

Interim Financial Statements  
For the Quarter Ended 31 December 2022  
(Un-Audited)



Pak Agro Packaging Limited

## COMPANY INFORMATION

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<b>Board of Directors:</b>	<b>Mrs Kaisra Jabeen Butt</b> <i>Chairman of the Board / Non-executive Director</i>
	<b>Dr Safdar Ali Butt</b> <i>Executive Director / CEO</i>
	<b>Dr. Tariq Javed</b> <i>Executive Director / CFO &amp; Company Secretary</i>
	<b>Dr. Mubarak Hussain Haider</b> <i>Independent Director</i>
	<b>Mohammad Javed</b> <i>Independent Director</i>
	<b>Mr Iftkhar Mahmood</b> <i>Independent Director</i>
<b>External Auditor</b>	<b>Rafaqat Mansha Mohsin Dossani Masoom &amp; Co.</b> <i>Chartered Accountants</i> 3rd Floor, Sharjah Centre, 62 Shadman Market, Lahore Phone: 042-37552728-9 Fax: 042-37552730
<b>Share Registrar</b>	<b>CDC Share Registrar Services Limited,</b> CDC House, 99-B, Block 'B', SMCHS Main Shakra-e-Faisal, Karachi-74400 Phone: +92 21 111 111 500; Fax: +92 21 34326053 Website: <a href="http://www.cdcsrsl.com">www.cdcsrsl.com</a>
<b>Legal Advisor</b>	<b>Mr Abid Hussain Mirza</b> Islamabad
<b>Registered Office &amp; Factory</b>	Plot # 22-23 Phase – IV Hattar Industrial Estate, Hattar KPK. Phone: +92 995 352547
<b>Corporate Head Office</b>	Third Floor, Green Trust Tower Jinnah Avenue, Blue Area, Islamabad. Phone: +92 51 8311645
<b>Contact us:</b>	Phone: +92 51 8311645 <a href="http://www.pakagro.com">www.pakagro.com</a> <a href="mailto:info@pakagro.com">info@pakagro.com</a>

## **DIRECTORS' REPORT**

Your directors are pleased to present their report on the six months of the current financial year that ended on 31 Dec 2022.

### **Changes in the Board**

With deep sorrow we wish to inform all our members that the Chief Executive of the Company, Mr Khalid Butt, went to his heavenly abode on 27 Dec 2022. This was a severe blow to the Company as he was not only among the founders of the Company but also the sole architect of its tremendous development over the past few years. May Allah rest his soul in peace.

At the meeting of the Board held on 4 January 2023, the following three changes were made in the Company Board due to Mr Khalid Butt's sad demise:

- a. Dr Safdar Ali Butt resigned from the Chairmanship of the Board and took over the office of CEO of the Company.
- b. Mrs Kaisra Jabeen Butt, an NED, took over as the Chairperson of the Board.
- c. Mr Nazeer A. Shaheen joined the Board as an INED. He is a very experienced professional in the field of corporate governance and regulation. We welcome him on the Board and look forward to his valuable contribution.

### **Market Outlook**

Our main market, namely the agricultural sector of the country, has still not recovered from the impact of recent ravaging floods. This has severely impaired the demand for our products in that sector. Farmers are still struggling to get back on their feet, facing considerable difficulties in preparing their lands for crop plantation. At the same time, the drop in the value of Pak rupee has considerably increased the cost of imported raw materials, making things difficult for farmers. While we hope that things will improve in the near future, it would be unwise to assume any major positive change in the economic landscape of the country. October to Dec is generally an off-season quarter for your Company where its sales are generally lowest in any of the quarters in a financial year. Jan to June are historically better months in terms of turnover. We are hopeful that our sales will pick up in the coming quarters. But with country's forex availability at its lowest ebb, it is becoming increasingly difficult to import the essential raw materials while the drop in Pak Rupee's value continues to increase the prices. These factors will impede our ability to meet the demands of our customers.

### **Operating Results**

We recorded total sales of Rs 262.7 m and a gross profit of Rs 36.3 m. Our costs continue to rise due to exchange rate factor but we are at present unable to fully pass the impact of this increase to our customers due to the generally depressed economic situation of the market, particularly in the agricultural sector. Our gross profit margin, at 13.8% of sales remains below previous year's margin.

Our fish net manufacturing plant has come into operation and is contributing significantly to our sales volumes. With sales to agriculture sector considerably reduced, we were able to sustain the total sales revenue due to fish nets. We hope that as the demands for our products used by farmers rises in coming months for seasonal and economical reasons, our sales target for the year will be met.

We recorded a profit before tax of Rs 14.5 m and profit after tax of Rs 10.3 m, translating into EPS of 102 paisa on annualized basis.



### **IPO Funds Proceeds**

As reported in previous quarter, all of our IPO funds had been expended by the end of Sept 2022.

A summary of IPO funds utilization is given below:

Machinery & Plant	Rs	94.2 m
Construction of production hall & Warehouse		12.5 m
Delivery Truck		3.1 m
IPO related expenses		10.7 m
Increase in stocks, repayment of current liabilities		77.5 m
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Total IPO proceeds		198.0 m
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We wish to thank all our employees and business associates for the cooperation during the half year ended 31 Dec 2022.



