



MERIT PACKAGING LIMITED

**CONDENSED INTERIM
FINANCIAL INFORMATION
FOR THE HALF YEAR ENDED
DECEMBER 31, 2019**



A Lakson Group Company

MERIT PACKAGING LIMITED
HALF YEAR REPORT
DECEMBER 2019

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**MERIT PACKAGING LIMITED
HALF YEAR REPORT
DECEMBER 2019**

CORPORATE INFORMATION

Board of Directors

Iqbal Ali Lakhani Chairman
Amin Mohammed Lakhani
Anushka Lakhani
Tasleemuddin Ahmed Batlay
Shaikh Muhammad Barinuddin
Sheikh Asim Rafiq
Farrukh Shauket Ansari
Moin M. Fudda

Advisor

Sultan Ali Lakhani

Chief Executive Officer

Shahid Ahmed Khan

Audit Committee

Shaikh Muhammad Barinuddin Chairman
Amin Mohammed Lakhani
Tasleemuddin Ahmed Batlay

Human Resource and Remuneration Committee

Shaikh Muhammad Barinuddin Chairman
Iqbal Ali Lakhani
Tasleemuddin Ahmed Batlay
Shahid Ahmed Khan

Company Secretary

Mansoor Ahmed

Auditors

BDO Ebrahim & Co., Chartered Accountants

Bankers

Al-Baraka Bank (Pakistan) Limited
Askari Bank Limited
BankIslami Pakistan Limited
Dubai Islamic Bank Pakistan Limited
Habib Bank Limited
Habib Bank Limited - Islamic Banking
JS Bank Limited

Bankers (Continued)

MCB Bank Limited
MCB Islamic Bank Limited
Meezan Bank Limited
National Bank of Pakistan
Soneri Bank Limited
United Bank Limited - Ameen

Shares Registrar

FAMCO Associates (Pvt.) Ltd
8-F, Near Hotel Faran, Nursery, Block-6,
P.E.C.H.S., Shahra-e-Faisal, Karachi.
Email : info.shares@famco.com.pk
Phone : (021) 34380101 - 5
Fax : (021) 34380106
Website : www.famco.com.pk

Registered Office

Lakson Square, Building No. 2,
Sarwar Shaheed Road,
Karachi-74200, Pakistan.

Karachi Factory

17-B, Sector 29, Korangi Industrial Township,
Karachi.

Lahore Factory

5 Kilometer, Raiwind Manga Road,
Near Glamour Adda, Lahore.

Website

www.meritpack.com

**HALF YEAR REPORT
DECEMBER 31, 2019
DIRECTORS' REVIEW**

Directors of your Company are pleased to present the review of performance together with condensed interim un-audited financial statements of the Company and auditors' review report for the half year ended December 31, 2019.

Financial and Operational Performance

Comparison of the un-audited financial results for the first half and quarter ended December 31, 2019 is as follows:

	Half Year Ended		Quarter Ended	
	December 31, 2019	December 31, 2018	December 31, 2019	December 31, 2018
	<i>(Rupees in thousand)</i>		<i>(Rupees in thousand)</i>	
Net sales	1,107,697	1,512,135	621,064	896,476
Gross (loss) / profit	(81,065)	25,166	(25,864)	28,731
Operating loss	(151,753)	(37,768)	(67,597)	(4,488)
Loss before tax	(323,570)	(137,948)	(143,875)	(57,312)

During the period under review, the net sales amounted to Rs. 1.108 billion as compared to Rs. 1.512 billion for corresponding period last year, showing a decrease of Rs. 404 million or 27%. Company's pre-tax loss for the period under review is Rs 323 million as compared to Rs 138 million pre-tax losses recorded for the same period last year.

The first half yearly account was marked with economic slowdown, and severe liquidity crunch in the country. All these factors negatively impacted our performance. The current economic situation is affecting overall market growth and sales volume of the company. The input costs in printing and packaging industry continued to increase and adversely impacted our margin as we could not immediately pass on the total impact of incremental costs in the selling prices. Low capacity utilization was also due to shifting of the Lahore manufacturing unit from the old premises to a new bigger location in Lahore. The other factor is the increase in the financial charges due to increase in KIBOR and higher utilization of borrowings obtained for CAPEX and working capital requirements.

The sponsors again in line with their previous continuous support to the Company have provided loan of Rs.650 million for its working capital requirements. This will have a positive impact on the overall financial position of the company.

Future Outlook

Your Company is making significant efforts for improving business performance and to expand its customer base after induction of new machines, more avenues have now opened for faster production, lower wastages, uninterrupted production with more value added jobs, besides reduction in production overheads. It is expected that with the shifting of the Lahore manufacturing unit from the old premises to a new location in Lahore and enhanced infrastructure, additional revenue will be generated and will help to consolidate overall financial position of the Company in the coming financial year.

The directors, therefore, look forward with confidence to sustain growth by focusing on marketing driven strategies, optimization of resources and adopting cost control measures.

Acknowledgments

Your Directors appreciate the support and commitment of all the stakeholders. They are especially thankful to the banks for their continued support.

On behalf of the Board of Directors



**SHAHID AHMED KHAN
CHIEF EXECUTIVE OFFICER**



**TASLEEMUDDIN AHMED BATLAY
DIRECTOR**

Karachi: February 26, 2020

پہلی ششماہی رپورٹ

دسمبر 31، 2019ء

ڈائریکٹرز کا جائزہ

آپ کی کمپنی کے ڈائریکٹرز نے 31 دسمبر 2019ء کو ختم ہونے والی پہلی ششماہی کے لئے کارکردگی کا جائزہ مع مختصر عبوری غیر آڈٹ شدہ مالیاتی گوشوارے پیش کرتے ہیں۔

مالیاتی اور عملی کارکردگی

31 دسمبر 2019ء کو ختم ہونے والی پہلی ششماہی اور سہ ماہی کے لئے غیر آڈٹ شدہ مالیاتی نتائج کا موازنہ درج ذیل ہے:

مختتمہ سہ ماہی		مختتمہ ششماہی		
31 دسمبر 2019ء	31 دسمبر 2018ء	31 دسمبر 2019ء	31 دسمبر 2018ء	
(ہزار روپے)		(ہزار روپے)		
896,476	621,064	1,512,135	1,107,697	خالص فروخت
28,731	(25,864)	25,166	(81,065)	مجموعی نقصان/منافع
(4,488)	(67,597)	(37,768)	(151,753)	آپریٹنگ نقصان/منافع
(57,312)	(143,875)	(137,948)	(323,570)	قبل از ٹیکس نقصان/منافع

زیر جائزہ مدت کے دوران خالص فروخت گزشتہ سال اسی مدت کے لئے 1.512 بلین روپے کے مقابلے میں 1.108 بلین روپے رہی جو 404 ملین روپے یا 27% کا خسارہ دکھاتی ہے۔

گزشتہ سال اسی مدت میں ریکارڈ کئے گئے 138 ملین روپے قبل از ٹیکس نقصان کے مقابلے میں زیر جائزہ مدت کے دوران 323 ملین روپے رہا۔

پہلی ششماہی معاشی سست روی اور ملک گیر سطح پر مالیاتی بحران کی حامل رہی، جس کا ہماری کارکردگی پر منفی اثر پڑا۔ حالیہ معاشی صورتحال ہماری کمپنی کی فروخت کے حجم اور مجموعی مارکیٹ کی ترقی پر

اثر انداز ہو رہی ہے۔ پرنٹنگ کی صنعت میں بنیادی خام مال کے دام میں مسلسل اضافہ کا ہماری بچت پر منفی اثر پڑا اس اضافی لاگت کو ہم فوری طور پر اپنی قیمت فروخت میں شامل نہ کر سکے۔

لاہور فیکٹری کی پرانی جگہ سے نئی اور بڑی جگہ منتقلی کی وجہ سے پیداواری صلاحیت میں کمی ہوئی۔ بڑھتے ہوئے شرح سود کی وجہ سے بلند مالیاتی چارجز اور CAPEX کے لیے درکار زیادہ قرضوں

اور سرمایہ کار (Working Capital) کے تقاضوں کے ساتھ بالائی اخراجات میں اضافہ ہوا۔ اسپانسر کی جانب سے ہمیشہ کی جانیوالی اعانت کے تسلسل میں 650 ملین روپے کے قرض کی

بدولت ہماری کمپنی کے سرمائے کی ضرورت پوری ہوئی جس کے مثبت اثرات ہماری مجموعی مالیاتی صورتحال پر پڑے۔

مستقبل کی توقعات

آپ کی کمپنی اپنی کاروباری کارکردگی کو بہتر اور زیادہ ہانے کے لیے بھرپور کوششیں کر رہی ہے۔ نئی مشینوں کی شمولیت کے بعد پیداواری لاگت میں کمی کے ساتھ کم تر نقصانات

اور بلا تعلق اور تیز پیداواری مزید ماہیں کھلی ہیں۔ لاہور فیکٹری کی پرانی جگہ سے نئی اور بہتر جگہ منتقلی اضافی آمدن کا سبب بنے گی اور آئندہ سالوں میں کمپنی کی مجموعی مالیاتی پوزیشن مستحکم بنانے

میں معاون ثابت ہوگی۔

لہذا ڈائریکٹرز پر اعتماد ہے کہ بہتر مارکیٹنگ حکمت عملی، اثاثوں کے بہتر استعمال اور لاگت پر قابو پانے کے اقدامات پر توجہ مرکوز کر کے ترقی کو مستحکم کیا جاسکتا ہے۔

اعتراف

آپ کی کمپنی کے ڈائریکٹرز تمام متعلقین کے تعاون کو سراہتے ہیں اور خصوصی طور پر بنکس کی مسلسل حمایت کے شکر گزار ہیں۔

بورڈ آف ڈائریکٹرز کی جانب سے



تسلیم الدین احمد باٹلے
ڈائریکٹر



شاہد احمد خان
چیف ایگزیکٹو آفیسر

کراچی: 26 فروری 2020ء

REVIEW REPORT ON CONDENSED INTERIM FINANCIAL INFORMATION TO THE MEMBERS

Introduction

We have reviewed the accompanying condensed interim statement of financial position of **MERIT PACKAGING LIMITED** (“the Company”) as at December 31, 2019 and the related condensed interim statement of profit or loss, condensed interim statement of comprehensive income, condensed interim statement of cash flows, condensed interim statement of changes in equity and notes to the condensed interim financial information for the six-month period then ended (here-in-after referred as the “interim financial information”). Management is responsible for the preparation and presentation of this interim financial information in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on this interim financial information based on our review.

Scope of review

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

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial information as at and for the six months period ended December 31, 2019 is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting.

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

KARACHI

Dated: February 26, 2020



CHARTERED ACCOUNTANTS

Engagement Partner: Zulfikar Ali Causer

BDO Ebrahim & Co. Chartered Accountants

BDO Ebrahim & Co., a Pakistan registered partnership firm, is a member of BDO International Limited, a UK company limited by guarantee, and forms part of the international BDO network of independent member firms.

MERIT PACKAGING LIMITED
CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2019

