Member
Mr. Zia Hyder Naqi	Member
Dr. Nighat Arshad	Member
Mr. Abid Saleem Khan	Member

Finance Committee

Mr. Almas Hyder	Committee Chairman
Mr. Haroon Sharif	Member
Mr. Zia Hyder Naqi	Member
Mr. Sheikh Naseer Hyder	Member
Mr. Muhammad Tabassum Munir	Member
Mr. Abid Saleem Khan	Member

Chief Financial Officer

Mr. Khalil Ahmad Hashmi FCA

Company Secretary

Mr. Muhammad Kamran Farooq ACMA

Registered Office

127-S, Quid-e-Azam Industrial

Estate Kot Lakhpat Lahore

Ph: 042 111 005 005

Fax: 024-35118507

Statutory Auditors

KPMG Taseer Hadi & Co.
Chartered Accountants

Head of Internal Audit

Mr. Abu Bakar ACA

Tax Advisors

A. F. Ferguson & Co.
Chartered Accountants

Legal Advisors

Cornelius Lane and Mufti

Share Registrar

THK Associates (Private) Limited
1st Floor, 40-C Block 6, P.E.C.H.S.,
Karachi,

Phone: +92 (21) 111-000-322

Email: secretariat@thk.com.pk

Bankers

Habib Bank Limited
MCB Bank Limited
Standard Chartered Bank (Pakistan)
Limited
Bank Islami Pakistan Limited
United Bank Limited
Meezan Bank Limited
Allied Bank Limited

Factory

4-km Off Feroz Pur Road Raiwind
Lilliani Link Road, Pandoki Lahore.

Stock Symbol

SPEL

Website

www.spelgroup.com

SYNTHETIC PRODUCTS ENTERPRISES LIMITED

Directors' Review of the Condensed Interim Financial Information

*For the Nine Months & Quarter ended 31 March 2020***Dear Shareholders,**

The Directors of Synthetic Products Enterprises Limited are pleased to present your Company's condensed interim financial information for the nine months and quarter ended 31 March 2020 along with the Directors' review thereon.

Financial Analysis

	Nine Months Ended		Quarter Ended	
	31 Mar 2020 PKR Millions	31 Mar 2019 PKR Millions	31 Mar 2020 PKR Millions	31 Mar 2019 PKR Millions
Sales – net	2,441.17	2,291.75	821.17	741.40
Cost of Sales	(2,001.33)	(1,909.05)	(654.12)	(613.51)
Gross Profit	439.83	382.70	167.05	127.51
Operating Profit	299.83	243.59	122.46	80.81
Profit after tax	201.59	165.88	84.33	49.81
EPS – Basic (PKR)	2.28	1.87	0.95	0.56

The revenue for the nine months period under review has increased by 6.5% as compared to same period of last year. The gross profit ratio and operating profit ratio is increased to 18% and 12% respectively despite the macro-economic challenges arising in the country, inflationary pressures and rising cost of doing business.

The other income has increased mainly due to unwinding of financial cost on long term receivable from our customers. The company will recognize the remaining portion on periodic basis under the head of 'other income' till June 2021 being the maturity date of long term receivable.

Through Finance Act 2019, the government has abolished the benefit of tax credit for making investment in balancing, modernization, replacement and expansion under section 65(B) of the Income Tax Ordinance, 2001 due to which the tax expense has grown up as compared to the tax expense of comparative period.


Outlook


Due to outbreak of COVID-19, the economic environment is effected, the company is working to cope with the challenges arising due to this pandemic by enhancing focus on the less-effected sectors and by developing new products to fulfill the future requirements of the economy.

SPEL remain committed to supply quality products and to deliver on time to its customers as it is our promise of reliability.

Acknowledgement

We would like to thank our valued customers for their confidence and trust in the Company's products. We are also thankful to all other stakeholders including dealers, suppliers, bankers, shareholders and employees for providing continuous support.



Chief Executive Officer

Director

Lahore
25 April 2020

Synthetic Products Enterprises Limited
Condensed Interim Statement of Financial Position
As at 31 March 2020

		Un-audited 31 March 2020 Rupees	Audited 30 June 2019 Rupees
	Note		
EQUITY AND LIABILITIES			
<u>Share capital and reserves</u>			
Authorized share capital of Rs. 10 each		<u>1,000,000,000</u>	<u>1,000,000,000</u>
Issued, subscribed and paid-up capital	5	884,884,000	850,850,000
Share premium		347,391,050	347,391,050
Accumulated profit		1,246,533,309	1,130,023,021
Fair value reserve on investment		(3,125,367)	(3,162,588)
Surplus on revaluation of land		330,031,765	330,031,765
		<u>2,805,714,757</u>	<u>2,655,133,248</u>

LIABILITIES

Non-Current liabilities

Diminishing musharika - secured	6	182,458,367	262,445,152
Lease liabilities	7	5,868,237	8,942,868
Deferred taxation - net		212,728,841	208,044,803
		<u>401,055,445</u>	<u>479,432,823</u>

Current liabilities

Trade and other payables	8	155,407,118	166,244,288
Unclaimed dividend		2,085,056	1,730,714
Short term borrowings - secured	9	308,569,859	309,138,985
Current maturity of long term liabilities	10	108,664,164	107,736,813
Accrued mark up		6,010,531	6,183,440
		<u>580,736,728</u>	<u>591,034,240</u>
		<u>3,787,506,930</u>	<u>3,725,600,311</u>

Contingencies and commitments

11

The annexed notes from 1 to 26 form an integral part of these condensed interim financial statements.

