

MACPAC FILMS LIMITED

Condensed Interim Financial Statements

For the Half Year Ended

December 31, 2018

COMPANY INFORMATION

Board of Directors

Mr. Naeem Munshi (Chairman)
Mr. Maqbool Elahi Shaikh (Chief Executive)
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. Omer Sabir (Independent 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. Zohaib Yakoob

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 second quarter ended December 31, 2018

Financial Reporting

Your Company has recorded net sales of Rs. 1,096 million during the period under reviewed as compared to Rs. 980 million for the same period last year. The company has suffered loss during the period amounting to Rs. 81.7 million, as compared to profit of Rs. 28.9 million for the same period last year. Mainly due to devaluation of Pak Rupee against US Dollar and also slowing in demand due to macro-economic conditions.

Loss per share for the period under reviewed is Rs. 1.38 as compared to Earning per share of Rs. 0.53 during the same period last year.

Future Outlook

The period under review was a very difficult period for the economy. Widened current account deficit forced Pak Rupee to devalue from around PKR 124/USD to PKR 139/USD (around another over 12% devaluation) and even touched PKR 144/USD for some days. Further, the significant increase in utility prices by almost 30 pct for industries also badly affected cost of production. Policy rates also increased significantly from 8.5% to 10% during the quarter which not only result in increased financing cost but also slowed down the overall market activities which further affected the demand side of the industry. These overall macro and micro conditions and uncertainty in the market resulted in lowering overall growth rate of the economy which also resulted in lower sales volume. These lower sales volume and increased production and finance cost along with devaluation contributing in loss for the period.

Your management is striving hard to address all these issues. New Cast Poly Propylene (CPP) plant has also started its production subsequent to the period. Further, now gradually, forex market is showing some sign of stability with reducing current account deficit and increased foreign investments and loans. This will help overall economy which translate into growth in demand side of the industry. With the start of commercial production of CPP and improved research and development, we are confident then the company is not only on the right track but would achieve the expectation and objectives of its valuable shareholders. In Sha Allah.

Acknowledgement

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

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

On behalf of the Board

February 27, 2019

CHIEF EXECUTIVE

DIRECTOR

INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF MACPAC FILMS LIMITED

REPORT ON REVIEW OF INTERIM FINANCIAL STATEMENTS

Introduction

We have reviewed the accompanying condensed interim statement of financial position of **MACPAC FILMS Limited** (the Company) as at **31 December 2018** and the related condensed interim statement of profit or loss, condensed interim statement of other comprehensive income, condensed interim statement of changes in equity, condensed interim statement of cash flows and notes to the financial statements for the six-months period then ended (here-in-after referred to as the "interim financial statements"). Management is responsible for the preparation and presentation of these interim financial statements in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on these interim financial statements based on our review. The figures of the condensed interim statement of profit or loss and condensed interim statement of other comprehensive income for the three-months period ended 31 December 2018 and 2017 have not been reviewed, as we are required to review only the cumulative figures of the six-months period ended 31 December 2018.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial statements is not prepared, in all material respects, in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting.

The engagement partner on the review resulting in this independent auditor's report is Mr. Shariq Ali Zaidi.



