



1st Quarter Report

Period Ended September 30, 2023

illuminating your packaging journey

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CORPORATE INFORMATION BOARD OF DIRECTORS

Mr. Iqbal Ali Lakhani (Chairman)
Mr. Amin Mohammed Lakhani
Ms. Anushka Lakhani
Mr. Aftab Ahmad
Mr. Agha Shah Waliullah
Mr. Farrukh Shauket Ansari
Mr. Ahmed Munaf

ADVISOR

Mr. Sultan Ali Lakhani

AUDIT COMMITTEE

Mr. Farrukh Shauket Ansari (Chairman)
Mr. Amin Mohammed Lakhani
Mr. Ahmed Munaf

HUMAN RESOURCE AND REMUNERATION COMMITTEE

Mr. Farrukh Shauket Ansari (Chairman)
Mr. Amin Mohammed Lakhani
Mr. Amir Ahmed Chapra
Mr. Aftab Ahmad

CHIEF EXECUTIVE OFFICER

Mr. Amir Ahmed Chapra

CHIEF FINANCIAL OFFICER

Mr. Umair Ahmed

COMPANY SECRETARY

Mr. Mansoor Ahmed

AUDITORS

BDO Ebrahim & Co.
Chartered Accountants

BANKERS - CONVENTIONAL

Habib Bank Limited
National Bank of Pakistan
Soneri Bank Limited
JS Bank Limited
MCB Bank Limited

BANKERS - ISLAMIC

Meezan Bank Limited
United Bank Limited – Ameen
Al-Baraka Bank (Pakistan) Limited
BankIslami Pakistan Limited
Dubai Islamic Bank Pakistan Limited
Habib Bank Limited - Islamic Banking
MCB Islamic Bank Limited

SHARES REGISTRAR

FAMCO Associates (Private) Limited

8-F, Near Hotel Faran, Nursery, Block-6, P.E.C.H.S., Shakra-e-Faisal, Karachi.
Website : www.famco.com.pk | Email : info.shares@famco.com.pk
Phone : (021) 34380101- 5 | Fax : (021) 34380106

REGISTERED & HEAD OFFICE

Lakson Square, Building No. 2, Sarwar Shaheed Road, Karachi-74200,
Pakistan.

KARACHI FACTORY

17-B, Sector 29, Korangi Industrial Area, Karachi.

MARKETING DIVISIONS

Karachi Factory | Lahore Office

CONTACT US

UAN: +9221 38892147 Ext. 1014, 1008 | Phone Number: 0341-2464451
Email: info@meritpack.com | Web: www.meritpack.com

DIRECTORS' REPORT TO THE MEMBERS

Dear Shareholders,

The Board of Directors is pleased to present the financial results of the Company for the quarter ended September 30, 2023.

Overview

The current economic situation is still quite murky. With the Government's measures to control foreign exchange hoardings, PKR improved significantly against USD which reduced oil prices resulting in a meager decline in inflation however, the unprecedented discount rate and political turmoil are driving economic turbulence. Internationally, the Russia-Ukraine Conflict coupled with the Israel-Hamas war will continue to put pressure on international oil and commodity prices.

During the quarter under review, the Company's performance improved despite of challenges. The improvement in revenue is driven by the increase in prices however, volumes saw a bit of decline amid at reduced Purchasing Power of the general public driving FMCG sales down.

Operating performance

You would be pleased to note that your company, which embarked on a mission 2 years ago to significantly improve performance, is very much on track. For the 1QFY24, the Net Revenue reached PKR 1.75bn (up by 26% as compared to 1QFY23). The Gross margins decreased to 8.9% from 9.8% in 1QFY23, a decline of 90bps on account of higher production costs driven by higher utilities.

On an Operating level, the company recorded an operating profit in 1QFY24 at PKR 100mn against an operating profit of PKR 94mn in 1QFY23, an improvement of 7% as compared to 1QFY23. Despite such improvement, the improvement in operating profit could not be translated into profit due to finance costs which increased by 44% as compared to 1QFY23. Therefore, the company slipped into a Net Loss of PKR 17mn (LPS: Re. 0.08) from a Net Profit reported in 1QFY23 of PKR 3mn (EPS: Re. 0.02). The packaging industry continues to face intense competition however, we are constantly working with our customers and suppliers alike to protect our margins and improve competitive edge.

