

Synthetic Products Enterprises Limited

Condensed Interim Financial Statements

31 December 2020

CORPORATE INFORMATION

BOARD OF DIRECTORS

Mr. Almas Hyder
Chairman/Non-Executive Director

Mr. Zia Hyder Naqi
Chief Executive Officer/ Executive Director

Dr. S. M. Naqi
Non-Executive Director

Mr. Haroon Sharif
Independent Non-Executive Director

Mr. Khawar Anwar Khawaja
Independent Non-Executive Director

Mr. Muhammad Tabassum Munir
Independent Non-Executive Director

Mr. Raza Haider Naqi
Non-Executive Director

Dr. Nighat Arshad
Non-Executive Director

Mr. Sheikh Naseer Hyder
Non-Executive Director

Mr. Abid Saleem Khan
Chief Operating Officer/ Executive Director

CHIEF FINANCIAL OFFICER

Mr. Khalil Ahmad Hashmi, FCA

COMPANY SECRETARY

Muhammad Kamran Farooq, ACMA

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

HUMAN RESOURCE & REMUNERATION 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. Muhammad Tabassum Munir
Member

Mr. Sheikh Naseer Hyder
Member

Mr. Abid Saleem Khan
Member

REGISTERED OFFICE

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

FACTORY

Pandoki Plant

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

RYK Plant

Plot # 41 Rahim Yar Khan Industrial Estate KLP Road
Rahim Yar Khan

SHARE REGISTRAR

THK Associates (Pvt) Ltd
Plot No. 32-C Jami Commercial Street 2 DHA Phase VII
Karachi.

STATUTORY AUDITOR

KPMG Taseer Hadi and Co.
Chartered Accountants

HEAD OF INTERNAL AUDIT

Mr. Abu Bakar, ACA

TAX CONSULTANT

PWC A.F. Ferguson
Chartered Accountants

LEGAL ADVISORS

Cornelius Lane and Mufti
Advocates & Solicitors

BANKERS

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

WEBSITE



www.spelgroup.com

STOCK SYMBOL

SPEL

SYNTHETIC PRODUCTS ENTERPRISES LIMITED
 Directors' Review of the Condensed Interim Financial Information
 For the Half Year & Quarter ended 31 December 2020

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 2020 along with the Auditors' & Directors' review thereon.

Financial Analysis

	Half Year Ended		Quarter Ended	
	31 Dec 2020 PKR Millions	31 Dec 2019 PKR Millions	31 Dec 2020 PKR Millions	31 Dec 2019 PKR Millions
Sales – net	1,716.94	1,619.99	820.05	664.48
Cost of Sales	(1,360.15)	(1,347.21)	(646.09)	(558.08)
Gross Profit	356.78	272.78	173.95	106.39
Operating Profit	255.63	177.37	118.21	59.23
Profit after tax	161.51	117.26	73.86	43.29
EPS – Basic (PKR)	1.81	1.31	0.83	0.48

The revenue for the half year under review has increased by 6% as compared to same period of last year. The gross profit ratio and operating profit ratio is improved to 21% and 15% respectively despite the macro-economic challenges arising in the country. Timely purchasing and efficient utilization of resources lead to achieve an increased net profit of 38% from the comparative period.

During the quarter under review, the company has invested an amount of Rs. 178 million for expansion and BMR of the manufacturing facilities as planned.

Karachi Project

The activities on Karachi Project are executing as per the plan, the LCs for plant and machinery have been established and the construction of building is in progress. The commercial operations of the project is expected to start in this year.

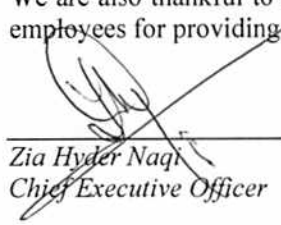
Outlook


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


 Abid Saleem Khan
 Director

Lahore
 23 February 2021



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 2020 and the related condensed interim statement of profit or loss, condensed interim statement of comprehensive income, condensed interim statement of changes in equity and condensed interim statement of cash flows and notes to the condensed interim financial statements for the six-month period then ended (here-in-after referred to as the "condensed interim financial statements"). Management is responsible for the preparation and presentation of these condensed interim financial statements in accordance with accounting and reporting standards as applicable in Pakistan for condensed interim financial reporting. Our responsibility is to express a conclusion on these condensed interim financial statements based on our review.

Scope of review

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

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed 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 2020 and 31 December 2019 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 review report is Ahsin Tariq.

