

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 nine months ended March 31, 2018

Financial Reporting

Your Company has recorded net sales of Rs.1.581 billion as compared to Rs. 1.118 billion for the same period last year, resulting an increase by 41.36%. Gross profit has also increased by 5.24% as compared to same period last year. The company has earned net profits during the period amounting to Rs. 38.25 million, as compared to Rs. 59.92 million for the same period last year, which is mainly decreased due to currency exchange loss of Rs. 27.82 million during the period.

Earnings per share of the Company is Rs. 0.68 per share which was Rs. 1.01(Restated) per share during the same period last year.

Future Outlook

During the nine months review period, there were a lot of micro and macro challenges faced by the economy and the industry. Weakening rupee position, uncertainty on political and economic front affected the industry significantly.

During the review period, a new entrant has also entered into the market and the resulting increased supply affected the pricing trend of the industry. On the other end, continuously increasing raw Material prices put more pressure on cost side. This also result in multiplying the impact due to weakened currency position. Pak Rupee depreciated around 11 - 12 percent during the period and still uncertain for next couple of months.

Your company is striving hard to address all these challenges and we are pleased to update our valuable share-holders that despite of all challenges, your company managed to increase its market share. This increased market share will result in improved future profitability for the Company. Further, with the arrival of new CPP plant, your company will be able to target other markets as well which will further strengthen its position against the competitors.

Your management is also working hard to increase the production and related efficiencies which will result in better margins in the period to come. We believe that with increased market share, increased turnover, improved efficiencies and planned expansion your Company is right on its track to achieve our valuable share-holders expectations. In Sha Allah.

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.

April 27, 2018

On behalf of the Board

Mohammad Sadiq Khan
Director

Ehtesham Maqbool Elahi
Director

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CONDENSED INTERIM BALANCE SHEET AS AT MARCH 31, 2018

Note	Rupees	
	March 31, 2018 (Un-Audited)	June 30, 2017 (Audited)
ASSETS		
NON-CURRENT ASSETS		
4	811,224,492	808,213,675
5	969,821	1,134,294
	10,143,273	9,981,451
	822,337,586	819,329,420
CURRENT ASSETS		
6	571,803,309	443,967,763
7	358,291,135	239,828,158
	14,360,629	3,686,643
	14,978,390	12,641,083
	69,735,589	35,775,702
	81,290,130	5,562,050
	1,110,467,183	741,461,399
TOTAL ASSETS	1,932,804,769	1,560,790,819
EQUITY AND LIABILITIES		
SHARE CAPITAL AND RESERVES		
	700,000,000	700,000,000
	593,011,500	388,860,000
	294,994,965	204,617,909
	888,006,465	593,477,909
NON-CURRENT LIABILITIES		
	4,016,278	17,062,927
	134,067,077	130,938,856
	23,870,521	20,232,009
	161,953,876	168,233,792
CURRENT LIABILITIES		
	752,897,847	507,193,814
	2,216,225	771,195
8	109,623,693	109,999,896
	-	143,260,457
	18,106,662	37,853,756
	882,844,428	799,079,118
TOTAL EQUITY AND LIABILITIES	1,932,804,769	1,560,790,819
CONTINGENCIES AND COMMITMENTS 9		

Authorised capital
70,000,000 (June 30, 2017: 70,000,000) ordinary
shares of Rs. 10/- each

Issues, subscribed and paid-up capital
Reserves

Liabilities against asset subject to finance lease
Deferred taxation
Staff retirement benefits - Staff gratuity

Trade and other payables
Accrued mark-up
Short-term borrowing
Loan from related parties
Current portion of non-current liabilities

TOTAL EQUITY AND LIABILITIES

CONTINGENCIES AND COMMITMENTS 9

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

Mohammad Sadiq Khan
Director

Javid Ansari
Chief Financial Officer

Ehtesham Maqbool Elahi
Director

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CONDENSED INTERIM PROFIT AND LOSS ACCOUNT FOR THE NINE MONTHS ENDED MARCH 31, 2018 (UN-AUDITED)

