



MACPAC FILMS LIMITED

CONDENSED INTERIM
FINANCIAL STATEMENTS

FOR THE PERIOD ENDED
DECEMBER 31, 2022



COMPANY INFORMATION

BOARD OF DIRECTORS

MR. NAEEM ALI MUHAMMAD MUNSHI	CHAIRMAN, NON-EXECUTIVE DIRECTOR
MR. NAJMUL HASSAN	CHIEF EXECUTIVE OFFICER
MR. EHTESHAM MAQBOOL ELAHI	EXECUTIVE DIRECTOR
MR. SHARIQ MAQBOOL ELAHI	NON-EXECUTIVE DIRECTOR
MR. FAHAD MUNSHI	NON-EXECUTIVE DIRECTOR
MR. MUHAMMAD OMER SABIR *	INDEPENDENT DIRECTOR
MS. HAFSA ABBASY	INDEPENDENT DIRECTOR
MR. SHABBIR HAMZA KHANDWALA *	INDEPENDENT DIRECTOR

AUDIT COMMITTEE

MR. SHABBIR HAMZA KHANDWALA (CHAIRMAN)
MR. NAEEM ALI MUHAMMAD MUNSHI
MR. SHARIQ MAQBOOL ELAHI

HR & REMUNARATION COMMITTEE

MS. HAFSA ABBASY (CHAIRPERSON)
MR. SHARIQ MAQBOOL ELAHI
MR. EHTESHAM MAQBOOL ELAHI

MANAGEMENT TEAM

MR. HABIB ELAHI	OPERATIONS DIRECTOR
MR. M. FAISAL PANAWALA	CHIEF FINANCIAL OFFICER
MS. UM-E-FARWA	HEAD OF INTERNAL AUDIT
GROUP CAPTAIN SYED MANSOOR ALI (R)	GENERAL MANAGER ADMIN

* Mr. Shabbir Hamza Khandwala is appointed as Independent Director in BOD meeting held on February 16, 2023 after acceptance of resignation by Mr. Muhammad Omar Sabir.



AUDITORS

KPMG TASEER HADI & CO., CHARTERED ACCOUNTANTS

LEGAL ADVISORS

ABDUL GHAFFAR KHAN F-72/1, KDA SCHEME 5, KEHKASHAN, CLIFTON, KARACHI

NAUSHEEN AHMAD, 21 C, ZAMZAMA COMMERCIAL LANE 5, PHASE V, DHA, KARACHI

SHARE REGISTRAR

CENTRAL DEPOSITORY COMPANY PAKISTAN LTD CDC HOUSE, 99-B, BLOCK 'B'
S.M.C.H.S, MAIN SHARA-E-FAISAL, KARACHI-74400 CUSTOMER SUPPORT
SERVICE: 0800-CDCPL (23275) FAX:92-21) 34326053

EMAIL: info@cdcpak.com, WEBSITE: <http://www.cdcpakistan.com>

BANKERS (IN ALPHABETICAL ORDER)

AL BARAKA BANK

BANK AL FALAH LIMITED

BANK AL HABIB LIMITED

DUBAI ISLAMIC BANK PAKISTAN LIMITED

FAYSAL BANK LIMITED

HABIB METROPOLITAN BANK LIMITED

JS BANK LIMITED

MEEZAN BANK LIMITED

SONERI BANK LIMITED

UNITED BANK LIMITED

REGISTERD OFFICE

PLOT # 21 MAQBOLABAD, JINNAH COOPERATIVE HOUSE SOCIETY (J.C.H.S.)

TIPU SULTAN ROAD, KARACHI, PAKISTAN

EMAIL: info@macpacfilms.com, company.secretary@macpacfilms.com

WEBSITE

<http://www.macpacfilms.com>

FACTORY

PLOT NO. EZ/1/P-10 EASTERN INDUSTRIAL ZONE PORT QASIM AREA, KARACHI, PAKISTAN

UAN +92-21-111-MFL (635)-111



**MACPAC
FILMS** Ltd.

DIRECTORS' REPORT

In the name of Allah, the Most Gracious, the Most Benevolent and the Most Merciful.

As'salam-o-Alaikum

Dear Members,

The Board of Directors of your Company are pleased to present the un-audited financial statement of the Company for the half year ended December 31, 2022.

