

Synthetic Products Enterprises Limited

Condensed Interim Financial Statements

31 December 2018

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

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



KPMG Taseer Hadi & Co.
Chartered Accountants
351 Shadman-1, Jail Road,
Lahore 54000 Pakistan
+92 (42) 111-KPMGTH (576484), Fax +92 (42) 3742 9907

INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Synthetic Products Enterprises Limited

Report on review of Interim Financial Statements

Introduction

We have reviewed the accompanying condensed interim statement of financial position of **Synthetic Products Enterprises Limited** as at 31 December 2018 and the related condensed interim statement of profit or loss, condensed interim statement of comprehensive income, condensed interim statement of changes in equity, and condensed interim statement of cash flows, and notes to the financial statements for the six-month period then ended (here-in-after referred to as the "interim financial statements"). Management is responsible for the preparation and presentation of this interim financial statements in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on these financial statements based on our review.

Scope of Review

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

Conclusion

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

Other matters

The figures of the condensed interim statement of profit or loss and condensed interim statement of comprehensive income for the quarter ended 31 December 2018, have not been reviewed and we do not express a conclusion on them.

The engagement partner on the review resulting in this independent review report is M. Rehan Chughtai.

Lahore

Date: 21 February 2019

KPMG Taseer Hadi & Co.
Chartered Accountants

SYNTHETIC PRODUCTS ENTERPRISES LIMITED

Directors' Review of the Condensed Interim Financial Information
For the Half Year & Quarter ended 31 December 2018

Dear Shareholders,

The Directors of Synthetic Products Enterprises Limited are pleased to present your Company's reviewed condensed interim financial information for the half year and quarter ended 31 December 2018 along with the Auditors' & Directors' review thereon.

Financial Analysis

	Half Year Ended		Quarter Ended	
	31 Dec 2018 PKR Millions	31 Dec 2017 PKR Millions	31 Dec 2018 PKR Millions	31 Dec 2017 PKR Millions
Sales – net	1,550.3	1,348.1	674.0	602.0
Cost of Sales	(1,277.2)	(1,026.8)	(566.6)	(466.9)
Gross Profit	273.0	321.3	107.3	135.1
Operating Profit	162.7	212.0	56.7	80.1
Profit after tax	116.0	162.1	39.6	61.4
EPS – Basic (PKR)	1.36	1.91	0.47	0.72

We are pleased with our continued momentum on the topline growth despite the macro-economic challenges arising in the country.

The revenue for the period under review has increased by 15% as compared to same period of last year. However, the gross profit ratio for the period under review has been reduced to 17.6% mainly due to currency devaluation, increased cost of raw material and other inflationary pressures. The currency devaluation in the first quarter was recovered partially at the end of the first quarter, however the devaluation of currency in the second quarter has significantly affected us, and we are going through the cycle of price change again.

During the period under review, the company has invested an amount of Rs.189.3 million for expansion and BMR of the manufacturing facilities as planned.

Near Term Outlook

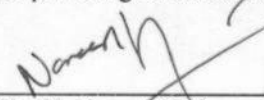
Traditionally the second quarter takes a dip in sales mainly due to seasonal impact. We continue to foresee stronger demand in the second half of the financial year 2018-19 considering the growth patterns of auto, food and FMCG sectors for which we have already increased our production capacities.

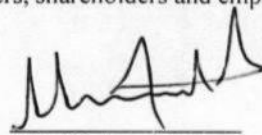
SPEL remains committed to supplying quality products and delivering on time to its customers as it is our promise of reliability.

The foresight on economy is positive. Few of our customers are expanding their facilities which should impact our future growth positively.

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.


