



Nine Months Report

Period Ended March 31, 2024

illuminating your packaging journey

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CORPORATE INFORMATION BOARD OF DIRECTORS

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

ADVISOR

Mr. Sultan Ali Lakhani

AUDIT COMMITTEE

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

HUMAN RESOURCE AND REMUNERATION COMMITTEE

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

CHIEF EXECUTIVE OFFICER

Mr. Amir Ahmed Chapra

CHIEF FINANCIAL OFFICER

Mr. Umair Ahmed

COMPANY SECRETARY

Mr. Mansoor Ahmed

AUDITORS

BDO Ebrahim & Co.
Chartered Accountants

BANKERS - CONVENTIONAL

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

BANKERS - ISLAMIC

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

SHARES REGISTRAR

FAMCO Share Registration Services (Private) Limited

8-F, Near Hotel Faran, Nursery, Block-6, P.E.C.H.S., Shakra-e-Faisal, Karachi.
Website : www.famcosrs.com | Email : info.shares@famcosrs.com
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REGISTERED & HEAD OFFICE

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

KARACHI FACTORY

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

MARKETING DIVISIONS

Karachi Factory | Lahore Office

CONTACT US

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DIRECTORS' REPORT TO THE MEMBERS

Dear Shareholders,

The Board of Directors is pleased to present the financial results of the Company for the nine-months period ended March 31, 2024.

Overview

The Pakistani economy is showing modest signs of recovery, with a reduction in the Balance of Payments due to import rationing. However, the country is facing a severe financial crisis. Inflation is decreasing slowly, standing at 20.7% as of March 2024, but international events and conflicts could reverse this trend. The World Bank estimates Pakistan's real GDP growth at 1.8% for FY24, potentially increasing to around 2.5% over FY25. The State Bank of Pakistan has maintained a high discount rate of 22%, expecting to bring inflation down to the 5-7% range by September 2025. Despite signs of economic recovery, the situation remains precarious, with the government's negotiations with the IMF and other financial institutions being crucial for economic stability and growth.

Throughout the nine-month period under review, the Company demonstrated a modest uptick in performance, notwithstanding significant challenges. The revenue increase stemmed from price adjustments, however, the erosion of purchasing power among the general public contributed to a decline in the volume of FMCG sales, subsequently impacting the Company's overall sales figures.

Operating performance

Despite the economic hurdles, it's heartening to see that our company is advancing. Over the past nine months, the Net Revenue has impressively climbed to PKR 5.24 billion, marking an increase of 0.54 billion (11.5%) compared to the same period last year. Furthermore, we've seen an uptick in Gross margins, which have grown from 7.3% to 8.1% during this nine-month period.

The Company's operating profit has risen to PKR 244 million, marking an increase of PKR 35.57 million (17.1%) compared to the same period last year when it was PKR 208.43 million. However, financial charges for the period have offset the operating profit, amounting to PKR 291.65 million, compared to PKR 237.25 million during the same period last year. This increase in financial charges is primarily due to the upward adjustment of the discount rate on certain sponsors' loans upon roll-over. As a result, the Company reported a net loss of PKR 73.16 million (LPS: Re. 0.37) for the nine months ended March 2024, which is an improvement from the previous year's net loss of Rs. 91.61 million (LPS: Re. 0.46).

Update on Sale and leaseback of Land and Building

As of the date of this report, the process of sale and leaseback transactions is in progress. The necessary legal procedures are nearing completion. Consequently, the Land and Building are classified as Fixed Assets Held for Sale in these financial statements. The Company anticipates that the transaction will reach its conclusion by the end of May 2024. This transaction is expected to alleviate the additional financial charges on the Company's accounts, potentially boosting profitability in the upcoming fiscal year.

Future prospects

Looking ahead, the future prospects of the Pakistan economy appear promising yet challenging. The growth of Pakistan's economy is contingent on several factors, including the successful implementation of government fiscal reforms, cost cuts, and potential improvements in global energy prices. However, external factors such as global energy prices and climate change could impact Pakistan's economic performance. Despite positive indicators, the economic situation remains precarious, the government's ongoing negotiations with the IMF and other financial institutions are crucial for the country's economic stability and growth. In the face of these challenging times, our leadership team remains on high alert, proactively monitoring the evolving situations. We are committed to implementing the necessary strategies that will enable the Company to navigate skillfully through these complexities.

