



QUARTERLY REPORT

MARCH 31, 2019

WORKING TODAY
FOR A HEALTHIER TOMORROW



Macter International Limited



CONTENTS

Company Information	02
Directors' Review Report	04
Un-consolidated Condensed Interim Statement of Financial Position	10
Un-consolidated Condensed Interim Statement of Profit or Loss	11
Un-consolidated Condensed Interim Statement of Other Comprehensive Income	12
Un-consolidated Condensed Interim Statement of Cash Flows	13
Un-consolidated Condensed Interim Statement of Changes in Equity	14
Notes to the Un-consolidated Condensed Interim Financial Information	15
Consolidated Condensed Interim Statement of Financial Position	25
Consolidated Condensed Interim Statement of Profit or Loss	26
Consolidated Condensed Interim Statement of Other Comprehensive Income	27
Consolidated Condensed Interim Statement of Cash Flows	28
Consolidated Condensed Interim Statement of Changes in Equity	29
Notes to the Consolidated Condensed Interim Financial Information	30



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.	Mr. Islahuddin Siddiqui	Chairman
2.	Shaikh Aamir Naveed	Member
3.	Mr. Muhammad Yahya Chawla	Member

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 Ltd - Islamic Banking Branch
Bank Al Habib Limited - Islamic Banking Branch
Bank Alfalah Limited - Islamic Banking Branch
Bankislami Pakistan Limited
Dubai Islamic Bank Pakistan Limited
Habib Bank Limited -Islamic Banking Branch
Habib Metropolitan Bank Pakistan Limited - Islamic Banking Branch
MCB Bank Limited
MCB Islamic Bank Limited
Meezan Bank Limited



Macter

QUARTERLY REPORT

MARCH 31, 2019

SHARE REGISTRAR

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

REGISTERED OFFICE

F-216, SITE, Karachi - 75700
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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 March 31, 2019:

FINANCIAL RESULTS

PARTICULARS	*CONSOLIDATED	UN-CONSOLIDATED / STANDALONE		
	JUL - MAR 2019	JUL - MAR 2019	JUL - MAR 2018	CHANGES %
		pkr in million		
Turnover - Net	2,965.7	2,879.2	3,166.2	-9.9%
Gross Profit	1,277.0	1,232.4	1,421.9	-13.3%
Operating Profit	99.1	109.0	337.5	-67.7%
Profit before tax	11.4	24.6	289.1	-91.5%
(Loss) / Profit after tax	(13.6)	5.4	227.7	-97.6%

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

EARNING PER SHARE

Earnings per share of the Company for the period ended March 31, 2019 was 0.14 pkr as compared to 5.82 pkr for the same period last year.

FINANCIAL PERFORMANCE

Although prescription sales increased by 260.6m pkr (14.3% growth over last year) it was mainly set off by a decline of 403.6m pkr in institutional sales (tender business). The uncertain exchange rate situation hindered optimal participation in tender business.

Gross profits were negatively impacted and declined from 44.9% to 42.8% due to substantial rupee devaluation, increase in raw material prices and minimum wages.

Operating expenses (net of other income) grew by 39.0m pkr (3.6%) 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 36.1m pkr (74.6%) 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 5.4m pkr as compared to 227.7 m pkr in the corresponding period of last year.

**FUTURE OUTLOOK**

The impact of PKR devaluation / depreciation which was around 30% during the period is the main driving force and determines the prices of other factors of production such as active pharmaceutical ingredient, cost of packing material etc. Although, DRAP has allowed increase in medicine prices in the range of 9%-15% effective January 2019 to compensate the devaluation impact, this price increase is unable to fully absorb the inflationary cost impacts due to its nature of prospective application and only on those goods manufactured after the effective date. However, this respite will ease some pressure on margins and help in improving profitability in next quarters.

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 the months to come.

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

ASIF MISBAH
CHIEF EXECUTIVE

MUHAMMAD YAHYA CHAWLA
DIRECTOR

Date: April 27, 2019



Macter

QUARTERLY REPORT

MARCH 31, 2019

KIBOR میں اضافہ، جاری سرمایہ کاری کی ضروریات میں اضافہ اور طے شدہ CAPEX کی وجہ سے فنانسنگ کی لاگت میں گزشتہ سال کی اسی مدت کے مقابلے میں 36.1 ملین پاکستانی روپے (74.6%) اضافہ ہوا۔

اوپر بیان کردہ سنگین چیلنجز کی وجہ سے بعد از ٹیکس منافع گزشتہ سال کے 227.7 ملین پاکستانی روپے کے مقابلے میں 5.4 ملین پاکستانی روپے رہا۔

مستقبل کا جائزہ

پاکستانی روپے کی قدر میں کمی / فرسودگی جو کہ اس عرصے کے دوران تقریباً 30% تھی، سب سے اہم متحرک قوت ہے اور پیداوار کے دیگر عوامل مثلاً فعال دواسازی اجزاء، پیکنگ کے سامان کی لاگت وغیرہ کی قیمتوں کا تعین کرتا ہے۔

اگرچہ ڈرگ ریگولیٹری اتھارٹی آف پاکستان نے قدر میں کمی کے اثرات کی تلافی کے لیے جنوری 2019 میں دواؤں کی قیمتوں میں 9% سے 15% تک اضافے کی اجازت دی ہے، قیمتوں میں یہ اضافہ مستقبل نوعیت کا ہونے اور موثر تاریخ کے بعد بنائی جانے والی اشیاء پر لاگو ہونے کی وجہ سے افراط زر کی لاگت کے اثرات کو مکمل طور پر جذب کرنے کے قابل نہیں ہے۔ تاہم یہ وقفہ، نفع پر ہاؤ کو کم کرنے اور منافع کو اگلی سہ ماہیوں میں نارمل سطح پر لانے میں مدد دے گا۔

