

**MANDVIWALLA MAUSER PLASTIC INDUSTRIES LIMITED**

**FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30TH JUNE, 2018**

# MANDVIWALLA MAUSER PLASTIC INDUSTRIES LIMITED

## COMPANY INFORMATION

### Board of Directors

Mr. Abdul Qadir Shiwani	Chairman / Director
Mr. Azeem H. Mandviwalla	Chief Executive / Director
Mrs. Shireen H. Mandviwalla	Director
Mr. Shamim Ahmed Khan	Director
Mr. Tariq Mehmood	Director
Mr. Masih ul Hassan	Director
Mr. S. Asghar Ali	Director

### Board of Audit Committee

Mr. Tariq Mehmood	Member
Mr. Abdul Qadir Shiwani	Member
Mr. Shamim Ahmed Khan	Member

### Company Secretary

Ms. Hina Ambreen

### Bankers

Industrial Development Bank of Pakistan (IDBP)  
MCB Bank Limited.  
Silk Bank Limited.

### Auditors

Ibrahim Shaikh & Co.  
Chartered Accountant

### Tax Consultants

Jamal Yousuf (Advocate)

### Legal Advisor

Tasawur Ali Hashmi (Advocate)

### Registered Office

Mandviwalla Building, Old Queens Road,  
Karachi -74000.  
Tel: 021-32441116-9 Fax 021-32441276  
Website: [www.mandviwallamauser.com](http://www.mandviwallamauser.com)  
E-mail: [mmpil@cyber.net.pk](mailto:mmpil@cyber.net.pk)

### Shares Registrar

Registrar THK Associates (Pvt.) Limited  
1st Floor, 40 - C,  
Block 6, P,E,C,H.S,  
Karachi.

### Factory

C-5, Uthal Industrial Estate,  
Uthal, District Lasbella, Baluchistan.  
Tel: 0853-610333, 0853-203218, Fax: 0853-610393

**Notice of Annual General Meeting**

Notice is hereby given that the Thirtieth Annual General Meeting of **Mandviwalla MAUSER Plastic Industries Limited** will be held on Friday March, 01 2019 at 12:00 noon at Mandviwalla Building, Old Queens Road, Karachi to transact the following business-

**A) ORDINARY BUSINESS**

1. To confirm the minutes of the 29<sup>th</sup> Annual General Meeting held on May 04, 2018.
2. To receive, consider and adopt the Audited Accounts of the Company along with the Directors' and Auditors' Reports thereon for the year ended June 30, 2018.
3. To appoint the Auditors of the Company and fix their remuneration.

**SPECIAL BUSINESS**

4. To consider, and if thought fit, to pass the following resolution as a Special Resolution:
5. **"RESOLVED THAT** to consider and pass a Special Resolution to increase the Authorized Capital of the Company from Rs. 75,000,000/-, divided into 7,500,000 ordinary shares of Rs. 10/- each, to Rs. 400,000,000/-, divided into 40,000,000 ordinary shares of Rs. 10/- each, and to resolve consequent alterations in the Memorandum and Articles of Association of the Company.
6. To pass a special resolution for conversion of outstanding loan from Director into equity of the Company by way of a further issue of shares to the respective Director under the first proviso to Section 83 (1) (b) of the Companies Act, 2017.

**B) OTHER BUSINESS**

Due to unviable business/commercial conditions in Uthal, Baluchistan where the Company's plant is currently situated, and with a view to curtail overheads and transportation costs, the Board has again recommended, in its meeting held on February 07, 2019, that Plant & Machineries including fixtures & others fixed assets of the Company be relocated to Karachi and for this purpose new location being finalized and enter into a Lease Contract Agreement.

By order of the Board of Directors

**HINA AMBREEN**  
Company Secretary

February 07, 2019  
Karachi

**Notes:**

1. The share transfer books of the Company will remain closed from **February 22, 2019 to March 01, 2019** (both days inclusive).
2. A member entitled to attend and vote at this meeting may appoint any other member as his/ her proxy to attend and vote on his/ her behalf. The instrument appointing proxy must be received at the registered office of the Company duly stamped and signed not later than 48 hours before the meeting.
3. Members are requested to notify our Registrar THK Associates (Pvt) Ltd, State 1<sup>st</sup> Floor, 40 – C, Block 6, P.E.C.H.S, and Karachi, if there is any change in their addresses immediately.
4. CDC Account Holders will further have to strictly follow the guidelines of Securities & Exchange Commission of Pakistan.

**Statement Under Section 134 (3) of the Companies Act, 2017 concerning the Special Business:**

This statement is annexed as an integral part of the Notice of the Annual General Meeting of Mandviwalla MAUSER Plastic Industries Limited (“the Company or “MWMP”) to be held on March 01, 2019, at 12 noon, at Head Office, Mandviwalla Building, Old Queens Road, Karachi this statement set out the material facts concerning the special business to be transacted at the meeting.

**Special Business**

1. To consider and pass special resolution to increase the Authorized Capital of the Company from Rs 75,000,000 divided into 7,500,000 ordinary shares of Rs 10/- each, to Rs 400,000,000/- divided into 40,000,000 ordinary shares of Rs 10/- each, and to resolve consequent alterations in the Memorandum and Article of Association of the company.

The increase in authorized capital is nevertheless necessitated to accommodate the above said further issue of shares. Capital increase fee, as prescribed under the Seven Schedule to the Ordinance, shall be payable by the Company. The following resolution is proposed in this respect:

“That the existing Clause V of the Memorandum of Association, and the existing Clause 4 of the Articles of Association of the Company be and is hereby substituted with the following: The Authorized Capital of the Company is Rs.400,000,000 (Rupees Four Hundred Million Only) divided into 40,000,000 (Forty million shares of Rs. 10/- each, with the rights, privileges and

conditions at facing thereof, as are provided by the regulations of the Company for the time being, with power to increase and reduce the Capital of the Company, and for divide the shares in the Capital for the time being, into several classes.”

2. To pass a special resolution for conversion of outstanding loan of Azeem Hakim Mandviwalla into equity of the company under the provisions of Section 83 (1) (b) of the Companies Act 2017, for issuance of 32,644,600 ordinary shares of Mandviwalla MAUSER Plastic Industries Limited at Rs. 10/- (Rupees ten) each, the total amounting to Rs. 326,446,000- (Rupees Three twenty six million and four hundred and forty six thousand Only), by way of otherwise than rights.

**Issuance of Shares other than right offering:**

The Board of Directors of the Company (“the Board”), at its meeting held on February 07, 2019, has approved the raising of further capital without any offer and issue of right shares, as per proposed special resolution; subject to the approval of the members of the Company, and the Securities and Exchange Commission of Pakistan (“SECP”). Material facts concerning the said special business are as follows:

- 2.1. The outstanding loan from Azeem Hakim Mandviwalla, the Directors of the Company (“Director”), of the Company amounting to Rs. 326,446,000/- (Rupees twenty six million and four hundred and forty six thousand Only), shall be converted into ordinary shares of the Company at par value of Rs. 10/- per share, without any offer and/or rights issue. Thus, the number of shares proposed to be issued is 32,644,600 and the same shall rank pari passu to the existing shares of the company in all respects. This issue of shares other than right shares, following approval from the Shareholders, is subject to the approval of the Securities and Exchange Commission of Pakistan.

**Justification for Issue of Shares Otherwise than Right Shares:**

The Company shares trading had been suspended on December 08, 2015 due to not fulfillment of the regulation requirement of PSX. However, the last scrip of the Company, at the close of trading hours at the PSX on Monday, December 07, 2015, was Rs 3.51 per share.

However, the Company is making conversion at par value which is justified mainly due to the reason that the current market scenario does not support the issuance of further shares under a right issue/secondary public offer, and that this loan was extended to the Company by the Director without any security, markup/interest, and definitive terms of repayment. Also in the present business scenario it is impracticable to make any prediction for the repayment of this Loan. Therefore, it would be the better interests of the Company, as well as its shareholders, to have its liabilities reduced, enhancement in capital base, creditors

comforted, and to facilitate any future business prospects, without any impact on its cash flows.

The present vs post-further share issuance of the respective Director, as contemplated hereby, together with the respective percentages to the total issued capital, now and then, shall comprise as follows:

<u>Sponsors</u>	Existing Shareholding		Further Issuance of Shares Under Sec.83 (1) of the Companies Act 2017.	Proposed Shares holding	
	Number of Shares held	% to Total Issued Capital		Number of Shares	% to Total Issued Capital
Azeem Hakim Mandviwalla	1,297,055	18%	32,644,600	33,941,655	84%

- 1.1 The above shares shall be issued to the Director, at par, against the amount of loan extended by him to the Company.
- 1.2 The Director to whom these shares will be issued has given written consent for the same.
- 1.3 The new shares shall rank pari passu in all respects with the existing shares of the Company.
- 1.4 The said Director is interested in the transaction to the extent of issue of new shares in consideration of his outstanding loan amount.
- 1.5 Therefore, the following special resolutions are proposed to be passed, with or without modification (s):

IT IS HEREBY RESOLVED:

- I. That the Company, subject to the approval of the Securities and Exchange Commission of Pakistan ("SECP" or the "Commission"), be and is hereby authorized to issue 32,644,600 further ordinary shares of Rs. 10/- each that is of Rs. 326,446,000/- (Rupees twenty six million and four hundred and forty six thousand Only), as fully paid-up and without the offer and/or issue of right shares, to Azeem Hakim Mandviwalla the Directors ("Director") of the Company, in lieu of his outstanding loan towards the Company, under the first proviso to Section 83(1) (b) of the Companies Act, 2017 ("the Act");
- II. That the above shares shall be issued against the amount of loan extended by the Director and that he has already consented for the same;

- III. That the new shares shall rank *pari passu*, in all respects, with the existing shares of the Company;
- IV. That Mr. Azeem H Mandviwalla, Director chief executive and Miss. Hina Ambreen, Company Secretary of the Company be and are hereby authorized to complete all necessary legal and corporate formalities with regard to the above resolutions, and to take such actions as they may consider necessary or expedient to complete the process of raising further capital without issue of right shares; and
- V. That in case any error, omission, or mistake is pointed out in the aforesaid Resolutions by the Commission and/or any other competent authority, Mr. Azeem H Mandviwalla, Director/ chief executive and Miss. Hina Ambreen, Company Secretary of the Company, be and are hereby authorized to make necessary amendments therein as permitted by the law.

## VISION STATEMENT

To diversify and expand in other related sectors where quality plastic products are not available and fill the gaps in these fields. Increase awareness of our Company and the international quality standards being met nationally and internationally. Further improve whenever possible and identify areas which can be better managed

## MISSION STATEMENT

Our mission is to exceed the expectations of our customers in producing, with efficiency, quality plastic products, employing international best practices and applying an integrated approach to product research and development, manufacturing technology, operations management, material procurement, financial management and information system.

### Strategic goals:

- a) **Achieving customer satisfaction** by manufacturing quality products, timely management of deliveries and after sales support.
- b) **Ensuring quality manufacturing** by producing highest quality of plastic products at competitive prices.
- c) **Expanding customer base** by exploring new national and international markets and understanding product research and development in plastic products as well as our own market requirement.
- d) **Ensuring efficient resource management** by managing human, financial, technical and infrastructural resources to support the above strategic goals and to ensure highest possible value addition to stakeholders.

### **Core Values:**

1. Striving for continuous improvement and innovation with commitment and responsibility;
2. Treating stake holders with respect, courtesy and competence;
3. Practicing highest personal and professional integrity;
4. Maintaining teamwork, trust and support , with open an candid communication;
5. Ensuring cost consciousness in all decisions and operations;

## Chairman's Review

As the newly elected Chairman of the Board of Directors, it is my pleasure to present this report to the shareholders of the Company for the year ended June 30, 2018. The report pertains to the overall performance of the Board of Directors and their effectiveness in guiding the Company towards accomplishing its aims and objectives. I appreciate the efforts of the Board of directors and the management for working on the restructuring of the company and I feel the shifting process is expected to be completed soon.

On behalf of the Board of directors, I would like to thank our existing employees and their contribution for the revival of the company. Inshallah, in the coming year we will be bringing the company into operation.



Chairman of the Board of Directors  
Karachi: January 07, 2019

## Chairman/Directors' Report

The Board of Directors of the company are presenting the 30th Annual Report and Audited Financial Statements of the company for the year ended June 30, 2018.

### Financial Results

Financial results are summarized as under.

	2018 Rupees	2017 Rupees
Sales	-	-
Gross profit/(Loss)	(6,327,721)	(6,293,236)
Net profit/(loss)after taxation	(8,163,087)	18,556
Accumulated losses	(434,067,431)	(423,758,680)
Earning per share	(1.11)	0.00

### Production

The Nil capacity utilization during 2017-18 is due to the closure of the production process with effect from July 01 2013.