Chartered Accountants

Place: Karachi

Date: 06 March 2019

MACPAC FILMS LIMITED
CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2018

| | | December 31, 2018 (Un-Audited) | June 30, 2018 (Audited) |
|--|------|--------------------------------------|-------------------------------|
| | Note | -----Rupees----- | |
| ASSETS | | | |
| NON-CURRENT ASSETS | | | |
| Property, plant and equipment | 5 | 1,326,795,406 | 1,177,261,267 |
| Intangible assets | | 888,729 | 907,435 |
| Long-term deposits | | 20,248,173 | 10,118,273 |
| | | <u>1,347,932,308</u> | <u>1,188,286,975</u> |
| CURRENT ASSETS | | | |
| Stock-in-trade | 6 | 405,898,996 | 491,245,840 |
| Trade debts-unsecured | 7 | 360,703,869 | 398,482,218 |
| Loans and advances | | 19,795,884 | 16,950,759 |
| Trade deposits, prepayments and other receivables | | 59,469,054 | 16,604,521 |
| Tax refund due from Government - net | | 132,418,177 | 86,815,395 |
| Cash and bank balances | | 105,015,221 | 33,835,307 |
| | | <u>1,083,301,201</u> | <u>1,043,934,040</u> |
| TOTAL ASSETS | | <u><u>2,431,233,509</u></u> | <u><u>2,232,221,015</u></u> |
| EQUITY AND LIABILITIES | | | |
| SHARE CAPITAL AND RESERVES | | | |
| Authorised capital | | <u>700,000,000</u> | <u>700,000,000</u> |
| Issued, subscribed and paid-up capital | | 593,011,500 | 593,011,500 |
| Reserves | | <u>218,466,371</u> | <u>312,091,568</u> |
| | | <u>811,477,871</u> | <u>905,103,068</u> |
| NON-CURRENT LIABILITIES | | | |
| Diminishing musharika | 8 | 222,605,595 | - |
| Liabilities against asset subject to finance lease | | 64,221,987 | 3,623,788 |
| Deferred income | 9 | 12,984,865 | - |
| Deferred taxation | | 80,151,807 | 120,749,918 |
| Staff retirement benefits - staff gratuity | | <u>21,229,001</u> | <u>25,343,572</u> |
| | | <u>401,193,255</u> | <u>149,717,278</u> |
| CURRENT LIABILITIES | | | |
| Trade and other payables | 13 | 801,552,774 | 892,469,652 |
| Accrued mark-up | | 3,656,382 | 3,036,745 |
| Short-term borrowings | 13 | 317,350,570 | 267,583,462 |
| Unclaimed dividend | | 5,886,111 | 870,316 |
| Current portion of non-current liabilities | | <u>90,116,546</u> | <u>13,440,494</u> |
| | | <u>1,218,562,383</u> | <u>1,177,400,669</u> |
| TOTAL EQUITY AND LIABILITIES | | <u><u>2,431,233,509</u></u> | <u><u>2,232,221,015</u></u> |
| CONTINGENCIES AND COMMITMENTS | | | |
| | 10 | | |

The annexed notes from 1 to 13 form an integral part of these condensed interim financial statements.

CHIEF EXECUTIVE

CHIEF FINANCIAL OFFICER

DIRECTOR

MACPAC FILMS LIMITED
CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS (UN-AUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2018

| | Half Year Ended | | Quarter Ended | |
|---|----------------------|----------------------|----------------------|----------------------|
| | December 31, 2018 | December 31, 2017 | December 31, 2018 | December 31, 2017 |
| Note | -----Rupees----- | | | |
| Gross sales | 1,300,922,631 | 1,155,778,328 | 789,851,098 | 592,886,008 |
| Sales tax | (204,870,672) | (175,524,180) | (123,842,016) | (89,759,633) |
| Net Sales | 1,096,051,959 | 980,254,148 | 666,009,082 | 503,126,375 |
| Cost of sales | (1,067,914,465) | (853,437,031) | (646,020,450) | (444,152,706) |
| GROSS PROFIT | 28,137,494 | 126,817,117 | 19,988,632 | 58,973,669 |
| Administrative expenses | (43,430,401) | (41,637,962) | (23,811,275) | (19,235,292) |
| Marketing and selling expenses | (14,141,542) | (12,670,165) | (7,416,697) | (5,815,955) |
| | (57,571,943) | (54,308,127) | (31,227,972) | (25,051,247) |
| OPERATING (LOSS) / PROFIT | (29,434,449) | 72,508,990 | (11,239,340) | 33,922,422 |
| Finance costs | (34,145,065) | (10,018,525) | (21,525,141) | (4,327,144) |
| Other operating expenses | (45,822,641) | (24,974,528) | (36,213,494) | (18,834,244) |
| Other operating income | 1,439,129 | 2,183,092 | 612,885 | 1,791,679 |
| | (78,528,577) | (32,809,961) | (57,125,750) | (21,369,709) |
| (LOSS) / PROFIT BEFORE TAXATION | (107,963,026) | 39,699,029 | (68,365,090) | 12,552,713 |
| Taxation | 26,198,059 | (10,728,657) | 30,809,652 | (3,021,246) |
| (LOSS) / PROFIT AFTER TAXATION | (81,764,967) | 28,970,372 | (37,555,438) | 9,531,467 |
| (LOSS) / EARNINGS PER SHARE (Rupees) | (1.38) | 0.53 | (0.63) | 0.18 |

