

# Synthetic Products Enterprises Limited

*Condensed Interim Financial Statements*

*31 March 2019*

## Company Information

### The Board of Directors

Mr. Almas Hyder	Chairman
Mr. Zia Hyder Naqi	CEO
Dr. S. M. Naqi	Director
Dr. Syed Salman Ali Shah	Director
Mr. Muhammad Tabassum Munir	Director
Mr. Khawar Anwar Khawaja	Director
Mr. Raza Haider Naqi	Director
Mr. Sheikh Naseer Hyder	Director
Mr. Abid Saleem Khan	Director
Dr. Nighat Arshad	Director

### Chief Financial Officer

Mr. Khalil Ahmad Hashmi FCA

### Company Secretary

Mr. Muhammad Kamran Farooq

### Audit Committee

Dr. Syed Salman Ali Shah	Committee Chairman
Mr. Almas Hyder	Member
Dr. S. M. Naqi	Member
Mr. Muhammad Tabassum Munir	Member
Mr. Raza Haider Naqi	Member

### HR & R Committee

Mr. Khawar Anwar Khawaja	Committee Chairman
Mr. Almas Hyder	Member
Mr. Zia Hyder Naqi	Member
Mr. Abid Saleem Khan	Member

### Finance Committee

Mr. Almas Hyder	Committee Chairman
Dr. Syed Salman Ali Shah	Member
Mr. Khawar Anwar Khawaja	Member
Mr. Zia Hyder Naqi	Member
Mr. Muhammad Tabassum Munir	Member
Mr. Sheikh Naseer Hyder	Member

### Registered Office

127-S, Quid-e-Azam Industrial  
Estate Kot Lakhpat Lahore  
Ph: 042 111 005 005  
Fax: 024-35118507

### Statutory Auditors

KPMG Taseer Hadi & Co.  
Chartered Accountants

### Head of Internal Audit

Mr. Abu Bakar ACA

### Tax Advisors

A. F. Ferguson & Co.  
Chartered Accountants

### Legal Advisors

Cornelius Lane and Mufti

### Share Registrar

THK Associates (Private) Limited  
1st Floor, 40-C Block 6, P.E.C.H.S.,  
Karachi,  
Phone: +92 (21) 111-000-322  
Email: [secretariat@thk.com.pk](mailto:secretariat@thk.com.pk)

### Bankers

Habib Bank Limited  
MCB Bank Limited  
Standard Chartered Bank (Pakistan)  
Limited  
Bank Islami Pakistan Limited  
United Bank Limited  
Meezan Bank Limited  
Allied Bank Limited

### Factory

4-km Off Feroz Pur Road Raiwind  
Lilliani Link Road, Pandoki Lahore.

### Stock Symbol

SPEL

### Website

[www.spelgroup.com](http://www.spelgroup.com)

**SYNTHETIC PRODUCTS ENTERPRISES LIMITED**

Directors' Review of the Condensed Interim Financial Statements

For the Nine Months &amp; Quarter ended 31 March 2019

**Dear Shareholders,**

The Directors of Synthetic Products Enterprises Limited are pleased to present your Company's reviewed condensed interim financial information for the nine months and quarter ended 31 March 2019 along with the Directors' review thereon.

**Financial Analysis**

The Company has recorded an increase in the revenue of 9% compared to the same period of last year despite increasingly difficult economic conditions and competitive pressures. However the net profit has been impacted by higher input cost resulting from forex devaluation, increased cost of raw materials and other inflationary pressures.

The financial performance of the Company during the period under review is summarized below:

	Nine Months Ended		Quarter Ended	
	31 Mar 2019 PKR Millions	31 Mar 2018 PKR Millions	31 Mar 2019 PKR Millions	31 Mar 2018 PKR Millions
Sales – net	2,291.7	2,094.1	741.4	745.9
Cost of Sales	1,882.0	1,625.8	604.8	599.0
Gross Profit	409.6	468.2	136.5	146.9
Operating Profit	243.5	307.7	80.8	96.0
Profit after tax	165.9	238.9	49.8	76.8
EPS – Basic (PKR)	1.95	2.81	0.59	0.90

During the period under review, the company has invested an amount of Rs.196.8 million for expansion and BMR of the manufacturing facilities as planned.

**Near Term Outlook**

Despite the uncertainties in the economy we are positive on the stability of our markets and inherent strengths and abilities of the Company's management to develop strategies to maintain the pattern of growth.

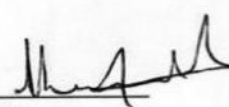
SPEL remains committed to supplying quality products and delivering on time to its customers as it is our promise of reliability.

**Acknowledgement**

We would like to thank our valued customers for their confidence and trust in the Company's products. We are also thankful to all other stakeholders including dealers, suppliers, bankers, shareholders and employees for providing continuous support.

  
Chief Executive Officer

Lahore  
23 April 2019

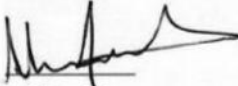
  
Director

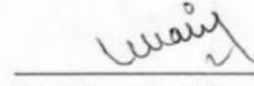
**Synthetic Products Enterprises Limited**  
**Condensed Interim Statement of Financial Position**  
*As at 31 March 2019*

		Un-audited 31 March 2019 Rupees	Audited 30 June 2018 Rupees
	<i>Note</i>		
<b>EQUITY AND LIABILITIES</b>			
<u><i>Share capital and reserves</i></u>			
Authorized share capital of Rs.10 each		1,000,000,000	1,000,000,000
Issued, subscribed and paid-up capital	5	850,850,000	850,850,000
Share premium		347,391,050	347,391,050
Surplus on revaluation of land		330,031,765	330,031,765
Fair value reserve on investment		(2,939,964)	-
Accumulated profit		1,054,717,516	971,473,935
		<u>2,580,050,367</u>	<u>2,499,746,750</u>
<b>LIABILITIES</b>			
<u><i>Non-Current liabilities</i></u>			
Diminishing musharika - secured	6	288,260,146	310,923,487
Liabilities against assets subject to finance lease	7	9,651,332	12,208,479
Deferred taxation		196,737,904	186,779,290
		<u>494,649,382</u>	<u>509,911,256</u>
<u><i>Current liabilities</i></u>			
Trade and other payables	8	161,292,588	166,419,800
Provident fund payable		1,587,449	1,530,934
Unclaimed dividend		1,778,322	539,928
Short term borrowings - <i>secured</i>	9	298,490,321	246,351,036
Current maturity of long term liabilities	10	97,850,353	60,675,483
Accrued mark up		9,161,849	5,363,909
		<u>570,160,882</u>	<u>480,881,090</u>
		<u>3,644,860,631</u>	<u>3,490,539,096</u>
<b>Contingencies and commitments</b>			
	11		

The annexed notes from 1 to 24 form an integral part of these condensed interim financial information.

