

IMPROVEMENT
VALUES
POSITIVITY
TEAMWORK
HOPE
FILMS
GOALS
SUCCESS
TAKING OFF
PERSEVERANCE
EXPANSION
LEADERSHIP
EXPENERGY
GROWTH
QUALITY
COMMITMENT
PIONEER
BOPP
FOCUS
RAY OF LIGHT
CHANGE



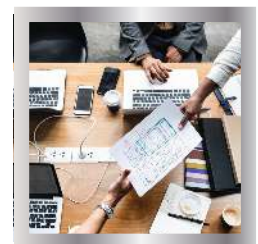
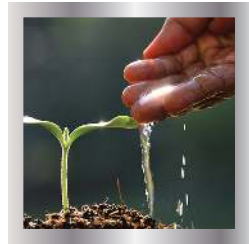


IMPROVEMENT
 VALUES POSITIVITY TEAMWORK PERSEVERANCE
 HOPE EXPANSION
 QUALITY GOALS SUCCESS TAKING OFF LEADERSHIP
 FILMS CPP ENERGY
 CHANGE PRESERVATION COMMITMENT
 PIONEER BOPP FOCUS RAY OF LIGHT GROWTH



RAY OF LIGHT

As we grow ahead today we see and portray a new ray of light that is spreading from the center of trust of our shareholders and all stake holders. At MACPAC Films, we believe that our revived passion for improvement, progress and growth will help us take off Macpac to a new a ray of light for our prosperous future which will show in our oncoming years progression Insha Allah.



THE SECRET OF CHANGE IS TO
FOCUS ALL OF YOUR ENERGY,
NOT ON FIGHTING THE OLD,
BUT ON BUILDING THE NEW.”

“SOCRATES”

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COMPANY INFORMATION

Board of Directors

Mr. Naeem Munshi (Chairman - Non-Executive Director)
Mr. Maqbool Elahi Shaikh (Chief Executive)
Mr. Mohammad Sadiq Khan (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 Hyder (Non-Executive Director)

Audit Committee of the Board

Mr. Mansoor Younus (Committee Chairman)
Mr. Naeem Munshi
Mr. Shariq Maqbool Elahi

HR & Remuneration Committee

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

Chief Financial Officer & Company Secretary

Mr. M. Javid Ansari





CPP

Auditors

EY Ford Rhodes
Chartered Accountants

Legal Advisor

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

Share Registrar

Central Depository Company Pakistan Ltd
CDC House, 99 – B, Block 'B', S.M.C.H.S.,
Main Shahra-e-Faisal, Karachi-74400
Customer Support Service: 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 Maqboolabad, Jinnah Cooperative
Housing Society (J.C.H.S.), Tipu Sultan Road, Karachi

Email

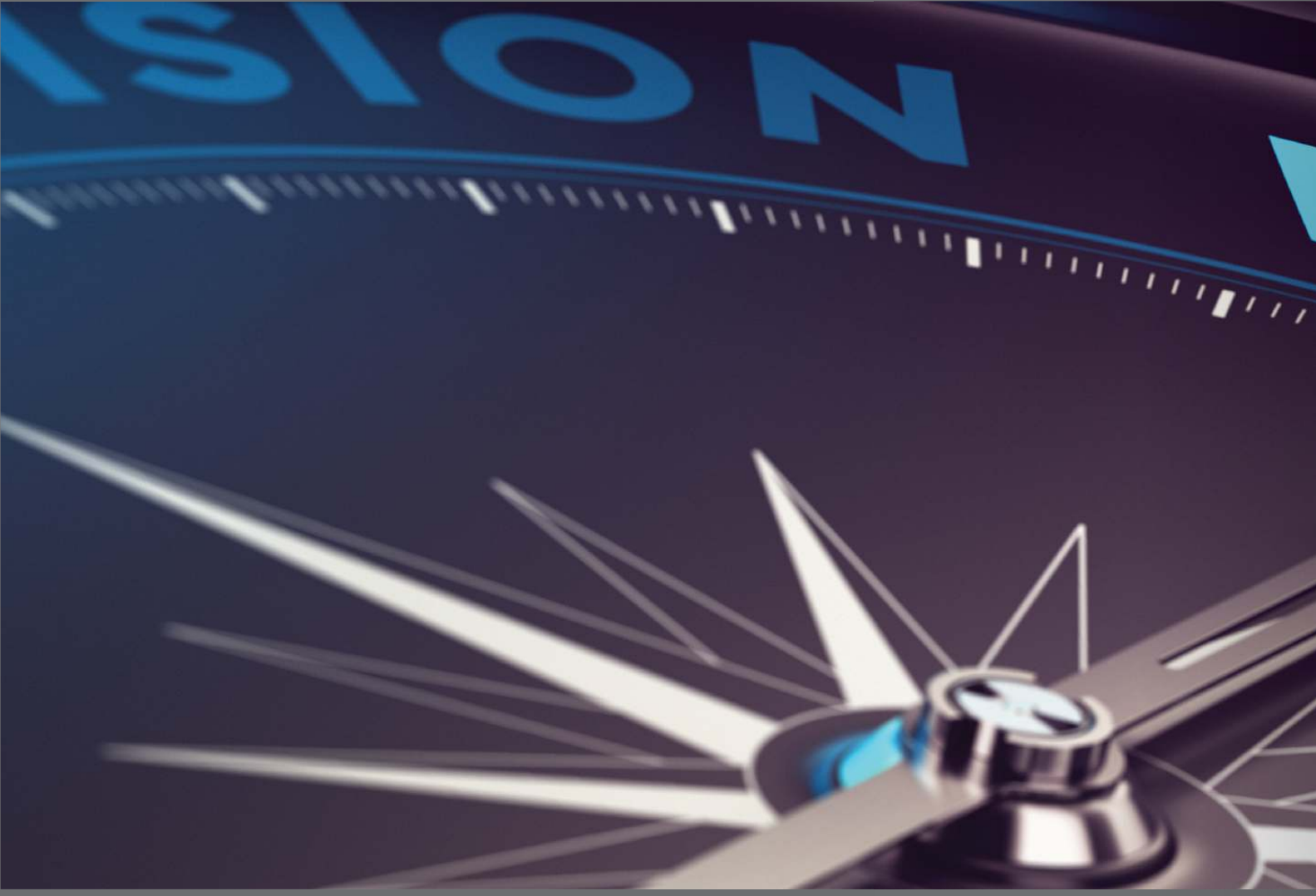
info@macpacfilms.com

Website

www.macpacfilms.com

Factory

Plot No. EZ/1/P-10
Eastern Industrial Zone
Port Qasim Area
UAN # 111-MFL(635)-111



VISION:

To be the market leader, recognized locally and internationally as a premium quality manufacturer of multilayer packaging materials.



MISSION:

- Maintain the highest level of quality in the manufacture of our products, thereby adding value for all our stakeholders.
- Be ethical in practice and fulfill our social responsibilities by contributing towards the environment as good corporate citizens.
- Gain the confidence of our stakeholders by earning a reputation of a responsible and progressive enterprise that is prepared to change for them.
- Focus on the changing customer needs and requirements and strive to improve and innovate the product line for the benefit of our clients.



CORE VALUES

Accountability

We trust accountability in business and disclose the result in a transparent manner. Our actions are conducted in a responsible, timely and professional manner.

Passion

We have enthusiasm towards our work, our operation team is eager to serve the best product to our valuable customers.



Honesty

All our business dealings are based upon honesty, truthfulness, straightforwardness, and transparency and all our dealing based on moral principles.

Quality

Our commitment to quality is a never-ending quest to find new and better ways to meet and exceed our customers' expectations. We satisfy our customers in the best possible manner. And are committed towards continuous improvement

Innovation

We believe in innovation to meet new era requirements and fulfil the wants of our valued customers and needs of whole Industry. Macpac's stance as pioneers of Bopp and Cpp emphasize this for many more innovations to come

Caring

We have an environment of understanding, community, and support, can nurture positive relationships, and social aspect of workplace where employees are engaged in external and internal activities.



STATEMENT OF ETHICS

Ethical Standards

Macpac Films Ltd will conduct its business honestly and ethically.

Personal interests must never be permitted to conflict, or appear to conflict, with the interests of the Company, its clients or its affiliates.



All applicable laws and regulations including labor laws and equal opportunity must be complied with.

Directors, officers and employees must respect and act responsibly with others in all of their dealings.

All Company policies and procedures including Company's Code of Conduct must be followed.

The Company's core values must be upheld at all times.



BUSINESS STRENGTHS

Macpac is the Pioneer of BOPP and CPP films in Pakistan, having rich expertise, a strong brand identity and history of nurturing customers

Complete automated Bruckner and SML high-performance extrusion plants, which produces superior quality films with minimum wastage & higher accuracy.



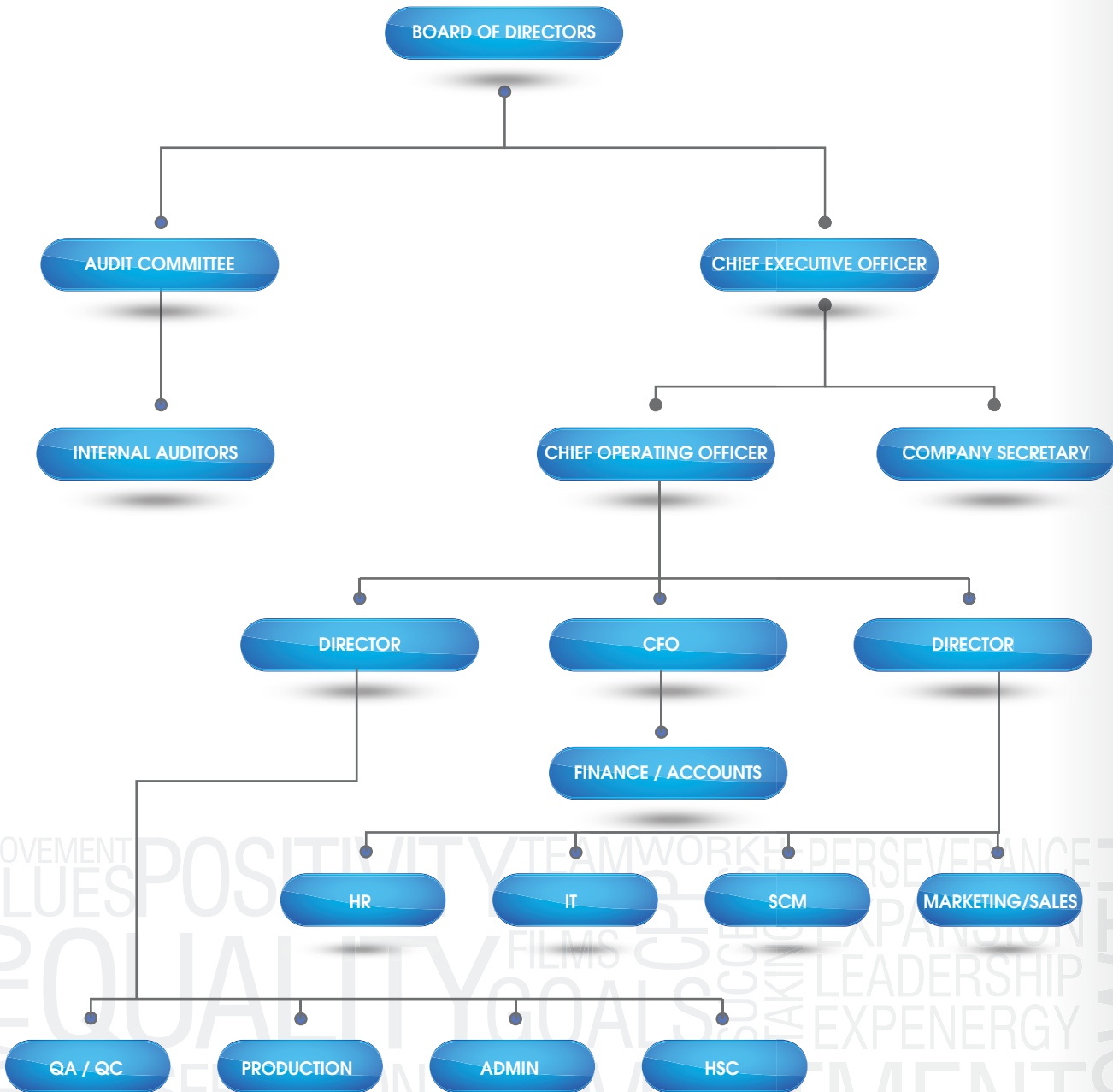
We have strong belief in Research and Development. We work to obtain new knowledge & technology in order to develop best quality films to serve to our customers. The goal is to strengthen company's bottom line with long term sustainability.

Strong relationship with our stakeholder. Our suppliers are committed to provide quality services with minimum lead time.

Hardcore, Professional and focused team who always in search of room for improvement.

We are strongly emphasized on customer relationship management by creating a 360° view of the customer, capturing their interactions with the business, and by surfacing the information needed to have better conversations with customers.

ORGANIZATION STRUCTURE



SOME PEOPLE DREAM OF SUCCESS,
WHILE OTHER PEOPLE GET UP
EVERY MORNING AND MAKE IT
HAPPEN.

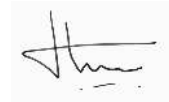
“WAYNE HUIZENGA”

INTEGRATED MANAGEMENT SYSTEM (ISM) POLICY

MACPAC FILMS LTD emphasizes on excellence in all aspects of business activities. The Company constantly strives to maintain its reputation as a successful, dynamic and responsible organization.

We are committed to:

- Provide on time quality Product with the compliance of international standards ISO 9001:2015, ISO 14001:2015 and OHSAS 18001:2007.
- Strive for the most comprehensive recognition and satisfaction of its esteemed customers.
- Reduce environmental and Occupational Health and Safety risks to a minimum level, and conducting its business activities in a manner that protects the environment and improves Occupational Health and Safety of our employees and Quality of our products.
- Make and strive to achieve Quality, Occupational Health & Safety and Environmental Objectives related to our scope of work.
- To provide all resources needed for the continual improvement of quality, health, safety and environmental issues.
- Fulfill all the legal and statutory requirements that are necessary to follow within our scope of work.
- Management and Supervisory Staff of MACPAC FILMS LTD have the responsibility for implementing this policy throughout the Company.



Operational Director





CORPORATE SOCIAL RESPONSIBILITY

For a business to take responsibility for its actions, it must be fully accountable. Here at Macpac Films Ltd, we have gone beyond the legal requirements to enhance transparency and credibility, and strengthened our management infrastructure. All this is done to ensure that we fulfill our social responsibility as it is the least we can do.

The Company's utmost priority has always been conducting ethical and sustainable business with an aim to build stronger relations with its stakeholders and to make contributions for the welfare of the society. The goal of our CSR is to embrace responsibility for the Company's actions and create a positive impact through its activities on the environment, employees, communities and stakeholders.

Being socially responsible is more than just a corporate requirement for us; the Company continuously takes multifaceted initiatives to fulfill this moral obligation.

Employee Welfare

Macpac Films Ltd respects the dignity and rights of its human capital. The work environment is friendly and steps are taken to ensure a family-like environment. To uplift the living standards of our employees and improve their lives is our motive. We provide interest-free loans and medical facility to our employees and their families. Training and development is considered to be an integral part of our Human Resource Policy. Apart from on-the-job training, we encourage our employees to attend seminars, workshops, short courses and lectures. We are an equal opportunity employer and provide employment opportunities to young graduates with an aim to nurture a highly talented lot of future leaders for the country.

Safety and Health

We are committed to the health and safety of our employees, subcontractors, customers and the general public. We are also dedicated to safeguard our natural environment. Our health, safety and environment objectives are equal in status to our other business activities. Line management and supervision is responsible for implementing these objectives. Regular workshops and trainings are conducted to educate our employees about the various safety and health issues.

Social Services

While CSR is a corporate responsibility, keeping in line with the values of the Company and our traditions, we also make philanthropic contributions to institutions that are making significant efforts to help the underprivileged, e.g., Shaukat Khanum Hospital, The Citizens Foundation, Heart Care Society, Civil Hospital etc. Apart from such institutions, a significant contribution is made every year towards various educational organizations as part of our CSR initiatives.

Water Saving

We save water by aggressively implementing water conservation project initiated by our team. We educate our employees through in house and external trainings and we have successfully reduced water consumption by approximately 1 million gallons per year.

We further plan to reduce our consumption by implementing efficient systems and recovery of boring water through reverse osmosis plant in the upcoming year.

PROFILE OF THE BOARD

MR. NAEEM MUNSHI - CHAIRMAN

He has been serving as a Non-Executive Director at Macpac Films Ltd ever since its inception and currently holds the office of CEO at Hilal Food (Pvt) Ltd. A graduate of Sindh University, Hyderabad, his experience of successfully managing one of the largest confectionery businesses gives Macpac an integral insight deep into the customer demands and trends of the end users. He is also the member of the HR & Remuneration Committee and a member of the Audit Committee of the Board.

MR. MOHAMMAD SADIQ KHAN – EXECUTIVE DIRECTOR

As an Executive Director, he commands all external and public affairs of the Company. His vast experience of more than 25 years in the packaging industry adds great value and expertise to the Board and he is an integral supporting pillar of the Company. A member of the Audit Committee of the Board.

MR. FAHAD MUNSHI – NON-EXECUTIVE DIRECTOR

He is serving as a Non-Executive Director at Macpac Films Limited. After completing his graduation from Bentley University in Waltham, Massachusetts, he joined Hilal Food (Pvt) Ltd as a Director. Having a dynamic personality and an achievement-oriented approach, he started off his career in management operations with a focus towards process improvement and innovation. With his determination and inherent passion, he developed himself in human resource management.

MR. MAQBOOL ELAHI SHAIKH - CHIEF EXECUTIVE OFFICER

He is the pioneer of BOPP Films in Pakistan and his contributions to the packaging films industry of Pakistan are recognized by all. Major contributions include introducing vast ranges of packaging films starting from cellophane, BOPP, metalized and CPP films in Pakistan. He introduced BOPP films in 1980 and bought the country's first line of BOPP films machinery in 1985, first metalizer in 1985 and the first CPP machine in 2001. He is one of the major founders of Macpac Films Ltd. His in-depth industry knowledge combined with four decades of experience rightly fits him as the commander-in-chief of the Company. His strategic commitment is to steer the Company through modern management techniques under his strong leadership.

MR. SHARIQ MAQBOOL ELAHI – NON-EXECUTIVE DIRECTOR

He is the technical mind of the Board pertaining to the packaging industry. Serving as a Non-Executive Director and a Chairman of the HR & Remuneration Committee, he adds immense value to the Board by his understanding of the business from his first-hand experience.

MR. EHTESHAM MAQBOOL ELAHI – EXECUTIVE DIRECTOR

Having more than half a decade's experience with the Company as part of senior management, he joined the Board in 2012. A certified director from PICG and a management graduate of American University in Dubai, his role as an Executive Director is to help take the Company to new heights. Sharing and taking forward the vision of the CEO and the Board, he is committed to take the Company forward via newly adapted management practices. He is also a member of the HR & Remuneration Committee of the Board.

MR. MANSOOR YOUNUS – INDEPENDENT DIRECTOR

He has done his MBA from Institute of Business Administration, Karachi in 1981 and possesses vast experience in international business, finance and marketing. Being the only Independent Director on the Board, he is also serving as the Chairman of the Audit Committee. Currently, he holds the position of Managing Partner at Oriental Sales Corporation.

MR. SYED WASI HAIDER – NOMINEE DIRECTOR OF EOBI

He is a nominee director of Employees' Old Age Benefits Institution (EOBI). An institutional investor, their stake in the Company amounts to 7.87% .

PROFILE OF THE MANAGERS

MR. HABIB MAQBOOL ELAHI – OPERATIONS DIRECTOR

He Graduated from the University of Manchester, Manchester Business School in 2013, Habib Elahi joined Corporate world immediately after his graduation. Having qualification of BSc Honors Operations Management and Technology. We believe that his addition to Macpac Films Ltd as a Operations Director will add value towards the company's operations and improve operational efficiency.

MR. NAJM-UL-HASSAN CHIEF OPERATING OFFICER

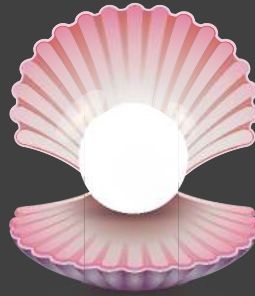
A Member of ICMAP & MBA from IBA, Mr. Najam ul Hasan has an extensive experience of over 22 years in different sectors and has significant experience in handling corporate related matters and increasing efficiencies .

MR. M. JAVID ANSARI CHIEF FINANCIAL OFFICER/ COMPANY SECRETARY

Mr. Javid Ansari has been associated with Macpac Films Ltd since 2012, as Chief Financial Officer and Company Secretary. He has more than 18 years of experience and by qualification he is an associated member of ICMAP & fellow member PIPFA and ICSP.

MR. ZAFFAR ULLAH MANAGER PRODUCTION

A qualified chemical engineer from UET lahore, Mr Zaffar carries with him experienced of more then one decade including 5 years international experience as well. He is very keen to provide quality product by using his expertise.



MS. MEHREEN SHAH KHALID HUMAN RESOURCES

An MBA in human resource management and MA in economics, Ms. Mehreen spearheads all HR duties: Conducting performance appraisal and other surveys, while ensuring a tight-knit organization. She has been with the Company since 2011.

MR. UMER TARIQ SULTAN REGIONAL MANAGER NORTH & EXPORT

Mr. Umer Tariq Sultan is the Regional Manager North & Export of Macpac Films Limited since May, 2017. He has done Masters in Economics from Government College University and then afterwards M.B.A. from Lahore School of Economics. He has an extensive experience of 18 years in B2B Industry especially related to Plastics and Flexible Packaging.

MR. SALMAN KHAN REGINAL MANAGER CENTRAL & EXPORT

Mr. Salman Khan is the Regional Manager Central & Export of Macpac Films Limited since July, 2015. He has completed his Masters in Business Administration (MBA) from Al-Khair University in year 1999.

MR. FAISAL JAVED REGIONAL MANAGER SOUTH & EXPORT

Mr. Faisal Javed is the Regional Manager South & Export of Macpac Films Its since July, 2012. He has completed his Masters in Business Administration (MBA) from IBA in year 2004.

CHAIRMAN'S REVIEW REPORT

I am pleased to present my review report in terms of Section 192(4) of Companies Act, 2017 on the overall performance of the Board of Directors (Board) of Macpac Films Limited (Company) and effectiveness of the role played by the Board in achieving Company's objectives for the year ended June 30, 2018. As required under the Listed Companies (Code of Corporate Governance) Regulations, 2017 (the Regulations) an annual evaluation of the Board of the Company is carried out through a process of evaluating their performance. The purpose of this evaluation is to ensure that the Board's overall performance and effectiveness measured against expectations in the context of Company's objectives, mission and vision. The Board acknowledges and well aware of its responsibility for Corporate and Financial reporting framework. It is a body of highly professional individuals including independent director.

All Board members possess high caliber with diversified experience, in-depth business understanding and strategic thinking. The overall performance of the Board measured on the basis of approved criteria was satisfactory, however, improvement is an ongoing process.

The Company under the supervision of Board has undertaken significant capital expenditures to tap the potential of growing demand for packaging films by upgrading its current production facilities and introducing new Cast Polypropylene (CPP) plant to enhance Company's product portfolio, This will add back the original portfolio of films which was part of the Company in the last decade and will help serve customers and the markets with a better bundle parceling both film ranges, the commercial production of CPP will start by Second quarter of the next financial year, In Sha Allah.

