

بِسْمِ اللَّهِ الرَّحْمَنِ الرَّحِيمِ



DEDICATION DREAM PERSISTENCE
ENTREPRENEURSHIP TENACITY
ACHIEVEMENTS ASPIRE

For the Half Year Ended 31-Dec-2019

Contents

Company Information.....	4
Unconsolidated Director's Report (in English).....	5
Unconsolidated Director's Report (in Urdu).....	7
Auditors Report to the Members on Review of Unconsolidated Condensed Interim Financial Information.....	9
Unconsolidated Condensed Interim Balance Sheet	10
Unconsolidated Condensed Interim Statement of Profit or Loss and Other Comprehensive Income.....	11
Unconsolidated Condensed Interim Statement of Changes in Equity.....	12
Unconsolidated Condensed Interim Cash Flow Statement.....	13
Notes to the Unconsolidated Condensed Interim Financial Information.....	14
Consolidated Director's Report (in English).....	26
Consolidated Director's Report (in Urdu).....	28
Consolidated Condensed Interim Balance Sheet	30
Consolidated Condensed Interim Statement of Profit or Loss and Other Comprehensive Income	31
Consolidated Condensed Interim Statement of Changes in Equity.....	32
Consolidated Condensed Interim Cash Flow Statement.....	33
Notes to the Consolidated Condensed Interim Financial Information.....	34

COMPANY INFORMATION

Company Name: Roshan Packages Limited

Status: Public Listed Entity

CUIN: 0044226

NTN: 1436951-6

STRN: 03-01-4819-303-73

Board of Directors

Mr. Khalid Eijaz Qureshi
Chairman

Mr. Tayyab Aijaz
Chief Executive Officer

Mr. Saadat Aijaz
Executive Director

Mr. Zaki Aijaz
Non-Executive Director

Mr. Quasim Aijaz
Non-Executive Director

Mr. Muhammad Naveed Tariq
Independent/Non-Executive Director

Mrs. Ayesha Musaddaque Hamid
Independent/Non-Executive Director

Company Secretary
Mr. Muhammad Adil, FCMA

Chief Financial Officer (CFO)
Mr. Syed Hamza Gillani, ACA

Tax Consultant
A.F Ferguson & Co

Bankers

Dubai Islamic Bank Limited
Meezan Bank Limited
Askari Bank Limited
Allied Bank Limited
Bank of Punjab
JS Bank Limited
Habib Bank Limited
MCB Bank Limited
United Bank Limited

Registered Office

325 G-III MA Johar Town, Lahore

Phone: +92-042-35290734-38

Fax: +92-042-35290731

Factory

Corrugation: 7-KM Sunder Raiwind Road, Opp.
Gate No 1, Sunder Industrial Estate

Flexible: Plot No 141,142 and 142-B Sunder
Industrial Estate Lahore.

Shares Registrar

CDC Share Registrar Services Limited
CDC House, 99-B, Block B, S.M.C.H.S.
Independent/Non-Executive Director
Main Shahrah-e-Faisal, Karachi – 74400

Statutory Auditor

EY Ford Rhodes, Chartered Accountants

Head of Internal Audit

Mrs. Faiza Khalid, ACA

Legal Advisor

Zahid Irfan

Stock Symbol

RPL

Website

www.roshanpackages.com.pk

Director's Report

The Directors of the Company are pleased to present their Directors' Report along with the unaudited Financial Statements of the Company for the period ended December 31, 2019.

Financial Overview

The financial performance of the Company during the period is as contained in table below.

	Half Year Ended		Quarter Ended	
	31-Dec-2019	31-Dec-2018	31-Dec-2019	31-Dec-2018
	Rupees in Million		Rupees in Million	
Sales-net	2,511	2,747	1,454	1,451
Cost of Sales	2,263	2,578	1,298	1,368
Gross Profit	248	170	157	84
Finance Cost	126	82	66	42
Net profit / (loss) before tax	82	(21)	66	(0.87)
Net profit / (loss) after tax	174	(59)	154	(23)

During the period under review by the Grace of Almighty your company posted profit after tax of Rs. 174 million as compared to loss after tax of Rs. 59 million in comparable period last year, which shows an improvement of 397% and profit before tax increased by Rs 103 million showing an improvement of 490%. The improvement in profitability is primarily due to rationalization of its product portfolio and gradually passing cost to customers.

Overall due to sluggish demand in the market and rationalization of our customer & product portfolio, net sales of the Company decreased by 8.6% and recorded at 2.5 Billion as compared to 2.7 Billion in comparative period last year. However, despite dip in sales, the company remained focused on increasing gross profit margins of its products and successfully managed to increase its overall profitability.

Your company has recognized gross profit of Rs. 248 million as compared to Rs. 170 million in 2018 and Rs. 148 million in 2017 showing an increase of Rs. 78 million and Rs. 100 million respectively, which is 46% and 67% more than comparable periods of 2018 and 2017 respectively. Gross profit margins increased to 9.87% as compared to 6.17% in comparative period last year. The Company has marked down its cost of sales ratio to 90.13% as compared to 93.83% last year, which is 3.7% on lower side. This is a significant achievement despite high inflation, the Company manages to control its cost. Utility cost remains a challenge, the constant spike in rates resulted in increased by Rs. 19 million and cost recorded at 114 million as compared to Rs 95 million in comparable period of last year.

Finance cost for the period under review has been increased by Rs. 44.5 million as compared to last period mainly due to rise in policy rate by State Bank of Pakistan. However, due to efficient fund management the borrowings are gradually decreasing which will transpire in lower finance cost.

Further due to strengthening of Pak Rupee your company has recognized exchange gain of Rs. 17 million during the period under review as compared to exchange loss of Rs. 46.7 million in comparative period last year.

Future Outlook

Economic uncertainty is stabilized to some extent, since from last six months policy rate and exchange rate are stabilized. Despite anticipating reduction in policy rate in last two monetary policies it remains status quo. However, we are hopeful that policy rate will be reduced which will improve profitability as a result of reduction in finance cost. On the other side, due to low economic growth and high inflation particularly in consumer goods, demand side remain a bit sluggish. However, this phenomenon will not last forever, we anticipate that demand side will robust again.

The cascading economic impact of the coronavirus outbreak in China is becoming more apparent worldwide, having its presence in more than 44 countries until now including Pakistan, affecting their economies, supply chains, production lines and equity markets. Globally, the epidemic is likely to result in a revenue loss of \$1.5 trillion in the whole year, disrupting already the supply chain of automobiles, electronics, pharmaceutical and retail industry particularly hard.

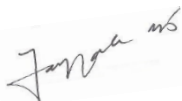
Pakistani markets and imports are also starting to feel the impact of the outbreak, the plunge of PSX index, following a slump in global stock markets is a clear indication. However, many economists and stakeholders are optimistic about converting the threat into an opportunity as imports from China will be curbed and there will be golden opportunity for Pakistani Companies to grab a considerable share in both local and global markets.

Therefore, we are very optimistic about future of packaging industry under such socio-economic situation, as our country's significant import of products from China will be disrupted now and reliance on local manufacturing will grow which will increase our market share globally and locally. As your company is not import-intensive and we have alternative choices of vendors for our imported raw material in Middle east and other countries, this has made us diversified our supply chain and least dependent on imports from China. Being fully aware of the situation your management is continually reviewing the business strategy to cope with the challenges and opportunities and has been incessantly focusing on deploying its resources and capacities to meet the growing demand and fill the gap created by current crisis in a most feasible sales mix.

The future of packaging industry is very bright. The Company is facilitating its customers by trying to work on Just in Time delivery and focusing on targeted growth initiatives, innovations, brand building and cost saving programs. The Company is giving a lot of importance on value added products and trying to add a broader range of packaging solutions to the FMCGs.

Acknowledgment:

The management avails this opportunity to thank its valued customers for their trust and confidence in the Company's products. Heartfelt gratitude is also extended to all other stakeholders including suppliers, bankers, shareholders and employees for their whole-hearted support.



Chief Executive Officer



Chairman

ڈائریکٹر ان کی رپورٹ

آپ کی کمپنی کے ڈائریکٹر ان 31 دسمبر 2019ء کو ختم ہونے والی مدت کے لیے اپنی رپورٹ کے ساتھ کمپنی کی غیر آڈٹ شدہ فنانشل اسٹیٹمنٹ پیش کرتے ہیں۔

مالیاتی جائزہ:

اس مدت کے دوران کمپنی کی کارکردگی درج ذیل ٹیبل میں دی گئی ہے:

ششماہی مختتمہ		سہ ماہی مختتمہ		
31 دسمبر 2018	31 دسمبر 2019	31 دسمبر 2018	31 دسمبر 2019	
ملین روپے				
2,747	2,511	1,451	1,454	مصنوعات کی کل فروخت
2,578	2,263	1,368	1,298	فروخت کی لاگت
170	248	84	157	مجموعی منافع
82	126	42	66	فنانشل لاگت
(21)	82	(0.87)	66	نفع (نقصان) قبل از ٹیکس
(59)	174	(23)	154	اصل نفع (نقصان) بعد از ٹیکس

اللہ تعالیٰ کے فضل و کرم سے آپ کی کمپنی نے نظر ثانی کے اس عرصہ کے دوران بعد از ٹیکس 174 ملین روپے منافع کمایا جو کہ پچھلے سال اسی مدت کے دوران بعد از ٹیکس 59 ملین روپے نقصان تھا۔ یہ 397 فیصد بہتری ظاہر کرتا ہے۔ مجموعی منافع 103 ملین روپے سے بڑھا جو کہ 490 فیصد بہتری ظاہر کرتا ہے۔ یہ بہتری اپنی مصنوعات کے پورٹ فولیو کا جائزہ لینے، اسے معقول بنانے اور لاگت صارفین کو منتقل کرنے سے آئی۔

مجموعی طور پر مارکیٹ میں طلب کی کمی، صارفین اور مصنوعات کے پورٹ فولیو کو معقول کرنے کے بعد کل فروخت میں 8.6 فیصد کمی آئی اور مصنوعات کی کل فروخت 2.5 بلین روپے رہی جو کہ پچھلے سال اسی مدت میں 2.7 بلین روپے تھی۔ تاہم کل فروخت میں کمی کے باوجود کمپنی نے مصنوعات کے مجموعی منافع پر توجہ مرکوز رکھی اور کامیابی سے مجموعی طور پر منافع کمایا۔

آپ کے کمپنی نے مجموعی طور پر 248 ملین روپے منافع کمایا جو کہ 2018ء اور 2017ء میں بالترتیب 170 ملین روپے اور 148 ملین روپے تھا۔ یہ بالترتیب 78 اور 100 ملین روپے کی بہتری ظاہر کرتا ہے جو کہ 2018ء اور 2017ء کے اسی مدت سے بالترتیب 46 فیصد اور 67 فیصد زیادہ ہے۔ مجموعی منافع کا تناسب بڑھ کر 9.87 فیصد رہا جو کہ پچھلے سال اسی مدت میں 6.17 فیصد تھا۔ کمپنی نے اپنی مصنوعات کی لاگت اور کل فروخت کا تناسب 90.13 فیصد تک کم کیا جو کہ پچھلے سال 93.83 فیصد تھا یہ 3.7 فیصد کمی ہے۔ یہ بڑی کامیابی ہے کہ کمپنی نے مہنگائی میں اضافہ کے باوجود اپنی لاگت کو قابو میں رکھا۔ ایندھن اور بجلی کی لاگت چیلنج رہی، اس کی شرح میں لگاتار چڑھاؤ کی وجہ سے لاگت میں 19 ملین روپے اضافہ ہوا جو کہ 114 ملین روپے ریکارڈ ہوئی جو پچھلے سال اسی مدت میں 95 ملین روپے تھی۔

زیر غور ششماہی کے لیے فنانشل لاگت میں 44.5 ملین روپے اضافہ رہا جو کہ اسٹیٹ بینک آف پاکستان کی پالیسی شرح میں اضافہ کی وجہ سے ہے۔ تاہم موثر فنڈ مینجمنٹ کی وجہ سے قرضے آہستہ آہستہ کم ہو رہے ہیں جس کے نتیجے میں فنانشل لاگت میں کمی واقع ہو گی۔

معاشی غیر یقینی صورتحال کسی حد تک مستحکم ہے چونکہ پچھلے چھ ماہ سے پالیسی کی شرح اور شرح مبادلہ مستحکم ہے۔ آخری دو مالیاتی پالیسیوں میں شرح سود کی کمی کی توقع کے باوجود جمود برقرار ہے۔ ہمیں امید ہے کہ پالیسی کی شرح کم ہو جائے گی جو مالیات کی لاگت میں کمی کے نتیجے میں منافع میں بہتری لائے گی۔ جبکہ دوسری طرف کم معاشی نمو اور خاص طور پر صارفین کے اشیاء اسراف میں افراط زر کی وجہ سے طلب کار خ قدرے کم ہے۔ تاہم یہ رجحان ہمیشہ کے لیے نہیں رہے گا ہم توقع کرتے ہیں کہ طلب کار خ ایک بار پھر مضبوط ہو گا۔

