

Pakistan Synthetics Limited

HALF YEARLY REPORT

DECEMBER 2021



BOARD OF DIRECTORS	MR. KHURSHID AKHTAR MR. YAKOOB HAJI KARIM MR. NOMAN YAKOOB MR. ABID UMER MR. MUBBASHIR AMIN MR. ALI KAMAL MR. FARAZ YOUNUS BANDUKDA MRS. SAEED FATIMA NAQVI	CHAIRMAN-NON-EXECUTIVE CHIEF EXECUTIVE EXECUTIVE NON- EXECUTIVE NON- EXECUTIVE INDEPENDENT INDEPENDENT INDEPENDENT
AUDIT COMMITTEE	MR. ALI KAMAL - CHAIRMAN MR. MUBBASHIR AMIN MR. ABID UMER	
HUMAN RESOURCE AND REMUNERATION COMMITTEE	MR. ALI KAMAL - CHAIRMAN MR. MUBBASHIR AMIN MR. NOMAN YAKOOB	
CHIEF FINANCIAL OFFICER	MR. SHAHID YAQOOB	
COMPANY SECRETARY	MR. MUHAMMAD IMRAN	
BANKERS	DUBAI ISLAMIC BANK PAKISTAN LIMITED HABIB BANK LIMITED HABIB METROPOLITAN BANK LIMITED BANK AL HABIB LIMITED ASKARI BANK LIMITED MEEZAN BANK LIMITED BANK OF PUNJAB LIMITED BANK AL-FALAH LIMITED BANK ISLAMI PAKISTAN LIMITED	
AUDITORS	KPMG TASEER HADI & CO. CHARTERED ACCOUNTANTS	
REGISTRAR	F.D REGISTRAR SERVICES (PVT.) LTD. OFFICE # 1705, 17TH FLOOR, SAIMA TRADE TOWER-A, I.I. CHUNDRIGAR ROAD, KARACHI.	
LEGAL ADVISOR	TASAWUR ALI HASHMI ADVOCATE	
REGISTERED OFFICE	OFFICE # 1504, 15TH FLOOR, EMERALD TOWER, BLOCK 5, CLIFTON, KARACHI.	
FACTORY	F-1, 2, 3, & 13, 14 & 15 HUB INDUSTRIAL TRADING ESTATE DISTRICT LASBELLA, BALOCHISTAN. PLOT # A-5, N.W.I.Z, PORT QASIM AUTHORITY, KARACHI.	

DIRECTORS' REVIEW

The Board of Directors of Pakistan Synthetics Limited takes pleasure in presenting review on the financial statements of the Company for the half year ended December 31, 2021 together with Auditor's Review Report on the financial statements:

OPERATING PERFORMANCE

During the period under review, Company produced 13,267 Mt of Resin as against 11,799 MT of Resin during the corresponding period last year and sold 11,208 MT of Resin as against 7,152 MT of Resin during the corresponding period last year. During the period under review, the Company produced 12,913 octabins of preform as against 6,828 octabins produced during the corresponding period last year and sold 12,427 octabins during the period as against 6,625 octabins in the same period last year.

During the period under review the Company produced 301,440 cartons of plastic and crown caps as against 246,678 cartons during the corresponding period last year and sold 232,291 cartons as against 195,622 cartons during the corresponding period last year.

FINANCIAL RESULTS

During the period under review, the Company recorded net sales revenue of Rs. 5,015.76 million as compared to Rs. 2,368.63 million during the same period last year. Gross profit has increased from Rs. 318.949 million (December 2020) to Rs. 1,099.77 million during the period under review. Increase is mainly due to growth in quantity sold and favorable upward movement in sales prices. Operating expenses of the Company increased from Rs. 104.308 million to Rs. 261.442 million as a result of increased sales transportation cost, exchange loss and rising inflationary impact on each expense component. Financial charges reduced from 92.32 million to Rs. 77.12 million due to lower utilization of short term borrowing facilities Accordingly, the Company earned net profit after tax for the period amounting to Rs. 564.019 million (December 31, 2020: 107.833 million) reflecting an increase of profit by Rs. 456.186 million. The results translated into earning per share of Rs. 6.10/share (December 31, 2020: Rs. 1.17 per share).

FUTURE OUTLOOK

Recent surge in commodity prices internationally and devaluation of PKR has resulted in massive inflationary pressure for the industry in general and for the petrochemical sector in specific. This has coupled with increase in policy rates by State Bank of Pakistan which will result in increased finance

cost in period to come. Further, unavailability of gas has hampered our production during the entire of winter season and we are yet to witness improvement.