Another challenge faced by the company during the year was the rising prices of imported raw materials and eroding value of the Rupee. The Company is taking effective measures to manage this risk in future to ensure effective controls on cost and maximize operational efficiency. The Company's dispatches increased, however, profits were declined due to pressure on prices during a major portion of the year under review.

Leading this organization, I believe that human capital plays a vital role in the growth of this Company. The Board put efforts to retain the best talent, train them and develop them to become future leaders. For this purpose, an employee appreciation ceremony was conducted where the efforts of each and every staff member was acknowledged and recognized. This was done to instill the motivation and sense of ownership in our people.

I take this opportunity to express gratitude to all stakeholders for their continued support and confidence. I would also acknowledge the valuable contribution and continued sincere efforts of all our employees in the success of the Company.

NAEEM MUNSHI

Chairman

Board of Directors

Karachi: October 01, 2018



DIRECTORS' REPORT TO THE MEMBERS

In the name of Allah, the Most Gracious,
the Most Benevolent and the Most Merciful
-Assalam-o-alaikum-

DEAR VALUED MEMBERS,

The Directors of your Company are pleased to present their Report and Audited Financial Statements of the Company for the year ended June 30, 2018.

DIRECTORS' REPORT TO THE MEMBERS

Composition of Board of directors

The total number of Directors are Nine (8) as per the following:

- a. Male: Eight (8)
- b. Female: Not applicable on the Company for the year under reviewed

Names of persons who, at any time during the financial year were directors of the Company

The composition of board is as follows:

	Category	Name
a)	Independent Director	Mr. Mansoor Younus
b)	Non-Executive Director	Mr. Naeem Munshi
		Mr. Shariq Maqbool Elahi
		Mr. Fahad Munshi
		Mr. S. Wasi Hyder
		Mr. Habib Elahi
c)	Executive Director	Mr. Maqbool Elahi Shaikh
		Mr. Muhammad Sadiq Khan
		Mr. Ehtesham Maqbool Elahi

Names of persons who, at any time during the financial year were directors of the Company

S. No.	Name	Title
1	Mr. Naeem Munshi	Chairman of the Board
2	Mr. Maqbool Elahi Shaikh	Chief Executive Officer
3	Mr. Muhammad Sadiq Khan	Executive director
4	Mr. Ehtesham Maqbool Elahi	Executive director
5	Mr. Shariq Maqbool Elahi	Non -Executive director
6	Mr. Mansoor Younus	Independent director
7	Mr. Fahad Munshi	Non -Executive director
8	Mr. S. Wasi Hyder	Non -Executive director
9	Mr. Habib Elahi	Non -Executive director

Audit Committee of the Board

S. No.	Name	Title
1	Mr. Mansoor Younus	Chairman of the Committee
2	Mr. Naeem Munshi	Member
3	Mr. Shariq Maqbool Elahi	Member

HR & Remuneration Committee

S. No.	Name	Title
1	Mr. Shariq Maqbool Elahi	Chairman of the Committee
2	Mr. Ehtesham Maqbool Elahi	Member
3	Mr. Naeem Munshi	Member

DIRECTORS' REPORT TO THE MEMBERS

Principal Activity

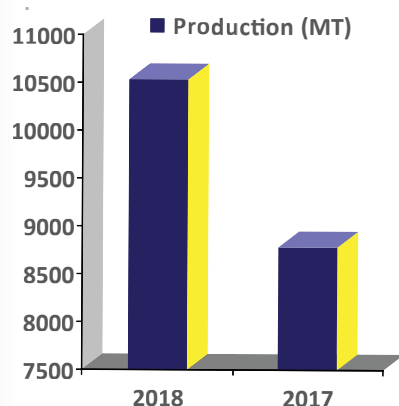
The principal activity of the Company is to manufacture, produce, buy and sell plastic packaging films.

Geographical location and address of business:

The registered office of the company is situated at plot # 21, Maqboolabad, Jinnah Cooperative Housing Society (J.C.H.S), Tipu Sultan Road, Karachi and the production plants are located at Eastern Industrial Zone, Port Qasim, Karachi, Pakistan

Major Capital Expenditure

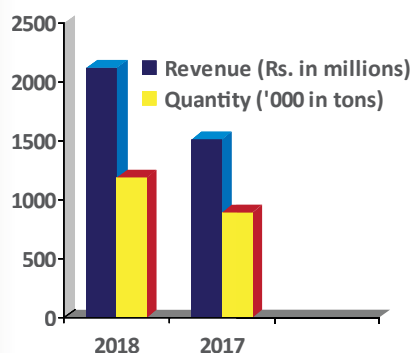
Capital expenditure incurred during the year in respect of Cast Poly Propylene Lines - note 7.5 and note 20 to Financial Statements. This will add back the original product portfolio of films which was part of the company in the last decade and will help serve customers and the markets with a better bundle parceling both film ranges.



Operating and Financial Performance

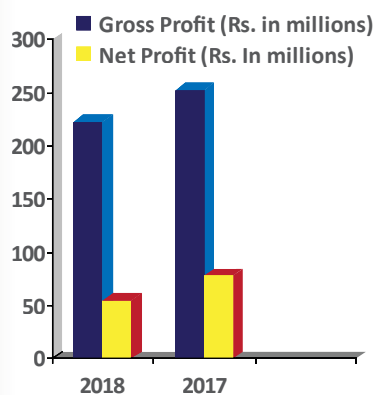
The Company's production during the year was 10,532 metric tons which is 70.2% of total capacity of the plant, increasing by 20% as compared to the previous year Alhamdulillah.

The management of the Company is continuously devoting efforts to further enhance the capacity utilization. Therefore, the focus in the coming times would be enhancing capacity utilization further to yield better results.



Sales Performance

The Company has achieved 40 % growth in net sales at Rs 2,125 million during the year as compared to Rs 1,516 million during the previous year; Alhamdulillah in company's history.



Profitability

The gross profit of the Company is Rs 222.8 million for the current year as compared to Rs. 252.6 million last year, a decrease of 12%. Which is mainly due to increase in petrochemical landed cost resulting an increase in overall material cost as compared to last financial year and Sales average pricing not being able to keep up with the currency fluctuations.

The net profit for the current year is Rs 54.8 million as compared to Rs.78.2 million in the previous year, resulting to a 2.6% decrease, which is mainly due to currency exchange loss amounting to Rs.30 million for the year.

DIRECTORS' REPORT TO THE MEMBERS

Earnings per Share

The earnings per share for the current year is Rs. 0.99 as compared to Rs. 1.83 (Restated) in the past year.

Comparative Financial Results

Broad comparative financial results of three years are given hereunder. Key performance indicators for the last six years are also summarized on page 56 of the Annual Report 2018.

	2018		2017	
	Rs (millions)	% of sales	Rs (millions)	% of sales
Sales (net)	2,125		1,516	
Gross profit	222.8	10.5%	252.6	16.7%
Profit before tax	66.1	3.1%	126.1	8.3%
Profit after tax	54.8	2.6%	78.2	5.2%
Earnings per share (rupees)	0.99		1.83 (Restated)	

Dividend

Allhamdulillah, with the grace of Almighty Allah, the Board of directors of your Company is pleased to announce a cash dividend for the year ended June 30, 2018 on ordinary shares at 2% i.e. Re. 0.20 per share.

Future Outlook

The economy faced a lot of issues both on macro and micro levels during the year under review. Uncertainty on political front, election year, increased debt burden, widened trade deficit and declining foreign reserves resulting in pressure on Pak Rupee etc. affected the long-term economic growth, business opportunities and overall sentiments of the economy. In addition to these factors, increased material prices and entrance of new competition also created numerous challenges for the industry and your company. US Dollar jumped from PKR 104/USD to over PKR 122/USD and even PKR 130/USD subsequent to the period. These overnight sudden devaluations created a lot of price risk and affected the overall business environment and the industry. However, your company managed to address all these issues and despite of all challenges overall volume and market share increased significantly giving company the momentum for further growth ahead.

New Cast Poly Propylene (CPP) plant has also arrived which will strengthen our competitive position and also increase the overall capacity by over 40 pct. In addition to this, your company also implemented the strategies to increase efficiencies, target new market segments, increase investments in research and development and is confident that with all these measures we are on our right track and will achieve the overall all expectation of our valuable shareholders. In Sha Allah.

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 of efficiencies and optimization.

Auditor

The present auditor, M/s EY Ford Rhodes, are retiring and have offered themselves for reappointment for the year ending June 30, 2019.

Compliance with Listed Companies (Code of Corporate Governance) Regulations, 2017

The requirements of the Code of Corporate Governance relevant for the year ended June 30, 2018 have been adopted by the Company and have been duly complied with. A separate statement of compliance with the Code of Corporate Governance, duly signed by the Chief Executive Officer is also included in the Annual Report 2018 on page 36.

DIRECTORS' REPORT TO THE MEMBERS

Statement of Ethics and Business Practices

The Board has prepared and adopted a code of conduct and has ensured that appropriate steps have been taken to disseminate it throughout the Company along with its supporting policies and procedures.

Corporate and Financial Reporting Framework

- The financial statements together with the notes thereon have been drawn up by the management in conformity with the Companies Act, 2017. These statements present fairly the Company's state of affairs, the result of its operations, cash flows and changes in equity.
- Proper books of accounts have been maintained by the Company.
- Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgment.
- The International Accounting Standards/International Financial Reporting Standards, as applicable in Pakistan, have been followed in the preparation of financial statements.
- The system of internal control is sound in design and has been effectively implemented and monitored.
- There are no doubts upon the Company's ability to continue as a going concern.
- There has been no departure from the best practices of Corporate Governance, as detailed in the Listing Regulations.
- There is no other significant and material change from last year's operating and financial results except as explained in the Directors' Report.
- The key performance indicators for the last six years are summarized on page 56 of the Annual Report 2018.

Audit Committee and Internal Control System

The management of your Company believes in good corporate governance, implemented through a well-defined and efficiently applied system of checks and balances and the provision of transparent, accurate and timely financial information. The Board of Directors has established a system of sound internal control which is effectively implemented at all levels within the Company.

The Board has formed an Audit Committee which comprises of three (3) members; all are non-executive directors including the Chairman of the Committee, who is an independent director. The Committee has its terms of reference which were determined by the Board of Directors in accordance with the guidelines provided in the Listing Regulations.

HR and Remuneration Committee

The Board has formed an HR and Remuneration Committee. It comprises of three (3) members, including two non-executive directors and one executive director. The Chairman of the Committee is a non-executive director.

Corporate Social Responsibility (CSR)

For a business to take responsibility for its actions, it must be fully accountable. Here at Macpac Films Limited, we have gone beyond the legal requirements to enhance transparency and credibility and strengthened our management infrastructure. All this is done to ensure that we fulfill our social responsibility as it is the least we can do.

Being socially responsible is more than just a corporate requirement for us. The Company continuously takes multifaceted initiatives to fulfill this moral obligation.

DIRECTORS' REPORT TO THE MEMBERS

Human Capital and Employee Relations

The human capital of the Company is the driving force to integrate other resources, like equipment and technology systems, to produce the performance desired by the Company. The directors of the Company wish to record their appreciation for the dedicated hard and focused work put in by the Company's employees in achieving the performance during the year.

The need of the Company changes all the time and it is changing at a faster pace now because of the increasingly demanding business environment. Effective human resource management requires constant analysis of the pool of human assets in the Company to track any shortcoming in skills which would require training and development efforts so that the human capital can be better utilized and rewarded for their efforts.

Pattern of Shareholding

The total number of Company's shareholders as on June 30, 2018 was 1,013. The pattern of shareholding as on June 30, 2018, along with necessary disclosures as required under the Code of Corporate Governance, is disclosed in the Annual Report 2018.

Acknowledgement

The Directors of the Company would like to take the opportunity to thank the Securities and Exchange Commission of Pakistan, the shareholders, partners, customers, government authorities, autonomous bodies, financial institutions and bankers for their co-operation and 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.

For and on behalf of the Board

MAQBOOL ELAHI SHAIKH

Chief Executive Officer

Karachi

October 01, 2018

MOHMMAD SADIQ KHAN

Director

HEALTH, SAFETY AND ENVIRONMENT

As a company and as individuals, we take great pride in contributing to the communities where we live and work.

We also care about the environment and are proud of the many ways in which our employees work to safeguard it.

As a part of our core values and business ethics, Macpac Films Ltd provides a safe and healthy working environment which ensures an As a company and as individuals, we take great pride in contributing to the communities where we live and work.

We also care about the environment and are proud of the many ways in which our employees work to safeguard it.

As a part of our core values and business ethics, Macpac Films Ltd provides a safe and healthy working environment which ensures an atmosphere of minimal accidents and work-related illnesses. The organization is certified with ISO 9001:2008 certification.

We believe that a safe and healthy workplace is a fundamental right of every person and also a business imperative. All of our workplaces are fully equipped with modern safety gear, fire safety equipment and safety attire, as per international safety requirements.

The HSE policy has been designed to ensure compliance with applicable laws. It aims to concurrently achieve continuous performance improvement, aligned with QMS 9001.

We remain committed to providing a safe and healthy working environment to our employees and other stakeholders.

HSE Policy

It is our policy that we are committed to the health and safety of employees, subcontractors, hired personnel, customers and general public. We are also committed to safeguard our natural environment. Our health, safety and environment objectives are equal in status to our other business activities. Line management and supervision is responsible for implementing these objectives.

HSE Objectives

Remaining within the framework of the Health, Safety and Environment policy, Pakistan's legislative requirements and standards required from our customers, we progressively strive to:

- prevent all production incidents
- prevent other incidents/accidents at our business sites, machines and installations
- prevent all occupational diseases and promote the health of our employees and the people who work with us
- minimize the impact of our operation on the environment
- adopt work practices that are safe and environment-friendly
- develop systems and individual personal responsibilities for health, safety and environment
- encourage involvement of employees in health, safety and environment al affairs_

PRODUCT PROFILE

BOPP

Macpac produces co-extruded multiple grades of BOPP Films which conform to International Standards of quality process involving biaxial orientation of the films at high speed. We focus on various applications:

- Food (confectionery, biscuits, cookies, snacks, tea, baked products)
- Labels (opaque and transparent)
- Other Applications (overwrapping, textile bags, tobacco, decorative purpose, pharmaceutical items, adhesive tapes, etc.)

Macpac is committed to product quality leadership. To meet that commitment, the mission of its experts is to create value-added products for valuable customers and provide them with innovative and effective solutions that allow them to succeed in their businesses.

Keeping in view the needs of our customers, Transparent, Matte, Pearlized & Metallized films are produced in different varieties and thickness ranging from 10 to 60 microns. We also make specialized films having unique characteristics to suit well in specialized applications while creating a niche market. We excel in producing the following grades:

- Plain
- Sealable
- Pearlized
- Pearl white opaque
- Pearl white for labels
- Hologramable
- Overwrap
- Matte
- Metallized
- Metallizable
- Biodegradable BOPP
- Sheet Lamination

The most valuable property of our film is its versatility as a packaging carrier. We carefully craft our films to ensure good barrier properties against moisture, gas and odors. Excellent optical properties distinguish our films from the rest. Trouble free printing and sealability makes our products, the first choice of converters.

Packaging is the first introduction of a product to its consumer; we produce and deliver high quality films in the market having following key features:

- Excellent Optic (High Gloss & Clarity)
- Improved Stiffness
- Good Dimension Stability and Flatness
- Excellent resistance to UV light
- High Tensile Strength
- Biodegradable
- Low Electrostatic Charge
- Recyclable and Reusable
- Good Barrier to Water Vapor
- Excellent Performance on High Speed Machines
- Good Scuff Resistance and Great Acid Resistance
- Not affected by moisture and does not wrinkle or shrink with environmental changes
- Good puncture and flex-crack resistance over a wide range of temperatures
- Excellent Chemical and Abrasion Resistance



BEVERAGES



TEA



ICE CREAM



CHIPS & SNACKS



TEXTILES



OVERWRAPPING



CONFECTIONARY ITEMS



MATCH



SHEET LAMINATION

WE ALSO MANUFACTURE CUSTOMIZED PRODUCTS AS PER CUSTOMER REQUIREMENTS

CPP FILMS

Cast Polypropylene (CPP) films intend to offer high performance, great look and easy transforming for flexible packaging and other applications. It is a mono oriented film based on polypropylene polymers. CPP film forms the basis for a variety of packaging as it possesses excellent seal ability and transparency for subsequent printing or lamination. It also offers minimal gauge variation and a low gel level for better metallizing. We excel in producing the following grades:

- Transparent
- Opaque/ Milky
- Metalized
- And other specialized films

CPP films are also produced from a combination of various grades of PP polymer. Various constructions of CPP are available (multi-layer options) which are used to cater several applications in general packaging, as a sealant layer in conjunction with other plastic substrates for packaging of food products, twist wrap usage in candies, etc. Key characteristics of CPP films are:

- High Clarity, Smoothness and Gloss
- Higher seal strength
- Good hot tack strength
- Good anchoring of inks and adhesive to Treated Surface
- Good machinability on Packaging line
- Resistance to grease and oil
- Good resistance to tears & puncture
- Good moisture barrier
- Low static properties
- Can be metal processing
- Higher than the PE film stiffness
- Multi-functional, composite materials can be used as the base film.

MACPAC Films Ltd. conforms to global quality standards and with our in-house R&D facilities it seeks to provide product development that satisfies customer's requirement. MACPAC's diverse portfolio of BOPP films and multi-layered CPP film, combined with knowledge, technology and analytical capabilities provides the opportunity to develop new products targeting highly customized applications. We believe that this will enhance efforts to differentiate our customer from its competition. Our CPP production process is accomplished with the contribution of the most sophisticated and advanced technologies to produce a wide range of Cast Poly Propylene films. The art machinery supplied by S.M.L - Certified

European manufactures is a high end 5-layer machine that is capable of making diverse range of barrier films as well. Our production facility is led by the team of experts that ensure high production quality that meet customer's demand. We offer a wide range of multilayered CPP films, including: Metalized, lamination, Milky/White (micron range: 15-200). The high barrier range comprises of EVOH and Nylon based film that provides excellent barrier properties. We at MACPAC are committed for excellence in quality and focused on growth and innovations that will help you grow your business.





PRODUCT CATEGORIES

BOPP

SEALABLE FILMS

PLAIN FILMS

METALIZED FILMS

MATTE FILMS

PEARLIZED FILMS

WHITE FILMS

CPP

OPAQUE/ MILKY FILMS

TRANSPARENT FILMS

SPECIALIZED FILMS

METALIZED FILMS

BOARD COMMITTEES

HR & REMUNERATION COMMITTEE

Mr. Shariq Maqbool Elahi (Committee Chairman)
Mr. Ehtesham Maqbool Elahi (Executive Director)
Mr. Naeem Munshi (Non-Executive Director)

Purpose

The HR & Remuneration Committee is appointed by the Board to assist the Board in fulfilling its responsibilities relating to leadership development and compensation of the Company's directors, executive officers and other key management personnel.

Composition

The HR & Remuneration Committee shall have at least three members comprising a majority of non-executive directors

Composition

The HR & Remuneration Committee shall have at least three members comprising a majority of non-executive directors.

Responsibilities

The HR & Remuneration Committee has the following responsibilities:

- Recommend significant human resource management policies to the Board
- Recommend to the Board, the selection, evaluation, compensation (including retirement benefits) and succession planning of the CEO
- Recommend to the Board, the selection, evaluation, compensation (including retirement benefits) of COO, CFO, Company Secretary and Head of Internal Audit
- Consider and approve, on recommendation of the CEO, matters regarding key management positions which report directly to the CEO or COO
- Consider and approve recommendations of the HR Executive Committee
- Report regularly to the Board following meetings of the Committee

Meetings

The Committee shall meet on a needs basis or when directed by the Board.

The Company Secretary sets the agenda, time, date and

venue of the meeting in consultation with the Chairman of the Committee.

The Secretary of the Committee shall submit the minutes of the meeting duly signed by its Chairman to the Company Secretary. These minutes are then circulated within the Board.

AUDIT COMMITTEE

Mr. Mansoor Younus
(Committee Chairman & Independent Director)
Mr. Shariq Maqbool Elahi (Non-Executive Director)
Mr. Naeem Ali Munshi (Non-Executive Director)

Purpose

To assist the Board of Directors in fulfilling its oversight responsibilities for the:

1. integrity of the Company's financial statements
2. Company's compliance with legal and regulatory requirements
3. independent auditor's qualifications and independence
4. performance of the Company's internal audit function and independent auditors

Authority

The Audit Committee has the authority to conduct or authorize investigations into any matter within its scope of responsibility. It is empowered to:

- recommend to the Board the appointment of external auditors, their removal, audit fees, the provision by external auditors of any service to the Company in addition to audit of the financial statements.
- resolve any disagreements between management and the external auditors regarding financial reporting.
- meet with Company officers, external auditors, or outside counsel, as necessary.
- seek any information it requires from any employee (and all employees are directed to cooperate with any request made by the Audit Committee) and external parties.
- obtain outside legal or other professional advice.

Meetings

The Audit Committee shall meet at least once every quarter of the financial year. The provisions of the Code of Corporate Governance 2013 shall be complied with in this regard.

Responsibilities

In the absence of strong grounds to proceed otherwise, the Board of Directors acts in accordance with the recommendations of the Audit Committee in the following matters:

- determination of appropriate measures to safeguard the Company's assets
- review of preliminary announcements of results prior to publication
- review of quarterly, half-yearly and annual financial statements of the Company, prior to their approval by the Board of Directors, focusing on:
 - major judgmental areas
 - significant adjustments resulting from the audit
 - the going concern assumption
 - any change in accounting policies and practices
 - compliance with applicable accounting standards
 - compliance with listing regulations and other statutory and regulatory requirements
 - facilitating the external audit and discussion with external auditors of major observations arising from interim and final audits and any matter that the auditors may wish to highlight (in the absence of management, where necessary)
- review of Management Letter issued by external auditors and management's response thereto
- ensuring coordination between the internal and external auditors of the Company
- review of the scope and extent of internal audit and ensuring that the internal audit function has adequate resources and is appropriately placed within the Company
- consideration of major findings of internal investigations and management's response thereto
- ascertaining that the internal control system including financial and operational controls, accounting system and reporting structure are adequate and effective
- review of the Company's statement on internal control systems prior to endorsement by the Board of Directors
- instituting special projects, value for money studies or other investigations on any matter specified by the Board of Directors, in consultation with the Chief Executive and to consider remittance of any matter to the external auditors or to any other external body
- determination of compliance with relevant statutory requirements
- monitoring compliance with the best practices of corporate governance and identification of significant violations thereof



HUMAN RESOURCE DEVELOPMENT

The human capital of the company is the driving force to integrate the company's other vital resources, e.g., equipment, technology and systems to produce the desired performance.

Our human assets and their ability to achieve and enhance our organization's success are our pride. We hire staff with the right personal attitude and professional skills enabling them to develop a long-term relationship with the company. Our main focus is to nurture and further improve our teams by our exemplary HR policies, development programs and Compensation Packages.

Recruitment & Selection

We are an equal opportunity employer and strictly prohibit discrimination on any ground - religion, cast, color, creed or gender. We hire individuals through a process that is professional and Consideration of any other issue or matter as may be assigned by the Board of Directors consistent; one that reflects the company's commitment to the principles of hiring the best possible candidates and ensuring employment equity.

Selection is made on the basis of merit in view of the job requirements and on a salary which is competitive and in line with the compensation structure of the company.

Training & Development

Learning is part of the company culture and training and development is an integral part of our HR policy. Each employee, at all levels, is conscious of the need to upgrade continuously his/her knowledge and skills.

The willingness to learn is therefore a non-negotiable condition. The company imparts focused training and development to enhance the competency of its employees. Motivational drills and corporate retreats are also a regular feature of our HR policy.

