

## **MACPAC FILMS LIMITED**

### **DIRECTORS' REPORT**

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

Assalam-o-Alaikum

Dear Members,

The Board of Directors of your Company is pleased to present the un-audited financial statement of the Company for the Quarter ended September 30, 2020.

#### **Financial Reporting**

"Your Company has recorded net sales of PKR 704.386 Mn during the period as compared to PKR 546.791 Mn for the same period last year. This result in increase of Gross Profit from PKR 3.690 Mn for the corresponding quarter to PKR 103.499 Mn this quarter under review.

Alhamdulillah the Company has made PKR 40.477 Mn profit after tax during the period as compared to net loss of PKR 43.706 Mn for the same period last year. The main contributor, other than increased gross profit, is also the reduction of finance cost from PKR 35.208 Mn to PKR 24.783 Mn in current period.

Earnings per share for the period is PKR 0.68 as compared to PKR (0.74) loss per share during the same period last year.

#### **Future Outlook**

During the Quarter, Alhamdulillah, despite all challenges, the Company managed to increase its sales value by 28.82% as compared to corresponding period. Further, sales volume, if compared with corresponding quarter, is also significantly increased by 63%. This indicates that Al-Hamdulillah Company is on its track and ready to accept future challenges.

Going forward, we believe that with increased demand, improved economic indicators including favorable exchange rates, reduced finance costs along with effective business strategies, your Company will achieve its targets and also the expectation of its stakeholders in times to come. In Sha Allah.

#### **Acknowledgement**

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



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

On behalf of the Board



**CHIEF EXECUTIVE**



**DIRECTOR**

October 28, 2020

**MACPAC FILMS LIMITED**  
**CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION**  
**AS AT SEPTEMBER 30, 2020**

	September 30, 2020 (Un-audited)	June 30, 2020 (Audited)
	-----Rupees-----	
<b>ASSETS</b>		
<b>NON-CURRENT ASSETS</b>		
Property, plant and equipment	1,911,608,795	1,935,662,870
Intangible assets	598,485	638,385
Long-term deposits	11,537,730	11,537,730
Deferred tax asset - net	1,318,676	1,318,676
	<u>1,925,063,686</u>	<u>1,949,157,661</u>
<b>CURRENT ASSETS</b>		
Stock-in-trade	338,649,685	328,537,630
Trade debts	437,373,519	258,326,902
Loans and advances	17,343,632	13,694,680
Trade deposits, short-term prepayments and other receivables	122,442,659	192,000,549
Tax refund due from Government - net	207,241,782	214,040,523
Cash and bank balances	11,930,784	18,194,200
	<u>1,134,982,061</u>	<u>1,024,794,484</u>
<b>TOTAL ASSETS</b>	<u><u>3,060,045,747</u></u>	<u><u>2,973,952,145</u></u>
<b>EQUITY AND LIABILITIES</b>		
<b>SHARE CAPITAL AND RESERVES</b>		
Authorised capital 70,000,000 (June 30, 2019: 70,000,000) ordinary shares of Rs.10/- each	<u>700,000,000</u>	<u>700,000,000</u>
Issued, subscribed and paid-up capital	593,011,500	593,011,500
Capital reserve	173,566,620	173,566,620
Revenue reserve	(137,314,480)	(177,791,039)
Surplus on revaluation of property, plant and equipment	623,040,000	623,040,000
	<u>1,252,303,640</u>	<u>1,211,827,081</u>
<b>NON-CURRENT LIABILITIES</b>		
Diminishing musharika arrangement	233,755,036	257,243,452
Lease liabilities	4,961,058	12,362,069
Deferred income	5,409,592	6,511,668
Staff retirements benefits – staff gratuity	42,487,930	41,526,179
Other long-term liabilities	109,309,574	103,582,639
	<u>395,923,190</u>	<u>421,226,007</u>
<b>CURRENT LIABILITIES</b>		
Trade and other payables	814,412,375	732,579,376
Short-term borrowings	345,437,100	356,347,488
Accrued mark-up	15,982,422	16,365,792
Unclaimed dividend	883,624	883,624
Current portion of non-current liabilities	235,103,396	234,722,777
	<u>1,411,818,917</u>	<u>1,340,899,057</u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<u><u>3,060,045,747</u></u>	<u><u>2,973,952,145</u></u>