زیادہ سے زیادہ نتائج کو محفوظ بنانے کے لیے کمپنی موثر فروخت مکس اور پیداواریت بڑھانے کی منصوبہ بندی بشمول ان جگہوں کی مسلسل نگرانی جہاں لاگت کو کم کرنے کے اقدامات کئے جاسکتے ہیں، پتو جو درجہ رہی ہے۔ کمپنی علاج کے کلیدی شعبوں اور بائیولوجیکل کے شعبے میں مرلیضوں کی ناکافی ضروریات پوری کرنے اور منافع بخش ترقی کرنے کے لیے نئی مصنوعات کے اجراء کے لیے پرعزم ہے۔

لہذا آنے والے مہینوں 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 قدردانی کا اظہار کرتا ہے اور اپنے تمام قابل قدر شیئرز، ہولڈرز، کسٹمرز، ڈسٹری بیوٹرز، سپلائرز، مالیاتی اداروں اور ریگولیٹری اتھارٹیز کی مسلسل خدمات، تعاون و حمایت 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۔

محمد یحییٰ چاؤلہ
ڈائریکٹر

منجانب بورڈ
آصف مصباح
چیف ایگزیکٹو

کراچی:

مورخہ: اپریل 27، 2019ء

**Macter****QUARTERLY REPORT**
MARCH 31, 2019

ڈائریکٹرز رپورٹ برائے ممبران

ڈائریکٹرز 31 مارچ 2019 کو ختم ہونے والی مدت کے غیر آڈٹ شدہ غیر مدغم شدہ اور مدغم شدہ مختصر عبوری مالیاتی معلومات پیش کرتے ہوئے خوش محسوس کر رہے ہیں۔

مالیاتی نتائج

مندرجات	* مدغم شدہ			غیر مدغم شدہ / علیحدہ
	جولائی تا مارچ 2019	جولائی تا مارچ 2019	جولائی تا مارچ 2019	
فیصد میں تبدیلی	پاکستانی روپے ملین میں			2018
	2019	2019	2019	
فروخت خالص	2,965.7	2,879.2	3,166.2	-9.9%
خام منافع	1,277.0	1,232.4	1,421.9	-13.3%
آپریٹنگ منافع	99.1	109.0	337.5	-67.7%
قبل از ٹیکس منافع	11.4	24.6	289.1	-91.5%
بعد از ٹیکس خسارہ / منافع	(13.6)	5.4	227.7	-97.6%

* 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 مارچ 2019 کو ختم ہونے والی مدت کا فی حصص منافع کمپنی کے پچھلے سال کے اسی عرصے کے فی حصص منافع 5.82 پاکستانی روپے کے مقابلے میں 0.14 پاکستانی روپے رہا۔

مالیاتی کارکردگی

اگرچہ بذریعہ فروخت میں 260.6 ملین پاکستانی روپے کا اضافہ ہوا (گزشتہ سال کے اسی مدت کے مقابلے میں %14.3 نمو)، تاہم یہ بنیادی طور پر انسٹی ٹیوشنل فروخت (ٹینڈر بزنس) میں 403.6 ملین پاکستانی روپے کی کمی میں مدغم ہو گیا۔ شرح تبادلہ کی غیر یقینی صورتحال ٹینڈر بزنس میں زیادہ سے زیادہ شرکت میں رکاوٹ بنی۔

روپے کی قدر میں نمایاں کمی، خام مال کی قیمت میں اضافہ اور مزدوری کی کم سے کم تنخواہ میں اضافہ کی وجہ سے خام منافع پر منفی اثرات مرتب ہوئے اور خام منافع %44.9 سے کم ہو کر %42.8 رہا۔

آپریٹنگ اخراجات (دیگر آمدن سے خالص) میں 39.0 ملین پاکستانی روپے (%3.6) اضافہ گزشتہ سال کی اسی مدت کے مقابلے میں ہوا جو کہ بذریعہ فروخت میں اضافے اور طے کردہ نئی مصنوعات کے آغاز کی وجہ سے ہوا۔

**UN-CONSOLIDATED CONDENSED INTERIM
FINANCIAL INFORMATION
QUARTER ENDED
MARCH 31, 2019**

**Macter****QUARTERLY REPORT**

MARCH 31, 2019

UN-CONSOLIDATED CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION

AS AT MARCH 31, 2019

		MARCH 31, 2019	JUNE 30, 2018
	NOTE	..... (Rupees in '000)	
		UN-AUDITED	AUDITED
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	5	1,250,233	1,182,304
Intangible assets		9,119	8,049
Long-term investment	6	100,000	-
Long-term loans		2,646	2,890
Long-term deposits		69,620	70,112
Deferred tax asset		-	7,782
		1,431,618	1,271,137
CURRENT ASSETS			
Stores and spares		1,960	1,863
Stock-in-trade	7	930,026	878,742
Trade debts		569,847	561,444
Loans and advances		137,349	102,215
Short-term deposits and prepayments		84,459	80,998
Other receivables		639	639
Accrued mark-up receivables		139	47
Taxation-net		136,300	99,972
Cash and bank balances	8	27,430	46,995
		1,888,149	1,772,915
TOTAL ASSETS		3,319,767	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		709,098	776,083
		1,100,542	1,167,527
NON-CURRENT LIABILITIES			
Long-term financing	9	313,014	271,902
Deferred liabilities		182,782	171,868
Deferred tax liability	10	2,757	-
Long-term deposit		500	500
		499,053	444,270
CURRENT LIABILITIES			
Trade and other payables	11	1,433,858	1,275,691
Short-term borrowings	12	163,866	59,349
Accrued mark-up payables		24,255	13,717
Current portion of long-term financing		97,904	83,286
Unclaimed dividends		289	212
		1,720,172	1,432,255
CONTINGENCIES AND COMMITMENTS	13		
TOTAL EQUITY AND LIABILITIES		3,319,767	3,044,052