  
 Chief Executive Officer

  
 Director

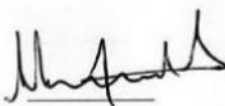
  
 Chief Financial Officer

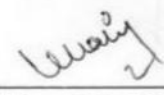
Synthetic Products Enterprises Limited  
Condensed Interim Statement of Financial Position  
As at 31 March 2019

		Un-audited 31 March 2019 Rupees	Audited 30 June 2018 Rupees
<b>ASSETS</b>	<i>Note</i>		
<u><i>Non-current assets</i></u>			
Property, plant and equipment	12	2,248,096,904	2,194,145,949
Intangibles		434,980	1,949,348
Investments	13	1,476,738	1,893,306
Long term deposits		23,398,253	11,083,272
		<u>2,273,406,875</u>	<u>2,209,071,875</u>
<u><i>Current assets</i></u>			
Stores, spares and loose tools		31,398,809	26,890,679
Stock-in-trade	14	636,155,736	627,419,730
Trade debts - unsecured, considered good		343,509,270	325,901,613
Income tax - net		266,142,494	223,378,563
Advances to suppliers and employees		36,134,985	37,272,684
Deposits and short term prepayments		9,201,249	12,765,895
Other receivables		11,711,295	10,418,992
Cash and bank balances		37,199,918	17,419,065
		<u>1,371,453,756</u>	<u>1,281,467,221</u>
		<u><u>3,644,860,631</u></u>	<u><u>3,490,539,096</u></u>

The annexed notes from 1 to 24 form an integral part of these condensed interim financial information.

  
Chief Executive Officer

  
Director

  
Chief Financial Officer

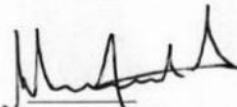
**Synthetic Products Enterprises Limited**  
**Condensed Interim Statement of Profit or Loss (Un-audited)**

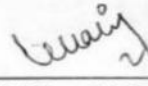
*For the nine months and quarter ended 31 March 2019*

	<i>Note</i>	Nine Months Ended		Quarter ended	
		31 March 2019 Rupees	31 March 2018 Rupees	31 March 2019 Rupees	31 March 2018 Rupees
<b>Sales:</b>					
Local		2,685,554,932	2,456,391,558	860,848,520	880,626,929
Export		10,165,196	10,416,216	1,394,548	3,065,674
		<u>2,695,720,128</u>	<u>2,466,807,774</u>	<u>862,243,068</u>	<u>883,692,603</u>
Less: Sales tax		(403,963,744)	(372,682,651)	(120,836,777)	(137,708,962)
<b>Net sales</b>		<u>2,291,756,384</u>	<u>2,094,125,123</u>	<u>741,406,291</u>	<u>745,983,641</u>
 Cost of sales	15	<u>(1,882,070,997)</u>	<u>(1,625,855,083)</u>	<u>(604,812,396)</u>	<u>(599,019,534)</u>
<b>Gross profit</b>		<u>409,685,387</u>	<u>468,270,040</u>	<u>136,593,895</u>	<u>146,964,107</u>
 Administrative expenses		(120,789,441)	(117,936,303)	(40,325,351)	(37,356,729)
Selling and distribution expenses		(45,303,534)	(42,535,512)	(15,457,208)	(13,540,323)
<b>Operating profit</b>		<u>243,592,412</u>	<u>307,798,225</u>	<u>80,811,336</u>	<u>96,067,055</u>
 Other income		8,417,173	9,943,431	1,715,676	4,983,205
Other charges		(17,564,787)	(25,764,165)	(6,283,938)	(5,045,472)
Finance cost	16	(55,075,284)	(30,870,964)	(21,365,319)	(11,029,575)
<b>Profit before taxation</b>		<u>179,369,514</u>	<u>261,106,527</u>	<u>54,877,755</u>	<u>84,975,213</u>
Taxation		(13,488,946)	(22,107,522)	(5,061,313)	(8,140,477)
<b>Profit after taxation</b>		<u>165,880,568</u>	<u>238,999,005</u>	<u>49,816,442</u>	<u>76,834,736</u>
 <b>Earnings per share - basic and diluted</b>	17	<u>1.95</u>	<u>2.81</u>	<u>0.59</u>	<u>0.90</u>

The annexed notes from 1 to 24 form an integral part of these condensed interim financial information.

  
**Chief Executive Officer**

  
**Director**

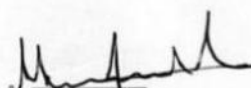
  
**Chief Financial Officer**

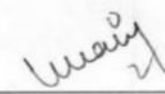
**Synthetic Products Enterprises Limited**  
**Condensed Interim Statement of Comprehensive Income (Un-audited)**  
*For the nine months and quarter ended 31 March 2019*

	<b>Nine months ended</b>		<b>Quarter ended</b>	
	<b>31 March 2019 Rupees</b>	<b>31 March 2018 Rupees</b>	<b>31 March 2019 Rupees</b>	<b>31 March 2018 Rupees</b>
Profit after taxation	165,880,568	238,999,005	49,816,442	76,834,736
Other comprehensive loss for the period	(491,951)	-	(101,743)	-
<b>Total comprehensive income for the period</b>	<b>165,388,617</b>	<b>238,999,005</b>	<b>49,714,699</b>	<b>76,834,736</b>

The annexed notes from 1 to 24 form an integral part of these condensed interim financial information.