Acknowledgment

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

On behalf of the Board of Directors



Iqbal Ali Lakhani
Chairman



Amir Ahmed Chapra
Chief Executive Officer


Karachi: April 29, 2024

CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION

AS AT MARCH 31, 2024

		March 31, 2024	June 30, 2023
	Note	(Un-Audited)	(Audited)
----Rupees in thousands----			
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipments			
Operating fixed assets	6	2,787,408	4,292,848
Capital work in progress	8	89,004	138,068
		2,876,412	4,430,916
Intangible assets		175	244
Long-term deposits		12,249	12,249
Deferred tax asset		10,789	-
		2,899,625	4,443,409
CURRENT ASSETS			
Stores and spares		91,939	66,163
Stock-in-trade		651,344	763,975
Trade debts	9	1,415,558	1,443,551
Loans and advances		87,299	28,617
Trade deposits and short-term prepayments		12,425	1,915
Other receivables	10	28,288	28,050
Tax refund due from Government		335,870	295,611
Cash and bank balances		2,489	5,647
		2,625,212	2,633,529
Non-current assets held for sale		1,520,405	-
TOTAL ASSETS		7,045,242	7,076,938
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized share capital			
200,000,000 (June 30, 2023: 200,000,000) ordinary shares of Rs. 10/- each		2,000,000	2,000,000
Issued, subscribed and paid-up capital		1,999,584	1,999,584
Capital reserve			
Surplus on revaluation of property, plant and equipment		1,841,376	1,883,552
Equity portion of loan - associated company		873,295	622,382
Share Premium Reserve		298,325	298,325
Revenue reserves			
General reserves		106,800	106,800
Accumulated losses		(2,019,394)	(1,988,415)
		3,099,986	2,922,228
NON-CURRENT LIABILITIES			
Sub-ordinated loan		228,551	238,767
Long-term financing	11	1,089,518	1,299,815
Deferred taxation		-	29,464
		1,318,069	1,568,046
CURRENT LIABILITIES			
Trade and other payables		1,608,028	1,734,532
Mark-up accrued		44,795	48,159
Short-term borrowings		880,588	676,683
Current portion of long-term financing	11	93,647	127,161
Un-claimed dividend		129	129
		2,627,187	2,586,664
TOTAL EQUITY AND LIABILITIES		7,045,242	7,076,938
CONTINGENCIES AND COMMITMENTS			
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The annexed notes from 1 to 22 form an integral part of these condensed interim financial statements.



Iqbal Ali Lakhani
Director



Amir Ahmed Chapra
Chief Executive Officer



Umair Ahmed
Chief Financial Officer

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

FOR THE PERIOD ENDED MARCH 31, 2024

	Note	Nine months ended		Quarter ended	
		March 31 2024	March 31 2023	March 31 2024	March 31 2023
-----Rupees in thousands-----					
Sales - net	13	5,248,700	4,705,714	1,703,931	1,686,783
Cost of sales		(4,824,955)	(4,363,933)	(1,567,442)	(1,583,796)
Gross profit		423,745	341,781	136,489	102,987
General and administrative expenses		(109,028)	(77,089)	(41,014)	(25,635)
Selling and distribution expenses		(72,664)	(72,263)	(27,691)	(23,917)
Other income		11,788	22,374	2,645	9,872
Other operating expenses		(9,846)	(6,376)	(4,402)	(1,494)
		(179,750)	(133,354)	(70,462)	(41,174)
Operating profit		243,995	208,427	66,027	61,813
Financial charges		(291,647)	(237,248)	(76,380)	(72,633)
Loss before taxation		(47,652)	(28,821)	(10,353)	(10,820)
Taxation	14	(25,503)	(62,788)	(1,453)	(17,715)
Loss for the period		(73,155)	(91,609)	(11,806)	(28,535)
Loss per share - basic and diluted (Rupee)	15	(0.37)	(0.46)	(0.06)	(0.14)