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


 CHIEF EXECUTIVE OFFICER


 DIRECTOR


 CHIEF FINANCIAL OFFICER

**Macter****QUARTERLY REPORT**

MARCH 31, 2019

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

FOR THE PERIOD ENDED MARCH 31, 2019

	NINE MONTHS ENDED		QUARTER ENDED	
	MARCH 31, 2019	MARCH 31, 2018	MARCH 31, 2019	MARCH 31, 2018
NOTE	..... (Rupees in '000)			
Turnover	2,879,230	3,166,237	1,033,605	1,084,471
Cost of sales	(1,646,819)	(1,744,327)	(626,413)	(598,881)
Gross profit	1,232,411	1,421,910	407,192	485,590
Distribution costs	(977,328)	(936,546)	(325,345)	(298,274)
Administrative expenses	(161,866)	(144,119)	(56,482)	(48,124)
Other expenses	(2,086)	(24,561)	(75)	(10,113)
Other income	17,877	20,778	9,141	8,924
	(1,123,403)	(1,084,448)	(372,761)	(347,587)
Operating profit	109,008	337,462	34,431	138,003
Finance costs	(84,456)	(48,382)	(33,546)	(18,970)
Profit before taxation	24,552	289,080	885	119,033
Taxation	14 (19,120)	(61,402)	(346)	(21,175)
Profit after taxation	5,432	227,678	539	97,858
Basic and diluted earnings per share - (Rupees)	0.14	5.82	0.01	2.50

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

CHIEF EXECUTIVE OFFICER

DIRECTOR

CHIEF FINANCIAL OFFICER

**Macter****QUARTERLY REPORT**

MARCH 31, 2019

UN-CONSOLIDATED CONDENSED INTERIM STATEMENT OF OTHER COMPREHENSIVE INCOME (UN-AUDITED)
FOR THE PERIOD ENDED MARCH 31, 2019

	NINE MONTHS ENDED		QUARTER ENDED	
	MARCH 31, 2019	MARCH 31, 2018	MARCH 31, 2019	MARCH 31, 2018
	..... (Rupees in '000)			
Profit after taxation	5,432	227,678	539	97,858
Other comprehensive income for the period	-	-	-	-
Total comprehensive income for the period	5,432	227,678	539	97,858

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

CHIEF EXECUTIVE OFFICER

DIRECTOR

CHIEF FINANCIAL OFFICER

**Macter****QUARTERLY REPORT**

MARCH 31, 2019

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

FOR THE PERIOD ENDED MARCH 31, 2019

	NINE MONTHS ENDED	
	MARCH 31, 2019	MARCH 31, 2018
	..... (Rupees in '000)	
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	24,552	289,080
Adjustments for non-cash charges and other items:		
Depreciation	64,786	50,513
Amortization	2,885	3,435
Provision for gratuity	17,034	12,687
Finance costs	84,456	48,382
Gain on sale of operating fixed assets	(11,403)	(11,171)
Provision for slow moving and obsolete stock-in-trade	(903)	(16,990)
Provision for doubtful debts	(29,344)	(209)
	127,511	86,647
Operating profit before working capital changes	152,063	375,727
(Increase) / decrease in current assets		
Stores and spares	(97)	(151)
Stock-in-trade	(50,381)	2,995
Trade debts	20,941	(188,754)
Loans and advances	(35,134)	(61,593)
Short-term deposits and prepayments	(3,461)	(11,288)
Other receivables	(92)	88
	(68,224)	(258,703)
Increase in current liabilities		
Trade and other payables	158,244	234,039
Cash generated from operations	242,083	351,063
Finance costs paid	(73,918)	(46,476)
Income tax paid	(44,908)	(45,419)
Gratuity paid	(5,913)	(10,277)
Long-term loans	244	684
Long-term deposits	492	(6,017)
Deferred liabilities	(209)	139
	(124,212)	(107,366)
Net cash generated from operating activities	117,871	243,697
CASH FLOWS FROM INVESTING ACTIVITIES		
Fixed capital expenditures	(138,661)	(214,414)
Acquisition of intangible asset	(3,954)	(1,480)
Investments made during the period	(100,000)	-
Sale proceeds from disposal of operating fixed assets	17,349	12,223
Net cash (used in) investing activities	(225,266)	(203,671)
CASH FLOWS FROM FINANCING ACTIVITIES		
Long-term financing obtained - net	55,730	59,386
Short-term borrowings obtained - net	104,517	15,432
Dividend Paid	(72,417)	(166,363)
Net cash generated from / (used in) financing activities	87,830	(91,545)
Net decrease in cash and cash equivalent	(19,565)	(51,519)
Cash and cash equivalents at the beginning of the period	46,995	102,088
Cash and cash equivalents at the end of the period	27,430	50,569

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


 CHIEF EXECUTIVE OFFICER


 DIRECTOR


 CHIEF FINANCIAL OFFICER

**Macter****QUARTERLY REPORT**

MARCH 31, 2019

UN-CONSOLIDATED CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)

FOR THE PERIOD ENDED MARCH 31, 2019

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	-	-	227,678	227,678	227,678
Other comprehensive income for the period ended March 31, 2018	-	-	-	-	-
	-	-	227,678	227,678	227,678
Final dividend for the year ended June 30, 2017 @ Rs.4.25 per share	-	-	(166,363)	(166,363)	(166,363)
Balance as at March 31, 2018	391,444	217,808	595,307	813,115	1,204,559
Balance as at July 01, 2018	391,444	217,808	558,275	776,083	1,167,527
Net profit for the period	-	-	5,432	5,432	5,432
Other comprehensive income for the period ended March 31, 2019	-	-	-	-	-
	-	-	5,432	5,432	5,432
Final dividend for the year ended June 30, 2018 @ Rs.1.85 per share	-	-	(72,417)	(72,417)	(72,417)
Balance as at March 31, 2019	391,444	217,808	491,290	709,098	1,100,542

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


 CHIEF EXECUTIVE OFFICER


 DIRECTOR


 CHIEF FINANCIAL OFFICER

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

FOR THE PERIOD ENDED MARCH 31, 2019

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

This condensed interim un-consolidated financial information has 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;
- Islamic Financial Accounting Standards (IFAS) issued by the Institute of Chartered Accountants of Pakistan as are notified under 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.

