

MACPAC FILMS LIMITED

CONDENSED INTERIM FINANCIAL STATEMENTS

FOR THE PERIOD ENDED

DECEMBER 31, 2020

MACPAC FILMS LIMITED

DIRECTORS' REPORT

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

Assalam-o-Alaikum

Dear Members,

The Board of Directors of your Company is pleased to present the un-audited condensed interim financial statements of the Company for the half year ended December 31, 2020.

Financial Reporting

"Your Company has recorded net sales of PKR 1,441.692 Mn during the period as compared to PKR 1,152.804 Mn for the same period last year. This result in increase of Gross Profit from PKR 39.757 Mn for the corresponding period to PKR 230.393 Mn this period under review reflecting 479.5% increase.

Alhamdulillah the Company has made PKR 92.079 Mn profit after tax during the period as compared to net loss of PKR 9.627 Mn for the same period last year. The main contributor, other than increased gross profit, is also the reduction of 36.8% in finance cost from PKR 76.153 Mn to PKR 48.049 Mn in current period.

Earnings per share for the period is PKR 1.55 as compared to PKR (0.16) loss per share during the same period last year.

Future Outlook

During the period, Alhamdulillah, despite the challenges posed, the Company has managed to increase its sales value by 25.08% as compared to corresponding period last year and by 21.6% as compared to second quarter last year. Furthermore, sales volume has increased significantly by 58.67% as compared to corresponding period last year and by 52.87% as compared to second quarter volume in last year. This indicates that Alhamdulillah Company is well on its track and ready to accept future challenges.

Going forward, we believe that with increased demand, improved economic indicators including stable exchange rates, reduced finance costs along with effective business strategies, your Company will achieve its targets and also the expectation of its stakeholders in times to come, In Sha Allah.

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 and Bankers for their co-operation & continued support.

The Directors are also pleased to record their appreciation of the valuable and untiring efforts and services rendered by the staff of the Company."

On behalf of the Board



CHIEF EXECUTIVE



DIRECTOR

February 18, 2021



KPMG Taseer Hadi & Co.
Chartered Accountants
Sheikh Sultan Trust Building No. 2, Beaumont Road
Karachi 75530 Pakistan
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INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of MACPAC Films Limited

Report on review of Condensed Interim Financial Statements

Introduction

We have reviewed the accompanying condensed interim statement of financial position of MACPAC Films Limited ("the Company") as at December 31, 2020 and the related condensed interim statement of profit or loss, condensed interim statement comprehensive income, condensed interim statement of changes in equity, and condensed interim statement of cash flows, and notes to the condensed interim financial statements for the six-months period then ended (here-in-after referred to as the "condensed interim financial statements"). Management is responsible for the preparation and presentation of these condensed 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 condensed interim financial statements based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of condensed 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 as applicable in Pakistan 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 condensed interim financial statements is not prepared, in all material respects, in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting.



KPMG Taseer Hadi & Co.

Other matters

The financial statements of the Company for the six months period ended December 31, 2019 and for the year ended June 30, 2020 were reviewed and audited by another firm of chartered accountants who through their reports dated February 29, 2020 and October 5, 2020, expressed an unmodified conclusion and unmodified opinion thereon.

The figures of the condensed interim financial statements for the quarter ended December 31, 2020 and December 31, 2019 have not been reviewed and we do not express a conclusion thereon.

The engagement partner on the engagement resulting in this independent auditor's review report is Muhammad Taufiq.