		(Un-audited) December 31, 2019	(Audited) June 30, 2019
	Note	Rupees in 000's	
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	8	3,051,260	2,373,583
Capital work in progress	9	2,582	669,150
		<u>3,053,842</u>	<u>3,042,733</u>
Intangible assets		698	823
Long-term loans		416	531
Long-term deposits		10,247	11,295
Deferred taxation		89,708	97,627
		<u>3,154,911</u>	<u>3,153,009</u>
CURRENT ASSETS			
Stores and spares		81,017	67,117
Stock-in-trade		559,254	547,387
Trade debts (unsecured - considered good)	10	533,484	406,754
Loans and advances		10,126	7,063
Trade deposits and short-term prepayments		8,476	1,523
Other receivables	11	4,485	872
Tax refund due from Government	12	439,852	394,525
Taxation-net	13	20,723	40,809
Cash and bank balances		7,906	4,140
		<u>1,665,323</u>	<u>1,470,190</u>
		<u>4,820,234</u>	<u>4,623,199</u>
TOTAL ASSETS			
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized share capital			
200,000,000 (June 30, 2019: 100,000,000) ordinary shares of Rs.10/- each		<u>2,000,000</u>	<u>1,000,000</u>
Issued, subscribed and paid-up capital			
80,628,398 (June 30, 2019: 80,628,398) ordinary shares of Rs. 10/- each		806,284	806,284
Surplus on revaluation of property, plant and equipment	14	328,771	329,411
Capital reserve			
Equity portion of loan - associated company		374,881	216,299
Accumulated losses		<u>(676,512)</u>	<u>(333,788)</u>
		833,424	1,018,206
NON CURRENT LIABILITIES			
Sub-ordinated loan	15	89,816	80,224
Long-term financing	16	1,697,747	1,361,824
Long-term deposits		400	436
Long term lease liability	17	77,755	-
		1,865,718	1,442,484
CURRENT LIABILITIES			
Trade and other payables		681,136	826,177
Mark-up accrued		63,244	54,418
Short-term borrowings	18	1,063,628	1,012,701
Un-claimed dividend		129	129
Current portion of lease liabilities	17	9,831	-
Current portion of long-term financing		303,124	269,084
		<u>2,121,092</u>	<u>2,162,509</u>
		<u>4,820,234</u>	<u>4,623,199</u>
TOTAL EQUITY AND LIABILITIES			
CONTINGENCIES AND COMMITMENTS			
	19		

The annexed notes from 1 to 31 form an integral part of this condensed interim financial information.



TASLEEMUDDIN AHMED BATLAY
DIRECTOR



SHAHID AHMED KHAN
CHIEF EXECUTIVE OFFICER



MUHAMMAD AAQIL JAH
CHIEF FINANCIAL OFFICER

MERIT PACKAGING LIMITED
CONDENSED INTERIM STATEMENT OF PROFIT AND LOSS
FOR THE PERIOD ENDED DECEMBER 31, 2019 (UN-AUDITED)

	Note	Half year ended		Quarter ended	
		December 31,	December 31,	December 31,	December 31,
		2019	2018	2019	2018
		Rupees in 000's			
Sales - net	20	1,107,697	1,512,135	621,064	896,476
Cost of sales	21	(1,188,762)	(1,486,969)	(646,928)	(867,745)
Gross (loss) / profit		(81,065)	25,166	(25,864)	28,731
General and administrative expenses		(45,239)	(42,823)	(23,368)	(22,653)
Selling and distribution expenses		(21,917)	(20,807)	(14,947)	(11,511)
Other income		1,906	3,412	725	3,001
Other operating expenses		(5,438)	(2,716)	(4,143)	(2,056)
		(70,688)	(62,934)	(41,733)	(33,219)
Operating loss		(151,753)	(37,768)	(67,597)	(4,488)
Financial charges		(171,817)	(100,180)	(76,278)	(52,824)
Loss before taxation		(323,570)	(137,948)	(143,875)	(57,312)
Taxation	22	(7,919)	28,146	(35,035)	14,798
Net loss for the period		(331,489)	(109,802)	(178,910)	(42,514)
Loss per share - basic and diluted (Rs)	23	(4.11)	(1.36)	(2.22)	(0.53)


The annexed notes from 1 to 31 form an integral part of this condensed interim financial information.



TASLEEMUDDIN AHMED BATLAY
DIRECTOR



SHAHID AHMED KHAN
CHIEF EXECUTIVE OFFICER



MUHAMMAD AAQIL JAH
CHIEF FINANCIAL OFFICER

MERIT PACKAGING LIMITED
CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME
FOR THE PERIOD ENDED DECEMBER 31, 2019 (UN-AUDITED)

	Note	Half year ended		Quarter ended	
		December 31, 2019	December 31, 2018	December 31, 2019	December 31, 2018
Net loss for the period		(331,489)	(109,802)	(178,910)	(42,515)
Other comprehensive income:					
Surplus on revaluation of property, plant and equipment	14.1	-	123,106	-	-
Deferred tax liability		-	(5,927)	-	-
		-	117,179	-	-
Total comprehensive (loss) / income for the period		<u>(331,489)</u>	<u>7,377</u>	<u>(178,910)</u>	<u>(42,515)</u>

The annexed notes from 1 to 31 form an integral part of this condensed interim financial information.



TASLEEMUDDIN AHMED BATLAY
DIRECTOR



SHAHID AHMED KHAN
CHIEF EXECUTIVE OFFICER



MUHAMMAD AAQIL JAH
CHIEF FINANCIAL OFFICER

MERIT PACKAGING LIMITED
CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2019

	Issued, subscribed and paid-up capital	Surplus on Revaluation of Property, Plant & Equipment	Capital Reserve	Revenue Reserves			Total
			Equity portion of loan from associated company	General Reserves	Accumulated loss	Total	
Rupees in 000's							
Balance as at July 1, 2018	806,284	213,604	-	106,800	(130,588)	(23,788)	996,100
Total comprehensive (loss) / income for the half year ended December 31, 2018							
Loss for the period	-	-	-	-	(109,802)	(109,802)	(109,802)
Other comprehensive income - net of tax	-	117,179	-	-	-	-	117,179
	-	117,179	-	-	(109,802)	(109,802)	7,377
Transactions with owners							
Equity portion of loan	-	-	184,810	-	-	-	184,810
Transferred to accumulated loss on account of incremental depreciation - net of tax	-	(686)	-	-	686	686	-
Balance as at December 31, 2018	806,284	330,097	184,810	106,800	(239,704)	(132,904)	1,188,287
Balance as at July 1, 2019	806,284	329,411	216,299	106,800	(448,462)	(341,662)	1,010,332
Total comprehensive loss for the half year ended December 31, 2019							
Loss for the period	-	-	-	-	(331,489)	(331,489)	(331,489)
Other comprehensive income - net of tax	-	-	-	-	-	-	-
	-	-	-	-	(331,489)	(331,489)	(331,489)
Share issue costs	-	-	-	-	(4,001)	(4,001)	(4,001)
Transactions with owners							
Equity portion of loan	-	-	158,582	-	-	-	158,582
Transferred to accumulated loss on account of incremental depreciation - net of tax	-	(640)	-	-	640	640	-
Balance as at December 31, 2019	806,284	328,771	374,881	106,800	(783,312)	(676,512)	833,424

The annexed notes from 1 to 31 form an integral part of this condensed interim financial information.



