



MACPAC FILMS LIMITED

**CONDENSED INTERIM
FINANCIAL STATEMENTS**

**FOR THE PERIOD ENDED
DECEMBER 31, 2023**

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
UAN +92-21-111-MFL (635)-111

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 your Company are pleased to present the un-audited financial statement of the Company for the half year ended December 31, 2023.

Overview of the Economy

The outgoing last two years were a challenging period for the country characterized by significant financial turmoil and the most acute economic crisis we have ever encountered. It began with political-economic crisis, leading to falling foreign exchange reserves. In order to stabilize the economic situation of the country, the Government made its utmost effort to resume the ongoing IMF program, implementing several policy actions including raising fuel, electricity and gas prices, market determined exchange rate policy, imposing high taxation measures to improve tax collection and increasing the discount rate to decade high of 22% to combat inflationary pressure. These measures resulted in an unprecedented level of inflation, reaching a peak of 38% in history and significantly affected the purchasing power.

To combat the situation of falling foreign exchange reserves and the rising current account deficit of the country, varying levels of import restrictions were imposed by the State Bank of Pakistan. While this move did halt the increasing trend of the current account deficit, it resulted in serious challenges for industries relying fully or partially on imported materials. The effect of these import restrictions created a spiral impact on the economy, affecting businesses across various sectors.

Amidst these difficulties, we remain optimistic about the potential for positive change. The proposed structural changes by the International Monetary Fund (IMF) have the potential to pave the way for improved financial discipline and stability in our economy.

The measures suggested by the IMF, such as increasing electricity and gas prices and gradually phasing out subsidies, are aimed at addressing the pressing economic issues and reducing the burden on the national budget. While these changes may present short-term challenges, they are essential steps towards achieving long-term sustainability.

Your Company proactively implemented various strategies and plans to mitigate the prevailing challenges impacting 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. We hold the utmost confidence in the strength and perseverance of our team to navigate any challenges and adapt to changing economic scenarios with ease.

WEB: www.macpacfilms.com

FAX: +92-21-34305810

UAN: +92-21-111-635-111

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, in spite of all the challenges and negative factors, your Company managed to increase its Net Revenue by 11.72% during the period as compared to same period last year (SPLY) by focusing on high margin product mix. Your Company recorded Net Revenue of PKR 2,894.8 Mn during the period under review as compared to PKR 2,591.0 Mn for SPLY. The Gross Profit of the Company stood at PKR 580.2 Mn during the period as compared to PKR 562.8 Mn in corresponding period, representing a Gross Profit margin of 20.04% in the current period as compared to 21.72% in SPLY.

Accordingly, the Company achieved Net Profit of PKR 178.3 Mn during the period as compared to PKR 172.1 Mn for SPLY, representing a Net Profit margin of 6.16% in the current period as compared to 6.64% in SPLY. The Company was able to maintain its growth momentum and had an increase in bottom-line profitability even after absorbing the impact of currency fluctuation, higher gas and power rates, finance cost and super tax.

Similarly, the earnings per share of your Company for the half year ended December 31, 2023 is PKR 3.01 as compared to PKR 2.90 during the same period last year.

ESG initiatives

As a responsible corporate citizen, your Company supports ESG and other health care initiatives. To promote well-being in our organization, your Company partnered with a local health organisation to educate people on physical and mental health. Your Company also funded different education institutes aiming to assist underprivileged segments of our society on merit. Your Company launched Wellness Assistance Program, which helps our employees achieve personal and professional excellence by fostering a healthy and wellness culture.

Your Company follows and raises awareness of HSE regulations and guidelines by conducting regular training programs and safety audits to find and resolve potential risks and also works consistently on initiatives to reduce the environmental impact of our operations and has collaborated with TGA Sustainability (Pvt) Ltd. to help achieve the goal of providing recycling solutions for industrial and consumer waste

Future Outlook

Industrial demand is expected to remain under pressure for the short term however, the management of your Company is optimistic that the economic measures announced by the government would yield positive and multifaced benefits. Other challenges include, inflationary pressures, currency fluctuation, volatile exchange rates, higher tax incidence, higher interest rates, and high power & freight costs.