Chief Financial Officer

Chief Executive

**Pak Agro Packaging Limited**  
**Statement of Financial Position as at December 31, 2022**

<u>Equity and liabilities</u>	<u>Note</u>	<u>Un-Audited December 31, 2022 (Rupees)</u>	<u>Audited June 30, 2022 (Rupees)</u>
<b>Share capital and reserves</b>			
Share capital	4	200,000,000	200,000,000
Reserves	5	107,283,257	107,283,257
<b>Revenue reserves</b>			
Unappropriated profit		56,996,254	46,703,048
		<u>364,279,511</u>	<u>353,986,305</u>
<b>Non-current liabilities</b>			
Obligation against assets subject to finance lease	6	20,511,821	7,129,849
Long term loan	7	-	-
Deposit against vehicles	8	2,427,789	2,427,789
Deferred taxation	9	16,381,813	16,381,813
Employees' Gratuity Fund	10	2,069,710	2,069,710
		41,391,133	28,009,161
<b>Current liabilities</b>			
Running finance	11	49,762,383	65,759,588
Current maturity of long term liabilities	12	11,868,000	8,808,777
Accrued and other liabilities	13	8,572,437	16,776,016
Taxation - net	14	835,240	3,078,672
		71,038,061	94,423,053
<b>Contingencies and commitments</b>	15	-	-
		<u>476,708,705</u>	<u>476,418,519</u>
<b>Property and assets</b>			
<b>Non-current assets</b>			
Operating fixed assets	16	201,543,741	213,183,852
Long term deposits	17	14,340,664	7,104,066
<b>Current assets</b>			
Stock in trade	18	144,538,399	136,053,241
Trade debts	19	26,443,393	17,498,358
Advances and other receivables	20	43,270,506	46,829,213
Prepayments	21	843,045	2,169,056
Short term investment	22	-	30,000,000
Cash and bank balances	23	45,728,957	23,580,733
		260,824,300	256,130,601
		<u>476,708,705</u>	<u>476,418,519</u>

The annexed notes 1 to 33 form an integral part of these financial statements.

  
Chief Financial Officer

  
Chief Executive

**Pak Agro Packaging Limited**  
**Statement of Profit or Loss**  
**For the year ended December 31, 2022**

	Note	Un-Audited December 31, 2022 (Rupees)	Audited June 30, 2022 (Rupees)
Sales	24	262,677,405	502,900,382
Cost of sales	25	226,425,394	433,588,058
Gross profit		36,252,011	69,312,324
<b>Operating expenses</b>			
Administrative	26	13,527,505	21,677,221
Selling and distribution	27	26,500	77,510
		13,554,005	21,754,731
<b>Profit from operations</b>		22,698,006	47,557,593
Financial expenses	28	7,443,752	5,341,319
Other charges	29	1,566,162	3,281,474
		9,009,914	8,622,793
		13,688,091	38,934,800
Other income	30	809,382	1,872,740
<b>Profit for the year before taxation</b>		14,497,473	40,807,540
Taxation	31	4,204,267	12,491,419
<b>Profit for the year</b>		<b>10,293,206</b>	<b>28,316,121</b>
<b>Basic and diluted earnings per share (PKR)</b>		<b>0.51</b>	<b>1.42</b>

The annexed notes 1 to 33 form an integral part of these financial statements.

  
 Chief Financial Officer

  
 Chief Executive

**Pak Agro Packaging Limited**  
**Statement of Comprehensive Income**  
**For the year ended December 31, 2022**

	<b>Un-Audited December 31, 2022 (Rupees)</b>	<b>Audited June 30, 2022 (Rupees)</b>
Profit for the year after taxation	10,293,206	28,316,121
Other comprehensive income		
<b>Items that will not be classified to profit or loss</b>		
Remeasurement gain on staff retirement benefit plan	-	580,598
<b>Total comprehensive income for the year</b>	<b>10,293,206</b>	<b>28,896,719</b>

The annexed notes 1 to 33 form an integral part of these financial statements.



Chief Financial Officer



Chief Executive



**Pak Agro Packaging Limited**  
**Statement of Cash Flows**  
**For the year ended December 31, 2022**

	Un-Audited December 31, 2022 (Rupees)	Audited June 30, 2022 (Rupees)
<b>Cash flow from operating activities</b>		
Profit/(loss) for the year before taxation	14,497,473	40,807,540
Adjustments for:		
Depreciation	13,990,526	19,950,006
Gain on disposal of assets	-	-
	13,990,526	19,950,006
<b>Operating profit before working capital changes</b>	<b>28,488,000</b>	<b>60,757,547</b>
Increase/(decrease) in:		
Stock in trade	(8,485,158)	(59,747,159)
Trade debtors	(8,945,035)	(17,498,358)
Advances and other receivables	3,558,707	(36,356,388)
Pre-payments	1,326,011	(1,059,524)
	(12,545,475)	(114,661,429)
	15,942,525	(53,903,882)
Increase/(decrease) in:		
Current liabilities	(4,018,760)	8,696,195
<b>Cash flow from operating activities</b>	<b>11,923,765</b>	<b>(45,207,688)</b>
Tax deducted at source	(7,573,294)	(9,777,389)
<b>Net cash flow from operating activities</b>	<b>4,350,471</b>	<b>(54,985,077)</b>
<b>Cash flow from investing activities</b>		
Fixed capital expenditures	(40,769,587)	(62,578,152)
Capital work in progress	38,419,172	(38,419,172)
Sale proceeds and insurance claim against fixed assets	-	-
Long term deposits	(7,236,598)	(3,693,730)
Short term investment	30,000,000	(30,000,000)
Deposit against vehicles	-	-
<b>Net cash flow from investing activities</b>	<b>20,412,987</b>	<b>(134,691,054)</b>
<b>Cash flow from financing activities</b>		
Asset subject to finance lease	13,381,972	6,021,721
Loan from director	-	(7,500,000)
Share capital	-	80,000,000
Share premium	-	107,283,257
Allotment of bonus shares	-	-
Running finance facility	(15,997,205)	343,656
Long term loan	-	(2,616,115)
Provision for gratuity	-	1,404,158
<b>Net cash flow from financing activities</b>	<b>(2,615,233)</b>	<b>184,936,677</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>22,148,225</b>	<b>(4,739,454)</b>
Cash and cash equivalent in the beginning of the year	23,580,732	28,320,186
Cash and cash equivalent at the end of the year	45,728,957	23,580,732

The annexed notes 1 to 33 form an integral part of these financial statements.