However, the Management is proactively managing situation against all the aforesaid challenges to maintain existing market share in the industry while also keeping the profit margins intact. To pursue further growth, investment in existing businesses has been made in order to cater customer wide-ranging product demand. The Company will continue to pace itself with the dynamic business environment to meet the changing demand of its customer ensuring sustainable growth and profitability.

ACKNOWLEDGEMENT

The Directors are grateful to the Company's shareholders, financial institutions and customers for their continued cooperation, support and patronage. The management recognizes the relentless, dedicated services, loyalty and teamwork of all the employees and hopes their continued dedication shall further consolidate the Company and keep its growth abreast to face future challenges.

For and on behalf of the Board of Directors



**YAKOOB HAJI KARIM
CHIEF EXECUTIVE**



**MUBBASHIR AMIN
DIRECTOR**

Date: February 24, 2022

Karachi



KPMG Taseer Hadi & Co.
Chartered Accountants
Sheikh Sultan Trust Building No. 2, Beaumont Road
Karachi 75530 Pakistan
+92 (21) 35685847, Fax +92 (21) 35685095

INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Pakistan Synthetics Limited

Report on review of Interim Financial Statements

Introduction

We have reviewed the accompanying condensed interim statement of financial position of **Pakistan Synthetics Limited** as at 31 December 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, and notes to the condensed interim 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 statements based on our review.

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.



KPMG Taseer Hadi & Co.

Other matter


The figures for the quarter ended 31 December 2021 and 31 December 2020 in the interim financial statements have not been reviewed and we do not express a conclusion on them.

The engagement partner on the review resulting in this independent auditor's review report is **Moneeza Usman Butt**.

Date: 25 February 2022

Karachi

UDIN: RR202110102cRrsjQLKY


KPMG Taseer Hadi & Co.
Chartered Accountants

PAKISTAN SYNTHETICS LIMITED

Condensed Interim Statement of Financial Position

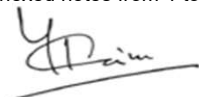
As at 31 December, 2021

		(Unaudited) 31 December 2021	(Audited) 30 June 2021
	Note	(Rupees in '000)	
ASSETS			
Non-current assets			
Property, plant and equipment	5	3,136,351	2,209,018
Right-of-use asset		37,077	42,020
Long term loan to employees		862	1,419
Long term deposits and prepayments		8,687	9,519
Deferred taxation - net		67,738	161,128
		3,250,715	2,423,104
Current assets			
Stores and spares		344,085	315,528
Stock-in-trade	6	2,403,279	1,670,712
Taxation - net		67,711	166,397
Trade debts	7	944,718	1,028,366
Loans and advances		158,061	75,033
Short term deposits and prepayments		13,644	8,883
Investments classified as at Fair value through profit or loss (FVTPL)	8	148,092	548
Other receivables	9	167,109	2,032
Cash and bank balances		22,598	14,167
		4,269,297	3,281,666
TOTAL ASSETS		7,520,012	5,704,770
EQUITY AND LIABILITIES			
Shareholders' equity			
Authorised share capital of 140,000,000 (30 June 2021: 140,000,000) ordinary shares of Rs. 10 each		1,400,000	1,400,000
Issued, subscribed and paid-up capital		924,660	840,600
Reserves		1,774,088	1,504,279
		2,698,748	2,344,879
Non-current liabilities			
Long term borrowings and government grant	10	849,029	335,542
Lease liability		34,303	38,808
Deferred liabilities		154,532	153,127
		1,037,864	527,477
Current liabilities			
Current portion of long term borrowings and government grant		169,536	216,497
Current portion of lease liability		8,558	7,685
Trade and other payables		2,196,346	1,607,319
Short term borrowings	11	1,389,378	989,919
Unclaimed dividend		5,507	4,219
Accrued markup		14,075	6,775
		3,783,400	2,832,414
TOTAL EQUITY AND LIABILITIES		7,520,012	5,704,770

Contingencies and commitments

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The annexed notes from 1 to 22 form an integral part of these condensed interim financial statements.



