



Macter International Limited



QUARTERLY REPORT

SEPTEMBER 30

2020

WORKING TODAY
FOR A HEALTHIER TOMORROW

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COMPANY INFORMATION

BOARD OF DIRECTORS

1.	Mr. 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

Syed Khalid Noor

COMPANY SECRETARY

Mr. Asif Javed

INTERNAL AUDITORS

KPMG Taseer Hadi & Co.
Chartered Accountants

EXTERNAL AUDITORS

EY Ford Rhodes
Chartered Accountants

SHARIAH ADVISOR

Mufti Muhammad Najeeb Khan

BANKERS

Al Baraka (Pakistan) Limited
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

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

REGISTERED OFFICE

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

WEBSITE

www.macter.com

DIRECTORS' REVIEW REPORT

We are pleased to present the un-audited un-consolidated and consolidated condensed interim financial information, for the first quarter ended September 30, 2020:

FINANCIAL RESULTS

Rupees Millions

DESCRIPTION	July - September 2020			
	Unconsolidated		Consolidated	
	2020	2019	2020	2019
Turnover - Net	1,319.2	1,132.8	1,364.5	1,160.8
Gross profit	493.5	423.9	515.8	439.8
Operating Profit	86.9	6.1	77.1	(12.4)
Profit / (Loss) before tax	48.8	(39.1)	36.9	(60.0)
Profit / (Loss) after tax	29.3	(52.0)	15.7	(73.6)

EARNINGS PER SHARE

Earnings per share as per unconsolidated financial information of the Company during July-September was Rupees 0.75 (2019: loss per share of Rupees 1.33).

FINANCIAL PERFORMANCE

During the quarter, company's financial performance remained affected due to the COVID-19 pandemic, however, patient numbers in clinics and hospitals have progressively improved.

We have resumed our medical representatives' doctor visits with strict compliance to SOPs as prescribed by the government to ensure safety of our people, doctors, medical staff and patients.

Net Sales registered a healthy 16% growth over same period last year. This was mainly on account of strong performance by Institutional business segment. As patient flow continues to normalize our Prescription business segment sales recovered strongly vs last quarter and even achieved single digit growth over last year. For context, due to COVID-19, Prescription business segment had declined by more than 30% over last year during April-June Qtr.

All Profit indicators showed remarkable improvement over last year. This was due to cost restructuring across all business units as well as the increased manufacturing volumes and consequent overhead absorption due to Institutional business.

FUTURE OUTLOOK

Although COVID-19 pandemic incidence rate has sharply declined in the country and government has eased lock down, the risk of a second wave cannot be ruled out. Patient flow in doctor's Clinic, OPD and hospitals continues to improve. If this trend continues we expect better performance in the coming quarters.

ACKNOWLEDGEMENTS

We appreciate Government and State Bank of Pakistan timely policy relief measures to support industries and businesses to mitigate the liquidity crisis due to sharp decline in sales, slow recovery of receivables, supply disruptions and material price escalations. These measure will help economy and industry to return to growth.

The Board of Directors would like to record their appreciation of the commitment, dedication, and devotion of our employees ensuring uninterrupted supply lifesaving medicine to the patients.

We also acknowledge the support and cooperation received from our valued shareholders, customers, distributors, suppliers, financial institutions and regulatory authorities in these challenging times.

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

On behalf of the board



Asif Misbah
Chief Executive



Islahuddin Siddiqui
Director

Karachi
October 26, 2020

اعتراف


ہم صنعتوں اور کاروباری اداروں کو تیزی سے گرتی ہوئی فروخت، وصولیوں کی سست بازیابی، فراہمی میں خلل اور مادی قیمتوں میں اضافے کی وجہ سے ہونے والے لیکویڈیٹی بحران کو کم کرنے میں مدد فراہم کرنے پر حکومت اور اسٹیٹ بینک آف پاکستان کی بروقت پالیسی ریلیف اقدامات کی تعریف کرتے ہیں۔ ان اقدامات سے معیشت اور صنعت کو ٹھوکی طرف واپسی میں مدد ملے گی۔


بورڈ آف ڈائریکٹرز اپنے تمام ملازمین کے عزم، لگن اور قربانی کو ریکارڈ پر لانا چاہیں گے جنہوں نے مریضوں کی زندگی بچانے والی دوا کی باقاعدگی فراہمی کو یقینی بنایا۔

ہم اپنے قابل قدر شیئر ہولڈرز، کسٹمرز، ڈسٹری بیوٹرز، سپلائرز، مالیاتی اداروں اور ریگولیٹری اتھارٹیز کی اس مشکل وقت میں حمایت اور تعاون کا بھی اعتراف کرتے ہیں۔

مسلسل فضل و کرم پر تمام تعریفیات اور شکریہ اللہ سبحانہ و تعالیٰ کے لیے ہے۔

منجانب بورڈ


اصلاح الدین صدیقی
ڈائریکٹر


آصف مصباح
چیف ایگزیکٹو

کراچی

تاریخ: اکتوبر 26، 2020

ڈائریکٹرز جائزہ رپورٹ

ہم 30 ستمبر، 2020 کو ختم ہونے والی سہ ماہی کے غیر آڈٹ شدہ مختصر غیر مدغم شدہ اور مدغم شدہ مالیاتی عبوری معلومات پیش کرتے ہوئے خوشی محسوس کر رہے ہیں۔

مالیاتی نتائج

جولائی - ستمبر 2020				مندرجات
(روپے بلین میں)				
مدغم شدہ		غیر مدغم شدہ		
2019	2020	2019	2020	
1,160.8	1,364.5	1,132.8	1,319.2	فروخت خالص
439.8	515.8	423.9	493.5	مجموعی منافع
(12.4)	77.1	6.1	86.9	آپریٹنگ منافع
(60.0)	36.9	(39.1)	48.8	قبل از ٹیکس (خسارہ)/منافع
(73.6)	15.7	(52.0)	29.3	بعد از ٹیکس (خسارہ)/منافع