The annexed notes from 1 to 13 form an integral part of these condensed interim financial statements.


 CHIEF EXECUTIVE



 CHIEF FINANCIAL OFFICER


 DIRECTOR

MACPAC FILMS LIMITED
CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2018

| | Half Year Ended | | Quarter Ended | |
|---|--------------------------------------|--------------------------------------|--------------------------------------|--------------------------------------|
| | December 31, 2018 (Un-audited) | December 31, 2017 (Un-audited) | December 31, 2018 (Un-audited) | December 31, 2017 (Un-audited) |
| |Rupees..... | | | |
| (Loss) / profit after taxation | (81,764,967) | 28,970,372 | (37,555,438) | 9,531,467 |
| Other comprehensive income | - | - | - | - |
| Total comprehensive (loss) / income for the period | <u>(81,764,967)</u> | <u>28,970,372</u> | <u>(37,555,438)</u> | <u>9,531,467</u> |

The annexed notes from 1 to 13 form an integral part of these condensed interim financial statements.



 CHIEF EXECUTIVE



 CHIEF FINANCIAL OFFICER



 DIRECTOR

MACPAC FILMS LIMITED
CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2018

| | Issued, subscribed & paid-up capital | Capital reserve- share premium | Reserves | | Total |
|--|---|---|---------------------------|--------------------|--------------------|
| | | | Unappropriated profits | Total reserves | |
| Rupees | | | | | |
| Balance as at July 1, 2017 - (Audited) | 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/ per share | 204,151,500 | 102,075,750 | - | 102,075,750 | 306,227,250 |
| Share issuance cost | - | (8,437,184) | - | (8,437,184) | (8,437,184) |
| Profit for the period | - | - | 28,970,372 | 28,970,372 | 28,970,372 |
| Other comprehensive income | - | - | - | - | - |
| Total comprehensive income | - | - | 28,970,372 | 28,970,372 | 28,970,372 |
| Balance as at December 31, 2017 (Un-Audited) | <u>593,011,500</u> | <u>173,568,566</u> | <u>112,147,476</u> | <u>285,716,042</u> | <u>878,727,542</u> |
| Balance as at July 1, 2018 - (Audited) | 593,011,500 | 173,566,620 | 138,524,948 | 312,091,568 | 905,103,068 |
| Final dividend @ Re. 0.2/ ordinary share for the year ended June 30, 2018 | - | - | (11,860,230) | (11,860,230) | (11,860,230) |
| Loss for the period | - | - | (81,764,967) | (81,764,967) | (81,764,967) |
| Other comprehensive income | - | - | - | - | - |
| Total comprehensive loss | - | - | (81,764,967) | (81,764,967) | (81,764,967) |
| Balance as at December 31, 2018 (Un-Audited) | <u>593,011,500</u> | <u>173,566,620</u> | <u>44,899,751</u> | <u>218,466,371</u> | <u>811,477,871</u> |

The annexed notes from 1 to 13 form an integral part of these condensed interim financial statements.