Note	Rupees			
	Nine Months Ended		Quarter Ended	
	March 31, 2018	March 31, 2017	March 31, 2018	March 31, 2017
Turnover - Net	1,581,441,549	1,118,734,960	601,187,401	419,340,158
Cost of Sales	(1,400,561,052)	(946,854,598)	(547,124,021)	(360,275,164)
GROSS PROFIT	180,880,496	171,880,361	54,063,379	59,064,994
Administrative expenses	(60,665,893)	(51,528,792)	(19,027,931)	(18,939,032)
Marketing and selling expenses	(19,564,769)	(17,631,423)	(6,894,604)	(5,788,049)
	(80,230,663)	(69,160,215)	(25,922,537)	(24,727,080)
OPERATING PROFIT	100,649,834	102,720,146	28,140,843	34,337,914
Finance costs	(14,247,843)	(20,676,843)	(4,229,318)	(9,896,752)
Other operating expenses	(33,090,659)	(6,612,719)	(8,116,131)	(1,135,433)
Other operating income	3,181,463	4,622,939	998,371	982,761
	(44,157,040)	(22,666,623)	(11,347,078)	(10,149,424)
PROFIT BEFORE TAXATION	56,492,794	80,053,524	16,793,764	24,188,491
Taxation	(18,243,500)	(20,128,133)	(7,514,843)	(5,254,494)
PROFIT AFTER TAXATION	38,249,295	59,925,391	9,278,921	18,933,997
EARNINGS PER SHARE (Rupees)	0.68	1.01	0.16	0.32

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

CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED) FOR THE NINE MONTHS ENDED MARCH 31, 2018

	Rupees	
	March 31, 2018	March 31, 2017
Net Income after taxation	38,249,295	59,925,391
Other comprehensive income	-	-
Total comprehensive income for the period	38,249,295	59,925,391

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

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Director

Javid Ansari
Chief Financial Officer

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Director

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CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED) FOR THE NINE MONTHS ENDED MARCH 31, 2018

Note	Rupees	
	March 31, 2018	March 31, 2017
CASH GENERATED FROM OPERATIONS		
Profit before taxation	56,492,794	80,053,524
Adjustments for non-cash and other items:		
Depreciation	57,216,509	47,834,499
Amortization of software	164,473	37,907
Exchange (gain) / loss	27,816,231	(662,565)
Gain on sale of fixed asset	(778,612)	-
Workers' Welfare Fund	799,297	1,227,751
Workers' Profit Participation Fund	1,998,241	3,069,376
Provision for gratuity	6,349,869	5,198,193
Finance costs	14,247,843	20,676,843
	107,813,852	77,382,003
	164,306,646	157,435,526
Changes in working capital		
Decrease / (Increase) in current assets:		
Stock-in-trade	(127,835,546)	99,725,649
Trade debts	(118,462,977)	(20,350,985)
Loans and advances	(10,673,986)	(1,940,060)
Trade deposits, short-term prepayments and other receivables	(2,337,307)	(1,336,034)
	(259,309,817)	76,098,570
(Decrease) / Increase in current liabilities:		
Trade and other payables	216,181,130	16,668,437
	(43,128,687)	21,035,243
Cash generated from operation	121,177,959	178,470,770
Income tax paid- net	(59,843,771)	(25,732,227)
Gratuity paid	(2,711,357)	(5,405,299)
Finance costs paid	(12,802,813)	(20,911,816)
	(75,357,941)	(52,049,342)
Net cash generated from operating activities	45,820,018	126,421,428
CASH FLOW FROM INVESTING ACTIVITIES		
Fixed capital expenditures	(65,408,407)	(53,488,502)
Long term deposits Paid	(161,822)	(776,550)
Proceeds from disposal of fixed assets	5,994,000	-
Net cash (used) in investing activities	(59,576,229)	(54,265,052)
CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from loan from director	19,000,000	5,500,000
Repayment of loan from director	(162,260,457)	(5,600,000)
Proceeds from Rights- net of share issuance cost	297,792,013	-
Musharika arrangement	-	(8,766,476)
Dividends Paid	(41,796,824)	(20,562,786)
Repayment of finance lease	(32,793,744)	(38,752,875)
Net cash generated / (used) in financing activities	79,940,988	(68,182,137)
Net increase in cash and cash equivalents	66,184,777	3,974,239
Cash and cash equivalents at the beginning of the period	5,562,050	13,243,508
Cash and cash equivalents at the end of the period	11	17,217,747

