



HALF YEARLY REPORT

DECEMBER 31, 2018

WORKING TODAY
FOR A HEALTHIER TOMORROW



Macter International Limited



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COMPANY INFORMATION

BOARD OF DIRECTORS

1.	Dr. Amanullah	Chairman	Independent Director
2.	Mr. Asif Misbah	Chief Executive	Executive Director
3.	Mr. Swaleh Misbah Khan		Executive Director
4.	Sheikh Muhammed Waseem		Independent Director
5.	Shaikh Aamir Naveed		Executive Director
6.	Mr. Sohaib Umar		Independent Director
7.	Mr. Islahuddin Siddiqui		Independent Director
8.	Ms. Masarrat Misbah		Non-Executive Director
9.	Mr. Muhammad Yahya Chawla		Non-Executive Director

BOARD AUDIT COMMITTEE

1.	Sheikh Muhammed Waseem	Chairman
2.	Mr. Sohaib Umar	Member
3.	Mr. Islahuddin Siddiqui	Member

BOARD HUMAN RESOURCE AND REMUNERATION COMMITTEE

1.	Shaikh Aamir Naveed	Member
2.	Mr. Islahuddin Siddiqui	Member
3.	Vacant	

CHIEF FINANCIAL OFFICER

Mr. Muhammad Asif

COMPANY SECRETARY

Mr. Asif Javed

INTERNAL AUDITORS

KPMG Taseer Hadi & Co.
Chartered Accountants

EXTERNAL AUDITORS

EY Ford Rhodes
Chartered Accountants

BANKERS

Al Baraka (Pakistan) Limited
 Allied Bank Limited - Islamic Banking
 Bank Al Habib Limited - Islamic Branch
 Bank Alfalah Limited - Islamic Branch
 Bankislami Pakistan Limited
 Dubai Islamic Bank Pakistan Limited
 Habib Metropolitan Bank Pakistan Limited - Islamic Branch
 MCB Bank Limited
 MCB Islamic Bank Limited
 Meezan Bank Limited



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SHARE REGISTRAR

F.D. Registrar Services (SMC-Pvt) Limited
17th Floor, Saima Trade Tower-A
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Telephone: +92 21 32271905-6
Fax: +92 21 32621233
Email: fdregistrar@yahoo.com

REGISTERED OFFICE

F-216, SITE, Karachi - 75700
Telephone: +92 21 32591000 / +92 21 32575311-14 (4 Lines)
Fax: +92 21 32564236
Email: info@macter.com

WEBSITE

www.macter.com



DIRECTORS' REPORT TO THE MEMBERS

The Directors are pleased to present the un-audited un-consolidated and consolidated condensed interim financial information, for the period ended December 31, 2018:

FINANCIAL RESULTS

PARTICULARS	*CONSOLIDATED	UN-CONSOLIDATED / STANDALONE		
	JUL - DEC 2018	JUL - DEC 2018 pkr in million	JUL - DEC 2017	CHANGES %
Turnover - Net	1,883.5	1,845.6	2,081.8	-11.3%
Gross Profit	843.7	825.2	936.3	-11.9%
Operating Profit	74.0	74.6	199.5	-62.6%
Profit before tax	21.5	23.7	170.0	-86.1%
Profit after tax	0.4	4.9	129.8	-96.2%

* The investment in subsidiary was made during September 2018, hence only un-consolidated financials were prepared during corresponding period of last year.

EARNINGS PER SHARE

Earnings per share of the Company for the 1st half year ended December 31, 2018 was 0.13 pkr as compared to 3.32 pkr for the same period last year.

FINANCIAL PERFORMANCE

Although prescription sales increased by 196.9m pkr (10.5% growth over same period last year) it was mainly set off by a decline of 321.3m pkr in institutional sales (tender business). The uncertain exchange rate situation hindered optimal participation in tender business.

Gross profit was negatively impacted due to substantial rupee devaluation, increase in raw material prices and minimum wages. However Gross Profit % declined from 45.0% to 44.7% only due to favourable sales mix.

Operating expenses (net of other income) grew by 13.8m pkr (1.9%) over same period last year, in line with the growth in prescription sales and on account of the planned new product launches.

Financing costs increased by 21.5m pkr (73.1%) over same period last year due to increase in KIBOR, increased working capital needs and planned CAPEX.

Due to the serious challenges mentioned above, the profit after tax stood at 4.9m pkr as compared to 129.8m pkr in the corresponding period of last year.

**FUTURE OUTLOOK**

Against PKR devaluation of around 30% since December 2017, DRAP has allowed increase in medicine prices in the range of 9%-15% effective January 2019. This increase being prospective in nature and applicable only on goods manufactured after the effective date will reflect in sales after a gap of 2-3 months. This respite albeit significantly delayed will ease pressure on margins and help in improving profitability to normal levels.

In addition to secure optimum results, the Company is focusing on efficient sales mix and productivity enhancement plans along with consistent monitoring of areas where measures can be taken to reduce cost. The Company is committed to launch new products in its key therapeutic areas and in the area of biologicals to cater the un-met needs of the patients and derive profitable growth.

Hence significantly better performance is expected in 2nd half of financial year 2018-19.

ACKNOWLEDGEMENT

The Board of Directors would like to take this opportunity to express their profound appreciation of the relentless efforts, dedicated services, teamwork, loyalty and hardwork of the employees and also like to acknowledge the continued cooperation, support and patronage received from our valued shareholders, customers, distributors, suppliers, financial institutions and regulatory authorities. Of course none of this would have been possible without the continued blessing and mercies from Allah SWT for which we are grateful.

ON BEHALF OF THE BOARD

AMANULLAH
CHAIRMAN/DIRECTOR

ASIF MISBAH
CHIEF EXECUTIVE

Date: February 22, 2019



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اوپر کے دیے گئے سنگین چیلنجز کی وجہ سے بعد از یکس منافع گذشتہ سال کے 129.8 ملین پاکستانی روپے کے مقابلے میں 4.9 ملین پاکستانی روپے رہا۔

مستقبل کا جائزہ

دسمبر 2017ء سے لے کر اب تک پاکستانی روپے کی قدر میں تقریباً 30% کمی کے پیش نظر پاکستان ڈرگ ریگولیٹری اتھارٹی نے ادویات کی قیمتوں میں 9 فیصد سے 15 فیصد تک اضافے کی اجازت دی جو جنوری 2019ء سے موثر ہو گئی۔ یہ اضافہ مستقبل نوعیت کا ہونے اور صرف مؤثر تاریخ کے بعد بنائی جانے والی اشیاء پر لاگو ہونے کی وجہ سے دو تین مہینے کے وقفے کے بعد فروخت میں نظر آئے گا۔ تاہم یہ وقفہ، تاخیر کے باوجود نفع پر دباؤ کو کم کرنے اور منافع کو نارمل سطح پر لانے میں مدد دے گا۔

زیادہ سے زیادہ نتائج کو محفوظ بنانے کے لئے کمپنی مؤثر فروخت کس اور پیداواریت بڑھانے کی منصوبہ بندی بشمول ایسے مواقع پر مسلسل توجہ جہاں لاگت کو کم کرنے کے اقدامات کئے جاسکتے ہیں، پر توجہ دے رہی ہے۔ کمپنی علاج کے کلیدی شعبوں اور بائیو لو جیکل کے شعبے میں مریضوں کی ناکافی ضروریات پوری کرنے اور منافع بخش ترقی کرنے کے لیے نئی مصنوعات کے اجراء کے لیے پُر عزم ہے۔