Financial Performance

By the grace of Allah, your Company managed to increase its sale revenues by 35.1% during the period as compared to same period last year. Your Company recorded Net Revenue of PKR 2,591.0 Mn during the period under review as compared to PKR 1,917.3 Mn for the same period last year. The Gross Profit of the Company stood at PKR 562.8 Mn during the period as compared to PKR 271.2 Mn in corresponding period, representing a GP margin of 21.7% in current period as compared to 14.2% same period last year.

Accordingly, the Company achieved after tax profit of PKR 172.1 Mn during the period as compared to PKR 85.4 Mn for the same period last year. The increase in Net Profit is attributed to effective business operations even after absorbing the adverse impact of Pak rupee depreciation against USD and higher finance cost.

Similarly, the earnings per share of your Company for the half year ended December 31, 2022 was PKR 2.90 as compared to PKR 1.44 during the same period last year.

HSE and other HR initiatives

Your Company remains committed to being a good corporate citizen and continues to support CSR and other initiatives. As a step toward creating a positive and productive workplace culture this Quarter the Company conducted workplace harassment training and a workshop on the whistle blowing policy which were aimed at promoting a safe, inclusive, and responsible work environment.

The Company recognizes and promotes awareness and adherence to HSE regulations and guidelines through regular training programs and safety audits to identify and address potential hazards, as well as focus robustly on initiatives to minimize the impact of our operations on the environment.

Making a positive impact on the communities in which it operates, Macpac initiated the community engagement program "Agahi" in which large number of Eastern Industrial Zone (EIZ) companies at Bin Qasim, attended the neighborhood safety awareness event. The purpose was to build a community approach between companies to share ESG knowledge and further to assist each other in the event of an accident or untoward incident.

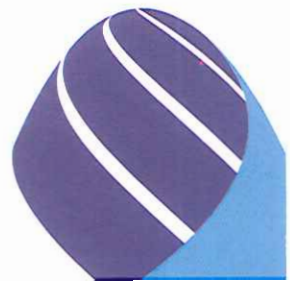
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HEAD OFFICE: 21, Maqboolabad, J.C.H.S, Tipu Sultan Road, Karachi-Pakistan.

REGIONAL OFFICE: Room #21, 2nd Floor, Lahore Center Gulberg Lahore.





MACPAC
FILMS Ltd.

Future Outlook

Whilst the economic scenario remains challenging, the Company remains focused to manage current supply chain disruptions for business continuity, however industries will be impacted by import restrictions across various sectors to manage current account deficit, currency depreciation, tightening monetary policy to curb inflationary trend, global commodity super cycle, and high freight costs. Recovery from the unfortunate calamity caused by recent floods also remains slow and has enhanced the near-term challenges.

Going forward, despite ongoing macroeconomic challenges that will have an impact on consumer demand, your Company's management believes that with effective business strategies, it will remain sustainable and will be able to meet stakeholders' expectations. Insha'Allah.

Acknowledgement

The Directors of the Company would like to take the opportunity to thank the Securities and Exchange Commission of Pakistan, Shareholders, Partners, Customers, Government Authorities, Autonomous bodies, Financial Institutions, Bankers and all the stakeholders for their co-operation, trust and continued support.

The Directors are also pleased to acknowledge the dedication of Macpac team, their valuable and untiring efforts and services for the Company.

On behalf of the Board



CHIEF EXECUTIVE



DIRECTOR

February 16, 2023

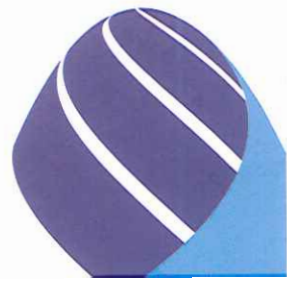
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KPMG Taseer Hadi & Co.
Chartered Accountants
Sheikh Sultan Trust Building No. 2, Beaumont Road
Karachi 75530 Pakistan
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INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of MACPAC Films Limited

Report on review of Condensed Interim Financial Statements

Introduction

We have reviewed the accompanying condensed interim statement of financial position of **MACPAC Films Limited** ("the Company") as at 31 December 2022 and the related condensed interim statement of profit or loss, the condensed interim statement of comprehensive income, the condensed interim statement of changes in equity, the condensed interim statement of cash flows and notes to the financial statements for the six-months 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 condensed 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 three months ended 31 December 2022 in the condensed interim statement of profit or loss and the condensed interim statement of other comprehensive income have not been reviewed and we do not express a conclusion thereon.