چین میں کرونا وائرس پھیلنے کے زبردست معاشی اثرات دنیا بھر میں واضح ہو رہے ہیں، پاکستان سمیت اب تک 44 سے زیادہ ممالک میں اس کی نشاندہی ہو چکی ہے۔ جس کا اثر ان کی معیشتوں، سپلائی چین، پیداواری لائنوں اور شیئر مارکیٹوں پر پڑ رہا ہے۔ عالمی سطح پر اس وبا کے نتیجے میں پورے سال میں 1.5 ٹریلین ڈالر کا نقصان ہو گا، خاص طور پر آٹو مو بائل، الیکٹرانکس، دو سازی اور خوردہ صنعت کی فراہمی کا سلسلہ درہم برہم ہو گیا ہے۔

پاکستانی مارکیٹوں اور درآمدات پر بھی وباء کا اثر محسوس ہونے لگا ہے، عالمی اسٹاک مارکیٹوں میں مندی کے بعد پی ایس ایکس انڈیکس بھی متاثر ہونے کا امکان ہے۔ تاہم، بہت سے معاشی ماہرین اور اسٹیک ہولڈر اس خطرے کو ایک موقع میں تبدیل کرنے کے بارے میں پر امید ہیں کیونکہ چین سے درآمدات کو روک دیا جائے گا اور پاکستانی کمپنیوں کے لئے مقامی اور عالمی دونوں منڈیوں میں نمایاں حصہ حاصل کرنے کا سنہری موقع ہو گا۔

لہذا اہم ایسی سماجی و اقتصادی صورتحال کے تحت پیکیجنگ انڈسٹری کے مستقبل کے بارے میں بہت پر امید ہیں، کیونکہ ہمارے ملک کی چین سے مصنوعات کی نمایاں درآمد میں خلل پیدا ہو جائے گی اور مقامی مینوفیکچرنگ پر انحصار بڑھے گا جس سے عالمی سطح پر اور مقامی طور پر ہمارے مارکیٹ شیئر میں اضافہ ہو گا۔ چونکہ آپ کی کمپنی کا درآمدی انحصار چین پر نہیں ہے اور ہمارے پاس مشرق وسطیٰ اور دیگر ممالک درآمد شدہ خام مال کے لیے سپلائرز موجود ہیں۔ لہذا اس سے ہماری سپلائی چین متاثر نہیں ہو گی۔ اس صورتحال سے پوری طرح واقف ہونے کے بعد آپ کی انتظامیہ چیلنجوں اور مواقع سے نمٹنے کے لیے کاروباری حکمت عملی کا مستقل جائزہ لے رہی ہے اور بڑھتی ہوئی طلب کو پورا کرنے کے لیے اپنے وسائل اور صلاحیتوں کی تعیناتی پر لگا رہا ہے اور انتہائی ممکنہ فروخت مکس سے موجودہ بحران کی وجہ سے پیدا ہونے والے خلا کو پورا کرنا ہے۔

پیکیجنگ انڈسٹری کا مستقبل بہت تابناک ہے۔ کمپنی اپنے کسٹمرز کی سہولت کے لیے عین وقت پر ترسیل کی کوشش کر رہی ہے اور ٹارگٹ ڈویلپمنٹ اقدام اختراعات و برانڈ بلڈنگ اور لاگت کی بچت کے پروگراموں پر توجہ مرکوز کر کے اپنے صارفین کو سہولت فراہم کر رہی ہے۔ کمپنی ویلیو ایڈڈ مصنوعات پر بہت زیادہ اہمیت دے رہی ہے اور ایف۔ ایم۔ سی۔ جی۔ ایس کو پیکیجنگ سلوشنز کی وسیع پیمانے پر رجوع کرنے کی کوشش کر رہی ہے۔

اظہار تشکر

کمپنی انتظامیہ اس موقع کا فائدہ اٹھاتے ہوئے اپنے قابل قدر کسٹمرز کا شکریہ ادا کرتی ہے کہ انھوں نے کمپنی کی مصنوعات پر اپنے اعتماد کا اظہار کیا۔ ہم اپنے تمام اسٹاک ہولڈرز بشمول سپلائرز، بیئکرز، شیئر ہولڈرز اور ملازمین کی جانب سے کی جانے والی پوری دلی حمایت کے لیے ان کا دل سے شکر گزار ہیں۔

چیف ایگزیکٹو آفیسر

چیرمین

INDEPENDENT AUDITORS' REVIEW REPORT TO THE MEMBERS OF ROSHAN PACKAGES LIMITED

REPORT ON REVIEW OF INTERIM FINANCIAL STATEMENTS

Introduction

We have reviewed the accompanying unconsolidated condensed interim statement of financial position of **Roshan Packages Limited** as at **31 December 2019** and the related unconsolidated condensed interim statement of profit or loss and other comprehensive income, unconsolidated condensed interim statement of changes in equity, unconsolidated condensed interim statement of cash flow and notes to the unconsolidated condensed interim financial statements, for the six-month period then ended (here-in-after referred to as the "interim financial statements"). Management is responsible for the preparation and presentation of these interim financial statements in accordance with approved accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on these 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 interim financial statements are not prepared, in all material respects, in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting.

Other Matters

The figures of unconsolidated condensed interim statement of profit or loss and other comprehensive income for quarters ended 31 December 2019 and 31 December 2018 have not been reviewed as we are required to review only cumulative figures for the six month period ended 31 December 2019. Accordingly, we do not express a conclusion on them.

The financial statements of the Company for the year ended 30 June 2019 were audited by another auditor who expressed an unmodified opinion on those statements on 29 October 2019.

The engagement partner on the audit resulting in this independent auditor's report is Sajjad Hussain Gill.



Chartered Accountants
Place: Lahore
Date: 28 February 2020

ROSHAN PACKAGES LIMITED
UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION (UN-AUDITED)
AS AT 31 DECEMBER 2019

		Un-audited	Audited
		31 December	30 June
		2019	2019
	Note	Rupees	Rupees
ASSETS			
Non-current assets			
Property, plant and equipment	5	4,567,566,105	4,635,533,011
Right of use assets	6	52,202,046	-
Intangible		1,071,434	1,780,282
Investment in subsidiary		111,376,130	111,376,130
Long term loan - unsecured	7	280,548,860	249,932,785
Long term deposits		15,781,593	16,253,723
		5,028,546,168	5,014,875,931
Current assets			
Stores and spares		178,880,442	172,865,543
Stock-in-trade	8	675,358,823	709,586,567
Contract assets		78,374,318	48,595,967
Trade debts - unsecured		1,338,977,121	1,269,505,348
Short term loan - unsecured		92,186,870	92,186,870
Advances, deposits, prepayments and other receivables	9	833,191,326	759,228,899
Cash and bank balances	10	684,293,494	1,138,630,069
		3,881,262,394	4,190,599,263
Total assets		8,909,808,562	9,205,475,194
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized share capital			
150,000,000 (30 June 2019: 150,000,000)			
ordinary shares of Rs 10 each		1,500,000,000	1,500,000,000
Issued, subscribed and paid up capital	11	1,419,000,000	1,419,000,000
Capital reserves			
Share premium		1,994,789,057	1,994,789,057
Surplus on revaluation of property, plant and equipment		1,819,712,559	1,843,728,306
		3,814,501,616	3,838,517,363
Revenue reserve			
Un-appropriated profit		554,862,733	356,968,813
Total equity		5,788,364,349	5,614,486,176
Non-current liabilities			
Supplier's credit - unsecured		29,346,230	96,356,613
Lease liabilities		31,505,580	9,505,865
Deferred taxation		445,109,898	561,296,117
Deferred liabilities		96,350,796	73,592,237
		602,312,504	740,750,832
Current liabilities			
Current portion of long-term liabilities		267,773,507	493,541,100
Short term borrowings - secured		1,440,673,584	1,353,114,322
Trade and other payables		755,113,243	964,258,994
Contract liabilities		9,204,896	4,091,995
Unclaimed dividend		792,684	800,169
Accrued finance cost		45,573,795	34,431,606
		2,519,131,709	2,850,238,186
Total equity and liabilities		8,909,808,562	9,205,475,194

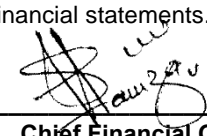
Commitments and contingencies

12

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


Chief Executive Officer


Director


Chief Financial Officer

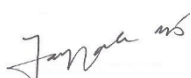
ROSHAN PACKAGES LIMITED

**UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
(UN-AUDITED)**

FOR THE SIX-MONTH PERIOD ENDED 31 DECEMBER 2019

	Note	Six months period ended		Three months period ended	
		(Un-audited)	(Un-audited)	(Un-audited)	(Un-audited)
		31 December 2019	31 December 2018	31 December 2019	31 December 2018
		Rupees	Rupees	Rupees	Rupees
Revenue from contracts with customers		2,926,108,713	3,212,905,278	1,692,604,692	1,683,401,639
Less:					
Sales tax		406,813,042	458,841,819	235,217,874	228,958,596
Discounts and commissions		8,116,142	6,659,581	3,120,649	3,122,782
		(414,929,184)	(465,501,400)	(238,338,523)	(232,081,378)
Net sales	13	2,511,179,529	2,747,403,878	1,454,266,169	1,451,320,261
Cost of revenue	14	(2,263,336,851)	(2,577,823,064)	(1,297,506,218)	(1,367,661,167)
Gross profit		247,842,678	169,580,814	156,759,951	83,659,094
Administrative expenses		(61,912,954)	(57,785,431)	(29,898,965)	(28,370,055)
Selling and distribution expenses		(73,875,798)	(76,049,726)	(33,526,033)	(36,647,450)
Other operating expenses		(5,986,590)	(46,717,840)	(5,986,590)	(29,190,979)
		(141,775,342)	(180,552,997)	(69,411,588)	(94,208,484)
Operating profit / (loss)		106,067,336	(10,972,183)	87,348,363	(10,549,390)
Other income	15	102,392,852	71,670,950	44,732,749	51,344,176
Finance cost		(126,416,068)	(81,887,942)	(65,749,425)	(41,663,609)
Profit / (Loss) before taxation		82,044,120	(21,189,175)	66,331,687	(868,823)
Taxation	16	91,834,053	(37,378,641)	87,423,724	(22,408,762)
Profit / (Loss) for the period		173,878,173	(58,567,816)	153,755,411	(23,277,585)
Other comprehensive income		-	-	-	-
Total comprehensive income / (loss) for the period		173,878,173	(58,567,816)	153,755,411	(23,277,585)
Earnings / (Loss) per share - Basic and diluted		1.23	(0.41)	1.08	(0.16)

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


Chief Executive Officer


Director


Chief Financial Officer

ROSHAN PACKAGES LIMITED

**UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY
FOR THE SIX-MONTH PERIOD ENDED 31 DECEMBER 2019**

	Capital reserves			Revenue reserve	
	Issued, subscribed and paid-up capital	Share premium	Surplus on revaluation of property, plant and equipment	Unappropriated profit	Total
	Rupees	Rupees	Rupees	Rupees	Rupees
Balance as on 01 July 2018 - Audited	1,182,500,000	2,231,665,370	1,078,519,283	649,996,341	5,142,680,994
Total comprehensive loss for the period	-	-	-	(58,567,816)	(58,567,816)
Surplus transferred to un-appropriated profit on account of incremental depreciation charged during the period - net of tax	-	-	(9,957,310)	9,957,310	-
Transaction with owners of the Company					
Bonus shares issued	236,500,000	(236,500,000)	-	-	-
Expenses incurred on issuance of bonus shares	-	(376,313)	-	-	(376,313)
	<u>236,500,000</u>	<u>(236,876,313)</u>	<u>-</u>	<u>-</u>	<u>(376,313)</u>
Balance as on 31 December 2018 - Un-audited	<u>1,419,000,000</u>	<u>1,994,789,057</u>	<u>1,068,561,973</u>	<u>601,385,835</u>	<u>5,083,736,865</u>
Balance as on 01 July 2019 - Audited	1,419,000,000	1,994,789,057	1,843,728,306	356,968,813	5,614,486,176
Total comprehensive profit for the period	-	-	-	173,878,173	173,878,173
Surplus transferred to un-appropriated profit on account of incremental depreciation charged during the period - net of tax	-	-	(24,015,747)	24,015,747	-
Balance as on 31 December 2019 - Un-audited	<u>1,419,000,000</u>	<u>1,994,789,057</u>	<u>1,819,712,559</u>	<u>554,862,733</u>	<u>5,788,364,349</u>

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


Chief Executive Officer


Director


Chief Financial Officer

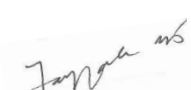
ROSHAN PACKAGES LIMITED

UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF CASH FLOW (UN-AUDITED)

