

Manufacturers of Multi Layer Co-extruded BOPP Films

**MACPAC FILMS LTD.**



# CONDENSED INTERIM FINANCIAL STATEMENTS

FOR THE 2<sup>nd</sup>  
QUARTER &  
SIX MONTH ENDED,  
DECEMBER 31, 2015  
(UN-AUDITED)



# COMPANY INFORMATION

## Board of Directors

Air Marshal (R) Azim Daudpota (Chairman)  
Mr. Maqbool Elahi Shaikh (Chief Executive)  
Mr. Mohammad Sadiq Khan (Executive Director)  
Mr. Naeem Munshi (Non-Executive Director)  
Mr. Ehtesham Maqbool Elahi (Executive Director)  
Mr. Shariq Maqbool Elahi (Non-Executive Director)  
Mr. Fahad Munshi (Non-Executive Director)  
Mr. Mansoor Younus (Independent Director)  
Mr. Syed Wasi Haider (Nominee Director of EOB)

## Audit Committee of the Board

Mr. Mansoor Younus (Committee Chairman)  
Mr. Naeem Munshi  
Air Marshal (R) Azim Daudpota

## HR & Remuneration Committee

Mr. Naeem Munshi (Committee Chairman)  
Mr. Ehtesham Maqbool Elahi  
Mr. Shariq Maqbool Elahi

## Chief Financial Officer & Company Secretary

Mr. M. Javid Ansari

## Auditors

Ernst & Young Ford Rhodes Sidat Hyder  
Chartered Accountants

## Legal Advisor

Abdul Ghaffar Khan  
F-72/1, KDA Scheme 5,  
Kehkashan, Clifton, Karachi

## Shares Registrar

Central Depository Company Pakistan Limited  
CDC House, 99 – B, Block 'B', S.M.C.H.S., Main Shahra-e-Faisal, Karachi-74400  
Tel: Customer Support Services (Toll Free) 0800-CDCPL (23275)  
Fax: (92-21) 34326053  
Email: info@cdcpak.com  
Website: www.cdcpakistan.com

## Bankers

### (in alphabetical order)

Bank Alfalah Limited  
Bank Al Habib Limited  
Faysal Bank Limited  
Habib Bank Limited  
Habib Metro Bank Limited  
JS Bank Limited  
MCB Bank Limited  
Meezan Bank Limited  
National Bank of Pakistan  
Silk Bank  
Soneri Bank Limited  
United Bank Limited

## Registered Office

F/2, A-F, S.I.T.E. Karachi

## City Office

Plot # 21 Maqbolabad,  
Jinnah Cooperative Housing Society,  
(J.C.H.S), Tipu Sultan Road, Karachi  
Email : info@macpacfilms.com

## Website:

www.macpacfilms.com

## Factory

Plot No. EZ/1/P-10  
Eastern Industrial Zone  
Port Qasim Area

# MACPAC FILMS LIMITED

# Macpac Films Limited

## DIRECTORS' REVIEW

In the name of Allah, the Most Gracious, the Most Benevolent and the Most Merciful.

Assalam-o-Alaikum

Dear Shareholders,

The Board of Directors of your Company is pleased to present the un-audited financial information of the Company for the half year ended December 31, 2015

### Financial Reporting

Your Company has recorded net sales of Rs. 587 million as compared to Rs. 626 million for the same period last year. The company has incurred profits during the period amounting to Rs. 25.8 million, as compared to Rs. 2.1 million for the same period last year.

Earnings per share of the Company is Rs. 0.66 per share which was Rs. 0.06 per share during the same period last year.

### Future Outlook

The business landscape is becoming competitive every second and the international market conditions are likely to cause industrial friction. The international prices of raw materials have a fluctuating trend, and with the recent global crash of oil prices the petrochemical prices had dipped correspondingly, resulting in inventory losses of hedged material as customers seek price corrections immediately. This has made purchase decisions all the more challenging coupled with depreciating Pakistani Rupee (PKR) and inflationary trends in the economy. However, the management of your Company has been putting in its best foot forward to combat the challenges for positive results in the future. The economic environment of the country is likely to become encouraging, thus providing an atmosphere conducive to conduct business activities. There has been an improvement in law and order conditions of the country which will attract more investment in the economy. We are confident that your Company has the potential to sustain all challenges by maintaining its position in the market and keeping the current focus.