This un-consolidated condensed interim financial information 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 un-consolidated condensed interim financial information are consistent with those followed in the preparation of the Company's annual financial statements for the year ended June 30, 2018 except for changes in accounting policy as stated in not 3.1 below.

a) Investment in Subsidiary

Investment in subsidiary is accounted for under the cost method in these un-consolidated condensed interim financial information. 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.

**3.1 Changes in Accounting Policy****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 judgment, 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 information 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.

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

	NOTE	MARCH 31, 2019 (Rupees in '000) UN-AUDITED	JUNE 30, 2018 AUDITED
5. PROPERTY, PLANT AND EQUIPMENT			
Operating fixed assets	5.1	1,163,903	943,524
Capital work-in-progress	5.2	86,330	238,780
		1,250,233	1,182,304

5.1 Detail of additions and deletions to operating fixed assets are as follow:

	ADDITIONS (COST)		DELETIONS (NET BOOK VALUE)	
	MARCH 31, 2019	JUNE 30, 2018	MARCH 31, 2019	JUNE 30, 2018
	..... (Rupees in '000)			
	(UN-AUDITED)	(AUDITED)	(UN-AUDITED)	(AUDITED)
Leasehold land	4,650	117,215	-	-
Buildings on leasehold land	64,792	23,995	-	-
Plant and machinery	129,226	24,542	159	100
Tools and equipment	8,476	19,893	-	-
Gas and other installation	44,479	11,422	-	-
Furniture and fixture	8,051	11,437	-	-
Office equipment	3,524	2,364	-	-
Computer equipment	952	3,352	61	24
Motor vehicles	26,961	35,475	5,726	1,501
	<u>291,111</u>	<u>249,695</u>	<u>5,946</u>	<u>1,625</u>

5.2 Capital work-in-progress

March 31, 2019				
	OPENING	CAPITAL EXPENDITURE INCURRED / ADVANCES MADE	TRANSFER TO OPERATING FIXED ASSETS	CLOSING
	..... (Rupees in '000)			
	..... (UN-AUDITED)			
Civil works	79,687	26,694	(98,293)	8,088
Plant and machinery	147,201	46,087	(118,887)	74,401
Others	11,892	3,859	(11,910)	3,841
	<u>238,780</u>	<u>76,640</u>	<u>(229,090)</u>	<u>86,330</u>
June 30, 2018				
	OPENING	CAPITAL EXPENDITURE INCURRED / ADVANCES MADE	TRANSFER TO OPERATING FIXED ASSETS	CLOSING
	..... (Rupees in '000)			
	..... (AUDITED)			
Civil works	20,244	77,288	(17,845)	79,687
Plant and machinery	15,338	138,519	(6,656)	147,201
Others	45,273	107,768	(141,149)	11,892
	<u>80,855</u>	<u>323,575</u>	<u>(165,650)</u>	<u>238,780</u>

	NOTE	MARCH 31, 2019 (Rupees in '000)	JUNE 30, 2018
		UN-AUDITED	AUDITED
6. LONG-TERM INVESTMENT			
Investment in subsidiary - at cost			
Misbah Cosmetic (Private) Limited	6.1	<u>100,000</u>	<u>-</u>
10,000,000 ordinary shares			
representing 56.90% voting shares			
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.		
7. STOCK IN TRADE			
In hand			
raw material		<u>342,953</u>	324,748
packing material		<u>184,338</u>	197,011
work-in-process		<u>42,135</u>	52,716
finished goods	7.1	<u>380,214</u>	348,966
		<u>949,640</u>	923,441
Less: Provision for slow moving and obsolete items	7.2	<u>(21,641)</u>	(46,482)
		<u>927,999</u>	876,959
In transit		<u>2,027</u>	1,783
		<u>930,026</u>	878,742
7.1	These include cost of physician samples, aggregating Rs. 26.138 million (June 2018 : Rs. 23.272 million).		
7.2 Provision for slow moving and obsolete items			
Opening balance		<u>46,482</u>	40,372
Charge for the year		<u>903</u>	27,654
Write off during the year		<u>(25,744)</u>	(21,544)
Closing balance		<u>21,641</u>	46,482



	NOTE	MARCH 31, 2019 (Rupees in '000)	JUNE 30, 2018 (Rupees in '000)
		UN-AUDITED	AUDITED
8. CASH AND BANK BALANCES			
Cash in hand		2	16
With banks in:			
- current accounts		5,546	2,690
- saving accounts	8.1	21,882	44,289
		27,428	46,979
		27,430	46,995

8.1 These carry profit rates ranging from 2.25% to 5.95% p.a (June 2018: 2.46% to 3.10% p.a)

9. LONG TERM FINANCING

Secured

Diminishing musharka on

- Leasehold land and buildings	9.1	89,408	125,093
- Plant and machinery	9.2	249,259	163,028
- Vehicles	9.3	72,251	65,429
- Equipment		-	1,638
		410,918	355,188
Less : Current maturity		(97,904)	(83,286)
		313,014	271,902

9.1 These carry markup at the rate of 6 months KIBOR plus 1.25% to 2.00% (June 2018 : 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 respective leasehold land and buildings.

9.2 These carry markup at the rates ranging from 1 to 6 months KIBOR plus 1.25% to 2.00% (June 2018 : KIBOR plus 1.40% to 2.00%) per annum and are repayable latest by June 2023. These facilities are secured against the respective assets.

During the period, the Company has utilized an additional facility of Rs. 100 million for the purchase of plant and Machinery, which carries markup 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 respective assets.

