

**Financial Statements
for the
Quarter ended
March 31, 2018**



MERIT PACKAGING LIMITED
A Lakson Group Company

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Corporate Information

Board of Directors

Iqbal Ali Lakhani	Chairman
Amin Mohammed Lakhani	
Anushka Zulfiqar Lakhani	
Tasleemuddin Ahmed Batlay	
Shahid Ahmed Khan	Chief Executive Officer
Shaikh Muhammad Barinuddin	Independent Director
Sheikh Asim Rafiq	Nominee Director (NIT)
Farrukh Shauket Ansari	Nominee Director (NIT)

Advisor

Sultan Ali Lakhani

Audit Committee

Shaikh Muhammad Barinuddin	Chairman
Iqbal Ali Lakhani	
Tasleemuddin Ahmed Batlay	

Human Resource and Remuneration Committee

Iqbal Ali Lakhani	Chairman
Tasleemuddin Ahmed Batlay	
Shahid Ahmed Khan	

Company Secretary

Mansoor Ahmed

Auditors

BDO Ebrahim & Co.
Chartered Accountants

Bankers

Al-Baraka Bank (Pakistan) Limited
Askari Bank Limited
BankIslami Pakistan Limited
Dubai Islamic Bank Pakistan Limited
Habib Bank Limited
Habib Bank Limited - Islamic Banking
JS Bank Limited
MCB Bank Limited
Meezan Bank Limited
National Bank of Pakistan
Soneri Bank Limited
United Bank Limited - Ameen

Shares Registrar

FAMCO Associates (Pvt) Ltd
8-F, Next to Hotel Faran, Nursery Block-6,
P.E.C.H.S., Shakra-e-Faisal, Karachi.
Email : info.shares@famco.com.pk
Phone : (021) 34380101 - 2, Fax : (021) 34380106
Website : www.famco.com.pk

Registered Office

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

Karachi Factory

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

Lahore Factory

224/B, Sunder Industrial Estate, Sunder,
Raiwind Road, Lahore

Website

www.meritpack.com

Directors' Review

Directors of your Company are pleased to present the condensed interim un-audited financial statements of the Company for the quarter and nine months period ended March 31, 2018.

FINANCIAL AND OPERATIONAL PERFORMANCE

The comparison of the un-audited financial results for the nine months and quarter ended March 31, 2018 is as follows:

	Nine months ended		Quarter ended	
	March 31, 2018 (Rupees in thousand)	March 31, 2017 (Rupees in thousand)	March 31, 2018 (Rupees in thousand)	March 31, 2017 (Rupees in thousand)
Net sales	1,778,253	1,360,045	702,312	458,755
Gross profit	167,485	132,526	59,582	48,753
Operating profit	99,214	72,914	33,067	28,583
Profit before tax	1,033	3,545	160	565

During the period under review, the net sales amounted to Rs. 1.8 billion as compared to Rs. 1.36 billion for corresponding period of last year, showing an increase of Rs. 418 million or 31%. Pre-tax profit for the period under review is Rs. 1 million as compared to Rs. 3.5 million recorded for the same period last year.

The recent capital expenditure in Company's assets and infrastructure has now generated new avenues of business consequent to which positive results are being observed in the initial phases of commercial operations at all locations. The Company is also making full efforts to pass impact of increase in price of inputs in the printing industry to customers.

All the measures undertaken will ensure uninterrupted customer satisfaction besides focusing more on value added products and better quality of finished products.

We look forward with confidence that increased sales, optimum capacity utilization and operational efficiencies in the remaining period of the year will bring in the financial stability in term of future prospects.

On behalf of the Board of Directors



IQBAL ALI LAKHANI
Chairman

Karachi: April 25, 2018



SHAHID AHMED KHAN
Chief Executive

ڈائریکٹرز کا جائزہ

آپ کی کمپنی کے ڈائریکٹرز بڑی مسرت کے ساتھ 31 مارچ 2018ء کو ختم ہونے والی تیسری سہ ماہی اور نو ماہ کے لئے کارکردگی کا جائزہ مع مختصر عبوری غیر آڈٹ شدہ مالیاتی گوشوارے پیش کرتے ہیں۔