The engagement partner on the review engagement resulting in this independent auditor's review report is Muhammad Taufiq.

Date: 24 February 2023

Karachi

UDIN: RR202210106gJ8DnmWcA

KAMS Farooq - 1
KPMG Taseer Hadi & Co.
Chartered Accountants

MACPAC Films Limited
Condensed Interim Statement of Financial Position
As at December 31, 2022.

	December 31, 2022 (Un-audited)	June 30, 2022 (Audited)
ASSETS	----- (Rupees) -----	
NON-CURRENT ASSETS		
Property, plant and equipment	5 1,921,421,712	1,948,072,161
Intangible assets	367,712	408,566
Long-term deposits	<u>17,776,285</u>	<u>20,026,285</u>
	<u>1,939,565,709</u>	<u>1,968,507,012</u>
CURRENT ASSETS		
Stock-in-trade	965,903,013	1,063,391,314
Stores and Spares	23,707,342	-
Trade debts	6 767,083,656	654,943,026
Loans and advances	57,497,827	53,632,107
Trade deposits, short-term prepayments and other receivables	87,765,836	80,337,467
Tax refund due from Government - net	133,239,690	147,323,874
Short Term Investment	7 10,524,062	-
Cash and bank balances	57,811,480	78,694,417
	<u>2,103,532,906</u>	<u>2,078,322,205</u>
TOTAL ASSETS	<u><u>4,043,098,615</u></u>	<u><u>4,046,829,217</u></u>
EQUITY AND LIABILITIES		
SHARE CAPITAL AND RESERVES		
AUTHORISED SHARE CAPITAL		
70,000,000 (June 30, 2022: 70,000,000) ordinary shares of Rs.10/- each	<u>700,000,000</u>	<u>700,000,000</u>
Issued, subscribed and paid-up capital	593,011,500	593,011,500
Capital reserve	173,566,620	173,566,620
Revenue reserve	299,740,940	186,920,457
Surplus on revaluation of property, plant and equipment	<u>623,040,000</u>	<u>623,040,000</u>
	<u>1,689,359,060</u>	<u>1,576,538,577</u>
NON-CURRENT LIABILITIES		
Diminishing musharika arrangement	49,855,693	72,763,158
Deferred tax liability - net	77,957,163	61,608,317
Deferred gratuity	71,639,299	61,936,775
Other long-term liabilities	<u>36,254,638</u>	<u>61,725,756</u>
	235,706,793	258,034,006
CURRENT LIABILITIES		
Trade and other payables	1,323,909,305	1,543,463,545
Short-term borrowings	501,289,838	396,653,938
Accrued mark-up	16,107,182	11,220,483
Unclaimed dividend	1,040,197	735,322
Current portion of non-current liabilities	<u>275,686,240</u>	<u>260,183,346</u>
	<u>2,118,032,762</u>	<u>2,212,256,634</u>
TOTAL LIABILITIES	<u><u>2,353,739,555</u></u>	<u><u>2,470,290,640</u></u>
TOTAL EQUITY AND LIABILITIES	<u><u>4,043,098,615</u></u>	<u><u>4,046,829,217</u></u>
CONTINGENCIES AND COMMITMENTS		

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The annexed notes from 1 to 14 form an integral part of these condensed interim financial statements.

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Chief Executive

Chief Financial Officer

Director

MACPAC Films Limited

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

For the six months and three months ended December 31, 2022.

	Note	Six months ended		Three months ended	
		December 31, 2022	December 31, 2021	December 31, 2022	December 31, 2021
----- (Rupees) -----					
Turnover - net	9	2,591,011,936	1,917,256,880	1,350,402,073	1,007,468,997
Cost of sales		(2,028,176,913)	(1,646,059,958)	(1,060,442,217)	(859,276,070)
Gross profit		<u>562,835,023</u>	<u>271,196,922</u>	<u>289,959,856</u>	<u>148,192,927</u>
Administrative expenses		(91,349,709)	(65,740,120)	(47,707,782)	(37,649,921)
Marketing and selling expenses		(50,825,664)	(32,502,800)	(24,984,101)	(18,759,979)
Finance costs	10	(77,423,433)	(35,117,071)	(44,455,678)	(17,968,011)
Other operating expenses		(100,181,806)	(34,454,166)	(20,177,696)	(6,646,542)
Other income		15,486,341	12,087,898	4,918,376	7,982,039
Profit before taxation		<u>258,540,752</u>	<u>115,470,663</u>	<u>157,552,975</u>	<u>75,150,513</u>
Taxation		(86,419,122)	(30,097,535)	(51,886,906)	(18,404,691)
Profit after taxation		<u>172,121,630</u>	<u>85,373,128</u>	<u>105,666,069</u>	<u>56,745,822</u>
Earnings per share - basic and diluted		<u>2.90</u>	<u>1.44</u>	<u>1.78</u>	<u>0.96</u>

The annexed notes from 1 to 14 form an integral part of these condensed interim financial statements.