Performance Appraisals

Annual appraisals are aimed to align employee skills with the company's strategic objectives. A benchmark has been set to compare the performance of each employee and feedback is then provided to improve the overall efficiency. Employees are rewarded on the basis of their performance and attitude towards work.

Succession Planning

Succession planning is considered to be an HR priority for key positions to ensure employees' development and a sustainable leadership model.



GREAT THINGS IN
BUSINESS ARE
NEVER DONE BY ONE
PERSON. THEY'RE
DONE BY A TEAM OF
PEOPLE.

“STEVE JOBS”

STATEMENT OF COMPLIANCE WITH LISTED COMPANIES (CODE OF CORPORATE GOVERNANCE) REGULATIONS, 2017

Year ended June 30, 2018

The Company has complied with the requirements of the Regulations in the following manner:

1. The total number of Directors are 8 as per the following:

a.	Male:	8
b.	Female:	-

2. The composition of board is as follows:

	Category	Name
a)	Independent Director	Mr. Mansoor Younus
b)	Non-Executive Director	Mr. Naeem Munshi Mr. Shariq Maqbool Elahi Mr. Fahad Munshi Mr. S. Wasi Hyder
c)	Executive Director	Mr. Maqbool Elahi Shaikh Mr. Muhammad Sadiq Khan Mr. Ehtesham Maqbool Elahi

3. The directors have confirmed that none of them is serving as director on more than five listed companies, including this company (excluding the listed subsidiaries of listed holding companies where applicable).

4. The company has prepared a "Code of Conduct" and has ensured that appropriate steps have been taken to disseminate it throughout the company along with its supporting policies and procedures.

5. The Board has developed a vision/mission statement, overall corporate strategy and significant policies of the Company. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.

6. All the powers of the board have been duly exercised and decision on relevant matters have been taken by board / shareholders as empowered by the relevant provisions of the Act and these Regulations.

7. The meetings of the board were presided over by the Chairman and, in his absence, by a director elected by the board for this purpose. The board has complied with the requirements of Act and the Regulations with respect to frequency, recording and circulating minutes of meeting of board.

8. The Board of Directors have a formal policy and transparent procedures for remuneration of directors in accordance with the Act and these Regulations.

9. The Board has arranged Directors' Training Program for the following :

1) Mr. Ehtesham Maqbool Elahi

The remaining directors shall obtain certification under the Directors' Training Program in due course of time.

10. The board has approved appointment of CFO, Company Secretary and Head of Internal Audit, including their remuneration and terms and conditions of employment. However, the CFO and Company Secretary of the Company is the same person. The Company is in the process of appointing a separate person as Company Secretary.



EY Ford Rhodes
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INDEPENDENT AUDITORS' REVIEW REPORT

To the members of MACPAC Films Limited (the Company)

Review Report on the Statement of Compliance contained in Listed Companies (Code of Corporate Governance) Regulations, 2017

We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2017 (the Regulations) prepared by the Board of Directors of MACPAC Films Limited for the year ended 30 June 2018 in accordance with the requirements of regulation 40 of the Regulations.

The responsibility for compliance with the Regulations is that of the Board of Directors of the Company. Our responsibility is to review whether the Statement of Compliance reflects the status of the Company's compliance with the provisions of the Regulations and report if it does not and to highlight any non-compliance with the requirements of the Regulations. A review is limited primarily to inquiries of the Company's personnel and review of various documents prepared by the Company to comply with the Regulations.

As a part of our audit of the financial statements we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We are not required to consider whether the Board of Directors' statement on internal control covers all risks and controls or to form an opinion on the effectiveness of such internal controls, the Company's corporate governance procedures and risks.

The Regulations require the Company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for their review and approval, its related party transactions and also ensure compliance with the requirements of section 208 of the Companies Act, 2017. We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the Board of Directors upon recommendation of the Audit Committee. We have not carried out procedures to assess and determine the Company's process for identification of related parties and that whether the related party transactions were undertaken at arm's length price or not.


Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the requirements contained in the Regulations as applicable to the Company for the year ended 30 June 2018.



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Further, we highlight below instances of non-compliances with the requirements of the Regulations as reflected in the paragraphs reference where it is stated in the Statement of Compliance:

S.No	Reference	Description
1.	10	Chief Financial Officer and Company Secretary are the same person.
2.	14	No meeting of Human Resource and Remuneration Committee was held during the year.

Chartered Accountants 

Place: Karachi

Date: October 9, 2018



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INDEPENDENT AUDITORS' REPORT

To the members of MACPAC Films Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the annexed financial statements of MACPAC Films Limited (the Company), which comprise the statement of financial position as at 30 June 2018, and the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity, the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, the statement of financial position, the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at 30 June 2018 and of the profit, comprehensive income, the changes in equity and its cash flows for the year then ended.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants as adopted by the Institute of Chartered Accountants of Pakistan (the Code) and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.



Following are the key audit matters:

Key audit matters	How our audit addressed the key audit matter
1. Capital work-in-progress	
<p>As disclosed in note 7.5 to the accompanying financial statements, the Company has incurred significant amount of capital expenditure on purchase of new machinery for enhancement of production capacity. The related expenditure capitalized has been classified as capital work-in-progress as of 30 June 2018.</p> <p>We focused on the related expenditure incurred during the year as this represents a significant transaction for the year and involves certain judgmental areas, such as capitalization of elements of eligible components of cost as per the applicable financial reporting standards, therefore, we have identified this as a key audit matter.</p>	<p>Our key audit procedures in these areas included, amongst others, obtaining an understanding of the Company's process with respect to capital expenditure and controls relevant to such process.</p> <p>We performed substantive audit procedures through inspection of related agreements and documents supporting various components of the capitalized costs.</p> <p>We also considered whether the items of cost meet the recognition criteria of an asset in accordance with the applicable financial reporting standards</p> <p>We further assessed the adequacy of financial statement disclosures in accordance with the applicable financial reporting framework.</p>
2. Existence and Valuation of stock in trade	
<p>As disclosed in note 10 to the accompanying financial statements, the stock in trade balance constitutes 22% of total assets of the Company. The cost of Work in Process (WIP) and finished goods is determined at average manufacturing cost including a proportion of production overheads.</p> <p>We focused on stock in trade as it is a significant portion of company's total assets and it requires management judgment in determining an appropriate costing basis and assessing its valuation.</p>	<p>We performed audit procedures with respect to inventory items including, amongst others physical observation of inventory counts, testing valuation methods and their appropriateness in accordance with the applicable accounting standards. We also tested the calculations of per unit cost of finished goods and WIP and assessed the appropriateness of management's basis for the allocation of cost and production overheads.</p> <p>We also assessed the adequacy of the disclosures made in respect of the accounting policies and the details of inventory balances held by the Company at the year end.</p>
3. Contingencies	
<p>The Company has contingent liabilities in respect of income tax matters, sales tax matters and other gas tariff matters which are pending adjudication before the taxation authorities and the courts of law, details of which are disclosed in notes 24 to the annexed financial statements.</p>	<p>Our key audit procedures on contingencies included, amongst others, obtaining an understanding of the management's processes and controls over litigations through meetings with the management and review of the minutes of the Board of Directors and Audit Committee.</p>

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Building a better
working world

Key audit matters	How our audit addressed the key audit matter
<p>Contingencies require management to make judgments and estimates in relation to the interpretation of laws, statutory rules, regulations and the probability of outcome and financial impact, if any, on the Company for disclosure and recognition and measurement of any provision that may be required against such contingencies.</p> <p>Due to significance of amounts involved, inherent uncertainties with respect to the outcome of the matters and use of significant management judgments and estimates and related financial impacts, we considered contingencies as a key audit matter.</p>	<p>Reviewed correspondence of the Company with the relevant authorities, tax authorities (including judgments and orders passed by competent authorities from time to time, where applicable) and the Company's external legal counsel.</p> <p>Obtained and reviewed confirmations from Company's external legal and tax advisor for their views on the pending cases. Where relevant, also assessed external legal / tax advices obtained by the Company.</p> <p>Involved internal tax professionals to assess management's conclusion on contingent tax matters and to evaluate the consistency of such conclusions with the views of the management and external tax advisors engaged by the Company.</p> <p>We also evaluated the adequacy of disclosures made in respect of the contingent tax liabilities in accordance with the requirements of the financial reporting standards as applicable in Pakistan.</p>
<p>4. New Companies Act, 2017 (the Act) and its impact on the financial statements</p>	
<p>The Companies Act, 2017 (the Act) became applicable for the first time for the preparation of the Company's annual financial statements for the year ended 30 June 2018.</p> <p>The Act forms an integral part of the statutory financial reporting framework as applicable to the Company and amongst others, prescribes the nature and content of disclosures in relation to various elements of the financial statements.</p> <p>In case of the Company, a summary of key additional disclosures and changes to the existing disclosures have been stated in note 3.1 to the accompanying financial statements.</p> <p>The aforementioned changes and enhancements in the financial statements are considered important and a key audit matter because of the volume and significance of the changes in the financial statements resulting from the transition to the new reporting requirements under the Act.</p>	<p>We assessed the procedures applied by the management for identification of the changes required in the financial statements due the application of the Act. We considered the adequacy and appropriateness of the additional disclosures and changes to the previous disclosures based on the new requirements. We also evaluated the sources of information used by the management for the preparation of the above referred disclosures and the internal consistency of such disclosures with other elements of the financial statements.</p>



Information Other than the Financial Statements and Auditors' Report Thereon

Management is responsible for the other information. The other information comprises the information included in the Annual Report, but does not include the financial statements and our auditors' report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Board of Directors for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the accounting and reporting standards as applicable in Pakistan and the requirements of Companies Act, 2017 (XIX of 2017) and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Board of directors are responsible for overseeing the Company's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs as applicable in Pakistan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs as applicable in Pakistan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.



- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the board of directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the board of directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the board of directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

Based on our audit, we further report that in our opinion:

- proper books of account have been kept by the Company as required by the Companies Act, 2017 (XIX of 2017);
- the statement of financial position, the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes thereon have been drawn up in conformity with the Companies Act, 2017 (XIX of 2017) and are in agreement with the books of account and returns;
- investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Company's business; and
- zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980), was deducted by the Company and deposited in the Central Zakat Fund established under section 7 of that Ordinance.

The engagement partner on the audit resulting in this independent auditors' report is Shabbir Yunus.

Chartered Accountants

Audit Engagement Partner: Shabbir Yunus

Place: Karachi

Date: 5 October 2018

SHAREHOLDERS' INFORMATION

REGISTERED OFFICE

Plot# 21, Maqboolabad, Jinnah
Cooperative Housing Society (J.C.H.S) ,
Tipu Sultan Road, Karachi
Tel: 021-34305811-13
Fax: 021-34305810
Email: info@macpacfilms.com

LISTING ON STOCK EXCHANGES

Shares of Macpac Films Limited are listed on
Pakistan Stock Exchange.

STOCK CODE

The stock code for dealing in equity shares of
Macpac Films Limited at PSX is 'MACFL'.

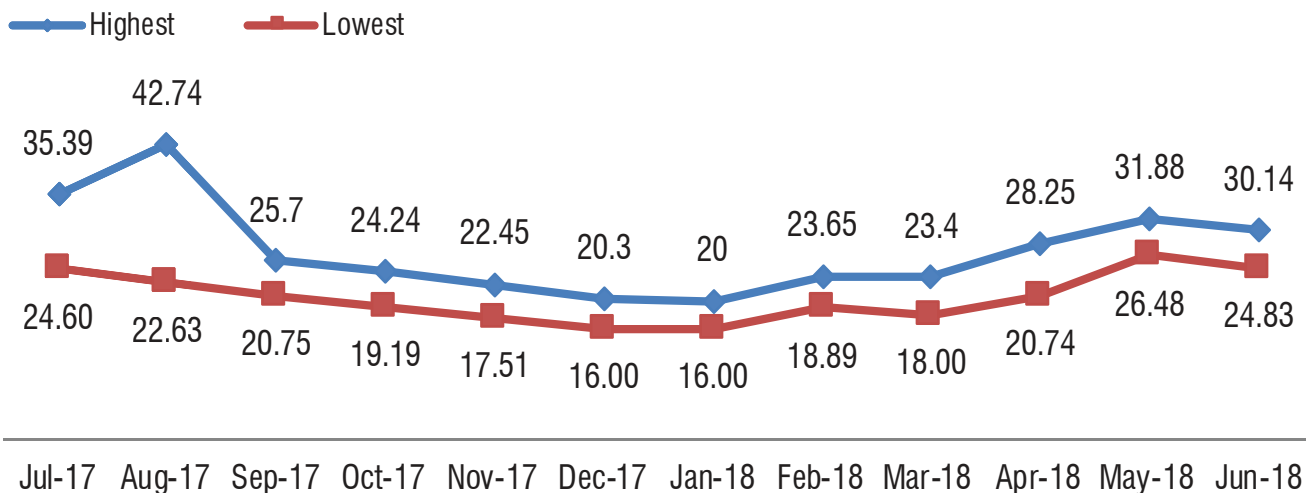
SHARES REGISTRAR

Central Depository Company Pakistan
Limited CDC House, 99-B, Block B,
S.M.C.H.S., Main Shakra-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

CONTACT PERSON

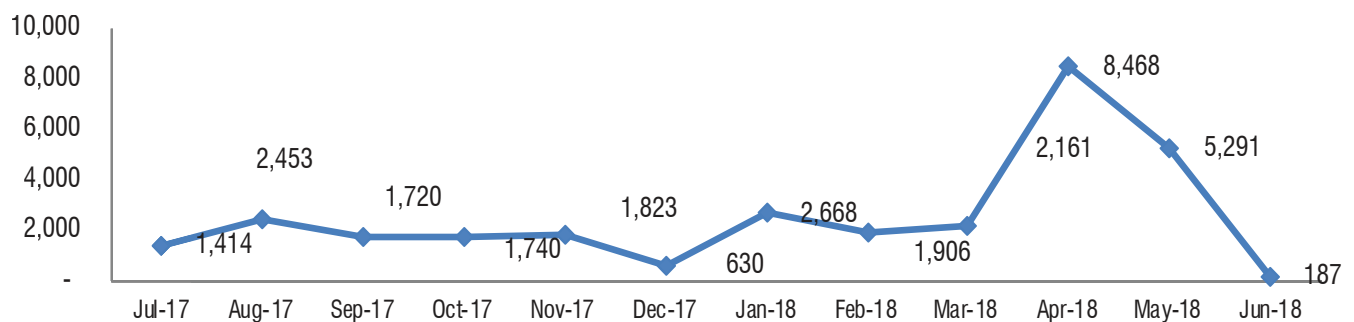
Mr. M. Javid Ansari
Company Secretary
Email: javid.ansari@macpacfilms.com
Tel: +92-21-111-MFL-111

SHARE PRICE MOVEMENT



TRADING VOLUMES

Volume of shares traded on KSE(Rs in thousands)



PATTERN OF SHAREHOLDING

As of June 30, 2018

Number of Shareholders		Shareholdings' Slab		Holding
137	1	to	100	1,381
387	101	to	500	185,082
171	501	to	1000	153,257
200	1001	to	5000	524,611
38	5001	to	10000	289,138
12	10001	to	15000	150,550
16	15001	to	20000	290,990
11	20001	to	25000	256,137
4	25001	to	30000	112,552
5	30001	to	35000	155,625
1	35001	to	40000	38,125
2	40001	to	45000	90,000
1	55001	to	60000	56,000
2	60001	to	65000	126,574
1	65001	to	70000	70,000
3	75001	to	80000	238,325
1	85001	to	90000	89,212
1	90001	to	95000	93,789
1	95001	to	100000	96,428
1	135001	to	140000	137,250
1	155001	to	160000	157,900
1	275001	to	280000	277,768
2	390001	to	395000	789,441
1	455001	to	460000	457,500
1	700001	to	705000	700,125
2	760001	to	765000	1,525,000
1	795001	to	800000	800,000
1	1115001	to	1120000	1,116,518
1	1210001	to	1215000	1,210,171
1	1425001	to	1430000	1,426,500
1	1450001	to	1455000	1,451,193
1	1995001	to	2000000	2,000,000
1	4070001	to	4075000	4,073,500
1	4665001	to	4670000	4,666,000
1	9100001	to	9105000	9,103,783
1	26390001	to	26395000	26,390,725
Total	1013			59,301,150

CATEGORIES OF SHAREHOLDERS

Categories of Shareholders	Shareholders	Shares Held	Percentage
Government of Pakistan			
EMPLOYEES OLD AGE BENEFITS INSTITUTION	1	4,666,000	7.87
Directors and their spouse(s) and minor children			
EHTESHAM MAQBOOL ELAHI	1	394,441	0.67
FAHAD MUNSHI	1	500	0.00
MANSOOR YOUNUS	1	10,675	0.02
MR. MAQBOOL ELAHI	3	27,596,455	46.54
MR. MOHAMMAD SADIQ KHAN	2	1,453,693	2.45
NAEEM ALI MOHAMMAD MUNSHI	1	9,103,783	15.35
MR. SHARIQ MAQBOOL	2	735,268	1.24
			-
Associated Companies, undertakings and related parties	-	-	-
Executives	2	191,525	0.32
Public Sector Companies and Corporations	-	-	-
Banks, development finance institutions, non-banking finance companies, insurance companies, takaful, modarabas and pension funds	1	6,500	0.01
Mutual Funds	0	-	-
General Public			
a. Local	984	13,068,888	22.04
Foreign Investors	-	-	-
OTHERS	14	2,073,422	3.50
Totals	1013	59,301,150	100.00

Share holders holding 5% or more	Shares Held	Percentage
MR. MAQBOOL ELAHI	27,596,455	46.54
NAEEM ALI MOHAMMAD MUNSHI	9,103,783	15.35
EMPLOYEES OLD AGE BENEFITS INSTITUTION	4,666,000	7.87
MUNAF IBRAHIM	4,073,500	6.87

NOTICE OF 23rd ANNUAL GENERAL MEETING

NOTICE is hereby given that the 23rd Annual General Meeting of MACPAC Films Limited will be held on Saturday, October 27, 2018 at 11:15 a.m. at Registered Office of the Company, Plot No. 21, Maqboolabad, J.C.H.S, Tipu Sultan Road, Karachi, to transact the following ordinary businesses:

1. To confirm the Minutes of the Annual General Meeting held on October 26, 2017.
2. To receive, consider and adopt the Annual Audited Financial Statements of the Company for the year ended June 30, 2018, together with the Auditors' Directors' Report thereon.
3. To approve cash dividend for the year ended June 30, 2018 at Rs. 0.20/- per ordinary share i.e. 2%, as recommended by the Board of Directors of the Company.
4. To appoint auditors of the Company for the year ending June 30, 2019 and fix the remuneration.
5. To elect seven (7) directors as fixed by the board of directors in accordance with the provision of section 154 of the Companies Act, 2017 for the next tenure of three years. The names of retiring directors are as follows:
 1. Mr. Naeem Munshi
 2. Mr. Maqbool Elahi Shaikh
 3. Mr. Muhammad Sadiq Khan
 4. Mr. Ehtesham Maqbool Elahi
 5. Mr. Shariq Maqbool Elahi
 6. Mr. Fahad Munshi
 7. Mr. Mansoor Younus
 8. Mr. Syed Wasi Haider
6. To transact any other business with the permission of the Chair.

By order of the Board

Karachi
October 05, 2018

M. Javid Ansari
Company Secretary

NOTICE OF 23rd ANNUAL GENERAL MEETING

Notes:

1. The share transfer books of the Company will remain closed from October 22, 2018 to October 28, 2018 (both days inclusive). Transfers received at the Company's Share Registrar, M/s. Central Depository Company of Pakistan Limited, Share Registrar Department, CDC House, 99 – B, Block 'B', S.M.C.H.S., Main Shakra-e-Faisal, Karachi-74400, at the close of business on October 19, 2018 will be treated in time.
2. Members are requested to notify any change in their addresses immediately to Company's Share Registrar.
3. A member entitled to attend and vote at the meeting shall be entitled to appoint another member as his/her proxy to attend and vote on his/her behalf. The instrument of appointing proxy duly signed and stamped must be deposited at Company' Share Registrar office not less than 48 hours before the meeting.
4. Any member who seeks to contest an election to the office of director shall, whether he is a retiring director or otherwise, file with the company, not later than fourteen days before the date of the meeting, a notice of his/her intention to offer himself for election as a director in term of section 159 of the Companies Act, 2017.
5. CDC shareholders or their proxies must bring their original Computerized National Identity Card (CNIC)/original passport along with CDC participant ID and account number at the time of attending meeting. In case of representative of corporate member, the board of directors' resolution/power of attorney with specimen signature and attested copy of CNIC of the nominee shall be produced, unless it has been provided earlier, at the time of the meeting.

Notice of mandatory submission of CNIC/NTN

6. As directed by the Securities and Exchange Commission of Pakistan (SECP) vide its different notification that dividend warrants cannot be issued without valid CNICs or Nation Tax Number (NTN) in case of Corporate entity. In the absence of a member's valid CNIC/NTN, the Company will be constrained to withhold dispatch of dividend warrants. All such members are hereby advised to submit immediately attested copies of their CNIC/NTN along with the Company's Share Registrar.

Notice of payment of cash dividend through electronic mode

7. In accordance with the provisions of Section 242 of the Companies Act, 2017, and the Companies (Distribution of Dividend) Regulations, 2017, a listed company is required to pay any dividend payable in cash only through electronic mode directly into the bank account designated by the entitled shareholders. In this matter, Company's Registrar has already requested and sent letters vide reference no. CDC/RTA/MACPAC/Letter/17 dated September 25, 2017 to members to provide their International Bank Account Number (IBAN).

The members who have still not provided their IBAN are once again requested to provide information as per below format and send it duly signed alongwith copy of valid CNIC to Company's Registrar. Members who hold share in electronic form are advised to send it to concerned participant/CDC.

Members detail	
Name	
Folio no./CDC Account No.	
CNIC No.	
Contact No.	
Bank detail	
Title of Bank Account	
their International Bank Account Number (IBAN)	
Name of Bank	
Branch name and address	

NOTICE OF 23rd ANNUAL GENERAL MEETING

Circulation of annual audited accounts and notices through CD/DVD

8. Company is circulating annual balance sheet and profit and loss account, auditor's report and directors report etc. (annual audited accounts) along with the notice of annual general meeting (Notice) through CD/DVD to all members at their registered addresses, as permitted by Securities and Exchange Commission of Pakistan (SECP) vide SRO No. 470(I)/2016 dated May 31, 2016, in continuation with the SRO 787(I)/2014 dated September 08, 2014. The approval of the same has also been obtained by the member in annual general meeting held on October 31, 2016.

Video Conference facility

9. In accordance with the provisions of Section 134(1)(b) of the Companies Act, 2017 and the SECP's circular No. 10 of 2014 dated May 21, 2014, if a company receive request/demand from members having shareholding in aggregate 10% or more residing at a geographical location, to participate in the meeting through video conference at least 10 days prior the meeting, the Company will arrange video conference facility in that city, subject to availability of such facility in that city. If the members wish to take benefit of the said facility, please fill the below form and submit to the registered address of the Company accordingly.

I/We _____ of _____ being a member of Macpac Films Limited, holder of _____ Ordinary share(s) as per Register Folio No. _____ hereby opt for video conference facility at _____.

Signature of member

The Company will initiate members regarding venue of video conference facility at least 5 days before the date of meeting alongwith complete information necessary to enable them to access such facility.

WHISTLE BLOWING POLICY

“SPEAK UP” WITH CONFIDENCE

MACPAC Films Ltd is committed to conducting its business and dealing with all stakeholders together with staff, suppliers, customers, and shareholders in a very manner that's lawful and ethically accountable. Therefore, Whistle processing Policy has been issued to permits all stakeholders to create honest and prompt speech act of circumstances wherever it's genuinely believed that the Company's business is being administered in an inappropriate manner or in violation of applicable laws, Company's policies, procedures and moral values.