FOR THE SIX-MONTH PERIOD ENDED 31 DECEMBER 2019

		31 December 2019	31 December 2018
	Note	Rupees	Rupees
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash used in operations	18	(117,325,167)	(90,968,717)
Finance costs paid		(115,273,879)	(76,861,352)
Taxes paid		(28,400,779)	(36,818,780)
Gratuity paid		(5,810,538)	(5,394,881)
Accumulated absences paid		(199,269)	(526,749)
Net decrease in long term deposits		472,130	-
		(149,212,335)	(119,601,762)
Net cash flows used in operating activities		(266,537,502)	(210,570,479)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(27,365,262)	(38,588,508)
Increase in long term loan		(13,025,959)	-
Proceeds from disposal of property, plant and equipment		-	6,250,000
Profit on bank deposits received		49,683,813	58,647,675
Net cash flows generated from investing activities		9,292,592	26,309,167
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of long-term loans		(225,599,963)	(80,500,047)
Repayment of supplier's credit		(50,209,738)	(36,540,340)
Expenses incurred on issuance of bonus shares		-	(376,317)
Dividend paid		(7,485)	(8,496)
Proceeds from short term finances - net		180,183,838	62,122,199
Repayment of finance lease liabilities		(8,833,741)	(8,735,998)
Net cash flows used in financing activities		(104,467,089)	(64,038,999)
Net decrease in cash and cash equivalents		(361,711,999)	(248,300,311)
Cash and cash equivalents at the beginning of the period		696,748,452	1,277,734,079
Cash and cash equivalents at the end of the period	17	335,036,453	1,029,433,768

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


Chief Executive Officer


Director


Chief Financial Officer

ROSHAN PACKAGES LIMITED

NOTES TO THE UNCONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)

FOR THE SIX-MONTH PERIOD ENDED 31 DECEMBER 2019

1 CORPORATE AND GENERAL INFORMATION

Roshan Packages Limited ("the Company") was incorporated in Pakistan as a private company limited by shares on 13 August 2002 under the Companies Act, 2017. The Company was converted into a public limited company on 23 September 2016 and got listed on Pakistan Stock Exchange Limited on 28 February 2017. It is principally engaged in the manufacture and sale of corrugation and flexible packaging materials.

The registered office of the Company is situated at 325 G-III, M.A. Johar Town, Lahore. The corrugation packaging facility is located at 7 km, Sundar Raiwind Road, Lahore and flexible packaging facility is located at Plot No. 141,142 and 142-B, Sundar Industrial Estate, Raiwind, Lahore.

The Company is the parent company of Roshan Sun Tao Paper Mills (Private) Limited.

These condensed interim financial statements are the separate financial statements of the Company. Consolidated financial statements are prepared separately.

2 STATEMENT OF COMPLIANCE

2.1 These unconsolidated condensed interim financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting which comprise of International Accounting Standards (IAS) 34 'Interim Financial Reporting' issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017 (the Act) and provisions of and directives issued under the Act.

Where the provisions of and directives issued under the Act differ with the requirements of IAS 34, the provisions and directives issued by the Act has been followed.

2.2 These unconsolidated condensed interim financial statements are being submitted to the shareholders as required under Section 237 of the Companies Act, 2017 ("the Act") and are un-audited but subject to limited scope review by external auditors as required by the Act.

2.3 These unconsolidated condensed interim financial statements do not include all of the information required for full annual financial statements and should be read in conjunction with the audited annual unconsolidated financial statements for the year ended 30 June 2019.

2.4 These unconsolidated condensed interim financial statements comprise of condensed interim statement of financial position as at December 2019, condensed interim statement of profit and loss and other comprehensive income, condensed interim statement of changes in equity, condensed interim statement of cash flows and notes thereto for the six months period then ended which has been subjected to a review in accordance with the listing regulation but not audited. These condensed interim unconsolidated financial statements also include condensed interim profit or loss and other comprehensive income for the quarter ended 31 December 2019 which has neither been reviewed nor audited.

2.5

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

3 BASIS OF PREPARATION AND CHANGES TO THE COMPANY'S ACCOUNTING POLICIES

3.1 The accounting policies and method of computation adopted in the preparation of the interim financial statements are consistent with those followed in the preparation of the Company's annual financial statements for the year ended 30 June 2019, except for the adoption of new standards effective as of 01 July 2019 as notified by the Securities and Exchange Commission of Pakistan (SECP). The Company has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

Last year, the SECP had notified vide its S.R.O 299 (I)/2019 that the effective date for the applicability of IFRS 9 'Financial Instruments' would be for the reporting period/year ending on or after year ending June, 30 2019. Accordingly, the Company had not applied IFRS 9 while preparing condensed interim financial statements for the half year ended 31 December 2018.

As at 30 June 2019, the Company had applied IFRS 9 and the expected credit loss against financial assets had been recorded accordingly. The Company has also made assessment of the expected credit losses for the current period. Further, no adjustment has been made in the corresponding figures relating to the period ended 31 December 2018.

3.2 Standards, Interpretations and Amendments to Published Approved Accounting Standards that became Effective during the Period

The Company has adopted the following revised standard, amendments and interpretation of International Financial Reporting Standards (IFRS) which became effective for the current period:

Standard or Interpretation

IFRS 16 - Leases

IAS 19 - Plan Amendment, Curtailment or Settlement (Amendments)

IAS 28 - Long-term Interests in Associates and Joint Ventures -(Amendments)

IFRIC 23 - Uncertainty over Income Tax Treatments

IFRS 11 - Joint Arrangements - Previously held interests in a joint operation - (AIP)

IAS 23 - Borrowing Costs - Borrowing costs eligible for capitalization

IFRS 3 - Business Combinations - Previously held Interests in joint operation - (Amendments)

IFRS 9 - Prepayment Features with Negative Compensation - (Amendments)

IAS 12 - Income Taxes - Income tax consequences of payments on financial instruments classified as equity

IFRS - 14 - Regulatory Deferral Accounts

The adoption of these standards did not have any material impact on these unconsolidated condensed interim financial statements except for IFRS 16 as explained below:

3.2.1 IFRS 16 - Leases

During the current year, the Company has adopted IFRS 16 as issued by the International Accounting Standards Board (IASB) in January 2016.

IFRS 16 supersedes IAS 17 Leases, IFRIC 4 Determining whether an Arrangement contains a Lease, SIC-15 Operating Leases-Incentives and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model.

The Company has lease contracts for its vehicles and head office building. Before the adoption of IFRS 16, the Company classified its vehicles (as lessee) as finance lease as per IAS-17. In a finance lease, the leased assets were capitalized and the present value of lease payments were recognized as lease liability. Leased assets were depreciated according to IAS-16 "Property, Plant and Equipment" and lease liability was reduced with the payment of rentals. Further, lease arrangements of head office building were classified as operating lease against which rentals paid were expensed out to the statement of profit or loss.

Upon adoption of IFRS 16, the Company initially recognized a lease liability for the obligation to make lease payments and a right-of-use (ROU) asset for the right to use the underlying asset for the lease term against a consideration. The lease liability is measured at the present value of the consideration (lease payments) to be made over the lease term. The lease payments are discounted using the interest rate implicit in the lease, unless it is not readily determinable, in which case the lessee may use the incremental rate of borrowing. The right-of-use asset is initially measured at the present value of lease liability, adjusted for lease prepayments and borrowing costs. As on 01 July 2019, the Company recorded lease liabilities and related right of use assets at present value of future cash

flows. Therefore, there is no impact on opening unappropriated profit of the Company due to adoption of IFRS 16. The effect of adoption of IFRS 16 as at 1 July 2019 (increase / (decrease)) is as follows:

	01 July 2019 Rupees
Assets	
Right of use assets	54,325,351
Property, plant and equipment	(27,094,172)
Liabilities	
Lease liabilities	54,325,351

Summary of new accounting policies

Set out below are the new accounting policies of the Company upon adoption of IFRS 16, which have been applied from the date of initial application:

Right-of-use assets

The Company recognizes right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognized, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Unless the Company is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognized right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term. Right-of-use assets are subject to impairment testing at each reporting date.

Lease liabilities

At the commencement date of the lease, the Company recognizes lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees.

To calculate the present value of lease payments, the Company uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

Short-term leases and leases of low-value assets

The Company applies the short-term lease recognition exemption to its short-term leases of its assets (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases that are considered of low value. Lease payments on short-term leases and leases of low-value assets are recognized as expense on a straight-line basis over the lease term.

Significant judgement in determining the lease term of contracts with renewal options

The Company determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Company has the option, under some of its leases to lease the assets for additional terms of five years. The Company applies judgement in evaluating whether it is reasonably certain to exercise the option to renew for one more term. That is, it considers all relevant factors that create an economic incentive for it to exercise the renewal. After the commencement date, the Company reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise (or not to exercise) the option to renew (e.g. a change in business strategy).

The Company has included the renewal period as part of the lease term for leases of head office building due to the significance of these assets to its operations.

Further, the following new standards have been issued by IASB which are yet to be notified by the SECP for the purpose of applicability in Pakistan:

Standard	Effective date (Annual Periods Beginning or after)
IFRS 1 - First time adoption of IFRS 1	1 July 2019
IFRS 17 - Insurance Contracts	1 January 2021

4 USE OF JUDGMENTS AND ESTIMATES

The preparation of the unconsolidated condensed interim financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates. In preparing the unconsolidated condensed interim financial statements, the significant judgements made by the management in applying accounting policies and the key sources of estimates were the same as those applied to the annual unconsolidated financial statements of the Company for the year ended 30 June 2019, except some additional judgements disclosed in Note 3.2.1.

5 PROPERTY, PLANT AND EQUIPMENT

	Note	(Un-audited) 31 December 2019 Rupees	(Audited) 30 June 2019 Rupees
Operating fixed assets	5.1	4,474,427,928	4,545,885,536
Capital work in progress (CWIP)		93,138,177	89,647,475
		<u>4,567,566,105</u>	<u>4,635,533,011</u>

- 5.1** These include the cost of operating assets that have been added during the six months period ended 31 December 2019. The movement in net book value of operating fixed assets during the period / year is follows:

	Note	(Un-audited) 31 December 2019 Rupees	(Audited) 30 June 2019 Rupees
Opening net book value		4,545,885,536	3,452,467,657
Transfer to right of use assets on 01 July 2019		(27,094,172)	-
Additions / transfer from CWIP and assets subject to finance lease during the period / year:			
Buildings on freehold land - owned		-	41,804,962
Plant and machinery - owned		22,166,015	84,319,687
Electric installations - owned		171,499	36,548,109
Vehicles - owned		-	9,732,774
Vehicles - leased		-	12,169,000
Furniture and fixture - owned		247,400	675,116
Office equipment - owned		1,289,646	6,024,568
		23,874,560	191,274,216
Disposals / transfer during the period / year - net book value		-	(12,175,836)
Revaluation surplus arising during the period / year		-	1,055,284,567
Less: Depreciation charge for the period / year		(68,237,996)	(140,965,068)
Closing net book value		<u>4,474,427,928</u>	<u>4,545,885,536</u>

6 RIGHT OF USE ASSETS

	Note	(Un-audited) 31 December 2019 Rupees	(Audited) 30 June 2019 Rupees
Opening net book value		-	-
Transfer from property, plant and equipment on 01 July 2019		27,094,172	
Additions during the period / year:			
Building		27,231,179	-
Vehicle		3,130,000	-
		30,361,179	-
Disposals / transfer to fixed assets		-	-
Less: Depreciation charge for the period / year		(5,253,305)	-
Closing net book value		52,202,046	-

7 LONG TERM LOAN - UNSECURED

Loan to associated undertaking - Roshan Enterprises	7.1	140,940,871	132,838,400
Loan to subsidiary - Roshan Sun Tao Paper Mills (Private) Limited	7.2	139,607,989	117,094,385
		280,548,860	249,932,785

- 7.1 The loan carries markup at the rate of 1-Year KIBOR+2% (30 June 2019: KIBOR+2%). The principal and markup shall be received in two equal installments commencing from the effective date of loan. Movement during the period / year is as follows:

	(Un-audited) 31 December 2019 Rupees	(Audited) 30 June 2019 Rupees
Opening balance	132,838,400	122,722,688
Markup accrued during the period / year	8,102,471	10,115,712
Closing balance	140,940,871	132,838,400

- 7.2 This represents loan disbursed to finance capital expenditure, for setting up of the subsidiary's production facility, up to a maximum of Rs. 260 million. The loan carries interest at the rate of 1-Year KIBOR+2% (30 June 2019: 8%) per annum. The principal shall be received in two equal installments commencing from June 2021. The markup shall be received on a quarterly basis from the date of commencement of commercial operations of the subsidiary, which is expected in June 2020.