Lahore

Chief Executive Officer

ASSETS

Non-current assets

Property, plant and equipment	12	2,273,884,028	2,230,298,887
Right of use assets	13	26,226,350	-
Intangibles		560,914	98,163
Investments	14	1,129,936	1,077,511
Long term deposits		9,620,959	10,472,359
Long term receivable		17,450,318	56,654,840
		<u>2,328,872,505</u>	<u>2,298,601,760</u>

Current assets

Stores, spares and loose tools		46,440,106	25,680,954
Stock-in-trade	15	546,502,885	568,886,295
Trade debts - unsecured, considered good		518,687,587	487,002,926
Income tax - net		269,506,707	259,542,569
Advances, deposits, prepayments and other receivables		71,728,421	43,864,705
Cash and bank balances		5,768,719	42,021,102
		<u>1,458,634,425</u>	<u>1,426,998,551</u>
		<u>3,787,506,930</u>	<u>3,725,600,311</u>

Director

Chief Financial Officer

Synthetic Products Enterprises Limited
Condensed Interim Statement of Profit or Loss (Un-audited)
For the nine months and quarter ended 31 March 2020

	Note	Nine Months Ended		Quarter Ended	
		31 March 2020 Rupees	31 March 2019 Rupees	31 March 2020 Rupees	31 March 2019 Rupees
Revenue - net	16	2,441,170,798	2,291,756,384	821,178,014	741,406,291
Cost of goods sold	17	(2,001,331,966)	(1,909,053,711)	(654,123,167)	(613,891,777)
Gross profit		439,838,832	382,702,673	167,054,847	127,514,514
Administrative expenses		(120,337,873)	(123,213,931)	(38,130,768)	(41,080,887)
Selling and distribution expenses		(19,667,545)	(15,896,330)	(6,456,702)	(5,622,291)
Operating profit		299,833,414	243,592,412	122,467,376	80,811,336
Other income		27,816,255	8,417,173	7,715,455	1,715,676
Other charges		(24,405,832)	(17,564,787)	(8,831,225)	(6,283,938)
Finance cost	18	(55,871,988)	(55,075,284)	(16,543,089)	(21,365,319)
Profit before taxation		247,371,849	179,369,514	104,808,516	54,877,755
Taxation	19	(45,776,561)	(13,488,946)	(20,474,025)	(5,061,313)
Profit after taxation		201,595,288	165,880,568	84,334,491	49,816,442
Earnings per share - basic and diluted - restated	20	2.28	Re-stated 1.87	0.95	Re-stated 0.56

The annexed notes from 1 to 26 form an integral part of these condensed interim financial statements.

Lahore

Chief Executive Officer

Director

Chief Financial Officer

Synthetic Products Enterprises Limited

Condensed Interim Statement of Comprehensive Income (Un-audited)

For the nine months and quarter ended 31 March 2020

	Nine Months Ended		Quarter ended	
	31 March 2020 Rupees	31 March 2019 Rupees	31 March 2020 Rupees	31 March 2019 Rupees
Profit after taxation	201,595,288	165,880,568	84,334,491	49,816,442
<u>Other comprehensive income / (loss) for the period</u>				
<i>Item that will not be recognized to profit or loss:</i>				
Fair value gain / (loss) on investments at FVOCI - net of tax	37,221	(491,951)	(408,857)	(101,743)
Total comprehensive income for the period	<u>201,632,509</u>	<u>165,388,617</u>	<u>83,925,634</u>	<u>49,714,699</u>

The annexed notes from 1 to 26 form an integral part of these condensed interim financial statements.

Lahore

Chief Executive Officer

Director

Chief Financial Officer

Synthetic Products Enterprises Limited
Condensed Interim Statement of Changes in Equity (Un-audited)
For the nine months ended 31 March 2020

	Issued subscribed and paid-up capital	Capital Reserve			Revenue Reserve	Total
		Share Premium	Revaluation Surplus on fixed assets	Fair value reserve on investment	Accumulated profit	
----- Rupees -----						
Balance as at 30 June 2018 - audited	850,850,000	347,391,050	330,031,765	(2,448,013)	973,921,948	2,499,746,750
<u>Total comprehensive income</u>						
Profit for the period	-	-	-	-	165,880,568	165,880,568
Other comprehensive loss	-	-	-	(491,951)	-	(491,951)
	-	-	-	(491,951)	165,880,568	165,388,617
<u>Transactions with owners of the Company</u>						
Final cash dividend for the year ended 30 June 2018 @ Rs. 1 per share	-	-	-	-	(85,085,000)	(85,085,000)
	-	-	-	-	(85,085,000)	(85,085,000)
Balance as at 31 March 2019 - un-audited	<u>850,850,000</u>	<u>347,391,050</u>	<u>330,031,765</u>	<u>(2,939,964)</u>	<u>1,054,717,516</u>	<u>2,580,050,367</u>
Balance as at 30 June 2019 - audited	850,850,000	347,391,050	330,031,765	(3,162,588)	1,130,023,021	2,655,133,248
<u>Total comprehensive income</u>						
Profit for the period	-	-	-	-	201,595,288	201,595,288
Other comprehensive income	-	-	-	37,221	-	37,221
	-	-	-	37,221	201,595,288	201,632,509
<u>Transactions with owners of the Company</u>						
Final cash dividend for the year ended 30 June 2019 @ Rs. 0.6 per share	-	-	-	-	(51,051,000)	(51,051,000)
Bonus issue @ 4%	34,034,000	-	-	-	(34,034,000)	-
	34,034,000	-	-	-	(85,085,000)	(51,051,000)
Balance as at 31 March 2020 - unaudited	<u>884,884,000</u>	<u>347,391,050</u>	<u>330,031,765</u>	<u>(3,125,367)</u>	<u>1,246,533,309</u>	<u>2,805,714,757</u>

The annexed notes from 1 to 26 form an integral part of these condensed interim financial statements.