### Acknowledgement

The Directors of the Company would like to take the opportunity to thank the Securities and Exchange Commission of Pakistan, Shareholders, Partners, Customers, Government Authorities, Autonomous bodies, Financial Institutions and Bankers for their co-operation & continued support.

The Directors are also pleased to record their appreciation of the valuable and untiring efforts and services rendered by the staff of the Company.

On behalf of the Board

February 29, 2016  
Karachi

**MAQBOOL ELAHI SHAIKH**  
Chief Executive Officer

# Macpac Films Limited

## Auditors' Report to the Members on Review of Condensed Interim Financial Information

### Introduction

We have reviewed the accompanying condensed interim balance sheet of **Macpac Films Limited** (the Company) as at **31 December 2015**, the related condensed interim profit and loss account, condensed interim statement of comprehensive income, condensed interim cash flow statement, condensed interim statement of changes in equity and notes to the accounts for the six-months period then ended (here-in-after referred to as "interim financial information"). Management is responsible for the preparation and presentation of this interim financial information in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on this interim financial information based on our review.

### Scope of Review

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

### Conclusion

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

### Chartered Accountants

Review Engagement Partner: Shariq Ali Zaidi

Date: February 29, 2016

Karachi

# Macpac Films Limited

Condensed Interim Balance Sheet (Un-Audited)

As at December 31, 2015

|  |      | December 31,<br>2015<br>(Un-audited) | June 30,<br>2015<br>(Audited) |
|--|------|--------------------------------------|-------------------------------|
|  | Note | -----Rupees-----                     |                               |
| <b>ASSETS</b>  |      |                                      |                               |
| <b>NON-CURRENT ASSETS</b>                                |      |                                      |                               |
| Property, plant and equipment                            | 4    | 806,584,318                          | 828,644,006                   |
| Intangible assets  |      | 1,072,509                            | 947,828                       |
| Long-term deposits                                       |      | 10,428,500                           | 6,428,500                     |
|  |      | <u>818,085,327</u>                   | <u>836,020,334</u>            |
| <b>CURRENT ASSETS</b>                                    |      |                                      |                               |
| Stock-in-trade   | 5    | 276,681,484                          | 244,044,010                   |
| Trade debts  | 6    | 246,771,278                          | 263,421,032                   |
| Loans and advances                                       |      | 3,324,315                            | 2,714,493                     |
| Trade deposits, prepayments and other receivables        |      | 6,707,029                            | 4,771,493                     |
| Tax refund due from Government - net                     |      | 14,870,778                           | 7,742,593                     |
| Cash and bank balances                                   |      | 52,214,371                           | 14,632,523                    |
|  |      | <u>600,569,255</u>                   | <u>537,326,144</u>            |
| <b>TOTAL ASSETS</b>                                      |      | <u><u>1,418,654,582</u></u>          | <u><u>1,373,346,478</u></u>   |
| <b>EQUITY AND LIABILITIES</b>                            |      |                                      |                               |
| <b>SHARE CAPITAL AND RESERVES</b>                        |      |                                      |                               |
| Share capital  |      | 388,860,000                          | 388,860,000                   |
| Reserve – share premium                                  |      | 79,930,000                           | 79,930,000                    |
| Unappropriated profit                                    |      | 25,633,565                           | 38,700,327                    |
|  |      | <u>494,423,565</u>                   | <u>507,490,327</u>            |
| <b>NON-CURRENT LIABILITIES</b>                           |      |                                      |                               |
| Long term loan from a director and an associated company |      | 148,260,457                          | 148,260,457                   |
| Diminishing musharaka arrangement                        |      | 7,766,475                            | 15,532,951                    |
| Liabilities against asset subject to finance lease       |      | 78,463,852                           | 73,579,670                    |
| Deferred taxation  | 7    | 124,326,153                          | 125,982,678                   |
| Staff retirements benefit – staff gratuity               |      | 19,534,942                           | 17,305,686                    |
|  |      | <u>378,351,879</u>                   | <u>380,661,442</u>            |
| <b>CURRENT LIABILITIES</b>                               |      |                                      |                               |
| Trade and other payables                                 |      | 451,969,031                          | 416,059,707                   |
| Accrued mark-up  |      | 601,243                              | 840,551                       |
| Short-term borrowings                                    | 8    | 17,715,898                           | 9,000,000                     |
| Current portion of non-current liabilities               |      | 75,592,966                           | 59,294,451                    |
|  |      | <u>545,879,138</u>                   | <u>485,194,709</u>            |
| <b>TOTAL EQUITY AND LIABILITIES</b>                      |      | <u><u>1,418,654,582</u></u>          | <u><u>1,373,346,478</u></u>   |
| <b>CONTINGENCIES AND COMMITMENTS 9</b>                   |      |                                      |                               |