	(Un-audited) 31 December 2019 Rupees	(Audited) 30 June 2019 Rupees
Movement during the year is as follows:		
Opening balance	117,094,385	82,972,338
Loan disbursed during the period / year	13,025,959	26,868,547
Markup accrued during the period / year	9,487,645	7,253,500
Closing balance	139,607,989	117,094,385

8 STOCK-IN-TRADE

Raw materials	665,101,792	693,322,162
Finished goods	10,257,031	16,264,405
	675,358,823	709,586,567

9 ADVANCES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

Advances - considered good:

- To employees

- To suppliers

Sales tax receivable - net

Income tax receivable - net

Prepayments

Security deposits

Interest receivable - saving accounts

Interest receivable - subsidiary

(Un-audited) 31 December 2019 Rupees	(Audited) 30 June 2019 Rupees
5,651,214	2,482,861
152,352,751	119,880,757
196,101,320	185,914,319
411,522,084	405,889,123
4,883,147	1,770,072
16,942,588	15,117,872
23,898,383	13,423,995
21,839,839	14,749,900
833,191,326	759,228,899

10 CASH AND BANK BALANCES

Cash in hand

Cash at banks:

Savings accounts

Current accounts

Term deposits

770,843	232,131
15,047,762	123,014,476
68,474,889	115,383,462
600,000,000	900,000,000
683,522,651	1,138,397,938
684,293,494	1,138,630,069

11 ISSUED, SUBSCRIBED AND PAID UP SHARE CAPITAL

(Un-audited) 31 December 2019 (Number of shares)	(Audited) 30 June 2019		Note	(Un-audited) 31 December 2019 Rupees	(Audited) 30 June 2019 Rupees
57,336,000	57,336,000	Ordinary shares of Rs. 10 each fully paid in cash		573,360,000	573,360,000
79,461,000	79,461,000	Ordinary shares of Rs. 10 each issued as bonus shares		794,610,000	794,610,000
5,103,000	5,103,000	Ordinary shares of Rs. 10 each fully paid for consideration other than cash	11.1	51,030,000	51,030,000
141,900,000	141,900,000			1,419,000,000	1,419,000,000

11.1 These right shares were issued against the fair value of land acquired measuring 48 kanals and 12 marlas and is situated opposite to Sundar Industrial Estate, Bhai Kot, Raiwind, Lahore.

12 CONTINGENCIES AND COMMITMENTS

12.1 Contingencies

There is no material change in the contingencies since the date of preceding published annual financial statements.

12.2 Commitments in respect of:

- Contracts for capital expenditure amounting to Rs. 43.52 million (30 June 2019: Rs. 37.92 million).
- Letters of credit and contracts other than for capital expenditure amounting to Rs. 48.53 million (30 June 2019: Rs. 147.87 million).

12.3 Guarantee

The banks have issued the following guarantee on behalf of the Company:

- Letter of guarantee issued in favor of Sui Northern Gas Pipelines Limited amounting to Rs. 25.34 million (30 June 2019: Rs. 25.29 million).
- Letter of guarantee issued in favor of Total Parco Pakistan Limited amounting to Rs. 8 million (30 June 2019: Rs. 8 million).

13 REVENUE FROM CONTRACTS WITH CUSTOMERS

In the following table, revenue from contracts with customers is disaggregated by timing of revenue recognition.

	Note	31 December 2019 Rupees	31 December 2018 Rupees
Major product lines:			
- Made-to-order products		2,221,672,145	2,489,198,484
- Standard packaging products		289,507,384	258,205,394
		<u>2,511,179,529</u>	<u>2,747,403,878</u>
Timing of revenue recognition:			
- Products transferred over time		2,221,672,145	2,489,198,484
- Products transferred at a point in time		289,507,384	258,205,394
Revenue from contracts with customers		<u>2,511,179,529</u>	<u>2,747,403,878</u>

14 COST OF REVENUE

	Six months period ended		Three months period ended	
	(Un-audited)	(Un-audited)	(Un-audited)	(Un-audited)
	31 December 2019 Rupees	31 December 2018 Rupees	31 December 2019 Rupees	31 December 2018 Rupees
Raw materials consumed	1,863,396,392	2,225,103,125	1,096,614,034	1,158,185,631
Carriage inward expenses	1,301,028	1,469,885	784,912	1,003,405
Packing material consumed	8,171,047	11,597,705	4,423,295	4,588,707
Production supplies	46,412,862	42,506,001	31,587,363	33,420,071
Fuel and power	114,266,380	95,192,035	59,314,293	47,917,854
Salaries, wages and other benefits	108,955,143	119,527,271	55,566,055	64,423,759
Repairs and maintenance	18,439,247	34,427,462	7,559,466	17,968,289
Printing and stationery	300,517	416,775	158,234	218,312
Insurance	4,343,168	3,482,832	2,022,207	1,375,939
Rent	621,019	649,299	180,990	571,099
Travelling and conveyance	11,749,993	11,405,184	5,410,672	5,950,242
Communication expenses	428,502	494,437	250,271	283,938
Vehicle running expenses	1,488,263	1,619,978	858,378	864,130
Depreciation on operating fixed assets	66,389,093	61,570,857	34,298,497	31,595,406
Depreciation on right of use asset / assets subject to finance lease	1,219,321	886,483	259,128	498,985
Others	9,847,502	6,708,396	4,352,423	5,649,617
	<u>2,257,329,477</u>	<u>2,617,057,725</u>	<u>1,303,640,218</u>	<u>1,374,515,384</u>
Opening work-in-process	-	20,776,488	-	42,749,020
Closing work-in-process	-	(65,443,612)	-	(65,443,612)
	-	(44,667,124)	-	(22,694,592)
Cost of goods manufactured	<u>2,257,329,477</u>	<u>2,572,390,601</u>	<u>1,303,640,218</u>	<u>1,351,820,792</u>
Opening stock of finished goods	16,264,405	41,789,793	4,123,031	52,197,705
Closing stock of finished goods	(10,257,031)	(36,357,330)	(10,257,031)	(36,357,330)
	<u>6,007,374</u>	<u>5,432,463</u>	<u>(6,134,000)</u>	<u>15,840,375</u>
	<u>2,263,336,851</u>	<u>2,577,823,064</u>	<u>1,297,506,218</u>	<u>1,367,661,167</u>

	(Un-audited) 31 December 2019 Rupees	(Un-audited) 31 December 2018 Rupees
15 OTHER INCOME		
<u>Income from financial assets</u>		
Profit on bank deposits	60,158,201	56,658,988
Interest income on loans to related parties:		
Roshan Sun Tao Paper Mills (Private) Limited	16,577,584	7,154,342
Roshan Enterprises	8,102,471	2,642,472
<u>Income from non-financial assets</u>		
Gain on disposal of operating fixed assets	-	5,207,412
Exchange gain	16,476,896	-
Scrape sales	1,077,700	-
Liabilities written back	-	7,736
	102,392,852	71,670,950
16 TAXATION		
Current tax	24,352,163	3,036,093
Deferred tax (income) / expense	(116,186,216)	34,342,548
	(91,834,053)	37,378,641
17 CASH AND CASH EQUIVALENTS		
Cash and bank balances	684,293,494	1,473,317,941
Running finance	(349,257,041)	(443,884,173)
	335,036,453	1,029,433,768
18 CASH USED IN OPERATIONS		
Profit / (Loss) before taxation	82,044,120	(21,189,175)
Adjustment for non-cash charges and other items:		
Depreciation	73,491,301	66,891,810
Markup on loans	(24,680,055)	-
Finance costs	126,416,068	81,887,942
Provision for gratuity	9,043,331	8,417,172
Worker's Welfare Fund	918,360	-
Profit on bank deposits	(60,158,201)	(56,658,988)
Amortization of intangibles	708,848	394,349
Worker's Profit Participation Fund	5,068,230	-
Exchange gain	(16,495,998)	-
Reversal of allowance for expected credit losses	(1,581,120)	-
Gain on disposal of property, plant and equipment	-	(5,207,412)
Provision for accumulating compensated absences	1,453,249	2,207,268
Profit before working capital changes	196,228,133	76,742,966
Effect on cash flow due to working capital changes:		
- (Increase) / decrease in stores and spare parts	(6,014,899)	2,913,105
- Decrease / (increase) in stock-in-trade	34,227,744	(86,703,612)
- Increase in trade debts	(67,890,653)	(495,873,842)
- Increase in contract assets	(29,778,351)	-
- Increase in advances, deposits, prepayments and other receivables	(50,765,139)	(33,481,801)
- Increase in contract liabilities	5,112,901	-
- (Decrease) / increase in trade and other payables	(198,444,903)	445,434,467
	(313,553,300)	(167,711,683)
	(117,325,167)	(90,968,717)

19 TRANSACTIONS WITH RELATED PARTIES

The related parties include the subsidiary company, associated undertakings, key management personnel and their associates. The Company in the normal course of business carries out transactions with various related parties. Details of transactions with related parties, other than those which have been specifically disclosed elsewhere in these unconsolidated condensed interim financial statements are as follows:

Name of related party	Relationship with the Company	Nature of transaction	Six months period ended		Three months period ended	
			(Un-audited)	(Un-audited)	(Un-audited)	(Un-audited)
			31 December 2019	31 December 2018	31 December 2019	31 December 2018
			Rupees	Rupees	Rupees	Rupees
Tayyab Aijaz	26.84% shareholding in the Company	Bonus shares issued	-	63,476,600	-	63,476,600
Zaki Aijaz	11.86% shareholding in the Company	Bonus shares issued	-	28,048,900	-	28,048,900
Saadat Eijaz	11.86% shareholding in the Company	Bonus shares issued	-	28,048,900	-	28,048,900
Khalid Eijaz	14.65% shareholding in the Company	Bonus shares issued	-	34,647,250	-	34,647,250
Quasim Aijaz	2.96% shareholding in the Company	Bonus shares issued	-	7,000,400	-	7,000,400
Roshan Sun Tao Paper Mills (Private) Limited	60% shareholding in subsidiary	Markup accrued on long term loan	9,487,645	216,118	4,743,823	54,068
		Markup accrued on short term loan	7,089,939	3,737,988	4,083,820	1,858,891
Associated Company	Common directorship	Sales	3,044,213	5,753,828	3,044,213	5,753,828
		Markup	8,102,471	2,642,472	4,051,236	2,642,472

20 FINANCIAL RISK MANAGEMENT

20.1 Financial Risk Factors

The Company finances its operations through equity and borrowings with a view to maximize the return to the stakeholders. The Company is exposed to market risk, credit risk and liquidity risk. The Company's principal financial liabilities comprise supplier's credit, trade and other payables, short term borrowings and long-term borrowings. The main purpose of these financial liabilities is to raise finance for the Company's operations. The Company has various financial assets such as long-term loan to subsidiary, prepayments, deposits and other receivables, trade debts, short term loan, profit accrued and cash and bank balances, which are directly related to operations.

The Board of Directors has the overall responsibility for the establishment and oversight of Company's risk management framework. The Board is also responsible for developing and monitoring the Company's risk management policies. The Company's risk management policies are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to react to changes in market conditions and the Company's activities.

There is no change in the Company's objectives, policies, procedures for measuring and managing the above risks including capital management risk, since the preceding financial year ended 30 June 2019.

20.2 Fair value of financial assets and liabilities

Fair value is the amount for which an asset could be exchanged, or a liability can be settled, between knowledgeable willing parties in an arm's length transaction. The carrying value of all financial assets and liabilities reflected in the financial statements approximate their fair values.

31 December 2019		
Cash and cash equivalents	Amortized Cost Rupees	Total
Financial assets as per statement of financial position		
Long term loan - unsecured	-	280,548,860
Long term deposits	-	15,781,593
Trade debts - unsecured	-	1,338,977,121
Short term loan - unsecured	-	92,186,870
Deposits and other receivables	-	68,332,024
Cash and bank balances	684,293,494	-
Total	684,293,494	1,795,826,468

30 June 2019		
Cash and cash equivalents	Amortized Cost Rupees	Total
Financial assets as per statement of financial position		
Long term loan - unsecured	-	249,932,785
Long-term deposits	-	16,253,723
Trade debts - unsecured	-	1,318,101,315
Short term loan - unsecured	-	92,186,870
Deposits and other receivables	-	45,774,628
Cash and bank balances	1,138,630,069	-
Total	1,138,630,069	1,722,249,321

Financial liabilities as per statement of financial position	Amortized Cost
31 December 2019	
Lease liabilities	41,292,015
Long term finances	105,812,500
Supplier's credit	181,520,802
Short term borrowings	1,440,673,584
Trade and other payables	755,113,243
Unclaimed dividend	792,684
Accrued finance cost	45,573,795
	<u><u>2,570,778,623</u></u>

Financial liabilities as per statement of financial position	
30 June 2019	
Lease liabilities	19,764,577
Long term finances	331,412,463
Supplier's credit	248,226,538
Short term borrowings	1,353,114,322
Trade and other payables	959,531,510
Unclaimed dividend	800,169
Accrued finance cost	34,431,606
	<u><u>2,947,281,185</u></u>

20.3 Fair values of non-financial assets and liabilities

The carrying values of other financial assets and financial liabilities reflected in financial statements approximate their fair values. Fair values are determined on the basis of objective evidence at each reporting date.