Lahore

Chief Executive Officer

Director

Chief Financial Officer

Synthetic Products Enterprises Limited

Condensed Interim Statement of Cash Flows (Un-audited)

For the nine months ended 31 March 2020

	31 March 2020 Rupees	31 March 2019 Rupees
<i>Note</i>		
<u>Cash flow from operating activities</u>		
Profit before tax	247,371,849	179,369,514
Adjustments for non cash items:		
Depreciation on property, plant and equipment	133,617,009	136,430,924
Depreciation on right of use assets	1,702,473	-
Amortization of intangibles	68,737	1,514,367
Finance cost	55,871,988	55,075,284
Bonus dividend received	-	(261,985)
Loss on disposal of property, plant and equipment	5,785,446	1,882,265
Gain on disposal of right of use assets	(642,844)	-
Provision for Workers' Profit Participation Fund and Workers' Welfare Fund	18,469,538	13,639,453
	<u>214,872,347</u>	<u>208,280,308</u>
Cash generated from operations before working capital changes	462,244,196	387,649,822
Effect on cash flow due to working capital changes		
(Increase) / decrease in current assets:		
Stores, spares and loose tools	(20,759,152)	(4,508,130)
Stock-in-trade	22,383,410	(8,736,006)
Trade debts - unsecured, considered good	7,519,861	(17,607,657)
Advances, deposits, prepayments and other receivables	(27,863,716)	3,410,042
	<u>(18,719,597)</u>	<u>(27,441,751)</u>
Decrease in current liabilities:		
Trade and other payables	(8,841,244)	11,020,647
	<u>(27,560,841)</u>	<u>(16,421,104)</u>
Net decrease in working capital		
Cash generated from operations	434,683,355	371,228,718
Payment of Workers' Profit Participation Fund & Workers Welfare Fund	(20,465,465)	(29,730,797)
Taxes paid	(51,071,864)	(46,107,661)
Long term deposits - net	851,400	(12,314,981)
Net cash generated from operating activities	<u>363,997,426</u>	<u>283,075,279</u>
<u>Cash flow from investing activities</u>		
Capital expenditure incurred	(214,881,190)	(196,868,892)
Intangibles acquired	(531,488)	-
Proceeds from disposal of property, plant and equipment	3,603,614	4,604,749
Proceeds from disposal of right of use assets	1,004,000	-
Net cash used in investing activities	<u>(210,805,064)</u>	<u>(192,264,143)</u>
<u>Cash flow from financing activities</u>		
Principal repayment of lease liability	(3,663,471)	(3,573,942)
(Repayment) / receipts of Diminishing musharika - net	(78,470,594)	15,528,324
Finance cost paid	(56,044,896)	(51,277,344)
Dividend paid	(50,696,658)	(83,846,606)
Short term borrowings	(9,758,354)	81,486,172
Net cash used in financing activities	<u>(198,633,973)</u>	<u>(41,683,396)</u>
Net increase / (decrease) in cash and cash equivalents	(45,441,611)	49,127,740
Cash and cash equivalents at beginning of the period	(146,969,043)	(66,153,820)
Cash and cash equivalents at end of the period	<u>(192,410,654)</u>	<u>(17,026,080)</u>

21

The annexed notes from 1 to 26 form an integral part of these condensed interim financial statements.

Lahore

Chief Executive Officer

Director

Chief Financial Officer

Synthetic Products Enterprises Limited

Notes to the Condensed Interim Financial Statements (Un-audited)

For the nine months and quarter ended 31 March 2020

1 Corporate and general information

1.1 Legal status and nature of business

Synthetic Products Enterprises Limited ("the Company") was incorporated in Pakistan on 16 May 1982 as a private limited company. The Company converted into public limited company on 21 July 2008 and subsequently listed on Pakistan Stock Exchange on 10 February 2015. The registered office of the Company is situated at 127-S, Quaid-e-Azam Industrial Estate, Kot Lakhpat, Lahore. The Company is principally engaged in the manufacturing and sale of plastic auto parts, plastic packaging for food and FMCG industry, molds and dies. The production facilities of the Company are located at following geographical locations:

- Sue-e-Asal Lalyani Road, Pandoki
- Rahim Yar Khan Industrial Estate, Rahim Yar Khan,
- Quaid-e-Azam Industrial Estate, Kot Lakhpat, Lahore.

2 Basis of preparation

2.1 Statement of compliance

2.1.1 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, issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017;
- Islamic Financial Accounting Standards (IFAS) issued by the Institute of Chartered Accountants of Pakistan (ICAP) as notified under the Companies Act, 2017; and
- Provision of and directives issued under the Companies Act, 2017.

