

FRONTIER CERAMICS LIMITED



Condensed Interim Financial Statements

For the Half Yearly Ended December 31, 2023

(UN-AUDITED)

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VISION AND MISSION STATEMENT

VISION STATEMENT

To become industry leader by instilling ethical and moral values, honest practices according to the Principles of Islam, offering the best innovative, competitive and quality products, ensuring direct benefit for all stake holders.

MISSION STATEMENT

- Deliver un-parallel value to customers by continuous striving and to exceed their expectations;
- Under the guiding principles of Islam, to inculcate the culture of honest practices, ethical and moral values in our employees;
- Special emphasis on workforce, health, safety, environment. Constant motivation of employees by fair benevolence;
- To ensure reasonable growth and profits of the Group, to the shareholders on their investment; and
- The Group will assert efforts towards the social development of society and be instrumental in the industrial growth of Pakistan.

COMPANY INFORMATION

BOARD OF DIRECTORS

Ms. Shabina Anjum	Independent	Director & Chairperson
Mr. Omer Khalid		Non-Executive Director
Mr. Javid Khalid		Non-Executive Director
Mr. Zia Khalid		Executive Director
Ms. Numrah Khalid	Executive	Director
Mr. Muhammad Riaz Khan		Independent Director
Mrs. Shazia Khalid		Non-Executive Director

Audit Committee

Mr. Muhammad Riaz Khan	Chairman
Mr. Omer Khalid	Member
Mr. Javid Khalid	Member

Human Resource & Remuneration Committee

Ms. Shabina Anjum	Chairperson
Ms. Numrah Khalid	Member
Mr. Javid Khalid	Member

Chief Executive Officer

Mr. Nadeem Khalid

Chief Financial Officer

Khawaja Mushtaq Ahmed FCA,ACIS
khawaja.mushtaq@forte.com.pk

Company Secretary

Mr. Rehman Khan Sherwani
rehman.khan@forte.com.pk

Head of Internal Audit

Mr. Wasif Naeem
wasif.naeem@forte.com.pk

Bankers

Conventional Banks

Allied Bank Limited
Bank Al Habib Limited
Bank Alfah Limited
Faysal Bank Limited
Habib Metropolitan Bank Limited

Islamic Banks

Bank Al Habib Islamic Limited
Bank Alfah Islamic Limited
Silk Emaan Islamic Bank Limited
UBL Ameen Limited
First Habib Islamic Income Fund

Auditors

M/S BDO Ebrahim & Co Chartered Accountants
4th Floor, Saeed Plaza, 22 East, Jinnah Avenue,
Blue Area, Islamabad.

Legal Advisor

Mr. Ishtiaq Ahmed
Advocate & Legal Consultant
Flat No. 42, Block C, 2nd Floor, Cantonment Plaza,
Saddar Road, Peshawar Cantt.

Registrar and Share Transfer Office

Central Depository Company of Pakistan Ltd
CDC House, 99-B, Block B, S.M.C.H.S,
Main Sharah-e-Faisal, Karachi. Ph: 021-111-111-500

Head Office/Registered Office

29-Industrial Estate, Jamrud Road, Peshawar
Ph: 091-5891470-79, Fax: 091-5830290.

Website

www.forte.com.pk

or scan QR code



FRONTIER CERAMICS LIMITED
DIRECTORS' REPORT TO THE SHAREHOLDERS
FOR THE HALF YEAR ENDED DECEMBER 31, 2023

The Directors of your Company are pleased to present the financial statements for the half year ended December 31, 2023.

BUSINESS CHALLENGES AND FINANCIAL PERFORMANCE

The start of the new fiscal year has been promising, as Pakistan has embarked on a new IMF program that is expected to bring about significant enhancements to the country's macroeconomic landscape. The program will facilitate the release of both multilateral and bilateral funding, ultimately resulting in the augmentation of foreign reserves. This development has mitigated the immediate threat of default and the restrictions on imports are also expected to be eased out in the near future, which will lead to the normalization of trade and manufacturing operations.

The tile manufacturers continued to grapple with low demand while contending with soaring inflation, which resulted in either shut down of the operations or curtailed production. On the other hand, your Company demonstrated resilience during these difficult times, primarily due to its diversified product range and commitment to quality, making it the preferred choice among customers in the market.

The financial performance for the half year is summarized below:

	Dec 31,2023	Dec 31,2022
	(Rupees in Millions)	
Turnover – net	1752.40	2035.96
Gross profit	100.59	225.57
Operating Profit	60,18	97,56
(Loss)/Profit before taxation	(2.43)	69.28
(Loss)/Profit after taxation	(14,94)	53,64
(Loss)/Earnings per share (Rs.)	(0.39)	1.42

During the period, net turnover decreased by 13.93% due to decrease in volume, the gross margins decreased to 5.74% as against 11.08%, because of significant increase in costs due to rupee devaluation, raw material costs and freight and energy costs.

FUTURE OUTLOOK

Pakistan's attempts to garner the support of donor countries and lending institutions have finally begun to show some early signs of promise - and will need to culminate in the revival of the IMF program. Only after these result in an inflow of external funds economy will show signs of recovery. This is an imperative for business conditions to improve and allow all major industries, including your Company, to improve operating results. In the meantime, the Company will continue to strive to improve efficiencies and reduce costs, as well as make its strongest efforts in maintaining its share in domestic markets and profitability.

We do not anticipate the upsurge in demand soon unless the government projects are re-initiated and the government schemes providing subsidized housing loans are resumed.

We would like to thank our stakeholders for their continued support and our shareholders for their confidence in the leadership of the Board and management team of the Company. With your continuous support and by the grace of the Almighty, we remain committed to deliver good performance.

