



Macter

QUARTERLY REPORT
MARCH 31 **2023**

Macter International Limited

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COMPANY INFORMATION

BOARD OF DIRECTORS

1.	Mr. Amanullah Kassim	Chairman	Independent Director
2.	Mr. Asif Misbah	Chief Executive	Executive Director
3.	Mr. Swaleh Misbah Khan		Executive Director
4.	Sheikh Muhammed Waseem		Non-Executive Director
5.	Syed Anis Ahmad Shah		Independent Director
6.	Sheikh Perwez Ahmed		Non-Executive Director
7.	Ms. Masarrat Misbah		Non-Executive Director
8.	Mr. Muhammad Ather Sultan		Non-Executive Director

BOARD AUDIT COMMITTEE

1.	Syed Anis Ahmad Shah	Chairman
2.	Sheikh Muhammed Waseem	Member
3.	Mr. Muhammad Ather Sultan	Member

CHIEF FINANCIAL OFFICER

Syed Khalid Noor

COMPANY SECRETARY

Mr. Asif Javed

INTERNAL AUDITORS

KPMG Taseer Hadi & Co.
Chartered Accountants

EXTERNAL AUDITORS

EY Ford Rhodes
Chartered Accountants

SHARIAH ADVISOR

Mufti Muhammad Najeeb Khan

BANKERS

Al Baraka (Pakistan) Limited
Allied Bank Ltd – Islamic Banking
Askari Bank Limited – Islamic Banking Branch
Bank Alfalah Ltd – Islamic Banking
Bank Al Habib Limited - Islamic Banking Branch
Bankislami Pakistan Limited
Dubai Islamic Bank Pakistan Limited
Habib Bank Limited - Islamic Banking Branch
Habib Metropolitan Bank Pakistan Limited - Islamic Banking Branch
MCB Bank Limited
MCB Islamic Bank Limited
Meezan Bank Limited
The Bank of Punjab – Taqwa Islamic Banking.

SHARE REGISTRAR

F.D. Registrar Services (Pvt) Limited
17th Floor, Saima Trade Tower-A
I. I. Chundrigar Road, Karachi
Telephone: + 92 21 32271905-6
Fax: + 92 21 32621233
Email: fdregistrar@yahoo.com

REGISTERED OFFICE

F-216, SITE, Karachi - 75700
Telephone: +92 21 32591000
Fax: +92 21 32564236
Email: info@macter.com

WEBSITE

www.macter.com

DIRECTORS' REVIEW REPORT

We are pleased to present the un-audited un-consolidated and consolidated condensed interim financial statements for the period ended March 31, 2023:

FINANCIAL RESULTS

Rupees Millions

DESCRIPTION	July - March			
	Unconsolidated		Consolidated	
	2023	2022	2023	2022
Turnover - Net	5,210	4,004	5,413	4,218
Gross profit	2,167	1,805	2,272	1,922
Gross margin	42%	45%	42%	45%
Operating Profit	505	494	485	476
Operating Margin	10%	12%	9%	11%
Profit before tax	473	463	445	439
Profit after tax	319	339	283	307

FINANCIAL PERFORMANCE

Net Turnover for the period ended 31st March 2023 at Rs. 5,210m grew by 30%.

Our core **prescription business** grew by +29% (Current period: Rs. 4,038m vs Last year: Rs. 3,130m) on account of strong uptake of our recently launched **Pegstim** (Pegylated GCSF) in Oncology and **Tofacnet** (Tofacitinib) in Rheumatology; promotional campaigns in our growth brand **Cobolmin** (Mecobalamin); higher demand for our lead brand **Titan** (Ceftriaxone); increased induction of kidney dialysis patients on our **Mac Epo** (Erythropoietin); enhanced CME (continued medical education) events for family physicians.

Our **institution business** sales grew by +44%, on account of carry-over supplies of last year's public tender sales orders (Current period: Rs.428m vs Last year: Rs. 298m).

Our **Exports business** grew by over 12% as Afghanistan market started to open post regime change.

Gross margins reduced by -3% due to Rupee devaluation resulting in higher import cost of APIs and excipients and significant inflationary cost increase in packaging materials, utilities, fuel and increase in minimum wages. Imposition of additional 1% sales tax on sales and non-adjustable input sales tax have further eroded margins. The annual CPI linked price increase under the current Drug Pricing laws is insufficient to fully cover the above cost impacts.

Operating Profit increased marginally by 2% vs. same period last year mainly due to the erosion in gross margin and higher operating costs on account of investments in organization development, core brands building, sales force team expansion and escalation in operating costs.

Profit before Tax increased by Rs. 10m, however, imposition of 4% super tax has depressed profit after tax to -6% growth over same period last year.

EARNINGS PER SHARE

Earnings per share as per unconsolidated financial statements for the period ended March 2023 was: Rs. 6.96 (2022: Restated earnings per share: Rs. 7.66).

FUTURE OUTLOOK

Future business outlook remains uncertain in current recessionary economic scenario. Operating margins remain under pressure due to Rupee weakness, inflationary cost increases and increase in SBP base mark-up rate.

The Pharmaceutical Industry has made several representations to the Ministry of Health and DRAP for an urgent and fair inflationary price adjustment to compensate for the extraordinary Pak Rupee depreciation of over 50% and resultant input cost inflation. Any further delay in price adjustment decision by government will put at risk availability of life savings medicines to patients and threatens the entire industry's financial sustainability.

Pharmaceutical industry is essential for public health security, it helps generates significant savings in foreign exchange through import substitution of imported medicines and it employs a large number of science graduates. We are grateful to the government and State Bank of Pakistan to give priority to pharmaceutical imports. However, we continue to face delays in timely opening of LCs and delay in import payments.

The management team under the Board's guidance is executing cost optimization strategy to mitigate the above impacts however unless the Government grants a fair inflationary price adjustment the profitability will be adversely affected.

ACKNOWLEDGEMENTS

The Board of Directors appreciate the commitment and dedication of all our employees who have worked to ensure supply of our lifesaving medicines. Directors acknowledge the support and cooperation received from our valued shareholders, customers, distributors, suppliers, financial institutions and regulatory authorities.

All praise and gratitude to Allah SWT for His continued blessings.

On behalf of the board



Asif Misbah
Chief Executive



Sheikh Perwez Ahmed
Director

Karachi
April 18, 2023

ڈائریکٹرز جائزہ رپورٹ

ہم 31 مارچ 2023ء کو ختم ہونے والی مدت کے غیر آڈٹ شدہ غیر مدغم شدہ اور مدغم شدہ مختصر عبوری مالیاتی گوشوارے پیش کرتے ہوئے خوشی محسوس کر رہے ہیں۔

مالیاتی نتائج

(روپے ملین میں)

مندرجات	جولائی - مارچ	
	مدغم شدہ	غیر مدغم شدہ
	2022	2023
فروخت خالص	4,218	5,413
مجموعی منافع	1,922	2,272
مجموعی مارجن	45%	42%
آپریٹنگ منافع	476	485
آپریٹنگ مارجن	11%	9%
قبل از ٹیکس منافع	439	445
بعد از ٹیکس منافع	307	283

مالیاتی کارکردگی

31 مارچ 2023ء کو ختم ہونے والی مدت کے دوران خالص فروخت 30 فیصد اضافے کے ساتھ 5,210 ملین روپے رہی۔

ہمارے بذریعہ نسخہ فروخت کاروبار میں 29 فیصد اضافہ ہوا (موجودہ مدت: 4,038 ملین روپے بمقابلہ گزشتہ سال 3,130 ملین روپے) کا اضافہ ہوا جس کی وجوہات: ہمارے حال ہی میں لانچ کردہ آکولوجی میں Pegstim (Pegylated GCSF) اور ریویمینولوجی میں Tofacnet (Tofacitinib)؛ ہمارے گروتھ برائڈ Cobolmin (Mecobalamin) کے لئے کامیاب پروموشنل مہمات؛ ہمارے لیڈ برائڈ Titan (Ceftriaxone) کی زیادہ مانگ؛ ہمارے Mac Epo (Erythropoietin) پر گردے کے ڈائلیسس کے مریضوں کی شمولیت میں اضافہ؛ فیملی فزیشن کے لئے بہتر CME (continued medical education) ایونٹس۔

گزشتہ سال کے پبلک ٹینڈر فروخت آرڈرز کی کیری اوور سپلائیز کی وجہ سے ہمارے ادارے کی کاروباری فروخت میں 44 فیصد کابٹ اضافہ ہوا (گزشتہ سال کے اسی عرصے میں 298 ملین روپے کے مقابلے میں موجودہ مدت: 428 ملین روپے)

ہماری برآمدات کے کاروبار میں 12 فیصد سے زیادہ اضافہ ہوا ہے کیونکہ حکومت کی تبدیلی کے بعد افغانستان کی مارکیٹ نے کھلنا شروع کیا۔