Chief Executive



Chief Financial Officer



Director

MACPAC Films Limited

Condensed Interim Statement of Comprehensive Income (Un-audited)

For the six months and three months ended December 31, 2022.

	Six months ended		Three months ended	
	December 31, 2022	December 31, 2021	December 31, 2022	December 31, 2021
	----- (Rupees) -----			
Profit for the period	172,121,630	85,373,128	105,666,069	56,745,822
Other comprehensive income, net of tax	-	-	-	-
Total comprehensive income for the period	<u>172,121,630</u>	<u>85,373,128</u>	<u>105,666,069</u>	<u>56,745,822</u>

The annexed notes from 1 to 14 form an integral part of these condensed interim financial statements.





Chief Executive



Chief Financial Officer




Director

MACPAC Films Limited
Condensed Interim Statement of Changes in Equity
For the six months ended December 31, 2022.

	Share Capital	Capital Reserves		Revenue Reserve	Total reserves	Total
	Issued, subscribed and paid-up capital	Share premium reserve	Revaluation Surplus	Un-appropriated (losses) / profits		
(Rupees)						
Balance as at June 30, 2021 - (Audited)	593,011,500	173,566,620	623,040,000	5,443,251	802,049,871	1,395,061,371
Profit for the period	-	-	-	85,373,128	85,373,128	85,373,128
Other comprehensive income, net of tax	-	-	-	-	-	-
Total comprehensive income for the period	-	-	-	85,373,128	85,373,128	85,373,128
Balance as at December 31, 2021 (Un-audited)	<u>593,011,500</u>	<u>173,566,620</u>	<u>623,040,000</u>	<u>90,816,379</u>	<u>887,422,999</u>	<u>1,480,434,499</u>
Balance as at June 30, 2022 - (Audited)	593,011,500	173,566,620	623,040,000	186,920,457	983,527,077	1,576,538,577
Profit for the period	-	-	-	172,121,630	172,121,630	172,121,630
Transaction with owners:						
Final Cash Dividend for the year ended 30 June, 2022 at the rate of Rs. 1 per share	-	-	-	(59,301,147)	(59,301,147)	(59,301,147)
Other comprehensive income, net of tax	-	-	-	-	-	-
Total comprehensive income for the period	-	-	-	112,820,483	112,820,483	112,820,483
Balance as at December 31, 2022 (Un-audited)	<u>593,011,500</u>	<u>173,566,620</u>	<u>623,040,000</u>	<u>299,740,940</u>	<u>1,096,347,560</u>	<u>1,689,359,060</u>

The annexed notes from 1 to 14 form an integral part of these condensed interim financial statements.


Chief Executive



Chief Financial Officer


Director

MACPAC Films Limited
Condensed Interim Statement of Cashflows (Un-audited)
For the six months ended December 31, 2022.

