

Manufacturers of Multi Layer Co-extruded BOPP Films

MACPAC FILMS LTD.



CONDENSED INTERIM FINANCIAL STATEMENTS

FOR THE 3RD
QUARTER & NINE
MONTHS ENDED
MARCH 31, 2016
(UN-AUDITED)



COMPANY INFORMATION

Board of Directors

Air Marshal 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 EOBI)

Audit Committee of the Board

Mr. Mansoor Younus (Committee Chairman)
Mr. Naeem Munshi
Air Marshal 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 Limited
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

DIRECTOR'S 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 third quarter ended March 31, 2016.

Financial Reporting

Your Company has recorded net sales of Rs. 989.6 million as compared to Rs. 969.9 million for the same period last year. The company has incurred profits during the period amounting to Rs. 67.8 million, as compared to Rs. 39.6 million for the same period last year, thereby registering an increase of 71%.

Earnings per share of the Company is Rs.1.74 per share which was Rs. 1.02 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 better 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

Karachi
March 31, 2016

MAQBOOL ELAHI SHAIKH
Chief Executive

Macpac Films Limited

Condensed Interim Balance Sheet (Un-Audited)
As at March 31, 2016

	March 31, 2016	June 30, 2015
Note	(Un-audited)	(Audited)
-----Rupees-----		
ASSETS		
NON-CURRENT ASSETS		
Property, plant and equipment	4 793,235,870	828,644,006
Intangible assets	1,315,779	947,828
Long-term deposits	10,428,500	6,428,500
	<u>804,980,149</u>	<u>836,020,334</u>
CURRENT ASSETS		
Stock-in-trade	5 262,186,790	244,044,010
Trade debts	6 194,207,661	263,421,032
Loans and advances	9,359,075	2,714,493
Trade deposits, prepayments and other receivables	7,219,898	4,771,493
Tax refund due from Government - net	1,934,887	7,742,593
Cash and bank balances	80,743,948	14,632,523
	<u>555,652,259</u>	<u>537,326,144</u>
TOTAL ASSETS	<u><u>1,360,632,408</u></u>	<u><u>1,373,346,478</u></u>
EQUITY AND LIABILITIES		
SHARE CAPITAL AND RESERVES		
Share capital	388,860,000	388,860,000
Reserve – share premium	79,930,000	79,930,000
Unappropriated profit	67,649,745	38,700,327
	<u>536,439,745</u>	<u>507,490,327</u>
NON-CURRENT LIABILITIES		
Long term loan from a director and an associated company	148,260,457	148,260,457
Diminishing musharaka arrangement	3,883,237	15,532,951
Liabilities against asset subject to finance lease	63,208,618	73,579,670
Deferred taxation	7 124,326,153	125,982,678
Staff retirements benefit – staff gratuity	18,447,599	17,305,686
	<u>358,126,064</u>	<u>380,661,442</u>
CURRENT LIABILITIES		
Trade and other payables	391,460,591	416,059,707
Accrued mark-up	265,229	840,551
Short-term borrowings	8 -	9,000,000
Current portion of non-current liabilities	74,340,779	59,294,451
	<u>466,066,599</u>	<u>485,194,709</u>
TOTAL EQUITY AND LIABILITIES	<u><u>1,360,632,408</u></u>	<u><u>1,373,346,478</u></u>
CONTINGENCIES AND COMMITMENTS	9	

The annexed notes from 1 - 14 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 Nine Months Ended March 31, 2016