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

2.1.2 These condensed interim financial statements comprise the condensed interim statement of financial position of the Company, as at 31 March 2020 and the related condensed interim statement of profit or loss, condensed interim statement of comprehensive income, condensed interim statement of cash flows and condensed interim statement of changes in equity together with the notes forming part thereof.

2.1.3 These condensed interim financial statements does not include all of the information required for full annual financial statements and should be read in conjunction with the annual financial statements for the year ended 30 June 2019. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the company's financial position and performance since the last annual financial statements.

2.1.4 The comparative statement of financial position presented in these interim financial statements has been extracted from the audited annual financial statements of the Company for the year ended 30 June 2019, whereas comparative condensed interim statement of profit or loss, condensed interim statement of comprehensive income, condensed interim statement of cash flows and condensed interim statement of changes in equity has been extracted from the unaudited condensed interim financial statements for the nine months period ended 31 March 2019.

2.1.5 These condensed interim financial statements are unaudited and being submitted to the shareholders as required under Section 237 of the Companies Act, 2017 ("the Act").

2.2 Functional and presentation currency

These condensed interim financial statements are presented in Pakistani Rupees which is also the Company's functional currency.

3 Judgments and estimates

In preparing this interim financial information, management has made judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

The significant judgments made by the management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those applied to the financial statements for the year ended 30 June 2019 except for those mentioned in note 4.2 below

4 Significant accounting policies

4.1 The accounting policies adopted for the preparation of the financial statements are the same as those applied in the preparation of the financial statements of the Company for the year ended 30 June 2019, except for those disclosed in note 4.2 of these condensed interim financial statements.

4.2 Changes in significant accounting policies

The Company has adopted IFRS 16 'Leases' from 01 July 2019. The impact of adoption of IFRS 16 has been explained below.

4.2.1 IFRS 16 - Leases

IFRS 16 introduces a single, on-balance sheet lease accounting model for lessees. A lessee recognizes a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. As a result, the Company, as a lessee, has recognized right of use of assets representing its right to use the underlying assets and lease liabilities representing its obligation to make lease payments. There are recognition exemptions for short-term leases and leases of low-value items. Lessor accounting remains similar to the current standard i.e. lessors continue to classify leases as finance or operating leases.

The Company has applied IFRS 16 using the modified retrospective approach as at 01 July 2019. Accordingly, the comparative information presented has not been generally restated -i.e. it is presented, as previously reported, under IAS 17 and related interpretations. The details of changes in accounting policies are disclosed below.

As a lessee

As a lessee, the Company previously classified leases as operating or finance leases based on its assessment of whether the lease transferred substantially all of the risks and rewards of ownership. Under IFRS 16, a contract is, or contains, a lease if the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration. The Company now recognizes right of use assets and lease liabilities for material leases i.e. these leases are on balance sheet.

The Company presents right-of-use assets as a separate line item on face of balance sheet under Non Current Assets with the same classification of underlying assets of the same nature that it owns.

The Company recognizes a right of use asset and a lease liability at the lease commencement date. The right of use asset is initially measured at cost which comprise the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and subsequently at cost less accumulated depreciation and impairment losses, and adjusted for certain re-measurements of the lease liability. The right to use asset is subsequently depreciated using the straight line method from the commencement date to the earlier of the end of useful life of the right of use asset or the end of the lease term. The estimated useful lives of right of use asset are determined on the same as those of property, plant and equipment. In addition, the right of use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The Company has applied judgment to determine the lease term for lease contracts in which it is a lessee that include renewal options. The assessment of whether the Company is reasonably certain to exercise such options impacts the lease term, which significantly affects the amount of lease liabilities and right-of-use assets recognized.

Transition

On transition to IFRS 16, the Company elected to apply the practical expedient to grandfather the assessment of which transactions are leases. The Company applied IFRS 16 only to contracts that were previously identified as leases. Contracts that were not identified as leases under IAS 17 and IFRIC 4 were not reassessed for whether there is a lease under IFRS 16. Therefore, the definition of a lease under IFRS 16 was applied only to contracts entered into or changed on or after 01 July 2019, if any.

Previously, the Company classified property leases as operating leases under IAS 17. These mainly include leasehold land obtained and certain warehouses. Some of the lease includes an option to renew the lease for an additional period after the end of the contracted period.

At transition, for lease classified as operating lease under IAS 17, lease liability was measured at the present value of the remaining lease payments, discounted at the Company's incremental borrowing rate. Right of use asset is measured at an amount equal to the lease liability adjusted by the amount of any prepaid or accrued lease payments if any. The Company has not recognized any additional right of use asset or corresponding lease liability since the impact was immaterial. However, leasehold land and leased vehicles presented in property, plant and equipment are now being presented as right of use assets with in property, plant and equipment

The Company used the following practical expedients when applying IFRS 16 to leases previously classified as operating leases under IAS 17.

- Used hindsight when determining the lease term if the contract contains options to extend or terminate the lease.
- Did not recognize right of use asset and liabilities for leases of which the lease term ends within 12 months of the date of the initial application.