Future prospects

The current economic impasse is making the business environment more challenging. Although there is a sign of betterment in a few macro-economic indicators due to some of the Government's initiatives to improve PKR against USD however, the long-term impact depends on the continuity of such measures and reductions in discount rates. The management is constantly monitoring the conditions and taking necessary actions to steer the Company through these challenging situations successfully.

Acknowledgment

The management would like to express its gratitude to all customers, financial institutions, staff members, suppliers, and shareholders who have been associated with the Company for their continued support and cooperation. It would like to especially thank its sponsors for their continued support during the turbulent times and guidance to drive the Company towards growth and advancement.

On behalf of the Board of Directors



IQBAL ALI LAKHANI
Chairman



Amir Ahmed Chapra
Chief Executive Officer

Karachi: October 25, 2023

CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION

AS AT SEPTEMBER 30, 2023

		September 30, 2023	June 30, 2023
	Note	----Rupees in thousands----	
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipments	6	4,235,519	4,292,848
Operating fixed assets	7	153,845	138,068
Capital work in progress		4,389,364	4,430,916
Intangible assets		221	244
Long-term deposits		12,249	12,249
		4,401,834	4,443,409
CURRENT ASSETS			
Stores and spares		83,542	66,163
Stock-in-trade		753,829	763,975
Trade debts	8	1,513,404	1,443,551
Loans and advances		59,346	28,617
Trade deposits and short-term prepayments		12,598	1,915
Other receivables	9	27,426	28,050
Tax refund due from Government		331,271	341,376
Cash and bank balances		6,320	5,647
		2,787,736	2,679,294
		7,189,570	7,122,703
TOTAL ASSETS			
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized share capital			
200,000,000 (June 30, 2023: 200,000,000) ordinary shares of Rs. 10/- each		2,000,000	2,000,000
Issued, subscribed and paid-up capital		1,999,584	1,999,584
Capital reserve			
Surplus on revaluation of property, plant and equipment		1,883,552	1,883,552
Equity portion of loan - associated company		845,461	622,382
Share Premium Reserve		298,325	298,325
Revenue reserves			
General reserves		106,800	106,800
Accumulated losses		(2,005,166)	(1,988,415)
		3,128,556	2,922,228
NON-CURRENT LIABILITIES			
Sub-ordinated loan		243,390	238,767
Long-term financing	10	1,087,870	1,299,815
Deferred taxation		16,961	29,464
		1,348,221	1,568,046
CURRENT LIABILITIES			
Trade and other payables		1,756,195	1,734,532
Mark-up accrued		45,475	48,160
Short-term borrowings		771,126	676,683
Current portion of long-term financing	10	112,998	127,160
Un-claimed dividend		129	129
Taxation - net		26,870	45,765
		2,712,793	2,632,429
		7,189,570	7,122,703
TOTAL EQUITY AND LIABILITIES			
CONTINGENCIES AND COMMITMENTS			
	11		

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



Aftab Ahmad
Director



Amir Ahmed Chapra
Chief Executive Officer



Umair Ahmed
Chief Financial Officer

CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS (UN-AUDITED)

FOR THE PERIOD ENDED SEPTEMBER 30, 2023

		September 30, 2023	September 30, 2022
	Note	----Rupees in thousands----	
Revenue	12	1,754,529	1,391,834
Cost of sales		(1,597,968)	(1,255,461)
Gross profit		156,561	136,373
General and administrative expenses		(30,475)	(24,731)
Selling and distribution expenses		(20,237)	(24,453)
Other income		3,398	9,151
Other operating expenses		(8,886)	(2,748)
		(56,200)	(42,781)
Operating profit		100,361	93,592
Financial charges		(107,275)	(74,056)
(Loss)/profit before taxation		(6,914)	19,536
Taxation	13	(9,837)	(16,099)
(Loss)/profit for the period		(16,751)	3,437
			(Restated)
(Loss) / Earnings per share - basic and diluted	14	Re. (0.08)	Re. 0.02