Lahore

Date: 25 February 2021


KPMG Taseer Hadi & Co.
Chartered Accountants

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Synthetic Products Enterprises Limited
Condensed Interim Statement of Financial Position

As at 31 December 2020

		Un-audited 31 December 2020 Rupees	Audited 30 June 2020 Rupees
	Note		
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	924,703,780	884,884,000
Share premium	6	432,604,193	347,391,050
Accumulated profit		1,376,782,574	1,303,751,649
Fair value reserve on investment		(833,415)	(2,486,683)
Surplus on revaluation of land		330,031,765	330,031,765
Shareholders' equity		3,063,288,897	2,863,571,781

LIABILITIES

Non-Current liabilities

Long term loans - secured	7	277,186,583	275,419,567
Lease liabilities	8	7,393,690	7,101,936
Deferred income -Government grant	9	1,650,736	-
Deferred taxation		217,019,881	218,909,269
		503,250,890	501,430,772

Current liabilities

Trade and other payables	10	183,466,227	155,206,554
Unclaimed dividend		2,870,151	2,085,056
Short term borrowings	11	71,469,164	220,106,929
Current maturity of long term liabilities	12	193,999,311	124,344,511
Accrued mark up		3,797,190	5,873,819
		455,602,043	507,616,869
		4,022,141,830	3,872,619,422

Contingencies and commitments 13

The annexed notes from 1 to 28 form an integral part of these condensed interim financial statements.

KPMG TH

Lahore

Chief Executive Officer

ASSETS

Non-current assets

Property, plant and equipment			
- Operating fixed assets	14.1	2,149,688,449	2,177,776,341
- Capital work in progress	14.2	249,116,727	139,779,945
- Right of use assets	14.3	27,638,129	26,916,350
Intangibles		407,473	489,486
Investments	15	3,427,712	1,808,219
Long term deposits		10,180,159	10,820,959
		2,440,458,649	2,357,591,300

Current assets

Stores, spares and loose tools		40,167,987	30,214,137
Stock-in-trade	16	549,577,496	639,457,379
Trade debts - unsecured, considered good		364,310,118	509,334,671
Income tax - net		225,683,093	271,851,005
Advances, deposits, prepayments and other receivables		64,558,115	55,291,010
Short term investments	17	317,423,296	-
Cash and bank balances		19,963,076	8,879,920
		1,581,683,181	1,515,028,122
		4,022,141,830	3,872,619,422

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 2020

	Note	Half Year Ended		Quarter ended	
		31 December 2020 Rupees	31 December 2019 Rupees	31 December 2020 Rupees	31 December 2019 Rupees
Sales - net	18	1,716,946,312	1,619,992,784	820,053,184	664,477,835
Cost of sales	19	(1,360,158,300)	(1,347,208,799)	(646,097,876)	(558,077,865)
Gross profit		356,788,012	272,783,985	173,955,308	106,399,970
Administrative expenses		(83,416,001)	(82,207,105)	(44,849,993)	(40,197,597)
Selling and distribution expenses		(17,733,690)	(13,210,843)	(10,890,669)	(6,972,916)
Operating profit		255,638,321	177,366,037	118,214,646	59,229,457
Other income		17,537,669	20,100,800	10,531,736	10,090,728
Other charges		(18,830,761)	(15,574,607)	(8,699,985)	(4,084,891)
Finance cost	20	(24,753,325)	(39,328,899)	(14,624,042)	(16,963,701)
Profit before taxation		229,591,904	142,563,331	105,422,355	48,271,593
Taxation		(68,072,581)	(25,302,536)	(31,556,823)	(4,980,122)
Profit after taxation		161,519,323	117,260,795	73,865,532	43,291,471
		<i>Re-stated</i>		<i>Re-stated</i>	
Earnings per share - basic and diluted	21	1.81	1.31	0.83	0.48

The annexed notes from 1 to 28 form an integral part of these condensed interim financial statements.

KPMG 117

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 2020

	Half Year Ended		Quarter ended	
	31 December 2020 Rupees	31 December 2019 Rupees	31 December 2020 Rupees	31 December 2019 Rupees
Profit after taxation	161,519,323	117,260,795	73,865,532	43,291,471
<u>Other comprehensive income for the period</u>				
<i>Item that will not be recognized to profit or loss:</i>				
Fair value gain on investments at FVOCI - net of tax	1,653,268	446,078	377,724	564,039
Total comprehensive income for the period	<u>163,172,591</u>	<u>117,706,873</u>	<u>74,243,256</u>	<u>43,855,510</u>


The annexed notes from 1 to 28 form an integral part of these condensed interim financial statements.