Chief Financial Officer

Chief Executive



**Pak Agro Packaging Limited**  
**Statement of Changes in Equity**  
**For the year ended December 31, 2022**

	Share capital	Capital reserves	Interest free loan from directors	Accumulated profit/(loss)	Total
	(Rupees)	(Rupees)	(Rupees)	(Rupees)	(Rupees)
Balance as at June 30, 2021	120,000,000	-	7,500,000	17,806,329	145,306,329
Interest free loan repaid during the year	-	-	(7,500,000)	-	(7,500,000)
Issued as fully paid shares	80,000,000	-	-	-	80,000,000
Share premium (note 5)	-	107,283,257	-	-	107,283,257
Total comprehensive income for the year	-	-	-	28,896,719	28,896,719
<b>Balance as at June 30, 2022</b>	<b>200,000,000</b>	<b>107,283,257</b>	<b>-</b>	<b>46,703,048</b>	<b>353,986,305</b>
Interest free loan repaid during the year	-	-	-	-	-
Issued as fully paid shares	-	-	-	-	-
Share premium (note 5)	-	-	-	-	-
Total comprehensive income for the year	-	-	-	10,293,206	10,293,206
<b>Balance as at December 31, 2022</b>	<b>200,000,000</b>	<b>107,283,257</b>	<b>-</b>	<b>56,996,254</b>	<b>364,279,511</b>

The annexed notes 1 to 33 form an integral part of these financial statements.

  
 Chief Financial Officer

  
 Chief Executive

**Pak Agro Packaging Limited**  
**Notes to the Financial Statements**  
**For the year ended December 31, 2022**

**1. Company and its operations**

The company was incorporated initially with the name and style 'Kohsar Tyres (Private) Limited' under the Companies Ordinance, 1984 (now repealed the Companies Act, 2017) on February 18, 1989. The name of the company was thereafter changed to Mian & Khan Industries (Private) Limited on December 31, 1999 and again changed as 'Pak Agro Packaging (Private) Limited' on August 24, 2000. The status of company was converted from private limited to public limited company on June 19, 2021 and is listed at gem board of the Pakistan Stock Exchange. The main object of the company is manufacturing of net bags and green shades for green houses and to provide services to manufacture the same. The company owns a manufacturing unit in Industrial Estate, Hattar. The registered office of the company is situated at Plot No. 23, Phase IV, Haripur, Khyber Pakhtunkhwa, Hattar Industrial Estate, Hattar.

Geographical location and addresses of major business units including mills /plant of the company are as under:

<b>Hattar</b>	<b>Purpose</b>
Plot No. 23, Phase IV, Haripur, Khyber Pakhtunkhwa, Hattar Industrial Estate, Hattar.	Registered office and Production Plant
<b>Islamabad</b>	
Office No 302, 3rd Floor, Green Trust Tower, Jinnah Avenue, Islamabad	Head office

**2. Statement of compliance and significant accounting estimates**

**2.1) Statement of compliance**

These financial statements have been prepared in accordance with the approved accounting and reporting standards as applicable in Pakistan. The accounting and reporting standards applicable in Pakistan comprise of:

- International Financial Reporting Standards (IFRS Standards) issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017; and

- Provisions of and directives issued under the Companies Act, 2017.

Where provisions of and directives issued under the Companies Act, 2017 differ from the IFRS Standards, the provisions of and directives issued the Companies Act, 2017 have been followed.

**2.2) Functional and presentation currency**

These financial statements are presented in Pakistan Rupees which is also the company's financial currency. All financial information presented in Pakistan Rupees has been rounded to the nearest rupee.

**2.3) Significant accounting estimates**

The preparation of financial statements in conformity with approved accounting standards requires management to make judgment, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making judgment about carrying value of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which estimates are revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Judgments made by management in the application of approved accounting standards that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in the ensuing paragraphs.

**2.4) Property, plant and equipment**

The Company reviews the useful lives and residual value of its assets on regular basis. Any change in the estimates in future years might affect the carrying amounts of the respective items of property, plant and equipment with a corresponding affect on the depreciation charge.

2.5) **Impairment**

The Company reviews the value of its assets for possible impairment on an annual basis. Any change in estimate in future years, might effect the carrying amount of the respective asset with the corresponding effect on impairment.

2.6) **New and revised standards and interpretations**

2.6.1) Standards, amendments and interpretations to existing standards that are not yet effective and have not been early adopted by the company:

		Effective date (annual reporting
IAS 1	Presentation of Financial Statements (Amendments)	January 1, 2023
IAS 8	Changes in Accounting Estimates and Errors (Amendments)	January 1, 2023
IAS 12	Income Taxes (Amendments)	January 1, 2023
IAS 16	Property, plant and equipment (Amendments)	January 1, 2022
IAS 37	Provisions, Contingent Liabilities and Contingent Assets (Amendments)	January 1, 2022
IFRS 3	Business combinations (Amendments)	January 1, 2022
IFRS 7	Financial instruments: Disclosures (Amendments)	January 1, 2021
IFRS 9	Financial instruments (Amendments)	January 1, 2021
IFRS 16	Leases (Amendments)	January 1, 2021

The management anticipates that the adoption of the above standards, amendments and interpretations in future periods, will have no material impact on the financial statements other than the impact on presentations/ disclosures.

Further, the following new standards and interpretations have been issued by the international Accounting Standards Boards (IASB), which are yet to be notified by the Securities and Exchange Commission of Pakistan (SECP), for the purpose of their applicability in Pakistan.

