

# **MACPAC FILMS LIMITED**

CONDENSED INTERIM QUARTERLY FINANCIAL STATEMENT  
(UN-AUDITED)

FOR THE FIRST QUARTER ENDED SEPTEMBER 30, 2019

## **COMPANY INFORMATION**

### **Board of Directors**

Mr. Naeem Munshi (Chairman)  
Mr. Maqbool Elahi Shaikh (Chief Executive)  
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. Muhammad 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 Surmawala

### **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 Shakra-e-Faisal,  
Karachi-74400  
Tel: Customer Support Services (Toll Free) 0800-CDCPL (23275)  
Fax: (92-21) 34326053  
Email: [info@cdcpak.com](mailto:info@cdcpak.com)  
Website: [www.cdcpakistan.com](http://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](mailto:info@macpacfilms.com)  
Tel: 111-MFL(635)-111

**Website:**

[www.macpacfilms.com](http://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, 2019

### **Financial Reporting**

Your Company has recorded net sales of Rs. 546 million during the period under reviewed as compared to Rs. 430 million for the same period last year. The company has suffered loss during the period amounting to Rs. 43.7 million, as compared to Rs. 44.2 million for the same period last year.

Loss per share for the period under reviewed is Rs. 0.74 as compared to loss per share of Rs. 0.75 during the same period last year.

### **Future Outlook**

Alhamdulillah, despite all challenges, your company managed to increase its revenue from the same period last year and now there is stability in the economic conditions and rupee parity against dollar, improved market conditions and increase in Company products' demand, all these factors will have the positive impact on the profitability of the Company in the coming quarters. Further, Company is working on different strategies to manage its working capital more efficiently to support the increased demand of the Company's products in the market.

We also would like to assure our shareholders that your company 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 will be able to not only managed our profitability again but also will reap the benefit of our increased market share and decent growth in customer demand and confidence. 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**

**CHIEF EXECUTIVE**

**DIRECTOR**

**October 24, 2019**

**MACPAC FILMS LIMITED**  
**STATEMENT OF FINANCIAL POSITION**  
**AS AT SEPTEMBER 30, 2019**

	Note	September 30 2019 Rupees	June 30 2019 Rupees
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	4	1,393,049,033	1,415,678,086
Intangible assets	5	784,685	797,985
Long-term deposits		6,401,418	6,401,418
		<u>1,400,235,136</u>	<u>1,422,877,489</u>
<b>CURRENT ASSETS</b>			
Stock-in-trade	6	338,326,873	375,659,628
Trade debts	7	398,200,857	437,176,473
Loans and advances		17,290,333	13,113,411
Trade deposit and short term prepayments		30,763,348	25,648,365
Tax refund due from Government - net		185,978,185	168,701,573
Cash and bank balances		46,628,730	52,982,605
		<u>1,017,188,327</u>	<u>1,073,282,055</u>
<b>TOTAL ASSETS</b>		<u><u>2,417,423,463</u></u>	<u><u>2,496,159,545</u></u>
<b>EQUITY AND LIABILITIES</b>			
<b>SHARE CAPITAL AND RESERVES</b>			
Authorized capital			
70,000,000 (2018: 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>15,921,094</u>	<u>59,627,344</u>
		<u>608,932,594</u>	<u>652,638,844</u>
<b>NON-CURRENT LIABILITIES</b>			
Diminishing musharika		232,708,703	251,197,120
Liabilities against assets subject to finance leases		33,278,655	39,928,324
Deferred income		9,755,960	10,839,956
Deferred taxation		119,565,120	119,565,120
Staff retirements benefits – staff gratuity		28,685,123	25,411,876
		<u>423,993,561</u>	<u>446,942,396</u>
<b>CURRENT LIABILITIES</b>			
Trade and other payables		794,060,984	848,601,291
Short term borrowings		480,063,756	438,729,003
Accrued mark-up		8,905,411	7,712,228
Unclaimed dividend		883,621	1,192,953
Current portion of non-current liabilities		100,583,537	100,342,830
		<u>1,384,497,308</u>	<u>1,396,578,305</u>
<b>CONTINGENCIES AND COMMITMENTS</b>	8		
<b>TOTAL EQUITY AND LIABILITIES</b>		<u><u>2,417,423,463</u></u>	<u><u>2,496,159,545</u></u>

The annexed notes 1 to 11 form an integral part of these financial statements.