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



10. DEFERRED TAX LIABILITY - NET

March 31, 2019				
	OPENING	(REVERSAL) / CHARGE IN	(REVERSAL) / CHARGE IN OCI	CLOSING
	STATEMENT OF PROFIT OR LOSS			
	(Rupees in '000)			
	(UN-AUDITED)			
Deductible temporary differences				
Provisions for slow moving stock, doubtful debts and gratuity	(72,747)	(4,787)	-	(77,534)
Carry forward minimum tax	(26,893)	10,000	-	(16,893)
Taxable temporary differences				
Property, plant and equipment	91,858	5,326	-	97,184
	<u>(7,782)</u>	<u>10,539</u>	<u>-</u>	<u>2,757</u>

JUNE 30, 2018				
	OPENING	(REVERSAL) / CHARGE IN	(REVERSAL) / CHARGE IN OCI	CLOSING
	STATEMENT OF PROFIT OR LOSS			
	(Rupees in '000)			
	(AUDITED)			
Deductible temporary differences				
Provisions for slow moving stock, doubtful debts and gratuity	(86,484)	14,054	(317)	(72,747)
Carry forward 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	MARCH 31, 2019 (Rupees in '000)	JUNE 30, 2018 (Rupees in '000)
		UN-AUDITED	AUDITED
11. TRADE AND OTHER PAYABLES			
Creditors		460,992	456,325
Advances from customers		69,909	106,782
Murabaha payables	11.1	717,897	563,581
Accrued liabilities		77,597	37,682
Provision for gas infrastructure development cess		64,369	54,150
Sindh workers' profit participation fund		1,332	17,393
Workers' welfare fund		19,703	19,197
Provident fund payable		4,854	1,734
Others liabilities		17,205	18,847
		1,433,858	1,275,691

11.1 These represent outstanding murabaha facilities with various Islamic banks. The repayment varies from 70 to 180 days (June 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 (June 2018: from 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.

12. SHORT-TERM BORROWINGS

Istisna'a	12.1	33,866	59,349
Musharka running finance	12.2	130,000	-
		163,866	59,349

12.1 These represent financing facilities obtained from Islamic Bank. These carry mark up at the rate of 3 to 6 months KIBOR plus 1.25% per annum (June 2018: 3 to 6 months KIBOR plus 1.0% to 1.5% per annum) and are repayable within 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 availed facility from a Islamic Bank, which carries markup at the rate of 03 months KIBOR plus 0.85% per annum These are secured by way of hypothecation on current assets and plant & machinery of the Company.



	MARCH 31, 2019	JUNE 30, 2018
	..... (Rupees in '000) .....	..... (Rupees in '000)
	UN-AUDITED	AUDITED

13. CONTINGENCIES AND COMMITMENTS**13.1 Contingencies**

13.1.1	Claims not acknowledged as debt by the Company	6,619	6,327
13.1.2	Outstanding letters of guarantee	96,653	85,124
13.1.3	The Company has issued corporate guarantee aggregating Rs. 60 million (June 2018 : Nil) to a commercial bank against financing facilities utilised by the subsidiary Company.		
13.1.4	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, 13.1.2. and 13.1.3		

13.2 Commitments

Outstanding letters of credit	46,115	111,801
Commitments for capital expenditures	34,280	108,393
Commitments for Ijarah rentals in respect of plant and machinery, motor vehicles and equipment		
Year	27,423	105,618
2019	99,322	90,316
2020	89,737	80,699
2021	61,701	54,091
2022	9,672	6,130
2023	975	-
2024	288,830	336,854

NINE MONTHS ENDED		QUARTER ENDED	
MARCH 31, 2019	MARCH 31, 2018	MARCH 31, 2019	MARCH 31, 2018
..... (Rupees in '000)			
..... (UN-AUDITED) .....		..... (UN-AUDITED)	

14. TAXATION

Current	13,499	60,256	6,466	26,101
Prior year	(4,919)	(3,084)	198	(3,084)
Deferred	10,540	4,230	(6,318)	(1,842)
	19,120	61,402	346	21,175

**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 condensed interim financial information, are as follows:

		NINE MONTHS ENDED	
		MARCH 31, 2019	MARCH 31, 2018
		..... (Rupees in '000)	
		UN-AUDITED	UN-AUDITED
Relationship	Nature of transactions		
Key Management Personnel	Salary and other benefits	123,155	134,851
	Dividend	47,283	108,622
	Technical advisory services	-	3,800
Non-Executive Director	Meeting Fees	517	282
	Dividend	-	6,322
Provident Fund	Contribution	26,483	23,810

16. FINANCIAL RISK MANAGEMENT AND FAIR VALUE DISCLOSURES

These un-consolidated condensed interim financial information 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 authorised for issue on April 27, 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.


 CHIEF EXECUTIVE OFFICER


 DIRECTOR


 CHIEF FINANCIAL OFFICER

**CONSOLIDATED CONDENSED INTERIM
FINANCIAL INFORMATION
QUARTER ENDED
MARCH 31, 2019**

**Macter****QUARTERLY REPORT**

MARCH 31, 2019


CONSOLIDATED CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION

AS AT MARCH 31, 2019

		MARCH 31, 2019	JUNE 30, 2018
NOTE		..... (Rupees in '000) .....	.....
UN-AUDITED			
ASSETS			
NON-CURRENT ASSETS			
	5	1,263,741	1,182,304
Property, plant and equipment			
Intangible assets	6	68,120	8,049
Long-term loans		2,646	2,890
Long-term deposits		70,538	70,112
Deferred tax asset		-	7,782
		1,405,045	1,271,137
CURRENT ASSETS			
		1,960	1,863
Stores and spares			
Stock-in-trade	7	1,006,652	878,742
Trade debts		606,019	561,444
Loans and advances		142,731	102,215
Short-term deposits and prepayments		91,062	80,998
Other receivables		739	639
Accrued mark-up receivables		139	47
Taxation-net		136,486	99,972
Cash and bank balances	8	38,824	46,995
		2,024,612	1,772,915
		3,429,657	3,044,052
TOTAL ASSETS			
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
		391,444	391,444
Issued, subscribed and paid up			
Reserves		698,266	776,083
		1,089,710	1,167,527
Non-controlling interest		23,039	-
		1,112,749	1,167,527
NON-CURRENT LIABILITIES			
	9	373,189	271,902
Long-term financing			
Deferred liabilities		182,782	171,868
Deferred tax liability	10	2,757	-
Long-term deposit		500	500
		559,228	444,270
CURRENT LIABILITIES			
	11	1,471,270	1,275,691
Trade and other payables			
Short-term borrowings	12	163,866	59,349
Accrued mark-up payables		24,351	13,717
Current portion of long-term financing		97,904	83,286
Unclaimed dividends		289	212
		1,757,680	1,432,255
CONTINGENCIES AND COMMITMENTS			
	13		
		3,429,657	3,044,052
TOTAL EQUITY AND LIABILITIES			