Fair Value Hierarchy

Fair value is the amount for which an asset could be exchanged, or liability settled, between knowledgeable willing parties in an arm's length transaction. Underlying the definition of fair value is the presumption that the Company is a going concern without any intention or requirement to curtail materially the scale of its operations or to undertake a transaction on adverse terms. Fair value is determined on the basis of objective evidence at each reporting date.

The tables below analyze the non-financial assets carried at fair value as at 31 December 2019 and 30 June 2019.

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

The following table presents the Company's freehold land, buildings on freehold land, plant and machinery and electric installations that are measured at fair value.

Recurring fair value measurements of following items of operating fixed assets:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
	<u>Rupees</u>			
31 December 2019				
Freehold land	-	941,755,000	-	941,755,000
Buildings on freehold land	-	-	914,072,714	914,072,714
Plant and machinery	-	-	2,517,923,864	2,517,923,864
Electric installations	-	-	92,144,833	92,144,833
	<u>24</u>	<u>941,755,000</u>	<u>3,524,141,411</u>	<u>4,465,896,411</u>

	Level 1	Level 2	Level 3	Total
	Rupees			
30 June 2019				
Freehold land	-	941,755,000	-	941,755,000
Buildings on freehold land	-	-	914,072,714	914,072,714
Plant and machinery	-	-	2,517,923,864	2,517,923,864
Electric installations	-	-	92,144,833	92,144,833
	-	941,755,000	3,524,141,411	4,465,896,411

There are no transfers between levels 1, 2 and 3 during the period and there were no changes in valuation techniques during the period.

21 DATE OF AUTHORIZATION FOR ISSUE

These unconsolidated condensed interim financial statements were approved and authorized for issue on 26-02-2020 by the Board of Directors of the Company.

22 GENERALS

Figures have been rounded off to the nearest Rupees.


 Chief Executive Officer


 Director


 Chief Financial Officer

Director's Report

The Directors of the Group are pleased to present their Directors' Report along with the unaudited consolidated Financial Statements of the group for the period ended December 31, 2019.

Financial Overview

The financial performance of the group during the period is as contained in table below.

	Half Year Ended		Quarter Ended	
	31-Dec-2019	31-Dec-2018	31-Dec-2019	31-Dec-2018
	Rupees in Million		Rupees in Million	
Sales-net	2,511	2,747	1,454	1,451
Cost of Sales	2,263	2,578	1,298	1,368
Gross Profit	248	170	157	84
Finance Cost	126	82	66	42
Net profit / (loss) before tax	65	(30)	54	(0.87)
Net profit / (loss) after tax	157	(67)	141	(23)

During the period under review by the Grace of Almighty your group posted profit after tax of Rs. 157 million as compared to loss after tax of Rs. 67 million in comparable period last year, which shows an improvement of 334% and profit before tax increased by Rs 95 million showing an improvement of 316%. The improvement in profitability is primarily due to rationalization of its product portfolio and gradually passing cost to customers.

Overall due to sluggish demand in the market and rationalization of our customer & product portfolio, net sales of the group decreased by 8.6% and recorded at 2.5 Billion as compared to 2.7 Billion in comparative period last year. However, despite dip in sales, the group remained focused on increasing gross profit margins of its products and successfully managed to increase its overall profitability.

Your group has recognized gross profit of Rs. 248 million as compared to Rs. 170 million in 2018 and Rs. 148 million in 2017 showing an increase of Rs. 78 million and Rs. 100 million respectively, which is 46% and 67% more than comparable periods of 2018 and 2017 respectively. Gross profit margins increased to 9.87% as compared to 6.17% in comparative period last year. The group has marked down its cost of sales ratio to 90.13% as compared to 93.83% last year, which is 3.7% on lower side. This is a significant achievement despite high inflation, the group manages to control its cost. Utility cost remains a challenge, the constant spike in rates resulted in increased by Rs. 19 million and cost recorded at 114 million as compared to Rs 95 million in comparable period of last year.

Finance cost for the period under review has been increased by Rs. 44.5 million as compared to last period mainly due to rise in policy rate by State Bank of Pakistan. However, due to efficient fund management the borrowings are gradually decreasing which will transpire in lower finance cost.

Further due to strengthening of Pak Rupee your group has recognized exchange gain of Rs. 17 million during the period under review as compared to exchange loss of Rs. 46.7 million in comparative period last year.

Roshan Sun Tao Papers Mills (Pvt.) Limited

The management is fully committed to complete the project of our subsidiary and strongly believes that the paper mill project will bring prolific benefits to the group and its shareholders, on its completion. The management is resolutely working on the execution of the project and right now in process of negotiation with suppliers and financial institutions for financial close. During the period under review no significant financial activity took place.

Future Outlook

Economic uncertainty is stabilized to some extent, since from last six months policy rate and exchange rate are stabilized. Despite anticipating reduction in policy rate in last two monetary policies it remains status quo. However, we are hopeful that policy rate will be reduced which will improve profitability as a result of reduction in finance cost. On the other side, due to low economic growth and high inflation particularly in consumer goods, demand side remain a bit sluggish. However, this phenomenon will not last forever, we anticipate that demand side will robust again.

The cascading economic impact of the coronavirus outbreak in China is becoming more apparent worldwide, having its presence in more than 44 countries until now including Pakistan, affecting their economies, supply chains, production lines and equity markets. Globally, the epidemic is likely to result in a revenue loss of \$1.5 trillion in the whole year, disrupting already the supply chain of automobiles, electronics, pharmaceutical and retail industry particularly hard.

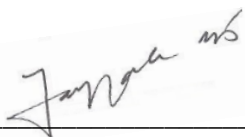
Pakistani markets and imports are also starting to feel the impact of the outbreak, the plunge of PSX index following a slump in global stock markets is a clear indication. However, many economists and stakeholders are optimistic about converting the threat into an opportunity as imports from China will be curbed and there will be golden opportunity for Pakistani Companies to grab a considerable share in both local and global markets.

Therefore, we are very optimistic about future of packaging industry under such socio-economic situation, as our country's significant import of products from China will be disrupted now and reliance on local manufacturing will grow which will increase our market share globally and locally. As your group is not import-intensive and we have alternative choices of vendors for our imported raw material in Middle east and other countries, this has made us diversified our supply chain and least dependent on imports from China. Being fully aware of the situation your management is continually reviewing the business strategy to cope with the challenges and opportunities and has been incessantly focusing on deploying its resources and capacities to meet the growing demand and fill the gap created by current crisis in a most feasible sales mix.

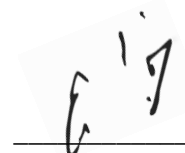
The future of packaging industry is very bright. The group is facilitating its customers by trying to work on Just in Time delivery and focusing on targeted growth initiatives, innovations, brand building and cost saving programs. The group is giving a lot of importance on value added products and trying to add a broader range of packaging solutions to the FMCGs.

Acknowledgment:

The management avails this opportunity to thank its valued customers for their trust and confidence in the group's products. Heartfelt gratitude is also extended to all other stakeholders including suppliers, bankers, shareholders and employees for their whole-hearted support.



Chief Executive Officer



Chairman

ڈائریکٹران کی رپورٹ

گروپ کے ڈائریکٹران 31 دسمبر 2019ء کو ختم ہونے والی مدت کے لیے اپنی ڈائریکٹر ز رپورٹ کے ساتھ گروپ کی غیر آڈٹ شدہ فنانشل اسٹیٹمنٹ پیش کر رہے ہیں۔

مالیاتی جائزہ:

اس مدت کے دوران گروپ کی کارکردگی درج ذیل میں دی گئی ہے:

ششماہی محنتہ		سہ ماہی محنتہ		
31 دسمبر 2018	31 دسمبر 2019	31 دسمبر 2018	31 دسمبر 2019	
ملین روپے				
2,747	2,511	1,451	1,454	مصنوعات کی کل فروخت
2,578	2,263	1,368	1,298	فروخت کی لاگت
170	248	84	157	مجموعی منافع
82	126	42	66	فنانشل لاگت
(30)	65	(0.87)	54	نفع (نقصان) قبل از ٹیکس
(67)	157	(23)	141	اصل نفع (نقصان) بعد از ٹیکس

اللہ تعالیٰ کے فضل و کرم سے آپ کی گروپ نے نظر ثانی کے اس عرصہ کے دوران بعد از ٹیکس 157 ملین روپے منافع کمایا جو کہ پچھلے سال اسی مدت کے دوران بعد از ٹیکس 67 ملین روپے نقصان تھا۔ یہ 334 فیصد بہتری ظاہر کرتا ہے۔ مجموعی منافع 95 ملین روپے سے بڑھا جو کہ 316 فیصد بہتری ظاہر کرتا ہے۔ یہ بہتری اپنی مصنوعات کے پورٹ فولیو کا جائزہ لینے، اسے معقول بنانے اور لاگت صارفین کو منتقل کرنے سے آئی۔

مجموعی طور پر مارکیٹ میں طلب کی کمی، صارفین اور مصنوعات کے پورٹ فولیو کو معقول کرنے کے بعد کل فروخت میں 8.6 فیصد کمی آئی اور مصنوعات کی کل فروخت 2.5 ملین روپے رہی جو کہ پچھلے سال اسی مدت میں 2.7 ملین روپے تھی۔ تاہم کل فروخت میں کمی کے باوجود گروپ نے مصنوعات کے مجموعی منافع پر توجہ مرکوز رکھی اور کامیابی سے مجموعی طور پر منافع کمایا۔

آپ کے گروپ نے مجموعی طور پر 248 ملین روپے منافع کمایا جو کہ 2018ء اور 2017ء میں بالترتیب 170 ملین روپے اور 148 ملین روپے تھا۔ یہ بالترتیب 78 اور 100 ملین روپے کی بہتری ظاہر کرتا ہے جو کہ 2018ء اور 2017ء کے اسی مدت سے بالترتیب 46 فیصد اور 67 فیصد زیادہ ہے۔ مجموعی منافع کا تناسب بڑھ کر 9.87 فیصد رہا جو کہ پچھلے سال اسی مدت میں 6.17 فیصد تھا۔ گروپ نے اپنی مصنوعات کی لاگت اور کل فروخت کا تناسب 90.13 فیصد تک کم کیا جو کہ پچھلے سال 93.83 فیصد تھا یہ 3.7 فیصد کمی ہے۔ یہ بڑی کامیابی ہے کہ گروپ نے مہنگائی میں اضافہ کے باوجود اپنی لاگت کو قابو میں رکھا۔ ایندھن اور بجلی کی لاگت چیلنج رہی، اس کی شرح میں لگاتار چڑھاؤ کی وجہ سے لاگت میں 19 ملین روپے اضافہ ہوا جو کہ 114 ملین روپے ریکارڈ ہوئی جو پچھلے سال اسی مدت میں 95 ملین روپے تھی۔

زیر غور ششماہی کے لیے فنانشل لاگت میں 44.5 ملین روپے اضافہ رہا جو کہ اسٹیٹ بینک آف پاکستان کی پالیسی شرح میں اضافہ کی وجہ سے ہے۔ تاہم موثر فنڈ مینجمنٹ کی وجہ سے قرضے آہستہ آہستہ کم ہو رہے ہیں جس کے نتیجے میں فنانشل لاگت میں کمی واقع ہوگی۔

روشن سن تاؤ پیپر ز ملز پر ایویوٹ لمیٹڈ:

انتظامیہ ہمارے ماتحت ادارہ کے منصوبے کو مکمل کرنے کے لئے پوری طرح پر عزم ہے اور اسے پختہ یقین ہے کہ پیپر مل پروجیکٹ کی تکمیل پر اس گروپ اور اس کے حصص

یافتگان کو خاطر خواہ فوائد حاصل ہو گا۔ انتظامیہ اس منصوبے پر عملدرآمد کے لئے پُر عزم طریقے سے کام کر رہی ہے۔ گروپ کی انتظامیہ اس وقت مالیاتی اداروں اور سپلائرز کے ساتھ بات چیت کر رہی ہے۔ زیر جائزہ اس مدت کے دوران کوئی خاص مالی سرگرمی نہیں ہوئی۔

مستقبل کا منظر نامہ:

معاشی غیر یقینی صورتحال کسی حد تک مستحکم ہے چونکہ پچھلے چھ ماہ سے پالیسی کی شرح اور شرح مبادلہ مستحکم ہے۔ آخری دو مالیاتی پالیسیوں میں شرح سود کی کمی کی توقع کے باوجود جمود برقرار ہے۔ ہمیں امید ہے کہ پالیسی کی شرح کم ہو جائے گی جو مالیات کی لاگت میں کمی کے نتیجے میں منافع میں بہتری لائے گی۔ جبکہ دوسری طرف کم معاشی نمو اور خاص طور پر صارفین کے اشیاء اسراف میں افراط زر کی وجہ سے طلب کار خ قدرے کم ہے۔ تاہم یہ رجحان ہمیشہ کے لیے نہیں رہے گا ہم توقع کرتے ہیں کہ طلب کار خ ایک بار پھر مضبوط ہو گا۔