فی حصص منافع

جولائی تا ستمبر کے دوران کمپنی کی غیر مدغم عبوری مالیاتی معلومات کے مطابق فی حصص منافع 0.75 روپے رہا۔ (2019: فی حصص خسارہ 1.33 روپے)

مالیاتی کارکردگی

سہ ماہی کے دوران، COVID-19 وبا کی مرض کی وجہ سے کمپنی کی مالی کارکردگی متاثر رہی، تاہم، کلیٹک اور ہسپتالوں میں مرلیٹوں کی تعداد میں بتدریج بہتری آئی ہے۔

ہم نے اپنے لوگوں، ڈاکٹرز، طبی عملے اور مرلیٹوں کی حفاظت کو یقینی بنانے کے لئے حکمرانی مشورہ کے مطابق SOPs کی سخت قیام کے ساتھ اپنے طبی نمائندوں کے ڈاکٹرز کے دورے بحال کر دیئے ہیں۔

خالص فروخت میں گزشتہ سال کے اسی عرصے کے مقابلے میں 16 فیصد کا مہتمد اضافہ ریکارڈ کیا گیا۔ یہ بنیادی طور پر ادارہ جاتی کاروباری شعبے کی مضبوط کارکردگی کی وجہ سے تھا۔ جیسا کہ مرلیٹوں کی آمدورفت کو معمول پر لانا جاری ہے ہمارے بذریعہ نسخہ کاروباری شعبے کی فروخت میں گزشتہ سہ ماہی کے مقابلے میں زبردست بازیاب ہوئی اور یہاں تک کہ گزشتہ سال کے دوران اس نے ایک ہندسے کی نمو بھی حاصل کر لی۔ سیاق و سباق کے مطابق COVID-19 کی وجہ سے بذریعہ نسخہ کاروباری شعبے میں اپریل تا جون سہ ماہی کے دوران گزشتہ سال کے مقابلے میں 30 فیصد سے زائد کی کمی واقع ہوئی ہے۔

تمام منافع بخش اشارے گزشتہ سال کے مقابلے میں نمایاں بہتری ظاہر کر رہے ہیں۔ اس کی وجہ تمام کاروباری یونٹوں میں لاگت کی تنظیم نو کے ساتھ ساتھ مینوفیکچرنگ کا بڑھتا ہوا حجم اور ادارہ جاتی کاروبار کے باعث نیچٹا اور ہیڈ کا جذب ہونا تھا۔

مستقبل کا جائزہ

اگرچہ ملک میں وبائی مرض COVID-19 کے واقعات کی شرح میں تیزی سے کمی واقع ہوئی ہے اور حکومت نے لاک ڈاؤن میں نرمی کر دی ہے، مگر دوسری لہر کے خطرے سے انکار نہیں کیا جاسکتا۔ ڈاکٹرز کے کلیٹک، او پی ڈی اور ہسپتالوں میں مرلیٹوں کی آمدورفت میں بہتری برقرار ہے۔ اگر یہی رجحان جاری رہا تو ہم آنے والی سہ ماہیوں میں بہتر کارکردگی کی توقع کرتے ہیں۔

**UNCONSOLIDATED CONDENSED INTERIM
FINANCIAL INFORMATION
QUARTER ENDED
SEPTEMBER 30, 2020**

UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION

AS AT SEPTEMBER 30, 2020

		SEPTEMBER 30, 2020	JUNE 30, 2020
	NOTE	..... (Rupees in '000)	
		UN-AUDITED	AUDITED
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	5	1,344,392	1,332,885
Intangible assets		5,564	6,343
Long-term investment	6	200,000	200,000
Long-term loans		2,284	2,065
Long-term deposits		68,514	81,016
Deferred tax asset		47,922	46,665
		1,668,676	1,668,974
CURRENT ASSETS			
Stores and spares		4,929	3,767
Stock-in-trade	7	987,729	1,038,064
Trade debts		903,905	762,635
Loans and advances		112,670	88,243
Trade deposits, prepayments and other receivables		98,769	97,305
Taxation-net		114,036	168,958
Cash and bank balances	8	157,192	129,745
		2,379,230	2,288,717
TOTAL ASSETS		4,047,906	3,957,691
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Share capital		391,444	391,444
Reserves		805,562	776,274
		1,197,006	1,167,718
NON-CURRENT LIABILITIES			
Deferred liabilities		200,940	203,128
Long-term financing	9	515,013	544,357
Lease liabilities		33,242	35,081
		749,195	782,566
CURRENT LIABILITIES			
Trade and other payables	10	926,716	979,457
Accrued profit		25,461	26,975
Short-term borrowings	11	980,038	883,472
Current portion of long-term financing	9	145,420	94,401
Current portion of lease liabilities		23,802	22,834
Unclaimed dividends		268	268
		2,101,705	2,007,407
CONTINGENCIES AND COMMITMENTS	12		
TOTAL EQUITY AND LIABILITIES		4,047,906	3,957,691

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



CHIEF FINANCIAL OFFICER



CHIEF EXECUTIVE



DIRECTOR

UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS (UN-AUDITED)
FOR THE QUARTER ENDED SEPTEMBER 30, 2020

	NOTE	QUARTER ENDED	
		SEPTEMBER 30, 2020	SEPTEMBER 30, 2019
		..... (Rupees in '000)	
Turnover		1,319,218	1,132,781
Cost of sales		(825,680)	(708,874)
Gross profit		493,538	423,907
Distribution costs		(341,722)	(360,932)
Administrative expenses		(65,185)	(57,183)
Other expenses		(4,147)	-
Other income		4,456	301
		(406,598)	(417,814)
Operating profit		86,940	6,093
Financial charges	9.5 & 11.4	(38,135)	(45,182)
Profit / (Loss) before taxation		48,805	(39,089)
Taxation	13	(19,517)	(12,937)
Profit / (Loss) after taxation		29,288	(52,026)
		..... (Rupees)	
Basic and diluted earnings / (loss) per share		0.75	(1.33)