امدائی سال 2018-19 کی دوسری شش ماہی میں نمایاں طور پر بہتر کارکردگی متوقع ہے۔

اعتراف

بورڈ آف ڈائریکٹرز اس موقع سے فائدہ اٹھاتے ہوئے ملازمین کی انتھک کوششوں، مخلصانہ خدمات، اجتماعیت، وفاداری اور سخت محنت کی گہری قدر دانی کا اظہار کرتا ہے اور اپنے تمام قابل قدر شیئرز، کسٹمرز، ڈسٹری بیوٹرز، سپلائرز، مالیاتی اداروں اور ریگولیٹری اتھارٹی کی مسلسل خدمات و تعاون کا اعتراف کرتا ہے۔ بلاشبہ اللہ سبحانہ و تعالیٰ کے مسلسل فضل و کرم اور احسان کے بغیر یہ سب کچھ نہیں ہو سکتا تھا جس پر ہم شکر گزار ہیں۔

منجانب بورڈ

امان اللہ

چیرمین / ڈائریکٹر

آصف مصباح

چیف ایگزیکٹو

کراچی

مؤرخہ: فروری 22، 2019ء

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ڈائریکٹرز رپورٹ برائے ممبران

ڈائریکٹرز 31 دسمبر 2018ء کو ختم ہونے والی سہ ماہی کے غیر آڈٹ شدہ، غیر مدغم شدہ اور مدغم شدہ مختصر عبوری مالیاتی معلومات پیش کرتے ہوئے خوشی محسوس کر رہے ہیں۔

مالیاتی نتائج

مندرجات	غیر مدغم شدہ / علیحدہ			فیصد میں تبدیلی
	جولائی تا دسمبر 2018ء	جولائی تا دسمبر 2017ء	جولائی تا دسمبر 2017ء	
	پاکستانی روپے ملین میں			
فروخت خالص	1,883.5	1,845.6	2,081.8	-11.3%
خام منافع	843.7	825.2	936.3	-11.9%
آپریٹنگ منافع	74.0	74.6	199.5	-62.6%
قبل از ٹیکس منافع	21.5	23.7	170.0	-86.1%
بعد از ٹیکس منافع	0.4	4.9	129.8	-96.2%

* ستمبر 2018ء کے دوران ذیلی ادارے میں سرمایہ کاری کی گئی، چنانچہ گزشتہ سال کے اسی عرصے کے صرف غیر مدغم شدہ مالیاتی گوشوارے تیار ہوئے۔

فی حصص منافع

31 دسمبر 2018ء کو اختتام پذیر ہونے والی پہلی شش ماہی کافی حصص منافع کمپنی کے پچھلے سال کے اسی عرصے کے فی حصص منافع 3.32 پاکستانی روپے کے مقابلے میں 0.13 پاکستانی روپے رہا۔

مالیاتی کارکردگی

اگرچہ بذریعہ نسخہ فروخت میں 196.9 ملین پاکستانی روپے اضافہ ہوا (گزشتہ سال کے اسی مدت کے مقابلے میں 10.5% نمو)، تاہم یہ بنیادی طور پر انسٹی ٹیوشن فروخت کے ٹینڈر بزنس میں 321.3 ملین پاکستانی روپے کی کمی میں مدغم ہو گیا۔ Exchange rate کی غیر یقینی صورتحال ٹینڈر بزنس میں زیادہ شرکت میں رکاوٹ بنی۔ روپے کی قدر میں نمایاں کمی، خام مال کی قیمت میں اضافہ اور مزدوری کی کمی سے کم تنخواہ میں اضافہ کی وجہ سے خام منافع پر منفی اثرات مرتب ہوئے۔ تاہم خام منافع 45.0% سے کم ہو کر 44.7% رہا اور ایسا صرف موافق سیلز کمزوری کی وجہ سے ہوا۔ آپریٹنگ اخراجات (other income سے خالص) میں 13.8 ملین پاکستانی روپے (1.9%) اضافہ گزشتہ سال کی اسی مدت کے مقابلے میں ہوا۔ جو کہ بذریعہ نسخہ فروخت میں اضافہ اور طے کردہ نئی مصنوعات کے آغاز کی وجہ سے ہوا۔ KIBOR میں اضافہ، جاری سرمایہ کاری کی ضروریات اور طے شدہ CAPEX کی وجہ سے فنانسنگ کی لاگت میں گزشتہ سال کی اسی مدت کے مقابلے میں 21.5 ملین پاکستانی روپے (73.1%) اضافہ ہوا۔



Macter

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INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF MACTER INTERNATIONAL LIMITED REPORT ON REVIEW OF UNCONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS

Introduction

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

Scope of Review

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

Conclusion

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

The engagement partner on the audit resulting in this independent auditor's report is Mr. Shaikh Ahmed Salman.

Chartered Accountants
Place: Karachi
Date: 22 February 2019

A member firm of Ernst & Young Global Limited




**UN-CONSOLIDATED CONDENSED INTERIM
FINANCIAL INFORMATION
HALF YEAR ENDED
DECEMBER 31, 2018**

**Macter****HALF YEARLY REPORT**
DECEMBER 31, 2018**UN-CONSOLIDATED CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION**

AS AT DECEMBER 31, 2018

		DECEMBER 31, 2018	JUNE 30, 2018
	NOTE	..... (Rupees in '000)	
		UN-AUDITED	AUDITED
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	5	1,238,125	1,182,304
Intangible assets		9,959	8,049
Long-term investment	6	100,000	-
Long-term loans		2,340	2,890
Long-term deposits		69,416	70,112
Deferred tax asset		-	7,782
		1,419,840	1,271,137
CURRENT ASSETS			
Stores and spares		2,296	1,863
Stock-in-trade	7	993,393	878,742
Trade debts		536,403	561,444
Loans and advances		99,631	102,215
Short-term deposits and prepayments		75,984	80,998
Other receivables		639	639
Accrued mark-up receivables		22	47
Taxation-net		128,627	99,972
Cash and bank balances	8	95,566	46,995
		1,932,561	1,772,915
TOTAL ASSETS		3,352,401	3,044,052
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Share capital			
Authorized			
65,000,000 (2018: 65,000,000)			
ordinary shares of Rs.10 each		650,000	650,000
Issued, subscribed and paid-up		391,444	391,444
Reserves		708,559	776,083
		1,100,003	1,167,527
NON-CURRENT LIABILITIES			
Long-term financing	9	331,401	271,902
Deferred liabilities		178,473	171,868
Deferred tax liabilities	10	9,076	-
Long-term deposit		500	500
		519,450	444,270
CURRENT LIABILITIES			
Trade and other payables	11	1,392,880	1,275,691
Short-term borrowings	12	221,455	59,349
Accrued mark-up payables		19,811	13,717
Current portion of long-term financing		98,508	83,286
Unclaimed dividends		294	212
		1,732,948	1,432,255
CONTINGENCIES AND COMMITMENTS	13		
TOTAL EQUITY AND LIABILITIES		3,352,401	3,044,052

The annexed notes from 1 to 18 form an integral part of these un-consolidated condensed interim financial information.


 CHAIRMAN / DIRECTOR


 CHIEF EXECUTIVE OFFICER


 CHIEF FINANCIAL OFFICER



Macter

HALF YEARLY REPORT
DECEMBER 31, 2018

UN-CONSOLIDATED CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS (UN-AUDITED)

FOR THE PERIOD ENDED DECEMBER 31, 2018

	HALF YEAR ENDED		QUARTER ENDED	
	DECEMBER 31, 2018	DECEMBER 31, 2017	DECEMBER 31, 2018	DECEMBER 31, 2017
NOTE	..... (Rupees in '000)			
Turnover	1,845,625	2,081,766	956,270	1,140,569
Cost of sales	(1,020,406)	(1,145,446)	(550,289)	(632,901)
Gross profit	825,219	936,320	405,981	507,668
Distribution costs	(651,983)	(638,272)	(350,696)	(335,814)
Administrative expenses	(105,384)	(95,995)	(50,708)	(49,112)
Other expenses	(2,011)	(14,448)	1,402	(8,744)
Other income	8,736	11,854	7,130	4,253
	(750,642)	(736,861)	(392,872)	(389,417)
Operating profit	74,577	199,459	13,109	118,251
Finance costs	(50,910)	(29,412)	(29,614)	(15,340)
Profit / (loss) before taxation	23,667	170,047	(16,505)	102,911
Taxation 14	(18,774)	(40,227)	(9,625)	(21,439)
Profit / (loss) after taxation	4,893	129,820	(26,130)	81,472
Basic and diluted earnings / (loss) per share - (Rupees)	0.13	3.32	(0.67)	2.08

The annexed notes from 1 to 18 form an integral part of these un-consolidated condensed interim financial information.