Currently, your Company is proactively managing the challenges stated above and is focused on implementing effective business strategies to remain sustainable and meet stakeholder expectations, Insha'Allah.

On the export front, your Company aims to expand its footprint which will enable the Company to partially mitigate the impact of commodity prices and exchange rate volatility and also prove to be a catalyst in sustaining 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

February 28, 2024





KPMG Taseer Hadi & Co.
Chartered Accountants
Sheikh Sultan Trust Building No. 2, Beaumont Road
Karachi 75530 Pakistan
+92 (21) 37131900, Fax +92 (21) 35685095

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 31 December 2023 and the related condensed interim statement of profit or loss, condensed interim statement of comprehensive income, condensed interim statement of changes in equity, and condensed interim statement of cash flows, and notes to the condensed interim financial statements for the six-month period then ended (here-in- after-referred to as "interim financial statements"). Management is responsible for the preparation and presentation of this interim financial statements in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on these interim financial statements based on our review.

Scope of Review

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

Conclusion

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

Other Matter

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



KPMG Taseer Hadi & Co.

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

Date: 28 February 2024

Karachi


UDIN: RR202310106EQyitXWSM


KPMG Taseer Hadi & Co.
Chartered Accountants

MACPAC Films Limited
Condensed Interim Statement of Financial Position
As at December 31, 2023

	December 31, 2023 (Un-audited)	June 30, 2023 (Audited)
Note	----- (Rupees) -----	
ASSETS		
NON-CURRENT ASSETS		
Property, plant and equipment	5 2,005,408,389	1,884,453,068
Intangible assets	752,508	836,118
Long-term deposits	16,901,285	12,776,285
	<u>2,023,062,182</u>	<u>1,898,065,471</u>
CURRENT ASSETS		
Stock-in-trade	1,138,390,388	1,165,508,058
Stores and spares	38,363,529	46,579,607
Trade debts	6 619,101,498	860,411,242
Loans and advances-unsecured, considered good	69,090,088	70,212,808
Short term deposits, prepayments and other receivables	191,001,058	265,503,892
Taxation - net	70,042,696	33,316,703
Short Term Investment	7 27,656,180	10,524,062
Cash and bank balances	87,907,575	267,862,572
	<u>2,241,553,012</u>	<u>2,719,918,944</u>
TOTAL ASSETS	<u>4,264,615,194</u>	<u>4,617,984,415</u>
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	<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	592,989,532	503,635,441
Surplus on revaluation of property, plant and equipment	623,040,000	623,040,000
	<u>1,982,607,652</u>	<u>1,893,253,561</u>
NON-CURRENT LIABILITIES		
Diminishing musharika arrangement	20,182,367	31,585,665
Lease liabilities	49,761,084	776,392
Deferred taxation - net	197,228,238	193,206,958
Staff retirement benefits - staff gratuity	91,717,426	80,878,191
Provision for Gas Infrastructure Development Cess	8 -	59,504,493
	<u>358,889,115</u>	<u>365,951,699</u>
CURRENT LIABILITIES		
Trade and other payables	1,382,786,681	1,920,245,161
Short-term borrowings - secured	263,862,746	213,821,187
Accrued mark-up	9,902,527	6,696,989
Unclaimed dividend	1,211,189	550,336
Unpaid dividend	-	302,875
Current portion of non-current liabilities	265,355,284	217,162,607
	<u>1,923,118,427</u>	<u>2,358,779,155</u>
TOTAL LIABILITIES	<u>2,282,007,542</u>	<u>2,724,730,854</u>
CONTINGENCIES AND COMMITMENTS		
TOTAL EQUITY AND LIABILITIES	<u>4,264,615,194</u>	<u>4,617,984,415</u>

