

Synthetic Products Enterprises Limited

Condensed Interim Financial Statements

31 December 2019

Company Information

The Board of Directors

Mr. Almas Hyder	Chairman
Mr. Zia Hyder Naqi	CEO
Dr. S. M. Naqi	Director
Mr. Haroon Sharif	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

Audit Committee

Mr. Haroon Sharif	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
Dr. Nighat Arshad	Member
Mr. Abid Saleem Khan	Member

Finance Committee

Mr. Almas Hyder	Committee Chairman
Mr. Haroon Sharif	Member
Mr. Zia Hyder Naqi	Member
Mr. Sheikh Naseer Hyder	Member
Mr. Muhammad Tabassum Munir	Member
Mr. Abid Saleem Khan	Member

Chief Financial Officer

Mr. Khalil Ahmad Hashmi FCA

Company Secretary

Mr. Muhammad Kamran Farooq ACMA

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

SYNTHETIC PRODUCTS ENTERPRISES LIMITED

Directors' Review of the Condensed Interim Financial Information

*For the Half Year & Quarter ended 31 December 2019***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 2019 along with the Auditors' & Directors' review thereon.

Financial Analysis

	Half Year Ended		Quarter Ended	
	31 Dec 2019 PKR Millions	31 Dec 2018 PKR Millions	31 Dec 2019 PKR Millions	31 Dec 2018 PKR Millions
Sales – net	1,619.99	1,550.35	664.48	674.00
Cost of Sales	(1,347.21)	(1,295.16)	(558.08)	(574.30)
Gross Profit	272.78	255.19	106.40	99.70
Operating Profit	177.37	162.78	59.23	56.79
Profit after tax	117.26	116.06	43.29	39.64
EPS – Basic (PKR)	1.33	1.31	0.49	0.45

The revenue for the half year under review has increased by 4.49% as compared to same period of last year. The gross profit ratio and operating profit ratio is maintained at 17% and 11% respectively despite the macro-economic challenges arising in the country, inflationary pressures and rising cost of doing business.

The other income has increased by 11% mainly due to unwinding of financial cost on long term receivable from our customers. The company will recognize the remaining portion on periodic basis under the head of 'other income' till June 2021 being the maturity date of long term receivable.

Through Finance Act 2019, the government has abolished the benefit of tax credit for making investment in balancing, modernization, replacement and expansion due to which the tax expense has increased as compared to the tax expense of comparative period.

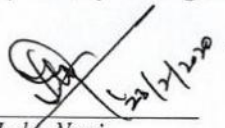
Outlook

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


SPEL remain committed to supply quality products and to deliver on time to its customers as it is our promise of reliability.

Acknowledgement

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


Zia Hyder Naqi
Chief Executive Officer

Lahore
23 February 2020


Abid Saleem Khan
Director



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** ("the Company") as at 31 December 2019 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 these 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 statements is not prepared, in all material respects, in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting.

Other matter

The figures for the quarters ended 31 December 2019 and 31 December 2018 in the condensed interim statement of profit or loss and the condensed interim statement of comprehensive income have not been reviewed by us and we do not express a conclusion on them.

The engagement partner on the review resulting in this independent auditor's report is Fahad Bin Waheed.

Lahore

Date: 26 February 2020

KPMG Taseer Hadi & Co.

KPMG Taseer Hadi & Co.
Chartered Accountants

RR0120

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

Note	Un-audited 31 December 2019 Rupees	Audited 30 June 2019 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	5 884,884,000	850,850,000
Share premium	347,391,050	347,391,050
Accumulated profit	1,162,198,816	1,130,023,021
Fair value reserve on investment	(2,716,510)	(3,162,588)
Surplus on revaluation of land	330,031,765	330,031,765
	2,721,789,121	2,655,133,248
LIABILITIES		
<u>Non-Current liabilities</u>		
Diminishing musharika - secured	6 209,089,300	262,445,152
Lease liabilities	7 6,680,564	8,942,868
Deferred taxation - net	209,479,870	208,044,803
	425,249,734	479,432,823
<u>Current liabilities</u>		
Trade and other payables	8 107,590,101	166,244,288
Unclaimed dividend	2,351,456	1,730,714
Short term borrowings - secured	9 101,381,685	309,138,985
Current maturity of long term liabilities	10 108,968,341	107,736,813
Accrued mark up	4,156,356	6,183,440
	324,447,939	591,034,240
	3,471,486,794	3,725,600,311

Contingencies and commitments

11

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

KPMGTH

Lahore

Chief Executive Officer

Director

Chief Financial Officer

ASSETS

Non-current assets

Property, plant and equipment
Intangibles
Investments
Long term deposits
Long term receivable