The annexed notes from 1 - 15 form an integral part of these condensed interim financial Statements.

**Maqbool Elahi Shaikh**  
Chief Executive

**Mohammad Sadiq Khan**  
Director

**MACPAC FILMS LIMITED**

# Macpac Films Limited

Condensed Interim Profit and Loss Account (Un-Audited)  
For the Half Year Ended December 31, 2015

|                                     | Note | Half Year Ended     |                     | Quarter Ended       |                     |
|-------------------------------------|------|---------------------|---------------------|---------------------|---------------------|
|                                     |      | December 31, 2015   | December 31, 2014   | December 31, 2015   | December 31, 2014   |
| -----Rupees-----                    |      |                     |                     |                     |                     |
| <b>TURNOVER</b>                     |      |                     |                     |                     |                     |
| Local                               |      | 617,291,408         | 690,500,921         | 381,975,398         | 391,743,074         |
| Processing income                   |      | 73,687,617          | 45,097,544          | 44,037,781          | 29,621,750          |
|                                     |      | <u>690,979,025</u>  | <u>735,598,465</u>  | <u>426,013,179</u>  | <u>421,364,824</u>  |
| Sales tax                           |      | (103,944,490)       | (109,597,809)       | (63,219,754)        | (62,723,955)        |
| <b>TURNOVER - net</b>               |      | <u>587,034,535</u>  | <u>626,000,656</u>  | <u>362,793,425</u>  | <u>358,640,869</u>  |
| Cost of sales                       | 10   | (501,622,282)       | (546,316,665)       | (302,458,125)       | (310,109,226)       |
| <b>GROSS PROFIT</b>                 |      | <u>85,412,253</u>   | <u>79,683,991</u>   | <u>60,335,300</u>   | <u>48,531,643</u>   |
| Administrative expenses             |      | (25,969,911)        | (23,917,399)        | (13,372,574)        | (12,682,709)        |
| Marketing and selling costs         |      | (10,234,411)        | (5,709,700)         | (5,587,482)         | (3,040,621)         |
| Finance costs                       |      | (10,547,542)        | (19,942,046)        | (6,809,866)         | (10,764,093)        |
| Other expenses                      |      | (9,842,066)         | (6,046,203)         | (9,842,066)         | (6,046,203)         |
| Other income                        |      | 5,789,101           | 402,243             | 3,994,438           | 402,243             |
|                                     |      | <u>(50,804,829)</u> | <u>(55,213,105)</u> | <u>(31,617,550)</u> | <u>(32,131,383)</u> |
| <b>PROFIT BEFORE TAXATION</b>       |      | <u>34,607,424</u>   | <u>24,470,886</u>   | <u>28,717,750</u>   | <u>16,400,261</u>   |
| Taxation                            | 11   | (8,788,186)         | (22,292,373)        | (6,545,775)         | (19,618,775)        |
| <b>PROFIT/(LOSS) AFTER TAXATION</b> |      | <u>25,819,238</u>   | <u>2,178,513</u>    | <u>22,171,975</u>   | <u>(3,218,515)</u>  |
| <b>EARNINGS/(LOSS) PER SHARE</b>    |      | <u>0.66</u>         | <u>0.06</u>         | <u>0.57</u>         | <u>(0.08)</u>       |

The annexed notes from 1 - 15 form an integral part of these condensed interim financial Statements.