Sheikh Naseer Hyder
Director

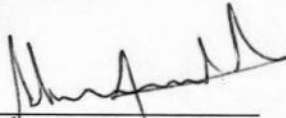

Abid Saleem Khan
Director


Lahore
21 February 2019

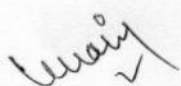
Synthetic Products Enterprises Limited
Condensed Interim Statement of Financial Position
As at 31 December 2018

	Note	Un-audited 31 December 2018 Rupees	Audited 30 June 2018 Rupees
EQUITY AND LIABILITIES			
<u>Share capital and reserves</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		(2,838,221)	-
Accumulated profit		1,004,901,074	971,473,935
		2,530,335,668	2,499,746,750
LIABILITIES			
<u>Non-Current liabilities</u>			
Diminishing musharika - secured	6	329,592,788	310,923,487
Liabilities against assets subject to finance lease	7	10,531,637	12,208,479
Deferred taxation		191,715,183	186,779,290
		531,839,608	509,911,256
<u>Current liabilities</u>			
Trade and other payables	8	115,814,867	166,419,800
Provident fund payable		1,599,829	1,530,934
Unclaimed dividend		1,778,762	539,928
Short term borrowings - secured	9	512,029,806	246,351,036
Current maturity of long term liabilities	10	72,297,282	60,675,483
Accrued mark up		11,019,074	5,363,909
		714,539,620	480,881,090
		3,776,714,896	3,490,539,096
Contingencies and commitments	11		

The annexed notes from 1 to 25 form an integral part of these condensed interim financial information.


Director

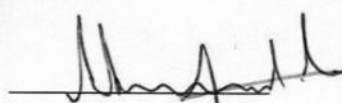

Director

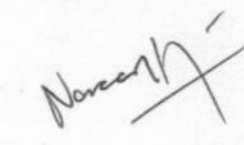

Chief Financial Officer

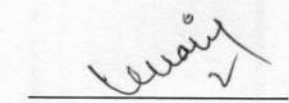
Synthetic Products Enterprises Limited
Condensed Interim Statement of Financial Position
As at 31 December 2018

		Un-audited 31 December 2018 Rupees	Audited 30 June 2018 Rupees
ASSETS	<i>Note</i>		
<u><i>Non-current assets</i></u>			
Property, plant and equipment	12	2,294,353,579	2,194,145,949
Intangibles		939,769	1,949,348
Investments	13	1,617,073	1,893,306
Long term deposits		24,069,853	11,083,272
		<u>2,320,980,274</u>	<u>2,209,071,875</u>
<u><i>Current assets</i></u>			
Stores, spares and loose tools		28,041,625	26,890,679
Stock-in-trade	14	783,297,930	627,419,730
Trade debts - unsecured, considered good		300,438,859	325,901,613
Income tax - net		256,177,491	223,378,563
Advances to suppliers and employees		26,044,234	37,272,684
Deposits and short term prepayments		10,436,584	12,765,895
Other receivables		31,534,333	10,418,992
Cash and bank balances		19,763,566	17,419,065
		<u>1,455,734,622</u>	<u>1,281,467,221</u>
		<u><u>3,776,714,896</u></u>	<u><u>3,490,539,096</u></u>

The annexed notes from 1 to 25 form an integral part of these condensed interim financial information.


Director


Director

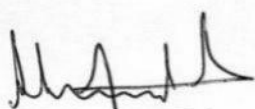

Chief Financial Officer

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

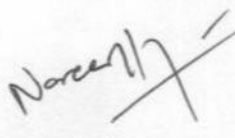
For the half year and quarter ended 31 December 2018

