## 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 decresed 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

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

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 Ehtesham Maqbool Elahi Director Director

### MACPAC FILMS LIMITED

#### CONDENSED INTERIM BALANCE SHEET **AS AT MARCH 31, 2018**

**ASSETS** 

NON-CURRENT ASSETS

Intangible assets

Long-term deposits

**CURRENT ASSETS** 

Loans and advances

Cash and bank balances

**EQUITY AND LIABILITIES** 

other receivables

TOTAL ASSETS

Authorised capital

Reserves

Deferred taxation

Accrued mark-up

Statements

Short-term borrowing

Loan from related parties

Mohammad Sadiq Khan

Director

CURRENT LIABILITIES

Trade and other payables

shares of Rs. 10/- each

Trade deposits, prepayments and

Tax refund due from Government - net

SHARE CAPITAL AND RESERVES

Issues, subscribed and paid-up capital

Staff retirement benefits - Staff gratuity

Current portion of non-current liabilities

CONTINGENCIES AND COMMITMENTS 9

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

Javid Ansari

Chief Financial Officer

TOTAL EQUITY AND LIABILITIES

NON-CURRENT LIABILITIES

70,000,000 (June 30, 2017: 70,000,000) ordinary

Liabilities against asset subject to finance lease

Stock-in-trade

Trade debts

Property, plant and equipment

Rupees

808.213.675

1.134.294

819.329.420

443 967 763

239,828,158

3.686.643

12,641,083

35,775 702

5 562 050

741,461,399

811,224,492

969,821

10,143,273

571.803.309

358,291,135

14,360,629

14,978,390

69.735.589

**1,932,804,769** 1,560,790,819

**700,000,000** 700,000,000

**593.011.500** 388.860.000

**294,994,965** 204,617,909

**134,067,077** 130,938,856

**1,932,804,769** 1,560,790,819

593 477 909

20.232.009

771.195

109,999,896

143,260,457

37 853 756

799,079,118

81.298.130

1,110,467,183

888.006.465

4,016,278

23,870,521

161.953.876

752 897 847

2,216,225

109,623,693

18 106 662

882,844,428

ARCH 31	I, 2018		FOR THE NINE M		
	March 31, 2018	June 30, 2017		(UN-AUDI) Nine Mont	,
Note	(Un-Audited)	(Audited)	No.	March 31,	March 31,

	Nine Mont		tns Ended	Quarter	uarter Ended	
	Note	March 31, 2018	March 31, 2017	March 31, 2018	March 31, 2017	
			Rup	ees		
Turnover - Net		1,581,441,549	1,118,734,960	601,187,401	419,340,158	
Cost of Sales	10	(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 Marketing and selling expenses		(60,665,893) (19,564,769) (80,230,663)	(51,528,792) (17,631,423) (69,160,215)	(19,027,931) (6,894,604) (25,922,537)	(18,939,032) (5,788,049) (24,727,080)	
OPERATING PROFIT		100,649,834	102,720,146	28,140,843	34,337,914	
Finance costs Other operating expenses Other operating income		(14,247,843) (33,090,659) 3,181,463 (44,157,040)	(20,676,843) (6,612,719) 4,622,939 (22,666,623)	(4,229,318) (8,116,131) 998,371 (11,347,078)	(9,996,752) (1,135,433) 982,761 (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 (Rupe	ees)	0.68	(Restated)	0.16	(Restated) 0.32	

MACPAC FILMS LIMITED

CONDENSED INTERIM PROFIT AND LOSS ACCOUNT

Quarter Ended

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

	March 31, 2018 Rupo	March 31, 2017 ees
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 pa	art of these condensed interim f	inancial