**CONTINGENCIES AND COMMITMENTS**

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

  
**CHIEF EXECUTIVE**

  
**CHIEF FINANCIAL**

  
**DIRECTOR**

**MACPAC FILMS LIMITED**  
**STATEMENT OF PROFIT OR LOSS**  
**FOR THE THREE MONTHS PERIOD ENDED SEPTEMBER 30, 2020**

	September 2020 Rupees	September 2019 Rupees
Turnover - net	704,385,964	546,790,777
Cost of sales	(600,887,004)	(543,100,606)
<b>Gross profit</b>	<b>103,498,960</b>	<b>3,690,171</b>
Administrative expenses	(26,494,523)	(18,892,968)
Marketing and selling expenses	(5,863,339)	(6,446,129)
Finance costs	(24,783,010)	(35,207,958)
Other operating expenses	(238,842)	(1,130,747)
Other income	9,441,952	21,116,267
<b>Profit / (Loss) before taxation</b>	<b>55,561,198</b>	<b>(36,871,364)</b>
Taxation	(15,084,639)	(6,834,885)
<b>Profit / (Loss) after taxation</b>	<b>40,476,559</b>	<b>(43,706,249)</b>
	<b>2020 Rupees</b>	<b>2019 Rupees</b>
<b>Earning / (loss) per share - basic and diluted</b>	<b>0.68</b>	<b>(0.74)</b>

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 CHIEF EXECUTIVE

  
 CHIEF FINANCIAL OFFICER

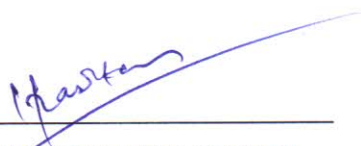
  
 DIRECTOR

**MACPAC FILMS LIMITED**  
**STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE THREE MONTHS PERIOD ENDED SEPTEMBER 30, 2020**

	September 2020 Rupees	September 2019 Rupees
Profit / Loss after taxation	40,476,559	(43,706,249)
Other comprehensive income	-	-
<b>Total comprehensive income / (loss) for the period, net of tax</b>	<b>40,476,559</b>	<b>(43,706,249)</b>

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 CHIEF FINANCIAL OFFICER

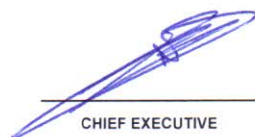
  
 DIRECTOR



**MACPAC FILMS LIMITED**  
**CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)**  
**FOR THE THREE MONTHS PERIOD ENDED SEPTEMBER 30, 2020**

	Reserves					
	Issued, subscribed and paid-up capital	Capital reserve - share premium	Ravaluation Surplus	Revenue reserve - unappropriated profits / (losses)	Total reserves	Total
	Rupees .....					
Balance as at July 01, 2019 - (Audited)	593,011,500	173,566,620	-	(113,939,276)	59,627,344	652,638,844
Loss for the period	-	-	-	(43,706,250)	(43,706,250)	(43,706,250)
Other comprehensive income, net of tax	-	-	-	-	-	-
Total comprehensive loss	-	-	-	(43,706,250)	(43,706,250)	(43,706,250)
Balance as at September 30, 2019 (Un-audited)	593,011,500	173,566,620	-	(157,645,526)	15,921,094	608,932,594
Balance as at July 01, 2020 - (Audited)	593,011,500	173,566,620	623,040,000	(177,791,039)	618,815,581	1,211,827,081
Profit for the period	-	-	-	40,476,559	40,476,559	40,476,559
Other comprehensive income, net of tax	-	-	-	-	-	-
Total comprehensive income	-	-	-	40,476,559	40,476,559	40,476,559
Balance as at September 30, 2020 (Un-audited)	593,011,500	173,566,620	623,040,000	(137,314,480)	659,292,140	1,252,303,640

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

  
 CHIEF EXECUTIVE

  
 CHIEF FINANCIAL OFFICER

  
 DIRECTOR

**MACPAC FILMS LIMITED**  
**CONDENSED INTERIM STATEMENT OF CASHFLOWS (UN-AUDITED)**  
**FOR THE THREE MONTHS PERIOD ENDED SEPTEMBER 30,2020**