  
 Chief Executive Officer

  
 Director

  
 Chief Financial Officer

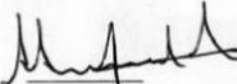
**Synthetic Products Enterprises Limited**  
**Condensed Interim Statement of Cash Flow (Un-audited)**  
*For the nine months ended 31 March 2019*

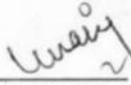
	31 March 2019 Rupees	31 March 2018 Rupees
<i>Note</i>		
<b><u>Cash flow from operating activities</u></b>		
<b>Profit before tax</b>	<b>179,369,514</b>	<b>261,106,527</b>
<i>Adjustments for non cash items:</i>		
Depreciation on property, plant and equipment	136,430,924	118,454,188
Amortization of intangibles	1,514,367	1,545,082
Finance cost	55,075,284	30,870,964
Impairment loss on available for sale investment	-	1,960,047
Bonus dividend received	(261,985)	-
Loss on disposal of property, plant and equipment	1,882,265	5,806,406
Provision for Workers' Profit Participation Fund & Workers' Welfare Fund	13,639,453	17,233,021
	<b>208,280,308</b>	<b>175,869,708</b>
<b>Cash generated from operations before working capital changes</b>	<b>387,649,822</b>	<b>436,976,235</b>
<i>(Increase) / decrease in current assets:</i>		
Stores, spares and loose tools	(4,508,130)	(1,754,140)
Stock-in-trade	(8,736,006)	(166,907,689)
Trade debts	(17,607,657)	(1,344,689)
Advances to suppliers and employees	1,137,699	6,048,569
Deposits and short term prepayments	3,564,646	8,918,501
Other receivables	(1,292,303)	(13,680,424)
	<b>(27,441,751)</b>	<b>(168,719,872)</b>
<i>(Decrease) / increase in current liabilities:</i>		
Trade and other payables	10,964,132	10,888,930
Provident fund payable	56,515	216,603
	<b>11,020,647</b>	<b>11,105,533</b>
	<b>(16,421,104)</b>	<b>(157,614,339)</b>
<b>Cash generated from operations</b>	<b>371,228,718</b>	<b>279,361,896</b>
Workers' Profit Participation Fund & Workers Welfare Fund paid	(29,730,797)	(37,287,406)
Taxes paid	(46,107,661)	(40,287,692)
Finance cost paid	(51,277,344)	(30,917,698)
<b>Net cash generated from operating activities</b>	<b>244,112,916</b>	<b>170,869,100</b>
<b><u>Cash flow from investing activities</u></b>		
Fixed capital expenditure	(196,868,892)	(379,488,207)
Intangibles acquired	-	(614,216)
Proceeds from disposal of property, plant and equipment	4,604,749	4,020,856
Proceeds from disposal of shares	-	1,971,292
Long term deposits - net	(12,314,981)	(611,300)
<b>Net cash used in investing activities</b>	<b>(204,579,124)</b>	<b>(374,721,575)</b>
<b><u>Cash flow from financing activities</u></b>		
Principal repayment of lease liability	(3,573,942)	(13,905,034)
Long term finance	-	(19,943,122)
Diminishing musharika - net	15,528,324	67,516,704
Cash dividend paid	(83,846,606)	(42,569,421)
Short term borrowings - net	81,486,172	38,188,651
<b>Net cash generated / (used in) from financing activities</b>	<b>9,593,948</b>	<b>29,287,778</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>49,127,740</b>	<b>(174,564,697)</b>
<b>Cash and cash equivalents at beginning of the period</b>	<b>(66,153,820)</b>	<b>23,520,793</b>
<b>Cash and cash equivalents at end of the period</b>	<b>(17,026,080)</b>	<b>(151,043,904)</b>

18

The annexed notes from 1 to 24 form an integral part of these condensed interim financial information.

  
Chief Executive Officer

  
Director

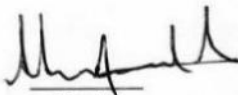
  
Chief Financial Officer

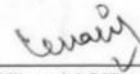
**Synthetic Products Enterprises Limited**  
**Condensed Interim Statement of Changes in Equity (Un-audited)**  
For the nine months ended 31 March 2019

	Capital Reserve			Revenue Reserve		
	Issued subscribed & paid-up capital	Share Premium	Surplus on revaluation of land	Fair value reserve on investment	Accumulated profit	Total
	----- Rupees -----					
Balance as at 30 June 2017 - audited	850,850,000	347,391,050	226,943,081	-	669,744,166	2,094,928,297
<u>Total comprehensive income</u>						
Profit for the nine months ended 31 March 2018	-	-	-	-	238,999,005	238,999,005
Other comprehensive income / (loss) for the nine months ended 31 March 2018	-	-	-	-	-	-
	-	-	-	-	238,999,005	238,999,005
<u>Transactions with owners of the Company</u>						
Final cash dividend for the year ended 30 June 2017 @ Rs. 0.5 per share	-	-	-	-	(42,542,500)	(42,542,500)
	-	-	-	-	(42,542,500)	(42,542,500)
Balance as at 31 March 2018 - un-audited	850,850,000	347,391,050	226,943,081	-	866,200,671	2,291,384,802
Balance as at 30 June 2018 - audited	850,850,000	347,391,050	330,031,765	-	971,473,935	2,499,746,750
Adjustment on initial application of IFRS-9	-	-	-	(2,448,013)	2,448,013	-
Adjusted balance at 01 July 2018	850,850,000	347,391,050	330,031,765	(2,448,013)	973,921,948	2,499,746,750
<u>Total comprehensive income</u>						
Profit for the nine months ended 31 March 2019	-	-	-	-	165,880,568	165,880,568
Other comprehensive income / (loss) for the nine months ended 31 March 2019	-	-	-	(491,951)	-	(491,951)
	-	-	-	(491,951)	165,880,568	165,388,617
<u>Transactions with owners of the Company</u>						
Final cash dividend for the year ended 30 June 2018 @ Rs. 1 per share	-	-	-	-	(85,085,000)	(85,085,000)
	-	-	-	-	(85,085,000)	(85,085,000)
Balance as at 31 March 2019 - unaudited	850,850,000	347,391,050	330,031,765	(2,939,964)	1,054,717,516	2,580,050,367

The annexed notes from 1 to 24 form an integral part of these condensed interim financial information.

