

Pakistan Synthetics Limited

HALF YEARLY REPORT
DECEMBER 2022



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 MS. SADAF SHABBIR	CHAIRMAN - INDEPENDENT CHIEF EXECUTIVE EXECUTIVE NON- EXECUTIVE NON- EXECUTIVE INDEPENDENT INDEPENDENT INDEPENDENT
AUDIT COMMITTEE	MR. ALI KAMAL - CHAIRMAN MR. MUBBASHIR AMIN MR. FARAZ YOUNUS BANDUKDA	
HUMAN RESOURCE AND REMUNERATION COMMITTEE	MR. FARAZ YOUNUS BANDUKDA MR. MUBBASHIR AMIN MR. NOMAN YAKOOB	
CHIEF FINANCIAL OFFICER	MR. SHAHID YAQOOB	
COMPANY SECRETARY	MR. MUHAMMAD IMRAN	
BANKERS	ASKARI BANK LIMITED BANK AL HABIB LIMITED BANK OF PUNJAB LIMITED BANK AL-FALAH LIMITED BANK ISLAMII PAKISTAN LIMITED DUBAI ISLAMIC BANK PAKISTAN LIMITED HABIB BANK LIMITED HABIB METROPOLITAN BANK LIMITED MEEZAN BANK LIMITED	
AUDITORS	BDO EBRAHIM & CO. CHARTERED ACCOUNTANTS	
HEAD OF INTERNAL AUDIT	MR. JAFFAR IQBAL	
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 is pleased to present unaudited financial statements of the Company for the half year ended December 31, 2022 together with Auditor's Review Report on the financial statements:

OPERATING AND FINANCIAL PERFORMANCE

During the period under review, the Company recorded net sales revenue of Rs. 5,810.39 million as compared to Rs. 5,015.76 million during the same period last year. Growth in sales mainly is on account of rise in sales volume and prices. Increase in Administrative and general expenses are mainly on account of donation of Rs. 5.71 million for Flood relief activities besides severe inflation impact of more than 20%. Distribution and selling cost increased due to higher fuel prices and rise in sales volume as compared to corresponding period last year. Higher utilization of short term borrowing facilities owing to increase in business volumes and strong rise in discount rates as compared to corresponding period have resulted in increased Finance cost of the Company. After providing all the cost, the Company posted net profit after tax for the period amounting to Rs. 401.723 million (2021: 564.019 million). The profit is translated into earning per share of Rs. 4.44 (2021: Rs. 6.10).

FUTURE OUTLOOK

The ongoing global fluctuating trend in the prices of key petroleum commodities has had a cascading effect on Pakistan's economy, which has been intensified by political instability. The elevated cost of commodities has led to an increase in the import bill, exchange rate and inflation. Apart from that, post flood economic impacts have reduced the purchasing power of the common people for whom access to essentials even has become big challenge. Tight monetary policy introduced at the start of the current fiscal year, have further intensified and seem to continue in the near future. Country's forex reserves have come to an alarmingly low level, posing challenges to secure supplies of imported components, machinery spares and in some cases raw materials for uninterrupted business operations. Along with higher energy costs, rising inflation, higher borrowing costs and volatile pak rupee remains a key challenge during the period. However, with the expected resumption of the country's program under the IMF, we remain hopeful that this will bring about macro-economic stability.

The Management is proactively managing situation against all the aforesaid challenges to maintain existing market share in the industry while remain competitive and keeping the profit margins intact.

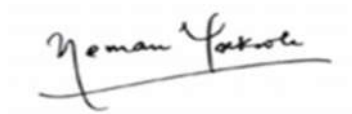
ACKNOWLEDGEMENT

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**



**NOMAN YAKOOB
DIRECTOR**

Date: February 24, 2023

Karachi

INDEPENDENT AUDITOR'S REPORT ON REVIEW OF CONDENSED INTERIM FINANCIAL STATEMENTS TO THE MEMBERS

Introduction

We have reviewed the accompanying condensed interim statement of financial position of PAKISTAN SYNTHETICS LIMITED ("the Company") as at December 31, 2022 and the related condensed interim statement of profit or loss, the condensed interim statement of comprehensive income, the condensed interim statement of cash flows, the condensed interim statement of changes in equity and notes to the condensed interim financial statement for the six-month period then ended (here-in-after referred as the "interim financial statements"). Management is responsible for the preparation and presentation of these condensed interim financial statements in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on these condensed interim financial statements based on our review.