Date: 26 February 2021

Karachi

KPMG Taseer Hadi - 1
KPMG Taseer Hadi & Co.
Chartered Accountants

MACPAC Films Limited
Condensed Interim Statement of Financial Position
As at December 31, 2020

	Note	December 31, 2020 (Un-audited)	June 30, 2020 (Audited)
		----- (Rupees) -----	
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	7	1,902,283,908	1,935,662,870
Intangible assets		574,547	638,385
Long-term deposits		11,537,730	11,537,730
Deferred tax asset - net		-	1,318,676
		<u>1,914,396,185</u>	<u>1,949,157,661</u>
CURRENT ASSETS			
Stock-in-trade		406,244,329	328,537,630
Trade debts	8	451,344,044	258,326,902
Loans and advances		42,126,925	13,694,680
Trade deposits, short-term prepayments and other receivables		63,544,147	192,000,549
Tax refund due from Government - net		155,852,952	214,040,523
Cash and bank balances		28,519,053	18,194,200
		<u>1,147,631,450</u>	<u>1,024,794,484</u>
TOTAL ASSETS		<u>3,062,027,635</u>	<u>2,973,952,145</u>
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
AUTHORISED SHARE CAPITAL			
70,000,000 (June 30, 2019: 70,000,000) ordinary shares of Rs.10/- each		<u>700,000,000</u>	<u>700,000,000</u>
Issued, subscribed and paid-up capital		593,011,500	593,011,500
Capital reserve		173,566,620	173,566,620
Revenue reserve		(85,712,527)	(177,791,039)
Surplus on revaluation of property, plant and equipment		623,040,000	623,040,000
		<u>1,303,905,593</u>	<u>1,211,827,081</u>
NON-CURRENT LIABILITIES			
Diminishing musharika arrangement		210,265,869	257,243,452
Lease liabilities		5,983,672	12,362,069
Deferred income		4,325,212	6,511,668
Deferred tax liability - net		20,376,258	-
Staff retirements benefits – staff gratuity		40,722,050	41,526,179
Other long-term liabilities		138,749,682	103,582,639
		<u>420,422,743</u>	<u>421,226,007</u>
CURRENT LIABILITIES			
Trade and other payables		851,352,173	732,579,376
Short-term borrowings		268,575,418	356,347,488
Accrued mark-up		16,315,125	16,365,792
Unclaimed dividend		735,328	883,624
Current portion of non-current liabilities		200,721,255	234,722,777
		<u>1,337,699,299</u>	<u>1,340,899,057</u>
TOTAL LIABILITIES		<u>1,758,122,042</u>	<u>1,762,125,064</u>
TOTAL EQUITY AND LIABILITIES		<u>3,062,027,635</u>	<u>2,973,952,145</u>

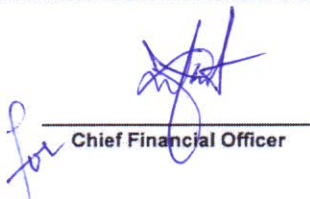
CONTINGENCIES AND COMMITMENTS

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

KMM


Chief Executive


for Chief Financial Officer


Director

MACPAC Films Limited

Condensed Interim Statement of Profit or Loss (Un-audited)

For the six and three months period ended December 31, 2020

	Six months period ended		Three months period ended	
	December 31, 2020	December 31, 2019	December 31, 2020	December 31, 2019
	(Rupees)			
Turnover - net	1,441,692,396	1,152,804,131	737,306,432	606,013,354
Cost of sales	(1,211,298,995)	(1,113,047,322)	(610,411,991)	(569,601,716)
Gross profit	230,393,401	39,756,809	126,894,441	36,411,638
Administrative expenses	(56,587,129)	(41,031,724)	(30,092,606)	(22,483,756)
Marketing and selling expenses	(11,751,061)	(13,259,832)	(5,887,722)	(6,813,703)
Impairment loss on trade debts	-	(992,704)	-	(992,704)
Finance costs	10 (48,049,924)	(76,153,360)	(23,266,914)	(40,945,402)
Other operating expenses	(8,288,087)	(2,990,401)	(8,049,245)	(1,859,654)
Other income	11 25,611,050	29,774,956	16,169,098	8,658,689
Profit / (Loss) before taxation	131,328,250	(64,896,256)	75,767,052	(28,024,892)
Taxation	(39,249,738)	55,269,157	(24,165,099)	62,104,042
Profit / (Loss) after taxation	92,078,512	(9,627,099)	51,601,953	34,079,150
Earnings / (Loss) per share - basic and diluted	1.55	(0.16)	0.87	0.57