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**CHIEF EXECUTIVE**

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**CHIEF FINANCIAL OFFICER**

\_\_\_\_\_  
**DIRECTOR**

**MACPAC FILMS LIMITED**  
**STATEMENT OF PROFIT OR LOSS**  
**FOR THE QUARTER ENDED SEPTEMBER 30, 2019**

	September 30 2019 Rupees	September 30 2018 Rupees
Turnover - net	546,790,777	430,042,877
Cost of sales	(543,445,606)	(421,894,015)
<b>Gross profit</b>	<u>3,345,171</u>	<u>8,148,863</u>
Administrative expenses	(18,547,968)	(19,619,126)
Marketing and selling expenses	(6,446,129)	(6,724,845)
Finance costs	(35,207,958)	(12,619,925)
Other operating expenses	17,593,774	(9,609,147)
Other income	2,391,746	826,244
<b>(Loss) / profit before taxation</b>	<u>(36,871,365)</u>	<u>(39,597,935)</u>
Taxation	(6,834,885)	(4,611,593)
<b>(Loss) / profit after taxation</b>	<u>(43,706,250)</u>	<u>(44,209,528)</u>
	<b>2019</b> Rupees	<b>2018</b> Rupees
<b>(Loss) / earnings per share - basic and diluted</b>	<u>(0.74)</u>	<u>(0.75)</u>

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**CHIEF EXECUTIVE**

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**CHIEF FINANCIAL OFFICER**

\_\_\_\_\_  
**DIRECTOR**

**MACPAC FILMS LIMITED**  
**STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE QUARTER ENDED SEPTEMBER 30, 2019**

	September 30 2019 Rupees	September 30 2018 Rupees
(Loss) / profit after taxation	(43,706,250)	(44,209,528)
Other comprehensive income	-	-
<b>Total comprehensive (loss) / income for the year (net of tax)</b>	<b><u>(43,706,250)</u></b>	<b><u>(44,209,528)</u></b>

The annexed notes 1 to 11 form an integral part of these financial statements.

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**CHIEF EXECUTIVE**

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**CHIEF FINANCIAL OFFICER**

\_\_\_\_\_  
**DIRECTOR**

**MACPAC FILMS LIMITED**  
**STATEMENT OF CASH FLOWS**  
**FOR THE QUARTER ENDED SEPTEMBER 30, 2019**

	September 30 2019 Rupees	September 30 2018 Rupees
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Cash generated from operations	61,925,233	306,417,066
Long term deposit received / (paid)	-	(299,900)
Income tax paid	(30,928,974)	(74,289,571)
Gratuity paid	(306,726)	(676,385)
Dividend/Zakat paid	(309,332)	-
Finance costs paid	(34,014,776)	(12,275,428)
	<b>(65,559,808)</b>	<b>(87,541,284)</b>
<b>Net cash (used in) / generated from operating activities</b>	<b>(3,634,575)</b>	<b>218,875,783</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Fixed asset expenditure	(10,358,665)	(66,000,872)
Proceeds from disposal of fixed assets	1,200,000	-
<b>Net cash used in investing activities</b>	<b>(9,158,665)</b>	<b>(66,000,872)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Repayment of diminishing musharika arrangement	(18,488,417)	(258,427,000)
Repayment of finance lease-net	(6,408,963)	2,926,976
Sale & Lease back Hino Truck	-	2,999,000
Proceeds from short term borrowings-net	41,324,125	110,000,000
<b>Net cash generated from financing activities</b>	<b>16,426,745</b>	<b>(142,501,024)</b>
<b>Net increase in cash and cash equivalents</b>	<b>3,633,506</b>	<b>10,373,887</b>
Cash and cash equivalents at the beginning of the period	42,995,225	33,835,307
<b>Cash and cash equivalents at the end of the period</b>	<b>46,628,730</b>	<b>44,209,195</b>
Cash and bank balances	56,627,239	53,778,827
Running Finance under mark-up arrangements	(9,998,508)	(9,569,633)
	<b>46,628,730</b>	<b>44,209,194</b>

The annexed notes 1 to 11 form an integral part of these financial statements.