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



CHIEF FINANCIAL OFFICER



CHIEF EXECUTIVE



DIRECTOR

UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF OTHER COMPREHENSIVE INCOME (UN-AUDITED)
FOR THE QUARTER ENDED SEPTEMBER 30, 2020

	QUARTER ENDED	
	SEPTEMBER 30, 2020	SEPTEMBER 30, 2019
	..... (Rupees in '000)	
Profit / (Loss) after taxation	29,288	(52,026)
Other comprehensive income for the period	-	-
Total comprehensive income / (loss) for the period	29,288	(52,026)

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



CHIEF FINANCIAL OFFICER



CHIEF EXECUTIVE



DIRECTOR

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

FOR THE QUARTER ENDED SEPTEMBER 30, 2020

	NOTE	QUARTER ENDED	
		SEPTEMBER 30, 2020	SEPTEMBER 30, 2019
		..... (Rupees in '000)	
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit / (Loss) before taxation		48,805	(39,089)
Adjustments :			
Depreciation		31,542	23,606
Amortization		780	840
Financial charges		38,135	45,182
Provision for gratuity		4,774	6,285
Gain on sale of operating fixed assets		(3,801)	-
Provision for slow moving and obsolete stock-in-trade - net		13,074	5,059
Provision for doubtful debts		8,566	2,904
		93,070	83,876
		141,875	44,787
(Increase) / decrease in current assets			
Stores and spares		(1,162)	(419)
Stock-in-trade		37,261	(113,314)
Trade debts		(149,836)	(165,722)
Loans and advances		(24,427)	(61,693)
Trade deposits, prepayments and other receivables		(1,464)	(11,259)
		(139,628)	(352,407)
(Decrease) / increase in current liabilities			
Trade and other payables		(52,741)	151,878
		(50,494)	(155,742)
Financial charges paid		(39,649)	(38,356)
Income tax paid		34,147	(29,476)
Gratuity paid		(5,364)	(8,631)
Long-term loans		(219)	218
Long-term deposits		12,502	(2,056)
Deferred liabilities		(1,598)	(36)
		(181)	(78,337)
Net cash (used in) operating activities		(50,675)	(234,079)
CASH FLOWS FROM INVESTING ACTIVITIES			
Additions to property plant and equipment		(46,692)	(32,559)
Proceeds from disposal of operating fixed assets		7,444	-
Investment made during the period		-	(100,000)
Net cash (used in) investing activities		(39,248)	(132,559)
CASH FLOWS FROM FINANCING ACTIVITIES			
Long-term financing obtained -net		21,675	179,614
Lease liabilities paid		(871)	-
Short-term borrowings obtained - net		96,566	75,016
Net cash generated from financing activities		117,370	254,630
Net increase / (decrease) in cash and cash equivalents		27,447	(112,008)
Cash and cash equivalents at the beginning of the period		129,745	142,578
Cash and cash equivalents at the end of the period	8	157,192	30,570

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



CHIEF FINANCIAL OFFICER



CHIEF EXECUTIVE



DIRECTOR

UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
FOR THE QUARTER ENDED SEPTEMBER 30, 2020

PARTICULARS	ISSUED, SUBSCRIBED AND PAID-UP CAPITAL	RESERVES		TOTAL RESERVES	TOTAL EQUITY
		CAPITAL RESERVES	UNAPPROP- -RIATED PROFIT		
	(Rupees in '000)				
Balance as at July 01, 2019	391,444	217,808	584,694	802,502	1,193,946
(Loss) for the period	-	-	(52,026)	(52,026)	(52,026)
Other comprehensive income for the period ended September 30, 2019	-	-	-	-	-
	-	-	(52,026)	(52,026)	(52,026)
Balance as at September 30, 2019	391,444	217,808	532,668	750,476	1,141,920
Balance as at July 01, 2020	391,444	217,808	558,466	776,274	1,167,718
Profit for the period	-	-	29,288	29,288	29,288
Other comprehensive income for the period ended September 30, 2020	-	-	-	-	-
	-	-	29,288	29,288	29,288
Balance as at September 30, 2020	391,444	217,808	587,754	805,562	1,197,006

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 UNCONSOLIDATED CONDENSED INTERIM
FINANCIAL INFORMATION (UN-AUDITED)
FOR THE PERIOD ENDED SEPTEMBER 30, 2020**

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; 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 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, 2020.

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, 2020.

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, 2020.

	NOTE	SEPTEMBER 30, 2020 (Rupees in '000)	JUNE 30, 2020 AUDITED
		UN-AUDITED	
5. PROPERTY, PLANT AND EQUIPMENT			
Operating fixed assets	5.1	1,263,709	1,246,670
Capital work-in-progress	5.2	26,774	26,490
Right of use - asset		53,909	59,725
		<u>1,344,392</u>	<u>1,332,885</u>

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

	QUARTER ENDED ADDITIONS (COST)		QUARTER ENDED DELETIONS (NET BOOK VALUE)	
	SEPTEMBER 30, 2020	SEPTEMBER 30, 2019	SEPTEMBER 30, 2020	SEPTEMBER 30, 2019
	..... (Rupees in '000)			
	..... (UN-AUDITED)			
Leasehold land	-	-	-	-
Buildings on leasehold land	82	-	-	-
Plant and machinery	27,798	6,953	245	-
Tools and equipment	14,674	174	-	-
Gas and other installation	3,204	2,718	-	-
Furniture and fixture	-	-	-	-
Office equipment	226	266	-	-
Computer equipment	296	759	-	-
Motor vehicles	128	1,241	3,318	-
	<u>46,408</u>	<u>12,111</u>	<u>3,563</u>	<u>-</u>

5.2 Capital work-in-progress

	SEPTEMBER 30, 2020			
	LEASEHOLD LAND	PLANT AND MACHINERY	OTHERS	TOTAL
	..... (Rupees in '000)			
	..... (UN-AUDITED)			
Balance at beginning of the period	7,006	16,998	2,486	26,490
Capital expenditure incurred / advances made	45	1,725	-	1,770
Transferred to operating fixed assets	-	(1,486)	-	(1,486)
Balance at end of the period	<u>7,051</u>	<u>17,237</u>	<u>2,486</u>	<u>26,774</u>