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


 CHIEF EXECUTIVE OFFICER


 DIRECTOR


 CHIEF FINANCIAL OFFICER

**Macter****QUARTERLY REPORT**

MARCH 31, 2019

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

FOR THE PERIOD ENDED MARCH 31, 2019

	NINE MONTHS ENDED		QUARTER ENDED	
	MARCH 31, 2019	MARCH 31, 2018	MARCH 31, 2019	MARCH 31, 2018
NOTE	(Rupees in '000)			
Turnover	2,965,679	3,166,237	1,082,146	1,084,471
Cost of sales	(1,688,651)	(1,744,327)	(648,852)	(598,881)
Gross profit	1,277,028	1,421,910	433,294	485,590
Distribution costs	(1,031,400)	(936,546)	(360,604)	(298,274)
Administrative expenses	(162,323)	(144,119)	(56,689)	(48,124)
Other expenses	(2,086)	(24,561)	(75)	(10,113)
Other income	17,877	20,778	9,141	8,924
	(1,177,932)	(1,084,448)	(408,227)	(347,587)
Operating profit	99,096	337,462	25,067	138,003
Finance costs	(87,700)	(48,382)	(35,195)	(18,970)
Profit / (loss) before taxation	11,396	289,080	(10,128)	119,033
Taxation 14	(25,002)	(61,402)	(3,901)	(21,175)
(Loss) / profit after taxation	(13,606)	227,678	(14,029)	97,858
Basic and diluted (loss) / earnings per share - (Rupees)	(0.35)	5.82	(0.36)	2.50
Attributable to:				
Owners of the Holding Company	(5,400)	227,678	(5,823)	97,858
Non-controlling interest	(8,206)	-	(8,206)	-
	(13,606)	227,678	(14,029)	97,858

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

CHIEF EXECUTIVE OFFICER

DIRECTOR

CHIEF FINANCIAL OFFICER

CONSOLIDATED CONDENSED INTERIM STATEMENT OF OTHER COMPREHENSIVE INCOME (UN-AUDITED)
FOR THE PERIOD ENDED MARCH 31, 2019

	NINE MONTHS ENDED		QUARTER ENDED	
	MARCH 31, 2019	MARCH 31, 2018	MARCH 31, 2019	MARCH 31, 2018
	..... (Rupees in '000)			
(Loss) / profit after taxation	(13,606)	227,678	(14,029)	97,858
Other comprehensive income for the period	-	-	-	-
Total comprehensive (loss) / income for the period	<u>(13,606)</u>	<u>227,678</u>	<u>(14,029)</u>	<u>97,858</u>
Attributable to:				
Owners of the Holding Company	(5,400)	227,678	(5,823)	97,858
Non-controlling interest	(8,206)	-	(8,206)	-
	<u>(13,606)</u>	<u>227,678</u>	<u>(14,029)</u>	<u>97,858</u>

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



CHIEF EXECUTIVE OFFICER



DIRECTOR



CHIEF FINANCIAL OFFICER

**Macter****QUARTERLY REPORT**

MARCH 31, 2019

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

FOR THE PERIOD ENDED MARCH 31, 2019

	NINE MONTHS ENDED	
	MARCH 31, 2019	MARCH 31, 2018
	..... (Rupees in '000)	
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	11,396	289,080
Adjustments for non-cash charges and other items:		
Depreciation	65,454	50,513
Amortization	2,974	3,435
Provision for gratuity	17,034	12,687
Finance costs	87,700	48,382
Gain on sale of operating fixed assets	(11,403)	(11,171)
Provision for slow moving and obsolete stock-in-trade	(903)	(16,990)
Provision for doubtful debts	(29,344)	(209)
	131,512	86,647
Operating profit before working capital changes	142,908	375,727
(Increase) / decrease in current assets		
Stores and spares	(97)	(151)
Stock-in-trade	(127,007)	2,995
Trade debts	(15,231)	(188,754)
Loans and advances	(40,516)	(61,593)
Short-term deposits and prepayments	(10,064)	(11,288)
Other receivables	(192)	88
	(193,107)	(258,703)
Increase in current assets		
Trade and other payables	195,656	234,039
Cash generated from operations	145,457	351,063
Finance costs paid	(77,066)	(46,476)
Income tax paid	(50,790)	(45,419)
Gratuity paid	(5,913)	(10,277)
Long-term loans	244	684
Long-term deposits	(426)	(6,017)
Deferred liabilities	(394)	139
	(134,345)	(107,366)
Net cash generated from operating activities	11,112	243,697
CASH FLOWS FROM INVESTING ACTIVITIES		
Fixed capital expenditures	(144,800)	(214,414)
Acquisition of intangible asset	(3,954)	(1,480)
Sale proceeds from disposal of operating fixed assets	17,349	12,223
Net cash (used in) investing activities	(131,405)	(203,671)
CASH FLOWS FROM FINANCING ACTIVITIES		
Long-term financing obtained - net	115,905	59,386
Short-term borrowings obtained - net	104,517	15,432
Dividend Paid	(72,417)	(166,363)
Net cash generated from / (used in) financing activities	148,005	(91,545)
Net increase / (decrease) in cash and cash equivalent	27,712	(51,519)
Cash and cash equivalents at the beginning of the period	46,995	102,088
Cash and cash equivalents acquired on consolidation of MCPL	(35,883)	-
Cash and cash equivalents at the end of the period	38,824	50,569

