

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
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, 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
ASSETS			
NON-CURRENT ASSETS			
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>
CURRENT ASSETS			
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>
TOTAL ASSETS		<u><u>2,417,423,463</u></u>	<u><u>2,496,159,545</u></u>
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
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>
NON-CURRENT LIABILITIES			
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>
CURRENT LIABILITIES			
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>
CONTINGENCIES AND COMMITMENTS	8		
TOTAL EQUITY AND LIABILITIES		<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.

CHIEF EXECUTIVE

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)
Gross profit	<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
(Loss) / profit before taxation	<u>(36,871,365)</u>	<u>(39,597,935)</u>
Taxation	(6,834,885)	(4,611,593)
(Loss) / profit after taxation	<u>(43,706,250)</u>	<u>(44,209,528)</u>
	2019 Rupees	2018 Rupees
(Loss) / earnings per share - basic and diluted	<u>(0.74)</u>	<u>(0.75)</u>

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 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	-	-
Total comprehensive (loss) / income for the year (net of tax)	<u><u>(43,706,250)</u></u>	<u><u>(44,209,528)</u></u>

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 CASH FLOWS
FOR THE QUARTER ENDED SEPTEMBER 30, 2019

	September 30 2019 Rupees	September 30 2018 Rupees
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash generated from operations	-	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	(37,027,265)	(12,275,428)
	(68,572,297)	(87,541,284)
Net cash (used in) / generated from operating activities	(68,572,297)	218,875,783
CASH FLOW FROM INVESTING ACTIVITIES		
Fixed asset expenditure	(10,358,665)	(66,000,872)
Proceeds from disposal of fixed assets	5,579,383,085	-
Net cash used in investing activities	5,569,024,420	(66,000,872)
CASH FLOWS FROM FINANCING ACTIVITIES		
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
Net cash generated from financing activities	16,426,745	(142,501,024)
Net increase in cash and cash equivalents	5,516,878,869	10,373,887
Cash and cash equivalents at the beginning of the period	42,995,225	33,835,307
Cash and cash equivalents at the end of the period	5,559,874,093	44,209,195
Cash and bank balances	56,627,239	53,778,827
Running Finance under mark-up arrangements	(9,998,508)	(9,569,633)
	46,628,730	44,209,194

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-----				
Balance as at July 01, 2018-Restated	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)
Balance as at September 30, 2018	<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>
Balance as at July 01, 2019	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)
Balance as at September 30, 2019	<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

		September 30 2019 Rupees	June 30 2019 Rupees
4. PROPERTY, PLANT AND EQUIPMENT			
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>
4.1 Operating fixed assets			
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>
5. INTANGIBLE ASSETS		September 30	June 30
Computer software		2019	2019
		Rupees	Rupees
Net carrying value basis			
NBV as on July 01		797,985	907,435
Additions		-	72,038
Amortization charge		(13,300)	(181,488)
NBV as at September 30		<u>784,685</u>	<u>797,985</u>

MACPAC FILMS LIMITED

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

7 TRADE DEBTS

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

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

	September 30 2019 Rupees	September 30 2018 Rupees
9 CASH FLOWS FROM OPERATIONS		
(Loss) / profit before taxation	(56,083,854)	(39,597,935)
Adjustments for non-cash and other items:		
Depreciation	31,058,810	18,878,369
Amortization of software	13,300	45,372
Provision for gratuity	3,579,973	2,472,727
Finance costs	38,220,447	12,619,925
Deferred income	(1,083,996)	
Workers' Welfare Fund	-	-
Workers' Profit Participation Fund	-	1,993,454
Exchange loss - net	(18,724,521)	8,611,284
Loss on disposal of operating fixed assets	728,907	-
	53,792,923	44,621,130
	(2,290,931)	5,023,195
Working capital changes	64,216,164	301,393,871
	61,925,233	306,417,066
9.1 Working capital changes		
(Increase) / decrease in current assets		
Stock-in-trade	53,532,755	9,150,975
Trade debts	38,975,616	65,844,474
Loans and advances	(4,176,922)	(16,636,742)
Trade deposits and short-term prepayments	(5,114,983)	(6,576,973)
	83,216,466	51,781,733
Increase / (decrease) in current liabilities		
Short term borrowing	41,324,125	-
Trade and other payables	(60,324,427)	249,612,138
	64,216,164	301,393,871

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

CHIEF EXECUTIVE

CHIEF FINANCIAL OFFICER

DIRECTOR