مجموعی مارجن میں منفی 3 فیصد کی واقع ہوئی جس کی وجہ روپے کی قدر میں کمی کے نتیجے میں APIs اور excipients کی درآمدی لاگت میں اضافہ، ہیکسیٹک مواد، پوٹیلیمز، ایندھن، اخراجات کی لاگت میں نمایاں اضافہ اور کم از کم اجرت میں اضافہ ہے۔ سبز پر اضافی ایک فیصد سبز ٹیکس اور نان ایڈجسٹ ایبل ان پٹ سبز ٹیکس کے نفاذ سے مارجن میں مزید کمی آئی ہے۔ موجودہ ڈرگ پرائسنگ قوانین کے تحت سالانہ CPI سے منسلک قیمتوں میں اضافہ اوپر کی لاگت کے اثرات کو مکمل طور پر پورا کرنے کے لئے ناکافی ہے۔

گزشتہ سال کے اسی عرصے کے مقابلے میں آپریٹنگ منافع میں 2 فیصد معمولی اضافہ ہوا جس کی بنیادی وجہ تنظیمی ترقی میں سرمایہ کاری، بنیادی برائڈز کی تعمیر، سبز فورس ٹیم کی توسیع اور آپریٹنگ اخراجات میں اضافے کی وجہ سے مجموعی مارجن میں کمی اور زیادہ آپریٹنگ لاگت ہے۔

قبل از ٹیکس منافع میں 10 ملین روپے کا اضافہ ہوا تاہم 4 فیصد سپر ٹیکس کے نفاذ کے بعد از ٹیکس منافع کو کم کر کے گزشتہ سال کے اسی عرصے کے مقابلے میں منفی 6 فیصد تک بڑھا دیا ہے۔

فی حصص منافع

مارچ 2023ء کو ختم ہونے والی مدت کے لئے غیر مدغم شدہ مالی گوشواروں کے مطابق فی حصص آمدنی: 6.96 روپے (2022: فی حصص آمدنی: 7.66 روپے) تھی۔

مستقبل کا جائزہ

موجودہ کساد بازاری کے معاشی منظر نامے میں مستقبل کا کاروباری نقطہ نظر غیر یقینی ہے۔ روپے کی کمزوری، افراط زر کی لاگت میں اضافہ اور اسٹیٹ بینک کے بنیادی مارک اپ ریٹ میں اضافے کی وجہ سے آپریٹنگ مارجن دباؤ میں رہتا ہے۔

فارماسیوٹیکل انڈسٹری نے وزارت صحت اور DRAP کو قوری اور منصفانہ افراط زر کی قیمتوں کی ایڈجسٹمنٹ کے لئے کئی بار گزارشات کی ہیں تاکہ پاکستانی روپے قدر میں 50 فیصد سے زائد کی غیر معمولی کمی اور اس کے نتیجے میں ہونے والی ان پٹ لاگت میں اضافہ کی تلافی کی جاسکے۔ حکومت کی جانب سے پرائس ایڈجسٹمنٹ کے فیصلے میں مزید تاخیر مریضوں کو زندگی بچانے والی ادویات کی دستیابی سمیت پوری صنعت کے مالی استحکام کو خطرے میں ڈال دے گی۔

فارماسیوٹیکل انڈسٹری صحت عامہ کے تحفظ کے لئے ضروری ہے، یہ درآمدی ادویات کی درآمدی متبادل کے ذریعے غیر ملکی زر مبادلہ میں نمایاں بچت پیدا کرنے میں مدد کرتی ہے اور یہ سائنس گریجویٹس کی ایک بڑی تعداد کو روزگار فراہم کرتی ہے۔ ہم حکومت اور اسٹیٹ بینک آف پاکستان کے شکر گزار ہیں کہ انہوں نے ادویات کی درآمدات کو ترجیح دی۔ تاہم ہمیں LCOs کے بروقت کھلنے میں تاخیر اور درآمدی ادویات میں تاخیر کا سامنا کرنا پڑ رہا ہے۔


بورڈ کی رہنمائی میں مینجمنٹ ٹیم مذکورہ بالا اثرات کو کم کرنے کے لئے لاگت کو بہتر بنانے کی حکمت عملی پر عمل پیرا ہے تاہم جب تک حکومت منصفانہ انفلیشنری پرائس ایڈجسٹمنٹ کی منظوری نہیں دیتی اس وقت تک منافع پر منفی اثر پڑے گا۔


اعتراف

بورڈ آف ڈائریکٹرز اپنے تمام ملازمین کے عزم اور لگن کو سراہتے ہیں جنہوں نے ہماری زندگی بچانے والی ادویات کی فراہمی کو یقینی بنانے کے لئے کام کیا ہے۔ ڈائریکٹرز اپنے قابل قدر ٹیمز، کسٹمرز، ڈسٹری بیوٹرز، سپلائرز، مالیاتی اداروں اور ریگولیٹری اتھارٹیز کی حمایت اور تعاون کا بھی اعتراف کرتے ہیں۔

مسلسل فضل و کرم پر تمام تعریفیات اور تشکر اللہ سبحانہ و تعالیٰ کے لیے ہے۔

منجانب بورڈ


ڈاکٹر پرویز احمد
ڈائریکٹر


آصف مصباح
چیف ایگزیکٹو

کراچی

اپریل 18، 2023ء

**UN-CONSOLIDATED CONDENSED INTERIM
FINANCIAL STATEMENTS
FOR THE PERIOD ENDED
MARCH 31, 2023**

UN-CONSOLIDATED CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION

AS AT MARCH 31, 2023

	NOTE	MARCH 31, 2023	JUNE 30, 2022
		..... (RUPEES IN '000)	
ASSETS		UN-AUDITED	AUDITED
NON-CURRENT ASSETS			
Property, plant and equipment	5	1,958,451	1,735,143
Intangible assets		1,958	2,301
Long-term investment	6	300,000	300,000
Long-term loans		1,980	1,982
Long-term deposits		56,995	24,611
Deferred taxation - net		3,627	-
		2,323,011	2,064,037
CURRENT ASSETS			
Stores and spares		18,973	16,799
Stock-in-trade	7	1,701,009	1,260,445
Trade debts	8	484,170	301,364
Loans and advances		157,000	116,190
Trade deposits, prepayments and other receivables		87,259	101,707
Sales tax - net	9	47,844	179,499
Taxation - net		-	26,008
Short-term investment		-	159,707
Cash and bank balances	10	42,171	212,728
		2,538,426	2,374,447
TOTAL ASSETS		4,861,437	4,438,484
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorised share capital 65,000,000 (2022: 65,000,000) ordinary shares of Rs 10/- each		650,000	650,000
Issued, subscribed and paid-up capital	11	458,111	458,111
Capital reserve		1,225,860	1,225,860
Revenue reserve - accumulated profit		1,116,917	891,385
		2,800,888	2,575,356
NON-CURRENT LIABILITIES			
Deferred liabilities		218,478	209,678
Long-term financing	12	298,701	151,812
Long-term provision	13	71,379	66,985
Lease Liabilities		15,730	39,928
Deferred taxation - net		-	5,680
		604,288	474,083
CURRENT LIABILITIES			
Trade and other payables	14	1,278,647	1,234,937
Accrued profit		1,530	667
Short-term borrowings	15	43,529	-
Taxation - net		21,207	-
Current portion of long-term financing	12	73,573	124,811
Current portion of lease liabilities		36,318	27,235
Unclaimed dividends		1,457	1,395
		1,456,261	1,389,045
CONTINGENCIES AND COMMITMENTS	16		
TOTAL EQUITY AND LIABILITIES		4,861,437	4,438,484

The annexed notes from 1 to 21 form an integral part of these unconsolidated condensed interim financial statements.


CHIEF FINANCIAL OFFICER


CHIEF EXECUTIVE


DIRECTOR

UN-CONSOLIDATED CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS (UN-AUDITED)
FOR THE PERIOD ENDED MARCH 31, 2023

	NINE MONTHS ENDED		QUARTER ENDED	
	MARCH 31, 2023	MARCH 31, 2022	MARCH 31, 2023	MARCH 31, 2022
NOTE	(RUPEES IN '000)			
Turnover	5,209,642	4,004,401	1,430,392	1,453,175
Cost of sales	(3,042,508)	(2,199,664)	(813,149)	(788,821)
Gross profit	2,167,134	1,804,737	617,243	664,354
Distribution costs	(1,407,594)	(1,096,203)	(439,799)	(376,406)
Administrative expenses	(266,847)	(199,959)	(82,120)	(67,827)
Other expenses	(40,554)	(39,293)	(8,518)	(17,201)
Other income	53,132	24,432	24,864	4,299
	(1,661,863)	(1,311,023)	(505,573)	(457,135)
Operating profit	505,271	493,714	111,670	207,219
Financial charges	12.2 (32,485)	(31,250)	(12,364)	(4,769)
Profit before taxation	472,786	462,464	99,306	202,450
Taxation	17 (153,799)	(123,951)	(29,596)	(60,160)
Net profit for the period	318,987	338,513	69,710	142,290
				..... (RUPEES)
		(Re-stated)		(Re-stated)
Basic and diluted earnings per share	6.96	7.66	1.52	3.22

The annexed notes from 1 to 21 form an integral part of these unconsolidated condensed interim financial statements.