# Macpac Films Limited

Condensed Interim Statement of Comprehensive Income (Un-Audited)  
For the Half Year Ended December 31, 2015

|  | December 31, 2015 | December 31, 2014 |
|--|-------------------|-------------------|
| -----Rupees-----   |                   |                   |
| <b>Profit after taxation</b>                             | 25,819,238        | 2,178,513         |
| Other comprehensive income                               | -                 | -                 |
| <b>Total comprehensive income for the current period</b> | <u>25,819,238</u> | <u>2,178,513</u>  |

The annexed notes from 1 - 15 form an integral part of these condensed interim financial Statements.

**Maqbool Elahi Shaikh**  
Chief Executive

**Mohammad Sadiq Khan**  
Director

**MACPAC FILMS LIMITED**

# Macpac Films Limited

## Condensed Interim Statement of Changes in Equity (Un-Audited) For the Half Year Ended December 31, 2015

| Particulars   | Issued,<br>subscribed<br>and paid-up<br>capital | Reserve-<br>share<br>premium | (Accumulated<br>losses)/<br>Unappropriated<br>profit | Total              |
|---|---|------------------------------|--|--------------------|
|   | -----Rupees-----                                |                              |  |                    |
| <b>Balance as at July 01, 2014</b>  | 388,860,000                                     | 79,930,000                   | (22,201,851)   | 446,588,149        |
| Profit for the period   | -   | -                            | 2,178,513  | 2,178,513          |
| Other comprehensive income  | -   | -                            | -  | -                  |
|   | -   | -                            | 2,178,513  | 2,178,513          |
| <b>Balance as at December 31, 2014</b>                                      | <u>388,860,000</u>                              | <u>79,930,000</u>            | <u>(20,023,338)</u>                                  | <u>448,766,662</u> |
| <b>Balance as at July 01, 2015</b>  | <b>388,860,000</b>                              | <b>79,930,000</b>            | <b>38,700,327</b>                                    | <b>507,490,327</b> |
| Final dividend @ Re.1/- per ordinary share for the year ended June 30, 2015 |   |                              | (38,886,000)   | (38,886,000)       |
| Profit for the period   | -   | -                            | 25,819,238   | 25,819,238         |
| Other Comprehensive Income  | -   | -                            | -  | -                  |
| <b>Balance as at December 31, 2015</b>                                      | <u>388,860,000</u>                              | <u>79,930,000</u>            | <u>25,633,565</u>                                    | <u>494,423,565</u> |

The annexed notes from 1 - 15 form an integral part of these condensed interim financial Statements.