CHAIRMAN / DIRECTOR

CHIEF EXECUTIVE OFFICER

CHIEF FINANCIAL OFFICER

**Macter****HALF YEARLY REPORT**

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UN-CONSOLIDATED CONDENSED INTERIM STATEMENT OF OTHER COMPREHENSIVE INCOME (UN-AUDITED)
FOR THE PERIOD ENDED DECEMBER 31, 2018

	HALF YEAR ENDED		QUARTER ENDED	
	DECEMBER 31, 2018	DECEMBER 31, 2017	DECEMBER 31, 2018	DECEMBER 31, 2017
	..... (Rupees in '000)			
Profit / (loss) after taxation	4,893	129,820	(26,130)	81,472
Other comprehensive income for the period	-	-	-	-
Total comprehensive income / (loss) for the period	4,893	129,820	(26,130)	81,472

The annexed notes from 1 to 18 form an integral part of these un-consolidated condensed interim financial information.

CHAIRMAN / DIRECTOR

CHIEF EXECUTIVE OFFICER

CHIEF FINANCIAL OFFICER

**Macter****HALF YEARLY REPORT**

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UN-CONSOLIDATED CONDENSED INTERIM STATEMENT OF CASH FLOWS (UN-AUDITED)

FOR THE HALF YEAR ENDED DECEMBER 31, 2018

	NOTE	HALF YEAR ENDED	
		DECEMBER 31, 2018	DECEMBER 31, 2017
		..... (Rupees in '000)	
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before taxation		23,667	170,047
Adjustments for non-cash charges and other items:			
Depreciation		41,130	32,986
Amortization		2,045	2,496
Provision for gratuity		11,126	8,547
Finance costs		50,910	29,412
Gain on sale of operating fixed assets		(4,811)	(5,514)
Provision / write off for slow moving and obsolete stock-in-trade - net		24,380	1,325
Provision for doubtful debts		(23,838)	(4,098)
		100,942	65,154
Operating profit before working capital changes		124,609	235,201
(Increase) / decrease in current assets			
Stores and spares		(433)	(160)
Stock-in-trade		(139,031)	(21,967)
Trade debts		48,879	(207,293)
Loans and advances		2,584	(107,414)
Short-term deposits and prepayments		5,014	(28,080)
Other receivables		25	190
		(82,962)	(364,724)
Increase in current liabilities			
Trade and other payables		117,271	307,001
Cash generated from operations		158,918	177,478
Finance costs paid		(44,816)	(29,077)
Income tax paid		(30,571)	(32,774)
Gratuity paid		(4,152)	(7,899)
Long-term loans		550	500
Long-term deposits		696	(7,847)
Deferred liabilities		(370)	633
		(78,663)	(76,464)
Net cash generated from operating activities		80,255	101,014
CASH FLOWS FROM INVESTING ACTIVITIES			
Fixed capital expenditures		(99,142)	(171,276)
Acquisition of intangible asset		(3,954)	(1,085)
Investments made during the period		(100,000)	-
Sale proceeds from disposal of operating fixed assets		7,002	6,029
Net cash (used) in investing activities		(196,094)	(166,332)
CASH FLOWS FROM FINANCING ACTIVITIES			
Long-term financing obtained - net		74,721	74,423
Short-term borrowings obtained - net		162,106	52,292
Dividend Paid		(72,417)	(150,970)
Net cash generated from / (used in) financing activities		164,410	(24,255)
Net increase / (decrease) in cash and cash equivalent		48,571	(89,573)
Cash and cash equivalents at the beginning of the period		46,995	102,088
Cash and cash equivalents at the end of the period	8	95,566	12,515

The annexed notes from 1 to 18 form an integral part of these un-consolidated condensed interim financial information.


 CHAIRMAN / DIRECTOR


 CHIEF EXECUTIVE OFFICER


 CHIEF FINANCIAL OFFICER

**Macter****HALF YEARLY REPORT**
DECEMBER 31, 2018**UN-CONSOLIDATED CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)**

FOR THE HALF YEAR ENDED DECEMBER 31, 2018

PARTICULARS	ISSUED, SUBSCRIBED AND PAID-UP CAPITAL	RESERVES		TOTAL RESERVES	TOTAL EQUITY
		CAPITAL RESERVES	UNAPPROP- -RIATED PROFIT		
..... (Rupees in '000)					
Balance as at July 01, 2017	391,444	217,808	533,992	751,800	1,143,244
Net profit for the period	-	-	129,820	129,820	129,820
Other comprehensive income for the period ended December 31, 2017	-	-	-	-	-
	-	-	129,820	129,820	129,820
Final dividend for the year ended June 30, 2017 @ Rs.4.25 per share	-	-	(166,363)	(166,363)	(166,363)
Balance as at December 31, 2017	391,444	217,808	497,449	715,257	1,106,701
Balance as at July 01, 2018	391,444	217,808	558,275	776,083	1,167,527
Net profit for the period	-	-	4,893	4,893	4,893
Other comprehensive income for the period ended December 31, 2018	-	-	-	-	-
	-	-	4,893	4,893	4,893
Final dividend for the year ended June 30, 2018 @ Rs.1.85 per share	-	-	(72,417)	(72,417)	(72,417)
Balance as at December 31, 2018	391,444	217,808	490,751	708,559	1,100,003

The annexed notes from 1 to 18 form an integral part of these un-consolidated condensed interim financial information.

CHAIRMAN / DIRECTOR**CHIEF EXECUTIVE OFFICER****CHIEF FINANCIAL OFFICER**

**NOTES TO THE UN-CONSOLIDATED CONDENSED INTERIM
FINANCIAL INFORMATION (UN-AUDITED)**

FOR THE HALF YEAR ENDED DECEMBER 31, 2018

1. THE COMPANY AND ITS OPERATIONS

Macter International Limited (the Company) was incorporated in Pakistan in 1992 as a private limited company and was converted into a public limited company in 2011. Effective from August 01, 2017 the Company has been listed on Pakistan Stock Exchange Limited. The principal activity of the Company is to manufacture and market pharmaceutical products. The geographical location and registered office of the Company is situated at F-216, S.I.T.E. Karachi.

2. BASIS OF PREPARATION

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

- International Accounting Standard (IAS) 34, Interim Financial Reporting, issued by International Accounting Standard 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.

These un-consolidated condensed interim financial statements do not include all the information and disclosures required in annual financial statements and should be read in conjunction with the company's annual financial statements for the year ended June 30, 2018.

These un-consolidated condensed interim financial statements are un-audited, but subject to limited scope review by the statutory auditors as required by the Code of Corporate Governance.

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

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies and the methods of computations adopted in the preparation of these un-consolidated condensed interim financial statements are consistent with those followed in the preparation of the Company's annual financial statements for the year ended June 30, 2018 except for:

a) Investment in Subsidiary

Investment in subsidiary is accounted for under the cost method in these un-consolidated condensed interim financial statements. Such investments are carried in the balance sheet at cost less any impairment in value. Impairment, if any, is charged to the profit and loss account.

b) New / Revised Standards, Interpretations and Amendments

The Company has adopted the following standards and amendment to IFRSs which became effective for the current period:

**Standard or Interpretation**

IFRS 2	Share-based Payments – Classification and Measurement of Share-based Payments Transactions (Amendments)
IFRS 4	Insurance Contracts: Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts – (Amendments)
IFRS 9	Financial Instruments *
IFRS 15	Revenue from Contracts with Customers
IAS 40	Investment Property: Transfers of Investment Property (Amendments)
IFRIC 22	Foreign Currency Transactions and Advance Consideration

The adoption of the above standards and amendments in the accounting standards did not have effect on the accounting policies of the Company.

