

MACPAC FILMS LIMITED

CONDENSED INTERIM QUARTERLY FINANCIAL STATEMENT
(UN-AUDITED)

FOR THE PERIOD ENDED SEPTEMBER 30,2018

COMPANY INFORMATION

Board of Directors

Mr. Naeem Munshi (Chairman)
Mr. Maqbool Elahi Shaikh (Chief Executive)
Mr. Mohammad Sadiq Khan (Executive Director)
Mr. Ehtesham Maqbool Elahi (Executive Director)
Mr. Fahad Munshi (Non-Executive Director)
Mr. Mansoor Younus (Independent Director)
Mr. Shariq Maqbool Elahi (Non-Executive 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. Naeem Munshi
Mr. Ehtesham Maqbool Elahi

Chief Financial Officer & Company Secretary

Mr. M. Javid Ansari

Auditors

EY Ford Rhodes
Chartered Accountants

Legal Advisor

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

Shares Registrar

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

Bankers

(in alphabetical order)

Bank Alfalah Limited
Bank Al Habib Limited
Dubai Islamic Bank Pakistan Limited
Faysal Bank Limited
Habib Bank Limited
Habib Metro Bank Limited
JS Bank Limited
MCB Bank Limited
Meezan Bank Limited
Soneri Bank Limited
United Bank Limited

Registered Office

Plot # 21 Maqbolabad,
Jinnah Cooperative Housing Society,
(J.C.H.S), Tipu Sultan Road, Karachi
Email : info@macpacfilms.com
Tel: 111-MFL(635)-111

Website:

www.macpacfilms.com

Factory

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

MACPAC FILMS LIMITED

DIRECTORS' REPORT

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

Assalam-o-Alaikum

Dear Members,

The Board of Directors of your Company is pleased to present the un-audited financial statement of the Company for the first quarter ended September 30, 2018

Financial Reporting

Your Company has recorded net sales of Rs. 430 million during the period under reviewed as compared to Rs. 477 million for the same period last year. The company has suffered loss during the period amounting to Rs. 44.2 million, as compared to profit of Rs. 19.4 million for the same period last year. Mainly due to decrease in sales in tonnage value in addition of higher purchase cost due to drastic weakness of rupee value and exchange loss.

Loss per share for the period under reviewed is Rs. 0.75 as compared to Earning per share of Rs. 0.46 during the same period last year.

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

Acknowledgement

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

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

On behalf of the Board

October 27, 2018

CHIEF EXECUTIVE

DIRECTOR

MACPAC FILMS LIMITED
CONDENSED INTERIM BALANCE SHEET
AS AT SEPTEMBER 30, 2018

	Note	September 30 2018 (Un-Audited) Rupees	June 30 2018 (Audited) Rupees
<u>ASSETS</u>			
NON-CURRENT ASSETS			
Property, plant and equipment	4	1,224,393,832	1,177,261,267
Intangible assets	5	862,063	907,435
Long-term deposits		<u>10,418,173</u>	<u>10,118,273</u>
		1,235,674,068	1,188,286,975
CURRENT ASSETS			
Stock-in-trade	6	482,094,865	491,245,840
Trade debts -unsecured	7	332,637,744	398,482,218
Loans and advances		33,587,501	16,950,759
Trade deposit and short term prepayments		23,181,494	16,604,521
Tax refund due from Government - net		155,111,901	86,815,395
Cash and bank balances		<u>44,209,194</u>	<u>33,835,307</u>
		1,070,822,700	1,043,934,040
TOTAL ASSETS		<u>2,306,496,768</u>	<u>2,232,221,015</u>
<u>EQUITY AND LIABILITIES</u>			
SHARE CAPITAL AND RESERVES			
Authorised capital			
70,000,000 (2017: 70,000,000) ordinary shares of Rs.10/- each		<u>700,000,000</u>	<u>700,000,000</u>
Issued, subscribed and paid-up capital		593,011,500	593,011,500
Reserves		<u>267,882,040</u>	<u>312,091,568</u>
		860,893,540	905,103,068
NON-CURRENT LIABILITIES			
Liabilities against assets subject to finance leases		4,061,820	3,623,788
Diminshing Musharika- Machinery		195,255,956	-
Deferred taxation		119,985,975	120,749,918
Staff retirements benefits – staff gratuity		<u>27,139,914</u>	<u>25,343,572</u>
		346,443,665	149,717,278
CURRENT LIABILITIES			
Trade and other payables		799,092,843	1,051,838,322
Short term borrowings	8	219,569,633	108,214,792
Accrued mark-up		3,381,242	3,036,745
Unclaimed dividend		870,316	870,316
Current portion of non-current liabilities		<u>76,245,530</u>	<u>13,440,494</u>
		1,099,159,564	1,177,400,669
CONTINGENCIES AND COMMITMENTS	9		
TOTAL EQUITY AND LIABILITIES		<u>2,306,496,768</u>	<u>2,232,221,015</u>

The annexed notes 1 to 14 form an integral part of these financial statements.