### Sales

The net sales revenue was Rs. Nil as compared to previous year Rs. Nil. The reason for Nil Sale is due to closure of production process with effect from July, 01 2013

The closure of production was mainly due to the severe interruption of power supply, security situation in Uthal, Baluchistan and the non-competitive nature of the location due to its geographical remoteness.

It's my pleasure to inform you that our board of directors have decided to shift the Plant & machinery from Uthal Balochistan to our new leased premises at Port Qasim, Karachi. Civil works are under process and dismantling of machinery has begun at Uthal. The company has also decided to increase its Authorized & Paid-up capital and making all efforts to bring down the maximum liabilities of the company.

### After Tax Profit/Loss and Accumulated losses

The loss after tax is witnessed at Rs. 8.163 million during the year as compared to profit of Rs. 0.018 million (2017). The existing plant in Uthal, Baluchistan still remains unviable & needs to be relocated immediately.

## **Payments of debts**

During the year the liability of Industrial Development Bank Limited has been cleared and the Board of directors are further working on to settle creditors in near future.

## **Auditors' report to the members**

Our auditor, M/s Ibrahim, Shaikh & Co Chartered Accountants has highlighted certain matters in their reports to the members on the financial statements for the year under review. The respective explanations are as follows.

1. The auditors have given qualification on the going concern assumption that the going concern assumption used in preparation of these financial statements is inappropriate; consequently the assets and liabilities should have been stated at their realizable and settlement amounts respectively. However, the management is of the view that the sponsor's are continuously injected funds into the company and as on June 30, 2018 already provided Subordinated loans and long term loans to the Company amounting to Rs 64.668 million and Rs 264.713 million respectively. The Company has a unique product mix and the highest credibility in their field, the technology is very difficult to gain experience in due to which condition in the future are expected of becoming favorable. The company has elaborated the factors in note 1.1 to the financial statements, and which has been considered in preparation of the financial statements on going concern basis.
2. The Auditors qualified that the management has not carried out a review of operating fixed assets to determine the impairment in the carrying values under IAS 36 "Impairment of assets". Consequently, the amounts for these assets are stated as per the stated accounting policy and no adjustment has been made in respect of impairment loss, if any. The management is making efforts and such review will be carried out in Coming year
3. Provision for impairment loss of engineering stores in bond of Rs. 19.705 million have not been made as these are still lying in the bonded ware house therefore, the amount of loss cannot be ascertained with certainty. Further explanation is given in note Note 5.1 to the financial statements.
4. The company has not recorded any additional liability under section 205 of the income tax ordinance 2001, on deposition of third party tax as mentioned in note No.18.1.2 into federal treasury within stipulated period. The company expects to satisfy the auditors to the full regarding the same as all obligation have been discharged according to law and proof of which will be provided subsequently to the auditors.

5. "Store spares and loose tools" and "Stock in trade" items have been recorded at realizable value and as per management assessment no provision against these items are required. However independent revaluation of "Store spares and loose tools" and "Stock in trade" will be carried out in 2019.
6. The management is making effort in contacting these creditors to verify their balance to our auditors. This would most probably reflect in the half yearly audit or subsequent accounts.
7. Unclaimed Dividend represents unclaimed dividends of Sponsors and they have given their consent that these unclaimed dividend are payable to them at the discretion of the Company.

#### **Auditors**

The present auditors M/s Ibrahim, Shaikh & Co, Chartered Accountants retire and being eligible to offer themselves for reappointment.

#### **Statement on Corporate and Financial Reporting Frame Work**

The Directors are pleased to state that the Company is compliant with the provisions of the Code of Corporate Governance as required by Securities & Exchange Commission of Pakistan (SECP). Following are statements on Corporate and Financial Reporting Framework:

- a) The Financial Statements prepared by the management of the Company present its state of affairs fairly, the results of its operations, cash flows and changes in equity.
- b) Proper books of accounts of the company have been maintained.
- c) Appropriate accounting polices have been consistently applied in the preparation of the financial statements. Accounting estimates are based on reasonable prudent judgment.
- d) International accounting standards, as applicable in Pakistan, have been followed in preparation of financial statements and any departure there from if any, has been adequately disclosed.
- e) The system of financial controls, which was in place, is being continuously reviewed by the management for improvement of internal audit and other procedures. The process of review will continue and any weaknesses in the controls will be removed.
- f) The going concern assumption is discussed in note 1.1 to the financial statements.

- g) There has been no material departure from the best practice of the corporate governance, as detailed in the listing regulation.
- h) Key operating & financial data for the last six years in summarized, form is annexed.
- i) In view of the losses sustained, the company has not declared dividend during the year.
- j) Outstanding taxes & levies:  
Please refer to note 26 to the annexed financial statements
- k) During the year four meetings of the board of directors were held. Attendance by each director is as follows:-

Board of Directors	No. of meeting Attended
Mr. Azeem H. Mandviwalla	04
Mrs. Shireen H. Mandviwalla	00
Mr. Tariq Mehmood	04
Mr. Abdul Qadir Shawani	04
Mr. Masih ul Hassan	00
Mr. Syed Asghar Ali	04
Mr. Shamim Ahmed Khan	04

Leave of absence was granted to directors who could not attend of the board meetings.

The Audit Committee held Two (2) meeting during the year. Attendance by each member was as follows:

Members Name	No. of meeting Attended
Mr. Qadir Shiwani	02
Mr. Tariq Mehmood	02
Mr. Shamim Ahmed Khan	02

### Future Outlook

The future of the plastic industry is very promising. The market has been growing constantly over the last five years. Our company has been contributing to this industry since 1988, and plans to provide innovative industrial packaging solutions.

The company plans to re-start its production with the award winning Mauser L-Ring drum range, followed by its line of Industrial crates and boxes.

The company plans to add a new product range to its line in order to increase its market share. The company will disclose its plans after start up, in the near future.

### **Acknowledgment**

It is our privilege to share with you our deep appreciation of the sincerity and dedication of our company employees during the course of the year who are our main asset.

We would also like to express our gratitude for the support and co-operation of our valued customers, shareholders, suppliers and financial institutions.

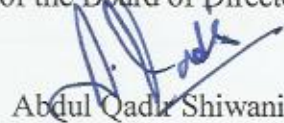


Azeem H. Mandviwalla  
Chief Executive

Karachi

Dated: February 07, 2019

On behalf of the Board of Directors



Abdul Qadir Shiwani  
Chairman/Director

# چیئرمین / ڈائریکٹرز رپورٹ

کمپنی کا بورڈ آف ڈائریکٹرز 30 ویں سالانہ رپورٹ اور مورخہ 30 جون 2018 کو اختتام پذیر ہونے والے سال کیلئے آڈٹ شدہ مالیاتی گوشوارے آپ کی خدمت میں پیش کر رہا ہے۔

## مالیاتی نتائج

2017 روپے	2018 روپے	
-----	-----	مجموعی آمدنی
(6,293,236)	(6,327,721)	خام منافع / (خسارہ)
18,556	(8,163,087)	خالص منافع / (خسارہ) بعد از کٹوتی ٹیکس
(423,758,680)	(434,067,431)	مجموعی خسارہ
0.00	(1.11)	آمدنی فی شیئر

## پروڈکشن

مالی سال 2017-18 کے دوران پیداواری صلاحیت کے صفر استعمال کی وجہ مورخہ 01 جولائی 2013 سے پروڈکشن پروسیس کا بند ہونا ہے۔

## آمدنی

آمدنی کی مد میں خالص آمدنی صفر ہی جو سال گزشتہ میں بھی صفر ہی تھی۔ آمدنی صفر بننے کی وجہ یہ ہے کہ کمپنی کا پروڈکشن پروسیس مورخہ 01 جولائی 2013 سے بند چلا آ رہا ہے۔

کمپنی کے پیداواری عمل کی بندش کی بڑی وجہ بجلی کی فراہمی میں شدید خلل، اوتھل، بلوچستان میں اسن و امان کی صورتحال اور جغرافیائی لحاظ سے دور دراز واقع ہونے کی وجہ سے ٹیکسٹری کے مقام کی ہیئت کا مسابقت کے قابل نہ ہونا ہے۔

مجھے یہ اطلاع دیتے ہوئے مسرت ہو رہی ہے کہ ہمارے بورڈ آف ڈائریکٹرز نے فیصلہ کیا ہے کہ ہمارے پلانٹ اور مشینری کو اوتھل، بلوچستان سے پورٹ قاسم، کراچی میں واقع لیز پر حاصل شدہ نئی جگہ پر منتقل کر دیا جائے۔ اس مقام پر سول کام جاری ہیں اور اوتھل کے پلانٹ میں نصب شدہ مشینری کو ہٹانے کا عمل شروع کیا جا چکا ہے۔ کمپنی نے منظور شدہ اور ادا شدہ سرمایہ بڑھانے کا بھی فیصلہ کیا ہے اور کمپنی کے ذمے واجب الادا قرضوں اور واجبات کی ادائیگی کے لئے ہر ممکن کوشش کی جائے گی۔

## بعد از ٹیکس منافع / خسارہ اور مجموعی خسارہ

2017 میں ملنے والا 0.018 ملین روپے کے منافع کے مقابلے میں کمپنی کو زبردانہ سال کے دوران مبلغ 8.163 ملین روپے کا خسارہ برداشت کرنا پڑا۔ اوتھل، بلوچستان میں واقع ہمارا پلانٹ بحال ناقابل حمو (unviable) ہے اور اسے فوری طور سے منتقل کرنے کی ضرورت ہے۔

## قرضوں کی ادائیگی

دوران سال انڈسٹریل ڈیولپمنٹ بینک لمیٹڈ کا قرضہ ادا کیا گیا اور بورڈ آف ڈائریکٹرز کی کوشش ہے کہ مستقبل قریب میں مزید قرضوں کی ادائیگی بھی ممکن ہو سکے۔

### آڈیٹرز رپورٹ بنام ممبران

ہمارے آڈیٹرز میسرز ابراہیم، شیخ اینڈ کمپنی، چارٹرڈ اکاؤنٹنٹس نے ممبران کے نام زیر جائزہ سال کی اپنی رپورٹ میں مالیاتی تفسیروں کے بارے میں چند معاملات کو اجاگر کیا ہے۔ ان کی وضاحتیں ذیل میں پیش کی جا رہی ہیں:-

1- کمپنی کے قابل نمو (going concern assumption) ہونے کے بارے میں آڈیٹرز نے رائے پیش کی ہے کہ زیر نظر مالیاتی گوشواروں کی تیاری میں استعمال کردہ پیمانہ غیر موزوں ہے؛ نتیجتاً اثاثہ جات اور واجبات/قرضہ جات کے لئے بالترتیب حقیقی قابل وصولی اور حقیقی قابل ادائیگی رقوم بیان کی جانی چاہئے تھی۔ تاہم انتظامیہ کا نقطہ نگاہ یہ ہے کہ اسپانسرز نے 30 جون 2018 تک کمپنی میں فنڈز مسلسل شامل کئے ہیں اور "ماہیتی قرضوں" (subordinated loans) اور طویل المدتی قرضوں کی مدد میں بالترتیب مبلغ 64.668 ملین اور 264.713 ملین روپے کی رقم کمپنی میں شامل کی ہے۔ کمپنی کی تیاری جانے والی مصنوعات منفرہ ہیں اور کمپنی اپنے شعبے میں بہترین ساکھ کی حامل بھی ہے۔ ہمیں میسرینیکنا لوجی کے تجربے کا حصول انتہائی مشکل ہے جس کے باعث مستقبل میں حالات بہتر ہو جانے کی قوی امید ہے۔ ان عوامل کی وضاحت کمپنی نے فنانشل اسٹیٹمنٹس کے نوٹ 1.1 میں کر دی ہے اور مالیاتی گوشواروں میں کمپنی کے کاروبار جاری رکھنے کے بارے میں پیش کردہ تصورات کے لئے ان ہی عوامل کو بنیاد بنایا گیا ہے۔

2- آڈیٹرز کی رائے ہے کہ IAS 36 "اثاثہ جات کا نقصان" کے تحت اثاثہ جات کی قدر کا تعین کرتے ہوئے پائیدار اثاثوں (fixed assets) کی اصل تخمینہ شدہ قیمت (carrying value) کا تعین کرتے ہوئے کمپنی نے پائیدار اثاثوں کے استعمال کا جائزہ (review) نہیں لیا ہے۔ چنانچہ ان اثاثوں کی قیمتیں مقرر کردہ اکاؤنٹنگ پالیسی کے تحت لگائی گئی ہیں اور خرابی/مرمت، اگر ہو، کے باعث ہونے والے نقصان کے ضمن میں کوئی ایڈجسٹمنٹ نہیں کی گئی ہے۔ کمپنی کی انتظامیہ اس ضمن میں جدوجہد کر رہی ہے اور یہ جائزہ آئندہ سال تیار کیا جائے گا۔

