

**Macter International Limited**



**HALF  
YEARLY  
REPORT**

**DECEMBER 31, 2019**

**WORKING TODAY**  
FOR A HEALTHIER TOMORROW



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## **COMPANY INFORMATION**

### **BOARD OF DIRECTORS**

|    |                           |                 |                        |
|----|---------------------------|-----------------|------------------------|
| 1. | Dr. Amanullah Kassim      | 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. Muhammad Yahya Chawla | 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  
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

**SHARE REGISTRAR**

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Fax: + 92 21 32621233  
Email: fdregistrar@yahoo.com

**REGISTERED OFFICE**

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Fax: +92 21 32564236  
Email: info@macter.com

**WEBSITE**

[www.macter.com](http://www.macter.com)

## DIRECTORS' REVIEW REPORT

The Directors are pleased to present the un-audited un-consolidated and consolidated condensed interim financial information, for the period ended December 31, 2019:

### FINANCIAL RESULTS

| Description                | Jul-Dec 2019 (m pkr) |              | Jul-Dec 2018 (m pkr) |              |
|----------------------------|----------------------|--------------|----------------------|--------------|
|                            | Unconsolidated       | Consolidated | Unconsolidated       | Consolidated |
| Turnover - Net             | 2,529.4              | 2,629.1      | 1,845.6              | 1,883.5      |
| Gross profit               | 995.8                | 1,051.2      | 825.2                | 843.7        |
| Operating Profit           | 55.1                 | 33.1         | 74.6                 | 74.0         |
| (Loss) / Profit before tax | (55.0)               | (81.9)       | 23.7                 | 21.5         |
| (Loss) / Profit after tax  | (83.7)               | (114.7)      | 4.9                  | 0.4          |

### EARNINGS PER SHARE

Earnings per share as per unconsolidated financial information of the Company for the half year ended December 31, 2019 was (2.14) pkr as compared to 0.12 pkr during same period last year.

### FINANCIAL PERFORMANCE

During the period under review, net sales increased by 683.8m pkr registering a robust growth of 37.1% over the same period last year. The business segment wise growth was as follows:

| Segment      | 1H'20<br>(m pkr) | 1H'19<br>(m pkr) | Growth in<br>net sales<br>(m pkr) | Growth<br>(% YoY) |
|--------------|------------------|------------------|-----------------------------------|-------------------|
| Street       | 1,786.6          | 1,478.9          | 307.7                             | 21%               |
| Institution  | 412.4            | 158.5            | 253.9                             | 160%              |
| Others       | 330.4            | 208.2            | 122.2                             | 59%               |
| <b>Total</b> | <b>2,529.4</b>   | <b>1,845.6</b>   | <b>683.8</b>                      | <b>37%</b>        |

The most promising aspect was the 28% growth in Street sales year on year (YoY), which is the largest and strategically most important segment (after adjusting for 91m pkr extraordinary sales of Relaxin® during the same period last year).

Gross margin decreased YoY from 44.7% to 39.4%. This was mainly due to one off tender (Institution segment) sales during 1Q'20 and Relaxin® (Street segment) sales in the corresponding period last year. Excluding these two extraordinary factors the adjusted gross margin for the current period is 41.2% as compared to 42.9% during the corresponding period last year. The other factors impacting gross profit which were not fully mitigated by the price increase allowed by DRAP were:

## Macter International Limited

- Depreciation of Pak Rupee against US Dollar
- Increase in cost of operations due to inflation
- Increase in wages & salaries
- Increase in cost of power & utilities

Operating expenses (net of other income) increased by 25.3% from 750.6m pkr to 940.8m pkr due to increased marketing investments in line with field force expansion, new launches and to sustain street sales growth momentum.

Finance cost increased from 50.9m pkr to 110.1m pkr YoY due to increase in KIBOR, increased working capital needs mainly due to enhanced manufacturing volumes, delays in recovery of government receivables (Institution segment) and planned CAPEX.

Due to the reasons mentioned above company incurred loss before taxation. This however was in line with management expectations for the first half of current year. The tax incidence was 28.7m pkr as compared to 18.8m pkr on YoY basis on account of presumptive tax regime, which is likely to convert to normal tax regime in the later half on account of expected profits.

The net loss of the Company, therefore, was 83.7m pkr as compared to net profit of 4.9m pkr during the same period last year.

### FUTURE OUTLOOK

Overall economic slowdown, high interest and inflation rates and delay in receivable from government institutions are the main challenges. The company is focused on aggressively increasing sales, optimizing costs and investing in strategic areas and therefore, expect to see a return to profitability in the later half of the year.

### ACKNOWLEDGEMENT

The Board of Directors would like to take this opportunity to express their profound appreciation of the commitment, dedication, and devotion of the employees and also like to acknowledge the support and cooperation received from our valued shareholders, customers, distributors, suppliers, financial institutions and regulatory authorities.

All praise and gratitude to Allah SWT for His continued blessings.

### ON BEHALF OF THE BOARD



**ASIF MISBAH**  
CHIEF EXECUTIVE

Date: February 21, 2020



**ISLAHUDDIN SIDDIQUI**  
DIRECTOR

## Macter International Limited

- امریکی ڈالر کے مقابلے میں پاکستانی روپے کی قدر میں کمی
- افراط زر کی وجہ سے آپریشنز کی لاگت میں اضافہ
- اجرتوں اور تنخواہوں میں اضافہ
- بجلی اور بنیادی ضروریات کی لاگت میں اضافہ

آپریٹنگ اخراجات (other income) سے خالص 25.3 فیصد اضافہ ہونے پر 750.6 ملین پاکستانی روپے سے بڑھ کر 940.8 ملین پاکستانی روپے ہو گئے جس کی وجہ فیڈ فورس میں توسیع کے سلسلے میں زیادہ دار کینٹنگ کی سرمایہ کاری، نئی اجراء اور اسٹریٹ فروخت میں اضافہ کی رفتار کو برقرار رکھنا تھا۔

فنانس کی لاگت 50.9 ملین پاکستانی روپے سے بڑھ کر 110.1 ملین پاکستانی روپے سال بہ سال ہو گئی، جس کی وجہ KIBOR میں اضافہ، ورکنگ کپٹل کی ضروریات میں اضافہ بالخصوص بڑھتے ہوئے مینوفیکچرنگ حجم میں اضافہ، حکومتی قابل وصول رقم کی وصولی میں تاخیر (کسٹی ٹیوٹن کے شعبہ میں) اور طے شدہ CAPEX ہے۔

مذکورہ بالا وجوہات کی بنا پر کمپنی کو قبل از ٹیکس خسارہ اٹھانا پڑا۔ یہ بہر حال رواں سال کی پہلی ششماہی میں مینیجمنٹ کی توقعات کے مطابق تھا۔ ٹیکس بوجھ Presumptive tax regime کی وجہ سے سال بہ سال کی بنیاد پر 18.8 ملین پاکستانی روپے کے مقابلے میں 28.7 ملین پاکستانی روپے تھا جو کہ متوقع منافع کی وجہ سے بعد کی ششماہی میں Normal tax regime میں تبدیل ہونے کا امکان ہے۔

اس لئے کمپنی کو پچھلے سال کی اسی مدت کے خالص منافع 4.9 ملین پاکستانی روپے کے مقابلے میں 83.7 ملین پاکستانی روپے کا خالص خسارہ ہوا۔

### مستقبل کا جائزہ


مجموعی طور پر معاشی سمت رومی، بلند سود اور افراط زر کی شرح اور سرکاری اداروں سے وصولی میں تاخیر بنیادی چیلنجز ہیں۔ کمپنی جاریہ طور پر فروخت میں اضافہ، لاگت کو بہتر بنانے اور اسٹریٹجک علاقوں میں سرمایہ کاری پر توجہ مرکوز کر رہی ہے اور اسی وجہ سے، سال کی بعد والی ششماہی میں منافع کی طرف واپسی کی توقع ہے۔


### اعتراف

بورڈ آف ڈائریکٹرز اس موقع سے فائدہ اٹھاتے ہوئے ملازمین کے عزم، لگن اور خلوص کی گہری قدر دانی کا اظہار کرتا ہے، علاوہ ازیں اپنے تمام قابل قدر شیئرز، ہولڈرز، کسٹمرز، ڈسٹری بیوٹرز، سپلائرز، مالیاتی اداروں اور ریگولیٹری اتھارٹیز کی خدمات و تعاون کا اعتراف کرتا ہے۔

اللہ سبحانہ و تعالیٰ کے مسلسل فضل و کرم پر تمام تفریقات اور تشکرات اسی کے لیے ہے۔

منجانب بورڈ

  
اصف مصباح  
ڈائریکٹر

  
اصف مصباح  
چیف ایگزیکٹو

کراچی

تاریخ: فروری 21، 2020

## ڈائریکٹرز جائزہ رپورٹ

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

## مالیاتی نتائج

| جولائی - دسمبر 2018ء     |              | جولائی - دسمبر 2019ء |              | مندرجات                   |
|--------------------------|--------------|----------------------|--------------|---------------------------|
| (پاکستانی روپے ملین میں) |              |                      |              |                           |
| مدغم شدہ                 | غیر مدغم شدہ | مدغم شدہ             | غیر مدغم شدہ |                           |
| 1,883.5                  | 1,845.6      | 2,629.1              | 2,529.4      | فروخت خالص                |
| 843.7                    | 825.2        | 1,051.2              | 995.8        | مجموعی منافع              |
| 74.0                     | 74.6         | 33.1                 | 55.1         | آپریٹنگ منافع             |
| 21.5                     | 23.7         | (81.9)               | (55.0)       | قبل از ٹیکس (خسارہ)/منافع |
| 0.4                      | 4.9          | (114.7)              | (83.7)       | بعد از ٹیکس (خسارہ)/منافع |

## فی حصص منافع

31 دسمبر، 2019ء کو ختم ہونے والی ششماہی کے لئے کمپنی کے غیر مدغم شدہ مالیاتی معلومات کے مطابق گزشتہ سال کی اسی مدت کے فی حصص منافع 0.12 پاکستانی روپے کے مقابلے میں (2.14) پاکستانی روپے رہا۔

## مالیاتی کارکردگی

زیر جائزہ مدت کے دوران، خالص فروخت گزشتہ سال کی اسی مدت کے مقابلے میں 37.1 فیصد مضبوط نمودار کرتے ہوئے 683.8 ملین پاکستانی روپے سے بڑھ گئی۔ کاروباری شعبوں کے اعتبار سے بڑھوتری درج ذیل تھی:

| شعبہ        | میلی ششماہی 2020ء | میلی ششماہی 2019ء | خالص فروخت میں<br>بڑھوتری | بڑھوتری<br>سال بہ سال (فیصد میں) |
|-------------|-------------------|-------------------|---------------------------|----------------------------------|
|             |                   |                   |                           |                                  |
| اسٹریٹ      | 1,786.6           | 1,478.9           | 307.7                     | 21%                              |
| انسٹی ٹیوشن | 412.4             | 158.5             | 253.9                     | 160%                             |
| دیگر        | 330.4             | 208.2             | 122.2                     | 59%                              |
| ٹوٹل        | 2,529.4           | 1,845.6           | 683.8                     | 37%                              |