Actions coated beneath the Policy

This Policy covers any action which ends up, or is probably going to result, in any misconduct which fits against Company's values, like fraud, breach of Code of Conduct, theft, any action endangering the health and/or safety of any person, etc.

Method of filing Whistle processing criticism

Various modes of Whistle processing criticism filing or being introduced beneath the Policy, which has direct email to the concern at whistle.blowing@macpacfilms.com

Confidentiality and Protection Mechanism

The Policy assures that each one complaints are going to be handled in complete confidence, which the identity of the plaintiff won't be unconcealed to Management. Within the unlikely event that the identity of Whistle Blower is unconcealed to any individual within the Company, it'll be ensured that the plaintiff isn't subjected to any style of prejudicial treatment.

Success of the Policy and its implementation

All stakeholders are liable for the success of this Policy and may make sure that they use it to disclose suspected danger or wrongdoing. If a neutral has any question regarding the content or application of this Policy, he or she might contact the interior Audit Department for getting necessary clarification.

Horizontal Analysis

RS. '000 Balance Sheet	2018		2017		2016		2015		2014		2013	
	Rs.	%	Rs.	%	Rs.	%	Rs.	%	Rs.	%	Rs.	%
Property, Plant and Equipment	1,177,261,267	45.66	808,213,675	1.10	799,407,426	(3.53)	828,644,006	8.9	760,901,866	13.0	673,500,047	24.5
Intangible assets	907,435	-20.0	1,134,294	-13.4	1,309,534	38.2	947,828	145.1	386,660	126.3	170,824	(20.0)
Other non-current assets	10,118,273	1.4	9,981,451	-4.3	10,428,500	62.2	6,428,500	(89.6)	61,551,921	7.2	57,398,421	(44.1)
Current assets	1,043,934,040	40.8	741,461,399	-0.6	745,619,885	38.8	537,326,144	16.9	459,610,413	(7.6)	497,657,526	17.7
Total assets	2,232,221,015	43.0	1,560,790,819	0.3	1,556,765,345	13.4	1,373,346,478	7.1	1,282,450,860	4.4	1,228,726,818	15.2
Share capital	593,011,500	52.5	388,860,000	-	388,860,000	-	388,860,000	-	388,860,000	-	388,860,000	-
Reserves	173,566,620	117.1	79,930,000	-	79,930,000	-	79,930,000	-	79,930,000	-	79,930,000	-
Unappropriated profits / (losses)	138,524,948	11.1	124,687,909	46.5	85,095,494	119.9	38,700,327	274.3	(22,201,851)	(1,101.7)	2,216,318	(101.5)
Non-current liabilities	149,717,278	(11.0)	168,233,792	(49.8)	334,999,524	(12.0)	380,661,442	28.8	295,455,623	24.7	236,902,983	(28.8)
Current liabilities	1,177,400,669	47.3	799,079,118	19.6	667,880,327	37.7	485,494,709	(10.2)	540,407,088	3.8	520,817,517	24.8
Total equity and liabilities	2,232,221,015	43.0	1,560,790,819	0.3	1,556,765,345	13.4	1,373,346,478	7.1	1,282,450,860	4.4	1,228,726,818	15.2
Operating Results												
Net sales Rs.	2,125,159,243	40.21	1,515,691,745	15.71	1,309,860,044	(2.45)	1,342,753,084	12.4	1,195,122,436	(18.2)	1,461,754,914	22.3
Cost of sales	1,902,336,855	50.62	1,263,002,642	16.88	1,080,579,539	(1.40)	1,095,950,647	1.7	1,077,139,093	(10.5)	1,203,582,681	32.8
Gross profit / (loss)	222,822,388	(11.82)	252,689,103	10.21	229,280,505	(7.10)	246,802,437	109.2	117,983,343	(54.3)	258,172,233	(10.8)
Marketing and selling expenses	24,832,852	9.50	22,678,984	0.28	22,615,359	70.32	13,277,804	37.3	9,669,009	(4.1)	10,081,774	70.2
Administrative expenses	78,339,177	10.18	71,102,447	25.33	56,734,135	16.13	48,855,135	17.9	41,449,140	0.7	41,179,723	61.9
Operating profit / (loss)	119,650,359	(24.70)	158,907,672	5.99	149,931,011	(18.81)	184,669,498	176.2	66,865,194	(67.7)	206,910,736	(19.8)
Finance Costs	22,533,650	(15.43)	26,643,492	14.71	23,226,828	(37.27)	37,027,629	79.2	20,667,414	183.1	7,301,190	209.7
Other income	7,390,107	17.91	6,267,715	(3.85)	6,518,626	280.32	1,714,007	(3.3)	1,772,529	(98.6)	127,261,284	209.8
Other expenses	38,424,138	208.91	12,438,732	(27.12)	17,066,515	(17.36)	20,650,522	24.3	16,607,661	(48.2)	32,038,157	20.7
Profit / (loss) before taxation	66,082,678	(47.59)	126,093,163	8.55	116,156,294	(9.75)	128,705,354	310.4	31,362,648	(89.4)	294,832,673	9.1
Taxation	11,234,120	(76.51)	47,821,598	60.56	29,784,267	(55.47)	66,882,013	20.0	55,714,220	(31.7)	81,631,810	582.9
Net profit / (loss) for the year	54,848,558	(29.93)	78,271,565	(9.38)	86,372,027	39.71	61,823,341	353.9	(24,351,572)	(111.4)	213,200,863	(17.4)

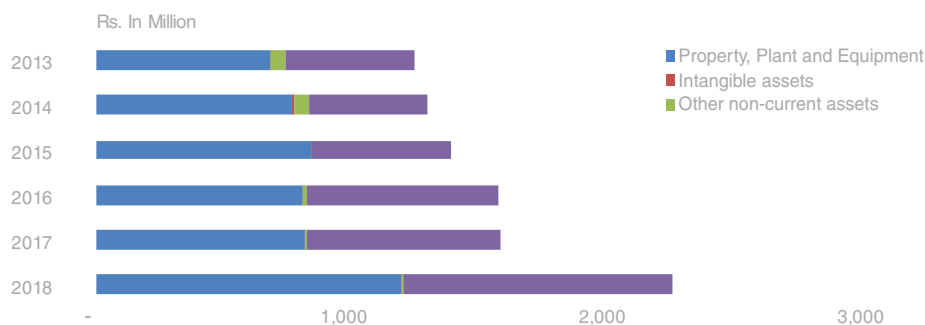
Vertical Analysis

Rs. in '000 Balance Sheet	2018		2017		2016		2015		2014		2013	
	Rs.	%	Rs.	%	Rs.	%	Rs.	%	Rs.	%	Rs.	%
Property, Plant and Equipment	1,177,261,267	75.6	808,213,675	51.9	799,407,426	51.4	828,644,006	60.3	760,901,866	59.3	673,500,047	54.8
Intangible assets	907,435	0.1	1,134,294	0.1	1,309,534	0.1	947,828	0.1	386,660	0.03	170,824	0.0
Other non-current assets	10,118,273	0.6	9,981,451	0.6	10,428,500	0.7	6,428,500	0.5	61,551,921	4.8	57,398,421	4.7
Current assets	1,043,934,040	67.1	741,461,399	47.6	745,619,885	47.9	537,326,144	39.1	459,610,413	35.8	497,657,526	40.5
Total assets	2,232,221,015	143.4	1,560,790,819	100.3	1,556,765,345	100.0	1,373,346,478	100.0	1,282,450,860	100.0	1,228,726,818	100.0
Share capital	593,011,500	38.1	388,860,000	25.0	388,860,000	25.0	388,860,000	28.3	388,860,000	30.3	388,860,000	31.6
Reserves	173,566,620	11.1	79,930,000	5.1	79,930,000	5.1	79,930,000	5.8	79,930,000	6.2	79,930,000	6.5
Unappropriated profits / (losses)	138,524,948	8.9	124,687,909	8.0	85,095,494	5.5	38,700,327	2.8	(22,201,851)	(1.7)	2,216,318	0.2
Non-current liabilities	149,717,278	9.6	168,233,792	10.8	334,999,524	21.5	380,661,442	27.7	295,455,623	23.0	236,902,983	19.3
Current liabilities	1,177,400,669	75.6	799,079,118	51.3	667,880,327	42.9	485,194,709	35.3	540,407,088	42.1	520,817,517	42.4
Total equity and liabilities	2,232,221,015	143.4	1,560,790,819	100.3	1,556,765,345	100.0	1,373,346,478	100.0	1,282,450,860	100.0	1,228,726,818	100.0
Operating Results												
Net sales	2,125,159,243	162.2	1,515,691,745	115.7	1,309,860,044	100.0	1,342,753,084	100.0	1,195,122,436	100.0	1,461,754,914	100.0
Cost of sales	1,902,336,855	145.2	1,263,002,642	96.4	1,080,579,539	82.5	1,095,950,647	81.6	1,077,139,093	90.1	1,203,582,681	82.3
Gross profit / (loss)	222,822,388	17.0	252,689,103	19.3	229,280,505	17.5	246,802,437	18.4	117,983,343	9.9	258,172,233	17.7
Marketing and selling expenses	24,832,852	1.9	22,678,984	1.7	22,615,359	1.7	13,277,804	1.0	9,669,009	0.8	10,081,774	0.7
Administrative expenses	78,339,177	6.0	71,102,447	5.4	56,734,135	4.3	48,855,135	3.6	41,449,140	3.5	41,179,723	2.8
Operating profit / (loss)	119,650,359	9.1	158,907,672	12.1	149,931,011	11.4	184,669,498	13.8	66,865,194	5.6	206,910,736	14.2
Finance Costs	22,533,650	1.7	26,643,492	2.0	23,226,828	1.8	37,027,629	2.8	20,667,414	1.7	7,301,190	0.5
Other income	7,390,107	0.6	6,267,715	0.5	6,518,626	0.5	1,714,007	0.1	1,772,529	0.1	127,261,284	8.7
Other expenses	38,424,138	2.9	12,438,732	0.9	17,066,515	1.3	20,650,522	1.5	16,607,661	1.4	32,038,157	2.2
Profit / (loss) before taxation	66,082,678	5.0	126,093,163	9.6	116,156,294	8.9	128,705,354	9.6	31,362,648	2.6	294,832,673	20.2
Taxation	11,234,120	0.9	47,821,598	3.7	29,784,267	2.3	66,882,013	5.0	55,714,220	4.7	81,631,810	5.6
Net profit / (loss) for the year	54,848,558	4.2	78,271,565	6.0	86,372,027	6.6	61,823,341	4.6	(24,351,572)	(2.0)	213,200,863	14.6

BALANCE SHEET ASSETS

	2018	2017	2016	2015	2014	2013
Property, Plant and Equipment	1,177,261,267	808,213,675	799,407,426	828,644,006	760,901,866	673,500,047
Intangible assets	907,435	1,134,294	1,309,534	947,828	386,660	170,824
Other non-current assets	10,118,273	9,981,451	10,428,500	6,428,500	61,551,921	57,398,421
Current assets	1,043,934,040	741,461,399	745,619,885	537,326,144	459,610,413	497,657,526

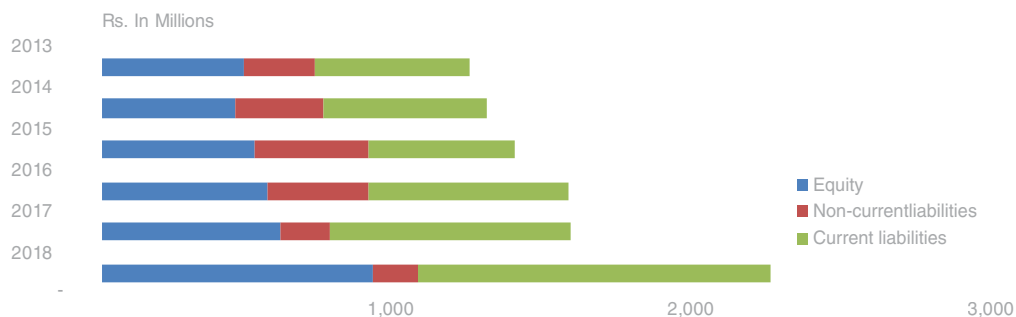
BALANCE SHEET ANALYSIS-ASSETS



EQUITY AND LIABILITIES

	2018	2017	2016	2015	2014	2013
Equity	905,103,068	593,477,909	553,885,494	507,490,327	446,588,149	471,006,318
Non-current liabilities	149,717,278	168,233,792	334,999,524	380,661,442	295,455,623	236,902,983
Current liabilities	1,177,400,669	799,079,118	667,880,327	485,194,709	540,407,088	520,817,517

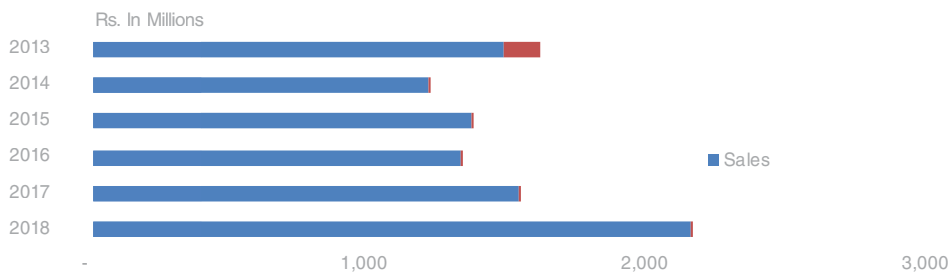
BALANCE SHEET ANALYSIS-EQUITY AND LIABILITIES



PROFIT OR LOSS

	2018	2017	2016	2015	2014	2013
Sales	2,125,159,243	1,515,691,745	1,309,860,044	1,342,753,084	1,195,122,436	1,461,754,914
Other Income	7,390,107	6,267,715	6,518,626	1,714,007	1,772,529	127,261,284

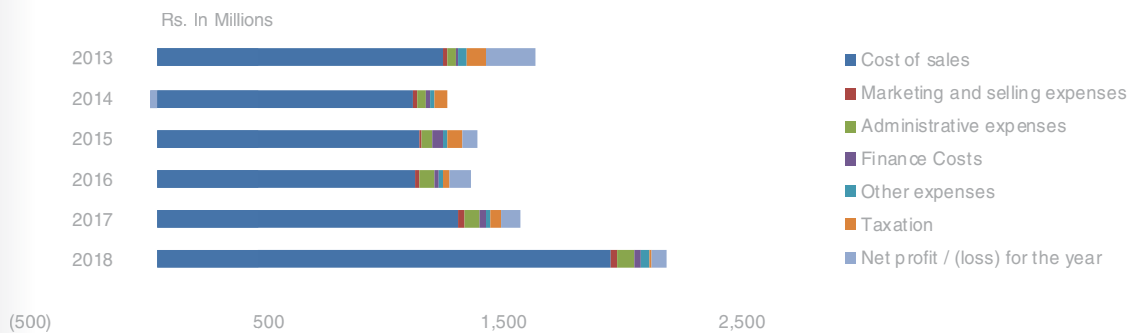
PROFIT OR LOSS ANALYSIS -INCOME



PROFIT OR LOSS

	2018	2017	2016	2015	2014	2013
Cost of sales	1,902,336,855	1,263,002,642	1,080,579,539	1,095,950,647	1,077,139,093	1,203,582,681
Marketing and selling expenses	24,832,852	22,678,984	22,615,359	13,277,804	9,669,009	10,081,774
Administrative expenses	78,339,177	71,102,447	56,734,135	48,855,135	41,449,140	41,179,723
Finance Costs	22,533,650	26,643,492	23,226,828	37,027,629	20,667,414	7,301,190
Other expenses	38,424,138	12,438,732	17,066,515	20,650,522	16,607,661	32,038,157
Taxation	11,234,120	47,821,598	29,784,267	66,882,013	55,714,220	81,631,810
Net profit / (loss) for the year	54,848,558	78,271,565	86,372,027	61,823,341	(24,351,572)	213,200,863

PROFIT OR LOSS ANALYSIS -EXPENSES



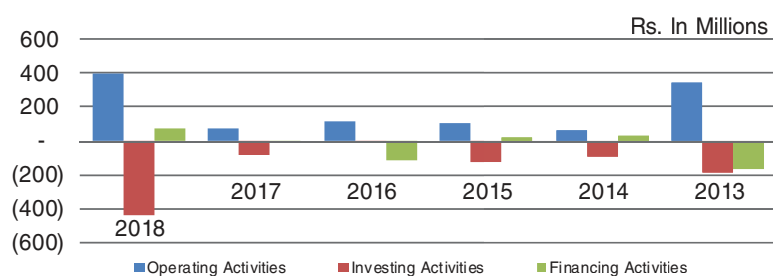
KEY PERFORMANCE INDICATORS

FIVE YEARS AT GLANCE

		2018	2017	2016	2015	2014	2013
Profitability Ratios							
Gross Profit to Sales	%	10%	17%	18%	18%	10%	18%
Operating Profit to Sales	%	6%	10%	11%	14%	6%	14%
Net Profit to Sales	%	3%	5%	7%	5%	-2%	15%
EBITDA Margin to Sales	%	9%	15%	17%	18%	10%	18%
Return on Equity	%	6%	13%	16%	12%	-5%	45%
Return on Capital employed	%	7%	13%	14%	11%	-5%	54%
Return on Fixed Assets	%	5%	10%	11%	7%	-3%	32%
Liquidity Ratios							
Current ratio	times	0.89	0.93	1.12	1.11	0.85	0.96
Quick ratio	times	0.47	0.37	0.42	0.60	0.39	0.50
Cash to Current Liabilities	times	0.03	0.01	0.02	0.03	0.02	0.01
Cash to Current Assets	%	3.24%	0.75%	1.78%	2.72%	2.47%	0.98%
Cash flow from Operations to Sales	%	23%	10%	14%	6%	5%	26%
Turnover/Management Efficiency Ratios							
Inventory turnover ratio	times	4.07	2.78	3.05	4.45	4.42	5.32
No. of Days in Inventory	days	88	130	118	81	81	68
Debtor turnover ratio	times	6.21	5.85	4.83	5.77	6.34	7.91
No. of Days in Receivables	days	58	62	74	62	57	46
Creditor turnover ratio	times	2.82	2.70	2.43	2.75	2.29	3.20
No. of Days in Creditors	days	127	133	148	131	157	113
Operating Cycle	days	146	191	193	143	138	113
Cash conversion Cycle	days	19	58	45	13	-19	1
Total Assets turnover ratio	times	0.95	0.97	0.84	0.98	0.93	1.19
Fixed Assets turnover ratio	times	1.81	1.88	1.64	1.62	1.57	2.17
Market Ratios							
Earnings per share (EPS)	Rs.	0.99	1.83	2.02	1.45	-0.57	5.00
Price Earnings ratio	times	29.72	16.92	9.39	12.63	-29.65	4.56
Price to Book ratio	times	0.73	0.85	0.52	0.57	0.56	0.79
Break-up value per share	Rs.	16.41	13.91	12.98	11.89	10.47	11.04
Capital Structure Ratios							
Net Assets per share	Rs.	16.41	13.91	12.98	11.89	10.47	11.04
Financial leverage ratio	times	0.02	0.09	0.21	0.29	0.18	0.01
Debt to Equity ratio	times	0.004	0.03	0.08	0.18	0.14	0.00

SUMMARY OF CASH FLOWS

	2018	2017	2016	2015	2014	2013
Cash & cash equivalents - Opening	5,562,050	13,243,508	14,632,523	1,336,312	4,869,753	1,624,860
Net cash flows from Operating activities	397,123,139	70,634,959	121,048,030	102,017,520	68,701,417	349,187,704
Net cash flows used in Investing activities	(442,506,424)	(79,308,674)	(3,694,750)	(124,014,305)	(98,064,341)	(183,536,696)
Net cash flows (used in) generated from Financing activities	73,656,542	(9,007,639)	(118,742,295)	25,292,996	35,829,483	(162,406,115)
Changes in cash & cash equivalents	28,273,257	(17,681,355)	(1,389,015)	3,296,211	6,466,559	3,244,893
Cash & cash equivalents - Closing	33,835,307	(4,437,847)	13,243,508	14,632,523	11,336,312	4,869,753



FINANCIAL STATEMENTS

A SATISFIED CUSTOMER IS THE BEST
BUSINESS STRATEGY OF ALL.

“MICHAEL LEBOEUF”

STATEMENT OF FINANCIAL POSITION

AS AT JUNE 30, 2018

	Note	2018 -----Rupees-----	2017
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	7	1,177,261,267	808,213,675
Intangible assets	8	907,435	1,134,294
Long-term deposits	9	10,118,273	9,981,451
		1,188,286,975	819,329,420
CURRENT ASSETS			
Stock-in-trade	10	491,245,840	443,967,763
Trade debts - unsecured	11	398,482,218	239,828,158
Loans and advances	12	16,950,759	3,686,643
Trade deposit and short term prepayments	13	16,604,521	12,641,083
Taxation - net		86,815,395	35,775,702
Cash and bank balances	14	33,835,307	5,562,050
		1,043,934,040	741,461,399
TOTAL ASSETS		2,232,221,015	1,560,790,819
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorised capital 70,000,000 (2017: 70,000,000) ordinary shares of Rs.10/- each		700,000,000	700,000,000
Issued, subscribed and paid-up capital	15	593,011,500	388,860,000
Reserves	16	312,091,568	204,617,909
		905,103,068	593,477,909
NON-CURRENT LIABILITIES			
Liabilities against assets subject to finance leases	17	3,623,788	17,062,927
Deferred taxation	18	120,749,918	130,938,856
Staff retirements benefits – staff gratuity	19	25,343,572	20,232,009
		149,717,278	168,233,792
CURRENT LIABILITIES			
Trade and other payables	20	1,051,838,322	506,371,293
Short term borrowings	21	108,214,792	109,999,896
Accrued mark-up	22	3,036,745	771,195
Loan from related parties	23	-	143,260,457
Unclaimed dividend		870,316	822,521
Current portion of non-current liabilities	17	13,440,494	37,853,756
		1,177,400,669	799,079,118
CONTINGENCIES AND COMMITMENTS			
	24		
TOTAL EQUITY AND LIABILITIES		2,232,221,015	1,560,790,819

The annexed notes 1 to 45 form an integral part of these financial statements.

Chief Executive

Chief Financial Officer

Director

STATEMENT OF PROFIT OR LOSS

FOR THE YEAR ENDED JUNE 30, 2018

	Note	2018 -----Rupees-----	2017
Turnover - net	25	2,125,159,243	1,515,691,745
Cost of sales	26	(1,902,336,855)	(1,263,002,642)
Gross profit		222,822,388	252,689,103
Administrative expenses	27	(78,339,177)	(71,102,447)
Marketing and selling expenses	28	(24,832,852)	(22,678,984)
Finance costs	29	(22,533,650)	(26,643,492)
Other operating expenses	30	(38,424,138)	(12,438,732)
Other income	31	7,390,107	6,267,715
Profit before taxation		66,082,678	126,093,163
Taxation	32	(11,234,120)	(47,821,598)
Profit after taxation		54,848,558	78,271,565
		2018 Rupees	2017 Rupees (Restated)
Earnings per share - basic and diluted	33	0.99	1.83

The annexed notes 1 to 45 form an integral part of these financial statements.