KPMG PH

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 2020

	Capital Reserve			Revenue Reserve		
	Issued subscribed and paid-up capital	Share Premium	Surplus on revaluation of land	Fair value reserve on investment	Accumulated profit	Total
	----- Rupees -----					
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 half year ended 31 December 2019	-	-	-	-	117,260,795	117,260,795
Other comprehensive income for the half year ended 31 December 2019	-	-	-	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 - un-audited	884,884,000	347,391,050	330,031,765	(2,716,510)	1,162,198,816	2,721,789,121
<u>Total comprehensive income</u>						
Profit for half year ended 30 June 2020	-	-	-	-	141,552,835	141,552,835
Other comprehensive income for half year ended 30 June 2020	-	-	-	229,827	-	229,827
	-	-	-	229,827	141,552,835	141,782,662
Balance as at 30 June 2020 - audited	884,884,000	347,391,050	330,031,765	(2,486,683)	1,303,751,651	2,863,571,783
<u>Total comprehensive income</u>						
Profit for the half year ended 31 December 2020	-	-	-	-	161,519,323	161,519,323
Other comprehensive income for the half year ended 31 December 2020	-	-	-	1,653,268	-	1,653,268
	-	-	-	1,653,268	161,519,323	163,172,591
<u>Transactions with owners of the Company</u>						
Final cash dividend for the year ended 30 June 2020 @ Re. 1 per share	-	-	-	-	(88,488,400)	(88,488,400)
Ordinary shares issued during the period (@ Rs. 32 each)	39,819,780	87,603,516	-	-	-	127,423,296
Transaction cost incurred for issuance of ordinary shares	-	(2,390,373)	-	-	-	(2,390,373)
	39,819,780	85,213,143	-	-	(88,488,400)	36,544,523
Balance as at 31 December 2020 - unaudited	924,703,780	432,604,193	330,031,765	(833,415)	1,376,782,574	3,063,288,897

The annexed notes from 1 to 28 form an integral part of these condensed interim financial statements.

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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 2020

	31 December 2020 Rupees	31 December 2019 Rupees
<i>Note</i>		
<u>Cash flows from operating activities</u>		
Profit before taxation	229,591,904	142,563,331
<i>Adjustments for non cash items:</i>		
Depreciation on property, plant and equipment	91,856,607	89,589,280
Amortization of intangibles	82,013	44,820
Government grant recognized in income	(1,956,834)	-
Finance cost	24,753,325	39,328,899
Loss on disposal of property, plant and equipment	401,463	5,791,355
Provision for Workers' Profit Participation Fund and Workers' Welfare Fund	17,281,111	10,424,663
	132,417,685	145,179,017
Operating profit before working capital changes	362,009,589	287,742,348
<i>Decrease in current assets:</i>		
Stores, spares and loose tools	(9,953,850)	(7,196,476)
Stock-in-trade	89,879,883	106,573,967
Trade debts - unsecured, considered good	145,024,553	82,641,485
Advances, deposits, prepayments and other receivables	(9,267,105)	(1,398,827)
	215,683,481	180,620,149
<i>Increase in current liabilities:</i>		
Trade and other payables	34,248,237	(48,613,386)
	249,931,718	132,006,763
Cash generated from operations	611,941,307	419,749,111
Workers' Profit Participation Fund & Workers Welfare Fund paid	(23,269,677)	(20,465,465)
Taxes paid	(23,760,282)	(27,335,746)
Long term deposits - net	640,800	600,800
Net cash generated from operating activities	565,552,148	372,548,700
<u>Cash flow from investing activities</u>		
Capital expenditure incurred	(178,280,028)	(29,689,672)
Proceeds from disposal of property, plant and equipment	8,270,264	3,292,875
Short term investments made	(317,423,296)	-
Net cash used in investing activities	(487,433,060)	(26,396,797)
<u>Cash flow from financing activities</u>		
Principal repayment of lease liability	(3,746,854)	(2,989,006)
Long term loan acquired	128,110,895	-
Diminishing musharika paid - net	(53,261,872)	(51,839,661)
Finance cost paid	(26,829,954)	(40,913,943)
Dividend paid	(87,703,305)	(50,430,258)
Net receipt against right issue	125,032,923	-
Short term borrowings - net	(92,219,711)	(113,626,261)
Net cash used in financing activities	(10,617,878)	(259,799,129)
Net increase in cash and cash equivalents	67,501,210	86,352,774
Cash and cash equivalents at beginning of the period	(111,507,298)	(146,969,043)
Cash and cash equivalents at end of the period	(44,006,088)	(60,616,269)

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The annexed notes from 1 to 28 form an integral part of these condensed interim financial statements.