Chief Executive



Director



Chief Financial Officer

PAKISTAN SYNTHETICS LIMITED

Condensed Interim Statement of Profit or Loss (Un-audited)

For the six months period and quarter ended 31 December 2021

		Six months period ended		Quarter ended	
	Note	31 December 2021	31 December 2020	31 December 2021	31 December 2020
		----- (Rupees in '000) -----			
Net sales	13	5,015,759	2,368,633	2,318,212	778,539
Cost of sales		(3,915,986)	(2,049,684)	(1,822,290)	(694,565)
Gross profit		1,099,773	318,949	495,922	83,974
Distribution and selling expenses		(74,950)	(52,603)	(32,316)	(12,527)
Administrative expenses		(46,269)	(39,744)	(24,370)	(22,086)
Provision for expected credit loss		(13,580)	-	(13,580)	-
Other operating expenses	14	(126,643)	(11,961)	(56,353)	(2,051)
		(261,442)	(104,308)	(126,619)	(36,664)
Other income	15	31,064	32,269	24,178	21,801
		869,395	246,910	393,481	69,111
Finance costs		(77,113)	(92,329)	(44,902)	(44,426)
Profit before tax		792,282	154,581	348,579	24,685
Taxation	16	(228,263)	(46,748)	(99,937)	(8,926)
Profit after tax for the period		564,019	107,833	248,642	15,759
		----- (Rupees) -----			
Earning per share - basic and diluted	17	6.10	1.17*	2.69	0.17*

The annexed notes from 1 to 22 form an integral part of these condensed interim financial statements.

* Earning per share for prior year is restated for effect of bonus shares.



Chief Executive



Director



Chief Financial Officer

PAKISTAN SYNTHETICS LIMITED

Condensed Interim Statement of Comprehensive Income (Un-audited)

For the six months period and quarter ended 31 December 2021

	Six months period ended		Quarter ended	
	December 2021	December 2020	December 2021	December 2020
	----- (Rupees in '000) -----			
Profit for the period	564,019	107,833	248,642	15,759
Other comprehensive income	-	-	-	-
Total comprehensive income for the period	564,019	107,833	248,642	15,759

The annexed notes from 1 to 22 form an integral part of these condensed interim financial statements.



Chief Executive



Director



Chief Financial Officer

PAKISTAN SYNTHETICS LIMITED

Condensed Interim Statement of Changes in Equity (Un-audited)

For the six months period ended 31 December 2021

	Issued, subscribed and paid-up capital	Capital reserve	Reserves		Total reserves	Total
		Share premium	General reserve	Unappropriated profit		
	----- (Rupees in '000) -----					
Balance as at 1 July 2020	840,600	224,160	292,450	245,043	761,653	1,602,253
Total comprehensive income for the period from 1 July to 31 December 2020						
Profit for the period	-	-	-	107,833	107,833	107,833
Other comprehensive income	-	-	-	-	-	-
	-		-	107,833	107,833	107,833
Balance as at 31 December 2020	840,600	224,160	292,450	352,876	869,486	1,710,086
Balance as at 1 July 2021	840,600	224,160	292,450	987,669	1,504,279	2,344,879
Transactions with owners of the Company						
Bonus shares issued @ 10% of share capital	84,060	(84,060)	-	-	(84,060)	-
Final cash dividend for the year ended 30 June 2021 @ Rs. 2.5 per share	-	-	-	(210,150)	(210,150)	(210,150)
Total comprehensive income for the period from 1 July to 31 December 2021						
Profit for the period	-	-	-	564,019	564,019	564,019
Other comprehensive income	-	-	-	-	-	-
	-		-	564,019	564,019	564,019
Balance as at 31 December 2021	924,660	140,100	292,450	1,341,538	1,774,088	2,698,748

The annexed notes from 1 to 22 form an integral part of these condensed interim financial statements.



Chief Executive



Director



Chief Financial Officer

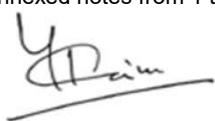
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Condensed Interim Statement of Cash Flows (Un-audited)

For the six months period ended 31 December 2021

	Six months period ended	
	31 December 2021	31 December 2020
Note	(Rupees in '000)	
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	792,282	154,581
Adjustments for:		
Depreciation	139,555	126,998
Charge for staff gratuity	16,645	4,723
Profit on disposal of property, plant and equipment	(3,856)	(2,497)
Gain on derecognition of right of use asset	-	(4,111)
Finance costs	74,957	90,037
Mark-up on lease liability	2,156	2,292
Unrealised loss on remeasurement of investment	9,262	(16)
Grant Income	(9,546)	(2,092)
	1,021,455	369,915
Changes in:		
Working capital	18 (505,508)	(352,697)
Long term loan to employees - net	557	(837)
Cash generated from operations	516,504	16,381
Staff gratuity paid	(7,021)	(2,866)
Financial charges paid	(58,111)	(104,851)
Taxes (paid) / refund received	(36,187)	68,240
Net cash generated from/ (used in) operating activities	415,185	(23,096)
CASH FLOWS FROM INVESTING ACTIVITIES		
Capital expenditure	(1,067,844)	(106,277)
Proceeds from disposal of property, plant and equipment	9,700	4,927
Net cash used in investing activities	(1,058,144)	(101,350)
CASH FLOWS FROM FINANCING ACTIVITIES		
Payment of lease liabilities	(5,733)	(4,711)
Long term borrowings obtained	589,801	153,000
Repayment of long term borrowings	(123,275)	(38,786)
Short term istisna and murabaha - net	459,013	347,834
Dividend paid	(208,862)	-
Net cash generated from financing activities	710,944	457,337
Net increase in cash and cash equivalents	67,985	332,891
Cash and cash equivalents at beginning of the period	(99,559)	(326,746)
Cash and cash equivalents at end of the period	(31,574)	6,145
CASH AND CASH EQUIVALENTS COMPRISE		
Cash and bank balances	22,598	31,429
Running finance under mark-up arrangement	(54,172)	(25,284)
	(31,574)	6,145

