MACPAC FILMS ltd.

MACPAC FILMS LIMITED

CONDENSED INTERIM FINANCIAL STATEMENTS

FOR THE PERIOD ENDED MARCH 31, 2024

COMPANY INFORMATION

BOARD OF DIRECTORS

Mr. Naeem Ali Muhammad Munshi	Chairman
Mr. Najmul Hassan	Chief Executive Officer
Mr. Ehtesham Maqbool Elahi	Executive Director
Mr. Shabbir Hamza Khandwala	Independent Director
Ms. Hafsa Abbasy	Independent Director
Mr. Shariq Maqbool Elahi	Non-Executive Director
Mr. Fahad Munshi	Non-Executive Director

AUDIT COMMITTEE

Mr. Shabbir Hamza Khandwala	(Chairman)
Mr. Naeem Ali Muhammad Munshi	(Member)
Mr. Shariq Maqbool Elahi	(Member)

HR & REMUNERATION COMMITTEE

Ms. Hafsa Abbasy	(Chairperson)
Mr. Shariq Maqbool Elahi	(Member)
Mr. Ehtesham Maqbool Elahi	(Member)

MANAGEMENT TEAM

Mr. Habib Maqbool Elahi	Operations Director
Mr. Muhammad Faisal Panawala	Chief Financial Officer
Mr. Aquil A. Khan	Company Secretary
Mr. Muhammad Fahad	Head of Internal Audit
Ms. Um-e-Farwa	Head of Digital Transformation
Mr. Zaffar Ullah	Factory Manager
Mr. Atiq Khan	Manager Technical

AUDITORS

KPMG Taseer Hadi & Co., Chartered Accountants

LEGAL ADVISORS

Mr. Abdul Ghaffar Khan, F-72/1, KDA Scheme 5, Kehkashan, Clifton, Karachi
Ms. Nausheen Ahmad, 21C, Zamzama Commercial Lane 5, Phase V, D.H.A, Karachi

SHARE REGISTRAR

CDC Share Registrar Services Limited
CDC House, 99-B, Block 'B',S.M.C.H.S, Main Shara-e-Faisal, Karachi-74400
Customer Support Service: 0800-CDCPL (23275) Fax:92-21) 34326053
Email: info@cdcpak.com, Website: http://www.cdcpakistan.com

BANKERS (IN ALPHABETICAL ORDER)

Al Baraka Bank Pakistan Limited
Bank Alfalah Limited
Bank Al Habib Limited
Dubai Islamic Bank Pakistan Limited
Faysal Bank Limited
Habib Metropolitan Bank Limited
JS Bank Limited
Meezan Bank Limited
Soneri Bank Limited
United Bank Limited

REGISTERED OFFICE

Plot # 21 Maqboolabad, Jinnah Cooperative House Society (J.C.H.S.)
Tipu Sultan Road, Karachi, Pakistan
UAN +92-21-111-MFL (635)-111

HEAD OFFICE

Plot no. 44-C, P.E.C.H.S, Block-6, Main Razi Road, Karachi.
UAN +92-21-111-MFL (635)-111

FACTORY

Plot no. EZ/1/p-10 Eastern Industrial Zone Port Qasim Area, Karachi, Pakistan
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EMAIL & WEBSITE

Email: info@macpacfilms.com, company.secretary@macpacfilms.com
Website: http://www.macpacfilms.com

MACPAC
FILMS ltd.

DIRECTORS' REPORT

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

As'salamu-Alaikum

Dear Members,

The Board of Directors of the Company are pleased to present the unaudited financial statement of the Company for the third quarter and nine months ended March 31, 2024.

Overview of the Economy

During the past two years, Pakistan's economy has faced significant challenges. The fiscal deficit has been exacerbated by low tax revenues and high public expenditures, while the current account deficit has been driven by a high import bill and insufficient export growth. Additionally, low agriculture yield, difficult business environment, and an unsustainable energy sector have remained unaddressed, leading to slow and volatile growth. The country has experienced double-digit inflation, with rising global commodity prices significantly impacting the cost of imports, which resulted in serious challenges for industries relying fully or partially on imported material. The effect of these import restrictions created a spiral impact on the economy, affecting businesses across various sectors.

Despite these challenges, there have been some positive developments and strength during this fiscal year. Moreover, following the election, we have witnessed a much-needed political stability, which is crucial for economic growth. The new political administration has also demonstrated a strong commitment to implementing the proposed structural reforms recommended by the International Monetary Fund (IMF). These reforms aim to enhance financial discipline and stability within the economy. Although these changes may pose short-term challenges, they represent essential steps toward achieving long-term sustainability.