KPMG

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 2020

1 Legal status and nature of business

1.1 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 molds & dies. The production facilities of the Company are located at following geographical locations:

- Sue-e-Asal Lalyani Road, Pandoki, Lahore
- Rahim Yar Khan Industrial Estate, Rahim Yar Khan, and
- 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
- Provisions of and directives issued under the Companies Act, 2017.

Where the provision of and directives issued under the Companies Act, 2017 differ with the requirements of IAS 34 or IFAS, the provisions of and directives issued under the Companies Act, 2017 have been followed.

These condensed interim financial statements comprise the condensed interim statement of financial position of the Company, as at 31 December 2020 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.

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 2020. 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.

KAMM TH

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 2020, 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 2019.

These condensed interim financial statements are 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 Pak Rupees which is also the Company's functional currency.

3 Judgments and estimates

The preparation of these condensed interim financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amount of assets, liabilities, income and expenses. 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 2020.

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 2020.

4.2 Standards, interpretations and amendments to published approved accounting standards that are not yet effective

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

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

- COVID-19-Related Rent Concessions (Amendment to IFRS 16)	01 January 2021
- Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 & IFRS 16 - Financial Instrument	01 January 2021
- Amendments to IAS 37 - Onerous Contracts	01 January 2021

KMTH

Annual Improvements to IFRS Standards 2018–2020 Cycle - the improvements address amendments to following approved accounting standards:

- IFRS 9 – The amendment clarifies that an entity includes only fees paid or received between the entity (the borrower) and the lender, including fees paid or received by either the entity or the lender on the other's behalf, when it applies the '10 per cent' test in paragraph B3.3.6 of IFRS 9 in assessing whether to derecognize a financial liability.
- IFRS 16 – The amendment partially amends Illustrative Example 13 accompanying IFRS 16 by excluding the illustration of reimbursement of leasehold improvements by the lessor. The objective of the amendment is to resolve any potential confusion that might arise in lease incentives.
- IAS 41 – The amendment removes the requirement in paragraph 22 of IAS 41 for entities to exclude taxation cash flows when measuring the fair value of a biological asset using a present value technique

5 Issued, subscribed and paid-up capital

	Un-audited 31 December 2020	Audited 30 June 2020	Un-audited 31 December 2020	Audited 30 June 2020
Note	---- Number of shares -----		Rupees	Rupees
Ordinary shares of Rs. 10 each, fully paid in cash	23,773,918	19,791,940	237,739,180	197,919,400
Fully paid bonus shares of Rs. 10 each	61,031,460	61,031,460	610,314,600	610,314,600
Shares of Rs. 10 each, issued under scheme of amalgamation	7,665,000	7,665,000	76,650,000	76,650,000
5.1	<u>92,470,378</u>	<u>88,488,400</u>	<u>924,703,780</u>	<u>884,884,000</u>

5.1 Reconciliation of Share capital

During the period company issued additional shares through right issue having face value of Rs. 10 each at a premium of Rs. 22 per share. Details are as follows:

	2020	
	Number of shares	Rupees
Balance as at 30 June 2020	88,488,400	884,884,000
Issuance during the period	3,981,978	39,819,780
Balance as at 31 Dec 2020	<u>92,470,378</u>	<u>924,703,780</u>

- 5.2 Directors hold 65,032,126 (30 Jun 2020: 62,086,735) ordinary shares of Rs. 10 each of the Company.

KPMG TH

6 Share premium

		Un-audited 31 December 2020 Rupees	Audited 30 June 2020 Rupees
Reconciliation of Share premium			
	<i>Note</i>		
Opening Balance		347,391,050	347,391,050
Issuance during the period	5.1	87,603,516	-
Transaction cost incurred		(2,390,373)	-
Closing Balance		432,604,193	347,391,050

7 Long term loans - secured

		Un-audited 31 December 2020 Rupees	Audited 30 June 2020 Rupees
7.1 Diminishing musharika - Islamic mode of financing:			
- United Bank Limited	7.1.1	66,798,035	86,786,097
- Bank Islami Pakistan Limited	7.1.2	38,250,000	51,000,000
- Habib Bank Limited	7.1.3	204,041,275	224,565,085
Less: Current maturity		(125,273,753)	(112,773,748)
		183,815,557	249,577,434
7.2 Loan under refinance Scheme - conventional loans			
- Habib Bank Limited	9	110,073,952	34,456,178
Less: Current maturity		(57,440,884)	(8,614,045)
		52,633,068	25,842,133
7.3 Loan from Customer			
- Loan from customer	7.3.1	48,885,550	-
Less: Current maturity		(8,147,592)	-
		40,737,958	-
		277,186,583	275,419,567

7.1.1 During the period / year, the Company has made repayments amounting to Rs. 19.98 million (30 June 2020: Rs. 39.97 million).