	Six months ended	
	December 31, 2022	December 31, 2021
	----- (Rupees) -----	
CASH FLOWS GENERATED FROM OPERATIONS		
Profit before taxation	258,540,752	115,470,663
Adjustments for non-cash and other items:		
Depreciation	59,783,380	59,984,166
Amortisation	40,854	51,075
Gain on discount of Gas Infrastructure Development Cess (GIDC)	-	(3,093,340)
Amortisation of deferred income	-	(2,183,380)
Exchange loss- unrealised	9,767,989	8,430,487
(Gain) on sale of fixed asset	(4,796,491)	-
Provision for gratuity	14,696,640	8,257,228
Finance costs	77,423,433	35,117,071
	156,915,805	106,563,307
Changes in working capital		
<i>(Increase) / decrease in current assets:</i>		
Stock-in-trade	97,488,301	(139,334,901)
Stores and Spares	(23,707,342)	-
Trade debts	(112,140,630)	(155,978,610)
Sales tax refundable	5,205,392	(7,375,793)
Loans and advances	(3,865,720)	(27,770,537)
Trade deposits, short-term prepayments and other receivables	(7,428,369)	(6,929,542)
	(44,448,368)	(337,389,383)
<i>Increase/(decrease) in current liability:</i>		
Trade and other payables	(229,322,229)	459,457,375
	141,685,960	344,101,962
Cashflows generated from operations	141,685,960	344,101,962
Income tax (paid) / refund - net	(61,191,483)	(35,067,627)
Gratuity paid	(4,994,116)	(3,461,651)
Finance costs paid	(72,536,734)	(35,687,245)
	(138,722,333)	(74,216,523)
Net cashflows generated from operating activities	2,963,627	269,885,439
CASH FLOWS FROM INVESTING ACTIVITIES		
Fixed capital expenditures	(35,468,273)	(66,681,102)
Proceeds from disposal of operating fixed assets	10,790,510	-
Investments in Term Deposit Receipts	(10,524,062)	-
Long-term deposits (paid) / refund	2,250,000	(4,350,840)
Net cashflows used in investing activities	(32,951,825)	(71,031,942)
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividends paid	(58,996,275)	-
Repayment of diminishing musharika - net	(36,319,549)	(46,976,834)
Repayment of lease liabilities - net	(214,816)	(14,727,165)
Received / (repayment) of short term borrowings - net	104,635,901	(89,771,490)
Net cashflows used in financing activities	9,105,261	(151,475,489)
	(20,882,937)	47,378,008
Net (decrease) / increase in cash and cash equivalents	(20,882,937)	47,378,008
Cash and cash equivalents at the beginning of the period	78,694,417	15,687,101
Cash and cash equivalents at the end of the period	57,811,480	63,065,109

The annexed notes from 1 to 14 form an integral part of these condensed interim financial statements.



Chief Executive



Chief Financial Officer



Director

MACPAC Films Limited

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

For the six months ended December 31, 2022.

1 STATUS AND NATURE OF BUSINESS

MACPAC Films Limited (the Company) was incorporated on August 19, 1993, in Pakistan as a limited liability Company under the repealed Companies Ordinance, 1984 [now Companies Act, 2017 (the Act)] and is listed on the Pakistan Stock Exchange Limited. The registered office of the Company is situated at Plot # 21, Maqboolabad, Jinnah Cooperative Housing Society, (J.C.H.S), Tipu Sultan Road, Karachi. The principal activity of the Company is to manufacture, produce, buy and sell plastic packaging films.

2 BASIS OF PREPARATION AND STATEMENT OF COMPLIANCE

2.1 These condensed interim financial statements of the Company for the six months ended December 31, 2022 has 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 Standards (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.

2.2 These condensed interim financial statements of the Company do not include all of the information required for annual financial statements and should be read in conjunction with the annual financial statements of the Company as at and for the year ended 30 June 2022. 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.

2.3 These condensed interim financial statements are presented in Pakistani rupees which is also the Company's functional currency and all financial information presented has been rounded off to the nearest rupee, except otherwise stated.

2.4 The comparative statement of financial position presented in these condensed interim financial statements as at 31 December 2022 has been extracted from the audited financial statements of the Company for the year ended 30 June 2022, whereas the comparative statement of profit or loss, statement of comprehensive income, statement of changes in equity and statement of cash flows for the six months ended 31 December 2021 have been extracted from the unaudited condensed interim financial statements for the period then ended.

2.5 These condensed interim financial statements are being submitted to the shareholders as required by listing regulations of Pakistan Stock Exchange vide section 237 of the Companies Act, 2017.



3. SIGNIFICANT ACCOUNTING POLICIES

3.1 The accounting policies and the methods of computation adopted in the preparation of these condensed interim financial statements are same as those applied in the preparation of the audited financial statements for the year ended 30 June 2022.