	Note	Half Year Ended		Quarter ended	
		31 December 2018 Rupees	31 December 2017 Rupees	31 December 2018 Rupees	31 December 2017 Rupees
Sales:					
Local		1,824,706,412	1,575,764,629	788,874,038	717,751,805
Export		8,770,648	7,350,542	5,679,439	1,315,092
		<u>1,833,477,060</u>	<u>1,583,115,171</u>	<u>794,553,477</u>	<u>719,066,897</u>
Less: Sales tax		(283,126,967)	(234,973,689)	(120,547,608)	(116,992,895)
Net sales		<u>1,550,350,093</u>	<u>1,348,141,482</u>	<u>674,005,869</u>	<u>602,074,002</u>
 Cost of sales	15	<u>(1,277,258,601)</u>	<u>(1,026,835,549)</u>	<u>(566,628,661)</u>	<u>(466,933,611)</u>
Gross profit		<u>273,091,492</u>	<u>321,305,933</u>	<u>107,377,208</u>	<u>135,140,391</u>
 Administrative expenses		(80,464,090)	(80,304,574)	(37,072,213)	(42,133,003)
Selling and distribution expenses		(29,846,326)	(28,995,189)	(13,511,710)	(12,840,282)
Operating profit		<u>162,781,076</u>	<u>212,006,170</u>	<u>56,793,285</u>	<u>80,167,106</u>
Other income		6,701,497	4,960,226	3,791,735	1,181,324
Other charges		(11,280,849)	(20,993,693)	(3,428,813)	(4,506,681)
Finance cost	16	(33,709,965)	(19,841,389)	(21,747,482)	(10,443,880)
Profit before taxation		<u>124,491,759</u>	<u>176,131,314</u>	<u>35,408,725</u>	<u>66,397,869</u>
Taxation	17	(8,427,633)	(13,967,045)	4,232,649	(4,928,485)
Profit after taxation		<u>116,064,126</u>	<u>162,164,269</u>	<u>39,641,374</u>	<u>61,469,384</u>
 Earnings per share - basic and diluted	18	<u>1.36</u>	<u>1.91</u>	<u>0.47</u>	<u>0.72</u>

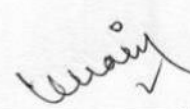
The annexed notes from 1 to 25 form an integral part of these condensed interim financial information.



Director



Director

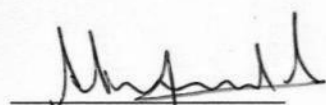


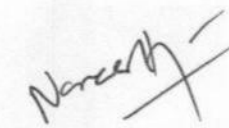
Chief Financial Officer

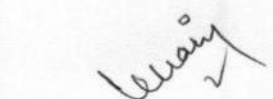
Synthetic Products Enterprises Limited
Condensed Interim Statement of Comprehensive Income (Un-audited)
For the half year and quarter ended 31 December 2018

	Half year ended		Quarter ended	
	31 December 2018 Rupees	31 December 2017 Rupees	31 December 2018 Rupees	31 December 2017 Rupees
Profit after taxation	116,064,126	162,164,269	39,641,374	61,469,384
Other comprehensive loss for the period	(390,208)	-	(390,208)	-
Total comprehensive income for the period	115,673,918	162,164,269	39,251,166	61,469,384

The annexed notes from 1 to 25 form an integral part of these condensed interim financial information.


Director


Director

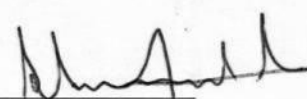

Chief Financial Officer

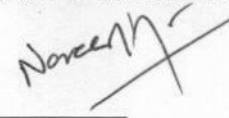
WMA

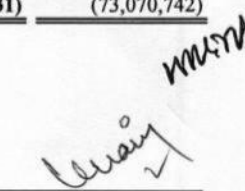
Synthetic Products Enterprises Limited
Condensed Interim Statement of Cash Flow (Un-audited)
For the half year ended 31 December 2018