TASLEEMUDDIN AHMED BATLAY
DIRECTOR



SHAHID AHMED KHAN
CHIEF EXECUTIVE OFFICER



MUHAMMAD AAQIL JAH
CHIEF FINANCIAL OFFICER

MERIT PACKAGING LIMITED
CONDENSED INTERIM STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED DECEMBER 31, 2019 (UN-AUDITED)

	Note	Half year ended	
		December 31, 2019	December 31, 2018
Rupees in 000's			
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash used in operations	24	(341,428)	(119,594)
Taxes paid - net		(20,723)	(22,431)
Financial charges paid		(149,765)	(54,422)
Long-term loans and advances		115	(132)
Long-term deposits		1,013	1,863
Net cash used in operating activities		(510,788)	(194,716)
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditure		(57,980)	(552,755)
Proceeds from sale of property, plant and equipment		4,766	354
Ijarah lease rentals payment - net		(363)	(380)
Net cash used in investing activities		(53,577)	(552,781)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from long-term financing		650,000	707,737
Repayment of long-term financing		(128,795)	(116,853)
Proceeds from short-term financing		(300,000)	240,000
Repayment of short term borrowings (excluding running finance)		300,000	(140,000)
Share issue costs		(4,001)	-
Net cash generated from financing activities		517,204	690,884
Net decrease in cash and cash equivalents		(47,161)	(56,613)
Cash and cash equivalents at beginning of the period		(858,561)	(792,217)
Cash and cash equivalents at end of the period		(905,722)	(848,830)
CASH AND CASH EQUIVALENTS:			
Cash and bank balances		7,906	3,398
Short-term running finances		(913,628)	(852,228)
		(905,722)	(848,830)

The annexed notes from 1 to 31 form an integral part of this condensed interim financial information.



TASLEEMUDDIN AHMED BATLAY
DIRECTOR



SHAHID AHMED KHAN
CHIEF EXECUTIVE OFFICER



MUHAMMAD AAQIL JAH
CHIEF FINANCIAL OFFICE

MERIT PACKAGING LIMITED
NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED)
FOR THE PERIOD ENDED DECEMBER 31, 2019

1. NATURE AND STATUS OF THE COMPANY

- 1.1 Merit Packaging Limited ("the Company") was incorporated on January 28, 1980 in Pakistan as a public limited company under the repealed Companies Ordinance, 1984 (Now Companies Act, 2017) and is listed on the Pakistan Stock Exchange. The registered office of the Company is situated at Lakson Square Building No. 2, Sarwar Shaheed Road, Karachi. The Company is mainly engaged in the manufacture and sale of printing and packaging materials.
- 1.2 The Company incurred net loss after tax for the half year ended December 31, 2019 amounting to Rs. 331.489 million (2018: Rs.109.802 million loss) and its accumulated losses as at December 31, 2019 amounting to Rs. 783.312 million (2018: Rs.239.704 million). These losses have been supported through loans by the associated company from time to time. During the half year ended, the Company has obtained interest free loan from associated undertaking amounting to Rs. 650 million to meet its working capital requirement. The Company intends to review its operating costs and streamline operations to achieve profitability. As part of the restructuring of the business activities, the Company shall also consider any capital structuring alternatives.

2. GEOGRAPHICAL LOCATION AND ADDRESSES OF BUSINESS UNITS

The registered office of the Company is located at Lakson Square Building No. 2, Sarwar Shaheed Road, Karachi, Pakistan. The two factories of the Company are located at Plot No. 17-B, Sector 29, Korangi Industrial Township, Karachi, Pakistan, and 5 Kilometer, Raiwind Manga Road, Near Glamour Adda, Lahore, Pakistan.

3. BASIS OF PREPARATION

3.1 Statement of compliance

This condensed interim financial information is unaudited but subject to the limited scope review by auditors and is being submitted to the shareholders as required under section 237 of the Companies Act, 2017.

This condensed interim financial information of the Company for the half year ended December 31, 2019 has been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting. The accounting and reporting standards as applicable in Pakistan for interim financial reporting comprise of:

- International Accounting Standard (IAS) 34, Interim Financial Reporting, issued by the International Accounting Standard Board (IASB) as notified under the Companies Act, 2017; and
- Provisions of and directives issued under the Companies Act, 2017.

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

This condensed interim financial information does not include all the information and disclosures required for full annual financial statements and should be read in conjunction with the annual financial statements of the Company as at and for the year ended June 30, 2019 which have been prepared in accordance with approved accounting standards as applicable in Pakistan. 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.

The comparative statement of financial position presented in this condensed interim financial information has been extracted from the annual audited financial statements of the Company for the year ended June 30, 2019, whereas the 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 are extracted from the unaudited condensed interim financial information for the half year ended December 31, 2018.

3.2 Basis of measurement

This condensed interim financial information has been prepared under the historical cost convention, except for revaluation of certain property, plant and equipment, recognition of interest free loans obtained from associated companies and recognition of certain employees retirement benefits at present value.

This condensed interim financial information has been prepared following accrual basis of accounting except for statement of cash flows.

3.3 Functional and presentation currency

This condensed interim financial information has been presented in Pak Rupees, which is the functional and presentation currency of the Company.

4. SIGNIFICANT TRANSACTIONS AND EVENTS AFFECTING THE FINANCIAL POSITION AND PERFORMANCE

During the half year ended December 31, 2019, the Company has shifted its Lahore factory from its existing rented premises to a new location at Manga Road with the larger space and better infrastructure available for un-interrupted production of our offset north division.

Other significant transactions and events affecting the Company's financial position and performance during the half year have been adequately disclosed in the notes to these financial statements where required.

5. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted and methods of computation followed in the preparation of this condensed interim financial information are same as those for the preceding annual financial statements for the year ended June 30, 2019 except as disclosed in note 5.1 to this condensed interim financial information.

The Company has adopted all the new standards and amendments to standards, including any consequential amendments to other standards which are applicable for the financial year beginning on July 1, 2019. The adoption of these new and amended standards did not have material impact on the Company's condensed interim financial information, except as disclosed in note 5.1.

5.1 IFRS 16 - Leases

IFRS 16 'Leases' was issued on January 01, 2016. This standard is adopted locally by the Securities and Exchange Commission of Pakistan and is effective for accounting periods beginning on or after January 1, 2019. IFRS 16 replaced IAS 17 'Leases' and IFRIC 4 'Determining whether an Arrangement contains a Lease'. The Company applied IFRS 16 with a date of initial application of July 01, 2019.

Transition method and practical expedients utilised

The Company applied IFRS 16 using the modified retrospective approach, with recognition of transitional adjustments on the date of initial application (July 01, 2019), without restatement of comparative figures.

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

- applied a single discount rate to a portfolio of leases with similar characteristics.
- applied the exemption not to recognise right-of-use assets and liabilities for leases with less than 12 months of lease term.
- used hindsight when determining the lease term if the contract contains options to extend or terminate the lease.

At inception of a contract, the Company assesses whether a contract is, or contains, a lease based on whether the contract conveys the right to control the use of an identified asset for a period of time in exchange for a consideration.

On adoption of IFRS 16, the Company recognised a right-of-use asset and lease liability at the commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct cost incurred and an estimate of cost to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

Lease liabilities were measured at the present value of the remaining lease payments, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. The Company used its incremental borrowing rate as the discount rate as at July 01, 2019.

The right of use asset is subsequently depreciated using straight line method from the date of recognition 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 the right of use assets are determined on the same basis as those of property and equipment. In addition, the right of use asset is periodically reduced by the impairment losses, if any, and adjusted for certain remeasurement of the lease liability.

Subsequently, the lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in the rate, if there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee, or if the Company changes its assessment of whether it will exercise a purchase, extension or termination option. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

On transition to IFRS 16, the Company recognised right-to-use assets and lease liabilities on the date of initial application as follows;

	July 01, 2019
	Rupees in 000's
Property, plant and equipment	
Right-of-use assets - Buildings	83,418
Lease liabilities	
Non-current	82,842
Current	8,451
	<u>91,293</u>

6. TAXATION

The provisions for taxation for the half year and quarter ended December 31, 2019, have been made using the estimated effective tax rate applicable to expected total annual earnings. The applicable income tax rate is 29% for the Tax Year 2020 as stipulated through Finance Act 2019.

7. ESTIMATES AND JUDGMENTS

The preparation of condensed interim financial information requires management to make certain judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. The significant judgments made by management in applying the Company's accounting policies and key sources of estimation of uncertainty are the same as those that were applied to the financial statements for the year ended June 30, 2019.

		Un-audited December 31, 2019	Audited June 30, 2019
	Note	Rupees in 000's	
8. PROPERTY, PLANT AND EQUIPMENT			
Operating fixed assets	8.1	2,975,425	2,373,583
Right of use assets	8.2	75,835	-
		<u>3,051,260</u>	<u>2,373,583</u>
8.1 Operating fixed assets			
Opening net book value (NBV)		2,373,583	2,195,365
Additions during the period / year at cost	8.1.1	724,548	216,680
Revaluation surplus recognized during the period / year	14.1	-	123,106
		<u>3,098,131</u>	<u>2,535,151</u>
Disposals during the period / year at NBV	8.1.2	(7,573)	(353)
Depreciation charge for the period / year		(115,133)	(161,215)
		<u>(122,706)</u>	<u>(161,568)</u>
		<u>2,975,425</u>	<u>2,373,583</u>
8.1.1 Detail of additions (at cost) during the period / year are as follows:			
Building / improvements on leasehold land		72,516	43,425
Plant and machinery		646,994	139,079
Cylinders and dies		4,771	32,568
Vehicles		-	491
Office equipment		-	109
Computer equipment		267	858
Electrical installation		-	150
		<u>724,548</u>	<u>216,680</u>
8.1.2 Detail of disposals (net book value) during the period / year are as follows:			
Plant and machinery		1,599	-
Electrical installation		5,750	-
Computer equipment		-	9
Vehicles		224	344
		<u>7,573</u>	<u>353</u>
8.2 Right of use assets			
Opening net book value (NBV)		83,418	-
Additions during the period / year at cost		-	-
Depreciation charge for the period / year		(7,583)	-
		<u>75,835</u>	<u>-</u>

8.3 Fair value measurement

8.3.1 The Company has revalued its leasehold land, building and improvement on leasehold land and plant and machinery on September 01, 2004, June 25, 2009, June 30, 2012, May 27, 2016 and July 2, 2018 by an independent valuer M/s. Akbani & Javed Associates on the basis of market value.

The incremental value of the leasehold land, building and improvement on leasehold land and plant and machinery so revalued are being depreciated over the remaining useful lives of these assets at the date of revaluation.

Revaluation surplus amounting to Rs. 328.771 million (June 30, 2019: Rs. 329.411 million) includes revaluation surplus on land which is remain undepreciated as at December 31, 2019.

8.3.2 Fair value of land and building is based on assumptions considered to be level 2 in the fair value hierarchy due to significant observable inputs used in the valuation, while fair value of plant and machinery are considered to be level 3 in the fair value hierarchy due to significant unobservable inputs used in the valuation.