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



Aftab Ahmad
Director



Amir Ahmed Chapra
Chief Executive Officer



Umair Ahmed
Chief Financial Officer

CONDENSED INTERIM STATEMENT OF **COMPREHENSIVE INCOME (UN-AUDITED)**
FOR THE PERIOD ENDED SEPTEMBER 30, 2023

	September 30, 2023	September 30, 2022
	----Rupees in thousands----	
(Loss)/profit for the period	(16,751)	3,437
Other comprehensive income		
Items that will not be reclassified subsequently to statement of profit or loss:		
Surplus on revaluation of property, plant and equipment	-	-
Impact of deferred tax	-	-
	-	-
Total comprehensive (loss) / income for the period	(16,751)	3,437

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



Aftab Ahmad
Director



Amir Ahmed Chapra
Chief Executive Officer



Umair Ahmed
Chief Financial Officer

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)

FOR THE PERIOD ENDED SEPTEMBER 30, 2023

	Capital Reserves				Revenue Reserves			Sub Total	Total
	Issued, subscribed and paid-up capital	Surplus on revaluation of property, plant and equipment	Share Premium Reserve	Equity portion of loan from associated company	General Reserve	Accumulated losses	Sub Total		
-----Rupees in Thousands-----									
Balance as at July 01, 2022	1,999,584	799,735	298,325	521,202	1,619,262	106,800	(1,880,131)	(1,773,331)	1,845,515
Total comprehensive income for the period ended September 30, 2022									
Profit for the period	-	-	-	-	-	-	3,437	3,437	3,437
Other comprehensive income - net of tax	-	-	-	-	-	-	-	-	-
Transferred to accumulated losses on account of incremental depreciation (net of tax)	-	(1,094)	-	-	(1,094)	-	1,094	1,094	-
Balance as at September 30, 2022	1,999,584	798,641	298,325	521,202	1,618,168	106,800	(1,875,600)	(1,768,800)	1,848,952
Balance as at July 01, 2023	1,999,584	1,883,552	298,325	622,382	2,804,259	106,800	(1,988,415)	(1,881,615)	2,922,228
Total comprehensive loss for the period ended September 30, 2023									
Loss for the period	-	-	-	-	-	-	(16,751)	(16,751)	(16,751)
Other comprehensive income - net of tax	-	-	-	-	-	-	-	-	-
Transaction with owners									
Equity portion of loan	-	-	-	223,079	223,079	-	-	-	223,079
Balance as at September 30, 2023	1,999,584	1,883,552	298,325	845,461	3,027,338	106,800	(2,005,166)	(1,898,366)	3,128,556

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



Aftab Ahmad
Director



Amir Ahmed Chapra
Chief Executive Officer



Umair Ahmed
Chief Financial Officer

CONDENSED INTERIM STATEMENT OF CASH FLOWS (UN-AUDITED)

FOR THE PERIOD ENDED SEPTEMBER 30, 2023

		September 30, 2023	September 30, 2022
	Note	----Rupees in thousands----	
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	15	73,455	56,012
Taxes paid - net		(41,235)	(7,500)
Financial charges paid		(64,338)	(34,197)
Long-term deposits		-	(7,230)
Net (used in) / generated from operating activities		(32,118)	7,085
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditure		(17,626)	(25,018)
Net cash used in investing activities		(17,626)	(25,018)
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of long-term financing - Banks		(44,025)	(52,080)
Lease rentals payment - net		-	(26)
Net cash used in financing activities		(44,025)	(52,106)
Net decrease in cash and cash equivalents		(93,769)	(70,039)
Cash and cash equivalents at beginning of the period		(671,037)	(692,019)
Cash and cash equivalents at end of the period		(764,806)	(762,058)
CASH AND CASH EQUIVALENTS:			
Cash and bank balances		6,320	2,660
Short-term borrowings		(771,126)	(764,718)
		(764,806)	(762,058)

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



Aftab Ahmad
Director



Amir Ahmed Chapra
Chief Executive Officer



Umair Ahmed
Chief Financial Officer

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)