7.1.2 During the period / year, the Company has made repayments amounting to Rs. 12.75 million (30 June 2020: Rs. 25.5 million).

7.1.3 During the period / year, the Company has made repayments amounting to Rs. 20.52 million (30 June 2020: Rs. 39.62 million).

7.3.1 During the period company has obtained loan from Honda Atlas Cars (Pakistan) Limited for the purpose of capital expenditure. The loan is repayable in thirty six equal monthly installments starting from 30 June 2021 and carries mark up at three months KIBOR plus 1.25 % spread.

KPMG

		Un-audited 31 December 2020 Rupees	Audited 30 June 2020 Rupees
8 Lease liabilities	<i>Note</i>		
Lease liability	8.1	10,530,772	10,058,654
Less: Current maturity presented under current liabilities		(3,137,082)	(2,956,718)
		<u>7,393,690</u>	<u>7,101,936</u>

8.1 During the period / year, the Company has made repayments amounting to Rs. 3.72 million (30 June 2020: Rs. 2.67 million).

9 Deferred income - Government grant

Due to the effects of pandemic, State Bank of Pakistan took various steps to support the economy. SBP introduced a refinance scheme for the payment of salaries and wages at subsidized rate of 3% per annum. During the period Company has obtained further three tranches of the said loan against salaries for the month of July, August and September 2020. The principal amount of loan is payable in eight quarterly installments commencing from 1 January 2021 which is secured against first exclusive charge over fixed assets comprising of the machinery. On 22 September 2020 facility was extended up to Rs.114.88 million. The amount of government grant represents the benefit received by the Company as a result of utilization of this concessional facility.

		Un-audited 31 December 2020 Rupees	Audited 30 June 2020 Rupees
10 Trade and other payables	<i>Note</i>		
Trade and other creditors		81,312,228	49,338,878
Accrued liabilities		55,926,823	57,319,970
Contract liabilities		6,497,099	8,379,038
Current portion of deferred income – government grants	9	4,648,979	-
Workers' profit participation fund		12,343,651	17,264,337
Workers' welfare fund		4,736,015	5,803,895
Withholding tax payable		740,994	900,525
Provident fund payable		1,701,140	1,609,744
Others		15,559,298	14,590,166
		<u>183,466,227</u>	<u>155,206,554</u>

11 Short term borrowings

Secured:

- Conventional Interest / mark-up based loans	11.1	33,095,828	128,460,772
- Islamic mode of financing	11.2	30,873,336	76,646,157
		<u>63,969,164</u>	<u>205,106,929</u>

Unsecured:

- Interest free financing		7,500,000	15,000,000
		<u>71,469,164</u>	<u>220,106,929</u>

Types of short term borrowings

11.1 Conventional loans

Short term running finance	33,095,828	77,992,772
Finance against trust receipts	-	50,468,000
	<u>33,095,828</u>	<u>128,460,772</u>

11.2 Islamic mode of financing

Murabaha and Istisna	-	34,251,711
Running Musharika	30,873,336	42,394,446
	<u>30,873,336</u>	<u>76,646,157</u>

12 Current maturity of long term liabilities

Long term loans - secured	7	190,862,229	121,387,793
Lease liabilities	8	3,137,082	2,956,718
		<u>193,999,311</u>	<u>124,344,511</u>

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13 Contingencies and commitments

13.1 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 2020, except the following:

13.1.1 The Additional Commissioner Inland Revenue issued an order dated 28 February 2018 against the Company in respect of Tax Year 2012 raising a demand of Rs. 1.32 million. The Commissioner Inland Revenue Appeals - I, Lahore has issued an order in favor of the Company against which the tax department has preferred an appeal before the Appellate Tribunal Inland Revenue on 29 December 2020, however, the appeal has not yet been fixed for hearing. The Company expects a favorable outcome of the appeals based on the advice of tax advisors.