3.2 **Standards, 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 2023:

- Classification of liabilities as current or non-current (Amendments to IAS 1 in January 2020) apply retrospectively for the annual periods beginning on or after 1 January 2024 (as deferred wide amendments to IAS 1 in October 2022) with earlier application permitted. These amendments in the standards have been added to further clarify when a liability is classified as current. Convertible debt may need to be reclassified 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's expectation and discretion at the reporting date to refinance or to reschedule payments on a long-term basis are no longer relevant for the classification of a liability as current or non-current. An entity shall apply those amendments retrospectively in accordance with IAS 8.
- Non-current Liabilities with Covenants (amendment to IAS 1 in October 2022) aims to improve the information an entity provides when its right to defer settlement of a liability for at least twelve months is subject to compliance with conditions. The amendment is also intended to address concerns about classifying such a liability as current or non-current. Only covenants with which a company must comply on or before the reporting date affect the classification of a liability as current or non-current. Covenants with which the company must comply after the reporting date (i.e. future covenants) do not affect a liability's classification at that date. However, when non-current liabilities are subject to future covenants, companies will now need to disclose information to help users understand the risk that those liabilities could become repayable within 12 months after the reporting date. The amendments apply retrospectively for annual reporting periods beginning on or after 1 January 2024, with earlier application permitted. These amendments also specify the transition requirements for companies that may have early-adopted the previously issued but not yet effective 2020 amendments to IAS 1 (as referred above).
- Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2) – the Board has issued amendments on the application of materiality to the 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) 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 an entity 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, with earlier application permitted, 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) 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.
- Lease Liability in a Sale and Leaseback (amendment to IFRS 16 in September 2022) adds subsequent measurement requirements for sale and leaseback transactions that satisfy the requirements to be accounted for as a sale. The amendment confirms that on initial recognition, the seller-lessee includes variable lease payments when it measures a lease liability arising from a sale-and-leaseback transaction. After initial recognition, the seller-lessee applies the general requirements for subsequent accounting of the lease liability such that it recognizes no gain or loss relating to the right of use, it retains. A seller-lessee may adopt different approaches that satisfy the new requirements on subsequent measurement. The amendments are effective for annual reporting periods beginning on or after 1 January 2024 with earlier application permitted. Under IAS 8, a seller-lessee will need to apply the amendments retrospectively to sale-and-leaseback transactions entered into or after the date of initial application of IFRS 16 and will need to identify and re-examine sale-and-leaseback transactions entered into since implementation of IFRS 16 in 2019, and potentially restate those that included variable lease payments. If an entity (a seller-lessee) applies the amendments arising from Lease Liability in a Sale and Leaseback for an earlier period, the entity shall disclose that fact.
- Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28) amend 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.

4. USE OF JUDGEMENTS AND ESTIMATES

- 4.1 In preparing these condensed interim financial statements, management has made judgements and estimates 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.
- 4.2 The significant judgements made by management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those described in the financial statements for the year ended 30 June 2022.



5. PROPERTY, PLANT AND EQUIPMENT		December 31, 2022 (Un-audited)	June 30, 2022 (Audited)
		----- (Rupees) -----	
		Note	
Operating fixed assets	5.1	1,880,188,345	1,837,188,145
Right-of-use assets	5.2	700,909	839,412
Capital work-in-progress (CWIP)	5.3	40,532,458	110,044,604
		<u>1,921,421,712</u>	<u>1,948,072,161</u>
5.1 Operating fixed assets			
Opening book value		1,837,188,145	1,754,334,960
Additions / transfers during period / year	5.1.1	108,400,096	192,464,883
Disposals / transfers during the period / year at book value		(5,755,019)	(151,590)
Depreciation during the period / year		<u>(59,644,877)</u>	<u>(109,460,108)</u>
		<u>1,880,188,345</u>	<u>1,837,188,145</u>
5.1.1 Additions / transfers from CWIP to property, plant and equipment			
Buildings on leasehold land		6,585,643	3,618,082
Plant and machinery		78,341,468	77,585,829
Furniture and fixtures		795,393	930,616
Electrical installations		2,457,600	3,918,108
Refrigeration and air conditioning		1,358,910	1,683,979
Generators		4,065,379	85,099,732
Office equipment		305,550	2,867,378
Computers		455,070	1,265,387
Motor vehicles		14,035,083	15,695,772
		<u>108,400,096</u>	<u>192,664,883</u>
5.2 Right-of-use assets			
As at 1 July		839,412	109,762,435
Addition to right-of-use assets		-	5,568
Transfer to Owned Asset		-	(97,344,478)
Depreciation during the period / year		<u>(138,503)</u>	<u>(11,584,113)</u>
		<u>700,909</u>	<u>839,412</u>
5.3 Capital work-in-progress			
Opening balance		110,044,604	48,925,750
Additions during the period / year		57,777,713	136,455,520
Transfers to operating fixed assets and CWIP during the period / year		<u>(127,289,859)</u>	<u>(75,336,666)</u>
Closing balance		<u>40,532,458</u>	<u>110,044,604</u>
6. TRADE DEBTS			
6.1	This includes an amount of Rs. 186.763 million (June 30, 2022: Rs.148.384 million) due from related parties.		
7. SHORT TERM INVESTMENT			
This includes investment in (TDRs) amounting to Rs.10.524 Million (June 30 2022: Rs. Nil) at a rate of 13.5%. These TDRs are submitted as bank guarantee to SSGC being a security deposit.			
8. CONTINGENCIES AND COMMITMENTS			
8.1 Contingencies			
There have been no changes in the status of contingencies as reported in the annual financial statements for the year ended June 30, 2022.			
		December 31, 2022 (Un-audited)	June 30, 2022 (Audited)
		----- (Rupees) -----	
		Note	
8.2 Commitments			
Outstanding bank guarantees		<u>11,873,412</u>	<u>11,873,412</u>
Outstanding letters of credit	8.2.1	<u>177,422,050</u>	<u>98,149,509</u>