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


Chief Executive


for Chief Financial Officer


Director

MACPAC Films Limited

Condensed Interim Statement of Comprehensive Income (Un-audited)

For the six and three months period ended December 31, 2020

	Six months period ended		Three months period ended	
	December 31, 2020	December 31, 2019	December 31, 2020	December 31, 2019
	----- (Rupees) -----			
Profit / (Loss) for the period	92,078,512	(9,627,099)	51,601,953	34,062,408
Other comprehensive income, net of tax	-	-	-	-
Total comprehensive income / (loss) for the period	<u>92,078,512</u>	<u>(9,627,099)</u>	<u>51,601,953</u>	<u>34,062,408</u>

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

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Chief Executive

for 

Chief Financial Officer



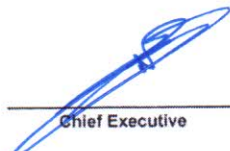
Director

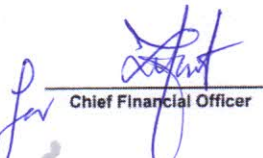
MACPAC Films Limited
 Condensed Interim Statement of Changes in Equity (Un-audited)
 For the six months period ended December 31, 2020

	Share Capital	Capital Reserves		Revenue reserve	Total reserves	Total
	Issued, subscribed and paid-up capital	Share premium reserve	Revaluation Surplus	Un-appropriated profits / (losses)		
	(Rupees)					
Balance as at July 01, 2019 - (Audited)	593,011,500	173,566,620	-	(113,939,276)	59,627,344	652,638,844
Loss for the period	-	-	-	(9,627,099)	(9,627,099)	(9,627,099)
Other comprehensive income, net of tax	-	-	-	-	-	-
Total comprehensive loss	-	-	-	(9,627,099)	(9,627,099)	(9,627,099)
Balance as at December 31, 2019 (Un-audited)	<u>593,011,500</u>	<u>173,566,620</u>	<u>-</u>	<u>(123,566,375)</u>	<u>50,000,245</u>	<u>643,011,745</u>
Balance as at July 01, 2020 - (Audited)	593,011,500	173,566,620	623,040,000	(177,791,039)	618,815,581	1,211,827,081
Profit for the period	-	-	-	92,078,512	92,078,512	92,078,512
Other comprehensive income, net of tax	-	-	-	-	-	-
Total comprehensive income	-	-	-	92,078,512	92,078,512	92,078,512
Balance as at December 31, 2020 (Un-audited)	<u>593,011,500</u>	<u>173,566,620</u>	<u>623,040,000</u>	<u>(85,712,527)</u>	<u>710,894,093</u>	<u>1,303,905,593</u>

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

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 Chief Executive


 Chief Financial Officer


 Director

MACPAC Films Limited
Condensed Interim Statement of Cashflows (Un-audited)
For the six months period ended December 31, 2020