On behalf of the Board of Directors



Nadeem Khalid
Chief Executive Officer



Numrah Khalid
Director

Peshawar:

Dated: February 29, 2024

فرنٹیر سیراکس لمیٹڈ
شینئر ہولڈرز کو ڈائریکٹرز کی رپورٹ
برائے ششماہی محنتہ 31 دسمبر 2023

آپ کی کمپنی کے ڈائریکٹرز 31 دسمبر 2023 کو ختم ہونے والے ششماہی کے مالیاتی گوشوارے پیش کرنے پر خوش ہیں۔

کاروباری چیلنجز اور مالیاتی کارکردگی:

رواں مالی سال کا آغاز امید افزا رہا ہے کیونکہ پاکستان نے آئی ایم ایف کے ایک نئے پروگرام کا آغاز کیا ہے جس سے ملک کی معیشت میں نمایاں اضافہ متوقع ہے یہ پروگرام کثیر جہتی اور دو طرفہ سرمایہ کاری کے اجراء میں سہولت فراہم کرے گا جس کے نتیجے میں غیر ملکی ذخائر میں اضافہ ہوگا اس پیشرفت نے ڈیفالٹ کے فوری خطرے کو کم کر دیا ہے اور مستقبل قریب میں درآمدات پر پابندیوں میں بھی نرمی کی توقع ہے جو تجارت اور صنعت و حرفت کو معمول پر لانے کا باعث بنے گی

ٹائل کی صنعت کو مہنگائی کی وجہ سے ٹائل کی طلب میں کمی کا سامنا ہے جس کے نتیجے میں یا تو آپریشن بند ہوگے یا پیداوار میں کمی ہوئی ہے دوسری طرف آپ کی کمپنی نے اس مشکل وقت کے دوران اپنی مصنوعات رتنج اور ٹائل کی کوالٹی میں اضافہ کیا ہے جس کی وجہ سے اسے مارکیٹ میں صارفین کی طرف سے ترجیح دی جا رہی ہے

ششماہی کی مالی کارکردگی کا خلاصہ ذیل میں دیا گیا ہے۔


تفصیلات	31 دسمبر 2023	31 دسمبر 2023
	(روپے ملین میں)	
خالص فروخت	1752.40	2035.96
مجموعی منافع	100.59	225.57
کاروباری منافع	60,18	97,56
منافع قبل از ٹیکس	(2.43)	69.28
منافع بعد از ٹیکس	(14,94)	53,64
فی حصص آمدنی	(0.39)	1.42

اس عرصے کے دوران حجم میں کمی کی وجہ سے خالص فروخت سے کاروبار میں 13.93 فیصد کمی واقع ہوئی اور مجموعی منافع 11.08 فیصد سے کم ہو کے 5.74 فیصد ہو گیا ہے اس کی وجہ روپے کی قدر میں کمی خام مال کی لاگت اور توانائی کے اخراجات میں نمایاں اضافہ ہے

مستقبل کی پیش بینی:

جاری سیاسی عدم استحکام نے ملک کو خراب کر دیا اور ہم اس وقت مانگ میں اضافے کا اندازہ نہیں لگاتے جب تک حکومتی منصوبے دوبارہ شروع نہیں کیے جاتے اور سبسڈی والے ہاؤسنگ لون فراہم کرنے والے سرکاری اسکیمیں دوبارہ نہیں کی جاتی۔

ہم اپنے اسٹیک ہولڈرز کا ان کی مسلسل حمایت اور اپنے شیئر ہولڈرز کا کمپنی کے بورڈ انتظامیہ ٹیم کی قیادت پر اعتماد کے لئے شکریہ ادا کرنا چاہتے ہیں آپ کے مسلسل تعاون اور اللہ تعالیٰ کے فضل و کرم سے ہم اچھی کارکردگی پیش کرنے کے لیے پرعزم ہے


نمبرہ خالد
ڈائریکٹر

برائے اور منجانب بورڈ آف ڈائریکٹرز



ندیم خالد

چیف ایگزیکٹو آفیسر

پشاور

بتاریخ: 29 فروری 2024

INDEPENDENT AUDITORS REVIEW REPORT TO THE MEMBERS OF FRONTIER CERAMICS LIMITED**Report on review of Interim Financial Statements****Introduction**

We have reviewed the accompanying condensed interim statement of financial position of Frontier Ceramics Limited ("the Company") as at December 31, 2023 and the related condensed interim statement of profit or loss, condensed interim statement of comprehensive income, condensed interim statement of changes in equity and condensed interim statement of cash flows and notes to the interim financial statements for the six months period then ended (herein after referred to as the "interim financial statements"). Management is responsible for the preparation and presentation of these interim financial statements in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on these interim financial statements based on our review.

Scope of Review

We conducted our review in accordance with the International Standards on Review Engagements 2410, "Review of Interim Financial Information performed by the Independent Auditor of the Entity." A review of interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial statements are not prepared, in all material respects, in accordance with the accounting and financial reporting standards as applicable in Pakistan for interim financial reporting.

Other Matter

The figures for the quarter ended December 31, 2023 and December 31, 2022 in the condensed interim statement of profit or loss and condensed interim statement of comprehensive income have not been reviewed and we do not express a conclusion on them.



The engagement partner on the audit resulting in this independent review report is Atif Riaz.

ISLAMABAD

DATED: 29 FEBRUARY 2024

UDIN: RR202310060IF4hYxwWc

BDO EBRAHIM & CO.
CHARTERED ACCOUNTANTS

BDO Ebrahim & Co. Chartered Accountants

BDO Ebrahim & Co., a Pakistan registered partnership firm, is a member of BDO International Limited, a UK company limited by guarantee, and forms part of the international BDO network of independent member firms.