01 July 2019
Rupees

Impact at transition

Reclassification of leasehold land to right to use asset - carrying value	<u>18,487,565</u>
Reclassification of leased vehicles to right of use asset - carrying value	<u>9,802,414</u>
Reclassification of 'liabilities against assets subject to finance lease' to 'lease liabilities'	<u>11,672,124</u>

Impact during the period

Depreciation of right of use asset recognized in profit or loss	<u>1,702,473</u>
Expenses relating to short term leases recognized in profit or loss	<u>703,500</u>
Finance cost charged to profit or loss	<u>606,265</u>
Repayment of lease liabilities	<u>3,663,471</u>

4.3 The following International Financial Reporting Standards (IFRS Standards) as notified under the Companies Act, 2017 and the amendments and interpretations thereto will be effective for accounting periods beginning on or after 01 January 2020:

The following standards, amendments and interpretations of approved accounting standards will be effective for accounting periods beginning on or after 01 January 2020:

- Amendment to IFRS 3 'Business Combinations' – Definition of a Business (effective for business combinations for which the acquisition date is on or after the beginning of annual period beginning on or after 01 January 2020). The IASB has issued amendments aiming to resolve the difficulties that arise when an entity determines whether it has acquired a business or a group of assets. The amendments clarify that to be considered a business, an acquired set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs. The amendments include an election to use a concentration test. The standard is effective for transactions in the future and therefore would not have an impact on past financial statements. The amendment is not likely to have an impact on the Company's financial statements.

- Amendments to IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors (effective for annual periods beginning on or after 01 January 2020). The amendments are intended to make the definition of material in IAS 1 easier to understand and are not intended to alter the underlying concept of materiality in IFRS Standards. In addition, the IASB has also issued guidance on how to make materiality judgments when preparing their general purpose financial statements in accordance with IFRS Standards.
- On 29 March 2018, the International Accounting Standards Board (the IASB) has issued a revised Conceptual Framework for Financial Reporting which is applicable immediately contains changes that will set a new direction for IFRS in the future. The Conceptual Framework primarily serves as a tool for the IASB to develop standards and to assist the IFRS Interpretations Committee in interpreting them. It does not override the requirements of individual IFRSs and any inconsistencies with the revised Framework will be subject to the usual due process – this means that the overall impact on standard setting may take some time to crystallize. The companies may use the Framework as a reference for selecting their accounting policies in the absence of specific IFRS requirements. In these cases, companies should review those policies and apply the new guidance retrospectively as of 01 January 2020, unless the new guidance contains specific scope outs.

The above amendments are not likely to have an effect on the Company's financial statements.

Un-audited 31 March 2020 ----- Number of shares -----	Audited 30 June 2019	Un-audited 31 March 2020 Rupees	Audited 30 June 2019 Rupees
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5 Issued, subscribed and paid-up capital

Ordinary shares of Rs. 10 each, fully paid in cash	19,791,940	19,791,940	197,919,400	197,919,400
Fully paid bonus shares of Rs. 10 each	61,031,460	57,628,060	610,314,600	576,280,600
Shares of Rs. 10 each, issued under scheme of amalgamation	7,665,000	7,665,000	76,650,000	76,650,000
	<u>88,488,400</u>	<u>85,085,000</u>	<u>884,884,000</u>	<u>850,850,000</u>

2019-20	2019-20
No. of shares	Rupees

5.1 Reconciliation of issued share capital during the period

Opening balance as at 01 July 2019	85,085,000	850,850,000
Bonus shares issued during the period	3,403,400	34,034,000
Closing balance as at 31 March 2020	<u>88,488,400</u>	<u>884,884,000</u>

During the period Company has issued bonus shares @ 4% i.e. 1 share for every 25 shares held.

		Un-audited 31 March 2020 Rupees	Audited 30 June 2019 Rupees
6 Diminishing musharika - secured			
United Bank Limited	6.1	96,780,125	126,762,208
Bank Islami Pakistan Limited	6.2	57,375,000	76,500,000
Habib Bank Limited	6.3	134,826,990	164,190,501
		288,982,115	367,452,709
Less: Current maturity presented under current liabilities		(106,523,748)	(105,007,557)
		182,458,367	262,445,152

6.1 During the period / year, the Company has made repayments amounting to Rs. 29.98 million (30 June 2019: Rs. 31.31 million).

6.2 During the period / year, the Company has made repayments amounting to Rs. 19.12 million (30 June 2019: Rs. 25.5 million).

6.3 During the period / year, the Company has made repayments amounting to Rs. 29.36 million (30 June 2019: Rs. nil).

		Un-audited 31 March 2020 Rupees	Audited 30 June 2019 Rupees
7 Lease liabilities			
Lease liability	7.1	8,008,654	11,672,124
Less: Current maturity presented under current liabilities		(2,140,416)	(2,729,256)
		5,868,237	8,942,868

7.1 During the period / year, the Company has made repayments amounting to Rs. 3.66 million (30 June 2019: Rs. 4.167 million).