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



Iqbal Ali Lakhani
Director



Amir Ahmed Chapra
Chief Executive Officer




Umair Ahmed
Chief Financial Officer

CONDENSED INTERIM STATEMENT OF **COMPREHENSIVE INCOME (UN-AUDITED)** FOR THE PERIOD ENDED MARCH 31, 2024

	Nine months ended		Quarter ended	
	March 31 2024	March 31 2023	March 31 2024	March 31 2023
	-----Rupees in thousands-----			
Loss for the period	(73,155)	(91,609)	(11,806)	(28,535)
Other comprehensive income	-	-	-	-
Total comprehensive loss for the period	<u>(73,155)</u>	<u>(91,609)</u>	<u>(11,806)</u>	<u>(28,535)</u>

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



Iqbal Ali Lakhani
Director



Amir Ahmed Chapra
Chief Executive Officer



Umair Ahmed
Chief Financial Officer

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY

FOR THE PERIOD ENDED MARCH 31, 2024

	Capital Reserves				Revenue Reserves			Sub Total	Total
	Issued, subscribed and paid-up capital	Surplus on revaluation of property, plant and equipment	Share Premium Reserve	Equity portion of loan from associated company	General Reserve	Accumulated losses	Sub Total		
-----Rupees in Thousands-----									
Balance as at July 01, 2022 (Audited)	1,999,584	799,735	298,325	521,202	1,619,262	106,800	(1,880,132)	(1,773,332)	1,845,514
Total comprehensive loss for the period ended Mar 31, 2023									
Loss for the period	-	-	-	-	-	-	(91,609)	(91,609)	(91,609)
Other comprehensive income	-	-	-	-	-	-	-	-	-
Transaction with owners									
Equity portion of loan	-	-	-	101,180	101,180	-	-	-	101,180
Transferred to unappropriated profit on account of incremental depreciation (net of tax)	-	(2,571)	-	-	(2,571)	-	2,571	2,571	-
Balance as at March 31, 2023 (Un-audited)	1,999,584	797,164	298,325	622,382	1,717,871	106,800	(1,969,170)	(1,862,370)	1,855,085
Balance as at July 01, 2023 (Audited)	1,999,584	1,883,552	298,325	622,382	2,804,259	106,800	(1,988,415)	(1,881,615)	2,922,228
Total comprehensive loss for the period ended Mar 31, 2024									
Loss for the period	-	-	-	-	-	-	(73,155)	(73,155)	(73,155)
Other comprehensive income	-	-	-	-	-	-	-	-	-
Transaction with owners									
Equity portion of loan	-	-	-	250,913	250,913	-	-	-	250,913
Transferred to unappropriated profit on account of incremental depreciation (net of tax)	-	(42,176)	-	-	(42,176)	-	42,176	42,176	-
Balance as at March 31, 2024 (Un-audited)	1,999,584	1,841,376	298,325	873,295	3,012,996	106,800	(2,019,394)	(1,912,594)	3,099,986

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



Iqbal Ali Lakhani
Director



Amir Ahmed Chapra
Chief Executive Officer



Umair Ahmed
Chief Financial Officer

CONDENSED INTERIM STATEMENT OF CASH FLOWS (UN-AUDITED)

FOR THE PERIOD ENDED MARCH 31, 2024

	Note	Nine months ended	
		March 31, 2024	March 31, 2023
----Rupees in thousands----			
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	16	282,867	359,009
Taxes paid		(49,926)	(20,798)
Financial charges paid		(176,635)	(127,881)
Long-term deposits, loans and advances - net		-	(7,242)
Net cash generated from operating activities		56,306	203,088
CASH FLOWS FROM INVESTING ACTIVITIES			
Fixed capital expenditure		(141,981)	(100,862)
Proceeds from sale of property, plant and equipment		99	98
Net cash used in investing activities		(141,882)	(100,764)
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of long-term financing - Banks		(121,487)	(176,365)
Ijarah lease rentals payment - net		-	(12)
Net cash used in financing activities		(121,487)	(176,377)
Net decrease in cash and cash equivalents		(207,063)	(74,053)
Cash and cash equivalents at beginning of the period		(671,036)	(692,019)
Cash and cash equivalents at end of the period		(878,099)	(766,072)
CASH AND CASH EQUIVALENTS:			
Cash and bank balances		2,489	7,038
Short-term borrowings		(880,588)	(773,110)
		(878,099)	(766,072)