	31 December 2018 Rupees	31 December 2017 Rupees
<i>Note</i>		
<u>Cash flow from operating activities</u>		
Profit before tax	124,491,759	176,131,314
<i>Adjustments for non cash items:</i>		
Depreciation on property, plant and equipment	88,201,024	75,536,522
Amortization of intangibles	1,009,578	948,158
Finance cost	33,709,965	19,841,389
Impairment loss on available for sale investment	-	1,831,158
Bonus dividend received	(261,985)	-
(Gain) / loss on disposal of property, plant and equipment	(44,724)	6,686,370
Provision for Workers' Profit Participation Fund & Workers' Welfare Fund	9,467,055	11,636,479
	132,080,913	116,480,076
Cash generated from operations before working capital changes	256,572,672	292,611,390
<i>(Increase) / decrease in current assets:</i>		
Stores, spares and loose tools	(1,150,946)	(6,974,685)
Stock-in-trade	(155,878,200)	(96,816,015)
Trade debts	25,462,754	83,413,596
Advances to suppliers and employees	11,228,450	2,472,924
Deposits and short term prepayments	2,329,311	6,895,981
Other receivables	(21,115,341)	(6,403,818)
	(139,123,972)	(17,412,017)
<i>(Decrease) / increase in current liabilities:</i>		
Trade and other payables	(30,341,191)	(6,457,581)
Provident fund payable	68,895	133,819
	(30,272,296)	(6,323,762)
	(169,396,268)	(23,735,779)
Cash generated from operations	87,176,404	268,875,611
Workers' Profit Participation Fund & Workers Welfare Fund paid	(29,730,797)	(32,928,738)
Taxes paid	(36,142,657)	(27,268,971)
Finance cost paid	(28,054,800)	(19,891,481)
Net cash (used in) / generated from operating activities	(6,751,850)	188,786,421
<u>Cash flow from investing activities</u>		
Fixed capital expenditure	(189,347,146)	(229,177,774)
Proceeds from disposal of property, plant and equipment	983,216	2,820,855
Long term deposits - net	(12,986,581)	(706,300)
Net cash used in investing activities	(201,350,511)	(227,063,219)
<u>Cash flow from financing activities</u>		
Principal repayment of lease liability	(2,848,623)	(12,534,226)
Long term finance	-	(13,168,455)
Diminishing musharika - net	31,462,881	62,244,356
Cash dividend paid	(83,846,166)	(42,503,569)
Short term borrowings - net	149,131,158	(52,352,843)
Net cash generated / (used in) from financing activities	93,899,250	(58,314,737)
Net (decrease) in cash and cash equivalents	(114,203,111)	(96,591,535)
Cash and cash equivalents at beginning of the period	(66,153,820)	23,520,793
Cash and cash equivalents at end of the period	(180,356,931)	(73,070,742)

The annexed notes from 1 to 25 form an integral part of these condensed interim financial information.


Director


Director


Chief Financial Officer

Synthetic Products Enterprises Limited
Condensed Interim Statement of Changes in Equity (Un-audited)
For the half year ended 31 December 2018

		Capital Reserve			Revenue Reserve	
	Issued subscribed & paid-up capital	Share Premium	Revaluation Surplus on fixed assets	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 half year ended 31 December 2017	-	-	-	-	162,164,269	162,164,269
Other comprehensive income / (loss) for the half year ended 31 December 2017	-	-	-	-	-	-
	-	-	-	-	162,164,269	162,164,269
<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 December 2017 - un-audited	850,850,000	347,391,050	226,943,081	-	789,365,935	2,214,550,066
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 half year ended 31 December 2018	-	-	-	-	116,064,126	116,064,126
Other comprehensive income / (loss) for the half year ended 31 December 2018	-	-	-	(390,208)	-	(390,208)
	-	-	-	(390,208)	116,064,126	115,673,918
<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 December 2018 - unaudited	850,850,000	347,391,050	330,031,765	(2,838,221)	1,004,901,074	2,530,335,668

The annexed notes from 1 to 25 form an integral part of these condensed interim financial information.

Director

Director

Chief Financial Officer

Synthetic Products Enterprises Limited
Notes to the Condensed Interim Financial Statements (Un-audited)
For the half year ended 31 December 2018

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 December 2018 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.

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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 six months period ended 31 December 2017.

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 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.

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4.2.2 IFRS9 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

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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 December 2018	Audited 30 June 2018	Un-audited 31 December 2018	Audited 30 June 2018
	Number of shares		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 December 2018	Audited 30 June 2018
		Rupees	Rupees
6 Diminishing musharika - secured	Note		
United Bank Limited	6.1	145,949,390	158,077,010
Bank Islami Pakistan Limited (BIPL)	6.2	89,250,000	102,000,000
Habib Bank Limited	6.3	164,190,501	107,850,000
		399,389,891	367,927,010
Less: Current maturity presented under current liabilities		(69,797,103)	(57,003,523)
		<u>329,592,788</u>	<u>310,923,487</u>

- 6.1 During the period / year, the Company has made repayments amounting to Rs. 12.17 million (30 June 2018: Rs. 0.80 million).