The Company is focused on identifying various strategies and plans to mitigate the challenges posed to impact the Company's financial performance and operations. The management is committed to increasing operational efficiencies through cost optimization, risk management, and innovations to deliver value to our stakeholders. The management is confident to face any challenges and adapt to evolving economic landscape with diligence and strategic risk assessments.

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HEAD OFFICE: 21, Maqboolabad, J.C.H.S, Tipu Sultan Road, Karachi-Pakistan.
REGIONAL OFFICE: Room #21, 2nd Floor, Lahore Center Gulberg Lahore.

Financial Performance

By the grace of Allah, the Company managed to increase its Net Revenue by 8.15% during the period as compared to same period last year (SPLY) by focusing on high margin product mix. Net Revenue during the period under review was PKR 4,262.6 Mn compared to PKR 3,941.5 Mn for SPLY. During the period under review the Company's strategic initiatives and dedicated efforts have culminated in a successful export sales performance, achieving a notable total of PKR 31.6 Mn. The Gross Profit of the Company stood at PKR 765.5 Mn during the period as compared to PKR 879.8 Mn in corresponding period, representing a Gross Profit margin of 17.96% in the current period as compared to 22.32% in SPLY. The impact is mainly attributable to the higher energy cost due to significant increase in indigenous gas prices and low economic growth during the period under review.

Furthermore, the Company achieved a Net Profit of PKR 244.4 Mn during the period as compared to PKR 303.3 Mn for SPLY. This translates into a Net Profit margin of 5.73% in the current period as compared to 7.70% margin in SPLY. Despite challenges such as currency fluctuations, higher gas and power rates, finance costs and super tax, the Company maintained its growth momentum and experienced an increase in bottom-line profitability.

Similarly, the earnings per share of the Company for the nine months ended March 31, 2024 is PKR 4.12, compared to PKR 5.12 during the same period last year.

ESG initiatives

As a responsible corporate citizen, the Company actively supports ESG (Environmental, Social, and Governance) initiatives and prioritizes healthcare. To promote well-being within our organization, we have partnered with a local health organization to educate employees on physical and mental health. Additionally, we fund various educational institutes, focusing on assisting underprivileged segments of society based on merit.

Our commitment to employee well-being extends further through the Wellness Assistance Program, which fosters a culture of health and wellness. This program empowers our employees to achieve personal and professional excellence.

Furthermore, we conscientiously follow and raise awareness of HSE (Health, Safety, and Environment) regulations and guidelines. Regular training programs and safety audits help us identify and resolve potential risks. Additionally, we actively work on initiatives to reduce our environmental impact. We strive to provide effective recycling solutions for post industrial waste.

Digital Transformation

In January 2024, the Company embarked on a strategic initiative to enhance our operational efficiency and data-driven decision-making capabilities by implementing SAP S/4 Hana system across operations. This transformative move is aimed at integrating our core business processes, improving production efficiencies, supply chain management, and fostering a more agile and responsive business environment. The SAP implementation will reform the way we manage our operations, from production planning to customer engagement, resulting in a seamless, interconnected, and transparent workflow. By leveraging SAP's advanced analytics and real-time data processing capabilities, we will be able to gain invaluable insights that would lead to optimized resource utilization and improved decision-making processes. This digital upgrade not only enhances our competitive edge but also underscores our commitment to adopting cutting-edge technology to meet the evolving needs of the industry and our customers.

Renewable Energy Initiatives

As part of our commitment to sustainability and environmental stewardship, the Company initiated the installation of a 1MW solar power system at our manufacturing facility. This project is a foundation of our renewable energy strategy, aimed at reducing our carbon footprint and harnessing clean energy. The solar power system is expected to generate approximately 1.4 million Kw units per year, significantly cutting down our reliance on non-renewable energy sources. This initiative not only reflects our dedication to green practices but also promises substantial cost savings in the long run. By integrating solar energy into our operations, we are setting a precedent in the industry for sustainable manufacturing and contributing to a cleaner, greener future. Project is expected to complete by first quarter of FY25.

Future Outlook

Despite short-term pressure on industrial demand, the management of the Company remains optimistic and believes that the economic measures announced by the new government will yield positive and multifaceted benefits. However, there are several challenges to navigate, including inflationary pressures, currency fluctuations, volatile exchange rates, higher tax incidence, and elevated interest rates. Additionally, high power and freight costs add to the complexity.

The Company is proactively undertaking these challenges and is focused on implementing effective business strategies to ensure long-term sustainability and meet stakeholder expectations, Insha'Allah.

Furthermore, the Company aims to expand its export footprint, which will allow to partially mitigate the impact of commodity prices and exchange rate volatility, serving as a catalyst for sustained profitability.

