

## **COMPANY INFORMATION**

### **Board of Directors**

Mr. Naeem Munshi (Chairman)  
Mr. Maqbool Elahi Shaikh (Chief Executive)  
Mr. Ehtesham Maqbool Elahi (Executive Director)  
Mr. Fahad Munshi (Non-Executive Director)  
Mr. Mansoor Younus (Independent Director)  
Mr. Shariq Maqbool Elahi (Non-Executive Director)  
Mr. Omer Sabir (Independent Director)

### **Audit Committee of the Board**

Mr. Mansoor Younus (Committee Chairman)  
Mr. Naeem Munshi  
Mr. Shariq Maqbool Elahi

### **HR & Remuneration Committee**

Mr. Shariq Maqbool Elahi (Committee Chairman)  
Mr. Naeem Munshi  
Mr. Ehtesham Maqbool Elahi

### **Chief Financial Officer & Company Secretary**

Mr. Zohaib Yakoob

### **Auditors**

EY Ford Rhodes  
Chartered Accountants

### **Legal Advisor**

Abdul Ghaffar Khan  
F-72/1, KDA Scheme 5,  
Kehkashan, Clifton, Karachi

### **Shares Registrar**

Central Depository Company Pakistan Limited  
CDC House, 99 – B, Block 'B', S.M.C.H.S., Main Shahra-e-Faisal,  
Karachi-74400  
Tel: Customer Support Services (Toll Free) 0800-CDCPL (23275)  
Fax: (92-21) 34326053  
Email: [info@cdcpak.com](mailto:info@cdcpak.com)  
Website: [www.cdcpakistan.com](http://www.cdcpakistan.com)

### **Bankers**

(in alphabetical order)  
Bank Alfalah Limited  
Bank Al Habib Limited  
Dubai Islamic Bank Pakistan Limited  
Faysal Bank Limited  
Habib Bank Limited  
Habib Metro Bank Limited  
JS Bank Limited  
MCB Bank Limited  
Meezan Bank Limited  
Soneri Bank Limited  
United Bank Limited

**Registered Office**

Plot # 21 Maqbolabad,  
Jinnah Cooperative Housing Society,  
(J.C.H.S), Tipu Sultan Road, Karachi  
Email : [info@macpacfilms.com](mailto:info@macpacfilms.com)  
Tel: 111-MFL(635)-111  
Website:  
[www.macpacfilms.com](http://www.macpacfilms.com)

**Factory**

Plot No. EZ/1/P-10  
Eastern Industrial Zone  
Port Qasim Area

# MACPAC FILMS LIMITED

## DIRECTORS' REPORT

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

**Assalam-o-Alaikum**

Dear Members,

The Board of Directors of your Company is pleased to present the un-audited financial statement of the Company for the second quarter ended December 31, 2018

### **Financial Reporting**

Your Company has recorded net sales of Rs. 1,096 million during the period under reviewed as compared to Rs. 980 million for the same period last year. The company has suffered loss during the period amounting to Rs. 81.7 million, as compared to profit of Rs. 28.9 million for the same period last year. Mainly due to devaluation of Pak Rupee against US Dollar and also slowing in demand due to macro-economic conditions.

Loss per share for the period under reviewed is Rs. 1.38 as compared to Earning per share of Rs. 0.53 during the same period last year.

### **Future Outlook**

The period under review was a very difficult period for the economy. Widened current account deficit forced Pak Rupee to devalue from around PKR 124/USD to PKR 139/USD (around another over 12% devaluation) and even touched PKR 144/USD for some days. Further, the significant increase in utility prices by almost 30 pct for industries also badly affected cost of production. Policy rates also increased significantly from 8.5% to 10% during the quarter which not only result in increased financing cost but also slowed down the overall market activities which further affected the demand side of the industry. These overall macro and micro conditions and uncertainty in the market resulted in lowering overall growth rate of the economy which also resulted in lower sales volume. These lower sales volume and increased production and finance cost along with devaluation contributing in loss for the period.