FRONTIER CERAMICS LIMITED
CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION (UN-AUDITED)
AS AT DECEMBER 31, 2023

	Note	December 31, 2023 Rupees Un-audited	June 30, 2023 Rupees Audited
ASSETS			
NON CURRENT ASSETS			
Property, plant and equipment	7	2,426,342,543	2,535,105,392
Operating fixed assets	8	529,083	542,650
Investment property		<u>2,426,871,626</u>	<u>2,535,648,042</u>
Long term deposits		5,925,450	5,925,450
Long term advances	9	550,806,828	550,921,284
		<u>2,983,603,904</u>	<u>3,092,494,776</u>
CURRENT ASSETS			
Stores, spares and loose tools	10	341,455,459	270,488,018
Stock in trade	11	531,931,690	472,982,993
Trade debts		21,460,000	21,583,144
Other receivables		2,903,040	2,177,280
Short term lending	12	196,167,018	160,373,432
Advances	13	43,104,807	178,529,110
Tax refunds due from Government		63,962,052	63,962,052
Taxation - net	14	97,808,758	86,217,469
Cash and bank balances	15	26,347,088	7,116,368
		<u>1,325,139,912</u>	<u>1,263,429,866</u>
		<u>4,308,743,816</u>	<u>4,355,924,642</u>
TOTAL ASSETS			
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Share capital	16	378,738,210	378,738,210
Discount on issue of right shares	17	(180,795,726)	(180,795,726)
		<u>197,942,484</u>	<u>197,942,484</u>
Revaluation surplus on property, plant and equipment		1,142,285,071	1,161,971,530
Unappropriated profit		246,910,583	242,169,885
		<u>1,587,138,138</u>	<u>1,602,083,899</u>
NON CURRENT LIABILITIES			
Long term financing	18	-	13,097,827
Loan from related parties	19	692,089,432	699,488,141
Gas infrastructure development cess	20	-	2,173,752
Liability under finance lease	21	3,832,232	8,216,546
Deferred liability		25,393,458	25,393,458
Deferred taxation		338,260,938	347,656,942
		<u>1,059,576,060</u>	<u>1,096,026,666</u>
CURRENT LIABILITIES			
Unclaimed dividend		3,189,224	3,189,224
Current portion of long term financing	22	30,290,389	32,333,366
Current portion of gas infrastructure development cess	22	128,962,405	125,831,160
Current portion of liability under finance lease	22	11,496,738	12,989,487
Trade and other payables	23	1,488,090,862	1,483,470,840
		<u>1,662,029,618</u>	<u>1,657,814,077</u>
		<u>4,308,743,816</u>	<u>4,355,924,642</u>
TOTAL EQUITY AND LIABILITIES			

CONTINGENCIES AND COMMITMENTS

The annexed notes from 1 to 36 form an integral part of these condensed interim financial statements.

CHIEF EXECUTIVE

CHIEF FINANCIAL OFFICER

DIRECTOR

FRONTIER CERAMICS LIMITED
CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS (UN-AUDITED)
FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2023

	Note	Half Year Ended December 31,		Quarter Ended December 31,	
		2023	2022	2023	2022
Sales - net	25	1,752,401,726	2,035,957,085	955,599,358	945,763,074
Cost of sales	26	(1,651,813,907)	(1,810,391,575)	(872,828,117)	(791,376,102)
Gross profit		100,587,819	225,565,510	82,771,241	154,386,972
Distribution cost		(7,735,990)	(7,561,913)	(3,554,341)	(3,495,574)
Administrative expenses		(22,656,253)	(32,361,212)	(10,910,387)	(19,398,706)
Other operating expenses		(10,027,225)	(88,081,918)	(6,674,606)	(81,645,827)
Operating profit		60,168,351	97,560,467	61,631,908	49,846,865
Other income		23,831,106	8,493,751	14,353,006	7,294,495
Finance cost		(86,436,200)	(36,770,608)	(44,354,732)	(17,305,378)
(Loss)/profit before taxation		(2,436,743)	69,283,610	31,630,182	39,835,982
Taxation:					
Current		(21,905,022)	(37,534,785)	(11,944,993)	(21,181,875)
Deferred		9,396,004	21,894,920	1,285,266	14,965,552
		(12,509,018)	(15,639,865)	(10,659,727)	(6,216,323)
(Loss) / profit after taxation		(14,945,761)	53,643,745	20,970,455	33,619,659
(Loss) / earnings per share- basic and diluted	28	(0.39)	1.42	0.55	0.89

The annexed notes from 1 to 36 form an integral part of these condensed interim financial statements.

CHIEF EXECUTIVE

CHIEF FINANCIAL OFFICER

DIRECTOR

FRONTIER CERAMICS LIMITED
CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)
FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2023

Half Year Ended December 31,		Quarter Ended December 31,	
2023	2022	2023	2022
----- Rupees -----			

(Loss) / profit after taxation	(14,945,761)	53,643,745	20,970,455	33,619,659
Other comprehensive income	-	-	-	-
Total comprehensive (loss) / income for the period	<u>(14,945,761)</u>	<u>53,643,745</u>	<u>20,970,455</u>	<u>33,619,659</u>

The annexed notes from 1 to 36 form an integral part of these condensed interim financial statements.

CHIEF EXECUTIVE

CHIEF FINANCIAL OFFICER

DIRECTOR

FRONTIER CERAMICS LIMITED
CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2023

Share capital		Reserves		Total
		Capital	Revenue	
Issued, subscribed and paid up capital	Discount on issue of shares	Revaluation surplus on property, plant and equipment	Unappropriated profit	
----- Rupees -----				

Balance as at July 01, 2022 - restated (Audited)	378,738,210	(180,795,726)	1,205,963,178	351,650,169	1,755,555,831
Total comprehensive income for the period	-	-	-	53,643,745	53,643,745
Transfer from revaluation surplus on property, plant and equipment in respect of incremental depreciation	-	-	(21,995,824)	21,995,824	-
Balance as at December 31, 2022 - restated (Unaudited)	<u>378,738,210</u>	<u>(180,795,726)</u>	<u>1,183,967,354</u>	<u>427,289,738</u>	<u>1,809,199,576</u>
Balance as at July 01, 2023 - (Audited)	378,738,210	(180,795,726)	1,161,971,530	242,169,885	1,602,083,899
Total comprehensive loss for the period	-	-	-	(14,945,761)	(14,945,761)
Transfer from revaluation surplus on property, plant and equipment in respect of incremental depreciation	-	-	(19,686,459)	19,686,459	-
Balance as at December 31, 2023 (Unaudited)	<u>378,738,210</u>	<u>(180,795,726)</u>	<u>1,142,285,071</u>	<u>246,910,583</u>	<u>1,587,138,138</u>

The annexed notes from 1 to 36 form an integral part of these condensed interim financial statements.