8.3.3 There were no transfers between levels 2 and 3 for recurring fair value measurements during the period.

	Note	Un-audited December 31, 2019	Audited June 30, 2019
9. CAPITAL WORK-IN-PROGRESS			
This comprises of:			
Civil works		-	34,273
Plant and machinery		2,582	634,877
	9.1	<u>2,582</u>	<u>669,150</u>
9.1 Movement of carrying amount			
Opening balance		669,150	107,527
Additions during the period / year at cost	9.2	57,980	778,303
Transfer to property, plant and equipment during the period / year		(724,548)	(216,680)
Closing balance		<u>2,582</u>	<u>669,150</u>
9.2			
This includes borrowing cost capitalized amounting to Rs. 1.422 million (June 30, 2019: Rs. 50.923 million) as per IAS 23. The rate of capitalization is 14.08% (June 30, 2019: 10.23%) per annum.			

	Note	Un-audited December 31, 2019	Audited June 30, 2019
		Rupees in 000's	
10	TRADE DEBTS		
	(Unsecured - considered good)		
	Due from associated companies	25,408	17,011
	Others	508,076	389,743
		<u>533,484</u>	<u>406,754</u>
	(Unsecured - considered doubtful)		
	Others	4,900	4,900
	Provision for doubtful debts	10.1 (4,900)	(4,900)
		<u>533,484</u>	<u>406,754</u>
10.1	Provision for doubtful debts		
	Balance at beginning of the period / year	4,900	3,258
	Charge during the period / year - net	-	4,919
	Bad debts written off during the period / year	-	(3,277)
	Balance at end of the period / year	<u>4,900</u>	<u>4,900</u>
11.	OTHER RECEIVABLES		
	(Unsecured-considered good)		
	Due from associated company	11.1 2,568	635
	Others	1,917	237
		<u>4,485</u>	<u>872</u>
11.1	This represents insurance agency commission and employee's medical claim receivable from Century Insurance Company Limited, an Associated Company.		
12.	TAX REFUND DUE FROM GOVERNMENT		
	Sales tax and special excise duty receivable	276,255	271,737
	Income tax refundable	163,597	122,788
		<u>439,852</u>	<u>394,525</u>
13.	TAXATION - NET		
	Advance tax	20,723	40,809
	Provision for taxation	-	-
		<u>20,723</u>	<u>40,809</u>
13.1	The income tax assessments of the Company have been finalized by the tax authorities upto Tax Year 2019 (accounting year ended June 30, 2019).		

	Note	Un-audited December 31, 2019	Audited June 30, 2019
		Rupees in 000's	
14. SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT			
Gross surplus:			
Balance as at July 01,		338,405	217,231
Surplus recognized during the period / year	14.1	-	123,106
Transfer to accumulated losses in respect of incremental depreciation charged during the period / year - (net of deffered tax)		(640)	(1,372)
Related deferred tax liability		(261)	(560)
		(901)	121,174
Closing balance		337,504	338,405
Related deferred tax effect:			
Balance as at July 01,		(8,994)	(3,627)
Effect of surplus recognized during the period / year		-	(5,927)
Incremental depreciation charge during the period / year		261	560
		(8,733)	(8,994)
		328,771	329,411
14.1 Surplus recognized during the period on:			
Leasehold land		-	102,667
Building / Improvements on leasehold land		-	410
Plant and machinery		-	20,029
		-	123,106
15. SUBORDINATED LOAN - UNSECURED			
From associated undertaking	15.1	89,816	80,224
15.1 In previous years, the Company obtained loan from SIZA (Private) Limited, an associated company, for the purpose of financing the capital expenditure requirement and to support the working capital and for funding business operational activities.			

- 15.2 During the year ended June 30, 2019, this subordinated loan was restructured, resulting in waiver of markup payment. The waiver in the payment of markup has been provided for a period of three years from the date of the agreement, resulting in reduction in face value of this financial loan instrument, due to presence of a below market element. This financial loan instrument has now been measured at amortized cost, determined by discounting future cash flows with the prevailing market rate at 7.43% per annum, which is determined to be the transaction price at which a similar transaction could be executed between unrelated parties.
- 15.3 This loan shall remain sub-ordinated to the financing facilities extended by the banks to the Company. The loan shall not be repaid until the entire amount of financing facilities and any payments due in respect of financing facilities or any other finance extended / provided by the banks to the Company, have been paid in full by the Company to the banks and the banks have notified to the sponsors of such payments; and / or the banks otherwise give any permission in writing to the Company to make full or part of the payments due under the long term financing to the associated undertakings.

	Note	Un-audited December 31, 2019	Audited June 30, 2019
Rupees in 000's			
16. LONG TERM FINANCING			
Secured			
From banking companies	16.1	954,160	1,082,955
Less: Current portion shown under current liabilities		(303,124)	(269,084)
		651,036	813,871
Unsecured			
From associated undertaking	16.2 & 16.3	1,046,711	547,953
Less: Current portion shown under current liabilities		-	-
		1,046,711	547,953
		1,697,747	1,361,824

- 16.1 These loans have been obtained from financial institutions for the purpose of financing capital expenditure and secured against first pari passu charge on specific property, plant and equipments of the Company. The effective rate of mark-up was 13.60% to 14.84% (June 30, 2019: 9.64% to 10.57%) payable quarterly. The tenure of these financing facilities is five to six years including one year grace period.
- 16.2 This loan has been obtained from associated undertakings amounting to an aggregate of Rs. 1,340 million (June 30, 2019: Rs. 690 million) for the purpose of financing the capital expenditure requirement and to support the working capital and for funding business operational activities.

16.3 During the year ended June 30, 2019, the repayment of loan and markup thereon was rescheduled, resulting in a complete waiver of markup. The waiver in the payment of markup has been provided for a period of three years from the date of the agreements, resulting in reduction in face value of this loan, due to presence of a below market element. This loan has been measured at amortized cost, determined by discounting future cash flows with the prevailing market rate ranging from 7.43% to 9.38% per annum, which is determined to be the transaction price at which a similar transaction could be executed between unrelated parties. Furthermore, during the half year ended December 31, 2019 the Company has obtained a interest free loan of Rs. 650 million from it's associated undertaking. This loan has been measured at amortized cost, determined by discounting future cash flows with the prevailing market rate at 14.36% per annum.

