



Synthetic Products Enterprises Ltd.



Strengthening  
Reliable  
Supply Chain....

2015

CONDENSED INTERIM  
FINANCIAL INFORMATION  
FOR THE HALF YEAR AND QUARTER ENDED  
31 DECEMBER

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## COMPANY INFORMATION

### The Board of Directors

Mr. Almas Hyder	<i>Chairman/Non-Executive Director</i>
Mr. Zia Hyder Naqi	<i>Chief Executive Officer/ Executive Director</i>
Dr. S. M. Naqi	<i>Non-Executive Director</i>
Dr. Syed Salman Ali Shah	<i>Independent Non-Executive Director</i>
Mr. Khawar Anwar Khawaja	<i>Independent Non-Executive Director</i>
Mr. Muhammad Tabassum Munir	<i>Independent Non-Executive Director</i>
Mr. Raza Haider Naqi	<i>Non-Executive Director</i>
Sheikh Naseer Hyder	<i>Non-Executive Director</i>
Mr. Abid Saleem Khan	<i>Chief Operating Officer/ Executive Director</i>

### CFO & Company Secretary

Mr. Khalil Ahmad Hashmi FCA

### Audit Committee

Dr. Syed Salman Ali Shah	Chairman
Mr. Muhammad Tabassum Munir	Member
Mr. Almas Hyder	Member
Dr. S. M. Naqi	Member
Sheikh Naseer Hyder	Member

### Human Resource & Remuneration Committee

Mr. Almas Hyder	Chairman
Dr. S. M. Naqi	Member
Mr. Khawar Anwar Khawaja	Member
Mr. Muhammad Tabassum Munir	Member
Mr. Zia Hyder Naqi	Member
Mr. Abid Saleem Khan	Member

### Finance Committee

Mr. Almas Hyder	Chairman
Dr. Syed Salman Ali Shah	Member
Mr. Khawar Anwar Khawaja	Member
Mr. Zia Hyder Naqi	Member

### Registered Office

127-S Quaid-e-Azam Industrial Estate  
Township, Kot Lakhpat, Lahore.  
Ph: 042-111-005-005  
Fax: 042-35118507

### Factory

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

### Share Registrar

THK Associates (Pvt) Ltd  
2nd Floor State Life Building # 3,  
Dr. Ziauddin Ahmad Road Karachi.

### Statutory Auditor

KPMG Taseer Hadi and Co.

### Head of Internal Audit

Mr. Abu Bakar, ACA

### Tax Consultant

PWC A.F. Ferguson

### Legal Advisors

Cornelius Lane and Mufti  
Advocates & Solicitors

### Bankers

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

### Website

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

### Stock Symbol

SPEL



## DIRECTORS' REVIEW

*of the Condensed Interim Financial Information  
For the Half Year & Quarter Ended 31 December 2015*

We are pleased to present your Company's un-audited financial information for the half year & quarter ended December 31, 2015, along with review report by the Auditors on Company's individual interim financial information.

### FINANCIAL ANALYSIS

	Half Year Ended		Quarter Ended	
	31 December 2015 Rupees	31 December 2014 Rupees	31 December 2015 Rupees	31 December 2014 Rupees
Sales – net	1,090,638,903	938,998,624	514,058,016	466,857,766
Cost of sales	(831,516,776)	(753,874,908)	(403,012,807)	(375,223,130)
Gross profit	259,122,127	185,123,716	111,045,209	91,634,636
Operating profit	183,276,159	125,472,841	71,943,768	62,725,557
Profit after taxation	134,955,380	81,238,401	48,348,575	51,560,099
EPS - Basic and diluted	1.74	1.40	0.63	0.89

#### Sales:

The sales revenue for the first half under review stood at Rs. 1,091 million registering a growth of 16% compared to same period last year.

#### Gross Profit:

Our gross profit increased by Rs. 74 million i.e. 40% compared to the profit of same period last year mainly due to higher sales and production efficiencies.

#### Operating Profit:

The operating profit for the first half under review reached Rs. 183 million registering a growth of 46% as compared to same period last year.

#### Net Profit after tax:

Our net profit after tax increased to Rs. 135 million registering a growth of 66 %.

### FUTURE OUTLOOK

Pakistan's economy has inherent strengths and the fundamentals of the country are good. We are positive on the stability of our markets and the ability of Company's management to develop strategies to maintain the pattern of growth.

Almas Hyder  
Director

Abid Saleem Khan  
Director

Place: Lahore

Dated: 9th February 2016

# **CONDENSED INTERIM UNCONSOLIDATED FINANCIAL INFORMATION**

*For the Half Year & Quarter Ended 31 December 2015*

# AUDITORS' REPORT TO THE MEMBERS ON REVIEW OF INTERIM FINANCIAL INFORMATION

## *Introduction*

We have reviewed the accompanying condensed interim unconsolidated balance sheet of **Synthetic Products Enterprises Limited** ("the Company") as at 31 December 2015 and the related condensed interim unconsolidated profit and loss account, condensed interim unconsolidated statement of comprehensive income, condensed interim unconsolidated cash flow statement, condensed interim unconsolidated statement of changes in equity and notes to the accounts for the six month period then ended (here-in-after referred as the "interim unconsolidated financial information"). Management is responsible for the preparation and presentation of this condensed interim unconsolidated financial information in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on this condensed interim unconsolidated financial information based on our review.

## *Scope of review*

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

## *Other matters*

The figures of the condensed interim unconsolidated profit and loss account and condensed interim unconsolidated statement of comprehensive income for the quarter ended 31 December 2015, have not been reviewed as we are required to review only the cumulative figures for the half year ended 31 December 2015.

Date: 9 February 2016  
Lahore

  
**KPMG Taseer Hadi & Co.**  
Chartered Accountants  
(M. Rehan Chughtai)

# CONDENSED INTERIM UNCONSOLIDATED BALANCE SHEET

As at 31 December 2015 (Un-audited)

	Note	Un-audited 31 December 2015 Rupees	Audited 30 June 2015 Rupees
<b>EQUITY AND LIABILITIES</b>			
<b>Share capital and reserves</b>			
Authorized share capital of Rs.10 each		1,000,000,000	1,000,000,000
Issued, subscribed and paid up capital	5	773,500,000	773,500,000
Share premium		347,391,050	347,391,050
Accumulated profit		306,340,398	210,060,018
		1,427,231,448	1,330,951,068
<b>Surplus on revaluation of land</b>		226,943,081	226,943,081
<b>Non-current liabilities</b>			
Long term finance	6	37,106,088	52,255,716
Diminishing musharika - secured	7	5,371,028	11,069,808
Liabilities against assets subject to finance lease	8	23,836,700	29,381,452
Deferred taxation		114,333,289	122,134,405
		180,647,105	214,841,381
<b>Current liabilities</b>			
Trade and other payables		103,093,923	127,468,516
Short term borrowings - secured	9	445,130,700	380,450,601
Current maturity of non-current liabilities	10	71,879,360	76,154,092
Accrued markup		11,186,103	8,123,321
		631,290,086	592,196,530
		2,466,111,720	2,364,932,060
<b>Contingencies and commitments</b>	11		

The annexed notes from 1 to 22 form an integral part of this condensed interim unconsolidated financial information.

### Statement under section 241(2) of the Companies Ordinance, 1984

This condensed interim unconsolidated financial information has been signed by two Directors instead of Chief Executive Officer and one Director, as the Chief Executive Officer is for the time being not in Pakistan.