	September, 30 2020	September, 30 2019
	-----Rupees-----	
<b>CASH FLOWS GENERATED FROM OPERATIONS</b>		
Profit / (Loss) before taxation	55,561,198	(36,871,364)
Adjustments for non-cash and other items:		
Depreciation	34,129,163	31,058,810
Amortisation	39,900	13,300
Amortisation of deferred income	(1,102,076)	(1,083,996)
Gas infrastructure cess	2,581,376	-
Exchange gain unrealised	(1,180,481)	(18,724,521)
(Gain) / loss on sale of fixed asset	(3,918,304)	728,907
Provision for gratuity	7,398,799	3,579,973
Finance costs	24,783,010	35,207,958
	62,731,387	50,780,431
	118,292,585	13,909,067
<b>Changes in working capital</b>		
<i>Decrease / (increase) in current assets:</i>		
Stock-in-trade	(10,112,055)	37,332,755
Trade debts	(179,046,617)	38,975,616
Loans and advances	(3,648,952)	(4,176,922)
Trade deposits, short-term prepayments and other receivables	69,557,890	(5,114,983)
	(123,249,734)	67,016,466
<i>(Decrease) / increase in current liability:</i>		
Trade and other payables	87,702,938	(60,324,427)
	(35,546,796)	6,692,039
<b>Cashflows generated from operations</b>	82,745,789	20,601,106
Income tax paid - net	(8,573,352)	(30,928,974)
Gratuity paid	(6,437,048)	(306,726)
Finance costs paid	(25,166,380)	(34,014,776)
	(40,176,780)	(65,250,476)
<b>Net cashflows generated from / (used) in operating activities</b>	42,569,009	(44,649,370)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Fixed capital expenditures	(1,930,102,539)	(10,358,665)
Proceeds from disposal of operating fixed assets	12,485,350	1,200,000
<b>Net cashflows generated from / (used) in investing activities</b>	(1,917,617,189)	(9,158,665)
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Dividends paid	-	(309,332)
(Repayment) / proceeds of diminishing musharika - net	(23,488,416)	(18,488,417)
Repayment of lease liabilities - net	(9,294,588)	(6,408,963)
(Payments) / Proceeds of short term borrowings - net	(10,910,388)	82,648,250
<b>Net cashflows (used) in / generated from financing activities</b>	(43,693,392)	57,441,538
<b>Net (decrease) / increase in cash and cash equivalents</b>	(1,918,741,572)	3,633,503
Cash and cash equivalents at the beginning of the period	18,194,200	42,995,225
<b>Cash and cash equivalents at the end of the period</b>	(1,900,547,372)	46,628,728
<b>Cash and cash equivalents</b>		
Cash and bank balances	11,930,784	56,627,239
Running finance under mark-up arrangements	-	(9,998,511)
	11,930,784	46,628,728

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

CHIEF EXECUTIVE

CHIEF FINANCIAL OFFICER

DIRECTOR

**MACPAC FILMS LIMITED****NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)  
FOR THE THREE MONTHS PERIOD ENDED SEPTEMBER 30, 2020****1. STATUS AND NATURE OF THE COMPANY**

Macpac Films Limited (the Company) was incorporated on August 19, 1993, in Pakistan as a limited liability company under the repealed Companies Ordinance, 1984 [now Companies Act, 2017 (the Act)] and is listed on the Pakistan Stock Exchange Limited. The registered office of the Company is situated at Plot # 21, Maqboolabad, Jinnah Cooperative Housing Society, (J.C.H.S), Tipu Sultan Road, Karachi. The principal activity of the Company is to manufacture, produce, buy and sell plastic packaging films.

**2 STATEMENT OF COMPLIANCE**

These condensed interim financial statements of the Company for the three months ended September 30, 2020 have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting. The accounting and reporting standards as applicable in Pakistan for interim financial reporting comprise of:

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

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

**3 BASIS OF PREPARATION**

- 3.1 These condensed interim financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the financial statements of the Company for the year ended June 30, 2020.

**4 SIGNIFICANT ACCOUNTING POLICIES**

- 4.1 The accounting policies and methods of computation adopted for the preparation of these condensed interim financial statements are the same as those applied in the preparation of the annual financial statements for the year ended June 30, 2020.