سب سے پُر امید پہلا اسٹریٹ سٹل میں 28 فیصد اضافہ تھا جو سب سے بڑا اور اسٹریٹ سٹیک لحاظ سے نہایت اہم شعبہ ہے (گزشتہ سال اسی عرصے کے دوران Relaxin® کی 91 ملین پاکستانی روپے کی غیر معمولی فروخت ایڈجسٹ کرنے کے بعد)۔

سال بہ سال (YoY) مجموعی منافع 44.7 فیصد سے کم ہو کر 39.4 فیصد رہ گیا۔ اس کی بنیادی وجہ پہلی سہ ماہی 2020ء کے دوران ایک ہی ہائیڈروکسی (انسٹی ٹیوشن شعبہ) فروخت اور گزشتہ سال کے اسی عرصے میں Relaxin® (اسٹریٹ شعبہ) کی غیر معمولی فروخت تھی۔ ان دونوں غیر معمولی عوامل کو چھوڑ کر پچھلے سال کے اسی عرصہ کے دوران 42.9 فیصد کے مجموعی منافع کے مقابلے میں موجودہ مدت کے لیے ایڈجسٹ شدہ مجموعی منافع 41.2 فیصد ہے۔ مجموعی منافع پر اثر انداز ہونے والے دیگر وہ عوامل جو DRAP کے منظور شدہ قیمت میں اضافے سے مکمل طور پر کم نہیں ہوئے، یہ تھے:



## Macter International Limited



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Chartered Accountants  
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Pakistan

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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 2019**, 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 2019 and 2018 have not been reviewed, as we are required to review only the cumulative figures of the six-months period ended 31 December 2019.

##### 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 review resulting in this independent auditor's report is Mr. Shaikh Ahmed Salman.

Chartered Accountants

Place: Karachi

Date: 24 February 2020

A member firm of Ernst & Young Global Limited

**UN-CONSOLIDATED CONDENSED INTERIM  
FINANCIAL INFORMATION  
HALF YEAR ENDED  
DECEMBER 31, 2019**

## Macter International Limited

### UN-CONSOLIDATED CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION

AS AT DECEMBER 31, 2019

|   |      | DECEMBER 31,<br>2019         | JUNE 30,<br>2019 |
|---|------|------------------------------|------------------|
|   | NOTE | ..... (RUPEES IN '000) ..... | .....            |
| <b>ASSETS</b>                                     |      | <b>UN-AUDITED</b>            | <b>AUDITED</b>   |
| <b>NON-CURRENT ASSETS</b>                         |      |                              |                  |
| Property, plant and equipment                     | 5    | 1,354,827                    | 1,232,833        |
| Intangible assets                                 |      | 6,599                        | 8,279            |
| Long-term investment                              | 6    | 200,000                      | 100,000          |
| Long-term loans                                   |      | 2,080                        | 2,147            |
| Long-term deposits                                |      | 75,639                       | 73,619           |
| Deferred tax asset                                |      | 27,140                       | 18,396           |
|   |      | <b>1,666,285</b>             | <b>1,435,274</b> |
| <b>CURRENT ASSETS</b>                             |      |                              |                  |
| Stores and spares                                 |      | 3,173                        | 2,171            |
| Stock-in-trade                                    | 7    | 950,208                      | 773,203          |
| Trade debts                                       |      | 642,377                      | 580,686          |
| Loans and advances                                |      | 141,136                      | 72,018           |
| Trade deposits, prepayments and other receivables |      | 92,471                       | 70,576           |
| Taxation-net                                      |      | 159,432                      | 134,045          |
| Cash and bank balances                            | 8    | 118,239                      | 142,578          |
|   |      | <b>2,107,036</b>             | <b>1,775,277</b> |
| <b>TOTAL ASSETS</b>                               |      | <b>3,773,321</b>             | <b>3,210,551</b> |
| <b>EQUITY AND LIABILITIES</b>                     |      |                              |                  |
| <b>SHARE CAPITAL AND RESERVES</b>                 |      |                              |                  |
| Share capital                                     |      | 391,444                      | 391,444          |
| Reserves  |      | 683,578                      | 802,502          |
|   |      | <b>1,075,022</b>             | <b>1,193,946</b> |
| <b>NON-CURRENT LIABILITIES</b>                    |      |                              |                  |
| Long-term financing                               | 9    | 370,343                      | 298,760          |
| Lease Liabilities                                 |      | 55,479                       | -                |
| Deferred liabilities                              |      | 178,710                      | 178,459          |
|   |      | <b>604,532</b>               | <b>477,219</b>   |
| <b>CURRENT LIABILITIES</b>                        |      |                              |                  |
| Trade and other payables                          | 10   | 823,383                      | 625,248          |
| Accrued profit                                    |      | 37,828                       | 24,288           |
| Short-term borrowings                             | 11   | 1,101,653                    | 790,738          |
| Current portion of long-term financing            | 9    | 110,556                      | 98,832           |
| Current portion of lease liabilities              |      | 20,061                       | -                |
| Unclaimed dividends                               |      | 286                          | 280              |
|   |      | <b>2,093,767</b>             | <b>1,539,386</b> |
| <b>CONTINGENCIES AND COMMITMENTS</b>              | 12   |                              |                  |
| <b>TOTAL EQUITY AND LIABILITIES</b>               |      | <b>3,773,321</b>             | <b>3,210,551</b> |

The annexed notes from 1 to 17 form an integral part of this unconsolidated condensed interim financial information.



CHIEF FINANCIAL OFFICER



CHIEF EXECUTIVE



DIRECTOR

**UN-CONSOLIDATED CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS (UN-AUDITED)**  
**FOR THE PERIOD ENDED DECEMBER 31, 2019**

|  | HALF YEAR ENDED      |                      | QUARTER ENDED        |                      |
|--|----------------------|----------------------|----------------------|----------------------|
|  | DECEMBER 31,<br>2019 | DECEMBER 31,<br>2018 | DECEMBER 31,<br>2019 | DECEMBER 31,<br>2018 |
| NOTE   | (RUPEES IN '000)     |                      |                      |                      |
| <b>Turnover</b>                                      | <b>2,529,423</b>     | 1,845,625            | <b>1,396,642</b>     | 956,270              |
| Cost of sales  | (1,533,605)          | (1,020,406)          | (824,731)            | (550,289)            |
| <b>Gross profit</b>                                  | <b>995,818</b>       | 825,219              | <b>571,911</b>       | 405,981              |
| Distribution costs                                   | (832,444)            | (651,983)            | (471,512)            | (350,696)            |
| Administrative expenses                              | (111,820)            | (105,384)            | (54,637)             | (50,708)             |
| Other expenses                                       | -                    | (2,011)              | -                    | 1,402                |
| Other income   | 3,504                | 8,736                | 3,203                | 7,130                |
|  | (940,760)            | (750,642)            | (522,946)            | (392,872)            |
| <b>Operating profit</b>                              | <b>55,058</b>        | 74,577               | <b>48,965</b>        | 13,109               |
| Financial charges 9.4 & 11.4                         | (110,054)            | (50,910)             | (64,872)             | (29,614)             |
| <b>(Loss) / profit before taxation</b>               | <b>(54,996)</b>      | 23,667               | <b>(15,907)</b>      | (16,505)             |
| Taxation 13  | (28,698)             | (18,774)             | (15,761)             | (9,625)              |
| <b>(Loss) / profit after taxation</b>                | <b>(83,694)</b>      | 4,893                | <b>(31,668)</b>      | (26,130)             |
|  | (RUPEES)             |                      |                      |                      |
| <b>Basic and diluted (loss) / earnings per share</b> | <b>(2.14)</b>        | 0.12                 | <b>(0.81)</b>        | (0.67)               |

The annexed notes from 1 to 17 form an integral part of this unconsolidated condensed interim financial information.

  
 CHIEF FINANCIAL OFFICER

  
 CHIEF EXECUTIVE

  
 DIRECTOR

## Macter International Limited

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

|   | HALF YEAR ENDED              |                      | QUARTER ENDED        |                      |
|---|------------------------------|----------------------|----------------------|----------------------|
|   | DECEMBER 31,<br>2019         | DECEMBER 31,<br>2018 | DECEMBER 31,<br>2019 | DECEMBER 31,<br>2018 |
|   | ..... (RUPEES IN '000) ..... |                      |                      |                      |
| (Loss) / profit after taxation                        | (83,694)                     | 4,893                | (31,668)             | (26,130)             |
| Other comprehensive income<br>for the period          | -                            | -                    | -                    | -                    |
| Total comprehensive (loss) /<br>income for the period | (83,694)                     | 4,893                | (31,668)             | (26,130)             |

The annexed notes from 1 to 17 form an integral part of this unconsolidated condensed interim financial information.