FOR THE PERIOD ENDED SEPTEMBER 30, 2023

1 NATURE AND STATUS OF THE COMPANY

- 1.1** Merit Packaging Limited ("the Company") was incorporated on January 28, 1980 in Pakistan as a public limited company under the repealed Companies Ordinance, 1984 (now Companies Act, 2017) and is listed on the Pakistan Stock Exchange. The Company is mainly engaged in the manufacture and sale of printing and packaging materials.
- 1.2** The Company incurred loss for the period ended September 30, 2023 amounting to Rs. 16.751 million (September 30, 2022: Rs. 3.437 million profit) and its accumulated losses stood as at September 30, 2023 amounted to Rs. 2,005.166 million (June 30, 2023: Rs. 1,988.415 million). Overall performance of the Company has improved from last interim period as the Company has earned operating profit of Rs. 100.361 million (September 30, 2022: Rs. 93.592 million). The management's assessment to the said operating profit represents better market competitive margin from customers, increase in volume from existing customers and effective operational cost management. The Company has better prospects of future profitability as per its financial projections based on its current competitive position in the market.

2 GEOGRAPHICAL LOCATION AND ADDRESSES OF BUSINESS UNITS

The registered office of the Company is located at Lakson Square Building No. 2, Sarwar Shaheed Road, Karachi, Pakistan. The factory of the Company is located at Plot No. 17-B, Sector 29, Korangi Industrial Area, Karachi, Pakistan.

3 BASIS OF PREPARATION

3.1 Statement of compliance

These condensed interim financial statements is unaudited and is being submitted to the shareholders as required under section 237 of the Companies Act, 2017.

These condensed interim financial statements of the Company for the period ended September 30, 2023 has been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting. The accounting and reporting standards as applicable in Pakistan for interim financial reporting comprise of:

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

Where provisions of and directives issued under the Companies Act, 2017 differ from the requirements of IAS 34, the provisions of and directives issued under the Companies Act, 2017 are followed.

These condensed interim financial statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the Company's annual financial statements for the year ended June 30, 2023. These condensed interim financial statements are being submitted to the shareholders as required by the listing regulations of Pakistan Stock Exchange Limited and Section 237 of the Companies Act, 2017.

3.2 Basis of measurement

These condensed interim financial statements have been prepared under the historical cost convention, except for revaluation of certain property, plant and equipment at fair value and recognition of certain employees retirement benefits at present value.

3.3 Functional and presentation currency

These condensed interim financial statements has been presented in Pak Rupees, which is the functional and presentation currency of the Company.

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)

FOR THE PERIOD ENDED SEPTEMBER 30, 2023

4 SIGNIFICANT ACCOUNTING POLICIES AND CHANGES THEREIN

The accounting policies adopted and methods of computation followed in the preparation of these condensed interim financial statements are same as those for the preceding annual financial statements for the year ended June 30, 2023.

4.1 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, 2023, but are considered not to be relevant or 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 and have not been early adopted by the Company

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.

5 ESTIMATES AND JUDGEMENTS

The preparation of condensed interim financial statements requires management to make certain judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. The significant judgments made by management in applying the Company's accounting policies and key sources of estimation of uncertainty are the same as those that were applied to the financial statements for the year ended June 30, 2023.

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)

FOR THE PERIOD ENDED SEPTEMBER 30, 2023

		September 30, 2023 (Un-Audited)	June 30, 2023 (Audited)
	Note	----Rupees in thousands----	
6 OPERATING FIXED ASSETS			
Opening net book value (NBV)		4,292,848	2,911,270
Additions during the period / year at cost	6.1	1,942	179,593
Revaluation surplus recognized during the period / year		-	1,391,501
		<u>4,294,790</u>	<u>4,482,364</u>
Disposals during the period / year at NBV		(94)	(106)
Depreciation charge for the period / year		(59,177)	(189,410)
		<u>(59,271)</u>	<u>(189,516)</u>
Closing net book value (NBV)		<u>4,235,519</u>	<u>4,292,848</u>
6.1 Detail of additions (at cost) during the period / year are as follows:			
Building / improvements on leasehold land		-	87,022
Plant and machinery		-	56,806
Furniture and fixtures		-	3,223
Office equipment		1,093	25,981
Computer equipment		849	5,937
Electrical installation		-	624
		<u>1,942</u>	<u>179,593</u>
7 CAPITAL WORK IN PROGRESS			
Civil works		153,845	138,068
	7.1	<u>153,845</u>	<u>138,068</u>
7.1 Movement of carrying amount			
Opening balance		138,068	77,260
Additions (at cost) during the period / year		17,719	240,401
		<u>155,787</u>	<u>317,661</u>
Transfer to operating fixed assets during the period / year		(1,942)	(179,593)
Closing balance		<u>153,845</u>	<u>138,068</u>
8 TRADE DEBTS			
Unsecured - considered good			
Due from associated companies		560,539	570,135
Others		952,865	873,416
		<u>1,513,404</u>	<u>1,443,551</u>