IFRS 1 First-time Adoption of International Financial Reporting Standards  
IFRS 17 Insurance Contracts

The following interpretation issued by the IASB has been waived off by SECP:  
IFRIC 12 Service concession arrangements

3. **Significant accounting policies**

The principle accounting policies which have been adopted in the preparation of these accounts are as follows:

3.1) **Accounting convention**

These accounts have been prepared under the historical cost convention, without any adjustments for the effects of inflation or current values.

3.2) **Property, plant and equipment**

- These are stated at cost less accumulated depreciation and impairment losses, if any, except lease hold land;
- Depreciation is charged on the reducing balance method;
- A full month's depreciation is charged in the month of addition and no depreciation is charged in the month of disposal;
- Gain or loss on disposal of fixed assets, if any, is included in current year's income;
- Normal repairs and maintenance are charged to income as and when incurred. Major renewals and improvements are capitalized.
- **Leased assets**

The company is the lessee.

At inception of a contract, the company assesses whether a contract is, or contains, a lease based on whether the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions.



From July 01, 2019, leases are recognized as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the company.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease, or if that rate cannot be readily determined, the company's incremental borrowing rate.

Lease payments include fixed payments, variable lease payments that are based on an index or a rate amounts expected to be payable by the lessee under residual value guarantees, the exercise price of a purchase option if the lessee is reasonably certain to exercise that option, payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option, less any lease incentives receivable. The extension and termination options are incorporated in determination of lease term only when the company is reasonably certain to exercise these options.

The lease liability is subsequently measured at amortized cost using the effective interest rate method. It is re-measured when there is a change in future lease payments arising from a change in fixed lease payments or an index or rate, change in the company's estimate of the amount expected to be payable under a residual value guarantee, or if the company changes its assessment of whether it will exercise a purchase, extension or termination option. The corresponding adjustments made to the carrying amount of right-of-use asset, or is recorded in the statement of profit or loss if the carrying amount of right-of-use asset has been reduced to zero.

The right-of-use asset is initially measured based on 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 an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentive received. The right-of-use asset is depreciated on a straight line method over the lease term as this method most closely reflects the expected pattern of consumption of future economic benefits. The right-of-use asset is reduced by impairment losses, if any, and adjusted for certain re-measurements of the lease liability.

Payments associated with short-term leases and all leases of low-value assets are recognized on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less without a purchase option.

**3.3) Staff retirement benefits**

The company operates a non-contributory, unapproved and unfunded gratuity scheme for its permanent employees, who have completed minimum period of one year service. The liability is calculated with reference to the last salary drawn and the length of service of the employee.

**3.4) Impairment**

The carrying amount of the company's assets are reviewed at each balance sheet date to determine whether there is any indication of impairment loss. If any such indication exists, the recoverable amount of such assets is estimated and impairment losses are recognized in the profit and loss account. Where an impairment loss subsequently reverse, the carrying amount of the asset is increased to the revised recoverable amount but limited to the extent of the initial cost of the asset. A reversal of the impairment loss is recognized in the profit and loss account

**3.5) Stock and spares**

These are valued at moving average cost except for the items in transit which are valued at invoice price and related expenses incurred up to the balance sheet date.

**3.6) Stock in trade**

These have been valued as under:

- Raw material - At first in first out.
- Work in process - At weighted average cost.
- Finished goods - At lower of cost, calculated on first in first out (FIFO) basis and net realizable value.
- Packing material - At first in first out.

**3.7) Bad debts**

These are stated at book value. Debts considered bad are provided for or written off and no general provision for the bad and doubtful debt is maintained.



**3.8) Taxation**

**3.8.1) Current tax**

The charge for current taxation is based on taxable income at the current rates of taxation after taking into account available tax rebates and credits.

**3.8.2) Deferred tax**

Deferred tax is recognized in respect of temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are recognized for all taxable temporary differences and deferred tax assets are recognized to the extent that it is probable that taxable profits will be available against which the deductible temporary differences, unused tax losses and tax credits can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized. Deferred tax is not recognized on temporary differences arising from the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss, and differences arising on the initial recognition of goodwill.

Deferred tax is calculated at the rates that are expected to apply to the period when the differences reverse, based on tax rates that have been enacted. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different taxable entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

The Company takes into account the current income tax law and decisions taken by the taxation authorities. Instances where the Company's views differ from the income tax department at the assessment stage and where the Company considers that its view on items of material nature is in accordance with law, the amounts are shown as contingent liabilities.

**3.9) Revenue recognition**

Revenue from sale is recognized on dispatch of goods to customers, while processing fee on issuance of invoice to customers.

**3.10) Dividend and appropriation to reserves**

Dividend and other appropriation to reserves are recognized in the period in which they are approved.

**3.11) Financial instruments**

Financial assets and financial liabilities are recognized at the time when the company becomes a party to the contractual provisions of the instrument and de-recognized when the company loses control of the contractual rights that comprise the financial assets and in case of financial liability when the obligation specified in the contract is discharged, cancelled or expired. The particular measurement methods adopted are disclosed in the individual policy statements associated with each item as shown below:

a) **Trade and other payables**

Liabilities for trade and other amounts payable are carried at cost which is the fair value of the consideration to be paid in the future for goods and services received.

b) **Provisions**

Provisions are recognized when a company has a legal or constructive obligation as a result of past event if it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount can be made.

c) **Trade and other receivables**

Trade receivables and other receivables are recognized and carried at original invoice amount/cost less an allowance for any uncollectible amounts.

d) **Cash and cash equivalents**

Cash in hand and at banks are carried at fair value. For the purpose of cash flow statement, cash and cash equivalents consists of cash in hand and balances at banks.