8.2.1 The aforesaid letter of credit is secured against lien over import documents.

9. SALES-NET

	December 31, 2022 (Un-audited) ----- (Rupees) -----	December 31, 2021 (Un-audited) ----- (Rupees) -----
Gross Sales		
- Local	3,046,660,897	2,220,481,619
- Exports	-	30,113,020
	<u>3,046,660,897</u>	<u>2,250,594,639</u>
Less: Sales tax	<u>(455,648,961)</u>	<u>(333,337,759)</u>
	<u>2,591,011,936</u>	<u>1,917,256,880</u>

10. FINANCE COSTS

This includes mark-up on financing arrangements of long term diminishing musharika and short term istisna arrangement of Rs. 13.830 million (2021 : Rs. 13.914 million) and Rs. 38.574 million (2021 : Rs. 6.4 million) respectively.

11. TRANSACTIONS WITH RELATED PARTIES

The related parties of the Company comprise of associated companies, major shareholders, directors, key management personnel and customers. All the transactions with related parties are entered into at agreed terms duly approved by Board of Directors of the Company. The transactions with related parties other than those disclosed elsewhere in financial statements are as follows:

Name of the related party	Basis of relationship	Transactions during the period/balances	Six months ended	
			December 31, 2022	December 31, 2021
			----- (Un-audited) ----- ----- (Rupees) -----	
TOYO Packaging (Private) Limited	Common Directorship	Sales	120,181,427	88,907,648
		Receipt	127,500,000	79,009,951
		Receivable	137,002,500	139,534,640
Hilal Foods (Private) Limited	Common Directorship	Sales	18,640,616	17,825,200
		Receipt	11,012,205	13,929,140
		Receivable	8,858,855	10,024,843
Shalimar Food Products (Private) Limited	Common Directorship	Sales	4,432,169	5,362,617
		Receipt	1,560,368	4,895,648
		Receivable	4,866,032	1,861,756
Mac Business Solution (Private) Limited	Common Directorship	Sales	-	5,736,394
		Receipt	4,202,548	4,229,897
		Receivable	-	-
TGA Sustainability (Private) Limited	Common Directorship	Sales	192,342,550	-
		Receipt	156,306,618	-
		Receivable	37,610,122	-
Board of Directors (executive and non-executive) and Key Management Personnel	Key management personnel	Salary and other benefits	36,687,640	26,814,636
		Retirement benefits	-	130,000
		Rent charged	6,175,500	5,370,000

11.1 Remuneration of key management personnel are in accordance with their terms of employment.

12. FAIR VALUES

Financial Assets & Financial Liabilities

The carrying values of all financial assets and other financial liabilities reflected in these condensed interim financial statements are estimated to approximate their fair values, as these are either short-term in nature or repriced accordingly.

13. GENERAL


13.1 Segment Reporting

These condensed interim financial statements have been prepared on the basis of single reportable segment. Geographically, all the sales were carried out in Pakistan. All non-current assets of the Company as at 31 December 2022 are located in Pakistan.

14. DATE OF AUTHORISATION

These condensed interim financial statements were authorised and approved by the Board of Directors of the Company on FEBRUARY 16, 2023.

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Chief Executive



Chief Financial Officer



Director