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)

FOR THE PERIOD ENDED SEPTEMBER 30, 2023

		September 30, 2023	June 30, 2023
		(Un-Audited)	(Audited)
		----Rupees in thousands----	
	Unsecured - considered doubtful		
	Others	48,680	48,680
	Allowance for expected credit losses	(48,680)	(48,680)
		<u>1,513,404</u>	<u>1,443,551</u>
9	OTHER RECEIVABLES		
	Unsecured-considered good		
	Due from associated company	94	360
	Receivable from gratuity fund	26,452	26,452
	Others	880	1,238
		<u>27,426</u>	<u>28,050</u>
9.1	This represents insurance claimed receivable from Century Insurance Company Limited, an Associated Company.		
10	LONG TERM FINANCING		
	Secured		
	From banking companies	241,345	285,369
	Less: Current portion shown under current liabilities	(112,998)	(127,160)
		<u>128,347</u>	<u>158,209</u>
	Unsecured - From associated undertaking		
	Opening balance	1,141,606	1,113,225
	Add : Notional mark up	40,996	129,560
	Less : Present value adjustment	(223,079)	(101,179)
		<u>959,523</u>	<u>1,141,606</u>
		<u>1,087,870</u>	<u>1,299,815</u>
11	CONTINGENCIES AND COMMITMENTS		
11.1	Contingencies		
	There was no contingent liability as at September 30, 2023.		
11.2	Commitments		
	There are commitments amounting to Rs. 37.46 million against the purchase of capital stores, spares and raw materials under contractual obligation as at September 30, 2023. (June 30, 2023: Rs. 31.67 million).		
12	SALES - NET	September 30, 2023	September 30, 2022
	Gross sales		
	Local sales	2,071,440	1,628,661
	Less:		
	Sales tax	(315,815)	(236,677)
	Sales return	(1,096)	(150)
		<u>(316,911)</u>	<u>(236,827)</u>
		<u>1,754,529</u>	<u>1,391,834</u>

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)

FOR THE PERIOD ENDED SEPTEMBER 30, 2023

	September 30, 2023	September 30, 2022
	---Rupees in thousands---	
13 TAXATION		
Current	22,340	17,508
Deferred	(12,503)	(1,409)
	9,837	16,099

- 13.1** Provision for current taxation is based on minimum / turnover tax at the current rates of taxation after taking into account tax credits (if any). Income subject to final tax has been taxed accordingly.
- 13.2** Total deferred tax asset arising due to timing difference calculated at applicable tax rates as at reporting date amounted to Rs. 252.211 million (June 30, 2023: Rs. 263.119 million) debit. Out of this balance, deferred tax asset amounting to Rs. 235.257 million (June 30, 2023: Rs. 292.583 million) has not been recognized in these financial statements in accordance with the stated accounting policy of the Company.

14 (LOSS) / EARNINGS PER SHARE - BASIC AND DILUTED

There is no dilutive effect on the basic earnings per share of the Company, which is based on:

	September 30, 2023	September 30, 2022
(Loss)/profit for the period (Rupees in thousands)	(16,751)	3,437
		(Restated)
Weighted average number of ordinary shares (in thousands)	199,958	199,958
(Loss) / earnings per share (Rupee)	(0.08)	0.02