#### Mohammad Sadig Khan Javid Ansari Ehtesham Maqbool Elahi Director Chief Financial Officer Director Director

## MACPAC FILMS LIMITED

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

	Note	March 31, 2018	March 31, 2017		Issued.	Capital	Reserves		<u> </u>
CASH GENERATED FROM OPERATIONS	14010	Rupees	Rupees		subscribed & paid-up		Unappropriate		Total
Profit before taxation		56,492,794	80,053,524		capital	premium	profits	Reserves	
Adjustments for non-cash and other items:		,,	,,				Rupees		
Depreciation		57,216,509	47,834,499						
Amortization of software		164,473	37.907	Balance as at July 1, 2016	388,860,000	79,930,000	85,095,494	165,025,494	553,885,4
Exchange (gain) / loss		27,816,231	(662,565)						
Gain on sale of fixed asset		(778,612)	-	Final Dividend @ Re. 1 / ordinary sh	are -	-	(38,886,000)	(38,886,000)	(38,886,00
Workers' Welfare Fund		799,297	1,227,751	for the year ended June 30, 2016					
Workers' Profit Participation Fund		1,998,241	3,069,376	Profit for the period	-	-	59,925,391	59,925,391	59,925,39
Provision for gratuity		6,349,869	5,198,193	Other comprehensive income	-	-	-	_	
Finance costs		14,247,843	20,676,843	Total comprehensive income	-	-	59,925,391	59,925,391	59,925,39
		107,813,852	77,382,003				-		
		164,306,646	157,435,526	Balance as at March 31, 2017	388,860,000	79,930,000	106,134,885	186,064,885	574,924,8
Changes in working capital									-
Decrease / (Increase) in current assets:				Balance as at July 1, 2017	388,860,000	79,930,000	124,687,909	204,617,909	593,477,90
Stock-in-trade		(127,835,546)	99,725,649						
Trade debts		(118,462,977)	(20,350,985)	Final Dividend @ Re. 1 / ordinary sh	are -	-	(41,510,805)	(41,510,805)	(41,510,80
Loans and advances		(10,673,986)	(1,940,060)	for the year ended June 30, 2016					
Trade deposits, short -term prepayments and other re	acaivables	(2,337,307)	(1,336,034)	Issue of further 20,415,150 ordinary					
made deposits, short -term prepayments and other re	ccivables	(259,309,817)	76,098,570	shares at premium of Rs 5 per share	е				
(Decrease) / Increase in current liabilities:		(203,303,017)	70,090,570	(note 9)	204,151,500	102,075,750		102,075,750	306,227,2
Trade and other payables		216,181,130	16,668,437	Share issuance cost		(8,437,184)		(8,437,184)	(8,437,18
riade and other payables		(43,128,687)	21.035.243			, , , ,		, , , ,	, ,
		(43,120,007)	21,033,243	Profit for the period	-	-	38,249,295	38,249,295	38,249,29
Cash generated from operation		121,177,959	178,470,770	Other comprehensive income	-	_	' ' -		' ' .
cash generated from operation		121,177,959	170,470,770	Total comprehensive income			38,249,295	38,249,295	38,249,29
Income tax paid- net		(59,843,771)	(25,732,227)			-			
Gratuity paid		(2,711,357)	(5,405,299)	Balance as at March 31, 2018	593,011,500	173,568,567	121,426,399	294,994,965	888,006,46
Finance costs paid		(12,802,813)	(20,911,816)	,					· — —
i manoc costo paiu				The annexed notes from 1 to 14 for	m an integral na	rt of these cor	densed interim	financial Stat	tements.
		(75,357,941)	(52,049,342)						

#### 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	71,746,827	17,217,747

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

Javid Ansari

Chief Financial Officer

#### Mohammad Sadig Khan Director

## Javid Ansari Chief Financial Officer

MACPAC FILMS LIMITED

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)

FOR THE NINE MONTHS ENDED MARCH 31, 2018

Ehtesham Maqbool Elahi

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

#### 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, Magboolabad, 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 'InterimFinancial 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.

#### 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)

# MACPAC FILMS LIMITED

Ehtesham Magbool Elahi

Ehtesham Magbool Elahi

## MACPAC FILMS LIMITED

## MACPAC FILMS LIMITED

Improvements to Accounting Standards Issued by the IASB in September 2014

IFRS 12.- Disclosure of Interests in Other Entities - Clarification of the scope of the disclosure requirements in IFRS 12

The adoption of the above amendments and improvements to accounting standards did not have any effect on the condensed interim financial