Note Un-audited
31 December
2019
Rupees Audited
30 June
2019
Rupees

12	2,160,783,561	2,230,298,887
	584,831	98,163
13	1,705,791	1,077,511
	9,871,558	10,472,359
	45,981,044	56,654,840
	2,218,926,785	2,298,601,760

Current assets

Stores, spares and loose tools
Stock-in-trade
Trade debts - unsecured, considered good
Income tax - net
Advances, deposits, prepayments and
other receivables
Cash and bank balances

14	32,877,430	25,680,954
	462,312,328	568,886,295
	415,035,237	487,002,926
	262,828,645	259,542,569
	45,263,532	43,864,705
	34,242,837	42,021,102
	1,252,560,009	1,426,998,551
	3,471,486,794	3,725,600,311

Synthetic Products Enterprises Limited
Condensed Interim Statement of Profit or Loss (Un-audited)
For the half year and quarter ended 31 December 2019

	Note	Half Year Ended		Quarter ended	
		31 December 2019 Rupees	31 December 2018 Rupees	31 December 2019 Rupees	31 December 2018 Rupees
Revenue - net	15	1,619,992,784	1,550,350,093	664,477,835	674,005,869
Cost of goods sold	16	(1,347,208,799)	(1,295,161,934)	(558,077,865)	(573,972,458)
Gross profit		272,783,985	255,188,159	106,399,970	100,033,411
Administrative expenses		(82,207,105)	(82,133,044)	(40,197,597)	(38,248,454)
Selling and distribution expenses		(13,210,843)	(10,274,039)	(6,972,916)	(4,991,672)
Operating profit		177,366,037	162,781,076	59,229,457	56,793,285
Other income		20,100,800	6,701,497	10,090,728	3,791,735
Other charges		(15,574,607)	(11,280,849)	(4,034,891)	(3,428,813)
Finance cost	17	(39,328,899)	(33,709,965)	(16,963,701)	(21,747,482)
Profit before taxation		142,563,331	124,491,759	48,271,593	35,408,725
Taxation	18	(25,302,536)	(8,427,633)	(4,980,122)	4,232,649
Profit after taxation		117,260,795	116,064,126	43,291,471	39,641,374
Earnings per share - basic and diluted - restated	19	1.33	1.31	0.49	0.45

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

KPMGTH

Lahore

Chief Executive Officer

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 2019

	Half year ended		Quarter ended	
	31 December 2019 Rupees	31 December 2018 Rupees	31 December 2019 Rupees	31 December 2018 Rupees
Profit after taxation	117,260,795	116,064,126	43,291,471	39,641,374
<u>Other comprehensive income / (loss) for the period</u>				
<i>Item that will not be recognized to profit or loss:</i>				
Fair value gain / (loss) on investments at FVOCI - net of tax	446,078	(390,208)	564,039	(390,208)
Total comprehensive income for the period	117,706,873	115,673,918	43,855,510	39,251,166


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

KIMUTH

Lahore


Chief Executive Officer


Director


Chief Financial Officer

Synthetic Products Enterprises Limited
Condensed Interim Statement of Changes in Equity (Un-audited)
For the half year ended 31 December 2019

	Capital Reserve			Revenue Reserve		
	Issued subscribed and paid-up capital	Share Premium	Revaluation Surplus on fixed assets	Fair value reserve on investment	Accumulated profit	Total
	Rupees					
Balance as at 30 June 2018 - audited	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 period	-	-	-	-	116,064,126	116,064,126
Other comprehensive loss	-	-	-	(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 - un-audited	850,850,000	347,391,050	330,031,765	(2,838,221)	1,004,901,074	2,530,335,668
Balance as at 30 June 2019 - audited	850,850,000	347,391,050	330,031,765	(3,162,588)	1,130,023,021	2,655,133,248
<u>Total comprehensive income</u>						
Profit for the period	-	-	-	-	117,260,795	117,260,795
Other comprehensive income	-	-	-	446,078	-	446,078
	-	-	-	446,078	117,260,795	117,706,873
<u>Transactions with owners of the Company</u>						
Final cash dividend for the year ended 30 June 2019 @ Rs. 0.6 per share	-	-	-	-	(51,051,000)	(51,051,000)
Bonus issue @ 4%	34,034,000	-	-	-	(34,034,000)	-
	34,034,000	-	-	-	(85,085,000)	(51,051,000)
Balance as at 31 December 2019 - unaudited	884,884,000	347,391,050	330,031,765	(2,716,510)	1,162,198,816	2,721,789,121