	Six months period ended	
	December 31, 2020	December 31, 2019
	----- (Rupees) -----	
CASH FLOWS GENERATED FROM OPERATIONS		
Profit / (Loss) before taxation	131,328,250	(64,896,256)
Adjustments for non-cash and other items:		
Depreciation	65,802,637	64,484,339
Amortisation	63,838	79,800
Gain on discount of Gas Infrastructure Development Cess (GIDC)	(4,015,813)	-
Amortisation of deferred income	(2,186,456)	(2,168,376)
Exchange (gain) / loss - unrealised	(2,662,600)	(2,900,059)
(Gain) / Loss on sale of fixed asset	(4,561,691)	728,907
Provision for gratuity	10,397,601	7,159,948
Finance costs	48,049,924	76,153,360
	110,887,440	143,537,919
Changes in working capital		
<i>Decrease / (increase) in current assets:</i>		
Stock-in-trade	(77,706,699)	47,978,201
Trade debts	(193,017,142)	71,255,268
Sales tax refundable	(830,514)	-
Loans and advances	(28,432,245)	(11,307,526)
Trade deposits, short-term prepayments and other receivables	128,456,402	(2,428,739)
	(171,530,198)	105,497,204
<i>(Decrease) / increase in current liability:</i>		
Trade and other payables	121,435,397	(96,274,352)
	192,120,889	87,864,515
Cashflows generated from operations		
Income tax refund / (paid) - net	56,270,266	(47,960,448)
Gratuity paid	(11,201,730)	(914,666)
Finance costs paid	(48,100,591)	(70,466,276)
	(3,032,055)	(119,341,390)
Net cashflows generated from / (used in) operating activities	189,088,834	(31,476,875)
CASH FLOWS FROM INVESTING ACTIVITIES		
Fixed capital expenditures	(42,964,662)	(12,993,153)
Proceeds from disposal of operating fixed assets	12,415,295	1,200,000
Long-term deposits paid	-	(3,561,112)
Net cashflows used in investing activities	(30,549,367)	(15,354,265)
CASH FLOW FROM FINANCING ACTIVITIES		
Dividends paid	(148,296)	(457,401)
Repayment of diminishing musharika - net	(46,973,234)	(36,976,834)
Repayment of lease liabilities - net	(13,321,014)	(11,646,724)
Repayment of short term borrowings - net	(87,772,070)	48,680,370
Net cashflows used in financing activities	(148,214,614)	(400,589)
Net increase / (decrease) in cash and cash equivalents	10,324,853	(47,231,729)
Cash and cash equivalents at the beginning of the period	18,194,200	52,982,605
Cash and cash equivalents at the end of the period	28,519,053	5,750,876
Cash and cash equivalents		
Cash and bank balances	28,519,053	15,734,717
Running finance under mark-up arrangements	-	(9,983,841)
	28,519,053	5,750,876

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

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Chief Executive



Chief Financial Officer



Director

MACPAC Films Limited

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

For the six months period ended December 31, 2020

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 # 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 These condensed interim financial statements of the Company for the six months period ended December 31, 2020 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.

- 2.2 These condensed interim financial statements have been prepared under the historical cost convention except as disclosed elsewhere.
- 2.3 These condensed interim financial statements are unaudited and are being submitted to the shareholders as required under section 237 of the Companies Act, 2017 and the listing regulations of the Pakistan Stock Exchange Limited. These condensed interim financial statements comprise of the statement of financial position as at 31 December 2020 and statement of profit or loss, statement of comprehensive income, statement of changes in equity and statement of cash flows for the six months period ended 31 December 2020.
- 2.4 The comparative statement of financial position presented in these condensed interim financial statements as at 30 June 2020 has been extracted from the audited financial statements of the Company for the year ended 30 June 2020, whereas the comparative statement of profit or loss, statement of comprehensive income, statement of changes in equity and statement of cash flows for the six months period ended 31 December 2019 have been extracted from the unaudited condensed interim financial statements for the period then ended.
- 2.5 These condensed interim financial statements of the Company does 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, 2020. 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 audited financial statements.
- 2.6 These condensed interim financial statements are presented in Pakistan Rupee which is also the Company's functional currency and all financial statements presented in Pakistani Rupee have been rounded off to the nearest rupee, unless otherwise stated.

3. SIGNIFICANT ACCOUNTING POLICIES

3.1 The accounting policies and the methods of computation adopted in the preparation of this condensed interim financial information are the same as those applied in the preparation of the audited financial statements for the year ended June 30, 2020.



4. NEW OR AMENDMENTS / INTERPRETATIONS TO EXISTING STANDARDS, INTERPRETATION AND FORTHCOMING REQUIREMENTS

There are new and amended standards and interpretations that are mandatory for accounting periods beginning July 01, 2020, but are considered not to be relevant or do not have any significant effect on the Company's financial position and are therefore not stated in this condensed interim financial statements.