  
Chief Executive Officer

  
Director

  
Chief Financial Officer

**Synthetic Products Enterprises Limited**  
**Notes to the Condensed Interim Financial Statements (Un-audited)**  
*For the nine months and quarter ended 31 March 2019*

**1 Corporate and general information**

**1.1 Legal status and nature of business**

Synthetic Products Enterprises Limited ("the Company") was incorporated in Pakistan on 16 May 1982 as a private limited company. The Company converted into public limited company on 21 July 2008 and subsequently listed on Pakistan Stock Exchange on 10 February 2015. The registered office of the Company is situated at 127-S, Quaid-e-Azam Industrial Estate, Kot Lakhpat, Lahore. The Company is principally engaged in the manufacturing and sale of plastic auto parts, plastic packaging for food and FMCG industry and moulds & dies. The production facilities of the Company are located at following geographical locations:

- Sue-e-Asal Lalyani Road, Pandoki
- Quaid -e- Azam Industrial Estate, Rahim Yar Khan, and
- Quaid-e-Azam Industrial Estate, Kot Lakhpat, Lahore

**2 Basis of preparation**

**2.1** This condensed interim financial information comprises the condensed interim statement of financial position of the Company, as at 31 March 2019 and the related condensed interim statement of profit or loss, condensed interim statement of comprehensive income, condensed interim statement of cash flow and condensed interim statement of changes in equity together with the notes forming part thereof.

**2.2** This condensed interim financial information have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting. The accounting and reporting standards applicable in Pakistan for interim financial reporting comprise of:

- International Accounting Standard (IAS) 34, 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 (ICAP) as notified under the Companies Act, 2017; and
- Provision of and directives issued under the Companies Act, 2017.

Where the provision of and directives issues 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** This condensed interim financial information does not include all of the information required for full annual financial statements and should be read in conjunction with the annual financial statements for the year ended 30 June 2018. 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.

**2.4** Comparative statement of financial position numbers are extracted from the annual audited financial statements of the Company for the year ended 30 June 2018, whereas comparatives of condensed interim statement of profit or loss, statement of comprehensive income, statement of cash flow and statement of changes in equity are stated from unaudited condensed interim financial information of the Company for the nine months period ended 31 March 2018.

**2.5** This condensed interim financial information is unaudited and being submitted to the shareholders as required under Section 237 of the Companies Act, 2017 and the Listing Regulations of Pakistan Stock Exchange Limited.

### **3 Judgments and estimates**

In preparing this interim financial information, management has made judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

The significant judgments made by the management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those applied to the financial statements for the year ended 30 June 2018.

### **4 Significant accounting policies**

**4.1** The accounting policies and the methods of computation adopted in the preparation of this condensed interim financial information are same as those applied in the preparation of the financial statements for the year ended 30 June 2018 except for the adoption of new standards effective as of 1 July 2018 as stated below:

#### **4.2 Changes in significant accounting policies**

During the period, the Company has adopted IFRS 15 'Revenue from Contracts with Customers' and IFRS 9 'Financial Instruments' from 01 July 2018 which are effective from annual periods beginning on or after 01 July 2018. Due to the transition methods chosen by the Company in applying these standards, comparative information throughout these condensed interim financial information has not been restated to reflect the requirements of the new standards. There are other new amendments which are effective from 01 July 2018 but they do not have a material effect on the Company's condensed interim financial information. The details of new significant accounting policies adopted and the nature and effect of the changes to previous accounting policies are set out below:

##### **4.2.1 IFRS 15 'Revenue from Contracts with Customers'**

The Company manufactures and contracts with customers for the sale of plastic auto parts, plastic packaging for food and FMCG industry and moulds & dies which generally include single performance obligation. Management has concluded that revenue from sale of goods to be recognised at the point in time when control of the asset is transferred to the customer. The above is generally consistent with the timing and amounts of revenue the Company recognised in accordance with the previous standard, IAS 18. Therefore, the adoption of IFRS 15 which replaced IAS 18 Revenue, IAS 11 Construction Contracts and related interpretations, did not have an impact on the timing and amounts of revenue recognition of the Company. Therefore, adoption of IFRS 15 at 01 July 2018, did not have an effect on the condensed interim financial information.

#### 4.2.2 IFRS 9 Financial Instruments

IFRS 9 replaced the provisions of IAS 39 'Financial Instruments: Recognition and Measurement' that relates to the recognition, classification and measurement of financial assets and financial liabilities, derecognition of financial instruments, impairment of financial assets and hedge accounting. The details of new significant accounting policies adopted and the nature and effect of the changes to previous accounting policies are set out below:

##### 4.2.2.1 Classification and measurement of financial assets and financial liabilities

IFRS 9 largely retains the existing requirements in IAS 39 for the classification and measurement of financial liabilities. However, it eliminates the previous IAS 39 categories for financial assets of held to maturity, loans and receivables and available for sale. Under IFRS 9, on initial recognition, the Company classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value either through Other Comprehensive Income (FVOCI), or through profit or loss (FVTPL); and
- those to be measured at amortised cost

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at fair value through profit or loss:

- it is held within business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on principal amount outstanding.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or other comprehensive income. For investments in equity instruments that are not held for trading, this will depend on whether the Company has made an irrevocable election at the time of initial recognition to account for the equity investment at FVOCI.

##### 4.2.2.2 Impairment of financial assets

IFRS 9 replaces the 'incurred loss' model in IAS 39 with an 'expected credit loss' (ECL) model. The new impairment model applies to financial assets measured at amortised cost, contract assets and debt investments at FVOCI, but not to investments in equity instruments. Under IFRS 9, credit losses are recognised earlier than under IAS 39.