	NOTE	SEPTEMBER 30, 2020 (Rupees in '000)	JUNE 30, 2020 AUDITED
		UN-AUDITED	
6. LONG-TERM INVESTMENT			
Investment in subsidiary - at cost			
Misbah Cosmetic (Private) Limited			
20,000,000 (2020 : 20,000,000) ordinary shares			
representing 72.53% (2020 : 72.53%) voting shares	6.1	<u>200,000</u>	<u>200,000</u>
6.1	The subsidiary company is engaged in selling and distribution of cosmetic products.		
7. STOCK IN TRADE			
In hand			
raw material		<u>415,112</u>	472,026
packing material		<u>206,693</u>	235,025
work-in-process		<u>95,558</u>	72,265
finished goods		<u>319,995</u>	296,322
	7.1	<u>1,037,358</u>	1,075,638
Less: Provision for slow moving and obsolete items	7.2	<u>(52,952)</u>	(39,878)
		<u>984,406</u>	1,035,760
In transit	7.3	<u>3,323</u>	2,304
		<u>987,729</u>	<u>1,038,064</u>
7.1	This includes stock which is pledged with various banks against short-term borrowings.		
7.2 Provision for slow moving and obsolete items			
Balance at the beginning of the period		<u>39,878</u>	27,376
Charge for the period		<u>13,077</u>	25,817
Write off during the period		<u>(3)</u>	(13,315)
Balance at the end of the period		<u>52,952</u>	39,878
7.3	Stock in transit includes raw material of Rs.3.26 (2020: Rs.2.27) million and packing material of Rs.0.06 (2020: Rs.0.03) million.		

NOTE	SEPTEMBER 30, 2020	JUNE 30, 2020
	..... (Rupees in '000) .....	..... (Rupees in '000)
	UN-AUDITED	AUDITED
8. CASH AND BANK BALANCES		
Cash in hand	9	-
With banks in:		
- current accounts	134,562	46,740
- saving accounts	22,353	82,737
- dividend account	268	268
	157,183	129,745
	157,192	129,745

8.1 These carry profit at the rates ranging from 2.83% to 3.43% (2020: 3.54% to 7.55%) per annum.

9. LONG-TERM FINANCING

Secured

Diminishing musharakah on

- leasehold land and buildings	9.1	155,062	152,500
- plant and machinery	9.2	242,747	217,681
- vehicles	9.3	91,617	97,221
- salaried and wages	9.4	171,007	171,356
		660,433	638,758
Less : Current maturity shown under current liabilities		(145,420)	(94,401)
		515,013	544,357

9.1 These facilities have been obtained from Meezan Bank Limited. These carry mark-up at the rate of 3 to 6 Months KIBOR plus 1.25% to 1.50% (2020: 6 Months KIBOR plus 1.25% to 1.50%) per annum and having maturity till May 2025 (2020: May 2025). These facilities are secured against the respective assets.

The company obtained 12 month deferral against principal repayment effective from May 2020 under SBP Regulatory Relief to dampen the effects of Covid-19 - Prudential Regulations for Corporate / Commercial Banking through its circular BPRD Circular Letter No. 13 of 2020 dated March 26, 2020.

9.2 These facilities have been obtained from First Habib Modaraba, Dubai Islamic Bank and MCB Islamic Bank. These carry mark-up at the rates of 1 Month, 3 Months and 6 Months KIBOR plus 1.00% to 2.00% (2020: 6 Months KIBOR plus 1.25% to 2.00%) per annum and having maturity till September 2025 (2020: March 2025). These facilities are secured against the respective assets.

The company obtained 12 month deferral against principal repayment from MCB Islamic Bank effective from June 2020 under SBP Regulatory Relief to dampen the effects of Covid -19 - Prudential Regulations for Corporate / Commercial Banking through its circular BPRD Circular Letter No. 13 of 2020 dated March 26, 2020.

- 9.3** These facilities have been obtained from First Habib Modaraba and Albaraka Bank (Pakistan) Limited. These carry mark-up at the rates of 6 Months KIBOR plus 1.00% to 1.50% (2020: 6 Months KIBOR plus 1.00% to 1.40%) per annum and are having maturity till January 2026 (2020: January 2026). These facilities are secured against the respective assets.

The company obtained 12 month deferral against principal repayment from Albaraka Bank (Pakistan) Limited effective from May 2020 under SBP Regulatory Relief to dampen the effects of Covid-19 - Prudential Regulations for Corporate / Commercial Banking through its circular BPRD Circular Letter No. 13 of 2020 dated March 26, 2020.

- 9.4** The Company utilized Rs.186 million against Islamic Refinance Scheme for Payment of Wages & Salaries to the Workers and Employees of Business Concerns issued by SBP under Covid-19 relief package through its circular IH&SMEFD Circular No. 07 dated April 10, 2020. This carries mark-up at the subsidised rate of 3% and is repayable latest by December 2022. The differential mark-up has been recognised as government grant which will be amortised to interest income over the period of facility. The existing equitable mortgage charge over company properties E-40/A, S.I.T.E., Karachi & Neclash No. 158 of Deh Tore, Tapo Konkar, Gadap Town, District Malir, Karachi with 25% margin in favor of the bank.

- 9.5** Financial charges on long term financing for the period ended September 30, 2020 is Rs.12.400 million.