# Macpac Films Limited

## Condensed Interim Cash Flow Statement (Un-Audited) For the Half Year Ended December 31, 2015

| Note  | December 31,<br>2015 | December 31,<br>2014 |
|---|----------------------|----------------------|
|   | -----Rupees-----     |                      |
| <b>CASH GENERATED FROM OPERATIONS</b>                           |                      |                      |
| <b>Profit before taxation</b>                                   | 34,607,424           | 24,470,886           |
| <b>Adjustments:</b>   |                      |                      |
| Depreciation  | 36,728,832           | 21,788,869           |
| Provision for gratuity  | 2,746,514            | 2,424,424            |
| Amortization  | 20,319               | 13,666               |
| Finance costs   | 10,547,542           | 19,942,046           |
| Exchange loss   | 5,583,950            | 4,006,699            |
| Gain on sale of fixed asset                                     | (851,646)            | (274,592)            |
| Other Income  | (83,344)             | -                    |
| Workers' Welfare fund   | 706,274              | 499,406              |
| Workers' Profit Participation fund                              | 1,995,010            | 1,540,098            |
|   | <u>57,393,451</u>    | <u>49,940,616</u>    |
| <b>Operating cash flows before working capital changes</b>      | <b>92,000,875</b>    | <b>74,411,502</b>    |
| <b>Changes in working capital</b>                               |                      |                      |
| (Increase) / decrease in current assets:                        |                      |                      |
| Stock-in-trade  | (32,637,474)         | 6,505,329            |
| Trade debts   | 16,649,754           | (17,870,924)         |
| Loans and advances  | (609,822)            | 954,279              |
| Trade deposits, short -term prepayments and other receivables   | (1,935,536)          | 236,527              |
|   | <u>(18,533,078)</u>  | <u>(10,174,789)</u>  |
| <i>Increase / (decrease) in current liabilities:</i>            |                      |                      |
| Trade and other payables  | 16,668,437           | 1,089,464            |
|   | <u>(1,864,641)</u>   | <u>(9,085,325)</u>   |
| <b>Cash generated from operations</b>                           | <b>90,136,234</b>    | <b>65,326,177</b>    |
| Income tax paid - net   | (15,916,371)         | (14,800,570)         |
| Gratuity paid   | (517,258)            | (1,536,730)          |
| Finance costs paid  | (10,096,786)         | (15,517,991)         |
|   | <u>(26,530,415)</u>  | <u>(31,855,291)</u>  |
| <b>Net cash generated from operating activities</b>             | <b>63,605,818</b>    | <b>33,470,886</b>    |
| <b>CASH FLOW FROM INVESTING ACTIVITIES</b>                      |                      |                      |
| Fixed capital expenditures                                      | (15,779,154)         | (11,309,713)         |
| Long term Deposits Paid   | (4,000,000)          | -                    |
| Inflow from Sales & lease back                                  | 36,000,000           | -                    |
| Proceeds from disposal of fixed assets                          | 1,900,000            | 350,000              |
| <b>Net cash generated from / (used in) investing activities</b> | <b>18,120,846</b>    | <b>(10,959,713)</b>  |
| <b>CASH FLOW FROM FINANCING ACTIVITIES</b>                      |                      |                      |
| Short term loan paid  | (9,800,000)          | (41,000,000)         |
| Short term loan from director                                   | 9,800,000            | 13,800,000           |
| Musharika arrangement   | (7,766,476)          | -                    |
| Dividends Paid  | (26,276,934)         | -                    |
| Repayment of finance lease                                      | (18,817,304)         | (6,241,075)          |
| <b>Net cash generated (used in) / from financing activities</b> | <b>(52,860,714)</b>  | <b>(33,441,075)</b>  |
| <b>Net increase / (decrease) in cash and cash equivalents</b>   | <b>28,865,950</b>    | <b>(10,929,902)</b>  |
| <b>Cash and cash equivalents at the beginning of the period</b> | <b>14,632,523</b>    | <b>11,336,312</b>    |
| <b>Cash and cash equivalents at the end of the period</b>       | <b>12 43,498,473</b> | <b>406,410</b>       |

The annexed notes from 1 - 15 form an integral part of these condensed interim financial Statements.

**Maqbool Elahi Shaikh**  
Chief Executive

**Mohammad Sadiq Khan**  
Director

# MACPAC FILMS LIMITED

# Macpac Films Limited

## Notes To The Condensed Interim Financial Statements (Un-Audited) For the Half Year Ended December 31, 2015

### 1. STATUS AND NATURE OF THE COMPANY

MACPAC FILMS LIMITED (the Company) was incorporated in Pakistan under the Companies Ordinance, 1984, and is listed on the Pakistan Stock Exchange. The address of its registered office situated at F/2, A-F, S.I.T.E., Karachi.

The principle activity of the company is to manufacture, produce, buy and sell plastic packaging films.

### 2. BASIS OF PREPARATION

These condensed interim financial statements of the Company for the six months period ended December 31, 2015 have been prepared in accordance with the requirements of the International Accounting Standard (IAS) - 34 "Interim Financial Reporting" and provisions of and directives issued under the Companies Ordinance, 1984. In case where the requirements differ, the provisions of or directives issued under the Companies Ordinance, 1984 have been followed.

These condensed interim financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Company's annual financial statements for the year ended June 30, 2015.

The figures of the condensed interim profit and loss account for the quarters ended December 31, 2015 and 2014 and notes forming part there of have not been reviewed by the auditors of the Company, as they have reviewed the accumulated figures for the half years ended December 31, 2015 and 2014."

### 3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted for the preparation of this condensed interim financial statements are the same as those applied in the preparation of preceding annual published financial statements of the company for the year ended June 30, 2015, except as describe below:

New / Revised Standards, Interpretations and Amendments

The Company has adopted the following amendment to IFRSs which became effective for the current period:

IFRS 10 – Consolidated Financial Statements  
IFRS 11 – Joint Arrangements  
IFRS 12 – Disclosure of Interests in Other Entities  
IFRS 13 – Fair Value Measurement

The adoption of the above amendment to accounting standards did not have any effect on the condensed interim financial statements.