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



Iqbal Ali Lakhani
Director



Amir Ahmed Chapra
Chief Executive Officer



Umair Ahmed
Chief Financial Officer

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

FOR THE PERIOD ENDED MARCH 31, 2024

1 NATURE AND STATUS OF THE COMPANY

- 1.1** Merit Packaging Limited ("the Company") was incorporated on January 28, 1980 in Pakistan as a public limited company under the repealed Companies Ordinance, 1984 (now Companies Act, 2017) and is listed on the Pakistan Stock Exchange. The Company is mainly engaged in the manufacture and sale of printing and packaging materials.
- 1.2** The Company incurred loss for the period ended March 31, 2024 amounting to Rs. 73.155 million (March 31, 2023: Rs. 91.609 million) and its accumulated losses as at March 31, 2024 stood at Rs. 2,019.394 million (June 30, 2023: Rs. 1,988.415 million). Overall performance of the company has been improved from last interim period as the Company has earned operating profit of Rs. 243.995 million (March 31, 2023: Rs. 208.427 million). The management's assessment to the said operating profit represents better market competitive margin from customers, increase in volume from existing customers and effective operational cost management. The Company has better prospects of future profitability as per its financial projections based on its current competitive position in the market.

2 GEOGRAPHICAL LOCATION AND ADDRESSES OF BUSINESS UNITS

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

3 BASIS OF PREPARATION

3.1 Statement of compliance

These condensed interim financial statements of the Company for the nine months ended March 31, 2024 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
- Provisions of and directives issued under the Companies Act, 2017 along with part VIIIA of the repealed Companies Ordinance, 1984; and

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

These condensed interim financial statements does not include all the information and disclosures required for the 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 annual financial statements.

The comparative statement of financial position presented in these condensed interim financial statements has been extracted from the annual 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 cash flows and condensed interim statement of changes in equity are extracted from the unaudited condensed interim financial information for the nine months ended March 31, 2023.

3.2 Functional and presentation currency

This condensed interim financial statements is presented in Pakistan rupee ('Rupees' or 'Rs.'), which is the Fund's functional and presentational currency.

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

FOR THE PERIOD ENDED MARCH 31, 2024

4 MATERIAL ACCOUNTING POLICIES

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.

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

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

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

Certain standards, amendments and interpretations to approved accounting standards are effective for accounting periods beginning on July 01, 2023, but are considered not to be relevant or expected to have any significant effect on the Company's operations (although they may affect the accounting for future transactions and events) and are, therefore, not detailed in these condensed interim financial statements.

b) Standards, amendments and interpretations to existing standards that are not yet effective and have not been early adopted by the Company

There are certain standards, amendments to the accounting standards and interpretations that are mandatory for the Company's accounting periods beginning on or after January 1, 2024, but are considered not to be relevant or expected to have any significant effect on the Company's operations and are, therefore, not detailed in these condensed interim financial statements.

5 ESTIMATES, JUDGEMENTS AND ASSUMPTIONS

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

5.2 Property, plant, and equipment

Depreciation is charged on property, plant, and equipment, except land, capitalized during the year from the month the asset is available for use up to the month immediately preceding the disposal.

During the period effective on July 01, 2023, the Company reassessed its accounting estimate for depreciation rate and depreciation method due to more experience, modern technology and to better reflect the consumption of the asset's economic benefits and align the accounting practices with industry best standards. The Company changes its depreciation method from the straight-line method to the reducing balance method. The revision of depreciation rate and change of depreciation method are accounted for prospectively as a change in the accounting estimate and has no retrospective effect on prior financial periods.

The change in estimate affect the current period and future years' depreciation charge, carrying amount of assets, and profit after tax. The effect of the change in estimate on current period and future years on the following:

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

FOR THE PERIOD ENDED MARCH 31, 2024

	Depreciation rate effective on July 01, 2023	Depreciation rate for year ended June 30, 2023
Buildings	10%	2% to 5.83%
Plant and machinery	7%	2.90% to 33.33%
Furniture and fixtures	10%	6.67% to 33.33%
Motor vehicles	10%	6.67% to 33.33%
Office equipment	10%	5.88% to 50%

Nature of the Change:

The change in depreciation rate and depreciation method involves changing of depreciation rate and the depreciation method from a straight line to a reducing balance method. This change is applied to the whole property, plant, and equipment except for computers and accessories which remained on a straight-line basis. The decision to make this change is based on a thorough review of the company's accounting policies and a determination that the new method better reflects the pattern in which the assets contribute to the entity's future economic benefits.