	SEPTEMBER 30, 2020 (Rupees in '000)	JUNE 30, 2020 (Rupees in '000)
	UN-AUDITED	AUDITED
10. TRADE AND OTHER PAYABLES		
Trade and other creditors	595,000	645,687
Advances from customers	124,535	131,453
Accrued liabilities	52,028	53,188
Provision for gas infrastructure development cess	86,903	82,792
Sindh Workers' Profit Participation Fund	2,648	3,392
Workers' Welfare Fund	24,020	23,014
Central Research Fund	1,125	632
Payable to provident fund	58	3,319
Current portion of government grant	8,234	8,722
Ijarah rental payable	12,239	9,426
Auditors' remuneration	3,599	2,406
Withholding taxes payable	9,203	7,650
Others	7,124	7,776
	926,716	979,457

		SEPTEMBER 30, 2020	JUNE 30, 2020
	NOTE	..... (Rupees in '000) .....	..... (Rupees in '000)
		UN-AUDITED	AUDITED
11. SHORT-TERM BORROWINGS			
Istisna'a	11.1	34,391	45,284
Musharakah running finance	11.2	175,000	200,000
Murabaha payables	11.3	770,647	638,188
		980,038	883,472

11.1 This represents finance facility obtained from Dubai Islamic Bank. This carries profit at the rate of 6 Months KIBOR plus 1.25% (2020: 6 Months KIBOR plus 1.25% to 1.50%) per annum and having maturity till November 2020 (2020: November 2020). 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 1.25% (2020: 3 Months KIBOR plus 0.85% to 1.25%) 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% (2020: 6 Months KIBOR plus 1.00% to 1.50%) per annum and having maturity till March 2021 (2020: December 2020). 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 September 30, 2020 is Rs.23.149 million.

		SEPTEMBER 30, 2020	JUNE 30, 2020
		..... (Rupees in '000) .....	..... (Rupees in '000)
		UN-AUDITED	AUDITED
12. CONTINGENCIES AND COMMITMENTS			
12.1 Contingencies			
12.1.1 Claims not acknowledged as debt by the Company		8,135	9,350
12.1.2 There is no change in the status of contingencies as disclosed in the annual audited financial information for the year ended June 30, 2020 except as mentioned in above note.			

		SEPTEMBER 30, 2020 (Rupees in '000)	JUNE 30, 2020 AUDITED
		UN-AUDITED	
12.2	Commitments		
	Outstanding letters of credit	108,756	143,613
	Outstanding letters of guarantee	118,431	115,231
	Commitments for capital expenditures	21,783	22,174
	Commitments for ljarah rentals in respect of plant and machinery, motor vehicles and equipments		
	Year		
	2021	57,025	81,402
	2022	62,303	73,073
	2023	22,605	33,188
	2024	4,586	14,769
	2025	318	7,863
		146,837	210,295
		QUARTER ENDED	
		SEPTEMBER 30, 2020 (Rupees in '000)	SEPTEMBER 30, 2019
		..... (UN-AUDITED)	
13.	TAXATION		
	Current	20,775	15,187
	Deferred	(1,258)	(2,250)
		19,517	12,937
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 unconsolidated condensed interim financial information, are as follows:			
Relationship	Nature of transaction		
Key Management Personnel	Salary and other benefit	41,672	37,624
Non-Executive Director	Meeting Fee	400	282
Provident Fund	Contribution	10,409	8,998
Misbah Cosmetics (Private) Limited	Investment made	-	100,000
(Subsidiary) 72.53%	Expenses incurred and reimbursement thereon	-	1,084

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, 2020. 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 October 26, 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
QUARTER ENDED
SEPTEMBER 30, 2020**

CONSOLIDATED CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION

AS AT SEPTEMBER 30, 2020

	NOTE	SEPTEMBER 30, 2020 (Rupees in '000)	JUNE 30, 2020
		UN-AUDITED	AUDITED
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	5	1,361,036	1,349,992
Intangible assets		58,930	60,410
Long-term loans		2,284	2,065
Long-term deposits		69,992	82,494
Deferred tax asset		47,922	46,665
		1,540,164	1,541,626
CURRENT ASSETS			
Stores and spares		4,929	3,767
Stock-in-trade	6	1,046,477	1,101,269
Trade debts		939,746	785,142
Loans and advances		115,647	91,270
Trade deposits, prepayments and other receivables		107,855	106,759
Taxation-net		114,036	168,958
Cash and bank balances	7	161,188	139,056
		2,489,878	2,396,221
TOTAL ASSETS		4,030,042	3,937,847
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Share capital		391,444	391,444
Reserves		686,375	667,144
		1,077,819	1,058,588
Non controlling interest		10,404	13,956
		1,088,223	1,072,544
NON-CURRENT LIABILITIES			
Deferred liabilities		200,940	203,128
Long-term financing	8	565,978	596,243
Lease liabilities		33,242	35,081
		800,160	834,452
CURRENT LIABILITIES			
Trade and other payables	9	944,335	990,959
Accrued profit		25,640	27,474
Short-term borrowings	10	998,510	891,231
Current portion of long-term financing	9	149,104	98,085
Current portion of lease liabilities		23,802	22,834
Unclaimed dividends		268	268
		2,141,659	2,030,851
CONTINGENCIES AND COMMITMENTS	11		
TOTAL EQUITY AND LIABILITIES		4,030,042	3,937,847

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 QUARTER ENDED SEPTEMBER 30, 2020

	NOTE	QUARTER ENDED	
		SEPTEMBER 30, 2020	SEPTEMBER 30, 2019
		..... (Rupees in '000)	
Turnover		1,364,485	1,160,806
Cost of sales		(848,665)	(721,022)
Gross profit		515,820	439,784
Distribution costs		(370,503)	(395,186)
Administrative expenses		(68,529)	(57,279)
Other expenses		(4,147)	-
Other income		4,456	300
		(438,723)	(452,165)
Operating profit / (loss)		77,097	(12,381)
Financial charges	8.6 & 10.4	(40,220)	(47,639)
Profit / (Loss) before taxation		36,877	(60,020)
Taxation	13	(21,198)	(13,530)
Profit / (Loss) after taxation		15,679	(73,550)
		..... (Rupees)	
Basic and diluted earnings / (loss) per share		0.40	(1.88)

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
 Non- controlling interest

19,231	(65,344)
(3,552)	(8,206)
15,679	(73,550)



CHIEF FINANCIAL OFFICER



CHIEF EXECUTIVE



DIRECTOR

CONSOLIDATED CONDENSED INTERIM STATEMENT OF OTHER COMPREHENSIVE INCOME (UN-AUDITED)
FOR THE QUARTER ENDED SEPTEMBER 30, 2020