Your management is striving hard to address all these issues. New Cast Poly Propylene (CPP) plant has also started its production subsequent to the period. Further, now gradually, forex market is showing some sign of stability with reducing current account deficit and increased foreign investments and loans. This will help overall economy which translate into growth in demand side of the industry. With the start of commercial production of CPP and improved research and development, we are confident then the company is not only on the right track but would achieve the expectation and objectives of its valuable shareholders. 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

**February 27, 2019**

**CHIEF EXECUTIVE**

**DIRECTOR**

**MACPAC FILMS LIMITED**  
**CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION**  
**AS AT DECEMBER 31, 2018**

		December 31, 2018 (Un-Audited)	June 30, 2018 (Audited)
	Note	-----Rupees-----	
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	5	1,326,795,406	1,177,261,267
Intangible assets		888,729	907,435
Long-term deposits		20,248,173	10,118,273
		<u>1,347,932,308</u>	<u>1,188,286,975</u>
<b>CURRENT ASSETS</b>			
Stock-in-trade	6	405,898,996	491,245,840
Trade debts-unsecured	7	360,703,869	398,482,218
Loans and advances		19,795,884	16,950,759
Trade deposits, prepayments and other receivables		59,469,054	16,604,521
Tax refund due from Government - net		132,418,177	86,815,395
Cash and bank balances		105,015,221	33,835,307
		<u>1,083,301,201</u>	<u>1,043,934,040</u>
<b>TOTAL ASSETS</b>		<u><u>2,431,233,509</u></u>	<u><u>2,232,221,015</u></u>
<b><u>EQUITY AND LIABILITIES</u></b>			
<b>SHARE CAPITAL AND RESERVES</b>			
Authorised capital		<u>700,000,000</u>	<u>700,000,000</u>
Issued, subscribed and paid-up capital		593,011,500	593,011,500
Reserves		<u>218,466,371</u>	<u>312,091,568</u>
		<u>811,477,871</u>	<u>905,103,068</u>
<b>NON-CURRENT LIABILITIES</b>			
Diminishing musharika	8	222,605,595	-
Liabilities against asset subject to finance lease		64,221,987	3,623,788
Deferred income	9	12,984,865	-
Deferred taxation		80,151,807	120,749,918
Staff retirement benefits - staff gratuity		21,229,001	25,343,572
		<u>401,193,255</u>	<u>149,717,278</u>
<b>CURRENT LIABILITIES</b>			
Trade and other payables	13	801,552,774	892,469,652
Accrued mark-up		3,656,382	3,036,745
Short-term borrowings	10	317,350,570	267,583,462
Unclaimed dividend		5,886,111	870,316
Current portion of non-current liabilities		90,116,546	13,440,494
		<u>1,218,562,383</u>	<u>1,177,400,669</u>
<b>TOTAL EQUITY AND LIABILITIES</b>		<u><u>2,431,233,509</u></u>	<u><u>2,232,221,015</u></u>
<b>CONTINGENCIES AND COMMITMENTS</b>			
	11		

The annexed notes from 1 to 14 form an integral part of these condensed interim financial statements.

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**CHIEF EXECUTIVE**

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**CHIEF FINANCIAL OFFICER**

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

**MACPAC FILMS LIMITED**  
**CONDENSED INTERIM STATEMENT OF PROFIT AND LOSS (UN-AUDITED)**  
**FOR THE HALF YEAR ENDED DECEMBER 31, 2018**