3- مبلغ 19.705 ملین روپے کے ترسکات کے حامل انجینئرنگ اسٹورز کی تفصیلات نہیں دی گئی ہیں کیونکہ یہ انجینئرنگ اسٹورز تا حال بوئڈ ڈویز ہاؤس میں رکھتے ہیں چنانچہ نقصانات کی رقم کا تعین پورے یقین سے نہیں کیا جاسکتا۔ اس ضمن میں مزید وضاحت فنانشل اسٹیٹمنٹس کے نوٹ 5.1 میں دے دی گئی ہے۔

4- نوٹ نمبر 18.1.2 میں متذکرہ "تھرڈ پارٹی ٹیکس" کی جوہل کے ضمن میں کمپنی نے انکم ٹیکس آرڈیننس 2001 کی دفعہ 205 کے تحت مقررہ مدت کے دوران قومی خزانے میں قابل ادائیگی کوئی اضافی واجبات ریکارڈ نہیں کئے ہیں۔ کمپنی توقع کرتی ہے کہ وہ اپنے قرض خواہوں کو اس معاملے پر پوری طرح سے مطمئن کر دے گی کیونکہ اس ضمن میں تمام قانونی ذمہ داریاں پوری کی گئی ہیں جس کا ثبوت آڈیٹرز کو پیش کر دیا جائے گا۔

5- "فاضل پرزہ جات اور کھلے اوزار" اور "اسٹاک ان ٹریڈ" اسٹور حقیقی قابل فروخت قدر پر ریکارڈ کئے گئے ہیں کیونکہ انتظامیہ کے تخمینوں کے مطابق ان اسٹور کے لئے کسی خاص شرط کی ضرورت نہیں۔ تاہم "فاضل پرزہ جات اور کھلے اوزار" اور "اسٹاک ان ٹریڈ" کی آزادانہ کی قدر کا 2019 میں دوبارہ تعین کیا جائے گا۔

6- انتظامیہ ان قرض خواہوں سے رابطہ کرنے کی کوششیں کر رہی ہے تاکہ وہ اپنے بقایا جات کی تصدیق ہمارے آڈیٹرز کے پاس کر سکیں۔ اس صورتحال کا ذکر مکمل طور پر ششماہی آڈٹ یا اسکے بعد کے کھاتوں میں کیا جائے گا۔

7- غیر دعویٰ شدہ منافع منقسمہ دراصل اسپانسرز کے غیر دعویٰ شدہ منافع منقسمہ کو ظاہر کرتا ہے اور انہوں نے رضامندی ظاہر کر دی ہے کہ یہ غیر دعویٰ شدہ منافع منقسمہ کمپنی کی صوابدید پر قابل ادائیگی ہے۔

موجودہ آڈیٹرز میسرز ابراہیم، شیخ اینڈ کمپنی، چارٹرڈ اکاؤنٹنٹس ریٹائر ہو رہے ہیں اور اہل ہونے کے سبب انہوں نے اپنے دو بارہ مقرر کے لئے خود کو پیش کیا ہے۔

## کارپوریٹ اور فنانشل رپورٹنگ فریم ورک کا اسٹیٹمنٹ

ڈائریکٹرز یہ اظہار کرتے ہوئے مسرف محسوس کرتے ہیں کہ ہماری کمپنی بیکورٹی اینڈ ایگزیکٹو کمیشن آف پاکستان (SECP) کے مقرر کردہ "گوڈ آف کارپوریٹ گورننس" کی مکمل تعمیل کر رہی ہے۔ کارپوریٹ اور فنانشل رپورٹنگ فریم ورک پرائیٹ ٹینٹس درج ذیل ہیں۔

- (a) کمپنی کی انتظامیہ کی جانب سے تیار کردہ مالیاتی گوشوارے کمپنی کے معاملات یعنی اسکے آپریٹرز کے نتائج، نقدی کے بہاؤ اور ایکویٹی میں تبدیلیوں کی صورتحال غیر جانبداری سے بیان کرتے ہیں۔
- (b) کمپنی کے کماوت جات موزوں طور سے تیار کئے گئے ہیں۔
- (c) مالیاتی گوشواروں کی تیاری میں موزوں اور مناسب اکاؤنٹنگ پالیسیوں پر عمل درآمد کیا گیا ہے۔ اکاؤنٹنگ تخمینہ جات معقول اور حتمی فیصلوں پر بنیاد کرتے ہیں۔
- (d) مالیاتی گوشواروں کی تیاری میں پاکستان میں قابل اطلاق اکاؤنٹنگ کے عالمی معیارات کی تعمیل کی گئی ہے اور کسی بھی انحراف، اگر ہو، کو موزوں طور سے ظاہر کیا گیا ہے۔
- (e) انٹرنل آڈٹ اور دیگر پروسیجرز میں بہتری لانے کی غرض سے مالیاتی انضباط (financial controls) کے نظام، جو پہلے سے موجود ہے، کا انتظامیہ کی جانب سے مسلسل جائزہ لیا جاتا ہے۔ جائزہ لینے کا یہ عمل جاری رہے گا اور کنٹرولز میں پائی جانے والی خامیاں دور کی جاتی رہیں گی۔
- (f) کمپنی کے قابل نمو (going concern assumption) ہونے کے بارے میں بحث فنانشل اسٹیٹمنٹ کے نوٹ نمبر 1.1 میں تفصیلاً موجود ہے۔
- (g) لسٹنگ ریگولیشنز میں صراحت کردہ کارپوریٹ گورننس کے بہترین معمولات سے کسی قسم کا مادی انحراف نہیں کیا گیا ہے۔
- (h) گزشتہ چھ (06) برسوں کے اہم آپریٹنگ اور فنانشل ڈیٹا بصورت خلاصہ دیا گیا ہے جس کا فارم منسلک ہے۔
- (i) کمپنی کو ہونے والے نقصانات کے پیش نظر زیر جائزہ سال کے لئے کمپنی نے منافع مظہمہ کا اعلان نہیں کیا ہے۔
- (j) واجب الادا ایکسز اور محصولات:-
- ازراہ کر م فنانشل اسٹیٹمنٹس کے ساتھ منسلک نوٹ 26 ملاحظہ فرمائیں۔
- (k) دوران سال بورڈ آف ڈائریکٹرز کے چار اجلاس منعقد کئے گئے۔ اس ضمن میں ہر ڈائریکٹر کی حاضری کی صورتحال درج ذیل ہے:-

تعداد اجلاس	بورڈ آف ڈائریکٹرز
04	مسٹر مظہم ایچ ماٹھوی والا
00	مسز شیریں ایچ ماٹھوی والا
04	مسٹر طارق محمود
04	مسٹر عبدالقادر شیوانی
04	مسٹر شیخ الحسن
04	مسز سید اصغر علی
04	مسٹر مظہم احمد خان

دوران سال آڈٹ کمیٹی کے دو (02) اجلاس منعقد ہوئے۔ ہر ممبر کی اجلاسوں میں حاضری کی صورتحال درج ذیل ہے:-

02  
02  
02

ممبر کا نام  
مسٹر عبدالقادر شیوانی  
مسٹر طارق محمود  
مسٹر مظہم احمد خان

## مستقبل کا منظر نامہ

ملک میں پلاسٹک انڈسٹری کا مستقبل انتہائی امید افزا ہے۔ گزشتہ پانچ برسوں کے دوران مارکیٹ وسیع سے وسیع تر ہوتی جا رہی ہے۔ ہماری کمپنی پلاسٹک کی صنعت میں 1988 سے شریک رہی ہے اور ہمارا منصوبہ ہے کہ صنعتی ٹیکنالوجی کے اختراعی سولوشنز پیش کئے جائیں۔


ہماری کمپنی Mauser L-Ring ڈورم ریچ کی پروڈکشن کے ساتھ آغاز کرنے کا منصوبہ رکھتی ہے جس کے بعد اسی لائن کے انڈسٹریل کرش اور باکسز بھی تیار کئے جائیں گے۔

مارکیٹ میں اپنا حصہ بڑھانے کی غرض سے ہماری کمپنی نئی مصنوعات کی ریچ بھی متعارف کروانے کا منصوبہ رکھتی ہے۔ اس سلسلے میں کمپنی کی جانب سے مستقبل قریب میں آغاز نو کے بعد منصوبوں کا اعلان کیا جائے گا۔

## اظہار تشکر

ہم اپنے قیمتی ترین اثاثے، اپنے ملازمین کو دل کی اتھاہ گہرائیوں سے ہدیہ تہنیت پیش کرتے ہوئے فخر محسوس کر رہے ہیں جو انتہائی خلوص اور وفاداری سے ہمارے ساتھ جڑے ہوئے ہیں۔

ان کے ساتھ ساتھ اعانت اور تعاون فراہم کرنے والے اپنے قابل قدر گاہکوں، شیئرز ہولڈروں، سپلائرز اور مالیاتی اداروں کا بھی ہم تہہ دل سے شکر یہ ادا کرتے ہیں۔



عظیم ایچ مائیکرو کی والا  
چیف ایگزیکٹو

منجانب بورڈ آف ڈائریکٹرز



عبدالقادر شیوانی

چیرمین / ڈائریکٹر

کراچی

مورخہ 07 فروری 2019

### Key Operating And Financial Results

Rupees in Thousand

	2018	2017	2016	2015	2014	2013
<b>Operating Data</b>						
Sales (Net)	-	-	-	-	42	16,945
Cost of sales	(6,327)	(6,293)	(7,469)	(7,552)	(8,835)	(31,282)
Gross Profit /(loss)	(6,327)	(6,293)	(7,469)	(7,552)	(8,793)	(143,337)
Operating Profit/lose	(8,161)	(7,749)	(9,889)	(15,343)	(13,664)	(27,148)
Financial Charges	(1,664)	-	(5,000)	(3,00)	(24)	(1,343)
Profit/(lose) before Taxation	(8,163)	22,357	127,838	(14,908)	(10,116)	3,109
Profit/(lose) after Taxation	(8,163)	18,556	43,906	(14,908)	(9,733)	3,109
<b>Financial Data</b>						
Shareholders equity	(295,845)	(285,536)	(285,757)	(287,495)	(272,357)	(263,109)
Long term liabilities	264,712	207,068	-	-	-	185,174
Deferred liabilities	8,519	5,866	5,561	7,329	8,355	12,691
Current liabilities	99,223	153,972	366,279	408,345	398,661	208,392
Fixed Assets	38,662	42,898	47,610	52,853	59,069	65,816
Long term deposits	231.71	733	733	733	733	733
current assets	18,011	18,033	18,033	54,886	55,151	56,893
<b>Key Ratio</b>						
Gross margin	-	-	-	-	-207.45%	-84.60%
Operating margin	-	-	-	-	-322.39%	136.00%
Net Profit/Loss	-	-	-	-	-229.64%	18.35%
Current ratio*	0.19	0.160	0.049	0.13	0.13	0.27
Earning/(loss) per share	-1.11	-	0	(2.03)	(1.32)	0.40
<b>Dividend</b>						
			-			-
<b>Production (Tons)</b>						
Installed	4275	4,275	4,275	4,275	4,275	4,275
Actual	-	-	-	-	-	70

\*Current ration has been calculated after deducting current maturity of long term liabilities

**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 Mandviwalla MAUSER Plastic Industries Limited (the Company) for the year ended June 30, 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 June 30, 2018.

Further, we highlight below instances of non-compliance with the requirements of the code as reflected in the notes in the statement of compliance.

	<b>Note reference</b>	<b>Description</b>	<b>Non-Compliance</b>
i)	2	Composition of the board	No Independent Director
ii)	4	Code of Conduct	Company has not prepared Code of Conduct.
iii)	9	Directors Training	No orientation course for Directors arranged.
iv)	10	Qualification of Chief Financial and Officer and Head of Internal Audit	Qualification of Chief Financial Officer Head of Internal Auditor as per the requirement 23 (c) and 24 (c) of the code as regards the suitability of the candidate to be determined by the Commission.



v)	12	Audit Committee and HR and Remuneration Committee	No Independent Director in Audit Committee and None of the member is financially literate. The Board has not formed an HR and remuneration Committee
vi)	14	Meeting of Audit Committee and HR Remuneration Committee	No meeting was held
vii)	15	Qualification of Internal Auditor	Qualification of Head of Internal Auditor as per the requirement 24 (c) of the code as regards the suitability of the candidate to be determined by the Commission.