مالیاتی اور آپریشنل کارکردگی

نو ماہ اور تختہ تیسری سہ ماہی 31 مارچ 2018ء کے لئے غیر آڈٹ شدہ مالیاتی نتائج کا موازنہ درج ذیل ہے:

تختہ سہ ماہی		تختہ نو ماہ		
31 مارچ 2017	31 مارچ 2018	31 مارچ 2017	31 مارچ 2018	
(ہزار روپے)		(ہزار روپے)		
458,755	702,312	1,360,045	1,778,253	خالص سیلز
48,753	59,582	132,526	167,485	مجموعی منافع
28,583	33,067	72,914	99,214	آپریٹنگ منافع
565	160	3,545	1,033	قبل از ٹیکس منافع

زیر جائزہ مدت کے دوران خالص فروخت گزشتہ سال اسی مدت کے لئے 1.36 بلین روپے کے مقابلے میں 1.8 بلین روپے رہی جو 418 بلین روپے یا 31% کا اضافہ دکھاتی ہے۔ قبل از ٹیکس منافع گزشتہ سال اسی مدت میں ریکارڈ کئے گئے 3.5 بلین روپے کے مقابلے میں 1 بلین روپے زیر جائزہ مدت میں ہے۔

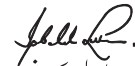
کمپنی کے اثاثوں اور بنیادی ڈھانچے میں حالیہ سرمایہ کاری نے کاروبار کی نئی راہیں پیدا کی ہیں جس کے نتیجے میں تمام مقامات پر تجارتی سرگرمیوں کے ابتدائی مراحل میں مثبت نتائج کا مشاہدہ کیا جا رہا ہے۔ پرنٹنگ کی صنعت میں خام مال کے دام میں اضافے کے اثر کو کمپنی اپنے کسٹمرز کو منتقل کرنے کیلئے پوری کوشش کر رہی ہے۔ یہ تمام اقدامات یقیناً بہتر مصنوعات کی ترسیل کے ساتھ ساتھ بلا تعطل کسٹمرز کے اطمینان کا باعث بنیں گی۔

لہذا ڈائریکٹرز پر اعتماد ہیں کہ سال کے بقیہ مدت میں بڑھتی ہوئی فروخت، گنجائش سے زیادہ سے زیادہ استفادہ اور آپریشنل استعداد کار مستقبل میں کمپنی کی مالیاتی استحکام کا باعث بنیں گی۔



شاہد احمد خان
چیف ایگزیکٹو

بورڈ آف ڈائریکٹرز کی جانب سے



اقبال علی لاکھانی
چیرمین

کراچی: 25 اپریل 2018ء

Condensed Interim Balance Sheet

As at March 31, 2018 (Un-audited)

		March 31, 2018 (Un-audited)	June 30, 2017 (Audited)
	Note	Rs. in 000's	Rs. in 000's
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	6	1,674,293	1,386,982
Capital work in progress	7	502,692	513,570
		2,176,985	1,900,552
Intangible assets		1,160	48
Long-term loans and advances		793	1,200
Long-term deposits		13,788	13,110
Deferred taxation		40,289	31,362
		2,233,015	1,946,272
CURRENT ASSETS			
Stores and spares		93,127	93,845
Stock-in-trade		560,357	326,353
Trade debts (unsecured - considered good)	8	596,991	383,986
Loans and advances		9,369	9,447
Trade deposits and short-term prepayments		8,422	5,020
Other receivables	9	562	123
Tax refund due from Government		314,055	250,716
Taxation-net		32,866	27,960
Cash and bank balances		9,325	2,051
		1,625,074	1,099,501
TOTAL ASSETS		3,858,089	3,045,773
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized share capital 100,000,000 (June 30, 2017: 100,000,000) ordinary shares of Rs.10/- each		1,000,000	1,000,000
Issued, subscribed and paid-up capital 80,628,398 (June 30, 2017: 40,314,199) ordinary shares of Rs. 10/- each	10	806,284	403,142
Surplus On Revaluation Of Fixed Assets		213,684	214,347
Accumulated loss		(5,643)	(4,327)
		1,014,325	613,162
NON CURRENT LIABILITIES			
Sub-ordinated loan		100,000	100,000
Long-term financing	11	1,125,257	1,193,324
Long-term deposits		570	645
		1,225,827	1,293,969
CURRENT LIABILITIES			
Trade and other payables		488,393	229,600
Interest and markup accrued		59,117	18,770
Short-term borrowings	12	836,721	738,390
Current portion of long-term financing		233,706	151,882
		1,617,937	1,138,642
CONTINGENCIES AND COMMITMENTS	13		
TOTAL EQUITY AND LIABILITIES		3,858,089	3,045,773

The annexed notes from 1 to 24 form an integral part of this condensed interim financial information.