		Un-audited 31 March 2020 Rupees	Audited 30 June 2019 Rupees
8 Trade and other payables			
Trade creditors		57,274,054	72,569,616
Accrued liabilities		52,279,356	48,229,876
Contract liabilities		11,509,709	10,606,274
Workers' Profit Participation Fund		13,292,070	15,695,614
Workers' Welfare Fund		4,963,874	4,556,256
Withholding tax payable		769,705	545,851
Provident fund payable		1,697,927	1,476,673
Others		13,620,423	12,564,128
		155,407,118	166,244,288

			Un-audited 31 March 2020 Rupees	Audited 30 June 2019 Rupees
9	Short term borrowings - secured			
	<i>Type of loans</i>			
	Conventional interest / mark-up based loans	9.1	234,181,353	140,172,675
	Islamic mode of financing	9.2	74,388,506	168,966,310
			<u>308,569,859</u>	<u>309,138,985</u>
9.1	Conventional interest / mark-up based loans			
	Short term running finance		123,790,867	98,491,557
	Finance against trust receipts		110,390,486	41,681,118
			<u>234,181,353</u>	<u>140,172,675</u>
9.2	Islamic mode of financing			
	Murabaha and Istisna		-	78,467,722
	Running Musharika		74,388,506	90,498,588
			<u>74,388,506</u>	<u>168,966,310</u>
10	Current maturity of long term liabilities			
	Diminishing Musharika - secured	6	106,523,748	105,007,557
	Lease liabilities	7	2,140,416	2,729,256
			<u>108,664,164</u>	<u>107,736,813</u>
11	Contingencies and commitments			
11.1	Contingencies			
	There is no significant change in the status of contingencies as reported in the preceding published annual financial statements of the Company for the year ended 30 June 2019.			
11.2	Commitments			
	<i>Commitments under irrevocable letters of credit for:</i>			
	- purchase of machinery		51,322,619	-
	- purchase of raw material and its related components		227,717,561	294,417,556
			<u>279,040,180</u>	<u>294,417,556</u>

		Un-audited 31 March 2020 Rupees	Audited 30 June 2019 Rupees
	Note		
12 Property, plant and equipment			
Operating fixed assets	12.1	2,072,298,010	2,169,304,688
Capital work in progress - at cost	12.2	201,586,018	60,994,199
		<u>2,273,884,028</u>	<u>2,230,298,887</u>
12.1 Operating fixed assets			
Opening written down value		2,169,304,688	2,016,335,058
Less: Transferred to Right of use assets		(28,289,979)	-
Add: Additions during the period / year (cost)	12.1.1	74,289,371	355,442,523
Less: Disposals during the period / year at written down value		(9,389,061)	(16,026,009)
Less: Depreciation charge for the period / year		(133,617,009)	(186,446,884)
Closing written down value		<u>2,072,298,010</u>	<u>2,169,304,688</u>
12.1.1 Additions during the period / year:			
Land		5,397,400	-
Buildings on freehold land		2,334,326	44,693,865
Plant and machinery - owned		63,777,765	298,910,336
Office equipment		888,033	736,417
Tools and equipment		974,458	3,107,477
Computer equipment		149,000	1,111,400
Furniture and fittings		27,039	1,424,928
Vehicles - owned		741,350	4,696,100
Vehicles - leased		-	762,000
		<u>74,289,371</u>	<u>355,442,523</u>
12.2. Capital work in progress - at cost			
Balance at the beginning of the period / year		60,994,199	108,193,070
Add: Additions during the period / year		206,663,062	280,659,005
Less: Transfers to fixed assets during the period / year		(66,071,243)	(327,857,876)
		<u>201,586,018</u>	<u>60,994,199</u>
13 Right of use assets			
Opening written down value		-	-
Add: Transfer from property, plant and equipment on 01 July 2019		28,289,979	-
Add: Additions during the period / year (cost)		-	-
Less: Disposals during the period / year at written down value		(361,156)	-
Less: Depreciation charge for the period / year		(1,702,473)	-
Closing written down value		<u>26,226,350</u>	<u>-</u>
14 Investments			
Investment classified as fair value through other comprehensive income		<u>1,129,936</u>	<u>1,077,511</u>

This represents 80,652 ordinary shares having face value of Rs. 10 each (30 June 2019: 80,652 ordinary shares) in Roshan Packages Limited.

	Un-audited 31 March 2020 Rupees	Audited 30 June 2019 Rupees
15 Stock-in-trade		
Raw and packing material	329,409,192	325,014,947
Stock in transit	98,378,647	96,681,571
Work in process	44,330,109	88,456,508
Finished goods	74,384,937	58,733,269
	<u>546,502,885</u>	<u>568,886,295</u>
	Nine months ended (Un-audited)	
	31 March 2020 Rupees	31 March 2019 Rupees
16 Revenue - net		
Local	2,903,403,537	2,705,066,299
Export	12,432,305	10,165,196
	<u>2,915,835,842</u>	<u>2,715,231,495</u>
Less: Sales tax	(432,544,192)	(403,963,744)
Discounts	(42,120,852)	(19,511,367)
	<u>2,441,170,798</u>	<u>2,291,756,384</u>
17 Cost of goods sold		
Raw and packing materials consumed	1,406,264,726	1,526,273,728
Stores, spare parts and loose tools consumed	7,185,409	5,790,073
Salaries, wages and benefits	177,857,176	161,593,798
Security expenses	6,692,269	6,793,905
Electricity, fuel and water charges	190,753,637	119,723,986
Depreciation on property, plant and equipment	121,873,090	122,764,380
Repair and maintenance	26,112,029	28,771,639
Insurance	4,633,448	3,987,723
Oil and lubricants	1,765,132	2,801,508
	<u>1,943,136,915</u>	<u>1,978,500,740</u>
<i>Work in process:</i>		
- At beginning of the period	88,456,508	125,584,790
- At end of the period	(44,330,109)	(188,080,067)
Cost of goods manufactured	<u>1,987,263,314</u>	<u>1,916,005,463</u>
<i>Finished goods:</i>		
- At beginning of the period	58,733,269	38,352,289
- At end of the period	(74,384,937)	(74,711,245)
	<u>1,971,611,646</u>	<u>1,879,646,507</u>
Freight and forwarding	29,720,320	29,407,204
Cost of goods sold	<u>2,001,331,966</u>	<u>1,909,053,711</u>