Acknowledgement

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

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

On behalf of the Board

CHIEF EXECUTIVE **DIRECTOR**

April 25, 2024

MACPAC Films Limited

Condensed Interim Statement of Financial Position

As at March 31, 2024

	Note	**March 31, 2024 (Un-audited)**	June 30, 2023 (Audited)
		---------- (Rupees) ---------	
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	5	1,981,331,801	1,884,453,068
Intangible assets		710,700	836,118
Long-term deposits		16,901,285	12,776,285
		1,998,943,786	1,898,065,471
CURRENT ASSETS			
Stock-in-trade		1,233,394,260	1,165,508,058
Stores and spares		50,044,482	46,579,607
Trade debts	6	939,033,795	860,411,242
Loans and advances-unsecured, considered good		84,774,681	70,212,808
Short term deposits, prepayments and other receivables		217,565,066	265,503,892
Taxation - net		758,847	33,316,703
Short Term Investment	7	10,524,062	10,524,062
Cash and bank balances		124,820,284	267,862,572
		2,660,915,477	2,719,918,944
TOTAL ASSETS		**4,659,859,263**	4,617,984,415
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
AUTHORISED SHARE CAPITAL			
70,000,000 (June 30, 2023: 70,000,000) ordinary shares of Rs.10/- each		**700,000,000**	700,000,000
Issued, subscribed and paid-up capital		593,011,500	593,011,500
Capital reserve		173,566,620	173,566,620
Revenue reserve		659,097,501	503,635,441
Surplus on revaluation of property, plant and equipment		623,040,000	623,040,000
		2,048,715,621	1,893,253,561
NON-CURRENT LIABILITIES			
Diminishing musharika arrangement		14,814,423	31,585,665
Lease liabilities		47,903,105	776,392
Deferred taxation - net		196,749,314	193,206,958
Staff retirement benefits - staff gratuity		97,417,299	80,878,191
Provision for Gas Infrastructure Development Cess	8	-	59,504,493
		356,884,141	365,951,699
CURRENT LIABILITIES			
Trade and other payables		1,510,553,515	1,920,245,161
Short-term borrowings - secured		464,891,084	213,821,187
Accrued mark-up		11,513,224	6,696,989
Unclaimed dividend		1,211,189	853,211
Current portion of non-current liabilities		266,090,489	217,162,607
		2,254,259,501	2,358,779,155
TOTAL LIABILITIES		**2,611,143,642**	2,724,730,854
CONTINGENCIES AND COMMITMENTS	9		
TOTAL EQUITY AND LIABILITIES		**4,659,859,263**	4,617,984,415

The annexed notes from 1 to 16 form an integral part of these condensed interim financial statements.

Chief Executive **Chief Financial Officer** **Director**

MACPAC Films Limited
Condensed Interim Statement of Profit or Loss (Un-audited)
For the nine months and three months ended March 31, 2024

	Note	Nine months ended		Three months ended	
		March 31, 2024	March 31, 2023	**March 31, 2024**	March 31, 2023
Sales - Net	10	**4,262,613,032**	3,941,494,160	**1,367,805,919**	1,350,482,224
Cost of sales		**(3,497,063,850)**	(3,061,689,417)	**(1,182,462,898)**	(1,033,512,504)
Gross profit		**765,549,182**	879,804,743	**185,343,021**	316,969,720
Administrative expenses		**(230,365,603)**	(140,857,186)	**(81,499,060)**	(49,507,477)
Marketing and selling expenses		**(112,761,640)**	(73,828,950)	**(41,975,816)**	(23,003,286)
Finance costs	11	**(97,672,408)**	(104,501,408)	**(26,328,262)**	(27,077,975)
Other operating expenses		**(20,458,946)**	(212,985,006)	**(6,436,626)**	(112,803,200)
Other income		**94,733,304**	106,804,153	**78,485,341**	91,317,812
Profit before taxation		**399,023,889**	454,436,346	**107,588,598**	195,895,594
Taxation		**(154,610,104)**	(151,094,999)	**(41,480,629)**	(64,675,877)
Profit after taxation		**244,413,785**	303,341,347	**66,107,968**	131,219,717
Earnings per share - basic and diluted		**4.12**	5.12	**1.11**	2.21

The annexed notes from 1 to 16 form an integral part of these condensed interim financial statements.

Chief Executive **Chief Financial Officer** **Director**

MACPAC Films Limited

Condensed Interim Statement of Comprehensive Income (Un-audited)

For the nine and three months ended March 31, 2024

	Nine months ended		Three months ended	
	March 31, 2024	March 31, 2023	**March 31, 2024**	March 31, 2023
	(Rupees)			
Profit for the period	**244,413,785**	303,341,347	**66,107,968**	131,219,717
Other comprehensive income, net of tax	-	-	-	-
Total comprehensive income for the period	**244,413,785**	303,341,347	**66,107,968**	131,219,717

The annexed notes from 1 to 16 form an integral part of these condensed interim financial statements.