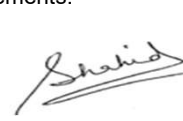
The annexed notes from 1 to 22 form an integral part of these condensed interim financial statements.



Chief Executive



Director



Chief Financial Officer

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

For the six months period ended 31 December 2021

1. STATUS AND NATURE OF BUSINESS

Pakistan Synthetics Limited ("the Company") was incorporated on 18 November 1984 as a private limited company in Pakistan and subsequently converted into a public limited company on 30 December 1987. The shares of the Company are listed on Pakistan Stock Exchange with effect from 27 June 1995. The principal activity of the Company is manufacturing and sale of Plastic Caps, Crown Caps, PET resin, Preform and BOPET resin. The registered office of the Company is situated at office no. 1504, 15th floor, Emeraled Tower, Block 5, Clifton, Karachi.

The manufacturing facility of the Company is situated at F-1,2,3 and 13,14 & 15, Hub Industrial Trading Estate, District Lasbella Balochistan and Plot No. A-5, N.W.I.Z, Port Qasim Authority, Karachi.

2. BASIS OF PREPARATION

2.1 Statement of compliance

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 as applicable in Pakistan for interim financial reporting comprise of;

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

Where the provisions of and directives issued 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.

These condensed interim financial statements are unaudited and are being submitted to the shareholders as required under section 237 of the Companies Act, 2017 and the listing regulations of the Pakistan Stock Exchange Limited. These condensed interim financial statements comprise of the statement of financial position as at 31 December 2021 and statement of profit or loss, statement of comprehensive income, statement of cash flows and statement of changes in equity for the six months period ended 31 December 2021.

The comparative statement of financial position presented in these condensed interim financial statements as at 30 June 2021 has been extracted from the audited financial statements of the Company for the year ended 30 June 2021, whereas the comparative statement of profit or loss, statement of comprehensive income, statement of cash flows and statement of changes in equity for the six months period ended 31 December 2020 have been extracted from the unaudited condensed interim financial statements for the period then ended.

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These condensed interim financial statements does not include all the information required for full annual financial statements and should be read in conjunction with the audited annual financial statements of the Company as at and for the year ended 30 June 2021.

2.2 Basis of measurement

These condensed interim financial statements have been prepared under the historical cost convention, except as stated otherwise.

2.3 Functional and presentation currency

These condensed interim financial statements are presented in Pakistan Rupees which is also the Company's functional currency. All financial information presented in Pakistan Rupees has been rounded off to the nearest thousand Rupee except where stated otherwise.

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies and the methods of computation adopted in the preparation of these condensed interim financial statements are the same as those applied in the preparation of audited annual financial statements of the Company as at and for the year ended 30 June 2021.

3.1. New standards, interpretations and amendments adopted by the Company

A number of other pronouncements are effective from 1 July 2021 as detailed in Company's annual audited financial statements as at and for the year ended 30 June 2021, but they do not have a material effect on these condensed interim financial statements.

3.2. Standards, interpretations and amendments to published approved accounting standards that are not yet effective

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 1 January 2022:

- Onerous Contracts - Cost of Fulfilling a Contract (Amendments to IAS 37) effective for the annual periods beginning on or after 1 January 2022 amends IAS 1 by mainly adding paragraphs which clarifies what comprises the cost of fulfilling a contract, Cost of fulfilling a contract is relevant when determining whether a contract is onerous. An entity is required to apply the amendments to contracts for which it has not yet fulfilled all its obligations at the beginning of the annual reporting period in which it first applies the amendments (the date of initial application). Restatement of comparative information is not required, instead the amendments require an entity to recognize the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings or other component of equity, as appropriate, at the date of initial application.
- The following annual improvements to IFRS Standards 2018-2020 are effective for annual reporting periods beginning on or after 1 January 2022:
 - IFRS 9 - The amendment clarifies that an entity includes only fees paid or received between the entity (the borrower) and the lender, including fees paid or received by either the entity or the lender on the other's behalf, when it applies the 10 per cent' test in paragraph B3.3.6 of IFRS 9 in assessing whether to derecognize a financial liability.