Scope of review

We conducted our review in accordance with the 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 as at and for the six months' period ended December 31, 2022 are not prepared, in all material respects, in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting.

Other Matter

The figures of the condensed interim financial statements for the quarter ended December 31, 2022 and December 31, 2021 in the condensed interim statement of profit or loss and the condensed interim statement of comprehensive income have not been reviewed and we do not express a conclusion on them.

The annual financial statements of the Company for the year ended June 30, 2022 and condensed interim financial statements of the Company for the period ended December 31, 2021 were audited and reviewed by another firm of Chartered Accountants who expressed an unmodified opinion and unmodified conclusion thereon, vide their reports dated September 23, 2022 and February 25, 2022, respectively.

The engagement partner on the engagement resulting in this independent auditor's review report is Tariq Feroz Khan.

KARACHI

DATED: 24 FEB 2023

UDIN: RR20221016658gVEAkzM



BDO EBRAHIM & CO.
CHARTERED ACCOUNTANTS

**CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2022**

		December 31, 2022 (Un-audited)	June 30, 2022 (Audited)
	Note	----- (Rupees in '000) -----	
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	5	3,159,357	3,285,530
Right-of-use asset		27,189	32,133
Long term loan to employees		1,730	1,880
Long term deposits		8,705	8,705
		<u>3,196,981</u>	<u>3,328,248</u>
CURRENT ASSETS			
Stores and spares		359,626	340,896
Stock-in-trade	6	3,440,617	2,594,456
Trade debts	7	1,093,579	1,818,260
Loans and advances		55,013	318,507
Short term deposits and prepayments		28,168	8,815
Short term investments		4,829	5,889
Other receivables		124,802	91,113
Cash and bank balances	8	240,762	54,060
		<u>5,347,396</u>	<u>5,231,996</u>
		<u>8,544,377</u>	<u>8,560,244</u>
TOTAL ASSETS			
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorised share capital of 140,000,000 (June 30, 2022: 140,000,000) ordinary shares of Rs. 10 each		<u>1,400,000</u>	<u>1,400,000</u>
Issued, subscribed and paid-up capital 92,466,000 (June 30, 2022: 92,466,000) ordinary shares of Rs. 10 each		924,660	924,660
Reserves		<u>2,600,796</u>	<u>2,190,073</u>
		3,525,456	3,114,733
NON-CURRENT LIABILITIES			
Long term borrowings	9	727,171	743,741
Lease liability		21,060	29,314
Deferred liabilities		150,108	129,761
Deferred government grant		98,359	115,618
Deferred taxation		4,727	18,124
		<u>1,001,425</u>	<u>1,036,558</u>
CURRENT LIABILITIES			
Trade and other payables		2,301,949	2,971,234
Short term borrowings	10	1,302,392	1,183,997
Accrued markup		38,099	19,390
Current portion of long term borrowings		99,412	139,107
Current portion of lease liability		13,244	9,495
Current portion of deferred government grant		31,431	28,821
Taxation - net		225,583	51,522
Unclaimed dividend		5,386	5,387
		<u>4,017,496</u>	<u>4,408,953</u>
		<u>8,544,377</u>	<u>8,560,244</u>
TOTAL EQUITY AND LIABILITIES			
CONTINGENCIES AND COMMITMENTS			
	11		

The annexed notes from 1 to 20 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 HALF YEAR AND QUARTER ENDED DECEMBER 31, 2022**