  
CHIEF FINANCIAL OFFICER

  
CHIEF EXECUTIVE

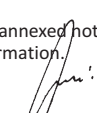
  
DIRECTOR

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

FOR THE PERIOD ENDED DECEMBER 31, 2019

|   | NOTE | HALF YEAR ENDED              |                      |
|---|------|------------------------------|----------------------|
|   |      | DECEMBER 31,<br>2019         | DECEMBER 31,<br>2018 |
|   |      | ..... (RUPEES IN '000) ..... |                      |
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>                     |      |                              |                      |
| (Loss) / profit before taxation                                 |      | (54,996)                     | 23,667               |
| Adjustments:  |      |                              |                      |
| Depreciation  |      | 48,919                       | 41,130               |
| Depreciation - Right of use - asset                             |      | 11,631                       | -                    |
| Amortization  |      | 1,679                        | 2,045                |
| Financial charges   |      | 110,054                      | 50,910               |
| Provision for gratuity  |      | 12,974                       | 11,126               |
| Gain on sale of operating fixed assets                          |      | (2,457)                      | (4,811)              |
| Provision for slow moving and obsolete stock-in-trade - net     |      | 17,145                       | 24,380               |
| Provision for doubtful debts                                    |      | 16,206                       | (23,838)             |
|   |      | <u>216,151</u>               | <u>100,942</u>       |
|   |      | 161,155                      | 124,609              |
| <b>(Increase) / Decrease in current assets</b>                  |      |                              |                      |
| Stores and spares   |      | (1,002)                      | (433)                |
| Stock-in-trade  |      | (194,150)                    | (139,031)            |
| Trade debts   |      | (77,897)                     | 48,879               |
| Loans and advances  |      | (69,118)                     | 2,584                |
| Trade deposits, prepayments and other receivables               |      | (21,895)                     | 5,039                |
|   |      | <u>(364,062)</u>             | <u>(82,962)</u>      |
| <b>Increase in current liabilities</b>                          |      |                              |                      |
| Trade and other payables  |      | 198,141                      | 117,271              |
|   |      | <u>(4,766)</u>               | <u>158,918</u>       |
| Financial charges paid  |      | (96,514)                     | (44,816)             |
| Income tax paid   |      | (62,829)                     | (30,571)             |
| Gratuity paid   |      | (13,028)                     | (4,152)              |
| Long-term loans   |      | 67                           | 550                  |
| Long-term deposits  |      | (2,020)                      | 696                  |
| Deferred liabilities  |      | 306                          | (370)                |
|   |      | <u>(174,018)</u>             | <u>(78,663)</u>      |
| <b>Net cash (used in) / generated from operating activities</b> |      | <u>(178,784)</u>             | <u>80,255</u>        |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>                     |      |                              |                      |
| Additions to property plant and equipment                       |      | (102,580)                    | (99,142)             |
| Proceeds from disposal of operating fixed assets                |      | 5,480                        | (3,954)              |
| Investment made during the period                               |      | (100,000)                    | (100,000)            |
| Additions of intangible asset                                   |      | -                            | 7,002                |
| <b>Net cash used in investing activities</b>                    |      | <u>(197,100)</u>             | <u>(196,094)</u>     |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>                     |      |                              |                      |
| Long-term financing obtained - net                              |      | 83,307                       | 74,721               |
| Lease liabilities paid  |      | (7,447)                      | -                    |
| Short-term borrowings obtained - net                            |      | 310,915                      | 162,106              |
| Dividend paid   |      | (35,230)                     | (72,417)             |
| <b>Net cash generated from financing activities</b>             |      | <u>351,545</u>               | <u>164,410</u>       |
| <b>Net (decrease) / increase in cash and cash equivalents</b>   |      | <u>(24,339)</u>              | <u>48,571</u>        |
| <b>Cash and cash equivalents at the beginning of the period</b> |      | <u>142,578</u>               | <u>46,995</u>        |
| <b>Cash and cash equivalents at the end of the period</b>       | 8    | <u>118,239</u>               | <u>95,566</u>        |

The annexed notes from 1 to 17 form an integral part of this unconsolidated condensed interim financial information.

  
 CHIEF FINANCIAL OFFICER

  
 CHIEF EXECUTIVE

  
 DIRECTOR

## Macter International Limited

### UN-CONSOLIDATED CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED) FOR THE PERIOD ENDED DECEMBER 31, 2019

| PARTICULARS   | ISSUED,<br>SUBSCRIBED<br>AND<br>PAID-UP CAPITAL | RESERVES            |                             | TOTAL<br>RESERVES | TOTAL<br>EQUITY |
|---|---|---------------------|-----------------------------|-------------------|-----------------|
|   |   | CAPITAL<br>RESERVES | UNAPPROP-<br>-RIATED PROFIT |                   |                 |
| ..... (RUPEES IN '000) .....  |   |                     |                             |                   |                 |
| Balance as at July 01, 2018   | 391,444   | 217,808             | 548,178                     | 765,986           | 1,157,430       |
| 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             | 480,654                     | 698,462           | 1,089,906       |
| Balance as at July 01, 2019   | 391,444   | 217,808             | 584,694                     | 802,502           | 1,193,946       |
| Loss for the period   | -   | -                   | (83,694)                    | (83,694)          | (83,694)        |
| Other comprehensive income for the period ended December 31, 2019   | -   | -                   | -                           | -                 | -               |
|   | -   | -                   | (83,694)                    | (83,694)          | (83,694)        |
| Final dividend for the year ended June 30, 2019 @ Rs.0.90 per share | -   | -                   | (35,230)                    | (35,230)          | (35,230)        |
| Balance as at December 31, 2019                                     | 391,444   | 217,808             | 465,770                     | 683,578           | 1,075,022       |

The annexed notes from 1 to 17 form an integral part of this unconsolidated condensed interim financial information.

  
CHIEF FINANCIAL OFFICER

  
CHIEF EXECUTIVE

  
DIRECTOR

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

**FOR THE PERIOD ENDED DECEMBER 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 unconsolidated condensed interim 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 unconsolidated 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 unconsolidated annual audited financial statements for the year ended June 30, 2019.

This unconsolidated condensed interim financial information is unaudited, but subject to limited scope review by the statutory auditors as required by the Code of Corporate Governance.

The figures of the unconsolidated condensed interim statement of profit or loss and unconsolidated condensed interim statement of comprehensive income for the quarters ended December 31, 2019 and December 31, 2018 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, 2019 and December 31, 2018.

**3. SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies and the methods of computations adopted in the preparation of this unconsolidated condensed interim financial information are consistent with those followed in the preparation of the Company's unconsolidated annual audited financial statements for the year ended June 30, 2019 except as described in notes 3.1 and 3.2 below:

**3.1 Adoption of IFRS 16 - Leases**

During the period, the Company have adopted IFRS 16 as issued by the International Accounting Standards Board (IASB) in January 2016.



## Macter International Limited

IFRS 16 supersedes IAS 17 "Leases", IFRIC 4 "Determining whether an Arrangement contains a Lease", SIC-15 "Operating Leases-Incentives" and SIC-27 "Evaluating the Substance of Transactions Involving the Legal Form of a Lease". The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model.

Lessor accounting under IFRS 16 is substantially unchanged under IAS 17. Lessors will continue to classify leases as either operating or finance leases using similar principles as in IAS 17. Therefore, IFRS 16 did not have an impact for leases where the Company is the lessor.

The Company has lease contracts for its Commercial offices and warehouse. Before the adoption of IFRS 16, the Company classified each of its leases (as lessee) at the inception date as an operating lease. In an operating lease, the leased property was not capitalised and the lease payments were recognised as rent expense in statement of profit or loss on a straight-line basis over the lease term. Any prepaid rent and accrued rent were recognised under Trade deposits, short term prepayments and other receivables, respectively.

Upon adoption of IFRS 16, the Company initially recognized a lease liability for the obligation to make lease payments and a right-of-use (RoU) asset for the right to use the underlying asset for the lease term against a consideration. The lease liability is measured at the present value of the consideration (lease payments) to be made over the lease term. The lease payments are discounted using the interest rate implicit in the lease, unless it is not readily determinable, in which case the lessee may use the incremental rate of borrowing. The RoU asset is initially measured at the present value of lease liability, adjusted for lease prepayments and borrowing costs.

As permitted by the transitional provisions of IFRS 16, the Company elected not to restate the comparative figures and not to adjust the opening unappropriated profit. Accordingly, adjustment to the carrying amount of assets and liabilities were recognised in the current period.

The effect of adoption of IFRS 16 as at July 01, 2019 is as follows:

|  | <b>JULY 01, 2019<br/>(RUPEES IN '000)</b> |
|--|---|
| Increase in RoU asset  | <b>82,987</b>                             |
| (Decrease) in trade deposits, short term prepayments and other receivables | <b>(7,260)</b>                            |
| Increase in total assets   | <b>75,727</b>                             |
| Increase in lease liability against assets subject to finance lease        | <b>75,727</b>                             |
| Increase in net assets   | <b>-</b>                                  |

The Company also applied the available practical expedients wherein it:

- Used a single discount rate to a portfolio of leases with reasonably similar characteristics.
- Relied on its assessment of whether leases are onerous immediately before the date of initial application.
- Excluded the initial direct costs from the measurement of the right-of-use asset at the date of initial application.

## Macter International Limited

The lease liabilities as at July 01, 2019 can be reconciled to the operating lease commitments as of June 30, 2019 as follows:

|   | (RUPEES IN '000)     |
|---|----------------------|
| Operating lease commitments as at June 30, 2019                 | 103,930              |
| Weighted average incremental borrowing rate as at July 01, 2019 | <u>14.30%</u>        |
| Discounted operating lease commitments as at July 01, 2019      | 78,394               |
| Less: Commitments relating to short-term leases                 | (2,667)              |
| Lease liabilities as July 01, 2019                              | <u><u>75,727</u></u> |

### Summary of new accounting policies in respect of adoption of IFRS 16

Set out below are the new accounting policies of the Company upon adoption of IFRS 16, which have been applied from the date of initial application:

#### Right-of-use (RoU) assets

At the commencement date of the lease, Right-of-use assets is measured at preset value of lease liability. Subsequently, RoU asset is measured at cost, less accumulated depreciation and any impairment losses, and adjusted for any pre measurement of lease liabilities. RoU are depreciated on a straight-line basis over the shorter of its estimated useful life and lease term.

#### Lease liabilities

At the commencement date of the lease, the Company recognises lease liabilities measured at the present value of lease payments to be made over the lease term and is adjusted for lease prepayments. The lease payments are discounted using the interest rate implicit in the lease, unless it is not readily determinable, in which case the lessee may use incremental rate of borrowing. After the commencement date, the carrying amount of lease liability is increased to reflect the accretion of interest and reduced for the lease payments made.

#### Short-term leases

The Company applies the short-term lease recognition exemption to its short-term leases of premises (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). Lease payments on short-term leases are recognised as expense on a straight-line basis over the lease term.

Set out below, are the carrying amounts of the Company's right-of-use assets, lease liabilities and interest liability and the movements during the period:

|                         | ROU ASSET                    | LEASE<br>LIABILITY   | INTEREST<br>LAIBILITY |
|-------------------------|------------------------------|----------------------|-----------------------|
|                         | ..... (RUPEES IN '000) ..... |                      |                       |
| As at July 01, 2019     | 82,987                       | 75,727               | -                     |
| Depreciation expense    | (11,631)                     | -                    | -                     |
| Interest expense        | -                            | -                    | 5,340                 |
| Payments                | -                            | (5,527)              | -                     |
| As at December 31, 2019 | <u><u>71,356</u></u>         | <u><u>70,200</u></u> | <u><u>5,340</u></u>   |

## Macter International Limited

### 3.2 New / Revised Standards, Interpretations and Amendments

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

IFRS 3 Business Combinations: Previously held interests in a joint operation

IFRS 9 Prepayment Features with Negative Compensation (Amendments)

IFRS 11 Joint Arrangements: Previously held interests in a joint operation

IFRS 16 Leases

IAS 12 Income Taxes: Income tax consequences of payments on financial instruments classified as equity (Amendments)

IAS 19 Plan Amendment, Curtailment or Settlement (Amendments)

IAS 23 Borrowing Costs: Borrowing costs eligible for capitalisation

IAS 28 Long-term Interests in Associates and Joint Ventures (Amendments)

IFRIC Interpretation 23 Uncertainty over Income Tax Treatments

The adoption of the above amendments to accounting standards and interpretations did not have any effect on these condensed interim financial statements other than IFRS 16, the impact of which has been disclosed in note 3.1 above.