- * Subsequent to period ended December 31, 2018, the SECP has modified the applicability of IFRS 9 vide its order no. S.R.O. 229 (I)/2019 dated February 14, 2019 whereby the effective date for applicability of IFRS 9 (Financial Instruments) in place of IAS 39 (Financial Instruments: Recognition and Measurement) as "Reporting period / year ending on or after June 30, 2019".

3.1 IFRS 15 – Revenue from Contracts with Customers

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

The Company is engaged in manufacturing and selling of pharmaceutical products. The Company has assessed that significant performance obligation in contracts with customers are closely related and therefore are discharged over the period of the relationship with relevant customers. Hence, the Company has concluded that it is in compliance with the requirements of the new accounting standard.

4. ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of un-consolidated condensed interim financial statements in conformity with approved accounting standards, as applicable in Pakistan requires the management to make estimates, assumptions and use judgments that affect the application of policies and the reported amount of assets and liabilities and income and expenses.

Judgements and estimates made by the management in the preparation of these un-consolidated condensed interim financial statements are same as those applied in the Company's annual financial statements for the year ended June 30, 2018 except for changes as disclosed in note 3 above.



	NOTE	DECEMBER 31, 2018 (Rupees in '000)	JUNE 30, 2018 (Rupees in '000)
		UN-AUDITED	AUDITED
5. PROPERTY, PLANT AND EQUIPMENT			
Operating fixed assets	5.1	1,107,283	943,524
Capital work-in-progress	5.2	130,842	238,780
		<u>1,238,125</u>	<u>1,182,304</u>

5.1 Details of additions and deletions are as follows:

	ADDITIONS (COST)		DELETIONS (NET BOOK VALUE)	
	DECEMBER 31, 2018	JUNE 30, 2018	DECEMBER 31, 2018	JUNE 30, 2018
	..... (Rupees in '000)			
	(UN-AUDITED)	(AUDITED)	(UN-AUDITED)	(AUDITED)
Leasehold land	4,000	117,215	-	-
Buildings on leasehold land	32,178	23,995	-	-
Plant and machinery	99,131	24,542	159	100
Tools and equipment	7,041	19,893	-	-
Gas and other installation	30,869	11,422	-	-
Furniture and fixture	6,087	11,437	-	-
Office equipment	540	2,364	-	-
Computer equipment	790	3,352	23	24
Motor vehicles	26,444	35,475	2,009	1,501
	<u>207,080</u>	<u>249,695</u>	<u>2,191</u>	<u>1,625</u>

Depreciation on operating fixed assets for the period amounted to Rs.41.130 million (December 31, 2017: Rs.32.986 million).

5.2 Capital work-in-progress

	OPENING BALANCE	CAPITAL EXPENDITURE INCURRED / ADVANCES MADE	TRANSFER TO OPERATING FIXED ASSETS	CLOSING BALANCE
	..... (Rupees in '000)			
Civil works	79,687	22,576	(59,148)	43,115
Plant and machinery	147,201	21,537	(89,434)	79,304
Others	11,892	5,255	(8,724)	8,423
	<u>238,780</u>	<u>49,368</u>	<u>(157,306)</u>	<u>130,842</u>



	NOTE	DECEMBER 31, 2018 (Rupees in '000)	JUNE 30, 2018 (Rupees in '000)
		UN-AUDITED	AUDITED
6. LONG-TERM INVESTMENT			
Investment in subsidiary - at cost Misbah Cosmetics (Private) Limited 10,000,000 ordinary shares representing 56.90% voting shares	6.1	<u>100,000</u>	<u>-</u>

6.1 During the period, the Company acquired 56.90% voting shares of Misbah Cosmetics (Private) Limited against a consideration of Rs.100 million. The subsidiary company is engaged in selling and distribution of cosmetic products.

	NOTE	DECEMBER 31, 2018 (Rupees in '000)	JUNE 30, 2018 (Rupees in '000)
		UN-AUDITED	AUDITED
7. STOCK IN TRADE			
In hand:			
raw material		342,917	324,748
packing material		212,855	197,011
work-in-process		42,122	52,716
finished goods	7.1	<u>414,639</u>	<u>348,966</u>
		<u>1,012,533</u>	<u>923,441</u>
Less: Provision for slow moving and obsolete items	7.2	<u>(22,102)</u>	<u>(46,482)</u>
		<u>990,431</u>	<u>876,959</u>
In transit		<u>2,962</u>	<u>1,783</u>
		<u>993,393</u>	<u>878,742</u>

7.1 These include cost of physician samples, aggregating Rs.30.784 million (2018: Rs.23.272 million).

		DECEMBER 31, 2018 (Rupees in '000)	JUNE 30, 2018 (Rupees in '000)
		UN-AUDITED	AUDITED
7.2 Provision for slow moving and obsolete items			
Opening balance		46,482	40,372
Charge for the year		454	27,654
Write off during the year		<u>(24,834)</u>	<u>(21,544)</u>
Closing balance		<u>22,102</u>	<u>46,482</u>



	NOTE	DECEMBER 31, 2018 (Rupees in '000)	JUNE 30, 2018 (Rupees in '000)
		UN-AUDITED	AUDITED
8. CASH AND BANK BALANCES			
Cash in hand		7	16
With banks in:			
- current accounts		93,725	2,690
- saving accounts	8.1	1,834	44,289
		95,559	46,979
		95,566	46,995

8.1 These carry profit at the rates ranging from 2.25% to 3.54% p.a (2018: 2.46% to 3.10% p.a).

	NOTE	DECEMBER 31, 2018 (Rupees in '000)	JUNE 30, 2018 (Rupees in '000)
		UN-AUDITED	AUDITED
9. LONG TERM FINANCING			
Secured			
Diminishing musharka on			
- Leasehold land and buildings	9.1	102,553	125,093
- Plant and machinery	9.2	248,550	163,028
- Vehicles	9.3	78,806	65,429
- Equipment		-	1,638
		429,909	355,188
Less: Current maturity		(98,508)	(83,286)
		331,401	271,902

9.1 These carry mark-up at the rate of 6 months KIBOR plus 1.25% to 2.00% (2018: 6 months KIBOR plus 1.25% to 2.00%) per annum and are repayable latest by August 2022. These facilities are secured against respective assets and an exclusive charge over existing leasehold land and buildings.

9.2 These carry mark-up at the rates ranging from 6 months KIBOR plus 1.40% to 2.00% (2018: 6 months KIBOR plus 1.40% to 2.00%) per annum and are repayable latest by June 2023. These facilities are secured against the underlying assets.

During the period, the Company has utilized an additional facility of Rs.100 million for the purchase of plant and Machinery, which carries mark-up at the rate of 3 months KIBOR plus 1.00% per annum and is repayable latest by September 2024. This facility is secured against the underlying assets.

9.3 These carry mark-up at the rates ranging from 6 months KIBOR plus 1.25% to 2.00% (2018: 6 months KIBOR plus 1.25% to 2.00%) per annum and are repayable by December 2023 in monthly installments. These facilities are secured against the underlying assets.