Chief Executive

Chief Financial Officer

Director

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED JUNE 30, 2018

	2018	2017
	-----Rupees-----	
Profit after taxation	54,848,558	78,271,565
Other comprehensive income		
Other comprehensive gain not to be reclassified to profit or loss account in subsequent periods		
Re-measurement gain on defined benefit plan	703,220	295,500
Income tax effect	(203,934)	(88,650)
Net comprehensive gain not to be reclassified to profit or loss accounts in subsequent periods	499,286	206,850
Total comprehensive income for the year (net of tax)	55,347,844	78,478,415

The annexed notes 1 to 45 form an integral part of these financial statements.

Chief Executive

Chief Financial Officer

Director

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED JUNE 30, 2018

	Note	2018 -----Rupees-----	2017
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	36	494,055,243	149,306,333
Long term deposit (paid) / received		(136,822)	2,447,050
Income tax paid		(72,666,685)	(49,022,596)
Gratuity paid	19.2	(3,631,102)	(6,323,101)
WPPF paid		-	(514,000)
Zakat paid on dividend		(229,394)	(127,988)
Finance costs paid		(20,268,101)	(25,130,739)
		(96,932,104)	(78,671,374)
Net cash generated from operating activities		397,123,139	70,634,959
CASH FLOW FROM INVESTING ACTIVITIES			
Fixed asset expenditure		(448,500,424)	(79,208,674)
Proceeds from disposal of fixed assets		5,994,000	-
Additions in intangibles		-	(100,000)
Net cash used in investing activities		(442,506,424)	(79,308,674)
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayments of musharaka arrangement		-	(15,532,951)
Repayment of finance lease-net		(37,852,401)	(54,928,900)
Proceeds from right issue - net of adjustment of directors loan and share issuance cost		154,527,663	-
Repayments of / proceeds from short term borrowings-net		-	100,000,000
Proceeds from loan from director		19,000,000	7,500,000
Repayment of loan from a director		(19,000,000)	(7,600,000)
Dividend paid		(41,233,616)	(38,445,788)
Net cash generated from / (used in) financing activities		75,441,646	(9,007,639)
Net increase / (decrease) in cash and cash equivalents		30,058,361	(17,681,355)
Cash and cash equivalents at the beginning of the year		(4,437,847)	13,243,508
Cash and cash equivalents at the end of the year	42	25,620,515	(4,437,847)

The annexed notes 1 to 45 form an integral part of these financial statements.

Chief Executive

Chief Financial Officer

Director

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED JUNE 30, 2018

	Reserves				Total
	Issued, subscribed and paid - up capital	Capital reserve - share premium	Revenue reserves - Unappropriated profit	Total	
	----- Rupees -----				
Balance as at July 01, 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 year	-	-	78,271,565	78,271,565	78,271,565
Other comprehensive gain - net of tax	-	-	206,850	206,850	206,850
Total comprehensive income for the year - net of tax	-	-	78,478,415	78,478,415	78,478,415
Balance as at June 30, 2017	<u>388,860,000</u>	<u>79,930,000</u>	<u>124,687,909</u>	<u>204,617,909</u>	<u>593,477,909</u>
Balance as at July 01, 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, 2017	-	-	(41,510,805)	(41,510,805)	(41,510,805)
Issue of further 20,415,150 ordinary shares at premium of Rs. 5/ share (Note 15)	204,151,500	102,075,750	-	102,075,750	306,227,250
Share issuance cost	-	(8,439,130)	-	(8,439,130)	(8,439,130)
Profit for the year	-	-	54,848,558	54,848,558	54,848,558
Other comprehensive income - net of tax	-	-	499,286	499,286	499,286
Total comprehensive income for the year - net of tax	-	-	55,347,844	55,347,844	55,347,844
Balance as at June 30, 2018	<u>593,011,500</u>	<u>173,566,620</u>	<u>138,524,948</u>	<u>312,091,568</u>	<u>905,103,068</u>

The annexed notes 1 to 45 form an integral part of these financial statements.

Chief Executive

Chief Financial Officer

Director

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2018

1. THE COMPANY AND ITS OPERATIONS

1.1 Macpac Films Limited (the Company) was incorporated on August 19, 1993, in Pakistan as a limited liability company under the repealed Companies Ordinance, 1984 and is listed on the Pakistan stock exchange Limited. The registered office of the Company is situated at 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.

1.2 Geographical location and address of business unit/plant is as follows:

Location and address

Plot # Ez/1/P-10 East Industrial Zone, Karachi

Purpose

Production Plant

2. SIGNIFICANT TRANSACTIONS AND EVENTS THAT AFFECTED THE COMPANY'S FINANCIAL POSITION AND PERFORMANCE

Following is the summary of significant transactions and events that have affected the financial position and performance of the Company:

- Issuance of right shares - note 15; and
- Capital expenditure incurred during the year in respect of Cast Poly Propylene Lines - note 7.5 and note 20.

3. BASIS OF PREPARATION

3.1 Statement of compliance

These financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for financial reporting. The accounting and reporting standards as applicable in Pakistan comprise of International Financial Reporting Standards (IFRS), issued by International Accounting Standard Board (IASB) as notified under Companies Act, 2017 (the Act) and, provisions of and directives issued under the Act. Where the provisions of and directives issued under the Act differ from the IFRS standards, the provisions of and directives issued under the Act have been followed.

The Act has also brought certain changes with regard to the preparation and presentation of these financial statements. These changes, amongst others, included change in respect of nomenclature of these financial statements. Further, the disclosure requirements contained in the fourth schedule of the Act have been revised, resulting in elimination of duplicative disclosures with the IFRS disclosure requirement and incorporation of additional amended disclosures including, but not limited to, significant transactions and events (refer note 2), particulars of immovable assets of the Company (refer note 7.3), management assessment of sufficiency of tax provisions in the financial statements (refer note 32.3), change in threshold for identification of executives (refer note 34) etc.

3.2 Basis of Measurement

The financial statements have been prepared under "historical cost" convention except for defined benefit obligation - staff gratuity which is carried at present value in accordance with "Employees benefit" under IAS-19.

3.3 These financial statements are presented in Pakistani Rupees which is the Company's functional and presentation currency.

4. STANDARDS, INTERPRETATIONS AND AMENDMENTS APPLICABLE TO FINANCIAL STATEMENTS

The accounting policies adopted in the preparation of these financial statements are consistent with those of the previous financial year except as described below:

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2018

New Standards, Interpretations and Amendments

The Company has adopted the following accounting standards and the amendments and interpretations of IFRSs which became effective for the current year:

- IAS 7 Statement of Cash Flows - Disclosure Initiative - (Amendment)
- IAS 12 Income Taxes – Recognition of Deferred Tax Assets for Unrealized losses (Amendments)

The adoption of the above amendments to accounting standards did not have any material effect on the financial statements.

Standards, interpretations and amendments to accounting and reporting standards that are not yet effective

The following standards, amendments and interpretations with respect to the accounting and reporting standards as applicable in Pakistan would be effective from the dates mentioned below against the respective standard or interpretation:

Standard or interpretation	Effective date (annual periods beginning on or after)
IFRS 2 Classification and Measurement of Share-based Payments Transactions – (Amendments)	1-Jan-18
IFRS 4 Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts – (Amendments)	1-Jan-18
IFRS 9 Financial Instruments	1-Jul-18
IFRS 9 Prepayment Features with Negative Compensation – (Amendments)	1-Jan-19
IFRS 15 Revenue from Contracts with Customers	1-Jul-18
IFRS 16 Leases	1-Jan-19
IAS 19 Plan Amendment, Curtailment or Settlement (Amendments)	1-Jan-19
IAS 28 Long-term Interests in Associates and Joint Ventures – (Amendments)	1-Jan-19
IAS 40 Investment Property - Transfers of Investment Property (Amendments)	1-Jan-18
IFRIC 22 Foreign Currency Transactions and Advance Consideration	1-Jan-18
IFRIC 23 Uncertainty over Income Tax Treatments	1-Jan-19

The above standards and amendments are not expected to have any material impact on the Company's financial statements in the period of initial application except for IFRS 15 "Revenue from Contracts with Customers" and IFRS 9 "Financial Instruments". The Company is yet to assess the full impact of the said standard.

In addition to the above standards and amendments, improvements to various accounting standards have also been issued by the IASB in December 2016 and December 2017. Such improvements are generally effective for accounting periods beginning on or after 01 January 2018 and 01 January 2019 respectively. The Company expects that such improvements to the standards will not have any material impact on the Company's financial statements in the period of initial application.

The IASB has also issued the revised Conceptual Framework for Financial Reporting (the Conceptual Framework) in March 2018 which is effective for annual periods beginning on or after 1 January 2020 for preparers of financial statements who develop accounting policies based on the Conceptual Framework. The revised Conceptual Framework is not a standard, and none of the concepts override those in any standard or any requirements in a standard. The purpose of the Conceptual Framework is to assist IASB in developing standards, to help preparers develop consistent accounting policies if there is no applicable standard in place and to assist all parties to understand and interpret the standards.

Further, following new standards have been issued by IASB which are yet to be notified by the SECP for the purpose of applicability in Pakistan.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2018

Standard		IASB Effective date (annual periods beginning on or after)
IFRS 14	Regulatory Deferral Accounts	1-Jan-16
IFRS 17	Insurance Contracts	1-Jan-21

5. SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES

The preparation of financial statements in conformity with approved accounting standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgments in the process of applying the Company's accounting policies. Estimates and judgments are continually evaluated and are based on historic experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

In the process of applying the Company's accounting policies, management has made the following estimates and judgments which are significant to these financial statements:

- (a) determining the impairment, residual values, useful lives, method of depreciation of property, plant and equipment and intangible assets (notes 6, 7.1 & 8.1);
- (b) provision for doubtful debts (notes 6.4 and 11);
- (c) recognition of staff retirement benefits (notes 6.8 and 19);
- (d) recognition of taxation and deferred tax (notes 6.5 and 18);
- (e) estimation of net realisable value of stock in trade (notes 6.3 and 10);
- (f) provision and contingencies (notes 6.11 and 24).

6. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

6.1 Property, plant and equipment

6.1.1 Owned

Operating fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses, if any, except for freehold land, which is stated at cost.

Depreciation is charged to profit or loss account using the reducing balance method at the rates specified in note 7 to the financial statements. Depreciation on additions are charged from the month the assets are available for use while no depreciation is charged for the month in which the asset is derecognised.

Maintenance and normal repairs are charged to profit or loss account as and when incurred. Major renewals and improvements are capitalized and the assets so replaced, if any, are retired.

Assets residual values, useful lives and method of depreciation are reviewed and adjusted prospectively, if appropriate at each reporting date. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2018

An item of operating fixed assets is derecognised upon disposal or when no future economic benefit are expected to arise from continued use of asset. Gain or losses on disposal or retirement of an asset represent the difference between the sale proceed and the carrying amount is charged to profit or loss amount.

6.1.2 Leased

Finance leases which transfers to the company, all the risks and benefits incidental to ownership of leased items are capitalised at the inception of the lease. Assets subject to finance lease are initially recorded at lower of present value of minimum lease payments under the lease agreements and the fair value of the leased assets. The related obligation under the lease less financial charges allocated to future period are shown as a liability. Income arising from sale and leaseback, if any, is deferred and is amortised equally over the lease period.

Financial charges are calculated at the interest rate implicit in the lease and are charged to Profit or Loss account. Leased asset are depreciated on a straight line basis at the same rate as Company's owned assets as disclosed in note 5 to financial Statements.

6.1.3 Capital work-in-progress

Capital work-in-progress is stated at cost less impairment in value, if any. It consists of expenditure incurred and advances made in respect of fixed assets in the course of their erection, acquisition and installation. The assets are transferred to relevant category of operating fixed assets or intangible assets when they are available for use.

6.2 Intangible assets

Intangible assets are measured on initial recognition at cost. Costs that are directly associated with identifiable software products controlled by the Company and have probable economic benefit beyond one year are recognised as intangible assets. Subsequent to initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses, if any.

Amortisation on additions is charged from the month in which the assets are put to use while no amortisation is charged in the month in which the assets are disposed off.

Assets residual values, useful lives and method of amortisation are reviewed and adjusted prospectively, if appropriate at each reporting date.

6.3 Stock-in-Trade

These are stated at the lower of net realizable value (NRV) and cost of the inventory which is determined using weighted average cost method.

Weighted average cost in relation to work in process and finished goods constitute average manufacturing cost including direct material, labour and proportionate share of related direct overheads.

NRV signifies the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

Items in transit are valued at cost comprising invoice value plus other charges incurred thereon up to the reporting date.

6.4 Trade debts and other receivable

Trade debts originated by the Company are recognised and carried at original invoice amount less provision for impairment. Other receivables are carried at cost less provision for impairment. Provision for impairment is based on management's assessment of customers outstanding, and credit worthiness. Bad debts are written off as and when identified.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2018

6.5 Taxation

Current

Provision for current taxation is based on taxability of certain income streams of the Company under normal tax regime after taking into account tax credits and tax rebates available, if any. The charge for current tax includes adjustments to charge for prior years, if any. The tax charge as calculated above is compared with turnover tax under Section 113 and alternate Corporate tax under Section 113C of the Income Tax Ordinance, 2001 and whichever is higher is provided in the financial statements.

Deferred

Deferred tax is provided using the liability method, on all temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognised for all taxable temporary differences and deferred income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, carry forwards of unused tax credits and unused tax losses can be utilised.

The carrying amount of deferred income tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised directly in the other comprehensive income or equity is recognised in other comprehensive income or equity and not in profit or loss account.

6.6 Cash and cash equivalents

Cash and cash equivalents are carried in the balance sheet at cost and are defined as cash in hand and cash at bank. For the purpose of cash flow statement, cash and cash equivalents comprise of cash in hand and cash at bank and short term borrowings.

6.7 Impairment

Financial assets

Financial Assets are assessed at each reporting date to determine whether there is objective evidence that they are impaired. A financial asset is impaired if objective evidence indicates that a loss has occurred after the initial recognition of the asset, and the loss has negative effect on the estimated cash flows of that financial assets are impaired may include default or delinquency of a debtor, indication that a debtor or issuer will enter bankruptcy.

All individually significant receivables are assessed for specific impairment. All individually significant receivables found not be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified. Receivables that are not individually significant are collectively assessed for impairment by grouping together receivables with similar risk characteristics.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2018

Non-financial assets

The carrying amounts of non-financial assets other than inventories and deferred tax asset are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. The recoverable amount of an asset or cash-generating unit is the greater of its value-in-use and its fair value less costs to sell. In assessing value-in-use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessment of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets ("the cash-generating unit, or CGU").

The Company's corporate assets do not generate separate cash inflows. If there is an indication that a corporate asset may be impaired, then the recoverable amount is determined for the CGU to which the corporate asset belongs. An impairment loss is recognised if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognised in profit or loss account.

Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

6.8 Staff retirement benefits

Defined benefit plan - staff gratuity scheme

The Company operated gratuity scheme for management and non-management staff which are unfunded. The gratuity plans are final salary plans. The contributions to the unfunded gratuity scheme are made in accordance with the independent actuarial valuation. The Company recognises expense in accordance with IAS 19 "Employee Benefits".

An actuarial valuation of defined benefit scheme is conducted every year. The valuation uses the Projected Unit Credit method. Actuarial gains and losses are recognised in full in the period in which they occur in other comprehensive income.

All past service costs are recognised at the earlier of when the amendment or curtailment occurs and when the Company has recognised related restructuring or termination benefits.

6.9 Trade and other payables

Liabilities for trade and other payables are carried at cost which is the fair value of the consideration to be paid in the future for goods and services received, whether or not billed to the Company.

6.10 Provisions

Provisions are recognised when the Company has present legal or constructive obligation as a result of past events and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of obligation. The amount recognised as a provision reflects the best estimate of the expenditure required to settle the present obligation at the end of reporting date. Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate.

6.11 Foreign currency transactions

Transactions in foreign currencies are accounted for in Pakistani Rupees at the rates prevailing on the date of transaction. Monetary assets and liabilities in foreign currencies are reported using the exchange rate as of the reporting date, except where forward exchange purchases have been made for payment of liabilities, in that case the contracted rates are applied. Exchange gains and losses are included in profit or loss account in the year in which it occurs.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2018

6.12 Offsetting of financial assets and financial liabilities

A financial asset and financial liability is off-set and the net amount is reported in the balance sheet when there is a legal enforceable right to set-off the transactions is available and also there is an intention to settle on a net basis or to realize the asset and settle the liability simultaneously. Corresponding income and expenditure, if any, are also netted of and reported on a net basis in the profit or loss account.

6.13 Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at fair value of the consideration received or receivable, excluding discounts, rebates, and sales tax or duty. The Company assesses its revenue arrangements against specific criteria in order to determine if it is acting as a principal or an agent. The Company has concluded that it is acting as a principal in all its revenue arrangement. The following are the specific recognition criteria that must be met before revenue is recognised.

Sales are recorded when risks and rewards are transferred to customers which generally coincide with the dispatch of goods to customers and in case of exports when the goods are shipped.

Other income is recognized on accrual basis.

6.14 Dividends

Dividend distribution to the Company's shareholders is recognised as a liability in the period in which the dividends are approved. However, if these are approved after the reporting period but before the financial statement are authorised for issue, disclosure is made in the financial statements.

7	PROPERTY, PLANT AND EQUIPMENT	Note	2018 -----Rupees-----	2017
	Operating fixed assets			
	Capital work in progress	7.1	749,944,910	754,165,350
		7.5	427,316,357	54,048,325
			<u>1,177,261,267</u>	<u>808,213,675</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2018

7.1 Operating fixed assets

	OWNED							LEASED						
	Leasehold land	Buildings on leasehold land	Plant and machinery	Furniture and fixtures	Electric installations	Refrigeration and air conditioning	Generators	Office equipments	Computers	Motor vehicles	Sub Total	Plant and machinery - leased *	Generators and fittings - leased **	Motor vehicles - Leased
Opening net book value (NBV) as at July 01, 2017	60,150,007	395,799,730	4,264,142	390,056	3,367,484	1,336,091	8,442,452	1,762,414	15,479,337	512,191,713	141,594,835	96,612,307	3,766,495	754,165,350
Additions/transfers (at cost) ***	11,078,631	47,335,864	1,270,988	350,635	1,121,607	-	662,576	404,443	8,982,018	71,206,692	-	-	4,025,700	75,232,392
Disposals (at NBV)	-	(3,419,333)	-	-	-	-	-	-	(1,796,055)	(5,215,388)	-	-	-	(5,215,388)
Depreciation charge (Note (7.2))	(3,484,000)	(41,077,427)	(429,140)	(63,995)	(393,963)	(127,662)	(750,321)	(471,008)	(3,485,743)	(50,283,259)	(13,529,247)	(9,231,219)	(1,193,720)	(74,237,445)
Net book value (NBV) as at June 30, 2018	67,744,638	398,638,864	5,105,990	676,696	4,095,128	1,208,429	8,354,707	1,695,849	19,179,557	527,899,758	128,065,588	87,381,088	6,598,475	749,944,910
Gross carrying value basis														
Cost	97,435,228	1,047,587,864	8,764,530	794,529	6,343,592	5,423,642	11,745,322	5,125,504	44,571,869	1,248,992,080	182,686,625	163,951,562	7,856,035	1,603,486,304
Accumulated depreciation	(29,690,590)	(648,949,000)	(3,658,540)	(117,833)	(2,248,464)	(4,215,513)	(3,390,615)	(3,429,655)	(25,392,312)	(721,092,322)	(54,621,037)	(76,570,474)	(1,257,560)	(853,541,394)
Net book value (NBV) as at June 30, 2018	67,744,638	398,638,864	5,105,990	676,696	4,095,128	1,208,429	8,354,707	1,695,849	19,179,557	527,899,758	128,065,588	87,381,088	6,598,475	749,944,910
Rate of depreciation	5%	10%	10%	10%	10%	10%	10%	25%	20%	20%	10%	10%	10%	10%

* This includes assets against which the lease liability has been fully paid. However, the leasing companies have not yet transferred the same in the name of the Company due to documentation formalities.

** Represents assets against which the lease liability has been fully paid. However, the leasing companies have not yet transferred the same in the name of the Company due to their late payment penalty. The Company has shown these late payment charges as contingencies (note 24.1.3). The management is of the view that a substantial portion of these charges will be waived off by the leasing companies.

***Additions to plant and machinery, buildings and motor vehicles include transfer from capital work-in-progress.

	OWNED							LEASED						
	Leasehold land	Buildings on leasehold land	Plant and machinery	Furniture and fixtures	Electric installations	Refrigeration and air conditioning	Generators	Office equipments	Computers	Motor vehicles	Sub Total	Plant and machinery - leased *	Generators and fittings - leased **	Motor vehicles - Leased
Opening net book value (NBV) as at July 01, 2016	54,549,714	386,293,251	3,617,498	138,836	3,055,299	1,477,342	11,082,746	4,721,061	37,365,906	1,183,000,776	156,564,177	106,826,126	-	750,254,139
Additions/transfers (at cost) ***	8,589,568	49,094,511	1,086,125	276,249	852,201	-	8,339,490	770,991	5,323,635	74,334,635	-	-	-	78,164,970
Disposals (at NBV)	-	-	-	-	-	-	-	-	-	(21,000)	-	-	-	(21,000)
Depreciation charge	(2,989,275)	(39,588,032)	(439,481)	(27,029)	(540,016)	(141,251)	(1,531,394)	(450,429)	(3,278,861)	(48,985,758)	(14,969,342)	(10,213,819)	(63,840)	(74,232,759)
Net book value (NBV) as at June 30, 2017	60,150,007	395,799,730	4,264,142	390,056	3,367,484	1,336,091	8,442,452	1,762,414	15,479,337	512,191,713	141,594,835	96,612,307	3,766,495	754,165,350
Gross carrying value basis														
Cost	86,356,597	1,003,671,303	7,493,642	443,894	5,221,985	5,423,642	11,082,746	4,721,061	37,365,906	1,183,000,776	182,686,625	163,951,562	3,830,335	1,533,469,298
Accumulated depreciation	(26,206,590)	(607,871,573)	(3,229,500)	(53,838)	(1,854,501)	(4,087,551)	(2,640,294)	(2,958,647)	(21,906,569)	(670,809,063)	(41,091,790)	(67,339,255)	(63,840)	(779,303,948)
Net book value (NBV) as at June 30, 2017	60,150,007	395,799,730	4,264,142	390,056	3,367,484	1,336,091	8,442,452	1,762,414	15,479,337	512,191,713	141,594,835	96,612,307	3,766,495	754,165,350
Rate of depreciation	5%	10%	10%	10%	10%	10%	10%	25%	20%	20%	10%	10%	10%	10%

* This includes assets against which the lease liability has been fully paid. However, the leasing companies have not yet transferred the same in the name of the Company due to documentation formalities.

** Represents assets against which the lease liability has been fully paid. However, the leasing companies have not yet transferred the same in the name of the Company due to their late payment penalty. The Company has shown these late payment charges as contingencies (note 24.1.3). The management is of the view that a substantial portion of these charges will be waived off by the leasing companies.