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6.2 During the period / year, the Company has made repayments amounting to Rs. 12.75 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 December 2018 Rupees	Audited 30 June 2018 Rupees
7	Liabilities against assets subject to finance lease		
	Lease liability	13,031,816	15,880,439
	Less: Current maturity presented under current liabilities	(2,500,179)	(3,671,960)
		<u>10,531,637</u>	<u>12,208,479</u>

7.1 During the period / year, the Company has made repayments amounting to Rs. 2.9 million (30 June 2018: Rs. 3.59 million).

		Un-audited 31 December 2018 Rupees	Audited 30 June 2018 Rupees
8	Trade and other payables		
	Trade creditors	45,286,149	68,156,342
	Accrued liabilities	46,614,599	45,655,262
	Advances from customers	2,039,198	12,661,509
	Workers' Profit Participation Fund	5,136,622	20,075,169
	Workers' Welfare Fund	2,704,873	8,030,068
	Withholding tax payable	588,241	663,323
	Others	13,445,185	11,178,127
		<u>115,814,867</u>	<u>166,419,800</u>

9 **Short term borrowings - secured**

	Running finance	200,120,497	83,572,885
	Finance against trust receipt	311,909,309	162,778,151
		<u>512,029,806</u>	<u>246,351,036</u>

9.1 **Type of loan**

	Conventional interest / mark-up based loans	294,918,942	133,553,046
	Islamic mode of financing	217,110,864	112,797,990
		<u>512,029,806</u>	<u>246,351,036</u>

10 **Current maturity of long term liabilities**

	Diminishing Musharika - secured	69,797,103	57,003,523
	Liabilities against assets subject to finance lease	2,500,179	3,671,960
		<u>72,297,282</u>	<u>60,675,483</u>

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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 concluded the audit proceedings in respect of tax year 2015 through order dated September 30, 2018 passed under section 122(1)/(5) of the Ordinance whereby, an aggregate income tax demand of Rs. 8.1 million has been raised against the Company. The Company has impugned the amendment order before the learned Commissioner Inland Revenue Appeals - I, Lahore through letter dated October 19, 2018, which has not yet been heard. 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 December 2018 Rupees	Audited 30 June 2018 Rupees
11.2	Commitments		
	<i>Commitments under irrevocable letters of credit for:</i>		
	- purchase of machinery	32,908,974	115,582,800
	- purchase of raw material and its related components	73,508,053	130,421,974
		<u>106,417,027</u>	<u>246,004,774</u>

12 Property, plant and equipment

Operating fixed assets	12.1	2,181,215,930	2,016,335,058
Capital work in progress - at cost	12.2	113,137,649	177,810,891
		<u>2,294,353,579</u>	<u>2,194,145,949</u>

12.1 Operating fixed assets

Opening written down value		2,016,335,058	1,665,004,747
Add: Additions during the period / year (cost)	12.1.1	254,020,388	420,602,495
Add: Revaluation Surplus on Land year (cost)		-	103,088,684
Less: Disposals during the period / year at written down value		(938,492)	(13,650,338)
Less: Depreciation charge for the period / year		(88,201,024)	(158,710,530)
Closing written down value		<u>2,181,215,930</u>	<u>2,016,335,058</u>

12.1.1 Additions during the period / year:

Buildings on freehold land	40,399,743	113,025,966
Plant and machinery - owned	207,592,506	287,781,761
Office equipment	736,413	4,397,883
Tools and equipment	3,052,155	346,767
Computer equipment	590,400	348,450
Furniture and fittings	942,071	1,736,668
Vehicles - owned	707,100	4,183,000
Vehicles - leased	-	8,782,000
	<u>254,020,388</u>	<u>420,602,495</u>

12.2 Capital work in progress - at cost

Balance at the beginning of the period / year	177,810,891	210,862,977
Add: Additions during the period / year	183,474,382	368,576,784
Less: Transfers to fixed assets during the period / year	(248,147,624)	(401,628,870)
	<u>113,137,649</u>	<u>177,810,891</u>