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 six months and three months ended December 31, 2023

	Note	Six months ended		Three months ended	
		December 31, 2023	December 31, 2022	December 31, 2023	December 31, 2022
		(Rupees)			
Sales - Net	10	2,894,807,113	2,591,011,936	1,432,649,490	1,350,402,073
Cost of sales		(2,314,600,952)	(2,028,176,913)	(1,193,795,448)	(1,060,442,217)
Gross profit		580,206,161	562,835,023	238,854,042	289,959,856
Administrative expenses		(148,866,543)	(91,349,709)	(79,159,690)	(47,707,782)
Marketing and selling expenses		(70,785,824)	(50,825,664)	(39,064,191)	(24,984,101)
Finance costs	11	(71,344,146)	(77,423,433)	(37,928,913)	(44,455,678)
Other operating expenses		(14,022,320)	(100,181,806)	8,444,811	(20,177,696)
Other income		16,247,963	15,486,341	8,974,311	4,918,376
Profit before taxation		291,435,291	258,540,752	100,120,370	157,552,975
Taxation		(113,129,475)	(86,419,122)	(38,516,656)	(51,886,906)
Profit after taxation		178,305,816	172,121,630	61,603,714	105,666,069
Earnings per share - basic and diluted		3.01	2.90	1.04	1.78

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 Comprehensive Income (Un-audited)

For the six months and three months ended December 31, 2023

	Six months ended		Three months ended	
	December 31, 2023	December 31, 2022	December 31, 2023	December 31, 2022
	----- (Rupees) -----			
Profit for the period	178,305,816	172,121,630	61,603,714	105,666,069
Other comprehensive income, net of tax	-	-	-	-
Total comprehensive income for the period	<u>178,305,816</u>	<u>172,121,630</u>	<u>61,603,714</u>	<u>105,666,069</u>

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 six months ended December 31, 2023

	Share Capital	Capital Reserves		Revenue Reserve	Total reserves	Total
	Issued, subscribed and paid-up capital	Share premium reserve	Revaluation Surplus	Un-appropriated (losses) / profits		
----- (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
Total comprehensive income for the period						
Profit for the period	-	-	-	172,121,630	172,121,630	172,121,630
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)
Other comprehensive income, net of tax	-	-	-	-	-	-
Total comprehensive income for the period	-	-	-	112,820,483	112,820,483	112,820,483
Balance as at December 31, 2022 (Un-audited)	593,011,500	173,566,620	623,040,000	299,740,940	1,096,347,560	1,689,359,060
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
Total comprehensive income for the period						
Profit for the period	-	-	-	178,305,816	178,305,816	178,305,816
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	-	-	-	89,354,091	89,354,091	89,354,091
Balance as at December 31, 2023 (Un-audited)	593,011,500	173,566,620	623,040,000	592,989,532	1,389,596,152	1,982,607,652

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 six months ended December 31, 2023