	Note	Half year ended		Quarter ended	
		December 31, 2022	December 31, 2021	December 31, 2022	December 31, 2021
----- (Rupees in '000) -----					
Revenue from contracts with customers	12	5,810,395	5,015,759	2,110,776	2,318,212
Cost of sales		(4,759,632)	(3,915,986)	(1,761,994)	(1,822,290)
Gross profit		1,050,763	1,099,773	348,782	495,922
Administrative and general expenses		(58,459)	(46,269)	(25,717)	(24,370)
Reversal / (Provision) against expected credit losses		14,492	(13,580)	14,492	(13,580)
Distribution and selling costs		(125,024)	(74,950)	(49,020)	(32,316)
Other operating expenses		(128,983)	(126,643)	(1,127)	(56,353)
		(297,974)	(261,442)	(61,372)	(126,619)
Operating profit		752,789	838,331	287,410	369,303
Other income		19,639	31,064	18,010	24,178
Finance costs		(142,220)	(77,113)	(72,253)	(44,902)
Profit before taxation		630,208	792,282	233,167	348,579
Taxation	13	(219,485)	(228,263)	(100,452)	(99,937)
Profit for the period		410,723	564,019	132,715	248,642
Earnings per share - basic and diluted (Rupees)	14	<u>4.44</u>	<u>6.10</u>	<u>1.44</u>	<u>2.69</u>

The annexed notes from 1 to 20 form an integral part of these condensed interim financial statements.



CHIEF EXECUTIVE



DIRECTOR



CHIEF FINANCIAL OFFICER

**CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)
FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2022**

	Half year ended		Quarter ended	
	December 31, 2022	December 31, 2021	December 31, 2022	December 31, 2021
	----- (Rupees in '000) -----			
Profit for the period	410,723	564,019	132,715	248,642
Other comprehensive income	-	-	-	-
Total comprehensive income for the period	<u>410,723</u>	<u>564,019</u>	<u>132,715</u>	<u>248,642</u>

The annexed notes from 1 to 20 form an integral part of these condensed interim financial statements.



CHIEF EXECUTIVE



DIRECTOR



CHIEF FINANCIAL OFFICER

**CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY
FOR THE HALF YEAR ENDED DECEMBER 31, 2022**

	Reserves					Total
	Issued, subscribed and paid-up capital	Capital reserve	Revenue reserves		Total reserves	
			Share premium	General reserve		
----- (Rupees in '000) -----						
Balance as at July 1, 2021 (Audited)	840,600	224,160	292,450	987,669	1,504,279	2,344,879
Transaction 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 ended December 31, 2021						
Profit for the period	-	-	-	564,019	564,019	564,019
Other comprehensive income	-	-	-	-	-	-
	-	-	-	564,019	564,019	564,019
Balance as at December 31, 2021 (Un-audited)	840,600	224,160	292,450	1,341,538	1,858,148	2,698,748
Balance as at July 1, 2022 (Audited)	924,660	140,100	292,450	1,757,523	2,190,073	3,114,733
Total comprehensive Income for period ended December 31, 2022						
Profit for the period	-	-	-	410,723	410,723	410,723
Other comprehensive income	-	-	-	-	-	-
	-	-	-	410,723	410,723	410,723
Balance as at December 31, 2022 (Un-audited)	924,660	140,100	292,450	2,168,246	2,600,796	3,525,456

The annexed notes from 1 to 20 form an integral part of these condensed interim financial statements.


CHIEF EXECUTIVE


DIRECTOR


CHIEF FINANCIAL OFFICER

**CONDENSED INTERIM STATEMENT OF CASH FLOWS (UN-AUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2022**

	December 31, 2022	December 31, 2021
Note	------(Rupees in '000)-----	
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash generated from operations	15 365,428	516,504
Staff gratuity paid	(2,364)	(7,021)
Financial charges paid	(88,632)	(58,111)
Taxes paid	(58,821)	(36,187)
Net cash generated from operating activities	<u>215,611</u>	<u>415,185</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Capital expenditure	(76,194)	(1,067,844)
Proceeds from disposal of property, plant and equipment	6,049	9,700
Net cash used in investing activities	<u>(70,145)</u>	<u>(1,058,144)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Payment of lease liability	(6,251)	(5,733)
Repayments of long term borrowings	(70,908)	(123,275)
Proceeds from long term borrowings	-	589,801
Short term murabaha, salam and istisna - net	(186,866)	459,013
Dividend paid	-	(208,862)
Net cash (used in) / flows from financing activities	<u>(264,025)</u>	<u>710,944</u>
Net (decrease) / increase in cash and cash equivalents	(118,559)	67,985
Cash and cash equivalents at beginning of the period	(171,179)	(99,559)
Cash and cash equivalents at end of the period	<u><u>(289,738)</u></u>	<u><u>(31,574)</u></u>
CASH AND CASH EQUIVALENTS COMPRISE:		
Cash and bank balances	8 240,762	22,598
Running Finance and Running Musharakah	10 (530,500)	(54,172)
	<u>(289,738)</u>	<u>(31,574)</u>