Chief Executive | **Chief Financial Officer** | **Director**

MACPAC Films Limited
Condensed Interim Statement of Changes in Equity (Un-audited)
For the nine months ended March 31, 2024

	Share Capital	Capital Reserves		Revenue Reserve		
	Issued, subscribed and paid-up capital	Share premium reserve	Revaluation Surplus	Un-appropriated (losses) / profits	Total reserves	Total
	---------- (Rupees) ----------					
Balance as at June 30, 2022 - (Audited)	593,011,500	173,566,620	623,040,000	186,920,457	983,527,077	1,576,538,577
Profit for the period	-	-	-	303,341,347	303,341,347	303,341,347
Other comprehensive income, net of tax	-	-	-	-	-	-
Final Cash Dividend for the year ended 30 June, 2022 at the rate of Rs. 1 per share	-	-	-	(59,301,147)	(59,301,147)	(59,301,147)
Total comprehensive income for the period	-	-	-	244,040,200	244,040,200	244,040,200
Balance as at March 31, 2023 (Un-audited)	**593,011,500**	**173,566,620**	**623,040,000**	**430,960,657**	**1,227,567,277**	**1,820,578,777**
Balance as at June 30, 2023 - (Audited)	**593,011,500**	**173,566,620**	**623,040,000**	**503,635,441**	**1,300,242,061**	**1,893,253,561**
Profit for the period	-	-	-	244,413,785	244,413,785	244,413,785
Transaction with owners:						
Final Cash Dividend for the year ended 30 June, 2023 at the rate of Rs. 1.5 per share	-	-	-	(88,951,725)	(88,951,725)	(88,951,725)
Other comprehensive income, net of tax	-	-	-	-	-	-
Total comprehensive income for the period	-	-	-	155,462,060	155,462,060	155,462,060
Balance as at March 31, 2024 (Un-audited)	**593,011,500**	**173,566,620**	**623,040,000**	**659,097,501**	**1,455,704,121**	**2,048,715,621**

The annexed notes from 1 to 16 form an integral part of these condensed interim financial statements.

Chief Executive **Chief Financial Officer** **Director**

MACPAC Films Limited

Condensed Interim Statement of Cashflows (Un-audited)

For the nine months ended March 31, 2024

	Nine months ended	
	March 31, 2024	March 31, 2023
	---------- (Rupees) ---------	
CASH FLOWS GENERATED FROM OPERATIONS		
Profit before taxation	**399,023,889**	454,436,346
Adjustments for non-cash and other items:		
Depreciation	**103,279,572**	92,578,933
Amortisation	**125,418**	61,281
Exchange (gain) / loss- unrealised	**1,693,798**	34,949,343
loss / (Gain) on sale of fixed asset	**5,585,761**	(5,657,191)
Provision for gratuity	**26,124,063**	21,967,541
Finance costs	**97,672,408**	104,501,408
	234,481,020	248,401,315
Changes in working capital		
(Increase) / decrease in current assets:		
Stock-in-trade	**(67,886,202)**	368,405,025
Stores and Spares	**(3,464,876)**	(25,545,245)
Trade debts	**(78,622,553)**	59,465,471
Sales tax refundable	**-**	23,121,788
Loans and advances	**(14,561,873)**	(11,991,017)
Short term deposits, prepayments and other receivables	**47,938,826**	(323,826,772)
	(116,596,678)	89,629,250
Increase in current liability:		
Trade and other payables	**(411,385,444)**	(298,157,927)
Cashflows generated from operations	**105,522,786**	494,308,985
Income tax paid	**(118,509,891)**	(93,741,193)
Gratuity paid	**(9,584,955)**	(7,119,886)
Finance costs paid	**(92,856,173)**	(109,593,614)
	(220,951,019)	(210,454,693)
Net cash generated from operating activities	**(115,428,233)**	283,854,292
CASH FLOWS FROM INVESTING ACTIVITIES		
Fixed capital expenditures	**(211,676,269)**	(60,546,464)
Proceeds from disposal of operating fixed assets	**5,932,203**	12,050,510
Investments in Term Deposit Receipts / Mutual Funds	**-**	(10,524,062)
Long-term deposits (paid) / refund	**(4,125,000)**	7,250,000
Net cash used in investing activities	**(209,869,066)**	(51,770,016)
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividends paid	**(88,593,747)**	(59,183,258)
Repayment of diminishing musharika - net	**(16,771,242)**	(60,326,405)
Obtained / (repayment) of lease liabilities - net	**36,550,102**	(214,816)
Increase / (decrease) in Short term borrowings - net	**251,069,897**	(78,764,093)
Net cash (used in) / generated from financing activities	**182,255,010**	(198,488,572)
Net (decrease) in cash and cash equivalents	**(143,042,289)**	33,595,704
Cash and cash equivalents at the beginning of the period	**267,862,572**	78,694,417
Cash and cash equivalents at the end of the period	**124,820,284**	112,290,121

The annexed notes from 1 to 16 form an integral part of these condensed interim financial statements.