 CHIEF FINANCIAL OFFICER



 CHIEF EXECUTIVE



 DIRECTOR

UN-CONSOLIDATED CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)
FOR THE PERIOD ENDED MARCH 31, 2023

	NINE MONTHS ENDED		QUARTER ENDED	
	MARCH 31, 2023	MARCH 31, 2022	MARCH 31, 2023	MARCH 31, 2022
	..... (RUPEES IN '000)			
Net profit for the period	318,987	338,513	69,710	142,290
Other comprehensive income for the period	-	-	-	-
Total comprehensive income for the period	318,987	338,513	69,710	142,290

The annexed notes from 1 to 21 form an integral part of these unconsolidated condensed interim financial statements.



CHIEF FINANCIAL OFFICER



CHIEF EXECUTIVE



DIRECTOR

UN-CONSOLIDATED CONDENSED INTERIM STATEMENT OF CASH FLOWS (UN-AUDITED)

FOR THE PERIOD ENDED MARCH 31, 2023

	NOTE	NINE MONTHS ENDED	
		MARCH 31, 2023	MARCH 31, 2022
		..... (RUPEES IN '000)	
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before taxation		472,786	462,464
Adjustments:			
Depreciation on operating fixed assets		124,190	98,029
Depreciation on right-of-use assets		21,334	24,407
Amortization		1,260	1,339
Financial charges		26,547	25,011
Markup on Lease liabilities		5,938	6,239
Provision for gratuity		30,724	18,111
Gain on disposal of property, plant and equipment		(30,394)	(18,713)
Dividend income on mutual fund units		(7,643)	-
Provision for slow moving and obsolete stock-in-trade		64,133	59,496
Allowance for expected credit loss		25,905	9,757
		261,994	223,676
		734,780	686,140
(Increase) / decrease in current assets			
Stores and spares		(2,174)	(5,713)
Stock-in-trade		(504,697)	(352,052)
Trade debts		(208,711)	(30,999)
Loans and advances		(40,810)	(5,222)
Trade deposits, prepayments and other receivables		14,448	(10,782)
Sales tax refund / (paid) - net		131,655	(87,417)
		(610,289)	(492,185)
Increase in current liabilities			
Trade and other payables		43,772	246,115
		168,263	440,070
Financial charges paid		(25,684)	(34,546)
Income tax (paid) / refunded - net		(115,892)	(29,612)
Gratuity paid		(22,518)	(16,594)
Long-term loans - net		2	432
Long-term deposits - net		(32,384)	49,131
Deferred liabilities - net		594	(1,656)
		(195,882)	(32,845)
Net cash (used in) / generated from operating activities		(27,619)	407,225
CASH FLOWS FROM INVESTING ACTIVITIES			
Fixed capital expenditure		(380,014)	(307,007)
Proceeds from disposal of property, plant and equipment		41,578	24,961
Additions to intangible assets		(918)	-
Short-term investment made		(40,000)	-
Proceeds from disposal of short-term investment		199,707	(250,000)
Dividend income on mutual fund units		7,643	250,000
Net cash (used in) investing activities		(172,004)	(282,046)
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividend paid		(93,455)	(169,959)
Proceeds from issuance of share - net		-	1,075,094
Short-term borrowings - net		43,529	(381,695)
Long-term financing - net		95,651	(580,642)
Long-term provision		4,394	(6,849)
Principal portion of lease liabilities paid		(21,053)	(25,609)
Net cash generated from / (used in) financing activities		29,066	(89,660)
Net (decrease) / increase in cash and cash equivalent		(170,557)	35,519
Cash and cash equivalents at the beginning of the period		212,728	81,993
Cash and cash equivalents at the end of the period	10	42,171	117,512

The annexed notes from 1 to 21 form an integral part of these unconsolidated condensed interim financial statements.



CHIEF FINANCIAL OFFICER



CHIEF EXECUTIVE



DIRECTOR

**UN-CONSOLIDATED CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
FOR THE PERIOD ENDED MARCH 31, 2023**

PARTICULARS	ISSUED, SUBSCRIBED AND PAID-UP CAPITAL	RESERVES		TOTAL	TOTAL EQUITY
		CAPITAL SHARE PREMIUM	REVENUE UNAPPROP- -RIATED PROFIT		
(RUPEES IN '000)					
Balance as at July 01, 2021	391,444	217,808	740,257	958,065	1,349,509
Transactions with the owners					
Issue of right shares at premium - 6,666,667 shares at Rs. 165 per share	66,667	1,033,333	-	1,033,333	1,100,000
Issue cost of right shares	-	(24,906)	-	(24,906)	(24,906)
Net profit for the period	-	-	338,513	338,513	338,513
Other comprehensive income for the period	-	-	-	-	-
Total comprehensive income for the period	-	-	338,513	338,513	338,513
Final cash dividend @ Rs. 2.00 per share for the year ended June 30, 2021	-	-	(91,622)	(91,622)	(91,622)
Interim cash dividend @ Rs. 1.71 per share for the half year ended December 31, 2021	-	-	(78,337)	(78,337)	(78,337)
Balance as at March 31, 2022	<u>458,111</u>	<u>1,226,235</u>	<u>908,811</u>	<u>2,135,046</u>	<u>2,593,157</u>
Balance as at July 01, 2022	458,111	1,225,860	891,385	2,117,245	2,575,356
Net profit for the period	-	-	318,987	318,987	318,987
Other comprehensive income for the period	-	-	-	-	-
Total comprehensive income for the period	-	-	318,987	318,987	318,987
Final cash dividend @ Rs. 1.50 per share for the year ended June 30, 2022	-	-	(68,717)	(68,717)	(68,717)
Interim cash dividend @ Rs. 0.54 per share for the half year ended December 31, 2022	-	-	(24,738)	(24,738)	(24,738)
Balance as at March 31, 2023	<u>458,111</u>	<u>1,225,860</u>	<u>1,116,917</u>	<u>2,342,777</u>	<u>2,800,888</u>

The annexed notes from 1 to 21 form an integral part of these unconsolidated condensed interim financial statements.

CHIEF FINANCIAL OFFICER

CHIEF EXECUTIVE

DIRECTOR

**NOTES TO THE UN-CONSOLIDATED CONDENSED INTERIM
FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE PERIOD ENDED MARCH 31, 2023**

1. THE COMPANY AND ITS OPERATIONS

- 1.1** Macter International Limited (the Company) was incorporated in Pakistan in 1992 as a private limited company and was converted into a public limited company in 2011. Effective from August 01, 2017 the Company has been listed on Pakistan Stock Exchange Limited. The geographical location of the registered office of the Company is F-216, S.I.T.E., Karachi.
- 1.2** The principal activity of the Company is to manufacture and market pharmaceutical products.
- 1.3** These unconsolidated condensed interim financial statements are the separate financial statements of the Company in which investment in subsidiary has been accounted for at cost less accumulated impairment losses, if any.

2. BASIS OF PREPARATION

2.1 Statement of compliance

These unconsolidated condensed interim financial statements of the Company 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:

- Provisions of and directives issued under the Companies Act, 2017.
- Islamic Financial Accounting Standards (IFAS) issued by the Institute of Chartered Accountants of Pakistan as are notified under the Act; and
- International Accounting Standard (IAS) 34, Interim Financial Reporting, issued by International Accounting Standard Board (IASB) as notified under the Act.

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

These unconsolidated condensed interim financial statements do not include all the information and disclosures required in annual financial statements and should be read in conjunction with the Company's unconsolidated annual audited financial statements for the year ended June 30, 2022.

2.2 Standards, amendments and interpretations adopted during the period

The Company has adopted the following amendments to International Financial Reporting Standards (IFRSs) which became effective for the current period:

IFRS 3	Reference to the Conceptual Framework (Amendments)
IAS 16	Property, Plant and Equipment: Proceeds before Intended Use (Amendments)
IAS 37	Onerous Contracts – Costs of Fulfilling a Contract (Amendments)

The above amendments are not expected to have any material impact on the Company's unconsolidated condensed interim financial statements in the period of initial application.