##### 4.2.2.3 Impact of change in classification and measurement of financial assets and financial liabilities due to adoption of IFRS 9

The following table explain the original measurement categories under IAS 39 and the new measurement categories under IFRS 9 for each class of the Company's financial assets as at 01 July 2018.

Investments	Original classification under IAS 39	New classification under IFRS 9	Original carrying amount	New carrying amount
listed equity security	Available for sale	FVOCI	-	-
Cash and bank balances	Loans and receivable	Amortized cost	17,419,065	17,419,065
Deposits and other receivables	Loans and receivable	Amortized cost	13,295,342	13,295,342
Long term deposits	Loans and receivable	Amortized cost	11,083,272	11,083,272
Trade debts - unsecured, considered good	Loans and receivable	Amortized cost	325,901,613	325,901,613

Pursuant to the requirement of IFRS 9 accumulated impairment loss on available for sale investment of Rs. 2.4 million at 30 June 2018 previously recognised in profit or loss statement has been recorded in fair value reserve in Statement of Changes in Equity with corresponding effect in accumulated profit.

- 4.3 The following amendments and interpretations of approved accounting standards will be effective for accounting periods as detailed below:

Standard or interpretation	Effective date (accounting periods beginning on or after)
IFRIC 23 - Uncertainty over Income Tax Treatments	01 January 2019
IFRS 16 - Leases	01 January 2019
IAS 28 - Investments in Associates and Joint Ventures	01 January 2019
IAS 19 - Employee Benefits	01 January 2019
IFRS 3 - Business Combinations	01 January 2020
IAS 1 - Presentation of Financial Statements	01 January 2020
IAS 8 - Accounting Policies, Changes in Accounting Estimates and Errors	01 January 2020
IFRS 11 - Joint ventures	01 January 2019
IAS 12 - Income Taxes	01 January 2019
IAS 23 - Borrowing cost	01 January 2019

## 5 Issued, subscribed and paid-up capital

	Un-audited 31 March 2019	Audited 30 June 2018	Un-audited 31 March 2019	Audited 30 June 2018
	----	----	Rupees	Rupees
Ordinary shares of Rs. 10 each, fully paid in cash	19,791,940	19,791,940	197,919,400	197,919,400
Fully paid bonus shares of Rs. 10 each	57,628,060	57,628,060	576,280,600	576,280,600
Shares of Rs. 10 each, issued under scheme of amalgamation	7,665,000	7,665,000	76,650,000	76,650,000
	<u>85,085,000</u>	<u>85,085,000</u>	<u>850,850,000</u>	<u>850,850,000</u>

		Un-audited 31 March 2019	Audited 30 June 2018
		Rupees	Rupees
6 Diminishing musharika - secured	Note		
United Bank Limited	6.1	136,389,833	158,077,010
Bank Islami Pakistan Limited	6.2	82,875,000	102,000,000
Habib Bank Limited	6.3	164,190,501	107,850,000
		<u>383,455,334</u>	<u>367,927,010</u>
Less: Current maturity presented under current liabilities		<u>(95,195,188)</u>	<u>(57,003,523)</u>
		<u>288,260,146</u>	<u>310,923,487</u>

- 6.1 During the period / year, the Company has made repayments amounting to Rs. 21.68 million (30 June 2018: Rs. 0.80 million).

6.2 During the period / year, the Company has made repayments amounting to Rs. 19.12 million (30 June 2018: Rs. Nil).

6.3 During the period / year, the Company has obtained loan amounting to Rs. 56.34 million (30 June 2018: Rs. 107.85 million).

		Un-audited 31 March 2019 Rupees	Audited 30 June 2018 Rupees
<b>7</b>	<b>Liabilities against assets subject to finance lease</b>		
	Lease liability	12,306,497	15,880,439
	Less: Current maturity presented under current liabilities	(2,655,165)	(3,671,960)
		<u>9,651,332</u>	<u>12,208,479</u>

7.1 During the period / year, the Company has made repayments amounting to Rs. 3.46 million (30 June 2018: Rs. 3.59 million).

## 8 Trade and other payables

Trade creditors	51,174,281	68,156,342
Accrued liabilities	51,928,310	45,655,262
Advances from customers	4,845,458	12,661,509
Workers' Profit Participation Fund	8,051,346	20,075,169
Workers' Welfare Fund	3,962,547	8,030,068
Withholding tax payable	834,622	663,323
Sales tax payable	28,343,211	-
Others	12,152,813	11,178,127
	<u>161,292,588</u>	<u>166,419,800</u>

## 9 Short term borrowings - secured

Running finance	54,225,998	83,572,885
Finance against trust receipt	244,264,323	162,778,151
	<u>298,490,321</u>	<u>246,351,036</u>

### 9.1 Type of loan

Conventional interest / mark-up based loans	116,133,252	133,553,046
Islamic mode of financing	182,357,069	112,797,990
	<u>298,490,321</u>	<u>246,351,036</u>

## 10 Current maturity of long term liabilities

Diminishing Musharika - secured	6	95,195,188	57,003,523
Liabilities against assets subject to finance lease	7	2,655,165	3,671,960
		<u>97,850,353</u>	<u>60,675,483</u>

## 11 Contingencies and commitments

### 11.1 Contingencies

There is no significant change in the status of contingencies as reported in the preceding published annual financial statements of the Company for the year ended 30 June 2018, except the following:

- 11.1.1** The Deputy Commissioner Inland Revenue, Audit- 17, Zone - III, Large Taxpayers Unit, Lahore has passed an order in respect of tax year 2015 on September 30, 2018 under section 122(1)(5) of the Income Tax Ordinance 2001 raising a demand of Rs. 8.1 million against the Company. The Company has filed an appeal before the Commissioner Inland Revenue Appeals - I, Lahore on October 19, 2018. The Company based on advise of tax advisor expects that there are reasonable grounds to defend the case before the appellate authorities, therefore, no provision is recorded in these condensed interim financial information.
- 11.1.2** The Additional Commissioner Inland Revenue, Audit, Zone - III, Large Taxpayers Unit, Lahore has passed an order in respect of tax year 2013 on February 28, 2019 under section 122(4)/122(5A) of the Income Tax Ordinance, 2001 raising a demand of Rs. 402,051/- against the Company. The Company has filed an appeal before the Commissioner Inland Revenue Appeals - I, Lahore on March 20, 2019. The Company based on advise of tax advisor expects that there are reasonable grounds to defend the case before the appellate authorities, therefore, no provision is recorded in these condensed interim financial information.