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

Mohammad Sadiq Khan
Director

Javid Ansari
Chief Financial Officer

Ehtesham Maqbool Elahi
Director

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CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED) FOR THE NINE MONTHS ENDED MARCH 31, 2018

	Issued, subscribed & paid-up capital	Reserves			Total
		Capital reserve- share premium	Unappropriated profits	Total Reserves	
Balance as at July 1, 2016	388,860,000	79,930,000	85,095,494	165,025,494	553,885,494
Final Dividend @ Re. 1 / ordinary share for the year ended June 30, 2016	-	-	(38,886,000)	(38,886,000)	(38,886,000)
Profit for the period	-	-	59,925,391	59,925,391	59,925,391
Other comprehensive income	-	-	-	-	-
Total comprehensive income	-	-	59,925,391	59,925,391	59,925,391
Balance as at March 31, 2017	388,860,000	79,930,000	106,134,885	186,064,885	574,924,885
Balance as at July 1, 2017	388,860,000	79,930,000	124,687,909	204,617,909	593,477,909
Final Dividend @ Re. 1 / ordinary share for the year ended June 30, 2016	-	-	(41,510,805)	(41,510,805)	(41,510,805)
Issue of further 20,415,150 ordinary shares at premium of Rs 5 per share (note 9)	204,151,500	102,075,750	-	102,075,750	306,227,250
Share issuance cost	-	(8,437,184)	-	(8,437,184)	(8,437,184)
Profit for the period	-	-	38,249,295	38,249,295	38,249,295
Other comprehensive income	-	-	-	-	-
Total comprehensive income	-	-	38,249,295	38,249,295	38,249,295
Balance as at March 31, 2018	593,011,500	173,568,567	121,426,399	294,994,965	888,006,465

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Mohammad Sadiq Khan
Director

Javid Ansari
Chief Financial Officer

Ehtesham Maqbool Elahi
Director

MACPAC FILMS LIMITED

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE NINE MONTHS ENDED MARCH 31, 2018

1. STATUS AND NATURE OF THE COMPANY

Macpac Films Limited (the Company) was incorporated on August 19, 1993, in Pakistan as a limited liability company under the repealed Companies Ordinance, 1984 (Now Companies Act, 2017) and is listed on the Pakistan Stock Exchange Limited. The registered office Plot # 21, Maqboolabad, Jinnah Cooperative Housing Society, (J.C.H.S), Tipu Sultan Road, Karachi.

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

2. BASIS OF PREPARATION

2.1 Statement of compliance

Effective from May 30, 2017, the Companies Act, 2017 (the Act) has been promulgated, however, Securities and Exchange Commission of Pakistan (SECP) vide its circular No. 23 of 2017 dated October 04, 2017 communicated its decision that the companies whose financial year closes on or before December 31, 2017 shall prepare their financial statements in accordance with the provisions of the repealed Companies Ordinance, 1984 (the ordinance). Furthermore, Institute of Chartered Accountants of Pakistan has obtained clarification from SECP regarding the said circular, and explains that this circular also covers interim financial statements of companies for the periods ending on or before December 31, 2017. Accordingly, these condensed interim financial statements of the company for the nine months ended March 31, 2018 have been prepared in accordance with International Accounting Standard - 34 'Interim Financial Reporting' and provisions of and directives issued under the Ordinance. In case where requirement differ, the provision of or directives issued under the Ordinance have been followed.

The Company is currently assessing the full impact of the promulgation of the Act on the financial statements, it is expected that it will result in change in accounting treatments and enhanced disclosures in the financial statements which will be incorporated in the annual financial statements of the Company for the year ending June 30, 2018.

2.2 Functional and presentation currency

These condensed interim financial statements are presented in Pakistan Rupees which is the Company's functional and presentation currency.

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies and methods of computation adopted for the preparation of these condensed interim financial statements are the same as those applied in the preparation of the annual financial statements for the year ended June 30, 2017, except for the adoption of new accounting standards and interpretations as stated below.

3.1 New amended and revised standards and interpretations of IFRS

The Company has adopted the following amendments and improvements in IFRSs which became effective for the current period:

Standard or Interpretation

IAS 7 - Statement of Cashflows: Disclosures - Disclosure Initiative (Amendment)

IAS 12 - Income Taxes - Recognition of Deferred Tax Assets for Unrealized losses (Amendments)

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