	Un-Audited December 31, 2022 (Rupees)	Audited June 30, 2022 (Rupees)
<b>4. <u>Share capital</u></b>		
<b>Authorized capital</b>		
40,000,000 ordinary shares of Rs. 10/= each	400,000,000	400,000,000
<b>Issued, subscribed and paid-up capital</b>		
<b>Shares issued for cash</b>		
17,350,000 ordinary shares of Rs. 10/= each in cash (2021: 9,350,000 ordinary shares of Rs. 10/= each in cash)	173,500,000	173,500,000
<b>Issued as fully paid bonus shares</b>		
2,650,000 ordinary shares of Rs. 10/= each	26,500,000	26,500,000
	<b>200,000,000</b>	<b>200,000,000</b>
<b>5. <u>Reserves</u></b>		
Composition of reserves is as follows:		
Premium on issuance of shares	118,000,000	118,000,000
Less: IPO Charges	8,479,343	8,479,343
Brokerage commission paid on issuance of shares	2,237,400	2,237,400
	<b>107,283,257</b>	<b>107,283,257</b>

This reserve can be utilised by the Company only for the purposes specified in Section 81 of The Companies Act, 2017.

These were interest free, unsecured, repayable at the convenience of the company and paid back during the year.

<b>6 <u>Obligation under finance lease</u></b>		
Value of assets	13,182,635	3,089,167
Add: Addition during the year	25,784,016	12,277,601
	38,966,651	15,366,768
Less: Payments made upto the year	6,586,830	2,184,133
Present value of minimum lease payment	32,379,821	13,182,635
Less: Current maturity	11,868,000	6,052,786
	<b>20,511,821</b>	<b>7,129,849</b>

The amount of future payments and the periods in which they become due are as follows:

June 30, 2021	-
June 30, 2022	-
June 30, 2023	6,930,215
June 30, 2024	3,813,000
June 30, 2025	3,704,900
	14,448,115
Less: Lease financial charges allocable for future periods	1,265,480
	13,182,635
Less: Current maturity of finance lease	6,052,786
	<b>7,129,849</b>

The value of minimum lease rental payments has been discounted at 3 months KIBOR + 4% per annum. Liabilities are partly secured against deposit of 35% of the asset value included in long term security deposits (Note 17). Title to the assets acquired under the leasing arrangements are transferrable to the Company upon payment of entire lease obligations.



		Un-Audited December 31, 2022 (Rupees)	Audited June 30, 2022 (Rupees)
7	<b>Long term loan</b>		
	The Bank of Khyber - Salary Refinance Facility	(7.1) -	-
			-
			-
	7.1) Salary Refinance Facility	-	2,616,115
	Current maturity	-	(2,616,115)
		-	-

This represents the refinance facility announced by the State Bank of Pakistan for the purposes of payment of wages & salaries to the workers for the period from April 2020 to June 2020. This facility has been obtained from The Bank of Khyber and is subject to charge of markup @ 3% (SBP Share 0% + BOK Share 3%). The loan is payable in 08 equal quarterly installments starting from January 2021 with last installment in December, 2022

This facility is secured by way of:

- Security structure as mentioned in HO's Sanction letter bearing No. BOK/HO/CRBD/P-301(347)2019/2632 dated June 27, 2019 shall remain intact / unchanged.
- Demand promissory note (DP) & personal guarantees (PG's) by all directors of the company.

8 **Deposit against vehicles**

This represents the amount received from employees against the vehicles owned by company to be transferred to the them after successful completion of five years of service under employee participation scheme.

9 **Deferred tax liability**

The balance of deferred tax is in respect of following temporary differences:

Accelerated depreciation on property plant and equipment

16,381,813	16,381,813
<b>16,381,813</b>	<b>16,381,813</b>

10 **Employees' gratuity fund**

Balance at beginning of the year

Add: Provision for the year

Less: Paid to outgoing members

1,246,150	1,246,150
823,560	823,560
2,069,710	2,069,710
-	-
<b>2,069,710</b>	<b>2,069,710</b>

		Un-Audited December 31, 2022 (Rupees)	Audited June 30, 2022 (Rupees)
<b>11. Running finance</b>			
The Bank of Khyber	(11.1)	29,762,383	65,759,588
		<u>29,762,383</u>	<u>65,759,588</u>

11.1) The Bank of Khyber has renewed and enhanced the running finance facility limit from Rs. 70 million to Rs. 80 million on December 10, 2021 to meet working capital requirements of the company at mark up rate to be recovered on quarterly basis as follows:

- Three months KIBOR plus 300 bps p.a. if markup is paid within 15 days from due date;
- Three months KIBOR plus 500 bps p.a. if markup is paid after 15 days from due date.

The Letter of Credit- DA(Usance LC) - Import facility of 40 million at a cash margin of 20% or as prescribed by SBP whichever is higher (profit free) at a markup rate of three months KIBOR plus 500 bps with no floor and no cap.

These facilities are secured by way of:

- Hypothecation charge of Rs. 107 million duly registered with SECP over Company's stock with 25% margin against running finance facility;
- Against LC's, cash margin of 20% or as prescribed by SBP whichever is higher (profit free) and accepted bills of exchange duly signed/stamped by borrower;

**Common Securities against all credit facilities:**

- Token registered mortgaged for Rs. 150,000/- & remaining equitable mortgage to cover DP Note amount over Company's present & future fixed assets (land, building, plant & machinery) (existing & new) located at Plot No. 22 & 23, Phase 04, measuring 02 Acres, Situated at Industrial Estate, District Hattar, KPK.
- 1st exclusive charge of Rs. 167 million by way of Memorandum of Deposit of Title (MODTD) & letter of hypothecation over Company's present & future fixed assets (land, building, plant & machinery)(existing & new) located at Plot No. 22 & 23, Phase 04, measuring 02 Acres, Situated at Industrial Estate, District Hattar, Khyber Pakhtunkhwa.
- Personal guarantees of all the directors of the company.

These facilities are valid up to October 31, 2022.