13.1.2 The Deputy Commissioner Inland Revenue, Audit- 17, Zone - III, Large Taxpayers Unit, Lahore has concluded the audit proceedings in respect of the tax year 2015 through an order dated 30 September 2018 issued under section 122(1)/(5) of the Income Tax Ordinance, 2001 whereby, an aggregate income tax demand of Rs. 8.1 million has been raised against the Company. The Commissioner Inland Revenue Appeals has issued an order in favor of the Company against which the tax department has preferred an appeal before the Appellate Tribunal Inland Revenue on 07 December 2020, however, the appeal has not yet been fixed for hearing. The Company expects a favorable outcome of the appeals based on the advice of tax advisors.

13.1.3 The Additional Commissioner Inland Revenue has concluded the audit proceedings in respect of four tax years i.e. TY 2016, 2017, 2018 and 2019 through orders passed under section 122(5A) of the Income Tax Ordinance whereby an aggregate amount of Rs. 17.6 million has been reduced from the income tax refunds of the Company. The Company has filed appeals against the orders before the learned Commissioner Inland Revenue (Appeals) which has not yet been heard. The Company based on the advice of the tax advisors expects a favorable outcome of its appeals.

13.2 Commitments

13.2.1 Aggregate commitments for capital expenditure as at 31 December 2020 amounted to Rs. 42,265,553 (30 June 2020: Rs. nil).

		Un-audited 31 December 2020 Rupees	Audited 30 June 2020 Rupees
	<i>Note</i>		
13.2.2	<i>Commitments under irrevocable letters of credit for:</i>		
- purchase of machinery		137,490,383	27,470,000
- purchase of raw material		382,775,758	157,755,066
		<u>520,266,141</u>	<u>185,225,066</u>

14 Property, plant and equipment

Operating fixed assets	14.1	2,149,688,449	2,177,776,341
Capital work in progress	14.2	249,116,727	139,779,945
Right of use assets	14.3	27,638,129	26,916,350
		<u>2,426,443,305</u>	<u>2,344,472,636</u>

14.1 Operating fixed assets

Opening written down value		2,177,776,341	2,169,304,688
Add: Additions during the period / year (cost)	14.1.1	68,943,246	224,766,754
Add: Transfers during the period		-	(27,214,605)
Less: Disposals during the period / year at written down value		(6,469,710)	(8,879,926)
Less: Depreciation charge for the period / year		(90,561,428)	(180,200,570)
Closing written down value		<u>2,149,688,449</u>	<u>2,177,776,341</u>

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		Un-audited 31 December 2020 Rupees	Audited 30 June 2020 Rupees
14.1.1 Additions during the period / year:			
Freehold Land		10,841,400	5,397,400
Buildings on freehold land		28,499,994	4,804,186
Plant and machinery		11,488,209	211,142,923
Office equipment		679,853	1,305,033
Tools and equipment		1,794,236	1,013,968
Computer equipment		700,100	149,000
Furniture and fittings		-	212,891
Vehicles		14,939,454	741,350
		<u>68,943,246</u>	<u>224,766,751</u>
14.2 Capital work in progress			
Balance at the beginning of the period / year		139,779,945	60,994,199
Add: Additions during the period / year		172,902,967	292,543,478
Less: Transfers to fixed assets during the period / year		(63,566,185)	(213,757,732)
		<u>249,116,727</u>	<u>139,779,945</u>
14.3 Right of use asset			
Opening written down value		26,916,350	-
Add: Impact of first time implementation of IFRS 16		-	28,289,979
Add: Additions during the period / year (cost)		4,218,975	2,076,000
Less: Disposals/Transferred during the period / year at written down value		(2,202,017)	(1,075,374)
Less: Depreciation charge for the period / year		(1,295,179)	(2,374,255)
Closing written down value		<u>27,638,129</u>	<u>26,916,350</u>
15 Investments	<i>Note</i>		
Investment classified as fair value through other comprehensive income	<i>15.1</i>	<u>3,427,712</u>	<u>1,808,219</u>
15.1	This represents 80,652 ordinary shares having face value of Rs. 10 each (30 June 2020: 80,652 ordinary shares) in Roshan Packages Limited.		
16 Stock-in-trade			
Raw and packing material		300,513,499	444,304,283
Stock in transit		67,084,216	82,212,808
Work in process		88,007,534	39,664,866
Finished goods		93,972,247	73,275,422
		<u>549,577,496</u>	<u>639,457,379</u>
17 Short Term Investments			
This represents term deposit receipts which are mark-up based investments with conventional bank. The investments carry mark up at rates ranging from 6.35 % to 6.65% per annum (2020:Nil) with maximum maturity of 30 days.			