چین میں کرونا وائرس پھیلنے کے زبردست معاشی اثرات دنیا بھر میں واضح ہو رہے ہیں، پاکستان سمیت اب تک 44 سے زیادہ ممالک میں اس کی نشاندہی ہو چکی ہے جس کا اثر ان کی معیشتوں، سپلائی چین، پیداواری لائنوں اور شیئر مارکیٹوں پر پڑ رہا ہے۔ عالمی سطح پر اس وبا کے نتیجے میں پورے سال میں 1.5 ٹریلین ڈالر کا نقصان ہو گا، خاص طور پر آٹوموبائل، الیکٹرانکس، دواسازی اور خوردہ صنعت کی فراہمی کا سلسلہ درہم برہم ہو گیا ہے۔

پاکستانی مارکیٹوں اور درآمدات پر بھی وباء کا اثر محسوس ہونے لگا ہے، عالمی اسٹاک مارکیٹوں میں مندی کے بعد پی ایس ایکس انڈیکس بھی متاثر ہونے کا امکان ہے۔ تاہم، بہت سے معاشی ماہرین اور اسٹیک ہولڈرز اس خطرے کو ایک موقع میں تبدیل کرنے کے بارے میں پر امید ہیں کیونکہ چین سے درآمدات کو روک دیا جائے گا اور پاکستانی کمپنیوں کے لئے مقامی اور عالمی دونوں منڈیوں میں نمایاں حصہ حاصل کرنے کا سنہری موقع ہو گا۔

لہذا ہم ایسی سماجی و اقتصادی صورتحال کے تحت پیکیجنگ انڈسٹری کے مستقبل کے بارے میں بہت پر امید ہیں، کیونکہ ہمارے ملک کی چین سے مصنوعات کی نمایاں درآمد میں خلل پیدا ہو جائے گی اور مقامی مینوفیکچرنگ پر انحصار بڑھے گا جس سے عالمی سطح پر اور مقامی طور پر ہمارے مارکیٹ شیئر میں اضافہ ہو گا۔ چونکہ آپ کے گروپ کا درآمدی انحصار چین پر نہیں ہے اور ہمارے پاس مشرق وسطیٰ اور دیگر ممالک میں درآمد شدہ خام مال کے لیے سپلائرز موجود ہیں۔ لہذا اس سے ہماری سپلائی چین متاثر نہیں ہو گی۔ اس صورتحال سے پوری طرح واقف ہونے کے بعد آپ کی انتظامیہ چیلنجوں اور مواقع سے نمٹنے کے لیے کاروباری حکمت عملی کا مستقل جائزہ لے رہی ہے اور بڑھتی ہوئی طلب کو پورا کرنے کے لیے اپنے وسائل اور صلاحیتوں کی تعیناتی پر لگاتار توجہ مرکوز کر رہی ہے اور انتہائی ممکنہ فروخت مکس سے موجودہ بحران کی وجہ سے پیدا ہونے والے خلا کو پورا کرنا ہے۔

پیکیجنگ انڈسٹری کا مستقبل بہت تابناک ہے۔ گروپ اپنے کسٹمرز کی سہولت کے لیے عین وقت پر ترسیل کی کوشش کر رہا ہے اور ٹارگٹ ڈویلپمنٹ اقدامات ویرنڈ بلڈنگ اور لاگت کی بچت کے پروگراموں پر توجہ مرکوز کر کے اپنے صارفین کو سہولت فراہم کر رہا ہے۔ گروپ ویلیو ایڈڈ مصنوعات پر بہت زیادہ اہمیت دے رہی ہے اور ایف۔ ایم۔ سی۔ جی۔ ایس کو پیکیجنگ سلوشنز کی وسیع پیمانے پر رجوع کرنے کی کوشش کر رہی ہے۔

اظہار تشکر

گروپ انتظامیہ اس موقع کا فائدہ اٹھاتے ہوئے اپنے قابل قدر کسٹمرز کا شکریہ ادا کرتی ہے کہ انھوں نے گروپ کی مصنوعات پر اپنے اعتماد کا اظہار کیا۔ ہم اپنے تمام اسٹاک ہولڈرز بشمول سپلائرز، بینکرز، شیئر ہولڈرز اور ملازمین کی جانب سے کی جانے والی پوری دلی حمایت کے لیے ان کا دل سے شکریہ ادا کرتے ہیں۔

Janana
چیف ایگزیکٹو آفیسر

چیرمین

ROSHAN PACKAGES LIMITED
CONSOLIDATED CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION (UN-AUDITED)
AS AT 31 DECEMBER 2019

		Un-audited 31 December 2019 Rupees	Audited 30 June 2019 Rupees
ASSETS	Note		
Non-current assets			
Property, plant and equipment	5	5,051,591,566	5,107,417,885
Right of use assets	6	52,202,046	-
Intangible		1,071,434	1,780,282
Long term loan - unsecured	7	140,940,871	132,838,400
Long term deposits		15,781,593	16,253,723
		<u>5,261,587,510</u>	<u>5,258,290,290</u>
Current assets			
Stores and spares		178,880,442	172,865,543
Stock-in-trade	8	675,358,823	709,586,567
Contract assets		78,374,318	48,595,967
Trade debts - unsecured		1,338,977,121	1,269,505,348
Advances, deposits, prepayments and other receivables		835,511,963	768,452,371
Cash and bank balances	9	684,338,882	1,138,675,457
		<u>3,791,441,549</u>	<u>4,107,681,253</u>
Total assets		<u>9,053,029,059</u>	<u>9,365,971,543</u>
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized share capital			
150,000,000 (30 June 2019: 150,000,000) ordinary shares of Rs 10 each		<u>1,500,000,000</u>	<u>1,500,000,000</u>
Issued, subscribed and paid up capital	10	<u>1,419,000,000</u>	<u>1,419,000,000</u>
Capital reserves			
Share premium		1,994,789,057	1,994,789,057
Surplus on revaluation of property, plant and equipment		1,819,712,559	1,843,728,306
		<u>3,814,501,616</u>	<u>3,838,517,363</u>
Revenue reserve			
Un-appropriated profit		509,286,791	328,339,476
Attributable to owners of the Holding Company		<u>5,742,788,407</u>	<u>5,585,856,839</u>
Non-controlling interest		166,824,399	167,070,413
Total equity		<u>5,909,612,806</u>	<u>5,752,927,252</u>
Non-current liabilities			
Supplier's credit - unsecured		29,346,230	96,356,613
Lease liabilities		31,505,580	9,505,865
Deferred taxation		445,109,898	561,296,117
Deferred liabilities		96,350,796	73,592,237
		<u>602,312,504</u>	<u>740,750,832</u>
Current liabilities			
Current portion of long-term liabilities		267,773,507	493,541,100
Short term borrowings - secured		1,440,673,584	1,353,114,322
Trade and other payables		777,085,283	986,314,267
Contract liabilities		9,204,896	4,091,995
Unclaimed dividend		792,684	800,169
Accrued finance cost		45,573,795	34,431,606
		<u>2,541,103,749</u>	<u>2,872,293,459</u>
Total equity and liabilities		<u>9,053,029,059</u>	<u>9,365,971,543</u>
Commitments and contingencies	11		

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

Chief Executive Officer

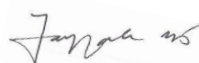
Director

Chief Financial Officer

ROSHAN PACKAGES LIMITED
CONSOLIDATED CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
(UN-AUDITED)
FOR THE SIX-MONTH PERIOD ENDED 31 DECEMBER 2019

	Note	Six months period ended		Three months period ended	
		(Un-audited) 31 December 2019 Rupees	(Un-audited) 31 December 2018 Rupees	(Un-audited) 31 December 2019 Rupees	(Un-audited) 31 December 2018 Rupees
Revenue from contracts with customers		2,926,108,713	3,212,905,278	1,692,604,692	1,683,401,639
Less:					
Sales tax		406,813,042	458,841,819	235,217,874	228,958,596
Discounts and commissions		8,116,142	6,659,581	3,120,649	3,122,782
		(414,929,184)	(465,501,400)	(238,338,523)	(232,081,378)
Net sales	12	2,511,179,529	2,747,403,878	1,454,266,169	1,451,320,261
Cost of revenue	13	(2,263,336,851)	(2,577,823,064)	(1,297,506,218)	(1,367,661,167)
Gross profit		247,842,678	169,580,814	156,759,951	83,659,094
Administrative expenses		(62,527,989)	(57,785,431)	(29,898,965)	(28,370,055)
Selling and distribution expenses		(73,875,798)	(76,049,726)	(33,526,033)	(36,647,450)
Other operating expenses		(5,986,590)	(47,984,500)	(5,986,590)	(29,190,979)
		(142,390,377)	(181,819,657)	(69,411,588)	(94,208,484)
Operating profit / (loss)		105,452,301	(12,238,843)	87,348,363	(10,549,390)
Other income	14	85,815,268	64,516,608	32,340,790	51,344,176
Finance cost		(126,416,068)	(81,887,942)	(65,749,425)	(41,663,609)
Profit / (Loss) before taxation		64,851,501	(29,610,177)	53,939,728	(868,823)
Taxation	15	91,834,053	(37,378,641)	87,423,724	(22,408,762)
Profit / (Loss) for the period		156,685,554	(66,988,818)	141,363,452	(23,277,585)
Profit / (Loss) attributable to:					
Owners of the Holding Company		156,931,568	(66,482,155)	141,363,452	(23,024,253)
Non-controlling interest		(246,014)	(506,664)	-	(253,332)
		156,685,554	(66,988,819)	141,363,452	(23,277,585)
Other comprehensive income		-	-	-	-
Total comprehensive income / (loss) for the period		156,685,554	(66,988,818)	141,363,452	(23,277,585)
Attributable to:					
Owners of the Holding Company		156,931,568	(66,482,155)	141,363,452	(23,024,253)
Non-controlling interest		(246,014)	(506,664)	-	(253,332)
		156,685,554	(66,988,819)	141,363,452	(23,277,585)
Earnings / (Loss) per share - Basic and diluted		1.10	(0.47)	1.00	(0.16)

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



Chief Executive Officer



Director



Chief Financial Officer

ROSHAN PACKAGES LIMITED
CONSOLIDATED CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY
FOR THE SIX-MONTH PERIOD ENDED 31 DECEMBER 2019

	Attributable to the owners of the Holding Company					Non-controlling interest	Total equity
	Capital reserves			Revenue reserve			
	Issued, subscribed and paid-up capital	Share premium	Surplus on revaluation of property, plant and equipment	Unappropriated profit	Total		
	Rupees	Rupees	Rupees	Rupees	Rupees		
Balance as on 01 July 2018 - Audited	1,182,500,000	2,231,665,370	1,078,519,283	637,429,084	5,130,113,737	168,026,167	5,298,139,904
Total comprehensive loss for the period	-	-	-	(66,482,155)	(66,482,155)	(506,664)	(66,988,819)
Surplus transferred to un-appropriated profit on account of incremental depreciation charged during the period - net of tax	-	-	(9,957,310)	9,957,310	-		
Transaction with owners of the Company							
Bonus shares issued	236,500,000	(236,500,000)	-	-	-	-	-
Expenses incurred on issuance of bonus shares	-	(376,317)	-	-	(376,317)	-	(376,317)
	236,500,000	(236,876,317)	-	-	(376,317)		(376,317)
Balance as on 31 December 2018 - Un-audited	1,419,000,000	1,994,789,053	1,068,561,973	580,904,239	5,063,255,265	167,519,503	5,230,774,768
Balance as on 01 July 2019 - Audited	1,419,000,000	1,994,789,057	1,843,728,306	328,339,476	5,585,856,839	167,070,413	5,752,927,252
Total comprehensive profit for the period	-	-	-	156,931,568	156,931,568	(246,014)	156,685,554
Surplus transferred to un-appropriated profit on account of incremental depreciation charged during the period - net of tax	-	-	(24,015,747)	24,015,747	-	-	-
Balance as on 31 December 2019 - Un-audited	1,419,000,000	1,994,789,057	1,819,712,559	509,286,791	5,742,788,407	166,824,399	5,909,612,806

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


Chief Executive Officer


Director


Chief Financial Officer

ROSHAN PACKAGES LIMITED
CONSOLIDATED CONDENSED INTERIM STATEMENT OF CASH FLOW (UN-AUDITED)
FOR THE SIX-MONTH PERIOD ENDED 31 DECEMBER 2019

		31 December 2019	31 December 2018
CASH FLOWS FROM OPERATING ACTIVITIES	Note	Rupees	Rupees
Cash used in operations	17	(118,195,232)	(99,541,807)
Finance costs paid		(115,273,879)	(76,861,352)
Taxes paid		(28,416,087)	(36,818,780)
Gratuity paid		(5,810,538)	(5,394,881)
Accumulated absences paid		(199,269)	(526,749)
Net decrease in long term deposits		472,130	-
		(149,227,643)	(119,601,762)
Net cash flows used in operating activities		(267,422,875)	(219,143,569)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(39,505,848)	(41,127,247)
Proceeds from disposal of property, plant and equipment		-	6,250,000
Profit on bank deposits received		49,683,813	69,740,408
Net cash flows generated from investing activities		10,177,965	34,863,161
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of long-term loans		(225,599,963)	(80,500,046)
Repayment of supplier's credit		(50,209,738)	(36,540,340)
Expenses incurred on issuance of bonus shares		-	(376,317)
Dividend paid		(7,485)	(8,496)
Proceeds from short term finances - net		180,183,838	62,122,199
Repayment of finance lease liabilities		(8,833,741)	(8,735,998)
Net cash flows used in financing activities		(104,467,089)	(64,038,998)
Net decrease in cash and cash equivalents		(361,711,999)	(248,319,406)
Cash and cash equivalents at the beginning of the period		696,793,840	1,277,911,594
Cash and cash equivalents at the end of the period	16	335,081,841	1,029,592,188

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


Chief Executive Officer


Director


Chief Financial Officer

ROSHAN PACKAGES LIMITED

NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE SIX-MONTH PERIOD ENDED 31 DECEMBER 2019

1 CORPORATE AND GENERAL INFORMATION

The Group comprises of Roshan Packages Limited ("the Holding Company") and Roshan Sun Tao Paper Mills (Private) Limited ("the Subsidiary"), together "the Group".