Director

	Note	Un-audited 31 December 2015 Rupees	Audited 30 June 2015 Rupees
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	12	1,151,544,410	1,030,345,221
Intangibles		4,242,070	4,207,204
Investments - related parties	13	463,480	2,546,005
Long term deposits		8,090,948	7,263,948
		1,164,340,908	1,044,362,378
<b>Current assets</b>			
Stores, spares and loose tools		11,840,361	15,966,041
Stock-in-trade		322,905,123	321,691,498
Trade debts - unsecured, considered good		179,693,708	249,155,073
Income tax		84,923,618	84,901,576
Advances, deposits, prepayments and other receivables	14	67,619,440	30,722,007
Short term investments		525,000,000	580,500,000
Cash and bank balances		109,788,562	37,633,487
		1,301,770,812	1,320,569,682
		2,466,111,720	2,364,932,060



Director



## CONDENSED INTERIM UNCONSOLIDATED PROFIT AND LOSS ACCOUNT

For the Half Year & Quarter Ended 31 December 2015 (Un-audited)

	Note	Half Year Ended		Quarter Ended	
		31 December 2015 Rupees	31 December 2014 Rupees	31 December 2015 Rupees	31 December 2014 Rupees
Sales - net	15	1,090,638,903	938,998,624	514,058,016	466,857,766
Cost of sales	16	(831,516,776)	(753,874,908)	(403,012,807)	(375,223,130)
<b>Gross profit</b>		<b>259,122,127</b>	<b>185,123,716</b>	<b>111,045,209</b>	<b>91,634,636</b>
Administrative expenses		(54,287,029)	(45,268,495)	(28,630,544)	(23,199,566)
Selling and distribution expenses		(21,558,939)	(14,382,380)	(10,470,897)	(5,709,513)
<b>Operating profit</b>		<b>183,276,159</b>	<b>125,472,841</b>	<b>71,943,768</b>	<b>62,725,557</b>
Other income		28,661,717	5,448,495	15,047,235	4,314,796
Other charges		(13,431,416)	(7,730,214)	(5,305,810)	(4,663,927)
Finance cost	17	(22,808,664)	(31,787,781)	(10,926,585)	(15,178,369)
<b>Profit before taxation</b>		<b>175,697,796</b>	<b>91,403,341</b>	<b>70,758,608</b>	<b>47,198,057</b>
Taxation		(40,742,416)	(10,164,940)	(22,410,033)	4,362,042
<b>Profit after taxation</b>		<b>134,955,380</b>	<b>81,238,401</b>	<b>48,348,575</b>	<b>51,560,099</b>
Earnings per share - Basic and diluted		1.74	1.40	0.63	0.89

The annexed notes from 1 to 22 form an integral part of this condensed interim unconsolidated financial information.

### Statement under section 241(2) of the Companies Ordinance, 1984

This condensed interim unconsolidated financial information has been signed by two Directors instead of Chief Executive Officer and one Director, as the Chief Executive Officer is for the time being not in Pakistan.



Director



Director

## ▶ CONDENSED INTERIM UNCONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

*For the Half Year & Quarter Ended 31 December 2015 (Un-audited)*

	Half Year Ended		Quarter Ended	
	31 December 2015 Rupees	31 December 2014 Rupees	31 December 2015 Rupees	31 December 2014 Rupees
Profit after taxation	134,955,380	81,238,401	48,348,575	51,560,099
Other comprehensive income for the period	-	-	-	-
<b>Total comprehensive income for the period</b>	<b>134,955,380</b>	<b>81,238,401</b>	<b>48,348,575</b>	<b>51,560,099</b>

The annexed notes from 1 to 22 form an integral part of this condensed interim unconsolidated financial information.

### *Statement under section 241(2) of the Companies Ordinance, 1984*

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Director

  
Director

# CONDENSED INTERIM UNCONSOLIDATED CASH FLOW STATEMENT

For the Half Year Ended 31 December 2015 (Un-audited)

	Note	31 December 2015 Rupees	31 December 2014 Rupees
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>			
<b>Profit before taxation</b>		175,697,796	91,403,341
Adjustments for non cash items:			
Depreciation on property, plant and equipment	12.1	39,004,203	32,427,884
Amortization of intangibles		718,782	699,316
(Gain) / loss on disposal of property, plant and equipment		(85,724)	1,973,839
Finance cost	17	22,808,664	31,787,781
Impairment loss on investment in subsidiary		382,525	-
Provision for Workers' Profit Participation Fund		9,455,718	4,608,579
Provision for Workers' Welfare Fund		3,593,173	1,127,499
		75,877,341	72,624,898
<b>Cash generated from operations before working capital changes</b>		251,575,137	164,028,239
(Increase) / decrease in current assets:			
Stores, spares and loose tools		4,125,680	(1,276,021)
Stock-in-trade		(1,213,625)	(70,700,627)
Trade debts		69,461,365	(43,352,448)
Advances, deposits, prepayments and other receivable		(36,897,433)	(58,292,496)
		35,475,987	(173,621,592)
Increase / (decrease) in current liabilities:			
Trade and other payables		(32,492,440)	40,648,030
		2,983,547	(132,973,562)
<b>Cash generated from operations</b>		254,558,684	31,054,677
Workers' Welfare Fund paid		(4,989,831)	(2,760,624)
Taxes paid		(48,565,574)	(12,953,047)
Finance cost paid		(19,745,882)	(27,049,178)
<b>Net cash generated from / (used in) operating activities</b>		181,257,397	(11,708,172)
<b>Cash flow from investing activities</b>			
Fixed capital expenditure		(156,076,123)	(43,474,090)
Intangibles acquired		(753,648)	-
Proceeds from disposal of short term investments		55,500,000	-
Proceeds from disposal of property, plant and equipment		336,455	572,650
Investments - related parties		1,700,000	-
Long term deposits - net		(1,036,300)	(5,210,902)
<b>Net cash used in investing activities</b>		(100,329,616)	(48,112,342)
<b>Cash flow from financing activities</b>			
Principal repayment of lease liability		(25,800,672)	(21,138,896)
Advance against share capital		-	435,375,000
Long term finance and diminishing musharika repaid		(9,035,920)	(4,876,610)
Short term borrowings - net		138,052,236	59,988,410
Cash dividend paid		(38,616,213)	-
<b>Net cash generated from financing activities</b>		64,599,431	469,347,904
<b>Increase in cash and cash equivalents</b>		145,527,212	409,527,390
<b>Cash and cash equivalents at beginning of the period</b>		(151,704,231)	(4,047,659)
<b>Cash and cash equivalents at end of the period</b>	18	(6,177,019)	405,479,731

The annexed notes from 1 to 22 form an integral part of this condensed interim unconsolidated financial information.