***Additions to plant and machinery, buildings and motor vehicles include transfer from capital work-in-progress.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2018

7.2 The depreciation charge for the year has been allocated as follows:

	Note	2018 -----Rupees-----	2017
Cost of sales	26	70,186,875	70,925,848
Administrative expenses	27	2,564,094	2,874,400
Marketing and selling expenses	28	1,486,476	432,511
		<u>74,237,445</u>	<u>74,232,759</u>

7.3 The details of immovable assets (i.e. land and building) of the Company as at June 30, 2018 are as follows:

Location	Address	Usage	Covered Area (sq. ft)
Karachi	Plot # Ez/1/P-10 East Industrial Zone, Karachi	Production facility	871,272

7.4 Details of operating fixed assets disposed off during the year having book value exceeding Rs. 500,000 are as follows :

	Original Cost	Accumulated depreciation	Written down value	Sale proceeds	Gain / (loss) on disposals	Mode of disposal	Particulars of buyers	Location
	----- Rupees -----							
Owned								
Plant and machinery								
Chillers	9,815,700	6,396,367	3,419,333	1,855,000	(1,564,333)	Tender	Mr. Muhammad Qasim	Karachi
Motor vehicles								
Super Power	40,000	21,721	18,279	39,000	20,721	Negotiation	Mr. Sohail Akbar	Karachi
Premio AXR-942	1,768,200	1,173,988	594,212	1,000,000	405,788	Negotiation	Mr. Sohail Akbar	Karachi
Honda City AMU-961	846,000	759,158	86,842	640,000	553,158	Negotiation	Mr. Kamran Hussain	Karachi
Honda City AHU-757	645,000	559,227	85,773	430,000	344,227	Negotiation	Mr. Qasim	Karachi
Honda Civic AJF-477	825,000	406,490	418,510	630,000	211,490	Negotiation	Mr. Qasim	Karachi
Toyota Prius AYN-925	1,570,000	977,561	592,439	1,400,000	807,561	Negotiation	Mr. Sohail Adam	Karachi
2018	<u>15,509,900</u>	<u>10,294,512</u>	<u>5,215,388</u>	<u>5,994,000</u>	<u>778,612</u>			

Balance as at 01 July 2017	Addition*	Transfers	Balance as at 30 June 2018
----- Rupees -----			

7.5 Capital Work in progress

Building and civil works	11,078,632	57,779,127	11,078,631	57,779,128
Plant and machinery	37,362,693	366,154,555	37,251,976	366,265,272
Advance for purchase of vehicles	5,607,000	3,072,657	5,407,700	3,271,957
	<u>54,048,325</u>	<u>427,006,339</u>	<u>53,738,307</u>	<u>427,316,357</u>

*Includes addition of Cast Poly Propylene Lines in plant and machinery for enhancement of production capacity which is expected to be operational by next year.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2018

		2018	2017
	Note	-----Rupees-----	
8. INTANGIBLE ASSETS			
Computer software	8.1	<u>907,435</u>	<u>1,134,294</u>
8.1 Computer software			
Net carrying value basis			
NBV as on July 01		1,134,294	189,534
Transfer from Capital work in process		-	1,220,000
Amortization charge [20% (2017:20%)]	8.2	(226,859)	(275,240)
NBV as at June 30		<u>907,435</u>	<u>1,134,294</u>
Gross carrying value basis			
Cost		1,913,700	1,913,700
Accumulated amortization		(1,006,265)	(779,406)
NBV as at June 30		<u>907,435</u>	<u>1,134,294</u>
8.2	Amortisation charge for the year has been allocated to administrative expenses.		
9. LONG-TERM DEPOSITS			
Security deposits			
Leased assets		4,929,900	4,929,900
Margin against bank guarantee		2,175,000	2,175,000
Other deposits	9.1	3,013,373	2,876,551
		<u>10,118,273</u>	<u>9,981,451</u>
9.1	Represents 30% cash margin against guarantee issued by Faysal Bank Limited in favour of Sui Southern Gas Company Limited.		
10. STOCK-IN-TRADE			
Raw material:			
In hand		76,518,701	95,769,783
In transit		68,240,365	105,880,892
In bonded warehouse		49,039,940	11,169,250
		<u>193,799,006</u>	<u>212,819,925</u>
Work in process		<u>184,546,594</u>	160,614,530
Finished goods		<u>112,900,240</u>	70,533,308
		<u>297,446,834</u>	231,147,838
		<u>491,245,840</u>	<u>443,967,763</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2018

11. TRADE DEBTS – unsecured	Note	2018 -----Rupees-----	2017
Considered good			
- Associated Companies - Common Directorship	11.1	60,880,194	46,901,918
- Others		337,602,024	192,926,240
		398,482,218	239,828,158
Considered doubtful		22,908,950	22,908,950
		421,391,168	262,737,108
Less: Provision for doubtful debts		(22,908,950)	(22,908,950)
	11.2	398,482,218	239,828,158

11.1 Represents balances due from associated companies which are as follows

Description

Hilal Foods (Private) Limited	4,496,379	107,695
Kings Food (Private) Limited	632,650	632,650
Shalimar Food Products	2,932,297	4,398,364
Toyo Packaging (Private) Limited	52,818,868	41,763,209
	60,880,194	46,901,918

11.2 Ageing of trade debts as at the reporting date is as under:

	Total	Past due but not impaired				
		Neither past due nor impaired	> 30 days upto 60 Days	> 60 days upto90 days	>90 days upto180 Days	>180 days
----- (Rupees) -----						
Associated Companies						
Hilal Foods (Private) Limited	4,496,379	-	-	-	-	-
Kings Food (Private) Limited	632,650	-	-	-	-	632,650
Shalimar Food Products	2,932,297	1,599,127	811,299	-	521,871	-
Toyo Packaging (Private) Limited	52,818,868	25,265,143	11,113,797	1,309,822	15,130,106	-
	60,880,194	31,360,649	11,925,096	1,309,822	15,651,977	632,650
Other than related parties	337,602,024	109,565,436	112,780,731	56,525,142	39,999,946	18,730,770
2018	398,482,218	140,926,085	124,705,827	57,834,964	55,651,923	19,363,420

	Total	Past due but not impaired				
		Neither past due nor impaired	> 30 days upto 60 Days	> 60 days upto90 days	>90 days upto180 Days	>180 days
----- (Rupees) -----						
Associated Companies						
Hilal Foods (Private) Limited	107,695	-	107,695	-	-	-
Kings Food (Private) Limited	632,650	-	-	-	-	632,650
Shalimar Food Products	4,398,364	1,742,985	1,556,857	1,098,522	-	-
Toyo Packaging (Private) Limited	41,763,209	3,769,996	10,636,643	14,260,975	7,721,474	5,374,121
	46,901,918	5,512,980	12,301,195	15,359,498	7,721,474	6,006,771
Other than related parties	192,926,240	84,986,736	59,678,539	17,858,568	18,911,269	11,491,128
2017	239,828,158	90,499,717	71,979,734	33,218,066	26,632,743	17,497,899

11.3 The maximum aggregate amount due from the related parties at the end of any month during the year was Rs. 84.4 million (2017: Rs. 61.29 million).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2018

12.	LOANS AND ADVANCES - unsecured, considered good	Note	2018 -----Rupees-----	2017
	Loans			
	Employees	12.1	752,234	366,751
	Advances			
	- Suppliers and contractors	12.2	15,136,806	2,569,516
	- Employees	12.3	1,061,719	750,376
			<u>16,198,525</u>	<u>3,319,892</u>
			<u>16,950,759</u>	<u>3,686,643</u>

12.1 Represents interest free loans given to the employees in accordance with the Company's policy.

12.2 Following are the particulars of advance given to foreign supplier:

Name of the Company	Address	Terms, conditions and period	"2018 (Rupees)"
Bobst Manchester Limited	Pennine Business Park Pilsworth road, Heywood Lanchashire OL 10 2TL Unit- ed Kingdom	For purchase of parts to be settled upon receipt of parts within 30 days	635,348

12.3 Represents advances given to employees for business expenses and are settled as and when the expenses are incurred.

13.	TRADE DEPOSITS AND SHORT TERM PREPAYMENTS	Note	2018 -----Rupees-----	2017
	Trade deposits - unsecured, considered good			
	- Containers		6,584,707	8,942,687
	- Nazir High Court	24.1.5	7,952,669	2,339,038
	- Others		1,872,146	1,359,358
			<u>16,409,522</u>	<u>12,641,083</u>
	Short term prepayments		194,999	-
			<u>16,604,521</u>	<u>12,641,083</u>

14. CASH AND BANK BALANCES

Cash in hand	93,911	16,157
Cash at banks – current accounts	33,741,396	5,545,893
	<u>33,835,307</u>	<u>5,562,050</u>

15. ISSUED, SUBSCRIBED AND PAID-UP CAPITAL

2018	2017		2018 -----Rupees-----	2017
Number of Shares				
25,986,000	25,986,000	Fully paid ordinary shares of Rs. 10/- each	259,860,000	259,860,000
12,900,000	12,900,000	- Issued for cash	129,000,000	129,000,000
20,415,150	-	- Issued as fully paid bonus shares	204,151,500	-
59,301,150	38,886,000	- Issued as right shares at a premium of Rs. 5/-	<u>593,011,500</u>	<u>388,860,000</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2018

15.1 Mr. Maqbool Elahi Shaikh, being a director of the Company, held 27,596,456 (2017: 18,096,037) ordinary shares of Rs. 10/- each in the Company representing 46.50% (2017: 46.50%) of the share capital as of the reporting date.

15.2 The shareholders are entitled to receive all distributions including dividends and other entitlements in the form of cash, bonus and right shares as and when declared by the Company. All shares carry one vote per share without restriction.

16. RESERVES	2018	2017
	-----Rupees-----	
Capital reserve		
Share premium on issue of ordinary shares	173,566,620	79,930,000
Revenue reserve		
Unappropriated profit	138,524,948	124,687,909
	<u>312,091,568</u>	<u>204,617,909</u>

17. LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASES

17.1 The Company had entered into a finance lease agreement with financial institutions in respect of gas generator. The rate of returns used as the discounting factor is 3 months KIBOR plus 2 percent. Overdue rental payments are subject to additional charge upto 3 percent per month. Purchase option can be exercised by the lessee by adjusting security deposit against residual value at the expiry of the lease period.

17.2 The Company had also entered into a finance lease agreement with financial institutions in respect of motor vehicles. The rate of return used as the discounting factor is 1 year KIBOR plus 3 Percent. Purchase option can be exercised by the lessee at the expiry of the lease period. The amount of future lease payments together with the present value of the minimum lease payments and the periods during which they fall due are as follows:

	2018		2017	
	Minimum Lease Payments (MLP)	Present Value of MLP	Minimum Lease Payments (MLP)	Present Value of MLP
	----- Rupees -----			
Within one year	13,999,486	13,440,494	40,226,040	37,853,756
After one year but not more than five years	3,747,774	3,623,788	17,745,919	17,062,927
Total minimum lease payments	17,747,260	17,064,282	57,971,959	54,916,683
Less: Finance charges	(682,978)	-	(3,055,276)	-
Present value of minimum lease payments	17,064,282	17,064,282	54,916,683	54,916,683
Less: Current portion	(13,440,494)	(13,440,494)	(37,853,756)	(37,853,756)
	<u>3,623,788</u>	<u>3,623,788</u>	<u>17,062,927</u>	<u>17,062,927</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2018

18. DEFERRED TAXATION	2018 -----Rupees-----	2017
Taxable temporary differences arising due to:		
- accelerated tax depreciation	83,306,742	86,059,137
- accelerated tax amortisation	(19,884)	22,821
- assets subject to finance leases	64,393,094	72,592,091
- Unrealized exchange gain	2,051,115	-
	149,731,067	158,674,049
Deductible temporary differences arising due to:		
- liabilities against assets subject to finance leases	(3,999,774)	(14,792,905)
- provision for staff retirement benefits – gratuity	(7,349,636)	(6,069,603)
- provision for doubtful debts	(6,643,596)	(6,872,685)
- minimum tax	(10,988,143)	-
	(28,981,149)	(27,735,193)
	120,749,918	130,938,856
19. STAFF RETIREMENT BENEFITS - STAFF GRATUITY SCHEME		
19.1 The amount recognised in the balance sheet is as follows:		
Present value of defined benefit obligation	19.2 25,343,572	<u>20,232,009</u>
19.2 Changes in the present value of defined benefit obligation are as follows:		
As at July 2017	19.3 20,232,009	19,778,261
Charge for the period	9,445,885	7,072,349
Re-measurement gain recognised in other comprehensive income	(703,220)	(295,500)
Payments made during the period	(3,631,102)	(6,323,101)
As at June 2018	25,343,572	<u>20,232,009</u>
19.3 Charge for the year recognised in the profit or loss account is as follows:		
Current Service Cost	7,742,364	5,576,845
Interest Cost	1,703,521	1,495,504
	9,445,885	7,072,349
19.4 The Charge for the year has been allocated as follows:		
Cost of sales	26.1 5,196,573	5,059,575
Administrative expenses	27.1 2,695,711	1,250,372
Marketing and selling expenses	28.1 1,553,601	762,402
	9,445,885	7,072,349

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2018

19.5 The principal assumptions used in the actuarial valuations carried out as of June 30, 2018 using the 'Projected Unit Credit' method are as follows:

	2018	2017
Expected rate of increase in salary level	<u>10% p.a</u>	<u>9.25% p.a</u>
Discount rate	<u>10% p.a</u>	<u>9.25% p.a</u>

19.6 **Impact of changes in assumption on defined benefit scheme is as follows:**

Assumption	1% increase	1% decrease
Discount rate	<u>4,127,072</u>	<u>5,476,667</u>
Salary increase	<u>5,491,908</u>	<u>4,105,449</u>

19.7 **Maturity profile of the defined benefit obligation:**

	2018	2017
Weighted average duration - in number of years	<u>3.42</u>	<u>4.11</u>

19.8 **Description of the risks to the Company**

The defined benefit plan exposes the Company to the following risks:

Mortality risks – The risk that the actual mortality experience is different. The effect depends on the beneficiaries' service/age distribution and the benefit.

Final salary risks – The risk that the final salary at the time of cessation of service is greater than what was assumed. Since the benefit is calculated on the final salary, the benefit amount increases similarly.

Withdrawal risks – The risk of higher or lower withdrawal experience than assumed. The final effect could go either way depending on the beneficiaries' service/age distribution and the benefit.

19.9 **Comparison of five years:**

As at June 30	2018	2017	2016	2015	2014
		----- (Rupees) -----			
Present value of defined benefit obligation	<u>25,343,572</u>	<u>20,232,009</u>	<u>19,778,261</u>	<u>17,305,686</u>	<u>13,534,377</u>
Deficit	<u>25,343,572</u>	<u>20,232,009</u>	<u>19,778,261</u>	<u>17,305,686</u>	<u>13,534,377</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2018

20.	TRADE AND OTHER PAYABLES	Note	2018	2017
			-----Rupees-----	
	Trade creditors		46,765,658	38,501,725
	Import bills for goods and fixed asset	20.1	767,944,710	252,346,241
	Accrued liabilities		51,426,022	48,242,303
	Advances from customers - unsecured		13,739,431	12,883,617
	Workers' Profits Participation Fund	20.2	123,359,968	113,211,868
	Workers' Welfare Fund		15,916,918	14,850,169
	Withholding tax payable		27,902,225	23,411,039
	Sales tax payable		4,076,341	-
	Others		707,049	2,924,331
			<u>1,051,838,322</u>	<u>506,371,293</u>

20.1 Includes import of Cast Poly Propylene Lines made during the year amounting to Rs. 306 million for enhancement of production capacity.

20.2	Workers' Profits Participation Fund	Note	2018	2017
			-----Rupees-----	
	Balance at the beginning of the period		113,211,868	101,433,177
	Interest on Workers' Profits Participation Fund	29	6,608,669	5,520,770
			119,820,537	106,953,947
	Payments during the year		-	(514,000)
	Allocation during the year	30	3,539,431	6,771,921
	Balance at the end of the year		<u>123,359,968</u>	<u>113,211,868</u>

21. SHORT-TERM BORROWING - secured

	Running finance under markup arrangement	21.1	8,214,792	9,999,896
	Istisna Loan	21.2	100,000,000	100,000,000
			<u>108,214,792</u>	<u>109,999,896</u>

21.1 Represents running finance facility availed during the year which is payable on demand carrying markup of 3 months KIBOR plus 2% per annum and is secured against Joint Pari Passu charge of Rs. 801 million in aggregate over current assets, land & building and plant & machinery of the Company. Unavalied facility as of 30 June 2018 amounts to Rs. 1.79 million.

21.2 Represents Islamic financing facility of Rs. 100 million which is payable within three months carrying interest rate of 3 months KIBOR plus 1.75% and is secured against Joint Pari passu charge over current assets with 25% margin plus joint pari passu charge of Rs. 570 million over machinery and land & building of the Company. Subsequent to the year ended 30 June 2018, the Company has extended its existing facility of Rs. 100 million to Rs. 240 million.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2018

22	ACCRUED MARK-UP	2018	2017
		-----Rupees-----	
	Liabilities against assets subject to finance leases	-	240,972
	Others	41,831	6,442
	Istisna arrangement	2,994,914	523,781
		<u>3,036,745</u>	<u>771,195</u>
23.	LOAN FROM RELATED PARTIES	2018	2017
		-----Rupees-----	
	Director	-	83,498,800
	Associated company	-	59,761,657
		23.1	<u>143,260,457</u>

23.1 During the year, the above loans were adjusted against the issuance of right shares to Maqbool Elahi and Naeem Munshi.

24. CONTINGENCIES AND COMMITMENTS

24.1 Contingencies

24.1.1 The Company was allowed tax holiday under Clause 118-C to the Second Schedule of the Income Tax Ordinance, 1979 for a period of eight years from the assessment year 1995-96 i.e. 1st July 1995. The Company claimed tax holiday up to December 2003. The Deputy Commissioner of Income Tax reopened the assessment initially for the assessment year 1995-96 alleging that the Company was not entitled to the Tax Holiday earlier allowed under the above clause. Being aggrieved by the notice under section 65 of the Income Tax Ordinance, 1979, the Company filed a writ petition before the Honorable High Court of Sindh which was dismissed allegedly on account of non-maintainability. A petition for leave to appeal was filed against the dismissal of the writ petition which has been granted by the Honorable Supreme Court of Pakistan, the Honorable Supreme Court of Pakistan has also suspended the judgment of the Honorable High Court of Sindh and ordered maintenance of status quo.

The Deputy Commissioner of Income Tax then reopened the cases for the assessment years 1996-97 to 1998-99 and proceeded to finalize the assessment for the assessment year 1999-2000 under Section 62 of the Income Tax Ordinance, 1979. The writ against these notices was dismissed by the Honorable High Court of Sindh whereas the civil petition for leave has been granted by the Honorable Supreme Court of Pakistan. The Honorable Supreme Court of Pakistan has also stayed the proceedings for these years.

Although the Honorable Supreme Court of Pakistan has accepted the petition for leave to appeal and the Company's lawyers are very hopeful that the tax holiday will be restored. While finalizing the orders the assessing officers have made various mistakes, for which rectification applications have been made. Subject to appeal and assuming that the Deputy Commissioner of income tax does not make any other addition for these years, a liability of Rs.67,938,844 will arise for which no provision has been made by the Company in these financial statements. As at year end, these civil appeals were at the stage of final arguments and were still pending before the Supreme Court of Pakistan. As per the opinion of the legal advisor of the Company, the Company has a reasonable probability of success in these petitions. Accordingly the management of the Company is confident of favourable outcome, therefore no provision is made in these financial statements.

24.1.2 An Income Tax Appeal is pending before the High Court of Sindh for the assessment of tax year 1996-1997 filed by the Commissioner of Income Tax Appeal on the question whether the sale of goods to the leasing company is not a supply and the provision of Section 80C of the Income Tax Ordinance, 1979 are not attracted in the case. Accordingly, the management of the Company is confident of favourable outcome, therefore, no provision is made in these financial statements.

24.1.3 NIB Bank Limited, formally PICIC Commercial Bank Limited has claimed Rs.1.3 million against termination of lease finance facility on account of all delayed rentals / late payment charges. The Company's management is confident that the dues will be settled amicably and accordingly, no provision has been made in these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2018

24.1.4 In the year 2011, Gas Infrastructure Development Cess (GIDC) was made applicable to the industrial consumers by means of GIDC Act, 2011. In September 2014, the Federal Government (the Government) promulgated Gas Infrastructure Development Cess (GIDC) Ordinance No.VI of 2014 to circumvent earlier decision of the Honorable Supreme Court on the subject, where it upheld that the earlier introduction of GIDC Act of 2011 was unconstitutional and ultravires on the grounds that GIDC was a 'Fee' and not a 'Tax'. In May 2015, the Government passed the GIDC Act., 2015.

The Company, along with other companies in the industry, challenged the GIDC Act, 2015 and filed writ petition in the Honorable High Court of Sindh (HCS) including retrospective application of the provisions of the GIDC Act. The Court vide its order dated October 26, 2016 has held the GIDC Act 2011, GIDC Ordinance 2014 and GIDC Act, 2015 as ultra vires and unconstitutional on the grounds mentioned above. The Government and Sui Southern Gas Company Limited (SSGC), however, have reportedly filed an appeal in the Double Bench of HCS in a similar case against certain petitioners, which is at the stage of hearing as of 30 June 2018. Due to the uncertainties involved in the matter, the eventual outcome of the case cannot be determined at this stage. Accordingly the management, based on the opinion of their legal advisor, has not accounted for GIDC amounting to Rs. 133.218 million as of 30 June 2018 which includes Rs. 26.92 million for the year as the management is confident that the decision of the case will be in their favour.

24.1.5 In August 2015, Sui Southern Gas Company (SSGC) increased rates of natural gas on the basis of notification dated 31 August 2015 issued by Oil and Gas Regulatory Authority (OGRA) whereby prices for natural gas for industrial sector have increased from Rs. 488 to Rs. 600 per MMBTU whereas those for the captive power sector have been increased from Rs. 573 to Rs. 600 per MMBTU and the Company falls in the category of captive power. The Company challenged the OGRA notification and filed writ petition in the HCS in Suit No. 2419 of 2015. Thereafter, HCS vide its order dated May 18, 2016, decided the case in Company's favor and concluded that the OGRA notification lacks the sanctity of law and it cannot be validated in terms of Section 7 and 8 of the Oil and Gas Regulatory Authority Ordinance 2002. SSGC filed an appeal in the HCS which was dismissed on August 15, 2017. Subsequently, SSGC has taken the matter to the Supreme Court of Pakistan and filed petition to appeal against the order dated August 15, 2017.

Further, OGRA in suppression of its Notification No. SRO 876(1)2015 dated August 31, 2015 notified the sale price and minimum charges, in respect of natural gas to industrial customers with effect from December 15, 2016 being flat rate of Rs.600 per MMBTU. The Company challenged the impugned notification dated December 30, 2016 before the HCS. The HCS has passed ad-interim orders dated January 20, 2017 suggesting stay on the rates aforementioned, while ordering plaintiffs to deposit the differential amount in terms of impugned notification as security till further orders. Accordingly, the Company is depositing the security to Nazir of the High Court as disclosed in note 13 to financial statements.

However, due to the inherent uncertainties involved in the matter, the management based on the opinion of their legal advisor, has not accounted for increase in tariff rate amounting to Rs. 12.315 million as of 30 June 2018 which includes Rs. 4.795 million for the year as the management is confident that the decision of the case will be in their favour.

24.1.6 In December 2015, the High Court of Sindh impugned the insertion of Tariff Heading 9830.0000 in the second schedule to the Sindh Sales Tax on Services Act 2011, through the Finance Act 2013 and subsequent show cause notice issued by the Sindh Revenue Board on the basis of this tariff heading and the said heading reads "Services provided in the matter of manufacturing or processing for others on toll basis".

The Company filed a suit before the Honorable High Court of Sindh and the Court granted an ad interim order in favour of Company, which is still in operation. The suit is still pending before the High Court of Sindh and Company has reasonable probability of success in this suit.

Accordingly, the management of the Company is confident of favourable outcome, therefore no provision is made in these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2018

24.1.7 As per the legal advice, Suit Nos. 2493 & 2494 of 2016 before the High Court of Sindh and the Federal Board of Revenue's Show Cause Notices dated 22 August 2016 to the company under Section 122(5A) of the Income Tax Ordinance, 2001 for the Tax Years 2011 and 2012 with regard to the treatment of its Toll Manufacturing receipts as the provision of a service under Section 153(1)(c) of the Income Tax Ordinance, 2001 rather than the supply of goods under Section 153(1)(a). The High Court of Sindh granted an ad interim order in favour of the company, which is still in operation. The suit is still pending before the High Court of Sindh and the company has a reasonable probability of success in this suit. Accordingly, no provision has been made in the financial statements.