PAKISTAN SYNTHETICS LIMITED

- IFRS 16 -The amendment partially amends Illustrative Example 13 accompanying IFRS 16 by excluding the illustration of reimbursement of leasehold improvements by the lessor. The objective of the amendment is to resolve any potential confusion that might arise in lease incentives.
- Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16) effective for annual periods beginning on or after 1 January 2022 clarifies that sales proceeds and costs of items produced while bringing an item of property, plant and equipment to the location and condition necessary for it to be capable of operating in the manner intended by management e.g. when testing etc., are recognized in profit or loss in accordance with applicable Standards. The entity measures the cost of those items applying the measurement requirements of IAS 2. The standard also removes the requirement of deducting the net sales proceeds from cost of testing. An entity shall apply those amendments retrospectively, but only to items of property, plant and equipment that are brought to the location and condition necessary for them to be capable of operating in the manner intended by management on or after the beginning of the earliest period presented in the financial statements in which the entity first applies the amendments. The entity shall recognize the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate) at the beginning of that earliest period presented.
- Reference to the Conceptual Framework (Amendments to IFRS 3) - Reference to the Conceptual Framework, issued in May 2020, amended paragraphs 11, 14,21,22 and 23 of and added paragraphs 21A, 21B, 21C and 23A to IFRS 3. An entity shall apply those amendments to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 January 2022. Earlier application is permitted if at the same time or earlier an entity also applies all the amendments made by Amendments to References to the Conceptual Framework in IFRS Standards, issued in March 2018.
- Classification of liabilities as current or non-current (Amendments to IAS 1) amendments apply retrospectively for the annual periods beginning on or after 1 January 2023. These amendments in the standards have been added to further clarify when a liability is classified as current. The standard also amends the aspect of classification of liability as non-current by requiring the assessment of the entity's right at the end of the reporting period to defer the settlement of liability for at least twelve months after the reporting period. An entity shall apply those amendments retrospectively in accordance with IAS 8.
- Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2) the Board has issued amendments on the application of materiality to disclosure of accounting policies and to help companies provide useful accounting policy disclosures. The key amendments to IAS 1 include:
 - requiring companies to disclose their material accounting policies rather than their significant accounting policies;
 - clarifying that accounting policies related to immaterial transactions, other events or conditions are themselves immaterial and as such need not be disclosed; and
 - clarifying that not all accounting policies that relate to material transactions, other events or conditions are themselves material to a company's financial statements.

The Board also amended IFRS Practice Statement 2 to include guidance and two additional examples on the application of materiality to accounting policy disclosures. The amendments are effective for annual reporting periods beginning on or after 1 January 2023 with earlier application permitted.

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- Definition of Accounting Estimates (Amendments to IAS 8) - The amendments introduce a new definition for accounting estimates clarifying that they are monetary amounts in the financial statements that are subject to measurement uncertainty. The amendments also clarify the relationship between accounting policies and accounting estimates by specifying that a company develops an accounting estimate to achieve the objective set out by an accounting policy. The amendments are effective for periods beginning on or after 1 January 2023 and will apply prospectively to changes in accounting estimates and changes in accounting policies occurring on or after the beginning of the first annual reporting period in which the company applies the amendments.
- Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12) - The amendments narrow the scope of the initial recognition exemption (IRE) so that it does not apply to transactions that give rise to equal and offsetting temporary differences. As a result, companies will need to recognize a deferred tax asset and a deferred tax liability for temporary differences arising on initial recognition of a lease and a decommissioning provision. For leases and decommissioning liabilities, the associated deferred tax asset and liabilities will need to be recognized from the beginning of the earliest comparative period presented, with any cumulative effect recognized as an adjustment to retained earnings or other components of equity at that date. The amendments are effective for annual reporting periods beginning on or after 1 January 2023 with earlier application permitted.
- Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28) - The amendment amends accounting treatment on loss of control of business or assets. The amendments also introduce new accounting for less frequent transaction that involves neither cost nor full step-up of certain retained interests in assets that are not businesses. The effective date for these changes has been deferred indefinitely until the completion of a broader review. New standards, interpretations and amendments adopted by the Company

4. ACCOUNTING ESTIMATES, JUDGEMENTS AND FINANCIAL RISK MANAGEMENT

The preparation of condensed interim financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reporting amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience. Actual results may differ from these estimates.