		March 31, 2024 (Un-Audited)	June 30, 2023 (Audited)
		---Rupees in thousands---	
6 OPERATING FIXED ASSETS	Note		
Opening net book value (NBV)		4,292,848	2,911,270
Additions during the period / year at cost	6.1	191,045	179,593
Revaluation surplus recognized during the period / year		-	1,391,501
		4,483,893	4,482,364
Disposals during the period / year at NBV		(100)	(106)
Transferred to assets held for sale	7	(1,520,405)	-
Depreciation charge for the period / year		(175,980)	(189,410)
		(1,696,485)	(189,516)
Closing net book value (NBV)		2,787,408	4,292,848

6.1 Detail of additions (at cost) during the period / year are as follows:

Building / improvements on leasehold land	84,254	87,022
Plant and machinery	41,425	56,806
Furniture and fixtures	13,495	3,223
Office equipment	10,578	25,981
Computer equipment	5,118	5,937
Electrical installation	36,175	624
	191,045	179,593

6.2 In accordance with International Accounting Standard (IAS) 8, the entity has revised its depreciation method, constituting a change in accounting estimate. The company has transitioned from the previous depreciation method, Straight Line Method, to the new depreciation method, Reducing Balance Method, effective from July 01, 2023. The change is prospective and has no retrospective effect on prior financial periods.

This change is deemed necessary to better reflect the consumption of the asset's economic benefits and align our accounting practices with industry best standards. The adoption of the reducing balance method is expected to provide a more accurate representation of the economic realities of our business operations.

Had there been no change in the accounting estimate, the loss before tax for the period ended March 31, 2024 would have been higher by Rs 63.457 million and carrying value of property, plant and equipment as at that date would have been lower by Rs 63.457 million.

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

FOR THE PERIOD ENDED MARCH 31, 2024

6.3 The Board of Directors of the Company in their meeting held on January 09, 2024 approved the disposal of the Land and Factory Building thereon keeping in view the analyses of the Audit Committee, the fair market value recommendations by valuation firms in Pakistan. The Board of Directors resolved the same considering the liabilities of the Company and made note of the maturity of loans due on the Company. The Board would like to continue operation uninterruptedly and a related group entity has agreed to purchase and leaseback the land and factory building to allow the company to maintain continuous operations. The Board of Directors of the Company approved a simultaneous arrangement of the sale of Land and Building and leaseback from its related party, SIZA Services (Private) Limited, to settle the pressing liabilities of the company. Under the arrangement, land and factory building of the company will be sold for an aggregate sale consideration of Rs. 1,554 million assessed by the independent valuer. The matter was considered at the Extraordinary General Meeting (EOGM) held on February 15, 2024. The transaction was approved by the members at the EOGM.

The proceeds from this arrangement will be utilized to settle the loans towards the lenders, including the related parties. The company is completing legal formalities to complete the transaction. The transaction is expected to be completed in the month of May 2024.

7 NON-CURRENT ASSETS CLASSIFIED AS HELD FOR SALE

Non-current assets (or disposal groups) are classified as assets held-for-sale if their carrying amount will be recovered principally through a sale transaction rather than continuing use and a sale is considered highly probable. They are measured at the lower of their carrying amount and fair value less costs to sell. An impairment loss is recognized for any initial or subsequent write-down of the asset (or disposal group) to fair value less costs to sell.

A gain is recognized for any subsequent increases in fair value less costs to sell of an asset (or disposal group), but not in excess of any cumulative impairment loss previously recognized. A gain or loss not previously recognized by the date of the sale of the non-current asset (or disposal group) is recognized at the date of derecognition.

Non-current assets (including those that are part of a disposal group) are not depreciated or amortized while they are classified as held for sale. Non-current assets classified as held for sale and the assets of a disposal group classified as held for sale are presented separately from the other assets in the statement of financial position. The liabilities of a disposal group classified as held for sale are presented separately from other liabilities in the statement of financial position.

The carrying value of the Land and Building amounting to Rs. 1,112 million and Rs. 408 million respectively has been re-classified as non-current assets held for sale in accordance with IFRS 5 and has been carried at fair value.