	Half Year Ended		Quarter Ended	
	December 31, 2018	December 31, 2017	December 31, 2018	December 31, 2017
Note	-----Rupees-----			
Gross sales	1,300,922,631	1,155,778,328	789,851,098	592,886,008
Sales tax	(204,870,672)	(175,524,180)	(123,842,016)	(89,759,633)
<b>Net Sales</b>	<b>1,096,051,959</b>	980,254,148	<b>666,009,082</b>	503,126,375
Cost of sales	(1,067,914,465)	(853,437,031)	(646,020,450)	(444,152,706)
<b>GROSS PROFIT</b>	<b>28,137,494</b>	126,817,117	<b>19,988,632</b>	58,973,669
Administrative expenses	(43,430,401)	(41,637,962)	(23,811,275)	(19,235,292)
Marketing and selling expenses	(14,141,542)	(12,670,165)	(7,416,697)	(5,815,955)
	(57,571,943)	(54,308,127)	(31,227,972)	(25,051,247)
<b>OPERATING (LOSS) / PROFIT</b>	<b>(29,434,449)</b>	72,508,990	<b>(11,239,340)</b>	33,922,422
Finance costs	(34,145,065)	(10,018,525)	(21,525,141)	(4,327,144)
Other operating expenses	(45,822,641)	(24,974,528)	(36,213,494)	(18,834,244)
Other operating income	1,439,129	2,183,092	612,885	1,791,679
	(78,528,577)	(32,809,961)	(57,125,750)	(21,369,709)
<b>(LOSS) / PROFIT BEFORE TAXATION</b>	<b>(107,963,026)</b>	39,699,029	<b>(68,365,090)</b>	12,552,713
Taxation	26,198,059	(10,728,657)	30,809,652	(3,021,246)
<b>(LOSS) / PROFIT AFTER TAXATION</b>	<b>(81,764,967)</b>	28,970,372	<b>(37,555,438)</b>	9,531,467
<b>EARNINGS PER SHARE (Rupees)</b>	<b>(1.38)</b>	0.53	<b>(0.63)</b>	0.18

The annexed notes from 1 to 14 form an integral part of these condensed interim financial statements.

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**CHIEF EXECUTIVE**

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**CHIEF FINANCIAL OFFICER**

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**DIRECTOR**

**MACPAC FILMS LIMITED**  
**CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)**  
**FOR THE HALF YEAR ENDED DECEMBER 31, 2018**

	Half Year Ended		Quarter Ended	
	December 31, 2018	December 31, 2017	December 31, 2018	December 31, 2017
	(Un-audited)	(Un-audited)	(Un-audited)	(Un-audited)
	.....Rupees.....			
Profit after taxation	<b>(81,764,967)</b>	28,970,372	(37,555,438)	9,531,467
Other comprehensive income	-	-	-	-
Total comprehensive income for the period	<b><u>(81,764,967)</u></b>	<b><u>28,970,372</u></b>	<b><u>(37,555,438)</u></b>	<b><u>9,531,467</u></b>

The annexed notes from 1 to 14 form an integral part of these condensed interim financial statements.

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**CHIEF EXECUTIVE**

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**CHIEF FINANCIAL OFFICER**

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**DIRECTOR**

**MACPAC FILMS LIMITED**  
**CONDENSED INTERIM STATEMENT OF CASHFLOWS (UN-AUDITED)**  
**FOR THE HALF YEAR ENDED DECEMBER 31, 2018**