In addition to the above standards and amendments, improvements to various accounting standards have also been issued by the IASB and are generally effective for current period. The Company expects that such improvements to the standards do not have any impact on the Company's condensed interim financial statements for the period.

### 4. PROPERTY, PLANT AND EQUIPMENT

|                          | NOTE | December 31,<br>2015<br>(Un-audited) | Jun 30,<br>2015<br>(Audited) |
|--------------------------|------|--------------------------------------|------------------------------|
| -----Rupees-----         |      |                                      |                              |
| Operating fixed assets   | 4.1  | 779,928,201                          | 776,183,053                  |
| Capital work-in-progress |      | 26,656,117                           | 52,460,953                   |
|                          |      | 806,584,318                          | 828,644,006                  |

#### 4.1 Operating fixed assets

|  |       |              |              |
|--|-------|--------------|--------------|
| Opening book value                             |       | 776,183,053  | 460,757,435  |
| Additions during period / year                 | 4.1.1 | 41,522,334   | 371,455,283  |
|  |       | 817,705,387  | 832,212,718  |
| Disposal during the period /year at book value |       | (1,048,354)  | (75,408)     |
| Depreciation during the period / year          |       | (36,728,832) | (55,954,257) |
|  |       | (37,777,186) | (56,029,665) |
|  |       | 779,928,201  | 776,183,053  |

#### 4.1.1 Following are the additions made during the period / year:

|                                    |            |             |
|------------------------------------|------------|-------------|
| Building on leasehold land         | -          | 18,555,526  |
| Plant and machinery - owned        | 497,600    | 119,623,708 |
| Plant and machinery - leased       | -          | 182,686,625 |
| Furniture and fixtures             | 121,800    | 1,653,196   |
| Electrical installations           | 13,500     | 59,450      |
| Refrigeration and air conditioning | 219,984    | 402,474     |
| Generators - owned                 | -          | -           |
| Generators - leased                | 40,000,000 | -           |
| Office equipment                   | 323,100    | 680,000     |
| Computers                          | 346,350    | 641,750     |
| Motor vehicles                     | -          | 3,897,950   |
|                                    | 41,522,334 | 371,455,283 |



|   | NOTE       | December 31,<br>2015<br>(Un-audited) | Jun 30,<br>2015<br>(Audited) |
|---|------------|--------------------------------------|------------------------------|
| -----Rupees-----                        |            |                                      |                              |
| <b>5. STOCK IN TRADE</b>                |            |                                      |                              |
| <b>Raw material</b>                     |            |                                      |                              |
| - In hand                               |            | 30,293,940                           | 39,545,679                   |
| - In Bond                               |            | 38,924,334                           | -                            |
| - In transit                            |            | 31,039,254                           | 57,763,885                   |
|   |            | <u>100,257,528</u>                   | <u>97,309,564</u>            |
| Work-in-process                         |            | 100,853,731                          | 88,457,808                   |
| Finished goods                          |            | 75,570,225                           | 58,276,638                   |
|   |            | <u>276,681,484</u>                   | <u>244,044,010</u>           |
| <b>6. TRADE DEBTS - CONSIDERED GOOD</b> | <b>6.1</b> | <u>246,771,278</u>                   | <u>263,421,032</u>           |

6.1 These include a sum of Rs.46.974 (June 30, 2015: Rs.37.137) million due from associated undertakings.

#### 7. DEFERRED TAXATION

Deferred tax credits arising as a result of on taxable temporary differences:

|   |                    |                    |
|---|--------------------|--------------------|
| - accelerated tax depreciation on owned assets        | 93,577,291         | 96,506,520         |
| - accelerated tax amortisation of intangible asset    | 33,337             | 34,985             |
| - liabilities against assets subject to finance lease | 88,625,207         | 79,859,031         |
|   | <u>182,235,835</u> | <u>176,400,536</u> |

Deferred tax debits resulting from deductible temporary differences:

|   |                     |                     |
|---|---------------------|---------------------|
| - provision for doubtful debts                        | (7,330,864)         | (7,330,864)         |
| - provision for staff retirement benefits – Gratuity  | (6,251,181)         | (5,537,820)         |
| - liabilities against assets subject to finance lease | (44,327,637)        | (37,549,174)        |
|   | <u>(57,909,682)</u> | <u>(50,417,858)</u> |
|   | <u>124,326,153</u>  | <u>125,982,678</u>  |