The significant judgements made by the management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the annual financial statements as at and for the year ended 30 June 2021.

The financial risk management objectives and policies adopted by the Company are consistent with those disclosed in the annual financial statements as at and for the year ended 30 June 2021.

5. PROPERTY, PLANT AND EQUIPMENT

	31 December 2021 (Unaudited) (Rupees in '000)	30 June 2021 (Audited)
Operating fixed assets	2,014,197	2,123,102
Capital work in progress	1,122,154	85,916
	<u>3,136,351</u>	<u>2,209,018</u>

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5.1 Following are the additions to property, plant and equipment during the period:

	Six months period ended	
	31 December 2021	31 December 2020
	(Rupees in '000)	
<i>Additions to operating fixed assets /transfers from CWIP:</i>		
Building on leasehold land	20,532	101,665
Plant and machinery	3,000	73,382
Vehicles	7,634	17,992
Furniture and equipment	53	235
Computer accessories	387	313
 Additions to CWIP	 1,036,238	 -
	1,067,844	193,587

6. STOCK IN TRADE

		31 December 2021	30 June 2021
		(Unaudited)	(Audited)
		(Rupees in '000)	
Raw and packing material			
- in hand	6.1	837,083	361,732
- in transit		364,816	294,522
		1,201,899	656,254
 Work-in-process		 285,275	 455,329
 Finished goods		 919,886	 559,129
 Provision for slow moving and obsolete stock		 (3,781)	 -
		2,403,279	1,670,712

6.1 Raw material includes slow moving items carried at Nil (30 June 2021: Nil) as against their cost of Rs. 3.78 million (30 June 2021: Rs. Nil).

7. TRADE RECEIVABLES

Trade receivables	1,197,544	1,267,612
Less: Allowance for expected credit loss	(252,826)	(239,246)
	944,718	1,028,366

7.1 Allowance for expected credit loss

Opening Balance	239,246	251,180
Provision/ (reversal)	13,580	(11,934)
	252,826	239,246

8. INVESTMENTS CLASSIFIED AS AT FAIR VALUE THROUGH PROFIT OR LOSS (FVTPL)

Units of mutual funds	8.1	567	548
Shares of listed Companies	8.2	147,525	-
		148,092	548

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8.1 This represents the investment in units of Allied Islamic Income funds. As at 31 December 2021, the Company held 53,578 units (2021: 53,578) and the net assets value (NAV) of the units was Rs. 10.58 (2021: 10.21) per unit. The unrealized gain on units of Allied Islamic income funds during the period amounts to Rs. 0.019 million (2020: Rs. 0.016 million).

8.2 This represents investments in shares of the following listed Companies:

Name of the Investee Company	As at 01 July 2021	Purchases	Disposal	As at 31 December 2021	As at 31 December 2021			As at 30 June 2021		
	(Number of shares)				Carrying value (before revaluation)	Market value	Unrealized gain/ (loss)	Carrying value (before revaluation)	Market value	Unrealized gain / (loss)
					(Rupees in '000)					
Octopus Digital Limited	-	74,336	-	74,336	3,008	5,780	2,772	-	-	-
Meezan Bank Limited	-	285,000	-	285,000	42,442	38,221	(4,221)	-	-	-
The Hub Power Company Limited	-	1,000,000	-	1,000,000	79,278	71,340	(7,938)	-	-	-
Lucky Cement Limited	-	240,500	210,500	30,000	20,414	20,379	(35)	-	-	-
Fauji Fertilizer Company Limited	-	274,017	156,272	117,745	11,627	11,805	178	-	-	-
					156,769	147,525	(9,244)	-	-	-

9. OTHER RECEIVABLES

	31 December 2021 (Unaudited) (Rupees in '000)	30 June 2021 (Audited)
Sales tax refundable	149,517	-
Others	17,592	2,032
	<u>167,109</u>	<u>2,032</u>

9.1 This includes Rs. 15.2 million (2020: nil) receivable from broker in respect of disposal of shares. The balance has been subsequently received.