### 4. ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of unconsolidated 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.

Judgments and estimates made by the management in the preparation of this unconsolidated condensed interim financial information are same as those applied in the Company's unconsolidated annual audited financial statements for the year ended June 30, 2019.

|   |      | DECEMBER 31,<br>2019         | JUNE 30,<br>2019 |
|---|------|------------------------------|------------------|
|   | NOTE | ..... (RUPEES IN '000) ..... | .....            |
|   |      | UN-AUDITED                   | AUDITED          |
| <b>5. PROPERTY, PLANT AND EQUIPMENT</b> |      |                              |                  |
| Operating fixed assets                  | 5.1  | 1,233,445                    | 1,201,358        |
| Right of use - asset                    | 3.1  | 71,356                       | -                |
| Capital work-in-progress                | 5.2  | 50,026                       | 31,475           |
|   |      | <u>1,354,827</u>             | <u>1,232,833</u> |

## Macter International Limited

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

|                             | ADDITIONS (COST)             |                      | DELETIONS (NET BOOK VALUE) |                      |
|-----------------------------|------------------------------|----------------------|----------------------------|----------------------|
|                             | DECEMBER 31,<br>2019         | DECEMBER 31,<br>2018 | DECEMBER 31,<br>2019       | DECEMBER 31,<br>2018 |
|                             | ..... (RUPEES IN '000) ..... |                      |                            |                      |
|                             | ..... (UN-AUDITED) .....     |                      |                            |                      |
| Leasehold land              | -                            | 4,000                | -                          | -                    |
| Buildings on leasehold land | 50                           | 32,178               | -                          | -                    |
| Plant and machinery         | 15,856                       | 99,131               | 2,414                      | 159                  |
| Tools and equipment         | 8,677                        | 7,041                | -                          | -                    |
| Gas and other installation  | 19,437                       | 30,869               | 53                         | -                    |
| Furniture and fixture       | 1,813                        | 6,087                | -                          | -                    |
| Office equipment            | 1,400                        | 540                  | -                          | -                    |
| Computer equipment          | 1,293                        | 790                  | -                          | 23                   |
| Motor vehicles              | 35,503                       | 26,444               | 556                        | 2,009                |
|                             | <b>84,029</b>                | <b>207,080</b>       | <b>3,023</b>               | <b>2,191</b>         |

### 5.2 Capital work-in-progress

|   | DECEMBER 31, 2019            |                   |                        |            |               |
|---|------------------------------|-------------------|------------------------|------------|---------------|
|   | CIVIL WORKS                  | LEASEHOLD<br>LAND | PLANT AND<br>MACHINERY | OTHERS     | TOTAL         |
|   | ..... (RUPEES IN '000) ..... |                   |                        |            |               |
|   | ..... (UN-AUDITED) .....     |                   |                        |            |               |
| Balance at beginning of<br>the period           | 683                          | 2,050             | 28,427                 | 315        | 31,475        |
| Capital expenditure incurred /<br>advances made | 3,620                        | 4,124             | 37,960                 | 521        | 46,225        |
| Transferred to operating<br>fixed assets        | -                            | -                 | (27,001)               | (673)      | (27,674)      |
| Balance at end of the period                    | <b>4,303</b>                 | <b>6,174</b>      | <b>39,386</b>          | <b>163</b> | <b>50,026</b> |

## Macter International Limited

|  | NOTE | DECEMBER 31,<br>2019<br>..... (RUPEES IN '000) ..... | JUNE 30,<br>2019<br>..... (RUPEES IN '000) ..... |
|--|------|--|--|
|  |      | UN-AUDITED   | AUDITED  |
| <b>6. LONG-TERM INVESTMENT</b>                   |      |  |  |
| Investment in subsidiary - at cost               |      |  |  |
| Misbah Cosmetics (Private) Limited               |      |  |  |
| 20,000,000 (2019: 10,000,000) ordinary shares    |      |  |  |
| representing 72.53% (2019: 56.90%) voting shares | 6.1  | <u>200,000</u>                                       | <u>100,000</u>                                   |

- 6.1 During the period, the Company acquired an additional 10,000,000 ordinary shares increasing the voting shares from 56.90% to 72.53% of Misbah Cosmetics (Private) Limited against a consideration of Rs.100 million. The subsidiary Company is engaged in selling and distribution of cosmetic products in Pakistan.

|  | NOTE | DECEMBER 31,<br>2019<br>..... (RUPEES IN '000) ..... | JUNE 30,<br>2019<br>..... (RUPEES IN '000) ..... |
|--|------|--|--|
|  |      | UN-AUDITED   | AUDITED  |
| <b>7. STOCK-IN-TRADE</b>                           |      |  |  |
| In hand:   |      |  |  |
| - raw material                                     |      | 373,410  | 264,024  |
| - packing material                                 |      | 199,600  | 170,963  |
| - work-in-process                                  |      | 69,799   | 65,668   |
| - finished goods                                   | 7.1  | <u>334,836</u>                                       | <u>296,278</u>                                   |
|  |      | 977,645  | 796,933  |
| Less: Provision for slow moving and obsolete items | 7.2  | <u>(36,846)</u>                                      | <u>(27,376)</u>                                  |
|  |      | 940,799  | 769,557  |
| In transit   |      | <u>9,409</u>   | <u>3,646</u>                                     |
|  |      | <u>950,208</u>                                       | <u>773,203</u>                                   |

- 7.1 These include cost of physician samples, aggregating Rs.19.479 (2019: Rs.13.502) million.

|   |  | DECEMBER 31,<br>2019<br>..... (RUPEES IN '000) ..... | JUNE 30,<br>2019<br>..... (RUPEES IN '000) ..... |
|---|--|--|--|
|   |  | UN-AUDITED   | AUDITED  |
| <b>7.2 Provision for slow moving and obsolete items</b> |  |  |  |
| Balance at the beginning of the period                  |  | 27,376   | 46,482   |
| Charge for the period                                   |  | 17,145   | 10,716   |
| Write off during the period                             |  | <u>(7,675)</u>                                       | <u>(29,822)</u>                                  |
| Balance at the end of the period                        |  | <u>36,846</u>  | <u>27,376</u>                                    |

## Macter International Limited

|                                  | NOTE | DECEMBER 31,<br>2019<br>..... (RUPEES IN '000) ..... | JUNE 30,<br>2019<br>..... (RUPEES IN '000) ..... |
|----------------------------------|------|--|--|
|                                  |      | UN-AUDITED   | AUDITED  |
| <b>8. CASH AND BANK BALANCES</b> |      |  |  |
| Cash in hand                     |      | 152  | 271  |
| With banks in:                   |      |  |  |
| - current accounts               |      | 73,026   | 84,462   |
| - saving accounts                | 8.1  | 45,061   | 57,845   |
|                                  |      | 118,087  | 142,307  |
|                                  |      | 118,239  | 142,578  |

**8.1** These carry profit at the rates ranging from 5.50% to 7.50% (2019: 2.25% to 6.15%) per annum.

|  | NOTE | DECEMBER 31,<br>2019<br>..... (RUPEES IN '000) ..... | JUNE 30,<br>2019<br>..... (RUPEES IN '000) ..... |
|--|------|--|--|
|  |      | UN-AUDITED   | AUDITED  |
| <b>9. LONG-TERM FINANCING</b>                          |      |  |  |
| <b>Secured</b>   |      |  |  |
| Diminishing musharakah on                              |      |  |  |
| - leasehold land and buildings                         | 9.1  | 160,000  | 76,263   |
| - plant and machinery                                  | 9.2  | 229,338  | 253,727  |
| - vehicles   | 9.3  | 91,561   | 67,602   |
|  |      | 480,899  | 397,592  |
| Less: Current maturity shown under current liabilities |      | (110,556)  | (98,832)   |
|  |      | 370,343  | 298,760  |

**9.1** These facilities have been obtained from Meezan Bank Limited. These carry markup at the rate of 3 Months and 6 Months KIBOR plus 1.25% to 1.50% (2019: KIBOR plus 1.25% to 2.00%) per annum and having maturity till August 2024 (2019: August 2022). These facilities are secured against the respective assets.

**9.2** These facilities have been obtained from First Habib Modaraba, Dubai Islamic Bank and MCB Islamic Bank. These carry markup at the rates of 1 Month and 6 Months KIBOR plus 1.00% to 2.00% (2019: KIBOR plus 1.40% to 2.00%) per annum and having maturity till September 2024 (2019: September 2024). These facilities are secured against the respective assets.

**9.3** These facilities have been obtained from First Habib Modaraba and Albaraka Bank (Pakistan) Limited. These carry markup at the rates of 6 Months KIBOR plus 1.00% to 1.50% (2019: KIBOR plus 1.25% to 2.00%) per annum and are having maturity till October 2024 (2019: December 2023). These facilities are secured against the respective assets.

**9.4** Financial charges on long term financing for the period ended December 31, 2019 is Rs.32.441 million.

## Macter International Limited

|   |      | DECEMBER 31,<br>2019         | JUNE 30,<br>2019 |
|---|------|------------------------------|------------------|
|   | NOTE | ..... (RUPEES IN '000) ..... |                  |
|   |      | UN-AUDITED                   | AUDITED          |
| <b>10. TRADE AND OTHER PAYABLES</b>               |      |                              |                  |
| Trade and other creditors                         |      | 545,381                      | 346,788          |
| Advances from customers                           |      | 83,140                       | 114,205          |
| Accrued liabilities                               |      | 65,271                       | 44,323           |
| Provision for Gas Infrastructure Development Cess |      | 76,047                       | 66,795           |
| Sindh Workers' Profit Participation Fund          |      | -                            | 2,852            |
| Workers' Welfare Fund                             |      | 21,725                       | 21,725           |
| Central Research Fund                             |      | -                            | 1,238            |
| Payable to Provident Fund                         |      | 3,240                        | 3,302            |
| Ijarah rental payable                             |      | 6,023                        | 4,591            |
| Auditors' remuneration                            |      | 1,064                        | 2,023            |
| Withholding taxes payable                         |      | 10,777                       | 9,398            |
| Others  |      | 10,715                       | 8,008            |
|   |      | <b>823,383</b>               | <b>625,248</b>   |
| <b>11. SHORT-TERM BORROWINGS</b>                  |      |                              |                  |
| Istisna'a   | 11.1 | 80,000                       | 19,511           |
| Musharakah running finance                        | 11.2 | 200,000                      | 130,000          |
| Murabaha  | 11.3 | 821,653                      | 641,227          |
|   |      | <b>1,101,653</b>             | <b>790,738</b>   |

**11.1** This represents finance facility obtained from Dubai Islamic Bank. This carries profit at the rate of 6 Months KIBOR plus 1.25% (2019: 3 to 6 Months KIBOR plus 1.25%) per annum and having maturity till May 2020 (2019: July 2019). These are secured by way of hypothecation on stock-in-trade and trade debts of the Company.