 CHIEF EXECUTIVE



 CHIEF FINANCIAL OFFICER



 DIRECTOR

MACPAC FILMS LIMITED
CONDENSED INTERIM STATEMENT OF CASHFLOWS (UN-AUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2018

| | December 31, 2018 | December 31, 2017 |
|--|----------------------|----------------------|
| | -----Rupees----- | |
| CASH GENERATED FROM OPERATIONS | | |
| (Loss) / profit before taxation | (107,963,026) | 39,699,029 |
| Adjustments for non-cash and other items: | | |
| Depreciation | 37,933,908 | 38,257,482 |
| Amortization of software | 90,744 | 113,430 |
| Exchange loss | 42,800,167 | 20,525,730 |
| Loss / (gain) on sale of fixed asset | 876,190 | (778,612) |
| Workers' Welfare Fund | - | 799,297 |
| Workers' Profit Participation Fund | - | 1,998,241 |
| Provision for gratuity | 4,945,454 | 4,233,246 |
| Finance costs | 34,145,065 | 10,018,525 |
| | <u>120,791,528</u> | <u>75,167,339</u> |
| | 12,828,502 | 114,866,368 |
| Changes in working capital | | |
| <i>Decrease / (Increase) / in current assets:</i> | | |
| Stock-in-trade | 85,346,844 | (78,409,849) |
| Trade debts | 37,778,349 | (113,639,325) |
| Loans and advances | (2,845,125) | (51,341) |
| Trade deposits, short - term prepayments and other receivables | (42,864,533) | (118,824) |
| | <u>77,415,535</u> | <u>(192,219,339)</u> |
| <i>(Decrease) / Increase in current liability:</i> | | |
| Trade and other payables | (133,717,045) | 73,941,178 |
| | <u>(56,301,510)</u> | <u>(118,278,161)</u> |
| | (43,473,008) | (3,411,793) |
| Cash used in operation | | |
| Income tax paid- net | (63,575,788) | (23,388,156) |
| Gratuity paid | (9,060,025) | (61,300) |
| Finance costs paid | (33,525,431) | (9,356,697) |
| | <u>(106,161,244)</u> | <u>(32,806,153)</u> |
| | (149,634,252) | (36,217,946) |
| Net cash used in operating activities | | |
| CASH FLOW FROM INVESTING ACTIVITIES | | |
| Fixed capital expenditures | (176,186,825) | (29,174,251) |
| Proceeds from sales and lease back | 84,473,059 | - |
| Long term deposits paid | (10,129,900) | (831,368) |
| Proceeds from disposal of fixed assets | 1,000,000 | 5,994,000 |
| Net cash used in investing activities | <u>(100,843,666)</u> | <u>(24,011,619)</u> |
| CASH FLOW FROM FINANCING ACTIVITIES | | |
| Proceeds/(repayments of) from short term borrowings-net | 48,152,613 | (8,000,000) |
| Musharika agreement | 282,577,822 | - |
| Proceeds from loan from director | - | 17,000,000 |
| Proceeds from rights | - | 123,529,418 |
| Dividends paid | (11,860,230) | (41,796,824) |
| Repayment of finance lease | (7,171,035) | (23,532,838) |
| Net cash generated from financing activities | <u>311,699,170</u> | <u>67,199,756</u> |
| Net increase in cash and cash equivalents | 61,221,252 | 6,970,191 |
| 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 | <u>95,056,559</u> | <u>12,532,241</u> |
| Cash and cash equivalents | | |
| Cash and bank balances | 105,015,221 | 22,490,903 |
| Short term running finance | (9,958,662) | (9,958,662) |
| | <u>95,056,559</u> | <u>12,532,241</u> |

The annexed notes from 1 to 13 form an integral part of these condensed interim financial statements.


 CHIEF EXECUTIVE


 CHIEF FINANCIAL OFFICER


 DIRECTOR

MACPAC FILMS LIMITED
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31,2018

1. STATUS AND NATURE OF THE COMPANY

Macpac Films Limited (the Company) was incorporated on August 19, 1993, in Pakistan as a limited liability company under the repealed Companies Ordinance, 1984 [now Companies Act, 2017 (the Act)] and is listed on the Pakistan Stock Exchange Limited. The registered office of the Company is situated at F/2, A – F, S.I.T.E, Karachi, Pakistan and city office is 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 films.