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	Un-audited 31 December 2018 Rupees	Audited 30 June 2018 Rupees
13 Investments		
Investment classified as available for sale	-	1,893,306
Investment classified as fair value through other comprehensive income	1,617,073	-
	<u>1,617,073</u>	<u>1,893,306</u>
14 Stock-in-trade		
Raw and packing material	529,909,695	404,759,554
Stock in transit	33,796,335	58,723,097
Work in process	165,826,338	125,584,790
Finished goods	53,765,562	38,352,289
	<u>783,297,930</u>	<u>627,419,730</u>
	Half year ended (Un-audited)	
	31 December 2018 Rupees	31 December 2017 Rupees
15 Cost of sales		
Raw and packing materials consumed	1,013,798,295	764,778,170
Stores, spare parts and loose tools consumed	4,375,647	5,222,313
Salaries, wages and benefits	118,272,930	104,231,831
Security guard expense	5,180,349	3,690,085
Electricity, fuel and water charges	82,747,612	69,545,615
Depreciation on property, plant and equipment	79,234,476	68,686,904
Repair and maintenance	20,171,446	14,284,182
Sorting charges	2,927,369	481,060
Insurance	3,983,270	4,643,620
Oil and lubricants	2,222,028	1,089,598
	<u>1,332,913,422</u>	<u>1,036,653,378</u>
<i>Work in process:</i>		
- At beginning of the period	125,584,790	15,444,755
- At end of the period	(165,826,338)	(24,182,575)
Cost of goods manufactured	<u>1,292,671,874</u>	<u>1,027,915,558</u>
<i>Finished goods:</i>		
- At beginning of the period	38,352,289	33,344,966
- At end of the period	(53,765,562)	(34,424,975)
Cost of sales	<u>1,277,258,601</u>	<u>1,026,835,549</u>

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		Half year ended (Un-audited)	
		31 December 2018 Rupees	31 December 2017 Rupees
16 Finance cost			
Mark-up on:			
- diminishing musharika		16,595,103	10,305,084
- long term finance secured		-	716,647
- lease finance		591,866	586,184
- short term borrowings		16,251,537	7,418,610
Bank charges		271,459	814,864
		<u>33,709,965</u>	<u>19,841,389</u>
17 Taxation			
Tax expense for the period comprises:			
Current tax -prior period		3,343,731	-
Deferred tax		5,083,902	13,967,045
		<u>8,427,633</u>	<u>13,967,045</u>
18 Earnings per share - basic and diluted			
18.1 Basic earnings per share			
Profit for the period after taxation	Rupees	<u>116,064,126</u>	<u>162,164,269</u>
Weighted average number of ordinary shares <input type="checkbox"/> in issue during the period	Number	<u>85,085,000</u>	<u>85,085,000</u>
Earnings per share	Rupees	<u>1.36</u>	<u>1.91</u>
18.2 Diluted earnings per share			
There is no dilutive effect on the basic earnings per share of the company.			
19 Cash and cash equivalents			
Short term running finance- secured		(200,120,497)	(113,479,800)
Cash and bank balances		19,763,566	40,409,058
		<u>(180,356,931)</u>	<u>(73,070,742)</u>

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20 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.

	Half year ended 31 December 2018 (Un-audited)				
	Carrying Amount		Fair Value		
	Investments	Loans and receivables	Other financial liabilities	Total	Level 1 Level 2 Level 3
----- Rupees -----					
On-Balance sheet financial instruments					
31 December 2018 - (Un-audited)					
Financial assets measured at fair value					
Investment at FVOCI	1,617,073	-	-	1,617,073	1,617,073
	1,617,073	-	-	1,617,073	1,617,073
Financial assets at amortised cost					
Cash and bank balances	-	19,763,566	-	19,763,566	-
Deposits and other receivables	-	19,260,203	-	19,260,203	-
Long term deposits	-	24,069,853	-	24,069,853	-
Trade debts - unsecured, considered good	-	300,438,859	-	300,438,859	-
	-	363,532,481	-	363,532,481	-
20.2	-	-	-	-	-
Financial liabilities measured at fair value					
	-	-	-	-	-
	-	-	-	-	-
Financial liabilities not measured at fair value					
Diminishing musharika	-	-	399,389,891	399,389,891	-
Liabilities against assets subject to finance lease	-	-	13,031,816	13,031,816	-
Trade and other payables	-	-	105,345,933	105,345,933	-
Unclaimed dividend	-	-	1,778,762	1,778,762	-
Short term borrowing	-	-	512,029,806	512,029,806	-
Accrued mark up	-	-	11,019,074	11,019,074	-
20.2	-	-	1,042,595,282	1,042,595,282	-