	QUARTER ENDED	
	SEPTEMBER 30, 2020	SEPTEMBER 30, 2019
	..... (Rupees in '000)	
Profit / (Loss) after taxation	15,679	(73,550)
Other comprehensive income for the period	-	-
Total comprehensive income / (loss) for the period	15,679	(73,550)

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	19,231	(65,344)
Non- controlling interest	(3,552)	(8,206)
	15,679	(73,550)



CHIEF FINANCIAL OFFICER



CHIEF EXECUTIVE




DIRECTOR

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

FOR THE QUARTER ENDED SEPTEMBER 30, 2020

	NOTE	QUARTER ENDED	
		SEPTEMBER 30, 2020	SEPTEMBER 30, 2019
		..... (Rupees in '000)	
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit / (Loss) before taxation		36,877	(60,020)
Adjustments :			
Depreciation		32,006	24,024
Amortization		1,482	1,532
Financial charges		40,220	47,639
Provision for gratuity		4,774	6,285
Gain on sale of operating fixed assets		(3,801)	-
Provision for slow moving and obsolete stock-in-trade		13,074	5,059
Provision for doubtful debts		8,566	2,904
		96,321	87,443
		133,198	27,423
(Increase) / decrease in current assets			
Stores and spares		(1,162)	(419)
Stock-in-trade		41,718	(129,865)
Trade debts		(163,170)	(171,399)
Loans and advances		(24,377)	(62,033)
Trade deposits, prepayments and other receivables		(1,096)	(10,599)
		(148,087)	(374,315)
(Decrease) / increase in current liabilities			
Trade and other payables		(46,624)	156,826
		(61,513)	(190,066)
Financial charges paid		(42,054)	(41,978)
Income tax refund / (paid)		32,464	(30,069)
Gratuity paid		(5,364)	(8,631)
Long-term loans		(219)	218
Long-term deposits		12,502	(2,616)
Deferred liabilities		(1,598)	(36)
		(4,269)	(83,112)
Net cash (used in) operating activities		(65,782)	(273,178)
CASH FLOWS FROM INVESTING ACTIVITIES			
Additions to property plant and equipment		(46,692)	(32,559)
Proceeds from disposal of operating fixed assets		7,444	-
Net cash (used in) investing activities		(39,248)	(32,559)
CASH FLOWS FROM FINANCING ACTIVITIES			
Long-term financing obtained - net		20,754	74,095
Lease liabilities paid		(871)	-
Short-term borrowings obtained - net		107,279	154,601
Net cash generated from financing activities		127,162	228,696
Net increase in cash and cash equivalents		22,132	(77,041)
Cash and cash equivalents at the beginning of the period		139,056	144,969
Cash and cash equivalents at the end of the period	7	161,188	67,928

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 CHANGES IN EQUITY (UN-AUDITED)
FOR THE QUARTER ENDED SEPTEMBER 30, 2020

PARTICULARS	ISSUED, SUBSCRIBED AND PAID-UP CAPITAL	RESERVES			NON- CONTROLLING INTEREST	TOTAL EQUITY
		CAPITAL RESERVES	UNAPPROP- -RIATED PROFIT	TOTAL RESERVES		
	(Rupees in '000)					
Balance as at July 01, 2019	391,444	217,808	546,744	764,552	4,031	1,160,027
Adjustment due to further acquisition of shares in subsidiary company			(28,804)	(28,804)	28,804	-
Issuance cost agaisnt right issue			(393)	(393)	(297)	(690)
(Loss) for the period	-	-	(65,344)	(65,344)	(8,206)	(73,550)
Other comprehensive income for the period ended September 30, 2019	-	-	-	-	-	-
	-	-	(65,344)	(65,344)	(8,206)	(73,550)
Balance as at September 30, 2019	391,444	217,808	481,400	699,208	24,332	1,086,477
Balance as at July 01, 2020	391,444	217,808	449,336	667,144	13,956	1,072,544
Income / (loss) for the period	-	-	19,231	19,231	(3,552)	15,679
Other comprehensive income for the period ended September 30, 2020	-	-	-	-	-	-
	-	-	19,231	19,231	(3,552)	15,679
Balance as at September 30, 2020	391,444	217,808	468,567	686,375	10,404	1,088,223

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 QUARTER ENDED SEPTEMBER 30, 2020**

1. THE COMPANY AND ITS OPERATIONS

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

1.1 Following is the Subsidiary Company

	Effective %age of holding	
	SEPTEMBER 30, 2020 UN-AUDITED	JUNE 30, 2020 AUDITED
Misbah Cosmetic (Private) Limited	72.53%	72.53%

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, 2020.

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, 2020.

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, 2020.

	NOTE	SEPTEMBER 30, 2020 (Rupees in '000) UN-AUDITED	JUNE 30, 2020 AUDITED
5. PROPERTY, PLANT AND EQUIPMENT			
Operating fixed assets	5.1	1,280,353	1,263,777
Capital work-in-progress	5.2	26,774	59,725
Right of use - asset		53,909	26,490
		<u>1,361,036</u>	<u>1,349,992</u>

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

	QUARTER ENDED		QUARTER ENDED	
	ADDITIONS (COST)		DELETIONS (NET BOOK VALUE)	
	SEPTEMBER 30, 2020	SEPTEMBER 30, 2019	SEPTEMBER 30, 2020	SEPTEMBER 30, 2019
	..... (Rupees in '000)			
	..... (UN-AUDITED)			
Leasehold land	-	-	-	-
Buildings on leasehold land	82	-	-	-
Plant and machinery	27,798	6,953	245	-
Tools and equipment	14,674	174	-	-
Gas and other installation	3,204	2,718	-	-
Furniture and fixture	-	-	-	-
Office equipment	226	266	-	-
Computer equipment	296	759	-	-
Motor vehicles	128	1,241	3,318	-
	<u>46,408</u>	<u>12,111</u>	<u>3,563</u>	<u>-</u>