Karachi.  
Date: February 07, 2019

Ibrahim, Shaikh & Co.  
Chartered Accountants



**Engagement Partner Imran Ahmed Zaki FCA**

## Statement of Compliance

With the Code of Corporate Governance for the year ended June 30, 2018.

Mandviwalla MAUSER Plastic Industries Limited ("the Company") has complied with the requirements of the Listed Companies (Code of Corporate Governance) Regulations, 2017 ("the Regulations") in the following manner:

1. The total number of directors are seven as per the following:
  - a) Male: Six
  - b) Female: One
2. The composition of the Board of Directors ("the Board") is as follows:


Category	Names
Independent Director	Nil
Other Non-Executive Directors	Mst. Shireen H. Mandviwalla
	Mr. Shamim Ahmed Khan
	Mr. Tariq Mahmood
	Mr. Abdul Qadir Shiwani
	Mr. Masih ul Hasan
	Mr. Syed Asghar Ali
Executive Directors *	Mr. Azeem H. Mandviwalla *

\*The Chief Executive of the Board is an Executive Director.

3. The Directors have confirmed that none of them is serving as a director on more than five listed companies, including this Company (excluding the listed subsidiaries of listed holding companies where applicable).
4. The Company has not prepared a Code of Conduct.
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 decisions on relevant matters have been taken by the Board / shareholders as empowered by the relevant provisions of the Companies Act, 2017 ("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 the Act and the Regulations with respect to frequency, recording and circulating minutes of meeting of the board.
8. The Board of Directors has a formal policy and transparent procedures for remuneration of directors in accordance with the Act and these Regulations.
9. The Board remained non compliant with the provision with regard to their directors' training program. The company has an arrangement to hold orientation course for their directors in coming year.



10. The Board has approved appointment of Chief Financial Officer, Company Secretary and Head of Internal Audit, including their remuneration and terms and conditions of employment and complied with relevant requirements of the Regulations other than Qualification of Chief Financial Officer and Internal Auditor as per the requirement 23 (c) and 24 (c) of the code as regards the suitability of the candidate to be determined by the Commission.
11. Chief Financial Officer and Chief Executive Officer duly endorsed the financial statements before approval of the Board.
12. The Board has formed committees comprising of members given below:
- a. Audit Committee
- i. Mr. Tariq Mehmood -Chairman
  - ii. Mr. Abdul Qadir Shiwani
  - iii. Mr. Shamim Ahmed Khan
- Audit Committee comprises three non- executive directors and no independent director and None of the member is financially literate.
- b. The Board has not formed an HR and Remuneration Committee
13. The terms of reference of the Audit Committee have been formed, documented and advised to the committee for compliance.
14. The frequency of meetings of the aforesaid committees were as per following:
- a. Audit Committee: Two quarterly meetings held during the financial year ended June 30, 2018
  - b. No HR and Remuneration Committee formed
15. The Board has set up effective internal audit functions that are considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the Company. However Qualification of Internal Auditor as per the requirement 24 (c) of the code as regards the suitability of the candidate to be determined by the Commission.
16. The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the quality control review program of the Institute of Chartered Accountants of Pakistan ("the ICAP") and registered with Audit Oversight Board of Pakistan, that they or any of the partners of the firm, their spouses and minor children do not hold shares of the Company and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the ICAP.
17. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Act, these Regulations or any other regulatory requirement and the auditors have confirmed that they have observed IFAC guidelines in this regard.
18. We confirm that all other requirements of the Regulations have been complied with.

  
Azeem H. Mandviwalla  
Chief Executive

  
Abdul Qadir Shiwani  
Chairman

Karachi: February 07, 2019

**INDEPENDENT AUDITORS' REPORT**  
**TO THE MEMBERS OF MANDVIWALLA MAUSER PLASTIC INDUSTRIES LIMITED**

**Report on the Audit of the Financial Statements**

**Adverse Opinion**

We have audited the annexed financial statements of Mandviwalla MAUSER Plastics Industries Limited (the Company), which comprise the statement of financial position as at June 30, 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 explanations given to us, the statement of financial position, statement of profit or loss, statement of comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes forming part thereof do not conform with the accounting and reporting standards as applicable in Pakistan and do not give the information required by the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively do not give a true and fair view of the state of the Company's affairs as at June 30, 2018 and of the loss the comprehensive loss, the changes in equity and its cash flows for the year then ended.

**Basis for Adverse Opinion**

- The financial statements for the year ended June 30, 2018 have been prepared on going concern assumption despite of the fact that company incurred loss after taxation of Rs 8.163 million and as of that date it has accumulated losses of Rs.434.067 million which resulted in negative equity to the tune of Rs.295.845 million and its current liabilities exceeded its current assets by Rs. 81.212 million and total assets by Rs.295.845 million. Furthermore, management's assertion as explained fully in note 1.1 we have not been furnished evidence in support of the management's assertion that they shall succeed in their efforts. These conditions lead us to believe that going concern assumption used in preparation of these financial statements is inappropriate; consequently the assets and liabilities should have been stated at their realizable and settlement amounts respectively.
- The management has not carried out a review of operating fixed assets to determine the impairment in the carrying values under IAS 36 "Impairment of assets". Consequently, the amounts for these assets are stated as per the stated accounting policy and no adjustment has been made in respect of impairment loss, if any.
- Company's policy for impairment of assets in respect of engineering stores in bond, having cost of Rs.19.705 million is contrary to International Accounting Standard (IAS-36) "Impairment of Assets". The customs authorities allegedly damaged the said stores. No provision for impairment loss has been made in financial statements in this respect. The company has filed a



suit against the customs authorities. Since, the engineering stores are held in bond, the extent of damage occurred could not be ascertained with reasonable certainty.

Had the company made the provisions the loss for the year would have been Rs. 27.868 million and the accumulated losses would have been Rs. 453.772 million. Furthermore, the net capital deficiency of the company would have been Rs. 315.550 million.

- As mentioned in note 18.1.2 to the financial statements, the company has not recorded any additional tax liability under section 205 of the Income Tax Ordinance, 2001 that the company may incur on non-deposit of third party tax liability in the government treasury within stipulated time. Since the age of the tax liability is not ascertainable, the estimate of the financial effect cannot be quantified with substantial accuracy.
- Stores & spares and stock in trade as disclosed in note no. 7 and 8 amounting to Rs. 9.546 million and 7.178 million respectively were not physically verified by us because of prevailing law and order situation in Uthal District Lasbella Baluchistan. We also could not perform any alternate procedures to verify the existence of the said inventories and these are valued as per the information provided by the management;
- Included in the trade creditors and Advance from Customer shown in note 12 to the financial statements is an amount of Rs. 83.547 million and 3.615 million respectively in respect of various parties, which remain unverified. In the absence of information we were unable to verify the actual liability against these creditors and Advances;
- Unclaimed Dividend amounting to Rs 2.209 Million. However balance as per Dividend account in MCB (account No 10075-9) amounting to Rs 0.020 million.

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 Auditor's 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 year. 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.



Except for the matters described in the Basis for Adverse Opinion section, we have determined the matter described below to be the key audit matter to be communicated in our report.

S. No. Key Audit Matters	How the matter was addressed in our audit.
<p>(i) <b>First time application of third and fourth schedules to the Companies Act, 2017</b></p> <p>As referred to in note 2.6 to the annexed financial statements, the third and fourth schedules to the Companies Act, 2017 became applicable for the first time for the preparation of the Company's annual financial statements for the year ended June 30, 2018.</p> <p>The Companies Act, 2017 (including third and fourth schedules) 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>As part of this transition to the requirements of the said third and fourth schedules, the management performed a gap analysis to identify differences between the previous reporting framework and the current reporting framework and as a result assessed the amendments (as specified in the said note 2.6 relating to disclosures required in the Company's financial statements).</p> <p>We consider it as a key audit matter in view of the impacts in the financial statements due to the Companies Act, 2017.</p>	<p>Our audit procedures included the following:</p> <p>Considering the management's process to identify the necessary amendments required in the Company's financial statements.</p> <p>Evaluating the results of management's analysis and key decisions taken in respect of the transition, using our knowledge of the relevant requirements of the third and fourth schedules to the Companies Act, 2017 and our understanding of the Company's operations and business.</p> <p>Assessing the adequacy and appropriateness of the additional disclosures and changes to the previous disclosures made in the annexed financial statements based on the new requirements.</p>

### **Information Other than the Financial Statements and Auditor's 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 auditor's 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.

### **Auditor's 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 auditor's 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 auditor's 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 auditor's 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 auditor's 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**

Except for the adjustment in respect of matters stated in Basis for Adverse Opinion above, we further report that in our opinion:

- (a) proper books of account have been kept by the Company as required by the Companies Act, 2017 (XIX of 2017);
- (b) 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



**IBRAHIM SHAIKH & CO.**

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;

- (c) investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Company's business; and
- (d) no Zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980),

The engagement partner on the audit resulting in this independent auditor's report is Imran Ahmed Zaki.

*Ibrahim Shaikh*

**IBRAHIM, SHAIKH & CO.  
CHARTERED ACCOUNTANTS  
KARACHI**

DATED :

**07 FEB 2019**

*Imran Ahmed Zaki*

**MANDVIWALLA MAUSER PLASTIC INDUSTRIES LIMITED**

**STATEMENT OF FINANCIAL POSITION  
AS AT JUNE 30, 2018**

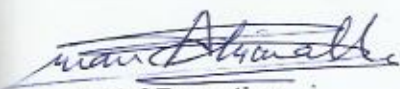
	Note	2018	2017 Rupees
<b>NON-CURRENT ASSETS</b>			
Property plant and equipment	4	38,662,185	42,898,281
Assets in bond	5	19,705,171	19,705,171
Long term deposits	6	231,710	733,850
		58,599,066	63,337,302
<b>CURRENT ASSETS</b>			
Stores, spares and loose tools	7	9,545,904	9,545,904
Stock-in-trade	8	7,178,083	7,178,083
Trade receivable - unsecured	9	109,805	109,805
Other receivables	10	1,149,985	1,174,027
Cash and bank balances	11	27,748	26,154
		18,011,525	18,033,973
<b>CURRENT LIABILITIES</b>			
Trade and other payables	12	97,014,665	106,845,299
Current portion of long term liabilities	13	-	44,893,000
Unclaimed dividend		2,208,846	2,208,846
Provision for taxation	14	-	25,534
		99,223,511	153,972,679
<b>Net current assets/(liabilities)</b>		(81,211,986)	(135,938,706)
<b>NON-CURRENT LIABILITIES</b>			
Long term borrowing - secured	15	-	-
Long term borrowing - unsecured from directors	16	264,712,642	207,068,113
Deferred liabilities	17	8,519,653	5,866,947
		273,232,295	212,935,060
<b>CONTINGENCIES AND COMMITMENTS</b>	18		
<b>NET ASSETS</b>		<u>(295,845,215)</u>	<u>(285,536,464)</u>

MANDVIWALLA MAUSER PLASTIC INDUSTRIES LIMITED

STATEMENT OF FINANCIAL POSITION  
AS AT JUNE 30, 2018

	Note	2018	2017 Rupees
<b>SHARE CAPITAL AND RESERVES</b>			
Authorized: 7,500,000 ordinary shares of Rs.10/- each	19	<u>75,000,000</u>	<u>75,000,000</u>
Issued, subscribed and paid-up capital	19	73,554,000	73,554,000
Subordinated loans	20	64,668,216	64,668,216
Accumulated losses carried forward		(434,067,431)	(423,758,680)
<b>Net shareholders' equity</b>		<u>(295,845,215)</u>	<u>(285,536,464)</u>

The annexed notes from 1 to 35 form an integral part of these financial statements.

  
Chief Executive

  
Director

  
Chief Financial Officer



MANDVIWALLA MAUSER PLASTIC INDUSTRIES LIMITED

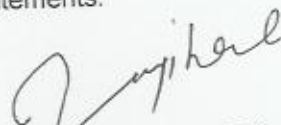
STATEMENT OF PROFIT OR LOSS  
FOR THE YEAR ENDED JUNE 30, 2018

	Note	2018 Rupees	2017 Rupees
Revenue	21	-	-
Cost of sales	22	(6,327,721)	(6,293,236)
<b>Gross (loss)</b>		<u>(6,327,721)</u>	<u>(6,293,236)</u>
General and administrative expenses	23	1,833,702	1,456,480
		<u>(1,833,702)</u>	<u>(1,456,480)</u>
Loss generated from operation		<u>(8,161,423)</u>	<u>(7,749,716)</u>
Other income / (charges)	24	-	7,772,073
		<u>(8,161,423)</u>	<u>22,357</u>
Finance cost	25	(1,664)	-
Profit / (loss) before taxation		<u>(8,163,087)</u>	<u>22,357</u>
Taxation	26	-	(3,801)
Profit / (loss) after taxation		<u><u>(8,163,087)</u></u>	<u><u>18,556</u></u>
Earnings per share - basic and diluted	27	<u><u>(1.11)</u></u>	<u><u>0.00</u></u>

The annexed notes from 1 to 35 form an integral part of these financial statements.