10. DEFERRED TAX LIABILITY - NET

DECEMBER 31, 2018

	OPENING	(REVERSAL) / CHARGE IN P&L	(REVERSAL) / CHARGE IN OCI	CLOSING
	..... (Rupees in '000)			
	..... (UN-AUDITED)			
Deductible temporary differences				
Provisions for slow moving stock, doubtful debts and gratuity	(72,747)	(2,089)	-	(74,836)
Minimum tax	(26,893)	10,000	-	(16,893)
Carry forward of tax losses	-	(1,959)	-	(1,959)
Taxable temporary differences				
Property, plant and equipment	91,858	10,906	-	102,764
	<u>(7,782)</u>	<u>16,858</u>	<u>-</u>	<u>9,076</u>

JUNE 30, 2018

	OPENING	(REVERSAL) / CHARGE IN P&L	(REVERSAL) / CHARGE IN OCI	CLOSING
	..... (Rupees in '000)			
	..... (AUDITED)			
Deductible temporary differences				
Provisions for slow moving stock, doubtful debts and gratuity	(86,484)	14,054	(317)	(72,747)
Minimum tax	(26,923)	30	-	(26,893)
Taxable temporary differences				
Property, plant and equipment	91,710	148	-	91,858
	<u>(21,697)</u>	<u>14,232</u>	<u>(317)</u>	<u>(7,782)</u>



	NOTE	DECEMBER 31, 2018 (Rupees in '000)	JUNE 30, 2018 (Rupees in '000)
		UN-AUDITED	AUDITED
11. TRADE AND OTHER PAYABLES			
Creditors		443,188	456,325
Advances from customers		89,379	106,782
Murabaha payables	11.1	667,963	563,581
Accrued liabilities		83,695	37,682
Provision for gas infrastructure development cess		61,318	54,150
Sindh Workers' Profit Participation Fund		1,284	17,393
Workers' Welfare Fund		19,685	19,197
Provident fund payable		3,141	1,734
Others liabilities		23,227	18,847
		1,392,880	1,275,691

11.1 These represents outstanding murabaha facilities with various Islamic banks. The repayment varies from 70 to 180 days (2018: 60 to 180 days) and carries profit at the rate ranging from 3 to 6 months KIBOR plus 1.0% to 1.5% per annum (2018: 3 to 6 months of KIBOR plus 1.0% to 1.5% per annum). These are secured against hypothecation of stock in trade and trade debts of the Company.

	NOTE	DECEMBER 31, 2018 (Rupees in '000)	JUNE 30, 2018 (Rupees in '000)
		UN-AUDITED	AUDITED
12. SHORT-TERM BORROWINGS			
Istisna'a	12.1	49,647	59,349
Shirkat-ul-milk	12.2	41,808	-
Musharka running finance	12.3	130,000	-
		221,455	59,349

12.1 These represents financing facilities obtained from various Islamic banks. These carry mark up at the rate ranging from 3 to 6 months KIBOR plus 1.0% to 1.25% per annum (2018: 3 to 6 months KIBOR plus 1.0% to 1.5% per annum) and are repayable after 180 days. These are secured by way of hypothecation on stock-in-trade and trade debts of the Company.

12.2 During the period, the Company has obtained facility from a commercial bank under shirkat-ul-milk, which carries mark-up at the rate of 01 month KIBOR plus 1.5% per annum and secured against hypothecation on current assets and plant and machinery of the Company.

12.3 During the period, the Company has obtained musharka running finance facility from a commercial bank, which carries mark-up at the rate of 03 months KIBOR plus 0.75% per annum and secured by way of hypothecation on current assets and plant and machinery of the Company.



	DECEMBER 31, 2018 (Rupees in '000)	JUNE 30, 2018 (Rupees in '000)
	UN-AUDITED	AUDITED
13. CONTINGENCIES AND COMMITMENTS		
13.1 Contingencies		
13.1.1 Claims not acknowledged as debt by the Company	6,230	6,327
13.1.2 Outstanding letters of guarantee	87,903	85,124
13.1.3 There is no change in the status of contingencies as disclosed in the annual audited financial information for the year ended June 30, 2018 except as mentioned above in the notes 13.1.1 and 13.1.2.		
13.2 Commitments		
Outstanding letters of credit	30,139	111,801
Commitments for capital expenditures	48,930	108,393
Commitments for Ijarah rentals in respect of plant and machinery, motor vehicles and equipment.		
Year		
2019	54,784	105,618
2020	96,483	90,316
2021	87,029	80,699
2022	59,435	54,091
2023	8,253	6,130
2024	879	-
	306,863	336,854

	HALF YEAR ENDED		QUARTER ENDED	
	DECEMBER 31, 2018	DECEMBER 31, 2017	DECEMBER 31, 2018	DECEMBER 31, 2017
..... (Rupees in '000)				
..... (UN-AUDITED)				
14. TAXATION				
Current	7,033	34,155	(679)	19,861
Prior year	(5,117)	-	(5,117)	-
Deferred	16,858	6,072	15,421	1,578
	18,774	40,227	9,625	21,439

**15. TRANSCATIONS WITH RELATED PARTIES**

Related parties of the Company comprise of associates, directors and key management personnel. Transactions with related parties during the period, other than those which have been disclosed elsewhere in this un-consolidated condensed interim financial information, are as follows:

Relationship	Nature of transactions	HALF YEAR ENDED	
		DECEMBER 31, 2018	DECEMBER 31, 2017
		..... (Rupees in '000)	
		UN-AUDITED	UN-AUDITED
Key Management Personnel	Salary and other benefits	79,794	89,865
	Dividend	47,283	108,622
	Technical advisory services	-	2,540
Non-Executive Director	Meeting Fees	392	130
	Dividend	-	6,322
Provident Fund	Contribution	17,892	15,443

16. FINANCIAL RISK MANAGEMENT AND FAIR VALUE DISCLOSURES

These un-consolidated condensed interim financial statements do not include all financial risk management information and disclosures which are required in the annual financial statements and should be read in conjunction with the Company's annual financial statements for the year ended June 30, 2018. There have been no change in any risk management policies since the year end.

17. DATE OF AUTHORISATION FOR ISSUE

This un-consolidated condensed interim financial information was authorized for issue on February 22, 2019 by the Board of Directors of the Company.

18. GENERAL

18.1 Corresponding figures have been reclassified for the purpose of better presentation and comparison, wherever necessary. However, there are no material reclassifications to report.

18.2 All figures have been rounded off to the nearest thousand rupees, unless otherwise stated.


 CHAIRMAN / DIRECTOR


 CHIEF EXECUTIVE OFFICER


 CHIEF FINANCIAL OFFICER



**CONSOLIDATED CONDENSED INTERIM
FINANCIAL INFORMATION
HALF YEAR ENDED
DECEMBER 31, 2018**

**Macter****HALF YEARLY REPORT**

DECEMBER 31, 2018

CONSOLIDATED CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION

AS AT DECEMBER 31, 2018

		DECEMBER 31, 2018	JUNE 30, 2018
NOTE		..... (Rupees in '000)	
		UN-AUDITED	
ASSETS			
NON-CURRENT ASSETS			
	5	1,247,695	1,182,304
Property, plant and equipment			
Intangible assets	6	69,004	8,049
Long-term loans		2,340	2,890
Long-term deposits		70,334	70,112
Deferred tax asset		-	7,782
		1,389,373	1,271,137
CURRENT ASSETS			
Stores and spares		2,296	1,863
Stock-in-trade	7	1,041,751	878,742
Trade debts		575,217	561,444
Loans and advances		102,667	102,215
Short-term deposits and prepayments		75,984	80,998
Other receivables		3,442	639
Accrued mark-up receivable		22	47
Taxation-net		128,813	99,972
Cash and bank balances	8	129,929	46,995
		2,060,121	1,772,915
TOTAL ASSETS		3,449,494	3,044,052
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Share capital			
Authorized			
65,000,000 (2018 : 65,000,000)			
ordinary shares of Rs.10/- each		650,000	650,000
Issued, subscribed and paid up		391,444	391,444
Reserves		706,016	776,083
		1,097,460	1,167,527
Non-controlling interest		29,318	-
		1,126,778	1,167,527
NON-CURRENT LIABILITIES			
Long-term financing	9	392,497	271,902
Deferred liabilities		178,473	171,868
Deferred tax liabilities	10	9,076	-
Long-term deposit		500	500
		580,546	444,270
CURRENT LIABILITIES			
Trade and other payables	11	1,402,102	1,275,691
Short-term borrowings	12	221,455	59,349
Accrued mark-up payable		19,811	13,717
Current portion of long-term financing		98,508	83,286
Unclaimed dividends		294	212
		1,742,170	1,432,255
CONTINGENCIES AND COMMITMENTS	13		
TOTAL EQUITY AND LIABILITIES		3,449,494	3,044,052

The annexed notes from 1 to 18 form an integral part of these consolidated condensed interim financial information.