Chief Executive **Chief Financial Officer** **Director**

MACPAC Films Limited

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

For the nine months ended March 31, 2024

1 STATUS AND NATURE OF BUSINESS

Macpac Films Limited (the Company) was incorporated on August 19, 1993, in Pakistan as a limited liability Company under the repealed Companies Ordinance, 1984 [now Companies Act, 2017 (the Act)] and is listed on the Pakistan Stock Exchange Limited. The registered office of the Company is situated at Plot no. 21, Maqboolabad, Jinnah Cooperative Housing Society, (J.C.H.S), Tipu Sultan Road, Karachi. The principal activity of the Company is to manufacture, produce, buy and sell plastic packaging films.

2 BASIS OF PREPARATION

2.1 Basis of measurement

These condensed interim financial statements have been prepared under the historical cost convention except as stated otherwise. In these financial statements, all the transactions are recorded on accrual basis except for the condensed interim statement of cash flows.

The comparative statement of financial position presented in these condensed interim financial statements as at March 31, 2024 has been extracted from the audited financial statements of the Company for the year ended June 30, 2023, whereas the comparative 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 have been extracted from the unaudited condensed interim financial statements of the Company for the nine months ended March 31, 2023.

These condensed interim financial statements of the Company do not include all of the information required for annual financial statements and should be read in conjunction with the annual financial statements of the Company as at and for the year ended June 30, 2023. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Company's financial position and performance since the last annual financial statements.

2.2 Statement of compliance

These condensed interim financial statements of the Company for the nine months ended March 31, 2024 has been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting. The accounting and reporting standards as applicable in Pakistan for interim financial reporting comprise of:

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

Where the provisions of and directives issued under the Companies Act, 2017 differ with the requirements of IAS 34 or IFAS, the provisions of and directives issued under the Companies Act, 2017 have been followed.

2.3 Functional and presentation currency

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

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

3 MATERIAL ACCOUNTING POLICIES

The material accounting policies and the methods of computation adopted in the preparation of these condensed interim financial statements are same as those applied in the preparation of the audited financial statements for the year ended June 30, 2023 and are in line with the amendments made to IAS 1 and IFRS Practice Statement 2.

3.1 **Change in accounting standards, interpretations and amendments to published approved accounting and reporting standards**

(a) New standards, amendments and interpretations to published approved accounting and reporting standards which are effective for the accounting periods beginning on or after July 01, 2023 are as follows:

- Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2) – the Board has issued amendments on the application of materiality to the disclosure of accounting policies and to help companies provide useful accounting policy disclosures. The key amendments to IAS 1 include:

  - requiring companies to disclose their material accounting policies rather than their significant accounting policies;
  - clarifying that accounting policies related to immaterial transactions, other events or conditions are themselves immaterial and as such need not be disclosed; and
  - clarifying that not all accounting policies that relate to material transactions, other events or conditions are themselves material to a Company's financial statements.

  The Board also amended IFRS Practice Statement 2 to include guidance and two additional examples on the application of materiality to accounting policy disclosures. The amendments are effective for annual reporting periods beginning on or after January 01, 2023 with earlier application permitted.

- Definition of Accounting Estimates (Amendments to IAS 8) introduce a new definition for accounting estimates clarifying that they are monetary amounts in the financial statements that are subject to measurement uncertainty. The amendments also clarify the relationship between accounting policies and accounting estimates by specifying that an entity develops an accounting estimate to achieve the objective set out by an accounting policy. The amendments are effective for periods beginning on or after January 01, 2023, with earlier application permitted, and will apply prospectively to changes in accounting estimates and changes in accounting policies occurring on or after the beginning of the first annual reporting period in which the company applies the amendments.

- Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12) narrow the scope of the initial recognition exemption (IRE) so that it does not apply to transactions that give rise to equal and offsetting temporary differences. As a result, companies will need to recognize a deferred tax asset and a deferred tax liability for temporary differences arising on initial recognition of a lease and a decommissioning provision. For leases and decommissioning liabilities, the associated deferred tax asset and liabilities will need to be recognized from the beginning of the earliest comparative period presented, with any cumulative effect recognized as an adjustment to retained earnings or other components of equity at that date. The amendments are effective for annual reporting periods beginning on or after January 01, 2023 with earlier application permitted.