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18 Sales - net

Local
Export

Less: Sales tax
Discounts

Half year ended (Un-audited)	
31 December 2020 Rupees	31 December 2019 Rupees
2,021,481,269	1,931,927,647
13,977,964	7,939,710
2,035,459,233	1,939,867,357
(300,835,575)	(289,556,218)
(17,677,346)	(30,318,355)
1,716,946,312	1,619,992,784

19 Cost of sales

Raw and packing materials consumed
Stores, spare parts and loose tools consumed
Salaries, wages and benefits
Security expenses
Electricity, fuel and water charges
Depreciation on property, plant and equipment
Repair and maintenance
Insurance
Oil and lubricants

1,028,718,507	920,921,943
6,241,615	4,630,928
124,436,537	118,233,692
4,111,822	4,532,136
130,537,046	124,733,714
82,643,242	80,363,281
23,065,260	18,932,806
3,464,890	3,067,583
2,306,603	893,193
1,405,525,522	1,276,309,276

Work in process:

- At beginning of the period
- At end of the period

39,664,866	88,456,508
(88,007,534)	(40,410,773)

Cost of goods manufactured

1,357,182,854	1,324,355,011
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Finished goods:

- At beginning of the period
- At end of the period

73,275,422	58,733,269
(93,972,247)	(54,817,164)
1,336,486,029	1,328,271,116

Freight and forwarding

23,672,271	18,937,683
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Cost of goods sold

1,360,158,300	1,347,208,799
---------------	---------------

20 Finance cost

Mark-up on:

- long term finance - secured
- lease liabilities
- short term borrowings - secured

20,320,241	24,175,426
279,587	442,039
3,183,582	14,185,414
969,915	526,020

Bank charges

24,753,325	39,328,899
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21 Earnings per share - basic and diluted

21.1 Basic earnings per share

Profit for the period after taxation

Rupees	161,519,323	117,260,795
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Weighted average number of ordinary shares
in issue during the period

Number	89,227,871	89,373,284
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Earnings per share

Rupees	1.81	Re-stated 1.31
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21.1.1 The earnings per share has been calculated using weighted average number of shares which includes the effect of right shares issued during the period and prior year weighted number of shares have been restated accordingly.

21.2 Diluted earnings per share

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

22 Cash and cash equivalents

Short term running finance
Running Musharika
Cash and bank balances

Half year ended (Un-audited)	
31 December 2020 Rupees	31 December 2019 Rupees
(33,095,828)	(25,706,990)
(30,873,336)	(69,152,116)
19,963,076	34,242,837
(44,006,088)	(60,616,269)

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23 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 2020 (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						
Investment classified at FVOCI	3,427,712	-	-	3,427,712	3,427,712	-
<u>Financial assets at amortized cost</u>						
Cash and bank balances	-	19,963,076	-	19,963,076	-	-
Long term deposits	-	10,180,159	-	10,180,159	-	-
Trade debts - unsecured, considered good	-	364,310,118	-	364,310,118	-	-
Advances, deposits and other receivables	-	62,387,637	-	62,387,637	-	-
	-	456,840,990	-	456,840,990	-	-
<u>Financial liabilities measured at amortized cost</u>						
Long term loans- secured	-	-	468,048,812	468,048,812	-	-
Lease liabilities	-	-	10,530,772	10,530,772	-	-
Trade and other payables	-	-	96,871,526	96,871,526	-	-
Unclaimed dividend	-	-	2,870,151	2,870,151	-	-
Short term borrowing	-	-	63,969,164	63,969,164	-	-
Accrued mark up	-	-	3,797,190	3,797,190	-	-
	-	-	646,087,615	646,087,615	-	-

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23.1

30 June 2020 (Audited)						
Carrying Amount				Fair Value		
Available for sale	Amortized Cost	Other financial liabilities	Total	Level 1	Level 2	Level 3
----- Rupees -----						
1,808,219	-	-	1,808,219	1,808,219	-	-
-	8,879,920	-	8,879,920	-	-	-
-	10,820,959	-	10,820,959	-	-	-
-	509,334,671	-	509,334,671	-	-	-
-	52,413,715	-	52,413,715	-	-	-
-	581,449,265	-	581,449,265	-	-	-
-	-	396,807,360	396,807,360	-	-	-
-	-	10,058,654	10,058,654	-	-	-
-	-	63,929,044	63,929,044	-	-	-
-	-	2,085,056	2,085,056	-	-	-
-	-	205,106,929	205,106,929	-	-	-
-	-	5,873,819	5,873,819	-	-	-
-	-	683,860,862	683,860,862	-	-	-

23.2 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.