	Note	Un-audited December 31, 2019	Audited June 30, 2019
		Rupees in 000's	
17. LONG TERM LEASE LIABILITY			
Lease liability under right of use assets		87,586	-
Less: Current portion		(9,831)	-
		<u>77,755</u>	<u>-</u>

17.1 When measuring lease liabilities, the Company discounted lease payments using its incremental borrowing rate which is 14% per annum.

18. SHORT TERM BORROWINGS

From banking companies - secured			
Running finance	18.1	913,628	862,701
From associated company - unsecured	18.2	150,000	50,000
From Director's spouse - unsecured	18.3	-	100,000
		<u>1,063,628</u>	<u>1,012,701</u>

18.1 The Company has short term running finance facilities from various banks under mark-up arrangements in aggregate amount of Rs. 1,170 million (June 30, 2019: Rs. 1,170 million) having mark-up at rates ranging from 14.40% to 15.92% (June 30, 2019: 9.84% to 11.33%) per annum calculated on a daily product basis and payable quarterly. The unutilized balance at the end of the period was Rs. 256.373 million (June 30, 2019: Rs. 307.299 million).

The Company also has a facility for opening letters of credit under mark-up arrangements as at December 31, 2019 amounting to Rs. 490 million (June 30, 2019: Rs. 490 million) from various commercial banks. The unutilized balance at the end of the period was Rs. 490 million (June 30, 2019: Rs. 490 million).

These arrangements are secured by pari passu hypothecation charge on stores and spares, stock-in-trade and trade debts.

18.2 This short-term borrowing facility (interest free loan) was obtained from an associated company.

18.3 This short-term borrowing facility (interest free loan) was obtained from Director's spouse and repaid during the period ended December 31, 2019.

19. CONTINGENCIES AND COMMITMENTS

19.1 Contingencies

There was no contingent liability as at the balance sheet date.

19.2 Commitments

The Company was committed against the purchase of stores, spares and raw materials under contractual obligation amounting to Rs. 8.360 million (June 30, 2019: Rs. 9.482 million).

	Half year ended		Quarter ended	
	December 31, 2019 Un-audited	December 31, 2018 Un-audited	December 31, 2019 Un-audited	December 31, 2018 Un-audited
	Rupees in 000's			
20. SALES - NET				
Gross sales	1,293,016	1,767,094	724,436	1,086,704
Less: Sales tax	(185,319)	(254,959)	(103,372)	(190,228)
	<u>1,107,697</u>	<u>1,512,135</u>	<u>621,064</u>	<u>896,476</u>
21. COST OF SALES				
Materials consumed	967,815	1,269,197	552,948	783,391
Salaries, wages and other benefits	78,466	81,645	41,143	43,160
Packing material consumed	27,249	29,986	16,162	18,167
Outsourced services	10,432	13,502	5,904	8,323
Stores and spares consumed	22,203	33,919	15,150	20,608
Power and fuel	37,976	50,814	21,443	28,941
Depreciation	120,935	63,420	75,166	32,134
Amortization	40	40	20	20
Rent, rates and taxes	5,201	13,930	(2,789)	7,040
Repairs and maintenance	9,992	6,596	5,880	3,662

	Half year ended		Quarter ended	
	December 31, 2019 Un-audited	December 31, 2018 Un-audited	December 31, 2019 Un-audited	December 31, 2018 Un-audited
	Rupees in 000's			
Vehicle running expenses	859	1,215	454	614
Insurance	7,261	7,770	3,744	4,286
Ijara lease rentals	146	98	73	49
Printing and stationery	280	498	202	380
Communication charges	959	843	564	432
Travelling and conveyance	878	1,035	422	592
Fee and subscription	849	391	575	316
Software license fee	227	501	113	252
Other expenses	175	332	53	147
	<u>1,291,943</u>	<u>1,575,732</u>	<u>737,227</u>	<u>952,514</u>
Opening work-in-process	83,031	61,446	98,160	81,067
Closing work-in-process	(142,451)	(147,143)	(142,451)	(147,143)
	<u>(59,420)</u>	<u>(85,697)</u>	<u>(44,291)</u>	<u>(66,076)</u>
Cost of goods manufactured	1,232,523	1,490,035	692,936	886,438
Opening stock of finished goods	72,984	57,414	70,737	41,787
Closing stock of finished goods	(116,745)	(60,480)	(116,745)	(60,480)
	<u>(43,761)</u>	<u>(3,066)</u>	<u>(46,008)</u>	<u>(18,693)</u>
	<u>1,188,762</u>	<u>1,486,969</u>	<u>646,928</u>	<u>867,745</u>

22. TAXATION

22.1 The current period's total tax liability of the Company amounting to Rs. 16.782 million is covered under Section 113 "Minimum tax" of the Income Tax Ordinance, 2001. This has been fully adjusted against tax credit under section 65B at the rate of 5% on the cost of plant and machinery capitalized. Unadjusted tax credit of Rs. 79.134 million is available for adjustment against two subsequent years' tax charge.

22.2 Deferred tax asset has only been recognized to the extent of excess deductible temporary differences over and above taxable temporary differences, capable of being reversed in the ensuing years. The computation for deferred taxation incorporates assumptions regarding utilization of tax losses carried forward, turnover taxes and tax credits. Deferred tax is computed at the rate of 29% on account of changes made to Income Tax Ordinance, 2001 through Finance Act 2019, applicable to the expected period when temporary differences are expected to be reversed / utilized.