ROSHAN PACKAGES LIMITED

The Holding Company Roshan Packages Limited ("the Company") was incorporated in Pakistan as a private company limited by shares on 13 August 2002 under the Companies Act, 2017. The Company was converted into a public limited company on 23 September 2016 and got listed on Pakistan Stock Exchange Limited on 28 February 2017. It is principally engaged in the manufacture and sale of corrugation and flexible packaging materials.

The registered office of the Company is situated at 325 G-III, M.A. Johar Town, Lahore. The corrugation packaging facility is located at 7 km, Sundar Raiwind Road, Lahore and flexible packaging facility is located at Plot No. 141,142 and 142-B, Sundar Industrial Estate, Raiwind, Lahore.

ROSHAN SUN TAO PAPER MILLS (PRIVATE) LIMITED

The Subsidiary (hereinafter also referred to as the 'corrugated papers segment') was incorporated in Pakistan as a private company limited by shares on 08 January 2016, and is a joint venture with Shandong Yongtai Paper Mill Company Limited, China. The principal activity of the Subsidiary will be manufacturing, supplying and dealing in corrugated papers. The Holding Company holds 60% of voting securities in the Subsidiary. The country of incorporation is also its principal place of business and Subsidiary's financial year end is 30 June. As of the reporting date, the Subsidiary is in its set up phase and has not yet commenced its commercial operations.

Shandong Yongtai Paper Mills (Private) Limited, shareholder having 40% of share capital of the Subsidiary has filed a petition in the Honorable Lahore High Court under sections 301 and 306 of the Companies Act, 2017, for winding up of the Subsidiary. The subsidiary's legal counsel is of the opinion that winding up of the corrugated paper segment is not likely to happen as the Holding Company is the main shareholder and the main concern of the investor is to return its investment for which a mutually beneficial mechanism would be established.

Head office and registered office: 325-G-III, Johar Town, Lahore, Punjab.

The land purchased for setting up the manufacturing facility is situated at M-2 Lahore-Islamabad motorway, district Sheikhupura near village Mandiala and Qaimpur, adjacent to Quaid-e-Azam Industrial Apparel Park.

2 STATEMENT OF COMPLIANCE

- 2.1** These consolidated condensed interim financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting which comprise of International Accounting Standards (IAS) 34 'Interim Financial Reporting' issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017 (the Act) and provisions of and directives issued under the Act.

Where the provisions of and directives issued under the Act differ with the requirements of IAS 34, the provisions and directives issued by the Act has been followed.

- 2.2** These consolidated condensed interim financial statements are being submitted to the shareholders as required under Section 237 of the Companies Act, 2017 ("the Act") and are un-audited.
- 2.3** These consolidated condensed interim financial statements do not include all of the information required for full annual consolidated financial statements and should be read in conjunction with the audited consolidated annual financial statements for the year ended 30 June 2019.
- 2.4** These consolidated condensed interim financial statements comprise of consolidated condensed interim statement of financial position as at December 2019, consolidated condensed interim statement of profit and loss and other comprehensive income, consolidated condensed interim statement of changes in equity, consolidated condensed interim statement of cash flows and notes thereto for the six months period then ended. These consolidated condensed interim financial statements also include consolidated condensed interim profit or loss and other comprehensive income for the quarter ended 31 December 2019.
- 2.5** The comparative statement of financial position presented in these consolidated condensed interim financial statements has been extracted from the audited annual consolidated financial statements of the Group for the year ended 30 June 2019, whereas comparative consolidated condensed interim statement of profit or loss and comprehensive income, consolidated condensed interim statement of cash flows and consolidated condensed interim statement of changes in equity have been extracted from the consolidated condensed interim financial statements for the six month period ended 31 December 2018.

3 BASES OF PREPARATION AND CHANGES TO THE GROUP'S ACCOUNTING POLICIES

- 3.1** The accounting policies and method of computation adopted in the preparation of the interim financial statements are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 30 June 2019, except for the adoption of new standards effective as of 01 July 2019 as notified by the Securities and Exchange Commission of Pakistan (SECP). The Company has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

Last year, the SECP had notified vide its S.R.O 299 (I)/2019 that the effective date for the applicability of IFRS 9 'Financial Instruments' would be for the reporting period/year ending on or after year ending June, 30 2019. Accordingly, the Group had not applied IFRS 9 while preparing condensed interim financial statements for the half year ended 31 December 2018.

As at 30 June 2019, the Group had applied IFRS 9 and the expected credit loss against financial assets had been recorded accordingly. The Group has also made assessment of the expected credit losses for the current period. Further, no adjustment has been made in the corresponding figures relating to the period ended 31 December 2018.

3.2 Standards, Interpretations and Amendments to Published Approved Accounting Standards that became Effective during the Period

The Group has adopted the following revised standard, amendments and interpretation of International Financial Reporting Standards (IFRS) which became effective for the current period:

Standard or Interpretation

IFRS 16 - Leases

IAS 19 - Plan Amendment, Curtailment or Settlement (Amendments)

IAS 28 - Long-term Interests in Associates and Joint Ventures - (Amendments)

IFRIC 23 - Uncertainty over Income Tax Treatments

IFRS 11 - Joint Arrangements - Previously held interests in a joint operation - (AIP)

IAS 23 - Borrowing Costs - Borrowing costs eligible for capitalization

IFRS 3 - Business Combinations - Previously held Interests in joint operation - (Amendments)

IFRS 9 - Prepayment Features with Negative Compensation - (Amendments)

IAS 12 - Income Taxes - Income tax consequences of payments on financial instruments classified as equity

IFRS - 14 - Regulatory Deferral Accounts

The adoption of these standards did not have any material impact on these consolidated condensed interim financial statements except for IFRS 16 as explained below:

3.2.1 IFRS 16 - Leases

During the current year, the Group has adopted IFRS 16 as issued by the International Accounting Standards Board (IASB) in January 2016.

IFRS 16 supersedes IAS 17 Leases, IFRIC 4 Determining whether an Arrangement contains a Lease, SIC-15 Operating Leases-Incentives and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model.

The Group has lease contracts for its vehicles and head office building. Before the adoption of IFRS 16, the Company classified its vehicles (as lessee) as finance lease as per IAS-17. In a finance lease, the leased assets were capitalized and the present value of lease payments were recognized as lease liability. Leased assets were depreciated according to IAS-16 "Property, Plant and Equipment" and lease liability was reduced with the payment of rentals. Further, lease arrangements of head office building were classified as operating lease against which rentals paid were expensed out to the statement of profit or loss.

Upon adoption of IFRS 16, the Group initially recognized a lease liability for the obligation to make lease payments and a right-of-use (ROU) asset for the right to use the underlying asset for the lease term against a consideration. The lease liability is measured at the present value of the consideration (lease payments) to be made over the lease term. The lease payments are discounted using the interest rate implicit in the lease, unless it is not readily determinable, in which case the lessee may use the incremental rate of borrowing. The right-of-use asset is initially measured at the present value of lease liability, adjusted for lease prepayments and borrowing costs. As on 01 July 2019, the Group recorded lease liabilities and related right of use assets at present value of future cash flows. Therefore, there is no impact on opening unappropriated profit of the Group due to adoption of IFRS 16.

The effect of adoption of IFRS 16 as at 1 July 2019 (increase / (decrease)) is as follows:

	01 July 2019 Rupees
Assets	
Right of use assets	54,325,351
Property, plant and equipment	(27,094,172)
Liabilities	
Lease liabilities	54,325,351

Summary of new accounting policies

Set out below are the new accounting policies of the Group upon adoption of IFRS 16, which have been applied from the date of initial application:

Right-of-use assets

The Group recognizes right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognized, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Unless the Group is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognized right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term. Right-of-use assets are subject to impairment testing at each reporting date.

Lease liabilities

At the commencement date of the lease, the Group recognizes lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees.

To calculate the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases of its assets (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases that are considered of low value. Lease payments on short-term leases and leases of low-value assets are recognized as expense on a straight-line basis over the lease term.

Significant judgement in determining the lease term of contracts with renewal options

The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Group has the option, under some of its leases to lease the assets for additional terms of five years. The Company applies judgement in evaluating whether it is reasonably certain to exercise the option to renew for one more term. That is, it considers all relevant factors that create an economic incentive for it to exercise the renewal. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise (or not to exercise) the option to renew (e.g. a change in business strategy).

The Group has included the renewal period as part of the lease term for leases of head office building due to the significance of these assets to its operations.

Further, the following new standards have been issued by IASB which are yet to be notified by the SECP for the purpose of applicability in Pakistan:

Standard	Effective date (Annual Periods Beginning or after)
IFRS 1 - First time adoption of IFRS 1	1 July 2019
IFRS 17 - Insurance Contracts	1 January 2021

4 USE OF JUDGMENTS AND ESTIMATES

The preparation of the consolidated condensed interim financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates. In preparing the consolidated condensed interim financial statements, the significant judgements made by the management in applying accounting policies and the key sources of estimates were the same as those applied to the annual consolidated financial statements of the Group for the year ended 30 June 2019, except some additional judgements disclosed in Note 3.2.1.

5 PROPERTY, PLANT AND EQUIPMENT

	Note	(Un-audited) 31 December 2019 Rupees	(Audited) 30 June 2019 Rupees
Operating fixed assets	5.1	4,648,534,310	4,719,991,918
Capital work in progress (CWIP)		403,057,256	387,425,967
		<u>5,051,591,566</u>	<u>5,107,417,885</u>

- 5.1 These include the cost of operating assets that have been added during the six months period ended 31 December 2019. The movement in net book value of operating fixed assets during the period / year is follows:

	Note	(Un-audited) 31 December 2019 Rupees	(Audited) 30 June 2019 Rupees
Opening net book value		4,719,991,918	3,626,574,039
Transfer to right of use assets on 01 July 2019		(27,094,172)	-
Additions / transfer from CWIP and assets subject to finance lease during the period / year:			
Buildings on freehold land - owned		-	41,804,962
Plant and machinery - owned		22,166,015	84,319,687
Electric installations - owned		171,499	36,548,109
Vehicles - leased		-	12,169,000
Furniture and fixture - owned		247,400	675,116
Office equipment - owned		1,289,646	6,024,568
		23,874,560	181,541,442
Disposals / transfer during the period / year - net book value		-	(2,443,062)
Revaluation surplus arising during the period / year		-	1,055,284,567
Less: Depreciation charge for the period / year		(68,237,996)	(140,965,068)
Closing net book value		<u>4,648,534,310</u>	<u>4,719,991,918</u>

		(Un-audited) 31 December 2019 Rupees	(Audited) 30 June 2019 Rupees
6 RIGHT OF USE ASSETS	Note		
Opening net book value		-	-
Transfer from property, plant and equipment on 01 July 2019		27,094,172	
Additions during the period / year:			
Building		27,231,179	-
Vehicle		3,130,000	-
		30,361,179	-
Disposals / transfer to fixed assets		-	-
Less: Depreciation charge for the period / year		(5,253,305)	-
Closing net book value		52,202,046	-
7 LONG TERM LOAN - UNSECURED			
Loan to associated undertaking - Roshan Enterprises	7.1	140,940,871	132,838,400
		140,940,871	132,838,400
7.1	The loan carries markup at the rate of 1-Year KIBOR+2% (30 June 2019: KIBOR+2%). The principal and markup shall be received in two equal installments commencing from the effective date of loan. Movement during the period / year is as follows:		
		(Un-audited) 31 December 2019 Rupees	(Audited) 30 June 2019 Rupees
Opening balance		132,838,400	122,722,688
Markup accrued during the period / year		8,102,471	10,115,712
Closing balance		140,940,871	132,838,400
8 STOCK-IN-TRADE			
Raw materials		665,101,792	693,322,162
Finished goods		10,257,031	16,264,405
		675,358,823	709,586,567

	(Un-audited) 31 December 2019 Rupees	(Audited) 30 June 2019 Rupees
9 CASH AND BANK BALANCES		
Cash in hand	770,843	232,131
Cash at banks:		
Savings accounts	15,047,762	123,014,476
Current accounts	68,520,277	115,428,850
Term deposits	600,000,000	900,000,000
	683,568,039	1,138,443,326
	684,338,882	1,138,675,457

10 ISSUED, SUBSCRIBED AND PAID UP SHARE CAPITAL

(Un-audited) 31 December 2019 (Number of shares)	(Audited) 30 June 2019		(Un-audited) 31 December 2019 Rupees	(Audited) 30 June 2019 Rupees
		Note		
57,336,000	57,336,000	Ordinary shares of Rs. 10 each fully paid in cash	573,360,000	573,360,000
79,461,000	79,461,000	Ordinary shares of Rs. 10 each issued as bonus shares	794,610,000	794,610,000
5,103,000	5,103,000	Ordinary shares of Rs. 10 each fully paid for consideration other than cash	51,030,000	51,030,000
141,900,000	141,900,000	10.1	1,419,000,000	1,419,000,000

10.1 These right shares were issued against the fair value of land acquired measuring 48 kanals and 12 marlas and is situated opposite to Sundar Industrial Estate, Bhai Kot, Raiwind, Lahore.