**12. Current maturity of long term liabilities**

This represents current maturity of followings

- Finance lease	(6)	11,868,000	6,192,662
- Salary Refinance Facility	(7.1)	-	2,616,115
		<u>11,868,000</u>	<u>8,808,777</u>

**13. Accrued and other liabilities**

Salaries payable		-	7,786,053
Sales tax payable		707,005	652,270
Workers' profit participation fund		6,984,111	5,849,211
Workers' welfare fund		431,262	903,594
Rent payable		-	-
Other liabilities		-	630,000
Postal life insurance		450,059	202,398
Payable to supplier		-	252,490
Audit fee		-	500,000
		<u>8,572,437</u>	<u>16,776,016</u>

**14. Taxation - net**

Provision for taxation		4,204,267	12,856,061
Tax deducted at source		(3,369,027)	(9,777,389)
		<u>835,240</u>	<u>3,078,672</u>

15. Contingencies and commitments

a) Contingencies

Currently there are no contingencies against the company in foreseeable

b) Commitments

There are no commitments made by the company.

Un-Audited  
December 31,  
2022  
(Rupees)

Audited  
June 30, 2022  
(Rupees)

16. Operating fixed assets

Property, plant and equipment

(16.1)

201,543,741

2022  
(Rupees)

174,764,680

Capital work in progress

(16.2)

-

38,419,172

201,543,741

213,183,852

16.1) Property, plant and equipment

Operating fixed assets

Description	Land leasehold	Factory building on leasehold land	Motor vehicles	Plant and machinery	Electric installation	Tools and equipment	Furniture and fixtures	Office equipment	Electrical equipment	Motor cycle	Right of use asset			Total
											Motor vehicle	Machinery		
<b>As at July 31, 2021</b>														
Cost	5,65,250	44,917,055	9,52,140	24,640,771	5,069,037	871,310	111,244	732,222	1,903,390	175,362	342,920	1,194,234	-	322,249,894
Accumulated depreciation	-	(34,171,411)	(1,919,244)	(96,210,224)	(2,187,796)	(745,895)	(542,419)	(625,972)	(984,203)	(987,343)	(332,046)	(4,437,887)	-	(188,192,348)
Net book value	5,65,250	10,745,644	7,602,896	18,430,547	2,881,241	125,415	572,825	106,250	919,187	78,019	110,874	756,347	-	134,057,546
<b>Year ended June 30, 2022</b>														
Opening net book value	5,65,250	10,745,644	7,602,896	18,430,547	2,881,241	125,415	572,825	106,250	919,187	78,019	110,874	756,347	-	134,057,546
Additions	-	18,917,890	3,241,704	34,657,951	-	643,754	340,840	747,868	-	-	-	-	12,872,140	62,378,652
Disposal of equipment	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Cost	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Adjustment On/Of (S)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Depreciation	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Depreciation charge	-	(1,549,393)	(1,146,211)	(10,912,421)	(190,240)	(21,712)	(61,554)	(42,559)	(20,599)	(2,473)	(3,022)	(912,547)	(1,351,072)	(19,980,044)
Closing net book value	5,65,250	19,103,341	6,456,685	8,518,126	2,691,001	745,711	511,311	829,704	898,588	75,546	7,852	5,624,550	10,714,471	114,714,618
<b>As at July 31, 2022</b>														
Cost	5,65,250	33,942,435	10,722,100	27,241,731	5,069,037	1,511,574	1,193,244	1,499,222	1,903,390	175,362	342,920	1,194,234	12,872,140	344,123,406
Accumulated depreciation	-	(15,777,649)	(3,315,414)	(17,813,604)	(2,187,796)	(720,857)	(631,445)	(698,522)	(1,014,203)	(1,014,362)	(332,046)	(5,429,144)	(3,351,072)	(200,662,364)
Net book value	5,65,250	18,164,786	7,406,686	9,428,127	2,881,241	790,717	561,799	800,700	889,187	74,916	110,874	756,347	9,521,068	143,461,042
<b>Annual rate of Depreciation</b>														
Year ended December 31, 2022	-	5	15	15	15	15	15	15	15	15	30	15	15	-
Opening net book value	5,65,250	40,132,577	11,461,618	18,200,546	1,021,021	145,211	519,819	825,704	919,187	78,019	7,852	5,624,550	10,714,471	174,714,618
Additions	-	1,021,000	-	34,740,547	-	-	-	-	-	-	-	-	-	40,761,547
Disposal of equipment	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Cost	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Adjustment On/Of (S)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Depreciation	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Depreciation charge	-	(1,101,339)	(841,543)	(9,321,530)	(75,545)	(35,920)	(24,911)	(12,221)	(1,751)	(1,013)	(1,661)	(421,141)	(943,585)	(10,910,524)
Closing net book value	5,65,250	40,124,737	10,605,145	8,456,596	2,805,696	755,791	536,888	793,479	887,436	73,906	5,191	5,203,409	9,770,886	163,803,744
<b>As at January 31, 2023</b>														
Cost	5,65,250	34,915,245	10,722,100	28,094,218	5,069,037	1,511,574	1,193,244	1,499,222	1,903,390	175,362	342,920	1,194,234	12,872,140	425,997,432
Accumulated depreciation	-	(16,394,340)	(4,376,015)	(19,172,243)	(2,664,440)	(824,769)	(671,377)	(771,749)	(1,014,203)	(1,014,362)	(332,046)	(5,811,523)	(3,741,791)	(224,693,252)
Net book value	5,65,250	18,520,905	6,346,085	8,921,975	2,404,597	686,805	521,867	727,473	889,187	74,316	110,874	756,347	9,130,349	201,304,180
<b>Annual rate of Depreciation (%)</b>														
Year ended December 31, 2022	-	5	15	15	15	15	15	15	15	15	30	15	15	-