IQBAL ALI LAKHANI
Chairman


SHAHID AHMED KHAN
Chief Executive


MUHAMMAD AAQIL JAH
Chief Financial Officer

Condensed Interim Profit and Loss Account

For the period ended March 31, 2018 (Un-audited)

	Note	Nine months ended		Quarter ended	
		March 31, 2018 Rs. in 000's	March 31, 2017 Rs. in 000's	March 31, 2018 Rs. in 000's	March 31, 2017 Rs. in 000's
Sales - net	14	1,778,253	1,360,045	702,312	458,755
Cost of sales	15	(1,610,768)	(1,227,519)	(642,730)	(410,002)
Gross profit		167,485	132,526	59,582	48,753
General and administrative expenses		(39,287)	(32,260)	(14,118)	(11,991)
Selling expenses		(29,906)	(26,315)	(11,939)	(8,373)
Other operating income		3,063	2,191	451	744
Other operating expenses		(2,141)	(3,228)	(909)	(550)
		(68,271)	(59,612)	(26,515)	(20,170)
Operating profit		99,214	72,914	33,067	28,583
Financial charges		(98,181)	(69,369)	(32,907)	(28,018)
Profit before taxation		1,033	3,545	160	565
Taxation	16	8,829	-	2,812	-
Profit after taxation		9,862	3,545	2,972	565
Earnings per share - basic and diluted (Rupees)	17	0.18	0.09	0.04	0.01

The annexed notes from 1 to 24 form an integral part of this condensed interim financial information.


IQBAL ALI LAKHANI
Chairman


SHAHID AHMED KHAN
Chief Executive


MUHAMMAD AAQIL JAH
Chief Financial Officer

Condensed Interim Statement of Comprehensive Income

For the period ended March 31, 2018 (Un-audited)

	Nine months ended		Quarter ended	
	March 31, 2018	March 31, 2017	March 31, 2018	March 31, 2017
	Rs. in 000's	Rs. in 000's	Rs. in 000's	Rs. in 000's
Profit for the period	9,862	3,545	2,972	565
Other comprehensive income	-	-	-	-
Total comprehensive income / (loss) for the period	9,862	3,545	2,972	565

The annexed notes from 1 to 24 form an integral part of this condensed interim financial information.



IQBAL ALI LAKHANI
Chairman



SHAHID AHMED KHAN
Chief Executive



MUHAMMAD AAQIL JAH
Chief Financial Officer

Condensed Interim Statement of Cash Flows

For the period ended March 31, 2018 (Un-audited)

	Note	Nine months ended	
		March 31, 2018	March 31, 2017
		Rs. in 000's	Rs. in 000's
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash (utilised) / generated from operations	18	(76,009)	51,642
Taxes paid		(19,717)	(10,805)
Financial charges paid		(57,834)	(41,251)
Long-term loans and advances		407	156
Long-term deposits		(755)	(1,943)
Net cash used in operating activities		(153,908)	(2,201)
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditure		(341,086)	(433,678)
Purchase of intangible assets		(1,243)	-
Proceeds from sale of operating fixed assets		122	326
Net cash used in investing activities		(342,207)	(433,352)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from long term financing		107,213	682,001
Repayment of short term borrowings (excluding running finance)		(250,000)	(200,000)
Subscription against right issue, net of share issue cost		391,301	-
Repayment of long-term financing		(93,455)	(29,178)
Net cash generated from financing activities		155,059	452,823
Net increase / (decrease) in cash and cash equivalents		(341,056)	17,270
Cash and cash equivalents at beginning of the period		(486,340)	(521,023)
Cash and cash equivalents at end of the period		(827,396)	(503,753)
CASH AND CASH EQUIVALENTS COMPRISE:			
Cash and bank balances		9,325	11,426
Short-term running finances		(836,721)	(515,179)
		(827,396)	(503,753)

The annexed notes from 1 to 24 form an integral part of this condensed interim financial information.