	Six months ended	
	December 31, 2023	December 31, 2022
	----- (Rupees) -----	
CASH FLOWS GENERATED FROM OPERATIONS		
Profit before taxation	291,435,291	258,540,752
Adjustments for non-cash and other items:		
Depreciation	68,089,102	59,783,380
Amortisation	83,610	40,854
Exchange (gain) / loss- unrealised	(1,693,798)	9,767,989
Gain on sale of fixed asset	(46,658)	(4,796,491)
Provision for gratuity	17,416,041	14,696,640
Finance costs	71,344,146	77,423,433
	155,192,443	156,915,805
Changes in working capital		
<i>(Increase) / decrease in current assets:</i>		
Stock-in-trade	27,117,670	97,488,301
Stores and Spares	8,216,078	(23,707,342)
Trade debts	241,309,744	(112,140,630)
Sales tax refundable	(36,725,993)	5,205,392
Loans and advances	1,122,720	(3,865,720)
Short term deposits, prepayments and other receivables	74,502,834	(7,428,369)
	315,543,053	(44,448,368)
<i>Increase in current liability:</i>		
Trade and other payables	(530,386,653)	(229,322,229)
	231,784,134	141,685,960
Cashflows generated from operations		
Income tax paid	(109,108,194)	(61,191,483)
Gratuity paid	(6,576,808)	(4,994,116)
Finance costs paid	(68,138,608)	(72,536,734)
	(183,823,610)	(138,722,333)
Net cash generated from operating activities	47,960,524	2,963,627
CASH FLOWS FROM INVESTING ACTIVITIES		
Fixed capital expenditures	(189,026,165)	(35,468,273)
Proceeds from disposal of operating fixed assets	28,400	10,790,510
Investments in Term Deposit Receipts / Mutual Funds	(17,132,118)	(10,524,062)
Long-term deposits (paid) / refund	(4,125,000)	2,250,000
Net cash used in investing activities	(210,254,883)	(32,951,825)
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividends paid	(88,593,747)	(58,996,275)
Repayment of diminishing musharika - net	(33,200,930)	(36,319,549)
Obtained / (repayment) of lease liabilities - net	54,092,480	(214,816)
Increase / (decrease) in Short term borrowings - net	50,041,559	104,635,901
Net cash (used in) / generated from financing activities	(17,660,638)	9,105,261
Net (decrease) in cash and cash equivalents	(179,954,997)	(20,882,937)
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	87,907,575	57,811,480

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 six months ended December 31, 2023

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 December 31, 2023 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 six months ended December 31, 2022.

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 six months ended December 31, 2023 has been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting. The accounting and reporting standards as applicable in Pakistan for interim financial reporting comprise of:

- International 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.

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- 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		December 31, 2023 (Un-audited)	June 30, 2023 (Audited)
		Note	----- (Rupees) -----	
	Operating fixed assets	5.1	1,873,405,524	1,862,853,575
	Right-of-use assets	5.2	55,488,205	1,360,691
	Capital work-in-progress (CWIP)	5.3	76,514,660	20,238,802
			<u>2,005,408,389</u>	<u>1,884,453,068</u>
5.1	Operating fixed assets			
	Opening book value		1,862,853,575	1,837,188,145
	Additions / transfers during period / year	5.1.1	73,823,640	157,150,963
	Disposals / transfers during the period / year at book value		(455,495)	(6,154,319)
	Depreciation during the period / year		(62,816,196)	(125,331,214)
			<u>1,873,405,524</u>	<u>1,862,853,575</u>
5.1.1	Additions / transfers from CWIP to operating fixed assets			
	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		585,645	2,189,608
	Computers		4,186,359	2,494,938
	Motor vehicles		2,873,153	14,035,083
			<u>73,823,640</u>	<u>157,150,963</u>
5.2	Right-of-use assets			
	As at 1 July		1,360,691	839,412
	Additions		59,400,420	1,937,226
	Adjustment		-	(839,412)
	Depreciation during the period / year		(5,272,906)	(576,535)
			<u>55,488,205</u>	<u>1,360,691</u>
5.3	Capital work-in-progress			
	Opening balance		20,238,802	110,044,604
	Additions during the period / year		66,091,041	58,459,351
	Transfers to operating fixed assets during the period / year		(9,815,183)	(148,265,153)
	Closing balance		<u>76,514,660</u>	<u>20,238,802</u>
6	TRADE DEBTS			
6.1	This includes an amount of Rs. 141.194 million (June 30, 2023: Rs.265.346 million) due from related parties.			
7	SHORT TERM INVESTMENT	Note	December 31, 2023 (Un-audited)	June 30, 2023 (Audited)
			----- (Rupees) -----	
	Investment in Term Deposit Receipt - at amortised cost	7.1	10,524,062	10,524,062
	Investment in Mutual Fund - at fair value through profit or loss	7.2	17,132,118	-
			<u>27,656,180</u>	<u>10,524,062</u>

- 7.1 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.
- 7.2 During the period, the company made an investment in Meezan Daily Income Fund. As of December 31, 2023, the number of units held is 342,642, with a market value of Rs 17.132 million.