	December 31, 2018	December 31, 2017
	-----Rupees-----	
<b>CASH GENERATED FROM OPERATIONS</b>		
<b>Profit before taxation</b>	<b>(107,963,026)</b>	39,699,029
Adjustments for non-cash and other items:		
Depreciation	37,933,908	38,257,482
Amortization of software	90,744	113,430
Exchange loss	42,800,167	20,525,730
Loss / (gain) on sale of fixed asset	876,190	(778,612)
Workers' Welfare Fund	-	799,297
Workers' Profit Participation Fund	-	1,998,241
Provision for gratuity	4,945,454	4,233,246
Finance costs	34,145,065	10,018,525
	<b>120,791,528</b>	<b>75,167,339</b>
	<b>12,828,502</b>	<b>114,866,368</b>
<b>Changes in working capital</b>		
<i>Decrease / (Increase) / in current assets:</i>		
Stock-in-trade	85,346,844	(78,409,849)
Trade debts	37,778,349	(113,639,325)
Loans and advances	(2,845,125)	(51,341)
Trade deposits, short - term prepayments and other receivables	(42,864,533)	(118,824)
	<b>77,415,535</b>	<b>(192,219,339)</b>
<i>(Decrease) / Increase in current liability:</i>		
Trade and other payables	(133,717,045)	73,941,178
	<b>(56,301,510)</b>	<b>(118,278,161)</b>
<b>Cash generated from operation</b>	<b>(43,473,008)</b>	<b>(3,411,793)</b>
Income tax paid- net	(63,575,788)	(23,388,156)
Gratuity paid	(9,060,025)	(61,300)
Finance costs paid	(33,525,431)	(9,356,697)
	<b>(106,161,244)</b>	<b>(32,806,153)</b>
<b>Net cash used in operating activities</b>	<b>(149,634,252)</b>	<b>(36,217,946)</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Fixed capital expenditures	(176,186,825)	(29,174,251)
Proceeds from sales and lease back	84,473,059	-
Long term deposits paid	(10,129,900)	(831,368)
Proceeds from disposal of fixed assets	1,000,000	5,994,000
<b>Net cash used in investing activities</b>	<b>(100,843,666)</b>	<b>(24,011,619)</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Proceeds/(repayments of) from short term borrowings-net	48,152,613	(8,000,000)
Musharika agreement	282,577,822	-
Proceeds from loan from director	-	17,000,000
Proceeds from rights	-	123,529,418
Dividends paid	(11,860,230)	(41,796,824)
Repayment of finance lease	(7,171,035)	(23,532,838)
<b>Net cash generated from financing activities</b>	<b>311,699,170</b>	<b>67,199,756</b>
<b>Net increase in cash and cash equivalents</b>	<b>61,221,252</b>	<b>6,970,191</b>
Cash and cash equivalents at the beginning of the period	<b>33,835,307</b>	<b>5,562,050</b>
<b>Cash and cash equivalents at the end of the period</b>	<b>95,056,559</b>	<b>12,532,241</b>
<b>Cash and cash equivalents</b>		
Cash and bank balances	<b>105,015,221</b>	<b>22,490,903</b>
Short term running finance	<b>(9,958,662)</b>	<b>(9,958,662)</b>
	<b>95,056,559</b>	<b>12,532,241</b>

The annexed notes from 1 to 14 form an integral part of these condensed interim financial statements.

CHIEF EXECUTIVE

CHIEF FINANCIAL OFFICER

DIRECTOR



**MACPAC FILMS LIMITED**  
**CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)**  
**FOR THE HALF YEAR ENDED DECEMBER 31, 2018**

	Issued, subscribed & paid-up capital	Capital reserve- share premium	Reserves		Total
			Unappropriated profits	Total reserves	
	..... Rupees .....				
Balance as at July 1, 2017 - (Audited)	388,860,000	79,930,000	124,687,909	204,617,909	593,477,909
Final Dividend @ Re. 1/ ordinary share for the year ended June 30, 2017	-	-	(41,510,805)	(41,510,805)	(41,510,805)
Issue of further 20,415,150 ordinary shares at premium of Rs 5/ per share	204,151,500	102,075,750	-	102,075,750	306,227,250
Share issuance cost	-	(8,437,184)	-	(8,437,184)	(8,437,184)
Profit for the period	-	-	28,970,372	28,970,372	28,970,372
Other comprehensive income	-	-	-	-	-
Total comprehensive income	-	-	28,970,372	28,970,372	28,970,372
Balance as at December 31, 2017 (Un-Audited)	593,011,500	173,568,566	112,147,476	285,716,042	878,727,542
Balance as at July 1, 2018 - (Audited)	593,011,500	173,566,620	138,524,948	312,091,568	905,103,068
Final dividend @ Re. 0.2/ ordinary share for the year ended June 30, 2018	-	-	(11,860,230)	(11,860,230)	(11,860,230)
Profit for the period	-	-	(81,764,967)	(81,764,967)	(81,764,967)
Other comprehensive income	-	-	-	-	-
Total comprehensive income	-	-	(81,764,967)	(81,764,967)	(81,764,967)
Balance as at December 31, 2018 (Un-Audited)	593,011,500	173,566,620	44,899,751	218,466,371	811,477,871

The annexed notes from 1 to 14 form an integral part of these condensed interim financial statements.