**Statement under section 241(2) of the Companies Ordinance, 1984**

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# CONDENSED INTERIM UNCONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the Half Year Ended 31 December 2015 (Un-audited)

	Issued subscribed & paid-up capital	Advance against share capital	Capital Reserve	Revenue Reserve	Total
	Rupees	Rupees	Share premium Rupees	Accumulated profit Rupees	Rupees
<b>Balance as at 30 June 2014 - audited</b>	580,000,000	-	-	18,989,521	598,989,521
<b>Total comprehensive income</b>					
Profit for the half year ended 31 December 2014	-	-	-	81,238,401	81,238,401
Other comprehensive income for the half year ended 31 December 2014	-	-	-	-	-
	-	-	-	81,238,401	81,238,401
<b>Transactions with owners of the Company</b>					
Advance received during the period	-	435,375,000	-	-	435,375,000
<b>Balance as at 31 December 2014 - un - audited</b>	<b>580,000,000</b>	<b>435,375,000</b>	<b>-</b>	<b>100,227,922</b>	<b>1,115,602,922</b>
<b>Total comprehensive income</b>					
Profit for the half year ended 30 June 2015	-	-	-	148,507,096	148,507,096
Other comprehensive income for the half year ended 30 June 2015	-	-	-	-	-
	-	-	-	148,507,096	148,507,096
<b>Transactions with owners of the Company</b>					
Advance received during the period	-	145,125,000	-	-	145,125,000
Shares issued during the period	193,500,000	(193,500,000)	-	-	-
Share premium	-	(387,000,000)	387,000,000	-	-
Expenses incurred on issuance of shares	-	-	(39,608,950)	-	(39,608,950)
Interim cash dividend for the year ended 30 June 2015 @ Rs. 0.5 per share	-	-	-	(38,675,000)	(38,675,000)
	193,500,000	(435,375,000)	347,391,050	(38,675,000)	66,841,050
<b>Balance as at 30 June 2015 - audited</b>	<b>773,500,000</b>	<b>-</b>	<b>347,391,050</b>	<b>210,060,018</b>	<b>1,330,951,068</b>
<b>Total comprehensive income</b>					
Profit for the half year ended 31 December 2015	-	-	-	134,955,380	134,955,380
Other comprehensive income for the half year ended 31 December 2015	-	-	-	-	-
	-	-	-	134,955,380	134,955,380
<b>Transactions with owners of the Company</b>					
Final cash dividend for the year ended 30 June 2015 @ Rs. 0.5 per share	-	-	-	(38,675,000)	(38,675,000)
<b>Balance as at 31 December 2015 - unaudited</b>	<b>773,500,000</b>	<b>-</b>	<b>347,391,050</b>	<b>306,340,398</b>	<b>1,427,231,448</b>

The annexed notes from 1 to 22 form an integral part of this condensed interim unconsolidated financial information.

Statement under section 241(2) of the Companies Ordinance, 1984

This condensed interim unconsolidated financial information has been signed by two Directors instead of Chief Executive Officer and one Director, as the Chief Executive Officer is for the time being not in Pakistan.

  
Director

  
Director



## NOTES TO THE CONDENSED INTERIM UNCONSOLIDATED FINANCIAL INFORMATION

*For the Half Year & Quarter Ended 31 December 2015 (Un-audited)*

### 1. REPORTING ENTITY

Synthetic Products Enterprises Limited (“the Company”) was incorporated in Pakistan on 16 May 1982 under the Companies Act, 1913 (now the Companies Ordinance, 1984) as a private limited company. The Company converted into public limited company on 21 July 2008 and subsequently listed on the Karachi, Islamabad and Lahore stock exchanges (now the 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 molds & dies.

### 2. BASIS OF PREPARATION

- 2.1 This condensed interim unconsolidated financial information comprises the condensed interim unconsolidated balance sheet of the Company, as at 31 December 2015 and the related condensed interim unconsolidated profit and loss account, condensed interim unconsolidated statement of comprehensive income, condensed interim unconsolidated cash flow statement and condensed interim unconsolidated statement of changes in equity together with the notes forming part thereof.
- 2.2 This condensed interim unconsolidated financial information of the Company for the six months period ended 31 December 2015 has been prepared in accordance with the requirements of the International Accounting Standard (IAS) 34 - Interim Financial Reporting and provisions of and directives issued under the Companies Ordinance, 1984. In case where requirements differ, the provisions of or directives issued under the Companies Ordinance, 1984 have been followed.
- 2.3 This condensed interim unconsolidated financial information does not include all of the information required for full annual financial statements and should be read in conjunction with the annual unconsolidated financial statements for the year ended 30 June 2015.
- 2.4 Comparative unconsolidated balance sheet numbers are extracted from the annual audited unconsolidated financial statements of the Company for the year ended 30 June 2015, whereas comparatives of condensed interim unconsolidated profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity are stated from unaudited condensed interim unconsolidated financial information of the Company for the six months period ended 31 December 2014.

- 2.5** This condensed interim unconsolidated financial information is unaudited and being submitted to the shareholders as required under Section 245 of the Companies Ordinance, 1984 and the Listing Regulations of Pakistan Stock Exchange.

### **3. JUDGMENTS AND ESTIMATES**

In preparing this interim unconsolidated 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 unconsolidated financial statements for the year ended 30 June 2015.

### **4. STATEMENT OF CONSISTENCY IN ACCOUNTING POLICIES**

- 4.1** Except for note 4.2, the accounting policies and the methods of computation adopted in the preparation of this condensed interim unconsolidated financial information are same as those applied in the preparation of the unconsolidated financial statements for the year ended 30 June 2015. The Company has adopted IFRS 13 'Fair Value Measurement' during the period which became effective for financial periods beginning on or after 1 January 2015. The effect of IFRS 13 'Fair Value Measurement' is disclosed in notes 4.2 and 19 to this condensed interim unconsolidated financial information.
- 4.2** IFRS 13 Fair value measurement establishes a single framework for measuring fair value and making disclosures about fair value measurements when such measurements are required and permitted by other IFRSs. It unifies the definition of fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between the market participants on the measurement date. It replaces and expands the disclosure requirements about fair value measurement in other IFRSs, including IFRS 7 Financial Instruments: Disclosures. As a result the Company has added additional disclosures in this regard in note 19 to the condensed interim unconsolidated financial information. In accordance with the transitional provisions of IFRS 13, the Company has applied the new fair value measurement guidance prospectively and has not provided any comparative information for new disclosures. Notwithstanding the above, the change had no significant impacts on the measurements of the Company's financial assets and liabilities.

- 4.3 There were certain other new standards and amendments to the approved accounting standards which became effective during the period but are considered not to be relevant or have any significant effect on the Company's operations and are, therefore, not disclosed.

The following standards, 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)
IAS 19 - Employee Benefits	01 January 2016
IAS 38 - Intangible Assets	01 January 2016
IAS 16 - Property, Plant and Equipment	01 January 2016
IAS 41 - Agriculture	01 January 2016
IFRS 10 - Consolidated Financial Statements	01 January 2016
IAS 28 - Investments in Associates and Joint Ventures	01 January 2016
IFRS 5 - Non-current Assets Held for Sale and Discontinued Operations	01 January 2016
IFRS 7 - Financial Instruments - Disclosures	01 January 2016
IAS 27 - Separate Financial Statements	01 January 2016
IAS 34 - Interim Financial Reporting	01 January 2016

## 5. ISSUED, SUBSCRIBED AND PAID-UP CAPITAL

Un-audited 31 December 2015 -- Number of shares --	Audited 30 June 2015		Un-audited 31 December 2015 Rupees	Audited 30 June 2015 Rupees
19,791,940	19,791,940	Ordinary shares of Rs. 10 each, fully paid in cash	197,919,400	197,919,400
49,893,060	49,893,060	Fully paid bonus shares of Rs. 10 each	498,930,600	498,930,600
7,665,000	7,665,000	Shares of Rs. 10 each, issued under scheme of amalgamation	76,650,000	76,650,000
<u>77,350,000</u>	<u>77,350,000</u>		<u>773,500,000</u>	<u>773,500,000</u>

	Note	Un-audited 31 December 2015 Rupees	Audited 30 June 2015 Rupees
<b>6. LONG TERM FINANCE</b>			
- Standard Chartered Bank (Pakistan) Limited - secured	6.1	8,342,868	11,680,008
- Loan from customer		47,250,000	47,250,000
		55,592,868	58,930,008
Less: Current maturity presented under current liabilities		(18,486,780)	(6,674,292)
		<u>37,106,088</u>	<u>52,255,716</u>
<b>6.1</b> During the period / year, the Company has made repayments amounting to Rs. 3.34 million (30 June 2015: Rs. 7.23 million).			