**11.2** These represent finance facility obtained from MCB Islamic Bank. This carries profit at the rate of 3 Months KIBOR plus 0.85% per annum and is repayable on demand. These are secured by way of hypothecation on stock-in-trade and trade debts of the Company.

**11.3** These represent outstanding murabaha facilities with various Islamic banks for the purpose of purchase of inventory. These carry profit at the rates ranging from 3 to 6 Months KIBOR plus 1.00% to 1.50% (2019: from 3 to 6 Months of KIBOR plus 1.00% to 1.50%) per annum and having maturity till June 2020 (2019: December 2019). These are secured against hypothecation of stock in trade and trade debts of the Company.

**11.4** Financial charges on short term borrowings for the period ended December 31, 2019 is Rs.71.515 million.

## Macter International Limited

|   | DECEMBER 31,<br>2019<br>..... (RUPEES IN '000) ..... | JUNE 30,<br>2019<br>..... (RUPEES IN '000) ..... |
|---|--|--|
|   | UN-AUDITED   | AUDITED  |
| <b>12. CONTINGENCIES AND COMMITMENTS</b>  |  |  |
| <b>12.1 Contingencies</b>   |  |  |
| 12.1.1 Claims not acknowledged as debt by the Company   | 8,552  | 7,240  |
| 12.1.2 Outstanding letters of guarantee   | 124,376  | 89,667   |
| 12.1.3 There is no change in the status of contingencies as disclosed in the annual audited financial statements for the year ended June 30, 2019 except as mentioned in above notes. |  |  |
| <b>12.2 Commitments</b>   |  |  |
| Outstanding letters of credit   | 34,136   | 55,641   |
| Commitments for capital expenditures  | 77,929   | 42,136   |
| Commitments for ljarah rentals in respect of plant and machinery, motor vehicles and equipment  |  |  |
|   | Year   |  |
|   | 2020   | 100,457  |
|   | 2021   | 90,938   |
|   | 2022   | 62,569   |
|   | 2023   | 9,640  |
|   | 2024   | 998  |
|   | 2025   | -  |
|   | 249,711  | 264,602  |

|                     | HALF YEAR ENDED<br>DECEMBER 31,<br>2019 | DECEMBER 31,<br>2018 | QUARTER ENDED<br>DECEMBER 31,<br>2019 | DECEMBER 31,<br>2018 |
|---------------------|---|----------------------|---------------------------------------|----------------------|
|                     | ..... (RUPEES IN '000) .....            |                      | ..... (RUPEES IN '000) .....          |                      |
|                     | ..... (UN-AUDITED) .....                |                      | ..... (UN-AUDITED) .....              |                      |
| <b>13. TAXATION</b> |   |                      |                                       |                      |
| Current             | 37,442                                  | 7,033                | 22,255                                | (679)                |
| Prior year          | -                                       | (5,117)              | -                                     | (5,117)              |
| Deferred            | (8,744)                                 | 16,858               | (6,494)                               | 15,421               |
|                     | 28,698                                  | 18,774               | 15,761                                | 9,625                |



## Macter International Limited

### 14. 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 consolidated condensed interim financial information, are as follows:

|  |   | HALF YEAR ENDED              |                   |
|--|---|------------------------------|-------------------|
|  |   | DECEMBER 31, 2019            | DECEMBER 31, 2018 |
|  |   | ..... (RUPEES IN '000) ..... |                   |
|  |   | ..... (UN-AUDITED) .....     |                   |
| Relationship   | Nature of transaction                       |                              |                   |
| Key Management Personnel                               | Salary and other benefit                    | 81,557                       | 79,794            |
|  | Dividend                                    | 23,002                       | 47,283            |
| Non-Executive Director                                 | Meeting fee                                 | 382                          | 392               |
| Provident Fund   | Contribution                                | 19,269                       | 17,892            |
| Misbah Cosmetics (Private) Limited (Subsidiary) 72.53% | Investment made                             | 100,000                      | 100,000           |
|  | Expenses incurred and reimbursement thereon | 1,084                        | 1,088             |

### 15. FINANCIAL RISK MANAGEMENT AND FAIR VALUE DISCLOSURES

This unconsolidated condensed interim financial information does not include all financial risk management information and disclosures which are required in the annual unconsolidated financial statements and should be read in conjunction with the Company's annual unconsolidated financial statements for the year ended June 30, 2019. There have been no change in any risk management policies since the year end.

### 16. DATE OF AUTHORISATION FOR ISSUE

This unconsolidated condensed interim financial information was authorised for issue on February 21, 2020 by the Board of Directors of the Company.

### 17. GENERAL

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

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

  
CHIEF FINANCIAL OFFICER

  
CHIEF EXECUTIVE

  
DIRECTOR

**CONSOLIDATED CONDENSED INTERIM  
FINANCIAL INFORMATION  
HALF YEAR ENDED  
DECEMBER 31, 2019**

## Macter International Limited

### CONSOLIDATED CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION

AS AT DECEMBER 31, 2019

|   |      | DECEMBER 31,<br>2019         | JUNE 30,<br>2019 |
|---|------|------------------------------|------------------|
|   | NOTE | ..... (RUPEES IN '000) ..... | .....            |
| <b>ASSETS</b>                                     |      | <b>UN-AUDITED</b>            | <b>AUDITED</b>   |
| <b>NON-CURRENT ASSETS</b>                         |      |                              |                  |
| Property, plant and equipment                     | 5    | 1,372,827                    | 1,248,312        |
| Intangible assets                                 | 6    | 62,155                       | 65,218           |
| Long-term loans                                   |      | 2,080                        | 2,147            |
| Long-term deposits                                |      | 77,117                       | 74,537           |
| Deferred tax asset                                |      | 27,140                       | 18,396           |
|   |      | <b>1,541,319</b>             | <b>1,408,610</b> |
| <b>CURRENT ASSETS</b>                             |      |                              |                  |
| Stores and spares                                 |      | 3,173                        | 2,171            |
| Stock-in-trade                                    | 7    | 1,025,845                    | 841,849          |
| Trade debts                                       |      | 687,597                      | 599,532          |
| Loans and advances                                |      | 145,701                      | 76,887           |
| Trade deposits, prepayments and other receivables |      | 103,991                      | 76,998           |
| Taxation-net                                      |      | 159,432                      | 134,045          |
| Cash and bank balances                            | 8    | 139,836                      | 144,969          |
|   |      | <b>2,265,575</b>             | <b>1,876,451</b> |
| <b>TOTAL ASSETS</b>                               |      | <b>3,806,894</b>             | <b>3,285,061</b> |
| <b>EQUITY AND LIABILITIES</b>                     |      |                              |                  |
| <b>SHARE CAPITAL AND RESERVES</b>                 |      |                              |                  |
| Share capital                                     |      | 391,444                      | 391,444          |
| Reserves  |      | 622,786                      | 764,552          |
|   |      | <b>1,014,230</b>             | <b>1,155,996</b> |
| Non controlling interest                          |      | (4,139)                      | 4,031            |
|   |      | <b>1,010,091</b>             | <b>1,160,027</b> |
| <b>NON-CURRENT LIABILITIES</b>                    |      |                              |                  |
| Long-term financing                               | 9    | 424,071                      | 354,330          |
| Lease Liabilities                                 |      | 55,479                       | -                |
| Deferred liabilities                              |      | 178,710                      | 178,459          |
|   |      | <b>658,260</b>               | <b>532,789</b>   |
| <b>CURRENT LIABILITIES</b>                        |      |                              |                  |
| Trade and other payables                          | 10   | 846,962                      | 648,245          |
| Accrued profit                                    |      | 38,100                       | 25,453           |
| Short-term borrowings                             | 11   | 1,118,894                    | 815,751          |
| Current portion of long-term financing            | 9    | 114,240                      | 102,516          |
| Current portion of lease liabilities              |      | 20,061                       | -                |
| Unclaimed dividends                               |      | 286                          | 280              |
|   |      | <b>2,138,543</b>             | <b>1,592,245</b> |
| <b>CONTINGENCIES AND COMMITMENTS</b>              | 12   |                              |                  |
| <b>TOTAL EQUITY AND LIABILITIES</b>               |      | <b>3,806,894</b>             | <b>3,285,061</b> |

The annexed notes from 1 to 17 form an integral part of this consolidated condensed interim financial information.

  
CHIEF FINANCIAL OFFICER

  
CHIEF EXECUTIVE

  
DIRECTOR

**CONSOLIDATED CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS (UN-AUDITED)**  
FOR THE PERIOD ENDED DECEMBER 31, 2019

|  | HALF YEAR ENDED      |                      | QUARTER ENDED        |                      |
|--|----------------------|----------------------|----------------------|----------------------|
|  | DECEMBER 31,<br>2019 | DECEMBER 31,<br>2018 | DECEMBER 31,<br>2019 | DECEMBER 31,<br>2018 |
| NOTE   | (RUPEES IN '000)     |                      |                      |                      |
| Turnover   | 2,629,073            | 1,883,533            | 1,468,267            | 994,178              |
| Cost of sales  | (1,577,867)          | (1,039,799)          | (856,846)            | (569,682)            |
| <b>Gross profit</b>                                  | <b>1,051,206</b>     | <b>843,734</b>       | <b>611,421</b>       | <b>424,496</b>       |
| Distribution costs                                   | (907,484)            | (670,796)            | (510,950)            | (369,509)            |
| Administrative expenses                              | (114,077)            | (105,634)            | (55,496)             | (50,958)             |
| Other expenses                                       | -                    | (2,011)              | -                    | 1,402                |
| Other income   | 3,504                | 8,736                | 3,203                | 7,130                |
|  | (1,018,057)          | (769,705)            | (563,243)            | (411,935)            |
| <b>Operating profit</b>                              | <b>33,149</b>        | <b>74,029</b>        | <b>48,178</b>        | <b>12,561</b>        |
| Financial charges 9.5 & 11.4                         | (115,047)            | (52,505)             | (67,408)             | (31,209)             |
| <b>(Loss) / profit before taxation</b>               | <b>(81,898)</b>      | <b>21,524</b>        | <b>(19,230)</b>      | <b>(18,648)</b>      |
| Taxation 13  | (32,808)             | (21,101)             | (19,277)             | (11,952)             |
| <b>(Loss) / profit after taxation</b>                | <b>(114,706)</b>     | <b>423</b>           | <b>(38,507)</b>      | <b>(30,600)</b>      |
|  | (RUPEES)             |                      |                      |                      |
| <b>Basic and diluted (loss) / earnings per share</b> | <b>(2.93)</b>        | <b>0.01</b>          | <b>(0.98)</b>        | <b>(0.78)</b>        |

The annexed notes from 1 to 17 form an integral part of this consolidated condensed interim financial information.