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

KPMG/24

Lahore

Chief Executive Officer

Director

Chief Financial Officer

Synthetic Products Enterprises Limited
Condensed Interim Statement of Cash Flows (Un-audited)
For the half year ended 31 December 2019

	31 December 2019 Rupees	31 December 2018 Rupees
<i>Note</i>		
<u>Cash flow from operating activities</u>		
Profit before tax	142,563,331	124,491,759
<i>Adjustments for non cash items:</i>		
Depreciation on property, plant and equipment	89,589,280	88,201,024
Amortization of intangibles	44,820	1,009,578
Finance cost	39,328,899	33,709,965
Bonus dividend received	-	(261,985)
Loss / (gain) on disposal of property, plant and equipment	5,791,355	(44,724)
Provision for Workers' Profit Participation Fund and Workers' Welfare Fund	10,424,663	9,467,055
	145,179,017	132,080,913
Cash generated from operations before working capital changes	287,742,348	256,572,672
Effect on cash flow due to working capital changes		
<i>(Increase) / decrease in current assets:</i>		
Stores, spares and loose tools	(7,196,476)	(1,150,946)
Stock-in-trade	106,573,967	(155,878,200)
Trade debts - unsecured, considered good	82,641,485	25,462,754
Advances, deposits, prepayments and other receivables	(1,398,827)	(7,557,580)
	180,620,149	(139,123,972)
<i>Decrease in current liabilities:</i>		
Trade and other payables	(48,613,386)	(30,272,296)
Net increase / (decrease) in working capital	132,006,763	(169,396,268)
Cash generated from operations	419,749,111	87,176,404
Payment of Workers' Profit Participation Fund & Workers Welfare Fund	(20,465,465)	(29,730,797)
Taxes paid	(27,335,746)	(36,142,657)
Long term deposits - net	600,800	(12,986,581)
Net cash generated from operating activities	372,548,700	8,316,369
<u>Cash flow from investing activities</u>		
Capital expenditure incurred	(29,689,672)	(189,347,146)
Proceeds from disposal of property, plant and equipment	3,292,875	983,216
Net cash used in investing activities	(26,396,797)	(188,363,930)
<u>Cash flow from financing activities</u>		
Repayment of lease liability	(2,989,006)	(2,848,623)
(Repayment) / receipts of Diminishing musharika - net	(51,839,661)	31,462,881
Finance cost paid	(40,913,943)	(28,054,800)
Dividend paid	(50,430,258)	(83,846,166)
Short term borrowings	(113,626,261)	149,131,158
Net cash (used in) / generated from financing activities	(259,799,129)	65,844,450
Net increase / (decrease) in cash and cash equivalents	86,352,774	(114,203,111)
Cash and cash equivalents at beginning of the period	(146,969,043)	(66,153,820)
Cash and cash equivalents at end of the period	(60,616,269)	(180,356,931)

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

۱۶/۱۲/۲۰۱۹

Lahore

Chief Executive Officer

Director

Chief Financial Officer

Synthetic Products Enterprises Limited
Notes to the Condensed Interim Financial Statements (Un-audited)
For the half year ended 31 December 2019

1 Corporate and general information

1.1 Legal status and nature of business

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

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

2 Basis of preparation

2.1 Statement of compliance

2.1.1 These condensed interim financial statements 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.

2.1.2 These condensed interim financial statements comprise the condensed interim statement of financial position of the Company, as at 31 December 2019 and the related condensed interim statement of profit or loss, condensed interim statement of comprehensive income, condensed interim statement of cash flows and condensed interim statement of changes in equity together with the notes forming part thereof.

2.1.3 These condensed interim financial statements 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 2019. 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.

KPNV7H

2.1.4 The comparative statement of financial position presented in these interim financial statements has been extracted from the audited annual financial statements of the Company for the year ended 30 June 2019, whereas comparative condensed interim statement of profit or loss, condensed interim statement of comprehensive income, condensed interim statement of cash flows and condensed interim statement of changes in equity has been extracted from the unaudited condensed interim financial statements for the six months period ended 31 December 2018.

2.1.5 These condensed interim financial statements are unaudited and being submitted to the shareholders as required under Section 237 of the Companies Act, 2017 ("the Act") and are unaudited but subject to limited scope review by external auditors as required by the Act and Code of Corporate Governance Regulations, 2019.

2.2 Functional and presentation currency

These condensed interim financial statements are presented in Pakistani Rupees which is also the Company's functional currency

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 2019 except for those mentioned in note 4.2 below

4 Significant accounting policies

4.1 The accounting policies adopted for the preparation of the financial statements are the same as those applied in the preparation of the financial statements of the Company for the year ended 30 June 2019, except for those disclosed in note 4.2 of these condensed interim financial statements.