	Note	Un-audited 31 December 2015 Rupees	Audited 30 June 2015 Rupees
<b>7. DIMINISHING MUSHARIKA - SECURED</b>			
<i>Diminishing musharika</i>			
United Bank Limited - I	7.1	2,622,080	3,605,360
United Bank Limited - II	7.2	14,146,500	18,862,000
		16,768,580	22,467,360
Less: Current maturity presented under current liabilities		(11,397,552)	(11,397,552)
		<u>5,371,028</u>	<u>11,069,808</u>
<b>7.1</b> During the period / year, the Company has made repayments amounting to Rs. 0.98 million (30 June 2015: Rs. 1.96 million).			
<b>7.2</b> During the period / year, the Company has made repayments amounting to Rs. 4.71 million (30 June 2015: Nil).			



	Note	Un-audited 31 December 2015 Rupees	Audited 30 June 2015 Rupees
<b>8. LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE</b>			
Lease liability	8.1	65,831,728	87,463,700
Less: Current maturity presented under current liabilities		(41,995,028)	(58,082,248)
		<u>23,836,700</u>	<u>29,381,452</u>

**8.1** During the period / year, the Company has made repayments amounting to Rs. 25.80 million (30 June 2015: Rs. 47.16 million).

	Note	Un-audited 31 December 2015 Rupees	Audited 30 June 2015 Rupees
<b>9. SHORT TERM BORROWINGS - SECURED</b>			
Running finance		115,965,581	189,337,718
Short term borrowings		329,165,119	191,112,883
		<u>445,130,700</u>	<u>380,450,601</u>
<b>10. CURRENT MATURITY OF NON - CURRENT LIABILITIES</b>			
Long term finance	6	18,486,780	6,674,292
Diminishing musharika - secured	7	11,397,552	11,397,552
Liabilities against assets subject to finance lease	8	41,995,028	58,082,248
		<u>71,879,360</u>	<u>76,154,092</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 2015 except for the following:

The Deputy Commissioner Inland Revenue had issued an order against the Company raising demand of sales tax of Rs. 7.6 million pertaining to TY 2012 based on a procedural matter. The Company had filed appeal before Income Tax Appellate Tribunal. The case was decided in favor of the Company through Order No. 597/LB/2015 dated October 7, 2015.

	Note	Un-audited 31 December 2015 Rupees	Audited 30 June 2015 Rupees
<b>11.2 Commitments</b>			
<i>Commitments under irrevocable letters of credit for:</i>			
- purchase of machinery		351,641,183	72,384,510
- purchase of raw material		71,953,524	141,076,786
		<u>423,594,707</u>	<u>213,461,296</u>
<b>12. PROPERTY, PLANT AND EQUIPMENT</b>			
Operating fixed assets	12.1	1,059,493,195	990,506,538
Capital work in progress	12.2	92,051,215	39,838,683
		<u>1,151,544,410</u>	<u>1,030,345,221</u>
<b>12.1 Operating fixed assets</b>			
Opening written down value		990,506,538	872,587,223
Add: Additions during the period/year	12.1.1	108,241,591	200,507,040
Less: Disposals during the period/year at written down value		(250,731)	(8,243,041)
Less: Depreciation charge for the period/year		(39,004,203)	(74,344,684)
Closing written down value		<u>1,059,493,195</u>	<u>990,506,538</u>
<b>12.1.1 Additions during the period/year:</b>			
Freehold land		55,926,925	-
Buildings on freehold land		3,579,762	3,518,656
Plant and machinery - owned		35,735,597	121,280,079
Office equipment		432,022	1,442,204
Tools and equipment		935,837	3,058,188
Computer equipment		864,527	661,324
Furniture and fittings		1,970,036	3,961,294
Vehicles - owned		4,418,885	12,702,518
Plant and machinery - leased		-	53,882,777
Vehicles - leased		4,378,000	-
		<u>108,241,591</u>	<u>200,507,040</u>

	Un-audited 31 December 2015 Rupees	Audited 30 June 2015 Rupees
<b>12.2 Capital work in progress</b>		
Balance at the beginning of the period / year	39,838,683	597,898
Add: Additions during the period / year	52,212,532	49,786,747
Less: Transfers to fixed assets during the period / year	-	10,545,962
	92,051,215	39,838,683
<b>13. INVESTMENTS - RELATED PARTIES</b>		
<i><b>SPEL Pharmatec (Private) Limited</b></i>		
600,002 (30 June 2015: 600,002) fully paid ordinary shares of Rs. 10 each		
Capital held: 100% (30 June 2015: 100%)		
Cost	6,000,020	6,000,020
Advance for purchase of shares	2,299,980	3,999,980
	8,300,000	10,000,000
Less: Accumulated impairment	(7,836,520)	(7,453,995)
	463,480	2,546,005
<b>14. ADVANCES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES</b>		
Advances - unsecured, considered good		
- to employees	123,425	422,781
- to suppliers for raw material	7,038,731	2,331,634
Amounts paid against future shipments	25,488,331	4,564,642
Short term deposits	10,842,545	10,802,445
Sales tax receivable - net	5,077,096	3,160,873
Interest receivable	16,075,448	8,482,699
Prepaid insurance	824,043	956,933
Others	2,149,821	-
	67,619,440	30,722,007

	Note	Half year ended (Un-audited)	
		31 December 2015 Rupees	31 December 2014 Rupees
<b>15. SALES - NET</b>			
Local		1,270,420,742	1,084,005,039
Export		8,836,475	14,566,957
Less: Sales tax		(188,618,314)	(159,573,372)
		<u>1,090,638,903</u>	<u>938,998,624</u>
<b>16. COST OF SALES</b>			
Raw and packing materials consumed		634,569,222	555,711,700
Stores, spare parts and loose tools consumed		3,817,729	2,869,760
Salaries, wages and benefits		75,861,359	63,194,807
Electricity, fuel and water charges		58,452,523	80,070,245
Depreciation on property, plant and equipment		35,750,687	33,106,908
Repair and maintenance		17,549,995	12,848,996
Sorting charges		375,194	2,418,939
Insurance		3,815,052	3,034,532
Oil and lubricants		1,325,015	619,021
		<u>831,516,776</u>	<u>753,874,908</u>
<b>17. FINANCE COST</b>			
Mark-up on:			
- short term borrowings		15,965,865	24,409,127
- long term finance		2,356,877	1,060,034
- diminishing musharika-secured		1,092,284	1,235,037
- lease finance		2,818,270	4,447,648
Bank charges		575,368	635,935
		<u>22,808,664</u>	<u>31,787,781</u>
<b>18. CASH AND CASH EQUIVALENTS</b>			
Short term running finance - secured	9	(115,965,581)	(41,015,864)
Cash and bank balances		109,788,562	446,495,595
		<u>(6,177,019)</u>	<u>405,479,731</u>

**19. FINANCIAL INSTRUMENTS - FAIR VALUES**

The additional disclosures due to the adoption of IFRS 13 Fair value measurement are as follows:

		Carrying Amount		Fair Value		
		Loans and receivables	Other financial liabilities	Level 1	Level 2	Level 3
		Rupees		Rupees		
<b>On-Balance sheet financial instruments</b>						
<b>31 December 2015 - ( Un-audited)</b>						
<b>Financial assets measured at fair value</b>						
<b>Financial assets not measured at fair value</b>						
	19.1	109,788,562	-	109,788,562	-	-
	19.1	34,144,910	-	34,144,910	-	-
	19.1	8,090,948	-	8,090,948	-	-
	19.1	179,693,708	-	179,693,708	-	-
		525,000,000	-	525,000,000	-	-
		941,641,746	-	941,641,746	-	-
<b>Financial liabilities measured at fair value</b>						
<b>Financial liabilities not measured at fair value</b>						
	19.1	-	72,361,448	-	72,361,448	-
	19.1	-	65,831,728	-	65,831,728	-
	19.1	-	65,567,160	-	65,567,160	-
	19.1	-	445,130,700	-	445,130,700	-
	19.1	-	11,186,103	-	11,186,103	-
		-	660,077,139	-	660,077,139	-

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

## 20. TRANSACTIONS WITH RELATED PARTIES

Related parties comprise of subsidiary company, associated undertaking, key management personnel (including chief executive and directors), post employment benefit plan and entities in which the directors have significant influence. Details of transactions and balances with related parties is as follows:

20.1 Related Parties	Nature of transaction	Half Year Ended (Un-audited)	
		31 December 2015 Rupees	31 December 2014 Rupees
SPEL Pharmatec (Private) Limited - subsidiary	Refund of advance for issuance of shares	1,700,000	-
Provident Fund Trust Directors	Contribution Dividend - as shareholders	5,883,244 27,624,817	5,348,806 -
Remuneration of Key Management Personnel	Remuneration		
- Directors		15,591,002	13,360,008
- Executive employees		12,911,998	12,219,095
		<b>Un-audited 31 December 2015 Rupees</b>	<b>Audited 30 June 2015 Rupees</b>
<b>20.2 Balances with related parties</b>			
Advance for purchase of shares - subsidiary company		2,299,980	3,999,980
Provident Fund Trust		1,080,281	997,325

## 21. DATE OF AUTHORIZATION

This condensed interim unconsolidated financial information has been approved by the Board of Directors of the Company and authorized for issue in their meeting held on 9 February 2016.

## 22. GENERAL

Figures have been rounded off to the nearest rupee.

### Statement under section 241(2) of the Companies Ordinance, 1984

This condensed interim unconsolidated financial information has been signed by two Directors instead of Chief Executive Officer and one Director, as the Chief Executive Officer is for the time being not in Pakistan.

  
Director

  
Director



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# **CONDENSED INTERIM CONSOLIDATED FINANCIAL INFORMATION**

*For the Half Year & Quarter Ended 31 December 2015*



# CONDENSED INTERIM CONSOLIDATED BALANCE SHEET

As at 31 December 2015 (Un-audited)

	Note	Un-audited 31 December 2015 Rupees	Audited 30 June 2015 Rupees
<b>EQUITY AND LIABILITIES</b>			
<b>Share capital and reserves</b>			
Authorized share capital of Rs. 10 each		1,000,000,000	1,000,000,000
Issued, subscribed and paid up capital	5	773,500,000	773,500,000
Share premium		347,391,050	347,391,050
Accumulated profit		304,104,199	207,808,962
		1,424,995,249	1,328,700,012
<b>Surplus on revaluation of land</b>		226,943,081	226,943,081
<b>Non-current liabilities</b>			
Long term finance	6	37,106,088	52,255,716
Diminishing musharika - secured	7	5,371,028	11,069,808
Liabilities against assets subject to finance lease	8	23,836,700	29,381,452
Deferred taxation		116,569,488	124,370,604
		182,883,304	217,077,580
<b>Current liabilities</b>			
Trade and other payables		103,169,687	127,659,350
Short term borrowings - secured	9	445,130,700	380,450,601
Current maturity of non - current liabilities	10	71,879,360	76,154,092
Accrued markup		11,187,014	8,123,321
		631,366,761	592,387,364
		2,466,188,395	2,365,108,037
<b>Contingencies and commitments</b>	11		

The annexed notes from 1 to 21 form an integral part of this condensed interim consolidated financial information.

## Statement under section 241(2) of the Companies Ordinance, 1984

This condensed interim consolidated financial information has been signed by two Directors instead of Chief Executive Officer and one Director, as the Chief Executive Officer is for the time being not in Pakistan.

  
Director

	Note	Un-audited 31 December 2015 Rupees	Audited 30 June 2015 Rupees
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	12	1,151,562,175	1,030,363,969
Intangibles		4,242,070	4,207,204
Long term deposits		8,090,948	7,263,948
		<u>1,163,895,193</u>	<u>1,041,835,121</u>
<b>Current assets</b>			
Stores, spares and loose tools		11,840,361	15,966,041
Stock-in-trade		322,905,123	321,691,498
Trade debts - unsecured, considered good		179,693,708	249,451,311
Income tax		85,013,435	84,987,657
Advances, deposits, prepayments and other receivables	13	67,939,162	31,097,917
Short term investments		525,000,000	582,103,302
Cash and bank balances		109,901,413	37,975,190
		<u>1,302,293,202</u>	<u>1,323,272,916</u>
		<u>2,466,188,395</u>	<u>2,365,108,037</u>

  
Director

## ▶ CONDENSED INTERIM CONSOLIDATED PROFIT AND LOSS ACCOUNT

For the Half Year & Quarter Ended 31 December 2015 (Un-audited)

	Note	Half Year Ended		Quarter Ended	
		31 December 2015 Rupees	31 December 2014 Rupees	31 December 2015 Rupees	31 December 2014 Rupees
Sales - net	14	1,090,730,051	939,554,461	514,058,016	467,152,440
Cost of sales	15	(831,726,653)	(754,065,476)	(403,012,807)	(375,350,761)
<b>Gross profit</b>		<b>259,003,398</b>	<b>185,488,985</b>	<b>111,045,209</b>	<b>91,801,679</b>
Administrative expenses		(54,287,029)	(45,268,495)	(28,630,544)	(24,060,242)
Selling and distribution expenses		(21,844,347)	(16,127,167)	(10,491,902)	(5,709,513)
<b>Operating profit</b>		<b>182,872,022</b>	<b>124,093,323</b>	<b>71,922,763</b>	<b>62,031,924</b>
Other income		28,699,097	5,529,276	15,047,235	4,395,577
Other charges		(13,048,891)	(7,730,214)	(5,271,443)	(4,663,927)
Finance cost	16	(22,808,664)	(31,790,187)	(10,924,179)	(15,179,473)
<b>Profit before taxation</b>		<b>175,713,564</b>	<b>90,102,198</b>	<b>70,774,376</b>	<b>46,584,101</b>
Taxation		(40,743,327)	(10,164,940)	(22,410,944)	4,362,042
<b>Profit after taxation</b>		<b>134,970,237</b>	<b>79,937,258</b>	<b>48,363,432</b>	<b>50,946,143</b>
Earnings per share - Basic and diluted		1.74	1.38	0.63	0.88

The annexed notes from 1 to 21 form an integral part of this condensed interim consolidated financial information.

### Statement under section 241(2) of the Companies Ordinance, 1984

This condensed interim consolidated financial information has been signed by two Directors instead of Chief Executive Officer and one Director, as the Chief Executive Officer is for the time being not in Pakistan.