		March 31, 2024 (Un-Audited)	June 30, 2023 (Audited)
	Note	----Rupees in thousands----	
8 CAPITAL WORK IN PROGRESS			
This comprises of:			
Civil works		81,785	138,068
Plant and machinery		7,219	-
	8.1	89,004	138,068
8.1 Movement of carrying amount			
Opening balance		138,068	77,260
Additions (at cost) during the period / year		141,981	240,401
		280,049	317,661
Transfer to operating fixed assets during the period / year		(191,045)	(179,593)
Closing balance		89,004	138,068
9 TRADE DEBTS			
Unsecured - considered good			
Due from associated companies		591,051	570,135
Others		824,507	873,416
		1,415,558	1,443,551
Unsecured - considered doubtful			
Others		48,681	48,681
Allowance for expected credit losses		(48,681)	(48,681)
		1,415,558	1,445,574

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

FOR THE PERIOD ENDED MARCH 31, 2024

10 OTHER RECEIVABLES

This includes Rs. Nil (June 30, 2023: Rs. 0.360 million) due from associated company.

11 LONG TERM FINANCING

Secured

From banking companies
Less: Current portion shown under current liabilities

Unsecured - From associated undertaking

Opening balance
Add : Notional mark up
Less : Present value adjustment

	March 31, 2024 (Un-Audited)	June 30, 2023 (Audited)
----Rupees in thousands----		
	163,883	285,370
	(93,647)	(127,161)
	70,236	158,209
	1,141,606	1,113,225
	100,756	129,560
	(223,080)	(101,179)
	1,019,282	1,141,606
	1,089,518	1,299,815

11.1 During the period, long term loan agreements with Siza Private Limited amounting to Rs. 750 million has been revised. As per revised agreement, the long-term interest-free loan liability has been converted into an on-demand loan facility. The on-demand loan facility is subject to repayment upon demand by the lender, without any specific maturity date. This conversion is reflected in the company's financial statements for the reporting period ending March 2024.

12 CONTINGENCIES AND COMMITMENTS

12.1 Contingencies

There were no contingencies as at March 31, 2024.

12.2 Commitments

There are commitments amounting to Rs. 27 million against the purchase of capital stores, spares and raw materials under contractual obligation as at March 31, 2024. (June 30, 2023: Rs. 31.67 million).

13 SALES - NET

Gross sales
Local sales
Less:
Sales tax
Sales return

	Nine months ended		Quarter ended	
	March 31, 2024	March 31, 2023	March 31, 2024	March 31, 2023
-----Rupees in thousands-----				
	6,200,862	5,508,056	2,014,094	1,973,442
	(944,766)	(799,972)	(306,708)	(285,620)
	(7,396)	(2,370)	(3,455)	(1,039)
	(952,162)	(802,342)	(310,163)	(286,659)
	5,248,700	4,705,714	1,703,931	1,686,783

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

FOR THE PERIOD ENDED MARCH 31, 2024

	Nine months ended		Quarter ended	
	March 31, 2024	March 31, 2023	March 31, 2024	March 31, 2023
-----Rupees in thousands-----				
14 TAXATION				
Current	65,756	59,101	21,332	21,213
Prior	-	44,709	-	(5,181)
Deferred	(40,253)	(41,022)	(19,879)	1,683
	<u>25,503</u>	<u>62,788</u>	<u>1,453</u>	<u>17,715</u>

14.1 Provision for current taxation is based on minimum / turnover tax at the current rates of taxation after taking into account tax credits (if any). Income subject to final tax has been taxed accordingly.

14.2 Total deferred tax liability arising due to timing difference calculated at applicable tax rates as at reporting date amounted to Rs. 369.128 million (June 30, 2023: Rs. 263.119 million). Out of this balance, deferred tax asset amounting to Rs. 358.339 million (June 30, 2023: Rs. 292.583 million) has not been recognized in these financial statements in accordance with the stated accounting policy of the Company.