- International Tax Reform – Pillar Two Model Rules (amendments to IAS 12) introduce following new disclosure requirements:

  - Once tax law is enacted but before top-up tax is effective: disclose information that is known or can be reasonably estimated and that help users of its financial statements to understand its exposure to Pillar Two income taxes at the reporting date. If information is not known or cannot be reasonably estimated at the reporting date, then the Company discloses a statement to that effect and information about its progress in assessing the Pillar Two exposure.
  - After top-up tax is effective: disclose current tax expense related to top-up tax.

The above standards, interpretations and amendments are not likely to have a significant impact on Company's condensed interim financial statements.

(b) Standards, Interpretations and Amendments to published approved accounting standards that are not yet effective

The following International Financial Reporting Standards (IFRS Standards) as notified under the Companies Act, 2017 and the amendments and interpretations thereto will be effective for accounting periods beginning on or after January 01, 2024:

- Classification of liabilities as current or non-current (amendments to IAS 1 in January 2020) apply retrospectively for the annual periods beginning on or after January 01, 2024 (as deferred vide amendments to IAS 1 in October 2022) with earlier application permitted. These amendments in the standards have been added to further clarify when a liability is classified as current. Convertible debt may need to be reclassified as 'current'. The standard also amends the aspect of classification of liability as non-current by requiring the assessment of the entity's right at the end of the reporting period to defer the settlement of liability for at least twelve months after the reporting period. An entity's expectation and discretion at the reporting date to refinance or to reschedule payments on a long-term basis are no longer relevant for the classification of a liability as current or non-current. An entity shall apply those amendments retrospectively in accordance with IAS 8.

- Non-current Liabilities with Covenants (amendment to IAS 1 in October 2022) aims to improve the information an entity provides when its right to defer settlement of a liability for at least twelve months is subject to compliance with conditions. The amendment is also intended to address concerns about classifying such a liability as current or non-current. Only covenants with which a company must comply on or before the reporting date affect the classification of a liability as current or non-current. Covenants with which the company must comply after the reporting date (i.e. future covenants) do not affect a liability's classification at that date. However, when non-current liabilities are subject to future covenants, companies will now need to disclose information to help users understand the risk that those liabilities could become repayable within 12 months after the reporting date. The amendments apply retrospectively for annual reporting periods beginning on or after January 01, 2024, with earlier application permitted. These amendments also specify the transition requirements for companies that may have early-adopted the previously issued but not yet effective 2020 amendments to IAS 1 (as referred above).

- Lease Liability in a Sale and Leaseback (amendment to IFRS 16 in September 2022) adds subsequent measurement requirements for sale and leaseback transactions that satisfy the requirements to be accounted for as a sale. The amendment confirms that on initial recognition, the seller-lessee includes variable lease payments when it measures a lease liability arising from a sale-and-leaseback transaction. After initial recognition, the seller-lessee applies the general requirements for subsequent accounting of the lease liability such that it recognizes no gain or loss relating to the right of use it retains. A seller-lessee may adopt different approaches that satisfy the new requirements on subsequent measurement. The amendments are effective for annual reporting periods beginning on or after 1 January 2024 with earlier application permitted. Under IAS 8, a seller-lessee will need to apply the amendments retrospectively to sale-and-leaseback transactions entered into or after the date of initial application of IFRS 16 and will need to identify and re-examine sale-and-leaseback transactions entered into since implementation of IFRS 16 in 2019, and potentially restate those that included variable lease payments. If an entity (a seller-lessee) applies the amendments arising from Lease Liability in a Sale and Leaseback for an earlier period, the entity shall disclose that fact.

- Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28) amend accounting treatment on loss of control of business or assets. The amendments also introduce new accounting for less frequent transaction that involves neither cost nor full step-up of certain retained interests in assets that are not businesses. The effective date for these changes has been deferred indefinitely until the completion of a broader review.

- Supplier Finance Arrangements (amendments to IAS 7 and IFRS 7) introduce two new disclosure objectives for a company to provide information about its supplier finance arrangements that would enable users (investors) to assess the effects of these arrangements on the company's liabilities and cash flows, and the company's exposure to liquidity risk. Under the amendments, companies also need to disclose the type and effect of non-cash changes in the carrying amounts of the financial liabilities that are part of a supplier finance arrangement. The amendments also add supplier finance arrangements as an example to the existing disclosure requirements in IFRS 7 on factors a company might consider when providing specific quantitative liquidity risk disclosures about its financial liabilities. The amendments are effective for periods beginning on or after January 01, 2024, with early application permitted. However, some relief from providing certain information in the year of initial application is available.