5.2 Capital work-in-progress

	SEPTEMBER 30, 2020			
	LEASEHOLD LAND	PLANT AND MACHINERY	OTHERS	TOTAL
	(Rupees in '000)			
	(UN-AUDITED)			
Balance at beginning of the period	7,006	16,998	2,486	26,490
Capital expenditure incurred / advances made	45	1,725	-	1,770
Transferred to operating fixed assets	-	(1,486)	-	(1,486)
Balance at end of the period	7,051	17,237	2,486	26,774

	NOTE	SEPTEMBER 30, 2020 (Rupees in '000)	JUNE 30, 2020 (Rupees in '000)
		UN-AUDITED	AUDITED
6. STOCK IN TRADE			
In hand			
- raw material		415,112	472,026
- packing material		206,693	235,025
- work-in-process		95,558	72,265
- finished goods		379,511	357,075
	6.1	1,096,874	1,136,391
Less: Provision for slow moving and obsolete items	6.2	(57,896)	(44,822)
		1,038,978	1,091,569
In transit	6.3	7,499	9,700
		1,046,477	1,101,269

6.1 This Includes stock which is pledged with various banks against short-term borrowings.

6.2 Provision for slow moving and obsolete items

Balance at the beginning of the period	44,822	27,376
Charge for the period	13,077	30,761
Write off during the period	(3)	(13,315)
Balance at the end of the period	57,896	44,822

6.3 Stock in transit include raw material of Rs.3.06 million (2020: Rs.2.27 million), packing material of Rs.0.06 million (2020: Rs.0.03 million) and finished goods of Rs.4.18 million (2020: Rs.7.39 million).

	NOTE	SEPTEMBER 30, 2020 (Rupees in '000)	JUNE 30, 2020 AUDITED
7. CASH AND BANK BALANCES		UN-AUDITED	
Cash in hand		10	-
With banks in:			
- current accounts	7.1	138,557	56,051
- saving accounts		22,353	82,737
- dividend account		268	268
		161,178	139,056
		161,188	139,056

7.1 These carry profit at the rates ranging from 2.83% to 3.43% (2020: 3.54% to 7.55%) per annum.

	NOTE	SEPTEMBER 30, 2020 (Rupees in '000)	JUNE 30, 2020 AUDITED
8. LONG-TERM FINANCING		UN-AUDITED	
Loan from related party	8.1	54,649	55,570
Secured			
Diminishing musharakah on			
- leasehold land and buildings	8.2	155,062	152,500
- plant and machinery	8.3	242,747	217,681
- vehicles	8.4	91,617	97,221
- salaries and wages	8.5	171,007	171,356
		715,082	694,328
Less : Current maturity shown under current liabilities		(149,104)	(98,085)
		565,978	596,243

8.1 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 (2020: 90 days average of 12 Months KIBOR for 3rd calendar Quarter-2019 which is fixed for the period as 12.30% per annum). The profit is payable on monthly basis.

8.2 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% (2020: 6 Months KIBOR plus 1.25% to 1.50%) per annum and having maturity till May 2025 (2020: May 2025). These facilities are secured against the respective assets.

The Holding company obtained 12 month deferral against principal repayment effective from May 2020 under SBP Regulatory Relief to dampen the effects of Covid -19 - Prudential Regulations for Corporate / Commercial Banking through its circular BPRD Circular Letter No. 13 of 2020 dated March 26, 2020.

- 8.3** These facilities have been obtained from First Habib Modaraba, Dubai Islamic Bank and MCB Islamic Bank. These carry markup at the rates of 1 Month, 3 Months and 6 Months KIBOR plus 1.00% to 2.00% (2020: 6 Months KIBOR plus 1.25% to 2.00%) per annum and having maturity till September 2025 (2020: March 2025). These facilities are secured against the respective assets.

The Holding company obtained 12 month deferral against principal repayment from MCB Islamic Bank effective from June 2020 under SBP Regulatory Relief to dampen the effects of Covid -19 - Prudential Regulations for Corporate / Commercial Banking through its circular BPRD Circular Letter No. 13 of 2020 dated March 26, 2020.

- 8.4** 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% (2020: 6 Months KIBOR plus 1.00% to 1.40%) per annum and are having maturity till January 2026 (2020: January 2026). These facilities are secured against the respective assets.

The Holding company obtained 12 month deferral against principal repayment from Albaraka Bank (Pakistan) Limited effective from May 2020 under SBP Regulatory Relief to dampen the effects of Covid -19 - Prudential Regulations for Corporate / Commercial Banking through its circular BPRD Circular Letter No. 13 of 2020 dated March 26, 2020.

- 8.5** The Holding Company utilized Rs.186 million against Islamic Refinance Scheme for Payment of Wages & Salaries to the Workers and Employees of Business Concerns issued by SBP under Covid-19 relief package through its circular IH&SMEFD Circular No. 07 dated April 10, 2020 issued. This carries mark-up at the subsidised rate of 3% (2020: 3%) and is repayable latest by December 2022 (2020: December 2022). The differential mark-up has been recognised as government grant which will be amortised to mark-up income over the period of facility. The existing equitable mortgage charge over company properties E-40/A, S.I.T.E., Karachi & Neclash no 158 of Deh Tore, Tapo Konkar, Gadap Town, District Malir, Karachi with 25% margin in favor of the bank.

- 8.6** Financial charges on long term financing for the period ended September 30, 2020 is Rs.14.203 million.