CHIEF EXECUTIVE

CHIEF FINANCIAL OFFICER

DIRECTOR

MACPAC FILMS LIMITED
CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED)
FOR THE 1ST QUARTER ENDED SEPTEMBER 30, 2018

	Note	September 30 2018 <u>Rupees</u>	September 30 2017 <u>Rupees</u>
Turnover - net	10	430,042,877	477,127,773
Cost of sales	11	(421,894,015)	(412,555,708)
Gross profit		<u>8,148,863</u>	<u>64,572,065</u>
Administrative expenses		(19,619,126)	(22,402,670)
Marketing and selling expenses		(6,724,845)	(6,854,210)
		(26,343,970)	(29,256,880)
Finance costs		(12,619,925)	(5,691,381)
Other operating expenses		(9,609,147)	(2,868,901)
Other income		826,244	391,413
		(21,402,828)	(8,168,869)
Loss/Profit before taxation		<u>(39,597,935)</u>	<u>27,146,316</u>
Taxation		(4,611,593)	(7,707,411)
(Loss)/Profit		<u>(44,209,528)</u>	<u>19,438,905</u>
(Loss)/Earnings per share - basic and diluted		<u>(0.75)</u>	Restated <u>0.46</u>

The annexed notes 1 to 14 form an integral part of these financial statements.

CHIEF EXECUTIVE

CHIEF FINANCIAL OFFICER

DIRECTOR

MACPAC FILMS LIMITED
CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)
FOR THE 1ST QUARTER ENDED SEPTEMBER 30, 2018

	Sep 30 2018 <u>Rupees</u>	Sep 30 2017 <u>Rupees</u>
(Loss)/Profit after taxation	(44,209,528)	19,438,905
Other comprehensive income / (loss)	-	-
Total comprehensive (loss)/ income for the year (net of tax)	<u>(44,209,528)</u>	<u>19,438,905</u>

The annexed notes 1 to 14 form an integral part of these financial statements.

CHIEF EXECUTIVE

CHIEF FINANCIAL OFFICER

DIRECTOR

MACPAC FILMS LIMITED
CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)
FOR THE 1ST QUARTER ENDED SEPTEMBER 30, 2018

Note	Sep 30 2018 <u>Rupees</u>	Sep 30 2017 <u>Rupees</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash generated from operations	306,417,066	43,350,454
Long term deposit paid	(299,900)	-
Income tax paid	(74,289,571)	(11,776,057)
Gratuity paid	(676,385)	(61,300)
Finance costs paid	(12,275,428)	(1,837,322)
	(87,541,284)	(13,674,679)
Net cash generated from operating activities	218,875,783	29,675,775
CASH FLOW FROM INVESTING ACTIVITIES		
Fixed asset expenditure	(66,000,872)	(10,797,660)
Proceeds from disposal of fixed assets	-	3,034,000
Net cash (used) in/ generated from investing activities	(66,000,872)	(7,763,660)
CASH FLOWS FROM FINANCING ACTIVITIES		
(Repayment of) / proceed from finance lease-net	2,926,976	(11,599,351)
Proceeds from right	-	146,800,925
Diminshing Musharika- Machinery	(258,427,000)	-
Sale & Lease back Hino Truck	2,999,000	-
(Repayments of) / proceeds from short term borrowings-net	110,000,000	(11,000,000)
Loan from director	-	14,000,000
Net cash used in financing activities	(142,501,024)	138,201,574
Net increase in cash and cash equivalents	10,373,887	160,113,689
Cash and cash equivalents at the beginning of the period	33,835,307	5,562,050
Cash and cash equivalents at the end of the period	44,209,194	165,675,739
Cash and bank balances	53,778,827	175,544,666
Running Finance under mark-up arrangements	(9,569,633)	(9,868,927)
	44,209,194	165,675,739

The annexed notes 1 to 14 form an integral part of these financial statements.