 CHAIRMAN / DIRECTOR


 CHIEF EXECUTIVE OFFICER


 CHIEF FINANCIAL OFFICER



Macter

HALF YEARLY REPORT
DECEMBER 31, 2018

CONSOLIDATED CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS (UN-AUDITED)

FOR THE PERIOD ENDED DECEMBER 31, 2018

	HALF YEAR ENDED		QUARTER ENDED	
	DECEMBER 31, 2018	DECEMBER 31, 2017	DECEMBER 31, 2018	DECEMBER 31, 2017
NOTE	(Rupees in '000)			
Turnover	1,883,533	2,081,766	994,178	1,140,569
Cost of sales	(1,039,799)	(1,145,446)	(569,682)	(632,901)
Gross profit	843,734	936,320	424,496	507,668
Distribution costs	(670,796)	(638,272)	(369,509)	(335,814)
Administrative expenses	(105,634)	(95,995)	(50,958)	(49,112)
Other expenses	(2,011)	(14,448)	1,402	(8,744)
Other income	8,736	11,854	7,130	4,253
	(769,705)	(736,861)	(411,935)	(389,417)
Operating profit	74,029	199,459	12,561	118,251
Finance costs	(52,505)	(29,412)	(31,209)	(15,340)
Profit / (loss) before taxation	21,524	170,047	(18,648)	102,911
Taxation 14	(21,101)	(40,227)	(11,952)	(21,439)
Profit / (loss) after taxation	423	129,820	(30,600)	81,472
Basic and diluted earnings / (loss) per share - (Rupees)	0.01	3.32	(0.78)	2.08
Attributable to:				
Owners of the Holding Company	2,350	129,820	(28,673)	81,472
Non-controlling interest	(1,927)	-	(1,927)	-
	423	129,820	(30,600)	81,472

The annexed notes from 1 to 18 form an integral part of these consolidated condensed interim financial information.

CHAIRMAN / DIRECTOR

CHIEF EXECUTIVE OFFICER

CHIEF FINANCIAL OFFICER

**Macter****HALF YEARLY REPORT**

DECEMBER 31, 2018

CONSOLIDATED CONDENSED INTERIM STATEMENT OF OTHER COMPREHENSIVE INCOME (UN-AUDITED)

FOR THE PERIOD ENDED DECEMBER 31, 2018

	HALF YEAR ENDED		QUARTER ENDED	
	DECEMBER 31, 2018	DECEMBER 31, 2017	DECEMBER 31, 2018	DECEMBER 31, 2017
	..... (Rupees in '000)			
Profit / (loss) after taxation	423	129,820	(30,600)	81,472
Other comprehensive income for the period	-	-	-	-
Total comprehensive (loss) / income for the period	423	129,820	(30,600)	81,472
Attributable to:				
Owners of the Holding Company	2,350	129,820	(28,673)	81,472
Non-controlling interest	(1,927)	-	(1,927)	-
	423	129,820	(30,600)	81,472

The annexed notes from 1 to 18 form an integral part of these consolidated condensed interim financial information.

CHAIRMAN / DIRECTOR

CHIEF EXECUTIVE OFFICER

CHIEF FINANCIAL OFFICER

**Macter****HALF YEARLY REPORT**
DECEMBER 31, 2018**CONSOLIDATED CONDENSED INTERIM STATEMENT OF CASH FLOW (UN-AUDITED)**

FOR THE HALF YEAR ENDED DECEMBER 31, 2018

	NOTE	HALF YEAR ENDED	
		DECEMBER 31, 2018	DECEMBER 31, 2017
		..... (Rupees in '000)	
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before taxation		21,524	170,047
Adjustments for non-cash charges and other items:			
Depreciation		41,408	32,986
Amortization		2,090	2,496
Provision for gratuity		11,126	8,547
Finance costs		52,505	29,412
Gain on sale of operating fixed assets		(4,811)	(5,514)
Provision / write off for slow moving and obsolete stock-in-trade - net		24,380	1,325
Provision for doubtful debts		(23,838)	(4,098)
		102,860	65,154
Operating profit before working capital changes		124,384	235,201
(Increase) / decrease in current assets			
Stores and spares		(433)	(160)
Stock-in-trade		(187,389)	(21,967)
Trade debts		10,065	(207,293)
Loans and advances		(452)	(107,414)
Short-term deposits and prepayments		5,014	(28,080)
Other receivables		(2,778)	190
		(175,973)	(364,724)
Increase in current assets			
Trade and other payables		126,493	307,001
Cash generated from operations		74,904	177,478
Finance costs paid		(46,411)	(29,077)
Income tax paid		(30,571)	(32,774)
Gratuity paid		(4,152)	(7,899)
Long-term loans		550	500
Long-term deposits		(222)	(7,847)
Deferred liabilities		(370)	633
		(81,176)	(76,464)
Net cash (used in) / generated from operating activities		(6,272)	101,014
CASH FLOWS FROM INVESTING ACTIVITIES			
Fixed capital expenditures		(100,954)	(171,276)
Acquisition of intangible asset		(3,954)	(1,085)
Sale proceeds from disposal of operating fixed assets		7,002	6,029
Net cash (used in) investing activities		(97,906)	(166,332)
CASH FLOWS FROM FINANCING ACTIVITIES			
Long-term financing obtained - net		135,817	74,423
Short-term borrowings obtained - net		162,106	52,292
Dividend Paid		(72,417)	(150,970)
Net cash generated from / (used in) financing activities		225,506	(24,255)
Net increase / (decrease) in cash and cash equivalent		121,328	(89,573)
Cash and cash equivalents at the beginning of the period		46,995	102,088
Cash and cash equivalents acquired on consolidation of MCPL		(38,394)	-
Cash and cash equivalents at the end of the period	8	129,929	12,515

The annexed notes from 1 to 18 form an integral part of these consolidated condensed interim financial information.

CHAIRMAN / DIRECTOR

CHIEF EXECUTIVE OFFICER

CHIEF FINANCIAL OFFICER

**Macter****HALF YEARLY REPORT**
DECEMBER 31, 2018**CONSOLIDATED CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)**

FOR THE HALF YEAR ENDED DECEMBER 31, 2018

PARTICULARS	ISSUED, SUBSCRIBED AND PAID-UP CAPITAL	RESERVES			NON- CONTROLLING INTEREST	TOTAL EQUITY
		CAPITAL RESERVES	UNAPPROP- RIATED PROFIT	TOTAL RESERVES		
		(Rupees in '000)				
Balance as at July 01, 2017	391,444	217,808	533,992	751,800	-	1,143,244
Net profit for the period	-	-	129,820	129,820	-	129,820
Other comprehensive income for the period ended December 31, 2017	-	-	-	-	-	-
	-	-	129,820	129,820	-	129,820
Final dividend for the year ended June 30, 2017 @ Rs.4.25 per share	-	-	(166,363)	(166,363)	-	(166,363)
Balance as at December 31, 2017	391,444	217,808	497,449	715,257	-	1,106,701
Balance as at July 01, 2018	391,444	217,808	558,275	776,083	31,245	1,198,772
Net profit / (loss) for the period	-	-	2,350	2,350	(1,927)	423
Other comprehensive income for the period ended December 31, 2018	-	-	-	-	-	-
	-	-	2,350	2,350	(1,927)	423
Final dividend for the year ended June 30, 2018 @ Rs.1.85 per share	-	-	(72,417)	(72,417)	-	(72,417)
Balance as at December 31, 2018	391,444	217,808	488,208	706,016	29,318	1,126,778

The annexed notes from 1 to 18 form an integral part of these consolidated condensed interim financial information.