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

	Nete	March 31, 2018 (Un-Audited)	June 30, 2017 (Audited)
4	Note PROPERTY, PLANT AND EQUIPMENT	Rupe	ees———
	Operating fixed assets Capital work-in-progress	764,339,735 46,884,757 811,224,492	754,165,350 54,048,325 808,213,675
4.1	Operating fixed assets		
	Opening book value Additions during period / year	754,165,350 <u>72,606,282</u> 826,771,632	750,254,139 <u>78.164.970</u> 828,419,109
	Disposal during the period /year at book value Depreciation during the period / year	(5,215,388) (57,216,509) (62,431,897)	(21,000) (74,232,759) (74,253,759)
		764,339,735	754,165,350
4.2	Following are the additions made during the period / year:		
	Building Plant and machinery Furniture and fixtures Electrical installations Refrigeration and air conditioning Office equipment Computers Motor vehicles	11,078,630 46,911,063 712,430 318,635 471,607 505,124 611,069 11,997,724 72,606,282	8,589,568 49,094,511 1,086,125 278,249 852,201 8,339,490 770,991 9,153,835 78,164,970
5	INTANGIBLE-SOFTWARE Computer Software	969,821	1,134,294
5.1	Cost as at July 01 Additions Amortisation charge during the period @ 20% NBV as at Mar 31	1,134,294 - (164,473) 969,821	189,534 1,220,000 (275,240) 1,134,294
6	STOCK IN TRADE		
	Raw material - In hand - In Bond - In transit  Work-in-process Finished goods	186,133,299 45,184,008 122,380,987 353,698,293 99,086,186 119,018,830 571,803,309	95,769,783 105,880,892 11,169,250 212,819,925 160,614,530 70,533,308 443,967,763
7	TRADE DEBTS - UNSECURED		
	Considered good:		
	Related Parties Others	56,080,669 325,119,416	46,901,918 215,835,190
	Provision for bad debts	381,200,085 (22,908,950) 358,291,135	262,737,108 (22,908,950) 239,828,158
8	SHORT TERM BORROWING		
	Running finance under markup arrangement Istisna arrangement 8.1	9,907,728 99,715,965 109,623,693	9,999,896 100,000,000 109,999,896
8.1	The above facility is obtained by the Company from a arrangement and is secured gainst first pari passu mand trade debts. The rate of mark-up on this finance is	ortgage charge over Comp	any's fixed assets
9	CONTINGENCIES & COMMITMENTS		
9.1	Contingencies		
9.1.1	There has been no change in the status of contingen statements of the Company for the year ended June		nual financial
	Commitments		
3.2		7.050.000	7.050.000
9.2	Outstanding bank guarantees	7,250,000	7,250,000

Nine Mont	hs Ended	Quarter	Ended
March 31, 2018	March 31, 2017	March 31, 2018	March 31, 2017
,	,	2018	

10 COST OF SALES

Opening stock of work- in- process	160,614,530	91,853,720	132,736,860	116,532,028
Raw material consumed	1,094,233,292	715,540,097	401,397,879	255,809,884
Salaries, wages and other benefits	62,839,201	52,135,553	22,394,413	18,100,316
Oil and lubricants/diesel	3,934,096	4,741,760	1,838,488	1,795,916
Packing material consumed	30,990,887	29,181,048	11,646,153	13,404,815
Consumable stores	4,380,941	2,853,655	1,470,739	651,986
Water charges	2,668,489	1,054,958	1,419,512	267,32
Repair and maintenance	12,955,570	7,945,931	4,589,338	2,652,255
Vehicle running and maintenance	1,612,147	1,320,815	633,035	400,914
Power/electricity/gas	81,679,595	66,789,561	26,601,025	21,951,434
Insurance	5,724,723	5,924,498	1,825,953	1,509,795
Telephone	642,634	625,985	246,895	205,266
Cartage	14,763,500	12,410,541	5,489,817	6,211,792
Consultancy charges	3,976,500	3,924,688	1,225,500	1,511,149
Staff welfare	2,436,205	1,705,103	1,076,564	776,765
Security charges	1,734,342	1,654,443	753,754	549,998
Depreciation	54,355,683	46,096,760	18,010,421	11,534,264
Other expense	3,020,102	3,210,196	811,843	847,328
Rent, rates and taxes	1,075,311	1,075,308	358,437	358,436
Transportation	4,495,013	5,544,830	1,357,717	2,570,384
	1,548,132,760	1,055,589,451	635,884,342	457,642,04
Less: Closing Work-in-process	(99,086,186)	(113,699,639)	(99,086,186)	(113,699,639
Cost of goods manufactured	1,449,046,574	941,889,812	536,798,156	343,942,400
Opening stock of Finished goods	70,533,308	110,510,220	129,344,695	121,878,192
Closing stock of Finished goods	(119,018,830)	(105,545,434)	(119,018,830)	(105,545,434
5	1,400,561,052	946,854,598	547,124,021	360,275,164