  
Chief Executive

  
Director

  
Chief Financial Officer



MANDVIWALLA MAUSER PLASTIC INDUSTRIES LIMITED


STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED JUNE 30, 2018

	2018 Rupees	2017 Rupees
Profit / (loss) for the year	(8,163,087)	18,556
Acturial gain/(loss) on gratuity	(2,145,664)	202,901
Total comprehensive Income/(loss) for the year	<u>(10,308,751)</u>	<u>221,457</u>

The annexed notes from 1 to 35 form an integral part of these financial statements.

  
Chief Executive

  
Director

  
Chief Financial Officer




MANDVIWALLA MAUSER PLASTIC INDUSTRIES LIMITED

STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED JUNE 30, 2018

	Issued, subscribed and paid up share capital	Subordinated loans	Accumulated losses carried forward	Net shareholders' equity
	Rupees	Rupees	Rupees	Rupees
Balance as at July 01, 2016	73,554,000	64,668,216	(423,980,137)	(285,757,921)
Total comprehensive Income/(loss) for the year	-	-	221,457	221,457
<b>Balance as at June 30, 2017</b>	<b>73,554,000</b>	<b>64,668,216</b>	<b>(423,758,680)</b>	<b>(285,536,464)</b>
Total comprehensive Income/(loss) for the year	-	-	(10,308,751)	(10,308,751)
<b>Balance as at June 30, 2018</b>	<b>73,554,000</b>	<b>64,668,216</b>	<b>(434,067,431)</b>	<b>(295,845,215)</b>

The annexed notes from 1 to 35 form an integral part of these financial statements.

  
Chief Executive

  
Director

  
Chief Financial Officer



**MANDVIWALLA MAUSER PLASTIC INDUSTRIES LIMITED**

**CASH FLOW STATEMENT  
FOR THE YEAR ENDED JUNE 30, 2018**

	Note	2018 Rupees	2017 Rupees
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Profit / (loss) before taxation		(8,163,087)	22,357
<b>Adjustment for non-cash charges and other items:</b>			
Depreciation	4.1	4,236,096	4,712,381
Provision for staff gratuity		784,031	508,175
Liability no more payable		-	(7,772,073)
Finance cost		1,664	-
		<u>5,021,791</u>	<u>(2,551,517)</u>
		(3,141,296)	(2,529,160)
<b>Working capital changes</b>			
<b>Decrease / (Increase) in current assets</b>			
Stores, spares and loose tools		-	-
Stock-in-trade		-	-
Trade receivable - unsecured		-	-
Short term loans and advancesw		-	-
Other receivables		-	-
<b>Increase / (decrease) in current liabilities</b>			
Trade and other payables		(10,107,623)	236,201
		(10,107,623)	236,201
Income tax paid		(1,492)	-
Staff gratuity paid		-	-
Employees' compensated absences paid		-	-
Finance cost paid		(1,664)	-
		<u>(3,156)</u>	<u>-</u>
<b>Net cash used in operating activities</b>		<b>(13,252,075)</b>	<b>(2,292,959)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Fixed capital expenditures		-	-
Sale proceeds from disposal of property plant and equipment		-	-
Net (increase) in long term deposits		502,140	-
<b>Net cash generated from investing activities</b>		<b>502,140</b>	<b>-</b>



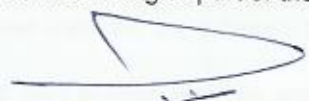
MANDVIWALLA MAUSER PLASTIC INDUSTRIES LIMITED


CASH FLOW STATEMENT  
FOR THE YEAR ENDED JUNE 30, 2018

	Note	2018 Rupees	2017 Rupees
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Long Term Loan		(44,893,000)	-
Long term borrowing - unsecured from directors		57,644,529	2,292,959
		-	-
<b>Net cash generated from financing activities</b>		12,751,529	2,292,959
Net increase / (decrease) in cash and cash equivalents		1,594	-
Cash and cash equivalents at the beginning of the year		26,154	26,154
Cash and cash equivalents at the end of the year	31	<u>27,748</u>	<u>26,154</u>

The annexed notes from 1 to 35 form an integral part of these financial statements.

  
Chief Executive

  
Director

  
Chief Financial Officer



NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2018

**1 STATUS AND NATURE OF BUSINESS**

The company was incorporated in Pakistan on June 13, 1988, as a public limited company under the Companies Ordinance, 1984 (now Companies Act, 2017) domiciled in the province of Sindh and is listed on Pakistan Stock Exchanges. The company is mainly engaged in manufacturing and sale of plastic and allied products. The registered office of the company is situated at Mandviwalla Building, Old Queens Road, Karachi. The plant is located at C-5, Uthal Industrial Estate, Uthal, District Lasbella, Baluchistan.

**1.1 GOING CONCERN ASSUMPTION**

The Company accumulated losses amounting to Rs 434.067 million (2017 Rs 423.759 million) as on June 30, 2018. Thus causing a net capital deficiency of Rs 295.845 million (2017 Rs 285.536 million). The current liabilities have exceeded current assets by Rs 81.212 million (2017 Rs 135.939 million). The company has temporarily shut down its operations with effect from July 01, 2013.

These conditions indicate the existence of material uncertainty which may cast significant doubt about the company's ability to continue as going concern and therefore it may be unable to realize its assets and discharge its liabilities in the normal course of business. These Financial Statements however, have been prepared under the going concern assumptions based on following mitigating factors narrated below.

The company plans to shift plant to other premises and to start production by June, 2019. Up to June 30, 2018 Sponsoring Directors of the company have injected funds amounting to Rs 264,712,642 along with written commitment to the company stating that they would inject funds as and when required by the company. The Sponsoring Directors also put on record that they have enough liquid fund to fulfill their commitments.

**2 BASIS OF PREPARATION**

**2.1 STATEMENT OF COMPLIANCE**

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

- International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017; and
- Provisions of and directives issued under the Companies Act, 2017;
- Where provisions of and directives issued under the Companies Act, 2017 differ from the IFRS Standards, the provisions of and directives issued under the Companies Act, 2017 have been followed.

**2.2 SUMMARY OF SIGNIFICANT EVENTS AND TRANSACTIONS THAT AFFECTED THE COMPANY'S FINANCIAL POSITION AND PERFORMANCE**

- During the year the company has settled Liability of IDBP Principal amounting to Rs 44.893 million and Interest amounting to Rs 5.000 million
- Due to applicability of the Companies Act, 2017 certain disclosures of the financial statements are prepared in accordance with new enactments and Forth Schedule;
- The exchange rate of USD to PKR has increased from PKR 104.58 as at June 30, 2017 to PKR 123.85 as at June, 30, 2018,

**2.3 BASIS OF MEASUREMENT**

These financial statements have been prepared using accrual basis of accounting except for cash flow statement, under the historical cost convention except for certain financial assets and liabilities which are stated at fair value.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2018

**2.4 Functional and presentation currency**

These financial statements are presented in Pakistan Rupees which is the functional and presentation currency of the Company.

**2.5 USE OF CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS**

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 judgment in the process of applying the companies accounting policies. Estimates and judgments are continually evaluated and are based on historical experience, including expectations of future events that are believed to be reasonable under the circumstances. The areas involving a higher degree of judgments or complexity or areas where assumptions and estimates are significant to the financial statements are as follows:

- a) Deferred liability - staff gratuity
- b) Provision for taxation
- c) Accrued liabilities
- d) Impairments of, doubtful trade debts, capital work in progress
- e) Useful life of operating fixed assets, intangible assets.
- f) Valuation of assets held for sale
- g) Estimates of impairments and recoverable amounts of assets

**2.6 STANDARDS, AMENDMENTS OR INTERPRETATIONS WHICH BECAME EFFECTIVE DURING THE CURRENT YEAR**

The third and fourth schedule to the Companies Act, 2017 became applicable to the Company for the first time for the preparation of these financial statements. The Companies Act, 2017 (including its third and fourth schedule) form an integral part of the statutory financial reporting framework applicable to the Company and amongst others, prescribes the nature and content of disclosures in relation to various elements of the financial statements. Additional disclosures include but are not limited to, change in threshold for identification of executives (refer note 29), additional disclosure requirements for related parties (refer note 28 ) etc. The other amendments to published standards and interpretations that were mandatory for the Comopany's financial year ended June 30, 2018 are considered not to be relevant or to have any significant effect on the Company's financial reporting and therefore not disclosed in these financial statements.

**2.7 New / revised accounting standards, amendments to published accounting standards, and interpretations that are not yet effective**

IFRS 2	Share-based Payment (Amendments)	January 1, 2018
IFRS 9	Financial instruments (Amendments)	January 1, 2018
IFRS 15	Revenue from contracts and customers	July 1, 2018
IFRS 16	Leases	January 1, 2019
IFRS 4	Insurance contracts (Amendments)	January 1, 2018
IAS 40	Investment property (Amendments)	January 1, 2018
IAS 19	Employee benefits (Amendments)	January 1, 2019
IAS 28	Investments in associates and joint ventures (Amendments)	January 1, 2019
IFRIC 22	Foreign currency transactions and advance consideration	January 1, 2018
IFRIC 23	Uncertainty over income tax treatments	January 1, 2019

The company expects that the adoption of the above amendments and itnerpretations will not affect its financial statements in the period of initial application, except for IFRS-15 Revenue from contracts with customers. The Company is currently evaluating the impact of the said standard.

MANDVIWALLA MAUSER PLASTIC INDUSTRIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2018

In addition to the above standards and amendments, improvements to the various accounting standards have also been issued by IASB in December 2016 and December 2017. Such improvements are generally effective for accounting periods beginning on or after January 01, 2018 and January 01, 2019 respectively. The company expects that such improvements to the standards will not have any 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 January 01, 2020 for preparation of financial statements who develop accounting policies based on the Conceptual Framework. The revised Conceptual Framework is not standard, and none of 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 prepares develop consistent accounting policies if there is no application standard in place and to assist all parties to understand and interpret the standard.

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

Standard or Interpretation	Effective Date (annual periods beginning on or after)
IFRS 14	Regulatory Deferral Accounts
IFRS 17	Insurance Contracts

### 3 SIGNIFICANT ACCOUNTING POLICIES

#### 3.1 PROPERTY PLANT & EQUIPMENT AND DEPRECIATION

##### Owned

Property, plant and equipment are stated at cost less accumulated depreciation and impairment loss, if any except for capital work-in-progress is stated at cost.

Depreciation on fixed assets is charged to the income statement applying the diminishing balance method whereby the cost of an asset is written off over its estimated useful life. Depreciation is charged on a proportionate basis from the month of addition & up to the month of disposal.

Company accounts for impairment, where indication exists, by reducing its carrying value to the assessed recoverable amount. However, no such indication exists till the authorization of these financial statements.

Expenditure incurred subsequent to the initial acquisition of asset is capitalized only when it increases the future economic benefits embodied in the items of above assets. All other expenditure is recognized in the profit and loss account as and when incurred.

Gains and losses on disposal are included in income currently.

##### Leased

##### Assets subject to finance lease

Assets subject to finance lease are accounted for by recording the asset and related liability at the amounts determined on the basis of lower of fair value of the asset and the present value of minimum lease payments.

The outstanding obligation under the lease less finance charges allocated to future periods is shown as a liability.

Financial charges are allocated to accounting periods in a manner so as to provide a constant periodic rate of charge on the outstanding liability.

Depreciation is charged on the leased assets on the basis similar to that of owned tangible assets.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2018

**Assets subject to operating lease**

Lease rentals payable on assets held under operating leases are charged to the income statement.

**3.2 IMPAIRMENT OF ASSETS**

The company assesses at each balance sheet date whether there is any indication that a fixed asset may be impaired except for assets in bond. If such indication exists, the carrying amounts of such assets are reviewed to assess whether they are recorded in excess of their recoverable amount. Where carrying amounts exceed the estimated recoverable amount, assets are written down to the recoverable amount.

**3.3 STORES, SPARES AND LOOSE TOOLS**

Stores, spares and loose tools are stated at cost which is determined under the moving average method except for those in transit and in bond which are valued at actual cost. Provision is made for slow moving and obsolete items. The term cost means invoice price including direct expenses.

**3.4 STOCK IN TRADE**

Raw materials are valued at lower of cost and estimated net realizable value. Cost is arrived at by using first-in, first-out basis except for goods in transit and in bond.