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30 June 2018 (Audited)

	Carrying Amount			Fair Value			
	Investments	Loans and receivables	Other financial liabilities	Total	Level 1	Level 2	Level 3
----- Rupees -----							

On-Balance sheet financial instruments

30 June 2018 - (Audited)

Financial assets measured at fair value

Available for sale

1,893,306	-	-	-	1,893,306	1,893,306	-	-
1,893,306	-	-	-	1,893,306	1,893,306	-	-

Financial assets at amortised cost

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

20.2

367,699,292

367,699,292

Financial liabilities measured at fair value

Financial liabilities not measured at fair value

Diminishing musharika

-

367,927,010

Liabilities against assets subject to finance lease

-

15,880,439

Trade and other payables

-

124,989,731

Unclaimed dividend

-

539,928

Short term borrowing

-

246,351,036

Accrued mark up

-

5,363,909

20.2

-

761,052,053

20.2

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.

20.3

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 consolidated financial information.

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21 Reconciliation of movements of liabilities to cash flows arising from financing activities.

Half year ended 31 December 2018 (Un-audited)					
	Liabilities				
	Long term finances	Diminishing Musharika	Liabilities against assets subject to finance lease	Short term borrowings	Unclaimed dividend
					Total
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	-	-	-	149,131,158	-
Diminishing musharika - net	-	31,462,881	-	-	-
Repayment of finance lease liabilities	-	-	(2,848,623)	-	-
Dividends paid	-	-	-	-	(83,846,166)
Total changes from financing cash flows	-	31,462,881	(2,848,623)	149,131,158	(83,846,166)
					93,899,250
<u>Other changes</u>					
Change in running finance	-	-	-	116,547,612	-
Dividend declared	-	-	-	-	85,085,000
Total liability related other changes	-	-	-	116,547,612	85,085,000
					201,632,612
Closing as at 31 December 2018	-	399,389,891	13,031,816	512,029,806	1,778,762
					926,230,275

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Half year ended 31 December 2017 (Un-audited)

	Liabilities					Total
	Long term finances	Diminishing Musharika	Liabilities against assets subject to finance lease	Short term borrowings	Unclaimed dividend	
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	(13,168,455)	-	-	(52,352,843)	-	(52,352,843)
Long term loan repaid	-	-	-	-	-	(13,168,455)
Diminishing musharika - net	-	62,244,356	-	-	-	62,244,356
Repayment of finance lease liabilities	-	-	(12,534,226)	-	-	(12,534,226)
Dividends paid	-	-	-	-	(42,503,569)	(42,503,569)
Total changes from financing cash flows	(13,168,455)	62,244,356	(12,534,226)	(52,352,843)	(42,503,569)	(58,314,737)
<u>Other changes</u>						
Change in running finance	-	-	-	79,126,484	-	79,126,484
New finance leases	-	-	3,438,000	-	-	3,438,000
Dividend declared	-	-	-	-	42,542,500	42,542,500
Total liability related other changes	-	-	3,438,000	79,126,484	42,542,500	125,106,984
Closing as at 31 December 2017	11,373,948	256,396,657	13,729,869	329,857,333	605,780	611,963,587

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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:

Half year ended (Un-audited)
31 December 31 December

22.1	Related parties	Relationship	Transactions	Rupees	Rupees
	Provident Fund Trust	Post employment benefit fund	Contribution	9,653,605	8,354,193
	Directors		Dividend - as shareholders	60,593,614	30,242,057
	Key Management Personnel	Directors	Remuneration	25,496,993	23,894,606
		Executive employees	Remuneration	13,362,000	13,750,667

22.2	Balances with related parties			
	Provident Fund Trust			
		Post employment benefit fund		
			(Un-audited)	(Audited)
			31 December	30 June
			2018	2018
			Rupees	Rupees
			1,599,829	1,530,934

22.3 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. **1**

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23 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.