IQBAL ALI LAKHANI
Chairman


SHAHID AHMED KHAN
Chief Executive


MUHAMMAD AAQIL JAH
Chief Financial Officer

Condensed Interim Statement of Changes in Equity


For the period ended March 31, 2018 (Un-audited)

	Issued, subscribed and paid-up capital Rs. in 000's	Surplus on revaluation of fixed assets Rs. in 000's	Revenue Reserves			
			General reserve Rs. in 000's	Accumulated loss Rs. in 000's	Total Rs. in 000's	Total Rs. in 000's
Balance as at July 1, 2016	403,142	215,117	106,800	(143,798)	(36,998)	581,261
Total comprehensive income for the nine months ended March 31, 2017	-	-	-	3,545	3,545	3,545
Incremental depreciation net of deferred tax effect charged during the period transferred from surplus on revaluation of property, plant & equipment	-	(679)	-	679	679	-
Balance as at March 31, 2017	403,142	214,438	106,800	(139,574)	(32,774)	584,806
Balance as at July 1, 2017	403,142	214,347	106,800	(111,127)	(4,327)	613,162
Total comprehensive income for the nine months ended March 31, 2018	-	-	-	9,862	9,862	9,862
Incremental depreciation net of deferred tax effect charged during the period transferred from surplus on revaluation of property, plant & equipment	-	(663)	-	663	663	-
Issue of 40,314,199 ordinary shares of Rs 10/- each fully paid in cash	403,142	-	-	-	-	403,142
Share issue costs	-	-	-	(11,841)	(11,841)	(11,841)
Balance as at March 31, 2018	806,284	213,684	106,800	(112,443)	(5,643)	1,014,325

The annexed notes from 1 to 24 form an integral part of this condensed interim financial information.


IQBAL ALI LAKHANI
Chairman


SHAHID AHMED KHAN
Chief Executive


MUHAMMAD AAQIL JAH
Chief Financial Officer

Notes to the Condensed Interim Financial Information

For the period ended March 31, 2018 (Un-audited)

1. NATURE AND STATUS OF THE COMPANY

Merit Packaging Limited ("the Company") was incorporated on January 28, 1980 in Pakistan as a public limited company under the repealed Companies Ordinance, 1984 and is listed on the Pakistan Stock Exchange. The registered office of the Company is situated at Lakson Square Building No. 2, Sarwar Shaheed Road, Karachi. The Company is mainly engaged in the manufacture and sale of printing and packaging materials.

2. BASIS OF PREPARATION

2.1 Statement of compliance

This condensed interim financial information is unaudited and is being submitted to the shareholders as required under section 237 of the Companies Act, 2017 and the listing regulations of the Pakistan Stock Exchange.

This condensed interim financial information have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting. The accounting and reporting standards as applicable in Pakistan for interim financial reporting comprise of:

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

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

This condensed interim financial information does not include all the information and disclosures required for full annual financial statements and should be read in conjunction with the annual financial statements of the Company as at and for the year ended June 30, 2017 and half yearly financial statements for the period ended December 31, 2017, which have been prepared in accordance with approved accounting standards as applicable in Pakistan. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Company's financial position and performance since the last declared financial statements.

The comparative balance sheet presented in this condensed interim financial information has been extracted from the annual audited financial statements of the Company for the year ended June 30, 2017, whereas the comparative condensed interim profit and loss accounts, condensed interim statement of comprehensive income, condensed interim statement of cash flows and condensed interim statement of changes in equity are extracted from the unaudited condensed interim financial information for the period ended March 31, 2017.

2.2 Basis of measurement

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

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

2.3 Functional and presentation currency

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

Notes to the Condensed Interim Financial Information

For the period ended March 31, 2018 (Un-audited)

3. SIGNIFICANT ACCOUNTING POLICIES

- 3.1 The accounting policies adopted and methods of computation followed in the preparation of this condensed interim financial information are same as those for the preceding annual financial statements for the year ended June 30, 2017 except for treatment of surplus on revaluation of fixed asset.
- 3.2 Section 235 of the repealed Companies Ordinance, 1984 relating to treatment of surplus on revaluation of fixed assets has not been carried forward in the Companies Act, 2017. This requires change in accounting policy relating to revaluation of surplus on fixed assets, under which the surplus will be transferred to equity through other comprehensive income statement.