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies and the methods of computations adopted in the preparation of these unconsolidated condensed interim financial statements are consistent with those followed in the preparation of the Company's unconsolidated annual audited financial statements for the year ended June 30, 2022 except for the adoption of amendments to approved accounting standards, which became effective for the current period as disclosed in note 2.2 to these unconsolidated condensed interim financial statements.

4. ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of these unconsolidated condensed interim financial statements is in conformity with the approved accounting standards which requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. Estimates, assumptions and judgements are continually evaluated and are based on historical experience and other factors, including expectation of future events that are believed to be reasonable under the circumstances. However, actual results may differ from these estimates and assumptions.

During the preparation of these unconsolidated condensed interim financial statements, the significant judgements made by management in applying Company's accounting policies and the key sources of estimation uncertainty were the same as those that were applied to the audited annual financial statements for the year ended June 30, 2022.

	NOTE	MARCH 31, 2023	JUNE 30, 2022
		(RUPEES IN '000) UN-AUDITED	(RUPEES IN '000) AUDITED
5. PROPERTY, PLANT AND EQUIPMENT			
Operating fixed assets	5.1	1,664,101	1,477,164
Capital work-in-progress	5.2	249,913	202,175
Right-of-use asset		44,437	55,804
		<u>1,958,451</u>	<u>1,735,143</u>

5.1 Detail of additions and deletions to operating fixed assets are as follow:

	ADDITIONS (COST)		DELETIONS (NET BOOK VALUE)	
	MARCH 31, 2023	MARCH 31, 2022	MARCH 31, 2023	MARCH 31, 2022
	(UN-AUDITED)			
	(RUPEES IN '000)			
Buildings on leasehold land	6,079	5,229	-	-
Plant and machinery	23,836	37,233	309	-
Tools and equipment	30,404	70,571	-	-
Gas and other installation	36,878	26,103	2,898	685
Furniture and fixtures	3,023	1,799	-	-
Office equipment	1,429	4,140	-	-
Computer equipment	5,692	1,497	370	37
Motor vehicles	214,970	74,746	7,607	5,528
	<u>322,311</u>	<u>221,318</u>	<u>11,184</u>	<u>6,250</u>

5.2 Capital work-in-progress

	MARCH 31, 2023		
	BUILDING ON LEASEHOLD LAND	PLANT, MACHINERY AND OTHERS	TOTAL
	..... (UN-AUDITED)		
	..... (RUPEES IN '000)		
Balance at beginning of the period	15,068	187,107	202,175
Capital expenditure incurred / advances made	52,016	227,818	279,834
Transferred to operating fixed assets	(3,923)	(228,173)	(232,096)
Balance at end of the period	<u>63,161</u>	<u>186,752</u>	<u>249,913</u>

	NOTE	MARCH 31, 2023 (RUPEES IN '000)	JUNE 30, 2022 AUDITED
		UN-AUDITED	

6. LONG-TERM INVESTMENT

Investment in subsidiary - at cost Misbah Cosmetic (Private) Limited 30,000,000 (2022 : 30,000,000) ordinary shares representing 79.84% (2022 : 79.84%) voting shares		<u>300,000</u>	<u>300,000</u>
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6.1 The Subsidiary Company is Engaged in selling and distribution of cosmetic products.

	NOTE	MARCH 31, 2023 (RUPEES IN '000)	JUNE 30, 2022 AUDITED
		UN-AUDITED	

7. STOCK IN TRADE

In hand			
- raw material		765,917	470,859
- packing material		281,243	211,255
- work-in-process		163,566	190,105
- finished goods		609,650	484,262
		<u>1,820,376</u>	1,356,481
Less: Provision for slow moving and obsolete stock-in-trade	7.1	(128,756)	(99,909)
		<u>1,691,620</u>	1,256,572
In transit		9,389	3,873
		<u>1,701,009</u>	<u>1,260,445</u>

	MARCH 31, 2023	JUNE 30, 2022
NOTE	..... (RUPEES IN '000)	
	UN-AUDITED	AUDITED
7.1 Provision for slow moving and obsolete stock-in-trade		
The movement of provision for slow moving and obsolete stock-in-trade during the period / year is as follows:		
Balance at beginning of the period / year	99,909	75,619
Provision recognised during the period / year	64,133	70,209
Write offs during the period / year	(35,286)	(45,919)
	28,847	24,290
Balance at end of the period / year	<u>128,756</u>	<u>99,909</u>

8. TRADE DEBTS - unsecured		
Considered good	484,170	301,364
Considered doubtful	137,251	111,346
	621,421	412,710
Allowance for expected credit loss	8.1 (137,251)	(111,346)
Trade debts - net	<u>484,170</u>	<u>301,364</u>

8.1 Allowance for expected credit loss		
The movement in expected credit loss during the period / year is as follows:		
Balance at beginning of the period / year	111,346	100,910
Provision recognised during the period / year	25,905	10,706
Write offs during the period / year	-	(270)
	25,905	10,436
Balance at end of the period / year	<u>137,251</u>	<u>111,346</u>

9. SALES TAX - net

The entire pharma sector was exempt from levy of sales tax both at input as well as output stage, except for certain excipient and packing materials but through Finance (Supplementary) Act, 2021 exemption regime was converted into a Zero-rating regime for finished items of pharma products with effective from January 17, 2022, however, sales tax was imposed at standard rate of 17% on purchase/ import of Active Pharmaceutical Ingredients (API). As a result, the pharma sector was allowed to claim sales tax refund on all purchases including APIs, excipient and packing materials on consumption basis. In this respect net Rs.47.84 (2022: 179.49) million is sales tax input paid on purchases/import of materials up to June 30, 2022 which is refundable on consumption basis.

Moreover, aforesaid law has further been amended through the Finance Act, 2022 with effective from July 01, 2022, a special tax regime for Pharma Sector has been introduced whereby manufacture or import of substances registered as drugs under the Drugs Act, 1976 shall be subject to 1% sales tax with the condition that such tax shall be final discharge of tax in the supply chain and no input tax shall be allowed to the importer and manufacturer of such goods. Furthermore, APIs, excluding excipients, for manufacture of drugs registered under the Drugs Act, 1976 or raw materials for the basic manufacture of Active Pharmaceutical Ingredients shall also be subject to 1% sales tax with no input tax adjustment.

	NOTE	MARCH 31, 2023 (RUPEES IN '000)	JUNE 30, 2022 (RUPEES IN '000)
		UN-AUDITED	AUDITED
10. CASH AND BANK BALANCES			
Cash in hand		6	-
Balances with banks in:			
- current account		2,629	30,651
- current accounts - with Islamic banks		13,841	27,838
- saving accounts - with Islamic banks	10.1	24,238	152,844
- dividend accounts - with Islamic banks		1,457	1,395
		42,165	212,728
		42,171	212,728

10.1 These carry profit at the rates ranging from 3.40% to 8.71% (2022: 2.75% to 7.00%) per annum.

11. SHARE CAPITAL

11.1 Authorized share capital

MARCH 31, 2023	JUNE 30, 2022		MARCH 31, 2023	JUNE 30, 2022
----- NUMBER OF SHARES -----			..... (RUPEES IN '000) .....	..... (RUPEES IN '000)
UN-AUDITED	AUDITED		UN-AUDITED	AUDITED
65,000,000	65,000,000	Ordinary shares of Rs.10 each	650,000	650,000

11.2 Issued, subscribed and paid-up share capital

MARCH 31, 2023	JUNE 30, 2022		MARCH 31, 2023	JUNE 30, 2022
----- NUMBER OF SHARES -----			..... (RUPEES IN '000) .....	..... (RUPEES IN '000)
UN-AUDITED	AUDITED		UN-AUDITED	AUDITED
15,097,535	15,097,535	Issued for cash	150,976	150,976
30,489,649	30,489,649	Issued as fully paid bonus shares	304,897	304,897
		Issued pursuant to merger with		
223,834	223,834	Associated Services Limited	2,238	2,238
45,811,018	45,811,018		458,111	458,111

NOTE	MARCH 31, 2023	JUNE 30, 2022
	..... (RUPEES IN '000) .....	..... (RUPEES IN '000)
	UN-AUDITED	AUDITED
12. LONG-TERM FINANCING - secured		
Secured		
Diminishing musharakah on		
- vehicles	12.1 372,274	186,899
- salaries and wages	-	89,724
	372,274	276,623
Less : Current maturity shown under current liabilities	(73,573)	(124,811)
	298,701	151,812

12.1 These facilities have been obtained from First Habib Modaraba. These carry mark-up at the rates of 3 Months KIBOR plus 1.00% to 1.25% (2022: 6 Months KIBOR plus 1.00% to 1.50%) per annum and are having maturity till March 2028 (2022: June 2027). These facilities are secured against the respective assets.

12.2 Financial charges on long-term financing for the period ended March 31, 2023 is Rs. 25.02 million (March 31, 2022: Rs. 12.01 million).