11 CONTINGENCIES AND COMMITMENTS

11.1 Contingencies

There is no material change in the contingencies since the date of preceding published annual consolidated financial statements.

11.2 Commitments in respect of:

- Contracts for capital expenditure amounting to Rs. 43.52 million (30 June 2019: Rs. 37.92 million).
- Letters of credit and contracts other than for capital expenditure amounting to Rs. 48.53 million (30 June 2019: Rs. 147.87 million).

11.3 Guarantee

The banks have issued the following guarantee on behalf of the Company:

- Letter of guarantee issued in favor of Sui Northern Gas Pipelines Limited amounting to Rs. 25.34 million (30 June 2019: Rs. 25.29 million).
- Letter of guarantee issued in favor of Total Parco Pakistan Limited amounting to Rs. 8 million (30 June 2019: Rs. 8 million).

12 REVENUE FROM CONTRACTS WITH CUSTOMERS

In the following table, revenue from contracts with customers is disaggregated by timing of revenue recognition.

	Note	31 December 2019 Rupees	31 December 2018 Rupees
Major product lines:			
- Made-to-order products		2,221,672,145	2,489,198,484
- Standard packaging products		289,507,384	258,205,394
		<u>2,511,179,529</u>	<u>2,747,403,878</u>
Timing of revenue recognition:			
- Products transferred over time		2,221,672,145	2,489,198,484
- Products transferred at a point in time		289,507,384	258,205,394
Revenue from contracts with customers		<u>2,511,179,529</u>	<u>2,747,403,878</u>

13 COST OF REVENUE

	Six months period ended (Un-audited) 31 December 2019 Rupees		Three months period ended (Un-audited) 31 December 2019 Rupees	
	(Un-audited) 31 December 2018 Rupees		(Un-audited) 31 December 2018 Rupees	
Raw materials consumed	1,863,396,392	2,225,103,125	1,096,614,034	1,158,185,631
Carriage inward expenses	1,301,028	1,469,885	784,912	1,003,405
Packing material consumed	8,171,047	11,597,705	4,423,295	4,588,707
Production supplies	46,412,862	42,506,001	31,587,363	33,420,071
Fuel and power	114,266,380	95,192,035	59,314,293	47,917,854
Salaries, wages and other benefits	108,955,143	119,527,271	55,566,055	64,423,759
Repairs and maintenance	18,439,247	34,427,462	7,559,466	17,968,289
Printing and stationery	300,517	416,775	158,234	218,312
Insurance	4,343,168	3,482,832	2,022,207	1,375,939
Rent	621,019	649,299	180,990	571,099
Travelling and conveyance	11,749,993	11,405,184	5,410,672	5,950,242
Communication expenses	428,502	494,437	250,271	283,938
Vehicle running expenses	1,488,263	1,619,978	858,378	864,130
Depreciation on operating fixed assets	66,389,093	61,570,857	34,298,497	31,595,406
Depreciation on right of use asset / assets subject to finance lease	1,219,321	886,483	259,128	498,985
Others	9,847,502	6,708,396	4,352,423	5,649,617
	<u>2,257,329,477</u>	<u>2,617,057,725</u>	<u>1,303,640,218</u>	<u>1,374,515,384</u>
Opening work-in-process	-	20,776,488	-	42,749,020
Closing work-in-process	-	(65,443,612)	-	(65,443,612)
	-	(44,667,124)	-	(22,694,592)
Cost of goods manufactured	<u>2,257,329,477</u>	<u>2,572,390,601</u>	<u>1,303,640,218</u>	<u>1,351,820,792</u>
Opening stock of finished goods	16,264,405	41,789,793	4,123,031	52,197,705
Closing stock of finished goods	(10,257,031)	(36,357,330)	(10,257,031)	(36,357,330)
	<u>6,007,374</u>	<u>5,432,463</u>	<u>(6,134,000)</u>	<u>15,840,375</u>
	<u>2,263,336,851</u>	<u>2,577,823,064</u>	<u>1,297,506,218</u>	<u>1,367,661,167</u>

	(Un-audited) 31 December 2019 Rupees	(Un-audited) 31 December 2018 Rupees
14 OTHER INCOME		
<u>Income from financial assets</u>		
Profit on bank deposits	60,158,201	56,658,988
Interest income on loans to related parties: Roshan Enterprises	8,102,471	2,642,472
<u>Income from non-financial assets</u>		
Gain on disposal of operating fixed assets	-	5,207,412
Exchange gain	16,476,896	-
Scrape sales	1,077,700	-
Liabilities written back	-	7,736
	85,815,268	64,516,608
15 TAXATION		
Current tax	24,352,163	3,036,093
Deferred tax (income) / expense	(116,186,216)	34,342,548
	(91,834,053)	37,378,641
16 CASH AND CASH EQUIVALENTS		
Cash and bank balances	684,338,882	1,138,675,457
Running finance	(349,257,041)	(441,881,617)
	335,081,841	696,793,840
17 CASH USED IN OPERATIONS		
Profit / (Loss) before taxation	64,851,501	(29,610,178)
Adjustment for non-cash charges and other items:		
Depreciation	73,491,301	66,891,810
Markup on loans	(8,102,471)	-
Finance costs	126,416,068	81,887,942
Provision for gratuity	9,043,331	8,417,172
Worker's Welfare Fund	918,360	-
Profit on bank deposits	(60,158,201)	(56,658,988)
Amortization of intangibles	708,848	394,349
Worker's Profit Participation Fund	5,068,230	-
Exchange gain	(16,495,998)	-
Reversal of allowance for expected credit losses	(1,581,120)	-
Gain on disposal of property, plant and equipment	-	(5,207,412)
Provision for accumulating compensated absences	1,453,249	2,207,268
Profit before working capital changes	195,613,098	68,321,963
Effect on cash flow due to working capital changes:		
- (Increase) / decrease in stores and spare parts	(6,014,899)	2,913,105
- Decrease / (increase) in stock-in-trade	34,227,744	(86,703,612)
- Increase in trade debts	(67,890,653)	(495,873,842)
- Increase in contract assets	(29,778,351)	-
- Increase in advances, deposits, prepayments and other receivables	(50,952,243)	(33,481,801)
- Increase in contract liabilities	5,112,901	-
- (Decrease) / increase in trade and other payables	(198,512,829)	445,282,380
	(313,808,330)	(167,863,770)
	(118,195,232)	(99,541,807)

18 TRANSACTIONS WITH RELATED PARTIES

The related parties include the associated undertaking, key management personnel and their associates. The Group in the normal course of business carries out transactions with various related parties. Details of transactions with related parties, other than those which have been specifically disclosed elsewhere in these consolidated condensed interim financial statements are as follows:

Name of related party	Relationship with the Company	Nature of transaction	Six months period ended		Three months period ended	
			(Un-audited)	(Un-audited)	(Un-audited)	(Un-audited)
			31 December 2019	31 December 2018	31 December 2019	31 December 2018
			Rupees	Rupees	Rupees	Rupees
Tayyab Aijaz	26.84% shareholding in the Company	Bonus shares issued	-	63,476,600	-	63,476,600
Zaki Aijaz	11.86% shareholding in the Company	Bonus shares issued	-	28,048,900	-	28,048,900
Saadat Eijaz	11.86% shareholding in the Company	Bonus shares issued	-	28,048,900	-	28,048,900
Khalid Eijaz	14.65% shareholding in the Company	Bonus shares issued	-	34,647,250	-	34,647,250
Quasim Aijaz	2.96% shareholding in the Company	Bonus shares issued	-	7,000,400	-	7,000,400
Associated undertaking	Common directorship	Sales	3,044,213	5,753,828	3,044,213	5,753,828
		Markup	8,102,471	2,642,472	4,051,236	2,642,472

19 FINANCIAL RISK MANAGEMENT

19.1 Financial Risk Factors

The Group finances its operations through equity and borrowings with a view to maximize the return to the stakeholders. The Group is exposed to market risk, credit risk and liquidity risk. The Group's principal financial liabilities comprise supplier's credit, trade and other payables, short term borrowings and long-term borrowings. The main purpose of these financial liabilities is to raise finance for the Group's operations. The Group has various financial assets such as long-term loan to subsidiary, prepayments, deposits and other receivables, trade debts, short term loan, profit accrued and cash and bank balances, which are directly related to operations.

The Board of Directors has the overall responsibility for the establishment and oversight of Group's risk management framework. The Board is also responsible for developing and monitoring the Group's risk management policies. The Group's risk management policies are established to identify and analyze the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to react to changes in market conditions and the Group's activities.

There is no change in the Group's objectives, policies, procedures for measuring and managing the above risks including capital management risk, since the preceding financial year ended 30 June 2019.

19.2 Fair value of financial assets and liabilities

Fair value is the amount for which an asset could be exchanged, or a liability can be settled, between knowledgeable willing parties in an arm's length transaction. The carrying value of all financial assets and liabilities reflected in the financial statements approximate their fair values.

31 December 2019		
Cash and cash equivalents	Amortized Cost Rupees	Total
Financial assets as per statement of financial position		
Long term loan - unsecured	- 140,940,871	140,940,871
Long term deposits	- 15,781,593	15,781,593
Trade debts - unsecured	- 1,338,977,121	1,338,977,121
Deposits and other receivables	- 46,492,185	46,492,185
Cash and bank balances	684,338,882 -	684,338,882
Total	684,338,882 1,542,191,770	2,226,530,652

30 June 2019		
Cash and cash equivalents	Amortized Cost Rupees	Total
Financial assets as per statement of financial position		
Long term loan - unsecured	- 132,838,400	132,838,400
Long term deposits	- 16,253,723	16,253,723
Trade debts - unsecured	- 1,318,101,315	1,318,101,315
Deposits and other receivables	- 31,024,728	31,024,728
Cash and bank balances	1,138,675,457 -	1,138,675,457
Total	1,138,675,457 1,498,218,166	2,636,893,623

Financial liabilities as per statement of financial position	Amortized Cost
31 December 2019	
Lease liabilities	41,292,015
Long term finances	105,812,500
Supplier's credit	181,520,802
Short term borrowings	1,440,673,584
Trade and other payables	777,085,283
Unclaimed dividend	792,684
Accrued finance cost	45,573,795
	<u>2,592,750,663</u>

Financial liabilities as per statement of financial position	
30 June 2019	
Lease liabilities	19,764,577
Long term finances	331,412,463
Supplier's credit	248,226,538
Short term borrowings	1,353,114,322
Trade and other payables	986,314,267
Unclaimed dividend	800,169
Accrued finance cost	34,431,606
	<u>2,974,063,942</u>

19.3 Fair values of non-financial assets and liabilities

The carrying values of other financial assets and financial liabilities reflected in financial statements approximate their fair values. Fair values are determined on the basis of objective evidence at each reporting date.

Fair Value Hierarchy


Fair value is the amount for which an asset could be exchanged, or liability settled, between knowledgeable willing parties in an arm's length transaction. Underlying the definition of fair value is the presumption that the Group is a going concern without any intention or requirement to curtail materially the scale of its operations or to undertake a transaction on adverse terms. Fair value is determined on the basis of objective evidence at each reporting date.

20 DATE OF AUTHORIZATION FOR ISSUE

These consolidated condensed interim financial statements were approved and authorized for issue on 26-02-2020 by the Board of Directors of the Group.

21 GENERALS

Figures have been rounded off to the nearest Rupees.


Chief Executive Officer
Officer


Director


Chief Financial