CHAIRMAN / DIRECTOR**CHIEF EXECUTIVE OFFICER****CHIEF FINANCIAL OFFICER**

**NOTES TO THE CONSOLIDATED CONDENSED INTERIM
FINANCIAL INFORMATION (UN-AUDITED)**

FOR THE HALF YEAR ENDED DECEMBER 31, 2018

1. THE COMPANY AND ITS OPERATIONS

Macter International Limited (the Company) was incorporated in Pakistan in 1992 as a private limited company and was converted into a public limited company in 2011. Effective from August 01, 2017 the Company has been listed on Pakistan Stock Exchange Limited. The principal activity of the Company is to manufacture and market pharmaceutical products. The geographical location and registered office of the Company is situated at F-216, S.I.T.E. Karachi.

1.1 Following is the subsidiary company

	Effective %age of holding	
	DECEMBER 31, 2018	JUNE 30, 2018
Misbah Cosmetic (Private) Limited	56.9%	-

2. BASIS OF PREPARATION

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

- International Accounting Standard (IAS) 34, Interim Financial Reporting, issued by International Accounting Standard 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.

These consolidated condensed interim financial statements do not include all the information and disclosures required in annual financial statements and should be read in conjunction with the company's annual financial statements for the year ended June 30, 2018.

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies and the methods of computations adopted in the preparation of these consolidated condensed interim financial statements are consistent with those followed in the preparation of the Company's annual financial statements for the year ended June 30, 2018 except for:

a) New / Revised Standards, Interpretations and Amendments

The Company has adopted the following standards and amendment to IFRSs which became effective for the current period:

Standard or Interpretation

IFRS 2	Share-based Payments – Classification and Measurement of Share-based Payments Transactions (Amendments)
IFRS 4	Insurance Contracts: Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts – (Amendments)



- IFRS 9 Financial Instruments*
- IFRS 15 Revenue from Contracts with Customers
- IAS 40 Investment Property: Transfers of Investment Property (Amendments)
- IFRIC 22 Foreign Currency Transactions and Advance Consideration

The adoption of the above standards and amendments in the accounting standards did not have effect on the accounting policies of the Company.

- * Subsequent to period ended December 31, 2018, the SECP has modified the applicability of IFRS 9 vide its order no. S.R.O. 229 (I)/2019 dated February 14, 2019 whereby the effective date for applicability of IFRS 9 (Financial Instruments) in place of IAS 39 (Financial Instruments: Recognition and Measurement) as "Reporting period / year ending on or after June 30, 2019".

3.1 IFRS 15 – Revenue from Contracts with Customers

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

The Company is engaged in manufacturing and selling of pharmaceutical products. The Company has assessed that significant performance obligation in contracts with customers are closely related and therefore are discharged over the period of the relationship with relevant customers. Hence, the Company has concluded that it is in compliance with the requirements of the new accounting standard.

4. ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of consolidated condensed interim financial statements in conformity with approved accounting standards, as applicable in Pakistan requires the management to make estimates, assumptions and use judgments that affect the application of policies and the reported amount of assets and liabilities and income and expenses.

Judgements and estimates made by the management in the preparation of these consolidated condensed interim financial statements are same as those applied in the Company's annual financial statements for the year ended June 30, 2018 except for changes as disclosed in note 3 above.

	NOTE	DECEMBER 31, 2018 (Rupees in '000)	JUNE 30, 2018 UN-AUDITED
5. PROPERTY, PLANT AND EQUIPMENT			
Operating fixed assets	5.1	1,116,853	943,524
Capital work-in-progress	5.2	130,842	238,780
		<u>1,247,695</u>	<u>1,182,304</u>



5.1 Details of additions and deletions are as follows:

	ADDITIONS (COST)		DELETIONS (NET BOOK VALUE)	
	DECEMBER 31, 2018	JUNE 30, 2018	DECEMBER 31, 2018	JUNE 30, 2018
	..... (Rupees in '000)			
	(UN-AUDITED)		(UN-AUDITED)	
Leasehold land	4,000	117,215	-	-
Buildings on leasehold land	32,178	23,995	-	-
Plant and machinery	99,131	24,542	159	100
Tools and equipment	7,041	19,893	-	-
Gas and other installation	30,869	11,422	-	-
Furniture and fixture	9,673	11,437	-	-
Office equipment	540	2,364	-	-
Computer equipment	1,048	3,352	23	24
Motor vehicles	26,444	35,475	2,009	1,501
	<u>210,924</u>	<u>249,695</u>	<u>2,191</u>	<u>1,625</u>

Depreciation on operating fixed assets for the period amounted to Rs.41.408 million (December 31, 2017: Rs.32.986 million).

5.2 Capital work-in-progress

	OPENING BALANCE	CAPITAL EXPENDITURE INCURRED / ADVANCES MADE	TRANSFER TO OPERATING FIXED ASSETS	CLOSING BALANCE
	..... (Rupees in '000)			
Civil works	79,687	22,576	(59,148)	43,115
Plant and machinery	147,201	21,537	(89,434)	79,304
Others	11,892	5,255	(8,724)	8,423
	<u>238,780</u>	<u>49,368</u>	<u>(157,306)</u>	<u>130,842</u>

NOTE
DECEMBER 31,
2018
..... (Rupees in '000)
UN-AUDITED

6. INTANGIBLE ASSETS

Goodwill	6.1	58,759	-
Other Intangible assets		10,245	8,049
		<u>69,004</u>	<u>8,049</u>

- 6.1 During the period, the Company acquired 56.90% voting shares of Misbah Cosmetics (Private) Limited against a consideration of Rs.100 million on September 19, 2018. The subsidiary company is engaged in selling and distribution of cosmetic products.

**6.1.1 Provisional Accounting for Goodwill**

At the time these condensed consolidated financial information were authorised for issue, the Company had not yet completed the accounting for the acquisition of MCPL. Hence, as allowed by IFRS-3, the fair values of the assets and liabilities acquired have been provisionally determined based on management's estimates to be equal to their carrying amounts at the date of acquisition as the independent valuations have not been finalised. Accordingly, detailed valuations after taking into account reasonableness of underlying assumptions especially for intangible assets have not been carried out at this stage.

Hence, the initial accounting for the business combination is incomplete and will be adjusted based on more accurate and complete information and analysis during the measurement period. The Company will retrospectively adjust the provisional amounts recognised at the acquisition date to reflect new information obtained about facts and circumstances that existed as of the acquisition date and, if known, would have affected the measurement of the amounts recognised as of that date. The Company may also recognise additional assets or liabilities if new information is obtained about facts and circumstances that existed as of the acquisition date and, if known, would have resulted in the recognition of those assets and liabilities as of that date.

The management expects that the fair valuation exercise for assets and liabilities acquired will be completed within the prescribed time period as allowed in IFRS 3.