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**CHIEF EXECUTIVE**

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**CHIEF FINANCIAL OFFICER**

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

**MACPAC FILMS LIMITED**  
**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)**  
**FOR THE HALF YEAR ENDED DECEMBER 31, 2018**

**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 F/2, A – F, S.I.T.E, Karachi, Pakistan and city office is at Plot # 21, Maqboolabad, Jinnah Cooperative Housing Society,

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 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 by 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 annual financial statements and should be read in conjunction with the annual audited financial statements of the Company for the year ended June 30, 2018. These condensed interim financial statements are unaudited, however, have been subjected to limited scope review by the auditors and are being submitted to the shareholders as required by the listing regulations of Pakistan Stock Exchange Limited and Section 237 of the Companies Act, 2017.

3.2 The figures of the condensed interim statement of profit or loss and 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 auditors of the Company, as they have reviewed the cumulative figures for the half year ended December 31, 2018 and December 31, 2017.

**3.3 Initial application of standards, amendments or an interpretation to existing standards.**

- a) Standards, interpretations and amendments to published approved accounting and reporting standards that became effective during the period

The following accounting standard became effective during the period as applicable in Pakistan for the first time for the period ended December 31, 2018 and are relevant to the Company.

**IFRS 9 - 'Financial instruments'**

This standard addresses the classification, measurement and recognition of financial assets and financial liabilities and replaces the related guidance in IAS 39. IFRS 9 retains but simplifies the mixed measurement model and establishes three primary measurement categories for financial assets: amortised cost, fair value through other comprehensive income (OCI) and fair value through profit and loss (P&L). The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. Investments in equity instruments are required to be measured at fair value through profit or loss with the irrevocable option at inception to present changes in fair value in OCI, not recycling. There is now a new expected credit losses model that replaces the incurred loss impairment model of IAS 39. For financial liabilities there are no changes to classification and measurement except for the recognition of changes in own credit risk in OCI, for liabilities designated at fair value through profit or loss. IFRS 9 relaxes the requirements for hedge effectiveness by replacing the bright line hedge effectiveness tests. It requires an economic relationship between the hedged item and hedging instrument and for the 'hedged ratio' to be the same as the

one management actually use for risk management purposes.

The Company's financial assets mainly include long term investments, trade debts, advances, deposits, other receivables and bank balances held with commercial banks.

However, Securities and Exchange Commission of Pakistan through its letter S.R.O 229 (I) /2019 dated February 14, 2019 has modified the effective date for application of IFRS 9 to 'Reporting period / year ending on or after June 30, 2019.

#### **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, producing, buying and selling plastic packaging films. The Company has assessed that significant performance obligation in contracts with customers is to deliver the products and is discharged at one point of time. Based on the above, the Company considers that its existing accounting policies are substantially in compliance with the requirements of IFRS 15.

#### **b) Standards, interpretations and amendments to published approved accounting and reporting standards that became effective during the period but not relevant**

The other new standards, amendments and interpretations that are mandatory for accounting periods beginning on or after January 01, 2018 are considered not to be relevant for the Company's condensed interim financial statements and hence have not been presented here.

3.4 The preparation of these condensed interim financial statements, in conformity with the approved accounting and reporting standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectation of future events that are believed to be reasonable under the circumstances. Actual results may differ from the estimates.

3.5 During the preparation of these condensed interim financial statements, changes in the significant judgements made by management in applying the Company's accounting policies and the key sources of estimation and uncertainty from those that were applied to the annual audited financial statements of the Company for the year ended June 30, 2018 do not have any material impact.