	MARCH 31, 2023	JUNE 30, 2022
	..... (RUPEES IN '000) .....	..... (RUPEES IN '000)
	UN-AUDITED	AUDITED
13. LONG-TERM PROVISION		
Gas Infrastructure Development Cess (GIDC)	71,379	66,985

Represents Gas Infrastructure Development Cess (GIDC) against which the Honourable Supreme Court of Pakistan in its order dated August 13, 2020 held that the same is constitutional. Subsequent to the order, the SSGC issued GIDC bill under which the total amount would be recovered in forty eight equal monthly installments.

The above demand of the SSGC was not acknowledged as liability by the Company and it filed an appeal before the Honourable High Court of Sindh (the Court) on the grounds that no burden of GIDC had been passed to its customers and thus the Company is not liable to pay GIDC under GIDC Act, 2015. Based on the above appeal, the Court was pleased to grant stay vide order dated September 29, 2020 against the demand raised by the SSGC and restrained them from take any coercive action.

However, as a matter of abundant caution and without prejudice to the suit filed, the Company had made aggregate provision of Rs.85.65 million for GIDC, having a present value Rs. 71.38 million in the unconsolidated financial statements.

	NOTE	MARCH 31, 2023 (RUPEES IN '000)	JUNE 30, 2022 (RUPEES IN '000)
		UN-AUDITED	AUDITED
14. TRADE AND OTHER PAYABLES			
Trade and other creditors		852,729	791,129
Advances from customers - contract liabilities		234,705	272,399
Accrued liabilities		14,183	12,001
Sindh Workers' Profit Participation Fund		25,667	1,591
Workers' Welfare Fund		43,083	33,329
Central Research Fund		5,133	5,318
Payable to provident fund		2,700	3,855
Current portion of Government Grant		-	1,771
Refund liability		42,391	42,391
Auditors' remuneration		2,534	3,101
Other government levies		9,914	8,580
Others		45,608	59,472
		<u>1,278,647</u>	<u>1,234,937</u>
15. SHORT TERM BORROWINGS			
Musharakah running finance	15.1	43,529	-
15.1	These represents musharkah running finance facilities obtained from Bank Alfalah Limited. This carries profit at the rate 1 months KIBOR Plus 1% (2022: nil)per annum and is repayable on demand . This is secured against first parri passu charge over stock in trade, receivables, and other current assets of the Company.		
		MARCH 31, 2023 (RUPEES IN '000)	JUNE 30, 2022 (RUPEES IN '000)
		UN-AUDITED	AUDITED
16. CONTINGENCIES AND COMMITMENTS			
16.1 Contingencies			
16.1.1	Claims not acknowledged as debt by the Company	<u>12,150</u>	<u>10,446</u>
16.1.2	There is no material change in the status of contingencies as disclosed in notes 25.1 to the annual audited financial statements for the year ended June 30, 2022 except as mentioned in above notes.		
		MARCH 31, 2023 (RUPEES IN '000)	JUNE 30, 2022 (RUPEES IN '000)
		UN-AUDITED	AUDITED
16.2 Commitments			
	Capital commitments	<u>48,804</u>	<u>58,262</u>
	Outstanding letters of credit	<u>556,582</u>	<u>411,322</u>
	Outstanding letters of guarantee	<u>103,488</u>	<u>123,352</u>

	NINE MONTHS ENDED		QUARTER ENDED	
	MARCH 31, 2023	MARCH 31, 2022	MARCH 31, 2023	MARCH 31, 2022
..... (RUPEES IN '000)				
17. TAXATION				
Current	163,107	74,507	36,119	3,315
Prior	-	2,801	-	-
Deferred	(9,308)	46,643	(6,523)	56,845
	<u>153,799</u>	<u>123,951</u>	<u>29,596</u>	<u>60,160</u>

18. TRANSCATIONS WITH RELATED PARTIES

Related parties of the Company comprise of the subsidiary company, employee benefit fund, directors and key management personnel. Details of transactions with related parties during the period are as follows:

	NINE MONTHS ENDED	
	MARCH 31, 2023	MARCH 31, 2022
..... (RUPEES IN '000)		
..... (UN-AUDITED)		
Relationship	Nature of transactions	
Provident Fund	Contribution made	40,332 33,968
Non-Executive Director	Fee for attending meetings	1,988 1,263
	Dividend	581 1,055
Key Management Personnel	Salary and other benefits	192,592 164,147
	Dividend	61,743 109,384

19. FINANCIAL RISK MANAGEMENT AND FAIR VALUE DISCLOSURES

These unconsolidated condensed interim financial statements do not include all financial risk management information and disclosures which are required in the annual unconsolidated financial statements and should be read in conjunction with the Company's annual unconsolidated audited financial statements for the year ended June 30, 2022. There have been no change in any risk management policies since the year end, except as mentioned below:

There were not transferred amongst level of fair value analysis of financial assets and liabilities during the period.

There are no investments measured at fair value as at March 31, 2023

20. DATE OF AUTHORISATION FOR ISSUE

These unconsolidated condensed interim financial statements were authorised for issue on April 18, 2023 by the Board of Directors of the Company.

21. GENERAL

21.1 Corresponding figures have been reclassified for the purpose of better presentation and comparison, wherever necessary. However, there are no material reclassifications to report.

21.2 All figures have been rounded off to the nearest thousand rupees, unless otherwise stated.



CHIEF FINANCIAL OFFICER



CHIEF EXECUTIVE



DIRECTOR

**CONSOLIDATED CONDENSED INTERIM
FINANCIAL STATEMENTS
FOR THE PERIOD ENDED
MARCH 31, 2023**

CONSOLIDATED CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION

AS AT MARCH 31, 2023

	NOTE	MARCH 31, 2023	JUNE 30, 2022
		..... (RUPEES IN '000)	
ASSETS		UN-AUDITED	AUDITED
NON-CURRENT ASSETS			
Property, plant and equipment	5	1,975,381	1,751,087
Intangible assets		49,597	51,112
Long-term loans		1,980	1,982
Long-term deposits		59,112	26,401
Deferred taxation - net		3,627	-
		2,089,697	1,830,582
CURRENT ASSETS			
Stores and spares		18,973	16,799
Stock-in-trade	6	1,774,078	1,321,657
Trade debts	7	525,686	362,847
Loans and advances		178,357	135,206
Trade deposits, prepayments and other receivables		87,352	101,747
Sales tax - net	8	47,844	179,499
Taxation - net		-	26,008
Short-term investment		-	159,707
Cash and bank balances	9	56,780	215,306
		2,689,070	2,518,776
TOTAL ASSETS		4,778,767	4,349,358
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorised share capital 65,000,000 (2022: 65,000,000) ordinary shares of Rs 10/- each		650,000	650,000
Issued, subscribed and paid-up capital	10	458,111	458,111
Capital reserve		1,225,860	1,225,860
Revenue reserve - accumulated profit		901,623	705,539
		2,585,594	2,389,510
Non controlling interest		9,627	16,550
		2,595,221	2,406,060
NON-CURRENT LIABILITIES			
Deferred liabilities		220,764	209,678
Long-term financing	11	340,456	196,330
Long-term provision	12	71,379	66,985
Lease liabilities		15,730	39,928
Deferred taxation - net		-	5,680
		648,329	518,601
CURRENT LIABILITIES			
Trade and other payables	13	1,311,628	1,263,471
Accrued profit		2,698	850
Short-term borrowings	14	68,455	3,251
Taxation - net		37,404	-
Current portion of long-term financing	11	77,257	128,495
Current portion of lease liabilities		36,318	27,235
Unclaimed dividends		1,457	1,395
		1,535,217	1,424,697
CONTINGENCIES AND COMMITMENTS	15		
TOTAL EQUITY AND LIABILITIES		4,778,767	4,349,358

The annexed notes from 1 to 21 form an integral part of these consolidated condensed interim financial statements.

CHIEF FINANCIAL OFFICER

CHIEF EXECUTIVE

DIRECTOR

CONSOLIDATED CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS (UN-AUDITED)
FOR THE PERIOD ENDED MARCH 31, 2023

	NINE MONTHS ENDED		QUARTER ENDED	
	MARCH 31, 2023	MARCH 31, 2022	MARCH 31, 2023	MARCH 31, 2022
NOTE	(RUPEES IN '000)			
Turnover	5,413,309	4,218,075	1,502,642	1,528,243
Cost of sales	(3,141,415)	(2,296,573)	(848,901)	(823,897)
Gross profit	2,271,894	1,921,502	653,741	704,346
Distribution costs	(1,529,780)	(1,227,825)	(483,778)	(423,960)
Administrative expenses	(269,796)	(203,332)	(83,045)	(69,130)
Other expenses	(40,554)	(39,293)	(8,518)	(17,201)
Other income	53,144	24,432	24,864	4,299
	(1,786,986)	(1,446,018)	(550,477)	(505,992)
Operating profit	484,908	475,484	103,264	198,354
Financial charges	11.3 & 14.3 (40,348)	(36,209)	(15,491)	(6,214)
Profit before taxation	444,560	439,275	87,773	192,140
Taxation	17 (161,944)	(132,501)	(32,450)	(63,166)
Net profit for the period	282,616	306,774	55,323	128,974
	..... (RUPEES)			
Basic and diluted earnings per share	6.17	(Re-stated) 6.94	1.21	(Re-stated) 2.92

The annexed notes from 1 to 21 form an integral part of these consolidated condensed interim financial statements.