The Company applied the above change in accounting policy, in accordance with the applicable International Accounting Standards:

- Presenting surplus on revaluation of fixed assets under equity; and
- Offsetted the deficit (if any) arising from revaluation of the particular category of assets.

Further, the above change in accounting policy has no impact on corresponding figures.

4. TAXATION

Income tax expense is recognized based on management's best estimate of the weighted average annual income tax rate expected for the full financial year.

5. ESTIMATES

The preparation of condensed interim financial information requires management to make judgments, 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. The significant judgments made by management in applying the Company's accounting policies and key sources of estimation of uncertainty are the same as those that were applied to the financial statements for the year ended June 30, 2017.

Note	March 31, 2018	June 30, 2017
	Un-audited Rs. in 000's	Audited Rs. in 000's
6. PROPERTY, PLANT AND EQUIPMENT		
Opening net book value (NBV)	1,386,982	928,705
Addition (at cost) during the period / year	351,964	521,071
	1,738,946	1,449,776
Disposals (NBV) during the period / year	(13)	(495)
Depreciation charged during the period / year	(64,640)	(62,299)
	(64,653)	(62,794)
	1,674,293	1,386,982
6.1 Detail of additions (at cost) during the period / year are as follows:		
Building / improvements on leasehold land	31,029	21,959
Plant and machinery	301,896	457,707
Furniture and fixtures	168	5,874
Vehicles	1,382	3,448
Office equipment	825	2,482
Computer equipment	6,824	1,412
Electrical installation	9,840	28,189
	351,964	521,071

Notes to the Condensed Interim Financial Information

For the period ended March 31, 2018 (Un-audited)

	March 31, 2018 Un-audited Rs. in 000's	June 30, 2017 Audited Rs. in 000's
6.2 Detail of disposals (net book value) during the period / year are as follows:		
Vehicles	13	495
	13	495

6.3 Fair value measurement

6.3.1 Fair value of property, plant and equipment is based on the valuations carried out by an independent valuer M/s Akbani & Javed Associates Engineering & Valuation Consultants on the basis of market value on May 27, 2016.

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

Valuation techniques used to derive level 2 fair values - Land and Building

Fair value of land and building has been derived using a sales comparison approach. Sale prices of comparable land and buildings in close proximity are adjusted for differences in key attributes such as location and size of the property. Moreover value of building also depends upon the type of construction, age and quality. The most significant input in this valuation approach is price / rate per square foot in particular locality. This valuation is considered to be level 2 in fair value hierarchy due to significant observable inputs used in the valuation.

Valuation techniques used to derive level 3 fair values - Plant and Machinery

In the absence of current prices in an active market, the fair value is determined by taking into account the following factors:

- Make, model, country of origin and etc.;
- Operational capacity;
- Present physical condition;
- Resale prospects; and
- Obsolescence.

The valuation is considered to be level 3 in the fair value hierarchy due to the above unobservable inputs used in the valuation. Most significant input in this valuation is the current replacement cost which is adjusted for factors above.

6.3.3 A reconciliation from opening balances to closing balances of fair value measurements categorised in level 3 is provided below:

	March 31, 2018 Un-audited Rs. in 000's	June 30, 2017 Audited Rs. in 000's
Opening balance (level 3 recurring fair values)	976,775	569,926
Additions - cost	301,896	457,707
Depreciation charge	(53,846)	(50,858)
Closing balance (level 3 recurring fair values)	1,224,825	976,775

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

Notes to the Condensed Interim Financial Information

For the period ended March 31, 2018 (Un-audited)