4.2 Changes in significant accounting policies

The Company has adopted IFRS 16 'Leases' from 01 July 2019. The impact of adoption of IFRS 16 has been explained below.

4.2.1 IFRS 16 - Leases

IFRS 16 introduces a single, on-balance sheet lease accounting model for lessees. A lessee recognizes a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. As a result, the Company, as a lessee, has recognized right of use of assets representing its right to use the underlying assets and lease liabilities representing its obligation to make lease payments. There are recognition exemptions for short-term leases and leases of low-value items. Lessor accounting remains similar to the current standard i.e. lessors continue to classify leases as finance or operating leases.

The Company has applied IFRS 16 using the modified retrospective approach as at 01 July 2019. Accordingly, the comparative information presented has not been generally restated -i.e. it is presented, as previously reported, under IAS 17 and related interpretations. The details of changes in accounting policies are disclosed below.

KPMG

As a lessee

As a lessee, the Company previously classified leases as operating or finance leases based on its assessment of whether the lease transferred substantially all of the risks and rewards of ownership. Under IFRS 16, a contract is, or contains, a lease if the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration. The Company now recognizes right of use assets and lease liabilities for material leases i.e. these leases are on balance sheet.

The Company presents right-of-use assets in 'property, plant and equipment', as a separate line item with the same classification of underlying assets of the same nature that it owns.

The Company recognizes a right of use asset and a lease liability at the lease commencement date. The right of use asset is initially measured at cost which comprise the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and subsequently at cost less accumulated depreciation and impairment losses, and adjusted for certain re-measurements of the lease liability. The right to use asset is subsequently depreciated using the straight line method from the commencement date to the earlier of the end of useful life of the right of use asset or the end of the lease term. The estimated useful lives of right of use asset are determined on the same as those of property, plant and equipment. In addition, the right of use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The Company has applied judgment to determine the lease term for lease contracts in which it is a lessee that include renewal options. The assessment of whether the Company is reasonably certain to exercise such options impacts the lease term, which significantly affects the amount of lease liabilities and right-of-use assets recognized.

Transition

On transition to IFRS 16, the Company elected to apply the practical expedient to grandfather the assessment of which transactions are leases. The Company applied IFRS 16 only to contracts that were previously identified as leases. Contracts that were not identified as leases under IAS 17 and IFRIC 4 were not reassessed for whether there is a lease under IFRS 16. Therefore, the definition of a lease under IFRS 16 was applied only to contracts entered into or changed on or after 01 July 2019, if any.

Previously, the Company classified property leases as operating leases under IAS 17. These mainly include leasehold land obtained and certain warehouses. Some of the lease includes an option to renew the lease for an additional period after the end of the contracted period.

At transition, for lease classified as operating lease under IAS 17, lease liability was measured at the present value of the remaining lease payments, discounted at the Company's incremental borrowing rate. Right of use asset is measured at an amount equal to the lease liability adjusted by the amount of any prepaid or accrued lease payments if any. The Company has not recognized any additional right of use asset or corresponding lease liability since the impact was immaterial. However, leasehold land and leased vehicles presented in property, plant and equipment are now being presented as right of use assets with in property, plant and equipment as disclosed in note 12 to these condensed interim financial statements.

KPMG74

The Company used the following practical expedients when applying IFRS 16 to leases previously classified as operating leases under IAS 17.

- Used hindsight when determining the lease term if the contract contains options to extend or terminate the lease.
- Did not recognize right of use asset and liabilities for leases of which the lease term ends within 12 months of the date of the initial application.

	01 July 2019 Rupees
<u>Impact at transition</u>	
Reclassification of leasehold land to right to use asset - carrying value	<u>18,487,565</u>
Reclassification of leased vehicles to right of use asset - carrying value	<u>9,802,414</u>
Reclassification of 'liabilities against assets subject to finance lease' to 'lease liabilities'	<u>11,672,124</u>
<u>Impact during the period</u>	
Depreciation of right to use asset recognized in profit or loss	<u>963,503</u>
Expenses relating to short term leases recognized in profit or loss	<u>384,250</u>
Finance cost charged to profit or loss	<u>442,039</u>
Repayment of lease liabilities	<u>2,989,006</u>

- 4.3 The following International Financial Reporting Standards (IFRS Standards) as notified under the Companies Act, 2017 and the amendments and interpretations thereto will be effective for accounting periods beginning on or after 01 January 2020:

The following standards, amendments and interpretations of approved accounting standards will be effective for accounting periods beginning on or after 01 January 2020:

- Amendment to IFRS 3 'Business Combinations' – Definition of a Business (effective for business combinations for which the acquisition date is on or after the beginning of annual period beginning on or after 01 January 2020). The IASB has issued amendments aiming to resolve the difficulties that arise when an entity determines whether it has acquired a business or a group of assets. The amendments clarify that to be considered a business, an acquired set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs. The amendments include an election to use a concentration test. The standard is effective for transactions in the future and therefore would not have an impact on past financial statements. The amendment is not likely to have an impact on the Company's financial statements.