	Note	Nine Months Ended		Quarter Ended	
		March 31, 2016	March 31, 2015	March 31, 2016	March 31, 2015
-----Rupees-----					
TURNOVER					
Local		1,043,249,177	1,060,487,603	425,957,768	369,986,682
Processing income		121,762,472	72,674,419	48,074,855	27,576,875
Export		-	4,993,907	-	4,993,907
		<u>1,165,011,648</u>	<u>1,138,155,929</u>	<u>474,032,623</u>	<u>402,557,464</u>
Sales tax		(175,349,500)	(168,184,730)	(71,405,010)	(58,586,921)
TURNOVER - net		<u>989,662,148</u>	<u>969,971,199</u>	<u>402,627,613</u>	<u>343,970,543</u>
Cost of sales	10	(818,349,450)	(821,460,165)	(316,727,168)	(275,143,500)
GROSS PROFIT		<u>171,312,699</u>	<u>148,511,034</u>	<u>85,900,445</u>	<u>68,827,043</u>
Administrative expenses		(38,513,712)	(33,907,059)	(12,543,801)	(9,989,658)
Marketing and selling costs		(15,790,654)	(9,921,280)	(5,556,243)	(4,211,580)
Finance costs		(14,848,535)	(28,457,104)	(4,300,992)	(8,515,058)
Other expenses		(10,846,498)	(8,443,487)	(1,004,432)	(2,397,284)
Other income		6,008,601	713,069	219,500	310,826
		<u>(73,990,797)</u>	<u>(80,015,860)</u>	<u>(23,185,967)</u>	<u>(24,802,754)</u>
PROFIT BEFORE TAXATION		<u>97,321,902</u>	<u>68,495,174</u>	<u>62,714,478</u>	<u>44,024,288</u>
Taxation	11	(29,486,483)	(28,830,998)	(20,698,298)	(6,538,624)
PROFIT AFTER TAXATION		<u>67,835,418</u>	<u>39,664,176</u>	<u>42,016,180</u>	<u>37,485,664</u>
EARNINGS PER SHARE		<u>1.74</u>	<u>1.02</u>	<u>1.08</u>	<u>0.96</u>

The annexed notes from 1 - 14 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 Comprehensive Income (Un-Audited)
For the Nine Months Ended March 31, 2016

	March 31, 2016	March 31, 2015
	-----Rupees-----	
Profit after taxation	67,835,418	39,664,176
Other comprehensive income	-	-
Total comprehensive income for the current period	<u>67,835,418</u>	<u>39,664,176</u>

The annexed notes from 1 - 14 form an integral part of these condensed interim financial Statements.

Macpac Films Limited

Condensed Interim Statement of Changes in Equity (Un-Audited)
For the Nine Months Ended March 31, 2016

Particulars	Issued, subscribed and paid-up capital	Reserve- share premium	(Accumulated losses)/ Unappropriated profits	Total
	R U P E E S			
Balance as at July 01, 2014	388,860,000	79,930,000	(22,201,851)	446,588,149
Profit for the period	-	-	39,664,176	39,664,176
Other comprehensive income	-	-	-	-
	-	-	39,664,176	39,664,176
Balance as at March 31, 2015	<u>388,860,000</u>	<u>79,930,000</u>	<u>17,462,325</u>	<u>486,252,325</u>
Balance as at July 01, 2015	388,860,000	79,930,000	38,700,327	507,490,327
Final dividend @ Re.1/- per ordinary share for the year ended June 30, 2015			(38,886,000)	(38,886,000)
Profit for the period	-	-	67,835,418	67,835,418
Other Comprehensive Income	-	-	-	-
Balance as at March 31, 2016	<u>388,860,000</u>	<u>79,930,000</u>	<u>67,649,745</u>	<u>536,439,745</u>

The annexed notes from 1 - 14 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 Cash Flow Statement (Un-Audited)
For the Nine Months Ended March 31, 2016