2. Statement of compliance

These condensed interim financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting. The accounting and reporting standards as applicable in Pakistan for interim financial reporting comprise of:

- International Accounting Standard (IAS) 34, Interim Financial Reporting, issued by the International Accounting Standards Board (IASB) as notified by the Companies Act, 2017; and
- Provisions of and directives issued under the Companies Act, 2017.

Where the provisions of and directives issued under the Companies Act, 2017 differ with the requirements of IAS 34, the provisions of and directives issued under the Companies Act, 2017 have been followed.

3. Basis of preparation

3.1 These condensed interim financial statements do not include all the information and disclosures required in annual financial statements and should be read in conjunction with the annual audited financial statements of the Company for the year ended June 30, 2018. These condensed interim financial statements are unaudited, however, have been subjected to limited scope review by the auditors and are being submitted to the shareholders as required by the listing regulations of Pakistan Stock Exchange Limited and Section 237 of the Companies Act, 2017.

3.2 The figures of the condensed interim statement of profit or loss and condensed interim statement of comprehensive income for the quarters ended December 31, 2018 and December 31, 2017 and notes forming part thereof have not been reviewed by the auditors of the Company, as they have reviewed the cumulative figures for the half year ended December 31, 2018 and December 31, 2017.

3.3 Initial application of standards, amendments or an interpretation to existing standards.

- a) Standards, interpretations and amendments to published approved accounting and reporting standards that became effective during the period.

The following accounting standard became effective during the period as applicable in Pakistan for the first time for the period ended December 31, 2018 and are relevant to the Company.

IFRS 9 - 'Financial instruments'

This standard addresses the classification, measurement and recognition of financial assets and financial liabilities and replaces the related guidance in IAS 39. IFRS 9 retains but simplifies the mixed measurement model and establishes three primary measurement categories for financial assets: amortised cost, fair value through other comprehensive income (OCI) and fair value through profit and loss (P&L). The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. Investments in equity instruments are required to be measured at fair value through profit or loss with the irrevocable option at inception to present changes in fair value in OCI, not recycling. There is now a new expected credit losses model that replaces the incurred loss impairment model of IAS 39. For financial liabilities there are no changes to classification and measurement except for the recognition of changes in own credit risk in OCI, for liabilities designated at fair value through profit or loss. IFRS 9 relaxes the requirements for hedge effectiveness by replacing the bright line hedge effectiveness tests. It requires an economic relationship between the hedged item and hedging instrument and for the 'hedged ratio' to be the same as the one management actually use for risk management purposes.

The Company's financial assets mainly include trade debts, advances, deposits, other receivables and bank balances held with commercial banks.

However, Securities and Exchange Commission of Pakistan through its letter S.R.O 229 (I) /2019 dated February 14, 2019 has modified the effective date for application of IFRS 9 to 'Reporting period / year ending on or after June 30, 2019.

IFRS 15 - 'Revenue from contracts with customers'

IFRS 15 'Revenue from Contracts with Customers' supersedes IAS 11 'Construction Contracts', IAS 18 'Revenue' and related interpretations and it applies to all revenue arising from contracts with customers, unless those contracts are in the scope of other standards. The new standard establishes a five-step model to account for revenue arising from contracts with customers. Under IFRS 15, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The standard requires entities to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model to contracts with their customers.

The Company is engaged in manufacturing, producing, buying and selling plastic packaging films. The Company has assessed that significant performance obligation in contracts with customers is to deliver the products and is discharged at one point of time. Based on the above, the Company considers that its existing accounting policies are substantially in compliance with the requirements of IFRS 15.

b) Standards, interpretations and amendments to published approved accounting and reporting standards that became effective during the period but not relevant

The other new standards, amendments and interpretations that are mandatory for accounting periods beginning on or after January 01, 2018 are considered not to be relevant for the Company's condensed interim financial statements and hence have not been presented here.