#### 8. SHORT - TERM BORROWINGS

|   |          |                   |                  |
|---|----------|-------------------|------------------|
| Running finance under mark-up arrangement | 8.1 & 12 | 8,715,898         | -                |
| Short term loan from a director           | 8.2      | 9,000,000         | 9,000,000        |
|   |          | <u>17,715,898</u> | <u>9,000,000</u> |

8.1 The above facility is obtained by the Company from a commercial bank under the mark-up arrangement and is secured against first pari passu mortgage charge over Company's fixed assets and trade debts. The rate of mark-up on this finance is 3 months KIBOR plus 2% per annum.

8.2 Represents unpaid portion of short-term loan obtained by the Company during the period. This loan is interest free and is repayable on demand within twelve months from the period end.

#### 9. CONTINGENCIES AND COMMITMENTS

##### 9.1 Contingencies

There has been no change in the status of contingencies as reported in the annual financial statements of the Company for the year ended June 30, 2015.

##### 9.2 Commitments

|   |                   |                   |
|---|-------------------|-------------------|
| Guarantees issued by banks on behalf of the Company | <u>7,250,000</u>  | <u>7,250,000</u>  |
| Letters of credit for purchase of raw material      | <u>82,644,291</u> | <u>52,649,701</u> |

#### 10 COST OF SALES

|                                       | Half Year Ended      |                      | Quarter ended        |                      |
|---------------------------------------|----------------------|----------------------|----------------------|----------------------|
|                                       | December 31,<br>2015 | December 31,<br>2014 | December 31,<br>2015 | December 31,<br>2014 |
| ----- (Un-audited) -----              |                      |                      |                      |                      |
| -----Rupees-----                      |                      |                      |                      |                      |
| Opening work-in-process               | 88,457,808           | 69,410,299           | 108,874,468          | 96,454,459           |
| Material consumed                     | 392,157,184          | 474,328,433          | 234,776,733          | 263,434,096          |
| Salaries, wages and other benefits    | 26,358,188           | 19,394,475           | 15,843,752           | 10,068,834           |
| Oil and lubricants                    | 2,172,126            | 3,131,682            | 1,090,923            | 1,594,326            |
| Packing material consumed             | 10,349,245           | 8,306,548            | 6,791,364            | 5,756,019            |
| Consumable stores                     | 1,473,203            | 1,127,624            | 910,232              | 851,704              |
| Water charges                         | -                    | 122,057              | -                    | 112,057              |
| Repair and maintenance                | 6,415,462            | 1,843,038            | 3,310,496            | 510,275              |
| Vehicle running and maintenance       | 938,473              | 833,769              | 506,512              | 376,302              |
| Power and electricity                 | 37,179,583           | 37,453,142           | 21,958,967           | 20,277,360           |
| Insurance                             | 4,059,232            | 3,343,044            | 2,075,235            | 1,671,522            |
| Telephone                             | 404,900              | 271,220              | 163,081              | 137,050              |
| Cartage and octroi                    | 4,616,114            | 2,600,950            | 2,972,384            | 1,736,550            |
| Consultancy charges                   | 2,590,750            | 1,978,000            | 1,636,750            | 1,024,000            |
| Staff welfare                         | 653,727              | 640,152              | 432,888              | 403,796              |
| Security charges                      | 850,700              | 782,940              | 442,030              | 382,936              |
| Depreciation                          | 35,744,319           | 20,915,207           | 17,761,913           | 5,538,663            |
| Transportation                        | 2,851,110            | 2,535,099            | 1,449,555            | 1,146,099            |
| Others                                | 2,497,476            | 1,199,405            | 1,892,328            | 867,302              |
|                                       | <u>619,769,600</u>   | <u>650,217,084</u>   | <u>422,889,612</u>   | <u>412,343,350</u>   |
| Closing work-in-process               | (100,853,731)        | (88,088,659)         | (100,853,731)        | (88,088,659)         |
| Cost of goods manufactured            | <u>518,915,869</u>   | <u>562,128,425</u>   | <u>322,035,881</u>   | <u>324,254,691</u>   |
| Opening stock of finished goods       | 58,276,638           | 44,438,820           | 55,992,469           | 46,105,115           |
| Less: Closing stock of finished goods | (75,570,225)         | (60,250,580)         | (75,570,225)         | (60,250,580)         |
|                                       | <u>501,622,282</u>   | <u>546,316,665</u>   | <u>302,458,125</u>   | <u>310,109,226</u>   |