CHIEF EXECUTIVE


CHIEF FINANCIAL OFFICER


DIRECTOR

FRONTIER CERAMICS LIMITED
CONDENSED INTERIM STATEMENT OF CASH FLOWS (UN-AUDITED)
FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2023

	Six months ended December 31,	
	2023	2022
----- Rupees -----		
CASH FLOWS FROM OPERATING ACTIVITIES		
(Loss) / profit before taxation	(2,436,743)	69,283,610
Adjustment for:		
Depreciation	108,776,416	122,426,708
Finance cost	86,436,200	36,770,608
Rental income	(725,760)	-
Profit before working capital changes	192,050,113	228,480,926
Changes in working capital:		
(Increase) / decrease in current assets		
Stores, spares and loose tools	(70,967,441)	(24,985,189)
Stock in trade	(58,948,697)	(150,994,492)
Trade debts	123,144	298,130
Advances	99,630,717	(84,629,792)
	(30,162,277)	(260,311,343)
Increase in current liabilities		
Trade and other payables	4,620,022	80,208,848
Gas Infrastructure development cess payable	957,493	1,983,364
	5,577,515	82,192,212
Cash generated from operations	167,465,351	50,361,795
Taxes paid / adjustment	(33,496,311)	(36,296,267)
Finance cost paid	(86,436,200)	(37,844,695)
Net cash generated from / (used in) operating activities	47,532,840	(23,779,167)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of operating assets	-	(2,521,264)
Increase in long term advances	114,456	3,351,808
Net cash generated from investing activities	114,456	830,544
CASH FLOWS FROM FINANCING ACTIVITIES		
Long term financing - net	(22,539,513)	(14,118,115)
Lease liability	(5,877,063)	(7,632,628)
Short term borrowing	-	60,461,009
Net cash (used in) / generated from financing activities	(28,416,576)	38,710,266
Net increase in cash and cash equivalents	19,230,720	15,761,643
Cash and cash equivalents at the beginning of the period	7,116,368	35,876,208
Cash and cash equivalents at the end of the period	26,347,088	51,637,851

The annexed notes from 1 to 36 form an integral part of these condensed interim financial statements.

CHIEF EXECUTIVE

CHIEF FINANCIAL OFFICER

DIRECTOR

FRONTIER CERAMICS LIMITED
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2023

1 STATUS AND NATURE OF BUSINESS

Frontier Ceramics Limited (the Company) was incorporated in July 1982 as a Public Limited Company with its shares quoted on Pakistan Stock Exchange Limited (formerly Karachi Stock Exchange Limited in which Lahore and Islamabad Stock Exchanges have merged). The principal activities of the Company are manufacturing of ceramic tiles, sanitary wares and related ceramic products.

The registered office and manufacturing unit of the Company is situated at 29-Industrial Estate, Jamrud Road, Peshawar Pakistan.

2 BASIS OF PREPARATION

2.1 Statement of compliance

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

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; 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, the provisions of and directives issued under the Companies Act, 2017 have been followed.

These condensed interim financial statements do not include all the information and disclosures required for full annual financial statements and should be read in conjunction with the annual financial statements of the Company as at and for the year ended June 30, 2023, which have been prepared in accordance with approved accounting standards as applicable in Pakistan. 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 declared financial statements.

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The comparative statement of financial position presented in these condensed interim financial statements have been extracted from the annual audited financial statements of the Company for the year ended June 30, 2023, whereas the comparative condensed interim profit and loss accounts, condensed interim statement of comprehensive income, condensed interim statement of cash flows and condensed interim statement of changes in equity are extracted from the unaudited condensed interim financial statements for the period ended December 31, 2023.

2.2 Basis of measurement

This condensed interim financial information has been prepared under the historical cost convention except for certain fixed assets which have been stated at revalued amount. This condensed interim financial information has been prepared following accrual basis of accounting except for cash flow information.

2.3 Functional and presentation currency

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

3 MATERIAL ACCOUNTING POLICY INFORMATION

The accounting policies, significant judgements made in the application of accounting policies, key sources of estimations and methods of computation adopted in the preparation of these condensed interim financial statements are the same as those applied in the preparation of the financial statements for the year ended June 30, 2023.

The Company adopted the narrow-scope amendments to the International Accounting Standard (IAS) 1, Presentation of Financial Statements which have been effective for annual reporting periods beginning on or after 1 January 2023. Although the amendments did not result in any changes to accounting policy themselves, they will impact the accounting policy information disclosed in the annual financial statements.

The amendments aim to make accounting policy disclosures more informative by replacing the requirement to disclose 'significant accounting policies' with 'material accounting policy information'. The amendments also provide guidance under what circumstance, the accounting policy information is likely to be considered material and therefore requiring disclosure.

These amendments had no effect on the interim condensed financial statements of the Company as they relate to disclosures of accounting policies in the annual financial statements rather than interim financial statements. The amendments are expected to be applicable for the accounting policy disclosures in the annual financial statements of the Company.

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4 **CHANGES IN ACCOUNTING STANDARDS, INTERPRETATIONS AND PRONOUNCEMENTS**

a) **Amendments to published accounting and reporting standards which became effective during the period:**

There were certain amendments to accounting and reporting standards which became mandatory for the Company during the period. However, the amendments did not have any significant impact on the financial reporting of the Company and, therefore, have not been disclosed in these condensed interim unconsolidated financial statements.

b) **Amendments to published accounting and reporting standards that are not yet effective and have not been early adopted by the Company:**

There are certain amendments to the accounting and reporting standards that will be mandatory for the Company's accounting period beginning on or after January 01, 2024, 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 unconsolidated financial statements.

5 **TAXATION**

The provision for taxation for the half year and quarter ended December 31, 2023 has been made using the estimated effective tax rate applicable to expected total annual earnings.

6 **KEY JUDGEMENTS AND ESTIMATES**

The preparation of interim financial statements require management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and 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.

7 **OPERATING FIXED ASSETS**

	December 31, 2023 Rupees Unaudited	June 30, 2023 Rupees Audited
Opening written down value (WDV)	2,535,105,392	2,776,401,412
Add:		
Additions	-	17,059,243
Transfers - ROU Assets	-	(13,027,979)
	2,535,105,392	2,780,432,676
Less:		
Depreciation charge	(108,762,849)	(245,327,284)
Closing written down value (WDV)	2,426,342,543	2,535,105,392

Depreciation rate

5% -30%

5% - 30%

	December 31, 2023 Rupees Unaudited	June 30, 2023 Rupees Audited
8 INVESTMENT PROPERTY		
Opening written down value (WDV)	542,650	570,743
Additions	-	-
Depreciation charge	(13,567)	(28,093)
Closing written down value (WDV)	<u>529,083</u>	<u>542,650</u>
Depreciation rate	5%	5%

- 8.1 This represents two offices having number 102 and 103 measuring 1200 Sqft each, situated at 1st floor, Kashif centre, Shahrah e Faisal, Karachi owned by the Company. This has been held to earn rental income by letting out its office and disclosed in the financial statements as an investment property applying cost model in accordance with IAS 40 "Investment Property". Fair value of the investment property assessed by the management amounts to Rs. 7 million (June 2023: Rs. 7 million) at period end.