3.4 The preparation of these condensed interim financial statements, in conformity with the approved accounting and reporting standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectation of future events that are believed to be reasonable under the circumstances. Actual results may differ from the estimates.

3.5 During the preparation of these condensed interim financial statements, changes in the significant judgements made by management in applying the Company's accounting policies and the key sources of estimation and uncertainty from those that were applied to the annual audited financial statements of the Company for the year ended June 30, 2018 do not have any material impact.

These condensed interim financial statements are presented in Pakistan Rupee which is also the Company's functional currency and all interim financial information presented has been rounded off to the nearest rupees unless otherwise stated.

4. Accounting policies

4.1 The accounting policies and method of computation adopted for the preparation of these condensed interim financial statements are the same as those applied in the preparation of the Company's annual audited financial statements for the year ended June 30, 2018 except for the following:

Revenue Recognition

The Company recognises revenue when the goods are transferred to the customer and when performance obligations are fulfilled. Goods are considered to be transferred when the control is transferred to the customer.

Deferred Income

The Company recognises the gain / (loss) on sale and lease back when the sales proceeds exceeds the carrying amount of the asset. The gain / (loss) is recognised over the leased term of the leased assets.

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MACPAC FILMS LIMITED

| | | (Un-audited) December 31, 2018 Rupees | (Audited) June 30, 2018 Rupees |
|--------------|---|--|---|
| 5 | PROPERTY, PLANT AND EQUIPMENT | | |
| | Operating fixed assets | 807,510,232 | 749,944,910 |
| | Capital work-in-progress | 519,285,174 | 427,316,357 |
| | | <u>1,326,795,406</u> | <u>1,177,261,267</u> |
| 5.1 | Operating fixed assets | | |
| | Opening book value | 749,944,910 | 754,165,350 |
| | Additions during period / year | 100,095,116 | 75,232,392 |
| | | <u>850,040,026</u> | <u>829,397,742</u> |
| | Disposal during the period / year at book value | (4,595,886) | (5,215,388) |
| | Depreciation during the period / year | (37,933,908) | (74,237,445) |
| | | <u>(42,529,794)</u> | <u>(79,452,833)</u> |
| | | <u>807,510,232</u> | <u>749,944,910</u> |
| 5.1.1 | Additions to property, plant and equipment | | |
| | Building | - | 11,078,631 |
| | Plant and machinery | 89,666,582 | 47,335,894 |
| | Furniture and fixtures | 272,814 | 1,270,888 |
| | Electrical installations | 707,800 | 350,635 |
| | Refrigeration and air conditioning | 372,145 | 1,121,607 |
| | Office equipment | 393,657 | 662,576 |
| | Computers | 106,700 | 404,443 |
| | Motor vehicles | 8,575,418 | 13,007,718 |
| | | <u>100,095,116</u> | <u>75,232,392</u> |
| 5.2 | Capital work-in-progress | | |
| | At the beginning of the period / year | 427,316,357 | 54,048,325 |
| | Additions during period / year | 169,116,610 | 427,006,339 |
| | Transfers to operating assets during the period / year | (77,147,793) | (53,738,307) |
| | Closing balance | <u>519,285,174</u> | <u>427,316,357</u> |
| 6 | STOCK IN TRADE | | |
| | Raw material | | |
| | - In hand | 110,115,193 | 76,518,701 |
| | - In bond warehouse | - | 49,039,940 |
| | - In transit | 125,087,011 | 68,240,365 |
| | | <u>235,202,204</u> | <u>193,799,006</u> |
| | Work-in-process | 92,783,347 | 184,546,594 |
| | Finished goods | 77,913,445 | 112,900,240 |
| | | <u>170,696,792</u> | <u>297,446,834</u> |
| | | <u>405,898,996</u> | <u>491,245,840</u> |
| 7 | TRADE DEBTS - UNSECURED | <u>360,703,869</u> | <u>398,482,218</u> |
| 7.1 | Theses include a sum of Rs. 72.936 million (June 30, 2018: Rs. 60.88 million) due from associated undertakings. | | |