\_\_\_\_\_  
**CHIEF EXECUTIVE**

\_\_\_\_\_  
**CHIEF FINANCIAL OFFICER**

\_\_\_\_\_  
**DIRECTOR**



**MACPAC FILMS LIMITED****STATEMENT OF CHANGES IN EQUITY****FOR THE QUARTER ENDED SEPTEMBER 30, 2019**

	Reserves				Total
	Issued, subscribed and paid - up capital	Capital reserve - share premium	Accumulated losses	Total	
	-----Rupees-----				
<b>Balance as at July 01, 2018-Restated</b>	593,011,500	173,566,620	130,563,617	304,130,237	897,141,737
Profit for the year	-	-	(44,209,528)	(44,209,528)	(44,209,528)
Other comprehensive income			-	-	-
Total comprehensive income for the year - net of tax	-	-	(44,209,528)	(44,209,528)	(44,209,528)
<b>Balance as at September 30, 2018</b>	<u>593,011,500</u>	<u>173,566,620</u>	<u>86,354,089</u>	<u>259,920,709</u>	<u>852,932,209</u>
<b>Balance as at July 01, 2019</b>	593,011,500	173,566,620	(113,939,276)	59,627,344	652,638,844
Loss for the year	-	-	(43,706,250)	(43,706,250)	(43,706,250)
Other comprehensive income - net of tax	-	-	-	-	-
Total comprehensive loss for the year - net of tax	-	-	(43,706,250)	(43,706,250)	(43,706,250)
<b>Balance as at September 30, 2019</b>	<u>593,011,500</u>	<u>173,566,620</u>	<u>(157,645,526)</u>	<u>15,921,094</u>	<u>608,932,594</u>

The annexed notes 1 to 11 form an integral part of these financial statements.

\_\_\_\_\_  
**CHIEF EXECUTIVE**

\_\_\_\_\_  
**CHIEF FINANCIAL OFFICER**

\_\_\_\_\_  
**DIRECTOR**

**MACPAC FILMS LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE QUARTER ENDED SEPTEMBER 30, 2019**

**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 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.

**2. BASIS OF PREPARATION**

**2.1 Statement of compliance**

These condensed interim financial statements of the Company for the 1st Quarter ended September 30, 2019 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, 2019.

**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, 2019

**MACPAC FILMS LIMITED**

	Note	September 30 2019 Rupees	June 30 2019 Rupees
<b>4. PROPERTY, PLANT AND EQUIPMENT</b>			
Operating fixed assets	4.1	1,272,304,923	1,303,968,285
Capital work in progress		120,744,111	111,709,801
		<u>1,393,049,033</u>	<u>1,415,678,086</u>
<b>4.1 Operating fixed assets</b>			
Opening book value		1,303,968,285	749,944,909
Additions during period / year		1,324,355	884,951,326
		<u>1,305,292,640</u>	<u>1,634,896,235</u>
Disposal during the period / year at book value		(1,928,907)	(235,478,738)
Depreciation during the period / year		(31,058,810)	(95,449,212)
		<u>(32,987,717)</u>	<u>(330,927,950)</u>
		<u>1,272,304,923</u>	<u>1,303,968,285</u>
<b>5. INTANGIBLE ASSETS</b>		<b>September 30</b>	<b>June 30</b>
<b>Computer software</b>		<b>2019</b>	<b>2019</b>
		<b>Rupees</b>	<b>Rupees</b>
<b>Net carrying value basis</b>			
NBV as on July 01		797,985	907,435
Additions		-	72,038
Amortization charge		(13,300)	(181,488)
<b>NBV as at September 30</b>		<u>784,685</u>	<u>797,985</u>

**MACPAC FILMS LIMITED**

<b>6 STOCK-IN-TRADE</b>	<b>Note</b>	<b>September 30 2019 Rupees</b>	<b>June 30 2019 Rupees</b>
Raw material:			
In hand		<b>67,748,722</b>	106,011,619
In transit		<b>102,197,162</b>	115,862,049
In bonded warehouse		<b>48,427,377</b>	20,903,928
		<b>218,373,260</b>	242,777,596
Work in process		<b>61,680,455</b>	86,785,928
Finished goods		<b>58,273,158</b>	46,096,104
		<b>119,953,613</b>	132,882,032
		<b>338,326,873</b>	375,659,628