**Attributable to:**

|                              |           |         |          |          |
|------------------------------|-----------|---------|----------|----------|
| Owner of the Holding Company | (106,536) | 2,350   | (36,626) | (28,673) |
| Non- controlling interest    | (8,170)   | (1,927) | (1,881)  | (1,927)  |
|                              | (114,706) | 423     | (38,507) | (30,600) |

  
CHIEF FINANCIAL OFFICER

  
CHIEF EXECUTIVE

  
DIRECTOR

## Macter International Limited

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

|  | HALF YEAR ENDED              |                      | QUARTER ENDED        |                      |
|--|------------------------------|----------------------|----------------------|----------------------|
|  | DECEMBER 31,<br>2019         | DECEMBER 31,<br>2018 | DECEMBER 31,<br>2019 | DECEMBER 31,<br>2018 |
|  | ..... (RUPEES IN '000) ..... |                      |                      |                      |
| (Loss) / profit after taxation   | (114,706)                    | 423                  | (38,507)             | (30,600)             |
| Other comprehensive income<br>for the period   | -                            | -                    | -                    | -                    |
| Total comprehensive (loss) /<br>income for the period  | <u>(114,706)</u>             | <u>423</u>           | <u>(38,507)</u>      | <u>(30,600)</u>      |
| The annexed notes from 1 to 17 form an integral part of this consolidated condensed interim financial information. |                              |                      |                      |                      |
| Attributable to:   |                              |                      |                      |                      |
| Owner of the Holding Company   | (106,536)                    | 2,350                | (36,626)             | (28,673)             |
| Non- controlling interest  | <u>(8,170)</u>               | <u>(1,927)</u>       | <u>(1,881)</u>       | <u>(1,927)</u>       |
|  | <u>(114,706)</u>             | <u>423</u>           | <u>(38,507)</u>      | <u>(30,600)</u>      |

  
CHIEF FINANCIAL OFFICER

  
CHIEF EXECUTIVE

  
DIRECTOR

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

FOR THE PERIOD ENDED DECEMBER 31, 2019

|   | NOTE | HALF YEAR ENDED              |                      |
|---|------|------------------------------|----------------------|
|   |      | DECEMBER 31,<br>2019         | DECEMBER 31,<br>2018 |
|   |      | ..... (RUPEES IN '000) ..... |                      |
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>                             |      |                              |                      |
| (Loss) / Profit before taxation   |      | (81,898)                     | 21,524               |
| Adjustments :   |      |                              |                      |
| Depreciation  |      | 49,831                       | 41,408               |
| Depreciation - Right of use - asset                                     |      | 11,631                       | -                    |
| Amortization  |      | 3,064                        | 2,090                |
| Financial charges   |      | 115,047                      | 52,505               |
| Provision for gratuity  |      | 12,974                       | 11,126               |
| Gain on sale of operating fixed assets                                  |      | (2,457)                      | (4,811)              |
| Provision for slow moving and obsolete stock-in-trade - net             |      | 17,145                       | 24,380               |
| Provision for doubtful debts  |      | 18,206                       | (23,838)             |
|   |      | 225,441                      | 102,860              |
|   |      | 143,543                      | 124,384              |
| <b>(Increase) / decrease in current assets</b>                          |      |                              |                      |
| Stores and spares   |      | (1,002)                      | (433)                |
| Stock-in-trade  |      | (201,141)                    | (187,389)            |
| Trade debts   |      | (106,271)                    | 10,065               |
| Loans and advances  |      | (68,814)                     | (452)                |
| Trade deposits, prepayments and other receivables                       |      | (26,993)                     | 2,236                |
|   |      | (404,221)                    | (175,973)            |
| <b>Increase in current liabilities</b>                                  |      |                              |                      |
| Trade and other payables  |      | 198,717                      | 126,493              |
|   |      | (61,961)                     | 74,904               |
| Financial charges paid  |      | (102,400)                    | (46,411)             |
| Income tax paid   |      | (66,941)                     | (30,571)             |
| Gratuity paid   |      | (13,028)                     | (4,152)              |
| Long-term loans   |      | 67                           | 550                  |
| Long-term deposits  |      | (2,580)                      | (222)                |
| Deferred liabilities  |      | 306                          | (370)                |
|   |      | (184,576)                    | (81,176)             |
| <b>Net cash (used in) operating activities</b>                          |      | (246,537)                    | (6,272)              |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>                             |      |                              |                      |
| Additions to property plant and equipment                               |      | (106,007)                    | (100,954)            |
| Proceeds from disposal of operating fixed assets                        |      | 5,480                        | (3,954)              |
| Additions of intangible asset   |      | -                            | 7,002                |
| <b>Net cash (used in) investing activities</b>                          |      | (100,527)                    | (97,906)             |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>                             |      |                              |                      |
| Long-term financing obtained - net                                      |      | 81,465                       | 135,817              |
| Lease liabilities paid  |      | (7,447)                      | -                    |
| Short-term borrowings obtained - net                                    |      | 303,143                      | 162,106              |
| Dividend paid   |      | (35,230)                     | (72,417)             |
| <b>Net cash generated from financing activities</b>                     |      | 341,931                      | 225,506              |
| <b>Net (decrease) / Increase in cash and cash equivalents</b>           |      | (5,133)                      | 121,328              |
| <b>Cash and cash equivalents at the beginning of the period</b>         |      | 144,969                      | 46,995               |
| <b>Cash and cash equivalents acquired through bussiness combination</b> |      | -                            | (38,394)             |
| <b>Cash and cash equivalents at the end of the period</b>               | 8    | 139,836                      | 129,929              |

The annexed notes from 1 to 17 form an integral part of this consolidated condensed interim financial information.

  
 CHIEF FINANCIAL OFFICER

  
 CHIEF EXECUTIVE

  
 DIRECTOR

## Macter International Limited

### CONSOLIDATED CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED) FOR THE PERIOD ENDED DECEMBER 31, 2019

| PARTICULARS   | ISSUED,<br>SUBSCRIBED<br>AND<br>PAID-UP CAPITAL | RESERVES            |                            |                   | NON-<br>CONTROLLING<br>INTEREST | TOTAL<br>EQUITY |
|---|---|---------------------|----------------------------|-------------------|---------------------------------|-----------------|
|   |   | CAPITAL<br>RESERVES | UNAPPROP-<br>RIATED PROFIT | TOTAL<br>RESERVES |                                 |                 |
|   |   | (RUPEES IN '000)    |                            |                   |                                 |                 |
| Balance as at July 01, 2018   | 391,444   | 217,808             | 546,403                    | 764,211           | -                               | 1,155,655       |
| Non controlling interest on<br>acquisition of Subsidiary Company        |   |                     |                            |                   | 31,245                          | 31,245          |
| Profit / (Loss) for the period  | -   | -                   | 2,350                      | 2,350             | (1,927)                         | 423             |
| Other comprehensive income<br>for the period ended<br>December 31, 2018 | -   | -                   | -                          | -                 | -                               | -               |
|   | -   | -                   | 2,350                      | 2,350             | (1,927)                         | 423             |
| Final Dividend for the year ended<br>June 30, 2018 @ Rs. 1.85 per share |   |                     | (72,417)                   | (72,417)          |                                 | (72,417)        |
| Balance as at December 31, 2018   | 391,444   | 217,808             | 476,336                    | 694,144           | 29,318                          | 1,114,906       |
| Balance as at July 01, 2019   | 391,444   | 217,808             | 546,744                    | 764,552           | 4,031                           | 1,160,027       |
| (Loss) for the period   | -   | -                   | (106,536)                  | (106,536)         | (8,170)                         | (114,706)       |
| Other comprehensive income<br>for the period ended<br>December 31, 2019 | -   | -                   | -                          | -                 | -                               | -               |
|   | -   | -                   | (106,536)                  | (106,536)         | (8,170)                         | (114,706)       |
| Final Dividend for the year ended<br>June 30, 2019 @ Rs. 0.90 per share |   |                     | (35,230)                   | (35,230)          |                                 | (35,230)        |
| Balance as at December 31, 2019   | 391,444   | 217,808             | 404,978                    | 622,786           | (4,139)                         | 1,010,091       |

The annexed notes from 1 to 17 form an integral part of this consolidated condensed interim financial information.

  
CHIEF FINANCIAL OFFICER

  
CHIEF EXECUTIVE

  
DIRECTOR

**NOTES TO THE CONSOLIDATED CONDENSED INTERIM  
FINANCIAL INFORMATION (UN-AUDITED)  
FOR THE PERIOD ENDED DECEMBER 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

|                                   | <b>Effective %age of holding</b>            |                                      |
|-----------------------------------|---|--------------------------------------|
|                                   | <b>DECEMBER 31,<br/>2019<br/>UN-AUDITED</b> | <b>JUNE 30,<br/>2019<br/>AUDITED</b> |
| Misbah Cosmetic (Private) Limited | <b>72.5%</b>                                | 56.9%                                |

**2. BASIS OF PREPARATION**

This consolidated condensed interim 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; and
- Islamic Financial Accounting Standards (IFAS) issued by the Institute of Chartered Accountants of Pakistan as are notified under Companies Act 2017.
- 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 consolidated annual audited financial statements for the year ended June 30, 2019.

**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 consolidated annual audited financial statements for the year ended June 30, 2019 except as described in notes 3.1 and 3.2 below:

**3.1 Adoption of IFRS 16 - Leases**

During the period, the Company have adopted IFRS 16 as issued by the International Accounting Standards Board (IASB) in January 2016.



## Macter International Limited

IFRS 16 supersedes IAS 17 "Leases", IFRIC 4 "Determining whether an Arrangement contains a Lease", SIC-15 "Operating Leases-Incentives" and SIC-27 "Evaluating the Substance of Transactions Involving the Legal Form of a Lease". The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model.

Lessor accounting under IFRS 16 is substantially unchanged under IAS 17. Lessors will continue to classify leases as either operating or finance leases using similar principles as in IAS 17. Therefore, IFRS 16 did not have an impact for leases where the Company is the lessor.