		March 31, 2016	March 31, 2015
-----Rupees-----			
Cash generated from operations	12	184,773,474	12,704,306
Income tax paid		(23,678,777)	(17,369,950)
Long term Deposits Paid		(4,000,000)	-
Gratuity paid		(2,977,858)	(1,734,030)
Finance costs paid		(14,733,792)	(23,076,144)
		<u>(45,390,427)</u>	<u>(42,180,124)</u>
Net cash generated from / (used in) operating activities		139,383,047	(29,475,817)
CASH FLOW FROM INVESTING ACTIVITIES			
Fixed capital expenditures		(20,746,803)	(16,253,778)
Proceeds from Sale & lease back		36,000,000	100,350,000
Purchase of Intangible assets		(357,500)	(150,000)
Proceeds from disposal of fixed assets		1,900,000	-
Net cash generated from investing activities		<u>16,795,697</u>	<u>83,946,222</u>
CASH FLOW FROM FINANCING ACTIVITIES			
Short term loan paid		(18,800,000)	(50,000,000)
Short term loan from director		9,800,000	16,005,088
Musharika arrangement		(11,649,714)	(3,883,238)
Dividends Paid		(34,092,879)	-
Repayment of finance lease		(35,324,725)	(17,808,540)
Net cash used in financing activities		<u>(90,067,318)</u>	<u>(55,686,690)</u>
Net increase / (decrease) in cash and cash equivalents		<u>66,111,425</u>	<u>(1,216,285)</u>
Cash and cash equivalents at the beginning of the period		14,632,523	11,336,312
Cash and cash equivalents at the end of the period		<u><u>80,743,948</u></u>	<u><u>10,120,027</u></u>

The annexed notes from 1 - 14 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 For the Nine Months Ended March 31, 2016

1. STATUS AND NATURE OF THE COMPANY

The company is a limited liability company incorporated in Pakistan under the Companies Ordinance, 1984 and is listed on the Pakistan Stock Exchange. The address of its registered office is 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 nine months period ended March 31, 2016 have been prepared in accordance with the requirements of the International Accounting Standard (IAS) 34- "Interim Financial Reporting" and provisions of the directives issued under 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.

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted for the preparation of this condensed interim financial information 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.

	NOTE	March 31, 2016 (Un-audited)	June 30, 2015 (Audited)
-----Rupees-----			
4. PROPERTY, PLANT AND EQUIPMENT			
Operating fixed assets	4.1	761,724,664	776,183,053
Capital work-in-progress		31,511,207	52,460,953
		793,235,870	828,644,006
4.1 Operating fixed assets			
Opening book value		776,183,053	460,757,435
Add: Additions during period / year	4.1.1	41,734,893	371,455,283
		817,917,946	832,212,718
Less:			
Disposal during the period / year at book value		(1,048,354)	(75,408)
Depreciation during the period / year		(55,144,928)	(55,954,257)
		(56,193,282)	(56,029,665)
		761,724,664	776,183,053

4.1.1 Following are the additions made during the period :

Building On Leasehold Land	-	18,555,526
Plant and machinery	497,600	302,310,333
Furniture and fixtures	121,800	1,653,196
Electrical installations	13,500	59,450
Refrigeration and air conditioning	267,043	402,474
Generators	40,000,000	43,254,604
Office equipment	378,900	680,000
Computers	456,050	641,750
Motor vehicles	-	3,897,950
	41,734,893	371,455,283

4.1.2 During the period sales & lease back transaction has been made with JS Bank Limited and as a result the Capital Working Progress amounting to Rs. 40 million has been shifted to Operating fixes assets.

		March 31, 2016 (Un-audited)	June 30, 2015 (Audited)
	NOTE	-----Rupees-----	
5. STOCK IN TRADE			
Raw material			
- In hand		43,662,270	39,545,679
- In Bond		3,544,144	-
- In transit		31,428,758	57,763,885
		78,635,172	97,309,564
Work-in-process		97,378,899	88,457,808
Finished goods		86,172,718	58,276,638
		262,186,790	244,044,010
6. TRADE DEBTS - UNSECURED			
Considered good:			
Related Parties	6.1	40,162,572	37,137,640
Others		154,045,089	226,283,392
		194,207,661	263,421,032
Considered Doubtful		22,908,950	22,908,950
		217,116,611	286,329,982
Provision for bad debts		(22,908,950)	(22,908,950)
		194,207,661	263,421,032
6.1	These represents amount 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
		182,235,835	176,400,536
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)
		(57,909,682)	(50,417,858)
		124,326,153	125,982,678
8. SHORT - TERM BORROWINGS			
Short term loan from a director		-	9,000,000
		-	9,000,000
9. CONTINGENCIES AND COMMITMENTS			
9.1 Contingencies			
Guarantees issued by banks on behalf of the Company		7,250,000	7,250,000
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			
Letters of credit for purchase of raw material		96,665,354	52,649,701