These condensed interim financial statements are presented in Pakistan Rupee which is also the Company's functional currency and all interim financial information presented has been rounded off to the nearest rupees unless otherwise stated.

#### **4. Accounting policies**

4.1 The accounting policies and method of computation adopted for the preparation of these condensed interim financial statements are the same as those applied in the preparation of the Company's annual audited financial statements for the year ended June 30, 2018 except for the following:

##### **Revenue Recognition**

The Company recognises revenue when the goods are transferred to the customer and when performance obligations are fulfilled. Goods are considered to be transferred when the control is transferred to the customer.

##### **Deferred Income**

The Company recognises the gain / (loss) on sale and lease back when the sales proceeds exceeds the carrying amount of the asset. The gain / (loss) is recognised over the leased term of the leased assets.

		(Un-audited) December 31, 2018 Rupees	(Audited) June 30, 2018 Rupees
<b>5</b>	<b>PROPERTY, PLANT AND EQUIPMENT</b>		
	Operating fixed assets	5.1 807,510,232	749,944,910
	Capital work-in-progress	5.2 519,285,174	427,316,357
		<u>1,326,795,406</u>	<u>1,177,261,267</u>
<b>5.1</b>	<b>Operating fixed assets</b>		
	Opening book value	749,944,910	754,165,350
	Additions during period / year	5.1.1 100,095,116	75,232,392
		<u>850,040,026</u>	<u>829,397,742</u>
	Disposal during the period / year at book value	(4,595,886)	(5,215,388)
	Depreciation during the period / year	(37,933,908)	(74,237,445)
		<u>(42,529,794)</u>	<u>(79,452,833)</u>
		<u>807,510,232</u>	<u>749,944,910</u>
<b>5.1.1</b>	<b>Additions to property, plant and equipment</b>		
	Building	-	11,078,631
	Plant and machinery	89,666,582	47,335,894
	Furniture and fixtures	272,814	1,270,888
	Electrical installations	707,800	350,635
	Refrigeration and air conditioning	372,145	1,121,607
	Office equipment	393,657	662,576
	Computers	106,700	404,443
	Motor vehicles	8,575,418	13,007,718
		<u>100,095,116</u>	<u>75,232,392</u>
<b>5.2</b>	<b>Capital work-in-progress</b>		
	At the beginning of the period / year	427,316,357	54,048,325
	Additions during period / year	169,116,610	427,006,339
	Transfers to operating assets during the period / year	(77,147,793)	(53,738,307)
	Closing balance	<u>519,285,174</u>	<u>427,316,357</u>
<b>6</b>	<b>STOCK IN TRADE</b>		
	Raw material		
	- In hand	110,115,193	76,518,701
	- In bond warehouse	-	49,039,940
	- In transit	125,087,011	68,240,365
		<u>235,202,204</u>	<u>193,799,006</u>
	Work-in-process	92,783,347	184,546,594
	Finished goods	77,913,445	112,900,240
		<u>170,696,792</u>	<u>297,446,834</u>
		<u>405,898,996</u>	<u>491,245,840</u>
<b>7</b>	<b>TRADE DEBTS - UNSECURED</b>	<u>360,703,869</u>	<u>398,482,218</u>
7.1	Theses include a sum of Rs. 72.936 million (June 30, 2018: Rs. 60.88 million) due from associated undertakings.		

		(Un-audited) December 31, 2018 Rupees	(Audited) June 30, 2018 Rupees
<b>8</b>	<b>DIMINISHING MUSHARIKA</b>		
	Diminishing musharika	8.1 222,605,595	-
	Current portion	59,972,227	-
		<u>282,577,822</u>	<u>-</u>

- 8.1 During the period, the Company has obtained Diminishing musharika financing facility for machineries amount to Rs 295.49 million (June 30, 2018: Nil) from a bank for a period of 5 years, carrying a mark-up of 3 months KIBOR plus 2.25 percent per annum. The musharika units are to purchased during a period of 5 years in 20 quarterly installments latest by July 11, 2023.