The Company has lease contracts for its Commercial offices and warehouse. Before the adoption of IFRS 16, the Company classified each of its leases (as lessee) at the inception date as an operating lease. In an operating lease, the leased property was not capitalised and the lease payments were recognised as rent expense in statement of profit or loss on a straight-line basis over the lease term. Any prepaid rent and accrued rent were recognised under Trade deposits, short term prepayments and other receivables, respectively.

Upon adoption of IFRS 16, the Company initially recognized a lease liability for the obligation to make lease payments and a right-of-use (RoU) asset for the right to use the underlying asset for the lease term against a consideration. The lease liability is measured at the present value of the consideration (lease payments) to be made over the lease term. The lease payments are discounted using the interest rate implicit in the lease, unless it is not readily determinable, in which case the lessee may use the incremental rate of borrowing. The RoU asset is initially measured at the present value of lease liability, adjusted for lease prepayments and borrowing costs.

As permitted by the transitional provisions of IFRS 16, the Company elected not to restate the comparative figures and not to adjust the opening unappropriated profit. Accordingly, adjustment to the carrying amount of assets and liabilities were recognised in the current period.

The effect of adoption of IFRS 16 as at July 01, 2019 is as follows:

|  | JULY 01, 2019<br>(RUPEES IN '000) |
|--|-----------------------------------|
| Increase in RoU asset  | 82,987                            |
| (Decrease) in trade deposits, short term prepayments and other receivables | (7,260)                           |
| Increase in total assets   | 75,727                            |
| Increase in lease liability against assets subject to finance lease        | 75,727                            |
| Increase in net assets   | -                                 |

The Company also applied the available practical expedients wherein it:

- Used a single discount rate to a portfolio of leases with reasonably similar characteristics.
- Relied on its assessment of whether leases are onerous immediately before the date of initial application.
- Excluded the initial direct costs from the measurement of the right-of-use asset at the date of initial application.

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The lease liabilities as at July 01, 2019 can be reconciled to the operating lease commitments as of June 30, 2019 as follows:

|   | (RUPEES IN '000)     |
|---|----------------------|
| Operating lease commitments as at June 30, 2019                 | 103,930              |
| Weighted average incremental borrowing rate as at July 01, 2019 | 14.30%               |
| Discounted operating lease commitments as at July 01, 2019      | <u>78,394</u>        |
| Less: Commitments relating to short-term leases                 | (2,667)              |
| Lease liabilities as July 01, 2019                              | <u><u>75,727</u></u> |

### Summary of new accounting policies in respect of adoption of IFRS 16

Set out below are the new accounting policies of the Company upon adoption of IFRS 16, which have been applied from the date of initial application:

#### Right-of-use (RoU) assets

At the commencement date of the lease, Right-of-use assets is measured at preset value of lease liability. Subsequently, RoU asset is measured at cost, less accumulated depreciation and any impairment losses, and adjusted for any pre measurement of lease liabilities. RoU are depreciated on a straight-line basis over the shorter of its estimated useful life and lease term.

#### Lease liabilities

At the commencement date of the lease, the Company recognises lease liabilities measured at the present value of lease payments to be made over the lease term and is adjusted for lease prepayments. The lease payments are discounted using the interest rate implicit in the lease, unless it is not readily determinable, in which case the lessee may use incremental rate of borrowing. After the commencement date, the carrying amount of lease liability is increased to reflect the accretion of interest and reduced for the lease payments made.

#### Short-term leases

The Company applies the short-term lease recognition exemption to its short-term leases of premises (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). Lease payments on short-term leases are recognised as expense on a straight-line basis over the lease term.

Set out below, are the carrying amounts of the Company's right-of-use assets, lease liabilities and interest liability and the movements during the period:

|                         | ROU ASSET                    | LEASE<br>LIABILITY   | INTEREST<br>LIABILITY |
|-------------------------|------------------------------|----------------------|-----------------------|
|                         | ..... (RUPEES IN '000) ..... |                      |                       |
| As at July 01, 2019     | 82,987                       | 75,727               | -                     |
| Depreciation expense    | (11,631)                     | -                    | -                     |
| Interest expense        | -                            | -                    | 5,340                 |
| Payments                | -                            | (5,527)              | -                     |
| As at December 31, 2019 | <u><u>71,356</u></u>         | <u><u>70,200</u></u> | <u><u>5,340</u></u>   |

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### 3.2 New / Revised Standards, Interpretations and Amendments

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

IFRS 3 Business Combinations: Previously held interests in a joint operation

IFRS 9 Prepayment Features with Negative Compensation (Amendments)

IFRS 11 Joint Arrangements: Previously held interests in a joint operation

IFRS 16 Leases

IAS 12 Income Taxes: Income tax consequences of payments on financial instruments classified as equity (Amendments)

IAS 19 Plan Amendment, Curtailment or Settlement (Amendments)

IAS 23 Borrowing Costs: Borrowing costs eligible for capitalisation

IAS 28 Long-term Interests in Associates and Joint Ventures (Amendments)

IFRIC Interpretation 23 Uncertainty over Income Tax Treatments

The adoption of the above amendments to accounting standards and interpretations did not have any effect on these condensed interim financial statements other than IFRS 16, the impact of which has been disclosed in note 3.1 above.

### 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.

Judgments and estimates made by the management in the preparation of this consolidated condensed interim financial information are same as those applied in the Company's consolidated annual audited financial statements for the year ended June 30, 2019.

|   | NOTE | DECEMBER 31,<br>2019<br>..... (RUPEES IN '000) ..... | JUNE 30,<br>2019<br>AUDITED |
|---|------|--|-----------------------------|
| <b>5. PROPERTY, PLANT AND EQUIPMENT</b> |      | UN-AUDITED   |                             |
| Operating fixed assets                  | 5.1  | 1,251,445  | 1,216,837                   |
| Right of use - asset                    | 3.1  | 71,356   | -                           |
| Capital work-in-progress                | 5.2  | 50,026   | 31,475                      |
|   |      | <b>1,372,827</b>                                     | <b>1,248,312</b>            |

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

|                             | ADDITIONS (COST)             |                      | DELETIONS (NET BOOK VALUE) |                      |
|-----------------------------|------------------------------|----------------------|----------------------------|----------------------|
|                             | DECEMBER 31,<br>2019         | DECEMBER 31,<br>2018 | DECEMBER 31,<br>2019       | DECEMBER 31,<br>2018 |
|                             | ..... (RUPEES IN '000) ..... |                      |                            |                      |
|                             | ..... (UN-AUDITED) .....     |                      |                            |                      |
| Leasehold land              | -                            | 4,000                | -                          | -                    |
| Buildings on leasehold land | 50                           | 32,178               | -                          | -                    |
| Plant and machinery         | 15,856                       | 99,131               | 2,414                      | 159                  |
| Tools and equipment         | 8,677                        | 7,041                | -                          | -                    |
| Gas and other installation  | 19,437                       | 30,869               | 53                         | -                    |
| Furniture and fixture       | 5,230                        | 9,673                | -                          | -                    |
| Office equipment            | 1,400                        | 540                  | -                          | -                    |
| Computer equipment          | 1,309                        | 1,048                | -                          | 23                   |
| Motor vehicles              | 35,503                       | 26,444               | 556                        | 2,009                |
|                             | <b>87,462</b>                | <b>210,924</b>       | <b>3,023</b>               | <b>2,191</b>         |

### 5.2 Capital work-in-progress

|   | DECEMBER 31, 2019            |                   |                        |            |               |
|---|------------------------------|-------------------|------------------------|------------|---------------|
|   | CIVIL WORKS                  | LEASEHOLD<br>LAND | PLANT AND<br>MACHINERY | OTHERS     | TOTAL         |
|   | ..... (RUPEES IN '000) ..... |                   |                        |            |               |
|   | ..... (UN-AUDITED) .....     |                   |                        |            |               |
| Balance at beginning of<br>the period           | 683                          | 2,050             | 28,427                 | 315        | 31,475        |
| Capital expenditure incurred /<br>advances made | 3,620                        | 4,124             | 37,960                 | 521        | 46,225        |
| Transferred to operating<br>fixed assets        | -                            | -                 | (27,001)               | (673)      | (27,674)      |
| Balance at end of the period                    | <b>4,303</b>                 | <b>6,174</b>      | <b>39,386</b>          | <b>163</b> | <b>50,026</b> |

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### 6. INTANGIBLE ASSETS

|  | As at<br>July 01,<br>2019 | Additions<br>during<br>the period | As at<br>December 31,<br>2019 | As at<br>July 01,<br>2019 | Charge<br>for the<br>period | As at<br>December 31,<br>2019 | Book<br>value as at<br>December 31,<br>2019 | Amortization<br>rate % per<br>annum |
|--|---------------------------|-----------------------------------|-------------------------------|---------------------------|-----------------------------|-------------------------------|---|-------------------------------------|
| ..... (RUPEES IN '000) .....             |                           |                                   |                               |                           |                             |                               |   |                                     |
| Good will                                | 4,632                     | -                                 | 4,632                         | -                         | -                           | -                             | 4,632                                       | -                                   |
| Band "MMM"                               | 54,127                    | -                                 | 54,127                        | 2,030                     | 1,302                       | 3,332                         | 50,795                                      | 5%                                  |
| Software licenses                        | 22,474                    | -                                 | 22,474                        | 15,169                    | 1,463                       | 16,632                        | 5,842                                       | 20-33.33%                           |
| SAP ERP                                  | 41,802                    | -                                 | 41,802                        | 40,617                    | 299                         | 40,916                        | 886   | 0.2                                 |
| Manufacturing and<br>distribution rights | 20,000                    | -                                 | 20,000                        | 20,000                    | -                           | 20,000                        | -   | 20%                                 |
|  | <u>143,035</u>            | <u>-</u>                          | <u>143,035</u>                | <u>77,816</u>             | <u>3,064</u>                | <u>80,880</u>                 | <u>62,155</u>                               |                                     |

|  | NOTE | DECEMBER 31,<br>2019<br>..... (RUPEES IN '000) ..... | JUNE 30,<br>2019<br>..... (RUPEES IN '000) ..... |
|--|------|--|--|
|  |      | UN-AUDITED   | AUDITED  |
| <b>7. STOCK IN TRADE</b>                           |      |  |  |
| In hand  |      |  |  |
| - raw material                                     |      | 373,410  | 264,024  |
| - packing material                                 |      | 199,600  | 170,963  |
| - work-in-process                                  |      | 69,799   | 65,668   |
| - finished goods                                   | 7.1  | 401,579  | 361,668  |
|  |      | <u>1,044,388</u>                                     | <u>862,323</u>                                   |
| Less: Provision for slow moving and obsolete items | 7.2  | (36,846)   | (27,376)   |
|  |      | <u>1,007,542</u>                                     | <u>834,947</u>                                   |
| In transit   |      | 18,303   | 6,902  |
|  |      | <u>1,025,845</u>                                     | <u>841,849</u>                                   |