	Note	(Un-audited) September 30, 2020 Rupees	(Audited) June 30, 2020 Rupees
<b>5 PROPERTY, PLANT AND EQUIPMENT</b>			
Operating fixed assets	5.1	1,899,556,152	1,926,856,384
Capital work-in-progress		12,052,643	8,806,486
		<u>1,911,608,795</u>	<u>1,935,662,870</u>
<b>5.1 Operating fixed assets</b>			
Opening book value		1,926,856,383	1,303,968,286
Additions / transfers / revaluation for the period / year		14,378,227	900,649,153
Disposals / transfers during the period / year at book value		(7,549,295)	(145,011,060)
Reclassified to ROU assets on initial application of IFRS 16 (note 4.2)			-
Depreciation during the period / year		(34,129,163)	(132,749,995)
		<u>1,899,556,152</u>	<u>1,926,856,384</u>



	(Un-audited) September 30, 2020 Rupees	(Audited) June 30, 2020 Rupees
<b>6 STOCK-IN-TRADE</b>		
<b>Raw material:</b>		
In hand	116,367,717	92,002,828
In transit	116,451,557	136,743,331
In bonded warehouse	17,600,278	25,657,382
	<u>250,419,552</u>	<u>254,403,541</u>
Work in process	70,042,342	61,011,913
Finished goods	18,187,791	13,122,176
	<u>88,230,133</u>	<u>74,134,089</u>
	<u>338,649,685</u>	<u>328,537,630</u>

## 7 TRADE DEBTS

7.1 Included herein Rs. 94.119 million (June 30, 2020: Rs. 79.305 million) due from related parties.

## 8 CONTINGENCIES AND COMMITMENTS

### 8.1 Contingencies

There has been no major change in the status of contingencies and commitments as disclosed in the annual financial statements of the Company for the year ended June 30, 2020.

	Note	(Un-audited) September 30, 2020 Rupees	(Audited) June 30, 2020 Rupees
<b>8.2 Commitments</b>			
Outstanding bank guarantees		<u>11,873,412</u>	<u>11,873,412</u>
Outstanding letters of credit	8.2.1	<u>102,750,858</u>	<u>185,181,245</u>

8.2.1 The aforesaid letter of credit is secured against personal guarantee of directors.

## 9 TRANSACTIONS WITH RELATED PARTIES

Related parties of the Company comprise of associated companies, directors, key management personnel and staff retirement benefit fund. All the transactions with related parties are entered into at agreed terms as approved by the Board of Directors of the Company. The related parties' status of outstanding receivables and payables, if any, as at September 30, 2020 and 30 June 2020 are disclosed in respective notes to these condensed interim financial statements. Details of transactions with related parties, other than those which have been specifically disclosed elsewhere in these condensed interim financial statements are as follows:

	(Un-audited) September 30, 2020 Rupees	(Audited) June 30, 2020 Rupees
Director - Salary and other benefits	<u>3,091,376</u>	<u>12,601,413</u>
Chief Executive Officer - Salary and other benefits	<u>3,493,987</u>	<u>9,925,518</u>
Executive - Salary and other benefits	<u>13,396,624</u>	<u>56,763,646</u>
<b>Associated companies</b>		
<b>TOYO Packaging (Private) Limited</b>		
Gross sale of goods / processing charges	<u>38,636,452</u>	<u>142,334,218</u>
Receipts against sale of goods / processing charges	<u>25,050,825</u>	<u>172,850,298</u>
<b>Hilal Foods (Pvt) Ltd</b>		
Gross sale of goods / processing charges	<u>3,607,579</u>	<u>12,689,260</u>
Receipts against sale of goods / processing charges	<u>3,793,014</u>	<u>14,970,733</u>
<b>Shalimar Food Products (Private) Limited</b>		
Gross sale of goods / processing charges	<u>2,078,526</u>	<u>2,073,756</u>
Receipts against sale of goods / processing charges	<u>458,099</u>	<u>2,562,559</u>
<b>Director</b>		
Rent charged	<u>1,500,000</u>	<u>1,200,000</u>
Rent paid	<u>-</u>	<u>1,200,000</u>

## 10 DATE OF AUTHORISATION

These condensed interim financial statements were authorized for issue on \_\_\_\_\_, 2020 by the Board of Directors of the Company.

## 11 GENERAL

11.1 All figures have been rounded off to the nearest rupee, unless otherwise stated.

CHIEF EXECUTIVE

CHIEF FINANCIAL OFFICER

DIRECTOR