	September 30, 2023	September 30, 2022
15 CASH GENERATED FROM OPERATIONS		
(Loss) / profit before taxation	(6,914)	19,536
Adjustment for non-cash and other items:		
Financial charges	107,275	74,056
Depreciation	59,177	47,506
Amortization	23	81
Government grants	-	294
Ijarah lease rentals	-	26
	166,475	121,963
Profit before working capital changes	159,561	141,499
Working capital changes	(86,106)	(85,487)
	73,455	56,012

Note

15.1

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)

FOR THE PERIOD ENDED SEPTEMBER 30, 2023

	September 30, 2023	September 30, 2022
	----Rupees in thousands----	
15.1 Working capital changes		
(Increase) / decrease in current assets:		
Stores and spares	(17,379)	(4,641)
Stock-in-trade	10,146	(110,141)
Trade debts	(69,853)	(233,583)
Loans and advances	(30,729)	(29,950)
Trade deposits and short term prepayments	(10,683)	(8,028)
Other receivables	624	(955)
Tax refund due from Government	10,105	23,976
	<u>(107,769)</u>	<u>(363,322)</u>
(Decrease) / increase in current liabilities:		
Trade and other payables	21,663	277,835
	<u>(86,106)</u>	<u>(85,487)</u>

16 TRANSACTIONS WITH RELATED PARTIES

16.1 The related parties comprise of related group companies, local associated companies, staff retirement funds, directors and key management personnel. Transactions with related parties and remuneration and benefits to key management personnel under the terms of their employment are as follows:

		September 30, 2023	September 30, 2022
		----Rupees in thousands----	
Relationship	Nature of transactions		
Associated companies	Purchase of goods	888,703	838,144
	Sale of goods	873,205	450,488
	Services received	1,441	499
	IT support charges	1,835	-
Key management Personal	Remuneration	5,862	6,939
Other related parties	Contribution to staff provident and gratuity funds	4,592	1,200
	Insurance premium	3,544	4,605

	September 30, 2023	June 30, 2023
	(Un-Audited)	(Audited)
	----Rupees in thousands----	
16.2 Period / year end balances:		
Receivable from associated companies	560,539	570,135
Payable to associated companies	934,302	964,124
Long-term financing from associated company	959,523	1,141,605
Sub-ordinated loan	243,390	238,767

16.3 The above transactions with related parties are at agreed terms on normal commercial rates as duly approved by the Board of Directors.

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)

FOR THE PERIOD ENDED SEPTEMBER 30, 2023

17 FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS

The carrying values of all financial assets and liabilities reflected in the condensed interim financial statements approximate their fair values. Fair value is the amount 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.

18 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Company's objective in managing risks is the creation and protection of share holders' value. Risk is inherent in the Company's activities, but it is managed through a process of ongoing identification, measurement and monitoring, subject to risk limits and other controls. The process of risk management is critical to the Company's continuing profitability. The Company is exposed to credit risk, liquidity risk and market risk (which includes interest rate risk and currency risk) arising from the financial instruments it holds.

The Company finances its operations through equity, borrowings and management of working capital with a view to maintaining an appropriate mix between various sources of finance to minimize risk.

The Company's financial risk management objective and policies are consistent with that disclosed in the financial statements for the year ended June 30, 2023.

19 CAPITAL RISK MANAGEMENT

The Company's objectives when maintaining capital are to safeguard the entity's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders through the optimization of the debt and equity balance.

The Company sets the amount of capital it requires in proportion to risk. The Company manages its capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may issue new shares.

The Company management believes on maintaining appropriate mix of debt and equity capital and monitors capital on the basis of the net debt to equity ratio. The net debt is defined as long and short term borrowings offset by cash and bank balances. The equity includes ordinary share capital and reserves.

20 DATE OF AUTHORIZATION FOR ISSUE

These condensed interim financial statements were authorized for issue by the Board of Directors of the Company on October 25, 2023.

21 CORRESPONDING FIGURES

Corresponding figures have been rearranged and reclassified, wherever necessary for the purpose of comparison and better presentation.

22 GENERAL

Amounts have been rounded off to the nearest thousands of rupees unless otherwise stated.



Aftab Ahmad
Director



Amir Ahmed Chapra
Chief Executive Officer



Umair Ahmed
Chief Financial Officer

OUR OFFSET PORTFOLIO



OUR FLEXIBLE PORTFOLIO