7.1 These include cost of physician samples, aggregating Rs.19.479 (2019: Rs.13.502) million.

|   | DECEMBER 31,<br>2019<br>..... (RUPEES IN '000) ..... | JUNE 30,<br>2019<br>..... (RUPEES IN '000) ..... |
|---|--|--|
|   | UN-AUDITED   | AUDITED  |
| <b>7.2 Provision for slow moving and obsolete items</b> |  |  |
| Balance at the beginning of the period                  | 27,376   | 46,482   |
| Charge for the period                                   | 17,145   | 10,716   |
| Write off during the period                             | (7,675)  | (29,822)   |
| Balance at the end of the period                        | <u>36,846</u>  | <u>27,376</u>                                    |

## Macter International Limited

|                                  | NOTE | DECEMBER 31,<br>2019<br>..... (RUPEES IN '000) ..... | JUNE 30,<br>2019<br>..... (RUPEES IN '000) ..... |
|----------------------------------|------|--|--|
|                                  |      | UN-AUDITED   | AUDITED  |
| <b>8. CASH AND BANK BALANCES</b> |      |  |  |
| Cash in hand                     |      | 152  | 608  |
| With banks in:                   |      |  |  |
| - current accounts               |      | 94,623   | 86,516   |
| - saving accounts                | 8.1  | 45,061   | 57,845   |
|                                  |      | 139,684  | 144,361  |
|                                  |      | 139,836  | 144,969  |

8.1 These carry profit at the rates ranging from 5.50% to 7.50% (2019: 2.25% to 6.15%) per annum.

|   | NOTE | DECEMBER 31,<br>2019<br>..... (RUPEES IN '000) ..... | JUNE 30,<br>2019<br>..... (RUPEES IN '000) ..... |
|---|------|--|--|
|   |      | UN-AUDITED   | AUDITED  |
| <b>9. LONG-TERM FINANCING</b>                           |      |  |  |
| Loan from related party                                 | 9.1  | 57,412   | 59,254   |
| <b>Secured</b>  |      |  |  |
| Diminishing musharakah on                               |      |  |  |
| - leasehold land and buildings                          | 9.2  | 160,000  | 76,263   |
| - plant and machinery                                   | 9.3  | 229,338  | 253,727  |
| - vehicles  | 9.4  | 91,561   | 67,602   |
|   |      | 538,311  | 456,846  |
| Less : Current maturity shown under current liabilities |      | (114,240)  | (102,516)  |
|   |      | 424,071  | 354,330  |

9.1 This represents unsecured loan obtained by the Subsidiary Company from one of the director in personal capacity, under mark-up arrangements. It carries profit at 90 days average of 12 Months KIBOR for 3rd calendar quarter-2019 which is fixed for the period as 12.30% per annum (2019: 90 days average of 12 Months KIBOR for 3rd calendar Quarter-2018 which is fixed for the period as 7.05% per annum). The profit is payable on monthly basis.

9.2 These facilities have been obtained from Meezan Bank Limited. These carry markup at the rate of 3 Months and 6 Months KIBOR plus 1.25% to 1.50% (2019: KIBOR plus 1.25% to 2.00%) per annum and having maturity till August 2024 (2019: August 2022). These facilities are secured against the respective assets.

9.3 These facilities have been obtained from First Habib Modaraba, Dubai Islamic Bank and MCB Islamic Bank. These carry markup at the rates of 1 Months and 6 Months KIBOR plus 1.00% to 2.00% (2019: KIBOR plus 1.40% to 2.00%) per annum and having maturity till September 2024 (2019: September 2024). These facilities are secured against the respective assets.

9.4 These facilities have been obtained from First Habib Modaraba and Albaraka Bank (Pakistan) Limited. These carry markup at the rates of 6 Months KIBOR plus 1.00% to 1.50% (2019: KIBOR plus 1.25% to 2.00%) per annum and are having maturity till October 2024 (2019: December 2023). These facilities are secured against the respective assets.

9.5 Financial charges on long term financing for the period ended December 31, 2019 is Rs.36.703 million.

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|   |      | DECEMBER 31,<br>2019         | JUNE 30,<br>2019 |
|---|------|------------------------------|------------------|
|   | NOTE | ..... (RUPEES IN '000) ..... | .....            |
|   |      | UN-AUDITED                   | AUDITED          |
| <b>10. TRADE AND OTHER PAYABLES</b>               |      |                              |                  |
| Trade and other creditors                         |      | 555,826                      | 358,597          |
| Advances from customers                           |      | 83,447                       | 115,334          |
| Accrued liabilities                               |      | 77,978                       | 53,085           |
| Provision for Gas Infrastructure Development Cess |      | 76,047                       | 66,795           |
| Sindh Workers' Profit Participation Fund          |      | -                            | 2,852            |
| Workers' Welfare Fund                             |      | 21,725                       | 21,725           |
| Central Research Fund                             |      | -                            | 1,238            |
| Payable to Provident Fund                         |      | 3,240                        | 3,302            |
| Ijarah rental payable                             |      | 6,023                        | 4,591            |
| Auditors' remuneration                            |      | 1,064                        | 2,363            |
| Withholding taxes payable                         |      | 10,778                       | 9,651            |
| Others  |      | 10,834                       | 8,712            |
|   |      | <b>846,962</b>               | <b>648,245</b>   |
| <b>11. SHORT-TERM BORROWINGS</b>                  |      |                              |                  |
| Istisna'a   | 11.1 | 80,000                       | 19,511           |
| Musharakah running finance                        | 11.2 | 200,000                      | 130,000          |
| Murabaha  | 11.3 | 838,894                      | 666,240          |
|   |      | <b>1,118,894</b>             | <b>815,751</b>   |

**11.1** This represents finance facility obtained from Dubai Islamic Bank. This carries profit at the rate of 6 Months KIBOR plus 1.25% (2019: 3 to 6 Months KIBOR plus 1.25%) per annum and having maturity till May 2020 (2019: July 2019). These are secured by way of hypothecation on stock-in-trade and trade debts of the Company.

**11.2** These represent finance facility obtained from MCB Islamic Bank. This carries profit at the rate of 3 Months KIBOR plus 0.85% per annum (2019: 3 Months KIBOR plus 0.85% per annum) and is repayable on demand. These are secured by way of hypothecation on stock-in-trade and trade debts of the Company.

**11.3** These represent outstanding murabaha facilities with various Islamic banks for the purpose of purchase of inventory. These carry profit at the rates ranging from 3 to 6 Months KIBOR plus 1.00% to 2.25% (2019: from 3 to 6 Months of KIBOR plus 1.00% to 2.25%) per annum and having maturity till June 2020 (2019: December 2019). These are secured against hypothecation of stock in trade and trade debts of the Company and corporate guarantee issued by Holding Company in favor of Subsidiary Company.

**11.4** Financial charges on short term borrowings for the period ended December 31, 2019 is Rs.72.216 million.

## Macter International Limited

|  | DECEMBER 31,<br>2019<br>..... (RUPEES IN '000) ..... | JUNE 30,<br>2019<br>..... (RUPEES IN '000) ..... |
|--|--|--|
|  | UN-AUDITED   | AUDITED  |
| <b>12. CONTINGENCIES AND COMMITMENTS</b>   |  |  |
| <b>12.1 Contingencies</b>  |  |  |
| 12.1.1 Claims not acknowledged as debt by the Company  | 8,552  | 7,240  |
| 12.1.2 Outstanding letters of guarantee  | 124,376  | 89,667   |
| 12.1.3 There is no change in the status of contingencies as disclosed in the annual audited financial statement for the year ended June 30, 2019 except as mentioned in above notes. |  |  |
| <b>12.2 Commitments</b>  |  |  |
| Outstanding letters of credit  | 34,136   | 55,641   |
| Commitments for capital expenditures   | 78,148   | 43,495   |
| Commitments for ljarah rentals in respect of plant and machinery, motor vehicles and equipment   |  |  |
|  | Year   |  |
|  | 2020   | 102,565  |
|  | 2021   | 94,186   |
|  | 2022   | 65,817   |
|  | 2023   | 12,888   |
|  | 2024   | 1,765  |
|  | 2025   | -  |
|  | 259,127  | 277,221  |

|  | HALF YEAR ENDED      | QUARTER ENDED        |
|--|----------------------|----------------------|
|  | DECEMBER 31,<br>2019 | DECEMBER 31,<br>2018 |
|  | DECEMBER 31,<br>2019 | DECEMBER 31,<br>2018 |
|  | (RUPEES IN '000)     | (RUPEES IN '000)     |
|  | (UN-AUDITED)         | (UN-AUDITED)         |

### 13. TAXATION

|            |         |         |         |         |
|------------|---------|---------|---------|---------|
| Current    | 41,552  | 9,360   | 25,771  | 1,648   |
| Prior year | -       | (5,117) | -       | (5,117) |
| Deferred   | (8,744) | 16,858  | (6,494) | 15,421  |
|            | 32,808  | 21,101  | 19,277  | 11,952  |



## Macter International Limited

### 14. 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,<br>2019         | DECEMBER 31,<br>2018         |
|  |   | ..... (RUPEES IN '000) ..... | ..... (RUPEES IN '000) ..... |
|  |   | ..... (UN-AUDITED) .....     | ..... (UN-AUDITED) .....     |
| Relationship                                       | Nature of transaction                   |                              |                              |
| Key Management Personnel                           | Salary and other benefit                | 87,535                       | 82,794                       |
|  | Repayment of loan                       | 1,228                        | -                            |
|  | Dividend                                | 23,002                       | 47,283                       |
| Non-Executive Director                             | Meeting Fee                             | 382                          | 392                          |
| Provident Fund                                     | Contribution                            | 19,269                       | 17,892                       |
| Depilex (Private) Limited<br>(Common directorship) | Sales made by the<br>Subsidiary Company | 2,614                        | 4,516                        |
|  | Balances outstanding                    |                              |                              |
| Depilex (Private) Limited<br>(Common directorship) | Amount Due to the<br>Subsidiary Company | 1,457                        | 2,318                        |

### 15. 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 consolidated financial statements and should be read in conjunction with the Company's annual consolidated financial statements for the year ended June 30, 2019. There have been no change in any risk management policies since the year end.

### 16. DATE OF AUTHORISATION FOR ISSUE

This consolidated condensed interim financial information was authorised for issue on February 21, 2020 by the Board of Directors of the Company.

### 17. GENERAL

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

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

  
CHIEF FINANCIAL OFFICER

  
CHIEF EXECUTIVE

  
DIRECTOR



**Macter**

**Macter International Limited**  
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