23.3 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.

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24 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 2020 Rupees	31 December 2019 Rupees
24.1	Related parties	Relationship	Transactions		
	Provident Fund Trust	Post employment benefit fund	Contribution	10,166,454	9,772,018
	Directors	Directors	Cash Dividend as shareholder	62,986,735	36,355,811
			Right shares	94,251,712	-
			Bonus shares as shareholder	-	24,237,160
		Directors other than key management personnel	Remuneration	10,511,108	9,227,961
		Non-Executive Directors	Meeting fee	875,000	800,000
		Non-Executive Directors	Purchase of Vehicle	2,850,000	-
	Key Management Personnel	Key Management Personnel	Remuneration	18,080,514	19,060,684
			Cash Dividend as shareholder	2,237	18,599
			Bonus shares as shareholder (Other than Directors)	-	12,390
			Right shares (Other than Directors)	1,297,184	-
				(Un-audited) 31 December 2020 Rupees	(Audited) 30 June 2020 Rupees
24.2	Balances with related parties				
	Provident Fund Trust	Post employment benefit fund		1,701,140	1,609,744

24.3 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.

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25 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 2020.

26 Impact of COVID-19 (CORONA VIRUS)

A novel strain of coronavirus (COVID-19) that first surfaced in China was classified as a pandemic by the World Health Organization on 11 March 2020, impacting countries globally including Pakistan. Management based on its assessment has concluded that there are no material implications that adversely affect its businesses, results of operations and financial condition in future period. However, pursuant to relaxation announced by State Bank of Pakistan in view of this pandemic, the Company has availed a long term loan under SBP refinance scheme as disclosed in note 7.2.

27 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 February 2021

28 General

Figures have been rounded off to the nearest rupee.

K6 MATH



Chief Executive Officer



Director



Chief Financial Officer

ڈائریکٹرز کا جائزہ

محترم شیئر ہولڈرز

سیٹھ جیک پراڈکٹس انٹرپرائزز لمیٹڈ کے بورڈ آف ڈائریکٹرز 31 دسمبر 2020 کو ختم ہونے والی مدت کے لئے 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 دسمبر 2019	31 دسمبر 2020	31 دسمبر 2019	31 دسمبر 2020	
PKR in Millions	PKR in Millions	PKR in Millions	PKR in Millions	
664.48	820.05	1,619.99	1,716.94	سیلز
(558.08)	(646.09)	(1,347.21)	(1,360.15)	کاسٹ آف سیلز
106.39	173.95	272.78	356.78	خام منافع
59.23	118.21	177.37	255.63	آپریٹنگ منافع
43.29	73.86	117.26	161.51	خالص منافع
0.48	0.83	1.31	1.81	EPS (PKR)

زیر جائزہ مدت کے دوران کمپنی نے سلیز آمدن میں گزشتہ سال اسی مدت کے مقابلے میں 6 فیصد اضافہ ریکارڈ کیا ہے۔ ملک میں جاری معاشی چیلنجز کے باوجود خام منافع کی شرح اور آپریٹنگ منافع کی شرح بہتر ہو کر بالترتیب 21 فیصد اور 15 فیصد ہو گئی ہے۔ بروقت خریداری اور وسائل کے منوثر استعمال سے خالص منافع میں 38 فیصد بہتری آئی ہے۔ زیر جائزہ مدت کے دوران کمپنی نے 178 ملین روپے کی رقم مینوفیکچرنگ کی سہولیات کی توسیع اور B.M.R پر خرچ کی۔

کراچی پراجیکٹ

کراچی پراجیکٹ پے سرگرمیاں پلان کے مطابق عمل پیرا ہیں۔ پلانٹ اینڈ مشینری کی خریداری کے لیے لیٹر آف کریڈٹ (LCS) اسٹیلش ہو چکی ہیں اور بلڈنگ کی تعمیر کا کام جاری ہے۔ پراجیکٹ کے کمرشل آپریشنز اس سال میں شروع ہونے کی توقع ہے۔

مستقبل قریب کا جائزہ

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

اعتراف

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

ڈائریکٹر

چیف ایگزیکٹو آفیسر

لاہور

23 فروری 2021