CHIEF EXECUTIVE

CHIEF FINANCIAL OFFICER

DIRECTOR

MACPAC FILMS LIMITED
CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
FOR THE 1ST QUARTER ENDED SEPTEMBER 30, 2018

	Reserves				Total
	Issued, subscribed and paid - up capital	Capital reserve - share premium	Revenue reserves- Unappropriated profit	Total	
Balance as at July 01, 2017	388,860,000	79,930,000	124,687,909	204,617,909	593,477,909
Profit for the period	-	-	19,438,905	19,438,905	19,438,905
Balance as at Sep 30, 2017	<u>388,860,000</u>	<u>79,930,000</u>	<u>144,126,814</u>	<u>224,056,814</u>	<u>612,916,814</u>
Balance as at July 01, 2018	593,011,500	173,566,620	138,524,948	312,091,568	905,103,068
(Loss)/Profit for the period	-	-	(44,209,528)	(44,209,528)	(44,209,528)
Balance as at Sep 30, 2017	<u>593,011,500</u>	<u>173,566,620</u>	<u>94,315,420</u>	<u>267,882,040</u>	<u>860,893,540</u>

The annexed notes 1 to 14 form an integral part of these financial statements.

CHIEF EXECUTIVE

CHIEF FINANCIAL OFFICER

DIRECTOR

MACPAC FILMS LIMITED
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE 1ST QUARTER ENDED SEPTEMBER 30, 2018

1. THE COMPANY AND ITS OPERATIONS

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 Purpose

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

2. BASIS OF PREPARATION

2.1 Statement of compliance

These condensed interim financial statements of the Company for the 1st Quarter ended September 30, 2018 have been prepared in accordance with the requirements of the International Accounting Standard 34 – Interim Financial Reporting and provisions of and directives issued under the Companies Act, 2017. In case where requirements differ, the provisions of or directives issued under the Companies Act, 2017 have been followed.

These condensed interim financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the financial statements of the Company for the year ended June 30, 2018.

2.2 Functional and presentation currency

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

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted in the preparation of these condensed interim financial statements are consistent with those followed in the preparation of the Company's annual financial statements for the year ended June 30, 2018 except for the adoption of new and amended standards and interpretations as follows:

		(Un-audited) Sep 30 2018 Rupees	(Audited) Jun 30 2018 Rupees
4. PROPERTY, PLANT AND EQUIPMENT	Note		
Operating fixed assets	4.1	736,298,165	749,944,910
Capital work in progress		488,095,668	427,316,357
		<u>1,224,393,832</u>	<u>1,177,261,267</u>
4.1 Operating fixed assets			
Opening book value		749,944,910	754,165,350
Additions during period		5,231,623	75,232,392
Disposal during the period at book value		-	(5,215,388)
Depreciation during the period		<u>(18,878,369)</u>	<u>(74,237,445)</u>
		<u>736,298,165</u>	<u>749,944,910</u>
5. INTANGIBLE ASSETS			
Accounting Software			
Net carrying value basis			
NBV as on July 01		907,435	1,134,294
Amortization charge [20% (2017:20%)]		<u>(45,372)</u>	<u>(226,859)</u>
NBV as at Sep 30		<u>862,063</u>	<u>907,435</u>
Gross carrying value basis			
Cost		1,913,700	1,913,700
Accumulated amortization		<u>(1,051,637)</u>	<u>(1,006,265)</u>
Closing NBV		<u>862,063</u>	<u>907,435</u>
6. STOCK-IN-TRADE			
Raw material:			
In hand		88,068,357	76,518,701
In transit		58,198,676	68,240,365
In bonded warehouse		-	49,039,940
		<u>146,267,033</u>	<u>193,799,006</u>
Work in process		212,627,432	184,546,594
Finished goods		<u>123,200,400</u>	<u>112,900,240</u>
		<u>335,827,832</u>	<u>297,446,834</u>
		<u>482,094,865</u>	<u>491,245,840</u>
7. TRADE DEBTS – unsecured			
Considered good			
- Related parties		60,490,391	60,880,194
- Others		<u>272,147,353</u>	<u>337,602,024</u>
		<u>332,637,744</u>	398,482,218
Considered doubtful		<u>22,908,950</u>	<u>22,908,950</u>
		<u>355,546,694</u>	421,391,168
Less: Provision for doubtful debts		<u>(22,908,950)</u>	<u>(22,908,950)</u>
		<u>332,637,744</u>	<u>398,482,218</u>
8. SHORT-TERM BORROWING			
Running finance under markup arrangement	8.1	9,569,633	8,214,792
Istisna Loan	8.2	<u>210,000,000</u>	<u>100,000,000</u>
		<u>219,569,633</u>	<u>108,214,792</u>
8.1			
During the year the Company has availed facility 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.			
8.2			
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.			
9. CONTINGENCIES AND COMMITMENTS			
9.1 Contingencies			
9.1.1			
There has been no significant change in the status of contingencies as reported in the annual financial statements of the Company for the year ended June 30, 2018.			