Finished goods are valued at lower of cost determined on average basis and net realizable value. Cost consists of cost of direct materials, labour and appropriate manufacturing overheads.

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

Goods in transit and in bond are stated at cost comprising invoice value plus other charges paid thereon.

**3.5 TRADE RECEIVABLES**

Trade receivables originated by the company are recognized and carried at original invoice amount. An estimate for doubtful debts is made when collection of the full amount is no longer probable. Bad debts are written off as and when incurred.

**3.6 CREDITORS, ACCRUED EXPENSES AND OTHER LIABILITIES**

Creditors, accrued expenses and other liabilities are stated at cost which is the fair value of the consideration to be paid in future in respect of goods and services.

**3.7 ADVANCES, DEPOSITS, PREPAYMENTS AND OTHERS RECEIVABLE**

These are stated at cost.

**3.8 PROVISIONS**

Provisions are recognized when the company has a present obligation (legal or constructive) 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 of the amount of the obligation can be made.

**3.9 FOREIGN CURRENCY TRANSLATIONS**

Foreign currency transactions are converted into rupees at the rates of exchange approximating to those ruling at the date of transaction. Monetary assets and liabilities in foreign currencies have been translated into rupees at the rates of exchange approximating those ruling at the balance sheet date except for liabilities covered under forward exchange contracts which are translated at the contracted rates. Exchange gains or losses are included in income currently.

**3.10 REVENUE RECOGNITION**

Local sales are recorded on receipt of goods by customers. Sales return are booked as and when received back.

Export sales are recorded on dispatch of goods to customers. Interest income is recognized on an accrual basis.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2018

**3.11 BORROWING COSTS**

Mark-up, interest and other charges on long term borrowings are capitalized unto the date of commissioning of the related fixed asset, acquired out of the proceeds of such long term borrowings. All other mark-up, interest and other charges are charged to income statement.

**3.12 TAXATION**

**Current**

Provision for current tax is based on the taxable income for the year determined in accordance with the Income Tax Ordinance, 2001.

**Deferred**

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

Deferred tax liabilities are recognized for all taxable temporary differences. Deferred tax assets are recognized for all deductible temporary differences, un-absorbed tax losses to the extent that it is probable that the deductible temporary differences will reverse in the foreseeable future and significant taxable income will be available against which the deductible temporary differences or un-absorbed tax losses can be utilized.

The carrying amount of all deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the deferred tax assets to be utilized.

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

**3.13 STAFF RETIREMENT BENEFITS**

**Defined benefit plan - gratuity**

The company operates an unfunded gratuity scheme for its all permanent employees who have completed a minimum qualifying period of service. Provision is made on the basis of Actuarial recommendations. The actuarial valuation is carried out using the Project Unit Credit Method. The actuarial gains and losses are recognized at each valuation date.

**Employees' compensated absences**

The company provides for liability in respect of employees' compensated absences in the year in which these are earned.

The company accounts for these benefits on an accrual basis.

**3.14 OFFSETTING**

Financial assets and liabilities are offset and the net amount is reported in the balance sheet where there is a legally enforceable right to set-off the recognized amounts and the company intends to either settle on a net basis, or to realize the asset and settle the liability simultaneously.

**3.15 CASH AND CASH EQUIVALENTS**

Cash in hand and at banks, if any, are carried at cost.

For the purposes of the cash flow statement, cash and cash equivalents consists of cash in hand, bank balances net off book overdraft.

**3.16 FINANCIAL INSTRUMENTS**

All the financial assets and liabilities are recognized at the time when the company becomes a party to the contractual provisions of the instrument. Any gain or loss on the recognition and derecognizing of the financial assets and liabilities is included in the income currently.

**3.17 RELATED PARTY TRANSACTIONS**

All transactions with related parties are carried out by the company at arm's length prices using "Comparable Uncontrolled Price Method".



MANDIWALLA MAUSER PLASTIC INDUSTRIES LIMITED  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2018

4. PROPERTY PLANT & EQUIPMENT

	Owned	Owned	Owned	Owned	Owned	Owned	Owned	Owned	Owned	Owned	Owned	Owned	Owned	Owned	Owned	Owned	Owned	Owned	Leased	Total
	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees
<b>At July 1, 2017</b>																				
Cost	739,202	32,801,122	251,216,368	11,485,380	57,792,581	9,045,566	6,443,296	5,569,846	431,165	1,689,235	192,919	1,441,316	-	378,847,996						
Accumulated depreciation	-	30,565,610	227,387,462	10,275,658	47,022,647	7,666,023	5,144,579	4,324,679	428,500	1,575,528	185,390	1,383,336	-	335,949,715						
<b>Net book value</b>	<b>739,202</b>	<b>2,235,512</b>	<b>23,818,906</b>	<b>1,209,722</b>	<b>10,769,934</b>	<b>1,379,543</b>	<b>1,298,717</b>	<b>1,244,867</b>	<b>2,665</b>	<b>113,707</b>	<b>7,529</b>	<b>77,980</b>	-	<b>42,898,281</b>						
<b>Year ended June 30, 2018</b>																				
Opening net book value	739,202	2,235,512	23,818,906	1,209,722	10,769,934	1,379,543	1,298,717	1,244,867	2,665	113,707	7,529	77,980	-	42,898,281						
Additions	-	-	-	-	-	-	-	-	-	-	-	-	-	-						
Disposals-net book value	-	-	-	-	-	-	-	-	-	-	-	-	-	-						
Transfers	-	-	-	-	-	-	-	-	-	-	-	-	-	-						
Depreciation	-	(223,551)	(2,381,891)	(120,972)	(1,076,993)	(137,954)	(129,872)	(124,487)	(533)	(22,741)	(1,506)	(15,596)	-	(4,236,096)						
Impairment	-	-	-	-	-	-	-	-	-	-	-	-	-	-						
<b>Closing net book value</b>	<b>739,202</b>	<b>2,011,961</b>	<b>21,437,015</b>	<b>1,088,749</b>	<b>9,692,940</b>	<b>1,241,588</b>	<b>1,168,845</b>	<b>1,120,381</b>	<b>2,132</b>	<b>90,966</b>	<b>6,023</b>	<b>62,384</b>	-	<b>38,662,185</b>						
<b>As at June 30, 2018</b>																				
Cost	739,202	32,801,122	251,216,368	11,485,380	57,792,581	9,045,566	6,443,296	5,569,846	431,165	1,689,235	192,919	1,441,316	-	378,847,996						
Accumulated depreciation	-	30,789,161	229,779,353	10,398,631	48,099,641	7,803,978	5,274,451	4,449,465	429,033	1,598,269	188,896	1,378,932	-	340,185,811						
<b>Net book value</b>	<b>739,202</b>	<b>2,011,961</b>	<b>21,437,015</b>	<b>1,088,749</b>	<b>9,692,940</b>	<b>1,241,588</b>	<b>1,168,845</b>	<b>1,120,381</b>	<b>2,132</b>	<b>90,966</b>	<b>6,023</b>	<b>62,384</b>	-	<b>38,662,185</b>						
<b>As at July 01, 2016</b>																				
Cost	739,202	32,801,122	251,216,368	11,485,380	57,792,581	9,045,566	6,443,296	5,569,846	431,165	1,689,235	192,919	1,441,316	-	378,847,996						
Accumulated depreciation	-	30,317,220	224,750,917	10,141,245	45,825,998	7,512,741	5,000,277	4,186,680	427,834	1,547,101	183,508	1,343,841	-	331,237,334						
<b>Net book value</b>	<b>739,202</b>	<b>2,483,902</b>	<b>26,465,451</b>	<b>1,344,135</b>	<b>11,966,583</b>	<b>1,532,825</b>	<b>1,443,019</b>	<b>1,383,186</b>	<b>3,331</b>	<b>142,134</b>	<b>9,411</b>	<b>97,475</b>	-	<b>47,610,662</b>						
<b>Year ended June 30, 2017</b>																				
Opening net book value	739,202	2,483,902	26,465,451	1,344,135	11,966,583	1,532,825	1,443,019	1,383,186	3,331	142,134	9,411	97,475	-	47,610,662						
Additions	-	-	-	-	-	-	-	-	-	-	-	-	-	-						
Disposals at net book value	-	-	-	-	-	-	-	-	-	-	-	-	-	-						
Transfers	-	-	-	-	-	-	-	-	-	-	-	-	-	-						
Depreciation	-	(248,390)	(2,646,545)	(134,414)	(1,196,659)	(153,283)	(144,302)	(136,319)	(666)	(28,427)	(1,882)	(19,485)	-	(4,712,391)						
Impairment	-	-	-	-	-	-	-	-	-	-	-	-	-	-						
<b>Closing net book value</b>	<b>739,202</b>	<b>2,235,512</b>	<b>23,818,906</b>	<b>1,209,722</b>	<b>10,769,934</b>	<b>1,379,543</b>	<b>1,298,717</b>	<b>1,244,867</b>	<b>2,665</b>	<b>113,707</b>	<b>7,529</b>	<b>77,980</b>	-	<b>42,898,281</b>						
<b>Rate</b>	-	10%	10%	10%	10%	10%	10%	10%	10%	10%	10%	10%	20%	20%	20%	20%	20%	20%	20%	20%

MANDVIWALLA MAUSER PLASTIC INDUSTRIES LIMITED

NOTES TO THE FINANCIAL STATEMENT  
FOR THE YEAR ENDED JUNE 30, 2018

	Note	2018 Rupees	2017 Rupees
<b>4.1</b>	The depreciation for the year has been allocated as follows:		
	Cost of goods manufactured	3,950,636	4,392,755
	Administrative expenses	285,460	319,627
		<u>4,236,096</u>	<u>4,712,381</u>
<b>5</b>	<b>ASSETS IN BOND</b>		
	Engineering stores	5.1 <u>19,705,171</u>	<u>19,705,171</u>
<b>5.1</b>	These are moulds which, have been pledged with a lender. These moulds were imported in 1990 and were damaged by the Custom Authorities in respect of which the company has filed suits. Since the Engineering Stores are held in bond, the extent of damage occurred could not be ascertained with reasonable certainty.		
<b>6</b>	<b>LONG TERM DEPOSITS</b>	<u>231,710</u>	<u>733,850</u>
<b>7</b>	<b>STORES, SPARES AND LOOSE TOOLS</b>		
	Stores and spares	15,651,138	15,651,138
	Loose tools	1,600,849	1,600,849
		17,251,987	17,251,987
	Less: Provision for slow moving items	7.1 (7,706,083)	(7,706,083)
		<u>9,545,904</u>	<u>9,545,904</u>
<b>7.1</b>	<b>Provision for slow moving stores, spares and loose tools</b>		
	Opening balance	7,706,083	7,706,083
	Charge for the year	-	-
		<u>7,706,083</u>	<u>7,706,083</u>
<b>8</b>	<b>STOCK-IN-TRADE</b>		
	Raw materials	760,771	760,771
	Raw materials in bond	1,084,670	1,084,670
	Finished goods	5,755,309	5,755,309
		7,600,750	7,600,750
	Less: Provision for slow moving finished goods	(422,667)	(422,667)
		<u>7,178,083</u>	<u>7,178,083</u>
<b>9</b>	<b>TRADE RECEIVABLES - UNSECURED</b>		
	Considered good	109,805	109,805
	Considered doubtful	-	-
		109,805	109,805
	Less: Provision for doubtful debts	-	-
		<u>109,805</u>	<u>109,805</u>
<b>10</b>	<b>OTHERS RECEIVABLES</b>		
	Advance income tax	1,149,985	1,174,027
		<u>1,149,985</u>	<u>1,174,027</u>

MANDVIWALLA MAUSER PLASTIC INDUSTRIES LIMITED

NOTES TO THE FINANCIAL STATEMENT  
FOR THE YEAR ENDED JUNE 30, 2018

	Note	2018 Rupees	2017 Rupees
<b>11 CASH AND BANK BALANCES</b>			
Cash in hand		306	306
Cash at banks - in current accounts			
Local currency		27,442	25,848
		27,442	25,848
		<b>27,748</b>	<b>26,154</b>
<b>12 TRADE AND OTHER PAYABLES</b>			
<b>Creditors</b>		83,547,120	83,860,302
<b>Accrued liabilities</b>			
Salaries and wages (permanent)		2,264,193	2,264,193
Mark up Payable		-	5,000,000
Staff Gratuity payable		2,567,195	2,290,206
		4,831,388	9,554,399
<b>Other liabilities</b>			
Advances from customers and others		3,615,476	3,615,476
Payable to director		-	4,794,441
Tax deducted at source		5,019,735	5,019,735
Rent payable to Mandviwalla Estate (Private) Limited		946	946
		8,636,157	13,430,598
		<b>97,014,665</b>	<b>106,845,299</b>
<b>13 CURRENT PORTION OF LONG TERM LIABILITIES</b>			
Long term borrowing - secured		-	44,893,000
		-	<b>44,893,000</b>
<b>14 INCOME TAX PAYABLE</b>			
Opening balance		25,534	21,733
Provided during the year			
- Current	26	-	3,801
- Prior		-	-
		-	3,801
		25,534	25,534
Payments/adjustments during the year		(25,534)	-
		-	<b>25,534</b>
<b>15 LONG TERM BORROWING - SECURED</b>			
<b>From banking companies:</b>	15.1		
Industrial Development Bank of Pakistan	15.2	-	44,893,000
		-	44,893,000
		-	-
Current maturity and over dues of long term loans		-	44,893,000
		-	-
<b>15.1</b>			
The loan stated in note 15.2 is secured by a combination of specific charge on land, building, plant and machinery of the company, floating charge on present and future properties and assets of the company, hypothecation of moveable assets of the company, pledge of specific engineering stores and personal securities of the directors.			