18 Finance cost

Mark-up on:

	Nine months ended (Un-audited)	
	31 March 2020 Rupees	31 March 2019 Rupees
- diminishing musharika	35,338,083	27,445,997
- unwinding of lease liabilities	606,265	845,008
- short term borrowings	19,076,976	26,493,274
Bank charges	850,663	291,005
	<u>55,871,988</u>	<u>55,075,284</u>

19 Taxation

Tax expense for the period comprises:

Current tax	41,107,726	(2,827,356)
Deferred tax	4,668,835	16,316,302
	<u>45,776,561</u>	<u>13,488,946</u>

20 Earnings per share - basic and diluted

20.1 Basic earnings per share

Profit for the period after taxation	Rupees	<u>201,595,288</u>	<u>165,880,568</u>
Weighted average number of ordinary shares in issue during the period	Number	<u>88,488,400</u>	Re-stated <u>88,488,400</u>
Earnings per share	Rupees	<u>2.28</u>	Re-stated <u>1.87</u>

During the period Company has issued bonus shares @ 4%. The weighted average number of ordinary shares and EPS of comparative period are restated based on the new number of shares including the bonus issue as per requirements of IAS-33.

20.2 Diluted earnings per share

There is no dilutive effect on the basic earnings per share of the Company.

21 Cash and cash equivalents

	Nine months ended (Un-audited)	
	31 March 2020 Rupees	31 March 2019 Rupees
Short term running finance- secured	(123,790,867)	(54,225,998)
Running Musharika	(74,388,506)	-
Cash and bank balances	5,768,719	37,199,918
	<u>(192,410,654)</u>	<u>(17,026,080)</u>

22 Financial instruments - fair values

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy for financial instruments measured at fair value. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

Nine Months ended 31 March 2020 (Un-audited)						
Carrying Amount				Fair Value		
Investments at FVOCI	Amortized cost	Other financial liabilities	Total	Level 1	Level 2	Level 3
----- Rupees -----						
Financial assets measured at fair value						
Investments at FVOCI	<u>1,129,936</u>	<u>-</u>	<u>1,129,936</u>	<u>1,129,936</u>	<u>-</u>	<u>-</u>
<u>Financial assets at amortized cost</u>						
Long term deposits	-	9,620,959	-	9,620,959	-	-
Long term receivable	-	17,450,318	-	17,450,318	-	-
Trade debts - unsecured, considered good	-	518,687,587	-	518,687,587	-	-
Deposits and other receivables	-	24,920,425	-	24,920,425	-	-
Cash and bank balances	-	5,768,719	-	5,768,719	-	-
	<u>-</u>	<u>576,448,008</u>	<u>-</u>	<u>576,448,008</u>	<u>-</u>	<u>-</u>
<u>Financial liabilities not measured at fair value</u>						
Diminishing musharika	-	-	288,982,115	288,982,115	-	-
Lease liabilities	-	-	8,008,654	8,008,654	-	-
Trade and other payables	-	-	124,871,760	124,871,760	-	-
Unclaimed dividend	-	-	2,085,056	2,085,056	-	-
Short term borrowing	-	-	308,569,859	308,569,859	-	-
Accrued mark up	-	-	6,010,531	6,010,531	-	-
	<u>-</u>	<u>-</u>	<u>738,527,974</u>	<u>738,527,974</u>	<u>-</u>	<u>-</u>

22.1

30 June 2019 (Audited)						
Carrying Amount				Fair Value		
Available for sale	Amortized Cost	Other financial liabilities	Total	Level 1	Level 2	Level 3
----- Rupees -----						
1,077,511	-	-	1,077,511	1,077,511	-	-
-	10,472,359	-	10,472,359	-	-	-
-	56,654,840	-	56,654,840	-	-	-
-	487,002,926	-	487,002,926	-	-	-
-	13,295,342	-	13,295,342	-	-	-
-	42,021,102	-	42,021,102	-	-	-
-	609,446,569	-	609,446,569	-	-	-
-	-	367,452,709	367,452,709	-	-	-
-	-	11,672,124	11,672,124	-	-	-
-	-	134,840,293	134,840,293	-	-	-
-	-	1,730,714	1,730,714	-	-	-
-	-	309,138,985	309,138,985	-	-	-
-	-	6,183,440	6,183,440	-	-	-
-	-	831,018,265	831,018,265	-	-	-

22.2 The Company has not disclosed the fair values of these financial assets and liabilities as these either are for short term purposes or reprice over short term. Therefore, their carrying amounts are reasonable approximation of fair value.

22.3 Land has been carried at revalued amounts determined by professional value's (level 3 measurement) based on their assessment of the market values. The valuations are conducted by the valuation experts appointed by the Company. The valuation experts used a market based approach to arrive at the fair value of the Company's land.