5. 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 01 January 2021:

- COVID-19-Related Rent Concessions (Amendment to IFRS 16) – the International Accounting Standards Board (the Board) has issued amendments to IFRS 16 (the amendments) to provide practical relief for lessees in accounting for rent concessions. The amendments are effective for periods beginning on or after 1 June 2020, with earlier application permitted. Under the standard's previous requirements, lessees assess whether rent concessions are lease modifications and, if so, apply the specific guidance on accounting for lease modifications. This generally involves remeasuring the lease liability using the revised lease payments and a revised discount rate. In light of the effects of the COVID-19 pandemic, and the fact that many lessees are applying the standard for the first time in their financial statements, the Board has provided an optional practical expedient for lessees. Under the practical expedient, lessees are not required to assess whether eligible rent concessions are lease modifications, and instead are permitted to account for them as if they were not lease modifications. Rent concessions are eligible for the practical expedient if they occur as a direct consequence of the COVID-19 pandemic and if all the following criteria are met:
 - the change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;
 - any reduction in lease payments affects only payments originally due on or before 30 June 2021; and
 - there is no substantive change to the other terms and conditions of the lease.
- Interest Rate Benchmark Reform – Phase 2 which amended IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 is applicable for annual financial periods beginning on or after 1 January 2021, with earlier application permitted. The amendments introduce a practical expedient to account for modifications of financial assets or financial liabilities if a change results directly from IBOR reform and occurs on an 'economically equivalent' basis. In these cases, changes will be accounted for by updating the effective interest rate. A similar practical expedient will apply under IFRS 16 for lessees when accounting for lease modifications required by IBOR reform. The amendments also allow a series of exemptions from the regular, strict rules around hedge accounting for hedging relationships directly affected by the interest rate benchmark reforms. The amendments apply retrospectively with earlier application permitted. Hedging relationships previously discontinued solely because of changes resulting from the reform will be reinstated if certain conditions are met.
- Onerous Contracts – Cost of Fulfilling a Contract (Amendments to IAS 37) effective for the annual period beginning on or after 1 January 2022 amends IAS 1 by mainly adding paragraphs which clarify what comprise the cost of fulfilling a contract. Cost of fulfilling a contract is relevant when determining whether a contract is onerous. An entity is required to apply the amendments to contracts for which it has not yet fulfilled all its obligations at the beginning of the annual reporting period in which it first applies the amendments (the date of initial application). Restatement of comparative information is not required, instead the amendments require an entity to recognize the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings or other component of equity, as appropriate, at the date of initial application.
- The following annual improvements to IFRS standards 2018-2020 are effective for annual reporting periods beginning on or after 1 January 2022.
 - IFRS 9 – The amendment clarifies that an entity includes only fees paid or received between the entity (the borrower) and the lender, including fees paid or received by either the entity or the lender on the other's behalf, when it applies the '10 per cent' test in paragraph B3.3.6 of IFRS 9 in assessing whether to derecognize a financial liability.
 - IFRS 16 – The amendment partially amends Illustrative Example 13 accompanying IFRS 16 by excluding the illustration of reimbursement of leasehold improvements by the lessor. The objective of the amendment is to resolve any potential confusion that might arise in lease incentives.