MACPAC FILMS LIMITED

| | | (Un-audited) December 31, 2018 Rupees | (Audited) June 30, 2018 Rupees |
|----------|------------------------------|--|---|
| 8 | DIMINISHING MUSHARIKA | | |
| | Diminishing musharika | 8.1 222,605,595 | - |
| | Current portion | <u>59,972,227</u> | - |
| | | <u>282,577,822</u> | - |

8.1 During the period, the Company has obtained Diminishing musharika financing facility for machineries amount to Rs 295.49 million (June 30, 2018: Nil) from a bank for a period of 5 years, carrying a mark-up of 3 months KIBOR plus 2.25 percent per annum. The musharika units are to purchased during a period of 5 years in 20 quarterly installments latest by July 11, 2023.

| | | (Un-audited) December 31, 2018 Rupees | (Audited) June 30, 2018 Rupees |
|----------|--|--|---|
| 9 | DEFERRED INCOME | | |
| | Gain on sale and lease back transactions | 9.1 13,010,187 | - |
| | Amortisation for the year | <u>(25,322)</u> | - |
| | | <u>12,984,865</u> | - |

9.1 Represents sale and lease back transactions with financial institution which has resulted in a gain of Rs. 13.01 million (June 30, 2018: Nil).

The gain has been deferred as per the requirement of IAS-17 "Leases" and shall be recognised over the leased term of the leased assets.

10 CONTINGENCIES & COMMITMENTS**10.1 Contingencies**

10.1.1 There has been no change in the status of contingencies as reported in the annual financial statements of the Company for the year ended June 30, 2018

| | (Un-audited) December 31, 2018 Rupees | (Audited) June 30, 2018 Rupees |
|-------------------------------|--|---|
| 10.2 Commitments | | |
| Outstanding bank guarantees | <u>7,250,000</u> | <u>7,250,000</u> |
| Outstanding letters of credit | <u>45,590,560</u> | <u>138,344,576</u> |
| Capital commitments | <u>72,954,461</u> | <u>3,846,980</u> |

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11 TRANSACTIONS WITH RELATED PARTIES

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

| | (Un-audited) December 31, 2018 Rupees | (Un-audited) December 31, 2017 Rupees |
|---|--|--|
| Director (Key management personnel) | | |
| Loan to the Company | | |
| Loan acquired during the year | - | 17,000,000 |
| Loan repaid during the year | - | 160,260,457 |
| Salary, fee and other employment benefits | <u>6,357,094</u> | <u>7,025,465</u> |
| Chief Executive | | |
| Salary, fee and other employment benefits | <u>3,854,620</u> | <u>3,776,984</u> |
| Executives | | |
| Salary, fee and other employment benefits | <u>29,472,303</u> | <u>22,441,557</u> |
| Associated Companies | | |
| TOYO Packaging (Private) Limited | | |
| Sale of goods / processing charges | <u>98,948,608</u> | <u>89,430,502</u> |
| Hilal Foods (Pvt) Ltd | | |
| Sale of goods | <u>16,913,735</u> | <u>11,375,864</u> |
| Shalimar Food Products (Private) Limited | | |
| Sale of goods | <u>3,682,481</u> | <u>11,326,708</u> |

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

12 CORRESPONDING FIGURES

Corresponding figures have been reclassified, wherever considered necessary, for the purpose of comparison and to reflect the substance of the transaction. Following major re-classification have been made during the period:

| Nature | Financial statement line items | | Amount |
|--------------------|--------------------------------|-----------------------|-------------|
| | Half year ended | | |
| | 31-Dec-17 | 31-Dec-18 | |
| Financing facility | Trade and other payables | Short-term borrowings | 159,368,670 |

13 DATE OF ISSUE

These condensed interim financial statements were authorized for issue on 27 February, 2019 by the Board of Directors of the Company.



 CHIEF EXECUTIVE



 CHIEF FINANCIAL OFFICER



 DIRECTOR