March 31, March 31, (Un-Audited) (Un-Audited)

CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD COMPRISE OF

Cash & Bank balances Short term running finance under markup arrangement

TRANSACTIONS WITH RELATED PARTIES

Related parties of the Company comprise of associate companies, directors and key management personnel and companies in which directors of the Company hold directorship. Transactions with related parties during the period, other than those which have been disclosed elsewhere in these financial statements, are as follows:

March 31,

March 31,

**33,906,464** 23,183,977

1,755,276

8,132,136

12,754,105 3,609,038

	2018 (Un-Audited)	2017 (Un-Audited
Director (Key management per sonnel)	Rup	ees ———
Loan to the Company Loan acquired during the year Loan repaid during the year	19,000,000 162,571,720	5,500,000 5,600,000
Salary, fee and other employment benefits	9,849,662	8,214,605
Chief Executive Salary, fee and other employment benefits	5,740,896	6,249,559

Toyo Packaging (Private) Limited

Salary, fee and other employment benefits

93,718,346 121.380.303 52,462,005 47,265,580

Hilal Foods (Pvt) Ltd

Shalimar Food Products (Private) Limited

12,094,280 1,863,388

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

13 DATE OF ISSUE

Director

These condensed interim financial statements were authorized for issue on April 27, 2018 by the Board of Directors of the

Javid Ansari

Chief Financial Officer

Ehtesham Maqbool Elahi

14 GENERAL

Figures have been rounded to the nearest rupee.

**COMPANY INFORMATION** 

**Board of Directors** 

Mr. Naeem Munshi Mr. Magbool Elahi Shaikh (Chief Executive) Mr. Mohammad Sadig Khan (Executive Director) Mr. Ehtesham Maqbool Elahi (Executive Director) Mr. Shariq Maqbool Elahi (Non-Executive Director) Mr. Fahad Munshi (Non-Executive Director)

(Independent Director) Mr. Mansoor Younus Mr. Syed Wasi Haider (Nominee Director of EOBI)

Audit Committee of the Board

Mr. Mansoor Younus (Committee Chairman)

Mr. Naeem Munshi Mr. Shariq Magbool Elahi

**HR & Remuneration Committee** Mr. Naeem Munshi

Mr. Ehtesham Maqbool Elahi Mr. Shariq Maqbool Elahi

Chief Financial Officer & Company Secretary

Mr. M. Javid Ansari

Auditors

EY Ford Rhodes 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 Dubai Islamic Bank Pakistan Limited Faysal Bank Limited Habib Bank Limited Habib Metro Bank Limited JS Bank Limited MCB Bank Limited Meezan Bank Limited Soneri Bank Limited

United Bank Limited Registered Office

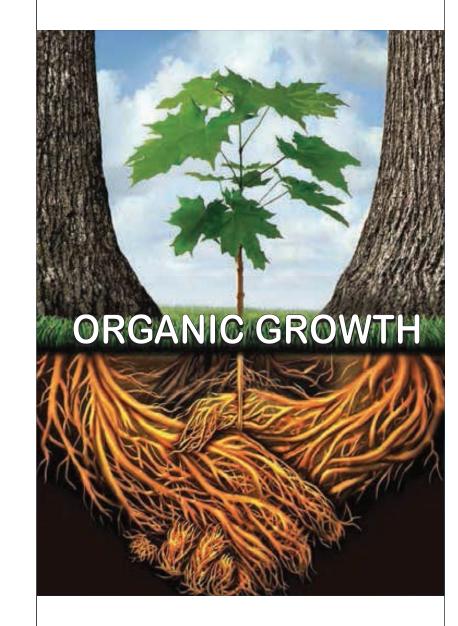
Plot # 21 Maqbolabad

Jinnah Cooperative Housing Society, (J.C.H.S), Tipu Sultan Road, Karachi

Website: www.macpacfilms.com

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

CONDENSED INTERIM FINANCIAL STATEMENTS



FOR THE 3rd **QUARTER & NINE MONTHS ENDED MARCH 31, 2018** (UNAUDITED)

MACPAC FILMS LIMITED

MACPAC FILMS LIMITED MACPAC FILMS LIMITED **MACPAC FILMS LIMITED** MACPAC FILMS LIMITED MACPAC FILMS LIMITED