Director



Director



## CONDENSED INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the Half Year & Quarter Ended 31 December 2015 (Un-audited)

	Half Year Ended		Quarter Ended	
	31 December 2015 Rupees	31 December 2014 Rupees	31 December 2015 Rupees	31 December 2014 Rupees
Profit after taxation	134,970,237	79,937,258	48,363,432	50,946,143
Other comprehensive income for the period	-	-	-	-
<b>Total comprehensive income for the period</b>	<b>134,970,237</b>	<b>79,937,258</b>	<b>48,363,432</b>	<b>50,946,143</b>

The annexed notes from 1 to 21 form an integral part of this condensed interim consolidated financial information.

### *Statement under section 241(2) of the Companies Ordinance, 1984*

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Director



Director



## CONDENSED INTERIM CONSOLIDATED CASH FLOW STATEMENT

For the Half Year Ended 31 December 2015 (Un-audited)

	Note	31 December 2015 Rupees	31 December 2014 Rupees
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>			
<b>Profit before taxation</b>		175,331,039	90,102,198
Adjustments for non cash items:			
Depreciation on property, plant and equipment	12.1	39,005,186	32,438,829
Amortization of intangibles		718,782	699,316
(Gain) / loss on disposal of property, plant and equipment		(85,724)	1,973,839
Finance cost	16	22,808,664	31,785,375
Impairment loss on investment in subsidiary		382,525	-
Provision for Workers' Profit Participation Fund		9,455,718	4,608,579
Provision for Workers' Welfare Fund		3,593,173	1,127,499
		75,878,324	72,633,437
<b>Cash generated from operations before working capital changes</b>		251,209,363	162,735,635
(Increase) / decrease in current assets:			
Stores, spares and loose tools		4,125,680	(1,276,021)
Stock-in-trade		(1,213,625)	(71,241,116)
Trade debts		69,437,881	(43,618,250)
Advances, deposits, prepayments and other receivable		(36,525,259)	(57,967,975)
		35,824,677	(174,103,362)
<i>Increase / (decrease) in current liabilities:</i>			
Trade and other payables		(32,607,510)	40,553,889
		3,217,167	(133,549,473)
<b>Cash generated from operations</b>		254,426,530	29,186,162
Workers' Welfare Fund paid		(4,989,831)	(2,760,624)
Taxes paid		(48,565,574)	(12,953,047)
Finance cost paid		(19,745,882)	(27,046,772)
<b>Net cash generated from / (used in) operating activities</b>		181,125,243	(13,574,281)
<b>Cash flow from investing activities</b>			
Fixed capital expenditure		(156,076,123)	(43,571,958)
Intangibles acquired		(753,648)	-
Proceeds from disposal of short term investments		57,103,302	-
Proceeds from disposal of property, plant and equipment		336,455	572,650
Investments - related parties		-	-
Long term deposits - net		(1,036,300)	(5,210,902)
<b>Net cash used in investing activities</b>		(100,426,314)	(48,210,210)
<b>Cash flow from financing activities</b>			
Principal repayment of lease liability		(25,800,672)	(21,138,896)
Advance against share capital		-	435,375,000
Long term finance and diminishing musharika repaid		(9,035,920)	(4,876,610)
Short term borrowings - net		138,052,236	59,988,410
Cash dividend paid		(38,616,213)	-
<b>Net cash generated from financing activities</b>		64,599,431	469,347,904
<b>Increase in cash and cash equivalents</b>		145,298,360	407,563,413
<b>Cash and cash equivalents at beginning of the period</b>		(151,362,528)	1,116,389
<b>Cash and cash equivalents at end of the period</b>	17	(6,064,168)	408,679,802

The annexed notes from 1 to 21 form an integral part of this condensed interim consolidated financial information.

### Statement under section 241(2) of the Companies Ordinance, 1984

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# CONDENSED INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the Half Year Ended 31 December 2015 (Un-audited)

	Issued subscribed & paid-up capital	Advance against share capital	Capital Reserve	Revenue Reserve	Total
	Rupees	Rupees	Rupees	Rupees	Rupees
<b>Balance as at 30 June 2014 - audited</b>	580,000,000	-	-	14,681,905	594,681,905
<b>Total comprehensive income</b>					
Profit for the half year ended 31 December 2014	-	-	-	79,938,380	79,938,380
Other comprehensive income for the half year ended 31 December 2014	-	-	-	-	-
	-	-	-	79,938,380	79,938,380
<b>Transactions with owners of the Company</b>					
Advance received during the period	-	435,375,000	-	-	435,375,000
<b>Balance as at 31 December 2014 - un-audited</b>	<b>580,000,000</b>	<b>435,375,000</b>	<b>-</b>	<b>94,620,285</b>	<b>1,109,995,285</b>
<b>Total comprehensive income</b>					
Profit for the half year ended 30 June 2015	-	-	-	151,863,677	151,863,677
Other comprehensive income for the half year ended 30 June 2015	-	-	-	-	-
	-	-	-	151,863,677	151,863,677
<b>Transactions with owners of the Company</b>					
Advance received during the period	-	145,125,000	-	-	145,125,000
Shares issued during the period	193,500,000	(193,500,000)	-	-	-
Share premium	-	(387,000,000)	387,000,000	-	-
Expenses incurred on issuance of shares	-	-	(39,608,950)	-	(39,608,950)
Interim cash dividend for the year ended 30 June 2015 @ Rs. 0.5 per share	-	-	-	(38,675,000)	(38,675,000)
	193,500,000	(435,375,000)	347,391,050	(38,675,000)	66,841,050
<b>Balance as at 30 June 2015 - audited</b>	<b>773,500,000</b>	<b>-</b>	<b>347,391,050</b>	<b>207,808,962</b>	<b>1,328,700,012</b>
<b>Total comprehensive income</b>					
Profit for the half year ended 31 December 2015	-	-	-	134,970,237	134,970,237
Other comprehensive income for the half year ended 31 December 2015	-	-	-	-	-
	-	-	-	134,970,237	134,970,237
<b>Transactions with owners of the Company</b>					
Final cash dividend for the year ended 30 June 2015 @ Rs. 0.5 per share	-	-	-	(38,675,000)	(38,675,000)
<b>Balance as at 31 December 2015 - unaudited</b>	<b>773,500,000</b>	<b>-</b>	<b>347,391,050</b>	<b>304,104,199</b>	<b>1,424,995,249</b>

The annexed notes from 1 to 21 form an integral part of this condensed interim consolidated financial information.

Statement under section 241(2) of the Companies Ordinance, 1984

This condensed interim consolidated financial information has been signed by two Directors instead of Chief Executive Officer and one Director, as the Chief Executive Officer is for the time being not in Pakistan.

  
Director

  
Director



# NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL INFORMATION

*For the Half Year & Quarter Ended 31 December 2015 (Un-audited)*

## 1. REPORTING ENTITY

### 1.1 Synthetic Products Enterprises Limited - ("the Company")

Synthetic Products Enterprises Limited ("the Company") was incorporated in Pakistan on 16 May 1982 under the Companies Act, 1913 (now the Companies Ordinance, 1984) as a private limited company. The Company converted into public limited company on 21 July 2008 and subsequently listed on the Karachi, Islamabad and Lahore stock exchanges (now the 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 molds & dies.