KPNUGUE

- Amendments to IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors (effective for annual periods beginning on or after 01 January 2020). The amendments are intended to make the definition of material in IAS 1 easier to understand and are not intended to alter the underlying concept of materiality in IFRS Standards. In addition, the IASB has also issued guidance on how to make materiality judgments when preparing their general purpose financial statements in accordance with IFRS Standards.
- On 29 March 2018, the International Accounting Standards Board (the IASB) has issued a revised Conceptual Framework for Financial Reporting which is applicable immediately contains changes that will set a new direction for IFRS in the future. The Conceptual Framework primarily serves as a tool for the IASB to develop standards and to assist the IFRS Interpretations Committee in interpreting them. It does not override the requirements of individual IFRSs and any inconsistencies with the revised Framework will be subject to the usual due process – this means that the overall impact on standard setting may take some time to crystallize. The companies may use the Framework as a reference for selecting their accounting policies in the absence of specific IFRS requirements. In these cases, companies should review those policies and apply the new guidance retrospectively as of 01 January 2020, unless the new guidance contains specific scope outs.

The above amendments are not likely to have an effect on the Company's financial statements.

Un-audited 31 December 2019	Audited 30 June 2019	Un-audited 31 December 2019	Audited 30 June 2019
--- Number of shares ---		Rupees	Rupees

5 Issued, subscribed and paid-up capital

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	61,031,460	57,628,060	610,314,600	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>88,488,400</u>	<u>85,085,000</u>	<u>884,884,000</u>	<u>850,850,000</u>

2019 No. of shares	2019 Rupees
-----------------------	----------------

5.1 Reconciliation of issued share capital during the period

Opening balance as at 01 July	85,085,000	850,850,000
Bonus shares issued during the period	3,403,400	34,034,000
Closing balance as at 31 December	<u>88,488,400</u>	<u>884,884,000</u>

KPMG/H

		Un-audited 31 December 2019 Rupees	Audited 30 June 2019 Rupees
	Note		
6 Diminishing musharika - secured			
United Bank Limited	6.1	106,774,153	126,762,208
Bank Islamic Pakistan Limited	6.2	63,750,000	76,500,000
Habib Bank Limited	6.3	145,088,895	164,190,501
		315,613,048	367,452,709
Less: Current maturity presented under current liabilities		(106,523,748)	(105,007,557)
		<u>209,089,300</u>	<u>262,445,152</u>

6.1 During the period / year, the Company has made repayments amounting to Rs. 19.98 million (30 June 2019: Rs. 31.31 million).

6.2 During the period / year, the Company has made repayments amounting to Rs. 12.75 million (30 June 2019: Rs. 25.5 million).

6.3 During the period / year, the Company has made repayments amounting to Rs. 19.10 million (30 June 2019: Rs. nil).

		Un-audited 31 December 2019 Rupees	Audited 30 June 2019 Rupees
	Note		
7 Lease liabilities			
Lease liability	7.1	9,125,157	11,672,124
Less: Current maturity presented under current liabilities		(2,444,593)	(2,729,256)
		<u>6,680,564</u>	<u>8,942,868</u>

7.1 During the period / year, the Company has made repayments amounting to Rs. 2.54 million (30 June 2019: Rs. 4.167 million).

		Un-audited 31 December 2019 Rupees	Audited 30 June 2019 Rupees
8 Trade and other payables			
Trade creditors		32,978,313	72,569,616
Accrued liabilities		43,123,760	48,229,876
Contract liabilities		4,675,027	10,606,274
Workers' Profit Participation Fund		7,446,189	15,695,614
Workers' Welfare Fund		2,764,880	4,556,256
Withholding tax payable		868,305	545,851
Provident fund payable		1,662,205	1,476,673
Others		14,071,422	12,564,128
KPMG		<u>107,590,101</u>	<u>166,244,288</u>