**MANDVIWALLA MAUSER PLASTIC INDUSTRIES LIMITED**

**NOTES TO THE FINANCIAL STATEMENT  
FOR THE YEAR ENDED JUNE 30, 2018**

	Note	2018 Rupees	2017 Rupees
<b>15.2 Industrial Development Bank of Pakistan</b>			
Opening balance		99,133,650	99,133,650
Waived	15.2.1	(54,240,650)	(54,240,650)
Payments		(44,893,000)	-
Closing balance		<u>-</u>	<u>44,893,000</u>

**15.2.1** This amount represents the waiver/reversal of loan through order given by High Court of Sindh in respect of outstanding loan liability of Industrial Development Bank of Pakistan (IDBP). The waiver is given under State Bank of Pakistan (SBP) BPD Circular letter No: 29 dated October 15, 2002, and has been disclosed as per the circular No: 09/2005 dated October 27, 2005 of Institute of Chartered Accountants of Pakistan and to be disclosed until the entire liability of IDBP is repaid / extinguished.

According to the order of the High Court of Sindh dated January 27, 2006, the settlement agreement have reached between IDBP and the company, and the liability towards the company in respect of IDBP stands to the extent of Rs. 44,893,000/-. During the year the company paid Rs 44,893,000/- to IDBP to settle loan liability along with markup of Rs 5,000,000/-.

	Note	2018 Rupees	2017 Rupees
<b>16 LONG TERM BORROWING - UN SECURED</b>	16.1		
From Director:		<u>264,712,642</u>	<u>207,068,113</u>

**16.1** The Company has obtain loans from Director. As per the term of agreement, the loans are interest free (2017 intrest free ) and repayment of loans is at the discretion of the management of the Company. However the company is planning to obtain consent from the shareholders in the coming Annual General Meeting of the company and further subject to the approval of the Securities and Exchange Commission of Pakistan to issue 32,644,600 ordinary shares of Rs. 10/- each that is of Rs. 326,644,000/- as fully paid-up and without the offer and/or issue of right shares, to Azeem H Mandviwalla the Director and Chief Executive of the Company, in lieu of his outstanding long term loan 264.713 million and Subordinated Loan Rs 64.668 million towards the Company, under the first proviso to Section 83(1) of the Companies Act, 2017 ("the Act")

**17 DEFERRED LIABILITY**

**17.1 Deferred Taxation**

In view of the consistent tax losses and expected future turnover, it is probable that the company will not have sufficient future taxable income and hence will not able to utilize the deductible temporary difference. Therefore, deffered tax asset of Rs. 31.359 million (2017: Rs. 31.323 million) has not been recognized in these financial statements."

	Note	2018 Rupees	2017 Rupees
<b>17.2 Staff retirement benefits</b>			
<b>Staff Gratuity</b>			
As at the beginning of the year		4,566,188	4,260,914
Charge to profit and loss account		784,031	508,175
Benefits due but now transfer to short term liability		(276,989)	-
Benefits paid during the year		-	-
Actuarial (gain) loss during the year		2,145,664	(202,901)
As at end of the year		<u>7,218,894</u>	<u>4,566,188</u>
<b>Employees' compensated absences</b>	17.3	<u>1,300,759</u>	<u>1,300,759</u>
		<u><b>8,519,653</b></u>	<u><b>5,866,947</b></u>

**MANDVIWALLA MAUSER PLASTIC INDUSTRIES LIMITED**

**NOTES TO THE FINANCIAL STATEMENT  
FOR THE YEAR ENDED JUNE 30, 2018**

	Note	2018 Rupees	2017 Rupees
<b>17.2.1 Charge to profit or Loss</b>			
Current service cost		269,242	183,534
Interest on past service Cost		514,789	324,641
		<b>784,031</b>	<b>508,175</b>
Actuarial (gain) or Loss recognized during the year		-	(202,901)
		<u>784,031</u>	<u>305,274</u>

**17.2.2** The charge to profit or loss has been allocated as follows

Cost of sales	597,593	331,482
Administrative expenses	186,438	176,693
	<b>784,031</b>	<b>508,175</b>

Present value of define benefit obligation has been determined using projected unit credit method. The liability as at June 30,2017 and June 30, 2018 has been determined by the management of the company based on projected unit credit method. The principal assumptions used in determining present value of define benefit obligation are.

	%	%
Discount rate	8	8
Expected rate of increase salary	5	5

**Historical information**

Present value of defined benefits obligation	7,218,894	4,566,188
Actuarial adjustment arising during the year	(4.44)	(28.40)
Valuation date	June 30,2018	June 30,2017

The Experience adjustment components actuarial adjustment is impracticable to determine and thus has not been disclosed

**17.3 Employees' compensated absences**

Net liability / (assets) at the beginning of the year	1,300,759	1,300,759
Charge for the year	-	-
	1,300,759	1,300,759
Benefits paid during the year	-	-
<b>Net liability / (assets) at the end of the year</b>	<b>1,300,759</b>	<b>1,300,759</b>

**18 CONTINGENCIES AND COMMITMENTS**

**18.1 Contingencies**

**18.1.1 Wash Basin Mould**

The company has filed two suits 32/92 for Rs. 84,509,000 against the Customs Authority for damaging the wash basin mould during illegal detention. These suits were dismissed and the company has filed an appeal against these judgments in the Honorable High Court of Sindh which is still pending. A suit No 768/93 is also pending in the Honorable High Court of Sindh against the EFU General Insurance Company for refusing payments of claim for damage to the wash basin mould. The amount of claim and mark-up thereon (as claimed) comes to Rs. 48.770 million.

MANDVIWALLA MAUSER PLASTIC INDUSTRIES LIMITED

NOTES TO THE FINANCIAL STATEMENT  
FOR THE YEAR ENDED JUNE 30, 2018

	Note	2018 Rupees	2017 Rupees
<b>18.1.2 Additional Tax Liability</b>			
Included in creditors, accrued and other liabilities, the company has not provided for additional tax on third party tax liability amounting to Rs. 5.020 million as at June 30, 2018, to be levied under section 205 of Income Tax Ordinance, 2001 as disclosed in note 13 to the audited financial statements for the year ended June 30, 2018. The company believes that the said amount will be paid.			
<b>18.1.3 Securities and Exchange Commission of Pakistan (SECP)</b>			
18.1.3.1			
SECP issued show cause notice no EMD/233/602/2002-861-868 date: June 16, 2011 under sub section (3) of section 245 read with section 476 of the Companies Ordinance, 1984 on non filing of quarterly income statement and balance sheet for the third quarter ended on March 31, 2011.			
18.1.3.2			
SECP has issued an order against the directors of the company for not holding the AGM for the year ended June 30, 2012 and has imposed a fine of Rs. 400,000/- (Rs. 50,000 on each director). SECP has also issued a notice to file quarterly accounts for the periods ended December 31, 2011 and March 31, 2012. The aforesaid violation attracts the penal provisions of sub section (3) of section 245 of the Companies Ordinance, 1984 and every director, including the chief executive and chief accountant of the company may be liable to pay the penalties under the above mentioned section. The directors have decided to file an appeal against the order.			

**18.2 Commitments**

Nil                      Nil

18.2.1 Guarantee issued to Honorable High Court of Sindh amounting to Rs.500,000 (2017: Rs.500,000).

	Note	2018 Rupees	2017 Rupees
<b>19 SHARE CAPITAL</b>			
Authorized Share capital	19.1	<u>75,000,000</u>	<u>75,000,000</u>
<b>Issued, Subscribed and Paid Up capital</b>		2018	2017
Number of shares	Note	Rupees	Rupees
2018              2017			
7,355,400      7,355,400	10/- each fully paid in cash	<u>73,554,000</u>	<u>73,554,000</u>
<b>Reconciliation of share capital</b>			
7,355,400      7,355,400	Opening balance	73,554,000	73,554,000
-                      -	Issued during the year	-	-
<u>7,355,400</u> <u>7,355,400</u>	Closing balance	<u>73,554,000</u>	<u>73,554,000</u>

19.1 This represents 7,500,000 (2017: 7,500,000) ordinary shares of Rs. 10/- each amounting to Rs. 75,000,000

**6.1 Shares held by the related parties of the company**

	<u>2018</u>		<u>2017</u>	
	Number of Shares	Percentage Holding	Number of Shares	Percentage Holding
1 Azeem H Mandviwalla	1,297,055	17.634%	1297055	17.634%
2 Shireen H Mandviwalla	518,855	7.0541%	518,855	7.0541%
3 Masih ul Hassan	500	0.006%	500	0.006%
4 Tariq Mahmood	500	0.006%	500	0.006%
5 Syed Asghar Ali	800	0.011%	800	0.011%
6 Shamim Ahmed Khan	500	0.006%	500	0.006%
7 Abdul Qadir Shawani	500	0.011%	500	0.011%

MANDVIWALLA MAUSER PLASTIC INDUSTRIES LIMITED

NOTES TO THE FINANCIAL STATEMENT  
FOR THE YEAR ENDED JUNE 30, 2018

	Note	2018 Rupees	2017 Rupees
<b>20 SUBORDINATED LOAN - Unsecured</b>			
Due to director		64,668,216	59,698,216
Due to employee		-	4,970,000
		<u>64,668,216</u>	<u>64,668,216</u>
<b>20.1</b>			
These represent interest free loans obtained from directors of the company. The directors have confirmed that the repayment of loan is at the discretion of the Company. For detail refer note 16.1			
<b>21 REVENUE</b>			
Local sales	21.1	-	-
Export sales		-	-
		<u>-</u>	<u>-</u>
<b>21.1 Local sales</b>			
Gross sales		-	-
Sales tax		-	-
		<u>-</u>	<u>-</u>
<b>22 COST OF SALES</b>			
Opening stock of finished goods		5,755,309	5,755,309
Cost of goods manufactured	22.1	6,327,721	6,293,236
		12,083,030	12,048,545
Closing stock of finished goods		(5,755,309)	(5,755,309)
		<u>6,327,721</u>	<u>6,293,236</u>
<b>22.1 Cost of goods manufactured</b>			
Raw materials consumed	22.1.1	-	-
Salaries, wages and other benefits		2,377,085	1,900,482
Repairs and maintenance		-	-
Insurance		-	-
Printing and stationery		-	-
<b>Cost of goods manufactured</b>		<u>6,327,721</u>	<u>6,293,236</u>
<b>Raw materials consumed</b>			
22.1.1 Opening stock		760,771	760,771
Raw material return to supplier		-	-
		760,771	760,771
Closing stock		(760,771)	(760,771)
		<u>-</u>	<u>-</u>
	Note	2018 Rupees	2017 Rupees
<b>GENERAL AND ADMINISTRATIVE EXPENSES</b>			
23 Salaries, allowances and other benefits		850,776	600,960
Gratuity expense		186,438	176,693
Depreciation on operating assets	4.1	285,460	319,627
Fee and subscription		277,828	126,000
Auditors' remuneration	23.1	233,200	233,200
Provision for slow moving stores and spares		-	-
		<u>1,833,702</u>	<u>1,456,480</u>

MANDVIWALLA MAUSER PLASTIC INDUSTRIES LIMITED

NOTES TO THE FINANCIAL STATEMENT  
FOR THE YEAR ENDED JUNE 30, 2018

	Note	2018 Rupees	2017 Rupees
<b>Auditors' remuneration</b>			
23.1			
Statutory annual audit fee		159,000	159,000
Half yearly review		53,000	53,000
Review report on code of corporate governance		21,200	21,200
Out-of-pocket expenses		-	-
		<u>233,200</u>	<u>233,200</u>
<b>OTHER INCOME / (CHARGES)</b>			
24			
Liabilities no more payable		-	7,772,073
		<u>-</u>	<u>7,772,073</u>
<b>FINANCE COST</b>			
25			
Bank charges		1,664	-
Mark up on Long term Loan		-	-
		<u>1,664</u>	<u>-</u>
<b>TAXATION</b>			
26			
Current	26.1	-	3,801
Prior		-	-
		<u>-</u>	<u>3,801</u>
<b>Current</b>			
26.1			
Under normal assessment		-	3,801
Income tax on exports		-	-
	26.1.1	<u>-</u>	<u>3,801</u>
<b>Prior</b>			
26.2			
Under normal assessment		-	-
<b>Relationship between tax expense and accounting profit</b>			
26.1.1			
Profit / (loss) before taxation		<u>(8,163,087)</u>	<u>22,357</u>
		30%	31%
Tax at the applicable rate		-	6,931
Tax on accounting Profit		-	-
Tax effect of income taxed at lower rate		-	-
- Prior year taxation		-	-
- Difference of minimum Tax on accounting profit		-	(3,130)
- Prior		-	-
		<u>119,853,001</u>	<u>120,599,285</u>
Brought forward tax losses			

The income tax assessments have been finalized up to the tax year 2017.