Attributable to:

Owner of the Holding Company	289,539	312,763	57,139	130,177
Non- controlling interest	(6,923)	(5,989)	(1,816)	(1,203)
	282,616	306,774	55,323	128,974


 CHIEF FINANCIAL OFFICER


 CHIEF EXECUTIVE


 DIRECTOR

CONSOLIDATED CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)
FOR THE PERIOD ENDED MARCH 31, 2023

	NINE MONTHS ENDED		QUARTER ENDED	
	MARCH 31, 2023	MARCH 31, 2022	MARCH 31, 2023	MARCH 31, 2022
..... (RUPEES IN '000)				
Net profit for the period	282,616	306,774	55,323	128,974
Other comprehensive income for the period	-	-	-	-
Total comprehensive income for the period	282,616	306,774	55,323	128,974

The annexed notes from 1 to 21 form an integral part of these consolidated condensed interim financial statements.

Attributable to:				
Owner of the Holding Company	289,539	312,763	57,139	130,177
Non- controlling interest	(6,923)	(5,989)	(1,816)	(1,203)
	282,616	306,774	55,323	128,974



CHIEF FINANCIAL OFFICER



CHIEF EXECUTIVE



DIRECTOR

CONSOLIDATED CONDENSED INTERIM STATEMENT OF CASH FLOWS (UN-AUDITED)

FOR THE PERIOD ENDED MARCH 31, 2023

	NOTE	NINE MONTHS ENDED	
		MARCH 31, 2023	MARCH 31, 2022
..... (RUPEES IN '000)			
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before taxation		444,560	439,275
Adjustments for non-cash and other items:			
Depreciation on operating fixed assets		125,589	99,357
Depreciation on right-of-use assets		21,334	24,407
Amortization		3,382	3,391
Financial charges		34,410	29,970
Markup on Lease liabilities		5,938	6,239
Provision for gratuity		30,724	18,111
Gain on disposal of property, plant and equipment		(30,406)	(18,713)
Dividend income on mutual fund units		(7,643)	-
Provision for slow moving and obsolete stock-in-trade		62,822	58,773
Allowance for expected credit loss		25,905	9,757
		272,055	231,292
		716,615	670,567
(Increase) / decrease in current assets			
Stores and spares		(2,174)	(5,713)
Stock-in-trade		(515,243)	(338,747)
Trade debts		(188,744)	(56,276)
Loans and advances		(43,151)	(51,340)
Trade deposits, prepayments and other receivables		14,395	1,507
Sales tax (paid)/ refund - net		131,655	(87,417)
		(603,262)	(537,986)
Increase in current liabilities			
Trade and other payables		57,708	277,288
		171,061	409,869
Financial charges paid		(32,562)	(40,059)
Income tax (paid) / refunded - net		(117,329)	(38,162)
Gratuity paid		(22,518)	(16,594)
Long-term loans - net		2	432
Long-term deposits - net		(32,711)	49,131
Deferred liabilities - net		2,880	(1,656)
		(202,238)	(46,908)
Net cash (used in) / generated from operating activities		(31,177)	362,961
CASH FLOWS FROM INVESTING ACTIVITIES			
Fixed capital expenditure		(382,417)	(308,038)
Proceeds from disposal of property, plant and equipment		41,608	24,961
Additions of intangible asset		(1,868)	(240)
Short-term investment made		(40,000)	(250,000)
Proceeds from disposal of short-term investment		199,707	250,000
Dividend income on mutual fund units		7,643	-
Net cash (used in) investing activities		(175,327)	(283,317)
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividend paid		(93,455)	(169,959)
Proceeds from issues of share - net		-	1,075,094
Short-term borrowings - net		65,204	(405,712)
Long-term financing - net		92,888	(583,405)
Long-term provision		4,394	(6,849)
Principal portion of lease liabilities paid		(21,053)	(25,609)
Net cash generated from / (used in) financing activities		47,978	(116,440)
Net (decrease) in cash and cash equivalents		(158,526)	(36,796)
Cash and cash equivalents at the beginning of the period		215,306	157,836
Cash and cash equivalents at the end of the period	9	56,780	121,040

The annexed notes from 1 to 21 form an integral part of these consolidated condensed interim financial statements.

CHIEF FINANCIAL OFFICER

CHIEF EXECUTIVE

DIRECTOR

**CONSOLIDATED CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
FOR THE PERIOD ENDED MARCH 31, 2023**

PARTICULARS	ISSUED, SUBSCRIBED AND PAID-UP CAPITAL	RESERVES		TOTAL	NON- CONTROLLING INTEREST	TOTAL EQUITY
		SHARE PREMIUM ACCOUNT	UNAPPROP- -RIATED PROFIT			
(RUPEES IN '000)						
Balance as at July 01, 2021	391,444	217,808	580,123	797,931	22,359	1,211,734
Transaction with the owners						
Issue of right share at premium - 6,666,667 shares at Rs. 165 per share	66,667	1,033,333	-	1,033,333	-	1,100,000
Issue cost of right shares	-	(24,906)	-	(24,906)	-	(24,906)
Net profit / (loss) for the period	-	-	312,763	312,763	(5,989)	306,774
Other comprehensive income for the period	-	-	-	-	-	-
Total comprehensive income / (loss) for the period	-	-	312,763	312,763	(5,989)	306,774
Final cash dividend @ Rs. 2.0 per share for the year ended June 30, 2021	-	-	(91,622)	(91,622)	-	(91,622)
Interim cash dividend @ Rs. 1.71 per share for the half year ended December 31, 2021	-	-	(78,337)	(78,337)	-	(78,337)
Balance as at March 31, 2022	458,111	1,226,235	722,927	1,949,162	16,370	2,423,643
Balance as at July 01, 2022	458,111	1,225,860	705,539	1,931,399	16,550	2,406,060
Net profit / (loss) for the period	-	-	289,539	289,539	(6,923)	282,616
Other comprehensive income for the period	-	-	-	-	-	-
Total comprehensive income / (loss) for the period	-	-	289,539	289,539	(6,923)	282,616
Final cash dividend @ Rs. 1.50 per share for the year ended June 30, 2022	-	-	(68,717)	(68,717)	-	(68,717)
Interim cash dividend @ Rs. 0.54 per share for the half year ended December 31, 2022	-	-	(24,738)	(24,738)	-	(24,738)
Balance as at March 31, 2023	458,111	1,225,860	901,623	2,127,483	9,627	2,619,959

The annexed notes from 1 to 21 form an integral part of these consolidated condensed interim financial statements.

CHIEF FINANCIAL OFFICER

CHIEF EXECUTIVE

DIRECTOR

**NOTES TO THE CONSOLIDATED CONDENSED INTERIM
FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE PERIOD ENDED MARCH 31, 2023**

1. THE COMPANY AND ITS OPERATIONS

1.1 Macter International Limited (Holding Company) was incorporated in Pakistan in 1992 as a private limited company and was converted into a public limited company in 2011. Effective from August 01, 2017 the Company has been listed on Pakistan Stock Exchange Limited. The geographical location and registered office of the Company is situated at F-216, S.I.T.E. Karachi.

1.1.1 The principal activity of the Holding Company is to manufacture and market pharmaceutical products.

1.2 Following is the Subsidiary Company

	Effective %age of holding	
	MARCH 31, 2023 UN-AUDITED	JUNE 30, 2022 AUDITED
Misbah Cosmetic (Private) Limited	79.84%	79.84%

1.2.1 The principal activity of the Subsidiary Company is selling and distribution of cosmetic products in Pakistan.

2. BASIS OF PREPARATION

2.1 Statement of compliance

These consolidated condensed interim financial statements of the group 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:

- Provisions of and directives issued under the Companies Act, 2017 (the Act);
- Islamic Financial Accounting Standards (IFAS) issued by the Institute of Chartered Accountants of Pakistan as are notified under the Act; and
- International Accounting Standard (IAS) 34, Interim Financial Reporting, issued by International Accounting Standard Board (IASB) as notified under the Act.

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

These consolidated condensed interim financial statements do not include all the information and disclosures required in annual financial statements and should be read in conjunction with the Company's consolidated annual audited financial statements for the year ended June 30, 2022.