		Un-audited 31 March 2019 Rupees	Audited 30 June 2018 Rupees
<b>11.2 Commitments</b>	<i>Note</i>		
<i>Commitments under irrevocable letters of credit for:</i>			
- purchase of machinery		33,909,591	115,582,800
- purchase of raw material and its related components		165,195,178	130,421,974
		<u>199,104,769</u>	<u>246,004,774</u>
<b>12 Property, plant and equipment</b>			
Operating fixed assets	12.1	2,199,423,376	2,016,335,058
Capital work in progress - at cost	12.2	48,673,528	177,810,891
		<u>2,248,096,904</u>	<u>2,194,145,949</u>
<b>12.1 Operating fixed assets</b>			
Opening written down value		2,016,335,058	1,665,004,747
Add: Additions during the period / year (cost)	12.1.1	326,006,255	420,602,495
Add: Revaluation Surplus on Land		-	103,088,684
Less: Disposals during the period / year at written down value		(6,487,013)	(13,650,338)
Less: Depreciation charge for the period / year		(136,430,924)	(158,710,530)
<b>Closing written down value</b>		<u>2,199,423,376</u>	<u>2,016,335,058</u>
<b>12.1.1 Additions during the period / year:</b>			
Buildings on freehold land		40,399,743	113,025,966
Plant and machinery - owned		278,684,082	287,781,761
Office equipment		733,457	4,397,883
Tools and equipment		3,084,687	346,767
Computer equipment		574,217	348,450
Furniture and fittings		1,038,059	1,736,668
Vehicles - owned		770,062	4,183,000
Vehicles - leased		721,948	8,782,000
		<u>326,006,255</u>	<u>420,602,495</u>
<b>12.2 Capital work in progress - at cost</b>			
Balance at the beginning of the period / year		177,810,891	210,862,977
Add: Additions during the period / year		194,162,599	368,576,784
Less: Transfers to fixed assets during the period / year		(323,299,962)	(401,628,870)
		<u>48,673,528</u>	<u>177,810,891</u>

	Un-audited 31 March 2019 Rupees	Audited 30 June 2018 Rupees
<b>13 Investments</b>		
Investment classified as available for sale	-	1,893,306
Investment classified as fair value through other comprehensive income	1,476,738	-
	<u>1,476,738</u>	<u>1,893,306</u>
<b>14 Stock-in-trade</b>		
Raw and packing material	350,515,446	404,759,554
Stock in transit	22,848,978	58,723,097
Work in process	188,080,067	125,584,790
Finished goods	74,711,245	38,352,289
	<u>636,155,736</u>	<u>627,419,730</u>
	<u>Nine months ended (Un-audited)</u>	
	31 March 2019 Rupees	31 March 2018 Rupees
<b>15 Cost of sales</b>		
Raw and packing materials consumed	1,526,273,728	1,222,786,031
Stores, spare parts and loose tools consumed	5,790,073	6,501,026
Salaries, wages and benefits	158,317,531	161,371,152
Security guard expense	7,889,154	6,171,950
Electricity, fuel and water charges	119,723,986	113,945,747
Depreciation on property, plant and equipment	122,764,380	106,608,769
Repair and maintenance	28,771,639	20,834,417
Sorting charges	3,276,267	964,672
Insurance	5,316,964	6,648,654
Oil and lubricants	2,801,508	1,977,041
	<u>1,980,925,230</u>	<u>1,647,809,459</u>
<i>Work in process:</i>		
- At beginning of the period	125,584,790	15,444,755
- At end of the period	(188,080,067)	(25,704,679)
<b>Cost of goods manufactured</b>	<u>1,918,429,953</u>	<u>1,637,549,535</u>
<i>Finished goods:</i>		
- At beginning of the period	38,352,289	33,344,966
- At end of the period	(74,711,245)	(45,039,418)
<b>Cost of sales</b>	<u>1,882,070,997</u>	<u>1,625,855,083</u>

**16 Finance cost***Mark-up on:*

	<b>Nine months ended (Un-audited)</b>	
	<b>31 March 2019 Rupees</b>	<b>31 March 2018 Rupees</b>
- diminishing musharika	27,445,997	15,308,900
- long term finance secured	-	884,530
- lease finance	845,008	936,330
- short term borrowings	26,493,274	12,611,893
Bank charges	291,005	1,129,311
	<b>55,075,284</b>	<b>30,870,964</b>

**17 Earnings per share - basic and diluted****17.1 Basic earnings per share**

Profit for the period after taxation	<i>Rupees</i>	<b>165,880,568</b>	<b>238,999,005</b>
Weighted average number of ordinary shares in issue during the period	<i>Number</i>	<b>85,085,000</b>	<b>85,085,000</b>
Earnings per share	<i>Rupees</i>	<b>1.95</b>	<b>2.81</b>

**17.2 Diluted earnings per share**

There is no dilutive effect on the basic earnings per share of the company.