23. LOSS PER SHARE - BASIC AND DILUTED

There is no dilutive effect on the basic earnings per share of the Company, which is based on:

Loss for the period	<u>(331,489)</u>	<u>(109,802)</u>	<u>(178,910)</u>	<u>(42,514)</u>
Weighted average number of ordinary shares (in thousands)	<u>80,628</u>	<u>80,628</u>	<u>80,628</u>	<u>80,628</u>
Loss per share (Rupees)	<u>(4.11)</u>	<u>(1.36)</u>	<u>(2.22)</u>	<u>(0.53)</u>

		Unaudited	
		Half year ended	
		December 31,	December 31,
		2019	2018
Note		———— Rupees in 000's ————	
24. CASH USED IN OPERATIONS			
Loss before taxation		(323,570)	(137,948)
Adjustment for non-cash items and other items:			
Loss / (gain) on disposal of Property, plant and equipment		2,807	(10)
Financial charges		171,817	100,180
Depreciation		122,716	65,254
Amortization		124	137
Provision for doubtful debts		-	19
Ijarah lease rentals		363	380
		<u>297,827</u>	<u>165,960</u>
(Loss) / profit before working capital changes		(25,743)	28,012
Working capital changes	24.1	<u>(315,685)</u>	<u>(147,606)</u>
		<u>(341,428)</u>	<u>(119,594)</u>
24.1 Working capital changes			
Increase in current assets:			
Stores and spares		(13,900)	(21,522)
Stock-in-trade		(11,867)	(137,962)
Trade debts		(126,729)	(218,370)
Loans and advances		(3,063)	(1,768)
Trade deposits and short term prepayments		(6,954)	(6,506)
Other receivables		(3,613)	(1,295)
Tax refund due from Government		(4,518)	(69,639)
		<u>(170,644)</u>	<u>(457,062)</u>
(Decrease) / increase in current liabilities:			
Trade and other payables (excluding unclaimed dividend)		(145,041)	309,456
		<u>(315,685)</u>	<u>(147,606)</u>

25. TRANSACTIONS WITH RELATED PARTIES

25.1 The related parties comprise of related group companies, local associated companies, staff retirement funds, directors and key management personnel. Transactions with related parties and remuneration and benefits to key management personnel under the terms of their employment are as follows:

Relation with the Company	Nature of transaction	Un-audited			
		Half year ended		Quarter ended	
		December 31, 2019	December 31, 2018	December 31, 2019	December 31, 2018
		Rupees in 000's			
Associated Companies	Sales of goods and services	106,582	242,969	59,638	114,052
	Purchases of goods and services	754,925	919,945	478,874	544,570
	Rent and allied charges	138	191	75	111
	Insurance agency commission income	1,312	1,085	605	1,085
	Insurance claim	480	344	239	104
	Long-term financing obtained	650,000	250,000	650,000	250,000
	Short-term financing obtained	300,000	240,000	-	60,000
	Repayment of short-term financing	200,000	140,000	200,000	140,000
Director's spouse	Repayment of short-term financing	100,000	-	-	-
Retirement benefit plans	Contribution towards employees retirement benefit plans	5,770	5,863	2,842	2,774
Key management personnel	Compensation in respect of:				
	Short term employee benefits	11,212	11,415	5,606	5,709
	Retirement benefits	763	856	381	433
				Un-audited	Audited
				December 31,	June 30,
				2019	2019
				———— Rupees in 000's ————	

25.2 Period / year end balances:

Receivable from associated companies	27,976	17,647
Payable to associated companies	454,214	544,281
Long-term financing from associated company	1,046,711	547,953
Sub-ordinated loan	89,816	80,225
Short-term financing from associated companies	150,000	50,000
Short-term financing from director's spouse	-	100,000

25.3 The above transactions with related parties are at arm's length based on normal commercial rates.

26. FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS

The carrying values of all financial assets and liabilities reflected in the condensed interim financial information approximate their fair values. Fair value is the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

IFRS 13 'Fair Value Measurement' requires the Company to classify fair value measurements and fair value hierarchy that reflects the significance of the inputs used in making the measurements of fair value hierarchy has the following levels:

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: Inputs other than quoted prices included within level 1 that are observable for the asset either directly that is, derived from prices.
- Level 3: Inputs for the asset or liability that are not based on observable market data (that is unadjusted) inputs.

Transfers during the period

Transfer between levels of the fair value hierarchy are recognised at the end of the reporting period during which the changes have occurred.

During the half year ended December 31, 2019, there were no transfers between level 1 and level 2 fair value measurements and no transfers into or out of level 3 fair value measurements.

27. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Company's objective in managing risks is the creation and protection of share holders' value. Risk is inherent in the Company's activities, but it is managed through a process of ongoing identification, measurement and monitoring, subject to risk limits and other controls. The process of risk management is critical to the Company's continuing profitability. The Company is exposed to credit risk, liquidity risk and market risk (which includes interest rate risk and price risk) arising from the financial instruments it holds.

The Company finances its operations through equity, borrowings and management of working capital with a view to maintaining an appropriate mix between various sources of finance to minimize risk.

The Company's financial risk management objective and policies are consistent with that disclosed in the financial statements for the year ended June 30, 2019.

28. CAPITAL RISK MANAGEMENT

The Company's objectives when maintaining capital are to safeguard the entity's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders through the optimization of the debt and equity balance.

The Company sets the amount of capital it requires in proportion to risk. The Company manages its capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may issue new shares or adjust the amount of dividends paid to shareholders.

The Company management believes on maintaining appropriate mix of debt and equity capital and monitors capital on the basis of the net debt to equity ratio. The net debt is defined as long and short term borrowings offset by cash and bank balances. The equity includes ordinary share capital and reserves.

The Company is not subject to any externally imposed capital requirements.

29. CORRESPONDING FIGURES

Corresponding figures have been rearranged and reclassified, wherever necessary for the purpose of comparison and better presentation. However, no significant reclassification has been made during the period.

30. DATE OF AUTHORIZATION FOR ISSUE

This condensed interim financial information was authorized for issue by the Board of Directors of the Company on February 26, 2020.

31. GENERAL

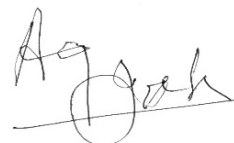
Amounts have been rounded off to the nearest thousands of rupees unless otherwise stated.



**TASLEEMUDDIN AHMED BATLAY
DIRECTOR**



**SHAHID AHMED KHAN
CHIEF EXECUTIVE OFFICER**










**MUHAMMAD AAQIL JAH
CHIEF FINANCIAL OFFICER**










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MERIT PACKAGING LIMITED

A Lakson Group Company

17-B, Sec 29, Korangi Industrial Area, Karachi-75180/Pakistan
Tel: (92 213) 501 7180, 5544, website: www.meritpack.com