- IAS 41 – The amendment removes the requirement in paragraph 22 of IAS 41 for entities to exclude taxation cash flows when measuring the fair value of a biological asset using a present value technique.
- Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16) effective for the annual period beginning on or after January 1, 2022. Clarifies that sales proceeds and cost of items produced while bringing an item of property, plant and equipment to the location and condition necessary for it to be capable of operating in the manner intended by management e.g. when testing etc, are recognized in profit or loss in accordance with applicable Standards. The entity measures the cost of those items applying the measurement requirements of IAS 2. The standard also removes the requirement of deducting the net sales proceeds from cost of testing. An entity shall apply those amendments retrospectively, but only to items of property, plant and equipment that are brought to the location and condition necessary for them to be capable of operating in the manner intended by management on or after the beginning of the earliest period presented in the financial statements in which the entity first applies the amendments. The entity shall recognize the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate) at the beginning of that earliest period presented.
- Reference to the Conceptual Framework (Amendments to IFRS 3) - Reference to the Conceptual Framework, issued in May 2020, amended paragraphs 11, 14, 21, 22 and 23 of and added paragraphs 21A, 21B, 21C and 23A to IFRS 3. An entity shall apply those amendments to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 January 2022. Earlier application is permitted if at the same time or earlier an entity also applies all the amendments made by Amendments to References to the Conceptual Framework in IFRS Standards, issued in March 2018.
- Extension of the Temporary Exemption from Applying IFRS 9 (Amendments to IFRS 4) - In response to concerns regarding temporary accounting mismatches and volatility, and increased costs and complexity, the Board issued amendments to IFRS 4 Insurance Contracts in 2017. The two optional solutions raised some considerations which required detailed analysis and management judgement. On the issue of IFRS 17 (Revised) Insurance Contracts in June 2020, the end date for applying the two options under the IFRS 4 amendments was extended to 1 January 2023, aligned with the effective date of IFRS 17.
- Classification of liabilities as current or non-current (Amendments to IAS 1) effective for the annual period beginning on or after 1 January 2022. These amendments in the standards have been added to further clarify when a liability is classified 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 shall apply those amendments retrospectively in accordance with IAS 8.
- Sale or Contribution of Assets between an investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28) – The amendment amends 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.

The above amendments and annual improvements are not likely to have an impact on these financial statements.

6. ACCOUNTING ESTIMATES, JUDGEMENTS AND FINANCIAL RISK MANAGEMENT

The preparation of these condensed interim financial statements in conformity with approved accounting standards requires management to make estimates, assumptions and use judgements that affect the application of policies and reported amounts of assets and liabilities, income and expenses. Actual result may differ from these estimates. Estimates, assumptions and judgements 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.

Judgements and estimates made by the management in the preparation of these condensed interim financial statements are the same as those that were applied to financial statements as at and for the year ended 30 June 2020.

The Company's financial risk management objectives and policies are consistent with that disclosed in the audited financial statement as at and for the year ended 30 June 2020.

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7. PROPERTY, PLANT AND EQUIPMENT		December 31, 2020 (Un-audited)	June 30, 2020 (Audited)
	Note	----- (Rupees) -----	
Operating fixed assets	7.1	1,774,255,876	1,805,100,200
Right-of-use assets	7.2	116,540,535	121,756,182
Capital work-in-progress	7.3	11,487,497	8,806,488
		<u>1,902,283,908</u>	<u>1,935,662,870</u>
7.1 Operating fixed assets			
Opening book value		1,805,100,200	1,303,968,285
Additions / transfers during period / year	7.1.1	36,136,133	140,539,675
Revaluation		-	623,040,000
Disposals / transfers during the period / year at book value		(7,853,604)	(8,961,901)
Reclassified to ROU assets on initial application of IFRS - 16		-	(136,049,160)
Depreciation during the period / year		(59,126,853)	(117,436,699)
		<u>1,774,255,876</u>	<u>1,805,100,200</u>
7.1.1 Additions / transfers to property, plant and equipment			
Buildings on leasehold land		-	2,630,115
Plant and machinery		17,863,028	107,282,146
Furniture and fixtures		252,960	26,400
Electrical installations		801,885	123,390
Refrigeration and air conditioning		162,000	619,508
Generators		-	21,661,468
Office equipment		1,039,991	1,571,203
Computers		433,700	332,900
Motor vehicles		15,582,569	6,292,545
		<u>36,136,133</u>	<u>140,539,675</u>
7.2 Right-of-use assets			
As at 1 July		121,756,182	-
Impact of initial application		-	137,069,478
Addition to right-of-use assets		1,460,137	-
Depreciation during the period / year		(6,675,784)	(15,313,296)
		<u>116,540,535</u>	<u>121,756,182</u>
7.3 Capital work-in-progress			
Opening balance		8,806,488	111,709,801
Additions during period / year		14,665,617	21,386,748
Transfers to operating fixed assets during the period / year		(11,984,608)	(124,290,061)
Closing balance		<u>11,487,497</u>	<u>8,806,488</u>