### 1.2 SPEL Pharmatec (Private) Limited ("the Subsidiary Company")

During the year 2013, Synthetic Products Enterprises Limited acquired 100% shares in its newly incorporated Subsidiary Company from the date of its incorporation on 01 November 2013. The principal business of the Subsidiary Company is trading of medical devices, machines, disposable items, surgical instruments, drugs and pharmaceuticals. The registered office of the Subsidiary Company is situated at 127-S, Quaid-e-Azam Industrial Estate, Kot Lakhpat, Lahore. SPEL Pharmatec (Private) Limited is dormant and has ceased its commercial operations.

## 2. BASIS OF PREPARATION

- 2.1** This condensed interim consolidated financial information comprises the condensed interim consolidated balance sheet of the Company, as at 31 December 2015 and the related condensed interim consolidated profit and loss account, condensed interim consolidated statement of comprehensive income, condensed interim consolidated cash flow statement and condensed interim consolidated statement of changes in equity together with the notes forming part thereof.
- 2.2** This condensed interim consolidated financial information of the Company for the six months period ended 31 December 2015 has been prepared in accordance with the requirements of the International Accounting Standard (IAS) 34 - Interim Financial Reporting and provisions of and directives issued under the Companies Ordinance, 1984. In case where requirements differ, the provisions of or directives issued under the Companies Ordinance, 1984 have been followed.
- 2.3** This condensed interim consolidated financial information does not include all of the information required for full annual financial statements and should be read in conjunction with the annual consolidated financial statements for the year ended 30 June 2015.

- 2.4** Comparative consolidated balance sheet numbers are extracted from the annual audited consolidated financial statements of the Company for the year ended 30 June 2015, whereas comparatives of condensed interim consolidated profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity are stated from unaudited condensed interim consolidated financial information of the Company for the six months period ended 31 December 2014.
- 2.5** This condensed interim consolidated financial information is unaudited and being submitted to the shareholders as required under Section 245 of the Companies Ordinance, 1984 and the Listing Regulations of Pakistan Stock Exchange.

### **3. JUDGMENTS AND ESTIMATES**

In preparing this interim consolidated 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 consolidated financial statements for the year ended 30 June 2015.

### **4. STATEMENT OF CONSISTENCY IN ACCOUNTING POLICIES**

- 4.1** Except for note 4.2, the accounting policies and the methods of computation adopted in the preparation of this condensed interim consolidated financial information are same as those applied in the preparation of the consolidated financial statements for the year ended 30 June 2015. The Company has adopted IFRS 13 'Fair Value Measurement' during the period which became effective for financial periods beginning on or after 1 January 2015. The effect of IFRS 13 'Fair Value Measurement' is disclosed in notes 4.2 and 19 to this condensed interim consolidated financial information.
- 4.2** IFRS 13 Fair value measurement establishes a single framework for measuring fair value and making disclosures about fair value measurements when such measurements are required and permitted by other IFRSs. It unifies the definition of fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between the market participants on the measurement date. It replaces and expands the disclosure requirements about fair value measurement in other IFRSs, including IFRS 7 Financial Instruments : Disclosures. As a result the Company has added additional disclosures in this regard in note 19 to the condensed interim consolidated financial information. In accordance with the transitional provisions of IFRS 13, the Company has applied the new fair value measurement guidance prospectively and has not provided any comparative information for new disclosures. Notwithstanding the above, the change had no significant impacts on the measurements of the Company's financial assets and liabilities.



- 4.3** There were certain other new standards and amendments to the approved accounting standards which became effective during the period but are considered not to be relevant or have any significant effect on the Company's operations and are, therefore, not disclosed.

The following standards, 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)
IAS 19 - Employee Benefits	01 January 2016
IAS 38 - Intangible Assets	01 January 2016
IAS 16 - Property, Plant and Equipment	01 January 2016
IAS 41 - Agriculture	01 January 2016
IFRS 10 - Consolidated Financial Statements	01 January 2016
IAS 28 - Investments in Associates and Joint Ventures	01 January 2016
IFRS 5 - Non-current Assets Held for Sale and Discontinued Operations	01 January 2016
IFRS 7 - Financial Instruments- Disclosures	01 January 2016
IAS 27 - Separate Financial Statements	01 January 2016
IAS 34 - Interim Financial Reporting	01 January 2016

## 5. ISSUED, SUBSCRIBED AND PAID-UP CAPITAL

Un-audited 31 December 2015	Audited 30 June 2015		Un-audited 31 December 2015	Audited 30 June 2015
-- Number of shares --			Rupees	Rupees
19,791,940	19,791,940	Ordinary shares of Rs. 10 each, fully paid in cash	197,919,400	197,919,400
49,893,060	49,893,060	Fully paid bonus shares of Rs. 10 each	498,930,600	498,930,600
7,665,000	7,665,000	Shares of Rs. 10 each, issued under scheme of amalgamation	76,650,000	76,650,000
<u>77,350,000</u>	<u>77,350,000</u>		<u>773,500,000</u>	<u>773,500,000</u>

		Un-audited 31 December 2015 Rupees	Audited 30 June 2015 Rupees
<b>6. LONG TERM FINANCE</b>			
- Standard Chartered Bank (Pakistan) Limited - secured	6.1	8,342,868	11,680,008
- Loan from customer		47,250,000	47,250,000
		55,592,868	58,930,008
Less: Current maturity presented under current liabilities		(18,486,780)	(6,674,292)
		<u>37,106,088</u>	<u>52,255,716</u>
<b>6.1</b> During the period / year, the Company has made repayments amounting to Rs. 3.34 million (30 June 2015: Rs. 7.23 million).			

		Un-audited 31 December 2015 Rupees	Audited 30 June 2015 Rupees
<b>7. DIMINISHING MUSHARIKA - SECURED</b>			
<i>Diminishing musharika</i>			
United Bank Limited - I	7.1	2,622,080	3,605,360
United Bank Limited - II	7.2	14,146,500	18,862,000
		16,768,580	22,467,360
Less: Current maturity presented under current liabilities		(11,397,552)	(11,397,552)
		<u>5,371,028</u>	<u>11,069,808</u>
<b>7.1</b> During the period / year, the Company has made repayments amounting to Rs. 0.98 million (30 June 2015: Rs. 1.96 million).			
<b>7.2</b> During the period / year, the Company has made repayments amounting to Rs. 4.71 million (30 June 2015: Nil).			

	Note	Un-audited 31 December 2015 Rupees	Audited 30 June 2015 Rupees
<b>8. LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE</b>			
Lease liability	8.1	65,831,728	87,463,700
Less: Current maturity presented under current liabilities		(41,995,028)	(58,082,248)
		<u>23,836,700</u>	<u>29,381,452</u>

**8.1** During the period / year, the Company has made repayments amounting to Rs. 25.80 million (30 June 2015: Rs. 47.16 million).

	Note	Un-audited 31 December 2015 Rupees	Audited 30 June 2015 Rupees
<b>9. SHORT TERM BORROWINGS - SECURED</b>			
Running finance		115,965,581	189,337,718
Short term borrowings		329,165,119	191,112,883
		<u>445,130,700</u>	<u>380,450,601</u>
<b>10. CURRENT MATURITY OF NON - CURRENT LIABILITIES</b>			
Long term finance	6	18,486,780	6,674,292
Diminishing musharika - secured	7	11,397,552	11,397,552
Liabilities against assets subject to finance lease	8	41,995,028	58,082,248
		<u>71,879,360</u>	<u>76,154,092</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 2015 except for the following:

The Deputy Commissioner Inland Revenue had issued an order against the Company raising demand of sales tax of Rs. 7.6 million pertaining to TY 2012 based on a procedural matter. The Company had filed appeal before Income Tax Appellate Tribunal. The case was decided in favor of the Company through Order No. 597/LB/2015 dated October 7, 2015.