The annexed notes from 1 to 20 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 HALF YEAR ENDED DECEMBER 31, 2022**

1. STATUS AND NATURE OF BUSINESS

Pakistan Synthetics Limited ("the Company") was incorporated on November 18, 1984 as a private limited company in Pakistan and subsequently converted into a public limited company on December 30, 1987. The shares of the Company are listed on Pakistan Stock Exchange with effect from June 27, 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, Emerald 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.

- 2.1.1 These condensed interim financial statements are unaudited but subject to the limited scope review by auditors and is being submitted to the shareholders as required under section 237 of the Companies Act, 2017.

- 2.1.2 These condensed interim financial statements do not include all the information and disclosures required in an annual audited financial statements and should be read in conjunction with the annual audited financial statements of the Company for the year ended June 30, 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.
- 2.1.3 The comparative statement of financial position presented in these condensed interim financial statements as at June 30, 2022 have been extracted from the annual audited financial statements of the Company for the year ended June 30, 2022, whereas the comparative condensed interim statement of profit or loss and condensed interim statement of comprehensive income, condensed interim statement of cash flows and condensed interim statement of changes in equity together with the notes thereto for the six month period ended December 31, 2021 have been extracted from the condensed interim financial statements of the company for the six month period ended December 31, 2021, which were subjected to a review but not audited.
- 2.1.4 The figures of the condensed interim statement of profit or loss and condensed interim statement of comprehensive income for the quarter ended December 31, 2022 and December 31, 2021 included in these condensed interim financial statements were neither subjected to review nor audited.

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 ("Rupees" or "Rs.") which is the functional currency of the Company.

3. SIGNIFICANT ACCOUNTING POLICIES AND CHANGES THEREIN

The accounting policies adopted and the methods of computation followed 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 June 30, 2022.

3.1 Initial application of standards, amendments or an interpretation to existing standards

a) Standards, amendments and interpretations to accounting standards that are effective in the current period

Certain standards, amendments and interpretations to approved accounting standards are effective for accounting periods beginning on July 01, 2022, but are considered not to be relevant or expected to have any significant effect on the Company's operations (although they may affect the accounting for future transactions and events) and are, therefore, not detailed in these condensed interim financial statements.

b) Standards, amendments and interpretations to existing standards that are not yet effective

There are certain standards, amendments to the accounting standards and interpretations that are mandatory for the Company's accounting periods beginning on or after January 1, 2023, but are considered not to be relevant or to have any significant effect on the Company's operations and are, therefore, not detailed in these condensed interim financial statements.

4. ACCOUNTING ESTIMATES AND JUDGEMENTS

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 June 30, 2022.

		December 31, 2022 (Unaudited)	June 30, 2022 (Audited)
	Note	(Rupees in '000)	
5. PROPERTY, PLANT AND EQUIPMENT			
Operating fixed assets	5.1	2,990,059	3,181,503
Capital work-in-progress	5.2	169,298	104,027
		<u>3,159,357</u>	<u>3,285,530</u>
5.1 Operating fixed assets			
Opening net book value		3,181,503	2,123,102
Additions / transfers during the period / year at cost	5.1.1	10,923	1,405,394
Disposals during the period / year at net book value	5.1.1	(5,610)	(15,510)
Depreciation charge for the period / year		(196,757)	(331,483)
Closing net book value		<u>2,990,059</u>	<u>3,181,503</u>

5.1.1 Following are the cost of operating fixed assets added and net book value of operating fixed assets disposed off during the period / year ended:

	(Unaudited)		(Audited)	
	December 31, 2022		June 30, 2022	
	Additions (at cost)	Disposals (at net book value)	Additions (at cost)	Disposals (at net book value)
	(Rupees in '000)			
Land-Leasehold	-	-	41,635	-
Building on leasehold land	-	-	239,049	-
Plant and machinery	-	-	1,069,587	-
Vehicles	10,923	5,610	51,553	15,510
Furniture and office equipment	-	-	3,182	-
Computer accessories	-	-	388	-
	<u>10,923</u>	<u>5,610</u>	<u>1,405,394</u>	<u>15,510</u>

	December 31, 2022 (Unaudited)	June 30, 2022 (Audited)
	(Rupees in '000)	
5.2 Capital work-in-progress		
Opening balance	104,027	85,916
Additions (at cost) during the period / year	<u>67,447</u>	<u>309,370</u>
	171,474	395,286
Transfer to operating fixed assets during the period / year	<u>(2,176)</u>	<u>(291,259)</u>
Closing balance	<u>169,298</u>	<u>104,027</u>
6. STOCK IN TRADE		
Raw and packing material		
- in hand	855,929	1,204,123
- in transit	<u>335,511</u>	<u>265,670</u>
	1,191,440	1,469,793
Work-in-process	489,820	55,774
Finished goods	<u>1,759,357</u>	<u>1,068,889</u>
	<u>3,440,617</u>	<u>2,594,456</u>
7. TRADE DEBTS		
Unsecured - considered good	1,093,579	1,818,260
Unsecured - considered doubtful	265,052	279,544
Less: allowance for expected credit loss	<u>(265,052)</u>	<u>(279,544)</u>
	<u>1,093,579</u>	<u>1,818,260</u>

		December 31, 2022 (Unaudited)	June 30, 2022 (Audited)
		(Rupees in '000)	
8.	CASH AND BANK BALANCES		
	With Islamic banks		
	- current accounts	30,940	1,821
	- saving accounts	2,721	80
		<u>33,661</u>	<u>1,901</u>
	With conventional banks		
	- current accounts	31,871	3,076
	- saving accounts	171,473	48,324
		<u>203,344</u>	<u>51,400</u>
		237,005	53,301
	Cash in hand	3,757	759
		<u>240,762</u>	<u>54,060</u>
8.1	This carries profit at 7.5% per annum (June 30, 2022: 5.5% per annum)		
8.2	This carries markup at the rate of 12.25% to 14.50% per annum (June 30, 2022: 12.25% per annum).		
9.	LONG TERM BORROWINGS - SECURED		
	Loans from Islamic financial institutions		
	Long Term Finance Facility - Diminishing Musharakah	224,905	268,560
	Islamic SBP Refinance Scheme - payroll	13,967	34,978
	Islamic Temporary Economic Refinance Facility (ITERF)	717,500	723,749
		<u>956,372</u>	<u>1,027,287</u>
	Less: deferred income - government grant	(129,789)	(144,439)
	Less: current portion of long term borrowings		
	Long Term Finance Facility - Diminishing Musharakah	(65,445)	(87,879)
	Islamic SBP Refinance Scheme - payroll	(13,967)	(34,328)
	Islamic Temporary Economic Refinance Facility (ITERF)	(20,000)	(16,900)
		<u>(99,412)</u>	<u>(139,107)</u>
		<u>727,171</u>	<u>743,741</u>
10.	SHORT TERM BORROWINGS - SECURED		
	Conventional		
	Running finance under mark-up arrangement	-	104,771
	Islamic		
	Murabaha	11,574	372,934
	Istisna	760,318	585,824
	Running Musharaka	530,500	120,468
		<u>1,302,392</u>	<u>1,183,997</u>

11. CONTINGENCIES AND COMMITMENTS

11.1 Contingencies

There is no change in the status of contingencies as disclosed in the annual financial statements for the year ended June 30, 2022.

11.2 Commitments

11.2.1 The Company has facilities of Rs. 3,250 million (June 30, 2022: Rs. 3,050 million) for opening letters of credit. At December 31, 2022, the open letters of credits for stock in trade, stores and spares and capital commitment amounted to Rs. 487.445 million (June 30, 2022: Rs. 372.84 million).