	Note	March 31, 2018 Un-audited Rs. in 000's	June 30, 2017 Audited Rs. in 000's
7. CAPITAL WORK-IN-PROGRESS			
This comprises of:			
Civil works		55,633	66,354
Plant and machinery		447,059	447,216
	7.1	502,692	513,570
7.1 Movement of carrying amount is as follows:			
Opening balance		513,570	539,288
Additions (at cost) during the period / year	7.2	341,086	495,353
		854,656	1,034,641
Transfer to operating fixed assets during the period / year		(351,964)	(521,071)
Closing balance		502,692	513,570
7.2 This includes borrowing cost capitalised amounting to Rs. 29.997 million (June 30, 2017: Rs. 36.232 million) as per IAS 23. The rate of capitalization is 7.07% (June 30, 2017: 6.96%) per annum.			
8. TRADE DEBTS			
(Unsecured - considered good)			
Due from associated companies		53,118	25,101
Others		543,873	358,885
		596,991	383,986
9. OTHER RECEIVABLES			
(Unsecured - considered good)			
Due from associated company	9.1	562	123
Others		-	-
		562	123
9.1 This represents insurance agency commission and employees' medical claim receivable from Century Insurance Company Limited, an associated company.			
10. ISSUED, SUBSCRIBED AND PAID-UP CAPITAL			
Ordinary Shares	10.1	806,284	403,142

10.1 During the period, the Company issued 40,314,199 ordinary shares at par value of Rs. 10 each to the existing members of the Company in proportion to 1 share for every 1 share held.

Notes to the Condensed Interim Financial Information

For the period ended March 31, 2018 (Un-audited)

	Note	March 31, 2018 Un-audited Rs. in 000's	June 30, 2017 Audited Rs. in 000's
11. LONG TERM FINANCING			
Secured			
From banking companies	11.1	918,963	905,206
Less: Current portion shown under current liabilities		(233,706)	(151,882)
		685,257	753,324
Unsecured			
From associated undertaking	11.2	440,000	440,000
Less: Current portion shown under current liabilities		-	-
		440,000	440,000
		1,125,257	1,193,324

11.1 This Diminishing Musharaka facility has been obtained from financial institutions for the purpose of financing capital expenditure and secured against first pari passu charge on specific property, plant and equipments of the Company. The effective rate of mark-up ranging from 6.66% to 7.90% payable quarterly (June 30, 2017: 6.59% to 7.73%). The tenure of this financing facility is five to six years including one year grace period.

11.2 This loan has been obtained from an associated undertaking. An aggregate amount of Rs. 540 million was received out of which Rs. 100 million has been converted into subordinated loan. It is to be repaid in twenty equal quarterly installments commencing from July 2021. The rate of markup is 0.50% over last business day of three months KIBOR of preceding quarter. During the period, the effective mark-up rate was 6.65% per annum (June 30, 2017: 6.58% per annum).

12. SHORT TERM BORROWINGS

Secured			
From banking companies			
Running finance	12.1	836,721	488,390
Unsecured			
From associated undertaking	12.2	-	250,000
		836,721	738,390

12.1 These carry mark up ranging from 7.06% to 7.66% (June 30, 2017: 6.91% to 7.58%) per annum.

12.2 This short term borrowing facility has been obtained from an associated company. The rate of markup was 0.50% over last business day of three months KIBOR of preceding quarter.

13. CONTINGENCIES AND COMMITMENTS

13.1 Contingencies

There were no significant changes in the contingent liabilities of the Company since the last annual balance sheet date.

Notes to the Condensed Interim Financial Information

For the period ended March 31, 2018 (Un-audited)