	Nine months ended		Quarter ended	
	March 31, 2016	March 31, 2015	March 31, 2016	March 31, 2015
	----- (Un-audited) -----			
	----- Rupees -----			
10 COST OF SALES				
Opening work-in-process	88,457,808	69,410,299	100,853,731	88,088,659
Material consumed	631,698,691	662,507,354	239,541,507	188,178,921
Salaries, wages and other	41,123,262	33,033,839	14,765,074	13,639,364
Oil and lubricants	2,933,545	4,565,850	761,419	1,434,168
Packing material consumed	20,181,237	13,798,957	9,831,992	5,492,409
Consumable stores	1,953,497	1,590,060	480,294	462,436
Water charges	-	122,057	-	-
Repair and maintenance	10,763,331	3,934,737	4,347,869	2,091,699
Vehicle running and maintenance	1,389,256	1,053,640	450,782	219,871
Power and electricity	59,887,771	57,564,487	22,708,188	20,111,345
Insurance	6,049,818	5,030,465	1,990,586	1,687,421
Telephone	600,731	414,540	195,831	143,320
Cartage and octroi	11,694,388	5,464,812	7,078,274	2,863,862
Consultancy charges	3,912,750	3,004,806	1,322,000	1,026,806
Staff welfare	1,004,714	1,246,414	350,987	606,262
Security charges	1,321,303	1,142,623	470,604	359,683
Depreciation	53,732,705	36,444,456	17,988,386	15,529,249
Transportation	3,927,480	4,154,336	1,076,370	1,619,237
Others	2,992,141	1,717,652	494,665	518,247
	943,624,428	906,201,384	424,708,560	344,072,959
Less: Closing work-in-process	(97,378,899)	(77,782,549)	(97,378,899)	(77,782,549)
Cost of goods manufactured	846,245,529	828,418,835	327,329,661	266,290,410
Opening stock of finished goods	58,276,639	44,438,820	75,570,225	60,250,580
Less: Closing stock of finished goods	(86,172,718)	(51,397,490)	(86,172,718)	(51,397,490)
	818,349,450	821,460,165	316,727,168	275,143,500

		March 31, 2016	March 31, 2015
		----- (Un-audited) -----	----- (Audited) -----
		----- Rupees -----	
11. TAXATION			
Current		31,143,008	12,479,752
Deffered		(1,656,525)	16,351,246
		29,486,483	28,830,998

		March 31, 2016	March 31, 2015
		----- (Un-audited) -----	----- (Audited) -----
		----- Rupees -----	
12. CASH GENERATED FROM OPERATIONS			
Profit before taxation		97,321,901	68,495,174
Adjustments:			
Depreciation		55,144,928	37,808,659
Provision for gratuity		4,119,771	3,636,636
Amortization		34,549	20,499
Finance costs		14,848,535	28,457,104
Exchange loss		6,588,382	-
Gain on sale of fixed asset		(851,646)	(274,592)
Other Income		(83,344)	-
Workers' Welfare fund		706,274	-
Workers' Profit Participation fund		1,995,010	-
		82,502,459	69,648,306
Operating cash flows before working capital changes		179,824,360	138,143,480
Changes in working capital			
(Increase) / decrease in current assets:			
Stock-in-trade		(18,142,780)	8,717,137
Trade debts		69,213,371	(51,084,580)
Loans and advances		(6,644,582)	697,525
Trade deposits, short-term prepayments and other receivables		(2,448,405)	(2,162,629)
		41,977,604	(43,832,547)
Increase / (decrease) in current liabilities:			
Trade and other payables		(37,028,490)	(81,606,626)
		4,949,114	(125,439,173)
Cash generated from operations		184,773,474	12,704,306

13. DATE OF AUTHORISATION FOR ISSUE

These condensed interim financial statements were authorized for issue on 27-Apr-2016 by the Board of Directors.

14. GENERAL

14.1 Figures have been rounded off to the nearest rupee.

Maqbool Elahi Shaikh
Chief Executive

Mohammad Sadiq Khan
Director

MACPAC FILMS LIMITED