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


 CHIEF EXECUTIVE OFFICER


 DIRECTOR


 CHIEF FINANCIAL OFFICER

**Macter****QUARTERLY REPORT**
MARCH 31, 2019**CONSOLIDATED CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)**

FOR THE PERIOD ENDED MARCH 31, 2019

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	-	-	227,678	227,678	-	227,678
Other comprehensive income for the period ended March 31, 2018	-	-	-	-	-	-
	-	-	227,678	227,678	-	227,678
Final dividend @ Rs.4.25 per share for the year ended June 30, 2017	-	-	(166,363)	(166,363)	-	(166,363)
Balance as at March 31, 2018	391,444	217,808	595,307	813,115	-	1,204,559
Balance as at July 01, 2018	391,444	217,808	558,275	776,083	31,245	1,198,772
Net (loss) for the period	-	-	(5,400)	(5,400)	(8,206)	(13,606)
Other comprehensive income for the period ended March 31, 2019	-	-	-	-	-	-
	-	-	(5,400)	(5,400)	(8,206)	(13,606)
Final dividend @ Rs.1.85 per share for the year ended June 30, 2018	-	-	(72,417)	(72,417)	-	(72,417)
Balance as at March 31, 2019	391,444	217,808	480,458	698,266	23,039	1,112,749

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


 CHIEF EXECUTIVE OFFICER


 DIRECTOR


 CHIEF FINANCIAL OFFICER

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

FOR THE PERIOD ENDED MARCH 31, 2019

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	
	MARCH 31, 2019	JUNE 30, 2018
Misbah Cosmetic (Private) Limited	56.9%	-

2. BASIS OF PREPARATION

This condensed interim consolidated financial information has 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;
- Islamic Financial Accounting Standards (IFAS) issued by the institute of Chartered Accountants of Pakistan as are 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.

This consolidated condensed interim financial information does 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 this consolidated condensed interim financial information are consistent with those followed in the preparation of the Company's annual financial statements for the year ended June 30, 2018 except for changes in accounting policy as stated in note 3.1 below.

**3.1 Changes in accounting policy****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 information is 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 information is same as those applied in the Company's annual financial statements for the year ended June 30, 2018 except for changes, if any, as disclosed in note 3 above.

5. PROPERTY, PLANT AND EQUIPMENT

	NOTE	MARCH 31, 2019 (Rupees in '000)	JUNE 30, 2018
		UN-AUDITED	
Operating fixed assets	5.1	1,177,411	943,524
Capital work-in-progress	5.2	86,330	238,780
		<u>1,263,741</u>	<u>1,182,304</u>

5.1 Detail of additions and deletions to operating fixed assets are as follow:

	ADDITIONS (COST)		DELETIONS (NET BOOK VALUE)	
	MARCH 31, 2019	JUNE 30, 2018	MARCH 31, 2019	JUNE 30, 2018
	..... (Rupees in '000)			
	(UN-AUDITED)		(UN-AUDITED)	
Leasehold land	4,650	117,215	-	-
Buildings on leasehold land	64,792	23,995	-	-
Plant and machinery	129,226	24,542	159	100
Tools and equipment	8,476	19,893	-	-
Gas and other installation	44,479	11,422	-	-
Furniture and fixture	15,706	11,437	-	-
Office equipment	3,524	2,364	-	-
Computer equipment	1,364	3,352	61	24
Motor vehicles	27,066	35,475	5,726	1,501
	299,283	249,695	5,946	1,625

5.2 Capital work-in-progress

	MARCH 31, 2019			
	OPENING	CAPITAL EXPENDITURE INCURRED / ADVANCES MADE	TRANSFER TO OPERATING FIXED ASSETS	CLOSING
	..... (Rupees in '000)			
Civil works	79,687	26,694	(98,292)	8,089
Plant and machinery	147,201	46,086	(118,888)	74,399
Others	11,892	3,859	(11,909)	3,842
	238,780	76,639	(229,089)	86,330

	JUNE 30, 2018			
	OPENING	CAPITAL EXPENDITURE INCURRED / ADVANCES MADE	TRANSFER TO OPERATING FIXED ASSETS	CLOSING
	..... (Rupees in '000)			
Civil works	20,244	77,288	(17,845)	79,687
Plant and machinery	15,338	138,519	(6,656)	147,201
Others	45,273	107,768	(141,149)	11,892
	80,855	323,575	(165,650)	238,780

	NOTE	MARCH 31, 2019 (Rupees in '000)	JUNE 30, 2018
6. INTANGIBLE ASSETS		UN-AUDITED	
Goodwill	6.1	58,759	-
Other Intangible assets		9,361	8,049
		68,120	8,049

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:

	Amount (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

	Amount (Rupees in '000)
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	MARCH 31, 2019 (Rupees in '000)	JUNE 30, 2018
7. STOCK IN TRADE		UN-AUDITED	
In hand:			
raw material		342,953	324,748
packing material		184,338	197,011
work-in-process		42,135	52,716
finished goods	7.1	453,050	348,966
		1,022,476	923,441
Less: Provision for slow moving and obsolete items	7.2	(21,641)	(46,482)
		1,000,835	876,959
In transit		5,817	1,783
		1,006,652	878,742

7.1 These include cost of physician samples, aggregating Rs.26.138 million (June 2018: Rs.23.272 million).

7.2 Provision for slow moving and obsolete items

Opening balance	46,482	40,372
Charge for the year	903	27,654
Write off during the year	(25,744)	(21,544)
Closing balance	21,641	46,482

8. CASH AND BANK BALANCES

Cash in hand	366	16
With banks in:		
- current accounts	16,576	2,690
- saving accounts	21,882	44,289
	38,458	46,979
	38,824	46,995

8.1 These carry profit at the rates ranging from 2.25% to 5.95% p.a (June 2018: 2.46% to 3.10% p.a).



		MARCH 31, 2019 (Rupees in '000)	JUNE 30, 2018
9. LONG TERM FINANCING	NOTE	UN-AUDITED	
Secured			
Diminishing musharka on			
- Leasehold land and buildings	9.1	149,583	125,093
- Plant and machinery	9.2	249,259	163,028
- Vehicles	9.3	72,251	65,429
- Equipment		-	1,638
		471,093	355,188
Less: Current maturity		(97,904)	(83,286)
		373,189	271,902

- 9.1 These carry markup at the rate of 6 months KIBOR plus 1.25% to 2.00% (June 2018 : 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 respective leasehold land and buildings.