	March 31, 2018		June 30, 2017																	
	Un-audited		Audited																	
	Rs. in 000's		Rs. in 000's																	
13.2 Commitments																				
The Company was committed as at the balance sheet date as follows:																				
Capital expenditure under letter of credit	-		10,279																	
Stores, spares and raw materials under letter of credit	7,313		-																	
Stores, spares and raw materials under contractual obligation	6,281		3,538																	
	<table border="1"> <thead> <tr> <th colspan="2">Nine months ended</th> <th colspan="2">Quarter ended</th> </tr> <tr> <th>March 31, 2018</th> <th>March 31, 2017</th> <th>March 31, 2018</th> <th>March 31, 2017</th> </tr> <tr> <th>Un-audited</th> <th>Un-audited</th> <th>Un-audited</th> <th>Un-audited</th> </tr> <tr> <th colspan="2">Rs. in 000's</th> <th colspan="2">Rs. in 000's</th> </tr> </thead> </table>		Nine months ended		Quarter ended		March 31, 2018	March 31, 2017	March 31, 2018	March 31, 2017	Un-audited	Un-audited	Un-audited	Un-audited	Rs. in 000's		Rs. in 000's			
Nine months ended		Quarter ended																		
March 31, 2018	March 31, 2017	March 31, 2018	March 31, 2017																	
Un-audited	Un-audited	Un-audited	Un-audited																	
Rs. in 000's		Rs. in 000's																		
14. SALES - NET																				
Gross sales	2,077,483	1,591,931	820,092	536,739																
Less: Sales tax	(299,230)	(231,886)	(117,780)	(77,984)																
	1,778,253	1,360,045	702,312	458,755																
15. COST OF SALES																				
Materials consumed	1,293,339	922,499	543,365	313,337																
Salaries, wages and other benefits	127,729	96,689	50,239	32,430																
Packing material consumed	39,919	32,778	14,331	11,025																
Outsourced services	17,990	27,476	6,517	5,800																
Stores and spares consumed	45,093	34,375	16,784	12,180																
Power and fuel	46,937	30,876	17,642	9,427																
Depreciation	62,868	41,399	21,779	17,930																
Amortization	43	10	20	3																
Rent, rates and taxes	18,093	8,723	7,148	3,955																
Repairs and maintenance	8,141	3,955	2,813	1,358																
Vehicle running expenses	1,115	1,054	501	378																
Insurance	8,251	6,089	3,132	2,611																
Ijara lease rentals	143	47	48	47																
Printing and stationery	1,162	727	577	227																
Communication charges	945	840	417	328																
Travelling and conveyance	1,399	533	610	207																
Fee and subscription	415	667	210	306																
Software license fee	1,258	629	409	399																
Other expenses	2,717	1,952	730	755																
	1,677,557	1,211,318	687,272	412,703																
Opening work-in-process	42,882	63,106	61,213	41,777																
Closing work-in-process	(90,178)	(42,753)	(90,178)	(42,753)																
	(47,296)	20,353	(28,965)	(976)																
Cost of goods manufactured	1,630,261	1,231,671	658,307	411,727																
Opening stock of finished goods	52,056	37,207	55,972	39,634																
Closing stock of finished goods	(71,549)	(41,359)	(71,549)	(41,359)																
	(19,493)	(4,152)	(15,577)	(1,725)																
	1,610,768	1,227,519	642,730	410,002																

Notes to the Condensed Interim Financial Information

For the period ended March 31, 2018 (Un-audited)

16. TAXATION

- 16.1 The current period's total tax liability of the Company amounting to Rs. 22.246 million is covered under Section 113 "Minimum tax" of the Income Tax Ordinance, 2001. This has been fully adjusted against tax credit under section 65B at the rate 10% on the cost of plant and machinery capitalised. Unadjusted tax credit of Rs. 40.289 million is available for adjustment against two subsequent years' tax charge.
- 16.2 The applicable income tax rate for Tax Year 2018 was reduced to 30% on account of changes made to Income Tax Ordinance 2001 through Finance Act 2015. Therefore, deferred tax is computed at the rate of 30% applicable to the period when temporary differences are expected to be reversed / utilised.
- 16.3 Deferred tax asset arising due to timing difference, carry forward tax losses, turnover taxes and unutilized tax credits calculated at applicable tax rates as at balance sheet date amounted to Rs. 81.895 million debit. Deferred tax asset has not been recognized in this condensed interim financial information in accordance with the stated accounting policy of the Company. The computation for deferred taxation incorporates assumptions regarding utilization of tax losses carried forward, turnover taxes and tax credits.

17. EARNINGS PER SHARE - BASIC AND DILUTED

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

	Nine months ended		Quarter ended	
	March 31, 2018 Un-audited Rs. in 000's	March 31, 2017 Un-audited Rs. in 000's	March 31, 2018 Un-audited Rs. in 000's	March 31, 2017 Un-audited Rs. in 000's
Profit for the period	9,862	3,545	2,972	565
Weighted average number of ordinary shares (in thousands)	53,344	43,249	73,983	43,249
Earnings per share (Rupees)	0.18	0.09	0.04	0.01
			Nine months ended March 31, 2018 March 31, 2017 Un-audited Un-audited Rs. in 000's Rs. in 000's	