	December 31, 2023 (Un-audited)	June 30, 2023 (Audited)
	----- (Rupees) -----	
8 PROVISION FOR GAS INFRASTRUCTURE DEVELOPMENT CESS		
Gas Infrastructure Development Cess	229,951,345	224,573,316
Less: Current portion shown under current liabilities	(229,951,345)	(165,068,823)
	<u> -</u>	<u> 59,504,493</u>

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.

	<i>Note</i>	December 31, 2023 (Un-audited)	June 30, 2023 (Audited)
		----- (Rupees) -----	
9.2 Commitments			
Outstanding bank guarantees		<u>12,774,000</u>	<u>11,873,412</u>
Outstanding letters of credit	9.2.1	<u>411,846,829</u>	<u>384,962,278</u>

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

10 SALES - NET

	December 31, 2023 (Un-audited)	December 31, 2022 (Un-audited)
	----- (Rupees) -----	
Gross Sales		
- Local	3,416,423,325	3,046,660,897
- Exports	14,015,585	-
	<u>3,430,438,910</u>	<u>3,046,660,897</u>
Less: Sales tax	(535,631,797)	(455,648,961)
	<u>2,894,807,113</u>	<u>2,591,011,936</u>

11 FINANCE COSTS

This includes mark-up on financing arrangements of long term diminishing musharika and short term istisna arrangement of Rs. 3.197 million (2022: Rs. 9.116 million) and Rs. 32.688 million (2022: Rs. 38.574 million) respectively.

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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	Six months ended	
			December 31, 2023	December 31, 2022
			----- (Un-audited) ----- ----- (Rupees) -----	
TOYO Packaging (Private) Limited	Common Directorship	Sales Receipt	112,338,159 172,590,374	120,181,427 127,500,000
Hilal Foods (Private) Limited	Common Directorship	Sales Receipt	23,668,042 33,393,896	18,640,616 11,012,205
Shalimar Food Products	Common Directorship	Sales Receipt	15,658,916 12,293,909	4,432,169 1,560,368
Mac Business Solution (Private) Limited	Common Directorship	Sales Receipt	111,794,623 129,989,854	- 4,202,548
TGA Sustainability (Private) Limited	Common Directorship	Sales Receipt Rental income	65,659,228 105,003,361 2,414,280	192,342,550 156,306,618 1,744,800
Mac Properties (Private) Limited	Common Directorship	Rent charged	6,793,050	6,175,500
Board of Directors (executive and non-executive) and Key Management Personnel	Directors and Key management personnel	Salary and other benefits	49,521,357	36,687,640
Name of the related party	Basis of relationship	Nature of outstanding balances	December 31, 2023 (Un-audited)	June 30, 2023 (Audited)
----- (Rupees) -----				
TOYO Packaging (Private) Limited	Common Directorship	Receivable	44,036,507	104,288,723
Hilal Foods (Private) Limited	Common Directorship	Receivable	7,166,433	16,892,289
Shalimar Food Products	Common Directorship	Receivable	4,852,352	1,487,346
Mac Business Solution (Private) Limited	Common Directorship	Receivable	11,498,156	29,693,387
TGA Sustainability (Private) Limited	Common Directorship	Receivable	73,640,212	112,984,345

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).

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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 December 31, 2023 are located in Pakistan.

16 DATE OF AUTHORISATION

These condensed interim financial statements were authorised and approved for issue on FEB 28th, 2024 by the Board of Directors of the Company.



Chief Executive

Chief Financial Officer

Director