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

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

	Nine months ended		Quarter ended	
	March 31, 2024	March 31, 2023	March 31, 2024	March 31, 2023
Loss for the period (Rupees in thousand)	(73,155)	(91,609)	(11,806)	(28,535)
Weighted average number of ordinary shares (in thousand)	199,958	199,958	199,958	199,958
Loss per share (Rupee)	<u>(0.37)</u>	<u>(0.46)</u>	<u>(0.06)</u>	<u>(0.14)</u>

16 CASH GENERATED FROM OPERATIONS

Loss before taxation

Adjustment for non-cash and other items:

Financial charges

Depreciation

Amortization

Loss on disposal of property, plant and equipment

Government grants

Ijarah lease rentals

Profit before working capital changes

Working capital changes

Note	Nine months ended	
	March 31, 2024	March 31, 2023
	----Rupees in thousands----	
	(47,652)	(28,821)
	291,647	237,248
	175,980	141,303
	69	145
	1	(16)
	-	(294)
	-	12
	<u>467,697</u>	<u>378,398</u>
	420,045	349,577
16.1	<u>(137,178)</u>	<u>9,432</u>
	<u>282,867</u>	<u>359,009</u>

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

FOR THE PERIOD ENDED MARCH 31, 2024

16.1 Working capital changes

(Increase) / decrease in current assets:

	March 31, 2024	March 31, 2023
Stores and spares	(25,776)	(14,877)
Stock-in-trade	112,631	(157,518)
Trade debts	27,993	(321,153)
Loans and advances	(58,682)	(43,211)
Trade deposits and short term prepayments	(10,510)	(7,462)
Other receivables	(238)	(3,061)
Tax refund due from Government	(56,090)	(14,212)
	(10,672)	(561,494)

(Decrease) / increase in current liabilities:

Trade and other payables	(126,506)	570,926
	(137,178)	9,432

17 TRANSACTIONS WITH RELATED PARTIES

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

Nature of transaction	Nature of Relation	Basis of Relation	Nine months ended		Quarter ended	
			March 31, 2024	March 31, 2023	March 31, 2024	March 31, 2023
---Rupees in thousands---						
Sales of goods, Services and Reimbursement of expenses:						
Colgate Palmolive Pakistan Limited	Associated company	Common Director	2,309,455	1,803,023	718,055	724,779
Century Paper & Board Mills Limited	Associated company	Common Director	132,019	147,448	39,028	54,431
Cyber Internet Services (Private) Limited	Associated company	Common Director	-	60	-	-
Caraway (Private) Limited	Associated company	Common Director	5,500	1,197	1,829	555
SIZA Foods (Private) Limited	Associated company	Common Director	1,396	-	-	-
Purchase of goods, services and Reimbursement of expenses:						
Century Paper & Board Mills Limited	Associated company	Common Director	2,507,394	2,700,716	778,903	894,642
Century Insurance Company Limited	Associated company	Common Director	18,518	17,494	7,745	5,435
Princeton Travels (Private) Limited	Associated company	Common Director	3,107	928	621	380
Lakson Business Solutions Limited	Associated company	Common Director	3,021	2,036	1,007	631
SIZA Services (Private) Limited	Associated company	Common Director and 24.20% shares held	2,607	1,971	869	657
Cyber Internet Services (Private) Limited	Associated company	Common Director	2,051	1,558	620	579
Sybrid (Private) Limited	Associated company	Common Director	43	1,348	43	75
Rent & Other Allied Charges						
Hassanali & Gulbano Lakhani Foundation	Associated company	Trustee	299	131	94	19
Insurance claim						
Century Insurance Company Limited	Associated company	Common Director	1,703	1,062	603	303
Others						
Remuneration and other benefits		Key Management Personnel	20,422	12,679	7,697	4,712
Contribution to Staff Retirement Benefit Plans		Employees Fund	5,369	6,923	777	2,410

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

FOR THE PERIOD ENDED MARCH 31, 2024

	March 31, 2024 (Un-Audited)	June 30, 2023 (Audited)
	----Rupees in thousands----	
17.2 Period / year end balances:		
Receivable from associated companies	591,051	570,135
Payable to associated companies	847,654	964,124
Long-term financing from associated company	1,019,282	1,141,605
Sub-ordinated loan	228,551	238,767

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

18 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

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

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

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

19 FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS

The carrying values of all financial assets and liabilities reflected in the condensed interim financial statements approximate their fair values. Fair value is the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

20 CORRESPONDING FIGURES

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

21 GENERAL

21.1 Figures have been rounded off to the nearest thousand rupees unless stated otherwise.

22 DATE OF AUTHORIZATION FOR ISSUE

These condensed interim financial statements were authorized for issue by the Board of Directors of the Company on April 29, 2024



Iqbal Ali Lakhani
Director



Amir Ahmed Chapra
Chief Executive Officer



Umair Ahmed
Chief Financial Officer