		December 31, 2023 Rupees Unaudited	June 30, 2023 Rupees Audited
9	LONG TERM ADVANCES		
	Advance against land	549,837,419	549,837,419
	Others	969,409	1,083,865
		<u>550,806,828</u>	<u>550,921,284</u>

9.1 The Board of Directors of the Company in their meeting held on January 07, 2021 decided in principal to avail the opportunity of initially acquiring 1,031 kanals of land off CPEC highway near Mianwali from a related party Mr. Nadeem Khalid (Chief Executive) at payment terms over the period of five years. Keeping in view conducive business environment, directors feel that if the environment remains stable then in next ten years, the Company will establish a large ceramic factory at said proposed location.

		December 31, 2023 Rupees Unaudited	June 30, 2023 Rupees Audited
10	STORES, SPARES AND LOOSE TOOLS		
	Stores	335,574,148	264,340,412
	Spare parts and loose tools	5,881,311	6,147,606
		<u>341,455,459</u>	<u>270,488,018</u>

10.1 Stores, spares and loose tools includes items which may result in capital expenditure but are not distinguishable at the time of purchase. However, the stores and spares consumption resulting in capital expenditure are capitalised in cost of respective assets.

		December 31, 2023 Rupees Unaudited	June 30, 2023 Rupees Audited
11	STOCK IN TRADE		
	Raw materials	158,031,971	195,683,709
	Work in process	51,299,772	16,010,549
	Finished goods	322,599,947	261,288,735
		<u>531,931,690</u>	<u>472,982,993</u>

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		December 31, 2023 Rupees Unaudited	June 30, 2023 Rupees Audited
12	SHORT TERM LENDING		
	Khalid and Khalid Holdings (Private) Limited		
	Balance at start of the period / year	160,373,432	28,287,075
	Additions during the period / year	20,520,880	166,308,977
	Mark up	19,752,706	12,577,380
	Payments received during the period / year	(4,480,000)	(46,800,000)
	Balance at end of the period / year	12.1 <u>196,167,018</u>	<u>160,373,432</u>

12.1 This represents amount advanced to Khalid and Khalid Holdings (Private) Limited, a related party due to common directorship. The advance is unsecured and interest is charged at Kibor + 2%. The maximum aggregate amount outstanding at any time is same during the year as the above carrying amount of advance. The loan is repayable on demand.

		December 31, 2023 Rupees Unaudited	June 30, 2023 Rupees Audited
13	ADVANCES		
	Opening balance	178,529,110	81,576,719
	Additions during the period / year	326,698,314	1,324,200,443
	Deletion during the period / year	13.1 (462,122,617)	(1,227,248,052)
	Closing balance	13.2 <u>43,104,807</u>	<u>178,529,110</u>

13.1 This includes adjustment of advance given to Sui Northern Gas Pipeline Limited (SNGPL) amounting to Rs. 127.044 million during the period.

13.2 This mainly includes advances to employees against salary, suppliers and against letter of credit and letter of gurrantee.

		December 31, 2023 Rupees Unaudited	June 30, 2023 Rupees Audited
14	TAXATION - NET		
	Balance as at July 01,	86,217,469	49,859,070
	Provision for taxation	(21,905,022)	(51,442,535)
	Advance income tax	33,496,311	87,800,934
		<u>97,808,758</u>	<u>86,217,469</u>

		December 31, 2023 Rupees Unaudited	June 30, 2023 Rupees Audited
15	CASH AND BANK BALANCES		
	Cash in hand	1,765,104	624,399
	Cash at bank - local currency		
	Current accounts	12,444,552	2,653,540
	Saving account	12,137,432	3,838,429
		<u>26,347,088</u>	<u>7,116,368</u>

15.1 This represents investment in First Habib Islamic Income Fund and Alfalah Islamic Rozana Amdani Fund against employee provident fund balance. These carry markup at 20% (2023: 18%).

		December 31, 2023 Rupees Unaudited	June 30, 2023 Rupees Audited
16	SHARE CAPITAL		
16.1	Authorized share capital		
	<u>Number of shares</u>		
	<u>Dec 31, 2023</u> <u>June 30, 2023</u>		
	75,000,000 75,000,000	750,000,000	750,000,000
	Ordinary shares of Rs. 10 each		

16.2	Issued, subscribed and paid up capital		
	<u>Number of shares</u>		
	<u>Dec 31, 2023</u> <u>June 30, 2023</u>		
	37,873,821 37,873,821	378,738,210	378,738,210
	Ordinary shares of Rs. 10 each fully paid in cash		

17 DISCOUNT ON ISSUE OF RIGHT SHARES

This represents discount on issue of right shares upon exercising the option given to members in Board of Directors meeting held on February 18, 2014 to subscribe for the right shares issue which has allotted on August 08, 2014 at a discount of Rs. 6 per share with the entitlement of 389.25% shares against SECP approval vide letter No. EMD/233/584/02 dated February 07, 2014 for the total right issue of 30.133 million shares at Rs. 4 per share (discount of Rs. 6 per share) by way of right issue. All the relevant legal formalities were completed by the Company before issuance of the right shares.

		December 31, 2023 Rupees Unaudited	June 30, 2023 Rupees Audited
18	LONG TERM FINANCING		
	From Financial Institutions - secured	30,290,389	45,431,193
	Less: current portion of loan	<u>(30,290,389)</u>	<u>(32,333,366)</u>
		<u>-</u>	<u>13,097,827</u>
19	LOAN FROM RELATED PARTIES		
	From associated person - unsecured	19.1	
	Opening balance	395,378,510	108,010,610
	Additions during the period	11,300,000	528,124,431
	Markup	33,326,801	41,967,467
	Payments made during the period	<u>(114,325,938)</u>	<u>(282,723,998)</u>
	Closing balance	325,679,373	395,378,510
	From associated Companies - unsecured		
	- Rawal Industrial Equipment (Pvt.) Ltd	19.2	
	Opening balance	154,679,383	107,788,764
	Additions during the period	58,164,067	106,100,000
	Markup	14,656,215	8,232,421
	Payments made during the period	<u>(36,901,857)</u>	<u>(67,441,802)</u>
	Closing balance	190,597,808	154,679,383
	- Toyota Rawal Motors (Pvt.) Ltd	19.2	
	Opening balance	149,430,248	98,812,563
	Additions during the period	28,600,000	57,700,000
	Markup	12,782,003	18,017,685
	Payments made during the period	<u>(15,000,000)</u>	<u>(25,100,000)</u>
	Closing balance	<u>175,812,251</u>	<u>149,430,248</u>
		<u>692,089,432</u>	<u>699,488,141</u>

19.1 This represents interest bearing unsecured loan and accumulated markup thereon received from Chief Executive of the Company for working capital requirements. The loan carries mark up at the rate at KIBOR plus 2 % per annum. The loan was restructured on June 30, 2021. As per the revised terms, the Company is accruing interest over the loan amount while interest is payable after the final payment of principal amount.