		Un-audited 31 December 2019 Rupees	Audited 30 June 2019 Rupees
9	Short term borrowings - secured		
	<u>Type of loans</u>		
	Conventional interest / mark-up based loans	25,706,990	140,172,675
	Islamic mode of financing	75,674,695	168,966,310
		<u>101,381,685</u>	<u>309,138,985</u>
9.1	Conventional interest / mark-up based loans		
	Short term running finance	25,706,990	98,491,557
	Finance against trust receipts	-	41,681,118
		<u>25,706,990</u>	<u>140,172,675</u>
9.2	Islamic mode of financing		
	Murabaha and Istisna	6,522,579	78,467,722
	Running Musharika	69,152,116	90,498,588
		<u>75,674,695</u>	<u>168,966,310</u>
10	Current maturity of long term liabilities		
	Diminishing Musharika - secured	106,523,748	105,007,557
	Lease liabilities	2,444,593	2,729,256
		<u>108,968,341</u>	<u>107,736,813</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 2019.		
11.2	Commitments		
	Commitments under irrevocable letters of credit for:		
	- purchase of machinery	128,048,519	-
	- purchase of raw material and its related components	199,441,711	294,417,556
		<u>327,490,230</u>	<u>294,417,556</u>

KPMG

	Note	Un-audited 31 December 2019 Rupees	Audited 30 June 2019 Rupees
12 Property, plant and equipment			
Operating fixed assets		2,086,721,093	2,169,304,688
Right of use assets		27,326,477	-
	12.1	2,114,047,570	2,169,304,688
Capital work in progress - at cost	12.2	46,735,991	60,994,199
		<u>2,160,783,561</u>	<u>2,230,298,887</u>
12.1 Opening written down value		2,169,304,688	2,016,335,058
Add: Additions during the period / year (cost)	12.1.1	43,416,392	355,442,523
Less: Disposals during the period / year at written down value		(9,084,230)	(16,026,009)
Less: Depreciation charge for the period / year	12.1.2	(89,589,280)	(186,446,884)
Closing written down value		<u>2,114,047,570</u>	<u>2,169,304,688</u>
12.1.1 Additions during the period / year:			
Buildings on freehold land		111,285	44,693,865
Plant and machinery - owned		41,415,658	298,910,336
Office equipment		187,500	736,417
Tools and equipment		910,208	3,107,477
Computer equipment		149,000	1,111,400
Furniture and fittings		8,621	1,424,928
Vehicles - owned		634,120	4,696,100
Vehicles - leased		-	762,000
		<u>43,416,392</u>	<u>355,442,523</u>
12.1.2 This includes depreciation on right to use assets amounting to Rs. 963,503 (2018 : Nil).			
12.2 Capital work in progress - at cost			
Balance at the beginning of the period / year		60,994,199	108,193,070
Add: Additions during the period / year		27,750,205	280,659,005
Less: Transfers to fixed assets during the period / year		(42,008,413)	(327,857,876)
		<u>46,735,991</u>	<u>60,994,199</u>
13 Investments			
Investment classified as fair value through other comprehensive income		<u>1,705,791</u>	<u>1,077,511</u>

This represents 80,652 ordinary shares having face value of Rs. 10 each (30 June 2019: 80,652 ordinary shares) in Roshan Packages Limited.

KPMG

	Un-audited 31 December 2019 Rupees	Audited 30 June 2019 Rupees
14 Stock-in-trade		
Raw and packing material	344,452,865	325,014,947
Stock in transit	19,858,996	96,681,571
Work in process	40,410,773	88,456,508
Finished goods	54,817,164	58,733,269
	<u>462,312,328</u>	<u>568,886,295</u>
	Half year ended (Un-audited)	
	31 December 2019 Rupees	31 December 2018 Rupees
15 Revenue - net		
Local	1,931,927,647	1,838,198,211
Export	7,939,710	8,770,648
	<u>1,939,867,357</u>	<u>1,846,968,859</u>
Less: Sales tax	(289,556,218)	(283,126,967)
Discounts	(30,318,355)	(13,491,799)
	<u>1,619,992,784</u>	<u>1,550,350,093</u>
16 Cost of goods sold		
Raw and packing materials consumed	920,921,943	1,013,798,295
Stores, spare parts and loose tools consumed	4,630,928	4,375,647
Salaries, wages and benefits	117,025,836	117,599,794
Security expenses	4,532,136	5,180,349
Electricity, fuel and water charges	124,733,714	82,747,612
Depreciation on property, plant and equipment	80,363,281	79,234,476
Repair and maintenance	18,932,806	20,171,446
Sorting charges	1,207,856	2,927,369
Insurance	3,067,583	2,987,452
Oil and lubricants	893,193	2,222,028
	<u>1,276,309,276</u>	<u>1,331,244,468</u>
<i>Work in process:</i>		
- At beginning of the period	88,456,508	125,584,790
- At end of the period	(40,410,773)	(165,826,338)
Cost of goods manufactured	<u>1,324,355,011</u>	<u>1,291,002,920</u>
<i>Finished goods:</i>		
- At beginning of the period	58,733,269	38,352,289
- At end of the period	(54,817,164)	(53,765,562)
	<u>1,328,271,116</u>	<u>1,275,589,647</u>
Freight and forwarding	18,937,683	19,572,287
Cost of goods sold	<u>1,347,208,799</u>	<u>1,295,161,934</u>