		Un-Audited December 31, 2022 (Rupees)	Audited June 30, 2022 (Rupees)
<b>16.1.1) The charge of depreciation for the year has been allocated as follows:</b>			
Cost of sales	(26.4)	13,568,685	18,957,440
Administrative expenses	(27)	421,841	992,567
		<u>13,990,526</u>	<u>19,950,007</u>
<b>17. Long term deposits</b>			
Security deposits against:			
Leased assets		12,533,498	5,296,900
Utilities		1,152,836	1,152,836
Office building		654,330	654,330
		<u>14,340,664</u>	<u>7,104,066</u>
<b>18. Stock in trade</b>			
Raw material	(18.1)	77,135,156	74,552,746
Finished goods		63,882,275	55,043,600
Raw material in transit			-
Work-in-process		3,520,968	6,456,895
		<u>144,538,399</u>	<u>136,053,241</u>
<b>18.1) Raw material</b>			
Raw material		64,342,280	66,004,420
Colors		11,745,500	7,443,360
Chemical		1,047,376	1,104,966
		<u>77,135,156</u>	<u>74,552,746</u>
<b>19. Trade debts</b>			
This are unsecured and considered good by the management.			
<b>20. Advances, deposits and other receivables</b>			
<b>Advances to:</b>			
Staff against salaries	(20.1)	1,431,260	1,814,000
Parties against supplies		1,000,000	28,988,672
Parties against services		140,408	107,812
		2,571,668	30,910,484
<b>Deposits:</b>			
Margin deposit on letters of credit		40,489,625	11,511,220
		40,489,625	11,511,220
<b>Other receivables</b>			
Sales tax refundable		209,213	4,407,509
		<u>43,270,506</u>	<u>46,829,213</u>
20.1) These are unsecured and considered good by the management.			
<b>21. Prepayments</b>			
Insurance		520,786	1,285,711
Office rent		322,259	883,345
		<u>843,045</u>	<u>2,169,056</u>
<b>22. Short term investment</b>			
This represents investments made by the fund in Silk Bank Limited as follows:			
<b>Instrument</b>	<b>Date of deposit</b>	<b>Date of maturity</b>	<b>Amount (Rs.)</b>
Term Deposit Receipts	14-04-2022	27-07-2022	30,000,000/-
<b>23. Cash and bank balances</b>			
Cash in hand		300,000	788,481
Cash at bank - current account		45,428,957	22,792,252
		<u>45,728,957</u>	<u>23,580,733</u>

		Un-Audited December 31, 2022 (Rupees)	Audited June 30, 2022 (Rupees)
<b>24. Sales-net</b>			
Gross sales		307,332,564	566,662,884
Sales tax		44,655,159	(63,762,502)
		<b>262,677,405</b>	<b>502,900,382</b>
<b>25. Cost of sales</b>			
Raw material consumed	(25.1)	145,082,309	291,718,359
Colors consumed	(25.2)	4,297,074	9,285,328
Chemical consumed	(25.3)	925,655	3,413,918
Packing material consumed		3,687,025	9,114,691
Production overhead	(25.4)	78,336,079	153,724,090
		232,328,142	467,256,386
Work in process			
- Opening balance as on July 01,		6,456,895	5,289,642
- Closing balance as at December 31,		(3,520,968)	(6,456,895)
		2,935,927	(1,167,253)
Cost of goods manufactured		235,264,069	466,089,133
Finished stocks			
- Opening balance as on July 01,		55,043,600	22,542,525
- Closing balance as at December 31,		(63,882,275)	(55,043,600)
		(8,838,675)	(32,501,075)
		<b>226,425,394</b>	<b>433,588,058</b>
<b>25.1) Raw material consumed</b>			
Opening stock as on July 01,		66,004,420	32,146,490
Add: Raw material imported		143,420,169	325,576,289
		209,424,589	357,722,779
- Closing balance as at December 31,		(64,342,280)	(66,004,420)
		<b>145,082,309</b>	<b>291,718,359</b>
<b>25.2) Colors consumed</b>			
Opening stock as on July 01		7,443,360	3,700,980
Color purchased		8,599,214	13,027,708
		16,042,574	16,728,688
- Closing balance as at December 31,		(11,745,500)	(7,443,360)
		<b>4,297,074</b>	<b>9,285,328</b>
<b>25.3) Chemical consumed</b>			
Opening stock as on July 01		1,104,966	1,148,160
Add: Purchases - local		868,065	3,370,724
		1,973,031	4,518,884
- Closing balance as at December 31,		(1,047,376)	(1,104,966)
		<b>925,655</b>	<b>3,413,918</b>
<b>25.4) Production overhead</b>			
Salaries and benefits	(25.4.1)	40,809,036	77,231,826
Fuel and power		18,123,652	46,109,185
Repair and maintenance		1,785,698	3,681,615
Sui gas		856,329	1,833,624
Insurance		714,536	1,217,471
Miscellaneous		526,985	1,206,740
Lubricants		840,300	1,041,430
Vehicle running and maintenance		374,802	800,354
Entertainment		352,085	639,384
Telephone and internet		180,562	440,398
Travelling and conveyance		85,625	196,760
Printing and stationary		32,658	166,832
Rent, rates and taxes		3,150	131,363
Postage and courier		58,952	23,620
Newspaper and periodicals		8,590	17,180
Security charges		14,434	28,868
Depreciation	(16.1.1)	13,568,685	18,957,440
		<b>78,336,079</b>	<b>153,724,090</b>