2.2 Adoption of amendments and framework effective during the period

The Company has adopted the following amendments to International Financial Reporting Standards (IFRSs) which became effective for the current period:

IFRS 3	Reference to the Conceptual Framework (Amendments)
IAS 16	Property, Plant and Equipment: Proceeds before Intended Use (Amendments)
IAS 37	Onerous Contracts – Costs of Fulfilling a Contract (Amendments)

The above amendments are not expected to have any material impact on the Company's consolidated condensed interim financial statements in the period of initial application.

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies and the methods of computations adopted in the preparation of these consolidated condensed interim financial statements are consistent with those followed in the preparation of the Company's consolidated annual audited financial statements for the year ended June 30, 2022 except for the adoption of amendments to approved accounting standards, which became effective for the current period as disclosed in note 2.2 to these consolidated condensed interim financial statements.

4. ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of these consolidated condensed interim financial statements is in conformity with the approved accounting standards which requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. Estimates, assumptions and judgements are continually evaluated and are based on historical experience and other factors, including expectation of future events that are believed to be reasonable under the circumstances. However, actual results may differ from these estimates and assumptions.

During the preparation of these consolidated condensed interim financial statements, the significant judgements made by management in applying Company's accounting policies and the key sources of estimation uncertainty were the same as those that were applied to the Company's consolidated annual audited financial statements for the year ended June 30, 2022.

		MARCH 31, 2023	JUNE 30, 2022
	NOTE	..... (RUPEES IN '000)	
		UN-AUDITED	AUDITED
5. PROPERTY, PLANT AND EQUIPMENT			
Operating fixed assets	5.1	1,681,031	1,493,108
Capital work-in-progress	5.2	249,913	202,175
Right-of-use assets		44,437	55,804
		<u>1,975,381</u>	<u>1,751,087</u>

5.1 Detail of additions and deletions to operating fixed assets are as follow:

	ADDITIONS (COST)		DELETIONS (NET BOOK VALUE)	
	MARCH 31, 2023	MARCH 31, 2022	MARCH 31, 2023	MARCH 31, 2022
	..... (UN-AUDITED)			
	..... (RUPEES IN '000)			
Buildings on leasehold land	6,079	5,229	-	-
Plant and machinery	24,186	37,233	309	-
Tools and equipment	30,404	70,571	-	-
Gas and other installation	36,878	26,103	2,898	685
Furniture and fixture	4,795	2,413	-	-
Office equipment	1,549	4,214	-	-
Computer equipment	5,853	1,839	388	37
Motor vehicles	214,970	74,746	7,607	5,528
	324,714	222,348	11,202	6,250

5.2 Capital work-in-progress

	MARCH 31, 2023		
	BUILDING ON LEASEHOLD LAND	PLANT MACHINERY AND OTHERS	TOTAL
	..... (UN-AUDITED)		
	..... (RUPEES IN '000)		
Balance at beginning of the period	15,068	187,107	202,175
Capital expenditure incurred / advances made	52,016	227,818	279,834
Transferred to operating fixed assets	(3,923)	(228,173)	(232,096)
Balance at end of the period	63,161	186,752	249,913

	NOTE	MARCH 31, 2023 (RUPEES IN '000)	JUNE 30, 2022 (RUPEES IN '000)
		UN-AUDITED	AUDITED
6. STOCK-IN-TRADE			
In hand			
- raw material		765,917	470,859
- packing material		281,243	211,255
- work-in-process		163,566	190,105
- finished goods		675,410	557,110
		<u>1,886,136</u>	<u>1,429,329</u>
Less: Provision for slow moving and obsolete stock-in-trade	6.1	(139,320)	(111,784)
		<u>1,746,816</u>	<u>1,317,545</u>
In transit		27,262	4,112
		<u>1,774,078</u>	<u>1,321,657</u>

6.1 Provision for slow moving and obsolete stock-in-trade

The movement of provision for slow moving and obsolete stock-in-trade during the period / year is as follows:

Balance at the beginning of the period / year	111,784	88,498
Provision recognised during the period / year	62,822	69,205
Write offs during the period / year	(35,286)	(45,919)
	<u>27,536</u>	<u>23,286</u>
Balance at the end of the period / year	<u>139,320</u>	<u>111,784</u>

7. TRADE DEBTS - unsecured

Considered good	525,686	362,847
Considered doubtful	146,541	120,637
	<u>672,227</u>	<u>483,484</u>
Allowance for expected credit loss	(146,541)	(120,637)
Trade debts - net	<u>525,686</u>	<u>362,847</u>

7.1 Allowance for expected credit loss

The movement in expected credit loss during the period / year is as follows:

Balance at beginning of the period / year	120,637	110,201
Provision recognised during the period / year	25,904	10,747
Write offs during the period / year	-	(311)
	<u>25,904</u>	<u>10,436</u>
Balance at end of the period / year	<u>146,541</u>	<u>120,637</u>

8. SALES TAX - net

The entire pharma sector was exempt from levy of sales tax both at input as well as output stage, except for certain excipient and packing materials but through Finance (Supplementary) Act, 2021 exemption regime was converted into a Zero-rating regime for finished items of pharma products with effective from January 17, 2022, however, sales tax was imposed at standard rate of 17% on purchase/ import of Active Pharmaceutical Ingredients (API). As a result, the pharma sector was allowed to claim sales tax refund on all purchases including APIs, excipient and packing materials on consumption basis. In this respect net Rs. 47.84 million (2022: 179.49 million) is sales tax input paid on purchases/import of materials up to June 30, 2022 which is refundable on consumption basis.

Moreover, aforesaid law has further been amended through the Finance Act, 2022 with effective from July 01, 2022, a special tax regime for Pharma Sector has been introduced whereby manufacture or import of substances registered as drugs under the Drugs Act, 1976 shall be subject to 1% sales tax with the condition that such tax shall be final discharge of tax in the supply chain and no input tax shall be allowed to the importer and manufacturer of such goods. Furthermore, APIs, excluding excipients, for manufacture of drugs registered under the Drugs Act, 1976 or raw materials for the basic manufacture of Active Pharmaceutical Ingredients shall also be subject to 1% sales tax with no input tax adjustment.

	NOTE	MARCH 31, 2023 (RUPEES IN '000)	JUNE 30, 2022 (RUPEES IN '000)
		UN-AUDITED	AUDITED
9. CASH AND BANK BALANCES			
Cash in hand		6	-
Balances with banks in:			
- current accounts		17,238	33,229
- current accounts - with Islamic banks		13,841	27,838
- saving accounts - with Islamic banks	9.1	24,238	152,844
- dividend accounts - with Islamic banks		1,457	1,395
		56,774	215,306
		56,780	215,306

9.1 These carry profit at the rates ranging from 3.40% to 8.71% (2022: 2.75% to 7.00%) per annum.

10. SHARE CAPITAL

10.1 Authorized share capital

	MARCH 31, 2023	JUNE 30, 2022		MARCH 31, 2023	JUNE 30, 2022
----	NUMBER OF SHARES	----		..... (RUPEES IN '000) .....	..... (RUPEES IN '000)
	UN-AUDITED	AUDITED		UN-AUDITED	AUDITED
	65,000,000	65,000,000	Ordinary shares of Rs.10 each	650,000	650,000

10.2 Issued, subscribed and paid-up share capital

MARCH 31, 2023		JUNE 30, 2022		MARCH 31, 2023		JUNE 30, 2022	
----- NUMBER OF SHARES -----				..... (RUPEES IN '000)			
UN-AUDITED	AUDITED			UN-AUDITED	AUDITED		
15,097,535	15,097,535	Issued for cash		150,976	150,976		
30,489,649	30,489,649	Issued as fully paid bonus shares		304,897	304,897		
		Issued pursuant to merger with Associated Services Limited		2,238	2,238		
223,834	223,834						
<u>45,811,018</u>	<u>45,811,018</u>			<u>458,111</u>	<u>458,111</u>		

		MARCH 31, 2023		JUNE 30, 2022	
		..... (RUPEES IN '000)			
	NOTE	UN-AUDITED	AUDITED		
11. LONG-TERM FINANCING					
Loan from related party	11.1	45,439	48,202		
Secured					
Diminishing musharakah on					
- vehicles	11.2	372,274	186,899		
- salaries and wages		-	89,724		
		417,713	324,825		
Less : Current maturity shown under current liabilities		(77,257)	(128,495)		
		<u>340,456</u>	<u>196,330</u>		

11.1 This represents loan obtained from one of the director of the Holding Company, under mark-up arrangements. It carries profit at 90 days average of 12 Months KIBOR for 3rd calendar Quarter-2022 which is fixed for the period as 14.48% per annum. (2022: 90 days average of 12 months KIBOR for 3rd calendar Quarter-2022 which was fixed for the period as 8.12% per annum). The profit is payable on monthly basis.