Accordingly, goodwill arising on acquisition of MCPL has been provisionally determined as follows:

	HALF YEAR ENDED DECEMBER 31, 2018 (Rupees in '000)
Assets	
Balances with other banks	97,721
Stock-in-trade	39,211
Operating fixed assets	8,368
Trade debts - considered good	34,510
Loans and advances	543
other receivables	90
Trade deposits and short-term prepayments	2,496
Accrued Expenses	1,101
Long Term-deposits	834
Total assets	184,874
Liabilities	
Long-term financing	62,018
Trade and other payables	6,548
Short-term borrowings	43,822
Total liabilities	112,388
Net assets	72,486
Cash consideration paid	
10,000,000 Ordinary shares @ Rs.10 each	100,000
Proportionate share of non-controlling interest (43.1% of Rs. 72.486 million)	31,245
	131,245
Goodwill arising on acquisition	58,759



	NOTE	DECEMBER 31, 2018 (Rupees in '000)	JUNE 30, 2018
		UN-AUDITED	
7. STOCK IN TRADE			
In hand:			
raw material		342,917	324,748
packing material		212,855	197,011
work-in-process		42,122	52,716
finished goods	7.1	455,571	348,966
		1,053,465	923,441
Less: Provision for slow moving and obsolete items	7.2	(22,102)	(46,482)
		1,031,363	876,959
In transit		10,388	1,783
		1,041,751	878,742

7.1 These include cost of physician samples, aggregating Rs.30.784 million (2018: Rs.23.272 million).

	NOTE	DECEMBER 31, 2018 (Rupees in '000)	JUNE 30, 2018
		UN-AUDITED	
7.2 Provision for slow moving and obsolete items			
Opening balance		46,482	40,372
Charge for the year		454	27,654
Write off during the year		(24,834)	(21,544)
Closing balance		22,102	46,482

8. CASH AND BANK BALANCES

Cash in hand		352	16
With banks in:			
- current accounts		127,743	2,690
- saving accounts	8.1	1,834	44,289
		129,577	46,979
		129,929	46,995

8.1 These carry profit at the rates ranging from 2.25% to 3.54% p.a (2018: 2.46% to 3.10% p.a).

DEFERRED TAX LIABILITY - NET				
DECEMBER 31, 2018				
	OPENING	(REVERSAL) / CHARGE IN P&L	(REVERSAL) / CHARGE IN OCI	CLOSING
	(Rupees in '000)			
	(UN-AUDITED)			
Deductible temporary differences				
Provisions for slow moving stock, doubtful debts and gratuity	(72,747)	(2,089)	-	(74,836)
Minimum tax	(26,893)	10,000	-	(16,893)
Carry forward of tax losses	-	(1,959)	-	(1,959)
Taxable temporary differences				
Property, plant and equipment	91,858	10,906	-	102,764
	(7,782)	16,858	-	9,076



	JUNE 30, 2018			
	OPENING	(REVERSAL) / CHARGE IN P&L	(REVERSAL) / CHARGE IN OCI	CLOSING
	..... (Rupees in '000)			
Deductible temporary differences				
Provisions for slow moving stock, doubtful debts and gratuity	(86,484)	14,054	(317)	(72,747)
Minimum tax	(26,923)	30	-	(26,893)
Taxable temporary differences				
Property, plant and equipment	91,710	148	-	91,858
	(21,697)	14,232	(317)	(7,782)

	NOTE	DECEMBER 31, 2018 (Rupees in '000)	JUNE 30, 2018
		UN-AUDITED	
11. TRADE AND OTHER PAYABLES			
Creditors		443,188	456,325
Advances from customers		94,218	106,782
Murabaha payables	11.1	668,196	563,581
Accrued liabilities		83,695	37,682
Provision for gas infrastructure development cess		65,468	54,150
Sindh Workers' Profit Participation Fund		1,284	17,393
Workers' Welfare Fund		19,685	19,197
Provident fund payable		3,141	1,734
Others liabilities		23,227	18,847
		<u>1,402,102</u>	<u>1,275,691</u>

11.1 These represents outstanding murabaha facilities with various Islamic banks. The repayment varies from 70 to 180 days (2018: 60 to 180 days) and carries profit at the rate ranging from 3 to 6 months KIBOR plus 1.0% to 1.5% per annum (2018: 3 to 6 months of KIBOR plus 1.0% to 1.5% per annum). These are secured against hypothecation of stock in trade and trade debts of the Company.



	NOTE	DECEMBER 31, 2018 (Rupees in '000)	JUNE 30, 2018
		UN-AUDITED	
12. SHORT-TERM BORROWINGS			
Istisna'a	12.1	49,647	59,349
Shirkat-ul-milk	12.2	41,808	-
Musharka running finance	12.3	130,000	-
		<u>221,455</u>	<u>59,349</u>

12.1 These represents financing facilities obtained from various Islamic banks. These carry mark up at the rate ranging from 3 to 6 months KIBOR plus 1.0% to 1.25% per annum (2018: 3 to 6 months KIBOR plus 1.0% to 1.5% per annum) and are repayable after 180 days. These are secured by way of hypothecation on stock-in-trade and trade debts of the Company.

12.2 During the period, the Company has obtained facility from a commercial bank under shirkat-ul-milk, which carries mark-up at the rate of 01 month KIBOR plus 1.5% per annum and secured against hypothecation on current assets and plant and machinery of the Company.

12.3 During the period, the Company has obtained musharka running finance facility from a commercial bank, which carries mark-up at the rate of 03 months KIBOR plus 0.75% per annum and secured by way of hypothecation on current assets and plant and machinery of the Company.

		DECEMBER 31, 2018 (Rupees in '000)	JUNE 30, 2018
		UN-AUDITED	
13. CONTINGENCIES AND COMMITMENTS			
13.1 Contingencies			
13.1.1 Claims not acknowledged as debt by the Company		<u>6,230</u>	<u>6,327</u>
13.1.2 Outstanding letters of guarantee		<u>87,903</u>	<u>85,124</u>
13.1.3 There is no change in the status of contingencies as disclosed in the annual audited financial information for the year ended June 30, 2018 except as mentioned above in the notes 13.1.1 and 13.1.2.			
13.2 Commitments			
Outstanding letters of credit		<u>30,139</u>	<u>111,801</u>
Commitments for capital expenditures		<u>48,930</u>	<u>108,393</u>



Commitments for Ijarah rentals in respect of plant and machinery, motor vehicles and equipment.

DECEMBER 31, 2018 JUNE 30, 2018
..... (Rupees in '000)
UN-AUDITED

Year		
2019	54,784	105,618
2020	96,483	90,316
2021	87,029	80,699
2022	59,435	54,091
2023	8,253	6,130
2024	879	-
	306,863	336,854

HALF YEAR ENDED		QUARTER ENDED	
DECEMBER 31, 2018	DECEMBER 31, 2017	DECEMBER 31, 2018	DECEMBER 31, 2017
..... (Rupees in '000)			
..... (UN-AUDITED) .....		..... (UN-AUDITED)	

14. TAXATION

Current	9,360	34,155	1,648	19,861
Prior year	(5,117)	-	(5,117)	-
Deferred	16,858	6,072	15,421	1,578
	21,101	40,227	11,952	21,439

15. TRANSACTIONS WITH RELATED PARTIES

Related parties of the Company comprise of associates, directors and key management personnel. Transactions with related parties during the period, other than those which have been disclosed elsewhere in this consolidated condensed interim financial information, are as follows:

		HALF YEAR ENDED	
		DECEMBER 31, 2018	DECEMBER 31, 2017
		..... (Rupees in '000)	
		UN-AUDITED	UN-AUDITED
Relationship	Nature of transactions		
Key Management Personnel	Salary and other benefits	82,794	89,865
	Dividend	47,283	108,622
	Technical advisory services	-	2,540
Non-Executive Director	Meeting Fees	392	130
	Dividend	-	6,322
Provident Fund	Contribution	17,892	15,443

**16. FINANCIAL RISK MANAGEMENT AND FAIR VALUE DISCLOSURES**

These consolidated condensed interim financial statements do not include all financial risk management information and disclosures which are required in the annual financial statements and should be read in conjunction with the Company's annual financial statements for the year ended June 30, 2018. There have been no change in any risk management policies since the year end.

17. DATE OF AUTHORISATION FOR ISSUE

This consolidated condensed interim financial information was authorized for issue on February 22, 2019 by the Board of Directors of the Company.

18. GENERAL

18.1 Corresponding figures have been reclassified for the purpose of better presentation and comparison, wherever necessary. However, there are no material reclassifications to report.

18.2 All figures have been rounded off to the nearest thousand rupees, unless otherwise stated.

18.3 Corresponding figures of June 30, 2018 have been taken from annual audited accounts of parent Company.

CHAIRMAN / DIRECTOR**CHIEF EXECUTIVE OFFICER****CHIEF FINANCIAL OFFICER**



Macter

CORPORATE

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