KPMG

		Half year ended (Un-audited)	
		31 December 2019 Rupees	31 December 2018 Rupees
17	Finance cost		
	Mark-up on:		
	- diminishing musharika	24,175,426	16,595,103
	- unwinding of lease liabilities	442,039	591,866
	- short term borrowings	14,185,414	16,251,537
	Bank charges	526,020	271,459
		<u>39,328,899</u>	<u>33,709,965</u>

18	Taxation		
	Tax expense for the period comprises:		
	Current tax	24,049,670	3,343,731
	Deferred tax	1,252,866	5,083,902
		<u>25,302,536</u>	<u>8,427,633</u>

19 Earnings per share - basic and diluted

19.1 Basic earnings per share

Profit for the period after taxation	Rupees	<u>117,260,795</u>	<u>116,064,126</u>
Weighted average number of ordinary shares in issue during the period	Number	<u>88,488,400</u>	<u>88,488,400</u>
Earnings per share	Rupees	<u>1.33</u>	<u>1.31</u>

19.2 Diluted earnings per share

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

		Half year ended (Un-audited)	
		31 December 2019 Rupees	31 December 2018 Rupees
20	Cash and cash equivalents		
	Short term running finance- secured	(25,706,990)	(200,120,497)
	Running Musharika	(69,152,116)	-
	Cash and bank balances	34,242,837	19,763,566
	KSh 4,74	<u>(60,616,269)</u>	<u>(180,356,931)</u>

21 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 2019 (Un-audited)						
Carrying Amount				Fair Value		
Investments at FVOCI	Amortized cost	Other financial liabilities	Total	Level 1	Level 2	Level 3
----- Rupees -----						
Financial assets measured at fair value						
Investments at FVOCI	1,705,791	-	1,705,791	1,705,791	-	-
<u>Financial assets at amortized cost</u>						
Long term deposits	-	9,871,558	9,871,558	-	-	-
Long term receivable	-	45,981,044	45,981,044	-	-	-
Trade debts - unsecured, considered good	-	413,614,120	413,614,120	-	-	-
Deposits and other receivables	-	25,908,388	25,908,388	-	-	-
Cash and bank balances	-	34,242,837	34,242,837	-	-	-
	-	529,617,947	529,617,947	-	-	-
<u>Financial liabilities not measured at fair value</u>						
Diminishing musharika	-	-	315,613,048	315,613,048	-	-
Lease liabilities	-	-	9,125,157	9,125,157	-	-
Trade and other payables	-	-	91,835,700	91,835,700	-	-
Unclaimed dividend	-	-	2,351,456	2,351,456	-	-
Short term borrowing	-	-	101,381,685	101,381,685	-	-
Accrued mark up	-	-	4,156,356	4,156,356	-	-
	-	-	524,463,402	524,463,402	-	-

KPMG

21.1

30 June 2019 (Audited)						
Carrying Amount				Fair Value		
Available for sale	Amortized Cost	Other financial liabilities	Total	Level 1	Level 2	Level 3
Note ----- Rupees -----						
Financial assets measured at fair value						
Investment in shares	1,077,511	-	-	1,077,511	-	-
<u>Financial assets at amortized cost</u>						
Long term deposits	-	10,472,359	-	10,472,359	-	-
Long term receivable	-	56,654,840	-	56,654,840	-	-
Trade debts - unsecured, considered good	-	487,002,926	-	487,002,926	-	-
Deposits and other receivables	-	13,295,342	-	13,295,342	-	-
Cash and bank balances	-	42,021,102	-	42,021,102	-	-
	-	609,446,569	-	609,446,569	-	-
<u>Financial liabilities not measured at fair value</u>						
Diminishing musharika	-	-	367,452,709	367,452,709	-	-
Liabilities against assets subject to finance lease	-	-	11,672,124	11,672,124	-	-
Trade and other payables	-	-	134,840,293	134,840,293	-	-
Unclaimed dividend	-	-	1,730,714	1,730,714	-	-
Short term borrowing	-	-	309,138,985	309,138,985	-	-
Accrued mark up	-	-	6,183,440	6,183,440	-	-
21.2	-	-	831,018,265	831,018,265	-	-

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

21.3 Land has been carried at revalued amounts determined by professional value's (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.