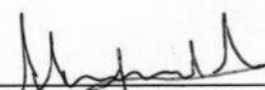
24 Date of authorization

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 21-Feb-2019.

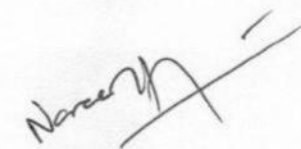
25 General

Figures have been rounded off to the nearest rupee.


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Director



Director



Chief Financial Officer

ڈائریکٹرز کا جائزہ

محترم شیئر ہولڈرز

سینٹھنک پراڈکٹس انٹرپرائز لمیٹڈ کے بورڈ آف ڈائریکٹرز 31 دسمبر 2018 کو ختم ہونے والی مدت کے لئے آپ کی کمپنی کی مالیاتی معلومات ڈائریکٹرز اور آڈیٹر کے ساتھ پیش کر رہے ہیں۔ مالی تجزیہ

Quarter Ended	Quarter Ended	Half Year Ended	Half Year Ended	
31 Dec 2017	31 Dec 2018	31 Dec 2017	31 Dec 2018	
PKR in Millions	PKR in Millions	PKR in Millions	PKR in Millions	
602.0	674.0	1,348.1	1550.3	سیلز
(466.9)	(566.6)	(1,026.8)	(1,277.2)	کاسٹ آف سیلز
135.1	107.3	321.3	273.0	خام منافع
80.1	56.7	212.0	162.7	آپریٹنگ منافع
61.4	39.6	162.1	116.0	خالص منافع
0.72	0.47	1.91	1.36	EPS (PKR)

ملک میں پیدا ہونے والے اقتصادی اور معاشی بحران کے باوجود ہم اپنی سیلز میں ترقی کی مسلسل رفتار سے خوش ہیں۔

زیر جائزہ مدت میں سیلز آمدن میں پچھلے سال اسی مدت کے مقابلے میں 15 فیصد اضافہ ہوا ہے۔ جبکہ کرنسی کی قدر میں کمی اور خام مال کی قیمتوں میں اضافے کی وجہ سے خام منافع کی شرح 17.6 فیصد ہو گئی ہے۔ پہلی سہ ماہی میں کرنسی کی قدر میں کمی سبب ماہی میں کرنسی کی قدر میں کمی نے ہمیں نمایاں طور پر متاثر کیا، اور ہم دوبارہ اپنی قیمتوں میں تبدیلی کے سلسلے میں جا رہے ہیں۔

زیر جائزہ مدت کے دوران کمپنی نے 189.3 ملین روپے کی رقم مینوفیکچرنگ کی سہولیات اور BMR پر خرچ کی۔

مستقبل قریب کا جائزہ

روایتی طور پر دوسری سہ ماہی میں سیلز میں کمی آتی ہے جو کہ کاروباری رجحان ہے۔ ہم مالی سال 2018-19 کے دوسرے نصف حصہ میں آٹو، فوڈ اور FMCG سیکٹر میں ترقی کے پیٹرن اور اپنی پیداواری صلاحیت کے لئے پرعزم ہیں۔

ہم معیار کی مصنوعات کی بروقت فراہمی کے لئے اور کمپنی کے طویل المیعاد کامیابی کے لئے کوشاں ہیں۔ معیشت مثبت انداز میں بڑھ رہی ہے۔ ہمارے چند گاہک اپنی پیداواری سہولیات کو توسیع دے رہے ہیں جو کہ ہمارے لئے بہتر ثابت ہوگا۔

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 شکرگزار ہیں۔

عابد سلیم خان
ڈائریکٹر

نصیر حسین
ڈائریکٹر
لاہور

21 فروری 2019