- Lack of Exchangeability (amendments to IAS 21) clarify:

  - when a currency is exchangeable into another currency; and
  - how a company estimates a spot rate when a currency lacks exchangeability.

  Further, companies will need to provide new disclosures to help users assess the impact of using an estimated exchange rate on the financial statements. These disclosures might include:

  - the nature and financial impacts of the currency not being exchangeable;
  - the spot exchange rate used;
  - the estimation process; and
  - risks to the company because the currency is not exchangeable.

  The amendments apply for annual reporting periods beginning on or after January 01, 2025. Earlier application is permitted.

The above standards, interpretations and amendments are not likely to have a significant impact on the Company's condensed interim financial statements.

4 USE OF JUDGEMENTS AND ESTIMATES

The preparation of these condensed interim financial statements requires management to make estimates, assumptions and use judgments that affect the application of policies and reported amounts of assets, liabilities, income and expenses. Estimates, assumptions and judgments are continually evaluated and are based on historical experience and other factors, including reasonable expectations of future events. Revisions to accounting estimates are recognised prospectively commencing from the period of revision. Judgments and estimates made by the management in the preparation of these condensed interim financial statements are the same as those that were applied to annual audited financial statements as at and for the year ended June 30, 2023.

5 PROPERTY, PLANT AND EQUIPMENT

	Note	March 31, 2024 (Un-audited)	June 30, 2023 (Audited)
		------------- (Rupees) -------------	
Operating fixed assets	5.1	**1,838,250,553**	1,862,853,575
Right-of-use assets	5.2	**51,864,693**	1,360,691
Capital work-in-progress (CWIP)	5.3	**91,216,555**	20,238,802
		1,981,331,801	1,884,453,068

5.1 Operating fixed assets

	Note	March 31, 2024 (Un-audited)	June 30, 2023 (Audited)
Opening book value		**1,862,853,575**	1,837,188,145
Additions / transfers during period / year	5.1.1	**81,800,250**	157,150,963
Disposals / transfers during the period / year at book value		**(12,020,118)**	(6,154,319)
Depreciation during the period / year		**(94,383,154)**	(125,331,214)
		1,838,250,553	1,862,853,575

5.1.1 Additions / transfers from CWIP to operating fixed assets

	March 31, 2024 (Un-audited)	June 30, 2023 (Audited)
Buildings on leasehold land	**6,569,207**	12,651,958
Plant and machinery	**54,715,943**	112,032,673
Furniture and fixtures	**1,141,700**	1,308,685
Electrical installations	**1,784,800**	2,690,770
Refrigeration and air conditioning	**1,303,110**	5,681,869
Generators	**663,723**	4,065,379
Office equipment	**8,562,255**	2,189,608
Computers	**4,186,359**	2,494,938
Motor vehicles	**2,873,153**	14,035,083
	81,800,250	157,150,963

5.2 Right-of-use assets

	March 31, 2024 (Un-audited)	June 30, 2023 (Audited)
As at 1 July	**1,360,691**	839,412
Additions	**59,400,420**	1,937,226
Adjustment	**-**	(839,412)
Depreciation during the period / year	**(8,896,418)**	(576,535)
	51,864,693	1,360,691

5.3 Capital work-in-progress

	March 31, 2024 (Un-audited)	June 30, 2023 (Audited)
Opening balance	**20,238,802**	110,044,604
Additions during the period / year	**80,792,936**	58,459,351
Transfers to operating fixed assets during the period / year	**(9,815,183)**	(148,265,153)
Closing balance	**91,216,555**	20,238,802

6 TRADE DEBTS

6.1 This includes an amount of Rs. 203.713 million (June 30, 2023: Rs.265.346 million) due from related parties.

7 SHORT TERM INVESTMENT

This includes investment in (TDRs) amounting to Rs.10.524 Million (June 30, 2023: Rs. 10.524 Million) at a rate of 16.5%. These TDRs are submitted as bank guarantee to SSGC being a security deposit.

8 PROVISION FOR GAS INFRASTRUCTURE DEVELOPMENT CESS

	March 31, 2024 (Un-audited)	June 30, 2023 (Audited)
	------------- (Rupees) -------------	
Gas Infrastructure Development Cess	**233,181,090**	224,573,316
Less: Current portion shown under current liabilities	**(233,181,090)**	(165,068,823)
	-	59,504,493

9 CONTINGENCIES AND COMMITMENTS

9.1 Contingencies

The status of contingencies as reported in the annual financial statements for the year ended June 30, 2023 remained unchanged during the current period except for following order:

The Commissioner Inland Revenue has passed an order no. STA/26/LTO/2023/14 dated November 17, 2023 in favor of the Company with direction of deletion of previous order passed by the Deputy Commissioner Inland Revenue under Section 11 of Sales Tax Act, 1990, which was disclosed in note no. 29.1.3 in annual financial statement as at June 30, 2023.