		(Un-audited) Sep 30 2018 Rupees	(Audited) Jun 30 2018 Rupees
9.2 COMMITMENTS			
Outstanding bank guarantees		<u>7,250,000</u>	<u>7,250,000</u>
		Quarter Ended	
		Sep 30 2018 Rupees	Sep 30 2017 Rupees
10. TURNOVER- net	Note		
Gross Sales		522,556,328	571,263,666
Less: Sales tax		(81,028,656)	(85,764,547)
Sales returns		(11,484,795)	(8,371,346)
		<u>430,042,877</u>	<u>477,127,773</u>
11. COST OF SALES			
Opening stock of raw material		76,518,701	95,769,783
Purchases during the year		<u>370,957,992</u>	<u>294,050,142</u>
		447,476,693	389,819,925
Closing stock of raw material	6	<u>(88,068,357)</u>	<u>(64,395,233)</u>
Raw material consumed		359,408,336	325,424,692
Manufacturing expenses			
Salaries, wages and other benefits		26,653,165	19,047,582
Oil and lubricants / diesel		1,178,380	1,265,362
Packing material consumed		8,754,127	8,948,883
Consumable stores		953,755	889,491
Water charges		1,273,673	577,266
Repairs and maintenance		9,005,066	3,621,523
Vehicle running and maintenance		552,292	432,409
Utilities		21,496,942	25,728,216
Insurance		1,935,366	2,072,817
Telephone		87,042	181,093
Cartage		4,684,994	5,030,600
Consultancy charges		163,717	1,375,500
Staff welfare		1,148,679	708,979
Security charges		957,600	557,749
Depreciation		17,934,450	18,370,968
Transportation		2,529,980	1,560,992
Rent, rates and taxes		395,176	358,437
Others		1,162,272	805,101
		<u>100,866,676</u>	<u>91,532,968</u>
		460,275,012	416,957,660
Opening work in process		<u>184,546,594</u>	<u>160,614,530</u>
		644,821,606	577,572,190
Closing work in process	6	<u>(212,627,432)</u>	<u>(133,550,050)</u>
Cost of goods manufactured		432,194,175	444,022,140
Finished goods			
Opening stock		112,900,240	70,533,308
Closing stock	6	<u>(123,200,400)</u>	<u>(101,999,740)</u>
		(10,300,160)	(31,466,432)
		<u>421,894,015</u>	<u>412,555,708</u>

12. TRANSACTIONS WITH RELATED PARTIES

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

	Sep 30 2018 Rupees	Sep 30 2017 Rupees
Director (Key management personnel)		
Loan to the Company		
Loan acquired during the period	-	7,500,000
Loan adjusted against right issue/ loan repaid	-	7,600,000
Balance as at 30 Sep	<u>-</u>	<u>83,498,800</u>
Salary, fee and other employment benefits	<u>3,208,307</u>	<u>3,150,639</u>
Chief Executive		
Salary, fee and other employment benefits	<u>2,279,368</u>	<u>1,850,633</u>
Executives		
Salary, fee and other employment benefits	<u>10,432,081</u>	<u>8,246,598</u>
Associated Companies:		
TOYO Packaging (Private) Limited		
Trade debt		
Sale of goods / processing charges	36,650,040	21,536,387
Balance as at 30 Sep	<u>55,021,493</u>	<u>45,360,782</u>
Hilal Confectionery (Private) Limited		
Trade debt		
Sale of goods	8,540,859	4,990,489
Balance as at 30 Sep	<u>1,589,136</u>	<u>3,495,873</u>
Shalimar Food Products (Private) Limited		
Trade debt		
Sale of goods	1,849,979	3,809,810
Balance as at 30 Sep	<u>3,247,113</u>	<u>3,798,279</u>
Kings Food (Private) Limited		
Trade debt		
Balance as at 30 Sep	<u>632,650</u>	<u>632,650</u>

13. DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorised for issue on October 27, 2018 by the Board of Directors of the Company.

14. GENERAL

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

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

CHIEF EXECUTIVE

CHIEF FINANCIAL OFFICER








DIRECTOR



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-  Risk profiler*
-  Financial calculator
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-  Online Quizzes



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