24.1.8 An appeal against order passed under section 11(4) & 25 of the Sales Tax Act, 1990 for tax year 2011 is pending with the Commissioner Inland Revenue – Appeals against demand of Rs. 753,219/-. The management is expecting a favourable outcome of this appeal and hence no provision has been made in this regard.

24.1.9 In the year 2017, sales tax audit for the tax year 2015 of the Company was selected and an order was passed by the Deputy Commissioner Inland Revenue dated July 19, 2017 for a demand of Rs. 27,309,758/- against the Company. An appeal against the above order has been filed before the Commissioner Inland Revenue - Appeals II by the Company and during the year, the Commissioner Inland Revenue Authority has set aside the issues pertaining to sales tax amounting to Rs. 22,189,972/- and forward the same for further examination to Deputy Commissioner Inland Revenue.

The Company filed Suit No. 1792 of 2017 before the High Court of Sindh against the above demand to seek protection from any adverse action by the above mentioned department and the Company has been granted a stay in this regard by the High Court of Sindh.

The management based on the opinion of their legal advisor, are anticipating a favorable outcome of such demand and hence no such provision has been made in the financial statements.

24.2	COMMITMENTS	2018	2017	
		-----Rupees-----		
24.2.1	Outstanding bank guarantees	<u>7,250,000</u>	<u>7,250,000</u>	
24.2.2	Outstanding letters of credit	<u>142,191,556</u>	<u>77,113,975</u>	
24.2.3	The aforesaid letter of credit is secured against personal guarantee of directors.			
25.	TURNOVER- net	Note	2018	
			2017	
			-----Rupees-----	
	Gross Sales	2,569,187,961	1,834,460,151	
	Less: Sales tax	(383,746,064)	(272,139,834)	
	Sales returns	(60,282,654)	(46,628,572)	
		<u>2,125,159,243</u>	<u>1,515,691,745</u>	

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2018

26. COST OF SALES	Note	2018 -----Rupees-----	2017
Opening stock of raw material		95,769,783	72,426,832
Purchases during the year		1,561,461,283	971,183,409
		<u>1,657,231,066</u>	<u>1,043,610,241</u>
Closing stock of raw material	10	(76,518,701)	(95,769,783)
Raw material consumed		<u>1,580,712,365</u>	<u>947,840,458</u>
Manufacturing expenses			
Salaries, wages and other benefits	26.1	86,437,148	72,320,049
Oil and lubricants / diesel		4,889,710	5,834,799
Packing material consumed		38,902,894	34,034,443
Consumable stores		5,693,480	3,546,722
Water charges		4,391,045	1,532,406
Repairs and maintenance		20,784,091	11,124,456
Vehicle running and maintenance		2,189,837	1,820,965
Utilities		104,582,393	91,829,145
Insurance		7,550,676	7,794,849
Telephone		938,333	726,832
Cartage and octroi		20,012,128	17,700,407
Consultancy charges		4,493,500	5,243,479
Staff welfare		3,199,744	2,937,404
Security charges		2,060,628	2,385,699
Depreciation	7.2	70,186,875	70,925,848
Transportation		6,850,348	7,399,268
Rent, rates and taxes		1,505,431	4,371,320
Others		3,255,225	2,417,991
		<u>387,923,486</u>	<u>343,946,082</u>
		<u>1,968,635,851</u>	<u>1,291,786,540</u>
Opening work in process		160,614,530	91,853,720
		<u>2,129,250,381</u>	<u>1,383,640,260</u>
Closing work in process	10	(184,546,594)	(160,614,530)
Cost of goods manufactured		<u>1,944,703,787</u>	<u>1,223,025,730</u>
Finished goods			
Opening stock		70,533,308	110,510,220
Closing stock	10	(112,900,240)	(70,533,308)
		<u>(42,366,932)</u>	<u>39,976,912</u>
		<u>1,902,336,855</u>	<u>1,263,002,642</u>

26.1 Salaries, wages and other benefits includes staff retirement benefit amounting to Rs. 5.196 million (2017: Rs. 5.059 million).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2018

27. ADMINISTRATIVE EXPENSES	Note	2018 -----Rupees-----	2017
Salaries, wages and other benefits	27.1	30,814,553	24,137,775
Directors' remuneration		19,965,724	19,516,456
Vehicle maintenance		2,440,425	2,207,185
Legal and professional		2,085,535	3,256,863
Traveling and accommodation		2,115,207	2,051,928
Insurance		497,892	404,836
Fees and subscription		2,849,162	1,825,595
Rent, rates and taxes		4,905,700	4,182,400
Advertisement		410,890	1,301,146
Postage and stationery		1,246,363	1,057,481
Donation	27.2	600,000	500,000
Consultancy		98,825	915,000
Telephone		724,189	553,354
Newspaper and periodicals		12,132	11,284
Amortisation	8.2	226,859	275,240
Fuel and power		1,313,632	1,173,598
Auditors' remuneration	27.4	1,113,700	997,600
Depreciation	7.2	2,564,094	2,874,400
Repair and maintenance		1,065,255	1,175,832
Staff welfare		1,249,481	1,228,340
Security		1,170,139	762,220
Water		94,273	54,520
Others		775,147	639,394
		<u>78,339,177</u>	<u>71,102,447</u>

27.1 Salaries, wages and other benefits includes staff retirement benefit amounting to Rs. 2.695 million (2017: Rs. 1.250 million).

27.2 Includes donation of Rs. 0.5 million paid to Indus Hospital.

27.3 Directors or their spouses do not have any interest in the donees to whom donations were made.

27.4 Auditors' remuneration	Note	2018 -----Rupees-----	2017
Audit fee		880,000	800,000
Fee for review of half yearly		88,000	80,000
Fee for review of code of corporate governance		38,500	35,000
Out of pocket expenses		107,200	82,600
		<u>1,113,700</u>	<u>997,600</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2018

28. MARKETING AND SELLING EXPENSES

	Note	2018 -----Rupees-----	2017
Salaries, wages and other benefits	28.1	18,731,641	13,067,079
Vehicle running and maintenance		1,153,664	1,356,687
Travelling and accommodation		239,709	710,247
Rent, rates and taxes		583,601	530,548
Postage and stationery		224,147	198,925
Consultancy		-	2,884,200
Telephone		240,771	231,033
Power / electricity		48,290	48,053
Staff welfare		174,736	123,680
Sales promotion		1,613,781	2,420,196
Depreciation	7.2	1,486,476	432,511
Insurance		142,716	202,986
Others		193,320	472,839
		24,832,852	22,678,984

28.1 Salaries, wages and other benefits includes staff retirement benefit amounting to Rs. 1.553 million (2017: Rs. 0.762 million).

29. FINANCE COSTS

	Note	2018 -----Rupees-----	2017
Mark-up on:			
- diminishing musharaka		-	577,102
- liabilities against asset subject of finance lease		2,309,659	5,960,296
- letters of credit		3,536,660	13,172,241
- istisna arrangement		8,378,329	-
- running finance		608,463	877,984
		14,833,111	20,587,623
Interest on Workers' Profits Participation Fund	20.2	6,608,669	5,520,770
Bank guarantee commission		65,000	34,000
Bank charges		1,026,870	501,099
		7,700,539	6,055,869
		22,533,650	26,643,492

30. OTHER OPERATING EXPENSES

Workers' Profit Participation Fund	20.2	3,539,431	6,771,921
Workers' Welfare Fund		1,066,749	2,573,330
Exchange loss - net		30,052,320	6,025
Surcharge on annual maintenance charges		3,765,638	3,087,456
		38,424,138	12,438,733

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2018

		2018	2017
		-----Rupees-----	
31.	OTHER INCOME		
	Income from non-financial assets:		
	Scrap sales	6,587,499	6,267,715
	Gain on sale of operating fixed assets	778,612	-
	Others	23,996	-
		<u>7,390,107</u>	<u>6,267,715</u>
32.	TAXATION		
	Current	21,548,937	29,349,415
	Prior	78,055	13,306,875
	Deferred	<u>(10,392,872)</u>	<u>5,165,308</u>
		<u>11,234,120</u>	<u>47,821,598</u>
32.1	The income tax assessment of the Company has been finalised up to tax year 2017.		
32.2	Relationship between accounting profit and tax expense		
	Profit before taxation	<u>66,082,678</u>	<u>126,093,163</u>
	Applicable tax rate	<u>30%</u>	<u>31%</u>
	Tax at the above rate	19,824,803	39,088,880
	Tax effect of income / expenses that are not chargeable / allowable for tax purposes	3,841,431	2,798,953
	Prior year adjustments	78,055	13,306,875
	Tax effect of rebates under Section 65B	(4,733,589)	(5,064,451)
	Tax effect of change in tax rate	(4,364,628)	(4,054,352)
	Others	<u>(3,411,952)</u>	<u>1,745,692</u>
	Tax expense for the year	<u>11,234,120</u>	<u>47,821,597</u>
	Effective tax rate	<u>17.00%</u>	<u>37.93%</u>
32.3	Management has provided sufficient tax provision in financial statements in accordance with the Income Tax Ordinance, 2001. Following is the comparison of tax provisions as per accounts viz a viz tax assessment for the last three years:		
		Tax provision as per Accounts	Tax assessment
		-----Rupees-----	
	For the year 30 June 2017	29,349,415	29,271,360
	For the year 30 June 2016	33,393,229	42,567,836
	For the year 30 June 2015	13,647,143	9,886,112

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2018

33. BASIC AND DILUTED EARNING PER SHARE	2018	2017
	-----Rupees-----	
There is no dilutive effect on the basic earnings per share which is based on:		
Profit after taxation	<u>54,848,558</u>	<u>78,271,565</u>
	(Number of shares)	
Weighted average number of ordinary shares	<u>55,142,677</u>	<u>42,667,257</u>
	Rupees	Rupees (Restated)
Earnings per share	<u>0.99</u>	<u>1.83</u>

During the year, the Company has issued 52.5% right shares which has resulted in restatement of basic earnings per share.

34. REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

The aggregate amounts charged in these financial statements for the period in respect of remuneration and benefits to the chief executive, directors and executives of the Company were as follows:

	Chief Executive		Directors		Executives	
	2018	2017	2018	2017	2018	2017
	-----Rupees-----					
Remuneration	6,600,000	6,600,000	12,000,000	11,010,000	25,057,807	18,669,661
Medical allowance	835,000	1,623,472	307,264	282,985	1,061,052	501,201
Other perquisites (Motor vehicle maintenance etc.)	50,780	64,148	406,923	366,830	953,129	1,437,761
	<u>7,485,780</u>	<u>8,287,620</u>	<u>12,714,187</u>	<u>11,659,815</u>	<u>27,071,988</u>	<u>20,608,623</u>
Number of person(s)	<u>1</u>	<u>1</u>	<u>3</u>	<u>3</u>	<u>8</u>	<u>6</u>

In addition, the Chief Executive, directors and certain executives are also provided with free use of the Company's maintained cars and other benefits in accordance with their terms of employment.

Aggregate amount charged in the financial statements for remuneration (Salary/fee, other benefits) to one Non Executive director is Rs. Nil (2017: 900,000)"

35. TRANSACTIONS WITH RELATED PARTIES

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2018

Directors (Key management personnels)		2018	2017
		-----Rupees-----	
Loan to the Company			
Loan acquired during the year		19,000,000	7,500,000
Loan adjusted against right issue/ loan repaid during the year		162,260,457	7,600,000
Balance as at 30 June		-	83,498,800
Dividend paid to directors		23,597,252	22,771,701
Associated Companies - Common Directorship:		% of Shareholding	
TOYO Packaging (Private) Limited		Nil	
Trade debt			
Sale of goods / processing charges		159,069,065	125,107,434
Balance as at 30 June		52,818,868	41,763,209
Hilal Foods (Private) Limited		Nil	
Trade debt			
Sale of goods		26,841,369	10,168,715
Balance as at 30 June		4,496,379	107,695
Shalimar Food Products		Nil	
Trade debt			
		2018	2017
		-----Rupees-----	
Sale of goods		14,504,706	17,991,762
Balance as at 30 June		2,932,297	4,398,364
Kings Food (Private) Limited		Nil	
Trade debt			
Balance as at 30 June		632,650	632,650
36. CASH FLOWS FROM OPERATIONS		2018	2017
		-----Rupees-----	
Profit before taxation		66,082,678	126,093,163
Adjustments for non-cash and other items:			
Depreciation	7.2	74,237,445	74,232,759
Amortisation of software	8.2	226,859	275,240
Provision for gratuity	19.2	9,445,885	7,072,349
Finance costs	29	22,533,650	26,643,492
Workers' Welfare Fund	20	1,066,749	2,573,330
Workers' Profit Participation Fund	20.2	3,539,431	6,771,921
Exchange Loss - net	30	30,052,320	6,025
Gain on disposal of operating fixed assets	31	(778,612)	-
		140,323,727	117,575,116
		206,406,405	243,668,279
Working capital changes	36.1	287,648,838	(94,361,946)
		494,055,243	149,306,334

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2018

36.1 Working capital changes	2018	2017
	-----Rupees-----	
(Increase) / decrease in current assets		
Stock-in-trade	(47,278,077)	21,349,861
Trade debts	(158,654,060)	(6,968,045)
Loans and advances	(13,264,116)	1,685,044
Trade deposits and short-term prepayments	(3,963,438)	(7,120,423)
	<u>(223,159,691)</u>	<u>8,946,437</u>
Increase / (decrease) in current liabilities		
Trade and other payables	510,808,529	(103,308,383)
	<u>287,648,838</u>	<u>(94,361,946)</u>

37. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The main risks arising from the Company's financial instruments are market risks, credit risk and liquidity risk. The Board of Directors of the Company has overall responsibility for the establishment and oversight of the Company's risk management framework. The Company has exposure to the following risks from its use of financial instruments.

37.1 Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss without taking into account the fair value of any collateral.

Concentration of credit risk arises when a number of counter parties are engaged in similar business activities or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations of credit risk indicate the relative sensitivity of the Company's performance to developments affecting a particular industry.

The Company believes that it is not exposed to major concentration of credit risk as the exposure is spread over a number of counter parties. To manage exposure to credit risk, Company applies credit limit to its customers and recoverability is continuously monitored, financial assets which are subject to credit risk are as follows:

	Note	2018	2017
		-----Rupees-----	
Long-term deposits		5,188,373	5,051,551
Trade debts	11	398,482,218	239,828,158
Loans and advances		15,889,040	2,936,267
Trade deposits	13	16,409,522	12,641,083
Bank balances	14	33,741,396	5,545,893
		<u>469,710,549</u>	<u>266,002,951</u>

Due to the Company's long standing relations with the counterparties, the management does not expect non-performance by these counterparties on their obligations to the Company. The management continuously monitors the credit exposure towards the customers and makes provision against those balances considered doubtful for recovery.

Credit quality of financial assets

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to external credit ratings agencies or the historical information about counter party default rates as shown below:

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2018

37.1.1 The credit quality of the Company's bank balances can be assessed with reference to external credit ratings as follows:

	Rating agency	2018 -----Rupees-----	2017
A1+	PACRA	7,433,683	2,892,338
A1+	JCR-VIS	11,396,842	2,444,992
A1	PACRA	35,612	208,563
A1	JCR-VIS	14,875,259	-
		<u>33,741,396</u>	<u>5,545,893</u>

37.2 Market risk

Market risk is the risk that the fair value or future cash flows of financial instruments will fluctuate due to changes in market variables such as interest rate and foreign exchange rates. The objective of market risk management is to manage and control market risk exposures with an acceptable range.

(i) Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is exposed to interest rate risk in respect of Company's short-term financing arrangements at floating interest rates to meet its business operations and working capital requirements.

The following table demonstrates the sensitivity to a reasonably possible change in interest rates, with all other variables held constant, on the Company's profit before tax (through impact on floating rate borrowings). This analysis excludes the impact of movement in market variables on non-financial assets and liabilities of the Company. Further, interest rate sensitivity does not have a symmetric impact on the Company's result.

		Increase / decrease in basis points	Effect on profit before tax (Rupees)
2018	+	100	1,252,791
	-	100	<u>(1,252,791)</u>
2017	+	100	1,649,166
	-	100	<u>(1,649,166)</u>

(ii) Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company's exposure to the risk of changes in foreign currency exchange rates primarily relates to the Company's operating activities. The Company manages its currency risk by effective fund management and timely repayment of its current liabilities. The Company, however, has not hedged its foreign currency liabilities as the management has assessed that it will not be cost beneficial.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2018

The Company's exposure to foreign currency risk in major currencies at their gross values is as follows:

	2018 (US Dollars)	2017 (US Dollars)
Trade and other payables	<u>6,470,479</u>	<u>2,090,745</u>
	2018 (EUR Euros)	2017 (EUR Euros)
Trade and other payables	<u>131,285</u>	<u>156,180</u>

Following is the demonstration of the sensitivity to a reasonably possible change in exchange rate of all currencies applied to assets and liabilities as at June 30, 2018 represented in foreign currencies, with all other variables held constant, of the Company's profit before tax.

	Change in exchange rate (%)	Effect on profit / (loss) (Rupees)
30-Jun-18	+10%	80,593,330
	-10%	<u>(80,593,330)</u>
30-Jun-17	+10%	23,794,254
	-10%	<u>(23,794,254)</u>

(iii) Other price risk

Other price risk is the risk that the fair value of future cash flows of the financial instruments will fluctuate because of changes in market prices such as equity price risk. Equity price risk is the risk arising from uncertainties about future values of investment securities. As at the reporting date, the Company is not exposed to other price risk as the Company does not have any investment in equity shares.

37.3 Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due.

The Company's liquidity risk management implies maintaining sufficient cash and also involves projecting cash flows and considering the level of liquid assets necessary to meet these. As of June 30, 2018 the Company's current liabilities exceed its current assets by Rs. 133.36 million, but the Company based on its future plans is confident that it will have sufficient cash flows to meet its financial obligations in the foreseeable future.

Table below summarises the maturity profile of the Company's financial liabilities based on contractual undiscounted payments. Balances due within 12 months equals to their carrying balances as the impact of discounting is not significant.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2018

	On demand	Less than 6 months	6 to 12 months	1 to 5 years	More than 5 years	Total
June 30, 2018	----- Rupees -----					
Loan from related parties	-	-	-	-	-	-
Liabilities against assets subject to finance lease	-	28,007,354	28,007,355	17,062,927	-	73,077,636
Trade and other payables	-	894,645,904	870,316	-	-	895,516,220
Accrued mark-up	3,036,745	-	-	-	-	3,036,745
Short-term borrowings	8,214,792	100,000,000	-	-	-	108,214,792
	<u>11,251,537</u>	<u>1,022,653,258</u>	<u>28,877,671</u>	<u>17,062,927</u>	<u>-</u>	<u>1,079,845,393</u>
June 30, 2017						
Loan from related parties	143,260,457	-	-	-	-	143,260,457
Liabilities against assets subject to finance lease	-	28,007,354	28,007,355	17,062,927	-	73,077,636
Trade and other payables	-	365,451,839	822,521	-	-	366,274,360
Accrued mark-up	771,195	-	-	-	-	771,195
Short-term borrowings	9,999,896	100,000,000	-	-	-	109,999,896
	<u>154,031,548</u>	<u>493,459,193</u>	<u>28,829,876</u>	<u>17,062,927</u>	<u>-</u>	<u>693,383,544</u>

Effective interest / yield rates for the financial liabilities are mentioned in the respective notes to the financial statements.

38. FAIR VALUE OF FINANCIAL INSTRUMENTS

The carrying values of the financial assets and financial liabilities approximate their fair values. Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

Fair value hierarchy

The different levels to analyse financial assets carried at fair value have been defined as follows:

- Level 1: Quoted market price
- Level 2: Valuation techniques (market observable); and
- Level 3: Valuation techniques (non-market observables)

As of the reporting date, the Company does not have any financial assets carried at fair value that required categorization in Level 1, Level 2 and Level 3.

39. CAPITAL RISK MANAGEMENT

The Company's objective when managing capital is to safeguard the Company's ability to remain as a going concern and continue to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

The Company monitors capital using a debt equity ratio, which is net debt divided by total capital plus net debt. Equity comprises of share capital and reserves. The gearing ratio as at June 30, 2018 and 2017 are as follows:

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2018

	2018	2017
	-----Rupees-----	
Loan from related parties	-	143,260,457
Liabilities against assets subject to finance leases	17,064,282	54,916,683
Accrued mark-up	3,036,745	771,195
Short-term borrowing	108,214,792	109,999,896
Total debts	128,315,819	308,948,231
Less: Cash and bank balances	(33,835,307)	(5,562,050)
Net debt	94,480,512	303,386,181
Share capital	593,011,500	388,860,000
Reserves	312,091,568	204,617,909
Total equity	905,103,068	593,477,909
Total Capital	999,583,580	896,864,090
Gearing ratio	9.45%	33.83%
40. NUMBER OF EMPLOYEES	2018	2017
	-----Numbers-----	
At year end	134	124
Average employees during the year	134	115
Factory employees at year end	90	84
Average factory employees during the year	91	78
41. CAPACITY AND PRODUCTION		
	2018	2017
	Rated Capacity	Actual production
	Rated Capacity	Actual production
	-----Metric Tons-----	
BOPP – Port Qasim Authority	15,000	10,532
	15,000	8,780
41.1	Actual production was below capacity due to low demand and therefore the plant capacity was utilised to the extent of orders received from customers.	
42. CASH AND CASH EQUIVALENTS	Note	2018
		-----Rupees-----
Cash and bank balances	14	33,835,307
Running finance under mark-up arrangements	21	(8,214,792)
		25,620,515
		5,562,050
		(9,999,896)
		(4,437,846)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2018

43. SUBSEQUENT EVENTS

43.1 Under section 5A of the Income Tax Ordinance, 2001 (the Ordinance), the Company is obligated to pay tax at a prescribed rate on its accounting profit before tax, if it derives profit for a tax year but does not distribute prescribed level of such profits within six months of the end of the tax year, through cash dividend.

43.2 The Board of Directors of the Company in their meeting held on October 01, 2018 have recommended cash dividend @ 2% amounting to Rs. 11,860,230 (2017: 10%) for approval of the shareholders in the annual general meeting to be held on October 27, 2018.

44. DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorised for issue on October 01, 2018 by the Board of Directors of the Company.

45. GENERAL

45.1 Certain prior year figures has been rearranged for better presentation wherever necessary. However, there are no material reclassifications to report.

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

Chief Executive

Chief Financial Officer

Director

IF OPPORTUNITY DOESN'T KNOCK,
BUILD A DOOR.

“MILTON BERLE”

PROXY FORM

MACPAC FILMS LTD

23rd Annual General Meeting

I/We, _____ of _____, being member(s) of Macpac Films Ltd, holding _____ ordinary shares, hereby appoint _____ of _____ or failing him/her _____ of _____, who is/are also member(s) of Macpac Films Ltd, as my/our proxy in my/our absence to attend and vote for me/us and on my/our behalf at the 23rd Annual General Meeting of the company to be held at 11:15am on 27th October 2018 at the registered office of the company: Plot #21 Maqboolabad, Jinnah Cooperative Housing Society (J.C.H.S.), Tipu Sultan Road, Karachi-75400, Pakistan, and at any adjournment thereof.