19.2 This represents interest bearing unsecured loans and accumulated markup thereon received from related parties, Rawal Industrial Equipment (Private) Limited and Toyota Rawal Motors (Private) Limited for working capital of the Company and acquisition of the equipment. The loan was restructured on June 30, 2021. It carries mark up at the rate at KIBOR plus 2 % per annum. As per the revised terms, the Company is accruing interest over the loan amount while interest is payable after the final payment of principal amount.

	Note	December 31, 2023 Rupees Unaudited	June 30, 2023 Rupees Audited
20			
GAS INFRASTRUTURE DEVELOPMENT CESS			
Accumulated present value of GIDC		128,962,405	128,004,912
Less: current portion of GIDC		<u>(128,962,405)</u>	<u>(125,831,160)</u>
	20.1	<u>-</u>	<u>2,173,752</u>

20.1 In 2011, GIDC was imposed on natural gas consumers including companies with effect from January 01, 2012 to finance the cost of laying the overland gas pipeline. In 2013, the Peshawar High Court declared the GIDC Act 2011 as ultra vires the constitution and struck down the GIDC Act 2011. In August 2014, Supreme Court of Pakistan dismisses the appeal filed by the Federal Government of Pakistan deciding that GIDC is a fee and not a tax and could not be imposed by money bill. In September 2014, the GIDC Ordinance was promulgated by the President of Pakistan with retrospective effect with original imposition. In October 2016, the Sindh High Court declared the levy to be un-constitutional. In August 2020, the Supreme Court of Pakistan held that GIDC is validly levied and allowed the government to collect the amount in 24 equal installments. Further, in November 2020, the Supreme Court dismissed the review petition seeking review of its order (issued in August 2020). Supreme Court in its judgement on the review petitions noted that government is agreeing to recover the arrears for GIDC in 48 monthly installments (instead of 24 months, as mentioned in August 2020 order of the Supreme Court). The Federal Government has started the recovery of this fee and the Company has booked the liability amounting to Rs. 119.132 million in this regard after receiving bill from the SNGPL at fair value in accordance with IFRS 9 by discounting the future cash payments required to be made in 48 installments, to settle the liability for GIDC. No installment is paid till to date.

	Note	December 31, 2023 Rupees Unaudited	June 30, 2023 Rupees Audited
21			
LEASE LIABILITY UNDER DIMINISHING MUSHARAKA			
Lease liability		15,328,970	21,206,033
Less: current portion of lease liability		<u>(11,496,738)</u>	<u>(12,989,487)</u>
	21.1	<u>3,832,232</u>	<u>8,216,546</u>

21.1 This represents outstanding balance of diminishing musharaka facility from First Habib Modaraba and carries 3 months KIBOR plus 2.50%. Repayment shall be made in 36 equal monthly instalments commencing from December 30, 2021 and ending in November 28, 2024. This is secured by way of ownership of leased asset.

	December 31, 2023 Rupees Unaudited	June 30, 2023 Rupees Audited
22	CURRENT PORTION OF NON- CURRENT LIABILITIES	
	11,496,738	12,989,487
	128,962,405	125,831,160
	30,290,389	32,333,366
	<u>170,749,532</u>	<u>171,154,013</u>
23	TRADE AND OTHER PAYABLES	
	110,019,327	266,670,460
	524,905,708	897,421,886
	664,282,449	177,383,666
	3,256,878	3,256,878
	14,935,395	1,678,650
	7,080,408	5,916,998
	88,787,899	78,416,560
	8,631,279	7,464,572
	66,191,519	45,261,170
	<u>1,488,090,862</u>	<u>1,483,470,840</u>

24 **CONTINGENCIES AND COMMITMENTS**

24.1 **Contingencies**

24.1.1 **Noman Ghani vs. FCL and others:**

This is the recovery suit against the respondents FCL. In this suit claim is of Rs. 1.248 million. Later on, plaintiff submits an application for amendment of plaint i.e. seeks further claim from the court for Rs. 20 million and 18% being current bank interest because of the mental torture and damages. The learned court did not admit the plaintiff's further claim. Now a days the present case is pending before High Court. In the instant case total amount of Rs. 1.248 million are involved. Thus, the matter in issue will limited just up to the Rs.1.248 million (2023: Rs. 1.248 million).

24.1.2 **FCL vs. G.M. of SNGPL**

This case is pending before the gas utility court. In this case, The company claims that after amendment in the law the company is not bound to pay further tax and extra tax in the gas bill. Total amount of Rs. 1 million is involved in the case.

7/20/21

24.1.3 Shamcem Akhter vs. FCL

The above case is pending before the wages authority. In the instant case the applicant claim is that the FCL is liable to pay Rs. 0.498 million. The case is fixed in evidence in the Wages authority (2023: Rs. 0.498 million).

24.1.4 Amer Zada vs FCL

The above case is also pending before the wages authority. In the instant case the applicant claim that the FCL is liable to pay Rs. 0.28 million. This case too is fixed before the wages authority.

24.1.5 FCL vs. G.M. of SNGPL

This case is pending before the gas utility court Peshawar. The claim of the recovery is from company on the basis of previous management. The total claim is Rs. 1.822 million. We submitted our reply in the case and now the case is fixed for the replication of the SNGPL.

24.1.6 Bank Guarantees

Guarantee has been issued by Bank Al Habib on behalf of the Company in the normal course of business in favour of PARCO, PESCO and M/s Sui Northern Gas Pipelines Limited aggregating to Rs. 278.65 million (2023: Rs. 277.98 million).