**EARNINGS PER SHARE**

- 27 No figures for diluted earnings per share has been presented as the company has not yet issued any instrument which would have an impact on earnings per share when exercised.

**MANDVIWALLA MAUSER PLASTIC INDUSTRIES LIMITED**

**NOTES TO THE FINANCIAL STATEMENT  
FOR THE YEAR ENDED JUNE 30, 2018**

	Note	2018 Rupees	2017 Rupees
Profit/(loss) after taxation		<u>(8,163,087)</u>	<u>18,556</u>
Weighted average number of ordinary shares		<u>7,355,400</u>	<u>7,355,400</u>
Earnings per share - basic and diluted		<u>(1.11)</u>	<u>0.00</u>
<b>TRANSACTIONS WITH ASSOCIATED/RELATED PARTIES</b>			
28 Subordinated borrowings from director Azeem H Mandviwalla		64,668,216	59,698,216
Subordinated borrowings from employee - Ali H Mandviwalla		-	4,970,000
Long term borrowings from directors - Azeem H Mandviwalla		264,712,642	207,068,113
Long term borrowings from directors movement		57,644,529	2,292,959
Salary Payable Directors Azeem H Mandviwalla		2,264,193	2,264,193
Payable to Director		-	4,794,441
Staff gratuity payable		7,218,894	4,566,188
Benefits due but now transfer to short term liability		2,567,195	2,290,206
Staff gratuity charged		784,031	508,175
Staff gratuity paid		-	-
Rent payable to Mandviwalla Estate (Private) Limited		946	946

There were no transactions with related parties other than those already disclosed elsewhere in these financial statements.

28.1 All transactions with related parties are carried out by the company at arm's length prices using "Comparable Uncontrolled Price Method".



**MANDVIWALLA MAUSER PLASTIC INDUSTRIES LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2018**

**29 REMUNERATION OF CHIEF EXECUTIVE AND EXECUTIVES**

	CHIEF EXECUTIVE		DIRECTORS		EXECUTIVES	
	2018	2017	2018	2017	2018	2017
Managerial remuneration	-	-	-	-	-	-
Housing allowance	-	-	-	-	-	-
Medical expense/	-	-	-	-	-	-
Utilities	-	-	-	-	-	-
Motor vehicle expense	-	-	-	-	-	-
	-	-	-	-	-	-
Number of persons	<u>1</u>	<u>1</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

29.1 The chief executive and certain executives are also provided with free use of company maintained motor vehicles.

29.2 Aggregate amount charged in these accounts in respect of non-executive directors fee is Rs. Nil (2017: Rs. Nil).

**30 PLANT CAPACITY AND ACTUAL PRODUCTION (IN TONS)**

The production capacity of the whole unit plant on single shift basis, comes to 4,275 tons (2017: 4275) tons per annum. However, the attainable capacity varies on the basis of the product mix determined for the year. The capacity based on the product mix manufactured during the year ended on June 30, 2018 comes to Nil tons (2017: Nil tons) which is Nil% (2017: Nil%) of the total capacity. The nil capacity utilized is due to closure of production process since July, 01 2013.

**31 CASH AND CASH EQUIVALENTS**

	Note	2018 Rupees	2017 Rupees
Cash and bank balances		27,748	26,154
Book overdraft		-	-
		<u>27,748</u>	<u>26,154</u>



NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2018

32 FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

32.1 Maturities of financial assets and liabilities as at June 30, 2018

	Mark up bearing maturity			Non-mark-up bearing maturity				Total Rupees
	Up to one year	Over one year up to five years	Sub-total	Up to one year	Over one year up to five years	Over five years	Sub-total	
	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	
<b>Financial assets</b>								
Deposits	-	-	-	-	231,710	-	231,710	231,710
Trade debts	-	-	-	109,805	-	-	109,805	109,805
Cash and bank balances	-	-	-	27,748	-	-	27,748	27,748
	-	-	-	<b>137,553</b>	<b>231,710</b>	-	<b>369,263</b>	<b>369,263</b>
<b>Financial liabilities</b>								
Long term finances	-	-	-	-	-	8,519,653	8,519,653	8,519,653
Deferred liabilities	-	-	-	-	-	-	-	-
Creditors, accrued and other liabilities	-	-	-	97,014,665	-	-	97,014,665	97,014,665
	-	-	-	<b>97,014,665</b>	-	<b>8,519,653</b>	<b>105,534,318</b>	<b>105,534,318</b>
<b>Sensitivity gap - 2018</b>	-	-	-	<b>(96,877,112)</b>	<b>231,710</b>	<b>(8,519,653)</b>	<b>(105,165,055)</b>	<b>(105,165,055)</b>

Maturities of financial assets and liabilities as at June 30, 2017

	Mark up bearing maturity			Non-mark-up bearing maturity				Total Rupees
	Up to one year	Over one year up to five years	Sub-total	Up to one year	Over one year up to five years	Over five years	Sub-total	
	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	
<b>Financial assets</b>								
Deposits	-	-	-	-	733,850	-	733,850	733,850
Trade debts	-	-	-	109,805	-	-	109,805	109,805
Cash and bank balances	-	-	-	26,154	-	-	26,154	26,154
	-	-	-	<b>135,959</b>	<b>733,850</b>	-	<b>869,809</b>	<b>869,809</b>
<b>Financial liabilities</b>								
Long term finances	44,893,000	-	44,893,000	-	-	-	-	44,893,000
Deferred liabilities	-	-	-	-	-	5,866,947	5,866,947	5,866,947
Creditors, accrued and other liabilities	-	-	-	106,845,299	-	-	106,845,299	106,845,299
	<b>44,893,000</b>	-	<b>44,893,000</b>	<b>106,845,299</b>	-	<b>5,866,947</b>	<b>112,712,246</b>	<b>157,605,246</b>
<b>Sensitivity gap - 2017</b>	<b>(44,893,000)</b>	-	<b>(44,893,000)</b>	<b>(106,709,340)</b>	<b>733,850</b>	<b>(5,866,947)</b>	<b>(111,842,437)</b>	<b>(156,736,437)</b>

- (a) the effective rate of profit / mark-up are disclosed in the respective notes.  
(b) On-balance sheet gap represents the net amount of on-balance sheet items.

32.2 Capital risk Management

The company's objectives when managing capital are to safeguard the company's ability to continue as a going concern in order to provide returns for shareholders and benefit for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. During 2017 the company's strategy was to maintain leveraged gearing. The gearing ratios as at June 30, 2018 and 2017 were as follows:

Total borrowings	264,712,642	251,961,113
Cash and bank	(27,748)	(26,154)
Net debt / (cash)	264,684,894	251,934,959
Total equity	(285,845,215)	(285,536,464)
Total capital	<b>(31,160,321)</b>	<b>(33,601,505)</b>
Gearing ratio in %	<b>(8.49)</b>	<b>(7.50)</b>

The company finances its operations through equity, borrowings and management of working capital with a view to maintaining an appropriate mix of such instruments. Taken as a whole, company is materially exposed to capital risk.

MANDVIWALLA MAUSER PLASTIC INDUSTRIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2018

32.3 Interest rate risk

Interest rate risk arises from the possibility that changes in interest rates will affect the value of financial instruments. As indicated in note 34.1, the company is exposed to interest rate risk as most of the financial liabilities are interest based.

32.4 Liquidity risk

Liquidity risk is the risk that an institution will be unable to meet its net funding requirements. To guard against this risk the company's assets are managed with liquidity in mind, maintaining a healthy balance of cash and cash equivalents. The maturity profile is monitored to ensure that adequate liquidity is maintained.

32.5 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. The company is not materially exposed to credit risk as the customers are reputable local and foreign parties.

32.6 Fair values of financial instruments

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. The estimated fair values of all the financial assets and liabilities are not materially different from their book values as at the balance sheet date.

32.7 Foreign exchange risk

Foreign exchange risk arises mainly where receivables and payables exist in foreign currency. The company has a foreign currency bank account and export its products to various countries and is exposed to movement in foreign exchange rates.

33 STAFF STRENGTH

Total		
June, 30	14	13
Average	14	13
Plant		
June, 30	10	9
Average	10	9

34 DATE OF AUTHORIZATION

These accounts were authorized for issue on 7th February 2019 by the Board of Directors of the company.

35 GENERAL AND LEVEL OF PRECISION

Figures in these accounts have been rounded off to the nearest rupee.

  
Chief Executive

  
Director

  
Chief Financial Officer



NO. OF SHAREHOLDERS	← HAVING SHARES →		SHARES HELD	PERCENTAGE
	From	To		
943	1	100	84859	1.1537
1271	101	500	559758	7.6102
140	501	1000	135981	1.8487
204	1001	5000	600555	8.1648
45	5001	10000	360447	4.9004
13	10001	15000	167900	2.2827
13	15001	20000	235892	3.2071
3	20001	25000	63500	0.8633
6	25001	30000	172032	2.3389
5	30001	35000	166023	2.2572
3	35001	40000	116000	1.5771
2	45001	50000	95500	1.2984
1	50001	55000	54500	0.7410
2	55001	60000	119076	1.6189
2	65001	70000	136545	1.8564
1	80001	85000	83652	1.1373
1	90001	95000	95000	1.2916
1	95001	100000	100000	1.3595
1	110001	115000	113000	1.5363
1	125001	130000	129500	1.7606
1	135001	140000	138000	1.8762
1	235001	240000	239800	3.2602
1	400001	405000	404000	5.4926
1	515001	520000	518855	7.0541
1	1165001	1170000	1167970	15.8791
1	1295001	1300000	1297055	17.6341
2664		Company Total	7355400	100.0000

## CATEGORIES OF SHARE HOLDERS

AS AT JUNE 30, 2018

<b>Categories</b>	<b>No. of Share Holders</b>	<b>Total Share Held</b>	<b>Percentage%</b>
Individuals Including Directors	2648	7,141,985	97%
Joint Stock Companies	12	76,715	1%
Financial Institutions	3	135,200	2%
Modarabas & Mutual Funds	1	1,500	0%
<b>Total</b>	<b>2664</b>	<b>7,355,400</b>	<b>100%</b>

**Mandviwalla Mauser Plastic Industries Limited**

**DETAIL OF CATEGORIES OF SHAREHOLDERS  
AS AT JUNE 30, 2018**

Category of Shareholders	No. of Shareholders	Share Held
<b>Associated companies, undertakings and related parties</b>	Nil	Nil
<b>NIT and ICP</b>	1	5200
<b>Directors, CEO and their Spouse and Minor Children</b>		
Mr. Azeem H. Mandviwalla (Chief Executive)	1	1,297,055
Mst. Shireen H. Mandviwalla (Director)	1	518,855
Mr. Shamim Ahmed (Director)	1	500
Mr. Tariq Mahmood (Director)	1	500
Mr. Abdul Qadir Shiwani (Director)	1	500
Mr. Masih ul Hasan (Director)	1	500
Syed Asghar Ali (Director)	1	800
	7	1,818,710
<b>Executives</b>	Nil	Nil
<b>Public Sector Companies and Corporations</b>	Nil	Nil
<b>Banks, Development Finance Institutions, Non-Banking Finance Institutions, Insurance Companies, Modarabas and Mutual Funds</b>	3	131,500
<b>General Public (local)</b>	2633	5,275,125
<b>General Public (Foreign)</b>	8	48,150
<b>Joint Stock Companies</b>	12	76,715
	<b>2,664</b>	<b>7,355,400</b>

**Shareholders Holding 10% or more Voting interest in Company**

Total Paid-up Capital of the Company	7355400 Shares
10% of the Public Paid -up Capital	735540 Shares