KDPNUGH

22 Transactions with related parties

The related parties comprise of associated companies, directors of the Company, key management personnel and post employment retirement plan. Amount due from and due to related parties are shown under respective notes. Other significant transactions and balances with related parties except for those disclosed elsewhere are as follows:

				Half year ended (Un-audited)	
				31 December 2019 Rupees	31 December 2018 Rupees
22.1	Related parties	Relationship	Transactions		
	Provident Fund Trust	Post employment benefit fund	Contribution	9,772,018	9,653,605
	Directors	Directors	Cash Dividend as shareholder	36,355,811	60,593,614
			Bonus shares as shareholder	24,237,160	-
		Directors other than key management personnel	Remuneration	9,227,961	9,200,615
		Non-Executive Directors	Meeting fee	800,000	600,000
	Key Management Personnel	Key Management Personnel	Remuneration	19,060,684	20,086,991
			Cash Dividend as shareholder	18,599	30,998
			Bonus shares as shareholder (Other than Directors)	12,390	-
				(Un-audited) 31 December 2019 Rupees	(Audited) 30 June 2019 Rupees
22.2	Balances with related parties				
	Provident Fund Trust	Post employment benefit fund		1,662,205	1,476,673

22.3 Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company. The Company considers Chief Executive Officer, full time Directors, Chief Financial Officer and Company Secretary to be its key management personnel.

KPMGTH

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 2019.

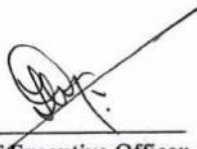
24 Date of authorization

These condensed interim financial statements has been approved by the Board of Directors of the Company and authorized for issue in their meeting held on 23 Feb 2020.

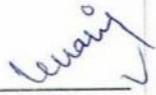
25 General

Figures have been rounded off to the nearest rupee.

WINGTH


Chief Executive Officer


Director


Chief Financial Officer

ڈائریکٹرز کا جائزہ

محترم شیئر ہولڈرز
سیٹھیلک پراڈکٹس انٹرپرائزز لمیٹڈ کے بورڈ آف ڈائریکٹر 31 دسمبر 2019 کو ختم ہونے والی مدت کے لیے آپ کی کمپنی کی مالیاتی معلومات آڈیٹ اور ڈائریکٹرز کے جائزے کے ساتھ پیش کر رہے ہیں۔

مالی تجزیہ

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

Quarter Ended	Quarter Ended	Half Year Ended	Half Year Ended	
31 December 2018	31 December 2019	31 December 2018	31 December 2019	
PKR (Millions)	PKR (Millions)	PKR (Millions)	PKR (Millions)	
674.00	664.48	1,550.35	1,619.99	سیلز
(574.30)	(558.08)	(1,295.16)	(1,347.21)	کاسٹ آف سیلز
99.70	106.40	255.19	272.78	خام منافع
56.79	59.23	162.78	177.37	آپریٹنگ منافع
39.64	43.29	116.06	117.26	خالص منافع
0.45	0.49	1.31	1.33	EPS (PKR)

زیر جائزہ مدت میں کمپنی نے سیلز آمدن میں گزشتہ سال اسی مدت کے مقابلے میں 4.49 فیصد اضافہ ریکارڈ کیا ہے۔ ملک میں جاری معاشی چیلنجز اور افراط زر کے دباؤ کے باوجود خام منافع اور آپریٹنگ منافع کی شرح 17 فیصد اور 11 فیصد پر برقرار ہے۔

Other Income میں 11% کا اضافہ ہوا ہے جس کی ایک بڑی وجہ فنانس لاگت کی Unwinding ہے جو کہ طویل المدتی واجب وصولیوں پر کی گئی ہے۔ کمپنی بقیہ Unwinding جون 2021 تک متواتر بنیاد پر کرے گی۔
فنانس ایکٹ 2019 کے تحت حکومت نے BMR اور Expansion پر ٹیکس کریڈٹ ختم کر دیا ہے جس کی وجہ سے ٹیکس خرچ گزشتہ سال کی اسی مدت سے زیادہ ریکارڈ کیا گیا ہے۔

مستقبل قریب کا جائزہ

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

اعتراف

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

عابد سلیم خان
ڈائریکٹر

23/12/2019
فیاض حیدر
چیف ایگزیکٹو

23 فروری 2020