24.1.7 Review Petition of Talat Sher vs FCL

In the above title case, the applicant's claim is of Rs. 0.648 million. The case was decided in our favour however Mr. Talat Sher filed review petition against the order which was passed in our favour. In separate sheet of an annexure documents the amount is mentioned, furthermore the applicant also seeks reinstatement of service.

24.1.8 Ali Rehman vs FCL

In this case applicant seeks from court to reinstate his service. The applicant claim amount is Rs. 0.261 million which was mentioned in his grievance notice. The claim is filed in the Labor Court. The case is decided in our favour however Mr. Ali Rehman filed review petition against the order which was passed in our favour.

24.1.9 FCL vs Federation of Pakistan

In the instant case we filed a written petition about the GIDC amount of rupees round about 11 million. Earlier our unit as well as others units challenged the GIDC Act 2011 and the said Act was declared illegal by the Supreme Court, Thus new Act we also challenged. Similarly the others units also challenged the said GIDC Act in different petitions.

24.1.10 Muhammad Iqbal vs FCL

This is also recovery suit against the company. The total claim of this suit is Rs. 1.711 million. This suit is decided in our favour and now pending in revision before High Court, Thus total amount involved in the case is of Rs. 1.711 million.



24.1.11 Muhammad Noor vs FCL

In this case the applicant filed his suit before the Labor Court, total claim of the applicant is Rs. 1.304 million. The case is pending before high court.

24.1.12 Muhammad Farhad vs FCL

This case is identical to proceeding case. In this case applicant filed his suit before the Labor Court. Total claim of the applicant is of Rs. 0.683 million. The case is pending in evidence while the compromise is also under consideration between applicant and FCL authority.

24.1.13 Muhammad Anwar Khan vs FCL

This is also identical nature case like the previous two cases. In this case the applicant filed his suit before the Labor Court. Total claim of the applicant is of Rs. 0.775 million. The case is pending in evidence while the compromise is also under consideration between applicant and FCL authority.

24.1.14 EFU vs FCL

FCL sued EFU over not increasing rent of 2 office rooms of FCL occupied by EFU in Karachi. According to agreement signed on July 26, 2006 for Room No 102 and additional agreement signed on May 07, 2007 for Room No 103, EFU was obliged to increase rent of Rooms @10% per annum, but EFU did not comply with this requirement. However, decision of court is still pending.

		December 31, 2023 Rupees Unaudited	June 30, 2023 Rupees Audited
24.2	COMMITMENTS		
	The Company has following commitments:		
	in respect of purchase of land from CEO	584,262,581	584,262,581
	- in respect of letter of credit		
	- against import of raw materials	27,287,956	32,209,150
	- against import of stores and spares	30,456,000	30,435,556
		57,743,956	62,644,706
		642,006,537	646,907,287
	Commitments for Ijarah arrangements		
	Not later than one year	9,178,339	3,364,878
	Later than one year and not later than five years	-	6,173,246
		9,178,339	9,538,124

24.2.1 This amount represents future letter of credit commitments which will be fulfilled in respect of import of raw material, stores and spares and plant and machinery.

	Note	Six months ended December 31,		Three months ended December 31,	
		2023	2022	2023	2022
		Rupees Unaudited	Rupees Unaudited	Rupees Unaudited	Rupees Unaudited
25 SALES					
Gross sales		2,132,860,658	2,455,742,067	1,161,863,821	1,140,765,786
Less:					
Sales tax		(326,778,175)	(356,817,223)	(177,232,553)	(165,752,294)
Trade discount		(53,680,757)	(62,967,759)	(29,031,910)	(29,250,418)
		<u>1,752,401,726</u>	<u>2,035,957,085</u>	<u>955,599,358</u>	<u>945,763,074</u>
26 COST OF SALES					
Raw material consumed	26.1	306,259,869	447,888,723	149,878,850	233,343,360
Stores, spares and loose tools consumed	26.2	186,775,134	199,034,852	102,344,949	78,768,638
Gas and electricity		961,815,128	1,019,486,607	576,014,922	440,105,374
Depreciation		104,274,538	116,909,832	45,821,840	58,486,432
Salaries , wages and other benefits		181,160,334	138,363,799	92,154,882	74,057,859
Traveling and conveyance		526,739	714,359	245,135	479,523
Repairs and maintenance		106,885	133,805	73,185	40,560
GIDC expense		957,493	1,983,364	-	1,983,364
Miscellaneous		6,538,222	1,264,284	3,438,002	1,072,459
		<u>1,748,414,342</u>	<u>1,925,779,624</u>	<u>969,971,765</u>	<u>888,337,568</u>
Work in process					
Opening		16,010,549	14,876,298	49,051,865	11,591,465
Closing		(51,299,772)	(29,317,049)	(51,299,772)	(29,317,049)
		<u>(35,289,223)</u>	<u>(14,440,751)</u>	<u>(2,247,907)</u>	<u>(17,725,584)</u>
Finished goods					
Opening		261,288,735	56,482,500	227,704,206	78,193,916
Closing		(322,599,947)	(157,429,798)	(322,599,947)	(157,429,798)
		<u>(61,311,212)</u>	<u>(100,947,298)</u>	<u>(94,895,741)</u>	<u>(79,235,882)</u>
		<u>1,651,813,907</u>	<u>1,810,391,575</u>	<u>872,828,117</u>	<u>791,376,102</u>
26.1 Raw material consumed					
Opening stock		195,683,709	163,269,646	156,907,098	306,333,758
Add: purchases		268,608,131	483,495,163	151,003,723	125,885,688
Less: closing stock		(158,031,971)	(198,876,086)	(158,031,971)	(198,876,086)
		<u>306,259,869</u>	<u>447,888,723</u>	<u>149,878,850</u>	<u>233,343,360</u>
26.2 Stores, spares and loose tools consumed					
Opening stock		270,488,018	180,764,782	318,127,764	189,440,154
Add: purchases		257,742,575	224,020,041	125,672,644	95,078,455
Less: closing stock		(341,455,459)	(205,749,971)	(341,455,459)	(205,749,971)
		<u>186,775,134</u>	<u>199,034,852</u>	<u>102,344,949</u>	<u>78,768,638</u>