|   | December 31,<br>2015<br>(Un-audited) | December 31,<br>2014<br>(Un-audited) |
|---|--------------------------------------|--------------------------------------|
|   | -----Rupees-----                     |                                      |
| <b>11. TAXATION</b>   |                                      |                                      |
| Current   | 14,245,989                           | 5,941,127                            |
| Prior   | (3,801,278)                          | -                                    |
| Deffered  | (1,656,525)                          | 16,351,246                           |
|   | <u>8,788,186</u>                     | <u>22,292,373</u>                    |
| <b>12 CASH AND CASH EQUIVALENTS AT THE END OF PERIOD COMPRISE OF:</b> |                                      |                                      |
| Cash and bank balances  | 52,214,371                           | 406,410                              |
| Short-term borrowings - running finance under mark-up arrangement     | 8 (8,715,898)                        | -                                    |
|   | <u>43,498,473</u>                    | <u>406,410</u>                       |

**13. TRANSACTIONS AND BALANCES WITH RELATED PARTIES**

Related parties of the Company comprise of directors, associated companies, key management personnel and retirement benefit plans. Transactions and balances with related parties that are not disclosed elsewhere in these condensed interim financial statements are as follows:

|   | December 31,<br>2015<br>(Un-audited) | December 31,<br>2014<br>(Un-audited) |
|---|--------------------------------------|--------------------------------------|
|   | -----Rupees-----                     |                                      |
| <b>Key management personnel</b>           |                                      |                                      |
| <b>Director</b>                           |                                      |                                      |
| Loan acquired during the current period   | 9,800,000                            | 14,700,000                           |
| Loan repaid during the current period     | 9,800,000                            | 900,000                              |
| Salary, fee and other employment benefits | 4,486,438                            | 4,169,346                            |
|   | <u>14,086,438</u>                    | <u>19,769,346</u>                    |
| <b>Chief Executive</b>                    |                                      |                                      |
| Salary and other employment benefits      | 3,421,325                            | 2,959,752                            |
|   | <u>3,421,325</u>                     | <u>2,959,752</u>                     |
| <b>Executives</b>                         |                                      |                                      |
| Salary and other employment benefits      | 14,718,700                           | 7,167,582                            |
|   | <u>14,718,700</u>                    | <u>7,167,582</u>                     |
| <b>Associated companies</b>               |                                      |                                      |
| <b>TOYO Packaging (Private) Limited</b>   |                                      |                                      |
| Sales of goods/processing charges         | 61,904,644                           | 35,587,127                           |
| Trade debt                                | 42,872,245                           | 10,048,786                           |
|   | <u>104,776,889</u>                   | <u>45,635,913</u>                    |
| <b>Hilal Foods (Private) Limited</b>      |                                      |                                      |
| Sales of goods                            | 5,978,064                            | 1,831,870                            |
| Trade debt                                | 660,408                              | 88,545                               |
|   | <u>6,638,472</u>                     | <u>1,920,415</u>                     |
| <b>Kings Food (Private) Limited</b>       |                                      |                                      |
| Trade debt                                | 632,650                              | 632,650                              |
|   | <u>632,650</u>                       | <u>632,650</u>                       |
| <b>Shalimar Foods Products</b>            |                                      |                                      |
| Sales of goods                            | 7,182,076                            | 5,489,846                            |
| Trade debt                                | 3,469,782                            | 2,275,149                            |
|   | <u>10,651,858</u>                    | <u>7,764,995</u>                     |

There were no transactions with the key management personnel other than under their terms of employment

**14. DATE OF AUTHORISATION FOR ISSUE**

These condensed interim financial statements were authorized for issue on February 29, 2016 by the Board of Directors of the company.

**15. GENERAL**

15.1 Figures have been rounded off to the nearest rupee, unless otherwise stated.

**Maqbool Elahi Shaikh**  
Chief Executive

**Mohammad Sadiq Khan**  
Director

**MACPAC FILMS LIMITED**