	Note	Un-audited 31 December 2015 Rupees	Audited 30 June 2015 Rupees
<b>11.2 Commitments</b>			
<i>Commitments under irrevocable letters of credit for:</i>			
- purchase of machinery		351,641,183	72,384,510
- purchase of raw material		71,953,524	141,076,786
		<u>423,594,707</u>	<u>213,461,296</u>
<b>12. PROPERTY, PLANT AND EQUIPMENT</b>			
Operating fixed assets	12.1	1,059,510,960	990,525,286
Capital work in progress	12.2	92,051,215	39,838,683
		<u>1,151,562,175</u>	<u>1,030,363,969</u>
<b>12.1 Operating fixed assets</b>			
Opening written down value		990,525,286	872,608,200
Add: Additions during the period/year	12.1.1	108,241,591	200,507,040
Less: Disposals during the period/year at written down value		(250,731)	(8,243,041)
Less: Depreciation charge for the period/year		(39,005,186)	(74,346,913)
Closing written down value		<u>1,059,510,960</u>	<u>990,525,286</u>
<b>12.1.1 Additions during the period/year:</b>			
Freehold land		55,926,925	-
Buildings on freehold land		3,579,762	3,518,656
Plant and machinery - owned		35,735,597	121,280,079
Office equipment		432,022	1,442,204
Tools and equipment		935,837	3,058,188
Computer equipment		864,527	661,324
Furniture and fittings		1,970,036	3,961,294
Vehicles - owned		4,418,885	12,702,518
Plant and machinery - leased		-	53,882,777
Vehicles - leased		4,378,000	-
		<u>108,241,591</u>	<u>200,507,040</u>

	Un-audited 31 December 2015 Rupees	Audited 30 June 2015 Rupees
<b>12.2 Capital work in progress</b>		
Balance at the beginning of the period / year	39,838,683	597,898
Add: Additions during the period / year	52,212,532	49,786,747
Less: Transfers to fixed assets during the period / year	-	10,545,962
	<u>92,051,215</u>	<u>39,838,683</u>
<b>13. ADVANCES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES</b>		
Advances - unsecured, considered good		
- to employees	123,425	426,374
- to suppliers for raw material	7,358,453	2,703,951
Amounts paid against future shipments	25,488,331	4,564,642
Short term deposits	10,842,545	10,802,445
Sales tax receivable - net	5,077,096	3,160,873
Interest receivable	16,075,448	8,482,699
Prepaid insurance	824,043	956,933
Others	2,149,821	-
	<u>67,939,162</u>	<u>31,097,917</u>
	<b>Half year ended (Un-audited)</b>	
	<b>31 December</b>	<b>31 December</b>
	<b>2015</b>	<b>2014</b>
	<b>Rupees</b>	<b>Rupees</b>
<b>14. SALES - NET</b>		
Local	1,270,511,890	1,084,560,876
Export	8,836,475	14,566,957
Less: Sales tax	(188,618,314)	(159,573,372)
	<u>1,090,730,051</u>	<u>939,554,461</u>

		<b>Half year ended (Un-audited)</b>	
		<b>31 December</b>	<b>31 December</b>
		<b>2015</b>	<b>2014</b>
	Note	<b>Rupees</b>	<b>Rupees</b>
<b>15. COST OF SALES</b>			
Raw and packing materials consumed		634,779,099	555,902,268
Stores, spare parts and loose tools consumed		3,817,729	2,869,760
Salaries, wages and benefits		75,861,359	63,194,807
Electricity, fuel and water charges		58,452,523	80,070,245
Depreciation on property, plant and equipment		35,750,687	33,106,908
Repair and maintenance		17,549,995	12,848,996
Sorting charges		375,194	2,418,939
Insurance		3,815,052	3,034,532
Oil and lubricants		1,325,015	619,021
		<b>831,726,653</b>	<b>754,065,476</b>
<b>16. FINANCE COST</b>			
Mark-up on:			
- short term borrowings		15,965,865	24,409,127
- long term finance		2,356,877	1,060,034
- diminishing musharika-secured		1,092,284	1,235,037
- lease finance		2,818,270	4,447,648
Bank charges		575,368	638,341
		<b>22,808,664</b>	<b>31,790,187</b>
<b>17. CASH AND CASH EQUIVALENTS</b>			
Short term running finance- secured	9	(115,965,581)	(41,015,864)
Cash and bank balances		109,901,413	449,695,666
		<b>(6,064,168)</b>	<b>408,679,802</b>

18. FINANCIAL INSTRUMENTS - FAIR VALUES

The additional disclosures due to the adoption of IFRS 13 Fair value measurement are as follows:

	Carrying Amount		Fair Value			
	Loans and receivables	Other financial liabilities	Total	Level 1	Level 2	Level 3
	Rupees		Rupees			
<b>On-Balance sheet financial instruments</b>						
<b>31 December 2015 - ( Un-audited)</b>						
<b>Financial assets measured at fair value</b>						
<b>Financial assets not measured at fair value</b>						
Cash and bank balances	109,901,413	-	109,901,413	-	-	-
Advances, deposits and other receivables	34,144,910	-	34,144,910	-	-	-
Long term deposits	8,090,948	-	8,090,948	-	-	-
Trade debts - unsecured, considered good	179,693,708	-	179,693,708	-	-	-
Short term investments	525,000,000	-	525,000,000	-	525,000,000	-
	941,844,414	-	941,844,414	-	525,000,000	-
<b>Financial liabilities measured at fair value</b>						
<b>Financial liabilities not measured at fair value</b>						
Long term finances and diminishing musharika	-	72,361,448	72,361,448	-	72,361,448	-
Liabilities against assets subject to finance lease	-	65,831,728	65,831,728	-	65,831,728	-
Trade and other payables	-	65,642,924	65,642,924	-	-	-
Short term borrowing	-	445,130,700	445,130,700	-	445,130,700	-
Accrued mark up	-	11,186,103	11,186,103	-	-	-
	-	660,152,903	660,152,903	-	583,323,876	-

18.1 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. TRANSACTIONS WITH RELATED PARTIES

Related parties comprise of subsidiary company, associated undertaking, key management personnel (including chief executive and directors), post employment benefit plan and entities in which the directors have significant influence. Details of transactions and balances with related parties is as follows:

19.1 Related Party	Nature of transaction	Half Year Ended (Un-audited)	
		31 December 2015 Rupees	31 December 2014 Rupees
Provident Fund Trust	Contribution	5,883,244	5,348,806
Directors	Dividend-as shareholders	27,624,817	-
Remuneration of Key Management Personnel	Remuneration		
- Directors		15,591,002	13,360,008
- Executive employees		12,911,998	12,219,095
		<b>Un-audited 31 December 2015 Rupees</b>	Audited 30 June 2015 Rupees
<b>19.2 Balances with related parties</b>			
Provident Fund Trust		1,080,281	1,007,325

## 20. DATE OF AUTHORIZATION

This condensed interim consolidated financial information has been approved by the Board of Directors of the Company and authorized for issue in their meeting held on 9 February 2016.

## 21. GENERAL

Figures have been rounded off to the nearest rupee.

Statement under section 241(2) of the Companies Ordinance, 1984

This condensed interim consolidated financial information has been signed by two Directors instead of Chief Executive Officer and one Director, as the Chief Executive Officer is for the time being not in Pakistan.



Director



Director







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