27 FINANCE COST

2023
Rupees
Unaudited

2022
Rupees
Unaudited

Mark up / interest on:

Letter of guarantee margin

Long term financing :

- From financial institutions

- From related party

Workers' profit participation fund

Bank charges

	953,355	2,916,524
	14,382,410	20,819,608
	60,765,019	68,217,573
	75,147,429	89,037,181
	9,915,774	17,702,342
	419,642	1,290,589
	<u>86,436,200</u>	<u>110,946,636</u>

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

	Six months ended December 31,		Three months ended December 31,	
	2023 Unaudited	2022 Unaudited	2023 Unaudited	2022 Unaudited
There is no dilutive effect on the basic earnings per share of the (Loss) / profit after taxation - (Rupees)	<u>(14,945,761)</u>	<u>53,643,745</u>	<u>20,970,455</u>	<u>33,619,659</u>
Weighted average number of ordinary	<u>37,873,821</u>	<u>37,873,821</u>	<u>37,873,821</u>	<u>37,873,821</u>
(Loss) / Earning per share - basic and diluted	<u>(0.39)</u>	<u>1.42</u>	<u>0.55</u>	<u>0.89</u>

2024

29 TRANSACTION WITH RELATED PARTIES

The related parties and associated undertakings of the Company comprise of group companies, other associate companies, directors and key management personnel. Transactions with related parties and associated undertakings during the period are as follows :

Name of the related party	Relationship	Transactions during the period	Six months ended December 31,		Three months ended December 31,	
			2023	2022	2023	2022
			(Rupees)			
Toyota Rawal Motors (Private) Limited	Associated company by virtue of common directorship	Interest on short term borrowings	-	-	-	-
		Rental for building	621,410	564,920	310,705	282,460
		Utilities	60,000	60,000	30,000	30,000
		Long term financing - received	28,600,000	34,400,000	10,600,000	9,600,000
		Long term financing - repayment	15,000,000	10,500,000	6,200,000	4,700,000
		Interest on long term financing	12,782,003	7,586,489	6,239,380	4,155,920
Rawal Industrial Equipment (Private) Limited	Associated company by virtue of common directorship	Purchase of fixed assets	-	-	-	-
		Long term financing - repayment	36,901,857	57,166,560	25,201,857	53,966,755
		Long term financing - received	58,164,067	48,600,000	1,126,067	-
		Interest on long term financing	14,656,215	2,311,213	7,041,334	1,425,588
Mr. Nadem Khalid	Chief Executive	Long term financing - loan repaid	114,325,938	156,215,892	25,668,440	98,464,472
		Long term financing - received	11,300,000	123,034,000	1,400,000	33,554,000
		Interest on long term financing	33,408,108	7,413,704	14,847,826	3,111,327
		Advance for land purchase	-	-	-	141,453,619
Khalid & Holdings	Khalid Associated company by virtue of common directorship	Short term borrowings - received	4,480,000	44,800,000	4,480,000	8,388,150
		Interest on short term borrowings	19,752,706	2,173,974	10,274,606	1,068,415
		Short term borrowings Paid	20,520,880	30,338,320	15,475,953	20,600,000
Chief Executive, Directors, Executives	Key management personnel	Remuneration and other benefits	12,396,466	11,765,462	6,205,233	5,857,731

29.1 Balances receivable/payable to related parties are disclosed in respective notes. *2023/1*

30 FINANCIAL RISK MANAGEMENT

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.

31 FAIR VALUE MEASUREMENT

The carrying values of all financial assets and liabilities reflected in the condensed interim financial information approximate their fair values. Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties, in an arm's length transaction.

The Company uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2 : Inputs other than quoted prices included within level 1 that are observable for the asset, either directly that is, derived from prices
- Level 3 : Inputs for the asset or liability that are not based on observable market data (that is, unadjusted) inputs

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

Transfers during the period

During the six month period to December 31, 2023, there were no transfers into or out of Level 3 fair value measurements. There were no transfers between levels 2 and 3 for recurring fair value measurements during the period.

The fair value of factory land, factory buildings, plant and machinery are based on assumptions considered to be level 2 in the fair value hierarchy due to significant observable inputs used in the valuation.

Had there been no revaluation, the net book value of the specific classes of operating fixed assets would have been as follows:

2884

	December 31, 2023 Rupees Unaudited	June 30, 2023 Rupees Audited
Free hold land	3,518,245	3,518,245
Factory building	6,343,242	6,677,097
Plant and machinery		
Imported	89,588,534	94,303,720
Local	495,322	550,358
Electrification	2,593,730	2,660,236
Casting benches	41,098	43,261
Laboratory ware	1,040	1,156
Generators	11,805	13,117
	<u>92,731,529</u>	<u>97,571,848</u>
	<u>102,593,016</u>	<u>107,767,190</u>

32 DISCLOSURE REQUIREMENT FOR ALL SHARE ISLAMIC INDEX

Following information has been disclosed with reference to disclosure requirements of fourth schedule of the Companies Act, 2017 relating to "All Shares Islamic Index".

Description	Explanation	December 31, 2023 Rupees Unaudited	June 30, 2023 Rupees Audited
Loans	Placed under interest arrangement	30,290,389	45,431,193
Ijarah payment	Placed under Shariah permissible arrangements	3,671,745	13,508,495
Long term deposits	Non-interest bearing	5,925,450	5,925,450
All sources of other income	Other income	23,831,106	21,413,391

The Company has working relation with First Habib Modaraba under Islamic windows.

There is no other bank balance / investments which carry any interest or markup arrangements.

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33 NUMBER OF EMPLOYEES

December 31, 2023 Rupees Unaudited	June 30, 2023 Rupees Audited
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Number of employees

At period / year end

Average during the period / year

784	813
799	824

34 CORRESPONDING FIGURES

Corresponding figures have been rearranged and reclassified, wherever necessary for the purposes of comparison and for better presentation. However, no significant reclassification has been made during the period.

35 DATE OF AUTHORIZATION

These condensed interim financial information were authorized for issue on 29 FEB 2024 by the Board of Directors of the Company.

36 GENERAL

Figures have been rounded off to the nearest rupee.

CHIEF EXECUTIVE

CHIEF FINANCIAL OFFICER

DIRECTOR



PRINTED MATTER

If not delivered, please return to:

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