10. LONG TERM BORROWINGS AND GOVERNMENT GRANT

Islamic

Long term finances utilised under diminishing musharka
Loan obtained under refinance scheme for payment of wages and salaries
Loans obtained under Islamic Temporary Economic Refinance Facility (ITERF)
Less: current portion of long term finances

217,086	246,318
69,836	86,826
583,902	175,284
(140,796)	(206,061)
<u>730,028</u>	<u>302,367</u>

Deferred income - Government grant
Current portion of deferred income - Government grant

147,741	43,612
(28,740)	(10,437)
<u>119,001</u>	<u>33,175</u>
<u>849,029</u>	<u>335,542</u>

11. SHORT TERM BORROWINGS - SECURED

Conventional

Running finance under mark-up arrangement

14,212 65,373

Islamic

Murabaha
Istisna
Running Musharaka

213,843	271,769
1,121,363	604,424
39,960	48,353
<u>1,389,378</u>	<u>989,919</u>

12. CONTINGENCIES AND COMMITMENTS

12.1 Contingencies

12.1.1 There are no changes in the status of contingencies as disclosed in the annual financial statements for the year ended 30 June 2021 except for the matter mentioned in note no. 21.1.4. of the annual financial statements whose status is given below:

The levy of Infrastructure cess case has been decided against the Company, therefore the Company along with other industrial importers challenged the decision of the High Court of Sindh in the Supreme Court of Pakistan. The Supreme Court granted an interim relief whereby Company has been required to furnish a fresh Bank Guarantee against 100% of the amount of Infrastructure cess involved. The Company has furnished bank guarantee of Rs. 30.3 million (June 2021: Rs 8.99 million) to the Director, Excise & Taxation, Karachi during the reporting period. However, as a matter of prudence, full cost has been charged in the statement of profit or loss.

12.1.2 During the period, an order was passed by Deputy Commissioner Audit pertaining to sales tax audit for the year 2015 demanding an amount of Rs. 16.95 million in respect of sales tax charged at reduced rate on certain supplies. The Company has filed an appeal against the said order and is confident of a favorable outcome.

12.2 Commitments

The Company has facilities of Rs. 2,650 million (30 June 2021: Rs. 2,500 million) for opening letters of credit. At 31 December 2021, the open letters of credits for stock in trade, stores and spares and capital commitment amounted to Rs. 377.43 million (30 June 2021: Rs. 516.581 million).

13. NET SALES

	31 December 2021 (Unaudited) (Rupees in '000)	31 December 2020 (Unaudited)
Local sales	1,350,987	1,017,617
Crowns and plastic caps	2,973,581	1,175,320
PET resin	1,537,219	522,921
Pre-form	35,746	61,837
Raw material	5,897,533	2,777,695
Export sales	-	7,271
	<u>5,897,533</u>	<u>2,784,966</u>
Less Sales tax	(881,774)	(416,333)
	<u>5,015,759</u>	<u>2,368,633</u>

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- 13.1** Pakistan is the primary geographical market of the Company. Revenue is disaggregated by major product lines and timing of revenue recognition for each product line is at the point in time when control of the asset is transferred to the customer.

In the following table, revenue is disaggregated by geographical markets:

	31 December 2021 (Unaudited)	31 December 2020 (Unaudited)
	(Rupees in '000)	
Geographical markets		
Pakistan	5,015,759	2,361,362
China	-	7,271
	<u>5,015,759</u>	<u>2,368,633</u>

14. OTHER OPERATING EXPENSES

Exchange loss - net	57,714	-
Workers' Profit Participation Fund	42,550	8,243
Workers' Welfare Fund	16,169	3,401
Unrealised loss on remeasurement of investment classified as at FVTPL - net	9,225	-
Auditors' remuneration	985	317
	<u>126,643</u>	<u>11,961</u>

15. OTHER INCOME

Income from financial instrument

Profit on saving account	1,130	11
Gain on sale of investments classified as at FVTPL	4,572	-
Dividend income	9,550	-
Unrealised gain on remeasurement of investment classified as at FVTPL	-	16
Reversal of written off	-	2,700
	15,252	2,727

Income from non-financial instrument

Grant income	9,546	2,158
Gain on disposal of property, plant and equipment	3,856	2,497
Net remeasurement gain on provision of GIDC	2,410	-
Scrap sales	-	42
Gain on termination of lease	-	4,111
Exchange gain	-	20,734
	15,812	29,542
	<u>31,064</u>	<u>32,269</u>

16. TAXATION

Current tax	134,873	46,455
Deferred tax	93,390	293
	<u>228,263</u>	<u>46,748</u>

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17. EARNINGS PER SHARE

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the period. There is no dilutive effect on the basic earnings per share of the Company:

	Half year ended	
	31 December 2021	31 December 2020
	----- (Rupees in '000) -----	
Profit for the period	<u>564,019</u>	<u>107,833</u>
	----- (Number) -----	
Weighted average number of ordinary shares outstanding during the period	<u>92,466,000</u>	<u>92,466,000*</u>
	----- (Rupees) -----	
Earnings per share - basic and diluted	<u>6.10</u>	<u>1.17*</u>

* Earning per share and weighted average number of ordinary shares for prior year is restated for effect of bonus shares.