The Subsidiary (MCPL) had obtained a facility of Rs. 70 million. The facility carries profit at the rate of 12 month KIBOR plus 3% with floor of 8% p.a. and cap of 30% p.a. The facility is repayable in unequal monthly installment with equal repayment of principal each month after grace period of one year. The facility is secured by property mortgaged house No. 37, Khayaban-e-Shaheen.

- 9.2 These carry markup at the rates ranging from 1 to 6 months KIBOR plus 1.25% to 2.00% (June 2018 : KIBOR plus 1.40% to 2.00%) per annum and are repayable latest by June 2023. These facilities are secured against the respective assets.

During the period, the Company has utilized an additional facility of Rs. 100 million from an Islamic Bank under diminishing musharakah for the purchase of plant and Machinery, which carries markup 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 respective assets.

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

10. DEFERRED TAX LIABILITY - NET

	MARCH 31, 2019		
	OPENING	(REVERSAL) / CHARGE IN STATEMENT OF PROFIT OR LOSS	CLOSING
	..... (Rupees in '000)		
	..... (UN-AUDITED)		
Deductible temporary differences			
Provisions for slow moving stock, doubtful debts and gratuity	(72,747)	(4,787)	(77,534)
Carry forward of minimum tax	(26,893)	10,000	(16,893)
Taxable temporary differences			
Property, plant and equipment	91,858	5,326	97,184
	(7,782)	10,539	2,757



JUNE 30, 2018				
	OPENING	(REVERSAL) / CHARGE IN STATEMENT OF PROFIT OR LOSS	(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)
Carry forward of 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 MARCH 31, 2019 JUNE 30, 2018
..... (Rupees in '000)
UN-AUDITED

11. TRADE AND OTHER PAYABLES

Creditors		466,669	456,325
Advances from customers		70,111	106,782
Murabaha payables	11.1	742,910	563,581
Accrued liabilities		84,117	37,682
Provision for gas infrastructure development cess		64,369	54,150
Sindh Workers' Profit Participation Fund		1,332	17,393
Workers' Welfare Fund		19,703	19,197
Provident fund payable		4,854	1,734
Others liabilities		17,205	18,847
		<u>1,471,270</u>	<u>1,275,691</u>

11.1 These represent outstanding murabaha facilities with various Islamic banks. The repayment varies from 70 to 180 days (June 2018: 60 to 180 days) and carries profit at the rate ranging from 3 to 6 months KIBOR plus 1.0% to 2.25% per annum (June 2018: 3 to 6 months of KIBOR plus 1.0% to 1.5% per annum). These are secured against hypothecation of stock in trade, trade debts of the Company and corporate guarantee issued by parent Company in favour of subsidiary Company.



	NOTE	MARCH 31, 2019 (Rupees in '000)	JUNE 30, 2018
		UN-AUDITED	
12. SHORT-TERM BORROWINGS			
Istisna'a	12.1	33,866	59,349
Musharka running finance	12.2	130,000	-
		163,866	59,349

12.1 These represent finance facilities obtained from islamic bank. These carry mark up at the rate of 3 to 6 months KIBOR plus 1.25% per annum (June 2018: 3 to 6 months KIBOR plus 1.0% to 1.5% per annum) and are repayable within 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 musharka running finance facility from a islamic bank, which carries mark-up at the rate of 03 months KIBOR plus 0.85% per annum and secured by way of hypothecation on current assets and plant and machinery of the Company.

		MARCH 31, 2019 (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		6,619	6,327
13.1.2 Outstanding letters of guarantee		96,653	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		46,115	111,801
Commitments for capital expenditures		35,639	108,393



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

MARCH 31, 2019 JUNE 30, 2018
..... (Rupees in '000)
UN-AUDITED

Year		
2019	27,919	105,618
2020	101,325	90,316
2021	91,740	80,699
2022	63,704	54,091
2023	11,675	6,130
2024	2,978	-
	299,341	336,854

NINE MONTHS ENDED		QUARTER ENDED	
MARCH 31, 2019	MARCH 31, 2018	MARCH 31, 2019	MARCH 31, 2018
..... (Rupees in '000)			
..... (UN-AUDITED) .....		..... (UN-AUDITED)	

14. TAXATION

Current	19,381	60,256	10,021	26,101
Prior year	(4,919)	(3,084)	198	(3,084)
Deferred	10,540	4,230	(6,318)	(1,842)
	25,002	61,402	3,901	21,175

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 unconsolidated condensed interim financial information, are as follows:

		NINE MONTHS ENDED	
		MARCH 31, 2019	MARCH 31, 2018
		..... (Rupees in '000)	
		UN-AUDITED	UN-AUDITED
Relationship	Nature of transactions		
Key Management Personnel	Salary and other benefits	128,155	134,851
	Dividend	47,283	108,622
	Technical advisory services	-	3,800
Non-Executive Director	Meeting Fees	517	282
	Dividend	-	6,322
Provident Fund	Contribution	26,483	23,810

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

This consolidated condensed interim financial Information does 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 has 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 April 27, 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 the parent Company

CHIEF EXECUTIVE OFFICER

DIRECTOR

CHIEF FINANCIAL OFFICER



Macter

CORPORATE

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