Witness my/our hand(s) this _____ day of _____, 2018

Signed by the said _____

Witnesses:

1. Signature _____
Name _____
Address _____

1. Signature _____
Name _____
Address _____

CNIC or Passport No. _____

CNIC or Passport No. _____

Folio/CDC Account No.

Signature on revenue
stamp of Rs. 5/-

Note:

1. This Proxy Form must be deposited at the Company's share registrar office as soon as possible but not later than 48 hours before the time of holding of meeting. Failing to do so would render the Proxy Form invalid.
2. No person shall act as a proxy unless he/she is a member of the Company.



AFFIX
CORRECT
POSTAGE

MACPAC FILMS LIMITED

Registrar:

Central Depository Company of Pakistan,
Share Registrar Department, CDC
House, 99-B, Block-B, S.M.C.H.S, Main
Shahra-e-Faisal, Karachi.

Fold : Here

Fold : Here

میک پیک فلمز لمیٹڈ
پراکسی فارم

میں مسٹی / مسماة _____ ساکن _____
ضلع _____ بحیثیت ممبر میک پیک فلمز لمیٹڈ، مسماة _____ ساکن _____ کو
بطور مختار (پراکسی) مقرر کرتا ہوں تاکہ وہ میری طرف سے کمپنی کو اجلاس عام / سالانہ / غیر معمولی اجلاس (یاد بھی صورت حال ہو) جو بتاریخ
27 اکتوبر 2018 منعقد ہو رہا ہے میں اور اس کے کسی ملتوی شدہ اجلاس میں ووٹ ڈالے۔

نوٹ

- 1- یہ پراکسی فارم کمپنی کے شیئرز رجسٹرار آفس کو مینٹنگ کے کم از کم 48 گھنٹوں پہلے جمع کرنا لازمی ہے۔ بصورت دیگر یہ پراکسی فارم قابل قبول نہ ہوگا۔
- 2- کسی غیر ممبر کو پراکسی کے طور پر نامزد نہیں کیا جاسکتا ہے۔

دستخط



AFFIX
CORRECT
POSTAGE

MACPAC FILMS LIMITED

Registrar:

Central Depository Company of Pakistan,
Share Registrar Department, CDC
House, 99-B, Block-B, S.M.C.H.S, Main
Shahra-e-Faisal, Karachi.

Fold : Here

Fold : Here

چیمز مین کی جائزہ رپورٹ

کمپنیز ایکٹ 2017 کی دفعہ 192(4) کے تحت میں میک بیک فلمز لمیٹڈ (کمپنی) کے بورڈ آف ڈائریکٹرز کی مجموعی کارکردگی اور بورڈ آف ڈائریکٹرز کے کمپنی کے مقاصد کے حصول میں اثر پذیری پر اپنی جائزہ رپورٹ پیش کرتے ہوئے، اظہار مسرت کرتا ہوں۔ بلیٹڈ کمپنیز (کوڈ آف کارپوریٹ گورننس) ریگولیشنز 2017 (ریگولیشنز) کے مطابق ایک شخصی عمل کے ذریعے کمپنی کے بورڈ کی سالانہ کارکردگی کی تشخیص کی جاتی ہے۔ اس تشخیص کا مقصد بورڈ کی مجموعی کارکردگی اور اثر پذیری کو کمپنی کے مقاصد، نصب العین اور مشن کے کے تناظر میں پرکھا جاتا ہے۔ ادارتی اور مالیاتی رپورٹنگ فریم ورک کے مطابق بورڈ اپنی ذمہ داریوں سے مکمل طور پر آگاہ ہے اور انہیں تسلیم کرتا ہے۔ یہ اعلیٰ پیشہ ور افراد بشمول آزاد ڈائریکٹر پر مشتمل ایک انجمن ہے۔ بورڈ کے تمام ممبران مختلف النوع اعلیٰ تجربات، گہری کاروباری سمجھ بوجھ اور حکمت عملی سے بھرپور سوچ کے مالک ہیں۔ بورڈ کی مجموعی کارکردگی ایک منظور کردہ پیمانہ اصول کی بنیاد پر تسلی بخش رہی، تاہم، بہتری ایک مسلسل عمل ہے۔

کمپنی نے بورڈ کی نگرانی میں قابل ذکر سرمایہ جاتی اخراجات کرتے ہوئے پیکجنگ فلم کی بڑھتی ہوئی طلب کو پورا کرنے کے لئے اپنی موجودہ پیداواری سہولیات کو بہتر بنایا اور کمپنی کی مصنوعات کے پورٹ فولیو کو بہتر بنانے کے لئے نئے Cast Polypropylene (CPP) پلانٹ کو متعارف کروایا۔ اس سے ہمارا مصنوعات کے اصل پورٹ فولیو میں اضافہ ہوگا جو کہ گزشتہ عشرے میں ہماری کمپنی کا حصہ تھا اور گاہکوں اور مارکیٹ میں فلم کی بہتر مصنوعات فراہم کی جاسکیں گی۔ CPP کی تجارتی پیداوار اگلے مالیاتی سال کی دوسری سہ ماہی میں شروع ہو جائے گی، انشاء اللہ

دوسرا چیلنج جس کا کمپنی کو سال کے دوران سامنا رہا وہ درآمد شدہ خام مال کی بڑھتی ہوئی قیمتیں اور روپے کی گرتی ہوئی قدر تھی۔ کمپنی مستقبل میں خطرات سے نمٹنے کے لئے موثر اقدامات کر رہی ہے تاکہ لاگت کو درست طریقے سے قابو اور کاروباری استعداد میں اضافہ کیا جاسکے۔ کمپنی کی فروخت میں اضافہ ہوا تاہم منافع میں کمی ہوئی جو کہ جائزہ سال کے زیادہ تر حصے میں قیمتوں پر دباؤ کی وجہ سے تھا۔

مجھے یقین ہے کہ ادارے کی قائدانہ صلاحیت میں انسانی سرمایہ بنیادی کردار ادا کرتا ہے۔ بورڈ بہترین صلاحیتوں کے حصول کے لئے ملازمین کو تربیت دیتا ہے اور انہیں مستقبل کا قائد بننے میں مدد فراہم کرتا ہے۔ اس مقصد کے لئے ملازم ستائشی تقریب منعقد ہوئی ہیں جس میں ہر سطح کے ملازمین کی کوششوں کو تسلیم کیا جاتا ہے اور ان کا اعتراف کیا جاتا ہے۔ یہ اس لئے کیا جاتا ہے تاکہ ہمارے لوگوں میں احساس ملکیت اور ترغیب حاصل ہو۔ اس موقع پر میں اپنی ستائشی تمام مستفیدان کو ان کے مسلسل تعاون اور اعتماد پر پیش کرتا ہوں۔ ہمارے تمام ملازمین کے مسلسل تعاون اور مخلصانہ کوششوں کا میں اعتراف کرتا ہوں۔

نعیم منشی

چیمز مین
بورڈ آف ڈائریکٹرز

کراچی: یکم اکتوبر 2018

انسانی وسائل اور معاوضہ کمیٹی

بورڈ کی ایک انسانی وسائل اور معاوضہ کمیٹی ہے۔ اس میں تین ممبران ہیں جس میں دو نان ایگزیکٹو ڈائریکٹران اور ایک ایگزیکٹو ڈائریکٹر ہے۔ کمیٹی کا چیئرمین ایک نان ایگزیکٹو ڈائریکٹر ہے۔

ادارتی سماجی ذمہ داری

کاروبار افعال کی ذمہ داریاں مکمل طور پر قابل گرفت ہوتی ہیں۔ میک بیک فلز لیٹڈ میں ہم قانونی ضروریات سے بھی آگے ہیں تاکہ شفافیت اور اعتماد کو بڑھایا جاسکے اور ہمارے انتظامی ڈھانچے کو مضبوط کیا جاسکے۔ یہ اس لئے کیا جاتا ہے کہ ہم اپنی سماجی ذمہ داریوں سے ممکنہ حد تک عہدہ برآں ہو سکیں۔

ہمارے یہاں سماجی ذمہ داری ایک ادارتی ضرورت سے آگے سمجھی جاتی ہے۔ کمپنی نے تسلسل کے ساتھ مختلف النوع اقدامات اٹھائے تاکہ اپنی اخلاقی ذمہ داریوں کو پورا کر سکے۔

انسانی سرمایہ اور ملازمین سے تعلقات

کمپنی کا انسانی سرمایہ ایک ایسی طاقت ہے جو کہ دیگر وسائل جیسے سازو سامان اور ٹیکنالوجی کے نظام کو اٹھاتا کرتی ہے اور کمپنی کی خواہش کے مطابق کارکردگی فراہم کرتی ہے۔ آپ کی کمپنی کے ڈائریکٹران اپنے ملازمین کی مخلصانہ کوششوں اور انتھک محنت پر انہیں ستائش پیش کرتے ہیں جس کے ذریعے کمپنی کو کامیابی حاصل ہوئی۔

کمپنی کی ضروریات ہر وقت تبدیل ہوتی رہتی ہیں اور ان میں تیز ترین تبدیلی کی وجہ کاروباری ماحول میں بڑھتی ہوئی طلب ہے۔ انسانی وسائل کے موثر انتظام میں انسانی اثاثوں کے پول کا مسلسل تجزیہ کے تحت کمپنی رفقہ ملازمین کو تربیت کے ذریعے ان کی مہارت میں نقائص دور کئے جاتے ہیں اور ایسے ترقیاتی کوششیں کی جاتی ہیں جن سے انسانی سرمائے سے زیادہ سے زیادہ استفادہ حاصل کیا جاسکے اور انہیں ان کی کوششوں کے مطابق نوازا جاسکے۔

حصص داری کی ساخت

30 جون 2018 کو کمپنی کے حصص یافتگان کی کل تعداد 1,013 تھی۔ 30 جون 2018 کی حصص داری کے ساتھ ضروری معلومات جو کہ ادارتی نظم و ضبط کے ضابطہ کے تحت لازمی ہیں، کو سالانہ رپورٹ 2018 میں منکشف کیا گیا ہے۔

اعتراف

آپ کی کمپنی کے ڈائریکٹران اس موقع پر سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان، حصص یافتگان، شراکت داروں، گاہکوں، حکومتی اداروں، خود مختار اداروں، مالیاتی اداروں اور بینکاروں کے تعاون اور مسلسل مدد پر ان کی مشکور ہے۔

ڈائریکٹر کمپنی کے تمام ملازمین کی قابل قدر انتھک محنت اور خدمات پر انہیں ستائش پیش کرتے ہیں۔

برائے و منجانب

مقبول الہی شیخ
چیئف ایگزیکٹو آفیسر ڈائریکٹر

کراچی
یکم اکتوبر 2018

مستقبل کی پیش بینی

سال کے دوران معیشت کو میکرو اور مائیکرو دونوں سطح پر مسائل کا سامنا رہا۔ سیاسی محاذ پر غیر یقینی صورتحال، انتخابی سال، قرضے کا بڑھتا ہوا بوجھ، بڑھتا ہوا تجارتی خسارہ اور زر مبادلہ کے ذخار میں کمی سے پاکستانی روپیہ شدید دباؤ کا شکار رہا جس کی وجہ سے طویل مدتی معاشی نمو، کاروباری مواقع اور معیشت سے متعلق عمومی رجحان پر اثرات مرتب ہوئے۔ ان عناصر کے علاوہ، خام مال کی قیمتوں میں اضافہ اور نئے مسابقت کاروں آنے کی وجہ سے آپ کی کمپنی اور صنعت کو لائسنس ڈالر 104 روپے فی یوہلس ڈالر سے چھلانگ مار کر 122 روپے فی یوہلس ڈالر سے بھی اوپر پہنچ گیا۔ اس راتوں رات اچانک فرسودگی کی وجہ سے بے شمار قیمت کے خطرات پیدا ہو گئے اور انہوں نے عمومی کاروباری ماحول اور صنعت کو متاثر کیا ہے۔ تاہم آپ کی کمپنی ان تمام مسائل پر قابو پانے میں کامیاب رہی اور چیلنجز کے باوجود مجموعی حجم اور بازاری حصے میں قابل ذکر اضافہ ہوا جس سے کمپنی کی نمو کو مستقبل میں مزید تقویت ملے گی۔

نیو کاسٹ پولی پروپائلین پلانٹ (CPP) کی وجہ سے ہماری مسابقتی پوزیشن مستحکم ہوئی ہے اور مجموعی پیداواری گنجائش میں 40 فیصد اضافہ ہوا۔ اس کے علاوہ، آپ کی کمپنی نے ایسی حکمت عملیاں ترتیب دی ہیں جن سے استعداد میں اضافہ ہوگا، مارکیٹ میں نئے گاہکوں کی نشاندہی ہوگی، تحقیق و ترویج کی سرمایہ کاری میں اضافہ ہوگا اور ہم پر اعتماد ہیں کہ ان اقدامات کی وجہ سے ہم بالکل صحیح سمت میں آجائیں گے اور اپنے قابل قدر گاہکوں کی توقعات پر پورا اتریں گے۔ انشاء اللہ

ہم قوی امید ہے کہ آپ کی کمپنی تمام چیلنجز پر قابو پاتے ہوئے مارکیٹ میں اپنی پوزیشن کو برقرار رکھے گی اور اس کی توجہ پیداواری استعداد اور صلاحیتوں کو بڑھانے پر مرکوز ہے۔

آڈیٹرز

موجودہ آڈیٹرز، میسرز ای وائی فورڈ روڈز، ریٹائرڈ ہورے ہیں اور 30 جون 2019 کے لئے انہوں نے اپنی دوبارہ تقرری کی پیشکش کی ہے۔

ادارتی نظم و ضبط کے ضابطہ کی پاسداری

محترمہ سال 30 جون 2018 کے دوران کمپنی نے لسٹنگ ریگولیشنز میں دیئے گئے ادارتی نظم و ضبط کو اختیار کیا۔ ادارتی نظم و ضبط کے ضابطہ سے متعلق ایک علیحدہ گوشوارہ جس پر باضابطہ چیف ایگزیکٹو آفیسر کے دستخط ہیں

کاروباری و اخلاقی طور طریقوں سے متعلق بیان

بورڈ نے ایک ضابطہ اخلاق تیار کیا ہے اور اسے اختیار کیا ہے اور اسے معاون پالیسیوں اور طریقہ کار کے تحت کمپنی میں ہر سطح پر نافذ کرنے کے لئے مناسب اقدامات اٹھائے ہیں۔

ادارتی اور مالیاتی رپورٹنگ فریم ورک

- * کمپنی کی انتظامیہ کے تیار کردہ مالیاتی گوشوارے کمپنی کے معاملات، اس کے کاروباری نتائج، نقدی کے بہاؤ اور ایکویٹی میں تبدیلیوں کو شفافیت کے ساتھ پیش کرتے ہیں۔
- * کمپنی میں حسابات کی کتابیں مناسب انداز میں رکھی گئی ہیں۔
- * درست حساباتی پالیسیوں کو تسلسل کے ساتھ مالیاتی گوشواروں کی تیاری کے دوران کو ملحوظ خاطر رکھا گیا ہے اور حساباتی تخمینوں کی بنیاد معقول اور مضبوط فیصلوں پر ہے۔
- * مالیاتی گوشواروں کی تیاری کے دوران عالمی مالیاتی رپورٹنگ معیارات، جو پاکستان میں لاگو ہیں، کو ملحوظ خاطر رکھا گیا ہے۔
- * اندرونی گرفت کے نظام کی شکل مضبوط ہے اور موثر انداز میں نافذ العمل ہے اور اس کی نگرانی کی جاتی ہے۔
- * لسٹنگ ریگولیشنز میں دیئے گئے ادارتی نظم و ضبط کے بہترین طور طریقوں سے کوئی انحراف نہیں کیا گیا۔
- * گزشتہ سال کے مالیاتی اور کاروباری نتائج سے کوئی قابل ذکر اور بڑی تبدیلی رونما نہیں ہوئی سوائے اس کے جس کی وضاحت ڈائریکٹران کی رپورٹ میں کی گئی ہے۔
- * گزشتہ چھ سالوں کے اہم کاروباری اور مالیاتی اعداد و شمار مختصراً سالانہ رپورٹ 2018 میں شامل کئے گئے ہیں۔

آڈٹ کمیٹی اور اندرونی گرفت کا نظام

کمپنی اچھے ادارتی نظم و ضبط پر یقین رکھتی ہے جسے بہترین وضع کردہ اور چیک اور بیلنس کے مستعد نظام اور شفاف، درست اور بروقت مالیاتی معلومات کی فراہمی کے ذریعے نافذ کیا جاتا ہے۔ بورڈ آف ڈائریکٹرز نے ایک مضبوط گرفت کا نظام تشکیل دیا ہے جو کہ کمپنی میں موثر انداز میں ہر سطح پر نافذ ہے۔

بورڈ نے ایک آڈٹ کمیٹی تشکیل دی ہے جس کے تین (ممبران) ہیں جو کہ تمام کے تمام نان ایگزیکٹو ڈائریکٹرز ہیں جبکہ کمیٹی کا چیئرمین ایک آزاد ڈائریکٹر ہے۔ بورڈ کمیٹی کی ذمہ داریوں کا تعین لسٹنگ ریگولیشنز میں دیئے گئے رہنما اصولوں کے مطابق کرتا ہے۔

کاروباری اور مالیاتی کارکردگی

پیداوار

سال کے دوران کمپنی کی پیداوار 10,532 میٹرک ٹن رہی جو کہ پلانٹ کی کل گنجائش کا 70.2 فیصد ہے، جو کہ الحمد للہ گزشتہ سال کی بہ نسبت 20 فیصد زیادہ ہے۔ کمپنی کی انتظامیہ تسلسل کے ساتھ پیداواری گنجائش سے زیادہ سے زیادہ استفادہ حاصل کرنے کی کوشش کر رہی ہے۔ لہذا آنے والے دنوں میں پیداواری گنجائش سے مزید استفادہ حاصل کیا جائے گا تاکہ بہتر نتائج حاصل ہوں۔

فروخت کی کارکردگی

الحمد للہ سال کے دوران کمپنی کی خالص فروخت 40 فیصد نمو کے ساتھ 2,125 ملین روپے تک پہنچ گئیں جبکہ گزشتہ سال 1,516 ملین روپے تھیں، جو کہ کمپنی کی تاریخ میں بلند ترین ہیں۔

منافع کاری

موجودہ سال کمپنی کا خام منافع 222.8 ملین روپے رہا جو کہ گزشتہ سال 252.6 ملین روپے تھا، جو کہ خام منافع میں 12 فیصد کمی کی نشاندہی کرتا ہے۔ کمی کی بنیادی وجہ گزشتہ سال کے مقابلے میں پیٹروکیمیکل کی تجارتی قیمت میں اضافہ کی وجہ سے خام مال کی لاگت میں اضافہ اور قیمت فروخت میں کرنسی میں اتار چڑھاؤ کا عنصر شامل تھا۔

موجودہ سال کا خالص منافع 54.8 ملین روپے رہا جبکہ گزشتہ سال 78.2 ملین روپے تھا، اس طرح 2.6 فیصد کمی ہوئی۔ کمی کی بنیادی وجہ کرنسی کے مبادلہ پر 30 ملین روپے کا خسارہ تھا۔

فی حصص آمدنی

سال کے دوران فی حصص آمدنی 0.99 روپے رہی جو کہ گزشتہ سال 1.83 (ازسرنو تخمینہ شدہ) تھی۔

مالیاتی نتائج کا موازنہ

گزشتہ تین سالوں کا موازنہ مالیاتی نتائج کا جائزہ درج ذیل ہے۔ گزشتہ چھ سالوں کی کارکردگی کے اشاریے بھی سالانہ رپورٹ 2018 میں اختصار کے ساتھ منسلک کی گئے ہیں۔

2017		2018		
فروخت کا فیصد	روپے (ملین میں)	فروخت کا فیصد	روپے (ملین میں)	
	1,516		2,125	خالص فروخت
16.7%	252.6	10.5%	222.8	خام منافع
8.3%	126.1	3.1%	66.1	منافع قبل از ٹیکس
5.2%	78.2	2.6%	54.8	منافع بعد از ٹیکس
	1.83 (ازسرنو تخمینہ شدہ)		0.99	فی حصص منافع

منافع منقسمہ

الحمد للہ، اللہ کی رحمت سے آپ کی کمپنی کے بورڈ آف ڈائریکٹرز نے عمومی حصص پر محنتہ سال 30 جون 2018 کے لئے 2 فیصد یعنی 0.20 روپے فی حصص کے حساب سے نقد منافع منقسمہ کا اعلان کیا ہے۔

حصص یافتگان کے لئے ڈائریکٹران کی رپورٹ

اللہ کے نام سے شروع جو بڑا مہربان نہایت رحم والا

السلام علیکم!

محترم قابل قدر ممبران
آپ کی کمپنی کے ڈائریکٹران اپنی رپورٹ کے ساتھ کمپنی کے آڈٹ شدہ مالیاتی گوشوارے برائے محترمہ سال 30 جون 2018 پیش کرتے ہوئے اظہار مسرت کرتے ہیں۔
مالیاتی سال کے دوران کسی بھی وقت جو افراد ڈائریکٹر رہے ان کے نام درج ذیل ہیں:

- نمبر شمار نام عہدہ
- 1- جناب نعیم منشی بورڈ کے چیئرمین
 - 2- جناب مقبول الہی شیخ چیف ایگزیکٹو آفیسر
 - 3- جناب محمد صادق خان ایگزیکٹو ڈائریکٹر
 - 4- جناب احتشام مقبول الہی ایگزیکٹو ڈائریکٹر
 - 5- جناب شارق مقبول الہی نان ایگزیکٹو ڈائریکٹر
 - 6- جناب منصور یونس آزاد ڈائریکٹر
 - 7- جناب فہد منشی نان ایگزیکٹو ڈائریکٹر
 - 8- جناب بس وصی حیدر نان ایگزیکٹو ڈائریکٹر
 - 9- جناب حبیب الہی نان ایگزیکٹو ڈائریکٹر

بورڈ کی آڈٹ کمیٹی

- نمبر شمار نام عہدہ
- 1- جناب منصور یونس کمیٹی کے چیئرمین
 - 2- جناب نعیم منشی ممبر
 - 3- جناب شارق مقبول الہی ممبر

انسانی وسائل اور معاوضہ کمیٹی

- نمبر شمار نام عہدہ
- 1- جناب شارق مقبول الہی کمیٹی کے چیئرمین
 - 2- جناب احتشام مقبول الہی ممبر
 - 3- جناب نعیم منشی ممبر

بنیادی سرگرمی

کمپنی کی بنیادی سرگرمی پلاسٹک پیکجنگ فلموں کی تیاری، پیداوار، خریداری اور فروخت ہے۔

جغرافیائی محل وقوع اور کاروباری پتہ:
کمپنی کا رجسٹرڈ آفس پلاٹ نمبر 21، مقبول آباد، جناب کوآپرٹیو ہاؤسنگ سوسائٹی (J.C.H.S)، ٹیپو سلطان روڈ، کراچی پر واقع ہے اور پیداواری پلانٹس Eastern انڈسٹریل زون پورٹ قاسم، کراچی، پاکستان پر واقع ہیں۔

بڑے سرمایہ جاتی اخراجات








سال کے دوران سرمایہ جاتی اخراجات کاسٹ پولی پروپائلین لائنز کے سلسلے میں ہوئے جس کا انکشاف مالیاتی گوشواروں کے نوٹ 7.5 اور نوٹ 20 میں کیا گیا ہے۔ اس سے گزشتہ عشرے میں کمپنی کی فلم کی اصل مصنوعات کے پورٹ فولیو میں اضافہ ہوگا اور اس سے گاہکوں اور مارکیٹ میں دونوں میں فلموں کی بہتر وسیع مصنوعات سامنے آئیں گی۔



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