18. WORKING CAPITAL CHANGES

----- (Rupees in '000) -----

(Increase) / decrease in current assets:

Stores and spares	(28,557)	(27,973)
Stock in trade	(732,568)	(537,041)
Trade debts	83,648	458,833
Loans and advances	(83,028)	(35,092)
Short term deposits and prepayments	(4,761)	(1,314)
Other receivables	(165,077)	(79,122)
Investments classified as at Fair value through profit or loss (FVTPL)	(156,806)	-
Long-term deposits and prepayments - net	832	(431)

Increase / (decrease) in current liabilities:

Trade and other payables	<u>580,809</u>	<u>(130,557)</u>
	<u>(505,508)</u>	<u>(352,697)</u>

19. TRANSACTIONS AND BALANCES WITH RELATED PARTIES

The related parties comprise of entities over which the Company is able to exercise significant influence, entities with common directors, major shareholders, staff retirement benefits, directors and key management personnel. Transactions with related parties are entered into at commercial terms, as per the terms of employment and actuarial advice, as the case may be.

Details of transactions with and balances from / to related parties, other than those which have been specifically disclosed elsewhere in these condensed interim financial statements are as follows:

19.1. Related party transactions:

Key management personnel compensation

Managerial remuneration	<u>25,608</u>	<u>24,230</u>
Others	<u>3,951</u>	<u>3,517</u>

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19.2. Dividend to directors for the period amounted to Rs. 88 million.

19.3. The directors and most of the executives of the Company are provided with free use of Company maintained cars.

20. FINANCIAL RISK MANAGEMENT

The Company's financial risk management objectives and policies are consistent with those disclosed in annual financial statement of the Company as at and the year ended 30 June 2020.

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Level 1 : Fair value measurements using quoted (unadjusted) in active markets for identical asset or liability.

Level 2 : Fair value measurements using inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3 : Fair value measurements using inputs for the asset or liability that are not based on observable market data (i.e. unobservable inputs).

31 December 2021 (Unaudited)					
Carrying amount			Fair value		
Amortised cost	Other financial liabilities	At fair value through profit or loss	Level 1	Level 2	Level 3
----- (Rupees in '000') -----					

On-balance sheet financial instruments

Financial assets not measured at fair value

Loan to employees	5,454	-	-	-	-
Short term deposits	11,280	-	-	-	-
Long term deposits	8,687	-	-	-	-
Trade debts	944,718	-	-	-	-
Other receivables	16,764	-	-	-	-
Bank balances	22,598	-	-	-	-

Financial assets measured at fair value

Investments classified as at Fair value through profit or loss (FVTPL)	-	-	148,092	148,092	-	-
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Financial liabilities not measured at fair value

Long term borrowings and government grant	-	849,029	-	-	-	-
Trade and other payables	-	1,988,223	-	-	-	-
Accrued markup	-	14,075	-	-	-	-
Short term borrowings	-	1,389,378	-	-	-	-
Unclaimed dividend	-	5,507	-	-	-	-
Lease liabilities	-	42,861	-	-	-	-

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30 June 2021 (Audited)

	Carrying amount			Fair value		
	Amortised cost	Other financial liabilities	At fair value through profit or loss	Level 1	Level 2	Level 3
----- (Rupees in '000) -----						
On-balance sheet financial instruments						
Financial assets not measured at fair value						
Loan to employees	4,838	-	-	-	-	-
Long and Short term deposits	17,239	-	-	-	-	-
Trade debts	1,028,366	-	-	-	-	-
Other receivables	2,032	-	-	-	-	-
Bank balances	14,167	-	-	-	-	-
Financial assets measured at fair value						
Investments classified as at Fair value through profit or loss (FVTPL)	-	-	548	548	-	-
Financial liabilities not measured at fair value						
Long term borrowings and government grant	-	50,428	-	-	-	-
Long term payables	-	1,465,775	-	-	-	-
Trade and other payables	-	989,919	-	-	-	-
Accrued markup	-	6,775	-	-	-	-
Short term borrowings	-	989,919	-	-	-	-
Unclaimed dividend	-	4,219	-	-	-	-
Lease liabilities	-	46,493	-	-	-	-

The Company has not disclosed the fair values for all other financial assets and financial liabilities, as these are either short term in nature or repriced periodically. Therefore, their carrying amounts are reasonable approximation of fair value.

21. INFORMATION ABOUT BUSINESS SEGMENTS

These condensed interim financial statements have been prepared on the basis of single reportable segment.

22. GENERAL

These condensed interim financial statements have been authorised for issue on February 24, 2022 by the Board of Directors of the Company.



Chief Executive



Director



Chief Financial Officer