12. REVENUE FROM CONTRACTS WITH CUSTOMERS

	Half year ended		Quarter ended	
	December 31, 2022	December 31, 2021	December 31, 2022	December 31, 2021
	----- (Rupees in '000) -----			
Gross sales	6,839,967	5,897,533	2,494,878	2,723,055
Less: sales tax	(1,029,572)	(881,774)	(384,102)	(404,843)
	<u>5,810,395</u>	<u>5,015,759</u>	<u>2,110,776</u>	<u>2,318,212</u>

13. TAXATION

Current	232,882	134,873	96,216	(5,458)
Deferred	(13,397)	93,390	4,236	105,395
	<u>219,485</u>	<u>228,263</u>	<u>100,452</u>	<u>99,937</u>

14. 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:

Profit for the period	<u>410,723</u>	<u>564,019</u>	<u>132,715</u>	<u>248,642</u>
	----- (Number) -----			
Weighted average number of ordinary shares	<u>92,466,000</u>	<u>92,466,000</u>	<u>92,466,000</u>	<u>92,466,000</u>
	----- (Rupees) -----			
Earnings per share - basic and diluted	<u>4.44</u>	<u>6.10</u>	<u>1.44</u>	<u>2.69</u>

	December 31, 2022 (Un-audited)	December 31, 2021 (Un-audited)
	(Rupees in '000)	
15. CASH GENERATED FROM OPERATIONS		
Profit before tax	630,208	792,282
Adjustment for non cash charges and other items:		
Depreciation on property, plant and equipment	196,758	139,555
Depreciation on right of use asset	4,944	-
Charge for staff gratuity	20,000	16,645
Gain on disposal of property, plant and equipment	(439)	(3,856)
Finance costs	121,990	74,957
Interest expense on lease liability	1,746	2,156
Unrealised loss on remeasurement of investment	1,060	9,262
Amortisation of deferred income - government grant	(14,649)	(9,546)
Net remeasurement gain on provision of GIDC	(2,281)	-
Interest expense on GIDC	4,992	-
(Reversal) / provision against expected credit losses	(14,492)	-
	319,629	229,173
Working capital changes		
Decrease / (increase) in current assets:		
Stores and spares	(18,730)	(28,557)
Stock in trade	(846,161)	(732,568)
Trade debts	739,173	83,648
Loans and advances	263,494	(83,028)
Short term deposits and prepayments	(19,353)	(4,761)
Other receivables	(33,689)	(165,077)
Short term investment	1,060	(156,806)
Long-term deposits and prepayments - net	-	832
	85,794	(1,086,317)
(Decrease) / increase in current liabilities:		
Trade and other payables	(670,353)	580,809
	(584,559)	(505,508)
Long-term loans to employees	150	557
Cash generated from operations	365,428	516,504

16. 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. The name, nature and basis of relationships are:

Name of related party	Nature of relationship	Basis of relationship
Amna Industries (Private) Limited	Associated Company	Common directorship
Petpak Films (Private) Limited	Associated Company	Common directorship
3M Industries (Private) Limited	Associated Company	Common directorship
Al-Hilal Shariah Advisors (Private) Limited	Associated Company	Common directorship
Al-Hilal Securities Advisors (Private) Limited	Associated Company	Common directorship
Akaz Brands (Private) Limited	Associated Company	Common directorship
Key management personnel	Related parties	Executives

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:

	Half year ended	
	December 31, 2022	December 31, 2021
	(Rupees in '000)	
16.1. Transactions during the year		
Key management personnel compensation		
Managerial remuneration	34,846	25,608
Others	4,896	3,951

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

16.2. Period end balances

There are no period end balances with related parties.

17. FINANCIAL RISK MANAGEMENT

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 June 30, 2022.

18. FAIR VALUE OF FINANCIAL INSTRUMENTS

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.

As of the reporting date, except for short term investment none of the financial instruments of the Company are carried at fair value.

The carrying values of all financial assets and liabilities reflected in these condensed interim financial statements approximate their fair values.

19. NUMBER OF EMPLOYEES

The number of employees as at period ended December 31, 2022 was 434 (June 30, 2022: 431) and average number of employees during the period was 431 (June 30, 2022: 369).

20. GENERAL

These condensed interim financial statements have been authorised for issue on Feb 24, 2023 by the Board of Directors of the Company.



CHIEF EXECUTIVE



DIRECTOR



CHIEF FINANCIAL OFFICER