8. TRADE DEBTS

8.1 This includes an amount of Rs. 109.258 million (June 30, 2020: Rs. 79.304 million) due from related parties.

9. CONTINGENCIES AND COMMITMENTS

9.1 Contingencies

There have been no significant changes in the status of contingencies as reported in the annual financial statements for the year ended June 30, 2020.

9.2 Commitments		December 31, 2020 (Un-audited)	June 30, 2020 (Audited)
	Note	----- (Rupees) -----	
Outstanding bank guarantees		11,873,412	11,873,412
Outstanding letters of credit	9.2.1	132,465,494	185,181,245

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



10. FINANCE COSTS

This includes mark-up on financing arrangements of long term diminishing musharika and short term istisna arrangement of Rs. 15.587 million (2019 : Rs. 23.043 million) and Rs. 1.689 million (2019 : Rs. 15.846 million) respectively.

11. OTHER INCOME

This includes exchange gain - net of Rs 9.458 million (2019 : Rs. 23.024 million) and discount of Gas Infrastructure Development Cess (GIDC) of Rs. 4.016 million (2019 : Rs. Nil) respectively.

12. TRANSACTIONS WITH RELATED PARTIES

The related parties of the Company comprises 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	Relationship	Transactions during the period	Six months period ended	
			December 31, 2020	December 31, 2019
			----- (Un-audited) -----	
			----- (Rupees) -----	
TOYO Packaging (Pvt.) Ltd.	Common Directorship	Sales Receipt	70,272,868 40,532,939	77,978,090 63,361,765
Hilal Foods (Pvt.) Ltd.	Common Directorship	Sales Receipt	6,522,136 6,637,581	6,364,894 7,982,215
Shalimar Food Products (Pvt.) Ltd.	Common Directorship	Sales Receipt	2,613,314 2,078,526	1,046,066 1,395,588
Board of Directors (executive and non-executive) and Key Management Personnel	Key management personnel	Salary and other benefits Retirement benefits Office rent charged	37,939,504 2,704,919 3,210,000	17,531,082 478,904 3,000,000

12.1 Remuneration of key management personnel are in accordance with their terms of employment.

13. FAIR VALUES

Financial Assets & Financial Liabilities

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.

Non financial assets measured at fair value	Date of valuation	Valuation approach and inputs used	Inter-relationship between significant unobservable input and fair value measurement
<i>Revalued property, plant and equipment</i>			
- Land	30 June 2020	The valuation has been carried out by the independent valuer based on prevailing market condition, market information from different real estate agents from within the same vicinity and relevant factors affecting saleability of the land.	The fair value are subject to change owing to changes in input. However, management does not expect there to be a material sensitivity to the fair value arising from the non-observable inputs.

14. OPERATING SEGMENTS

These condensed interim financial statements have been prepared on the basis of single reportable segment.

15. DATE OF AUTHORISATION

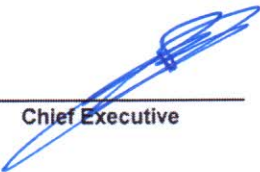
These condensed interim financial statements were authorized for issue on 18-February, 2021 by the Board of Directors of the Company.

16. GENERAL

Corresponding figures have been reclassified, wherever considered necessary, for the purpose of comparison and to reflect the substance of the transaction. However, there are no material reclassification to report.

All figures have been rounded off to the nearest rupee, unless otherwise stated.

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Chief Executive



Chief Financial Officer



Director