18. CASH GENERATED FROM OPERATIONS

Profit before taxation		1,033	3,545
Adjustment for non-cash items and other items:			
Gain on disposal of operating fixed assets		(109)	(47)
Financial charges		98,181	69,369
Depreciation		64,640	43,139
Amortization		131	29
		162,843	112,490
Profit before working capital changes		163,876	116,035
Working capital changes	18.1	(239,885)	(64,393)
		(76,009)	51,642

Notes to the Condensed Interim Financial Information

For the period ended March 31, 2018 (Un-audited)

	Nine months ended	
	March 31, 2018	March 31, 2017
	Un-audited Rs. in 000's	Un-audited Rs. in 000's
18.1 Working capital changes		
(Increase) / decrease in current assets:		
Stores and spares	718	(18,855)
Stock-in-trade	(234,004)	9,578
Trade debts	(213,005)	(106,717)
Loans and advances	78	(8,025)
Trade deposits and short term prepayments	(3,402)	781
Other receivables	(439)	21,822
Tax refund due from Government	(48,625)	(47,388)
	(498,679)	(148,804)
Increase in current liabilities:		
Trade and other payables (excluding unclaimed dividend)	258,794	84,411
	(239,885)	(64,393)

19. TRANSACTIONS WITH RELATED PARTIES

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

Relation with the Company	Nature of transaction	Nine months ended		Quarter ended	
		March 31, 2018	March 31, 2017	March 31, 2018	March 31, 2017
		Un-audited Rs. in 000's	Un-audited Rs. in 000's	Un-audited Rs. in 000's	Un-audited Rs. in 000's
Group companies	Sales of goods and services	223,502	131,595	96,108	52,405
	Purchases of goods and services	1,150,953	756,795	447,776	270,198
	Rent and allied charges	160	156	47	48
	Insurance agency commission income	1,489	900	-	300
	Insurance claim	1,024	541	339	525
	Mark-up on long-term financing	26,957	26,631	8,868	8,814
	Mark-up on short-term financing	9,378	8,411	1,003	55
	Short-term financing obtained	-	100,000	-	100,000
	Repayment of short-term financing	250,000	300,000	250,000	-
Retirement benefit plans	Contribution towards employees retirement benefit plans	6,293	5,071	2,217	1,823
Key management personnel	Compensation in respect of:				
	Short term employee benefits	16,689	14,285	6,769	3,827
	Retirement benefits	956	787	374	250

Notes to the Condensed Interim Financial Information

For the period ended March 31, 2018 (Un-audited)

	March 31, 2018 Un-audited Rs. in 000's	June 30, 2017 Audited Rs. in 000's
19.2 Period / year end balances		
Receivable from related parties	53,680	25,224
Payable to related parties	234,822	67,134
Long-term financing payable to associated undertaking	440,000	440,000
Sub-ordinated loan	100,000	100,000
Short-term financing payable to associated undertaking	-	250,000
Mark-up payable to associated undertaking	36,335	-

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

20. FINANCIAL RISK MANAGEMENT

The Company's financial risk management objective and policies are consistent with that disclosed in the financial statements for the year ended June 30, 2017.

21. FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Underlying the definition of fair value is the presumption that the Company is a going concern and there is no intention or requirement to curtail materially the scale of its operations or to undertake a transaction on adverse terms.

A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange dealer, broker, industry group, pricing service or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis.

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

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

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

During the nine months ended March 31, 2018, there were no transfers between level 1 and level 2 fair value measurements and no transfers into or out of Level 3 fair value measurements.

Notes to the Condensed Interim Financial Information

For the period ended March 31, 2018 (Un-audited)

The carrying values of all financial assets and liabilities reflected in this condensed interim financial information approximate their fair values.

22. CORRESPONDING FIGURES

Corresponding figures have been re-arranged and re-classified, wherever necessary, for the purpose of comparison, the effect of which is not material.

23. DATE OF AUTHORIZATION FOR ISSUE

This condensed interim financial information was authorized for issue by the Board of Directors of the Company on April 25, 2018.

24. GENERAL

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



IQBAL ALI LAKHANI
Chairman



SHAHID AHMED KHAN
Chief Executive



MUHAMMAD AAQIL JAH
Chief Financial Officer















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