	<b>Un-Audited</b>	<b>Audited</b>
	<b>December 31,</b>	<b>June 30, 2022</b>
	<b>2022</b>	<b>2022</b>
	<b>(Rupees)</b>	<b>(Rupees)</b>
<b>25.4.1) Salaries and benefits</b>		
Salaries to staff	33,145,475	61,617,287
Overtime	3,802,119	7,196,010
Bonus	2,653,676	5,307,353
Gratuity	-	1,210,500
Social security	645,780	928,920
E.O.B.I	450,837	668,293
Financial assistance	90,000	277,000
Medical	21,149	26,463
Leave encashment	-	-
	<b>40,809,036</b>	<b>77,231,826</b>
<b>26. Administrative expenses</b>		
Director's remuneration	6,900,000	12,450,000
Salaries and benefits (26.1)	2,457,215	2,880,733
Rent, rates and taxes	2,070,000	1,909,640
Travelling and conveyance	103,350	110,740
Fees and subscriptions	442,170	532,194
Telephone, mobile and internet	271,527	437,180
Audit remuneration	-	500,000
Utilities	141,881	372,180
Miscellaneous	83,261	365,729
Postage and courier	189,599	312,216
Repair and maintenance	38,965	252,811
Entertainment	161,804	247,219
Printing and stationary	232,772	182,820
Director's meeting	-	100,000
News papers and periodicals	13,120	16,192
Legal and professional	-	15,000
Depreciation (16.1.1)	421,841	992,567
	<b>13,527,505</b>	<b>21,677,221</b>
<b>26.1) Salaries and benefits</b>		
Salaries to staff	881,920	2,277,500
Medical	1,498,767	154,032
Bonus	-	128,938
Insurance	76,528	126,605
Gratuity	-	193,658
	<b>2,457,215</b>	<b>2,880,733</b>
<b>27. Selling and distribution expenses</b>		
Carriage outward	26,500	77,510
	<b>26,500</b>	<b>77,510</b>



	Un-Audited December 31, 2022 (Rupees)	Audited June 30, 2022 (Rupees)
<b>28. Financial expenses</b>		
Mark-up	6,645,291	3,391,304
Lease financial charges	748,311	1,187,561
Bank charges	50,150	460,291
Share Registrar Services	-	302,163
	<b>7,443,752</b>	<b>5,341,319</b>
<b>29. Other charges</b>		
Workers' profit participation fund	1,134,900	2,377,880
Workers' welfare fund	431,262	903,594
	<b>1,566,162</b>	<b>3,281,474</b>
<b>30. Other income</b>		
Profit on TDR	809,382	1,872,740
Gain on sale of assets	-	-
	<b>809,382</b>	<b>1,872,740</b>
<b>31. Taxation</b>		
Current year		
- Normal tax	4,204,267	12,856,061
- Deferred taxation	-	1,696,328
Prior year	-	(2,060,970)
	<b>4,204,267</b>	<b>12,491,419</b>
<b>31.1) Reconciliation of tax charge for the year</b>		
Accounting profit - before taxation	14,497,473	41,711,134
Inadmissible expenditure for tax purposes	-	21,137,567
Admissible expenditure for tax purposes	-	(18,517,457)
	14,497,473	44,331,244
Tax charge at applicable tax rate of 29% (2021: 29%)	<b>4,204,267</b>	<b>12,856,061</b>

**32. Remuneration of Chief Executive, Directors and Executives**

Description	December 31, 2022			June 30, 2022		
	Chief Executive	Director	Executive	Chief Executive	Director	Executive
Managerial remuneration	2,700,000	3,900,000	965,250	5,400,000	7,050,000	2,366,150
	<b>2,700,000</b>	<b>3,900,000</b>	<b>965,250</b>	<b>5,400,000</b>	<b>7,050,000</b>	<b>2,366,150</b>
Number of persons	1	2	1	1	1	1

The Company also provide company maintained car, accommodation and free telephone, both for company and for personal use.

In addition to remuneration, the Chief Executive, directors and certain executives were provided with use of the Company's cars and residential telephone facilities. The Company also provides medical facilities to its Chief Executive, directors and staff.

The aggregate amount charged in these financial statements in respect of fee to 4 non-executive directors was Rs 100,000/- (2021: Nil).

**33. Earnings per share - Basic and Diluted**

Profit after tax	10,293,206	28,316,121
Weighted average number of ordinary shares at the end of the year (Numbers)	20,000,000	20,000,000
Basic and diluted earnings per share (Rupee)	<b>0.51</b>	<b>1.42</b>

34. **Related party transaction**

The related party comprises of subsidiary, associated companies, director of the company and key management personals, details of transactions with related parties other than those which have been specifically disclosed elsewhere in these financial statements.

Transactions and contracts with related parties are carried out at arm's length prices determined in accordance with comparable uncontrolled prices method except in circumstances where it is in the interest of the group to do so with the prior approval of the Board of Directors.

	Un-Audited December 31, 2022 (Rupees)	Audited June 30, 2022 (Rupees)
<b>Due to Director - Mr. Khalid Butt</b>		
<b>Loan</b>		
Balance (payable) at opening of the year	-	(3,500,000)
Disbursement during the year	-	3,500,000
Balance (payable) at the end of the year	-	-
<b>Due to Director - Mr. Safdar Ali Butt</b>		
Balance (payable) at opening	-	(500,000)
Disbursement during the year	-	500,000
Balance (payable) at the end of the year	-	-
<b>Due to Director - Mrs. Kaisra Jabeen Butt</b>		
Balance (payable) at opening of the year	-	(3,500,000)
Disbursement during the year	-	3,500,000
Balance (payable) at the end of the year	-	-
<b>40.2) Payments out of IPO Funds</b>		
Purchase of Machinery, installation and commissioning thereof	73,971,557	
Construction of production hall and storage	10,200,000	
Purchase of delivery truck	3,111,700	
IPO related expenses	10,716,743	
Investment in stocks / Repayment of Current Liabilities	100,000,000	
<b>Total Payments</b>	198,000,000	
Held in TDR	-	
<b>Total</b>	-	
<b>IPO proceeds</b>	198,000,000	

  
Chief Financial Officer

  
Chief Executive