11.2 These facilities have been obtained from First Habib Modaraba. These carry mark-up at the rates of 3 Months KIBOR plus 1.00% to 1.25% (2022: 6 Months KIBOR plus 1.00%to 1.50%) per annum and are having maturity till March 2028 (2022: June 2027). These facilities are secured against the respective assets.

11.3 Financial charges on long term financing for the period ended March 31, 2023 is Rs.30.95 million (March 31, 2022: Rs.17.00 million).

	MARCH 31, 2023	JUNE 30, 2022
	..... (RUPEES IN '000)	
	UN-AUDITED	AUDITED
12. LONG-TERM PROVISION		
Gas Infrastructure Development Cess (GIDC)	71,379	66,985

Represents Gas Infrastructure Development Cess (GIDC) against which the Honourable Supreme Court of Pakistan in its order dated August 13, 2020 held that the same is constitutional. Subsequent to the order, the SSGC issued GIDC bill under which the total amount would be recovered in forty eight equal monthly installments.

The above demand of the SSGC was not acknowledged as liability by the Holding Company and it filed an appeal before the Honourable High Court of Sindh (the Court) on the grounds that no burden of GIDC had been passed to its customers and thus the Holding Company is not liable to pay GIDC under GIDC Act 2015. Based on the above appeal, the Court was pleased to grant stay vide order dated September 29, 2020 against the demand raised by the SSGC and restrained them from take any coercive action.

However, as a matter of abundant caution and without prejudice to the suit filed, the Holding Company had made aggregate provision of Rs. 85.65 million for GIDC, having a present value of Rs. 71.38 million in these consolidated financial statements.

	MARCH 31, 2023	JUNE 30, 2022
	..... (RUPEES IN '000)	
NOTE	UN-AUDITED	AUDITED
13. TRADE AND OTHER PAYABLES		
Trade and other creditors	866,388	797,521
Advances from customers - contract liabilities	235,701	273,004
Accrued liabilities	32,450	22,773
Sindh Workers' Profit Participation Fund	25,667	1,591
Workers' Welfare Fund	43,083	33,329
Central Research Fund	5,133	5,318
Payable to provident fund	2,700	3,855
Current portion of Government Grant	-	1,771
Refund liability	42,391	42,391
Auditors' remuneration	2,534	3,101
Other government levies	9,973	19,345
Others	45,608	59,472
	1,311,628	1,263,471
14. SHORT-TERM BORROWINGS - secured		
Musharakah running finance	14.1 43,529	-
Murabaha	14.2 24,926	3,251
	68,455	3,251

- 14.1** These represents musharkah running finance facilities obtained from Bank Alfalah Limited. This carries profit at the rate 1 months KIBOR Plus 1% (2022: nil) per annum and is repayable on demand. This is secured against first parri passu charge over stock in trade and receivables of the Company.
- 14.2** This represent Subsidiary's outstanding murabaha facility with an Islamic Bank for the purpose of purchase of stock-in-trade. These carry profit at the rates ranging from 3 Months KIBOR plus 2.00% (2022: 1 Month and 3 Months KIBOR plus 1.50% and 2.25%) per annum and having maturity latest by March 2023 (2022: July 2022). These are secured against hypothecation of stock-in-trade and trade debts of the Company.
- 14.3** Financial charges on short term borrowings for the period ended March 31, 2023 is Rs.2.44 million (March 31, 2022: Rs.14.73 million).

	MARCH 31, 2023	JUNE 30, 2022
	..... (RUPEES IN '000)	
	UN-AUDITED	AUDITED

15. CONTINGENCIES AND COMMITMENTS

15.1 Contingencies

15.1.1 Claims not acknowledged as debt by the Holding Company	12,150	10,446
---	--------	--------

15.1.2 There is no material change in the status of contingencies as disclosed in note 21.1 to the annual consolidated audited financial statements for the year ended June 30, 2022 except as mentioned above.

	MARCH 31, 2023	JUNE 30, 2022
	..... (RUPEES IN '000)	
	UN-AUDITED	AUDITED

15.2 Commitments

Capital commitments	48,804	58,262
Outstanding letters of credit	556,582	411,322
Outstanding letters of guarantee	103,488	123,352

Commitments for Ijarah rentals in respect of motor vehicles are as follows:

	MARCH 31, 2023	JUNE 30, 2022
	..... (RUPEES IN '000)	
	UN-AUDITED	AUDITED
Year		
2023	753	2,097
2024	1,613	724
2025	879	-
2026	879	-
2027	879	-
2028	439	-
	5,442	2,821

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16. OPERATING SEGMENTS

	HOLDING COMPANY NINE MONTHS ENDED		SUBSIDIARY COMPANY NINE MONTHS ENDED		GROUP NINE MONTHS ENDED	
	MARCH 31, 2023	MARCH 31, 2022	MARCH 31, 2023	MARCH 31, 2022	MARCH 31, 2023	MARCH 31, 2022
	(RUPEES IN '000)					
Turnover	5,209,642	4,004,401	203,667	213,674	5,413,309	4,218,075
Cost of sales	(3,042,508)	(2,199,664)	(98,907)	(96,909)	(3,141,415)	(2,296,573)
Gross profit	2,167,134	1,804,737	104,760	116,765	2,271,894	1,921,502
Other income	53,132	24,432	12	-	53,144	24,432
Distribution costs	(1,407,594)	(1,096,203)	(122,186)	(131,622)	(1,529,780)	(1,227,825)
Administrative expenses	(266,847)	(199,959)	(919)	(1,343)	(269,796)	(203,332)
Other expenses	(40,554)	(39,293)	-	-	(40,554)	(39,293)
Financial charges	(32,485)	(31,250)	(7,863)	(4,959)	(40,348)	(36,209)
Profit / (loss) before tax	472,786	462,464	(26,196)	(21,159)	444,560	439,275

	MARCH 31, 2023 UN-AUDITED	MARCH 31, 2022 AUDITED	MARCH 31, 2023 UN-AUDITED	MARCH 31, 2022 AUDITED	MARCH 31, 2023 UN-AUDITED	MARCH 31, 2022 AUDITED
	(RUPEES IN '000)					
Segment assets	4,559,745	4,138,484	170,749	162,263	4,732,186	4,300,747
Unallocated assets	-	-	-	-	46,581	48,611
Segment liabilities	2,058,857	1,863,128	122,997	80,170	2,183,546	1,943,298

	NINE MONTHS ENDED		QUARTER ENDED	
	MARCH 31, 2023	MARCH 31, 2022	MARCH 31, 2023	MARCH 31, 2022
	(RUPEES IN '000)			
	(UN-AUDITED)			
17. TAXATION				
Current	171,252	83,057	38,973	6,321
Prior	-	2,801	-	-
Deferred	(9,308)	46,643	(6,523)	56,845
	161,944	132,501	32,450	63,166

18. TRANSCATIONS WITH RELATED PARTIES

Related parties of the Group comprise of the subsidiary company, employee benefit fund, directors and key management personnel. Details of transactions and balances outstanding with related parties and associated undertakings are as follows:

		NINE MONTHS ENDED	
		MARCH 31, 2023	MARCH 31, 2022
		..... (RUPEES IN '000)	
		..... (UN-AUDITED)	
Relationship	Nature of transaction		
Provident Fund	Contribution paid	40,332	33,968
Non-executive directors	Fee for attending meetings	1,988	1,263
	Dividend	581	1,055
Key management personnel	Salary and other benefits	201,952	180,464
	Repayment of loan	2,763	2,763
	Dividend	61,743	109,384
Depilex (Private) Limited (Common directorship)	Sales made by the Subsidiary Company	3,065	3,990
Balances outstanding			
Depilex (Private) Limited (Common directorship)	Amount due to the Subsidiary Company	1,008	1,070

19. FINANCIAL RISK MANAGEMENT AND FAIR VALUE DISCLOSURES

These consolidated condensed interim financial statements do not include all financial risk management information and disclosures which are required in the annual consolidated financial statements and should be read in conjunction with the Company's annual consolidated audited financial statements for the year ended June 30, 2022. There have been no change in any risk management policies since the year end.

There were not transferred amongst level of fair value analysis of financial assets and liabilities during the period.

There are no investments measured at fair value as at March 31, 2023

20. DATE OF AUTHORISATION FOR ISSUE

These consolidated condensed interim financial statements were authorised for issue on April 18, 2023 by the Board of Directors of the Company.

21. GENERAL

21.1 Corresponding figures have been reclassified for the purpose of better presentation and comparison, wherever necessary. However, there are no material reclassifications to report.

21.2 All figures have been rounded off to the nearest thousand rupees, unless otherwise stated.



CHIEF FINANCIAL OFFICER



CHIEF EXECUTIVE



DIRECTOR



Macter

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