		(Un-audited) December 31, 2018 Rupees	(Audited) June 30, 2018 Rupees
<b>9</b>	<b>DEFERRED INCOME</b>		
	Gain on sale and lease back transactions	9.1 13,010,187	-
	Amortisation for the year	(25,322)	-
		<u>12,984,865</u>	<u>-</u>

- 9.1 Represents sale and lease back transactions with financial institution which has resulted in a gain of Rs. 13.01 million (June 30, 2018: Nil).

The gain has been deferred as per the requirement of IAS-17 "Leases" and shall be recognised over the leased term of the leased assets.

		(Un-audited) December 31, 2018 Rupees	(Audited) June 30, 2018 Rupees
<b>10</b>	<b>SHORT - TERM BORROWINGS</b>		
	Running finance under markup arrangement	10.1 9,829,287	8,214,792
	Force finance	77,521,283	159,368,670
	Istisna loan	230,000,000	100,000,000
		<u>317,350,570</u>	<u>267,583,462</u>

- 10.1 The above facility is obtained by the Company from a commercial bank under the mark-up arrangement and is secured against first pari passu mortgage charge over Company's fixed assets and trade debts. The rate of mark-up on this finance is 3 months KIBOR plus 2% per annum.

## 11 CONTINGENCIES & COMMITMENTS

### 11.1 Contingencies

- 11.1.1 There has been no change in the status of contingencies as reported in the annual financial statements of the Company for the year ended June 30, 2018

		(Un-audited) December 31, 2018 Rupees	(Audited) June 30, 2018 Rupees
<b>11.2</b>	<b>Commitments</b>		
	Outstanding bank guarantees	7,250,000	7,250,000
	Outstanding letters of credit	45,590,560	138,344,576
	Capital commitments	72,954,461	3,846,980

**12 TRANSACTIONS WITH RELATED PARTIES**

Related parties of the Company comprise of associate companies, directors and key management personnel and companies in which directors of the Company hold directorship. Transactions or arrangements with related parties during the period, other than those which have been disclosed elsewhere in these financial statements, are as follows:

	(Un-audited) December 31, 2018 Rupees	(Un-audited) December 31, 2017 Rupees
<b>Director (Key management personnel)</b>		
Loan to the Company		
Loan acquired during the year	-	17,000,000
Loan repaid during the year	-	160,260,457
	<b>6,357,094</b>	<b>7,025,465</b>
Salary, fee and other employment benefits		
<b>Chief Executive</b>		
Salary, fee and other employment benefits	<b>3,854,620</b>	<b>3,776,984</b>
<b>Executives</b>		
Salary, fee and other employment benefits	<b>29,472,303</b>	<b>22,441,557</b>
<b>Associated Companies</b>		
<b>TOYO Packaging (Private) Limited</b>		
Sale of goods / processing charges	<b>98,948,608</b>	<b>89,430,502</b>
<b>Hilal Foods (Pvt) Ltd</b>		
Sale of goods	<b>16,913,735</b>	<b>11,375,864</b>
<b>Shalimar Food Products (Private) Limited</b>		
Sale of goods	<b>3,682,481</b>	<b>11,326,708</b>

There were no transactions with the key management personnel other than under their terms of employment.

**13 CORRESPONDING FIGURES**

Corresponding figures have been reclassified, wherever considered necessary, for the purpose of comparison and to reflect the substance of the transaction. Following major re-classification have been made during the period:

Nature	Financial statement line items		Amount
	Half year ended		
	31-Dec-17	31-Dec-18	
Financing facility	Trade and other payables	Short-term borrowings	159,368,670

**14 DATE OF ISSUE**

These condensed interim financial statements were authorized for issue on February 27, 2019 by the Board of Directors of the Company.

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

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

\_\_\_\_\_  
DIRECTOR