**7 TRADE DEBTS**

Considered good			
- Related parties		<b>117,971,768</b>	60,880,194
- Other than related parties		<b>280,229,089</b>	337,602,024
		<b>398,200,857</b>	398,482,218
Considered doubtful		<b>29,083,924</b>	22,908,950
		<b>427,284,781</b>	421,391,168
Less: allowance for expected credit losses		<b>(29,083,924)</b>	(22,908,950)
		<b>398,200,857</b>	398,482,218

**8. CONTINGENCIES AND COMMITMENTS**

**8.1 Contingencies**

There has been no change in the status of contingencies as reported in as reported in annual financial statements of the Company for the year ended June 30, 2019.

**8.2 Commitments**

	<b>September 30 2019 Rupees</b>	<b>June 30 2019 Rupees</b>
<b>8.2.1</b> Outstanding bank guarantees	<b>7,250,000</b>	7,250,000
<b>8.2.2</b> Outstanding letters of credit	<b>108,769,829</b>	48,896,397

	Note	September 30 2019 Rupees	September 30 2018 Rupees
<b>9 CASH FLOWS FROM OPERATIONS</b>			
(Loss) / profit before taxation		<b>(36,871,365)</b>	(39,597,935)
Adjustments for non-cash and other items:			
Depreciation		<b>31,058,810</b>	18,878,369
Amortization of software		<b>13,300</b>	45,372
Provision for gratuity		<b>3,579,973</b>	2,472,727
Finance costs		<b>35,207,958</b>	12,619,925
Deferred income		<b>(1,083,996)</b>	
Workers' Welfare Fund		-	-
Workers' Profit Participation Fund		-	1,993,454
Exchange loss - net		<b>(18,724,521)</b>	8,611,284
Loss on disposal of operating fixed assets		<b>728,907</b>	-
		<b>50,780,434</b>	44,621,130
		<b>13,909,069</b>	5,023,195
Working capital changes		<b>48,016,164</b>	301,393,871
		<b>61,925,233</b>	306,417,066
<b>9.1 Working capital changes</b>			
<b>(Increase) / decrease in current assets</b>			
Stock-in-trade		<b>37,332,755</b>	9,150,975
Trade debts		<b>38,975,616</b>	65,844,474
Loans and advances		<b>(4,176,922)</b>	(16,636,742)
Trade deposits and short-term prepayments		<b>(5,114,983)</b>	(6,576,973)
		<b>67,016,466</b>	51,781,733
<b>Increase / (decrease) in current liabilities</b>			
Short term borrowing		<b>41,324,125</b>	-
Trade and other payables		<b>(60,324,427)</b>	249,612,138
		<b>48,016,164</b>	301,393,871

<b>9 TRANSACTIONS WITH RELATED PARTIES</b>	<b>September 30</b>	<b>September 30</b>
	<b>2019</b>	<b>2018</b>
	<b>Rupees</b>	<b>Rupees</b>
<b><u>Directors (Key management personnels)</u></b>		
Salary, fee and other employment benefits	<b>1,508,238</b>	3,208,307
<b>Chief Executive</b>		
Salary, fee and other employment benefits	<b>2,280,035</b>	2,279,368
<b>Executives</b>		
Salary, fee and other employment benefits	<b>13,808,509</b>	10,431,081
<b><u>Related parties</u></b>		
<b>TOYO Packaging (Private) Limited</b>		
Sale of goods / processing charges	<b>38,911,509</b>	36,650,040
Receipts against sale of goods / processing charges	<b>30,000,000</b>	55,021,493
<b>Hilal Foods (Private) Limited</b>		
Sale of goods	<b>1,657,758</b>	8,540,859
Receipts against sale of goods	<b>4,570,095</b>	1,589,136
<b>Shalimar Food Products</b>		
Sale of goods	<b>323,980</b>	1,849,979
Receipts against sale of goods	<b>290,055</b>	3,247,113

**10 DATE OF AUTHORISATION FOR ISSUE**

These financial statements were authorized for issue on October 24, 2019 by the Board of Directors of the Company.

**11 GENERAL**

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

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**CHIEF EXECUTIVE**

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**CHIEF FINANCIAL OFFICER**

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**DIRECTOR**