**18 Cash and cash equivalents**

Short term running finance- secured	<b>(54,225,998)</b>	<b>(161,552,581)</b>
Cash and bank balances	<b>37,199,918</b>	<b>10,508,677</b>
	<b>(17,026,080)</b>	<b>(151,043,904)</b>

19 Financial instruments - fair values

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy for financial instruments measured at fair value. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

		Nine months ended 31 March 2019 (Un-audited)						
		Carrying Amount				Fair Value		
		Investments	Loans and receivables	Other financial liabilities	Total	Level 1	Level 2	Level 3
On-Balance sheet financial instruments	Note	----- Rupees -----						
<u>31 March 2019 - (Un-audited)</u>								
Financial assets measured at fair value								
Investment at FVOCI		1,476,738	-	-	1,476,738	1,476,738	-	-
		<u>1,476,738</u>	<u>-</u>	<u>-</u>	<u>1,476,738</u>	<u>1,476,738</u>	<u>-</u>	<u>-</u>
<u>Financial assets at amortised cost</u>								
Cash and bank balances		-	37,199,918	-	37,199,918	-	-	-
Deposits and other receivables		-	20,956,250	-	20,956,250	-	-	-
Long term deposits		-	23,398,253	-	23,398,253	-	-	-
Trade debts - unsecured, considered good		-	343,509,270	-	343,509,270	-	-	-
	19.2	<u>-</u>	<u>425,063,691</u>	<u>-</u>	<u>425,063,691</u>	<u>-</u>	<u>-</u>	<u>-</u>
Financial liabilities measured at fair value								
		<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
		<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>Financial liabilities not measured at fair value</u>								
Diminishing musharika		-	-	383,455,334	383,455,334	-	-	-
Liabilities against assets subject to finance lease		-	-	12,306,497	12,306,497	-	-	-
Trade and other payables		-	-	143,598,615	143,598,615	-	-	-
Unclaimed dividend		-	-	1,778,322	1,778,322	-	-	-
Short term borrowing		-	-	298,490,321	298,490,321	-	-	-
Accrued mark up		-	-	9,161,849	9,161,849	-	-	-
	19.2	<u>-</u>	<u>-</u>	<u>848,790,938</u>	<u>848,790,938</u>	<u>-</u>	<u>-</u>	<u>-</u>

		30 June 2018 (Audited)						
		Carrying Amount				Fair Value		
		Investments	Loans and receivables	Other financial liabilities	Total	Level 1	Level 2	Level 3
On-Balance sheet financial instruments	Note	----- Rupees -----						
<b>30 June 2018 - (Audited)</b>								
<b>Financial assets measured at fair value</b>								
Available for sale		1,893,306	-	-	1,893,306	1,893,306	-	-
		1,893,306	-	-	1,893,306	1,893,306	-	-
<b><u>Financial assets at amortised cost</u></b>								
Cash and bank balances		-	17,419,065	-	17,419,065	-	-	-
Deposits and other receivables		-	13,295,342	-	13,295,342	-	-	-
Long term deposits		-	11,083,272	-	11,083,272	-	-	-
Trade debts - unsecured, considered good		-	325,901,613	-	325,901,613	-	-	-
	19.2	-	367,699,292	-	367,699,292	-	-	-
<b>Financial liabilities measured at fair value</b>								
		-	-	-	-	-	-	-
		-	-	-	-	-	-	-
<b><u>Financial liabilities not measured at fair value</u></b>								
Diminishing musharika		-	-	367,927,010	367,927,010	-	-	-
Liabilities against assets subject to finance lease		-	-	15,880,439	15,880,439	-	-	-
Trade and other payables		-	-	124,989,731	124,989,731	-	-	-
Unclaimed dividend		-	-	539,928	539,928	-	-	-
Short term borrowing		-	-	246,351,036	246,351,036	-	-	-
Accrued mark up		-	-	5,363,909	5,363,909	-	-	-
	19.2	-	-	761,052,053	761,052,053	-	-	-

19.2 The Company has not disclosed the fair values of these financial assets and liabilities as these are for short term or repriced over short term. Therefore, their carrying amounts are reasonable approximation of fair value.

19.3 Land has been carried at revalued amounts determined by professional valuers (level 3 measurement) based on their assessment of the market values. The valuations are conducted by the valuation experts appointed by the Company. The valuation experts used a market based approach to arrive at the fair value of the Company's land. The effect of changes in the unobservable inputs used in the valuation can not be determined with certainty, accordingly a qualitative disclosure of sensitivity has not been presented in this condensed interim financial information.

Nine months ended 31 March 2019 (Un-audited)						
Liabilities						
Long term finances	Diminishing Musharika	Liabilities against assets subject to finance lease	Short term borrowings	Unclaimed dividend	Total	
----- Rupees -----						
Balance as at 01 July 2018	-	367,927,010	15,880,439	246,351,036	539,928	630,698,413
<u>Changes from financing activities</u>						
Short term borrowings - net	-	-	81,486,172	-	-	81,486,172
Diminishing musharika - net	-	15,528,324	-	-	-	15,528,324
Repayment of finance lease liabilities	-	-	(3,573,942)	-	-	(3,573,942)
Dividends paid	-	-	-	(83,846,606)	-	(83,846,606)
<b>Total changes from financing cash flows</b>	<b>-</b>	<b>15,528,324</b>	<b>(3,573,942)</b>	<b>81,486,172</b>	<b>(83,846,606)</b>	<b>9,593,948</b>
<u>Other changes</u>						
Change in running finance	-	-	(29,346,887)	-	-	(29,346,887)
Dividend declared	-	-	-	85,085,000	-	85,085,000
<b>Total liability related other changes</b>	<b>-</b>	<b>-</b>	<b>(29,346,887)</b>	<b>85,085,000</b>	<b>-</b>	<b>55,738,113</b>
<b>Closing as at 31 March 2019</b>	<b>-</b>	<b>383,455,334</b>	<b>12,306,497</b>	<b>298,490,321</b>	<b>1,778,322</b>	<b>696,030,474</b>