	Note	March 31, 2024 (Un-audited)	June 30, 2023 (Audited)
		(Rupees)	
9.2 Commitments			
Outstanding bank guarantees		**12,774,000**	11,873,412
Outstanding letters of credit	*9.2.1*	**442,543,990**	384,962,278

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

10 SALES - NET

	March 31, 2024 (Un-audited)	March 31, 2023 (Un-audited)
	(Rupees)	
Gross Sales		
- Local	**5,019,547,240**	4,640,449,730
- Exports	**31,646,228**	-
	5,051,193,468	4,640,449,730
Less: Sales tax	**(788,580,436)**	(698,955,570)
	4,262,613,032	3,941,494,160

11 FINANCE COSTS

This includes mark-up on financing arrangements of long term diminishing musharika and short term istisna arrangement of Rs. 5.129 million (2023: Rs. 12.268 million) and Rs. 44.091 million (2023: Rs. 53.432 million) respectively.

12 TRANSACTIONS AND BALANCES WITH RELATED PARTIES

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

Name of the related party	Basis of relationship	Transactions during the period	Nine months ended March 31, 2024	March 31, 2023
			(Un-audited)	
			(Rupees)	
TOYO Packaging (Private) Limited	Common Directorship	Sales	201,263,738	197,647,969
		Receipt	218,782,734	211,500,000
Hilal Foods (Private) Limited	Common Directorship	Sales	31,513,649	23,635,698
		Receipt	43,674,403	20,092,822
Shalimar Food Products	Common Directorship	Sales	21,843,967	6,288,480
		Receipt	16,697,158	6,094,758
Mac Business Solution (Private) Limited	Common Directorship	Sales	170,548,841	-
		Receipt	183,489,854	4,202,548
TGA Sustainability (Private) Limited	Common Directorship	Sales	104,821,013	243,902,498
		Receipt	128,980,304	207,156,618
		Rental income	3,621,420	2,617,200
Mac Properties (Private) Limited	Common Directorship	Rent charged	7,359,138	3,087,750
Board of Directors (executive and non-executive) and Key Management Personnel	Directors and Key management personnel	Salary and other benefits	88,199,596	64,213,200
		Office rent paid	-	6,175,500

13 FINANCIAL INSTRUMENTS - FAIR VALUES AND RISK MANAGEMENT

The Company's financial risk objectives and policies are consistent with those disclosed in the annual audited financial statements as at and for the year ended June 30, 2023.

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

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions (i.e. an exit price) regardless of whether that price is directly observable or estimated using another valuation technique.

The Company while assessing fair values uses valuation techniques that are appropriate in the circumstances using relevant observable data as far as possible and minimizing the use of unobservable inputs. Fair values are categorized into following three levels based on the input used in the valuation techniques;

- Level 1 Quoted prices in active markets for identical assets or liabilities that can be assessed at measurement.
- Level 2 Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).
- Level 3 Inputs are unobservable inputs for the asset or liability inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs).

If inputs used to measure the fair values of an asset or a liability fall into different levels then the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

Transfers, if any, between levels of the fair value hierarchy is recognized at the end of the reporting period during which the transfer has occurred. The Company's policy for determining when transfers between levels in the hierarchy have occurred includes monitoring of changes in market and trading activity and changes in inputs used in valuation techniques.

As at period end the fair value of all the financial assets and liabilities approximates to their carrying values. The Property, Plant and Equipment are stated at cost less accumulated depreciation and accumulated impairment losses, if any, except for leasehold land, which is stated at revalued amounts less accumulated impairment losses, if any. The Company does not expect that unobservable inputs may have significant effect on fair values. The fair values of the investment in mutual funds is determined based on the market value of the units at the reporting date included in the level 1 of the fair value hierarchy.

14 CORRESPONDING FIGURES

14.1 Corresponding figures have been rearranged and reclassified, wherever considered necessary, for the purpose of comparison, the effects of which are not material.

15 GENERAL

15.1 Segment Reporting

These condensed interim financial statements have been prepared on the basis of single reportable segment. Geographically, all the sales were carried out from Pakistan. All non-current assets of the Company as at March 31, 2024 are located in Pakistan.

16 DATE OF AUTHORISATION

These condensed interim financial statements were authorised and approved for issue on **April 25, 2024** by the Board of Directors of the Company.

Chief Executive	Chief Financial Officer	Director