23 Transactions with related parties

The related parties comprise of associated companies, directors of the Company, key management personnel and post employment retirement plan. Amount due from and due to related parties are shown under respective notes. Other significant transactions and balances with related parties except for those disclosed elsewhere are as follows:

				Nine Months ended (Un-audited)	
				31 March 2020 Rupees	31 March 2019 Rupees
23.1	Related parties	Relationship	Transactions		
	Provident Fund Trust	Post employment benefit fund	Contribution	14,749,343	14,478,251
	Directors	Directors	Cash Dividend as shareholder	36,355,811	60,593,614
			Bonus shares as shareholder	24,237,160	-
		Directors other than key management personnel	Remuneration	14,313,094	13,788,510
		Non-Executive Directors	Meeting fee	1,175,000	850,000
	Key Management Personnel	Key Management Personnel	Remuneration	27,460,499	29,989,425
			Cash Dividend as shareholder	18,599	30,998
			Bonus shares as shareholder (Other than Directors)	12,390	-
				(Un-audited) 31 March 2020 Rupees	(Audited) 30 June 2019 Rupees
23.2	Balances with related parties				
	Provident Fund Trust	Post employment benefit fund		1,697,927	1,476,673
23.3	Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company. The Company considers Chief Executive Officer, full time Directors, Chief Financial Officer and Company Secretary to be its key management personnel.				

24 Financial risk management

The Company's financial risk management objective and policies are consistent with that disclosed in the annual financial statements of the Company for the year ended 30 June 2019.

25 Date of authorization

These condensed interim financial statements has been approved by the Board of Directors of the Company and authorized for issue in their meeting held on 25 April 2020.

26 General


Figures have been rounded off to the nearest rupee. Comparative figures have been re-arranged, wherever necessary, for comparison purposes. However, there is no material re-arrangement.



Chief Executive Officer



Director



Chief Financial Officer

ڈائریکٹرز کا جائزہ

محترم شیئر ہولڈرز

سینٹھیک پراڈکٹس انٹرپرائزز لمیٹڈ کے بورڈ آف ڈائریکٹرز 31 مارچ 2020 کو ختم ہونے والی مدت کے لیے آپ کی کمپنی کی مالیاتی معلومات ڈائریکٹرز کے جائزے کے ساتھ پیش کر رہے ہیں۔

مالی تجزیہ

زیر جائزہ مدت کے دوران کمپنی کی مالی کارکردگی کا خلاصہ درج ذیل ہے۔

Quarter Ended	Quarter Ended	Nine Months Ended	Nine Months Ended	
31 March 2019	31 March 2020	31 March 2019	31 March 2020	
PKR (Millions)	PKR (Millions)	PKR (Millions)	PKR (Millions)	
741.40	821.17	2,291.75	2,441.17	سیلز
(613.89)	(654.12)	(1,909.05)	(2,001.33)	کاسٹ آف سیلز
127.51	167.05	382.70	439.83	خام منافع
80.81	122.46	243.59	299.83	آپریٹنگ منافع
49.81	84.33	165.88	201.59	خالص منافع
0.56	0.96	1.87	2.28	EPS (PKR)

زیر جائزہ مدت میں کمپنی نے سیکلر آمدن میں گزشتہ سال اسی مدت کے مقابلے میں 6.5 فیصد اضافہ ریکارڈ کیا ہے۔ ملک میں جاری معاشی چیلجز اور افراط زر کے دباؤ کے باوجود خام منافع اور آپریٹنگ منافع کی شرح 18 فیصد اور 12 فیصد پر برقرار ہے۔

Other Income میں اضافہ ہوا ہے جس کی ایک بڑی وجہ فنانس لاگت کی Unwinding ہے جو کہ طویل المدتی وصولیوں پر کی گئی ہے۔ کمپنی بقیہ Unwinding جون 2021 تک متواتر بنیاد پر کرے گی۔

فنانس ایکٹ 2019 کے تحت حکومت نے BMR اور Expansion پر انکم ٹیکس آرڈیننس 2001 کی دفعہ 65(B) کے تحت ٹیکس کریڈٹ ختم کر دیا ہے جس کی وجہ سے ٹیکس خرچ گزشتہ سال کی اسی مدت سے زیادہ ریکارڈ کیا گیا ہے۔

مستقبل قریب کا جائزہ

کرونا وائرس کے پھیلاؤ سے معاشی ماحول متاثر ہوا ہے۔ کمپنی اس وبائی مرض سے پیدا ہونے والے چیلنجز سے نمٹنے کے لیے کام کر رہی ہے جس میں کم متاثرہ شعبوں پر توجہ مرکوز کی جائے گی اور اس کے مطابق نئی مصنوعات کی تیاری کی جارہی ہے۔

ہم اپنے کابھوں کو معیار کی مصنوعات کی بروقت فراہمی کے لیے کوشاں ہیں جو کہ ہمارا قابل اعتماد ہونے کا ثبوت ہے۔

اعتراف

ہم کمپنی کی مصنوعات پر اعتماد کے لیے اپنے قابل قدر صارفین کا شکریہ ادا کرنا چاہتے ہیں۔ ہم اپنے ڈیلرز، سپلائرز، بیکاروں، شیئر ہولڈرز اور مسلسل مدد فراہم کرنے کے لیے ملازمین سمیت دیگر تمام اسٹیک ہولڈرز کے شکر گزار ہیں

ڈائریکٹر

چیف ایگزیکٹو

25 اپریل 2020