NOTE	SEPTEMBER 30, 2020	JUNE 30, 2020
	..... (Rupees in '000) .....	.....
	UN-AUDITED	AUDITED
9. TRADE AND OTHER PAYABLES		
Trade and other creditors	602,248	651,606
Advances from customers	124,920	131,760
Accrued liabilities	61,237	57,987
Provision for gas infrastructure development cess	86,903	82,792
Sindh Workers' Profit Participation Fund	2,648	3,392
Workers' Welfare Fund	24,020	23,014
Central Research Fund	1,125	632
Payable to provident fund	58	3,319
Current portion of government grant	8,234	8,722
Ijarah rental payable	12,239	9,426
Auditors' remuneration	3,599	2,406
Withholding taxes payable	9,208	7,650
Others	7,896	8,253
	944,335	990,959

	NOTE	SEPTEMBER 30, 2020 (Rupees in '000)	JUNE 30, 2020 AUDITED
10. SHORT-TERM BORROWINGS		UN-AUDITED	
Istisna'a	10.1	34,391	45,284
Musharakah running finance	10.2	175,000	200,000
Murabaha	10.3	789,119	645,947
		998,510	891,231

10.1 This represents finance facility obtained from Dubai Islamic Bank. This carries profit at the rate of 6 Months KIBOR plus 1.25% (2020: 6 Months KIBOR plus 1.25% to 1.50%) per annum and having maturity till November 2020 (2020: November 2020). These are secured by way of hypothecation on stock-in-trade and trade debts of the Holding Company.

10.2 These represent finance facility obtained from MCB Islamic Bank. This carries profit at the rate of 3 Months KIBOR plus 1.25% (2020: 3 months KIBOR plus 0.85% to 1.25%) per annum and is repayable on demand. These are secured by way of hypothecation on stock-in-trade and trade debts of the Holding Company.

10.3 These represent outstanding murabaha facilities with various Islamic banks for the purpose of purchase of inventory. These carry profit at the rates ranging from 6 Months KIBOR plus 1.25% to 2.25% (2020: 6 Months of KIBOR plus 1.00% to 2.25%) per annum and having maturity till March 2021 (2020: December 2020). These are secured against hypothecation of stock in trade and trade debts of the Group.

10.4 Financial charges on short term borrowings for the period ended September 30, 2020 is Rs.23.431 million.

		SEPTEMBER 30, 2020 (Rupees in '000)	JUNE 30, 2020 AUDITED
11. CONTINGENCIES AND COMMITMENTS		UN-AUDITED	
11.1 Contingencies			
11.1.1 Claims not acknowledged as debt by the Company		8,135	9,530
11.1.2 There is no change in the status of contingencies as disclosed in the annual audited financial statement for the year ended June 30, 2020 except as mentioned in above note.			
11.2 Commitments			
Outstanding letters of credit		108,756	147,380
Outstanding letters of guarantee		118,431	115,231
Commitments for capital expenditures		21,783	22,174

	SEPTEMBER 30, 2020 (Rupees in '000)	JUNE 30, 2020 (Rupees in '000)
	UN-AUDITED	AUDITED
Commitments for ljarah rentals in respect of plant and machinery, motor vehicles and equipments		

Year		
2021	58,594	83,494
2022	64,395	75,165
2023	24,697	35,280
2024	5,593	15,252
2025	318	7,863
	<u>153,597</u>	<u>217,054</u>

12. OPERATING SEGMENTS

	HOLDING COMPANY QUARTER ENDED		SUBSIDIARY COMPANY QUARTER ENDED		GROUP QUARTER ENDED	
	SEPTEMBER 30, 2020	SEPTEMBER 30, 2019	SEPTEMBER 30, 2020	SEPTEMBER 30, 2019	SEPTEMBER 30, 2020	SEPTEMBER 30, 2019
	..... (RUPEES IN '000)					
Turnover	1,319,218	1,132,781	45,267	28,025	1,364,485	1,160,806
Cost of sales	(825,680)	(708,874)	(22,985)	(12,148)	(848,665)	(721,022)
Gross profit	<u>493,538</u>	<u>423,907</u>	<u>22,282</u>	<u>15,877</u>	<u>515,820</u>	<u>439,784</u>
Other income	4,456	301	-	-	4,456	301
Distribution costs	(341,722)	(360,932)	(28,781)	(33,602)	(370,503)	(395,186)
Administrative expenses	(65,185)	(57,183)	(2,667)	(96)	(68,529)	(57,279)
Other expenses	(4,147)	-	-	(1)	(4,147)	(1)
Financial charges	(38,135)	(45,182)	(2,085)	(2,457)	(40,220)	(47,639)
Profit / (loss) before tax	<u>48,805</u>	<u>(39,089)</u>	<u>(11,251)</u>	<u>(20,279)</u>	<u>36,877</u>	<u>(60,020)</u>
	SEPTEMBER 30, 2020 UN-AUDITED	JUNE 30, 2020 AUDITED	SEPTEMBER 30, 2020 UN-AUDITED	JUNE 30, 2020 AUDITED	SEPTEMBER 30, 2020 UN-AUDITED	JUNE 30, 2020 AUDITED
	..... (RUPEES IN '000)					
Segment assets	<u>4,047,906</u>	<u>3,210,551</u>	<u>128,790</u>	<u>126,133</u>	<u>4,30,42</u>	<u>3,883,824</u>
Unallocated assets	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>53,346</u>	<u>54,023</u>
Segment liabilities	<u>2,850,900</u>	<u>2,016,605</u>	<u>90,919</u>	<u>75,330</u>	<u>2,941,819</u>	<u>2,865,303</u>

13. TAXATION

	QUARTER ENDED	
	SEPTEMBER 30, 2020	SEPTEMBER 30, 2019
	..... (Rupees in '000)	
	..... (UN-AUDITED)	
Current	22,456	15,780
Deferred	(1,258)	(2,250)
	<u>21,198</u>	<u>13,530</u>

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:

		QUARTER ENDED	
		SEPTEMBER 30, 2020	SEPTEMBER 30, 2019
		..... (Rupees in '000)	
		..... (UN-AUDITED)	
Relationship	Nature of transaction		
Key Management Personnel	Salary and other benefit	43,500	40,925
	Repayment of loan	921	921
Non-Executive Director	Meeting Fee	400	282
Provident Fund	Contribution	10,409	8,998
Depilex (Private) Limited (Common directorship)	Sales made by the Subsidiary Company	919	911
Balances outstanding			
Depilex (Private) Limited (Common directorship)	Amount Due to the Subsidiary Company	738	1,417

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, 2020. 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 October 26, 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



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