Nine months ended 31 March 2018 (Un-audited)						
Liabilities						
Long term finances	Diminishing Musharika	Liabilities against assets subject to finance lease	Short term borrowings	Unclaimed dividend	Total	
----- Rupees -----						
Balance as at 01 July 2017	24,542,403	194,152,301	22,826,095	303,083,692	566,849	545,171,340
<u>Changes from financing activities</u>						
Short term borrowings - net	-	-	38,188,651	-	-	38,188,651
Long term loan repaid	(19,943,122)	-	-	-	-	(19,943,122)
Diminishing musharika - net	-	67,516,704	-	-	-	67,516,704
Repayment of finance lease liabilities	-	-	(13,905,034)	-	-	(13,905,034)
Dividends paid	-	-	-	(42,569,421)	-	(42,569,421)
<b>Total changes from financing cash flows</b>	<b>(19,943,122)</b>	<b>67,516,704</b>	<b>(13,905,034)</b>	<b>38,188,651</b>	<b>(42,569,421)</b>	<b>29,287,778</b>
<u>Other changes</u>						
Change in running finance	-	-	127,199,265	-	-	127,199,265
New finance leases	-	-	3,438,000	-	-	3,438,000
Dividend declared	-	-	-	42,542,500	-	42,542,500
<b>Total liability related other changes</b>	<b>-</b>	<b>-</b>	<b>3,438,000</b>	<b>127,199,265</b>	<b>42,542,500</b>	<b>173,179,765</b>
<b>Closing as at 31 March 2018</b>	<b>4,599,281</b>	<b>261,669,005</b>	<b>12,359,061</b>	<b>468,471,608</b>	<b>539,928</b>	<b>747,638,883</b>

## 21 Transactions with related parties

The related parties comprise of associated companies, directors of the Company, key management personnel and post employment retirement plan. Details of transactions and balances with related parties are as follows:

				<b>Nine months ended (Un-audited)</b>	
				<b>31 March</b>	<b>31 March</b>
				<b>2019</b>	<b>2018</b>
				<b>Rupees</b>	<b>Rupees</b>
<b>21.1</b>	<b>Related parties</b>	<b>Relationship</b>	<b>Transactions</b>		
	Provident Fund Trust	Post employment benefit fund	Contribution	14,478,251	12,820,223
	Directors		Dividend - as shareholders	60,593,614	30,242,057
	Key Management Personnel	Directors	Remuneration	37,484,527	35,058,793
		Executive employees	Remuneration	20,952,156	21,711,168
				<b>(Un-audited)</b>	<b>(Audited)</b>
				<b>31 March</b>	<b>30 June</b>
				<b>2019</b>	<b>2018</b>
				<b>Rupees</b>	<b>Rupees</b>
<b>21.2</b>	<b>Balances with related parties</b>				
	Provident Fund Trust	Post employment benefit fund		1,587,449	1,530,934
<b>21.3</b>	Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity. The Company considers all members of their management team, including Chief Executive Officer and Directors to be its key management personnel.				

## 22 Financial risk management

The Company's financial risk management objective and policies are consistent with that disclosed in the annual financial statements of the Company for the year ended 30 June 2018.

## 23 Date of authorization

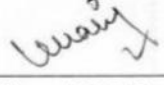
This condensed interim financial information has been approved by the Board of Directors of the Company and authorized for issue in their meeting held on 23 April 2019.

## 24 General

Figures have been rounded off to the nearest rupee.

  
\_\_\_\_\_  
Chief Executive Officer

  
\_\_\_\_\_  
Director

  
\_\_\_\_\_  
Chief Financial Officer

## ڈائریکٹرز کا جائزہ

محترم شیئر ہولڈرز

سیٹھ ٹیک پراڈکٹس انٹرپرائز لمیٹڈ کے بورڈ آف ڈائریکٹرز 31 مارچ 2019 کو ختم ہونے والی مدت کے لئے آپ کی کمپنی کی مالیاتی معلومات ڈائریکٹرز کے جائزے کے ساتھ پیش کر رہے ہیں۔  
مالی تجزیہ

اقتصادی ومعاشی حالات اور مسابقتی دباؤ کے باوجود کمپنی نے سیز آمدن میں گزشتہ سال اسی مدت کے مقابلے میں 9 فیصد کا اضافہ ریکارڈ کیا ہے۔ جبکہ روپے کی قدر میں کمی اور خام مال کی قیمتوں میں اضافے نے کمپنی کے منافع کو متاثر کیا ہے۔

زیر جائزہ مدت کے دوران کمپنی کی مالی کارکردگی کا خلاصہ درج ذیل ہے۔

Quarter Ended	Quarter Ended	Nine Months Ended	Nine Months Ended	
31 March 2018	31 March 2019	31 March 2018	31 March 2019	
PKR in Millions	PKR in Millions	PKR in Millions	PKR in Millions	
745.9	741.4	2,094.1	2,291.7	سیلز
(599.0)	(604.8)	(1,625.8)	(1,882.0)	کاسٹ آف سیلز
146.9	136.5	468.2	409.6	خام منافع
96.0	80.8	307.7	243.5	آپریٹنگ منافع
76.8	49.8	238.9	165.9	خالص منافع
0.90	0.59	2.81	1.95	EPS (PKR)

زیر جائزہ مدت کے دوران کمپنی نے 196.8 ملین روپے کی رقم مینوفیکچرنگ کی سہولیات اور BMR پر خرچ کی۔

مستقبل قریب کا جائزہ

معیشت میں غیر یقینی صورت حال کے ساتھ ساتھ ہم اپنی مارکیٹ کے استحکام اور کمپنی انتظامیہ کی صلاحیتوں پر پورا اعتماد ہیں، جو کہ ترقی کے پیئرن کو برقرار رکھنے کے لئے عمل پیرا ہیں۔  
ہم اپنے گاہکوں کو معیار کی مصنوعات کی بروقت فراہمی کے لئے کوشاں ہیں جو کہ ہمارا قابل اعتماد ہونے کا ثبوت ہے۔

اعتراف

ہم کمپنی کی مصنوعات پر اعتماد کے لئے اپنے قابل قدر صارفین کا شکریہ ادا کرنا چاہتے ہیں۔ ہم اپنے ڈیلرز، سپلائرز، بینکاروں، شیئر ہولڈرز اور مسلسل مدد فراہم کرنے کے لئے ملازمین سمیت دیگر تمام اسٹیک ہولڈرز کے شکر گزار ہیں۔

ڈائریکٹر

چیف ایگزیکٹو آفیسر

لاہور

23 اپریل 2019